



ÆGIS journal

Addressing threats that affect your bottom line

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Intellectual property being stolen or at risk? Call us!

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ÆGIS journal, in conjunction with
The Center for the Study of Law, Science, and Technology,
Sandra Day O'Connor College of Law, Arizona State University
and
The OPSEC Professionals Society
will be hosting its two day **Critical Information and IP Conference:**
Identification, Valuation, and Protection of Critical Information and Intellectual Property
For Directors, Finance Officers, and Counsel
At Arizona State University in Tempe, Arizona, **2-3 October 2007**
For information contact us at conference@aegisjournal.com

1. Asset Location and Due Diligence — We own what?

Some time ago a friend of ours was at a flea market with a friend of his. Our friend's friend stopped at a booth, picked up a pot, and asked the vendor how much it cost. The price was \$50, and he bought it. He carried it to the next aisle, where he sold it to an antique dealer for \$1,500, since both he and the antique dealer recognized it to be a 17th century item in reasonably good condition. Obviously, anyone who has seen Antiques Road Show knows that many household possessions can have unexpected value.

The same kind of thing happens with corporations, too, particularly with large corporations, and especially with large corporations that acquire other corporations. We expect this when dealing with intellectual property, because there is rarely any sort of accurate inventory of IP. Because of this, IP is often simply lost. But we are frequently surprised afresh to discover that companies often have little idea of the physical property under their control. While it seems hard to believe that a corporation can be unaware of something really big that it owns, we can assure you that inventories of acquisitions don't always make it up the food chain.

In one case, we helped work through a divestiture, and found a number of anomalies to be reconciled. Mostly these were accounting issues, small things that merely had to be associated with one cost center or another, but nothing that one would be surprised to encounter. Then we found something quite out of the ordinary. We walked into the CEO's office and asked what their plans were for their ship.

"Ship? The company doesn't own a ship! Why would we own a ship? How could we own a ship?" As it turned out, they had acquired a ship that transported potable water from one island in the Caribbean to another as part of an acquisition. Although the vessel operated at a profit, it was in a profit

center hidden in a profit center hidden in an acquisition made some time ago. Nobody on the management team, or even on their staff, had any idea that the corporation owned a ship.

If a company can overlook a ship, you can imagine how easily it overlooks smaller physical property. Keeping accessible and current inventories is as critical for tangible assets as it is for intellectual assets.

2. OPSEC, Economic Espionage, and Competitive Intelligence — Russian economic espionage

As regular readers know, we are generally much more concerned with losses to competitive intelligence than losses from economic espionage. This is not because we discount the risks involved in economic espionage, but because we know that over 90 percent of the information needed for economic espionage is acquired through open sources, that is to say through competitive intelligence. Which means that if you can foil competitive intelligence, you are going a long way toward foiling economic espionage.

Even so, the stakes are upped when dealing with espionage, as spies are willing to do bad things to get the needed information remaining after they get the first 90 percent. They are willing to use criminal means. This might include robbery, burglary, blackmail, extortion, elicitation, intimidation through threats of violence or actual violence, and a host of other things for which corporations are unprepared.

Of late we have been reading a lot of stories about espionage on the part of Russians in the United Kingdom. The International Herald Tribune noted in an article published 29 November 2006 that “As many as 60 Russian spies are operating in Britain, virtually unchallenged by a domestic intelligence service preoccupied by the threat from Islamic extremism, a lawmaker told a debate Wednesday on relations between Moscow and London.”

While you may consider yourself a capable manager well equipped to do everything you learned in business school, are you really up to the task of dealing with the KGB? Unless you have an OPSEC program, and have addressed this issue, the answer to this question is certainly NO!

