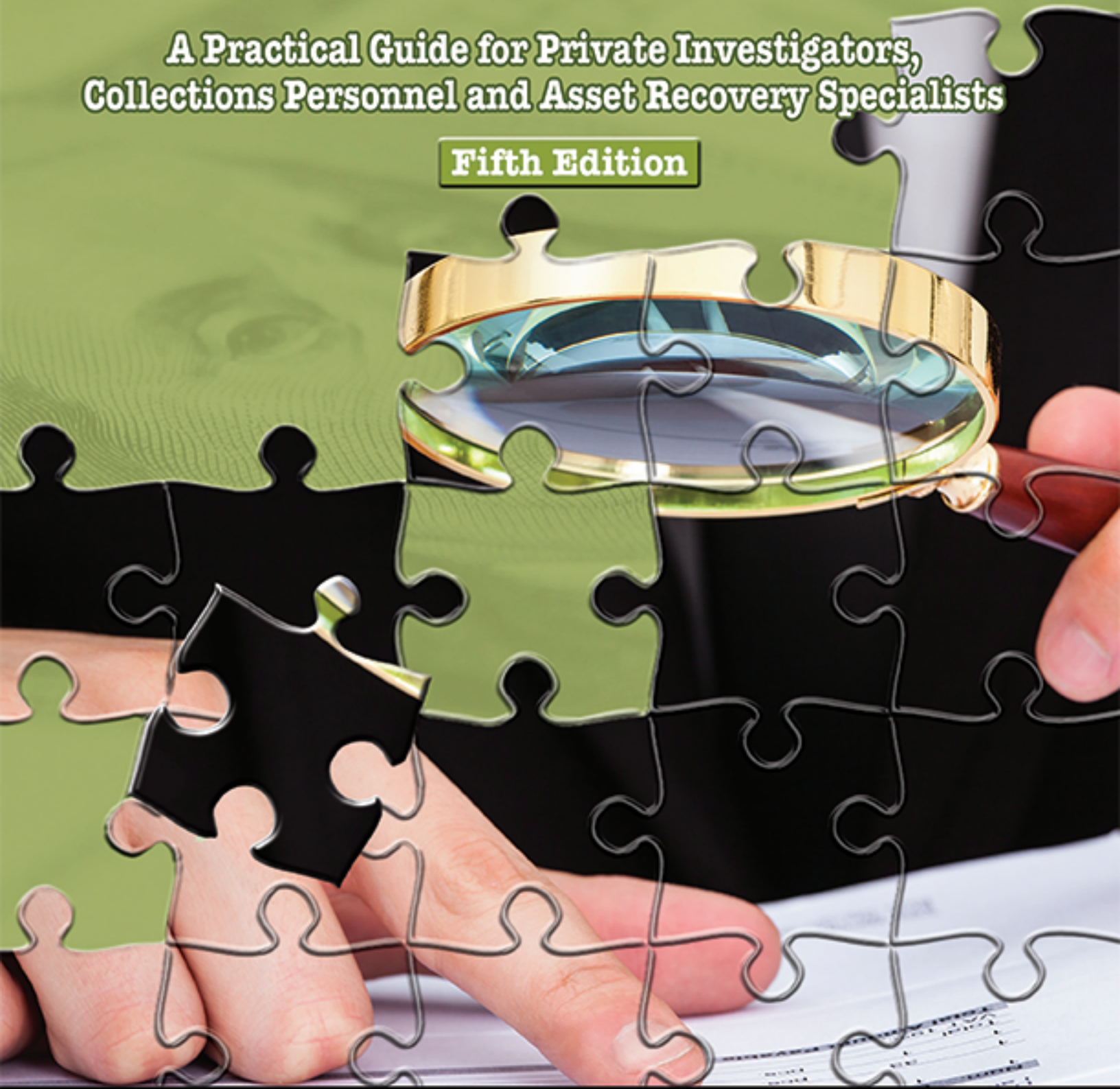


HOW TO DO FINANCIAL ASSET INVESTIGATIONS

**A Practical Guide for Private Investigators,
Collections Personnel and Asset Recovery Specialists**

Fifth Edition



Ronald L. Mendell

HOW TO DO FINANCIAL ASSET INVESTIGATIONS

NOTE ABOUT THE AUTHOR

Ronald Mendell currently teaches as a Course Mentor at the IT College's Information Security Program for Western Governors University. He previously held a similar position as an Adjunct Professor at Austin Community College in Austin, Texas. He holds the Certified Information Systems Security Professional (CISSP) designation from ISC2. His Master's degree in Network Security is from Capitol College in Laurel, Maryland.

