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Sean Clancy: In a Groove



Sean Clancy is a manager in the Forensic Services Division of Marcum LLP. He provides litigation services in the areas of bankruptcy and reorganization, fraud and misappropriation, computer forensics, and partner and shareholder disputes, specializing in asset tracing and recovery. He also performs economic damage calculations for personal injury and wrongful death claims related to insurance coverage matters.

Clancy also assists counsel in developing case strategy and preparing deposition questions for opposing financial experts and witnesses, court documents, and affidavits. He has worked on multiple engagements involving digital forensics and with other experts in the acquisition of digital evidence. He applies computer-based investigative skills to obtain and analyze documents, both financial and factual, to bring an advanced approach to damage and restitution claims.

He is a member of the TMA Long Island Chapter Board of Directors.

Q: How did you end up doing turnaround and restructuring work?

Clancy: Once I began working with Marcum, I found myself getting involved in a number of bankruptcy and insolvency matters that required investigation beyond what numbers were reported. That intrigued me. That was the beginning of the forensic analysis portion of my life. Just in general, I enjoy being involved in the process of righting the ship, helping businesses continue to operate on a go-forward basis.

Q: When you say “forensics,” I think of fraud. When you talk about forensics, to what are you referring? Are you dealing with criminal matters or just slipshod financials?

Clancy: I’m just getting to the underlying financial health of the company. I’m not specifically looking for fraud, but there is a certain level of professional skepticism that we all have in the field of forensic accounting in the turnaround capacity.

When you're looking at a company's financial statements, you're looking beyond what they're telling you the profit and loss is or what the balance sheet is showing. You're trying to understand what rolls up to that and make sure you're not missing anything that isn't being reported up-front. We're just trying to make sure that we get the full picture of what is actually happening at the business.

Q: It's my understanding that that is often an enormous job because their finances are in such disarray.

Clancy: Absolutely. We were involved with an entity that basically had no books and records, and they were trying to dissolve. We had to start from the ground up, creating everything. That took the better part of a year to do.

For whatever reason, we've usually been on the creditors' or receiver's side. Clients ask: "Can you trace these assets? Can you perform some transactional analyses to see whether there is a likelihood that this business can continue on and we can get paid? How bad is this company? Is it as bad as it appears at first glance? It's currently in Chapter 11. We're hoping it isn't going to turn into a Chapter 7. How likely is that?"

We get in and start looking at the business and what makes it tick. Is there something that can be done to facilitate them on a go-forward basis? If they could restructure their debt, what other opportunities are out there?

Q: How much of your practice is devoted to turnaround and restructuring work?

Clancy: Right now, for instance, I'm working with four or five different clients, and one of them has a partial turnaround portion to it. But as we were talking earlier, those engagements tend to require more time. As of right now, I'd put it at 10-20 percent. I hope to be involved in more over time.

Q: What have been some of the more gratifying or important engagements that you've worked on?

Clancy: I've been primarily on the creditor's side, trying to make sure the business continues so my clients can receive something for what they've invested or lent, depending on who the client is.

Anytime you can help a business that's in distress continue and then hopefully become profitable again, it gives you the feeling that you've helped them on a level where you're almost a part of the company. "I got involved and helped you get turned around."

Q: What have been some of the key milestones in your career?

Clancy: I've followed an interesting road getting where I am at Marcum. Out of college, I began working for a large real estate appraisal company. I was performing appraisals on healthcare operations and multifamily residential buildings in the Tri-State area—New York, New Jersey, and Connecticut.

To perform these appraisals, we had to develop an in-depth understanding of the business aspects of the industry that these buildings were associated with, as well as what outside market pressures were affecting those financial metrics. It geared me in a certain direction.

After working a few years for that company, I decided that I wanted to study for my MBA. I ended up changing my path and started working for the government. As part of my job, I analyzed department budgets and pending legislation. This was effectively the beginning of my getting into the world of financial investigations. We had to report to the legislature and describe to them what we saw.

Those two paths helped me become a forensic accountant working in the litigation support arena, a subset of which is insolvency and turnaround. After I began working in that capacity at Marcum, I obtained my certified fraud examiner (CFE) designation. That knowledge, along with the breadth of clients we work with here, gave me exposure to various industries and financial situations—companies that were prospering, companies that were faltering.

It also gave me exposure to and familiarity with the legal arenas. It gave me a background I can leverage to provide insights to clients who are in a turnaround or restructuring position. I saw what worked and didn't

work, and why it did or didn't work. Today, I pull from all of those experiences, even from my long-ago experiences in real estate appraisals.

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Q: You've been a TMA member for awhile. What role has your membership played in your career?

Clancy: My membership in TMA has provided introductions to professionals with a wide range of backgrounds and expertise. It helped expand my network significantly. I find that the professionals who make up our chapter provide me with access to a wealth of experience that I can leverage for my clients who may need a service that I or my firm don't offer. TMA membership fosters those relationships and gives me something that I can offer my clients by introducing them to these people if their services are needed.

Our chapter also offers continuing education. We've been holding a judiciary roundtable event each year where judges from the bankruptcy courts give us insight into what they see from their side of the bench. Over and above how interesting it is, it provides me with a totally different insight into what they're seeing and how they're interpreting what the attorneys, debtors, creditors, and experts say in court, which to me is invaluable. It's always a big hit with our chapter.

Q: What advice would you have for someone who is new to the industry or was thinking about getting into the industry?

Clancy: If the turnaround/restructuring industry is something that interests you, I'd recommend attending one of the events held at a local TMA chapter. Most chapters offer social events geared toward allowing individuals to speak in an informal setting to get to know one another. These types of events allow someone who's new in the industry to understand what each professional has seen and done, and how they arrived at their career status.

