

**Demetri Kofinas:** 00:00 Today's episode of Hidden Forces is made possible by listeners like you. For more information about this week's episode, or for easy access to related programming, visit our website at [HiddenForces.io](http://HiddenForces.io) and subscribe to our free email list. If you listen to the show on your Apple podcast app, remember you can give us a review. Each review helps more people find the show and join our amazing community. With that, please enjoy this week's episode.

**Demetri Kofinas:** 00:31 What's up everybody, I'm Demetri Kofinas and you're listening to Hidden Forces where each week I speak with experts in the fields of technology, science, finance, and culture to help you gain the tools to better navigate an increasingly complex world so that you're less surprised by tomorrow and better able to predict what happens next.

**Demetri Kofinas:** 00:54 My guest this week is Gordon Johnson, an equity research analyst recently ranked by Bloomberg as one of the top stock pickers in the solar space since 2008. He's been called the biggest bear on Tesla by Bloomberg and CNBC about which he's been an outspoken critic since the early part of this year. And his company, Vertical Group, has the lowest price target on the street today for the electric car manufacturer. He's also been recognized for his accurate stock picks in numerous publications including Bloomberg, Barron's, Forbes, The Wall Street Journal, Reuters, The Financial Times, and Thestreet.com. In our conversation we discuss the ongoing drama at Tesla including a timeline of the most critical events surrounding the company since March of 2016. We dig into the numbers including why Gordon believes we are already seeing a collapse in demand for Tesla's vehicles that is only going to accelerate as we barrel towards the end of 2018.

**Demetri Kofinas:** 01:59 With the company now under criminal investigation by the DOJ and the exodus of executives continuing unabated serious questions must be asked about the viability of the business as well as the legality of its practices. Not only may Tesla be on the road towards bankruptcy but it's CEO could face criminal charges that will turn one of the darlings of the green revolution into a poster child for the excesses of the present boom in stocks and private placements. And with that, let's get right in to this week's conversation.

**Demetri Kofinas:** 02:38 Gordon Johnson, welcome to Hidden Forces.

**Gordon Johnson:** 02:40 Thank you, thanks for having me.

**Demetri Kofinas:** 02:41 You're here to help us make sense of the senseless which is the story of Tesla.

**Gordon Johnson:** 02:46 Yes.

**Demetri Kofinas:** 02:47 Maybe the best way for us to start here is since you cover the stock you've been an outspoken analyst, you're on television all the time giving your opinion on this, can you walk us through ... Maybe start wherever you like, if you think August 1st is a good time to start that's fine, or if you want to go earlier. But walk us through a timeline of this company and how your opinion about it has been informed.

**Gordon Johnson:** 03:07 Right, so I think that I would start back in March of 2016. What happened in March of 2016 is that is when they opened up reservations for Model 3s. At the time the promise of the Model 3 was it was going to be a 27.500 car. The idea was it's a \$35,000 car but you get the 7.5 thousand federal tax credit so you're going to pay \$27,500 for this car. The car was going to be fully autonomous meaning you could literally crawl into the back seat and it could drive you coast to coast. There was going to a Tesla supercharging network across America that would effectively allow you to travel basically money free, a supercharging network was supposed to be free. And when you think about that dynamic I mean who wouldn't want to buy that car, right? So that was the dynamic, that was the story. Elon Musk had videos of him in the Tesla driving itself, he had his hands off the wheel. And in the first day I think they got like 200,000 reservations.

**Gordon Johnson:** 04:09 Here's the reality, the car is not \$27,500, it's anywhere from probably 55 to \$70,000. The supercharging network is not free, as was the promise back when the initial reservations were set. And as you know with the autonomous technology with Tesla I don't think anybody in their right mind would trust a Tesla car to drive them around without paying attention given the deaths that have happened, when Tesla was in the autonomous mode. So the point is, they got a significant amount of cash inflows via the deposits they got, right? To reserve a car you have to put down a thousand dollar deposit. They got a significant amount of cash inflows via those deposits, and we know what subsequently happened. The promise has dissipated, as I just said, and a lot of those deposit holders, the guys who reserved years in advance, they're still being delayed on their cars.

**Gordon Johnson:** 05:00 I'm going to tell you what I think Tesla is doing there. Whereas they had an event in Fremont two weekends ago where you could go to the Tesla Fremont facility pick a car and drive it off

the lot. So the story has changed quite a bit. Listen, the company has never turned a positive free cash flow. They've never generated EPS and I would challenge your guests to find me any Elon Musk company that ever made money. I don't think there's one that exists, even with PayPal. We know that when they acquired Solar City, we covered Solar City, at the time when they acquired the company we believe it was in stall, on its way to zero. The reason we believe that is because Solar City was a rooftop solar company that leased systems to homeowners.

- Gordon Johnson:** 05:43 In a nutshell, I'll shorten the story, Solar City was funding the equity tranche of the purchase of these rooftop solar systems with debt. That debt came due, they didn't have the money to pay the debt, the company was facing bankruptcy. It was run by Elon Musk's cousins, he comes in and bails the company out and positions it to shareholders of Tesla as well as the investment company as a creative merger. Since he acquired Solar City, the business has fell off, they are liquidating the assets. And what's interesting is if you go back to what really drove, really sold the Solar City acquisition by Tesla, it was the big rooftop unveil. You can't make this up, that rooftop unveil was done on the set of Desperate Housewives, and it was a system that didn't work at the time and still to this day doesn't work. So this is the type of company you're dealing with.
- Gordon Johnson:** 06:35 We know that there's a lawsuit that's been filed where there's a number of former Solar City employees who are alleging ... And keep in mind, everything we're saying here is our opinion I just want to state that. But you have a number of Solar City employees who are alleging that Elon Musk and Tesla, along with Solar City, created fake accounts to boost the sales of Solar City to boost the valuation, thus boost the price they paid to bail the company out. You have Solar City bonds coming due in November just under 300 million worth of bonds, I'm sure that the shareholders right now wish they had that roughly 2 billion dollars back.
- Demetri Kofinas:** 07:08 You said so many things there. First of all, you're referring to what I think Jim Chanos calls the 'Dark Turn' that's what the acquisition of Solar City.
- Gordon Johnson:** 07:16 Right.
- Demetri Kofinas:** 07:17 Elon Musk was a large shareholder of Solar City, right? Do you know how much he had of that? It was a big chunk of it.

**Gordon Johnson:** 07:22 I don't know how big a chunk he had, but I do think that taking a step back 2,000 feet up. If Solar City were allowed to go bust, I think the armor around Tesla, if you will would have a big chunk in it, and I think that's one of the main reasons why Elon Musk decided to bail out what I think was a company that was illiquid in the process of going bankrupt, we believe.

