The Federal Ponzi Scam

Once The U.S. Government Hands You Over $50 Million Dollars In Green Payola Cash You Can Ponzi Scam It In The Stock Market Forever

Elon Musk and Google got payola funding from Obama, using taxpayer money, and then they used Goldman Sachs to run eternal pump-and-dump stock market flash boy scams.

They never need to make or sell anything that consumers actually want. They just keep putting lipstick on the same pig and selling it over, and over, and over again.

Our people were inside Tesla Motors, The Department of Energy and the Obama White House staff. We saw the deals being made for crony-cash-for-campaign-backing. Tesla deserves to die an epic financial death for its crimes against the public.

James Quinn's Blog
The Burning Platform

TESLA MOTORS - ANOTHER WALL STREET SCAM

Good old Goldman Sachs has fucked you again. They were the lead underwriter of this piece of shit company. Goldman is the master of pump and dump. They bought the shares at $17, convinced millions of suckers that a company selling one $109,000 car, that has not made a dime in 7 years of business, and has no prospects for profits ever, was a raging buy. They used lies and hysteria to drive the price to $30 on the first day of trading. Then they sold like there was no tomorrow. Now, one week after the IPO at $17, and a peak day one price of $30.42, the stock is $15.80. Wall Street is a beautiful place. The stock will be $7 in 6 months.

The fools never learn. Pets.com or Tesla. It doesn't matter. It's almost as if Americans want to be scammed.

Tesla is quickly losing money as it works simultaneously on its sports car and its planned, lower-cost Model S. The company has burned through $230 million of cash while recording revenue of just $148 million. Loss-making Tesla has said it expects losses to deepen as it devotes the next year to preparing to manufacture Model S, a luxury electric sedan it plans to launch in 2012 and to sell starting from $57,400.

Tesla Motors shares drop below initial sale price

(NYSE:AP)

DETROIT — Shares of high-end electric car maker Tesla Motors Inc. ran low on voltage Tuesday, falling beneath the stock's initial public offering price after a stunning run-up last week.

Tesla shares lost more than 16 percent of their value to close at $16.11 — below the $17 price that the Palo Alto, California, company got when it first sold the stock on June 29.

Tesla's shares rose 40 percent in their first day of trading as excited investors bet on the automaker's future as a player in the electric car market. They pushed the stock as high as $30.42 on Wednesday, but prices began falling later in the week, closing Friday at $19.20.

On Tuesday, shares dropped as low as $15.83 before recovering to finish down $3.09 at $16.11.

"The euphoria has worn off," Scott Sweet, senior managing partner of IPO research firm IPO Boutique, noted Tuesday. "In this market environment, people are not buying $109,000 cars."

Tesla has not turned a profit since it was founded in 2003, and so far the company has sold only about 1,000 of its high-end electric cars. It currently sells just one vehicle, the $109,000 Roadster sports car, which is popular among celebrities and performance-car enthusiasts. But by 2012 it plans to start selling a four-door luxury sedan, the Model S. That car is expected to cost $50,000 and have an annual production run of 20,000 cars a year. From there, Tesla hopes to roll out even more electric cars aimed at economy buyers.

Sweet said the company was grossly overvalued as some investors believed that Tesla was the next Google. Elon Musk, Tesla's high-flying CEO with a history of successful startups such as PayPal, put on a "spectacular" road show to drum up interest in the shares, he said. But Sweet predicts Tesla will find it difficult to make a profit.

Messages left with a Tesla spokeswoman seeking comment weren't immediately returned.

The company does have strong backers. Last month, Toyota Motor Corp. agreed to sell Tesla a shuttered plant in Fremont, Calif., and invest $50 million in the company. Tesla plans to use the plant to build the Model S.

In June, the company was awarded $465 million in low-interest loans from the U.S. Department of Energy to help build the Model S, which is designed to travel as far as 300 miles on a three- to five-hour charge. With a federal tax credit for battery-powered cars, the cost to buyers could be less than $50,000.

However, Tesla faces competition from mainstream automakers. Later this year, Nissan Motor Co. and General Motors Co. both plan to start selling rechargeable electric cars at far lower prices than the Model S.

Teslas initial public offering raised $226.1 million after selling 13.3 million shares. Before the sale, Tesla expected to price just 11.1 million shares at $14 to $16 each.

10 questions for Tesla before Tuesday's IPO
| Camille Ricketts

There's one story in cleantech today: Tesla Motors' public sale.

The electric car maker just raised the bar on its IPO, slated for tomorrow, increasing the number of shares for sale from 11.1 million to 13.3 million. Shares are expected to price between $14 and $16, with the company's valuation hovering around $1.5 billion.

The word on the street is that the stock is hot. Bankers and analysts alike are seeing a spike in retail investor interest, inspired mostly by hype and the objective sexiness of the vehicles themselves — both the $109,000 Roadster and the forthcoming $45,000 Model S sedan.

But even if Tesla has a blockbuster day tomorrow, there's little guarantee that share prices will stay high. In fact, cleantech market trends all but dictate it won't, and there are still towering hurdles standing between the company today and mass commercial success — hurdles it will have to leap in order to keep its shareholders happy.

So heads up, future investors: here are 10 of the most burning questions about the company and what it needs to do.

