



## Manitoba Tel Owners Get Stung By the Canadian Government

### Description

What in the world did this country's telecom players ever do to the Stephen Harper government? First the whole **Verizon** situation in the wireless space, and now an outright rejection of **Manitoba Tel's** (TSX:MBT) proposed sale of its Allstream unit.

Of course, the Verizon situation has passed without incident. Sort of. Here though are the details, as we know them, behind this Manitoba Tel/Allstream debacle.

### Background

Manitoba Tel had been looking to sell Allstream for some time and a deal was finally announced back in May. The buyer, Egyptian based Accelero Capital. Accelero had agreed to a \$520 million deal to take Allstream off Manitoba Tel's hands – a move that was welcomed by MBT shareholders. The thinking was that with Allstream off the books, Manitoba Tel would become an easy, and attractive takeout candidate for either **BCE** or **Telus**.

Today's ruling of course throws that thesis out the window and brings Manitoba Tel shareholders right back to square one.

### What happened?

This is the third deal that the Harper government has blocked since it came to power in early 2006. Details are scarce, but national security was cited as the reason for giving the sale of Allstream a thumbs down.

And though Manitoba Tel shareholders are no doubt unhappy with this ruling as it has pulled the rug out from under the stock in today's trading, the bigger issue is the message it sends to potential buyers of other Canadian properties. In addition, it significantly adds to the confusion that is swarming around the government's involvement in Canada's telecom space. They seemingly welcomed foreign competition on one side of the business (wireless), but now are denying it another.

## The Foolish Bottom Line

If you're a Manitoba Tel shareholder, you really need to be questioning why right about now. After shooting up after the Allstream deal was announced, the shares gradually came back, almost giving up the entire gain that had been achieved. Now that the company is seemingly stuck with Allstream, and the takeover thesis is out the window, one has to wonder if there aren't better opportunities out there.

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*Fool contributor Iain Butler does not own shares in any of the companies mentioned. The Motley Fool does not own shares in any of the companies mentioned.*

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