

GUSTO LAW

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“When you’re starting a business, your accountant and lawyer should work together hand-in-hand to figure out the ideal ownership and financing structure. When it comes to running the business, I would work with your lawyer to discuss how what kind of documents, policies, procedures and contracts you will use within the company (among your staff, employees or contractors) and with the outside world (your customer and vendor contracts, your terms and conditions, etc.). You don’t have to do everything at once, but it would be great to have a road-map and wishlist of all of the things you’ll need. Target what needs to get done right away, and build up your governing documents as you go.” - Gus Lu, Gusto Law



Gus Lu is the founder of Gusto Law. He has served as general counsel for U.S. and Canada-based private equity portfolio companies, and formerly practiced in the areas of securities and mergers & acquisitions law at a top-ranked national firm. A former television producer and film studies graduate from Yale University, Gus is recognized by his clients for applying creative solutions to technical legal problems.

Gus had guided entrepreneurs and mid to large-cap companies in various stages of their life cycles, from initial formation and fundraising, navigating periods of growth and challenges, to negotiating divestitures and forming new business combinations. In his extensive in-house counsel roles, Gus has touched on all areas of corporate law. He has guided businesses in banking, tax, finance, corporate governance, regulatory compliance, intellectual property, privacy, and employment matters, among other topics.

Gus is known for delivering excellent legal services efficiently and within budget, directing work internally and externally to provide clients with the most timely and cost-effective results. His years working extensively with Calgary-area lawyers specializing in niche practice areas, as well as with lawyers in other major markets including Toronto, Vancouver, New York, Los Angeles, and Houston, allow Gus to carefully, and judiciously, access a broad network of subject-matter experts, when, and if, his clients require specialist support. When engaged, Gus is able to carefully manage these experts’ time, using them as ad hoc resources rather than as work-horses.

Q & A with Gus Lu

Why did you become a lawyer?

I fell into law by pursuing my first career in the entertainment industry. I'm Calgary born and raised, and knew I had to go south to make anything happen. I studied film at Yale University and moved to LA after graduation. My first job was as a talent agent's assistant at Creative Artists Agency, where my boss was helping to import the English show, Pop Idols, to the US (later called American Idol). Pitching the idea to Fox wasn't the hard part. My boss just had to tell the network that more people voted in the first season finale of Pop Idols, than in the last UK parliamentary elections. The more dynamic part of making the show happen was integrating potential corporate sponsors into the fold. That was where the bulk of the energy went to – not whether Paula Abdul was a judge, or whether to take a chance on the then unknown Ryan Seacrest. The business deal among the sponsor consortium of Ford, Motorola, AT&T and Coca-Cola was the real, behind-the-scenes success story. It was a very big jump culturally-wise from the little movies I made in college. I'm naturally more of a creative, "left-brained" person, and I felt very ill-equipped to participate in that space. I went to law school, in part, to be able to speak the language of business to help turn ideas into reality.

What is corporate law? (in non-legal terminology)

Corporate law is the umbrella term that describes all of the different areas of law that involve business activities. There are many practice areas but the most familiar ones will include: corporate finance and securities (businesses raising money, whether by selling debt or ownership of that business); mergers & acquisitions (buying and selling businesses or business assets); employment; banking;



tax; real estate; commercial (drafting and negotiating contracts); regulatory (when an industry has to follow rules administered by a government body); and litigation and dispute resolution. Lawyers may also specialize in certain sectors and call themselves, for example, cannabis lawyers, oil & gas lawyers, cryptocurrency lawyers, Indigenous law lawyers, to name a few. However, to the extent that a lawyer is helping a corporation, partnership, sole proprietorship or joint venture, rather than an individual person, they can all be considered to be "corporate lawyers".

Do all businesses need a lawyer?

