V-Vehicle Founder Ousted, Venture Capitalists Take Over

MONROE, La. (AP) — Founder Frank Varasano has been replaced as chief executive officer of V-Vehicle Co., the San Diego-based company created to build fuel-efficient cars, the company says.

Ray Lane, a managing partner of V-Vehicle's largest investor — the venture capital firm Kleiner Perkins Caufield Byers LLP — is running the company while officials look for a full-time CEO, according to a brief statement released Friday.

David Hitchcock, director of Louisiana assembly operations, would not say Saturday whether Varasano was fired, or whether vice president for assembly Horst Metz was still with V-Vehicle.

"These are internal matters to the company. We're not airing them in public," he said in a brief telephone interview from California.

V-Vehicle has canceled its lease on the former Guide headlight plant he owns, but Lane wants a new lease, investor James Davison of Ruston told The News-Star, a northeast Louisiana newspaper, on Friday.

He said he understood that Varasano was fired and Metz had quit.

"It's a long shot that the project will happen here," Davison told the newspaper.

On March 24, the U.S. Department of Energy denied V-Vehicle's application for $320 million in low-interest loans — money the company said was essential.

Energy Department officials had said the company could reapply if it met the agency's concerns.

Hitchcock's news release said, "VVC remains committed to building cars in Monroe, Louisiana, and to continue its efforts to secure funding through the U.S. Department of Energy's Advanced Technology Vehicle Manufacturing loan program."

V-Vehicle spokesman Joe Fisher said last week that the Energy Department wants V-Vehicle to have enough capital to be solvent without the loans. The company said it has raised $86.5 million in private capital. Another $87 million in state, local and federal grants had been promised if V-Vehicle obtained the loans.

All the company has said about the car is that it would be a four-door hatchback that would sell for about $10,000 and get 40 miles or more per gallon of gasoline.

V-Vehicle began testing its first prototype on an Arizona test track in February.

"All reports are that the car is testing even better than expected," Davison said.

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