



Friends,

Happy lunar new year: the year of the Tiger. This month's newsletter is action packed with business and legal developments across the Global Silicon Valley, deals closed, invitations to digital summits and webinars, and of course a reminder that we are hiring.

### 2021 In Review

After the most prolific year in venture capital ever recorded, it's important to take stock of where we are. According to CB Insights "[State of Venture 2021](#)," report, the world saw:

- 959 total unicorns, up 69% y-o-y, with the year seeing a staggering 517 unicorn births and 44 decacorns.
- \$621 billion in global financing, more than double the 2020 mark of \$249 billion, and six straight quarters of growth across all regions. The US was by far the leading region for total dollars, followed by Asia, Europe and the new upstart: Latin America.
- \$311 billion was raised in the US – half the global total, as well as 12,281 deals.
- Early stage deals were a key driver, as high resolution seed financing deals became the norm. We are co-hosting a webinar on high resolution seed financing for startups with Bret Waters (4thly Accelerator), Danielle D'Agostaro (WV Ventures, ex-Alchemist), Christopher Clarke (Locale) and Ben Narasin (founder of Tenacity Venture Capital) on February 2 at 11am PST ([register here](#)).
- But who would have guessed that Asia would have had 36% of the deals, and become the number one market by volume of deals at 12,485.
- In M&A, there were 10,792 global M&A exits, representing 58% growth.
- SPACs were a big piece of the story in 2021, with a \$1.6 billion median exit valuation, jumping more than 2x from the prior year, and crushing the median IPO valuation of \$547 million, and the number of completed SPACs grew 247%. While new regulation expected from the US SEC, the growth has tapered off, but not stopped entirely. More on what's in store for SPACs [here](#).
- In terms of sectors, 21% of all funding in 2021 went to fintech companies, up 169% from the year. Fintechs also saw the highest proportion of early stage deals of any industry, indicating that the sector will see further growth in 2022.
- And who could miss calling out that Silicon Valley remained the number one global metropolitan area for new funding at \$105 billion, making it the tech capital of the United States. These figures were 2x the prior year. New York took the second spot at \$55 billion in funding, growing threefold from the prior year. For every two dollars invested in Silicon Valley, one dollar goes to New York.

### What's In Store For 2022?

But after this explosive year, January started off in a bit of a hang-over. We saw several shoes dropping on the public market for technology and life sciences stocks, and a tightening window for new issues, whether via IPO or SPAC. Upon reports of inflation climbing to 7% in the US, the markets could no longer ignore the looming interest rate increases that will be required to get this under control. Will there be two or three interest rate increases this

year? Will the Fed give us a half point increase in March? Some have written about a direct and corollary effect of each rise in interest rates on equity markets, as capital redeploys to the debt markets. In addition, with exploding budget deficits, tax increases continue to loom over the medium term horizon. Finally, geopolitical tensions are at their highest in decades as armed conflict is threatened in eastern Europe, potentially exploding the current security posture from the Black Sea to the Baltic Sea and beyond. On the other side of the world, tensions with China have resulted in significant potential legislation to curtail American investment in PRC projects and markets, and to sanction companies doing any commerce linked to purportedly forced labor camps. Despite the rising tensions with China, however, the trade volume between the two powers in 2021 was \$755.6 billion, up 28.7% year over year. US trade deficits were at their highest ever. Foley partners Mike Walsh, Natasha Allen and Louis Lehot will discuss doing business with China with government relations expert H.K. Park from Martin+Crumpton on February 8 at 11am PST ([register here](#)).

How will this bode for the balance of the year? While lower valuations in the public markets typically get translated into private market valuations quickly, we saw great deals getting done in January, as noted below.

Importantly, we are seeing fantastic results in technology development and sales growth in our core portfolio of clients, and we think this will power markets further up in 2022. On the transactional front, our clients have kept storming the capital markets for new dollars at robust valuations. Our team continues to work with some of the most prolific content creators, entrepreneurs and investors to create new platforms aligned with new technology paradigms, and all over the world.

As many of our clients explore new web3 capabilities, Patrick Daugherty and Louis Lehot continued their series on decentralized applications, with a piece on the [Law of Tokenomics, Revisited](#).

We are always available to help you brainstorm legal and business challenges, foster new introductions, and to help you build.

We are grateful for your trust and confidence, and look forward to seeing you in person or in the metaverse very soon.

