

Demetri Kofinas: 00:00:00 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 and subscribe to our free email list. If you want access to overtime segments, episode transcripts, and show rundowns full of links and detailed information related to each and every episode, check out our premium subscription available through the Hidden Forces website or through our Patreon page. And remember, if you listen to the show on your Apple podcast app you can give us a review. Each review helps more people find the show and join our amazing community. And with that, please enjoy this week's episode.

Demetri Kofinas: 00:00:50 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: 00:01:13 My episode this week is a continuation of our coverage of the electric car manufacturer Tesla and features an anonymous guest whose identity will remain hidden but whose voice will be heard for the first time ever on this podcast. The focus of today's conversation is \$TSLAQ. A reference to the organizing hashtag used by a growing, emergent network of investors, chemical engineers, airplane pilots, car mechanics, and just about any other career grouping you can imagine. What unites all of them is their outrage at, and in some cases their speculation in Tesla, its practices, its statements, and its prospect as a car company and as a stock, which according to many members of this community represents the short sale of the century. My interest in Tesla has grown organically and my objective with these episodes is to chronicle, document, and expose through a series of conversations with journalists, short sellers, and critics, statements and practices that I believe conflict with the narrative of Tesla as a growth company operating at the cutting edge of technological innovation.

Demetri Kofinas: 00:02:29 Nothing I say on this episode can or should be viewed as financial advice. All opinions expressed by me and podcast guests are solely our own opinions. And as is the case with all of my episodes, these conversations are for informational purposes only and should not be relied upon as the basis for financial decisions.

Demetri Kofinas: 00:02:53 One of the core missions of Hidden Forces is to bring high quality conversations and thoughtful analysis to the most

important issues of the day. Tesla sits at the intersection of so many of the forces that we have documented and explored on this program, and I believe that our coverage of this company, its practices, and its prospects will prove prescient in the months and years to come. And with that, let's get right in to this week's episode.

- Demetri Kofinas:** 00:03:26 What's up everybody? I have a very special episode in store for all of you today and a very special guest to intro to you as well. But before I do that, I want to make very clear that all opinions expressed by me and podcast guests today are solely our opinions and should not be relied upon as the basis for financial decisions. This episode of Hidden Forces is for informational purposes only.
- Demetri Kofinas:** 00:03:50 Now, I'm going to intro my guest. I'm actually going to let him intro himself. And I'll also say that we're going to have a second guest who has come on the program before, also to talk about Tesla, to come onto this show halfway through. Similar to how we did with Lawrence Fossi, a.k.a. Montana Skeptic, about a month and a half ago. So, why don't you speak into the microphone?
- TeslaCharts:** 00:04:11 Good afternoon Demetri. It's a great pleasure to be here. I am known as TeslaCharts. I run the Twitter account by that handle and for the purposes of this podcast you can call me TC.
- Demetri Kofinas:** 00:04:21 TC. All right TC. It's great having you on. The audience doesn't know this but we tried to do this once before and I tried to intro you and it was a total disaster, and I just thought it'd be better if you would speak directly. So let's get right into this. First of all, for those people who do not know what TeslaCharts is, let's talk to those people first. What is TeslaCharts and who is TeslaCharts?
- TeslaCharts:** 00:04:42 TeslaCharts is a Twitter account that I started a little over a year ago and if you would have told me when I started this account a year ago that I'd be sitting here in New York talking to you on the Hidden Forces podcast, I wouldn't have believed it. The mission statement of the account is to unabashedly serve the confirmation bias of Tesla bears. And it was sort of a social media experiment on my part. I listened with great interest to an episode of Hidden Forces that you did a few weeks ago with Cal Newport talking about the dangers of social media. I've done the exact opposite of all of his advice. I have decided to jump right in, swim in the dopamine, figure out the algo, and see if I couldn't take my passion, which is data visualization, and my current obsession, which is Tesla and the stock, and

combine those two and make an impact on social media. So, I run TeslaCharts anonymously which we can get into. TeslaCharts is one of many really, really great and brilliant \$TSLAQ accounts, which I'm sure we'll touch on as well. But, I basically take complex financial data around Tesla and try to make great visuals. It's my passion. In my heart of hearts I really love to distill complexity into great visuals.

- Demetri Kofinas:** 00:05:55 We'll get into that and we'll also get into \$TSLAQ which is really the main subject of today's episode. Before we do that, give us a quick sense of who you are. We're not going to give your name out during this episode and we'll talk about why that's important and the subject of anonymity within \$TSLAQ, but tell us a little bit about who you are.
- TeslaCharts:** 00:06:13 I'm a scientist by training. Immigrated to the US for graduate school. It's a great privilege to live in the US. I'm proud to be a citizen. I did a hard science - I did graduate work in one of the hard sciences and then embarked on a multi-decade corporate career. Did quite well. But recently decided to chart my own path and to pursue my own personal passions and TeslaCharts is just one of the outlets of my current passions. So by and large I run my own business and pursue my own passion. I do a lot of private investing, angel investing, venture capital, hear a lot of pitches. But mostly these days I just run TeslaCharts. I've been fortunate enough to achieve a certain level of economic freedom and I intend on extracting all the value that I can from that economic freedom because I know it's precious.
- Demetri Kofinas:** 00:07:02 So you are the most visible member of \$TSLAQ that remains that I've come across. I don't know if that's true or not but certainly from my perspective and I'm not in it like everyone else is. Before you it was really Montana Skeptic. Or at least he became the-
- TeslaCharts:** 00:07:18 Mark Spiegel-
- Demetri Kofinas:** 00:07:19 Mark Spiegel, of course. Actually, forget that. Let me take that back.
- TeslaCharts:** 00:07:21 I'd say he's probably higher profile.
- Demetri Kofinas:** 00:07:23 Mark has a big mouth as he says, and he uses it. So, it's true. Actually there are a number of huge personalities in this space. Mark definitely is the biggest one. I take that back. But you're definitely there. You're a prominent voice and you have a lot of credibility. What role do you play in this community?

TeslaCharts:	00:07:39	It's interesting. So the community is very dynamic. I would say that it's leaderless in the sense that it doesn't have a command and control.
Demetri Kofinas:	00:07:46	It's a hydra.
TeslaCharts:	00:07:47	It's very kinetic. People have come and gone. People have gotten over their skis in the trade and got stopped out of their shorts or gotten fed up with the name and moved on or have been doxed and have decided to take their accounts down.
Demetri Kofinas:	00:07:58	Which we'll talk about as well.
TeslaCharts:	00:07:59	Absolutely. My role is primarily data visualizer, but also because the vast majority of \$TSLAQ are anonymous there's sort of an informal code of vouching for people. So if you get to know somebody and somebody else wants to talk to them you can say "Hey, Spiegel says this person is okay", or "Fossi says this account is cool", and you can direct message them without fear of being doxed. So there's a lot of that that goes on as well amongst the sort of more prominent members of \$TSLAQ. So directing traffic, policing each other, making sure. And one of the beautiful things about \$TSLAQ is if I post something and it's wrong or I have a typo or I've misinterpreted the data, \$TSLAQ's the first to call me on it. My DMs will like up and I'll either delete the post or repost it or clarify it. So everybody has that role as well. It's a self-correcting, crowdsourced, peer reviewed ... Really the biggest experiment in financial Twitter crowdsourcing of our time.
Demetri Kofinas:	00:08:57	Let's talk about this crowdsourcing phenomenon. We did an episode called actually Crowdsourcing and New Power in the 21st century with Jeremy Heimans and Henry Timms going back a while now. I think it was episode 48 or something like that. This is certainly enabled by technology. Social media, Twitter specifically. It is a revolution in terms of how investors, activists, short sellers are researching and processing information about a company. In the past you have people like Jim Chanos do a lot of proprietary research and then they would share that with members of the media with whom they cultivated relationships and they would use the media to try to get the message out to the public and try to put pressure on the stock.
Demetri Kofinas:	00:09:42	One of the things that's different about this is that first of all, besides being a community it's also not all short sellers right?
TeslaCharts:	00:09:49	Correct.

