

SPAC Litigation

As part of BLB&G's mission to protect shareholder interests and police securities markets, the firm is actively prosecuting a variety of claims challenging misconduct related to special purpose acquisition companies, or "SPACs." BLB&G's leadership in this space includes claims against SPAC sponsors, boards of directors, and other related parties, seeking redress for investors harmed by fraud, conflicts of interest, and statutory violations, among other things. Our interdisciplinary team of attorneys—supported by fraud examiners, private investigators, and financial analysts—has extensive experience prosecuting securities fraud claims, fiduciary duty claims, and other shareholder litigation that is directly applicable to the burgeoning SPAC space.

Current Cases

BLB&G is currently prosecuting a number of SPAC cases on behalf of investors, including:

- [ATI](#)
- [CM Life Sciences](#)
- [dMY Technology](#)
- [E.Merge](#)
- [Go Acquisition](#)
- [MultiPlan](#)
- [Pershing Square \(PSTH\)](#)

What Is A SPAC?

A SPAC is a company with no commercial operations that is formed strictly to raise capital for the purpose of acquiring an existing company. Once an acquisition target is selected, the SPAC and target will enter into a business combination—known as the de-SPAC transaction—through which the target will become a publicly traded company. SPACs, which are also known colloquially as “blank check companies,” have been around for decades, but in recent years they have become more popular, raising \$83 billion in 2020 and more than \$100 billion in just the first few months of 2021.

As SPACs have grown in popularity, so have incidents of fraud, self-dealing, and other abuses.

As BLB&G partners John C. Browne and Lauren A. Ormsbee state in [this article](#), “As usual, when Wall Street gets creative it is bad news for shareholders.”

SPAC sponsors are highly incentivized to complete a de-SPAC transaction. Typically, if a SPAC does not acquire a company within two years, its sponsors, often professional investors or Wall Street bankers, have to return the cash they raised. This creates a conflict by incentivizing the sponsors to acquire unproven businesses based on inadequate due diligence. In addition to the potential for a conflict of interest, sponsors and companies are also able to avoid regulatory scrutiny by using the SPAC mechanism rather than conducting a traditional initial public offering. Indeed, the federal securities laws require companies, their directors, and the underwriters of a traditional offering to verify the accuracy of the disclosures in the offering documents. With a SPAC, there are often no offering documents filed in connection with the de-SPAC transaction, making these securities law protections inapplicable

and leaving public investors increasingly vulnerable to abuse and misconduct. The SPAC boom of recent years added hundreds of SPACs to the market. Investors will be dealing with the fallout for years to come, and the BLB&G team is committed to doing what we can to help defrauded investors seek resolution.

If you are an investor who has suffered significant losses in connection with a SPAC investment, including as a result of any de-SPAC transaction, we encourage you to use the form on this web page to tell us more and initiate an investigation.