

The Grafton Group

Business 🕶

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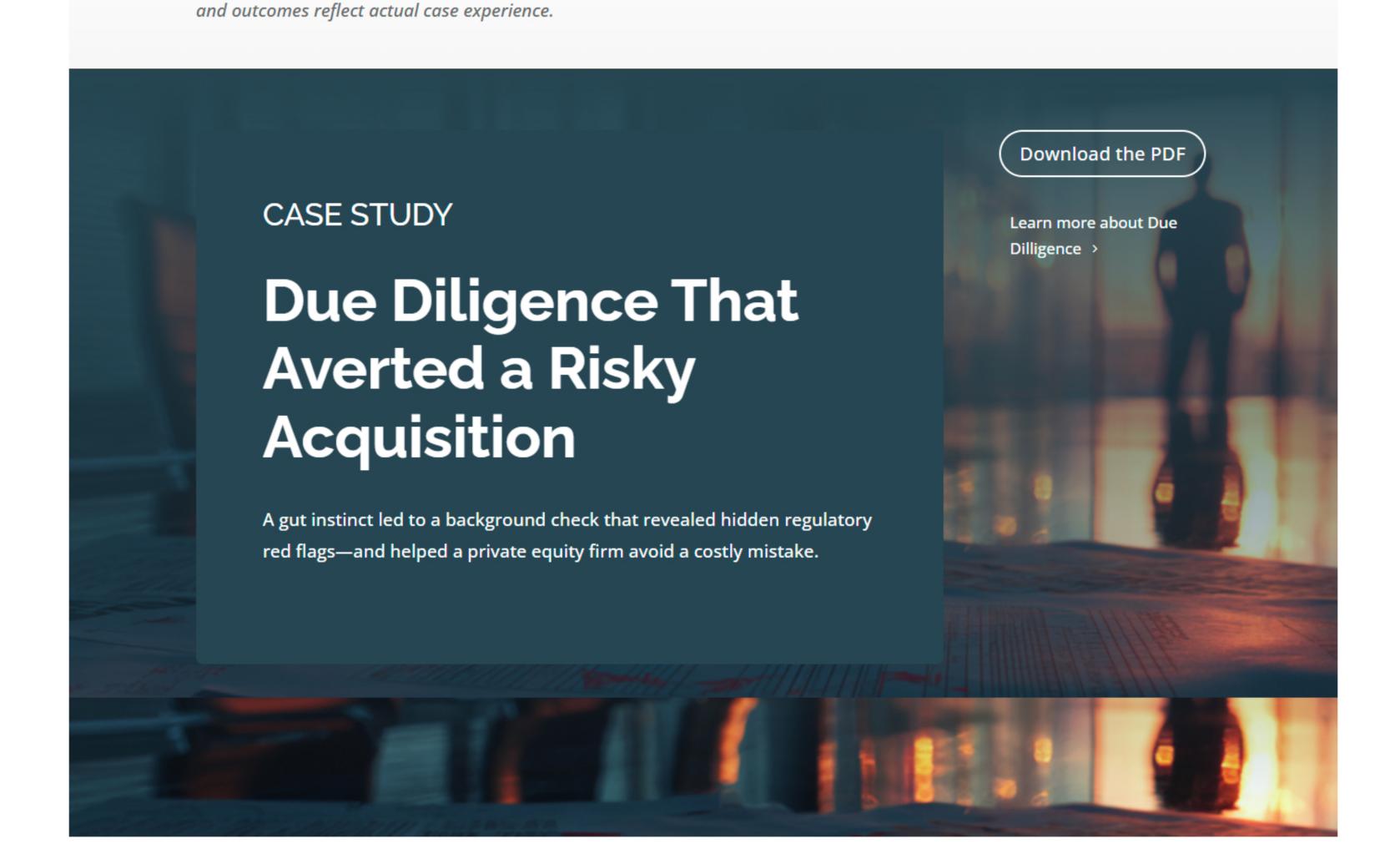
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⚠ **Disclaimer:** This case study represents a composite of real-world due diligence investigations conducted by The Grafton Group. Names, details, and companies have been fictionalized to preserve client confidentiality, but the investigative methods

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When a private equity firm prepared to acquire a promising healthcare tech company, all signs pointed to green. Their internal vetting team had reviewed financials, tech assets, and legal docs. But one partner had a gut feeling—and called The Grafton Group for a discreet background investigation. What we uncovered prevented a high-risk acquisition that could have damaged both their brand and balance sheet.

