

**Opening Statement of the Honorable Cliff Stearns
Chairman, Subcommittee on Oversight and Investigations
“From DOE Loan Guarantee to Bankruptcy to FBI Raid: What Solyndra’s
Executives Knew”**

September 23, 2011

(As Prepared for Delivery)

We convene this hearing of the Subcommittee on Oversight and Investigations to examine what Solyndra’s executives knew about the company’s financial condition and how it represented that condition to the Department of Energy, the White House, and members of this Committee.

Just two years after Solyndra received its \$535 million loan guarantee, and six months after DOE restructured the deal, Solyndra has laid off over a thousand workers, filed for bankruptcy, and been raided by the FBI. Yet, only two months ago, Solyndra CEO Brian Harrison met with me in the Committee offices. He looked me in the eye and assured me that everything was just fine, and the company was on-track to be cash-flow positive. Mr. Harrison told me, and other Members of this Committee, that Solyndra was continuing to make excellent progress; that it was meeting all its cost and performance milestones; and that revenues were projected to nearly double in 2011.

I was hoping that Mr. Harrison would testify today and explain to me, and to this Committee, how he could make those representations in late July about Solyndra’s improving prospects when the company was on the path to bankruptcy just 30 days later. It seems clear to me that Mr. Harrison knew, or should have known, in July that the company was going to restate its financial projections to reflect increasing market and pricing pressure on its products, resulting in *decreased* revenues.

When the Committee invited Mr. Harrison and Mr. Stover to testify at last week’s hearing, Solyndra’s counsel said that Mr. Harrison would appear voluntarily and would answer this Committee’s questions. However, Solyndra’s counsel asked the Committee to postpone their

testimony by one week, claiming that Mr. Harrison and Mr. Stover were involved in active negotiations to potentially sell the company, and that an earlier sale might potentially result in a better recovery for the taxpayer in the company's bankruptcy. I agreed to this request, provided that Mr. Harrison appear this week and testify. In return for postponing his testimony by one week, I was provided written assurance by Solyndra's counsel that Mr. Harrison would answer the Committee's questions.

Unfortunately, we won't get those answers today. Mr. Harrison's and Mr. Stover's counsel informed the Committee three days ago that they would decline to answer the Committee's questions and would invoke their rights under the Fifth Amendment to the United States Constitution.

I respect the witnesses' rights under the Fifth Amendment. I want to make it clear today, though, that this Subcommittee's investigation continues. We have been asking questions about this deal since February. We will get to the bottom of why this loan was pushed out to a company whose liquidity issues were a "major issue" to DOE staff reviewing the loan back in 2009 — and which ultimately caused its bankruptcy. We will also figure out just how DOE concluded that restructuring the Solyndra deal "positioned the U.S. taxpayer for maximum recovery," when documents produced to the Committee show that OMB staff doubted that it would prevent a Solyndra bankruptcy or result in greater recoveries for the government. We are also determined to know why DOE allowed the taxpayer to be subordinated to the private investors during that restructuring, in violation of the clear letter of the law.

What we do *not* know is whether the Solyndra executives here today have something to hide. Was all the information they submitted to DOE accurate and complete? What did they know about their financial situation and when? And how did they represent it to others, including this Committee? What did DOE understand about Solyndra's financial situation? Did DOE know what they were doing and did they properly

monitor Solyndra and the taxpayer money being used to prop Solyndra up? These are all questions I would have liked to receive answers about today.

Congress and the American taxpayers have a right to know whether this loan guarantee was rushed out the door before it was ready for prime time, whether the Administration doubled down on a bad bet after knowing of the company's dubious commercial prospects or, even worse, whether \$535 million taxpayer dollars were wasted on false or incomplete information. We intend to get those answers. I yield back.