

Powerchex issues warning as former Merrill Lynch broker is jailed for lying at interview

Alexandra Kelly warns financial institutions of the risks of insufficient background checking.

London, 22nd April 2010. A former Merrill Lynch broker has been given 2-6 years in prison for a range of offences all stemming from lying on his job application. The individual allegedly lied about his qualifications and forged pay stubs and tax returns, tricking Merrill into believing he was a top-rate broker earning \$765,000pa.

After allegedly claiming to have managed \$300m in assets as well as commissions of \$1.5m-a-year, Merrill even extended him a \$780,000 loan as part of his joining package, which he used to fund a lavish lifestyle, including a Ferrari.

The truth is that this individual was just a junior broker. He quit after 2 months, and didn't repay the loan.

He was this week charged with grand larceny, money laundering, forging documentation and identify theft, and received 2-6 years under plea bargain, though his sentence would have been a lot higher had he not agreed to plead guilty and co-operate with prosecutors.

Alexandra Kelly is a director at Powerchex, a London pre-employment screening firm specialising the financial services sector. Kelly believes that this kind of incident could have been prevented by simply conducting proper and thorough checks on prospective employees before they get in door.

"Every part of the recruitment process should be configured to encourage the best people through the process, and to weed out the unsuitable candidates. It should be made very clear that all job offers are dependent on the successful completion of relevant checks, and can be withdrawn at any stage. However, this is now not always enough of a deterrent to those who embellish their job application."

"The Merrill incident shows employee deception at its absolute worst," continues Kelly. *"This individual allegedly forged documentation including tax returns, as well as making blatantly untrue claims relating to his own abilities and the level of responsibility he held at his previous employer. However, had thorough checks been conducted into his background and especially his employment history, even deception of this extent would have been exposed."*

While many employers do attempt to obtain references on their prospective hires, this is not always done in a systematic and coordinated way, and is usually not sufficient to stop the most troublesome kind of job applicant; those individuals who appear great on paper, only to demonstrate incompetency and/or poor attitude when they finally enter the role.

“More firms should be conducting detailed interviews with their prospective hires’ previous line managers,” maintains Kelly. “In-depth character interviews carried out by experienced people who know what to look for can be an invaluable part of the recruitment process, but are often underused and underappreciated. In the case above, even a short call to his previous manager would have shown that he was exaggerating his level of responsibility, his accomplishments, and his pay grade. More organisations should take heed and learn from this incident.”

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NOTES TO EDITORS:

About Powerchex

Powerchex is the UK’s premier pre-employment screening firm for financial institutions. Based in the City of London, Powerchex checks the background, employment history, criminal records and professional qualifications of applicants on behalf of financial institutions. It sets the industry benchmark of 5 days for a background check.

www.powerchex.co.uk.