

# Module 2. Managing Risk and Reputation - The Need of Proper Background Checks

## Introduction

Improving brand and company reputation is the role of every employee, particularly marketers. Reputation is hard, slow and expensive to build, and rapid to destroy. In today's crowded market, very few tools are as effective as sponsorships for helping brands to accomplish this objective.

When a Middle Eastern airline wants to show it serves the world, it sponsors football clubs in most of their flights' destinations. When a Chinese company wants to showcase the quality of its products, it sponsors the Olympics, hoping that by standing side-by-side with reputable brands they will also be seen as such. The country that doesn't respect basic human rights buys a club in another continent to create the image of a successful sports nation abroad.

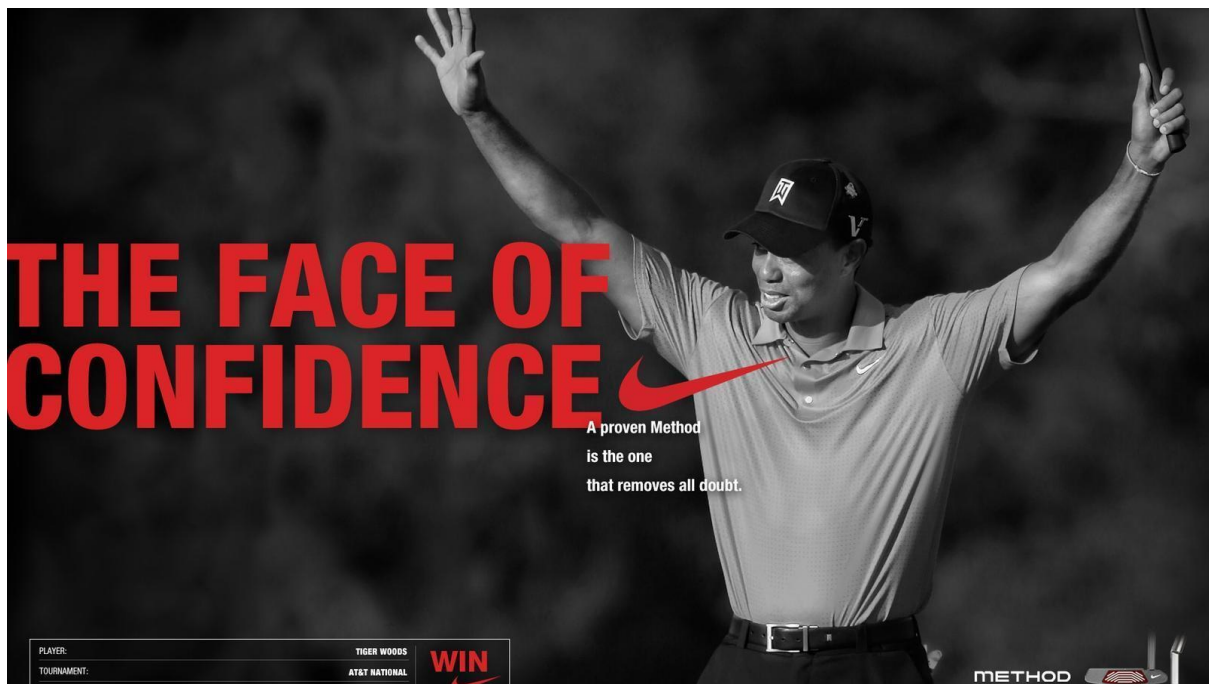
But the same sponsorships that can boost brands' reputation can also destroy it, if not managed properly. Investing in events, teams, leagues and celebrities is a risky business. If you don't believe it, think about these examples from the last few years.

### 1. Tiger Woods

The rise, fall and re-rise of Tiger Woods is one of the greatest eye-openers in sponsorship history. It is questionable whether all that happened was predictable, but nevertheless it taught brands they need to be constantly monitoring their relationships and ready to take a position at any time.



Figure 1. The face of confidence



From *Nike Athlete Tiger Woods Secures His Third Victory of the Season at AT&T National, 2012*. Nike News. <https://news.nike.com/news/nike-athlete-tiger-woods-secures-his-third-victory-of-the-season-at-att-national>.

Tiger Woods is widely considered one of the best golfers of all-time, and undoubtedly the most dominant of the last 40 years. As an astonishingly successful and personable star, who is of Black, American Indian and Asian descent, he was also the greatest ambassador the historically white game of golf had ever known.

A child prodigy who appeared on national TV at 2 years old to show off his prowess, Woods won the most prestigious junior championships, dominated college golf and turned pro in 1996 when he was just 20 years old. The first 13 years of his career were marked by unparalleled success. Woods won 70 PGA tournaments, including 14 major championships, and spent a record amount of time ranked as the world's No. 1 golfer. He signed endorsement deals with some of the world's biggest brands, including one with Nike that was the largest in pro sports history at the time.

Woods' personal life seemed just as enviable, with a loving wife and two small children living in a massive Florida mansion. It all made for a public image that was closer to infallible demigod than professional athlete. (Zacarin, 2020).

In 2009, a series of revelations—following a car accident—confirmed Tiger Woods had been unfaithful multiple times and revealed reams of dirty text messages between him and over half a dozen more women (Zacarin, 2020).

“The details were splayed out across tabloid front pages around the world, the steamy stories from cocktail waitresses and models creating a portrait of a man who sought out illicit experiences during his time on the road” (Zacarin, 2020), forcing Woods to come public with the following statement:

“I was unfaithful, I had affairs and I cheated. What I did was unacceptable”, he said. “I hurt my wife, my kids, my mother, my wife's family, my friends, my foundation and kids all around the world who admired me”. (Zacarin, 2020).

