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NORTHERN DISTRICT OF CALIFORNIA	
Case Number:	<b>3:18-cv-04865-EMC</b>
PLTF / DEFT Exhibit No.	<b>572</b>
Date Admitted:	
By:	
Angella Meuleman, Deputy Clerk	

## Tesla Shares Sink as Pressure Mounts on Musk to Show the Money

- No evidence yet about financing for \$82 billion plan
- SEC reportedly probing CEO's pronouncement on Twitter

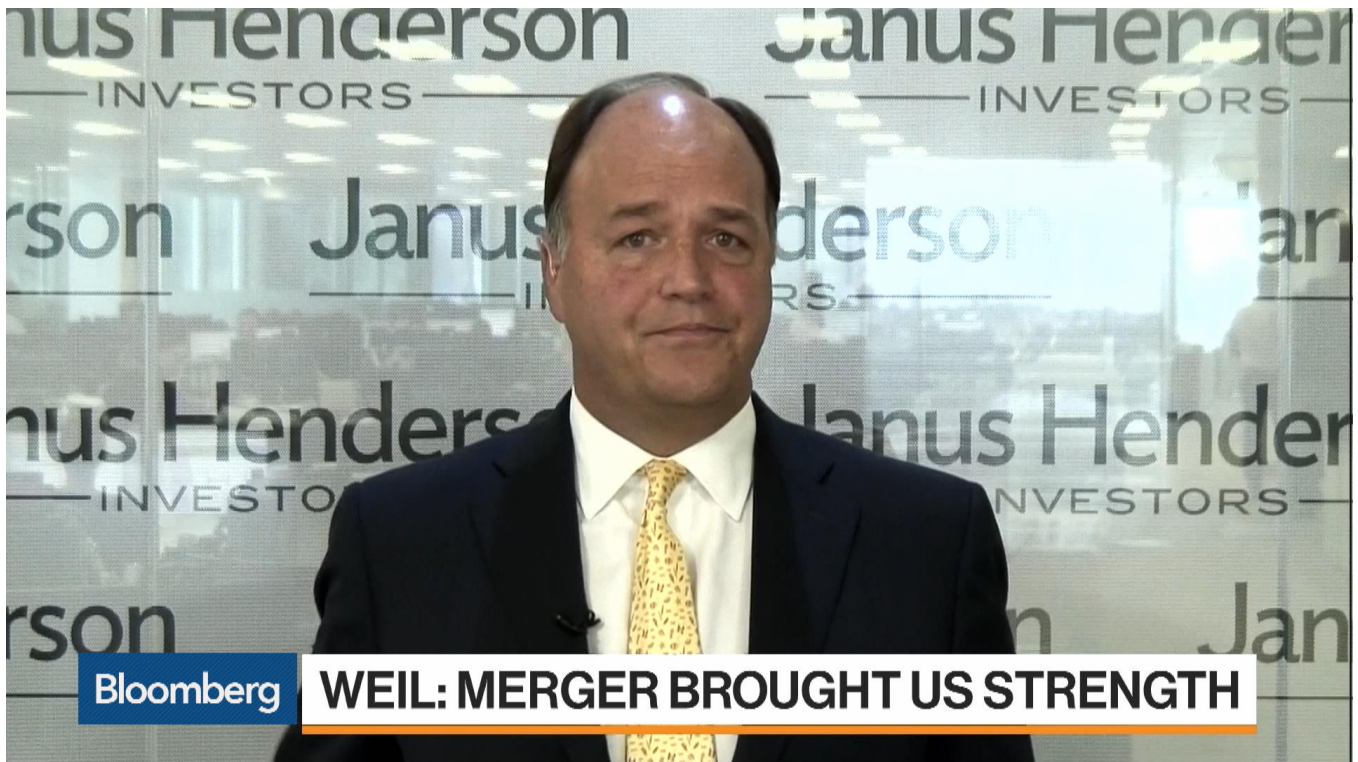
By Dana Hull

(Bloomberg) -- Doubts about Elon Musk's ability to take Tesla Inc. private mounted across Wall Street on Thursday, driving the stock down as much as 4 percent in what's shaping up to be the worst rout in a month.

The stock slipped to \$356.66 in late morning trading, well below the \$420 at which Musk said shareholders would be bought out. It's now dropped on back-to-back days after having jumped 11 percent on Tuesday, when Musk vowed that he had "funding secured" for a spectacular \$82 billion deal.

