

Due Diligence: What are you missing?

By Paul Bush

September 8, 2008

The term “Due diligence” can have a different meaning depending on who is using it, and in what context. Often used by attorneys, it is generally the thorough, comprehensive investigation of a business or individual in preparation for an event. By taking the proper care to investigate and confirm important facts, it can prevent unnecessary harm to the parties involved with this event or transaction. Conducting this type of research is often required or suggested in connection to a wide variety of securities and business transactions, civil and criminal litigation, pre-employment and tenant screening, or to check up on a potential home contractor or spouse, more narrowly referred to as a background check.

Are you being thorough and comprehensive when you are investigating a person or business? Do you know what public record sources are available on the Internet? While it may be easier and faster to conduct some mega-database searches with an expensive data reseller, spending some time searching often free public records directly from the originating source may uncover critical information that could get overlooked. Although privacy concerns can sometimes make obtaining personal identifying information challenging to obtain, the continuation of the elimination of practical obscurity makes the Internet a gold mine for discovering and confirming information about people and businesses.

According to the American Bar Association’s 2008 Legal Technology Survey Report, the number of Lawyers performing free online legal research is greater than the number using fee-based services. In 2008, 89% used free online legal research, while 87% used fee-based research services. Taking this “do-it-yourself” approach, there are at least six basic categories of public records that can be accessed via the Internet.

1 - Federal Courts

[PACER](#) is a publicly available government system, with most likely over one million users, and allows anyone to quickly search and obtain court case information from all federal appellate, district (civil and criminal), and bankruptcy courts in the U.S. This includes summary case information, or “dockets” calendars, and lets users download filings, and more recently, some transcripts and digital audio recordings of certain proceedings. In addition to searching individual courts, called [CM/ECF databases](#), their [U.S. Party/Case Index](#) allows users to search across multiple jurisdictions using a single search query. Although this index is not as current as the individual court databases, the timeliness and [comprehensiveness](#) of its data has improved over the years.

2 - State, County, and Local Courts

Unlike PACER, there is no uniform government index or database for searching across multiple jurisdictions. Each state, and often each court, has vastly different database structures, user interfaces, fees, and search capabilities. There are many courts that offer public access to court records, but the challenge is learning what exactly is available, and where and how to access it online. Several states do offer easily accessible free multiple jurisdiction searching including [Arizona](#), [Connecticut](#), [Iowa](#),

[Maryland](#), [New York](#), and [Pennsylvania](#), to name a few. Also keep in mind, if a particular court does not offer a docket or case filing database, it may still offer a court case calendar or opinion database that can be utilized to obtain information about a case and its parties.

3 - UCCs, Recordings, and Liens

Most states offer some type of free UCC searching, for example [Ohio](#). There are thousands of real and personal property databases freely available on county, city, town, and village levels, for example the Butte County, CA [Assessor](#) and [Recorder](#). Some systems are designed and maintained by the government, while many more are provided by commercial vendors. Each state has different offices with the responsibility of maintaining documents such as deeds, liens, marriage/birth/death records, business certificates, and other useful records.

4 - Criminal Records

In addition to court records, various government sources can be used to search for warrants, arrests, inmates, sex offenders, and deadbeat parents. If more than one source is available remember to check all sources. For example, you can check the [National Sex Offender database](#), but also check the [state](#) and [local](#) listing if available. Discrepancies in federal, state, and local laws and how often these web sites are updated may produce different results and historical data. Offender registries have begun to expand to include [DWI](#) and [drug](#) convictions as well. There are thousands of databases containing criminal information for the many U.S. states, counties, cities, towns and villages with varying degrees of usefulness and accessibility.

5 - Business Records

Most state governments provide free business entity database searching, which often includes Corporations, LLCs, LPs, etc., and may also contain trademarks, and trade names, for example [Colorado](#). Other sources for obtaining business information include [occupational licensing](#), and fictitious name databases, for example [Los Angeles County, CA](#). Other general sources such as the [Better Business Bureau](#) and [US Federal Contractors](#) databases may provide some useful information as well.

6 - People Records

In addition to the above sources there are many sources for obtaining information about people. These include: [Professional licensing/disciplinary](#), [memberships](#), [voter registration](#), [school directories](#), [political contributions](#), [governments employee salaries](#), [social and business networking](#), [professional profile and ratings sites](#), and [name/address/phone search sites](#).

When using the term Due diligence, keep in mind the variety of sources for accessing public records online is great, and many resources can be easily searched if you know where to look. Carefully and methodically conduct your research building and confirming each piece of information you obtain, and continually question your definition of “comprehensive”. How much time, effort, and money you expend now with your research may directly contribute to positive or negative consequences after you form or buy a company, add a partner, hire an employee, or gain a spouse.

