

# **Royalties Can Be Effectively Used By Sophisticated Business Owners ©**

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**With the appropriate advice of counsel, royalties can be used to accomplish a range of business owners' objectives.**

**Were a privately owned company to be in a location of high taxation, royalties can be central to a transaction transferring profit from one jurisdiction to another.**

**Were a privately owned company to be a borrower of funds the terms of which include business-obstructing negative covenants, royalties can be used to raise the funds necessary for the loan repayment.**

**Were the owners of a privately owned business to wish to reward a specific group of individuals, some of whom may or may not be affiliated with the company, royalties can be used to accomplish the purpose.**

**Were the owners of a company to wish to acquire another company, royalties can be used to acquire the necessary funding.**

**Were the owners of a privately owned company to wish to divest a segment of their company they could increase their return through the use of royalties.**

**Were the owners of a privately owned company to wish to expand domestically or internationally, they could use a royalty based on the revenues from the newly opened markets.**

**The terms of a royalty can be changed with the approval of the parties. The owners of royalties do not vote or have an ability to influence management. The amount of information about the company issuing the royalty is negotiable as are all of the terms, including those relating to the terms of royalty payment. Royalties can be issued in return for cash, rights to use assets, including intellectual property and for loan guarantees.**

**Royalties are not only the better way of both financing and investing in privately owned companies but also of creating a means of business owners achieving objectives.**