

# **EVERY ELECTRIC CAR COMPANY START-UP GETS SABOTAGED BY MOLES?**

...But who sends the moles in? Elon Musk, John Doerr, Ford or Steve Jurvetson..?

# Carmaker Faraday Sues Ex-Execs for Alleged Trade Secrets Theft

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Jia Yueting's startup files lawsuit against ex-CFO and ex-CTO

Suit highlights internal strife at U.S. electric vehicle maker

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Faraday & Future Inc., the electric carmaker run by Chinese entrepreneur Jia Yueting, is suing a startup founded by its former chief financial and technology officers for allegedly poaching talent and stealing valuable intellectual property.

Faraday accused former CFO Stefan Krause and ex-CTO Ulrich Kranz of soliciting at least 20 former employees to join a key rival they started, according to [a complaint lodged with the U.S. District Court for the Central District of California](#). Some employees brought technology secrets over to Evelozcity Inc., the lawsuit says.

Jia Yueting Photographer: David Paul Morris/Bloomberg

The lawsuit highlights internal strife at a

company that debuted its prototype FF-91 in Las Vegas in 2017, claiming it could [outrun](#) a Tesla, then struggled to raise cash. It's the latest in a series of challenges for Jia, who's been ordered back to China by regulators over unfulfilled loan obligations. The Netflix-like video service he founded, [Leshi Internet Information & Technology Corp.](#), just experienced its [fifth straight day](#) of 10 percent share declines.

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Evelozcity said it did not have nor need technology from [Faraday Future](#).

"This complaint continues Faraday's pattern of hurling false and inflammatory accusations against us," it said in a statement. "We will respond to the many recklessly inaccurate allegations in this desperate lawsuit at the appropriate time."

Faraday said in a statement it hired Krause in March 2017 to raise funding and oversee its finances. Kranz was hired several months later. But by the fall, after meetings with investors, Krause was demanding Jia step down and give them operational control of the company, according to the filing.

The Faraday Future FF91 electric car. Photographer: Patrick T. Fallon/Bloomberg

Much of the case revolves around the date of Krause's departure. He's said he quit in October while Faraday said in its claim that rival startup Evelozcity was incorporated on or about Nov. 7, a day after Krause asked its then-head of human resources to back-date his resignation by two weeks. Faraday said in a Nov. 10 release it had terminated Krause's employment over "malfeasance" with immediate effect, without citing a date.

Staff who left Faraday for Evelozcity were encouraged to download thousands of confidential documents and trade secrets from vendor databases to technical documents, Faraday said, calling for a jury trial.

As part of the case, Faraday said the company was able to obtain additional funding without Jia stepping down or Krause's assistance, without stating the amount and source of the money. The company's long-awaited flagship will hit the market by the beginning of 2019 but additional models are still more than two years away, it added.

The case is Faraday & Future Inc. v. Evelozcity Inc., 2:18-cv-00737, U.S. District Court, Central District of California (Western Division).

— With assistance by David Ramli