



# **ÆGIS** journal

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

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From the case files of

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**Asset location in fraud, theft, and divorce? Call us!**

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## Special Announcements:

L. Burke Files will be speaking at 15th Annual East West Security Conference, 21 - 22 April in Dublin, Ireland <http://www.oceceexhibitions.com/>

L. Burke Files will be speaking at the Offshore Alert Conference, 26 - 28 April in Miami, Fl <http://www.offshorealertconference.com/OAC2009/home.asp>

### 1. Asset Location and Due Diligence — Seek and ye shall find

Recently a journalist friend was asked by a company to look into whether the company had been defrauded in an investment scheme. As it turned out, the question became moot when the company decided that the embarrassment of having being defrauded would be more costly than the monies they might recover.

Putting this issue aside, there are several questions that one might ask. The only one we will address here is whether investment should be preceded by an exercise of due diligence. As a company that makes part of its living by exercising due diligence on behalf of its customers, we would say yes. And yet there seem to be a number of reasons not to exercise due diligence.

For a start, it makes you feel less smart, as if you were not capable of making your own financial judgments: You were, after all, smart enough to make the money in the first place. And it also costs money, which reduces the return on investment.

As an example, we might look at the Bernie Madoff case. Bernie Madoff was, well, Bernie Madoff, and what kind of idiot would waste money investigating *him* before investing? As readers know, we had clients who had us look at Madoff before they invested. (We said his results were incongruent with the size and nature of the portfolios. We recommended against investing, and they followed our recommendation.) While we note that they were almost embarrassed about asking us to do it – this was **Bernie Madoff**, after all – they did it because they always ran significant investments by us before making an investment. They could just as easily have done the “smart” thing and not investigated – this was Bernie Madoff, after all – and saved themselves the tiny amount of money it cost to hire us.

Another reason not to exercise due diligence is that the returns are really good, and you don’t want to discover that your prince is really a frog. If returns are suspiciously high you want to take advantage of them, not ask

how they are achieved. The last thing you want, particularly if the returns are unreasonably high, is having someone like us telling you not to invest.

On the other hand, a case can be made that our customers are right to recognize that while they are smarter about making money than we are, they are equally smart to recognize that their area of expertise does not overlap ours, and that it therefore makes sense to have us look to see whether their prospective investments are legitimate, fraudulent, or incongruent.

Indeed, we suspect that in hindsight, which is always 20/20, most, if not all, of those who lost everything with Madoff might regret not having spent an infinitesimal portion of what they lost to have hired us to have exercised due diligence on their behalf, thus preventing the loss in the first place.

We should also mention that in April of last year, we strongly advised our client against Stanford International Group for similar, but different, reasons. That story is for next month.

## **2. OPSEC, Economic Espionage, and Competitive Intelligence — PURPLE DRAGON**

The NSA has de-classified a historical document, *PURPLE DRAGON: The Origin and Development of the United States OPSEC Program* ([http://www.governmentattic.org/docs/Purple-Dragon\\_Origin-US-OPSEC\\_NSA-Ctr-Cryptologic-History\\_1993.pdf](http://www.governmentattic.org/docs/Purple-Dragon_Origin-US-OPSEC_NSA-Ctr-Cryptologic-History_1993.pdf)). Although as heavily and annoyingly redacted as are most declassified documents, it is still must-read information for anyone in any business that faces the potential loss of revenue through loss of critical information. This means pretty much any business, particularly in these difficult economic times.

While we suspect that, just as most people and organizations will not feel any need to exercise due diligence, most people and organizations will not feel any need to take adequate care in protecting their critical information. We also suspect that the losses, currently estimated at \$300 billion annually for American companies, will increase.

If, however, you have been thinking about protecting your critical information and stopping this avoidable economic drain, we hope that this document will spur you to think about taking action. And to call us to help you do so.

### 3. Executive Protection — The .22 caliber revolver for home defense

Recently someone asked us to recommend a gun for home defense. We felt that this person faced little risk, and that having a gun for home defense was not necessary. Instead we recommended Aerko's Freeze +P (<http://www.aerko.com/Freeze%20+P%20K3.htm>) and appropriate training. This would minimize the danger of anyone being killed.

