



INFORTAL WORLDWIDE

STRATEGIC CORPORATE INVESTIGATIONS

Due Diligence Investigations: 5 Things Investors Need To Know



INVESTOR RISK ISSUES

Bad actors exist around the world

How can you avoid them?

The sooner you can identify risks in a transaction, the faster you can mitigate these issues...



A man with a beard and glasses, wearing a dark suit, white shirt, and blue tie, stands with his arms crossed. He is smiling slightly. The background is dark and out of focus.

RISK OBJECTIVES

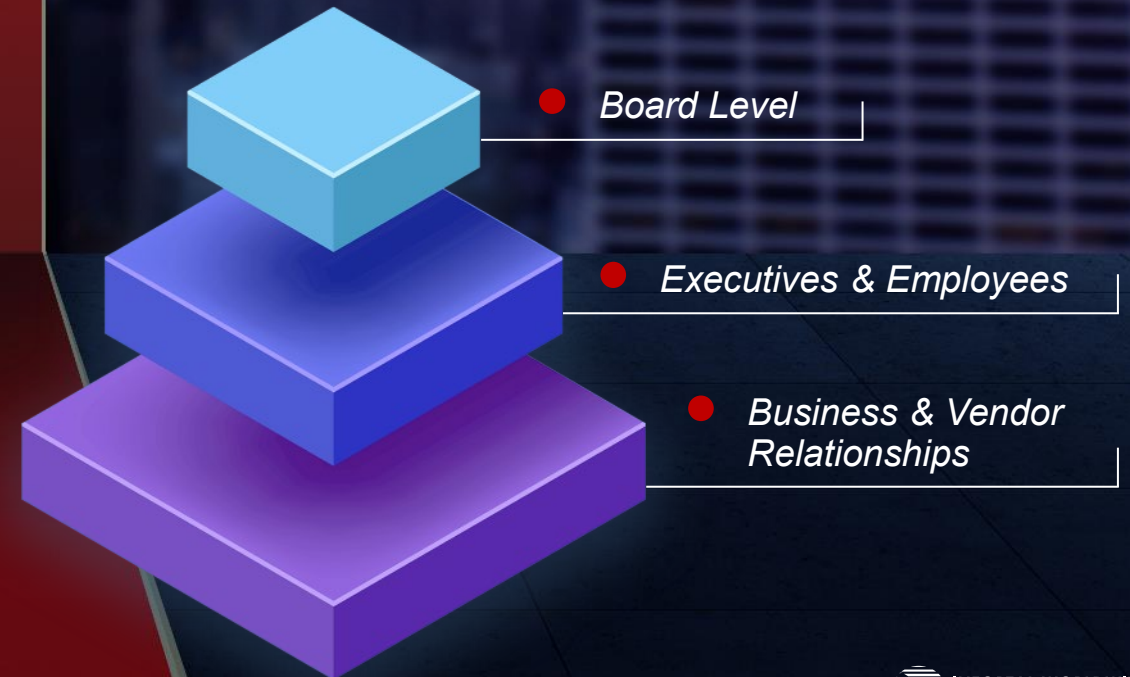
What can you do as an investor?

How does your
investment team:

*Manage business risk for better
informed strategic options*

WHAT TYPES OF BUSINESS RISKS?

- *Board hires*
- *Executive hires*
- *Executive performance issues*
- *Mergers & Acquisitions*
- *Civil litigation*
- *Regulatory compliance (FCPA)*
- *Financial compliance*
- *Supply-chains*
- *Cross-border disputes*
- *Corporate espionage*





BUSINESS IMPACT:

- *Risk management*
- *Public Relations nightmares*
- *Protecting Board & stakeholders*
- *Reduce **fiduciary risk** exposures*
- *Impacts to D&O insurance*

20% Executives have serious issues

35% Supply-chain corruption

Protect your investments!



EXECUTIVE ISSUES

- *Fraud*
- *Corruption*
- *Bribery of foreign officials*
- *Books & Records violations*
- *Facilitation payments*
- *Undisclosed employers & conflicts of interest*
- *Criminal history*
- *Civil litigation*
- *Fraudsters & con artists*
- *State-Sponsored government contracts*



ROUTINE BACKGROUND CHECKS

Routine background checks do NOT identify key risk issues.

Only review 5 to 7 components >>

- *Criminal history*
- *Social security trace*
- *Address information*
- *Driving history*
- *Employment history*
- *Education verification*
- *Credit history*

Note: Most criminal searches are missing 75% of criminal convictions

WHY NOT ROUTINE BACKGROUND CHECKS?

