



**IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE**

TIMOTHY MCCANTS, LAURENȚIU  
OVIDIU CERNAHOSCHI, and THOMAS  
JOSEPH, on behalf of themselves and all  
similarly situated stockholders,

Plaintiffs,

v.

GEOFFREY STRONG, OLIVIA  
WASSENAAR, WILSON HANDLER,  
CHRISTINE HOMMES, JOSEPH ROMEO,  
JAN WILSON, JOHN STICE, BRAD  
BERNSTEIN, MATTHEW POTERE, BARRY  
EDINBURG, EMIL HENRY JR., SPARTAN  
ACQUISITION SPONSOR II LLC, APOLLO  
GLOBAL MANAGEMENT, INC., AP  
SPARTAN ENERGY HOLDINGS II, L.P.  
FTV-SUNLIGHT, INC., and TIGER CO-  
INVEST B SUNLIGHT BLOCKER, LLC,

Defendants.

Civil Action No. 2023-0694-  
PAF

**PUBLIC VERSION**  
**Filed: November 22, 2023**

**VERIFIED STOCKHOLDER SECOND AMENDED CLASS ACTION  
COMPLAINT**

1. Timothy McCants, Laurențiu Ovidiu Cernahoschi, and Thomas Joseph (collectively, “Plaintiffs”), owners of Sunlight Financial Holdings, Inc. (“Sunlight” or the “Company”) common stock, on behalf of themselves and all similarly situated current and former stockholders of Sunlight, by and through the undersigned Counsel, bring this Verified Stockholder Amended Class Action Complaint

asserting breach of fiduciary duty, aiding and abetting, and unjust enrichment claims challenging the Company's merger (the "Merger") taking Sunlight Financial LLC ("Legacy Sunlight") public that was completed on July 9, 2021 against Spartan's former directors and controllers as well as Legacy Sunlight insiders.<sup>1</sup>

2. Plaintiffs' allegations are based upon personal knowledge as to themselves and otherwise upon information and belief as to allegations developed through the investigation conducted by their attorneys, including without limitation: (i) a review of Sunlight's internal books and records produced in response to Plaintiffs' Demand for Inspection of Books and Records of Sunlight Financial Holdings, Inc. Pursuant to 8 *Del. C.* § 220; (ii) an assessment and analysis of complaints and other filings in federal court relating to the Merger; (iii) a review and analysis of information filed with the Securities and Exchange Commission (the "SEC"), including the Form 424B3 that Spartan filed with the SEC on June 21, 2021 (the "Prospectus"); and (iv) a review of publicly available press releases, news articles, reports and other information, including several news reports about the solar industry's supply shortages.

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<sup>1</sup> This Verified Stockholder Class Action Complaint refers to Sunlight during the time before it completed to the Merger as "Spartan."

3. Plaintiffs' claims relate to the Merger that was consummated pursuant to a merger agreement dated January 23, 2021 (the "Merger Agreement"), among Spartan, SL Invest I Inc., a Delaware corporation and wholly owned subsidiary of Spartan ("MergerCo1"), SL Invest II LLC, a Delaware limited liability company and wholly owned subsidiary of Spartan ("MergerCo2"), SL Financial Investor I LLC, a Delaware limited liability company and wholly owned subsidiary of Spartan ("Holdings I"), SL Financial Investor II LLC, a Delaware limited liability company and wholly owned subsidiary of Spartan ("Holdings II"), SL Financial Holdings Inc., a Delaware corporation and wholly owned subsidiary of Spartan ("Spartan Sub"), SL Financial LLC, a Delaware limited liability company and wholly owned subsidiary of Spartan Sub, Legacy Sunlight, FTV-Sunlight, Inc., a Delaware corporation ("FTV Blocker"), and Tiger Co-Invest B Sunlight Blocker, LLC, a Delaware limited liability company ("Tiger Blocker," and collectively with FTV Blocker, the "Blockers").

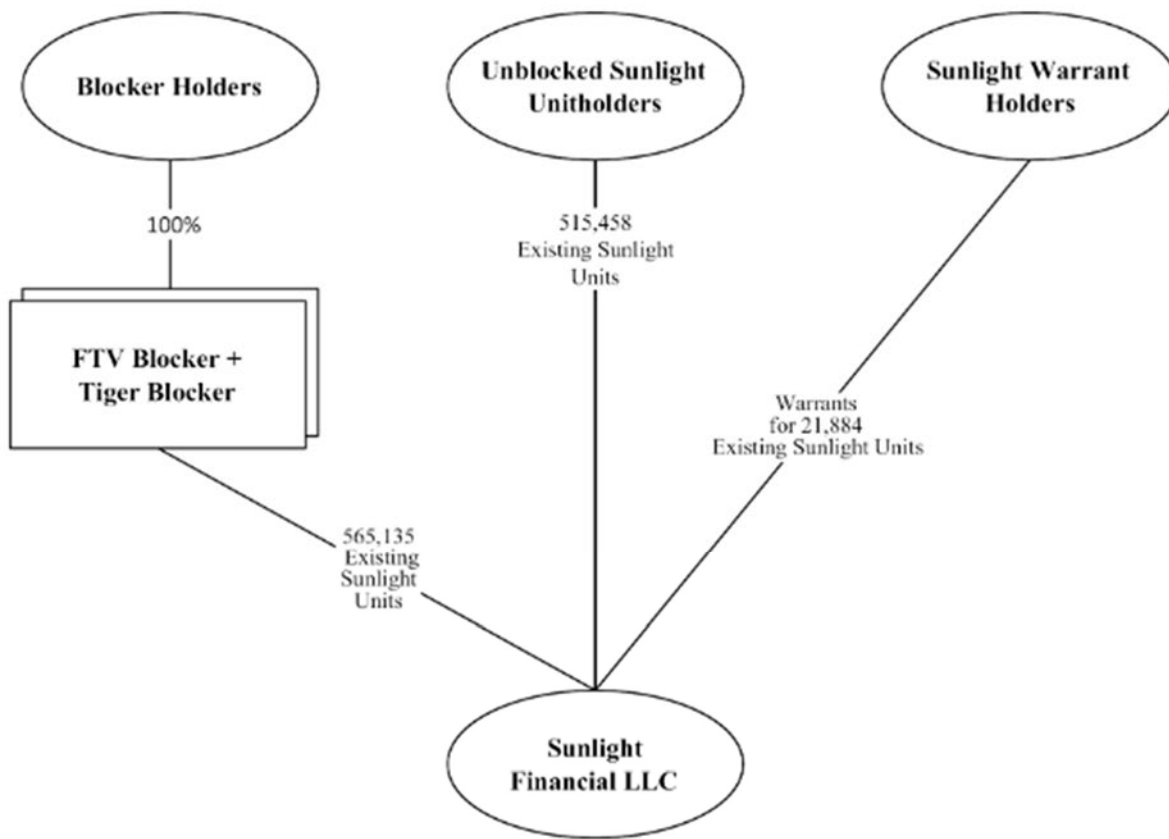
4. Pursuant to the Merger Agreement, OpCo Merger Sub merged with and into Legacy Sunlight, with Legacy Sunlight surviving the merger (the "OpCo Merger"). Immediately following the OpCo Merger, (i) MergerCo1 merged with and into FTV Blocker, with FTV Blocker surviving as a wholly owned subsidiary of Spartan (the "First FTV Blocker Merger") and immediately thereafter, FTV Blocker

merged with and into Holdings I, with Holdings I surviving the merger as a wholly owned subsidiary of Spartan (the “Second FTV Blocker Merger” and together with the First FTV Blocker Merger, the “FTV Blocker Mergers”) and (ii) MergerCo2 merged with and into Tiger Blocker, with Tiger Blocker surviving as a wholly owned subsidiary of Spartan (the “First Tiger Blocker Merger”) and immediately thereafter, Tiger Blocker merged with and into Holdings II, with Holdings II surviving the merger as a wholly owned subsidiary of Spartan (the “Second Tiger Blocker Merger” and together with the First Tiger Blocker Merger, the “Tiger Blocker Mergers,” and together with the FTV Blocker Mergers, the “Blocker Mergers”). Immediately following the effective time of the Blocker Mergers (the “Blocker Mergers Effective Time”), Spartan contributed all of its remaining assets (other than the membership interests in each of Holdings I and Holdings II and the stock in Spartan Sub) to Spartan Sub and Spartan Sub in turn contributed such assets to Legacy Sunlight in exchange for units representing limited liability company interests in Legacy Sunlight designated as Class X Units (“Sunlight Class X Units”) and warrants of Legacy Sunlight.

5. The Prospectus included the following diagram to illustrate Spartan’s organizational structure prior to the Merger’s closing:



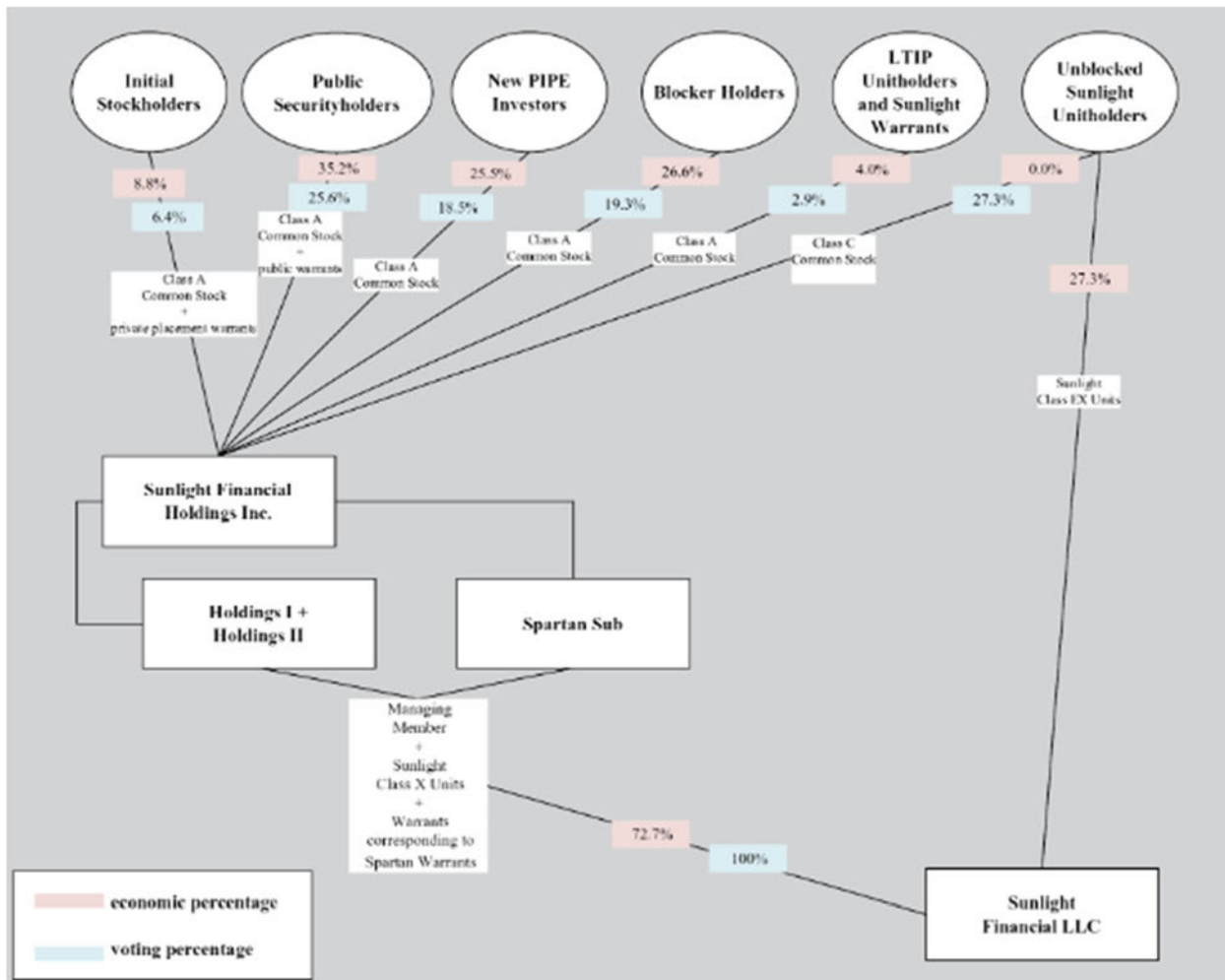
6. The Prospectus also included the following diagram of Legacy Sunlight’s organizational structure prior to the closing of the Merger:



7. And to illustrate the organizational structure of Sunlight after the Merger, the Prospectus included the following diagram<sup>2</sup>:

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<sup>2</sup> The Prospectus specified that the diagram is subject to certain assumptions, including, *inter alia*, that no Spartan stockholders redeem their stock, and that the Merger closes on July 22, 2021.



## NATURE OF THIS ACTION

8. This case features a multi-billion-dollar private equity fund that controlled the special purpose acquisition company (“SPAC”) merger process to the detriment of the unaffiliated stockholders.

9. Apollo Global Management, Inc. (“Apollo Global”) created the Spartan SPAC for its own financial interests. Apollo Global caused one of its affiliates to buy 8.625 million Spartan Class B Common Stock (the “Founder Shares”) at

nominal consideration before Spartan’s initial public offering (“IPO”). Especially because the Founder Shares would be worthless absent a completed business combination, Apollo Global and its affiliates were strongly incentivized to push Spartan to close almost any merger at all before its timeline for completing a merger expired to reap the windfall from the Founder Shares—even a merger that would destroy the investments of unaffiliated stockholders.

10. To ensure that Spartan closed a merger, Apollo Global and its affiliates packed the board of directors (the “Board”) with their loyalists. Spartan’s officers and five of its seven directors had deep Apollo Global ties:

- a. Spartan Board Chairman and Chief Executive Officer (“CEO”) Geoffrey Strong (“Strong”) was a partner with certain groups in Apollo Global;
- b. Spartan Chief Financial Officer (“CFO”) and Chief Accounting Officer James Crossen (“Crossen”) was the CFO and Chief Accounting Officer of certain entities under the “Apollo” umbrella, including Spartan Acquisition Corp. III, Apollo Strategic Growth Capital and Apollo Strategic Growth Capital II. Crossen was also the CFO for Private Equity and Real Assets at Apollo Global;

- c. Spartan director Olivia Wassenaar (“Wassenaar”) was a Senior Partner in the Apollo Global New York office;
- d. Spartan director Wilson Handler (“Handler”) worked for Apollo Global since 2011 and was a member of the Apollo Global’s Natural Resources group;
- e. Spartan director Christine Hommes (“Hommes”) joined Apollo Global in 2011 and was a Partner in Apollo Global’s Natural Resources Group; and
- f. Spartan director Jospheh Romeo (“Romeo”) joined Apollo Private Equity in 2013.

11. Apollo Global could not risk filling the last two Spartan director slots with truly independent directors, so it picked two directors from its previous SPAC (Spartan Energy Acquisition Corp.) to fill those two slots. These directors are Jan C. Wilson (“Wilson”) and John M. Stice (“Stice”). And to ensure fealty, Apollo Global gave them each 50,000 Founder Shares, thus positioning them to reap a handsome windfall of approximately \$500,000 each in the context of a business combination but leaving them without any compensation at all if no merger occurred.

12. Apollo Global caused the entirety of Spartan leadership to have deep conflicts of interest in the Merger. The conflicted Spartan Board, CEO, and CFO

were motivated to pursue almost any merger (even a value destructive one) over no merger at all.

13. During the process leading up to the Merger, Apollo Global and its loyalists refused to implement basic procedural safeguards for the unaffiliated stockholders that would have risked interfering with its windfall. The Spartan Board failed to create an independent committee to negotiate and/or review the Merger. In addition, the Spartan Board refused to obtain any independent third-party fairness opinion to assess the fairness of the Merger for the unaffiliated stockholders.

14. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

15. Apollo Global and Spartan’s Board also caused Legacy Sunlight’s leadership to share deep conflicts of interest. Spartan’s Board dangled eight figures worth of shares before the eyes of certain Legacy Sunlight insiders as motivation for Legacy Sunlight to complete the Merger. Thus, the Merger held the prospect of multi-generational wealth for certain Legacy Sunlight insiders.

16. Finally, Apollo Global and the other defendants misled the unaffiliated stockholders through Spartan’s SEC filings on key topics, thereby deceiving the Spartan stockholders out of exercising their redemption rights:

a. First, the Prospectus misrepresented [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

b. Second, Spartan solicited the Merger with projections that were materially misleading and were not counterbalanced by impartial information. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The projections ultimately proved to be nowhere close to the actual results. Among other major misses,

Sunlight’s 2022 Adjusted EBITDA was negative \$35.7 million—more than \$100 million short of the projected \$81.6 million.

c. Third, the Prospectus and other SEC filings made materially misleading representations about Spartan’s process for entering the Merger. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

d. Fourth, the Prospectus failed to disclose that Legacy Sunlight and the solar industry were suffering from supply-chain and labor-market problems. Spartan’s SEC filings and Prospectus touted that the solar industry’s declining costs and growth was conducive to Legacy Sunlight’s performance [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

e. Fifth, the Prospectus misrepresented and concealed the value of Spartan stock, which was of material importance to the unaffiliated

stockholders. The Prospectus indicated that the Spartan stock was worth \$10.00 when it was actually worth much less. The Prospectus actively obscured the Company's actual net cash number. The figures requisite to the calculation of net cash were scattered throughout the Prospectus, and stockholders would need to conduct a scavenger hunt across pages of the Prospectus, and then perform independent calculations to uncover that the amount of cash per share was significantly less than \$10.00. The Prospectus did not disclose the net cash per share figure outright.

17. Truthful and complete disclosures were crucial to public stockholders in connection with the Merger because those who did not support Spartan's proposed acquisition had the express right to redeem their stock for approximately \$10 per share.

18. According to the Prospectus, Spartan stockholders had to decide whether or not to redeem their shares by July 6, 2021 (the "Redemption Date"). On July 8, 2021, Spartan's stockholders approved the Merger.

19. On July 9, 2021, the Merger was consummated, and Spartan was renamed "Sunlight Financial Holdings, Inc." Spartan common stock and warrants began trading on the New York Stock Exchange on July 12, 2021 under the ticker

symbols “SUNL” and “SUNLW” respectively.

