



# Technology transfer, commercialization, and Washington's entrepreneurial climate

Washington State House Technology  
and Economic Development  
Committee Work Session

March 28, 2012

# Joe Wallin, What I Do



- Startup lawyer
  - I help companies incorporate.
  - I help companies navigate through the securities laws.
  - I tell companies what they can and cannot do when raising money.
    - For example, no advertising.
    - Only can accept money from accredited investors (almost always).
    - Must file forms timely with SEC and State of Washington (pay fees).
  - Also provide general counsel services.
  - M&A counsel.
  - Opinions expressed here are my own; not my firm's or the opinion of the bar or any other organization.

# Entrepreneurial Climate



- Pluses
  - A lot of new companies being formed.
  - A lot of entrepreneurial energy.
  - A growing number of accelerators in Seattle.
  - Founders who have had successful exits are reinvesting in startups here.
  - No state income or capital gains tax.
  - Good organizations to support startups.
  - Some companies locating engineering offices here.

# Entrepreneurial Climate



- Minuses

- Some venture capital funds are closing down.
- Others are shrinking.
- Still hard for startups to raise money.
- Regulatory uncertainty over venture fund managers being required to register as investment advisors (this affects small, angel funds).
- Startups leaving to go to California where funding climate appears better.

# How Can State Help



- Adopt a state level crowdfunding law. I have draft language available upon request.
- Make state law follow federal law with respect to late filings of Forms D. Make it clear that startups don't lose their securities law exemption if their filing is late—per federal law.
- Make it clear that venture capital fund managers (including angel funds) do not have to register as investment advisors.

# Crowdfunding: What Is It?



- Many, many investors each put in a little money.
- Right now crowdfunding for securities is not legal.
- Legal for pre-sales of goods, like watches and video games.
- Crowdfunding raises more for the arts than the National Endowment for the Arts.

# State Crowdfunding Law



- A Washington State Crowdfunding Law:
  - Would revolutionize early stage company financings.
  - Would attract entrepreneurs from all over the country.
  - Would be specific to Washington corporations doing business here, and would be limited to Washington investors (to comply with federal law).
  - Washington would be a leader; the first state in the nation with its own crowdfunding law.

# Thank You!

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