



Did Obama Turn A Blind Eye To Solyndra Warnings?

Every Obama Chief Of Staff, Staffers Across Numerous Agencies, Government Watchdogs, Even Solyndra Investors Knew That The Risks Were Too High For Taxpayers

"[A]gain And Again, The Obama Administration Pressed Forth In Support Of Solyndra In The Face Of Glaring Warning Signs Sent Up From Even Its Own Staffers." (Ronnie Greene And Matthew Mosk, "Obama Administration Agreed To Solyndra Loan Days After Insiders Foresaw Firm's Failure," [iWatch News](#), 9/14/11)

IT SEEMS LIKE EVERYONE AROUND THE PRESIDENT KNEW THAT SOLYNDRA WAS A DISASTER WAITING TO HAPPEN – WHY DIDN'T THE PRESIDENT?

BILL DALEY KNEW: According To Kelly Colyar Of The OMB, Then-White House Chief Of Staff Bill Daley Had Been Briefed About OMB's "Reservations About The Prospects Of The Company And DOE's Proposal" To Restructure The Solyndra Loan. "You may recall that DOE announced in March that they had restructured the Solyndra loan. Prior to this restructuring, OMB staff expressed reservations about the prospects of the company and DOE's proposal. The issue was discussed with the NEC and the Chief of Staff." (Kelly T. Colyar, [E-mail To Richard A. Mertens Et Al](#), f. 732, 8/11/11)

RAHM EMANUEL KNEW: After Rahm Pressured The OMB To Speed Up The Approval Of Solyndra's Loan, A Staffer Responded "I Would Prefer That This Announcement Be Postponed. . . This Is The First Loan Guarantee And We Should Have Full Review With All Hands On Deck To Make Sure We Get It Right." "In one e-mail, an assistant to Rahm Emanuel, then White House chief of staff, wrote on Aug. 31, 2009, to OMB about the upcoming Biden announcement on Solyndra and asked whether 'there is anything we can help speed along on OMB side.' An OMB staff member responded: 'I would prefer that this announcement be postponed. . . This is the first loan guarantee and we should have full review with all hands on deck to make sure we get it right.'" (Joe Stephens and Carol D. Leonnig, "White House Pressed On \$500 Million Loan To Solar Company Now Under Investigation," [The Washington Post](#), 9/13/11)

JACOB LEW KNEW: Lew Let The "Refinancing Move Forward Without Intervening," Despite Warning From OMB Analysts That The Solyndra Restructuring Plan "Might Violate The Law." "The House energy committee is expected to release the results of its 18-month investigation into Solyndra this week. Its report, parts of which were obtained by The Washington Post, suggests that then-OMB

Director Jack Lew let the refinancing move forward without intervening, even though some OMB analysts thought a refinancing plan that favored private investors might violate the law. Lew is now White House chief of staff.” (Joe Stephens and Carol D. Leonnig, “White House Analyst Warned Saving Solyndra Could Cost More Than Letting It Fail,” [The Washington Post](#), 8/1/12)

PETE ROUSE KNEW: In February 2011, A Former Obama Campaign Adviser Wrote To Pete Rouse That Solyndra Could Erupt Into A Political Scandal Requiring Secretary Chu To Step Down. “On Friday, the release of a new round of White House documents added more details, showing concerns among senior advisers earlier this year that Solyndra might erupt into a political scandal requiring the replacement of Chu and his agency team. A former Obama campaign adviser wrote to presidential counselor Pete Rouse in February suggesting that Chu be replaced immediately with a manager who could better direct Energy Department funds. Rouse circulated it among other senior officials, asking for feedback.” (Carol Leonnig and Joe Stephens, Solyndra: Energy Department Failed To Sound Alarm As Solar Company Sank, [The Washington Post](#), 11/11/11)

