Music Box Supper Club

Ohio's very first EOT/PPT, ensuring a live music institution continues to serve the local community and represent hard working employees well into the future.

Transaction Type	PPT/EOT
Industry	Entertainment; Hospitality; Music
Company Size	50 employees
Year Started/Completed	2025/2026
Jurisdiction	Ohio Company; Delaware Trust
Transaction Value	$1,500,000
Financing	100% Seller Financing

"Employee ownership ensured that the business that took a lot of blood, sweat and tears to build from the ground up would be continued down the path we envisioned."
–Mike Miller

CLIENT SITUATION

Background

Music Box Supper Club, LLC opened in fall 2014 in an iconic building on Cleveland's West Bank Flats, operating a unique dual-venue concept featuring a downstairs Supper Club, upstairs Concert Hall, restaurant, and private event space that was recognized as Best Live Music Venue by Cleveland Magazine readers in every year for the past 10 years.

Since 2023, MBSC had been attempting to locate a buyer for its investor units (Class A Units) and Class B Units held by CM Miller Ohio, LLC, engaging investment bankers and business brokers, but was unable to find a suitable purchaser due to the venue's hybrid concert-and-

private events business model and size constraints. After experiencing management team instability in 2023, MBSC assembled a strong leadership group in 2024-2025, including professionals with extensive hospitality industry experience.

In early 2025, recognizing that a traditional third-party sale was unlikely while seeking to preserve the Music Box's operations and provide liquidity to unitholders, Mike Miller explored employee ownership structures and was introduced by the Kent State University Employee Ownership Center to the Employee Ownership Trust (EOT) model – a less expensive and less regulated alternative to an ESOP that is not subject to ERISA. Working with REA & Associates, corporate counsel, and JWPC, MBSC developed a transaction structure whereby a Delaware Statutory Trust would acquire 100% ownership of MBSC by redeeming all Class A and Class B Units for $1.5 million in promissory notes payable over eight years. A feasibility study confirmed the company could service this debt while implementing profit-sharing for key employees.

The Challenge

The number of existing investors/owners/members and approval process; novel transaction and trust structure; financial modeling to show employee benefit on day 1.

Key Complexities

Bi-furcated transaction (separate outside member transactions from founder).

OUR APPROACH

Strategic Framework

DE Statutory Trust, "Business Trust" for tax purposes to elect C-Corp tax; file consolidated tax return with Operating Company, taxed as a C-Corp.

Legal Structure

Entity Design: Initially LLC taxed as partnership with two classes of Units. Restructured to be single member LLC, owned by Delaware statutory business trust. Both taxed as C-Corps and under a consolidated group.

Ownership Transition: 34 investor/members. 33 redeemed to LLC. Founder/seller sold at FMV to the statutory "business" trust. Result was 100% EOT.

Governance: 3-member Trust Stewardship Committee; 1 Trust Enforcer; 1 DE Trustee (Commonwealth Trust). LLC has Chair and 5-member Board.

Tax Planning

Income Tax: Capital Gain, ordinary income on seller note interest.

Gift/Estate Tax: None.

Ongoing: C-Corp, consolidated group.

Financing & Economics

100% seller financing, 8-year term.

OUTCOME & IMPACT

Transaction Results

- Successfully closed on schedule despite complexity.
- Overwhelming support of original A Unit investors.
- Founder retained advisory role while achieving liquidity goals.
- Mission preservation mechanism locked in through trust structure.

Business Impact

The company has seen a very positive response from its customer base, which is expected to translate to increased sales, and has also received extensive positive press about the sale.

Lessons & Insights

The transaction came together because the advisors worked together as a team to make it happen. The key to success was staying focused on the goal to build an exit that ensured the company would continue as a community asset with a motivated/incented management team and staff focused on making that happen.

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