



## The Real Green in Fedgov's "Green Energy"

Republican presidential nominee Mitt Romney quipped during the first presidential debate on October 3 of President Obama's much-touted \$90 billion in "green jobs" subsidies: "I had a friend who said: you don't just pick the winners and losers, you pick the losers." Romney noted that many of the solar and renewable energy firms given big bucks by the Obama administration went bankrupt despite millions — or even billions — in federal loans, loan guarantees, or cash grants.



After the debate, establishment press organs charged to the defense of Obama's Energy Department, claiming only a handful of firms funded by the government went bankrupt. CNN claimed it could find only five "green energy" subsidies where the recipient of federal largess went bankrupt. But the reality is that "green energy" subsidies not only have failed in almost every sense of the word, but have fueled corruption.

President Obama sold the nation on his \$800 billion "stimulus" bill, the 2009 American Recovery and Reinvestment Act, with the claim it would create or save some three million jobs. Nearly four years later, the best that the Obama administration's Recovery.gov website can boast is a mere 135,000 jobs created from the "stimulus" bill — costing more than \$5 million per job. In at least 19 instances, firms that promised creation of "green jobs" went bankrupt. Dozens of others cut back on jobs after receiving huge federal taxpayer subsidies — rather than increasing employment. Together, these troubled "green" companies account for nearly \$6.4 billion in taxpayer subsidies on the line.

Yet the Obama administration touted the "stimulus" bill as a success. And in one sense, it was a huge success: The stimulus gave a huge injection of cash into private alternative energy companies, which in turn donated to liberal political causes — including Obama's reelection effort — "green recycling," Washington-style. Though not always an explicitly tit-for-tat deal for beltway liberals, the green recycling machine definitely improved liberal Democrats' electoral funds by the millions — and their chances in the last election. And the green-energy taxpayer subsidies allowed billionaire Wall Street investment banks and trust-fund liberals to gamble with the tax dollars of cab drivers, waitresses, and other poor and middle-class Americans.

### Solyndra

One of the best examples of this green recycling of taxpayer dollars is solar-panel manufacturer Solyndra, which received a \$535 million taxpayer loan guarantee, approved by the Obama administration, in September 2009. Solyndra filed for bankruptcy August 31, 2011, when it laid off all 1,100 of its employees. In fairness, Solyndra had originally applied for its loan under a 2005 Bush administration-era law that allowed for energy subsidies, not through the Obama "stimulus."

But a subsequent investigation by Congress' House Energy and Commerce Committee found that the Obama administration had rushed approval of the half-billion-dollar loan despite warnings from Steve Isakowitz, then-chief financial officer of the U.S. Department of Energy (DOE), that Solyndra's



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technology and business plan was “not ready for primetime.” The U.S. House Energy and Commerce Committee eventually concluded that federal assistance continued to flow to Solyndra even after the firm ran into financial trouble: “DOE violated the plain language of the law when it restructured the terms of the loan guarantee and subordinated the taxpayers’ interest to the interests of two private equity investors.” The committee concluded — using plain language — that the evidence “conclusively shows that DOE pushed forward with the guarantee despite these warnings because of the Obama Administration’s desire to use the Solyndra guarantee to highlight its stimulus.”

Those two private-equity investors were the elite Wall Street investment bank Goldman Sachs and George Kaiser. Goldman Sachs raised much of the matching capital needed for government loan approval from the private sector, and the firm’s executives had been Obama’s largest campaign contributors in 2008, giving more than \$1 million to Obama’s election effort in 2008 and nearly \$185,000 again in 2012.

Goldman Sachs brought George Kaiser into Solyndra, whose George Kaiser Family Foundation became the largest shareholder in Solyndra. Kaiser had been a bundler and fundraiser for Obama’s 2008 presidential campaign. According to the online Daily Caller, “Tulsa billionaire George Kaiser, a key Obama backer who raised between \$50,000 and \$100,000 for the president’s election campaign, is one of Solyndra’s primary investors. Kaiser himself donated \$53,500 to Obama’s 2008 election campaign, split between the DSCC and Obama For America.”

Solyndra has become the political hobgoblin trotted out by the Republican Party, while liberal Democrats have loudly protested that it was an isolated case in a sea of alternative-subsidy successes. Never minding which side is correct for the moment, the Solyndra case provides a free-market narrative that brings up the key question: Why do billionaires like George Kaiser and Wall Street investment bank Goldman Sachs need taxpayer dollars to back risky investments?

