



FAMILY OFFICE MANAGEMENT

Crucial times for family offices: background checks and beyond are non-negotiable for new hires

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The candidate for a job as the new senior vice president of sales at a large multi-family office had been divorced for beating his partner. The potential new hire who claimed to have worked for Hillary Clinton said that the former Secretary of State wasn't available to give a reference. The prospective nanny for a family office member's children had had a restraining order filed against her from an ex-boyfriend for harassing him.

These experiences highlight the importance for family offices of thoroughly interviewing job candidates and doing background checks when necessary. These job seekers' flawed histories were all uncovered by investigative firms hired by these offices to do due diligence on candidates for positions that would put them in close contact with ultra-high-net-worth families, where they would have access to their financial dealings and some of their most intimate secrets.

It's a crucial process for many companies, and even more so for family offices that tend to have small staffs. "It's so key for family offices to do the proper due diligence when hiring," says Brian Willingham, whose firm Diligentia exposed the nanny candidate after her vicious comments on social media about her parents "raised a yellow flag" and prompted further research into her background.

He explains that "part of the fraud triangle is having opportunity [the other two are pressure and rationalization] and a small family office is perfect for potential fraud."

The reason that family offices come to [Teresa Leigh](#) Household Risk Management is "because they're looking for a deeper dive, to really understand who that job candidate is," she explains. Family offices are "so intimate both on the intelligence level and in terms of interfacing with clients and friends and family of clients – it's a very different world for even longtime corporate employees to step into."

But such due diligence needs to be handled delicately, requiring a balance of healthy skepticism and personal courtesy.

Recently, it was revealed that a security firm vetting job candidates for Bill Gates's family office [asked women sexually explicit questions](#) about pornography and their sexual histories.

"That's unprofessional and illegal," says Paul Viollis, the CEO of Viollis Group International, which performs background checks and security assessments for affluent people and families.

To serve a family office or the UHNW community, "you must understand their culture. Every family has its own needs and risk levels – you have to know that before you do a background search. What info do they need and what do they want?"

When it comes to background checks, there are the basics such as criminal records – "to make sure they're not a convicted sex offender or charged with murdering someone," says Willingham – as well as financial history. "If you're hiring a CFO and they owe the federal government a million dollars, that would be something very relevant because they're managing your money."

In addition, a social media analysis and interviews with the appropriate people – finding people that may know them but not necessarily someone they put down as a reference – can provide a sense of their personal life and "whether or not it fits with the values of the company."

When Leigh is looking at potential candidates, she uses a minimum of 16 references and asks for eight personal and eight professional to really get a sense of them and uncover hidden flaws.

And when it comes to interviewing the candidate, it's all about the questions and closely watching their reactions. "We're looking for the tell – the sudden shift in conversation when a particular topic is raised, they're avoiding talking about something," she said. Other things to look out

for in interviews: How do they explain gaps in their resume? Are they gossipy about former clients or bosses?

“If you have the right interviewer, I will take that over any polygraph,” says Viollis. “It’s all about the way you ask. I can ask you a question that is leading, that can get me whatever I want.”

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Marcus Baram is a contributing editor at Crain Currency, where he covers the intersection of finance and politics. Prior to joining Crain Currency, Baram was a staff writer at Fast Company and an editor at Huff Post. He has also written for outlets such as The New York Times, The Atlantic, and Vice. Baram is an expert on economic policy and has a deep understanding of the ways in which politics shapes the global financial system. In his role at Crain Currency, he brings a unique perspective to the complex and ever-evolving world of finance. With his keen analysis and clear writing, Baram helps readers make sense of the important issues impacting the economy today.



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