

NIKOLA: FAST TRACK TO A DEAD END

Case overview

Once a rising star in the Electric Vehicle (EV) industry, Nikola Corporation (Nikola) fetched a valuation of US\$34 billion at its peak, surpassing automotive heavyweights such as Ford and Fiat Chrysler. With charismatic leader Trevor Milton spearheading the company and touting its game-changing battery technology, Nikola rapidly rose to the centre of public attention. It entered into deals with reputable automotive players such as General Motors Company (GM), Anheuser Busch, Robert Bosch LLC, and Worthington. It also drew investments from top-notch institutions such as Fidelity Management & Research Company and ValueAct Spring Fund. At one point, Nikola was even seen as a force poised to rival EV market leader Tesla.

However, Nikola's fame turned into notoriety overnight. In September 2020, a huge exposé released by Hindenburg Research sparked the massive untangling of Nikola's intricately spun web of lies, tipping the company into a downward plunge. Riddled with allegations of fraud and misrepresentations of its technologies, Nikola quickly found itself buried knee-deep in lawsuits. Consequently, GM also announced its withdrawal from the company's previously agreed partnership in November 2020.

The objective of this case study is to facilitate a discussion of issues such as Special Purpose Acquisition Companies (SPACs); remuneration policies; board structure; ownership structure; accounting fraud; and the role of short-sellers in equity markets.

About Nikola

Founded in 2014 by Trevor Milton, Nikola Corporation (Nikola) – named in honour of famed inventor Nikola Tesla¹ – operates as an integrated zero emissions transportation systems provider. Nikola brands itself as a “technology disruptor and integrator” and aims to be a global leader in zero-emission transportation.² Through the electric truck company, Milton – described by some as an evangelical salesman – sold the idea of a future with hydrogen powered trucks on the road, all of which are leased by Nikola.³

This case was prepared by Anthea Yeo Chyi Yin, Brandon Koh Wai Loong, Geetika Vinod Lakhani, Hannah Lim, Sih Jason and Yap Ying Qi. It was re-written and edited by Isabella Ow under the supervision of Professor Mak Yuen Teen. The case was developed from published sources solely for class discussion and is not intended to serve as illustrations of effective or ineffective management or governance. The interpretations and perspectives in this case are not necessarily those of the organizations named in the case, or any of their directors or employees.

Nikola has three main business units – truck, energy, and powersports. The truck business unit aims to develop and commercialise battery-electric vehicle (BEV) and fuel cell electric vehicle (FCEV) Class 8 trucks that provide solutions to the trucking sector. The energy business unit develops and constructs hydrogen fueling stations to meet the hydrogen fuel demands of its FCEV customers. Lastly, the powersports business unit develops electric vehicle solutions for outdoor recreational activities.⁴

In January 2018, a promotional video called “Nikola One in motion” was released by Milton, showing a purportedly operational Nikola One truck driving along a desert highway. Nikola One was Nikola’s prototype hydrogen-powered FCEV truck that was unveiled back in December 2016. However, the company later admitted that the truck in the video was merely rolling downhill, and was edited to mislead viewers to believe that it was fully functional.⁵ This was the start of a series of untruthful representations made by the company and its founder.

Going public

In March 2020, Nikola announced its plans to list on NASDAQ via a reverse merger with VectoIQ Acquisition Corporation (VectoIQ), a publicly traded special purpose acquisition company (SPAC) led by former General Motor executives. The combined company was named Nikola Corporation and had an implied enterprise value of approximately US\$3.3 billion. The SPAC merger was led by institutional investors including Fidelity Management & Research Company (Fidelity) and ValueAct Spring Fund (ValueAct). Nikola began trading on NASDAQ on 4 June 2020 after VectoIQ obtained approval from its shareholders for the merger.^{6,7}

The week after Nikola’s listing on NASDAQ, its stock more than doubled in value,⁸ as investors continued betting on Nikola to become “the next Tesla”.⁹ As the IPO hype surrounding Nikola waned in the following months, an announcement of a strategic partnership with General Motors Company (GM) on 9 September 2020 saw Nikola’s stock price increase by around 40%.¹⁰ Under the partnership, GM agreed to engineer and manufacture the Nikola Badger, as well as supply fuel cells to Nikola trucks globally.¹¹

A SPACtacular opportunity?

“As the boom has gone on, we suspect that more and more companies are playing . . . fast and loose with their projections in order to entice investors to commit capital.”

– *Jim Chanos, President and founder of Kynikos Associates*¹²

Against the backdrop of COVID-19, as economic uncertainties continue to loom over the capital markets, an alternative financial vehicle has invaded Wall Street. SPACs or “blank cheque” companies have emerged as a popular means of raising capital in recent years. In 2020, over US\$81 billion was raised through 250 SPAC initial public offerings (IPOs) – a figure that exceeds all previous SPAC IPOs combined.¹³

Several reasons were provided by Nikola for its decision to list on NASDAQ through a reverse merger with a SPAC. Firstly, the SPAC route to going public can be completed in a substantially shorter period of time – within two to four months¹⁴ – as compared to a traditional IPO.¹⁵ Nikola's Chief Financial Officer, Kim Brady, highlighted that the speed to market granted by a listing via a SPAC merger was particularly valuable to Nikola in an uncertain economic landscape. According to him, "having certainty, a strong valuation, and the ability to get the transaction done by June was very attractive compared to the IPO path".¹⁶ Secondly, SPACs provide target companies greater flexibility to negotiate terms of the deal. Through direct discussion with investors, the founders of target companies can obtain favourable outcomes in a variety of decisions such as the composition of the board of directors.^{17,18} Thirdly, there is greater certainty of proceeds earlier on in the process as compared to a traditional IPO. As funds are first raised and placed into the investment vehicle,¹⁹ SPACs are not subject to macroeconomic shocks that may severely jeopardise the success of the listing, while in a traditional IPO, as pricing occurs the night before a company lists, it can be heavily impacted by market conditions during that period.²⁰

However, the SPAC route to going public comes with reduced regulatory scrutiny, which is a double-edged sword. As SPACs are shell companies without any assets nor operations, there is hardly any financial information made available to the public.²¹ The target company is also able to bypass requirements of traditional IPOs such as having a financial or operational track record.²² As such, investors are betting on the abilities of sponsors to execute a successful acquisition. While less due diligence allows an accelerated IPO process and reduces completion risk, it may fail to uncover potential accounting irregularities.²³

While Nikola carried the promise of transforming the automotive industry, it was not a profitable company. In fact, as at 4 June 2020, Nikola did not own a factory and had not begun manufacturing trucks.²⁴ Based on reported financial statements, Nikola had been incurring net losses since its incorporation. It suffered net losses of US\$88.7 million and US\$384.3 million for the years ended 31 December 2019 and 31 December 2020 respectively.²⁵ The ability of Nikola to overturn its losses was heavily contingent on the sale or lease of the Nikola vehicle platforms, which were "still in the early stages of development" as at 8 May 2020, as highlighted in the risks section of its proxy statement.²⁶ With the success of the company solely weighing on Nikola's hydrogen technology, and given that there was no in-house hydrogen capabilities and hydrogen partners at the time, it is questionable whether sufficient due diligence was conducted on Nikola prior to its acquisition by VectoIQ.²⁷

In this regard, a lawsuit was filed against Stephen Girsky, former CEO of VectoIQ as an individual defendant, alleging that VectoIQ "falsely represented the due diligence involved with selecting Nikola as their target, effectively allowing Nikola to make a series of overstatements regarding their design, manufacturing and production capabilities resulting in false/misleading public statements".²⁸ Despite the accusations, Girsky said that VectoIQ "studied Nikola deeply" and "conducted a thorough process" before closing the deal.²⁹

Rolling downhill

“We believe Nikola is an intricate fraud built on dozens of lies,”

– *Hindenburg Research*³⁰

On 10 September 2020, short-seller Hindenburg Research published a 67-page report on Nikola, branding it “an intricate fraud” and accusing it of making significant misrepresentations and fraudulent claims about its technology and business to its shareholders and partners. The short-seller report included 53 questions addressed to Nikola.³¹ It claimed to have “extensive evidence” that Nikola’s proprietary technology was bought over from another company, and raised questions about the track record of Milton’s past businesses.³² Other significant allegations include that Nikola staged the promotional video in 2018 to disguise the fact that the truck had no operational engine, and that the company made deceptive claims about its battery development efforts.³³ Nikola’s stock went into freefall over the following two days, falling by 11% on the day the short-seller report was issued, then by a further 14.5% the next day.³⁴

