

Buying and selling a business: What you don't know can hurt you!

October 24, 2017



It seems like every day driving down Route 9 in Freehold NJ, you see one business close and a new business move into its space. This made me think of the legal process involved in selling a business and the liabilities associated with it for the unknowing business owner. If you're the Seller of the business, hopefully it's time to make a profit from the hard work you put into building your business. Maybe the business was failing, and this was an opportunity to cure your money problems. If you're the Buyer of the business, this is a chance to make money in a new business venture. If the business was failing, you have the opportunity to start a new business at bargain basement prices. Like any significant business undertaking, there is a great deal of risk facing both parties if the legal issues are not properly addressed prior to closing on the transaction.

As the Buyer, some of the risks you face are responsibilities for liabilities that only appear in the form of a lawsuit after the business has been purchased, the sudden failure of major equipment, assumption of unforeseen debts, and the failure to properly address all tax issues. As a Seller, some of your major concerns are that when you sell your business, you want to ensure you are properly paid for the business, and any liabilities associated with your old business disappear after you close.

An experienced attorney, like myself, who has done many of these transactions, knows how to anticipate and avoid a great deal of the potential risks and liabilities faced by both parties. Remember that there are many similarities between transactions, but every transaction is unique. Therefore, be wary of anyone using pre-made forms and/or agreements that may or may not be applicable to your transaction. An experienced attorney will know when they can save you money by using a form and when a custom agreement or clause is needed for your transaction.

If you need help buying or selling your business or just want to chat about this article, feel free to call me at 732-792-3397 or via email at david@weinsteinlawyer.com.

© 2017 Law Offices of David A. Weinstein, P.C. All rights reserved. The information contained in this website is provided for informational purposes only, and should not be construed as legal advice or an offer to perform services on any subject matter.