

# Electric Car Maker Seeks Bankruptcy Protection

by Joel R. Glucksman on May 14, 2013

Coda Automotive, an electric car maker seeks bankruptcy protection in a U.S. Bankruptcy Court in Delaware.

The company plans to exit the automotive industry altogether to focus its resources on energy storage, as the technology it currently uses to manufacture green vehicles is the same as that used to store power, according to the New York Times. Coda said that it's in "dire" financial trouble, and has sold fewer than 100 vehicles since March 2012. To add to matters, its first vehicle was delayed for a year as a result of regulatory issues, according to Detroit News.

In response to muted interest and sales, the company implemented a series of layoffs and was forced into several lawsuits for falling behind on bills to suppliers and lenders.

"After concluding a comprehensive review of our strategic options, the Board of Directors, management team and senior lending group have concluded that focusing on the Company's energy storage business presents the best opportunity moving forward," said Phil Murtaugh, CEO of CODA Holdings, Inc. "We believe the restructuring process that we have entered into today will enable the Company to complete a sale and confirm a Plan that maximizes the value of its assets, serving the best interests of our stakeholders."

A group of lenders have already entered into agreement with Coda in which they will extend debtor-in-possession financing and purchase the company for \$25 million through the bankruptcy process.

Coda's bankruptcy filing is the latest in a string of green energy automotive companies that have run into financial issues and been forced to file for bankruptcy protection. A123, Bright Automotive, Think Global, Enerdel, Aptera Motors, Azure Dynamics and Next Autoworks are other electric car makers that have faced declining demand for their products, primarily due to high battery prices, Detroit News reports.