1. **How will Tesla keep shareholders happy when its next product isn't due out for two years?**
Right now, Tesla is betting the farm on its all-electric sedan, the Model S. Problem is, it's not due out until 2012, and if the delays the company experienced developing its Roadster (now on the market) are any indication, that deadline may get pushed back even further. In the meantime, the Roadster isn't exactly carrying the operation. A little over 1,000 units have sold since its launch last year, and apparently only 10 cars are being sold every week at this point. How do you keep people excited about a company that's basically pressing the pause button at the peak of its fame?

2. **When will the company stop losing so much money?**
Tesla has been around for seven years now, and it's developed a couple of different revenue streams. In addition to its Roadster sales, it is also supplying battery packs to one of its major stakeholders, Daimler, to use in its electric models. You would think that losses would be shrinking, but this isn't the case. In fact, they swelled from $16 million in Q1 of last year to $29.5 million in Q1 of this year. Now Tesla needs to shell out to get the NUMMI automotive plant — bought for $42 million — up and running, and to hire hundreds to thousands of new employees. Cutting losses doesn't seem to be on the agenda.

3. **How is Tesla going to repay the government?**
Tesla earned its stripes as the most promising electric vehicle company when it landed its $465 million loan guarantee from the U.S. Department of Energy under the banner of its Advanced Technology Vehicles Manufacturing program. This propelled it into the ranks of Ford and Nissan, which also won loans in that round, beating General Motors and Fisker Automotive. The loan is intended to cover 80 percent of Tesla's new manufacturing operations, including NUMMI. The question is, how and when will the company be able to repay this loan?

4. **How far will the company's deal with Toyota go?**
When the partnership between Tesla and the major Japanese automaker was first announced in May, the fanfare made it seem like they had a binding deal to create a new line of electric cars together. CEOs Elon Musk and Akio Toyoda stood next to each other and explained how Tesla would provide electric drive trains to bodies built by Toyota. But a week later, it came out that this part of the deal between the two companies — which also includes Toyota's commitment to take a $50 million stake in Tesla after its IPO — was not so set in stone. In fact, some analysts believe that Toyota never had the intention to build a car with Tesla, that it just needed a nice green boost in its public image following its recall woes. But if the tandem car deal falls apart, how will Tesla, which only plans to build 20,000 Model S sedans at the NUMMI plant a year, take advantage of the facility's capacity to churn out 500,000 cars a year?

5. **What about its relationship with Daimler?**
Daimler, the German auto maker known for its ownership of Mercedes-Benz, acquired a 10 percent stake in Tesla last May. The same deal gave Tesla access to Daimler's commercial-scale production line technology. Before then, however, the two companies signed a contract for Tesla to provide 1,000 lithium-ion battery packs and chargers for Daimler's Smart electric vehicles. Daimler has since sold 40 percent of its holdings in the company to Abu Dhabi-based firm Aabar investments. But Daimler will still be the second largest shareholder behind Musk after the IPO, with 8 percent of shares. The question is, how will its relationship with Tesla change now that Toyota is entering the picture? Will it hold onto its shares?

6. **Will Tesla be able to rely on ZEV credits for added profits?**
Under California's Zero Emissions Vehicles Mandate, major car manufacturers must build a certain percentage of zero emission vehicles. This percentage is going to go up every two years. If companies cannot hit their targets, as none of them have in the past, they can buy credits from companies that are building zero-emission vehicles. Tesla has capitalized on this big time, selling credits to the likes of Honda and others. But now that all major automakers, like Nissan, Ford, GM and Mitsubishi, are coming out with their own plug-in vehicles, will there be enough demand for these credits? We hear Tesla is depending on selling every credit it is able to produce, but that's looking increasingly unlikely — especially considering that it will have more competition in this area from companies like Fisker and Coda Automotive.

7. **Will Tesla be able to hit its target of 20,000 Model S sedans?**
As mentioned, Tesla's long-term success seems to hinge on its ability to sell 20,000 units of the Model

S when it comes out in 2012. None of the other cars it's discussed theoretically, including the cabriolet, van and SUV it introduced during last week's investor roadshow, are close to reality. If they happen, they will happen in 2014 or 2015. The problem is, Tesla only has about 50 retail locations worldwide, and those are the only locations where the cars are actually being sold. Yes, there are extensive plans to open up more showrooms, but again, where's that money going to come from?

8. **How will the Model S compete against the Chevrolet Volt and Nissan Leaf?**
Tesla has captured the public's interest for sure, but two other green cars have done a good job of generating buzz: General Motors' Chevy Volt and Nissan's all-electric Leaf. Both of these cars are coming out before the end of 2010. They are both made by major automakers who have the manufacturing capacity and capital to support their long-term development and sales. And both are priced for average consumers. The Leaf, in fact, could cost below $20,000 in California after government rebates. This makes it competitive with regular cars on the road, not just the plug-in hybrid and electric models. How is Tesla supposed to compete with them when it's trailing behind by two years and plans to sell the Model S for nearly $20,000 more?

