Basswood Counsel

USBC 360°

Powered by U.S. Black Chambers, Inc.

USBC 360°
Legal Session I

Business & Legal Foundations: Build the company that can survive the growth.

About Basswood

Navigating Legal Complexities With Care

Basswood Counsel is a boutique law firm specializing in complex business transactions, including mergers and acquisitions, corporate law, and international tax structuring. Our experienced team offers personalized attention, combining large-firm sophistication with the accessibility of a smaller practice.

Our Services

We provide top-tier legal services tailored to your needs, covering tax planning, corporate finance, cross-border transactions, and securities. Combining global reach with he personalized attention of a boutique practice, we deliver expert legal strategies to help you achieve your goals.

Business & Finance

- General Corporate
- Fund Formation & Investment Management
- Emerging Companies Startups
- Infrastructure Project Development & Project Finance

Tax

- Corporate Fiduciary Representation
- Corporate Tax
- Executive Compensation
- International Tax
- State & Local Tax (SALT)
- Tax Controversy & Litigation
- Tax-Exempt Organizations
- Estate Planning

Family Office

- Family Office Services
- Wealth & Estate Planning

Meet The Team

Our team, composed of attorneys with both domestic and international training, stands ready to navigate the complexities of your legal needs with sophistication and a bespoke approach.

Jephte Lanthia

Equity Partner and Co-Founder

Jephte Lanthia advises on corporate and securities, fintech, and compliance, assisting fund managers with investments, securities offerings, broker-dealer regulation, and industry compliance matters.

Connect with Jephte
Scan to view profile

Hazvinei Mugwagwa

Of Counsel

Hazvinei approaches deal-making and transactions like soccer, valuing teamwork and achieving success when every participant brings their best effort to deliver optimal outcomes on and off the field.

Connect with Haz
Scan to view profile

USBC 360º Legal Track - Our Promise

You will leave with a legal map for growth, not a law-school lecture.

Session 1

Company structure that can survive diligence

Session 2

Capital strategy that does not break the company

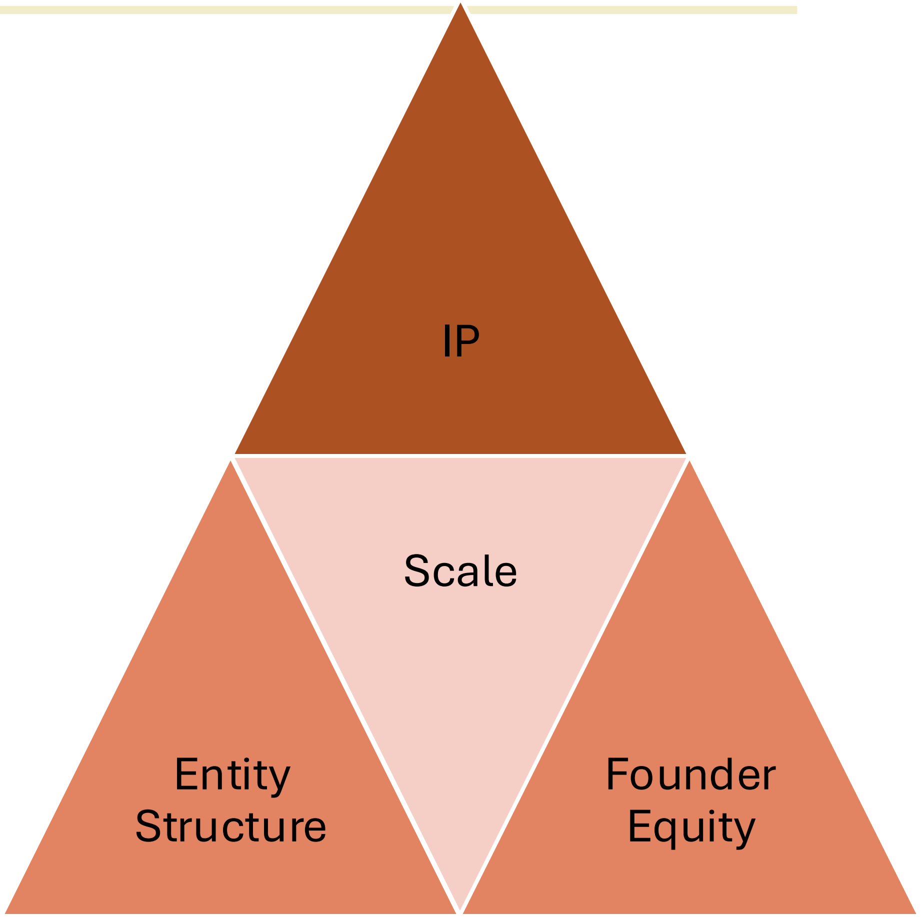
Session 3

Contracts that put risk where it belongs

The Cost of a Fractured Foundation

Cost of a Fractured Foundation

A brilliant product cannot survive a fractured legal structure



Agenda

1. Entity Selection
2. Founder Equity
3. Intellectual Property Ownership

The cohort is already in the danger zone

25	48%	56%	60%
product companies	co-packed/co-manufactured	Working-capital obstacle	planning wholesale growth

The legal lesson

The legal risks that matter most are the risks that attach to revenue: ownership, contracts, claims, distribution, insurance, grants and investor money.

