

# Nikola Founder's Fraud Conviction a Cautionary Tale

Media Mentions

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Bracewell's **Matthew Nielsen** explained to *Law360* how criminal conviction charges for Nikola Corp. founder Trevor Milton for misleading investors should be a warning to companies to have in place a well-defined compliance program.

"It should be a cautionary tale for companies, especially for startups that grow fast," said Nielsen. "When companies see exponential growth in their operations, they're usually focused on dedicating resources to scaling up those revenue-generating operations. But the lessons learned here are that you also have to scale up your compliance program and your internal controls because as you grow fast, your risk profile changes rapidly."

"By all reports, Mr. Milton was virtually in control of the company even after it became public, and he apparently resisted adding more independent members of the board and kind of hand-picked the key executive officers of the company," added Nielsen. "The allegations came out, which must've been a basis of the jury's findings, that he set this company up where not necessarily he had 'yes' men, but he didn't have the people in place with enough power to rein him in."

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## Related People

**Matthew G. Nielsen**

Partner

**DALLAS**

+1.214.758.1039

[matthew.nielsen@bracewell.com](mailto:matthew.nielsen@bracewell.com)

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