

Twitter moves to sue Elon Musk for abandoning purchase agreement

Article

Twitter deal unravels: Twitter's stock took a dive Monday after news late Friday that **Elon Musk** was withdrawing his bid to purchase the social media network for **\$43.4 billion**. The Tesla CEO said he was abandoning the deal due to the proliferation of spam, bots, and fake accounts bloating Twitter's engagement data.

- Twitter assembled a legal team from **Wachtell, Lipton, Rosen & Katz** to file a lawsuit against Musk for withdrawing from the agreement to purchase the company, [per](#) Insider.
- Twitter's legal counsel will file a case in Delaware, the corporate home of more than half of US public companies and more than 60% of Fortune 500 firms.
- Efforts to terminate deals often last months and end in settlements.

Possible outcomes:

Musk wins: "Musk could issue a countersuit or could bring the bot issue into discovery. If the real number of bots is higher than the 5% that Twitter claims, it could severely damage the company's reputation and permanently damage its stock. It could also have ramifications for all other (social media) platforms," said **Baruch Labunski**, founder at **Rank Secure**, a Canadian SEO and digital marketing agency specializing in social media.

Twitter wins: "It seems to me that Musk is on the hook here not just for **the breakup fee of \$1 billion**, but the differential between the spot price of Twitter's stock and the \$54.20 per share agreed on a buyout," said **Abe Kasbo**, founder and CEO of **Verasoni Worldwide**, a PR and marketing communications firm.

"Musk's net worth has taken a [considerable hit](#) in the last few months with a double-whammy of both Tesla's shares down big along with **Bitcoin**, in which Tesla is invested, so he's got both buyer's remorse and considerably fewer funds to play with," Kasbo added.

In context, **Tesla's and Twitter's shares have tumbled around 27% and 34%, respectively**, since the deal was announced, [per](#) The Wall Street Journal.

A draw: Both parties could come to an agreement and push through with the sale, potentially at a lower price to reflect current market conditions.

A white knight: There's also a possibility for a white knight, or interested third party, to swoop in and make an offer for Twitter, but that's unlikely to happen if legal proceedings are in progress.

The big takeaway: As both parties head into court, Twitter faces the burden of an uncertain future with its value whittling away while it sheds headcount. The company, which recently [laid off 30% of its talent acquisition team](#), may have to resort to more layoffs to keep afloat as it takes the world's richest man to court.

Twitter's Musk takeover unravels