Demetri Kofinas: 00:09:49 It seems that what unifies everyone, and this is a growing community, is their general contempt for Elon Musk, who they view as an abomination.

TeslaCharts: 00:10:00 Yeah. I'd phrase it slightly differently and I agree conceptually. I think \$TSLAQ is the product of experts in their own particular field that Elon has waded into. And so I describe the phenomenon as the realization. And the realization happens when you know something inside out, Elon comes into your field, makes what I believe are knowingly outrageous and most likely false statements that you know in the moment are false, and then he ridicules you for not having thought of them. And once you've had that realization in any particular field, you can't look at him the same way after that. So there's this amazing polarity of opinion on him which is either he is the Edison of our times as we heard on CNBC just yesterday, or you think he's a charlatan and a carnival barker, which is the icon of my Twitter account, famously, that I've branded so you could see which side of the aisle I fall on.

TeslaCharts: 00:11:00 And for me, he came into a field that I knew a fair bit about which was solar technology and the solar shingle reveal in particular and after I watched that reveal I just couldn't let it go. I knew in the moment that the product was likely fake and Fast Company has since reported that it was. This was back in October in 2016. And it's not really materialized as a commercial product. It was used to justify the SolarCity acquisition which some would call a bailout. Ever since that moment ... I remember the moment. I was watching the reveal on YouTube and watching him hold what I thought was a fake product, in the moment, and I could never look at him the same again. So then when you dig further and further and further, everywhere you look it's the same pattern.

TeslaCharts: 00:11:40 So \$TSLAQ is really a bunch of experts from a variety of different fields. Artificial intelligence. I'm sure there's a new influx of boring tunnel engineers after the boring company reveal a few months ago. Automotive manufacturers.

Demetri Kofinas: 00:11:56 I say they're contempt and they view him as an abomination because of some specific tactics that he relies upon. I mean he definitely bullies people.

TeslaCharts: 00:12:06 100%.

Demetri Kofinas: 00:12:06 Think we could agree about that. And I think that, first of all I've said this before and I'll say it again, I'm not short the stock. I have no financial position in this company whatsoever. And

when I began covering it, the first episode was with Charley Grant. So I didn't come into it with any bias, I just knew that there were certain people that I respect that had a bearish view on the stock. But as I've looked deeper into what has been most upsetting for me has been the way that he has behaved. His behavior I think is the most revealing quality that traverses across disciplines. Just a lot of really abhorrent behavior. And that kind of brings me to another question, which again I feel like either we touched on directly or indirectly already, which is anonymity.

Demetri Kofinas: 00:12:50 So this emergent phenomenon, \$TSLAQ, which is this network of people who use the hashtag \$TSLAQ, dollar sign Telsa-Q, which as I understand is a reference to the inevitable bankruptcy of the company. Because when you put a Q at the end of a ticker, that's what you do when the company's bankrupt. The company is not bankrupt, to be clear. But, so many people in this community are anonymous. I put together this mosaic here in my rundown of \$TSLAQ accounts. I fully expect that there are going to be many people that are going to retweet and like this episode from \$TSLAQ. I will go through that tweet and I'll look to see who else I can add to this mosaic and I'll be putting that in the rundown. But so many of these accounts are anonymous. People like @TeslalsWorthZero, who I think actually was recently suspended by Twitter. And we'll talk about that. Machine Planet, Investor Gator, "Elon Says" (@ElonBachman), El Gato Malo, elmerFUDD, a really well known account. So all these anonymous accounts of people doing incredible amounts of work. Why is that? Why are they anonymous?

TeslaCharts: 00:13:50 Lots to unpack there. First thing I would say is successful, well run, legitimate companies spend no time thinking about short sellers. And Elon spends an enormous amount of time thinking about short sellers. Which is basically ringing the dinner bell for people who do this professionally. I should say I am short the stock and like you, don't listen to my opinions as investment advice but you should certainly hear my opinions through the prism of me being short the stock via put options and my personal bias on it. The reason most people prefer to stay anonymous is because Elon is, I think, quite vindictive and has bullied people and bullied whistleblowers allegedly. There's credible allegations that we can get into of taking advantage of doxed information to call people's supervisors. Famously, Montana Skeptic was doxed by somebody. That information made its way to Elon and Elon called his boss and threatened to sue if he didn't stop tweeting and writing on Seeking Alpha about the company.

Demetri Kofinas: 00:14:51 Well, he also shared that information with the media. I think a spokesperson for Tesla shared his employer's contact information.

TeslaCharts: 00:14:57 Correct. There's a great account, Pack Watson, a \$TSLAQ. She is a former nurse I believe at Tesla and tried to blow the whistle on allegedly credible allegations that somebody called child protective services on her children and filed a complaint with the licensing board in the state that she works in, in California. Famously Martin Tripp tried to blow the whistle and talking about defective batteries finding their way into Model 3 cars and had worked with Linette Lopez, who's a reporter for Business Insider. Martin Tripp was allegedly ... Swatted is the term. So a false accusation of imminent threat to the Gigafactory was made against him and the police went to his location. He has since, at least temporarily, left the country for fear of reprisal. So there's no good reason to be out there if you don't have to be. And it's a core first amendment issue, as long as you are-

Demetri Kofinas: 00:15:51 So what was the impact on \$TSLAQ of the doxing of Montana Skeptic and the subsequent deleting of his account? He deleted his account to be clear.

TeslaCharts: 00:16:00 He did. I would say that that was the unifying moment where \$TSLAQ went from a loosely held group of people doing research sort of on the down low to highly motivated, twice as large, much more active, much more obsessed because of what happened to Montana Skeptic. So you have to understand the context. Montana Skeptic, Lawrence Fossi, spent as much time on Twitter policing \$TSLAQ and making sure people were polite and making sure people were factual ... He spent as much time correcting \$TSLAQ and curbing the excesses of it. He spent as much time doing that as he did critiquing the company.

Demetri Kofinas: 00:16:39 How would he do that?

TeslaCharts: 00:16:41 He would call people out.

Demetri Kofinas: 00:16:42 Just out on Twitter?

TeslaCharts: 00:16:42 Absolutely.

Demetri Kofinas: 00:16:43 Just on the main feed?

TeslaCharts: 00:16:43 And people respected him so he was sort of the father of \$TSLAQ. Very well respected, he's a gentleman, he's a scholar,

he's very thoughtful, he's very polite, and was loved. I would say he was well loved. As much as you can love somebody behind an avatar that you don't know. You get to know people on Twitter.

Demetri Kofinas: 00:16:58

His avatar was Galileo.

TeslaCharts: 00:17:00

It was. And he famously spent as much time policing \$TSLAQ as he did critiquing the company. And when Elon went after him the sort of tribal instincts ... This whole social media experiment that I sort of alluded to earlier, I don't know hardly any of these people in real life and for most of the accounts you named at the top, I would do anything for them. Because you've gotten to know them over the many months that we've been in this weird experiment together and a famous example most recently of Elon's tactics I think and something I'm sure you want to discuss which is this whole Skabooshka affair.

Demetri Kofinas: 00:17:32

Yeah let's discuss that. What is Skabooshka?

TeslaCharts: 00:17:36

Skabooshka is one of the iconic \$TSLAQ Twitter accounts, previously anonymous.

Demetri Kofinas: 00:17:40

What was his profile picture? Like some weird cadaver?

TeslaCharts: 00:17:42

It's an old piece of art. Yeah.

Demetri Kofinas: 00:17:45

It was like a skeleton. It looked like a 19th century picture of a cadaver that had rotted.

TeslaCharts: 00:17:51

Yeah. I make art, I don't know it. But it was. Yes, correct. And Skabooshka came to become prominent in \$TSLAQ because of his ability to monitor production at Fremont. Apparently he lives close to the plant and had gotten quite good at observing the plant and the comings and goings of the various trucks and cars coming out of production. And he got quite good at predicting what for example the Model 3 production would be as it was ramping or trying to ramp and I think that got under Elon's skin. He had been doxed probably six or seven months ago. The thing about doxing is almost all reporters and the vast majority of good thinking people would never use doxed information and would just ignore it. I knew that Skabooshka was doxed. I had no idea what his name is because it's not for me.

Demetri Kofinas: 00:18:33

His name is out now right?

TeslaCharts: 00:18:34 His name is out now and we'll get to how that happened. It was out then but it's famous now. Most recently Skabooshka happened upon Tesla Model 3 on autopilot/full self-driving in the Fremont area getting ready for this autonomy day investor day.

Demetri Kofinas: 00:18:52 Right. Autonomy investor day was April 17th?

TeslaCharts: 00:18:54 Something like that. 24th maybe.

Demetri Kofinas: 00:18:57 Okay it was even sooner. And tell our audience for those who don't know what that is, give them a quick summary of what autonomy day was.

TeslaCharts: 00:19:02 Autonomy day was a four or five hour ... Elon famously joked on Twitter I think four hours and 20 minutes.

Demetri Kofinas: 00:19:08 He's very specific.

TeslaCharts: 00:19:08 Very specific.

Demetri Kofinas: 00:19:09 He loves being specific.

TeslaCharts: 00:19:10 Well 4-20 is a go to joke for him.

TeslaCharts: 00:19:13 Autonomy day was the big reveal that Tesla's ostensibly leading in autonomous driving and full self-driving level four/five is just around the corner and everybody should buy it. And in fact you'd be financially insane, to quote Elon, to not buy a Model 3 today because it will appreciate in value once it gets software upgraded to a robo taxi. Skabooshka filmed part of that and I don't know, I just read what he posted on Twitter. I get the sense that like many of the investors who then took a ride on autonomy day in these ostensibly full self-driving cars, he has on film the car driving too fast and maybe a disengagement and things like that.

Demetri Kofinas: 00:19:50 So what was the accusation he was making?

TeslaCharts: 00:19:53 Elon or Skabooshka?

Demetri Kofinas: 00:19:54 No, no, no. Skabooshka.

TeslaCharts: 00:19:55 Skabooshka was basically trying to document that contrary to the claims that were going to be made at the autonomy day, Tesla's full self-driving capabilities are in fact lagging the

industry by a wide margin. And I think that really annoyed people at Tesla. And the accusation-

- Demetri Kofinas:** 00:20:10 Just to be clear, how was he going to do that? What was his following the Model 3 car, how did that prove that?
- TeslaCharts:** 00:20:15 I don't know because it's now tied up in a legal battle because very shortly after Skabooshka tweeted a very thoughtful thread on his encounter with this car and what he believed it meant for where Tesla's technology was in the spectrum of full self-driving capabilities. Because there's billions and billions of dollars and dozens of companies racing to get to be the first to level five full autonomy, which most experts in the field would say is still at least a decade away and requires technology-
- Demetri Kofinas:** 00:20:44 And regulation. Hello.
- TeslaCharts:** 00:20:45 And regulation.
- Demetri Kofinas:** 00:20:46 I mean irrespective of the technological hurdles it's completely irresponsible to claim that you're going to be able to operate your car as a taxi in a year when there are forces that are outside of your control that have to deal with making that legal.
- TeslaCharts:** 00:20:59 I would say one of the phrases I coined and maybe somebody else said it but the biggest barrier to full autonomy is partial autonomy. Because people will become comfortable with a system they shouldn't be. So it's just good enough to sort of dull your senses and then an accident happens.
- TeslaCharts:** 00:21:16 But back to Skabooshka. Shortly after he filmed that car Tesla filed an ex parte temporary restraining order against him and made outlandish claims, I believe, false claims, I believe, against him. And this really triggered the \$TSLAQ community. So if Montana Skeptic unified the \$TSLAQ community and brought things to the next level, the Skabooshka affair has outraged the \$TSLAQ community. And as a consequence of that Lawrence Fossi, Montana Skeptic, in sort of a-
- Demetri Kofinas:** 00:21:46 Who's a lawyer.
- TeslaCharts:** 00:21:47 Who's a lawyer. In a very ironic, full circle, wonderful gesture on his part launched and is leading a GoFundMe campaign to support Skabooshka in his upcoming legal battle against Tesla and that has raised \$115,000 I believe, there about's, as we sit here today. And raised it very quickly. And I can tell you that there's several hundred thousand dollars more in reserve if he

needs it. And just last night as we're recording this, Skabooshka's attorneys filed for a delay in the hearing so that they could proceed with discovery.

- Demetri Kofinas:** 00:22:19 Let me ask you just to clarify something because this is an issue I run into every time I do an episode, which is I don't know this community or the news around this company anywhere nearly as well as my guests. So he tweeted out a thread on Twitter that described some compromising information about the trial run that the Model 3 was taking before this autonomy day event and subsequently is it true that Elon and Tesla did not play any video that they had planned to play? Was that sort of the accusation?
- TeslaCharts:** 00:22:52 I don't know what they planned to play. I know that they didn't play a video from the route that Skabooshka was on.
- Demetri Kofinas:** 00:22:58 Which they were filming.
- TeslaCharts:** 00:22:59 And most outrageously in the temporary restraining order is that Tesla accuses Skabooshka basically of trying to ram the car, of interfering with the demo itself to the point where you have swarms of people on Twitter accusing, I'd say libeling, this guy of attempted vehicular homicide. And apparently, from people who have spoken with him, he completely denies that and I believe him because there's a track record on one side and there's a track record on the other and from what I know of Skabooshka that doesn't sound like him whatsoever. But the truth will come out.
- Demetri Kofinas:** 00:23:32 Didn't they also accuse him of assaulting a security guard at the Tesla factory?
- TeslaCharts:** 00:23:38 That was many months ago.
- Demetri Kofinas:** 00:23:41 But it's part of the same lawsuit?
- TeslaCharts:** 00:23:43 Well it's part of the same temporary restraining order application, which you can get without representation. It was ex parte. Only one party was there. They fill out a form. Apparently, from what I hear 99% of these get approved. It's a real smear on his record if the allegations aren't true. And for sure one of the things that happened with the publication of this temporary restraining order is his personal information and his address was leaked to the public and Elon then tweeted Volkswagen about it and sort of for a different reason which we probably don't need to get into. But that elevated to his 24

million followers or 25 million followers on Twitter that this information, this personal and compromising information, about Skabooshka exists. There are reports in Skabooshka's reply that an army of people are calling his school. He's a student.

