



# Quid Pro Quo

## *Obama's "Independent" Energy Loan Watchdog Turns Out To Be An Obama Donor*

**President Obama: "But I Can Tell You We Have Put In Place The Toughest Ethics Laws And Toughest Transparency Rules Of Any Administration In History. In History."** (President Barack Obama, [Remarks At A Town Hall Meeting](#), Elyria, OH, 1/22/10)

### **OBAMA'S FORMER "INDEPENDENT" ENERGY LOAN REVIEWER IS NOW A SUBSTANTIAL DONOR**

**Herb Allison, The Leader Of The "Independent Review" Of Obama's DOE Loan Program, Has Donated \$52,500 To Obama Since Completing His Work.** "A veteran Wall Street executive who performed an independent review that exonerated the Obama administration's program of loans to energy companies contributed \$52,500 to re-elect President Barack Obama in the months since completing his work, according to an Associated Press review of campaign records. The executive defended the integrity of his conclusions and said he decided to donate to Obama after his work was finished." (Stephan Braun, "AP Exclusive: Energy Loan Watchdog An Obama Donor," [The Associated Press](#), 8/23/12)

**Two Weeks After Allison Testified Before Congress That "Minimized Concerns" About Obama's Loan Program, He Began Giving To Obama's Campaign, Totaling \$52,500 By July.** "The campaign contributions to Obama started just weeks after Herbert M. Allison Jr., in congressional testimony in March, minimized concerns that the Energy Department was at high risk in more than \$23 billion in federal loans awarded to green energy firms. Two weeks later, Allison began giving to the Obama campaign. His contributions to Obama and the Democratic National Committee totaled \$52,500 by last month. Allison previously was the former head of the government's mass purchase of toxic Wall Street assets." (Stephan Braun, "AP Exclusive: Energy Loan Watchdog An Obama Donor," [The Associated Press](#), 8/23/12)

**Allison Has Donated Before, "But His Gifts In The Past Have Tended To Be Much Smaller Than His Current Contributions."** "Allison gave \$2,500 to the Obama campaign on March 29, two weeks after he testified to the Senate Energy and Commerce Committee about his review. In May, he gave \$15,000 to the Obama Victory Fund, a joint fundraising committee that supports both the president's re-election campaign and the Democratic National Committee. Allison gave the same amount to the fund again in June and then \$20,000 more in July. Allison has donated money to both parties, but his gifts in the past have tended to be much smaller than his current contributions, typically no more than \$1,000 or \$2,000, according to Federal Election Commission records." (Stephan Braun, "AP Exclusive: Energy Loan Watchdog An Obama Donor," [The Associated Press](#), 8/23/12)

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## ***Allison's Review Exempted Companies That Were Bankrupt, Including Solyndra, And Was Full Of Excuses And Shortcomings***

**The Review Looked At 30 Loans Or Loan Guarantees Totaling \$23.8 Billion, But Did Not Involve Solyndra Or Beacon Power, Both Of Which Went Bankrupt And Cost The Government \$567 Million.** "The review, led by former Treasury Department official Herb Allison, looked at 30 loans or loan guarantees totaling \$23.8 billion that were offered to green energy companies and auto makers such as Ford and Nissan. The review did not involve Solyndra or Beacon Power, an energy storage company that also went bankrupt after receiving a federal loan. The government has lost a total of \$567 million from those two loans." (Matthew Daly, "Report: Energy Loans Could Cost \$3B," [The Associated Press](#), 2/10/12)

**Allison Advised That Many Projects Were Likely To Seek Relief From Requirements In Loan Agreements.** "DOE should aggressively strengthen its position as lender or guarantor in cases where borrowers seek relief from requirements in the loan agreements. Given the novelty, complexity and scale of the projects and the exacting covenants in their loan structures, the Independent Consultant believes that many projects are likely to seek such relief at some point during the term of the DOE loan or loan guarantee." ("[Report Of The Independent Consultant's Review With Respect To The Department Of Energy Loan And Loan Guarantee Portfolio](#)," 1/31/12, p. 10)

**Allison Was "Unable To Fully Obtain" All The Information That May Have Been Required To Evaluate The Loan Recipients.** "[T]he Independent Consultant was unable to fully obtain, and the Report does not contain, all of the information that may be required to evaluate any of the borrowers, other project participants, loans, assets, projects or other persons referenced in the Report." ("[Report Of The Independent Consultant's Review With Respect To The Department Of Energy Loan And Loan Guarantee Portfolio](#)," 1/31/12, p. 10)

**Allison Was Somehow Not Able To Assess The Extent Of DOE's Cooperation With His Requests When Assessing The Loan Program.** "The Independent Consultant did not have subpoena authority or any other legal means to compel the production of documents and information from government agencies or from third parties. The Independent Consultant made requests for documents, interviews with relevant officials, and demonstrations of information technology tools used by DOE in connection with its monitoring of the Portfolio. While DOE provided substantial information and technical assistance in response to these requests, the Independent Consultant was not able to assess the extent of, or to require certification of, DOE's compliance with these requests, and did not have access to any form of legal compulsion to require additional assistance." ("[Report Of The Independent Consultant's Review With Respect To The Department Of Energy Loan And Loan Guarantee Portfolio](#)," 1/31/12, p. 10)

