



IREON Insights: 10 hiring mistakes that will destroy your business, part 3 of 4 - by Patrick Brosnan

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6. DO NOT IGNORE ACCUSATIONS IN CIVIL TRANSCRIPTS

The Problem Has the applicant ever been a defendant in a civil lawsuit? The probability is that they will not volunteer this information; however, this information can often provide significant insight into their character and credibility as well as offering many new leads. Civil transcripts will provide details regarding adversaries and allies alike. All potential gold mines of information for the professional investigator.

The Solution BRC's investigators closely analyze civil transcripts. They locate and interview all relevant parties mentioned in the file. These interviews reach far beyond informal chats with a "friend of a friend." BRC's investigators have honed their instincts over many years for eliciting crucial information from sources that are often reluctant to speak. By discreetly and skillfully interviewing sources who are familiar with the subject in different contexts and capacities, useful information that is not referenced in the public domain can be obtained.

EXAMPLE

A prominent bond rating company in Manhattan retained BRC to investigate an individual being considered for a high-level position. His resume was stellar: Ivy League schools, civic leader, volunteer fireman and on and on. Not even a traffic summons. However, a close reading of a two decades old civil case uncovered two sentences that referred to "sexually abusing a stepson in Ft. Lauderdale." BRC's investigator tracked down the detective, long retired, who had investigated the allegation. He recalled the case clearly and said the only reason no charges were pressed was because the boy was mentally handicapped and the DA felt his testimony would make it difficult to convict.

7. DO NOT HESITATE TO SHINE A LIGHT IN EVERY CORNER OF AN APPLICANT'S HISTORY

The Problem As a convicted felon, Sam E. Antar, the former CFO of the now defunct consumer electronics chain Crazy Eddie, no doubt has regrets, among them: he is no longer in the game at a time when corporate fraud is experiencing a resurgence. "If I were out of retirement today, I'd be bigger than Bernie Madoff," he boasts. Antar says that despite the anti-fraud provisions of the Sarbanes-Oxley Act of 2002, it remains as easy today for bad guys, both internal and external, to loot corporate coffers as it was during the Enron and WorldCom days. "Nothing's changed," he says. "Wall Street analysts are just as gullible, internal controls and due diligence remains weak, and the SEC is underfunded and, at best, ineffective. Madoff only got caught because the economy tanked."

The Solution BRC checks (and double checks) the credentials of new hires, customers, business partners, and new and existing suppliers. Fraud comes in many forms: embezzlement, identity theft,

and procurement fraud to name a few. The fact is that most fraud is uncovered by a tip, a rogue piece of mail, or by office gossip. BRC closely investigates all leads and frequently uses covert surveillance and workplace “undercovers” to develop additional intelligence.

EXAMPLE

BRC was retained by a 5-star hotel in California to investigate fraud and embezzlement by the food and beverage director. BRC planted an undercover operative – a former federal narcotics agent and Golden Gloves boxing champion – in the hotel’s kitchen as a dishwasher. Over the course of six months, the undercover developed, through discreet audiotaped recordings and follow-up surveillance, sufficient evidence to indict the director and two other hotel employees. In addition, two other individuals were implicated in a murder for hire plot when they approached the undercover and asked him, as an ex-fighter, to “whack” someone.

8. DO NOT BELIEVE THAT THE INTERNET ALONE WILL PROVIDE ALL THE ANSWERS

The Problem There is a pervasive myth that everything about a person’s background is available through simple online searches. But, in fact, searching the web is only a first step to access most of the records that tell a person’s story. One must search manually in courthouses, regulatory files and obscure archives to fill in all the gaps.

The Solution It takes a well-trained eye to recognize a red flag. BRC has many sets of those eyes. BRC’s investigators scrutinize routine-looking shareholder lawsuits for statements that got the attention of regulators or a divorce containing allegations of financial misconduct.

EXAMPLE

A criminal record search on a job applicant was negative; however, research established that a \$2,000 judgment was filed against the applicant in favor of XYZ Trading Group in state supreme court in Manhattan. In the court file, investigators discovered the candidate signed a confession of judgment. Further investigation established that the file at the courthouse was incomplete according to the table of contents. Through perseverance and courthouse contacts they tracked down the missing document: a signed confession of judgment which stipulated that the judgment was due to “money stolen from XYZ Trading Group.”

Part 4 of 4, will appear in November.

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