

Deal Verification Report

Cascade Ridge Pool & Spa Services LLC (fictional example)

This is a sample built on an invented business to show format and depth. Every name, number and record below is made up. Real reports cite real, linked sources for every finding.

1. Verdict

Overall risk	Asking price	Listing says	Our read
MODERATE TO HIGH	\$720,000	Cash flow \$214,000. In business 14 years. Owner works 10 hours a week.	Three claims could not be confirmed and one is contradicted by the records. Do not make an offer before the seller answers questions 1 to 6 in section 7.

2. Claims check

Claim in listing	What we found	Source	Status
In business 14 years	State registration shows the LLC formed 6 years ago. An earlier sole proprietorship under a similar name may exist. No record of transfer found.	State business registry; county fictitious name index	Contradicted for the entity. Ask about the predecessor.
Owner works 10 hours a week	Owner is the only person listed on the contractor license. Two reviews mention "the owner came out himself."	State licensing board; review sites	Contradicted
600 recurring customers	Review count and social following are too small to rule this in or out. No customer list provided.	Review sites; social pages	Unverified
5-star rating	Rating is 4.6 on 212 reviews. 58 reviews posted in a 3-week window two years ago.	Review sites	Confirmed, with a flag on the spike
No debt or liens	One UCC-1 filing against the business from an equipment lender, filed 3 years ago, no termination on record.	Secretary of State UCC search	Contradicted. Ask for payoff letter.
Clean legal history	No court cases found for the business. One small claims case found against the owner in a business role, resolved.	County court docket	Mostly confirmed

3. Red flags, ranked by dollar exposure

- 1. Owner dependency (high).** The license, the key relationships and the on-site work sit with one person. If he leaves on day 30, the license does not transfer to you. Exposure: most of the \$214,000 cash flow.
- 2. Open lien (medium-high).** An unreleased UCC filing means equipment may be pledged. Exposure: up to the remaining loan balance, unknown.
- 3. Business age (medium).** The "14 years" is at best the owner's history, not the LLC's. Customer contracts and the license history need to be checked for continuity.
- 4. Review spike (low-medium).** Fifty-eight reviews in 3 weeks looks like a request campaign or purchased reviews. Cannot tell which from public data.

4. Entity and owner record check

Item	Result
State registration	Active. Formed 6 years ago. Registered agent is a commercial agent, not the owner.
Name changes	None on file.
Contractor license	Active. One license holder. Expires in 7 months. Renewal is not automatic on sale.
Liens and UCC filings	One open UCC-1 (equipment lender).
Court records	No business cases. One resolved small claims against the owner.
Tax liens / judgments	None found in the searched county.

5. Online reputation

Rating 4.6 across 212 reviews on the main review site. Average of 2 reviews a month for the last 18 months, with one burst of 58 reviews in 3 weeks. Seven reviews use near-identical wording. Three negative reviews mention missed appointments in the past year, which fits a business stretched thin around one person. Website domain registered 5 years ago. Social accounts are inactive for 9 months.

6. Listing logic

Asking \$720,000 on stated cash flow of \$214,000 is a 3.4x multiple, which is within the usual range for owner-operated service businesses. That multiple only holds if the cash flow is real and transfers. With the owner dependency above, a buyer should test the number at 2.5x to 3.0x until the owner transition plan is in writing. The listing has been up 9 months and the price dropped once. Long listing time plus a price cut often means earlier buyers walked away at diligence.

7. Questions to ask the seller

1. Who owns the contractor license, and what is the plan to transfer or replace it?
2. What happened to the business before the current LLC was formed? Provide the old entity details and the transfer paperwork.
3. Provide the loan and payoff letter behind the UCC-1 filing.
4. List your top 20 customers by revenue for each of the last 3 years.
5. How many hours a week do you personally work, with a typical week written out?
6. Will you stay 6 months at a fixed rate for transition, and will you sign a non-compete?
7. What are the owner add-backs in the \$214,000? Provide receipts.
8. How were the 58 reviews in one 3-week window generated?
9. What share of revenue comes from the top 5 customers?
10. How many customers are on written recurring contracts, and when do they renew?

(A full report lists 25 questions grouped by financial, customers, staff, legal and operations. The first 10 are shown here.)

8. Documents to require before closing

Three years of tax returns and monthly profit and loss. Bank statements matching the deposits. Customer contracts. Equipment list with titles. License transfer confirmation from the state board. Lien payoff or release letters. Insurance claim history. Written seller transition agreement.

9. Disclaimer

This report is a research summary prepared from public records, online sources and documents supplied by the buyer. It is not legal, tax, accounting or investment advice and is not a valuation or an audit. Information may be incomplete or out of date. Findings marked Unverified or Not Found mean we could not confirm the item, not that it is false. Consult your own attorney and CPA before buying any business. Liability is limited to the fee paid.