

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

ARAB SALEM, Individually and On
Behalf of All Others Similarly Situated,

Plaintiff,

v.

NIKOLA CORPORATION, TREVOR R.
MILTON, MARK A. RUSSELL, and KIM
J. BRADY,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Arab Salem (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Nikola Corporation (“Nikola” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than Defendants who purchased or otherwise acquired Nikola securities between June 4, 2020 and September 9, 2020, both dates inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. Nikola purports to operate as an integrated zero-emissions transportation systems provider. The Company purports to design and manufacture battery-electric and hydrogen-electric vehicles, electric vehicle drivetrains, vehicle components, energy storage systems, and hydrogen fueling station infrastructure. The Company also purports to develop electric vehicle solutions for military and outdoor recreational applications. Nikola was founded in 2015 by Defendant Trevor

Milton (“Milton”), and in June 2020, the Company’s securities began trading publicly after the execution of a reverse merger with VectoIQ Acquisition Corp.

3. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operational and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) Defendant Milton had repeatedly misrepresented and/or exaggerated Nikola’s financial, technological, and operational profile; (ii) the foregoing misrepresentations were intended to, and did, present a materially false image of the Company’s growth and success, thereby artificially inflating the Company’s stock price; (iii) the foregoing misrepresentations were foreseeably likely to subject the Company to enhanced regulatory scrutiny and/or enforcement, along with reputational harm when the truth came to light; and (iv) as a result, the Company’s public statements were materially false and misleading at all relevant times.

4. On September 10, 2020, Hindenburg Research (“Hindenburg”) published a report entitled, “Nikola: How to Parlay An Ocean of Lies Into a Partnership With the Largest Auto OEM in America” (the “Hindenburg Report” or the “Report”). Asserting that it had gathered “extensive evidence—including recorded phone calls, text messages, private emails and behind-the-scenes photographs,” Hindenburg represented that it had identified “dozens of false statements by” Milton, which had led Hindenburg to conclude that Nikola “is an intricate fraud built on dozen of lies over the course of . . . Milton’s career.” Defendant Milton made these misrepresentations, the Report asserted, to substantially grow the Company and secure partnerships with top auto companies.

5. On this news, Nikola’s stock price fell \$4.80 per share, or 11.33%, to close at \$37.57 per share on September 10, 2020.

6. Then, on September 14, 2020, after the market had closed, *Bloomberg* reported that the SEC was investigating Nikola to assess the merits of the Hindenburg Report.

7. Finally, on September 15, 2020, during intra-day trading, the *Wall Street Journal* reported that the United States Department of Justice (“DOJ”) had joined the SEC’s investigation of Nikola.

8. On this news, Nikola’s stock fell an additional \$0.17 per share during intra-day trading, to close at \$32.83 on September 15, 2020, an 8.27% decline from its previous close on September 14, 2020.

9. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

10. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act.

12. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b), as the alleged misstatements entered and the subsequent damages took place in this Judicial District. Pursuant to Nikola’s most recent quarterly report on Form 10-Q, as of July 30, 2020, there were 378,980,941 shares of the Company’s common stock outstanding. Nikola’s common stock trades on the Nasdaq Stock Market (“NASDAQ”). Accordingly, there are presumably hundreds, if not thousands, of investors in

Nikola's common stock located within the U.S., some of whom undoubtedly reside in this Judicial District.

13. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

14. Plaintiff, as set forth in the attached Certification, acquired Nikola securities at artificially inflated prices during the Class Period and was damaged upon the revelations of the Company's alleged fraud.

15. Defendant Nikola is a Delaware corporation with principal executive offices located in Phoenix, Arizona. The Company purports to operate as an integrated zero-emissions transportation systems provider. Nikola's common stock trades on the NASDAQ under the ticker symbol "NKLA."

16. Defendant Milton is Nikola's founder and has served as the Company's Executive Chairman at all relevant times.

17. Defendant Mark A. Russell ("Russell") has served as Nikola's President and CEO at all relevant times.

18. Defendant Kim J. Brady ("Brady") has served as Nikola's Chief Financial Officer at all relevant times.

19. Defendants Milton, Russell, and Brady are sometimes referred to herein as the "Individual Defendants."

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