

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of The Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

TURTLE BEACH CORPORATION

(Name of Registrant as Specified in Its Charter)

THE DONERAIL GROUP LP
THE DONERAIL MASTER FUND LP
WILLIAM WYATT
HARBERT DONERAIL FUND GP LLC
DONERAIL GROUP GP LLC
HARBERT FUND ADVISORS, INC.
HARBERT MANAGEMENT CORPORATION
SCW CAPITAL, LP
SCW CAPITAL QP, LP
SCW CAPITAL MANAGEMENT, LP
TRINITY INVESTMENT GROUP, LLC
ROBERT CATHEY
TERRY JIMENEZ
KIMBERLY KREUZBERGER
KATHERINE L. SCHERPING
BRIAN STECH
MICHELLE D. WILSON

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
-

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

The Donerail Group, LP, a Delaware limited partnership (“Donerail”), together with the other participants named herein, has filed a definitive proxy statement and accompanying WHITE proxy card with the Securities and Exchange Commission (“SEC”) to be used to solicit votes to elect its slate of six highly-qualified director nominees at the 2022 annual meeting of shareholders (the “Annual Meeting”), of Turtle Beach Corporation, a Nevada corporation (the “Company”).

Item 1: On April 25, 2022, Donerail issued the following press release and open letter to shareholders of the Company:

The Donerail Group Highlights the Egregious Compensation History Approved by the Turtle Beach Board of Directors and Believes the Board Has Lost Credibility with Shareholders

Current Leadership Has Reaped an Estimated \$65+ Million in Compensation Since Juergen Stark Became Public Company CEO – More Than 25% of the Company’s Current Enterprise Value

During the Same Period, Turtle Beach Share Price Has Declined More Than 65%, Revenue Growth Has Flatlined, and the Company Has Written Down Over \$100 Million of Stark-Led Investments

The Board Has Once Again Raised Management Compensation and Approved Management’s Payment of Nearly Full, On-Target Bonuses Despite Dramatic Underperformance in 2021

Urges All Shareholders to Vote Now on the WHITE Proxy Card to Elect The Donerail Group’s Full Slate

LOS ANGELES--(BUSINESS WIRE)— The Donerail Group LP (together with its affiliates, "Donerail," "we" or "us"), which is one of the largest shareholders of Turtle Beach Corporation (NASDAQ: HEAR) ("Turtle Beach" or the "Company") and together with the other participants in its solicitation, beneficially owns approximately 8.5% of the outstanding shares of the Company, today issued the below letter to shareholders. Please visit www.ResetTurtleBeach.com to learn about Donerail’s campaign and obtain information for how to vote on the WHITE proxy card.

Dear Fellow Shareholders,

As the definitive proxy materials for the Company’s 2022 Annual Meeting of the Shareholders (the “Annual Meeting”) have been finalized and will be distributed to you shortly, shareholders will now have the ability to elect the group of individuals they deem most appropriate to lead Turtle Beach into the future as members of the Company’s Board of Directors (the “Board”).

There are several objective facts that, when presented alone, have led us to conclude that this management team and Board are unable to effectively manage and have failed as fiduciaries of shareholders’ capital.

Since Juergen Stark was named as public company CEO:

The Company’s total shareholder return (TSR) has underperformed its own industry peer set by more than 200%¹

¹ Per Bloomberg. Proxy peer group includes 2021 Peer Group companies listed in Company’s 2022 proxy statement that were public when Parametric Sound completed its merger with Turtle Beach.

- *EBITDA margin, a widely regarded metric for corporate profitability, has been cut in half²*
- *Revenue growth has slowed to 0% at the midpoint of the guided annual range³*
- *The Company has written down more than \$100 million of various investment initiatives⁴*
- *The sum of the Company's executive and Board compensation, the Company's cash flow burn from non-console headset businesses and its various asset impairments from non-console headsets is approximately equal to the Company's current enterprise value⁵*

Simply put, there appears to be no credible case by which the management team – and the Board that has seemingly refused to hold the management team accountable – should continue to lead the Company.

To make matters worse, in our research we have uncovered several highly concerning findings that we, as shareholders, are simply deeply uncomfortable with and believe point to a Board that is entirely misaligned with shareholders.

As you process the evidence that we will be providing over the next few weeks, we are confident that you will come to the same conclusion as us – that the current Board of Directors simply cannot be trusted:

I. Management and the Board have received an estimated \$65+ million in compensation under Mr. Stark, accounting for greater than 25% of the current enterprise value of the Company.⁶

Despite the abysmal share price performance and destruction of shareholder capital since Mr. Stark took over as public company CEO in 2014, the Board has authorized and approved egregiously high compensation.

Together with the senior management team, the current Board has compensated themselves an estimated \$65+ million in cash, stock options, restricted stock units and other forms of payment. Not only is this level of compensation astounding and highly inappropriate, but it also is a direct affront to shareholders. Given the disastrous share performance over the past eight years, shareholders have the right to be outraged.

