# Boston Entrepreneurs Network: End Games – Cashing In (the legal stuff)

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#### SO YOU WANT TO CASH OUT?

Q: When should you begin the legal preparation?



#### SO YOU WANT TO CASH OUT?

A: The day you incorporate



### SOME RULES TO LIVE BY (from the beginning)

- Letters to live by: KISS
  - Creativity in structure is punished, not rewarded
  - Be predictable
  - Thou Shalt Keep Thy Capitalization
     Simple
  - When you can, recapitalize



## SOME RULES TO LIVE BY (from the beginning)

- Practice good corporate hygiene
  - Thou Shalt Keep Thy Capitalization
     Clean
  - Keep your contracts as uniform as possible
  - Avoid consents on sale



### SOME RULES TO LIVE BY (from the beginning)

- Keep your interests aligned
  - Avoid having investors with different goals
  - Have good communication among the management team
  - Structure option plans to work for all at the time of sale



## SOME RULES TO LIVE BY (getting closer)

#### Start early

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- Don't keep your professional advisors in the dark
- Do involve them in the pre-planning
- It's easier to clean things up when you have time
- Get everyone on board
- Don't forget tax and estate planning in advance

## SOME RULES TO LIVE BY (engaging)

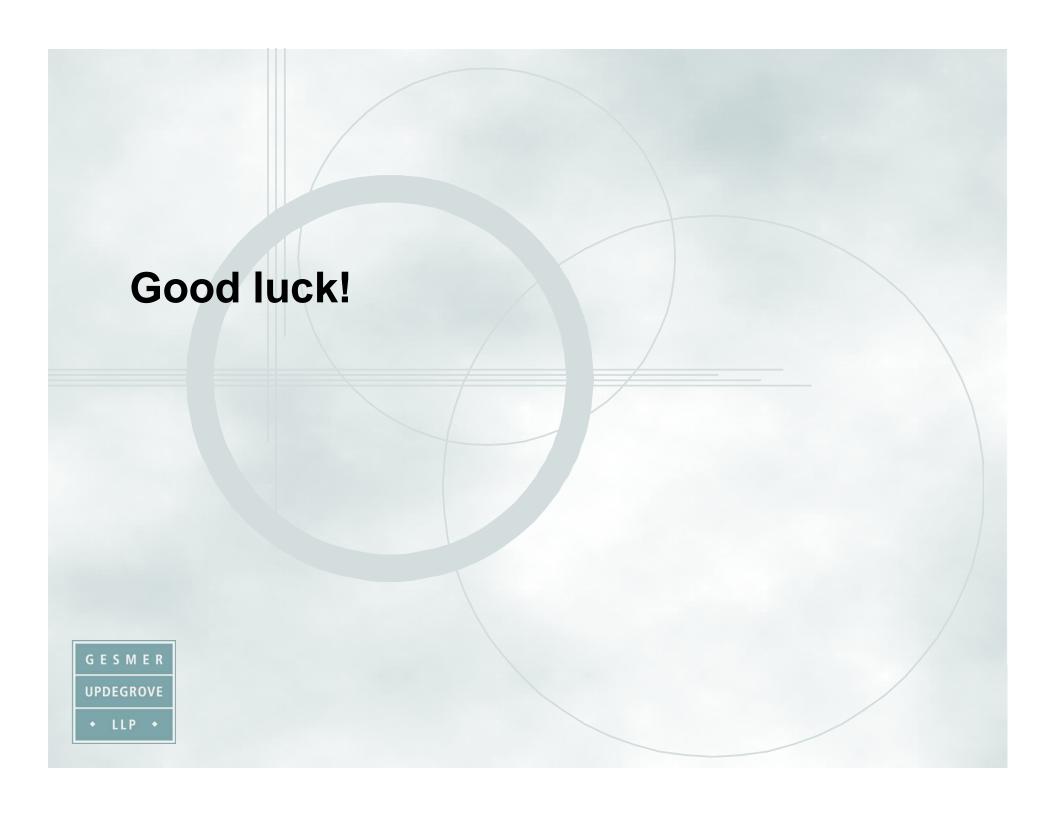
- Structures and Strategy
  - The battle can be won or lost in the LOI
  - Tax and accounting issues can make or break a deal
  - It's not just about dollars it's also about whether you'll get the dollars



## SOME RULES TO LIVE BY (engaging)

- Closing the deal
  - Create a team and know your roles
  - Disclose early and often (no surprises!)
  - Manage expectations
  - Keep in communication with investors and others you will be relying on





#### Good luck!

#### **Andrew Updegrove**

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