[Your Legal Team at Foley & Lardner in Silicon Valley and San Francisco.](#)

## Foley Announces Daljit Doogal as Next Chairman and CEO

Foley & Lardner LLP is pleased to announce that [Daljit S. Doogal](#) has been elected as the firm's next Chairman and Chief Executive Officer (CEO). His term will begin later this spring. Doogal will succeed [Jay O. Rothman](#), who has served as Foley's Chairman and CEO since 2011.

Doogal is a partner and business lawyer in Foley's Detroit office. He is a member of the firm's Management Committee and has previously held numerous leadership positions at the firm, including managing partner of the Detroit office and chair of the firm's Business Law Department, and was intricately involved in the development of the firm's strategic plan.

"I am honored to lead my colleagues in this next important chapter for the firm," said Doogal. "I intend to build on the firm's solid and successful foundation and I am excited to work closely with Stan Jaspan and Claude Treece who will continue to serve as the firm's Managing Partner and Chief Administrative Partner, respectively." He continued, "My priorities are to enhance Foley's culture of client service, collaboration, innovation, and diversity, equity and inclusion, as well as continue to grow the firm strategically and enhance its market presence."

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## Catherine Zhu Discusses China's New Personal Information Privacy Law

Foley Senior Counsel [Catherine Zhu](#) was featured on Richard Levick's daily podcast, *In House Warrior*, in an episode titled, "Is China's New Personal Information Privacy Law the New GDPR?" Zhu discusses China's first

comprehensive law for the protection of individual personal information.

To listen to the full podcast, click [here](#).

## Foley Partner Louis Lehot Quoted in Law360 Discussing FTC, DOJ Overhaul of Merger Guidelines

Foley & Lardner LLP Partner [Louis Lehot](#) was recently quoted in the *Law360* article, "[DOJ, FTC Want to Overhaul Merger Guidelines](#)." Lehot commented to *Law360* that he saw in the proposed questions government efforts to expand the purview of deals reviewed and to deepen reviews of both vertical and horizontal deals. The enforcers, Lehot said, also appear keen to "lower the concentration thresholds that would establish a presumption of competitive harm" and look at more non-price factors that could be affected.

## Foley attorney Catherine Zhu quoted in Law360 on Consumer Protection Policy to Watch

Foley Senior Counsel [Catherine Zhu](#) was recently quoted in the *Law360* article, "Consumer Protection Cases & Policy To Watch In 2022." The FTC is also expected to pay close attention to "dark patterns" that websites use to trick consumers into making unintended choices. The commission this past year held a workshop to explore the issue and warned that it would be ramping up enforcement against the use of this tactic, noted Zhu.

[Click here](#) for the full article.

## Foley Represents Brazilian Startup TerraMagna in \$40M Debt and Equity Funding Round

Foley & Lardner LLP represented Brazilian rural credit fintech TerraMagna in its \$40 million debt and equity funding round led by SoftBank Latin America Fund and Shift Capital. Milenio Capital, along with existing investors, also participated in the round.

TerraMagna offers loans in partnerships with distributors and industries that already have a long-term local relationship with small and medium-sized farmers. The startup looks at a range of data sources such as satellite imagery, government data regarding environmentalism, climate data, and information from the notary. It then utilizes that data to underwrite farms. The company also offers a point of sale system (POS) to farming retailers, allowing them to capture financial data on the retailer and farmers.

This funding round will be broken down into \$10 million in equity financing and \$30 million in debt financing. The company plans to use the funding from this round to expand its regional presence and diversify its offering of financial products, as well as to grow its tech and sales teams.

Partner [André Thiollier](#) led the Foley team with assistance from Associate [Ethan Floyd](#).

## Foley Represents Webconnex in Strategic Investment by GreyLion Capital

Foley & Lardner LLP represented Sacramento-based tech company Webconnex, LLC ("Webconnex") in its strategic investment by private equity firm GreyLion Capital. The terms of the transaction were not disclosed.

Webconnex is a leading provider of ticketing and event management software, as well as fundraising, donor management, integrated payments, and event-based registration solutions. Since its founding in 2008, Webconnex has helped more than 60,000 organizations process over \$3 billion in transaction volume. As part of the investment, GreyLion Capital partners Henry Heinerscheid and Chip Baird will join Webconnex's Board of Directors alongside Webconnex co-founders John Russell and Eric Knopf.

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## Foley Represents Brazilian Startup Agrolend in \$14M Series A Financing

Foley & Lardner LLP represented Agrolend, a Brazilian fintech that works with retailers to the agriculture sector to offer credit to farmers via an app, in its recent \$14 million (BRL 80 million) Series A financing. The round was led by Valor Capital.

