

List of lawsuits and controversies of corrupt and defective Tesla, Inc

This is a partial **list of** the surrounding **lawsuits and controversies of [Tesla, Inc](#)**, the American automotive and energy company, since 2008; as of November 2020, Tesla is party to over 800 lawsuits. [\[1\] TSLAQ](#), a loose collective of anonymous short-sellers and skeptics of Tesla and Elon Musk, regularly discusses and shares news of these controversies on [Twitter](#) and elsewhere.[\[2\]](#)

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On-going

Illegal workers suit

[The Mercury News](#) in 2016 investigated the use of foreign construction workers to build Tesla's paint shop at Tesla Factory. A [whistleblower](#) federal lawsuit was filed, which was unsealed in the summer of 2017. The suit alleged that Tesla and other major automakers such as [Mercedes-Benz](#), [BMW](#) and [Volkswagen](#), illegally used foreign construction workers to build their U.S. factories. Court documents and the journalistic investigation showed that at least 140 foreign workers worked on the factory expansion, some of whom had questionable work visas, for as little as five dollars per hour. The workers came mainly from [Eastern Europe](#) on "suspect visas hired through subcontractors."[\[3\]](#)

On March 20, 2019, a decision by the United States District Court in San Jose dismissed most claims.
[\[4\]](#)

Securities litigation relating to the SolarCity acquisition

Between September 1, 2016 and October 5, 2016, seven [lawsuits](#) were filed in the Court of Chancery of the State of Delaware challenging Tesla's acquisition of [SolarCity](#). In October 2016, the Court consolidated the actions and appointed a lead plaintiff. The plaintiffs alleged, among other things, that the Tesla board of directors as then constituted breached their fiduciary duties in approving the acquisition and that certain individuals would be unjustly enriched by the acquisition.[\[5\]](#) The complaint asserts both derivative claims and direct claims on behalf of a purported class and seeks, among other relief, unspecified monetary damages, attorneys' fees, and costs.

The acquisition was approved by Tesla and SolarCity's stockholders on November 17, 2016[\[6\]](#) and the merger closed on November 21, 2016. On October 24, the transcripts of video depositions of Elon Musk and other SolarCity board members became widely available.[\[7\]](#) The case was set for trial in March 2020,[\[8\]](#)[\[9\]](#) but has been delayed until "concerns regarding COVID-19 have abated".[\[10\]](#)

Securities litigation related to Musk tweet regarding potentially going private

Between August 10, 2018 and September 6, 2018, nine purported stockholder class actions were filed against Tesla and Elon Musk in connection with Elon Musk's August 7, 2018 Twitter post that he was considering taking Tesla private. All of the suits are now pending in the United States District Court for the Northern District of California. Although the complaints vary in certain respects, they each purport to assert claims for violations of federal securities laws related to Mr. Musk's statement and seek unspecified compensatory damages and other relief on behalf of a purported class of purchasers of Tesla's securities. A motion to dismiss was denied on April 15, 2020.[\[11\]](#)

Between October 17, 2018 and November 9, 2018, five derivative lawsuits were filed in the Delaware Court of Chancery against Mr. Musk and the members of Tesla's board of directors as then constituted

in relation to statements made and actions connected to the potential going private transaction. These cases have been stayed pending resolution of the stockholder class action.[\[8\]](#)

Litigation relating to 2018 CEO performance award

On June 4, 2018, a purported Tesla stockholder filed a putative class and derivative action in the Delaware Court of Chancery against Mr. Musk and the members of Tesla's board of directors as then constituted, alleging that such board members breached their fiduciary duties by approving the stock-based compensation plan. The complaint seeks, among other things, monetary damages and rescission or reformation of the stock-based compensation plan.[\[8\]](#) The trial is set for June 2021.[\[12\]](#)

