Fisker Files For Bankruptcy. Owes $1 Billion.

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motorauthority

Fisker Files For Bankruptcy. Owes $1 Billion.

BY VIKNESH VIJAYENTHIRAN

Electric car startup Fisker Automotive has finally filed for Chapter 11 bankruptcy, more than one year since it last built one its $103,000 Karma extended-range electric sedans. It means Fisker will fail to pay its remaining portion of a $192 million loan awarded to it back in 2010 under the government's advanced-technology vehicle manufacturing program, as well as money owed to suppliers and other creditors.

The government isn't completely at a loss, as a company by the name of Hybrid Technology, reportedly linked to Hong Kong billionaire Richard Li, paid $25 million for the loan during a public auction, paving the way for Hybrid Technology to acquire Fisker's remaining assets. In total, the government will lose about $139 million from its involvement with Fisker.

"After having evaluated and pursued all other alternatives, we believe the sale [of Fisker] to Hybrid and the related Chapter 11 process is the best alternative for maximizing Fisker Automotive's value for the benefit of all stakeholders," Fisker chief restructuring officer Marc Beilinson said in a statement. "The Fisker Automotive technology and product development capability will remain a guiding force in the evolution of the automotive industry under Hybrid's leadership."

Hybrid Technology is still exploring its options for Fisker and plans to make a decision on its fate at a later date. It will provide $8 million in debtor-in-possession financing in the meantime.

Fisker listed assets of as much as $500 million and debt of as much as $1 billion in its Chapter 11 petition filed in a U.S. bankruptcy court, according to Bloomberg. Among the assets are Fisker's brand, technology and plant in Wilmington, Delaware.

Tesla & Fisker- Pretending to make electric cars when they were really just set up to 1.) pay kickbacks to campaign backers and 2.) not threaten Detroit by only making cars a few rich guys would by and not actually affect the car market.

DFG- nNY

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TORQUE

By John Goreham G+ 2013-11-24

Taxpayers hand millionaires $139 million on Fisker Karma loss

The American taxpayers have lost another $139 million subsidizing electric supercars for millionaires. Torque News predicted this outcome a year ago.
- See more at: http://www.torquenews.com/1083/taxpayers-hand-millionaires-139-million-fisker-karma-loss#sthash.jysRLh62.dpuf

Friday afternoon, the Obama administration announced the results of its loan to Fisker now that things have shaken out. Bad news that is trying to be hidden from a news cycle is always released on Fridays. Not to worry though. According to US Energy spokesman Bill Gibbons, "While this result is not what anyone hoped, the ($139 million loss) represents less than 2 percent of our advanced vehicle loans, and less than one-half of 1 percent of our overall loan program portfolio." Do you feel better knowing that there is about $30 billion more in loans like this?

The Fisker Karma was an electric supercar costing over $100,000. It was subsidized by the American taxpayers with tax credits, loans that are now defaulted on, and the taxpayers of Maryland even paid for the operating costs of the factory. All this so that a couple thousand millionaires in the US and a handful in Europe could have an electric supercar they didn't have to pay full price for.
Try Our Daily Newsetter from TorqueNews and Receive the Latest Automotive News. Check your mailboxes for confirmation email.*

When I drove the Fisker Karma the company vice president told me from the back seat that the wood on the dashboard had been reclaimed from the bottom of a lake so deep and low in oxygen that the wood did not suffer any rot over many years of being in the water. The point of this was that the Karma was built to be as sustainable as possible. This struck me as a bad way to spend other people's money then, and now it just seems absolutely tragic.

About a year ago we published a story predicting that the Fisker electric supercar would not succeed and the Chevy Volt and Nissan Leaf would. We also made the claim that Tesla will not survive. So far that prediction is three-quarters correct. Coincidental with this week's announcement, Tesla sent all of its Teslerati an e-mail clarifying and reiterating that its mission is not to supply Model S electric super-sedans to millionaires. The e-mail said in part "I suspected that this could be misinterpreted as Tesla believing that there was a shortage of sports cars for rich people, so I described the three step "master plan" for getting to compelling and affordable electric vehicles in my first blog piece about our company. This was unfortunately almost entirely ignored." Founder Elon Musk wanted to be sure that people understand that the real mission is to someday do what the Volt and Leaf do now. Tesla repaid its loans to the US government earlier this year, so we are not sure why it is paranoid. Maybe it is the $7,500 in tax rebates each millionaire that buys one gets. It is hard to say.

