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PRESS RELEASE

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SEC Charges Lordstown Motors with Misleading Investors about Company's Flagship Electric Vehicle

Company's former auditor charged with violating auditor independence standards

FOR IMMEDIATE RELEASE | 2024-29

Washington D.C., Feb. 29, 2024 — The Securities and Exchange Commission today charged Lordstown Motors Corp. with misleading investors about the sales prospects of Lordstown's flagship electric pickup truck, the Endurance. Lordstown, which filed for bankruptcy in 2023, went public by merging with a special purpose acquisition company (SPAC) in 2020.

According to the SEC's settled order, Lordstown exaggerated the demand for the Endurance, claiming that the company had received more than 100,000 nonbinding "pre-orders" for the vehicle from commercial fleet customers when, in reality, most of the pre-orders came from companies that did not operate fleets or intend to buy the truck for their own use. The SEC's order also found that Lordstown misrepresented the company's timeline for delivering the Endurance by failing to account for production delays partially due to Lordstown's inability to access many critical parts.

"We allege that, in a highly competitive race to deliver the first mass-produced electric pickup truck to the U.S. market, Lordstown oversold true demand for the Endurance," said Mark Cave, Associate Director of the Division of Enforcement. "Exaggerations that misrepresent a public company's competitive advantages distort the capital markets and foil investors' ability to make informed decisions about where to put their money."

The order finds that Lordstown violated certain antifraud, proxy, and reporting provisions of the federal securities laws. Without admitting or denying the SEC's findings and subject to bankruptcy court approval, Lordstown agreed to a cease-and-desist order and disgorgement of \$25.5 million, which will be deemed satisfied by payments of up to \$25.5 million by Lordstown and other defendants to resolve certain pending class actions against them.

The SEC also instituted a related, settled administrative proceeding against Lordstown's former auditor, Clark Schaefer Hackett and Co. (CSH). CSH provided certain non-audit services, including bookkeeping and financial statement services, to Lordstown during CSH's audit of the company's financial statements when it was a private entity. CSH then audited the same financial statements in connection with Lordstown's merger with the SPAC and thus violated auditor independence standards of the SEC and the Public Company Accounting Oversight Board. Without admitting or denying the SEC's findings, CSH agreed to a censure, a cease-and-desist order, the payment of more than \$80,000 in civil penalties, disgorgement, and interest, and certain undertakings to improve its policies and procedures.

The SEC's investigation, which is ongoing, was conducted by Carolyn Winters, Mark Oh, and John Higgins, with assistance from David Baddley, Suzanne Romajas, and Peter Lallas, and supervised by Jeff Leasure, Kristen Dieter, Alistaire Bambach, James Carlson, and Mr. Cave.

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