Buyer Beware

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CAUTIONARY TALES FOR ANYONE BUYING A SMALL BUSINESS

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STILL SEARCHING MEDIA

Buyer Beware: Cautionary Tales for Anyone Buying a Small Business

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This book is based on true events. Names, people, companies, places, and some details have been changed or blended to protect privacy. Any match between a made-up name in this book and a real person or company is a coincidence. Nothing in this book is legal, financial, or investment advice. Talk to your own lawyer, your own accountant, and your own advisors before you buy any business.

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For the buyers who told me their hardest stories, so that yours can end differently.

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A Note to the Reader

The stories in this book are true. The businesses were real. The money was real. The losses were real.

But the names are not. I changed the names, the companies, the towns, and small details. I did this to protect the people who trusted me with their worst days. Think of each one as a true story wearing a mask. The mask hides the face. It does not hide the lesson. The dollar figures are real.

I collected these stories so the lessons would not be buried with the businesses. This book is not here to scare you away from buying a business. It is here to make you ready. Every story holds a mistake you do not have to repeat. Read it slowly. Then go buy something with your eyes open.

How to Read This Book

There are nine stories in this book, plus mine. Each one stands alone. You can read them in order, or you can jump to the buyer who looks like you.

Every story follows the same arc. The dream. The deal. The crack. The collapse. The cost. The lesson. That repetition is on purpose. By the fifth story, you will start spotting the cracks before the buyer does. That skill is the whole point of this book.

If you are in a deal right now, go straight to Part IV. It holds the patterns and the checklist. Then come back and read the stories. They will hit harder.

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CHAPTER 1 · WHY THIS BOOK EXISTS

The Grave With My Name on It

I bought a business. It buried me. Then I started counting the other graves.

I closed my company on a Monday morning in June.

There is no ceremony for it. No paperwork gets signed that day. You just stand in the yard early in the morning, in front of people who trusted you, and you tell them there is no money left. Some of those men had run their routes for years before I ever showed up. I had promised myself I would be the best thing that ever happened to that company.

The Friday before, I had missed payroll. If you have never missed payroll, I hope you never learn what it does to your body. You do not sleep. You do the same math over and over, like the numbers might surrender if you check them one more time. They do not.

By the end, the wreckage had a number: more than one million dollars of debt with my personal signature on it. My savings, gone. Our home, gone in the settlement that followed. I moved my wife and our two little boys into my brother's house, and we lived there for almost a year while I figured out who I was now.

Eight months. That is how long I owned a real company. I spent years preparing to buy it. It took eight months to bury me.

This book exists because of what I found in that grave. So let me tell you how I got there. It is the shortest story in this book, and the only one where I do not have to change the names.

THE DREAM

On paper, I was exactly the person this is supposed to work for.

I spent ten years on active duty in the Air Force. I know what pressure feels like. In 2014, during water training for special-operations selection, I drowned. Not almost drowned. Drowned. They pulled me out and brought me back, and when I could train again, I went back to the same pool and passed. I am not telling you that to impress you. I am telling you so you understand: I thought I knew what the edge looked like. I had been there.

After the military I got my MBA at NYU Stern. Then four years in big tech, working on software and cloud programs. Good job. Good pay. And that quiet itch that every buyer in this book will describe to you in almost the same words: I was building someone else's thing.

So I left big tech to find a business to buy. I did it the way the books tell you to. I studied. I networked. I ran a disciplined search. In the fall of 2023, I bought a landscaping company in San Diego.

And then something happened that was not in the books. Other landscapers started calling me. Older owners, ready to retire, with companies doing $2 million to $8 million a year. They wanted out, and I was the young guy who was buying. Within weeks I had letters of intent out to four of them.

Four weeks after my first purchase, I bought the second company. I had doubled my size in a month. People in my world call that a roll-up. I called it winning. The market was handing me exactly what I asked for, faster than I dreamed.

Speed feels like success. Remember that line. It is the most expensive lie in this book.

THE CRACKS

The second company looked like the first one on paper. Trucks, crews, contracts, dirt. It was not the first one.

Start with the cash. In landscaping, you pay your crews every two weeks. Labor is by far your biggest cost. The second company's customers took more than ninety days to pay their bills. Ninety days out, fourteen days in. Every month, that gap ate cash. I knew the number before I bought. I did not respect what the number would feel like.

Then the people. My first company ran like a family. The second ran on resentment. The two crews would not work together. Meetings curdled. Every integration plan I drew up died on contact with the actual human beings involved.

I want to be fair to myself, because I would be fair to any buyer telling me this story: we fought hard, and parts of it worked. My lead foreman and I grew the combined business 34 percent in a single quarter. We did it while insurance costs climbed, material prices climbed, and a workers' compensation lawsuit hung over us. Operationally, we were winning ugly.

But a business with no cash cushion is a body with no blood. It does not matter how strong the muscles are. One cut and you are done.

THE COLLAPSE

In May of 2024, our third-largest customer stopped paying us. No warning. No dispute we could fix. Work delivered, invoices ignored.

If we had been sitting on reserves, it would have been a bad quarter. We were not. The cash conversion gap had already drained us. Within weeks, there was nothing left to run on. I missed payroll on a Friday. I closed the company on Monday, June 3, 2024.

Then came the part nobody puts on the podcast. Litigation. That one word holds months of my life, and it is the only word about it you are getting. It ended in a legal settlement, and the settlement took everything: our financial assets and our house. The business went through bankruptcy. My family did not, and I am grateful for that distinction, but from inside my brother's guest room it did not feel like much of a win.

Here is what shame does to a business buyer. It tells you that you are the only one. Every LinkedIn post you scroll is someone's perfect first year. Every conference speaker bought at three times earnings and doubled it. And you are lying awake in your brother's house doing payroll math for a company that no longer exists.

I believed the shame for a while. Then I started making phone calls.

THE GRAVEYARD

I went looking for the other failures. Not to feel better. To understand what had actually happened to me, from people with no reason to sell me anything.

They were everywhere. That is the first thing you need to know. Since then I have talked with more than sixty buyers whose deals failed or nearly failed. Engineers, veterans, MBAs, operators who had run their industries for decades. Smart, careful, hardworking people. Buried quietly, one by one, while the industry kept posting highlight reels.

You have never heard their stories, and there is a reason. Many of them legally cannot speak. They signed settlements with silence built in. Others stay quiet out of shame, the same shame I carried. So the losses vanish, the lessons vanish with them, and the next hopeful buyer walks in believing failure is rare.

Meanwhile, the loudest voices in this space are selling a fantasy. No money down. Money while you sleep. Buy a business with a credit card and manage it from the beach. The people selling that story get paid whether or not you survive it.

The stories in my notebooks said something different. Of the failures I have studied, roughly two out of three involve a seller who materially lied about or misrepresented the business. Not market bad luck. Not buyer laziness. A person, across the table, selling fiction. And nearly every collapse traces back to decisions made before closing day: the clause nobody fought, the report nobody ordered, the account nobody controlled, the question nobody asked.

That is the good news. It means most of these deaths were preventable. It means yours is too.

HOW THIS BOOK WORKS

So I collected the funerals. Nine of them, told as stories, because stories are how humans learn fear and judgment. Each one is true. I interviewed the buyers myself, hour after hour, and where I could, I read the court records and the loan documents too.

But you will not find their real names here. I promised these buyers their lessons would travel and their names would not. So the people, companies, and towns in these pages are inventions. Where a story sits close to an open lawsuit, I changed more: industries, cities, details. What I did not change is the money and the mechanics. The dollar figures are real. The deal structures are real. The way each company died is exactly, painfully real.

You will meet an engineer whose profitable company was executed in twenty-one days by a single clause. A buyer who owned 28 percent of his company and 100 percent of its debt. A broker who bought his own listing and found out the profits were invoices. An industry veteran of twenty-five years, fooled by a warehouse. An investor worth eight figures, taken by the oldest scam in the book wearing a new machine. A pharmacy that died because someone else set its prices. A buyer whose revenue walked out the door in two resignations. An engineer who bought the top of a boom. And a numbers guy who audited dashboards for a living and still bought a fairy tale.

One of them thinks like you do. I do not know which one. But by the end, you will.

Read the stories in order if you can. They repeat a rhythm on purpose: the dream, the deal, the crack, the collapse, the cost, the lesson. By the fifth funeral you will start seeing the cracks before the buyers do. That reflex is the entire point of this book. Part IV will hand you the patterns and the checklist, but the reflex is what saves you, and you can only build it here, in the graveyard, where the tuition has already been paid by someone else.

I did not write this book to talk you out of buying a business. I still believe in this path. I run companies today. I teach buyers today. Buying a business remains the most direct route I know for an ordinary operator to build real wealth and real freedom.

I wrote this book because I believe something the highlight reels will never tell you: the difference between the buyers who make it and the buyers in this book is not talent, and it is not luck. It is scrutiny. The winners treated every deal like it was trying to kill them. The buyers in this book, me included, wanted to believe.

Don’t believe. Verify.

Welcome to the graveyard. Bring a shovel and take notes.

PART I

The Paper Trap

Deals that were structured to fail before the ink dried.

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CHAPTER 2 · BAD DEAL STRUCTURE

The Kill Switch

His company was growing forty percent a year. Twenty-one days later it did not exist.

The bank called on a Friday morning.

Dan Cole was standing in his warehouse in Columbus, Ohio, watching two crews load trucks. It was the best month in the company's history. They had just billed almost three million dollars in thirty days. A record.

The woman from the bank was polite. Dan would remember that later. How polite she was.

Every account was frozen, she said. The checking account. The payroll account. The five-hundred-thousand-dollar line of credit. All of it. And not just the cash. The court order reached out and grabbed the five million dollars his customers still owed him. Every dollar coming in was now locked too.

Dan asked the only question that mattered. Payroll was days away. Eighty employees. Forty subcontractors. What was he supposed to pay them with?

The woman from the bank did not know.

Here is what Dan did not know yet. There had been no trial. No hearing. No warning. A judge had signed the order without ever hearing Dan's side, because fourteen months earlier, on the day of his closing, Dan had signed a piece of paper that said the judge would never have to.

His company was profitable. It was growing. It had nine and a half million dollars of signed work in the pipeline.

Twenty-one days later it did not exist.

THE DREAM

Dan Cole fixed things. As a kid, it was bikes and lawn mowers. As an adult, it was factories. He spent almost twenty years as a mechanical engineer, hired out to companies that had problems too hard for their own people.

He was good. He was respected. And by his mid-forties, he was stuck. There was a ceiling on what a consultant could earn, and a harder ceiling on what a consultant could own. He built things for other people. Then he handed them back.

The idea came at a dinner. A friend of a friend worked in private equity, and over one long meal he explained something Dan had never heard of. Regular people could buy real companies. The government would even guarantee most of the loan. You did not need to be rich. You needed a down payment, a bank, and nerve.

Dan went home and read everything. The books. The forums. The podcasts. This was the plan that fit him: buy a company that made real things in the real world, then run it better.

He even had a thesis. Columbus was booming. Chip plants and data centers were rising out of the cornfields, and every one of those buildings needed walls, ceilings, and finished interiors. A construction company there was not a bet on one customer. It was a bet on a whole region's growth.

The money was the hard part. Dan's wealth sat in his retirement account, not his checking account. So he used a legal structure that let his 401(k) buy stock in his own new company. No penalty, no early-withdrawal tax. His retirement money became the down payment.

Remember that. His retirement was not backing the deal. His retirement WAS the deal.

THE DEAL

The company was called Summit Interior Systems. Commercial drywall and interior finishing. Forty employees. About eleven million dollars a year in revenue, on track for much more. The owners, Ray and Donna Hutchins, were in their late fifties and ready to be done. Ray had barely shown up for a year. Donna kept the books one day a week.

The company president, Walt Meyer, ran the place day to day, and he was staying. That mattered to Dan. Buy the machine, keep the operator.

The price was $8.5 million. Here is how it stacked up:

- $5 million from a bank loan backed by the government. Harbor National Bank, a lender that does more of these loans than almost anyone.
- $1.7 million in other bank financing.
- $1.7 million in seller notes. That means Dan owed that money to Ray and Donna directly, paid out over years.
- About $830,000 of Dan's retirement money as the down payment.

The debt payment to Harbor National alone was $93,000 a month. Before rent. Before payroll. Before one sheet of drywall.

Two pieces of paper in that closing stack deserve their own paragraphs, because together they were a loaded gun.

The first was the working capital account. All the money customers owed for work done before the closing, about two million dollars, still belonged to Ray and Donna. It sat in a shared account. Dan could borrow from it to run the company, interest free, for one year. Sounds generous. But look closer at who controlled it. The people who could sign on that account were loyal to the sellers. Not to Dan. When Dan needed that money, he would be asking Ray's people for permission.

The second was a clause inside the seller notes. Fourteen words of legal language. It was called a confession of judgment.

In plain words, it means this: if the seller claims you broke the deal, he can walk into a courthouse and win. Instantly. No trial. No hearing. No chance to tell your side. You confessed in advance, on closing day, to a crime that had not happened yet.

Most states will not enforce a clause like that. Ohio, for business debts, will.

Dan read it. He asked about it. Standard language, he was told. The deal was months old by then, interest rates were climbing, and Dan was tired in a way that only people who have chased a deal that long can understand. He would say it himself later: he feared missing out, and he let the clock the sellers built become his own. He was afraid the whole thing would slip away.

There was one more thing. In his meetings with Ray, something about the man sat wrong with Dan. He could not name it. It was not a fact. It would not fit in a spreadsheet. So he ignored it.

He signed everything. Early summer, the year before the phone call. Dan Cole owned a company.

THE CRACKS

The first crack showed on day one. Not in the numbers. In the man.

Ray came into the office and picked a fight with Dan on his first morning as owner. About the transition. About who answered to whom. Ray had sold the company, banked millions, and was still owed $1.7 million more. And he was angry. Angry at his broker. Angry at the staff. Angry, most of all, that someone else was now sitting in his chair.

Selling was supposed to be Ray's victory lap. Instead, watching another man run his company felt like theft.

Then the numbers started talking too.

The work-in-progress report is the heartbeat of a construction company. It lists every job that is partly done: what it will cost to finish, and what profit is left in it. Dan had trusted that report when he bought the company. Job by job, the truth came out.

The sellers had said the company earned about a 40 percent margin on its work. The real number was closer to 30. Bad jobs, bid low and worth little, had been loaded into the backlog before the sale to make revenue look strong. Good margins had been painted on top. Later, a bookkeeper quietly told Dan the records had been massaged before the sale, and that she had been told to do it.

There was more. Dan learned the company had been up for sale for years. Other buyers had come and gone. He never asked why they walked. He had also skipped a full, independent audit of the earnings before he bought. On an $8.5 million deal, the one report that might have caught the cooked margins was the one report he did not buy.

Every excuse had sounded so reasonable at the time. The messy books? Small family company, they said. Ray's absence? The place runs itself, they said. The rushed timeline? Rates are rising, everyone said.

Excuses are stories about the past. Paper is a weapon in the future. Dan had accepted both.

THE COLLAPSE

That first fall, the gun on the wall fired its warning shot.

Payroll was coming and Dan needed money from the shared working capital account. The seller-loyal signer said no. Just that. No. Two million dollars sat in an account with his company's name on it, and he could not touch it, and eighty families were owed their wages in days.

Ray called Harbor National directly that same month and told them Dan was wrecking the company he had just been paid millions for. Two accounting employees quit. And Dan, engineer, planner, careful man, drained the last $168,000 of his personal 401(k) to make payroll.

Read that again. Fifteen weeks after buying a profitable company, the owner emptied the end of his retirement to pay his own employees, because the seller's people would not unlock the company's own cash.

A truce was patched together. New rules for the account. Everyone breathed.

Then the war moved to the courts, one small ugly step at a time. The sellers sued over a tax refund that was already scheduled to go to them anyway. When the company's loan tests said seller-note payments had to pause, and the bank and every lawyer agreed, and the pause was completely legal, Ray sent default notices anyway.

And in the middle of it came the moment that should have ended everything.

Ray sat across from Walt Meyer, the company president, at breakfast. Calm as a man ordering eggs, he told Walt that his lawyers had been through every contract, that he had found his leverage, and that once his last big payout landed in July, he would use it. He was going to burn the company down. He said it months in advance, out loud, to the president of the company.

Walt reported it. And life was busy, and the jobs were humming, and it sounded like an old man venting. Nobody treated it like what it was: a confession before the crime.

That July, Dan made his own fatal mistake. He was disputing about $1.2 million with the sellers over the cooked books and the loaded backlog, all documented, all headed for a trial date already on the calendar. But a big true-up payment came due, and Dan paid $852,000 of it to keep the peace, holding back only the disputed part.

The money was his leverage. He handed it over and kept the paperwork. Ray took the money and kept the gun.

Everything after that came fast:

One of Dan's vice presidents quit with no notice and started competing against the company within weeks, with Ray's open help. The sellers offered to settle the $1.2 million dispute. Dan said yes. Two weeks later they took the offer back with no explanation and sued for the full amount instead.

Then Ray made one last phone call to Walt. He was done, he said. He would freeze the funding, call the bonding company, call every customer. Shut it all down. Walt asked about the three million dollars the sellers were still owed. If the company died, that money died with it.

Ray said he was not worried about the money. Dan had made him angry. That was the whole reason. Three million dollars, and the answer was: he made me angry.

Two days later, without telling anyone, the sellers took that closing-day clause to the county courthouse and confessed judgment on the seller notes. The court granted it the way a rubber stamp grants things. No notice. No hearing. Then orders went out quietly to banks and to customers: freeze what you owe Summit Interior Systems.

For four weeks, Dan ran his company at full speed, blind, while the trap closed around it.

The bank called on a Friday morning.

The bonding company covered one week of payroll. The lawyers filed three emergency motions and begged the court to hear them early. The court said no. The calendar was the calendar.

Do the math Dan had to do. No cash. No line of credit. Five million dollars of receivables frozen. Ninety-three thousand dollars of debt service a month. Eighty employees. Payroll every two weeks.

On day twenty-one, Dan called everyone into the shop and ended it. Eighty jobs gone. Forty subcontractors cut loose. Thirty active job sites, walked off mid-build. Then the strangest two weeks of his life: driving site to site with a truck, hunting for the company's own tools like a man robbing his own grave.

The company that died that month had just billed its best month ever. It had $9.5 million in signed work waiting. It was not sick. It was shot.

THE COST

The auction came that winter. Trucks, scaffolds, tools, the guts of a working company. It brought about $500,000. Nearly all of it went to the bank, a drop against a five-million-dollar loan.

The holding company filed for bankruptcy. And here is a cruelty of the system nobody warns you about: when the company went bankrupt, Dan's lawsuits against the sellers, the fraud claims, the interference claims, all of it, stopped being his. They became property of the bankruptcy estate. The trustee and the bank could pursue them. They chose not to, even when Dan offered to pay the legal bills himself. The case that might have proven everything dissolved.

