

# RNC Research BRIEFING

## GreenTech Red Flags

***A Federal Investigation Of Terry McAuliffe's Company Is The Latest In A Parade Of Troubling Questions Facing GreenTech***

### TERRY MCAULIFFE'S GREENTECH IS UNDER FEDERAL INVESTIGATION

On Friday, *The Washington Post* Reported That The Securities And Exchange Commission Is Investigating Terry McAuliffe's GreenTech "Over Its Conduct In Soliciting Foreign Investors." "An electric-car company co-founded by Virginia gubernatorial candidate Terry McAuliffe (D) is under investigation by the Securities and Exchange Commission over its conduct in soliciting foreign investors, according to law-enforcement documents and company officials." (Tom Hamburger and Ben Pershing, "Company With Ties To Terry McAuliffe Is Under SEC Investigation," [The Washington Post](#), 8/2/13)

- **The SEC Has Subpoenaed Documents From Both McAuliffe's GreenTech And Gulf Coast Funds, A Sister Company Run By Hillary Clinton's Brother.** "The SEC subpoenaed documents in May from GreenTech Automotive and bank records from a sister company, Gulf Coast Funds Management of McLean. The investigation is focused, at least in part, on alleged claims that the company 'guarantees returns' to the investors, according to government documents. GreenTech has sought overseas investors through a federal program that allows foreigners to gain special visas if they contribute at least \$500,000 to create U.S. jobs. Gulf Coast, which is run by Anthony Rodham, the brother of former secretary of state Hillary Rodham Clinton, seeks investors for GreenTech and arranges the visas." (Tom Hamburger and Ben Pershing, "Company With Ties To Terry McAuliffe Is Under SEC Investigation," [The Washington Post](#), 8/2/13)

**The SEC Believes That GreenTech May Have Improperly Told Investors That They Were Guaranteed A Return On Their Investment.** "The SEC subpoenaed documents in May from GreenTech Automotive and bank records from a sister company, Gulf Coast Funds Management of McLean. The investigation is focused, at least in part, on alleged claims that the company "guarantees returns" to the investors, according to government documents." (Tom Hamburger and Ben Pershing, "Company With Ties To Terry McAuliffe Is Under SEC Investigation," [The Washington Post](#), 8/2/13)

**Rather Than Address The Substance Of The Investigation, McAuliffe Attacked A U.S. Senator For Making The Information Public.** "I find it unfortunate that a Republican Senator from Iowa — who has a long history of support for the EB-5 program — selectively released information for the purpose of partisan attacks instead of getting facts," McAuliffe said in the statement." (Tom Hamburger, "McAuliffe Says He Didn't Know SEC Was Investigating His Former Company," [The Washington Post](#), 8/3/13)

## ***McAuliffe And Rodham Also Had Extensive Discussions With A Top Obama Nominee About GreenTech's Troubles***

**Newly Uncovered Documents Also Show "Greater Communication Between McAuliffe, Rodham And DHS Officials" Regarding GreenTech's Visa Troubles.** "Aside from the SEC investigation, the newly obtained documents also show greater communication between McAuliffe, Rodham and DHS officials than was previously known, as well as concern over a potential GreenTech investor tied to a Chinese firm that has raised national security concerns." (Tom Hamburger and Ben Pershing, "Company With Ties To Terry McAuliffe Is Under SEC Investigation," [The Washington Post](#), 8/2/13)

- **The Documents "Counter The Impression Left Last Week" By Obama's Nominee For A Top Homeland Security Spot, Who Testified He Had Only Limited Interactions With McAuliffe.** "The documents counter the impression left last week by a top U.S. immigration official, Alejandro Mayorkas, who testified in front of a Senate panel that he met with McAuliffe on one occasion 'and that was the extent of the interaction.'" (Tom Hamburger and Ben Pershing, "Company With Ties To Terry McAuliffe Is Under SEC Investigation," [The Washington Post](#), 8/2/13)

**"The Documents Show That Mayorkas And Other Senior DHS Officials Had A Dozen E-Mail And Telephone Contacts With McAuliffe, Rodham And Other Representatives For GreenTech And Gulf Coast."** (Tom Hamburger and Ben Pershing, "Company With Ties To Terry McAuliffe Is Under SEC Investigation," [The Washington Post](#), 8/2/13)

**Alejandro Mayorkas' Nomination Is Now In Jeopardy Due To A Federal Investigation For "Providing Special Treatment For GreenTech."** "Mayorkas, who has been nominated to be second-in-command at DHS, is under investigation by the agency's inspector general for allegedly providing special treatment for GreenTech. The investigation is preliminary and has not produced any findings of wrongdoing. Nonetheless, Senate Republicans have said they will not consider Mayorkas's nomination until it is completed." (Tom Hamburger and Ben Pershing, "Company With Ties To Terry McAuliffe Is Under SEC Investigation," [The Washington Post](#), 8/2/13)

