

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

**Andrew Updegrove
Gesmer Updegrove LLP**

andrew.updegrove@gesmer.com

www.gesmer.com

www.consortiuminfo.org

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SO YOU WANT TO CASH OUT?

Q: When should you begin the legal preparation?

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SO YOU WANT TO CASH OUT?

A: The day you incorporate

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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**

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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**

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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**

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SOME RULES TO LIVE BY (getting closer)

- **Start early**
 - 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*

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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**

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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**

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Good luck!

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