

The Revolving Door Problem ... and how to fix it

...

8 February, 2022

Real-life examples (public appointments only...)

FCA secondee/s to
Economic Sec to Treasury

- Private Secretary - responsible for correspondence
- Filter damaging info, give employer a heads-up
- Potential to brief FCA/City line

MPs' office staff to FCA
Public Affairs

- 'We want to hear of problems before MPs do'
- Also presents incentive to existing MPs' employees

John Griffith-Jones to
FSA/FCA Chair

- Led KPMG - defective audits of banks (HBoS, RBS)
- Could regulator go after those firms?
- Also multiple audit scandals (listed firms)

Charles Randell to FCA
Chair

- Slaughter & May partner seconded to HMT
- Heavily involved in bank rescues
- Conflicts: those banks, other clients

Real-life examples

Raj Parker's
'independence'

- Partner, Freshfields - with two now-senior FCA execs
- Authored Connaught review - 'no bad faith'
- Senior Legal Adviser, FCA

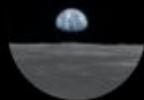
Nikhil Rathi to FCA CEO

- HMT during 'minimal touch' regulation era
- Private Sec to Blair/Brown - 'open door for bankers'
- Director, Financial Services Group, HMT

Andrew Bailey's 'journey'

- BoE 'Special Operations Unit'
- FCA CEO
- Governor, Bank of England

Real-life examples



Dominic Cummings @Dominic2306 · Feb 3



So true, Bailey was another superduff appointment I tried to kibosh & failed



Dario Perkins @darioperkins · Feb 3

I feel like this is an evergreen tweet for Mr Bailey. How many times have we said this....? Remember his "govt would be bankrupt without us" comment in March 2020? twitter.com/PhilRaynolds/s...



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Real-life examples

Megan Butler's 'journey'

- Founding employee, FSA
- Followed Bailey to BoE, returned with him to FCA
- Made Exec Director for Transformation by NR

Nausicaa Delfas' FOS 'interim CEO' role

- Led Complex Events Team (Connaught, IRHPs)
- Seconded to Ombudsman as 'interim' CEO
- Puts her in pole position for permanent role

Simone Ferreira's FOS 'interim Chief of Staff' job

- Delfas' right-hand woman at CET
- Partied with RBS bosses during s166 GRG review
- Subversion of acceptable recruitment policies again?

Real-life examples

The amazing case of
Richard Lloyd

- Special adviser to Gordon Brown 2008-10
- Must have worked with Rathi/Randell (bank rescues)
- Executive Director, *Which?*
- Chairman, Resolver
- 'Independent' Financial Ombudsman review (2018)
- FCA NED, IPSA Interim Chair/Chair; OBE (2019)
- FCA Interim Chair (2022). Chair?????

Real-life examples

The amazing case of
Richard Lloyd



MB @markbishopuk · 2m

Richard is an 'independent' non-exec appointed to @TheFCA board to represent consumer interests. He got the job after writing the whitewash report largely exonerating @financialombuds of @C4Dispatches allegations. He's the Shami Chakrabarti of financial services regulation



Richard Lloyd @RichardJLloyd · 2h

Few, if any, CEOs join a protest outside their office and invite protesters in for tea as Andrew Bailey did today. I hope people who routinely aim personal abuse at one of the most thoughtful, straight and honourable regulators I've known will think again. twitter.com/ft/status/1203...

‘A very different kind of Chair’; or
Another member of The Club’?

Real-life examples

Treasury Committee

- Mel Stride, Chair - former Treasury Minister
- Harriett Baldwin - former Econ Sec to HMT
- Anthony Browne - former CEO, BBA
- FCA employee(s?) seconded to Secretariat

Financial Regulators' Complaints Commissioner

- Commissioner: Amerdeep Somal - former Independent Assessor, Financial Ombudsman
- 'Colourful' back story - unlikely to return to the law, or gain another public appointment
- At least one former FCA employee on the payroll

Plus the 'Consumer' Panel, HMT/FCA to industry moves (eg Katherine Braddick to Barclays)

How to solve the problem: first define it

1

Why all the conflicted hires?

They're desperate to prevent honest politicians and the public realising the truth

2

Why don't they want the truth to come out?

(i) They bent and broke the law to save the banks; (ii) the FCA has a huge liability because unfit for purpose for years; (iii) money (juniors)

3

Why don't they fess up, ask for forgiveness?

They think they'll go to prison, or at least have careers ruined

4

Why would they change position?

(i) Net closing in; and (ii) clearly communicated, palatable 'olive branch'

5

Why might this change?

Campaigners acquire leverage: Swift (JR, police/private prosecutions); Connaught (prosecutions); further independent reviews; Call for Evidence about FCA

Three-pronged approach

‘Shine a light’

- Identify and call out insider hires, conflicts of interest
- Bring them to the attention of honest politicians, media
- Propose constructive, reasonable solutions

‘Guerilla war’

- Focus on the underlying reason for the revolving door - the misconduct
- Public exposure, judicial review, police investigation, private criminal prosecution for individual bad actors

‘Olive branch’

- Keep comms channels open
- Offer constructive suggestions/help
- Apply for roles, complain when rejected for patsies
- Make it clear our victory is inevitable

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