

# SECURITY MANAGEMENT Weekly

A weekly security news briefing from ASIS International



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October 27, 2006

THIS WEEK'S 15 SECURITY HEADLINES (full summaries below)

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## CORPORATE SECURITY

1. "As Shoplifters Use High-Tech Scams, Retail Losses Rise"
2. "Gangs Take Toll on Traveling Gem Sellers" Gem and Jewelry Sales Reps Robbed of \$600 Million Since 1995
3. "A Scary Situation?" Madison, Wis., Halloween Event Sparks Huge Demand for Security Guards
4. "Streisand Tour Guard Demands" Barbara Streisand Makes Security a Priority for Tour
5. "Workplace Violence: Prevention and Preparedness"
6. "Trial or Settlement?" Strategies for Resolving Liability Litigation

## HOMELAND SECURITY

7. "Feds to Send Nuclear Security Officials to Los Alamos" Security Breach Involves Classified Data
8. "Bush Signs Bill Authorizing 700-Mile Fence for Border"
9. "Police Chiefs to Ask Bush for More Anticrime Funds" Police Ask for Less Emphasis on Terrorism
10. "Rise in Bribery Tests Integrity of U.S. Border" Mexican Drug Lords Corrupting U.S Border Security Agents
11. "A Terrorism Nightmare--400 kg of Explosive Stolen From Newcastle Train"
12. "Traveler Program in Demand" 22 Airports Request Registered Traveler Program

## CYBER SECURITY

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**13. "Hackers Zero in on Online Stock Accounts"****14. "Botnets Threaten Critical Infrastructure"****15. "Financial Firms Join Data-Security Program" Five Banks Join the Shared Assessment Program**CORPORATE SECURITY NEWS**"As Shoplifters Use High-Tech Scams, Retail Losses Rise"****Wall Street Journal (10/25/06) P. A1 ; Zimmerman, Ann**

Retail crime has become much more sophisticated as criminals take advantage of new technology that enables them to scam retailers for long periods of time before being caught. For example, one thief used counterfeit bar codes to methodically steal \$600,000 worth of pricey Lego toy sets from dozens of retailers in no fewer than five states. The counterfeit bar codes enabled the thief to purchase \$100 toy sets for as little as \$19; the thief then sold the toy sets to toy collectors on the Internet. Employee theft accounts for 48 percent of retail crime, according to a 2005 University of Florida study, but sophisticated professional thieves also account for a large percentage of retail losses. Several years ago, theft rings were targeting items like baby formula and teeth whiteners, but these thieves are now using more sophisticated methods to target \$1,000 plasma TVs, \$400 power saws, and \$300 Dyson vacuum cleaners. One theft ring stole \$100,000 of merchandise by using a computer to scan bar codes of inexpensive items, print copies of the bar codes, and place the copies onto higher-priced items. Unless cashiers notice that something is wrong, they will ring the merchandise up at the lower price, but retailers like Target are trying to stop barcode scams by examining sales reports for unusual trends and patterns. When an unusual trend like Lego sets being sold at discount prices is discovered, loss investigators can then examine store surveillance tapes and deploy a security system that alerts in-store workers when Lego sets are sold. Thieves are being enabled by software available on the Internet, such as the \$25 Barcode Magic program.

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**"Gangs Take Toll on Traveling Gem Sellers"****USA Today (10/23/06) P. 3A ; Willing, Richard**

Gangs of armed robbers who target traveling gem and jewelry sales representatives have robbed these representatives of some \$600 million of merchandise since 1995, according to statistics from the Jewelers' Security Alliance (JSA). These gangs do not receive anywhere near the attention that bank robbers do, yet their average take of \$224,000 per theft far exceeds the average bank robbery heist of \$4,220, the FBI says. Gem and jewelry representatives normally travel by car, carrying hundreds of thousands of dollars in merchandise in their luggage. During the first nine months of this year, there have been 117 robberies of these representatives, which puts the industry on pace for its lowest number of robberies since 1990 and far fewer than the record 323 robberies that occurred in 1999, resulting in upward of \$76 million in losses. The FBI says that most jewelry and gem robbers are illegal immigrants who belong to ethnic gangs, usually from Columbia and Ecuador. The armed robberies have seriously hurt the industry, causing sharp declines in the numbers of gem and jewelry representatives, who now perceive the job as too dangerous. The FBI says that the robbery gangs track and monitor sales representatives by using Global Positioning System technology, Mapquest, cell phones, and property and telephone databases, with up to 20 gang members at a time following the representatives in several cars. Typically, the robbers will ambush sales reps at their hotel or home or damage the rep's car and follow the car until it breaks down.

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**"A Scary Situation?"****Madison Capital Times (WI) (10/25/06) P. A1 ; Elbow, Steven**

Downtown Madison, Wis., is preparing for its annual "Freakfest" Halloween celebration this Saturday night, and local security companies say that they are being overwhelmed with demands to provide security services for the event, which could draw some 80,000 people. "We're at the point now where we're not taking any more business for Saturday the 28th," says a manager at one local security company that is supplying 45 security guards to help control downtown revelers. Other security companies tell similar tales of being swamped by calls from businesses, property owners, and fraternities who are concerned that the revelers could get out of hand and vandalize storefronts and properties. For the first time, the city has decided to charge a fee to enter

the downtown area for the event, and some observers speculate that this will prompt some of the revelers to spread into other neighborhoods. Some of the city's smaller security companies say that they have never before experienced such an overwhelming demand for security guards, but larger firms indicate that demand is always strong for Halloween weekend. One company has hired 76 extra security personnel to keep up with the demand. For the past four years, the Halloween crowds in Madison have turned violent, with storefronts being smashed and police dousing the crowds with huge amounts of pepper spray and tear gas. This year, the gates onto State Street will be manned by 100 private security guards backed by as many as 250 police officers. ([go to web site](#))

**"Streisand Tour Guard Demands"**  
**Mirror (UK) (10/26/06) ; Parry, Ryan**

Celebrity singer Barbara Streisand has sent concert promoters a list of security requirements for her U.S. tour. Streisand, who reacted angrily after being heckled during a concert earlier this month, is demanding that metal detectors be installed at all of her concert venues, along with bomb-sniffing dogs and extra security guards. Plainclothes security guards should be "neatly dressed in dark jackets, blazers, or sweaters," according to Streisand's requirements. ([go to web site](#))

**"Workplace Violence: Prevention and Preparedness"**  
**Lawyers USA (10/23/2006) ; Stephenson, Correy E.**

The most extreme form of workplace violence is perpetuated by the disgruntled, homicidal armed employee seeking revenge for some perceived wrong, but experts say that this type of workplace violence is rare. Instead, what an increasing number of employers are facing is "intimidation and threats that escalate into harassment and something more serious," says Steve Kaufer, co-founder of the Workplace Violence Research Institute. Other workplace violence experts agree with Kaufer's assessment, noting that verbal and psychological abuse of employees is on the rise. This type of abuse takes as much of a toll on employees as a physical attack, experts say. Domestic abuse in which employees seek protection from their partners is also an issue that is increasing. Employers can protect their employees from domestic abusers by increasing the safety of the workplace environment and alerting the security staff to the situation. Creating and enforcing workplace policies against threatening or harassing co-workers is a good start to preventing workplace violence, but employers must ensure that employees are well aware of the policies. Employers should also consider creating a direct line to 911 from the front desk or keeping exterior doors locked at all times. Problematic employees should be dealt with immediately and not ignored, otherwise their problematic behavior could escalate to the point where they need to be fired, creating a situation in which they react violently. ([go to web site](#))

**"Trial or Settlement?"**  
**Claims (10/06) Vol. 54, No. 10, P. 20 ; Hickey III, Stockard**

Liability litigation is tricky, but firms with a solid strategy can determine which cases should be settled and which should be decided through a trial. First, companies have to evaluate each case for settlement and then account for what the ceiling of the settlement offer should be. Once those things are evaluated, firms can then examine the costs and expenses associated with a trial and what other damages could be wrought through litigation. If a settlement offer is the route selected, firms have to determine what the lowest possible offer will be that has a likelihood of being accepted by the claimant, and whether changes in the case could prompt quicker settlement or improved success via trial. Experts note that if punitive damages or other open ended claims are made, the evaluation process can be trickier, but if claimants' refuse to be reasonable during settlement negotiations or refuse to admit weaknesses in their case, a trial may be inevitable. Companies and risk managers must remember that liability claims management is an ongoing process not a one-time decision because circumstances change during the course of discovery and settlement negotiation. ([go to web site](#))

