

# Failed super cop car goes to auction

Tony Cook, The Indianapolis Star

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*Carbon Motors built high-tech prototype to woo investors.*



(Photo: Doug McSchooler, The Indianapolis Star)

INDIANAPOLIS — No matter what it sells for, it will always be the \$7 million car  
(<http://article/20131114/NEWS/311140027/Carbon-Motors-only-super-cop-car-goes-auction>)  
**Failed super cop car goes to auction**

Crowds ooh'ed and ah'ed when the vehicle was unveiled, but today the high-tech police car prototype that Carbon Motors used to woo investors — including government officials who awarded the company \$7 million in public grants — is all the bankrupt start-up has left.

**STORY:** [Feds reject loan for police car maker Carbon Motors](http://content.usatoday.com/communities/driveon/post/2012/03/police-cars-carbon-motors)

(<http://content.usatoday.com/communities/driveon/post/2012/03/police-cars-carbon-motors>)

**STORY:** [Automakers' competition fierce for law-enforcement fleets](http://usatoday30.usatoday.com/money/autos/2010-03-15-policecars15_cv_n.htm)

([http://usatoday30.usatoday.com/money/autos/2010-03-15-policecars15\\_cv\\_n.htm](http://usatoday30.usatoday.com/money/autos/2010-03-15-policecars15_cv_n.htm))

And now, it's going on the auction block.

The vehicle isn't likely to fetch anywhere near the amount state and local governments invested — nor is it likely to put much of a dent in the \$21.7 million the company owes private vendors and investors.

But that doesn't mean it wouldn't be a nice catch for a wealthy high-end car collector.

Carbon Motors, which once promised to bring 1,300 jobs to the economically challenged city of Connersville, Ind., received permission last week from a federal bankruptcy court in Indianapolis to put its high-tech car up for auction.

Proceeds from the sale will be used to repay the company's private creditors.

Those creditors don't include the [Indiana Economic Development Corporation \(http://iedc.in.gov/\)](http://iedc.in.gov/), which gave the company \$2 million in grant money, or the city of Connersville, which awarded Carbon Motors \$5 million through a regional grant program funded with riverboat casino revenue from Lawrenceburg, Ind. That's because government officials put few requirements on the grant money, and later waived some of those requirements.

Needless to say, the auction isn't stirring much excitement in Connersville.


"It's a shame," said David Devor, a former Fayette County, Ind., commissioner. "That won't make a dent in what they took us for."

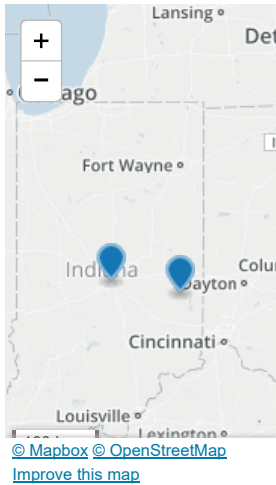
He compared the vehicle to a bottle of snake oil.

"That's exactly what they were," he said. "Snake oil salesmen."

According to court records, the so-called E-7 vehicle is being housed somewhere in California. The company's other remaining assets are described as "nominal" and include maintenance tools and a trade show booth, court records show.

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Indianapolis-based [Key Auctioneers](http://www.keyauctioneers.com/) (<http://www.keyauctioneers.com/>) will conduct the auction, which is scheduled for Jan. 23. The auction company said in court filings it will market the vehicle to "very well moneyed collector car enthusiasts."

And at least one well-known collector — late-night talk show host Jay Leno — has already expressed interest, said Henry Efroymsen, Carbon Motors' bankruptcy attorney.

"There are a number of different guys out there who like to collect these type of cars," said Efroymsen.

The E-7 was supposed to be the first car of its kind — a vehicle built especially for law enforcement. According to the company, the E-7 can run on bio-diesel fuel and features an automatic license-plate-recognition system, touch-screen computers, shotgun mounts, and cutaway seats that make room for a police officer's heavy belt. It has a top speed greater than 150 mph and can go from zero to 60 in 6.5 seconds, according to the company.

But the vehicle isn't likely to appeal to the average driver — it's not street legal.

"It's a very unusual motor vehicle," Efroymsen said. "It's a prototype created solely for sales purposes and not to be driven on public streets. The likely interested parties would be collectors of cars that would only be driven on private streets."

No starting bid price has been set, but the auctioneer is authorized to spend up to \$20,000 to market the car. Carbon Motors plans to pay those expenses with the sale proceeds.

Carbon Motors filed for Chapter 7 bankruptcy in June, listing \$21.7 million in liabilities and \$18,976 in assets. Creditors include German car company [BMW](http://www.bmw.com/com/en/) (<http://www.bmw.com/com/en/>), which provided the vehicle's platform, and Troy, Mich.-based [Inteva Products](http://www.intevaproducts.com/) (<http://www.intevaproducts.com/>). Those suppliers say Carbon Motors owes them more than \$3 million combined.

Carbon Motors was founded by former [Ford Motor Co.](http://www.ford.com/) (<http://www.ford.com/>) executive William Santana Li and former police officer Stacy Dean Stephens. In 2009, they announced their decision to locate their start-up in Connersville, a city once nicknamed "Little Detroit" that had been ravaged by factory closings. Thousands of the town's 13,000 residents gathered to welcome the company and take in the shiny high-tech police car.

But the company never built another car and the 1,300 jobs it promised never materialized.

In the meantime, Carbon Motors blew through the \$7 million in public money. An *Indianapolis Star* investigation found some of that money was spent on upgrades to the building Carbon Motors leased from the city, but most of it was spent on vehicle engineering, salaries for company executives, and travel expenses that included stays at high-end hotels across the country. Carbon Motors also used \$11,500 to pay a Connersville councilman as a "contract employee," even as he voted on issues related to the company.



Now, the only thing left of any real value is the company's sole concept vehicle.

Then-Indiana Gov. Mitch Daniels, who supported the project, and Li, the company's CEO, have blamed the failure on the U.S. Department of Energy (<http://energy.gov/>)'s rejection of the company's request for a \$310 million loan.

The regional grant program that provided most of the money has since become part of an FBI criminal investigation, though the bureau has not identified any targets.

Connersville Mayor Leonard Urban said he thinks his city should get the car in exchange for its investments.

"It ought to be given to the city of Connersville to auction off so we can recoup some of what we gave them," he said. "Or it ought to be in a museum here."

Asked what the display description would say, he answered: "Lesson learned."

#### **About the car**

**Name:** E-7

**Engine:** Forced induction diesel

**Top speed:** Greater than 150 mph

**Acceleration:** 0-60 mph in 6.5 seconds

**Special features:** Integrated sirens, automatic license-plate-recognition system, touch-screen computers, shotgun mounts, rear-hinged back doors, and cutaway seats that make room for a police officer's heavy belt.

Source: Carbon Motors Corp.

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