

THE BIG FAIL

AN EXAMINATION OF THE FAILED OBAMA RECORD



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It *Didn't* Work For Solyndra

New E-Mails Show Obama Ignored Yet Another Warning From His Own Analysts About Giving Taxpayer Dollars To Solyndra

WARNING SIGN: RESTRUCTURING SOLYNDRA LOAN WOULD COST TAXPAYERS EVEN MORE

Obama's Green Team Ignored Office Of Management And Budget Analyst Who Was Trying To Save Taxpayer Dollars

"Last Week, Solyndra's Final Liquidation Plan Estimated That The Government Will Recover Just \$24 Million Of The \$527 Million That Taxpayers Lent To The Company" Because The Restructuring Loan From Obama Specifically "Put Private Investors Ahead Of Taxpayers." "Even so, senior officials in the White House's Office of Management and Budget did not discourage the Energy Department from proceeding with its plan to restructure a federal loan to Solyndra — a move that put private investors ahead of taxpayers for repayment if the company closed, the investigation by Republicans on the House Energy and Commerce Committee found. The restructuring went forward, but within months Solyndra failed anyway, leaving federal taxpayers on the hook for much of the half-billion-dollar federal loan. Now, a year after the company's collapse, debate continues over whether the refinancing plan was legal or a wise investment. Last week, Solyndra's final liquidation plan estimated that the government will recover just \$24 million of the \$527 million that taxpayers lent to the company." (Joe Stephens and Carol Leonnig, "White House Analyst Warned Saving Solyndra Could Cost More Than Letting It Fail," [The Washington Post](#), 8/1/12)

In January 2011 When Solyndra Was In "Technical Default," OMB Analyst Kelly Colyar Concluded That Restructuring The Loan Would Double The Taxpayers' Loss Than If Solyndra Were Immediately Liquidated. "Documents show that in January 2011, when Solyndra was in technical default on its loan, OMB analyst Kelly Colyar concluded that if the company were immediately liquidated, taxpayers would lose \$141 million. If the loan were restructured and more money were released to Solyndra, she estimated, a subsequent default would cost taxpayers \$385 million. The loss was attributable in part to allowing private investors to recover some of their money first." (Joe Stephens and Carol Leonnig, "White House Analyst Warned Saving Solyndra Could Cost More Than Letting It Fail," [The Washington Post](#), 8/1/12)

OMB Analyst Colyar's Emails Noted "That The Energy Department Appeared To Be Giving Away Its 'Upper Hand'" For The Taxpayer-Backed Loan. "Colyar said in e-mails

that the Energy Department appeared to be giving away its 'upper hand' in financing negotiations with private investors, creating additional risk. At the time, Solyndra had failed to meet the terms of its loan and was on the edge of bankruptcy because disbursements from the loan had been frozen. Colyar said in one e-mail that she was 'vastly confused by DOE's decision to negotiate away their senior position in this transaction.' She also questioned whether the Energy Department underestimated how much taxpayers could recoup if the company were shut immediately and its California factory sold. The proceeds of an immediate sale would be 'significantly HIGHER than DOE's estimate,' she wrote in a January 2011 e-mail, meaning that the government 'is better off liquidating the assets today than restructuring under DOE's proposal.'" (Joe Stephens and Carol Leonnig, "White House Analyst Warned Saving Solyndra Could Cost More Than Letting It Fail," [The Washington Post](#), 8/1/12)

Obama Administration More Concerned With Optics Of Solyndra Failing Than Protecting Taxpayers

OMB Confirmed "DOE's Restructuring Could Effectively Result In Higher Costs Than Liquidation" Adding That "Given The Project's High Visibility, 'DOE Is Likely To Be Very Sensitive About Optics If It Should Default.'" "A colleague at the OMB agreed, saying the analysis 'confirms our earlier concern that DOE's restructuring could effectively result in higher costs than liquidation.' He added that, given the project's high visibility, 'DOE is likely to be very sensitive about optics if it should default.'" (Joe Stephens and Carol Leonnig, "White House Analyst Warned Saving Solyndra Could Cost More Than Letting It Fail," [The Washington Post](#), 8/1/12)