20. Spartan’s stockholders were shocked to learn shortly after the Merger closed that, among several other problems [REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

21. As of this writing, the trading price of Spartan common stock is a small fraction of its redemption value, thereby confirming that the Merger was neither entirely fair nor anywhere close to it<sup>3</sup>:

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<sup>3</sup> GOOGLE, *Sunlight Financial Holdings, Inc.* (last accessed June 20, 2023) ([https://www.google.com/finance/quote/SUNL:NYSE?sa=X&ved=2ahUKEwjOhOLV7IH\\_AhV-j4kEHQGGBHMQ3ecFegQIHRAf&window=MAX](https://www.google.com/finance/quote/SUNL:NYSE?sa=X&ved=2ahUKEwjOhOLV7IH_AhV-j4kEHQGGBHMQ3ecFegQIHRAf&window=MAX)).

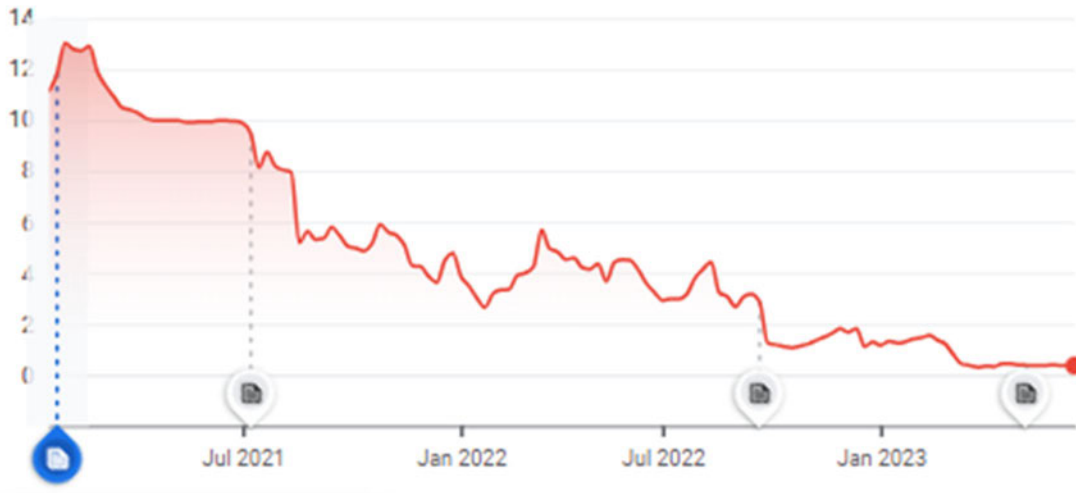
\$0.36

↓ 96.73% -10.75 MAX

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1D 5D 1M 6M YTD 1Y 5Y MAX

Key events



## PARTIES

### Plaintiffs

22. *Timothy McCants*. Plaintiff Timothy McCants (“Plaintiff McCants”) is a current stockholder of Sunlight common stock and has been a continuous stockholder of Sunlight at all relevant times, including before the Redemption Date. Plaintiff McCants sent a Section 220 demand to Sunlight in March 2023. Plaintiff McCants’s Section 220 demand sought Sunlight’s books and records for a period starting as early as August 17, 2020, which is the date that Spartan was formed as a Delaware corporation.

23. ***Laurențiu Ovidiu Cernahoschi.*** Plaintiff Laurențiu Cernahoschi (“Plaintiff Cernahoschi”) is a current stockholder of Sunlight common stock and has been a continuous stockholder of Sunlight at all relevant times, including before the Redemption Date. Plaintiff Cernahoschi sent a Section 220 demand to Sunlight in March 2023. Plaintiff Cernahoschi’s Section 220 demand sought Sunlight’s books and records for a period starting as August 17, 2020, which is the date that Spartan was formed as a Delaware corporation.

24. ***Thomas Joseph.*** Plaintiff Thomas Joseph (“Plaintiff Joseph”) is a current stockholder of Sunlight common stock and has been a continuous stockholder of Sunlight at all relevant times, including before the Redemption Date. Plaintiff Joseph sent a Section 220 demand to Sunlight in June 2023. Plaintiff Joseph’s Section 220 demand sought Sunlight’s books and records for a period starting as early as August 17, 2020, which is the date that Spartan was formed as a Delaware corporation.

### **Spartan Defendants**

25. ***Strong.*** Strong has been Spartan’s CEO since August 17, 2020 and Chairman of the Board since January 19, 2021. At the time of the Prospectus’s filing, he was also the CEO and Chairman of the Board of Spartan Acquisition Corp. III and a director of Spartan Energy Acquisition Corp. Strong has worked for Apollo

Global since 2012, and at the time of the Prospectus, he was a Senior Partner and Co-Lead of the firm's Global Infrastructure and Natural Resources groups. Therefore, Strong was deeply conflicted in the Merger. The Prospectus's bio of Strong only lists that Strong has been employed by Apollo Entities (as defined *infra*) and their affiliates since 2012 and does not list any other employment since 2012. Defendant Strong approved the Merger Agreement and recommended the Merger to the stockholders.

26. **Wassenaar.** Spartan director Wassenaar has worked for Apollo Global since 2018, and at the time of the Prospectus was a Senior Partner in the New York office. Therefore, Wassenaar was deeply conflicted in the Merger. The Prospectus's bio of Wassenaar only lists that Wassenaar has been employed by Apollo Entities and their affiliates since 2018 and does not list any other employment since 2018. Defendant Wassenaar approved the Merger Agreement and recommended the Merger to the stockholders.

27. **Handler.** Spartan director Handler has worked for Apollo Global since 2011, and at the time of the Prospectus, he was a member of the firm's Natural Resources group. Therefore, Handler was deeply conflicted in the Merger. The Prospectus's bio of Handler only lists that Handler has been employed by Apollo Entities and their affiliates since 2011 and does not list any other employment since

2011. Defendant Handler approved the Merger Agreement and recommended the Merger to the stockholders.

28. **Hommes.** Spartan director Hommes has worked for Apollo Global since 2011, and at the time of the Prospectus, she was a Partner in the Natural Resources group. Thus, Hommes was deeply conflicted in the Merger. The Prospectus's bio of Hommes only lists that Hommes has been employed by Apollo Entities and their affiliates since 2011 and does not list any other employment since 2011. Defendant Hommes approved the Merger Agreement and recommended the Merger to the stockholders.

29. **Romeo.** Spartan director Romeo has worked for Apollo Global since 2013, thus making him deeply conflicted in the Merger. The Prospectus's bio of Romeo only lists that Romeo has been employed by Apollo Entities and their affiliates since 2013 and does not list any other employment since 2013. Defendant Romeo approved the Merger Agreement and recommended the Merger to the stockholders.

30. **Wilson.** Spartan director Wilson was also on the board of directors of Spartan Energy Acquisition Corp., a previous SPAC that was similarly affiliated with Apollo Global. Defendant Wilson approved the Merger Agreement and recommended the Merger to the stockholders. Although the Prospectus alleged that

Wilson was an independent director, she owned 50,000 Founder Shares, thus making her deeply conflicted in the Merger.

31. ***Stice.*** Spartan director Stice was also on the board of directors of Spartan Energy Acquisition Corp., a previous SPAC that was similarly affiliated with Apollo Global. Defendant Stice approved the Merger Agreement and recommended the Merger to the stockholders. Although the Prospectus alleged that Stice was an independent director, he owned 50,000 Founder Shares, thus making him deeply conflicted in the Merger.

32. ***Director Defendants.*** The term “Director Defendants” and “Spartan Board” refers to defendants Strong, Wassenaar, Handler, Hommes, Romeo, Wilson, and Stice.

### **Apollo Defendants And Relevant Non-Defendants**

33. ***Spartan Acquisition Sponsor II LLC (“Apollo Sponsor”).*** The Prospectus disclosed that Apollo Sponsor held 9,900,000 private placement warrants that would expire worthless if a business combination was not consummated. Apollo Sponsor held 8,525,000 Founder Shares that it had acquired for nominal consideration. Absent the Merger, the Founder Shares would have been worthless. The Prospectus disclosed that in a “no redemption scenario”, Apollo Sponsor would carry 8,525,000 shares of Sunlight stock through the Merger, and in a “maximum

redemptions scenario”, it would carry 7,700,000 shares of Sunlight stock through the Merger.

34. ***Apollo Global.*** Apollo Global is a private equity firm organized under the laws of Delaware and is a Delaware entity. Apollo Global trades on the NYSE under the ticker symbol “APO.” Its affiliates managed Apollo Sponsor [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

35. ***AP Spartan Energy Holdings II, L.P. (“Apollo Spartan”).*** The Prospectus stated that Apollo Spartan is the sole member of Apollo Sponsor. Apollo Spartan is a Delaware entity. The Prospectus stated that Apollo Spartan shared the same address as Apollo Global as well as the same address as Leon Black (“Black”), Joshua Harris (“Harris”), and Marc Rowan (“Rowan”), who are three Co-Founders of Apollo Global.

*a. Apollo ANRP Advisors III, L.P. (“Apollo Advisors”).* Non-defendant Apollo Advisors is a Cayman Islands entity. The Prospectus stated that Apollo Advisors is the general partner of Apollo Spartan.

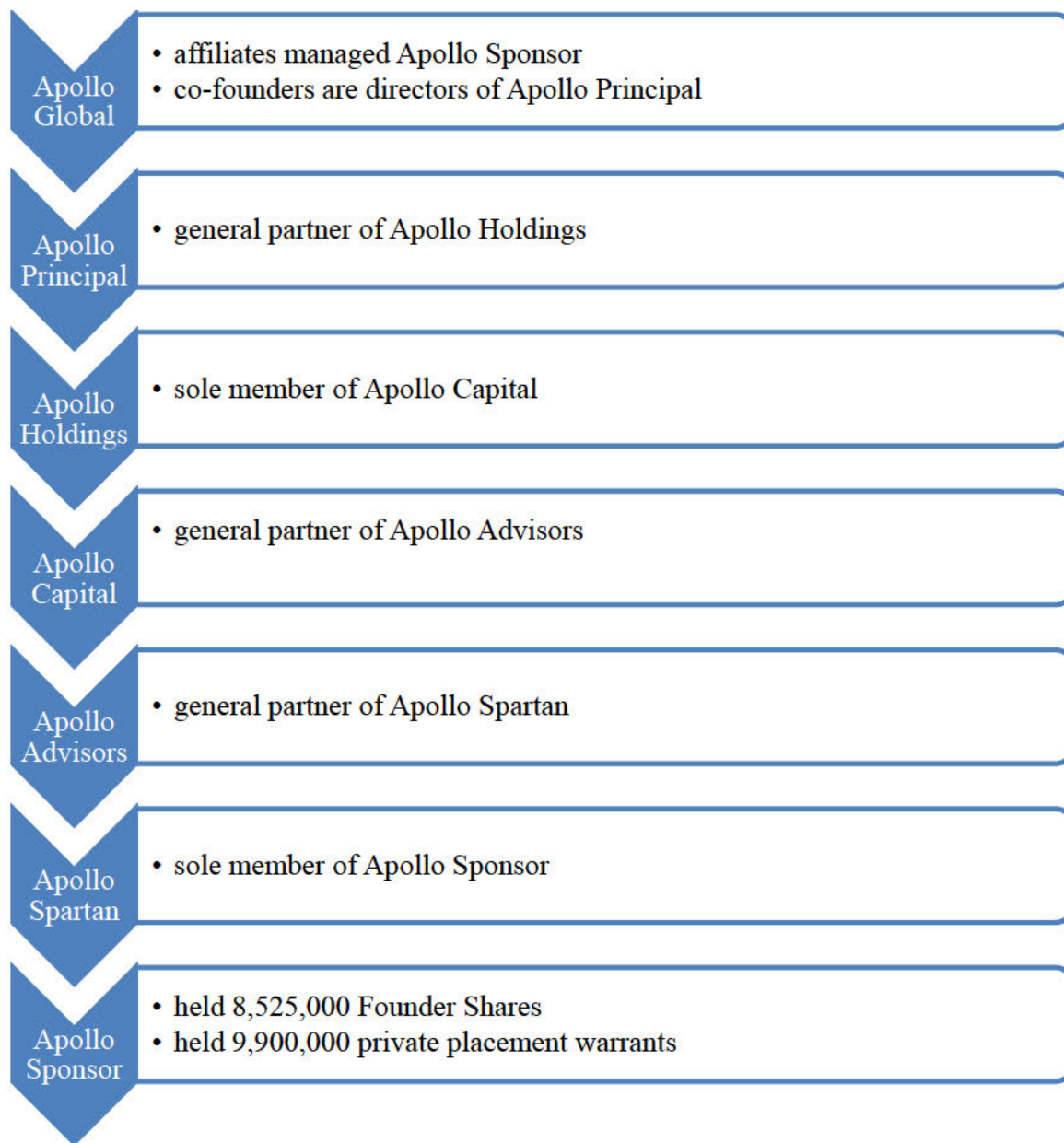
*b. Apollo ANRP Capital Management III, LLC (“Apollo Capital”).* Non-defendant Apollo Capital is a Cayman Islands entity. The

Prospectus stated that Apollo Capital is the general partner of Apollo Advisors.

*c. APH Holdings, L.P. (“Apollo Holdings”).* Non-defendant Apollo Holdings is a Cayman Islands entity. The Prospectus stated that Apollo Holdings is the sole member of Apollo Capital.

*d. Apollo Principal Holdings III GP, Ltd. (“Apollo Principal”).* Non-defendant Apollo Principal is a Cayman Islands entity. The Prospectus stated that Apollo Principal is the general partner of Apollo Holdings. Apollo Global’s Co-Founders, namely Black, Harris, and Rowan are the directors of Apollo Principal. The Prospectus stated that they “may be deemed to have voting and dispositive control of the shares of Class B Common Stock held of record by our [Apollo] Sponsor.”

36. The following chart illustrates how Apollo Global controls Apollo Spartan and its Founder Shares and private placement warrants:



37. *Apollo Entities.* The term “Apollo Entities” refers to Apollo Sponsor, Apollo Global, and Apollo Spartan.

38. *Apollo Defendants.* The term “Apollo Defendants” refers to Apollo Sponsor, Apollo Global, Apollo Spartan, Strong, Wassenaar, Handler, Hommes, and Romeo.

### **Control Group Defendants**

39. *Control Group Defendants.* The term “Control Group Defendants” refers to Apollo Entities, Strong, Wilson, and Stice.

40. Spartan’s SEC filings admitted that Spartan’s control group included Apollo Sponsor, Strong, Wilson, and Stice. For example, on October 9, 2020, Spartan filed a Form S-1 Registration Statement with the SEC (the “Form S-1”). The Form S-1 stated that Spartan’s “initial stockholders will continue to exert control at least until the completion of our business combination.” The Form S-1 defined “initial stockholders” to mean “holders of [Spartan’s] founder shares prior to this offering”, which included Apollo Sponsor, Strong, Wilson, and Stice:

Name and Address of Beneficial Owner <sup>(1)</sup>	Before Offering		After Offering	
	Number of Shares Beneficially Owned <sup>(2)</sup>	Approximate Percentage of Outstanding Common Stock	Number of Shares Beneficially Owned <sup>(2)</sup>	Approximate Percentage of Outstanding Common Stock
Spartan Acquisition Sponsor II LLC (our sponsor) <sup>(3)</sup>	7,087,500	98.6%	6,150,000	19.7%
Geoffrey Strong <sup>(3)</sup>	7,087,500	98.6%	6,150,000	19.7%
James Crossen	—	—	—	—
Olivia Wassenaar	—	—	—	—
Wilson Handler	—	—	—	—
Christine Hommes	—	—	—	—
John MacWilliams	—	—	—	—
Joseph Romeo	—	—	—	—
Jan C. Wilson	50,000	*	50,000	*
John M. Stice	50,000	*	50,000	*
All directors, director nominees and executive officers as a group (9 Individuals)	7,187,500 <sup>(4)</sup>	100%	6,250,000	20%

\* Less than one percent.

- (1) Unless otherwise noted, the business address of each of the following entities or individuals is 9 West 57<sup>th</sup> Street, 43<sup>rd</sup> Floor, New York, NY 10019.
- (2) Interests shown consist solely of founder shares, classified as shares of Class B common stock. Such shares will automatically convert into shares of Class A common stock at the time of our initial business combination on a one-for-one basis, subject to adjustment, as described in the section entitled "Description of Securities."
- (3) Spartan Acquisition Sponsor II LLC is the record holder of the shares reported herein. Geoffrey Strong is the Chief Executive Officer of Spartan Acquisition Sponsor II LLC. Mr. Strong may be deemed to have or share beneficial ownership of the common stock held directly by Spartan Acquisition Sponsor II LLC. In addition, AP Spartan Energy Holdings II, L.P., a wholly owned indirect subsidiary of ANRP III, directly owns all of the limited liability company interests of Spartan Acquisition Sponsor II LLC. Accordingly, ANRP III may be deemed to have or share beneficial

41. Apollo Sponsor, Strong, Stice, and Wilson were connected in a legally significant way. According to the Form S-1, they (i) agreed to vote all their Founder Shares in favor of an initial business combination, (ii) agreed not to transfer, assign or sell any Founder Shares held by them until one year after the date of the consummation of an initial business combination, (iii) agreed to waive their rights

to liquidating distributions from the Trust Account<sup>4</sup> with respect to all their Founder Shares, and (iv) agreed to waive their redemption rights with respect to any Founder Shares and any public shares held by them in connection with the consummation of an initial business combination.

42. The Apollo Entities also exercised their control over Spartan through their affiliates and principals.

- a. First, the Apollo Entities controlled Apollo Sponsor, which was an entity that Spartan admitted to being a controller. The Prospectus stated that Apollo Sponsor is “managed by affiliates of Apollo”, namely Apollo Advisors, Apollo Capital Management, Apollo Holdings, and Apollo Holdings. The directors of these entities were the Co-Founders of Apollo Global, namely Black (Co-Founder), Harris (Co-Founder), and Rowan (Co-Founder and CEO).
- b. Second, the Apollo Entities controlled Spartan through their partners and officers occupying directorships and officer positions with Spartan.

As outlined *supra*, (i) Spartan director/officer Strong was a partner with

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<sup>4</sup> The term “Trust Account” refers to the trust account that holds the proceeds from Spartan’s IPO and a concurrent placement of private placement warrants to Apollo Sponsor.

certain groups in Apollo Global, (ii) Spartan officer Crossen was the CFO and Chief Accounting Officer of certain entities under the Apollo umbrella, (iii) Spartan director Wassenaar was a Senior Partner in the Apollo Global New York office, (iv) Spartan director Handler worked for Apollo Global since 2011 and was a member of the Apollo Global's Natural Resources group; (v) Spartan director Hommes joined Apollo Global in 2011 and was a Partner in Apollo Global's Natural Resources Group; and (vi) Spartan director Romeo joined Apollo Private Equity in 2013.