9. **Will Elon Musk be able to retain control?**
As almost every article on Tesla notes, it is led by quite the colorful CEO. A co-founder of PayPal, Elon Musk has set off to build things that most little boys only dream of: electric cars and rocket ships. That's right, his is also currently CEO of Space X, one of the private companies pursuing manned spaceflight. How can he divide his attention between these two complex ventures? On top of that, he is notoriously detail oriented in his leadership strategy, leading to delays and disagreements with former colleagues, investors and others. Attempts have actually been made to dilute his controlling interest in the company to no avail. Now he has a messy divorce and a personal financial crisis to deal with (albeit one that might be alleviated by the IPO). Will he be able to maintain control of Tesla given his increasing interest in Space X? Would Tesla command the same attention if he was not at the helm? More importantly, will shareholders accept the fact that Daimler gets to pick the company's next CEO, according to its S-1?

10. **What will Tesla's first public earnings call sound like at the end of Q2?**
Recent reports have pointed out that Tesla isn't doing so hot when it comes to sales. It has all these ambitious plans to build a new line of four Model S-based cars, but the reality is that it's selling about ten of its luxury Roadsters a week. On top of that, and widening losses, and no surefire plans for future profit, what is Musk going to tell his new shareholders during the company's first earnings call as a public company? It might not be a pretty picture — one of the reasons Tesla seemed to be rushing the public sale out the door. The company will face an unprecedented level of transparency and public scrutiny. One more reason why the IPO might be a loud pop followed by a fast fizzle.

https://stockmarketlive.tv/2016/07/14/elon-musk-tesla-motors-scam-dissected-sec-must-intervene/

Elon Musk Tesla Motors SCAM dissected SEC must Intervene

Elon Musk Tesla Motors SCAM dissected SEC must Intervene. It is true, that **Elon Musk is considered by many, the crowd, a true visionary**, but in our view, he is just an individual destroying taxpayers good money with **$4.9 billion in government support**.

NEWS: Sell SolarCity SCAM Ahead of the Collapse

According to the Times, **Tesla alone received $2.3 billion – and that was last year.**

Musk's companies make electric cars, sell solar panels and launch rockets into space. **But none of them make any money.** And these past weeks, as The Wall Street Journal pointed out, Musk has seen his publicity sour.

It has been a rough two weeks for auto maker Tesla Motors Inc.'s ambitions in developing and deploying new technology. First was Tesla's proposal to buy solar-panel manufacturer SolarCity Corp., largely panned by analysts and investors.

Then, it was revealed that a Tesla Model S in self-driving mode was involved in a fatal crash on May 7. The common thread between the two is Tesla's chief executive, Elon Musk, who pushes boundaries, sometimes to the breaking point.

The proposed takeover fueled concern about self-dealing. The crash renews questions about whether Mr. Musk's reach may exceed his grasp—and that he is pushing beyond reasonable risk. After all, **Musk issued a secondary making an arrangement with Goldman Sachs for an upgrade to $250 while he was dumping on shareholders. This happened while an American died "testing" autopilot which is a beta feature included in Tesla's cars.**

To make it even worse **Elon Musk bailed out his own family and himself announcing the most absurd deal of 2016 between Tesla Motors and SolarCity while he put a price target of $1 trillion dollars on the merger!**

> This is a pure SCAM being comparable to Bill Ackman on Valeant as the next Berkshire Hathaway. It's imperative the SEC investigates Elon Musk, the bank responsible for the secondary and Musk's family.

Tesla Quietly Kills Car Buyback Program As Probes Reporter Reveals Undisclosed SEC Investigation

While much of the recent public attention surrounding Tesla has focused on the car's self-driving or "autopilot" feature, which was implicated in the May 7 deadly crash and has resulted in a NHTSA probe as well as a potential SEC inquiry into whether the company misled investors by not reporting the death at the time of Tesla's May equity offering, the real problems facing Tesla is not so much whether its cars are safe but the increasingly evident lack of demand at any price point.

Last month, Tesla cut the base price of its Model S sedan to $66,000; this happens at a time when Tesla has missed its sales targets in the first two quarters this year. Then earlier today, Musk also added a lower-priced version of its Model X crossover. The new Tesla Model X 60D is priced from $74,000, $9,000 less than the Model X 75D. Equipped with a 60kWh battery,

But the real sign that Tesla is concerned about flailing demand for its cars came later in the day, when **Tesla said it had discontinued its resale value guarantee program that assured buyers that cars would retain value over time**.

As Reuters adds, the discontinuation of the buyback program, as of July 1, shows the company stepping back on a pledge begun in 2013 that Tesla would buy back its cars financed through specified loan partners for a predetermined resale value after three years. The program was intended to help Tesla control its secondary market and assure buyers that cars would retain value.