Items missed during routine background checks:

- *Hidden alias*
- *IP theft*
- *Corruption*
- *Money laundering*
- *SEC violations*
- *Interstate bankruptcies*
- *Murder*
- *Manslaughter*
- *Name changes*
- *Bribery*
- *Undisclosed business ownership*
- *Malfeasance / misconduct*
- *Financial pressures*
- *Adverse media issues*
- *Litigious behaviors*
- *Conflict of interest*



3 TIERS OF DUE DILIGENCE

TIER 1

- *Beneficial ownership*
- *Financials*
- *Global Watchlists*
- *Country Risk*

TIER 2

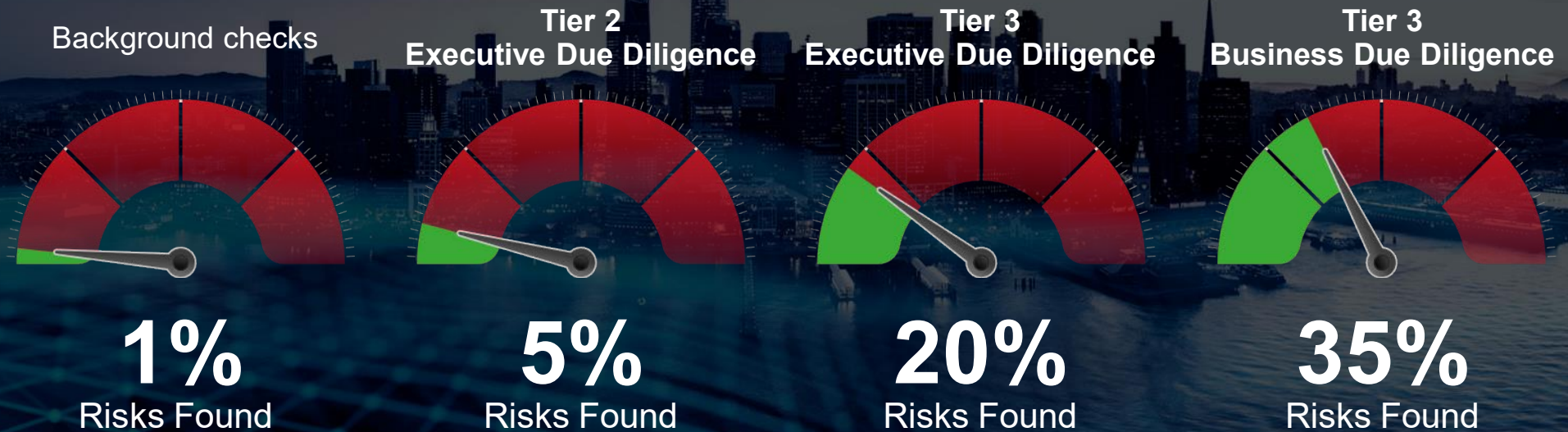
- *Tier 1 plus 30 Public Records:*
- *Criminal*
- *Civil*
- *Professional licenses*
- *SLJ&B*
- *Financial Assets*
- *Dept Corps*
- *UCC Filings*
- *Real Estate*
- *Adverse Keywords*

TIER 3

- *Tier 2 plus:*
- *Deep, dark & historical web searches*
- *20 to 30 hrs of investigative analysis*
- *Business & people connections*
- *Hidden & Undisclosed Information*

Best Practices Due Diligence: TIER 3

Identifying Risk Levels



WHAT DOES THIS PREVENT?

Serious Public Relations Issues

Reputational damage

- *Loss of revenue*
- *Lack of public confidence*
- *Share price drop*

Criminal behavior by some executives

- *Money laundering*
- *Bribery & corruption*
- *Coercion of employees*
- *Litigious issues, breach of contracts, anti-competitive behaviors*

Serious implications for the Board & shareholders

- *Fiduciary exposure: “duty of care”*

***Investment risks
M&A risks***

WHAT CAN YOU DO?

How do you create better business options to reduce risk?

Create better choices to prevent your worst business nightmare

5 KEY TAKEAWAYS

-  Executive Due Diligence investigations are key to identify & mitigate risks
-  Key Executive Due Diligence reveals 20% have serious risk issues
-  Business partners represent 35% risks
-  Reduce fiduciary exposures to protect your Board & shareholders
-  Hidden & undisclosed issues seriously impact your business investments and M&A deals



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