

## **Donor Warned Obama that Solyndra 'could haunt him'**

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**Venture capitalist's email illustrates closeness between administration and campaign bundlers**

President Obama shakes hand with Solyndra employees on a tour of the company headquarters. Paul Chinn/APNew

White House emails show a top donor to Barack Obama was in direct contact with one of the president's closest advisers about the federal energy loan program, the latest disclosure underscoring the closeness between the administration and bundlers with a stake in Energy

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Department funding.

Steve Westly, a California venture capitalist who raised more than \$500,000 for Obama's campaign, emailed Valerie Jarrett, one of Obama's closest advisers, to warn her about political fallout that could ensue if the president visited the factory being built by Solyndra.

"Could you perhaps check with [the Energy Department] to make sure they're comfortable with the company? I just want to help protect the president from anything that could result in negative or unfair press," Westly wrote on May 24, 2010. "If it's too late to change/postpone the meeting, the president should be careful about unrealistic/optimistic forecasts that could haunt him in the next 18 months if Solyndra hits the wall, files for bankruptcy."

President Obama told ABC News Monday that he does not regret touting the solar company Solyndra as a model of his jobs program, or loaning \$535 million in taxpayer money to the company before it declared bankruptcy.

"Hindsight is always 20/20," Obama told ABC *Good Morning America* anchor George Stephanopoulos in an interview broadcast online Monday afternoon. "It went through the regular review process and people felt that it was a good bet."

The emails were released by House Democrats Monday to emphasize that no government decisions relating to Solyndra were influenced by considerations relating to campaign donations. However, the emails also show for the first time that a major donor had access to top presidential advisers on matters concerning the loan program.

The emails also show deep reservations from analysts at the Office of Management and Budget about the decision to loan \$535 million to Solyndra – well before the company's collapse. Last month, the California solar power company filed for bankruptcy, and their offices were raided by the FBI. The new documents also show there was vigorous debate inside the White House about the wisdom of making risky investments in clean energy with taxpayer dollars.

The most pointed example of that came during an email exchange between top White House economic advisor, Larry Summers, and another Solyndra investor, Brad Jones, of Redpoint Ventures. In December 2009, Summers sought advice from Jones about the administration's economic policy.

Jones' reply included a harsh assessment of the Energy Department's loan program.

"The allocation of spending to clean energy is haphazard," he wrote. "The government is just not well equipped to decide which companies should get the money and how much. ... One of our solar companies with revenues of less than \$100 million (and not yet profitable) received a government loan of \$580 million; while that is good for us, I can't imagine it's a good way for the government to use taxpayer money."

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Summers accepted the critique, saying, “I relate well to your view that gov [government] is a crappy vc [venture capitalist]...”

The White House said Monday that such email exchanges between Summers and Jones, and from Westly to Jarrett, are not unusual. Part of Jarrett's job, they noted, was to interact with the business community.

Eric Shultz, a White House spokesman, said the emails “validate what we’ve said all along, which is this was a merit-based decision made by career staffers at the Department of Energy. And as we’ve said from the beginning, supporting fledgling innovating technologies assumes some risk, but that doesn’t mean we should throw up our hands and do nothing, ceding the jobs to the future to China or any other country.”

Energy officials said the emails simply prove that the department engaged in healthy debate about the loan decision before freeing up taxpayer money for Solyndra’s use.

“This program was established by Congress to support innovative, cutting edge projects that by their nature carry a degree of risk,” said Damien LaVera, an Energy Department spokesman. “These emails show that the Administration was aware of those risks, and that decisions were based on more than two years of rigorous analysis and due diligence by career officials spanning two administrations. As we have consistently said, there was a thoughtful and appropriate debate within the Administration and decisions were made solely on the merits of the project.”

In releasing the emails, House Democrats said they saw a healthy internal debate about the wisdom of investing in the clean energy sector. Obama had embraced the idea, dedicating hundreds of millions of dollars in an effort to help jump start the fledgling “green energy” industry, create jobs, and improve the environment.

A statement from Rep. Henry Waxman (D-Calif.) said the emails show there was “internal disagreement within the Administration about Solyndra’s viability and the effectiveness of the loan guarantee program throughout the process.”

At the Office of Management and Budget – where analysts were tasked with assessing the financial risks – internal emails show deep reservations about lending money to Solyndra.

“Bad days are coming,” one email warned in April 2010. OMB officials also seemed concerned with the Department of Energy’s apparent failure to monitor the progress at companies that were heavily backed by government loans.

One OMB official wrote: “DOE’s ‘system’ for monitoring loans is quite problematic (barely any review of materials submitted, no synthesis for program management, inherent conflicts in origination team members monitoring the deals they structured, etc) and does not seem to be a program priority.”

The emails surrounding the Obama’s plans to visit the Solyndra plant offer a rare look behind the scenes at how every move by the president is carefully measured in advance for political benefits and risks. And they show top donors, such as Westly, have the connections and the ability to weigh in on

such decisions.

In March, the Center for Public Integrity's [iWatch News](#) and ABC News documented how Westly straddled the worlds of big time bundler, venture capitalist for green energy firms – and White House insider.

In August 2010, Westly was appointed to a high-powered advisory board to Energy Secretary Steven Chu. Before that appointment, four companies in the Westly Group portfolio secured more than a half billion dollars in DOE support, *iWatch News* and ABC News reported. Last month – while Westly continues to raise money for Obama and advise Chu – a fifth firm secured DOE backing. Energy Department officials said the loans and grants were awarded on merit.

In the emails, Westly's warnings about the political risks of visiting Solyndra -- whose own auditor had raised concerns about its financial health only two months earlier -- are countered by other considerations.

One White House staffer writes: "POTUS [the President] could meet with workers/make remarks at the new building site, which is very construction/new jobs heavy. 400+ union labor workers in hard hats using heavy machinery both indoors and outdoors."

At the same time, a July 21 e-mail from Solyndra's lobbyists at the Glover Park Group to staff at the White House Office of Communications pushes a positive message about the company, under the heading "Solyndra Messages," touting the company's "strong future," "growth market," and emphasizing the benefits of solar panels being "Made in the USA."

Ultimately, the White House decided to go ahead with the factory visit. Ron Klain, then the chief of staff to Vice President Biden, wrote in an email that everyone involved understood the risks inherent in backing fledgling companies such as Solyndra. "Sounds like there are some risk factors here – but that's true of any innovative company that POTUS would visit. It looks like it is OK to me, but if you feel otherwise, let me know."

An unnamed Energy Department official throws in support for the visit, telling the White House, "the company should be strong going into the fall with their new facilities on line." Another Department of Energy official wrote: "Bottom line is that we believe the company is okay in the medium term, but will need some help of one kind or another down the road."

But OMB analysts remained skeptical. One official wrote darkly of the president's plans to appear before Solyndra workers on the factory floor in California: "Hope doesn't default before then."

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