August 2, 2012

"Ugh"

Newly Revealed Emails Show The White House Ignored Warnings On Solyndra, Costing Taxpayers Millions Of Dollars

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SOLYNDRA WAS INTENDED TO BE AN EXAMPLE OF THE STIMULUS CREATING JOBS

Solyndra Was Supposed To Be The Example Of Obama's Stimulus. "We are thinking (technical logistics allowing) that we would want the VP can satellite into the event on 9/4 (next Friday). It's the same day unemployment numbers come out, and we'd want to use this as an example where the Recovery Act is helping create new high tech jobs. Does that work for you guys? Were you guys going to send Sec. Chu or someone else to CA? We are discussing the possibility of sending someone from here (e.g. Carol) out there as well." (Aditya Kumar, Director Of Special Projects In The Office Of Chief Of Staff Rahm Emanuel, E-mail To Steve Spinner, Matt Rogers, And Elizabeth A. Oxhorn, f. 244, 8/25/09)

- **In August 2011, Solyndra Announced That It Would File For Bankruptcy.** "Solyndra, a Fremont solar tech manufacturer, announced Wednesday it is suspending operations and immediately laying off 1,100 employees. The company said it will also file for bankruptcy." (George Avalos, "Fremont Solar Tech Firm Solyndra To Shut Down, Lay Off 1,100 Workers," *The San Jose Mercury News*, 8/31/11)

- **A Total Of 1,861 Workers Were Laid Off By Solyndra As It Went Bankrupt.** "Since September 1, 2010 (impact date), an estimate 1,861 workers have been separated from the firm. This total includes an estimated 649 temporary workers as well as leased workers from West Valley, Aerotek, Oxford Global, GES and Lighthouse Management. Most of these separations occurred at the time of the shut-down of the Fremont, CA facility on August 31, 2011. An additional 85 workers are threatened with separation as the company's operations wind down." (Employment And Training Administration, "Investigative Report TA-W-80,410; Solyndra LLC," Department Of Labor, 9/12/11)

White House Official Aditya Kumar Predicted Solyndra Would Prove That The Government Is What "Can Bring The Private Sector Along." "Dan: Some background. This is a Recovery Act Grant. Details: Will be first DoE Loan Guarantee since 1980s (since the geothermal grants in the 80s, I believe). Total amount will be $535M (with a $107M govt subsidy). This is a solar panel manufacturing company in Fremont, CA. Story is two things: JOBS: Solyndra estimates this will create thousands of jobs (over 3,000K was on estimate I saw but not sure how dated that was); When Government Plays a Part, It can Bring the Private Sector Along: Solyndra has secured over large amounts in private capital which is a story in itself." (Aditya Kumar, Director Of Special Projects In The Office Of Chief Of Staff Rahm Emanuel, E-mail To Danielle M. Crutchfield, Alyssa M. Mastromonaco, Elizabeth Jarvis-Shean, And Dan Pfeiffer, f. 230, 8/19/09)

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SOLYNDRA SAW THE WHITE HOUSE AS THEIR PERSONAL BANK

Solyndra CEO Chris Gronet: "The Bank Of Washington Continues To Help Us!" (Email From Chris Gronet, 10/02/09)

Email From Solyndra Board Member Tom Baruch To White House Staff: "Getting Business From Uncle Sam Is A Principle Element Of Solyndra's Channel Strategy." "Getting business from Uncle Sam is a principle element of Solyndra's channel strategy. When Obama visited Solyndra in June 2010, Chris Gronet spoke very openly about the need for installation of Solyndra's rooftop solar on U.S. government buildings. I heard Obama actually promise Chris that he would look into it when he returned to Washington." (Email From Tom Baruch, 8/10/10)

OBAMA IGNORED WARNINGS AND NOW TAXPAYERS ARE ON THE HOOK FOR SOLYNDRA'S DEFAULT

In January 2011, OMB Analyst Kelly Colyar Concluded That Restructuring The Loan Would Double The Taxpayers' Loss. "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)

- **Colyar Warned Taxpayers Would Lose $385 Million If Solyndra Defaulted On The Restructured Loan Versus $141 Million If They Were Allowed To Liquidate.** (Kelly T. Colyar, Email To Fouad Saad et. al., f. 631, 1/4/11)

However, OMB Did Not Discourage The Restructuring Of Solyndra's Loan Which 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." (Joe Stephens and Carol D. Leoning, "White House Analyst Warned Saving Solyndra Could Cost More Than Letting It Fail," *The Washington Post*, 8/1/12)