**Demetri Kofinas:** 07:44 And we see this time and again with Elon Musk. You're kind of alluding to it with a number of things you said and it has to do with his setting of expectations, he's played a huge role in setting very high expectations that he consistently underperform on. He doesn't meet these expectations and it's an interesting point that you're making with Solar City which is, "Do I take a company that is not in the financial interest of Tesla to buy and to take all those debts on as a company, but if I let it go bankrupt, what is that going to do to the veneer?" What is that going to do to the perception of me as a captain of industry? What is more important your point being that Tesla could ill afford to have Solar City go bust because it would negatively impact the company's perception which was even more important than his financials.

**Gordon Johnson:** 08:26 Correct. I mean, we think perception --

**Demetri Kofinas:** 08:28 Is the name of the game here with Tesla.

**Gordon Johnson:** 08:30 Right. And more importantly their ability to continuously raise capital is the name of the game. I mean, we can talk about a number of things but for instance I can find you headlines that state in 2015 or 2016 that by 2017 Tesla will start construction on its China Gigafactory. I can find you headlines in 2017 that say in 2018 Tesla is going to start construction on its China Gigafactory. And now we're seeing those same headlines this year. These are all stories that are regurgitated to affectively give investors the perpetual carrot, if you will, in the distance to provide the incremental capital flow that Elon Musk needs to stay alive, and Tesla needs to stay alive. So it's a perpetual, I think, promise of things to come that we don't see the funding for, that appear ridiculous. For instance the Model Y, unveil, right?

**Demetri Kofinas:** 09:17 Which one is that the sports car? There was also the giant tractor trailer.

**Gordon Johnson:** 09:20 It's the next iteration to the Model 3. The Tesla Semi, the Tesla Roadster. Where are these cars going to be built. There was a huge unveil, the stock ripped when the unveil event happened, but where are these cars going to be built. We know that

they're maxed out at their Fremont facility, as well as their Nevada facility, so you would need another Gigafactory for these cars to be built. They signed a contract with the state of New York and they got billions of dollars of tax incentives for their Buffalo Solar Plant and now they're not producing the panels that they were supposed to produce, so that contract has effectively been voided. So you see all these things, and all these promises of future products and future things to come, and Musk continues to miss them.

- Demetri Kofinas:** 10:02 Another thing that you were saying when you were talking about the autonomous driving, first of all, I don't even know if the regulations allow for what he was promising in terms of being able to be driven from New York to California, right?
- Gordon Johnson:** 10:12 Right.
- Demetri Kofinas:** 10:13 I mean, a lot of the stuff that's come out since has been that there's been a lot of regulatory oversight. And that's other thing right, the recent criminal-
- Gordon Johnson:** 10:19 There hasn't been regulatory ...
- Demetri Kofinas:** 10:20 What do you mean when you say there hasn't been regulatory oversight?
- Gordon Johnson:** 10:22 There's a number of topics there, let's first focus on autonomous driving. So there's the arc investment fund that's invested in Tesla and has the \$4,000 price target. We had the opportunity to --
- Demetri Kofinas:** 10:31 Cathy Wood's fund.
- Gordon Johnson:** 10:31 Correct. We had the opportunity to speak to Cathy and team, and it wasn't the most productive of conversations. One of the key questions we had is she put out an analysis that had valuations for Tesla and in both her bull and bear case she had the same EBITDA number. We don't know how that's possible. We asked her to answer that, she didn't. I would like to get that answer.
- Demetri Kofinas:** 10:53 You know it's interesting you bring up arc invest, I've seen a lot of things come out of that company. I don't know Cathy and I don't know much about the company, but I have also been perplexed by it. I haven't really read any follow-up. I mean, are they a big investor in that company?

**Gordon Johnson:** 11:04 I don't know if they're a big investor but I think they've been given a lot of spotlight in a number of different media outlets, most frequently I think, of which, is CNBC. But what I wanted to highlight is the bulk of their investment case, \$4,000 price target, is based on Tesla's autonomous driving technology. And why we find that interesting is Navigant Consulting, who we've been looking at and using as a consultant since 2008 when we initiated on solar, recently did an analysis of all the autonomous technology out there, Waymos, GM's, et cetera. Tesla tested, or came in, at the very bottom of the heap.

**Gordon Johnson:** 11:43 Keep in mind, Tesla has not invested in redundant systems like power steering and breaks and cameras, the likes of which Waymo and GM have. The problem there is, if you have one point of failure and you don't have the redundancy, which Tesla does not have, you could have a catastrophic event happen. For instance, I think earlier this week or last week there was a Tesla car that was in autonomous mode that drove head on into a pickup truck, and the driver, I don't know if they died but they were in critical condition. In fact, if you look at the amount of deaths that had happened in the Tesla cars versus other luxury sedans, it looks like Tesla tests at the very worst of luxury sedans. In addition to that, the new autonomous technologies that are being implemented by the likes of GM, Waymo, et cetera use lidar which is significantly more efficient than radar, which is what Tesla uses.

**Gordon Johnson:** 12:34 So Tesla is not investing in their autonomous technology, they rank at the very bottom of the batch, so to use that as a means to justify a \$4,000 price target baffles us, quite frankly. And despite that fact, she's constantly on CNBC stating her case. And I just think that media outlets need to vet these people more before they give them a platform, I think, to potentially mislead investors.

**Demetri Kofinas:** 12:57 So bizarre. She had also put out another tweet not long ago and it was something about encouraging Elon. I don't remember what it was but I've actually noticed a number of things, because I've also seen some of the things she said in crypto which I also find very bizarre. So does Tesla have any type of propriety tech?

**Gordon Johnson:** 13:12 No.

**Demetri Kofinas:** 13:12 Because they sell themselves as a technology company.

**Gordon Johnson:** 13:16 No they do not. In fact, I think they're way behind on autonomous. And one of the things that a bull could argue is

that Tesla has a lot of miles driven, but if you dig into the miles driven Google, Waymo, and GM are right up there with Tesla. So the point is, as more miles are driven, theoretically your autonomous driving technology becomes smarter, and that's one of the key points of differentiation that the bulls believe Tesla has verses others. As far as technology, Tesla is leaps behind everyone else, not just based on our opinion but also based on the deep dive analysis that Navigant did on the numerous autonomous technologies out there. But I also think the miles driven argument falls short when you actually look into some of the other technologies out there and the miles driven they have in their stock.

