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

Dividends - usually accrued eg 8%
paid on liquidation/redemption → net success for VC - wish 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 + commonstock all
  - Negotiate to avoid; can set common upside limit/cap before forcing to convert

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

Business going forward - post VC financing
- get Space, be prepared for board meetings, gain credibility & presence
- Be clear about rights of documentation
- Next round - must be seen to-think about next round, have minimum
  - 2-3 Qs before cash runs out - start getting financing

Litigation
I. Courts
  II. Bringing a lawsuit
    - Initial pleading
    - Issues & Parties
  III. Discovery

IV. Testing motions
  - Trial
  - Evidence
  - Finding facts & law
V. Appeal
VI. Settlement & ADR
I. Courts - most - 3 levels
   - Supreme Court
   - Circuit Court
   - District Court
   - State Court
   - Federal Court

II. Bringing a lawsuit → US is either in the case of bringing lawsuits
   - Notice: pleading - think something's been done; put other party on notice
   - Compensation for lawyers - contingency fees - poor means key to court system
   - Issues & Parties: resolves issues & # of people involved; only go to court once on how to bring every issue out or lose court option

III. Discovery → in US (and others) no surprises → go through all evidence
   - Testing motions - when suit begins, everyone involved, evidence through discovery
   - Various issues → testing motions parties; allegations; drop out

IV. Trial
   - Rules of evidence → keeps bias in trial
   - Finding facts & law

V. Appeal

VI. Settlement + Alternative Dispute Resolution
   - Discovery process as well as fees bring parties closer together
   - Arbitration - both parties agree; common in international disputes

Anti-trust

1) Collusion
   - Per se vs. bright line + morals, jail time, etc.
   - DOJ gives leniency if jail free/card to companies/ind. involved
   - Nash equilibrium; cost 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 - softer
   - Go to authorities in advance, to get blessing
   - Worse case: they say no
   - Mergers - analyze markets; product; depends on how wide/massive; not indefinite
   - Monopoly power - eg: Nike vs. pens, movie studio vs. music building, B&H
   - Most favored nation clause - barriers to entry and, wing players good