Nissan Leafs and Chevy Volts now sell for under $29,000 in markets like California that augment the federal taxpayer subsidies. Each month the "affordable" Chevy and Nissan sell about the same number of electric cars that Fisker did in its entire existence. Honda, Fiat, Mitsubishi, and others also have cars for sale now in that price range. Given the volume of "affordable" electric vehicles now selling each month it is now strange to think that the US government felt the need to loan money to Fisker.

Controlling the news cycle is a smart and effective way to cover up embarrassing mistakes. Stopping electric super-car subsidies that go to the wealthiest Americans would be another way.

Federal 'bet' on Fisker ends in bankruptcy

http://www.philly.com/philly/classifieds/cars/Energy_Department_bet_on_Fisker_Automotive_ends_in_bankruptcy.html#oJQQUm1c22TF5RPk.99

RONNIE GREENE, CENTER FOR PUBLIC INTEGRITY- Philly.com
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Green-lighting a half-billion dollar loan to help a California electric car startup build a fleet of sleek plug-ins four years ago, the Obama administration's Energy Department promised cutting-edge cars and thousands of jobs.
"We're making a bet in the future," Vice President Joe Biden said in October 2009, standing in a shuttered Delaware plant slated to spring to life with electric cars. "We're making a bet in innovation."

The thousands of Fisker Automotive cars never did roll off assembly lines, and the thousands of jobs never surfaced. This month, Fisker filed for Chapter 11 bankruptcy protection — a symbol of a larger Energy Department electric car program that has yet to fully take off.

In October 2011, The Center for Public Integrity and ABC News explored the Energy Department's risky $1 billion bet on Fisker and another California electric car maker backed by political powerhouses, Tesla Motors. Tesla paid off its $465 million U.S. loan nine years early, but Fisker's project never gained traction. The Energy Department earmarked $529 million to Fisker and ultimately dispersed $192 million. Of that, DOE said, it recovered $53 million.

Fisker was financed under an Advanced Technology Vehicles Manufacturing (ATVM) Program central to Obama's long-shot goal of putting 1 million electric vehicles on the road by 2015. The DOE said this week it is moving ahead, accepting applications and conducting outreach.

The program "will help the U.S. compete in a rapidly-growing, global market for advanced electric and fuel-efficient vehicles," the agency said in a statement.
"The Department has committed more than $8 billion in loans to date supporting projects that are supporting tens of thousands jobs, reducing our dependence on foreign oil and promoting U.S. leadership across an array of innovative vehicle technologies, including plug-in vehicles and high-efficiency gasoline vehicles."
While saying the Fisker loss "is not what anyone hoped," energy officials said it "represents less than two percent of our advanced vehicle loans."
"All our loan agreements include strong safeguards that allow us to protect taxpayers when a company can't meet its obligations. Accordingly, the Department stopped disbursements to Fisker in June 2011 after the company fell short of the rigorous milestones that we had established as conditions of the loan," the DOE statement said.

Yet the ATVM program itself has not yet reached the goals set by Congress, and came under criticism in Government Accountability Office reports in 2011 and 2013.
This year's GAO report found that the ATVM program had not closed a loan in two years and had spent just a fraction, $8 billion, of the $25 billion Congress allocated. The program was infused with another $7.5 billion to cover credit subsidy costs; according to the GAO report, $4.2 billion remained in that pool of money.

"Most applicants and manufacturers we spoke with told us that, currently, the costs of participating outweigh the benefits," the report said.

Fisker had hoped the $529 million loan guarantee would help it build thousands of luxury Karmas along with another car on its drawing board, the more affordable Atlantic. This April, company co-founder Henrik Fisker told the House Committee on Oversight & Government Reform about a series of setbacks — from slow moving regulatory approvals to recalls and a bankruptcy dogging outside suppliers — that derailed his vision.

"From the outset, Fisker Automotive aimed to be a new American car company, setting pioneering standards for low-emission technology and cutting-edge design," he said.

While Fisker filed for bankruptcy last week, another company, Hybrid Technology, purchased its assets, including paying $25 million of its DOE loan. In its bankruptcy filing, Fisker estimated assets between $100 million and $500 million — and liabilities between $500 million and $1 billion.

Fisker was backed by an electric car program that is one piece of a larger, $30 billion green energy portfolio "that is helping to diversify our energy portfolio with clean, renewable domestic energy, spur U.S. industry, and make America more competitive in a rapidly-growing, global market for advanced vehicles," the DOE said.

The portfolio includes several other firms that filed for bankruptcy after receiving DOE money, including California solar panel maker Solyndra. In several cases, the Center and ABC reported last year, green energy companies paid six-figure bonuses or payouts to executives before filing for bankruptcy.