"The Correspondence Suggests That, At The Most Senior Levels And Down The Chain, The Fledgling Obama Administration Had Significant Interest In Using The Loan To Highlight Progress Under The Recovery Act." (Carol D. Leonnig And Joe Stephens, "Solyndra Loan Deal: Warning About Legality Came From Within Obama Administration," [The Washington Post](#), 10/7/11)

- **The White House Pressured OMB On The Loan, Asking What Could Be Done To "Help Speed Along" The Review.** "Documents released Wednesday, however, showed that the credit committee didn't reject Solyndra's application. It said a number of 'unresolved' issues made a recommendation for approval 'premature' at the time. The credit committee requested an independent market analysis and other research, which Silver said was completed within weeks, allowing for the approval. With the White House eager to start announcing stimulus programs, a special assistant for Biden sent an email to an Office of Management and Budget staffer on Aug. 31, 2009, asking how they could 'help speed along' the Solyndra deal so the vice president could announce it four days later." (Jim Puzzanghera and Stuart Pfeifer, "GOP: Solyndra Deal Was Rushed; House Panel Releases Files Related To The Loan For The Troubled Solar Panel Maker," [Los Angeles Times](#), 9/15/11)
- **Obama Fundraiser, Who Obama Hired To Help Oversee The Loan Guarantee Program, Pushed For Solyndra Approval Even As His Wife's Law Firm Was Representing The Company, Saying "I Have OVP And WH Breathing Down My Neck On This."** "An elite Obama fundraiser hired to help oversee the administration's energy loan program pushed and prodded career Department of Energy officials to move faster in approving a loan guarantee for Solyndra, even as his wife's law firm was representing the California solar company, according to internal emails made public late Friday. 'How hard is this? What is he waiting for?'

wrote Steven J. Spinner, a high-tech consultant and energy investor who raised at least \$500,000 for the candidate before being appointed to a key job helping oversee the energy loan guarantee program. 'I have OVP [the Office of the Vice President] and WH [the White House] breathing down my neck on this.' (Matthew Mosk, "Obama Fundraiser Pushed Solyndra Deal From Inside," [ABC News](#), 10/7/11)

Obama's DOE Was Told That The Refinancing Of Solyndra's Loan "Might Be Improper" And Told Them To Clear It With The Department Of Justice. "The emails also show that the Department of Energy was told by the Treasury Department its refinancing arrangement for the Solyndra loan in early 2011 might be improper and should be cleared with the Department of Justice." (Carol D. Leonning And Joe Stephens, "Solyndra: Obama And Rahm Emanuel Pushed To Spotlight Energy Company," [The Washington Post](#), 10/7/11)

- **But According To OMB, "That Never Happened."** "In February, we requested in writing that DOE seek the Department of Justice's approval of any proposed restructuring,' Mary Miller, assistant secretary wrote in a August 17, 2011 memo to OMB deputy chief Jeffrey Zients. 'To our knowledge that never happened.'" (Carol D. Leonning And Joe Stephens, "Solyndra: Obama And Rahm Emanuel Pushed To Spotlight Energy Company," [The Washington Post](#), 10/7/11)

WARNING SIGN: SOLYNDRA WANTED ANOTHER LOAN BEFORE CLOSING ON THE ORIGINAL

OMB Alarmed By Possibility Of A Second Solyndra Loan Before Even Closing And Default Was Completed On The First Loan

OMB Staffer Believed A Second Solyndra Loan Guarantee Was Going To Win DOE Approval. "One message suggests that OMB staff believed the second loan guarantee was close to winning Energy Department approval, a notion the department is rebutting. 'I've been told we should expect to see that project soon for conditional commitment,' notes an April 8, 2010, email among OMB staff that was released by Energy and Commerce Committee Democrats." (Ben Geman, "Administration Weighed Second Solyndra Loan Despite Struggles, Emails Show," [The Hill](#), 10/5/11)

On The Prospect Of A Second Solyndra Loan, An OMB Staffer Wrote "Possible To Close And Default On One Before Closing On A Second??? Could Be A Record." The emails show that an OMB staffer was alarmed at the prospect of giving more financing to the solar panel company, which had received a \$535 million guarantee for a new factory in 2009. An early April email thread about the company's woes includes a message stating, 'Possible to close and default on one before closing on a second??? Could be a record.'" (Ben Geman, "Administration Weighed Second Solyndra Loan Despite Struggles, Emails Show," [The Hill](#), 10/5/11)

