

Norwegian Cruise GC: Successful IPO Must Spark Investor Imagination

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As general counsel for Norwegian Cruise Line Holdings, Daniel S. Farkas guided the company through a successful initial public offering. In addition to helping it grow its combined fleet to 26 ships, Farkas has assisted with navigating new markets. He reflects on the IPO process and how general counsel can get potential investors excited about a company's growth prospects.

As Norwegian sails into new waters, what regulations are you watching most closely, and how have you adjusted your daily operations to address them?

Prior to beginning operations to Cuba in March 2017, we had to become well versed in all of the Office of Foreign Assets Control regulations that govern the general license under which Norwegian Cruise Line Holdings, and our guests were traveling.

Most importantly, however, we had to clearly and succinctly convey the rules of travel to our guests. We were starting from whole cloth. There were no forms nor precedent to rely on, thus we had to get creative. We studied the law and created guest certifications for each passenger to identify the specific section (or subsection) of the general license under which they were traveling, drafted passenger FAQs specifically designed to explain the rules of travel, and trained shoreside teams of passenger service representatives at our three brands, Norwegian Cruise Line, Oceania Cruises, and Regent Seven Seas Cruises, so that they could respond to guest questions in an educated and correct manner.

We also trained our pier staff and onboard management teams to ensure consistent responses and strict compliance to the regulations, including producing audio and video recordings running in a loop in our staterooms summarizing the law with respect to Cuba travel. Sometime after operations were well underway, I conducted an audit of the program and took a cruise to Havana (a bucket-list trip, I might add). As a result of that journey, we made further changes to the program.

How would you advise general counsel tell their company stories in a way that makes shareholders feel vested in a potential IPO, and what measures do you advance to ensure market growth ensues?

The Norwegian Cruise Line initial public offering of 2013 will forever be a highlight of my career. Everyone involved in the process really felt as though they were part of something enormously consequential. I had the good fortune to be on the team that drafted the registration statement and among other things specifically focused on the "box," or the executive summary, of our business — what I referred to as the "elevator pitch" to potential investors.

The truth of the matter is that it is an easy item to craft when you, as the author, believe in the product you are pitching and the story you are telling. At Norwegian, we had a storied brand that literally created the modern cruise industry as we know it today and a rich history upon which to draw inspiration and relevance. That history, coupled with our growth story, sound business model, and financials, meant the "box" practically wrote itself.

As I did during the Norwegian IPO, I would advise those general counsels going through the IPO process today to tell their corporate story in a way that captivates a potential investor's imagination such that they can easily visualize the growth, ubiquity, and endless possibilities of whatever it is that they are offering to the public. I would also advise them to get some sleep now because they are in for some very long nights and tight deadlines!

While ensuring that market growth ensues is not usually a function of the legal department, at Norwegian our department is seamlessly integrated into all aspects of the business. I am present at our monthly financial reviews, in marketing meetings, and am brought in at the early stages of every new initiative to issue spot, problem solve, and ensure that the company remains in compliance at all times with the myriad regulations that we navigate on a daily basis.

What early mentors inform your ongoing work for Norwegian Cruise Line Holdings?

Both Janet Reno and my grandfather, Louis Bloch, taught me the same important lesson at different points in my life: that integrity, above all, is the single most important characteristic of not just a good lawyer but of a good person.

It does not escape me that in my current role the things I say, the decisions I make, and the way I act, day in and day out, are watched and judged not only by the board of directors and other members of the management team, but by the 33,000 employees of the company. If there is one thing I want to demonstrate and be judged for on a daily basis, [it] is not whether my counsel is right or wrong, but whether I act with integrity at all times. I truly believe that nothing else is as important in the role I currently serve.