

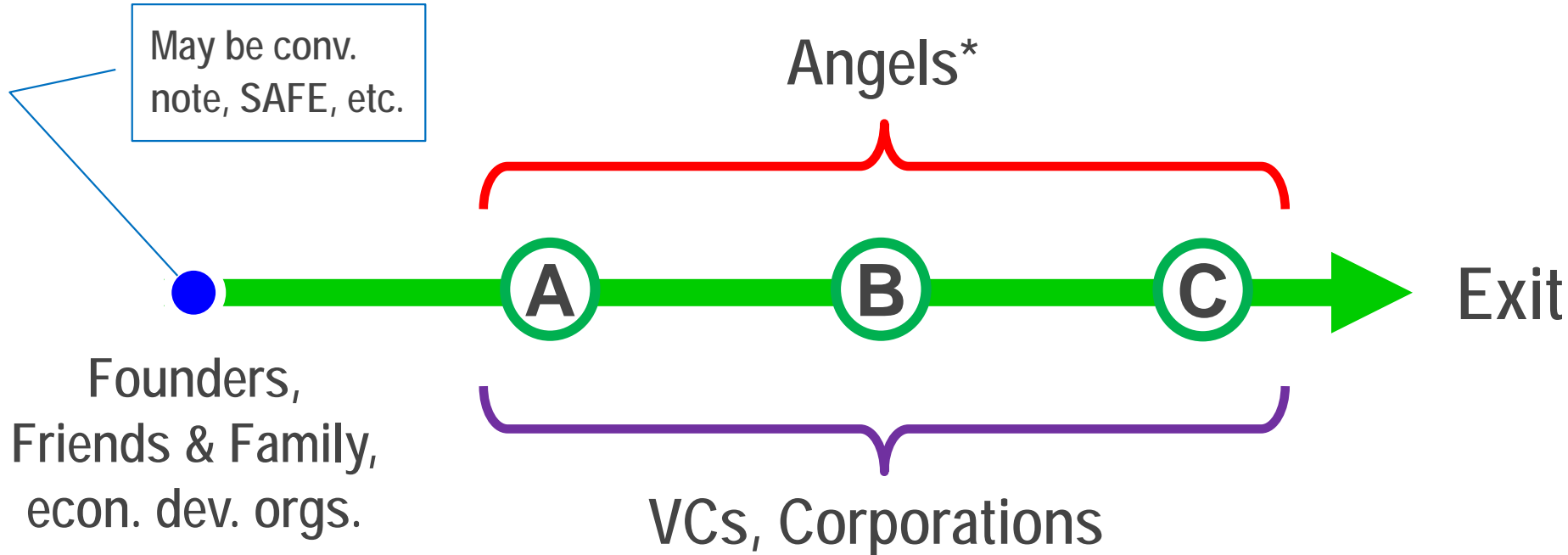
Capitalization of Your Venture: Aligning Objectives & Concerns -- Angels

BIO Entrepreneurship Boot Camp
June 3, 2019

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The Early Life of the Company – Financing Stages



***“accredited investors” – i.e., net worth > \$1M (ex. house) OR > \$200K income**

Financing – Angel as Customer

Needs

Return on investment; regional impact;
personal interest in space/technology

Timing

Can make faster investment decision;
closing likely to require aggregation of
multiple small investments

Criteria

Belief

Financing – Angel Attributes (historical)

\$\$ all in on the first round

Invest. Horizon open ended (i.e., no structural limits)

Diligence more gut, fewer graphs

Deal Terms OK by me (maybe a board seat)

Financing – Angel Network Attributes

\$\$\$\$	Contingent on individual member investment decisions; greater appreciation for “dry powder”
Invest. Horizon	open ended (i.e., investment entity not time-limited)
Diligence	organized diligence effort, dependent on domain experts within investor group
Deal Terms	Follow NVCA standard agreement forms (www.nvca.org) (and a board seat)



Angel Investing – Equity Instrument

Convertible Note	no valuation; may be secured against assets; must be repaid or converted by Maturity Date; doesn't start holding period; limited rights
SAFE (Simple Agreement for Future Equity)	no valuation (may have valuation cap); no security interest; no repayment right (absent conversion); doesn't start cap. gains holding period; limited rights
Series A	valuation; preference in liquidation (behind follow-on equity issues); stockholder information, voting, preemptive rights