## ***Allison's Recommendations For The Loan Program Were Completely Devoid Of Details And Substance***

**Allison Recommended That The Loan Program "Fill Key Positions In Management With Experienced Professionals."** "Fill Key Positions in Management with Experienced Professionals" ("[Report Of The Independent Consultant's Review With Respect To The Department Of Energy Loan And Loan Guarantee Portfolio](#)," 1/31/12, p. 10)

**Allison Advised That The DOE "Define The Tools It Will Use, As Well As The Financial And Policy Goals It Will Pursue To Negotiate With Borrowers In Order To Protect The Taxpayers' Interest."** "To strengthen its ability to protect the taxpayers' interest, DOE should define the tools it will use (e.g., seeking equity interests and stronger loan covenants) as well as the financial and policy goals it will pursue in negotiating with borrowers." ("[Report Of The Independent Consultant's Review With Respect To The Department Of Energy Loan And Loan Guarantee Portfolio](#)," 1/31/12, p. 10)

**Allison Advised That The DOE Define "Reasonable Prospect Of Repayment So That The Financial**

**Goal For Managers Is Unambiguous.** “The Title XVII program’s statutory standard of ‘reasonable prospect of repayment’ is vague. DOE should provide clear guidance regarding the meaning of ‘reasonable prospect of repayment’ so that the financial goal for managers is unambiguous.” ([Report Of The Independent Consultant’s Review With Respect To The Department Of Energy Loan And Loan Guarantee Portfolio](#), 1/31/12, p. 10)

**Allison Recommended That The “DOE Should Improve Reporting To The Public By Providing Clearer, Broader Information To The Public On The Progress And Performance Of The Programs.”** “DOE should provide clearer, broader information to the public on the progress and performance of the programs and the portfolio.” ([Report Of The Independent Consultant’s Review With Respect To The Department Of Energy Loan And Loan Guarantee Portfolio](#), 1/31/12, p. 10)

## **THE MANY FLAWS THAT ACTUAL INDEPENDENT AUDITORS FOUND IN THE LOAN PROGRAM NEVER MADE IT IN TO ALLISON’S REPORT**

**The Government Accountability Office’s 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)

- **The Government Accountability Office Issued A Report That Claimed “The Administration Didn’t Do Its Due Diligence” When Celebrating The \$535 Million In Stimulus Funds For Solyndra.** “It’s not his statements the administration will regret; it’s the loan guarantees. The President was celebrating \$535 million in federal promises from the Department of Energy to the solar startup. The administration didn’t do its due diligence, says the Government Accountability Office. ‘There’s a consequence if you don’t follow a rigorous process that’s transparent,’ Franklin Rusco of GAO told the website iWatch News.” (Scott McGrew, “Solyndra Filing A Disaster For Obama,” [NBC Bay Area News](#), 8/31/11)

**The DOE Inspector General, Gregory Friedman, Issued A Report That Said Obama’s Clean-Energy Loan Program Is Lacking In “Transparency And Accountability.”** “Agents for Energy Department Inspector General Gregory Friedman, who has called the department’s clean-energy loan program lacking in ‘transparency and accountability,’ joined in the search yesterday at the Fremont, California, headquarters of Solyndra, which filed for bankruptcy protection on Sept. 6.” (Jim Snyder, “FBI Raids Bankrupt Solyndra as Lawmakers Question Panel Maker’s Finances,” [Bloomberg](#), 9/9/11)

- **Friedman Accused Obama’s Department Of Energy Of Failing To Maintain Emails About How Loan-Guarantees Were Awarded.** “Earlier this year, the Energy Department’s inspector general criticized the agency for not maintaining e-mails discussing how loan-guarantee winners were selected.” (Carol Leonnig, “After Solyndra Failure, Auditors Wonder What Other Bad Bets Obama Officials Made,” [The Washington Post](#), 9/1/11)
- **Friedman Found That The Loan Guarantee Program Couldn’t Always Demonstrate That They Resolved The Companies’ Risks Before Giving Out The Loans.** “Concerns about the program and its risk controls were raised several times by the Energy Department’s inspector general, Gregory Friedman. In a March 2011 report, Mr. Friedman said his office ‘found that the Loan Guarantee Program could not always readily demonstrate, through systematically organized records, including contemporaneous notes, how it resolved or mitigated relevant risks prior to granting loan guarantees.’ A report in 2009 also faulted the loan-guarantee program’s controls.” (Deborah Solomon, “Solyndra Said To Have Violated Terms Of Its US Loan,” [The Wall Street Journal](#), 9/28/11)

- **Friedman Found That Contracts Were Steered To “Friends And Family.”** “The Department of Energy’s inspector general, Gregory Friedman, who was not a political appointee, chastised the alternative-energy loan and grant programs for their absence of ‘sufficient transparency and accountability.’ He has testified that contracts have been steered to ‘friends and family.’” (Peter Schweizer, “Obama Campaign Backers And Bundlers Rewarded With Green Grants And Loans,” [Newsweek](#), 11/12/11)

**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)