The woman who took on Tesla (and wants to see Musk in court)

Cristina Balan was an engineer at the automotive company until she pointed out a flaw in the electric car to her boss – then she was sacked

Jim Norton

"Blow the whistle on Tesla!", joked Elon Musk to his then 65 million X (formerly Twitter) followers in December 2021, attaching a link to a limited edition "Cyberwhistle" on sale for \$50 (£37.47) on the electric carmaker's official online store. Within hours, the stainless-steel collectable had sold out.

The marketing stunt was typical of the irreverent $Musk - \underline{a \text{ self-declared free-speech absolutist}}$. The world's most valuable car company had only recently faced lawsuits over alleged sexual harassment, fire risks and security issues at its US factories.

<u>To his legions of fans</u>, the boast suggested Musk had nothing to hide. But, to those making the claims, it likely felt like a snide dig. Why? Because many of those trying to blow the whistle on alleged problems within the company were subject to an "arbitration clause" within Tesla contracts which meant most employees' only means of resolution was through a confidential hearing. Those who have tried to speak out have found themselves fired, sued for millions of dollars and, some claim, hit by smear campaigns.

Blow the whistle on Tesla!<u>https://t.co/c86hLA0iQK</u>

- Elon Musk (@elonmusk) December 1, 2021

Indeed, Musk's confidence four years ago may well have been boosted by his latest legal triumph against a whistleblower, only a month prior to his post.

Cristina Balan – a Romanian engineer whose innovation on Tesla's battery had been integral to its success – had raised safety concerns about the firm's <u>Model S</u> vehicles directly with Musk back in 2014. The carpets behind the pedals had a tendency to curl up, she warned, which could cause the car to either inadvertently accelerate or struggle to brake.

If true, millions of the cars would likely have had to be recalled.

Tesla, however, dismissed the claims – and Balan quickly found herself out the door. After several years of private negotiations over the loss of her job, she went to the press with her claims in 2017. The company responded by accusing her of misusing its funds for an unauthorised trip to New York on a "secret project" and making "criminal" secret recordings of meetings.

In 2019, Balan decided to bring a defamation case against the firm.

Two years later, in November 2021, it appeared her seven-year campaign to hold the near trillion-dollar company to account in a public court had finally stalled, however. Having insisted on representing herself, taking on Tesla's army of expensive lawyers alone to keep costs down, her defamation case was thrown out.

Musk, it seemed, was victorious.

But, four years on, his words could well come back to haunt him. Despite battling <u>late-stage breast</u> <u>cancer</u>, Balan refused to give up. Last month, the indefatigable mother-of-one won an appeal that reverses the decision – and opens the way for her explosive claims to be heard in public.

Elon Musk is the richest man in the world, with an estimated net worth of £247 billion Credit: Reuters

"I cannot wait to see Musk and his goons on the stand and see how they will explain their lies and hate against me for doing the right thing," posted Balan on X shortly after the decision was handed down on April 14. A fortnight later, speaking from Jacksonville, Florida, she is no less combative.

"What a pathetic hypocrite that monster is," she tells The Telegraph, in a thick Transylvanian accent. "At the same time he's bragging about being the free speech absolutist, he's paying millions of dollars in legal fees to make sure I never have my day in court."

"I have the evidence for everything," she adds, claiming that several top executives have agreed to testify in her case, and that Tesla is very much aware of one particularly damning recording. "That's the reason Musk is so p-----."

Serious quality and safety concerns

Growing up just 15 minutes from Bran Castle, otherwise known as Dracula's Castle, Balan's favourite toys as a child were pliers and screwdrivers. While other girls played with dolls, she would often be found with oil on her clothes and in her hair, taking engines and motors apart and putting them together again.

After marrying aged 22, she went on to earn a degree in engineering and then moved to Canada in the early Noughties. She later joined Boeing to work on the interior of the 787 Dreamliner in Seattle. In 2010, she was hired by Tesla – still a relatively small company – to help design the battery pack for the Model S.

Well-liked and known for being a hard worker, she solved a crucial problem early on that had baffled managers and was delaying the sedan going into production. In recognition, her initials were etched into the battery pack case, which can still be found on some models. In a court document, Tesla's lawyers admitted Balan was "at the heart of innovation at Tesla".

Branding Musk an arrogant "spoiled brat" who would constantly flaunt his wealth, her memory is no doubt tainted by subsequent dealings with his lawyers. But aside from some suggestive remarks about the "well-equipped" girls in the office when she was in earshot, she doesn't recall any particularly bad run-ins with him.

Indeed, it was Musk she turned to directly in 2014 when she first discovered "serious safety and quality" flaws after joining the interior fittings team. In an email, she sidestepped her own line manager and requested a meeting with him to discuss her concerns that the interior floor mats could curl up and interfere with the brake pedal.

However, on the day of the meeting with Musk, HR instead allegedly marched her to a "dungeon room", where two security guards "with guns and handcuffs around their waist" were told to stay outside "in case she runs away". She claims she was pressured to resign immediately. Feeling like she had no alternative, Balan signed the paper in front of her, but wrote she was only doing so because she had "dare[d] to speak up" to senior management. Shocked, Balan says she fainted as she was escorted out.

