AEIOU ACADEMY · STRUCTURAL LITERACY SERIES · PART 2 OF 2

The Structural Alternative

How Mechanism Design Replaced Contract Language and Paid $375 Million on Schedule with No Litigation

A Companion Paper to Capturing Value at Exit

Applying the Spine Solutions / Synthes Earnout to the Auris Health / Johnson & Johnson Transaction

Christopher J. Velis, NACD.DC

Founder, Auris Health · M&A Advisor, Spine Solutions / Synthes Transaction

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Not legal, financial, or investment advice. Educational synthesis of publicly available information, primary source documents, and the author's direct experience as M&A advisor to the Spine Solutions transaction.

Series Note

This paper is Part 2 of a two-part case study published by AEIOU Academy. Part 1 — *Capturing Value at Exit: The $2.35 Billion Lesson from the Auris Health / Johnson & Johnson Acquisition* — diagnoses the structural failures that produced the Auris earnout outcome and provides the framework for understanding why they occurred. Part 2 presents the proven structural alternative: a transaction in the same industry, with a harder regulatory pathway, that paid in full, on schedule, with no litigation.

Each paper is self-contained. Together they form a complete case study in earnout architecture: what went wrong, and what should have happened instead.

Author Disclosure

Christopher Velis served as the M&A advisor who designed and negotiated the earnout protection mechanisms in the Spine Solutions / Synthes-Stratec transaction. The structural approach described in this paper is his work. This paper presents that work as a case study and applies it retrospectively to the Auris Health / Johnson & Johnson transaction, a company Velis founded.

This dual involvement—architect of the Spine Solutions deal structure and founder of Auris Health—creates a conflict that the reader should weigh. The author has a professional interest in demonstrating that the mechanisms he designed are superior to the contractual approach used in the Auris transaction. He also has a personal and fiduciary stake in the Auris earnout outcome through Grey Matter Health Ventures Fund I, LLC.

The paper addresses this conflict through transparency: mechanism details from the Spine Solutions transaction are labeled as author account where they cannot be independently verified from public records. Publicly verifiable facts are sourced to FDA records, press releases, court filings, and trade press. The reader can assess the evidence hierarchy independently.

Full founding documentation and author disclosure for the Auris transaction are provided in the companion paper, Capturing Value at Exit.

Executive Summary

Capturing Value at Exit diagnosed the structural failures in the Auris Health / Johnson & Johnson earnout: $2.35 billion in contingent consideration that produced approximately $600 million after seven years of litigation. That paper asked why it happened. This paper asks what should have happened instead.

The answer is not theoretical. In 2003, the author designed and negotiated an earnout protection structure for the Spine Solutions / Synthes-Stratec transaction that faced a harder regulatory pathway—FDA Premarket Approval for a permanent Class III spinal implant—and paid $375 million in full, on schedule, with no litigation.

The mechanisms were simple. The seller's team retained development control. If the buyer failed to fund development, the entire asset reverted to the seller. The company operated as an independent subsidiary. A $25 million on-time completion bonus incentivized speed.

These were not contract provisions requiring the buyer to act in good faith. They were structural mechanisms that made bad faith irrational. The buyer could not sabotage milestones because the buyer did not control them. The buyer could not starve milestones because the penalty was losing the asset. The buyer could not absorb the team because the independent subsidiary structure made absorption a forfeiture trigger.

This paper applies those mechanisms retrospectively to the Auris transaction and asks a question that is both diagnostic and dispositive: Would J&J have agreed to fund-or-forfeit with full reversion?

> *If yes—the earnouts would have been achieved. If no—the refusal tells you everything about what the buyer intended to do with the contingent consideration.*

Part I: The Transaction That Worked

The Company

Spine Solutions, Inc. (SSI) was founded in 1999 by Viscogliosi Brothers, LLC and Aesculap AG to commercialize the ProDisc total artificial disc replacement system. The technology, developed by French orthopedic surgeon Dr. Thierry Marnay beginning in the late 1980s, was designed to replace damaged spinal discs while preserving motion—an alternative to spinal fusion, which was the standard of care.

Aesculap contributed the patents and intellectual property. Viscogliosi Brothers raised capital, built the company, and managed operations. SSI launched and ran the FDA Investigational Device Exemption (IDE) study: a prospective, randomized, controlled, multi-center clinical trial across 19 sites with 236 patients. By the time of acquisition, ProDisc had been implanted in more than 2,300 patients worldwide across 26 countries.

