

Situation 1 - Facts

Amy, Baljeet and Carlos are all graduate students at CMU. Amy and Baljeet are second year students at Tepper. Carlos is a first year student in SCS.

Amy is a U.S. citizen, Baljeet, an Indian national, and Carlos, a Canadian national. Baljeet and Carlos are each present in the U.S. on an F-1 student visa.

The three students met in a class on entrepreneurship and are pursuing a class project they worked on together. Amy and Baljeet are assessing the market, including meeting with companies who may be interested in their technology solution. Carlos is working on an alpha version of the software.

The students have not signed any agreements among themselves or with others, and they have neither applied for nor received any funding from third parties.

Situation 1 - Questions

- **Are the three students permitted to take the actions they are pursuing without violating U.S. immigration rules?**
- **What documents, if any, should the three students be considering at this point?**
- **What impact would these agreements have on their immigration status?**

Situation 2 - Facts

Amy, Baljeet and Carlos have satisfied themselves they can turn their class project described in Situation 1 into a business.

The three students have received an Innovation Works AlphaLab grant of \$25k, along with office space and mentoring, to launch a software company.

Each of the students will be an owner of, and provide services to, the new company.

Situation 2 - Questions

- **When should they form the new company?**
- **What form should the new company take – C corp., S corp. or limited liability co (LLC)?**
- **What documents are required to launch the company?**
- **Can Baljeet and Carlos hold equity in the company?**
- **Can Baljeet and Carlos be paid cash for their services to the company?**
- **Can Baljeet and Carlos be paid for services to the new company through the vesting of their equity?**

Situation 3 - Facts

Amy, a 2013 Tepper graduate, has quit her job at Google to start a new robotics company.

Baljeet, who graduated with Amy from Tepper in 2013, is currently employed by Microsoft. He is now present in the U.S. under an H1-B visa.

Carlos is a second-year graduate student in CMU's SCS and is present in the U.S. under an F-1 visa.

Situation 3 – Facts (cont.)

Amy would like to hire Baljeet and Carlos to work for her new company. The idea for the business grew out of a class project the three of them worked on together in 2013 prior to Amy and Baljeet's graduation.

Baljeet has friends in India who can provide important software services to the company.

Situation 3 - Questions

- **What form should the new company take?**
- **What documents are required to launch the company?**
- **What form of company would best enable Amy to obtain financing?**
- **Can Amy hire Baljeet and Carlos to work for the company?**

Situation 3 – Questions (cont.)

Can Amy provide equity-based compensation to Baljeet and Carlos?

Can Amy hire Baljeet's friends to provide services to the company?

Can Amy provide Baljeet's friends with equity-based compensation?

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