- c. Third, the Apollo Entities' control over the Merger was reflected in the fact that they had access to the Clean Room Folder (as defined *infra*) and [REDACTED] [REDACTED] even though Apollo Global was not a party to the Merger Agreement.
- d. Fourth, the Apollo Entities were the primary beneficiaries and controllers of the Founder Shares.
- e. Fifth, [REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Legacy Sunlight Defendants**

43. *Barry Edinburg (“Edinburg”)*. Through the Merger, Edinburg became a Sunlight executive officer. Edinburg was the CFO of Legacy Sunlight. The Prospectus disclosed that in a “no redemption scenario”, Edinburg would obtain 1,808,922 shares of Sunlight stock through the Merger, and in a “maximum redemptions scenario”, he would obtain 2,166,373 shares of Sunlight stock through the Merger.

44. *FTV Blocker*. FTV Blocker was a party to the Merger Agreement and is a Delaware entity. The Merger Agreement listed Bernstein as FTV Blocker’s point of contact. The Prospectus disclosed that in a “no redemption scenario”, FTV Blocker would obtain 19,562,629 shares of Sunlight stock through the Merger, and in a “maximum redemptions scenario”, it would obtain 23,428,311 shares of Sunlight stock through the Merger. Pursuant to the Merger Agreement, FTV Blocker

was effectively obligated to ensure that the Prospectus was not materially misleading.

45. ***Tiger Blocker.*** Tiger Blocker was a party to the Merger Agreement and is a Delaware entity. Henry signed the Merger Agreement as the general partner and managing member of Tiger Blocker. The Prospectus disclosed that in a “no redemption scenario”, Tiger Blocker would obtain 6,532,121 shares of Sunlight stock through the Merger, and in a “maximum redemptions scenario”, it would obtain 7,822,900 shares of Sunlight stock through the Merger. Pursuant to the Merger Agreement, Tiger Blocker was effectively obligated to ensure that the Prospectus was not materially misleading.

46. ***Legacy Defendants.*** The term “Legacy Defendants” refers to Edinburg, FTV Blocker, and Tiger Blocker.

## Relevant Non-Defendants

47. ***Sunlight***. Sunlight is a publicly traded solar financing company. Sunlight is incorporated in Delaware and has a principal executive office at 101 North Tryon Street, Suite 1000, Charlotte, NC 28246. The Prospectus disclosed that the post-Merger Sunlight Board of Directors would consist of Bernstein, Jeanette Gorgas, Henry, Toan Huynh, Jennifer Nordquist, Philip Ryan, Kenneth Shea, and Joshua Siegel. The Prospectus disclosed that the post-Merger Sunlight executive officers would consist of Potere as CEO, Edinburg as CFO and Executive Vice President, Dahlman as Executive Vice President, General Counsel, and Secretary, Parson as Executive Vice President and Chief Operating Officer, and Mulloy as Executive Vice President and Chief Information Officer.

48. ***Tiger Infrastructure Parties Sunlight Feeder LP (“Tiger Feeder”)***. Tiger Feeder is a private equity firm founded by Henry. The Prospectus disclosed that in a “no redemption scenario”, Tiger Feeder would obtain 16,396,488 shares of Sunlight stock through the Merger, and in a “maximum redemptions scenario”, it would obtain 19,636,512 shares of Sunlight stock through the Merger.

49. ***Brad Bernstein (“Bernstein”)***. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The Prospectus disclosed that in a “no redemption scenario”, FTV Blocker would obtain 19,562,639 shares of Sunlight stock through the Merger, and in a “maximum redemptions scenario”, it would obtain 23,428,311 shares of Sunlight stock through the Merger.

50. ***Emil Henry Jr. (“Henry”)***. Through the Merger, and as explained *infra*, Henry’s entities received millions of shares of Sunlight stock. Henry’s director questionnaire dated February 1, 2023, said that the Sunlight shares owned by a partnership of which he is a partner were as follows: “Total number of shares include both the Class A Shares 8,437,552 that Co-Invest B holds and the Units that Fund I holds 21,179,370. That total number is: 29,616,922.” The questionnaire also that he had had “[s]ignificant ownership in Sunlight Financial LLC, a wholly owned subsidiary.” The Prospectus disclosed that Henry was the CEO and Founder of Tiger Infrastructure Partners.

51. ***Matthew Potere (“Potere”)***. Through the Merger, Potere became a director and CEO of Sunlight. Potere was the CEO of Legacy Sunlight and signed the Merger Agreement as the CEO of Legacy Sunlight. The Prospectus disclosed that in a “no redemption scenario”, Potere would obtain 2,712,672 shares of Sunlight

stock through the Merger, and in a “maximum redemptions scenario”, he would obtain 3,248,709 shares of Sunlight stock through the Merger.

### **JURISDICTION AND VENUE**

52. This action arises out of Delaware law.

53. Personal jurisdiction is proper over the Control Group Defendants and Legacy Defendants because they were directors/officers of Delaware entities and/or are Delaware entities.

54. Through the Merger, Sunlight adopted the Second Amended and Restated Certificate of Incorporation of Sunlight Financial Holdings, Inc. (the “Certificate”). The Certificate provides in pertinent part:

Unless the Corporation consents in writing to the selection of an alternative forum, and to the fullest extent permitted by law and subject to applicable jurisdictional requirements, **the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring** (i) any derivative action or proceeding as to which the DGCL confers jurisdiction upon the Court of Chancery, (ii) **any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation’s stockholders in such capacity**, (iii) any action asserting a claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the DGCL or this Second Amended and Restated Certificate of Incorporation or the Corporation’s bylaws, or (iv) any action asserting a claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party

does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. Unless the Corporation consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the federal securities laws of the United States.

(Emphasis added).

## **SUBSTANTIVE ALLEGATIONS**

### **I. THE MERGER PROCESS**

#### **A. SPARTAN REGISTERS AS A CONTROLLED COMPANY**

55. Spartan was formed as a Delaware corporation on August 17, 2020, for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses in the energy value chain in North America.

56. On October 9, 2020, Spartan filed the Form S-1. The Form S-1 specified that Spartan’s “initial stockholders will continue to exert control at least until the completion of [Spartan’s] business combination.” The Form S-1 defined its “initial stockholders” to mean its “holders of [Spartan] founder shares prior to this offering.” The Form S-1 also indicated that before offering, Spartan’s holders of Founder Shares included Apollo Sponsor, Wilson, and Stice. It also stated that

Strong may be deemed to have or share beneficial ownership of Apollo Sponsor's Founder Shares. Strong signed the Form S-1 in his capacity as Spartan CEO, and Crossen signed the Form S-1 in his capacity as Spartan CFO and Chief Accounting Officer.

57. At the time of the Form S-1's filing, Strong was a member of the Board, and Wassenaar, Handler, Hommes, Romeo, Wilson, and Stice were all director nominees.

58. The Form S-1 touted Spartan's deep connections to the Apollo Entities:

Our sponsor is an affiliate of a private investment fund managed by Apollo. Apollo is led by its managing partners, Leon Black, Joshua Harris and Marc Rowan, who have worked together for more than 34 years and lead a team of 1,511 employees, including 501 investment professionals (as of June 30, 2020), in New York, Los Angeles, San Diego, Houston, Bethesda, London, Frankfurt, Madrid, Luxembourg, Hong Kong, Shanghai, Singapore, Delhi, Tokyo and Mumbai. Apollo's team possesses a broad range of transaction, financial, managerial and investment skills. Apollo operates its businesses in an integrated manner, which we believe distinguishes Apollo from other alternative asset managers. Apollo's investment professionals frequently collaborate and share information across disciplines including market insight, management, banking and consultant contacts as well as potential investment opportunities. This collaboration contributes to Apollo's library of industry knowledge and we believe enables Apollo managed funds to invest successfully across a company's capital structure.

59. On November 30, 2020, Spartan completed its IPO of 34,500,000 public units, including 4,500,000 units that were issued pursuant to the underwriters' full exercise of their over-allotment option, with each unit consisting of one share of Class A common stock and one-half of one warrant, raising gross proceeds of approximately \$345 million.

60. Simultaneously with the closing of the IPO, Spartan consummated the sale of 9,900,000 private placement warrants at a purchase price of \$1.00 per private placement warrant in a private placement to Apollo Sponsor, generating gross proceeds of approximately \$9.9 million.

**B. APOLLO GLOBAL PUSHES SPARTAN TO ACQUIRE LEGACY SUNLIGHT**

61. [REDACTED]

[REDACTED]

[REDACTED]

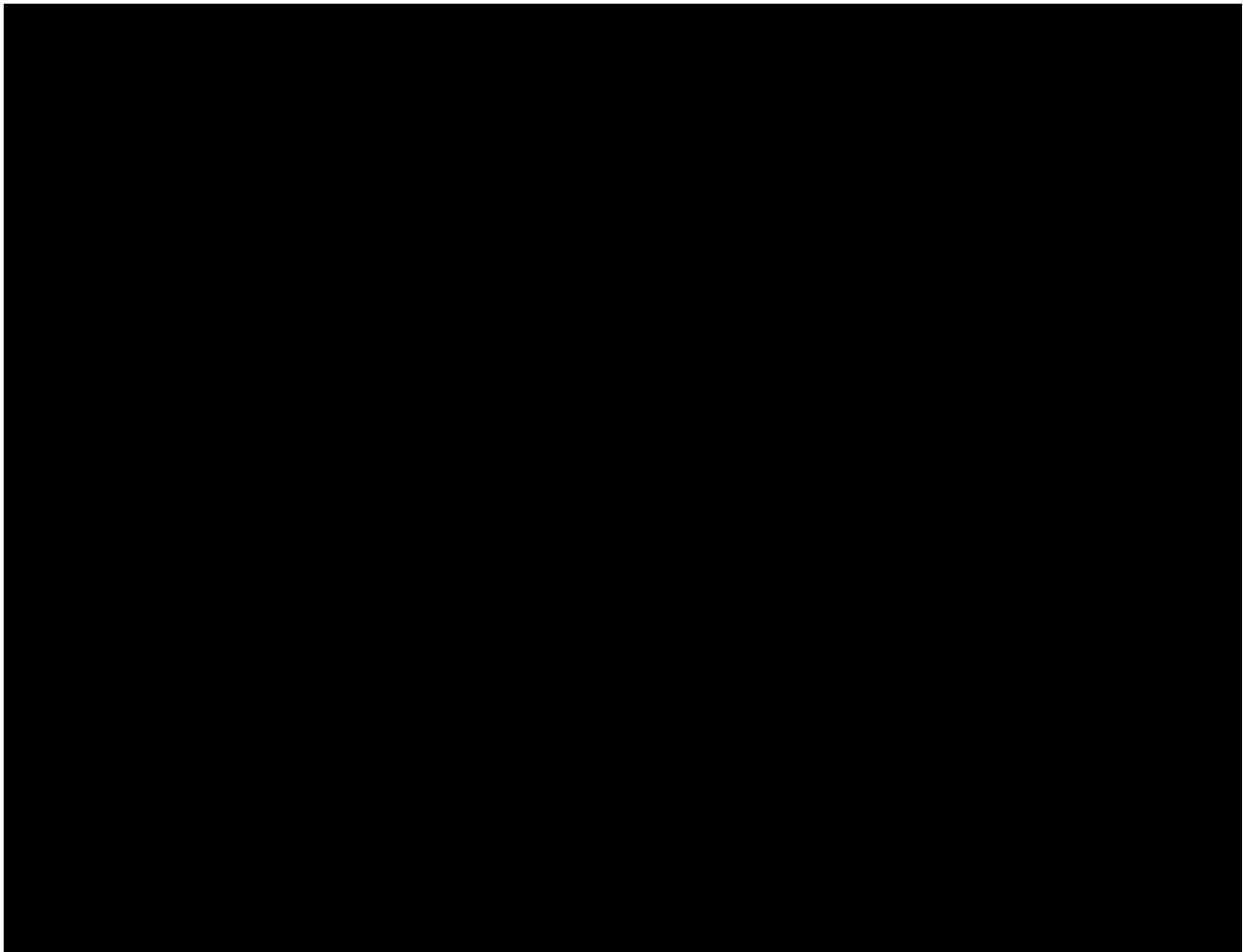
[REDACTED]

[REDACTED]

[REDACTED]

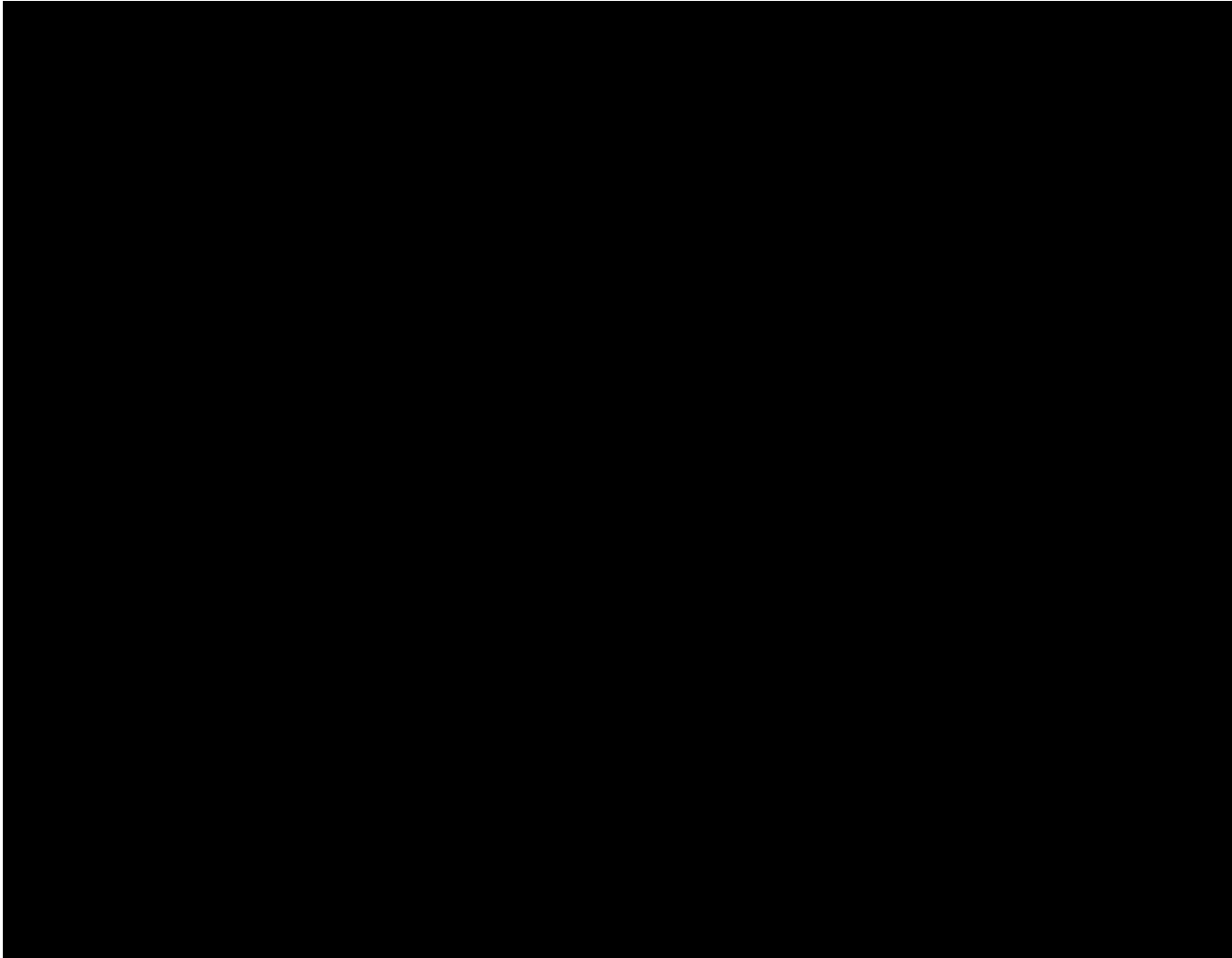
[REDACTED]

[REDACTED]



