



structure and governance

Prepared for the
Czech Trade & CzechInvest



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about us

Fellow services Founders and Funders with a connection to the San Francisco Bay Area (Silicon Valley). We have especially deep know-how and experience helping international founders scale their business in the US with Silicon Valley in particular.

We are a group of lawyers from BigLaw, boutique law firms, and global in house teams. We provide high-touch, fast, and efficient service.

Headquartered in San Francisco with offices in New York and Prague.

Focus on

- Financing and M&A
- Corporate
- Contracts and Negotiation
- Talent and Employment
- Immigration
- Intellectual Property



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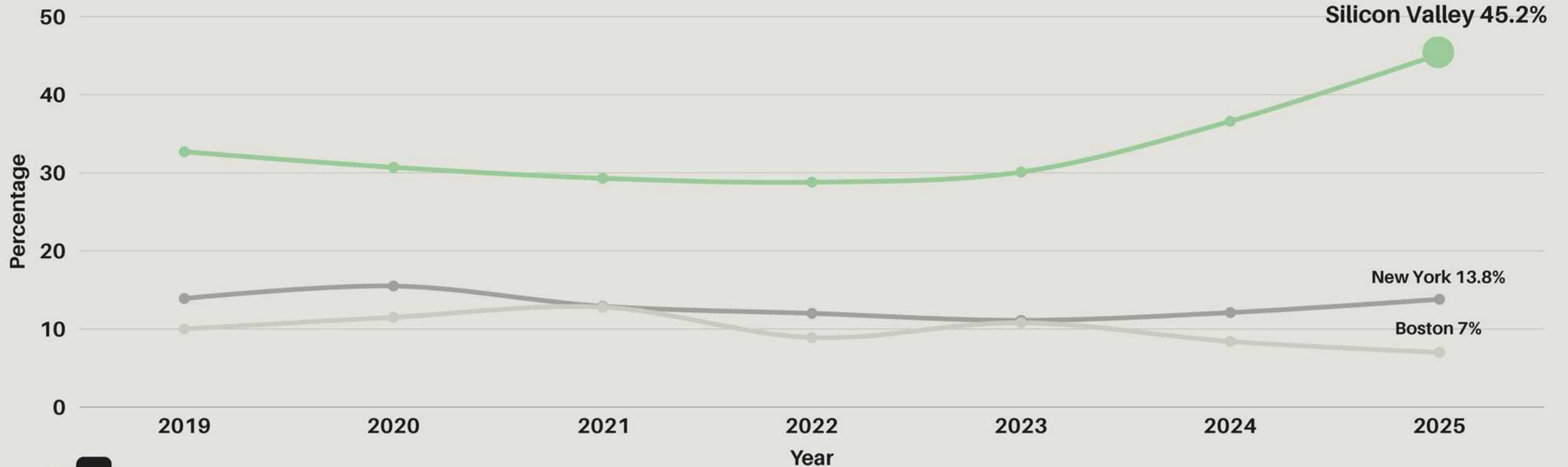
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venture in the valley

Top 3 Cities ranked by dollars raised by startups in Seed + Series A rounds on Carta



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structure options

Limited Liability Company (LLC)

- Often recommended for pass-through taxation
- Simpler governance - can be run directly by the owners
- No tax benefits for investors (QSBS)
- Tricky for international founders due to ECI rules
- No Stock Options

Corporation (C-Corp)

- VC standard (Delaware C-Corp)
- QSBS exclusion
- International founders shielded from tax
- Dual taxation (Corp income + dividends)
- Corporate minutia - run by the Board and Officers
- C-Corp x S-Corp



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delaware c-corp

01

Market standard.

While some US states are looking to challenge Delaware's primacy, for now it remains the best choice for startups, offering familiarity across the market.

02

Two layer management.

The Board is appointed by the stockholders to make the most important decisions while the business is run by the CEO and other officers appointed by the Board.

03

Qualified Small Business Stock (QSBS).

Tax-free capital gain for founders and early investors subject to certain time based rules and rules on the use of assets in the company. Be mindful, investors expect this.

04

US Person.

Unlike an LLC which is taxed on the member (shareholder) level, C-Corp is its own taxable entity and is always a US person, preventing issues with international tax rules.

05

Corporate Formalities & Financing Norms.

Corporate formalities matter and are standard. Market created financing frameworks that are used almost exclusively. These are Simple Agreements for Future Equity (SAFE) and NVCA equity rounds.

06

Privacy.

