



Redefining the applicant
vetting process.



Substantive, fact-based **PRIVATE CLUB MEMBERSHIP VETTING**

Aimed at reducing risk and enhancing fit.

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Executive Summary

Private clubs have a duty of care to provide a safe and satisfying club experience for their members. This responsibility begins with comprehensive membership vetting that extends far beyond standard criminal and financial background checks.

The information age has made it possible to determine the true credibility and character of applicants. This has made it possible to help ensure that individuals who could cause harm to the club's members or reputation are detected and barred from admission while better ensuring those offered membership are a good fit.

Unfortunately, most clubs continue to rely on traditional vetting procedures that ignore the information that's most useful to the process. Modern vetting should incorporate a deep dive into an applicant's character and reputation, looking under every stone for anything that would make the applicant a bad fit for the club.



The Problem



What You Don't Know Can Hurt You

Every club has members who are a bad fit. These members not only fail to enhance the club experience but also create a deficit by repelling other members, creating drama and stress, or worse, becoming an actual threat to the club or its members.

Private club membership vetting has remained much the same over the past 150 years, and determining who will and who will not be a successful member remains difficult to predict with complete certainty. Too often, the traditional vetting process misses the hidden concerns that reveal an applicant's true credibility and character.

The applicant, not the club, controls the flow of information. The existing vetting process is reactive and trusting: it lacks significant avenues for verifying the information provided by an applicant and largely lacks the ability to identify information that the club should know but the applicant chose not to provide.

Prospective members are not fully vetted. The club's membership board finds itself in the position of having to approve or deny membership based largely on subjective social interaction with the prospective member and little else. Despite having gone through a similar process, existing club members have a very real expectation that thorough due diligence and vetting will be conducted before someone new is given access to the club and its members.

This automatically extends to family members like spouses and adult children who are also given club privileges. In all too many instances, the applying member is a great fit, but the spouse is not. Ignoring their character and fitness is a critical mistake.

The club's reputation can be tarnished by a bad member. During the applicant vetting phase, a club has the unique opportunity to potentially identify past problematic behavior that can be predictive of future issues. When the member of a private club is involved in something dangerous or harmful and word gets out, the club is at great risk of reputational damage with the membership, the greater community and potential future members.

The best time to eliminate a problem is before it can do any damage. This is particularly true in the private club setting. It is always far easier to decline admission and avoid damage than to admit someone and subsequently have to modify their behavior or remove them.



Exclusivity and Reputation Are Key Tenets of Private Club Membership

Private club members have high expectations. They tend to represent the top tier of society in terms of both social status and wealth. They desire an exclusive club experience in an environment comprised of similarly situated members. They expect the club's leadership to limit occurrences of negative experiences caused by a new member and to ensure their safety at the highest level. These are the same high expectations that exist in every other facet of a member's life.

A private club must focus on maintaining a positive reputation with the greater community. Much of the intrinsic value associated with a club is derived from its status, which is based largely upon reputation. Club members want to be thought of not only as successful but also as responsible and part of the positive fabric of the community. They want their member status to enhance their personal reputation and standards. Many have a high degree of sensitivity to being associated with negative or distasteful events or people, and that makes the task of protecting the club's reputation a continuous priority for management. Unacceptable behavior on the part of a member – whether directly related to the club or occurring outside the club – can instantly and irrevocably damage the club's reputation. Most members have little tolerance for inappropriate behavior and react strongly when they learn that someone they met and interacted with through the club turns out to be a problem. Members demand to know how such a person gained membership and how similar individuals will be detected and barred from entry in the future.

The majority of private club members are people of excellent character. These members not only benefit from the designed attributes of the club, but also make the club a better place and serve as ambassadors of the club within the greater community. But, as with most groups, private clubs are plagued with a minority of members who are not a good fit and whose behavior spoils the environment for others. They cause friction and drama, demean staff, and potentially harm the club's reputation and standing in the community. Their true nature was not revealed prior to entry into club ranks.

The Current Private Club Vetting Process Is Traditional But Informal (and Incomplete)

Club vetting is steeped in tradition and designed to generate a pool of applicants who appear to be similarly situated to current members:

- 1 Existing members nominate individuals they think will be a good fit.
- 2 Prospective member names are shared with current membership for informal vetting. Club leadership hopes that any existing member who has information that would deem an applicant unsuitable for membership will share said information.
- 3 General manager and/or members of the board host in-person meeting – cocktail reception, luncheon, round of golf – to meet and get to know the applicant.
- 4 Club conducts a limited background screening on the applicant.

Historically, these steps have generated mixed results, and they do have significant shortcomings:

Having existing members nominate or endorse prospective members is both essential and unreliable. This truly is a needed step because it is the best way to attract prospective members with a high likelihood of being a good fit. The good news is that this approach works some of the time.

