

[www.wired.com /2010/05/musk-says-i-ran-out-of-cash/](http://www.wired.com/2010/05/musk-says-i-ran-out-of-cash/)

Tesla's Elon Musk: 'I Ran Out of Cash'

Author: *Chuck Squatriglia*Chuck Squatriglia

3-3 minutes

Tesla Motors CEO Elon Musk just closed a \$50 million deal with Toyota, but his personal finances are a mess. By his own admission, he's busted.

"About four months ago, I ran out of money," Musk wrote in a court filing, dated Feb. 23, [unearthed by Owen Thomas](#) of VentureBeat.

The long and the short of it is Musk, who made his fortune at Zip2 and PayPal, has since October been living on loans from friends. The revelations are contained within the paperwork filed during Musk's divorce from his wife, Justine Musk. VentureBeat says [it's been a contentious split](#) and it has further strained Musk's finances.

According to the court filings, Musk earned an average of \$17.8 million annually between 2005 and 2008 and brought in another \$48 million in investment income. He has sunk a lot of that money into [Tesla Motors](#), his aerospace firm Space-X and his solar energy startup SolarCity.

The state of Musk's finances are more than a Silicon Valley soap opera – Musk is the lead investor in Tesla and a primary source of money since its founding in 2003.

Tesla burned through \$236.4 million between its founding and the third quarter of last year. It lost another \$37 million in the last three months of last year, according to a [revised S1 form](#) Tesla filed with the Securities and Exchange Commission ahead of its [impending initial public offering](#). The losses fell to \$8.4 million in the first quarter of 2010 as Tesla started drawing on a \$465 million [loan from the Department of Energy](#).

As VentureBeat notes, the best way for Musk to dig himself out of this hole is for Tesla to go public so he can cash out some of the 81 million shares he holds in the company. Tesla hopes to raise \$100 million, and [Toyota has agreed to buy \\$50 million in stock](#) but only if the IPO happens by Dec. 31.

Musk can't cash out completely because the federal loan [requires him to stick around](#) until the [Model S sedan](#) built. But his future, like that of his company, is increasingly dependent upon a successful IPO. And that provides further evidence that the Toyota-Tesla deal was [as much about image as it was about innovation](#).

Having Toyota in his corner makes Tesla's IPO that much more attractive to the investors who will bail out Tesla, and the man leading it.

Photo: *Jim Merithew / Wired.com*