

Musk defends Tesla's SolarCity deal in US shareholder trial

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Tesla CEO Elon Musk is expected to testify as soon as Monday to defend the electric car maker's purchase of SolarCity.

Tesla chief Elon Musk defended the electric car maker's controversial 2016 acquisition of SolarCity Monday at the start of a trial on whether

the billionaire put his own interests ahead of investors.

Musk told a Delaware court that he was not enriched by the Tesla-SolarCity deal and that he did not inappropriately pressure fellow board members to greenlight the transaction, according to CNBC.

A group of Tesla shareholders contends that Musk, who was chairman of both Tesla and SolarCity at the time of the transaction, "poisoned" Tesla's ability to fairly evaluate the purchase, wasting corporate assets in the \$2.6 billion deal and harming shareholders, according to a complaint.

The group of investors, which includes union pension funds and other institutional investors, argues that SolarCity was a failing enterprise that faced "likely bankruptcy" were it not for the actions of Musk and other Tesla board members, who also had large equity stakes in SolarCity.

The plaintiffs contend Tesla's board breached their fiduciary duty to Tesla shareholders. They are seeking unspecified monetary relief in the complaint.

Plaintiffs have already reached a \$60 million settlement with other Tesla directors originally named in the complaint, with the payment coming from insurance. This group, which included Kimbal Musk, Elon Musk's brother, did not admit fault.

A key question in the trial is whether Musk, who held 22 percent of Tesla's equity at the time, controlled the transaction, which won approval from Tesla shareholders.

Musk told the court that buying SolarCity was part of his "master plan," according to CNBC.

"Since it was a stock-for-stock transaction and I owned almost the same

percentage of both there was no financial gain," Musk said.

Concerning the case Tesla said in a securities filing that "we believe that claims challenging the SolarCity acquisition are without merit and intend to defend against them vigorously."

Dan Ives, analyst at Wedbush Securities, said Wall Street will be watching the trial "very closely to see the outcome for Musk and the corporate governance."

The SolarCity deal has been a "black eye" for Musk and Tesla and a "clear low light" in the company's whirlwind rise, Ives said in a note.

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