Since that initial tweet, though, he has offered no evidence to back up the statement. Nor has anyone stepped forward publicly -- or privately -- to say they're behind the plan. People with or close to 15 financial institutions and technology firms who spoke on the condition of anonymity said they weren't aware of financing having been locked in before Musk's tweet.

"I don't really understand the idea of what was suggested in the potential for them to go private," Dick Weil, CEO of Janus Henderson Group, said in an interview with Bloomberg Television. "That's obviously an incredibly large valuation to somehow take into the private market."



Dick Weil, CEO at Janus Henderson Group, discusses Elon Musk's tweet about taking Tesla Inc. private.

Source: Bloomberg)

All of which could be problematic as the Securities and Exchange Commission starts investigating the matter. Regulators have asked the company if what Musk tweeted was factual and why such a disclosure was made via social media rather than in a filing, according to the Wall Street Journal, citing unidentified people familiar with the matter. Judith Burns, an SEC spokeswoman, declined to comment. Tesla also declined to comment.

"When Musk tweeted this, was he saying this was something that was definitely going to happen? Something that might happen?" said Ira Matetsky,

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a partner at Ganfer Shore Leeds & Zauderer in New York. "How would a reasonable investor interpret that and was it consistent with the facts as they existed at the time?"

### 'I Wish'

The chief executive officer raised the go-private possibility with the board last week, according to a statement from six of Tesla's nine directors. They said he had "addressed the funding for this to occur," without providing details.

As for Tesla shareholders, Musk said in one of his Twitter posts that "investor support is confirmed" for his plan. The company's largest shareholders have declined to comment. A spokeswoman for the California State Teachers' Retirement System, which as of March owned about 213,000 shares, said there was no heads-up given.

"We have not been contacted by Tesla IR," said Michelle Mussuto, the spokeswoman. "They didn't reach out before the tweet either."

Leaving the public marketplace isn't a new vision for Musk. "I wish we could be private with Tesla," he told Rolling Stone in an interview published in November. "It actually makes us less efficient to be a public company."

In April 2017, when Musk held talks with Masayoshi Son about SoftBank Group Corp. investing in the electric carmaker, they touched on the possibility of fulfilling Musk's wish, according to two people with knowledge of the discussions. The talks failed to progress due to disagreements over ownership and have not started up again.



Elon Musk  
Photographer: Susana Gonzalez/Bloomberg



Musk's personal stake in Tesla is almost 20 percent, meaning he would need roughly \$70 billion to take it out of the market. That kind of money may be accessible through sovereign wealth funds or other strategic investors, said Dwight Scott, president of Blackstone Group LP's GSO Capital Partners. The money-losing and cash-burning company is an unlikely candidate for debt investors to be willing to help go private.

It's possible Musk could persuade some large institutional and strategic investors to either newly become or remain shareholders in the private company, which could reduce his funding needs, said Toni Sacconaghi, an analyst at Bernstein who has long been bearish on Tesla shares.

But "if no firmer details emerge," he wrote in a report to clients, "investors would likely increasingly debate Musk's credibility and seemingly unhealthy focus on the shares' price and volatility."

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It's also possible Musk has some unconventional plan that would take Tesla private without using traditional sources. On Twitter, he alluded to the creation of a "special purpose fund enabling anyone to stay with Tesla."

Read more: [How SpaceX may be a road map for Tesla going private](#)

"What investors are waiting for is more details around what is meant when Elon Musk says funding is secured," George Galliers, an analyst at Evercore ISI who rates Tesla the equivalent of a hold, said on Bloomberg Television. "They are raising a lot of sensible questions around who would be providing the funding and how exactly this might work."

### Tesla's Potential Take-Private Coverage:

- In the wake of Musk's tweet, more questions than answers
- Meet the Tesla board being tested like never before
- SEC review of Musk tweets likely to focus on truthfulness
- Musk is said to have discussed investment with SoftBank's Son
- Dell's lesson for Tesla: going private isn't a cure-all



Musk is "just a disaster as a public company CEO," says Betsy Atkins, board member at Volvo Personvagnar.

(Source: Bloomberg)

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--With assistance from Alix Steel, David Westin, Sarah Gardner, Caroline Hyde, Vonnie Quinn, Sophie Caronello, Ben Bain, Matt Robinson and John Gittelsohn.

To contact the reporter on this story:

Dana Hull in San Francisco at [dhull12@bloomberg.net](mailto:dhull12@bloomberg.net)

To contact the editors responsible for this story:

Craig Trudell at [ctrudell1@bloomberg.net](mailto:ctrudell1@bloomberg.net);

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David Papadopoulos at papadopoulos@bloomberg.net  
Anne Reifenberg, Larry Reibstein

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