Fifth Edition

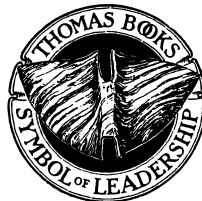
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Personnel and Asset Recovery Specialists**

By

RONALD L. MENDELL, M.S., CISSP

Certified Information Systems Security Professional



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PREFACE TO THE FIFTH EDITION

The blinding speed at which the “Smartphone Age” came upon the investigative profession rendered many of the references in previous editions into near obsolescence. Search engines are more powerful, and the metadata linking facts together grow ever so intuitive. Investigators find resources through searches closer to natural language. Understandably, long lists of websites, and even reference materials in print, become dated rather quickly. While the text retains a bibliography to provide starting points for readers, this new edition also stresses effective search methodologies rather than just clicking on a hyperlink for an answer.

Information keeps moving toward social media, where people post, collaborate, and interact online. This trend creates both opportunities and challenges for the asset investigator. Reality and falsehood can blur together. The investigator must be on the outlook for disinformation and the distortion of the facts. We stress in the text the need to compare online information against print sources, human sources, and other evidence to ensure reliability and validity in investigative results.

Asset investigation remains putting together a puzzle from multiple pieces: public records, online evidence, news accounts, print documents, and human sources. Moreover, the text emphasizes the craft involved in this process. Our discussion molds disparate sources into a coherent pattern through using solvability factors and critical attributes. Asset inquiries boil down to the understanding of a target’s true lifestyle, his or her actual financial picture. Once this understanding becomes evident, then investigator and client learn how a debtor can satisfy a judgment or another financial obligation.

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HOW TO DO FINANCIAL ASSET INVESTIGATIONS

Introduction

TOOLS FOR FINANCIAL ASSET INVESTIGATION

This book explores the practical techniques for financial asset investigation. It steers private investigators, collections specialists, judgment professionals, and asset recovery specialists in undertaking information collection in a legal manner. It remains predominately a primer on how to find assets to satisfy judgments and debts; however, this edition includes an additional focus on the emerging underground economy. We have entered the “Smartphone Age” of highly mobile financial information conducted on the Internet and from portable digital devices. The impact on civil and criminal investigations cannot be overestimated. New challenges face the asset investigator in working through this electronic labyrinth.

Emphasizing the importance of public records and of resources on the Internet, the text will concentrate on research techniques. These methods make considerable use of libraries, periodicals, government documents, and websites. The constant theme remains to correlate data from different open sources.

Correlating data means that investigators must keep an open mind. Recognizing that nonfinancial records are also valuable tools is essential. The traffic accident report, the county or superior court criminal file, the biographical information on a website, or a newspaper account may all contain “clues” as to “who owns what.” Integrate them into a search for background on your subject or target. The more you taste of a target’s life, the more you will learn where the money comes from and where it goes.

IDENTITY THEFT AND PRIVACY ISSUES

We live in an age of distrust and suspicion with regard to the disclosure of our personal data. Daily, electronic and print media are rife with accounts of databases plundered, identities stolen from the trash, and financial records compromised. This environment ridden with the fear of identity theft or of having one's accounts "ripped -off" is not conducive to investigators being treated with a laid-back attitude. Individuals and institutions, with regard to queries for personal information, remain adamantly skeptical.

In other words, if any time period in recent history compelled investigators to play by the rules, this period is the one. Foremost, learn what the rules are. In the not too distant past, investigators in the private sector worked fairly loose in gathering information from sources. If you had to lie to get information, then you did a "pretext." A good rule of thumb should be to think very carefully prior to using pretext techniques when gathering sensitive personal information like medical, financial, credit history, or confidential criminal histories not available to the public. Otherwise, legal woes may be your reward.