62. The Apollo



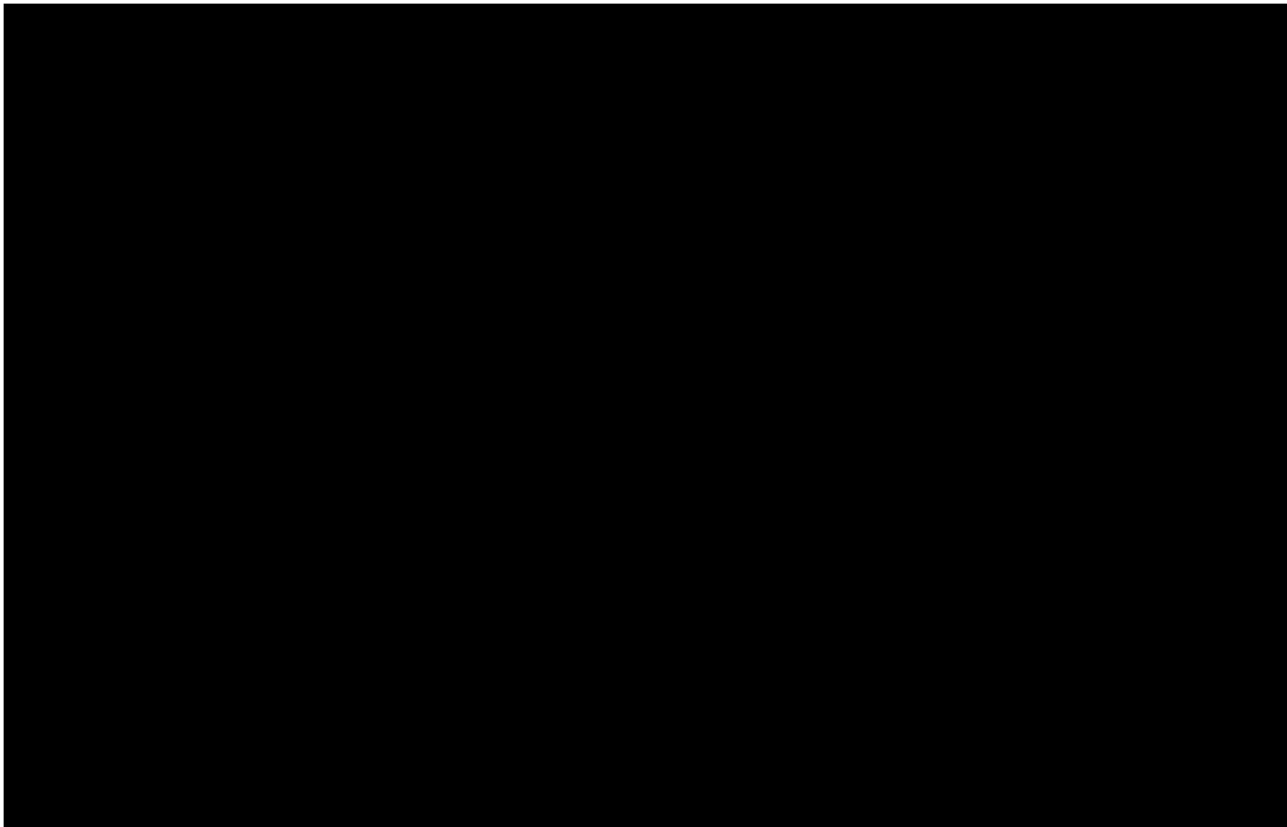


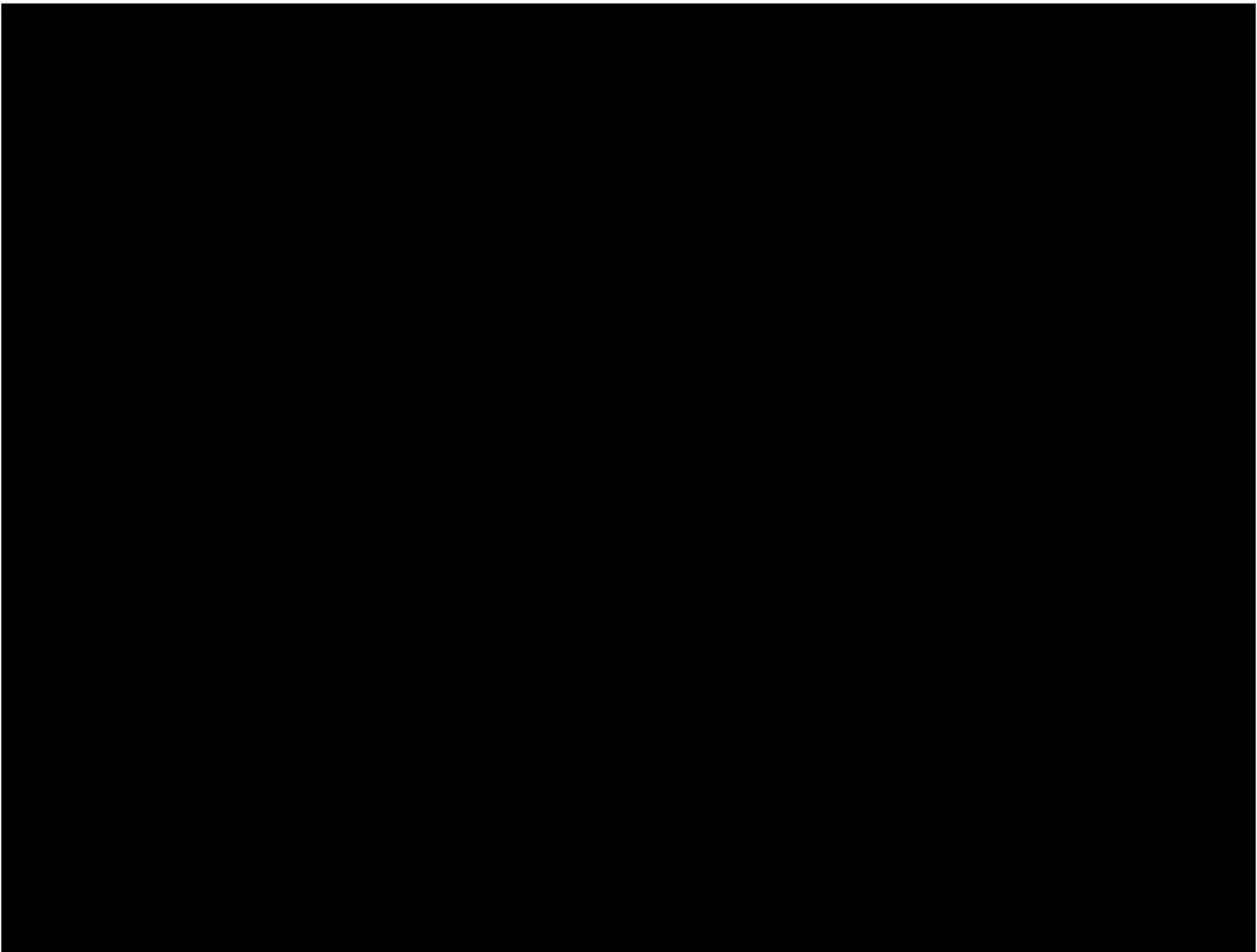
*1. Apollo*



63. Apollo







2. *Apollo* [redacted]

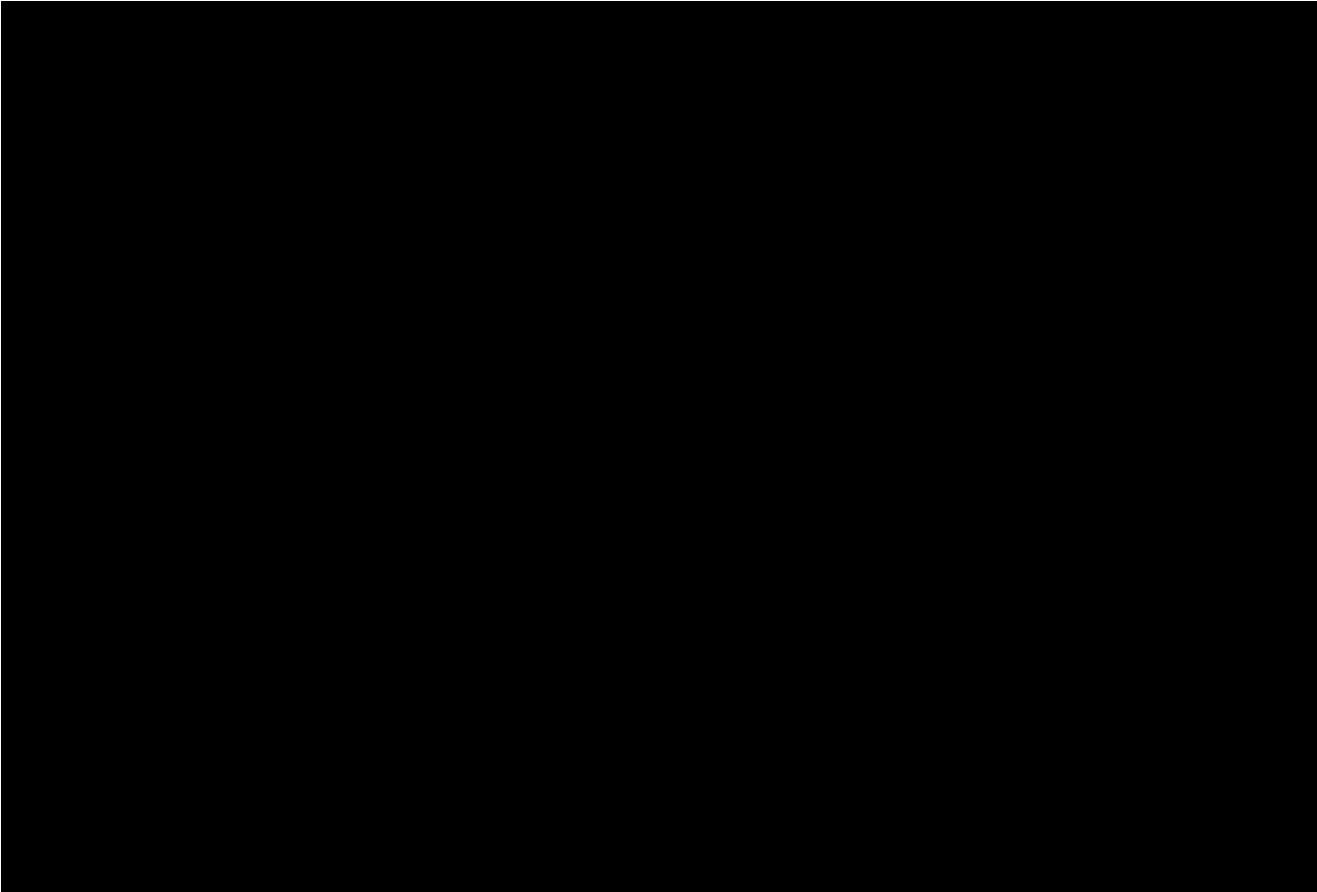
64. Indeed, [redacted]

[redacted]

[redacted]

[redacted]

[redacted]



65. The Prospectus claims that on December 14, 2020, “[a]fter reviewing relevant information about [Legacy] Sunlight, including its business plan, the merits of a business combination and the results of Spartan’s representatives’ due diligence, the Spartan Board expressed support for pursuing the transaction with Spartan and instructed Spartan’s representatives to continue with the negotiations and to enter into a non-binding letter of intent [“LOI”].”

66. According to the Prospectus, the LOI provided for “a post-money equity valuation of Sunlight of \$1.349 billion,” an exclusivity period until January 31, 2021, a PIPE target of \$250 million, and a provision for Apollo “Sponsor to

cancel up to 50% of the Founder Shares then held by [Apollo] Sponsor in the event that there were redemptions by Spartan’s stockholders in excess of a 5% threshold[.]”

**C. APOLLO GLOBAL CONTINUES TO PUSH LEGACY SUNLIGHT AS THE TARGET**

67. On December 15, 2020, representatives from Vinson & Elkins and Hunton Andrews Kurth LLP, Legacy Sunlight’s legal counsel in connection with the Merger (“Hunton Andrews Kurth”), held a legal organizational call to discuss the diligence and documentation process related to the proposed transaction. On or about that day, Legacy Sunlight’s representatives provided Spartan’s representatives access to the virtual data room.

68. According to the Prospectus, on December 18, 2020 and December 21, 2020, Legacy Sunlight made presentations regarding its business, including its technology, business development, operations, finance and funding, legal and compliance, and human resources, to representatives of Spartan.

69. On December 22, 2020, Hunton Andrews Kurth and Vinson & Elkins began discussing the use of a clean room folder in the virtual data room with restricted access (the “Clean Room Folder”). Spartan and Apollo Global each negotiated separate clean room agreements with Legacy Sunlight, pursuant to which Legacy Sunlight planned to disclose sensitive competitive information related to

Sunlight’s business, including personnel data and commercial agreements. The Clean Room Folder expressly restricted access to certain affiliates of Apollo Global who could not review such competitively sensitive information due to the overlap in their commercial interests. On January 4, 2021, the clean room agreements were executed, and thereafter access was granted to the Clean Room Folder to representatives of Spartan and Apollo, as expressly contemplated under the clean room agreements.

70. Apollo Global was not a party to the Merger, which calls into question why it was provided with a Clean Room Folder for Legacy Sunlight documents and raises the inference that Apollo Global was providing marching orders to the already conflicted Spartan Board.

71. During the week of December 27, 2020, the Spartan Board allegedly discussed with Vinson & Elkins the advisability of forming a transaction committee consisting entirely of independent and disinterested directors of the Spartan Board in light of the potential related party transaction involving one or more affiliates of Apollo Sponsor or Apollo Global (the “Potential Related Party Transaction”), as contemplated by the letter of intent, even though the Potential Related Party Transaction was not a necessary component of the Merger. The Prospectus failed to disclose the nature of the contemplated Potential Related Party Transaction.

72. On January 8, 2021, the Spartan Board established a transaction committee of the Spartan Board (the “Transaction Committee”) with Stice and Wilson as the members. The Prospectus stated that the Transaction Committee was established due to the possibility of a Potential Related Party Transaction between one or more affiliates of Apollo Sponsor or Apollo Global and Legacy Sunlight contemplated by the LOI. In case the Potential Related Party Transaction was to be advanced or would become relevant to the overall consideration of the Merger, the Transaction Committee was given authority regarding exploring and considering the potential business combination and the Potential Related Party Transaction, including the authority to make any recommendations with respect to the Merger and the Potential Related Party Transaction, to the Spartan Board (but not to approve the Merger or the Potential Related Party Transaction).

73. The Prospectus failed to disclose that the Board evaluated how a merger with Legacy Sunlight would benefit one of Apollo Sponsor’s affiliates. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

74. The Board did not endow the Transaction Committee with the full host of powers typically given to special committees in conflicted transactions, *i.e.*, negotiating the terms of a merger agreement, deciding whether to enter into a merger agreement, approving a merger agreement, etc.

75. Instead, the Transaction Committee was effectively created for the limited purpose of deciding whether a business combination would implicate a Potential Related Party Transaction, and if so, making recommendations to the Board concerning the Potential Related Party Transaction.

76. On January 14, 2021, the Spartan Board held a meeting and Apollo Global representatives attended. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

77. On January 19, 2021, the Spartan Board held a special meeting. [REDACTED]

[REDACTED]

[REDACTED] The Spartan Board was provided with an update on the status of the PIPE Financing. The Board discussed the terms of the draft transaction documents.

**D. THE** [REDACTED]

78. After Plaintiffs [REDACTED]

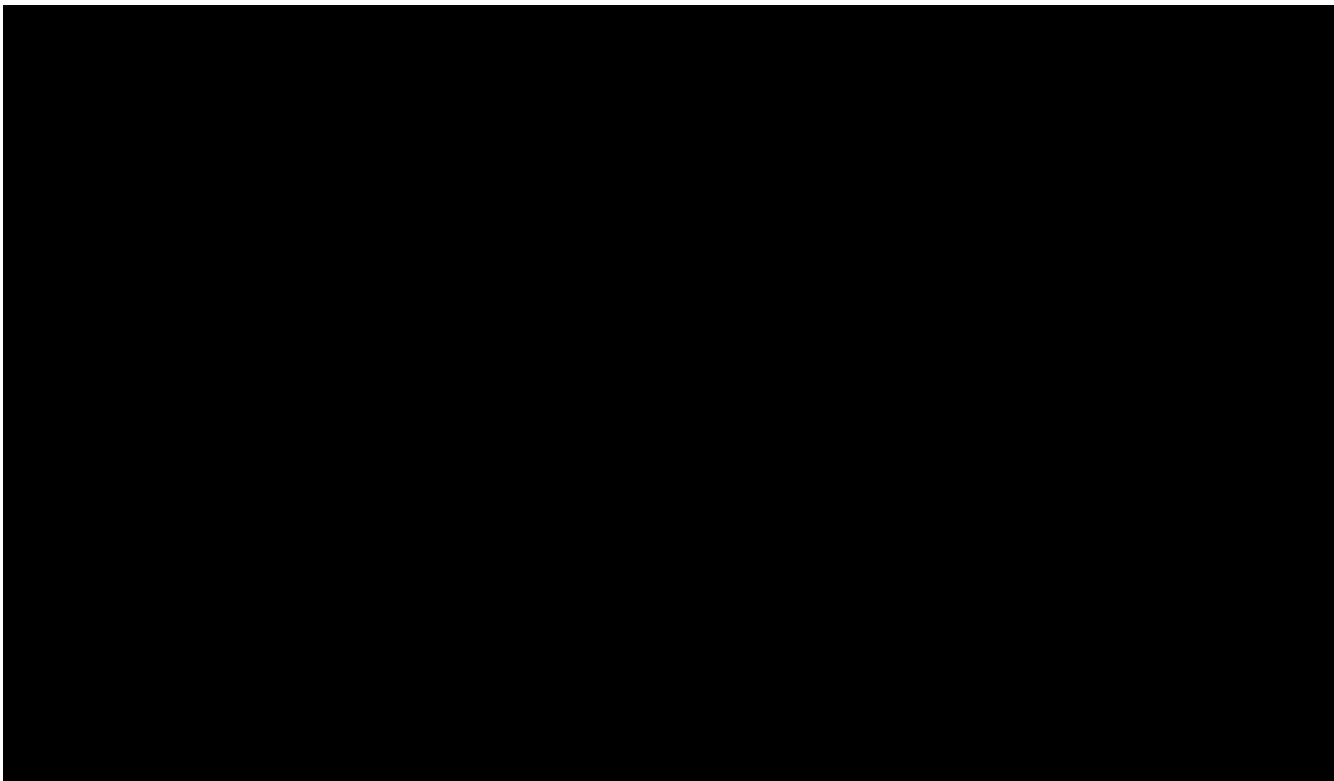
[REDACTED]

*1. Before*

79.

[REDACTED]

[REDACTED]



(the [redacted]).

80. Indeed, [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[REDACTED]

[REDACTED]

[REDACTED]

*2. Before*

[REDACTED]

81.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*3. Before*

82.

[REDACTED]

[REDACTED]

[REDACTED]

83. Indeed,

[REDACTED]

[REDACTED]

4. *Before*

[REDACTED]

84. Finally,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

85. In January 2021, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

86. On January 23, 2021, the Spartan Board ultimately determined to execute the Merger Agreement.

#### **E. THE MERGER AGREEMENT**

87. The Merger Agreement had a provision that effectively required the Legacy Defendants to ensure that certain Spartan SEC filings regarding the Merger were accurate:

[Legacy Sunlight] and its legal counsel shall be given reasonable opportunity to review and comment on the Proxy Statement/Prospectus and Registration Statement prior to the filing thereof with the SEC and [Spartan] shall give reasonable consideration to any such comments.

\* \* \*

Each of [Spartan and Legacy Sunlight]: (A) shall use its commercially reasonable efforts to respond promptly to any comments of the SEC or its staff with respect to the Proxy Statement/Prospectus and Registration Statement; and (B) to the extent required by the applicable requirements of United States securities Laws and the rules and regulations of the SEC promulgated thereunder, shall use its commercially reasonable efforts to promptly correct any information provided by it for use in the Proxy Statement/Prospectus and Registration Statement to the extent such information shall be or shall have become false or misleading in any material respect.

