

White Paper

An Effective Approach for News Screening From Mainstream Media to Structured Adverse Media

Create a comprehensive News perspective to fortify
Anti-Money Laundering risk mitigation.

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Risk Solutions
An Effective Approach for News Screening

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The Genesis of Structured Adverse Media

Mainstream Media – The perpetual source of News

Every day around the world, newsworthy events are reported across millions of newspapers and thousands of news channels either in printed, electronic, radio or television formats in a variety of languages and with different level of detail depending on the visibility, sensitivity, scope and impact of the event being reported.

Such events may be limited to a small community or a city or may be significant enough to be reported at a national, regional or global level. Some of these events may generate only a handful of media postings while others may trigger continuous coverage for extended periods of time in the local media, followed by additional pickup across global media channels.

Some media channels have a longstanding trustworthy reputation, and they are known as reliable and thorough sources of confirmed information that can confidently and objectively be used to draw conclusions. Some trusted channels also license information from global news agencies around the world and then post the licensed content through their own delivery channels. The universe of media channels is not free of noise as there are some channels that often release unconfirmed, inaccurate or partial information that is of little or no value to support comprehensive enhanced due diligence decisions.

The mainstream media machinery is an organism that is continuously growing; the universe of news releases is ever expanding even faster through the worldwide web, and as it expands so does the amount of noise that comes with it. For this information to be useful and effective for Risk and Compliance purposes, it is necessary to simplify the universe of news by selecting only the topics that are relevant and obtained from the most trustworthy primary sources across different geographies and languages.

This simplified universe of news content known as “*Unstructured News*” provides focused and reliable key intelligence to assess financial risk when establishing a new commercial relationship.



Figure 1 - Unstructured Media is a simplified universe of news content that provides focused key intelligence to assess financial risk when establishing a new commercial relationship.

The Human Factor – Extracting the value out of Unstructured News

When browsing a news article, we can find embedded information that indicates who the publisher is, the date of publication, the people involved in the incident and what the article is about.

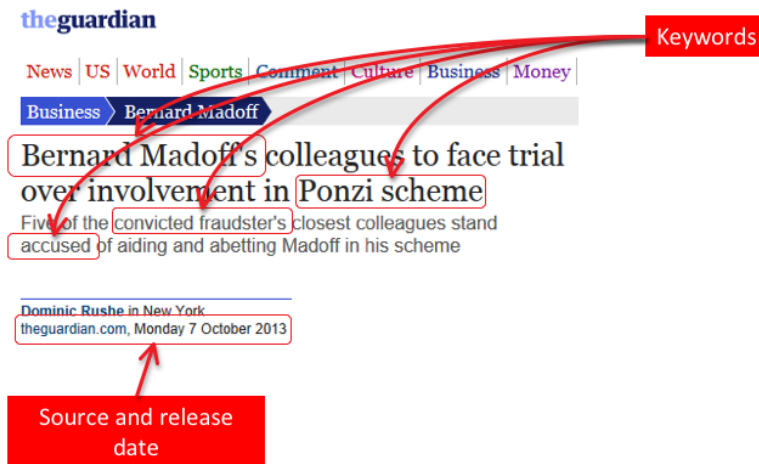


Figure 2 - The main data elements found in a news release

Other elements in the news article also provide context and details of the incident that can be used as additional information in the risk assessment process. The articles may also cite other individuals or businesses linked to the incident, some of which may represent indirect risk to an organization when establishing a commercial relationship with the main subject of the news release.

