

ELON MUSK CRIMINALLY ABUSES THE STOCK MARKET AND POLITICS

 Profile picture for Tyler Durden

by Tyler Durden

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SHARES

Elon Musk ended the "mystery" of whether or not Tesla would be going private late last night, and in keeping with his high-quality corporate communication decisions, decided to [announce](#) in an 11 PM EDT blog post that Tesla would stay public.

In a tweet and blog - which has yet to appear in [8K format](#) on [EDGAR](#) - published on Tesla's website Friday night...

Tesla 

@Tesla



Staying Public tesla.com/blog/staying-p...

8:15 PM - Aug 24, 2018

Staying Public

Earlier this month, I announced that I was considering taking Tesla private. As part of the process, it was important to understand whether our current investors believed this would be a good...

tesla.com

♡ 22.2K 💬 5,315 people are talking abo... ⓘ

... the chairman, CEO and largest shareholder of Tesla said he had met with the board and "**let them know that I believe the better path is for Tesla to remain public. The Board indicated that they agree.**"

Earlier this month, I announced that I was considering taking Tesla private. As part of the process, it was important to understand whether our current investors believed this would be a good strategic move and whether they would want to participate in a private Tesla.

Our investors are extremely important to me. Almost all have stuck with us from the time we went public in 2010 when we had no cars in production and only a vision of what we wanted to be. They believe strongly in our mission to advance sustainable energy and care deeply about our success.

Investors are so important, in fact, that Musk decided to release this news not just late on Friday, but literally in the middle of the night, quite a radical departure from his "going private" announcement which hit Twitter just after noon on a Monday.

What prompted the reversal? He explains:

*I worked with Silver Lake, Goldman Sachs and Morgan Stanley, who have world-class expertise in these matters, to consider the many factors that would come into play in taking Tesla private, and to process all the incoming interest that we received from investors to fund a go-private transaction. **I also spent considerable time listening to current shareholders, large and small, to understand what they think would be in the best long-term interests of Tesla.***

So after "working" with advisers for less than three weeks, over that course of time, Musk concluded the following:

Based on all the discussions that have taken place over the last couple of weeks and a thorough consideration of what is best for the company, a few things are clear to me:

- ***Given the feedback I've received, it's apparent that most of Tesla's existing shareholders believe we are***

better off as a public company.

Additionally, a number of institutional shareholders have explained that they have internal compliance issues that limit how much they can invest in a private company. There is also no proven path for most retail investors to own shares if we were private. Although the majority of shareholders I spoke to said they would remain with Tesla if we went private, the sentiment, in a nutshell, was "please don't do this."

- ***I knew the process of going private would be challenging, but it's clear that it would be even more time-consuming and distracting than initially anticipated.*** This is a problem because we absolutely must stay focused on ramping Model 3 and becoming profitable. We will not achieve our mission of advancing sustainable energy unless we are also financially sustainable.

And here Musk makes a critical change in the narrative, one which will be a key focus in the upcoming SEC crackdown on the company (assuming the SEC is not paid off to look the other way of course), as well as litigated in the numerous market manipulation cases to emerge in the coming weeks:

That said, my belief that there is more than enough funding to take Tesla private was reinforced during this process.

In other words, in less than three weeks, Musk went from "**funding secured**" to it was "**my belief there was enough funding.**" Good luck with that defense.

As for the entirety of Tesla blog, Dean Asbel [summarized it best](#):

"I consulted with the top investment management companies in the world and they told me there was no way in hell I could find investors dumb enough to take this company private."

Another way of putting it: after Musk failed to "burn the shorts" with the announcement of the going private deal - as we discussed previously, the short interest has only grown in the past 3 weeks - with the stock sliding ever since, Musk decided to try and "burn the shorts" again, this time by retracting the going private offer.

Of course, that's not how he phrased it, and concluded his blog as follows:

After considering all of these factors, I met with Tesla's Board of Directors yesterday and let them know that I believe the better path is for Tesla to remain public. The Board indicated that they agree.

Moving forward, we will continue to focus on what matters most: building products that people love and that make a difference to the shared future of life on Earth.

We've shown that we can make great sustainable energy products, and we now need to show that we can be sustainably profitable. With all the progress we've made on Model 3, we're positioned to do this, and that's what the team and I are going to be putting all of our efforts toward.

Thank you to all of our investors, customers and employees for the support you've given our company. I'm incredibly excited to continue leading Tesla as a public company. It is a privilege.

What investors should ask is why Musk admits that he met with the board and made a decision yesterday (Thursday), **yet waited until just before midnight on Friday to inform the general public about what had been decided.**

Then, rounding out the night's bizarre stream of communications, in a tweet [Musk added](#): "In talking to our public investors, most were supportive of optimizing for long-term value creation over quarterly earnings. This was also a factor in remaining public."

