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A Side Hustle for Friends of Musk: Selling Access to Stakes in His Private Companies

Lucrative stock deals have allowed SpaceX to avoid public scrutiny even as it has grown into one of the largest companies in the U.S.



Josh Berman, Antonio Gracias, Justin Fishner-Wolfson, Elon Musk and Luke Nosek ILLUSTRATION: BRANDON CELLI

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Antonio Gracias and [Elon Musk](#) go way back. The Valor Equity Partners founder and his family spend their Christmases with Musk and vacation with him in the Bahamas and Jackson Hole, Wyo. For Gracias, it has been a lucrative relationship. He has become a multibillionaire in part by investing in nearly all of Musk's companies over the years, according to public filings and court documents.

Now, Gracias and his firm have found another way to cash in on his status in Musk's inner circle: by selling wealthy outsiders access to tightly controlled shares in Musk's privately held companies. Gracias, who is a current SpaceX and former [Tesla](#) [TSLA](#) **3.50%** ▲ board member, recently offered investors \$1 billion worth of shares in SpaceX and xAI through Valor in an exclusive private sale that will net him and the bankers involved millions in fees, according to deal documents reviewed by The Wall Street Journal.

The documents, along with interviews with investors, lawyers and bankers, offer a window into the opaque market for shares of Musk's private companies—particularly SpaceX, xAI, Neuralink and the Boring Company—which are some of the most sought-after private investments. Access to the shares is controlled by a tightknit coterie of Musk associates, who have quietly built businesses doling them out through shell companies, racking up huge fees and profits in the process.

The sale by Gracias comes amid a big jump in the valuation for SpaceX shares, helped in part by the company's prospects for lucrative contracts under the Trump administration. In the second half of 2024, the company's valuation grew 67%. Overall, the company's shares have increased nearly 30-fold between 2015—when SpaceX was valued at \$12 billion—and last December, when its valuation hit \$350 billion, putting it on par with the likes of [Oracle](#) and [Coca-Cola](#).

As it has grown to become one of the largest companies in the U.S. it has remained one of the most secretive, with its finances hidden from all but a small group of investors and insiders. Most people with stakes in SpaceX have no clue how much money the company makes or loses. Remaining private also allows SpaceX to escape the scrutiny of the stock market, which has seen Tesla's share price gyrate wildly [amid concerns about Musk's polarizing role in the White House and overseas competitive pressures](#).

It is rare for a venture capital-backed company of SpaceX's size and stature to remain private for so long. The company is more than two decades old and has raised billions of dollars from hundreds of private investors.

One of the ways SpaceX has been able to maintain its private status is by limiting its investor base. Once there are 2,000 "holders of record"—not including employees who own shares through stock-compensation packages—a company is legally required to disclose financial information similar to a public company.

In its early days of fundraising, SpaceX didn't bump up against that limit. In recent years, as its financial results have improved, SpaceX hasn't needed to raise more cash for itself by selling stock. But it does periodically need to offer employees and other investors an opportunity to cash out some of their holdings, which the company does through privately arranged sales roughly twice a year.



Antonio Gracias, founder of Valor Equity Partners, joins Elon Musk at a town hall in Green Bay, Wisc., last month ahead of a state supreme court election. PHOTO: JAMIE KELTER DAVIS/BLOOMBERG NEWS

One way to keep from hitting the disclosure tripwire is to dole out such shares to existing insiders, who in turn sell interests in them to other investors through a spiderweb of funds—often structured as special-purpose vehicles, or SPVs. In these transactions, outside investors are buying shares of holding companies that in turn own shares of the actual Musk businesses—meaning such investors don’t appear on SpaceX’s capitalization table, the document that lists shareholders in the company.

Gracias’ offering, which hasn’t been previously reported, joins previous ventures from SpaceX board member Luke Nosek, MySpace co-founder Josh Berman and Founders Fund veteran Justin Fishner-Wolfson—all of whom have personal ties to Musk—that have given wealthy investors a way to share in the explosive growth in valuation of Musk’s companies.

Investors named in this article either didn’t respond to requests for comment or declined to comment.

Investors close to Musk and his companies often get into deals by working directly with the head of his family office Jared Birchall or SpaceX CFO Bret Johnsen. Others text with Musk directly to try to participate in deals, as was the case with his Twitter acquisition.

“I’m personally in and will raise an SPV too if that works for you,” venture capitalist David Sacks texted to Musk in 2022 after Musk asked if he would invest in Twitter, according to court records. Sacks is now the White House’s AI and cryptocurrency czar.

A few weeks later, Musk accused Twitter investor Jason Calacanis of “marketing an SPV to randos” during the first Twitter fundraiser, court records show. “SPVs are how everyone is doing there [sic] deals now,” Calacanis responded.

Investors in the Gracias venture received interests in a limited partnership holding \$250 million in shares of xAI and \$750 million in shares of SpaceX, deal documents show. Investors in the deal are required to have at least \$50 million in assets under management and make a minimum investment of \$1 million.

The sale will yield big fees for Gracias and for [UBS](#), which marketed the deal through its wealth management division, according to the documents. Gracias and Valor Equity Partners will earn a management fee of 1% annually, according to the transaction documents. Valor will also earn performance-related fees known as “carry fees” of 20% on the deal if the SpaceX shares increase more than 8% annually in value, according to deal documents.