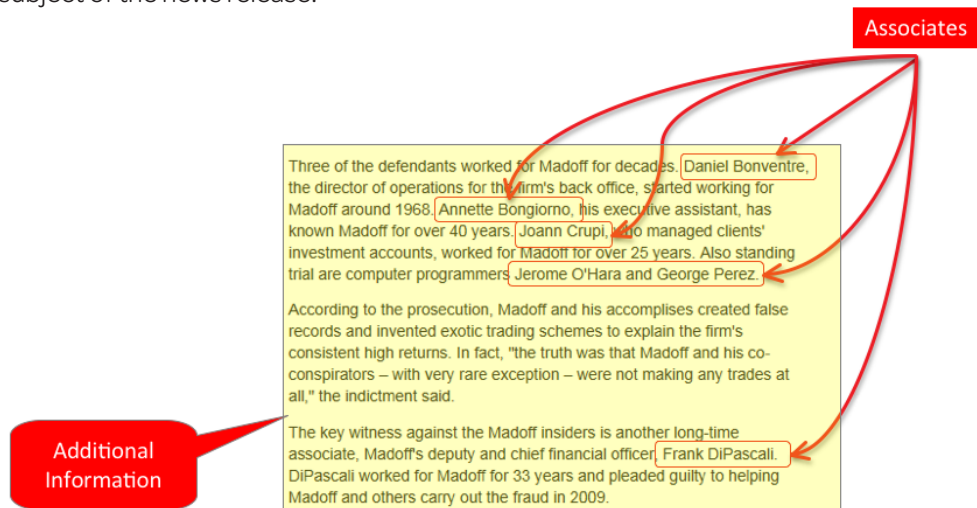


Figure 3 - News releases provide additional information sometimes including associates

These information elements found in the news releases are used by LexisNexis® Research Teams around the world to perform a comprehensive review of each of the individuals or entities linked to the article. The outcome of such analysis will be a "Structured Adverse Media Profile" composed of the following sections:

1. Identification and Rationale

Entity		association	Remarks [1]	Links [1]	Documents [1]
	Title	Not Available			
	First Name	Bernard Lawrence			
	Last Name	Madoff			
	Suffix	Not Available			
	Aliases	Madoff, Bernie			
	Nicknames	Not Available			
	Gender	Male			
	Category	Enforcement			
	Sub-Category	Securities Fraud			
	Level	N/A			
	Data Source	US-U.S. Federal Bureau of Investigation			
	Designation	Not Available			
	Date(s) of Birth	April 29, 1938			
	Place of Birth	New York City, USA			
	Primary Country	United States	Country Risk	Moderate	
	Case	Sentenced to one hundred and fifty years in prison for securities fraud - June 29, 2009			
	National ID	Not Available			
	Other ID	Not Available			
	Passport #	Not Available			
	Last Updated	28-February-2013			
	Entity ID	1506560			

2. Relationships



3. Links to sources and support documentation

Source Link(s)

<http://www.bop.gov/doc2/inmatefinderServlet?transaction=NameSearch&needingMoreLit=false&firstName=>
<http://www.sec.gov/origination/complaints/2008/comp-madoff121108.pdf>
<http://www.usdoj.gov/usa/mys/pressreleases/december08/madoffarrestor.pdf>
<http://newyork.fbi.gov/soj/pressrel/pressrel08myf0121108.htm>
<http://www.madoff.com/>
<http://www.nytimes.com/2008/11/18/business/madoff.html?em>
<http://www.sec.gov/news/press/2008/2008-293.htm>
<http://www.sec.gov/origination/creleases/2008/cr208124.htm>
<http://nyc.state.nj.us/Cyber/2008/CS-2008-0037.pdf>
<http://www.sec.gov/origination/creleases/2008/cr20889.htm>
<http://newyork.fbi.gov/soj/pressrel/pressrel08myf011029.htm>
<http://newyork.fbi.gov/soj/pressrel/pressrel08myf011029.htm>
<http://www.usdoj.gov/usa/mys/pressreleases/march09/madoffbernardplear.pdf>
<http://www.usdoj.gov/usa/mys/pressreleases/march09/madoffbernardinformationor.pdf>
<http://www.usdoj.gov/usa/mys/pressreleases/march09/madoffbernardplear.pdf>
<http://www.sec.gov/origination/admin/2009/14-62118.pdf>
<http://www.usdoj.gov/usa/mys/pressreleases/june09/madoffforfeitureor.pdf>
<http://www.usdoj.gov/usa/mys/pressreleases/june09/madoffforfeitureor.pdf>
<http://www.usdoj.gov/usa/mys/pressreleases/june09/madoffbernardstencinor.pdf>
<http://newyork.fbi.gov/soj/pressrel/pressrel08myf082609.htm>
<http://newyork.fbi.gov/soj/pressrel/pressrel08myf082609.htm>