It's a good vehicle for launching yourself into this industry. You can't get a better framework for what to expect than by speaking to people who do it. If the turnaround industry seems like something that's of interest to you, the opportunity to speak with people who do it on a daily basis is probably the most direct path.

Q: TMA members are open to sharing many of their experiences. If you have a problem and you're talking to somebody at a meeting, they might say, "You know, we had a similar situation in one of our engagements, and this is what we did."

Clancy: Exactly. It's a very open-door atmosphere. They welcome you with open arms. Your success is their success. They want to see you do well because hopefully you'll stay with the chapter and add further experience for the next group of people coming up.

Q: What might people who only know you professionally be most surprised to learn about you?

Clancy: I was an avid home brewer of beer for 10 years or so. Throughout those 10 years, I had the opportunity to brew with a number of other people who eventually went on to open breweries throughout Long Island. I can still walk into those breweries and speak to the brewers, and I've even brewed with them after they've opened. That usually comes as a bit of a surprise to people who don't know me. Once they've gone to

a few of the TMA socials and we start talking, it usually ends up coming up because as soon as someone hears, they tell someone else about it.

Q: That's a pretty good network to have, too.

Clancy: It's great. I started brewing just before we had children. It's a very time-consuming process, but it's a lot of fun. At the time I was starting to brew, the craft beer boom hadn't happened yet. So, with intimate knowledge of the process, I watched this happening. It was pretty interesting. A number of times, friends showed me plans and said, "I'm opening a brewery." Thankfully, they're all doing well. No turnarounds there.

Q: Let's talk a little about your current hobbies. How did you get interested in wine collecting?

Clancy: The biggest milestone in my fascination with wine came shortly after I graduated from college. When I was working in Manhattan, the person I was working directly for at that appraisal company was an avid wine connoisseur and collector. He would take me along to business meetings, and as part of the business meeting, he would introduce me to various wines. At the point I was 23 and didn't understand the process of properly tasting a wine. He gave me step-by-step instruction on how to properly taste a wine in the middle of a restaurant in Manhattan.

From that point on, it's always been in the back of my mind. I've been up and down the West Coast in California. I've tasted wines at I can't count how many different vineyards. I've been to the vineyards out east on Long Island. I've gone to the Wine Experience in Manhattan four times now. It always amazes me when you can taste various different wines and you can pick out certain aspects of a wine that stay with you. It's memorable. I can remember where I was when I had this specific wine or that specific wine or that vintage of that wine.

Q: Do you have a collection?

Clancy: I have a small collection of wines that I'm holding onto, but most of the wines that I've tasted have been out at dinners. Those first-growth Bordeaux's are harder to come by than I'd like them to be, let's put it that way.

Q: Wine is meant to be consumed, right?

Clancy: Exactly. It is art in a bottle that is intended to be consumed. But as the quote goes, "The best bottle of wine you'll ever have is the wine that you have with friends and family." It holds true. My hobby is consuming it for the taste, not so much collecting it for the sake of the art.

Q: Do you have a favorite?

Clancy: I don't know if I can boil it down to one. I would say a 1981 Bertani Amarone, 2010 Chateau Figeac, and 2005 Chateau Mouton Rothschild. I also had the privilege of having the 2010 Chateau Haut-Brion, which was amazing. Those would be my top four.

I love to introduce other people to wines and beer, and music as well. To the extent that I can use it to create a relationship or further a relationship, it's a lot of fun to go out to a lunch and open a bottle of wine or talk about music. Outside of the professional world, those are the areas that I tend to focus on or that conversation always ends up going to.

Q: Let's talk about your musical interests. What kinds of music interest you?

Clancy: I have a pretty broad collection. My musical tastes range from classical to rock. The 1990s alternative rock genre, whether it be grunge or Radiohead or a lot of those bands from the '90s, accounts for the bulk of my collection. But I also listen to a lot of electronic music, primarily out of England—Massive Attack, Portishead, or Björk. Those are some of the larger collections that I have. I have most of those albums on vinyl now, even though I already owned them digitally and on CDs.

Q: What prompted you to buy vinyl albums?

Clancy: Ironically, it was my children. My older daughter was 4 or 5. I listen to music constantly. At work, it's a constant thing in the background. I came home from work one day, and she asked me to put on music. She was pointing to the laptop we have in our den, referring to YouTube.

It bothered me that she missed out on that feeling of going into a record shop and sifting through records, CDs—and in the early '90s and late 80s, tapes—to try to find what you were looking for, or that excitement of finding that new album that had just come out. So, after that conversation with her, I told my wife, "That's it. I'm going to get a turntable." I want her to understand what it feels like to hold the physical medium in her hands and look at the album artwork and everything else.

I bought her a record from the movie "Frozen," which she loved, and shortly thereafter she started listening to Björk. Within a week or two, she started asking her kindergarten teacher when they were going to learn about Björk and Massive Attack and Mogwai and other bands that we were listening to. The music teacher actually pulled me aside and was asking me all these questions. Still to this day she gets excited. When I come home, the first thing she asks me is, "What are we going to listen to?"

Q: That's nice. You're bonding with her over music.

Clancy: Exactly, and my little one is following suit.

The number of friends that I've converted back to vinyl is unreal. I'll explain to them that I just picked up this record that sounds so great. Then next thing you know, they're sending me text messages or emails. "Is this a good turntable? Would you recommend this one?"

I don't know how I managed to keep my old receiver. My receiver has a phono stage. It's not great but it's a good one, and I'll listen to it through that until eventually I can talk my wife into getting a new one.

Q: Our toys get more expensive, don't they?

Clancy: That's an understatement. My wife was shocked at how much I've spent on my golf clubs and was asking what I was doing.

Q: That's when you tell her those will last forever.

Clancy: Unlike the wine, which at some point we're going to drink, and it's going to be gone.

