

DEALMAKERS OF THE YEAR



WACHTELL, LIPTON, ROSEN & KATZ PARTNER RAAJ NARAYAN HAD worked with next-generation financial services company Social Finance since 2016, advising it on capital raises and a large financing round in 2019. The company had started out by giving personal student loans, but by 2021 had diversified into a one-stop shop for consumer finance. In order to keep growing, it needed more money—and it needed to get a bank charter.

Over the course of its growth as a private entity, Social Finance had developed a very complicated and unique capital structure, which fueled its growth but also created impediments to taking it public and obtaining the bank charter it needed to lower rates.

“The company was evaluating strategies for its next stage of growth, and part of that was taking seriously the SPAC option,” Narayan says. “A lot of companies take serial preferred stock and it all looks the same. Finding a capital structure that worked for everyone in this case was a bit more challenging.”

Narayan says part of that challenge was the sophistication of the stakeholders, which included Silver Lake Partners, Softbank and Qatar Investment Authority.

Narayan and his team acted as a negotiation hub, leading multi-party negotiations involving at least five counterparties at any time. They also needed to create a capital structure that could thrive in public markets and provide different merger considerations for the several classes of capital stock through five different exchange ratios.

“It wasn’t plain vanilla,” Narayan says. “It is more interesting to work with sophisticated lenders. People have stronger viewpoints when they are used to negotiating every element of this.”

The deal came together at the height of the SPAC boom (which had its own difficulties given a SPAC is a hybrid mix of a merger and a going-public transaction) and ultimately gave Social Finance, now SoFi Technologies, what it needed while also keeping the various investors happy.

Shortly after the transaction, Narayan’s team was able to acquire a small community bank called Golden Pacific in order to gain the bank charter. The company’s shares soared when it cleared the final regulatory hurdle in January.

Narayan says he and his team have been asked by Social Capital, the SPAC in the deal, to do its next round of de-SPACs as well. “It’s satisfying when the other side in a deal respects your work and hires your firm for their subsequent transactions,” he says.

—Patrick Smith



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