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Green Energy: Contracts, Connections and the Collapse of Solyndra

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Green bundler with the golden touch



Steve Westly, pictured here during his 2006 campaign for the Democratic gubernatorial nomination in California, is one of Obama's top fundraisers. Companies in The Westly Group portfolio have benefited from more than half a billion dollars in loans, grants or stimulus money from the Energy Department. Chris Carlson/Associated Press

Obama fundraiser got clean energy aid, then perch to advise Energy Secretary

By **Ronnie Greene** and **Matthew Mosk** 11:00 am, March 30, 2011 Updated: 17 hours, 25 minutes ago

In connecting green technology startups with government money, Silicon Valley venture capitalist Steve Westly boasts of a special touch.

"We believe that with the Obama administration, and other governments ... committing hundreds of billions of dollars to clean tech, there has never been a better time to launch clean tech companies," says his company website. "The Westly Group is uniquely positioned to take

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advantage of this surge of interest and growth.”

Uniquely positioned, indeed.

One of President Barack Obama’s most prolific fundraisers, Westly was among guests at January’s state dinner for the president of China. A month later, he dined with Obama again at an exclusive San Francisco Bay area gathering for prominent high tech CEOs, including the leaders of Facebook, Google and Apple.

He visits White House staff and, as a member of a government advisory board on energy policy, has the ear of Energy Secretary Steven Chu, whose department hands out the sort of seed money sought by companies in The Westly Group portfolio. He even has hosted the president at fundraisers in his Northern California home, and co-hosted events for three of Obama’s most influential advisors.

All the while, Westly’s four-year-old green business has boomed. Since June 2009, four companies in his venture firm’s portfolio have received more than half a billion dollars in loans, grants or stimulus money from the Obama Energy Department, a review by the Center for Public Integrity and ABC News has found.

Relatively few companies succeed in winning such benefits. More than 90 percent of applicants have failed to secure funding in two programs benefiting three Westly-backed firms. Securing government aid helps attract investors and can make corporate stars of even small startups. Funding for The Westly Group firms occurred prior to his joining the government advisory board, though an Obama administration proposal after Westly’s appointment immediately boosted the stock price of one company.

Westly’s ability to straddle the worlds of big time fundraising, government advising and private financing for startup companies tells a larger story about how business and politicking intertwine at an Energy Department flush with \$35 billion in stimulus money.

“It looks like kind of the classic Washington hands washing each other,” said Mary Boyle, a spokeswoman with Common Cause in Washington. “He’s politically active, he gives money, he gets noticed, he lands on an energy board. ... Firms that he backs are landing these lucrative energy contracts.”

It’s the very cycle of money, influence and access that Obama vowed to break when he came to

Profiles in Patronage

One in a series of occasional articles on “bundlers” — the men and women who round up the largest sums of political donations on behalf of presidential candidates and how they can benefit from their influence.

About this project

This is a joint investigation between the Center for Public Integrity and ABC News. Matthew Mosk is a reporter with ABC News.

Click [here](#) to read ABC’s story. Watch the segment by *ABC World News with Diane Sawyer* [here](#).

Key findings

- Several political allies of President Obama financially back companies receiving millions in U.S. grants and loans.
- One, venture capitalist Steve Westly, was a major bundler of campaign donations for Obama in 2008.
- Since 2009, four firms in The Westly Group’s portfolio are beneficiaries of some \$510 million in grants and loans.
- In August, Westly was appointed to a government advisory committee guiding Cabinet secretary Steven Chu.
- In February, Obama urged a credit to buyers of electric cars made by Tesla Motors and other companies. Tesla’s stock immediately rose.
- Until late last year, The Westly Group had been a major investor in Tesla Motors. Steve Westly still has a stake.
- The White House and Energy Department say political supporters have no edge in competitions for loans and grants.

U.S. advisory group on fracking has abundant ties to energy industry

By **Evan Bush** August 10, 2011

All but one member of a government advisory panel weighing the safety of one of the



Washington but which persists two years into his presidency.

Westly, a former public official in California, declined repeated requests from the Center for interviews and walked away without comment when questioned by an ABC reporter at a Washington event earlier this month.

He isn't the only politically active investor whose portfolio firms win energy grants.

John Doerr, a California billionaire who made a fortune investing in Google, hosted Obama at February's dinner for Westly and the other high tech executives at his secluded estate south of San Francisco. His venture firm, Kleiner Perkins Caufield & Byers, backs green tech firms, several of which secured DOE funding, records show.

Doerr and Kleiner Perkins executives have contributed more than \$1 million to federal political causes and campaigns over the last two decades, primarily supporting Democrats, and Doerr serves on Obama's Economic Recovery Advisory Board. Doerr did not respond to multiple interview requests about his dinner with Obama.

Another beneficiary of Energy Department aid is Solyndra Inc., a California solar power firm whose financial backers include Oklahoma oil billionaire George Kaiser, a bundler who raised at least \$50,000 for the president's campaign in 2008. Solyndra, a recipient of a \$535 million 2009 loan guarantee to help create jobs, laid off some 180 temporary and fulltime workers the following year, prompting questions in Congress over whether its new manufacturing plant will spur the 1,000 fulltime U.S. jobs the company promised.

Company spokesman David Miller said Solyndra, which first applied for the guarantee during the Bush administration, won it on merit. "Over time," he said, "yes, we believe we will meet those goals."

Obama's focus on environmentally promising technologies while gaining support from clean tech titans comes at a time when the Energy Department's handling of government largesse is gaining scrutiny. The Government Accountability Office, the investigatory arm of Congress, raised concerns in a report last year about favoritism in the awarding of some loan guarantees. The Energy Department's inspector general told Congress this month that some stimulus contracts may have been steered to "friends and

most contentious forms of energy development, known as fracking, have financial ties to the natural gas industry.

Solyndra



As part of the 2009 job-creating stimulus, the government has committed nearly \$40 billion to clean energy projects. The first loan guarantee went to Solyndra Inc., a California solar firm

backed by an Obama fundraiser. But instead of picking a winner, the government backed a loser. The firm failed, putting more than 1,000 people out of work and taxpayers on the hook for \$535 million. Among questions now: Did the White House unduly influence the process? Did the Energy Department rush its first commitment, ignoring warning signs about the company's viability? Will this failed project cost Obama?

Stories in this series



Recurring red flags failed to slow Obama administration's race to help Solyndra



Skipping safeguards, officials rushed benefit to a politically-connected energy company



Obama-backed solar firm collapses after big federal loan guarantee



Chu denies 'undue political influence' in Solyndra loan



Energy Dept. offered to put private investors ahead of taxpayers if Solyndra went bankrupt



Emails show Energy Dept. sought to hide Solyndra layoffs until after 2010 elections

family.”

A GAO report to be released this week is expected to focus on a specific automotive loan program that benefited five companies, including two supported by the Westly and Doerr venture firms.

There's no indication in public records that any of those investigations focus on Westly, Doerr, Kaiser or their firms.

"A lot of these contracts are really being pushed out the door with no oversight," said Rep. Cliff Stearns, R-Fla., chairman of the Energy and Commerce oversight subcommittee. In an interview, Stearns pointed to the Solyndra contract as an example of poor government oversight. "I think what happens is, they give some of this money out to people who are either contributors or strong supporters."

A trail of loans, grants and tax breaks

The Obama administration's efforts to reduce pollution, especially from coal-powered plants, and to lower dependence on foreign oil has unleashed an unprecedented wave of federal aid to clean energy startups.

The federal dollars help clean tech firms expand their products and grow their bottom line. Four companies in The Westly Group portfolio received Energy Department loans, grants and stimulus money: Tesla Motors, RecycleBank, EdeniQ and Amyris Biotechnologies. Two of those firms, Tesla and Amyris, went public with stock offerings in 2010.

The government largesse started with \$465 million in loans that helped Tesla develop electric cars that cost \$54,700 each. Four months later came a \$700,000 federal grant, crucial to expanding a RecycleBank program in Philadelphia. In December 2009, the Energy Department awarded stimulus grants of \$20.4 million for an EdeniQ bio-refinery and \$25 million for Amyris to develop a diesel substitute through the fermentation of sweet sorghum, both projects in California.

Over the last four years, Westly emerged as something of an entrepreneurial superstar in the clean technology movement. Then, in August, he gained a seat at the table when it comes to national energy priorities that affect his business interests.

On the White House's recommendation, Chu appointed him to his 12-member Advisory Board, a government-stamped seal of approval as The Westly Group pursues a \$175 million round of

Politically-connected solar firm secured low interest government loan before collapsing

By **Ronnie Greene and Matthew Mosk** September 7, 2011

A politically connected solar company that pocketed a half billion dollar government loan, only to shutter its doors, fire workers and file for bankruptcy, secured an interest rate lower than other green energy projects, *iWatch News* and ABC News found -- one in a string of bene



Bundlers on the inside

By **Ronnie Greene, Matthew Mosk and Ronnie Greene** September 29, 2011

Several of Barack Obama's top campaign supporters went from soliciting political contributions to working from within the Energy Department as it showered billions in taxpayer-backed stimulus money on alternative energy firms. One of them was Steven J. Spinner, a high-tech consultant and investor in energy companies. He became a key loan program advisor while his wife's law firm represented a number of the companies that had applied for loans.



Donor warned Obama that Solyndra 'could haunt him'

By **Matthew Mosk and Ronnie Greene** October 3, 2011

New White House emails show a top donor to Barack Obama was in direct contact with one of the president's closest advisers about the federal energy loan program, the latest disclosure underscoring the closeness between the administration and bundlers with a stake in Energy Department funding.



fundraising to expand its portfolio. Westly cites that appointment on his company bio.

Meeting minutes show he is leading a Chu subcommittee exploring “building energy efficiency.”

In his venture capital firm, Westly is actively investing in energy efficient building materials, an area he describes as something of a new investment frontier.

This February came perhaps the prized jewel for a Westly investment, when the Obama administration proposed to stimulate sales of electric cars by offering consumers a \$7,500 federal rebate at the dealer.

Stock in Tesla, the Silicon Valley electric car maker that went public last year, rose 6 percent with the news. Westly sat on Tesla’s board for more than two years, and though his firm recently sold its nearly 2.5 million shares, he personally remains a shareholder. “I think Tesla’s best days are ahead of it,” he told Bloomberg West TV March 11.

Some executives of companies financially supported by Westly’s venture firm acknowledge that his activities — which include arranging introductions for them and helping them navigate bureaucracies in Washington even as he serves as an advisor to those bureaucracies — create the potential for a conflict of interest. But they say involving industry expertise is unavoidable, even necessary as the government strives to spur adoption of new technologies.

“This is the sort of conflict the DOE and USDA and other agencies run into when they take a step — which I think is a good one — in trying to involve people from industry in helping to advise and set direction,” said Kinkead Reiling, co-founder of Amyris Biotechnologies, which landed a \$25 million Energy Department stimulus grant in 2009.

The White House and Energy Department deny that political supporters of the president have any edge as they compete for funding. “Grants and loans are competitively awarded on the basis of merit,” said Reid Cherlin, a White House spokesman.

The Energy Department said it sees no conflict in his dual roles, saying Westly is an unpaid member of a board that is “advisory in nature.” A spokesman noted that the loans and grants came before his appointment.

Because he is not a federal employee, Westly is not required to file disclosure or conflict of interest forms. The DOE said he made it aware of his investment activity and potential conflicts. Asked to release that information, the department said it was confidential.

Over the course of two months, Westly — who has often sought attention for political candidates he supports, and for the green energy movement he is part of — declined to answer questions for this story or respond to multiple requests for an interview through his company and via email.

“We’ve decided not to comment,” said Michael Kaufman, a Westly Group principal.

When Westly came to Washington for Democratic fundraising events in March, he turned his back to ABC News and was escorted away by party officials.

Those who have worked with Westly over the years say his greatest assets are as public cheerleader — and tour guide to help companies navigate political terrain.

“He is a true believer in green technology at a time frankly when that was not very obvious,” said Marc Tarpenning, one of the founders of eight-year-old Tesla Motors. “Steve was always a supporter and a true believer in it. He’s not really a technologist.”

Industry should embrace government, not fear it, Westly told Tesla. “Government is not always bad and especially for something that is going to affect your business, you should be involved with it,” Tarpenning quoted Westly. “He encouraged us to think about Washington.”

As a businessman, Westly is in the vanguard of a movement to transform the nation through clean technology, a key initiative of Obama, who is backing his pledge with billions of federal dollars.

The push already has benefited a rash of innovative technology companies, including The Westly Group, one of the largest clean tech venture firms in the U.S. According to its website, the venture “has done very well” on a current \$127 million investment fund, and is pushing ahead with a new round of financing targeted at \$175 million.

As a chief fundraiser for the president, he’s also at the vanguard of another development — the need to raise unparalleled sums of money for the 2012 re-election campaign. As a top fundraiser, Westly is in elite company: 52 so-called bundlers who raised more than \$500,000 on Obama’s behalf in the 2008 race, according to records maintained by Public Citizen.

