

Fraud in Technology: The Charging of Former Nikola Corp. CEO Trevor Milton  
By Cooper Karras

When you hear the phrase ‘fraud in technology,’ what do you think of? Do you think of simple spam emails promising you wealth, or maybe even a social media ‘bot’ trying to lure you into a scam? Perhaps you picture a suave conman who pulls you in with a convincing story. Although, most people might not associate prominent CEOs of mainstream and promising technology companies with such common swindlers and cheats, recent high-profile examples have shown that seeing is not always believing.

Nikola Corp. was founded in 2014 by Trevor Milton who operated as CEO with the mission of developing hydrogen fuel-cell powered big rigs, 18-wheeler trucks.<sup>1</sup> The company showed promise and quickly amassed large investments, even surpassing the value of Ford Motor Co. at one point.<sup>2</sup> However, news broke in 2020 of allegations that Milton had been lying about key developments in the company’s technology to induce investors to purchase shares of Nikola Corp.<sup>3</sup> Bloomberg broke the news that Milton had been exaggerating the functionality of their Nikola One model.<sup>4</sup> Milton had claimed on multiple occasions that the company had a fully functioning semi-truck prototype, when in reality Milton knew that the prototype was inoperable.<sup>5</sup> The Nikola One was depicted driving in “eye-catching” promo videos when the truck was in reality rolling down a large hill.<sup>6</sup>

The U.S. Attorney’s Office in the Southern District of New York in July 2021 indicted Milton for securities and wire fraud.<sup>7</sup> In addition to false claims about the Nikola One, the government showed through tweets, media interviews, broadcasted events, podcasts, and other communications that Milton had been making false claims about many other aspects of Nikola’s technology capabilities.<sup>8</sup> The government brought forth evidence that Milton had lied with claims related to major components of the company’s business model such as the Nikola One, the Badger (an electric pickup truck model), the company’s production of the hydrogen fuel to be used in the vehicles, intellectual property rights, battery technologies, and the number of reservations in place to purchase vehicles upon production.<sup>9</sup>

---

<sup>1</sup> Camila Domonoske, *Founder of Zero-Emissions Truck Startup resigns After Fraud Allegations*, NPR (Sept. 21, 2020, 4:00 PM), <https://www.npr.org/2020/09/21/915257545/nikola-founder-resigns-as-chairman-after-denying-fraud-allegations>; *The Founder of a zero-emission truck venture is found guilty of fraud*, NPR (Oct. 14, 2022, 5:30 PM), <https://www.npr.org/2022/10/14/1129248846/nikola-founder-electric-trucks-guilty-fraud>.

<sup>2</sup> Chris Dolmetsch, Edward Ludlow, & Bloomberg, *Nikola founder Trevor Milton convicted of fraud for misleading investors*, FORTUNE (Oct. 14, 2022, 5:10 PM), <https://fortune.com/2022/10/14/nikola-founder-trevor-milton-convicted-fraud-misleading-investors/>.

<sup>3</sup> *Former Nikola Corporation CEO Trevor Milton Charged In Securities Fraud Scheme*, U.S. DEP’T OF JUST. (July 29, 2021), <https://www.justice.gov/usao-sdny/pr/former-nikola-corporation-ceo-trevor-milton-charged-securities-fraud-scheme>; Domonoske, *supra* note 1.

<sup>4</sup> Domonoske, *supra* note 1.

<sup>5</sup> U.S. DEP’T OF JUST., *supra* note 3.

<sup>6</sup> Domonoske, *supra* note 1.

<sup>7</sup> U.S. DEP’T OF JUST., *supra* note 3.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

On Friday, October 14, 2022, a jury convicted Milton on one count of securities fraud and two counts of wire fraud.<sup>10</sup> Milton's sentencing has been set for Jan. 27, and he faces a maximum prison sentence of 20 years for the most serious charge.<sup>11</sup> After the verdict U.S. Attorney Damian William stated, "Let this case serve as a warning to anyone who plays fast and loose with the truth to get investors to part with their money. It won't end well."<sup>12</sup>

Unfortunately, there are still times when investors are defrauded despite doing their due diligence. Investors saw videos of real trucks and listened to claims from a CEO and founder about world changing innovations. However, statements of where a company is and what a company has must be distinguished from what a company will be or what a company is creating. Nikola Corp. and Trevor Mills serve as another striking example that the wonders and flashy displays of seemingly legitimate new technology should still be met with reasonable scrutiny and those who defraud investors can face serious criminal consequences.

---

<sup>10</sup> NPR, *supra* note 1; Marco Wong, *Founder of Nikola Corp. Found Guilty of Securities Fraud*, JDSUPRA (Oct. 20, 2022), <https://www.jdsupra.com/legalnews/dismissal-of-putative-securities-class-6550571/>.

<sup>11</sup> Wong, *supra* note 10; NPR, *supra* note 1.

<sup>12</sup> *Id.*