Without Precedent, Obama's Energy Department Restructured Purposefully With Investors First, Taxpayers Last

Obama's Energy Department Wrote A Memo On February 15, 2011, Saying They Could Legally Restructure The Loan Putting Taxpayers In The Backseat. "The six-page memo, authored by Energy Department Loan Programs Office Chief Counsel Susan Richardson, says it was legal to restructure the loan in February so that investors who provided additional funding to Solyndra would be repaid before the federal government if

the company folded. The memo is dated Feb. 15, 2011.” (Andrew Restuccia, “Memo Argues Energy Legally Restructured \$535M Solyndra Loan,” [The Hill](#), 10/14/11)

The Treasury Department Was Concerned That Solyndra’s Refinancing Was Illegal Because It Put Taxpayers Behind Private Investors. “A refinancing in February that put taxpayers behind new investors providing \$75 million attracted renewed attention with the release on Oct. 7 of administration e-mails showing Treasury Department officials expressed concern that the change violated the law.” (Jim Snyder, “Solyndra Rescue Attempt Probed By Republicans After New Emails,” [Bloomberg](#), 10/11/11)

- **Obama’s Energy Department Disagreed.** “The Energy Department says the law isn’t that clearcut once a company gets in trouble. Department lawyers determined the restructuring was legal ‘based on a careful analysis of the statute,’ department spokesman Damien LaVera said in an e-mail Oct. 7.” (Jim Snyder, “Solyndra Rescue Attempt Probed By Republicans After New Emails,” [Bloomberg](#), 10/11/11)

Two Senior Treasury Officials Said They Had Never Seen A Loan Restructuring Similar To The Energy Department Loan To Solyndra And Had Never Seen Private Investors Moved Ahead Of Taxpayers For Repayment In Case Of A Default. “Two senior Treasury officials said Friday that they had never seen a loan restructuring similar to an Energy Department loan to a failed solar panel maker. The half-billion dollar loan to Solyndra Inc. was restructured earlier this year so that private investors moved ahead of taxpayers for repayment on part of the loan in case of a default. Treasury officials Gary Grippio and Gary Burner told a House committee they had never seen that occur in a federal loan. Grippio is a deputy assistant treasury secretary and Burner is chief financial officer at the Federal Financing Bank, which made a \$528 million loan to Solyndra in 2009. The two Treasury officials stopped short of declaring the loan restructuring illegal, as some Republicans allege.” (Matthew Daly, “Treasury Officials: Never Saw A Loan Like Solyndra,” [Businessweek](#), 10/14/11)

Department Of Energy Allowed Taxpayers To Take Back Seat To Obama Donor. “Complicating the politics of the situation for the Obama administration, part of the new loan came from Argonaut, the investment company backed by George Kaiser, an Oklahoma oil billionaire who is an Obama campaign contributor. Argonaut was already heavily invested in Solyndra, and provided another \$69 million in cash in exchange for taking over \$75 million that Solyndra was owed by its customers.” (Matthew L. Wald, “Questions Raised Over Letting Another Lender Help A Failing Solar Company,” [The New York Times](#), 9/16/11)

- **Obama’s Department Of Energy Made The Decision To ‘Waive Its Privilege As First Creditor’ In Solyndra Loan.** “That decision in February gave Solyndra a temporary reprieve and a chance to survive, but it also forced the government to waive its privilege as first creditor in the event of a bankruptcy — which then occurred at the end of August.” (Matthew L. Wald, “Questions Raised Over Letting Another Lender Help A Failing Solar Company,” [The New York Times](#), 9/16/11)
- **“The Energy Department’s Approval Was Required For Solyndra To Borrow Any New Funds, Because If The Loan Was Consummated, The Federal Government Would Have To Surrender Its Status As The Most Senior Lender, In Favor Of The New Lender.”** (Matthew L. Wald, “Questions Raised Over Letting Another Lender Help A Failing Solar Company,” [The New York Times](#), 9/16/11)

- **“An Energy Department Spokesman Said Friday That Mr. Chu Was Consulted And Had Approved The Loan Restructuring.”** (Matthew L. Wald, “Questions Raised Over Letting Another Lender Help A Failing Solar Company,” [The New York Times](#), 9/16/11)

