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WHO'S WHO | in Corporate Law

By LISA JOSEFAK

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David Hoepfner is an attorney in Campolo, Middleton & McCormick, LLP's corporate and private equity group where he focuses on business formation and structure, executive compensation, private equity offerings, and other related business matters.

Since Hoepfner began working at the firm, he has helped start-up and expanding companies raise millions of dollars to build their businesses, and has experience negotiating on both the issuer side and the investor side. He has also helped client exit their investments, both on the positive side by merger and acquisition, and on the negative side by unwinding tangled partnerships and advocating for a fair distribution for of assets to Campolo, Middleton's clients. Campolo, Middleton has a history of advocating for Ponzi scheme victims, and Hoepfner has played an important role in extracting those victims from Ponzi scheme investments.

Issuing equity can be a helpful alternative to bank financing for growing businesses, but small business owners often downplay the significance of issuing their own stock, Hoepfner said.

"Whether it's a startup or it's Google, size doesn't always matter, and many of the same laws apply," he noted. "Business owners and their employees should be aware that receiving equity in return for services is generally



taxable at ordinary income rates, as if cash had been received. Likewise, equity ownership grants certain voting rights, rights to information about the company, and entitlement to fiduciary duties from directors and controlling shareholders."

When selling equity, even small businesses must comply with state and federal securities laws, Hoepfner noted.

"While exemptions are available from some requirements applicable to public companies, fitting an exemption often means restrictions on the amount of money being raised, the number and type of investors, the duration of the offering, and the amount and type of disclosure," he said.

"In addition, advertising and solicitation is generally prohibited, and the same anti-fraud provisions apply to sales of equity by both small and large businesses."

These requirements can seem daunting, but issuing equity can catalyze business expansion, and robust disclosure, consensus-building and good record-keeping are an excellent place to start, Hoepfner said.

Prior to joining Campolo Middleton, Hoepfner was a full time merit scholar at Hofstra Law School, where he spent a year in Hofstra's Community and Economic Development Clinic working to form and grow local businesses and non-profit organizations. While at Hofstra, he drafted environmental protection legislation for the City of Long Beach and worked for a firm specializing in education law. Before attending law school, Hoepfner taught economics and business applications at the Academy of Finance and Enterprise High School in Queens. He graduated with honors from McGill University with a bachelor's degree in political science and a minor in economics.

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