



Obstacles Mounting Against Musk's Takeover Bid for Twitter

In covering Musk's bid to take Twitter private, [The New American suggested](#) he might run into trouble. In the last 24 hours, trouble exceeding expectations has arrived.

First, the board spent all day Thursday considering Musk's bid to take the company private, with Musk offering to buy existing shares at \$54 a share. At the time, shares were selling at about \$45. But rumors surfaced following the meeting that the board isn't happy, calling it a "hostile takeover," and [considering putting in place](#) a "shareholder rights plan," aka a "poison pill."



AP Images
Elon Musk

A poison pill is a strategy that makes it more difficult, and more expensive, for Musk to complete the acquisition.

Second, although Musk is the world's richest man, most of his wealth is in shares of Tesla, and much of that he is already using as collateral for loans to fund other ventures, such as SpaceX. That raises the question of how he would find the \$40+ billion he would need to buy Twitter.

Third, some of the company's largest shareholders aren't likely to go along with Musk's bid. Saudi Arabian Prince Al Waleed bin Tatal Al Saud bought five percent of Twitter back in 2015 and tweeted:

I don't believe that the proposed offer by Elon Musk (\$54.20) comes close to the intrinsic value of Twitter given its growth prospects. Being one of the largest and long-term shareholders of Twitter ... I reject this offer.

Mutual fund company Vanguard Group just announced that it recently increased its holdings of Twitter and they now own more than Musk, at more than 10 percent of the company. Vanguard has a history of siding with management when it is threatened with a hostile or adverse takeover attempt.

The mainstream media also is unhappy at the prospect. Associated Press noted its displeasure and concern:

Twitter, like other social media platforms, suspends accounts for violating content standards, including on violence, hate speech, or harmful information. Its suspension of Donald Trump angered the former president's followers....

By saying [that] Twitter is not living up to its potential to be a "platform for free speech," [Musk] seems to be saying he would scale back content moderation.

"Content moderation" is code for censorship.



Written by [Bob Adelman](#) on April 15, 2022

Twitter employees aren't happy either, with some Tweeting their unhappiness that a "transphobe" could buy their company.

Wall Street isn't bullish either. Initially Twitter stock rose on Thursday morning, only to fall back to below its opening price at the close.

And Musk himself expressed some doubts that the deal would go through. Speaking at a TED conference later on Thursday, Musk demurred: "I am not sure that I will actually be able to acquire [Twitter]."

This is not to say that the deal is stillborn. As Adam Candeub, a law professor at Michigan State University, told *The Epoch Times*:

Twitter is owned by its shareholders, and the directors have to act in a way that's in their best interests, not in the way that allows them to keep control of the corporation.

If they turn down a very favorable price, there will be dereliction of their legal duty, and there could be lots of legal consequences.

Related article:

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