\* \* \*

**Each of the [Legacy Sunlight], FTV Blocker and Tiger Blocker represents that the information supplied by such entity for inclusion in the Registration Statement and the Proxy Statement/Prospectus shall not, at (i) the time the Registration Statement is declared effective, (ii) the time the Proxy Statement/Prospectus (or any amendment thereof or supplement thereto) is first mailed to the stockholders of Acquiror, (iii) the time of the Acquiror Stockholders' Meeting and (iv) the Blocker Mergers Effective Time, contain any untrue statement of a material fact or fail to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.** If, at any time prior to the Blocker Mergers Effective Time, any event or circumstance, should be discovered by [Legacy Sunlight], FTV Blocker or Tiger Blocker that is required to be set forth in an amendment or a supplement to the Registration Statement or the Proxy Statement/Prospectus by the applicable requirements of the Securities Act and the rules and regulations promulgated thereunder or the Exchange Act and the rules and regulations thereunder, such entity shall promptly inform Acquiror.

(emphases added).

88. The Board entered the Merger Agreement without obtaining a third-party valuation or fairness opinion. Instead, the Board assured stockholders through the Prospectus that they could rely on its business experience and judgement when touting that it has “substantial experience in evaluating the operating and financial merits of companies from a wide range of industries and conclude that their experience and backgrounds, together with the experience and sector expertise of

Spartan’s advisors, enabled them to make the necessary analyses and determinations regarding the Business Combination.”

89. Before the market opened on January 25, 2021, Sunlight and Spartan announced the Merger together with the execution of the Merger Agreement.

#### **F. SPARTAN HYPES THE MERGER**

90. On January 25, 2021, Spartan filed a Form 8-K with the SEC. The Form 8-K was signed by defendant Strong in his capacity as Spartan CEO. The Form 8-K included a “*Transaction Structure and Consideration*” section indicating that each Spartan share was worth \$10. It also attached an interview transcript that featured Potere claiming that “consumers now convert to solar for sound economic reasons”, including that “the cost of solar is reducing on an absolute basis[.]”

91. On January 25, 2021, Spartan filed an investor presentation with the SEC. The slideshow included the following slide, thus demonstrating that Apollo Global was inextricably intertwined with Spartan:

Today's Speakers



Sunlight Financial



APOLLO/ Spartan Acquisition Corp. II



**Matthew Potere**  
*Chief Executive Officer*  
Former SVP of Bank of America's Home Equity & Auto Products Group and COO of Swift Financial



**Geoffrey Strong**  
*Chief Executive Officer & Director*  
Senior Partner at Apollo and Co-Head of Infrastructure and Natural Resources



**Barry Edinburg**  
*Chief Financial Officer*  
Former CFO at Spruce Finance and Kilowatt Financial; Fortress Investment Group



**Joseph Romeo**  
*Director*  
Principal at Apollo; Co-Lead of Spartan SPAC Platform

92. The slideshow also indicated that Apollo Global had previous experience working with Athene:

## Apollo Has Unique Expertise Partnering with High Quality Platforms

Significant recent capital deployment by Apollo & Athene in yield-oriented investments differentiates Apollo as a 'Strategic' Sponsor.

Select Apollo & Athene Investments<sup>(1)</sup>

<p><b>Leading Global Asset Manager</b></p>	<p><b>Leading Insurance Platform</b></p>	<p><i>Strategic investment across capital structure</i></p>	<p><i>Led consortium in real estate investment partnership</i></p>
<p><b>\$433bn AUM<sup>(2)</sup></b></p> <p><i>\$341bn (79%) Focused Primarily on High-Grade Investments</i></p>	<p><b>\$162bn Gross Invested Assets</b></p> <p><i>3.87% Net Investment Earned Rate<sup>(3)</sup></i></p>	<p><i>Committed fleet financing facility</i></p>	
<p><b>Rating: A</b></p>	<p><b>Rating: A</b> (Fitch, S&amp;P, A&amp;M Best)</p> <p><i>US RBC: 412%</i></p>	<p><i>Platform acquisition + loan portfolio purchase</i></p>	<p><i>Mortgage origination platform founded in 2013</i></p>
<p><b>Apollo &amp; Athene have an extensive track record of partnering with high credit quality platforms to unlock synergies and create value</b></p>			

**Sunlight Financial**

Note: All figures as of September 30, 2020. Athene has not made, and may never make, any investment with respect to Sunlight or the proposed transaction. Neither Sponsor nor Apollo has any ability to require Athene to make any such investment, or to enter into any other transaction with Sunlight, and the decision to do so if any would be made independently by or any decision by Sunlight to enter into the proposed transaction with Sunlight.

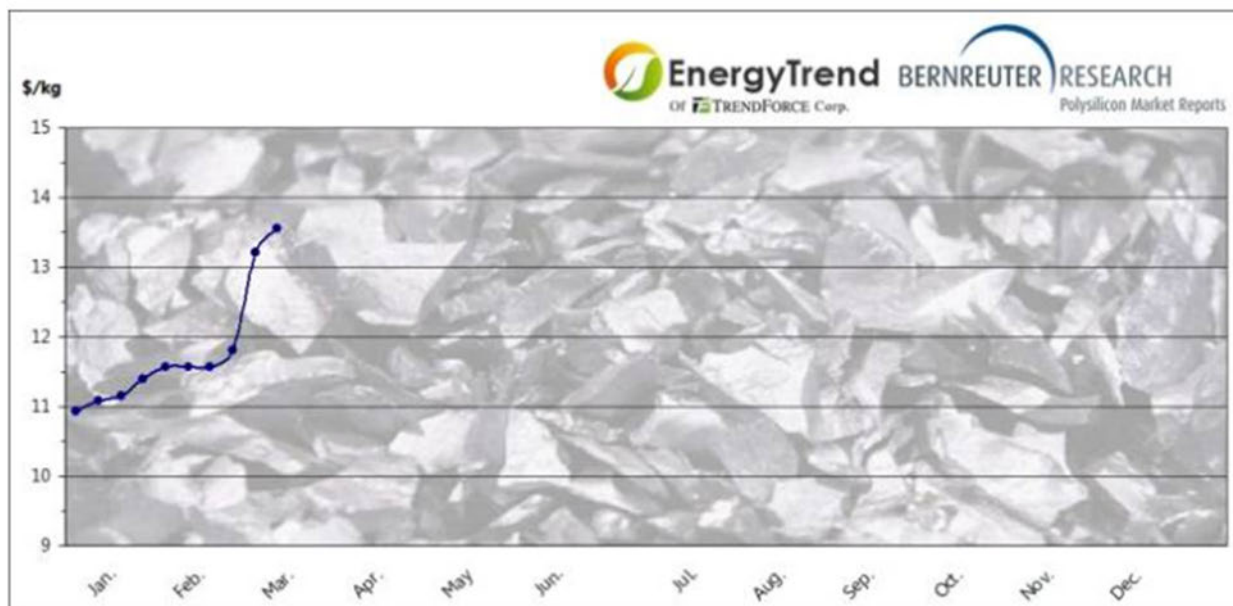
(1) Includes investments with non-affiliated co-investors. (2) Includes EIS/IE Gross Invested Assets at Athene. (3) Annual disclosed investment earned rate for the nine months ended September 30, 2020. Net investment earned rate is computed as the income from net invested assets divided by the average net invested assets, excluding the impact of Athene's investment in Apollo.

## G. THE SOLAR INDUSTRY'S SUPPLY-CHAIN CRISIS

### 1. The Solar Industry's Supply Chain Problems Surface In Early 2021

93. In 2021, the solar industry's supply chain problems surfaced. For example, the supply chain problems caused a dramatic spike in solar prices in February 2021<sup>5</sup>:

<sup>5</sup> SOLARQUOTES BLOG, *Solar Panels: Polysilicon Price Pressure Persists* (last accessed October 5, 2023) (<https://www.solarquotes.com.au/blog/polysilicon-prices-panels-mb1914/>).



## ***2. In February 2021, Spartan Stockholders Are Told That Solar Equipment Is Getting Cheaper***

94. In late February 2021, Spartan stockholders were told that solar prices are decreasing. On February 25, 2021, Spartan filed an interview transcript as a Form 425 (Prospectus/communication re business combination) dated February 11, 2021 with the SEC. Therein, Potere linked the prospects of Legacy Sunlight to the low-costs of the solar industry in general. In response to a question about “the cost of solar coming down” and “growth in the solar industry in a company like [Legacy] Sunlight”, Potere specifically touted that “there’s really two interesting trends that are happening and that are helping to drive solar”, one of which is “[t]he cost for equipment itself is getting cheaper. And that makes solar less expensive on an

absolute basis.” During the interview, Potere concealed that solar prices were increasing due to supply constraints.

### ***3. In March 2021, Solar Costs Increased Due To Tight Supply***

95. On March 15, 2021, an article was published titled “Solar Panels: Polysilicon Price Pressure Persists.”<sup>6</sup> The article stated that “JinkoSolar vice president Dany Qian recently stated that [the prices of] solar panels have risen significantly in China since the second quarter of last year due to the tight supply of not only polysilicon, but also glass, silver and module frames. Solar cell and panel manufacturers don’t operate on huge margins, so upstream pricing pressure is being passed down to buyers.”<sup>7</sup> It also noted that “Ms. Qian says panel prices will continue to increase for the next 6 months or longer.”<sup>8</sup>

96. On March 18, 2021, an article was published titled “Australia braces for solar price hike as supply chain pressures start to bite.”<sup>9</sup> The article explained

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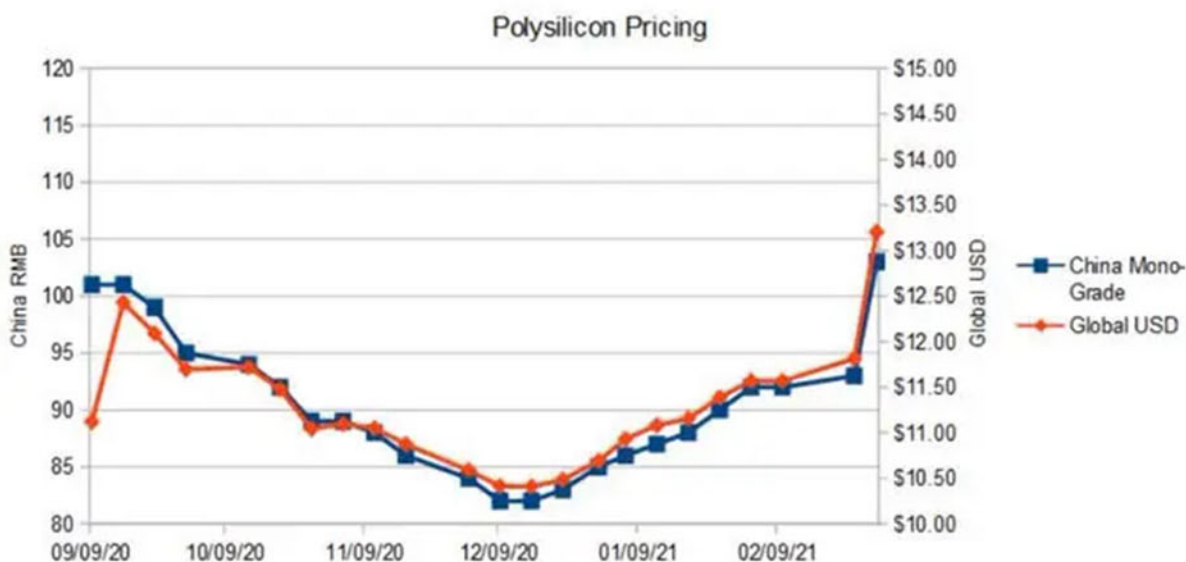
<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> RENEW ECONOMY CLEAN ENERGY NEWS AND ANALYSIS, *Australia braces for solar price hike as supply chain pressures start to bite* (last accessed October 5, 2023) (<https://reneweconomy.com.au/australia-braces-for-solar-price-hike-as-supply-chain-pressures-start-to-bite/>).

how “Australia’s solar market could be hit by a panel price shock as early as next month . . . as global price increases driven by a prolonged shortage of polysilicon and other materials start to catch up with the local market.”<sup>10</sup> Polysilicon is one of the key materials used for creating solar panels. Indeed, several of Sunlight’s post-Merger SEC filings observe that “certain silica-based products, such as polysilicon . . . [are] used by manufacturers of solar panels . . . .”<sup>11</sup> The article then continued to explain that as a result of the polysilicon shortage, polysilicon prices had already leaped:



<sup>10</sup> *Id.*

<sup>11</sup> *E.g.*, Sunlight Form 10-Q filed with the SEC on August 15, 2022.

97. The article also notes that this increase will strike many people as a “shock”<sup>12</sup>:

“[In an industry] where people are expecting prices to continually come down, they are probably going to get a bit of a shock,” Fedda told RenewEconomy – particularly for large-scale solar projects whose budgets have not factored in pricier panels.

“The price rise, in terms of US dollars, has already happened. So if the Australian dollar doesn’t strengthen further, or declines, people are going to get a bit of a shock with the pricing.”

98. On March 31, 2021, an article was published titled “Solar Supply Chain and Mitigating Market Surprises.”<sup>13</sup> It recognized that the “solar market is witnessing supply chain and logistics problems now more than ever.”<sup>14</sup>

***4. In March/April 2021, Spartan Stockholders Are Told That Solar Costs Are Rapidly Declining Versus Electricity Without Being Told That Solar Costs Are Dramatically Increasing***

99. On March 24, 2021, Spartan filed a Legacy Sunlight investor presentation with the SEC attached to a Form 425 (Prospectus/communication re

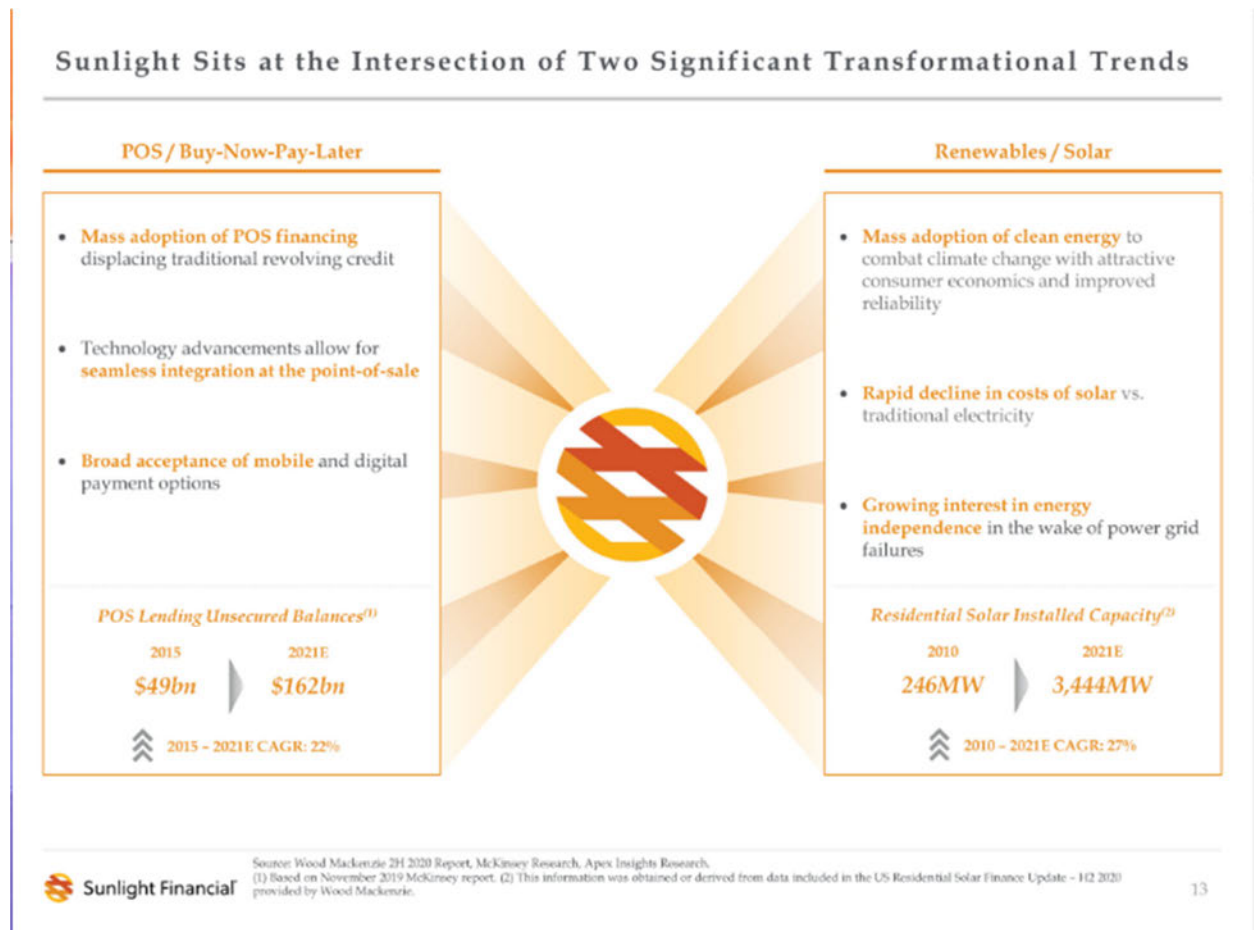
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<sup>12</sup> *Id.*

<sup>13</sup> MERCOM CLEAN ENERGY INSIGHTS, *Solar Supply Chain and Mitigating Market Surprises* (last accessed May 19, 2023) (<https://www.mercomindia.com/solar-supply-chain-mitigating-market>).

<sup>14</sup> *Id.*

business combination). The SEC filing attaching the slideshow described the slideshow as “presentation materials [that] were used by [Legacy Sunlight] in a presentation to analysts made on March 24, 2021.” Defendants Potere and Edinburg were featured in the slideshow as “Today’s Speakers.” This presentation claimed that the solar industry’s “[r]apid decline in costs” stood to benefit Legacy Sunlight:



## Solar Energy Prices Compare Favorably to Electricity Prices

Solar energy continues to become more economical in comparison to electricity, with growing adoption across the United States.

### As the Cost of Solar Continues to Decline...

#### Residential Solar Levelized Cost of Energy (\$/KWh)<sup>(1)</sup>



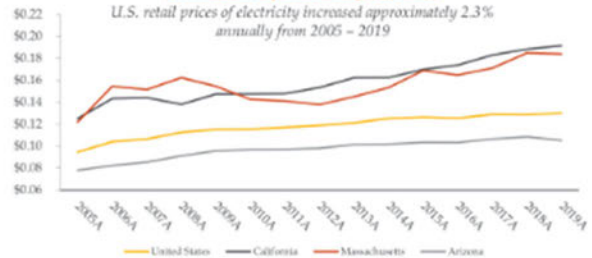
### ... Consumer Economics Become More Favorable...

#### Illustrative Year 1 Monthly Savings<sup>(2)</sup>



### ...and Electricity Prices Continue to Rise...

#### Retail Price of Electricity (\$/KWh)



### ... And Adoption Increases Across the Country

While States with over 10 MW of cumulative installed residential solar systems have expanded significantly over the last few years...



... solar penetration has only reached 3% of the market, providing ample opportunity for growth



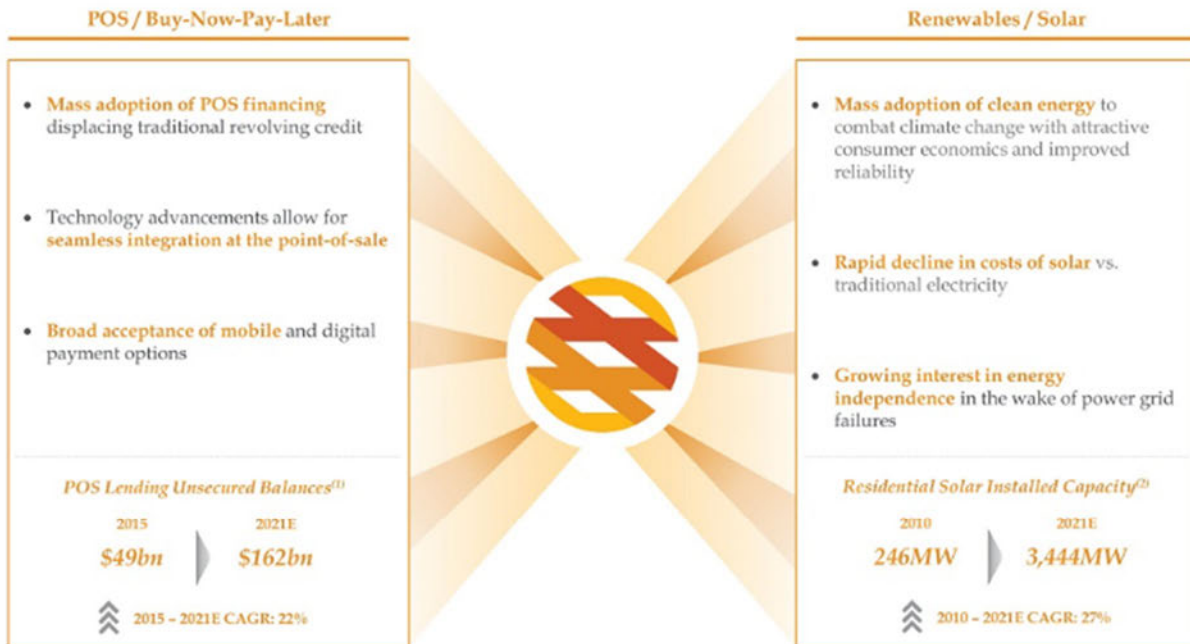
Sources: EIA Energy Power Monthly, Lazard LCOE 2015 - 2020 Reports, U.S. Census 2019 American Community Survey, Wood Mackenzie. Note: This information was obtained or derived from data included in the US Residential Solar Finance Update - 1Q 2020 provided by Wood Mackenzie. (1) Lazard LCOE, Unsubsidized, CAGR based on annual midpoints. (2) California average. Average production in Los Angeles, CA based on 7KW system, assuming 13,000 kWh of annual electricity usage, 20 year loan at 4.99%. (3) Assuming 20 year loan, 10 years of useful life after loan paid down. Assumes flat without Solar bill. Savings can vary by customer and location.

14

100. The slideshow also represented that the “[a]cceleration of interest in Solar post-COVID” constituted a “Driver[] of Recent Growth.”

101. On April 13, 2021, Spartan filed a Legacy Sunlight investor presentation attached to a Form 8-K and a Form 425 (Prospectus/communication re business combination) with the SEC that touted the solar industry’s “rapid decline in costs”:

## Sunlight Sits at the Intersection of Two Significant Transformational Trends



Source: Wood Mackenzie 2H 2020 Report, McKinsey Research, Apex Insights Research.  
 (1) Based on November 2019 McKinsey report. (2) This information was obtained or derived from data included in the US Residential Solar Finance Update - H2 2020 provided by Wood Mackenzie.





13

102. Like the March slideshow, this slideshow claimed that “As the Cost of Solar Continues to Decline . . . . Consumer Economics Become More Favorable.” It also identified the “[a]cceleration of interest in Solar post-COVID” as one of Legacy Sunlight’s “Drivers of Recent Growth.”

103. The slideshow also had a slide dedicated to explaining how Legacy Sunlight satisfied the contractors’ preferences for a financing partner without disclosing the Due Diligence Slideshows’ findings of Legacy Sunlight’s weaknesses in attracting contractors due to stricter approval requirements:

## Important Financing Platform Components for Contractors

Financing is a critical part of allowing Contractors to sell more product to Consumers; Contractors are focused on several key factors when choosing a financing partner.

<p><i>Simple, Frictionless Process</i></p> 	<ul style="list-style-type: none"><li>• Want a simple process that <b>enables faster sales</b></li><li>• Typically spend between ~\$2-4k to originate a customer and <b>cannot afford an inefficient POS process</b></li></ul>
<p><i>Flexible Financing</i></p> 	<ul style="list-style-type: none"><li>• Require a <b>diverse suite of products</b> to align with consumer preferences</li><li>• Seek <b>competitive pricing</b> from a stable, long-term partner</li></ul>
<p><i>Tools to Drive Sales</i></p> 	<ul style="list-style-type: none"><li>• Value <b>tools that help them sell</b>, such as loan calculators and digital payment solutions</li><li>• Require <b>training support</b> to learn a loan provider's processes</li></ul>
<p><i>Liquidity &amp; Cash Flow</i></p> 	<ul style="list-style-type: none"><li>• Must pay for marketing and equipment pre-installation, and thus strongly prefer to <b>receive cash as soon as possible</b></li><li>• Seek <b>capital to accelerate geographic expansion</b></li></ul>

104. Defendant Strong signed the Form 8-K attaching the slideshow in his capacity as CEO of Spartan. The SEC filing attaching the slideshow described the slideshow as “presentation materials [that] were used by [Legacy Sunlight] in various presentations made to stockholders of Spartan [] in April 2021.” Defendants Potere and Edinburg were featured in the slideshow as “Today’s Speakers.”

## 5. *In April 2021, The Perfect Storm Strikes The Solar Industry*

105. On April 19, 2021, an article was published titled “Solar industry nears ‘crisis’ amidst material shortages.”<sup>15</sup> The article quoted a high-ranking officer from a publicly traded solar panel manufacturer company who stressed that supply-chain shortages were harming the industry:

Solar manufacturing material shortages are nearing a crisis point with the price of polysilicon continuing to rise, JinkoSolar’s Dany Qian has said.

\* \* \*

Dany Qian, VP at JinkoSolar, said there was a “perfect storm” of factors impacting supply and demand that companies were struggling to keep up with, adding that the industry was approaching a “crisis” as a result.

Qian also noted that the supply constraints are creating a significant imbalance in the pecking order for polysilicon supply.<sup>16</sup>

106. On April 28, 2021, an article was published titled “Enphase beats Q1 guidance but semiconductor shortages weigh heavy on forecasts.”<sup>17</sup> The article

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<sup>15</sup> PVTECH, *Solar industry nears ‘crisis’ amidst material shortages* (last accessed June 20, 2023) (<https://www.pv-tech.org/solar-industry-nears-crisis-amidst-material-shortages/>).

<sup>16</sup> *Id.*

<sup>17</sup> PVTECH, *Enphase beats Q1 guidance but semiconductor shortages weigh heavy on forecasts* (last accessed June 20, 2023) (<https://www.pv-tech.org/enphase-beats-q1-guidance-but-semiconductor-shortages-weigh-heavy-on-forecasts/>).

stated that material “shortages” were the “defining feature” of the global solar industry:

Semiconductor chip shortages have been noted across many sectors, driven by surging demand for consumer products including electric vehicles. Enphase’s issues relate to problems locking in supply of two chips in particular, the ASIC and AC FET drivers used in its microinverter products. Enphase has moved to lock in more supply of these particular chips, however the ramp in supply is expected to be slower and, as a result, shipment volumes are expected to be constrained moving forward.

\* \* \*

Component shortages are widely anticipated to be felt throughout this calendar year which, as one analyst noted yesterday, contradicts the previously given view from Enphase that supply chain stress would begin to ease from April 2021.

The shortage is also impacting on the launch of Enphase’s IQ 8 and IQ 8D microinverter products, which are now not expected to ramp until Q3 2021.

**Material and component shortages have emerged since the end of last year as perhaps the defining feature of the global solar industry, with polysilicon shortages sending the cost of solar modules up by as much as 25% over the past six months.**<sup>18</sup>

107. [REDACTED]

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<sup>18</sup> *Id.*

[REDACTED]

**6. *In May 2021, The Solar Industry Suffers Its Worst Disruption In More Than A Decade***

108. On May 24, 2021, an article was published titled “Solar power costs surge after a decade of decline.”<sup>20</sup> The article states in pertinent part:

"The disruption to solar hasn't been this bad in more than a decade," said Jenny Chase, lead solar analyst with clean energy research group BloombergNEF.

\* \* \*

At the center of the crisis is polysilicon, an ultra-refined form of silicon, one of the most abundant materials on Earth that's commonly found in beach sand. As the solar industry geared up to meet an expected surge in demand for modules, makers of polysilicon were unable to keep up. Prices for the purified metalloid have touched \$25.88 a kilogram, up from \$6.19 less than a year ago, according to PVInsights.

\* \* \*

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19 [REDACTED]

<sup>20</sup> THE DETROIT NEWS, *Solar power costs surge after a decade of decline* (last accessed May 19, 2023) (<https://www.detroitnews.com/story/business/2021/05/24/solar-power-costs-surge-after-decade-decline/5243384001/>).

And the problem isn't limited to polysilicon. The solar industry is facing "pervasive upstream supply-chain cost challenges," panel manufacturer Maxeon Solar Technologies said in April.

\* \* \*

Prices for steel, aluminum, and copper are also up, as are freight charges. Solar-microinverter supplier Enphase Energy said it expects its shipment volumes to be constrained by semiconductor-component availability.

"Downstream of polysilicon, it's very painful," Canadian Solar Vice President Xiong Haibo said at a conference in China, according to industry publication Solarbe. "At present, none of the downstream companies are profitable and all of them are reducing production."<sup>21</sup>

109. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

---

<sup>21</sup> *Id.*

<sup>22</sup> [REDACTED]

<sup>23</sup> [REDACTED]

***7. In June 2021, Spartan Stockholders Are Told That Solar Costs Are Decreasing***

110. On June 21, 2021, Spartan filed a Form 425 (Prospectus/business communication re business combination) with the SEC. The filing included a transcript of an interview with defendants Potere and Edinburg. The transcript quotes Potere touting that “the cost of solar is coming down”, and thus “the value proposition is getting better and better in more and more states.” He also commented on the labor availability in the solar industry stating that “solar is the fastest, solar installers are the fastest growing job in the country.” Similarly, Edinburg specifically (and falsely) claimed that “there’s no doubt that the supply demand dynamics in the market right now are favorable to us.” Edinburg and Potere also stated that Legacy Sunlight had great margins while concealing that increased competition was crushing its margins in the second quarter of 2021. For example, they remarked that “[w]e have assumed that our margin stays consistent, because . . . even if we have one pressure on one side, we can make up for it on the other” and “because we have such high credit quality, we can access this network of capital providers and ensures that we have very attractive margins for ourselves[.]”

111. [REDACTED]

[REDACTED]

[REDACTED]


## II. THE PROSPECTUS'S REPRESENTATIONS

112. On June 21, 2021, Spartan filed the Prospectus. In soliciting the public stockholders' support for the Merger and encouraging them to forego their redemption rights, the Board made several material misrepresentations in the Prospectus.

### A. REASONS FOR THE MERGER

113. The Board touted that the following reasons supported its decision to enter the Merger Agreement and recommend the Merger:

*Competitive Positioning.* The Spartan Board noted that Sunlight has a best-in-class user experience with a strong customer interface. The Spartan Board considered the proprietary technology that Sunlight has developed, which aids its contractors and customers due to the platform's clean user interface and capability to provide efficient credit approvals. The Spartan Board also noted Sunlight's impressive growth, including its customer growth and rapid volume growth profile based on the amount of its funded loans in the past several years.

*Superior Credit Performance.* The Spartan Board noted that Sunlight employs disciplined risk management by underwriting to more rigorous standards than its peers, including its use of multiple credit metrics to determine credit approvals, which allow Sunlight to achieve superior levels of credit performance.

\* \* \*

*Independent Director Role.* Spartan’s independent directors took an active role, together with Spartan management, as Spartan evaluated and negotiated the proposed terms of the Business Combination. Following an active and detailed evaluation, the Spartan Board’s independent directors unanimously approved, as members of the Spartan Board, the Business Combination Agreement and the Business Combination.

(collectively, the “Reasons For The Merger”).

**B. THE PROSPECTUS DESCRIBES INCREASES IN SOLAR COSTS AND SUPPLY CHAIN ISSUES AS POTENTIAL HYPOTHETICAL RISKS**

114. The solar industry’s general prospects were plainly material to stockholders when deciding whether to redeem. [REDACTED]

[REDACTED] Spartan’s SEC filings claimed that the solar industry’s costs were rapidly declining compared to electricity; [REDACTED]

[REDACTED] and the Prospectus touted certain macroeconomic factors about the solar industry based on a study from Wood Mackenzie. For example, the Prospectus cited a Wood Mackenzie study to claim that the solar industry would grow by 10% in 2023:

Based on information obtained from Wood Mackenzie, Sunlight estimates that it currently has a 19% market share for the facilitation of loans for residential solar energy systems in the United States, and the total market for the purchase and installation of residential solar energy systems was estimated at almost \$12 billion per year in 2020 and is expected to grow by 10% by 2023.

115. In other words, the Prospectus claimed that anticipated growth in the solar industry would translate to growth for Legacy Sunlight.

116. The Prospectus stated that supply chain problems in the solar industry were merely hypothetical future risks that had not yet occurred:

Finally, **if** solar system and/or home improvement supply chains become significantly disrupted due to additional outbreaks of the COVID-19 pandemic or other health epidemics or outbreaks or because more stringent health and safety guidelines are implemented, the ability of its contractors to sell or install solar systems or to sell or complete home improvements **could be** adversely impacted.

(emphases added).

117. The hypothetical risk factor above also attributed the hypothetical risk of supply chain problems to COVID-19 and failed to mention the solar industry’s supply shortages.

118. The Prospectus also contained a similar hypothetical risk factor: “[a]n increase in cost to the consumer purchasing a solar system financed by a loan **could be** a result of, among others . . . a decline in raw materials available to manufacture the various components of solar systems” (emphasis added).

119. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

120. [REDACTED]

Instead, the Prospectus depicted labor shortages as hypothetical risks that might possibly occur in the future: “[a]n increase in cost to the consumer purchasing a solar system financed by a loan could be as a result of, among others, . . . a shortage of skilled labor to install solar systems, which could have the impact of increasing demand on existing skilled labor and increasing the cost of installation of solar systems[.]”

### C. CONFLICTS OF INTEREST

121. The Prospectus also had a section titled “*Interests of [Apollo] Sponsor and Spartan Directors and Officers*” that listed certain conflicts:

- the fact that our Sponsor holds 9,900,000 private placement warrants that would expire worthless if an Initial Business Combination is not consummated;
- the fact that our Sponsor, officers and directors have agreed not to redeem any of the shares of our Common Stock held by them in connection with a stockholder vote to approve the Business Combination;

- the fact that the Sponsor paid an aggregate of \$25,000 of expenses on our behalf in exchange for 8,625,000 Founder Shares, including 100,000 Founder Shares that were subsequently transferred to our independent directors; and that such securities will have a significantly higher value upon the consummation of the Business Combination, which, if unrestricted and freely tradable, would be valued at approximately \$86.1 million, based on the closing price of our Class A Common Stock of \$9.98 per share on June 15, 2021, and assuming no surrender of any Founder Shares pursuant to the Founders Stock Agreement, as further described herein;
- if the Trust Account is liquidated, including in the event we are unable to complete an Initial Business Combination within the 27 months from the closing of the IPO, our Sponsor has agreed to indemnify us to ensure that the proceeds in the Trust Account are not reduced below \$10.00 per public share, or such lesser amount per public share as is in the Trust Account on the liquidation date, by the claims of (a) any third party (other than our independent registered public accounting firm) for services rendered or products sold to us or (b) a prospective target business with which we have entered into a letter of intent, confidentiality or other similar agreement or business combination agreement, but only if such a third party or target business has not executed a waiver of all rights to seek access to the Trust Account;
- the fact that our independent directors own an aggregate of 100,000 Founder Shares that were transferred from the Sponsor, which, if unrestricted and freely tradeable, would be valued at approximately \$998,000, based on the closing price of our Class A Common Stock of \$9.98 per share on June 15, 2021;
- the fact that our Sponsor, officers and directors will be reimbursed for out-of-pocket expenses incurred in connection with their activities on our behalf, such as identifying potential target businesses and performing due diligence on suitable business combinations; and
- the fact that our Sponsor, officers and directors will lose their entire investment in us if an Initial Business Combination is not completed.

122. The “*Interests of Sponsor and Spartan Directors and Officers*” section did not mention, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

123. The Prospectus also described certain Spartan related party transactions concerning the Founder Shares and private placement warrants:

### **Spartan Related Party Transactions**

#### **Founder Shares**

In August 2020, we issued an aggregate of 11,500,000 Founder Shares to our Sponsor in exchange for the payment of \$25,000 of expenses on our behalf, or approximately \$0.002 per share. In October 2020, our Sponsor transferred 50,000 Founder Shares to each of our two independent director nominees at their original purchase price. In November 2020, our Sponsor returned to us at no cost an aggregate of 4,312,500 Founder Shares, which we cancelled. In November 2020, we effected a stock dividend on our Founder Shares, which was waived by the our independent director nominees, and resulted in our Sponsor owning 8,525,000 Founder Shares. All shares and associated amounts had been retroactively restated to reflect the share surrender and the stock dividend. of the 8,625,000 Founder Shares outstanding, up to 1,125,000 shares were subject to forfeiture to the extent that the IPO over-allotment option was not exercised by the underwriters, so that the Founder Shares would represent 20.0% of the Spartan’s issued and outstanding shares after the IPO. On November 30, 2020, the underwriters fully exercised the over-allotment option; thus, these 1,125,000 shares were no longer subject to forfeiture.

The shares of our Class B Common Stock that we issued prior to our IPO will automatically convert into shares of our Class A Common Stock upon consummation of the Business Combination on a one-for-one basis. In connection with the execution of the Business Combination Agreement, but effective as of the Closing, pursuant to the Founder Stock Agreement, our Sponsor agreed to surrender up to 25% of the Class B Common Stock held by the Sponsor (at a 1:4 ratio to the percentage, if any, of redemptions by holders of Class A Common Stock); provided that no such surrender shall occur unless more than 5% of the outstanding shares of Class A Common Stock are actually redeemed by Spartan. In addition, pursuant to the Founder Stock Agreement, our Sponsor and each of Jan C. Wilson and John M. Stice, our independent directors, agreed to irrevocably waive any and all rights each such party has or will have with respect to the adjustment to the initial conversion as set forth in the Charter, effective immediately prior to the Closing.

### **Private Placement Warrants**

Our Sponsor purchased an aggregate 9,900,000 private placement warrants for a purchase price of \$1.00 per warrant in private placements that occurred simultaneously with the closing of our IPO and the sale of the over-allotment options. As such, our Sponsor's interest in this transaction is valued at approximately \$9.9 million. Each private placement warrant entitles the holder to purchase one share of our Class A Common Stock at \$11.50 per share. The private placement warrants (including the Class A Common Stock issuable upon exercise thereof) may not, subject to certain limited exceptions, be transferred, assigned or sold by the holder until 30 days after the completion of our Initial Business Combination.

124. In reality, the entire Board had deep financial ties to the Founders. Even the two purportedly independent directors had 50,000 Founder Shares, the value of which was effectively conditioned on the Merger's consummation. Because the Board did not have a single director without conflicts driven by Founder Shares, the

Board was unable to form a special committee consisting of truly disinterested and independent directors.

#### **D. THE PROSPECTUS FAILED TO DISCLOSE SPARTAN'S CASH PER SHARE**

125. The Prospectus also represented that each Spartan share was worth \$10.00.

126. For example, the Prospectus provided the following consideration calculation that implicitly valued each Spartan share at \$10.00:

“Total Equity Consideration” are to Class A Common Stock and Sunlight Class EX Units (and a corresponding number of shares of Class C Common Stock), which aggregate number of shares of Class A Common Stock and Sunlight Class EX Units will be equal to the quotient of (a) the excess of (x) \$1,175,000,000 over (y) the Total Cash Consideration, and (b) \$10.00

\* \* \*

Following the meeting of the Spartan Board, on December 14, 202, Spartan and Sunlight entered into a confidentiality agreement and a confidential, non-binding letter of intent, providing for: . . . . the conversion of all outstanding equity interests of Sunlight into shares of Class A Common Stock based on a ratio equal to a pre-money equity value of \$1.175 billion divided by \$10.00

127. The Prospectus never stated that Spartan actually had much less than \$10.00 in net cash per share. The Prospectus never stated Spartan's cash-per share outright. Stockholders who wished to calculate Spartan's cash per share

independently would have to go on a scavenger hunt spanning multiple pages scattered around the Prospectus.

#### **E. PROCESS REPRESENTATIONS**

128. The Prospectus touted that Spartan had a robust background leading up to the Merger that included active participation from its purportedly independent directors and a wide consideration of potential targets.

129. The Background of the Business Combination section of the Prospectus claims that Spartan commenced a robust search for targets after Spartan's IPO, and Spartan considered many potential targets after Spartan's IPO:

Following the closing of the IPO, Spartan representatives commenced a robust search for businesses or assets to acquire for the purpose of consummating Spartan's Initial Business Combination. Spartan reviewed self-generated ideas, explored ideas with the underwriters from the IPO, and contacted, and were contacted by, a number of individuals and entities with respect to a variety of business combination opportunities. As part of this process, Spartan representatives considered many potential acquisition targets in a wide variety of industry sectors, including targets that were engaged in businesses involving energy sustainability or utilizing technologies that would create a positive impact on the environment.

130. In addition, as explained *supra*, the Spartan Board purportedly considered the supposedly independent directors' "active role" in the Merger process as a reason to favor the Merger Agreement.

## F. THE PROSPECTUS FEATURED LEGACY SUNLIGHT PROJECTIONS

131. In soliciting stockholders’ approval for the Merger and discouraging them from exercising their redemption rights, the Prospectus included projections for Legacy Sunlight (the “Prospectus Projections”):

	Forecast		
	Year Ended December 31,		
	2021E	2022E	2023E
	(dollars in millions)		
Total Revenue	\$ 123.4	\$ 157.0	\$ 198.9
Total Expenses	(73.1)	(85.1)	(96.3)
Net Income	37.2	53.2	76.0
Adjusted EBITDA <sup>(1)</sup>	60.2	81.6	111.9
Adjusted EBITDA Margin <sup>(2)</sup>	48.8%	52.0%	56.2%
Free Cash Flow <sup>(3)</sup>	38.5	55.0	77.8
Funded Volume <sup>(4)</sup>	2,662	3,332	4,274

132. The Prospectus Projections

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

133. The Prospectus disclosed that the Prospectus Projections were prepared by Legacy Sunlight’s management, which included Edinburg as Legacy Sunlight’s CFO.

134. On June 3, 2021, Spartan filed a Form 425 (Prospectus/communication re business combination) with the SEC (the “Projections Affirmation”) stating that Legacy “Sunlight is affirming its previously provided 2021 financial forecast for funded loan volume, revenue and Adjusted EBITDA, including” its “[e]xpected 2021 total loan volume . . . of . . . \$2.66 billion,” its “[e]xpected 2021 revenue . . . of . . . \$123.4 million,” and its “[e]xpected 2021 Adjusted EBITDA . . . of . . . \$60.2 million.”

## G. BENEFICIAL OWNERSHIP

135. The Prospectus additionally included the following beneficial ownership chart:

Name and Address of Beneficial Owners <sup>(2)</sup>	After the Business Combination					
	Prior to the Business Combination		Assuming No Redemptions Scenario		Assuming Maximum Redemptions Scenario	
	Number of shares of Common Stock	%	Number of shares of Common Stock	%	Number of shares of Common Stock	%
<i>Five Percent Holders of Spartan</i>						
Spartan Acquisition Sponsor II LLC <sup>(2)(3)</sup>	8,525,000	19.8%	8,525,000	6.3%	7,700,000	5.7%
Adage Capital Partners, L.P. ("Adage") <sup>(4)</sup>	2,700,000	6.3%	4,300,000	3.2%	4,300,000 <sup>(6)</sup>	3.2%
BNP Paribas Asset Management UK Ltd. ("BNP") <sup>(5)</sup>	3,845,595	8.9%	4,945,595	3.7%	4,945,595 <sup>(6)</sup>	3.7%
<i>Directors and Executive Officers of Spartan</i>						
Geoffrey Strong	—	—	—	—	—	—
James Crossen	—	—	—	—	—	—
Olivia Wassenaar	—	—	—	—	—	—
Wilson Handler	—	—	—	—	—	—
Christine Hommes	—	—	—	—	—	—
Joseph Romeo	—	—	—	—	—	—
Jan C. Wilson <sup>(2)</sup>	50,000	*	50,000	*	50,000	*
John M. Stice <sup>(2)</sup>	50,000	*	50,000	*	50,000	*

<b>All Directors and Executive Officers of Spartan as a Group (8 Individuals)<sup>(2)</sup></b>	100,000	*	100,000	*	100,000	*
<b>Five Percent Holders of Sunlight:</b>						
FTV-Sunlight, Inc.	—	0.0%	19,562,639	14.5%	23,428,311	17.5%
Tiger Infrastructure Partners Sunlight Feeder LP	—	0.0%	16,396,488	12.2%	19,636,512	14.6%
Tiger Co-Invest B Sunlight Blocker, LLC	—	0.0%	6,532,121	4.8%	7,822,900	5.8%
Route 66 HF Holdings LLC	—	0.0%	5,122,830	3.8%	6,135,126	4.6%
SL Investor III LLC	—	0.0%	3,914,699	2.9%	4,688,262	3.5%
<b>Directors and Executive Officers of Sunlight Financial Holdings After Consummation of the Business Combination</b>						
Matthew Potere	—	0.0%	2,712,672	2.0%	3,248,709	2.4%
Barry Edinburg	—	0.0%	1,808,922	1.3%	2,166,373	1.6%
Timothy Parsons	—	0.0%	1,071,609	*	1,283,364	1.0%
Nora Dahlman	—	0.0%	888,511	*	1,064,084	*
Scott Mulloy	—	0.0%	951,935	*	1,140,042	*
Brad Bernstein	—	0.0%	—	0.0%	—	0.0%
Jeanette Gorgas	—	0.0%	—	0.0%	—	0.0%
Emil W. Henry, Jr.	—	0.0%	—	0.0%	—	0.0%
Toan Huynh	—	0.0%	—	0.0%	—	0.0%
Jennifer D. Nordquist	—	0.0%	—	0.0%	—	0.0%
Philip Ryan	—	0.0%	—	0.0%	—	0.0%
Kenneth Shea	—	0.0%	—	0.0%	—	0.0%
Joshua Siegel	—	0.0%	—	0.0%	—	0.0%
<b>All Directors and Executive Officers of Sunlight Financial Holdings as a Group (13 Individuals)</b>	—		7,433,649		8,902,572	

### III. THE MERGER'S CLOSING

136. On July 6, 2021, the Redemption Right expired, and was exercised for 19,227,063 shares. It appears that approximately 19 million eligible shares did not

exercise their redemption right.<sup>24</sup> On July 8, 2021, Spartan’s stockholders approved the Merger. The stockholders cast 31,376,323 votes for the Merger and 944,750 votes against the Merger, with 37,297 shares abstaining.

137. On July 9, 2021, the Merger was consummated, and Spartan was renamed “Sunlight Financial Holdings, Inc.” Its stock and warrants began trading on the New York Stock Exchange on July 12, 2021 under the ticker symbols “SUNL” and “SUNLW.”

#### **IV. THE TRUTH COMES TO LIGHT**

##### **A. SUNLIGHT CUTS GUIDANCE, ABANDONS ITS STRICT CREDIT APPROVAL**

138. [REDACTED]

[REDACTED]

[REDACTED]

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<sup>24</sup> Sunlight’s disclosure that “19,227,063” shares exercised their redemption right appears to include all shares that were redeemed regardless of date of redemption, not just those that were redeemed after the filing of the Prospectus. Spartan’s Form S-1 indicated that 38,302,340 shares would be subject to possible redemption, so it appears that approximately 19 million shares did not exercise their redemption rights.



[Redacted text block]

3. *Solar* [Redacted]

141. [Redacted]

[Redacted text block]

4. [Redacted]

142. [Redacted]

[Redacted text block]

[REDACTED]

[REDACTED]

143. The

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## **B. SUNLIGHT REVEALS PROBLEMS WITH THE SOLAR INDUSTRY AND INCREASED COMPETITION**

144. Approximately one month after the Merger was consummated, Spartan had an earnings call after the close of market on August 16, 2021. During this earnings call, Spartan’s CFO Edinburg and CEO Potere discussed problems which had not been disclosed in the Prospectus. For example, Spartan’s CFO discussed that Spartan had experienced a “margin decrease” that was harming Spartan. He also said that Spartan has “definitely seen increased competition in the market and that has taken a bunch of different forms” and that “the competition in the market is substantial, and is likely to persist.” They also discussed that the industry was facing major supply chain problems, delays, and labor shortages.

145. Apparently in response to, *inter alia*, these newly developed problems from the August 16 earnings call, Spartan’s stock price fell precipitously on a large spike in trading volume, and thereafter continued to trade far below the redemption price<sup>25</sup>:

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<sup>25</sup> SUNLIGHT FINANCIAL, *Historical Data* (last accessed May 19, 2023) (<https://ir.sunlightfinancial.com/stock-info/historical-data>).

DATE	OPEN	HIGH	LOW	CLOSE	VWAP	VOLUME	% CHG	\$ CHG	TRADE VAL	# TRADES
2021-08-18	5.72	5.87	5.60	5.70	5.7465	1.55m	4.21%	0.23	8,869,357.44	9,223
2021-08-17	6.94	6.94	5.42	5.47	5.829	4.20m	-26.48%	-1.97	24,465,614.50	25,688
2021-08-16	7.99	8.06	7.40	7.44	7.5615	501.15k	-6.53%	-0.52	3,792,853.81	4,819
2021-08-13	8.22	8.23	7.91	7.96	8.0598	658.31k	-4.33%	-0.36	5,305,890.89	6,140
2021-08-12	8.60	8.60	8.31	8.32	8.4326	361.52k	-4.26%	-0.37	3,047,881.80	4,135
2021-08-11	8.58	9.069	8.57	8.69	8.8157	499.34k	2.00%	0.17	4,398,810.09	5,475

C. [REDACTED]

146. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

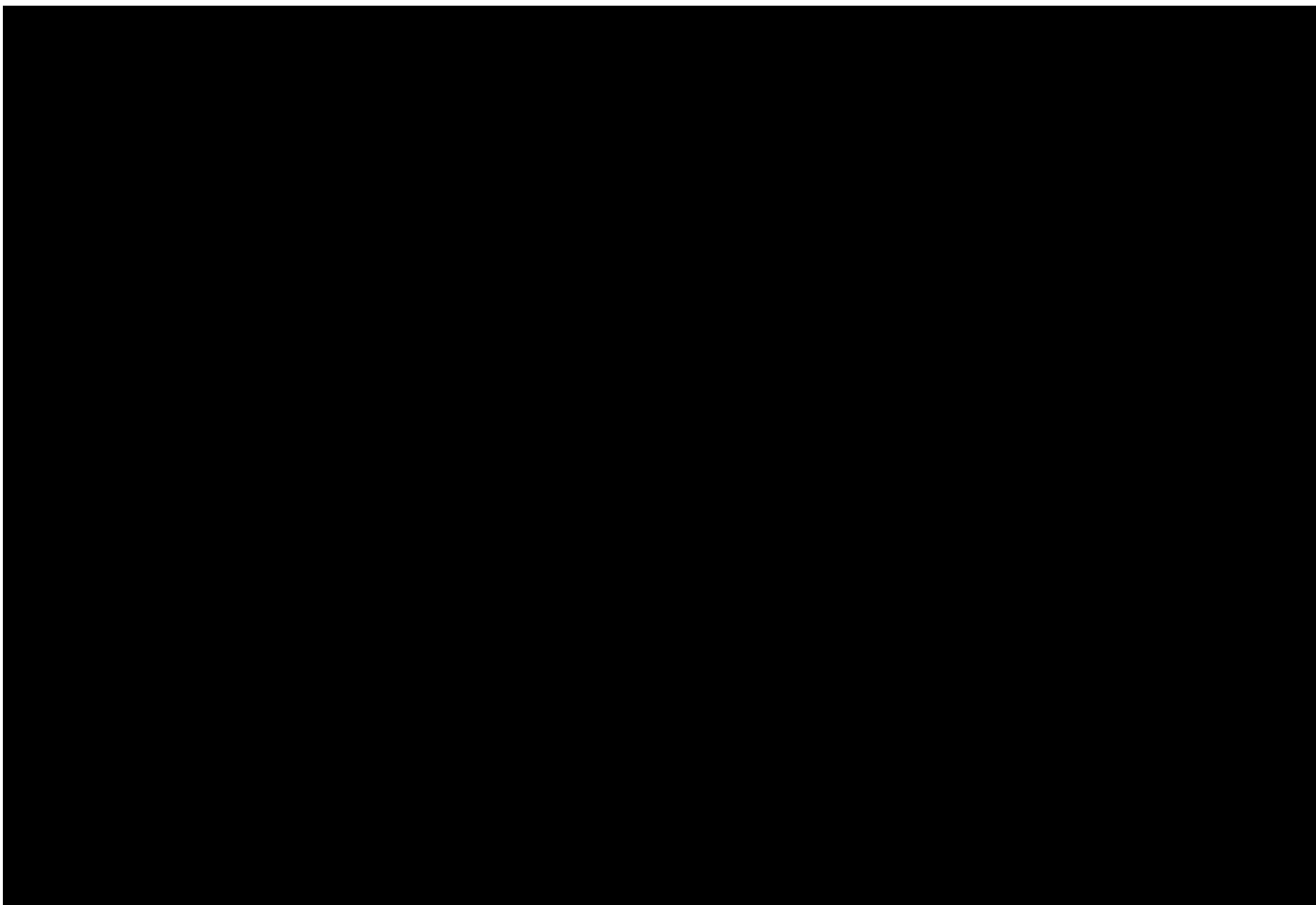
147. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



148. As [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

#### **D. SOLAR-RELATED PROBLEMS CONTINUE TO HARM SUNLIGHT**

149. On November 15, 2021, Spartan had its second earnings call. During this call, Spartan’s CEO and CFO discussed that the industry-wide supply chain problems, intense competition, labor shortages, and delays were continuing to harm Spartan. The transcript states in pertinent part:

[O]ur funded loans in the third quarter came in below our forecast due to industry-wide challenges with supply chains, labor shortages and permitting delays. We have seen these macro issues lengthening project installation times, which subsequently reduces our levels of funded loans.

\* \* \*

Industry-wide challenges with supply chains, labor shortages and permitting delays have negatively impacted project installation timelines. These macro slowdowns reduced third quarter funded loans relative to our expectations, and we believe this dynamic will continue into the fourth quarter of 2021.

150. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

151. On March 29, 2022, Sunlight filed its first post-Merger Form 10-K (the “2022 10-K”) discussing supply chain risks, problems that were omitted from Prospectus, and financial results. The 2021 10-K revealed that Sunlight’s 2021 net income and adjusted net income were both negative, which was far off from the

extremely positive results that had been forecasted before the Redemption Date. In addition, the 2022 10-K stated that “Sunlight’s revenue is impacted, to a significant extent, by the general economy, including supply chain disruptions, and the financial performance of its capital providers and contractors.”