Business & Legal Foundations

If the company cannot prove ownership and control, growth makes it weaker

Business & Legal Foundations

If the company cannot prove ownership and control, growth makes it weaker

A company needs three proofs

Ownership. Control. Asset Title.

Ownership

Who owns what, and under what documents?

Control

Who can decide, sign, issue equity, borrow and sell?

Asset Title

Does the company own the brand, formula, design and content?

The entity question is really a growth-path question

Feature	LLC Entity	C-Corporation
Tax Treatment	Pass-Through	Double Tax
Investor Pref	Limited	VC Standard
Equity Type	Profits Interest	ISO Options
Governance	Flexible/Easy	Formal/Board
Filing Cost	Low/Variable	Uniform/Delaware

Founder Equity

The 50/50 split is not fairness. It is a deadlock unless designed

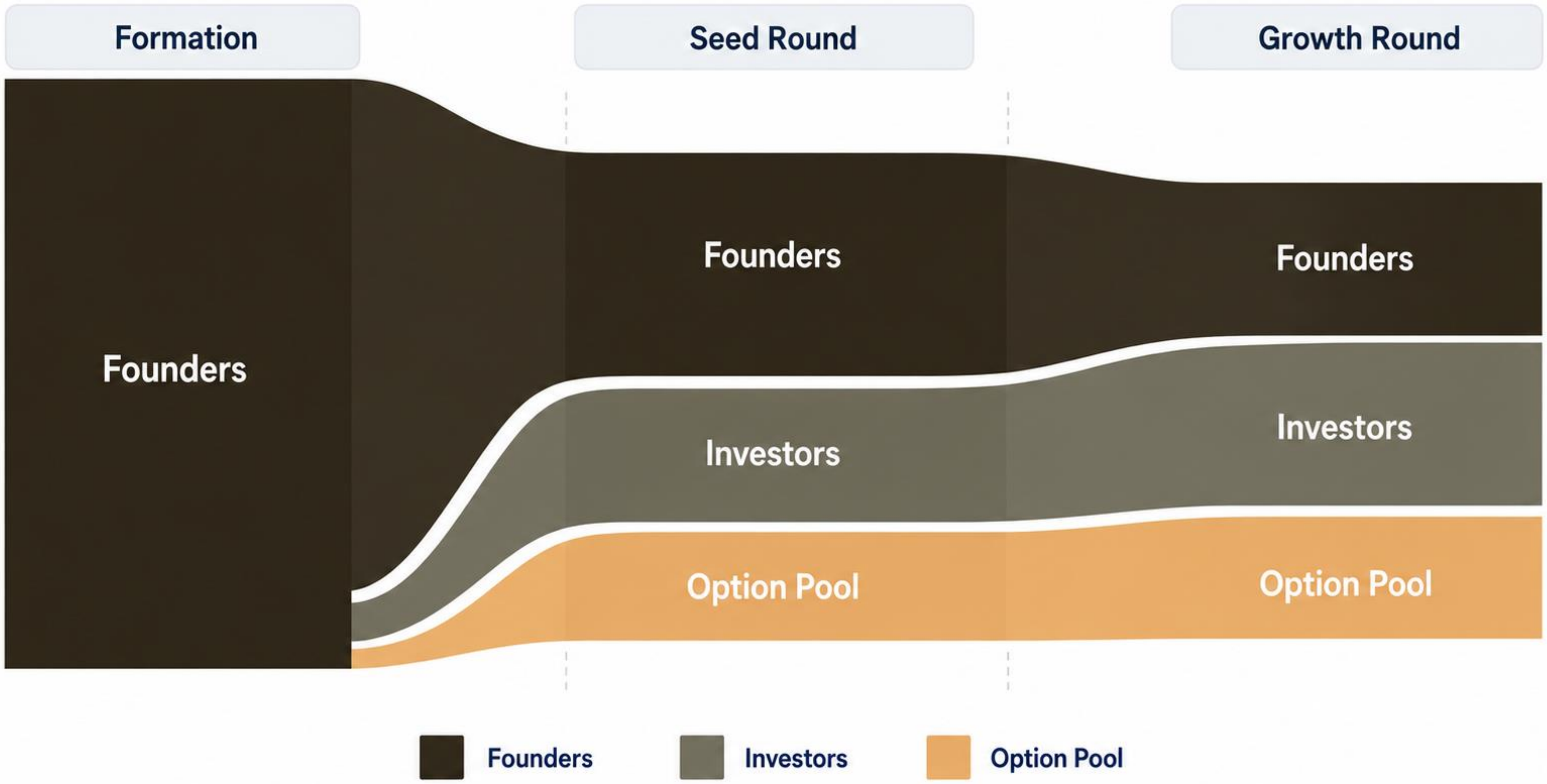
Equal ownership needs a tie-breaker.