By hosting fundraisers and making calls to wealthy associates and acquaintances, bundlers from Florida to California raise the millions that help candidates pay for increasingly expensive campaigns. Their work can prove pivotal in contentions races, and they often are rewarded with prestigious posts such as ambassadorships.

Obama has continued a long tradition, tapping bundlers as ambassadors to Norway, France and Japan. More than 100 bundlers for the GOP’s George Bush landed government posts, from Cabinet slots to ambassadorships to New Zealand and Portugal.

Westly’s success is striking for the string of victories by companies in his portfolio, and for his timing in tapping into a rare area of government growth: Alternative energy, infused with more than \$8 billion for research and development in Obama’s budget. He has become the green bundler with the golden touch — and the president’s ear.

Companies whose investors include The Westly Group and that have won federal subsidies say the benefits of an association with Westly owe more to his insights than any help on specific Energy Department grants. They say he has made introductions in Washington, where he once worked under Jimmy Carter, and that his background in energy and financial matters was fruitful.

“We found that Steve is very helpful and insightful in understanding the political landscape, especially from the energy side,” said Reiling, who also serves as senior vice president of Amyris, which The Westly Group backed until it went public last year. “Because of his past in D.C., he has been able to get some introductions. Once he introduces us, it’s our job to actually do the work and show whoever he has introduced us to the value we can bring.”

The Westly Group’s political connections distinguish the firm from many other venture outfits.

“One of the things the firm pledges that differentiates The Westly Group from other venture capitalists is they help companies navigate the political landscape,” said Eric Wesoff, a senior analyst who specializes in renewable energy and financing for Greentech Media, which covers news and analysis about the green tech market. “If the premise is that The Westly Group is able to pull some strings to get their companies federal funding, that might actually be part of his business plan.”

“Why is this man smiling?” asked the sub-headline on a Wesoff profile of the company. “Three of this investor’s portfolio firms listed on the Nasdaq in 2010.” Westly is quoted as saying he and his team are “experts in helping portfolio companies with their interactions with government — federal, state and local.”

Entrenched energy and oil firms have long banked on political connections and policy know-how to secure federal money. Now startup clean tech ventures, following the same playbook, are simply trying to run with the giants. “They are fighting incumbents like oil, gas and coal, and they need every advantage they can possibly extract. And that’s why the DOE is giving out this money to provide some type of kick start to these non-incumbent technologies,” Wesoff said. “This is the way energy works. This is the way business works. And here are these enormous amounts of stimulus funds.”

Added Wesoff: “This is the way power brokers broker power.”

A power broker from the start

Westly, 54, stepped into politics early.

He worked on Capitol Hill and in Carter's Energy Department Office of Conservation and Solar before returning to California to become special assistant to the president of the California Public Utilities Commission. After earning an MBA from Stanford's Graduate School of Business in 1983, he stepped into the business world, including a stint at Sprint Telecommunications.

His most fortuitous career move: Becoming one of eBay's early executives in 1997, where he helped the circle of young techies keep their eye on the bottom line in his role as Senior Vice President of Marketing, Business Development, M&A and International. "People were saying things like, 'Well, you don't really have to be profitable,'" he told The (San Francisco) Chronicle. His message: "You must be profitable."

The company was. And after Westly cashed out with riches in 2000, he quickly put his eye back on politics. With \$5 million of his own money, he narrowly won election as California controller in 2002. Four years later, he sought the Democratic nomination for governor, infusing his campaign with \$40 million from his personal fortune — and lost.

Westly returned to his business roots and continued to wield influence from the heart of Democratic Party fundraising.

By early 2007, he founded The Westly Group, a Menlo Park venture created to tap into the mushrooming clean tech movement by linking companies with green ideas to big money to back their projects. The firm soon hit significant pay dirt, completing a vision its founder set from the start.

"We believe that clean-energy innovation can achieve the dual aims of protecting our environment and generating economic opportunity," Westly wrote in a piece he co-authored in November 2007 for the Progressive Policy Institute, a think tank affiliated with the Democratic Leadership Council.

In March 2007, just as The Westly Group was getting off the ground, he joined the board of directors of Tesla, the California electric-car start-up then poised to introduce its first model — a sporty two-seat Roadster with a base price of \$109,000.

That same month, March 2007, Westly gave \$2,300 to Obama, part of a series of federal contributions to political causes. Westly co-chaired California's Obama for President Campaign, a fact also noted on his company website, and has personally contributed more than \$360,000 to Democratic campaigns and causes since 1998, according to federal election records compiled by the Center for Responsive Politics.

"I'm here to tell you Obama is the candidate with the momentum. Obama is the candidate of vision, and Obama is the candidate who is going to inspire a new generation of Democratic voters," Westly, speaking before a "Change We Can Believe In" banner, implored a crowd as Obama battled Hillary Clinton for the Democratic nomination in the 2008 election.

"Are you ready to fire it up?" he asked.

After Obama's election, Westly was rumored to be on the short list to become the president's energy secretary, according to media reports. The slot went instead to Chu.

Westly firms quickly tapped into the giant pot of federal money earmarked to the clean tech industry.

In winning the 2009 energy department loan, Tesla landed in rare company — just 5 of 130 applicants for the loan pool have received funding, records obtained by The Center show. The department said not all applicants were eligible or a good fit.

The GAO has chided the Energy Department for its handling of other loan programs geared toward new technologies and reducing emissions, finding last year that the department "had treated applicants inconsistently in the application review process, favoring some applicants and

disadvantaging others.”

It said the department fast-tracked approvals for some applicants, and sometimes committed money before all its reviews were finished, “allowing these applicants to receive conditional commitments before incurring expenses that other applicants were required to pay.”

Separately, the Energy Department’s inspector general, Gregory Friedman, said his office has 64 open investigations centered on stimulus spending. They include “the directing of contracts and grants to friends and family,” Friedman told the House Subcommittee on Oversight and Investigations. The department has one of the biggest pots of recovery money anywhere in the government – \$35 billion. With just one third of that money spent so far, “we expect that our efforts in this area will continue for some time,” Friedman said.

Now, a new, pending GAO report is focusing on the Advanced Technology Vehicles Manufacturing (ATVM) loan program that aided Tesla and four other car firms.

Documents obtained by the Center for Public Integrity under a Freedom of Information Act request show that one of the firms turned down for funding in that loan pool complained of unfair treatment and being ignored. In a five-page letter to Chu, dated Sept. 21, 2009, the company said it had been given no reason for its rejection and had to call the Energy Department multiple times simply to learn what happened.

“DOE reviewers never even talked to the founder, inventor, engineers, project leads or primary contractors to obtain additional information,” said the letter from the California electric car maker, XP Vehicles, Inc. “Why was staff at DOE during the course of the year positive about the outcome and never asked for additional information?”

Other firms shut out from the car program have expressed similar frustration, James Taylor, CEO of Ohio’s Amp Electric Vehicles, [said](#) in a Q & A last week on Edmunds.com. “These are companies trying to get off the ground and are just like us, starving for cash, looking for investors,” Taylor said. The government money is “not falling through the funnel and getting out to us.”

For upstart firms, such loans make a huge difference. Tesla’s came in two parts. The biggest chunk — \$365 million — was earmarked to bankroll a manufacturing facility for the \$57,400 Model S sedan, which is expected to hit the road in 2012. “The all-electric sedan consumes no gasoline and runs entirely on electricity from any conventional 120V or 220V outlet,” the department said. The other loan “will support a facility to manufacture battery packs and electric drive trains to be used in Teslas and in vehicles built by other automakers, including the Smart For Two city car by Daimler.”

“We don’t simply make code that we put out on the Web. You have to buy big pieces of mechanical infrastructure,” Diarmuid O’Connell, Tesla’s Vice President of Business Development, said in an interview. He said the financing, coming at a time commercial bank investments were drying up, was crucial to helping develop the Model S.

Consumers will benefit, O’Connell said, as the lower cost Model S is nearly half the price of the Roadster. Versions with longer battery lives will cost \$10,000 to \$20,000 more, Tesla recently announced. “It’s not at all about the Tesla Roadster or toys for rich boys,” he said. As for Tesla securing funding sought by many but won by few: “Frankly, as a taxpayer I feel pretty good there’s been a high degree of analysis” in the award process.

O’Connell said Westly aided the company on big picture issues — “he was a helpful sounding board” — but not the application itself. He said Tesla first explored government funding under Bush, though it secured its loans from Obama.

Westly’s biggest role, he said, has been as tireless public cheerleader for Tesla, citing the multiple green energy forums in which Westly has appeared. “He’s a huge advocate of the company.”

Now, with his latest blueprint for federal spending, Obama wants to hand consumers a \$7,500 rebate when they buy an electric car, helping push his long-shot goal of 1 million electric vehicles on the road

by 2015. Tesla, with the Roadster already on the road and the Model S coming next year, could be among electric car makers to reap a windfall from that subsidy.

If the rebate goes through, the Obama administration will have aided Tesla at the front and back ends of its production line: The June 2009 loan package, given while Westly served on Tesla's board of directors, helped the company build a manufacturing hub for the Model S. Now, the administration's Cash for Clunkers-like rebate — eyed for cutting-edge electric vehicles — could help Tesla sell those cars to buyers wary of the sticker price.

Until now, consumers buying hybrid and electric vehicles could pocket a tax credit of up to \$7,500, but would have to wait until they filed their tax returns to benefit. Now, the break would come at purchase.

The rebate could make a "huge difference" for consumers and electric car makers, said Will Beckett, membership chair of the Electric Auto Association. He said not everyone qualifies for the current tax credit. So, handing a rebate at the dealer could draw in many more buyers — adding to other subsidies already available. In his home state of California, for instance, the state already gives a \$5,000 rebate to buyers of electric cars.

Tesla's O'Connell agrees the front-end rebate could lure more consumers. "Any economist will tell you that that's the best place to stimulate the buyer's decision," he said. "It's helpful on the margins. Will it be decisive? The market will prove that out."

In February, Tesla opened a showroom for its Roadster on K Street, Washington's lobbying corridor. The Roadster accelerates from 0 to 60 mph in 3.7 seconds without gas and travels 245 miles on a charge. Tesla said 1,500 of the cars are on the road in 30 countries.

"We're excited to bring this spirit of innovation to the nation's capital," the company said.

While The Westly Group website said the company is no longer a shareholder in Tesla, Westly continues to be, and his venture firm's relationship ended recently. When Tesla went public in June 2010, Westly Capital Partners Fund sold more than 70,000 shares valued at \$1.2 million, a minuscule portion of its nearly 2.5 million shares, according to SEC filings and the VentureBeat publication. The company, which once held more than 3 percent of Tesla, wasn't fully divested until late last year. Westly sat on Tesla's board from March 2007-December 2009.

Energy grants flow to venture-backed firms

The other energy department grants to Westly-backed firms ranged from several hundred thousand dollars for recycling programs to more than \$20 million for green-tech work in California.

A \$700,000 Energy Efficiency and Conservation Block Grant, filtered to Philadelphia in 2009, helped RecycleBank expand its recycling benefits program in the city. "We can stand on our own two feet. The Westly Group, they've helped us in a billion ways, but never in a municipal contract," said Matt Tucker, RecycleBank's president. "He's very focused on financials for us."

In December 2009, Westly-backed EdeniQ landed a \$20.4 million Energy Department grant in partnership with Logos Technologies to "modify and operate a pilot-scale bio-refinery plant to produce low-cost ethanol bio-fuel from cellulosic feedstock," the companies said. "It keeps a good company alive. It gives us more of a runway to develop new technologies," said Will Gardenswartz, an EdeniQ contractor on the grant, who said the link with long-established Logos was important.

That same month, Amyris Biotechnologies landed \$25 million in stimulus money that will help the company convert simple sugars into fuel.

"On this particular grant there wasn't a need to bring in the big guns, but he has been very helpful generally," Reiling said. "He has a good insight into where the political momentum is going and he has made certain introductions to us. ... The best idea should win, but he's been helpful in getting us to the forum."

Logos/EdeniQ and Amyris were two of 19 projects funded under an Energy Department program that attracted over 300 applications. The department said the projects were reviewed by independent experts and that nearly half of the applicants failed to meet eligibility criteria.

At least two other companies that later joined The Westly Group portfolio, Amonix and CalStar Products, secured Energy Department funding just before their financial pact with the venture capitalist. Amonix, which makes solar panels, won \$9.5 million in stimulus funding in January 2010 for manufacturing work in Nevada and Arizona. Three months later, Amonix announced a \$129.4 million round of financing that included The Westly Group.

In July, with Amonix in the Westly fold, President Obama spoke alongside Amonix executives during a speech at the University of Nevada at Las Vegas, using the setting to press Congress to pass a \$5 billion extension to the administration's clean energy manufacturing tax credit. The White House said it did not make any trips at Westly's suggestion. Amonix executives did not respond to interview requests.

Doug Koplow, founder of the energy consulting firm Earth Track, which tracks government energy subsidies, said investments to venture capital projects raise important questions.

"Is the venture capital firm itself still having a lot of risk and money on the table?" Koplow asked. "When you get easy federal money, it actually can crowd out and worsen the discipline and due diligence."

Ready access to the White House, Obama, Chu

From California, Westly frequently finds his way to the nation's capital.