VALUATION – implications for angel participation in liquidation waterfall (as shaped by circumstances and totality of subsequent financings)

Angel Investing – Process



Expectations vs. Experience – addressing assumptions from unrelated business experiences, investments; benchmarking



Where's the Money – beware “finders”; private-private offerings vs. public-private offerings (Rule 506b vs. 506c)



Diligence – less ad hoc, more disciplined; addressing lessons learned from older investments

Capabilities

Best Lawyers

More than 60 lawyers listed, including 5 as Lawyer of the Year

100+

lawyers highly rated by Super Lawyers and Rising Stars

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FOOD AND BEVERAGE INDUSTRY
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INVESTMENT FUNDS INDUSTRY GROUP
LIFE SCIENCES
MEDIA, COMMUNICATIONS AND ENTERTAINMENT
NONPROFIT ORGANIZATIONS AND FOUNDATIONS
PHARMACEUTICALS AND MEDICAL DEVICES
RETAIL INDUSTRY
TRANSPORTATION

Health Sciences

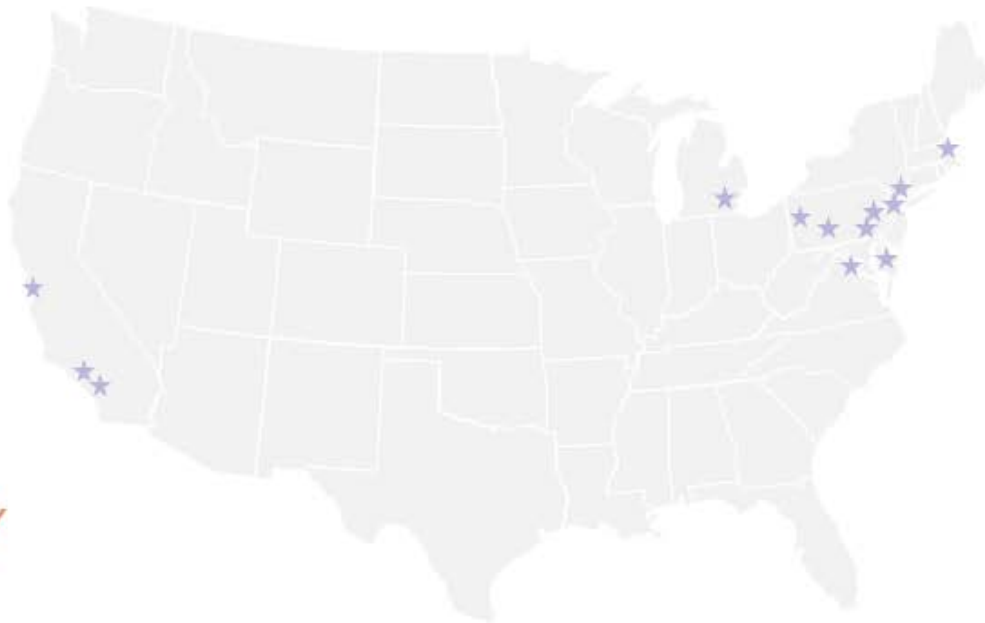
- ▶ more than 100 lawyers devoted to advising clients across the health sciences spectrum
- ▶ collaborate with each other and with clients to achieve remarkable successes
- ▶ understand the impact that advice and counsel in one area will have in other aspects of business – and on other members of the health sciences ecosystem

Key areas of practice

Acute Care Hospitals and Health Systems
Antitrust and Competition - Health Sciences
Digital Health
FDA Regulatory and Risk Management
Counseling
Fraud and Abuse Litigation and Investigations
Group Purchasing Organizations and Buying
Cooperatives
Health Care Services
Health Care Transactions
Intellectual Property - Health Sciences
Life Sciences Transactions
Long-Term Care Organizations – Skilled
Nursing and Senior Housing Facilities
Pharmaceutical and Medical Device Litigation
and Counseling
Pharmacy Industry
State Attorney General Litigation
White Collar Litigation and Investigations

Locations

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