### **Client Profile:**

Name: "Bainwood Partners" (Fictional)

Type:

Mid-market private equity firm Location:

Fort Lauderdale, Florida

**Target Company:** HealthAl Innovations, a predictive

healthcare analytics startup

**Deal Size:** \$36M proposed acquisition

**Risk Category:** 

Reputation, investor liability, regulatory risk

### The Situation

Bainwood Partners was moving fast. They had entered finalstage negotiations with HealthAl Innovations, a healthcare analytics startup generating buzz for its predictive diagnostics platform. The pitch was clean, the valuation was attractive. Media coverage had positioned HealthAI as a rising star in digital health, and a recent round of angel funding had only added to its credibility.

But one senior partner at Bainwood wasn't sold. Something felt off. The founder's backstory was oddly polished, with repeated mentions of "successful exits" and "industry disruption," and when pressed for details, the timeline frayed. Mentions of past ventures led to dead links, and former colleagues were unusually difficult to track down. A claimed advisory role at a university hospital lacked supporting records. The COO, presented as a serial operator, had no searchable footprint before 2019.

The partner had seen this before: charismatic founders with persuasive pitch decks, built on exaggerated or selectively curated pasts. With closing only weeks away and pressure mounting from other stakeholders eager to finalize the \$36M acquisition, the partner raised the red flag—and called The Grafton Group.

We were retained not to evaluate the product or platform, but to vet the people behind it.

### The Challenge

The deal was under tight timelines and investor pressure. Any delays or confrontation could spook the startup team or affect valuation. Our investigation had to run silently and surgically—without alerting the target company, disrupting negotiations, or triggering premature disclosure obligations.

The scope extended beyond resumes and public profiles. We needed to verify litigation history, undisclosed business interests, regulatory standing, and reputational red flags across state lines and international jurisdictions.

## **How The Grafton Group Responded**

We began with a multilayered due diligence investigation, focusing first on the startup's founder and COO. While their LinkedIn profiles and investor decks were polished, discrepancies emerged in off-platform sources.

We traced a prior company registration under the founder's name that had been dissolved after a regulatory action in another state. Further research revealed a quiet FTC inquiry into questionable billing practices at a past healthcare venture—one that had never made headlines but was referenced in sealed court documents from a related civil case.

Meanwhile, our field team verified professional and academic claims, and our network analysis uncovered a tangled web of connected LLCs. Several of these entities were flagged for use in inflated valuation tactics during previous fundraising rounds—indicating a possible pattern of misrepresentation.

# What We Discovered

Behind the hype, the founder had a track record of launching companies, raising funds, and quietly exiting just before operational or legal issues surfaced. None of these incidents had risen to mainstream visibility —but together, they painted a pattern of reputational and regulatory risk.

The COO, meanwhile, was linked to a consulting firm that had been quietly banned from bidding on state Medicaid contracts due to procurement irregularities. That information had never been disclosed to investors.

# **The Outcome**

Bainwood paused the deal and requested additional disclosures from HealthAI. The startup's team hesitated, and within days, they withdrew from the table. Bainwood moved on without public fallout, without litigation—and with a deeper respect for what real investigative due diligence can uncover.

- Acquisition halted before money changed hands No damage to Bainwood's reputation or investor relationships
- Confidential risk profile submitted to legal counsel for future reference
- Internal protocol updated to require external vetting on all founder-led deals Estimated Loss Avoided: \$5M-\$10M in regulatory exposure, legal fees, and reputational harm

### Client Perspective (Fictionalized) "Your report was the quietest—but most important—document we read all year. The Grafton Group

helped us dodge a bullet with elegance, discretion, and accuracy."

— S.R., Managing Partner, Bainwood Partners (name changed for privacy)

### The Numbers Can Look Right, But the People Matter Flashy pitch decks can hide patterns that spreadsheets won't show. The Grafton Group specializes in deep

background checks and executive vetting that surface the truth—before it becomes a liability. Call Tim O'Rourke today for a confidential consultation.

Get the whole picture before you make your next move. Call (813) 658-9438 | (727) 648-3510 | (954) 353-8904 | (407) 374-8721 or Request a Due Dilligence Briefing

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Even seasoned internal teams can miss buried liabilities. We go beyond surface-level reviews to

Why would we need an external

investigation if our internal team

already did due diligence?

uncover reputational, legal, and regulatory risks that don't show up in standard reports. **Can The Grafton Group investigate** 

What types of red flags do you

individuals without alerting them?