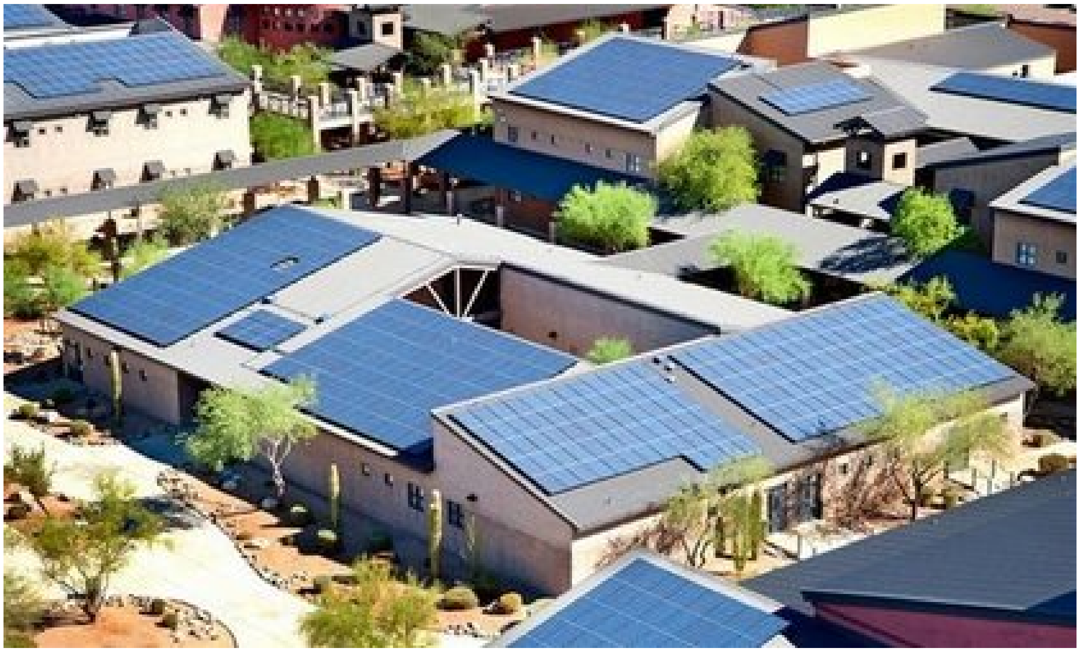
This means that used Tesla values are dropping faster than the company had expected in its worst case scenario, and as a result it can no longer afford to fill the gap. **With this program ending, demand for new vehicles is set to slump even more as concerns about resale prices emerge.**

NEWS: Elon Musk Tesla Motors Ultra Secret Masterplan Revealed

Elon Musk Losing Billions as SolarCity and Tesla Motors Falter

Elon Musk has lost nearly half the value in his two public companies in 2016 alone.

Travis Hoium
(TMFFlushDraw)



Slower than expected installations of solar panels has hurt Elon Musk's net worth in 2016. Image: SolarCity.

2016 hasn't been a great year for Elon Musk and his public companies. Shares of **SolarCity** (NASDAQ:SCTY) and **Tesla Motors** (NASDAQ:TSLA) have fallen sharply as both have disappointed on growth and investors started to question his ability to meet his own plans to change the world.

The impact on Musk's net worth has been incredible. Nearly half of his net worth, at least the portion tied to these businesses, has vanished in just over a month.

Elon Musk's falling net worth

As of his most recent SEC filings, Elon Musk owned 21,275,943 shares of SolarCity stock and 29,579,342 shares of Tesla Motors stock. Given the 2015 year-end stock prices of $51.02 and $240.01 for SolarCity and Tesla Motors respectively, he has lost $3.54 billion in a little less than a month and a half, as of Wednesday's market close.

	Value on 12/31/2015	**Value on 2/11/2016**
Tesla Motors	$7.10 billion	$4.23 billion
SolarCity	$1.09 billion	$396 million
Personal Loan	($475 million)	($475 million)
Total Value	$7.71 billion	$4.17 billion
Value Lost in 2016	$3.54 billion	

Source: SEC filings.

Notice that I took out $475 million in personal loans that have Tesla Motors shares as collateral. This effectively lowers Musk's net worth and since it was used, in part, to buy shares it's worth pulling out of his value calculation.

All is not well in Musk world

The problem in 2016 has been almost opposite of the tailwinds Musk used to build a multi-billion dollar net worth. Since SolarCity and Tesla Motors went public they were high growth companies and investors gave him the benefit of the doubt that they would eventually make money.

Questions about growth in the market generally have gone up in 2016 and that has combined with Musk missing his own growth targets at SolarCity and Tesla Motors to hurt the stocks. The benefit of the doubt that Musk used to build his wealth has begun to evaporate.

You can see below that both companies are losing money and that can only be sustained for so long if stock prices are going to remain as high as they were at the end of 2015.

SCTY Net Income (TTM) data by YCharts

The question is whether or not either will be able to become profitable or even cash flow breakeven in the near future?

What to watch in 2016

During the earnings reports for both SolarCity and Tesla Motors this week, there was one consistent message. Both companies expect to be cash flow breakeven by the end of 2016.

That would be huge news if it comes true and could restore investors' faith in the companies. But remember that SolarCity has missed its own installation guidance two quarters in a row and Tesla Motors has missed its initial production guidance for two straight years. Musk's track record of meeting his own expectations is abysmal.

Until Elon Musk can prove that both companies are built to sustainably generate cash flow quarter after quarter I think the up and down movements of their respective share prices will continue. And until I see that sustainability, I'll stay on the sidelines with my money.

Tesla stock is not a buy—no matter what earnings say ...

Tesla stock popped after an in-line earnings report but this **stock's** run is over. There is no path to profitability, says Michael Pento.

cnbc.com/2016/05/03/tesla-stock-is-not-a-buy-no-ma...

Tesla Is Worse Than Solyndra

How the U.S. government's bungled investment in the car company cost taxpayers at least $1 billion.

By Scott Woolley

Tesla CEO Elon Musk celebrates at his company's factory in Fremont, Calif., June 22, 2012, as the car company began delivering its Model S electric sedan.

