

COMMERCIAL INVESTIGATIONS LLC

CI TIMES



EMPLOYEES CAUSE “WORST SITUATION”

Presidents and CEOs often deal with the unexpected and try to minimize external risk. Consider that for two prominent men and leaders of billion dollar operations, their worst day “on the job” was because of a single internal employee. The same thing could happen in your organization, caused by someone in a trusted position or one who was considered a friend.

Take for example what has happened recently in both the National Football League (NFL) and the National Basketball Association (NBA). In the NBA, one of their long-time referees Tim Donaghy pled guilty to two felony gambling charges. In the NFL, one of its biggest and most marketable stars, Michael Vick, pled guilty to felony dog fighting charges.

Considering the many years and millions of marketing dollars the NBA has spent to spread the popularity of the league—it is scary to consider the consequences of one individual’s actions. “As expected, former NBA referee Tim Donaghy pleaded guilty today to betting on NBA games, including games in which he officiated, and providing confidential information to others who bet on NBA games,” David Stern said in a written statement. Stern has been commissioner of the NBA since 1984 and called the investigation “the most serious situation and worst situation that I have ever experienced either as a fan of the NBA, a lawyer for the NBA or a commissioner of the NBA.”

“This was an act of betrayal of what we know in sports as a sacred trust,” Stern said. “I feel betrayed by what happened on behalf of the sport.”

Donaghy pleaded guilty to two felonies: conspiracy to commit wire fraud and conspiracy to transmit wagering information. In a prepared statement Roslynn R. Mausekopf, the United States attorney for the Eastern District of New York, said: “The participation of an official of one of the world’s premier sports leagues in an illegal betting scheme involving his own sport demonstrates the corrupting allure of easy money. Today’s guilty plea and charges serve as a warning that seemingly easy money often comes at a high price.”

The fraud triangle or tri-pod is a theory that for a person to commit fraud, three things must be present: incentive, opportunity and rationalization. Even with a complex evaluation and rating system for NBA referees, Donaghy still had the opportunity. He apparently was in over his head to the mob and therefore, had the incentive to commit fraud. Rationalization can always be accomplished—whether he felt he really didn’t affect the outcomes of games or whether the players make all that money and he just wanted to get his.

This situation points out what was a flaw in the NBA’s background screening policy. In the past, they only ran credit reports on referees pre-employment. Now they monitor their referee’s credit annually. The NBA employs 60 referees and one with Donaghy’s experience would

make approximately \$260,000.

Pre-employment and annual credit reports are vitally important to monitoring your employee’s financial pressure. Donaghy did not handle cash for the NBA and was not in a financial position. He did have a position of trust and authority. Donaghy could cost the NBA millions with the bad publicity and lost trust and loyalty of some fans. It is important in your own organization to recognize positions of trust and realize the damage one person can cause. Review the fraud tri-pod and eliminate opportunity as well as monitor the pressure or incentive your employees have.

Arthur Blank, owner of the Atlanta Falcons and co-founder of Home Depot, has a net worth of over \$1 billion dollars. When Michael Vick was indicted, the media often replayed the moment when Vick had a broken leg and Blank wheeled him out in a wheel chair from the locker room to the sideline.

Upon Vick’s guilty plea, Blank stated: “Today, Michael Vick admitted his guilt to very serious charges related to his earlier indictment. His admissions describe actions that are incomprehensible and unacceptable for a member of the National Football League and the Atlanta Falcons.”

“You think you know somebody for six years and you find out another side of their personality that you didn’t know. It’s always disappointing. If it’s a positive thing you welcome that, but something like this, I don’t know if any of his teammates anticipated anything like this. I certainly know this owner didn’t anticipate anything like this. It’s very sad.” Reportedly, Blank has contemplated how Vick’s behavior could have gone unnoticed and will likely consider more in-depth background checks before drafting players or signing free-agents.

Vick may never play in the NFL again. Even if he does, he will lose millions in endorsement deals. The Falcons were not able to cut ties with Vick due to salary cap and financial reasons. They intend to sue Vick to recover some of his \$22 million signing bonus. Besides Vick and the Falcons, companies who paid Vick handsomely for endorsements will also lose millions. Nike may also consider more extensive background checks before signing athletes to \$100 million dollar contracts.

