

# The Obama Green-Energy, Crony-Corruption



Marita Noon |



Everyone who pays any attention to the news knows the name Solyndra. It has become synonymous with the overall failed green energy program administered by the Obama team. Politicos know there are [many other companies](#) that have received loan guarantees for various green energy projects that have since become a source of ridicule for the White House. Some might even be able to name a few. There is the now-bankrupt company that made batteries for electric cars: [Ener1](#). The plug-in electric sports car company, Fisker, that made its cars in Finland and has [troubles too numerous](#) to cite. And, of course, we know about the Chevy Volt—that our taxpayer dollars bailed out only to have demand so low that Chevrolet had to [pull the plug](#) on the production line and lay off workers for five weeks earlier this year. But few know the full story.

Connecting the dots will make your head hurt. There are various programs and special tax breaks and different kinds of companies that received green energy loans: solar, wind, and geothermal; and car companies, battery manufacturers, and biofuel producers. While the projects differ, they have several startling similarities. The vast majority of the green energy loan guarantees were given to companies that could not obtain enough financial backing from private investors. Their “junk” or “speculative” grade kept people from putting their own money into them —yet your money and mine was given to them, and we had no say in the matter. Of the 27 loans issued through the 1705 Loan Guarantee Program to 21 firms, virtually all of them have “connections” to either President Obama or other high-ranking Democrats—or both! The loans were made to fill a market created not by free-market demand, but by government mandates. And, all of the [“special seven”](#) got fast-tracked

approvals through the Department of Interior with little scrutiny over environmental damages that would have taken any other energy company months, if not years, to get, and EPA regulations were applied selectively.

Many of the companies that received the funds had involvement with large donors and/or bundlers for the Obama campaign, and there is an amazing revolving door through which the players pass many times. They worked, for example, for Senator Harry Reid. Then they are on the staff of an investment firm that invested in one, or more, of the companies. Next you find he or she is on some White House commission—or worse, became part of the Obama Department of Energy team. Some 460 companies applied for DOE loans, but only 27 projects, 21 companies, got the funds. And 85% of these have been found to have “connections.” The remaining 15% may well have connections too, albeit more guarded or hidden.

These are not wild assertions. I have the data to back them up.

Following the publication of my column a couple of weeks ago on [crony capitalism](#), I was connected with Christine Lakatos. She's a private citizen and a single mom with a nose for research. Beginning in 2009, she was hired to work on investigative projects, following the green energy money. But when those projects were completed, she didn't stop digging. She kept finding more and more. With no outlet for her work, she started a blog where she “brain dumps” her findings—which for a total unknown has received an impressive number of readers. For anyone but the most stalwart, her [Green Corruption Blog](#) is like getting a drink of water from a fire hydrant.

---

---

On Sunday, some of Lakatos' research was presented in my [weekly column](#). The response prompted us to begin a

collaboration.

For each of the next 17 weeks, we will expose one green-energy, crony-corruption story after another (though my travel schedule may require me to skip a week here and there). It will be a “book” released chapter-by-chapter. If you like what you find, we hope you’ll let us know and come back the following week for the next installment.

Some single stories of what we’ll expose are “out there” —though surely not covered by the mainstream media and not all in one place or all connected as we’re doing. If you made a study of the green-energy, crony-corruption story your passion, you likely found out a lot of what we’ll share. If you read the [report](#) from the House Oversight and Government Reform Committee (HOGRC) on the Obama Administration’s green energy gamble word-for-word, or watched the incriminating hearings, you’ll already know some of what we’ll present. Or, if you’ve read the chapter in Peter Schweizer’s book [Throw Them All Out](#) that addresses alternative energy and “how the game of funneling taxpayer money to friends has exploded to astonishing levels in recent years,” you have a good idea of the big picture. If you have made this your passion, have studied the report, and have coordinated with Schweizer, as Lakatos has, you are encouraged to help make these reports as complete as possible. Together, we’ll connect the dots and present it here in bite-sized pieces.

Each of the energy projects we will profile in the “special seven” section were recipients of billions of taxpayer dollars through the 1705 Loan Guarantee Program (LGP) and many will be receiving millions more through the 1603 Grant Program. The 1705 LGP is an expansion of the 1703 program that was approved in 2005 under President Bush—increasing the expenditures from [\\$17.9 billion in 2007 to \\$37.2 billion in 2010](#). The 2009 American Recovery and Reinvestment Act significantly expanded the DOE’s authority, under Energy Secretary Steven Chu, through the newly created 1705 LGP.

(Under the Recovery Act, \$86 billion—approximately 10% of the stimulus package—was earmarked for green energy projects.) The LGP means that companies get risk-free money. If the company succeeds, the low-interest loan gets paid back. If they fail—as [many have](#)—we, the taxpayers, lose. In contrast, the [1603 Grant Program](#)—implemented as part the Obama stimulus—is administered by the Treasury Department, with the goal of reimbursing eligible applicants for a portion of the costs of installing specified energy property used in a trade or business or for the production of income. Basically 1603 gives billions in favored businesses tax-free cash gifts that do not have to be paid back.