In response to the report, the electric truck company said that “Nikola has been vetted by some of the world’s most credible companies and investors. We are on a path to success and will not waver based on a report filled with misleading information attempting to manipulate our stock.”³⁵ It fervently denied any misdeeds and said there were “dozens” of inaccurate allegations in the report.³⁶ Nikola’s stance was that Hindenburg Research had planned to reap benefits from the resultant stock plunge by timing the release of the report with Nikola’s announcement of its partnership with GM.³⁷

On 14 September 2020, Nikola released a response to the short-seller report. It conceded to certain points raised by Hindenburg Research, including that it had rolled a truck downhill in its promotional video. It further defended itself by saying that “Nikola never stated its truck was driving under its own propulsion in the video”, thus it did not find it deceptive. Addressing the short-seller’s accusation that Nikola claims that a third-party inverter is its own technology by covering the supplier’s logo with a sticker, Nikola disclosed that it “does use third-party parts in prototype vehicles, some of which may be subsequently swapped out for its own parts in production”.^{38,39}

Following the issue of the response, Milton resigned as Nikola’s Executive Chairman on 21 September 2020, while reportedly maintaining his stake in the company. On the same day, it was announced that Girsky would succeed him as Chairman.⁴⁰ Investors reacted strongly to the news, and Nikola’s stock plummeted by over 30%.⁴¹

A few days after the release of the short-seller report, the U.S. Securities and Exchange Commission (SEC) and Department of Justice began investigating claims that the company had misled investors.⁴² Nikola CEO, Mark Russell, announced during the company’s 2020 third-quarter earnings call that “[Nikola’s] counsel has been in close contact with the SEC and the Department of Justice. We are fully cooperating with both in their request for information and documents.”⁴³

The drastic fall in Nikola’s share price prompted several lawsuits from disgruntled investors.⁴⁴ This included law firm Block & Leviton LLP, which filed a class lawsuit on behalf of shareholders against Nikola and its executives for securities fraud and sought damages for the decrease in share price.⁴⁵

In November 2020, GM retracted its plan to acquire an 11% equity stake in Nikola and announced that it would no longer help engineer and manufacture Nikola’s battery-electric and hydrogen fuel cell vehicles. Instead, GM would work with Nikola on a more limited scope, agreeing to supply hydrogen fuel cells to the embattled electric truck company for use in the trucks it has been developing but yet to mass produce. Instead of becoming a “game changer deal” for Nikola, the partnership with GM was reduced to simply a “supply partnership”.⁴⁶ The announcement caused Nikola’s share to tank another 27%.^{47,48}

Troubled Times Nikola shares wipe off all gains since SPAC merger

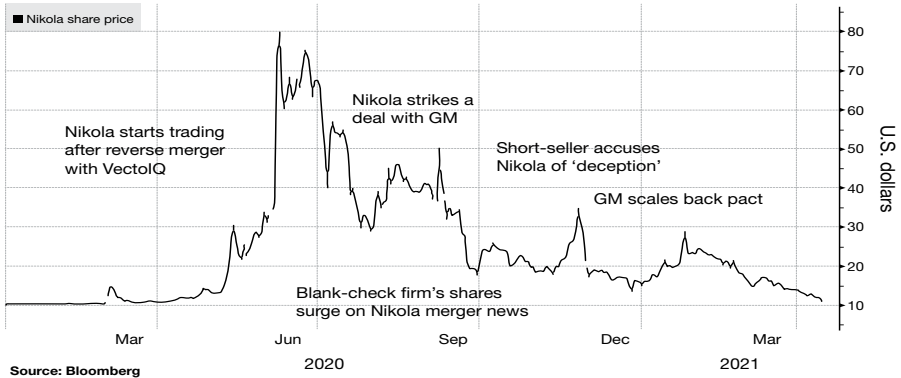


Figure 1: Nikola’s share price movement since IPO⁴⁹

Milton’s background

Ranked 249 on the 2020 Forbes 400 list with a net worth of US\$1.2 billion,⁵⁰ American billionaire Milton is widely known as the founder of Nikola Corporation. The college dropout was once revered for his success with Nikola and was often compared to the likes of Tesla’s founder Elon Musk.⁵¹ Today, his story serves as a cautionary tale against flamboyant claims and unfulfilled promises.⁵²

Unwanted advances

Despite self-proclamations of being faith-oriented,⁵³ Milton faced two sexual abuse allegations. Milton’s cousin, Aubrey Smith, accused then 17-year-old Milton of groping her chest in 1999. Moreover, Milton’s previous office assistant for St. George Security & Alarm (his first business venture) claimed the then 22-year-old entrepreneur had groped her in 2004. Milton’s former

friend claimed he had “bragged” about the incident and that he said he liked “virgins” and “young girls” because they were “naive”. Both victims were 15 years old at the time of the respective incidents.⁵⁴

Past ventures – A faulty rear-view mirror?

After investors had cast doubts on Nikola’s exaggerated claims on its business and technological capabilities, the spotlight was cast on Milton’s history as an entrepreneur and his past ventures. His previous ventures were embroiled in lawsuits, allegations of unfulfilled promises and exaggerated misrepresentations – uncannily similar to Nikola’s predicament. Some said Milton has “a long history of bending the truth” which already began during the first startups he founded. Milton allegedly “lied to boost his reputation, misled partners and coworkers about his companies’ products, and claimed he and his employees built parts they bought from suppliers”.⁵⁵

Early ventures

After dropping out of Utah Valley State College, Milton set up an alarm systems business named St. George Security & Alarm. He allegedly overpromised the acquirer and exited the business for US\$300,000. His fifty-fifty partner claimed he was misled into thinking that “the exit was much smaller” and had only received a cut of US\$100,000.⁵⁶ In July 2009, Milton set up an online advertisements website called uPillar.com, which eventually failed. He claimed the site saw 80 million visits per month but was shut down due to a lack of capital.⁵⁷

dHybrid

Milton’s first dip into the alternative energy business began with dHybrid Inc. (dHybrid) – a company selling compressed natural gas (CNG) conversion technology for engines that ran on diesel. Within months, dHybrid got Swift Transportation Co. (Swift), one of the U.S.’ biggest truckers, on board with the promise of fuel cost savings. Swift signed a contract, which was worth about US\$16 million, with dHybrid to install the system on about 800 trucks. However, dHybrid only converted five trucks, and no fuel cost savings materialised.⁵⁸ In 2012, Swift filed a lawsuit claiming that dHybrid did not fulfil its obligations.⁵⁹ dHybrid also subsequently defaulted on a US\$322,000 loan with Swift.⁶⁰

In a desperate attempt to acquire more funds, Milton attempted to promote the business by inflating claims about the value and performance of dHybrid, as well as its contract with Swift. In an email to a potential investor, Milton overstated the value of the Swift contract by US\$234 million and inflated the cost savings it helped achieve. In another investor presentation, the value of the Swift contract was stated as US\$300 million.⁶¹

In May 2012, Milton clinched a buyout with Sustainable Power Group LLC (sPower). A month later, the buyer backed out and filed a lawsuit against dHybrid. In the complaint, sPower alleged significant misrepresentations made by dHybrid, including exaggerating the effectiveness of the system and fuel-savings achieved for Swift. In addition, sPower discovered during its due diligence process that, unlike what was represented to it, dHybrid had not completed development of the dHybrid system.⁶²

With dHybrid up in flames, Milton and his father launched another company with a similar name – dHybrid Systems LLC – in October 2012. Milton allegedly used the similar company name to deceive prospective clients, partners and investors that the new company had a longer business track record than it actually did. In 2014, Milton sold this new business to Worthington Industries. Desperate to seal the deal, Milton was said to have “[traversed] the country in a mad dash to patch up dHybrid Systems’ broken systems” and “[concealed] issues from Worthington”.⁶³ A year later, Worthington recorded a US\$2.3 million impairment on the acquisition.⁶⁴

Nikola’s engine goes up in smoke

Hindenburg Research alleged in its short-seller report that Nikola’s “proprietary technology” was just cobbled-together parts acquired from other companies. Nikola’s misrepresentations on its proprietary technology during its early days – when it was known as Bluegentech – helped the company clinch its initial partners, whose parts would cumulatively form its first EV truck.⁶⁵

