

**AN INTERVIEW WITH
CARL ANTHONY DIAZ
PRES./CEO
THE CEDALIUS GROUP**

This quarter, Sokoloff & Company interviews **CARL DIAZ, President and CEO of THE CEDALIUS GROUP.** The company is a specialist in comprehensive background and screening research services and is an accredited member of the National Association of Professional Background Screeners and the Background Screening and Credentialing Council. They are headquartered in Atlanta, Georgia.

How did you get involved in the background screening space?

It was a natural progression that began while I was the CSO (Chief Security Officer) for a Fortune 500 company. Our background screening program was used to help qualify candidates. However, my departments were regularly dissatisfied with slow response times, poor research that yielded questionable information and poor customer support. I became more and more interested in the internal mechanisms of Consumer Reporting Agencies (CRAs) and the myriad of regulations that govern usage as well as the actual levels of information and cost for the research requested. In doing so, I gained considerable knowledge about the industry, its regulations, the various processes and the operational infrastructure of several well-known agencies. I interviewed CRAs of all sizes, met with information researchers, data management providers, attorneys and workforce personnel who manned the information process. In doing so, I was successful in developing screening programs that satisfied the needs of our venues and were cost effective and timely in response. I became intrigued by the concept of building a better operational and customer-centric mousetrap.

The Cedalius Group is accredited by the NAPBS. Tell us a little about this organization and how the company achieved this honor.

The National Association of Professional Background Screeners grows its membership by promoting and governing through a strict and thorough set of professional standards. The NAPBS offers an accreditation program for Consumer Reporting Agencies (CRAs) to enhance the quality of service and receive greater industry education. It enjoins its membership in communicating and working synergistically on projects and explores and evaluates the standards by which they conduct business.

The Accreditation Program is a detailed process for evaluating and improving internal operating procedures that every CRA, and their clients, benefit from. Accredited CRAs have made a commitment to uphold and deliver the highest level of industry standards for the following

critical areas: Consumer Protection, Legal Compliance, Client Education, Researcher and Data Product Standards, Verification Service Standards and General Business Practices.

To become accredited, firms must demonstrate initial and ongoing compliance with the accreditation standard as prepared by the Background Screening Credentialing Council (BSCC). Compliance is demonstrated through rigorous desk and on-site audits, all of which are completed by an independent third-party auditor. Firms must document each of their policies and processes as required in each of the areas within the Standard and demonstrate visible compliance with their policies to the auditor. Accreditation lasts for a

Human Resources, Corporate Compliance, Risk Management, Information Security and Internal Controls. We also hold the distinction of being a Minority Business Enterprise certified by the National Minority Supplier Development Council (NMSDC) as well as the Georgia Minority Supplier Development Council (GMSDC) which provides the opportunity for additional tax incentives to our clients.

When we speak with a prospective client, it is not as a sales representative but as a vested business partner. I must admit that we are not marketing and sales experts. However, we are people experts equipped with subject matter expertise and superior technical insight. Our tools in the pursuit of superior talent selection are our impeccable research, an educated research adjudication system and the detailed understanding of the latest compliance requirements.

How does Cedalius Group navigate the delicate balance between employee privacy rights and company protection?

Quite easily. We believe in the one simple dictum that oversees all this industry. We simply adhere to the rules and remain compliant to Federal, State and Municipal regulations. We do not cut corners and we excel in adjudication.

Know your regulations, know your documents, remain current on all standards and practices and assist in educating your clients so they understand what they may and may not do.

What are some of the obstacles the background industry faces?

In my opinion, the greatest obstacle is also its greatest opportunity. That is, staying current with the changes to the compliance requirements demanded by the FCRA, EEOC and local compliance directives. New legislation and social reform has changed the face of the Industry. Ban-the-Box (the campaign for employers to remove the check box on their hiring application asking the applicant if they have a criminal record), Credit reporting stipulations, International Research as determined by the Privacy Shield, insightful document compliance etc. are now priority components. CRAs need to evolve, become more sophisticated, upgrade their documents, provide accurate and adjudicated information and educate their workforce on systems processes.

Many small companies are closing their doors since they cannot keep up or are unwilling to commit to these changes. They belong to a different time when the industry was less restrictive and demanding. The firms with sophisticated strategies that produce quality services that are "compliant literate" are the survivors. They are the ones who are equipped to provide better service deliverables by offering better research and better compliance.

"The firms with sophisticated strategies that produce quality services that are "compliant literate" are the survivors."



Peter A. Sokoloff & Co.
Investment Bankers and Financial Advisory
a limited liability organization

The Security Finance Newsletter is a service of Peter A. Sokoloff & Co. It is distributed quarterly to owners, CEOs, CFOs, and corporate development executives in the Security Industry.

The Security Finance Newsletter is a copyright of Peter A. Sokoloff & Co © 2017. Permission to reprint/distribute excerpts of the full newsletter is granted, provided the following attribution is included: "Reprinted with permission. © 2017 Peter A. Sokoloff & Company, Glendale, California"

550 North Brand Blvd. Suite 1650 Glendale CA 91203
(818) 547-4500, fax (818) 547-4388, www.sokoloffco.com

period of five years, after which the firms are required to recomplete the process if they wish to remain accredited. We are proud to say that after a nine-month preparation period, we applied and successfully attained a perfect score on our audit and received our accreditation.

How is Cedalius Group different than its competitors?

