

Committee On
OVERSIGHT
& Government Reform

Oversight Seeks Information on Potential “Solyndra-Style” Tax Write-Offs to Fisker Automotive

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Independent Tax Analysts Show Energy Department Gave Away Hundreds of Millions in Tax Write-Offs to Solyndra Issa Questions Whether DOE has done the Same for Other Failing Projects

WASHINGTON- The Department of Energy (DOE) gave away its equity interest in Solyndra to allow tax benefits worth \$341 million to pass to two of Solyndra's largest investors, Argonaut and Madrone, according to recently released bankruptcy filings. DOE's actions raise the total amount of money lost by Solyndra to as high as \$849 million. House Oversight and Government Reform Committee Chairman Darrell Issa, R-Calif., today sent a letter to Secretary of Energy Steven Chu seeking documents relating to another troubled loan recipient, Fisker Automotive.

“The Committee is also concerned that DOE may have similarly failed to protect taxpayers in the case of other companies that obtained DOE loans and then restructured those agreements to attract outside capital,” Issa wrote.

Issa's letter seeks documents relating to Fisker Automotive's loan to ensure that the same giveaway didn't happen when the troubled electric automaker required additional outside funding earlier this year.

Near the time of Solyndra's failure, the DOE accepted that its loan would be subordinated to a privately funded loan that would provide an additional \$75 million to the failing Solyndra. The subordination of DOE's loan increased risks to taxpayers because the investor's new loan would stand to recover in bankruptcy before the DOE. However, of far greater concern, the DOE also gave away its potential ownership interest in Solyndra in the event of bankruptcy. This waiver of DOE's ownership rights provides Solyndra's investors with nearly a billion dollars worth of tax write-offs that will likely lead to reduced tax payments up to \$341 million. Complex tax laws helped mask the extent to which the loan restructuring betrayed taxpayers on behalf of Argonaut and Madrone.

“The unusual lack of recovery to a more senior claim could only result if DOE sacrificed more than just its priority position as the senior-most lender when it restructured the loan to attract the additional \$75 million loan,” Issa wrote. “In fact, it appears that DOE effectively waived any potential equity interest in Solyndra prior to bankruptcy.”

According to the letter, Fisker Automotive obtained an Advanced Technology Vehicles Manufacturing (ATVM) Program loan for \$528.7 million on April 23, 2010. Fisker Automotive's delays in launching its first vehicle, the Karma, in the United States led DOE to freeze the loan and renegotiate the financial covenants with Fisker in June 2011 allowing for further private investment, similar to Solyndra. Without loan documents that DOE has withheld from the Committee, it is unclear if the Department entered into a similar agreement with Fisker as it did with Solyndra.

You can read the Committee's letter [here](#).

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