

ONE HUNDRED TWELFTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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WASHINGTON, DC 20515-6115

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October 5, 2011

Ms. Kathryn Ruemmler
Counsel to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Ms. Ruemmler:

Pursuant to Rules X and XI of the U.S. House of Representatives, we write today seeking additional documents and information regarding the role of the White House in the review of the loan guarantee issued to Solyndra, Inc. (Solyndra) by the Department of Energy (DOE).

Documents produced to the Committee on September 30, 2011, by the White House and the Office of Management and Budget (OMB) demonstrate that the White House was closely involved in the monitoring of the Solyndra loan guarantee after it was issued in September 2009. For example, in anticipation of President Obama's visit to Solyndra in May 2010, top White House officials discussed the financial condition of the company after Solyndra's auditors, PricewaterhouseCoopers, cast doubt on Solyndra's ability to continue as a going concern. On May 24, 2010, a DOE official emailed Ron Klain, Chief of Staff to Vice President Biden, to say that "we believe the company is okay in the medium term, but will need some help of one kind or another down the road." Mr. Klain forwarded that email to Valerie Jarrett and stated that, based on DOE's evaluation, "there are some risk factors here — but that's true of any innovative company that POTUS would visit. It looks like it is OK to me, but if you feel otherwise, let me know." Ms. Jarrett responds that, "I'm comfortable if you're comfortable."

Later that same day, OMB staff traded emails about Solyndra. Their outlook on Solyndra's prospects, however, was less positive. In one email, an OMB staff member stated, "I am increasingly worried that this visit could prove embarrassing to the Administration in the not too distant future, given 1) what we heard today about DOE that Solyndra is delaying their IPO at least until the end of the year, and 2) what the auditors said about Solyndra making it through the year absent new financing It might be worth flagging to policy officials given this high-profile visit." Other emails produced by OMB also show that OMB staff did not believe that

DOE was adequately monitoring the loan guarantees it had issued. On March 10, 2010, following a call between OMB and DOE staff to discuss loan guarantees, one OMB staffer wrote that “DOE’s ‘system’ for monitoring loans is quite problematic (barely any review of materials submitted, no synthesis for program management, inherent conflicts in origination team members monitoring the deals they structured, etc.) and does not seem to be a program priority”

Despite numerous concerns at OMB and the DOE about the financial health of the company, President Obama visited the Solyndra facility in late May 2010. Less than seven months later, Solyndra was out of cash, and defaulted on its loan guarantee agreement with DOE. In late 2010 and early 2011, DOE engaged in discussions with Solyndra to restructure its loan guarantee, an agreement that ultimately resulted in DOE being subordinated to Solyndra’s investors for the first \$75 million recovered in the event of a liquidation. Once again, OMB and DOE staffs seem to have disagreed with respect to their assessments of the company’s financial prospects.

While DOE staff concluded that restructuring the agreement would improve its collateral in the Solyndra deal and improve the government’s chances of recovery in the event of a liquidation, OMB staff questioned whether restructuring the deal would do anything to help the company avoid default or improve the government’s recovery. In an email exchanged among OMB staff on January 31, 2011, one OMB staff member stated that “[w]hile the company *may* avoid default with a restructuring, there is also a good chance it will not. . . . At that point, additional funds would have been put at risk, recoveries *may* be lower, and questions will be asked” The restructuring of the Solyndra loan guarantee was finalized in late February 2011; five months later, the company announced its plans to file for bankruptcy and, one week later, was raided by agents from the Federal Bureau of Investigation.

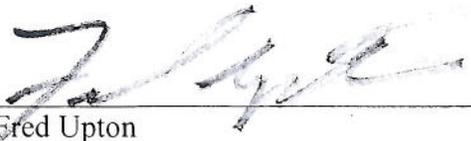
At certain critical points in the history of Solyndra’s loan guarantee, the two agencies charged with oversight of the DOE Loan Guarantee Program disagreed about Solyndra’s financial condition. Yet, decisions were made to stand behind the guarantee, resulting in the President’s visit to the company in May 2010 and the decision to restructure the deal and subordinate the taxpayer funds in early 2011. In order to better understand the involvement of the White House in the review of the Solyndra loan guarantee and the Administration’s support of this guarantee, we ask that you provide the following:

1. All communications among White House staff and officials relating to the \$535 million loan guarantee to Solyndra by the Department of Energy between January 20, 2009, and the present.

Please contact Committee staff no later than 5:00 p.m. on October 6, 2011, to discuss a schedule for production. This schedule should provide for production of the documents no later than October 14, 2011. An attachment to this letter provides additional information about how to respond to the Committee’s request.

Please do not hesitate to have your staff contact Karen Christian and Todd Harrison with the Committee with any questions about this letter.

Sincerely,



Fred Upton
Chairman



Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations