

ICM sells majority interest
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Merrill Lynch has joined Connecticut-based private equity fund operator Rizvi Traverse Management in buying a majority interest in ICM, the agency confirmed Tuesday.

Sources said the deal for the privately held talent agency was valued at more than \$100 million. ICM brass would not comment on financial terms or elaborate on how the transaction was structured between Rizvi and Merrill Lynch. Allen & Co. advised ICM on the deal that has been more than a year in the making.

ICM disclosed its negotiations with Rizvi this month, but Merrill Lynch's involvement came as a surprise to industry insiders who have been closely watching the situation at ICM during the past year as it sought outside investors (HR 10/14).

As expected, Jeff Berg has signed a new, long-term contract to remain chairman and CEO of the agency he has steered for more than 25 years. He also remains the largest individual shareholder behind Rizvi and Merrill. Rizvi fund chief Suhail Rizvi is not expected to have any day-to-day involvement in the management of the talent agency but will consult closely with Berg on major expansion plans, acquisitions and other big-picture issues.

"We believe that ICM is now well-placed to take advantage of a number of valuable opportunities within the industry," Suhail Rizvi said in a statement. "All the pieces are now in place for ICM to broaden its platform in a market going through inevitable change."

In a statement, Michael Blum, head of Merrill Lynch's Global Asset Based Finance Group, called the deal a "unique and innovative transaction."

Rizvi declined comment beyond his statement; Blum could not immediately be reached for further comment. Based in Greenwich, Conn., Rizvi Traverse Management operates the \$250 million Rizvi Opportunistic Equity Fund, which focuses on "providing growth capital to exceptional management teams," according to the press release announcing the deal.

According to SEC filings and documents from publicly traded firms, Suhail Rizvi has in recent years invested in or served on a board of a range of businesses, from apparel manufacturer Innovo Group to manufacturing conglomerate AG Holdings to telecom and high-tech firms including Doublespace Holdings and TippingPoint Technologies.

ICM described the deal as a "recapitalization" that will allow the agency to pursue an aggressive plan to expand the scope of its core operations in film, TV, music and publishing. The influx of investor cash also will facilitate a restructuring that will allow selected ICM insiders to have the opportunity to buy shares in the agency, which remains among the world's largest talent representation firms.

Berg would not comment on how many existing ICM staffers would be offered the chance to buy into the agency. At present, the agency is governed by a 10-member board of directors that includes Berg and ICM co-presidents Nancy Josephson and Ed Limato.

As for the agency's expansion plans, Berg would not discuss specifics but suggested that the growth of home-grown entertainment businesses in such emerging markets in Asia and Latin America could be an big opportunity, both in representing local talent on the ground and bringing fresh faces to Hollywood. Berg also noted the fundamental sea-change that the entertainment industry is undergoing with the digital media revolution.

"We'll look to expand our core operational areas of film, television, publishing and music, providing our clients with the best services they can obtain," Berg said. "This is an industry in fundamental transition right now. There are new opportunities out there and our chore now will be to sort those out for ourselves and our clients. We'll do it thoughtfully and deliberately, and with no rush."