Bad design

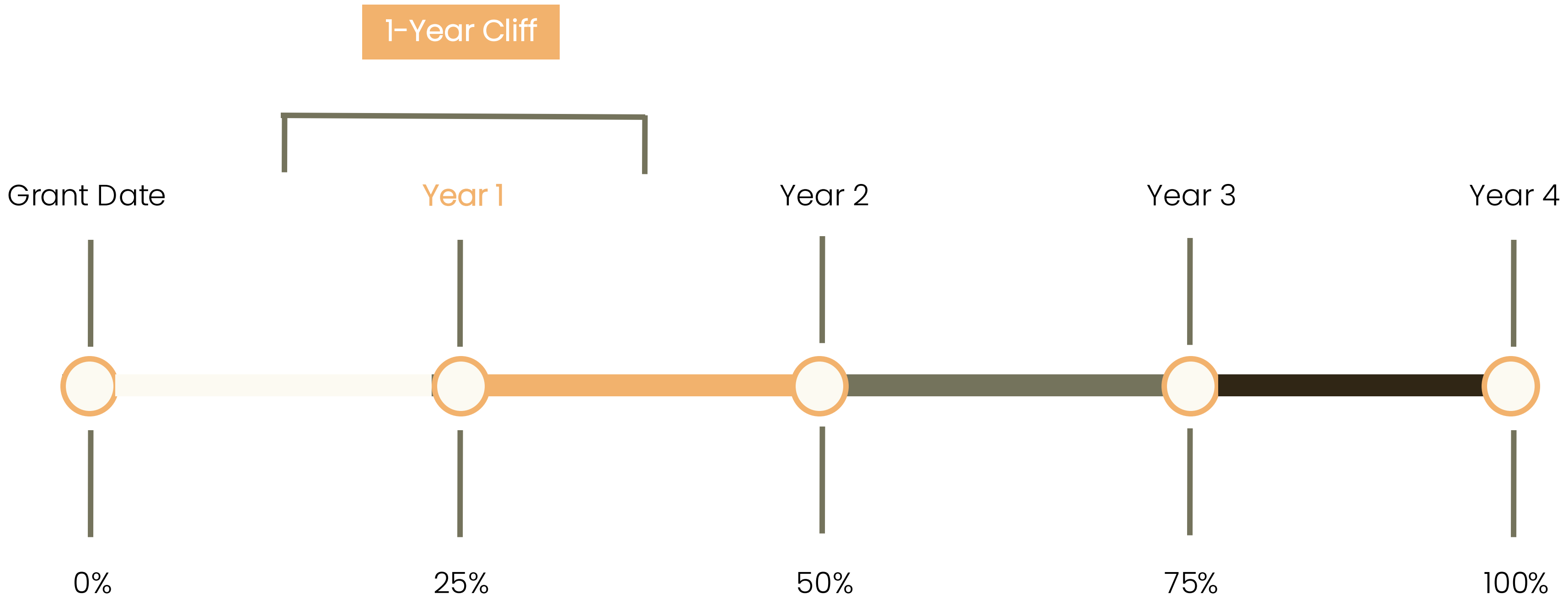
50/50 ownership + no operating agreement + no tie-breaker = paralysis

Better design

Defined roles + vesting + reserved matters + deadlock or buy-sell mechanism


Formation
Seed Round
Growth Round
Founders
Founders
Investors
Option Pool
Founders
Investors
Option Pool
Founders
Investors
Option Pool

Vesting Mechanics and the 83(b) Election



Vesting converts hope into mechanics

Equity should match contribution over time.

Mechanic	Why It Exists	Founder Question
Cliff	Protects against early departure	How much credit for prior work?
Monthly vesting	Matches continued contribution	What if roles change?
Repurchase right	Reclaims unearned equity	What price?
Acceleration	Protects founder in sale/termination	Single or double trigger?

30 Days can decide a tax outcome

83(b) is a process point, not a footnote.

83(b) election

Restricted equity triggers a tax question immediately. The IRS 83(b) election deadline is generally no later than 30 days after property transfer. Build a closing checklist so no founder learns this late.


Directions
Directions

Payment Is Not Ownership

If a contractor created it, the company needs written rights.

Asset	Risk	Document
Logo/ package	Designer owns copyright	Assignment/ work-for-hire
Formula/ recipe	Founder or consultant owns know-how	Founder contribution + NDA + Assignment
Content/ photos	Limited license only	Usage scope or assignment
Trademark	Wrong owner or weak clearance	Correct filing and title records

Moonlighting creates a chain-of-title question

A day job can create tomorrow's investor objection.

Session 1 Diagnostic

Red answers become follow-up items.

- Can you prove current ownership and voting rights?
- Do founder agreements address vesting and departure?
- Does the company own all material IP?
- Is any day-job IP risk unresolved?
- Would your cap table and IP file survive investor diligence today?

USBC Legal-Foundations | Session 1 | Audience-Notes

Scan to access and download the Audience Notes

Basswood Counsel

Hope you enjoyed the presentation. Please contact us with any questions

Contact Us:

1300 L St. NW Suite 975
Washington DC 20005

Phone: 202-980-4788
Fax: 202-217-4450

www.basswoodcounsel.com

Email: info@basswoodcounsel.com

Listen to our Podcast: Under The Basswood Tree