- Demetri Kofinas:** 00:24:28 Right. He's a 32 year old PhD student out of Michigan isn't he?
- TeslaCharts:** 00:24:31 He's studying at the University of Michigan, apparently in linguistics. These are all things I didn't really know until this whole affair even though I've known him from Twitter for the better part of the last year. There are accounts in his response which I read with great interest last night that there are many, many people calling the school and demanding that he be expelled and that he not be allowed to finish his PhD.
- Demetri Kofinas:** 00:24:53 Yeah. There you go. There's the bullying for you.
- TeslaCharts:** 00:24:54 There's the bullying and that's why most people are anonymous. It's just not worth it. I have children. I'm not actually afraid of Elon Musk. I have the resources to defend myself and I actually don't think that he would waste his time on me.
- Demetri Kofinas:** 00:25:05 Well has he ever contacted you?
- TeslaCharts:** 00:25:07 He tweeted at me once on Twitter, quite famously, on Father's Day asking me how big my short position was.
- Demetri Kofinas:** 00:25:12 Why on Father's Day?
- TeslaCharts:** 00:25:14 I don't know why he tweeted at me on Father's Day but I remember it was Father's Day because I was at a friend's barbecue and my phone exploded.
- Demetri Kofinas:** 00:25:20 Wow, that's really cool. What was that like getting a tweet from Elon Musk?
- TeslaCharts:** 00:25:24 It was amazing. Stunned.
- Demetri Kofinas:** 00:25:27 Can you describe the emotions?
- TeslaCharts:** 00:25:29 Yeah, I could tell you the exact story. I was at a Father's Day barbecue with some of my close friends and I had been on the account for a few months and what triggered him was I believe I did a long thread on SolarCity, 25 parts. Because a judge's ruling

had come out that allowed you to reconstruct what really happened and it didn't look good.

- Demetri Kofinas:** 00:25:46 What really happened when he purchased SolarCity?
- TeslaCharts:** 00:25:48 When he bailed out SolarCity is the phrase I would use. He would say it was an acquisition based on amazing growth synergies that have famously not materialized.
- Demetri Kofinas:** 00:25:57 The accusation is that he used the health of Tesla's balance sheet to impair Tesla in order to save SolarCity which-
- TeslaCharts:** 00:26:03 Let me correct you. He used Tesla's ready access to the capital markets because Tesla's balance sheet wasn't healthy even back then and the acquisition of SolarCity made it much worse. But this goes even deeper than that. Most people don't know at the time that he acquired SolarCity using Tesla equity SpaceX owned \$200 million of SolarCity debt. Elon and his cousins owned \$100 million between them of SolarCity debt. 65 to Elon I believe and 17 and a half to each of his cousins. So if SolarCity had gone down, and it was really in a liquidity crisis and many people were short the stock and thought it was a zero. Famously I think Jim Chanos was short the stock. This was all before my time on \$TSLAQ. But I've since reconstructed the history of it. If SolarCity had gone down, the whole thing would have gone down. Because SpaceX was deep in it. Elon was personally in it. It would have sort of pierced the bubble of confidence in his ability to raise.
- TeslaCharts:** 00:26:57 So he used Tesla's access to the equity markets to basically coalesce his empire and pull SolarCity under the umbrella of Tesla. And since that close, sort of fourth quarter 2016, SolarCity's installations are down something like 80 or 85%. They've let go copious amounts of staff. They still have the solar shingle hanging out there as ramping sometime in 2019. They have this factory in Buffalo that Montana Skeptic has written a couple of dozen really seminal articles on Seeking Alpha that I think when this is all done will be viewed quite favorably for their prescience. But that's basically how I came into this story. He held up this solar shingle after the SolarCity acquisition-
- Demetri Kofinas:** 00:27:43 But you were saying it was Father's Day, you were at a barbecue, and your phone starts blowing up. So is it qualitatively different to get a tweet from Elon Musk in terms of the swarm that occurs on your phone?

TeslaCharts: 00:27:53 Correct. I was at the Father's Day barbecue and what happened was Zero Heads posted my 25 part thread as a story, which was huge for me. I was a nobody on Twitter and then Zero Heads posted that SolarCity thread and I kind of got the next wave of followers and engagement. And bots and bulls attacking me and all this other stuff. So it was about a day and a half after that and he went out on Twitter and found my pinned tweet which is what I said earlier which was I unabashedly serve the confirmation bias of Tesla bears. And he asked me "How big is your short position?"

TeslaCharts: 00:28:23 On the Twitter app if you have the notifications on, 20 plus is where it ends and I pull out my phone, I check the weather, I had like 10 or 12 notifications, cleared them out, put back my phone. My phone started buzzing. It was a minute later I pulled it out, it was 20 plus. So that's weird.

Demetri Kofinas: 00:28:40 That's interesting.

TeslaCharts: 00:28:40 And then I looked and I was like oh my god, Elon Musk just tweeted at me. So he asked me how big my short position was, just curious. I tried to have a very polite exchange with him to try to keep him informed. I caught a lot of crap from \$TSLAQ for not being a little more robust with him in my responses. But very shortly after that, like a minute or two after that, he went onto Fred Lambert's, who's the editor of Electric, which is sort of one of the fan sites of Tesla, and promised the short burn of the century was coming. And this is really what drew the dinner bell. So in a way I feel like the SolarCity thread and his interaction with me led immediately to him promising to burn all the shorts, the short burn of the century. And that really rang the dinner bell for all the short sellers that are in here now.

Demetri Kofinas: 00:29:21 I actually knew about this thread even though I asked you as though I didn't and I have the thread in my rundown. He said "How big is your short position? Just curious." And you said "It's modest. Mostly an experiment in social media. Thanks for asking though." Experiment in social media I assume is what you referred to earlier.

TeslaCharts: 00:29:39 Correct.

Demetri Kofinas: 00:29:40 And then he said "Then you'll be fine." And you said "You're winning bro. Why swing down to my level?"

TeslaCharts: 00:29:45 So remember at that time the stock price was about \$370 a share and it was on the ascend.

Demetri Kofinas: 00:29:51 That's the thing though.

TeslaCharts: 00:29:52 He was winning. Why'd he need to punch down to me?

Demetri Kofinas: 00:29:54 And you made this point earlier and let's make it again. If you're running a successful company, how and why would you be spending so much time concerned about and doxing people that are either short your company or spreading negative information about it? Even if you don't believe that information, even if it's totally not credible.

TeslaCharts: 00:30:17 Let's put things into context. I had probably 4,500 or 5,000 followers at that time. When he doxed Montana I think he had 4,200 followers. Elon has, at that time, 22 million followers. I mean this guy gains and loses more followers in a minute than I had accumulated over the four or five months I had been running the account. I can't get on CNBC. A tweet from Elon moves the stock. Clearly.

Demetri Kofinas: 00:30:46 Although that's starting to change.

TeslaCharts: 00:30:47 Correct.

Demetri Kofinas: 00:30:47 That's starting to change which is another phenomenon that I'd like to discuss with you.

TeslaCharts: 00:30:51 But at that time I honestly believe and I can't ... No, I don't know what goes on in his head. I think that the SolarCity thread made Zero Heads, which gave it a ton of engagement, which caught the eye of whoever monitors social media for Tesla and feeds Elon with his obsession of \$TSLAQ and burning the shorts. And then he went looking for me and then he said short burn of the century later on and things like that but I think there's another quote too after I said why are you punching down to my level he said something to the effect of I don't want anyone to lose money and I'll give them fair warning.

