

# Damion's Rules for Owning/Investing in Businesses and Investing 2024

## I'm interested in the following:

- ✓ People – anyone I'm doing business with must be aligned with me on the following values –
  - Decisive – they don't wait or wonder, they decide.
  - Committed – they get sh\*t done and take it to the finish line.
  - Resilient – no matter how hard something is they don't quit.
  - Transparency – they don't hide anything and are an open book,
  - Candor – they will call it tight and straight
  - Self-Responsible – they always own the outcomes and deliver on promises
  - 10X – they think big and with abundance, they are not baby cash focused or trying to maintain the past
  - Growth – they are always growing, in a personal development program and expanding their mind, body and resources
  - Relationship – they are relationship focused not transaction focused. It's too time consuming to invest in people for one deal, I do business with people I can work with over and over again who think the same
  - Optimistic – these people see a brighter future and are happy, they're not paranoid and afraid.
  
- ✓ Businesses and investments that have very little regulation. Mini Storage & apartments. 200+ Units with professional management having a track record of 10+ years in the local economy. Businesses that build things for end product producers, think **FRAMETEC**
  
- ✓ Businesses must have a 10x return opportunity through growth/leverage over 5 years.
  
- ✓ Increase asset values that produce consistently increasing cash flow
  
- ✓ I do not personally guarantee debt. If a guarantee is required, the amount guaranteed must be treated as a cash exposure and not violate my deal exposure threshold.
  
- ✓ Deal Exposure Threshold: No more than 20% net worth exposure/deal
  
- ✓ All deals must be in the US within a 4 hour flight of where I live.
  
- ✓ Any businesses requiring debt should have a built in ability to retire debt within 7 years using free cash flow.
  
- ✓ Any real estate requiring debt should have the ability to retire it's own debt based on excess cash used to paydown debt within 10 years.
  
- ✓ Cashflow should be predictable and not dependent on the economy, an unknown board of directors or some other decision makers.

- ✓ No controlling partners in a business I'm running, maximum ownership by a partner is 9% and no more than 49% total for all partners. Control is key. Think Zuckerberg at FB.
- ✓ No Speculating or appreciation plays. I'm not a gambler, I'm a sane investor.
- ✓ Primary focus is on cashflow as opposed to capital gains with minimum annual cash on cash returns of 25% per year required for capital intensive opportunities.
- ✓ Real estate investing in stabilized deals is with A class apartments that deliver 12% cash on cash with the ability to retire the debt over 10 years.
- ✓ Must be simple and recession proof.
- ✓ Investments must not require a great deal of my time. Less than 2 hours a week. They must have professional management and reporting.
- ✓ My focus must be capital placement and positioning of the business or deal using experience to create value as long as a management team is in place to execute. I am not the manager, I am the owner/visionary/entrepreneur.
- ✓ Opportunities must be in a stable, safe area. No projects/crack houses around the corner. No bulletproof vests required, no dead security guards again.
- ✓ Any startup equity deal may not risk more than 3% of my liquid cash and have a primary purpose being to support a key network member, access an internal board via shareholder access or be part of a larger project that this will feed.
- ✓ I am not a lender and do not lend money except against physical gold - zero risk.
- ✓ I track my cash balances and liquidity each month to watch trends.

Need help with your rules?

Send me a message on LinkedIn.