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Corporate Intelligence: an Introduction

Presentation to members of the

Jill Dando Institute Centre for the Forensic Sciences

09 February 2011 / **James Rose**

Agenda

1. Introduction to Corporate Intelligence

- Who, what, where
- Skills and resources

2. Case studies

- Active Investments
- Salamander Drilling

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Introduction to Corporate Intelligence

Introduction to Corporate Intelligence
Who, what, where

What we do

We collect and analyse information on entities and individuals from public and confidential sources to help clients:

- Understand who they are doing business with.
- Comply with local and international laws.
- Gain a competitive advantage in negotiations.
- Avoid decisions that might lead to financial loss or damage to reputation.
- Locate assets and individuals in the event of a fraud.
- Gather evidential material for litigation or investigations.

Who we are

- A team of 15 Corporate Intelligence ("CI") specialists headquartered in London.
- A network of CI practices and practitioners in New York, Buenos Aires, Berlin, Budapest, Moscow, Lagos, Cape Town, Delhi, Pune and Singapore.

Where we work

- Emerging markets
  - Where the risks of doing business are greater and where reliable information is hard to obtain.
- Developed markets
  - Where the targeted search, retrieval and analysis of large volumes of information is required.

Who our clients are

- Financial Services
  - IPO and M&A due diligence, AML compliance et al.
- Corporates
  - Country risk assessment, counterparty due diligence (distributors, JV partners, consultants, etc.), anti-bribery compliance (esp. FCPA and UK Bribery Act).
- Lawyers
  - Asset identification, hidden party relationships, witness location and screening.
- Other parts of KPMG

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Introduction to Corporate Intelligence
Skills and resources

Skills

- A team drawn from a range of backgrounds including:
  - investigative journalism, political risk analysis, corporate intelligence boutiques, regulation, forensic accounting, academia, law.
- More than 15 foreign languages spoken within the London team alone including:
  - Russian, Arabic, Ukrainian, Turkish, Farsi, Chinese, Portuguese, French, German, Spanish, Italian, Greek, Swedish, Danish, Norwegian, Icelandic.
- Trained in advanced internet research techniques.
- In-depth knowledge of:
  - the quantity, quality and accessibility of public records around the world, distilled in the Forensic transparency survey.
  - the political framework and typology of corruption in emerging market jurisdictions.
  - strategies used by individuals to mask identity, conceal assets, disguise beneficial ownership, etc.

Resources

- Access to an unparalleled range of subscription databases including:
  - commercial registries; specialist corporate data providers; local, national, international and specialist industry media archives; legal judgments and court filings; international sanctions lists; registers of politically-exposed persons and state-owned entities; regulatory and law enforcement watch-lists.
- The KPMG global network.
- An external network of 200+ trusted sources including:
  - journalists, law enforcement, intelligence, regulators, industry insiders, head hunters, private investigators, NGOs, lawyers, academics.
- A custom-built federated search tool (ART) that enables multiple on-line data sources to be queried simultaneously.
- Web-crawler technology powered by Microsoft's FAST enterprise search platform, and innovative screen-scraper technology (the Web Query Builder).

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Case studies

Case studies
Active Investments

Background

KPMG Forensic was approached by the directors of the Active Investments funds to investigate a suspected fraud by the fund manager, Mr M.

- CI discovered that one of the funds' directors, Mr F, had been remanded in custody in the 1970s suspected of a major securities fraud.
- He and a fellow suspect removed the bars of their cell window and escaped in a waiting car.
- Mr F's CV revealed a career history at companies that were involved in major securities frauds.
- His fellow escapee was arrested in Italy in 2007 on suspicion of associating with mafia figures.

Key lessons

- Mr F was a director of a listed fund and had passed the Irish stock exchange's fit and proper person test. Active Investments was regulated by the FSA.
- All of the incriminating intelligence on Mr F was retrievable from the desktop with the right research skills.

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Case studies
Salamander Drilling

Background

Salamander had sub-contracted the outfitting of two oil rigs to a company called NE Group ("NEG"). Salamander was financed by our client, a major UK bank. Working with KPMG Restructuring, CI discovered that:

- The largest shareholder in Salamander was an offshore entity controlled by the CEO of NEG, Mr E.
- Mr E's son was a lawyer whose only client was Salamander. He owned two large houses outright.
- NEG's owners had been involved in a land deal with local government that was rescinded due to corruption.
- Salamander's other major shareholder was controlled by a former mercenary, Mr X.

Key lessons

- None of the above information was identified by the bank's financial or legal due diligence.
- Through Restructuring, CI had access to confidential information from within the enterprise that enabled us to add value for the client.

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