Figure 2. Tiger Woods and his ex-wife on Us Weekly cover



From *Tiger Woods' Us Weekly Covers*, by Us Weekly Staff, 2008. Us Weekly. <https://www.usmagazine.com/celebrity-news/pictures/tiger-woods-us-weekly-covers-2013273/29403/>.

As a result, he “lost sponsorship deals with big guns like Accenture, AT&T, Gatorade and General Motors, though Nike stood by his side” (Zacarin, 2020).

2. Lance Armstrong



“The most sophisticated, professionalized and successful doping program that sport has ever seen” (McCarthy, 2012).

When Armstrong was 16, he started in triathlon competition and in 1989 and 1990 became a national sprint-course triathlon champion. In 1992, he joined the Motorola team and officially became a professional cyclist. He succeeded between 1993 and 1996. In 1993, he won the World Championship, the Clásica de San Sebastián and Tour Dupont in 1995 and 1996, and a few European stage victories—such as stage 8 of the 1993 Tour de France and stage 18 of the 1995 Tour de France—. After the 1996 Tour de France, Armstrong was diagnosed with testicular cancer. Once he recovered, he founded his own foundation—the Lance Armstrong Foundation—, now called the Livestrong Foundation, to provide assistance to other cancer survivors.

### Figure 3. Le Tour de France



[Untitled image about Le Tour de France]. (s. f.). From <https://i.pinimg.com/564x/d9/5b/01/d95b01e8edbef8a252a54d641ab81d4d.jpg>

In 1998, Armstrong re-joined cycling and became a member of the US Postal/Discovery team. From 1998 to 2005, Armstrong won seven titles of the Tour de France. He announced his retirement from racing when the 2005 Tour de France was ending. In January 2009, he returned to competition with the Astana team, and placed third on the 2009 Tour de France. In 2010, Armstrong raced with Team Radio Shack, and announced he was retiring for good in 2011.

After he won the 1999 Tour de France, there were doping allegations against him. For more than 10 years, Armstrong denied using drugs in sport. In 2012, the United States Anti-Doping Agency (USADA) made an investigation concluding Armstrong, over the course of his career, had effectively used performance-enhancing drugs. USADA also called Armstrong the ringleader of “the most sophisticated, professionalized and successful doping program that sport has ever seen” (McCarthy, 2012).

Armstrong decided not to contest the charges and to cite the potential toll on his family. He was banned from all sports following the World Anti-Doping Code for life, which



resulted in the end of his competitive cycling career. The International Cycling Union (UCI) supported USADA's decision and insisted in the fact that Armstrong's banning from cycling wouldn't affect other riders.

Armstrong finally admitted being involved in doping in January 2013. In April 2018, he agreed to settle a civil lawsuit with the United States Department of Justice for \$5 million, after Floyd Landis—a former team member—commenced whistle-blower proceedings.

**Figure 4. Oprah interviews Armstrong**



From *How the Oprah confession has weighed on Lance Armstrong*, by G. Burns, 2018. USA Today. <https://www.usatoday.com/story/sports/2018/01/16/how-oprah-confession-has-weighed-lance-armstrong/1035056001/>.

Between 2009 and 2012, Armstrong was accused and scrutinized publicly. During these 13 years, new sponsors signed contracts with him—being aware and ignoring the accusations or simply being unaware of them.

### 3. Fifth Asian Indoor and Martial Arts Games

The fifth Asian Indoor and Martial Arts Games were held in Turkmenistan's capital Ashgabat from September 17 to 27, 2017. Ashgabat were named hosts of the Games in Kuwait in December 2010.

In addition to 45 National Olympic Committees (NOCs) of the Olympic Council of Asia (OCA), 17 NOCs from Oceania were allowed to participate at the Games, including Australia and New Zealand.

All competition at the Games took place in the newly constructed Ashgabat Olympic Complex, which includes more than 30 different sites and an Athletes' Village. Sports such as indoor athletics, track cycling and short course swimming



featured on the program along with the likes of chess, kurash, Muay Thai and sambo. (Ashgabat 2017 Asian Indoor and Martial Arts Games, 2017).

Every brand associated with the event was heavily criticized for supporting a country that is well-known for so many violations on the human rights front.

The regime in Turkmenistan remained deeply authoritarian. Serious human rights violations were routine. The right to health was violated in the context of the outbreak of the COVID-19 pandemic in the country. The authorities continued to deny that there were any cases of COVID-19, despite evidence to the contrary (Amnesty International, 2022). According to Amnesty International,

Turkmenistan’s human rights record remained abysmal. Critics of the government were subjected to arbitrary detention and conviction under politically motivated criminal charges. Freedom of expression was severely limited, as was freedom of religion. Consensual sex between men remained a criminal offence. Forced labour during the cotton harvest continued. The fate and whereabouts of at least 120 prisoners subjected to enforced disappearance remained unknown. (2022).

#### 4. Oscar Pistorius guilty of murdering Reeva Steenkamp

**Figure 5. Ashgabat 2017. 5<sup>th</sup> Asian Indoor & Martial Arts Games**



From *Ashgabat*, by Jumpfax, 2017. <https://jumpfax.com/shows/ashgabat-2017>.

“A South African judge sentenced Olympic sprinter Oscar Pistorius to six years in prison for his girlfriend’s murder – the latest ruling in a drawn-out case that has transfixed the nation for years” (Hume, Karimi and Thompson, 2016).

Click on the image below for an ABC YouTube report.