**HOMELAND SECURITY NEWS**

**"Feds to Send Nuclear Security Officials to Los Alamos"**  
**Associated Press (10/26/06) ; Baker, Deborah**

U.S. security officials and computer experts are on their way to the Los Alamos National Laboratory in New Mexico to investigate a potentially serious breach of security at the nuclear weapons lab. The potential security breach was discovered by local police who searched a home near the lab owned by a former Los Alamos employee. Police searching the home found drug paraphernalia and a computer file that appears to contain

classified documents. The employee was identified as an employee of Los Alamos subcontractor Information Assets Management. During the last decade, Los Alamos' security performance has been less than stellar, with missing or mishandled computer files a recurring problem. The Department of Energy's National Nuclear Security Administration (NNSA) has made "extraordinary efforts in the last three years to put strong security procedures in place" at Los Alamos and at other nuclear weapons facilities, said Linton Brooks, head of the NNSA. Brooks notes that the NNSA's chief of defense nuclear security is among those being sent to Los Alamos to investigate. Lawmakers in New Mexico expressed outrage at the latest security breach, calling for an investigation and an increase in security.

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#### **"Bush Signs Bill Authorizing 700-Mile Fence for Border"**

**Washington Post (10/27/06) P. A4 ; Fletcher, Michael A.; Weisman, Jonathan**

President Bush has signed into law a bill that calls for the construction of a 700-mile fence along the U.S.-Mexico border to prevent illegal immigrants from entering the country. "Unfortunately, the United States has not been in complete control of its borders for decades and, therefore, illegal immigration has been on the rise," Bush said. "We have a responsibility to secure our borders." Bush said that the fence is just one of several measures needed to secure the border and stem the tide of illegal immigration. Specifically, he called for a temporary-worker plan that would allow employers to employ foreign workers, thereby reducing the pressure on the border. There are several obstacles to the construction of the 700-mile fence, including rough terrain and a lack of funding. A spokesman for the Homeland Security Department refused to speculate about how committed the department is to building the fence.

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#### **"Police Chiefs to Ask Bush for More Anticrime Funds"**

**Wall Street Journal (10/24/06) P. A4 ; Schoofs, Mark; Block, Robert**

U.S. police chiefs say they need more traditional crime-fighting funding from the federal government and less terrorism-prevention funding. Although some homeland security funding helps police fight traditional forms of crime, most of the expenditures typically go toward specialized equipment like bomb-squad robots. Police say they have enough funding to prepare for terrorism but not enough to handle a sharp uptick in traditional violence and street crime. "We don't need any more trucks and helicopters," says Minneapolis Police Chief Timothy Dolan. Similar complaints have previously been made by state emergency managers and local police. "Crime is something people in my community feel every day--not terrorism," said W.H. "Rickey" Ricks, homeland-security chief for the Orange County Sheriff's Office in Orlando, Fla. FBI statistics show that the crime rate is increasing, with violent crimes up 2.3 percent and homicides up 3.4 percent from 2004 to 2005. Police chiefs are meeting with Bush administration officials this week to discuss their funding concerns.

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#### **"Rise in Bribery Tests Integrity of U.S. Border"**

**Los Angeles Times (10/23/06) ; Vartabedian, Ralph; Serrano, Richard A.; Marosi, Richard**

U.S. officials are concerned that a rising amount of bribery and corruption is eroding the security of the U.S. border with Mexico. Public records show that since 2004 no fewer than 200 public officials, including Border Patrol agents, an FBI supervisor, motor vehicle employees, and local police, have been charged with facilitating the movement of illegal immigrants or narcotics across the border, and thousands more are being investigated. The influence and sophistication of Mexican smugglers and drug lords is increasing, and they are bribing and buying U.S. officials to get contraband across the border, with bribery payments sometimes reaching \$1 million or more. The FBI's highest-ranking official in El Paso, Hardrick Crawford, was convicted on federal charges of attempting to conceal his friendship with a Mexican drug lord who bribed Crawford with trips and gifts. The drug rings have ensnared U.S. agents in sexual relationships and have conducted detailed surveillance of agents and their families, including information about the agents' habits and finances. Some FBI officials warn that government plans to increase the number of U.S. agents along the border will only increase the amount of corruption. The smuggling tactics used by corrupt senior border patrol agent Juan Alvarez and his brother were so well-honed that smugglers could have gotten nuclear weapons across the border, one U.S. official says. The head of the union for Border Patrol agents says that poor hiring practices and internal controls and low morale are to blame for the corruption, but Border Patrol Chief David Aguilar dismisses this assertion, claiming that the Border Patrol is emphasizing ethics and background checks to root out corrupt agents.