> *This was not a development-stage asset. This was a company with a working product, a running FDA study, and a global commercial presence—structured to achieve a specific regulatory outcome.*

The Regulatory Pathway: Why PMA Is Harder

ProDisc was a Class III medical device seeking FDA Premarket Approval (PMA). Understanding what this means is essential to evaluating the earnout structure.

A PMA is the most demanding regulatory pathway for medical devices. Unlike the 510(k) pathway—which requires demonstrating substantial equivalence to an existing device—PMA requires the manufacturer to prove safety and effectiveness through clinical evidence. For ProDisc, this meant a full prospective, randomized, controlled clinical trial comparing disc replacement to fusion surgery, with years of patient follow-up, independent radiographic review, and composite clinical success endpoints.

ProDisc was a permanent implant that stays in the body for the rest of the patient's life. It replaces anatomical function—the motion-preserving role of a spinal disc. The risk profile includes implant migration, subsidence, device failure, neurological injury, and adjacent segment degeneration over decades. This is categorically different from an external surgical robot that never stays in the body.

Dimension	ProDisc (PMA)	Auris iPlatform (510(k) / De Novo)
FDA classification	Class III	Would vary by submission
Clinical trial	Required: prospective, randomized, controlled, multi-center IDE. 236+ patients. Years of follow-up	510(k): typically bench/animal testing. De novo: varies. No established pathway for most target systems
Device stays in body	Yes—permanent implant replacing spinal disc	No—robot is external tool

Patient risk	High—replacing spinal anatomy, decades of implant life	Moderate—procedural instrument risk
Predicate situation	No predicate needed—PMA proves safety and efficacy from scratch	Needed predicates that did not exist for most anatomical systems
Regulatory timeline	IDE enrollment ~1999. PMA approval August 2006. Approximately 7 years.	Unknown—milestones had timelines but pathways did not exist

> *The Spine Solutions earnout was tied to a harder regulatory pathway than the Auris earnout. The mechanisms worked not because the milestones were easy—they worked because the structure made sabotage irrational regardless of difficulty.*

The Deal

On February 6, 2003, Synthes-Stratec announced the acquisition of Spine Solutions, Inc. The publicly disclosed terms were $175 million at closing and up to an additional $175 million on achievement of milestones related to FDA approval of ProDisc cervical and lumbar products.

The full deal, including terms not disclosed in the press release, totaled $375 million:

Component	Amount
Cash at closing	$175 million
Milestone payments (FDA PMA approval, ProDisc-L and ProDisc-C)	Up to $175 million
On-time completion bonus	$25 million
Total potential consideration	$375 million

Source note: The $175 million upfront and $175 million milestone structure is confirmed by the Synthes-Stratec press release (February 6, 2003). The $25 million on-time completion bonus and the control mechanisms described below are from the author's direct involvement as deal advisor. The Viscogliosi Brothers, who founded and operated Spine Solutions, can corroborate these terms.

The press release also stated: "It is the intention that Spine Solutions, Inc. will continue to operate as an independent subsidiary within the Synthes-Stratec group." This was not a cultural accommodation. It was a structural requirement for the protection system.

Part II: The Four Mechanisms

The Spine Solutions earnout was protected by four interlocking mechanisms designed to make earnout sabotage structurally impossible—not merely contractually prohibited.

Mechanism 1: Seller Retains Development Control

The Spine Solutions team—not Synthes—controlled all development activities related to the ProDisc cervical and lumbar milestones. This included the FDA IDE study execution, regulatory submissions, and all clinical and technical work required for PMA approval.

Compare to Auris: Within weeks of closing, J&J initiated Project Manhattan, a head-to-head competition between iPlatform and J&J's Verb robot. The Court of Chancery found that J&J "knew Project Manhattan would hinder milestone achievement" and "viewed the resulting delays as beneficial since it could avoid making the earnout payment." J&J had control. J&J used control.

> *The Spine Solutions structure removed this vector entirely. Synthes could not redirect, reprioritize, or reassign the development team because Synthes did not control the development team.*

Mechanism 2: Fund or Forfeit—Full Reversion

If Synthes failed to fund the development program, the entire asset—ProDisc technology, intellectual property, clinical data, regulatory filings, and the independent subsidiary itself—reverted to the sellers. Not at a negotiated price. Not through a put option. Full reversion. The asset returns for nothing.

