

Trump plan for new media venture gets investors' thumbs up

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In this Jan. 6, 2021, file photo, President Donald Trump speaks during a rally protesting the electoral college certification of Joe Biden as President in Washington. Trump has filed a lawsuit to block the release of documents to the Jan. 6 select committee, challenging the decision of President Joe Biden to release them. Trump claims in the lawsuit that the request "is almost limitless in scope," and seeks records with no reasonable connection to that day. Credit: AP Photo/Evan Vucci, File

Some investors aren't waiting to see if former President Donald Trump's plans for a media company to challenge the likes of Facebook, Twitter and even Disney can actually become reality—they're all in.

Trump said Wednesday that he's launching Trump Media & Technology Group as a rival to the Big Tech companies that have shut him out and denied him the megaphone that was paramount to his national rise. The announcement came nine months after Trump was expelled from social media for his role in inciting the Jan. 6 Capitol insurrection.

The new venture said it had been created through a merger with Digital World Acquisition Corp., and seeks to become a publicly listed company. Shares of Digital World Acquisition quadrupled in value in afternoon trading Thursday, even though there's a long way to go before the deal gets finalized and the venture becomes a bona fide media outlet.

"It's been many, many months since there's been a SPAC merger greeted with this amount of enthusiasm," said Jay Ritter, a professor at the University of Florida who specializes in initial public offerings.

Trump has spoken about launching his own social media site ever since he was barred from Twitter and Facebook. An earlier effort to launch a blog on his existing website was abandoned after the page drew dismal views.

"We live in a world where the Taliban has a huge presence on Twitter, yet your favorite American President has been silenced," he said in a statement. "This is unacceptable."

Conservative voices actually do well on traditional social media. On Wednesday, half of Facebook's 10 top performing link posts were from conservative media, commentators or politicians, according to [a daily list](#) compiled by a New York Times technology columnist and an internet

studies professor using Facebook's own data.

TMTG has not set its sights low. In addition to the Truth Social app, which is expected to soft-launch next month with a nationwide rollout early next year, the company says it is planning a video-on-demand service dubbed TMTG+ that will feature entertainment programming, news and podcasts.

One slide in a [TMTG presentation on its website](#) includes a graphic of TMTG's potential competitors, which range from Facebook and Twitter to Netflix and Disney+ to CNN. The same slide suggests that over the long term TMTG will also become a power in cloud computing and payments and suggests it will go head-to-head with Amazon, Microsoft, Google and Stripe.

TMTG also takes some jabs at Trump's previous favorite social network. Slides accompanying the Truth Social preorders listing in Apple's app store depict a social network that strongly resembles Twitter, right down to short messages and user handles preceded by "@" signs.

The same graphics also feature a user named Jack's Beard, who in one image fumes when an employee pushes back on an order to delete a user and its posts, calling it "kinda an overreach." The Jack's Beard account uses the handle @jack, which is Jack Dorsey's handle on the real Twitter; Dorsey's long scraggly beard has also drawn attention during the his congressional appearances over Zoom.

Truth Social's [terms of service](#), meanwhile, bar users from annoying any of the site's employees and from statements that "disparage, tarnish, or otherwise harm, in our opinion, us and/or the Site." It was not immediately clear who the "us" in that statement refers to.

A Trump-branded social media portal would arrive into a crowded space

dominated by Big Tech-run portals like Facebook and Twitter. Still, everyday social media users tend to be on multiple platforms at once, so TMTG's offering doesn't have to necessarily peel users from other portals to thrive.

"This network will most likely be most successful in targeting far-right users, the same that left Facebook for 'alternative' social networks like Gab or Parler," said Alexandra Cirone, assistant professor in government at Cornell University.

Trump's new media bid could also compete for viewers on conservative networks such as OANN, Newsmax and Fox News, she said.

With Apple and Google cracking down on apps that violate the companies' content guidelines, Trump's social media app also "could provide a new venue for fake news and extremism," Cirone said.

Digital World Acquisition Corp., based in Miami, is a special-purpose acquisition company, or SPAC. Such publicly traded companies are designed to list the shares of a private company more quickly than a traditional initial public offering. In practice, that means the SPAC acquires a private firm and then changes its name and other details to those of the acquired firm.

SPACs pay for their acquisitions with cash from its own initial public offering. DWA's Sept. 8 IPO raised \$287.5 million, according to a filing with the Securities and Exchange Commission.

DWA said it has raised roughly \$293 million in cash, which it will use to grow TMTG's ventures. Among the company's biggest shareholders are several institutional investors, including Lighthouse Investment Partners, D. E. Shaw & Co., and Radcliffe Capital Management, according to an SEC filing. DWA said more details about the deal will be disclosed in

upcoming filings.

The deal has an initial enterprise value, a measure that takes into account a company's total debts and assets, of \$875 million, according to the release. It still requires the approval of shareholders of both DWA and TMTG, as well as regulators.

DWA is currently run by CEO Patrick Orlando, a Miami based founder of an investment firm who worked at JPMorgan and Deutsche Bank before helping start a sugar trading company and joining a biofuels business. Orlando owns 18% of Digital World's stock, according to a recent regulatory filing.

Orlando has experience taking at least three SPACs public. One company, Yunhong International, had planned to buy a marketer of "carbon neutral" fuel cells and batteries, but a press release issued last month said the deal had been canceled without giving a reason.

Digital World's finance chief, Luis Orleans-Braganza, is a member of Brazil's National Congress who worked as an investment banker at JPMorgan and Lazard Freres and as a director at Time Warner's AOL Latin America division, according to regulatory filings. He also founded a mobile payments company and a developer of automotive ignitions.

Shares of Digital World Acquisition soared \$33.06, or 332%, to \$43.02 in afternoon trading.

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