These misrepresentations continued as the company grew. On 23 July 2016, Nikola responded to a user on Twitter that “CNG is the way to go for power,”⁶⁶ indicating Nikola’s business interest in CNG. In August 2016, Nikola declared to have engineered the “holy grail of the trucking industry”⁶⁷ and announced its aim of building trucks powered by hydrogen fuel cells. Observers found it strange that Nikola suddenly changed its tune and deserted its CNG technology without any further explanation.⁶⁸ Nikola further stated in an announcement that the hydrogen-electric Nikola One would be unveiled on 1 December 2016.⁶⁹ However, according to former partners, no such internal hydrogen capabilities existed at the time.⁷⁰

During the unveiling event on 1 December 2016, Nikola represented that the Nikola One was fully functioning. The unveiled Nikola One had the wordings “H2, Zero Emission Hydrogen Electric” printed on its exterior.⁷¹ However, it was later revealed in 2020 by Bloomberg that development of the truck was incomplete and only a pusher.⁷² In addition, Nikola was found to fuel its truck through natural gas, instead of hydrogen as it previously claimed.⁷³ Over the following three years, the company’s misinformation on its technological capabilities helped it secure investment capital and partnerships with renowned companies such as engineering and technology giant Robert Bosch LLC (Bosch).⁷⁴

It was alleged that in order to prevent the mistruths from coming to light, a legal warning was issued to all former employees to “intimidate them into not discussing the company”.⁷⁵

The axle and wheels – Board and management

The board

As of 1 March 2021, Nikola had 10 directors,⁷⁶ while the average number of board members for S&P 500 boards was 10.7 in 2020.⁷⁷ Between 2019 and 1 March 2021, one executive director (ED) and one non-executive director (NED) ceased to be directors, and three new NEDs joined the board.

The NED who left – Lonnie Stalsberg – was appointed to Nikola’s board in July 2017⁷⁸ but left in September 2020⁷⁹ for reasons unspecified, shortly after Nikola’s IPO. The ED who departed from the board was Milton, who resigned amid fraud claims⁸⁰ in September 2020.⁸¹ The three new directors who joined the board in the last quarter of 2020 were Steven Shindler,⁸² Bruce Smith,⁸³ and Mary Petrovich.⁸⁴

Before Nikola was listed on NASDAQ, Milton served the dual role of Chairman of the board and CEO. He served as Nikola’s CEO from January 2014 and as Chairman from July 2017.⁸⁵ After Nikola’s IPO, Mark Russell took over as CEO while Milton remained as Chairman of the board.⁸⁶ After Milton’s resignation, Girsky – who was already a member of the board at the time – took over as Chairman of the board.⁸⁷

According to Nikola’s corporate governance guidelines,⁸⁸ “If the Chairman of the board is not an independent director, the board shall appoint an independent director to serve as the board’s lead independent director.” However, during the period where Milton was Executive Chairman, a lead independent director was not appointed.⁸⁹

NED Michael Mansuetti has been the President of Bosch in the U.S. since 2012.⁹⁰ As per its related party transactions policy,⁹¹ Nikola disclosed in its S-1 filing on 15 March 2021 that it had previously entered into a commercial letter agreement with Nimbus Holdings LLC,⁹² a subsidiary of Bosch.⁹³ Moreover, Nikola disclosed that as of December 2020, it continues to have a number of agreements in place with various Bosch entities,⁹⁴ amounting to millions of dollars. Similarly, Nikola disclosed in its SEC filings that in September 2019, it had entered into an agreement with CNH Industrial N.V. (CNHI) and Iveco S.p.A. (Iveco) to establish an entity for the purposes of developing and manufacturing trucks. The initial term of agreement expires on 31 December 2030, with automatic renewals unless terminated by any party.⁹⁵ Iveco is a beneficial owner of more than five percent of Nikola’s shares.⁹⁶ Furthermore, one of Nikola’s NEDs, Gerrit Marx, has been serving as President of commercial and specialty vehicles of CNHI since January 2019.⁹⁷

With regard to competencies of the board, seven⁹⁸ out of 10 of directors had experience overseeing and/or managing a listed company. Nikola’s directors also had various backgrounds in automotive, renewables, manufacturing, technology, venture capital and private equity. Moreover, the directors possessed a range of skill sets required in running a business, such as law, finance, and operations.⁹⁹

Most notably, Girsky previously served in a number of capacities at GM between 2009 and 2014, including Vice Chairman, being responsible for global corporate strategy, new business development, global product planning and program management. After he left GM, he ran VectoIQ with managing partner Mary Chan.¹⁰⁰ After taking over the role of Nikola's Chairman in 2020, Girsky maintains directorships on four other boards, including two listed companies – Brookfield Business Partners Limited, and VectoIQ Acquisition Corp. II.¹⁰¹

Board committees

Nikola has three board committees – Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. It adopted a charter for each of these committees, to comply with NASDAQ listing rules.¹⁰²

Nikola's Nominating and Corporate Governance Committee, headed by Jeffrey Ubben, is tasked to recommend candidates to serve on the board and evaluate the performance of the board, board committees and individual directors to determine whether continued service on the board is appropriate.¹⁰³ Although the company stated in its filings that it has not established any specific qualifications for the candidates to be met, it does consider "character, integrity, judgment, leadership, diversity of backgrounds, age, gender, ethnicity, independence, skills, education, expertise, business acumen, professional experience, knowledge of or experience in the industry in which we operate in, understanding of our business, the ability of the candidate to devote sufficient time and attention to the affairs of the company".¹⁰⁴

Nikola's Audit Committee consists of Shindler, Mansuetti, and Sooyean Jin, with Shindler as the Chairman of the Audit Committee. Nikola highlighted that each member satisfies the independence requirements of NASDAQ and can read and understand fundamental financial statements in accordance with NASDAQ Audit Committee requirements.¹⁰⁵

The Compensation Committee, chaired by Gerrit Marx and included Thompson and Stalsberg, is responsible for reviewing and approving the compensation and other terms of employment of Nikola's executive officers. On 29 September 2020, Stalsberg resigned from the board.¹⁰⁶

Although Nikola does not have a Risk Committee, it believes that the board as a whole is responsible for the administration and oversight of risk management, with the Audit Committee in charge of managing financial risks.¹⁰⁷

The management

Nikola prides itself as an organisation that acquires the best talents worldwide, often citing its Chief Engineer, Kevin Lynk, as a prime example. Kevin gained recognition from Milton for his efforts in designing the e-axle for Nikola's entire proposed fleet of vehicles, a task that was already complex for a single vehicle. In a promotional video, Milton credited Lynk as the sole developer of Nikola's e-axle. However, a review of Kevin's biography by Hindenburg Research revealed that prior to Nikola, he was designing oilfield products and repairing pinball machines.¹⁰⁸ Milton allegedly took a unique approach to hiring, and hired engineers who "had zero experience in the automotive world". Instead, his belief was that "[he] needed [people]

who believed anything was possible, [people] who did not have automotive experience to limit [Nikola] by being bound to what had been done in the past.”¹⁰⁹

Milton also brought his brother, who was previously a concrete pourer and subcontractor, on board.¹¹⁰ Travis held the title of “director of hydrogen production/infrastructure” in Nikola to oversee this seemingly critical part of the business for close to six years, from January 2015 to November 2020.¹¹¹

Similarly, for the role of head of infrastructure development, one might “anticipate that the rollout of Nikola’s coast-to-coast hydrogen production network would be managed by an individual with an extensive background in both science as well as large infrastructure developments”,¹¹² according to Hindenburg Research. Instead, Nikola hired Dale Prows, who was previously a CEO and general manager at a residential golf course prior to being recruited.¹¹³

Fuel of the management machine

The ethos of Nikola’s compensation design has always been to attract, retain, incentivise and reward individuals who contribute to the company’s long-term success and goals.¹¹⁴ Stock-based compensation is used by the company to achieve this, as seen from its 2017 stock option plan (the 2017 Plan) providing for the grant of stock options to employees, directors, and consultants, as well as from the 2020 stock incentive plan (the 2020 Plan) that became effective in conjunction with Nikola’s IPO.¹¹⁵ In addition to stock options, the 2020 Plan provides for the grant of share appreciation rights, restricted shares and stock units (RSUs) to employees, consultants, and non-employee directors.¹¹⁶

In light of Nikola’s IPO, Nikola reviewed the remuneration plans for its executives and board of directors to align compensation with Nikola’s business objectives and the creation of stockholder value. The review and development of the compensation package is exemplified by the evolution of executive compensation, in terms of the level and mix of compensation, performance measures and targets, and the termination packages for individual executive officers.¹¹⁷

Who takes the wheel for Nikola’s compensation policies?

Nikola’s executive compensation program is designed and operated with regard to its named executive officers. For FY2020, the company’s named executive officers comprised six individuals. They were Milton, outgoing CEO; Russell, its President and CEO; Brady, its CFO; Pablo M. Koziner, the President of energy and commercial; Britton M. Worthen, Chief Legal Officer; and Joseph R. Pike, Chief Human Resources Officer.¹¹⁸

A joyride for executives

The compensation program for named executive officers before Nikola became public consisted of a base salary and incentive compensation delivered in the form of annual bonuses and stock option awards. In particular, Milton's initial base salary had been US\$350,000 as CEO until 2019, when he volunteered to have his annual salary reduced to US\$266,000, to offset costs associated with his airplane pilot being paid through Nikola's payroll. Milton was also eligible to receive an annual bonus upon the achievement of specific revenue milestones, beginning after Nikola reaches US\$100 million or more in annual gross revenue.^{119,120}

Following Nikola's merger with VectoIQ and IPO on 4 June 2020, an amendment of Milton's employment agreement reduced his base salary to US\$1, along with the two other named executive officers, Russell and Brady.¹²¹ All three named executive officers would be eligible to receive a time-vested stock award that primarily has a cliff vesting schedule of three years. A performance-based stock award is also earned upon the achievement of pre-established share price milestones – as opposed to revenue milestones – reflecting the emphasis in aligning compensation with the creation of stockholder value after the IPO.¹²²

The company also introduced a one-time incentive award in the form of the 2020 performance award granted to each of Nikola's named executive officers. The performance award consists of several RSUs awarded with a three-year performance period. The scheme's primary measurement of performance is Nikola's share price. The performance award vests upon the achievement of three separate tranches of 25-, 40- and 55-dollar share price milestones. Under this scheme, the total number of performance awards granted to the CEO amounted to 4,859,000, with a total potential value of US\$138,644,298.¹²³ The awards granted to Milton as Executive Chairman were all canceled and returned, due to his resignation. As per Nikola's S-1 filing on 15 March 2021, "none of the share price milestones have been achieved and none of the performance awards have been earned".¹²⁴

A comfortable suspension system

Nikola's S-1 filings after the IPO disclose certain details on the named executive officers' termination packages. In the event of involuntary termination, Milton stands to receive consulting fees of US\$10 million each year for the first two years after his termination, a lump sum cash payment of benefits coverage, and a full acceleration of all unvested equity awards including performance-based stock awards he holds. As for Russell and Brady, they stand to receive a single cash severance payment of US\$2,600,000 and US\$1,050,000 respectively upon termination, a lump sum cash payment of benefits coverage, and a full acceleration of all unvested time-based equity awards. Unlike Milton, Russell's and Brady's unvested performance-based awards do not accelerate in full upon their termination; they vest in an amount based upon the achievement of pre-established but undisclosed share price milestones prior to their termination dates and are prorated for the length of their employment during the performance period.¹²⁵

In 2021, the termination packages were streamlined to have the same structure for all of Nikola’s named executive officers. Once an executive’s employment is involuntarily terminated, the executive will be entitled to receive a cash severance payment (of varying amounts depending on the executive’s role), a lump sum cash payment of benefits coverage, a full acceleration of all unvested time-based RSUs, and a pro-rata acceleration of performance market-based restricted stock units.¹²⁶

The driver’s seat – Shareholder ownership structure

Nikola’s shareholder ownership structure is comprised of public individual investors, public and private companies, institutional investors, and individual insiders. As of 1 March 2021, Nikola’s largest shareholder is M&M Residual, LLC, wholly owned by Milton, with a stake of 21.3%. Meanwhile, the second largest shareholder, T&M Residual, LLC, holds a 10.2% stake in Nikola. Nikola’s CEO, Russell, is the manager of T&M Residual, LLC, and has sole dispositive power over the shares held by it. The third largest shareholder, Iveco, holds 6.5% of the company’s shares.¹²⁷ The collective shareholding of all directors and executives of Nikola, including Milton, is 44%.¹²⁸ It is notable that the general public, which collectively owns approximately 25% of Nikola, can still make a collective impact on company policies.¹²⁹ Further, since its IPO in June 2020, Nikola has amassed a significant number of institutional investors, including Fidelity, ValueAct and BlackRock Inc.¹³⁰

Nikola’s ownership structure as at 28 April 2021 is shown in Figure 2.

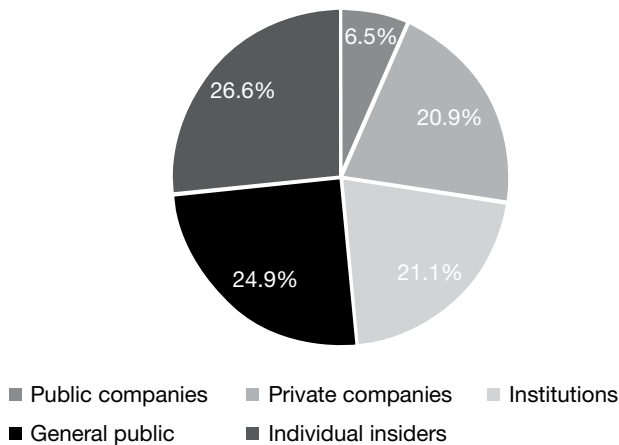


Figure 2: Nikola’s Ownership Structure as of 28 April 2021¹³¹

High insider ownership can align the interest of company leaders with that of Nikola and its shareholders, giving them a strong incentive to engage in firm value-maximising activities.¹³² Nonetheless, it gives immense power to a small group of individuals within the company, exposing Nikola to expropriation and entrenchment risks.¹³³

Milton's ownership

"Milton has laid the groundwork to extract hundreds of millions from Nikola years before ever delivering on his promises."

– *Hindenburg Research*¹³⁴

Upon Milton's resignation on 20 September 2020, Milton agreed to forfeit 4,859,000 performance-based stock units and the US\$20 million consulting contract fees as part of the separation agreement. Nevertheless, it was reported that Milton walked away with more than 91.6 million shares in Nikola, valued at over US\$3.1 billion as of 21 September 2020.^{135,136}

Despite his departure from the company, Milton retains a large shareholding in Nikola, which potentially grants him a significant level of control over the company. Therefore, the company has mandated that Milton be stripped of any say in its operations, board composition, and other major decisions for three years following his departure in September 2020.¹³⁷

In its report, Hindenburg Research heavily criticised Milton's 'golden handshake'. It highlighted that the Nikola founder "has ensured he is not going down with the ship" due to the severance terms he negotiated with the company – in the event of dismissal from the company, Milton's equity awards would immediately vest, and he would be entitled to collect US\$20 million over two years.¹³⁸

Having once been likened to Tesla CEO Elon Musk as a revolutionary in the EV industry, Milton has more recently been compared to WeWork founder Adam Neumann – another "ambitious and charismatic entrepreneur" who left his company amidst a scandal while being rewarded with a generous exit package.¹³⁹

Nikola's wheels have fallen off

"This is a very straightforward case. Milton told lies to generate demand for Nikola stock."

– *Audrey Strauss, U.S. attorney for the southern district of New York*¹⁴⁰

2020 was undoubtedly a rough year for Nikola. What was once a high-flying unicorn, brimming with potential to revolutionise the automobile industry, is now a company embroiled in fraud allegations, misrepresentations of its technologies, and countless lawsuits.^{141,142}

After the exposé of Nikola's wrongdoings, it would prove challenging for Nikola to source for new partnerships,¹⁴³ which is a key factor in its road to recovery. The investigations by the SEC and Department of Justice, the loss of substantial outside investments, and the plummet in share price since its heyday have left the embattled electric truck company in a lurch.¹⁴⁴ Nikola now faces a dire lack of capital, resources and backing.¹⁴⁵ The volatility of Nikola's share price continues,¹⁴⁶ as Nikola struggles to regain the public's trust¹⁴⁷ and to build a solid business with its hydrogen technology.

In July 2021, Milton was charged by U.S. federal prosecutors with two counts of securities fraud and one count of wire fraud. He was alleged to have misled investors about Nikola's products and technology to convince them to purchase shares in the company. The U.S. indictment stated that Milton aspired to be among Forbes' 100 richest people and was motivated "to enrich himself and elevate his stature as an entrepreneur". The indictment charges were against Milton in his individual capacity.¹⁴⁸ Milton pleaded not guilty to the federal criminal charges and was released on US\$100 million bail.¹⁴⁹

Following the fraud charges brought against founder Milton, Nikola attempted to separate itself from its founder, stating that Milton has not been involved in the company's affairs since his resignation on 20 September 2020 and that the company "has cooperated with the government throughout the course of its inquiry".¹⁵⁰ It further announced on 3 August 2021 that it would deliver fewer trucks this year than planned – between 25 to 50 vehicles instead of the previously announced range of 50 to 100. It said that the trucks might lack sensors or touch screens "because of worldwide supply chain problems". As such, the vehicles' titles cannot be transferred to the buyers, and Nikola is unable to record revenue on the sales of the vehicles. Additionally, Nikola revised its revenue forecast for 2021 to US\$0 to US\$7.5 million, down from US\$15 million to US\$30 million.¹⁵¹

The journey to recovery may be a long and arduous one. Only time will tell if Nikola survives on this rocky road. Will Nikola be able to make a U-turn from its past actions?

Discussion questions

1. As Milton was the founder and keyman of Nikola, many business decisions were decided by him. What are some potential issues that could occur in founder-led companies? Did the board of directors have a role to play in this saga?
2. Nikola made many material misrepresentations about Nikola's business and technological capabilities before it was exposed by short-seller Hindenburg Research. What were some red flags in the statements made by Nikola and Milton prior to the exposé? Could these red flags have been detected earlier through proper due diligence by investors? What measures could have been put in place to avoid such misrepresentations?
3. Jim Chanos, a U.S. investment manager who is known for predicting the collapse of Enron, warned that the SPAC boom is creating "castles in the sky".¹⁵² In view of what has happened in Nikola's case, do you think the SPAC route to going public should be allowed at all? Explain.
4. Do you think the Singapore market is sophisticated enough for SPACs? Compare the differences in the legal and regulatory environments in the U.S. and in Singapore.
5. Critically evaluate the board structure and composition of Nikola. In your opinion, were Nikola's directors truly independent?

6. Evaluate the aspects of executive and non-executive director compensation at Nikola and discuss whether it had significant bearing on the accusations brought about by Hindenburg Research. What are the advantages and disadvantages of setting share price targets in relation to executive share-based compensation?

Endnotes

- 1 Cao, S. (2019, November 23). Elon Musk Isn't the Only Electric Futurist Who Wants to Rectify Nikola Tesla's Legacy. *Observer*. Retrieved from <https://observer.com/2019/11/elon-musk-tesla-electric-vehicle-rival-nikola-hydrogen-truck/>
- 2 Nikola Corporation. (2020, September 30). Nikola executing strategy and vision to deliver innovative technology, energy and transportation solutions. Retrieved from https://nikolamotor.com/press_releases/nikola-executing-strategy-and-vision-to-deliver-innovative-technology-energy-and-transportation-solutions-98
- 3 Campbell, P., Bushey, C., & Aliaj, O. (2020, December 6). Nikola: the clues in Trevor Milton's past that investors missed or ignored. *Financial Times*. Retrieved from <https://www.ft.com/content/168be1c5-5f54-473f-b373-096b8a511ba9>
- 4 Nikola Corporation. (2020, September 30). Nikola executing strategy and vision to deliver innovative technology, energy and transportation solutions. Retrieved from https://nikolamotor.com/press_releases/nikola-executing-strategy-and-vision-to-deliver-innovative-technology-energy-and-transportation-solutions-98
- 5 Lee, T. B. (2020, September 15). Nikola admits prototype was rolling downhill in promotional video. *Ars Technica*. Retrieved from <https://arstechnica.com/cars/2020/09/nikola-admits-prototype-was-rolling-downhill-in-promotional-video/>
- 6 Reuters. (2020, March 3). Nikola Corp to go public at over \$3.3 billion valuation. Retrieved from <https://www.reuters.com/article/us-nikola-corp-vectoiq-idUSKBN20Q1J5>
- 7 NASDAQ. (2020, June 3). Electric vehicle startup Nikola set to begin trading under symbol NKLA following SPAC merger approval. Retrieved from <https://www.nasdaq.com/articles/electric-vehicle-startup-nikola-set-to-begin-trading-under-symbol-nkla-following-spac>
- 8 Ludlow, E., & Trudell, C. (2020, June 9). Nikola May Not Be Next Tesla, But Its Valuation Is More Extreme. *Bloomberg*. Retrieved from <https://www.bloomberg.com/news/articles/2020-06-09/meet-nikola-a-26-billion-electric-truck-maker-with-no-revenue>
- 9 NASDAQ. (2020, June 3). Electric vehicle startup Nikola set to begin trading under symbol NKLA following SPAC merger approval. Retrieved from <https://www.nasdaq.com/articles/electric-vehicle-startup-nikola-set-to-begin-trading-under-symbol-nkla-following-spac>
- 10 Smith, K. A. (2020, September 21). Nikola corp versus hindenburg research: Who should you trust? *Forbes*. Retrieved from <https://www.forbes.com/sites/advisor/2020/09/21/nikola-corp-versus-hindenburg-research/>
- 11 General Motors. (2020, September 8). Nikola and General Motors Form Strategic Partnership; Nikola Badger to be Engineered and Manufactured by General Motors. Retrieved from <https://media.gm.com/media/us/en/gm/home.detail.html/content/Pages/news/us/en/2020/sep/0908-gen2fcs.html>
- 12 Agnew, H., & Aliaj, O. (2021, June 25). Spac boom is creating 'castles in the sky', Jim Chanos warns. *Financial Times*. Retrieved from <https://www.ft.com/content/da44b18e-51e5-40ab-9e34-70879952edce>
- 13 Hrnjic, E. (2020, December 23). The shortcomings and hidden costs of SPACs. *The Business Times*. Retrieved from <https://www.businesstimes.com.sg/opinion/the-shortcomings-and-hidden-costs-of-spacs>
- 14 PricewaterhouseCoopers. (n.d.). How special purpose acquisition companies (SPACs) work. Retrieved from <https://www.pwc.com/us/en/services/audit-assurance/accounting-advisory/spac-merger.html>
- 15 Rascoff, S. (2020, December 22). What are the costs of going public, and how do SPACs stack up? Part 2: Time (The less obvious cost). *LinkedIn*. Retrieved from <https://www.linkedin.com/pulse/what-costs-going-public-how-do-spacs-stack-up-part-2-time-rascoff>
- 16 Jasinski, N. (2020, August 2). Why Nikola Decided to Merge With a SPAC. And Why More Such Deals Are Coming. *Barron's*. Retrieved from <https://www.barrons.com/articles/why-nikola-decided-to-merge-with-a-spac-and-why-more-such-deals-are-coming-51596369610>

