

Truth Social is strapped for cash and struggling to find new users

Truth Social is strapped for cash and facing a mountain of tech and legal troubles that could doom the future of former president Donald Trump's personal social media platform.

The most immediate problem is the platform's stalled SPAC, initially planned as a way to publicly trade shares in the new company without the diligence of an IPO. But the SPAC has been delayed, leaving the Digital World Acquisition Corp., which was projected to take ownership of Truth Social, in an awkward position. SEC filings show that the company has lost over \$6 million in the first half of this year, hasn't generated any revenue, and holds only \$293 million in a trust that houses most of its assets.

DWAC's stock price has shed nearly 75 percent of its value since its March peak – and in its SEC filing, the company said that it will need more money to continue operating and asked to extend the SPAC merger past the September 8th deadline.

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But Truth Social's financial woes already seem to be affecting operations. Earlier this week, *Fox Business* reported that the company stopped paying RightForge, a conservative internet infrastructure company, in March and now owes the vendor at least \$1.6 million in backdated payments. While RightForge CEO Martin Avila has said that the company is "committed to servicing" Truth Social, the platform could lose its hosting services if it continues to withhold payments.

The social network's biggest asset continues to be Trump himself and the legion of fans who have followed him after his ban from Facebook, Twitter, and YouTube in the wake of the Capitol riot. But while the iOS app saw a surge in downloads shortly after the FBI's warranted search of Trump's Mar-a-Lago residence, basic technological failures are still holding back growth. The app launched in February but wasn't widely available on Apple's App Store until May. It still hasn't launched on Android operating systems, something that *Axios* reported was due to "insufficient content moderation."

In a statement on Tuesday, TMTG said that it was working "in good faith with Google" to host Truth Social on the Google Play Store. "TMTG has no desire to litigate its business matters in the public sphere, but for the record, has promptly responded to all inquiries from Google," the statement said.

Trump himself seems unconcerned by the issues. On Monday, he posted dozens of messages promoting blatant conspiracy theories like QAnon, which are largely banned on mainstream platforms.

Trump's ongoing legal woes have also made the network's financial situation more precarious. An early investor sued DWAC, alleging violations of securities law, and it's not entirely clear who is still on the company's board. *Sarasota's Herald-Tribune* reported in July that Trump left his media company weeks before the SEC subpoenaed members of the board. In a statement to *Axios* in July, Truth argued that Trump still remains on the board, despite Florida business records suggesting that he left in June.

As part of its SEC filing this month, DWAC warned investors that the series of investigations into Trump, like those probing his businesses and his role in the deadly January 6th attack on the Capitol, could result in Truth becoming "less popular" if they damage Trump's credibility.

Still, Truth Social appears to be making some gains on the business front. Last week, Rumble announced that it would be launching its own advertising network that would allow advertisers to run ads on its partnered platforms. Truth Social joined as Rumble's first advertising partner.

"By partnering with Rumble Ads, Truth Social is poised to displace the Big Tech platforms as a superior venue for businesses to connect with an extraordinarily engaged audience of millions of real people," TMTG CEO Devin Nunes said in a statement.

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