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Post-SPAC Nikola Settles SEC Inquiry, Agrees to Pay $125 Million

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Nikola Corporation stormed onto the electric vehicle scene in 2016 offering concepts for zero-emission vehicles. While the SEC does not set emission standards, they have long had standards for omissions – and Nikola is being left with a nine-figure bill.

As we have written about this summer, Nikola, through its CEO Trevor Milton, went public in 2020 via SPAC and embarked on a public campaign touting the company's innovative technology and partnerships with more established car manufacturers. However, the company later had to walk back many of its statements and Mr. Milton was forced to resign. Nikola admitted in its annual report that Milton, who has since been indicted by the U.S. Attorney's Office for the Southern District of New York, made numerous inaccurate statements. His criminal case is still pending.

However, the U.S. Attorney's Office was not the only interested party, and the SEC announced its own charges against Milton in July 2021. The Commission was also interested in Nikola itself and embarked on its own investigation.

That investigation seems to have come to an end, as on December 21, 2021, the SEC announced a settlement with Nikola. For making "numerous material misrepresentations to investors about key aspects of its business," Nikola agreed to pay $125 million in civil penalties without admitting or denying the SEC's findings. The SEC found that Nikola, through its investigation of Mr. Milton and the company, misled investors regarding "Nikola's technological advancements, in-house production capabilities, reservation book, and financial outlook." Because of these actions, Nikola violated Section 10(b) of the Exchange Act, Rules 10b-5 and 13a-15(a) promulgated under the Exchange Act, and Section 17(a) of the Securities Act.

The full SEC order can be found here.

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- **Corey I. Rogoff**
  Associate