What seems to set us apart is that we walk the walk. We consider ourselves consultants that work closely with the Finance, Operations and Legal departments of a business in supporting the needs of their People Services and Talent Selection divisions. Keep in mind that our Executive Team holds advanced degrees and doctorates in business, finance, information technology, human resources and security.

We have accreditations as professors, VPs of

Carl Anthony Diaz, Pres./CEO, The Cedalius Group

Carl has devoted over thirty years in the Corporate Compliance field as a CSO, Vice President of Human Resources & Corporate Compliance, Risk Mitigation Consultant and Adjunct Professor of Criminology. He's a member of The Society of Human Resource Management, ASIS International, The Loss Prevention Foundation and several Consumer Reporting Agency associations.



Another challenge appears to be the sophistication of business infrastructures. Some organizations that are built on "proprietary" data management systems and unique/specialized IT programming and support are becoming dinosaurs in the industry. These companies are finding they can no longer keep up with ever-increasing technical innovations and demands thereby rendering them financially restricted. After all, you are only as good as yesterday's news!

The cost of maintaining and upgrading proprietary systems has proved to be a financial burden to some. CRAs in this category sometimes elect to outsource their workforce and data management to off-shore providers thereby alleviating operational and maintenance overhead. This may be a short term solution but at the expense of research quality and statutory integrity. Some businesses simply sell their operations to off-shore counterparts. To me, it appears that companies that maintain and endorse proprietary data management systems are somewhat naive and disregard the future of the nationally based global support paradigm.

You were an Adjunct Professor of Criminology previous to The Cedalius Group. What do you believe should be taught to prepare students for careers in the industry?

Criminology students today are in an excellent position. Their education goes far beyond law enforcement, risk mitigation and incident response. Today's students can avail themselves to the studies within an assortment of forensic sciences, data security, global cyber protection and domestic and international espionage as well as the psychological and practical mechanics of investigation. When you view the picture from 30,000 feet you begin to appreciate how all the facets of the study of criminology are inter-connected. Today's student can select the venue of their choice.

How does The Cedalius Group keep up on the newest regulations, compliance issues, legal issues and regulations?

We maintain an information network that employs daily input from legal, operation and highly technical resources. They provide information and insight. Our attorneys, who specialize in FCRA compliance and Employment Law, offer a constant stream of compliance insight. We have access to all national legislative developments thereby alerting us to every Consumer Reporting change affecting Employers, Landlords and the Banking industry in every state and territory. We maintain a library containing all state and municipal regulations pertaining to the Consumer Reporting Industry. Through our membership with the NAPBS, we have access to valuable information and resources dealing with projects, programs, updates and current

CRA events. In addition, our international networking relationships provide the most current mandates and statutory developments.

Are there any plans for The Cedalius Group to grow into more security areas?

Cedalius is a Consumer Reporting Agency. That means that we, like many other CRAs,

be processed in approximately 2,500 locations nationwide for our candidates.

We are also in development to manage Employee/Contractor ID Badges provided in consort with our criminal screening program. Information can populate through their respective ASA program resulting in a seamless onboarding process.

What are some new technologies you are excited about in the security space?

I don't expect that today's innovations will remain "cutting edge" for very long. Advancements occur at a record pace. New methodologies regularly outperform recent breakthroughs. They occur in all areas of the security industry. Within Research and Investigative Reporting, I see an expansion of global, high-speed information verification through a collective network that reaches all levels of personal and business information. I'm excited that the new order will diminish the importance of proprietary systems and enhance the importance of synergistic global research that welcomes multi information contributors, information providers and reporting, legal and compliant standards and practices all available to the client by way of domestically based information-licensed bureaus. Information by subscription under a social media platform is not out of the question.

What are your goals for The Cedalius Group in the next five years?

Richard Branson is quoted as saying "Companies don't just appear fully formed and perfect. They are built over time." We'll see where we are in 5 years and what our business model will be.

This notice appears as a matter of record only.



Cortel

Cortel, Inc. has been acquired by



INFRASTRUCTURE

PARTNERS

A partnership owned by management and investors.




The undersigned advised Cortel, Inc.



Peter A. Sokoloff & Co.
Investment Bankers and Financial Advisory
a limited liability organization

550 North Brand Blvd. Suite 1650 Glendale, CA 91203
(818) 547-4500 www.sokoloffco.com

provide our clients with a roster of research verification deliverables besides the traditional Candidate Criminal reports that are collected and adjudicated from Federal, State and Municipal levels.

This additional information includes: Civil Research, Education, Employment, Professional Certifications and Credentials, Medical Sanctions, Drug Testing – both standard and DOT and FAA compliant, DOT Physicals, Domestic and International Credit, Business Credentialing and Vetting. And many more.

To this, Cedalius, in consort with its affiliates and partners, will be adding two noteworthy security products during the second half of 2017:

We will introduce Fingerprint Services accessing FBI, FINRA and NMLS databases that can

Sokoloff & Company

Please contact Bernie Walko
Managing Director
for a confidential consultation about your company's merger and acquisition needs.
818-547-4500
bwalko@sokoloffco.com

Do you receive our free weekly e-mail Security Newsletter Update? If not, please adjust your spam filter or sign up easily online at www.sokoloffco.com.

While at our website, surf around. There's plenty of useful information, including valuation case studies and our archive of newsletters tracking historical industry performance.

*"Always do right. This will gratify some people and astonish the rest."
- Mark Twain (1901)*