

**News**

## **KAYE IN 'LAW360' ON SPACS AND INVESTOR PROTECTIONS**

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St. Louis Partner Todd Kaye was quoted March 5 by *Law360* on special purpose acquisition companies (SPACs) and related investor protections, which could see a new level of emphasis if Gary Gensler is confirmed as the next chair of the U.S. Securities and Exchange Commission. An advantage that the SPAC process has over the traditional IPO process is that target companies merging with a SPAC can emphasize financial projections to prospective investors under a safe harbor that is not available in the traditional IPO context. Kaye noted that predictions could draw scrutiny if companies “put out projections that are not just rosy, but are just wildly optimistic. Invariably, in some cases, the company will never meet those projections and public investors will be left with a company that isn’t what the projection suggested it might be.” Kaye added that lawsuits against faulty projections are hard to win, given that plaintiffs must prove companies acted in bad faith and knew their predictions were unattainable. But Kaye said the SEC may examine how projections are used and consider further regulations. “If some of those flame out spectacularly, there will be a lot of coverage of those and that might spur the SEC to step in,” Kaye said.

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