The facts tell a disappointing story. To substantiate its ongoing payments to management, the Board points to a number of “industry peers” that it has modeled compensation after, which is a typical industry practice.

The problem is that we do not think that the Board's approved “industry peers” are industry peers at all: the companies that have been chosen as “peers” are, on average, over 3.5x the size of the enterprise value of Turtle Beach, and only one of the 13 publicly traded companies that Turtle Beach lists as a “peer” also lists Turtle Beach as a peer in its most recent annual proxy.

We believe that the Turtle Beach Board has consciously and intentionally sought to pay management and itself in line with companies exponentially larger than Turtle Beach.

How can shareholders trust this Board to be good fiduciaries?

² Per the Company's March 2, 2022 press release guiding to 9% - 11% EBITDA margins for 2022, compared to Turtle Beach's 2012 EBITDA margins of over 22%, per the Company's September 26, 2013 investor presentation.

³ Per the Company's March 2, 2022 press release.

⁴ Per the Company's 2016 10-K related to its HyperSound business.

⁵ Company filings and Donerail estimates.

⁶ Includes total compensation for Named Executive Officers and the Board since each executive or Board member joined Turtle Beach.

II. Notwithstanding the abysmal underperformance of Turtle Beach shares and wild miss to earnings expectations, the Board approved a raise in compensation for senior management and paid management nearly full, on-target bonuses for 2021.

In its most recent earnings report, management reported full year 2021 EBITDA of \$36.6 million, missing its full year EBITDA guidance by almost 27%. The Turtle Beach share price has declined 38% in the past year as, we believe, management has proven unable to execute and, unfortunately, lost credibility with its investor base.⁷

Yet, it appears that the current Board is pleased with management's performance, as it authorized a raise for both the Company's CEO and CFO in 2021.⁸ Moreover, notwithstanding the poor performance of both the Company's equity or the management team's operating performance, the CEO and CFO were both nearly paid full, on-target bonuses for 2021.⁹

We question whether a Company that misses earnings estimates by nearly 30% or witnesses its share price decline by nearly 40% should be paying its executives anything close to full, on-target bonuses.

How can shareholders trust this Board to be good fiduciaries?

In the coming weeks, we will continue to detail the findings of our research to shareholders. Our detailed findings will reveal: i) the clear operating mishaps by management; ii) the clear misguided strategy by the Board that has cost shareholders greatly; iii) a shocking and egregious number of governance actions that have startled us and mandated that we seek to replace the entire Board; and iv) an exciting, vibrant and clear path forward to elect a Board of independent, experienced executives that shareholders can trust as fiduciaries.

If it is not yet clear to you, we believe that by the Annual Meeting on June 7, it will be overwhelmingly evident that the current Board has lost its way and must be replaced to end the status quo of poor governance and underperformance.

We thank you for your support and, as always, we are standing by to discuss any ideas on shareholder value creation that any shareholder may have.

Sincerely,

/s/ William Z. Wyatt
William Z. Wyatt
Managing Partner
The Donerail Group LP

⁷ Turtle Beach shares closed Friday, April 22, 2022 at \$18.18 per share versus the April 23, 2021, closing price of \$29.38.

⁸ Pursuant to the Company's Definitive Proxy filed April 21, 2021, CEO Juergen Stark's Base Salary Increased from \$500,000 per year in 2020 to \$600,000 per year in 2021. CFO John Hanson's Base Salary Increased from \$365,000 per year in 2020 to \$375,000 per year in 2021.

⁹ Pursuant to the Company's Definitive Proxy filed April 21, 2021, CEO Juergen Stark was paid 88% of his Target Bonus; CFO John Hanson was paid 84% of his Target Bonus.

We urge you to vote the **WHITE** proxy card to send the message to Turtle Beach Corporation's leadership and Board that shareholders deserve better. Vote the **WHITE** proxy card TODAY to support a superior slate of highly qualified individuals, who will be better stewards of your investment. Please vote each and every **WHITE** proxy card you receive, as you may own shares in more than one account. If you voted a Blue card from Turtle Beach, you have every right to change your vote by voting on the enclosed **WHITE** proxy card. Only your latest dated vote counts.

About Donerail

The Donerail Group LP is a Los Angeles-based investment adviser that employs a value-oriented investment lens focusing on special situations and event driven investments.

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Item 2: On April 25, 2022, Donerail uploaded the following materials to <https://ResetTurtleBeach.com>:



The views expressed on this website represent the opinions of The Donerail Group, LP ("Donerail") and the other participants in the solicitation (collectively, the "Participants"), which beneficially own shares of Turtle Beach Corporation (the "Company") and are based on publicly available information with respect to the Company. The Participants recognize that there may be confidential information in the possession of the Company that could lead it or others to disagree with the Participants' conclusions. The Participants reserve the right to change any of the opinions expressed herein at any time as they deem appropriate and disclaim any obligation to notify the market or any other party of any such changes. The Participants disclaim any obligation to update the information or opinions contained on this website.