While we can prove that cronyism has run amok within the majority of 1705 LGP, we'll stay focused on the Special Seven. Here, in Part 1, we present a complete overview of the connecting dots on one project: SolarReserve, LLC. With this introduction made, we'll likely address several companies, with a common denominator, in subsequent releases.

In Sunday's column, the following thumbnail was presented: "SolarReserve's [Crescent Dunes](#) project is a solar thermal power tower plant utilizing the advanced molten salt power tower technology with integrated storage located in Tonopah, NV. The company's Fitch rating is BB, yet in September 2011, it was the recipient of [\\$737 million](#) in DOE loan guarantees. Obama's law school buddy and 2008 Obama campaign bundler, Michael Froman, was managing director of alternative investments at Citigroup—which became a [major investor](#) in SolarReserve. Froman currently serves on the [White House staff](#). Additionally, other high profile Democrats are involved with SolarReserve."

But there is more.

More about Michael Froman. Peter Schweizer reports that "When Obama ran for president, Froman helped raise large sums of money on Wall Street" for the 2008 campaign. The

HOGRC report (page 47) confirms Peter's findings and adds that Froman was a \$200,000 bundler: "Michael Froman currently serves as the Deputy Assistant to the President and Deputy National Security Advisor for International Economic Affairs. He was a friend of President Obama's from law school, and supported his political career by bundling over \$200,000 for his 2008 presidential candidacy. Prior to his arrival at the White House, Froman was the Managing Director of Alternative Investments at Citigroup, where he managed infrastructure and sustainable development investments. Citigroup became a major investor in SolarReserve, which ultimately received a \$737 million loan guarantee in September 2011."

The Citigroup connection is tighter. [Richard Parsons](#) was Chairman for Citigroup from 2009 until he [announced stepping down](#) in March 2012. [Citigroup](#) was a top Obama donor in 2008. Parsons served on the Obama Transition Team and on the Economic Advisory Board. In 2011, Parsons was appointed to the [President's Council on Jobs and Competiveness](#).

Next, David Sandalow—who is currently “the Assistant Secretary for Policy and International Affairs at DOE, where he acts as Secretary’s Chu’s principal adviser on energy policy, as well as coordinating DOE’s foreign policy involvement.” (HOGRC report page 49) “Sandalow’s ties to the White House date back to the Clinton Administration, during which he worked with President Clinton on environmental issues. After having gained this experience, Sandalow became the influential Chair of the Energy & Climate Working Group of the Clinton Global Initiative. He went on to advise President Obama’s presidential campaign in 2008. Prior to joining the Obama Administration, Sandalow was a senior advisor to Good Energies, Inc., an energy-focused venture capital firm. Good Energies is an [investor](#) in SolarReserve.”

Other SolarReserve connections to the Democratic Party include:

**Ronald Pelosi**—Former Speaker of the House Nancy Pelosi's brother-in-law, [Ronald Pelosi](#), holds a leadership position with Pacific Corporate Group Asset Management—which is an [investor in SolarReserve](#). Additionally, his colleague, [Jasandra Nyker](#), has served as a member of SolarReserve's board of directors.

**George Kaiser**—Argonaut Private Equity is an investor in SolarReserve. Argonaut Private Equity is owned by [major Democratic fundraiser](#) and a 2008 Top Obama bundler George Kaiser, who also invested in Solyndra. Kaiser made multiple visits to the White House in the months before the company was granted a \$535 million loan from the government. The Managing Director for Argonaut Private Equity, Steve Mitchell, serves on SolarReserve's Board of Directors.

**Tony Podesta**—[OpenSecrets.org](#) shows that SolarReserve paid hundreds of thousands of dollars in lobbying fees to the Podesta Group. Tony Podesta is the principal at the Podesta Group—which he [started with his brother John](#). John Podesta ran Barack Obama's presidential transition team and is the Director of the Center for American Progress—which is “reportedly [highly influential](#) in helping to craft White House Policy.” Both Tony Podesta and his wife Heather (a Washington power couple) are frequent White House visitors that share high ranks in “lobbying power,” and Democrat bundling as well.

**Lee Bailey**—SolarReserve's Chairman of the Board is Lee Bailey, a Managing Director with U.S. Renewables Group, who holds a significant financial stake in SolarReserve. [Bailey has donated](#) \$21,850 since 2008 to Democratic candidates, including President Obama, Senate Majority Leader Harry Reid, California Sen. Barbara Boxer and then-presidential candidate Hillary Clinton.

**James McDermott**—[SolarReserve board member](#) James McDermott is also a Managing Director with U.S. Renewables Group. He contributed [\\$61,500 to various](#)

[Democratic](#) campaigns since 2008, including \$30,800 to Obama's presidential election campaign. U.S Renewable Energy Group has ties with Senator Harry Reid.

If there were only one connect-the-dots story, it would be easy to dismiss it as coincidence. But here, with just one company, you can see the dots connect, and connect, and connect. As you will continue to see, they keep on connecting. In this case, connect-the-dots is no innocent childhood game. It is a high-stakes gamble and only those with connections get to play. Obama and his Democratic friends are the winners. We, the taxpayers, the losers. We lose the financial investment of our tax dollars and our electricity rates go up—all to support the discredited ruse of man-made climate change.