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On 17 Jul 2019, at 00:17, Wolfram Lange <████████████████████████> wrote:

You will get a corrected pdf, did not spot some typos in the numbers on page 1... will come in a few minutes.

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On 17 Jul 2019, at 00:16, Fabrizio Campelli <██████████████████████████> wrote:

Perfect many thanks Wolfram

Very helpful
F

Sent from my iPhone

On 16 Jul 2019, at 23:12, Wolfram Lange <███████████████████> wrote:

Fabrizio

Between my team and COO team, we have fully aligned the analysis and have structured the ask to the booking centres. It will go out following some clarifications with AFC first thing tomorrow morning (CET), we are keen to get a precise ask out and leverage resources best. During the course of tomorrow (morning) the ask will go out.
I understand from Jan Wa that the colleagues are already alerted and should able to providing quick answers in terms of scoping (or feedback that system driven analysis is not possible in certain cases).

Attached also 3 slides, not yet the prettiest, covering the following:
1) outline of the review triggers and some first numbers re scope (will be updated on on-going basis as we will get answers from BCs)
2) a rationalisation on why Negative Media Alerts are the focus in the wider focus of control and information around client relationships
3) a prioritisation grid of case constellations, the JE case probably belonging to the very top constellation - may be useful in further discussions

<July_2019 File Review.pdf>

For the SB session, we will obviously add scope, progress tracker, timeline and revamp some of these slides. But thought that the attached would be useful already tonight and you may want to use in your discussion with Karl tomorrow.

Quick update from the US:
Out of a total population of some 11,900 clients, 2,034 have a flag for negative media. When overlaying this with the key word list we see 660 cases containing at least one of the key words. The 660 being constituted of 254 HR, 219 MR, and 187 LR clients. Note: some 3,600 of the 11,900 are MR/LR not yet remediated and not in electronic format, hence cannot show up in above results.

Best regards,

Wolfram

PS: Here some more detail re US:

KYC review scope:

·   All active customers with DBforce KYCs

·   100% of HR client population and at a minimum 20% of LR/MR client population as remediation is still ongoing

Purpose of review:

·   Revisit all client decisions taken on the back of certain negative media alerts to ensure that they align to current risk appetite

Process:

·   Clients flagged if their last approved KYC has one or more of the following:

o   Negative Media referenced in the "Risk Reason" field populated by AML Compliance/ABR

o   RDC/PCR check — negative results reported

o   Fircosoft check — negative results reported

o   Lexis/Nexis results — negative news stories

·   For the flagged clients, clients marked for review if "Negative Results Summary" field contains one or more of the following key words:

o   Solicitation

o   Drugs

o   Sex

o   Bribery

o   Felony

o   Weapon

o   Gun

o   Trafficking

o   Illegal

o   Embezzle

o   Scam

o   Ponzi

o   Firearm

o   Conspiracy

o   Forgery

o   Fraud

o   Crime

o   Conviction

o   Convicted

o   Jail

o   Probation

o   Trial

o   Sentenced

o   Prostitution

Preliminary Results:

·   In the initial run, 660 out of 2034 clients hit on a key word and they are marked for review.

o   254 High Risk

o   219 Moderate Risk

o   187 Low Risk

Search criteria verification/refinement:

·   To ensure that we are capturing the correct clients for review a couple tests will be performed:

o   Spot checking the "Negative Results Summary" field for some of the clients with no key word match. If sample reveals clients that warrant a review, search criteria will be refined to capture that client and other similar clients

o   Market Heads asked to proactively identify client with heightened reputational risk (e.g., past conviction, under investigation, etc.). Names will be checked to ensure that search criteria returned same clients. If not, search criteria will be refined.

Next steps:

·   Complete manual review of 660 clients marked for review

·   Remove false positives and other clients who do not warrant further review

·   Ascertain that the decision taken on the back of the negative news still holds against today's standards

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