

OPERATION HYDRA RED FLAGGED

(SAMPLE) CONTRACT #1

Letter of Intent – Acme Corp. (Buyer) & BrightFuture Ltd. (Seller)

1. Intent

Buyer intends to acquire 100 % of Seller's equity.

2. Purchase Price

The purchase price will be determined based on industry standard adjustments and is subject to further discussion.

3. Due Diligence

Seller will provide financial statements for the past three years.

4. Confidentiality

Both parties agree to keep discussions confidential.

5. Exclusivity

Seller will not negotiate with other parties for 30 days.

6. Governing Law

This LOI shall be governed by the laws of the State of Delaware.

Red-flags (10+)

1. Vague purchase-price language – “industry standard adjustments” undefined.
2. “Subject to further discussion” – creates uncertainty about binding nature.
3. No confidentiality clause covering due-diligence data – weak protection.
4. Exclusivity period short – may not protect buyer adequately.
5. No specific closing timeline – open-ended.
6. No mention of escrow or payment mechanics – missing security.
7. No representation that seller has authority to sell – potential authority risk.
8. No indemnification provisions – buyer left exposed.

9. No survival of confidentiality after termination – limited enforcement.
10. No jurisdiction for dispute resolution – only “governing law” stated.
11. No definition of “industry standard” – ambiguous metric.
12. No earn-out or contingency provisions – may hide future disputes.