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Startup Bright Automotive Shuts Down, Slams DoE Loan Process

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BY  **JOHN VOELCKER** | 1,190 views | Feb 28, 2012

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Bright_Idea_2

Startup plug-in vehicle maker Bright Automotive announced today that it is closing down.

While General Motors had invested \$5 million in the company, Bright had relied on the hope that the U.S. Department of Energy would grant it low-interest loans under the advanced-technology vehicle manufacturing program.

A letter from its CEO and COO to Energy Secretary Steven Chu notes that the Indiana company has waited more than three years for a DoE verdict on applications it submitted in December 2008.

'Unacceptable to us and our investors'

"Last week, we received the fourth 'near final' Conditional Commitment Letter since September 2010," Bright CEO Ruben Munger and COO Mike Donoughe wrote in the letter, which withdraws its loan application.

"Each new letter arrived with more onerous terms than the last."

"The first three were workable for us," wrote Munger and Donoughe, "but the last was so outlandish that the most rational and objective persons would likely conclude that your team was negotiating in bad faith."

The two had written a week earlier to Secretary Chu that the DoE's latest terms were "unacceptable to us and our potential investors."

Earliest terms the easiest

According to a Bright source, over the years the DoE negotiating team would claim that agreement was close, but that "we couldn't get consensus" on the 10-member board that decided on loan applications.

So each new draft contained additional and more onerous requirements.

The DoE first required increasingly detailed agreements with partners—out of which came a [\\$5 million investment by GM Ventures](#) in August 2010, an [agreement with AM General for van assembly](#) late last year, and various other signed vendor contracts.

In today's letter, Munger and Donoughe claim that in 2010, the DoE had urged them to link with an established automaker, and promised that if they did so, loans would be approved in "weeks, not months."

Increasing match, loan spending ban

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