- Demetri Kofinas:** 13:56 One of the arguments that the bulls make is, okay they're willing to conceded that things could be better financially or that management could do a better job, but they say as far as the car is concerned it is shoulders above the rest, that once you drive one there's nothing better. But what you're saying there are quality issues, particularly with the Model 3. I don't know about the X or the S, but talk now about autonomous driving, are there any other quality issues related to the Model 3 that you think make it a poor car relative to the types of competitors, like the Jaguar, and the Audi, and the Mercedes, and the Porsche that are going to be coming online. Some of them already, I think November is when the Jaguar comes to the United States right?
- Gordon Johnson:** 14:33 Right, right. So you know this right, Bob Lutz was on CNBC the other day-
- Demetri Kofinas:** 14:37 I heard about it.
- Gordon Johnson:** 14:37 He said Tesla is going to the graveyard. And I was just talking to a friend on Facebook today and he has a Model 3 and he was saying how he loves it. And I asked him, I said, "Have you had any issues with the car?" And he said, "Yeah, there was some paint issues I had to take it in to be repainted initially." He said, "But you know that was done by the service center and I didn't have to pay for it." But if you go to sites like the Tesla Motor Club website you get numerous stories of paint issues, degradation of the battery when left out in the sun, gaps in the car that you don't see in other cars, windows breaking, the operating system shutting down, the battery going dead. I mean there's multiple issues.
- Demetri Kofinas:** 15:17 Haven't bumpers been falling off too?

- Gordon Johnson:** 15:18 Bumpers falling off in water. So it's funny I was meeting with a client the other day, and he's the portfolio manager and his analyst was there. I asked him, I said, "Would you buy a Tesla?" This was in San Francisco. And he said, "No." I said, "Why not?" I think they may be long in the stock, or long some call, actually they're long the debt. I said, "Why not?" He said, "Because the service center issues just really concern me." I think the point is, I think in the psyche of people who are paying attention this car has went from being this amazing fully autonomous car where you're not going to have to pay for gas, to being essentially a beta test model where you could potentially have your bumper fall off, or your window fall out, and your car is stuck in the service center for months. I think that is what is happening with a lot of these issues with the Model 3. When you're making cars in a tent, sometimes things like this can occur.
- Gordon Johnson:** 16:08 But the other thing I would highlight is people love to drive electric cars. Keep in mind, in the United States prior to 2017 there were no 100% battery electric vehicles with over 200 miles of range, zero. Last one the first one was the Chevy Bolt. Last year if you go back 2017 in the first half, Tesla thought their S and X sales were going to grow 66% over the first half. That number was only 6% growth in the first half. If you take the Bolt sales and you add those to Tesla's numbers, that first half growth jumps to like 55%. So when guys like Bernstein come out and says, "Tesla has no competition."
- Gordon Johnson:** 16:48 I think every battery electric vehicle with 100% battery electric vehicle with over 200 miles of range is competition to all of Tesla's cars. Because a lot of people in the EV market they're not looking for luxury versus non-luxury, it's more so a decision around electric vehicles. I think that there's real competition coming, and those cars too are going to have similar metrics to Tesla's cars. Are they going to be able to go 0 to 60 in 2.7 seconds, probably not. The Audi E Tron, the initial version 0 to 60 is 5.5 seconds. But a Lamborghini Aventador goes 0 to 60 in 2.5 seconds, I don't know if everybody wants that level of power in their car.
- Gordon Johnson:** 17:29 So the point is, there's going to be more electric vehicles that you can drive in the United States that are luxury. And I think people are going to find a very similar, if not better, driving experience in those cars from the electric vehicle, regenerative breaks, et cetera perspective, as they do with Tesla. So this whole idea that the car is great, I think that becomes a risk as more competition enters. And the competition is coming. We were at the Audi unveil event on Monday, and we were very impressed. And we can talk about it if you want.

**Demetri Kofinas:** 17:56 The E Tron.

**Gordon Johnson:** 17:57 Correct.

**Demetri Kofinas:** 17:57 Let's talk about it. Give me a second though, before we do that let's talk a little bit more about the demand side for Tesla. How have the last however many months all these disasters, the stuff with Elon with the funding secured, with Joe Rogan, and the financials, and all the bad press, and then on top of that whatever the reality is; how has all of that affected demand? Are we seeing any change in the demand? You mentioned some anecdotal cases but do we have any numbers that tell us what's going on the demand side?

**Gordon Johnson:** 18:23 That's a great question, we do have numbers. So there's a spreadsheet that's kept that effectively tracks VIN numbers, the spreadsheet updates daily. The spreadsheet was 97% accurate predicting 2Q production, it was 98% accurate predicting 1Q production. So based on that spreadsheet Tesla has fully exhausted its rear wheel drive long range Model 3, basically orders. So what I mean by that is nearly 98% of those orders have been met, so that demand is gone.

**Demetri Kofinas:** 18:54 Those are people that have put deposits down? Is that-

**Gordon Johnson:** 18:56 That is people who have ordered the car, they have received their car. So that backlog is gone, effectively, based on the spreadsheet. Now, what must be scary to people in our view is that the all-wheel drive long range and performance backlog appears to be nearly 60% saturated, meaning 60% of those orders have been met. This number, just last week was 55%. The way to think about that is, if we assume that Tesla has produced half of what the demand is, the demand is roughly 36,000 this is all wheel drive long range performance and nonperformance cars. We believe they have roughly just over 10,000 orders left, which at their current production rate suggests they're going to run out of US backlog at some point in October. These are real numbers that we've published on that nobody's talking about. You don't hear this on CNBC. You don't hear this on Bloomberg. You don't hear any of these analysts that consistently get put on TV talk about this, but you've got to look at the real numbers.

**Gordon Johnson:** 19:56 Here's the problem for Tesla, if they run out of demand that becomes a crisis. Because the problem is when you sell a vehicle in the United States you get a ZEV credit, which is effectively 100% gross margin revenue, you don't get those credits when you sell internationally. We know that Canada has cut their

incentives, which has significantly reduced demand for Tesla. I think a big executive in Canada left Tesla just today. We know that China has 40% tariffs now on imports, that was Tesla's second largest international market, we think that's going to be a big hit to them in Q3 and Q4. And we know that demand in Norway has fallen off of a cliff due to service center issues, among a number of other things.

