



CO-FOUNDERS AND CORE TEAM:

Key Protections You Need In Founding Your Startup Team And Company

By Robert A. Adelson, Esq.

Partner, Engel & Schultz, LLP
One Federal Street,
Boston, Massachusetts

www.executiveemploymentattorney.com

IEEE Entrepreneurs' Network (ENET)
Waltham, Massachusetts



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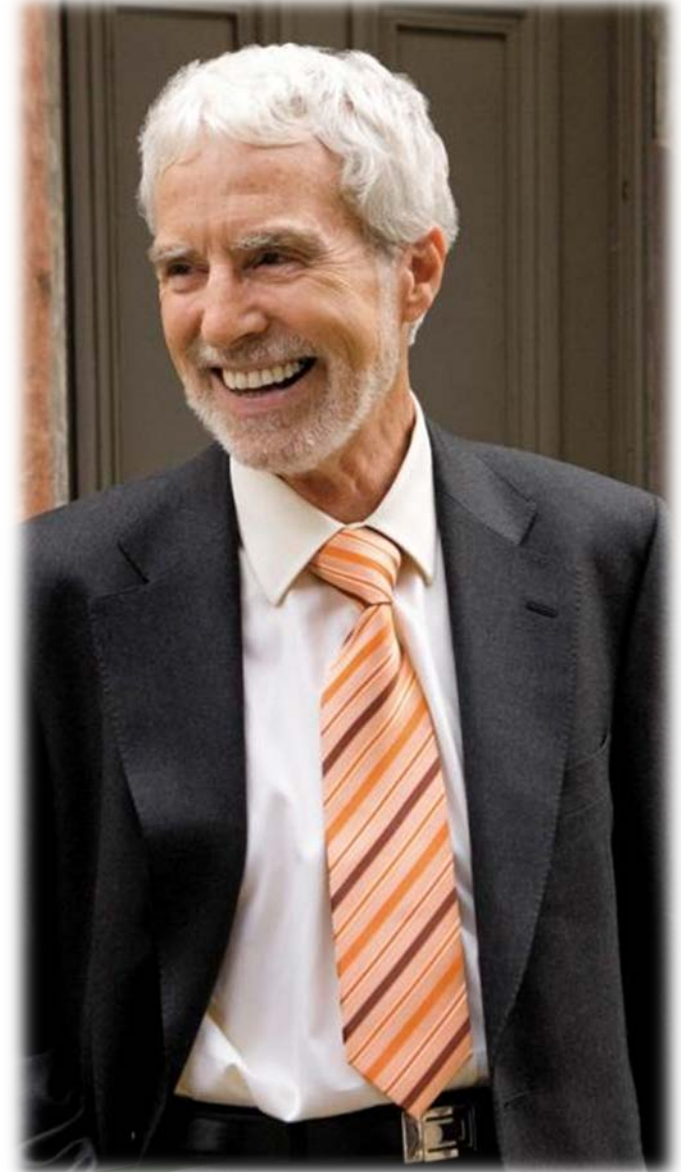
IP Ownership

- Prior Employer Rights
- Prior IP Agreements
- Assignment of IP to new company
- Reservation of Rights, if any, by founders
- “Work for Hire” contracts with contractors



Founder's Shares / Allocation

- LLC or Corporation formation
- Allocation based on Fairness
- Allocation based on contributions made –
- Cash, Inventions, Equipment, Connections
- Allocation based on “sweat” & commitment
- Plan and issue of shares / member units
- Shares rather than options
- Common rather than preferred



Key Protection: *Vesting Schedule*



- Vesting over time
- Vesting for contributions or milestone achievements
- Cancellation or repurchase of equity
- Portion, if any, retained by founder for what he/she contributed

Vesting Schedule / Acceleration

- Taking account of Founder losing interest, taking another position, leaving the state or otherwise moving on & no longer contributing
- Need equity available to go to a successor
- Partial or complete acceleration for liquidity event



Transfer Restrictions

- Contract to restrict transfer of shares unless allowed by the agreement
- Buy-back of shares in event of death, disability, divorce, bankruptcy of a partner
- Buy-back so Shares don't go to unwanted "partner"
- First offer rights on sale to third party
- Payment terms



Minority Rights

- “Drag Along” and “Tag Along” rights to cash-out if majority owner sells shares
- Right to Financial Information
- Right to distributions if S corporation or LLC



Termination

- Term or “At-Will” employment
- Notice for termination
- Termination for “Cause”
- Severance / benefits continuation
 - If Termination without cause
 - If Termination after change of control



Non-compete / Confidentiality

- Limited to narrow field of company
- Coverage for company's direct competitors
- Non-solicitation of customers
- No raid of employees
- Limited duration
- Company trade secret protection program
- NDA for all founders, employees, contractors
- Normal Exceptions to confidentiality obligation



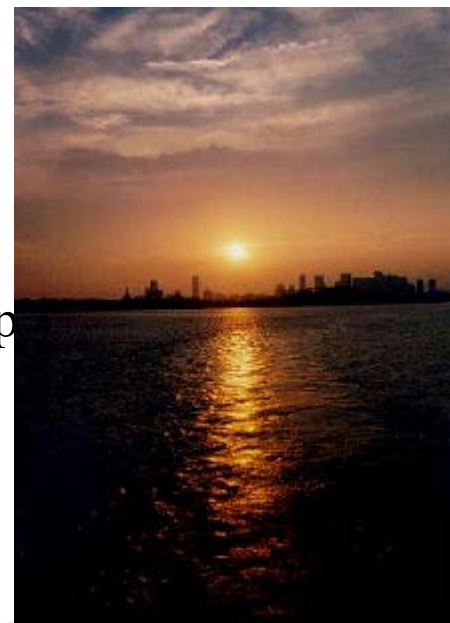
ABOUT THE SPEAKER AND PRESENTATION

- Robert Adelson has been an attorney for over 30 years
- Began Career with major NYC law firms
- Partner in 6-Attorney Boston law firm since 2004
- Specialized in business, tax, stock and options, employment, contracts, financings, intellectual property, M&A.
- Clients are (1) small companies and entrepreneurs, (2) C-level executives and key employees, (3) independent consultants
- Author of articles published in *Boston Business Journal*, *Mass High Tech*, *CEO Refresher*, *Family Business Magazine* and other publications.
- Degrees from Boston University, B.A., *summa cum laude*, Northwestern University (Chicago), J.D., *Law Review*, and New York University, LL.M. in Taxation.



ABOUT THE SPEAKER AND PRESENTATION

- Robert Adelson has been Chairman of ENET since 2009
- Board member since 2002, director of annual sunset cruise since 2003 (pictured below), spoken or moderated more than dozen ENET meetings over last ten years, including ENET meetings on these subjects:
 - *“Transforming Your Idea into a Successful company”*
 - *“Bootstrapping 101: Alternative Ways to fund a Startup without an Angel or VC”*
 - *“Licensing Technology”*
 - *“Building a Superior Management Team”*
 - *“Raising Seed and Angel financing”*
 - *“Legal Challenges to the Startup”*
- Co-Founder/Board member 128 Innovation Capital Group since 2004, moderated 39 meetings over those 9 years
- Named one of the “Top 20 Boston Startup Lawyers” - <http://www.chubbybrain.com/blog/boston-startup-lawyers-top-20-massachusetts/>



THANK YOU!

Robert A. Adelson, Esq.

Engel & Schultz, LLP

One Federal Street, Suite 2120

Boston, MA 02110

(617) 951-9980 ext 205

radelson@engelschultz.com

www.executiveemploymentattorney.com

