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Business

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Long-distance company ATG purchased Integra officials say OlyWa service will not be disrupted

SCOTT WYLAND THE OLYMPIAN

Advanced TelCom Group Inc., a mid-sized carrier that gave callers an alternative to Baby Bells, has agreed to sell its assets to repay a chunk of its \$206 million debt.

Portland company

Portland-based Integra Telecom will take over most of ATG's assets, which include property, equipment, customer accounts and labor pool.

Based in Santa Rosa, Calif., ATG two years ago bought OlyWa.net, a local Internet service provider.

ATG laid off OlyWa's 10 employees by the time it filed for Chapter 11 bankruptcy protection in early May but continued to serve some 1,600 subscribers.

No disruptions

No disruption of service is expected under Integra, including to OlyWa customers, said Gary Cuccio, ATG executive chairman.

Cuccio said he took the helm at ATG six months ago in an attempt to turn the company around, but by then it was too late.

"We grew too fast," Cuccio said. "We simply borrowed money that we were unable to pay back."

Integra representatives couldn't be reached on Wednesday to discuss their plans for OlyWa.

Former OlyWa employee Dave Olson, also unavailable for comment, has said he wants to launch an ISP called Zhonka Broadband, which would offer high-speed connections to Web users.

Because of the Chapter 11 filing, the sale can't be completed until all parties sign off on it, including ATG's creditors, Cuccio said. That could take one day or several months.

Integra will have the option of changing the ATG name, he said. "Not much will be left of ATG."

All told, ATG will receive about \$20 million for its customer accounts and other assets, about one-tenth of what it owes 13 banks, Cuccio said. Creditors will have to eat the remaining debt, he said.

Other buyers

Three other buyers purchased a small portion of the assets: Cavalier Communications, of Richmond, Va.; Step 7, of Santa Rosa; and TelePacific Communications of Los Angeles.

ATG spiraled into the red when the slumping economy caused small to mid-size businesses -- ATG's main client base -- to fold or pull back on spending, Cuccio said.

The mounting debt prevented the company from doing an initial public stock offering needed to boost capital, he said.

ATG had some success competing against big carriers such as 1/2 est, but it lacked the resources these large companies had for weathering an industry slide, Cuccio said. "I think when the downturn hits, they have deeper pockets."

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