- Gordon Johnson:** 20:33 So I want to talk about Q3 and the magic that we believe Tesla is going to pull to show good numbers, both revenue, profit, and cashflow, but I think that ... And this is our opinion, and if we're right, this is our assumption, we don't have anything to substantiate this, and we'll talk about it, but if they're doing what we think they're doing effectively, we believe that is why the CAO left, the Chief Accounting Officer left after less than a month on the job. We believe they may have crossed over into committing outright accounting fraud, and we could talk about that.
- Demetri Kofinas:** 21:00 So that CAO you're talking about is Dave Morton. He left, or it was announced that he left, on September 7th, and he had replaced the previous CAO who had left in March.
- Gordon Johnson:** 21:10 Correct.
- Demetri Kofinas:** 21:10 The HR, they're called Chief People Officer, had also left on the same date, and their vice president of worldwide finance and operations announced that he was leaving the day after. This forms an executive departures list that I think Chanos has been putting together, or whoever has been putting it together, it's pages and pages long.
- Gordon Johnson:** 21:27 Right. We have a list, it's three pages long. Just to put numbers around it, we don't even know if we're accurate right now, this was an August 8th number, but adding the executives who have left since then I think you have 43 total executives that have left in 2008 alone.
- Demetri Kofinas:** 21:42 2018.
- Gordon Johnson:** 21:42 2018. I'm sorry. 2018 alone.
- Demetri Kofinas:** 21:44 Because the list that I'm looking at was longer than three pages.
- Gordon Johnson:** 21:47 Oh yeah, but that's '17.
- Demetri Kofinas:** 21:49 Yeah, that was really long, yes, okay, okay.

**Gordon Johnson:** 21:50 '17 and '16.

**Demetri Kofinas:** 21:51 Three pages just in this year. So you were alluding to something that you think, a hypothesis about what's going on, why the Chief Accounting Officer left.

**Gordon Johnson:** 21:59 Correct.

**Demetri Kofinas:** 21:59 What do you think that is? It's your opinion, obviously.

**Gordon Johnson:** 22:02 Listen, Tesla is currently under investigation, at least two SEC investigations and one criminal Department of Justice investigation.

**Demetri Kofinas:** 22:09 Why don't you just walk us through some of those things too because those are more recent as well and some people won't know the details. When did the SEC announce its probe into Tesla? And when, I think, the criminal probe was announced by DOJ just a few days ago. We're recording this episode on September 20th, Thursday, I think that was announced on the 17th?

**Gordon Johnson:** 22:24 I believe so.

**Demetri Kofinas:** 22:25 The criminal probe.

**Gordon Johnson:** 22:26 Yeah. I don't know exactly the date that the SEC announced their investigation but the impetus for their investigation was Elon Musk coming out in early August and saying he had funding secured to take the company private at \$420 and that all he needed was a shareholder vote. Subsequent to that we found out he did not have funding secured, the Saudis were not interested, VW was not interested, and in fact, one of his shareholders, his biggest shareholder Baillie Gifford came out and said that he did not approach them about going private which lends credence to the idea that that was a complete fabrication, if you will.

**Demetri Kofinas:** 22:58 And I was going to say, and by the way not a small thing the Saudi Sovereign Wealth Fund that supposedly was going to give him that funding, or a big part of that funding just committed a billion dollars that came out either yesterday or today --

**Gordon Johnson:** 23:10 To Lucid, yeah.

**Demetri Kofinas:** 23:10 To Lucid Motors which is a competitor in Silicon Valley.

- Gordon Johnson:** 23:13 Correct. So they're currently under investigation, we believe, for those two things. But we learned yesterday that the SEC said that their investigation is wide ranging, meaning it potentially is not just on the funding secured tweet but also other things. And let me tell you what those other things may be. So Elon Musk has a debt maturity, the Solar City bonds, due in November, it's just under 300 million, and he has another roughly 1 billion of bonds due in March. And the key is, if he can get the stock up above \$360, instead of having to pay that debt in March it converts into stock. And as a result of this Department of Justice investigation we think it will be very hard for Tesla to raise money right now. We think that Q3 is the make or break quarter, they're going to try to do whatever they can to show good numbers, and let me tell you what I think they're going to do.
- Gordon Johnson:** 23:58 So just look at what they've done right? Two weekends ago they had a come to Fremont and get your Tesla, drive off the lot right now. Meanwhile, you have guys that have put down 1,000 and maybe in some instances \$2,500 to configure their car who are still waiting for their deliveries. But in addition to the events like at Fremont you're seeing things like, "If you buy by September we'll give you free supercharging for this amount of time." There was a clipping that came out today where Tesla went out to one of their delivery candidates and said, "If you buy the car before September we'll pay your last two months of loans on your existing Tesla vehicle." The point is, they're pulling out all the stops, they're providing discounts, they're doing everything they can to boost the sales number. So I think that's important.
- Gordon Johnson:** 24:41 Now the problem is, when you do that it makes the top line look good, but it hurts your profit. But here's what I think they're doing on the profit line and where they could potentially be committing fraud. And this is our view, purely our view. So typically what happens when companies do things like this if they want to boost the profit line what they do is they take expenses from things like cost to get sold, R&D, and overhead and instead of expensing those things on the income statement they move them over to the balance sheet. So a lot of R&D, a lot of expenses that go into running your business you capitalize. So what that does is it effectively makes your margins look a lot better than they otherwise would have looked like. So effectively we feel like Tesla is engaging in these accounting shenanigans to say, "Look, our volume's up, our profit's up, so we're doing what we said we were going to do."
- Gordon Johnson:** 25:31 Meanwhile, really what they're doing is pulling a bunch of one time lovers where they're pulling in demand and boosting profit

inorganically. And we think that when the CAO, the Chief Accounting Officer who recently left came in and saw this he said, "Thanks but no thanks" and jumped out of there quicker than a kangaroo on a trampoline. And I think that you're going to see that in this quarter. Now the question is, if you do all these things, okay that looks great on your income statement, revenue up, profit up, but it looks horrible on your balance sheet and your cashflow. But here's what I think they're doing to solve that problem. They're doing a lot of things where they're asking people to configure and taking deposits in. And then what they're doing is delaying the delivery of the car. So you take a deposit in, and guys who thought they were going to get their car in 3Q or even in 1Q are being delayed to 4Q and 3Q so you're taking money in, you're not delivering the car, and then you're offering all these incentives to sell more cars right now. So you're doing whatever you can to boost your income, boost your profit, and also boost your cashflow inorganically. It's immoral, it's illegal, and it's bad for business long term.

