Foley & Lardner sets up fund with partners' money

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Foley & Lardner, a US-based law firm, has launched a $4m corporate venturing fund using its partners' money to invest in or with its clients

More than 70 of Foley's 350 legal partners have committed to the fund, Foley Ventures, which will be drawn down over two years.

To deal with potential conflicts and manage deal flow, Foley will use a set formula, investing in a company if it is projected to have adequate cash flow after the investment for at least one year. For start-up or emerging companies, the fund will also invest if the group receives a simultaneous investment from a professionally-managed venture fund. Start-ups with angel investors alongside can receive $50,000 while those with VC syndicate members can receive $100,000. Both sets of deals could receive a follow-on round of money, the firm said.

Gabor Garai, chairman of Foley's private equity and venture capital practice of more than 200 attorneys, said this "piggy-backing" approach meant the venture capital firms set the terms and did due diligence – Foley would exit with them and would be passive investors with no board or observer seats. The only exception to the formula would be if Foley Ventures' investment committee decided the deal with antithetical to its law firm ethics.

The firm said the corporate venturing fund's deal flow would come from its near-1,000 attorneys from all practice groups, from intellectual property to government regulations, and from any of its 21 US and international offices, whether or not they invested in Foley Ventures. This would bring the attorneys closer together across practices and put the firm closer to the technology hubs it served.

Garai said: "Establishing a venture fund was the next logical step in support of our clients dealing with sophisticated financing issues. By having a vested interest in our clients' businesses, we are further demonstrating our commitment to their success by literally putting our money where our mouths are."