



CLEARFORCE

# Workforce Assurance and Engagement



# ClearForce Leadership

Unprecedented team of strategic, security, privacy, legal and human resources experts



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*USMC (Ret.)*

*Former National Security Advisor*



**General Michael Hayden**  
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*Former Director of CIA and NSA*



**Honorable Ellen Tauscher**  
*Former US Congresswoman*

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*US Steel, AIG*



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*Disney, PepsiCo, Honeywell*



**Mary Beth Borgwing**  
*Former CEO*  
*LemonFish Technologies*

BUSINESS AS USUAL

# Find Bad Actors and Remove Access Without Getting Sued

## EMPLOYEE RISK

Theft & Fraud  
Workplace violence  
Cyber crime  
Harassment  
Bullying

## LITIGATION

EEOC  
Wrongful termination  
Class action lawsuits  
Regulatory Action  
Contract violations

# Traditional Approach

## PRE-HIRE BACKGROUND SCREENING

- Courthouse Records
- Credit Checks
- Background Investigation



## POST-HIRE TECHNOLOGY CENTRIC

- Email Monitoring
- Website Tracking
- Social Media Traffic

- One-time static background check for disqualifying behavior & events
- Ongoing evaluation limited to internal behavior on company network and email

EMPLOYERS OPERATE IN

# Expensive, Complex and Uncertain Environments

NEGLIGENT HIRING  
AND RETENTION

**\$1 MILLION**

award against \*Woven  
Metal Products

- Average per incident cost \$8M
- Workplace violence
- Fraud & Theft
- Cyber breach
- Negligent Retention lawsuits

NEGLIGENT  
RETENTION

**\$530 BILLION**

in employee crime related  
losses

- Average employee lawsuit cost \$250,000
- Disparate impact, protected classes
- Wrongful Termination lawsuits
- Class action lawsuits
- High turnover, tight market

WRONGFUL  
TERMINATION

**84,254**

EEOC cases filed in  
2017 alone

# 2019 – The Escalating Crisis

## Security

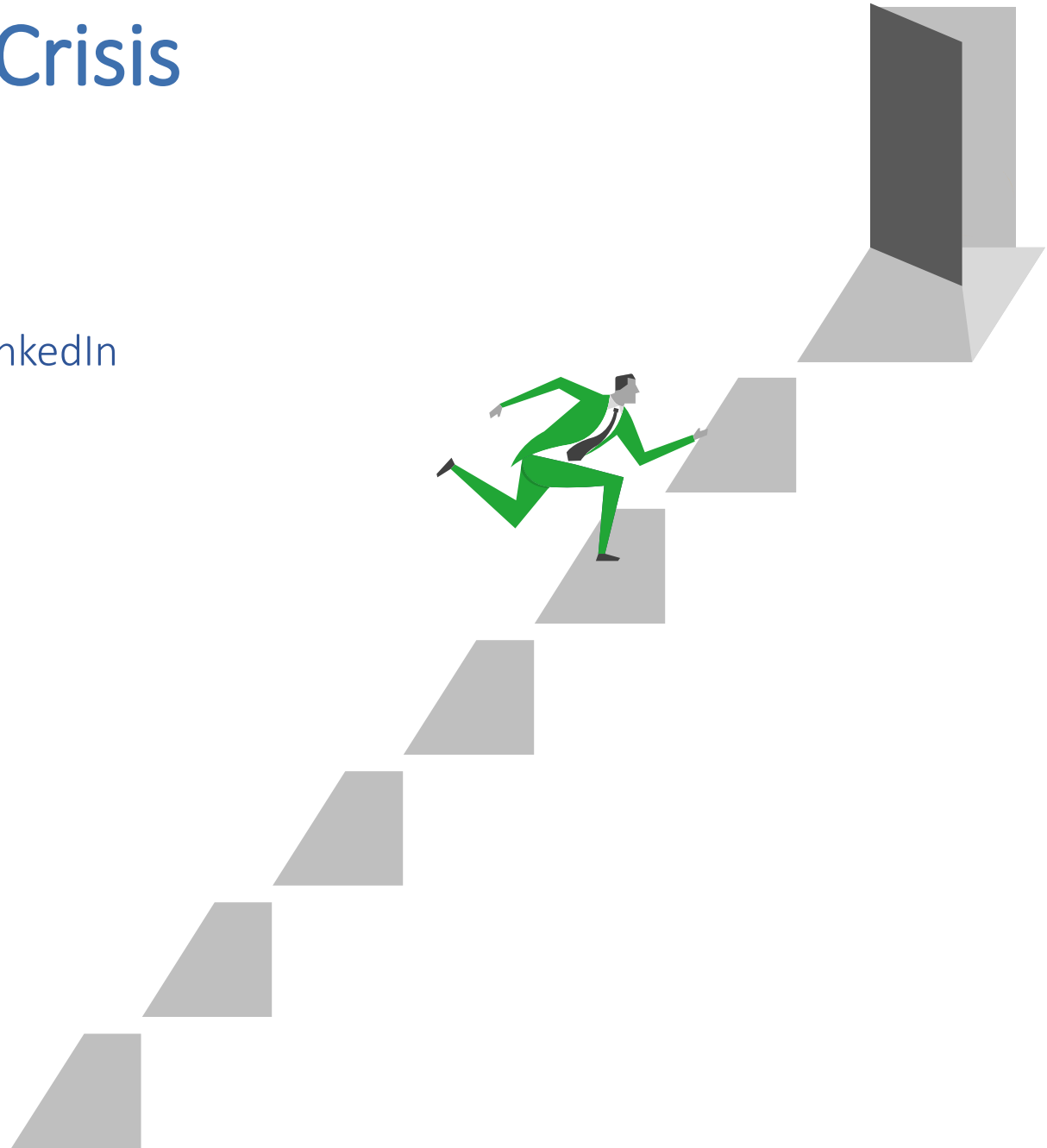
- State sponsored cyber theft
- Public record- social media espionage – LinkedIn
- 5G

