

Lordstown Motors probed by SEC for allegedly misleading investors



The Securities and Exchange Commission has asked Lordstown Motors for more information about allegations that the EV startup misled investors about its progress to date. Lordstown Motors said Wednesday that it is cooperating with the inquiry and that its board of directors has created a special committee to review the claims. The startup is backed by General Motors, which has a seat on the board.

The allegations came last Friday from short-selling firm Hindenburg Research, which disclosed along with the report that it had taken a short position in Lordstown Motors. The firm previously released a report about hydrogen trucking startup Nikola that similarly led to probes from the SEC and the Department of Justice. (General Motors was also planning to take a stake in Nikola before that report.)

Hindenburg claimed in the report that some of the EV startup's biggest preorders were made by companies that do not appear to

have the money required to purchase big batches of Lordstown Motors' electric pickup truck, which starts at around \$50,000. Hindenburg also claimed that Lordstown Motors misled the public, investors, and the government about the progress it's made so far on the prototypes of its Endurance electric pickup truck, and pointed to a recent fire as evidence.

"We want to take a moment and acknowledge that we are aware of the short-seller's report," CEO Steve Burns said on an earnings call Wednesday, before disclosing the SEC inquiry and the internal review. "That is all we can say, and we cannot comment on this during the Q&A period following this call, or any follow-up questions and conversations, until the special committee has finished its review."

"Haters gonna hate, hate, hate, hate, hate."

Lordstown Motors went public in late 2020 as part of a merger with a special purpose acquisition company, or SPAC, and raised \$675 million in cash. Wednesday's earnings call was the startup's first with investors as a public company. Just before it, the company reported that it lost \$101 million in 2020 but finished the year with \$630 million in cash.

Burns previously said the Hindenburg report was full of half-truths and lies, according to *The Wall Street Journal*. "There's always haters," he said on Monday, according to local outlet WKBN. "I quoted Taylor Swift to somebody the other day: 'Haters gonna hate, hate, hate, hate, hate. You gotta shake it off.'"

The SEC's inquiry and the internal review aren't slowing down Lordstown Motors, at least not yet. The startup said Wednesday that it's accelerating development of a second vehicle: an electric van. Burns also said Lordstown Motors remains committed to shipping the first Endurance electric pickup trucks this coming September at the Lordstown, Ohio facility that the startup bought from General Motors in 2019 – a deal that was praised by the Trump administration.

Lordstown Motors is only targeting commercial fleet sales in the near term for the Endurance, but the startup is nonetheless racing to bring the electric pickup to market so that it can be the first one produced at scale. The startup is at an advantage compared to some of its peers because it basically got started with a factory in place.

Burns said Wednesday that he believes the Endurance will be an attractive option for state and local governments, especially following President Biden's push to electrify the federal fleet. He also said the military is interested, though he did not share any details.

"Everybody feels demand is not going to be our problem," Burns said. "There is no company on planet Earth six months away from entering into mass production – not hand building – mass production of a full-size electric pickup truck."

<https://www.theverge.com/2021/3/17/22336751/lordstown-motors-sec-inquiry-review-hindenburg-investigation-orders>