

of 38 venture fund agreements, Litvak sets the harshness of the default penalty as her dependent variable.³

ern pension funds subject to ERISA.⁸ Most venture funds include investors subject to ERISA. To qualify as “venture capital operating companies,” or VCOCs, and thus to avoid violating ERISA, most venture funds have no choice but to take down capital on an as-needed basis. Litvak’s puzzle, then, is better explained as a necessary response to regulation than as an elaborate system of governance.

8. See *infra* at Part IV.