This was not a penalty clause. This was a statement of logical consequence: if the buyer refuses to fund development of the asset, the buyer has valued the asset at zero. The structure honored that valuation by returning the asset at zero.

The mechanism was credible because of the independent subsidiary structure (Mechanism 4). SSI continued to exist as a distinct corporate entity with identifiable assets, personnel, and operations. There was a clean container to hand back. If Synthes had absorbed SSI into its existing spine division—the way J&J absorbed Auris into Verb—there would be nothing discrete to revert. The organizational container was the enforcement mechanism.

> *Synthes never came close to triggering this provision—because no rational actor would.*

Mechanism 3: On-Time Completion Bonus ($25M)

A $25 million bonus was payable if the milestones were completed on schedule. This created a positive incentive for speed that complemented the negative incentive (forfeiture) for obstruction.

In retrospect, this mechanism had consequences beyond its design intent. ProDisc-L received FDA PMA approval on August 14, 2006. In August 2007—one year later—CMS issued a national non-coverage decision for lumbar artificial disc replacement, ruling it not reasonable and necessary for the Medicare population. Private insurers followed. The entire lumbar disc replacement market was commercially crippled. Surgeons who performed disc replacement were reimbursed approximately 40% of what they received for fusion—a financial disincentive that suppressed adoption for over a decade.

The on-time bonus incentivized achieving the PMA milestone before this external market event. If Synthes had delayed—stalled development, redirected resources, or absorbed the team (the pattern documented in the Auris litigation)—the milestones would have slipped into a period of market collapse. The seller's team, motivated by the bonus and empowered by development control, moved fast enough to get paid before the window closed.

> *The bonus was designed for alignment. It functioned as insurance.*

Mechanism 4: Independent Subsidiary Structure

SSI continued operating as an independent subsidiary within the Synthes-Stratec group. This was not a transitional arrangement. It was the structural prerequisite for Mechanisms 1, 2, and 3.

Without the independent subsidiary:

Development control cannot be retained if the team has been absorbed into the buyer's organization. Who gives direction? Who controls priorities?

Reversion cannot be executed if there is no discrete entity to hand back. Once the buyer merges the seller's team, technology, and operations into existing divisions, there is no clean container to revert.

The on-time bonus loses force if the development team reports to new management with different priorities.

Compare to Auris: The Court of Chancery found that iPlatform "effectively became a parts shop for Verb." The merging of the projects "diluted" iPlatform's "system, technology and team… to fix another device's problems." Once the organizational container was destroyed, no contractual language could reconstruct it.

> *The independent subsidiary was not a governance preference. It was the enforcement mechanism for everything else.*

Part III: Why Mechanisms Beat Contracts

The difference between the Spine Solutions outcome and the Auris outcome is not the quality of the lawyers, the sophistication of the parties, or the complexity of the regulatory pathway. It is the difference between two fundamentally different approaches to protecting contingent consideration.

Dimension	Contract Language (Auris)	Mechanism Design (Spine Solutions)
How it works	Imposes behavioral obligations on the buyer. Requires good faith performance.	Creates incentive structures that make bad faith irrational. Removes the need for good faith.
Enforcement	After breach: litigation. Years of discovery, trial, appeal.	Self-enforcing. Bad behavior triggers automatic penalty. No court needed.
What it prevents	Nothing. It creates a cause of action after damage is done.	Prevents the damage from occurring. Bad behavior is never rational.
Control post-close	Buyer controls everything: resources, priorities, team, timeline.	Seller retains development control. Buyer funds or forfeits.
Buyer's incentive	Breach may be cheaper than performance if litigation risk is discounted.	Breach triggers loss of entire asset. No rational actor triggers this.
Outcome	~$600M net after 7 years, 10-day trial, Supreme Court appeal. 25¢ on the dollar.	$375M paid in full. On schedule. No litigation. 100¢ on the dollar.

The Auris merger agreement contained provisions that sound protective: "commercially reasonable efforts," priority product commitments, prohibitions on considering earnout obligations in strategic decisions. The Delaware Supreme Court found these provisions insufficient to prevent the harm and, in one case, ruled there was "no genuine contractual gap for the covenant to fill" when developments could have been anticipated.

The Spine Solutions structure did not rely on covenants. It relied on consequences. The distinction maps to an established principle in contract theory and mechanism design: incentive-compatible structures outperform behavioral obligations because they align the parties' interests automatically, without requiring costly monitoring or enforcement.