VALERIE JARRETT KNEW: Mega-Bundler Steve Westly Emailed With Valerie Jarrett Warning Her Of Solyndra’s Potential Political Fallout. “Steve Westly, a California venture capitalist who raised more than \$500,000 for Obama’s campaign, exchanged emails with Valerie Jarrett, one of Obama’s closest advisers, to warn her about political fallout that could ensue if the president visited the factory being built by Solyndra.” (Matthew Mosk And Ronnie Greene, “Obama on Solyndra: ‘Hindsight Is Always 20/20,’” [ABC News](#), 10/3/11)

LARRY SUMMERS KNEW: Larry Summers Made The Point That The Government Is A “Crappy” Venture Capitalist. “Thanks brad. This is very helpful and I relate to your points many of which I have made internally. I relate well to your view that gov is a crappy vc and if u were closer to it you’d feel more strongly. But suppose we think there are all kinds [sic] of externalities to renewable investments. What should we do? [REDACTED paragraph].” ([Email From Lawrence Summers To Brad Jones](#), f. 315, 12/26/09)

TIM GEITHNER KNEW: In October 2010, Tim Geithner And Larry Summers Told Obama The Energy Department’s Loan Guarantee Program Wasn’t Rigorous Enough In Its Selection Process. “At a White House meeting in late October, Lawrence H. Summers, then director of the National Economic Council, and Timothy F. Geithner, the Treasury secretary, expressed concerns that the selection process for federal loan guarantees wasn’t rigorous enough and raised the risk that funds could be going to the wrong companies, including ones that didn’t need the help.” (Tom Hamburger, Kim Geiger and Matea Gold, “Obama Advisors Raised Warning Flags Before Solyndra Bankruptcy,” [Los Angeles Times](#), 9/26/11)

RON KLAİN KNEW: Vice President Biden’s Chief Of Staff Ron Klain Admitted To Valerie Jarrett In May 2010 That Solyndra Was “Burning Capital, Perhaps A Bit Fast” And That The Company May Not Be Viable “Outside Of The 18-24 Month Window.” “Ronald A. Klain, the chief of staff for Vice President Joseph R. Biden Jr. and a backer of the loan, told Valerie Jarrett, a presidential adviser, in a May 24, 2010, e-mail, ‘they are burning capital, perhaps a bit fast, and are dependent on a break or two to be viable outside of the 18-24 month window.’” (Matthew L. Wald, “More Solyndra E-mails, And Warnings,” [The New York Times](#)’ “[The Caucus](#),” 10/4/11)

ROBERT NABORS KNEW: Vice President Biden’s Chief Of Staff Ron Klain Joked That Robert Nabors, Deputy Director At The Office Of Management And Budget Was Supposed To Tell Klain That Solyndra’s Trouble “Will Be Ok ☺.” “Wait, you’re supposed to say, ‘oh, it will be ok ☺’” (Ronald Klain, [Email To Robert Nabors](#), f 172, 3/7/09)

HEATHER ZICHAL KNEW: Obama Green Energy Adviser Heather Zichal On Solyndra: “*#~@ Show.” “When Solyndra hit the fan in August, White House energy adviser Heather Zichal may have summed it up best. ‘*#~@ show,’ Zichal wrote in an email Aug. 25.” (Dan Berman, “White House Adviser On Solyndra: ‘*#~@ Show,’”

[Politico](#), 10/7/11)

JONATHAN SILVER KNEW: In October 2010, DOE Loan Program Chief Jonathan Silver Sent Around A Document Explaining Solyndra's Deteriorating Financial State And Planned A Two Week Due Diligence Review. "Silver also forwarded around an 11-page DOE slide show on Solyndra, including an explanation of how the company's 'financial condition has deteriorated because of intense competition' from Chinese solar manufacturers, limited historical investment in marketing and sales infrastructure and a 'relatively higher cost structure compared to peers, a large allocation of cash resources to R&D, and lack of new equity to fund operations during ramp-up period.' The slide show concludes with a plan in two weeks to 'complete due diligence activity with the objective of developing a response to the Solyndra Inc. debt restructuring request.'" (Darren Samuelsohn, "Solyndra Warned WH In Oct '10," [Politico](#), 11/3/11)

