



# THE ONE MAN BAND

**Stuart M. Bordman, Esq.**

## 1. Facts

- A. Sole Shareholder
- B. No Management Team
- C. No desire to sell during lifetime
- D. No ability to delegate

## 2. Potential Purchasers

- A. Strategic Buyer
- B. Financial Investor – Private Equity

## 3. Prepare the Business for Sale

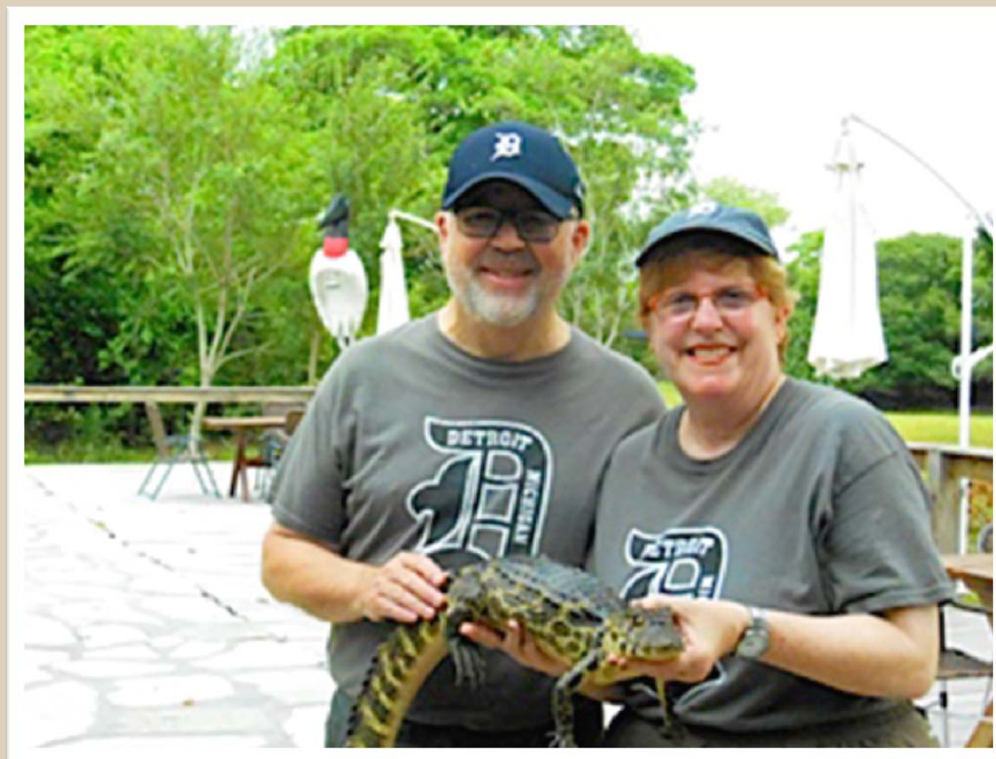
## 4. Coordinate with Estate Plan

## 5. Letter to Trustees



Maddin Hauser's  
**Tax Symposium**  
*23rd Annual*

November 15, 2014



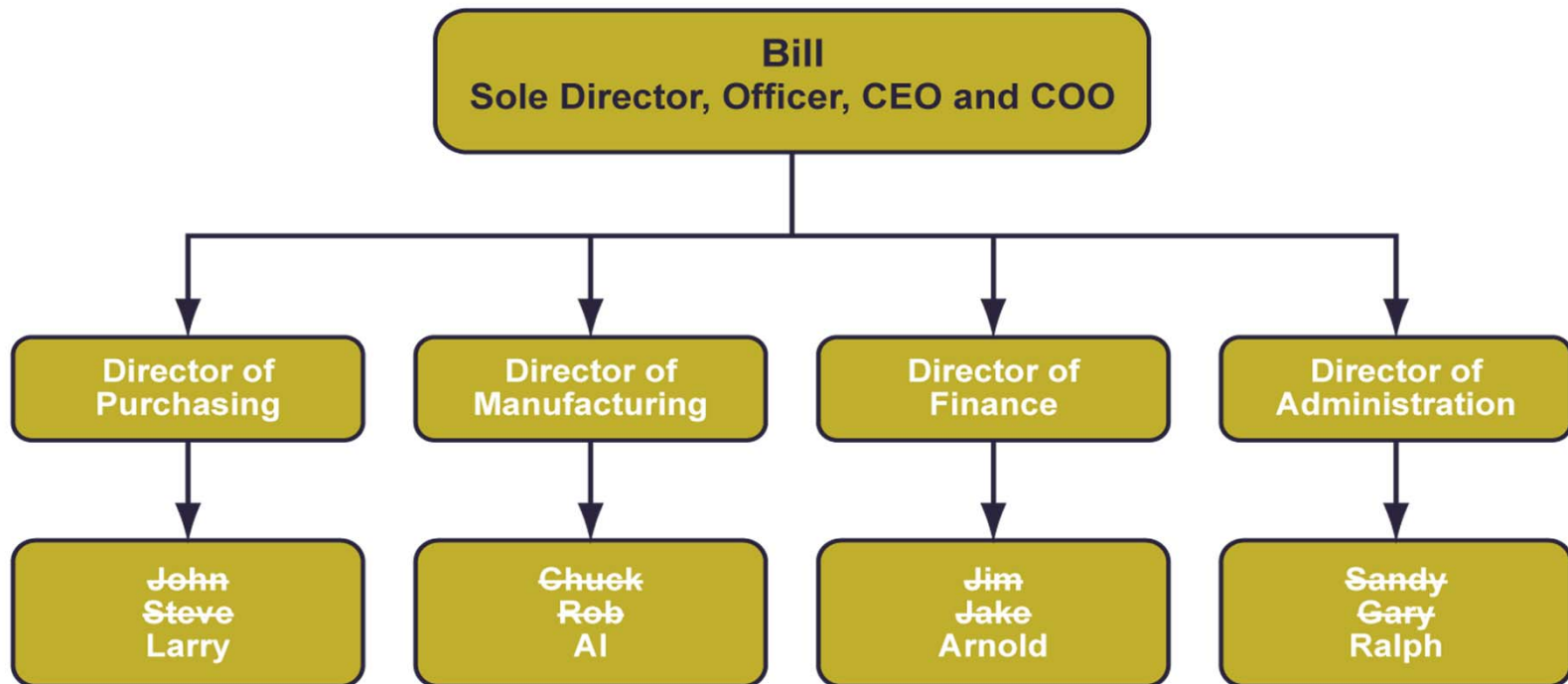
# Maddin Hauser's Tax Symposium *23rd Annual*