Tesla lawsuit alleging sabotage

On June 20, 2018, Tesla filed a civil lawsuit in Nevada against a former Tesla employee, who a few days before had been dismissed after allegedly confessing to hacking Tesla's Manufacturing Operating System and to transferring gigabytes of confidential, proprietary data to external, unknown entities.[\[13\]](#) By June 27, 2018, Tesla had been granted subpoenas compelling several companies that may be storing data for the former employee, including Apple, Microsoft, Google, Facebook and Dropbox to surrender any such data.[\[14\]](#) Also in late June, the ex-employee reacted by attempting to crowd-fund US\$500,000 for his legal defense and counter-suit.[\[15\]](#) As of mid-August, the former employee had retained legal counsel, and had either taken down each of his social media accounts on advice of his lawyer, or had been hacked.[\[16\]](#)

Model Y manufacturing issues

In September 2020, Model Y owners reported finding its cooling system to be held together with a "band-aid" of tape and faux wood.[\[17\]](#)[\[18\]](#)

"Whompy wheels" class action lawsuit

In November 2020, law firm McCune Wright Arevalo announced that it was representing Tesla Model S and Model X between the years 2013 and 2018 owners who experienced a suspension breakage (so-called "whompy wheels")[\[19\]](#) or who are concerned their suspension is liable to fail in a class action against the company. The lawsuit follows the Tesla recall in China due to breakages of front and rear suspension linkages and ball joints, noting that the same components are used in all models of Tesla's that have been sold in North America and around the world.[\[20\]](#) Tesla had recently claimed in a letter to the NHTSA that "the root cause of the issue is driver abuse...uniquely severe in the China market."[\[21\]](#)

No known resolution

SEC investigations in 2016 regarding autopilot crash

The July 11, 2016 *Wall Street Journal* reported that "a person familiar with the matter said" Tesla was being investigated by the [U.S. SEC](#) to see if the company should have disclosed a fatal [crash](#) involving

its autopilot technology before the company sold more than US\$2 billion worth of shares in May 2016.
[22] As of March 2020, no further information is available.

Singapore tax surcharge

In early March 2016, a report by [Stuff magazine](#) said that test performed by VICOM, Ltd on behalf of Singapore's Land Transport Authority had found a 2014 Tesla Model S to be consuming 444 Wh/km (0.715 kW·h/mi), [23][24] which was greater than the 236 watt-hours per kilometre (0.38 kW·h/mi) reported by the U.S Environmental Protection Agency (EPA) [25] and the 181 watt-hours per kilometre (0.291 kW·h/mi) reported by Tesla. [26] As a result, a carbon surcharge of S\$15,000 (US\$10,900 at March 2016 exchange rate) was imposed on the Model S, making Singapore the only country in the world to impose an environmental surcharge on a fully electric car. [27] The Land Transport Authority justified this by stating that it had to "account for CO

2 emissions during the electricity generation process" and therefore "a grid emission factor of 0.5g/watt-hour was also applied to the electric energy consumption", [28] however Tesla countered that when the energy used to extract, refine, and distribute gasoline was taken into account, the Model S produces approximately one-third the CO
2 of an equivalent gasoline-powered vehicle. [26]

Later that month, the Land Transport Authority released a statement stating that they and the VICOM Emission Test Laboratory will be working with Tesla engineers to review the test, [29] and a Tesla statement indicated that the discussions were "positive" and that they were confident of a quick resolution. [26]

As of January 2019, Tesla is not importing cars into Singapore, and Elon Musk has stated that the Singapore government "has been unwelcome [sic]". [30]

Labor practices

On April 19, 2017, Tesla factory workers filed unfair labor practice charges with the [National Labor Relations Board](#), alleging that Tesla uses "illegal surveillance, coercion, intimidation and prevention of worker communications [...] in an effort to prevent or otherwise hinder unionization of the Fremont factory." [31][32]

According to [CNBC](#), "the United Automobile Workers (UAW) union filed four separate charges with the National Labor Relations Board alleging that [Tesla] has illegally surveilled and coerced workers attempting to distribute information about the union drive." [33] On February 10, 2017, three Tesla employees allegedly were passing out literature to initiate organizing union efforts. The literature pointed to working conditions, the company's [confidentiality agreement](#) and employee rights under the [National Labor Relations Act](#). The UAW's charges allege that Tesla illegally told employees that they could not pass out any literature unless it was approved by the company. [33]

