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# Carbon Motors calls Department of Energy loan rejection political fallout

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1 of 4 3/8/2012 2:02 PM

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In a statement Wednesday, Carbon Motors Chairman and CEO William Santana Li said he and others at the company were "outraged by the actions of DOE." The statement said "it is clear that this was a political decision in a highly charged, election-year environment" and went on to cite the controversy surrounding loans made to bankrupt solar-company Solyndra, which have fueled Republican criticism on Capitol Hill.

DOE spokesman Damien LaVera said the agency and Carbon Motors tried but failed to "negotiate a deal that supported their business while protecting the taxpayers." The department does not comment on the specific rationale behind funding decisions.

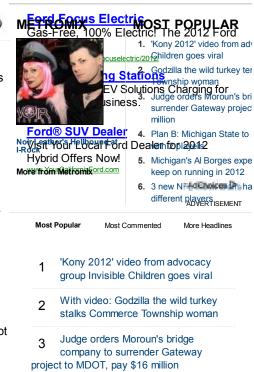
Carbon Motors was pursuing its loan under a program - unlike the one for the Solyndra loan - aimed at investing in companies working on advanced vehicle technology. But the company suggested that the fallout from Solyndra has been widespread with the agency rejecting one ATVM loan it had previously offered on a conditional basis - a \$730-million loan to Dearborn-based steel-maker Severstal North America - and ignoring other "viable loans under active consideration."

Li, a former Ford Motor executive, said Carbon "simply appears to be the last victim of this political gamesmanship" and said failing to award money still in the Advanced Technoogy Vehicle Manufacturing Program "represents a glaring failure of the Obama administration to create jobs that are clearly within its power to create." He said the company spent more than 30 months answering DOE requests for information and was never told that the application had deficiencies.

No ATVM loans have been made in more than a year, even though it has authorization to make up to \$25 billion in loans and has only made four, worth about \$8.4 billion. (The largest, worth \$6 billion, went to Ford in 2009.).

But Carbon Motors is taking a big step into a market that has been dominated by Ford, General Motors and Chrysler. U.S. law enforcement agencies purchase only about 75,000 vehicles a year, a small percentage of the approximately 13 million cars and trucks sold in the U.S. last year.

Speaking to FoxNews.com in January, Daniel Sperling, a director at the University of California-Davis' Institute of Transportation Studies, questioned Carbon Motors' plan, saying, "It makes no sense to start from scratch with a vehicle, given the massive scale economies and expertise of the big original equipment manufacturers. Frankly, nothing I read convinces me this is a



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3 of 4 3/8/2012 2:02 PM

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4 of 4