

Elon Musk under investigation by US agency for \$44bn takeover of Twitter

Publication Date: 2023-10-05

Author: Unknown

Section: Technology

Tags: Elon Musk, X, Internet, news

Article URL: <https://www.theguardian.com/technology/2023/oct/05/elon-musk-investigation-securities-fraud-twitter-takeover>



Elon Musk is under investigation by the US Securities and Exchange Commission over his \$44bn takeover of social media giant Twitter, it was revealed on Thursday. The investigation concerns whether Musk broke federal securities laws in 2022 when he bought stock in Twitter, which he later renamed X, as well as statements and SEC filings he made about the deal. In March 2022, Musk bought a 9.2% stake in Twitter and became the company's majority shareholder. The purchase was not disclosed in an SEC filing until the next month. Twitter shareholders sued over the late filing shortly after, though their suit was dismissed. Faced with a trial that sought to compel him to complete the deal, Musk purchased Twitter's remaining stock in a \$44bn deal and took over the company in October 2022. The SEC's investigation was revealed on Thursday when the US agency sued to compel Musk to testify in their investigation, which he previously agreed to do and then reneged on. The SEC said it subpoenaed Musk in May 2023, requiring him to provide testimony at the the agency's office in San Francisco and that Musk had agreed to appear last month. But two days before he was due to testify, Musk raised "several spurious objections" and told the SEC he would not appear, the SEC said. Musk also refused to SEC proposals to conduct the deposition in Texas, where he legally resides, in October or November. Among his objections was that the SEC was trying to "harass" him and that his counsel needed time to review potentially relevant material contained in a biography of Musk published last month, the SEC said. "The SEC has already taken Mr Musk's testimony multiple times in this misguided investigation – enough is enough," said a statement from Alex Spiro, an attorney for Musk. Days after his stake in Twitter was revealed, Musk accepted and then turned down a board seat at Twitter, a position that would have prohibited him from acquiring more stock. After announcing plans to buy the company in late April, he tried to get out of the deal, alleging Twitter was not disclosing the full extent of bot activity on its platform. In a statement, the SEC said it was seeking "Musk's testimony to obtain information not already in the SEC's possession that is relevant to its legitimate and lawful investigation". Thursday's filing escalates a long-running feud between Musk and the SEC that dates back to Musk's 2018 tweet that he planned to take Tesla private and had funding secured. The SEC fined him \$20m for misleading investors and forced him to step down as chairman of the company, a penalty he said in later tweets was "worth it". Since then, Musk has repeatedly denigrated the SEC, which has opened multiple investigations into Musk over the years. "A comprehensive overhaul of these agencies is sorely needed, along with a commission to take punitive action against those individuals who have abused their regulatory power for personal and political gains," Musk said in a post on X. Reuters contributed reporting