Summary of Contents

Chapter 1. Introduction to Startups and Role of the Lawyer

Appendix 1-A. Attorney's Conflict Letter—Entity with Several Founders

Appendix 1-B. Attorney's Conflict Letter—Two Parties to Same Transaction

Appendix 1-C. Attorney's Conflict Letter—Corporation and Individual Shareholders

Chapter 2. Formation of the Venture

Appendix 2-A. Outline for a Business Plan

Appendix 2-B. Executive Summary

Appendix 2-C. Developing a Business Plan

Appendix 2-D. General Partnership Agreement

Appendix 2-E. General Partnership Checklist

Appendix 2-F. Limited Partnership Agreement

Appendix 2-G. Attorney's Exit Letter

Appendix 2-H. Indemnification Agreement for Officers and Directors

Appendix 2-I-A. Checklist for Organization of a Corporation

Appendix 2-I-B. Checklist of Information Required to Form a Limited Liability Company

Appendix 2-J. Characteristics of Different Business Entities

Appendix 2-K. LLC Operating Agreement—Long Form

Appendix 2-K-A. Checklist of Terms and Conditions of LLC Operating Agreement

Appendix 2-L-A. LLC Operating Agreement—Short Form for Single Member

Appendix 2-L-B. LLC Operating Agreement—Short Form for Multiple Members

Appendix 2-M. Limited Partnership Letter of Intent and Term Sheet
Appendix 2-N. 17 Rules for VC Funding
Appendix 2-O. Information letter to clients regarding CTA—Firm not providing reporting services
Appendix 2-P. Sample Engagement Letter for Beneficial Ownership Reports of US Formed Companies
Chapter 3. Agreements between the Founders
Appendix 3-A. Shareholders' Agreement—Long Form
Appendix 3-B. Shareholders' Agreement—Short Form
Appendix 3-C. Irrevocable Proxy
Appendix 3-D. Voting Trust Agreement
Appendix 3-E. Position Details
Appendix 3-F. Employment Agreement
Appendix 3-G-A. Inventor's Licensing Agreement
Appendix 3-G-B. Inventor's Assignment Agreement
Appendix 3-H. Employee Invention and Secrecy Agreement
Appendix 3-I. Cover Letter to Employee Invention and Secrecy Agreement
Appendix 3-J. Corporate Buy-Sell Agreement
Appendix 3-K. Cross-Purchase Agreement
Appendix 3-L. Buy-Sell Agreement Checklist
Appendix 3-M. "Shotgun" Buyout Clause
Chapter 4. Methods of Initial Financing
Appendix 4-A. Top Seven Capital-Raising Mistakes to Avoid
Appendix 4-B. Subordination Agreement
Chapter 5. Sources of Initial Financing
Appendix 5-A. Finder's Fee Agreement for Financing
Appendix 5-B. ACA Member Directory
Appendix 5-C. Executive Summary Outline for Private Offering
Appendix 5-D. "The People's Bank"
Appendix 5-E. The Anatomy of Angel Networks

	Appendix 5-F.	Two Articles by Martin C. Zwilling
Chapter 6.		Securities Law Considerations
	Appendix 6-A.	Sample Memorandum to Clients: Private Offering of Securities
	Appendix 6-B.	Overview of Amended Capital-Raising Exemptions
	Appendix 6-C.	XYZ Technology, Inc. Offering Log
Chapter 7.		Negotiating the Initial Financing
	Appendix 7-A.	Letter of Intent for Convertible Preferred Stock
	Appendix 7-B.	Term Sheet for Convertible Preferred Stock
	Appendix 7-C.	Series A Convertible Preferred Stock Purchase Agreement
	Appendix 7-D.	Amended and Restated Certificate of Incorporation
	Appendix 7-E.	Investors' Rights Agreement
	Appendix 7-F.	Right of First Refusal and Co-sale Agreement
	Appendix 7-F-1.	Sample Drag-Along Provisions
	Appendix 7-G.	Voting Agreement
	Appendix 7-J.	Anti-Dilution Examples
Chapter 8.		Compensation and Stock Incentives for Key Employees
	Appendix 8-A.	Form of Equity Incentive Plan
	Appendix 8-B.	Form of Nonqualified Stock Option Agreement
	Appendix 8-C.	Form of Incentive Stock Option Agreement
	Appendix 8-D.	Form of Stock Appreciation Rights Agreement
	Appendix 8-E.	Form of Restricted Stock Agreement
	Appendix 8-F.	Form of Phantom Stock Agreement
	Appendix 8-G.	Memorandum to Employees Describing Different Types of Equity Incentives
	Appendix 8-H.	Best Practices in Granting Employee Stock Options

Chapter 9. Initial Operating Problems
Appendix 9-A. Nonconfidential Submission Agreement
Appendix 9-B. Manufacturer's Distributor Agreement
Appendix 9-C. Software Developer's VAR Agreement
Appendix 9-D. Manufacturer's Bundling Distribution Agreement
Appendix 9-E. Software Developer's License Agreement
Appendix 9-F. License Agreement Checklist
Appendix 9-G. Sales Representative Agreement
Appendix 9-H. At Will Employment Agreement
Appendix 9-I. Independent Contractor or Employee? It Does Matter.
Chapter 10. Second Round Financing
Appendix 10-D. Bridge Financing Term Sheet
Appendix 10-F. Security Agreement
Chapter 11. Initial Public Offering
Appendix 11-A. Comparative Analysis of Public Versus Private Offering
Appendix 11-B. Public Offering Time Schedule
Appendix 11-C. Due Diligence Guidelines
Chapter 12. Operating Public Companies
Appendix 12-A. Annual Schedule of Events: SEC Filings Required for § 12(g) Companies
Appendix 12-B. Nasdaq Listing Guide
Appendix 12-C. Questionnaire for Directors, Executive Officers and 5% or More Shareholders
Appendix 12-D. Script for Annual Shareholders' Meeting for Election of Directors
Appendix 12-E. Attorney's Letter Outlining Issuer's Obligations Reporting Under the Exchange Act
Appendix 12-F. Attorney's Memorandum Outlining Insider Trading Liabilities Under Rule 10b-5

Appendix 12-G. Attorney's Memorandum Outlining Insider Trading Liability Under § 16 of the Exchange Act
Appendix 12-H. Policy Statement on the Prevention of Insider Trading
Appendix 12-I. Form of Certification
Chapter 13. Planning for Liquidity of the Founders' Stock
Appendix 13-A. Form of Rule 144 Seller's Representation Letter
Appendix 13-B. Value Judgment
Chapter 14. Special Problems in Sales or Mergers of the Company
Appendix 14-A. Nondisclosure Agreement With Merger Candidate
Appendix 14-B. Option To Purchase Coupled With Management Agreement
Appendix 14-C. Letter of Intent for Acquisition
Appendix 14-D. Finder's Fee Agreement for Acquisition
Appendix 14-E. Statutory Merger Agreement
Appendix 14-F. Stock Purchase Agreement
Appendix 14-G. Asset Purchase Agreement
Appendix 14-H. Founders' Checklist in Determining Whether to Sell or Retain the Company
Appendix 14-I. Sellers' Business Checklist in Selling the Company
Appendix 14-J. Checklist for Buying a Company

APPENDICES

APPENDIX Bibliography

Table of Laws and Rules

Table of Cases

Index