



Commercial Due Diligence

This manual outlines a typical process of a 'due diligence' exercise. This is only an example and is not necessarily the only way a Due Diligence exercise can be carried out. This example is provided free by Lide Forensics & Intelligence Advisory for your convenient reference, use or understanding. We assume no responsibility whatsoever, for your reliance on the information provided in this document and you are advised to seek legal advice if you wish to do so, before the use of our presentation.

The Process

Corporate Intelligence (Pre-Transaction)

- Commercial Due Diligence, (including Pre-IPO screening)
- M & A or Joint Venture Due Diligence
- Business Partner Review
- Key Hires Assessment / Pre-employment Screening
- Asset Assessment

Research / Field Investigations (Post Transaction)

- Intellectual property violations
- Corruption and corporate sabotage research
- Financial Fraud Violations
- Forensic Accounting
- Asset Tracing
- Litigation Support
- Internal Investigation Policies

Compliance / Awareness Programs

- Anti-corruption programs
- Whistle-blowing programs
- Compliance Programs
- Corporate Protocols and Procedures
- Fraud Awareness Training
- KYC / Partner Review
- AML Check

Understanding Commercial Due Diligence (CDD)

Common Objectives of CDD

- To verify integrity of Key Personnel or Management Staff
- To verify projects and targeted investments
- To check accuracy and veracity of information given
- To authenticate all relevant information available

CDD are usually carried out on a 2-Level Risk Based Approach for all cases

BASIC

Level 1

Research on the company and its key personnel or management staff using publicly available information sources and proprietary data-bases.

ADVANCED

Level 2

Includes all Level 1 checks and in addition, covert intelligence operations and site visits involving professional field operatives, to provide deep search and discreet inquiries to uncover undisclosed information or activities that may be adverse to the investment and interests of stakeholders.

