

Hilco Global
AN ORIX COMPANY

ENGAGEMENT HIGHLIGHT

Clarity After Close

Independent Investigation Supports a Successful Representation and Warranty Claim

MATTER AT A GLANCE

Independent forensic accounting and transaction analysis helped a buyer confirm a material working-capital overstatement, support a successful recovery, and strengthen controls for future transactions.

Financial Issue
Material working-capital overstatement

Claim
Representation and warranty claim

Client
Buyer in a completed acquisition

Engagement
Independent Investigation and Forensic Accounting

Outcome
Successful recovery from the seller and under the representation and warranty insurance policy

Capabilities Demonstrated
Forensic Accounting | Working-Capital Analysis | Representation and Warranty Claims | Insurance-Claim Support | Post-Acquisition Disputes

The ISSUE

Following an acquisition, the buyer discovered that closing working capital had been materially overstated. Questions arose concerning the accuracy of inventory and other working-capital accounts used to establish the closing balance. The purchaser alleged that the misstatements constituted breaches of the seller's representations and warranties under the purchase agreement. The buyer needed an independent assessment to establish the facts, quantify the financial impact, and support its claims against the seller and under the representation and warranty insurance policy.

Our SOLUTION

Hilco Global conducted a detailed, independent investigation of the disputed closing accounts. Our work included financial-statement analysis, transactional testing, site visits, and interviews with key personnel. We evaluated inventory, valuations, accruals, reserves, and other working-capital components to determine whether the reported balances were supported by the underlying records. The analysis identified and quantified potential misstatements, assessed their relationship to the seller's representations and warranties, and provided the client and its advisors with a defensible factual and financial record to support the claim.

The IMPACT

Hilco Global's investigation confirmed that inventory and other working-capital accounts had been overstated, resulting in a significant overstatement at closing. Our findings established that the misstatements violated key representations and warranties and supported the buyer's claims against the seller and under the representation and warranty insurance policy. The analysis gave the buyer and its advisors a clear, evidence-based explanation of the overstatement and its relationship to the contractual claim, helping move the matter toward resolution. The matter resulted in a successful recovery for the client. Our work also helped the buyer identify opportunities to strengthen financial controls, diligence procedures, and closing processes for future transactions.

Executive Takeaway
When post-close numbers do not match the deal, independent financial analysis can establish the facts, quantify the impact, and support recovery.

ABOUT HILCO GLOBAL

Hilco Global, a subsidiary of ORIX Corporation USA, is a diversified financial services company that delivers integrated professional services and capital solutions to clients worldwide. The Hilco Global Investigations & Dispute Resolution practice provides independent investigations, forensic accounting, valuation, data analytics, compliance, and dispute advisory services that help clients uncover critical facts, quantify financial exposure, respond to complex challenges, and make informed, defensible decisions.



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