November 15, 2014





**Bill's Manufacturing, Inc.**



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## Bill's Manufacturing, Inc.

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TO: The Trustees of the Bill's Special Trust  
-Owner of the stock of  
Bill's Manufacturing, Inc. ("BMI")

Gentlemen:

As a preliminary matter let me thank you for serving as trustees. As set forth in detail below, it is my request that you continue the business of BMI without any unnecessary changes until the business is sold.

The purpose of this letter is to give you suggestions to achieve my goal:

1. The Bylaws of BMI should be amended to provide for a three-member board of directors. You should elect directors as soon as possible. You can elect yourselves directors or you can elect other individuals who are experienced in the industry or have other experience in management and financial matters.
2. While BMI can run for some period of time without a president, you should elect a president who will provide management direction and lead the company until it is sold. You may, of course, by contract and by amendment to the bylaws, limit the power of the president of the company to the extent that you deem necessary.
3. Reasonable efforts should be made to retain management employees until the business is sold. A business with management in place will make BMI more attractive to certain prospective purchasers. It is likely that the management employees will learn that BMI will be sold. A frank discussion with key employees in this regard may be appropriate. An agreement to pay each employee an amount equal to, for example, one year's salary if he remains until the sale is consummated may be advisable.
4. Except to the extent necessary there should be no changes in the operation of the business. Compensation and fringe benefits should not be disturbed. Arrangements with vendors, customers and others should remain in place. From the perspective of employees, vendors and customers it should be "business as usual".
5. Loan agreements should be reviewed to make certain that my death does not give the lender the power to demand immediate payment. If any loan agreement contains such a provision the lender should be assured that BMI will continue its business without interruption and that the loan is secure.

6. If there are no subordination agreements in place amounts that BMI owes to my estate or trust should be repaid as cash becomes available. After such loans are repaid there should be dividends paid as cash becomes available.
7. You should be compensated for your services and, accordingly, I would suggest each of you receive \_\_\_% of the sales proceeds for your duties in serving as trustees and/or directors. In the event that there is a director who is not a trustee, you should compensate that director.
8. You should retain an investment bank to value BMI. Once a value has been established you can either contact potential purchasers on your own or retain the investment bank to do so. Potential purchasers include the following competitors or vendors:
  - A.
  - B.
  - C.
  - D.
9. While unlikely, one or more of my children may express interest in purchasing BMI. That child or those children should also be considered as potential purchasers. However, to protect my wife and to treat all of my children fairly an offer from any of my children must be as favorable as an offer from an outsider unless my wife and all of my other children agree otherwise.
10. The goal is to maximize the purchase price and eliminate or limit any credit risk. Accordingly, if possible, the sale should be for cash except for any amount held in escrow to support BMI's warranties and representations in connection with the sale of the business.
11. The real estate used by BMI is leased from \_\_\_\_\_. If the purchaser of the business is a creditworthy entity long-term leases should be entered into between the purchaser and those entities so that my family will have a continuing source of income. If the purchaser will not agree to long term leases short term leases should be negotiated so that rental income will continue until a purchaser or a new tenant can be located for the real estate owned by the related entities.

Again, thank you for serving as trustees and assisting my family.

Very truly yours,

  
Bill

Bill's Manufacturing, Inc.

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