The Fremont plant has been unionized in the past, both when owned by [General Motors](#) (GM), and later by the [NUMMI](#) partnership of GM and [Toyota](#). While under UAW oversight, the plant closed once in 1982 (GM) and again in 2010 (NUMMI partnership) . [34][35]

In May 2018, the [United Auto Workers](#) union filed a complaint with the National Labor Relations Board, seeking a federal investigation against Tesla for CEO Elon Musk's tweet apparently threatening worker stock options if they joined a union. Tesla responded that other car makers don't offer such stock options to union workers.[\[36\]\[37\]](#) Minnesota Congressman Keith Ellison chastised Musk for "threats" of unlawful retaliation and presented a list of questions on union activities and worker safety records, asking for a response by June 15.[\[38\]](#)

Working conditions and injury policies

Employees describe working at Tesla as [stressful](#) and [meaningful](#). In 2016, Tesla's employees averaged 30 years old, and 20% were female.[\[39\]](#)

On May 14, 2017, Tesla said that [Total Recordable Incident Rate](#) (TRIR, a measure of employee safety) [\[40\]](#) was higher for the previous years, and stated a TRIR of 4.6 for Q1 2017.[\[41\]](#) On May 18, 2017 [The Guardian](#) published a story about working conditions at Tesla Factory,[\[42\]](#) relayed by [CNBC](#).[\[43\]](#)

Former and current Tesla employees publicly expressed concerns about worker treatment. Between 2014 and 2017, ambulances went to Tesla's Fremont, California factory over 100 times to provide emergency services to workers exhibiting symptoms including fainting, dizziness, abnormal breathing and chest pains resulting from the physically demanding tasks associated with their positions. At the end of that period, Tesla Factory employed over 10,000 workers.[\[42\]](#)

Working conditions are in part a result of the company's ambitious production figures. The 2018 goal is to manufacture 500,000 automobiles, a 495% increase from 2016.[\[relevant? – discuss\]\[42\]](#) Tesla has acknowledged that its recordable incident rate (TRIR), which measures work-related injuries and illnesses that have been reported to regulators, exceeded the industry average between 2013 and 2016.[\[41\]](#) Exact data was not released by Tesla over that period, because the company says the data is not representative of the factory's current operations.[\[42\]](#) In a statement, Tesla emphasized it is "building entirely new vehicles from the ground up, using entirely new technology, production, and manufacturing methods, and ramping them at high volume."[\[44\]](#)

Musk strongly defended Tesla's safety record and argued that the company had made significant improvement. In 2017, however, when [The Guardian](#) reached out to 15 current and/or former workers, each contradicted Musk's viewpoint. Jonathan Galescu, a production technician for the company, said, "I've seen people pass out, hit the floor like a pancake and smash their face open. They just send us to work around him while he's still laying on the floor."[\[42\]](#) In February 2017, Jose Moran, a Tesla worker, blogged about the company's practices of mandatory overtime, frequent worker injuries and low wages.[\[42\]](#) Both workers are involved with the UAW's current organizing campaign.[\[45\]\[46\]](#)

Tesla's policies for dealing with injured employees were also criticized. In 2017, workers alleged that Tesla's policies got in the way of workers reporting injuries. At Tesla, workers who reported injuries were moved to lighter work and given access to supplemental insurance benefits. One injured worker reported that his pay went from \$22 an hour to \$10 an hour. To protect their incomes, many workers choose to work during their recovery from injury, in some cases inciting further damage and pain.[\[42\]](#)

In 2017, Tesla added extra shifts and safety teams to improve conditions. According to the company, "the average amount of hours worked by production team members has dropped to about 42 hours per

week, and the level of overtime decreased by more than 60 percent" after improvements were made.
[47] When *CNBC* requested comment about the issues, Tesla responded, "Tesla's safety record is much better than the industry average, but it is not enough. Our goal is to have as close to zero injuries as humanly possible and to become the safest factory in the auto industry." [43][41]

On May 24, 2017, California Worksafe responded to Tesla's TRIR numbers, showing higher rates (8.8) than industry average (6.7) for 2015. [48] OSHA reports that the incident rate at UAW-represented Ford plants has also exceeded the industry average in recent years. [49] In some cases, UAW-represented plants' incident rates were three or four times higher than the industry average. [49]

In April 2018, *CIR's Reveal* published an investigation concluding that Tesla under-counted worker injuries to make its safety record appear better. It included findings such as the factory floor not having clearly marked pedestrian lanes and instead having lanes painted different shades of gray because Elon Musk does not like the color yellow. In addition, other safety signals (such as signs and warning beeps) were lowered in order to please Musk's esthetic preferences. [50] Susan Rigmaiden, former environmental compliance manager, commented: "If someone said, 'Elon doesn't like something,' you were concerned because you could lose your job." [50] Tesla called *Reveal's* investigation an "ideologically motivated attack by an extremist organization working directly with union supporters to create a calculated disinformation campaign against Tesla." [51] *Reveal* responded by publishing the details of their investigation, which included interviews of more than three dozen current and former employees and managers as well as the review of hundreds of pages of documents. [50] Additionally, many of the interviewed safety professionals had no involvement in a unionization effort. [50]

Resolution has been proposed

Autopilot 2 class-action lawsuit

On April 19, 2017, Tesla owners filed a class-action lawsuit due to Tesla exaggerating the capabilities of its Autopilot 2 to consumers. [52] The lawsuit claimed that "buyers of the affected vehicles have become beta testers of half-baked software that renders Tesla vehicles dangerous if engaged" [53] Tesla attacked the lawsuit as a "disingenuous attempt to secure attorney's fees posing as a legitimate legal action". [54] On May 19, 2018, Tesla reached an agreement to settle the class-action lawsuit. Under the proposed agreement, class members, who paid to get the Autopilot upgrade between 2016 and 2017, will receive between \$20 and \$280 in compensation. Tesla has agreed to place more than \$5 million into a settlement fund, which will also cover attorney fees. The proposed settlement does not mention the safety allegations but focuses on the delay in making the promised features available to consumers. [55]

Resolved

Fisker Automotive

On April 14, 2008, Tesla sued *Fisker Automotive*, alleging that *Henrik Fisker* "stole design ideas and confidential information related to the design of hybrid and electric cars" and was using that

information to develop the [Fisker Karma](#). Tesla had hired [Fisker Coachbuild](#) to design the WhiteStar sedan, but rejected the design that Musk considered "substandard".^{[56][57]} On November 3, 2008, Fisker Automotive Inc. issued a press release indicating that an arbitrator had issued an interim award finding in Fisker's favor on all claims.^[58]

Founder dispute

The company founding was the subject of a lawsuit that was later dropped after an out-of-court settlement.^{[59][60]} On May 26, 2009, Eberhard filed suit against Tesla and Musk for slander, libel and breach of contract.^[61] Musk wrote a lengthy blog post that included original source documents, including emails between senior executives and other artifacts attempting to demonstrate that Eberhard was fired by Tesla's unanimous board of directors.^[62] A judge struck down Eberhard's claim that he was one of only two company founders.^[63] Tesla said in a statement that the ruling is "consistent with Tesla's belief in a team of founders, including the company's current CEO and Product Architect Elon Musk, and Chief Technology Officer JB Straubel, who were both fundamental to the creation of Tesla from inception."^[64] Eberhard withdrew the case^[65] and the parties reached a final settlement. One public provision said that the parties will consider Eberhard, Musk, Straubel, Tarpenning and Wright to be the five co-founders. Eberhard issued a statement about Musk's foundational role in the company: "As a co-founder of the company, Elon's contributions to Tesla have been extraordinary."^[66]

