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Solar Equipment Maker Solyndra files for Bankruptcy

Solyndra, the company the White House highlighted in its efforts to push for cleaner energy technology, has filed for Chapter 11 bankruptcy protection. It has laid off more than 1,000 full-time and part-time workers and increased the Republican's criticisms of the Obama administration's initiative in renewable energy.

The company issued a statement Wednesday, citing the global economic recession and weak demand for solar panels had forced it to suspend production at its plant. The company now has to weigh its options in how to reorganize. One option is to find a suitable buyer and to license the technology it uses to manufacture its solar products, which includes a unique cylindrical solar panel that maximizes absorption of the sun's rays.

The government awarded Fremont-based Solyndra a loan guarantee (the first company to be given the guarantee) of \$535 million as part of President Obama's economic stimulus package. The guarantee was issued under the Energy Department's program in 2009. Then last year, the President visited Solyndra's plant in California to spotlight the government's efforts in promoting clean renewable energy. At that time, Solyndra was expanding its business creating jobs for workers making construction materials to build a new factory and assembling parts for solar equipment.

But what a difference a year makes. The company ran into cash flow problems and the

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Energy Department had to restructure the loan earlier this year. Also, a planned public offering that was set for June this year had to be cancelled.

Although the company experienced strong growth in the first half of this year, it was insufficient to enable it to scale up to full operations, which would have allowed it to compete with larger foreign manufacturers. In its statement, the company said, “This competitive challenge was exacerbated by a global oversupply of solar panels and a severe compression of prices that in part resulted from uncertainty in governmental incentive programs in Europe and the decline in credit markets that finance solar systems”.

Among a chorus of critical voices in the House were those of House Energy and Commerce Committee Chairman Fred Upton (R-MI) and panel member Rep. Cliff Stearns (R-FL) who stated that the loan guarantee was a “bad bet for taxpayers from the beginning”.

The Committee is investigating the details of the loan guarantee. In June, the Committee subpoenaed the White House Office of Management and Budget for documents about the loan guarantee, which came on condition that Solyndra would step up its operations and hire 1,000 more workers. The Committee is generally of the opinion that the government was “in the rush to get stimulus cash out the door,” and made a poor choice of the company to be awarded the loan guarantee.