Pistorius killed Reeva Steenkamp at his home in an upscale Pretoria neighbourhood in the early hours of Valentine’s Day three years ago – a killing he



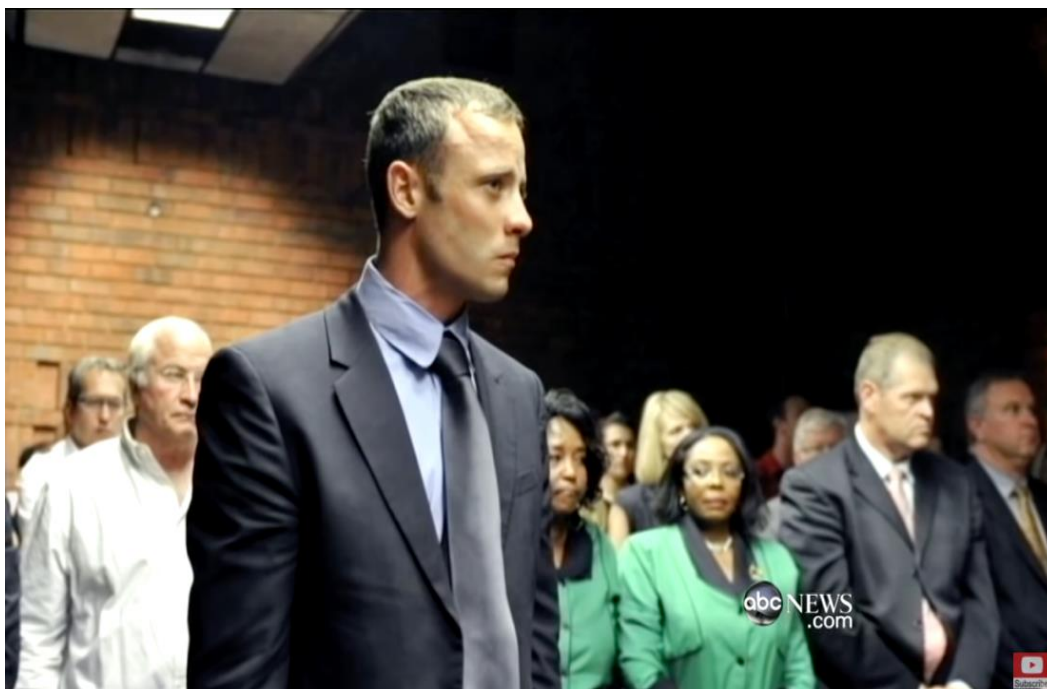
says was an accident, after he mistook her for an intruder, but one the prosecution called a deliberate act after the two had an argument.

The same judge originally convicted him of manslaughter in 2014 after months of hearings, but a higher court reversed that to murder last year, leading to Wednesday's sentencing.

Barring an appeal, it will be the final sentencing in a saga that started when Pistorius fired four bullets through his bathroom door on that fateful morning in February 2013. (Hume, Karimi and Thompson, 2016).

After the incident, Oakley and Nike have suspended the sponsorships or terminated marketing campaigns. Oakley followed with the following statement: "In light of the recent allegations, Oakley is suspending its contract with Oscar Pistorius, effective immediately. Our hearts are with the families during this difficult time, and we'll continue to follow the developments in this tragic case" (Oakley, as cited in Curry and Kanani, 2013).

### **Figure 6. Oscar Pistorius case: murder or mistake?**



Oscar Pistorius case: murder or mistake? [online video]. Retrieved April 3, 2022, from <https://www.youtube.com/watch?v=jTc5UrfEiTg>. Screenshot by author.

### **5. The 2015 FIFA corruption scandal**

In 2015, cases of corruption by officials and associates—linked to the Fédération Internationale de Football Association (FIFA), the governing body of association football, futsal and beach soccer—were disclosed by U.S. federal prosecutors.

At the end of May 2015, fourteen people were indicted into wire fraud regarding an FBI (United States Federal Bureau of Investigation) and IRS-CI (Internal Revenue Service Criminal Investigation Division) investigation.



The investigation was mainly about collusion between officials of continental football bodies CONMEBOL (South America) and CONCACAF (Caribbean, Central and North America), and sports marketing executives. The executives of sports marketing possessed media and marketing rights for high-profile international competitions that include the Americas' FIFA World Cup qualifying tournaments, and showpiece tournaments CONCACAF Gold Cup and Copa América.

**Figure 7. A comedian threw stacks of money at Sepp Blatter during a meeting of FIFA's executive committee in Zurich in July**



From *The FIFA Scandal: What's Happened, and What's to Come*, by A. Wiegmann/Reuters, September 25, 2015. <https://www.nytimes.com/2015/09/26/sports/soccer/the-fifa-scandal-whats-happened-and-whats-to-come.html>

The president of CONCACAF, Jeffrey Webb, who is also serving president of the Cayman Islands Football Association, was arrested relating the investigation, as well as Eduardo Li of the Costa Rican Football Federation and Eugenio Figueredo, formerly of the Uruguayan Football Association, and former CONMEBOL President Nicolás Leoz—two sitting FIFA executive committee members. The investigation continued for several years, with the first arrest of CONCACAF's former president's son, Daryl, that took place in July 2013.

On May 27, seven current FIFA officials were arrested at the Hotel Baur au Lac in Zürich in total. These FIFA officials were getting ready to attend the 65th FIFA Congress, which was expected to include the election of the president of FIFA. They were expected to be extradited to the United States, for they are suspected to have received US\$150 million in bribes. On the CONCACAF headquarters in Miami, there was also a simultaneous raid.

Later, two men—Jack Warner and marketing executive Alejandro Burzaco—handed themselves in to police for arrest. In December 2015, other two arrests of FIFA officials took place at the hotel.

The arrests' case cause Australia, Colombia, Costa Rica, Germany and Switzerland to open or intensify separate criminal investigations into top FIFA officials for corruption.

