

Innovative Global Vendor Conflicts Solution Streamlines Due Diligence Screening Process



A Challenging and Time-Consuming Process



“One of the things that Brookfield is keenly focused on — with any vendor that we onboard, or any person that we do business with — is making sure that they are appropriately vetted and screened, at the highest levels,” said Andrew Lim, previously senior director and legal counsel at Brookfield Properties and current vice president and legal counsel of Brookfield Residential.

Brookfield Properties Development (BPD) is an indirect, wholly owned subsidiary of Brookfield Corporation, primarily focused on land development and housing construction operations. Lim described the company as a “fiduciary to investment accounts, and a registered investment advisor,” that is responsible for managing and vetting all vendors according to internal risk assessment protocols and processes, as mandated by Brookfield’s global compliance program, via a due diligence approach requiring multiple layers of screenings, in-depth background checks, and more.

“The downside to having a very rigorous approach and a very detailed protocol and policy, is that it’s time consuming to comply with it,” explained Lim. “From my lens as corporate counsel to Brookfield Residential, trying to adopt, implement, and operationalize the policy was something that I found very difficult.”

Historically done in-house, with members of the compliance team assisting with manual reviews and searches, Lim call the process “administratively, very burdensome” again noting the inordinate amount of time legal was taking to complete it. “We’re an operating company, so we had maybe tens of dozens of different vendors that we now need to screen through this very rigorous policy,” he said. So, he started looking for law firms to perhaps do this work; to complete the due diligence search process referred to as a “high volume, low complexity” task.

Enter Reed Smith, LLP



Finding the right partner is often the baseline for a successful outcome. Following conversations with firms who wanted to charge the hourly rate for a junior associate to do the work, to members of the intelligence community, whom Lim jokingly implied proposed

applying CIA-level processes to “figure out whether a painter is legit not,” Lim knew he needed find a partner that landed somewhere in-between the extremes. “Ultimately we needed a solution that was going to be scalable over time and cost effective,” he said. Recognizing Reed Smith as a potential good partner for this, as the firm was actively handling all the company’s privacy work, as well as having done its technology agreement, when his current Reed Smith partner introduced Lim to another partner in the firm, Jason Gordon, he was excited to learn of their in-house practice innovation. “Unbeknownst to us, Reed Smith had essentially this Alternative Legal Service Provider (ALSP) platform out there that utilized a blend of paralegals, lawyers, and sort of a lower cost jurisdiction, for this type of high volume, low complexity type work,” said Lim. He went on to explain that the firm must also perform similar vetting of its clients as required by states and bar associations. “It was sort of like a natural fit.”

Reed Smith understood, from a client perspective, what BPDs friction points were, and created a “bespoke solution that was the right size in terms of price and in turnaround time.” That said, the firm took its existing conflicts intake and searching solution and customized it for BPD. Able to pull from its resources related to records and eDiscovery, as well as conflicts and risk management, the firm collaborated with BPD first on evaluating and reviewing their existing conflicts and risks process, before then customizing AI-driven resources for the company.

“Every law firm has some sort of conflict search,” said Gordon. “What makes Reed Smith special is that we are a global platform, and so we must do this globally, which is exactly what Andrew needs. We have a lot of the same tools, the same solutions, the same review.” He continued, “Adopting that solution and tweaking it for Andrew’s needs, leveraging our existing software licenses, Brookfield’s existing software licenses, and meeting their specifications by using lower price timekeepers was the secret sauce.”

Specifically, Reed Smith created a portal site for the BPD to log requests for due diligence, check progress, and receive notifications. Requests were also monitored by the team at Reed Smith; they oversaw the automated due diligence and provided feedback and high-quality support for its vendor and business partner searches.

“Being able to leverage existing technology and licenses, that was really when the light bulb clicked and we said, ‘hey, I think we’ve got a real solution — we’ve got a real platform that is scalable, efficient, and cost effective,’ and I think that is really what made this partnership a success,” said Lim.

The Results and Advice



The Brookfield Properties team previously spent 5-15 hours a week on internal searches based on volume and deals, and this task was completely outsourced. Since implementing the Reed Smith screening process, the company estimates that its saved approximately

\$750,000 in time spent on due diligence, to date. “Everyone looks at conflicts as a cost center, but with these projects, we have turned it into a profit center,” said Gordon. When asked what they’d tell legal departments that are interested in gaining similar efficiencies and savings but might be hesitant to lean into AI-driven technology to get there, Gordon suggests they talk to him about it. Noting that for some, it may be fear of the unknown — in which case a simple conversation about what the technology is and does could answer some questions and quell fears — while others know what the technology is and does but are not comfortable with the associated risks. Though he understands this position, as all companies risk profiles are different, so is Reed Smith’s approach to creating solutions that are often based in readily available data.

“What is unique about this is, we’re using solutions to quickly garner information that’s already out there to allow Brookfield to make the best decision with the information available,” he said. “Our job is to deliver that information in a digestible report as quickly and as efficiently as possible. If artificial intelligence or other or human intelligence is used, this is something all legal departments can and should lean into.”

What Can Be Done Today to Create Efficiency?



“The mandate is to do more with less people and resources; to internalize as much cost as possible,” said Lim. “What kind of drove me along with this entire line of inquiry was the movement away from outside counsel, and towards ALSPs and other non-legal form solutions — not the traditional law firm model. I think that is something that is going to become a more prevalent theme over time.” The VP also suggests separating high value work from lower value activities, figuring out where you want to spend the most time and attention, and understanding the risks and current must haves of your organization and the business. “What needs to be done very well today; what can be done on a ‘good enough basis,’ and what can be outsourced completely,” he said. “It’s really an exercise of prioritization of what is the most value to your business today, and where should you be focusing your attention.”