



PROXIMAL CONSULTING
www.proximalconsulting.com

2 Pelham Court
London Road
Marlborough
Wiltshire
United Kingdom

SN8 2AG

Rue du Rhone 14
1204 Geneva
Switzerland

Tel: +44 (0) 1672 516725
Fax: +44 (0) 1672 516759

PROXIMAL CONSULTING WHITE PAPER 26 HOW TO PREVENT LOSS BY OUTSIDER FRAUD THROUGH BASIC DUE DILIGENCE CHECKS

When you are approached by any unknown person and/or organization to establish any new business relationship, you must validate their claims and history. Please remember that you are a target! Additionally, there is no such thing as a free lunch. If you follow these guidelines you will almost certainly save yourself a substantial amount of money and pain.

- Never forget: if any deal, offer or person appears to be too good to be true, turn it down.
- There are no such things as 'once in a lifetime opportunities' or 'guaranteed returns on investments' when the figures guaranteed are astronomical.
- Be suspicious.
- Question all transactions.
- Jealously guard all of your personal and/or business information such as bank account details and credit card numbers.
- Don't sign any document before you have had it checked out.
- Find out if the individual or company exists, and is registered with the necessary regulators or licensing authority.
- How long has the individual/company been trading? Who are the principals?
- Check out the filings of the subject company. It might be registered somewhere but is it trading? If so, do its financials in any way reflect the deal being offered?
- Check out addresses and contact details of those approaching you (it still surprises me how many of these rip-off artists quote dead lines).
- Validate any documents presented for authenticity.
- Ask for references, but don't take them at face value.
- Ask for a prospectus and brochure.
- Carry out a media and internet search on the individuals.
- Don't pay for anything up-front unless you've dealt with the person/company before and know that they are reputable.
- Don't be afraid to say no.

Revised November 2006

© Proximal Consulting – no part of this white paper may be reused without written permission