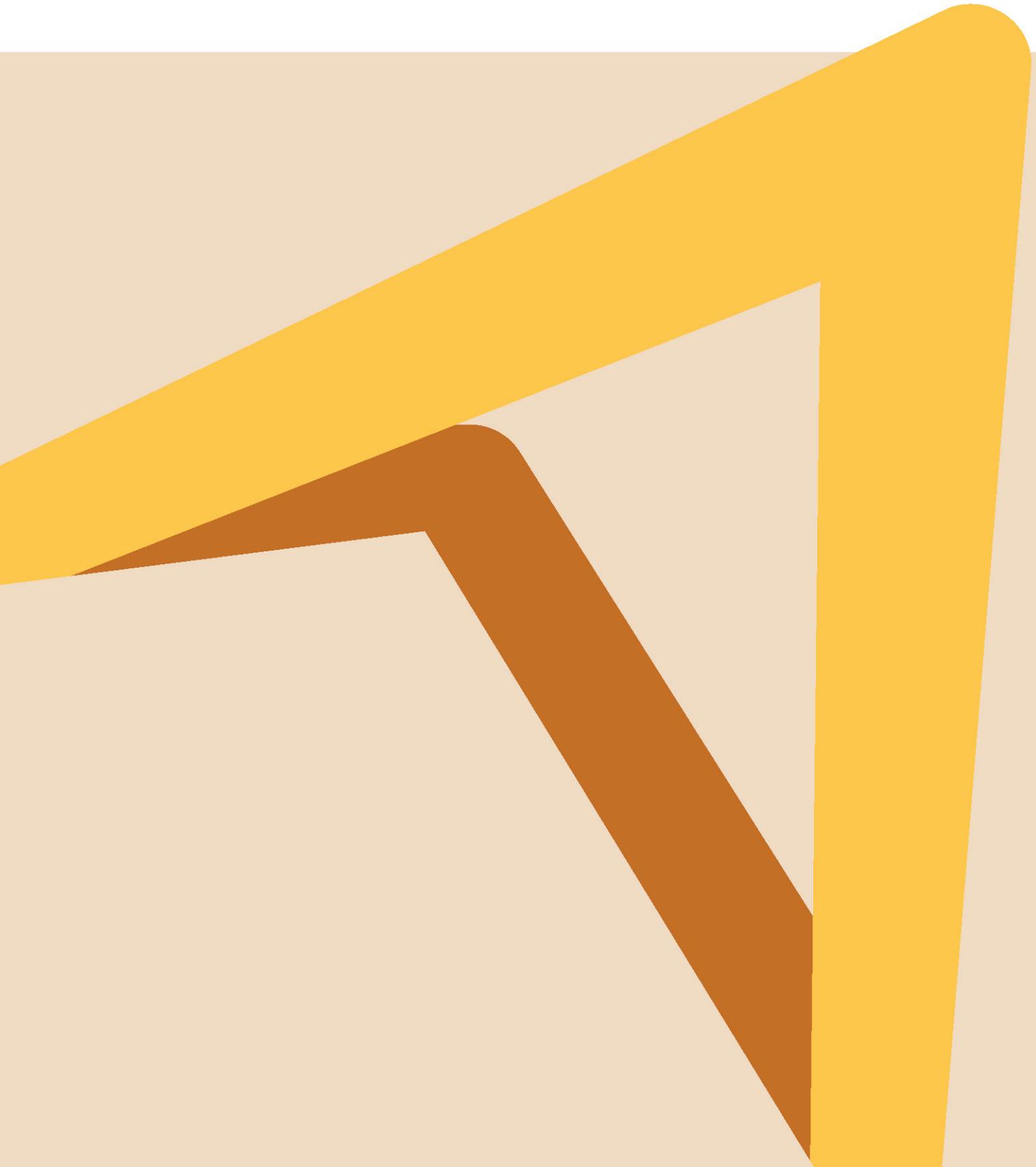


# Thought Leadership

Billionaires, Bullfighters and Mathematicians



## Billionaires, Bullfighters and Mathematicians

For the past 50 years, trust in global governments has been diminishing. It would appear some individuals (with the exception from some Scandinavian countries) believe in the policies rather than political figures executing them.

