

Venture Capital & Emerging Growth Companies March 2020 Highlights

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We hope that you are all well, taking reasonable precautions, and that your health and businesses remain strong. Your McCarter team is working as usual (albeit remotely) and remains steadfast in our commitment to helping our clients achieve their goals and meet today's unique challenges. We are working collaboratively across our practices to provide you with the most timely information concerning the Coronavirus pandemic on our [Coronavirus Task Force Resource Center](#). We also will reach out to our contacts proactively as information important to their business operations becomes available.

You may be interested in New York City's newly adopted [employee retention grant program](#) available to New York City-based small businesses with no more than four employees suffering a 25% or more decrease in revenue as a result of COVID-19. If you are a startup/emerging growth company or a venture capital firm with portfolio companies that might qualify for this program, please reach out to us with any questions.

Many of our publicly held clients are in the midst of proxy and annual meeting season. In light of the COVID-19 problems, as well as state and local mandates prohibiting large group meetings, the staff of the Division of Corporate Financing and the Division of Investment Management of the U.S. Securities and Exchange Commission published guidance on March 13, 2020, that relates to public companies conducting their annual meetings virtually instead of in-person. Please click [here](#) for more information.

For New Jersey businesses that are being financially and/or operationally impacted by the coronavirus outbreak, the New Jersey Economic Development Authority (NJEDA) has set up an information page to address concerns. In addition to a portfolio of loan, financing, and technical assistance programs available to support the small and medium-sized businesses affected, the NJEDA has programs, initiatives, and incentives for all technology and life sciences enterprises, entrepreneurs, and investors. The materials are provided for your reference on this page.

McCarter has a thriving [life sciences practice](#) that brings substantial experience in the pharmaceutical, medical device, biotechnology, and healthcare fields to established organizations and startup life sciences ventures. We are proud to collaborate with [Mount Sinai Innovation Partners](#) on its pitch challenge programming, where our attorneys will act as mentors and hear

teams present their technology-based ideas and innovative products.

Lawyers in McCarter’s [Venture Capital & Emerging Growth Companies Practice group](#) empower clients throughout the development cycle—from ideation to creation, capitalization, implementation, commercialization and monetization.

Media Mentions

2.3.2020 Amy Haberman authored “New Form I-9 Required as of January 31, 2020”—*Immigration Alert*

2.11.2020 Zack Hadzismajlovic and Ronald M. Leibman discussed “[CFIUS: Final Regulations Governing Review of Foreign Investment in US Businesses and Real Estate](#)”—*McCarter On Demand Podcast*

Additional Resources



NJ CoVest Fund

Program Overview
Designed to help emerging technology companies bridge the funding gap between product development and commercialization.

- Investments of \$100,000-\$250,000 in the form of Convertible Notes with Warrants
- 3% interest and 10 year maturity
- Stimulate and support growth in business operations, product development, and sales revenue

Target Applicants
Early stage in the life cycle of an sciences company
Structured as a C-Corporation or a LLC with unit structure
Maintains a Board of Directors/Advisors
Located in physical commercial office, co-working or incubator space in NJ
50% of full time employees spending at least 80% of their time in NJ
A minimum of 2 full time founders that have made a financial investment in the company

With the support of the NJEDA, we are expanding our partnership with additional health systems and health plans to help them utilize the power of peer mentoring to improve population health.

Subash Patel, MD PhD
Co-Founder and CEO of InspireHealth

Work information available at www.njeda.com/covest



NJEDA
State Support for the Technology Sector

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Financing and Incentive Programs

Angel Investor Tax Credit Program
This program provides refundable tax credits against New Jersey corporation business or gross income tax for up to 20% of a qualified investment in an emerging technology business with a physical presence in New Jersey that conducts research, manufacturing, or technology commercialization, with potential increase to 25% if the business is certified M/WBE or located in an Opportunity Zone or New Markets Tax Credit Census Tract. Visit www.njeda.com/angelinvestor for more information.

Technology Business Tax Certificate Transfer Program
This program enables tech and life sciences companies to sell a percentage of their New Jersey tax losses and/or unused