

Judge dismisses McAuliffe from suit accusing him of defrauding GreenTech investors

By BOB BROWN/TIMES-DISPATCH



Former Mississippi Gov. Haley Barbour, left, and Terry McAuliffe, then-chairman of GreenTech Automotive, took a quick spin around the plant after unveiling the company's new electric car in Horn Lake, Miss., in July 2012.

A federal judge has dismissed former Gov. Terry McAuliffe from a lawsuit alleging he defrauded investors in GreenTech, a failed electric car company that he founded.

"It was dismissed — meritless suit, as predicted," McAuliffe said in a phone interview with the Richmond Times-Dispatch on Thursday afternoon.

Thirty-two Chinese investors sued McAuliffe and GreenTech Automotive last year. They say they were duped into investing \$500,000 each into what they thought was a viable company.

The investments were made under a federal program that let foreign nationals receive U.S. residency visas if they invest in companies that create U.S. jobs.

GreenTech filed for bankruptcy in February after never getting off the ground.

McAuliffe had been GreenTech's chairman but resigned in 2012. His lawyers argued he was unfairly dragged into the lawsuit years after his involvement with GreenTech ended.

Judge Claude Hilton's March 30 ruling concluded that the lawsuit failed to sufficiently articulate claims against McAuliffe.

Jonathan Link, a lawyer for the plaintiffs, said Thursday evening that he plans to file an amended lawsuit that will include details sufficient to meet the legal requirements to move forward. Hilton had said the plaintiffs have 20 days to file an amended lawsuit if they wish.

The suit, filed in November in Fairfax County Circuit Court, sought damages of at least \$17.92 million, the sum of the roughly \$560,000 each investor put in through a controversial federal immigration program that allows foreigners to gain U.S. residency by investing in job-creating projects in economically struggling American regions.

Calling GreenTech a "scam perpetrated by savvy and politically connected operatives and businessmen," the investors' lawsuit claimed GreenTech officials "painted a false picture" of the company's viability to exploit Chinese immigrants hoping to come to America.

In addition to corporate entities affiliated with GreenTech, the suit named McAuliffe, Anthony Rodham and Charles Wang as individual defendants. Rodham, Hillary Clinton's brother, oversaw a GreenTech-affiliated center that raised money by recruiting investors through the EB-5 visa program. Wang was GreenTech's chief executive officer.

Hilton, a senior judge in Alexandria, also dismissed Rodham from the suit. Rodham was alleged to have played a role in recruiting investors and misrepresenting GreenTech's viability.

The lawsuit against GreenTech itself remains in place but has been put on hold while the company goes through bankruptcy.

McAuliffe left the company in 2012 during his successful run for governor and has said he has had no role in the company's operations since. When McAuliffe returned to Virginia politics after a failed 2009 gubernatorial bid, GreenTech featured prominently as he pitched himself as a deal-making, forward-thinking entrepreneur.

GreenTech filed for Chapter 11 bankruptcy in late February, blaming in part a wave of negative coverage by a conservative news website for its financial woes.

McAuliffe left office as governor in January, barred by law from seeking a second consecutive term. He is among perhaps two dozen prominent Democrats mentioned in national news stories as potential contenders for the party's presidential nomination in 2020.

Richmond Times-Dispatch staff writer Jeff E. Schapiro contributed to this report.