Demetri Kofinas: 00:31:20 Yeah, exactly. He said "I don't want anyone to lose their money or I will at least provide fair warning before it happens as I have done in the past."

TeslaCharts: 00:31:28 Can you imagine a CEO of a \$60 billion company-

Demetri Kofinas: 00:31:31 Well our president does this.

TeslaCharts: 00:31:33 True.

Demetri Kofinas: 00:31:33 Irrespective of your politics. I don't talk politics on this show. I have plenty of issues with all politicians. There's no denying the fact that the president of the United States does this and bullies people on Twitter. And this brings us to another point which is something I'd really like to discuss. We talked about doxing. There's something else which is account suspensions. There are people within this community who have had their accounts suspended. I've discussed this, not terms of \$TSLAQ, but in terms of this larger policing of free speech on platforms by these Silicon Valley social media companies. Twitter is the least egregious offender. There are much even worse ones like Facebook. But I mentioned ... What was the one account? Tesla is worth zero.

TeslaCharts: 00:32:17 Is @TeslaWorthZero.

Demetri Kofinas: 00:32:18 Right. His account was suspended. It's not the first account that's been suspended but you've got accounts like Elon's or understandably obviously the President of the United States. It's going to be tough to suspend the president's account because it's newsworthy and there are good reasons not to suspend it. But there are people with incredible amounts of power who are able to actually use their accounts to bully people and they don't get suspended.

TeslaCharts: 00:32:39 Correct.

Demetri Kofinas: 00:32:40 Whereas you've got these people that are fighting the Goliath and their accounts are getting suspended. What do you think that's about?

TeslaCharts: 00:32:46 I should be clear, I personally have had very little issue with Twitter. They've been very fair to me. The one time my account was suspended I believe I triggered a spamming algorithm because I was posting the same picture multiple times. And because of my own sort of doxing defense my two factor isn't my own phone, it's the phone of my friend's and they were asleep and so I couldn't get on my account for about 10 to 12 hours but once I did they let me right back on. But there accounts that have famously and most consistently they were replying to Elon, maybe they were a little edgy, certainly well within what you and I would consider first amendment free speech, if not maybe occasionally a bit distasteful. And there are excesses on both sides, don't get me wrong. But the people, just randomly their accounts get nuked. They get suspended and they disappear with no recourse. That's probably happened to four or five relatively high profile accounts.

TeslaCharts: 00:33:32 Elon Bachman which is one of my favorite accounts and I hope you don't mind I'm going to drop some of the names of the famous \$TSLAQ accounts because they're my friends and I want to give them the notoriety they deserve.

Demetri Kofinas: 00:33:41 No, of course not. And I've said I'm going to have a mosaic which I want to have available to my subscribers so if you want ... I assume many of you will be tweeting, retweeting, liking this episode. I will go through all of that and I'll actually ask TC to help me out on picking and choosing so that we can really put all those accounts on this rundown. But go ahead.

TeslaCharts: 00:33:58 Elon Bachman's probably the funniest person in \$TSLAQ. He's brilliant, humorous, a real genius for the turn of phrase. Everyone sort of just organically arrives at their job. So sort of my job on Twitter is making charts and charting the data and showing the state of demand. Elon Bachman keeps this Tesla death list. And so Elon famously says Tesla's the safest car on the road and the statistics while arguable I think tend to point to the exact opposite conclusion which is there are a lot of fatalities in Teslas, both drivers, passengers, and then people on bicycles and pedestrians and so on. He keeps a spreadsheet of dozens of known fatalities and replied to one of Elon's tweet with the spreadsheet and then suddenly his account was suspended. And then \$TSLAQ went into a movement where everyone changed their icon to Elon Bachman and really made a big stink and ultimately his account was unlocked.

TeslaCharts: 00:34:50 Jack Dorsey is on record as being very pro Elon. Thinks he's brilliant. His chair of the board thinks he uses Twitter wisely. And there's a suspicion that Twitter is sort of-

Demetri Kofinas: 00:35:02 The chair of Twitter?

TeslaCharts: 00:35:03 That's correct. I'm sorry. Jack-

Demetri Kofinas: 00:35:04 No, no. The chair of Tesla is on record saying that-

TeslaCharts: 00:35:07 Correct. The chair of Tesla, Robyn Denholm, says Elon uses Twitter wisely. So everybody thinks it's great that Elon just goes on Twitter and does what he does including apparently making fake buyout offers of his company in the middle of the trading day. That's wise. Others would call it securities fraud. The SEC certainly tried to.

Demetri Kofinas: 00:35:23 That's a whole n'other question of why the SEC has not pursued more vigorously these charges or Elon or some of the things he said or holding him accountable.

TeslaCharts: 00:35:35 That's a great mystery of our time. I have some theories but just to round out the Twitter, Jack Dorsey, there is deep suspicion within \$TSLAQ that if they could they would censor us more, but every time they do that they create 20 or 30 new accounts and bring more attention to this and I think lend credibility to what was once I think a bunch of nobodies on Twitter discussing Tesla. Which is now becoming more and more mainstream, that hey there's a real issue here. There's something going on with this company that's not right. All these people didn't come to be critics of Tesla. There are much easier shorts, there are much easier things to do all day, but there's something deeply wrong here and \$TSLAQ believes they know what it is.

Demetri Kofinas: 00:36:13 Also why would you or I or anyone else want to speak negatively about the first American car company in generations that has had a real shot at disrupting the automotive industry and also a revolution in battery cars? So early on when I began covering this I used to get a lot of hateful tweets about it but I don't get those anymore and that kind of brings me to another question which I alluded to earlier which is it seems that Elon's tweets and his presence on social media is not having the same effect in terms of pumping the stock that it used to have. And that also translates into autonomy day and into his announcement about the creating an insurance company to sell insurance. But here's the thing. So this brings us to today. This brings us to the news which has to do with Tesla's announcement that they're going to be raising over \$2 billion worth of new capital through equity.

TeslaCharts: 00:37:14 And convertible debt.

Demetri Kofinas: 00:37:14 And convertible debt. So I think it's fair to assume that he wanted the stock higher before he did this. There's good reason to assume, I don't have any evidence for it, that autonomy day and some of these other promises were part of that. I mean Elon has been obsessed with the stock price for years and years and years. This is what this is all about. I'm going to bring in our guest. I'm actually going to have him come in soon but what do you think about this raise? What do you think this is about?

TeslaCharts: 00:37:43 I would say that the raise surprises me. I famously started a meme back in August, shortly after the 4-20 tweet, called can't raise, can't leave which hypothesized that there was some deep disclosure prohibiting Elon from raising. And this was really born

out of a curious absence of insider stock sales for a very long period of time which then broke sometime in like November and December and we started to see them again. So I guess it's not a total shock that they could raise. I'm very surprised that for example Goldman Sachs would be one of the underwriters of what's transpired today. So just to fill the audience in, it'll be old news I guess by the time this publishes, but they're raising 700 million in equity and probably 1.3-ish billion in a convertible note. For Goldman to be one of the underwriters after I believe Elon essentially lied to him on the Q1 conference call. David Tamberrino, the analyst from Goldman Sachs, asked him overtly about the demand situation in Europe and China and Elon said everything's just fantastic and then they turned in this terrible Q1 for deliveries. For Goldman to sort of be part of this syndicate after that performance on the call just surprises me. And I guess I shouldn't be.