#### 6. 2002 Salt Lake City Winter Olympic Bid Scandal

The 2002 Olympic Winter Games bid scandal involved allegations of bribery used to win the rights to host the 2002 Winter Olympics in Salt Lake City, Utah, United States.

The city had attempted four times to secure the games—failing each time—before its successful bid in 1995. In 1998, there were allegations the members of the International Olympic Committee (IOC) took presents from the Salt Lake Organizing Committee (SLOC) throughout the bidding process. The accusations caused the expulsion of several IOC members, and the implementation of new IOC rules.

Even if nothing strictly illegal had been done, it was felt that the acceptance of the gifts was morally dubious. In a short time, four independent investigations were initiated by the IOC, the United States Olympic Committee (USOC), the SLOC, and the United States Department of Justice.

Tom Welch and David Johnson resigned their posts as the heads of the SLOC. Soon, many others followed. The Department of Justice filed fifteen charges of bribery and fraud. Investigations were also launched into prior bidding process by other cities; it was found that members of the IOC accepted gifts throughout the bidding process for both the 1998 Winter Olympics and 2000 Summer Olympics.

**Figure 8. Salt Lake 2002**



From *Park City Celebrates the 20th Anniversary of the Salt Lake Olympic Games*, by R. Martin, February 2, 2022. Town Lift. <https://townlift.com/2022/02/park-city-celebrates-the-20th-anniversary-of-the-salt-lake-olympic-games/>.

In the days and weeks after the explosion of the Tiger Woods, Lance Armstrong, the Fifth Asian Indoor and Martial Arts Games, Oscar Pistorius, FIFA and Olympics corruption crisis, all executives of the companies sponsoring them had to work a lot trying to mitigate the impact of the misbehaviours on their brands. They had to deal with the pressure from the press asking what they were going to do about it, the company board calling the CEO to be briefed about the action plan, consumers tweeting not so friendly messages to the company, employees contacting HR to get an update, etc. All of that while trying to run the business.

While cases like the ones just discussed are almost impossible to predict, there are many others that can be anticipated, managed and prevented altogether. This is why the partnership between sports marketers and public affairs professionals is so important in any company.

One of the best tools that companies can use to reduce the risk of a crisis dramatically are the 'background checks'.

Background checks are not a sponsorship thing, quite the contrary. Sponsorships borrowed this good practice from other industries and applied it to its own needs. They are not focused on famous or public figures either. Background checks are everywhere. Here are a couple of examples:

#### 1. Companies hiring new employees

When we are hired for a new job, future employers will hire a service to check us out. Have we really worked in all the companies we included in our CV? Have we really led all the projects we listed in our experiences section? Are we really a board member or advisor of that non-profit organization? What about the fluency in Portuguese?

Here is how one of the services offered in the market (by [www.backgroundchecks.com](http://www.backgroundchecks.com)) describe their services:

When most people think of a background check, they think of a simple criminal history check. A background check is much more than that. It's the process by which you find your best candidate by looking at criminal records but also education and employment history, civil records, references, and more. Each is a critical piece of the puzzle. A background check helps your company stay safe through a criminal history check. It helps ensure applicants can do what they claim they can through employment and education verification. It verifies applicants are who they claim to be and aren't wanted internationally. Background screenings,



background checks, pre-employment screenings—call them what you will, they are always there to help protect your company, your employees, and your clients. (Background Screening 101, n.d.).

**Figure 9. Prison cells**



From *Strampel was acquitted of sexually harassing students himself, but will spend up to a year behind bars for ignoring rules and enabling Larry Nassar*, by C. Rabada, August 13, 2019. *Legal Reader*. <https://www.legalreader.com/former-michigan-state-dean-strampel-found-guilty-for-enabling-abuse-ignoring-nassar-protocols/>.

**Figure 10. Person writing**



From *Payment fintechs: What are the benefits of this innovative form of lending?* by S. Graham, February 8, 2022. *World Economic Forum*. <https://www.weforum.org/agenda/2022/02/published-finance-payment-fintechs-debt-enforcement-technology/>.

These services can take longer depending on the complexity of the demands of the job. For regular jobs, in the United States, according to [www.backgroundchecks.com](http://www.backgroundchecks.com), it can take as long as the following:

- County criminal: 1-3 days
- State-wide criminal: varies by state
- Federal criminal: 1-3 days
- National wants and warrants: 1-2 days
- County civil: 3-5 days
- Federal civil: 2-3 days
- Bankruptcy reports: 1-2 days
- Employment verification: 2-3 days
- Education verification: 2-3 days
- Professional licence verification: 2-3 days
- Reference checks: 2-3 days

When the job has a regional or global scope, employers may choose to run the background checks in multiple countries, extending the work for weeks. The more senior the hire, the more detailed the evaluation will be. After all, companies can't afford to announce a new hire only to be surprised by the xenophobic or racist comments he or she has been posting on Instagram for years, right? How can a fast-food company predict a new marketing manager hasn't been criticizing their products online in the name of healthy eating?

## 2. Immigration

Job interviews are not the only occasions where a background check is necessary. Some countries will run a lighter version of a background check to make sure you can get a visa, and a more detailed one if you are applying to residency. Have you been a critic of the government of that Middle Eastern country and its leader? What chances are you will have your visa request denied next time you try? Have you lived in countries not recognized or with regimes opposed to the one you plan to live in? Be prepared for a challenging immigration process.



Figure 11. Everyone is welcome



From *American Political Divide Tugs at the Seams of SBIR STTR Act*, by K. Moum, October 1, 2020. <https://mackenziana.medium.com/american-political-divide-tugs-at-the-seams-of-sbir-sttr-act-1e777ca79e22>.

