

COMPLIANCE: Bad Actor Checks

Persons prohibited from raising capital in the U.S.A.



Why “Bad Actor” Checks?

Per securities regulations and the Dodd Frank investor protection Act, issuers and their associated persons can NOT raise capital by selling securities if anyone is deemed to be a “bad actor”.

Who Gets Screened?

Bad Actor checks must be completed on all “covered persons”, which according to the SEC includes every executive officer, director, and major shareholder (beneficial owner of 20% + equity) in your company, as well as certain types of “promoters” and “solicitors”.

How Does This Help?

This is an important anti-fraud and due diligence requirement to ensure disqualified persons do not raise funds. Part of any broker, bank or platform risk analysis procedures.

Bad Actor Screening Includes:

Identity Check:

- ✓ Name
- ✓ Address
- ✓ Social Security Number (SSN)
- ✓ Employer Identification Number (EIN)
- ✓ Date of Birth (DOB)
- ✓ Phone Number
- ✓ Deceased Persons Master File Search
- ✓ *Plus Many Others...*

Comprehensive Check:

- ✓ OFAC - Office of Foreign Assets Control - SDN list
- ✓ Financial Crimes Enforcement Network (FINCEN) Special Alert List
- ✓ Homeland Security
- ✓ Interpol
- ✓ United Nations Named Terrorists
- ✓ Foreign Agent Registrations Act
- ✓ Criminal Background Checks
- ✓ Corporate Affiliations
- ✓ Securities Trial Court Orders
- ✓ Securities Administrative Decisions & Guidance
- ✓ EDGAR Filings & Disclosures
- ✓ Finance & Banking Administrative Decisions & Guidance
- ✓ *Plus Many Others...*