



Business & Legal Developments



Friends,

Sharing business and legal developments as we see them today.

M&A was a revolving topic in August. This includes a recently published report showing the importance of due diligence in any M&A transactions and Pitchbook releasing its [Q2 2023 M&A Report](#) with very interesting findings.

Pitchbooks report findings show deal volume and deal value are diverging. The report shows price multiples in correction mode, with an approximate 20% drop since peak levels in 2021. This is coupled with the fact that acquirers are focusing on smaller-scale deals right now as interest rates remain high, and they are sitting on very large amounts of dry powder. Pitchbook notes that this has led to a 33.7% drop in deal value, but the deal count remains steady. However, there could be some light at the end of the tunnel. Reuters reports are showing signs of a revival in investment banking as Morgan Stanley recently predicted an uptick in the sport of M&A. Goldman Sachs has also reported an increase in investment banking backlog, something that can "open the liquidity floodgates." Considering these reports, we may see that spike in M&A we have been waiting for next year.

It seems that the right conditions are falling into place as the economy stabilizes and interest rate hikes slow down, and only time will tell if 2024 will be the return we have been waiting for. We will continue to watch closely for more signs of an M&A boom as we move forward into the year.

Doing the necessary due diligence is a key factor in the success of any acquisition, before and after the closing, and for many years to come.

It allows the acquiring company to identify deal breakers, assess risks, make informed decisions, negotiate effectively, ensure compliance, plan for integration, and set the stage for a successful and value-enhancing merger or acquisition. Louis Lehot and Eric How published a roadmap to due diligence [here](#).

This past month, Louis Lehot laid out a guide to [Cracking the Code: What Venture Capital Investors Look for in Early-Stage Start-Ups](#), Louis Lehot and Eric Chow shared their guidance on [Positioning for the Exit at the Entrance](#), and Alidad Vakili, Sonia Kothari, and Rishi Sodhi provided knowledge on [Opportunity Zones: Should Your Start-Up Make One Its Home?](#)

As always, we would love to see you at our upcoming events. Mark your calendars for October 17-18 at Ted AI at the Herbst Theater and Shack 15 in San Francisco. We are sponsoring this landmark event showcasing October 8-11 at HLTH in Las Vegas the power and impact of AI. It has already booked entrepreneurs, chief scientists, the Co-Founder of Open AI Ilya Sutskever, President and Co-Founder of Anthropic Daniela Amodei, Founder and Chief Executive Officer of ARK Invest Catherine Wood, and most recent addition, Reid Hoffman.

Do not hesitate to reach out if we can help you brainstorm a legal or business challenge you are facing or if we can connect you to a potential investor, professional, or entrepreneur.

Your Foley & Lardner Silicon Valley team ([Natasha Allen](#), [Eric Chow](#), [Brandee Diamond](#), [Louis Lehot](#), [Lyman Thai](#), [André Thiollier](#), [Alicia D'Alba Dorner](#), and [Alidad Vakili](#)).

Events

Recent Events:

[President Biden's New Outbound Investment Screening Program: The Impact of Trade and Investment with China Webinar with 4thly](#) | August 23, 2023

Foley recently co-hosted the President Biden's New Outbound Investment Screening Program Webinar with 4thly. The panel of experts discussed the details of President Biden's long-awaited Executive Order addressing U.S. government screening of the United States outbound investments into China for artificial intelligence, quantum computing, and semiconductor technologies. They addressed the Treasury's advance notice of proposed rulemaking, what type of investments will trigger screening, and the impacts of the Executive Order.

[How to Raise Seed Funding for Your Start-Up: Convertible Notes and SAFEs](#) | August 17, 2023

Alidad Vakili recently hosted a webinar discussion on how to raise seed funding for start-ups. He covered various topics, including the required corporate structure, legal considerations when pitching investors for seed financing, common mistakes and pitfalls, and how to close. A recording is available for anyone who was unable to make it to the discussion.

[Rise & Shine CISO and Founders Breakfast at Black Hat](#) | August 9, 2023

Foley was proud to join StageOne Ventures, First Rays Ventures, and Mantis VC in sponsoring the Rise & Shine CISO and Founders Breakfast in Las Vegas. Cybersecurity start-up founders and investors hobnob led with large company chief information and security officers for an invigorating morning where cutting-edge technology and groundbreaking discussions took center stage during Black Hat USA.