In the USA, according to Legal Language Services,

Immigration background checks are comprised of three parts:

- Interagency Border Inspection System (IBIS) name check
- FBI fingerprint check
- FBI name check

All potential US immigrants must pass these three tests to secure a visa interview.

The IBIS screening is a check run by immigration officials at a port of entry. IBIS name checks utilize a centralized system and quickly produce findings. US Customs and Border Protection knows instantly whether or not additional system searches are required for the immigration applicant.

Fingerprints are obtained by USCIS at a biometrics appointment. FBI fingerprint checks are then performed by the FBI's Criminal Justice Information Services (CJIS) located in West Virginia. Fingerprint checks generally take between 24 and 48 hours. If an applicant's fingerprints are associated with a criminal record, the immigration application is almost always denied.

The FBI name check should only take up to two weeks, but current backlogs have resulted in some cases pending for over a year. FBI name checks are conducted by the National Name Check Program in Washington DC. The potential immigrant's name is checked against several databases of known criminals and suspects.

If none of these background checks produce a positive result for criminal activity, interviews for visas are scheduled.

This three-part immigration background check procedure is for United States immigration applicants. Several other countries — such as Canada, Australia and the United Kingdom — have similar procedures in place with their respective immigration agencies (How Immigration Background Checks Work, 2016).

With the artificial intelligence scanning the web in search of all the wrong things we have said and done, background checks have become fast and inexpensive to employers, countries, sponsors, and other needs.

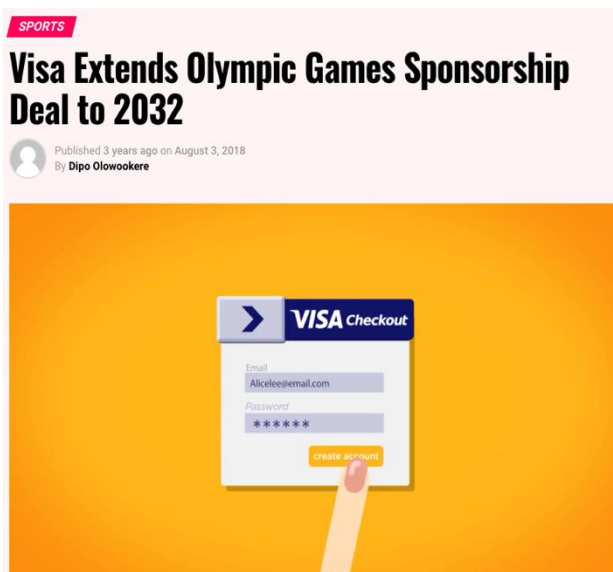
When it comes to sports and entertainment, background checks are a mandatory step. In times of social media, there are simply too many opportunities to—purposeful or accidentally—do or say something wrong, offensive, or incorrect.

Remember that tweet from 2009? What about that press conference in 1999 still fuming from the loss in that crucial match? Not to mention that day you were partying with your friends in Ibiza, and everyone was filming the fun... Any distraction can ruin a career, a sponsorship contract, and the reputation of a brand associated with a celebrity.

Unless the footballer or music star has a team in charge of their social media accounts, there are chances, sooner or later, he/she will say something they shouldn't. Regular people can make mistakes as they are mostly invisible to society, but when one has millions of followers, things can become a lot more complicated.



Figure 12. Visa Extends Olympic Games Sponsorship Deal to 2032



Visa Extends Olympic Games Sponsorship Deal to 2032 [online image]. Retrieved April 3, 2022, from <https://businesspost.ng/sports/visa-extends-olympic-games-sponsorship-deal-to-2032/>. Screenshot by author.

Figure 13. Two women talking while holding drinks



From *4 Important Tips When Hiring a DUI Attorney*, by M. Discenza, March 26, 2020. *Legal Reader*. <https://www.legalreader.com/4-important-tips-when-hiring-a-dui-attorney/>.

An issue with an executive is private for the company, while one with an ambassador can be very, very public. Surprisingly, companies are more careful in background checking their new hires than their sponsorships.



When companies fail to conduct proper background checks, they open the doors to many unwanted problems. Every new sponsorship offers a different type of risk. Celebrities misbehave, global events are awarded to countries with questionable reputation, outspoken team management can have controversial opinions, and events can go very wrong.

In the next pages, we will detail how to get a proper background check done, when is the appropriate time for doing it, and how much it cost, with some of the good companies in the market that work in this field.

#### 1. When is a background check needed?

When considering a new sponsorship, shooting a new commercial with a celebrity, inviting guests to a music concert, or hiring the next attraction for your hospitality program, it is important to pause and conduct the proper research about organizations or individuals involved.

Depending on the duration of the engagement, the level of investment, and the location of geographic coverage of the contract, more scrutiny and more background checks are required.

It is recommended that, when signing a longer deal (5+ years) with an athlete, a thorough search is executed not only on him/her but also on his/her surrounding staff. This is particularly true in European football, where foreign players are often accompanied by a large entourage of childhood ‘friends’ whose single reason to exist is to make the superstar company. Other people such as agents and even parents—depending on how active they are in the athlete’s career management—may also be necessary.

The larger the investment, the higher the need of protecting yourself running background checks. In a contract with a global sporting federation that can run as high as a several hundred million dollars, it is never enough to evaluate the rights-holder organization and some of its key executives (president, secretary general, chief revenue officer, for example).

Finally, some locations require more attention than others. In some countries where the public sector is heavily involved with private organizations (like Russia, China and many Middle Eastern countries), it might not only be recommended but required (by federal laws in many countries) to guarantee no government official is benefiting financially from the sponsorship.