- Demetri Kofinas:** 26:42 It is illegal. This is accounting fraud.
- Gordon Johnson:** 26:42 This is accounting fraud.
- Demetri Kofinas:** 26:41 It qualifies as accounting fraud.
- Gordon Johnson:** 26:42 This is what we believe they may be doing and may do in Q3 to boost numbers. It's illegal, it's immoral, and it's bad for business long term. But given where the company is at from a cash flow perspective, we think they may be at the point where they're saying, "Hey so what? We're going to give it a last ditch effort and we're just going to try to really boost the numbers to get people happy." But here's the problem, you now have the Department of Justice investigating you. You have the SEC investigating you. The US Government with all of their resources will probably find stuff like this as their investigation becomes more wide ranging. But we think Tesla doesn't care. When we say Tesla, likely Elon Musk. We think a lot of the reason why you've seen these executives departures is because things like this are being done. These guys see the actual books.
- Gordon Johnson:** 27:28 The Department of Justice if they do their job, they're going to see if this is going on. And where you'll notice things like this happening is if you see an unexpected boost in Cap X in Q3, or you see an unexpected boost in some balance sheet asset item as you take expenses out of your income statement and capitalize them, or put them into your balance sheet. Does that make sense?

**Demetri Kofinas:** 27:48 Yes, I mean to some degree. I mean you know this stuff a lot better than I do, but essentially the point about the executives is they're the canaries in the coal mine. It's the information that's telling you that there's something deeply wrong with the company, which is what Chanos has been harping on for a while, and it's what we had seen with other companies like ENRON.

**Gordon Johnson:** 28:03 Right. I mean, you've read the book Bad Blood about the Theranos debacle.

**Demetri Kofinas:** 28:06 Yes, I have.

**Gordon Johnson:** 28:07 One of the chapters was completely dedicated to executive departures, and Tesla has seen more executive departures, I think, than any other company in the short frame that we started to see executives leave. So it is certainly a canary in the coal mine, but it's just investors are ignoring it right now.

**Demetri Kofinas:** 28:23 But in the case of Theranos we have a lot of those stories that were reported to The Wall Street Journal, or to authorities, do we know if any of these executives are talking? Do we have any kind of details besides these two whistle blowers, one of them who I don't even think was an executive right? Is the other guy an executive? Is there anyone high up in the-

**Gordon Johnson:** 28:38 There's more than two whistleblower. In the case of the Solar City lawsuit, there's several whistleblower who are alleging that they fraudulently boosted their numbers. In the case of Martin Tripp who was at Apple, then Tesla, then went back to Apple, he's alleging a number of things. One of which is he provided VIN numbers for cars that he claims had punctured batteries. So his claim is that one of the systems, the mechanical systems, malfunctioned and punctured a number of batteries, and instead of discarding those batteries Tesla effectively put putty over the batteries, again according to Martin Tripp, and put them back in the car, and he provided the VIN numbers for these cars. My question to everyone out there is why don't we get one of these cars and see if what he's saying is accurate. It should be pretty easy to prove. But he's also alleging that they inflated their production numbers. So these allegations are pretty robust and very specific. I'm not saying they're right, but I think that this is going to be something that both the SEC and the Department of Justice look into.

**Demetri Kofinas:** 29:32 Do you think that a lot of the other stuff that's ... Because this stuff that you're talking about here is totally wild, and crazy, and kind of scary. It's scary if you're an investor, but it's even scarier

if you just try to empathize with Elon and with the people of this company and imagine being in their position right now. It's just one of those things where they're just digging a deeper hole right?

**Gordon Johnson:** 29:48

Right.

**Demetri Kofinas:** 29:48

If this hypothesis has any sort of merit. I think just epiphenomenally it does. Do you think a lot of what has all the other noise, like the Azealia Banks, or whatever her name is, the friend of Grimes, his girlfriend, this stuff with Joe Rogan. A lot of the other stuff is just kind of smoke that Elon may just be putting out there because it's either slightly done on purpose to move attention away to something else, or that it's just part of some person under immense amount of stress because of what's really happening which is at the company with the accounting and trying to put a broken company back together again?

**Gordon Johnson:** 30:24

Right, I mean this is purely ...

**Demetri Kofinas:** 30:27

Speculation.

**Gordon Johnson:** 30:27

My opinion and speculation. The Azealia Banks stuff is interesting. I don't know if it's accurate, but we know that he smoked the spliff, we saw him do that. The interesting thing about that is the timing, right? The timing, when he did that he was under scrutiny for potentially being high when he sent out the funding secure tweet as Azealia Banks alleged that he was on acid. We don't know if that's true, seems far-fetched, but then he smokes the spliff, and it just shows, I think, more importantly potential lack of understanding of what your investors want, and poor judgment, and I think that's the bigger issue.

**Demetri Kofinas:** 30:59

But it was also a day before the slew of executive departures were going to come out right?

**Gordon Johnson:** 31:03

Right.

**Demetri Kofinas:** 31:03

I wonder, I mean it just makes me wonder because sometimes people have contorted ideas about what might work in their favor. Also, who knows, again this is totally speculation, maybe he thinks that defense could be that, "I was under the influence and so I put it out there and I didn't mean it, and it wasn't part of some ..." It's freaky and scary.

**Gordon Johnson:** 31:18 I mean, there's been some that have speculated he's trying to get fired, but it's funny his brother who's on the board, Kimball Musk went on CNBC and said Elon was doing a great job, with knowledge that the next day the news was going to come out that they're being criminally investigated by the Department of Justice for a tweet that he put out where he said "Funding secured" and he didn't have funding secured. So I just think there is very little oversight from the board. I think that similar, again, to the book, the Theranos book, one of the chapters in that book was dedicated to a board that's widely respected and each of the board members in their specific industries, but they don't know much about the industry that this company is involved in. I think it's the same case with Tesla and the board members in the auto industry. So it seems to me that the point is if he's trying to get fired, I don't think the board's going to do that. I think his best case, or best chance, would be if the Department of Justice and/or SEC were to force him out.

**Demetri Kofinas:** 32:06 Let's take a step back a moment and let's ask a question about the stock and why the stock is not reflecting all of this news. Not only is it not reflecting it, but in some cases, it perversely shares rise on bad news. I mean on August 1st when they released the worst quarterly earnings in their history the stock rose. The stock also rose after the criminal probe was announced by the DOJ.

**Gordon Johnson:** 32:31 Right.

**Demetri Kofinas:** 32:31 How is that possible?

**Gordon Johnson:** 32:34 I don't know. I mean it's baffling. But to the quarter, the expectation by the bears, including myself, was that they were going to burn just under 2 billion dollars in cash, and the cash burn was just under a billion, so theoretically that's a win. I think that's why the stock was up on the quarter. But you also had nearly a 300 million dollar increase in accounts payable and accrued expenses, which effectively are monies that you owe to your suppliers. You've had a significant increase in liens on Tesla where they're not paying their suppliers, and their suppliers are effectively issuing documents to try to collect on their money.

