



Breitburn Energy Partners Shareholder Equity Committee/rights

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To the Hon. Judge Bernstein:

RE: Mr. Steven Karotkin's letter on behalf of management, I dispute his main points starting with the assertion that shareholders are already adequately represented by management and their BOD.

Let's look at company's latest filing on May 9/2016, before announcing filing for Ch. 11 protection:

Why did management salaries and professional fees rise so much Q1 2016 vs. 2015 even as their [revenues](#) and those of the industry, were down and they knew they had to cut costs to ride it out? What they were doing was piling "unrealized losses" onto common/ unit shareholders while their IR dept. was NOT releasing this info, it was telling those who called very different.

The game with UNrealized losses is interesting. Synopsis from businesswire:

<http://www.businesswire.com/news/home/20160509006711/en/Breitburn-Energy-Partners-Reports-Quarter-2016-Results>

*General and administrative expenses, excluding non-cash unit-based [compensation expenses](#), were \$17.6 million in the first quarter of 2016, compared to \$14.5 million in the fourth quarter of 2015. The increase was primarily due to higher employee related costs and professional fees. -- **WHY EXACTLY?***

Gains on [commodity](#) derivative instruments were \$37.9 million in the first quarter of 2016 compared to gains of \$141.8 million in the fourth quarter of 2015, primarily due to unrealized losses of \$97.4 million during the first quarter of 2016 compared to unrealized losses of \$2.2 million during the fourth quarter of 2015. Derivative instrument [settlement](#) receipts were \$135.4 million in the first quarter of 2016 compared to receipts of \$144.1 million in the fourth quarter of 2015, primarily due to lower hedged volumes.

Net loss attributable to common unitholders was \$115.3 million, or \$0.54 per diluted common unit, in the first quarter of 2016, which included \$97.4 million in unrealized losses on commodity derivative instruments and non-cash [impairment charges](#) of approximately \$2.8 million, or \$0.01 per diluted common unit, primarily related to the impact that further deterioration in future commodity prices had on our projected net revenues for certain of our oil and [gas](#) properties, compared to net loss of \$902.3 million or \$4.25 per diluted common unit, in the fourth quarter of 2015, which included non-cash impairment charges of approximately \$878.3 million, or \$4.14 per diluted common unit.

Re: Mr. Karotin's letter:

A) paras 3-4 state in essence that "we" have NO likelihood of recovering anything, given that we're in line behind about over 3B in recovery, and B) nonetheless maintains that "we" are already adequately represented by BOD and Management who are aware of their fiduciary duties and discharging them.

-- To me these two sections sound in conflict since they have made up their minds "we" are entitled to nothing.

They state that "we" are basing arguments on public filings which are not the most up-to-date and accurate, so I would expect a Committee to have access to all the information we clearly do not have as the hearings proceed.

BTW they reference the case of Eastman Kodak:

I was not a shareholder but unless I'm incorrect, that ended up wiping out all shareholders, when the company went defunct: but that was a different kind of company, and I recall reading that it had been too reliant on old technologies for revenue, didn't adapt to the digital age, had poor management etc.: oil and gas aren't going the way of film any time soon.

-- IN contrast AmericanAirlines came back from Ch. 11 stronger than ever, they of course are inversely affected by oil prices, they suffered when prices were high and had to make cuts, mergers, etc.; the oil and gas industry are cyclical, Breitburn can do the same to ride it out and not wipe out common and other shareholders/units by piling on the apportionment of debt as they have AND canceling shares while enriching all those who participate in this process.
-- So using Kodak seems the worst possible example.

Pls. be assured that those of us who have written are the tip of the iceberg, many don't know where to write or to whom, but encourage each other via social media, private mailings, message boards.

Here is one letter from someone I have no knowledge of personally or v.v. but who, I believe, represents the "little people" who still invest in the stock market, with funds they can't afford to lose; at this time when Bernie Sanders has gained such traction with his calls for cutting corruption on Wall Street, I hope these pleas for a voice to be treated fairly, not wiped out by the "big people" who always seem to find their way out of any mess THEY CREATE to their own advantage.

Good day Judge Bernstein,

I just want to inform you that I'm VERY concerned in the direction that Breitburn Management has taken this company. With 1.5 Billion in Assets and Oil price doubling since the Ch-11 was filed there should be no reason that the common share holder like myself and thousands of others be the ones to suffer in this case.

Everyone that is sitting in your court room is making thousands and even millions of dollars (Like Lazard) off of this case, while I sit at home and watch the stock chart drop to depressing levels. We are at the bottom of the crab bucket, the ones that invested the most as a group, and suffering the most through this case.

As a US Military Veteran that has sworn an oath to protect this nation I pray that you make the right decision in this case with that same honor and duty that you sworn an oath to. The kind of decision that allows you to sleep in peace at night with a clear mind. We all pray for a positive outcome in this case.

I know you are very busy and most likely do not have time to respond but I still thank you for your time in reading my email, and taking all of our concerns into consideration that hopefully allow us to get through this with just a few cuts and bruises.

Respectfully
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