

AUTOMOTIVE

Tesla being investigated following privatization plans

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Tesla is facing another probe into its privatization plans. Image credit: Tesla

By STAFF REPORTS

The U.S. Department of Justice is looking into CEO Elon Musk in the wake of his statement about taking the company private.

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Per a report from Reuters, Tesla said it is cooperating with voluntary requests for documents surrounding its now sidelined plans to become a private company. This latest probe comes after the launch of a civil investigation from the Securities and Exchange Commission and lawsuits from shareholders, putting pressure on the company's leader.

Privatization probe

On Aug. 7, Mr. Musk said he was looking to possibly privatize the company in an effort to focus on more long-term goals.

In a statement explaining the potential move, Mr. Musk explained that being public puts pressure on the company to meet quarterly earnings targets, leading to strategic decisions that are focused more on the short-term. Following the announcement, Tesla's stock rose ([see story](#)).

As he revealed the potential privatization plans, Mr. Musk said in a tweet that he had funding secured for the move.

Later that month, a follow-up announcement said that the company would be remaining public.



Tesla's Model X. Image credit: Tesla

"I worked with Silver Lake, Goldman Sachs and Morgan Stanley, who have world-class expertise in these matters, to consider the many factors that would come into play in taking Tesla private, and to process all the incoming interest that we received from investors to fund a go-private transaction," Mr. Musk said in the statement.

According to Bloomberg, the Justice Department is launching a criminal probe into Tesla, which could lead to other evidence of wrongdoing at the auto company. The New York Times reports that as part of the investigation, Goldman Sachs and Silver Lake have been subpoenaed.

"Last month, following Elon's announcement that he was considering taking the company private, Tesla received a voluntary request for documents from the DOJ and has been cooperative in responding to it," a Tesla spokesperson told NPR.

Tesla's spokesperson also denied that the company was facing a subpoena or formal request from the Department of Justice.

The S.E.C. is looking into Mr. Musk's tweets surrounding the privatization announcement, and short-seller Citron Research is suing the company about whether the tweet about funding was true.