

California threatens Tesla with 30-day suspension of sales license for deceptive self-driving claims



Tesla vehicles line a parking lot at the company's Fremont, Calif., factory on Aug. 5, 2025. (AP Photo/Noah Berger, File)



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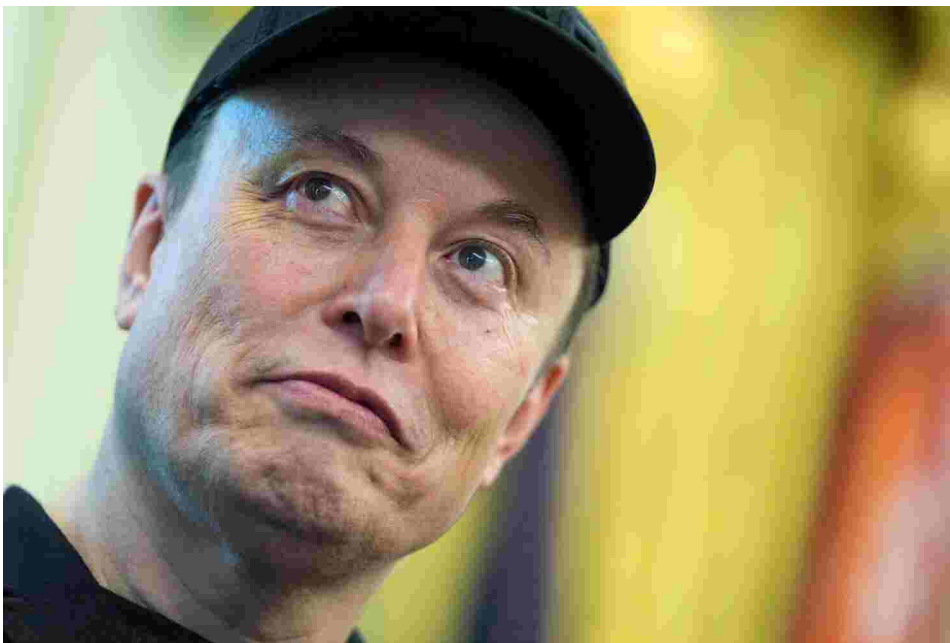
SAN FRANCISCO (AP) — California regulators are threatening to suspend Tesla's license to sell its electric cars in the state early next year unless the automaker tones down its marketing tactics for its self-driving features after a judge concluded the Elon Musk-led company has been misleading consumers about the technology's capabilities.

The potential 30-day blackout of Tesla's California sales is the primary punishment being recommended to the state's Department of Motor Vehicles [in a decision](#) released late Tuesday. The ruling by Administrative Law Judge Juliet Cox determined that Tesla had for years engaged in deceptive marketing practices by using the terms "Autopilot" and "Full Self-Driving" to promote the autonomous technology available in many of its cars.

After presiding over five days of hearings held in Oakland, California in July, Cox also recommended suspending Tesla's license to manufacture cars at its plant in Fremont, California. But California regulators aren't going to impose that part of the judge's proposed penalty.

Tesla will have a 90-day window to make changes that more clearly convey the limits of its self-driving technology to avoid having its California sales license suspended. After California regulators filed its action against Tesla in 2023, the Austin, Texas, company already made one significant change by putting in wording that made it clear its Full Self-Driving package still required supervision by a human driver while it's deployed.

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“Tesla can take simple steps to pause this decision and permanently resolve this issue — steps autonomous vehicle companies and other automakers have been able to achieve,” said Steve Gordon, the director of the California Department of Motor Vehicles.

In [a post on Musk's X service](#), Tesla brushed off the decision as regulatory overkill. "This was a 'consumer protection' order about the use of the term 'Autopilot' in a case where not one single customer came forward to say there's a problem. Sales in California will continue uninterrupted," the company said.

The automaker has already been plagued by a global downturn in demand that began [during a backlash](#) to Musk's high-profile role overseeing cuts in the U.S. government budget overseeing the Department of Government that President Donald Trump created in his administration. Increased competition and an older lineup of vehicles also weighed on Tesla sales, although the company did revamp its Model Y, the world's bestselling vehicle, and unveil less-expensive versions of the Model Y and Model X.

Although Musk left Washington [after a falling out with Trump](#), the fallout has continued to weigh on Tesla's auto sales, which had decreased by 9% from 2024 through the first nine months of this year.

Despite the slump and the threatened sales suspension in California, Tesla's stock price touched an all-time high \$495.28 during Wednesday's early trading before backtracking later to fall below \$470. Despite that reversal, Tesla's shares are still worth slightly more

than they were before Musk's ill-fated stint in the Trump administration — a [“somewhat successful” assignment](#) he recently said he wouldn't take on again.

The performance of Tesla's stock against the backdrop of eroding auto sales reflects the increasing emphasis that investors are placing on Musk's efforts to develop artificial intelligence technology to implant into humanoid robots and a fleet of self-driving Teslas that will operate as robotaxis across the U.S.

Musk has been promising Tesla's self-driving technology would fulfill his [robotaxi vision for years](#) without delivering on the promise, but the company finally began testing the concept in Austin earlier this year, albeit with a human supervisor in the car to take over if something went awry. Just a few days ago, [Musk disclosed](#) Tesla had started tests of its robotaxis without a safety monitor in the vehicle.

California regulators are far from the first critic to accuse Tesla of exaggerating the capabilities of its self-driving technology in a potentially dangerous manner. The company has steadfastly insisted that information contained in its vehicle's owner's manual on its website have made it clear that its self-driving technology still requires human supervision, even while releasing a 2020 video depicting one of its cars purportedly driving on its own. The video,

cited as evidence against Tesla in the decision recommending a suspension of the company's California sales license, remained on its website for nearly four years.

Tesla has been targeted in a variety of lawsuits alleging its mischaracterizations about self-driving technology have lulled humans into a false of security that have resulted in lethal accidents. The company has settled or prevailed in several cases, but earlier this year [a Miami jury](#) held Tesla partly responsible for a lethal crash in Florida that occurred while Autopilot was deployed and ordered the automaker to pay more than \$240 million in damages.



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