

Jury hears Musk told 'lies' that cost Tesla investors millions

January 19 2023, by Julie JAMMOT, Glenn CHAPMAN



Elon Musk's attorney Alex Spiro told jurors at his fraud trial that Musk was sincere about taking Tesla private for \$420 a share despite expressing that poorly in 'rushed, reckless tweets' at issue in court.

A lawyer for angry Tesla investors told a California courtroom on Wednesday that CEO Elon Musk "lied" about having funding in place to take the company private, costing his clients millions of dollars.

More than four years after Musk fired off tweets saying he had funding secured to buy the electric car maker at \$420 a share, investors who felt burned by the misleading statements began to make their case in the San Francisco court.

The tweets in the summer of 2018 sent the Tesla [share price](#) on a rollercoaster ride and Musk was sued by shareholders who say the tycoon acted recklessly in an effort to squeeze investors who had bet against the company.

"Elon Musk, Tesla's chair and [chief executive](#), lied," said attorney Nicholas Porritt, who represents Glen Littleton and other investors in the automaker.

"And his lies cost regular people like Glen Littleton to lose millions and millions of dollars," Porritt added in opening remarks.

Called as the first witness, 71-year-old Littleton told jurors he was heavily invested in Tesla in 2018 in a way that banked on the share price climbing to \$500 or more.

Littleton testified that he was "pretty shocked" by Musk's tweet about taking the company private at \$420 a share because it threatened almost all the money he had invested in Tesla.

"It was going to pretty much wipe me out," Littleton said.

Littleton told jurors he scrambled "in a fog of war" to save what he could of his investments, getting out of most of his positions at a huge loss.



A Tesla investor testified that Elon Musk's tweet in 2018 about funding being in place to take the company private at \$420 a share threatened to wipe out his position because he had banked on shares in the car maker soaring in the long term.

The fraud trial had opened Tuesday with the selection of a nine-person jury, and is expected to last three weeks. Musk is scheduled to take the stand, possibly as early as Friday.

Musk denies he was being deceitful and his lawyers are expected to call on witnesses to vouch for his plans at the time, including testimony from Musk's friend and fellow billionaire Larry Ellison.

'Not fraud'

The case revolves around a pair of tweets in which Musk said "funding secured" for a project to buy out the publicly-traded electric automaker, then in a second tweet added that "[investor](#) support is confirmed."

Porritt told jurors that Musk had selected the \$420 share price in the [tweet](#) "as a joke" and that the funding to take Tesla private was never locked in, nor credibly pursued.

In his own opening remarks, Musk attorney Alex Spiro said that even though the tweets may have been a "reckless choice of words", they were "not fraud, not even close."

"What Mr. Musk was communicating in those [tweets](#) was that Mr. Musk was serious about taking Tesla private," Spiro told jurors, adding that anything more detailed or official "would have had the same effect on the market."

The trial comes at a sensitive time for Musk, who has dominated the headlines in recent months for his chaotic takeover of Twitter where the entrepreneur laid off more than half of the 7,500 employees and downsized content moderation.

Tesla's [share](#) price has plummeted with investors accusing Musk of spending too much time on Twitter when the car company faces new challenges, including a slumping economy and the arrival of new rivals on the electric car market.

© 2023 AFP

Citation: Jury hears Musk told 'lies' that cost Tesla investors millions (2023, January 19) retrieved 8 April 2024 from <https://techxplore.com/news/2023-01-jury-musk-told-tesla-investors.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.