Photo by Noah Berger/Reuters

In 2009, as the financial crisis raged and General Motors and Chrysler plunged toward bankruptcy, Tesla Motors faced a seemingly impossible task: raising half a billion dollars to build an electric-car factory. Tesla had just staggered through a year of layoffs, canceled orders, and record losses. Then suddenly, salvation. The U.S. Department of Energy offered to lend the company $465 million at rock-bottom interest rates.

Four years later, Tesla Motors offers a remarkable example of how a well-timed government investment in the right company can pay off. Every week, 400 all-electric Model S sedans roll out of Tesla's factory in Fremont, Calif., which the government's loan financed. *Motor Trend* named the Model S its 2013 Car of the Year. Tesla's stock is the toast of Wall Street, giving the company a market value topping $12 billion. And in sharp contrast to Solyndra, the solar panel maker that defaulted on its $528 million loan from the Energy Departtment, Tesla last week paid the government back early, with interest.

Yet despite all the public celebration, both Solyndra and Tesla stand as warnings of the dangers in deputizing bureaucrats to play bankers and venture capitalists. In both loans, the government walked away laughably undercompensated for the risk it accepted in the startup companies. In fact, the Tesla deal was arguably far more costly for America than the Solyndra fiasco.

Solyndra exposed the first way the taxpayer could lose out. The traditional advantage of making a loan (as opposed to buying stock in a company) is that lenders often get paid something even when the borrowing company fails, because they hold collateral. Solyndra's bankruptcy revealed the ephemeral value of the government's collateral. Taxpayers have yet to recover a penny from the company.

Tesla's runaway success, by contrast, is demonstrating how making venture capital–style investments in risky companies—*without demanding venture capital–style compensation in return*—can end up costing taxpayers even more. In Silicon Valley, one Google pays for a dozen Pets.com. The government made the key mistake of loaning money to Tesla without insisting on receiving stock options, options that could have allowed the Department of Energy to pay for the Solyndra losses several times over.

When the government's negotiators started hammering out the details of the Tesla investment in mid-2009, it was obvious to both sides that the feds were in a position to name their terms. Tesla's management knew that if they couldn't get the government's money at 3 or 4 percent interest, their next cheapest source of capital would cost 10 times more, a whopping 30 to 40 percent annually. (That's according to estimates Tesla made in a regulatory filing, which based its numbers on "venture capital rates of return for companies at a similar stage of development as us.")

Today, the Energy Department defends the massive discount it offered as perfectly appropriate. "The loan program wasn't intended to generate profit; the goal of the program is to provide affordable financing so that America's entrepreneurs and innovators can build a strong, thriving and growing clean energy industry in the United States," says a department spokeswoman.

Yet isn't affordability the exact reason stock options are standard in normal venture capital deals? When a company is struggling, the options can't be exercised and thus are perfectly affordable, not draining a dollar of cash from a startup company. Unlike a loan, stock options only cost the company money if it goes on to success—at which point it can afford to share that success with its early investors.

Personal loans made in 2008 by Elon Musk, Tesla's co-founder and CEO, provide a telling contrast. Musk received a much higher interest rate (10 percent) from Tesla and, more importantly, the option to convert his $38 million of debt into shares of Tesla stock. That's exactly what he ended up doing, and the resulting shares are now worth a whopping $1.4 billion—a 3,500 percent return on his investment. By contrast, the Department of Energy earned only $12 million in interest on its $465 million loan—a 2.6 percent return.

The government had huge leeway to demand similar terms as part of its loan, given the yawning gap between its interest rate and the cost of Tesla's next-best source of capital. The government was ponying up more capital than all of Tesla's previous investors combined. At a bare minimum, the Department of Energy could have demanded a share of the company equal to the 11 percent Musk received for his $38 million loan the year before. Such an 11 percent share would be worth $1.4 billion to taxpayers today.

And if the government had wanted to bargain like a real venture capitalist, Tesla's desperate need for cash gave the feds the power to demand options on half the company's stock, or more. Over at the Treasury Department, negotiators were demanding big ownership stakes in exchange for life-saving bailouts. The Treasury wound up owning 85 percent of AIG's stock and 32 percent of GM's.

There was nothing to prevent DOE from demanding stock options from Tesla. Tesla's loan came courtesy of a 2007 law signed by George W. Bush, which provided $25 billion for loans backing "Advanced Technology Vehicles Manufacturing." While Congress required the Energy Department to lend at low rates, equal to what the government pays, the law was silent on the issue of stock options.

And, in fact, the Energy Department actually did negotiate for options on 3 million shares of Tesla stock as part of the original loan, options that would be worth $300 million based on Tesla's current share price. Unfortunately for taxpayers, those options no longer exist. Tesla had the right to force the extinguishment of those options by repaying the loan early, as it just did. (The Energy Department says that was expected, since unlike typical options these were never meant to turn a profit but rather to encourage Tesla to repay the loan early if it could.)

Elon Musk didn't mention that $300 million reason when he explained last week why Tesla was repaying the loan early. Musk cast the repayment not as a responsibility to his shareholders but rather as a moral duty to the taxpayers who made his company's success possible. "Having accepted taxpayer money, I thought we had an obligation to repay it as soon as we reasonably could," Musk told the *Wall Street Journal* last week.

Asked to explain what, in fact, was Musk's primary motive for the loan repayment, a Tesla spokesperson declined to comment. (Musk also told the *Journal* that "If economics were the only consideration we would not have done this," despite the company's significant economic incentive to kill the government's options.)