Ever since, she has been fighting to clear her name. "That made my fight with cancer even more difficult," Balan says. "Because there were quite a few moments they didn't know if I would make it. It was not easy to think that my son's memory of me would forever be overshadowed because of this scumbag."

She reserves particular anger for arbitration agreements. For the first few years, she was unable to fight the claims publicly due to the clause inserted into every Tesla contract. The concept was first introduced in the US in 1925 to relieve the burden on the court system by moving business contract disputes into a separate forum.

But their use has mushroomed. Research suggests 80 per cent of the largest US companies have used such agreements in workplace disputes. (They are far less common in the UK, where employees have greater protections.) Such clauses – which notoriously tend to favour the employer – are "a back door for nasty corporations to steal freedom of speech", says Balan.

After three years in private arbitration over her removal from the company, Balan was awarded $$350,000 (\pounds 262,218) - "peanuts" compared to the $40 million (\pounds 30 million) she says the shares she relinquished when she left would now be worth. She was not willing to give up and decided to go public with her claims in 2017.$

Tesla was incensed. In response to a Huffington Post article which marked the first coverage of her case by the media, bosses demanded a 600-word rebuttal that made claims of "criminal conduct" by Balan when she was an employee – despite never having raised these in the arbitration hearings. In 2019, Balan filed her defamation lawsuit, claiming it damaged her reputation and made it near impossible for her to find a job.

She alleges it left her effectively blacklisted. On one occasion, a British director at a US company rang her to explain that he'd wanted to hire her but his legal team had intervened, Balan claims. "They kept calling and threatening people who wanted to hire me that they couldn't afford to be on the wrong side of Elon Musk," she says. "It was worse than having a crazy maniac as an ex-boyfriend."

'Toe to toe with a billionaire bully'

Balan is not the only Tesla whistleblower to find herself at the mercy of Musk's hardball tactics. In 2018, former Tesla technician Martin Tripp told Business Insider Tesla was wasting a "jaw-dropping" amount of raw material as it ramped up production of the Model 3. The response? Musk accused Tripp of being a "saboteur", suing him for \$167 million (£125 million) for allegedly hacking the company's systems, stealing trade secrets, and leaking information to the media.

Tesla even informed police it had received a tip that the former employee might "come back and shoot people" at the Gigafactory in Nevada where he worked. The sheriff's investigation concluded "there was no credible threat".

Tripp insisted he had leaked the information out of legitimate concern and, believing he had been defamed as a would-be mass shooter, countersued. But the case swung Tesla's way – with Tripp ordered to pay Tesla \$400,000 (£299,651) in damages in 2020.

In Balan's case, after sending Musk an intent to sue, the defamation claim failed to settle. "One of my conditions was for them to apologise and admit... that everything they said was a lie – and they didn't want to do that." Instead, she says, Musk opted for his favoured weapon – "lawfare" – and the battle continued.

As the richest man in the world with an estimated net worth of \$330 billion (£247 billion), Musk is not shy of a legal fight. In 2018, British cave diver Vernon Unsworth, who helped rescue a trapped youth football team from a flooded Thai cave, sued Musk for £142 million. Musk had branded Unsworth a "pedo" on X after the diver criticised his proposal to use a mini-submarine in the rescue as a PR stunt. He willingly went to court to contest the case – and won. Unsworth's lawyer subsequently lamented that his client had gone "toe to toe with a billionaire bully".

It makes Balan's case all the more remarkable. Crucially, early on in the defamation case a judge ruled all the confidentiality clauses in her Tesla contract could be dropped. "That's the reason why I can legally talk to you now," she explains. But by the beginning of 2022, her case had seemed all but over as her claim was thrown out by a judge in California and her arbitration verdict was confirmed, closing the matter.

Again, Balan refused to give up and appealed the decision. A week later, she was diagnosed with stage-3B breast cancer. As she underwent treatment, she twice asked for a continuation, where the case is put on hold for a certain period. The second time, Tesla's lawyers refused, she alleges. "So when the due date came to file it last January, I was so exhausted, and the treatment was so harsh and powerful, I was barely..." she says, pausing. "My body was struggling to go to the bathroom. This is how bad I was."

Last month's decision by the three-judge panel of the Ninth Circuit Court of Appeal effectively nullified her arbitration award as a court judgment, reopening the possibility for Balan to pursue her defamation claims in a proper court of law. Though not yet a victory, it is a significant milestone – and one that is giving other Tesla whistleblowers hope, she says, adding that several have contacted her since the ruling.

"Everybody said that it's impossible," she says. "Only a handful of people for so many years actually trusted me that I could do it. But I did it." How does she feel now? "I'm feeling really happy – I proved them wrong," she says. "I proved to them an immigrant woman engineer had the capacity, the brain power, to learn their stupid legal system and actually win. So yeah, I feel pretty damn good."

The Telegraph contacted Tesla for comment.