

AUTOMOTIVE

Tesla's Elon Musk hit with suit from SEC

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Tesla's Elon Musk is being sued by the SEC. Image credit: Tesla

By STAFF REPORTS

U.S. automaker Tesla's chairman and CEO Elon Musk is being pressured to exit the company as part of a lawsuit brought against him by the Securities and Exchange Commission.

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The SEC's suit surrounds Mr. Musk's tweets about taking the company private, claiming that he misled investors. Following news of the SEC's legal action, Tesla's stock fell further on Sept. 28, adding to the automaker's woes.

SEC suit

On Aug. 7, Mr. Musk announced that he was considering taking the company private. As part of his statements on social media, he tweeted that he had secured funding that would value shares at \$420 a piece.

The privatization plans increased Tesla's stock price by 9 percent, but since then shares have been on a decline. Now, the SEC is claiming that Mr. Musk never did have the funding secured, suing him for "false and misleading" statements. Per [CNN](#), the suit alleges that Mr. Musk never talked to anyone on the Tesla board or spoke to outside advisors about going private, and that he chose \$420 as a share price due to its meaning in marijuana culture.

Am considering taking Tesla private at \$420. Funding secured.

— Elon Musk (@elonmusk) [August 7, 2018](#)

As part of the lawsuit, the SEC is aiming to have a judge bar Mr. Musk from leading a public company again.

[CNBC](#) reported that Mr. Musk refused to settle the lawsuit with the SEC, which would have required him to pay a fee and step down as chairman of Tesla for two years.

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

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

Aside from the SEC suit, the U.S. Department of Justice is also looking into CEO Elon Musk in the wake of his statement about taking the company private.

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 ([see story](#)).

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