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Bankrupt A123 Systems, Which Received Millions In Stimulus Funds, Could End Up In The Hands Of China

BANKRUPT A123 SYSTEMS AND ITS CLASSIFIED MILITARY CONTRACT COULD BE SOLD TO A CHINESE COMPANY

Obama's Bankrupt Battery Manufacturer, A123 Systems, "Could End Up In The Hands Of A Chinese Company When It Goes On The Auction Block." "A bankrupt battery manufacturer that was a cornerstone of President Obama's effort to make the United States a global leader in clean-energy technology could end up in the hands of a Chinese company when it goes on the auction block Thursday. Congressional Republicans call the company, A123 Systems, which received \$133 million in federal stimulus grants, a textbook case of how the Obama administration wasted taxpayer money trying to nurture new industries. Administration officials say the stimulus money was used to build a new manufacturing facility in Michigan that could remain open under new owners, even if they turn out to be foreign." (Steve Mufson, "Battery Maker That Received Stimulus Money Could Be Sold To Chinese Company," [The Washington Post](#), 12/5/12)

- **Earlier This Month, The Chinese Commerce Ministry Gave Approval For Wanxiang To Purchase A123 Systems.** "China has approved a proposal by auto parts conglomerate Wanxiang Group Corp. to purchase the assets of bankrupt U.S. battery maker A123 Systems. The Chinese Commerce Ministry's approval of the bid was announced by the official Xinhua News Agency on Sunday." ("China OKs Bid To Purchase US Battery Maker A123," [The Associated Press](#), 12/2/12)

A123 Systems "Has A Pentagon Contract Classified As 'Secret'" That Will Be Sold With The Contract. "The company also has a Pentagon contract classified as 'secret,' and Sens. Charles E. Grassley (R-Iowa) and John Thune (R-S.D.) are waving red flags. In a letter to Treasury Secretary Timothy F. Geithner, they called for a review by the Committee on Foreign Investment in the United States, an inter-agency group that reviews transactions that might harm national security. Treasury oversees CFIUS. 'We must make sure we don't sell any of our sensitive technology... [and] that we're not handing that over to a person who would misuse it or sell our sensitive information to the Chinese government or any other country,' Grassley said." (Steve Mufson, "Battery Maker That Received Stimulus Money Could Be Sold To Chinese Company," [The Washington Post](#), 12/5/12)

A Coalition Of Former U.S. Military Leaders And Industry Experts Urged The Committee On Foreign Investment In The U.S. To Block Wanxiang's Bid For National Security Reasons And Because "American Taxpayers Should Not Pay For Development Of A Technology That Is Freely

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Transferred To A Non-Allied Nation. “Meanwhile, a coalition of former U.S. military leaders and industry experts urged the Committee on Foreign Investment in the U.S. to thwart Wanxiang’s bid in a Nov. 27 letter: ‘Aside from the national security risk, American taxpayers should not pay for development of a technology that is freely transferred to a non-allied nation.’” (Julie Wernau, “Factions Energized Over Sale Of A123,” [Chicago Tribune](#), 12/2/12)

Wanxiang Is The Chinese Company Attempting To Purchase A123 Systems, A Bankrupt Battery Maker That Received \$130 Million In Stimulus Grants. “Wanxiang, based in Zhejiang province, is interested in buying substantially all of the assets of A123, which is based in Waltham, Massachusetts. It will have to compete with other bidders, including Johnson Controls Inc., a U.S. auto parts maker in Milwaukee, which has offered \$125 million for A123’s automotive assets. A123 has received more than \$130 million in Department of Energy grants. A court hearing to consider approving the asset sale is set for Dec. 11.” (“China OKs Bid To Purchase US Battery Maker A123,” [The Associated Press](#), 12/2/12)

A123 SYSTEMS ISN’T THE FIRST OBAMA-STIMULUS COMPANY WITH MILITARY CONTRACTS AND TECHNOLOGY TO BE ACQUIRED BY A FOREIGN COUNTRY

EnerDel, Inc. Has Been Awarded \$118,554,996 In Federal Stimulus Grants Through The Department Of Energy. ([Recovery.gov](#), Accessed 12/3/12)

- **In January 2012 Ener1, EnerDel’s Parent Company, Filed For Bankruptcy.** “The parent company of an electric car battery maker that received more than \$100 million in government funding from the Obama administration has filed for bankruptcy protection, the company announced Thursday. ... EnerDel, a subsidiary of Ener1 dedicated to making batteries for electric cars, was awarded a \$118 million grant from the Energy Department in 2009 as part of President Obama’s economic stimulus package and green energy push.” (Lee Ferran and Matthew Mosk, “Ener1, Parent Of Obama-Backed Green Company, Files For Bankruptcy,” [ABC News](#), 1/27/12)
- **The Stimulus Funds Were Aimed To Help Ener1 Produce “Cutting Edge Battery Technology For Electric Cars And The U.S. Military.”** “The company tapped the country’s top scientists at Argonne National Lab in Illinois, and U.S. taxpayers pledged up to \$118 million in federal stimulus funds and \$80 million in state and local incentives to help Ener1 produce cutting-edge battery technology for electric cars and the U.S. military.” (Julie Wernau, “U.S.-Backed Battery Company Sale To Russian Tycoon Sparks Anxiety,” [Chicago Tribune](#), 4/8/12)