Become familiar with the issues of identity theft. Both the Federal Trade Commission (FTC) and the Social Security Administration (SSA) have good websites on the issue. Learn the details of the Fair Credit Reporting Act (FCRA) and the Gramm-Leach-Bliley Act (GLBA). Being knowledgeable about the provisions of these laws can keep the asset investigator out of a lot of legal hot water. And always, if an investigator gets into questionable gray areas during an investigation, they should seek competent legal help from an attorney knowledgeable on consumer protection law and privacy issues.

While this discussion will not attempt giving specific legal advice, which should come only from a qualified attorney, covering a few general points of the FCRA and GLBA is in order. The FCRA is under Title 15 of the United States Code (15 U.S.C. 1681b). It lists the following permissible uses of consumer credit reports:

1. By order of a court.
2. By written instructions from the consumer.
3. Pursuant to a credit transaction.
4. Pursuant to employment.

5. In underwriting insurance.
6. In evaluating eligibility for a license.
7. Pursuant to insurance.
8. A legitimate business need such as a consumer-initiated transaction or a review of a consumer's account.

If an investigator has any questions about whether his or her access to a consumer's credit report falls under a permissible use, obtain appropriate legal counsel. Under no circumstances should an investigator purchase credit reports without a valid permissible use. Do not conduct business with vendors that sell credit reports with "no questions asked."

GLBA is a complex law with broad impact, but note in Section 6821 it outlaws "pretexting" as a means to obtain confidential consumer information such as financial records. Pretexting involves obtaining personal or private information without authorization, usually by impersonating someone with a valid need-to-know. Found in 15 U.S.C., Subchapter II, under Sections 6821-6827, it prescribes criminal penalties of up to five years in prison and fines ranging up to \$100,000. Not a law to trifle with in an investigation, make sure your methods of obtaining consumer financial information are legal. What an investigator needs to do in the new privacy-conscious environment:

1. Obey the law. Become familiar with FCRA and GLBA.
2. Deal with reputable information vendors that follow applicable laws in gathering personal data. (Obtain indemnity and hold harmless agreements from your vendors. These agreements legally obligate them to pay any damages and to defend you in a lawsuit stemming from data supplied to you but they obtained illegally.)
3. Do not use "pretext" methods in violation of privacy laws such as GLBA.
4. Obtain personal identifiers such as Full Name, Date of Birth (DOB), Social Security Number (SSN), Driver's License Number, and the like legally.
5. Protect information obtained in investigations. Treat personal information with due care: maintaining security by shredding documents and destroying computer media no longer needed.

Make sure confidential data stored on your premises has adequate physical security.

COMPUTERS AND USING THE INTERNET

Finally, this book stresses getting information from computer-based systems whenever possible. This does not mean that we feel computer-based data is somehow sacred or infallible. On the contrary, an investigator should treat computer-based information just like any other source: *subject to further confirmation*. Not seeking additional validation of what a computer database tells you results in simple foolhardiness. (For example, information gets out of date quickly in our dynamic and highly mobile society, so double-check reliability and validity of “facts” from more than one source.) However, modern investigators do themselves a great disservice in not utilizing computers as an investigative tool. In fact, computers and digital devices are now indispensable tools for the twenty-first century investigators. Consider computers as an extension of your mental and sensory powers. Just do not forget to analyze any collected data using your own mental powers and common sense.

A final admonition for those new to using digital information: scanning for information is so much faster by computer. One can run multiple names against a database in the time it takes to check one name manually. Some databases offer search methodologies that are virtually impossible using print sources. For example, one can request from a LexisNexis® news database all references to a fast food company’s franchise operations in Denver, Colorado from 2008 to the present. And, if one seeks only those articles with a mention of John Jones, the regional manager, that qualifier becomes part of the search term, further narrowing the search.

Computers afford tremendous investigative power, if used wisely. They serve as knowledge multipliers. Starting with a single piece of data, one can develop many investigative leads. For example, the subject’s name found in a newspaper article on an online database leads to the name and location of his business, a description of the business, and the names of his relatives participating in the business. And, the smartphone in your pocket or the tablet at your side can be powerful gateways for accessing digital information.