Obama’s White House Was Warned That Neither The Treasury Department Nor The Department Of Justice Approved The Restructuring Of Solyndra’s Loan. “In one pointed memo, shortly before the company declared bankruptcy, a top Treasury official wrote to the White House to make clear that the decision to restructure the deal did not have Treasury or Justice Department approval -- despite early suggestions that approval from both agencies may be required.” (Matthew Mosk, “Obama Fundraiser Pushed Solyndra Deal From Inside,” [ABC News](#), 10/7/11)

- **Treasury Assistant Secretary For Financial Markets Mary J. Miller: “To Our Knowledge, That Has Never Happened.”** “‘To our knowledge, that has never happened,’ wrote Mary J. Miller, Treasury’s assistant secretary for financial markets. ‘While I expect that DOE has a view about why loan subordination can occur without DOJ approval or Treasury consultation, I wanted to correct any impression that we have acquiesced in the steps to date.’” (Matthew Mosk, “Obama Fundraiser Pushed Solyndra Deal From Inside,” [ABC News](#), 10/7/11)

WARNING SIGN: SOLYNDRA “NOT READY FOR PRIME TIME”

Obama Gave Loan To Solyndra Despite Warnings

March 10, 2009: WH Budget Analyst Said Solyndra Is “NOT Ready For Prime Time” “‘This deal is not ready for prime time,’ one White House budget analyst wrote in a March 10, 2009 email, nine days before the administration formally announced the loan.” (Matthew Mosk, Brian Ross And Ronnie Greene, “Emails: Obama White House Monitored Huge Loan to ‘Connected’ Firm,” [ABC News & iWatch News](#), 9/13/11)

- **Obama White House Ignored Warnings That Solyndra Was “Not Ready For Prime Time.”** “One e-mail, uncovered by the House Energy and Commerce Committee and reported by ABC News, is from a White House budget analyst warning then-Vice President Biden’s chief of staff, Ron Klain, that the 2009 Department of Energy loan was ‘not ready for prime time.’” (Alexander Mooney, “White House Beats Back Claim It Pressured Loan To Now-Bankrupt Company,” [CNN](#), 9/14/11)

“[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)

“On August 20, 2009, A DOE Staffer Asked ‘How Can We Advance A Project . . . That Generates A Working Capital Shortfall Of \$50 [Million] When Working Capital Assumptions Are Entered Into The Model?,’ Adding ‘It Also Simply Won’t Stand Up To Review By Oversight Bodies.’” (Editorial, “The Solyndra Economy,” [The Wall Street Journal](#), 10/10/11)

August 2009: OMB Staffer 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)

August 2009: OMB Staffer Complained About "Time Pressure We Are Under To Sign-Off On Solyndra." "One e-mail from an OMB official referred to 'the time pressure we are under to sign-off on Solyndra.'" (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)

- **"Another Complained, 'There Isn't Time To Negotiate.'"** (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)

When Pressured By White House Chief Of Staff Office, OMB Staff 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)

Obama White House Pushed OMB To Sign-Off On Solyndra "To Meet Political Deadlines." "Another memo from the White House Office of Management and Budget, also cited by The Washington Post, questioned the model the government was using, but said '[g]iven the time pressure we are under to sign-off on Solyndra, we don't have time to change the model.' Why the rush? The White House appeared to be pushing to meet political deadlines so Vice President Joe Biden could announce final approval when he spoke at the groundbreaking for the new plant." (Martin Wolk, "White House Ignored Red Flags In Loan To Failed Solar Company," *MSNBC's "The Bottom Line,"* 9/14/11)

"Obama's Energy Department Pressed Forth In The Face Of Abundant Red Flags In Awarding Its Maiden Green Energy Financing." "An *iWatch News* dissection of the financing – based on records, interviews and documents obtained under the Freedom of Information Act – shows that Obama's Energy Department pressed forth in the face of abundant red flags in awarding its maiden green energy financing. Money approved – even as outside rating agencies assessed the company as speculative." (Ronnie Greene, "Recurring Red Flags Failed To Slow Obama Administration's Race To Help Solyndra," [iWatch News](#), 9/13/11)