**Demetri Kofinas:** 33:07 There's almost like the important meat and potato stuff which is everything that you talk about it, and there's also the other stuff, the pedo guy tweet, the fact that he's now being sued by that guy in Thailand.

**Gordon Johnson:** 33:17 Well he called him a pedo right.

**Demetri Kofinas:** 33:18 Called him a pedophile.

**Gordon Johnson:** 33:19 His biggest shareholder came out and said, "Stop tweeting" and then he subsequently called him a child rapist.

**Demetri Kofinas:** 33:23 And now he's facing a lawsuit of defamation from this guy.

**Gordon Johnson:** 33:25 He said that he went to, I think Thailand, to marry a child bride, whereas his current girlfriend I think is just under 40 years old, and when he met her she was 33. I mean these are just outright mis-truths. And I say that, instead of saying lies, to try to be respectful.

**Demetri Kofinas:** 33:38 I noticed that in your newsletter also, you used that term 'mis-truths'.

**Gordon Johnson:** 33:41 Yeah, yeah, so it's just phenomenal what's going on. And you would think that a lot of investors in Elon Musk's stock in Tesla. I say Elon, but Tesla, you're talking about very large institutional investment shops that have risk committees. You would think that the risk committee at some point would say, "We don't want to have exposure to a person who is under criminal DOJ investigation, two SEC investigations and has a lot of executives leaving, many of which are finance executives." But you're just not seeing it. I don't get it, I don't understand it but ...

**Demetri Kofinas:** 34:15 Not only that man, but you made a great point in, I think it was in one of your recent letters to investors which is, if anything this gives institutional investors an easy out.

**Gordon Johnson:** 34:23 Right.

**Demetri Kofinas:** 34:24 You can say, "Okay look, it's not because I was wrong about this other analysis. It's the criminal investigation, this black swan event. I can get out and I don't have to face career risk for it." Right?

**Gordon Johnson:** 34:34 Right.

**Demetri Kofinas:** 34:34 Why are they not ... I mean again, it just doesn't make any sense.

**Gordon Johnson:** 34:37 I don't know. But I mean there's a lot of things that I see in the market that don't make a ton of sense. You look at some of these medical marijuana stocks like Tilray and what it's doing, a company that did 40 million in revenue trading at a 10 billion

dollar market cap. I mean there's just a lot of money that the fed has pumped into the market ...

- Demetri Kofinas:** 34:53 A ton of money.
- Gordon Johnson:** 34:54 That is allowing a lot of bubbles to build, and I think Tesla is one of the biggest. The problem with Tesla though is, our fundamental thesis when we initiated wasn't based on any of the pedo or any of these tweets, it wasn't based on fraud or anything, it was based on competition and that's still the bases of our negative view on Tesla.
- Gordon Johnson:** 35:11 We were at the Audi unveil event and the car, in our view, is extremely impressive. You look at the interior of that car, versus the interior of the Model X, I think the Audi beats it hands down. You think about the fact that Audi has been making cars for years and makes very high quality cars. You think about the fact that it's going to be at an 11.75 thousand dollar discount in the United States including the tax credit to the Model X, beginning January 1, 2019 when Tesla's tax credit gets cut in half. You think about the fact that via their VW's wholly owned JV, they're building 500 supercharger network stations across the United States, the average length of which between each one is 70 miles, and the most length of which between one is 150 miles.
- Demetri Kofinas:** 35:57 For Audi.
- Gordon Johnson:** 35:57 Audi. They're building out the supercharger network in the United States as part of the Delegate settlement. 2 billion dollars the first 500 million dollars of which is going to be fully deployed by July of 2019, 500 stations across the United States for the Audi E Tron. You think about the fact that the E Tron via its battery and via its technology, both AC and DC technology is going to be able to be charged 80% in 30 minutes. This is a phenomenal car. And you know we saw some reviews by peers that said the car wasn't great and their key takeaway was its 0 to 60 is 5.5 seconds, Tesla's Model X 0 to 60 is 2.7 seconds. I don't know a lot of moms who have SUVs that want Lamborghini Aventador acceleration to 60 miles per hour. I'll admit that that's cool, but I think that when you consider the discount, you consider the fact that it's Audi and you know you're going to have a service center that you can take the car to if there's a problem, you think about the supercharger network build out. There's 2 billion that they're going to invest in the supercharger network, first 500 million of which is going to be deployed by July. They're going to deploy another 500

million over the next roughly year. I think this is going to be real competition, not just to the Model X, but all of Tesla's cars.

- Gordon Johnson:** 37:05 And coming behind that you have another three EVs that Audi is going to introduce by 2020. You have the Porsche Mission that's coming next year. You have the Jaguar I-Pace coming this year. We count over 100 cars, 100% battery electric vehicle, over 200 miles of range that will be in the US market by 2025 that's a big problem for Tesla because they haven't had competition, zero competition until last year where you had the first car, the Chevy Bolt which was 100% BEV, over 200 miles of range. You have a lot coming from reputable producers. And Dieselgate was the worst thing that could have happened to Tesla because now VW has to invest in EVs and they are.
- Demetri Kofinas:** 37:44 You mentioned the subsidy; how important is the subsidy? I think at the end of December the first part of that subsidy gets cut, and then eventually they lose the rest of it in the next six months after ...
- Gordon Johnson:** 37:53 Right. So the way it works is the current subsidy is \$7,500. You buy a Tesla, you get a subsidy for \$7,500. January 1, 2019 it gets cut to 3,750. Then it gets cut in half again July 1, and then January 1, 2020 it gets completely phased out, it will be zero. So I think it's a big deal. It's also a big deal from the perspective of margins. If as the numbers suggest, this isn't our estimation, these are the numbers via the spreadsheet that's kept from the Tesla Motor Club, VIN numbers that are being reported, if they're going to run through their all-wheel drive, long range, and performance backlog, they're going to fully saturate that backlog at some point in October they could literally be in crisis at some point in October/November of this year. Crisis being they're producing cars, there's no demand.
- Gordon Johnson:** 38:41 And you've seen the pictures of the cars stacking up, thousands of Teslas across parking lots in California, La Thrope, in Burbank, as well as other cities where these cars are stacking up. Theoretically Tesla makes the cars to order, so they don't make a car unless there's an order, but that just can't be true if they're having events at Fremont where you're able to come in and pick which car you want and buy it. They've clearly produced speculatively and there wasn't demand for those cars. I think that's a big problem.
- Demetri Kofinas:** 39:08 It's funny because the story has been that they couldn't keep up with production.
- Gordon Johnson:** 39:11 Right.

**Demetri Kofinas:** 39:11 The idea was that they didn't get their manufacture, that it was a manufacturing issue, that supply was the problem. What you're saying here, and what you've been saying here in the course of this interview is that it's demand is the problem.