Supporters of the government stimulus program point to Tesla as a shining example of how such investments can be long-term successes. "Ultimately, making the U.S. the leader in advanced vehicles and clean energy will pay for itself many times over as our economy grows and new industries are created," says an Energy Department press officer.

Here's hoping that proves true. In the meantime, the question of how to compensate taxpayers for Tesla-esque successes remains a distinct issue, one that the government would do well to pay more attention to the next time it plays venture capitalist. If the government had demanded an ownership stake in reasonable proportion to the amount of money it put at risk, Tesla would be just as successful as it is today. The only difference would be that the taxpayers who saved the company would share in that success.

THE SCAM OF TESLA MOTORS

There's one car maker that, based on all financial information, is horrific. Price inflation is just the beginning.

I'm talking about possibly the most talked about car maker in the world right now — **Tesla**.

No one's exactly sure of Tesla's sales in 2014. We'll have to wait a few months for the annual report for that one. But it's estimated (at best) they sold 30,000 cars in 2014.

Here's a comparison to help understand how little that is. Toyota on average makes 27,342 cars a day. That's roughly as many as Tesla make per year.

Tesla is a horrific investment

But to be fair, let's look at Tesla like we have the other car makers.

Take Tesla's market cap of US$25.96 billion. Now divide it by the number of cars sold (30,000) and you get…$868,333 market cap per car sold.

It's laughable.

It's another clear sign that Tesla's stock price is the most over-inflated of all the car makers in the world.

Imagine if the world treated Tesla in the same way they do BMW. Let's assume that Tesla's market cap per cars sold was the same as BMW's ($37,500).

Based on total 2014 sales of approximately 30,000 cars, it would give Tesla a market cap of around $1.125 billion.

That's about what this car company should be worth. But it's not. The hype and promise of electric car dominate any conversation of Tesla.

Electric vehicles (EVs) are inevitable. BMW, Ford and VW will soon allocate considerably more money and time to EVs. When they do, they will dominate Tesla. They already have the size and scale to completely run Tesla out of town if they wanted to.

They each have an EV model now. They don't expect to sell millions of them overnight. It's to remind the world that if they want to, they can.

I do like Tesla as a company. They're a necessary part of a competitive market. Already they've pushed existing car companies into an EV market they might not have touched for another decade.

That's a good thing. But as an investment? No. Tesla is stupidly overpriced. If you wanted to look into car companies as an investment, every other car maker in the world would be better value.

Tesla Needs Cash? $6 Billion Required Through 2025, Says ...

2017 Hyundai Ioniq Hybrid video drive review ... Required Through 2025, Says **Goldman Sachs**. John ... house **Goldman Sachs**, even **Tesla** Motors is going ...

greencarreports.com/news/1094542_tesla-needs-cash

Here’s Why Tesla Is A Giant Ponzi Scheme

Michael Lewitt Email Michael

You would think that investors would learn from their mistakes. For example, a lot of Wall Street analysts – two dozen of them in fact – have egg on their faces after missing the disaster at Valeant Pharmaceuticals, a stock that I warned about last October when it was trading at $170 per share. Today, with VRX stock down under $30 per share, the financial media and Wall Street has finally figured out what *Sure Money* readers knew before the rest of the crowd – that the pharmaceutical company was a house of cards built on a foundation of debt and a toxic business model.

Right now, my readers are about to get in ahead of the curve once again.

There is another stock market darling that has many similarities to Valeant – phony financial statements, a CEO spending overtime pimping investors and hedge funds into the stock, a mesmerized financial media, and a grossly overvalued stock – Tesla Motors, Inc. (TSLA).

In its defense, it must be said that unlike Valeant, which takes advantage of the sick by overcharging them for drugs, Tesla is trying to do something noble by building electric vehicles. But these vehicles are primarily toys for rich people and subsidized by U.S. taxpayers, so the company’s nobility goes only so far.

