

# US regulators scrutinize Musk's Twitter stock buys

May 28 2022

---



Elon Musk has clashed before with US securities regulators keen to find out why he didn't let them know sooner about increasing his stake in Twitter ahead of moving to buy the global online platform.

US market authorities have asked Elon Musk to explain an apparent delay in reporting his Twitter stock buys, the agency revealed Friday, the

latest questions on the methods and intent of his troubled bid for the platform.

Musk became a major Twitter stockholder following the purchase of 73.5 million shares in early April, and less than two weeks later launched a hostile takeover bid.

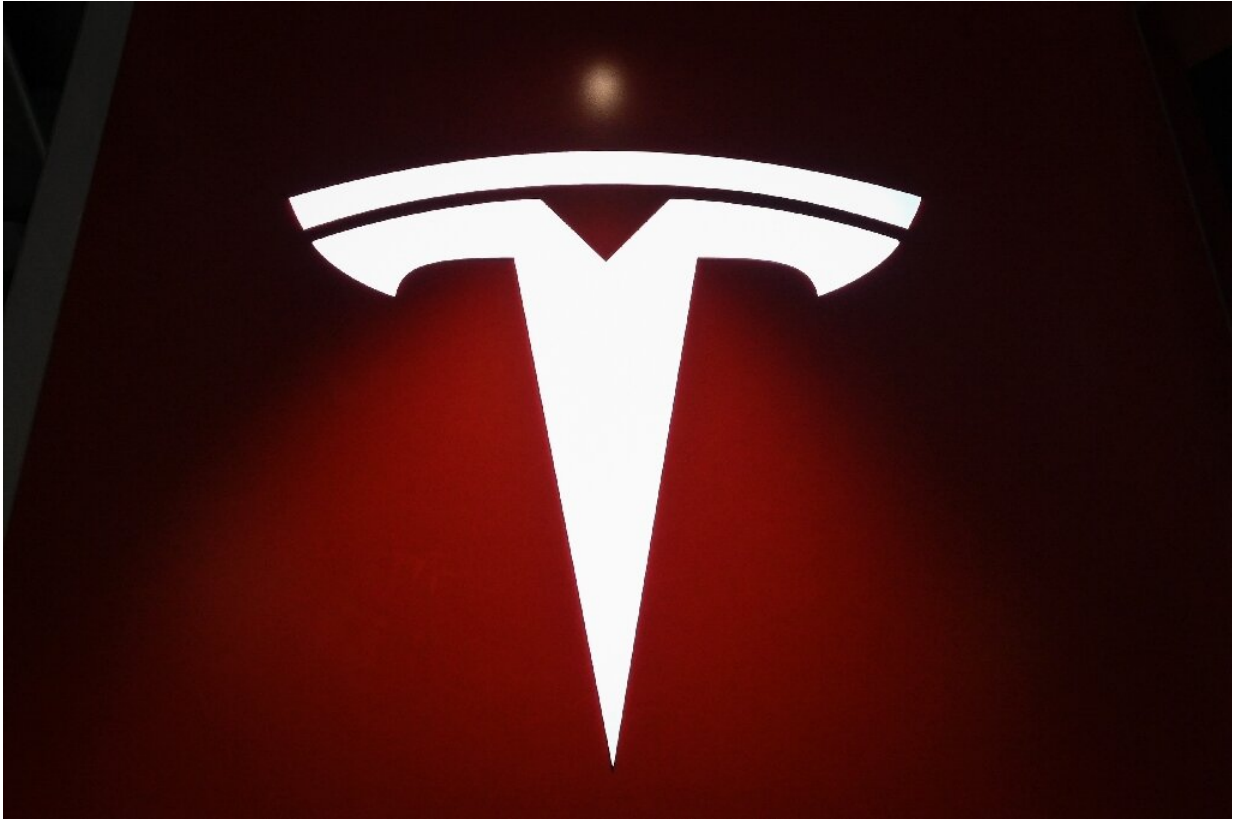
He went on to ink a \$44 billion [deal](#) to buy the San Francisco-based company, but has since given mixed signals regarding how committed he is to following through.

The Securities and Exchange Commission (SEC) letter to Musk showed regulators asked him to explain why he didn't disclose within a required 10-day time period his increased stake in Twitter, especially if he planned to buy the company.

"Your response should address, among other things, your recent public statements on the Twitter platform regarding Twitter, including statements questioning whether Twitter rigorously adheres to free speech principles," regulators said in the letter dated April 4.

Neither Musk nor the SEC immediately responded to requests for comment.

The Tesla chief is a frequent Twitter user, regularly firing off inflammatory and controversial statements about issues or other public figures with remarks that are whimsical or business-focused.



A clash between Elon Musk and the Securities and Exchange Commission in 2018 ended with him paying a fine, stepping down as Tesla board chairman, and having to be more careful what he tweets about the electric car company.

He has sparred repeatedly with federal securities regulators, who cracked down on his [social media use](#) after a purported effort to take Tesla private in 2018 fell apart.

Musk has cited the right to freedom of speech as a driver of his efforts to undo an agreement with the SEC that tightened his use of the social media platform following his August 2018 tweet that funding was "secured" to take Tesla private.

Musk also faces a lawsuit filed this week accusing him of pushing down

Twitter's [stock price](#) in order to either give himself an escape hatch from his buyout bid, or room to negotiate a discount.

The suit alleges Musk tweeted and made statements intended to create doubt about the deal, which has roiled the social media platform for weeks.

"Musk proceeded to make statements, send tweets, and engage in conduct designed to create doubt about the deal and drive Twitter's stock down substantially," according to the complaint.

His aim was to gain leverage to get Twitter at a much cheaper price, or back out of the deal without suffering any penalty, the suit argued.

© 2022 AFP

Citation: US regulators scrutinize Musk's Twitter stock buys (2022, May 28) retrieved 23 April 2024 from <https://techxplore.com/news/2022-05-scrutinize-musk-twitter-stock.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--