



GARY Q. MICHEL

PARTNER

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Gary Michel is a Partner of the Tax Department.

With more than 40 years of tax and corporate law experience, Gary serves as a business advisor and tax strategist to his clients who are generally privately owned businesses with a strong entrepreneurial spirit demanding effective and creative legal judgment over a wide area of legal terrain.

Gary chairs the firm's Tax Department, and is an active participant in the Wealth Transfer Planning and the Business Corporate Transactional Departments. In these capacities, he counsels individuals, families and business enterprises of all stripes in sophisticated business transactions, especially the tax issues arising from them.

Gary has spoken to accounting and legal organizations on a variety of tax topics such as like-kind exchanges, equity compensation, partnership allocations and tax patents. He has authored numerous articles on tax planning strategies concerning equity compensation and carried interests, earnouts, success-based fees and property tax assessments.

REPRESENTATIVE MATTERS

Represented the sellers of the largest independent pipe and supply wholesaler in Southern California during its sale to Hughes Supply (which was thereafter acquired by HD Supply). Developed strategy working with the CEO, top-level management team, and the company's investment banker to prepare the company for sale and to negotiate the highest and best price possible with the lowest tax cost. This was the landmark event to the founder and seller, and was an opportunity to confirm the transfer of significant wealth to future generations without incurring a transfer tax. When the founder's covenant not to compete expired, Gary assisted his re-entry into business under the same name. And when the growth of the business exceeded everyone's wildest expectations, he represented the owners' sale to

EDUCATION

J.D., University of California, Los Angeles, School of Law, *Order of the Coif*

B.A., University of California, Los Angeles, *Cum Laude*

PRACTICE AREAS

Business, Corporate and Tax

Estate Planning, Probate and Trusts

ADMISSIONS

California

Morsco, the U.S. subsidiary of Reece Ltd. of Australia, for a price more than twice the amount of the original sale to Hughes Supply. [Click here to read the *Daily Journal's* "Dealmakers" profile.](#)

Represented large pipe and supply wholesaler to maximize real estate interests in connection with the sale of its operations to competitive company. Restructured the leases prior to negotiations in order to shift all property risk to the tenant and therefore the buyer of the business. Crafted a renewal provision allowing the landlord maximum flexibility, and during the course of negotiations seized upon the opportunity to increase historical rents significantly. This resulted in an annual increase in rents of almost \$500,000 and a substantial increase in the value of the real estate based on market value of a 5% cap rate. Represented the client during the company's years of acquisition of real estate and guided the client past environmental and other hazards presented in the process, including local tax issues (such as property tax assessments), and where possible tax rebates obtained for the establishment of a new and larger business operation in the community.

Represented the sellers of the second largest independent pipe and supply wholesaler in Southern California to Ferguson Enterprises, Inc. Working with the CEO and founder, the top-level management team and investment banker, prepared the company for sale, orchestrated the auction of the company and negotiated the highest and best price possible. The transaction was structured as a stock sale in order to minimize the tax liability to the sellers but was coupled with a tax election that allowed the buyer to obtain substantial tax benefits as well.

Worked with a major plumbing contractor in connection with his wealth transfer needs and asset protection desires of his company. Excess liquid assets were removed from the operating business entity and other assets were transferred to a family limited liability company to facilitate gifts for the benefit of their children and grandchildren.

Assisted three of the four founding families of a real estate partnership that owned numerous commercial and multi-family residential projects in connection with their desire to split up and break away from the fourth family. The transaction was structured to avoid any adverse property and income taxes to the remaining three families, while minimizing income taxes to the departing fourth family.

Represented a large multi-specialty group practice in its sale of its group practice to Presbyterian Intercommunity Hospital. Negotiated sale transaction documents as well as the "relationship" documents to be effective post-closing, such as the Professional Services Agreement. Significant benefits were achieved for client in the negotiation of the indemnification provision, with its buckets, baskets and deductibles.

