

# Musk accuses Twitter of fraud as buyout battle escalates

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Elon Musk accuses Twitter of fraud as their billion dollar court battle heats up.

Elon Musk has accused Twitter of fraud, alleging the social media platform misled him about key aspects of its business before he agreed to a \$44 billion buyout, as their court fight heats up.

The Tesla boss lodged the claim as he fights back against Twitter's lawsuit seeking to force him to close the deal, which he has tried to cancel.

Musk argued in the filing to a Delaware court that the number of users actually shown advertising on the platform is about 65 million lower than the firm's 238 million figure.

"Twitter's disclosures have slowly unraveled, with Twitter frantically closing the gates on information in a desperate bid to prevent the Musk Parties from uncovering its fraud," the claim alleged.

Musk is asking the court to free him from the agreement and make Twitter pay him an amount in damages to be determined at trial, which set to open on October 17.

Billions of dollars are at stake, but so is the future of Twitter, which Musk has said should allow any legal speech—an absolutist position that has sparked fears the network could be used to incite violence.

In its own filing, Twitter rejected the mercurial billionaire's argument, calling it "as implausible and contrary to fact as it sounds."

"According to Musk, he—the billionaire founder of multiple companies, advised by Wall Street bankers and lawyers—was hoodwinked by Twitter into signing a \$44 billion merger agreement," Twitter said.

Musk last week filed his countersuit, which was finally made public on Thursday.

The entrepreneur accused Twitter of not just deceiving him, but also of lying to US market regulators.

Musk relied on Twitter's filings to the Securities and Exchange Commission because he thought doing his own diligence—digging into the company's value—"costly and inefficient", his court claim said.

Analyst Dan Ives said the social media platform's share price gave a clear idea of how investors think the fight will end.

"The countersuit Musk filed against Twitter raised some interesting points, however legally speaking the Street views this more of a sign of weakness than strength for Musk," he told AFP.

Twitter shares closed up 3.5 percent at \$42.52 on Friday, while Tesla shares ended down more than 6.5 percent.

## **'Twitter has complied in every respect'**

The legal fight is gathering speed as preparations have begun for the five-day trial in Delaware's Chancery Court, which specializes in complex, high-stakes business world battles.

This battle flows from Musk wooing Twitter's board with a \$54.20 per-share offer in April, but then in July announcing he was terminating their agreement because the firm had misled him regarding its tally of fake and spam accounts.

Twitter has stuck by its estimates that bots make up fewer than five percent of users.

The social media platform told the court that Musk's claim that the false account figure tops 10 percent is "untenable."

Twitter also disputed Musk's assertion he has the right to walk away if its bot count is found to be wrong, since he didn't seek information on that

topic when he made the buyout offer.

The company accuses Musk of contriving a story to escape a merger agreement that he no longer found attractive.

"Twitter has complied in every respect with the merger agreement," the company said in a court filing.

"Musk's counterclaims, based as they are on distortion, misrepresentation, and outright deception, change nothing."

The social media platform has urged shareholders to endorse the deal, setting a vote on the merger for September 13.

While fielding questions at an annual Tesla shareholders meeting Thursday, Musk was asked whether his potential ownership of Twitter might distract from his running of the electric car company.

"I think Tesla, you know, would continue to do very well even if I was kidnapped by aliens, or went back to my home planet," he joked, drawing laughter and applause.

"To be frank, I don't have an easy answer," Musk added.

He assured shareholders that, for now, he has no plans to leave his Tesla chief role.

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