It’s easy to be consumed with minimizing external risk and monitoring the market and competitor activity. It can be just as important however to monitor the internal risk to your company from your own employees. Pre-employment background screening as well as pre-promotion or annual checks can provide a means to get to know your employees better. Contact CI to get the PROACTIVE TRUTH™ regarding your employees and candidates before their actions blind-side you, leading to your worst day on the job or “most serious situation”.

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CLIENT CLUE

DOCUMENT ADVERSE HIRING DECISIONS

When a background investigation report reveals adverse information that leads to denial of a job offer, it is extremely important that our clients document the criteria used for the decision to not make a job offer. This documentation is in addition to the preadverse and adverse action notifications.

Documenting how the report details relate to the position the subject was being considered for provides necessary documentation to justify the decision should it be questioned later. It also provides guidance for the organization when faced with similar situations. This will allow the organization to make consistent and nondiscriminatory hiring decisions.

For assistance in setting up appropriate procedures for proper documentation please contact a CI representative.

DUE DILIGENCE: A TENANT — TO BE OR NOT TO BE

This month we meet up with Due as he submits an application to lease an apartment in the Now U R Home complex which is managed by Rent Punctual Property Corporation, a client of Commercial Investigations LLC (CI).

Rent Punctual Property Corporation utilizes CI for its Tenant Background Investigations. It starts each background investigation with CI's suggested Landlord Package 2. This package includes a Tenant Credit Report inquiry complete with credit score, a Multistate Criminal Record inquiry of more than 260 million criminal records including all 50 states plus the District of Columbia's high level sex offender registry data, and a SSN and Address Information inquiry which verifies the subject's SSN and contains a list of addresses and approximate timeframes the subject lived at those addresses.

Rent Punctual further enhances its Tenant Background Investigations by including two Landlord inquiries, a Motor Vehicle inquiry and Civil Court inquiries. Due's two Landlord inquiries encompass his current landlord, Rotten Leaseman and his most recent previous landlord, Cleaningup Theneighborhood. CI's Landlord inquiry includes an interview with the landlord or property management company. (See CI's Landlord Inquiry Spotlight for more details.)

A Motor Vehicle inquiry may show a prospective landlord whether the subject has an alcohol or controlled substance problem, how much of a risk taker the subject may be, and how responsible the subject may have been in regard to maintaining proper registration and insurance along with paying for any traffic tickets in a timely manner.

A Civil Court inquiry in those counties that the subject has resided in over the past seven years may show eviction records and other court cases indicating a litigious individual who may pose a greater risk to a landlord than an individual with no such record.

You can view Due Diligence's Tenant Background Investigation report that CI prepared for Rent Punctual at www.commercialinvestigationllc.com/DueDiligenceReport0707.pdf.

Upon viewing his report, you will notice that Cleaningup Theneighborhood evicted Due a few years ago because Dues friend Crystal Glass had been making Meth in Due's apartment. You will also see the note of the eviction in the Crawford County Indiana civil court inquiry results. You will notice that Due's current landlord, Rotten Leaseman, gave Due glowing remarks – too glowing actually. Landlords need to be cautious of a current landlord who may be eager to get rid of a tenant and thus may give misleading information with the hopes of being rid of the problem tenant. This is one reason why CI recommends that prospective landlords do at least two Landlord inquiries.

There are a number of red flags on Due's Tenant Background Investigation report. CI's Decision Table, preset with Rent Punctual's customized attributes and parameters for those attributes, reveals that Due is not an acceptable tenant. The use of CI's unique Decision Table technology minimizes Rent Punctual's subjective decision making and potential for discrimination litigation.

CI's software provides landlords with the option to complete rental applications, order background investigations, utilize the decision table for making rental decisions, and generate leases specific to a particular property and applicant.

Looks like Due will need to move on. But where to . . .

To Be Continued . . .



EXERCISE DUE DILIGENCE



DO THE DUE

MEET DUE DILIGENCE

Last "Scene" from Due

In the last edition of CI Times, we reviewed Due's Cyber Investigation Report. We were able to get to know Due through his own self-published blogs and pictures. Through his own generated web content, Due had implicated himself with illegal and unethical behavior.

