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2020 DEALMAKERS OF THE YEAR



Rick Kline
Goodwin Procter

Kline and his team guided Slack not to an IPO, but a \$20 billion direct listing.

Rick Kline of Goodwin Procter has taken numerous companies public, but none of the deals were as novel as his work with Slack Technologies.

For one, Kline and his team guided Slack not to an IPO, but a \$20 billion direct listing—a way to go public and give shareholders liquidity without generating new shares. This arrangement made Slack the second technology company—and first from Silicon Valley—to ever direct list (Spotify did so in 2018).

But that unusual approach came with drawbacks. Because the company could not generate cash from additional stocks, employees who received restricted stock units, or RSUs, would be hit with a sizable tax bill. Kline and Goodwin negotiated an arrangement in which stocks were sold immediately on behalf of hundreds of employees, while also restricting sales for investors who purchased private stock less than a year ago and others who held significant positions within the company.

Under Kline's guidance, Slack had a successful direct public listing of Class A common stock June 20, 2019, as shares opened at \$38.50 and topped \$40 in midday trading—significantly higher than the \$26 reference point set by the New York Stock Exchange. The company had expected to be valued at \$17 billion, but its valuation came in at approximately \$20 billion.

"I do IPOs all the time, but to get to do one that no one other than Spotify had done was wonderful and novel," Kline says. "I hope I get a chance to do something that novel again."

—Dylan Jackson