



Business & Legal Developments in Silicon Valley



Friends,

Please find below our August monthly newsletter about the global Silicon Valley.

In this issue, we share news, insights, data and practical solutions to business and legal challenges in entrepreneurship and investing.

We are pleased to welcome [Alidad Vakili](#) to the firm, who joins our San Francisco office as an of counsel in the Transactions Practice Group. Alidad regularly counsels domestic and international companies on structuring, financing development, and other strategic transactions and compliance issues, primarily in the Innovative Technology and Energy Sectors.

Our team's market positioning for legal services in the Global Silicon Valley is based on providing commercial strategies and solutions that make sense, enabled by the latest legal technology tools. In May, we announced the launch of our website [Foley Ignite](#), which is a technology-enabled platform designed to support the needs of startups, founders, emerging growth companies, and the entire investor community. In June, we announced the launch of our law firm's new AI-based solution to facilitate contract review, called "[Foley Equipped](#)." The tool is designed to quickly identify and prioritize missing and important provisions during contract review. We continue to add new blogs, FAQ's, and legal documents to our premium document generator offering.

While many industry observers are calling a recession in venture capital and startup investing, we continue to see very robust deal activity that, while below 2021's valuation levels, continues at a healthy clip. That being said, we have begun to see deals get re-cut after the term sheet, some additional closing conditions added, tranching, and other terms designed to de-risk the future for investors. Some of the new posts on [FoleyIgnite](#) are profiled below, including tips for startups to thrive in the current environment, alternative financing strategies and tips for navigating down-rounds, among others.

With Silicon Valley off for summer holidays, we are planning a busy calendar of "in real life" and virtual events for the fall. Details below.

We are grateful for your trust and confidence, and hope to see you all in real life soon.

Your Foley & Lardner Silicon Valley team ([Natasha Allen](#), [Eric Chow](#), [Brandee Diamond](#), [Louis Lehot](#) and [André Thiollier](#)).

Is it Time to Consider Alternative Financing Strategies?

The economic turmoil of the past six months caused by everything from inflation to interest rate increases to supply chain disruption, not to mention large scale war in Europe, and then massive increases in the price of gas, have combined to trigger a bear market on Wall Street. A bear market on Wall Street is defined by a twenty percent decrease in valuations from the nadir of exuberance. We briefly saw the first post-GFC (global financial crisis) bear market in March of 2020 at the outset of the pandemic, before governments started printing money. The current bear market arrived in June 2022 in response to Federal Reserve interest rate hikes aimed at stemming inflation.

[Learn More](#)

What every CEO needs to know about “down rounds”

Down rounds have typically been seen in a negative light, but a recent [Axios Pro Rata](#) article raises an interesting point. If everyone raises a down round, does anyone really notice? Do they still have the same negative implications if they are happening across the board? With current conditions making down rounds more of a necessity for many startups, it's time to take a closer look at the down round and the alternatives.

[Learn More](#)

Q2 2022 Venture Capital Funding Data Shows a Steep Drop, But Still Exceeds Pre-Pandemic Levels

CB Insights has released the preview of their [State of Venture Q2'22 Report](#), finding a 23% drop in venture capital funding to startups on a global level in the second quarter of this year, with \$108.5B raised across 7,651 deals. They note this was the second largest quarterly percentage drop as well as the largest quarterly percentage drop in deals in the past ten years.

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Foley Attorneys Named to 2022 Northern California Super Lawyers and Rising Stars Lists

Foley & Lardner LLP is pleased to announce that three of its attorneys have been named to the 2022 Northern California Super Lawyers and Rising Stars lists.

Super Lawyers is a rating service of outstanding lawyers from more than 70 practice areas who have attained a high degree of peer recognition and professional achievement. Each year, only 5 percent of attorneys in the state are selected to the Super Lawyers list, and only 2.5 percent of attorneys in the state are named to the Rising Stars list.

[Learn More](#)

5 Ways The Self-Preferencing Bill May Affect Tech Mergers

This article originally appeared in [Law360](#) on July 25, 2022, and is republished here with permission.

Congress is currently considering proposed antitrust legislation known as the American Innovation and Choice Online Act, 1 or the self-preferencing bill.

If enacted, the bill would prohibit some of the largest American internet platforms from adopting certain practices that would give preference to their own products, services or lines of business over those offered by other users of those platforms.

[Learn More](#)

Foley Partner Louis Lehot Quoted in Wall Street Journal on Crypto Downturn

Foley & Lardner LLP Partner [Louis Lehot](#) was quoted in the *Wall Street Journal* article, "[Investors Take Sink-or-Swim Approach to Struggling Crypto Startups](#)." The article looks at troubled cryptocurrency startups and the reluctance of investors to provide them with emergency funds.

[Learn More](#)

Could the Crypto Downturn Lead to a Spike in M&A?

In 2021, we saw a cryptocurrency boom with record highs and a flurry of activity. However, this year, the cryptocurrency downturn has been significant. We have seen drops in various cryptocurrencies ranging from 20 to 70 percent, with an estimated \$2 trillion in losses in the past few months.