This blog post was accompanied by a [press release](#) and a perfunctory one paragraph statement from the company's Board of Directors that amazingly stated that they not only

reviewed plans from Musk, but that they still "fully support" him:

Over the past several weeks, we put in place a process led by a Special Committee of the Board to evaluate a proposal Elon was considering to take Tesla private. Yesterday, we held a Board meeting, during which Elon reported on the work he and his advisors have been doing in connection with this effort. Elon communicated to the Board that after having done this work and considered all factors, he believes the better path is to no longer pursue a transaction for taking Tesla private. After discussing this, we dissolved the Special Committee. The Board and the entire company remain focused on ensuring Tesla's operational success, and we fully support Elon as he continues to lead the company moving forward.

The decision to keep the company public **comes less than three weeks** after Musk announced on Twitter on August 7 that he had "funding secured" for a transaction to take the company private at \$420 per share.

And while the reversal ends speculation about how Musk would raise money to take Tesla private, **it will not ward off scrutiny of the erratic CEO's bizarre actions.** The mini "going private" drama has led to a subpoena from the U.S. Securities and Exchange Commission, the break up

between Musk and his former girlfriend Grimes, and a bizarre feud between the Tesla CEO and rapper Azealia Banks. Musk's behavior, including a tearful interview with the New York Times that touched on his lack of sleep, has also led to calls for Tesla to hire a chief operating officer to help reduce stress on the CEO. However, in response to an open letter from Ariana Huffington imploring him to change the way he works, Musk responded that "is not an option."

The reaction from Wall Street Monday morning should be an interesting one. Off Wall Street [analysts](#) and Financial Twitter have already responded:

Donut Shorts

@DonutShorts



Profiles in courage: [\\$TSLA](#) BOD: We are announcing our decision to not pursue a go private bid at 11PM on a Friday.

You really have to search hard to find a group with this level of fecklessness.

4:55 AM - Aug 25, 2018

♡ 8 👤 See Donut Shorts's other Tweets ⓘ

Tesla Polls

@PollsTesla



Elon Musk slinks away in the middle of the night [\\$tsla](#) [\\$tslaq](#) [#Tesla](#)

Tom Buerkle  @tombuerkle

So @elonmusk can muse about taking \$TSLA private in middle of day, driving markets wild, but when he and board decide idea is crazy on Thurs, they wait til 11 pm Fri to disclose.

4:50 AM - Aug 25, 2018

♡ 7 👤 See Tesla Polls's other Tweets



Quoth the Raven

@QTRResearch



This didn't age well

4:36 AM - Aug 25, 2018

♡ 313 💬 102 people are talking about this

AlphaGambit

@alpha_gambit



Very interesting that Elon didn't try to pump the "deal" for months. Calling it off so quickly means something else is coming. Emergency capital raise or BK would be my guess.

[\\$TSLA](#) [\\$TSLAQ](#)

4:30 AM - Aug 25, 2018

♡ 6 👤 See AlphaGambit's other Tweets ⓘ

Mark B. Spiegel



@markbspiegel

So as noted in the official release, the board took this action YESTERDAY yet put out this PR at 11PM tonight. If you had any doubts that [\\$TSLA](#) is governed by complete and total scumbags at all levels, this should thoroughly allay them.

9:01 PM - Aug 24, 2018

♡ 178 💬 60 people are talking about this ⓘ

Charley Grant ✓



@CGrantWSJ

If [@tesla](#) and [@elonmusk](#) had any respect for their shareholders whatsoever they would not have dumped this news on a Friday night in late August at 11 PM eastern. [\\$TSLA](#)

8:34 PM - Aug 24, 2018 · Brooklyn, NY

♡ 474 💬 171 people are talking about this ⓘ

To summarize: the company would like its investors - who are "extremely important" to Musk - to believe that within three weeks, it first had "secured funding", then hired advisors, then reviewed a potential transaction, then got a subpoena from the SEC, then carefully explored all potential avenues and then, as a group, arrived at the conclusion that it would be better off staying public.

While nobody in the investing will believe that, what matters now is what the regulators believe, and alternatively, what they decide is fraud.

As for Tesla, just days after the going private transaction, we predicted that "TSLA will be that one stock that sees class actions suits by both shorts and longs."

zerohedge 

@zerohedge

TSLA will be that one stock that sees class actions suits by both shorts and longs.

1:50 PM - Aug 9, 2018

♡ 256 💬 78 people are talking about this ⓘ

The shorts have already started suing, claiming Musk defrauded them via glaring market manipulation which the SEC is now investigating. Now it's time for the longs to join.

Business Finance

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