Bankruptcy Judge Approves Solyndra Bonuses

The Associated Press

WILMINGTON, Del. (AP) — A Delaware bankruptcy judge on Wednesday approved close to $370,000 in bonuses for 20 employees of Solyndra LLC, a solar panel manufacturer that received a half-billion dollar loan from the federal government before declaring bankruptcy.

Solyndra, based in Fremont, Calif., had proposed awarding bonuses of up to $500,000 to as many as 21 employees, but scaled back its request after discussions with its official creditors committee.

Solyndra, which has failed to find a buyer to operate the company as a going concern, argued that it needs to retain key employees with knowledge of Solyndra's complicated equipment and the expertise required for an orderly wind-down and liquidation of its remaining assets.

The bonus plan covers 13 production engineers, supervisors, and managers, two information technology workers, and five accounting and compliance employees.

"They're the best available people for the price," said R. Todd Neilson, who was hired by Solyndra as its chief restructuring officer.

Attorneys for former Solyndra workers laid off just before the bankruptcy filing objected to the proposed bonuses, saying they were based on questionable performance criteria and that Solyndra had not provided enough information about the incentive plan.

Judge Mary Walrath approved the reduced bonus request following a hearing Wednesday, but not before chastising a Solyndra attorney for failing to disclose in the motion to approve the bonuses that seven of the eligible employees had received significant pay raises after the company filed for bankruptcy protection.

"I sure as heck think that this should have been disclosed in connection with this motion," an angry Walrath said.

Solyndra attorney Bruce Grohsgal said the pay raises, as much as 70 percent for one employee, were given to employees who found their workloads significantly increased after Solyndra laid off about 1,000 workers just before declaring bankruptcy.

"It wasn't done because one of them was an officer and held someone hostage or because someone was favored," said Grohsgal. He added that Solyndra didn't seek court approval for the raises because they were decided on "in the ordinary course" of business.

Walrath disagreed.

"I don't think that's ordinary course," she said. "I'm shocked that that's the position of the debtor and it was not disclosed. ... Within four months of giving somebody a salary increase, you don't think you should mention that they got a salary increase?"

In the end, however, Walrath said she was satisfied that Solyndra's official committee of unsecured creditors had questioned the proposed bonuses and negotiated a reduction in the amount.

"This is not a situation where the debtor has pushed the envelope," she said.

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