

**Opening Statement of the Honorable Cliff Stearns
Chairman, Subcommittee on Oversight and Investigations
“The Solyndra Failure: Views from DOE Secretary Chu”
November 17, 2011
(As Prepared for Delivery)**

We convene this hearing of the Subcommittee on Oversight and Investigations to further examine the Department of Energy’s review and approval of the \$535 million loan guarantee to Solyndra, as well as its repeated efforts to keep this company atop President Obama’s green jobs pedestal. While our investigation continues, it is readily apparent that senior officials in the Administration put politics before the stewardship of taxpayer dollars.

We have been methodically investigating the circumstances surrounding Solyndra’s failure for nine months now and have followed the facts every step of the way. Our goal is to determine why DOE and the administration tied themselves so closely to Solyndra, and why they were so desperate to repeatedly prop this company up. Why did DOE make these bad decisions, and what can we do to prevent such a waste of taxpayer dollars in the future? But as our investigation has unfolded, many more questions have emerged about the loan guarantee to Solyndra, the subsequent restructuring and subordination of the taxpayer’s money, and the extent of the White House’s involvement. Today we are focused on the loss of \$535 million in taxpayer dollars.

When DOE was reviewing the Solyndra application at the end of the Bush Administration, too many issues with the parent company’s cash flow and liquidity remained unresolved, leading them to end discussions with Solyndra and remand the application. Later that month, President Obama was inaugurated and Secretary Chu took over the reins at DOE. He implemented an acceleration policy for the loan guarantee reviews and, despite the deal posing significant financial problems, Solyndra was labeled a litmus test for the program’s ability to fund good projects quickly. Secretary Chu and Vice President Biden’s ribbon cutting ceremony was scheduled before DOE even presented the final deal to OMB. OMB staff did not feel as though they had sufficient time to conduct adequate due diligence and their concerns about models showing Solyndra running out of cash in September 2011 were apparently ignored. Only six months after the loan closed, Solyndra’s financial troubles became increasingly severe. Nonetheless, President Obama visited Solyndra in May 2010 and proclaimed “the true engine of economic growth will always be companies like Solyndra.”

It is important to understand how Secretary Chu addressed these concerns and the extent of authority he was granted to make sure this company—so closely connected with the fate of President Obama’s green jobs agenda—ultimately succeeded. In the fall of 2010, just one year after the loan closed, Solyndra had basically flat-lined and started to default on the terms of the loan. Documents show DOE granting the company several waivers, including waivers from Davis-Bacon requirements, and desperately trying to figure out ways to keep it afloat. In early December, after several lengthy negotiating sessions with Solyndra’s primary investors and, despite clear language in the statute barring them from doing so, DOE made a last minute offer that would subordinate taxpayers with regard to the first \$75 million recovered in the event of

liquidation. We have since uncovered serious disagreements within the administration about not only the legality of this arrangement but whether it was a good deal for anyone involved but the rich hedge fund investors.

As I've said before, if Solyndra really is the litmus test, we have a much bigger problem on our hands. Two of the first three deals approved under Secretary Chu's acceleration policy have now blown up and filed for bankruptcy. GAO has serious concerns with DOE's ability to monitor the loans, the White House has now initiated a review of the portfolio, no one has admitted any fault whatsoever, and the president and our Democrat colleagues just shrug and say, "Hey, sometimes things don't work out." The Administration is still refusing to allow DOE and OMB witnesses to testify under oath, and OMB refuses to make some important witnesses available at all. Will no one from this Administration take responsibility?

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