



# Trends, Tips and Lessons Learned

May 2007

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In light of recent events, **Corporate Resolutions** would like to remind you about our physical security consulting services that can help institutions/corporations:

- identify and assess risk associated with your operation;
- make recommendations regarding physical security to minimize those risks; and,
- assist in the preparation of violence in the workplace programs.

More information on this service can be obtained on our website at [www.corporateresolutions.com](http://www.corporateresolutions.com)

## Letter from the President

You may have noticed the tales of corporate fraud and mismanagement have surfaced on all news mediums – TV, newspapers, magazines, and the Internet. Recently, I have been interviewed on a number of occasions to discuss how corporate America can prevent and avoid fraud in the workplace. This quarter our newsletter is focused on the types of services we offer our clients in a number of different business sectors. As background checks become a necessity for all, Corporate Resolutions continues to cater our services to meet the needs and requirements of our clients.

As always, we hope that the newsletter keeps you informed. I look forward to doing business with you. Thank you.

Kenneth S. Springer  
President

## Trends

Corporate Resolutions has recently been mentioned in the following publications:

1. **March 29, 2007** – *CNBC Cable Network* - Ken Springer was a live guest on CNBC's "On the Money". He was interviewed for a segment regarding Wal-Mart and the CIA.
2. **March 16, 2007** – *Associated Press* - Reporter Anne D'Innocenzio interviewed Ken Springer regarding Wal-Mart's snooping case which resulted in an extensive article which generated 45 additional placements.
3. **February 22, 2007** – *TheStreet.com* - Reporter Gregg Greenberg and Ken Springer taped an in-studio TV segment about issues surrounding hedge fund fraud.
4. **February 15, 2007** – *BusinessWeek* - Reporter Karen E. Klein interviewed Ken Springer to discuss how to spot fraud and how entrepreneurs can protect and educate themselves against it.
5. **February 8, 2007** – *IDG News Service* - Reporter Grant Gross interviewed Ken Springer regarding a new pretexting bill introduced to *the US Congress*.
6. **February 2007 Issue** – *Intellectual Property Today* - Ken Springer and Don Klaskin co-authored an article on protecting intellectual property.
7. **January 26, 2007** – *Investor's Business Daily* - Reporter Brian Womack interviewed Ken Springer for a Q&A regarding corporate investigations and background information on Corporate Resolutions.
8. **January 24, 2007** – *Dow Jones/Hedge Fund Trade Newsletter* - Reporter Daisy Maxey discussed with Ken Springer hedge fund manager investigations and the history of Corporate Resolutions.



CORPORATE RESOLUTIONS INC

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### Background Checks No Longer Limited

The role of limited partners in the private equity community is growing. As a service provider to the private equity community for more than 16 years, Corporate Resolutions has noticed that over the past year, an increasing number of limited partners have requested that background checks become standard protocol of the due diligence process for private equity investors.

This trend was also addressed at last month's Annual Tri State Conference sponsored by ACG New York, New Jersey and Connecticut. The distinguished panel of private equity professionals spoke at length about the importance of finding and retaining top talent and the challenges that investors face during this process.

Corporate Resolutions' background checks provide our clients with state of the art intelligence and a comprehensive analysis of information on any given management team or individual. Our research relies on public records, databases and proprietary sources to profile an individual's character, integrity, and reputation. Our reviews of civil litigation (identification of patterns if present), criminal matters, regulatory filings, corporate databases and media publications, coupled with our efforts to confirm education, professional licenses/accomplishments and employment history, provide you with a thorough investigative report that gives you a complete picture of the person you intend to do business with.

When necessary, we conduct interviews of the individual and/or of peers and former colleagues on a discreet or non-discreet basis to confirm information uncovered in our process and/or to clarify and document any potential problems we have found along the way. In all of our assignments, we provide you with an analytical executive summary that highlights our efforts and delineates any concerns we may have. We guarantee that our product is in no way redistributed to outside parties and we adhere to strict privacy and security policies.

If you would like to learn more about Corporate Resolutions, check out our website at: [www.corporateresolutions.com](http://www.corporateresolutions.com). Please feel free to email or call me to further discuss pricing, the range of our services and how we can complement your due diligence efforts.

### Putting the Activist in Activist Funds

In late March of this year, the Tulane Corporate Law Institute held a conference for mergers and acquisitions lawyers and investment bankers from top Wall Street institutions. The hot topic was activist hedge funds; the consensus was that these firms are here to stay.

Historically, activist hedge funds have gotten a bum rap, with critics citing their short term goals and strong arm tactics as intimidating and self serving. But lately, that image has evolved. Many corporations now welcome the changes brought on by the dissidents. Sometimes, the targets of these activist funds are in need of modifications to management or assistance in steering the direction of the company.



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While it is not frequent, it does occur that shareholders are aware of these needs and seek to communicate openly with these activists. The results can lead to strong returns and a better, more organized corporate infrastructure.

Over the last few weeks Wall Street has seen two such activist situations, a strong indication of the ever frequent presence of these scenarios. Chapman Capital Fund, Embarcadero Technologies and Oliver Press Partners and the company WebMethods both hit the news in early April and both resulted in acquisitions (Embarcadero by Thoma Cressey Bravo and WebMethods by Software AG). We are still watching to see how these companies will progress in their new states.

Corporate Resolutions knows that an enormous amount of research goes into selecting the right company to target. To accommodate these needs, Corporate Resolutions conducts competitive intelligence gathering for activist hedge funds seeking to gain leverage. Our team of intelligence analysts and researchers routinely engage in fact-finding inquiries designed to gather information that assists activist funds in exerting influence in the necessary environment.

Hedge funds, activist funds and/or their counsel often call upon us for:

- Special purpose fact gathering for proxy contests;
- Management background checks
- Due diligence on investors, third party marketers and others;
- Intelligence gathering for investments under regulatory scrutiny;
- Interview candidates re discrepancies or controversies to document their explanation of the facts and;
- Litigation support for dispute resolution.

### Lawyers: Our Services Complement Yours

Attorneys often rely on us to develop intelligence that surpasses the desktop research conducted by paralegals or new associates. Corporate Resolutions Inc has provided attorneys with intelligence gathering services for over fifteen years. Our investigations complement the desktop research conducted in-house through identification of additional resources and witnesses, gathering evidence, conducting interviews and analyzing documents.

Some of our typical engagements include:

- Fact gathering to impeach veracity for arbitrations, depositions or other hearings;
- Identify/locate and/or interview former employees, potential witnesses and others;
- Distinctive intelligence monitoring when companies are under regulatory scrutiny;
- Internal corporate investigations of employee integrity issues, fraud, harassment and theft;
- Asset Identification; and,
- Global background checks for private equity firms, hedge funds, lenders, underwriters and others.

Corporate Resolutions has a team of computer forensic specialists who, when necessary, can successfully image computers for evidentiary purposes and recover deleted files. In addition, we offer a variety of other investigative services to include:

- Anti-Money Laundering compliance reviews;
- Competitive intelligence;



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- Corporate monitoring/bond and surety claims; and,
- Ethics Hotline as a vehicle for potential witnesses/employees to anonymously report fraud or unethical behavior to an independent third party.

We have an established network of vetted international investigators that allow us to conduct inquiries worldwide. For more information, please visit our website: [www.corporateresolutions.com](http://www.corporateresolutions.com).

## Resumes... Making Fraud a Reality?

Background checks are now a well known and much needed aspect of most company's hiring practices. The constant and growing presence of resume fraud required a quick and fail proof response that would help human resource departments and employers identify and mitigate a potential employee's attempts to lie, enhance or skew information and credentials given via resume or application.

Speaking of resume fraud, Hakan Yalincak is an example of lifestyle fraud. In case you missed the recent news about it, Yalincak is the teenage NYU student who bilked over \$7million from Greenwich investors and was just sentenced to over 3 years in prison. He convinced investors and others of some tall lies: that he was a Turkish heir and an experienced trader with a legitimate hedge fund. Not only will Yalincak be spending some time repenting in prison but also he was ordered by the courts to pay \$4.18 million to his victims. Yet another instance of the need for extensive background checks.

As you can see from the Yalincack story, the levels of resume fraud continue to grow. Now, to stay ahead of the precautionary measures taken by employers, many candidates are now going to extremes to verify the fraud that they claim as true. In an article titled "Resume fraud gets slicker and easier" that ran in USA TODAY on March 3, 2007, it said that some applicants are now providing employers with toll free phone numbers that are answered by people who give out and "verify" phony degrees. As crass as this seems, some people are even going farther. The article also mentions that hackers for hire are also now available to illegally tap into a university's database to insert an individuals name and personal information unto a class list of a school that they "claim" to have attended.

These hackers and frauds are benefiting from a competitive and uncertain job market as well as from the inadequate security that is inherent in the growing crop of web sites offering fake degrees. Companies and employers pay the price.

Corporate Resolutions' honed research strategies are designed to identify information that not only confirms an individual's background and credentials but also seeks to identify any inconsistencies, controversies or potential conflicts of interest. In additions to resume fraud, typical findings include:

- Lawsuits involving former employers, lenders, investors or partners relating to fraud, mismanagement, breach of contract or sexual harassment;
- Non-disclosed business interests;
- Criminal records;
- Adverse regulatory histories;
- Controversial media attention;
- Indications of financial stress (liens, judgments, bankruptcies); and,
- Potential conflicts of interest.