

Confidential Information Memorandum (CIM)

This is a document containing a detailed analysis and narrative description of a company and its future prospects.

Conditions to Closing

These are obligations that must be fulfilled in order to legally require the other party to close the transaction.

Closely Held Corporation

This is a corporation whose stock is owned by one or a few shareholders and is operated by this person or close knit group.

Cap

In a purchase agreement, this is the maximum amount of damages a buyer can recover from the seller under the indemnification provisions.

C Corporation

This is a corporation whose profits are taxed separate from its owners under subchapter C of the Internal Revenue Code.

Bulk Sale

This is a law that regulates the transfer of business assets to prevent sellers from receiving sale proceeds before creditors are paid.

Basket

In a purchase agreement, this is the minimum loss a buyer must suffer before they can recover damages under the indemnification provisions.

Auction Process

An auction is a type of business sale process that involves competitive bidding.

Asset Sale

This is a sale/purchase of certain business assets, both tangible and intangible, and often some liabilities, leaving the seller with the corporate entity and possibly some remaining assets and liabilities.

Allocation of Purchase Price

In an asset sale, the purchase price must be allocated to tangible and intangible assets and goodwill. The buyer and seller agree on and report the same purchase price allocation to tax authorities.