In October 2009, he spent two days visiting The White House, [records show](#), the first a meeting with Nancy Hogan, Director of the Office of Presidential Personnel. Hogan's office referred calls to the White House, which said Westly met her "to discuss potential opportunities for service within the Administration related to green energy policy."

The next day, Oct. 27, Westly spent 30 minutes with Chief Technology Officer Aneesh Chopra, whose duties include job creation. Chopra said he had met Westly in California, and that the venture capitalist came mostly to hear about Chopra's new role in government. "He shared with me in that meeting he's very passionate about clean energy and clean technologies," Chopra said. "He mostly listened. He wanted to hear what I was doing."

Chopra said they didn't discuss grants or loans. "The White House does not intervene at all on any particular grant programs, procurement activities. We are policy advisors," said Chopra.

White House records also list Westly among the president's guests at the June 2, 2010 Gershwin Award ceremony honoring Paul McCartney. The concert, in the East Room of the White House, included tributes from Stevie Wonder and Emmylou Harris.

In August 2010, Westly was appointed to the Secretary of Energy Advisory Board, along with academics and current or former executives from Lockheed Martin, IBM, DuPont and United Technologies Corp. "They will be providing their expertise and experience at a critical time for our country as we chart a new course toward a clean energy future," Chu said in a statement.

The White House said it "identified the board as a potential fit for Westly, communicated that to DOE staff, and referred Westly to the Department," wrote spokesman Cherlin.

In the board's introductory meeting in September, Westly was in attendance as the discussion included a DOE presentation on how the Recovery Act "has positioned the Department of Energy to take a different role in Clean Energy Deployment" — and how the department needs to leverage grants, tax incentives and loans, the meeting minutes show. Then Jan. 20, Westly led a subcommittee exploring ways to incentivize building energy efficiency. "Member Westly will compile a menu of options for overall building efficiency and bring it back to the group for discussion," the minutes say.

In his interview with Bloomberg West TV, Westly was asked where his company was putting its money. “But one of the areas that is perhaps least talked about that we like most, is energy efficient building materials, green building materials,” he said. “You are going to see a revolution in clean building materials.”

He is backing that talk with investments. In February, The Westly Group took part in a \$10 million round of financing for Soladigm, a developer of energy-efficient glass for buildings. A Westly Group managing partner joined Soladigm’s board of directors.

As a member of Chu’s Advisory Board, Westly is allowed to discuss policy issues that could impact venture capitalists like himself. Energy department policy states only that he is not to take part in matters that would directly affect The Westly Group.

The department said it sought Westly’s expertise as a venture capitalist. Asked about his investment in green building materials even as he leads Chu’s committee on the topic, the department said Westly’s investments were factored in when deciding his role.

“The Secretary of Energy Advisory Board is meant to provide advice to the Secretary on energy policy and on the overall direction of the Department of Energy,” spokeswoman Stephanie Mueller wrote in January.

Chu did not respond to an interview request in January, and on March 10 said he had no time to talk. “The Secretary’s schedule is unfortunately packed for the next several weeks so he won’t have time for this,” the department wrote.

The Center filed a Freedom of Information Act request for correspondence between Westly and the Department of Energy. While the department released some records last week, it cited privacy concerns as reasons for withholding three pages of Westly’s personal financial information, as well as much of the contents of emails detailing discussions between Westly and the Energy Department’s legal counsel.

The records do show that the Obama administration asked Westly to co-host events in March 2010 for Chu and senior advisor Valerie Jarrett, each of whom had spoken that month at Stanford University, and for Jim Messina, Obama’s 2012 campaign manager — and that Westly wasn’t shy about mentioning his connections.

“Please forgive the delay on this, but the Administration has asked me to co-host events for Valerie Jarrett (last Thursday) and Jim Messina and Secretary Chu (both of which are tomorrow) so things have been a bit busy on this end,” Westly wrote to Sue Wadel, the Energy Department lawyer conducting his conflict of interest review for the board.

“The good news is that we will have good turn-outs for all events!” said Westly’s March 2010 email.

In October, two months after his appointment to the energy board, Westly helped Obama once more, as Democrats nationwide struggled to win seats amid the battered economy. At a guesthouse on his Atherton property, 30 miles south of San Francisco, Westly raised money for San Francisco District Attorney Kamala Harris’ successful bid to become state attorney general.

Then, at his main home that October evening, Westly sought funds for the Democratic National Committee. “It’s an extraordinary honor to host the president at your home,” Westly told local reporters. “And I’ve never seen the president more pumped up.”

Westly and his wife rubbed shoulders with the President and Mrs. Obama at the Jan. 19 state dinner featuring a menu of poached Maine lobster, dry-aged rib eye and “An Evening of Jazz.” Then, Westly connected with Obama again Feb. 17 as the president dined in Northern California with high-tech wunderkinds at fellow venture capitalist Doerr’s estate.

The meeting, a White House official said, was “part of our ongoing dialogue with the business community on how we can work together to win the future, strengthen our economy, support

entrepreneurship, and get the American people back to work.”

The president and high tech executives broke bread over “our shared goal of promoting American innovation,” the White House said, along with Obama’s “commitment to new investments in research and development, education and clean energy.”

Westly sees only good things ahead.

“For our firm, we had three companies go public last year alone. It was a banner year,” he told Bloomberg West TV. “And I think this year is going to be better.”

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Bill Asbell · President/CEO at Virginia Fitness, LLC

If the influence peddling by Obama and his cronies is this obvious what aren't we seeing Nixonian-type committee hearings, the kind that tried to take down Reagan and Bush for doing nothing of this kind. Obama is a Chicago-style, Daley protege. Boss Tweed with a scarecrow's physique.

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Dan Roth

Somebody has to take the smile off that crook's face. He must be Berie Madoff's partner. Our genius president gave a speech at that place just a short time ago telling how wonderful the business was. Didn't he run a lemonaid stand when he was a kid?

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Did Obama Administration Play Favorites With Energy Loans?



Steve Westly arrives for "Countdown for Barack Obama: Leaders of Diverse Communities Unite," in Beverly Hills, Calif., in this Oct. 17, 2008 file photo. Since President Obama took office, the U.S. Department of Energy has given more than half a billion dollars to companies backed by Westly's California venture capital firm. (Chris Pizzello/AP Photo)



By BRIAN ROSS (@brianross), MATTHEW MOSK and RONNIE GREENE
ABC NEWS and CENTER FOR PUBLIC INTEGRITY
March 30, 2011

When the White House announced the federal government would loan \$465 million to Tesla, a California start-up company with plans to develop an all-electric sedan, President Obama called it an "historic opportunity to ensure that the next generation of fuel-efficient cars and trucks are made in America."

The loan also represented a lucrative opportunity for Steve Westly, a major investor in the car company who had raised more than \$500,000 for the president's campaign.

In 2009, the U.S. Department of Energy directed more than half a billion dollars in loans and grants to companies backed by Westly's California venture capital firm. In 2010, the White House tapped Westly for a seat on a special energy advisory panel that gives him regular access to Energy Secretary Steven Chu. Westly boasts on his website that his firm is "uniquely positioned" to take advantage of the Obama administration's interest in green energy.

Congress has given the Energy Department authority to distribute

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billions of dollars in public funds to help stimulate the economy and seed a new generation of clean energy firms. A joint investigation by ABC News and the [Center for Public Integrity](#) that will air on World News with Diane Sawyer tonight has found that Westly is just one of several political allies of the president who have ties to companies receiving chunks of that money through loans, grants, or loan guarantees.



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The department lent \$528 million to Fisker Automotive, whose electric car is being financed by a venture capital firm run by billionaire Obama supporter John Doerr -- a firm that touts former Vice President Al Gore as a board member. And, a \$535 million federal loan guarantee was used to help a California solar cell company whose major investors include George Kaiser, an Oklahoma billionaire who raised between \$50,000 and \$100,000 for Obama during the 2008 election.



CLICK HERE to watch an ABC News reporter attempt to question Steve Westly.

"I think what happens is they give some of this money out to people who are either contributors or strong supporters," said Rep. Cliff Stearns, a Florida Republican who chairs a House Energy subcommittee that is looking into the loan program. "I think in the long term we have to worry about the United States government guaranteeing loans for businesses based perhaps upon favoritism."

White House Denies Favoritism

Both the White House and the Energy Department have adamantly denied that political supporters of the president have had any edge as they competed with hundreds of applicants for loans and loan guarantees.

"Grants and loans are competitively awarded on the basis of merit," said Reid Cherlin, a White House spokesman.

"Attending two meetings of a non-binding, public advisory panel hardly gave companies supported by Steve Westly a leg up -- especially considering the board has no decisionmaking role, isn't involved in making grants or loans, and never even discussed those companies," said Stephanie Mueller, an Energy Department spokeswoman, in an email to ABC News. "The funds were awarded long before he joined the board, and Tesla's competitors were awarded billions of dollars more than Tesla. Our goal isn't to help any particular investor; it's to ensure that America leads the world in manufacturing the next generation of high technology vehicles."

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● Politics : The White House : Profiles in Patronage

Skipping safeguards, officials rushed benefit to a politically-connected energy company



Outside Solyndra's Fremont, Calif. headquarters. Paul Sakuma/AP

Was White House in hurry to spur green jobs — or favor firm backed by fundraiser?

By **Ronnie Greene** and **Matthew Mosk** 5:45 am, May 24, 2011 Updated: 17 hours, 50 minutes ago

The Obama administration bypassed steps meant to protect taxpayers as it hurried to approve an energy loan guarantee to a politically-connected California solar power startup, *iWatch News* and ABC News have learned.

The Energy Department in March 2009 **announced** its intention to award **Solyndra Inc.** a \$535 million loan guarantee before receiving final copies of outside reviews typically used to vet such deals. An independent federal auditor who

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has reviewed the energy loan program said moving so quickly without completing thorough reviews exposed the program to perceptions of political influence and put taxpayers at greater risk.

“There’s a consequence if you don’t follow a rigorous process that’s transparent,” said Franklin Rusco, an analyst with the [Government Accountability Office](#). “It makes the agency more susceptible to outside pressures, potentially.”

The loan guarantee, the administration's first for a clean energy project, benefited a company whose prime financial backers include Oklahoma oil billionaire George Kaiser, a “bundler” of campaign donations. Kaiser raised at least \$50,000 for the president’s 2008 election effort.

Kaiser did not respond to interview requests made through Solyndra, and his Kaiser-Francis Oil Company in Tulsa said he declined comment. Solyndra spokesman David Miller said political ties had no bearing.

“We do not believe there was any connection at all,” said Miller. “We have created a substantial number of jobs with Solyndra and we’re very proud of that. I think people are missing a lot of the story getting into the politics.”

He said the company first applied for funding under the Bush administration, though it won it under Obama at a time the commercial financing market was dry.

Several political allies of the president have ties to companies receiving Energy Department loans, grants or loan guarantees. For instance, the venture firm of another top Obama bundler, Steve Westly, has financially supported companies that won more than half a billion dollars in energy grants and loans during President Obama’s time in office, [iWatchNews and ABC reported in March](#). Relatively few applicants succeed in winning such benefits. The Energy Department said every one of those awards was won on merit.

The Solyndra loan guarantee, advertised by the administration as part of its signature effort to create jobs while weaning the U.S. from traditional energy sources, already has drawn scrutiny on Capitol Hill. Republican members of the House Energy and Commerce Committee have requested documents from the Energy Department as part of an investigation into how the company qualified for government support and then, a year later, closed a plant, laid off

About this story

This story is a collaboration between *iWatch News* and ABC News. Ronnie Greene is an investigative reporter at *iWatch News* and Matthew Mosk is a producer at the network. ABC's version of this story appears [here](#). Another story on the subject of Solyndra and Energy Department loans appeared on "World News" with Diane Sawyer; a clip of that segment can be seen [here](#).



At the September 2009 groundbreaking for Solyndra's new "Fab 2" plant were Arnold Schwarzenegger (center, lighter suit) and Energy Secretary Steven Chu (to the then-governor's right). A \$535 million taxpayer-backed loan helped pay for construction. The government agreed that in the event of default private investors could try to recoup losses before taxpayers. Solyndra

Top five lobbyist bundlers revealed; four worked exclusively for Democrats

By [Josh Israel and Aaron Mehta](#) April 26, 2010

Only in Washington, D.C., would "bundling" be a highly prized skill. And perhaps only in the nation's capital would an exclusive ranking of top "bundlers" qualify as crucial information. But a Center for Public Integrity analysis has now revealed the operatives at the top of the lists.

Solyndra



As part of the 2009 job-creating stimulus, the government has committed nearly \$40 billion to clean energy projects. The first loan guarantee went to

workers, and eventually had to renegotiate the loan guarantee's terms while working to shore up its finances. Now, the shortcuts at the dawn of the deal identified by government auditors have stoked more questions.

Energy Department officials said their analysts had gathered more than enough information to bet on Solyndra. They said politics played no role, and that they did not give Solyndra or any other company special treatment.

