Once-Promising IN Car Venture Ends In Bankruptcy

The Associated Press

INDIANAPOLIS (AP) — A company that had planned to build high-tech police cars in a vacant plant [1]that once housed a rust belt city's largest employer has filed for bankruptcy, dashing the hopes of a community desperate for economic rejuvenation.

Carbon Motors Corp. filed for Chapter 7 liquidation in U.S. Bankruptcy Court in Indianapolis on Friday. The company listed liabilities of $21.7 million and assets of just $18,976.

The liabilities are mostly claims from investors totaling millions of dollars. Debtors include German car company BMW and Troy, Mich.-based Inteva Products LLC, suppliers who say Carbon Motors owes them together more than $3 million. The company's assets consist of a prototype police car, some furniture, books and records, and intellectual property, said Indianapolis attorney Henry Efroymson, who is representing the company.

The filing protects Carbon Motors from any litigation brought against the company, including a lawsuit filed in May by three former executive vice presidents seeking more than $600,000 in deferred wages.

Carbon Motors announced in July 2009 that it would move into the vacant Visteon plant that was once Connersville's largest employer and hire as many as 1,500 to build police cars from scratch instead of adapting civilian models. But the plan unraveled after the U.S. Department of Energy rejected the company's request for a $310 million loan in March 2012.

"The entire business model was premised on that entire loan coming through," Efroymson told Indianapolis Business Journal for a Wednesday story. "It was a huge, unexpected disappointment for management as well as the investors."

The plant would have been a boon to the economically struggling eastern Indiana city of about 14,000, which during the early 20th century was a haven for the auto industry nicknamed "Little Detroit," where several makes of cars, including the iconic Cord, were assembled.

In recent years, the Connersville area has intermittently had the highest unemployment rate in Indiana. In April, Fayette County tied with Vermillion County for the highest rate at 11.4 percent.

Connersville Mayor Leonard Urban did not immediately return a phone call from The Associated Press seeking comment Wednesday.

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