

CapGain Solutions Battles "Zombie Apocalypse" of Worthless Private Stock by Allowing Investors to Harvest Tax Losses and Offset Capital Gains

Launched by Match.com Founder Gary Kremen, CapGain Solutions Provides Efficient, Bullet-Proof Service That Saves Investors Time, Money and Hassles; VCs, Angels and Other Investors Can Unload "Living Dead" Private Securities to Help Minimize Tax Obligations on Capital Gains

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Experienced investors, who inevitably get stuck with private investments that lose much or all of their value, know that the hit show *The Walking Dead* isn't the only place where one can see zombies these days. In fact, a real-world "Zombie Apocalypse" is now emerging in the growing horde of "living dead" private stocks that can be found in the holdings of VCs, angels, private equity funds and other professional investors.

CapGain Solutions today announced its new service designed to help investors unload their "zombie" private assets and realize valuable tax write-offs that can offset capital gains on their winning investments. CapGain Solutions makes the entire process of selling these worthless stocks easy, efficient and bullet-proof. The company provides investors with the complete documentation and support they need to prove their losses to Federal and state tax authorities and ensure GAAP audit compliance.

The problem of zombie private stock is huge and getting bigger. "About three-quarters of venture-backed firms in the U.S. don't return investors' capital," according to a Wall Street Journal [article](#), which reported on research by a senior lecturer at Harvard Business School.

Being an active investor myself, I was well acquainted with the problem of what to do with low value or worthless private stock," said Gary Kremen, Co-Founder of CapGain Solutions. "A particular challenge was how to efficiently extract value from the capital losses incurred on those zombie investments. We have built a simple and very efficient web-based service for investors to divest of those assets, while ensuring that the transaction is bullet-proof – meaning it is definitive and defensible during tax audits."

How CapGain Solutions Works

Here is an example of how CapGain Solutions serves investors: Assume an investor has a \$500,000 taxable gain on the sale of a security. The same investor put \$500,000 into a different investment, which has little or no chance of generating future returns. By selling this zombie holding to CapGain Solutions, the investor generates a taxable loss that will offset their capital gain. In states with no related taxes, the loss might be worth as much as \$125,000 in Federal tax savings. In states with high tax rates, such as California, the investor's tax savings might be worth well over \$200,000.

In terms of revenue model, CapGain Solutions charges a modest service fee, which covers the legal documentation for each transaction. The company hopes that a small percentage of its acquired zombie stocks will someday provide



CapGain Solutions Buys Zombie Private Securities

“Being able to harvest losses to offset a capital gain should be a basic tool in the tool box of every private equity investor. Now, with CapGain Solutions, we can.” Ben Black, Akkadian Ventures ”

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some upside.

Greg Eaton, Managing General Partner of Harmony Venture Partners, and Founder of Rembrandt Ventures Partners, commented: "We care deeply about the tax liability for both our limited partners and general partners. By allowing a fund to harvest the tax losses from losers with 100% certainty, we can offset losses against gains for a given calendar year. But selling our rare loser investments to our back office provider, law firm, or someone who charges \$25, does not cut it for a venture firm that needs 100% certainty. CapGain Solutions meets the needs of VC firms as well as those of their audit firms."

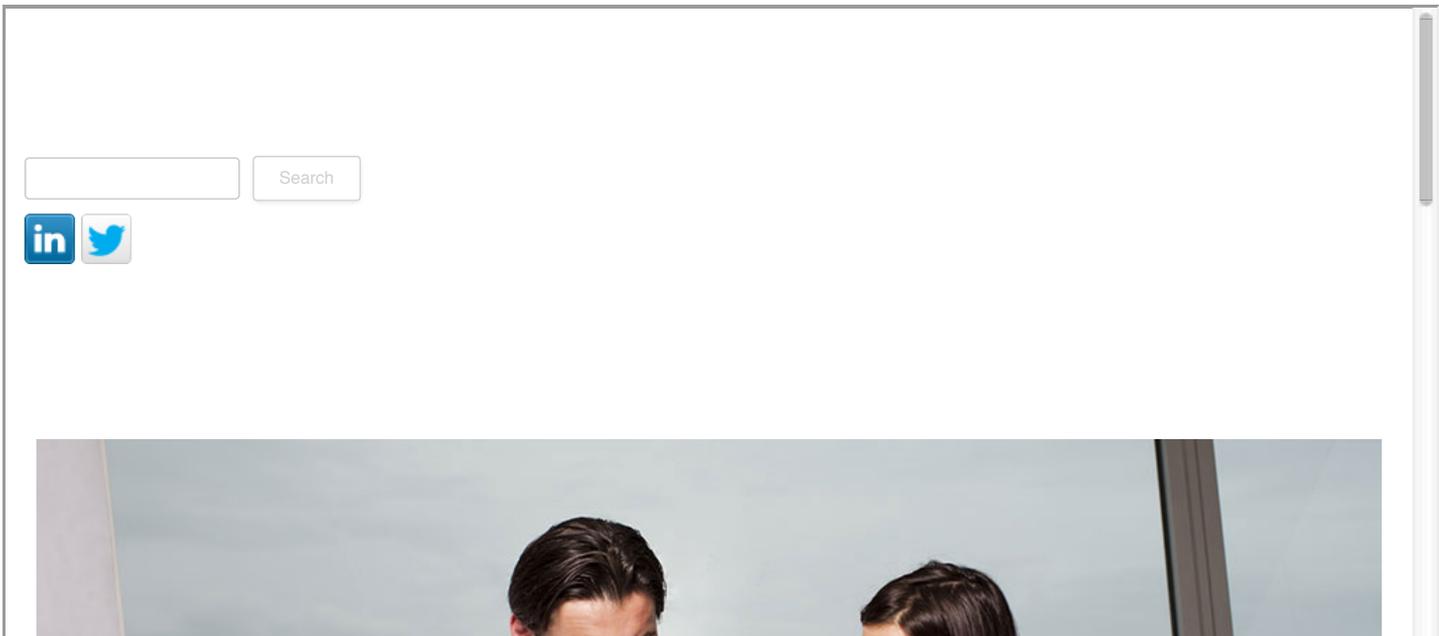
"Public equity investors are obsessed with the tax implications of their trading," said Ben Black, General Partner and Managing Director of Akkadian Ventures, and Co-Founder of Momentumindex.com. "Private equity investors rarely give taxes a second thought at the point of liquidity. Being able to harvest losses to offset a gain should be a basic tool in the tool box of every private equity investor. Now, with CapGain Solutions, we can."

About CapGain Solutions

Based in Silicon Valley, CapGain Solutions helps investors to liquidate worthless private stock and other "zombie" investments so they can realize valuable tax write-offs that can offset capital gains. Launched by serial entrepreneurs Gary Kremen (founder of Match.com, Clean Power Finance, Sociogramics, and other companies), and Michael McTeigue (founder of Norian, SportSense, and the "Effortless Golf Swing"), CapGain Solutions is wholly-owned by Zombie Apocalypse Holdings (a.k.a ZAH, LLC). For more information, visit the company's website at <http://www.CapGainSolutions.com>.

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