



# Does Elon Musk Think He Is Above The Law

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Back on August 7, 2018, Elon Musk tweeted, “Am considering taking Tesla private at \$420. Funding secured.” That tweet was an attempt, and a momentarily successful one, at manipulating Tesla’s stock higher.

In addition to being **manipulative**, **the tweet constituted as fraud**. Not only did Mr. Musk never have a deal to take Tesla private, but he did not have any funding secured.

Now, to back out of the regulatory prison he’s found himself in, Mr. Musk **announced** on a Tesla blog on Friday, “I believe the better path is for Tesla to remain public.”

Does Elon Musk really think reversing course and remaining public is his Get Out of Jail Free card?

Does he think the U.S. Securities and Exchange Commission is stupid enough to give him a pass because he’s “building products that people love and that make a difference to the shared future of life on Earth.”

Does he think that he’s too big to fail and too important to be subjected to petty securities laws?

Well, there’s only one way to tell.

And today I'll break it all down for you.

This is going to come back and haunt him all the way to jail where he belongs...

He's Not Above the Law

Does Elon Musk think we're all stupid?

Yeah, he thinks that.

He's wrong, and he just dug himself an even deeper hole with his latest manipulative posting. No matter what he thinks, the law is law – and he isn't above it.

SEC regulations are clear on what constitutes manipulation and fraud applicable in this case.

Mr. Musk knows he's in trouble. He and Tesla's other board members have been served SEC subpoenas.

Here's what Mr. Musk **posted on Friday** and what's manipulative and fraudulent about what he's trying to spin. (My comments are beneath the quotes.)

- *“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.”*

Really? Then how come the process didn't include asking current investors if going private was a good idea *before* tweeting about it? And how could he ask shareholders and not risk them buying more stock and selling it out at a takeout price? *“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. 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.”*

What does “work with” mean? Silver Lake wasn't paid, Goldman Sachs wasn't officially engaged, and, according to reports, Morgan Stanley wasn't consulted or engaged before Mr. Musk's first tweet and may not be engaged even now.

If the SEC hasn't already subpoenaed Silver Lake and Goldman, they will now. They'll also have to chat up Morgan Stanley. And these banks are processing all the incoming interest Tesla received? Since when does Goldman and Morgan Stanley do pro bono work for billionaires and their companies? And how many current large and small shareholders did Mr. Musk speak with prior to his initiate going private tweet? I'm sure the SEC would like to know.

- *“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:”*

Like maybe you could go to jail?

- *“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 wonder if Mr. Musk talked to “most of Tesla’s existing shareholders” before or after his initial tweet. He must have had to take a lot of time to have so many thousands of conversations; no wonder the Model 3 is behind in production. And if there were talks with advisors and bankers and shareholders before the infamous tweet, wouldn’t Mr. Musk know he’d be hurting the retail shareholders and institutions that can’t be in private deals, *because there’s no liquidity* for them, but considered it anyway?

- *“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.”*

Note to self – Mr. Musk, going private wouldn’t be so hard if you had secured funding.

- *“That said, my belief that there is more than enough funding to take Tesla private was*

*reinforced during this process.”*

Okay then, the SEC will love to see the firm commitments, and so would we all.

- *“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.”*

What a compliant board. They agreed that remaining public was a good idea after supposedly agreeing that going private was a good idea. Or, are they just trying to save their own skins, too?

- *“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.”*

I WANT TO PERSONALLY THANK YOU, Mr. Musk, for saving the world, and I hope the SEC sees you as the

savior you are, too.

- *“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 a bunch of backsliding, manipulative, reverse narrative, “save our souls” kind of you-know-what.

## **If You Thought Mr. Musk Was Corrupt...**

Let’s face it: Mr. Musk’s brilliance is outweighed by his crookedness.

And the corruption doesn’t end with him getting subpoenaed.

There’s something even more sinister going on that you need to know about. Something that even the esteemed Elon Musk doesn’t know about – so we won’t be getting that tweet.

Right now – even as millions of investors have begun to believe stocks will never crash again – the greatest economic catastrophe of our generation is about to blindsides the stock market.



Because decades ago, corrupt money managers and politicians buried a \$6 trillion time bomb at the very heart of the U.S. economy.

Now, my friend and colleague, *Money Morning* Chief Investment Strategist Keith Fitz-Gerald, has been doing *extensive* research on this very topic. And his research says that this time bomb will detonate no later than Halloween – Wednesday, October 31 – of this year.

And when this bomb goes off, the average stock traded on Wall Street will plunge by *at least* half. Probably even more.

Millions will lose everything. But the thing is, this isn't the first time that this guy's predictions have come horrifyingly true. In 2000, he told everyone that tech stocks were about to crash – and that they'd take the entire economy down with them when they did.

And in 2007, he warned his readers that a handful of subprime mortgage companies were about to fail and bring the economy to its knees.

Now, it's happening again.

Stocks are about to suffer one of the most extreme crashes in history, and millions of investors don't have a clue.

It will be – by far – the most painful stock market crash in memory. But, there's a way that you can shield yourself when this time bomb blows everything else to smithereens.

And Keith has found, amid this chaos, a way that you could grow \$1.5 million wealthier this year while everyone else is left to pick up the pieces.

Halloween's only 64 days away... And the results of this crash will be far scarier than any ghosts or goblins or creatures of the night.

***Courtesy Shah Gilani, [Wall Street Insights & Indictments](#) (More by Shah [here](#))***

*The views and opinions expressed herein are the author's own, and do not necessarily reflect those of [EconMatters](#).*