

# Ecotality Files for Chapter 11 Bankruptcy

by Joel R. Glucksman on October 3, 2013

Ecotality, a green-energy company backed by the U.S. government, has followed in the footsteps of many other electric car battery producers and filed for protection under Chapter 11 of the bankruptcy law.

The company filed its bankruptcy case in the United States Bankruptcy Court in Arizona, and plans to sell its assets in a bankruptcy auction - presuming that the Bankruptcy Court approves. The announcement was not wholly unexpected, as the company had speculated in August that it might be forced into bankruptcy proceedings following a disappointing sales report. The U.S. Department of Energy also suspended payments to the electric car battery maker after it hinted that it may be unable to meet its obligations under the agency's electric vehicle program, The Associated Press reports. The final financial hit came when Ecotality was forced to pay \$855,000 in back wages and damages to settle an investigation by the Department of Labor into allegations of labor law violations.

While the company must wait for a bankruptcy court to approve its request to put its assets up for auction, Ecotality noted that Nissan has agreed to loan it as much as \$1.3 million. Should a bankruptcy judge allow Ecotality to move forward with an auction, the company said that eight parties have already expressed interest in bidding on its assets. The company would like to hold an auction on October 9, with a closing to occur within two days, Reuters reports.

Citing "significant liquidity constraints and the difficulty of obtaining long-term financing," the company said an auction is necessary to maximize value for creditors and avoid a "fire-sale liquidation," Reuters added.

Ecotality is one of a handful of government-backed companies that have succumbed to declining sales and limited demand for green products in recent months. California solar panel maker Solyndra Inc. and Beacon Power, a Massachusetts energy-storage firm, declared bankruptcy last year. A123 Systems Inc., another electric car battery manufacturer also sought bankruptcy protection recently, despite receiving more than \$500 million in federal and state assistance.