

US regulators charge Tesla CEO Elon Musk with fraud

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Tesla CEO Elon Musk gave "false and misleading" statements, according to the SEC, which has charge him with fraud and is seeking to bar him from serving as an official of a publicly-traded company

The US Securities and Exchange Commission on Thursday charged

Tesla CEO Elon Musk with securities fraud, alleging he misled investors last month in tweets about taking the company private.

Musk tweeted August 7 that he had "funding secured" to privatize the electric automaker at \$420 a share, causing a brief spike in Tesla's share price.

The SEC said Musk's statements on Twitter were "false and misleading" and that he had never discussed the plans with company officials or potential funders.

Musk later said he later decided against the plan.

But Musk quickly rejected the SEC's allegations on Thursday, calling the charges baseless and vowing to defend himself.

"This unjustified action by the SEC leaves me deeply saddened and disappointed," Musk said in a statement.

"I have always taken action in the best interests of truth, transparency and investors. Integrity is the most important value in my life and the facts will show I never compromised this in any way."

Tesla expressed support for Musk on Thursday, saying the company and the board of directors "are fully confident in Elon, his integrity, and his leadership."

The SEC's charges pose a potentially devastating threat to Musk's future as an entrepreneur, as the agency is seeking fines and the return of ill-gotten gains, as well as potentially barring him from ever serving as an officer or board member of a publicly-traded company.



Tesla shares took a beating in after hours trading once the SEC charges were announced

'As firm as it gets'

Stephanie Avakian, the SEC's co-director of enforcement, told reporters that Musk knew his statements lacked any basis in fact.

The Tesla CEO "had not even discussed key deal terms, including price with any potential source of funding," she said at a news conference.

The charges were a fresh blow to the embattled silicon valley entrepreneur and his company, which has been buffeted in recent months, struggling to reach production targets.

Musk has baffled investors with emotional and seemingly erratic media appearances, including one where he appeared to smoke marijuana, and a public battle with a rescuer who helped save a group of boys trapped in a cave in Thailand.

Steven Peikin, SEC co-director of enforcement, told reporters Thursday that Tesla's investor relations department had scrambled to contain the fallout from Musk's tweets, falsely assuring investors the matter was effectively a done deal.

"The investor relations department told analysts that there was a quote firm offer, and that quote—the offer is as firm as it gets," Peikin said.

Tesla's share price closed up nearly 11 percent the day of the tweet—which caused the Nasdaq to suspend trading for an hour and a half.

The company's fortunes on Wall Street worsened considerably Thursday, sinking about 10 percent in after-hours trading to \$277.50, down 25 percent since the day of the go-private tweet.

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