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## "Providing Legal Advice and Strategies for More Than 50 Years"

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January, 2019

### HAPPY NEW YEAR

Happy New Year to you and your families. It is hard to believe that another year has come and gone so quickly. As the new year is kicking off it is time to think about the upcoming year. The Liberis Law Firm would like to take this opportunity to thank all of our wonderful, amazing, and loyal clients throughout the years.

It is your trust in our Firm that has made us a success year after year. Keep the referrals coming. We look forward to continuing to be of service to you and those you refer to us. We wish you all a happy, healthy, and prosperous new year.



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### **FIRM ADDITION**

Liberis Law Firm would like to welcome our newest attorney, Kelly J. Gwin. Kelly is a 2001 graduate of Stetson University College of Law. Kelly's areas of practice for the Firm will include Income Tax Resolution, Estate Planning, Real Estate Transactions, Business Transactions, Corporate Law, and Condominium and Association law.



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### **NEWSLETTER PUBLICATION**

A number of our clients have requested that we recommence our Newsletter and we are happy to oblige. The newsletter will be published on an irregular basis as we come across topics of interest that relate to our clients.

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## INCOME TAX RESOLUTION

*By Kelly J. Gwin*

Every new year is also the beginning of a new tax season. It is time to assess last year's personal and business income before it is too late.

Albert Einstein, physicist, is quoted as saying, "The hardest thing in the world to understand is the income tax."

At its core, the Internal Revenue Code defines gross income as all income from whatever source derived and includes, among other things, compensation for services, I.R.C., Statutes, Section 61.

Getting the dreaded letter from the IRS can be paralyzing and embarrassing. It can happen to anyone and it can happen so easily. The Liberis Law Firm is here to help you get compliant with the IRS. When you hire us, you are assured true Attorney-Client Privilege which extends further than the protections provided in section 7525 of the Internal Revenue Code for other federally authorized tax practitioners.

### Failure to File and Failure to Pay

The two common IRS penalties are failure to file and failure to pay. Not only are you assessed penalties, but you are also assessed interest which continues to accrue. What usually starts off as a small dollar amount can blossom exponentially if not addressed properly and promptly. We are here to help.

[Click here to read more](#)

### Income Tax Resolution Areas of Law

Appeals - Audit Representation - Bank Levies - Currently Non-Collectible Status - Innocent Spouse - Installment Agreements - Levies and Liens - Offers in Compromise - Penalty Abatements

**PRIVATE EQUITY MARKET**

Charles Liberis recently wrote an article for an international legal magazine, *Lawyer Monthly*, which we include for your reading.

# PRIVATE EQUITY MARKET

Private Equity investments can become very complex, as the deals often need to match the present and future requirements and goals of each party, and for this scope legal counsel is highly crucial, especially as alongside transactions, risks and pitfalls are also increasingly complex in today's PE industry.

2015 was a good year for the Private Equity Industry (PE), globally. To find out how the deal environment in PE is now faring, *Lawyer Monthly* reaches out to Charles Liberis, the founder of Liberis Law Firm, a Florida-based US Firm specializing in domestic and international PE, for his comments.



The Private Equity Industry once known as the Leveraged Buyout Industry (LBO) has been paying record multiples for companies that are profitable and have a track record of growth.

Companies bringing the highest multiples are aerospace, high-tech, and specialty light manufacturing, while maritime continues to hide. According to a study conducted by *Fortune* magazine, 2250 private equity firms hauled in \$177 billion from pension funds, endowments, and wealthy investors last year in the US alone. They currently manage \$2.6 trillion in assets and are sitting on another \$50 billion of 'dry powder' i.e. capital that is committed, but not yet invested.

To put it mildly, PE funds are choking on cash driving up prices of potential targets.

So what does a typical deal look like?

- Sale price of 4 to 10 times Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA depending on the industry and on the expected 3 to 5 year growth projection.

- Purchase of 80% of the company's stock with current ownership retaining 20%

- Purchase price in cash and /or stock

- Five year exit strategy with the

goal of doubling EBITDA at which time management will sell the remaining 20% along with the private equity firms 80%

- 3 to 5 year employment contracts for key management

- Five year lease on any real property owned by management with an option to purchase

The impact of Brexit, according to 'Inajo Quarterly', a leading publisher in the international PE industry, is that an unprecedented number of investors are increasing their allocations of capital to PE, relative to other more traditional investment vehicles. While flooded with funds, growing concerns of the potential impact of Brexit have led to a decline not only in deal numbers but also in valuations. According to the publication 'Real Deals' valuations have fallen to 8.2 times cash flow.

The turbulence created by Brexit will create opportunities for experienced PE managers to snap up companies at lower prices. Long term, Britain's exit will free up British companies from the European Union's costly rules and over regulations and lead to more opportunity for profit. **LM**



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