If you don't have an OPSEC program, what you have to ask yourself is not merely whether you feel lucky today, but the extent of this luck. For example, do you feel that since Russian espionage has been reported in the U.K. but not in the U.S., that this means that there is no Russian espionage effort in the U.S.? Or that your company is unlikely to be a victim? Or that any losses you might suffer will not be material?

institutionalized. There has been no major blood-bath in the name of Christianity for over half a century, and overt discrimination tends to be localized. Thus, while you might lose a business contract in the United States because you are not a member of the contractor's sect (we have seen cases where this has happened), the likelihood of your being lynched over church affiliation is nil.

Unfortunately, because religion is so intertwined with politics, the process of reformation tends to be messy, leaving a trail of blood as one group of believers moves to turn their view of God and His desires into a dominant political institution, attempting to displace whatever sect holds the reins of power. This was captured nicely in a Simpsons episode re-playing the Joan of Arc story, in which both Joan and the king of England say that God had told them what to do. When God is asked how He could have told both England and France that He was on their side, God says that He had never expected both groups to be in the same room. Then He says He has to leave for another appointment.... While we aren't recommending the Simpsons as a source of theological study, the point is nonetheless well taken.

However, it appears that with the passage of time, and increased sharing of information, a certain modernization of religion can take place, with a view that the Word of God was given to men and women who had the temporal knowledge of their time, and that the Word is then interpreted originally using the knowledge of that time and subsequently using the knowledge of the time in which it is later being interpreted. Judaism, Christianity, and Islam have *all* shown this ability to adapt to the advance of knowledge.

And just as many today are suspicious of folks who hear voices and act on them, there is probably no reason to be less suspicious of people in the past who heard voices and acted on them. Even in cases where a man or woman does, in fact, speak directly with God and God with them, it is hard, both in retrospect and at the moment, to distinguish whether they are hearing the voice of God or of Satan. For example, we know that even the Prophet Muhammad (peace be upon him), like Jesus an exemplar of perfect behavior, was on at least one occasion (22:52) temporarily fooled by Satan.

وَمَا أَرْسَلْنَا مِنْ قَبْلِكَ مِنْ رَسُولٍ وَلَا نَبِيٍّ إِلَّا إِذَا تَمَنَّى أَلْقَى الشَّيْطَانُ فِي
أُمْنِيَّتِهِ فَيَنْسَخُ اللَّهُ مَا يُلْقِي الشَّيْطَانُ ثُمَّ يُحْكِمُ اللَّهُ آيَاتِهِ وَاللَّهُ

عَلِيمٌ حَكِيمٌ ﴿٥٢﴾

Finally, the situation is made more complex by the fact that God has, at different times, revealed Himself to different people with different manifestations and different messages, and we editors are definitely not in a position to say that any of these are more or less true than the others, or even that they are not all true, not even when they are apparently contradictory, each to the other.

Information is one of the forces that encourage secularization of religion, and a rationalism that allows at least an uneasy truce among religions. By secularization and rationalism we mean a self-examination in which it is asked whether, since both the Bible and the Qu'ran contain text that will allow a reader to justify any position desired, those who *subsequently* interpret the word of God as written are actually able to speak for God as infallibly as those to whom the Word was given. Thus, while lack of information made it easy for Copernicun theory to be rejected by the Church in the 15th Century, the spread of information made it equally easy for Pope John Paul II to note in his *Message delivered to the Pontifical Academy of Sciences 22 October 1996* that “It is important to set proper limits to the understanding of Scripture, excluding any unseasonable interpretations which would make it mean something which it is not intended to mean.”

A factor that has, until recently, prevented this from happening in the Middle East is that the region has largely been isolated from information, which has allowed its *weltanschauung* to remain largely unchanged.

This regional isolation has changed because of four factors: Television, the Internet, commodity international transportation, and globalization. Television and the Internet have made the world at large quite accessible to large populations. Inexpensive international travel has increased contact among peoples, so that those who in the past only had contact with foreign engineers and soldiers now have greater contact with a wide variety of different people. Globalization has made accessible the possibility to widespread increased standard of living, albeit with the benefits of this largely unavailable as yet to residents of the Arab world, whose 22 nations have a combined GDP slightly less than that of Spain. Nonetheless, the potential has been made visible to those who were, in the past, isolated from the rest of the world.

Thus we see that, in the United States, Muslim immigrants have integrated as well as have other groups of immigrants. Due to the nature of modern American society, there has been little ghettoization of Muslims in the U.S, and Muslims are well integrated into mainstream America. This has not been

true in those parts of Europe where immigrants (who happened to be Muslim) were brought in as laborers, but largely excluded from civil society. In this case they did and do exist in a cultural vacuum, and have not integrated into local society. Nonetheless, since Muslims in some environments have moved Islam from public life toward being a personal relationship between man and God, there is no reason to believe that Islam will not eventually do so in other places.

The potential for change on the part of some, and the desire to resist this change on the part of others, has thus begun what we *suspect* to be an Islamic reformation. But in order to understand what this means, we have to look at briefly at the Christian reformation.

The Christian reformation began on 31 October 1517 when Martin Luther nailed his 95 theses to the church door at Wittenburg. It ended on 31 October 1999 with the signing in Ausberg of a declaration of doctrinal accord between the Roman Catholic and Luthean churches. If, in fact, we *are* seeing an Islamic reformation, we can expect it to happen more quickly than the Christian reformation, because the Internet and television allow faster interchange than did the printing press. People at all levels of Islam now have a wider view in their window of the world entire, and can see more of what the world has to offer. Obviously, not everyone will accept the world in its current state, or eventually come to terms with this world: We certainly know American Christians who hold that the Bible is the revealed word of God; that the world – the universe – is some 5000+ years old; and that *their* interpretation of the word of God, as has been revealed to *them*, is the correct interpretation of God's will.

Unfortunately, reformations are carried out by those burning with a clear knowledge of God's will, and counter-reformations are carried out by those burning with an equally clear, but different, knowledge of God's will. Because of this, we cannot expect an Islamic reformation to be any less bloody than was the Christian reformation. While we in the West receive some spillover from this internal conflict within Islam, we are, nonetheless, at this point merely a sideshow in this drama. While we can expect a bloodbath in Islam's reformation, much as we saw in the bloodbath associated with the Christian reformation, we believe that faster information transfer means it will be of shorter duration.

The underlying reason for this is that most people in the world – independent of religious belief – want to get up in the morning, work productively, provide healthy lives and futures for their children, and go to sleep in safety

and comfort. While those at Islam's extremes (or who use Islam for political purposes) no more care about this than did those at the extremes of the Christian reformation (or who used Christianity for political purposes), we predict that the increased spread of information will likely make it more difficult for those on either extreme to force their constituents to abandon these most fundamental temporal aspirations.

4. Technical Issues —*Diskeeper 2007 Pro Premier*

Most people who use computers know that one of the factors that can slow down the speed of the machine is fragmentation of the hard drive. In essence, what happens is that when you store a document or file on an empty drive, the data is put in as one contiguous set of tracks. As the file gets edited the system might not be able to keep all its pieces together, so it sticks in a note saying where it is putting the rest.

It is as if you have a file cabinet with a certain number of fixed slots into which you stick manuscripts. When you first start, you might stick a large manuscript into the first five slots, and the next manuscript into the next four slots. If you add to the first manuscript, you won't want to move the next four folders, so you'll stick in a note saying to look in folder ten. As the file cabinet fills with documents, and they become more spread out, it starts taking too long to find all the pieces of a given manuscript, so you take everything out, and put it all back with each document put back in order.

The same thing happens with your hard drive, as files get more and more fragmented, and require more and more time for the operating system to find each of the fragments. What disk defragmentation does is look at each file, find all its pieces, and turn it back into one contiguous file. As you can imagine, if the disk is heavily fragmented the system will need to spend a lot of time shuffling pieces of files around until each has all its pieces together. Traditionally this is done by manually telling the defragmentation software to run, or scheduling a run for some time convenient to you, like three in the morning, when you are asleep.

