

Musk: I'll sell 10% of Tesla stock based on Twitter poll

November 8 2021, by Matt Ott



This photo made Wednesday, Feb. 24, 2021, shows people walking by the entrance to a Tesla store at a shopping mall in Pittsburgh. Tesla shares slumped about 5% in premarket trading after its CEO Elon Musk said he would sell 10% of his holdings—about \$20 billion worth—in the electric car maker based on the results of a poll he conducted on Twitter over the weekend. Credit: AP Photo/Keith Srakocic

Tesla shares closed Monday down nearly 5% after CEO Elon Musk said he would sell 10% of his holdings in the electric car maker—more than \$20 billion worth by most calculations—based on the results of a poll he conducted on Twitter over the weekend.

According to analyst Daniel Ives of Wedbush Securities, Musk owns about 23% of Tesla's stock and has about \$10 billion in taxes coming due on stock options that vest next summer.

Much of Musk's wealth is held in shares of Tesla, which does not pay him a cash salary.

"I only have stock, thus the only way for me to pay taxes personally is to sell stock," Musk tweeted.

Many on Wall Street assumed Musk would be selling closer to 5% of his stake, Ives said, but even doubling that number doesn't cause him or his firm great concern. Ives said better to "rip the Band-Aid off now" and avoid speculation.

"Tesla remains in pole position to drive this EV adoption curve to the next level both domestically and globally with Musk & Co. leading the way," Ives wrote in a note to clients.

Tesla has been on a roll. As of Friday, the shares had gained more than 40% since last month when the company announced a record profit for the third quarter. Last week, Tesla shares hit an all-time closing high of \$1,229.91 per share. It's the most valuable car maker in the world with a market capitalization of more than \$1 trillion. The stock fell 4.8% Monday to \$1,162.94. It is still up nearly 65% for the year.

The sometimes abrasive and unpredictable Musk, whose net worth is around \$300 billion, said he proposed selling the stock as some

Democrats have been pushing for billionaires to pay taxes when the price of the stocks they hold goes up, even if they don't sell any shares. However, the wording on unrealized gains, also called a "billionaires tax," was removed from President Joe Biden's budget, which is still being negotiated.

"Much is made lately of unrealized gains being a means of tax avoidance, so I propose selling 10% of my Tesla stock," he tweeted Saturday afternoon. "Do you support this?"

Musk said he would abide by the results of the poll, which ended with 58% of more than 3.5 million votes calling for him to sell the stock. He did not say when he would sell the stock.

Musk is known for roiling markets with his sometimes flippant and ill-advised tweets. Last Tuesday, Tesla shares tumbled more than 3% after Musk tweeted that a deal to sell 100,000 Teslas to Hertz had not yet been signed. Hertz said the cars were already being delivered.

Ives called Musk's recent Twitter poll "another bizarre soap opera that can only happen to one company and one CEO in the world, Musk."

© 2021 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Musk: I'll sell 10% of Tesla stock based on Twitter poll (2021, November 8) retrieved 23 April 2024 from <https://techxplore.com/news/2021-11-twitter-votes-elon-musk-percent.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.