The Decision Appears To Have Been Influenced By PR Concerns. "The decision appeared to be made at least in part out of concern with how it would look if Solyndra -- the first recipient of government funds meant to spark growth in the nation's production of cleaner burning fuels -- went bust, according to the report, which quoted extensively from internal administration emails." (Matthew Mosk, "Solyndra Report: Obama Admin. Restructured Loan Because Of PR Concerns," ABC News, 8/2/12)

- **"'DOE Is Likely To Be Very Sensitive About Optics If It Should Default,' One Analyst Wrote In An Email."** (Matthew Mosk, "Solyndra Report: Obama Admin. Restructured Loan Because Of PR Concerns," ABC News, 8/2/12)
- **"'A Meltdown That Would Likely Be Very Embarrassing For DOE And The Administration,' Wrote Another."** (Matthew Mosk, "Solyndra Report: Obama Admin. Restructured Loan Because Of PR Concerns," ABC News, 8/2/12)

After The Obama Administration Offered To Let Taxpayer Money Take A Backseat To Private Investors, The White House Had "A Serious Problem At Solyndra." "On December 8, the day after

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DOE offered to subordinate its interest, Ms. Richardson emailed the office of DOE General Counsel Scott Blake Harris to request a meeting with Mr. Harris. She stated, 'We have a serious problem at Solyndra and need to be brief Scott as soon as possible.' The problem was that DOE's proposed subordination of the taxpayers' interest to private investors violated the plain language of the Energy Policy Act. In an interview with Committee staff, Ms. Richardson stated that during the December 8 meeting with Mr. Harris, she briefed him on the terms and conditions of the proposed Solyndra restructuring, including the subordination. Although DOE had already agreed to subordinate its interest, Ms. Richardson explained that it was her understanding that the deal could not go forward until her office determined whether the subordination violated Section 1702(d)(3) of the Energy Policy Act. 530 Section 1702(d)(3) provides that "[t]he obligation shall be subject to the condition that the obligation is not subordinate to other financing.'" ("The Solyndra Failure," Committee On Energy And Commerce, U.S. House Of Representatives, 8/2/12, pps. 80-81)

- **OMB Staffer: "I Think They Have Stretched The Definition Beyond Its Limits."** "There are some questions at the staff level about how DOE is going about the restructuring for Solyndra. At least one involves the legal question of what 1703(d) (3) means for their plan to make some of the debt 'junior' to the new debt. (see below) I think they have stretched the definition beyond its limits." (J. Kevin Carroll, Email To Richard Mertens, f. 578, 12/15/10)

The Government Will Recover Only $24 Million Of The $527 Million Loaned To Solyndra. "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 D. Leoning, "White House Analyst Warned Saving Solyndra Could Cost More Than Letting It Fail," *The Washington Post*, 8/1/12)

THE WHITE HOUSE WAS PERSONALLY INVOLVED IN THE SOLYNDRA LOAN

Then-White House Chief Of Staff Rahm Emanuel Came Up With The Idea Of Presidential Involvement With Solyndra. "Ron wants to have this move through the process and NOT be in a 'holding pattern'. [sic] He has talked to Rahm about this, and feels like Rahm wants this too (barring any concerns)—POTUS involvement was Rahm's idea." (Aditya Kumar, Director Of Special Projects In The Office Of Chief Of Staff Rahm Emanuel, E-mail To Jacob Levine, f. 230, 8/19/09)

Solyndra Founder Chris Gronet "Spoke Very Openly" To Obama About Solyndra. "When Obama visited Solyndra in June 2010, Chris Gronet spoke very openly to Obama about the need for installation of Solyndra's rooftop solar on U.S. government buildings. I heard Obama actually promise Chris that he would look into it when he returned to Washington. The point is that the government has to pay for energy no matter what. The capital funding to deploy a lot of rooftop solar on government buildings (say $300million) just falls off the table in Washington anyway." ("The Solyndra Failure," Committee On Energy And Commerce, U.S. House Of Representatives, 8/2/12, p. 57)

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)

Current White House Chief Of Staff And Then-OMB Director Jack Lew Allowed The Refinancing To Continue Despite Warnings From OMB Analysts That The 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

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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)

All The White House Could Say After Wasting Taxpayer Money? "Ugh"

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 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)

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