Despite Democratic protestations, Solyndra has become a political allegory not because it was an exception, but because it has proven to be the rule in Washington. To find the truth, popular wisdom counsels, “follow the money.” And following the money reliably finds a circular flow of donations from corporate captains in politically favored and federally subsidized industries into the same campaign coffers of the leftist politicians who championed the taxpayer subsidies.

### **Abound Solar**

Abound Solar received a \$400 million direct federal loan in 2010, but filed for bankruptcy in 2012 despite the subsidy. Like Solyndra, Abound Solar manufactured solar cells and enjoyed strong liberal Democratic support — support that was evidently reciprocated.

Though top officials in the company became liberal donors in 2012, such as Project Manager Daniel Shaner, who gave \$500 to Barack Obama’s reelection committee, and Vice President Erik Mikysa, who gave \$250 to MoveOn.org, clearly, the White House did not pick Abound Solar as a target for \$400 million federal dollars for its campaign contributions from corporate leaders alone. So where’s the reciprocity?

A number of dynamics may have been running through this green-energy subsidy. One of those dynamics may have been to reward past political contributors and frequent White House guests. Investors in Abound Solar have funneled millions to the White House and liberal causes. Billionaire heiress Patricia Stryker invested in Abound Solar. Likely not coincidentally, she also bundled \$87,500 for President Obama’s inaugural committee. Stryker has long been a prolific funder of all causes of the



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political Left, including making a donation of \$500,000 to the left-wing Coalition for Progress in 2006. Over the years, Stryker (estimated worth \$1.5 billion) has donated millions of dollars to left-wing causes. She was also on the roster of visitors to the White House three times, including at the same time that Abound Solar's \$400 million federal loan was approved by the Department of Energy. Abound Solar also spent \$80,000 in 2012 on Faegre BD Consulting to serve as a lobbyist in Washington, D.C., to keep the gravy train coming, though too late to forestall a bankruptcy filing and massive employee layoff.

Congress has subsequently opened up an investigation of Abound Solar, as DOE staff e-mails have emerged talking about "transaction pressure" from the Obama White House.

### **The Trough Is Full**

Solyndra and Abound Solar are far from the only companies where campaign contributions from failed green companies and government subsidies went hand in hand. And Washington's green recycling program has dispensed billions throughout the entire industry:

*A123 Systems (\$279 million):* A123 Systems officials contributed a total of \$7,300 to liberal Democratic congressional campaigns while receiving \$279 million in federal assistance. Ironically, the government made a nearly million-dollar payment on the same day the company declared bankruptcy in 2012. A123 President and CEO David Vieau gave \$2,500 each to Democratic Congressman Ed Markey and the Democratic Senatorial Campaign Committee (in addition to \$1,000 to Democratic Senator Mary Landreau). Probably more important to the political fortunes of A123, however, was its relationship with the lobbying firm Skadden Arps, which A123 paid \$970,000 in lobbying fees from 2007 to 2009 to secure government backing, according to [opensecrets.org](#). Skadden Arps employees, in turn, served as fundraising bundlers for Obama's 2008 election. Though information provided by the Obama campaign is imprecise — and given in ranges of amounts — the contributions raised by Skadden Arps employees were between \$550,000 and \$1,300,000, according to [opensecrets.org](#).

*Tesla Motors (\$465 million):* Tesla Motors founder and South African native Elon Musk was a maximum individual donor to Barack Obama's reelection campaign, giving him \$5,000, including \$2,500 each in the primary and general election. Again this is hardly good reason for the administration to throw wads of money at a company, but as is said, there is more than one way to skin a cat — or pay off a politician. *Variety* magazine, which follows the happenings of the Hollywood glitterati, said in an article entitled "Obama looks to Hollywood's deep pockets" that after Obama went to a fundraising dinner on the Sony Picture Entertainment lot, which charged attendees \$38,500 per person, he was going to a second fundraising dinner with "moguls and major L.A. figures" — and among the expected guests was Elon Musk.

But Musk didn't limit himself to greasing Democratic palms. When one is buying political access to loans, bipartisanship is important, so Musk also was a maximum donor to Republican Congressman Dana Rohrabacher of California and Florida Republican Senator Marco Rubio. Forget that the Republicans he funded have wildly different political agendas from liberals he supported, such as Obama, Congressman Chaka Fattah (D-Pa.), and Senator Maria Cantwell (D-Wash.), each of whom also received thousands in political donations from Musk. For businessmen like Musk, it's a question of donating thousands of dollars to get millions in federal tax dollars. Tesla received a taxpayer-subsidized loan of \$465 million in 2009, yet the company continued to post losses of \$100 million per quarter through the third quarter of 2012.



