

# Elon Musk Charged with Securities Fraud for Misleading Tweets

### FOR IMMEDIATE RELEASE

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*Washington D.C., Sept. 27, 2018* — The Securities and Exchange Commission today charged Elon Musk, CEO and Chairman of Silicon Valley-based Tesla Inc., with securities fraud for a series of false and misleading tweets about a potential transaction to take Tesla private.

On August 7, 2018, Musk tweeted to his 22 million Twitter followers that he could take Tesla private at \$420 per share (a substantial premium to its trading price at the time), that funding for the transaction had been secured, and that the only remaining uncertainty was a shareholder vote. The SEC's complaint alleges that, in truth, Musk had not discussed specific deal terms with any potential financing partners, and he allegedly knew that the potential transaction was uncertain and subject to numerous contingencies. According to the SEC's complaint, Musk's tweets caused Tesla's stock price to jump by over six percent on August 7, and led to significant market disruption.

"Corporate officers hold positions of trust in our markets and have important responsibilities to shareholders," said Steven Peikin, Co-Director of the SEC's Enforcement Division. "An officer's celebrity status or reputation as a technological innovator does not give license to take those responsibilities lightly."

"Taking care to provide truthful and accurate information is among a CEO's most critical obligations," added Stephanie Avakian, Co-Director of the SEC's Enforcement Division. "That standard applies with equal force when the communications are made via social media or another non-traditional form."

The SEC's complaint, filed in federal district court in the Southern District of New York, alleges that Musk violated antifraud provisions of the federal securities laws, and seeks a permanent injunction, disgorgement, civil penalties, and a bar prohibiting Musk from serving as an officer or director of a public company.

The SEC's investigation, which is continuing, was conducted by Walker Newell, and Brent Smyth and supervised by Steven Buchholz, Erin Schneider, and Jina Choi in the San Francisco Regional Office. The litigation will be led by Cheryl Crumpton and Barrett Atwood.

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## Related Materials

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- [SEC Complaint](#)