



## Another Taxpayer-Funded Green-Tech Company Files Bankruptcy

Ener1 Inc., which owns an electric car battery-maker that reaped a \$118-million grant from the Obama administration, filed for bankruptcy protection Thursday. The New York-based company claimed defaults on its bond debt were spurred by rising competition from China and other countries. Ener1 listed \$73.9 million in assets and \$90.5 million in debt as of December 31 in Chapter 11 papers filed in U.S. Bankruptcy Court.

The company announced Thursday it had reached an agreement with primary investors and lenders on a restructuring plan that will include \$81 million to recapitalize its business plan and renew its strategic objectives. In commencing a "pre-packaged" Chapter 11 case, Ener1 said none of its subsidiaries has initiated reorganization cases, and that the plan affords the continued operations of Ener1's other business entities, including EnerDel, EnerFuel, NanoEner, Emerging Power, and Ener1 Korea.

"This was a difficult, but necessary, decision for our company. We are extremely pleased to have the strong support of our primary investors and lenders to substantially reduce the Company's debt," CEO Alex Sorokin said in a [press release](#). "Their support demonstrates that our business partners have an appreciation for our future business opportunities in providing energy storage solutions for electric grid, transportation and industrial applications. We expect the new funding to provide ample liquidity for our subsidiaries to meet their ongoing obligations to employees, customers and suppliers."

Sorokin asserted that the company's business plan was blighted when the demand for lithium-ion batteries slowed due to an "unexpected" lull in electric car sales. "That pressure was exacerbated by volatility in the debt and equity markets that further limited our borrowing ability and the loss of a major customer," he added, "which filed for bankruptcy in June 2011, and for which we were exclusively providing commercial lithium-ion battery packs."

EnerDel, a subsidiary of Ener1, harvested a \$118-million stimulus grant from the Energy Department in 2009, and was long touted by the Obama administration, as Vice President Joe Biden [visited](#) one of the company's new Indiana battery plants last January. Indiana lawmakers hailed bipartisan support for Ener1's grant application, while the company received a \$6.5 million advanced-battery grant from the Energy Department as well as a \$4 million Defense Department research and development contract





Written by [Brian Koenig](#) on January 27, 2012

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under President George W. Bush's administration.

In his 2011 State of the Union address, President Obama vowed to break U.S. dependence on foreign oil, as he set a lofty goal of deploying a million electric vehicles on the road by 2015. "With more research and incentives, we can break our dependence on oil with biofuels and become the first country to have a million electric vehicles on the road by 2015," the President [declared](#).

"We need to get behind this innovation," Obama continued in his speech. "And to help pay for it, I'm asking Congress to eliminate the billions in taxpayer dollars we currently give to oil companies. I don't know if you've noticed, but they're doing just fine on their own. So instead of subsidizing yesterday's energy, let's invest in tomorrow's."

The following day, Biden flew to Greenfield, Indiana, to applaud Ener1's new plant, which according to the White House, was the type of government investment the President was referring to in his 2011 address. Biden's deputy domestic policy adviser, Brian Levine, documented the Vice President's visit in an [article](#) last January:

Today, Vice President Biden visited Ener1, Inc., a manufacturer of advanced batteries for electric vehicles, in Greenfield, Indiana to announce our plan to reach this one million vehicle goal by 2015. The facility that the Vice President visited would not exist if not for a \$118.5 million grant from the Department of Energy, which was part of a \$2.4 billion Recovery Act investment in electric vehicles. Ener1 added 120 jobs across the company in 2010 and the future looks bright. They expect to expand the manufacturing and assembly operation in Greenfield from 80 workers today to over a thousand by the start of 2013.

"Well, ladies and gentlemen, here at Ener1, we're going to harness electricity and bring it to the world like Edison did more than a century ago," Biden ambitiously declared, addressing company staff and executives. "We're going to reshape the way Americans drive, the way Americans consume, the way Americans power their lives. And in turn, we're going to reshape America itself. We may not make battery power so cheap that only the rich can afford to drive their cars on imported oil, but with [Ener1] leading the way, we're certainly going to come pretty close."

Ener1 spokesman Guy Westermeyer said EnerDel will continue working with the Energy Department to meet the project's objectives. So far the company has collected \$55 million of the grant, and Westermeyer said he "is optimistic about the long-term opportunities available in the energy storage market."

Marking the ongoing trend of failed Energy Department loans, Ener1 is the third company to seek bankruptcy protection after receiving federal money under President Obama's economic stimulus plan. Solar panel-maker Solyndra and energy-storage firm Beacon Power collected generous federal benefits under the law, including a [\\$535-million](#) federal loan and a \$43-million loan guarantee, respectively.

"Unfortunately, you can now add Ener1 to the growing list of failed companies that went belly up after hundreds of millions of dollars in administration backing," affirmed Rep. Cliff Stearns (R-Fla.), the chairman of a House subcommittee which is currently investigating Solyndra.

"One bankruptcy may be a fluke, two could be coincidence, but three is a trend," Stearns continued. "Our investigation continues, and we are working to ensure taxpayers are never again stuck paying hundreds of millions of dollars because of the administration's risky bets."



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