

## → Family Owned, Closely-Held Businesses and Family Offices

Sheppard Mullin has provided a full range of legal services to family owned and other closely held businesses for over 80 years, representing companies from all industries. Family owned and closely held businesses have long been an important part of our practice, and over the years we have developed the experience and expertise necessary to help these businesses align and balance the sometimes competing objectives of effective corporate governance, financial success, family harmony and personal development. More recently, the firm has commenced the representation of family offices which have evolved from family business clients which have achieved significant liquidity as well as via referrals as our expertise has become recognized.

We believe that it is critical to understand and address the full range of needs and goals of the family owned and closely held businesses we represent. Our attorneys work with family members and management to meet those needs and achieve those goals, both by providing legal services and assisting our clients in locating and engaging other advisors who can contribute to the success of the business. Many of the legal services we offer, including critically important tax and estate planning services, are specially tailored to meet the needs of family owned and other closely held businesses. As a result, our attorneys serve in the role of an experienced, trusted advisor to our family owned and closely held business clients, guiding them through the often complex and unique challenges that they confront.

Our practice runs the spectrum of legal disciplines, including advice pertaining to corporate and business matters, real estate, intellectual property, employment law, employee benefits, taxation and estate and succession planning. Our legal services are designed to assist our clients in the following areas:

### **Strategic Counseling**

- Developing a "shared vision" for the enterprise
- Defining roles and boundaries between the enterprise and family
- Developing plans for family and closely held business governance, operation, ownership, succession, disposition and stewardship of wealth

### **Governance**

- Creating and maintaining family offices
- Facilitating family and closely held business meetings
- Discharging legal duties of directors
- Dealing with interested party transactions
- Developing family codes of conduct and family legacy structuring

## Ownership and Structure

- Choice of tax advantaged entity and structure
- Adjusting equity ownership and voting power
- Estate planning and tax reduction
- Valuation techniques
- Use of family limited partnerships and LLCs
- "Freeze" techniques and gifting programs
- Buy/sell planning, funding and agreements

## Operations

- Capitalization and financing, including bank, private equity and other financings
- Dealing with key employees
- Tax advantaged compensation, perks and benefits
- Incentive pay and plans for outside management and working family members
- Retirement planning, insurance funding and disability benefits
- Intellectual property acquisition, protection and licensing
- Facilities acquisition and disposition with minimal tax consequences
- Reducing federal, state and local and foreign income, sales, property and other taxes
- Formation and operation of captive insurance companies

## Liquidity Events, Succession Planning and Dispositions

- Mergers, acquisitions and business sales – taxable and tax free deferred
- Leveraged and other recapitalizations
- Non-recourse debt financings
- IPOs
- Reducing and deferring tax on sale
- Use of ESOPs
- Family succession
- Minority and majority infusions of capital

## Stewardship of Wealth

- Tax wise reinvestment of disposition proceeds
- Charitable giving
- Private foundations
- Family trusts—simple *inter vivos* trusts, life insurance trusts and generation skipping, dynasty and other exotic domestic and international trusts

- Asset preservation

In the course of our practice we encounter numerous professionals who have expertise the family owned and closely held businesses may require. We assist our clients in locating and engaging other advisors, including:

- Family business consultants
- Accountants
- Valuation experts
- Bankers
- Investment bankers
- Insurance advisors
- Financial planners
- Investment advisors and money managers

We work closely with these advisors to ensure that our clients receive the comprehensive advice and assistance they need to succeed.

Recognizing the special needs of family owned and closely held businesses, Sheppard Mullin provides the following special services:

- Initial assessment of legal needs (on a special fee basis)
- Periodic legal audits (e.g., corporate compliance, intellectual property protection, compliance with employment laws, etc.)
- Attendance at annual board meetings (without charge for legal fees)
- Annual corporate legal maintenance (on a special fee basis)