TeslaCharts:

00:38:49

I would characterize what happened today as the barbershop quartet of all that is wrong with our current economy, which I know you've talked about different angles of on your podcast. It's this weird combination of Silicon Valley fraud, Wall Street corruption, regulatory capture, and then ZIRP absurdity. Let me take all four of those. There's a lot of unicorns coming into the market right now from Silicon Valley that are cash burners that have these huge valuations. I could tell you one thing, these founders and early investors are not bringing these things to market to make retail investors rich. They're bringing these things to market because they see the top and it's time to get out. Wall Street corruption, I talked about it. All of the underwriters on today's capital raise are also in their asset back line. So they have a deep interest in making sure that Tesla survives this next leg. Which is fine. I mean it's just a little bit of a conflict.

TeslaCharts:

00:39:43

Regulatory capture. For the SEC to allow Elon to remain CEO after faking a takeover bid in the middle of the trading day on Twitter, totally disrupting the market, causing billions of dollars of potential legal liabilities for his company and for sure hundreds of millions of dollars in losses for both bulls and bears. You know if you were long Tesla and you owned call options at \$430, that was a very bad tweet for you. And it crushed you. And for him to be able to then settle, go on 60 Minutes and call his shot and say he's never going to basically abide by this settlement, proceed to not abide by the settlement, be charged with contempt by the SEC for not abiding by the settlement and then he makes a few tweets to the agreement and gets away with it with barely a wrist slap, and then days after settling is

just allowed to go tap the capital markets again like nothing happened, befuddles me.

TeslaCharts: 00:40:36 And then ZIRP absurdity. There wouldn't be any of this ... Spiegel famously calls this the greatest bubble of our bubble generation. If there wasn't copious amounts of basically free capital needing to be put to work and banks readily accepting the fees with no due diligence this wouldn't have happened. So it's really a barbershop quartet of all that's wrong with our current economy and I think that why people are drawn to this story. It's just so absurd. If you or I had gone on Twitter and done that, we would be probably in prison.

Demetri Kofinas: 00:41:05 I want to ask the guest who has just newly joined us here to my left, Ed McCabe. Ed we were just talking about ... As you heard. We just started this. We were talking up until now about \$TSLAQ. It's great having you on by the way. I love the haircut.

Ed McCabe: 00:41:20 Thank you. Freshly done.

Demetri Kofinas: 00:41:21 Freshly done. I love it.

Ed McCabe: 00:41:22 I did it myself.

Demetri Kofinas: 00:41:24 It looks fantastic. It's great having you here. Why don't you just jump in? I mean we were talking at the beginning of the show discussing \$TSLAQ and this community and TeslaCharts' role in all of that and now we're getting to the numbers which is why I wanted to have you come on the program. What are your thoughts?

Ed McCabe: 00:41:41 Well I wasn't here for the part on \$TSLAQ.

Demetri Kofinas: 00:41:42 No, not that part.

Ed McCabe: 00:41:44 But I will say it's been remarkable.

Demetri Kofinas: 00:41:47 Being part of that community?

Ed McCabe: 00:41:48 Yes. The aggregation of so many intelligent people from so many different disciplines who were drawn to this because somewhere related to their discipline it was offensive. From capital markets, to me it's offensive because I believe in the integrity of these markets. But there's guys from the auto side who see the safety issues related to it as an auto business they find offensive. There's engineers who find it offensive. So we've

all aggregated and now we have this interdisciplinary group that's very hard to be.

- Demetri Kofinas:** 00:42:21 Well TC made that point too. That was actually his point at the beginning and corrected me actually which was that the experience of hearing Elon Musk talk about your specialty and then telling you that you're an idiot essentially is insulting. And it's sort of what has been the unifying characteristic of this group.
- Ed McCabe:** 00:42:39 Yeah. And there's a narrative that Elon helps write and is subscribed to by many that Tesla was targeted. Couldn't be further from the truth. I did not wake up one day and decide I don't like Tesla. I had no reason to think that. But we were all drawn to it because we saw what looked suspicious or offensive.
- TeslaCharts:** 00:42:58 Among other red flags of course.
- Demetri Kofinas:** 00:42:59 What do you guys think the significance is of today's news? Because they do have a cash problem. They've had a cash problem. This is the central problem for Elon.
- Ed McCabe:** 00:43:07 They still have a cash problem. I mean they're going to raise, let's say, \$2.2 billion. They're going to add \$1.4 billion to an already over leveraged company. They're doing that to fund a \$1.6 billion working capital deficit. If I keep it nearer term, they've got a \$566 million maturity due November 1st and they have a \$165 million term loan that they've rolled over several times now. So just take the term loan, the convertible due in November, that's like \$725 million combined, add it to your \$1.6 billion net working capital deficit, and then consider that the company will burn free cash for every quarter for the rest of the year. It does nothing. In fact if I was an equity manager at a big place, whether it be T. Rowe, Fidelity, Putnam, Wellington I would say to my analyst what is going on here? This is an act of desperation. All we've done is funded their working capital and we are at the bottom of the capital stack with \$25 billion of on balance sheet liabilities in front of us, \$18 billion of purchase obligations in front of us, unquantifiable legal liabilities in front of us, under reserved warranties in front of us. We've probably got 50 billion plus in front of us as an equity investor. What are we doing?
- Ed McCabe:** 00:44:26 He needs another raise. Are we doing that one too? That's what I'd be asking my analyst.

TeslaCharts: 00:44:30 Thing that caught my eye today, and Ed has more experience in this than be, but the fact that they're only raising \$700 million in equity and they were reaching out to retail investors. Fidelity and a few of the brokerage houses. Not even high net worth. Like if you had an account and they thought you might be interested in buying Tesla they're reaching right out to you. It's literally a phenomenon on \$TSLAQ that we've nicknamed fund to baggy. So they're taking Tesla stock from funds and dumping them on retail because they know what's coming.

Demetri Kofinas: 00:44:57 Right. Because institutional investors are getting out of the stock.

TeslaCharts: 00:44:58 In record speed, yeah.

Ed McCabe: 00:45:00 Yeah, and if you want to see a good proxy for that fund to baggy phenomenon you look at the Robin Hood data. I think there was 80,000 account holders who held Tesla maybe two or three months ago and now it's 140,000. So as this stock has gotten destroyed, who's picking it up? Retail, largely millennial investors, and that's not to deride millennial investors, they are plenty brilliant ones. But these are people who don't know a balance sheet, don't know a cash flow statement, and buy based on their affinity for the brand and their affinity for Musk.

Demetri Kofinas: 00:45:29 What's that about though? Is that any different from the X-Gen phenomenon of the late '90s with the dotcom bubble? Is it different in any way.

Ed McCabe: 00:45:36 Yeah, because I don't think investing in pets.com was virtue signaling in any way. So TC mentioned a lot of stuff. In particular the zero interest rate policy that ran and the free liquidity that's all over the place. But I think what's different here, there is an affinity for this stock related to Musk, related to climate change, and I think there's a lot of millennial investors who invest in what they like or what they use. So you can look at Robin Hood and you can see the rankings of the most popular stocks and they go from marijuana to Netflix to Tesla to Amazon. The things they like and use. I don't think they're owned for fundamental reasons.

TeslaCharts: 00:46:12 And let me just build on the virtue signaling part because I did something for my account almost as sort of a gesture to the bulls. I actually bought a plug-in hybrid car. I bought a Chevy Volt. And I did it because actually I think the technology exists to solve the sort of point source emissions of transportation in a very economical way and I think the Chevy Volt is a great engineering marvel and so to show that I wasn't just the Koch

brothers, big oil conspiring against this American manufacturing success story, I bought a good old American car that gets 50 miles of battery range and I plug it in every night and I rarely use gas. The virtue signaling part of this is really important because Elon and his enablers, and there are plenty enablers, have turned this into if you don't buy Tesla stock you hate the planet. And that's just absurd and offensive. To think that the only way to confront global warming, whatever you think of global warming, and there's a whole variety of opinions on it. The only way to do your part is to buy a Tesla and to own the stock.

