



Shareholder Representative Services – The Smart Way to Exit

Most sales of privately-held companies require someone to serve as the representative of the shareholders following closing. Nobody wants to do it, but someone reluctantly agrees in order to get the deal closed. Being the shareholder representative is a chore. It involves communicating with institutional and employee shareholders, reconciling escrow accounts, investigating claims and navigating litigation, and accounting for expense, claim and interest allocations. These are all distractions that expose the individual serving as the representative to legal and financial risk and detract from what should be the best use of their time – identifying the next deal and managing the rest of their portfolio. Additionally, when disputes do arise, ensuring an optimal outcome for the selling shareholders requires specialized expertise. For all these reasons, several institutional investors approached us to set up SRS. We make the burden and exposure go away while ensuring maximum and timely return of sale proceeds to shareholders.

Professional

As shareholder representative, SRS professionally manages the entire post-closing process including the management of escrows, earn-out negotiations, the handling of claims, disputes and litigation, communications with the acquirer, and, ultimately, distribution of escrow funds.

Independent

By engaging SRS, there are no conflicts of interests. With state-of-the-art monitoring and communications systems, shareholders have ready access to all relevant information with full knowledge their interests are being protected.

Experienced

The professionals at SRS are lawyers, accountants, bankers and entrepreneurs whose sole focus is shareholder representation. Our experience allows us to quickly slip into deals, even at the final hour. Our expertise allows us to deliver on our customer promise – to simplify the post-closing process and maximize the timely return of sale proceeds to shareholders.

“SRS has the team with the proper expertise to professionally manage all post-closing matters related to the escrow, and any claims or disputes which may arise, which allows us to focus on our core business of making new investments and building value in our ongoing portfolio”

Bill Tai
General Partner
Charles River Ventures



Why SRS? Let these real-life testimonials tell the story.

The following are actual stories from institutional investors who have either served as a shareholder representative or who have engaged SRS. More real-life stories can be found on our website.

- “ Invariably, whenever I serve as the stockholder rep, I end up spending countless hours communicating with the shareholders, producing and checking spreadsheets, and working through individual matters, even in the absence of claims. My favorite was, ‘My name is [insert name]. When I worked at the company, my name was [insert completely different name]. I moved back to China, but then later returned and am working here again, although my name on my passport is now [insert yet again different name]. I am now at a different company and live at a different address. In order for the escrow agent bank to pay me they need proof that I worked at the company and held shares. Can you help?’ ”
- “ Five days after escrow period EXPIRED, I received notice from the acquiring company that they wanted to make claims against the escrow. Of course, I said ‘no.’ They proceeded to sue me personally, the shareholder rep, and I was served at work in the middle of a meeting. They had a team of lawyers and accountants on their side and I got to work for free, adding enough hours to my schedule to amount to a second full-time job trying to represent our interests. I will never be a shareholder rep again. ”
- “ With the increasing complexity of issues and diversity of interest among stockholders, our board preferred to hire a professional and independent resource to represent the interests of all stockholders during the escrow period. SRS was able to effortlessly integrate into the merger negotiation process and will provide our stockholders with a heightened level of service. ”

Benefits

- Professional post-closing management allowing all shareholders to avoid the administrative burdens and risks of being the shareholder representative
- Independent advocate for all shareholder interests
- Dedicated expertise for handling claims, disputes and litigation
- Shareholder retention of control over decision making process on major issues
- Sophisticated claims management and escrow monitoring systems
- Managed shareholder communications with a dedicated email address, toll-free phone number and secure online access

All for one flat fee that generally has no material impact on any shareholder’s payout from the merger.

Sample List of Institutional Investors Represented by SRS

ARCH Venture Partners

August Capital

Bear Stearns Health Innoventures

Bessemer Venture Partners

Charles River Ventures

CMEA Ventures

Granite Ventures

H&Q Healthcare Investors

Highland Capital Partners

Institutional Venture Partners

Lehman Brothers Venture Capital

Mayfield Fund

Mobius Venture Capital

Mohr Davidow Ventures

Norwest Venture Partners

Pequot Capital

Redpoint Ventures

Saints Capital

Silicon Valley Bank

SOFTBANK Capital

Steamboat Ventures

Summit Partners

Texas Pacific Group

Trident Capital

U.S. Venture Partners

Vulcan Capital

Worldview Technology Partners

Contact SRS to serve as your professional shareholder representative

SRS | Shareholder
Representative
Services

303.648.4085 Denver
415.367.9400 San Francisco
650.648.9550 Silicon Valley

info@shareholderrep.com
www.shareholderrep.com