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Big Obama Donor 'Investigated' DOE Loan Program

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When is a government watchdog not really a watchdog?

When he rolls over and lays at the feet of his master rather than sink his teeth into a program that he's been tasked to guard.

Such appears to be the (unsurprising) case with Herbert Allison, Jr. (http://nlpc.org/category/people/herbert-allison-jr) (pictured), a former Wall Street executive (Merrill Lynch (http://nlpc.org/category/keywords/merrill-lynch) and TIAA-CREF) until he was appointed president and CEO of Fannie Mae in 2008, after it was put into conservatorship. Subsequently President Obama (http://nlpc.org/category/people/president-obama) named (and the Senate confirmed) him as overseer of the Troubled Asset Relief Program (http://nlpc.org/category/keywords/tarp) (TARP), the $700 billion asset acquisition fund that bailed out Wall Street financial institutions. He served in that role for about 15 months, until September 2010.

But it's Allison's role as a special investigator of the Department of Energy (http://nlpc.org/category/keywords/department-energy)'s stimulus-funded loan program (http://lpo.energy.gov/) that is sparking curiosity, as explained in an Associated Press story published yesterday (http://hosted.ap.org/dynamic/stories/U/US_CAMPAIGN_OBAMA_DONOR?SITE=FLTAM&SECTION=HOME&TEMPLATE=). Not long after Allison determined that billions in taxpayer dollars invested in Obama-favored "green" technology companies were at nominal risk, he made campaign donations – big ones – to the Democratic National Committee and the president's re-election efforts.

"...Allison, in congressional testimony in March, minimized concerns that the Energy Department was at high risk in more than $23 billion in federal loans awarded to green energy firms," AP's Stephen Braun reported. "Two weeks later, Allison began giving to the Obama campaign. His contributions to Obama and the Democratic National Committee totaled $52,500 by last month."

More precisely, Allison's 75-page report on the DOE program was released February 10th. He delivered testimony about his findings to the Senate Energy and Commerce Committee in mid-March. On March 29, he began his donations with $2,500 to the Obama campaign, according to AP and records compiled by the Center for Responsive Politics (http://www.opensecrets.org/index.php).

In an interview with AP, Allison said he didn't decide to back President Obama until he finished his work, and he decided to do so after he saw "his administration in action and decided that I believe broadly in the things he's trying to accomplish."

Really? Allison was so swept off his feet by the way the administration conducted its business that he (almost) immediately sent a four-figure check and then didn't stop?

That dubious premise alone should make one question the objectivity of Allison's "investigation" into DOE's green lending program. But there are other reasons.

The glaring one is that Allison's review did not take into consideration the major reason why his help was sought in the first place: Solyndra. Nor did he review the circumstances surrounding another bankrupt beneficiary of the program, Beacon Power. As the Center for Public Integrity reported (http://www.publicintegrity.org/2012/02/10/8127/doe-needs-better-risk-management) , Allison said he didn't review those two companies because they already failed.

"He also notes that his review was less exhaustive than it could have been," CPI reported, "because it was put on a 60-day fast track by the White House."

That sounds very convenient for the Obama administration and very compliant of Allison. It also flies in the face of his comments to Associated Press, whom he told, "I was on the record with the White House that this had to be completely independent review and they agreed. It didn't hew to anybody's political suasion, I think, and it had to be fully factual or it wouldn't be credible."

Excluding Solyndra and Beacon Power was not exactly a sincere look into where problems might lay. So it shouldn't surprise that Allison – again, *hired* by the White House, so how "independent" could he really be – concluded (http://nlpc.org/stories/2012/02/14/integrity-fisker-equity-fundraisers-questioned) that only \$2.7 billion in the programs were "at risk," less than the nearly \$3 billion DOE had set aside to cover potential losses. In its infinitely warped perception of the appropriate use of taxpayer dollars, the Obama administration seemed relieved that Allison's findings fell within their parameters of acceptable failures and casually suggested DOE create a "risk management department."

Upon the release of Allison's report, House Energy and Commerce Committee Chairman Fred Upton and Oversight and Investigations Subcommittee Chairman Cliff Stearns – even before they knew about his political contributions to Obama and the DNC – were skeptical.

"It would be a stunning case of bureaucratic disregard to declare victory because the government is expecting to lose 'just' \$3 billion," the Congressmen said in a joint statement. "One key lesson is that taxpayers should not have been placed in the position to lose one dollar, let alone billions, all because the stimulus allowed companies with shaky finances to apply for and receive taxpayer support without putting up any money."

To expect anything more out of an investigation by Allison, in hindsight, was foolhardy. He did, after all, previously toil for the Obama administration under controversial Treasury Secretary Timothy Geithner (http://nlpc.org/category/people/timothy-geithner) . Former special investigator general of TARP, Neil Barofsky (http://nlpc.org/category/people/neil-m-barofsky) , has indicated as much in his book that was released last month, *Bailout: An Inside Account of How Washington Abandoned Main Street While Rescuing Wall Street (http://www.amazon.com/Bailout-Account-Washington-Abandoned-Rescuing/dp/1451684932/ref=sr_1_1?s=books&ie=UTF8&qid=1345812650&sr=1-1&keywords=bailout+neil+barofsky)* , which is heavily critical about how TARP was administered to protect and favor the big Wall Street financial institutions. In the book Barofsky recounts a neeting he had with Allison (http://www.nytimes.com/2012/07/25/books/bailout-by-ıeil-barofsky.html?pagewanted=all) , in which he says he was told "there are consequences for some of the things that you're saying and the way that you're saying them."

"Allison was essentially threatening me with lifelong unemployment," Barofsky wrote.

As the *Washington Post* reported in February 2011 http://www.washingtonpost.com/wp-dyn/content/article/2011/02/14/AR2011021406089.html) when Barofsky retired as SIGTARP, his "aggressive oversight of the government's $700 billion bank bailout program has become a thorn in the Obama administration's side." One might wonder if he was a big reason Allison left the Treasury Department in September 2010.

Had Allison (or anybody, for that matter) exercised serious scrutiny into DOE's loan program, they would have discovered political conflicts of interest, such as the Energy Department's effort to hide Solyndra's layoffs http://www.publicintegrity.org/2011/11/15/7408/emails-show-energy-dept-sought-hide-solyndra-layoffs-until-after-2010-elections) until after the 2010 election. Another area ripe for examination was the fact that big New York law firms http://nlpc.org/stories/2012/02/28/obama-supporting-law-firm-advised-failed-fisker-loan) that donated large amounts to Obama and Democratic candidates were tasked with the review of renewable energy companies' eligibility http://nlpc.org/stories/2012/03/09/lawyers-who-backed-obama-advised-failed-loan-programs) for DOE stimulus loans. Firms like Debevoise and Plimpton http://nlpc.org/category/keywords/debevoise-and-plimpton) , for example, allowed borderline-failing electric vehicle (http://nlpc.org/category/keywords/electric-vehicles) company Fisker Automotive (http://nlpc.org/category/keywords/fisker) to pass muster and receive (https://lpo.energy.gov/?projects=fisker-automotive) one of the Advanced Technology Vehicles Manufacturing loans https://lpo.energy.gov/?page_id=43) . Fisker was such a bust that DOE had to cut off distribution of funds after $193 million, despite an initial award of $529 million.

But these apparently were matters of little concern to Herb Allison. More than $52,000 later, the reasons for that are abundantly clear.

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