

# **ÆGIS**



## ***Addressing threats that affect your bottom line***

Volume 9 Number 4, April 2006

From the case files of

**LUBRINCO**

<http://www.lubrinco.com/>

and

**FE&E** CLARITY FROM COMPLEXITY  
Financial Examinations & Evaluations, Inc.

<http://www.feeinc.com/>

**Intellectual property being stolen or at risk? Call us!**

**This month's features:**

- **Special Announcement**

- 1. Asset Location and Due Diligence — Polygraphy**
- 2. OPSEC, Economic Espionage, and Competitive Intelligence — *Is he Cheating on you? 829 Telltale Signs***
- 3. Executive Protection — Slavery**
- 4. Technical Issues — Déjà vu all over again....**
- 5. Real Stories from the Field — Moving data**
- 6. Book and Product Reviews — *KEYController* KeySure**
- 7. Subscription/Unsubscription/Copyright Information**

Richard Isaacs will be presenting a talk on *Sarbanes-Oxley Section 404 OPSEC Compliance* at the 7th Annual International East-West Security Conference & Exposition London, U.K. 30 & 31 May <http://www.oecexhibitions.com/Security-2.htm>

## 1. Asset Location and Due Diligence — Polygraphy

There is some question about the validity of polygraph testing. In one case with which we are familiar, from the days when polygraphs could be used as part of a pre-employment test, an early teenager was denied employment because the test showed that he had been in prison (he hadn't), and was lying by denying it. In another equally-familiar case, a polygraph confirmed that someone was not having an affair (he was).

There are a number of sources of information, pro and con, about polygraphy. On the pro side is the American Polygraph Association (<http://www.polygraph.org/>). They say that research indicates the accuracy of polygraphy, if you have “a combination of a properly trained examiner, a polygraph instrument that records as a minimum cardiovascular, respiratory, and electrodermal activity, and the proper administration of an accepted testing procedure and scoring system” to be between 80% and 98% (<http://www.polygraph.org/validityresearch.htm>).

On the other side is antipolygraph.org (<http://antipolygraph.org/>). This group has a somewhat more jaundiced view. In fact, they consider relying on polygraphs to be a potential risk, and note an article on defeating polygraphs on an al-Qaeda Web site at <http://www.tawhed.ws/r?i=3165>.

While we have no enthusiasm for using polygraphs (or voice stress analyzers, for that matter) to determine if someone is lying, they *can* be useful in investigations when you are trying to get information from someone willing to take one.

In investigative use, you have three things going for you. First, because the person is willing to take a polygraph at all, you are assured of at least some level of cooperation, even if they are doing this to serve their own interests. Second, they have no idea what exactly you (and others who will look at what is said) actually know, and are likely to be a little more forthcoming in the information they provide, even if they are editing it to make themselves look better. Finally, they may well want to give the impression of not lying, and of being cooperative, and so will be more willing to supply you with information that they feel to be true, but that will not make them look bad.

This can work to the investigator's advantage because it generally gives previously unknown details that can be used to piece together the actions of the players, and clarify things not previously understood, and help move the case in the right direction.

## **2. OPSEC, Economic Espionage, and Competitive Intelligence — *Is he Cheating on you? 829 Telltale Signs***

An important part of competitive intelligence and economic espionage comes from *indicators* of activity. An indicator is something which gives a clue as to activity, though not directly related.

The concept of indicators as being something a company needs to manage to protect itself seems, for some reason, hard for many to grasp. While we often give examples, many still have a hard time believing that someone in a company has to be charged with looking for indicators and hiding them. So we thought we'd try another approach to show their importance.

One area in which indicators have been highly thought through is infidelity: There is extensive documentation of what indicators to look-for. A book we highly recommend to readers interested in OPSEC is Ruth Houston's *Is he Cheating on you? 829 Telltale Signs* (ISBN 0-9720553-4-7), which you can buy for \$29 at <http://www.infidelityadvice.com/>.

We recommend this book because it contains hundreds – 829 of them, as the title indicates – indicators. Some of these are pretty obvious: You come home and catch him in bed with someone, or, worse yet, you contract a venereal disease. Others are more subtle, yet, if there are many of them, may indicate an affair.

The book has an astonishing 21 chapters of indicators:

- Physical appearance
- How he relates to you
- Conversational clues
- Work habits
- Day-to-day behavior
- Financial affairs
- Travel
- Personality or behavioral changes
- Absences
- Telephone tip-offs
- Car clues
- Sex
- Eating habits
- Smells and tastes
- Invasion of your home
- Gifts
- Computer use
- Cell phones and pagers/beepers
- Physical evidence
- His behavior around other women
- Accidental slip-ups or disclosures

Why do you want to read this, particularly if you are neither having nor looking to discover an affair? Because your competitors and adversaries have a list of indicators they are using to find out what *you* are doing. And your CI group has a similar list to find out what *they* are doing! If you know what indicators your opponents seek to discover, you can hide them.

We consider *Is he Cheating on you? 829 Telltale Signs* a must-own book for anyone involved in protecting information: It will be a constant reminder of the revelatory nature of indicators, and why you need to deal with them.

### **3. Executive Protection — Slavery**

This editor has begun research on a book, working title *Good Court, Bad Court*, dealing with Dred Scott and Plessy. While looking at these Supreme Court decisions – particularly Plessy – made it clear that judicial philosophy and strict-or-liberal construction of the law are less important in the Supreme Court than is the unconscious social view of the jurist, it also piqued some curiosity about slavery in the United States.

Slavery, accepted in the Old Testament, the New Testament, and the Qur'an, has always existed. In North America, once it became clear that American Indians captured and forced into slavery were overly susceptible to European diseases, settlers chose to import African slaves. It is estimated that up to 650,000 slaves arrived in North America<sup>1</sup> between 1619, when a Dutch ship brought 20 slaves to Jamestown, and the passing of the 13<sup>th</sup> Amendment in 1865<sup>2</sup>. While details are a little sketchy, if we posit that the importation of slaves was spread equally over the 240 years, this would come to about 2,700 slaves a year. Spread over a 50 year period, this would be 13,000 a year.

Today, with modern transport, we are, sadly, much better at bringing in people for labor and the sex trade. The U.S. government estimates that of 600,000 – 800,000<sup>3</sup> people are forced into servitude annually worldwide, with up to 17,500<sup>4</sup> slaves imported to the United States each year. Others

---

<sup>1</sup> In the “But mommy, he was worse” category, Brazil reputedly imported about five million slaves...

<sup>2</sup> While the Constitution permitted importation of slaves until 1808, and Congress banned it thereafter, *The African Slave Trade* (Thomas Fowell Buxton, Dawsons of Pall Mall, 1839, recently re-published by Cosimo Classics of New York), indicates that 15,000 Negroes were imported from Africa into Texas between 1837 and 1838.

<sup>3</sup> U.S. Department of State, 2004 Report, Victims of Trafficking and Violence Protection Act of 2000: Trafficking in Persons Report, <http://www.state.gov/g/tip/rls/tiprpt/2004/>

<sup>4</sup> U.S. Department of State, United States Becomes Party to Anti-Trafficking Protocol: Marks Slavery Abolition Day , 1 December 2005, <http://www.state.gov/r/pa/prs/ps/2005/57532.htm>

estimate the number to be as high as 25,000, though the CIA estimated the trafficking of women and children alone to the United States at up to 50,000<sup>5</sup> a year, as did the *Victims of Trafficking and Violence Protection Act of 2000*<sup>6</sup>.

The U.S. government has been supportive of efforts against slavery, both in the U.S., and abroad. The Office to Monitor and Combat Trafficking in Persons (“TIP Office”) supported more than 240 anti-trafficking programs in over 75 countries in fiscal year 2003. As an example, it funded a program in Turkey, which has a serious problem with women from the former Soviet republics being imported for illegal enslaved prostitution. While Turkey has legalized prostitution, using slaves is more profitable: You can buy a girl from Moldova for \$500 and realize \$250,000 in income in a year from her services. We read somewhere that the cost of the war in Iraq made unavailable the \$600,000 annual funding for this program. If this is true, we hope that when the war ends we will again be able to afford to fund this program.

The treatment of slaves is only marginally different today than it was in the 18<sup>th</sup> century. Then, to control a slave, they were likely to be beaten, raped if a woman, intimidated, and their family threatened if they tried to escape or resist. Today they will be drugged – a modern innovation – then beaten, raped if a woman, intimidated, and their family threatened if they try to escape or resist. If there is a group of slaves – not uncommon – and one of them resists, they will most likely be beaten, raped if a woman, or even killed in the presence of the others as an object lesson.

In many parts of the world, if a girl does escape (many of those held are in places where they have no contact with the outside world) and goes to the police, she is likely to be returned to the brothel. In the U.S., the likelihood of the slave being returned to servitude happening is extremely low. Obviously, there are hopefully-rare exceptions to this: One woman with whom we briefly spoke, whose husband is a police officer in Georgia, mentioned that her husband was concerned by the fact that the local sheriff was running most of the drugs in the county. If the sheriff in this county also runs or protects brothels, the reaction the escaped slave might get is a little more problematic.

---

<sup>5</sup> DCI Exceptional Intelligence Analyst Program: An Intelligence Monograph. International Trafficking in Women to the United States: A Contemporary Manifestation of Slavery and Organized Crime by Amy O’Neill Richard Date of Information: November 1999  
<http://www.cia.gov/csi/monograph/women/trafficking.pdf>

<sup>6</sup> <http://www.state.gov/documents/organization/10492.pdf>

In truth, however, we would be more concerned with the issue of indifference, as opposed to corruption. Someone we know was in a restaurant in New York<sup>7</sup>, and the waitress told him that she was being held captive. To our horror, we discovered that he did not call the police. Our follow-up was fruitless, but we like to think that the waitress tried again, and that a more humane patron called in help. In another case, someone we know who was driving a taxi was given a non-English-speaking girl to transport to the airport by the owner of a massage parlor. Instead, he took her to a safe place and called the police.

The good news is that the *Trafficking Victims Protection Act of 2000* (part of the *Victims of Trafficking and Violence Protection Act of 2000*) makes clear that, by statute, anyone under 18 must be defined as a victim. The bad news is that ECPAT-USA notes<sup>8</sup> that, as implemented, there is some level of serviced provided for girls imported from abroad, there is markedly less support available for American girls.

Why should you care about slavery? We can think of four reasons.

First, slavery is simply wrong, and should no longer be condoned by civilized peoples.

Second, even if you don't care about what happens in an exotic foreign place like Cambodia or Canada, you should very much care about what happens here, and to your own children. NISMART, the National Incidence Studies of Missing, Abducted, Runaway, and Throwaway Children<sup>9</sup> indicates that thousands of abused children run away and end up forced into prostitution, starting as young as 11.

Third, a very small number of children in the United States, coming from good homes with good parents, are kidnapped and forced into prostitution every year. NISMART-1 estimated that in 1988 200 to 300 children were kidnapped by strangers. NISMART-2 estimated that in 1999 115 children were kidnapped by strangers. While you might assume that this indicates a decline – we certainly would like to think that this is the case – the design differences in the studies make the two numbers hard to compare. But if you

---

<sup>7</sup> While liberal New York is not generally associated with slavery, before it was abolished, about forty percent of households in New York City owned slaves, as opposed to twenty-five percent in the South. And people forget that the conservative Republican party was originally the liberal anti-slavery party.

<sup>8</sup> <http://www.ecpatusa.org/documents/WhoIsTheretoHelpUS.pdf>

<sup>9</sup> <http://www.ncjrs.org/html/ojjdp/nismart/04/ns5.html>

have children, or know anybody who does, this should be of at least some concern to you.

Finally, we as a nation have worked hard – and are still working hard – to escape problems caused by our being founded as slave-owning nation. Independent of your political beliefs, from a geopolitical perspective the re-emergence of slavery, combined with incidents such as the still-vivid images of Abu Ghraib, does not serve us well domestically or internationally.

#### **4. Technical Issues — Déjà vu all over again....**

One of the odd things about the wireless telecommunications business is that the industry is frequently behind the technology curve in terms of handset/frequency matches. When there were three frequencies (900 MHz, 1800 MHz and 1900 MHz) many companies had dual frequency handsets for international use (900 MHz and 1900 MHz). When there were four frequencies (850 MHz, 900 MHz, 1800 MHz and 1900 MHz) many companies offered only tri-band handsets, with a choice between 900/1800/1900 and 850/1800/1900. This meant you had to decide between lame coverage in the Americas or lame coverage in the rest of the world.

We recently needed a satellite phone for use in the Middle East, the circumstances of which required a handheld device, which precluded the use of one of our collection of Inmarsat terminals. For a number of reasons, the best choice for our needs was a handset on the Thuraya satellite system. As often happens in handheld satellite terminals, Thuraya's handsets also include GSM, so that they can use a local terrestrial signal if available.

Now, you might expect that, since the satellite communications industry really does involve actual rocket scientists, the people that specified Thuraya's handsets would have included both GSM 900 and GSM 1800, since these are the two GSM frequencies used in their area of coverage. In fact, following in the footsteps of GSM manufacturers, the Hughes 7100 and 7101 only include GSM 900<sup>10</sup>.

We asked Thuraya about this, and were told that “Thuraya will be introducing the 2nd generation phone: SG-2520, which will include the GSM triband (900 MHz, 1800 MHz, 1900 MHz) feature. This phone will be on sale between April and June 2006.”

---

<sup>10</sup> Thuraya is not unique in this lunacy: Globalstar's excellent GSP-1600 includes AMPS and 800 – but not 1900MHz – CDMA, reducing its non-satellite utility in the U.S.

This is somewhat befuddling, as the only GSM coverage in the area covered by their satellite is 900 MHz and 1800 MHz. Unless they expand coverage with a second satellite in the Western Hemisphere, there is no benefit to the inclusion of GSM 1900. On the other hand, let us assume that they plan to go global, and add coverage in the Western Hemisphere. In that case the choice is equally befuddling, since GSM 850 is used in thirteen countries in the Western Hemisphere, with 850 MHz being the only frequency available in five of these.

While the outdated-before-release-in-terms-of-GSM SG-2520 will, with both GSM 900 and GSM 1800, represent an important step forward for dual-mode users, we certainly hope that Thuraya will quickly replace the GSM-challenged SG-2520 with a current-GSM-technology quad-band version.

## **5. Real Stories from the Field — Moving data**

In the dim past, before networks, we recommended to a company that it fire anyone discovered to have a modem connected to their terminal, because it would allow them to transfer data to the outside world too easily. Now, of course, most computers are connected to networks, which are in turn connected to the outside world. However, companies can get software which will track the movement of all files, so that they can, retrospectively, see from whence and to where their information has been moved.

This still leaves the problem of data being carried or sent out in other ways. While diskettes were always an issue, they at least had the virtue of being limited in the amount of data they could hold. You can now get memory sticks and cards, as well as USB flash memory devices that hold up to four gigabytes of data, with many laptop computers having built-in memory readers, or PCMCIA slots that will take a reader. And camera phone are now able to record – and transmit – images of increasing density (the Samsung SPH-V8200 is an 8-megapixel camera phone. A 10-megapixel device is in the works).

