GOP rep: Appoint special counsel in Solyndra loan

MATTHEW DALY - Associated Press - Associated Press

The chairman of the House Judiciary Committee on Monday called for an independent investigator to look into a $528 million loan approved by the Obama administration for a now-bankrupt solar energy company.

Rep. Lamar Smith, R-Texas, said an outside lawyer is needed to determine "whether politics played a role" in the Energy Department loan for California-based Solyndra Inc., which declared bankruptcy this month and laid off its 1,100 workers.

"An independent examiner will uncover the truth about whether politics played a role in influencing the Obama administration to favor Solyndra over more financially stable loan applicants and thus ensure the integrity of the bankruptcy process for all creditors," Smith wrote in a three-page letter to Attorney General Eric Holder.

The FBI and the Energy Department's inspector general are already investigating the Solyndra loan, which has become a flashpoint in a partisan debate over subsidies for so-called green jobs.

The Fremont, Calif.-based company was the first renewable-energy company to receive a loan guarantee under a stimulus-law program to encourage green energy and was frequently touted by the Obama administration as a model. President Barack Obama visited the company's Silicon Valley headquarters last year, and Vice President Joe Biden spoke by satellite at its groundbreaking.

Since then, the company's implosion and revelations that the administration hurried Office of Management and Budget officials to finish their review of the loan in time for the September 2009 groundbreaking has become an embarrassment for Obama as he sells his new job-creation program around the country.

An Associated Press review of regulatory filings shows that Solyndra was hemorrhaging hundreds of millions of dollars for years before the Energy Department signed off on the original $535 million loan guarantee in September 2009. The company eventually got $528 million.

Republicans also question a decision in February to restructure the loan in such a way that private investors, including an Obama fundraiser, moved ahead of taxpayers for repayment in case of a default.

Administration officials say the restructuring was necessary. Without an infusion of cash, Solyndra would likely have faced immediate bankruptcy, they said.

Given the company's shaky financial condition, Smith and other Republicans say the decision to restructure the loan raises questions about whether the administration protected political supporters at taxpayers' expense.

A spokeswoman said the Justice Department had received the letter and was reviewing it.

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