

# As Twitter sheds headcount, the company appears headed for a legal battle with Elon Musk

Article

**The news:** After weeks of silence, **Elon Musk's** bid to take over Twitter seems to be over. Musk has said he is terminating the proposed deal over concerns regarding the number of bots and spam accounts on the platform, according to SEC filings.

**How we got here:** The Twitter-Musk drama has been brewing since the Tesla CEO started buying Twitter stock, hitting a 9% share of the social network at the beginning of April.

- Musk made an offer to buy the social media app outright for **\$43.4 billion** April 14.
- Twitter's board immediately went on high alert, enacting a poison pill defense to keep Musk at bay, per Reuters.
- Undeterred, Musk obtained **\$25.5 billion** in debt financing from a bank group including **Morgan Stanley, Bank of America, Barclays, MUFG, Societe Generale, Mizuho Bank, and BNP Paribas.**
- Twitter finally accepted Musk's offer in late April. Since then, however, negotiations seem to have broken down.

**Blame it on the bots:** Musk put the deal on hold in May, saying Twitter had a serious bot problem that resulted in the proliferation of spam and fake accounts bloating Twitter's user and engagement data.

- Twitter CEO **Parag Agrawal** offered Musk access to the social media platform's "fire hose" of real-time data in June to prove that less than 5% of its daily active users were bots, fake, and spam accounts.
- Twitter held a press conference Thursday explaining how it determines which accounts are bots or spam, per CNBC.
- The uncertainty surrounding the deal has dampened employee morale and led to a hiring freeze and layoffs of 30% of its talent acquisition team.

**What's next?** Twitter's board is bullish and determined to close the deal, with its chairman tweeting it "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." Agrawal said the company is "willing to go to war" to ensure Musk follows through on commitments.

The situation continues to take its toll on Twitter's value. Shares dropped around 4.5% on Friday, per Yahoo Finance. The company's stock hovered around \$37.25 a share—well below

the \$54.20 a share price at which Musk originally offered to buy out stakeholders. The stock fell over 5% in premarket trading Monday morning as well.

