

A Fashionable Investment

STRATEGIC DUE DILIGENCE HELPS A FINANCIAL FIRM CAPITALIZE ON A MAJOR OPPORTUNITY

Client's Challenge

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, established what some referred to as a cult following on the West Coast, and word-of-mouth on social media 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 red flags was another matter entirely.

Support + Solutions

Our investigations team provided the client's deal team with a range of pre-transaction due diligence services to choose from, including submitting requests for federal, state, and county criminal and civil records that might name the company or company leadership; reviewing the team members' professional histories and business affiliations; searching press reports for red flags; and searching social media and the internet for issues of concern. The client also asked for information about the funding the company received in the early stages of raising capital.

Impact + Outcomes

The investigations team found a few minor red flags. For example, the company was part of a legal dispute involving intellectual property rights. However, the case was settled out of court. For the most part, the company's history was clean. The client moved forward with the investment and even scheduled a second round of funding for the following year.

SERVICE
Pre-Transaction Due Diligence

CLIENT
Equity Firm

INDUSTRY
Financial Services

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."