

DOE corruption: appointed and elected officials should face prison time

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An exhaustive review of [350+ pages of leaked emails](#) regarding the Obama administration's handling of the various green-energy loan and grant programs makes several things very clear: they [lied](#), engaged in favoritism, and rushed application approvals to suit the political agenda of the White House. At the same time, worthy projects that went through a complete due diligence process were denied or ultimately withdrawn, as the lengthy approval process "taxed investors' patience"—as was the case with Aptera Motors, which worked closely with the DOE for two years.

Paul Wilbur, President and CEO at Aptera, didn't think they were treated unfairly. He told me, "At the end of the day, we couldn't get through the process." But, he admits, he hasn't read the emails.

Aptera was trying to build a very efficient electric vehicle with an under \$30K price point. Wilbur met with Secretary Chu who could see the value in the technology. But our research shows that value was not the deciding factor in which projects got funded and which ones didn't. Wilbur reports that he didn't donate to any candidate. He wanted to keep the whole process clean and do what was "good for America."

[The report](#) from the House Oversight Committee says Aptera first applied for an ATVM loan in December of 2008 and “shut down on December 2, 2011.” The report implies that Aptera was led on: “After numerous negotiations with DOE, in September 2011, Aptera received a conditional loan commitment of \$150 million if the company was able to raise \$80 million privately.” And: “The loans given to Fisker and Tesla gave Aptera hope that DOE would eventually act on their application. More importantly, since the DOE continued to engage with the company throughout the time period, management was convinced that DOE was interested and willing to provide financing for the company.”

Aptera’s 100% US technology has since been sold to a Chinese company.

Aptera was applying for an Advanced Technology Vehicle Manufacturing loan (ATVM). Only five loans were given out through the program and all have political ramifications. Christine Lakatos, who has worked with me on the green-energy, crony-corruption reports I’ve written, has done thorough research on the topic. She has read each and every one of the 350+ pages of emails released on October 31 and has written a [blog post](#) specifically addressing the ATVM program and its hijinks. As she cites, Fisker and Tesla (which Romney referenced in the first debate), got loans in 2010 and then the Vehicle Production Group’s loan was the only ATVM loan closed in 2011; all have ties to Obama bundlers. The other two ATVM loans went to Ford and Nissan—both of which, according to the House [report](#), “were heavily engaged in negotiations with the Administration over fuel economy standards for model years 2012-2016 at the time the DOE was considering their

applications. Both companies eventually expressed publicly their support for these standards, which the Administration described as the 'Historic Agreement.'"

Armed with the sweeping knowledge of the House reports and subsequent hearings, evidence from DOE staffers (many of whom were appointed by Obama), Lakatos' research, and personal experience, a different ATVM applicant has now taken its case to court citing "corruption and negligence."

On November 16, 2012, [XP Technologies](#) filed a lawsuit against the federal government concerning the DOE's denial of XP Technology's loan guarantee application. The [complaint](#) alleges: "criminal activities did take place by DOE staff and affiliates." A November 23 [press release](#) announces that XP Technologies is now represented by [Cause of Action](#), "a nonprofit, nonpartisan organization that uses investigative, legal, and communication tools to educate the public on how government accountability and transparency protects taxpayer interests and economic activity."

According to the document filed on November 16, "Plaintiffs' backgrounds include extensive issued patents on seminal technologies in use world-wide, White House and Congressional commendations and an engineering team of highly experienced auto-makers. Plaintiff brought a vehicle design, which was proposed as the longest range, safest, lowest cost electric vehicle, to be built in America in order to deliver extensive American jobs nationwide. No other applicant, or award 'winner', has succeeded in meeting, or (is) intending to meet, that milestone. XP Technology developed a patented lightweight, low-cost, long-range, electric vehicle using air-expanded foam-

skinned material for a portion of the polymer body and received numerous patents, acclaim and superior computer modeling metrics over any competing solution. XP presented a vast set of letters of support to DOE from pending customers. Major auto-industry facilities and engineers had joined forces to bring the vehicle to the defense, commercial and consumer market.”

Over the weekend, we had an exclusive interview, on condition of anonymity, with a senior official at XP Technologies about the lawsuit and the experience.

He reported: “Staff from within the DOE have provided evidence which is quite compelling.” As Aptera's Wilbur made clear, the individuals within the DOE were very thorough. One of the emails, in the 350+ pages, was from Secretary Chu himself in which he criticized staffers for taking a “principled stand,” which held up the approval process of projects the White House wanted advanced. Another indicated that the pressure to rush was coming from “above the agency.” Overall, the emails show that projects were rushed so that announcements could coincide with visits, speeches, and photo ops—as well as providing talking points for the president.

Our XP source told us “We experienced, and have been provided evidence of, applicant submissions and reviews being modified in order to benefit some and disadvantage others, and the business connections between the different parties associated with the ones that benefited is quite extraordinary.” The leaked emails support this accusation, specifically regarding the “business connections.” In her post, Lakatos calls it “green fraternizing.” The emails show that certain applicants and

decision makers went bike riding together, had coffee meetings, sleepovers, beer summits, parties, dinners, and fundraisers.

While he didn't provide us with a name, the XP official said, "We experienced a senior senator blockading our efforts and then providing favors to a competitor, which then benefited his family financially." The discovery the lawsuit will provide will expose the "senior senator," but our previous research shows that [Senator Harry Reid](#)'s actions seem to fit the XP official's comment.

XP Technologies believes that "DOE officials changed the first-come-first-served published rules and standards of the funding in order to take applicants in order of who they favored and who had purchased the most influence instead of the order in which they applied, as required."

Having extensively studied the DOE's various loan programs, including the ATVM, Lakatos and I agree with our source's startling conclusion: "Based on the evidence provided by investigators, and experienced directly by our team, it is hard to imagine that at least one or more elected, or appointed, officials might not be seeing measures ranging from censure or even federal prison time."

Time, the lawsuit, and subsequent investigation will tell.

While the House Oversight Committee has been digging deeply into the mismanagement and corruption of the green energy loans, the media has paid little attention. Other than [our report](#), the October 31 release of the emails cited here received virtually no news reporting. Even the Fox News Channel ignored the story. The plight of promising companies like Aptera and XP

Technologies would have gone unnoticed if not for the lawsuit. The legal complaint attracted attention.

On November 16, the [Heritage Foundation](#) broke the XP story: “A lawsuit filed in federal court on Wednesday alleges mass favoritism in the Department of Energy’s decisions to award federal grants to major car companies to develop electric vehicles, according to a legal complaint obtained by Scribe.”

On November 19, Lakatos, whose work is listed as “evidence” in the legal complaint, received a call from Fox News’ Gary Gastelu—who [reported on the story](#) on November 20. The next day, Fox News covered the lawsuit on America’s Newsroom. Even the Drudge Report picked up on the story.

XP has a [litigation website](#) on which the company states: “The case has nothing to do with complaining about not getting the loans. It has everything to do with HOW the applicants didn't get the loans!” They are communicating with other applicants about participating in the lawsuit.

The XP story and subsequent media coverage offers a lesson for others—especially industries who have been wronged by the Obama Administration’s practices (such as energy). The lawsuit may—or may not—send officials to federal prison, as our XP source suggests, but it could go a long way to winning in the court of public opinion.