

## Investigate Before Buying a Business

*Purchasing a business without knowing all the facts can be like playing Russian roulette with your money. Many times, the seller does not offer up a full and accurate picture of the business and its health. See why venture capitalists and investment banks frequently use private investigators to get the whole story before investing.*

(PRWEB) April 11, 2006 -- Although no one would purchase a business without reviewing the obvious: study the financial statements, inspect the assets and inventory, run a Dun and Bradstreet report, review all various tax returns, inspect accounts receivables and payables and check with sources in the industry about their reputation, in too many instances, that is not enough.

Our detective agency is regularly hired to assist attorneys in cases arising from purchasers who did the obvious but nothing more and ended up losing their entire investment. Not convinced? In a recent case, our client was prepared to lay the money on the table when their attorney convinced them to let us have a look. Our investigation quickly revealed that the company in question had no insurance, yet the books indicated that they were making payments for insurance premiums, several of their key clients did not exist or were now defunct entities, other vendors were actually owned by family members, several employees were being paid in cash and the sales manager had formed a new company that appeared poised to compete against them after the sale.

The good news is that as private detectives, we are frequently asked to assist clients with Due Diligence Investigations, including those of businesses being considered for acquisition. A due diligence investigation can be customized to address the specific attributes of a particular company and the cost should be proportionate to the task.

What we investigate:

- Conduct a search for any litigation history. Prior lawsuits against the company can tell you a great deal about what's really going on.
- Conduct a search for other businesses owned or controlled by the selling parties. Far too many people have the entrepreneurial spirit and would sell you their business.... only to have a similar business or interest that may end up competing against you.
- Check public records, licensing and governmental filings for completeness and accuracy. Are there prior bankruptcies? Were licenses ever revoked? In others names? Never filed? etc.
- Verify the receivables are valid and with unrelated parties. Who really owes them money and do they acknowledge the debt and agree to it.
- Interview employees and vendors about the health of the business. These people know what's really going on. They know about the business and managements reputations. They know if business is really down 30%, if a major client is unhappy with them, if their habits have changed, if any employees have been laid off or let go recently, if they have bad leadership, etc.
- When the stakes are high enough, we have also conducted limited surveillance of the business, owners and key employees to see what they are actually doing, if inventory is moving, if things are being puffed up to look good for the potential buyer visits, etc.

A private detective specializing in this type of work can obtain the information you need to make an informed decision about your prospective purchase quicker and more cost effectively than an accountant or attorney.

“Unfortunately, on far too many occasions we find that the business in question was not as healthy as reported on the books and the seller was intentionally overstating the value. Not hiring a firm like ours to conduct reliable due diligence before purchasing a business is like deciding to perform surgery on yourself. The consequences are obvious.” reports Paul Dank, principal with Advanced Surveillance Group, a Michigan based private detective agency specializing in due diligence investigations of corporations.

Before a business owner shares sensitive information with you, you may be asked to sign a confidentiality agreement. It assures the owner that you’ll use the information only to check out the business, and not for any other reason. Make sure the confidentiality agreement lets you share the information with your lawyer and accountant. It is also necessary to gain access to the real information you need to make good decisions.

For more information on investigating a business, please visit the [Advanced Surveillance Group Website](#) or contact one of their investigators at 888-677-9700

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