



## **BUSINESS DEVELOPMENT MEMORANDUM**

*Extremely Confidential*

To: Jeffery Epstein  
From: James P. McGee, Newgrange Consulting Group  
Date: December 28, 2013  
Re: 2014 USVI Media Business Company Model and Development Plan

### **EXECUTIVE SUMMARY**

As requested, I have put together a follow up memorandum to summarize our discussions around the current opportunity to create a full scale media business entity in US Virgin Islands including the developmental steps that need to be taken during the coming 2014 year in order to make it happen.

There is currently a very rare and unique opportunity to develop a true media enterprise in the Virgin Islands at a very reasonable cost which would have the ability to become a very successful and profitable multimedia business operation in the Virgin Islands territory and eventually throughout the entire Caribbean region.

I am sure it is no surprise that I am looking for your involvement in this venture to provide the initial financing component necessary, but I am also looking for you to have an active participatory role in the overall development of this business entity.

A multimedia business such as the one I am proposing will also require the identifying of key, trusted individuals who will have important roles in the operations of the business and will include a community relations component that will provide for an increased level of community involvement in the territory and for those reasons I would be looking to have your help, your opinions, and your expertise in selecting and developing the right operations team that would be best to accomplish the goals of the business.

The sections that follow will outline the approach that we are taking around this opportunity and the next steps that need to be executed if there is still an interest at your end to be involved.

If you believe that the areas outlined below are worth pursuing I believe it would be best to meet and discuss where to go from here. As I mentioned during our call, I can come to New York if that is a better option for you, or we can find a time when will both be on island and schedule a meeting in the US Virgin Islands.

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### Overall Media Entity Creation / Acquisition Steps

The approach to creating the proposed Virgin Islands multimedia business operation would be the active acquisition of two (2) existing media entities and the development of a third in cooperation with the US Virgin Islands Government.

The acquisition aspect of the operation includes the pursuit and purchase of the local newspaper (Virgin Islands Daily News) which is currently up for sale and a local radio station (Ackley Media) which is available and open to discussions around purchase.

### Virgin Islands Daily News Acquisition

The Virgin Islands Daily News is already underway with a sales process and looking for a buyer. This is something that has been publicized and is currently being looked at by a number of interested parties.

The Times -Shamrock Communications family bought the Daily News for \$5.25 Million which included the real estate. Times-Shamrock is now looking for between \$6 to \$7 Million at this point in time but we have been told that this is going to be negotiable.

The purchase of the VI Daily News will also require adjustments be made to the existing operations model in order to make it profitable. There need to be discussions around a more strategic and flexible multimedia approach for the future business operations of this newspaper asset.



## Radio Station Acquisition

As we have 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. The most recent information puts the asking price in the more realistic range of \$750,000 to \$1 Million.

It is understood 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.

## viNGN Broadband ISP / Television Medium Development

In addition to the acquisitions outlined above, the overall media operations development includes the creation and development of a Local ISP in the Virgin Islands that will utilize the recently completed territory wide high speed fiber optic broadband network managed by the Virgin Islands Next Generation Network (viNGN)

This third component of the potential media business development plan is a bit more complex but probably also has what could be the greatest potential upside. The viNGN project provides the opportunity to develop a successful and profitable Internet Service Provider (ISP) business niche in the territory.

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 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 current local competition.

The overall budget to do a full development of an ISP that will be capable of providing the services described above is in the range of \$10 to \$12 Million. This is based on similar ISP developmental plans presently in the territory.

A more detailed budget will need to be developed as well as a timeline of implementation and marketing strategy which will include a target goal for future government contractual work. These are details that would be addressed in a business development meeting if there is a desire to move forward.

There are obviously 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 is tremendous especially given the increased viewership of local television that has occurred in the territory. This increase has been polled, measured, and researched over the past seven (7) years and is clear and definitive.

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### Business Development and Operational Approach

The current approach will be to create a spin off / subsidiary company from the already established firm of Westland Strategies which is a public relations and communications vehicle that has already been established in the US Virgin Islands.

A related but separate entity named the Westland Media Group will be the vehicle through which we would pursue the entities referenced above. We will look for initial funding from you to be provided to the Westland Media Group entity and that will be the representative vehicle through which we will present ourselves to those prospective sellers as well as the US Virgin Islands government entities with who we would need to engage.

We will need to meet to discuss the expected rate of return on any investment dollars you make as well what, if any, ownership interests and levels of participation you would be interested in for this venture.



## Conclusion

The areas that have been briefly outlined in this memorandum should provide a base level of understanding around the current media business opportunities in the Virgin Islands at this time.

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.

As I had referenced in the beginning of this memorandum, if there is an interest to proceed on your end, I will be willing to meet in New York, or the US Virgin Islands, whichever is more convenient for you, to discuss the next steps including outlining the terms of such a partnership.