"All applicants within any solicitation are treated the same way," said **Jonathan Silver**, executive director of the Energy Department's **Loan Programs Office**, which oversees the administration's \$90 billion in spending on promising alternative energy and on green automobile projects. A former venture capitalist, Silver himself has been an early-stage investor in alternative energy technology. He joined DOE after the Solyndra financing.

When the Obama administration announced financing for Solyndra in 2009, the company was only four years old, and had been shipping solar panels for about a year. Officials said the administration was eager to stimulate the economy and spur green energy start-ups. Energy Secretary Steven Chu promised the package alone would create more than 4,000 jobs.

One year later, in March 2010, the signs were not so encouraging. Solyndra's accountant, PricewaterhouseCoopers LLC, wrote in an audit being prepared for an initial public offering: "The Company has suffered recurring losses from operations, negative cash flows since inception and has a net stockholders' deficit that, among other factors, raise substantial doubt about its ability to continue as a going concern." Solyndra has since boosted revenues, though some analysts remain skeptical about its long-term prospects.

Two months later, in May 2010, **President Obama visited** Solyndra's Fremont plant and heralded the project as "a symbol of promise" for the loan program.

A month after Obama's visit, Solyndra canceled its planned IPO.

The loan guarantee agreement was among 10 **examined by the GAO** last year, and Congress' investigative arm privately singled out Solyndra as one of five applications that had received conditional approvals before outside experts had

Solyndra Inc., a California solar firm backed by an Obama fundraiser. But instead of picking a winner, the government backed a loser. The firm failed, putting more than 1,000 people out of work and taxpayers on the hook for \$535 million. Among questions now: Did the White House unduly influence the process? Did the Energy Department rush its first commitment, ignoring warning signs about the company's viability? Will this failed project cost Obama?

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Recurring red flags failed to slow Obama administration's race to help Solyndra



Obama-backed solar firm collapses after big federal loan guarantee



Green bundler with the golden touch



Chu denies 'undue political influence' in Solyndra loan



Energy Dept. offered to put private investors ahead of taxpayers if Solyndra went bankrupt



Emails show Energy Dept. sought to hide Solyndra layoffs until after 2010 elections

Donor warned Obama that Solyndra 'could haunt him'

By **Matthew Mosk** and **Ronnie Greene** October 3, 2011

New White House emails show a top donor to Barack Obama was in direct contact with one of the president's closest advisers about the federal energy loan program, the latest disclosure underscoring the closeness between the



finished vetting the deals. The GAO did not identify the companies, but said the Energy Department had “treated applicants inconsistently, favoring some and disadvantaging others.” administration and bundlers with a stake in Energy Department funding.

ABC and *iWatch News* pieced together a fuller picture of the circumstances and identified the companies involved. The Energy Department confirmed that Solyndra and two other projects were those cited in the GAO report.

The vetting of applicants for government financial packages is not merely a technical, bureaucratic concern. “If you don’t have really strong processes in place, and if you’re under pressure to get a lot of these dollars allocated, you can make unproductive decisions and ones that ultimately put taxpayers’ dollars at risk,” said Rusco, director of the GAO’s natural resources and environment team.

The GAO audit said the rules are clear: Before the Energy Department makes a conditional commitment to guarantee a loan, its “procedures call for engineering, financial, legal, and marketing reviews of proposed projects as part of the due diligence process for identifying and mitigating risk.”

Those reviews are meant to form a full portrait of a project’s strengths and potential weaknesses. The legal review explores everything from the equity stake of individual partners to the fine-point details of contracts. The marketing review is crucial in determining a project’s potential to make sales and build a customer base.

In announcing the Solyndra loan guarantee, the Energy Department noted in a public statement that before offering conditional commitments, the government “takes significant steps to ensure risks are properly mitigated” and undertakes “a thorough investigation and analysis of each project’s financial, technical and legal strengths and weaknesses.”

Yet when Chu announced conditional approval for Solyndra that March, neither the legal nor marketing reviews had been finalized, *iWatch News* and ABC have learned. For Solyndra, the marketing review had special relevance because of the financial troubles that soon surfaced.

Energy officials say they felt they had enough marketing information in hand to proceed. “We had an extensive market analysis conducted prior to the conditional commitment for Solyndra which was updated and finalized prior to closing,” spokeswoman Stephanie Mueller wrote in an email.

Energy Department loan director Silver said Solyndra and two other projects secured conditional commitments without completed legal reviews, which can cost companies thousands of dollars. Red River Environmental Products LLC obtained a \$245 million loan guarantee to build an activated carbon manufacturing facility in Red River Parish, La., and a project to build two new nuclear reactors in Burke, Ga., received an \$8.3 billion guarantee. That project involves Georgia Power Company, Oglethorpe Power Corporation and the Municipal Electric Authority of Georgia.

Silver called the decisions to make conditional commitments without full legal reviews routine, and said the arrangements did not subject taxpayers to heightened risk. By the time of the Solyndra closing, six months after Chu’s announcement, he said, all required reviews had taken place.

“A conditional commitment is only an interim step to a loan guarantee. It is not a loan guarantee itself,” said Silver. “Final legal reports would not be expected at conditional commitment. It would only be expected at final close.”

A conditional commitment along with an announcement of financial support from the Energy Department can help startup clean tech firms attract more investors — and distance themselves from competitors lacking the government’s stamp of approval. Final approvals, virtually assured, are granted at closing. By then, companies have already banked on the financial momentum of the agency’s guarantee: The department routinely issues press releases touting its conditional commitments.

Energy boasts of “aggressive timeline” on loan guarantee

Obama's desire to shift the nation into more environmentally friendly sources of energy while creating jobs during a recession have fueled a raft of projects involving billions of federal dollars.

Against that backdrop, Solyndra was to be an early prototype for government-boosted private sector innovation. The company was the first recipient of an energy loan guarantee through the Obama administration's \$787 billion package of economic stimulus programs. It was the Energy Department's first loan guarantee since the 1980s.

There's a long history of federal support for energy exploration. Under past administrations most of those benefiting were from the oil and gas industries. Back room meetings in 2001 between then-Vice President Dick Cheney's energy task force and top oil executives exemplified what many regarded as coziness between government leaders and Big Oil. When Obama took office, he pledged to help the U.S. pull away from dependence on traditional energy.

When announcing the Solyndra loan guarantee two months after Obama took office, the Energy Department boasted of its speed. Secretary Chu had set a target of May — three months into his own tenure — to announce his initial loan commitment, "but today's announcement significantly outpaces that aggressive timeline," the Energy Department noted in a [press release](#).

"Secretary Chu credited the Department's loan team for their work accelerating the process to offer this conditional commitment in less than two months, demonstrating the power of teamwork and the speed at which the Department can operate when barriers to success are removed," it said.

That financing came at a time the Department of Energy was thin on staffing in its loan office. When Obama took office in January 2009, the energy loan office had just 15-20 people, director Silver said. Now, he said, it boasts 175 and a rigorous application screening process.

To close the loan, Chu said Solyndra had to meet an equity commitment. It took months to happen. Among the key backers of the \$198 million raised: Oklahoma oilman Kaiser's Argonaut Private Equity, as well as Madrone Capital Partners, a private investment firm affiliated with S. Robson Walton, chairman of Wal-Mart Stores Inc.

Kaiser's Argonaut Private Equity and its affiliates were the largest shareholder of Solyndra as it pushed for the IPO. Kaiser's firm remains a "significant financial backer of Solyndra," Solyndra spokesman David Miller confirmed. The Oklahoma oil magnate hosted a 2007 Tulsa fundraiser for Obama and regularly visits White House staff, visitor logs show.

"I don't think anybody said we didn't go through the full process. After the conditional commitment we still went through extensive due diligence. It was still a competitive process," Miller said. "We applied for the loan guarantee in 2006. It was awarded three years later. It was not like something was done to make this thing really fast. It was a long, arduous process."

The payoff came with financing that bankrolled a manufacturing plant for the company's proprietary panels for the commercial rooftop market. The loan guarantee helped trigger 3,000 construction jobs to build the new plant and promised to create another 1,000 fulltime jobs once it was fully operating. "This investment is part of President Obama's aggressive strategy to put Americans back to work and reduce our dependence on foreign oil by developing clean, renewable sources of energy," Secretary Chu said. "We'll rely on America's innovation, America's resources, and America's workers."

In September 2009, the deal officially closed, with Solyndra using the \$535 million loan guarantee from the U.S. Treasury's Federal Financing Bank to fund construction of the so-called Fab 2 factory, headquarters and customer demonstration facility. Under the terms, taxpayers pick up the tab if the borrower defaults.

At groundbreaking, Chu and then-California Gov. Arnold Schwarzenegger were on hand. "This announcement today is part of the unprecedented investment this administration is making in renewable energy and exactly what the Recovery Act is all about," said Vice President Joe Biden, appearing via satellite from Washington.

“The promise of clean energy isn’t just an article of faith — not anymore,” Obama told Solyndra workers eight months later. “The future is here.”

Yet Solyndra ran into trouble amid analyst concerns its manufacturing costs were too high. It laid off nearly 180 workers, most of them part-time, as it shuttered another plant and cancelled the IPO.

This year, the Energy Department agreed to a restructuring that pushed back the date on which it will repay lenders. Silver said the modification “was an effort on our part to ensure we had the tightest and best structured project.”

He said early hiccups are not unique for such projects and that the company will prove successful. “I have never seen a company go straight up without a bump along the way,” Silver said. “I have no doubt they will continue to hire more people.”

Despite speed, officials dispute taking shortcuts

During interviews and email exchanges with *iWatch News* and ABC News, Energy Department officials and independent government auditors told two different versions of exactly when the outside reviews are required — and on the significance of the timing. While the GAO questioned the department for green-lighting loan guarantee commitments without all reviews in hand, energy officials say they have discretion to complete those reports in time for closing.

The GAO **noted** that the advantages of bypassing the outside reviews were significant, “allowing these applicants to receive conditional commitments before incurring expenses that other applicants were required to pay.” It added, “DOE has treated applicants inconsistently. Although our past work has shown that agencies should process applications with the goals of treating applicants fairly and minimizing applicant confusion, DOE’s implementation of the program has favored some applicants and disadvantaged others in a number of ways.”

The Energy Department’s own documents spell out the importance of the pre-approval scrutiny. “Because each project will be unique and each loan guarantee potentially subjects the Federal government to significant financial liability,” an official notice says, “DOE plans to engage in a rigorous review of a proposed project before determining whether it may be eligible for a Loan Guarantee Agreement and subsequently approving and issuing loan guarantees.”

For its part, Solyndra said the outside legal review was a small matter. “My understanding was it was a procedural thing, there was a step that ... happened later,” said Miller. “My understanding is it just had to do with the timing of a form.”

The company has yet to turn a profit. But Miller said Solyndra’s outlook remains bright, and predicted the company would be cash positive by the end of the year. He said Solyndra has 321 more jobs today than at the time of the loan, has already met the 3,000-force construction goal and aims to attain the long-term hiring benchmark. “As we go cash positive, if you were to get that auditor’s opinion today, it would tell a different story,” he said.

Some analysts are far from convinced.

“If anything, they’re still swimming upstream in a very competitive market,” said **Shyam Mehta**, senior solar analyst at Greentech Media Research.

“The outlook for them has improved relative to, say, a year ago when they had to cancel their IPO or six months ago when they had to close their factory, but it doesn’t mean they are out of the water,” Mehta added. “Their viability is far from resolved, and I think it’s a real risk the company would at some point face the threat of insolvency. I don’t want to be extreme about that, but it is a definite possibility when you are competing in the global market.”

Mehta has long raised questions about the company’s manufacturing costs in a world market where China offers stiff competition. He said Solyndra has focused on cutting those costs, but that there’s no assurance the company — or the government loan guarantee — will prove successful.

“There’s a lot at stake here, not just for Solyndra,” Mehta said. “This is going to be held up as a cautionary tale if things don’t work out for Solyndra. People are watching very closely from all angles.”

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Jim Gair · ★ Top Commenter · Kilauea, Hawaii

WOW! A big Oil Billionaire named Kaiser was a huge Obama supporter and heavily involved in this scam loan of our tax \$\$\$. How does that happen when guys like kaiser are on Obama's hit list at every speech? Just think about all the folks that would have lost even more \$\$\$ if the IPO ever got off the ground, and why was Van Jones' name not even mentioned in this entire story when he was the "Green Jobs Czar" for Obama at the time this loan got rammed through? Chu will have to chew on those 4,000 jobs he promised it appears.

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Albert Flangas · Las Vegas, Nevada

16 months and counting.

Reply · 2 Likes · September 10, 2011 at 9:20am



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2012 Cant come soon enough.

Reply · 1 Like · September 8, 2011 at 2:58pm



Derrick Strain · Columbus, Ohio

1/2 illion dollars gone? lost? squandered?.....nooooo,skimmmmmmed n stashed, aka STOLE!!!

Reply · Like · September 8, 2011 at 3:05pm



Bob Phelps · Wright State University

This is another chilling example of the Obama's administratons arrogance and attitude that it is above the law. PLEASE remember this in 2012.

