

# Example Pre-Seed Due Diligence Checklist

Example questions an investor may ask while considering a pre-seed investment

Resource

September 1, 2025

## Company Formation

1. Did the founder use legal counsel to form the company?
  - a. If yes:
    - i. Who?
    - ii. Still currently working with that attorney/law firm?
  - b. If no:
    - i. Did the founder use an online platform such as LegalZoom or Clerky?
    - ii. Is the founder currently working with any legal counsel on any corporate or technology matters?
2. Where is the company incorporated?
  - a. If not Delaware, where - and why?
3. Is the company a C corporation or PBC or LLC?
  - a. Newly formed or was there a corporate conversion/merger/reincorporation?
4. Will the company's business require special regulatory compliance (e.g. healthcare, banking?)

5. Is the company qualified to do business in any states?
6. Corporate Transparency Act - has the founder filed the initial BOI report?
7. Any international operations?
  - a. If yes:
    - i. Where and to what extent?
    - ii. Any local counsel?
    - iii. Working with Employer of Record (EOR) or Professional Employer Organization (PEO)?
8. Has/is/will the founder be working with an accelerator such as Y Combinator?

## Founders

1. How many founders?
  - a. If more than one:
    - i. Are there any voting/proxy/similar agreements among the founders?
    - ii. Have any founders terminated/resigned?
    - iii. Any disagreements among the founders?
2. Has founder stock been issued?
  - a. If yes:
    - i. Just common stock or also founder preferred stock?
    - ii. Board approval (resolutions in writing) obtained?
    - iii. How is it allocated among the founders?
    - iv. Is it subject to vesting?
      1. If yes:

- a. Did the founders timely file Section 83(b) Elections?
  - b. Any vesting acceleration and if so, what are the triggers?
- b. If no:
  - i. Has the company increased in value since incorporation?
- 3. Are the founders getting paid as employees?
- 4. Have the founders transferred ownership of all IP to the company (technology assignment)?
- 5. Do any of the founders have agreements with previous employers with covenants that may affect ownership of IP?

## Miscellaneous Corporate

- 1. Has the company opened a corporate bank account?
- 2. Is there a physical office?
  - a. If no:
    - i. Is the workforce entirely remote?
- 3. Is there a capitalization table?
  - a. If yes:
    - i. On an electronic platform and if so, which one?
- 4. Is the founder maintaining corporate records and preparing board consents (resolutions in writing and signed by board members) as needed?
- 5. Is the founder familiar with (and establishing) basic technology requirements and protections such as privacy, data collection and data breach policies and website terms and conditions?
- 6. Does the company have any basic insurance (errors and omissions, liability, personal property)?

# Equity

1. Does the company have any angel/pre-seed investors (convertible notes, SAFEs)?
2. Have the founders “promised” equity or investment opportunity to anyone, whether verbally or in writing (e.g., headhunters, contractors, consultants)?
3. Has the company adopted a stock plan?
  - a. If yes,
    - i. Any stock grants or stock options issued under the stock plan yet?
    - ii. Is there any other type of equity compensation issued/proposed other than stock and options (e.g., RSUs, profit interests, phantom stock)?
    - iii. Board approval (written resolutions) obtained?
    - iv. Have options been granted under the stock plan?
      1. If yes:
        - a. Did the company obtain a 409A valuation report for the board to rely on when determining the fair market value of the common stock for the purpose of granting options?
4. Are the founders familiar with the need to comply with federal and state securities laws?

# Employees

1. Has the company hired any service providers?
  - a. If yes:
    - i. If consultants, properly classified (i.e., not considered employees per law)?
    - ii. If employees, properly classified as exempt or non-exempt?

2. Have all service providers signed a PIAA (or consulting agreement with similar terms)?
3. Does the company have anyone helping/hired to help with employment matters?

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