- 17 Bellin, M. (2020, September 22). Why companies are joining the SPAC boom. *PwC*. Retrieved from <https://www.pwc.com/us/en/services/deals/blog/spac-boom.html>
- 18 Chauviere, K., Green, A., & Tan, T. (2020, September 23). Earning the premium: A recipe for long-term SPAC success. *McKinsey & Company*. Retrieved from <https://www.mckinsey.com/industries/private-equity-and-principal-investors/our-insights/earning-the-premium-a-recipe-for-long-term-spac-success>
- 19 Nead, N. (n.d.). Advantages of a SPAC. *InvestmentBank.com*. Retrieved from <https://investmentbank.com/special-purpose-acquisition-company/>
- 20 Jasinski, N. (2020, August 2). Why Nikola Decided to Merge With a SPAC. And Why More Such Deals Are Coming. *Barron's*. Retrieved from <https://www.barrons.com/articles/why-nikola-decided-to-merge-with-a-spac-and-why-more-such-deals-are-coming-51596369610>
- 21 Tan, C. H., & Yang, E. J. (2021, March 17). SPACs in Singapore: Game changer or reckless craze?. *The Business Times*. Retrieved from <https://www.businesstimes.com.sg/opinion/spacs-in-singapore-game-changer-or-reckless-craze>
- 22 *Ibid.*
- 23 Hrnjic, E. (2020, December 23). The shortcomings and hidden costs of SPACs. *The Business Times*. Retrieved from <https://www.businesstimes.com.sg/opinion/the-shortcomings-and-hidden-costs-of-spacs>
- 24 Korosec, K. (2020, June 10). Nikola Motor to open pre-orders for fuel cell pickup truck to compete with Ford, Tesla. *TechCrunch*. Retrieved from <https://social.techcrunch.com/2020/06/09/nikola-motor-to-open-pre-orders-for-fuel-cell-pickup-truck-to-compete-with-ford-tesla/>
- 25 Nikola Corporation. (2021, February 25). Nikola Corporation Reports Fourth Quarter and Full Year 2020 Results. Retrieved from <https://www.prnewswire.com/news-releases/nikola-corporation-reports-fourth-quarter-and-full-year-2020-results-301236017.html>
- 26 Nikola Corporation. (2020). Form 424B3. Retrieved from <https://www.sec.gov/Archives/edgar/data/1731289/000104746920002928/a2241585z424b3.htm>
- 27 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburgresearch.com/nikola/>
- 28 GB&A. (2021, June 24). Assessing The SPAC Risk Landscape. Retrieved from <https://www.lexology.com/library/detail.aspx?g=5ee20128-d109-4c7c-b8a5-56ad8fd61f8f>
- 29 Klayman, B. (2020, September 18). Nikola board member who helped company go public said proper due diligence of startup was done. *Reuters*. Retrieved from <https://www.reuters.com/article/us-nikola-board-member-idUSKBN2682W5>
- 30 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburgresearch.com/nikola/>
- 31 *Ibid.*
- 32 Bushey, C., & Campbell, P. (2020, September 10). Nikola shares fall after short seller claims business is an 'intricate fraud'. *Financial Times*. Retrieved from <https://www.ft.com/content/653096d3-e338-4d24-bab9-4fcb89f5402e>
- 33 Morris, D. Z. (2020, September 11). New report claims widespread deception by Nikola Motor and founder Trevor Milton. *Fortune*. Retrieved from <https://fortune.com/2020/09/10/nikola-motor-stock-hindenburg-research-allegations/>
- 34 Valdes-Dapena, P. (2020, September 15). Electric truck startup Nikola hits back at short seller's report. *CNN*. Retrieved from <https://www.cnn.com/2020/09/15/cars/nikola-electric-truck-hindenburg-research-response/index.html>
- 35 Bushey, C., & Campbell, P. (2020, September 10). Nikola shares fall after short seller claims business is an 'intricate fraud'. *Financial Times*. Retrieved from <https://www.ft.com/content/653096d3-e338-4d24-bab9-4fcb89f5402e>
- 36 Wang, C., & Steinberg, M. (2020, September 21). Nikola founder Trevor Milton to voluntarily step down as executive chairman; stock plunges. *CNBC*. Retrieved from <https://www.cnbc.com/2020/09/21/nikola-founder-trevor-milton-to-voluntarily-step-down-as-executive-chairman.html>

- 37 Williams, C. (2020, October 2). What you need to know about nikola's downfall. *The Motley Fool*. Retrieved from <https://www.fool.com/investing/2020/10/02/what-you-need-to-know-about-nikolas-downfall/>
- 38 Nikola Corporation. (2020, September 14). Nikola sets the record straight on false and misleading short seller report. Retrieved from https://nikolamotor.com/press_releases/nikola-sets-the-record-straight-on-false-and-misleading-short-seller-report-96
- 39 Campbell, P., & Bushey, C. (2020, September 14). Nikola admits rolling truck down hill as it counters 'fraud' claims. *Financial Times*. Retrieved from <https://www.ft.com/content/a875fe3f-f59e-4dcb-aebc-ee54280122be>
- 40 Wang, C., & Steinberg, M. (2020, September 21). Nikola founder Trevor Milton to voluntarily step down as executive chairman; stock plunges. *CNBC*. Retrieved from <https://www.cnbc.com/2020/09/21/nikola-founder-trevor-milton-to-voluntarily-step-down-as-executive-chairman.html>
- 41 La Roche, J. (2020, September 22). Tesla competitor Nikola's stock craters after founder Trevor Milton resigns chairmanship. *Yahoo! News*. Retrieved from <https://sg.news.yahoo.com/nikola-stock-price-drops-chairman-trevor-milton-resignation-112228730.html>
- 42 Bushey, C., Campbell, P., & Shubber, K. (2020, September 16). US justice department inquires into Nikola fraud claims. *Financial Times*. Retrieved from <https://www.ft.com/content/a45a6638-167b-4e27-a9fd-576e7229f959>
- 43 Vega, N. (2020, November 10). Nikola discloses subpoenas from DOJ, SEC and New York DA. *New York Post*. Retrieved from <https://nypost.com/2020/11/10/nikola-discloses-subpoenas-from-doj-sec-and-new-york-da/>
- 44 Hawes, C. (2020, September 21). Investor lawsuits mount against Nikola, founder Trevor Milton. *Freight Waves*. Retrieved from <https://www.freightwaves.com/news/investor-lawsuits-mount-against-nikola-founder-trevor-milton>
- 45 Block & Leviton LLP. (2020, October 26). Shareholder reminder: Nikola corp. Sued by block & leviton llp for securities fraud; investors who lost money should contact the firm. *GlobeNewswire News Room*. Retrieved from <https://www.globenewswire.com/news-release/2020/10/26/2114600/23044/en/SHAREHOLDER-REMINDER-Nikola-Corp-Sued-by-Block-Levito-LLP-for-Securities-Fraud-Investors-Who-Lost-Money-Should-Contact-the-Firm.html>
- 46 *Ibid.*
- 47 Hawkins, A. J. (2020, November 30). GM pumps the brakes on its deal with troubled electric truck startup Nikola. *The Verge*. Retrieved from <https://www.theverge.com/2020/11/30/21726594/gm-nikola-deal-equity-badger-truck-hydrogen>
- 48 Boudette, N. E. (2021, July 29). G.M. scales back alliance with electric truck start-up Nikola. *The New York Times*. Retrieved from <https://www.nytimes.com/2020/11/30/business/gm-nikola-electric-trucks.html>
- 49 Dey, E., & Ludlow, E. (2021, April 16). Nikola Nears \$10 a Share, Erasing Startup's Post-IPO Gains. *Bloomberg*. Retrieved from <https://www.bloomberg.com/news/articles/2021-04-15/nikola-approaches-10-a-share-erasing-startup-s-post-ipo-gains>
- 50 Forbes. (2021, April 11). Trevor Milton. Retrieved from <https://www.forbes.com/profile/trevor-milton/>
- 51 Matousek, M. (2021, March 9). Inside the troubled past of billionaire Nikola founder Trevor Milton. *Business Insider*. Retrieved from <https://www.businessinsider.com/inside-the-troubled-past-of-nikola-founder-trevor-milton-2021-3>
- 52 Kelly, J. (2020, September 22). Nikola founder resigns: The wild cautionary tale of trevor milton copycatting elon musk and tesla. *Forbes*. Retrieved from <https://www.forbes.com/sites/jackkelly/2020/09/22/nikola-founder-resigns-the-wild-cautionary-tale-of-trevor-milton-copycatting-elon-musk-and-tesla/>
- 53 Fruen, L. (2020, September 22). How Nikola CEO Trevor Milton went from college-dropout to billionaire. *Daily Mail*. Retrieved from <https://www.dailymail.co.uk/news/article-8757313/How-Mormon-raised-Nikola-founder-Trevor-Milton-went-college-dropout-billionaire.html>
- 54 Kopecki, D., & Wayland, M. (2020, September 30). Two women file sexual abuse complaints against Nikola founder Trevor Milton. *CNBC*. Retrieved from <https://www.cnbc.com/2020/09/29/two-women-file-sexual-abuse-complaints-against-nikola-founder-trevor-milton.html>

