

MEDIA MENTIONS

Schulte partner Ele Klein talks Tesla with *The Deal*

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In the wake of a Delaware ruling rescinding Elon Musk's pay package at Tesla Inc. and a possible reincorporation of Tesla from Delaware to Texas, Schulte Partner Ele Klein weighed in on how these matters could play out in *The Deal* article, "Delaware Complicates Musk Quest for Control."

A Tesla move to Texas and an increase in Musk's voting rights would require board and shareholder approval, processes that would need to be strategically managed.

Ele explained, "If shareholders approve a properly disclosed reincorporation, it would be hard for a shareholder to sue and convince a court to block a move to Texas.

"Most likely, it would require a charter amendment and shareholder vote to approve the creation of some sort of supervoting shares for Musk, or a structure that converts some of his existing equity stake into multiple voting shares," he added.

Providing insight into possible board action, Ele stated, "If the Tesla board grants Musk supervoting shares, it will likely seek to address some of the disclosure-related concerns raised by the Delaware Court of Chancery in an effort to avoid further litigation, regardless of whether Tesla is incorporated in Delaware or Texas at the time.

"Undoubtedly the board ... will go to the next level to address the concerns by taking steps such as setting up a special committee with independent legal and financial advisers to produce a fairness opinion about the value

of the issuance, to bolster their case and also make sure the disclosure is more robust to try to avoid what happened in Delaware with the options grant,” he explained.

[Read the article here.](#)

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