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More Energy Department Rewards for GM Bankruptcy Allies?

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[hat the Houlihan](#)

[Lokey group suspiciously received a \\$1.35 million contract from the Energy Department \(/http://nlpc.org/stories/2012/05/01/treasury%E2%80%99s-gm-bankruptcy-illy-gets-payoff-energy-department\)](#) to track the government money lent to Fisker Automotive and Beacon Power Corp. Houlihan Lokey was the institutional bondholder representative which smoothed the way for the General Motors' bankruptcy process by endorsing the Obama Administration's 363 bankruptcy plan. I have now uncovered three more firms that cooperated in the GM bankruptcy process that have subsequently been awarded Energy Department contracts.

Back in late May of 2009 a revised offer was made to GM bondholders, which if accepted, would smooth the company's path through bankruptcy court. [According to a TheDetroitBureau.com report \(/http://www.thedetroitbureau.com/2009/05/treasury-changes-offer-to-balking-gm-bondholders/\)](#) the two major representatives of institutional bondholders supported the deal. The article quotes GM as stating, "We have been informed by the advisors to the unofficial committee of unsecured GM Noteholders, Houlihan Lokey Howard & Zukin Capital, Incorporated, and Paul, Weiss, Rifkind, Wharton & Garrison LLP, that the unofficial committee and other large noteholders (who collectively hold approximately 20% in aggregate principal amount of the Notes) support the economic terms of the Proposal,"

I previously found a [Bloomberg report unearthing the \\$1.35 million Houlihan Lokey contract. \(/http://www.bloomberg.com/news/2012-04-23/u-s-said-to-hire-restructuring-adviser-to-monitor-fisker-loan.html\)](#) Now, I have discovered an [AM Law Daily report \(/http://amlawdaily.typepad.com/amlawdaily/2012/04/firms-recovery-act.html\)](#) that lists firms benefiting from the Federal Recovery Act and Energy Department contracts. On the list; Paul, Weiss, Rifkind, Wharton & Garrison, which received \$1.28 million as legal counsel to the Energy Department in connection with ATVM (Advanced Technology Vehicle Manufacturing) loans involving Tesla Motors, Nissan North America, and Magna E-Car Systems. Coincidence? How about one more?

The legal firm, [Cleary Gottlieb, represented the UAW in the GM bankruptcy process. \(/http://www.cgsh.com/uaw_in_gm_bankruptcy/\)](#) Surprise! Another \$1.02 million awarded to the firm from the Energy Department to "advise on aspects of its ATVM program, the same one under which Fisker obtained its government loan." There sure are lots of legal firms "advising" on the same program. That Fisker is like the gift that keeps giving!

Yet another firm on the list was Clifford Chance which was awarded \$1.5 million from the Energy Department to advise on renewable energy initiatives. The crony connection on this one was the [firm's role as GM's European restructuring adviser \(/http://www.biglaw.org/news/show/2007/international-firms-win-roles-on-gm-restructuring#.T7mcGFISEoY\)](#). It wouldn't surprise me if crony connections could be made for other firms on the AM Law Daily list.

Is it coincidental that the four legal firms that cooperated in the GM bankruptcy process all received Department of Energy contracts worth millions? I doubt it. Especially given the back door negotiations that Obama's Auto Task Force had with Houlihan Lokey, and most probably, others. Houlihan Lokey went on to claim that 54% of bondholders supported the GM 363 bankruptcy process. This claim has never been substantiated and warrants further investigation.

It is past time that the unethical aspects of the GM bankruptcy process be fully investigated by authorities. This latest evidence of probable paybacks funded by more taxpayer money and seemingly laundered through Obama's wasteful green energy programs should enrage Americans. The arrogance of this Administration to blatantly award contracts to firms that they were in bed with should not go unnoticed. It is doubtful that the Energy Department just innocently happened to dole out contracts worth millions of dollars to "track" or "advise" on money lent to companies like Fisker to legal firms that coincidentally helped with the GM bankruptcy process. In addition, the wastefulness of the Energy Department is evident as they throw good money after bad on taxpayer-funded fiascos like Fisker and Beacon Power.

Mark Modica is an NLPC Associate Fellow.

Update: [NLPC Associate, Paul Chesser, has written here regarding campaign contributions of some of these same firms.](http://nlpc.org/stories/2012/03/09/lawyers-who-backed-obama-advised-failed-loan-programs)
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