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Debra Grassgreen



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Practice type: bankruptcy/insolvency**Specialty:** creditor-debtor rights

Once upon a time, Solyndra was the "poster child" for American solar energy, winning praise from the Obama administration and garnering a lot of attention, Grassgreen recalled.

"It had new and emerging technology that was very promising in the solar industry," she said.

The company raised more than \$1 billion in Silicon Valley, Grassgreen said, and was the first recipient of a more than \$500 million government-backed loan from the Department of Energy.

"Then there was a perfect storm for a number of solar companies," she said. "Pricing in the market dropped as a result of the global financial

crisis, government subsidies were either reduced or no longer available, and companies got into distress."

Several of the companies either shut down or filed for bankruptcy, including Solyndra LLC.

"Although we knew the case would attract a lot of attention, we didn't know how big the political backlash would be," Grassgreen said. "What should have been an ordinary liquidation of a manufacturer or a sale of a manufacturing business became a firestorm."

This included a very public FBI raid, she said, and a congressional investigation.

The IRS challenged the plan as it applied to Solyndra's parent company by attempting to preserve hundreds of millions of dollars of net operating loss carryforwards, she said.

As lead counsel, Grassgreen ultimately was able to confirm a Chapter 11 plan for Solyndra and its parent holding company in October 2012 over the objection of the U.S. Trustee's Office, the Internal Revenue Service and the Department of Energy.

This was not a simple transaction, Grassgreen said, adding, "The plan resolved disputes with a number of parties, including the creditors committee, a class-action lawsuit by former employees, and provided a mechanism to allow the remaining assets to be sold and the largest asset - antitrust litigation against three Chinese solar manufacturers - to proceed."

She added, "Having a lot of experience with these types of Chapter 11 cases was helpful. We were able to put politics aside to focus on the job at hand, and do what's right for the creditors and not get distracted by all the noise going on in the background."

Overall, Grassgreen said, it was a good result.

"With liquidating and shutting down, with its technology dismantled, it doesn't feel like a success to the client," she added. "But it was an inevitable result. We got the best recovery and by preserving the tax benefits and enabling the antitrust lawsuit to go forward, it was a great success."

- PAT BRODERICK