

Law

Valuation & Amount

- negotiate with VC
- higher valuation better

Term Sheet - Basis for 4 legal documents

- Charter / Certificate of Incorporation
- Purchase agreement
- Investors Rights
- Stockholders / Right of first ~~refusal~~ ^{refusal}

Dividends - usually accrued eg 8%

paid on liquidation / redemption → not success for VC - want to convert to common stock for greater upside

Liquidation - want to negotiate

Do not want VC to get participating preferred →
Double Dip - VC gets preferred + dividend + common stock all
before ^{the} common stock;

- Negotiate to avoid; can set common upside limit/cap before forcing to convert

See Term Sheet for notes - VC's can't

Business going forward - post VC financing

- get space, be prepared for board mtgs, gain credibility & a professional
- ~~prepare~~ follow req's of documentation
- Next round - never too soon to think about next round, have minimum
2-3 Qs before cash runs out - start getting financing

Litigation

I. Courts

II. Bringing a lawsuit

- "notice" pleading
- issues & parties

III. Discovery

IV. Testing motions

- ✓ Trial
 - Evidence
 - Finding facts & law
- VI. Appeal

VIII. Settlement & ADR

- Supreme
appeal - Circuit
trial - District State & Federal
- I Courts - most - 3 levels
 - II. Bringing a lawsuit → US is outlier in the ease of bringing lawsuits
 - "notice" pleading - think something's been done, put other party on notice
 - compensation for lawyers - contingency fees - poor means keys to court system
 - issues & parties - escalates issues & # of people involved, only go to court once - how to bring every issue out or lose court option
 - III. Discovery - in US (an outlier) no surprises → go through all evidence prior
 - IV. Testing motions - when suit begins, everyone involved, evidence through discovery narrows issues → testing motions parties & allegations drop out
 - V. Trial
 - Rules of evidence → keeps focus in trial
 - Finding facts & law -
 - VI. Appeal
 - VII Settlement & Alternative Dispute Resolution
 - Discovery process as well as fees bring parties closer together
 - Arbitration - both parties agree; common in transnational disputes

Anti-trust

- 1) Contracts / Collusion → per se or bright-line & makes jail time, etc.
DOJ gives "get out of jail free" card to companies/ind. involved
hardest part of anti-trust & most clean cut
 - 2) Monopolization
Monopoly & market power not illegal by itself - could be superior product → Monopoly + Abuse illegal - rarely results in criminal charges
 - 3) Mergers - softest
go to authorities in advance to get blessing;
worse case - they say no
- Mergers - analyze markets < ^{product} → depends on how wide/narrow market is defined
Monopoly power - eg. → Alcoa pits & pens; movie studio OR int. bundling, B/C/B's
"most favored nation" clause; barriers to entry bad, wing players good