The state does not require the disclosure of the names of people in corporations, which helps protect the identities of owners and investors.



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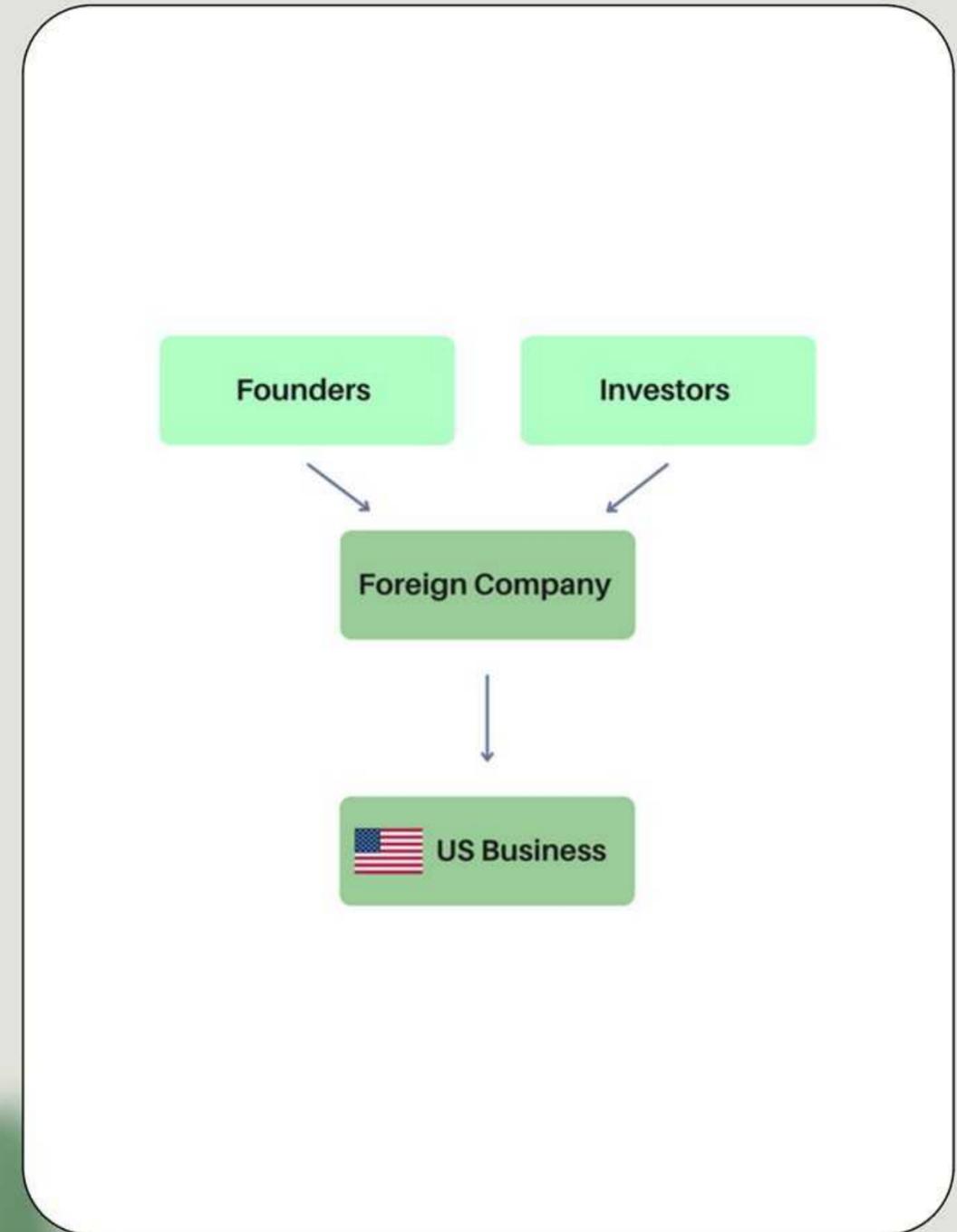
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subsidiary

- Foreign company is the 100% owner of a US business (C-Corp or LLC taxed as a C-Corp).
- Foreign company (its management) appoints the Board and officers of the US Business, who then run it.
- Future IP is created in foreign country.
- US Business need to be paid at “arm's length” for services done for the Foreign company.
- Transfer Pricing requirements, a set of rules and documentation standards based on the arm's length principle.