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#### **"A Terrorism Nightmare--400 kg of Explosive Stolen From Newcastle Train"**

**Daily Telegraph (AU) (10/26/06) ; Phelps, James**

Thieves stole 400 kg of explosive-grade ammonium nitrate--the same volatile fertilizer that was used in the 1996 Oklahoma City bombing and 1993 World Trade Center bombing--from a freight train in Newcastle,

Australia. The theft occurred between 6:25 a.m. and 6:50 a.m. on Oct. 6 as the train had stopped on the tracks to allow another train to pass. Anti-terrorism authorities believe that a well-organized group is responsible for the theft, although the train conductor said he saw nothing suspicious while the train was stopped. The thieves apparently used a crow bar to break open special security seals on the cargo container holding the ammonium nitrate, which is owned by the Orica mining company. The thieves then apparently used a van or truck to haul the large amount of fertilizer away. "It appears they brought their own containers to transport the substance," said one police official. Rail carrier Pacific National was responsible for custody of the container at the time of the theft, says Orica, which voiced its displeasure at losing the fertilizer, which is subject to strict laws and regulations in Australia. Ammonium nitrate was also used in the 2002 and 2005 Bali bombings, which killed 225 people, including 92 Australians.  
([go to web site](#))

**"Traveler Program in Demand"**  
**USA Today (10/25/06) P. 3A ; Frank, Thomas**

A total of 22 U.S. airports, including 10 of the nation's busiest, have requested that the Transportation Security Administration (TSA) allow them to implement the TSA's Registered Traveler program, which gives passengers who pass background checks the ability to move faster through airport security lines. Travelers who participate with the program would pay a fee of about \$100 annually. The programs could be up and running in airports by the end of this year. The three busiest U.S. airports--Chicago O'Hare, Atlanta, and Los Angeles airports--are among the airports that have signed on for the program. The CEO of the company in charge of running the Registered Traveler program says that having 10 of the largest airports sign on will ensure that the program flourishes.  
([go to web site](#))

 **CYBER SECURITY NEWS**

**"Hackers Zero in on Online Stock Accounts"**  
**Washington Post (10/24/06) P. A1 ; Nakashima, Ellen**

E-Trade Financial Corp. and TD Ameritrade recently reported that "concerted rings" of hackers in Thailand and Eastern Europe had caused significant losses for their online trading customers. The hackers gained access to the online systems and made unauthorized trades worth millions of dollars, with E-Trade estimating about \$18 million in losses for customers in the third quarter. Federal regulators have been investigating the matter and concluded that the hackers were interested in using customer funds to purchase certain stocks to drive up the price of those stocks and then sell them at a profit later on. Clients' losses will be covered by E-Trade and Ameritrade, according to reports, but online trade fraud is the latest form of fraud to grow exponentially in recent months. In order for hackers to be most successful, they have to gain customer user names and passwords, and many hackers have begun employing keystroke monitoring software on computers at public libraries, hotels, and airports. Brokerage accounts, unlike bank accounts, are not protected by the Federal Deposit Insurance Corp. or other federal banking rules that ensure consumers get their funds returned.  
([go to web site](#))

**"Botnets Threaten Critical Infrastructure"**  
**Access Control & Security Systems (10/24/06)**

McAfee's recently released case study called "Killed Botnets: A View from the Trenches," highlights how threatening botnets are to companies, the government, and homeland security. "Botnets can result in country-wide outages and disruptions," says Eric Winsborrow at McAfee. More than 70 percent of spam is the result of botnets, says McAfee. Botnets can remotely control a computer and are commonly used to send denial-of-service attacks, spam, and spyware. Botnets have the power to threaten the national infrastructure of a country, which is why they are so dangerous. Organizations can protect themselves by using network intrusion prevention systems, which experts say are best practice. Intrusion prevention can locate and block attacks against the network infrastructure.  
([go to web site](#))

**"Financial Firms Join Data-Security Program"**  
**Wall Street Journal (10/25/06) P. A4 ; Guth, Robert A.**

The Financial Services Roundtable, a group of U.S. banks and insurance companies concerned about data security, announced that five banks--Bear Stearns, Goldman Sachs Group, Regions Financial, Wachovia, and Morgan Stanley--have joined an effort to standardize how they judge the security of companies that provide online services. The program, known as the Shared Assessment Program, was started in February by Bank of

America, Bank of New York, Citigroup, J.P. Morgan Chase, U.S. Bancorp, and Wells Fargo. Service providers participating in the Shared Assessment Program include First Data, Equifax, and Yodlee. The program is part of a bigger effort by large businesses to pressure software and online services companies to improve the security of their products. The Shared Assessment Program sets common guidelines that suppliers need to follow before a participating bank or insurance company will do business with the supplier, which include telecommunications companies and data-service hosting companies. Some of those guidelines include how often data is backed up and details on other protections, including physical security at companies' data centers.

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