

# ***The “Daily Plan-It™”***

HOOPES & ADAMS, PLC

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## **NASCAR and the Blended Family**

If any of your clients has ever questioned the necessity of proper estate planning, you need only point him in the direction of the current family battles occurring at Dale Earnhardt, Inc. The struggle for power is heating up between the Chief Executive Officer and President, Teresa Earnhardt, and her stepson, Dale Earnhardt, Jr.

### **Humble beginnings**

In 1983, Earnhardt Senior and his wife, Teresa, founded Dale Earnhardt, Inc. (“DEI”) in their garage. Success came quickly, as Senior and his team won 21 auto races, and had more than 140 top 10 finishes. The savvy pair quickly became leaders in merchandising and sponsorship sales. In 1994, Junior joined the company, and in 1998 recorded the first win of his accomplished career.

At the time of Senior’s death in February 2001, he had won more than \$41 million through racing, and built his company into a multi-million dollar business and souvenir empire, including a charitable foundation that actively donates to education, children, and environmental and wildlife preservation. That same month, *Forbes* magazine named him one of the “top-earning dead celebrities.”

### **Media heat wave**

The power struggle heated up last December, when Teresa, speaking on-the-record in the *Wall Street Journal*, raised a yellow flag and questioned Junior’s commitment to winning. Junior’s anger at her comment raised questions about his own future with the company—his contract expires at the end of this year.

Now, the racing scion’s racing son has demanded majority control of the company, a desire that may result in taking his winning business elsewhere if stepmom won’t relinquish a piece of the purse.

### **Challenges with family-run businesses**

Most attorneys state that controversies in family businesses occur as a result of misunderstandings. The Earnhardts clearly need to establish open and cooperative communications,

especially since Junior has said that historically, his relationship with Teresa “ain’t been a bed of roses.”

In addition, she’s generally considered an absentee owner, and has made the tactical move of letting other members of management handle the negotiations with Junior and *his* business manager and sister, Kelly Earnhardt Elledge.

But the ultimate question is, what did Senior have in mind when he founded the company? Did he have a vision of creating a company that his children would someday control? Was that vision forgotten once his wife inherited the business? Did he lose sight of the financial finish line as he took the sharp turns of his fast life and career?

### **Proper estate planning**

Earnhardt Senior’s life was cut short before his business vision could be fully articulated. Help your clients avoid making the same mistake by crafting their business desires before it’s too late to be heard.

## **Hoopes & Adams, PLC**

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