

# Nikola Founder Trevor Milton Convicted of Securities Fraud

## Federal jury finds executive guilty of three criminal counts he faced

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Nikola founder Trevor Milton, shown outside a New York courthouse last month, resigned in 2020 after a short seller alleged he made misrepresentations about the company. PHOTO: VICTOR J. BLUE/BLOOMBERG NEWS

A federal jury in New York convicted founder Trevor Milton of securities fraud for what prosecutors said were [his repeated lies](#) about the development of the company's zero-emissions trucks and technology.

Friday's guilty verdict caps the downfall of Mr. Milton, who founded Nikola in his basement in 2015 and took it public in 2020 at a valuation of \$3.3 billion, when the company hadn't sold a single truck. The company's market valuation briefly exceeded that of industry giants such as [Ford Motor Co.](#)

After about five hours of deliberations, jurors convicted Mr. Milton of one count of securities fraud and two counts of wire fraud. They acquitted him of a second securities-fraud count. After the verdict was read, Mr. Milton shook his head repeatedly and then turned to look at his family. He is scheduled to be sentenced on Jan. 27.

Each count carries a maximum penalty of 20 years in prison, though under federal sentencing guidelines Mr. Milton would likely face a much shorter prison term.

“Trevor Milton lied to Nikola’s investors—over and over and over again,” said Damian Williams, U.S. attorney for the Southern District of New York. “That’s fraud, plain and simple, and this office has no patience for it.”

Speaking outside the courtroom, Mr. Milton’s lawyer, Marc Mukasey, said, “We are going to keep fighting.”

Mr. Milton’s core vision for Nikola was based around a future of hydrogen-powered heavy trucks that would be leased to companies seeking to reduce the emissions of their transportation fleets. Under its business plan, Nikola would also make its own hydrogen fuel and build a network of fueling stations.

This business model enticed big-name companies like Robert Bosch GmbH and CNH Industrial NV to invest in Nikola, as well as activist investor Jeff Ubben.

Mr. Milton [resigned from Nikola](#) in September 2020 after a short seller report alleged he made a litany of misrepresentations about the company’s progress in creating functional vehicles and producing the hydrogen fuel needed to run them.

A spokeswoman for Nikola said the company was pleased to close this chapter and focus on executing its business strategy. The company has said it cooperated with government investigations and settled a Securities and Exchange Commission probe for \$125 million.

During the trial, which began last month in Manhattan, prosecutors told the jury that Mr. Milton was a con man who [duped ordinary investors](#) into buying Nikola stock, making himself a billionaire in the process. They said he fueled the company’s rise on [a campaign of lies](#) on social media, podcasts and in television interviews, falsely claiming an inoperable prototype was fully-functioning and that Nikola had a long roster of truck orders when in reality most potential customers had registered only nonbinding expressions of interest.

Prosecution witnesses included ordinary investors and current and former Nikola employees. Company executives testified that they had concerns about Mr. Milton’s public statements and interviews. Nikola Chief Executive Mark Russell testified that at one point executives staged an intervention and changed corporate social-media account passwords in an attempt to deny Mr. Milton use of them.

Also testifying was a businessman who sold Mr. Milton a Utah ranch. The businessman told the jury that Mr. Milton convinced him to accept Nikola stock as payment by telling lies about the company’s hydrogen-fuel production and other technology.

**Jurors saw Mr. Milton’s tweets and heard clips from his podcast appearances. They watched a commercial in which a Nikola semi-truck called the Nikola One appeared to drive along a desert road, with dramatic music playing in the background. In reality, said prosecutors, the truck, with its**

**door taped shut and batteries removed, was towed to the top of a hill and rolled down it. Mr. Milton directed that the video be posted to Nikola's Twitter account, prosecutors said.**

**"One of his biggest distortions is making this truck look like it actually worked when it didn't," Assistant U.S. Attorney Jordan Estes said in court.**

Among the misrepresentations cited by prosecutors in the trial were Mr. Milton describing an undrivable prototype to a crowd as "fully-functioning" and saying that Nikola was producing hydrogen fuel at a cost of \$4 per kilogram when it cost other companies much more. In fact, Nikola wasn't producing any hydrogen fuel at all, prosecutors said.

Mr. Milton's lawyers said the Nikola founder acted in good faith and argued that the government had cherry-picked portions of his public statements. They called just one witness, a Harvard law professor who testified that the Nikola founder's tweets and podcast appearances didn't affect the company's stock price. Mr. Milton didn't take the stand.

"It is a distortion to say that Trevor Milton intended to commit fraud," defense attorney Mr. Mukasey said during his closing argument. He said Mr. Milton's statements were supported by those around him and cheered on by his leadership team, adding that important facts about Nikola's business were fully disclosed to investors.

"It's not a crime to use special effects in a commercial," he said of the Nikola One video. "Otherwise the government would have to indict the Energizer Bunny."

During cross examination, Mr. Milton's lawyers sought to cast doubt on prosecutors' witnesses, noting that while some questioned the veracity of his claims, they typically made comments to each other, and didn't tell Mr. Milton directly. Prosecutors didn't present evidence of a coverup like secret meetings and shredded documents, Mr. Mukasey said.

"If someone wanted to commit fraud," he said, "they would do it behind closed doors."

After the accusations against Mr. Milton, Nikola's business stumbled as potential partners pulled back.

### [General Motors](#)

Co. backed away from a deal to manufacture a pickup truck that Mr. Milton had heralded, while potential partners for hydrogen stations including BP PLC stalled as well.

The company has refocused on its heavy trucking business, and began delivering its first battery-powered semi trucks earlier this year. Its shares closed Friday at \$3.06, down from \$42.37 when the short seller's allegations against Mr. Milton were first made public.