The bad news is that the member who is doing the nominating oftentimes has a limited scope of knowledge about the person they are endorsing. Ideally, the member is related to or has had a close longstanding association with the applicant. In reality, however, the depth of connection with the applicant is rarely so detailed and intimate. Members regularly nominate individuals they don't know all that well. They may be asked to do so by family or friends. They may propose a nominee in an effort to strengthen a business interest or increase their involvement in the club. Or they simply may want to avoid disappointing a casual acquaintance who has asked for their endorsement. Whatever the motivation may be, members do make nominations without having a deep knowledge of the applicant's character and past.

Sharing the proposed member's name with the existing members is generally unproductive. Oftentimes, members simply don't pay close attention to these postings. Other times, members may possess derogatory information about an applicant but are reluctant to disclose it – choosing to remain quiet in an effort to avoid controversy or

arousing the anger of the applicant or nominator. Or, they may find that sharing such information is distasteful and refuse to participate out of principle.

Members who are willing to voice their concerns tend to do so without providing facts to substantiate said concerns. This places the club in a position to reject the applicant based on a potentially untrue or subjective rumor, ignore the concern and admit the applicant, or conduct an internal investigation of the concern (something club management is rarely trained or equipped to do effectively).

Face-to-face meetings between the club and applicant are little more than a rubber stamp. Applicants understand that they're being scrutinized during these meetings and will likely be on their best behavior, saying whatever they deem necessary to gain acceptance. The applicant holds all the cards, controlling the flow of information and knowing that the listeners are unlikely (or unable) to verify what they're hearing. Clubs rarely reject an applicant based on these interactions.

The standard background check falls far short of actual due diligence. As a final step in the vetting process, clubs may utilize a service to conduct a "background check" like those used for employee screenings. These elementary searches provide limited information and tend to be more of a long shot than a consistently meaningful tool. The reason is relatively simple: The vast majority of people who are looking to join a private club don't have the types of problems that are captured by basic background checks. Someone recently paroled from prison, for example, is unlikely to have the financial wherewithal to apply to an exclusive club. And individuals with criminal records who can afford to join a private club customarily save themselves the embarrassment of applying and revealing their less-than-stellar record. The standard background check rarely, if ever, produces information that is useful in the membership decision.

If traditional vetting has mostly worked in the past, then why change it now? Because the information is out there: the meaty, factual information a membership board needs to make a reliable, educated decision about who is and who is not a good fit. If such information is ignored, the club runs the risk of admitting someone who can do harm to its members. If someone else uncovers said information, they can use it to expose the club's membership vetting shortcomings and injure the club's reputation.



The Vetting Information Is Out There...But It'll Take an Expert to Get It

Relying only on traditional approaches to member vetting may result in admitting an individual who is not a good fit, who is toxic to the club's culture, who is off-putting (or worse) to fellow members, or who poses a threat to others and to the club's reputation. No one should be able to gain access to a private club without reasonable due diligence, fact-based decision making, and thorough vetting.

While the world of private club membership development has changed little, the world of information and connectivity has evolved substantially. The combination of the digitization of nearly limitless amounts of all types of data and the transition to storing data online in an interconnected environment has made for unprecedented access to information about people. The rise of the internet and social media have added significantly to the volume and scope of information. We now live in a world where people create data about themselves, companies and organizations also create data about them, and other individuals create and distribute even more, either intentionally or otherwise. Not all of this information is available for the public to access, but there are oceans upon oceans of information that is—and it's extremely useful in vetting someone.

