

POLITICS

In the News Blake Shelton Michael Bloomberg Michele Bachmann 'Arrested Development'



Comey in line to be FBI director



Boston case figure unarmed when shot



PHOTOS | The buzziest movies this summer



RGIII buys \$2.5 million Loudoun home

In lawsuit against Energy Department, two firms claim cronyism in 'green car' loan program

By Carol D. Leonnig, [E-mail the writer](#)

An electric car start-up and its sister company sued the Energy Department on Thursday, claiming Secretary Steven Chu and his agency awarded money to politically favored firms and strung along their firms and others in a "fixed" race for federal funds.

In addition to complaints of cronyism, XP Vehicles and Limnia said they have evidence suggesting the Energy Department improperly shared their patented technology with competing companies that won federal funding.

More from PostPolitics Petraeus to join investment firm



Aaron Blake
Petraeus will become the chairman of the newly created KKR Global Institute, an initiative of the Kohlberg Kravis Roberts

John Kerry's misfire on Kyoto emissions targets



Glenn Kessler
FACT CHECKER | The secretary of state claimed that the United States has already met Kyoto emissions targets. Not so.

How two simple things could make or break President's Obama's second term



Sean Sullivan
THE FIX | Obama is simultaneously working on what in reality are the only two ways his agenda can succeed.

[Read more](#)

XP Vehicles had sought a \$40 million federal loan in 2009, proposing to make a lightweight sport-utility vehicle of space-age materials, and was ultimately rejected. Limnia had devised a rechargeable energy storage system that would power the car.

The two firms made their complaints of unfair treatment in two separate lawsuits in Washington, in the U.S. District Court and the federal claims court. They are seeking total damages of about \$675 million.

"XP and Limnia are fighting against the Department of Energy's lack of fairness in favor of politics, as well as its flagrant abuse of taxpayer dollars to harm small business and benefit political cronies," said Dan Epstein, executive director of Cause of Action, a nonprofit watchdog group that helped the sister companies file their suits. Epstein previously worked as Republican counsel for the House Oversight and Government Reform Committee, which has investigated several clean-technology loans.

The White House and the Energy Department say all clean energy loans and

The Post Most: Politics

Most Popular

1. How two simple things could make or break President's Obama's second term
2. John Kerry's misfire on Kyoto emissions targets
3. A White House counsel and her shoes
4. Eric Holder to meet with news executives; lawmakers ask him to clarify recent testimony
5. Petraeus to join investment firm

Top Videos

Top Galleries

grants were decided on the merits, and copious records turned over to congressional investigators found no evidence of political steering of funds to benefit President Obama's campaign contributors.

"While the Department does not comment on pending or potential litigation, multiple investigations spanning almost two years and involving millions of pages of documents show that decisions made on the Department's loan program were made solely on the merits after careful review by

the Department's technical experts," agency spokesman Damien LaVera said in a prepared statement.

XP's suits center on the \$25 billion Advanced Technology Vehicles Manufacturing Loan Program, a Bush-era initiative given new life by the Obama administration in early 2009 after the collapse of the financial markets. The program, which is run by the Energy Department, invited "green" carmakers to compete for huge, low-interest government loans that they could use to ramp up production, inside the United States, of electric and alternative vehicles that would reduce fuel emissions.

So far, the program has loaned only \$8.5 billion of its authorized funds to five companies, with the lion's share going to Ford Motor Co. to help it produce more fuel-efficient cars. Two companies that won \$1 billion in loans, Tesla Motor and Fisker Automotive, have come under scrutiny because their investors or advisers were prominent Obama political donors and supporters.

"Defendants Chu and [other agency personnel] skewed, manipulated and fixed DOE's ATVM Loan Program review to protect and advance the business and political interests of government cronies at XPV's and Limnia's expense," the suit alleges. "Defendants made ATVM loans only to companies with political clout, contributions and influence-peddling patrons."

Two separate congressional investigations into a related clean-energy loan program found politics were often a consideration in the timing of decisions and in handling applications, and that some staff felt political pressure to rush decisions on funding particular companies. Records obtained in the probe show staff members discussing how the president's most senior advisers, including Vice President Biden, expressed keen interest in specific applicants. But they uncovered no proof that funding decisions were made specifically to benefit a campaign donor.

XP was proposing construction of electric cars with foam bodies mounted on rigid frames, which would weigh less than half as much as existing electric cars, use rechargeable battery packs and cost \$20,000, half the price of other electric vehicles.

XP said that the Energy Department's staff repeatedly assured the company in 2009 that its application was well done and in good shape. In August 2009, the suit says, department leaders gave inexplicable reasons for denying the application, such as citing the electric car's failure to use a fuel-efficient gasoline.

XP leaders said they had shared some of their energy storage technology with the department under agreement it would not be disclosed. Later, officials with the company said, they saw their unique work duplicated in presentations by General Motors and Ford.

Through spokesmen, GM and Ford said they wanted to review the complaint before deciding whether to comment.



Featured Advertiser Links

Looking to buy a home? Visit TWP Real Estate section for the latest open houses.

Wireless Solves Parking Nightmare

Sponsored Links

Get Athena Pheromones

Enjoy more affection! Biologist Winnifred Cutler's unscented formulas. www.athenainstitute.com

Hot Must-Have Stock

Are You Ready for Sky-High ROIs? Get More Info! www.BestMicroCapStock.com

Federal Mobile Security

See how BlackBerry® can provide a secure mobile solution. Learn more. BlackBerry.com/UpgradeMyAgency

[Buy a link here](#)

