

From: "jeffrey E." <jeevacation@gmail.com>
To: george church <[REDACTED]>
Subject: Re: FW: Investment Protections
Date: Thu, 09 Oct 2014 17:55:29 +0000

lets have the call at our comveicnei

On Thu, Oct 2, 2014 at 7:13 AM, george church <[REDACTED]> wrote:

See the response from James below.

Of the 76 pages, should I assume that, as with Mozart, every note is needed?

--George

From: James Clement <[REDACTED]>
Date: Wednesday, October 1, 2014 at 4:03 PM
To: george church <[REDACTED]>
Subject: Re: FW: Investment Protections

Hi George,

Glad to hear from you. Did your daughter have her baby yet? I hope all is well.

As you know, we've been in a Seed Stage financing position since we began, receiving anywhere from \$100,000 to \$200,000 per year from angel investors. In 2014 we've taken in no funding. It was important to our early investor(s) to get a pro-rata (based on their capital accounts) share of our Net-Operating-Losses, so they could use such against their own taxes, which is why we favored a LLC structure. It was contemplated that at some point, probably when we had achieved some patentable IP, that we'd need to restructure into a typical C corp with the usual layers of common and preferred shares, as generally required by a VC. Since many VCs demand a particular structure, we felt it best to wait until we had negotiated such a Series A round, before undergoing the expense of these changes.

With this in mind, perhaps we can schedule a phone call in which we discuss Darren's recommendations and how you see things going in the near future. Please feel free to share the above information with him, and let me know how I can help you get comfortable with an investment in Androcyte LLC. As I had offered before, you're welcome to become a co-manager of the Company, if you'd like. I would value your assistance and guidance!

Thanks,

James

James Clement, J.D., LL.M.
CEO, Androcyte LLC & Betterhumans Inc.
[Supercentenarian Research Study](#)
U.S. Cell: [REDACTED]

On Wed, Oct 1, 2014 at 1:04 PM, george church <[REDACTED]> wrote:

James,

The following documents which contain exemplary protections that should be built into any financing by Georgarage, LLC:

- Series 5 Preferred Stock Purchase Agreement, which includes
 - time limitations for subsequent financings in the same financing round
 - protective representations and warranties
 - closing conditions
- Amended and Restated Articles of Incorporation, which include
 - dividend preferences

- liquidation preferences
- conversion rights
- anti-dilution adjustments on conversion price
- special voting as to different series or classes of securities
- Sixth Amended and Restated Investor Rights Agreement, which includes
 - general restrictions on transfer
 - demand registration rights
 - piggy-back registration rights
 - S-3 registration rights
 - Rule 144 reporting obligations of the Company
 - preemptive rights/anti-dilution rights for new issuances of securities by the Company
 - Company financial reporting obligations and investor inspection rights
- Fourth Amended and Restated Voting Agreement, which includes
 - voting rights for different series of securities with respect to electing directors
 - drag along obligations for investors to vote in favor of major transactions (i.e., sale of substantially all of the Company's assets or sale of all outstanding stock) approved by key holders (i.e., Georgarage, LLC)
- Third Amended and Restated Right of First Refusal Agreement, which includes
 - in case of a investor's desire to sell his shares, a right of first refusal in favor of the Company and the other investors

Regards,

Darren Indyke

DARREN K. INDYKE
 DARREN K. INDYKE, PLLC
 575 Lexington Avenue, 4th Floor
 New York, New York 10022
 Telephone: [REDACTED]
 Telecopier: [REDACTED]
 Mobile: [REDACTED]
 email: [REDACTED]

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