

Shabbos Control Issue

Posek: Rabbi Shlomo Miller, Kollel Avreichim, Toronto

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Following the prescribed structure below relative to our portfolio companies will result in a private equity fund that has no concerns regarding violating Shabbos.

The person who is running the portfolio company must be:

- a non-Jew
- in control of all day-to-day operating decisions
- responsible to manage the cash account
- incentivized with profits interest in the company

As a sponsor, we have the authority to make major strategic decisions as long as we leave the day-to-day operating decisions to the people who are running the company. Clearly, we are not permitted to *require* that the portfolio company violate Shabbos, but if they elect to do so in furtherance of their own economic interests, resulting from their profits interest, that is permitted.

A person is defined as “running the company” if he has direct responsibility for hiring and firing personnel, tells people where to report for work and when, decides what facilities are open and when, signs checks and pays vendors and employees.

In the event that the CEO of a company is Jewish, we will ensure that control over the company’s day-to-day operations, as described above, will be in the hands of a non-Jew who also has appropriate profits incentives.

Ideally, the employment agreements with those who are running the company should be written to indicate that their compensation is paid out of profits, but it can include a component of a minimum guaranteed base salary.

Essentially, this is “Arisus” and as a sponsor, we are getting a share of the profits.