

Tesla names independent board members in SEC settlement (Update)

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In this Oct. 2, 2012 file photo, Oracle CEO Larry Ellison gestures while giving a keynote address at Oracle OpenWorld in San Francisco. Tesla is naming Ellison and an executive from Walgreens to its board as part of a settlement with U.S. regulators who demanded more oversight of CEO Elon Musk. The company said Friday, Dec. 28, 2018, that Ellison and Kathleen Wilson-Thompson are the new independent directors, effective immediately. (AP Photo/Eric Risberg, File)

Tesla named two independent board members Friday as part of a settlement with U.S. regulators who demanded more oversight of CEO

Elon Musk.

Oracle co-founder Larry Ellison and Kathleen Wilson-Thompson, an executive vice president at Walgreens Boots Alliance, join the board as independent directors, effective immediately.

Musk got into trouble with the Securities and Exchange Commission in early August when he said in a tweet that he had "funding secured" to take the electric car company private at \$420 per share.

The SEC accused Musk of committing securities fraud, saying that the funding had not been secured and that he had duped investors who drove shares of Tesla up by 11 percent on the day of the tweet. Several weeks later, Musk said the go-private deal was off.

Regulators initially wanted to force Musk out of his job as CEO, but agreed to accept \$20 million in penalties from both Musk and Tesla. Musk did agree to step down as chairman for at least three years, but acknowledged now wrong-doing.

Despite the agreement, Musk has continued to clash with regulators.

Just days after settling the case, Musk taunted the government via Twitter, referring to the SEC as the "Shortseller Enrichment Commission."

Musk has had a long-running feud with short sellers, a category of investors that have bet that the price of Tesla stock will fall.

So far, Musk is winning that fight. Shares of Tesla Inc. are up more than 20 percent since his clash with the SEC.

Tesla named Australian telecommunications executive Robyn Denholm

as board chairwoman last month as part of its agreement with the SEC. Although Denholm brings much-needed financial and auto industry expertise to Tesla—which has struggled to produce cars and make money—there hasn't been a marked change in Musk's unorthodox behavior, at least when compared with other chief executives at major corporations that are publicly traded.

Tesla shares slumped 6 percent in early September after Musk was seen appearing to smoke marijuana during an interview that made the rounds on YouTube.

Earlier this month, Musk also dismissed the idea that Denholm could exert control over his behavior, saying in an interview with "60 Minutes" that "It's not realistic in the sense that I am the largest shareholder in the company."

And Ellison, one of the most recognizable names in Silicon Valley, revealed in October that not only was Tesla his second largest investment, but also that he and Musk are close.

"I'm very close friends with Elon Musk, and I'm a big investor in Tesla," Ellison said.

One other thing required of Tesla by the SEC as part of the settlement is that somebody vet Musk's tweets and other comments about the company before they are released to the public. Musk also shrugged off that provision, saying none of his tweets have been censored so far and the company does not review his posts to determine beforehand whether they could potentially affect the company's stock price.

Still, in an SEC filing Friday, Tesla said that it, "intends to certify to the Commission that it and Elon have timely completed each of their respective actions required pursuant to the Settlement."

Tesla shares rose more than 2 percent in midday trading.

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