MEDIA RELEASE

For Immediate Release

NEW STUDY SHOWS AI, MACHINE LEARNING NEGLIGENCE POSE SERIOUS ECONOMIC RISK; PROPOSES ELEMENTS OF AN "AI AUDIT"

- ◉ Few businesses are prepared for **significant damages** due to management complicity with bad AI applications
- ◉ **AI Audit** methodology proposed to safeguard organizations and individuals, limit GDPR risk

East Lansing, Michigan, USA—June 24, 2019—Data leaks. Malware. Hackers. We think we know the risks we face as we go about our daily digital lives. But do we?

A new report from American economist and award-winning author Patrick L. Anderson demonstrates the potential for damages caused by mismanagement, bad software, and the misuse of data in the fast-growing artificial intelligence (AI) and machine learning application sector.

Mr. Anderson recently presented his preliminary findings in Europe at a conference of international forensic economists.

Damages from AI Misuse

The special report describes five main categories of damages resulting from improper implementation of AI. It suggests a clear lack of management awareness regarding potential harms, particularly related to AI algorithms operating on customer data. These failures pose substantial risks to organizations and consumers around the globe.

"In at least some cases," Anderson explains, "AI is misused, misapplied, conducted without proper supervision, implemented using data for which proper permission was never obtained, presented in a way that conceals its actual performance, or a combination of these."

The AI Audit

To mitigate these risks, Anderson proposes the development of a new methodology to evaluate AI applications and data. His proposal includes steps for conducting "AI audits," with the goal of preventing damages from management ignorance of these applications and misuse. He notes that these unintentional management errors can cause harm that far exceeds that caused by the deliberate distribution of malware.

Attached is the report's Executive Summary. The full report is available at www.AndersonEconomicGroup.com.

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Patrick L. Anderson
Mr. Patrick L. Anderson founded Anderson Economic Group in 1996 and serves as its principal and CEO. In 2012, he also founded Supported Intelligence, and now serves as SI's executive chairperson. Mr. Anderson has published over 100 works, several of which have won national awards for outstanding writing in economics, including *Business strategy and firm location decisions: testing traditional and modern methods*.

Anderson Economic Group
Anderson Economic Group, LLC, is a U.S.-based consulting firm that specializes in economics, public policy, and business strategy.

Supported Intelligence
Supported Intelligence, LLC was formed to develop the Rapid Recursive® technology, which mimics the way people naturally approach decision-making problems. The patented software provides "explainable AI" to users in dozens of countries.