



Elon Musk is Under Investigation by Federal Authorities, Twitter Claims in Court Document Ahead of Buyout

Description

USA: Elon Musk is under investigation by federal authorities, according to Twitter court documents.

Breaking [@TheTerminal](#) – [\\$TWTR](#) claims in a court filing that [@elonmusk](#) is presently under investigation by federal authorities for his conduct in connection with the acquisition of Twitter

— Ed Ludlow (@EdLudlow) [October 13, 2022](#)

“Twitter claims in a court filing that Elon Musk is presently under investigation by federal authorities for his conduct in connection with the acquisition of Twitter,” Bloomberg’s Ed Ludlow reported.

Twitter’s revelation of the federal investigation comes amidst the suspension of trial proceedings until October 28 in order for the \$44 billion deal to close.

Delaware Court of Chancery Chancellor Kathaleen St. Jude McCormick has [cleared the path](#) for Elon Musk to close his buyout of Twitter by the midterm elections. The federal investigation could potentially derail this timeline.

“Defendants and Counterclaim-Plaintiffs Elon R. Musk, X Holdings I, Inc., and X Holdings II, Inc. (collectively, “Defendants”) have agreed to close on the Agreement and Plan of Merger dated April 25, 2022, and they have moved to stay this action in light of their agreement,” the judge ruled. “Defendants have stated that ‘the closing is expected on or around October 28, 2022.’”

“This action is stayed until 5 p.m. on October 28, 2022, to permit the parties to close on the transaction,” the judge added. “If the transaction does not close by 5 p.m. on October 28, 2022, the

parties are instructed to contact me by email that evening to obtain November 2022 trial dates.”

This isn't the first time Musk would be investigated by a federal agency in connection with his attempt to purchase the company. In May, he was [investigated by the SEC](#), but it was determined by legal experts that it was unlikely federal regulators would [block the deal](#).

Last Thursday, Elon Musk alluded to Twitter hesitating to accept the renewed bid of \$44 billion for the social media company.

Plot twist!

— Elon Musk (@elonmusk) [October 6, 2022](#)

“Plot twist!” Musk wrote.

The [Teslerati article](#) references a [report from The Associated Press](#) that cites Elon Musk's attorneys.

“AP noted that earlier this week, Twitter said it intended to close the deal at the agreed-upon price but both sides were still booked for the October 17th trial in Delaware,” the article pointed out. “Elon Musk's attorneys said the trial should be adjourned to give the Tesla CEO more time to secure financing.”

In the court filing, Elon Musk's attorneys said, “Twitter will not take yes for an answer.”

“Astonishingly, they have insisted on proceeding with this litigation, recklessly putting the deal at risk and gambling with their stockholders' interests,” the filing said.

Musk's attorneys pointed out that by Twitter not dropping its litigation, the upcoming trial would “impede the deal moving forward.”

“Instead of allowing the parties to turn their focus to securing the debt financing necessary to consummate the transaction and preparing for a transition of the business, the parties will instead remain distracted by completing discovery and an unnecessary trial,” the attorneys said.

According to Elon Musk's attorneys, the financial backers, “have indicated that they are prepared to honor their commitments” and were working to close the deal by October 28. “Buying Twitter is an accelerant to creating X, the everything app,” Elon Musk [tweeted on Tuesday](#).

Last Tuesday, Twitter responded to Elon Musk's offer to buyout the company for the original offer of \$54.20 a share.

“We received the letter from the Musk parties which they have filed with the SEC. Our intention is to close the transaction at \$54.20 per share,” Twitter's General Counsel in an email to staff.

The deal would possibly close by the 2022 midterm elections if Twitter would drop its litigation. Instead, Twitter has refused to let the deal go through smoothly.

by Kyle Becker

Category

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