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OCTOBER 22, 2012 AT 6:32 PM

House panel seeks answers on Energy Dept. loan to Fisker

BY DAVID SHEPARDSON DETROIT NEWS WASHINGTON BUREAU COMMENTS

Washington — The House Oversight and Government Reform Committee wants to know if the Energy Department will agree to help struggling startup automaker Fisker Automotive Inc. by allowing other investors to recoup funds if the company goes bankrupt.

The California startup won \$529 million in low-cost Energy Department loans and has drawn \$193 million, mostly for use in developing the Fisker Karma that was designed and engineered in the United States but assembled in Finland.

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

The Energy Department froze the rest of the loan last year amid talks about the company's business plan. Last week, it told investors it was pushing back production of its Atlantic by at least two years. Fisker spokesman Roger Ormisher said the company's policy is to "under promise" and "over deliver."

The committee wants all emails between Energy Department, Treasury and White House relating to the tax implications of the Fisker loans.

"From Day 1, 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. 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," Energy spokesman Damien LaVera said

Officials emphasized there has been no restructuring of Fisker's loan with the Department. All of the borrowers in their portfolio have the option to raise private equity. Fisker's efforts in this regard have no impact on the government's standing as creditors

In August, the company replaced its CEO, Tom LaSorda, with a former head of General Motors Co.'s plug-in hybrid Volt program, Tony Posawatz — the latest in a series of management changes for the company that has faced recalls and production delays.

In April, Fisker said it was delaying production of its next-generation family sedan and may not build the vehicle in Wilmington, Del., after suffering

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several setbacks with its first plug-in hybrid batteries.

The vehicles were to start rolling out of the plant in late 2012.

Fisker has raised \$1 billion in the private equity markets to fund the 4-year-old company and is raising more.

In August, Fisker said it was recalling 2,400 plug-in hybrid electric Karma sports cars to replace a cooling fan cited as the cause of a recent fire.

This is the third recall to impact the Karma since December.

In March, Fisker's battery supplier, A123, agreed to replace about 600 batteries in Karma sedans at a cost of \$55 million after it said it found manufacturing flaws. A123 filed for bankruptcy earlier this month.

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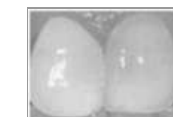
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