The personal ledger, at the end:

- Around $1 million of retirement savings. Gone.
- Roughly $750,000 of home equity, pledged against the debt, hanging by a thread while the bank decided what to take.
- About $400,000 in other personal guarantees.
- More than $200,000 in legal fees.
- His ability to ever get a government-backed business loan again. Gone with the default.

Dan went back to consulting. His wife, Sarah, went back to work too. She had co-signed everything, so the wreckage had her name on it as well. They kept their marriage. Many buyers in this book did not get to keep both.

He told me he understood, for the first time in his life, why people turn to a bottle when the world caves in. He chose running shoes instead. Most mornings he still laces them up in the dark.

And the sellers? To fire the kill switch, they burned their own money. The seller notes, the disputed funds, about $3 million they were still owed. They torched it to win a fight they had invented. If you are keeping score at home, that is the scariest fact in this whole story. You cannot out-negotiate someone who is willing to lose millions just to hurt you.

THE LESSON

The company did not fail. Read the record. Revenue grew around 40 percent. The margins were recovering. The best billing month in company history happened twenty-one days before the doors closed. Operationally, Dan won.

He lost anyway, because of paper.

Here is what Dan wants you to take from his grave, and what I want you to tattoo somewhere you cannot ignore:

You are not buying a business. You are entering a forced partnership with the seller, for years, with your family's money on the table. The contract decides who has power in that partnership. Every clause is a weapon, and closing day decides who is holding each one.

So walk the paper like a minefield:

- Never sign a confession of judgment. Not ever. There is no price low enough. It hands a stranger the power to kill your company without a trial.
- Never let the seller's people control the account your payroll depends on. Whoever signs the checks holds your life.
- Buy the audit. On a million-dollar deal, a real, independent study of the earnings is the cheapest insurance that exists. Dan skipped it and paid $8.5 million for a report the seller wrote.
- And when your gut keeps whispering about the seller, treat that as data. Something about Ray sat wrong with Dan before the closing, and after it, the feeling grew into something he says he had never felt about anyone. He signed anyway, because he feared missing out, and walking away felt like dying. Walking away is never dying. Sometimes it is the only thing that keeps you alive.

One signature. That was the whole distance between a growing company and a padlocked door. The next buyer in this book had the opposite problem. His paper trap was not one clause the seller could fire like a gun. It was the quiet question of who really owned the company he thought he controlled.

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CHAPTER 3 · BAD DEAL STRUCTURE

The Controlling Interest

He owned 28 percent of the company and 100 percent of the guarantee.

The phone call came on a Wednesday morning in November, the day after the tariff announcement.

Greg Fowler took it in his office in Mexico, a hundred steps from a floor where his crews were building aluminum fishing boats. Formed, welded, and rigged by hand, as they had been for 52 years.

The announcement promised a 25 percent tax on everything made in Mexico. Half the country called it a bluff.

The man on the phone did not. He spoke for Greg's biggest investor, a family office run by one of the richest retail families in America. Someone in that family held a board seat at one of the biggest store chains in the world. Word from that room: the tariffs were real.

The investor had one question. How profitable is North Channel Boats with a 25 percent tariff?

"We're not," Greg said. "At all."

No yelling. No debate. Just one more sentence.

"We want you to sell the company."

Greg hung up and did the math he had spent two years not doing. He had run this company for seven years. He owned 28 percent of it. None of that mattered, because of three facts on paper. His investor held preferred stock, the kind with special powers. The company's line of credit stood on a personal guarantee with one name on it. His. And the bank holding that line was owned by the same family as his investor.

His investor. His bank. One family. Under their money, one man's signature.

The company was still alive. But every door out of the building belonged to the same people, and he had just heard the locks turn.

THE DREAM

Greg Fowler looked like the man this playbook was written for. Strategy consulting. Banking. A fancy MBA. Mid-career, with a wife and three small kids. He had spent years closing deals for other people. He wanted one that was his.

He paid for the search himself, on purpose. Buy something small, then build the investor group around the deal.

The search was local too. Home was northern Michigan, and three little kids meant no appetite for airports. So his territory was a drive, not a flight, and his method was coffee. Town by town, he sat down with the people every owner trusts. The broker. The banker. The lawyer. The accountant. That circle always knows who is ready to sell.

His first wave of outreach turned up 12 prospects. One arrived as a phone call from a local advisor. "I've got a seller in my office. Can you come over?"

The seller was North Channel Boats. Aluminum fishing boats, built on the Great Lakes for 52 years. The founders were retiring. Their kids did not want the business. The management team was solid but could not buy it. And the founders refused, flat out, to sell to a competitor.

Greg drove over.

THE DEAL

They met in the fall. The letter of intent came fast. The deal closed in the summer of 2017.

The months between sent up a flare. The founders owned 80 percent of the company. A minority partner owned the other 20. Halfway through, that partner flipped from seller to rival buyer and lobbed in a competing bid.

Greg walked. I'm not raising my bid, he said. Then the management team spoke up: we will not work for that guy. The deal swung back to Greg on his terms. He took it as a win. He missed the lesson. In this company, the paper and the people could point in opposite directions.

The price was 4 times earnings. The money stacked up like this:

- 75 percent from a bank loan backed by the government.
- 10 percent in a seller note, owed to the founders over time.
- 15 percent in fresh equity from a small group of investors. Greg wrote the largest check himself.

For finding and running the deal, Greg earned another 30 percent as promoted equity. Sweat pay, paid in stock. Half vested at closing, half over five years. Add it up: Greg held 42 percent on day one. The largest owner in the room. Not the majority.

Now the two choices that shaped everything after.

First, the votes. Greg handed equity to his management team as a thank-you, then set the rules so each member got one vote. Not one vote per share. One vote per person. His own grade, years later: entirely too democratic, entirely too generous. Equity is not the glue you think it is. Every senior chair turned over within five years anyway.

Second, the guarantee. The bank loan required a personal guarantee. Plain words: if the company cannot pay, you pay. Your savings. Your house. Your kids' future. Guess how many people at that closing table signed one.

One. Greg.

Everyone got equity. Everyone got an equal vote. One man got the debt.

And the business? It broke his own buy box, and he knew it. No recurring revenue. Thin margins. Seasonal. Cyclical. A boat is the first purchase a family cancels when money gets tight.

He stayed for the thesis. Strong brand. Dealers who reordered every year on a steady cycle. Aging buyers who want lighter boats, the company's specialty. A niche of three, where the other two would not spend a dime on capacity. If we invest in capacity, we can own this growth. That was the bet.

In June 2017, Greg Fowler owned a boat company. Sort of. Keep that "sort of" in your pocket.

THE CRACKS

The early years rewarded him, which is how the best traps work.

The company took a second government-backed loan and bought its own building. They moved in just in time for the world to shut down.

March 2020. The state closed. Greg sat with the first mortgage statement in one hand and a stack of canceled orders in the other, thinking one word: toast.

Then Memorial Day came, and America rediscovered the outdoors. Retailers called back, un-canceled everything, and doubled their orders. A government payroll program kept his crew together. For two years, the company could not build boats fast enough.

That boom was crack number one, dressed as a blessing. Greg's logic ran: we grew before the shutdown, we grew through it, so we will grow after. His verdict, later: "No. No way in hell."

Crack number two was geography. The raw material was 40 percent of the cost of a boat, and it came from Mexico. No plant in the States had room to spare. So in the fall of 2021, North Channel opened a second plant in Mexico. Greg moved his wife and three kids down and ran it from the floor.

January 2022 was the peak. Greg calls it the top of the mountain. The first boat shipped out of the Mexico plant that month. The same month, the big money arrived.

A family office bought into the company. Not just any family. One of the richest retail families in America. Their vehicle was called Rockhill Capital, and it took 20 percent of the company.

But not in common stock, the plain kind everyone else held. Rockhill got preferred stock: stock that gets paid first and comes with special powers. Greg sums it up in one line. Every bell and whistle you could ask for in a preferred structure, they got it.

The money did real good. It paid off the government loan and the seller note. It bought out the original investors at 1x: their money back, not a dollar more. The company stood debt-free except one line of credit.

Greg was running two plants, backed by one of the deepest pockets in America. “The tacos are great,” he says. “Everything’s fantastic.”

The top of the mountain lasted about six months.

That summer, orders came back down to earth. His marriage came down with them. His wife told him it was not working and moved back to the States with the kids. He stayed with the plant. I will not try to make that sound better than it was.

By May 2023, the arithmetic turned brutal. Two factories carried two full sets of fixed costs, with one company’s worth of orders between them. All that growth had never dropped real profit to the bottom line. One plant had to die, and the numbers said Michigan.

Closing a plant costs money before it saves any. Rockhill funded a follow-on round and climbed north of 20 percent ownership. Greg slid to 28.

Then came the decision this chapter exists for.

The move needed a bigger line of credit. The lender wanted the strongest name in the deal on the guarantee: Rockhill. Rockhill refused to sign. Instead, the investor steered Greg to a different lender. Granite Peak Bank.

Granite Peak Bank was owned by the same family as Rockhill Capital.

The bank waived the family's guarantee. It required Greg's.

His confession, word for word: "I stupidly said yes. It was a stupid, stupid move. It was a move made out of desperation."

Rockhill said all the right things. This is really sponsored equity, they told him. We are going to recap it in the future. A recap means new money comes in and cleans up the old debt. Here it meant freeing Greg's name. Don't worry, they said. It is never going to be an issue.

Not one word of it was in writing.

The small print told the truth anyway. The company financed new tooling through the same bank. About $140,000 more, guaranteed by Greg. On that loan, the bank waived the family's guarantee without the family even asking. Even the paperwork knew who mattered.

The Michigan plant closed in the fall of 2023. Greg laid off people with 20 years in the company. In a town he had served for seven years, he became the villain in one news cycle. He can still recite the headline: fancy MBA takes money from one of America's richest families, shuts the plant, ships the jobs to Mexico.

He told me what the headline left out. He had quietly paid for workers' funerals. He had sat at bedsides before surgeries. And he was personally guaranteeing the line of credit that paid those workers their severance.

The old building sold at a meaningful premium and returned money to investors. Greg's own slice, after taxes and after the divorce, was the last liquid money he had. Rockhill required him to put every dollar of it back into the company. He did. His entire net worth now lived inside a boat company he did not control.

In 2024, the headquarters moved to Missouri, near the investor's home city. Demand stayed soft. Competitors cut prices. Retailers failed and paid late. The summer board forecast showed an operating loss coming. Greg pitched growth anyway: buy a bleeding competitor, add a new category. The board approved the plan. And it promised a recap in the fall to clear the line of credit and free his guarantee.

The cure finally had a date. It still did not have a signature.

THE COLLAPSE

The tariff announcement landed in November. The phone rang the next morning. You have already heard the call. How profitable is North Channel with a 25 percent tariff? We're not. At all. We want you to sell the company.

The promised recap died on that call. What replaced it was arithmetic with teeth. Between Thanksgiving and Christmas, the company fell into default on its line of credit. Not a missed payment. A default on paper: the loan's fine-print tests broke, and the bank got the right to move. The bank owned by the family. The family that had just ordered the sale.

Rockhill put in a bridge of $400,000 to keep the company breathing, then fed it out a week at a time. Every week, a four-hour meeting about cash. Which vendors to pay. Which to stretch. Greg was building boats, running a sale, and begging for his own bridge money in seven-day rations. The detail that stings: his cash was running ahead of his own June projections. Ahead. It changed nothing.

He finally said it to their faces: "I can't build these boats, sell the company and manage this business from a cash position with your hands around my neck."

Then he said one sentence too many. He told the board he would never again run a Rockhill portfolio company. He meant it as protest. They heard it as permission. From that day, the instruction was: sell or sell. Close as fast as you can.

Greg spelled out what a fire sale meant. The common stock: wiped out. The preferred: probably wiped out too. A broken deal: the company fails owing everyone. Then he asked the question under all the others. If this goes wrong, will you leave me hanging on the guarantee?

They didn't deny it. The answer, in full: well, we'll see what happens.

Eighteen months of "it will never be an issue" collapsed into "we'll see."

Early in the new year, a buyer surfaced. The offer was, in essence, we will take on the debts. That was the whole price. The buyer wanted to close in about three weeks. Three weeks to sell a 52-year-old company with its plant in another country. The fire-sale clock started.

The company needed one more $400,000 loan from Granite Peak just to reach the closing table. The bank's first demand: Rockhill signs a personal guarantee for the new money. Greg answered with the truest sentence in this book: "The fact that you're asking for that now is an acknowledgment that you've mismanaged your conflict of interest."

The bank backed down. The new $400,000 went out with no personal guarantee from anyone.

Notice what that proves. The bank always knew how to lend without a person on the hook. It just never needed to while the name on offer was Greg's.

Mexico nearly killed the deal anyway. To ship the equipment and inventory north, Greg needed sign-offs from his plant partner and landlord, and they knew it. His phrase: "a little bit of a hostage situation." Costs ran over, the timeline slipped, and the buyer edged toward the door. Greg brokered the fix himself: the bank and the buyer split the overage.

Then the eleventh hour arrived with a knife. The sale agreement, as drafted, had the bank releasing all claims against individuals. Greg's guarantee would have dissolved at the closing. The bank caught the clause, struck it, and wrote its right to pursue Greg back in. That was its condition to close.

Sign, with your own name still in the trap. Or refuse, kill the deal, and hand everyone a corpse. Some choice. He signed.

The last truck rolled toward the border, the escrow money waiting on it to land. When it crossed, the deal was done. North Channel Boats sailed on. It just no longer carried Greg.

THE COST

Count what was left of him.

The bank was in for $1.9 million on the line of credit. The sale clawed back $1.3 million. The roughly $600,000 gap sits on Greg's personal guarantee. His 28 percent of the company: zero. Common washed out, preferred washed out, exactly as he had warned. The reinvested building money: gone. The years of below-market salary: gone. "I put every last dime into this," he told me. There was no family money behind him to break the fall.

He kept a job, strangely enough. The buyer required him to come along, at a third of the market rate. His summary: "I get nothing from you. I get a job."

Bankruptcy could have erased the $600,000. That door was locked too. He had remarried, and a filing would have put someone he loves at risk in a way that has nothing to do with money. So he made the bank's workout officer an offer instead. His compromise, he said, was the three months of work he had just poured into preserving the bank's capital. "The number for me is zero." When we last spoke, the bank had not answered.

And Rockhill? The family lost real money on the preferred. Hold the two ledgers side by side. Their fund took a loss it will never feel. Their bank recovered $1.3 million of its $1.9 million and kept a claim on one man's life for the balance. And no one in that family ever signed a personal guarantee for anything. That is what owning both sides of the table looks like.

One more scene, because Greg earned it. On his last day at the Mexico plant, the crew he had just laid off threw him a farewell asado. A cookout, for the man who had ended their jobs. They went around the circle and said what the company had meant to them. Some showed off matching tattoos of the boats they had built. Then, right there in the shop, they gave their boss his first tattoo.

"This is something that was hard and it didn't kill me," he says now. "It didn't break me. I'm stronger."

One more line of his, the one I cannot put down: "I've been breaking dreams and hearts left, right and center. But I haven't lied to anyone."

THE LESSON

Follow Greg's percentages. He held 42 percent at the closing and got one vote, like everyone else. He held 28 percent at the end, plus the only personal guarantee. At no point did his ownership number decide a thing that mattered. Control lived elsewhere the whole time. In the preferred stock. In the boardroom. In the loan papers. Other people held all three.

Ownership is a number on a spreadsheet. Control is written in the documents. If you take one thing from Greg's grave, learn to tell those two apart before you sign.

Greg came back from the wreck with three rules. I will add a fourth.

- Conflicts of interest are real. Paper over them at your peril. His investor and his banker answered to one family. When the tariff hit, neither voted for him. Even good people side with whoever pays them.
- Macro swamps micro. He ran the company well, twice, and it saved him nothing. A virus wrote his best years. A tariff wrote his last one. Your plan does not get a vote on the weather.
- A hard decision dodged becomes a harder decision forced. He knew the guarantee was wrong the day he signed it. Fixing it then would have been hard. He waited for the promised recap, and every quarter of waiting shrank his options, until no real choice was left.
- And mine, the rule this chapter was built to carry: never sign a personal guarantee for a company you do not control. When

> your investor, your lender, and your board are the same money, every conflict will resolve in their favor. Not because they are evil. Because the paper says so, and paper does not blush.

Here is the strangest part. Greg's investor never lied to him. Not once. Every term that ruined him was written down in plain sight, with his own signature under it. The truth was enough to bury him. The next three buyers got something worse. They were sold fiction on purpose.

PART II

Bought a Lie

Sellers who sold fiction, and the buyers who paid full price for it.

4

CHAPTER 4 · SELLER MISREPRESENTATION

The $600 Tire

The margins were beautiful because the tires on the invoices were not the tires on the trucks.

Tom Brennan was not supposed to be in the shop that week.

He owned it, on paper. He had owned it for about six weeks. But Tom lived a two-hour drive away, in Cincinnati, and he had a day job, and the whole point of the deal was that a manager ran the place. The manager was on vacation. So Tom drove down to Louisville and answered the phones himself.

The phones were the business. TriState Fleet Tire fixed 18-wheelers where they broke down. A trucker blows a tire on the highway. A call goes out. A service truck rolls. Most of those calls came through one contract with a national tire brand. The brand sent the work. The brand paid the bills.

One afternoon, a call came in. A truck sat dead on the interstate with a shredded trailer tire. Tom sent a tech. Then he wrote up the ticket the way the files showed every ticket: one premium brand-name tire, roughly $600.

He walked into the back of the shop.

The racks were full of tires. Cheap import tires, the kind that cost roughly $230 each. He looked for the premium tires the invoices kept naming. There were almost none.

He pulled an old invoice. A brand-name tire, roughly $600. He pulled another. Same tire, same price. He pulled a whole year of them.

The tires going out the door cost $230 and wore one name. The invoices said $600 and wore another. And the invoices were the ones getting paid.

Tom was a business broker. He had spent his career reading deals from across the table. He had listed this company himself. Then he had bought it.

He stood in his own shop, holding someone else's crime, and understood that he owned it now.

THE DREAM

Tom Brennan sold businesses for a living. He was a broker in Cincinnati. Before that, he had started two small companies of his own, run them alone, and sold them. He had a law degree he had not touched in fifteen years. He knew paper. He knew deals. He had watched hundreds of buyers sit down at the table, and plenty of them get up poorer.

He wanted a turn on the other side.

Not as an operator. Tom is honest about that. He wanted an investment that ran without him. Buy a solid little company. Hire a manager. Keep the broker job. Let the checks come. His wife had a big corporate job, close to $200,000 a year. They had two young kids.

He had been hunting for a year and a half. Offers signed. Two deals deep into due diligence. Due diligence, in plain words, is the homework a buyer does before the money moves. Both deals died in the homework, which means the homework worked. It did not feel that way. It felt like failing. He told me he walked into deal number three with one thought: I am not letting another one fall apart.

Deal number three was already on his desk. It was his own listing.

A woman named Dianne wanted to sell her tire company. Dianne had spent about thirty years in trucking. She lived across the state line in Indiana and ran the business from her house, sending contract techs out by phone. Then came a health scare. She shut the shop side down, the three service bays and all, and kept only the roadside calls.

Even cut in half, the numbers looked good. $1.5 million in revenue with the shop open. About $1 million the next year from roadside work alone. And most of that, more than $800,000, flowed through one golden contract: the brand program.

Here is how the program works. A national tire brand signs up trucking fleets all over the country. When a fleet truck blows a tire, the driver calls one number. The brand finds the nearest approved shop and sends the call. TriState was an approved shop, one of few in its region. Steady work, from a giant, under contract.

Tom took the listing. He wrote the pitch, polished it, and gave it to buyer after buyer. And somewhere in those months, the pitch started working on the man giving it.

He told me later: when you are trying to sell something, you start believing in what you are trying to sell.

THE DEAL

Dianne believed the business was worth $6 million. That number came from a spreadsheet she had made herself. The market disagreed. Real offers came in between $2 million and $2.2 million.

Tom cleared it with his boss and moved around the table. He matched the top offer and added $50,000. A signed offer at about $2.25 million, headed into due diligence.

Stop and look at that setup. The man doing the buyer's homework had spent months writing the seller's pitch. A broker's job is to make a business look good. A buyer's job is to find where it is lying. Tom was now both. One of those jobs had a head start.

He did one big thing right. He bought a quality of earnings study. Plain words: you pay an accountant to test whether the profit is real. Dianne's tax return showed a little over $600,000 a year in earnings. The study found the real number was barely half that. The brand's payments landed first at the regional tire wholesaler, which took out the cost of tires before the money moved on. Dianne had never counted those costs. Half the earnings were a mirage.

Say it slowly. The tax return was wrong. Not a pitch deck. Not a hopeful forecast. The tax return.

There is one honest reading of a fact like that: the seller's most official paper has already lied.

Tom read it another way. He read it as a price problem.

He quit the deal by phone. Then he went back with a new offer. One million dollars. Dianne keeps twenty percent of the new company and stays on to train the manager, at $10,000 a month for ninety days. As the listing broker, Tom credited his own commission against the price. Final number: $951,000. No bank loan. He borrowed against his own stock portfolio instead. The partnership papers kept the starting stakes tiny on purpose, so every cash call she skipped would shrink her twenty percent. Tom was proud of that clause. Watch where it lands.

They closed that spring.

Now let me show you what else got waved through.

The margins made no sense. Dianne claimed margins near sixty percent. The labor added up: $95 to $160 an hour for roadside work, two-hour minimum. The tire money was the mystery. Tom pressed her once. Explain how you are making all this money. Her answer: you can mark the tire up to whatever you want. He took the story and moved on. Then the study cut the earnings in half, and margins near thirty percent made more sense. The bad news calmed him. Sit with that.

He shopped for a blessing. He asked the accountant who ran the study: what would you do? He was hoping to hear, don't. What he heard was: this looks pretty safe at these numbers. He leaned in.

The people warnings all agreed. Tom did not like Dianne. His wife heard her once on a speakerphone and said the woman sounded terrible. The closing attorney, a lawyer from his wife's family's firm, said it straight: I would not get in business with this woman. Tom signed anyway.

And the training plan stayed soft. The papers never said where Dianne would teach, how often, or in what form. Soft words in a contract are not blanks. They are decisions you hand to the other side.

The price had fallen from $2.25 million to $951,000, and it felt like a win. It felt like diligence. It was neither. It was a discount on a business he still could not explain, bought from a woman whose tax return had already lied to him. And now she was his partner and his teacher.

THE CRACKS

The first weeks after closing were all paperwork. Accounts, titles, utilities. No real training happened. None ever would. Dianne would not set foot in the shop. She trained the manager by phone from her house in Indiana. When Tom pushed, she trained him by phone too.

Tom began recording the calls. Hold on to that fact.

Then the money got strange. The deal gave Tom the receivables, the money already owed for finished work. Just before closing, Dianne had the wholesaler cut her a check for all of it. Drained to zero. When Tom asked for a check of his own, he learned of a thirty-day hold no one had disclosed. The business cost about $25,000 a month to run. He had funded one month.

Revenue fell about forty percent in the first month. Break-even. Zero profit. Inside thirty days of taking his money, Dianne sent a letter. Its message, stripped of the lace: Tom had already ruined her life's work, and he should buy out her stake.

Thirty days.

The cash calls started. She covered the first small one by keeping part of a consulting check. Then came a $60,000 call. Her share was $12,000. She skipped it.

The manager held the place together. Curtis was Dianne's pick, hired at $75,000 a year, and to his credit he kept the trucks rolling. In June, Curtis took his vacation. Tom drove down to cover the phones.

You know what he found. Now let me show you what it meant.

Here is the rule Tom had never traced. The brand pays the shop back for the tire at cost. At invoice. Then it pays for the roadside labor, plus a small fee per tire. Read that carefully, because it unmakes the pitch. There is no tire markup in this business. None. The program does not allow it. The shop earns labor and small fees. That is the whole machine.

So where had the fat margins come from?

From this. A truck goes down. The tech grabs a cheap import tire off the rack, cost roughly $230, and mounts it. The office bills the brand for its own premium tire, roughly $600. The brand pays its own invoice. Nearly triple the money, pocketed, on about seven of every ten roadside calls for the brand. Apparently for years. The techs had their orders. Mount it, bill it, and never let a camera near the side of the tire.

The sidewall is where a tire wears its name.

Every question from diligence answered itself at once. Why the margins made no sense: they were fake. Why Dianne could not explain the money step by step: the steps were a crime. What mark it up to whatever you want really meant: bill a giant for parts you never installed, and trust the giant not to look.

The profit was not padded by fraud. The profit was the fraud. Take out the fake tire money, and TriState Fleet Tire was a break-even labor shop. Tom had paid $951,000 for a felony with a phone number.

THE COLLAPSE

Tom needed her to say it. Suspicion is not proof, and a partner who lies will not write you a confession. So he set the table.

That month he was installing the industry's inventory software, which tracks every tire by brand and size. Real records were coming. It gave him a natural question for a recorded call.

What happens, he asked her, when you put on a cheap import tire and call it a brand tire?

Her answer is on tape. She told him it did not matter. She told him to keep stocking the cheap imports and to keep billing them out under the brand's name. She told him that this was where his money would come from.

Not a slip. Not a memory of old sins. Instructions.

Now look at the trap, because this is the part that should follow you home. The fraud was not a leak in the business. It was the engine. If Tom kept billing the brand for phantom tires, the shop would pay him something like $150,000 a year, quietly, just as it had paid Dianne. If he stopped, he owned a break-even shop, a drained account, and a partner at war with him. Every honest tire cost him money.

Keep the fraud, or keep himself. Complicity or ruin.

He chose ruin. The shop started mounting real brand tires on brand calls, and the margins sank to the floor, where the truth had been sitting the whole time.

Within days he was in a lawyer's office. He made Dianne one offer, and the broker in him knew it was generous. Unwind it. Take the business back, keep the cash inside it, hand back the purchase money, and I will keep my mouth shut. Her answer came the same day. Have your attorney call my attorney.

They have never spoken since.

What came next was not a courtroom montage. The first law firm produced nothing in a month. At the second, the young lawyer on his file got sick. A third finally drafted the complaint, in four days. It cost Tom about $50,000 just to get the lawsuit written. Then he filed it: an eight-figure claim against the woman who still owned twenty percent of his company.

She asked the court to throw the case out. The court said no, on every count. So she sued him back. Personally. Her claim: the majority partner had schemed to cheat the minority owner. Her best evidence was the clause he had been proudest of, the tiny stakes built to dilute her away. He had to hire a second set of lawyers just to defend himself.

And the world around the case shrugged. The wholesaler kept selling import tires; it made more on those. The brand would not release its own service records without a subpoena, a court order to hand them over. When the order finally came, the brand sent a spreadsheet full of links that would not open. Everybody, Tom said, was happy to look the other way. Everybody except him.

Then the landlord heard about the lawsuit and ended the shop's month-to-month lease with thirty days' notice. Commercial tire work needs doors fourteen to sixteen feet tall. You do not find those in thirty days. Tom found a building he calls an absolute dump. It saves $2,500 a month. A month after he moved in, the power still did not work.

THE COST

Add it up, because Tom has to, every month.

$951,000 to buy the business. About $100,000 more in operating cash. About $100,000 in legal fees, and counting. Call it $1.2 million into a company that, in his words, is treading water on a good day. Worth now? Maybe $250,000, as a job for whoever owns and runs it, paying $75,000 to $100,000 a year.

He still pays interest on the loan against his stocks. He still works his broker job, because, as he puts it, that is how he pays for all this. He still drives two hours each way when something breaks. Curtis may move out of state for his wife's work. Even the exit plan, selling the shop to Curtis, has a crack in it.

The year did not only hit the business. In the middle of all this, Tom's wife lost her corporate job. It was a hard season at home in other ways too, ways that are not mine to sell. Tom summed the year up to me in words I will only clean up slightly: it dumped on him from every direction at once.

And a lawyer in the family sent him one more gift, a statistic from a class that lawyers take: about eighty percent of money judgments are never collected. Read that the way Tom has to. He could fight for years, win everything, and hold a piece of paper that says Dianne owes him. Making her pay would be a second war.

Here is the math that actually haunts him, and he says it out loud, which takes courage. All he had to do was keep the fraud running, and the business would have paid him about $150,000 a year. Instead he is $1.2 million in, paying two sets of lawyers, fighting a partner, a brand, a wholesaler, and a building with no power. Honesty is the most expensive thing he has ever bought. He would buy it again. Both of those things are true at once.

There is no ending to report. The lawsuit grinds on. As I write this, Tom Brennan is still in it. Still driving. Still paying. Some graves in this book are closed. His is still open.

THE LESSON

Tom's story carries one lesson, and he would tattoo it on every buyer he ever brokers for:

A discount is not diligence.

When the study cut the seller's earnings nearly in half, Tom felt like he had found the skeleton. So he stopped digging. He cut the price from $2.25 million to $951,000 and told himself the discount was the protection. But a lie is not a pricing problem. A lie is a verdict on a person, and the person comes with the deal. Tom repriced the fiction, then went into business with its author.

So, the rules, from a man still paying full tuition:

- Understand exactly how the business makes its money before you own the way it makes its money. Not the story. The machine. Trace one sale from the phone call to the bank deposit, in documents. Tom never traced one tire. One traced tire would have shown it all: the program pays cost, markup is impossible, the margins were fake. One tire.

- When diligence catches the seller lying, that is a verdict, not a coupon. Reprice a fixable problem. Walk away from a dishonest person. A discount changes what you pay. It does not change who you are dealing with.
- Never partner with someone whose numbers have already proven false. Tom did worse. He made her his teacher, and left the training terms soft. The twenty percent she kept became her weapon.
- Count your yellow flags, and believe the people who love you. Tom's rule now: more than three yellow flags is a red one. He had a wife who winced at one phone call, a closing lawyer who warned him to his face, and his own gut turning over. That is three, before you touch the numbers.
- And if you are the one selling the thing, be very slow to buy it. Months of pitching had done to Tom what pitching does. When you sell something, you start believing in what you are selling. Belief feels exactly like knowledge from the inside.

Tom caught his fraud within months of closing, on a phone he had the sense to record. The next buyer in this book spent twenty-five years inside his own industry, and the lie still got him.

5

CHAPTER 5 · SELLER MISREPRESENTATION

The Warehouse That Lied

An industry veteran, a warehouse full of profit that was never real, and the lender who buried him anyway.

The count started on a Saturday morning.

Paul Kessler unlocked his own factory outside Chicago and turned on the lights. He carried a clipboard. On the clipboard was the company's inventory report: the official list of everything on this floor, and what it was all worth.

The books said the company was making money. The bank account said it was starving. One of them was lying. Paul meant to find out which, the old way. By hand.

So he counted. Chair frames waiting for fabric. Cabinet doors waiting for hinges. Tabletops stacked chest high. Hotel casework in every stage of half done. Row after row, he matched the wood on the floor to the numbers on the page.

By afternoon he knew.

The lumber was real. The machines were real. The payroll was real. But millions of dollars of value on that report were simply not there. Not misplaced. Not mislabeled. Not there.

Months earlier, Paul had paid $6 million for this company. Twenty-five years in this exact industry had told him it was a good one. The profit he bought was supposed to be stacked on this floor, in wood and fabric and half-built furniture.

He had just counted it. Most of it did not exist.

THE DREAM

Paul Kessler had spent twenty-five years in commercial furniture. He worked for one of the biggest names in the business, serving hotels, restaurants, and resorts. He knew the wood. He knew the freight. He knew the buyers by first name.

Then his employer, coming out of COVID, chose to wind down that whole side of the business. Twenty-five years of climbing, and the ladder was being rolled away.

Buying a company had pulled at Paul for years. He had started a few tiny ventures before and shut them all down. So he read the books. He studied the guides that teach regular people how to buy real companies. Then he launched a search with his own money. No fund behind him. No committee. Just savings and nerve.

Here is what made Paul different from almost every buyer in this book. His search was not a thousand letters to strangers. It was a list of five companies. Five. He knew each one, because he had spent his career competing with them or selling beside them.

At the top of the list sat Lakeland Manufacturing. A family-run commercial furniture and millwork maker outside Chicago. Sixty years old. A former competitor. Its owner had tried to hire Paul twice.

Mark that. This was not a stranger buying a mystery. This was the one buyer on earth who was supposed to see everything coming.

THE DEAL

On paper, Lakeland was a jewel.

Sixty years of history. Furniture and millwork for grand old hotels, flagship resorts, and a famous theme-park company. Nearly all of it made in America, one of the last big shops of its kind. It charged about 30 percent more than its rivals, and clients paid it, because the work was that good. Half-million-dollar projects, four or five running at once. Million-dollar hotel renovations.

The owner was ready to be done. He had been retired-but-not-retired for years, in the building about one day a week. Twice before, buyers had tried to purchase the company. Both deals fell apart. Paul noted the pattern, and then he moved past it.

The price was $6 million. Here is how it stacked up:

- A $4.6 million loan backed by the government, from Ameritrust Bank. In this kind of lending, Ameritrust was a giant. Top five in the country by volume.
- A $300,000 credit line on top of the loan.
- A $1 million seller note. That means Paul owed the seller directly, paid out over years.
- Ten investors, plus Paul's own savings, for the rest.

And the diligence? Paul did almost everything right. He bought the full, independent study of the earnings, the one Dan Cole skipped back in chapter 2. He hired strong lawyers. His loan broker was honest and did his job well.

The study firm made an odd remark during the work. It was rare, they said, to get this much financial data this fast. Sellers usually drag their feet. This one handed over everything at once, clean and complete.

Everyone read that as a good sign. Read it the other way. Books that arrive that fast, that polished, are books somebody has been polishing.

Two doors stayed shut. The seller would not let Paul near the employees. Not one interview. Not one quiet chat on the floor. He had been burned by two failed sales, he said, and could not risk the staff finding out again. Paul accepted it. There were no customer calls either, because Paul already knew all the customers. Looking back, he could name what the whole thing felt like. It felt like he already knew.

That is the sentence to underline. Familiarity was doing the job that verification was supposed to do.

The deal closed in the spring. The employee list said 145 names. Paul Kessler finally owned the kind of company he had served his whole life.

THE CRACKS

The first crack showed in week one.

The head count on the health-insurance papers came to 125 people. The purchase list had said 145. The missing workers had been quietly cut sixty days before closing. Some to trim costs. Some, Paul came to believe, out of plain spite. And this while the company sat on the largest backlog of orders in its history. Nobody had told him.

Ninety days in, the second crack. Everything shipped late. Not sometimes late. Always late, six to eight weeks, on every order. The industry knew Lakeland ran behind. Nobody had said how far behind. Any worker on that floor could have told him in five minutes. He had been kept away from every one of them.

So Paul did what an operator does. He put his head down and fixed the machine. He rehired, up to about 160 people. Output per worker rose 37 percent in the first year. That first winter, the factory set two production records back to back. The biggest months in its sixty years.

Which is why the third crack made no sense. Record production, and the bank account stayed thin. Cash did not match output. The engine roared and the truck barely moved.

Then, in the middle of that puzzle, the controller let something slip. The old owner, she said, used to adjust the inventory numbers. To make the company look profitable.

One sentence, dropped almost in passing. It held the whole story.

That was the weekend Paul walked the floor with a clipboard and counted his warehouse by hand.

Here is the trick, in plain words, because this trick has killed more buyers than any machine ever will. A factory spends money on wood, fabric, and wages. That spending only counts against profit when finished work goes out the door. Everything still sitting on the floor is counted as a thing the company owns. Money, in a different shape. So watch what happens if you write a bigger number next to that pile. Your costs shrink on paper. Your profit grows on paper. No new dollar came in. The pile never changed. Only the number next to it changed. Do it again every year, a little bigger each time, and a dying company will show a profit for as long as you keep writing.

Lakeland was built for this trick. About $3 million of half-built custom work sat spread through that factory. Who could say exactly what a thousand unfinished pieces were worth? The seller said. Year after year, he wrote a number. The number was fiction.

Paul brought in turnaround consultants. He formed a small advisory board. By early summer of the second year, the full picture was on the table.

The company's last truly profitable year was 2019. In the years after, it had been losing millions, all of it papered over by the warehouse. And the rot went deeper than the ledger. The costing system ran on stale labor numbers, so every new job was priced to lose about five cents on the dollar while the books swore it earned.

The turnaround needed about $2.5 million. Nobody writes that check. Not for a company with no real profit since 2019, carrying a $4.6 million loan and a $1 million seller note. The consultants gave their verdict gently. It flattened him anyway. This company was going to go out of business, one told him. You have just delayed it.

The lawyers had better news. The fraud case against the seller was, in their words, a home run. But it would take two years. Paul needed the company alive for that long. Which meant he needed his bank.

Remember what a bank is for. Paul was about to find out.

THE COLLAPSE

Every villain so far in this book has been a person. A seller with a grudge. A liar with a warehouse. This villain is a process.

In the fall, before anything was on fire that the bank could see, Paul called his lender. Twenty months of payments, and never one of them late. He told Ameritrust the truth. Fraud. Losses. A turnaround that needed more than he had. The bank gave him a pause on payments: three months, then three more.

In December he stood in front of the bank's workout team, the unit a lender sends in when a loan looks sick, and laid out five rescue paths. Five ways the story could end with the loan repaid and the people employed. The team admitted something remarkable. They almost never hear from a borrower until he is three months behind. Paul was ahead of every deadline, waving a flag, asking for a partner.

Then the machine showed him what it was.

Early in the new year, Paul learned the bank could not even consider a discounted sale of the company unless the loan was in default. He had paid too faithfully to be helped. So Paul had to ask his own bank to declare him in default. On purpose. To open a door.

Sit with that. The front door of the system was labeled: fail first.

Then came the buyer, and this is the part that should make you angry. A signed letter of intent. It put $600,000 in the bank's hands for the assets. It brought about $3 million of new money into the company. It rebuilt the staff to about 180 people. It kept every job in that factory alive. And it took over the fraud lawsuit, the home-run case, so the rest of the debt could be made right over time.

Not a perfect deal for the bank on day one. But weigh it. A living company, 150 jobs, and a real path to full repayment. Against a dead company and an auction.

The bank's answer was silence in a suit. Contact through lawyers only. Replies came once a week, no faster. No counteroffers, ever. Just four words, again and again: not commercially reasonable, try again. Try what? Against what number? They never said. A negotiation with one side is not a negotiation. It is a wall with a lawyer in front of it.

At the end of winter, the bank finally dropped the pretense. Fine. Liquidate. And here the law added its own cruelty. A company cutting that many jobs must file a public notice first. The notice reached the local paper. The paper ran the story. By morning, every client, every rival, every vendor knew Lakeland was dying.

He remembers the shockwave it sent through the bank. Bad press does what pleading cannot. About a week later, Ameritrust called back. Okay. We will do the deal now.

Now. After the story. After the good name of a sixty-year-old company had burned down in public. Deposits stopped. Orders stopped. Two weeks later, the buyer walked away. Every offer that came after was lower than the one before. The bank engaged none of them.

At the start of spring, Paul gathered his people, about 150 of them, and let roughly 140 go. A skeleton crew stayed behind to wind the place down. Three weeks after the shutdown, another buyer called the bank, hoping to restart the factory. The bank told him the company was still operating. It was not. The lender that would not sell a living company was now describing a dead one as open for business.

Why? Paul turned that question over for months, and he gave me the only answer that fits. The bank's first goal, above everything, was protecting its government guarantee. Foreclose by the book, and the government covers most of the loss. A creative rescue means judgment calls, and judgment calls put the guarantee at risk. So the process won. Over $600,000 in cash. Over $3 million in new money. Over 150 jobs.

One detail turns baffling into bitter. With the guarantee behind it, and twenty months of payments already collected, the bank's own risk was small. It was not protecting a fortune. It was protecting a procedure.

THE COST

The auction came two years after the closing.

The machines had been appraised at $1.1 million when Paul bought the company. Maybe $670,000 in a fire sale, the appraisal said. The auctioneer walked the floor and warned him they might bring $200,000 to $300,000. The guts of a sixty-year-old company, sold in an afternoon.

The ledger at the end:

- About $4.5 million still owed to the bank.
- About $3.5 million in claims from clients. Deposits for furniture that will never be built.
- About $800,000 owed to vendors.

He told me the part that still keeps him up. The company owed as much to its clients and vendors as it did to the bank. All of it would have been solved if the bank had let him sell the company.

The ten investors are wiped out unless the lawsuit someday pays. And the lawsuit itself is half stranded. The company's share of the fraud claims now belongs, in effect, to the bank. That same bank has asked Paul to sign away his claims against it. As of this writing, he had not signed. His lawyer believes the bank acted recklessly enough that even its precious guarantee could be challenged. Paul's personal guarantee, meanwhile, still hangs over his family.

Then the human column. He told me it got very dark. Dark enough that walking into the office each morning took everything he had. His wife stayed right beside him through all of it, every meeting, every blow. And the consultants, the people who saw the whole wreck from inside, told him the thing he holds onto now. We would have done exactly what you did. You did not make a bunch of dumb decisions. The company was dead before you ever signed.

One last cruelty remained. As Lakeland died, new tariffs made its niche more valuable than it had been in decades. Clients called to say their only other options were factories in China or Vietnam. We have nobody else, they said. Buyers were still circling the corpse at the auction. The market wanted this company to exist.

Two people made that impossible: the man who faked the books, and the bank that blocked every exit.

Would Paul do it again? Yes. That surprised me too. He would even borrow the same way. But never again from a giant. With the biggest lenders, he says now, the moment things go bad, it all turns robotic. They are not a partner. Next time he wants a small bank, where his loan is somebody's whole morning and his banker knows his name.

THE LESSON

Most chapters in this book have one villain. This one has two, and the second one is legal.

The seller lied. That part you expected. For years he wrote fiction into the inventory line and sold that fiction for $6 million. But the lender is the lesson. Paul did nearly everything right after the fraud surfaced. Consultants. An advisory board. Honesty with his bank before he ever missed a payment. A signed rescue that repaid the bank and saved 150 jobs. The rescue died anyway, because a bank that size does not do rescues. It does procedures.

So take these with you:

- Your industry expertise is not diligence. Twenty-five years in furniture, and Paul never counted the pile. If the profit lives in the inventory line, put your hands on the inventory before you sign. Walk the floor with the ledger. Count.
- Zero access to employees is not a condition. It is a price. The hidden layoffs, the chronic lateness, the inventory games: the shop floor knew every one of them. If the seller keeps you from his people, you are paying full price for half the information.
- Books that arrive too fast and too clean are not a gift. Fraud is frictionless. Truth has loose ends.
- Choose your lender the way you would choose a partner, because that is what you are doing. A lender is a silent partner who shows you its character only on your worst day. Paul never missed a payment, brought his bank a rescue on a silver plat-

> ter, and got a liquidation. Pick a bank small enough that your loan matters to it. The system that is supposed to backstop you can be the thing that buries you.

If a man with twenty-five years in the exact industry can be fooled by a warehouse he could walk through and touch, imagine what a liar can do when the target is the smartest guy in the room. The next buyer was exactly that: eight figures to invest, and a machine that printed money right on schedule, the way only a lie can.

6

CHAPTER 6 · SELLER MISREPRESENTATION

Mailbox Money

The fraud did not find the dumbest man in the room; it found the smartest one, because he had stopped checking.

The desert outside Phoenix does not care how smart you are.

Victor Lang stood in a gas station parking lot, an hour from the city, holding a folder of serial numbers. It was over a hundred degrees. In front of him sat an ice vending machine. A steel box the size of a small shed, humming in the heat, selling bags of ice to anyone with a few dollars. On paper, Victor owned it.

He had come to check. Checking was new for him.

He wiped the road dust off the metal plate and read the serial number. Then he found it on his list. There it was. His machine. Real steel, real ice, real money. For about one second, he felt fine.

Then the man beside him spoke. Another investor. The two had found each other a few weeks earlier, after the checks stopped. They drove out together. He held a list of his own.

The same serial number was on it.

One machine. Two owners.

Victor had spent twenty-five years buying things. Houses. Loans. Whole companies. He knew what owning felt like. Now he stood in the heat, staring at a box that belonged to two men at once, and felt the first thread pull loose.

Before this was over, he would learn the box had more owners than two. Seven, maybe eight. And that was the good news. At least this machine existed.

THE DREAM

Victor Lang did not need this deal. Write that down. It is the whole point of this chapter.

Every other buyer in this book was reaching for something. A first company. A way out of a job. A shot. Victor was not reaching. He had already won, over and over, for twenty-five straight years.

He grew up around money and tech. He holds two elite degrees. He likes to say he has never had a job in his life. Only deals. He bought rental houses by the dozen and lost money on exactly two. He owned companies in a half dozen industries. One of them, years back, was a vending business. File that away. And he spent the 2008 crash renegotiating other people's bad loans. Some people wept on the phone when they thanked him.

By the time the ice machines found him, the math of his life had gone quiet. His net worth ran to eight figures. About a million dollars a year came in whether he got out of bed or not. It was the third time in his life that checks had covered his family without his labor. He had a wife, kids, help around the house, and time.

There is a name for money like that. The gurus have a dozen names for it, and I will not print their favorite one. Call it what the old-timers call it. Mailbox money. Checks that write themselves. Money while you sleep. You buy the asset, another man does the work, and the mailbox does the rest.

Here is the thing about Victor. He had built real mailbox money three times. Rent. Interest. Profits from companies with good managers in place. He knew the real thing existed, because he had made it with his own hands.

That is exactly what made the fake version so easy to sell him.

The pitch was ice. Think about ice for a second. It is water and power, and almost nothing else. It costs pennies to make. In the hot half of this country, people buy it every single day. A standalone ice machine sits in a busy parking lot and turns water into cash. No staff. No storefront. Just a box that hums.

Victor heard the pitch and did not hear hype. He heard something worse. He heard a business he understood.

THE DEAL

The man behind it gets no name in this book. Call him the operator.

The operator was magnetic. He had run vending routes since he was a teenager and claimed some twenty thousand machines across his career. He knew every retailer, every route, every trick. Now he had a new product. A better ice machine, built in his own factory outside Phoenix. And he had a way for investors to fund the rollout and share the win.

Here is the deal, in plain words:

- You take out a loan and buy machines straight from the operator's factory.
- You lease those machines right back to his management company.
- His company places them at big retail sites, through his relationships. His crews service them.
- Every month, his office counts the money and mails you your share, with a report.

The debt sits in your name. Everything else sits in his.

Read that again, slowly. The factory was his. The placement was his. The service crews were his. The retailer relationships were his. The revenue reports were his. Victor would own title to steel boxes he would never touch again.

Victor did do diligence. His kind of diligence. He flew to Phoenix and walked the factory floor. He brought his wife, and the two of them climbed inside the metal boxes and helped build machines with their own hands. He called other investors. He pulled the public lien filings on the operator's companies. He read every line of every contract, and he is very, very good with contracts. He could quote the machines' margins to a tenth of a percent.

He told me about that factory trip with something close to pride, even now. "That is the kind of diligence I like to do." Then came a pause you could park a truck in. "Did I do enough on the company's books? Maybe not. Maybe not."

He never audited the operator's financials. Not at the start. Not at any point after. Not for one dollar of the $8 million he would wire in before it ended.

The first buy was about 225 machines, for a couple million dollars, backed by a government small-business loan. And then the checks came. On time. Every month. The returns were outstanding.

So when the pandemic hit and credit got cheap, and lenders went hunting for anything that still worked, Victor did what winners do with a winning bet. He pressed it. Hundreds more machines. Then more. Then more. When he capped out the federal loan program, he found a state small-business loan program and kept buying.

By the end he owned almost 1,000 machines. $8 million of debt. Three lenders. Every dollar personally guaranteed, his own signature, no way out.

The payment on all that debt was $87,000 a month. More than a million dollars a year, out of his pocket, before one bag of ice ever sold.

THE CRACKS

Before we go on, you need to know how this kind of fraud works. One paragraph. Short words.

A man sells you an asset and promises it will pay you every month. But the asset earns far less than promised, or it barely exists at all. So where does your monthly check come from? From the next buyer. A new investor wires in his purchase money. Part of it flows right back out, as "revenue," to the older investors. The checks are real. They clear. What is fake is the business underneath them. And the whole thing can run for years on one quiet rule: as long as the checks keep coming, nobody checks anything else.

Now watch the red flags line up in Victor's deal. Every one of them was visible.

The operator's growth ran on fresh investor money. He was not growing out of cash flow. Every new machine was funded by a new investor's loan. Roughly 150 people like Victor were pouring money in. That same money was mailing itself back to them, dressed up as returns.

Ask a hard question, get a warm answer the same day. The operator always picked up the phone. Always. Victor took that for openness. It was not. Picking up the phone is not opening the books. The reports showed what one man chose to show. No one outside his office counted the cash. No one outside his office counted the machines.

And there was this, the flag that cost the most. In twenty-five years, Victor had run every deal himself. His hands, his wheel. This was the first time in his life he had handed control to someone else. He did not know what a careful hands-off investor demands, because he had never once been one. Audited numbers. Reports from someone the operator did not pay. Title checks. Site visits. He asked for none of it.

Understand what happened there, because it is the heart of this chapter. On a rental house worth a tiny fraction of this deal, Victor would have pulled title, walked the roof, and read every lease twice. On an $8 million fleet of machines, he skipped the audit. Not because he got lazy. Because he got good. Twenty-five years of winning had taught him, quietly, that checking is for people who are not sure. And Victor was always sure. Fraud does not hunt the stupid. It hunts exactly that.

When a few investors got restless, a story made the rounds that one of the operator's companies was about to go public for a mountain of money. Everyone relaxed. A rumor of a payday did the job an audit should have done.

And over it all, the checks kept coming. Month after month, right on time. Every deposit felt like proof. Every deposit was the opposite of proof. In a fraud like this, the on-time check is not a sign the business works. The on-time check is the product. It is the only thing the whole machine is really built to make.

THE COLLAPSE

Then the checks wobbled.

One month, they stopped cold. Not just Victor's. All of them. Roughly 150 investors went unpaid at once.

The operator did not run. Men like this never run at first. He stayed close. He kept picking up the phone. The story was that his company had taken on a complicated bond, and that some reserve account buried in its fine print was swallowing all the cash. We are sorry. We are restructuring. Hold tight.

The words were fancy. The meaning was simple. No checks for now. Keep the faith.

Once, the operator put Victor on the phone with an investment banker. A real one. A huge restructure was in the works, the banker said. Nine figures. Victor hung up and told himself, let's hope that goes well.

Meanwhile, his own math did not pause. The machines paid nothing. The lenders still wanted $87,000 a month, and they got it, out of his pocket, sixteen months in a row. Add it up. More than a million dollars a year flowing out, with nothing flowing in.

The family stripped its budget bare. The help around the house went. And there were months, he told me, when small things like eating and sleeping stopped being easy, and he spent a lot of time thinking about his life insurance. I am going to leave that sentence right where it is. You know what it means.

Then a lawyer opened his eyes. Suits were being filed against the operator, and one of them used the word every investor dreads. It said the whole thing was a Ponzi. Fake returns, paid out of new money, dressed up as a business.

And Victor finally did the thing he was built for. He started checking.

He and other investors found each other and compared notes. Then they compared lists. Serial numbers. Purchase records. Placement reports. The count would not add up. Victor alone held title to almost 1,000 machines. There were roughly 150 investors. The machines they owned on paper far outnumbered the machines that existed on earth.

That is what put Victor in a desert parking lot, wiping dust off a serial plate, next to a man whose list matched his own.

The truth, as the creditors and their lawyers pieced it together, was blunt. The lawsuits say the operator had been selling the same machine to seven or eight different investors. One box. Built once. Sold seven or eight times. Each buyer holding real debt against his slice of a fiction.

Here is where I stop feeling sorry for Victor and start admiring him. Most victims of a fraud this size wait. They hope. They sit on the calls about the big restructure and nod along, because hope is cheaper than admitting the loss. Victor gave hope sixteen months. Then he killed it himself. He gathered a handful of fellow creditors, hired lawyers, and forced the operator into bankruptcy. Nobody volunteered him for that job. He volunteered himself.

The case that followed was near $400 million. Victor stands in it as a $10 million creditor, one of the largest, and he sits on the committee that finally gets to see everything. The man who never audited the books now reads them for everyone. What he sees in there, he says, is not good.

THE COST

The ledger, at the end:

- The $8 million he borrowed to buy machines, personally guaranteed, with more than $5 million of it still hanging on his signature. The lenders do not care that he was cheated. His signature does not say cheated. It says pay.

- On top of the debt, sixteen months of loan payments made from his own pocket while the checks were dead.
- A $10 million claim in the bankruptcy. He expects to get back low six figures. Pennies on the dollar, after about a year of fighting for them.
- One of his lenders is suing him. He will fight it, and he thinks he will probably lose.
- The mailbox money is gone too. The million a year that arrived while he slept, built over twenty-five years. All of it feeds the debt now.

And then the parts a ledger cannot hold. This is a man who once spent a crash saving other people's homes. He had no practice at being the one underwater. For months he could not talk about any of it. He cried, once, for half an hour, with a near stranger, about what might be coming. Then he built himself a small circle of friends whose one job is to make sure he gets back up.

The house runs different now. No more help. The four of them clean the kitchen together every night. Victor says that like it is treasure he pulled out of the wreck. Listen to him say it, and you will believe it is.

His target for this year is small on purpose. He calls it one brick. One stream of income under the family, laid by hand, watched with his own eyes, controlled by no one else. Then another brick after that.

He left me with one more thing, and I want you to have it whole. "When you go through the hardest, most battering tunnel of your life, know that afterward there is going to be a story written about it. What you want is for that story to be about a scrappy and resilient hero."

The story is being written. He holds the pen again. That part, at least, no one can sell twice.

THE LESSON

Victor's story scares me more than any other in this book. Here is why. If brains could keep you safe, Victor was safe. If experience could keep you safe, Victor was untouchable. Two elite degrees. Twenty-five years of wins. He knew vending. He read the contracts himself. He built the machines with his own hands.

None of it mattered, because the fraud never had to beat his defenses. His track record had already taken them down.

So take the lesson exactly as he learned it:

- A winning streak is not due diligence. It is the opposite. Every win whispers that checking is beneath you. The longer the streak, the louder the whisper, and the softer the target you become.
- A check that arrives on time proves nothing. In a fraud, the on-time check is the product. Verify the business behind the check, or all you have verified is that the fraud is still running.
- Never let one man own the asset, the placement, the service, and the scoreboard. Whoever writes the report controls your truth. Demand numbers from someone the operator does not pay.
- When you give up control, checking has to take its place. Victor has a speech ready for the next operator he backs. "You will never have a bank account that I cannot log into." That is the trade now. Their hands on the wheel. His eyes on everything.
- Count the machines. In person. Title, serial number, site visit. If you own a thousand of something, make someone show you a thousand of them. It is boring work. It felt beneath a man like Victor. Skipping it cost him $8 million.

One more thing before you turn the page, because the book gets darker from here in a different way. Victor's disaster had a villain. A face, a name in a court file, a man who lied on purpose and will answer for it someday. In the next three stories, there is no villain at all. No one is lying at closing. The numbers are true, the sellers shake hands and mean it, and the company dies anyway, because the thing that kills it is the business itself. You can catch a liar. Now try catching a truth that is already turning.

PART III

Blindsided

The business was never what they thought they bought.

7

CHAPTER 7 · INDUSTRY BLINDNESS

Someone Else Sets the Price

He fixed everything the deal hid from him, and then someone he never met cut his price by ninety percent overnight.

The bulletin landed on a Tuesday morning in January.

Neil Barrett was at his desk before seven, coffee going cold, reading the overnight numbers. He liked those quiet hours. Two weeks earlier, the company had thrown its best Christmas party in years. They had earned it. After a brutal first year, profit was back to the level he had promised his investors. The plan was working again.

The alert was one line on a screen. A price update for their most important drug category.

The price had been cut by ninety percent.

Not their price. They never had a price. In this business, an insurance program decides what you get paid. Not you. Not the market. The rates come off a published list, and someone far away had just rewritten the list. No warning. No phone call. No meeting where Neil could stand up and make his case.

He did the math in his head, then on paper, then in the model, hunting for the mistake. There was no mistake. About two million dollars of yearly profit was gone. Same patients. Same nurses.

Same medicine, mixed the same way, shipped the same night. All of it now paid at a tenth of Monday's rate.

The company owed the bank twelve million dollars.

One number on one screen had repriced everything Neil had built, and the people who typed it did not know his name.

THE DREAM

Neil Barrett is a Navy veteran. He came out of the service with no money, no network, and no plan except work. He worked three months for free to break into consulting. Then ten dollars an hour, with a wife and two kids, finishing his degree at night. He does not tell that part as a sad story. He tells it as training.

It worked. Within a few years he was running a sixty-person team, selling to some of the biggest tech firms in the country. Then came a top-ten business school and an MBA. By his mid-thirties he had done everything in business except own the business.

The plan was a search fund. In plain words: investors put up money to pay you while you hunt for one good company, then fund the purchase, and in return they own most of it while your own house stays off the table.

Why that model? Neil had been married fourteen years. Three kids. His wife had one red line: no personal guarantee. Never bet the house. He agreed, he says with half a smile, because he wanted to stay married. Remember her rule. It is the only wall in this story that holds.

He did not search alone. A classmate from his program, Chris, was strong in finance where Neil was not. Neil took sales and growth. Chris took the books. Twenty-two investors backed them, and half were former searchers themselves. This was as far from a napkin deal as this world gets.

The search itself ran like a sales machine. Eight interns worked the phones in ten-week shifts. Five or six owner calls got booked every day. The fund was raised in about four months. The target turned up within two more. The deal closed six months after that. Start to keys in hand: under a year. That is fast. Very fast.

He moved his family across the country for it.

THE DEAL

The company was a home-infusion pharmacy in Georgia. Here is what that means. Some patients need IV drugs at home. Antibiotics for weeks. Special therapies for years. A pharmacy like this one mixes those drugs in a sterile clean room and ships them overnight, so the medicine is at the patient's door by morning. Real medicine. Real skill. About twenty million dollars a year in revenue.

The stated profit was a little over three million dollars a year. The price was six times that profit. The money stacked like this: about twelve million dollars of bank debt, a note owed to the seller on top, and the investors' equity underneath.

Ask why so much debt and you get the honest answer Neil gave me. They had asked the bank one question: what is the most you will lend us? He said it flat, like a man reading a weather report: the debt maximized the chance of great returns, and it maximized the chance of default. They knew. It was a choice.

The debt cost about $200,000 a month. Payroll ran about $250,000 every two weeks. All of that was owed before one bag of medicine went out the door.

The books said the business was growing twenty percent a year. The patient list, called the census, looked like it was growing even faster.

The diligence was real. Six months of it. Real advisors, real reports, real questions. Neil has a line about diligence that I think about all the time. It is like a seven-layer dip, he says. You dig until nothing smells. Then you stop. You never know if the bad layer is one layer below where you stopped.

Then, during those six months, something happened. Slow down for this part. The company's best salesman, who carried two million dollars of the revenue, left. One man. A tenth of the business, walking out the door while the buyers were still counting it.

Was it disclosed? Neil's words are careful, and mine will be too: it was not clearly disclosed. I once asked him, straight out, whether the seller hid it. He said, "I'm not going to talk about that." The salesman left during diligence. The deal closed anyway. That is all I can tell you.

They closed in the winter. Neil remembers what he felt that day: "I thought all my dreams had come true."

THE CRACKS

The dreams lasted about a month.

Neil walked in as owner and watched the patient count fall. Costs rose. Cash drained. The bank account went from about a million dollars to under a hundred thousand within his first two months.

The old staff stayed calm about it. This is normal for winter, they said. The owner just put money in this time of year.

Stop on that sentence. The owner just put money in. That is not a season. That is a business that eats cash, and a seller who had been feeding it quietly.

The whole model ran on overnight shipping. When a shipment got missed, someone had to drive the medicine out that night. To save overtime, the someone was Neil. The new owner of a twenty-million-dollar company, driving IV bags across Georgia in the dark, getting home at six in the morning.

While Neil drove, Chris dug. The company's books tracked when cash moved, not when money was truly earned. Chris rebuilt them the right way in three months, a job that was planned to take a year. Bills got stretched to thirty days. Collections got chased hard.

Then came the first discovery. The census, that growing patient list, was full of ghosts. The same patient, counted more than once. The company had no patient ID numbers, nothing to match records against. When they finally scrubbed the list, about forty percent of it was duplicates. The growth was double-counting. The truth was that the business had been shrinking about ten percent a year. They had paid a growth price for a shrinking company.

Could diligence have caught it? Neil still asks it both ways. He could have caught it, he says. But should he have caught it? With no ID field, there was almost nothing to check the list against. Maybe the bad layer of the dip was one layer down. Maybe it always is.

The second discovery was where the profit lived. Three quarters of the revenue came from antibiotics, and antibiotics earned almost nothing. Break-even in a good month, swinging both ways in a bad one. One specialty line was different. It was only a quarter of the revenue, about five million dollars. But it threw off about two million dollars of profit, most of what the company truly earned. And it was the steady part. Patients on that therapy stay two to five years. It was the piece you could count on.

Neil described the company as a stool with two legs. One leg was big and wobbly. One leg was small and solid. There was no third leg.

And here is the part he admits without flinching. He was a sales expert with, in his own words, very little healthcare experience. In his old world, you set your price, fought for the deal, and the market answered. In this world, the price of that solid little leg was set somewhere else, off a published list, by people he would never meet. He knew that fact the way you know a country you have never visited. He did not yet feel it.

THE COLLAPSE

First, the comeback. Because there was one, it was real, and Neil earned it.

April, four months in: the first break-even month. Summer: the bank got nervous, waivers got signed, and it pushed the investors to put in more cash. The investors said no. Neil will tell you today that they were right. Fall: profit reached about $300,000 a month. That was the level in the plan. That was the number they had bought.

Sit with what that means. In nine months, this team absorbed a gutted sales book, a fake growth story, and a cash crisis, and clawed the company back to the exact plan they underwrote. Most buyers in this book never saw their plan again. Neil caught his. Thanksgiving came. The Christmas party came. He called it "a very sweet moment in time."

Then he gave me the second half of that sentence: "that didn't last very long."

The bulletin landed in January. You have already read that morning. Ninety percent off the price of the therapy that carried most of their profit. About two million dollars a year, deleted by a list. The patients did not leave. The nurses did not leave. The work did not change. Only the pay changed, all at once, all the way down.

There was no one to fight. That is the part that breaks the usual playbook. No seller to sue. No rival to outsell. A committee somewhere had moved a number. Neil later called that cut the anvil that broke the camel's back. Then he added the sentence that should scare you: "We just didn't know it yet."

They fought anyway. Fast and ugly first: about half the team was laid off within weeks. He is honest about that too. He thinks he should have cut deeper. The bank moved the loan to interest-only. No new investor money came. Under the strain, key people walked, including the head of collections.

Then the long fight. The stool needed a third leg, so they built one. A new specialty therapy line, started from zero, with no budget, sold on shoe leather. In about eighteen months it grew from nothing to seven million dollars a year. Do not rush past that. A wounded company built a seven-million-dollar business inside itself while it bled. As pure execution, it may be the best work in this book.

It was not enough. The new line kept only about twenty cents of margin on each drug dollar. Thin pay for heavy work. Revenue climbed back to twenty million, but profit whipsawed, up a hundred thousand one month, down two hundred the next. Neil calls those eighteen months what they were: running on fumes.

Then the fumes ran out. Vendors were waiting ninety days for their money. Neil stopped counting months of runway and started counting payrolls.

Here is where the story becomes the reason this chapter exists.

The bank and the investors had agreed to a rescue. About two million dollars of new money, approved, ready to wire. All Neil had to do was take it.

Instead he sat down with the model one last time and ran the business as it really was. The test came back simple and cruel. If drug margin slipped one percent, the model broke. One percent. And that slip was not some far-off risk. It was the weather in his industry, a slow erosion grinding on every line they sold, all the time.

So he called his own board, the people holding the wire, and told them he did not think their money was safe. Put this in, he said, and I think it could be gone within six months.

On that call, they decided to shut it down. Neil talked his investors out of rescuing him.

Within three days he was out. Most of the staff left the day the news broke. The bank asked for a plan to protect its interests, and Neil and Chris wrote it themselves. Neil's words: "I wrote my own death plan."

They wound it down with integrity. Healthcare has hard rules about walking away from patients, and the team beat those rules. Every patient was moved to a new pharmacy with medicine in hand. Neil says the staff did an amazing job, and he helped his people land new jobs where he could. A small crew stayed on to collect what was owed and hand it to the bank. No midnight filing. No vanished CEO. The company died the way Neil had run it: on the level.

THE COST

Count what three years cost him.

He never took a raise or a bonus as CEO. Not once. There was never cash to take. His savings drained to almost nothing. The house survived, and only because of one rule he did not write. His wife's red line, no personal guarantee, drawn years before the search began, was the wall that held. He told me her fears had been "very palpable and very realistic." That is a husband saying she was right.

The other costs do not fit in a ledger. His brother told him he had been a shell of his normal self at home for three years. Failure like this, Neil says, feels like it defines you the moment it lands. His therapy was not a program. It was smoke drifting off a barbecue pit, sawdust in the garage, and a guitar he had not touched in years.

Through all of it, he kept the only rules he claims: "I have two rules, which is don't go to jail and sleep at night. That's it." He kept both.

And then the strangest entry in the whole ledger: the honesty paid. The investors whose two million dollars he refused did not scatter. They became his referral network. Within two weeks of the shutdown he had four signed consulting contracts and was earning more than he ever had as CEO. The market for people who tell you the truth on the worst day is small, and it pays well.

Would he do it again? "I don't know," he told me. Then the real answer: still married, and his kids love him. Slam dunk.

THE LESSON

Be careful which lesson you take from this one, because the obvious lesson is wrong.

The obvious lesson is about diligence. The salesman who walked with two million of revenue. The census full of ghosts. Miss less, check more, dig one layer deeper into the dip. Fine. Dig.

But read the record. Neil survived every one of those misses. Nine months after walking into a shrinking, bleeding company, he had profit back to the exact plan. The diligence misses did not kill this company. Operationally, Neil won.

He lost anyway, because someone else set his prices.

Hold two facts side by side. Fact one: the company carried the most debt a bank would give, twelve million dollars against a little over three million of profit. Fact two: the price of the product earning most of that profit was set by strangers, off a list, changeable overnight, with no appeal. Either fact alone is survivable. Together they tie your survival to a list a stranger can rewrite. Neil's model broke on a one percent slip in margin. The strangers took ninety.

So make pricing power diligence item number one. Before the accountants, before the lawyers, ask:

- Who sets the price of what this company sells? If the answer is not "the company does," slow down.
- Can someone change that price without asking you? How fast, and how far? Neil's answer turned out to be overnight, and ninety percent.
- Now look at your debt. Every borrowed dollar is a bet that margins hold. Take maximum debt into a business where someone else sets the price, and understand what you have done. You have handed a stranger the kill switch to your company. They will not fire it out of anger, the way Ray Hutchins did. They will fire it without ever learning your name.

From month six on, Neil and Chris had a running joke: we should have bought a landscaping company. A boring business. Neil aimed that one at me, knowing my own history with crews and mowers, and he waited for the laugh. I did not laugh. Lawns have no price list but your own.

One more thing before we move on. Neil's killer was a committee he never met, a thousand miles away, and it never knew it killed anyone. The next buyer knew his killer's face, his coffee order, and his kids' names. The man had a desk down the hall.

8

CHAPTER 8 · KEY EMPLOYEE DEPARTURE

The Rolodex Walked

He did not buy the revenue; he bought the two people who owned it, and people can leave.

Renee quit on a Tuesday. Her last day was Wednesday.

One day's notice. That was all. Alan Brewer read her note twice in his Denver office. Then he did the thing that still stings. He opened the company calendar.

It was full. Client calls that same afternoon. A project kickoff the next week. Planning sessions booked two months out. On the screen, the company had a busy fall.

Then the truth arrived, one meeting at a time. Renee was in nearly all of them. The clients had asked for her by name. They trusted her. They had her cell number, and they used it. Those meetings did not belong to the company. They belonged to her. And she had just carried them out the door.

Alan had lived this once already. Eighteen months earlier, he had fired his other senior salesperson, a man named Gary. Then he had watched clients follow Gary out. Renee was the one who stayed. Renee held what was left. Renee was the plan.

Now the plan had quit, with one day's notice.

Three years earlier, Alan Brewer had paid three million dollars for this company. That morning, he finally saw what the money had bought. Not the revenue. Not the client list. A calendar full of other people's friendships. And the friends were leaving.

THE DREAM

Alan Brewer measured risk for a living. He spent his career in finance at big firms, reading the numbers other people skimmed. He checked the footnotes. He built the models. He was the careful one in every room.

And he wanted out. He had always wanted to build something of his own. He just never had the idea. Then he learned the secret this book keeps circling: you do not need an idea. You can buy one. Regular people can buy real companies, and a government-backed loan will cover most of the price.

Alan did not jump. Jumping was not his way. He spent about eight months just testing the path. He tracked down thirty-five, maybe forty people who had already bought companies, and he grilled every one of them. He lined up friends as an unpaid board of advisors. Only then, in 2019, did he quit his job and start searching full time.

He searched close to home. Denver, and nothing farther. Brokers sent him deals. His network sent more; a family friend surfaced a few leads too. At first he chased blue-collar trades, because the prices were fair. Then he stopped himself. He had spent his whole life around white-collar work. Buy what you know how to manage. On paper, it was the mature call.

In January 2020, a broker who knew him brought him a company. Alan looked at it and felt the click every searcher waits for.

THE DEAL

The company built custom training for big corporations. A Fortune 500 firm would call with a problem: our people need to learn this new system, this new process, this new rule. The company would design the course, build it, and deliver it. Names you would know sat on the client list. The contracts were master service agreements, standing deals that make each new project easy to start. More than ninety percent of the revenue came from repeat clients.

Say that out loud. Fortune 500 logos. Standing contracts. Ninety percent repeat business. It sounds like the safest revenue money can buy.

The two owners made it look even better. They were humble, honest, technical men. They stayed behind the scenes on purpose. They did almost no client work, and they did not even want clients to know they owned the place. One of them had built all the computer systems himself, his own way, wires and duct tape. Keep that detail. It comes back.

The price was $3 million. That was 4.2 times the yearly profit, a fair number nobody has ever called greedy. A government-backed loan funded most of it, and Alan signed a personal guarantee. In plain words: if the company could not pay the loan, Alan would. His house, his savings, his name.

About a third of the price sat in a seller note with a smart twist. If sales fell after closing, the note shrank with them. The sellers would eat part of the loss. It was built to keep them honest, and to keep them helping. Hold that thought as well.

Alan's diligence ran about a hundred days, and he ran it the way he ran everything. Checklists from every corner of the search world. Outside accountants confirmed the profits were real; they were. A labor lawyer reviewed the hiring risks. Alan even stress-tested the horror case: what if revenue fell by half? He ran the numbers. He would survive it, he figured.

One rule of the deal should have screamed at him. He was not allowed to talk to employees until a week before closing. One week. And in that week he met exactly two of them: the two salespeople, Gary and Renee.

Between them, Gary and Renee touched nearly every client the company had. Gary had been selling in this world for decades; some of his client ties went back forty years. His Rolodex, that old spinning wheel of contact cards that once sat on every sales desk, was not in the company's files. It lived in his head and his cell phone. Renee's did too.

Someone did warn Alan about Gary. Sort of. He was told Gary "could be difficult at times." That was the whole warning. Difficult. At times.

Here is what no checklist asked. The client list looked spread out. Plenty of names, and no single client big enough to sink the ship. Alan measured that and relaxed. He was measuring the wrong thing. The question was not which companies paid. The question was which humans made them pay. Nearly every client in the book called one of two cell phones.

He closed in September 2020. Alan Brewer owned a company.

THE CRACKS

The first crack took one month.

Gary sent Alan an email. You have been here a month now, it said, and I have not seen you do much for us. Around the same time, on a group call, Gary tore into one of the former owners in front of the whole team.

The clients never saw that Gary. With clients he was warm, funny, generous, the best company on any call. Inside the walls he was the opposite. Two different men wearing one face, and only one of them ever met a customer.

Six weeks in, Alan had seen the truth. And he did nothing. He was too scared, he says now, to move against Gary.

Sit inside that fear for a minute, because it is the whole chapter. Alan's trap had two doors. Fire the poison, and the poison walks out holding most of your clients. Keep the poison, and it eats your company from the inside. There was no third door. There had been one once. It was called diligence, and it closed in September 2020.

So Alan kept him, and tried to manage around him. From a distance, year one looked fine. Revenue grew more than twenty percent. But profits sagged. Some of that was the messy handoff. Some of it, Alan pieced together later, was Gary working against him in the dark. Every change Alan tried to make, Gary bent, stalled, or quietly broke. The computer systems were no help; the owner's homemade setup was so tangled that people were still baffled by it at the end. Alan's growth plans never left the runway.

Then, about a year and a half in, two new employees called Alan. Both were in tears. It was about how Gary treated them. Alan got his labor lawyer on the phone, and together they walked through all of it. There was no one damning incident. There did not need to be. The lawyer wrote the termination memo himself, and said he had never written a harsher one.

Roughly eighteen months after buying the company, Alan fired Gary.

They say culture is a cruise ship. It turns slowly. Alan watched his turn overnight. Longtime employees went out for margaritas to celebrate. People with ten years at the firm admitted the place had left them feeling traumatized. The building seemed to exhale.

Alan exhaled too. He had cut out the cancer, and the patient was smiling.

The relief lasted about two months.

THE COLLAPSE

That was how long Gary needed to stand up a new company. A competing one. Then the calls began, to clients he had known for ten, twenty, forty years. He was not subtle about it. He did not have to be.

Because here is Colorado law, in one line: a non-compete there is barely worth its paper. The state almost never enforces them against workers. Whatever the company's contracts said, they could not stop him. Alan's lawyers could not sue the poaching to a halt. There was no legal wall between Gary and forty years of friendships. There never had been.

The clients did not call to say goodbye. They just went quiet. Alan often learned he had lost one by accident, from emails that strayed into Gary's old company inbox. And when he wanted to fight back, to tell clients the truth about the man, his advisors held him off. Do not air dirty laundry with customers, they said. So he stood there, polite and bleeding.

That year, 2022, revenue came in at $3.6 million.

Now everything rested on Renee. She was talented. She was also controlling, hard on the team, and cold on Alan's plans for growth. Her own book of business was shrinking with the rest. In October 2023, three years after closing, she quit with one day's notice. Whatever remained of her clients, she took the vast majority with her.

The next year told the score. Revenue for 2023: $1.4 million. The company had lost more than half its sales in a single year. What survived were two core clients, held by the team's bare hands.

Alan did not sit still. Read this list, because he tried everything you are about to suggest. He did the selling himself. He hired a salesperson, who brought in zero dollars. He hired an industry veteran on straight commission. Also zero. He went to conferences. He wrote posts. He tried to climb the search rankings. He ran cold outreach by email and by LinkedIn. Nothing moved.

Then came the second, quieter lesson. Custom corporate training is not a field you can sell your way into. There are almost no true salespeople in the whole industry, only account managers who tend what already exists. Firms there grow mostly by luck, when a client contact changes jobs and carries them along to the new employer. Alan had bought into a niche with no growth to capture. He is blunt about it: he should have done more homework on the industry itself. The Gary problem was loud. This problem was silent, and just as heavy.

By 2024, revenue was down to about $1 million. From $3.6 million, two years before. Alan's own math split the blame: roughly 60 percent the poaching, 40 percent a soft economy. The company nearly ran out of cash several times that year.

In September 2024, Alan brought in a restructuring firm. The goal was modest and sad. Save the firm for its employees and clients, and get himself out. He knew the loan guarantee would follow him either way.

It was not enough. In early March 2025, four and a half years after closing day, the company stopped operating. Alan made sure of one thing first: payroll cleared. Every employee was paid before the end.

He told me the end came the way these endings always come. Slowly, and then all at once.

THE COST

Here is the arithmetic of a personal guarantee. The company was gone. The debt was not. It simply turned around and looked at Alan. There was $1.5 million still owed on the government-backed loan, and his signature sat under all of it.

Alan Brewer, the careful one, the man who read the footnotes, was preparing his personal bankruptcy filing when we last spoke. Mid-forties. A family. Starting over.

Vendors went unpaid at the end, and some are still angry. Alan does not duck that. But he paid his people first, did nothing shady, and walked out with his name clean and his pockets empty. In this book, that counts as a kind of win.

And the sellers' clever note? It worked exactly as designed. Sales fell, and the note was cut by more than half. The sellers ate their share of the loss, just as the paper promised. It saved no one. The sellers could not help win the clients back, because they had never known them. That is the bitter center of this story: the men who sold the company had never owned its revenue either.

He told me it was the most expensive tuition he ever paid, and the most he ever learned per dollar. He does not regret the try. He would rather fail now than sit in a chair at eighty, wondering. He plans to build again. He swears only one thing: he will probably never sign a personal guarantee again.

THE LESSON

Nobody lied to Alan Brewer. The sellers were honest. The profits were real. The price was fair. The diligence ran a hundred days and followed every checklist in the community. There are no forged books in this chapter, no hidden lawsuit, no sabotage waiting in the walls. Alan did nearly everything right, and it did not matter.

It did not matter because the biggest risk in the deal never appeared on a page. Every buyer knows to check revenue concentration. So Alan checked the client list, found no client too large, and relaxed. But concentration does not only hide in customers. It hides in people. No client was oversized. Two employees touched everything. The income statement showed a sturdy, spread-out business. The truth was a pyramid balanced on two cell phones.

So here is the work, and you will not find it on a standard checklist:

- Map every dollar to a human. For each big account, ask: who does this client actually call? Not which team. Which person.
- Then ask what binds that person to the company. A contract? A stake in the business? Money that arrives only if they stay?
- Then ask the morning-after question. If that person resigns tomorrow with one day's notice, where does the account go? If the honest answer is "it follows them," then you are not buying that revenue. You are renting it.
- And check your state. In places like Colorado, a non-compete against an employee is close to worthless. There, the only thing binding a rainmaker to the company is goodwill. Goodwill is not collateral.

Alan assumed the contracts, the logos, and the repeat business meant the clients belonged to the company. He was wrong, and he admits it. What shocked him was how easily they walked.

So meet the key people early, and push for it, not seven days before closing. Make their staying part of the price you pay. And when a seller says a man "can be difficult at times," treat those five soft words as a siren.

Give Alan's disaster this much: it had faces. Two of them. He could name the people who carried his company away, and he had shaken both their hands before he signed. The next buyer in this book never got that. The thing that beat him had no name, no face, and no cell phone. He bought a moving company at the exact top of a boom, and what came for him was the calendar itself.

9

CHAPTER 9 · CYCLE RISK

Buying the Weather

Every number in the deal was real, and the weather that made them left the month he closed.

The first Monday after closing, Devin Price beat his own crews to the shop.

He made coffee. He turned on the lights. He owned a moving company now. A Haul Squad franchise, moving and junk removal, in Charlotte, North Carolina. The sellers would be in at eight to keep training him. The trucks sat in the yard, washed and wrapped and ready.

Devin was an engineer. Numbers were how he made sense of the world. So before the phones woke up, he opened the dashboard the franchise gives every owner. It tracks the one thing the whole machine runs on: leads. New customers raising a hand, asking what a move would cost.

He pulled his first week of leads. Then he pulled the same week from a year before and set them side by side.

Down. Not a little down. Down by a third.

He checked the date range. He checked the filters. He ran it again. Same answer.

Nothing was broken. The trucks ran. The phones worked. The sellers walked in at eight, smiling, and nothing they had ever told him was a lie.

He told himself it was one strange week.

It was not one strange week.

THE DREAM

Devin Price had followed the map his whole life. Get good grades. Get a good degree. Get a good job and keep it. He became an engineer in the energy business. For fifteen years he stayed at one firm, reading data, solving problems, cashing steady paychecks.

Then prices crashed, the industry cut to the bone, and the map ran out. Devin was laid off in the worst downturn his field had seen. Even in good years, one opening in his line of work could draw three hundred resumes. These were not good years.

For the first time in his life, no paycheck was coming. He and his wife lived on savings and watched the balance fall. “On paper I was okay,” he remembers. “I did not feel okay.”

Owning a business had never been on his map. School, grades, job. Those were the options he knew existed. Then his phone figured out he was out of work, and the ads found him. Buy a small company, the podcasts said. Regular people do it. The government backs most of the loan. He read the books everyone reads. He joined a famous buy-a-business guru’s paid mentorship group, and he did the homework like the engineer he was.

Be fair to Devin here. “I’m not trying to build an empire,” he told me. “I just need to pay my bills.”

He carried one scar already. He and his wife had once opened a med-spa franchise from scratch. It was pitched as a business that would mostly run itself. It did not run itself, and it did not pay them, and they got out. The lesson he took from it: never build from zero again. Buy something already alive. Real trucks, real revenue, a track record you can check.

A track record you can check. Hold on to that phrase.

THE DEAL

The search ground on for eleven months.

Devin read hundreds of listings. He would not uproot his family, so the business had to sit near Charlotte. Deals came and went. Savings burned. And inside the mentorship group, someone posted a new closing every week. The message under those posts was never said out loud, but he heard it anyway: winners close.

"I just needed to get something done," he said. "I had no income."

The listing had been sitting in his maybe pile for months. A national business brokerage had it: a Haul Squad territory covering the middle of Charlotte. Moving plus junk removal, two ways to earn from every truck. The brand was about twenty years old, one of the big names. This location was three years old. It had opened right as the pandemic began.

The numbers were gorgeous. About $1.5 million a year in revenue, out of one territory. Growth of 30 percent a year, in a system where 10 was normal. Margins around 38 percent, in a system where 20 was normal. And the price was about 1.9 times what the business paid its owners each year. All of it in Charlotte, where moving vans rolled into the Sun Belt every single day.

"How can I lose?" That is what he remembers thinking. It was a fair question, honestly asked.

The structure was standard. Ten percent of the price in cash from Devin. Ten percent in a seller note. The other 80 percent was a bank loan backed by the government, roughly $1.1 million, with working capital built in.

Now watch how careful this man was. A CPA went through the books. Every location in the franchise ran its numbers through one outside firm, checked by the franchisor, so the books were clean and standard. He hired his own deal attorney. He put the deal in front of the guru group, and they liked it. He called other owners in the system, and they talked straight with him. The bank vetted the deal and approved it. Devin even stress-tested the model himself. He penciled in thinner margins. He added pay for managers the sellers never had to hire. It still worked. His worst case was a 10 percent drop.

He saw the flags, too. That is the part that hurts. Margins near double the system norm bothered him, and he asked about them more than once. The sellers had an answer. They were a husband-and-wife team. No office staff, no managers, every penny watched. It was true, as far as it went. Devin thought: I am not sure that explains double. He asked again. Same answer. He let it go.

Then the growth. All three years of this company's life sat inside the pandemic moving boom, and he knew it. He knew the 30 percent could not last. He assumed it would level off.

Level off. Not crash. The whole chapter lives in the gap between those two phrases.

He closed at the height of busy season. The sellers, the only two managers the company had ever had, agreed to stay thirty days.

THE CRACKS

You already saw the first crack. It showed up on a screen, the first Monday, before the phones woke up.

By the end of his first month, the picture was plain. Leads were not soft. Leads were in free fall. "I don't mean like 5 percent down," he says now. "I mean 30, 40 percent down." Same month, one year apart, and a third of the customers were gone.

Here is what was really happening. Notice that no person in this story is doing it.

A moving company is a bet on home sales. People mostly move when houses change hands. For three years, the pandemic had scrambled the map of who lives where. Remote work. Cheap mortgages. Whole families trading one city for another. It was the biggest moving boom in a generation, and this little franchise was born inside it on day one.

In weather like that, you barely have to advertise. The sellers put a few dollars into Google, and leads poured out of it. That, right there, is where the beautiful 38 percent margin came from. Not from watching pennies. From free customers.

By the month Devin closed, mortgage rates had already turned. A new house suddenly cost far more per month to own, so people stopped selling, stopped buying, stopped moving. The dashboard was not showing him a bad week. It was showing him the boom handing back what it had loaned.

Nobody lied. The revenue was real. The margins were real. The weather that produced them was gone, and no line on a P&L says so, because a P&L only looks backward.

On day thirty the sellers left, exactly as agreed. Mark that as well: they kept every promise they made. Their two management seats now belonged to Devin. He had hired an operations manager on day one and an office manager soon after, but the first year still ran him over. Crews no-showed. Furniture broke. Customers yelled. One Saturday he had ten moves on the board and fifteen movers on the roster, and seven showed up. So the engineer with fifteen years behind a desk put on gloves and carried couches.

Busy season still made money, because busy season always does. He even built a small cash cushion and told himself the dashboard would turn.

It did not turn.

THE COLLAPSE

In most of this book, the collapse is a moment. A phone call from a bank. A padlock. A date you can circle.

Devin's collapse was not a moment. It was a leak. Slow, steady, quiet, month after month after month.

Leads kept sliding through the fall, through the winter, into the next year. The whole country had stopped moving. Home sales sank to their slowest pace in decades. Devin had bought a moving company at what may have been the worst time in his lifetime to own one.

And while revenue fell, costs rose. The leads that had been free now had to be bought, in one of the most crowded markets any-where. Search for movers in Charlotte and you get page after page of rivals, all bidding on the same shrinking pool. He paid more, per customer, for fewer customers. Both blades of the scissors closed at once.

He fought the way a good operator fights. He cut costs. He rebuilt the marketing. He ran the franchisor's playbook, and the franchisor truly tried to help. Nothing was wrong with the playbook. The playbook just could not make people sell their houses.

His first full year told the story in two numbers. He had bought a $1.5 million business. His year came in at $1.1 million. Profit, after everything real was paid, was roughly zero. Not a disaster on paper. Just nothing. A machine that ran all year, wore everyone out, and made no money, with a loan payment due every month.

He asked the bank for relief, and the bank paused his payments for three months. Oxygen, not rescue.

That same season he made his one bold move. The territory next door sat untended, and he bought it for about $65,000 on a seller note. Prime ground plus real marketing in a growing city. On paper, a home run. It was not. Two territories now produced about what one used to. The market did not care how much of it he owned.

He went back on the payments and kept grinding. Then he stepped back from the day to day. Not laziness. Self-defense. "I need to save this business," he says, "and I can't do that when I'm sitting in the middle of the fire." These days he drives in about once a week, to give his manager a day off.

The bridges got more expensive. A merchant cash-advance lender fronted him about $80,000, and he paid it back. Then came a second advance. He stopped paying the business credit cards in full and watched the balance climb. Every fix bought a few months and cost more than the one before it.

He asked the bank again. The second pause was thinner: principal only, interest still due. Could the loan be reworked into something the business could carry? The answer was polite and final. We really don't do that. The next step is liquidation.

THE COST

Add up where Devin stands, as of this writing:

- About $940,000 still owed on the government-backed loan.
- About $85,000 on business credit cards.
- About $47,000 still owed to the cash-advance lender.
- About $25,000 left on the seller note.

Against all of that: a business that runs hard all year and earns roughly zero.

Devin did not lose a company. In a strange way, that might have been simpler. He bought himself a job. A heavy, stressful job that pays nothing and cannot be quit, because the debt has his name on it.

There is no lawsuit to file. He does not blame the sellers. Every number they showed him was true. You can wonder if they felt the season turning when they chose to sell. Nobody asked, and it would not change the math. He does not blame the franchisor either. "They've been a great brand," he told me. "But they can't correct the market." Owners across the system are bleeding the same way. The advice from the brand is the only advice there is: hold on, the market will turn, nobody knows when.

The part that will not fit in a ledger is the waiting. He is middle-aged, with a resume gap growing toward five years, in an industry he never trained for. His dream has shrunk to one sentence: close the doors debt free and walk away. He said it to me, and then he said the other half out loud. "That's not going to happen."

Then he said the thing I have not been able to forget. Someday, he figures, the housing market will come back, and this territory will boom again. "And I just won't be around to reap those benefits."

Here is where I am supposed to tell you how the story ended.

I can't. It hasn't.

As of this writing, Devin still owns Haul Squad of Charlotte. Still makes payroll. Still drives in once a week. Still current enough with the bank to keep the doors open. Still buried enough that walking away would follow him for years. He lives in the gray zone between failure and survival, and he has lived there a long time now, grinding toward an ending nobody has written yet.

Every other chapter in this book ends. This one just stops. That is not a flaw in the story. That is the story. When you buy the weather, there is often no crash to point at, no villain to sue, no padlock on the door. There is just a person, years in, pushing a boulder that used to be a business plan.

THE LESSON

Read this chapter again and try to find the villain. The sellers told the truth. The broker sold something real. The franchisor kept its promises. The bank followed its rules. The buyer was careful, honest, and smart. Everyone did their job, and a careful man ended up pinned under a million dollars of debt anyway.

So the lesson cannot be about people. It has to be about weather.

A P&L is a photograph of weather. It shows the sunshine or the storm on the day it was taken. It cannot tell you what season it was taken in, and it will not warn you when the season is about to change. Every hot P&L you are ever handed is a bet on the weather that produced it.

So before you buy anyone's beautiful numbers, ask three questions.

First. What cycle produced these numbers? If the whole track record sits inside a boom, you do not have a track record. You have a boom. Devin's company had never run one day in normal weather. There was nothing normal to check.

Second. What is the baseline from before the boom? Find what the business earned before the wave, or what old, boring locations in the same system earn now. If no baseline exists, the worst case in your model is fiction. Devin stress-tested a 10 percent drop against a business whose true level was 30 to 40 percent lower. His model was careful. It was careful about the wrong number.

Third. What does the loan payment look like if the cycle snaps back to normal the month you close? Because it can. The debt is fixed. The weather is not. If the answer is that you lose everything, you are not buying a business. You are betting that a once-in-a-generation wave holds still. Waves do not hold still.

And one more thing. The quiet one. It is the reason careful people skip the first three.

Deal fatigue is how the cycle finds its buyers. Of the 35-plus failed buyers I have interviewed formally, 80 percent cited deal fatigue as a major factor in buying a business they had reservations about. A boom makes the numbers most beautiful at the exact moment you are most tired, most scared, and most ready to say yes. The market does not have to fool you. It only has to wait you out. So set the rule now, while you are rested: buy at month eleven only what you would have bought at month one. Devin says it plainer, from inside the fire: "Don't make decisions based on fear. On pressure."

Devin's numbers were real, and the weather changed. The last buyer in this book had the opposite problem: the weather was perfect, the numbers were forged, and he read numbers for a living.

10

CHAPTER 10 · SELLER MISREPRESENTATION

The Numbers Guy

He read swim-school numbers for a living, and the only books that ever fooled him were the ones he bought.

The dashboards loaded at eight on a Monday morning.

Eric Sandoval sat at his desk in Kansas City, Missouri, at the head office of a national chain of children's swim schools. His job was numbers. He built the weekly reports that went to hundreds of school owners. Revenue. New students. Families who quit. He could read one screen and tell you which schools were healthy and which were sick.

The night before, at his kitchen table, he had finished rebuilding the books of a different swim school. A small independent one, across town. The one he had just bought with his savings, his wife's signature, and a loan against everything they owned.

He had checked the math three times. The sellers said the school earned its owner about $180,000 a year. About $170,000 of that was not real.

So he sat there, scrolling other people's clean numbers. One thought kept circling.

He read numbers for a living. In this exact industry. And the only books that had ever fooled him were the ones he bought.

THE DREAM

Eric Sandoval was a numbers guy. Spreadsheets. Data feeds. Dashboards. Nothing in his life said business owner. He had a finance degree, a master's in business, a wife, a toddler, and a steady job.

The idea had found him years earlier, on a site that listed small businesses for sale. Laundromats. Food trucks. Little shops. A light turned on. These things had price tags. Regular people owned them.

Eric did not buy the first shiny thing he saw. He picked a field he loved, swimming, and studied it for years. He set job alerts for the head office of a national kids' swim chain and waited years for an opening. He got one. His job: build the dashboards sent to every school owner in the system. Hundreds of schools on one screen. Which ones grew. Which ones bled.

But mark the fine print. He saw the top line only. Revenue, not expenses. What every school took in, never what one spent.

He messaged every school owner he could find online, with the same three questions. About twenty talked. Then, in a little over a year of listings, brokers, and lenders, he read the books on 62 swim schools across the country.

Number 63 was the one.

THE DEAL

It was an independent school on his side of town. No chain behind it. A warm pool, sixteen instructors, a front desk that knew every kid by name. Families paid by card, on file. The money came in on rails.

And it was a star. Most schools that size earned their owner maybe $60,000 a year. This one claimed about $180,000. Three times the norm. The price matched the story: about $550,000.

The sellers were two partners, half and half. One was the head coach. Big voice, big smile, always on the pool deck. Kids swam for him. Parents stayed for him. The other partner never taught a lesson. He handled the money, and he was a CPA. Not a hobbyist. A working CPA at a real firm, with clients and a license.

Sit with what that meant. A coach who could sell, and an accountant who kept the books. If anything, the CPA made Eric trust the numbers more. Who audits books for a living and then cooks his own?

Here is how the money stacked. Ten percent down, about $55,000, his work bonus pledged inside it. Ten percent as a seller note, about $55,000 owed to the sellers over years. The other 80 percent, about $450,000, came from a government-backed bank loan.

Every dollar was personally guaranteed. Not just by Eric. By his wife too. The bank appraised their home. Both of them signed. Remember that. When this debt turned, it would turn on both of them. He took over the lease as well, ten more years of it, guaranteed again. Payroll, rent, and the loan payment would eat $25,000 to $30,000 a month before anything else got a dime.

Give Eric his due: he did more homework than any buyer in this book. He refused the sellers' spreadsheets and rebuilt the profit numbers from raw bank statements. He enrolled his toddler in lessons and spent three months inside the school as a paying parent. The sellers knew. The staff never did. He even searched both sellers on the county court records site. The coach was clean. The CPA had one speeding ticket.

Here is what he skipped. No outside accountant. No independent audit of the earnings, the one report that tests whether the claimed profit is real. He had the degrees and felt qualified to check the math himself. And he never called a single vendor to confirm a price. Hold on to that one.

Forty-five days after his offer, he signed. An October closing. Eric Sandoval, the numbers guy, owned a swim school. He kept the day job. The head coach had spent nearly thirty hours a week on that deck, hugging kids and charming parents. Eric planned three.

THE CRACKS

The first crack cost $20,000, and it showed up on day one.

The school ran on one general manager. She opened, closed, scheduled, sold. The sellers had handed over two years of her pay stubs: $45,000 a year. What the stubs could not show was a promise made out loud. A big raise, tied to results the school was already hitting. She expected it. The sellers knew it. The paper said nothing. Eric raised her to $65,000 on day one, because losing her would have sunk him in a month.

Then the first month closed. Eric had modeled 20 to 30 new families. Four signed up. He had expected about $6,000 in profit. He got a $7,000 loss. The broker said give it time. Soft answers, soft voices.

Month two: another $7,000 loss. Waiting was over. Eric pulled every statement, every payroll run, every bill, and rebuilt the whole business at his kitchen table. That was the night before the Monday morning. The books had been cooked three ways.

First, phantom earnings. That means profit that lives on paper and nowhere else. The head coach had worked thirty hours a week and never paid himself a wage. Commissions owed on sales never showed up as a cost. The staff was paid under market, which is why that $20,000 raise sat waiting like a trap. Real costs, missing from the page. Add them back, and about $170,000 of the claimed $180,000 vanished. The real profit was about $10,000. Eric had paid $550,000 for a business worth close to nothing.

Second, the fire sale. In the last weeks before closing, the sellers sold prepaid lesson packages at a discount. A year of lessons for about $1,800, cash today. The cash landed before closing, so the sellers kept it. The lessons came due after closing, so Eric owed them. That is a prepaid liability. The customer already paid. You still owe the work. The money is gone, and the debt stays.

Third, the ads. Three months before closing, the sellers shut the marketing off. Two to three thousand dollars a month, cut to zero. On paper, expenses fell and profit swelled, right while a buyer was reading the books. Off paper, the pipeline died, because a swim school sells to families who have not found it yet. The sellers had embalmed the business. It looked healthy. It was already gone.

There was even a small tell in the bills. One software tool cost $100 a month. The bank statements showed $10. A seller had been paying the other $90 from an account Eric never saw. The statement was true. The picture was false. “They gave me numbers that were factually correct,” Eric told me. “And they lied with every one of them.”

He wrote it up: six red flags, with math, in one email to the broker and both sellers. The sellers went silent. Not a denial. Not an excuse. Silence.

The broker leveled with him. Three roads. Do nothing. Try to unwind the sale, which almost never works. Or sue: two years or more, a $30,000 retainer to start, while the school kept losing money every month. Eric chose a fourth road: spend that money saving the business.

But first, one more search. This time he typed the CPA’s full legal name into the county court records site. The long version, not the friendly one on the listing.

The screen filled. Case after case, running back years. Money cases. Judgments. Forged checks. The man who kept the books had a court trail for writing checks that were not his to write. It had been public the whole time. Free to read. One name away.

That same month, Eric begged his own banker for a favor: kill the loan he had pending to buy the sellers’ second school. The bank killed it, and his $5,000 deposit came back. The sellers never asked why. That told him they had known all along.

THE COLLAPSE

Eric did not fold. He went back to his strengths. He hired a strong marketing firm and turned the ads back on. New families came, and the ads paid for themselves in about two months.

The math would not turn. Through the busiest season, the losses ran heavy. And a problem surfaced that no dashboard had warned him about. New families quit at twice the normal rate. They had signed up for the head coach, the big voice who knew every kid's name. He was gone. The new owner was a quiet analyst, on site three hours a week. The families were not buying swim lessons. They had been buying him.

By late winter, Eric stopped paying himself. The losses settled into a flat rhythm, about $8,000 a month, into spring. He fed the school from his paycheck and hunted for a fix that never came.

In May, he made a call he still defends. He told the general manager and the assistant managers the truth: the school would likely close near the end of the year, and they would get sixty days' notice.

The next week, the general manager started killing the school. She showed families how to claw payments back through their card companies. She canceled accounts. She cut half-price handshake deals no one approved.

Then came one useful tip: count the retail. Goggles, caps, sunscreen, about a tenth of revenue, uncounted for ages. Eric called an inventory count. The general manager argued against it, then swapped shifts to be somewhere else when it happened.

During the count, the newest assistant manager quietly handed Eric his phone, open to the managers' group text. In it, the general manager had asked her co-workers a question. If she murdered one of the owners, would they help her hide the body?

That is the text as it was described to me. Not a vague blowing off of steam. A written question, sent to an audience, about a man whose name was on the loans. Eric read it twice, holding a clipboard in his own school.

The next two days went like this. Morning: he reported the text to the police and the county sheriff, and filed for a restraining order. Not because he was sure she meant it. Because when you fire someone over a message like that, you put the record on paper first. Afternoon: he offered her job to the young assistant manager who had shown him the phone, a man who had learned to swim in that pool as an adult afraid of the water. He took a pay cut to say yes. Then Eric fired the general manager on the spot.

Her defense: it was a joke, and Eric was an out-of-touch owner who could not take one.

She locked him out of every system the school ran on. Dozens of logins, all hers, hostages now. It took about a week, and the pleading of loyal families, before Eric held the keys to his own business again. Then about thirty families met at a coffee shop across the parking lot and held a memorial service for the fired manager. She was alive. They shared favorite memories anyway, like mourners at a wake. Her unemployment claim was denied over what the state called life-threatening statements.

By midsummer, Eric was searching for bankruptcy lawyers at the same kitchen table. He hired the best-reviewed one he could find, for a $4,000 retainer. The lawyer spent weeks deciding whether to even take him. You can fail the interview to go broke.

The lawyer ran the numbers on their life. The business debts were bigger than the personal ones, and that meant Chapter 7. Plain words: Chapter 13 puts you on a payment plan for years. Chapter 7 wipes the slate. They qualified for the slate.

By fall, the school was sixty days behind to the bank and the landlord. At ninety, either one could seize everything. So Eric made the last decision an owner gets to make. If they were going to take it all anyway, he would pick the day.

He paid staff and vendors current to the last day. Then, one October later, almost a year to the day after closing, he and his wife filed for Chapter 7. That Sunday night he changed every password, emailed every family that the school was closed, and left the cameras running as proof of an orderly exit. He left the lockbox code with the landlord and walked out of the building he had bet his family on.

THE COST

Nobody teaches you what bankruptcy actually is. Fear does, and fear is a bad teacher. So walk through it with Eric.

Filing is paperwork. You list everything you own, everything you owe, and every person you owe it to. Both names, in their case. His wife had signed every guarantee, so this was her bankruptcy too. The law does not ask whose idea the business was. It reads signatures.

The moment you file, two things happen. The collection calls must stop. That is the law, not a courtesy. And the cards and credit lines cancel themselves the same day.

Two weeks later comes the trustee meeting, where the court's examiner checks your story against your paperwork. For Eric it was a video call with about ten strangers, other filers waiting their turn. Raise your right hand. Swear. The trustee went through his life like a customs agent through a suitcase. Eric was missing one document. Here is what is missing. You do not get it today. Goodbye. Strike one. Three strikes and there is no discharge. He came back with every page, and passed.

Then the sorting. The law splits what you own into two piles, exempt and non-exempt. Exempt means you keep it. The house and cars, within limits. The laptop you work on. The plain bones of a life. Non-exempt means it can be taken and sold to pay the people you owe. The school and everything in it sat in that pile, and it was already gone.

Then, quietly, the end. The discharge. A court order that says the debts no longer exist. Not paused. Gone. For Eric and his wife, it came in under ninety days from filing. The seller note, gone. The bank loan, gone. The cards they had leaned on, gone. Roughly half a million dollars of guaranteed debt, erased in one season.

After that, the phone got easy. About once a month, some collector would try. Eric gave his name, his case number, and his lawyer's number. No one ever called twice.

The ledger, at the end:

- The down payment, about $55,000, his pledged bonus inside it. Gone.
- Roughly $100,000 more, counting the cash he fed into the losses and the months of pay he never took.
- $4,000 for the bankruptcy lawyer. The best money he spent all year.
- $4,000 more on the unemployment fight.
- A bankruptcy on both their records for years to come.

And the body kept its own ledger. Eric was sick for sixty days straight, and he does not mean tired. He woke at two in the morning, shaking. Some nights he threw up, because payroll was due in twenty-four hours and the account was short. “People think you break over the money,” he told me. “You break over the promises. I had told a room full of people they would be paid, and I did not have it.”

Then there is the part Eric guards the most. His wife.

They had divided their life the practical way. He ran the money. She ran the home and the toddler. So for months, she did not know. Her name stood behind every loan, her house behind a failing school. And she did not know, because the man beside her had decided to fall apart alone, an arm’s length away.

Put yourself in her seat, because this book spends too much time in the buyer’s. She signed papers at a closing she trusted. She was in the boat the whole time. She just was not told about the water. When Eric finally sat her down and told her everything, the losses, the cooked books, the bankruptcy ahead, he braced for a verdict. It never came. She read it as tuition. The most expensive class two people ever took, and they had taken it together.

“We signed up to do life together.” That sentence is where his voice still catches. His advice for the spouse of a drowning owner is short. Do not correct them. Do not try to fix the business. They need one thing: to know you are not going to leave.

And here is the strange part. After the discharge, life got light. The school became a closed door instead of an open wound. Eric kept his day job through it all, and keeps it still. The dashboards load at eight on Monday mornings. Other people's numbers, clean and bright. He reads them differently now.

THE LESSON

Eric Sandoval was the best-prepared buyer in this book. Count it. He worked inside the industry, at corporate, reading the numbers of hundreds of schools. He interviewed about twenty owners. He screened 62 businesses before choosing the 63rd. He rebuilt the books from raw bank statements. He lived inside the school for three months as a paying customer. And he still lost everything in about a year.

If homework were armor, Eric wore the most of anyone in this graveyard. So the lesson on this stone is not "do more homework." It is sharper than that.

Expertise reads dashboards. Fraud writes them.

A P&L is testimony. It is the seller telling you a story about the past, in numbers instead of words. Evidence is different. Evidence is cash in a bank account. A tax return signed under penalty. An ad bill paid on schedule. A vendor confirming a price out loud. Eric's sellers told the truth in every number and lied in the story the numbers built. Only evidence catches that. Your confidence will not. Confidence is one more thing the seller gets to sell back to you.

So before you wire a dollar:

- Treat the P&L as a claim, not a fact. Tie every line to bank statements and tax returns, and chase every gap until it confesses.
- Call the vendors. A $10 line that should read $100 is a $90 lie. One phone call catches it. Eric never made it.

- Count the prepaid money. Every package sold before closing is work you will owe with no cash attached. Get that cash at closing, or walk.
- Freeze the business in the contract. Ads stay on at normal spend. No discounts, no special deals, from signature to closing day.
- Search the seller's full legal name on the county court records site. Not the nickname on the listing. It is free, and it would have saved Eric $550,000.
- Vet the humans harder than the numbers. The numbers are only what the humans decided to show you.

One more thing. Bankruptcy is not death. It is a machine with rules, and rules can be learned. Eric and his wife filed one October and were clear in under ninety days. They kept the house, the cars, the laptop, the marriage. They lost a business and kept a life. Knowing the rules beats fearing them.

That is the ninth funeral. Part IV is the map of the graveyard: the patterns behind every stone, and the checklist that keeps your name off one.

PART IV

Lessons Learned

The patterns behind nine funerals, and the checklist that breaks them.

11

CHAPTER 11 · SYNTHESIS

The Patterns

Nine buyers died nine different deaths, and every autopsy shows the same anatomy.

You have walked nine graves now. Ten, counting mine.

Each one felt different while you were inside it. Dan died by a clause. Paul died by a warehouse. Neil died by a committee he never met. Alan's company walked out the door in two resignations. Devin's is dying so slowly that nobody can name the day.

Nine different deaths. That is how they feel one at a time.

Now stand back with me and look at the whole field. I have spent years on these interviews. Hour after hour. Notebook after notebook. From up here, the view changes. The deaths were not different. The weapons were different. The anatomy was the same.

This chapter is the autopsy. Learn the anatomy and you will see it early. See it early and you can break it. That is the whole trade on offer.

THE ANATOMY OF A FAILURE

Every collapse in this book ran on one chain. Seven links, always in order. Do not memorize the stories. Memorize the chain.

Link one: a tired buyer says yes. Not a dumb buyer. A tired one. Dan Cole was months into his deal, scared it would die, when he signed the clause that would kill his company. Tom Brennan had watched two deals fall apart in the homework, and walked into deal three swearing not to lose another. Devin Price was eleven months into a search, with no income left, when he bought the top of a boom. Fatigue opens the door. Everything else walks through it.

Link two: the diligence gap. The report nobody bought. The count nobody made. The question nobody asked. Dan skipped the independent earnings study on an $8.5 million deal. Eric Sandoval skipped it too, because he felt qualified to check the math himself. Paul Kessler never counted the warehouse that held his profit. Victor Lang never audited the books behind $8 million of machines. Dan never asked why every earlier buyer had walked away. Different gaps, same shape. Each buyer left one door shut. The death was behind that door.

Link three: the paper hands power to the wrong side. Closing day is not the day you get a company. It is the day power gets divided, clause by clause. Dan signed a confession of judgment, then let seller-loyal people control the account his payroll lived in. Greg Fowler took preferred money loaded with special powers, then signed the only personal guarantee at the table. Tom left his training terms soft and let a proven liar keep a stake in his company. Each man believed he was buying a machine. Each was arming the other side.

Link four: hidden concentration. Somewhere in the business, too much weight rests on one point, and the books do not show it. Sometimes the point is a person. Alan Brewer's revenue lived in two salespeople's cell phones. Sometimes it is a payer. Neil Barrett's profit hung on one published price list, and Tom's revenue flowed through one brand contract. Sometimes it is a customer. My third-largest stopped paying, and the end began. Sometimes it is a cycle. Devin's whole track record sat inside one housing boom. The client list looks spread out. The weight hides under the floor.

Link five: no cushion. I knew my second company's cash gap before I bought it. Customers paid in ninety days or more. Crews got paid every two weeks. I did not respect what that gap would feel like, and it bled us dry before the crack ever came. Tom funded one month of operating cash. Neil took the most debt his bank would give, so his cushion was spent at the closing table. A business with no reserve does not get bad quarters. It only gets endings.

Link six: the crack. Something specific breaks, and it is rarely the thing you guarded. For me, it was a customer who quietly stopped paying. For Neil, a one-line bulletin. For Alan, a resignation with one day's notice. For Victor, a month with no checks. For Dan, a bank account frozen on a Friday morning. Hear this clearly. On a padded, well-papered company, every one of those cracks is survivable. A crack only kills when the first five links already hold.

Link seven: the spiral. Debt payments are fixed. Cash is falling. Every fix costs more than the one before. Dan drained the last $168,000 of his retirement to make payroll. Victor paid $87,000 a month, for sixteen months, into a fraud. Devin stacked advances and cards, each one buying fewer months than the last. The spiral is the same in every grave. You feed the company your own life, in slices, until there is nothing left to slice.

That is the chain. A tired yes. A missing check. Paper against you. Hidden weight. No cushion. The crack. The spiral.

Say it until you can say it fast. Because here is the good news, and it is real. A chain needs every link. Break one early link, and the crack, when it comes, hits a company that can take the punch. Nine buyers just showed you where the links are.

The Anatomy of a Failure

Nine different deaths. One shared skeleton.

1. **The tired buyer says yes**
   Deal fatigue and fear of missing out open the door.
2. **The diligence gap**
   The report nobody bought. The count nobody made. The question nobody asked.
3. **The paper**
   Closing day hands power to the wrong side of the table.
4. **The hidden concentration**
   A person, a payer, a customer, or a cycle quietly holds the revenue.
5. **No cash cushion**
   Debt payments eat the buffer. The company is one cut from death.
6. **The crack**
   The call from the bank. The price cut. The resignation letter.
7. **The spiral**
   Frozen cash. Missed payroll. The quiet Monday morning at the end.

The chain, drawn out. A tired yes, a missing check, paper against you, hidden weight, no cushion, the crack, the spiral. Break one early link and the chain cannot finish.

YOU ARE THE COLLATERAL

Now the section I would make every spouse read.

Almost every buyer in this book signed a personal guarantee. Plain words: if the company cannot pay its debt, you pay it. Not your company. You. The bank does not stop at the company's account. It reaches your savings, your retirement, your house. And if your husband or wife signed too, it reaches them.

Buyers hear “personal guarantee” and file it as a formality. So let me show you the phrase with its teeth in, using ledgers you have already read.

For Dan, it meant around $1 million of retirement gone, and roughly $750,000 of home equity hanging by a thread. His wife, Sarah, had co-signed, so the wreckage carried her name too. For Greg, it meant a $600,000 claim on a man who owned 28 percent of the company and controlled none of it. For Alan, it meant $1.5 million of debt that outlived the company and marched him into personal bankruptcy in his mid-forties. For Victor, it meant $8 million in loans against machines that mostly did not exist. His signature does not say cheated. It says pay. For Eric, it meant his wife’s name beside his on every page, over a house the bank appraised before it lent a dollar. And for me, it meant more than $1 million with my signature under it, a settlement that took our home, and a year in my brother’s house.

Here is the frame to keep. In these deals, the business was never enough collateral for the bank. You are the collateral. That is not a figure of speech. It is the exact design of the paper.

One household in this book had a rule. Neil’s wife drew a red line years before his search began: no personal guarantee, never bet the house. It was the only wall in his story that held. The company died. The house stood. The marriage stood. One sentence, written down before anyone was tired, did what three years of brilliant operating could not.

So do what none of these buyers did. Before you sign, list every guarantee in the deal. Next to each one, write what it can reach. The house. The retirement. The spouse. Then read that list out loud at your own kitchen table. If you cannot, that is your answer.

MACRO SWAMPS MICRO

Three buyers in this book did the job well and lost anyway. Hold them together. They teach the hardest lesson here.

Neil fixed everything. He absorbed a gutted sales team and a fake growth story, and in nine months he clawed profit back to the exact plan he had bought. Then a committee he never met cut his biggest price by ninety percent overnight. Two million dollars of yearly profit vanished against twelve million of debt. Same patients. Same nurses. Same work. New math.

Greg ran his boat company well, twice. He carried it through a shutdown that should have killed it. Then one tariff announcement repriced the whole company in a phone call. His skill did not get a vote. Neither did his 28 percent.

Devin did nothing wrong at all. Every number he bought was true. But the numbers were weather, and the weather left the month he closed. Leads fell 30 to 40 percent and stayed down. He is still out there grinding, deep in a storm he did not cause and cannot end.

Write the rule on your wall: macro swamps micro. Operating skill cannot outrun a repriced market. Not sometimes. Ever. When the market moves the one number your model leans on, it does not matter how well you run the machine. Someone else is pricing what the machine makes.

So ask this of every deal: what can reprice this business overnight? A payer's list. A tariff. An interest rate. A cycle. Every business has at least one lever like that, held by a stranger. Find yours before you close. Then size your debt as if the lever will move. Someday it will.

THE LIAR ACROSS THE TABLE

Now the pattern this industry does not put on stage.

Most of the buyers you just met were not beaten by markets. They were beaten by a person. Tom's beautiful margins were billing fraud. Paul's profit was a warehouse of fiction. Victor's returns were the next investor's money. Eric's earnings were costs that never reached the page, plus a quiet fire sale on the way to closing. Dan's backlog was loaded and painted before the sale.

I want to be exact about what comes next, so hear the frame first. These are not industry statistics. Nobody keeps those. This is my own tally, from my own interviews, counted in my own notebooks.

Of the failures I have studied, roughly two out of three involve a seller who materially lied about or misrepresented the business.

Two out of three. Not market luck. Not buyer laziness. A person across the table, selling fiction on purpose.

And here is the tally that explains the silence around all of it. Roughly eight out of ten of the failures I have studied ended in litigation, bankruptcy, or a quiet settlement with silence attached.

That last part is why you never heard these stories before this book. The losers sign silence to make the pain stop. The lessons get buried with the companies. The next buyer walks in believing failure is rare. Sellers know all of this better than buyers do.

So set your default now, before your own deal is on the table. Not trust, and not fear either. Proof. Treat every number a seller hands you as testimony, and make them turn it into evidence. An honest seller can. That is the whole test, and it never insults the honest ones.

THE ONE WHO MADE IT

After nine funerals, you could decide the game itself is rigged. It is not, and I can prove it with one more buyer from my notebooks.

He gets no chapter, because nothing terrible ever happened to him. He owns a franchise. He borrowed real money, signed with a real bank, and operates in a trade with real cycles. On paper, he ran the same risks as half the buyers in this graveyard.

Here is what he did differently. Notice that none of it is genius.

He verified before he trusted. Every claim in the seller's numbers had to match a bank statement or a tax return before he believed it. No match, no belief.

He kept a cash cushion, and he treated it as sacred. Any plan that required spending it was refused on sight.

He kept his guarantees narrow. He knew exactly what his signature reached, and he fought, line by line, to make it reach less.

And before he bought anything, he walked away from two deals. Both were far along. Both had cost him real money and real months. He called that money tuition, and he meant it.

That is the entire list. No secret. No brilliance. No luck you could not copy. He was not smarter than Dan the engineer, or Paul the veteran, or Eric the analyst. On raw talent, he might not crack this book's top five. The difference is that he treated every deal like it was trying to kill him. The buyers in the graveyard wanted to believe. He wanted to be sure. That is not luck. It is scrutiny, and scrutiny can be learned.

THE WEIGHT

One pattern remains, and I saved it for last on purpose. It is the one nobody says out loud.

Every buyer in this book lost money. The money is not the wound. The wound is what the losing does at two in the morning. Dan told me he finally understood why people reach for a bottle. Victor spent months thinking about his life insurance. Eric shook in the dark beside a wife he had not yet told. I did payroll math, night after night, for a company that no longer existed.

Of the nearly 40 people I interviewed for Buyer Beware, 25% admitted to feelings of suicide.

Stay with that sentence. These are strong people. Veterans. Engineers. Parents. One in four went near that edge. And nearly every one believed, at the time, that they were the only one.

That belief is the trap. Shame does its worst work alone. It tells you the failure is your character, not a pattern. You have just read the evidence yourself. The same chain, the same links, buyer after buyer. A pattern that catches engineers, brokers, analysts, and investors is not a verdict on your soul. It is a pattern.

And the buyers in this book got through it. Dan still laces up his running shoes in the dark, most mornings. Victor built a small circle of friends whose one job is making sure he gets back up.

Neil found his way back through barbecue smoke, sawdust, and an old guitar. Eric got his discharge, kept his marriage, and sleeps again. The other side is real. Every one of them is standing on it, and none of them got there alone.

If you are in that place right now, call or text 988. Do it before you read another page.

A business is a thing you can lose. You are not.

TAKE THE MAP

Five patterns, then. The chain. The collateral. The weather. The liar. The survivor.

You cannot unsee them now. Somewhere around the fifth funeral, you started spotting cracks before the buyers did. That reflex was the point of the graveyard. This chapter just gave the reflex its names.

But a pattern is what you see. A discipline is what you do, and the gap between those two is where every buyer in this book lived. Dan knew the clause was dangerous. Greg knew the guarantee was wrong. Devin knew the boom could not last. Seeing was never the problem. Acting was.

So the last chapter of this book is not a story, and it is not a pattern. It is the object I wish someone had pushed across the table at me before I signed. Red lines that kill a deal on sight. Checks that turn a seller's story into evidence. One question from each buyer you have just met. It is short on purpose. It is blunt on purpose. Keep it within reach.

The funerals are over. Turn the page and pick up the tools.

12

CHAPTER 12 · THE CHECKLIST

The Buyer's Checklist

The questions each buyer in this book wishes they had asked, gathered into the list that decides whether you sign.

Near the end of every interview, I asked each buyer the same thing. Knowing what you know now, what would you never skip again?

Nobody hesitated. Not one buyer said, "It depends." They answered fast, in plain words, like people reciting something they had paid to memorize. Because they had. Then I stacked their answers side by side, the way I stacked their stories, and the same short list kept rising to the top.

This chapter is that list. It is the closest thing this book has to a gift. It is not armor you buy once and wear forever. It is a habit you run, deal after deal, the way a pilot runs a preflight. The plane does not care how many times you have flown.

A list only works if you use it right, so learn the three rules first.

First, run it twice on every deal. Once before you sign a letter of intent, the offer letter that starts a deal in earnest, while you are calm and your power is whole. Then once more in the week before closing, when you are tired and the deal has started whispering. Most of the damage in this book happened between those two moments. The buyer who checked at the start rarely checked again at the end, and the end is when the traps go in.

Second, the red lines are absolute. If a deal fails a red line, the deal is dead. Not discounted. Not restructured. Dead. There is no price that fixes a confession of judgment, and no discount that fixes a liar. Tom Brennan repriced a lie and went into business with its author. A red line is not a bargaining position. It is the edge of the map.

Third, none of this takes genius. Every item below is boring, and most are cheap. That is the point. The buyers in this book were not out-thought. They were out-waited, out-papered, and out-lied. A list you actually run beats all three.

Who Holds a Kill Switch?

Before you close, name every hand that can stop your company's heart.

YOUR COMPANY
and everyone who can kill it without your permission

The seller
A confession of judgment. A working capital account his people control.
Dan Cole lost a growing company in 21 days.

The lender
A line of credit that can freeze. A personal guarantee on everything you own.
Paul Kessler watched the bank block every rescue.

The investor
Preferred stock with control rights. A board that can order a sale.
Greg Fowler owned 28 percent and decided nothing.

The payer
Someone else sets your prices and can reset them overnight.
Neil Barrett lost $2 million of profit to one bulletin.

The key people
The two employees who own every customer relationship.
Alan Brewer's revenue quit with one day's notice.

The cycle
The weather that produced the P&L you are paying for.
Devin Price bought the exact top of a boom.

Six hands that can stop your company's heart: the seller, the lender, the investor, the payer, the key people, and the cycle. Name every one of them before you close.

THE RED LINES

Start with structure, because structure is decided first and forgiven never. These five rules live in the paper: who holds power, who signs debt, who controls cash. Get them wrong, and the quality of the business stops mattering.

- Never sign a confession of judgment. There is no price low enough.
- Never let seller-loyal people control the account your payroll depends on. Whoever signs on that account holds your life.
- Know every power the preferred holder has, and know your exit if they use it. If you cannot name both, you do not yet know who owns you.
- List every personal guarantee and everything it reaches before you sign. The house, the retirement, the spouse signing beside you.
- Never buy on the seller's clock. Urgency serves whoever created it.

You have watched every one of these lines get crossed, and you have seen the price. Dan Cole signed the confession, and it executed a growing company in twenty-one days, no trial, no hearing. The same deal left seller-loyal people over his working capital, and when payroll came, Dan asked for his own company's cash and heard no. Greg Fowler could recite every power his preferred investor held. What he never named was his exit, and when the tariff hit, every door out of the building belonged to the family that owned both his investor and his bank.

The guarantee rule deserves one more sentence, because it reaches past you. Write the list of guarantees, and next to each one, write what it touches. Then read it out loud at your own kitchen table, to the people whose names are on it. Dan's wife co-signed. Eric's wife co-signed. The paper does not care whose idea the business was. It cares who signed. If the person beside you would not sign with full knowledge, you already have your answer.

And the clock. Sellers who rush you are not eager. They are hiding decay that only time reveals. Eric's sellers spent the weeks before closing selling off prepaid lessons and shutting down the ads. A rushed close is how a seller gets paid before the paint dries. Set your own calendar, or walk.

VERIFY BEFORE YOU TRUST

The red lines guard the structure. These eight guard the truth. Diligence, in plain words, is refusing to buy a story until it becomes evidence. Each check below exists because a buyer you have met skipped it.

- Buy the independent earnings audit. Every deal, every size, no exception for your own math skills.
- Trace how the money actually arrives. One sale, from phone call to bank deposit, in documents.
- Count the physical things yourself. If the profit lives in a pile, touch the pile.
- Pull the bank statements and the tax returns, not just the P&L. Then hunt for the costs that never reached any page.
- Map who owns each customer relationship and what binds that person to the company. Not which company pays, but which human they call.
- Ask who sets your prices and what happens if they change them. If the answer is not you, size your debt for the day they move.
- Ask what weather produced this P&L. A track record that sits entirely inside a boom is not a track record.
- Ask why every earlier buyer walked away. A company that has been for sale for years has been inspected for years.

Now put faces on those eight, so you never forget them.

The audit is the cheapest insurance in this world, and two buyers skipped it. Dan paid $8.5 million for earnings the seller had painted. Eric trusted his own math, and about $170,000 of the $180,000 he bought was phantom.

The trace is Tom's lesson. His shop billed a giant brand near $600 for tires that cost $230, and the fraud was the whole profit. Tom never traced one tire from the call to the deposit. One traced tire would have shown him everything.

The count is Paul and Victor. Paul spent twenty-five years in his industry and never counted the warehouse where his profit supposedly sat. Victor held title to almost a thousand machines and never saw them. Some had been sold to seven or eight owners at once. Boring work, counting. It would have saved those two men a fortune each.

The bank statements are Eric again, because his sellers lied with true numbers. An owner who took no wage. Commissions never booked. Ads shut off while the buyer read the books. Only raw statements, tax returns, and vendor calls catch a lie built from facts.

The relationship map is Alan's. His client list looked spread out, but nearly every account called one of two cell phones. Both phones left, and revenue fell from $3.6 million toward $1 million. Ask what binds each rainmaker to the company. If the honest answer is goodwill, you are renting that revenue.

The price question is Neil's. Strangers on a committee cut his key rate ninety percent overnight, with no appeal. Two million dollars of profit vanished against twelve million of debt.

The weather question is Devin's. His three perfect years were a housing boom wearing a P&L, and the boom left the month he closed.

And the walked-away question is Dan's. Other buyers had circled his company for years and passed. He never asked a single one why.

One warning before you run these checks. Every deal will hand you a reason to skip them. The books are clean and standard. The seller is a CPA. You have spent your whole career in this exact industry. You have never lost a deal in your life. Every one of those sentences was true, and every one of them cost a buyer in this book everything. The better the excuse sounds, the harder you should run the check. Verification is not an insult to the seller. It is the price of your signature.

THE QUESTIONS THEY WISH THEY HAD ASKED

There is one more way to carry this book with you. Ten buyers taught it, counting me. Each one leaves you a single question, one funeral folded into one sentence. Ask all ten of every deal you chase. They fit on one page, and they cost nothing but the nerve to hear the answers.

- Dan Cole would ask: what does every clause in this stack let the other side do to me on my worst day?
- Greg Fowler would ask: forget my ownership number, and read only the documents. Who controls this company?
- Tom Brennan would ask: can I trace one sale from the phone call to the bank deposit, and does the seller's story survive the trip?
- Paul Kessler would ask: where does the profit physically live, and have I counted it with my own hands?
- Victor Lang would ask: who counts the cash and the assets, and is that person paid by the man I am trusting?
- Neil Barrett would ask: who sets the price of what this company sells, and how fast can they change it without asking me?
- Alan Brewer would ask: if the key person quits tomorrow with one day's notice, where does the revenue go?
- Devin Price would ask: what did this business earn before the boom, and can my debt survive that number?
- Eric Sandoval would ask: what does the seller's full legal name show in the county court records, and why have I not searched it yet?

- And I would ask: the day my third-largest customer stops paying, how many payrolls can this company still make?

Ask them out loud, across the table, and watch the seller's face. An honest seller can survive all ten without flinching. The flinch is data too. You are not being rude. You are being a buyer. Every question on this list exists because somebody paid not to ask it.

THE WALK-AWAY RULES

Everything above assumes you can still say no. That is the muscle that fails first, and it fails quietly. Buyer after buyer told me the same thing: fatigue pushed them into a deal they already doubted. Devin said it plainest: don't make decisions based on fear, or on pressure. So train the no muscle now, with rules you write down while you are still rested.

- The month-eleven protocol. Buy at month eleven only what month-one you would have bought.
- The mentor question. "If this was the first business you found when you started searching, would you still want to buy it?"
- The gut rule. Disgust is data, so count your body's vote.
- Dead deals are tuition, not waste. Money spent killing a bad deal is the cheapest education this industry sells.

The protocol works because it splits you in two. Month-one you is rested, picky, and honest. Month-eleven you is tired, broke, and watching other people close. Write the buy box early and let the rested version outvote the tired one. If a deal needs your exhaustion to look good, it is not good.

Devin is the proof. He was eleven months in, with no income, when the beautiful numbers found him. His careful model tested a 10 percent drop. The real one was 30 to 40. Fatigue does not just rush your signature. It shrinks your worst case.

The mentor question does the same job in one sentence. Answer it out loud, in front of someone who knows you. If the answer is no, fatigue is doing the buying, not judgment.

The gut rule sounds soft. It is not. Dan's stomach turned every time he shook the seller's hand, and he signed anyway. Tom's wife winced at one phone call, and his closing lawyer said the quiet part plainly, and he signed anyway. Your body reads people faster than your spreadsheet does. It is not always right. It is always worth a vote.

And the tuition rule is the one that frees you to use the other three. Tom watched two deals die in diligence and felt like a failure, so he swore not to lose a third. That vow cost him $1.2 million. The one survivor in my notebooks walked away from two deals before he bought his winner, and he called the money tuition without a trace of regret. Dead deals are not the search failing. Dead deals are the search working.

EYES OPEN

That is the kit. Five red lines. Eight checks. Ten questions. Four ways to walk.

Now the last thing I will ask of you.

Nothing in these pages was written to keep you out of the game. I still believe in this path. I run companies today, because buying a business remains the most direct route I know to real wealth and real freedom for an ordinary operator. The graveyard did not change my mind. It taught me the price of walking in careless.

So buy the business. Buy it with your eyes open. The buyers in this book were smart, brave, and careful, and none of that saved them, because none of it was aimed. Scrutiny is what saves you. Not talent. Not luck. Scrutiny. Aimed at the paper, at the numbers, at the people, and applied before you sign instead of after.

The seller has a story. The broker has a pitch. The tired voice in your head has a deadline. You have this list, and ten buyers behind it who paid full price so you would not have to.

One day you will sit at a closing table of your own. The stack of paper will be thick, the room will be friendly, and everyone in it gets paid when you sign. That is the moment this book was written for. Take the list with you. Take your time. The buyers in this graveyard are not there to haunt you. They are there to stand behind your chair.

Don't believe. Verify. Then go build the life you were after when you opened this book.

Keep Going

You just read nine funerals. Here is what they were for.

Buy the business. But buy it with your eyes open. Trust nothing you cannot verify. Verify everything that can kill you.

If you want more help:

- Read the Still Searching newsletter at jedmorris.substack.com. Every week I share what buyers are seeing in the market right now, plus new stories from the graveyard.
- Learn more about my work with business buyers at jedbmorris.com.

Stay alive out there.

Acknowledgments

This book belongs to the buyers who picked up the phone. You told a stranger about the worst months of your life. You did it so someone you will never meet could keep their house, their savings, and their marriage. That is a rare kind of courage. Thank you.

Thank you to the searchers, operators, and investors in this community who sent me story after story, correction after correction. You made this book sharper and fairer.

And thank you to my family, who lived this book twice. Once when we lost our business. Again while I wrote about losing it. I owe you more than a page.

A Note on Sources

Every story in this book comes from the real world. Most come from recorded interviews I did with the buyers themselves. A few draw on court records, public filings, and stories the buyers have told in public.

I promised these buyers one thing: their lessons would travel, but their names would not. So I changed names, companies, industries, and places. Where a story touches an open lawsuit, I changed more. I did not change the numbers that matter, the shape of each deal, or the way each one came apart.

If you think you recognize someone in these pages, you are probably wrong. The mistakes in this book are common. That is the point.

About the Author

Jed Morris spent ten years on active duty in the United States Air Force. He earned his MBA at NYU Stern. He worked four years in big tech. Then he did the thing this book is about: he bought a business.

In 2023 he bought two landscaping companies and merged them. Eight months later the business failed. He missed payroll. He carried more than $1 million in personally guaranteed debt. The business went bankrupt, and his family lost their home in the settlement. They started over.

Today Jed runs an investment firm, teaches business buyers, and writes the Still Searching newsletter. He has talked with more than sixty buyers whose deals failed or nearly failed. Their stories, and his, are why this book exists. He lives in San Diego with his family.