

MBJ: A real gem - Pacific International buys Diamond Ko

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The sale of the wholesale concern Diamond Ko (Guam) Ltd. to Pacific International Inc., a multi-discipline construction company based in Majuro, was completed on May 20 with the full bulk transfer of Diamond Ko's properties to PII. While PII has shipped goods from Guam for years and has extensive real estate holdings on the island, this is its first foray into Guam's wholesale industry.

"We have been active in Guam for over 25 years but this is the first time we have gotten into this particular type of business in Guam," said Michelle Kramer, general manager of PII's new concern. "This gave us the opportunity to purchase a warehouse property, and we expect the demand for our products to increase in the upcoming military buildup."

Joseph "Jerry" Kramer, chief executive officer of PII, who said the purchase was made for "under \$4 million," listed Diamond Ko's location, storage capabilities and other assets that facilitate shipping as among the primary reasons PII acquired the company. "The nearly 8,000-square-meter, fee-simple plot has room for expansion and for staging large equipment. It's strategically located on Marine Corps Drive near the port," he said. "The all-concrete, recently constructed, air-conditioned, 15,000-square-foot warehouse with loading dock is suitable for cargo consolidation for onward shipment to Micronesia. The company is also engaged in ship agency and chandlery service that will complement work we do elsewhere in Micronesia." In the Marshall Islands, PII owns a ship agency and chandlery service, owns and operates a tug and barge service, a 600-ton landing craft, and a coastal freighter, and operates a dry dock for ship repair, said Michelle Kramer.

That Diamond Ko is not struggling financially but is a "going concern in Guam and Saipan," has "mostly nonfood lines" and "a book of customers and suppliers" also factored into PII's interest in the company, said Jerry Kramer. Prominent among Diamond Ko's "nonfood lines" are Fuji photography products but it also distributes a number of other lines which fall into the categories of beverages, confectionaries, general merchandise, health and beauty, and tobacco products.

PII will be shortening the name of Diamond Ko to Diamond K, but reductions for its new company end there. It plans to pursue opportunities to expand its products lines to "provide international brands for the Guam and Saipan market," said Jerry Kramer, and not only will it retain all eight current staff members of Diamond Ko, but it plans to increase staff numbers "to support an aggressive marketing plan." The details of that plan are for now, Michelle Kramer said, a "trade secret."

PII is possibly best known for its work in the Marshall Islands, where it was founded in 1976 by Jerry Kramer, and where its major projects have included the design and construction of the capitol building complex, the U.S. Embassy, and numerous hotels and schools. But it has diversified into real estate management and development, the travel and leisure industry, insurance, a rental car business, and mall operations, and has grown to become an international firm. It now has operations in the Northern Mariana Islands, Guam, and Hays, Kansas.

Its acquisition of Diamond Ko is the latest of its projects outside of the Marshall Islands, but other such undertakings include a \$27.5 million roadway project in Chuuk that was awarded in February to the company by the Federated States of Micronesia. "We have established our office in Weno, Chuuk and [are] doing preliminary administrative work," said Jerry Kramer. "Equipment is in transit from the US mainland and will start arriving via Matson in late June, 2009." The project, which will be designed by Lyons, consists of repaving a four-and-a-half mile stretch of the main road and installing sewer and water lines, lift stations, pumps, and storm drainage pipes, some of which will measure up to 5 feet in diameter.

Frank Whitman with the Marianas Business Journal contributed to this report. Tune into "Business Confidential with the MBJ" Mondays on KUAM News Primetime

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