

# If There Is A Skunk In The House

Most sponsors/managers are honest, thorough and good. They strive to follow the rules and regulations consistent with their duties and keep the investors forefront in their decisions. But when a sponsor or program runs afoul of its commitment to investors, whether due to changes in its investment strategy, a deteriorating economy, or negligence, there can be a ripple effect impacting other alternative investments. Regulators often respond by creating new rules, restricting the opportunities for everyone to invest in potentially lucrative ventures.

Industry self-regulatory organizations (SRO's) strongly urge the need for Advisors (and their clients) to monitor the performance of sponsors and investment managers. This results in the need for ongoing due diligence for both public and private registered offerings. When sponsors are held accountable on a consistent basis, they are more likely to perform effectively, thus enhancing investor returns. This applies to both liquid and illiquid investments.

When RIA's and BD's ask and insist there be ongoing due diligence reports, it will become the norm, rather than the exception. It will make everyone's role easier to be able to refer to a third-party due diligence report. Hopefully, mistakes or changes within the project may be detected before it is too late, with the key being to inform and control investor expectations.

You wouldn't put money into the bank and never look at your bank balance for years. You want to find how your assets have grown, noting any mistakes that may have been made sooner, rather than later. Ongoing third-party due diligence helps sponsors and managers adhere to the objectives of their offering, while holding them accountable to their investors. Many mistakes are just that, and not malicious or selfish. But other actions may be in direct violation of the offering documents. RIA's and BD's should insist there be ongoing due diligence before they invest clients' money.

Financial Advisors are faced with such complexity in alternative investments, which can be overwhelming and confusing. **Buttonwood Due Diligence, LLC** is a multidisciplinary team with 129 years of combined experience offering reports and updates you can trust to give an accurate analysis of the sponsor and program.

At **Buttonwood Due Diligence, LLC**, we grasp the intricacies of the regulatory environment. Our team has the background and insight to analyze, comprehend and communicate the complex web of legal, financial and other details of the sponsor and offering. We also regularly consult with sponsors who are new to this channel. We offer thorough due diligence reports and updates of alternative investments. Call or write for further information.



**BUTTONWOOD**  
— DUE DILIGENCE, LLC —

**Buttonwood Due Diligence**  
*When You Need The Truth*  
10822 W. Toller Drive  
Suite 190  
Littleton, CO 80127

**P: 303-730-3399 ext. 207**  
**E: [gwoodbury@buttonwoodllc.net](mailto:gwoodbury@buttonwoodllc.net)**  
**[www.ButtonwoodDD.com](http://www.ButtonwoodDD.com)**