



Why Personal Due Diligence Investigation?

As the corporate scandals of 2002-2003 demonstrate, all companies are vulnerable to internal fraud. Some overseas suppliers find their cargo mysteriously missing after exported to the China subsidiary; others are annoyed to find the material sourcing budget far above the worth of the products with poor quality; and yet others are losing market to their former sales staff. The damage can be devastating, ranging from financial losses and legal and regulatory jeopardy to ruined reputations.

What We Do

Sunfaith's experts can thoroughly investigate incidents, help you take steps to stop improper activities, and prevent them in the future. Working closely with top managers and legal counsel, Sunfaith performs thorough, independent and discreet investigation on this category of issues, applying the methodology of undercover operation,

surveillance, appropriate interview, and objective, third-party inquiries—without unduly disrupting your organization's operations. Sunfaith often develops evidence and other intelligence for attorneys to support case-specific legal strategies.

If immediate action is needed, Sunfaith works with you to inform

senior management and law enforcement. Sunfaith also recommends measures that reduce the risk of such activity occurring again in the future. Ultimately, Sunfaith's internal investigative services allow clients to re-establish the integrity of their operations while rebuilding their reputations following incidents of fraud, embezzlement, stolen trade secrets and hostile acts.

What We Investigate

- ☐ **Management/ employee fraud and theft**
- ☐ **Procurement fraud**
- ☐ **Sabotage**
- ☐ **Violation of non-competition promise**
- ☐ **Secret commissions and kickbacks**

Case Studies

- Case 1: Secret commissions and kickbacks

The Client, a well-known sportswear marketer and manufacturer, received a anonymous report saying that a current employee of its Marketing Department has some misconduct in selecting outlets design and decoration subcontractor for the Client Company. Therefore the Client entrusted SunFAITH to perform due diligence check upon the Subject Person, hoping to verify if the Subject Person profited from the decoration company.

Through the investigation, the background and business conditions of the subcontractor company were obtained, including registration information, real business scope, shares and shareholders, major clients, sales turnover, the background and working experiences of the founders and the shareholders, the background of his family members etc.

Supported by the facts that the both share holders of one of the subcontractor companies are the employee's close relatives, the company was founded soon after he was in charge of the related sourcing issue, and in the mean time the Client company was the only customer of the Subject Company, the conclusion was that the suspected employee had an inevitable share of interest in the subcontractor company, breaking the agreement between his employer and him.



Case Studies

- Case 2: Violation of non-competition promise

The Client, a noted global apparel accessories manufacturer, noticed in 2003 that many of its employees including 4 executives resigned and joined a rival company. It was the first time since its establishment that such things happen, which caused the Client's HR director's great attention.

Therefore the Client commissioned Sunfaith to find out the real reasons of the former staffs' job-hopping, so as to help to provide supports and references for the Client in adjusting related HR policies.

The face-to-face interviews with the persons related to the 4 former executive staffs (Subject Persons) and the insiders of the rival company were conducted in appropriate names and the interview contents included: the way the Subject Persons entered the rival company, level of the wages and special welfare treatment, the position and duty content, the Rival Company's evaluation on the Subject Persons and the reason for job-hopping etc.

In conclusion, the four Subject Persons' demission was caused by following reason: the disapproval of Client's enterprise culture, level of the wages, also the rival company's high attention on human resource management and spirit of "people first" in enterprises.

- Case 3: Employee Due Diligence Check

The Client, a world famous PC peripheral equipment manufacturer, suspected that 4 employees had been purchasing the IT devices for their office use at a price higher than the market price possibly because of having direct or in-direct interest in the vendor company and therefore harmed the interest of the Client Company. Therefore, the Client entrusted SunFAITH with this investigation case to find out the truth and evidence.

SunFAITH took two steps in this investigation:

Step one was price comparison of the unit prices of the past purchases of Client with the market price, by obtaining price information from various vendors based on the purchasing record with product brands, models and unit price provided by the Client;

As a result of step one investigation, it was found that the price from the Client's record was generally higher than the price the suppliers quoted to another customer; the suppliers usually gave the purchaser kickbacks at a various degree.

Step two was in-depth interviews with the major four vendors of the Client in proper names to imitate purchasing circumstances to know their quotation to other Clients, finding out the details of the possible malfeasance of the 4 employees as summarized hereinbefore and give professional suggestions on how to resolve the problem for the Client.

After the investigation, SunFAITH helped the Client by communicating with the rest staffs after the dismissing of the head of the 4, and make professional suggestions in comforting the other staffs, keeping the transparent and encouraging working surrounding, and the Client adjusted the purchasing process, hence avoid the similar things from taking place.

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