They were, however, insistent on having a gun. What we recommended was a .22 caliber revolver. The .22 caliber revolver has a number of virtues as a home defense gun. For a start, they are relatively inexpensive, both for the revolver itself and for the .22 ammunition. You can get .22 revolvers that hold up to ten rounds. Plus they are lots of fun to shoot, if you wish to actually shoot them. In addition, compared to semiautomatics, revolvers have relatively little that can go wrong with them, so that makes them a good choice on a strictly technical basis. And .22s have little recoil, making them easy to shoot and control compared to larger calibers.

Some have rightly objected that the .22 cartridge has little stopping power, to which we say, "so what?" Think about it. If you are planning to be in a gun fight (a plan which we think you should try to avoid), stopping power is important. Which is why this editor's business gun is a 2 3/4" .45 acp Smith & Wesson 625-3 revolver, which gives us the stopping power of the .45 acp cartridge and the simplicity and reliability of a revolver (the .357 magnum is too much for us to control, and while 9mm will *kill* your opponent, we don't think it will *stop* them as fast as .45 acp). But if someone breaks into your home it is unlikely that they are doing so with the intention of engaging you in a duel. Rather, they are breaking in with the intention of robbing you.

If this is the case, they don't expect you to be shooting at them, and if you do start shooting at them, it is unlikely that they will be thinking, "Hmm, I wonder what caliber gun they are using, and what is the statistical likelihood of it incapacitating or killing me?" Instead, they are likely to be thinking, "Feet, get me out of here!"

Therefore, in balancing cost and ease and reliability against stopping power, we stick with our recommendation of a .22 revolver for home defense if you feel impelled to have a gun at hand, although we also stick to our recommendation of a personal defense spray as a better option for most, considering the low probability of needing anything in the first place.

Do we object to people keeping a gun for home defense? No! A strong case can be made that it is both a right *and* an obligation for citizens to own a gun.

And what, you might ask, do we ourselves keep for home defense?

Well, our most paranoid editor, largely involved in high-threat protective services throughout his professional life, lives in Manhattan, which is so safe that he rarely even locks his door, keeps nothing for home defense. Another editor, who lives in the West, has a barky dog, which obviates the need to keep a gun at hand. A third editor has cats, which provide no significant level of protection, but are awfully cute. Then again, he lives in Bakersfield, California – which he says is one of the most heavily armed communities in the United States – and can have a posse of neighbors respond with deadly force to any criminal threat long before the police dispatcher can answer a 911 call.

#### **4. Technical Issues — Air pistols as a training tool**

Recently a radiologist friend took a tactical medical course. He had a lot of fun throwing flashbangs, shooting submachine guns and semiautomatic pistols, and breaking down doors with the SWAT team. In this case he was being trained to enter with the team, rather than waiting in a safe staging area to deal with injuries after they happened. We encouraged him to take the course, and to take the follow-up course in the future. We also noted that he was, in fact, a radiologist who spent his days in a dark room looking at scans, and that while the training was fun, the first time a live round went (hopefully) whizzing by, all of the fun would disappear. Not to mention the issues if a meth lab exploded on entry.

One of the interesting things that came out of the training was the fact that he was one of the best shooters in the group, which filled him with a desire to take up shooting, which we also encouraged. We suggested that he start with shooting air pistols, because there is little that you can learn about shooting that cannot be learned from an air pistol. Because of his temperament, we suggested that precision shooting – in this case ten meter air pistol shooting – would be an appropriate choice.

We recommended that he start with a Daisy 747 Avanti Triumph .177cal Pellet Single Pump Target Air Pistol (<http://daisy.com/shopping/customer/product.php?productid=16202&cat=253&page=1>). For about \$200 he would be able to get the air pistol, a left-handed grip, pellets, targets, and a backstop. The Daisy 747 air pistol uses a Lothar Walther barrel, and is quite accurate. In fact, it is way more accurate than he will ever be.

So how is he doing with it? Well, he very quickly discovered that precision shooting is both very demanding and very humbling – you are trying to get the pellet into a space roughly the size of a dime from a distance of ten meters, which is roughly 34 feet – which was a blow to his ego, but a challenge to improve.

