

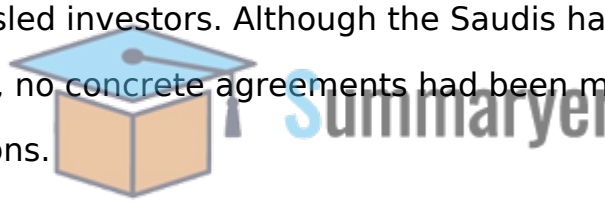
## 47. Open-Loop Warning

Open-Loop Warning encapsulates a turbulent period in Elon Musk's life, blending moments of innovation with impulsive and controversial decisions that sparked public and regulatory scrutiny. In July 2018, while Kimbal Musk was away on his honeymoon, Antonio Gracias, a close advisor, raised concerns about Elon's deteriorating mental state despite Tesla achieving record production numbers and SpaceX securing critical launches. Around the same time, Musk became deeply involved in the international effort to rescue a Thai soccer team trapped in a flooded cave. Responding to a tweet about the crisis, Musk proposed designing a mini-submarine, enlisting engineers from SpaceX and The Boring Company to develop a functional prototype. Though the sub was successfully built and transported to Thailand, the rescue team opted for a traditional diver-led operation, rendering Musk's contribution unnecessary.

However, what began as a well-intended gesture quickly spiraled into controversy when Musk lashed out at British cave diver Vernon Unsworth, calling him "pedo guy" after Unsworth dismissed Musk's submarine as a PR stunt. The comment triggered immediate backlash, leading to a lawsuit from Unsworth and a temporary drop in Tesla's stock price as investors grew wary of Musk's erratic public outbursts. This period coincided with Musk's personal struggles, particularly his breakup with actress Amber Heard, which seemed to intensify his emotional volatility. Recognizing the gravity of the situation, Kimbal Musk attempted to intervene, warning Elon that his impulsive and "open-loop" crisis responses were damaging both his reputation and Tesla's stability. Musk's unpredictable actions increasingly highlighted his difficulty in maintaining self-restraint during high-pressure moments, a pattern that continued to surface throughout his career.

Amidst this storm of controversy, Musk shifted his focus toward another audacious idea—taking Tesla private, a move influenced by discussions with Saudi Arabia's Public

Investment Fund. Fueled by his frustration with short-sellers and the public scrutiny of Tesla's stock, Musk tweeted that he had secured funding to take the company private at \$420 per share, a number partly chosen for its pop-culture reference to cannabis. This tweet set off a chain reaction, sending Tesla's stock soaring while simultaneously drawing scrutiny from regulators, investors, and Tesla's board, many of whom had been blindsided by the announcement. The Securities and Exchange Commission (SEC) quickly launched an investigation, questioning the validity of Musk's claim and whether he had misled investors. Although the Saudis had expressed interest in funding the buyout, no concrete agreements had been made, leaving Musk vulnerable to legal repercussions.



As the reality of the situation set in, Musk ultimately abandoned the plan, citing opposition from shareholders who preferred Tesla to remain a publicly traded company. However, the damage had already been done, as the SEC accused Musk of securities fraud, leading to a settlement that required him to step down as Tesla's chairman for three years and pay a \$20 million fine. This episode underscored the risks associated with Musk's impulsive decision-making, highlighting how his unfiltered approach to communication—especially on Twitter—could lead to significant legal and financial consequences. It also marked a turning point in how Tesla's board and executives sought to manage Musk's unpredictable nature, recognizing the need for more oversight to protect the company from unnecessary controversies.

Despite these setbacks, Musk's relentless drive for innovation never wavered, as he continued to push Tesla and SpaceX forward. However, this chapter serves as a stark reminder of the fine line he walks between being a visionary leader and a liability to his own ventures. His ability to recover from these crises speaks to his resilience, but the recurring pattern of high-stakes gambles and erratic decisions suggests that his leadership style will always be a mix of brilliance and chaos. Open-Loop Warning illustrates not only Musk's daring ambition but also the inherent risks of his unfiltered, impulsive nature, leaving a lasting impact on both his personal life and his business empire.