

APPLICANT: Aptera

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Aptera Founders Ousted in Boardroom Showdown

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Aptera Motors has ousted founders Steve Fambro and Chris Anthony, sources told Wired, painting a picture of a boardroom confrontation between the original founders and the auto industry veterans the company brought in last fall.

Rumors that [Aptera Motors was letting them go](#) and laying off an unknown number of people began swirling last week on the unofficial online Aptera Forum. The company says it simply elected to slow things down and minimize its burn rate while waiting for the Department of Energy to approve its loan application. It isn't saying much about what happened to Fambro and Anthony, but claims the company's relationship with them remains positive.

But the management shuffle and layoffs represent the Southern California startup's latest challenge as it tries to bring the [Aptera 2e](#), its extraordinarily efficient and unusual three-wheeled electric car, to market.

Back in September 2008, Aptera announced it had [hired Paul Wilbur](#), a longtime industry veteran, as president and CEO. At the time, Wilbur had 26 years of experience, including stints at Ford and Chrysler. By all accounts, handing him the reins was a natural transition supported by the founders. Fambro, who would hand over the leadership duties to Wilbur and become chief technology officer, said at the time, "We have searched long and hard for exactly the right leader to help us fulfill the promise of this vehicle. Paul Wilbur is that leader."

Wilbur's hiring came just one month after Fambro announced the close of [Aptera's last round of significant financing](#), a \$24 million equity injection which included existing investors Idealab and Google. At the time, Fambro [said in a statement](#), "these new funds will be instrumental as we pursue our goal of bringing the Type-1 to market later this year." This suggested the 2e, which was then called the Type-1, was nearly done.

But shortly after announcing Wilbur was taking over, the company switched direction, choosing to delay production of its funky three-wheeler by nearly one year [to October, 2009](#) so it could make significant design changes. At the time, the company explained in a [letter to depositors](#) that the decision was driven by customer feedback indicating the car needed to be more practical:

"For months we have been receiving important feedback from you, our depositor community, and we have come to realize there were flaws in our initial product assumptions — specifically as it pertains to satisfying the needs of real-world consumers. Our greatest degree of learning came just a few months ago when we asked all of you to participate in a brief survey. This critical piece of research requested insights about your expectations for our company and our products, and we discovered a notable disconnect between our product plan and realistic expectations. Some modifications had to be made. For example, you helped us realize that some trade-offs for convenience (like being able to grab a burger in a drive-thru) might be necessary to make the ownership experience more palatable, even if it cost us a couple tenths of a point on our drag coefficient."

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That might have been the first sign of a rift between the founders and the new team. It seemed apparent Wilbur's team quickly decided the vehicle Fambro and Anthony deemed ready for production was not fit for the "real world." Although the decision was couched as a response to customer feedback, the response on the Aptera forum was decidedly mixed. With the typical fervor of early adopters, many wanted the company to push the car into production and leave the changes for later iterations.

Marques McCammon, the company's chief marketing officer, told Wired.com on Sunday "the implemented changes included modifications to enhance the safety, security, reliability and comfort of the production vehicles." But the change that drew the most attention was the decision to replace the car's fixed windows with windows that roll down. That might seem like an obvious improvement, but sources inside Aptera say accommodating such a change compromised the structural rigidity of the car's composite shell. That required additional significant changes to maintain the same safety rating in side impacts.

It's also a good example of the typical dynamic between the culture of California technology startups and the auto industry. The tech industry is more apt to ship a product early and make improvements down the line. This approach is exemplified by Tesla Motors, which continued to iterate improvements — including an [entirely new powertrain](#) — into the 2008 Roadster shortly after entering production. More recently, Tesla has introduced [major improvements to the Roadster](#) for what it calls "Roadster 2.0."

The counter to this is the "Detroit" perspective, perhaps best described by Tesla co-founder Martin Eberhard when he frequently said the difference between cars and software is it isn't so easy to recover from a car crash. The auto business historically is much more methodical and risk averse, preferring to make every effort to ensure a car is completely ready for the market before starting production. This perspective often also comes with deeply ingrained views on what must be included to achieve product parity in the market. A small dose of this perspective may prove valuable for EV startups, but too much can be problematic.

In Aptera's case, sources say, Wilbur's decision to postpone production led to a series of consequences culminating in continued production delays and the recent layoffs.



Though Aptera managed to raise \$24 million just before capital markets imploded last year, the decision to delay production created a much larger capital requirement because it delayed the revenues it would have received shipping cars to more than 3,000 customers. Sources tell Wired.com Wilbur's team struggled to raise new capital, although to be fair the fundraising environment has been tough this year. Had Aptera frozen the car's design and started shipping cars late last year, the cash flow could have sustained it longer and perhaps helped it raise new capital.

Aptera has a different perspective. McCammon said, "While we are now beginning to see success in our financing efforts, the first half of 2009 was miserable in the financial markets. We now believe we will not be closing our present round of fundraising until late this year or early next year."

This difference of perspectives is said to have grown more contentious as time went by and capital dwindled. Last spring, Aptera focused on lobbying the federal government to allow it to compete for the same Department of Energy loans that have awarded almost \$1 billion to Tesla and Fisker Automotive. That effort paid off last month when [President Obama signed a law](#) allowing companies that build high-efficiency three-wheelers to compete for the loans. But time may be running out and the DOE is not known for moving quickly — neither Tesla nor Fisker has seen a dime, even though the loans were announced months ago.

McCammon said Aptera's backup plan is "still private money... we have a sizable amount circled, and we intend to get the rest. The DOE is an accelerator as it turns you into a big boy much faster than if you had only organic growth."

He also said that "in the absence of the DOE funds we feel that we are at a strategic disadvantage to some of the other companies in this space that have received funds, like Tesla" — raising the question of whether federal support for some startups makes it harder for others to access capital because investors might be holding out for those companies getting huge amounts of low-cost money from the government.

Aptera says that through these challenging times it has maintained a professional, if at times strained, relationship with the founders, noting that some tension is to be expected given the tough decisions it is undertaking.

But other sources inside Aptera tell a different story, saying Fambro and Anthony increasingly were at odds with Wilbur's direction. As the new CEO developed a plan to slash costs aggressively and leave a skeleton crew to wait for federal money, the founders developed an alternative plan. It included reversing the new engineering direction and delivering cars to customers ASAP. The plan also may have included returning executive control to the founders. It is unclear what would have become of Wilbur had the board accepted this plan, and at this point it's moot because the plan was rejected. In a boardroom showdown, the majority of directors backed Wilbur's plan. Shortly thereafter, Fambro and Antony were let go — their official status with the company remained unclear Sunday — along with an unknown number of other employees.

The company insists Fambro was not let go and says he volunteered to take a leave of absence to help the company save money while it waits out the DOE loan process. McCammon said he could not comment further as he was not familiar with the details.

As was the case with Tesla when co-founder Martin Eberhard was ousted in 2008, [reaction in online discussion forums](#) has ranged from shock to confusion to anger. It is normal in situations like this for the company's earliest and most loyal supporters to unquestioningly rally behind the founders, as their emotional attachment stems from the days when Aptera's vision was pure and its expectations unlimited by the realities of building a car and bringing new technology to market. Often times, the inside story has several different versions, with the prevailing management team feeling justified that it has done, and is doing, everything it can to make the company a commercial success and offer a return to shareholders.

Photos of the Aptera 2e in San Francisco: Jim Merithew/Wired.com

[Hostile Takeovers in the Oil & Gas Industry and Beyond ...](#)

Times have changed, as we have seen several unsolicited and **hostile takeover** bids in the oil and gas sector in the past year.

[velaw.com/Insights/Hostile-Takeovers-in-the-Oil--G...](#)

[Pa. Bill To Limit Hostile Takeovers Of Power Companies ...](#)

More than half of the members in the state House and Senate have signed on to bills that would limit **hostile takeovers** of **electric** utilities, indicating the measure ...

[Marticles.mcall.com/1995-10-05/news/3070150_1_takeovers-hosti...](#)

[Does This Look Like a Motorcycle? | Mother Jones](#)

Does This Look Like a Motorcycle? ... a two-seater powered by an **electric** motor that delivers 100 miles of driving on ... So **Aptera** Motors went to Washington to show ...