- Demetri Kofinas:** 00:47:10 Yeah, that's really stupid though because first of all those batteries have to be ... I mean they generate tremendous-
- TeslaCharts:** 00:47:14 Full lifecycle analysis.
- Demetri Kofinas:** 00:47:16 Yeah. Tremendous amount of waste also. But also where's their energy coming from that's powering the battery? That's where we get into a question about global warming and fossil fuel. So that is totally ridiculous.
- Ed McCabe:** 00:47:25 Where are you mining the raw materials that go into the batteries?
- Demetri Kofinas:** 00:47:27 Yeah, exactly. But I want to challenge you guys on this point about virtue signaling. Because that might certainly exist in a very self-serving way but I've seen the same phenomenon with marijuana stocks and I've seen it also with cryptocurrencies. And I wonder if it's just part of a general lack of cynicism that comes from experience and maybe that every generation has a cycle like this. It might particular, there might be interesting nuances with the millennials, but that simply put they've never been through a cycle to learn any better. They've never lost a significant amount of money betting on a stock and Elon has delivered great returns for a lot of early investors and made a lot of people look very brilliant right?
- TeslaCharts:** 00:48:09 Yeah. He's the white hot, gets all the clicks, the Q rating for Elon couldn't be higher. It's off the charts. Pardon the pun. And so I think people are drawn to this story because of what that represents. So I do agree with you. There is certainly a part of the investor base that has never lived through a recession. I was an executive during the great recession of 2007 to basically I would say today. So until you've seen your company's stock depreciate by 85%, 90% you don't know what's possible. But that's, I think, a small part of it. There's a whole sea of enablers as well out there that because this is so white hot on both sides, people jump into it just to become notorious. So the metaphor I

would use is they become a very bright light in a room full of moths. Ross Gerber does it and he admits it basically on Real Vision. He said on Real Vision documentary which I was part of that he hardly has any Tesla stock but it's great notoriety for him. People give him their money to invest on their behalf because he's in Tesla and he's on TV all the time.

- Demetri Kofinas:** 00:49:11 People should watch that. It was a fun documentary. Grant Williams did an amazing job and Grant was in the car with Ross and he did a beautiful job and his production folks, whoever the camera folks were that were with him in LA I suppose. Is that where this is? I don't know where-
- TeslaCharts:** 00:49:25 I assume so.
- Demetri Kofinas:** 00:49:26 They did a great job of capturing Grant's discomfort in the car.
- Ed McCabe:** 00:49:30 Yeah, that was good.
- Demetri Kofinas:** 00:49:32 But I want to take actually a couple of quotes. I might take them separately. One is from Joe Rogan. It's from an episode he did yesterday. Joe Rogan famously had Elon Musk on the show and he's spoken very positively about him. I enjoy watching Joe Rogan. I think he's a great contributor to the conversation. This is not a comment about Joe Rogan. It's a subjective statement on my part because of what I think about Elon Musk and Joe Rogan thinks very differently but I think Joe Rogan captures, even though he's not a millennial, he captures the way in which so many people who haven't, let's say, dug in deeper have come to know or think about Elon Musk. This is literally a quote from the episode. He said "He's a silly super genius in all the best ways. I love the guy. I'm so glad he's alive. I am. I'm glad he's a real thing." Now, I actually read this to TC before we came in because I was so stunned by it, but there was something that stuck out in particular in that quote, which was I'm glad that he's a real thing. And I think that this is what Elon Musk's greatest talent is, his ability to erect this archetype of the great innovator.
- Demetri Kofinas:** 00:50:40 This Tony Starkian figure. And then he inhabits this figure. And for many people he is, until you begin to dig deeper, he is the real thing. He is the real super hero genius inventor of our time and it's so hard to disabuse yourself of that idea once you've come to believe it and once you've allowed it to infect you with possibility.

Ed McCabe: 00:51:04 Yeah. I mean it's hard to disavow yourself of that if you're not a critical thinker. I mean if you're a critical thinker you would probably look at the fact that PayPal likely would have failed if Peter Thiel didn't run him out. Tesla is insolvent. SpaceX probably needs to be restructured. And the boring company's an absolute joke. So you can call him a super genius and you're glad he's real, but what's real to me are the tangible results. And I don't measure tangible results in equity market capital.

Demetri Kofinas: 00:51:29 But did you have an early view of Elon Musk before you began to delve into the stock that was more positive? I did.

TeslaCharts: 00:51:34 I did.

Ed McCabe: 00:51:36 I really only associate him with this stock. I mean I've come to know-

Demetri Kofinas: 00:51:39 Ed is a meat and potatoes guy. I'm not surprised that you didn't.

Ed McCabe: 00:51:43 No. I didn't have anything against him. I just didn't follow him very closely. So yeah, I didn't have an opinion.

TeslaCharts: 00:51:48 Let me augment something you said because I think it's important. You can be a critical thinker and think those things that Joe Rogan thought. It just means you haven't really looked at the underlying financials or the data or the facts. So I think you can be a critical thinker in general and have a superficial knowledge of Elon based on what he allows you to see and you could be tricked into thinking that he is what Joe Rogan has described. Because I've listened to Joe Rogan. I enjoyed his podcast. I very much enjoyed the one Elon was on. I remember when he smoked marijuana Twitter broke. It was about 2:00 in the morning eastern time and Twitter broke. But there are many critical thinkers. This is what we call the blue check mark phenomenon. People that only have a superficial knowledge of Elon then they wade into it and say what is this \$TSLAQ and why are you picking on Elon, and this is a great company. They just don't know. I just think they're ignorant.

Ed McCabe: 00:52:31 I just want to clarify. I wasn't speaking to Joe Rogan not being a critical thinker. I'm saying in this instance he's not thinking critically. I'm a critical thinker in narrow windows and sometimes I don't think critically so I don't want that taken incorrectly. I like Joe Rogan myself as far as I can tell.

Demetri Kofinas: 00:52:46 But it makes sense though. Joe Rogan's not an electrical engineer or battery technology expert and he comes to the conversation obviously thinking highly of Elon.

TeslaCharts: 00:52:55 And that's his right.

Demetri Kofinas: 00:52:56 Yeah. And also he's not cynical. But I think it's telling. There's another quote now I want to take from someone who I struggled to sort of describe her. Let's just say that I find her pronouncements and her positions not just with Tesla, but in crypto and as a sort of investor at the cutting edge of technology to be suspect. It's from Cathie Wood. She was on CNBC recently. But there's a particular part of what she said that I find telling and I'll say why and I want you guys to comment on it. She said "The analysts following this stock don't know how to analyze it. It's not a technology stock. It is that. It's not a car company. Yes, it is. Battery. It's a utility. It's something for everyone and no one can pull it all together." So there are two parts of that that I want to focus on. One is that "it's something for everyone."

Demetri Kofinas: 00:53:45 I think that is the alarm bell that rings for all of us. And then the second part which is "no one can pull it all together." And I would say the irony there is that that's what \$TSLAQ has done. With this emergent phenomenon \$TSLAQ has pulled it all together in a way that no single shop or individual or conspiracy could ever have done. I'm curious what you guys think of that quote and what I had to say.

