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### Fisker Recalls Karma; EV Maker Blasted by Rival Elon Musk

Submitted by [Paul Chesser \(/bios/paul-chesser\)](#) on Mon, 08/20/2012 - 11:12

The [electric vehicle](#)  [Printer-friendly \(/http://nlpc.org/print/4114\)](http://nlpc.org/print/4114)  [Email to friend \(/http://nlpc.org/printmail/4114\)](http://nlpc.org/printmail/4114)

<http://nlpc.org/category/keywords/electric-vehicles>

[fire in](#)

[Woodside, Calif.](#)

<http://nlpc.org/stories/2012/08/13/new-fisker-ire-while-taxpayers-cover-utility-bills-empty-lant>

about a week ago has led to the hird recall in the short life of taxpayer-subsidized (\$193 million in [stimulus](#) <http://nlpc.org/category/keywords/stimulus>)



[Fisker Automotive](#) (<http://nlpc.org/category/keywords/fisker>) and its plug-in hybrid model, the Karma.

The first two recalls were caused by problems with batteries produced by Fisker's similarly troubled supplier and business partner, [A123 Systems](#) (<http://nlpc.org/category/keywords/a123-systems>). The company said this time the fire was caused by a failure in a cooling fan, which caused overheating while the vehicle's owner shopped for groceries inside a store. About 2,400 Karmas – 1,400 of which are in the possession of customers – will need to be recalled.

"We are committed to responding swiftly and decisively to events such as this to ensure total customer satisfaction," said executive chairman Henrik Fisker. "This incident resulted from a single, faulty component, not our unique EVER powertrain or the engineering of the Karma. As this situation demonstrates, Fisker Automotive is dedicated to doing whatever is necessary to address safety and quality concerns."

#### [Jeremy Gutierrez](#)

<http://www.autoweek.com/article/20120508/CARNEWS/120509860#ixzz1uJAKfN5u>) Of Sugar Land, Texas, who lost three vehicles and nearly his family and home in the first fire caused by his Karma, might challenge that notion. The cause of a previous fire, in May, still has not been explained. After that incident Fisker implied the fault might lie with the owner.

"As of now, multiple insurance investigators are involved, and we have not ruled out possible fraud or malicious intent," Fisker said in a [May statement published by Autoweek.com](#)

<http://www.autoweek.com/article/20120508/CARNEWS/120509860#ixzz1uJAKfN5u>.

"Based on initial observations and inspections, the Karma's lithium ion battery pack was not being charged at the time and is still intact and does not appear to have been a contributing factor in this incident."

Understandably, Fisker has obsessed about its batteries provided by A123 since they caused the first two recalls. But immediately after the two fires the company acted like its own design flaws or other faulty components were inconceivable. The action taken over the weekend is a step toward showing at least a little humility in calming fears and taking care of their customers.

Still, the specific cause of the Texas fire – other than that it was caused by the Karma, according to the Sugar Land fire marshal – has not been announced. Gutierrez, according to Autoweek, reported that he smelled burning rubber. The California fire ([video \(http://www.youtube.com/watch?feature=player\\_embedded&v=uWTgnzZbYtU#!\)](http://www.youtube.com/watch?feature=player_embedded&v=uWTgnzZbYtU#!)) was similarly situated near a wheel well, “right above where the exhaust outlet protrudes underneath the bodywork,” [according to Wired.com](http://www.wired.com/autopia/2012/08/fisker-karma-fire-part-deux/). Same problem?

Meanwhile, the company’s stimulus-funded (\$465 million) EV rival – [Tesla](http://nlpc.org/category/keywords/tesla) CEO [Elon Musk](http://nlpc.org/category/people/elon-musk/) – heavily criticized Henrik Fisker and his company in [an interview with Automobile magazine](http://www.automobilemag.com/features/news/1208_q_and_a_elon_musk_ceo_tesla/).

“[Fisker] thinks the most important thing in the world – or the only important thing in the world – is design, so he outsourced the engineering and manufacturing,” Musk said. “But the fact is...that’s the crux of the problem. And he’s outsourcing to people who don’t know how to solve the problem. So he came up with a product – it’s a mediocre product at a high price.”

Indeed, the Karma retails for more than \$102,000 (base), but the Tesla Model S sells in the \$50,000 range. Obviously the subsidies for the two small-time car companies, plus additional taxpayer billions for charging stations, parts, and \$7,500-per-purchaser tax credits, makes both vehicles a huge government giveaway to rich people. Worse, neither company’s history indicated any justification for the massive investments (Fisker reported \$1 billion-plus in private funding) they have enjoyed, much less from taxpayers.

Musk, a tycoon who has [reaped millions of dollars](http://nlpc.org/stories/2012/05/15/taxpayers-subsidize-forbes-green-billionaires-schemes) from government for schemes for EVs, solar and outer space, may feel good about Tesla compared to Fisker for the moment, but in the Automobile interview he revealed massive problems in management and development while he planned to seek those loans from the [Department of Energy](http://nlpc.org/category/keywords/department-energy). He related what an auditor told him in 2008 about the costly problems he had with development and production of the Model S predecessor, the Roadster:

He said, “This is crazy, we’re going to be producing cars for twice as much as we’re selling them for. And by the way, a third of the car (it turned out to be two-thirds) doesn’t even work [laughs again], and even if we could make it, we shouldn’t make it. And we can’t make it. We had to do a massive redesign. We had to switch out the body supplier.”

Those issues were probably not expressed when Tesla applied for its DOE loan shortly after President Obama was elected. Instead the company spent \$480,000 from 2007 to 2011 to lobby Congress, the White House, EPA and DOE on climate and energy issues, the Advanced Technology Vehicles Manufacturing loan program, the Promoting Electric Vehicles Act, and the Recovery Act.

In addition Musk is also a generous political donor, mostly to Democrats, although his investments and giving are equally diverse. Musk donated \$290,000 to political candidates and the major parties from 2008 through 2012, which included \$66,200 to the Democratic National Committee, \$34,400 to the Democratic Senatorial Campaign Committee, and \$63,500 to the National Republican Congressional Committee. His presidential candidate was Barack Obama, giving \$2,300 for his 2008 campaign and

\$5,000 for the 2012 cycle. Besides Musk, a former Tesla director, Steve Westly, raised hundreds of thousands of dollars for both of President Obama's campaigns as a bundler.

And as NLPC readers know, Fisker and its top Silicon Valley investment firm [Kleiner, Perkins, Caufield and Byers](#) <http://nlpc.org/category/keywords/kleiner-perkins> have engaged in their [own search](#) (<http://nlpc.org/stories/2012/03/15/10-reasons-why-fisker-may-be-worse-solyndra>) for crony-friendly government redistribution from politicians they supported and lobbied. Now Fisker, despite more than a billion dollars in public and private finance, [seeks another \\$150 million to "tide the company over"](#) (<http://www.nydailynews.com/autos/cash-strapped-fisker-automotive-seeks-150m-investment-finance-launch-model-article-1.1137771>) until it can begin production on its next EV model, the Atlantic.

But never fear, investors, as Fisker always has a happy face to paint on its setbacks, even though taxpayers have been left holding the bag (as in Delaware where the [state is paying the utility bills](#) <http://nlpc.org/stories/2012/08/13/new-fisker-fire-while-taxpayers-cover-utility-bills-empty-plant>) for an empty manufacturing plant). With their two fires, they made sure everyone knew that no one was injured due to the fires and that the previous problems with batteries were not the cause. And despite manufacturing their EV in Finland, all the U.S. government money Fisker received was allocated to American workers who engineered and designed the Karma.

Which is just what you might expect.

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