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Solyndra Bankruptcy and Obama Administration

The collapse of Solyndra Corp, a California based solar maker has subjected the Obama Administration to more than just nation-wide criticism and embarrassment. It has cost US taxpayers \$535 million in a loan guaranteed by the government.

Now the knives are out and the public is looking for answers. It appears the government might have been too hasty in backing Solyndra that it ignored the fact that the company might not be a worthwhile investment. In addition, now there is talk that Solyndra executives might have lied to federal officials about the company's prospects and that political cronyism was at play in the decision. Paul Ryan, the Republican chair of the House Budget Committee, called the Solyndra debacle "industrial policy and crony capitalism at its worst. It's Exhibit A for how this kind of economic policy doesn't work."

But upon some investigation, it was discovered that Solyndra was not the first or only failed government intervention.

Does the name Range Fuels ring a bell? Range Fuels was a Georgia-based company that supposedly had the technology to convert wood scraps into fuel and was bestowed a federal grant of \$75 million in 2007 and another \$80 million in loan guarantees to build a new plant in central Georgia. The move was lauded by US Senator Johnny Isakson at the time when he said, "This is exactly the kind of project this country needs to move us

toward energy independence.” .But the company went bust in February without having produced any fuel whatsoever and all the taxpayers’ money was squandered.

But some venture capitalists see the government’s move as part and parcel of normal business risks. The government was taking steps to wean off the nation’s dependence upon oil by intervening and investing in other forms of energy. Since trillions of dollars are spent each year in acquiring oil from the Middle East, investing a small portion of that amount in researching and enhancing technologies for alternative energies is a justifiable move.

Government funding is also crucial and in some cases indispensable in certain energy generation methods like nuclear energy. The Energy Department office that approved the Solyndra and Range Fuels loans has also approved \$8.3 billion in loan guarantees to finance two new nuclear reactors at Plant Vogtle outside Augusta. Nuclear energy is considered too expensive and risky for private sector investors so only the government is able to fund such ventures. Without government intervention, we would not have nuclear-powered energy.

So while there are losses in government subsidies of energy projects like Solyndra and Range Fuels there have also been gains in other government-funded projects that go towards meeting our nation’s energy needs.