In this edition of CI Times, Due is attempting to lease an apartment. CI offers Tenant screening, including Credit Reports and Landlord Inquiry.

You can view Due's entire Tenant Background Investigation report at: www.commercialinvestigationllc.com/DueDiligenceReport0707.pdf.

To see Due's past reports, view his page online at www.commercialinvestigationllc.com/duespage.

Read previous issues of CI Times to see the full details of Due's life at www.commercialinvestigationllc.com/Newsletter.

STAFF PROFILE: ERIC WOOD, INVESTIGATOR TRAINEE

I first came to Commercial Investigations as an intern and admittedly I had only one objective on my mind; completing the required hours so I could graduate and find a great job. Little did I know I was already there. I had heard all of the horror stories about interns and how they fetched bagels until they couldn't walk and filed until their fingers bled and I was sure that as an intern, my experiences would be the same. However, on my first day it quickly became clear that this internship was going to be different. I knew that I would be working with people who were passionate about their work and who were excited about building the business and serving their clients. I also knew I was going to love it.....



I had an energy to learn that I never had before which led me to transfer to the Sage College of Albany. Their Crime and Justice Policy program was a perfect fit for me. The program had just the right mix of criminal justice practice and administration I was looking for.

When I graduated from Berlin Central High School in 1999, I had it all planned out. I was going to attend Hudson Valley Community College for two years, get my degree and then pursue a career in law enforcement. However, as with all plans, that would change. I found out very quickly that I was not interested in going to college right away so I just dabbled, taking a couple of classes here and there. Eventually I got sick of it and left school altogether. I just wasn't ready for that kind of commitment. I worked in a bike/skate shop for a couple of years which was lots of fun, but it wasn't getting me where I wanted to be. When I turned 21, I decided working at the shop wasn't what I wanted to do so I returned to school to do right. I buckled down for two years and graduated from Hudson Valley in December of 2004 with an A.A.S. in Criminal Justice. This time around I was excited about school.

During my time at Sage I developed a passion for criminal justice research and administration and really excelled academically. I received four consecutive Dean's List appointments and was inducted into The Alpha Sigma Lambda National Honors Society. I graduated August 31st with a GPA just a shade under a 4.0 (damn B+); which is by far my biggest accomplishment so far. My two years at Sage was the time when I really found myself. I found a passion for education and a love for criminal justice and I am excited to apply all I have learned to a real world setting. I am grateful to CI for giving me the opportunity to join the team on a full time basis. I look forward to building my skills and tackling many challenging projects that are on the horizon.

As far as the future goes, I am currently looking into a number of graduate programs and I am looking forward to putting my education to good use with an exciting career with CI.

∞ INQUIRY SPOTLIGHT ∞

LANDLORD

Trusting your property to a tenant and timely collection of rent due can be difficult. CI's LANDLORD inquiry is appropriate for landlords evaluating a prospective tenant's suitability.

CI's LANDLORD inquiry obtains information that allows landlords to make educated decisions as to whether prospect lessees will be suitable tenants. Information which is included in a LANDLORD inquiry consists of:

- ◆ Move In Date
- ◆ Move Out Date
- ◆ Type of Lease
- ◆ Rental Amount
- ◆ Balance Owed
- ◆ Notices
- ◆ Complaints
- ◆ Damages
- ◆ Pets
- ◆ Roommates
- ◆ Times Rent Payment Late
- ◆ Non-Sufficient Funds
- ◆ Proper Notice Given
- ◆ Asked to Vacate
- ◆ Would Rent Again
- ◆ Subsidized
- ◆ Deposit Returned

The LANDLORD inquiry may be customized to meet individual landlord needs.

For more information on CI's LANDLORD inquiry, or to add this inquiry to your current requests, please contact a CI representative.

COMMERCIAL INVESTIGATIONS LLC

A LICENSED PRIVATE INVESTIGATIVE AGENCY

Dedicated to providing innovative Private Investigative solutions to its clients and working with them to develop tailored services that meet their needs.

Services provided include:

BACKGROUND INVESTIGATIONS

CI provides accurate, timely, cost-effective and fully compliant reports delivered with exceptional client service.

CONSULTING SERVICES

CI assists you in implementing a compliant background investigation process as well as providing assistance in implementing in-house procedures.

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