The CDD Process

1. Instructions from client



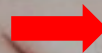
2. Analyze objectives & scope



3. Determine timelines



4. CDD Level 1



5. CDD Level 2



6. Red flags & risks discussed



7. Interim report within 14 days



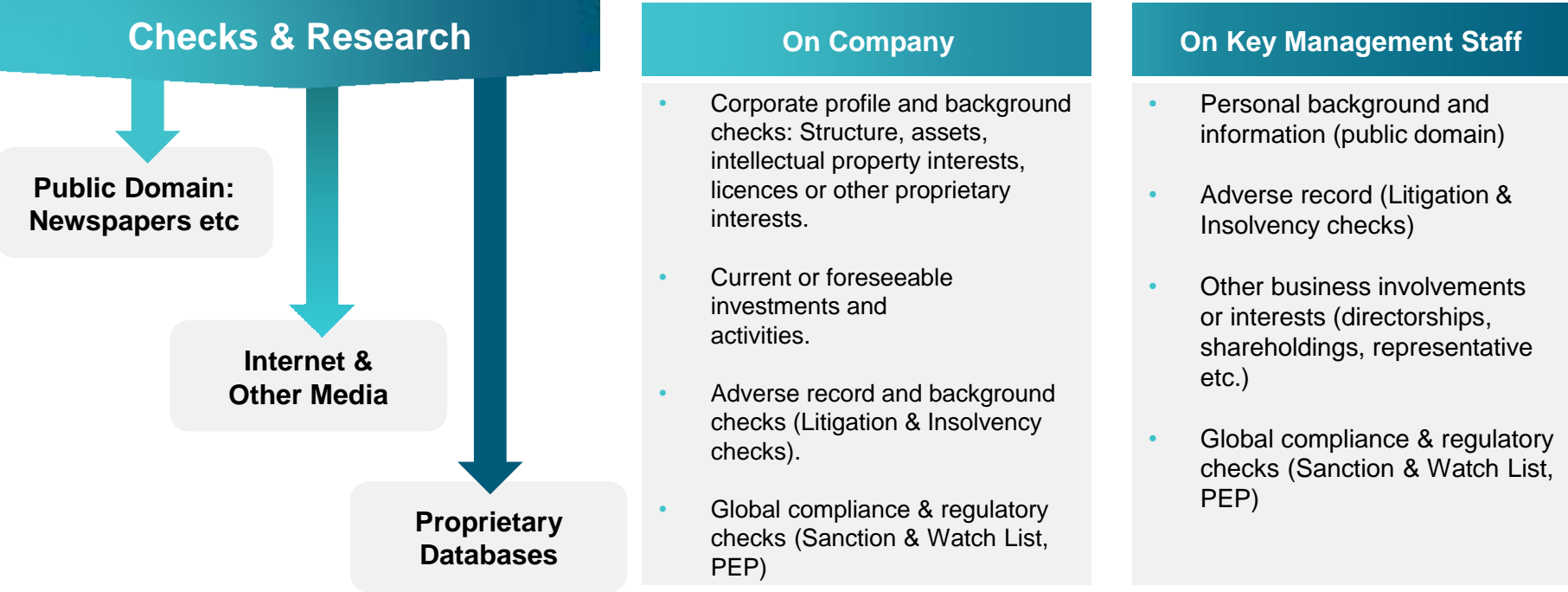
8. Final report within 25 days

CDD Level 1

SCOPE & METHODOLOGY

CDD Level 1

1. Understanding subjects & risks
2. Profiling subjects & identifying potential risks



CDD Level 2

SCOPE & METHODOLOGY

CDD Level 2

1. “Deep-dive” and covert operations for in-depth review and acute assessments
2. Covering wider and deeper than the usual public domains in Level 1

Discreet Enquiries

We use our vast network of relevant Industry Contacts & Sources (e.g. employees, suppliers, customers and competitors) to check on Company for:

- Reputation & industry standing, performance & track record,
- Undisclosed unethical business practices
- Political affiliations and risks
- Regulatory breaches in past transactions,
- Money laundering, terrorism financing risks and other Compliance issues (AML).

Intelligence Collation

We use our vast network of relevant contacts in local and international government agencies (including enforcement agencies such as police), business consultants and advisors, media, etc. to obtain intelligence on:

- Possible links to organized crime or criminal syndicates
- Questionable source of wealth
- Corrupt practices, and relationship with key customers & suppliers,
- Undisclosed conflict of business interests and suspicious business arrangements

Site Visits & Observations

We use our field operatives to conduct physical visits and in a covert and professional manner:

- Check on addresses of office, worksites and assets to verify accuracy of information
- Check on actual operations
- Check on associates or affiliates of key targets for criminal or suspicious activities
- Check on general lifestyle or targeted movements of key figures for suspicious or criminal associations

Targeted Reviews

- Review all inputs from both Level 1 and 2 for comprehensive assessments.
- Identify red flags and risks areas for further assessments/discussions with clients
- Provide guidance to clients on difficult issues or assessment areas, based on findings.
- Provide consolidated findings in report with professional advice and guidance

CDD Level 1 & 2

SCOPE SUMMARY

Level 1	Level 2	CHECK ITEMS
●	●	Profile or Background and historical Information of target company and key figures
●	●	Business interests of target company and key figures
●	●	Bankruptcies and insolvencies
●	●	Civil litigations (present and pending, and also against associated and affiliated companies and subsidiaries)
●	●	Regulatory breaches and enforcement actions
●	●	Adverse media attention (newspapers and internet etc.)
●	●	Global Compliance Watch List and Sanctions Lists
	●	Discreet enquiries (Field)
	●	Business Intelligence Collation (Field & Desk)
	●	Site visits & observations (Field)

Relevant Compliance check list

GLOBAL COMPLIANCE WATCH LIST AND SANCTIONS LISTS

- Global Sanctions Lists
- PEP (Politically Exposed Person)
- Money Laundering
- Financing of Terrorism
- MAS (Monetary Authority of Singapore) and other local Financial watch lists
- Suspected Drug Trafficking Activities



FAQs

Lide Forensics & Intelligence Advisory - Expertise



Timelines

Timelines & Reporting

- Consultative approach - planning & discussion throughout to achieve targets and objectives
- First Interim Report in 14 days
- Complete & Final Report in 25 days
- Interim reporting to update status of enquiry or investigations
- Red flags & significant findings reported immediately when surfaced
- 24/7 approach - continuous communications throughout via email, phone or face meetings