

Fintech Group Of The Year: King & Spalding

By Lauren Berg

Law360 (February 22, 2022, 3:27 PM EST) -- King & Spalding LLP's fintech team steered longtime client Mailchimp's \$12 billion sale to Intuit, advised Square's Cash App on its quest to integrate an investing function and guided Capital One Ventures through multiple multimillion-dollar investments, earning the firm a place among Law360's 2021 Fintech Groups of the Year.

The firm's fintech practice spans the globe, boasting a presence in Washington, D.C., the San Francisco Bay Area, the United Kingdom, Germany and Dubai. It has become a big focus of the firm's work, with a lot of cross-office collaboration happening, according to King & Spalding corporate, finance and investments partner Daniel R. Kahan.

The group has about 105 dedicated attorneys, with another 50 to 75 who float in and out as the group takes advantage of their colleagues' expertise and interests on matters including litigation, corporate work, and government and regulatory issues. As many of King & Spalding's clients have evolved from traditional banking institutions into technology companies that provide financial services, Kahan said the firm has adapted to give their clients what they need.

"Our banking clients have a lot of fintech questions, and our tech company clients are moving into the financial realm — things are starting to blend together, with new products coming to the market," said Kahan, who co-leads the firm's fintech, blockchain and cryptocurrencies group.

"Fintech is a sweet spot for the firm," he added.

King & Spalding has been advising and representing email marketing company Mailchimp for years, cultivating a tight relationship, and that trust contributed to the success of Mailchimp's pending \$12 billion sale to Intuit Inc., Kahan said. The team on that transaction included lawyers from many offices with different specialties.

The deal, which includes cash and stock, was announced in September. In a statement at the time, Intuit said the acquisition stands to create a platform for small and mid-market companies that can help them with an array of tasks such as marketing, payroll and compliance.

Founded in 2001, Mailchimp never took outside funding, making this deal the largest sale of a



"bootstrapped" technology company in history, according to King & Spalding. The transaction is also the largest-ever sale of a private software company and the largest-ever sale of a marketing software company, the firm said.

In addition, King & Spalding has been advising Square Inc.'s mobile payment service Cash App in its plans for adding an investing function to its platform, including its acquisition of broker-dealer Third Party Trade. The firm also counseled the company on regulatory issues related to mobile payment and investing applications.

And in October 2020, the firm represented Capital One Ventures, the corporate venture capital arm of Capital One Financial Corp., in its investment in the \$25 million Series B financing of digital recruiting platform CodeSignal and its investment in the \$75 million Series F financing of digital lending startup Blend.

Cryptocurrency has also been a big driver of King & Spalding's fintech business, with an increase in litigation and agency investigations around digital assets, according to partner Matthew B. Hanson, whose practice focuses on government investigations and securities regulation.

At the beginning, Hanson said, the firm wrestled with baseline questions like whether a cryptocurrency token is a security, but it has since branched into a wider variety of issues, including how traditional securities trading rules apply to digital assets and how complex regulations apply to cryptocurrency.

King & Spalding is currently leading Ripple Labs Inc.'s legal team in consolidated federal litigation accusing the company of selling the cryptocurrency XRP — which has a market cap of more than \$40 billion, according to the firm — without having registered it as a security.

In June 2020, the digital currency developer moved to trim the fraud suit, arguing that the investors didn't show how the company intentionally misled anyone about its offerings. The investors then hit back, saying they clearly explained why they contend Ripple lied.

U.S. District Judge Phyllis J. Hamilton in October 2020 agreed with Ripple and threw out two claims that the company and its executives made misleading statements. But the judge kept alive allegations that it held an unregistered securities offering.

The case is currently in the discovery process.

As it takes on the Ripple litigation and other fintech matters, King & Spalding has earned itself a top-notch reputation for tackling complicated issues, according to Kahan. He said the firm's attorneys are often on the phone with senior leadership at companies who need advice about moving through the world of cryptocurrency.

"It's flattering, frankly," Kahan said. "We pride ourselves on giving them actionable advice about how to enter these markets in a way that accomplishes their business goals."

King & Spalding's strong presence in government and regulatory spaces makes the firm uniquely adept at tackling fintech issues, particularly questions of how existing laws apply to new technology and products, Hanson said. The firm's attorneys are familiar faces in Washington, D.C., where these decisions are being made, he said.

"We have people who have experience working with regulators. We also have people who work with state attorneys general," Hanson said. "We have a collection of experts who have years of experience interfacing with the regulators who are defining the direction of the industry."

Kahan and Hanson also agree that collaboration is the key to King & Spalding's ever-growing fintech practice, as attorneys from across the firm jump in to provide their expertise and help clients navigate a variety of matters like government investigations and corporate transactions.

The firm has a big team of tech attorneys who are interested in the fintech realm and who spend a lot of their free time learning about the different parts of the industry to stay ahead of the game for their clients, Kahan said. King & Spalding attorneys often research and put out thought leadership on fintech matters.

"It's rewarding to work on these questions, and it has actually worked as a retention tool for the firm," Kahan said. "The attorneys enjoy these intellectual, collaborative exercises."

"We are genuinely interested in these fintech topics and spend a lot of time trying to understand the developments and how they affect our clients," he added. "It's been a huge advantage for us."

--Additional reporting by McCord Pagan and Emilie Ruscoe. Editing by Daniel King.