

2 Firms Lead Nov. IPO Action Fueled By Blank Check Cos.

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Law360 (December 3, 2018, 7:38 PM EST) -- Two firms leaped ahead of peers based on proceeds from initial public offerings they steered in November, bolstered by blank check companies that generated the largest IPOs in an otherwise quiet month for deals.

[Ellenoff Grossman & Schole LLP](#) and [Skadden Arps Slate Meagher & Flom LLP](#) guided two blank check IPOs each, representing either the issuing company or their underwriters. Both firms' work spanned a total of three blank check companies that raised \$765 million combined, dwarfing the mostly small offerings completed in November by actual operating companies.

Blank check companies, by contrast, are shell entities that raise money from IPOs in order to pursue an acquisition. Also called special purpose acquisition companies, or SPACs, these vehicles represent a steady subset of IPOs. SPACs raised \$22 billion in the past 24 months with an average deal size of nearly \$300 million, according to investment bank Stifel Financial Corp.

During November, Ellenoff Grossman advised underwriters for FinTech Acquisition Corp. III's \$345 million IPO and represented AMCI Acquisition Corp., which was formed to acquire a natural resources-related company, on its \$220 million IPO.

Skadden represented the underwriters for Boxwood Merger Corp., which raised \$200 million to acquire an industrial services company. Skadden also advised AMCI's underwriters.

Blank check IPOs, which often focus on a particular sector and are assembled by management teams with expertise in certain industries, could also gain momentum in the months ahead.

Ellenoff Grossman partner Douglas Ellenoff, whose firm was worked on 19 SPAC deals this year, noted that many blank check companies that went public in 2016 and 2017 have since completed acquisitions, potentially boding well for future offerings. SPACs seek to acquire a company within a given time frame, generally 18 or 24 months, or return investors their money.

"When reviewed comprehensively, I think it is quite fair to suggest that both constituents to a SPAC IPO have fared well — the SPAC sponsors and the public shareholders," Ellenoff said. "Based upon our pipeline, there is no reason to believe currently that 2019 won't continue to be strong."

Viewing November in total, 12 issuers went public and raised more than \$1 billion, counting both blank check and operating companies. It was a relatively quiet November for operating companies, which is not as unusual as IPOs typically slow as year-end holidays approach.

Compounding matters was a volatile stock market that coincided with several IPO postponements. At least two life sciences companies that were scheduled to price offerings in November, Centrexion Therapeutics Corp. and Alzheon Inc., have yet to complete their deals.

Plus, the largest scheduled IPO of the month resulted in an acquisition instead. Venture-backed software startup Qualtrics International Inc. was preparing to price an estimated \$400 million IPO in mid-November, but opted to be acquired by SAP SE for \$8 billion at the last minute.

November IPO Recap

Twelve issuers, led by three blank check companies, completed initial public offerings in November, raising more than \$1 billion in proceeds. Here is a breakdown of the firms that advised on the deals.

Issuer	Industry	Issuer Counsel	Underwriter Counsel	Total ▲
FinTech Acquisition Corp. III	Blank Check	Ledgewood	Ellenoff Grossman	\$345M
AMCI Acquisition Corp.	Blank Check	Ellenoff Grossman	Skadden	\$220M
Boxwood Merger Corp.	Blank Check	Greenberg	Skadden	\$200M
Vapotherm Inc.	Medical Device	Ropes & Gray	Latham	\$64M
CNFinance Holdings Ltd.	Banking, Real Estate	Davis Polk	Kirkland	\$49M
Weidai Ltd.	Financial Technology	Cleary	Simpson Thacher	\$45M
Eton Pharmaceuticals Inc.	Life Sciences	Greenberg	Jenner & Block	\$22M
Taiwan Liposome Co. Ltd.	Life Sciences	Cooley, K&L Gates	Davis Polk, Baker McKenzie	\$22M
TuanChe Ltd.	Retail, E-Commerce	Wilson Sonsini	Kirkland	\$20M
ToughBuilt Industries Inc.	Manufacturing	Wexler Burkhart	Greenberg	\$13M
Tiziana Life Sciences PLC	Life Sciences	Cooley	Sheppard Mullin	\$4M
Medalist Diversified REIT Inc.	Real Estate	Kaplan Voekler	Loeb & Loeb	\$2M

Source: Nasdaq.com and Renaissance Capital • [Created with Datawrapper](#)

Among the nine operating companies that went public in November, none raised more than \$64 million and many were either early-stage life sciences companies or Chinese fintech startups.

[Cooley LLP](#), [Davis Polk & Wardwell LLP](#), [Greenberg Traurig LLP](#) and [Kirkland & Ellis LLP](#) all steered multiple IPOs among operating companies.

Venture-backed medical device company [Vapotherm Inc.](#), advised by [Ropes & Gray LLP](#), **raised \$64 million** in the month's largest offering by an operating company. Vapotherm priced its deal at \$14 per share, the low end of the company's range, though shares have since surpassed \$20.

Chinese home equity loan service provider CNFinance Holdings Ltd., represented by Davis Polk, raised \$49 million while business loan facilitator Weidai Ltd., represented by [Cleary Gottlieb Steen & Hamilton LLP](#), **raised \$45 million**. All remaining deals in November raised less than \$25 million.