The Energy Department cited "estimated losses to date of approximately two percent" — less, the DOE said, than the 10 percent Congress set aside.

Congressional critics cited Fisker's bankruptcy filing as "yet another sad chapter" in DOE's portfolio. "The jobs that were promised never materialized and, once again, taxpayers are on the hook for the administration's reckless gamble," House Energy and Commerce Committee Chairman Fred Upton, R-MI, and Oversight and Investigations Subcommittee Chairman Tim Murphy, R-PA, said last week.

Others who closely scrutinize green energy spending say the Fisker bankruptcy, combined with the other failings, spotlight larger questions about the role of government in financing start-up ventures with public money.

"I think structurally there were challenges right from the outset," said Doug Koplow, founder of Earth Track, a consulting firm that tracks energy subsidies.
For years, Koplow has raised questions about the way DOE allocates taxpayer money. "I'm not surprised to see some of these things go bankrupt," he said. "I think it would be inevitable."

The Center for Public Integrity is a non-profit, independent investigative news outlet. A list of its funders can be found here. For more of its stories on this topc go to publicintegrity.org.

Read more at

http://www.philly.com/philly/classifieds/cars/Energy_Department_bet_on_Fisker_Automotive_ends_in_bankruptcy.html#oJQQUm1c22TF5RPk.99

TESLA_ON_FIRE

Fisker Bankruptcy in dispute

Fisker Automotive's proposed sale to a Hong Kong company formed by backers of the bankrupt hybrid vehicle startup appears to have hit a snag, with a competing bid emerging in the final hours from another contender: China's Wanxiang Group.

That's the news this week from U.S. Bankruptcy Court in Wilmington, Del., where unsecured creditors of Fisker are squaring off against Hybrid Technology, the company formed by Fisker backer and former director Richard Li. Hybrid Tech had been set to purchase Fisker's assets out of bankruptcy as of the new year.

According to the Wall Street Journal, unsecured creditors have filed court documents objecting to Hybrid Technology's proposed purchase and are seeking to pursue legal claims against the company. Hybrid Technology was formed late last year, and in November paid $25 million to purchase Fisker's defaulted $192 million loan obligation to the Department of Energy, leaving taxpayers on the hook for the remaining $139 million.

In the meantime, Fisker's unsecured creditors are supporting a rival bid by Wanxiang, the Chinese automotive manufacturing giant, which this week offered to pay $25.725 million for the bankrupt company's assets and to take over some of Fisker's debts, according to court documents. The bankruptcy court is scheduled to consider Fisker's sale to Hybrid Tech on Friday, but unsecured creditors are pushing for an alternative auction for the company's assets later this month, with Wanxiang as the leading bidder.

Wanxiang has its own ties to Fisker in the form of A123 Systems, the lithium-ion battery maker that it bought out of bankruptcy in January 2013. A123 made the batteries for Fisker's Karma luxury hybrid sports car, and Wanxiang was reported to be considering a bid for Fisker in May of last year, before Fisker had filed for bankruptcy protection.

Fisker raised $1.2 billion from investors including VC firms Kleiner Perkins Caufield & Byers and NEA, as well as now-defunct investment firm Advanced Equities. It also drew down $192 million from its $528 million conditional loan granted under DOE's Advanced Technology Vehicles Manufacturing Program (ATVM) to pay for a planned factory to build a lower-cost hybrid sedan in Delaware.

But Fisker ran into a series of insurmountable problems on its course toward insolvency. It stopped building its Karma hybrid sports cars in July 2012, and since then has been pummeled by bad reviews and reports of vehicle fires and recalls. Last year's Hurricane Sandy destroyed a warehouse containing $30 million worth of Fisker's already-built Karma sports cars.

At the same time, DOE cut off Fisker's access to its loan in 2011 after the startup missed performance targets, and the agency put the balance of Fisker's loan obligation on the auction block in October. At the time, DOE stated that it would "require all bids to include a commitment and business plan that promotes domestic manufacturing capabilities and related engineering for advanced technology vehicles here in the United States." But it's unclear whether that standard will require bidders to continue renovating the Delaware plant where Fisker had intended to produce its lower-cost Atlantic hybrid sedan.

Fisker certainly isn't the only company that has failed to take on the legacy automotive industry via venture capital investment and government loans. Failed "green" vehicle companies include Coda Automotive, Think Global and Next Autoworks (formerly V-Vehicle), as well as plug-in EV charging companies Better Place and ECOtality, which both declared bankruptcy this year.

Rivals contend for the assets—and debts—of the defunct hybrid sports car maker.

Jeff St. John
January 3, 2014