This lack of trust has led to individuals preferring political candidates deemed as “outsiders” – persons new to the political scene, having no diplomatic or military experience before their appointment to office. Trust is starting to lean in the direction of businessmen, who vouch they are unlike the “rest” and can make a difference.

Most recently, we saw France and America appoint two governments with figures new to politics and headed by presidents that have not been elected to office – Emmanuel Macron and Donald Trump. Emmanuel Macron is currently the youngest president for France – only 40, a former investment banker, and has never been elected to office before. However, there is a slight difference between the two - Macron is not new to French politics and was previously the appointed Deputy Secretary-General in François Hollande's first government in 2012 and Minister of Economy, Industry and Digital Affairs in 2014. Trump, on the other hand, has never held any governmental or military positions, which is quite contradictory to the trends, where individuals were demanding more experience of their government officials.

Following the election, both chose to employ some new faces to their office. While Trump chose to populate the new government with businessmen and billionaires (examples include Ben Carson: Secretary of Housing and Urban Development; Wilbur Ross: Commerce Secretary; Jared Kushner: Senior Advisor to the President; Rex W. Tillerson: Secretary of State; Gary Cohn: National Economic Council Director; Linda McMahon: Head of the Small Business Administration; Steven Mnuchin: Secretary of the Treasury; Steve Bannon: Chief Strategist and Senior Adviser), Macron's selection included a prominent mathematician and former bullfighter (Cédric Villani for Suburban Paris; Marie Sara for Gard in the South of France; Françoise Nyssen for Culture Minister and Laura Flessel-Colovic for Minister of Sports).

As promised, half of Macron's appointments are from a civilian background, fulfilling his promise to create a refreshing example in the political scene. However, whilst the public is pleased the new faces on the political stage are “promising to change things for the better”, this poses a problem for businesses providing services to the new politicians, generating a number of risks for various reasons. Politically Exposed People put businesses at risk due to the higher chance there is of committing a crime connected to money-laundering, corruption, terrorist financing, breaking financial and trade laws etc. The more influential you are, the greater the likelihood is you will stumble upon a situation where the opportunity to commit any of these offences, will be present. In addition to this, the risk extends to immediate family members and known close associates. Trump's family members are now involved in politics following his election – this can help us to understand why. After Trump became president, he pushed for his daughter Ivanka to advise him in governmental matters and appointed her husband Jared Kushner, as Senior Advisor to the President. This is not the only risk potential there is with family and associated persons - they can also conveniently be used to transfer business ownership and arrange for large fund transactions to take place. This is where money-laundering and fraud becomes hard to trace, therefore with them in any risk related database is crucial.

When a new politician emerges, they automatically become a high risk customer not present in most databases of compliance data suppliers. Naturally, one may say there is a timeframe before the client at risk, or if at all, commits or is linked, to a crime. For newly elected politicians, this timeframe is shortened immensely because they are constantly under the radar of journalists and political opponents.

Furthermore, many jurisdictions require new-elects to leave any other governmental positions and businesses they are affiliated to or own. That makes tracking their history, affiliations and sources of wealth very difficult as time goes by. This is a result of information in some countries not always being publicly available and politicians not being obliged to disclose it. In this instance, doing credible due diligence is very difficult to perform at a key moment when

they are accused of discrepancies and information on them starts to surface. For us and for our clients, that moment is often too late.

So, how do we deal with these problems? Companies are offering a range of solutions to this challenge. At Acuris Risk Intelligence, our researchers always update new Politically Exposed Persons within 48 hours of the election or their initial appointment to office. This process allows the database of high-risk people to remain up to date and Acuris Risk Intelligence are ready and able to manage the load when a large risk-assessing event takes place somewhere around the globe. In addition, our new product for continuous monitoring, 66Squared, provides the option for historical searching of data for adverse media - giving our clients the option to measure the potential risk before journalists take it to the go to press. Not only does this assist companies to stay compliant, it also saves on time and resources and allows them to counter the words of Wisconsin Congressman Sean Duffy: "For small community banks and credit unions, like those in Central and Northern Wisconsin, the hundreds of new rules will require an estimated 2,260,631 labour hours just for compliance. Those are hours that your local bank or credit union will spend dealing with some Washington bureaucrat instead of focusing on the needs of customers like you".