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## Pomerantz, Levi & Korsinsky Move For Lead In Sunrun IPO Suit

By **Matthew Perlman**

Law360, New York (July 18, 2016, 4:51 PM ET) -- Shareholders of rooftop solar energy company Sunrun Inc. asked a California federal court Monday to appoint Pomerantz LLP and Levi & Korsinsky LLP co-lead counsel in their suit accusing Sunrun of misleading investors in the run-up to its initial public offering in 2015.

Investor Raj M. Pherwani asked the court to appoint him lead plaintiff July 5 in the suit over Sunrun's **\$250.6 million IPO**. He says he lost \$35,650 because the value of shares he bought in the company plummeted after Sunrun disclosed the extent of its exposure to regulatory changes that hurt its business earlier this year, and asked that Levi & Korsinsky be appointed lead counsel. A group of investors calling themselves Sunrun Investor Group filed its own motion to be appointed lead plaintiff the same day, alleging it had lost \$52,350 collectively, and asking that Pomerantz head up representation.

The investors filed a joint motion on Monday saying they had decided to work together, and asking that Pherwani and the Sunrun Investor Group both be appointed lead plaintiffs and that Pomerantz and Levi & Korsinsky serve as co-lead counsel.

"Movants have collectively agreed that, rather than continue to litigate their competing motions, it is in the best interest of the class to amicably resolve the motions and pool their resources to effectively and efficiently prosecute the action," the motion said.

Sunrun raked in \$250.6 million when it floated its IPO in August, pricing 17.9 million shares at \$14 apiece. But shareholders said in their **May complaint** against Sunrun that the company's offering documents failed to disclose a number of "negative trends" that would soon affect Sunrun, including changes to the net metering policy in Nevada, which allows solar customers to sell excess electricity back to the grid.

According to the complaint, Sunrun "hastened to commence" its IPO shortly after power company NV Energy asked the Nevada Public Utilities Commission to allow it to up the rates it charges customers that use solar panels and reduce the price it pays for their excess electricity. It said Sunrun's prospectus failed to disclose the risks associated with this change or the fact that 20 percent of its customers were based in the state.

The complaint also says Sunrun failed to mention that its power purchase agreement customers were essentially causing utility companies to lose money, since they weren't paying for their connection to the grid. It said this issue was causing many states, not just Nevada, to review the regulatory framework around net metering, which was making it harder for Sunrun to convince its customers to sign the 20-year contracts it usually employs.

When the changes went into effect in Nevada in January, according to the complaint, Sunrun announced that it would stop operating in the state and reduced its growth projections for the coming year, catching analysts off-guard.

The disclosure caused Sunrun's stock to plummet, investors said.

The suit names a number of executives and board members in addition to the company itself, as well as the underwriters from the IPO, including Credit Suisse Securities (USA) LLC, Goldman Sachs & Co. and Morgan Stanley & Co. LLC. It also names Sunrun's venture capital backer, an entity affiliated with Foundation Capital.

Attorneys for Sunrun and the shareholders did not immediately respond to requests for comment Monday.

Pherwani is represented by Adam C. McCall, Shannon L. Hopkins, Nicholas I. Porritt and Adam M. Apton of Levi & Korsinsky LLP.

Sunrun Investor Group is represented by Jennifer Pafiti, Jeremy A. Lieberman, J. Alexander Hood II and Patrick V. Dahlstrom of Pomerantz LLP.

Sunrun is represented by Anna Erickson White, Robert L Webb and Su-Han Wang of Morrison & Foerster LLP.

The case is Greenberg v. Sunrun Inc. et al., case number 3:16-cv-02480, in the U.S. District Court for the Northern District of California.

--Additional reporting by Tom Zanki. Editing by Brian Baresch.

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