

Elon Musk is playing a dangerous game

Notes & Cues:**Article:**

There is never a dull moment with the mercurial Mr Musk, but he excelled himself on Tuesday, stunning the markets by tweeting that he was considering taking the company private by buying publicly available shares for \$420 each—a significant premium to the \$340 they were trading at before he dropped his bombshell.

If it turns out his Twitter promise—that he has secured the tens of billions of dollars he would need to buy out public shareholders - is in any way shaky, then he could find himself accused of price manipulation. It's a very serious charge, which can land you in jail.

There is no doubt there is some sense in taking the company private. Private companies are not subject to the same scrutiny from investors, who want to see very transparent earnings on a quarter-by-quarter basis - and if you don't deliver it, your share price can be heavily punished.

Also, Mr Musk did not enjoy having to answer the forensic questioning of Wall Street analysts who want minutiae on production, sales, timings, earnings et al. If he takes the company private, he won't have to do this. If it turns out that he doesn't have the financial firepower to deliver on his tweet, the regulators may think he's more than a bonehead.

Summary: