

# Security Vanguard



## Chairman's Corner March 2016

Things are continuing to move along nicely for the Northern Nevada ASIS chapter, and I want to thank each of you for your continued involvement in those ongoing gains in momentum. Our March chapter meeting is set to be held on the 2nd of the month at the UNR InNevation Center, and will feature a presentation by the Washoe County District Attorney, Chris Hicks. As a group, we have not heard from Mr. Hicks since his election to the office. This will give us an opportunity to hear about the office under his leadership, his philosophy in carrying out his charge, and maybe where he wants to take the office in the future. It should be a very informative meeting with opportunities for questions, so please make plans to attend.

I want to take another opportunity to thank Kevin Schaller and John Puccioni, who are working diligently on our upcoming Resiliency 2016 program scheduled for April 6th, at the Circus Circus. This is going to be a really nice addition to the programs we currently offer, and I invite the chapter membership to get involved with this program to make sure that it is a great success. By now, you should have received an email from me containing a solicitation for presentations for this program. The presentations should be limited to 6 minutes, and be dynamic and highly informative in nature. We want to attract a broad cross-section of people for this event, and think it will appeal to leadership across all spectrums of organizations, public and private, that have responsibilities for management, information technologies, human resources, health & safety, security, facilities, or logistics. I want each of you to strongly consider showcasing your knowledge and



Mark Crosby, CPP

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experience in the issues and that influence and improve organizational resilience, and submit a presentation topic and outline for consideration for inclusion. Some subjects that could fit this bill are IT security, surveillance technologies, fraud protection, regulatory issues, risk management, access control, insurance innovation, security innovations, staff risk assessment, business continuity, economic opportunity, changing economies, etc. Please have your submissions in no later than March 25th for consideration for inclusion.

Thanks again and please do not hesitate to reach out to me with any comments, questions, or concerns. See you at the March meeting!

## **FBI sees Chinese involvement amid sharp rise in economic espionage cases**

**Washington (CNN)**The FBI has seen a sharp rise in economic espionage cases aimed at U.S. companies, with a vast majority of the perpetrators originating from China with ties to the nation's government, authorities said Thursday.

At a briefing at the FBI's Washington headquarters, the head of the agency's counterintelligence division, Randall Coleman, said the bureau has seen a 53% increase in economic espionage cases, or the theft of trade secrets leading to the loss of hundreds of billions of dollars, over the past year. He cited examples of large corporations successfully targeted in the past such as DuPont, Lockheed Martin and Valspar, who have since worked with the bureau to further safeguard their intellectual property.

To highlight this growing threat to the U.S. economy, the FBI has launched a nationwide campaign intended to warn industry leaders of the danger they face from foreign actors. But the FBI not only considers this a threat to American economic prosperity, but to its physical security as well.

"Economic security is national security," said Bill Evanina, the head of the National Counterintelligence and Security Center and one of the agents leading the charge in stemming the threat to corporations. Many of the tools used are the same as the ones used to track terrorists, he said.



In a survey conducted by the FBI, half of the 165 private companies that participated have claimed to be victims of economic espionage or theft of trade secrets, and 95% of those attempts originated from individuals associated with the Chinese government.

One of the most concerning means of obtaining sensitive industry secrets is through the use of "insider threats," or employees who are familiar with the inner workings of a particular technology being recruited by foreign agents in exchange for large amounts of cash.

"My company had first-hand experience dealing with an economic espionage case," Andy Ubel, the chief intellectual property counsel of Valspar, said in an FBI-produced video entitled "The Company Man: Protecting America's Secrets," which aims to "raise awareness of the growing economic espionage threat," the bureau says on its YouTube page.

"One of our key employees, a lab director, quit one day, and wouldn't tell us where he was going. And we only discovered later that he had downloaded a whole bunch of our data on to his own personal hard drive," Ubel said.

The FBI continues to see spear phishing attempts, when an email or link appears legitimate but is in fact a bogus message intended on tricking recipients into offering up personal information. Social media and sites like LinkedIn are also being utilized in economic espionage where potential recruits can be found and contacted based on relevant knowledge and work experience.

There have also been recent cases of trade secret theft which included dumpster diving for intellectual property such as discarded prototypes. In one case, the FBI says Chinese nationals were caught digging in corn fields in Iowa in search of seeds developed by a U.S. company to be pest and drought resistant. While the theft of corn seeds may appear innocuous, in reality the company that developed them spent tens of millions of dollars on research to perfect the technology.

"The Chinese government plays a significant role" in economic espionage, Evanina said. "The playing field is not level" when a single company faced with relentless targeting by individuals or entities who have the backing of a foreign government, he said.

The aim of economic espionage is to save a company the capital it would typically spend on research and development by just copying the processes of proven methods of production. In one example, spies were targeting the manufacturers of sprinkler heads hoping to gain an edge in their market by stealing manufacturing techniques to make the company more efficient. Cases of theft include technological advances in paint, Kevlar, and seeds and grain, as well as traditional targets such as military telecommunications.

Sony Pictures announce the controversial comedy "The Interview," a film depicting the assassination of North Korea's leader, will have a limited release on Christmas Day. The studio previously announced it would shelve plans to release the film after it became the victim of a cyber attack thought to have originated in North Korea. Click to see how the saga unfolded.

While many companies may be unaware they are the targets of economic espionage, the FBI is constantly seeking "referrals," or reports of behavior consistent with the threat.

In one instance in 2010, what appeared to be a simple case of trespassing turned out to be two Chinese nationals acting on behalf of government entities who had broken into a facility late at night to take photos of the equipment after unsuccessful attempts at recruiting insiders who could provide them with vital information on the technology they were seeking. Once the FBI was made aware, a confidential source and employee of the company set up a meeting where they were arrested and eventually given lengthy jail sentences.

## U.S. retail workers are No. 1...in employee theft

Light-fingered employees cost American stores (and consumers) more than shoplifters do.

It's almost Groundhog Day, but for retailers, the holiday season is finally winding down.

"The four months from October through January are when stores see not just their biggest sales volume of the year, but also the most returns and exchanges," says Ernie Deyle, a 30-year veteran of the retail loss-prevention wars who leads the business consulting practice at London-based data analytics firm Sysrepublic. "Unfortunately, the same four months account for about half of all annual shrinkage."

That shrinkage, made up of missing goods from shoplifting and other causes, costs U.S. retailers about \$42 billion a year, according to the latest Global Retail Theft Barometer, an annual industry study led by Deyle and inventory management firm Checkpoint Systems.

Shoppers pay the price for such theft. The cost of mysteriously vanishing merchandise comes to \$403 annually per U.S. household.

Of course, retailers everywhere deal with shrinkage, but there is one big difference between the U.S. and the rest of the world: Globally, dishonest employees are behind



about 28% of inventory losses, while shoplifters account for a markedly higher 39%. Not so stateside, the study says, where employee theft accounts for 43% of lost revenue. That's about \$18 billion, or \$2.3 billion more than the cost of five-finger discounts taken by customers.

Some stores get ripped off more than others. Discounters, for example, experience higher rates of employee theft than home improvement stores or supermarkets do. Moreover, rather than simply walk off with merchandise or pocket cash, most workers who steal do so in subtler ways.

"Usually it happens during checkout, when an associate manipulates a transaction to benefit themselves or someone else," says Deyle. Employees might, for instance, enter refunds, discounts, or voided transactions into a cash register. They can also "cancel transactions, modify prices, or say someone used a coupon when they didn't."

The interesting question, of course, is not so much how as why. "Key reasons ... include ineffective pre-employment screening, less employee supervision, and easy sale of stolen merchandise," the report says.

Deyle sees cultural differences at work too. "Internationally, there's more of an unwritten code that says it's not honorable to do something dishonest toward an employer," he says. "Here, it's a different mindset. There's so much turnover in retailing, and very little loyalty."



# Meeting Minutes February 4, 2016

American Society of Industrial Security Northern Nevada Chapter #164  
Secretaries Report

Meeting Date: February 4, 2016  
Location: UNR Innevation Center Room #205, Reno, NV  
Members Present: 22 Guest Present: 3

Call to Order: Meeting called to order by: Chairman Mark Crosby at 12:03 PM

Welcome and Introductions: Chairman Crosby welcomed chapter members and guest. Members and guest stood and introduced themselves.

Secretaries Report: The January's Secretaries Report was posted in the monthly newsletter. A motion was made and seconded to waive reading of the January Secretaries Report, motion approved.

Treasurers Report: The Treasurers Report was read. The account balances are as followed; Pay-Pal \$1,114.15, Checking \$11,440.08, Savings \$ 4,372.54 for a total of \$16,926.77.

A motion was made to approve the Treasurer's Report. The motion was seconded and approved by the membership.

Old Business: Chairman Crosby thanked Ken Lightfoot and Scolari's Food & Drugs, for hosting the January ASIS Webinar. He encouraged all members that are interested in attending future ASIS Webinars to bring a guest. 'Several chapter member' organizations have purchased subscriptions to the ASIS seminars and have offered to host the sessions at no cost to the chapter membership and their guest.

Chairman Crosby reminded chapter members that are certified in one of the ASIS Classifications receive CIU's for attending the webinars. He is emailing the Power-Point presentation notes to members that attended the January webinar. He also said he would send the

webinar sign in sheet to ASIS International so that attendees i would receive their CIU's.

The chapter voted to purchase a subscription to the ASIS Webinars for the chapter at the January meeting. The purchase will be made in February.

Chairman Crosby said that he attended the ASIS International Leadership Meeting in Washington D.C. and had the opportunity of meeting the new ASIS International CEO Peter O'Neil and the new President David Davis. He said that he was very impressed by both of them and the rest of the ASIS leadership.

New Business: The March meeting will be held at the UNR Innevation Center. The speaker will be Washoe County District Attorney, Chris Hicks.