152. It also stated that “in 2021, the residential solar and home improvement industries saw a slow-down in installations and project completions associated, Sunlight believes, with supply chain issues whereby needed components or other goods required by contractors to complete projects were either unavailable or took longer to obtain than originally anticipated.” The Form 10-K went on to state the following:

Additionally, in the second half of 2021, access to trained workers became more limited and further slowed the installation and build processes and, in the residential solar industry, the ability to connect residential solar systems to local power grids on a timely basis. These challenges have caused a slow-down in Sunlight contractor partners’ ability to install systems and, in some instances, the cancellation of installations by their homeowner customers. The slow-down of installations of solar systems or other home improvements or the cancellations of projects translates to a delay in funded loans and Sunlight’s ability to earn an associated platform fee. If the COVID-19 pandemic or other health epidemic or outbreaks are significantly prolonged, or more stringent health and safety guidelines are adopted, Sunlight and its solar systems contractors’ ability to continue selling and installing solar systems and home improvements may be adversely impacted, which could have a corresponding adverse impact on solar system and home improvement credit applications for Sunlight loans and Sunlight funded loans and could have a material adverse effect on

Sunlight’s business, cash flows, liquidity, financial condition and results of operations.

#### **E. SUNLIGHT FALLS FAR SHORT OF THE PROSPECTUS PROJECTIONS**

153. On May 4, 2023, Sunlight filed a Form 10-K with the SEC disclosing that its actual financial results fell far short of the Prospectus Projections. Specifically, Sunlight disclosed:

- a. Its 2022 revenue was just \$98.5 million, thus falling short of the Prospectus Projections by more than \$57 million—nearly 40% less than projected;
- b. Its 2022 funded loans were \$2.9 billion, which fell short of the Prospectus Projections by more than \$400 million; and
- c. Its 2022 Adjusted EBITDA was a negative \$35.7 million, which was dramatically worse than the Prospectus Projections of a positive \$81.6 million.

154. Instead of thriving as a successful operating company and attaining the Prospectus Projections, Sunlight filed for Chapter 11 bankruptcy on October 30, 2023.

**V. SEVERAL OF SPARTAN’S SEC FILINGS WERE MATERIALLY MISLEADING**

155. The Director Defendants and Legacy Defendants misled Spartan’s unaffiliated stockholders in not one, but multiple respects leading up to the Redemption Date.

**A. [REDACTED] REASONS FOR THE MERGER**

156. [REDACTED]

[REDACTED]

[REDACTED]

157. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

158. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

159. Second, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

160. [REDACTED]

[REDACTED]

[REDACTED]

161. The Prospectus and other Spartan SEC filings made similar misrepresentations and omitted similar information. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

162. Third, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

163. However, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**B. MATERIALLY MISLEADING PROSPECTUS PROJECTIONS**

164. The Prospectus solicited the Merger and discouraged redemptions with the Prospectus Projections that were materially misleading [REDACTED]

[REDACTED]

165. The Prospectus Projections and the Projections Affirmation were materially misleading for several reasons.

166. [REDACTED]

[REDACTED]

167.

[REDACTED]

[REDACTED]

---

26

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

168. Finally, the Prospectus Projections and the Projections Affirmation were quickly shown to be unreliable by Sunlight’s subsequent forecast reductions and actual results. In the month after the Merger closed, Sunlight slashed its forecast and cut its Adjusted EBITDA projection by more than 17%. Sunlight’s actual performance fell far short of the Prospectus Projections, thus revealing the Prospectus Projections and the Projections Affirmation to be materially misleading. Specifically, Sunlight suffered from severe near-term misses in not one, but multiple respects:

- a. Sunlight’s 2022 Adjusted EBITDA was negative \$35.7 million—far short of the projected \$81.6 million;
- b. Sunlight’s 2022 revenue was just \$98.5 million, thus falling short of the Prospectus Projections by more than \$57 million—nearly 40% less than projected; and
- c. Sunlight’s 2022 funded loans were \$2.9 billion, which fell short of the Prospectus Projections by more than \$400 million.

C. [REDACTED]

169. The Prospectus [REDACTED]

[REDACTED]

170. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

171. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

172. Second,

[REDACTED]

173.

[REDACTED]

174. The Prospectus had a section titled “*Interests of [Apollo] Sponsor and Spartan Directors and Officers.*”

[REDACTED]

[REDACTED]

[REDACTED]

175. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

D. [REDACTED]

176. Shortly after the Merger closed, the trading price of Sunlight's common stock dropped below the Redemption Price due to, *inter alia*, supply-chain problems and labor shortage problems [REDACTED]

[REDACTED]

177. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

178.

[REDACTED]

179.

[REDACTED]

180.

[REDACTED]

[REDACTED]

[REDACTED]

181. Second, [REDACTED]

[REDACTED]

[REDACTED] Specifically, and as explained *supra*, the solar industry was “witnessing supply chain and logistics problems [] more than ever.” Indeed, “[s]olar manufacturing material shortages [were] nearing a crisis point[.]” These problems were recognized to be the worst disruption to the solar industry in more than a decade.

182. As a company that finances loans for residential solar installations, the success of the solar industry was plainly material to stockholders deciding whether to redeem their stock. Indeed, the general solar industry costs were meaningful enough that Legacy Sunlight included slides about the solar industry costs in multiple investor presentations, and Potere discussed this topic in multiple interviews leading up to the Merger. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

183. Third, the Prospectus was materially misleading because it used materially misleading risk factors. The Prospectus used the following materially misleading risk disclosures [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- “To the extent [solar equipment components] costs stabilize, decline at a slower rate or increase, Sunlight’s future growth may be negatively impacted”;
- “Additionally, increases in the cost of solar related to increases in the cost of materials or applicable labor as compared to traditional or other alternative sources of power or material changes in the regulatory environment for instance impacting the continuing availability of the ITC could affect demand for residential solar systems”;
- “An increase in cost to the consumer purchasing a solar system financed by a loan could be as a result of, among others, . . . a decline in raw materials available to manufacture the various components of solar systems”;
- “An increase in cost to the consumer purchasing a solar system financed by a loan could be as a result of, among others, . . . a shortage of skilled labor to install solar systems, which could have

the impact of increasing demand on existing skilled labor and increasing the cost of installation of solar systems”; and

- “Finally, **if** solar system and/or home improvement supply chains become significantly disrupted due to additional outbreaks of the COVID-19 pandemic or other health epidemics or outbreaks or because more stringent health and safety guidelines are implemented, the ability of its contractors to sell or install solar systems or to sell or complete home improvements **could** be adversely impacted.”

(emphases added).

184. [REDACTED]

185. Similarly, the Prospectus cited to the Wood Mackenzie study, including its projection for solar market growth, without informing stockholders that the Wood Mackenzie forecast was published prior to the materialization of the solar industry’s supply chain challenges.

186. Sunlight waited until after the Redemption Date passed to disclose these issues. For example, the post-Merger 2022 10-K (but not the Prospectus) disclosed that “Sunlight’s revenue is impacted, to a significant extent, by the general economy, including supply chain disruptions, and the financial performance of its capital providers and contractors.”

## **E. MATERIALLY MISLEADING SPARTAN STOCK VALUE**

187. The Director Defendants were under an affirmative duty to provide materially accurate and complete information to stockholders in connection with the redemption choice and Merger vote. The Prospectus indicated that Spartan stock was valued at \$10.00 per share. The Prospectus did not state that Spartan actually had less than \$10.00 cash per share. The Prospectus did not disclose Spartan's cash per share figure outright. Instead, the Prospectus misstated and obfuscated Spartan's net cash per share—and thus the value—underlying Spartan's shares. Like other SPACs, Spartan presented its public stockholders with a choice. They could redeem their stock for approximately \$10 per share, or they could choose to invest in the post-Merger Sunlight. The amount of net cash these stockholders would invest was not \$10 per share as the Prospectus indicated. Rather, Spartan's net cash depended on dilution and dissipation caused by various transactions.

188. It was also reasonable to expect that the Director Defendants understood the importance of net cash per share to the value of the Merger and had such information readily available to them. The Director Defendants touted their experience and qualifications to the stockholders in the Prospectus and other SEC filings. Nothing prevented them from disclosing Spartan's net cash per share in a straightforward manner.

189. The net cash per share can be determined by the following formula: ((Cash – Costs) divided by (pre-Merger shares)). Thus, to calculate cash per share, Spartan stockholders were required to know, *inter alia*, (i) Spartan’s total cash; (ii) the transaction costs for the Merger, (iii) the value of public and private placement warrants, (iv) the value of sponsor earnouts and seller earnouts, and (v) the total quantity of all Spartan shares.

190. The net cash figure was never outright disclosed in the Prospectus. Instead, the components were scattered throughout the Prospectus, sending stockholders who wished to calculate the cash per share and value per share on a scavenger hunt. Spartan’s net cash per share was even difficult for a sophisticated investor to discern. The Prospectus is supposed to be lucid and not a game of Clue.

- a. **Cash.** According to the Prospectus, Spartan had approximately \$345.5 million in the Trust Account and expected \$250 million from PIPE financing.
- b. **Costs.** The Prospectus estimated at least \$19.7 million in transaction costs for the Merger. Spartan also had approximately \$42 million in warrant liabilities. In addition, Spartan had already generated unpaid underwriting expenses and advisory fees of \$17.4 million.

c. *Shares*. According to the Prospectus, Spartan had approximately 34.5 million shares of Class A common stock, approximately 8.625 million shares of Class B common stock, and expected to issue 25 million PIPE shares.

191. Thus, before accounting for redemptions, Spartan had approximately \$7.58 per share.

192. A reasonable Spartan stockholder would find it important that the amount of cash per each share before the Merger was materially less than \$10.00. Because Spartan had less than \$10 per share to contribute to the Merger, the Prospectus's representation that each share was worth \$10 was false and materially misleading. Given the difference between the Prospectus's representations and the net cash per share, Spartan stockholders could not logically expect to receive \$10 per share of value in exchange. And because Spartan had less cash per share than \$10, the post-Merger Company would be worth less too.

### **CLASS ALLEGATIONS**

193. Plaintiffs bring this action individually and pursuant to Court of Chancery Rule 23 on behalf of similarly situated record and beneficial Spartan stockholders who were entitled to, but did not, redeem their Spartan shares prior to the Redemption Date (the "Class").

194. This action is properly maintainable as a class action.

195. A class action is superior to other available methods of fair and efficient adjudication of this controversy.

196. The Class is so numerous that joinder of all members is impracticable. According to documents filed with the SEC, holders of millions of shares chose to forego their redemption rights. Thus, on information and belief, the Class here potentially covers hundreds, if not thousands, of individuals and entities.

197. There are separate questions of law and fact which are common to all Class members, including, without limitation:

- a. Whether the Board was disinterested and independent with respect to the Merger;
- b. Whether the Control Group Defendants controlled Spartan or the Merger;
- c. Whether the Merger was entirely fair to Spartan stockholders;
- d. Whether the Prospectus contained material misstatements and omissions;
- e. Whether the Control Group Defendants and/or Spartan Board breached their fiduciary duties to Plaintiffs and the Class;

- f. The existence and extent of any injury to the Class caused by any breach; and
- g. The proper measure of the Class's damages.

198. Plaintiffs' claims are typical of the claims of other Class members, and Plaintiffs have no interests antagonistic or adverse to the interests of other Class members. Plaintiffs will fairly and adequately protect the interests of the Class.

199. Plaintiffs are committed to prosecuting this action and have retained competent counsel experienced in litigation of this nature.

200. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for Defendants; or adjudications with respect to individual members of the Class would, as a practical matter, be dispositive of the interests of other members or substantially impair or impede their ability to protect their interests.

201. Defendants have acted in a manner that affected Plaintiffs and all members of the Class alike, thereby making appropriate injunctive relief and/or corresponding declaratory relief with respect to the Class as a whole.

202. Questions of law or fact common to members of the Class predominate over any questions affecting only individual members, and the class action is

superior to other available methods for the fair and efficient adjudication of the controversy.

203. Indeed, as a challenge to a merger transaction in which Defendants are alleged to have made the same misleading disclosures to all stockholders, who subsequently suffered the same harm when they did not seek redemption of their shares, there are no individualized issues that undermine class certification here.

## **COUNT I**

### **Breach of Fiduciary Duty Against the Control Group Defendants**

204. Plaintiffs repeat and reallege all foregoing paragraphs as if fully set forth herein.

205. From the time of the IPO through the Merger, the Control Group Defendants controlled Spartan and its evaluation of the Merger.

206. As controlling stockholders, the Control Group Defendants owed Plaintiffs and the Class the utmost fiduciary duties of care and loyalty. These duties required, *inter alia*, to place the interests of Spartan stockholders above their own unique personal interests.

207. Corporate fiduciaries can breach their duty of disclosure under Delaware law in a number of ways—by making a materially false statement, by omitting a material fact, or by making a partial disclosure that is materially

misleading.

208. The Control Group Defendants exercised their control to secure a Merger that would benefit themselves even though it was unfair to Spartan stockholders. The Merger overvalued Legacy Sunlight's business.

209. The Prospectus also made materially false statements, omitted material facts, and made partial disclosures that were materially misleading. And other Spartan SEC filings were materially misleading, including the presentations claiming that the solar industry's costs were rapidly declining.

210. The Control Group Defendants competed with the unaffiliated stockholders for money in the Trust Account.

211. The Merger was unfair, reflecting an unfair price and unfair process.

212. Through the events and actions described herein, the Control Group Defendants breached their fiduciary duties to Plaintiffs and the Class by agreeing to, entering into, and causing the Merger without ensuring that it was entirely fair.

213. The Control Defendants also entered into the Merger Agreement and solicited the Merger in bad faith.

214. As a result, Plaintiffs and the Class were harmed by these breaches of fiduciary duty, including by failing to redeem their shares prior to the Redemption Date.

215. Plaintiffs have no adequate remedy at law.

## COUNT II

### **Breach of Fiduciary Duty Against the Director Defendants**

216. Plaintiffs repeat and reallege all foregoing paragraphs as if fully set forth herein.

217. As Spartan directors, the Director Defendants owed Plaintiffs and the Class the utmost fiduciary duties of care and loyalty. These duties required, *inter alia*, to place the interests of Spartan stockholders above their own unique personal interests.

218. As Spartan directors, the Director Defendants had a responsibility to ensure that Spartan found an appropriate target company, carried out a business combination based on fair terms, and approved a transaction only if it was in the best interests of Spartan stockholders.

219. Corporate fiduciaries can breach their duty of disclosure under Delaware law in a number of ways: by making a materially false statement, by omitting a material fact, or by making a partial disclosure that is materially misleading.

220. The Merger was unfair, reflecting an unfair price and unfair process. The Director Defendants failed to disclose (or otherwise misrepresented) material

facts regarding the Merger, Spartan, and Legacy Sunlight's business. The Director Defendants knowingly misrepresented that the Merger was in the public stockholders' best interests.

221. The Prospectus also made materially false statements, omitted material facts, and made partial disclosures that were materially misleading. And other Spartan SEC filings were materially misleading, including the presentations claiming that the solar industry's costs were rapidly declining.

222. Through the events and actions described herein, the Director Defendants breached their fiduciary duties to Plaintiffs and the Class prior to the Merger, thus impairing stockholders' ability to make an informed decision on whether to redeem their shares. The Prospectus was materially false, misleading, and omitted material information.

223. As a result, Plaintiffs and the Class were harmed by not exercising their redemption rights prior to the Redemption Date and were harmed by having to decide whether to redeem their shares without all material information concerning the fairness of the Merger.

224. The Plaintiffs and the Class have no adequate remedy at law.

### **COUNT III**

#### **Aiding and Abetting Against the Legacy Defendants**

225. Plaintiffs repeat and reallege all foregoing paragraphs as if fully set forth herein.

226. Although the Legacy Defendants did not owe fiduciary duties to Plaintiffs and the Class prior to the Merger closing, they were aware of the fiduciary duties and obligations of the Control Group Defendants and Director Defendants. This included the duties of loyalty and care.

227. The Legacy Defendants had the motive and opportunity to push for a Merger that was unfair to the public stockholders of Spartan.

228. The Legacy Defendants substantially and knowingly assisted the breaches of fiduciary duty by failing to correct the Prospectus that they knew to be materially false and misleading and otherwise causing Spartan to use materially misleading SEC filings to sell the Merger to the market and discourage redemptions.

229. Moreover, the Legacy Defendants prepared materially misleading slideshows that were filed by Spartan with the SEC, and they participated in materially misleading interviews that were filed as transcripts by Spartan with the SEC.

230. In addition, the Legacy Defendants effectively had the express

contractual obligation to ensure that Spartan's Prospectus was not materially misleading. The Legacy Defendants failed to honor this obligation and caused a materially misleading Prospectus to be filed with the SEC to solicit approval for the Merger.

231. The Legacy Defendants also wrongfully helped cause the Projections Affirmation, even after major events occurred that made the Proxy Projections unrealistic.

232. Like the Control Group Defendants and Director Defendants, the Legacy Defendants stood to gain huge sums of cash and other benefits if the Merger closed.

233. The Plaintiffs and the Class were damaged by the Legacy Defendants' aiding and abetting of the fiduciary breaches described herein.

234. The Plaintiffs and the Class have no adequate remedy at law.

#### **COUNT IV**

#### **Unjust Enrichment Against All Defendants**

235. Plaintiffs repeat and reallege all foregoing paragraphs as if fully set forth herein.

236. Defendants were unjustly enriched at the expense of the Plaintiffs and the Class.

237. The Plaintiffs and the Class have no adequate remedy at law.

238. All unjust profits should be disgorged and recouped by Plaintiffs and the injured Class of stockholders.

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs demand judgment and relief in their favor and in favor of the Class, and against Defendants, as follows:

- A. Declaring that this action is properly maintainable as a class action;
- B. Certifying the proposed Class;
- C. Declaring or otherwise finding that the Control Group Defendants and Director Defendants breached their fiduciary duties to Spartan stockholders;
- D. Declaring or otherwise finding that the Legacy Defendants aided and abetted breaches of fiduciary duties;
- E. Declaring or otherwise finding that the Defendants are liable for unjust enrichment;
- F. Awarding Plaintiffs and other members of the Class damages in an amount which may be proved at trial, together with interest thereon;
- G. Awarding Plaintiffs and other members of the Class rescissory damages;
- H. Awarding Plaintiffs and the members of the Class pre-judgment and

post-judgment interest, as well as their reasonable attorneys' and expert witness fees and other costs;

I. Ordering disgorgement of unjust enrichment to Plaintiffs and the Class;  
and

J. Granting such other and further relief as the Court deems just and proper.

**ASHBY & GEDDES, P.A.**

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Dated: November 15, 2023

**CERTIFICATE OF SERVICE**

I hereby certify that on this 22<sup>nd</sup> day of November, 2023 a true and correct copy of the foregoing was served on the following counsel of record via File & Serve*Xpress*:

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