

# WHITE-COLLAR CRIME

**FIGHTER**

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YOUR SECRET WEAPON IN THE WAR ON FRAUD

## IN THE NEWS

### MAJOR INFOSEC RISK: Unattended Computers

A significant number of unauthorized “access events” occur when someone sits down at another user’s computer. Consistent with recent reports of growth in the incidence of internal theft of sensitive customer or company data, this analysis, reported by research firm Gartner, Inc., further indicates that unattended computers facilitate theft of confidential data that can result in identity fraud...increase the risk of fraudulent manipulation of financial information...and enable perpetrators to evade apprehension by falsely claiming that “someone else must have used my PC.”

**Partial solution:** Implement a system of automatic timing out of unattended computers.

**Recommended:** Set timeouts of 10 to 15 minutes for desktop PCs...10 minutes for laptops... and as little as one minute for handheld devices, due to the fact that they are used primarily in high-risk environments.

**White-Collar Crime Fighter source:** Gartner, Inc., leading IT research firm, Stamford CT, www.gartner.com. The firm recently completed a study entitled *Set Timeouts to Stop Abuse of Unattended PCs* by analysts Ant Allan, F. Christian Byrnes, Jay Heiser and Roberta Witty.

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Daniel Terris, PhD, *Brandeis University*

## Enforcing Ethical Standards

### The Importance of Top-Level Controls



Earlier this year, *White-Collar Crime Fighter* published an article profiling the exceptionally sophisticated and comprehensive “walk-the-talk” ethics training programs at defense giant Lockheed-Martin (LM). (See *White-Collar Crime Fighter*, January 2005.)

Coincidentally around the same time, Professor Daniel Terris, Director of the International Center for Ethics, Justice and Public Life at Brandeis University, was finishing up work on a book entitled *Ethics at Work*, a methodically researched and intricately detailed analysis of the LM ethics program.

In the book, Terris also applauds many of the employee training programs aimed at raising awareness of ethics issues and building a culture of “doing the right thing.”

However, in the concluding chapter of the book, Terris describes what he sees as serious weaknesses in LM’s ethics program. Topping the list is what he refers to as the company’s vulnerability to having top executives “sidestep privilege and power”—in other words, abuse the system in ways resembling those that got corporate titans, such as Dennis Kozlowski of Tyco and Bernard Ebbers of WorldCom, into serious legal trouble.

Here is a summary of Professor Terris’s views on corporate ethics policies as they apply (or don’t apply) to senior management and his practical advice for implementing effective ethical controls at the top...

Corporate ethics programs that include such activities as computer-based interactive training...classroom-style instruction

about the organization’s code of ethics and conduct...deployment of confidential whistleblower hotlines, and awareness training on how to use them, are powerful and effective management tools.

Most organizations that conduct such programs require all rank and file employees and managers to go through the training.

**Problem:** Typically, the most senior levels of management may undergo the same training courses and exercises as those who report to them, but few organizations have designed ethics programs that directly tackle the sensitive and complex ethical dilemmas faced by the men and women at the very top of the corporate hierarchy. Unfortunately, too many corporations appear to be complacent about the integrity of their most senior executives.

**Risks:** As proven by the numerous high-profile events of recent years, the very nature of their positions of privilege and superiority gives senior executives more opportunity than anyone else to commit fraudulent or unethical acts on a grand scale.

Moreover, top executives often have a greater incentive or a stronger temptation than employees below them to commit fraud or other ethics violations.

**Reasons:** The value of top executives’ stock options hinges on the financial market’s perception of the company’s strength and growth potential which, in recent years, has led to numerous instances of earnings manipulation and other forms of accounting fraud.

In other instances, temptation is dri-

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