

Red Fox Consulting Group

<u>Team Member Name</u>	<u>Year</u>	<u>Major</u>
Sara Brzovski	2026	Finance
Lauren Cobb	2025	Marketing
Maeve Hanlon	2025	Marketing
Andrea von Ahn	2024	Marketing

Advisor(s): Dr. Joanne Gavin

Topic: Wheels of Deceit: Nikola’s Bumpy Ride Through Fraud Allegations

Audience: Board of Directors and Executive Suite of Nikola Corporation

Executive Summary

A core tenet of a successful business should be the inclusion of ethical decision-making in its operations. The goal of any company should be to build a relationship of trust and respect with its investors, to truthfully present themselves to shareholders and meet their expectations on top of generating a profit. An increasingly common corporate interest and responsibility that has emerged surrounds sustainability. Within the automotive industry specifically, “going green” has been the course of action taken by many manufacturers who have created hybrid or fully electric vehicles, in addition to researching alternative fuel sources for automobiles.

In a world increasingly concerned about environmental impact, a new level of innovation has been opened with the goal of creating more sustainable solutions. This is where the Nikola Corporation enters. At the time of Nikola’s initial public offering (IPO) in 2020, investors were led to believe that the company had successfully engineered and manufactured a fully electric semi truck and hydrogen-powered pickup truck. However, these statements and advertisements were proven to be false. The misrepresentation of Nikola’s operations were largely made by founder and former CEO and chairman Trevor Milton, who, once the fraud had been revealed, was charged with multiple counts of securities fraud and wire fraud. Nikola’s investors lost hundreds of millions of dollars as a result of this gross misrepresentation. Milton’s false claims were made with the goal of personal gain, and have severely damaged the company’s reputation and relationship with its investors and the public.

In order for Nikola to fully recover from this situation and reinstate confidence in its investors, the Red Fox Consulting Group recommends that Nikola first and foremost issue a public apology to pledge the company’s commitment to bettering itself and honoring the value of its shareholders. Additionally, we suggest that Nikola create an Ethical Committee with members internal and external to the organization, as well as adding new members to the executive suite. One of these new positions would be dedicated to the company’s ethical affairs, and the other to the company’s rebranding and guidelines for social media conduct, considering Milton’s behavior on various social platforms was a large proponent of the fraudulent misrepresentation. We conclude our recommendations with a five-year projection of Nikola’s financial standing and a proposal for further financial compensation to harmed investors.