

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES SECURITIES AND	:	
EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	
	:	Civil Action No. 1:21-cv-6445
v.	:	
	:	JURY TRIAL DEMANDED
TREVOR R. MILTON,	:	
	:	
Defendant.	:	
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COMPLAINT

Plaintiff United States Securities and Exchange Commission (the “Commission”), for its Complaint against Defendant Trevor R. Milton (“Milton”), alleges as follows:

SUMMARY

1. Trevor R. Milton, the founder, largest stockholder, and former Chief Executive Officer and Executive Chairman of Nikola Corporation (“Nikola”), a publicly traded company, engaged in a fraudulent scheme to deceive retail investors about Nikola’s products, technical advancements, and commercial prospects for his own personal benefit in violation of the federal securities laws. Milton did so primarily by leveraging his social media presence and frequent appearances on television and podcasts to flood the market with false and misleading information about Nikola.

2. Milton founded Nikola in 2015 with the primary goals of manufacturing semi-trucks that run on alternative fuels with low or zero emissions and building an alternative fuel station infrastructure to support those vehicles. To accomplish these goals, Nikola needed to

raise billions of dollars to develop vehicles and infrastructure that had never before been developed or adopted on a commercial scale. Over the course of several private offerings, and then in connection with a business combination with a special purpose acquisition company (“SPAC”), Nikola raised more than \$1 billion dollars, most of it from institutional investors. After entering into a business combination with the SPAC, Nikola began trading on the Nasdaq Global Select Market (“Nasdaq”).

3. Before Nikola had produced a single commercial product or had any revenues from truck or fuel sales, Milton embarked on a relentless public relations blitz aimed at a class of investors he called “Robinhood investors.” Through frequent nationally televised media appearances and a ubiquitous presence on social media (where he garnered over 100,000 followers on Twitter alone), Milton built a significant following for himself and Nikola. In these appearances and on social media, Milton presented himself as a different type of CEO – one who “cared” and was “transparent” with the average investor. As part of his publicity campaign, Milton encouraged prospective investors to follow him on social media to get “accurate information” about the company “faster than anywhere else.” In reality, however, Milton used his platform to mislead investors, which helped inflate and maintain Nikola’s stock price.

4. From approximately November 2019 through September 2020, Milton’s statements in tweets and media appearances, individually and taken together, painted a picture of Nikola that diverged widely from its then-current reality. Milton sold a version of Nikola not as it was – an early stage company with a novel idea to commercialize yet-to-be proven products and technology – but rather as a trail-blazing company that had already achieved many groundbreaking and game-changing milestones. In presenting his version of Nikola to investors,

Milton repeatedly made false and misleading statements about core aspects of Nikola's products, technological advancements, and commercial prospects, including, among others:

(a) Falsely claiming that Nikola's first semi-truck prototype, the Nikola One, could be driven under its own power, and using a misleading video to create the false impression that the Nikola One was, in fact, driving under its own power;

(b) Falsely claiming that Nikola was producing hydrogen, that it was doing so at a cost that was four times less than the prevailing market rates, and that it had obtained electricity at costs that made hydrogen production profitable;

(c) Falsely claiming that Nikola had significantly developed or already completed a prototype of an electric pickup truck, the Badger, and that this vehicle used primarily Nikola's proprietary components;

(d) Falsely claiming that Nikola had obtained "billions and billions and billions and billions" of dollars of committed truck orders;

(e) Falsely claiming that Nikola had developed a "game-changing" battery technology and that Nikola was manufacturing and developing multiple key vehicle components "in-house"; and

(f) Falsely claiming that the total cost of ownership of Nikola's trucks was 20-30 percent below that of diesel vehicles.

5. At the time he made the misstatements identified above, Milton knew or was reckless in not knowing that Nikola had not accomplished what he claimed. Instead, much of what Milton represented as accomplishments were, at best, internal targets years away from completion and subject to significant execution risks or, worse, ideas conceived only on paper.

As a result, Milton made numerous materially false and misleading statements about critical aspects of Nikola's business.

6. Milton's false and misleading statements generated significant interest among many of the retail investors who followed him on social media, watched or listened to his interviews, and purchased Nikola's stock.

7. Milton had motive to lie about the company's accomplishments, given his position as Nikola's largest stockholder and his compensation structure, which provided the opportunity for additional stock awards by maintaining a run-up in Nikola's stock price. As detailed below, upon the completion of the Business Combination, Milton held approximately 25 percent of Nikola's stock and further stood to earn millions more shares if Nikola's stock reached certain price milestones and remained at each milestone for a specified period of time. Milton ultimately reaped tens of millions of dollars in personal benefits as a result of his misconduct.

8. Milton violated Section 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder. The Commission seeks (i) permanent injunctive relief; (ii) disgorgement of ill-gotten gains and prejudgment interest thereon; (iii) civil penalties; (iv) an officer and director bar; and (v) such further relief the Court may deem just and appropriate.

JURISDICTION AND VENUE

9. The Commission brings this action against Milton pursuant to authority conferred upon it by Sections 20(b) and 20(d) of the Securities Act [15 U.S.C. §§ 77t(b) and 77t(d)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)].

10. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), (e), and 78aa].

11. In connection with the conduct described in this Complaint, Milton, directly or indirectly, made use of the mails or means or instruments of transportation or communication, or of facilities of a national securities exchange, in interstate commerce.

12. Venue is proper in this District pursuant to Section 20 of the Securities Act [15 U.S.C. § 77t] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Milton transacted business in this District, and certain of the acts, practices, transactions, and courses of business constituting violations of the securities laws alleged in this Complaint occurred within this District. Milton regularly communicated via multiple online platforms with users located in this District. Investors who bought Nikola stock, and were harmed by the conduct alleged herein, reside in this District. Nikola is traded on the Nasdaq, which is headquartered in this District. Trades in Nikola securities were handled and executed by trading personnel located in this District during the relevant period. Nikola's corporate predecessor, VectoIQ Acquisition Corp., with which Nikola merged to become a public company, was also headquartered in this District.

DEFENDANT

13. Defendant **Trevor R. Milton** is a resident of Oakley, Utah. In 2015, he founded Bluegentech LLC, which in July 2017 converted from a limited liability company to a Delaware corporation and changed its name to Nikola Corporation ("Legacy Nikola"). Milton was Chief Executive Officer ("CEO") and Chairman of the Board of Directors of Legacy Nikola from its inception until June 3, 2020, when Legacy Nikola entered into the Business Combination (as defined below). From June 3, 2020 until September 20, 2020, Milton was Nikola's Executive

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