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 *“Add-On” Items for Company Raising Capital*

*Flat Legal Fee $1,400*

*Items Listed Here are Included in Flat Legal Fee*

 *(See Pages 2-3 for List of Items Not Included)*

The flat Legal Fee includes the items listed below. It does not include items listed as “not included” (below), and does not include any other items unless they are listed as “included”. The full flat Legal Fee is due before work is started.

The following items would be done in anticipation of the company raising capital. Resolutions are required to be prepared and signed before the company can legally seek investors or raise capital, before officers can sign investment documents, before the company can issue shares to investors, split profits with or pay dividends to investors, or before investors can vote.

*The $1,400 “Add-On” Legal Fee for Company Raising Capital Includes:*

* **Offering Enabling Resolutions to authorize raising capital. Resolutions to be signed by *Owners*** (Shareholders or Members): and by ***Board of Directors*** *(or Managing Members).* Resolutions are required to be prepared and signed before the company can legally seek investors or raise capital, before officers can sign investment documents, before the company can issue shares to investors, split profits with or pay dividends to investors, or before investors can vote.
* **Explanation** of impact of Resolutions, document execution and corporate authority in general.
* Prepare and file the Illinois Form 4G to report the intended investor offering or sale in Illinois only (this does not cover other states);
* **Capitalization Discussion and advice: Allocation of shares, consideration paid for shares (contribution of intellectual property, future services and cash, and discussion of assignment of IP); voting percentages.** Discuss your intended business and future financing plans, appropriate share price and number of shares authorized and issued. Discussion of percentages of equity for your officers and directors who have, or will, contribute time in exchange for shares.
* Enhanced discussions about par value and offering price, and strategy for the offering price to the incoming investors, and adjustment to pricing for future offerings.
* Strategy for determining percentages of ownership now, and again when investors enter, to maintain some semblance of control by the founders,
* Issue-spotting on IRS Section 83(b) election issue, and making you aware of this extremely important issue for any founder who will be, or has, provided services in exchange for low priced shares. Our issue-spotting advice, and our flat fee, is simply a preliminary discussion only to make you aware of this issue, and does not include tax law advice that you would need from an accountant and does not include the filing of the 83(b) election. The accountant or tax lawyer will file. I’ll hook you up with an accountant or lawyer who can advise on the specifics of 83(b) applied to your situation and who can file the 83(b).
* **Referral to a business accountant if needed, or liaison with Your Own Accountant.** Your accountant must discuss with you tax issues specific to your own business and personal tax situation, specifically the section 83(b) election and how your payment of the corporate expenses can be worked into your tax deductions or into your corporate entity ownership
* Q & A **Session on phone, by email, or by meeting**, of 1.0 hour, to address the issues covered in this sheet. Additional time in on phone, in meeting or by email will be additional legal fees at $350 per hour.

Therefore, the total add-on legal fee for the formation of a company raising capital is $1,400. Therefore, when added to the $1,600 flat business formation fee = $3,000 for total formation fees for company raising capital).  Plus $200 for each additional shareholder. (Plus you pay the filing fees and costs separately which are $468 for corporation or $754 for an LLC. (See Attached.) The filing fees can be paid by credit card. And you pay the $100 securities notice filing fee to Illinois.

***Additional Charges for Filing Fees and Expenses***

* $100 for IL Form 4G, required to be paid by the founder separately.
* FedEx Fees.
* Additional Stock / LLC Certificates (if needed). Not normally needed unless more than 30 owners.

***NOT Included in the $1,400 Legal Fee, These are Extras at an Additional Charge:***

*(These items are not included in the flat legal fee. We will handle them if you request. We will charge time by the hour for these items, at $350 per hour.)*

* Corporate Clean-Up, of “self-incorporation”, or “LegalZoom Incorporation”, or botched formation.
* Trademark lawyer’s fees or full formal name search fees,
* Investor Docs or Securities Compliance
* **The PPM, Executive Summary, Business Plan Review, investor agreement or Subscription Agreement, Reg D filings with SEC or other states, investor negotiations, which is all by the hour.** For the investor preparation that is all hourly at $350, and $150 respectively, and $125 for legal assistant.
* **Negotiation with investors, including, angels, or VCs, or PE.**
* Additional phone conference, additional meeting or addition email advice beyond the 30-45 minute phone advice or signing meeting.
* Complications by pre-existing entity, or by more than one entity
* Nondisclosure Agreement
* Shareholder Agreement
* LLC Operating Agreement (Use the “Organizing & Operating Resolutions” we provide as an interim substitute.)
* Bylaws. (Use the “Organizing & Operating Resolutions” we provide as an interim substitute.)
* Additional layers of entities, parent companies, holding companies, general partner or managing member entity (either existing or to-be-formed) add complexity and increase the legal fees.
* Additional rounds of bringing in owners, partners or investors.
* Issuing additional shares after the initial founder’s shares.
* Additional classes, or types, of ownership.
* Dividend-paying stock or interests.
* Transfers of shares to other owners, and preparing transfer ledgers for same.
* Minutes of transactions other than formation or enabling the first offering.
* Annual Minutes and Annual Meetings.
* Annual Reports.
* Negotiate or prepare Contracts.
* Negotiate Resolutions with bank, directors, insurance agents or others.
* Order stock certificates for additional classes.
* Subscription agreement.
* Responding to Due Diligence of Directors or other parties.
* D & O Insurance Issues.
* Securities Issues (selling stock to people outside of your family).
* Securities filings required if you have securities issues.
* Disputes among owners or shareholders.