Boris Zingarevich, Russian Businessman, Became Owner Of Ener1 After Its Bankruptcy In March 2012. “Zingarevich acquired Ener1 out of bankruptcy March 30 with an agreement to infuse \$81 million in financing, giving him a sophisticated line of batteries that can power electric cars, store electricity for power grids and supply portable power for soldiers. His plans for Ener1 aren’t known. A company spokesman declined to comment, saying Ener1 is privately held.” (Julie Wernau, “U.S.-Backed Battery Company Sale To Russian Tycoon Sparks Anxiety,” [Chicago Tribune](#), 4/8/12)

- **“Mr. Zingarevich Has Been A Major Investor In Ener1 Since 2002 And Provided Bridge Funding For THINK While The Company Attempted A Reorganisation Before Filing For Bankruptcy.”** (Press Release, [THINK](#), 7/25/11)
- **“He Also Noted That With His Acquisition Of Ener1, Zingarevich Also Acquired U.S. Military Contracts.”** (Julie Wernau, “Factions Energized Over Sale Of A123,” [Chicago Tribune](#), 12/2/12)

Zingarevich Is A Russian Elite With Deadly And Far-Reaching Influence

Boris Zingarevich Is “One Of An Elite Group Of Russian ‘Oligarchs’” With Enough Resources To Influence National Politics. “Bald and stocky with piercing blue eyes, the 52-year-old Zingarevich now controls Ener1. He is one of an elite group of Russian ‘oligarchs’ whose resources are significant enough to influence national politics, according to a 2005 study in the Journal of Economic Perspectives. (Julie Wernau, “U.S.-Backed Battery Company Sale To Russian Tycoon Sparks Anxiety,” [Chicago Tribune](#), 4/8/12)

Dmitry Medvedev, Prime Minister And Former President Of Russian, Was Once Employed As Legal Affairs Director At A Paper Company Zingarevich Co-Founded In 1992. “In 1992, he co-founded Ilim Pulp, one of Russia’s largest pulp and paper companies. He remains on its board. In 1993, Ilim Pulp hired Medvedev as its legal affairs director. Medvedev, who at one point owned 20 percent of the company, helped it grow significantly.” (Julie Wernau, “U.S.-Backed Battery Company Sale To Russian Tycoon Sparks Anxiety,” [Chicago Tribune](#), 4/8/12)

- **Following Medvedev’s Employment And Departure For A Government Post, Several Of The Company’s Competitors Were Murdered “Under Mysterious Circumstances.”** “He sold his stake in 1999, the same year he took a central government post. At about that same time period, several of Ilim Pulp’s competitors were attacked or murdered under mysterious circumstances. Dimitry Varvarin, director general of Orimi, Ilim Pulp’s major rival, was shot to death in St. Petersburg in March 2000. Later that month, another founder of Orimi, Sergei Krizhan, was also murdered, along with his son, according to news reports. Later that year, a lumber exporter was attacked, and a hotel owned by another player in the timber market was set on fire. And in 2001 the external manager of another competitor was also attacked, according to Russian media.” (Julie Wernau, “U.S.-Backed Battery Company Sale To Russian Tycoon Sparks Anxiety,” [Chicago Tribune](#), 4/8/12)
- **“None Of The Murders Or Attacks Were Tied To Zingarevich Or Ilim Pulp.”** (Julie Wernau, “U.S.-Backed Battery Company Sale To Russian Tycoon Sparks Anxiety,” [Chicago Tribune](#), 4/8/12)

RUSSIA HAS BEEN ACTIVELY ACQUIRING U.S. MILITARY ENERGY-RELATED TECHNOLOGY FOR YEARS

Under Putin, “Russia Has Expanded Efforts To Obtain High-Tech Energy-Related Technology From The U.S. Through Both Illicit And Legal Means,” Since Putin Has Been In Power. “Under Prime Minister Vladimir Putin, Blank said, Russia has expanded efforts to obtain high-tech energy-related technology from the U.S. through both illicit and legal means as Russia tries to reduce its reliance on hydrocarbons.” (Julie Wernau, “U.S.-Backed Battery Company Sale To Russian Tycoon Sparks Anxiety,” [Chicago Tribune](#), 4/8/12)

“Russia Is Second Only To China In Trying To Gain High-Tech Information Related To Military Uses, Energy Generation And Manufacturing, According To The U.S. Office Of The National Counterintelligence Executive.” (Julie Wernau, “U.S.-Backed Battery Company Sale To Russian Tycoon Sparks Anxiety,” [Chicago Tribune](#), 4/8/12)

- **In 2010, 10 Russian Agents Were Arrested For Collecting Information Related To U.S. Technology And Intelligence.** “The case that made the biggest splash occurred two years ago, when 10 agents of the Russian Foreign Intelligence Office were arrested after collecting information related to U.S. technology and intelligence. Other cases have involved bribes for automotive and helicopter technology, the report said.” (Julie Wernau, “U.S.-Backed Battery Company Sale To Russian Tycoon Sparks Anxiety,” [Chicago Tribune](#), 4/8/12)