Certain financial projections and statements made herein have been derived or obtained from filings made with the Securities and Exchange Commission ("SEC") or other regulatory authorities and from other third party reports. Neither the Participants nor any of their affiliates shall be responsible or have any liability for any misinformation contained in any third party SEC or other regulatory filing or third party report. There is no assurance or guarantee with respect to the prices at which any securities of the Company will trade, and such securities may not trade at prices that may be implied herein. The estimates, projections and potential impact of the opportunities identified by the Participants herein are based on assumptions that the Participants believe to be reasonable as of the date of the materials on this website, but there can be no assurance or guarantee that actual results or performance of the Company will not differ, and such differences may be material.

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Although the Participants believe the statements made in this website are substantially accurate in all material respects and does not omit to state material facts necessary to make those statements not misleading, the Participants make no representation or warranty, express or implied, as to the accuracy or completeness of those statements or any other written or oral communication it makes with respect to the Company and any other companies mentioned, and the Participants expressly disclaim any liability relating to those statements or communications (or any inaccuracies or omissions therein). Thus, shareholders and others should conduct their own independent investigation and analysis of those statements and communications and of the Company and any other companies to which those statements or communications may be relevant.

This website may contain links to articles and/or videos (collectively, "Media"). The views and opinions expressed in such Media are those of the author(s)/speaker(s) referenced or quoted in such Media and, unless specifically noted otherwise, do not necessarily represent the opinion of the Participants.

This website may not be deemed to constitute solicitation material and is intended solely to inform shareholders so that they may make an informed decision regarding the proxy solicitation, as explained in greater detail below.

Cautionary Statement Regarding Forward-Looking Statements

The materials on this website contain forward-looking statements. All statements contained herein that are not clearly historical in nature or that necessarily depend on future events are forward-looking, and the words "anticipate," "believe," "expect," "potential," "opportunity," "estimate," "plan," and similar expressions are generally intended to identify forward-looking statements. The projected results and statements contained herein that are not historical facts are based on current expectations, speak only as of the date of these materials and involve risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such projected results and statements. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Participants. Although the Participants believe that the assumptions underlying the projected results or forward-looking statements are reasonable as of the date of these materials, any of the assumptions could be inaccurate and therefore, there can be no assurance that the projected results or forward-looking statements included herein will prove to be accurate. In light of the significant uncertainties inherent in the projected results and forward-looking statements included herein, the inclusion of such information should not be regarded as a representation as to future results or that the objectives and strategic initiatives expressed or implied by such projected results and forward-looking statements will be achieved. The Participants will not undertake and specifically declines any obligation to disclose the results of any revisions that may be made to any projected results or forward-looking statements herein to reflect events or circumstances after the date of such projected results or statements or to reflect the occurrence of anticipated or unanticipated events.

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Additional Information

The Participants have filed a definitive proxy statement and accompanying WHITE proxy card with the SEC to be used to solicit proxies in connection with the 2022 annual meeting of stockholders (the "Annual Meeting") of the Company. Donerail strongly advises all stockholders of the Company to read the proxy statement and any other documents related to the solicitation of stockholders of the Company in connection with the Annual Meeting because they contain important information, including information relating to the Participants. These materials and other materials filed by Donerail with the SEC in connection with the solicitation of proxies are available at no charge on the SEC's website at <http://www.sec.gov>. The definitive proxy statement and other relevant documents filed by Donerail with the SEC are also available, without charge, by directing a request to Donerail's proxy solicitor, Saratoga Proxy Consulting, at its toll-free number (888) 368-0379 or via email at info@saratogaproxy.com.



Important Materials

- April 25, 2022: **The Donerail Group Highlights the Egregious Compensation History Approved by the Turtle Beach Board of Directors and Believes the Board Has Lost Credibility with Shareholders**
 - April 22, 2022: **The Donerail Group LP - HEAR Definitive Proxy Statement**
 - April 20, 2022: **The Donerail Group LP - HEAR Revised Preliminary Proxy Statement**
 - April 14, 2022: **The Donerail Group LP - HEAR Preliminary Proxy Statement**
 - April 12, 2022: **The Donerail Group and Board Nominee Terry Jimenez Issue Joint Statement Regarding the Firm's Prior Acquisition Efforts and Financing Capabilities**
 - April 6, 2022: **The Donerail Group Takes Further Steps to Bring Value to Turtle Beach**
 - March 22, 2022: **The Donerail Group Nominates Full Slate of Highly Qualified Director Candidates For Election at Turtle Beach Corporation's 2022 Annual Meeting**
 - March 3, 2022: **Donerail Releases Statement Regarding Turtle Beach's Disappointing Fourth Quarter 2021 Results and 2022 Annual Guidance**
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