

# Q&A: Corporate Resolutions, Inc.

With deal flow at record highs, investors continue to seek unique opportunities to deploy capital. According to PitchBook, more than one third of all PE and VC deals closed in 2020 took place in the fourth quarter. Whether sticking with traditional structures or joining the special purpose acquisition company (SPAC) excitement, we know that the success of any investment relies on the quality of the management team. It takes only one bad actor to destroy earnest intentions and bruise a company's reputation.

20 years ago, conducting a background investigation before committing capital was tantamount to subterfuge. The subtext was that the investor was wary of the company, suspect of its management team, or just paranoid. Fast forward to today: Hiring a background check company has become as rote as engaging legal teams—albeit far less expensive.

Now, a target company's management teams expect to be checked out. Investors who follow strict protocols on requiring all teams to be vetted have stellar reputations: They take their deals seriously, believe in their investments, and suffer no fools. Also, most LPs demand this level of scrutiny.

Not all background checks are created equal. A comprehensive background investigation is a qualitative endeavor requiring multiple ingredients to formulate a thorough review on which investors can rely. CRI offers experience, intelligence, access, and resourcefulness. Without each of these components, the information can be erroneous, misleading, or give a false sense of security.

As any scrupulous investor knows, the use of intelligent intelligence is boundless. The question is never why it should be commissioned but rather how it is exercised. In a competitive deal environment, it is even more important to have a trusted due diligence partner who can quickly assess opportunities and highlight key risks before writing a check.

To evaluate service providers in this space, experience and expertise, along with a balance of technology and human analysis, are priorities. When it all comes together, our clients' capital and reputation are preserved.



## Joelle Scott

Chief Operating Officer  
Corporate Resolutions, Inc.

*With 20+ years of experience helping alternative investors mitigate risk, Joelle Scott oversees all aspects of research operations and client management at CRI. She is co-author of Digging for*

*Disclosure: Tactics for Protecting Your Firm's Assets from Swindlers, Scammers, and Imposters. She earned her BA from Colgate University and her MS in journalism from Columbia University, where she also served as television executive Richard Wald's assistant for ten years.*

## How has the internet and social media affected your industry? Why can't I just Google the person?

To quote Kurt Vonnegut, "In this world, you get what you pay for," and Google is free. While the internet grants us access to thousands more sources, people are often eager to flaunt their accomplishments through social media, blogs, and biographies, among other outlets—while often disguising their true selves. This breadth of information is a great starting point for us, but it neither hastens nor replaces the research landscape upon which we rely.

Further, for CRI, performing a Google search is more than just typing a name into a search bar. We apply customized search strings, reverse imaging, and other creative research tools to find the real information.

For every bit of quality information online or through open sources comes an equal amount of bad: illegitimate sites, false social media profiles, and countless conspiracy theories that use the same names as well-respected businesspeople. Going to the primary source is critical. From the courthouse to the archive room, the original source determines the information's validity. After we identify these principle sources, we analyze the data to ensure our clients get an accurate picture rather than a pixelated one. Without these methods, we would've been unable to uncover the VP who tried to mask his predilection for inappropriate selfies or unveil the truth about the CEO who was accused of having connections to ethically questionable groups.

**Q&A: Corporate Resolutions, Inc.****You have worked with private capital investors of all shapes and sizes. Do their needs and risk tolerance vary, and how do you address that in your research?**

For 30 years, we have sought to protect the reputation and capital of each of our 300+ alternative investment clients. Our goal is not to make the ultimate decision on the deal—that is up to the investor. We provide firms with as much information as possible so that the decisions are easy to make. This ethos applies to every one of our clients.

Every investor has a different appetite for risk. One person's killed deal is another person's opportunity. We always hope that the management team we investigate will have a clean result—boring is never a bad thing for our clients. Often, however, that is not the case. When we find damaging information, a client's response varies. Some clients have walked away from a deal because of drunk driving incidents, while others have invested in a manager with a history of criminal behavior. Each investor's goal dictates the ways they respond to unsavory findings in a background check.

Some clients prefer a deep dive into every executive at a target company, while others need only a quick red flag review to close the deal. No matter the scope, the quest for risk mitigation applies to all of our clients. We have maintained—and expanded—an impressive client roster because of our ability to make our research bespoke enough to be valuable and standardized enough to be reliable.

**PE always has a “flavor of the month”—healthcare and technology are hot while manufacturing has been set aside. Do you specialize in a target industry? How do you address those needs?**

The only industry in which we specialize is background investigations. We apply our creative methodology to every project. For instance, healthcare deals are more complex than investigating a company that manufactures auto parts. The healthcare sector requires us to independently gain access to the state licensing departments, federal agencies, and ancillary organizations that most medical professionals either belong to, are accredited by, or maintain licensure with. These departments are not interwoven; the records of one are not reflected in another. Without this knowledge, a background investigation in healthcare is rendered meaningless. From a research perspective, every industry has a distinctive set of criteria.

Like a newsroom, our team of analysts has differing perspectives and skill sets that are applied to specific projects. There is the young technophile who spends hours locating veiled social media profiles and reverse imaging geometric symbols; the land document specialist who loves investigating the real estate developer with hundreds of LLCs and property records; and the analyst who can recite the public record availability and sourcing of more than 76 countries. It is not the firm that needs to be specialized but rather the team that needs to be diverse.