Reply · 1 Like · September 1, 2011 at 7:43am



Joe Manzo · ★ Top Commenter · Freelance Graphic & Web Designer at J. Manzo Design

C'mon Obamaniacs. We know you've got hundreds of excuses, justifications and villians lined up as to why this didn't really work out. Maybe is was more "bad luck," or events that were "unexpected," or, I know, it was racist, tea-party terrorists who thwarted your green dreams.

There really is no excuse for this reckless waste of \$535,000,000.000 tax dollars. Not that this administration would have found anything useful to do with the money anyways. Just sayin'...

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Did Obama Administration Cut Corners For a Green Energy Company?



President Obama, center, is given a tour of Solyndra by Executive Vice President Ben Bierman, right, as Chief Executive Officer Chris Gronet, left, walks alongside at Solyndra Inc. in Fremont, Calif., May 26, 2010. The Energy Department in March... (Paul Chinn/Pool via Getty Images) [View Full Caption](#)



By MATTHEW MOSK and RONNIE GREENE
ABC NEWS and IWATCH NEWS
May 24, 2011

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The Obama administration bypassed procedural steps meant to protect taxpayers as it hurried to approve an energy loan guarantee to a politically-connected California solar power startup, ABC News and the Center for Public Integrity's iWatch News have learned.

The Energy Department in March 2009 announced its intention to award Solyndra Inc. a \$535 million loan guarantee before receiving final copies of outside reviews typically used to vet such deals. An independent federal auditor who has reviewed the energy loan program said moving so quickly without completing thorough reviews risked exposing the program to claims of political influence and put taxpayers at greater risk.

"There's a consequence if you don't follow a rigorous process that's transparent," said Franklin Rusco, an analyst with the Government Accountability Office. "It makes the agency more susceptible to outside pressures, potentially."

The Solyndra loan guarantee, advertised by the administration as part of its signature effort to create jobs while weaning the U.S. from

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traditional energy sources, already has drawn scrutiny on Capitol Hill. Republican members of the House Energy and Commerce Committee have requested documents from the Energy Department as part of an investigation into how the company qualified for government support and then, a year later, closed a plant, laid off workers, and eventually had to renegotiate the terms of the loan guarantee. The shortcuts at the dawn of the deal identified by government auditors have stoked more questions.

READ the full story from iWatch News.



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Energy Department officials said their analysts had gathered more than enough information to bet on Solyndra. They said politics played no role, and they did not give Solyndra or any other company special treatment.

"All applicants within any solicitation are treated the same way," said Jonathan Silver, executive director of the Energy Department's Loan Programs Office, which oversees the administration's \$90 billion in spending on promising alternative energy and on green automobile projects.

The loan guarantee, the administration's first for a clean energy project, benefited a company whose prime financial backers include Oklahoma oil billionaire George Kaiser, a "bundler" of campaign donations. Kaiser raised at least \$50,000 for the president's 2008 election effort.

Several political allies of the president have ties to companies receiving Energy Department loans, grants or loan guarantees. For instance, the venture firm of another top Obama bundler, Steve Westly, has financially supported companies that won more than half a billion dollars in energy grants and loans during President Obama's time in office, [iWatch News and ABC News reported in March](#). Relatively few applicants succeed in winning such benefits. The Energy Department said every one of those awards was won on merit.

When the Obama administration announced financing for Solyndra in 2009, the company was only four years old, and had been shipping solar panels for about a year. Officials said the administration was eager to stimulate the economy and encourage green energy start-ups. Energy Secretary Steven Chu promised Solyndra's package alone would create more than 4,000 jobs.

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One year later, in March 2010, the signs were not so encouraging. "The Company has suffered recurring losses from operations, negative cash flows since inception and has a net stockholders' deficit," is how

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Solyndra's accountant, PricewaterhouseCoopers LLC, assessed its financial status in an audit being prepared for an initial public offering. Those factors, it stressed, "raise substantial doubt about its ability to continue as a going concern."

Solyndra has since boosted revenues, though some analysts remain skeptical about its long-term prospects.

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Obama-backed solar firm collapses after big federal loan guarantee



President Obama smiles during a tour of a Solyndra solar panel factory. Paul Chinn/AP

Instead of creating jobs, heralded renewable energy firm puts people out of work. For how much will taxpayers be on the hook?

By **Ronnie Greene** and **Matthew Mosk** 4:53 pm, August 31, 2011 Updated: 5:59 pm, October 20, 2011

Solyndra Inc., a renewable energy firm that became a darling of the Obama Administration, shut the doors of its California headquarters Wednesday, raising fresh questions from critics about political favoritism and wasted money in the federal loan program.

The manufacturer of rooftop solar panels opened its doors in 2005, and in 2009 became the first recipient of an Obama administration energy loan guarantee – a \$535 million federal commitment that helped minimize the risk to venture capital

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firms backing the solar start-up. Obama visited the factory last year to herald its future.

“The promise of clean energy isn’t just an article of faith — not anymore,” Obama told Solyndra workers then. “The future is here.”

The government loan guarantee was supposed to spur 1,000 fulltime jobs once Solyndra’s solar plant was fully operating. Instead, the company announced Wednesday it intends to file for Chapter 11 bankruptcy and that 1,100 full and part time employees had been laid off “effective immediately,” without severance. Some said they no longer have health insurance, either.

Now, the company’s collapse is sure to rekindle questions about how well the Energy Department vetted the deal before putting taxpayer dollars on the table – and about whether the public will have to pick up the \$535 million tab. The full bill may not be clear until bankruptcy proceedings. How much taxpayers and other creditors recover could depend on the total value of the company’s assets.

The Center for Public Integrity’s *iWatch News* and ABC News first reported on questions about the Solyndra loan in May, after the Energy Department disclosed it was being forced to restructure its loan package for the company. One of Solyndra’s major investors was George Kaiser, an Oklahoma billionaire who raised between \$50,000 and \$100,000 for Obama during the 2008 election.

The news reports revealed that DOE had issued a conditional commitment to back Solyndra in 2009 without first receiving full marketing or legal reviews. That shortcut drew the attention of government auditors, who feared the Energy Department was putting taxpayer dollars at risk as it rushed to announce Obama’s maiden energy loan guarantee in March 2009.

The Energy Department itself had boasted of its quick movement in handing Solyndra the highly sought after backing. Energy Secretary Steven Chu had initially set a target of May 2009 to unveil the department’s first loan guarantee, “but today’s announcement significantly outpaces that aggressive timeline. Secretary Chu credited the Department’s loan team for their work accelerating the process to offer this conditional commitment in less than two months, demonstrating the power of teamwork and the speed at which the Department can operate when barriers to success are removed,” the department said then.

VIDEO: White House-backed solar energy company collapses



Watch [ABC News](#)' report on our investigation into a politically-connected solar firm that collapsed after receiving a \$535 million loan guarantee from the Obama administration.

Solyndra



As part of the 2009 job-creating stimulus, the government has committed nearly \$40 billion to clean energy projects. The first loan guarantee went to Solyndra Inc., a California solar firm

backed by an Obama fundraiser. But instead of picking a winner, the government backed a loser. The firm failed, putting more than 1,000 people out of work and taxpayers on the hook for \$535 million. Among questions now: Did the White House unduly influence the process? Did the Energy Department rush its first commitment, ignoring warning signs about the company’s viability? Will this failed project cost Obama?

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Green bundler with the golden touch

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Officials at the Energy Department told *iWatch News* and ABC that it used objective factors in selecting Solyndra and received all due diligence before closing the deal.



Chu denies 'undue political influence' in Solyndra loan



President Obama **visited Solyndra** in May 2010, heralding the company as "leading the way toward a brighter and more prosperous future." He also cited it as a success story from the government's \$787 billion economic stimulus package. "Less than a year ago, we were standing on what was an empty lot. But through the **Recovery Act**, this company received a loan to expand its operations," Obama said at the time. "This new factory is the result of those loans."



Energy Dept. offered to put private investors ahead of taxpayers if Solyndra went bankrupt



Emails show Energy Dept. sought to hide Solyndra layoffs until after 2010 elections

Solyndra and the White House initially estimated that government financing for Solyndra would help create 4,000 jobs. The company had received at least \$475 million and created just 585 jobs, according to the **most recent figures** posted on Recovery.gov, which tracks Recovery Act projects. Solyndra argued that it created several thousand temporary construction jobs while its plant was built.

On Wednesday the department released a statement on its web site blaming changing economics in the industry – including a major push by Chinese firms to drive down solar panel prices – for the company's collapse. "Changing economics have affected a number of solar manufacturers in recent months, including unfortunately, Solyndra, a once very promising company that has increased its sales revenue by 2000 percent in three years and sold more than 1000 installations in 20 countries," the Energy Department web post states. "As a result, Solyndra now plans to suspend its manufacturing operations and file for bankruptcy protection."

The department also sought to emphasize that the Solyndra loan guarantee "was pursued by both the Bush and Obama Administrations."

However it was the efforts of Obama's energy team that first caught the attention of government auditors.

Last year, the Government Accountability Office issued an unusually blunt assessment of the Energy Department's loan program, concluding that the department had "treated applicants inconsistently, favoring some and disadvantaging others." The report did not name companies, but iWatch and ABC disclosed that Solyndra was among those cited for receiving preferential treatment.

The author of the GAO report, Franklin Rusco, said in an interview that Energy Department officials used an opaque process to select loan recipients. He said the agency could not, or would not, explain why some companies were given a quick green light for approval, while others waited years for a response.

"I think it's problematic," Rusco said. "I think they need to have a systematic, transparent and equitable process. And I think if they're not seen to have that, it's going to create issues, it's going to create perception problems. And there may be real problems underlying this as well that we haven't uncovered yet."

This year, the House Committee on Energy and Commerce launched an investigation into the loan program – with a sharp focus on the guarantee to Solyndra.

On Wednesday, the committee released a statement saying Solyndra's failing only confirms some members' fears – and likely comes with a heavy price for taxpayers.

"We smelled a rat from the onset. As the highly celebrated first stimulus loan guarantee awarded by

DOE, the \$535 million loan for Solyndra was suspect from day one,” said the statement from House Energy and Commerce Committee Chairman Fred Upton (R-Mich.) and Oversight and Investigations Subcommittee Chairman Cliff Stearns (R-Fla).

“It is clear that Solyndra was a dubious investment, but DOE doubled down in March of this year and restructured the loan, possibly further increasing taxpayers’ liability. That is a question we want answered. In this time of record debt such disregard for taxpayer dollars cannot be tolerated.”

The committee recently subpoenaed the Office of Management and Budget for thousands of pages of records on the loan guarantee, and the budget office agreed to turn over the records. Its investigation will likely gain even more significance with the news of Solyndra’s financial breakdown.

Just last month, Solyndra President and CEO Brian Harrison came to Washington to meet with members of Congress and journalists to tout the company’s successes.

On Wednesday, the company released a statement citing market conditions for its pending bankruptcy. “We are incredibly proud of our employees, and we would like to thank our investors, channel partners, customers and suppliers, for the years of support that allowed us to bring our innovative technology to market.”

Its statement did not mention the \$535 million loan guarantee from the Department of Energy.

“We have always recognized that not every one of the innovative companies supported by our loans and loan guarantees would succeed, but we can’t stop investing in game-changing technologies that are key to America’s leadership in the global economy,” Energy Department spokesman [Dan Leistikow](#) wrote Wednesday.

For months before Wednesday’s announcement, [iWatch News](#) and ABC News have disclosed significant questions about the DOE’s financing to a company whose financial backers include Obama bundler Kaiser. The Oklahoma oil billionaire has declined interview requests.

Last month, [iWatch News reported](#) that Obama’s Office of Management and Budget viewed the loan guarantee as a greater risk to taxpayers than the Department of Energy had. That assessment forced the government to set aside millions more in case of a company default.

The company’s troubles also have caught the attention of some industry analysts, who have said for more than a year that Solyndra would have difficulty competing on a world stage in the solar panel market.

“There’s a lot at stake here, not just for Solyndra,” [Shyam Mehta](#), senior solar analyst at Greentech Media Research, said in a May interview. “This is going to be held up as a cautionary tale if things don’t work out for Solyndra. People are watching very closely from all angles.”

Still, even Mehta was surprised by Solyndra’s rapid fall. In an interview Wednesday, Mehta said he didn’t expect the fall “to unfold so quickly or so soon.”

“It’s been a much speedier kind of unfolding of events than we originally witnessed. We definitely did not expect to see Solyndra go out of business in August 2011,” he said.

With the collapse, Mehta said, key questions resurface: Who from the government was responsible for examining Solyndra’s prospects in the global marketplace? How fully did the U.S. explore potential risks before backing the half billion dollar guarantee?

“All these questions have been asked. And they will be asked, and should be asked, again,” Mehta said.

And now, another question looms: To what extent is the public on the hook with Solyndra’s collapse? The OMB referred calls Wednesday to the Department of Energy. A DOE spokesman did not answer the question.

The *San Jose Mercury News* described the scene at Solyndra's California headquarters: "A stream of workers steadily filed out of the building as they lugged boxes packed with their belongings. Security guards steered them to a specific building to receive dismissal notices."