[Learn More](#)

Foley Partners Benjamin Dryden and Louis Lehot Quoted in Law360 Mid-Year Antitrust Legislation Update

Foley & Lardner LLP Partners Benjamin Dryden and Louis Lehot were quoted in the *Law360* article, "[Mid-Year Update: No Antitrust Redux Yet Despite Stack of Bills](#)." The article looks at the antitrust legislation proposed in Congress earlier this year, including the American Innovation and Choice Online Act.

[Learn More](#)

Foley Partner Louis Lehot Featured on Mighty Capital Podcast Discussing Funding Issues for Founders

Foley & Lardner LLP Partner [Louis Lehot](#) was featured on a recent episode of the Mighty Capital podcast discussing funding issues for startups. Mighty Capital Founding General Partner Jennifer Vancini sat down with Lehot as he provided valuable information for founders, from what types of funding are available, to how a law firm interacts with VCs and founders. He also outlined three problems facing many startups, as well as the value for founders of seeking good advice. And on that front, Lehot gave founders recommendations for how best to prepare for a funding round.

[Learn More](#)

Foley Represents Mirantis in Acquisition of amaze.io

Foley & Lardner LLP represented Mirantis, an open source cloud computing software and services company, in its [acquisition of](#) amaze.io, a global web application delivery company for Kubernetes.

amaze.io is the only ZeroOps application delivery hub built by developers to free them from cloud deployment, migrations, and operations work. The company was founded in 2017 to improve the developer experience by fully automating application and infrastructure operations and integration tasks for application builders. amaze.io is the creator of Lagoon, an open-source application delivery platform for the deployment, management, security, and operation of applications that reduces the load on developers.

[Learn More](#)

Foley Represents Tenacity Venture Capital as Lead Investor in Kapital's \$30M Funding Round

Foley & Lardner LLP recently represented Tenacity Venture Capital as the lead investor in the \$30 million funding round for Mexican fintech startup Kapital. The Series A round also included investors Telesoft, Broom Ventures, Pioneer Fund, Soma Capital, and FoundersX Fund.

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Foley Represents NEA as Lead Investor in \$6M Seed Round for AI Squared

Foley & Lardner LLP recently represented NEA as the lead investor in the \$6 million seed round for integration platform AI Squared. Ridgeline Partners also participated in the funding round.

AI Squared helps companies adopt artificial intelligence by using a low-code platform to integrate it into existing applications in a timely and straightforward manner. Its founder, Benjamin Harvey, was inspired to start the company after a decade at the U.S. National Security Agency, where he saw how it and other organizations struggled to adopt artificial intelligence into existing applications.

[Learn More](#)

OESA 2022 3Q Mobility Supplier Forum

The Original Equipment Suppliers Association (OESA) will host a Mobility Supplier Forum on August 25, 2022, at SRI International, in Menlo Park, California. This automotive forum meets regularly in California's "Silicon Valley" area and is intended to help automotive suppliers advance their business interests in connected and transformative technologies. Each meeting features insights from leading industry experts on issues of common concern for automotive suppliers.

[Learn More](#)

The Inaugural West Coast M&A/Private Equity Forum

Momentum and Opportunity in the Middle Market

Thursday September 29, 2022 | 8:00 AM - 4:00 PM

The Inaugural West Coast M&A/Private Equity Forum is the premier gathering of mid-market deals professionals throughout the region. Our program imparts timely advice on current trends and developments impacting deals in the current calendar year. Mark your calendars and plan to join us for our industry-leading content, professional education, and networking in Silicon Valley

[Learn More](#)

What Happened to Venture in Q2'22?

[State of Venture](#) — Venture overall saw some of the biggest declines in a decade
[State of Retail Tech](#) — Funding slowed dramatically (-43% QoQ)

[State of Digital Health](#) — M&A activity fell for the fourth consecutive quarter
[State of Fintech](#) — Funding saw the lowest levels since Q4'20

Events, Deal Announcements, and Quotables

- [Five tips for startups to thrive in the coming downturn](#)
- [One Year of Action Since President Biden's Executive Order on Competition](#)
- [Pitch Global's CVC, Govt. & Impact Conference | Oct. 20-21](#)

We are hiring!

Click [here](#) for further details and to apply.

Attorney Contacts



[Louis Lehot](#)
Partner
Silicon Valley / San Francisco / Los Angeles
650.251.1222
llehot@foley.com



[Brandee Diamond](#)
Partner
San Francisco / Silicon Valley
415.438.6401
bdiamond@foley.com



[Natasha Allen](#)
Partner
Silicon Valley / San Francisco
650.251.1112
nallen@foley.com



[André Thiollier](#)
Partner
Silicon Valley / San Francisco
650.251.1137
athiollier@foley.com



[Eric Chow](#)
Senior Counsel
Silicon Valley
650.251.1120
echowfoley.com

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