Should he have gotten a “better” air pistol? Absolutely not! The Daisy is a great starter pistol, and will allow him to decide whether this is something he wishes to pursue or not. If the answer is no, then he has wasted very little money, especially if he sells it. If the answer is yes, then the Daisy will carry him through for several years of competition before he gets good enough to be impelled to move up. (This editor went from a Daisy to a RWS Diana to a Steyr over a period of several years in his unsuccessful attempt at making the Olympic team.). At this point spending another few hundreds or thousands on an Olympic quality air pistol would do little more than stroke his ego, with no benefit to his shooting.

The bottom line is that precision air pistol shooting is a lot of fun, and makes you a much better shooter. It costs very little to start, and very little to do. As a comparison, 500 rounds of non-match grade .22 ammunition will cost you about \$20, and 500 non-match grade .177 pellets will cost you about \$6. Five hundred rounds of match grade .22 rounds will cost you around \$100, and 500 rounds of match grade .177 pellets will cost you around \$15.

If you are interested in being a better shot, and in having fun, we recommend you consider taking up precision air pistol.

## **5. Real Stories from the Field — Bad hospital security**

Some time ago we had to take someone to the emergency room of a large and well-respected hospital. For reasons that still escape us, we went from the need to have her heart checked to the psych emergency room.

Now, in truth, we thought they were going to prescribe a sedative, and didn't think through the implications fully, and in retrospect should not have allowed her to go to the psych emergency room. In fact, they had no particular intention of letting her walk out of there whenever she wanted, and they didn't particularly want us in there. Indeed, the only reason we were allowed in was that we called the police, and they decided it was better to have us in there than to have the police show up.

And here is where it gets interesting.

When they allowed us in, they made us check our overcoat and our bag and our phone. They did not, however, ask us about weapons, so we had our usual collection of knives, guns, and clubs. While comforting to us – we were certainly assured that we could get both of us out any time we chose – it seems odd that they would let heavily armed people into what was ostensibly a somewhat secure area containing potentially violent people.

We will, at some point, drop by the office of the director of security and query him on this, and offer a subscription to *ÆGIS Journal*...

## **6. Book and Product Reviews**

### *Exercises in Report Writing*

William Joseph “Doc” McCarthy

Communicorp Inc DVD, plus work material \$195

<http://www.communicorp.net/> 1-800-367-9274

### *Acquiring Control Using Minimal Perceived Force*

William Joseph “Doc” McCarthy

Communicorp Inc DVD \$195

<http://www.communicorp.net/> 1-800-367-9274

One of the top trainers in hospital and healthcare security is William Joseph “Doc” McCarthy of F.T.W. Enterprises LLC (<http://www.hospitalsecuritytraining.com>). We are fortunate in that he has put out two DVDs, one on report writing and the other on controlling aggressive subjects using minimal perceived force. While aimed at the healthcare industry, both of these – particularly the DVD on report writing – have wider application within the security industry.

Report writing is a critically important skill for a number of reasons. It helps people know what happened and it is a protector against liability, both for the organization and for the security officer. (If it isn’t written down, and it makes you look good, it never happened.) It is also a skill that is often poorly taught. This DVD presents a variety of scenarios, and is accompanied by paperwork discussing what should go into a report. We consider this video to be a must-own training device for any serious security department, whether in the healthcare field or outside of it.

*Acquiring Control Using Minimal Perceived Force* is an equally interesting video. In some security departments the function of the security officers is to present deterrence by their mere presence, and to be the best witnesses possible in case of an incident. They are NOT there to take physical action, and in many cases a laying-on of hands is a firing offence.

In other environments there is the potential need for the laying on of hands, with the goal being to minimize the likelihood of anyone being hurt, and the simultaneous goal of minimizing the perception of force, or at least of excessive force. Both the subject, as well as onlookers, should feel that the force used was both minimal and appropriate.

This video gives a variety of control tactics which are learnable, retainable, and appropriate for use within the hospital/healthcare environment, and in other environments in which it is appropriate for the security people to touch other people in the line of duty. Appropriate training in appropriate tactics is a much better option than merely having large guards. While size can be all that is needed in many cases, this is largely a matter of the luck of the draw. As an example, this editor falls into the frail and elderly category, but it would be a mistake to assume that larger size made for a fair fight, particularly since a fair fight by definition indicates poor planning.

If you run a security department in which physical contact is allowed, prudence and good practice says that this DVD, too, should be in your must-own-for-training collection.

If you run a healthcare facility and have not hired Mr. McCarthy to do some of your training, then shame on you.

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