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Groupon silent on IPO quiet period controversy

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A Groupon spokesman had no comment Tuesday about media reports that the Chicago daily-deal site may have to file new paperwork before it can sell its stock publicly because one of its founders told Bloomberg News during a so-called "quiet period" that the company will be "wildly profitable."

Groupon Chairman Eric Lefkofsky made the comment June 3, the day after the company announced plans to raise $750 million in an initial public offering.

Lefkofsky and fellow Groupon investor and business partner Brad Keywell have started or invested in at least 18 businesses; all but two still operate. In discussing their past businesses, Lefkofsky was quoted on June 3, "I'm going to start a lot of companies. These are not sham companies. These are great businesses. InnerWorkings [a print outsourcing company] is profitable. Echo [Global Logistics] is profitable. Groupon is going to be wildly profitable."

In a quiet period during a public stock offering, federal law limits what companies can say about their prospects and requires that the information be "full, fair and complete." Indeed, companies list in their initial public stock offering paperwork a list of "risk factors" or "investment considerations" giving reasons they might not succeed.

One expert said Groupon will have to file an amendment to its paperwork trying to put Lefkofsky's statement into context.

"Groupon will try to build a box around [Lefkofsky's] words," said Marc Morgenstern, managing partner at Blue Mesa Partners, a San Francisco-based private investment firm. "The word 'wildly' is a very inflammatory adjective. Groupon could say that [Lefkofsky] didn't specify a time period and that it was a long-reaching statement."

Groupon has not given a date for its IPO.

Morgenstern said Lefkofsky did a human thing — he goofed.

“He is incredibly proud and excited, and by the way, he probably does think [Groupon] will be wildly profitable,” Morgenstern said. “He probably blurted out his innermost thoughts.”