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Elon Musk faces upward of \$130 million in legal costs to fight laid-off Twitter workers over severance pay

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Elon Musk took over Twitter on October 27. Muhammed Selim Korkutata / Anadolu Agency

- **Elon Musk last month offered thousands of laid-off Twitter workers a limited severance deal.**
- **Over 1,000 of the workers are now fighting for more through arbitration, a costly legal process.**
- **With many claims and more expected, Musk faces tens of millions of dollars in legal costs and fees.**

Elon Musk has repeatedly said Twitter is teetering on the brink of financial ruin. Yet the cost of legal battles with well over 1,000 laid-off employees, who say they were promised better severance terms, could be enough to push it over the edge.

The labor attorney Shannon Liss-Riordan told Insider she had already filed 1,300 individual arbitration cases from Twitter employees who were laid off not long after Musk took over the company last year, with more cases on the way. The former workers, laid off in November, say they were promised much better severance than what Musk finally offered them last month.

The full process of arbitration, which companies commonly require employees to agree to as a private alternative to more public litigation, typically costs about \$100,000, according to several law firms. Arbitration costs are often the employer's burden, as employees often can't afford the high cost of what an employer is essentially forcing them to do.

Given that, Musk could see upward of \$130 million in costs to individually arbitrate the employee cases filed so far. The cost seems astronomical for Twitter, which Musk has already said is at risk of bankruptcy. He has continued cutting costs to the bone, trimming headcount to its smallest size in well over a decade, abruptly shutting down a major data server, and closing offices all over the world, in some cases after stopping rent payments.

"Twitter's employment agreement says these will be individually arbitrated, so that's what we're doing," Liss-Riordan said. "We're looking forward to the day when Elon Musk comes to his senses and realizes it's much cheaper to pay people what they are owed."

Some former employees are working with other lawyers, including Lisa Bloom of The Bloom Firm and Akiva Cohen of Kamerman, Uncyk, Soniker & Klein. In addition, laid-off Twitter employees also filed a handful of class-action lawsuits in federal court. These lawsuits make similar claims regarding severance for those going through arbitration, in addition to some claims of being in a protected class.

Generally, former employees say they were clearly and repeatedly promised by Twitter's previous management that, should they be laid off by Musk after he took over, they would receive severance "equal to or better than" two months of base pay, three months of stock vesting, a pro-rated bonus payout, and a cash contribution to cover ongoing health insurance. The promise was also included in the merger agreement between Musk and Twitter.

Instead, Musk is offering laid-off workers one month of base pay as severance. He claimed publicly to have offered workers three months of severance, but he seems to have conflated it with a period of "non-working" employment thousands of workers were put into, during which they continued to be paid. State labor laws require companies to give certain notice periods for mass layoffs.

To receive the single month of severance, former workers must sign a separation agreement, which waives their right to litigation or arbitration and any bonus or stock payout. It also effectively prohibits them from ever speaking about Musk, Twitter, or their experience at the company.

Thousands of workers chose not to sign it, as Insider reported, many having already consulted with lawyers regarding what to do when the severance agreements finally came.

In any case, a new decision from the National Labor Relations Board found that nondisclosure and non-disparagement clauses frequently included in severance agreements — like those given to laid-off Twitter workers — were in violation of the National Labor Relations Act.

Should federal courts uphold the decision, it would effectively invalidate all such clauses from severance agreements. Even those relatively few Twitter workers who signed off on Musk's severance agreement could speak freely about the company going forward.

Are you a Twitter employee or someone else with insight to share? Contact Kali Hays at khays@insider.com, on the secure messaging app Signal at 949-280-0267, or through Twitter DM at @hayskali. Reach out using a nonwork device.