



Former U.S. President Donald Trump during a "Get Out The Vote" rally at Winthrop Coliseum in Rock Hill, South Carolina, US, on Friday, Feb. 23, 2024. (Credit: Victor J. Blue/Bloomberg)

NEWS

'Like Kamikaze Pilots': Lawsuits Fly Ahead of Trump's Social Media Merger

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Analysis



Michael A. Mora [↗](#)

In the last 48 hours, entities of former U.S. President Donald Trump have been in a flurry of lawsuits—one in Florida and two in Delaware—ahead of his social media company's special purpose acquisition company merger.

"It's all about the money," said Sean Johnson, a partner at [Johnson Newlon & Decort](#) in Tampa, who is an expert in securities litigation and is not involved in the three cases.

Johnson said these cases are like an episode of "Entertainment Tonight" as the Am Law 50 firm partner who filed the Florida action is the brother of Florida's former Attorney General Pam Bondi.

"And the two lead agents who filed the second lawsuit in Delaware are former contestants on The Apprentice," Johnson said. "Ultimately, the litigation is so high stakes that it must get settled quickly. If they don't cut a deal ahead of the planned acquisition, they are like Kamikaze pilots heading toward each other and will financially ruin the deal for each other."

Florida and Delaware

In the Florida lawsuit, the plaintiffs, Trump Media & Technology Group—the owner of Trump’s social media platform Truth Social—and Digital World Acquisitions Corp., sued the defendants, Digital World CEO Patrick Orlando and ARC Global Investments II, in the Sarasota Circuit Court.

Orlando is accused of “extorting” the plaintiffs by obstructing the prospective SPAC merger between TMTG and Digital World, which would result in the shares of the combined entity being publicly traded. If Digital World’s shareholders approve the merger this month, Trump’s 90% stake in TMTG could be valued at over \$3 billion based on Digital World’s current share price, according to the court filing.

That alleged windfall would be a possible financial lifeline for the ex-president, who is facing massive penalties from two legal cases—the bond to cover the \$454 million New York asset fraud verdict against him and an \$83 million defamation award for writer E. Jean Carroll.

Meanwhile, among the law firms behind the Sarasota complaint are Paul Hastings and its partner, Bradley Bondi, who did not respond to a request for comment. That case is pending before Sarasota Circuit Judge Hunter Carroll.

However, Trump’s companies have also been placed in a defensive position, with two lawsuits filed in the Delaware Court of Chancery.

The first lawsuit was filed by the plaintiff, ARC Global, who alleged a breach of fiduciary duty against the blank check company defendant, Digital World and its directors. The lawsuit was brought by Matthew Perri, a partner at Richards, Layton & Finger in Wilmington, Delaware. The case is currently unassigned.

The second lawsuit was filed by the plaintiff, United Atlantic Ventures, against the defendant, TMTG. United is a partnership between two contestants on Trump’s reality television show, “The Apprentice,” Andy Litinsky and Wes Mos. The duo pitched Trump the

idea of creating Trump Media and the social media website Truth Social following the deadly Jan. 6 Capitol riot.

In that lawsuit, which is not publicly available, United claimed that the defendant denied United's ownership interest in the company and diluted the stock in advance of a proposed merger between the defendant and Digital World.

The lawsuit was brought by attorneys at Berger McDermott in Wilmington, Delaware, including partner Richard Jones, who did not respond to a request for comment. The case is currently unassigned.

Michael Gold, a partner and corporate practice co-chair at Am Law 200 firm Saul Ewing in New York who is not involved in the matter, noted that it was unusual that the SPAC has been in front of the U.S. Securities and Exchange Commission for two years, it was cleared last month to go in front of shareholders at the end of March, and now all of these lawsuits are being filed.

"I had a mentor that had a sign on his desk that said, "Time wounds all deals,"" said Gold, who has extensive experience with public securities markets and securities regulatory matters. "These parties started aligned and going in the same direction, but the lawsuits proved that everyone has separate interests now and time has really hurt this deal."