

Assad et al. v. GO Acquisition et al.

COURT: United States District Court for the Southern District of New York
CASE NUMBER: 1:21-cv-07076
CASE LEADERS: Gregory V. Varallo
CASE TEAM: Daniel Meyer

On August 20, 2021, BLB&G filed a stockholder derivative complaint (the “Complaint”) in the Southern District of New York, on behalf of nominal defendant Go Acquisition Corp. (“Go” or the “Company”), a special purpose acquisition company, or “SPAC.” The defendants include the sponsor of the Go SPAC (the “Sponsor”) and members of Go’s board of directors (the “Board”). In this effort BLB&G has partnered with co-counsel including former SEC Commissioner Robert Jackson and Yale Law Professor John Morley.

The Complaint alleges that the defendants violated the Investment Company Act of 1940 (“ICA”). The ICA requires that companies whose primary business is investing in or trading securities must register and make certain disclosures. Registration requires payment of fees and that the entity be structured in a way that meets norms for standardization and transparency in order to protect the investing public.

Go did not register under the ICA, despite the fact that its primary business is and has been investing in securities. As a SPAC, Go raised \$575 million from the public in its August 2020 initial public offering. These funds were invested in U.S. government securities and money market funds, where they have since remained. As a result, the Company has invested nearly all of its assets in securities.

The Complaint alleges that, in so doing, Go is an investment company not in compliance with the ICA. The Complaint also alleges that Go has not been taking the steps under the ICA necessary to protect investors. Moreover, the compensation paid to the Board and the Sponsor also violates the ICA, since it is excessive and not the product of arm’s-length bargaining.

The parties are currently preparing for motion to dismiss briefing.

Case Documents

- August 20, 2021 - GO Acquisition Complaint