

🇺🇸 JOBS – PART VI: SOLYNDRA

– IS IT A CANARY IN A COAL MINE?

Stephen L. Bakke 🇺🇸 October 20, 2011

Dear Mr. President: I heard “through the grapevine” that you think my comments on Solyndra are “akin” to “beating a dead horse.” Sorry Charlie ... I mean Barack ... but this deserves attention on its own merits, or lack thereof. No question – this whole “Solyndra thing” has a lot of “ishy” about it and definitely deserves a full blown Norwegian “UFF DA!” Oh, by the way – I wrote a little “jingle” for you and the “Solyndra Boys” – check it out below. – Steve Bakke – October 20, 2011.

A Limerick To Help Explain It:

Barack the Venture Capitalist Strikes Again

(1)
Barack and some boys he thought “mates”
Got to thinkin’ while havin’ White House dates,
 “If we play our cards right
 Make it sound like we’re bright
Solyndra might end up lookin’ great!”

(2)
A gov’mint mortgage, Solyndra did “git.”
Built “Taj Mahal” - its fancy won’t quit.
 With payments they couldn’t make
 Barack had too much at stake
Just denied – “those charges, they don’t fit!



(3)
With all of this comin’ to naught.
And with many to be put on the spot.
 Bamy circled his wagons
 To avoid all those dragons
And said “NO! I’m not goin’ to get caught!”

(4)
When all this is over and done
Doors locked and Bamy’s “mates” on the run
 The world will find out
 And will no longer doubt
A venture capitalist? Obama ain’t one!

S-O-L-Y-N-D-R-A – Spelled Any Way You’d Like, It’s an Incredible Mess

Solyndra is a solar panel manufacturing company that received almost \$530 million in federal government loan guarantees. It was the poster child for Obama’s 2009 American Recovery and Reinvestment Act (ARRA) and its promise to create green jobs. The company abruptly failed.

I could have dropped the Solyndra and the “green jobs” topic, and considered it just a huge mistake. And I probably could have considered this just an isolated incident. But it’s becoming more and more obvious that it’s not! And as more and more information is coming out, our President still wants to dismiss the related accusations as “20/20 hindsight.” The more I look into it, the more convinced I am that this is obviously a serious abuse of manipulative power on a grand scale – so much so that it’s beginning to gain the status of a serious “gate.” And it’s not the only example!

In the case of Solyndra, **Obama's dismissive style and ideological righteousness trumped a more appropriately cautious and experienced assessment of facts. His ideology insists on putting our nation's economic health on the line by insisting on putting an incredible level of confidence in the efficient and effective operation of the federal government.** Based on all we have experienced, such faith is not warranted!

Take one part "foolish premise," add two parts big government bureaucracy – and what do you have? An incredible mess! Government spending suffers from unfortunate characteristics:

- When the government, in a jobs program, substitutes their bureaucratic wisdom for that of the marketplace, I am convinced that they often fund projects that would have been there anyway, or they are propping up struggling companies that otherwise shouldn't survive.
- My sense is very strong that very few firms will, on the margin, survive that wouldn't have survived on their own with the marketplace dictating results.
- Governmental subsidies or loan guarantees divert capital from market driven investments and create a climate of uncertainty in a market weary of government manipulation.

There's a Lot of "ISHY" Goin' on!

There are some characteristics of the Solyndra "deal" which were terribly naïve and foolish, and which could very easily be common to other "jobs projects" the Obama administration has or will be considering and funding. For example:

- Solyndra was a start-up solar energy panel manufacturer that was struggling to survive.
- Solyndra was in such bad financial shape that they had received an opinion from their auditor that showed uncertainty as to the company's survival. PriceWaterhouseCoopers stated that this "raises substantial doubt about its ability to continue as a going concern."
- My extensive experience with financing struggling and "start-up" companies is that "bricks and mortar" can be a disastrous distraction and waste of funds if done before the company is able to even "cash flow" operations. **Solyndra is just one example of situations in which the recipients of "green jobs" subsidies may have been better off had they not received government dollars – especially for a "Taj Mahal" type of facility.**
- Solyndra didn't need and couldn't afford this financing assistance! **Solyndra couldn't make the payments!** That should have been obvious. Solyndra could not internally provide the cash flow necessary for normal operations – and after receiving the loan guarantee for their lavish quarters, they were faced with new and unmanageable mortgage payments.
- It is likely that the **government's foolish generosity made the situation worse.** Solyndra should have used any available dollars (whether from the government or otherwise) for more modest facilities – perhaps even renting – leaving more for normal operations.