All businesses need to have readily available access to different types of lawyers who can provide effective and efficient advice, at the price-points that are appropriate for the level of complexity of the work, and for the commercial value at stake. Let's break down what that means. "Readily available access" does not mean that every business needs to have a bunch of retainers with big law firms all over the city, or that they should hire a full-time, in-house lawyer when they are starting out. However, if your business is in a specific industry, it might be useful to have a standing engagement letter with an experienced lawyer

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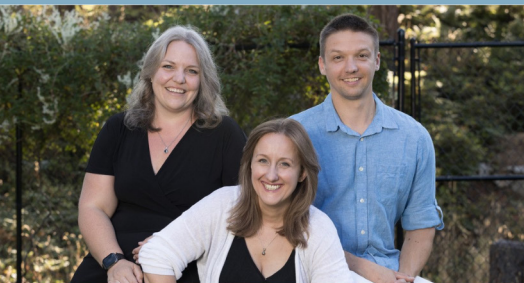
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who knows that sector well. It's more efficient to pick up the phone for a 10-minute strategic call with someone who knows the ins-and-outs of your business, than to pay another lawyer to burn hours of billable time getting up to speed on your questions. It's good to shop around and experiment working with different lawyers. Find the advisors who suit your communication preferences, personality styles and appreciates your level of business risk and cost-consciousness. In my work, if I'm not the right person for the job, I'm always happy to provide one or more referrals to someone who might be a more suitable fit.

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What kinds of things do you focus on?

The bread and butter of my legal practice is commercial contracts. I have reviewed, drafted and negotiated hundreds of contracts for the oil and gas, software and technology, commercial real estate, cannabis, e-commerce and construction sectors. My practice also focuses on corporate governance matters, which means that I combine what I know as a lawyer, with what I've seen serving as a strategic advisor to many different companies, in order to help companies figure out how they want to grow, organize their staff, or just fine-tune their trajectories.

Why do people avoid lawyers?

#1 – The billing black hole. Not knowing how much time will be spent by your lawyers, how many lawyers they are going to get involved on the file, and how far down the rabbit hole they will go in working on your file. Don't forget - you are the client. You have a right to ask for a realistic estimate, to set limitations on how your lawyer staffs your file with juniors, students or their fellow colleagues, and to define how they prepare their deliverables. Would a phone call be cheaper than someone writing a 10-page memo? Most certainly.

#2 – Lawyers who stand in the way of your business ideas. By training, lawyers are taught how to avoid risks, but that approach runs contrary to how some entrepreneurs naturally think. Some entrepreneurs want to explore and push the boundaries because that's where they see opportunities are to be found. This may mean performing or enforcing an agreement in an aggressive way. It could mean operating your business in a "gray zone" where there are some uncertainties about the current treatment of the law, or the regulatory space. This happens all of the time, and not just in the obvious business sectors like cannabis or cryptocurrency, for



example. Think about stories about labor laws and practices at major companies like Amazon and Tesla. Most businesses will at some point, be confronted by decisions where there is a push-pull between risk and reward. It doesn't help for your lawyer to be a "yes person", nor is it useful for a lawyer to only show you the insurmountable obstacles. Sometimes a lawyer will disagree with you, and that's okay. An effective lawyer will appreciate that risk is unavoidable, and help a business manage risk and make a decision, by thinking through different scenarios, and the impacts they may have to your business.

You have gone from working with a law firm in a general counsel role to starting your own legal firm, how has the transition been?

Part of a lawyer's job is to stay fresh and up-to-date on the latest developments in the law, and sometimes that can be difficult serving the same industry or client for too long. I'm so excited to be helping different kinds of businesses at different stages in their stories – from one-person start-ups, to multi-national companies trying to hit that next level of global presence. I'm learning a lot from my clients, and it's definitely invigorating for my

skill development. I love being an in-house lawyer because you become very integrated with the team and the business vision. It's often hard for an outside lawyer to get that close to their client's business because of the billable hour cost. That's why companies want to have a full-time lawyer on staff. However, not all businesses have enough legal work to justify a dedicated personnel. They are one of the more expensive members of your team – you have to pay for their benefits, vacation, and severance costs can be very high if the relationship doesn't work out. I wanted to bridge that gap, where I bill at a rate that encourages more deeper, integrated use of a lawyer. For having practiced law for 12 years, I'm billing closer to the rate of a junior associate from a big firm. I also help companies test out how much legal support they will need to help them decide whether they need to make a hiring decision. I find clients to be very surprised that when you engage a lawyer with the right experience, the lawyer can be very efficient at handling the company's needs for a handful of hours a day, as opposed being there for a 9 to 5. Overall, it translates into real savings for my clients. ■