

ASSET SEARCH DUE DILIGENCE

“CYA” or otherwise referred to as, cover your ass, is my recommendation to those of you who are employed in the personal injury, collections, divorce or corporate due diligence professions. For to satisfy ones due diligence is like buying fire insurance...in that you hope that you never need it but you’re dam glad you bought it if you did. This article deals with why it is imperative to conduct an asset search in order to satisfy your due diligence on behalf of your client regarding the above-mentioned.

Personal injury attorneys are the group most susceptible to a lawsuit by their clients if they fail to satisfy their due diligence by conducting an asset search on the defendant who caused harm such as with an auto accident or other tort. If the insurance coverage is insufficient to satisfy the damages in your case, the PI attorney has an obligation to his or her client to at least recommend that an asset search be conducted to determine if there are additional assets that the defendant owns that can be attached to satisfy and compensate the client for their injuries. The client must be informed as to what an asset search provides, how much it costs, and how it could be beneficial to their case.

Most asset searches cost between \$ 165 to \$ 350. At Asset Searches Plus, Inc. for example, www.assetsearchesplus.com , a nationwide asset search on an individual costs \$ 185 per subject and a corporate asset search costs \$ 165. If the client is unwilling to pay for the search, than the attorney is covered. But since there is usually a contingent fee agreement, the more the client can recover the more the attorney can be paid for their services.... so it makes sense to conduct a search as part of your routine practice.

Moreover, since most asset searches provide not only assets but also include the liabilities of your subject, the attorney and their client are able to discover at the outset of their case whether it would be cost effective to bring a lawsuit against the defendant. These liabilities include, but are not limited to; state and federal tax liens, bankruptcies, uniform commercial code liens, judgments and other lawsuits. Even if your subject has assets, their liabilities may far exceed the assets. So it pays to look before you leap.

And aside from locating a person’s real estate, recent deed transfers, automobiles, planes, watercraft, patents, trademarks and professional licenses, a thorough asset search will also provide what entities are associated with your subject that could also be holding assets. Entities such as trusts, limited partnerships, and corporations. More important, if title to the assets is held jointly with another party, their identity will be revealed as well.

So to with the wonderful world of divorce, divorce attorneys will tell you about the “divorce warning zone” which is the period of time of 6 months to one year before the divorce is filed. Due diligence and prudence suggest that an asset search be conducted on the divorcing spouse in order to take a snap shot of the assets at the outset of the case just in case assets disappear during the divorce. Likewise, once the party’s respective probate and family court financial statements are filed and received, they need to be verified by way of an asset search. Most important, an asset search will set the frame work

for well drafted discovery. The same applies to collection attorneys or collection agencies who are trying to satisfy their due diligence in ensuring that their client's debt can be secured and collected.

Finally, asset searches today can provide a wealth of information on a subject other than what their assets and liabilities are all about. They can provide information on whether your subject is in the armed services; who they are employed with; whether they are a director or officer of a publically traded company; civil or criminal records; driving records; family members and neighbors and the geo-economic surroundings of the subject. This information can be especially helpful the person responsible for hiring a new employee or when corporate due diligence is required before a possible merger.

These are just of a few of the many good reasons to conduct an asset search and in doing so, you have CYA and have added value to your client's case while at the same time, eliminated potential headaches.