

CASE STUDY

Dharma Labs Adapts Quickly with Crypto-Focused Legal Advisors



Dharma Labs is the easiest place to borrow and lend cryptocurrencies from anywhere in the world.



Dharma

BILLABLE-HOURS INHIBITS STRATEGIC AGILITY

As Dharma's Founder and CEO, Nadav Hollander puts it, "Dharma is building the easiest place to borrow and lend cryptocurrencies. Functionally, we're creating a platform that anyone, anywhere in the world with an internet connection can use to either earn interest on their

assets or be able to take out a line of credit. In many senses, it's the first truly global, internet-native financial services product."

"When you're operating at the raw, bleeding edge of crypto finance, you really have to engage a lot of creativity and figure out how to structure products in a way that puts your best foot forward from a compliance standpoint," says Nadav. "With this particular scope of regulatory work, you can't just say, 'you fit into x-method or you fit into y-method.' It requires a lot more creativity.

With the traditional hourly cost structures of Dharma's past law firms, their team was restricted from maintaining a continuous relationship with their legal advisors. "We've had some negative experiences with previous law firms," shares Nadav. "A lot of our early corporate legal work was being done with a billable hours mindset, which created some pretty negative incentives for



us. As a founder you have an infinite number of small questions about everything, always, and it's just not conducive to creativity when you feel like you need to clinically construct a set of questions and provide them to outside counsel to be answered for some incremental fee. That doesn't provide psychological safety and, therefore, doesn't allow you to operate with the agility you need."

“As a founder, the last place you want to be is one in which you hesitate to ask questions. That’s the advantage of a fixed cost structure—removing the friction to getting your questions answered.”

SUBSCRIPTION PRICING ENABLES STRATEGIC PARTNERSHIP WITH LEGAL

The Atrium FinTech & Blockchain team is a dedicated counsel that helps navigate regulatory uncertainty so their clients can focus on building their businesses. By partnering with this team, Dharma has a dedicated attorney, Collins Belton who focuses on the regulations surrounding crypto currencies. “Collins marries both a genuine enthusiasm for the blockchain space with a relentless work ethic and dependability that I think any team would be lucky to have in their back pocket,” says Nadav. With legal advisors that have a deep understanding of their industry and business, Dharma is able to nimbly ideate their way to effective business strategies.

“Our Series Seed financing was entirely managed through Atrium and that was a truly awe-inspiring, Herculean effort from Collins and the whole Atrium team,” remarks Nadav. “We were seriously amazed by how on top of it they were with everything. The team’s ability to respond to complex questions quickly and keep our momentum going forward really impressed us. That was such a high-stakes moment for us, and having it handled so flawlessly established a lot of trust between us and the Atrium team.”

Working with Atrium’s subscription-based cost structure, the Dharma team can now collaborate with their legal advisors without hesitation. “We started working with Atrium over a year ago and it was just a night and day difference,” recalls Nadav. “Being able to reach out to your counsel as if they were on your team and not as if every single minute is

being tabulated is just immensely valuable. We had a really awful experience with a previous law firm where we were billed around \$50k for work that never actually materialized into anything useful. So we've seen how things can go badly in these partnerships and frankly we came into the Atrium relationship with our guards up. I'm happy to say we've been pleasantly surprised by what a difference this model can make in not having to worry about nightmares like that."

"Fundamentally, the fact that there's so much less resistance to getting on the phone with Collins and his team better enables us to build trust and, in turn, Atrium has a much better understanding of our business and is able to provide proactive advice," adds Nadav.

REMOVING COST-FRICTION HEIGHTENS COLLABORATION

Without the hesitation and cost liabilities that came with traditional law firms, Dharma can freely collaborate with their legal team to devise the best approach for their business. "The Atrium team has played a key role in giving us the ability to explore the unknown, map out different structures for our product, and analyze the regulatory implications," notes Nadav. "What's crucial is that Atrium empowers us to experiment with different approaches whereas other firms have steered away from the unknown. It's like a form of psychological safety, and I think it's really important to have that with your legal partners so that they're augmenting your business and not limiting it."

"In terms of our growth trajectory, we just recently launched our products to the public around a month ago and have been absolutely floored by the demand we've seen," continues Nadav. "We hit our monthly goal for April in the first week, and ended up going beyond it by 7x. All the charts are going up and to the right, so now we're in this growth, scaling mode that's challenging, but exciting too."

"The raw dollar costs we've saved by working with Atrium is quite large," reports Nadav. "In my eyes, it's such a no-brainer for early-stage startups to work with Atrium. The alternatives are so awful, and the experience of Atrium is so great."

The outcome of each legal matter depends upon many factors, including factors outside an attorney's control, and no attorney can guarantee a positive result in any particular legal matter.