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And the story doesn't end there. Nicholas Pritzker, who is part of the wealthy Pritzker family and is an investor in Tesla, is a direct relative of Penny Pritzker, one of Obama's biggest bundlers, according to the *New York Times*.

*SunPower (\$1.2 billion)*: SunPower has endured layoffs and a stock price that fell from \$130 in 2008 to \$4 today despite a total of \$1.2 billion in total federal subsidies. But on the real returns, campaign contributions, SunPower returned more than \$60,000 to left-wing politicians, including \$10,600 to Barack Obama and \$6,000 to Dianne Feinstein. They also gave some \$7,500 to California Republican Congressman Kevin McCarthy. CEO Richard Swanson gave a \$2,500 donation to Obama's campaign.

*First Solar (\$1.46 billion)*: First Solar reported lower earnings expectations, and *Bloomberg BusinessWeek* reported on November 2, "First Solar stock lost \$2.26, or 9 percent, to \$22.49 in afternoon trading. Based on Thursday's closing price, the shares have lost more than 50 percent of their value over the last year." But that hasn't stopped the floodgates of political donations from opening. "In California, the company gave \$150,000 to campaigns last year," the *San Francisco Chronicle* reported in 2011, and gave another \$30,800 in 2012 according to BuyBackYourVote.com.

*BrightSource (\$1.6 billion)*: BrightSource has taken in astronomical sums of federal aid. And its officials gave thousands of dollars to the Obama and Washington Democrat Senator Maria Cantwell reelection campaigns. It recently raised some extra capital (with the help of Goldman Sachs and other elite Wall Street investment bankers), but has been behind on several projects, prompting Google to pull its investments out.

BrightSource employees donated \$8,150 in campaign contributions, almost exclusively to liberal Democrats, such as Senator Maria Cantwell (D-Wash.) and Barack Obama. And here, too, the machinations go deeper. An article by the Heritage Foundation entitled "Brightsource DOE Funding Exposes Obama Cronyism" makes evident through uncovered e-mails the close communication between the Obama administration and green-energy recipients:

A month before the BrightSource loan came through, [an] ... email exchange occurred between then-BrightSource Chairman John Bryson (who was nominated by President Obama to serve as Commerce Secretary in May 2011 and was confirmed to the post last October) and Jonathan Silver, who was in charge of the DOE loan program. The email was addressed to then-White House Chief of Staff Bill Daley but was never sent to him, over concerns that it might not be appropriate.

"The White House needs to focus on finalizing the loan guarantee for what would be the largest solar thermal project in the world," Bryson wrote in the draft.

"We need a commitment from the [White House] to quarterback loan closure between [the Office of Management and Budget] and DOE by March 18 to avoid having our project jeopardized by larger budget politics."

Even before these emails appeared, BrightSource became known as heavily politically connected. In his new book, *Throw Them All Out*, Peter Schweizer reported that Sanjay Wagle, a major player in BrightSource's largest shareholder, Vantage Point, and an Obama fundraiser, "was installed at the Department of Energy (DOE), advising on energy grants."

*Amonix (\$5.9 million)*: Amonix PAC gave \$7,100 to California and Nevada Democrats, including \$1,000 to Dianne Feinstein and \$5,645 in total donations to liberal Democrats after receiving \$5.9 million in federal assistance. Moreover, Townhall.com reported in an article entitled "Another Obama Bundler Boondoggle Goes Broke":





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The man behind the company, Steve Westly, has received over \$500 million in taxpayer-funded grants, loans and cash for a variety of companies ... after raising \$86,000 for Obama as a bundler in 2008, according to the campaign cash website [opensecrets.org](http://opensecrets.org).

So far this election cycle, Westly has donated \$101,000 to various Democrat candidates and groups, according to data compiled by [opensecrets](http://opensecrets.org), including \$60,000 to DNC Service Corp, also known by the less creepy name of the Democrat National Committee.

### **And It Goes On**

The figure of \$6.4 billion in taxpayer assets at risk for bankrupt or troubled green industries doesn't count Solar Trust of America, which won a \$2.1 billion loan guarantee from the federal government's Department of Energy. Solar Trust of America turned the loan guarantee down before it eventually filed for Chapter 11 bankruptcy in April 2012.

And that's not the end of the ways in which the you-scratch-my-back-and-I'll-scratch-yours game is played. If congressmen get on board with green-energy regulations like those advocated by Obama, a cushy high-paying job is almost sure to be waiting in private industry after a political career — if the politicians or federal regulators give Obama and his corporate cronies what they desired.

