

## News of the World fallout sees takeovers stall on fear investigators break hacking law

Shortage of loan finance...market uncertainty...now the phone hacking scandal is being blamed.

Deals worth hundreds of millions of pounds – thought essential to kick-start the economy – are stuck in a log jam because of the fallout from the affair, it is claimed.

Senior executives in the corporate intelligence world say they are being asked to vouch that their activities are legal. These companies carry out elements of 'due diligence' or financial investigation, vital before a merger or takeover is begun.



After the alleged misbehaviour of private detectives working for the defunct News of the World, directors are fearful of engaging corporate investigators, or are demanding assurances of good behaviour.

Areas that newly nervous business clients want to avoid include hacking of any sort, including of computers, impersonating public officials, stealing files or computer disks and posing as potential clients or staff.

The need for investigators to provide assurances is said to be clogging up the pipeline of deals.

While some firms are believed simply to be seeking comfort about the legality of intelligence operations, others are giving up business opportunities rather than go through the sort of due diligence that would need a private investigator.

The new-found caution was confirmed by a senior City executive, who said it appeared that potential deals were being halted or delayed for reasons other than worries about economic uncertainty.

This is happening at a time when an investment revival is vital to the recovery. The independent Item forecasting club has estimated that business, excluding financial companies, has a cash pile of £63 billion, equal to 4.5 per cent of gross domestic product, which, if invested, could greatly strengthen the recovery.

One of the best-known business intelligence specialists, British-based international firm Carratu now brands every email with the words, 'Carratu does not trade in information that has been obtained by unlawful means'. Craig Jenkins, a director, said: 'The corporate investigations industry is suffering a reputational crisis. I spend a lot of time explaining in detail what we do.' 'The phone-hacking affair has unfairly labelled everyone in the investigation field.'