[Mmotherjones.com/politics/2009/03/aptera-200-mpg-car-motor...](#)

[Hostile takeover - Harvard University](#)

Valeant's **hostile** bid for Allergan was one of 2014's most discussed **takeover** battles. The situation, which ultimately resulted in the acquisition of Allergan by ...

 corpgov.law.harvard.edu/tag/hostile-takeover/

[Carl Icahn isn't spending enough time bothering electric ...](#)

"Looking for a juicy [**hostile**] **takeover** candidate? A new report suggests you might find one at Fifth Third Bancorp, the utility holding company Ameren or ConAgra ...

 dealbreaker.com/2013/04/report-suggests-carl-icahn-isnt-s...

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 slideshare.net/Aptera/securing-your-data-wherever-it-is-...

[Ruling on Utility Takeover - NYTimes.com](#)

The ruling lets CalEnergy move forward with a key element of its \$3.3 billion **hostile takeover** ... **Electric** and Gas ... Ruling on Utility **Takeover**

 nytimes.com/1997/08/15/nyregion/ruling-on-utility-tak...

[Hostile takeovers are back - CNNMoney](#)

NEW YORK (CNNMoney) -- **Takeover** activity may have not have picked up as quickly as investors and bankers predicted this year, but that may soon change ...

 money.cnn.com/2012/04/19/markets/mergers-hostile/index.htm

[Canadian Oil Sands can stall Suncor Energy's hostile takeover ...](#)

CALGARY - The Alberta Securities Commission has ruled that Canadian Oil Sands Ltd. can stall a **hostile takeover** bid by oilsands behemoth Suncor Energy for a month.

 canada.com/business/Canadian+Sands+stall+Suncor+Ener...

[State fights 'hostile takeover' of electrical grid / System ...](#)

State fights '**hostile takeover**' of electrical grid / System operator to appeal U.S. order to disband The move sets up a showdown over who controls the state's ...

[sfgate.com/politics/article/State-fights-hostile-tak...](#)

[Will Tesla make Money in 2012? - Torque News](#)

Tesla, the **electric** car company, has never turned a profit from making cars. Something many in the automotive and financial world are wondering, "Will Tesla make ...

[torquenews.com/1070/will-tesla-make-money-2012](#)

[These Sub-\\$8 Oil Stocks Could Be Takeover Targets](#)

I recently wrote about companies in the oil sector which appear cheap and could also be potential **takeover** targets. As suggested in a recent article, smaller co

[seekingalpha.com/article/1663872-these-sub-8-oil-stocks-co...](#)

[NZOG goes for jugular on Cue takeover - Oil & Gas Journal](#)

New Zealand Oil and Gas Ltd. has issued a tough fifth supplement to its **hostile takeover** attempt on Cue Energy Resources Ltd.

[ogj.com/articles/2015/03/nzog-goes-for-jugular-on...](#)

[These 3 Undervalued Oil Stocks Have Takeover Potential ...](#)

These 3 Undervalued Oil Stocks Have **Takeover** Potential. Apr ... General **Electric** could be poised to make additional acquisitions in ... in the event of a **hostile** bid.

[seekingalpha.com/article/1349141-these-3-undervalued-oil-s...](#)

[Hostile Makeover \(TV Movie 2009\) - Full Cast & Crew - IMDb](#)

Hostile Makeover (TV Movie 2009) cast and crew credits, including actors, actresses, directors, writers and more.

[imdb.com/title/tt1451802/fullcredits](#)

[Will Suncor's Hostile Takeover of Canadian Oil Sands Succeed ...](#)

Electric Cars; Green ... Next post . Will Suncor's **Hostile Takeover** of Canadian Oil Sands ... in Canadian Oil Sands Ltd. support his **hostile** bid to buy ...

[news.enerjienstitusu.com/2016/01/will-suncors-hostile-takeover-of...](#)

[COMPANY NEWS - Schneider Changes Its Square D Slate - NYTimes.com](#)

PALATINE, Ill., April 4— The Square D Company, the target of a **hostile takeover** attempt by Schneider S.A. of France, said Schneider had changed the slate ...

[nytimes.com/1991/04/05/business/company-news-schneide...](https://www.nytimes.com/1991/04/05/business/company-news-schneide...)

