

The Connected Car Maker

M&A Due Diligence



Who's involved?

A Multinational Automotive Manufacturer

What's the problem?

The client contracted Prescient to conduct an extensive M&A investigation on a company that was planning to acquire one of its commercial units. Given that this company's parent is a prominent Chinese automotive firm, the acquisition had to be cleared by an inter-agency committee of the U.S. government. The client wanted to get ahead of any potential issues before the acquisition was reviewed by federal authorities.



How was it handled?

Utilizing in-house Mandarin Chinese language capabilities, extensive research was conducted on the parent company, as well as 12 of its high-ranking officers and shareholders. Initial searches through multiple sanctions and politically exposed persons (PEP) lists did not yield any particularly concerning information. Several of the company's officers had served as members of local government business councils, which is common for Chinese executives.

However, Prescient's analysts dug deeper into the parent company's business operations in order to ensure nothing was missed. Further research in a Mandarin news media database returned Chinese-language articles that indicated the subject entity was involved in a joint venture with one of the largest auto manufacturers in China, which is a state-owned entity (SOE). Most alarmingly, some of this SOE's subsidiaries had been accused of violating international law by providing military vehicles to conflict zones.

So, what happened?

Prescient contacted the client at every stage of the investigation and kept them up-to-date on the findings. Prescient also provided a link-chain analysis chart that visually depicted the discovered connections and presented the red flags in an easy-to-understand format. Based on the information uncovered, the client's counsel chose to alter its legal strategy in preparation for the government's review, potentially saving the client significant reputational and financial damage.

Research & Analysis Highlights:

- Initial sanctions, PEP, and legal database research discovered executives' political connections to provincial Chinese government business councils.
- Analysts trained in Mandarin-language research used Chinese media databases to uncover company ties to a state-owned enterprise.
- Link-chain analysis techniques were used to visualize the subject entity's connections to the state-owned enterprise and violations of international law.



Prescient combines leading edge technological solutions and human analysis to deliver simple, actionable insights that help clients mitigate enterprise-wide risks. Prescient's commercial solutions consist of a comprehensive suite of due diligence and investigation services that cut through the noise to empower better business decisions. Prescient's federal solutions support U.S. agencies with a variety of National Security and research and development programs.



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