

## DEAL MEMO

SHEP LLC — Sanoj Allen & William Groves

**Date:** April \_\_, 2026

This memo summarizes how Sanoj Allen and William Groves plan to form an LLC to own and operate SHEP. Two documents implement the deal: an Operating Agreement and an IP Assignment Agreement. This memo explains both in plain language.

### WHAT WE'RE BUILDING TOGETHER

SHEP is a legal education platform that helps law students and bar exam takers practice writing legal analysis with AI-powered rubric-based feedback. The Company will own and operate SHEP, including the bar prep product and the core law student product.

The LLC can also pursue new ventures beyond SHEP, but only if both members agree in writing to the economics of each new venture before it launches.

### OWNERSHIP

Sanoj holds 75%. William holds 25%.

William's 25% becomes effective only after the LLC is formed and his \$3,500 initial contribution has been fully completed and credited to the Company. Until then, Sanoj is the sole member.

### HOW THE DEAL WORKS

Term	What We're Doing
Ownership	Sanoj 75% / William 25%, effective after LLC formation and \$3,500 initial contribution.
William's Initial Contribution (\$3,500)	A one-time contribution of \$3,500 covering NCBE content licensing, LLC formation costs, and other startup expenses. This is what earns the 25% ownership. Receipts kept for a clear paper trail.
William's Monthly Support (~\$500/mo)	Separately, William is expected to contribute approximately \$500/month toward the Company's ongoing operating costs (infrastructure, hosting, tools). This is not a condition of ownership — it reflects William's commitment to supporting the business as an active partner.
Ongoing Involvement	William is expected to stay reasonably involved — weekly briefings, technical input, good-faith support. If he materially disengages, the

	Operating Agreement's buyout process applies. No vesting schedule.
New Ventures	The LLC can pursue ventures beyond SHEP, but each one requires a separate written agreement on economics signed by both members before launch.
Profit Sharing	SHEP Business profits and distributions split 75/25 per ownership. New venture economics are negotiated separately per venture.

## WHO RUNS THE COMPANY

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Sanoj is the sole Manager and runs the day-to-day business. William does not have operational authority or blocking rights on routine decisions.

Both members must approve a short list of major actions: changing the economic deal, selling the company's assets, dissolving the LLC, or launching a new venture.

## PROTECTIONS FOR BOTH SIDES

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The Operating Agreement includes:

- Right of first refusal — if either member wants to sell their interest, the other gets first dibs.
- Fair market value buyout — either member can exit at FMV, with a structured payment plan.
- Drag-along and tag-along — if the company is sold, both members participate on equal terms.
- Disengagement protection — if a member materially stops participating (60 days + cure period), the other can buy them out at FMV.
- Death / incapacity / bankruptcy — the company or the remaining member can purchase the affected interest at FMV. Successors get economic rights only, not management authority.
- Non-compete — no member can compete with SHEP while involved. 12-month non-solicit after exit.
- Confidentiality — both members keep company information confidential.
- Manager compensation — the Company can pay Sanoj a reasonable salary for full-time work, treated as a business expense before profit distributions.

## INTELLECTUAL PROPERTY

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Sanoj built all of SHEP's technology before this LLC was formed. The IP Assignment Agreement transfers that IP to the Company so the LLC owns it cleanly.

William assigns to the Company any SHEP-related work he creates. He agrees not to use any third-party or employer resources in doing so.

If the Company dissolves for any reason other than a sale or acquisition, Sanoj's original IP automatically reverts back to him.

**NEXT STEPS**

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1. Both members sign the Operating Agreement and the IP Assignment Agreement.
2. William completes the \$3,500 initial contribution (NCBE license + formation costs).
3. Upon completion, the LLC is formed, ownership is 75/25, and the IP chain-of-title is clean.