

GreenTech, the electric car company once led by McAuliffe, files for bankruptcy

By NED OLIVER Richmond Times-Dispatch

Feb 27, 2018



Prior to his bid to become Virginia's governor, Terry McAuliffe, then-chairman of GreenTech Automotive, drove former Mississippi Gov. Haley Barbour in a company car.

The electric car company founded by former Gov. Terry McAuliffe filed for Chapter 11 bankruptcy this week, blaming in part a wave of negative coverage by a conservative news website for its financial woes.

GreenTech Automotive's bankruptcy petition cites 76 articles by the website Watchdog.org it says "negatively affected governmental, investor and public perception of GreenTech" and prompted investigations by the Securities and Exchange Commission and the Department of Homeland Security.

GreenTech in 2013 sued Watchdog.org, operated by the Franklin Center for Government and Public Integrity, for \$85 million. **A judge dismissed the case** in 2014.

McAuliffe resigned from GreenTech in late 2012 during his 2013 run for governor and has said he has had no role whatsoever in the company's operations since then.

Early in the campaign, the Democrat featured the company prominently as he pitched himself as a deal-making, forward-thinking entrepreneur.

The company shut down its plant in Mississippi last year, and the company has faced a series of lawsuits filed by investors in the company, who have called GreenTech a “scam perpetrated by savvy and politically connected operatives and businessmen” to exploit Chinese investors hoping to come to America.

The bankruptcy filing cites a \$7.5 million judgment won by 12 investors and says several similar suits are pending.

According to its bankruptcy filing, GreenTech raised \$141.5 million from investors between 2009 and 2013 as part of the EB-5 visa program that offered immigrant investors permanent residency.

GreenTech’s filing says that all the investors were advised the investment constituted a risk “and that there were no assurances that the investors would ultimately receive permanent residency in the U.S.”

GreenTech reported between \$100 million and \$500 million in liabilities and listed its assets in the same range.

Among its creditors, GreenTech lists debts totaling \$4.8 million owed to the state of Mississippi and Tunica County, which offered economic development incentives to entice the car company to locate its manufacturing facility there.

As outlined in the bankruptcy filing, GreenTech’s troubles don’t stop with negative media coverage.

GreenTech blames U.S. Sen. Chuck Grassley, R-Iowa, who raised national security concerns related to GreenTech’s use of the visa program, as well as a 2015 lawsuit filed by an automotive parts company and litigation launched by the state of Mississippi. “As a result of these significant adverse developments, as well as internal factors such as personnel issues and manufacturing and other difficulties in pursuing GreenTech’s ambitious business plan, the Debtors are faced with severe economic hardship,” the filing says.

A lawyer for GreenTech did not immediately respond to a request for comment.