



RUNWAY

## Strategic Due Diligence Helps a Financial Firm Capitalize on a Major Opportunity

**SERVICE:** Pre-Transaction Due Diligence

**INDUSTRY:** Financial Services

**CLIENT:** Equity Firm

### Client's Challenge: Get in Early – Before Everyone Else

One of the world's leading financial services firms was eager to invest in a fast-growing fashion design company. The company, in business for fewer than five years, had established what some referred to as a "cult following" on the West Coast, and word-of-mouth on social media had resulted in a sustained surge in sales. The brand appeared poised to explode, perhaps globally. But whether its leadership structure and legal history were free of any red flags was another matter entirely.

### Our Solution: Pre-Transaction Due Diligence

The Hillard Heintze Investigations team provided the client's deal team with a wide range of pre-transaction due diligence services. These included: querying federal, state and county criminal and civil records naming the company or members of its leadership team; reviewing the professional history and business affiliations of team members; searching press reports related to the company and leadership for any red-flag issues; and searching social media and the internet for issues of concern related to the company or its leaders. The client also was interested in the funding it received in its early stages of raising capital.

### Impact on the Client: The Confidence to Make the Move

After a thorough search, the Investigations team found few red flags. The company had been involved in a legal dispute involving intellectual property rights, but the case had been settled out of court. Encouraged by the broadly clean background of its potential investment target, the client accelerated the investment process, injected an immediate round of capital into the clothing maker and scheduled a second round of funding for the following year.

## UNPLUGGED

### A FRANK OPINION

#### The Project Manager's Post-Engagement Perspective

"For any of our clients considering a major investment or acquisition – or a strategic hire – when it comes to due diligence on an individual or corporation, no news is great news.

This was a textbook example of how a thorough background investigation, one that includes searches of civil and criminal records, serves as a 'high bar' that candidates must unequivocally clear."

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