Diskeeper, which we discussed in the March 2005 **ÆGIS**, is arguably the leader in disk defragmentation technology. The Diskeeper 2007 Pro Premier version of their software (they make several versions, including a version for servers, which we did not test) eliminates the need for a manual or scheduled defragmentation. Instead, it is actively running 24 hours a day, taking advantage of unused system resources and idle time. It is so cleverly done that it appears use no system resources whatsoever. In addition, the program

contains a host of analytical tools that allow you to configure your drive to give the best possible results.

Diskeeper 2007 Pro Premier is available for the home user on-line for \$99.95 (we did not look at the cost of business purchases of multiple copies) at <http://www.diskeeper.com/>. We consider Diskeeper 2007 Pro Premier well worth the price, and recommend it as highly as we did its predecessor.

5. Real Stories from the Field — The RAD Index and counterterrorism

As we have often mentioned, five questions must be asked in evaluating every policy or measure. These are:

1. What problem is the policy or measure trying to solve?
2. How can it fail in practice?
3. Given the failure modes, how well does it solve the problem?
4. What are the costs, both financial and social, associated with it, and flowing from its unintended consequences?
5. Given the effectiveness and costs, is the policy or measure worth it?

Anyone who has gotten on a commercial aircraft in the last half decade recognizes that the problem that most of the visible policies and measures are trying to solve has nothing to do with terrorism. Instead, they are designed to give the impression, through wasteful “security theatre” of something being done. Why do we accept this kind of waste? The best explanation lies in the RAD (Relative Acceptability of Death) Index. The RAD Index says that there is a hierarchy of acceptability among types of deaths. Thus, according to this theory, if your child dies of diphtheria you feel bad. If your child is hit by a drunk driver you feel really bad. If your child is shot and killed you feel really bad with cherries on top.

Judge Richard Posner of the U.S. Court of Appeals, 7th Circuit, speaking on “The Role of Intelligence in Counterterrorism” at the Paul H. Nitze School of Advanced International Studies (SAIS) of Johns Hopkins University on 27 November 2006, was quite forthright about this, although he did not refer to the RAD Index by name (no surprise, since we invented it). He noted, in discussing why the same protections offered in most crimes would not be appropriate in prosecuting terrorism that “Well, actually we implicitly draw a very great distinction between ordinary crime and terrorism. So we have 30,000 murders a year and no one bats an eye, right? ... We don’t think that 30,000 terrorism deaths a year in the United States would be comparable to 30,000 deaths from ordinary murders.”

It is not uncommon for people to make emotional decisions that appear counter to their best interests. We remember some time ago watching a decision being made as to whether the National Rifle Association's *Eddie Eagle* program should be taught in a school. For those not familiar with the program, it teaches young kids that "If you see a gun: STOP! Don't Touch. Leave the Area. Tell an Adult." One mother said that she would rather have her child shot and killed than allow a program by the evil NRA into her school. In the end, the program was rejected. We would certainly hope that this mother did not get her wish, and that her child – and the children of others affected by her application of the RAD Index – will never be shot.

We also recall joining *The Society for Technical Communications* and receiving our first issue of their magazine. The lead story was on statistics being evil because they shielded the reader from the human suffering that lay behind the numbers. It made us recall the fact that our uncle died as a reaction to a smallpox inoculation many years ago. We are sure that the author of the STC article would have been incensed by our family's recognition that the statistical benefit of eliminating smallpox far outweighed the personal tragedy that our family faced behind the numbers.

We definitely remember watching from our office window as the second tower of the World Trade Center collapsed, and the smoke that poured out of the wreckage for so long. We also remember that on that day, independent of this horrific event, some 6,800 other Americans died, as they do each day. The tragedy of 9/11 added half again to that figure for that one day. But 6,800 Americans died the next day, and the next, and the next. . . . The roughly 3,000 deaths attributed directly to 9/11 amounted to slightly more than one tenth of one percent of American deaths in 2001.