**Gordon Johnson:** 39:21 Right. I think supply constraints are still a problem for them, but I think demand constraints are the real issue. I don't think anybody's focused on that. Every single bull that goes on to CNBC, Bloomberg, BNN, all these channels, they talk about 5,000 cars per week of production. You could produce however much you want but if there's no demand you go out of business quicker the more you produce. I think the focus should be on demand, and nobody's focused on that, which is why we put out the note to show the numbers of what the demand looks like, and based on those numbers, it doesn't look good.

**Demetri Kofinas:** 39:50 Are these people not doing their homework?

**Gordon Johnson:** 39:51 No.

**Demetri Kofinas:** 39:51 Are these analysts-

**Gordon Johnson:** 39:52 No they're not, no. I mean we were on CNBC and there was the guy, I think his name is Martin Tripp, he was saying that Tesla is the only company that has a supercharger network. False. He was saying Tesla's the only company that has guys willing to put down money for pre-orders. False. And a number of other things he was saying that Tesla has the best autonomous based on Navigant. False. It's just mis-truths. And have a bull on. I'm a bear. Have a bull on and get their argument. I mean it's so weak. And ask them, how do you get to these numbers? How do you put pen to paper and make this make sense? And they'll give you some pie in the sky theory of Elon Musk is a genius and electric vehicles are going to take over. And that just doesn't get you there.

**Gordon Johnson:** 40:30 But the reality is this, Tesla has been enabled to survive based on premises that they didn't keep. They were supposed to have a Chinese Gigafactory in 2017, they were supposed to break ground in 2017, they said that in '16. In 2017, it was 2018, and now it's next year. They were supposed to be doing over a billion dollars in revenue in their power wall and power pack business. They're basically doing nothing. They were supposed to be producing 10,000 Model 3s per week, now the target is 5,000. All these promises though when he gives them years back boost the stock. The problem though now is they're running out of cash, and it seems like their ability to raise money is significantly debilitated by these investigations. So I

think that no matter how bullish you want to be, at some point if you're not generating cash, the doors get closed.

- Demetri Kofinas:** 41:16 Well that was the other question I was going to ask you, what material impact do these investigations, particularly the criminal probe, have on Tesla's ability to raise capital? And what is their current funding situation? And in some scenarios for you, what are the scenarios and how much cash do they have to burn before they can't operate their plant, they can't operate their company?
- Gordon Johnson:** 41:36 Right. I think what they're doing now is they're relying on their customers to fund their losses.
- Demetri Kofinas:** 41:41 That goes back to your point, it's not exactly a pyramid scheme but you're talking about something that sort of resembles that which is that, "Let's get what we've got right out the door no matter what".
- Gordon Johnson:** 41:49 No, here's what they're doing, they're going to say whatever they can to get your deposit money.
- Demetri Kofinas:** 41:54 Exactly.
- Gordon Johnson:** 41:54 Then they're going to delay your delivery for as long as they need to until they're able to do their next round of capital raise. So if this investigation goes on, I'm not a securities lawyer, and I've been in contact with one, and it's not clear whether they're precluded from raising cash under DOJ criminal investigation but they would have to disclose everything that is known, i.e. why they're investigating, what this wide ranging SEC investigation. They'd have to disclose in the prospectus in the filing what all of those things are and they may not want to disclose that which is why they haven't raised cash. In addition, investment banks may not be willing to risk raising cash for them given these investigations are ongoing, so that may be the problem. So I think to your question, with respect, what is their funding situation, I think what they're doing now is they're aggressively doing whatever they can to get deposits which provides them cash to fund losses, and then delaying those deliveries to those deposit holders until they can do another capital raise. The problem is that only lasts for so long and long term that's bad for business because you're effectively promising somebody something and then not delivering.
- Demetri Kofinas:** 43:00 And to get the stock up. They want to get the stock up for the same point we discussed before.

**Gordon Johnson:** 43:03 Right, the reason why they want the stock up is they need to get that stock to 360 so when that billion dollars, roughly, comes due in March they don't have to pay it out in cash they can pay it out in stock.

**Demetri Kofinas:** 43:12 Okay, so let's talk about best case scenarios okay.

**Gordon Johnson:** 43:14 Right.

**Demetri Kofinas:** 43:15 What, in your view, is realistically speaking, the best case scenario for Tesla that you could foresee that could allow them to turn the situation around. By turning the situation around, I don't mean that the company is all the sudden become profitable and it's going to ride off into the sunset. I just mean the best case scenario, whatever that is. What is that for you, realistically speaking based on what you're seeing here?

**Gordon Johnson:** 43:36 It gets worse every day but I think the best case scenario would be Elon Musk leaves the company, they bring in a real auto CEO that knows how to run an auto company, there's a significant restructuring that's done. They revamp their production process to make it profitable, and they start producing cars profitably. Under that scenario the stock is down massively, but I think that's the best case scenario.

**Demetri Kofinas:** 43:57 Do we know anything though about his managerial style? Because can someone step in? Can another person step into Tesla and actually manage that company or is it set up in such a way where ... It seems like such a disaster from the outside.

**Gordon Johnson:** 44:09 I mean, when you say "Do we know anything about his managerial style?" You've had roughly 44 executives leave in 2018. Accounting officer left in less than a month. So I don't know his managerial style because I've never worked with him. In fact, I've only spoken to him once and that was on a Solar City call, it was very weird-

**Demetri Kofinas:** 44:24 How was it weird?

**Gordon Johnson:** 44:25 Well it's just when ... I don't know if you've been on these calls.

**Demetri Kofinas:** 44:26 How many people were on the call? No I haven't.

**Gordon Johnson:** 44:28 But he's unlike any CEOs I've ever heard on a call. Typically CEOs are very specific, when they say something you understand what they're saying. A lot of times he's kind of mumbling in the not ...

**Demetri Kofinas:** 44:37 He does mumble a lot.

**Gordon Johnson:** 44:38 So I found that awkward. Clearly, he's an innovator, clearly, he's done amazing things, you can't take that away from him, but I just think from the perspective of running a company he has big problems. Here's what we've heard, and this is rumor so we don't know if it's true, but what we've heard is that the employees at Space X really, really want him to stay at Tesla because they don't want him to come over to Space X and start causing similar problems that he's causing at Tesla. So if that's true, which we don't know if it's true, but that's what we've heard that would suggest ...