This was recently exemplified by Congressman Heath Shuler (D-N.C.). After he was redistricted out of his congressional seat, he seemingly miraculously landed a job at Duke Energy. As Tim Carney of the *Washington Examiner* explained: "The way to please giant corporations like Duke is not to advocate free-market policies, but rather to find the right blend of regulations and subsidies":

Duke not only supported Waxman-Markey [a bill that regulated the energy industry through a cap-and-trade system], the company also helped write it. Duke CEO Jim Rogers was a key player the U.S. Climate Action Partnership, the corporate-led coalition that built the bill's framework. As Rogers testified before the House Energy and Commerce Committee in April 2009, "I have been an early advocate, longtime advocate for climate change legislation."

Why did Duke, a leading coal-burner, back the legislation? In part, Duke supported the bill because it was generous with carbon credits — giving many of these valuable permits away for free. But Duke also was retiring its old, small coal-powered plants, and a cap-and-trade scheme could result in the government effectively paying Duke (in valuable and tradable carbon credits) to do what it already was going to do. Shuler voted for a bill that his state's largest utility supported and stood to profit from.

In the end, Shuler ended up with a golden parachute as a lobbyist for Duke. Even the political "losers" end up "winners" in the green-energy subsidy culture.

### **The Remainder of the Money?**

Attentive policy watchers who also happen to be Obama fans might note that the \$6.4 billion "invested" by taxpayers in these companies to win campaign contributions and help liberal donors is a small fraction of Obama's \$90 billion green spending budget and could be written off as politics as usual. But the other \$84 billion in subsidies weren't spent any better.

Much of the rest of the green-energy tax credits has gone to subsidies to giant corporations to help them evade federal taxation altogether. General Electric — one of the nation's largest corporations — pays no corporate income taxes, according to the *New York Times* for March 25, 2011, partly because of green energy tax credits: "Over the last decade, G.E. has spent tens of millions of dollars to push for changes in tax law, from more generous depreciation schedules on jet engines to 'green energy' credits



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for its wind turbines.” GE’s tax form is annually tens of thousands of pages long, and was reportedly longer than 50,000 pages last year when the firm paid no income taxes. Most people are aware of the close connections between GE and the Obama administration.

It’s ironic that those on the political Left, who have cried the loudest about large corporations not paying income taxes, have been the strongest supporters of the tax credits that have allowed those corporations not to pay corporate income taxes.

Other green funding was sent to firms that were already invested in improving economic efficiency, and already successful without federal subsidies. Ford Motor Company was the only U.S. auto manufacturer of the “big three” that never lost money and never needed bailout funds. But the U.S. government sent Ford \$5.9 billion in loans in June 2009 for retooling for alternative energy anyway.

As with the example of the Ford Corporation above, the Obama administration did not give out all of the \$84 billion to people who ponied up payoffs, but it also gave money to groups and individuals for political expediencies, such as boosting a political claim of “creating jobs,” or simply because the administration believed in the cause — regardless of the merit of the programs.

Mountain Plaza, Inc. appears to be one such case. Mountain Plaza, Inc., which received a \$2 million federal loan to create electrified truck stops across Tennessee, continued to receive funds from its grant from the Environmental Protection Agency even after it filed for bankruptcy and the criminal history of its owner became known.

The *Tennessean*, the primary Nashville-based daily newspaper, reported on October 4, 2011 that Mountain Plaza owner Ricky Hugo Lewis had a long criminal record:

In 2002, Lewis was convicted of 31 counts of theft stemming from flawed sales tax returns he filed for a previous business in the 1990s. He was placed on probation for eight years and ordered to reimburse the state nearly \$70,000, which Lewis says he did.

In 2003, Mountain Plaza and the Lewises filed for bankruptcy separately. Their debts included local, state and federal taxes then, too. They emerged from those bankruptcies in 2005.

While he was still on probation early last year, Lewis was indicted for writing worthless checks, including several of more than \$10,000. Lewis was still on probation, and his worthless check charges were still pending, when TDOT approved the grant to his company.

### **Gambling With Taxpayers’ Money**

In the world of green subsidies, profits are privatized and the losses are socialized. Obama’s victory in the presidential election — and consolidation of key Democratic Party Senate and congressional seats in the November election — confirmed the true “success” of green recycling, Washington-style. But it also proved the folly of government central planning as leading to economic growth or progress. With billions being wasted on corrupt crony-capitalists, Washington is taking money — and wasting it — from companies and individuals who really could solve society’s problems.

And if the still-Republican House of Representatives wants to increase its chances in the 2014 mid-term elections, defunding green subsidies should be a patriotic duty as well as a political survival measure. Such a measure could be accomplished by the House alone by simply refusing to pass additional subsidies.

— Photo of President Obama at Solyndra: AP Images



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