Mallard Fillmore by Bruce Tinsley



- Internal emails indicate the administration **was** alerted to the true financial condition of Solyndra. And other emails seem to clearly indicate **political pressure** to speed up the approval process. This you can check out.
- Solyndra’s business model has been described to be “like planning to sell for \$1 or \$2 something that costs \$5 or \$6 to produce.”
- **If the government decision makers aren’t aware of basic financing principles, they have no business being in the venture capital business.**

🎵 **The Beat Goes On! The Beat Goes On! Drums Keep Pounding a Rhythm to the Brain**
 - La de da de de, la de da de da 🎵 - Sonny & Cher - 1967

Other green energy projects continue to indicate that they can’t exist WITH OR WITHOUT government subsidies. The administration and those doing their bidding are obviously not proving to be capable venture capitalists. It seems quite clear, they are mainly in the business of politics and elections. **And might there be many more “Solyndras”?**

In an earlier report I provided some preliminary information about several unfortunate “green jobs” project failures. Here are some very **recent developments** about Solyndra:

- Solyndra was just a part of the 7.2 billion in “clean tech” money (a portion of the overall much larger “green jobs” program) set aside in the 2009 ARRA “stimulus” legislation. It was estimated at the time that up to 4.1 million jobs would result. In fact, according to the NCPA, only 7,140 such jobs resulted. That’s approximately a cost of \$1 million per job. And overall, 4.7 million jobs were lost just in 2009.
- There are now reports that insiders indicate spending went wild after the guarantee and that the lavish headquarters was not required. (Of course not!) And it’s now obvious that even the real estate purchased was extravagant! It is located in Silicon Valley, which is one of the top 4 highest priced commercial real estate areas in the country! At least they could have chosen an empty field somewhere in Nebraska!
- The FBI has now raided the Solyndra headquarters looking for criminal evidence.
- Two top officials from Solyndra “took the fifth” when testifying before congress recently. One has now resigned.
- One of the large Obama fundraisers in the 2008 campaign, George Kaiser, is one of the largest investors in Solyndra.
- Another top Obama fundraiser Steven J. Spinner, according to ABC, worked to “pick and select fantastic projects” for DOE to fund. There were tens of billions in this loan assistance program. And, what a coincidence that **Spinner’s wife’s law firm got \$2.4 million in legal fees to handle legal work in connection with the Solyndra loan!**
- We are now finding out that Energy Secretary Steven Chu personally approved more cash for Solyndra even though they were in default. In the financial industry we call that throwing good money after bad! This was in December of 2010 in an amount of \$67 million.
- **AND (get this!),** in apparent violation of the Energy Act of 2005, that money was **subordinated** to other lenders or investors in Solyndra.



Obama's Wings Might Get Melted on This One!

How About Other Green Technology Projects?

There is definitely questionable activity going on in some other corners of the “green jobs” arena:

- I introduced Tonopah Solar Energy in an earlier report. They are using government funds in their Crescent Dunes Solar Energy Project. I now understand that it received a \$737 million loan from DOE just a day or two before the funding period expired on September 30. The DOE et. al. seemed to really be “rushing” to get it all the money “out the door.” There will only be 45 permanent jobs created at the project (\$16 million per). AND GET THIS! I recently read a report from more than one source that one of the investment partners in this project is Pacific Corporate Group (PCG). **The PCG executive director is Ron Pelosi, Nancy’s brother-in-law! GOOD GRIEF!!**
- Another example of stimulus funds in the “green jobs” program, not creating jobs is the Antelope Valley Ranch solar project in California. These numbers are big too! \$646 million in loan guarantees created 350 TEMPORARY construction jobs, and 20 permanent jobs for running the facility. That works out to \$32 million per permanent job – assuming of course that the company can remain in operation. **Someone may say that “solar” will be important in the next few years. I wish it were! It’s NOT going to be!**
- General Electric Co. announced they are planning to build the largest solar factory in the U.S. near Denver. It has been emphasized that this project will be done without federal subsidies. That’s somewhat disingenuous if you think about it. Of course GE is being subsidized! Remember that they pay little IF ANY federal income tax in spite of billions in profits. Lots of tax credits and favorable deductions go GE’s way. And remember that their fearless leader Immelt has a seat on Obama’s prestigious “jobs panel.” **Go to the next item for a real MIND-BLOWER!**
- Whatever you think about the last item, and the impression it leaves, consider the fact that GE has also been working on developing their wind energy business USING FEDERAL SUBSIDIES! The majority of the funding for the \$1.9 billion Shepherds Flat project in Oregon is coming to GE courtesy of federal taxpayers. **Why is the federal government providing loan guarantees and subsidies for an energy project that could easily be financed by its owner, GE? GE has a market capitalization of \$170 billion, for goodness sake!**
- Even after the Solyndra scandal was beyond the “boiling point,” the DOE pushed through nearly \$6 billion in green energy loans in the final hours of the program late in September.
- Another solar panel manufacturer SunPower was part of that late “blast” of dollars and received a \$1.24 billion loan guarantee from the feds. And here is the clinker! (Think JOBS program – think U.S. economy – think drug cartels at the border – think big-time STUPID.) The company is building a solar panel “ranch” in California. **Several weeks before the federal loans were finalized, SunPower had announced that it was going to**

manufacture the panels IN MEXICO! Folks, this was part of the program touted and intended to create jobs!

- And there's even more on SunPower! It seems almost small time disclosure for me to point out that there are numerous charges and lawsuits pending against the company, and that there are reports of its financial trouble. And consider that an influential U.S. Congressman from California, democrat George Miller, allegedly pulled strings and did major cheerleading for SunPower. **But that's not a big deal until you consider that Representative George Miller's son is SunPower's Washington lobbyist!**

Why haven't we heard much about this from the traditional media? Can you imagine if this would have been a Bush/Republican project and scandal? I won't take time here to go into the facts and figures of the networks' reporting on this scandal and related events. Check it out for yourself through the Media Research Center (MRC) website. While MRC has an agenda, I find it generally "directionally correct" and a useful place to start on questions of media reporting.