## **FEDERAL INVESTIGATORS AREN'T THE FIRST TO QUESTION GREENTECH**

### ***Multiple Former Employees Have Independently Recounted That They Were Told To Pretend To Work As A Show For Investors***

**During Interviews, Several Former GreenTech Employees Claimed They Were Used To Put On A "Show" For GreenTech Investors.** "Perhaps the most startling revelation from the film comes from a group of former employees who agreed to go on camera. They each recount their experience with Greentech and echo many of same concerns that a former worker we profiled in an NBC12 special report did last week. The former workers go into detail about what they describe as a 'show' put on for what they thought to be investors." (Ryan Nobles, "First Look: 'Fast Terry' Uncovers More Disgruntled GreenTech Employees," [NBC 12](#), 7/29/13)

**A Former GreenTech Employee Interviewed By NBC Also Recounted Being Told To Put On A Show For Investors.** "The worker claims the company had them put on a show for what he believed to be foreign investors." ("Former Worker Raises Concerns About GreenTech's Progress," [NBC12](#), 7/24/13)

- **Former GreenTech Employee: "They Would Take Everybody And Put Them Out On The Line And We Would Stand Over The Car With Tools In Our Hand And Look Like We Were Doing Something To The Car But We Wasn't Doing Anything."** ([WMC-TN](#), 7/24/13)

**The Former GreenTech Employee Said GreenTech Management Told Them That The Company Was Dependant On Foreign Investors.** GREENTECH EMPLOYEE: "Like I say, we were told that they

depended on these foreign investors, the company depended on these investors coming in to finance the initiative that we were doing.” ([WMC-TN](#), 7/24/13)

- **Former GreenTech Employee: “It Was All An Act Put On For These Investors To Make Them Think We Were Producing And Actually Doing Work.”** “When the Chinese investor comes in, we were placed on the station, at our assigned work stations, we start working on the cars as if we were producing cars then sending them out the door. It was all a -- an act put on for these investors to make them think that we were producing and actually doing work when, in fact, these cars had been built six months prior to and tore apart and put on the line,” ([WMC-TN](#), 7/24/13)
- **Former GreenTech Employee: “In Fact, These Cars Had Been Built Six Months Prior To And Tore Apart And Put On The Line.”** ([WMC-TN](#), 7/24/13)

### ***Former GreenTech Employees Claimed That They Built Almost No Cars***

**Former GreenTech Employees Claimed That, During Their Time At GreenTech, Few If Any Cars Were Produced.** “In fact, several different former-Greentech employees claim that the work being done inside the company's Horn Lake, Mississippi plant isn't really anything at all.” (Ryan Nobles, “Controversial New Documentary Attacks McAuliffe,” [NBC 12](#), 7/29/13)

- **One Former GreenTech Employee Said That For Months They Did Nothing But Paint And Sweep The Floor.** “In fact several different former Greentech employees claim that the work being done inside the company's Horn Lake, Mississippi plant- isn't really anything at all. ‘We probably came to work for about three or four months straight doing nothing but sweeping the floor or painting,’ said Melvin. He is described as a ‘former Greentech employee.’” (Ryan Nobles, “First Look: ‘Fast Terry’ Uncovers More Disgruntled Greentech Employees,” [NBC 12](#), 7/29/13)

**A Former GreenTech Employee Interviewed By NBC Said That In The Nearly Two Years He Worked There, Only 30 Cars Were Built.** “The former employee told us that in his more than a year in a half on the line maybe 30 cars were built and most of them never left the building.” (“Former Worker Raises Concerns About Greentech's Progress,” [NBC12](#), 7/24/13)

## **IT'S NO WONDER DHS FLAGGED GREENTECH'S VISA APPLICATIONS FOR “FRAUD” AND “NATIONAL SECURITY” REASONS**

**U.S. Citizenship And Immigration Services (USCIS) Director Alejandro Mayorkas Testified That He Referred EB-5 Visa Cases Involving Gulf Coast Funds Management To Homeland Security's Fraud Detection And National Security Directorate.** MAYORKAS: “And notably, when a report was published with respect to raising a question with respect to the integrity of this business enterprise, as I do in all circumstances, drawing upon my many years as a federal prosecutor, drawing upon my prioritization of national security and fraud detection in the agency and my execution of those priorities, as soon as I learned of a concern with respect to this matter from that perspective I referred the case to the fraud detection and national security directorate.” (Alejandro Mayorkas, Confirmation Hearing, [Senate Committee On Homeland Security & Governmental Affairs](#), 7/25/13)

**An Internal USCIS Email Dated March 12, 2013 Notes That GreenTech Had 21 Pending EB-5 Visa Applications, And That All 21 Were On Hold For “Fraud/National Security.”** “GreenTech Regional Center: The Automotive Partnership NCE has 21 related pending 1-526 cases. There is a Fraud /National Security hold on all 21 of these cases.” ([Email To Alejandro Mayorkas](#), 3/12/13, p 40)