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## DOE not proceeding with ATVM loan for Carbon Motors; company exploring strategic and financing alternatives

7 March 2012

Carbon Motors Corporation, developer of a diesel-engined law enforcement vehicle ([earlier post](#)), [announced](#) that the US Department of Energy (DOE) has indicated that it will not proceed with Carbon's \$310 million application for a direct loan under the Advanced Technology Vehicle Manufacturing (ATVM) program.

The Advanced Technology Vehicles Manufacturing Loan Program, first appropriated in the fall of 2008, was to provide about \$25 billion in loans to companies making cars and components in US factories that increase fuel economy at least 25% above 2005 fuel economy levels.

Carbon Motors's E7—which mates an advanced diesel with an 8-speed transmission—was designed to meet all Federal Motor Vehicle Safety Standards with all law enforcement equipment installed, would increase fuel efficiency by up to 40% over the vehicles used today and would satisfy substantially all requirements of the law enforcement mission, said William Santana Li, chairman and chief executive officer, Carbon Motors Corporation.

The ATVM loan, together with the equity and other funding dedicated to the project was to be used to complete the development work on the vehicle in the US, as well as the tooling and facility costs necessary to produce the E7. The company says it is now actively examining its strategic and financing alternatives in support of its goal.

CEO Li lashed out at the DOE in a released statement.

*We are outraged by the actions of the DOE and it is clear that this was a political decision in a highly-charged, election year environment. Since Solyndra became politicized last fall, the DOE has failed to make any other loans under the ATVM program, has pulled back one loan that it previously committed and, as of this month, the DOE has pushed aside the three remaining viable loans under active consideration.*

*Each of these applicants has been caught for several years in a costly and extensive DOE due diligence process. Carbon Motors simply appears to be the last victim of this political gamesmanship.*

—William Li

The company noted that the ATVM legislation passed by Congress and the Bush Administration included a loan loss assumption of 30% on the entire portfolio, which is reflective of the fact that there is always some inherent risk in funding a business of any size and new jobs will not be created in a risk-free environment—that is the essence of "Advanced Technology" reflected in the name of the program.

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