TeslaCharts: 00:54:09 First thing that jumps out at me is she famously bragged I think in the same interview that she had four analysts covering Tesla.

Demetri Kofinas: 00:54:17 Insane.

TeslaCharts: 00:54:17 I would say there are 500 people who donated to Skabooshka out of passion, which gives you some semblance of the size of \$TSLAQ.

Demetri Kofinas: 00:54:25 Over \$100,000 they raised didn't they?

TeslaCharts: 00:54:27 \$115,000, yeah.

Demetri Kofinas: 00:54:28 Yeah, it's incredibly impressive.

TeslaCharts: 00:54:30 Five-hundred people were so passionate about what happened to Skabooshka that they opened their wallet. That tells you the size of the army, the self-correcting army, of contributors,

lurkers, people who only DM, and so on that exists to study every aspect of Tesla. It must drive Elon nuts and sometimes I feel bad because there's literally nothing he can say, pronounce on, do that isn't scrutinized. And you know, sometimes we get it wrong, there's no question about it. But it's self-correcting. When I first talked about can't raise, can't leave I got a ton of feedback from shorts saying that's naïve and they will do it and clearly turns out nine months later after he ran the balance sheet into the ground and destroyed the brand he has been able to pull off a raise much to my surprise. So I was wrong on that and I tweeted that today. I said I underestimated the willingness of the banks to take on all this liability.

- TeslaCharts:** 00:55:16 And others have as well. I think Gabe Hoffman, a famous short seller who's been short this stock, was pretty loud and out there saying he didn't think that the investment banks would take this diligence risk either, but they did. And so here I am, I'm wrong.
- Ed McCabe:** 00:55:28 Yeah. I mean I won't comment too much on Arch Investments and their research approach. I think it speaks for itself frankly.
- Demetri Kofinas:** 00:55:35 Right. Well a \$4,000 price target, by the way, was hanging under the lower thirds on the video the entire time. That has been their price target for Tesla, \$4,000.
- Ed McCabe:** 00:55:44 It's absurd, but let's just say what she said is accurate. What'd she call it? It's part auto company, part utility company, part-
- Demetri Kofinas:** 00:55:51 Battery company. Technology.
- TeslaCharts:** 00:55:54 Autonomy.
- Ed McCabe:** 00:55:55 Okay. So what you just described-
- Demetri Kofinas:** 00:55:56 AI.
- Ed McCabe:** 00:55:57 If you want to take that rationale on its face, is either a conglomerate, which get terrible multiples, or we can just kind of average the multiples for an electric utility, an auto company, and a commodity battery company and you will get a much lower stock price. So the rationale is flawed and it's based in nothing reasonable.
- Demetri Kofinas:** 00:56:16 Well there was someone recently, I need to find it on my Twitter because I had retweeted it out. Here it is. Paul Graham. He said "The old car companies", this is his tweet recently. I think he tweeted this out a couple days ago. "The old car

companies think what separates them from Tesla is that Teslas are electric. But they're also separated by the fact that Teslas are software and that they will discover is an un-bridgeable gulf." I just don't get these kind of ridiculous statements.

- TeslaCharts:** 00:56:42 That's what I call a fluke.
- Demetri Kofinas:** 00:56:43 Tesla is not software and Tesla uses software like every other new car manufacturing company in the world. This is not unique to Tesla and in fact I'm not an expert on this but you guys can speak to this. As I understand it they have absolutely nothing proprietary when it comes to autonomous and generally they're laggards technologically.
- TeslaCharts:** 00:57:02 That's what I call this blue check mark phenomenon where somebody with a superficial knowledge of Elon, and is probably a very critical thinker in other aspects of life, wades into this and just randomly says Tesla's a software company. Well find me a software company with negative margin and broken balance sheets and gross margins that have to be inflated by moving costs and probably capitalizing a bunch of stuff on the balance sheet. They're very aggressive in their accounting and they still lose money. Probably close to a billion dollars when you net out what's real from the last report. Reported \$700 million loss for the quarter. To believe Cathie Ark and like Paul, Paul Graham I believe his name is who you just quoted, you have to assume that Tesla will be a better auto manufacturer than Toyota, will be a better software programmer AI company than Google Waymo, will be a better chip maker than Nvidia, will be a better insurance company than Geico-
- Demetri Kofinas:** 00:57:56 It's something for everyone.
- TeslaCharts:** 00:57:58 Something for everyone and nothing for anybody. I mean it's absurd. And they spend almost no money on R&D. Cut to the bone compared to their peers, in raw dollars. And it's just expected because Elon's this great innovator that he's going to outdo all of these people that spend billions of dollars and have armies of PhDs. And I guess if that's your bet, it's a free market and go buy the stock.
- Demetri Kofinas:** 00:58:16 But there isn't an experience of driving one. Especially back in the day when I first drove a Model S. I think it was in 2012. It was very futuristic. The experience of driving one was extremely futuristic. Undoubtedly that had much to do with the battery and the lack of the engine and the sound of the engine, how quiet it was. The space of the car. But also there's that huge display screen. And we all see these videos of the car parking

itself. Now I don't know what other cars do that. Is it simply that Elon Musk is willing to take things that normally would be considered full beta and put them out there as actual safe technologies to use every day?

Ed McCabe: 00:58:53 Yeah. I mean he's absolutely gone full beta. Particularly with the claims of self-driving. I mean the car is level two self-driving maybe, which everybody else is.

TeslaCharts: 00:59:01 Driver's assist, yeah.

Ed McCabe: 00:59:03 Yeah, driver assist, you get it with every car. So there's nothing near self-driving. We've seen the debts relative to the fleet exceed any other car manufacturer. He massages the statistics in a way that favors him. But yes, I think he's actually beta testing with people's lives which reprehensible.

Demetri Kofinas: 00:59:20 So listen guys, we're going to shift to the overtime. There are a lot of things that I want to discuss in detail. The service issues, we've already covered in the show but I wanted to discuss them a little bit more Ed because I went through your recent letter and I have a number of questions from it. I also am going to pull from Mark Spiegel's letter which covers some of these things as well. For regular listeners, you know the drill. If you're new to the show I don't take sponsorship money. I don't want to have to answer to anyone but my listeners and I think breaking up these conversations with product pitches or service announcements takes away from the quality and substance of the program. I'm counting on the support of listeners like you to make the show possible and I think the subscription offering I've put together is as good as you're going to find on any high quality independent podcast. And that includes the overtime to this segment that we're going to do now with TeslaCharts and Ed and you can get access to the transcript and to the rundown and you can learn more about that at hiddenforces.io/subscribe or go directly to patreon.com/hiddenforces. Okay guys, let's head into the overtime.

TeslaCharts: 01:00:21 Thanks.

Ed McCabe: 01:00:22 Thank you.

Demetri Kofinas: 01:00:23 And that was my episode with TeslaCharts. I want to thank TeslaCharts for being on my program. Today's episode of Hidden Forces was recorded at Creative Media design studio in New York City. For more information about this week's episode, or if you want easy access to related programming, visit our

website at hiddenforces.io and subscribe to our free email list. If you want access to overtime segments, episode transcripts, and show rundowns full of links and detailed information related to each and every episode, check out our premium subscription available through the Hidden Forces website or through our Patreon page at patreon.com/hiddenforces. Today's episode was produced by me and edited by Stylianos Nicolaou. For more episodes you can check out our website at hiddenforces.io. Join the conversation at Facebook, Twitter, and Instagram @hiddenforcespod or send me an email.

Demetri Kofinas:

01:01:28

As always, thanks for listening. We'll see you next week.