



FOR IMMEDIATE RELEASE

World-Check warns financial institutions must be clear on origination of deposited funds given current political unrest

Changing regimes highlight the need for organisations dealing in high value commodities to have increased clarity on who they are doing business with

London, 25 February 2011 – At a time of unprecedented upheaval in the Middle East and North Africa, international financial institutions must be vigilant against accepting misappropriated funds, global compliance specialist World-Check has warned.

With former Egyptian President Hosni Mubarak having fled the country, observers have questioned where a personal fortune of close to £40bn has been transferred. The spotlight is now also on Muammer Gaddafi's fortune and business interests, their whereabouts and their origin. The problem for financial institutions however is understanding whether they may have become exposed to those funds if associates, friends or family members - what are commonly known as Politically Exposed Persons (PEPs) - opened the accounts.

Dan Peak, CEO of World-Check, said banks and other institutions may be completely unaware that they are accepting diverted state assets, as very often it is relatives or associates of the deposed leaders who move funds around the world, rather than the former leaders themselves.

Mr Peak said the fact the Swiss Federal Department of Foreign Affairs took the decision to freeze assets belonging to Mr Mubarak a mere two hours after his resignation, avoiding any risk of misappropriation of state-owned Egyptian assets, and the associated reputational impact of accepting these funds, shows the scale of the issue and level of risk facing financial institutions.

"The reality is that a number of banks, as well as organisations in other sectors that deal with high value assets, do not have the ability to identify this hidden risk, and some may even be unaware that it exists, but will be faced with the challenge of repairing their tarnished reputation if it is found that they have, even unwittingly, accepted 'illegitimate' funds and become an unwilling partner in money laundering," Mr Peak said.

Following the recent regime change in Tunisia global financial institutions were cautioned by the Financial Crimes Enforcement Network (FinCEN) on accepting funds from PEPs that could potentially be diverted State assets - or proceeds of bribery or other illegal payments.

"The political unrest in the Middle East is a timely reminder of how corruption, money laundering and illegitimate payments can be maneuvered into sectors and markets across the globe, and subsequently enter the legitimate finances of others.

"Financial institutions in particular, both large and small, must ensure that effective PEP screening is undertaken, at all times. This is the only way hidden risks can be fully identified and such due diligence is particularly crucial during times of political uncertainty," Mr Peak said.

"The speed at which the political landscape in the Middle East and North Africa is changing is providing numerous challenges for businesses having dealings within the region with many regimes transforming more or less overnight."

Mr Peak said with power shifting and composition of governments changing at such frequency and pace, the need for enhanced due diligence to be applied by organisations to ensure that all transactions are monitored and traced grows daily.

World-Check is the world authority on regulatory and reputational risk identification and remediation and over ten years ago brought to market the first internationally-recognised database of PEPs and heightened risk individuals and entities.

Notes to Editors:

About World-Check

Trusted by more than 4,500 institutions in over 160 countries, including 49 of the world's top 50 banks, World-Check is the world authority on regulatory and reputational risk identification and remediation.

World-Check's global database of Politically Exposed Persons (PEPs) and heightened risk individuals and entities, due diligence reports, passport verification and country risk assessment tools provide the means to address the full spectrum of risk across all markets and industries. Represented across five continents, World-Check's international research team monitors emerging risks in more than 60 languages, covering over 240 countries and territories worldwide.

World-Check is the leading global PEP database provider and provides organisations with the ability to identify and ascertain their exposure to PEPs in accordance with PEP compliance legislation. World-Check provides clients with the information they need to understand exactly who they are doing business with, and protects them from the dangers of hidden risk.

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