

AMERICAN BANKER

THE FINANCIAL SERVICES DAILY

Monday, May 20, 2013

Promontory Hired to Help Vet Privacy Practices at Bloomberg

By Brian Browdie

Bloomberg LP has hired a consulting firm with significant ties to financial regulators to help review its privacy policies.

Promontory Financial Group will assist former IBM Chief Executive Sam Palmisano, who will lead an examination of Bloomberg's practices for handling client data and end-user information, Bloomberg announced on Friday.

The review was triggered by recent reports that journalists at Bloomberg News used a function on the company's terminals that has since been disabled to track usage by several customers, including JPMorgan Chase (JPM), Goldman Sachs (GS) and the Federal Reserve.

Palmisano is expected to review the access issues and recommend ways to strengthen the company's practices for safeguarding client information.

Promontory, which was founded by former banking regulator Eugene Ludwig, has drawn attention for its hiring of ex-regulators, including former Securities and Exchange Commission Chairman Mary Schapiro and Julie Williams, the former chief counsel at the Office of the Comptroller of the Currency.

In April, Bloomberg News published an opinion column by financial writer William Cohan, who described Promontory as "a firm stuffed to the gills with former government financial-services regulators peddling their knowledge of Washington's regulatory thicket to the banks and financial-services companies they once oversaw."

Promontory has said it refrains from lobbying and that its advisors' experience enables the firm to help clients solve problems.

The law firm of Hogan Lovells also will assist in the investigation, Bloomberg announced.

"Nothing is more important than our clients' trust," Daniel Doctoroff, Bloomberg's chief executive, said in a press release.

Doctoroff said the company had named an internal client data compliance officer but wants "to go even further and get the benefit of independent leading experts so that we set the new standards for privacy and data security."

Separately, Bloomberg announced that Clark Hoyt, its editor-at-large, would review the relationship between Bloomberg News and the company's commercial operations. .