

EMERGING GROWTH/VENTURE CAPITAL

Emerging Growth

Sheppard, Mullin, Richter & Hampton LLP is a leading law firm in the representation of emerging and high growth companies. Our Emerging Companies practice provides a broad range of legal services to start-up and emerging companies to meet their needs, from formation to liquidity.

We have formed thousands of new companies in a variety of industries, including information technology, life sciences, healthcare, specialty retail and consumer goods, among many others. Our experience is evidenced by the high level of assistance we provide to our clients in the formation, structuring, financing and growth of new companies.

Our Emerging Companies lawyers combine corporate, tax, securities and intellectual property legal expertise. We understand the needs of rapidly expanding commercial enterprises and we provide timely and cost effective legal advice and availability when and where it is needed. Our attorneys have assisted with a wide range of legal services geared toward development and growth, such as:

- Review of business plans and evaluation of key strengths and weaknesses
- Company formation, including selection of the most appropriate type of entity
- Structuring of the business entities
- Capital agreements and private placements
- Founders agreements, employee incentive plans, employee benefits counsel and employment law compliance
- Attendance at board meetings and related strategic advice and counseling
- Angel financings, venture capital financings, equipment financing and joint development arrangements
- Sponsored research and licensing agreements
- Patent, copyright and trademark matters
- Internet related advice
- Immigration issues
- Confidentiality and consulting arrangements
- Joint venture and strategic partner structuring
- Mergers and acquisitions, IPOs and liquidity fundings
- Tax planning, including possible offshore ownership of some intellectual property
- Structuring of international operations and partnerships
- Distribution of product and service agreements
- Intellectual property litigation
- Real property lease negotiations
- Estate planning and wealth management

When working with emerging businesses, we strive to become as knowledgeable as possible with our individual client's business objectives and overall goals. Sheppard Mullin attorneys also provide access to the firm's outside relationships with accountants, angel investors, venture capitalists, strategic planners, among others and as appropriate. It is our objective to provide added value as a trusted advisor to our clients. Because cash flow is always a primary concern for emerging companies, the firm offers various fee arrangements that are tailored to the specific needs of our clients, such as deferring some of our fees for a period of time and participating to a larger extent in the future success of the company.

Sheppard Mullin also serves as counsel to underwriters and investment bankers in a larger number of equity, debt and convertible securities offerings and merger and acquisition transactions, making us a "one stop" law firm providing the full range of the legal services to all commercial ventures.

Sheppard, Mullin, Richter & Hampton LLP represents venture capitalists, angel investors and emerging companies in equity and debt financings. A sampling of our extensive experience in venture capital financings includes:

- Legal due diligence
- Intellectual property due diligence
- Drafting stock purchase agreements and other transaction documents
- Issuing warrants, bridge notes and other convertible securities
- Negotiation of the legal and business terms of the investment
- Compliance with federal and state securities laws

Our commitment and interest in our client usually extends beyond the scope of the traditional lawyer/client relationship. Sheppard Mullin's established presence in the market enables us to provide value added benefits to our clients in their quest for financing, such as:

- Introduction to funding sources, where appropriate
- Discussion of alternative sources of financing, including debt
- Introductions to bankers
- Negotiating and documenting the terms of the investment

In addition, Sheppard Mullin has attorneys responsible for monitoring current events and trends in over sixty key industries that affect our clients.

Attorneys in this area of practice work closely with the Banking and Finance attorneys to assist emerging companies in lending and leasing transactions and in documenting bank loans. This is further enhanced by the expertise of our Tax attorneys, who ensure that the tax consequences of equity and debt financing options are consistent with the long and short term goals of the client.

Venture Capital

At Sheppard Mullin, we understand the critical role venture capital plays in driving entrepreneurial activity and innovation in the U.S. and other markets around the world. We serve as trusted advisors to both venture capital firms and the emerging growth companies in which they invest. With offices throughout California, including San Diego/Del Mar, Orange County, Los Angeles, Santa Barbara, Silicon Valley and San Francisco, and on the East Coast, we maintain a strong network of relationships with VCs, entrepreneurs and third party experts in the VC ecosystem.

Our lawyers have advised on numerous debt and equity financings by venture investors in the past several years representing hundreds of millions of dollars in transaction value. We have expertise in venture capital financings, including drafting and negotiating term sheets and definitive transaction agreements, conducting corporate, financial and intellectual property due diligence, issuing warrants, bridge notes and other convertible securities, ensuring compliance with federal and state securities laws and providing tax planning advice. Our attorneys also handle IPOs, mergers and acquisitions and other strategic transactions, enabling us to structure venture financings with these exits and strategic relationships in mind.

We are familiar with emerging trends and can speak authoritatively as to how proposed terms compare to the current market. Our significant deal flow also aids us in efficiently guiding deals to conclusion. We can assist fund managers with the gamut of organizational and ongoing back office legal needs, including fund formation, fundraising, governance, employment and other operational issues.

With our monthly VentureLink program, we provide our entrepreneur and VC clients with a way to leverage our lawyers' existing relationships to make mutually valuable introductions and assist promising companies with fundraising – a unique and extremely valuable service.

A representative list of our venture capital clients includes:

- Accuitive Medical Ventures
- Avalon Ventures
- CalPERS
- Cal Technology Ventures

- The Carlyle Group
- Crosscut Ventures
- Enterprise Partners
- Forward Ventures
- JAFCO Ventures
- Kleiner Perkins Caufield & Byers
- New Enterprise Associates
- NGEN Partners
- QuestMark Partners
- Shelter Capital
- Shepherd Ventures
- Stone Canyon Ventures
- SV Life Sciences
- Versant Ventures