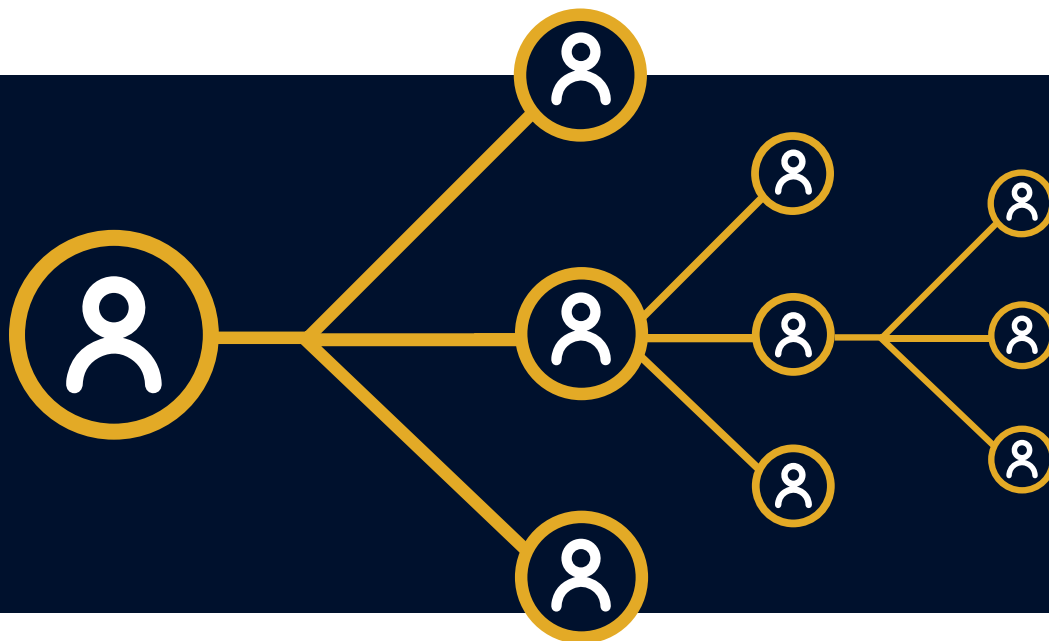
But there's a key problem: the desired information is not always in an easy-to-find, useful format. Consider, for example, that Google (the preferred search tool for most Americans) has indexed less than 5% of the data on the internet, making the remaining 95% virtually unsearchable via the Google search engine. Most of the world's data is unstructured or simply not tagged, or it's not labeled in a manner that allows it to be found easily by search tools. To further complicate things, the data is created by an extremely wide variety of sources – and none of these sources are creating it for the sole purpose of vetting a club applicant's worthiness.

Googling an applicant's name is always a good idea, but doing so reveals only a fraction of the information that's out there. The act of locating pockets of data is a project of its own, one that goes well beyond traditional searches. The internet is so complex that whoever conducts searches has to know where data may exist with a specific source and how to retrieve it. Accessing this data without such skills is difficult in the best of scenarios.

Getting to the wealth of information that will actually help determine the character of an applicant requires a mix of specialized search training and equally specialized tools. Qualified search specialists become aware of the myriad of new information sources being launched, learn which tools can search them, and determine what information can be obtained by them.

Search specialization like OSINT (Open Source Intelligence), which was once available exclusively for government intelligence gathering, has now entered and redefined the private sector. Simultaneously, software and websites that were created for a specific industry – but not necessarily designed for use in fact collection – can now be utilized to find information about the individuals who participated in that industry, oftentimes providing significant amounts of information that may not be available elsewhere. And beyond these specialized search platforms are due diligence firms that create their own unique search tools, writing and modifying code to dig even deeper and wider.

Locating information is not a linear event. One cannot simply enter a person's name into some software and get the universe of results. That only happens in Hollywood. Rather, an initial search may uncover some meaningful information and generate a lead to another reasonable search term – a process that repeats over and over.



This is the domain of real investigators who are trained to identify the next clue. Due diligence professionals are now working directly for organizations (like private club management) that have been unable to access this critical information but can now greatly benefit from it.

It's Time to Add Information to Tradition

Adopting a fact-based approach to member vetting begins with what the club is currently doing. Having existing members nominate new ones will always be essential to the process. Meeting and socializing with prospective members remains important. Getting to know them and what they are looking for in a club experience should continue. But it's time to dig deeper ... much deeper.

Employing due diligence professionals (qualified search specialists) to gather available facts is the next step in a modern vetting process. This step will provide insight into the accuracy of the information the applicant provided while also locating things they intentionally left out of the conversation – things that make a difference in the desire to grant membership to them.

Imagine this common scenario: The applicant provides their “story,” but the facts collected by due diligence professionals paint a very different picture. When confronted with the

fact, the applicant may have a reasonable explanation for why they were not forthcoming. Alternatively, the facts may reveal that the provided narrative was intentionally fraudulent: The applicant, assuming the membership board would not have the capability to look too deeply into their background, altered the truth to gain admission and get close to people with money and status for all the wrong reasons.

Information is powerful.