Documents

[INVESTMENT ADVISER AND FORMER CHAIRMAN OF NASDAQ STOCK MARKET ARRESTED FOR MULTIBILLION DOLLAR PONZI SCHEME - DECEMBER 11, 2008](#)
[Former NASDAQ Chairman Arrested for Role in Ponzi Scheme - September 15, 2008](#)
[SEC Obtains Preliminary Injunction, Asset Freeze, and Other Relief Against Defendants - December 19, 2008](#)
[Order of Suspension against Bernard Lawrence Madoff - December 17, 2008](#)
[Litigation release No. 20889: Securities and Exchange Commission v. Bernard L. Madoff - February 9, 2009](#)
[Bernard Madoff Charged with 14 Felony Charges Including Securities Fraud, Investment Adviser Fraud, Mail Fraud and Wire Fraud - March 10, 2009](#)
[Bernard Madoff Pleads Guilty to Securities Fraud, Investment Adviser Fraud, Mail Fraud and Wire Fraud - March 12, 2009](#)
[BERNARD L. MADOFF CHARGED IN ELEVEN-COUNT CRIMINAL INFORMATION - MARCH 10, 2009](#)
[BERNARD L. MADOFF PLEADS GUILTY TO ELEVEN-COUNT CRIMINAL INFORMATION AND IS REMANDED INTO CUSTODY - March 12, 2009](#)
[IN THE MATTER OF BERNARD L. MADOFF \(BARRED FROM ASSOCIATION\) - June 16, 2009](#)
[BERNARD MADOFF SENTENCED TO 150 YEARS IN PRISON - JUNE 26, 2009](#)
[BERNARD L. MADOFF ORDERED TO FORFEIT OVER \\$170 BILLION; GOVERNMENT SETTLES CLAIMS OF RUTH MADOFF AGAINST FORFEITED PROPERTY - JUNE 26, 2009](#)
[Bernard L. Madoff Ordered to Forfeit Over \\$170 Billion - June 26, 2009](#)
[Bernard Madoff Sentenced to 150 Years in Prison - June 26, 2009](#)

4. Additional Information

Additional Information

According to the United States Federal Bureau of Prisons (information available on September 30, 2009):
BERNARD LAWRENCE MADOFF
Register #: 61727-054
Age-Race-Sex: 71-White-M
Release Date: 11-14-2139
Location: BUTNER MED IFCI

According to the U.S. Federal Bureau of Investigation and United States Attorney - Southern District of New York: June 29, 2009: BERNARD L. MADOFF was sentenced to 150 years in prison for perpetrating a Ponzi scheme that resulted in billions of dollars of losses to thousands of investor-victims. As part of his sentence, MADOFF, 71, was also ordered to forfeit a total of \$170,799,000,000, which represents the total proceeds of and property involved in certain of MADOFF's crimes. Judge CHIN had entered a preliminary order of forfeiture on June 26, 2009, which completely divested MADOFF of his interest in all property, including real estate, investments, cars and boats, in partial satisfaction of the forfeiture judgment.

According to the U.S. Federal Bureau of Investigation and United States Attorney - Southern District of New York: June 26, 2009: The United States District Judge DENNY CHIN entered a preliminary order of forfeiture totaling \$170,799,000,000 against BERNARD L. MADOFF. The order, which is final as against BERNARD MADOFF, completely divests BERNARD MADOFF of his interest in all property including, but not limited to, real estate, investments, cars and boats, in partial satisfaction of the forfeiture judgment.

According to the U.S. Federal Bureau of Investigation and United States Attorney - Southern District of New York: March 12, 2009: BERNARD L. MADOFF pleaded guilty to 11 felony counts related to a massive Ponzi scheme.

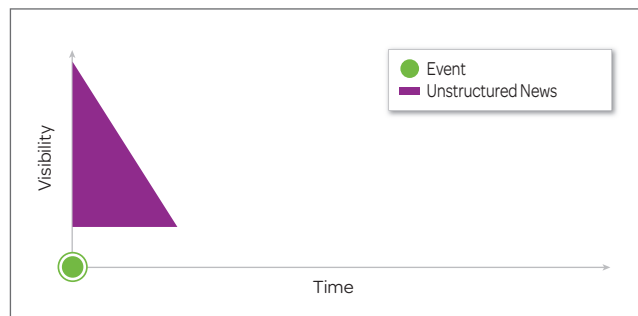
According to the U.S. Federal Bureau of Investigation and United States Attorney - Southern District of New York: March 10, 2009: BERNARD L. MADOFF is charged with eleven felony charges including securities fraud, investment adviser fraud, mail fraud, wire fraud, three counts of money laundering, false statements, perjury, false filings with the United States Securities and Exchange Commission ("SEC"), and theft from an employee benefit plan.

