



CORPORATE HOMICIDE™

LIFE IN A GLOBAL ECONOMY

A NEWSLETTER FOR THE SECURITY AND NON-SECURITY EXECUTIVE

Mistaken Identity - - - Identity theft is becoming a major law enforcement problem about which consumers can ill afford to become indifferent. A local college student in Washington State apparently using the Internet as a tool obtained Jean Finch's Social Security number to illegally buy about \$ 30,000 in computers. "**When somebody gets your Social Security number**, they have the key to your front door forever," she said. While losing your identity to a thief is an invasion of privacy, an inconvenience and possibly damaging to your credit rating, police can't keep up with the growth of the crime. The Web has provided identity thieves with access to personal information (addresses and Social Security numbers) for a fee. **Congress made identity theft a felony, effective this past January** and has begun trying to determine whether there's enough public support to begin limiting access to certain information on the Internet.

Trash Search - - - Bonded and uniformed personnel discreetly remove sealed, bar-coded containers from office buildings throughout New York City, usually in the dead of night, and load them into gleaming black trucks. The trucks arrive at American Document Security Corp. facility in the Brooklyn Army Terminal building on First Ave. where, under the lenses of 13 security cameras, the contents are fed into the maws of machines that reduce them to shreds. **American Document employees then prepare a Certificate of Destruction for the client.** The trash being removed consists mainly of confidential documents from financial institutions, hospitals and corporations, and concerns about keeping it safe from prying eyes are well founded. "If you want to get intimate information about a company or an individual, just dig through the garbage bags they leave out on the curb," said Joseph Manzella Jr., American Document Security president. Manzella says he often converts skeptical clients into true believers after he personally opens and rummages through the trash bags they placed on the curb. He calls them, reading back the very customer lists, financial statements, tax records, loan applications or new business prospectuses they had dumped the night before.

Stalking - - - A Los Angeles area man accused of using his computer to harass a woman who rejected his romantic advances is the first to be charged under a **California "cyberstalking" law** that went into effect one year ago, prosecutors said. Gary S. Dellapenta, a 50-year old security guard, was being held in Los Angeles county jail on \$300,000 bail, a spokeswoman for the Los Angeles County District Attorney's office said. He is charged with one count of stalking, three counts of solicitation to commit sexual assault, and one count of unauthorized access to computers—the first time the 1998 law has been invoked. At a court hearing last week, prosecutors accused Dellapenta of forging posts on America Online and other Internet services so that the messages appeared to come from the victim. The messages, which advertised that the woman harbored rape fantasies, provided the woman's address and other identifying information and invited men to visit her. Six men visited her apartment in response to the messages, prosecutors alleged.

In response to the 1996 law that requires “security features” in licenses, the Department of Transportation in June 1998 proposed that states must encode SSNs (and possibly digitized fingerprints) onto drivers licenses. **The Department of Transportation will be allowed to proceed in October 1999, unless Congress acts.** Since Smith heads the subcommittee, his opponents have had an uphill battle. Making their fight even more difficult is the fact that Congress approved the new license rules in 1996. Civil liberties and privacy groups are doggedly attempting to repeal the law before it takes effect next year. So far, they’ve had little success. **It’s true that in 1998 they managed to get the Transportation Department to delay following through on regulations for a year.** But that temporary setback expires in October 1999. They had no luck in inserting a flat-out repeal in a transportation spending bill last month.

Software Piracy - - - FRANKFURT, GERMANY — A German court sentenced an American man to four years in prison without probation today for importing illegally copied Microsoft computer programs. It was the first time Germany has issued a prison sentence in a crime involving software piracy, Microsoft said. **“The 39-year-old Texan was sentenced today for four years without probation,”** a spokesman for the German regional court of Aachen said. The sentencing of the man, identified only as John S., follows the seizure by German customs officials of thousands of illegal copies of Microsoft software programs and manuals last August. Microsoft said fraud was proved in several instances in the case, with total damages amounting to about 120 million marks (\$64 million).

The Mob - - - A reputed associate of the Bonanno crime family who used mob clout to force Wall Street brokers to promote an Arizona company’s stock was sentenced to eight years in prison. Eugene Lombardo, 47, apologized for his role in a 1997 conspiracy that made participants more than \$1.3 million in illicit profits. The case was the largest ever to involve mobsters trying to manipulate stocks. Lombardo was one of four men who admitted a role in attempts to manipulate the price of HealthTech International Inc., Mesa, Arizona, owner of health and fitness centers. The value of the company’s stock rose after the participants made a deal with the company’s chairman and then brokers convinced unwitting buyers the company’s stock was worth eight times more than it was. **In May, a federal jury convicted HealthTech chairman Gordon Hall, 45, of racketeering, securities fraud and wire fraud. He is awaiting sentencing.**

Protection against Hackers - - - **That’s right, insurance.** Forget fire, theft and term life. Think hackers, fraud and network crashes. **InsureTrust.com, an Atlanta-based insurer affiliated with insurance giants American International Group, Lloyd’s of London and Reliance National,** says recent high-profile interruptions of electronic securities trading at E*Trade (nasdaq: EGRP) and Charles Schwab (nyse: SCH) — and two subsequent class-action lawsuits against E*Trade — have spiked interest in the Internet-specific insurance policies it writes. Those policies include coverage of malicious Internet outages that are intentionally caused by hackers and vandals and which are known in insurance and computer industry parlance as “denial of services.”

*Circulated quarterly to businesses. To receive future issues please register at www.security-outsourcing.com by completing the **Ask the Experts form.** Also specify if you would prefer to receive Corporate Homicide via Email. Feedback and suggestions on future topics are welcome.*



Security Outsourcing Solutions, Inc. • Ronald R. DeLia, Managing Director

One Liberty Square, 6th Floor, Boston, MA 02109 • 100 Ardmore Road, Needham, MA 02494-1833

Copyright 1999. Security Outsourcing Solutions, Inc.