We have long held that backup devices, recorders, and camera phones should be prohibited in most workplaces. Recognition of the potential risk inherent in these devices has now made it to the public sector. Michelle Van Cleave, head of the National Counterintelligence Executive, noted in her 15 September 2005 statement for the record<sup>11</sup> for the House Judiciary Subcommittee Hearing on Sources and Methods of Foreign Nationals Engaged in Economic and Military Espionage that

---

<sup>11</sup> [http://www.ncix.gov/publications/reports\\_speeches/speeches/JudiciaryDraftBriefing050913a\\_final.pdf](http://www.ncix.gov/publications/reports_speeches/speeches/JudiciaryDraftBriefing050913a_final.pdf)

“Breathtaking advances in IT have vastly simplified the illegal retrieval, storage, and transportation of massive amounts of information, including trade secrets and proprietary data. Compact storage devices the size of a finger and cell phones with digital photographic capability are some of the latest weapons in technology transfer as are the tools of cyberspace.”

Lest you think that this limits the risk, think again. The good folks at Sharp Ideas came up with an iPod program, slurp.exe, that will allow you to connect your iPod to a computer and suck out all the data files and store them on it iPod. You can see this and other cute things at <http://www.sharp-ideas.net/downloads.php>. Besides restricting iPods and other removable media in the workplace, they also recommend that companies

- Disable USB connections in system BIOS.
- Use third party software to protect against unauthorized data disclosure.
- Use encryption to maintain data confidentiality.
- Keep corporate data on protected network shares, not individual desktops.

## 6. Book and Product Reviews

### *KEYController*

KeySure

PO Box 362

Hudson NY 12534-0362

<http://www.keysure.net/> 1-518-828-5337



In the June 2004 issue we discussed the KeyController, which allows you to put things in plastic boxes that, once sealed, can only be opened by breaking them. Because they have become increasingly useful to us, we decided to discuss them again, lest their utility be overlooked.

The Key Controllers are .75 inch deep by 4.75 inches by 3 inches. They come in two flavors: One is opaque blue and the other is clear.

In the majority of cases you don't care whether the contents are visible, so the choice of which to use is random: You merely want to be able to tell, after the fact, whether or not the box has been opened, which you can tell by the fact that it has been destroyed.

On the other hand, there are cases in which you either don't want anyone to know what is in the box (in which case the opaque case would be appropriate) or you want everyone to know what is in the box (in which case the clear box is the appropriate choice).

While the obvious use for the Key Controller is to hold keys, we have also used them to hold passwords, instructions, and the occasional small item. In all cases the goal is to make sure that we can tell, after the fact, whether or not the case has been opened.

The idea of a one-time use container is one of those ideas that is so obvious that we wonder why we didn't think of it ourselves. Fortunately, someone else thought of it, and it is readily available. We believe that if you give it even a little thought, you will discover that you have uses for the Key Controller, too.

## **7. Subscription/Unsubscription/Copyright Information**

•• **ÆGIS** is supported and maintained by voluntary efforts. This publication is owned, published, and copyright © 2006 by The **LUBRINCO** Group Ltd, Inc. and Financial Examinations and Evaluations, Inc. It is edited jointly by Richard Isaacs (RBIsaacs@lubrinco.com) and L. Burke Files (LBFiles@feeinc.com).

**LUBRINCO** provides services in three high-threat areas, too specialized to be dealt-with in-house, that can adversely affect domestic and international bottom lines.

