



Transactional Liability

Post-acquisition disputes following M&A deals can be complicated, especially if the target company does not immediately perform as expected. The resulting representations and warranties insurance claims can range from issues in one area to a complex myriad of intertwined representations, that require the assistance of experts such as MDD.

At MDD, we have the necessary blend of forensic accounting and business valuation knowledge to provide clients with thorough analyses of the impact of particular alleged breaches of representations and warranties on the purchase price in an M&A transaction.

When clients ask for our help in representations and warranties matters, we will perform the appropriate analysis based on the issues at hand, which may include:

- Examine the claim notice and assist in identifying key information
- For cases where only one representation may be at issue, focus our analysis in that area (such as examining inventory obsolescence).
- Examine the share purchase agreement to understand all components of the purchase price and the key representations at issue.
- Analyze the documents, financial analyses, or valuation models used to set the purchase price to recast the target company's financial results to correct any identified breaches of representations and warranties.
- Assess information related to post-acquisition net working capital disputes and integrate this information into the insurance claim evaluation.
- Examine the "data room" to determine the extent to which the acquirer had prior knowledge of the alleged breaches.

For assistance with transactional liability accounting services, hire MDD.