Upcoming Events:

[Harness Health Care AI Learnings for Success](#) | September 13, 2023

Artificial Intelligence, in particular large language models such as those powering ChatGPT, is the tip of the iceberg in the coming AI revolution. How will AI technology impact your business, your customers, and your competition? Louis Lehot is hosting a distinguished panel on these topics, led by Northern California NACD chapter member Timothy Chou, Lyric Chief Executive Officer Rajeev Ronanki, and Sharecare's Chief Scientific Officer Walter De Brouwer. Learn more and RSVP using the link above.

[Private Companies - Raise, Sell, or Go Under](#) | September 19, 2023

Foley is sponsoring the upcoming NACD Private Companies: Raise, Sell, or Go Under Webinar, and Louis Lehot will be moderating this discussion. This webinar will explore the role of directors in raising, selling, or liquidating in this market. Answering questions like: When is the right time to raise, how do you manage the process, how do you explore alternatives without putting a "for sale" sign in front of your company, and what happens when you run out of runway?

[Tech Crunch Disrupt](#) | September 19-21, 2023

This start-up conference stays fresh, relevant and focused on founders, investors, and the future of tech year after year. Whether you're a start-up rookie learning the ropes, a seasoned investor searching for the next big thing, or a founder hell-bent on changing the world - Disrupt delivers the tools, knowledge, and connections to help you make it happen.

[Silicon Slopes Reception](#) | September 27, 2023

Foley's Innovative Technology team, Signal Peak Ventures, and IMA (formerly Diversified Insurance) invite you to keep the conversation going at the end of the first day of the Silicon Slopes Summit at Foley's Salt Lake City office, a short distance from the Delta Center. Stop by Foley's booth during the day and then join us in the evening for food, drinks, and a chance to connect with other industry enthusiasts in our space at the top of the 95 State Building.

[Second Annual West Coast M&A and Private Equity Forum](#) | September 28, 2023

Foley is sponsoring the upcoming West Coast M&A and Private Equity Forum this September at the Four Seasons Hotel Silicon Valley in East Palo Alto. This event offers guidance on key trends and developments impacting the dynamic U.S. middle market. See some familiar faces as Louis Lehot will speak during the Market Moves of Private Equity panel, and Natasha Allen will speak during the post-merger integration panel. Mark your calendars for a day of insights and networking.

[New Kids on the Block: Navigating the Newest Consumer Group in Privacy \(Teens\)](#) | October 6, 2023

As part of the 2023 IAPP Privacy. Security. Risk conference, Avi Ginsberg will be joining a panel discussing the impact of teens on data privacy. Join us to explore new regulatory guidelines for teen privacy, emerging challenges on social media and in the metaverse, and guiding considerations to navigate the space, both in the U.S. and abroad.

[HLTH Las Vegas](#) | October 8-11, 2023

Join us at HLTH 2023 to be part of healthcare's preeminent all-inclusive event experience. This event is all about

personalized experiences that focus on your goals. Whether it's meeting people and organizations who can accelerate your business outcomes, staying ahead of emerging trends, connecting with your industry colleagues, advancing your career, or all of the above — HLTH 2023 will deliver a curated experience that is tailored just for you.

[TED AI 2023](#) | October 17, 2023

Join us at TED AI 2023, where pioneers and trailblazers will host a full day of TED Talks about AI. They will share their vision and work on the benefits and challenges of welcoming AI into the fabric of our society.

[Ted AI Day 2](#) | October 18, 2023

On the second day of the 2023 Ted AI conference, we invite you to join us for a series of panels and workshops with pioneers and trailblazers to investigate the profound implications of how artificial intelligence is about to transform our civilization, industries, institutions, communities, and cultures.

[Canada Life Sciences Showcase](#) | October 25-26, 2023

Join us for two days of engaging with Canadian Life Sciences companies and the Canadian Life Sciences ecosystem. From morning speaker panels to large networking receptions, this event should not be missed by successful and promising life science founders, industry executives, and investors.

[First Rays - AI Portfolio Day](#) | October 26, 2023

Our good friends at First Rays Ventures are hosting their annual AI Portfolio Day event, and we would love to have you there! Please join us for a fun evening of networking, drinks and hors d'oeuvres at the University Club of Palo Alto.

Highlights

The Importance of Due Diligence in M&A Transactions

In any merger or acquisition, the due diligence stage is one of the most critical steps. It allows the acquiring company to identify dealbreakers, assess risks, make informed decisions, negotiate effectively, ensure compliance, plan for integration, and set the stage for a successful and value-enhancing merger or acquisition. The acquiring company, with its legal, tax, and financial advisors and other advisors, must carefully examine several areas of the target organization in great detail to identify any issues with their financial, operational, technological, regulatory, tax, and other departments. Below, we look at the areas of examination necessary for a comprehensive due diligence process.

