

Could Message Archiving and eDiscovery Have Saved Bear Stearns?

By Staff
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Safecore, Inc., the eRecords management company, is confronting the growing problem of visibility around the subprime financial fiasco with its message archiving and eDiscovery tools. The company's flagship solution, SafecoreMA, is designed to automatically manage and flag risky e-mails – whether intentional or careless – limiting the potential damage associated with litigation and compliance violations.

E-mail and Instant Message (IM), considered as corporate records by nearly all regulatory bodies and court systems, have quickly evolved into the de facto corporate repository. Each day, 84 billion e-mails and 2.2 billion IMs are sent, according to IDC. Investors, including large pension funds, may start lining up to sue Bear Stearns & Co. in the wake of last week's meltdown. Based on past suits, e-mail is likely to become some of the most critical evidence subpoenaed, both in the pre-trial discovery and in court.

In the past few years, The Securities and Exchange Commission consistently imposed multi-million-dollar penalties for mismanaging e-mail, including \$8.25 million in fines to five firms in 2003 and a \$10 million fine to Bank of America in February 2004. It has also handed down several indictments for obstruction of justice, which can lead to jail time for convicted executives.

Just finding the 'right' records easily costs large companies millions of dollars in legal and search fees. Proactive eRecords management locates critical e-mails in minutes – even when the Safecore service is installed after legal papers have been filed. eRecords management also provides a strong policy backbone for compliance and better proactive policies about how, and what, is communicated.

"E-mail trails are a treasure trove for investigators," said Stephen Catanzano, CEO of Safecore. "Corporations need to have tools in place to monitor, manage and maintain e-mails to ensure compliance, enforce policies – such as retention and destruction practices, and enforce legal holds to avoid costly lawsuits or dramatically reduce the impact."

SafecoreMA, used by scores of financial firms as well as F500 corporations, gives authorized administrators a fast, easy and cost-effective way to archive, search and retrieve any e-mail or IM sent or received internally or externally. Its easy-to-use interface gives corporations a smart way to monitor electronic communication for key words and phrases, and perform eDiscovery to meet regulatory, legal and corporate governance best practices in real time.

“During the Enron scandal, hundreds of unsuspecting businesses were asked to produce records and evidence,” said Catanzano. “When one of the largest brokerage firms closes its doors, you can imagine the legal chain of events. Anyone who made a trade or did a transaction with the company could be asked to produce electronic evidence. How much will it cost to find the right record? And what happens if they don’t?”

[Safecore](#) manages critical electronic records for corporations worldwide. The company specializes in records retention for compliance, legal discovery, regulatory and data management for due diligence. The ability to protect data, manage it well and produce it when needed, usually for regulatory, legal discovery or business continuity creates a competitive edge and is a necessity in efficiently managing and growing any business.