

# **Constructive Royalty / Equity Swaps - Undoing Mistakes & Taking Advantage of Circumstance ©**

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**There are many situations where the controlling owners and managers of a company which has issued shares in the company wish it hadn't done so.**

**Some of these companies will be nominally publicly traded though actually more zombie-like in that shares really only trade by appointment. In these cases the company has regulatory, contractual and legal administrative obligations and expenses no longer justified by circumstance. Things have just not worked out as originally planned at the time of the securities offerings.**

**In the case of companies which have issued shares for a range of reasons but remained privately owned and are not publicly traded many of the same contractual and legal obligations are present and represent both an expense and are or can be action limiting to the controlling shareholders.**

**The question then is how best to fairly and honestly contract the ownership of the company to a small group having similar and non-conflicted interests?**

**The offering of a royalty in exchange for shares, conditioned upon a minimum acceptance level, could be the answer as the only obligation of the royalty issuer is to pay an agreed percentage of revenues for an agreed period. Also, once a royalty/equity swap was completed the company or its controlling shareholders would be free to negotiate directly with the royalty holders for a redemption or termination of the royalty. The only obligation of the royalty issuer is to make the agreed royalty payments subject to the terms of the agreement.**

**Now there is the matter of defining fair and structuring the terms of the royalty. [Royalties.Website](#) is where to learn about royalties and the website calculators. The Library of [PacificRoyalties.com](#) is also a trove of data regarding royalties.**