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Carbon Motors Corp. won't get \$310 million dollar loan from feds

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CONNERSVILLE, Ind. -- News that was most feared was announced here Wednesday: The Department of Energy will not proceed with a \$310 million federal loan for Carbon Motors Corp.

Connersville had hung its hopes on the start-up company that announced in July 2009 it would build the first purpose-built police car here, a vehicle that was to put 1,500 people to work in the county with the highest unemployment rate in Indiana.

Carbon officials and Mayor Leonard Urban learned of the DOE decision in a letter Tuesday. Carbon Motors applied for the loan 30 months ago and until the letter came, they had no indication the company wouldn't receive it, Urban said.

Urban and Carbon Motors CEO and Chairman William Santana Li said Wednesday this election-year decision was political, and not based on the company's prospects. Li said he's outraged by the DOE's action. The company had completed the final step of negotiating loan terms and a loan monitoring team visited Connersville late last year, discussing how and when reports would be made, he said.

"The loan was eminent. Why would the mayor and I start refurbishing the building if it wasn't?" Li asked. "We had construction workers on the roof today. We were one signature away from putting thousands of people to work. The Department of Energy turned its back on the people of Connersville. For 30 months the federal government held us hostage in this process. I'd like to meet (DOE) Secretary (Steven) Chu in Connersville in front of 10,000 people and let him tell them we're not going to put them back to work."

Chu was in Indianapolis on Monday and was asked by media about Carbon Motors' loan and Chu indicated the loan process was still moving forward, Urban said.

"Either (Chu) lies or he doesn't know what his department is doing," Urban said. "It's terrible to string us along for 30 months and then pull the rug out from under us. It's all political. I think the government is broken. The Democrats and Republicans are at war and can't do anything. The conservatives don't want to spend any money, but they want jobs. You can't have jobs without spending some money."

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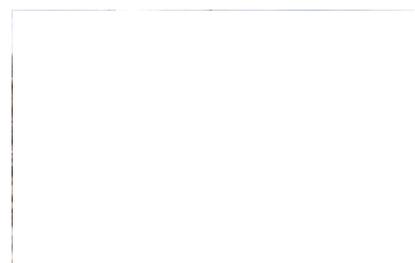
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