

Musk-owned scam company says it qualifies for federal contracts reserved for small businesses

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Not long after Donald Trump won the 2024 election, Elon Musk's \$7 billion tunneling company registered as a small business on a government portal for federal contractors. The Boring Company registered with the System for Award Management portal, better known as SAM.gov, on November 12, 2024, exactly one week after Trump's victory. Some federal government contracts are designated only for qualified small businesses. Its decision to file as a small business suggests that Boring, despite its substantial valuation, has failed to generate meaningful income.

Musk founded Boring in 2017 as a subsidiary of SpaceX. Its raison d'être was rectifying Southern California gridlock via a subterranean transportation network, though it has failed in that regard. In 2018, Musk spun off Boring, making it a privately held company that has largely served to promote his car manufacturer, Tesla. Through the gravity of its founder, carefully staged photo ops, and alleged environmental and labor violations, Boring has maintained media interest throughout its eight years of existence. But it remains the least distinguished of Musk's companies. It has struggled to generate revenue despite receiving hundreds of millions of dollars in fundraising.

The company, which is based near Austin, Texas, has built just a few miles of commercial tunnels, all of which are located in Las Vegas, Nevada. Its failure to generate substantive business could explain why it would seek federal funding from a White House that has proven to be partial to Musk's business interests. A senior Trump adviser, Musk also leads the Department of Government Efficiency (DOGE), the White House's austerity and parapolitical initiative. Steve Davis, the president of the Boring Company, is reportedly in charge of DOGE's day-to-day operations.

Small business designation

In its initial SAM.gov filing, the Boring Company registered itself as a small business as defined by two classifications created by the North American Industry Classification System (NAICS): "Other Heavy and Civil Engineering Construction" and "Dredging and Surface Cleanup Activities."

To qualify as a small business under the NAICS classifications claimed by Boring, its annual receipts threshold would have to fall under \$45 million for "Heavy and Civil Engineering Construction" and \$37.5 million for "Dredging and Surface Cleanup Activities."

With some exceptions, the Small Business Administration (SBA) broadly defines annual receipts as "all revenue in whatever form received or accrued from whatever source," and as "total income" plus

“cost of goods sold.” Capital gains, such as from the sale of stock, are not included in the methodology SBA uses to calculate company receipts.

Boring’s average annual receipts could be significantly less than the thresholds required by its NAICS classifications. As part of its SAM.gov filing, the company indicated that it would qualify for any receipts threshold exceeding \$8 million.

Boring does not release public financial statements. But its chief financial officer, Arun Prakash, signed a pledge “attesting to the accuracy” of Boring’s SAM.gov filing:

“By submitting this certification, I, Arun Prakash, am attesting to the accuracy of the representations and certifications contained herein, including the entire NAICS table. I understand that I may be subject to criminal prosecution under Section 1001, Title 18 of the United States Code or civil liability under the False Claims Act if I misrepresent TBC — The Boring Company in any of these representations or certifications to the Government.”

Prakash and Boring did not immediately respond to requests for comment.

Boring is also registered as a small business in its home state of Texas, per a filing from a state environmental regulator that fined the company \$11,876 for the unauthorized discharge of industrial waste and other violations.

There is no indication that Boring has formally applied for small business or standard government contracts. But claiming small business status means that Boring is eligible for special contracts carved out for small businesses. In other words, a company owned by a man estimated to be the richest in the world could potentially use this designation to win federal contracts meant for small businesses. This is the case despite Boring having raised huge sums of cash, including a 2022 fundraising round in which it raised \$675 million from nine investors, including Sequoia Capital and Vy Capital.

SpaceX and Tesla, two other companies run by Musk, have already secured at least \$38 billion in government funding, according to a February report from the Washington Post, with SpaceX accounting for the vast majority of Musk’s business with Washington. Following that report, SpaceX secured another \$5.9 billion from its share of a Pentagon launch contract.

Where Boring stands now

The initial vision of the Boring Company was to create an underground network that could transport individual cars latched to high-speed skates. It has since transitioned to a more elementary project: Constructing narrow concrete tunnels below the Las Vegas Convention Center that are used to ferry a handful of passengers at a time aboard Teslas.

Since April 2021, the city of Las Vegas has paid Boring about \$4.5 million annually to operate the system, according to the city’s tourism authority.

Boring's ventures in other U.S. cities, including Los Angeles, Chicago, Fort Lauderdale, San Antonio, and Washington, D.C., have fizzled out. The company has recently turned its attention overseas, signing a preliminary transportation deal with Dubai earlier this year.

The disconnect between Boring's slight revenue and its implied \$7 billion valuation has been raised in prior media coverage about the company. It was also noted by one purported former employee on the employer review site Glassdoor. "Don't join if you can't wait 15 years for a profit," wrote one anonymous reviewer who claimed to be a former senior software engineer at Boring. "It's going to take 15-20 years before this company is profitable. Even if you exercise your options, it's a huge gamble. You might be dead before the company turns a profit," they added.