Chairman Crosby informed members that the May meeting location will be at the Washoe County Regional Emergency Operations Control (REOC), located at 5195 Spectrum Blvd in Reno. The Speaker will be Washoe County .REOC Manager Aron Kenneston, CEM.

The 2016 ASIS Annual Seminar and-Exhibits is the -62nd annual ASIS Seminar. It is scheduled for September 12th through the 15th in Orlando FL. Chairman Crosby encouraged all members to attend. He said this event is both a major professional training opportunity and an opportunity to see the latest security technologies in one location. Orlando FL is the home of Disneyworld so members might consider bringing their family and combining the seminar with their vacation.

Chairman Crosby said that the chapter is exploring putting on a security-training seminar in a Ted-Talk format. The sessions would be open to security professionals and interested business people. He said we have a lot of expertise, experience, and excellent speakers in our chapter. Seminars provide a great opportunity to provide community exposure and training and to put money into the chapter's coffers.

# Meeting Minutes February 4, 2016

Speaker: FBI Special Agent David Lintman

Topic: Overview of the FBI Mission

Agent Lintman is an 11-year veteran of the FBI. He is a Civil Engineer by Education. Prior to joining the FBI he was a Process Engineer for a Pharmacy Company. After joining the FBI and completing the academy he was assigned to the Las Vegas FBI office where he conducted counter intelligence, public corruption, intelligence and counter terrorism investigations. He was also a member of the SWAT team. He was transferred to the Reno FBI office seven months ago and specializes in Cyber investigations.

Agent Lintman presented an overview of FBI's duties and priorities. He said FBI Agents protect against a variety of threats to the U.S. and its citizens. The FBI's responsibilities include protecting against cyber-attacks, foreign intelligence, high-tech crimes, bank robberies, public corruption, criminal organizations, white-collar crime, child sex crimes, ID theft, kidnapping, computer intrusion Hacking and other violations of federal statutes.

FBI Agents work with local law enforcement and the private sector to prevent and investigate potential crimes. He encouraged everyone to call the FBI if they have questions or problems that the FBI can assist with.

Agent Lintman was invited to become a chapter member.

Speaker: Washoe County Sheriff Chuck Allen

Topic: Washoe County Sheriff's Office 2016 Progress and Priorities Sheriff Allen said it was a busy year for the Sheriff's office. His priorities for 2016 are building a new communications center, recruiting for open positions and increasing the number of female deputies.

The Sheriff said that even though Washoe County is experiencing tremendous growth he has had to revise his 2016 budget downward after he was notified that the Sheriff's Office would only be receiving an increase of approximately \$1,000,000 for the year. He said \$1,000,000 sounds like a lot of money but is small in comparison to the total Sheriff's Office annual budget.

The Sheriff's Office is proud to be sponsoring the 2016 Law Enforcement Torch Run and the Polar Plunge. Both events raise money for Special Olympics. During the Polar Plunge the sheriff will be going into Lake Tahoe in full uniform.

Sheriff Allen warned that the Washoe County has recently experienced a rash of counterfeit money being passed at local businesses. He encouraged anyone with information or questions about this issue to contact the sheriff's office or their local law-enforcement agency.

Sheriff Allen was informed that in the past Sheriff's has been active participants in our chapter and he was invited to become a chapter member. He said the Sheriff's Office would be represented at future meetings.

Drawing: A drawing was held for door prizes

Adjournment: Meeting adjourned at 12:57 PM

End of report



Please be advised Future webinars will be offered and notifications will be sent out regularly.

If you feel you are not receiving these notifications please notify Mark Crosby

## ASIS Chapter #164

Where: UNR InNevation Center 450 Sinclair Street

Reno, Nevada 89501

(subject to change-check reader board)

Date: Wednesday, March 3rd, 2016

Time: 11:00 AM – 1:30 PM (approximately)

Thank you to Mike Pacini for bringing raffle gifts.

If you have any suggestions about the news letter please contact Michael Smith

<b>Chairman:</b>	<b>Mark Crosby</b>
<b>Vice Chairman:</b>	<b>John Puccioni</b>
<b>Secretary</b>	<b>Mike Gach</b>
<b>Treasurer</b>	<b>Cliff Hufnagle</b>
<b>Membership Chairperson</b>	<b>Jason McLean</b>
<b>Newsletter Editor</b>	<b>Michael Smith</b>
<b>Law Enforcement Liaison</b>	<b>Dean Hill</b>
<b>Legislative Rep</b>	<b>Ken Braunstein</b>
<b>Chapter Webmaster</b>	<b>John Puccioni</b>
<b>ASIS Foundation Rep</b>	<b>Steve Foster</b>
<b>Scholarship Chairman</b>	<b>Ken Braunstein</b>
<b>Chapter Photographer</b>	<b>Ken Braunstein</b>
<b>Audit Chair</b>	<b>Ken Lightfoot</b>
<b>Certification Rep</b>	<b>Chris Brockway, CPP</b>
<b>Young Professionals Liaison</b>	<b>Steve Foster</b>