**Figure 14. Moscow, Riyadh and Shanghai.**



Adapted from “Unplash”, by N. Karimov, March 3, 2018.  
<https://unsplash.com/photos/lvJZhHOIJJ4>. H. AlGhanim, September 30, 2017.  
<https://unsplash.com/photos/f5ZB0LHwi0s>. L. Yang, September 18, 2016.  
[https://unsplash.com/photos/5h\\_dMuX\\_7RE](https://unsplash.com/photos/5h_dMuX_7RE).

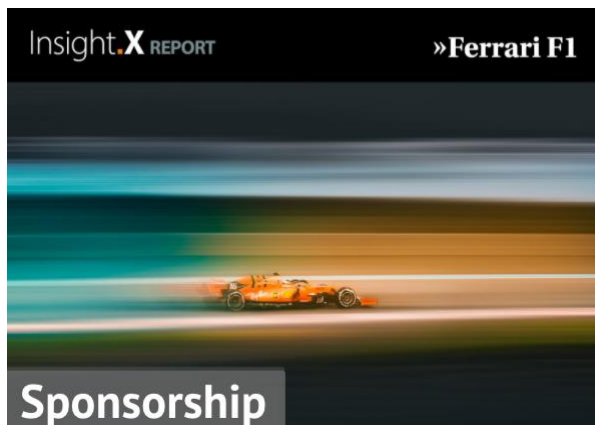
## 2. When is the right time for doing a background check?

Always before signing the contract. Sounds obvious, but it isn't. Many companies will complete negotiations, write contracts, sign and announce it before someone suggests doing a background check. This is unfortunate as well as real.

After the plans have been developed and before the very first engagement with the rights-holder or personality, is the correct time for the check. Companies can save time and resources if they just pause for a week to do their homework.

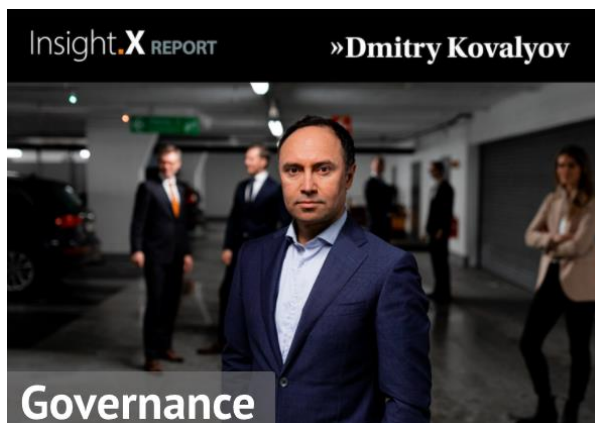
Even very complex background checks can be properly done in a week. That includes running searches in multiple countries and languages, verifying multiple people in the organization and the organization itself, and preparing a topline report. The full report may take another week to be completed, but all your management needs to decide can be available in 5 to 7 days.

**Figure 15. Ferrari F1**



Ferrari F1 [Online image]. (n.d). Retrieved from <https://insightxintel.com/storage/2021/07/Ferrari-F1-2048x1448.jpg>.

**Figure 16. Dmitry Kovalyov**



Dmitry Kovalyov [Online image]. (n.d). Retrieved from <https://insightxintel.com/storage/2021/07/Dimitry-Kovalyov-2048x1448.jpg>.

### 3. How to get a background check done

Background checks, if done right, require knowledge and resources. The best and safest solution is to contract with one of the leading companies in the market and have them as a retainer for your business. By doing this, you save time when the next report is required. It is easy to brief, to pay and to have access to the results. Don't wait until you need a report to reach out to them.

A single report may cost from \$5,000 to \$8,000; a small amount when compared with the cost of any sponsorship and irrelevant to protect the company reputation. The approach I found most efficient in my experience was to have a yearlong contract with a background agency partner with a certain number of reports pre-negotiated. If a company will pre-order, for example, 20 reports per year, the individual price of each report can be as low as \$4,000 each.



One of the most common pitfalls of background checks is delegating it to your advertising or sponsorship agency. Usually, because they are the ones recommending the talent or the asset to you, there is a conflict of interest in allowing them to vet the very recommendation they are making.

They entice their clients with promises of agility and low cost, both true. They forget to mention, however, that the report will be done by a recent junior member of their team spending an afternoon searching on Google. Clearly a suboptimal approach for your company standards.

Background checks must be done by agencies dedicated to this business. This is the only way to guarantee the independence of the results. Here are examples of some of the best in the market:

#### A. InsightX

InsightX is an independent due diligence, reaction and sentiment analysis agency. We believe that good choices are powered by high-quality, in-depth intelligence.

Data is everywhere. But actionable information delivered in a clear and understandable format requires skills that only a specialist like InsightX can provide.

Leading companies, clubs, agencies, rights-holders and institutions trust us to guide their decisions when partnering with suppliers, considering player transfers, activating sponsorships, using endorsers and in mergers and acquisitions.

We use a global research team working in more than 40 languages backed by a network of journalists who perform on-the-ground inquiries in every major jurisdiction to deliver clear and detailed information and analysis which is unmatched by any other provider. Where others will provide you with machine-driven data pulled from databases, InsightX leaves no stone unturned to build a complete picture of your subject. (Powering good choices, n.d.).

