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[Auto House Committee Looks into Terms of DOE's Fisker Automotive Loans](#)

Tiffany Kaiser - October 23, 2012 2:50 PM



Fisker Karma (Source: scm-l3.technorati.com)

The Committee wants a look at all emails exchanged between the White House, DOE and Treasury regarding tax implications of the Fisker loans

The House Oversight and Government Reform Committee is looking into U.S. Department of Energy's (DOE) original terms of [its loan to Fisker Automotive](#), questioning whether DOE will step in to help the electric vehicle (EV) automaker if it goes bankrupt and investors are allowed to retrieve their money.

"[The government] allowed Fisker to find additional private investors after failing to adhere to financial covenants," said House Oversight chairman Darrell Issa (R-Calif.) in a letter to DOE Secretary Steven Chu. "However, the details of how these private investments affected underlying terms to the original DOE loan are unclear."

Fisker Automotive, a California-based EV maker, received \$529 million in DOE loans in April 2010. The loans were part of a program to progress development of high-tech vehicles, where Fisker received \$169 million for Karma plug-in engineering and \$359 million for Nina production. The loans were also meant to revamp a closed General Motors plant in Wilmington, Delaware for Fisker EV production.

However, Fisker fell a little behind on its production schedule, and in May 2011, [DOE froze the loans due to "unmet milestones."](#) Fisker had only drawn \$193 million of it at that point.

Now, the House Oversight and Government Reform Committee wants to know if DOE will help Fisker out if it goes allows investors to retrieve funds in the event of bankruptcy. The Committee wants a look at all emails exchanged between the White House, DOE and Treasury regarding tax implications of [the Fisker loans](#).

"From day one, decisions made on loan applications and projects supported by loan guarantees were made on the merits after careful review by experts in the loan program," said Damien LaVera, DOE spokesman. "Our consistent goal has been to manage these critical investments in innovative clean energy technologies in a way that manages the risk to the taxpayers."

DOE added that there has not been any restructuring of the Fisker loan with the department, and all borrowers in their portfolio can raise private equity. Fisker has raised \$1 billion in private equity.

Fisker has had other problems in the recent past, such as [Karma battery concerns](#) (the company has had three recalls since December) and the two-year delay on its Atlantic vehicle production, which it announced last week. Another issue may be that Fisker [can't build the Atlantic in the U.S.](#) due to the loan freeze.

To make matters worse, [A123 Systems](#), the EV battery maker for Fisker's Karma, filed for bankruptcy earlier this month after missing loan payments. It sold all of its automotive business assets to Johnson Controls.

Source: [The Detroit News](#)

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"We don't know how to make a \$500 computer that's not a piece of junk." -- Apple CEO Steve Jobs