Represented the newly hired senior executive officers of an online seller of movie tickets in connection with the tax planning of their compensation package with the company. Structured the purchase of restricted stock with only partial recourse, thereby enabling the senior executives to make a Section 83(b) election. Shortly thereafter, the company received an unsolicited offer that was too good to refuse. Structured the sale transaction to enable the senior executive to achieve long-term capital gain on the sale of the company's shares.

Represented a publicly traded hospital management company in connection with its purchase of USC Norris Cancer Hospital, Desert Regional Medical Center and Queen of Angels-Hollywood Presbyterian Medical Center in California and the following medical centers across the nation: Providence Memorial Hospital (El Paso, Texas), Hialeah Hospital and North Shore Medical Center (each of Miami, Florida), Deaconess Incarnate Word Health System (St. Louis, Missouri) and Saint Louis University Hospital (St. Louis, Missouri). Worked with company on its operational and compliance issues with its academic medical center at USC University Hospital and USC Norris Cancer Hospital, Saint Louis University Hospital and Creighton University Medical Center – Saint Joseph Hospital.

HONORS & RECOGNITIONS

Elijah Watt Sells Honor Award, 1972

COMMUNITY & PROFESSIONAL

Los Angeles County Bar Association,
Beverly Hills Bar Association, Taxation Committee, 1979 – 1980, Member
Beverly Hills Bar Association, Taxation Committee, 1979 – 1980, Past Chairman
American Health Lawyers Association, Former Member
Law Review: Board of Editors, 1974 – 1975

CLIENT ALERTS

ECJ Tax Partner Gary Michel Quoted in Los Angeles Times
11.11.2019

BLOG POSTS

Like-Kind Exchanges In A COVID-19 World (And What To Do About The Sharon Mitchell Decision)
Taxing Matters, 06.09.2020

CARES Act: Tax Relief for Businesses
Taxing Matters, 04.02.2020

Property Tax Assessor Presumed Too Much
Taxing Matters, 12.13.2016

Converting a Profits (or Carried) Interest Into a Capital Interest Tax-Free, Even if it is a Marketable Security
Taxing Matters, 07.16.2015

Be Sure to File a Protective Claim for FICA Taxes
Taxing Matters, 02.18.2014

PUBLICATIONS

Hidden Gem in New Tax Law – S Corporation Built-In Gain Recognition Period Reduced to 5 Years
Taxing Matters, *Ervin Cohen & Jessup LLP*, 01.03.2013

Locking in 2012's Long-Term Capital Gains Tax Rate
Taxing Matters, *Ervin Cohen & Jessup LLP*, 12.05.2012

Look Before You Leap: The IRS Relief Offer on Worker Classification
CFO.com, 11.11.2011

How to Spice Up Restricted Stock
CFO.com, 09.13.2011

How to Deduct Success-Based Fees Paid to Investment Bankers
CFO.com, 08.16.2011

The Ins and Outs of Earnouts
CFO.com, 06.12.2011

SPEAKING ENGAGEMENTS

Here & Now: Adjusting to the New Market
The Azzi Group of Marcus & Millichap and Ervin Cohen Jessup LLP, Live Webcast, 05.12.2020

Equity Compensation
Beverly Hills Bar Association, Taxation Section, Beverly Hills, CA

Equity Compensation
California Society of CPA's, Long Beach

Final Partnership Allocation Regulations
State Bar of California Association Taxation Committee and California Society of CPA's, Burbank/North Hollywood, CA

Patenting Tax Strategies
California Society of CPA's, West San Fernando Valley, CA

Roundtable Conversations on the New 2018 Tax Law
Ervin Cohen & Jessup LLP, Beverly Hills, CA, 2018

Equity Compensation in Corporations & Partnerships
Beverly Hills Bar Association, Beverly Hills, CA, 11.20.2014

SUCCESSSES

Ervin Cohen & Jessup Navigates Sale of Todd Pipe & Supply to Reece Ltd. For \$160 Million