> *The best deal protection is one that never gets tested because no one is stupid enough to trigger it.*

Part IV: Applying the Structure to Auris

This section applies the Spine Solutions mechanisms retrospectively to the Auris / J&J transaction. The purpose is not to second-guess the Auris sellers, who operated with the information available to them and whose technology was genuine. The purpose is to demonstrate that the structural alternative existed, was proven in an analogous transaction, and would have produced a different outcome.

The Hypothetical Terms

Under a Spine Solutions–style structure, the Auris merger agreement would have included the following provisions:

Mechanism	Application to Auris
Seller retains development control	The Auris iPlatform team retains full control of all regulatory milestone programs. J&J provides resources but does not direct development priorities, reassign personnel, or merge iPlatform with other programs.
Fund or forfeit with full reversion	If J&J fails to fund iPlatform development at agreed levels, all iPlatform technology, IP, regulatory filings, clinical data, and the iPlatform team revert to the sellers. Not at a negotiated price. Full reversion.
Independent subsidiary	Auris Health continues to operate as an independent subsidiary within J&J. iPlatform development is not merged with Verb Surgical or any other J&J program. The organizational container remains intact.
On-time completion bonus	Additional consideration (e.g., $250 million) payable if regulatory milestones are achieved within specified timelines. Incentivizes speed.

What Would Have Changed

Project Manhattan would not have happened. J&J initiated a head-to-head competition between iPlatform and Verb within weeks of closing. Under an independent subsidiary structure with seller-retained development control, this would have been structurally impossible. The Auris team controlled iPlatform development. J&J could not divert the team into a bake-off with Verb.

The Verb merger would not have absorbed Auris. When J&J acquired the remaining Verb stake in December 2019, it merged the two programs. iPlatform became “a parts shop for Verb.” Under the Spine Solutions structure, Auris would have remained a distinct entity. Merging it with Verb would have triggered the reversion clause.

Resource diversion would have been self-correcting. If J&J reduced funding to iPlatform to redirect resources to Verb or Ottava, the fund-or-forfeit mechanism would have activated. J&J’s choice would have been binary: fund the milestones or lose the asset.

The timeline would have compressed. An on-time bonus would have aligned the Auris team's incentives with speed. Combined with seller development control—meaning the Auris engineers, not J&J's restructured organization, ran the programs—the milestones would have been pursued on the fastest achievable timeline.

The Diagnostic Question

Now ask the question that matters: Would J&J have agreed to these terms?

This is not a rhetorical exercise. This is a diagnostic tool that every founder must use before accepting contingent consideration.

If J&J says yes: The mechanisms constrain their behavior post-close. They cannot run Project Manhattan. They cannot merge Auris with Verb. They cannot redirect resources. They must fund the milestones or lose the asset. Under these constraints, the milestones get pursued with full resources and the earnout structure functions as intended.

If J&J says no: The refusal is the most important information in the entire negotiation. A buyer who will not accept fund-or-forfeit is telling you they want optionality on whether to pursue the milestones. They want the ability to redirect, absorb, or abandon—which is precisely what J&J did. The refusal to accept structural constraints is diagnostic of intent.

That refusal is the moment a founder should either restructure the deal (more cash at closing, less contingent consideration) or walk away.

> *The buyer's willingness to accept self-enforcing mechanisms is a signal about whether they intend to achieve the milestones. If they refuse the structure, they are telling you what they plan to do with your earnout. Listen.*

Part V: The Timeline and Market Collapse

The Spine Solutions case study contains an additional dimension that the mechanism design literature rarely addresses: the interaction between deal structure and external market events.

The CMS Decision

In August 2007, the Centers for Medicare and Medicaid Services (CMS) issued a national non-coverage decision for lumbar artificial disc replacement, finding the procedure not reasonable and necessary for the Medicare population over 60 years of age.

The consequences were immediate and lasting. Private insurers adopted the same approach for patients under 60. Surgeon reimbursement for disc replacement fell to approximately 40% of what they received for spinal fusion—a financial disincentive that suppressed adoption across the entire disc arthroplasty category for over a decade.

Industry projections before the CMS decision expected total disc replacement to capture 15–25% of the spine surgery market. It never reached those levels. The market that everyone expected—the $3 billion market referenced in the Synthes-Stratec press release—did not materialize.

