



## News

### Hinshaw Represents Senior Lender in ESOP Conversion

January 2, 2014

Hinshaw & Culbertson LLP represented a national banking financial institution as senior lender in its credit facility to a middle-market tool and die works and machining corporation in connection with the corporation's reorganization, formation of an Employee Stock Ownership Plan ("ESOP") and ESOP stock purchase transaction.

An ESOP is a type of employee benefit plan that invests primarily in employer stock and provides certain tax advantages. The ESOP makes the employees of the corporation owners of stock in that corporation. ESOPs are typically used: (i) as a succession tool for owners of privately held companies, (ii) to obtain financing at a lower after-tax cost, and (iii) to provide an additional employee benefit. Considerations for a company when deciding whether to use an ESOP include: valuation of company; stable nonvolatile history of profitability; debt capacity; strong management team in place or a management succession plan; number of employees; amount of payroll; and little employee turnover.

Partner [Anthony J. Jacob](#) led the team.

#### Attorneys

[Anthony J. Jacob](#)

#### Service Areas

[Employee Stock Ownership Plans \(ESOPs\)](#)