

## A123 bankruptcy filing

Written by Grassley Press

Tuesday, 16 October 2012 13:49

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Tuesday, Oct. 16, 2012

Electric car battery manufacturer A123 Systems Inc., **awarded nearly \$250 million in government stimulus grants**, filed for Chapter 11 bankruptcy protection this morning. U.S. Senators Chuck Grassley (R-Iowa) and John Thune (R-S.D.) have expressed concern about the grants and pressed the U.S. Department of Energy for answers about potential taxpayer losses and national security risks about the possible sale of the company to a Chinese investor. A123 holds several Department of Defense contracts. Now, the company plans to sell its automotive business operations to U.S.-based Johnson Controls while pursuing other deals regarding its remaining assets and business units.

Grassley and Thune made the following comments about the A123 bankruptcy.

Grassley comment:

“The bankruptcy raises the prospect that the taxpayers will get little or no return on their investment in A123 and will lose millions of dollars. A123 has been struggling for some time. Was the company struggling when the Energy Department decided to award it a federal grant? Did the Energy Department perform enough due diligence before making this award? Were there any contingencies for this possibility? The Administration needs to answer for this. The taxpayers shouldn’t have to subsidize poor investments in failed energy companies. If there is something positive to be taken from this, it’s that A123 has decided to sell a major part of its business to Johnson Controls, a U.S. company, rather than Chinese-owned Wanxiang.

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That transaction raised concerns about national security because A123 has several Defense Department contracts. Sen. Thune and I expressed concern about the potential sale to a Chinese company, most recently last week. But the sale to an American company is small comfort, given the hundreds of millions of dollars wasted on this firm.”

Thune comment:

“A123 is yet another example of President Obama gambling with taxpayer dollars and picking winners and losers in the green energy world. There were clear warning signs that A123 was having financial problems even as the administration continued pouring millions of taxpayer dollars into this failing company. As the stimulus-funded A123 reorganizes under Chapter 11 bankruptcy, we will continue to press the Obama administration for answers regarding the millions of taxpayer dollars given to A123, and we will continue our oversight to ensure more taxpayer dollars aren’t wasted going forward.”

The text of the latest Grassley-Thune letter is available [here](#) . The text of their August letter to the Department of Energy is available [here](#)

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