

Tesla CEO Musk taunts short sellers amid legal scrutiny

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In this June 14, 2018, file photo Tesla CEO and founder of the Boring Company Elon Musk speaks at a news conference. On Thursday, Aug. 9, Tesla shares have dropped back to near the level they were trading at before Musk tweeted Tuesday that he may take the company private. (AP Photo/Kiichiro Sato, File)

Tesla CEO Elon Musk used Twitter late Friday to taunt investors who have bet against his company, even though his previous Twitter comments have spurred a government investigation and shareholder

lawsuits.

The tweets are aimed at "shorts," or investors who borrowed shares of Tesla and immediately sold them with the hope that Tesla's [share](#) price would fall. That would allow the shorts to buy back the stock at a lower price, return the shares to the lender, and pocket the difference.

Shorting a stock can temporarily lower its price, making short investors a frequent target of CEO wrath.

The Twitter comments could potentially affect Musk's legal situation. On Tuesday he tweeted that he had secured funding to buy all Tesla shares and take the company private. The Securities and Exchange Commission is investigating Musk's disclosure of the potential deal, according to reports earlier this week.

Musk's attitude toward short sellers could be relevant, securities law experts have said. Musk's tweet about taking Tesla private sent the stock soaring 11 percent Tuesday and cost short sellers roughly \$1 billion, according to some estimates.

If his motive for the tweet "was frustration with short sellers, then that could be a case of market manipulation," John Coffee Jr., a Columbia University law professor and corporate-governance expert, said earlier this week.

Late Friday Musk mocked short investors in a series of tweets, suggesting his antipathy toward them hasn't dimmed.

"Short shorts coming soon to Tesla merch," Musk tweeted. "What are your fav short shorts?"

James Cox, a professor of securities law at Duke University, downplayed

the significance of the Friday tweets, noting that Musk's antipathy toward short sellers is well-known.

"It's hard for me to think that these blasts are going to get him in trouble," Cox said.

On Friday, two lawsuits were filed accusing Musk of seeking to harm [short sellers](#) by artificially running up the price of the company's shares through his Tuesday tweets. One [tweet](#) on Tuesday said that funding to take Tesla private was "secure." If there is evidence that the financing wasn't fully locked down, Musk's claim would expose him to allegations of fraud, Coffee said.

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