



## BUSINESS DEVELOPMENT MEMORANDUM

*Extremely Confidential*

To: Jeffery Epstein  
From: James P. McGee, Newgrange Consulting Group  
Date: September 30, 2012  
Re: Potential USVI Media Business Targets / Election Cycle Operations

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### **EXECUTIVE SUMMARY**

This memorandum has been prepared to cover some of the current media and business opportunities that exist in the Virgin Islands including immediate, short term, mid term, and long term potential business targets.

With the upcoming Gubernatorial Election cycle of 2014, there is a window of opportunity to not only have an impact on the territorial elections but to also develop a media enterprise that would have the ability to play a significant role in future elections and would also have the potential to develop into a successful overall multimedia business operation in the Caribbean territory.

The sections that follow will outline some of those potential media and business development targets as well as some of the initial steps that need to be taken in order to take full advantage of this current window opportunity.

If you believe that the areas outlined below are worth pursuing we can meet to discuss the appropriate next steps, which I would recommend because as stated in our discussions, as well as in the memorandum, this window of opportunity will not remain open indefinitely.

## Radio Station Acquisition

As we covered briefly, an existing radio station which was previously, and technically is still, owned by Gordon Ackley is potentially available for purchase.

Gordon Ackley had been looking for a buyer for the station for more than three (3) years during which time his asking price dropped from the outrageous to the more realistic but all the while he did not attract any real interest.

He has since settled on an agreement with a St. Thomas businesswoman who has a contractual arrangement to pay monthly payments to him for a defined period that amounts to around one million dollars (\$1M). The details of this arrangement are being researched and we should be able to discuss in more detail by the end of this week.

Regardless of the arrangements made, it is widely believed that the current owner lacks the ability from both a managerial and a needed capital investment perspective to make the project work and there may be an opportunity to move on this potential acquisition in the very near future.

The key to why this potential acquisition is attractive is the fact that the station in question comes with multiple frequencies (both AM and FM) that broadcast territory wide on St. Thomas, St. John, and St. Croix as well as the British Virgin Islands (BVI). We believe that those same frequencies, if managed correctly, could have a significant impact in the talk radio medium which plays an incredibly large role in the overall political discourse of the Virgin Islands.

## Virgin Islands Daily News Acquisition

The Virgin Islands Daily News is indeed looking for a buyer. This is something that has been publicized and is being looked at by a number of interested parties.

We are in the process of gathering additional background information around this potential opportunity and it is important to gather as much intelligence as possible because it is understood that the current owners came to the conclusion that they overpaid for the asset and this will be a contributing factor in their decision making around any final sale price.



This particular opportunity needs to be carefully analyzed because it is our current belief that one of the major problems that the current owner is faced with is the fact that entity in its current form is losing money. This is something that has been publicly discussed in many circles and needs to be researched thoroughly to answer the question: “Can the newspaper in its current form make a profit?”

Even if the answer to the above question is No, that does not mean there can't be adjustments made to the existing model to make it work. It just means that there needs to be a more strategic and flexible approach to the future business operations of the asset.

The purchase of the VI Daily News in conjunction with the Radio Station acquisition would provide two (2) significant media outlets for framing a political narrative and shaping public opinion around key issues and attitudes.

### viNGN Broadband ISP / Television Medium Development

The third area of potential business interest is a bit more complex but probably also has what we believe to be the greatest potential upside. The recently completed governmental high speed broadband internet network by the government Virgin Islands Next Generation Network (viNGN) provides the opportunity to develop a successful and profitable Internet Service Provider (ISP) business niche in the territory that could be developed into even more.

This potential opportunity actually developed out of what, for all intents and purposes, can be deemed as a flaw in the development of the broadband network overall business plan. In short, the high speed broadband network was created as the “middle mile” to provide ultra-high speed internet access via advanced fiber optic networking on all three (3) islands however, the government does not provide access to the network for the end user (i.e. the consumer).

In order to provide access to the end user an ISP is needed to purchase the bandwidth from the viNGN network and then resell to the consumer. The flaw that was referenced earlier is the fact that the government cannot force Innovative, Choice, or AT&T to purchase bandwidth and then resell to the public and those same entities have, in fact, currently shown no desire to do so.



The opportunity exists to step into the void if you will but not just to create an ISP for broadband internet access for the end user. As stated at the beginning of this section, the potential business opportunity here is a bit more complex.

The opportunity in this case is to develop an entity along the lines of the Comcast / Xfinity Cable TV Model in the mainland US where the business provides bundling options of Phone, Internet, and Television access over their high speed broadband network. All of which could be provided through the access of the government middle mile network at substantially lower costs than the competition.

There are a number of other more detailed discussions that need to happen around this topic but even though the opportunity is more complex, as indicated above the upside for this business venture has tremendous especially given the increased viewership of local television that occurred in the territory. This increase has been polled, measured, and researched over the past seven (7) years and is clear and definitive.

If all three (3) media opportunities were to be pursued and realized, we would then establish the development of a very well rounded and complete multimedia business entity with long term potential for affecting opinions and attitudes of Virgin Islands residents and voters for a significant period now and into the future.

### Current Election Year Development and Preparation

The other area of immediate focus is the upcoming gubernatorial election cycle of which the Primary Election is currently eleven (11) months away. The field for the USVI Governor's race is still forming but there are a few prominent candidates who have currently declared their respective candidacies. These can be reviewed in more detail in the coming days / weeks.

If there is an intent to be involved with the upcoming elections then we need to have a discussion around the areas of preparation that are needed, including those that need to begin immediately, if we are to be effective and have any significant impact on the eventual election outcomes.

The areas of focus that require immediate attention and focus are the following:



- Data acquisition phase and updating of the base level Voter History data which involves the inputting of all past Voter History and the Voter Contact data that needs to be collected in the Virgin Islands;
- Overall USVI Voter File development which incorporates preliminary Voter Targeting analysis and development of potential Election Models;
- Development of Web Portal interface and Voter Contact software for future campaign use.

The above are only a few of the campaign areas that need to be developed in the short term and, no doubt, would require a meeting, or follow up call to discuss in greater detail.

## Conclusion

The areas that have been briefly outlined in this memorandum should provide a base level of understanding around the current business opportunities as well as the upcoming areas of development for the 2014 political / election cycle.

While the information provided in this memorandum is a good starting point it will also, no doubt, require a follow up conversation or meeting if it is your desire to move forward.

I'll touch base later in the week to get your thoughts and discuss thoughts around next steps.

Thanks,

McGee

