Twitter to sue Elon Musk after he pulls plug on $44bn takeover deal

Elon Musk has pulled out of a deal to take over Twitter for $44bn (£36.5bn).

In a statement provided to the US Securities and Exchange Commission, representatives for **Mr Musk** said Twitter breached terms of an agreement and "appears to have made false and misleading representations".

They said **Twitter** had also failed to provide data and information requested by Mr Musk to enable him to "make an independent assessment of the prevalence of fake or spam accounts" on the social media platform.

"Sometimes Twitter has ignored Mr Musk's requests, sometimes it has rejected them for reasons that appear to be unjustified, and sometimes it has claimed to comply while giving Mr Musk incomplete or unusable information," the statement continued.

As a result of Mr Musk's decision, shares of Twitter fell 7% in extended trading, well below **the $54.20 that he had offered to pay for the company** back in April.

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The terms of the deal require Mr Musk to pay a $1bn (£830m) break-up fee if he does not complete the transaction.

However, it seems Twitter's board is not planning to accept the payment and will instead take legal action.

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Twitter confident in pursuing legal action

Twitter’s chairman Bret Taylor tweeted that the company is

“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”.

“We are confident we will prevail in the Delaware Court of Chancery,” he added.

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The possible unravelling of the agreement is just the latest twist in a saga between the world’s richest man and one of the most influential social media sites.

Much of the drama has played out on Twitter, with Mr Musk – who has more than 95 million followers – lamenting that the company was failing to live up to its potential as a platform for free speech.

Musk had put deal on hold

The chief executive of Tesla had previously threatened to halt the deal unless the company proved spam and bot accounts were fewer than 5% of users.

Last month, Twitter gave Mr Musk access to its “firehose”, which is its storage location of raw data on hundreds of millions of daily tweets.

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Mr Musk’s flirtation with buying Twitter appeared to begin in late March when Twitter said he contacted members of its board – including co-founder Jack Dorsey – and told them he was buying up shares of the company and interested in either joining the board, taking Twitter private or starting a

competitor.

He later revealed, in a regulatory filing, that he had become the company's largest shareholder after acquiring a 9% stake worth about $3bn.

At first, Twitter offered Mr Musk a seat on its board.

But six days later, Twitter's chief executive tweeted to say Mr Musk would not be joining the board after all and his bid to buy the company came together quickly after that.

'This is a disaster scenario for Twitter'

Inside Twitter, Mr Musk's offer was met with confusion and falling morale, especially after he publicly criticised one of the social media platform's top lawyers involved in content-moderation decisions.

After the deal was formed, the company instituted a hiring freeze, halted discretionary spending and fired two top managers.

Mr Musk's decision is likely to result in a long protracted legal battle between the billionaire and the 16-year-old San Francisco-based company.

Daniel Ives, an analyst at Wedbush, said it was bad news for Twitter.

"This is a disaster scenario for Twitter and its board as now the company will battle Musk in an elongated court battle to recoup the deal and/or the breakup fee of $1bn at a minimum," he said.