The newspaper described the experience of one worker, Matthew Henry, who had just purchased a new car and signed a lease on an apartment. Other employees said their health insurance had been canceled. "It's devastating," Henry told the *Mercury News*. "There was no compassion."

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Yeah, political favoritism. Just like the Cheney closed door energy meetings.

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Timothy Hagan · Researcher at Duracell

You mean with Halliburton and government contracts that it won years before Cheney was in office?

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Sounds like an educrat opinion to me. Please don't interfere in the real world - you have no clue.

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Lisa Cox · Graduate Research Assistant at University of Wyoming

No, I mean the closed door meetings. It is too bad a company folded when people need jobs. I am a person who needs a job, too, not an "educrat." YOU have no clue.

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'Connected' Energy Firm Got Lowest Interest Rate on Government Loan



A worker moves completed cylindrical shaped solar cell modules at the Solyndra Inc. manufacturing facility in Fremont, California, in this Nov. 23, 2010 file photo. (Ken James/Bloomberg/Getty Images)



By RONNIE GREENE and MATTHEW MOSK
iWATCH NEWS and ABC NEWS
Sept. 7, 2011

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A **politically connected solar company** that pocketed a half billion dollar government loan, only to shut its doors, fire workers and file for bankruptcy, benefited from a series of breaks in securing the federal funds -- including an interest rate lower than other green energy projects, iWatch News and ABC News found.

The \$535 million loan to **Solyndra Inc.**, issued by the U.S. Department of Treasury's Federal Financing Bank, included a quarterly interest rate of 1.025 percent, the government bank reported in July. Of 18 Energy Department loans cited in the bank's report, Solyndra's rate was lowest. Eight other Energy Department projects, each also backed by the Federal Financing Bank, came with rates three or four times higher, the report shows.

That treatment is in keeping with the history of the loan to the California solar panel maker, an arrangement inked in September 2009 with great fanfare -- and touted, not long after, during a factory visit from the president. Monthly government bank reports filed since then reveal Solyndra's rate as the lowest for any energy-related project in nearly every report; in every case its rate was well below that of most

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energy projects, which ranged from cutting-edge electric car makers to wind and solar ventures.



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Solar Energy Company to File for Bankruptcy [Watch Video](#)

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Department of Energy officials said the rates for all of its green energy loans were set by the bank using a formula, and Solyndra's favorable terms were not the result of special treatment.

"All borrowers under the [government loan guarantee] program receive the same treatment," Energy Department spokesman Damien LaVera wrote to iWatch and ABC News in response to questions.

READ the Energy Department's Full Response

Solyndra spokesman David Miller agreed, saying Tuesday that the interest rate was based on hard data -- such as when the loan was granted and the length of the repayment period. Solyndra's loan was for seven years, he noted, while other energy loans would have longer repayment periods. Miller pointed to a Treasury spreadsheet showing rates for 20- and 30-year loans are higher than those that are to be repaid in seven.

"It depends on the terms you negotiated," Miller said. "You'd have to look at each one of those other companies and see what their term was and that would probably

explain to you what the difference would be."

But records show the advantageous terms came in spite of red flags about the risks of investing in Solyndra. In 2008, as the loan agreement was moving forward, an outside rating agency gave the deal with a B+ grade, a less than optimum score, according to records obtained by iWatch and ABC under the Freedom of Information Act. That same year, the records show, Dun & Bradstreet assigned the company's credit appraisal as "fair."

Analysts say there were warning signs about the deal from the start, when Obama's Department of Energy pitched its first energy loan guarantee as a symbol of the expanding green tech movement. Yet the administration repeatedly took steps that would seem to benefit Solyndra: the Department of Energy announced its loan commitment before all due diligence was completed -- later raising concerns from auditors; the president made a personal visit to tout the company's prospects; and the department agreed to grant Solyndra fast-track approval.

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Recurring red flags failed to slow Obama administration's race to help Solyndra



Solyndra HQ - in better days, before Obama-backed solar firm's spectacular collapse. Paul Sakuma/AP

Benefits kept flowing to campaign fundraiser's startup investment: Money, low lending rates - and a presidential visit

By **Ronnie Greene** 6:00 am, September 13, 2011 Updated: 18 hours, 2 minutes ago

Time and again, the government handed breaks to Solyndra Inc., an upstart California solar panel firm backed by a major supporter of the president.

And, time and again, benefits flowed from Washington despite warning signs that the government's \$535 million investment was a risky bet, at best.

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The bill for that risk is yet to fully come due, as a criminal investigation expands into whether the company misled the government about its financial health in securing its half billion dollar reward, and in landing a favorable loan refinancing earlier this year.

At the least, taxpayers will lose a chunk of their investment in bankruptcy proceedings. More than 1,100 Solyndra workers already have faced consequences; when the company collapsed Aug. 31, they were fired on the spot.

A deeper political storm has now formed and shows signs of intensifying. The president is facing broadsides about Solyndra from the GOP, criticism sure to escalate as the 2012 election nears. Obama touted the company in a visit to its plant last year, two months after Solyndra's own auditors raised striking questions about the company's viability. Wednesday, a House panel investigating the loan is summoning witnesses, and Democrats have joined Republicans in asking questions.

An *iWatch News* dissection of the financing – based on records, interviews and documents obtained under the Freedom of Information Act – shows that Obama's Energy Department pressed forth in the face of abundant red flags in awarding its maiden green energy financing. Money approved – even as outside rating agencies assessed the company as speculative. Public announcements heralding the project – before all due diligence was in hand. A presidential visit – even as company auditors questioned Solyndra's future. A rock bottom interest rate and refinancing – for a company far from a sure bet in the industry.

From the start, evidence suggests the government-backed venture was far from a sure thing.

"The general perception was that that company was not going to stay in business for a long time," said M.J. Shiao., an analyst in solar markets for GTM Research, a firm of analysts and strategic consultants focused on the clean technology industry, which has been championed by President Obama. "They were both a technology risk in that this was a new technology," he added, "and they were a finance risk as well."

First signs came in 2008, as Solyndra, then just three years old, pushed ahead with its application for government backing to build a new plant to produce its unique solar panels. An outside rating

Missed warning signs: A Solyndra timeline

By **Ronnie Greene** September 13, 2011

House investigators plan a hearing Wednesday to explore questions about the Department of Energy's loan guarantee to Solyndra Inc., a California solar panel firm that secured a \$535 million government loan but just fired 1,100 workers and filed for bankruptcy.



Solyndra investigation expands as agents visit executives' homes

By **Ronnie Greene and Matthew Mosk** September 9, 2011

Federal agents have expanded their examination of the now-bankrupt California solar power company Solyndra, visiting the homes of the company's chief executive, a founder, and a former executive.



Solyndra



As part of the 2009 job-creating stimulus, the government has committed nearly \$40 billion to clean energy projects. The first loan guarantee went to Solyndra Inc., a California solar firm

backed by an Obama fundraiser. But instead of picking a winner, the government backed a loser. The firm failed, putting more than 1,000 people out of work and taxpayers on the hook for \$535 million. Among questions now: Did the White House unduly influence the process? Did the Energy Department rush its first commitment, ignoring warning signs about the company's viability? Will this failed project cost Obama?

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agency, Fitch, gave Solyndra a B+ credit rating that August. Two months earlier, in June 2008, Dun & Bradstreet issued a credit appraisal of the company. Its assessment: "Fair."

Those are not top of the line scores. Fitch Ratings spokeswoman Cindy Stoller said she could not discuss the Solyndra review specifically, but said of a B+ rating: "It's a non-investment grade rating." She provided a company ratings definition, showing that B+ falls between a "highly speculative" B and "speculative" BB.

Asked about those ratings, and how significantly the department viewed the risk, energy officials said Monday the department conducted "extensive due diligence" on the application, which included consideration of the Fitch rating.

"We believed the rating, which is used to inform our analysis of potential risks associated with the loan, was appropriate for the size, scale and innovative nature of the project and was consistent with the ratings of other innovative start-up companies," said spokesman Damien LaVera.

Seven months after the Fitch rating, Solyndra landed its prized support. In March 2009, Energy Secretary Steven Chu announced that his department's first guarantee, of \$535 million, was going to Solyndra. The loan would be provided by the Treasury Department's **Federal Financing Bank**, with the Energy Department guaranteeing the issue in case of default.

Bottom line: Taxpayers were bankrolling the young company's venture.

For the green energy movement, this was a vital moment. Obama came to office vowing to boost innovative technologies, a pitch with a two-pronged benefit of aiding the environment and the economy. Chosen as the first recipient of that energy backing, Solyndra was in the spotlight. The half-billion-dollar loan allowed Solyndra to build its so-called "Fab 2" plant and rapidly escalate production of its panels.

An Energy Department press release issued that March made clear how quickly the new administration moved to issue that support.

"Secretary Chu initially set a target to have the first conditional commitments out by May - three months into his tenure - but today's announcement significantly outpaces that aggressive timeline," the Energy Department



Obama-backed solar firm collapses after big federal loan guarantee



Green bundler with the golden touch



Chu denies 'undue political influence' in Solyndra loan



Energy Dept. offered to put private investors ahead of taxpayers if Solyndra went bankrupt



Emails show Energy Dept. sought to hide Solyndra layoffs until after 2010 elections

Bundlers on the inside

By **Ronnie Greene, Matthew Mosk and Ronnie Greene**
September 29, 2011

Several of Barack Obama's top campaign supporters went from soliciting political contributions



to working from within the Energy Department as it showered billions in taxpayer-backed stimulus money on alternative energy firms. One of them was Steven J. Spinner, a high-tech consultant and investor in energy companies. He became a key loan program advisor while his wife's law firm represented a number of the companies that had applied for loans.

Donor warned Obama that Solyndra 'could haunt him'

By **Matthew Mosk and Ronnie Greene** October 3, 2011

New White House emails show a top donor to Barack Obama was in direct contact with one of the



statement said. "Secretary Chu credited the Department's loan team for their work accelerating the process to offer this conditional commitment in less than two months, demonstrating the power of teamwork and the speed at which the Department can operate when barriers to success are removed."

president's closest advisers about the federal energy loan program, the latest disclosure underscoring the closeness between the administration and bundlers with a stake in Energy Department funding.

Yet that quickened pace came with a costly shortcut. The department made the announcement before final marketing and legal reviews were in hand – an omission Government Accountability Office auditors chided, in **a 2010 report**, as the type of shortcut that showed favoritism and put taxpayers at risk.

The GAO did not name the companies involved, but *iWatch News* and ABC News, as part of an ongoing exploration of the connections between green energy contracts and politically active investors, disclosed in May that Solyndra was among those case studies cited in its report.

"We believe that all the steps of the due diligence process, especially these main reports, are obviously very important to be able to appropriately assess risk," Frank Rusco, the GAO auditor who authored the 2010 report, said in an interview. "It confers a benefit for them but also potentially opens the door to risk to taxpayers. There's a question about how well the department could have assessed the risk. Those steps are very important."

Recurring losses and negative cash flows

Analysts have long had questions, too, most notably about Solyndra's cost to manufacture its unusual cylindrical tubes – costs the industry found were significantly greater than competitors' more traditional panels.

"If you were going to a bank for a loan for your large solar installation, the last thing you want is to use a product from a company you don't think is going to stay in business. When you add those two risks together, Solyndra had a really uphill battle in front of it," said clean technology business analyst Shiao.

In interviews over the last several months, Energy officials have said they felt they were on firm ground in issuing the backing. Notably, they said, they received all due diligence in hand before closing the loan in September 2009. They said no applicants received favorable treatment, Solyndra included.

And, the Energy Department has noted that "sophisticated, professional private investors, who put more than \$1 billion of their own money behind Solyndra, came to the same conclusion as the Department: that Solyndra was an extremely promising company with innovative technology and a very good investment."

Buoyed by its government support, Solyndra made plans to go public. In December 2009, the company filed a **registration statement** with the Securities and Exchange Commission in preparation for an initial public offering of stock.

Yet in March 2010 came a dose of reality. Solyndra's own auditor, PricewaterhouseCoopers LLP, issued a report that questioned the company's viability.

"The Company has suffered recurring losses from operations, negative cash flows since inception and has a net stockholders' deficit that, among other factors, raise substantial doubt about its ability to continue as a going concern," PricewaterhouseCoopers wrote.

Two months later, in May 2010, President Obama traveled to Fremont, California to visit the new plant being built with taxpayer dollars.

Making no mention of the company's tenuous financial standing, Obama instead praised Solyndra as a symbol of progress.

"The true engine of economic growth will always be companies like Solyndra," **he said** to rounds of

applause from company workers, executives and California political leaders.

His visit, like the guarantee, was a major boost to a company founded in 2005. Scores of innovative companies seek government funding, but **only a fraction snare that prize**. Those that do separate themselves from the pack – and often lure in new investors, helping them even more.

Solyndra already had a heavyweight behind it: George Kaiser, an Oklahoma oil billionaire who raised **at least \$50,000** for Obama's 2008 campaign and is **a frequent visitor to the White House**. Through his corporate affiliates, Kaiser has long stood as Solyndra's single largest investor. When Solyndra filed **bankruptcy papers** earlier this month, it said Kaiser's Argonaut Ventures owned 39 percent of its parent company. Kaiser has not responded to interview requests since March.