[Learn More](#)

Cracking the Code: What Venture Capital Investors Look for in Early-Stage Start-Ups

To stand out in the fiercely competitive start-up landscape, founders must understand the factors that venture capital investors prioritize when making funding decisions. Here are some of the most important factors that venture capital investors consider when choosing which early-stage start-ups are worth the risk.

[Learn More](#)

A Look at Q2 M&A and Beyond: Are Conditions Ripe for a Strong 2024 M&A Rebound?

Much has been said about the return of M&A in 2023, and while deals are happening, it is not the boom that many expected. But could all that change in 2024? Is this year setting the stage for a return to more deals getting done? Pitchbook has released its Q2 2023 M&A Report, and the findings are quite interesting, showing that deal volume and deal value are diverging.

[Learn More](#)

Positioning for the Exit at the Entrance

Start-up founders are constantly seeking ways to gain a competitive edge and secure their place in the market, including positioning their company as an attractive acquisition target from the very beginning. While building a company with the goal of being acquired requires careful planning and execution, it can lead to significant opportunities for growth and success.

[Learn More](#)

Opportunity Zones: Should Your Start-Up Make One Its Home?

A Qualified Opportunity Zone is an economically distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. The U.S. federal government created this tax incentive program as part of the Tax Cuts and Jobs Act of 2017 to attract private investment, create jobs, and promote economic growth and revitalization in designated low-income communities. The U.S. Treasury has designated more than 8,700 QOZs across the United States and Puerto Rico. Locating your start-up in a QOZ can be desirable for a variety of economic and regulatory reasons. Here are some of the advantages of the Opportunity Zone program that founders should consider when looking for a location for their new venture.

[Learn More](#)

Recent Deals

[Foley Represents TCGX as a Lead Investor in \\$200M Series C Financing for ADARx](#)

[Foley Represents TCGX as a Lead Investor in \\$285M Financing for COMPASS Pathways](#)

[Foley Represents TCGX in \\$200M Private Placement Financing for Inhibrx](#)

[Foley Represents Altis Movement Technologies in Sale of Groundbreaking Human Motion Capture Assets](#)

[Foley Represents Brazilian Fintech Cumbuca in Seed Investment Round](#)

[Foley Represents Riverwood Capital as Lead Investor in \\$110M Growth Round for SpyCloud](#)

[Foley Represents Nomad in \\$61M Series B Financing](#)

[Foley Represents Cortical Ventures in Pre-Seed Round for Kyber Labs](#)

[Foley Represents Riverwood Capital in Growth Equity Investment in One Model](#)

[Foley Represents Wisecut in Latest Investment Round](#)

Podcast Episodes

[Episode 8: Building The Founder's Brand with Parna Sarkar-Basu of Brand and Buzz Marketing | August 16, 2023](#)

In our eighth episode, Parna Sarkar-Basu, CEO of Brand and Buzz Marketing, joins Paige Moscow to discuss the pivotal role a founder's market credibility plays in propelling start-ups to success. How does it impact the fundraising process? Why should companies with technical innovations care about their brands? What value is there to putting a human face to a start-up?

Additional Articles of Interest

[Foley Attorneys Discuss Preparation for New U.S. Outbound Investment Regime](#)

[Louis Lehot and Eric Chow Author Article on the Future of the Biotech M&A Landscape](#)

[Louis Lehot and Christopher Swift Discuss Shift in U.S. Foreign Investment Paradigm](#)

[Natasha Allen Named an Honoree at Corporate Counsel 2023 Women, Influence and Power in Law Awards](#)

[Louis Lehot Authors Article Exploring Potential Rebound of M&A](#)

[Alidad Vakili Publishes Overview of Delaware Public Benefit Corporations](#)

[Louis Lehot and Patrick Daugherty Author Article on Venture Capital and the Future of Technology](#)

[Takeaways from Black Hat USA 2023](#)

[Natasha Allen and Christopher Cain Explore NFTS in the Food and Beverage Space](#)

[Federico Goudie Discusses Latin American Start-Ups' Shift to Venture Debt](#)

We are hiring!

[Business Development Executive - Northern California](#)

The Business Development Executive will provide strategic insights and tactical execution of initiatives, projects, programs, activities, and processes that support the business development and marketing strategies for the firm's Transactions Practice Group in Northern California. This is a highly visible, hands-on, and results-oriented position, involving close collaboration with lawyers in pursuing revenue-generating opportunities, deepening client relationships, and building profiles.

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

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