During this thorough analysis, the LexisNexis Research Analysts conduct additional searches in the open source to gather all the data elements that may be relevant in the structured profile so it can be effectively used to make decisions based on factual and accurate intelligence. This process is known as "Data Aggregation".

From Unstructured News to Structured Adverse Media

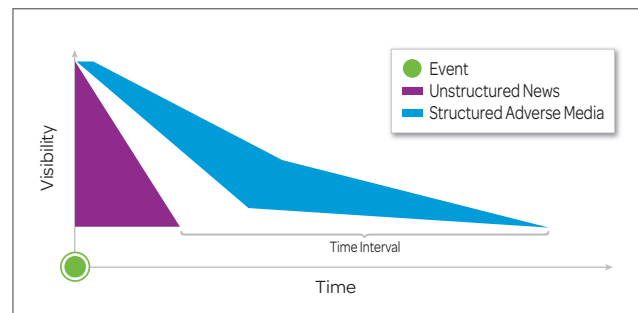
Given the nature of the Data Aggregation process, the research analysts need some time to search, gather, confirm and organize all of the information that will compose the structured profiles, hence there is always a time lapse between the time when a news release breaks into mainstream media and the time it becomes a Structured Adverse Media Profile in WorldCompliance®, a LexisNexis® company.

The timing for news content to break into mainstream media varies depending on the visibility, relevance, scope and impact of the event being reported. Major impact incidents are typically reported minutes after happening and may trigger massive live coverage. Some other events may be reported a few hours after the event happened. Events happening in remote locations or those without high initial visibility may reach mainstream media days after they were initially reported in the local media. The chart below illustrates this behavior; the purple zone is typically where *Unstructured News* articles are posted in mainstream media:



Some events may not even reach the mainstream media if they are not relevant enough to occupy space in the news channels.

A portion of the Unstructured News articles posted in mainstream media will be relevant to prevent or mitigate Anti-Money Laundering (AML) risk; such postings are analyzed by the LexisNexis Research Teams to build new Structured Profiles or update existing profiles. This analysis requires time; hence there is always a time interval between the posting of Unstructured News and the posting of a Structured Adverse Media Profile. This situation is illustrated in the following chart; the blue zone indicates the area where Structured Adverse Media Profiles are typically created:



The time interval for high visibility, high impact news is usually less than two business days. The lower the visibility of an event, the longer the time interval. Occasionally, there may be events that are not reported in any of the 15,000 media channels that the LexisNexis Research Teams monitor on a daily basis and therefore there may not be a Structured Adverse Media profile for that particular item. Under this scenario, LexisNexis has a process for customers to request the Research Team to perform an intelligence analysis on the related item. A structured profile may be created for the particular item if it has the characteristics and relevance needed to be aggregated.

Utilizing News to strengthen AML risk mitigation

The Boolean Internet Search Approach

A general Boolean Internet search is the practice that is most widely used to search for news articles related to a person or business of interest as part of the Know Your Customer (KYC) and/or Customer Due Diligence (CDD) functions. In its most basic form, the AML analyst uses a free internet search service to run a Boolean search using the name of the person or business. This search goes to the worldwide web and gathers every page and document that fulfills the Boolean search criteria to then report results within a few seconds. This typically returns a very large number of results that may or may not be related to the person or business of interest, many of the results returned may be irrelevant or useless to mitigate or prevent risk.

This is a very time consuming practice that requires a large number of resources for its execution, thus resulting in the need to build large teams of analysts at a very high cost for the organizations.

The Screening against News Approach

Screening against News is also a very common practice through which the persons or businesses of interest are screened against “Structured Adverse Media Profiles” as provided by data aggregation companies. These profiles are made available in the form of data feeds that are either loaded into the organization’s screening solution or available through commercial screening services.

An example of this approach is WorldCompliance® Adverse Media Profiles integrated within LexisNexis® Bridger Insight™ XG. Using Bridger Insight XG’s robust screening capabilities, an organization can easily screen the names of the parties of interest to get results containing the details of all Structured Adverse Media Profiles that matched the names that were screened.

In comparison with the Boolean Search approach, this practice produces a significantly lower number of results that can be simplified even further by utilizing Bridger Insight XG’s intelligent false positive reduction logic, custom accept lists and/or white lists capabilities.

