

Initial Public Offering Services

MAXIMIZING VALUE THROUGH KNOWLEDGE™

In preparation for an initial public offering ("IPO"), a company must be certain that it is in compliance with SEC and IRS regulations on stock options, warrants, and prior stock transactions.

Options and warrants granted within a year of the IPO are treated as outstanding for reporting purposes and the calculation of fully diluted EPS. The issuance of stock or the establishment of an option exercise price for less than fair market value ("cheap stock") is frowned upon by the SEC. If a cheap stock issue is revealed, the company could be required to book a compensation charge. The surprise compensation charge may derail an IPO. Additionally, the IRS will assess employees additional income tax and penalties. The valuation of a company and its common stock prior to an IPO can be complicated. There are often many risk factors which may prevent the IPO from progressing, and shareholder value may differ significantly depending on the success or failure of the event. Adams Capital can help you avoid placing the company and its employees in the "cheap stock" trap by performing the valuations necessary to satisfy the SEC and IRS.

The professionals at Adams Capital, Inc. have substantial experience valuing closely held companies and stock options/bonus shares in the context of an impending IPO. We work closely with our clients' legal and financial advisors to ensure beneficial and appropriately structured valuation strategies that meet wealth maximization and compliance goals.