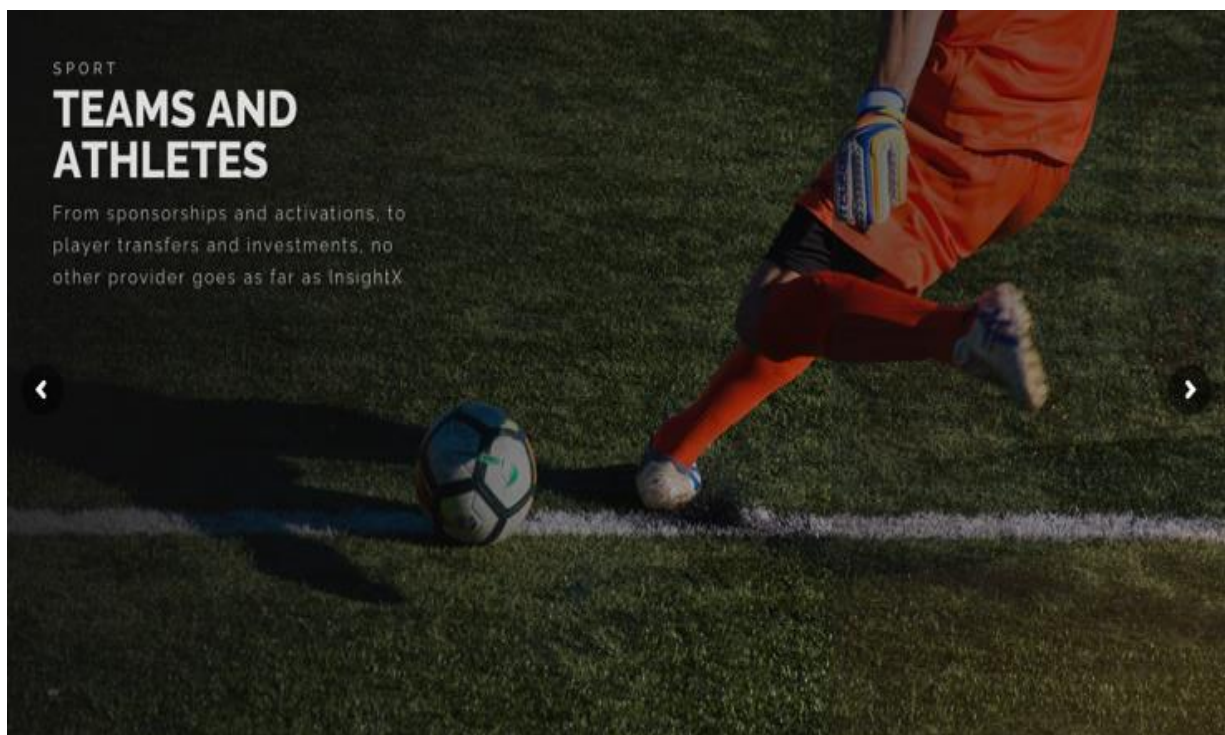


Figure 17. Enhanced due diligence



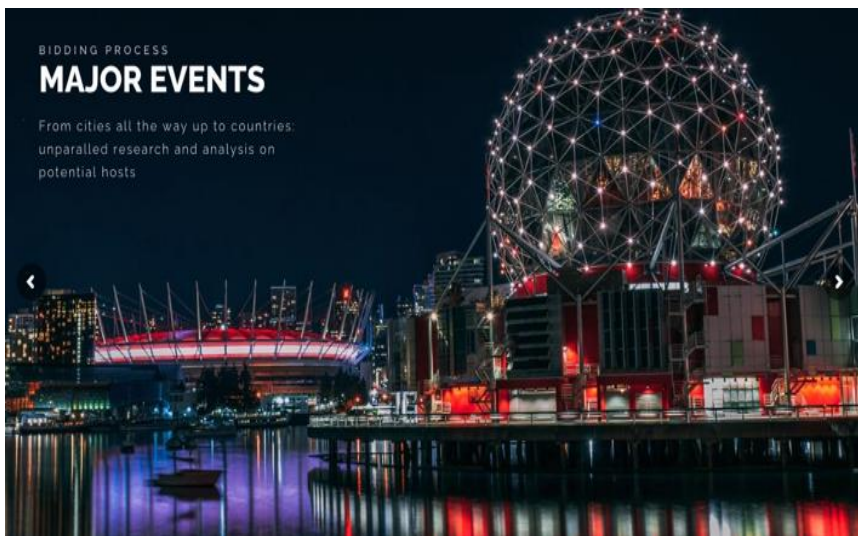
Enhanced due diligence [Online image]. (n.d). Retrieved from <https://www.istockphoto.com/es/foto/tablero-de-detectives-con-fotos-de-presuntos-criminales-escenas-del-crimen-y-gm1169378328-323239534>.

Figure 18. Teams and athletes





Teams and athletes. (n.d.). Retrieved from <https://www.pinterest.nz/pin/835347430863050229/>.

Figure 19. Major events



Major events. (n.d.). Retrieved from <https://visitandocanada.com/vancouver/>.

Figure 20. Red flag report vs. enhanced red flag report

 <b>Red flag report</b>	 <b>Enhanced red flag report</b>
Our entry-level report surfaces key findings in the following areas:	Our mid-level reports include all content available in a red flag report but have additional, deeper details on:
<ul style="list-style-type: none"><li>• Corporate beneficial ownership information from public records research, litigation (criminal and civil), regulatory, financial issues and sanctions.</li><li>• Basic company registration details available online, including confirming a company's existence, registration number and registered address.</li><li>• Associations with politically exposed persons (PEPs), special interest persons (SIPs) and relatives and close associates.</li><li>• Inclusion on sanctions and other official regulatory and exclusions lists (SAN/DOJ).</li><li>• Adverse media coverage on company conduct issues (under formal investigation or alleged to have taken place).</li></ul>	<ul style="list-style-type: none"><li>• Corporate registration records.</li><li>• Civil litigation records.</li><li>• Criminal records.</li><li>• Judgement and bans.</li><li>• Regulatory records.</li><li>• Bankruptcy records.</li><li>• Employment confirmations.</li><li>• Education confirmations.</li><li>• Other professional designation or license confirmations.</li><li>• Supply chain.</li><li>• Property checks.</li><li>• Source of wealth checks (optional extra).</li><li>• Human rights checks (optional extra).</li></ul>
<a href="#">REQUEST A SAMPLE REPORT</a>	<a href="#">REQUEST A SAMPLE REPORT</a>

Red flag report vs. enhanced red flag report [online image]. Retrieved from <https://www.dowjones.com/professional/risk/sports-intelligence/>. Screenshot by author.