Ecotricity

In early 2014, Tesla reportedly tried to break the exclusivity agreement their charging partner in the UK had for locations along the UK's highways and tried to "blacken Ecotricity's name with politicians and the media".^[67] [Ecotricity](#) replied by taking an injunction against them.^{[68][69]} The dispute was resolved [out of court](#).^[70]

Top Gear review

Tesla unsuccessfully sued British television show [Top Gear](#) for its 2008 review of the [Tesla Roadster \(2008\)](#) in which [Jeremy Clarkson](#) could be seen driving one around the *Top Gear* test track, complaining about a range of only 55 mi (89 km), before showing workers pushing it into the garage, supposedly out of charge. Tesla filed a lawsuit against the [BBC](#) for libel and malicious falsehood, claiming that two cars were provided and that at any point, at least one was ready to drive. Paradoxically, the range of 55 mi was calculated by Tesla itself and supplied to Top Gear as an estimate of the car's range.^[71] In addition, Tesla said that neither car ever dropped below 25% charge, and that the scene was staged.^{[72][73][74][75]} However, Top Gear frequently stages scenes for comedic effect, for example by showing Jeremy Clarkson having to refuel the [Jaguar XJS](#) three times during the review of it.^[76] The High Court in London rejected Tesla's libel claim.^[77] The falsehood claims were later struck out.^[78]

New York Times test drive

In early 2013, Tesla approached the [New York Times](#) to publish a story "Focused on future advancements in our Supercharger technology".^[79] In February 2013, the *Times* published an account

on the newly installed [Supercharger network](#) on freeway between Boston and New York City. The author describes fundamental flaws in the Model S sedan, primarily that the range was severely lowered in the below-freezing temperatures of the American Northeast. At one point the vehicle died completely and needed to be towed to a charging station.[80]

After the story was published, Tesla stock dipped 3%.[81] Three days later, Musk responded with a series of [tweets](#), calling the article "fake",[82] and followed up with a lengthy blog post disputing several of the article's claims. He called it a "salacious story" and provided data, annotated screenshots and maps obtained from recording equipment installed in the press vehicle as evidence that the New York Times had fabricated much of the story.[79]

[...] Instead of plugging in the car, he drove in circles for over half a mile in a tiny, 100-space parking lot. When the Model S valiantly refused to die, he eventually plugged it in.

— *Elon Musk, A Most Peculiar Test Drive – Tesla Blog*

In a statement, the Times stood by the accuracy of the story, calling it "completely factual".[82] Author John Broder quickly issued a rebuttal in which he clarified and rejected many of the accusations made by Musk.[83]

[...] I drove around the Milford service plaza in the dark looking for the Supercharger, which is not prominently marked. I was not trying to drain the battery. (It was already on reserve power.) As soon as I found the Supercharger, I plugged the car in.

— *John Broder, That Tesla Data: What It Says and What It Doesn't — The New York Times*

During further investigation by the media, Musk said "the Model S battery never ran out of energy at any time, including when Broder called the flatbed truck." Auto blog [Jalopnik](#) contacted Rogers Automotive & Towing, the towing company Broder used. Their records showed that "the car's battery pack was completely drained." [84] In his follow-up blog post, Broder said "The car's display screen said the car was shutting down, and it did. The car did not have enough power to move, or even enough to release the electrically operated parking brake."

In the days that followed, NYT public editor [Margaret Sullivan](#) published an opinion piece titled "Problems With Precision and Judgment, but Not Integrity, in Tesla Test". She concludes "In the matter of the Tesla Model S and its now infamous test drive, there is still plenty to argue about and few conclusions that are unassailable." [85] No legal action was pursued.