The Timeline Significance

Date	Event
February 2003	Synthes-Stratec acquires Spine Solutions. Milestones start.
August 14, 2006	ProDisc-L receives FDA PMA approval. Milestone achieved and paid.
July 2007	Prestige ST cervical disc approved (Medtronic)—first cervical TDR in U.S.
August 2007	CMS issues national non-coverage decision for lumbar ADR. Market collapses.
December 17, 2007	ProDisc-C receives FDA PMA approval. Milestone achieved and paid.
2007–2017	Lumbar disc replacement market commercially crippled. Reimbursement at ~40% of fusion.
December 2017	Viscogliosi Brothers buy ProDisc back from DePuy Synthes (J&J subsidiary).

The ProDisc-L PMA milestone was achieved in August 2006—one year before CMS destroyed the market. The on-time completion bonus, which incentivized speed, meant the seller's team was motivated to complete the regulatory program as fast as possible. The development control mechanism meant the team could execute without buyer interference.

If Synthes had delayed—absorbed the team, redirected resources, imposed a bake-off, or slow-walked funding (the precise pattern documented in the Auris litigation)—the milestones would have slipped. A delay of even 12–18 months would have placed the lumbar milestone after the CMS decision, when the entire commercial rationale for the product category had collapsed. The commercial milestones, if any existed, would have become unachievable. And the buyer's incentive to fund continued development of a product in a destroyed market would have evaporated entirely.

> *The mechanisms designed to prevent earnout sabotage also prevented earnout destruction by delay. The structure that was built for one threat—buyer obstruction—turned out to protect against a different threat—external market collapse—because both threats share a common vector: time.*

The Full Arc

In December 2017, the Viscogliosi Brothers bought ProDisc back from DePuy Synthes for undisclosed terms—almost certainly a fraction of the original $350 million, given that the lumbar disc replacement market had been commercially suppressed for a decade.

The founders who built the technology, sold it with structural protection, collected the full earnout, and then bought the asset back when the buyer's parent company no longer valued it. The technology's clinical merit was never in question—ProDisc has over 540 published studies, 300,000 device implantations, and a reoperation rate below 1%. What changed was the reimbursement environment. The founders understood the technology's long-term value better than the corporate owner, waited for the market to undervalue it, and reacquired it.

That is the complete story of a structurally protected exit: $375 million paid in full at the outset, technology reacquired at a discount a decade later, and the clinical mission—replacing spinal fusion with motion-preserving disc replacement—continuing under the founders' control.

Part VI: From Case Study to Framework

The Spine Solutions case and the Auris case, taken together, produce a framework for earnout protection that goes beyond either transaction. The following principles are derived from both outcomes.

Principle: Deterrence, Not Remedy

The purpose of earnout protection is to prevent the need for enforcement. Contract language creates remedies—causes of action that can be pursued after breach. Mechanism design creates deterrence—structures that make breach irrational.

The Auris sellers had remedies. They used them. After seven years, they recovered approximately 25 cents on the dollar. The Spine Solutions sellers had deterrence. The mechanisms were never triggered because no rational actor would trigger them. The full earnout was paid on schedule.

Principle: The Refusal Diagnostic

Before accepting any earnout-heavy structure, propose self-enforcing mechanisms: seller development control, fund-or-forfeit with reversion, independent subsidiary, on-time bonus. The buyer's response is information.

A buyer who agrees to these terms is signaling genuine intent to achieve the milestones. A buyer who refuses is signaling that they want the optionality that comes with control—the ability to redirect, absorb, delay, or abandon. That optionality has value to the buyer precisely because it comes at the seller's expense.

> *Never accept contingent consideration from a buyer who refuses structural constraints on their post-close behavior. The refusal is the answer.*

Principle: Speed as Insurance

The Spine Solutions on-time bonus was designed as an alignment mechanism. It functioned as insurance against external market events—the CMS non-coverage decision that destroyed the disc replacement market in August 2007. The ProDisc-L milestone was achieved in August 2006, one year before the market collapsed.

Founders should structure earnouts to incentivize the fastest possible achievement of milestones. Not only does this compress the period of vulnerability, it reduces the probability of external events—regulatory changes, reimbursement decisions, competitive developments, macroeconomic shifts—that can destroy the market for the milestone products.

Principle: The Organizational Container

Every other mechanism depends on the independent subsidiary structure. Without a discrete organizational container, development control cannot be retained, reversion cannot be executed, and the seller's team cannot operate independently.

