

Energy Dept. Loses \$42M On Loan To Van Maker

Matthew Daly, Associated Press

WASHINGTON (AP) — The Energy Department said Friday it will lose about \$42 million on a [loan](#) [1] to a now-shuttered Michigan company that made vans for the disabled.

Vehicle Production Group, or VPG, suspended operations in February and laid off 100 workers. The company had paid back \$5 million of a \$50 million federal loan this spring, and the remainder of its debt was sold at auction this week to Humvee manufacturer AM General, which paid \$3 million to buy the Energy Department loan.

VPG, of Allen Park, Mich., received a federal loan in 2011 under the same clean-energy program that provided a \$529 million loan to electric car maker Fisker Automotive Inc. Fisker had received \$192 million before a series of problems led U.S. officials to freeze the loan in 2011. The Obama administration has seized about \$28 million from California-based Fisker, which has laid off three-fourths of its workers.

An Energy Department spokesman said sale of the VPG loan was a last resort.

"After exhausting any realistic possibility for a sale that might have protected our entire investment, the department determined that auctioning the remainder of VPG's loan obligation offered the best possible recovery for the taxpayer," spokesman Bill Gibbons said in an email.

The VPG loss and the potential loss of more than \$160 million in the Fisker case would be the largest losses of federal loan money since the 2011 failure of solar panel maker Solyndra. That company's collapse, which came despite a \$528 million loan from the Energy Department, has triggered sharp Republican criticism of the Obama administration's green energy program.

Rep. Jim Jordan, R-Ohio, chairman of a House Oversight subcommittee on economic growth and regulation, has called the loan program "one of the most disastrously mismanaged and corrupt programs in U.S. history," a claim that Democrats reject.

Gibbons said losses from the clean-energy loan program represent just 2 percent of the overall loan portfolio, and less than 10 percent of the \$10 billion in loan loss reserves that Congress set aside for the loan programs.

"While an auction was not what anyone hoped, our overall portfolio of more than 30 projects remains strong," he said.

Indiana-based AM General said it will own and operate VPG through a subsidiary called Mobility Ventures LLC. The company plans to continue production of the

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wheelchair-accessible vans, which are powered by natural gas, at its Indiana plant.

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