

# Due Diligence Works, Inc. Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Due Diligence Works, Inc.. If you have any questions about the contents of this brochure, please contact us at (973) 744-3658 or by email at: [michael.freeman@duediligenceworks.com](mailto:michael.freeman@duediligenceworks.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Due Diligence Works, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Due Diligence Works, Inc.'s CRD number is: 292572.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

No material changes to report.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Due Diligence Works, Inc. (hereinafter "DDW") is a Corporation organized in the State of Delaware. The firm was formed in December 2016, and the principal owners are Michael Christopher Freeman and John M Cramer.

### B. Types of Advisory Services

#### *Due Diligence Services*

Due Diligence Works, Inc. supports RIAs and Broker Dealers to provide:

- Ongoing Due Diligence of your investments and insurance products,
- Product Shelf Management helping firms review the entire universe of products (not just your platform); ensuring you have the best products on your shelf and can prove it.
- Support "Best Interest Advice" through Independent, Best Practice, Always On, Full-Time Due Diligence of your products.
- Provide upfront and ongoing Product Diligence for Wealth Management Firms in a variable cost model.
- Design and Validate Product Due Diligence Processes and Product Line up to stand up to the scrutiny of Advisors, Clients, Product Manufacturers.
- Help firms make compliant product committee decisions with greater confidence and timeliness by gaining access to a broader and deeper set of due diligence information (not just data).
- Understand the industry and peers from an insiders perspective, gets past the headlines to the substance and reality.

Service encompasses three focus areas :

1. Product Shelf Set-Up ("Initial")
2. Proactive Due Diligence ("Ongoing")
3. Product Shelf Optimization ("Optimization")

Included Products

1. Annuities
2. Life Insurance
3. Mutual Funds
4. Exchange Traded Funds
5. Managed Money
6. Unit Investment Trust
7. Others upon request

### *Product Shelf Set-Up (“Initial”)*

- Review and due diligence your product shelf.
- Identify gaps in your offering and recommend new products to fill gaps.
- Compare your current products to industry products, making replacement recommendations where appropriate.
- Identify issues or concerns and bring recommendations to product committee.
- Ensure your product shelf is compliant, best in class, and ready for today’s market environment.

### *Proactive Due Diligence (“Ongoing”)*

- Review and monitor your current product shelf to ensure appropriateness, track record, tenure, complexity and assign risk parameters to the product.
- Quarterly due diligence update reports, married with sales reports provide a true picture to grow your business and mitigate risks.
- Annual deep dive due diligence reviews.
- Always on due diligence monitoring, product changes, industry changes, client changes, and provider changes.
- Support your product committee with periodic reviews; documentation, expertise, helping you get to the right answers in an efficient manner.

### *Product Shelf Optimization (“Optimization”)*

- Ensure Best Interest Advice can be provided through the best product shelf.
- Actively manage onboarding and removing products to align with today’s environment, your Advisor expertise and client needs...with the expectation of increasing revenue.
- Add products that are expected to fill a gap, grow revenue, and provide better advice, minimizing overlap and product cannibalization.
- Prepare material for product committee and provide real time answers to questions shortening decision time.
- Provider insights on the industry regarding new products, sales trends, risk points.

All in a variable cost model that can bring down your cost, improve quality, and stand the test of regulatory scrutiny.

DDW also provides Due Diligence Services and Product Development Services to Product Manufacturers.

## **C. Client Tailored Services and Client Imposed Restrictions**

DDW offers the same suite of services to all of its Broker Dealer and RIA clients. DDW does not service the end investing client, therefore investing client tailored services and imposed restrictions are not applicable.

**D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. DDW does not participate in any wrap fee programs.

**E. Assets Under Management**

DDW has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$0	March 2020

**Item 5: Fees and Compensation**

*Due Diligence Services Fees*

Pricing for each product category

1. Product Shelf Set-Up .....included
2. Proactive Due Diligence.....included
3. Product Shelf Optimization .....included

Fees not to exceed \$500,000 per client and will depend on services and products being purchased. Fees are a flat fee, not an assets under management fee.

Fees will typically be billed quarterly in advance.

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by DDW. Please see Item 12 of this brochure regarding broker-dealer/custodian.

Neither DDW nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

DDW does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

DDW generally provides advisory services to the following types of clients:

- ❖ Investment Companies
- ❖ Other Investment Advisers
- ❖ Insurance Companies

There is no account minimum for any of DDW's services.

## **Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss**

DDW evaluated product risk, trend and fit.

Product Risk is determine by quantitative and qualitative analysis. Quantitative analysis reviews the metrics for a product (i.e. expenses, ratios, etc.). Qualitative analysis reviews the benefits of a product, ability to fill a client need, or the understandability.

The Trend of a product is reviewed by looking at new sales for a client firm, trends in the peer group, or trends in the industry.

Lastly, the Fit to the firm is determined. The Risk and Trend are considered, along with the client existing product line up, geographic foot print, investing client base needs, and advisor education level, to name a few.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

DDW does not recommend or provide advice on individual stock or bonds. DDW also does not provide advice to investing clients and does not manage money. DDW only provides Due Diligence services to firms (BDs, RIAs, Manufacturers)



## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Michael Freeman is also a General Securities Representative and Principal for NEST INVESTMENTS BD LLC.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither DDW nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Michael Christopher Freeman is engaged in independent consulting for financial services through Freeman Consulting Group. He does not receive any commissions from this outside business activity. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. DDW always acts in the best interest of the client and clients are in no way required to use the services of any representative of DDW in connection with such individual's activities outside of DDW.

## **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

DDW does not utilize nor select third-party investment advisers.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

DDW has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. DDW's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

DDW does not recommend that clients buy or sell any security in which a related person to DDW or DDW has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

DDW does not make investment recommendations to clients.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

Please see Item 11.C above.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

DDW does not recommend brokers/custodians.

#### ***1. Research and Other Soft-Dollar Benefits***

DDW does not trade client's accounts and therefore receives no research, product, or services from a broker-dealer ("soft dollar benefits").

## **2. *Brokerage for Client Referrals***

DDW receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

DDW does not trade client's accounts.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

DDW does not trade clients' accounts and therefore does not have the ability to block trade purchases across accounts.

## **Item 13: Review of Accounts**

There is only one level of review for due diligence services, which is DDW's review prior to rendering the advice.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

DDW does not receive any economic benefit, directly or indirectly from any third party for advice rendered to DDW clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

DDW does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

DDW does not take custody of client accounts at any time.

## **Item 16: Investment Discretion**

DDW does not have discretion over client accounts at any time.

### **Item 17: Voting Client Securities (Proxy Voting)**

DDW will not ask for, nor accept voting authority for client securities.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

DDW neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither DDW nor its management has any financial condition that is likely to reasonably impair DDW's ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

DDW has not been the subject of a bankruptcy petition in the last ten years.

### **Item 19: Requirements For State Registered Advisers**

#### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

DDW currently has only one management person: Michael Christopher Freeman. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

#### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

#### **C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

DDW does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

See Item 10.C and 11.B.