SEC investigations in 2016 regarding GAAP reporting

A separate SEC investigation closed "without further action" in October 2016 about Tesla's use of non-GAAP ([Generally Accepted Accounting Principles](#)) reporting; Tesla switched to GAAP-reporting in October 2016.[86]

Securities litigation relating to SolarCity's financial statements and guidance

On March 28, 2014, a purported stockholder class action was filed in the U.S. District Court for the Northern District of California against SolarCity and two of its officers. The complaint alleges violations of federal securities laws and seeks unspecified compensatory damages and other relief on behalf of a purported class of purchasers of SolarCity's securities from March 6, 2013 to March 18, 2014. On March 8, 2018, the Court upheld the District Court ruling of dismissal and judgment in Tesla's favor. The case is concluded.[\[8\]](#)

Ludicrous limited power output

Certain Tesla vehicles equipped with its Ludicrous performance mode had limited power output, as discovered by some Tesla owners in 2017. The power limits were connected to how frequently the drivers used Launch Mode; if a driver used it too much, the car's power output was restricted to prevent excessive wear and tear on components. Customers complained and the company removed the limiter.[\[87\]](#)

Software copyright infringement

In May 2018, it was reported that Tesla had for five[\[88\]](#) or six[\[89\]](#) years been using other people's copyrighted software unlawfully, specifically engaging in [GPL violations](#). The [Software Freedom Conservancy](#) reportedly alerted Tesla to the issue repeatedly, but only in 2018 did Tesla begin to remedy its non-compliance with the software's license terms.[\[89\]\[90\]\[88\]](#)

Investigation and settlement by DOJ and SEC of Musk tweet regarding potentially going private

In September 2018, the [U.S. Department of Justice](#) (DOJ) began investigating Tesla based on a tweet sent out by Elon Musk. In the tweet, Musk stated that he was "considering taking Tesla private", and that he had "funding secured" to complete the deal.[\[91\]](#) Musk's announcement came as a surprise to shareholders, and consequently the company's stock price rose by almost 11 percent; 17 days later, Musk said the proposal was dead.[\[92\]](#)

DOJ investigators requested company documents in September related to Musk's announcement, and the company complied with the requests.[\[93\]](#) The [Securities and Exchange Commission](#) (SEC) launched its own investigation into Tesla and Musk as well. The volatile stock price movement resulted in multiple shareholder lawsuits.[\[93\]](#)

On October 16, 2018, the U.S. District Court for the Southern District of New York entered a final judgment approving the terms of a settlement filed with the Court on September 29, 2018, in connection with the actions taken by the SEC relating to Elon Musk's prior statement that he was considering taking Tesla private. Without admitting or denying any of the SEC's allegations, and with no restriction on Mr. Musk's ability to serve as an officer or director on the board (other than as its chair), among other things, Tesla and Mr. Musk paid civil penalties of US\$20 million each and agreed that an independent director will serve as chair of the board for at least three years.[\[8\]](#)

Securities litigation relating to production of Model 3 vehicles

On October 10, 2017, a stockholder class action was filed in the U.S. District Court for the Northern District of California against Tesla, two of its current officers, and a former officer. The complaint alleges violations of federal securities laws and seeks unspecified compensatory damages and other relief on behalf of a purported class of purchasers of Tesla securities from May 4, 2016 to October 6, 2017.^[8] This lawsuit was dismissed in Tesla's favor in March 2019.^[94]

See also

- [Lawsuits and controversies section on Tesla, Inc.](#)

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On June 4, 2018, a purported Tesla stockholder filed a putative class and derivative action in the Delaware Court of Chancery against Elon Musk and the members of Tesla's board of directors as then constituted, alleging corporate waste, unjust enrichment and that such board members breached their fiduciary duties by approving the stock-based compensation plan. The complaint seeks, among other things, monetary damages and rescission or reformation of the stock-based compensation plan. On August 31, 2018, defendants filed a motion to dismiss the complaint; plaintiff filed its opposition brief on November 1, 2018 and defendants filed a reply

brief on December 13, 2018. The hearing on the motion to dismiss was held on May 9, 2019. On September 20, 2019, the Court granted the motion to dismiss as to the corporate waste claim but denied the motion as to the breach of fiduciary duty and unjust enrichment claims. Our answer was filed on December 3, 2019, and trial is set for June 2021. We believe the claims asserted in this lawsuit are without merit and intend to defend against them vigorously.

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