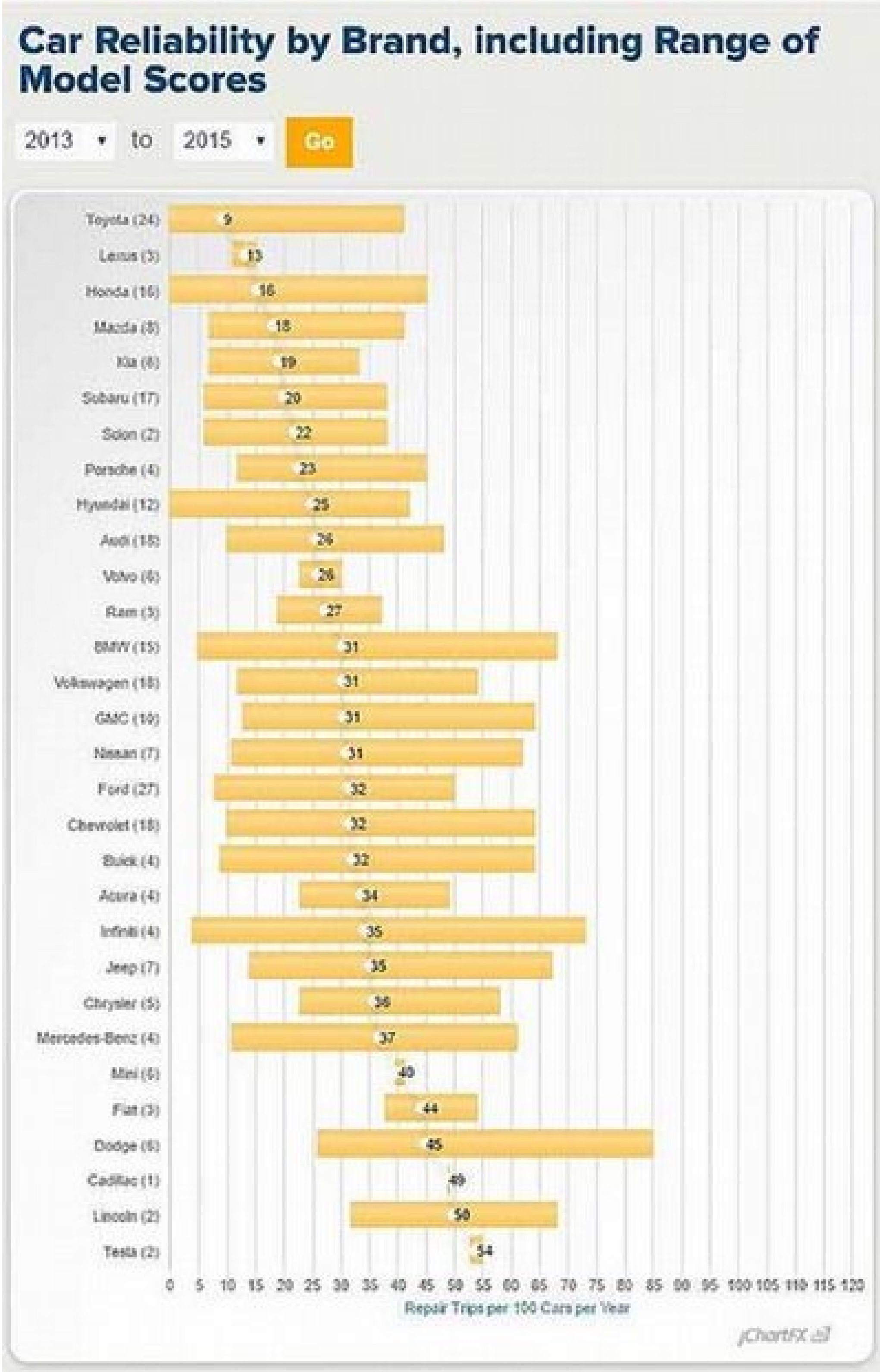
And on a financial basis, TSLA is a ticking time bomb.

Here’s why you should get out of TSLA right now – and here’s how to profit.

Tesla Has All the Hallmarks of a Cult Stock

While the financial media and Wall Street analysts suck up to Tesla’s founder, Elon Musk, they ignore the fact that the company is running through billions of dollars of cash while running a massive Ponzi game on consumers. In the last quarter, the company lost $19,059 for every car it sold (despite a starting selling price of over $70,000). Its negative net margin was -24.6% compared to -16.4% a year ago. It promised to produce 200,000 cars in 2017, 500,000 cars in 2018 and 1,000,000 in 2010 but only expects to manufacture 17,000 in the second quarter of this year. The odds of the company meeting these projections are about as high as the odds of Hillary Clinton starting to tell the truth. In the first quarter of 2016, Tesla burned $249.6 million in cash in operations, almost twice as much as a year earlier ($131.8 million). It also spent $233.8 million in capex, which it considered a victory since it was less than the the $432.3 million it spenta year earlier. It raised $715.4 million to pay for this, up from $186.2 million a year earlier. But it’s going to have to spend a heck of a lot more to come close to reaching its absurd projection targets.

Not to mention the fact that the cars themselves are *literally* at the bottom of the reliability list:



At this rate, Elon Musk is going to give carnival barkers a bad name.

In order to plug the hole in its finances, the company just sold $1.4 billion in stock (and Musk sold another $600 million to pay taxes on egregious stock option grants). At the rate the company is running through cash, this new monty will last only for little more than a year. The company should have taken the opportunity to sell $5 billion of stock. Its cult members – excuse me, I mean its investors – would have happily paid more than $200 per share for that many shares. It is going to be much more difficult to raise capital when the company really needs it – after the bottom falls out.

Tesla has all of the hallmarks of a cult stock. Like Valeant Pharmaceuticals, which pimped every hedge fund and Wall Street analyst into buying it until the stock reached a ridiculous $263 per share while ignoring a rotting balance sheet filled with tens of billions of dollars of debt and goodwill on top of a corrupt business model that preyed on sick people and the American taxpayers that pay their bills, Tesla has enlisted Wall Street to suck in gullible investors and consumers.

Not that Wall Street needed much convincing.

On May 19, 2016, Goldman Sachs published a research report ludicrously comparing Elon Musk to Henry Ford and Steve Jobs while ignoring obvious flaws in how the company does business. Even worse, Goldman used these bogus comparisons to paste a $250 per share price target on the stock one day before the company disclosed that it had hired – surprise! – Goldman to lead the stock sale described above.

