

How D&B can help prevent fraud, waste & abuse by Identifying Red Flags



Decide with Confidence

Business Perspective	Management Perspective	Financial Perspective
<p>Verification of a business existence and validation of stated facts from other third party sources is a good first step in fraud prevention.</p>	<p>The background and character of the CEO and other key executives can reveal past behaviors that could impose risk on a current or future business transaction. Management turnover can also be a factor.</p>	<p>Financial information can quickly uncover leading signs indicating the propensity for a company to commit fraud.</p>
<ul style="list-style-type: none"> • No information confirming the individual or business exists • No confirmation of current business operating status • Discrepancies with start date, business licensing, and tax registration • Mail-drop location misrepresented as actual business location • Address information is inconsistent with public records • Business location not equipped to conduct stated operations • Different businesses share common names, telephone numbers and addresses • Business background is characterized by risk, such as convictions for fraud or theft • In business for years but there are no payment experiences (i.e. no telephone bill, no office supplies or electricity bill) • Payment experiences do not match the standard industry B2B profile for comparable firms (based on SIC) • Attempts made to hide negative information 	<ul style="list-style-type: none"> • Executive background is characterized by risk, such as convictions for fraud or theft • Business principal/officer linked to other confirmed higher risk or failed businesses • One person operation (only the executive is listed as an employee) operating a million dollar plus business • Executive linked to multiple similar businesses including several inactive ones in operation in a short time frame • Frequent management turnover 	<ul style="list-style-type: none"> • No record of line of credit or secured financing extended to the business • Questionable trade experiences or documentary evidence • Credit references provided by previously confirmed higher risk businesses • Financial data is misrepresented or altered • No indication of accounts or customers • High number of suits, liens and judgments • High Paydex score may reveal financial weakness • Financial Stress Scores indicate a company will be out of business within 12 months • Payment summary indicates it has no payment data

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