- 55 Matousek, M. (2021, March 9). Inside the troubled past of billionaire Nikola founder Trevor Milton. *Business Insider*. Retrieved from <https://www.businessinsider.com/inside-the-troubled-past-of-nikola-founder-trevor-milton-2021-3>
- 56 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburesearch.com/nikola/>
- 57 Li, S. (2020, May 18). Nikola motor founder lost everything twice, then started company now worth billions. *Forbes*. Retrieved from <https://www.forbes.com/sites/stevenli/2020/05/18/nikola-motor-company-trevor-milton-2020/>
- 58 Foldy, B., Colias, M., & Naughton, N. (2020, October 1). Long Before Nikola Trucks, Trevor Milton Sold Investors on Startups That Faded. *The Wall Street Journal*. Retrieved from <https://www.wsj.com/articles/nikola-electric-hydrogen-trucks-trevor-milton-11601575695>
- 59 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburesearch.com/nikola/>
- 60 Welch, D., & Ludlow, E. (2020, September 28). Nikola founder Milton's fall reveals what his backers feared. *BNN Bloomberg*. Retrieved from <https://www.bnnbloomberg.ca/nikola-founder-milton-s-fall-reveals-what-his-backers-feared-1.1500376>
- 61 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburesearch.com/nikola/>
- 62 *Ibid.*
- 63 *Ibid.*
- 64 *Ibid.*
- 65 *Ibid.*
- 66 Nikola Corporation [@nikolamotor]. (2016, July 23). *no. CNG is the way to go for power. It's cleaner than your wall outlet if you produce it through a turbine. Very happy* [Tweet]. Twitter. Retrieved from <https://twitter.com/nikolamotor/status/756692103632031744>
- 67 Nikola Corporation. (2021, August 1). Nikola one truck achieves zero emissions. Retrieved from https://nikolamotor.com/press_releases/nikola-one-truck-achieves-zero-emissions-29
- 68 Muoio, D. (2016, August 31). A startup trying to become the Tesla of trucking just made a very strange move. *Business Insider*. Retrieved from <https://www.businessinsider.com/nikola-motor-reveals-hydrogen-truck-plans-2016-8>
- 69 Nikola Corporation. (2021, August 30). Nikola Motor Company Announces U.S. and Canadian Class 8 Trucks Will Be Hydrogen Fuel Cell Powered and 100% Emission Free. Retrieved from https://nikolamotor.com/pdfs/Nikola_Hydrogen_Final.pdf
- 70 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburesearch.com/nikola/>
- 71 Nikola Corporation. (2016, December 2). *Nikola motor company—Nikola one semi electric truck unveiling—Official video* [Video]. YouTube. Retrieved from <https://www.youtube.com/watch?v=wLidTCqAAAY>
- 72 Ludlow, E. (2020, June 18) Nikola Founder Exaggerated the Capability of His Debut Truck. *Bloomberg*. Retrieved from <https://www.bloomberg.com/news/articles/2020-06-17/nikola-s-founder-exaggerated-the-capability-of-his-debut-truck>
- 73 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburesearch.com/nikola/>
- 74 Nikola Corporation. (2017, September 19). Nikola Motor Company and Bosch develop the commercial vehicle powertrain of the future. Retrieved from https://nikolamotor.com/press_releases/nikola-motor-company-and-bosch-develop-the-commercial-vehicle-powertrain-of-the-future-35
- 75 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburesearch.com/nikola/>

- 76 Nikola Corporation. (2021, March 15). Form S-1. Retrieved from <https://www.sec.gov/ix?doc=/Archives/edgar/data/1731289/000119312521081397/d128833ds1.htm>
- 77 Spencer Stuart. (2020). 2020 U.S. Spencer Stuart Board Index. Retrieved from https://www.spencerstuart.com/-/media/2020/december/ssbi2020/2020_us_spencer_stuart_board_index.pdf
- 78 Nikola Corporation. (2020, March 13). Form S-4. Retrieved from https://www.sec.gov/Archives/edgar/data/1731289/000104746920001479/a2240989zs-4.htm#dm12402_management_after_the_business_combination
- 79 Nikola Corporation. (2020, October 1). Nikola appoints Steve Shindler to board of directors. Retrieved from https://nikolamotor.com/press_releases/nikola-appoints-steve-shindler-to-board-of-directors-100
- 80 Boudette, N. E., & Ewing, J. (2020, September 21). Head of Nikola, a G.M. electric truck partner, quits amid fraud claims. *The New York Times*. Retrieved from <https://www.nytimes.com/2020/09/21/business/nikola-trevor-milton-resigns.html>
- 81 Nikola Corporation. (2020, September 20). Nikola board of directors announces leadership transition. Retrieved from https://nikolamotor.com/press_releases/nikola-board-of-directors-announces-leadership-transition-97
- 82 *Ibid.*
- 83 Nikola Corporation. (2020, October 29). Nikola appoints Bruce Smith to board of directors. Retrieved from https://nikolamotor.com/press_releases/nikola-appoints-bruce-smith-to-board-of-directors-103
- 84 Nikola Corporation. (2020, December 23). Mary Petrovich named to Nikola board of directors. Retrieved from https://nikolamotor.com/press_releases/mary-petrovich-named-to-nikola-board-of-directors-107
- 85 Nikola Corporation. (2020, March 13). Form S-4. Retrieved from https://www.sec.gov/Archives/edgar/data/1731289/000104746920001479/a2240989zs-4.htm#dm12402_management_after_the_business_combination
- 86 VectoIQ Acquisition Corp. (2020, May 8). Proxy Statement, Prospectus and Information Statement dated May 8, 2020. Retrieved from <https://www.sec.gov/Archives/edgar/data/1731289/000104746920002928/a2241585z424b3.htm>
- 87 Nikola Corporation. (2020, September 20). Nikola board of directors announces leadership transition. Retrieved from https://nikolamotor.com/press_releases/nikola-board-of-directors-announces-leadership-transition-97
- 88 Nikola Corporation. (2021). Corporate governance guidelines. Retrieved from https://d32st474bx6q5f.cloudfront.net/nikolamotor/uploads/investor/governance_document/file/7/4Nikola_Corporate_Governance_Guidelines.pdf
- 89 Nikola Corporation. (n.d.). Corporate governance – Board of directors. Retrieved from <https://nikolamotor.com/investors/corporate?active=board>
- 90 Robert Bosch LLC. (n.d.). Bosch in the USA. Retrieved from <https://www.bosch.us/our-company/bosch-in-the-usa/>
- 91 Nikola Corporation. (2021, March 15). Form S-1. Retrieved from <https://www.sec.gov/ix?doc=/Archives/edgar/data/1731289/000119312521081397/d128833ds1.htm>
- 92 *Ibid.*
- 93 Raghunath, A. (2020, December 3). Bosch Reduces Nikola Stake To Fall Below SEC's Beneficial Ownership Reporting Requirement Of 5%. *Yahoo! Finance*. Retrieved from <https://finance.yahoo.com/news/bosch-reduces-nikola-stake-fall-093539572.html>
- 94 Nikola Corporation. (2021, March 15). Form S-1. Retrieved from <https://www.sec.gov/ix?doc=/Archives/edgar/data/1731289/000119312521081397/d128833ds1.htm>
- 95 *Ibid.*
- 96 *Ibid.*
- 97 CNH Industrial N.V. (n.d.). Gerrit Marx. Retrieved from <https://media.cnhindustrial.com/EUROPE/CNH-INDUSTRIAL-CORPORATE/gerrit-marx/s/6db4b616-796a-40bd-8273-8057ea6ed845>