ROD O'CONNOR KNEW: In May 2010, Secretary Chu's Chief Of Staff Rod O'Connor "Conceded The Company Will Not Survive As-Is For Too Long." "Ron Klain, then-chief of staff to Vice President Joe Biden, e-mailed Rod O'Connor, the chief of staff at DOE, to assess Solyndra's financial standing. O'Connor conceded the company would not survive as-is for too long. 'Bottom line is that we believe the company is okay in the medium term, but will need some help of one kind or another down the road,' O'Connor said to Klain in a May 24, 2010, e-mail." (Amy Harder, "E-Mails Show Obama Was Warned; Bitter OMB, DOE Divide Over Solyndra," [National Journal](#), 10/3/11)

DAN PFEIFFER KNEW: White House Communications Director Dan Pfeiffer Wrote An E-Mail, Entitled "Update On Solyndra," To Stephanie Cutter And David Plouffe In Which He Stated, "This Going To Be A Real Pain, Solyndra Is About To Go Under Apparently." (Dan Pfeiffer, [Email To Stephanie Cutter And David Plouffe](#), f. 786, 787, 8/17/11)

- **STEPHANIE CUTTER KNEW:** Stephanie Cutter Replied To Dan Pfeiffer And David Plouffe, "Ugh." (Stephanie Cutter, [Email To Dan Pfeiffer And David Plouffe](#), f. 786, 787, 8/17/11)
- Dan Pfeiffer Replied, "And There Is An Additional Complication I Will Explain Tomorrow." (Dan Pfeiffer, [Email To Stephanie Cutter And David Plouffe](#), f. 786, 787, 8/17/11)

KELLY COLYAR KNEW: OMB Staffer Kelly Colyar's Analysis Found That The Company Would Run Out Of Cash In September 2011. "The issue of Working Capital remains unresolved. First, it seems clear that the cost overrun equity commitment would support cost overruns and ineligible project costs. However, the issue is cash balances, not cost. [REDACTED] seems to agree that the model runs out of cash in Sept. 2011 even in the base case without any stress. This is a liquidity issue." ([Email From Kelly Colyar Of The OMB To Program Analyst At The DOE LGPO](#), f. 191, 8/20/09)

SALLY ERICSSON KNEW: Sally Ericsson, Program Associate Director Of The Energy Branch At The Office Of Management And Budget Emailed White House Energy Staff To Inform Them Of The "Severe Liquidity Crisis" At Solyndra That Could Embarrass The Administration. "Heads Up - I'm sure you already know this. Negotiations are still fluid. DOE has shared with us (and Treasury) that Solyndra is in the midst of a severe liquidity crisis. In its negotiations with Solyndra investors regarding potential restructuring options, DOE has created a deadline THIS FRIDAY that may precipitate a meltdown that would likely be very embarrassing for DOE and the Administration. We should know by COB tomorrow if Solyndra will meet this deadline." (Sally Ericsson, Program Associate Director Of The Energy Branch At OMB, [Email To Carol Browner And Joseph Aldy And Heather Zichal](#), f. 570, 12/8/10)

FOUAD SAAD KNEW: Fouad Saad, Program Examiner Energy Branch At The Office Of Management And Budget Worried About The Optics That A Bankrupted Solyndra Would Cause Given That He Felt Solyndra "May Avoid Default With A Restructuring, There Is Also A Good Chance It Will Not."