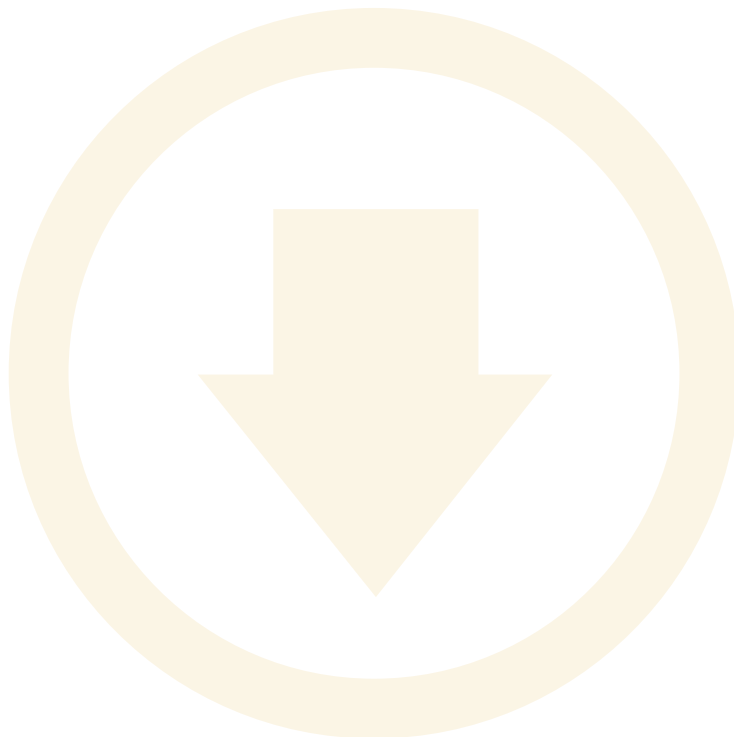
An applicant's true history provides a realistic insight into their character, enabling the club to make a membership decision that fulfills its duty of care.

The collage includes several key documents and images:

- Neighborhood Comment Boards:** A screenshot of a forum post with a redacted name and a comment about a "Drug addict girlfriend from police reports at residence".
- Local News Sources:** A newspaper clipping titled "Parents and Players Brawl at Youth Hockey Game in Tewksbury" and another titled "Doctors and Cops Among 277 Arrested in Trafficking, Online Prostitution Sting".
- Profiles on Nefarious Sites:** A screenshot of a user profile for "Ashley Madison" with details like "Result #56492731", "Username: Bigman7878", "Email: bigman.7878@hotmail.com", and "User ID: 0200388685".
- Protection Orders:** A legal document from the "JUDICIAL COUNTY OF LAS VEGAS" regarding a "TEMPORARY ORDER FOR PROTECTION AGAINST STALKING, AGGRAVATED STALKING OR HARASSMENT".
- Professional Discipline:** A document from the "ADB STATE OF MICHIGAN ATTORNEY DISCIPLINE BOARD" showing disciplinary actions.
- Out of State Arrests – Las Vegas:** A document titled "COUNT 2, THIRD OFFENSE: UNLAWFUL OFFENSE AGAINST LAW ENFORCEMENT, 3RD DEGREE: PUNISHABLE OFFENSE".
- Alias Profiles:** A grid of social media icons including Facebook, Twitter, Reddit, Blogger, Tumblr, YouTube, DeviantArt, MySpace, LinkedIn, About.me, Ustream, SoundCloud, Flickr, Dribbble, Behance, and others.
- MemberVetting.com:** A logo and contact information for "888.318.1480" and "MemberVetting.com".

The simple, proven truth is that past behaviors have real predictive value. People do change, but they also repeat behaviors. Today, joining nearly any type of organization in America – from coaching youth soccer to volunteering on the church raffle – encompasses some form of fact-based vetting. In its most basic form, this background search effort is used to ensure that the applicant is not a recently convicted criminal. But criminal background checks and employee-type screenings are simplistically aimed at basic records that are of limited value in a comprehensive vetting process. An individual does not have to have a criminal record or history of civil lawsuits against them to be a terrible fit for a private club. It is vital to look much further for information that speaks to character.

Deep due diligence was once strictly the domain of investment funds and large corporations. Today, real due diligence, which provides the insight club management needs for proper member vetting, can be accessed by a much broader range of industries. The process still requires sophisticated tools and trained experts, but – with more and more data being created and added to record repositories – specialized firms can quickly and affordably provide club management with this vital information. It's not as simple as typing a name into Google, but it is as easy as providing the name to a specialized search professional who knows exactly what to do.





Incorporating a fact-based due diligence component into your current vetting process is simple. Club personnel meets with Kennis to review the service offering in detail, determining what scope of search is appropriate, and who will be privy to the information collected. As a general rule, the more exclusive the club, the greater the need for a search that is both deep and wide.

The depth of research hinges upon what club leadership determines to be reasonable to protect its stakeholders, traditions, and reputation.

To limit who has access to the due diligence report, protocols should be installed to ensure the confidentiality of the information collected. As a leader in this space, Kennis will guide you through the process and seamlessly integrate with your team.

Once the initial onboarding process is complete, Kennis will be working in the background to ensure that the membership board is meeting its duty of care and that the club is both safer and stronger.

Conclusion

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References

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