- 98 Nikola Corporation. (2021, March 15). Form S-1. Retrieved from <https://www.sec.gov/ix?doc=/Archives/edgar/data/1731289/000119312521081397/d128833ds1.htm>
- 99 *Ibid.*
- 100 Korosec, K. (2020, September 26). Nikola chairman, VectoIQ CEO Steve Girsky eyes his next transportation investment. *Tech Crunch*. Retrieved from <https://techcrunch.com/2020/09/25/nikolas-steve-girsky-eyes-his-next-transportation-investment/>
- 101 Nikola Corporation. (n.d.). Corporate governance – Board of directors. Retrieved from <https://nikolamotor.com/investors/corporate?active=board>
- 102 Nikola Corporation. (2021, March 15). Form S-1. Retrieved from <https://www.sec.gov/ix?doc=/Archives/edgar/data/1731289/000119312521081397/d128833ds1.htm>
- 103 *Ibid.*
- 104 *Ibid.*
- 105 *Ibid.*
- 106 *Ibid.*
- 107 *Ibid.*
- 108 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburgresearch.com/nikola/>
- 109 Li, S. (2020, May 18). Nikola motor founder lost everything twice, then started company now worth billions. *Forbes*. Retrieved from <https://www.forbes.com/sites/stevenli1/2020/05/18/nikola-motor-company-trevor-milton-2020/>
- 110 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburgresearch.com/nikola/>
- 111 LinkedIn. (n.d.). Travis Milton. Retrieved from <https://www.linkedin.com/in/travis-milton-4b968153/>
- 112 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburgresearch.com/nikola/>
- 113 *Ibid.*
- 114 Nikola Corporation. (2020, June 15). Form S-1. Retrieved from <https://www.sec.gov/Archives/edgar/data/1731289/000104746920003604/a2241863zs-1.htm>
- 115 Nikola Corporation. (2020, June 15). Nikola, 2020 Stock Incentive Plan. Exhibit 10.4. Retrieved from https://www.sec.gov/Archives/edgar/data/1731289/000110465920070923/tm2021982d1_ex10-4.htm
- 116 Nikola Corporation. (2020, August 27). Nikola founder & executive chairman grants 6,005,162 shares to early employees. Retrieved from https://nikolamotor.com/press_releases/nikola-founder-executive-chairman-grants-6005162-shares-to-early-employees-92
- 117 Nikola Corporation. (2020, March 13). Form S-4. Retrieved from <https://www.sec.gov/Archives/edgar/data/1731289/000104746920001479/a2240989zs-4.htm>
- 118 Nikola Corporation. (2021, March 15). Form S-1. Retrieved from <https://www.sec.gov/ix?doc=/Archives/edgar/data/1731289/000119312521081397/d128833ds1.htm>
- 119 Nikola Corporation. (2020, March 13). Form S-4. Retrieved from <https://www.sec.gov/Archives/edgar/data/1731289/000104746920001479/a2240989zs-4.htm>
- 120 Nikola Corporation. (2020, July 17). Form S-1. Retrieved from <https://www.sec.gov/Archives/edgar/data/1731289/000104746920004147/a2241967zs-1.htm>
- 121 *Ibid.*
- 122 Nikola Corporation. (2021, March 15). Form S-1. Retrieved from <https://www.sec.gov/ix?doc=/Archives/edgar/data/1731289/000119312521081397/d128833ds1.htm>
- 123 *Ibid.*

- 124 *Ibid.*
- 125 *Ibid.*
- 126 *Ibid.*
- 127 *Ibid.*
- 128 *Ibid.*
- 129 Simply Wall Street. (2021, April 28). Is Nikola Corporation's (NASDAQ:NKLA) Shareholder Ownership Skewed Towards Insiders?. Retrieved from <https://www.nasdaq.com/articles/is-nikola-corporations-nasdaq%3Ankla-shareholder-ownership-skewed-towards-insiders-2021-04>
- 130 Fox, M. (2020, July 20). Nikola plummets 21% after company files to sell 24 million shares (NKLA). *Markets Insider*. Retrieved from <https://markets.businessinsider.com/news/stocks/nikola-stock-price-company-files-sell-million-shares-shareholders-ev-2020-7>
- 131 *Ibid.*
- 132 *Ibid.*
- 133 Choi, A. (2016, September 27). Costs and benefits of concentrated ownership and control. *Harvard Law School Forum on Corporate Governance*. Retrieved from <https://corpgov.law.harvard.edu/2016/09/27/costs-and-benefits-of-concentrated-ownership-and-control/>
- 134 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburgresearch.com/nikola/>
- 135 Nikola Corporation. (2020, September 20). Form 8-K. Retrieved from https://www.sec.gov/ix?doc=/Archives/edgar/data/1731289/000110465920106691/tm2030359d3_8k.htm
- 136 Wayland, M., & Kopecki, D. (2020, September 21). Nikola founder Trevor Milton forfeits \$166 million in stock he would have lost anyway and gets to keep \$3.1 billion under separation deal. *CNBC*. Retrieved from <https://www.cnbc.com/2020/09/21/nikola-founder-trevor-milton-forfeits-166-million-in-stock-and-gets-to-keep-3point1-billion-under-separation-deal.html>
- 137 Nikola Corporation. (2021, March 15). Form S-1. Retrieved from <https://www.sec.gov/ix?doc=/Archives/edgar/data/1731289/000119312521081397/d128833ds1.htm>
- 138 Hindenburg Research. (2020, September 10). *Nikola: How to parlay an ocean of lies into a partnership with the largest auto OEM in America*. Retrieved from <https://hindenburgresearch.com/nikola/>
- 139 Matousek, M. (2021, March 9). Inside the troubled past of billionaire Nikola founder Trevor Milton. *Business Insider*. Retrieved from <https://www.businessinsider.com/inside-the-troubled-past-of-nikola-founder-trevor-milton-2021-3>
- 140 Bushey, C., & Aliaj, O. (2021, July 30). Nikola founder Trevor Milton charged with making false statements. *Financial Times*. Retrieved from <https://www.ft.com/content/7469bb92-10c7-49a5-8646-193fb3777d2f>
- 141 Wayland, M. (2021, July 29). Grand jury indicts Trevor Milton, founder of electric carmaker Nikola, on three counts of fraud. *CNBC*. Retrieved from <https://www.cnbc.com/2021/07/29/us-prosecutors-charge-trevor-milton-founder-of-electric-carmaker-nikola-with-three-counts-of-fraud.html>
- 142 Leonard, M. (2021, January 20). Nikola Sued Over 'Fabrications' About Hydrogen Fuel Cell Truck. *Bloomberg*. Retrieved from <https://news.bloomberglaw.com/esg/nikola-sued-over-fabrications-about-hydrogen-fuel-cell-truck>
- 143 Welch, D., & Ludlow, E. (2021, January 14). Nikola Faces a Daunting Future With Far Fewer Friends Than Before. *Bloomberg*. Retrieved from <https://www.bloomberg.com/news/articles/2021-01-14/nikola-nkla-faces-daunting-future-after-losing-gm-bp-other-partners>
- 144 *Ibid.*
- 145 Simply Wall Street. (n.d.). Nikola. Retrieved from <https://simplywall.st/stocks/us/capital-goods/nasdaq-nkla/nikola>
- 146 Zacks Equity Research. (2021, May 12). Implied Volatility Surging for Nikola (NKLA) Stock Options. Retrieved from <https://finance.yahoo.com/news/IMPLIED-VOLATILITY-SURGING-NIKOLA-NKLA-124512820.html>

- ¹⁴⁷ Bushey, C. (2021, August 4). Nikola slashes delivery and sales projections for 2021. *Financial Times*. Retrieved from <https://www.ft.com/content/4e5134b0-6411-4fa4-9622-95a98df74515>
- ¹⁴⁸ Bushey, C., & Aliaj, O. (2021, July 30). Nikola founder Trevor Milton charged with making false statements. *Financial Times*. Retrieved from <https://www.ft.com/content/7469bb92-10c7-49a5-8646-193fb3777d2f>
- ¹⁴⁹ Wayland, M. (2021, July 29). Nikola founder Trevor Milton pleads not guilty to fraud charges, released on \$100 million bail. *CNBC*. Retrieved from <https://www.cnbc.com/2021/07/29/nikola-founder-trevor-milton-pleads-not-guilty-to-fraud-charges.html>
- ¹⁵⁰ Wayland, M. (2021, August 3). Nikola lowers revenue and delivery expectations for 2021. *CNBC*. Retrieved from <https://www.cnbc.com/2021/08/03/nikola-reports-narrower-than-expected-loss-during-second-quarter.html>
- ¹⁵¹ Bushey, C. (2021, August 4). Nikola slashes delivery and sales projections for 2021. *Financial Times*. Retrieved from <https://www.ft.com/content/4e5134b0-6411-4fa4-9622-95a98df74515>
- ¹⁵² Agnew, H., & Aliaj, O. (2021, June 25). Spac boom is creating 'castles in the sky', Jim Chanos warns. *Financial Times*. Retrieved from <https://www.ft.com/content/da44b18e-51e5-40ab-9e34-70879952edce>