*Appropriate for Foreign companies that **do NOT require** US investment. US Investors will not invest in a subsidiary that does not hold the IP.*



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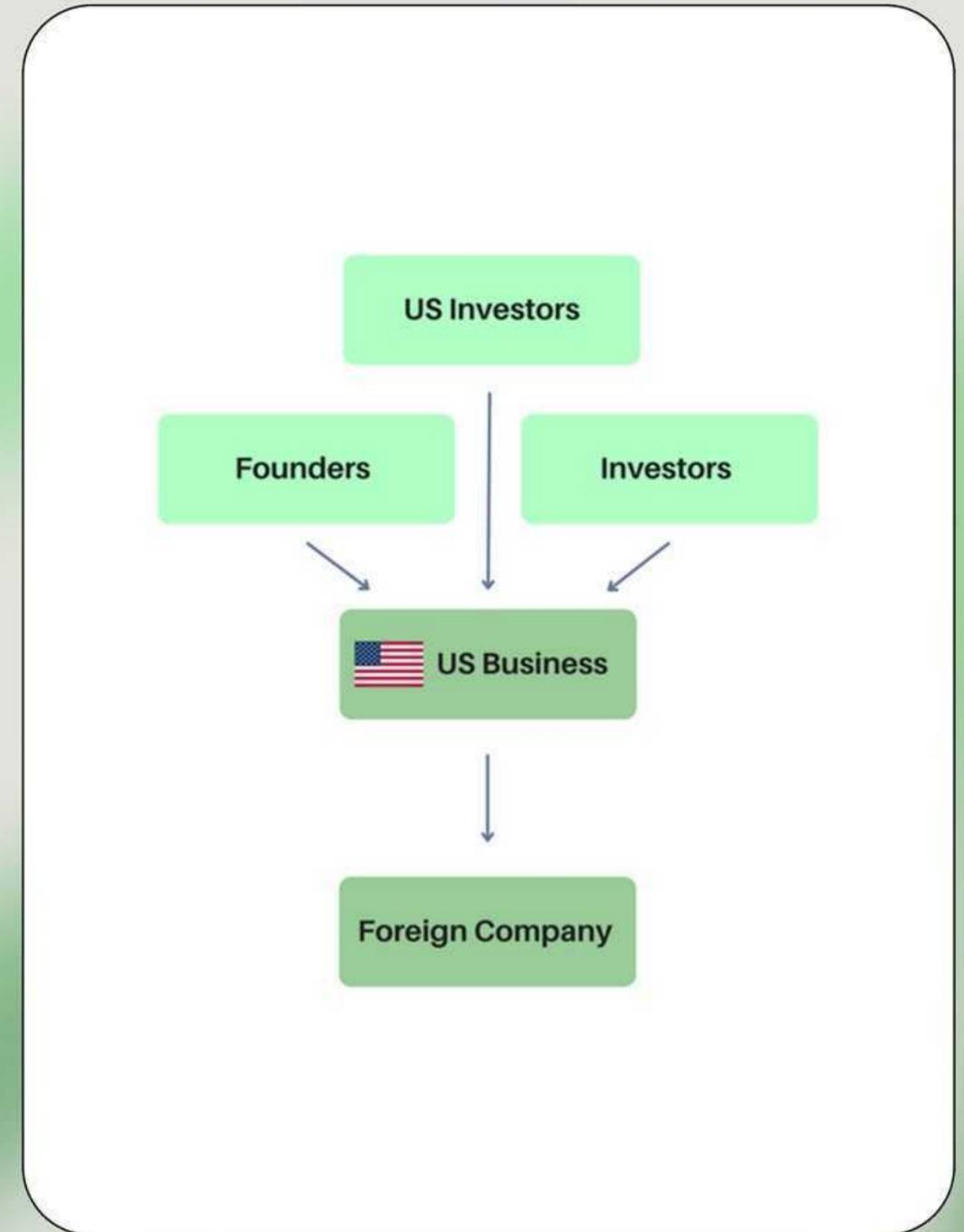
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holding co.

- US Business is the 100% owner of the Foreign company. US Business can be owned by the original stockholders of the Foreign company.
- Stockholders (founders + investors) appoint the Board and officers of the US Business, who then run it.
- Future IP is generally created in the U.S.
- Foreign company need to be paid at arm's length for services done for the US Business.
- Transfer Pricing requirements.

