

PROTECT YOUR
BRAND WITH DUE
DILIGENCE





Thriving companies know that their continued success is closely tied to their brand's reputation and conduct their business dealings with their customers, employees, and vendor partners legally and ethically. When companies engage in unethical or illegal business practices, their reputation and brand can be irreparably tarnished when such practices come to light.

The following case study demonstrates the importance of conducting thorough due diligence on all companies and vendors with whom a company is considering entering into a business relationship.

A senior sales executive from one of Banyan Risk Group's clients called the Investigations and Due Diligence subject matter expert and requested that Banyan conduct a due diligence investigation on a prospective new vendor. The customer had discovered information that caused them to question the legitimacy of the prospective vendor and the services he planned to provide. Unfortunately, the customer had already signed a contract with prospective vendor to utilize what the vendor claimed was a sales optimization platform.

Because the contract had been signed prior to a proper due diligence investigation, the customer required the due diligence findings urgently.

The Banyan team conducted a wide-ranging due diligence investigation into the vendor and its principal executive utilizing a combination of open source intelligence, proprietary data platforms, and various government, business and court records.

The investigation identified two names used by the vendor's principal executive and six other names that he may have also used. The two known aliases and the other six possible aliases were listed as company officers associated with 12 companies. Many of the companies were linked to one core address and several variants used in registering the companies with the Secretary of State's office in one state.

Also identified during the investigation was the name of a woman believed to be his mother who was listed as a company officer involved in six of the 12 companies. Investigation into the mother identified three aliases she used in addition to her true name in the companies' various business records.

State court records in two states revealed that the vendor's principal executive was the defendant in a personal injury lawsuit brought by an individual plaintiff and the vendor company hired by Banyan's client was the plaintiff in a Commercial/Business



Tort case filed against another company. Both lawsuits were ongoing at the time of the due diligence investigation.

Several of the companies associated with vendor's principal executive were subjects of hundreds of consumer and customer complaints for fraudulent and unethical business practices posted on several industry and consumer protection complaint websites.

The clear picture that emerged from the due diligence investigation was of two unscrupulous individuals who engaged in a wide variety of unethical and possibly illegal business practices. The Banyan team shared its investigative findings with the client's senior sales executive and recommended that the company terminate all business relationships with the vendor and its principal executive to limit any potential reputation and brand damage to the company that could result from being associated with them. The senior sales executive agreed with Banyan's recommendations and stated his intention to extricate the company from the existing relationship with the individual and his company.

To prevent future similar situations between the client and potential business partners and vendors the Banyan team recommended that the client include a section in all future contracts containing language which gives the client's company the right to terminate any business

relationship if evidence is uncovered which indicates that the vendor or any of its officers or employees engaged in illegal or unethical business practices. The senior sales executive said he would encourage his legal team to prepare the appropriate legal language and incorporate it in all future contracts.

Several weeks later, after the company notified the prospective vendor in writing of its intent to terminate the contact and end its relationship with the vendor, the vendor responded with an aggressive letter threatening to sue the company for damages if the contract were terminated. As it turned out, the contract had not been signed with the vendor or the principal executive who was the subject of the initial due diligence investigation. The senior sales executive requested Banyan perform additional due diligence investigation of another individual and his company with whom the actual vendor contract was signed. The owner of the company who signed the contract was partnering with a second company to provide the sales optimization platform for the client's company. The signatory to the contract alleged that the second company and its principal officer were not the same individual or company who were the subjects of the first due diligence investigation.

The Banyan team conducted the due diligence investigation on the signatory to the contract and his company and quickly established that the owner of the company



was listed as an officer of the first company investigated. Additionally, the address associated with the second company was the same address used in the registration records for several of the companies registered by the first person and company investigated. The investigation was also able to show that the name of the partner was an alias identified as belonging to the subject of the first due diligence investigation. Thus, there was clear link between the companies and their principal officers which provided the client with ample justification to terminate the contract and end the relationship with the vendor.

Armed with the information uncovered during the two phases of the Banyan due diligence investigation, the Chairman and

CEO, the President, a Senior Vice President, and lawyers from inside and outside the company met and developed a strategy to successfully defend the company from the threatened lawsuit by the vendor. The company's strategy proved to be successful. They terminated the contract and relationship with the vendor. Faced with the evidence of unethical business practices unearthed by the due diligence investigations, the vendor decided against filing a lawsuit against the client.

The client was able to avoid the potential damage to its reputation and brand and has made due diligence investigations a requirement before entering into relationships with future vendors.

Banyan Risk Group can help your company protect its brand and reputation from being tainted by the unethical or illegal business practices of individuals and companies seeking to partner with you.

For additional information on Banyan Risk Group's suite of services please visit our website at BanyanRiskGroup.com.