If you think that Goldman didn't have the order to sell the stock in its pocket at the time it issued its giddily bullish report, you don't know how Wall Street works. And if you believe that the so-called Chinese wall between the research department and investment banking kept its analyst in the dark about the upcoming stock offering, you are a fool. This is crony capitalism and Wall Street corruption at its worst. While regulators are nitpicking every wealth manager and banker in the world over trivial compliance nonsense, Goldman Sachs flouted obvious conflict-of-interest rules and made the SEC look like a bunch of fools.

Goldman's report argued that Tesla's already absurdly overvalued stock was too cheap: "Following a 23% decline in the share price post the Model 3 unveil, we do not believe Tesla shares are fully capturing the company's disruptive potential." "Disruptive potential" is one of those meaningless terms that analysts use that allow them to put any price on a stock that they want. Goldman downplays the fact that a dozen other companies already manufacture or are moving forward on plans for electric or hydrogen vehicles to compete with Tesla. The only company about to get disrupted is Tesla.

Not to be outdone, however, the analyst at Goldman's co-manager on the deal, Morgan Stanley, has an even more ridiculous $465 per share price target based on claims that Tesla will not only revolutionize the auto business but the battery business as well. You can see how 24 analysts had "buy" recommendations on Valeant until the stock finally collapsed under $50 per share.

Behind The Glittering Façade, Tesla Is Bleeding – Badly

Speaking of Valeant, Tesla has concocted a scheme that puts Valeant's worst abuses to shame. Naturally the financial press and Wall Street are cheering on Tesla in this masterful example of a Ponzi scheme and a better example of why financial journalism and analysis deserves the moniker "dumb and dumber."

In the company's recent earnings release, it announced that it collected $1,000 refundable deposits from 373,000 customers for its new Model 3 that won't launch until late 2017 (assuming it launches at all). It noted, "We have obtained this level of reservations…with only a few social media posts" as though it didn't have half the financial media broadcasting what it was doing. But even that omission doesn't properly capture the sheer idiocy of the company's comment. Elon Musk likes to drop tweets about the company like giant turds out of the sky promising new product launches and all kinds of surprises that investors slop up like fools, but behind the PT Barnum act the company is bleeding while making promises that it is not going to be able to keep.

Alarmingly (at least to anyone who actually thinks about things these days), Tesla didn't stick this money in an escrow account; instead, these funds are sitting in its general account and will be rapidly consumed in operations. Does the SEC even read the papers anymore? And CNBC and the rest of the media sycophants cheered on the company's reckless financial practices. Welcome to finance in the Age of Obama.

Leave aside for the moment the fact that Tesla produces very expensive cars for very wealthy people. Or that these wealthy people who buy is cars are subsidized to the tune of $7500 per vehicle by the U.S. government (the $7500 federal tax credit begins phasing out after the company sells 200,000 vehicles, a number the company isn't close to reaching). A deeper look at Tesla's financial statements – an exercise in which Wall Street analysts no longer engage (how do we know that? – look at what happened at Valeant Pharmaceuticals) – reveals a company running on fumes.

Tesla is a study in the use of non-GAAP earnings adjustments to create a false picture of financial health. Tesla uses a variety of non-GAAP adjustments from the common to the ridiculous. The common include phony stock option accounting adjustments that understate executive compensation expenses, something widely used by corporations and especially tech companies. But then there are more arcane adjustments. For example, Tesla pumps up its earnings for early extinguishment of loans it receives from the U.S. government – remember, Tesla's business is heavily subsidized by the government due to its production of electric cars. The company has earned a lot of money from government subsidies in its early year of existence.

And then there is an adjustment that is little more than fiction – Tesla pumps up its earnings by an entry called "Model S gross profit deferred due to lease accounting" – and if that sounds confusing it is. First, while the company uses the term "lease accounting," this line item relates to cars that the company sells, not to cars it leases. Tesla guarantees to buy back all Model S vehicles it sells after between 36 and 39 months old for 50 percent of their value. It expects to make money by reselling these cars and reports that expected profit (whether realized or not) as gross profit that it uses to adjust upward its earnings – hence the line item "Model gross profit deferred due to lease accounting." But this is just a management estimate and not an actual number. Tesla defers the residual value it is obligated to pay to repurchase these vehicles until the 36-39 month period expires and carries that value on its balance sheet as an asset where it is depreciated. As of March 31, 2016, the company had $2.24 billion of "Operating lease vehicles" on its balance sheet, up from $1.8 billion three months earlier at December 31, 2015. As of March 31, 2016, it had $192.4 million of guarantees that were exercisable by customers over the next 12 months, up from $136.8 million three months earlier at December 31, 2015. This is a huge and growing cash liability for a company that already has massive capital expenditure needs to meet in order to increase its ambitious – and likely unachievable – production schedule.

How to Play the Tesla Disaster

There are some simple rules of thumb in investing. One of the most important is "keep it simple." Tesla, like Valeant, violates that principle at every turn. While I don't hesitate to recommend that investors avoid the stock at all costs and even short it through long-dated puts, there is one risk to doing so that must be acknowledged – the possibility that the company could be acquired by a cash-rich company like Apple, Inc. (AAPL) or Alphabet, Inc. (GOOG). For that reason, I would limit any short sale to buying put options. But the one thing I would not do is touch this company with a ten-foot pole. Without being acquired, this stock should trade in the low double digits.

If you are interested in buying puts on TSLA, I recommend the TSLA **January 2017 $100 puts (TSLA170120P00100000)**. At this writing, they're trading at about $1.35; pay no more than $1.50.