- **Corporate counterintelligence.**
  1. American businesses lose \$300 billion annually to competitive intelligence, economic espionage, and information theft.
  2. Sarbanes-Oxley requires internal controls tracking the costs, and impact on valuation, of competitive intelligence, economic espionage, and information theft.
    - LUBRINCO provides private sector access to OPSEC, the government-standard process for identification, valuation, and protection of intellectual property and critical information from competitive intelligence, economic espionage, and information theft.
- **International asset location and due diligence.**
  - Location of concealed assets in fraud, theft, and divorce.
  - Due diligence to prevent fraud and loss in China, Central and Eastern Europe, Central Asia, the offshore financial centers, Latin America, the Caribbean.
  - Financial fraud and anti-money laundering program development and training for compliance with the US *International Money Laundering*

*Abatement and Anti-Terrorist Financing Act of 2001 and the EU Revised Money Laundering Directive of 2001.*

- **Protection of management, staff, and families.**
  - In the high-threat environments of Latin America, Africa, the Mid-East, and Southeast Asia.
  - When traveling and living overseas.
  - When transporting items of substantial value.

**LUBRINCO** identifies and quantifies threats and vulnerabilities, and their associated risk, then manages the vulnerabilities so you can transfer or live with the residual risk. We prevent disastrous financial loss to your company, and physical harm to you, your family, and your staff.

For information on **LUBRINCO** and its services, or for the archive of all past issues of **ÆGIS** in PDF format, please go to <http://www.lubrinco.com/>.

Subscription to **ÆGIS** is available for \$15 per year in North America and \$20 per year outside of North America.

To sign up for a **complimentary subscription** to **ÆGIS** or the **ÆGIS** PDF notification list, go to <http://lb.bcentral.com/ex/manage/subscriberprefs?customerid=7768> or send an email to [aegis@lubrinco.com](mailto:aegis@lubrinco.com).

To subscribe to our AvantGo channel, go to [http://avantgo.com/channels/\\_add\\_channel.pl?cha\\_id=1773](http://avantgo.com/channels/_add_channel.pl?cha_id=1773)

To be removed from the subscription list, follow the instructions on the mailing you received, or send an e-mail to [aegis@lubrinco.com](mailto:aegis@lubrinco.com).

If you know of anyone else who should be receiving **ÆGIS**, please send their e-mail address to [aegis@lubrinco.com](mailto:aegis@lubrinco.com).

If there is a topic that you would like to know more about, send it to [aegis@lubrinco.com](mailto:aegis@lubrinco.com) and the editors will consider it as the topic for an article in an upcoming issue.

If you would like to submit an article for publication in **ÆGIS**, send it as an attachment to an e-mail to [aegis@lubrinco.com](mailto:aegis@lubrinco.com). Submission of an article certifies that (a) all information in the article is in the public record, or (b) that you are authorized to release any personal or corporate proprietary information contained in the article, and (c) that none of the article has previously been copyrighted. The submission of materials for publication in **ÆGIS** constitutes a license to **LUBRINCO**, and/or Financial Examinations and Evaluations, Inc, their

assigns, associates, or affiliates, to abridge and/or edit said submission, and to copyright and publish/republish any submitted materials in whatever written and/or electronic form they may choose.

If you would like to go beyond normal fair-use in reproducing articles from this issue of **ÆGIS**, you may do so freely as long as appropriate source, copyright, accreditation, and link to the **LUBRINCO** Web site is included. This should be in the form

*Article Title*, from the April 2006 **ÆGIS** (© 2006 **LUBRINCO** & FEE), to be found at <http://www.lubrinco.com/>.

**ÆGIS** is a forum for the exchange of information, ideas, operating styles, theories, and related topics for corporate managers who make decisions about threats typically outside the expertise available in-house, yet which have the potential to affect their company's domestic and international bottom lines. Nothing appearing in **ÆGIS** should be construed as legal advice. The information provided is "general information," not "specific advice."

The solution to any problem is highly dependent upon the precise facts involved. Thus, before making any reliance upon anything said here, you should consult with an appropriately skilled professional. Opinions expressed by contributors are not necessarily endorsed by the publisher, and may be presented to encourage a dialogue among subscribers. The publisher and any re-publisher cannot be held responsible for any loss incurred as a result of the application of any information published in **ÆGIS**.

Please be safe, and be smart.