Solyndra said political connections were not a factor. Administration officials noted that the company's initial application was filed under Bush, though it won fast-track approval from the Obama administration. Some top company executives and key investors, including Madrone Capital Partners, an investment firm affiliated with Wal-Mart Stores chairman Rob Walton, have supported GOP candidates.

In June 2010, a month after Obama's visit, Solyndra canceled its **IPO**. To outsiders, that was clear evidence the company continued to stand on shaky ground.

Soon, its top investors – and the Department of Energy – would rescue it once more.

In February 2011, Kaiser and other investors raised \$75 million to push the company forward. At the same time, the DOE refinanced its loan to push back the payoff date. Already, that loan carried a **rock bottom interest rate of 1 to 2 percent**. Now, the government was giving Solyndra room to breathe.

In interviews with *iWatch News* and ABC in May, Jonathan Silver, executive director of the Energy Department's Loan Programs Office, said the modification "was an effort on our part to ensure we had the tightest and best structured project."

According to an agreement between the Energy Department and Solyndra, in bankruptcy court investors including Argonaut will stand in line before the federal government and other creditors. After private investors recover \$75 million, the U.S. government would next have a chance to seek \$150 million of its investment.

With Solyndra hitting financial hurdles, Energy Department officials said they had a choice: See the company collapse, or back its original investment.

"In late 2010, Solyndra faced a cash flow crisis that is very common for innovative start-up companies that are growing quickly," LaVera wrote. "The Department reached an agreement with Solyndra that gave the company and its 1,100 employees a fighting chance to go forward."

As part of the restructuring, DOE started sending a representative to sit in on board meetings of Solyndra, ABC and iWatch News reported.

"As one of the conditions for agreeing to approve the restructuring of the loan, the Department gained observer status on the Solyndra board," LaVera wrote in response to questions last week.

Beyond confirming its "observer status," Energy Department officials did not answer questions about how many meetings officials attended, what they learned – and what they did about it.

Still, the status is significant. It means that, in the months leading to Solyndra's implosion, the Energy Department paid particularly close interest. If it saw problems privately, it was not sharing them publicly.

In the May interview, Silver still pitched the loan as a good bet for taxpayers. "I have never seen a company go straight up without a bump along the way," Silver said. "I have no doubt they will continue to hire more people."

Silver has not responded to interview requests in recent weeks. He is among the witnesses invited to appear at a House Energy and Commerce hearing scheduled for Wednesday.

A CEO's assertions - and congressional doubts

In July, as the House Subcommittee on Oversight and Investigations escalated its examination of DOE spending by focusing on Solyndra, company President and CEO Brian Harrison came to Washington, meeting with journalists and members of Congress. His pitch: Solyndra was on the way up.

He brought a slide presentation titled, "The Real Story About Solyndra."

And, **he wrote** to subcommittee chair Cliff Stearns (R-Fla.), ranking member Diana DeGette (D-Colo.) and other members of Congress about just how well Solyndra was doing, saying its revenues were skyrocketing and its shipments hitting record numbers.

"The company has experienced a total net direct employment increase of over 300 regular, full-time jobs since the DOE made its conditional commitment and Fab 2 planning began. The company continues to hire and grow as our Fab 2 manufacturing ramp continues," Harrison, named CEO a year earlier, wrote July 13.

David Miller, a Solyndra spokesman, said the company was hopeful it would land more financing to move forward. "When we were there, the circumstances of the company, business was good, we had record shipments. We had momentum in the marketplace," Miller said in an interview last week.

Little more than a month and a half after Harrison's letter, on August 31, Solyndra dismissed more than 1,100 full and part-time workers, leaving just a skeletal crew as it looks to sell its assets while in bankruptcy.

Now members of Congress – including Democrats who months earlier had voted against subpoenaing Obama's Office of Management and Budget for records on Solyndra – want to hear from Harrison. The OMB had reviewed the loan guarantee in 2009, and concluded the risk was greater to taxpayers than DOE had calculated, *iWatch News* disclosed.

The House committee has called the Solyndra CEO among its witnesses Wednesday.

"Less than two months ago, Mr. Harrison met with us and other Committee members to assure us that Solyndra was in a strong financial position and in no danger of failing," DeGette and Henry Waxman (D-Calif.) **wrote to Republicans** leading the investigation.

"At that time, he said the company was projected to double its revenues in 2011, there was 'strong demand in the United States' for its shipments, and the company was expected to double the megawatts of panel production shipped this year. These assurances appear to contrast starkly with his company's decision to file for bankruptcy last week."

They closed: "Any thorough examination of the Solyndra loan guarantee should include the opportunity to ask Mr. Harrison about his representations. He did not convey to us the perilous condition of the company and the Committee should know why."

That question – whether Solyndra misled the government about its financial health – appears central to the federal investigation now underway.

When FBI agents surprised Solyndra by showing up at its headquarters early last Thursday morning, seizing boxes of records, they were joined by agents from the Energy Department Inspector General. Federal agents also visited the homes of company CEO Harrison and two founders in an investigation still in its preliminary stages.

The IG's appearance is a clear signal the half billion dollar loan guarantee, announced with such fanfare but now plagued by a trail of failed promises, is key to the mushrooming investigation.

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White House kept close tabs on Solyndra loan, internal emails show



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Adolph Connard

I hope the investigation into this incident helps bring to light what I believe is a much larger story. Many of these "green" companies have sprung up since the capital infusion that came from the decision at the nation's largest pension fund, CalPERS, to steer over \$1.2 billion into the "green" industry. This was done under the direction of Phil Angelides, serving as ex-officio board member in 2004. The bulk of this money went to cherry picked private equity firms, in this case, Carlyle/Riverstone. Carlyle/Riverstone was targeting state pension plans across the country during this time, and bribing state officials for directing cash to their portfolios.

Reply · Like · September 13, 2011 at 9:10am



Adolph Connard

New York Attorney General Andrew Cuomo filed charges against Carlyle/Riverstone for their "activities" proccuring \$730 million from the New York Common Retirement fund, by bribing NY Controler Alan Hevesi, and Carlyle/Riverston settled by paying \$30 million in 2009. It is said that a larger investigation may be taking place that involves state pension plans in 45 states.

Reply · Like · September 13, 2011 at 9:19am



Adolph Connard

Similar schemes are under investigation by California State Attorney General Harris (Remember "Bundler" Steve Westly? He was instrumental in her recent election) against ex CalPERS CEO Frederico Buenostro. The Apollo Management group (Leon Black) was able to obtain about \$4 billion of CalPERS funds working thru "placing agent" Alfred Villalobos.

Reply · Like · September 13, 2011 at 9:36am



Adolph Connard

Since leaving CalPERS, Mr. Angelides and Steve Westly both attempted the Governorship of California but failed against "Arnold." Mr. Angelides would start the Apollo Alliance. With the vast investment experience he has gained by working with such notable tycoons as Angelo Tsakopoulos, Paul Pelosi, and Steve Westly, and the proven resume of directing public investments to private equity, it is only logical that President Obama and Speaker Pelosi would turn to Mr. Angelides and the Apollo alliance for help drafting the American Revoverly Act of 2009.

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Bundlers on the inside



Department of Energy Secretary Steven Chu and Barack Obama address a Senate committee. AP

Top Obama fundraisers at Energy Department included an overseer of stimulus billions

By **Ronnie Greene, Matthew Mosk and Ronnie Greene** 8:30 am, September 29, 2011 Updated: 18 hours, 7 minutes ago

Several of Barack Obama's top campaign supporters went from soliciting political contributions to working from within the Energy Department as it showered billions in taxpayer-backed stimulus money on alternative energy firms, *iWatch News* and ABC News have learned.

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One of them was Steven J. Spinner, a high-tech consultant and investor in energy companies who raised at least \$500,000 for Obama. He became one of Energy Secretary Steven Chu's key loan programs advisors while his wife's law firm represented a number of the companies that had applied for loans.

Recovery Act records show Allison Spinner's law firm, **Wilson Sonsini Goodrich & Rosati**, received \$2.4 million in federal funds for legal fees related to the \$535 million Energy Department loan guarantee to **Solyndra**, a solar company whose financial meltdown has prompted multiple investigations. She pledged to take no portion of the money and did not work on the loan applications.

As House Republicans step up their probe of the Obama administration's green energy loan program in the wake of Solyndra's bankruptcy, a key focus – and open question – is whether the president's political supporters had any hand in influencing which companies received the taxpayer support.

"There is great concern over political influence contaminating the DOE loan guarantee program," said Rep. Cliff Stearns (R-Fla), who chairs the House Energy and Commerce's Oversight and Investigations Subcommittee. "The prevalence of fundraisers and bundlers scattered throughout DOE is cause for alarm and is a subject our investigation does not take lightly – we are looking into this and will see where it leads us."

The administration has repeatedly said that politics has played no role in deciding which companies received federal loans.

Spinner declined requests to be interviewed. Representatives for Spinner, his wife, and for the Energy Department all told *iWatch News* and ABC News that Spinner and his wife took elaborate steps to avoid conflicts between his government work and her legal work. Spinner obtained a waiver that promised he would not work on cases involving clients of his wife's firm. And she pledged not to take proceeds from her firm's work with companies that had applied for loans.

Damien LaVera, an Energy Department spokesman, described Spinner as someone who had "no role" in evaluating loan applications or selecting recipients.

Spinner described his job differently. His **online bio** for the Center for American Progress, the left-leaning think tank he joined after leaving the administration, states that he "helped oversee the more than \$100 billion of loan guarantee and direct lending authority" for the department's green-

Recurring red flags failed to slow Obama administration's race to help Solyndra

By **Ronnie Greene** September 13, 2011

Time and again, the government handed breaks to Solyndra Inc., an upstart California solar panel firm backed by a major supporter of the president.



Green bundler with the golden touch

By **Ronnie Greene and Matthew Mosk** March 30, 2011

In collaboration with ABC News, a look at how investor Steve Westly straddles venture capital, presidential fundraising and government advising illustrates how business, politicking and the public agenda intertwine in Obama's Washington.



Fundraiser for Obama urged Solyndra deal from the inside

By **Ronnie Greene and Matthew Mosk** October 7, 2011

An elite Obama fundraiser hired to help oversee the administration's energy loan program pushed and prodded career Energy Department officials to move faster in approving a loan guarantee for Solyndra, even as his wife's law firm was representing the California solar company, according to internal emails made public late Friday.



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energy loan program.

And in a speech at a “Green Tech” conference in June 2010, Spinner described how he “worked very, very closely with all the various organizations, the various offices, in trying to streamline operations and ... move the funding opportunity announcements out, get the solicitations out on the street.”

“What the secretary really cared about was he wanted us to get the money out fast, he wanted us to pick and select fantastic projects,” Spinner said.

Spinner was not the only Obama political supporter to play a role at the Energy Department. California venture capitalist [Steve Westly](#), who raised more than \$500,000 for Obama, has Secretary Chu’s ear on green energy issues as a member of a high-level volunteer advisory panel. Mackey Dykes, who was a finance manager for the Obama campaign, was hired to be the liaison between the Energy Department and White House. Each declined interview requests.

Obama’s political supporters were also investors in companies that had applied for loans. Westly has had a stake in at least five companies that have won DOE support; four won funding before he joined Chu’s board. While it is common for presidents to reward top donors with ambassadorships or other political posts, the [Sunlight Foundation](#)’s Bill Allison said it is unusual to see a major donor such as Spinner given a position inside a relatively obscure government loan program.

“For an administration that won’t hire lobbyists to be hiring fundraisers for that role, that seems to be a bit of contradiction,” said Allison. “Obviously you want to keep all people who are involved in political influence out of positions of responsibility.”

The Energy Department said Spinner brought experience working with startup companies – the type of firms lining up for green energy funding intended to aid the environment and economy.

“Spinner is a Harvard MBA and an experienced business executive with more than 15 years advising innovative start-up companies in the technology, media and retail industries. He advised over 50 start-up companies over the last 10 years,” the Energy Department’s LaVera said.

Both Spinner and Westly were among a California contingent of green energy executives who put their money, and energy, behind Obama.

When President Obama won the White House in 2008, Spinner was one of several Silicon Valley executives to help vault him to victory. Spinner was one of just 52 fundraisers to raise more than half a million dollars for the president. He served the Obama-Biden Presidential Transition Team focused on technology innovation and government reform.

In February 2009, San Francisco Magazine quoted several local Obama backers reflecting on the campaign.

“In May, about 120 of us had an Entrepreneurs for Obama video teleconference with Barack. Afterward, Steve Westly and some other senior Silicon Valley executives stayed and put forth their ideas on tech issues and initiatives and the campaign,” Spinner was quoted as saying. “I really loved that I could help differentiate this campaign’s technology from any others in history. I knew most of the venture capitalists and entrepreneurs, and if there was something good, I could bubble it up to the campaign.”

In April 2009, Spinner joined an Energy Department poised to unleash billions of dollars, becoming a “small business loan guarantee advisor,” a title that later shifted to “loan program advisor,” focused on financing start-up green energy firms and cutting edge car makers. He held the job for 17 months.