“Given the PR and policy attention Solyndra has received since 2009, the optics of a Solyndra default will be bad whenever it occurs. While the company *may* avoid default with a restructuring, there is also a good chance it will not.” (Fouad Saad, Program Examiner, Energy Branch, [Email To Kevin Carrol And Kelly Colyar](#), f 662, 1/31/11)

KEVIN CARROLL KNEW: Kevin Carroll Wrote Richard Mertens Expressing Doubt In Solyndra’s Price Advantage Assertions Noting That More Data Was Necessary To Be Consistent With Their Engineering Claims. “Solyndra claims to have a pricing advantage based on performance and lower costs of installation (sometimes referred to as balance of plant). Recent developments in the solar market, in particular, pricing pressure from China from silicon wafer plants scheduled to come on line (and that also may or may not be due to dumping; see articles below), raise concerns about how strong Solyndra’s position will be in the face of rising competition. If the engineering claims can be backed up with field data that is consistent with claims, I think we would accept DoE’s CSC; but a lot of times field performance is not quite up to the engineering claims, in which case we might want to notch the credit rating down (or viewed conversely, increase our estimate of risk).” (Kevin Carroll, [Email to Richard Mertens](#), ft. 898, 8/31/09)

GARY BURNER KNEW: Gary Burner, Chief Financial Officer For The Federal Financing Bank At The Department Of Treasury Stated That The Department Of Energy Should Have Drafted The Loan To Give The Government Control Of Assets When Solyndra Defaulted. “There is another production line that was originally financed with debt that was refinanced with 100% equity. The equity refinance was to eliminate the need for intercreditor agreements with DOE. However, the structure that is set up will not allow the government to seize control of the first fab line in the event of default. Given that this is a startup, it would be nice to grab all of their assets if they default on the loan including intellectual property. DOE said they tried to get rights to the first fab upon default but were unsuccessful. I am not sure why they felt their hands were tied, but they did.” (Gary Burner, Chief Financial Officer, Federal Financing Bank, [Email To Paula Farrell](#), f 149, 3/19/09)

KENNETH BAER KNEW: In November 2010, OMB Communications Official Kenneth Baer Circulated Among Senior White House Staff Discouraging News On Solyndra’s Viability. “The emails include a Nov. 3, 2010 message from White House Office of Management and Budget Communications official Kenneth Baer to several senior White House aides. The message with the subject line ‘more loan guarantee news’ included the text of a news account – titled ‘Solyndra spells disaster for DOE Loan Guarantee Program’ – that was pessimistic about the company’s prospects.” (Ben Geman and Andrew Restuccia, “Obama Administration Mulled Solyndra Bailout Days Before Company’s Demise,” [The Hill](#), 11/2/11)

- **Secretary Chu’s Chief Of Staff’s Response: “Great Day All Around. Want To Kill Someone.”** “White House energy aide Heather Zichal forwarded the message to Rod O’Connor, who was then Energy Secretary Steven Chu’s chief of staff. O’Connor replied ‘Great day all around. Want to kill someone.’” (Ben Geman and Andrew Restuccia, “Obama Administration Mulled Solyndra Bailout Days Before Company’s Demise,” [The Hill](#), 11/2/11)

TERRELL MCSWEENEY KNEW: OMB Staffer Terrell McSweeney Complained About “Having To Do Rushed Approvals” And That They Would “Prefer To Have Sufficient Time To Do Our Due Diligence Reviews.” “‘We have ended up with a situation of having to do rushed approvals on a couple of occasions (and we are worried about Solyndra at the end of the week),’ one official wrote. That Aug. 31, 2009, message, written by a senior OMB staffer and sent to Terrell P. McSweeney, Biden’s domestic policy adviser, concluded, ‘We would prefer to have sufficient time to do our due diligence reviews.’” (Joe Stephens and Carol D. Leonnig, “White House Pressed On \$500 Million Loan To Solar Company Now Under Investigation,” [The Washington Post](#), 9/13/11)

MARY MILLER KNEW: Mary Miller, The Assistant Secretary For Financial Markets At The Treasury,

