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Bankrupt DOE Loan Recipient Abound Solar Under Investigation, Panels Suffered "Catastrophic Failure"

Michael Sandoval | October 6, 2012 at 12:07 pm | (0) | Like 52 | Tweet 54



Abound Solar, a Department of Energy \$400 million loan guarantee recipient that went bankrupt earlier this year, is under investigation by officials in Weld County, Colorado.

The company, which received nearly \$70 million in loan funding before payments were cut off by DOE in 2011, also received a \$100,000 tax break from the Colorado county in 2010. The county decided not to extend that offer when the company failed to achieve prescribed benchmarks for the tax break.

The county is also seeking nearly \$2 million in unpaid property taxes from 2011 and 2012.

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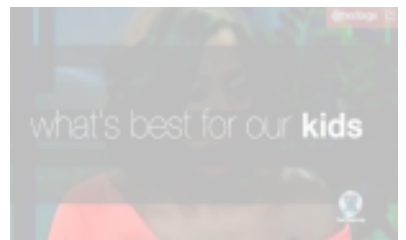
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Denver's 7NEWS [has confirmed](#) the investigation:

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Sources tell 7NEWS that the company's finances are under scrutiny.

7NEWS obtained internal documents from 2012 that show orders for tens of thousands of replacement solar panels. The orders cite different reasons for the replacements including, "low performance," "under performance" and "catastrophic failures."

The orders are for replacements requested after the Department of Energy stopped stimulus money payments to Abound.

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Rep. Cory Gardner, R-CO, has announced his intent to issue a letter to DOE "seeking records and information about what it knew while providing money to Abound."

Gardner told 7NEWS that the document request would be comprehensive.

"We need to know, did the Department of Energy — did they close on the loan when they knew there were technical problems with the product?" Gardner told the station.

The revelation of an investigation into the shuttered solar manufacturer comes less than a week after [The Daily Caller News Foundation cited sources that appear to corroborate](#) the issue of faulty, underperforming, and even dangerous solar modules, one of which the outlet showed bursting into flames in a video released with their report:

Internal documentation and testimony from sources within Abound show that the company was selling a faulty, underperforming product, and may have misled lenders at one point in order to keep itself afloat.

"Our solar modules worked as long as you didn't put them in the sun," an internal source told The Daily Caller News Foundation.

The company knew its panels were faulty prior to obtaining taxpayer dollars, according to sources, but kept pushing product out the door in order to meet Department of Energy goals required for their \$400 million loan guarantee.

The DCNF's sources also show agreement with the extraordinarily high number of replacement panels—nearly 160,000—due to underperformance issues. Faulty manufacturing, DCNF said, was apparently prompted, at least in part, by the necessity to meet loan guarantee production benchmarks issued by DOE.

The company's financial statements, under investigation in Colorado, will form a major part of the Congressional inquiry launched by Gardner.

"Now the question is did the (Department of Energy) — did they know something that the rest of should have known? Did Abound not tell the DOE something? These are questions that need to be answered," Gardner told 7NEWS.

Gardner noted, in a [radio interview with 1310 KEKA's Amy Oliver](#), that potential fraud by the company would be investigated by state and local authorities. However, the Congressman's

office would request as much documentation as possible from DOE Secretary Steven Chu.

At a Congressional hearing in July 2012 before the House Oversight and Government Reform Committee, [Abound's former CEO Craig Witsoe blamed](#) cheap Chinese solar modules and Chinese government subsidies for the company's demise:

Company executives and DOE loan administrators blamed Abound's demise on Chinese market pressures created by the subsidies and price-cutting, rather than incompetence or political pressures exerted on the part of government officials in the loan approval process.

"Chinese panel makers were able to sell below cost and put Abound out of business before we were big enough to pose a real competitive threat to China's rapidly growing market share," Witsoe said in his statement.

Abound's chairman concurred. "Such a severe market change made it difficult for Abound and others to survive," said Thomas Tiller.

One of Abound's capital investors [blamed "election-year political games"](#) for driving the company out of business.

Just weeks after Abound [filed for bankruptcy in June 2012](#), [Interior Secretary Ken Salazar addressed](#) a gathering at the National Renewable Energy Laboratory and called the bankruptcies "just minor (and expected) blips for the industry":

Salazar told Denver's alt-weekly Westword, "Any time you're dealing with an emerging future on energy, you're always going to have successes and you're going to have setbacks," he says. "And President Obama and I remain very confident that we're moving in the right direction."

Abound also received more than \$12.6 million in additional tax credits under a separate investment tax credit for renewable energy projects, Heritage's Lachlan Markay [reported in July](#).

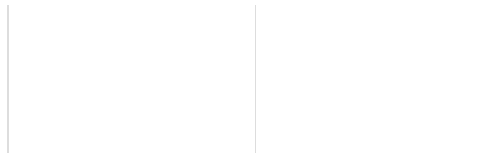
When Abound ceased operations, it joined a graveyard of other taxpayer-funded failures like Solyndra [Heritage's Amy Payne wrote](#), citing a compilation by Heritage staff of at least a dozen companies that have filed for bankruptcy.

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