Course Description

In this course, you’ll learn to understand the language of investors and the ideas of finance, how to build the right legal structure for smooth relations with your business partners, and how to run a professional company. We will follow the entire journey of a company from startup to exit or maturity.

Materials will include academic treatises, news articles, and here and even some fun YouTube clips. You’ll learn what it’s like to be in a law school class, and how to “speak finance.” Discussions, debates and even arguments comprise an important part of the class.

Along the way we will discuss the legal, financial and tax advantages and disadvantages of the various forms of incorporation; tax and securities law; legal aspects of raising capital, including structuring venture capital and private equity financing; entrepreneurial acquisition structures, employment law and legal topics including the enforceability of confidentiality, non-competition and other restrictive covenants in employment.
agreements; and intellectual property law including trade secrets, copyrights, patents, and trademarks.


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<tr>
<th>Week</th>
<th>Topic/Activity</th>
<th>To Submit/read/view</th>
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| Class 1 – December 2, 2022 | Intro to course, overview of business structure, fundamentals and vocabulary (aka: what the heck is this stuff?). | Be familiar with syllabus and introductory materials. Read: Glossary, p. 404  
Ch.1: Introduction |
| | **Law #1:** Four basic agreements to structure a business:  
- Term sheet  
- Vesting & Options  
- Founders’ agreement  
- Investment agreement |  
Read: Ch.9: Management Team and Ch. 12: Human Resources. Read sample partnership agreement and formation documents. Watch *Big Bang Theory* YouTube clip on  
Read “about us” section from OECD. Watch this YouTube clip from *The Paper Chase.* |
| | **Law #2:** Types of IP: Copyright, Trademark, Patent. (aka: what does my company actually own and what can I do with it?) | Prepare and present group project:  
Outline of founder’s agreement with including assigned provisions and full waterfall, language regarding IP ownership. (Not graded, in class project).  
Read:Ch. 17: Legal Aspects and read assigned court cases: *Carlill v Carbolic Smoke Ball Co* on Contracts *(Note: case is on pages 1-10 only!!)* (and note this advertisement related to the case). Read *Sony v. Universal* on copyright |
| Class 2 – December 9, 2022 | **Law #3:** The basics of contracts. Discussion of assigned court cases, different kinds of law, Socratic method, and a bit of |
argument. (aka: just a little taste of law school!)

**Law #4:** IP, (c) and TM, NDA/Non-Competes, licenses, distribution, and other industry specific items. (ie: Let’s make this startup happen!) Discuss employment agreements including NDA, options, vesting.

White label and OEM agreements.

also  **VICTOR’S LITTLE SECRET v. V SECRET CATALOGUE** on Trademark.

**Submit group project:** Executive summary, full founder's agreement with full drafting of assigned provisions and full waterfall, language regarding IP ownership. *(Graded, in-class project).*

Read: Ch.9: Management Team and Ch. 12: Human Resources. Read sample partnership agreement and formation documents. Watch **Big Bang Theory YouTube** clip on developing an app with a dysfunctional team.

Read **NYU text** on Debt v. Equity financing (pages 1-20 only) Ch. 14: Financial Planning and Forecasting

Read linked articles on Google/Yahoo, Waze, and Donald Trump Casinos, Also read Tomorrow’s Advance Man article. Watch **The Simpson’s YouTube** on buyouts.

**WeWork:**

Business Insider and also Scott Galloway on YouTube and Scott Galloway on Part 1 EBITDA and Part 2

**Submit and present team project:** case study – capitalization exercise. *(Graded)*

Read: Ch.4: opportunity recognition and evaluation, 4.2 venture's capital

Class 3 – January 6th, 2022

**Intro to financial concepts #1:** fundamentals and vocabulary (aka: what the heck is this stuff?). Types of investors.

**Intro to financial concepts #2:** Pro forma budgeting, line items, the “breakeven point” and financial reports (aka: what will this cost and how do I know?).

**Intro to financial concepts #3:** Valuation, TVM and discount to present value (aka: what is a business worth and how do I calculate it?) SAFEs

Finance for startups #2: Tying together the last 3 lessons: valuation + pro-forma budgeting + types of investment vehicles and discussion of "waterfalls." Discuss projects in class. (aka: what investors want, and how to give it to them without ruining my startup)

Finance for startups #3: Planning for risk/planning for success: exits, IPOs and bankruptcies (aka: what can go wrong...or right, and how to be ready).

Summary of course: bringing it all together.

evaluation criteria for new venture.

Submit and present: Individual case study project (graded, prepared in advance)

Binder (final, graded group project) will be due after the semester at a date to be determined.

Course Goals

Financial (Economic) and Legal Aspect for Entrepreneurs is practical and intensive course that provides introduction to the critical legal and transactional/ financial issues confronting start-up and emerging growth companies. Although the context of the course is early-stage companies, many of the concepts studied are equally applicable to more
mature, established companies.

The course provides a wide perspective on how to manage risk, deploy resources and maximize shareholder value.

Grading

<table>
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<tr>
<th>Assignment</th>
<th>%</th>
<th>Class due</th>
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<tbody>
<tr>
<td>1. Written project + class presentation (Founder’s Agreement, etc.)</td>
<td>10</td>
<td>Team 2</td>
</tr>
<tr>
<td>2. Class Presentation (Capitalization exercise)</td>
<td>10</td>
<td>Team 3</td>
</tr>
<tr>
<td>3. Case Study Paper</td>
<td>50</td>
<td>Individual 4</td>
</tr>
<tr>
<td>4. Final Binder</td>
<td>30</td>
<td>Team TBD (due after semester)</td>
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The Binder will include the following papers:

1. Executive summary
2. Founders Agreement
3. Employment Agreement
4. Financial Model

More explanation will be provided in the class.

Teams submissions: all submissions are done in teams, except the case study paper (item #2). The teams are the same as the project teams.

Important: On first lesson all teams should send an email to course TA with the follow details: Names, ID No., emails, Head of the team (One member), project short introduction (one phrase).

Class attendance and participation:

Due to the small number of meetings, punctuality and attendance are critical and class starts on time so please don’t miss classes and please don’t be late.
Lecturer may award extra points for exceptional attendance, punctuality and exceptional participation in class and in groups.

Lecturer Office Hours

Daniel Pomerantz, JD: upon request, pomerantz.lecture@gmail.com.

Teaching Assistant

Noah Marks, Teaching Assistant: upon request, noahmarks6@gmail.com

Reading List

Required reading:

- NYU appendices on Financial statements, TMV, Debt v. Equity Financing (pages 1-20 only).

Articles:


our cases:

- Carlill v Carbolic Smoke Ball Co[1892] 2 QB 484 (QBD) (note this advertisement)
related to the case)


Optional reading:


Articles:
