

Hamilton County LAW LIBRARY NEWS

Professional legal information, services, and education

June 2016

Protecting Your Minority Investment

By Brent M. Pietrafese and Terrence F. Doyle of Calfee, Halter & Griswold LLP*

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Historically, traditional private equity firms have avoided minority, or non-control, investments. Recently, however, there has been an increase in the number of non-control investment transactions as private equity firms have started to pursue such investments in order to put money to work in an increasingly competitive market. The rise in the number of minority investment transactions is also due to the increasing number of new single and multi-family, family offices that want to deploy capital but lack the desire or capacity to source, diligence and manage control deals. The above trends have placed a renewed focus on the contractual protections that are available to minority investors.

When evaluating a minority investment, it is important to not think of control/non-control as a zero-sum game. Not having a

controlling share in a company doesn't mean the investor has to accept a position of merely being "along for the ride." There are a number of protections available to minority investors that will allow them to exert influence and have an active role in the investment.

Basic Protections

The three most basic of these protections are information rights, preemptive rights, and "tag along" rights.

Information rights require a company to provide investors with certain financial statements (typically annual and monthly) and other material company information. Most information rights also include the opportunity to visit the company's facilities, inspect its books and discuss matters with management. Board observation rights also fall into the information rights category. Such rights allow a minor-

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Hamilton County Law Library

Hamilton County
Courthouse
1000 Main Street
Room 601
Cincinnati, OH 45202
T:513.946.5300
F:513.946.5252

Open Monday-Friday 8 - 4

<http://lawlibrary.hamilton-co.org>

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Tech Tip: Getting Started with Google Drive

By Julie Koehne, Assistant Law Librarian, Systems

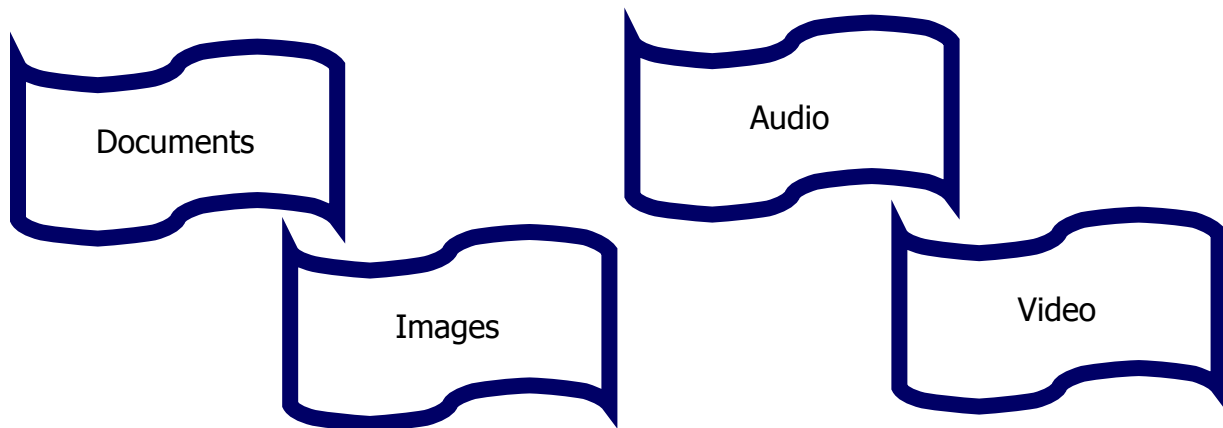
Store your files securely and access them from any device using Google Drive. You can also open and edit your files from any device.



Google provides 15GB of space for free. You may purchase one of their plans for more space.

15 GB FREE!	100 GB \$1.99/month	1 TB \$9.99/month	10 TB \$99.99/month	20 TB \$199.99/month	30 TB \$299.99/month
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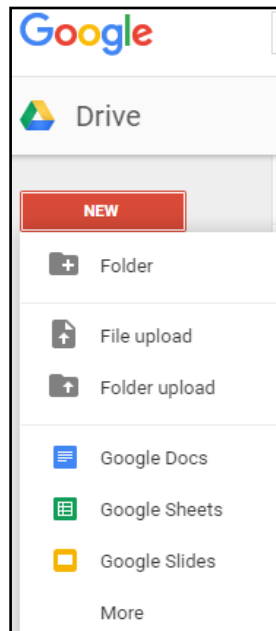
Google Drive allows you the ability to store the following types of files:



There are several ways to use Google Drive. For the most flexibility, get the app for both your computer and mobile device.

On your computer,
go to
drive.google.com.

Open or
create a folder.



To upload files and folders, drag them into the Google Drive folder.

Create a Google Doc, Sheet or Slide from scratch.

Upcoming CLE

Free to subscribers; \$50 for non-subscribers

Registration is required.

To register, call 513.946.5300, email reference@cms.hamilton-co.org, or register via the website

<http://lawlibrary.hamiltoncountyohio.gov/classes/cle/>

Finding Company Information Online

Wednesday, June 29

Noon-1pm

Presenter: Laura Dixon-Caldwell

Approved for 1.0 hour of general CLE in Ohio. Kentucky credit is pending.

Bloomberg BNA Tax Management Portfolios

The librarians are evaluating use of the library's Bloomberg BNA platform, including print and electronic tax management portfolios. This service is available on-site only to subscribers and local government officials in the computer room.

Do you use the library-provided access to BNA Bloomberg? If so, please [send us an email](#) or talk with a librarian here about your use. Bloomberg BNA does not provide usage statistics so we rely on anecdotal evidence to understand use. If you use the service via the HCLL, what content do you tend to use? How satisfied are you with the content and the interface? How important is the content to you? Thank you.

Bloomberg TAX & ACCOUNTING
BNA

HeinOnline Training

Need to quickly find a Law Review article or the Congressional Record? Law Library subscribers have remote access to HeinOnline.* Join us for a live HeinOnline Webinar here at the Law Library.

Tuesday, June 7
10am-11am

To register, call 513.946.5300, email reference@cms.hamilton-co.org, or register via the website

<http://lawlibrary.hamiltoncountyohio.gov/event-registration/?ee=77>

For info on how to join the webinar from your home or office, contact the [reference desk](#).

Note: this is not a CLE program.

*Remote access to HeinOnline is available to subscribers who are solos or firm attorneys at firms with 50 or fewer attorneys.

Say Cheese

We would like to post more photos on our website featuring people using law library spaces and resources. Are you willing to be in a photo? Please [contact Mary Jenkins](#) to schedule a time. Examples: using a computer, reading law books, writing, conversing with another user, using a meeting room or videoconferencing ... anything else that demonstrates use of the library.



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ty investor (or its designee) to attend board meetings in a non-voting role and, depending on company/board culture, participate in board discussions. Many minority investors prefer board observation rights over having an actual board seat because they have a “seat at the table” when material issues are discussed, but do not have the fiduciary responsibility and potential liability that comes with an actual board seat.

A preemptive right is simply a privilege extended to certain investors that allows them to maintain a proportionate share of the ownership of a company by purchasing a proportionate share of any new equity issuances before they are sold to third-parties. Minority investors are generally restricted from selling their equity interests, but they commonly are given the right to participate, or “tag along,” in sales of equity interests by the controlling investor who is not similarly restricted. This right provides minority investors an opportunity to share in the control premium that would otherwise only be paid to the controlling investor.

More Protections for Investors with More Leverage

Investors that are acquiring a minority stake in either a start-up enterprise or businesses that have an urgent need for capital may have additional leverage to obtain certain minority protection rights in addition to the basic protections described above. Such additional protections may include: blocking rights; “drag-along” restrictions; and a “put option.”

Blocking rights provide a minority investor with the ability to have a say on certain corporate actions that the minority investor deems to be material. Such blocking rights are typically included in a stockholders’ agreement or the company’s operating agreement and give the minority investor the right to block certain material corporate actions that could negatively impact the minority investor’s investment (e.g., an acquisition by the company of another business or the entry by the company into a different line of business). Depending on an investor’s leverage and desire to be involved in the operation of the business, the blocking rights could be expanded to cover other material decisions of the management team such as the company’s ability to incur debt above certain thresholds, deviations from the annual operating budget or the hiring and firing of key employees.

Most minority investors are subject to a “drag-along” right of the majority owners. A drag-along right allows the majority owners to require a minority investor to participate in any sale of the company that has been approved by the company’s board and a majority of the company’s equity holders. In order to protect the return on his or her investment, a minority investor may require that he or she must receive a minimum return before the drag-along right can be exercised. In limited circumstances, a minority investor may also be provided with a “put option” that allows the minority investor to require the company or the majority owners to purchase his or her equity at a pre-determined value.

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Minority investors in private companies must carefully consider a host of issues when evaluating such investments but, armed with the knowledge that protective provisions for minority investors are available, fear of being merely “along for the ride” need not be one of them.

For more information, contact [Brent M. Pietrafese](#) or [Terrence F. Doyle](#).

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Research Guides: Small Claims Court

Our spring semester intern, Sarah Lewis, produced a research guide on [Small Claims Court](#), providing basic information about the process and written primary for a general public audience. We offer a number of [research guides](#) which you will find on our website under Research/Research Guides. [We welcome your suggestions](#) for future guides and for additional content for our current guides.

Notary Service

The Law Library provides notary services during regular hours when a notary public is available. We will administer oaths, notarize affidavits, take and certify acknowledgments of deeds, mortgages, liens, and powers of attorney, and other instruments of writing. We will not take depositions or receive, make, or record notarial protests. We won't notarize documents with blank spaces or blank pages. The fee is \$1.00 per signature, cash only, for taking and certifying signatures on an affidavit and for acknowledging all instruments in writing.

