
LETTER TO THE EDITOR

To the *Billings Gazette, Stillwater County News, Carbon County News, Cody Enterprise, Powell Tribune, and Laurel Outlook*

October 21, 2013

To the Editor,

Following is the text of a letter to the editor regarding the Southern Montana bankruptcy reorganization plan that is being pushed forward despite the lack of information from an investigation required by the US Bankruptcy Code. After review of Southern and SME minutes and other documents, I believe that the plan is seriously flawed by the use of assumptions concerning the condition of Southern and the lack of due attention being paid to the questionable practices of Southern prior to the declaration of bankruptcy.

The nightmarish bankruptcy of Southern Montana Electrical Generation & Transmission Cooperative (Southern Montana's Enron) is a frightening example of fundamental matters being overlooked when things get complicated.

Bankruptcy Trustee Freeman plans to reorganize Southern to keep it in business without thoroughly investigating and having the facts of an investigation of fraud, dishonesty, incompetence, misconduct, mismanagement, or irregularity in its management before completing his plan!

According to the US Bankruptcy Code, the Trustee's duty is to disclose the "desirability of the continuance of such business, and any other matter relevant . . . to the formulation of a plan" that is to be released "as soon as practicable" – then form a plan for reorganization or dissolution.

On October 1st, by Court order, the Trustee released a short "preliminary" memorandum describing business irregularities by Southern.

The report does not address questionable actions, including hurried formation of two other businesses, SME and IESS – formed with assets of Southern and a

"cash draw" from member Cooperatives, which had become captives of Southern.

Both parasites were managed by Tim Gregori, even after he retired following Southern's bankruptcy. Beyond co-mingling of staff and funds, the report evaluated deals with Southern occurring without usual valuations and approvals, transactions likely costing Southern millions. Board minutes reveal Gregori arranged for transfer of our good money to SME only to eventually have it returned as bad debt.

All three inter-tangled businesses need to be investigated, not just Southern.

Freeman and US Bankruptcy Court Judge Ralph Kirscher are hurrying to "finalize" Mr. Freeman's ill-begotten plan that will continue to harm members of the four Cooperatives that neither want nor need Southern. The plan will economically damage a large area of rural Montana for decades.

The Cooperatives can't vote on the plan and individuals hurt by Mr. Freeman's plan have no standing in the Court.

Please voice your concerns about this unsubstantiated reorganization to the Trustee and the Judge.

Lee A. Freeman, Jr.
PO Box 1295
Livingston, MT 59047

Honorable Ralph B. Kirscher
215 Federal Bldg., 400 North Main St.
Butte, MT 59701

Bruce Austin
Nye, MT