



**Phillips Lytle** LLP



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**PHILLIPS LYTLE LLP PARTNER RICHARD HONEN TESTIFIES BEFORE GOVERNOR'S  
TASK FORCE ON DIVERSIFYING THE NEW YORK STATE ECONOMY THROUGH  
INDUSTRY-HIGHER EDUCATION PARTNERSHIPS**

**ALBANY, NY** - Richard E. Honen, partner in charge of Phillips Lytle LLP's Albany office and co-chair of the Firm's Capital Innovation Group, testified on September 14 at the University of Rochester Medical Center before the Governors Task Force on Diversifying The New York State Economy Through Industry-Higher Education Partnerships. Mr. Honen, testifying on behalf of the Universities of Upstate New York Venture Forum (UNYTECH), a group of university technology transfer officers, stated that "New York State has no material seed level funding" and that the group's call for a \$40,000,000 seed fund was urgently needed.

Honen, joining other speakers in favor of such a fund, told the panel "Given everything you've heard today, here are the two take-aways. We need technology-development funds to be managed at the academic level ... and we need a state-supported seed fund that is significant in size and annualized." He nonetheless termed even the \$40,000,000 amount "laughably small" in relation to the \$4.5 billion spent on university research in New York State and in relation to major capital projects in the Capital Region and elsewhere. Regarding the ecosystem and programs to support start-ups, Honen cautioned the Task Force Panel, "Please do not think that all the successful programs that you have heard about today exist because the State has supported them. They exist because of the sometimes Herculean efforts on the part of the grassroots to put these programs in place."

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UNYTECH's statement noted that while huge pools of venture capital money are headquartered in New York State, little of it is deployed here. Approximately 91% of capital deployed by New York City venture capitalists is invested in out-of-state start-ups with only 9% remaining in state. By contrast 72% of monies invested by California venture capitalists remains in-state. hence, a true seed fund is needed to support university-industrial partnerships and start-ups.

The 16-member Task Force, chaired by David Skorton, President of Cornell University, include many familiar local names: Edward M. Cupoli, Professor and Head of the NanoEconomics Constellation at the College of Nanoscale Science and Engineering; Shirley Ann Jackson, President of Rensselaer Polytechnic Institute; Edward Reinfurt, Executive Director of the New York State Foundation for Science, Technology and Innovation (NYSTAR); and Linda S. Sanford, Senior Vice President for Enterprise on Demand Transformation and Information Technology at IBM. The executive director of the Task Force is Daniel Doktor, Director of Higher Education for Governor David Paterson.

*Phillips Lytle LLP, one of the region's best known law firms, is celebrating its 175<sup>th</sup> anniversary in 2009. The firm has seven offices across New York State in Buffalo, Albany, Chautauqua, Garden City, New York City and Rochester. With the farthest geographic reach of any law firm in the state of New York, Phillips Lytle is well equipped to meet the needs of their clients. For additional information, visit [www.phillipslytle.com](http://www.phillipslytle.com).*

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