Agrolend is a financial institution authorized by Brazil's Central Bank to operate as a Direct Credit Society. The company has chosen not to operate as a credit intermediary; thus, the fintech originates the credit and formalizes the securities, does the risk analysis, makes the loan, and does the collection at the end. Agrolend's target public is an estimated contingent of 700,000 small and medium-sized rural producers of all kinds of crops (grain, livestock, dairy) spread over all Brazilian states, with annual revenues between U.S. \$91,575 and \$915,750 (BRL 500,000 and BRL 5 million). Agrolend plans to invest its Series A round in improving the platform's technology and credit offer model, growing its team from 15 people to 50 by the end of the year, and expanding the credit offer.

Partner [André Thiollier](#) led the Foley team with assistance from Associate [Saige Gallop](#).

## Leaving Your Job? Don't Forget Your Stock Options...

Stock options are how cash-starved tech, and life sciences companies large and small can most easily recruit and retain talent. Stock options are also an excellent tool for bigtech and bigpharma companies to align the optionee's interest with the business.

Even if you are excited to start a new chapter of your career, leaving a job is stressful for anyone. Before you pack up your things and send your goodbye emails, make sure not to forget about your stock options.

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## Your Startup Needs Insurance

Many startups perceive insurance as a luxury, shelving it until they are further along in the company's lifecycle. However, any business serious about sustainable growth should not postpone this decision.

There is always a risk involved in the process of starting and growing a company. Having adequate insurance is key to the success of your business and an issue every business owner needs to consider. Business insurance for startups provides valuable protection against the unexpected. Without coverage, threats like theft, fire, data breaches, or lawsuits could disrupt or damage your business.

Once you understand how insurance is vital to your business, you will be better positioned to determine how much of it you need. Business owners must weigh the cost of insuring against various risks and the economic impact of an uninsured loss.

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## Hart-Scott-Rodino Reporting Thresholds to Increase Significantly

On January 24, 2022, the Federal Register published an [FTC notice](#) announcing the latest annual adjustments to the statutory thresholds under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. § 18a) (HSR). These annual adjustments are pegged to changes in gross national product. This year's adjustment is the largest ever since the thresholds first became annually adjusted.

Once the new thresholds come into effect, the HSR size-of-transaction threshold will increase from \$92 million to \$101 million. The revised HSR thresholds will apply for transactions that close on or after February 23, 2022.

On January 24, 2022, the Federal Register also published an [FTC notice](#) with the latest annual adjustments to the statutory thresholds under Section 8 of the Clayton Act (15 U.S.C. § 19). The revised Section 8 thresholds are effective immediately.

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## Foley Launch Webinar: Accessing China's supply chain, consumer and capital markets in 2022

As we enter a third year of global pandemic and associated disruption, the need for business to access China's supply chain, industrial base, consumer and capital markets has never been greater. US business and investors need to access Chinese consumer markets, industry and capital to survive.

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## Foley Launch and 4thly Accelerator Webinar: High Resolution Seed Financing for Startups

Seed financings are flourishing right now in Silicon Valley and beyond, as seed has become an asset class of its own. In 2021 the median seed financing was an astonishing \$4.1 million and growing, according to Crunchbase.

As we move into 2022, how do entrepreneurs optimize their seed stage fundraising for this new era? How should startup founders use seed financing instruments (typically convertible notes and SAFE's) to effectively run a high-resolution fundraising process that optimizes long-term outcomes while aligning interests?

Join us for this special discussion with a panel of experienced experts.

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## Foley Webinar: Legal Considerations when Launching an NFT Marketplace

As consumer demand for NFTs continues, organizations looking to capitalize on the hype need to be aware of the legal risks. At various stages of the life of an NFT - from ideation to its creation and minting on the blockchain, to being listed and offered for sale, and potentially being resold by the purchaser - several third-party stakeholders are involved. While some of the third-party risks associated with NFTs and their creation, promotion, and sale will be familiar to organizations and their legal teams, others are unique to the NFT and blockchain space.

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## Additional Articles of Interest

- [Blockchain for Capital Equipment in a Machine-as-a-Service Model](#)
- [Foley's Annual MLK Jr. Oratory Competition Announces 2022 Winners](#)
- [Hospitality & Leisure Industry Team Honored as Participants in Largest 2021 Hospitality M&A Deal by a U.S.](#)

[Firm](#)

- [Fourth Annual Esports Survey Report](#)
- [The Law of Tokenomics, Revisited](#)
- [Legal Tech's Predictions for Legal Technology Innovation in 2022](#)
- [Can The IPO Market Pull Off Another Robust Year?](#)
- [Webinar: West Coast Attorney Forum 2022](#)

## We are hiring!

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

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