Depending on the risk appetite of an organization, this approach may return sufficient results to fulfill established KYC and CDD policies. However, considering the fact that the universe of Structured Adverse Media Profiles is minuscule when compared with the Unstructured News universe and that there is always a time delay for the Data Aggregation process to produce a Structured Adverse Media Profile, there is an inherent risk of missing a relevant article that helps highlight the AML risk associated with a particular person or entity.

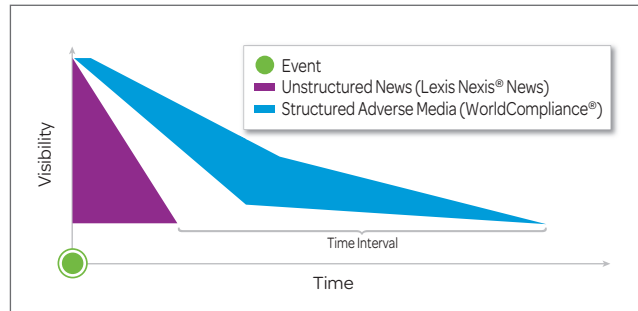
The Focused Unstructured News Search Approach

The Focused Unstructured News Search is a less common practice and there are less than a handful of solutions in the market capable of delivering focused unstructured news content. A market-leading solution that can be used to implement this approach is LexisNexis® News through Bridger Insight XG in batch. Through this solution an organization is able to upload a file containing the names of the parties of interest to Bridger Insight XG and then set a search criterion including keywords relevant to the risk mitigation/prevention process and the period of time to be considered. The process uses the LexisNexis News universe which monitors over 35,000 news sources around the world.

The number of results produced through this process is significantly lower than the Boolean Search approach, hence much more manageable for the AML organizations. Although it uses only 35,000 of the millions of news sources available in the open source, this approach is very safe as the sources used represent the largest and most reliable media corporations around the world. Therefore the risk of missing a relevant news article at any given time is marginal.

A Comprehensive News Screening Solution

Utilizing the combination of the capabilities and features of LexisNexis News and WorldCompliance® Adverse Media profiles available in Bridger Insight XG delivers the most robust, safe and cost effective solution to screen parties of interest against news to fulfill the requirements of your organization's KYC and CDD policies, as well as to leverage any special investigative process from your Financial Intelligence Unit.



By following a simple two-step approach, your organization will have the most simplified and effective set of results to support well-informed due diligence decisions that help protect your business from unnecessary AML risk. By screening the names of the parties of interest in Bridger Insight XG as a first step, you will receive the results of any Structured Adverse Media Profiles available from WorldCompliance®. These detailed results eliminate the need for any additional research, as this kind of heavy lifting has already been done by the LexisNexis Research Team as part of the Data Aggregation process.

The second step of the process involves running a file of parties of interest that did not return a Structured Adverse Media Profile through LexisNexis News in batch via Bridger Insight XG. This additional step expands your due diligence perspective across Unstructured News articles that may have not yet derived into a Structured Adverse Media Profile in WorldCompliance and minimizes the risk of time lapses or information gaps inherent to the Data Aggregation process.

This two-step approach is critical to ensure your business has the deepest and most current AML news screening viewpoint available. Bridger Insight XG delivers seamless, integrated access to the combined strength of Structured Adverse Media Profiles from WorldCompliance and the wide-reach of LexisNexis News to create a powerful news screening solution that increases due diligence workflow efficiency while strengthening the efficacy of AML risk mitigation.

For More Information

Call 866.858.7246 or visit lexisnexis.com/risk

About LexisNexis® Risk Solutions

LexisNexis® Risk Solutions (www.lexisnexis.com/risk/) is a leader in providing essential information that helps customers across all industries and government predict, assess and manage risk. Combining cutting-edge technology, unique data and advanced scoring analytics, Risk Solutions provides products and services that address evolving client needs in the risk sector while upholding the highest standards of security and privacy. LexisNexis Risk Solutions is part of Reed Elsevier, a leading publisher and information provider that serves customers in more than 100 countries with more than 30,000 employees worldwide.

Our screening solutions assist employers, non-profits and multi-family housing managers with making quicker and more confident applicant selections based on industry-leading background checks and drug testing.



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