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Carbon Motors denied government loan for police cruiser

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Carbon

Carbon Motors was denied a DOE loan for a more efficient police cruiser.

By: [Jake Lingeman](#) on 3/08/2012

Carbon Motors, an Indiana-based company that aims to build police vehicles, said on Wednesday that the Department of Energy has denied its application for a loan under the Advanced Technology Vehicle Manufacturing program.

The loan program was created under President George W. Bush and continued with President Barack Obama. It's a \$25 billion plan funded by Congress to provide capital to the automotive industry for backing vehicles that meet higher mileage requirements and lessen the country's dependence on foreign oil.

Production of the Carbon Motors E7 was supposed to begin this year. The company says it has received reservations for the car from more than 500 law-enforcement offices. According to the company Web site, the E7 will use an aluminum spaceframe structure and will be built to survive a 75-mph rear impact. Carbon [signed a deal with BMW](#) in 2010 to provide 240,000 3.0-liter diesel engines for the cars.

"We are outraged by the actions of the DOE and it is clear that this was a political decision in a highly charged, election-year environment," William Santana Li, Carbon Motors Corp. chairman, said in a statement. "Since Solyndra became politicized last fall, the DOE has failed to make any other loans under the ATVM program, has pulled back one loan that it previously committed."

Carbon said it was in daily contact with the DOE and wasn't told that its application was coming up short. It also said that until it was told that the DOE would no longer work on the application that it had been assured it was a top priority and was encouraged to continue with the multimillion-dollar negotiation process.

Despite the anger from Carbon Motors, the DOE said it acted accordingly.

"Over the last two and a half years, the department has worked with Carbon Motors to try to negotiate a deal that supported their business while protecting the taxpayers," Damien LaVera, an Energy Department spokesman, said in an e-mail to *Automotive News*. "While we were not able to come to an agreement on terms that would protect the taxpayers, we continue to believe that Carbon Motors is an innovative company with an interesting project and we wish them luck."

Carbon says it is looking at financing alternatives for the E7 project.

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