

Privately Held and Family-Owned Businesses

Our lawyers help clients protect and optimize their businesses and, when appropriate, to pass those businesses and/or the wealth generated from them to future generations. We learn about businesses, and, as appropriate, integrate lawyers in fields from tax law to corporate law to litigation. Our team is experienced in working with families and closely held enterprises, and resolving complex, far-reaching legal and operational challenges.

The lives and fortunes of families, including generations yet to come, are often intimately tied to closely held businesses. When the time for a transition inevitably arises, these clients call on Sussman Shank to help them plan, architect, and execute the process of transitioning a business they have often spent decades building. For enterprises ranging from sole proprietorships to limited liability companies to corporations, we know how to help translate vision into reality.

Our lawyers never forget that each family – and the members thereof – is unique, and has its own goals, motivations, and values. Much of our work, and our experience, is in helping our clients recognize these, sometimes for the first time. In families, this can mean helping members navigate hard decisions and assisting them with difficult conversations, which we handle with respect, sensitivity, experience and above all, judgment.

Our expertise includes guiding clients toward innovative solutions that both address their personal goals and serve their business – which includes buying out family members; navigating disclosure and compliance requirements connected with financing; or developing different operational roles for different family members with different priorities. Whatever each situation requires, we formulate a plan and then put into motion a course of action.

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OUR ADVANTAGE

Family Issues Are Business Issues

Particularly with family businesses, guiding clients through difficult situations or a transfer of the business often requires dealing with interfamily and generational issues that may have been present for decades, but were never openly discussed. An essential part of our role is diplomatically supporting clients in discussing these issues from the perspective of mutual problem-solvers who collectively are seeking to build the strongest, most flexible foundation for the future.

Planning for Taxes and Liquidity

Income and estate taxes are frequently a major issue in the transition of a business. These can be considerable and require a level of liquidity the founders may not have anticipated. It is essential in these situations to structure liquidity planning with these tax issues in mind. We strive to help clients avoid being required to liquidate or sell a business under pressure because of tax debt.

Business Entity Formation and Administration

Often working closely with the client's CPA or other financial advisor, we will analyze a business's structure and strategy, as well as the family's goals, to select the appropriate entity structure for legal and tax purposes. Once we have created the structure, we typically manage the ongoing legal and managerial issues as well, including regular meetings, necessary filings with the Secretary of State and other matters, leaving the client free to focus on operating the business.

AREAS OF EXPERTISE

- Entity structure, creation and management
- Mergers, acquisitions, sales, and management buyouts
- Financing
- Acquisitions, sales, and leasing of businesses and business properties
- Conflict resolution among owners
- Tax planning
- Wealth preservation

REPRESENTATIVE WORK

- We guided a family in the buyout of a chain of pizza franchises by the founder's daughter. The daughter had been deeply involved for

operations for the past fifteen years, beginning when her father, the founder, stepped aside for health reasons. We engineered a transaction through which the daughter would buy out her parents over time, using cash flow from the business, while both taking over the business and providing funds for her parents' transition into retirement.

- A father purchased and grew a machine shop, specializing in the machining of very large industrial parts, such as propellers and commercial wind turbines. When it came time for the founder to retire, neither his senior employees nor his son had any interest in acquiring the business. Accordingly, we structured a deal under which the son would step in as interim CEO and ready the enterprise for sale to a venture investment firm, then launch an investment company with the proceeds.

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