

Twitter sues Elon Musk to hold him to \$44 billion takeover deal

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The lawsuit accused Musk of "a long list" of violations of the merger agreement that 'have cast a pall over Twitter and its business' [File: Mike Blake/Reuters]

New York, July 13 (RHC)-- Twitter Inc has sued Elon Musk for violating the \$44 billion deal to buy the social media platform and asked a Delaware court to order the world's richest person to complete the merger at the agreed \$54.20 per Twitter share, according to a court filing.

"Musk apparently believes that he – unlike every other party subject to Delaware contract law – is free to change his mind, trash the company, disrupt its operations, destroy stockholder value, and walk away," said the lawsuit on Tuesday.

Musk now says he was terminating the deal because Twitter violated the agreement by failing to respond to requests for information regarding fake or spam accounts on the platforms, which is fundamental to its business performance.

The lawsuit accused Musk of "a long list" of violations of the merger agreement that "have cast a pall over Twitter and its business."

Shares in the social media platform tumbled to \$34.06 on Tuesday from above \$50 when the deal was accepted by Twitter's board in late April.

The company has said for years in regulatory filings that it believes about 5 percent of the accounts on the platform are fake. Musk has also alleged that Twitter broke the acquisition agreement when it fired two top managers and laid off a third of its talent-acquisition team.

Twitter said it negotiated to remove from the merger agreement language that would have made such firings a violation of ordinary course requirements. Twitter Chairman Brett Taylor had previously stated that the company's board was "committed to closing the transaction on the price and terms agreed upon with Mr Musk and plans to pursue legal action to enforce the merger agreement." The terms of the deal include a \$1 billion break-up fee if Musk does not complete the transaction as agreed.

Daniel Ives, an analyst at Wedbush investment firm, previously stated in a note to clients that the legal battle could negatively affect Twitter, saying that "the company will battle Musk in an elongated court battle to recoup the deal and/or the breakup fee of \$1 billion at a minimum."

Musk has taken to the platform, where he has more than 100 million followers, to lambast Twitter executives such as CEO Parag Agrawal and cast doubt on Twitter's claims about the prevalence of spam accounts. In response to a tweet from Agrawal talking about steps Twitter has taken to crack down on fake accounts, Musk responded with a poop emoji.

Such tweets have now become ammunition for Twitter as it hopes to demonstrate that Musk has been careless and flippant about the deal and the effect his words can have on the company he hoped to buy.

In the complaint against Musk, Twitter states: "For Musk, it would seem, Twitter, the interests of its stockholders, the transaction Musk agreed to, and the court process to enforce it all constitute an elaborate joke."

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