*Best for Foreign companies that **have or seek** US investment. ~70% of US investors will only invest in Delaware C-Corp. Known playbook, known taxes. Colloquially called "US Flip".*



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startup costs

\$2,000
Initial Cost of
Starting a
Company

\$10,000
Minimum annual cost of running
a Company (monthly bookkeeping, taxes,
corporate costs)



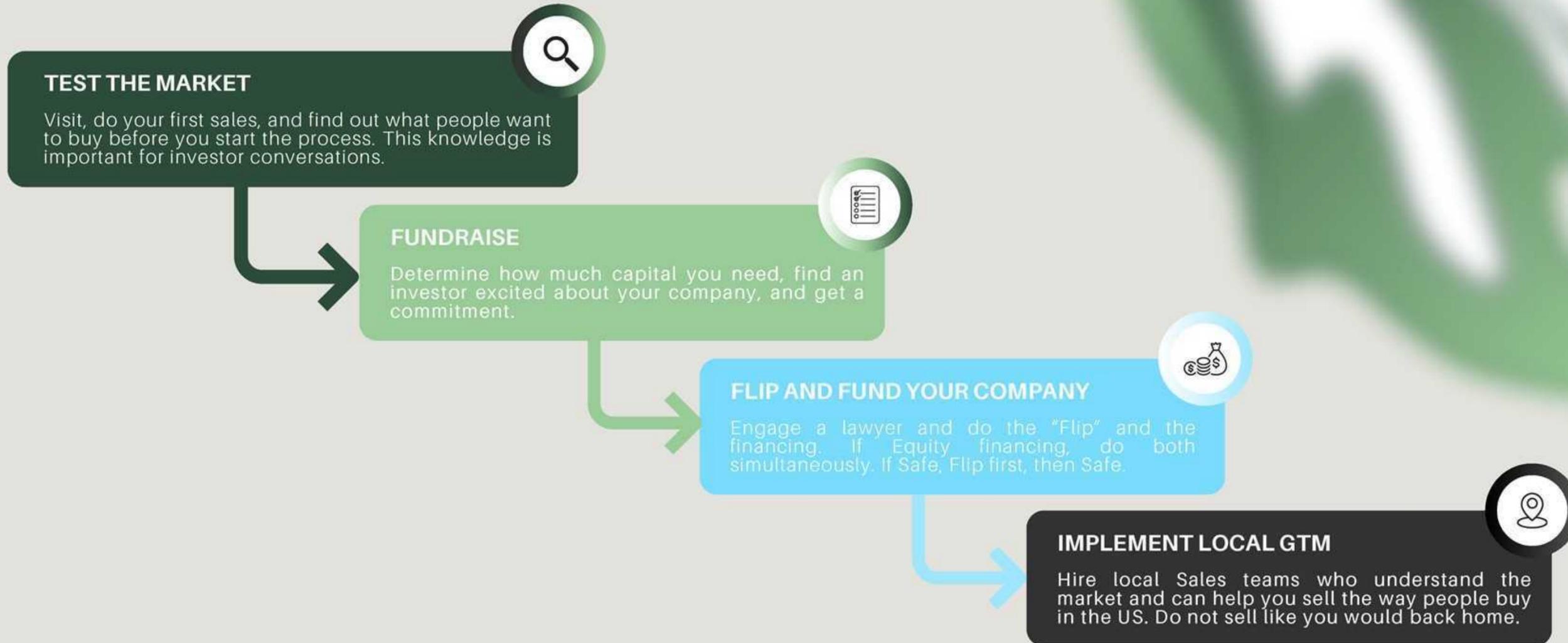
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roadmap



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common mistakes

01

Not going the standard route.

Fundraising in the US is abundant for many reasons. One of them is that the corporate structure is standardized and expected by investors. Don't try to reinvent the wheel.

02

Opening a US company too soon.

You should first have a strong reason to open shop. Wait for your lack of US business to be a blocker (investors or clients require it) before you work on the switch.

03

Doing GTM alone.

Different market means different selling practices. Engage local GTM team to ensure that you are lowering friction between you and your customers, not the opposite.

04

Trying to "save" on accounting and taxes.

US Tax System is complicated and it's even more complicated for international founders. Penalties are high (\$25,000 per piece) and non-compliance difficult to fix after the fact.

05

Underplanning immigration.

With immigration to the US becoming harder, it's important to plan ahead (sometimes more than 1y ahead) and retain immigration counsel to structure your move.

06

Not qualifying for business in each State.

Generally, once you are present in a State, you must register your entity and pay taxes from connected income. Big corporations file 51 income tax returns (each State + Federal).



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your questions & thank you



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