[RIETI - How to Cope with the Threat of Hostile Takeovers ...](#)

It is often pointed out that a **hostile takeover** sometimes ends up undermining the competitiveness of the purchased company because ... Yokogawa **Electric** Corp ...

rieti.go.jp/en/papers/contribution/tsuru/02.html

[United Gas Corporation - Wikipedia, the free encyclopedia](#)

United Gas Corporation was a major oil company from its inception in 1930 to its **hostile takeover** and subsequent forced merger with Pennzoil in 1968.

en.wikipedia.org/wiki/United_Gas_Corporation

[Lack of size and focus put Invensys in play - FT.com](#)

Lack of size and focus put Invensys in play. ... was **hostile takeovers** and ... a highly preliminary **takeover** approach from Emerson **Electric** of the ...

[ft.com/cms/s/0/60ce6426-eae0-11e2-9fcc-00144feab...](https://www.ft.com/cms/s/0/60ce6426-eae0-11e2-9fcc-00144feab...)

[Hostile Takeover Offer Case Study -- Board of Director ...](#)

HOSTILE TAKEOVER OFFERS. The Responsibilities of the Target Board of Directors. A Case Study of the AirTran Offers for Midwest Airlines

wmcginnisadvisors.com/midwest.htm

[Private equity in the 1980s - Wikipedia, the free encyclopedia](#)

Private equity in the 1980s relates to one of the ... including General **Electric** and Paine Webber ... by acquiring the company in a **hostile takeover** and then sell ...

en.wikipedia.org/wiki/Private_equity_in_the_1980s

[The Civilized Hostile Takeover: New Breed of Wolf at ...](#)

The Civilized **Hostile Takeover:** New Breed of Wolf at ... nearly any natural-gas company is a potential target for an **electric** utility hoping to grow and survive ...

pages.stern.nyu.edu/~adamodar/New_Home_Page/invnmgmt/ch15/host...

[Electric Company: Greatest Hits by Electric Company on iTunes](#)

Preview, buy, and download songs from the album **Electric Company: Greatest Hits**, including "Josie and the Slamming Demonic Riffs (Kid606 Remix)," "Around ...

 itunes.apple.com/us/album/electric-company-greatest-hits/id2927...

[Hostile Takeovers of REITs - Thought Leaders in Real Estate](#)

including unsolicited **takeovers** and proxy fights for control. But REITs are no more defenseless in the face of **hostile** advances than other publicly traded companies.

 realestate.wharton.upenn.edu/research/papers/full/539.pdf

[The hostile takeover of Meralco - John Mangun | ABS-CBN News](#)

The **hostile takeover** of Meralco - John Mangun. ... The continuing dogfight over the Manila **Electric Co.** ... a **hostile takeover** of a public company.

 news.abs-cbn.com/views-and-analysis/06/03/08/hostile-takeo...

[Brush Electrical Machines - Wikipedia, the free encyclopedia](#)

Brush Electrical Machines ... called the Anglo-American Brush **Electric** ... In November 1991 Hawker Siddeley **Electric Power Group** was subject to a **hostile takeover** ...

 en.wikipedia.org/wiki/Brush_Electric_Company

[Articles about Hostile Takeover - tribunedigital-orlandosentinel](#)

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 articles.orlandosentinel.com/keyword/hostile-takeover

[Royalty Free Hostile Takeover Production & Stock Music ...](#)

Hostile Takeover. Genre: Corporate. Style: Orchestral Rock. Instrumentation: Orchestral Rock. Tempo: Medium. Affiliation: Joodle Music ASCAP. Composer: Conquest/Talbot.

 freshmusic.com/royalty-free-music/track/hostile-takeover

[Schneider S.A. - Company Profile, Information, Business ...](#)

The sectors that remained under the new simplified structure included construction of **electric-power** ... Illinois, for US\$2.23 billion in another **hostile takeover**.

 referenceforbusiness.com/history2/88/Schneider-S-A.html

[Public mergers and acquisitions in United ... - Practical Law](#)

A proxy contest usually occurs in the context of a **hostile takeover**, ... , "objName": "Public mergers and acquisitions in United States overview" ...

[us.practicallaw.com/2-501-9729](https://www.practicallaw.com/2-501-9729)