
COURT: SunEdison shareholder group questions valuation tactics, fund use in disclosure statement objection
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An ad hoc committee of **SunEdison** shareholders challenged the disclosure statement accompanying the debtors' Chapter 11 plan today, accusing the company of failing to account for billions of dollars raised before its bankruptcy and generally leaving investors in the dark during the case.

The group represents about 8% of SunEdison's total outstanding shares and is represented by Nastasi Partners PLLC. Since it began in April 2016, the SunEdison Chapter 11 case has captured the attention of individual investors, many of whom have submitted letters outlining an array of concerns to the court.

The debtors' proposed plan rests on a transaction whereby Brookfield Asset Management will acquire 51% of SunEdison yieldco **TerraForm Power** (TERP) and all of yieldco **TerraForm Global** (GLBL). The debtors expect to bring in approximately USD 830m in value to their estates and resolve more than USD 3bn in claims through the deal. The plan also incorporates a rights offering of new TERP shares available to certain second lien and unsecured creditors.

The shareholder committee argues that the plan and disclosure statement have served "only to darken the murky factual waters of these cases." The group contends that the debtors have failed to account for around USD 20bn in funds raised between 2013 and 2016 or explained USD 9bn invested in direct and indirect subsidiaries. The committee also sought an explanation for a disparity between the value assigned to the debtors' servicing business under the yieldco settlement and the value it said the company placed on the business in January 2016.

Moreover, the many individual investors were "lulled into not contesting the YieldCo Settlement" based on a belief that the proceeds of the deal would provide operating capital for a reorganization, the group said.

"They had no way to know that rather than being the key to a value-maximizing reorganization, the YieldCo Settlement was designed as the final nail in the coffin for a company that had been almost entirely dismembered during its 'reorganization proceeding,'" the committee said.

The group further demanded more specific descriptions of the plan's proposed consideration for each creditor class and an explanation of releases of non-debtors "who may have played a culpable role in the Debtors' collapse."

Finally, the group said shareholders have had no opportunity to seek discovery in the case and note that no independent party has been appointed to investigate the company's descent into bankruptcy.

A hearing on the disclosure statement is scheduled for 18 May before Judge Stuart Bernstein of the US Bankruptcy Court for the Southern District of New York. The judge will also hear the debtors' motion to approve a backstop commitment letter for the rights offering that day.

[CLICK HERE](#) to view the shareholder group's objection.

[CLICK HERE](#) to view all SunEdison Chapter 11 filings in Debtwire Dockets.