- **"The Guarantee Essentially Tells Lenders That The Government Will Cover The Company's Debt Obligation In The Event It Defaults. In Solyndra's Case, The Loan Came From The Federal Government Itself."** (Kevin Freking, "Staff Finds Contradictions In Company's Finances," [The Associated Press](#), 9/12/11)

The Office Of Management And Budget Continued To Warn Obama's White House And Energy Department On Solyndra's Multiple Red Flags

"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)

“In Spring 2010, OMB Officials Expressed Frustration With How The Energy Department Was Monitoring Solyndra, Including Its Cash Flow.” (Deborah Solomon, “White House Brushed Off Solyndra Worries, Emails Show,” [The Wall Street Journal](#), 10/3/11)

OMB And “Senior White House Aides” Emails Show They Were Aware Of Pessimistic Reports On Solyndra In November 2010. “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)
- **White House Aide Heather “Zichal Replied Minutes Later: ‘You Are Not Alone.’”** (Ben Geman and Andrew Restuccia, “Obama Administration Mulled Solyndra Bailout Days Before Company’s Demise,” [The Hill](#), 11/2/11)

OMB Staffer On The Solyndra Visit: “I am increasingly worried that this visit could prove embarrassing to the Administration in the not too distant future, given 1) what we just heard today from DOE that Solyndra is delaying their IPO at least until the end of the year, and 2) what the auditors said about Solyndra making it through the year absent new financing.” (Deborah Solomon, “White House Brushed Off Solyndra Worries, Emails Show,” [The Wall Street Journal](#), 10/3/11)

- **“An OMB Staffer Also Wrote: ‘Hope Doesn’t Default Before’ Mr. Obama’s May 26 Visit.”** (Deborah Solomon, “White House Brushed Off Solyndra Worries, Emails Show,” [The Wall Street Journal](#), 10/3/11)

OMB Staffer: It May Be Worth Informing Director Of The Political Implications Of The Solyndra Loan.” “Although [political] optics are generally out of our lane, it may be worthwhile for the Director to privately make this point to the Secretary,’ the staffer wrote.” (Carol D. Leonnig & Joe Stephens, “Obama Administration Emails: Giving More Taxpayer Money To Solyndra Was Risky,” [The Washington Post](#), 9/15/11)

- **Staffer Notes That The Obama Administration Could “Get Some Credit For Fiscal Discipline” If Solyndra Would Shutter Its Plant In January.** “The staffer wrote that allowing Solyndra to shutter its plant in January could let the Obama administration ‘get some credit for fiscal discipline’ and save taxpayer money.” (Carol D. Leonnig & Joe Stephens, “Obama Administration Emails: Giving More Taxpayer Money To Solyndra Was Risky,” [The Washington Post](#), 9/15/11)
- **OMB Contends That The Emails Came From A Career Employee.** “OMB spokeswoman Moira Mack said the e-mail was written by a career employee.” (Carol D.

Leonnig & Joe Stephens, "Obama Administration Emails: Giving More Taxpayer Money To Solyndra Was Risky," [The Washington Post](#), 9/15/11)

WARNING: SOLYNDRA'S JUNK CREDIT RATING

Independent Reviews Indicated Solyndra Was "Junk Grade" And "Highly Speculative"

On August 7, 2009, Solyndra, Inc. Received A Credit Rating of BB- From Fitch Ratings.

("The Department Of Energy's Disastrous Management Of Loan Guarantee Programs", [Committee on Oversight and Government Reform](#), U.S. House of Representatives, 3/20/12, p. 5)

BB- Is Considered 'Junk Grade' And "On The Low End Of What Are Considered To Be 'Speculative Investments,' Barely Escaping The Classification Of 'Highly Speculative Investments.'" "Overall, DOE's 1705 portfolio's initial unweighted average rating was BB-, which is considered "Junk grade." According to Fitch, a 'BB' rating is speculative and indicates an elevated vulnerability to default risk. Accordingly a BB- is on the low end of what are considered to be "speculative investments," barely escaping the classification of "highly speculative" investments." ("The Department Of Energy's Disastrous Management Of Loan Guarantee Programs", [Committee on Oversight and Government Reform](#), U.S. House of Representatives, 3/20/12, p. 5)