Summer Associates

Summer associates and interns at local government offices and our subscribing law firms are welcome to use the Law Library this summer. Just [send us a contact list](#) and the end date of their time with your office. They will be able to use the library at no cost to your office. Among the benefits:

- Easy access from downtown firms and courts
- Extensive practitioner-oriented online legal information
- Research guidance
- Quiet study space and conference rooms
- Access to legal research databases
- Subscribers' lounge with coffee, newspapers, and magazines
- Hard-to-find print materials including municipal ordinances, session laws, and treatises

Discounted Rates June 1

The Law Library welcomes new subscribers for the remainder of the calendar year at 50% the annual subscription rate. See our [subscriber application](#) for details on rates and benefits or [contact the library director](#) for a quote for your firm or office. This 50% off discount applies only to those people who are new to the library or whose subscription lapsed more than a year ago.

Crossword Puzzle Winner

Congratulations to Richard Magnus, winner of our Law Day crossword puzzle drawing. Richard won a \$20 gift card to Kitty's Coffee. Thanks for playing!

Subscriber Benefits

All subscribers have access to the following valuable resources and services:

Circulation privileges to borrow from over 40,000 print volumes for up to six weeks at a time

Access to extensive legal information databases from the Law Library, including Lexis Advance, Shepards', Westlaw, Intelli-Connect, Lexis Digital Library e-books, HeinOnline, and Loislaw treatises

Wireless network throughout the Law Library

Polycom videoconferencing

Five meeting rooms with speaker phones

Professional reference service by our law librarians, available via e-mail, telephone, and in person

Free document delivery by fax or e-mail of print and electronic materials

CLE seminars throughout the year, on legal research and substantive topics

Subscribers' lounge, magazines, daily newspapers, and coffee

Bi-weekly news alerts by practice area

Discounted rates for photocopying

In addition, solos and attorneys whose firm has a subscription have 24 hour remote access to Fastcase.com case law, Aspen/LOISLaw treatises, HeinOnline (for under 50 attorney firms), EBSCOhost, and Intelli-Connect Law, Business, Tax, and Accounting

An add-on plan for Lexis access is available for subscribers in solo practice.

You and the Legal System: Family Law Basics- Divorce, Dissolution, Custody and Property Issues

Attorney Blake Somers is our next speaker in the *You and the Legal System* series for the public. Mr. Somers will discuss family law on June 17 at noon in the Law Library.

The program is free to the public. To register, call 513.946.5300 or register via our website at <http://lawlibrary.hamiltoncountyohio.gov/classes/you-and-the-legal-system/>

Please note that this is not a CLE event; it is intended for the general public. However, attorneys are welcome to attend and may want to pass along the program announcement to clients, staff and community organizations. If you would like more information, please contact [Laura Dixon-Caldwell](#).

You and the Legal System is brought to you as a public service by the Hamilton County Law Library, in conjunction with the Cincinnati Bar Association's Lawyer Referral Service. Save the date for the next event on our *You and the Legal System* series. Will Oswald will discuss OVI/DUI on Friday, July 15.



Finding Ohio Forms

One of the most common questions we get here at the Law Library is “Do you have a form for?” Check out this list of form resources available at the Law Library. If you have any questions, please contact us at 513.946.5300 or reference@cms.hamilton-co.org

Form Books:

Am Jur Forms
 Anderson’s Ohio Civil Practice
 Baldwin’s Ohio Civil Practice
 Couse’s Ohio Forms
 Katz & Giannelli Criminal Law
 Merrick-Rippner Probate Law
 Ohio Annotated Business Entities
 Ohio Domestic Relations Practice Manual
 Ohio Estate Planning: Wills and Trusts Library
 Ohio Forms of Pleading and Practice
 Ohio Forms and Transactions
 Ohio Landlord Tenant Law
 Ohio Limited Liability Companies
 Ohio Probate Practice and Procedure
 Ohio Real Property Law and Practice
 Ohio Transaction Guide

Online Resources-Remote Access

Fastcase Treatise Libraries

Forms and checklists are available in the following treatise libraries:

Business Practice Law
 Construction Law
 Elder Law
 Employment Law
 Estate Planning
 Evidence
 Family Law
 General Litigation

Internet and E-Commerce Law
 Personal Injury
 Product Liability
 Real Estate

EBSCO

The EBSCO library offers forms for topics such as:

Accident Claims
 Bankruptcy
 Real Estate
 Consulting & Contracting
 Divorce
 Green Cards
 Human Resources
 Living Trusts
 Patents
 Personal Injury
 Wills

*Remote access is available to subscribers who are solos or firm attorneys whose entire firm has a subscription to the Law Library.

Links:

Hamilton County Forms:

Common Pleas and Municipal:

<https://www.courtclerk.org/formqueries.asp>

Domestic Relations Forms:

<http://www.hamilton-co.org/domestic/FormsProcedures/Forms.html>

Juvenile Forms:

http://www.hamilton-co.org/juvenilecourt/FormsHome/forms_home.asp

Probate Forms:

<http://www.probatect.org/services/index.htm>

LibGuide for Forms-<http://libguides.hamilton-co.org/forms>

Upcoming Events

- June 7: HeinOnline Training Webinar
- June 17: You and the Legal System: Family Law
- June 29: Finding Company Information Online
- July 15: You and the Legal System: Ohio OVI/DUI

Law Library Holidays

The Law Library will be closed on Monday, July 4 in recognition of Independence Day.



June 2016 Law Library Newsletter

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