Department Wrote The It Was The Opinion Of Their General Counsel That Subordinating Taxpayer Funds Was Illegal. “Since July of 2010 Treasury has asked for DOE for briefings on Solyndra’s financial condition and any restructuring of terms. The only information we have received about this has been through OMB, as DOE has not responded to any requests for information about Solyndra. Our legal counsel believe that the statute and the DOE regulations both require that the guaranteed loan should not be subordinate to any loan or other debt obligation. The DOE regulations also state that DOE shall consult with OMB and Treasury before any ‘deviation’ is granted from the financial terms of the Loan guarantee Agreement.” (Mary J. Miller, Assistant Secretary For Financial Markets, [E-mail To Jeffrey D. Zients](#), f. 726, 8/17/11)

ALLISON KELLY KNEW: On May 19, 2010, A Week Prior To Obama’s Remarks On The Economy At Solyndra HQ, White House Vetter Allison K. Kelly Cited An Independent Audit By PricewaterhouseCoopers That Reported Solyndra Was At Risk Of Failing, Saying “This Concerns Me.” “This concerns me: ‘April 2010: An Independent Audit By PricewaterhouseCoopers Reported That Solyndra Was At Risk Of Failing....’” (White House Vetter Allison K. Kelly, [Email To Margaret C. Olmos Et. Al.](#), f. 353, 5/19/10)

- **PRICEWATERHOUSECOOPERS KNEW: Weeks Before Obama Spoke At Solyndra, PricewaterhouseCoopers Said There Was “Substantial Doubt” About Solyndra’s Viability.** “But just weeks before Obama’s arrival, the company released sobering news from independent auditors evaluating its public offering plan. PricewaterhouseCoopers said Solyndra’s losses and negative cash flow raised ‘substantial doubt about its ability to continue as a going concern.’” (Carol D. Leoning, Joe Stephens, and Alice Crites, “Obama’s Focus On Visiting Clean-Tech Companies Raises Questions,” [The Washington Post](#), 6/25/11)
- **FITCH RATINGS KNEW: Fitch Gave Solyndra A BB- Rating On Its Potential For Default.** “Final Rating: Fitch rated the project a ‘BB-,’ indicating that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Capacity for payment is contingent upon a sustained favorable business and economic environment.” ([Solyndra Proposal To The Office Of Management And Budget](#), f. 250, 8/25/09)

DEPARTMENT OF ENERGY KNEW: The Office Of Management And Budget Was Under The Notion That The Department Of Energy Expected Solyndra To Default Regardless Of Restructuring. “That’s a good point. Also, if the borrower isn’t able to repay under the terms of the restructuring, then a work-out should not be used. My understanding is that the branch thinks the borrower will default regardless. I don’t think this the point we want to make, but I can see the case for work-out based on Sarah’s point.” (Policy Analyst, Federal Credit Programs, Office Of Management And Budget, [Email](#), f 566, 1/3/11)

- **With Its Observer Status At Board Meetings, Obama’s Energy Department May Have Known The Troubled State Of Solyndra’s Finances And Kept Quiet.** “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.” (Ronnie Greene, “Recurring Red Flags Failed To Slow Obama Administration’s Race To Help Solyndra,” [iWatch News](#), 9/13/11)

THE LABOR DEPARTMENT KNEW: The Labor Department Said Solyndra Was Revising Its Revenue Projections Down While The Company Was Telling Congress Its Finances Were Improving.

