



# Newsletter

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## Dinner Details

**Date:** Wed., Nov. 17th, 2010  
**Place:** Los Altos Golf and Country Club  
**Time:** 6:15 - 9:00 pm  
**RSVP:** 650.321.0854  
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## Introduction

I am writing this last newsletter for 2010 from New Zealand, where I have come to address the Angel Association of New Zealand's annual conference; I thought you might be interested in some observations from here. New Zealand is a country of 4 million people, and at least 5 decent angel groups—a proportion very similar to our own Bay Area. They are quite in touch with angel practices and activity in the United States (amazingly, one of the first questions I was asked was about "Angelgate"). The groups here are quite sophisticated in their outlook and activity. Kaufmann Foundation Power of Angel Investing courses are taught (we at the Band paid for two modules to be taught, in February of 2009 and 2010 respectively) and their groups are active, investing at about the same rate and dollar amount per capita as Bay Area angel groups. Of course, there are differences. They drive on the left hand side of the road here, there is no security check at the airport (not only do you not need to take off your shoes, you just walk on without having your bags x-rayed), and there is a deep awareness of their small national size. In our own investing in the USA we debate about whether to go big (ala Facebook or Google) or go small with early M&As. Here, those questions are delineated by whether one invests in a company that is going to stay in New Zealand (and thus be small) or try to go global to China or the USA and become big. That said, Movac angel group in Wellington garnered 500x by doing an eBay competitor called TradeMe which sold for more than \$400M. It thrived in part because the costs of shipping to and from a New Zealand population an ocean apart from everything overcame the network advantages of eBay. There may be other strategic benefits to investing in startups in this small, English speaking, first world nation just an overnight flight away from SFO...not least perhaps because each investment dollar by an angle is matched by the government. This doubles this amount of investment capital an angel may invest. Whatsmore, those angels can buy back that government investment up to 5 years later at a bond rate of return...meaning the government takes the risk but the angels can buy the profit. In addition, there is no tax on long term capital gains; that's right, all your gain on investments is tax free!

It's not as nice a deal here but remember that you have only 6 weeks left to invest in a QSBS company and ensure that 100\$ of your gain is tax free (see last newsletter). Materna still has \$50k left I believe, Vapore also did their first close last week but has a tad of room, and Cabulous reopened their Series A, just to take advantage of this tax credit, to raise up to \$200k. All three of these, by the way, are at valuations of \$1M or less.

And while we are issuing reminders; please remember about the wonderful next luminary meeting with Randy Komisar of Kleiner Perkins to be held on Nov 16th; this follows a wonderful SIG event with Steve Baloff of ATV Capital last month.

We wrap up a tremendously successful 2010 given all the head winds in the world with another of our sensational holiday parties. Come on December 7th and enjoy great food and wine and companionship at our 16th annual Holiday Party. Take care and see you soon.

- Ian