The idea that somehow the deaths of those who died at the World Trade Center were more meaningful than those who died elsewhere somehow astonishes us as much as does the idea that we might be less upset if our child died of a childhood disease than we would be if she were shot and killed. Our experience is that dead is dead, and that the living do not mourn based on cause of death, but, rather on the stark absence of their loved ones.

It has been said that money wasted on security theatre – that is to say money spent where the problem being solved is one of giving the impression that something is being done, rather than actually doing something that will actually reduce risk – is money well spent because it make people feel more comfortable. It is still waste. Frankly, if we waste (to pick a figure out of the air) \$60 billion that could go to cancer research, or to eradicate other more

accessible diseases, or to make sure that every American can read and write and be fully employed, the tradeoff for feeling good does not seem to be a good deal.

With all due respect to Judge Posner, we think that people should make decisions about what liberties they are willing to see abrogated based on actual risk and reward, rather than being based on the RAD Index.

6. Book and Product Reviews

The Cane: Street Techniques (DVD)

Cane Masters 32 minutes \$39.95

<http://www.canemasters.com/> 1-800-422-CANE (2263)

In the last issue of **ÆGIS** we discussed use of canes by protective specialists as an alternative to impact weapons, or as tools for deadly force. At that writing we had not received the instructional materials offered by Cane Masters. We have now looked at their DVD, *The Cane: Street Techniques*, which shows a variety of cane techniques that might be used in a deadly force confrontation. The techniques shown are gross motor skills, which means they can be learned quickly by the average person, and retained for a long time with minimal practice.

The Cane: Street Techniques is worth getting if you plan to carry a cane professionally as an alternative to an impact weapon, and want to develop skills in using it as a lethal weapon in desperate circumstances. If you have the time, it is to your benefit to practice all the techniques shown. You could also pick a subset of techniques to master, and have at least those at your disposal.

In law enforcement the impact weapon is one choice among many for moving up and back down the force continuum. Impact weapons are used to strike large muscle masses. We do not strike to the head in law enforcement, and by striking large muscle masses we avoid breaking bones, because the impact weapon is intended to be used as an intermediate force weapon, not a deadly force weapon, and hitting the head and breaking bones both constitute deadly force. It is obvious that a cane or walking stick can also be used to strike major muscle masses, using the exact same techniques as we use in law enforcement. In this use we feel that a heavier cane such as a blackthorn is the appropriate choice.

In law enforcement we have other tools – our gun – when we need to use deadly force.

In protective services, where we are not acting under color of law, it is not legally possible to carry a gun in most jurisdictions. More important than that, our goal is to avoid danger, not respond to it, and having a gun might make someone feel inclined to confront a danger, rather than flee from it. Finally, it is a truism that if (through poor planning or bad luck) you need a gun it is probably too late to use it. Because of these factors, we do not generally carry guns when providing protective services. Nonetheless, there may be circumstances where deadly force is needed, in which no gun is available, and where it is not too late to take actions. In these cases a cane, used as a deadly weapon, might work

The cane techniques taught in this video – as in virtually all non-law enforcement training in use of sticks – do not teach the cane as a longer impact weapon to be used on large muscle masses. Rather, the techniques shown are used to break bones, crack skulls, and otherwise cause mechanical damage to stop an aggressor who is trying to cause you or those under your care death or grave bodily harm. The response for which this video trains is appropriate, as its target audience – from our perspective the professionals we address here – is unlikely to have a gun at hand when a situation escalates to one of deadly force, which is the only situation in which these techniques should be used.

There are repeated warning throughout the DVD as to the potential for causing death or grave bodily harm inherent in use of these techniques. As with use of all emergency safety tools from guns down through personal defense sprays and soft empty hand control, these concerns should be in the forefront of your mind until the techniques are actually needed, at which time they should be cast aside.

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