

The Wall Street Journal

SEC questions Tesla over Elon Musk's tweets to take the company private

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By Dave Michaels

Regulators said to be inquiring whether CEO's claim was factual



The SEC generally allows companies to disseminate news using social media as long as they have told shareholders they might use those channels in addition to regulatory filings.

REUTERS

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WASHINGTON — Securities regulators have inquired with Tesla Inc. about Chief Executive Elon Musk's surprise announcement that he may take the company private and whether his claim was factual, people familiar with the matter said.

The Securities and Exchange Commission has asked whether Musk's unusual announcement on Tuesday was factual, the people said. The regulator also asked Tesla **TSLA, +3.23%** about why the disclosure was made on Twitter rather than in a regulatory filing, and whether the company believes the announcement complies with investor-protection rules, the people said.

Read: [Musk's plan to take Tesla private while allowing outside shareholders would prove cumbersome](#)

Musk on Tuesday proposed taking Tesla private at \$420 a share, about 11% higher than the day's closing stock price. He called the funding "secured" for what would be the

UNITED STATES DISTRICT COURT	
NORTHERN DISTRICT OF CALIFORNIA	
Case Number:	3:18-cv-04865-EMC
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Angella Meuleman, Deputy Clerk	

biggest-ever corporate buyout, but he hasn't disclosed details. A group of Tesla board members on Wednesday said Musk spoke to them last week about taking the company private.

The SEC's inquiries, which originated from its San Francisco office, suggest Tesla could come under an enforcement investigation if regulators develop evidence that Musk's statement was misleading or false. It wasn't immediately clear on Wednesday whether the regulator had opened a formal enforcement investigation based on the answers it received from the company. An SEC spokesman declined to comment.

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