

Faraday Future's HR head resigns as cultural rift in the workforce deepens

Troubled EV startup Faraday Future scrounged up new funding at the end of 2017, and even made a surreptitious appearance at CES, wooing *CNET* and a few paid YouTube influencers with the intoxicating speed of its electric car. But turmoil still exists inside the company, and the latest casualty is company's head of HR, Crystal Peterson.

Peterson, who was Faraday Future's 12th employee according to her LinkedIn profile, resigned last week, multiple current and former employees tell *The Verge*. She had served as the company's HR director for just under three years before sliding into that department's leadership role – a position that had been vacated when founding executive Alan Cherry was demoted and subsequently resigned last August.

On the day of Peterson's departure, a company-wide email went out to Faraday Future staff that announced a “‘zero tolerance’ policy on the behaviors that are against the interest and mission of the company,” including things like leaking internal communications or information.

“We cannot allow the organization to be submarined from within.”

“One thing we will not tolerate, however, is to harbor those who have lost their passion and loyalty to FF and our mission for 2018 and beyond, whether through leaking company trade secrets or confidential information, partnering with competitors, or constantly exuding negativity, etc.,” the email, which was obtained by *The Verge*, reads. “We cannot allow the organization to be submarined from within.”

Those sections of the email are veiled references to Peterson,

multiple current and former employees say, though it's unclear what exact actions or allegations they might refer to. Here's the full message reproduced:

Dear Faradians,

As you know, 2018 will be a year of continuous progression and evolution FF. As we go through these transformative phases, we strive to recruit and retain the top talent that has so faithfully continued to fight with us. We will continue to bring on the best and brightest, from all applicable fields, to bring the FF 91 to market, and make our vision, your vision, a reality.

One thing we will not tolerate, however, is to harbor those who have lost their passion and loyalty to FF and our mission for 2018 and beyond, whether through leaking company trade secrets or confidential information, partnering with competitors, or constantly exuding negativity, etc. We cannot allow the organization to be submarined from within. Some recent HR decisions, albeit extremely hard, have demonstrated our strong determination to adopt a "zero tolerance" policy on the behaviors that are against the interest and mission of the company, and ultimately, that of the employees who have been and continue to remain faithful and work diligently day in and day out on bringing FF 91 to life.

We truly value your service to the company during its most challenging time, and your loyalty and commitment to the company mission. We look forward to moving forward with you beyond this decision and into the future. Thank you for your understanding and support.

FF HR

1/16/2018

Either way, the email's tone is a noticeable step back from

the fire and brimstone approach that the company took in November when it released a public statement claiming it had fired CFO Stefan Krause and CTO Ulrich Kranz. Not only did that statement accuse Krause of “malfeasance and dereliction of duty,” it was also intentionally deceptive. Krause and Kranz, who had been hired earlier in 2017 to help rescue Faraday Future, had actually resigned in October, as *The Verge* learned late last year.

The decision to issue that abrasive statement came from Jia Yueting, the company’s co-founder, main financial backer, and (as of December) CEO, according to current and former employees who spoke to *The Verge* on the condition of anonymity. YT, as he’s known, had clashed with and even stood in the way of Krause’s efforts to put the company on a more financially viable path, these people say, which is why the former BMW and Deutsche Bank executive finally fled.

YT attempted to bring Krause back to the company in the weeks after his resignation, and Krause was willing to listen if certain demands were met, according to these sources. And when Krause ultimately walked away, they say, YT lashed out.

The company has been far quieter about high-profile departures since then. It offered no comment when chief designer Richard Kim resigned in November. A spokesperson said the company “won’t comment on staff departures” when asked about Peterson’s resignation. Peterson did not respond to a request for comment in time for publication.

But her resignation, and the internal email are hints that a long-standing tension inside the company might finally be coming to a head.

Multiple former employees have long described in previous interviews with *The Verge* a staff that is split along cultural lines, with US-based employees viewing the Chinese employees – who are often from LeEco and referred to internally as the “CN

team” – with skepticism.

Much of this rift, according to current and former employees, comes from the way that YT architected the company. The Chinese billionaire was making high-level decisions for Faraday Future long before he officially took over as CEO. He installed his own leadership team and allowed employees from LeEco – the tech conglomerate he made his money with in China, which had its own electric car project known as LeSee – to work for Faraday Future as well.

This left a sour taste in the mouths of many of Faraday Future’s US employees, who signed onto the company believing that it was truly an independent American automotive effort, these people say. But as previous reporting has illustrated, this was never really the case. Patents issued to Faraday Future wound up being used by LeSee. The employee borrowing went both ways, too, with Faraday Future workers being pulled off their own projects to work on the LeSee cars. Money flowed freely between YT’s companies, too.





A newly leaked PowerPoint presentation, meant for investors and obtained by *The Verge* via WeChat, hammers home this reality. One slide of the presentation shows an organizational chart with three LeEco employees at the top (YT included), and an entire China-based leadership arm listed alongside the set of US-based founding executives. Another slide shows Faraday Future's car at the center of a circle surrounded by LeEco's entertainment and shopping services (LeMall, LeTV, LeCloud, and others), suggesting that the FF91 would become both a figurative and literal vehicle for the Chinese company's offerings.

One former employee recently recalled an internal presentation orchestrated by Cherry that was meant to help soothe these tensions by calling out the differences between the "tribes" within the company. One particular section of the PowerPoint that was shown included "the Chinese perspective on what was difficult about Americans," this person says, including that "Americans are too concerned with, in quotations, 'the law.'"

All this begs the question of “why?” Why help start a company in the United States and frame it as an independent effort when that’s not really the case?

“China can’t make good electric cars,” one former high-ranking employee says. “They don’t have the design, they don’t have the battery technology.” Seeing difficulty in attracting talent in China as well as getting a Chinese brand to sell in the US, YT started Faraday Future and framed it as an American startup in order to attract talent and create intellectual property that could then be used to benefit LeEco’s effort, multiple current and former employees claim.

“Americans are too concerned with, in quotations, ‘the law.’” Now, having survived a brush with death in 2017, and armed with new funding and direct control of the company as its CEO (though no longer the majority shareholder), YT could continue this duplicitous push, these people say. And some fear that means he might continue to operate outside the best interest of producing a car in the US, all while enforcing the themes of that internal email – “loyalty” and “commitment.”

YT has lived in California since last summer, near Faraday Future’s headquarters. This has allowed him more proximity to the company, but it’s also a situation that’s related to the troubles he faces in China. He was recently named to a nationwide debtor blacklist there, had more of his personal assets frozen, and was ordered to return to China by local regulators, all because of the financial failures of his company, LeEco.

Things overseas are only looking worse, too. This week, shares of LeEco’s main publicly listed unit (Leshi) resumed trading for the first time since the middle of 2017, when many of YT’s most serious financial troubles really came to light. Shares immediately dropped 10 percent – the daily maximum allowed on the Shenzhen Stock Exchange.

<https://www.theverge.com/2018/1/24/16927856/faraday-future-ev-executive-resigns>