The move turned a hearty presidential supporter and frequent energy investor into a DOE insider.

Spinner’s financial disclosure forms showed that was an active investor in energy-related companies. On his final disclosure report signed Oct. 15, 2010, Spinner listed at least 15 purchases and 14 stock sales of energy related stock earlier that year.

An initial review of financial disclosure records by *iWatch News* and ABC News showed one investment in an energy firm whose subsidiary received funds from the Energy Department while he was working there, and investments in three others that landed Energy Department support after he sold his stakes. Energy officials said they considered his portfolio small enough to fall “within the Executive Branch-wide *de minimis* exception for interests in securities.”

Spinner reported making \$12,155 from a 2008 investment in Atheros Communications. In June 2010, Atheros announced it would receive up to \$4.5 million in DOE grant funding. DOE said Spinner sold his Atheros stock before joining the department. On another form, Spinner reported selling off his \$1,001-\$15,000 investment in Air Products & Chemicals Inc. in February of 2010, four months before Air Products announced it landed \$253 million in stimulus funding. “To the best of our knowledge, he had no involvement” with the award, a company official said. Spinner invested \$1,001-\$15,000 in Exelon. A subsidiary of Exelon was awarded a \$200 million DOE grant in late 2009. A spokeswoman said the company never dealt with Spinner as their grant was being considered.

His wife’s role in a law firm representing corporate clients seeking energy funds prompted Energy Department ethics officials to take a closer look, according to documents obtained under the Freedom of Information Act. The law firm has represented several companies that had applied for Energy Department loans and loan guarantees.

On August 18, 2009, four months into his tenure at the Energy Department, Spinner received an ethics opinion involving that connection. Matt Rogers, then a senior advisor to the energy secretary, wrote that Spinner could continue in his duties, but “not participate in any discussion regarding any application involving Wilson [Sonsini].” The opinion said his wife would forgo pay “earned as a result of its representation of applicants in programs within your official duties.”

Rogers said Spinner’s conflict was minimized because his role at the Energy Department was supervisory – “to embrace strategic objectives, inquire on overall progress of applications to the program staff, anticipate and help senior management clear any institutional roadblocks to accomplishment of the program’s objectives.”

Courtney Dorman, a spokeswoman for Allison Spinner’s law firm, Wilson Sonsini, said the firm also took strides to avoid conflicts, establishing a wall between her and client matters involving the Energy Department while Spinner was in office.

One of those law firm clients, SEC records show, was [Solyndra](#) – the California solar panel firm whose collapse put half a billion dollars of taxpayer money at risk and prompted an investigation by the FBI and other agencies.

The law firm worked on the solar company’s failed public offering, the records show. And it also provided Solyndra with outside counsel on the DOE loan guarantee transaction. The company was paid \$2.44 million for its Solyndra work, records show – money generated by the Energy Department’s stimulus loan guarantee to the solar panel firm.

Allison Spinner “was not involved with that transaction, nor has she ever worked with Solyndra in any capacity,” Dorman said.

The law firm’s website cites [Allison Spinner’s work](#) with other clean tech firms – including Amyris Inc. and HCL CleanTech. Both companies had engaged in the time consuming process of applying for green energy grants. Amyris Biotechnologies won \$25 million from DOE in late 2009 to develop a diesel substitute and went public the next year – with Spinner’s wife helping handle the IPO. After Spinner left the department, HCL CleanTech landed a \$9 million Energy Department grant to convert biomass feedstocks into fuel and chemical products.

Dorman, the firm spokeswoman, said in an email that Wilson Sonsini “established an ethical wall around Allison with respect to WSGR representation of clients in matters involving DOE loan programs.” Dorman also said that Allison Spinner’s clients had DOE loans or grants “that fell outside of Steve’s jurisdiction.”

Steven Spinner was not with the department when Solyndra won a conditional commitment for the loan guarantee in March 2009. But he was on board when the loan closed that September. A few days later, at a clean tech forum in Boston in September 2009, Spinner spoke of the virtue of the DOE's support.

"We liked the taste of it," he said, telling the Boston group the company would bring thousands of jobs.

After leaving the department last September, Spinner has continued to cheerlead for its mission. This July, he co-authored an article for the Center for American Progress titled "Don't Let Clean Energy Funding Die on the Vine." The House committee's investigation of the Solyndra financing was just heating up.

"This 'embattled' program has by all business metrics proven an outright success," he wrote. "Even the most controversial loan guarantee recipient—Solyndra, a solar manufacturer—is seeing an operational turnaround..."

Little more than a month later, Solyndra fired 1,100 workers and filed for bankruptcy.

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Energy Dept. offered to put private investors ahead of taxpayers if Solyndra went bankrupt



Federal agents search headquarters of failed solar firm Solyndra



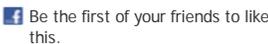
Skipping safeguards, officials rushed benefit to a politically-connected energy company



White House had role in federal benefit for failed solar company, House investigators say

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Catch-up on the Solyndra scandal

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Intro 2005 2006 Dec. 2006

Introduction



The government's \$535 million loan to Solyndra Inc., announced in March 2009, was the first Energy Department loan guarantee to an energy project under President Obama. The deal was pitched as a boon to the clean energy movement – and a job creator. But Solyndra went bankrupt, firing 1,100 workers – and renewing questions about how this upstart solar panel company from California landed the prized public financing. Records obtained by *iWatch News* show that, from the start, the government ignored warning signs about the company's viability as it pressed ahead with the funding.



Energy Dept. ignored warnings on Solyndra, say treasury emails



Catch-up on the Solyndra scandal

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Dec. 2006 2007 2008 **March 2009** Sept. 2009 Dec. 2009 Marc. 2010



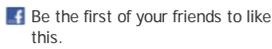
March 2009

Energy Secretary Steven Chu announces Solyndra will receive the Energy Department's first energy loan guarantee—a \$535 million financing to expand the company's solar rooftop production. From the release: "Secretary Chu initially set a target to have the first conditional commitments out by May—three months into his tenure—but today's announcement significantly outpaces that aggressive timeline. Secretary Chu credited the Department's loan team for their work accelerating the process to offer this conditional commitment in less than two months."



Energy Dept. ignored warnings on Solyndra, say treasury emails

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June 2010 Feb. 17 2011 Feb. 28 2011 **May 24 2011** July 2011 Aug. 1 2011 Aug. 3 2011



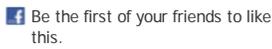
May 24, 2011

The Center for Public Integrity's *Match News* and ABC News disclose that **DOE announced its commitment** to support Solyndra in March 2009 before receiving full marketing and legal reviews—a shortcut criticized by GAO auditors.



Energy Dept. ignored warnings on Solyndra, say treasury emails

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May 24 2011 July 2011 Aug. 1 2011 **Aug. 31 2011** Sept. 6 2011 Sept. 7 2011 Sept. 2011



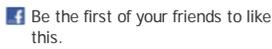
August 31, 2011

Solyndra shuts its doors, fires more than 1,100 full- and part-time workers and announces it is filing for Chapter 11 bankruptcy.



Energy Dept. ignored warnings on Solyndra, say treasury emails

Catch-up on the Solyndra scandal

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Aug. 1 2011 Aug. 31 2011 Sept. 6 2011 **Sept. 7 2011** Sept. 8 2011 Sept. 13 2011 Sept. 20 2011



September 7, 2011

Watch News and ABC News report that Treasury's loan to Solyndra carried an **interest rate of 1 percent**, another element in a **long line of favorable treatment** for the company. Energy officials say the bank set the loan and Solyndra was not given special treatment.



Energy Dept. ignored warnings on Solyndra, say treasury emails

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September 13, 2011

ABC News and *Watch News* disclose internal emails showing White House officials pressing to move ahead with the Solyndra loan – even as red flags are going up. “If you guys think this is a bad idea, I need to unwind the WW [West Wing] QUICKLY,” wrote Ronald A. Klain, then chief of staff to Vice President Joe Biden, in an email sent March 7, 2009. Three days later, an OMB analyst cautioned against moving too quickly. “This deal is NOT ready for prime time.” 10 days later, the Energy Department formally announced its commitment to guarantee the loan.



Energy Dept. ignored warnings on Solyndra, say treasury emails



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Obama Fundraisers Tied to Green Firms That Got Federal Cash



Steve Spinner, loan programs advisor at the Department of Energy, talks about green energy grants and loans in this YouTube video of the Bryan Cave Clean Tech Roundtable in Santa Monica, California on June 2, 2010. (ABC News)



By MATTHEW MOSK and RONNIE GREENE
ABC NEWS and iWATCH NEWS
Sept. 29, 2011

Several of Barack Obama's top campaign supporters went from soliciting political contributions to working from within the Energy Department as it showered billions in taxpayer-backed stimulus money on **alternative energy firms**, ABC News and iWatch News have learned.

One of them was Steven J. Spinner, a high-tech consultant and energy investor who raised at least \$500,000 for the candidate. He became one of Energy Secretary Steven Chu's key loan program advisors while his wife's law firm represented a number of companies that had applied for loans.

Recovery Act records show Allison Spinner's law firm, Wilson Sonsini Goodrich & Rosati, received \$2.4 million in federal funds for legal fees related to the \$535 million Energy Department loan guarantee to Solyndra, a solar company whose financial meltdown has prompted multiple investigations. She pledged to take no portion of the money and did not work on the loan applications.

As House Republicans step up their probe of the Obama administration's green-energy loan program in the wake of Solyndra's bankruptcy, a key focus -- and open question -- is whether the **president's political supporters** had any hand in influencing which

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companies received the taxpayer support.

"There is great concern over political influence contaminating the DOE loan guarantee program," said Rep. Cliff Stearns (R-Fla), who chairs the House Energy and Commerce Committee's Oversight and Investigations Subcommittee. "The prevalence of fundraisers and bundlers scattered throughout DOE is cause for alarm and is a subject our investigation does not take lightly -- we are looking into this and will see where it leads us."



WH Dodges Energy Company Questions [Watch Video](#)



White House Warned About Collapsed Energy Company [Watch Video](#)



Obama-Backed 'Green' Company Goes Bankrupt [Watch Video](#)

The administration has repeatedly said that politics has played no role in deciding which companies received federal loans.

Spinner declined requests to be interviewed. But representatives for Spinner, his wife, and for the Energy Department all told ABC News and iWatch News that Spinner and his wife took elaborate steps to avoid conflicts between his government work and her legal work. Spinner obtained a waiver that promised he would not work on cases involving clients of his wife's firm. And she pledged not to take proceeds from her firm's work with companies that had applied for loans.

Damien LaVera, an Energy Department spokesman, described Spinner as someone who had "no role" in evaluating loan applications or selecting recipients.

Spinner described his job differently. He wrote in an online bio for the Center for American Progress, the left-leaning think tank he joined after leaving the administration, that he "helped oversee the more than \$100 billion of loan guarantee and direct lending authority" for the department's green-energy loan program. And in a speech at a "Green Tech" conference in June 2010, Spinner described how he "worked very, very closely with all the various organizations, the various offices, in trying to streamline operations and ... move the funding opportunity announcements out, get the solicitations out on the street."

"What the Secretary really cared about was he wanted us to get the money out fast, he wanted us to pick and select fantastic projects," Spinner said.



Spinner was not the only Obama political supporter to play a role at the Energy Department. California venture capitalist Steve Westly, who raised more than \$500,000 for Obama, had Secretary Chu's ear on green energy issues as a member of a high-level volunteer advisory panel. Mackey Dykes, who was a finance manager for the Obama campaign, was hired to be the liaison between the Energy Department and White House. Each declined interview requests.

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Obama's political supporters were also investors in companies that had applied for loans. Westly has held stakes in at least five companies that have won DOE support. Oklahoma billionaire George Kaiser, another Obama bundler, was the biggest private backer of Solyndra. Westly, Spinner and the CEO of Allison Spinner's law firm, John V. Roos, (now Obama's ambassador to Japan), each raised more than \$500,000 for Obama's 2008 campaign.

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Green Energy: Contracts, Connections and the Collapse of Solyndra Impact and Reach Report

On September 2, 2011, the solar-energy company Solyndra filed for bankruptcy. Six days later, the FBI raided its California offices. The events culminated months of exclusive reporting by the Center's Ronnie Greene and partner Matt Mosk of ABC News into how the company received \$535 million in taxpayer-funded loan guarantees. The company's largest investor was a big fundraiser for the Obama 2008 campaign, George Kaiser. The administration's enthusiastically backed Solyndra even when it became evident the Energy Department was supporting a loser. From a sweetheart loan rate of 1 percent to a site visit from President Obama, the Solyndra debacle exemplifies what can go wrong when politics, campaign cash and insider favoritism lead to bad decisions by government officials.

Impact Highlights

Our early and exclusive coverage focused public attention on this little-known energy company and the ways in which Energy Department largesse benefitted businesses connected to campaign bundlers. Congressional hearings followed as both Republicans and Democrats sought to know more about the questionable relationship between the White House and Solyndra executives. Solyndra CEO Brian Harrison resigned on October 14, 2011.

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