UBS Wealth Management, which also serves as a private banker to Musk, receives a placement fee on the deal and the bank will get part of the performance fees that Valor will earn if SpaceX shares increase in valuation.

A big part of SpaceX's recent valuation increase owes to the explosive growth of the company's Starlink internet service, but the company also stands to benefit from Musk's proximity to Trump administration officials, according to aerospace-industry officials.



Jared Isaacman, President Trump's nominee for NASA administrator, has a long history with SpaceX.
PHOTO: KEVIN DIETSCH/GETTY IMAGES

Trump's nominee for NASA administrator, [Jared Isaacman](#), has close ties with SpaceX, having previously invested in the company, flown to orbit on its vehicles and provided services to SpaceX through his payments company, [Shift4](#). If confirmed, Issacman would play a major role setting priorities for NASA, and wants to accelerate the agency's efforts to explore Mars, the planet Musk has long wanted to try to settle.

Isaacman reported more than \$5 million in capital gains related to SpaceX shares in a recent

fling, indicating he sold company stock.

During his confirmation hearing, after a senator asked him about navigating Musk's role at SpaceX and in the government, Isaacman said his loyalty resides solely with the U.S. and to NASA.

Commerce Secretary Howard Lutnick has told staff he plans to make changes to a [\\$42.5 billion Biden-era program](#) aimed at expanding internet access around the country with new rules that will make it easier for Starlink to win funding, [the Journal previously reported](#).

SpaceX's escalating value has made its shares a prime target for other players in the secondary market who aren't fortunate enough to be friends with Musk. Such shares tend to be available only in limited quantities, or as pieces of a fund that may hold some SpaceX shares, and their brokers tend to charge high fees.



Luke Nosek spoke at a technology summit in 2013. PHOTO: MICHAEL NAGLE/BLOOMBERG

SpaceX has sent cease-and-desist letters to brokerages that have claimed to have direct access to shares. Other large investors have tried to sell shares of SpaceX to unapproved parties, including a Hong Kong subsidiary of the China-based Leo Group, but [been rebuffed](#) when the company objected.

PayPal pals

Then there are people like Nosek, a SpaceX board member who worked with Musk at [PayPal](#) before joining Thiel's Founder's Fund in 2006. He and Musk remained close, sometimes attending game nights in Austin where they played "Werewolf," which pits villagers against monsters, according to a person who knows them.

Since Nosek founded Gigafund in 2017, it has purchased roughly \$1 billion in secondary sales of SpaceX shares, netting millions in management fees paid by investors, according to fund documents. If an investor sells their interest in the fund, Gigafund stands to earn performance fees based on SpaceX's increase in valuation, according to Securities and Exchange Commission filings.

Among the investors who bought an interest in SpaceX shares through Nosek's Gigafund is Emil Michael, a former Uber executive and President Trump's nominee for undersecretary for Research & Engineering at the Defense Department, according to his ethics disclosure. Michael's disclosure form revealed the holding but withheld the amount of the underlying assets, citing a confidentiality agreement. He has agreed to divest the holding if he is confirmed. Michael's disclosure form also showed holdings in Musk's xAI and Tesla.



Antonio Gracias, a member of the SpaceX board, was an early investor in PayPal. PHOTO: DAVID PAUL MORRIS/BLOOMBERG NEWS

MySpace co-founder Berman also frequently gets slugs of shares when SpaceX sells them on

behalf of employees or earlier investors. His firm Troy Capital invested part of a \$47 million fund in secondary sales of SpaceX stock in 2022 when the company was valued at roughly \$127 billion, according to SEC filings.

Fishner-Wolfson—an early investor in SpaceX and friend of Founders Fund founder Peter Thiel, another close associate of Musk—also often gets SpaceX shares for his fund, 137 Ventures Management.

Duncan Penn, an MTV personality and a close friend of SpaceX board member Kimbal Musk, has a similar arrangement through his \$100 million firm Gatsby Management, according to a person familiar with the fund.

Gracias and Musk's friendship traces back to the beginning of Musk's career, when Gracias invested in PayPal. Gracias' predecessor fund to Valor tripled the money it put into PayPal, according to court documents. Over the years, Musk invited Gracias' Valor funds to invest in SpaceX, Tesla, SolarCity, The Boring Company and Neuralink, creating "dynastic" wealth for Gracias and "billions of dollars" in profit for Valor, according to testimony in a shareholder lawsuit against Tesla over Musk's pay package.

Gracias joined the Tesla board of directors in 2007 and the SpaceX board in 2008. In 2021, he [left the Tesla board](#) following a broader shake-up amid questions about corporate governance.

More recently, Gracias has joined Musk's DOGE initiative, taking the lead in cutting costs at the Social Security Administration. He played a similar role at Musk's side after he purchased Twitter, helping him slash the payroll by 80%.

Valor has invested \$3.2 billion in SpaceX since 2008. Valor also has invested \$1.15 billion in xAI since last year, according to documents viewed by the Journal.

Gracias has also invested directly in Musk himself, once extending a \$1 million personal loan to his friend, according to testimony in the pay package case. Gracias couldn't recall if he charged interest.

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