

**Beyond the Employment Agreement:
The Life-Cycle of a Dental Practice Entity
From Buy-In to Buy-Out**

*A Practical Approach to the Major Issues
View from the Practice and the New Owner*

A Presentation For:

Mercer County Dental Society

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Diamonds Restaurant

OVERVIEW

- General Considerations
- The Buy-in
- Anatomy of a Purchase or Subscription Agreement
- Ownership Documents - Operating Agreement or Shareholders Agreement
- The Buy-out
- Deferred Compensation Agreements



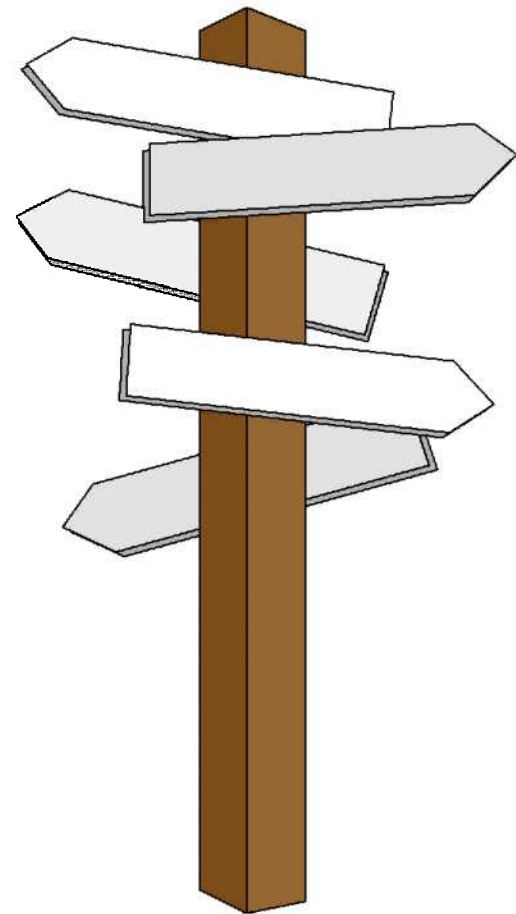
GENERAL CONSIDERATIONS

- Which perspective do you look at the transaction from?
 - The dental practice (“Practice”)
 - The dentist joining the Practice
 - A younger owner
 - An older owner
 - The President of the Practice



GENERAL CONSIDERATIONS

- What are your goals?
- Each party should have his or her own counsel, accountant and other necessary professional(s)
- Know who are the parties' and the Practice's professionals
 - Accountant
 - Attorney
 - Outside practice management consultants



THE BUY-IN: *Due Diligence*

- Type of entity
 - General Partnership
 - Unlimited liability
 - Pass-through taxation
 - Professional Corporation
 - “C” Corporation
 - Limited liability
 - Possible double taxation
 - “S” Corporation
 - Limited liability
 - Pass-through taxation
 - Limited Liability Company
 - Limited Liability
 - Pass-through taxation



THE BUY-IN

Governance Documents

- Corporation
 - Stockholder Agreement (a/k/a Buy-Sell Agreement)
 - Bylaws
 - Employment Agreement
 - Deferred Compensation Agreement
- Limited Liability Company
 - Operating Agreement
- Partnership
 - Partnership Agreement



THE BUY-IN: *Due Diligence*

Documents, agreements and contracts relating to the Practice should be reviewed

- Certificate of Incorporation / Formation
- Bylaws
- Operating/Stockholder Agreement
- Organizational minutes
- Tax Returns
- Payor agreements