**Demetri Kofinas:** 45:09 You've heard this from employees at Space X?

**Gordon Johnson:** 45:11 Yes, yes. That would suggest that his managerial style is one that's quite tough at times.

**Demetri Kofinas:** 45:17 He's a free roamer.

**Gordon Johnson:** 45:18 But as are many innovators and CEOs of companies, so I don't know if that's such a bad thing. I think the bad thing comes in with some of the questionable actions he's taken like "Funding secured, all we need is shareholder approval", the smoking of the spliff when people think he's doing drugs, and the knot.

**Demetri Kofinas:** 45:35 Well I derailed you a bit and I do want to get back into these range of outcomes, but I thought about this a little bit and I'm trying to think about what is it about Theranos and Elizabeth Holmes, and perhaps Elon Musk that differentiates him or her from Steve Jobs or other people who are famous for having fake demos and have inflated expectations. I wonder if it's just simply one executive is successful and the other one isn't, you know?

**Gordon Johnson:** 46:01 Right.

**Demetri Kofinas:** 46:01 And he's now caught and a situation where it's not working and he's just digging deeper, he's using the same tools that he's using before and it's not working and it's just digging deeper and deeper into a hole. And we did see something like this with ENRON, we have seen this with other companies.

**Gordon Johnson:** 46:15 Right, right. Where Skilling, when the DOJ came and he said, "I welcome the investigation and then we found outright fraud." I hate that this company keeps getting compared to Apple and Amazon, technology companies. This is not a technology

company, it's an automotive company. And I think the opinion and views of Bob Lutz and those in the auto industry are much more important than the opinions of tech geeks. There is technology that goes into the Tesla car, but there's nothing that differentiates their technology. In fact, as I stated-

**Demetri Kofinas:** 46:44

They're laggard.

**Gordon Johnson:** 46:44

Their autonomous is actually lagging based on Nav against everyone. I think that it's not fair to compare him to these guys because he's never run a company that's been profitable, ever, including, I believe PayPal. The difference is Apple made stuff that made money. Amazon makes stuff that makes money. Tesla does not, and we don't see it happening any time soon. I think what he's going to continue to do is give you this carrot where he's saying, "We're going to do the Gigafactory in China. The Model Y is coming. The Tesla Semi is coming. The Roadster." And give you this carrot in the future so you can continue to give him cash to fund current losses.

**Demetri Kofinas:** 47:17

So let's go back in that, under-

**Gordon Johnson:** 47:19

Let me just say one thing.

**Demetri Kofinas:** 47:19

Yeah.

**Gordon Johnson:** 47:20

If the market goes into recession and this widely available capital is pulled I think that one's dynamic that could spell the end of Tesla.

**Demetri Kofinas:** 47:27

That's a shit show. There's a whole shit show storm that could possibly come. But where we are, we are right now so let's not even introduce those variables. But in your best case scenario you're saying Elon Musk leaves the company, they bring in a CEO who can clean up the mess. And then what happens then? They get the stock to a certain place and the financials to a certain place where they can take the company private or sell it to a third party? What's the exit strategy there? I don't know. It doesn't sound to me like-

**Gordon Johnson:** 47:50

They restructure the balance sheet, they take a number of write offs, they revamp their production facility, which is going to cost a lot of money, and they start producing cars profitably. Under that scenario the stock is significantly lower than where it is now, but I think that's the only way that this company survives.

**Demetri Kofinas:** 48:07 So you give me what you think are some of the more probable scenarios that are going to unfold.

**Gordon Johnson:** 48:11 Yeah, I think the more probable scenarios are, if they engage in accounting chicanery in 3Q which we think is definitely a possibility because it's make or break in Q3, the stock goes higher, potentially it goes to 360, I have no idea where the stock's going to go, then in Q4 as they've basically run through all their demand and pulled all the levers things completely collapse. You see a huge cash burn, and it gets worse in Q1, and at some point, next year they file Chapter 11 bankruptcy and the stock literally goes to 0. That's not our price target, our price target is \$88 that's where we think it's going. But I think that if they were to file Chapter 11, in all likelihood the stock would go significantly lower. So unless they pull the levers that we think they need to pull to restructure and bring in someone else, we think that they have one last hurrah in Q3 backed by a lot of accounting chicanery that could border on the line of fraud, which is why we think potentially some of these executives have left. Again, this is our opinion. I'm not saying it's right.

**Demetri Kofinas:** 49:10 I understand.

**Gordon Johnson:** 49:11 And then things get much worse in Q4.

**Demetri Kofinas:** 49:13 So based on that analysis, let's say fraud has been committed and based on the criminal probe, does that mean there are certain areas, realistic scenarios where Elon Musk goes to prison?

**Gordon Johnson:** 49:22 Yes. I don't see how he avoids going to prison on the "Funding secured" tweet and saying that "all we need is shareholder approval." That was clearly, in our view, manipulation of the stock, where the hurdle is if over \$500,000 of loss were caused it becomes criminal. We know that the Shorts lost more than that, and where the stock is right now we know some people who bought at 370 lost more than that, or close to 370. So I do think that it's definitely possible that Musk goes to jail for stock manipulation. If I manipulated the stock I would go to jail, but I'm not the CEO of a 50 billion dollar company.

**Demetri Kofinas:** 49:57 Remarkable story, and it keeps giving or taking depending how you want to look at it.

**Gordon Johnson:** 50:01 Right.

**Demetri Kofinas:** 50:01 Gordon, I appreciate you. You're a fantastic guest. Thank you for coming on the program and laying this all out for us.

**Gordon Johnson:** 50:06 Absolutely. That was an hour?

**Demetri Kofinas:** 50:06 Yeah, that was an hour.

**Gordon Johnson:** 50:07 That went fast, you know.

**Demetri Kofinas:** 50:09 Thank you very much.

**Gordon Johnson:** 50:09 I got more to say, but we'll leave it there.

**Demetri Kofinas:** 50:12 Thank you, thank you.

**Gordon Johnson:** 50:13 Absolutely.

**Demetri Kofinas:** 50:14 And that was my episode with Gordon Johnson. I want to thank Gordon for being on my program. Today's episode was recorded at Edge Studio in New York City. For more information about today's episode or if you want easy access to related programming, visit our website at [HiddenForces.io](https://HiddenForces.io) and subscribe to our free email list. If you're a regular listener to the show, take a moment to review us on Apple Podcasts. Each review helps more people find the show and join our amazing community. Today's episode was produced by me and edited by Stylianos Nicolaou. For more episodes you can check out our website at [HiddenForces.io](https://HiddenForces.io). Join the conversation at Facebook, Twitter, and Instagram at [@HiddenForcesPod](https://www.instagram.com/HiddenForcesPod), or send me an email. As always, thanks for listening. We'll see you next week.