## B. Dow Jones Sports

An extension of the Dow Jones Risk & Compliance business, the sports intelligence team leverages a global research infrastructure and portfolio of proprietary information sources, including Factiva's extensive news archive and market-leading risk data covering PEPs, sanctioned entities, negative news and more.

We combine the expertise of an in-house, multilingual research team with the latest techniques in artificial intelligence and machine learning to provide actionable information structured specifically for business intelligence in sports. Our bespoke reports cover everything from organization integrity checks to commercial programs and athlete recruitment. (Sports Risk Intelligence, n.d.).

We offer comprehensive counterparty due diligence to support any sports business transaction, conducted and reviewed by industry specialists and commissioned by international federations, agencies, clubs and cities around the world to inform crucial business decisions.

Reports are often bespoke to meet specific client needs, but can include the following:

- Review of regulatory and reputational risks associated with the entity or individual.
- Corporate beneficial ownership information, litigation and financial issues.
- Company registration details and validation.
- Associations with PEPs, relatives and close associates and other special interest persons (SIPs).
- Inclusion on sanctions and other official regulatory and exclusion lists.
- Adverse media coverage on company conduct issues.

### When brands skip the background checks

The risk for the brands that cut corners saving on background checks (or totally skipping it) will come in the form of loss of businesses, employee engagement and reputation. A telling example was the return of Brazilian football player Robinho to Santos late 2020.

This is how *The Guardian* reported the story:

#### **Santos eventually see sense and drop Robinho – but only to please sponsors**

Earlier this month (October 2020), Santos announced that Robinho, one of their most famous academy products, was returning home for a 'last pedal'. The tagline to the transfer was a play on his trademark stepover, known in Portuguese as the



'pedalada', as well as a nod to the fact that, at 36, this could be his Michael Jordan-esque last dance in football.

Robinho was commended for charging just 1,500 reais (£208) a month in wages – just 150% of the minimum wage in Brazil – but, on a much wider scale, there was outrage that Santos would sign him at all, never mind shower their social media accounts with celebratory posts about the deal. Three years ago, Robinho was found guilty of taking part in the gang rape of a woman in Italy in 2013. He was given a nine-year sentence but because Brazil does not allow for the extradition of its own citizens, he has never served any time in jail. He pleaded not guilty in the trial and is appealing the verdict. He says his 'contact' with the woman on the night was consensual and that his only regret is that he cheated on his wife.

Santos, the club that gave the world Pelé and Neymar, were quickly accused of hypocrisy when they announced that they had signed Robinho. The club has backed various social campaigns about mistreatment of women and, to make matters worse, they unveiled the player on Brazil's national day to combat violence against women. (Sanderson, 2020).

Figure 21. Instagram post by Philco Brasil



Instagram post by Philco Brasil [online image]. Retrieved October 16, 2020, from <https://www.instagram.com/p/CGagbFXF3EG/>. Screenshot by author.



Figure 22. Santos' football shirt



From Santos

21/22 home & away jerseys, by Umbro. <https://www.umbro.com/en/football/club-kits/santos-fc-21-22-home-away-jerseys/>.

Santos must have known they would be criticized for signing Robinho. He was playing for Atlético Mineiro when he was found guilty in 2017 and, when he visited Corinthians three days after the verdict was passed, the home fans greeted his every touch with cries of “Estuprador!” (“Rapist!”) and similar insults. That being said, Santos are not the first club in Brazil to make dubious moral decisions.

Concerns about Robinho’s rape case did not deter Santos, who knew he would be playing in empty stadiums and could dodge the treatment he received at the Arena Corinthians back in 2017. But, crucially, the club’s sponsors were not willing to back a player convicted of rape. Spurred on by a leaked recording of Robinho saying he didn’t “give a toss” about the woman, sponsors put pressure on Santos to suspend his contract.

The electronics company Philco said they would stop sponsoring Santos unless the club terminated his contract immediately as “no act of violence against a woman should be tolerated”. Orthopríde ended their sponsorship of the club. “We have enormous respect for Santos’ history,” said their chief operating officer. “But we have decided to terminate the sponsorship contract. Our audience is mostly female and, out of respect for the women who buy our products, we had to make that decision. We were not previously informed about the signing. We were taken by surprise by the news.”

Faced with the prospect of losing more money, Santos suspended Robinho, saying they wanted to give him the space and time to “concentrate exclusively on his court defense in Italy”. Some of the club’s fans have reacted angrily, even intimidating and threatening journalists who have covered the story. (Sanderson, 2020).

Had Santos paid attention to the news or ordered a background check, they could have easily found out Robinho could have never been hired. All the pain they went through and the almost loss of millions of dollars could have been avoided.

## Conclusion

Background checks are easy, inexpensive, and fast, and can save brands a lot of headaches.

Understanding how they work is difficult, since it’s hard to understand why companies would fail to follow these simple steps before opening their chequebooks.

Next time, before you start negotiating your next contract, remember to commission the necessary reports. You, your team, and your company reputation will thank you later for it.

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