

Feds might probe Musk's Twitter purchase, FCC commissioner calls for TikTok ban

Article

The news: TikTok and the Twitter acquisition are facing scrutiny from the US federal government.

- The Treasury Department's **Committee on Foreign Investment in the United States (CFIUS)** is deciding whether it has the purview to investigate **Elon Musk's** Twitter purchase, per [The Washington Post](#).
- White House officials had previously discussed reviewing the acquisition based on **concerns about Musk's business ties to China and a Saudi prince being among the investors backing the Twitter deal**.
- Meanwhile, **Meta shares spiked 2.2% and Snap's rose 3.4% Tuesday** following FCC commissioner Brendan Carr's call for a ban on TikTok, per [CNBC](#). The move harks back to the [Trump administration's previous executive order](#) banning the app.
- The CFIUS is reviewing TikTok's national security implications due to its China-based owner, [ByteDance](#). The Department of Justice is leading negotiations over a security deal with the company.

The geopolitical crosshairs: Social media companies coming under political scrutiny isn't new, but the **CFIUS' interest in the Twitter deal and TikTok are some of the latest signs of the US' harder line approach to its business and technological interests** with respect to foreign powers.

- It comes in the wake of an executive order [limiting foreign investment in US tech companies](#) and the [ban of advanced semiconductor exports](#) to China and Russia.
- Although the CFIUS usually investigates investments by foreign nationals, it might consider a US citizen's business dealings fair game given heightened sensitivities around national security.
- In Musk's Twitter deal, there's concern that large foreign investors with dubious ties to state governments could access confidential information related to US businesses and individuals.
- Musk-owned **Tesla's** dependence on China for production could be viewed as a compounding security risk factor.

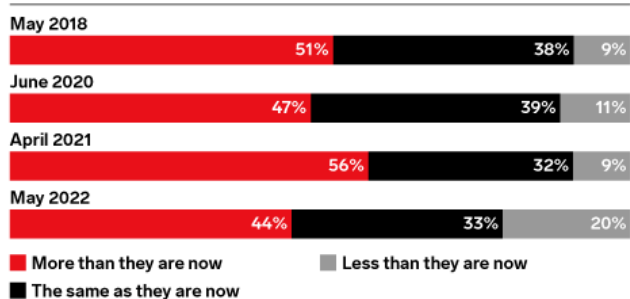
Potential outcomes: It's hard to anticipate what the CFIUS will ultimately decide regarding the Twitter acquisition and the fate of TikTok's US operations. However, the increasing atmosphere of scrutiny could influence how the platforms are run.

- The government is walking a fine line between protecting US national security interests and hurting businesses.

- While the Twitter deal might not be challenged due to fear of political blowback, we could see future restrictions on what types of information US companies can share with investors who have ties to adversaries.
- The scrutiny could also spur the social media companies to take combating [misinformation on their platforms](#) more seriously.
- As evidenced by the Meta and Snap shares spike, potential regulatory fallout for Twitter and TikTok could help [Facebook](#) and [Snapchat](#) chart a more positive course.

US Adults Who Feel that Major Tech Companies Should Be More/Less Regulated by the Government, May 2018-May 2022

% of respondents



Note: ages 18+; responses of "no answer" not shown
 Source: Pew Research Center, "Support for more regulation of tech companies has declined in U.S., especially among Republicans," May 13, 2022

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