



## Business & Legal Developments



Friends,

Happy New Year! Sharing business and legal developments as we see them today.

For many, January is a time of resolutions, goals, and predictions for the new year. For us, we will continue to rely on the principles that we established a long time ago — working with founders, startups, and investors who are pushing the boundaries in their respective fields and adaptable to ever-changing market conditions.

The past two years have presented a host of challenges for startups and investors. Changing [regulatory landscapes](#) have made exit opportunities [hard to come by](#). Dry capital continues to sit on the sidelines — [PitchBook](#) points to a large drop in active venture capital investors in the US. They define active investors as those who have made two or more deals, which dropped by 38% in the first three quarters of 2023 compared to the same period last year. That means 2,725 fewer firms made deals in 2023.

On a brighter note, interest rates are expected to drop in the coming year as there has been encouraging news on the economy. And this is not just speculation; on December 13, the Federal Reserve indicated that it is ready to make at least three cuts next year and up to four in 2025. TechCrunch reports that this might mean tech shares and valuations could get a boost as “cash-rich” investors look for new places to invest. Investors are also willing to take greater risks when interest rates are lower, which is always a good thing for founders.

With the [boom](#) of artificial intelligence, both from an operational and investing standpoint, companies will be expected to operate in a [capital-light](#) model. This means more agile teams, moving quickly to prove product-market fit, profitability, and exit opportunities. AI-powered automation could lead to much greater efficiency for startups and improved operations. This technology can automate various tasks, from data entry to customer support, meaning significant cost savings for founders. No one can predict the future 100%, but conditions seem right for a sunnier year for startups. As we kick off the new year, founders should prepare for what this means and work with their advisors to determine how they can best capitalize on more favorable conditions.

As always, 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 Dörner](#), [Alidad Vakili](#) and [Tiaan De Nysschen](#)).

## Events

### [The Current State of Venture Transactions](#) | December 15, 2023

In a livestream webinar hosted by 4thly Accelerator's Bret Waters, Foley partners [Louis Lehot](#) and [Julie-Anne Lutfi](#) shared data and war stories about the state of the venture capital market in the fourth quarter of 2023. While deal flow and deal count continue to see declines, speakers shared optimism about the amount of dry powder still waiting to be deployed at historically attractive valuations and deal terms.

## [How to Avoid Big Startup Mistakes | December 21, 2023](#)

[Alidad Vakili](#) recently hosted another webinar in his recurring series covering various topics, including:

- Required corporate structure
- Legal considerations when pitching investors for seed financing
- Differences between using convertible debt and SAFEs
- Key terms and considerations when raising seed funding
- Common mistakes and pitfalls that companies make when raising seed funding via convertible debt and SAFEs
- How to close your seed financing
- Important post-closing tasks

### Recent and Upcoming Events:

#### [Reception and CLE Luncheon during J.P. Morgan Healthcare Conference | January 8-9, 2024](#)

Coinciding with the timing of the [J.P. Morgan Healthcare Conference](#), we are kicking off the festivities on **Monday, January 8, 2024** with a lovely evening with colleagues and entrepreneurs across Life Sciences. Guests will indulge at a great social space at the iconic Ferry Building with panoramic views of the Bay. The evening is being co-hosted with [Bioluminescence Ventures](#), [Crosstree](#), [Flagstar](#), and [Slone Partners](#).

On **Tuesday, January 9, 2024**, we are hosting a continuing legal education luncheon at Foley's San Francisco office to discuss trends across Life Sciences. Our partners, [Kyle Y. Faget](#) and [Eileen R. Ridley](#), will explore *Cybersecurity in Life Sciences* and *Paving the Way for Diversity: Adopting a Decentralized Model in Clinical Trials*.

#### [4thly Webinar 2024 Livestream Panel Discussions for Founders and Investors | January 17, 2024](#)

On Wednesday mornings we present a series of livestream panel discussions for startup founders and investors. Guests include attorneys, venture capital investors, and sector experts as we discuss topics and trends for 2024.

#### [Private Company Series: Planning for CEO Succession | January 23, 2024](#)

In the world of emerging growth companies, long before a company goes public, boards of directors have to navigate founders who are CEOs or chief technology officers (CTOs) who have stepped away from the business—or who do not know when it is time to. Join us for a session on CEO succession.

## Highlights

### **Where Have All the Venture Capital Firms Gone?**

While the past year has not been easy for startups, the outlook for 2024 is certainly looking brighter, and there is optimism that we could see more funding and maybe an easier road ahead for startup founders.

[Learn More](#)

### **Startup Advisors: How to prepare for a financing**

Foley's Startup Advisors answer questions that entrepreneurs need to know for their startup venture.

[Learn More](#)

### **Natasha Allen and Louis Lehot Assess AI Regulatory Outlook for 2024**

Foley & Lardner LLP partners Natasha Allen and Louis Lehot authored the *Legaltech News* article, "What to Expect in Evolving U.S. Regulation of Artificial Intelligence in 2024," exploring the regulatory outlook for artificial intelligence technology and the accountability demands it will place on companies of all sizes.

[Learn More](#)

### **DOJ and FTC Release Significantly Expanded Merger Guidelines**

The U.S. Department of Justice Antitrust Division (DOJ) and Federal Trade Commission (FTC) (together, the Agencies) released a significant revision and expansion to the federal Merger Guidelines (the Revised Guidelines), the document that lays out the framework for how the Agencies will analyze mergers for potential antitrust concerns.

[Learn More](#)

## Deals

[Foley Represents TDK Ventures as Lead Investor in Series A Funding Round for Faction Technology](#)  
[Foley Represents Envisioning Partners as Lead Investor in Series A Funding for Dimensional Energy](#)  
[Foley Serves as Legal Adviser to knownwell in \\$20M Series A Funding](#)  
[Foley Represents LatAm FinTech Kapital in Series B Equity and Debt Financing Round](#)  
[Foley Represents Mozaic in \\$20M Series A Funding Round](#)

## Contacts



**[Louis Lehot](#)**  
Partner  
*Silicon Valley / San Francisco*  
  
650.251.1222  
[llehot@foley.com](mailto:llehot@foley.com)



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



**[Eric Chow](#)**  
Partner  
*Silicon Valley*  
  
650.251.1120  
[echowfoley.com](mailto:echowfoley.com)



**[Brandee Diamond](#)**  
Partner  
*San Francisco / Austin*  
  
415.438.6401  
[bdiamond@foley.com](mailto:bdiamond@foley.com)



**[Alicia D'Alba Dorner](#)**  
Senior Counsel  
*Boston / New York*  
  
617.502.3213  
[adorner@foley.com](mailto:adorner@foley.com)



**[Lyman Thai](#)**  
Partner  
*San Francisco*  
  
415.438.6436  
[lthai@foley.com](mailto:lthai@foley.com)



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



**[Alidad Vakili](#)**  
Of Counsel  
*San Francisco*  
  
415.438.6421  
[avakili@foley.com](mailto:avakili@foley.com)



**[Tiaan De Nysschen](#)**  
Business Development Executive  
*Silicon Valley / San Francisco*  
  
415.438.6427  
[tiaan.denysschen@foley.com](mailto:tiaan.denysschen@foley.com)



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