The first thing a buyer does when it intends to absorb an acquisition is dissolve the organizational boundary. J&J merged Auris with Verb. The organizational container was destroyed. Once destroyed, no contractual provision can reconstruct it.

Founders must treat the independent subsidiary requirement as non-negotiable for any earnout-dependent transaction. If the buyer insists on integration, the earnout must be restructured: either paid at closing (reducing contingent consideration to zero) or accelerated on integration (making integration the trigger for full payment).

Conclusion

This paper presents two M&A transactions in regulated medical devices, both involving substantial earnout consideration, both facing demanding FDA pathways, both negotiated by sophisticated parties. The outcomes could not be more different.

	Spine Solutions / Synthes (2003)	Auris Health / J&J (2019)
Total consideration	$375 million	$5.75 billion
Contingent consideration	$200 million (53%)	$2.35 billion (41%)
Regulatory pathway	PMA—Class III permanent implant. Full clinical trial. Harder.	510(k) / de novo across multiple anatomical systems. Many pathways did not exist.
Protection approach	Mechanism design: self-enforcing incentives	Contract language: behavioral obligations
Post-close control	Seller retains development control. Independent subsidiary.	Buyer absorbs seller. Merges with competing program.
Outcome	$375M paid in full, on schedule	~$600M net after 7 years of litigation
Recovery rate	100%	~25%
Litigation	None	10-day trial, 33 witnesses, Supreme Court appeal

The difference is not luck, not regulatory complexity, not the quality of counsel. The difference is architecture. One deal was built on the assumption that the buyer would act in good faith. The other was built on the assumption that good faith is irrelevant when the structure makes bad faith irrational.

The Auris litigation produced a landmark Delaware opinion that will shape earnout law for a generation. The Spine Solutions transaction produced no legal precedent at all—because there was nothing to litigate.

> *The best earnout protection is the one that produces no case law.*

For founders approaching M&A: understand what your buyer is actually purchasing. Develop and test hypotheses about buyer intent. Propose structural mechanisms and listen to the response. If the buyer accepts fund-or-forfeit with reversion, your earnout will be achieved. If the buyer refuses, they are telling you what they plan to do with your contingent consideration.

Build the structure before you sign. The courts will not save you from gaps you could have anticipated.

> *The technology was Auris's gift to the field. The deal structure is the lesson it left for everyone else. This paper provides the alternative—proven, paid in full, and available to every founder who insists on it.*

Sources and Evidence Hierarchy

Tier A (Primary/Authoritative)

FDA PMA P050010: PRODISC-L Total Disc Replacement. Approval order August 14, 2006. (FDA CDRH)

FDA PMA P070001: ProDisc-C Total Disc Replacement. Approval order December 17, 2007. (FDA CDRH)

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CMS National Coverage Determination for Lumbar Artificial Disc Replacement, August 2007.

Tier C (Trade Press / Press Releases)

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Centinel Spine press release, "Centinel Spine Completes Acquisition of prodisc Assets," PR Newswire, December 22, 2017.

Orthopedics This Week, "DePuy Synthes Agrees to Sell ProDisc Back to VBs," September 2017.

Orthopedics This Week, "Hanging Tough: Lumbar Disc Replacement Over Fusion," May 2017. (Source for surgeon reimbursement data and Jack Zigler quote on disc replacement vs. fusion payment.)

Orthopedics This Week, "V Brothers Do It Again—For $375 Million," July 2014.

The Spine Market Group, "The Quiet Return of the Viscogliosi Brothers to Spine Leadership," July 2025.

Author Account (Not Independently Verifiable from Public Records)

$25 million on-time completion bonus.

Seller-retained development control mechanism.

Fund-or-forfeit with full reversion mechanism.

Independent subsidiary as structural prerequisite for control system.

Assertion that reversion provision was never triggered.

These terms are corroborable by the Viscogliosi Brothers (Anthony, Marc, and John Viscogliosi), who founded and operated Spine Solutions, Inc. and are currently principals of Viscogliosi Brothers, LLC.

About AEIOU Academy

Eliminating Structural Risk so that founder outcomes are determined by whether they built something valuable, not by whether they understood the fine print.

This paper is the second in the AEIOU Academy Structural Literacy Series. The first paper, Capturing Value at Exit, diagnosed the structural failures in the Auris Health / Johnson & Johnson earnout. This paper presents the structural alternative—proven in an analogous transaction and applied retrospectively to demonstrate what could have been.

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