“Solyndra executives met with several lawmakers and their staff members the week of July 18, the memo said. The company had experienced a series of financial setbacks during the previous year, including cancellation of a stock offering. During the July meetings, company officials claimed that Solyndra's financial condition was improving, and that the company's revenues were growing, according to the memo. However, a Labor Department loan officer recently told congressional staff that the company, during that same time frame, was preparing to restate some of its projected financial statements to reflect lower revenues as a result of falling prices for solar panels.” (Kevin Freking, “Staff Finds Contradictions In Company's Finances,” [The Associated Press](#), 9/12/11)

GAO KNEW: A GAO Investigation Revealed Obama's Department Of Energy Favored Some Loan Applicants And Disadvantaged Others. “That's when the Government Accountability Office issued an unusually blunt assessment of the Energy Department's loan program in general, concluding that the department had ‘treated applicants inconsistently, favoring some and disadvantaging others.’” (Matthew Most and Brian Ross, “Solyndra Collapse A ‘Waste’ Of Half A Billion By Obama, GOP Critics Say,” [ABC News](#), 9/1/11)

- **Obama's Energy Department Announced The Loan Guarantee Before Receiving Final Legal Reviews, Which The GAO Said “Showed Favoritism And Put Taxpayers At Risk.”** “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.” (Ronnie Greene, “Recurring Red Flags Failed To Slow Obama Administration's Race To Help Solyndra,” [iWatch News](#), 9/13/11)
- **“At Least Three Reports” Warned The Obama Administration That The Energy Department Did Not Have “The Controls Needed To Manage” Solyndra.** “At least three reports by federal watchdogs over the past two years warned that the Energy Department had not fully developed the controls needed to manage the multibillion-dollar loan program that provided more the loan to Solyndra Inc., a now-bankrupt solar panel manufacturer.” (Matthew Daly, “White House Worried About Solyndra Default,” [The Associated Press](#), 9/15/11)

SOLYNDRA EMPLOYEES KNEW: Ex-Solyndra Employee: “Everyone Knew It Wouldn't Work.” “While we were out there, while we were building it – because it is a half a billion dollar plant – everyone already knew that China had developed a more inexpensive way to manufacture these solar panels. Everyone knew that the plant wouldn't work. But they still did it. They still built it.” (Mark Levin, “Ex-Solyndra Employee: ‘Everyone Knew The Plant Wouldn't Work’,” [Fox News Radio's “Fox Nation”](#), 9/15/11)

- **Sakera Alima, Solyndra's Financial Analyst, “I've Been Working Here The Past Three Years And I Feel Like Any Day Now I Might Not Have My Job.”** “Sakera Alima, who began working at Solyndra as a financial analyst in the fall of 2010, said she was warned by a mentor that the company wasn't doing well financially. ‘She said, ‘I've been working here the past three years and I feel like any day now I might not have my job,’ Alima recalled. ‘I knew it was a risk.’” (Carol D. Leonnig and Joe Stephens, “Solyndra Employees: Company Suffered From Mismanagement, Heavy Spending,” [The Washington Post](#), 9/21/11)

SOLYNDRA INVESTORS KNEW: Solyndra Investor, Redpoint Ventures' Brad Jones Recognized The Spending On Clean Energy Was “Haphazard” And That The Recovery Act Spending Was Generating “Little Benefit.” “The allocation of spending to clean energy is haphazard; the government is just not well equipped to decide which companies should get the money and how much. That is, after all, what my industry does, and there are lots of mechanisms in place to see that it is done right. One of our solar companies with revenues of less than \$100 million (and not yet profitable) received a government loan of \$580 million; while that is good for us, I can't imagine it's a good way for the government to use taxpayer money (I'd prefer my opinion about that specific company be between us). Every administration seems

to feel like it knows better than the private markets to allocate capital, and I've seen that to be true." ([Email From Brad Jones Of Redpoint Ventures To Larry Summers](#), f. 314, 12/26/09)

STEVE WESTLY KNEW: Steve Westly Noted In Email To Valerie Jarret That Solyndra Was Burning Through Capital At A Rate \$10 Million Per Month And Over \$20 Million Including Operating Expenses And Capital Expenditures. "The company is burning through capital at a rate of over \$10.0 M per month from Q1-Q3 according to its own S-1 filing – and over \$20 million a month including op ex and cap ex. This is a very large red flag." (Steve Westly, [Email To Valerie Jarret](#), f. 355,358, 5/24/10)