## Human Resources

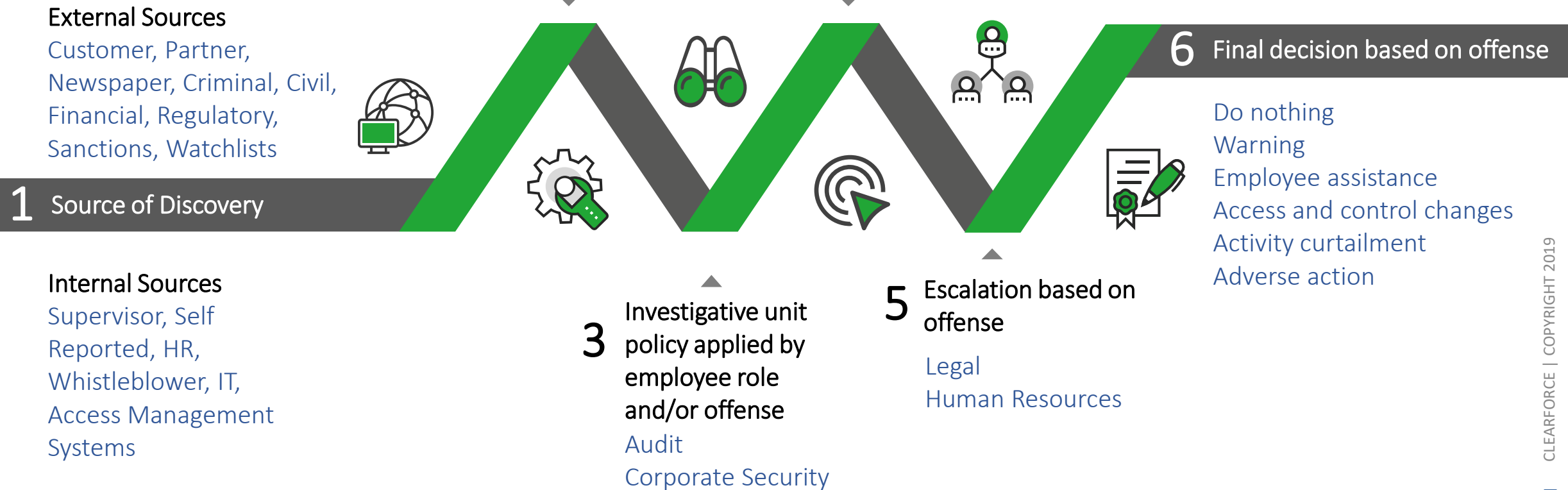
- Privacy, employee sensitivity, litigation
- #MeToo Movement
- Real-time video to social, Glassdoor
- Contractor workforce

## Legal Compliance and Regulation

- 48% increase in EEOC penalty activity
- Discrimination and Harassment
- NISPOM Change 2



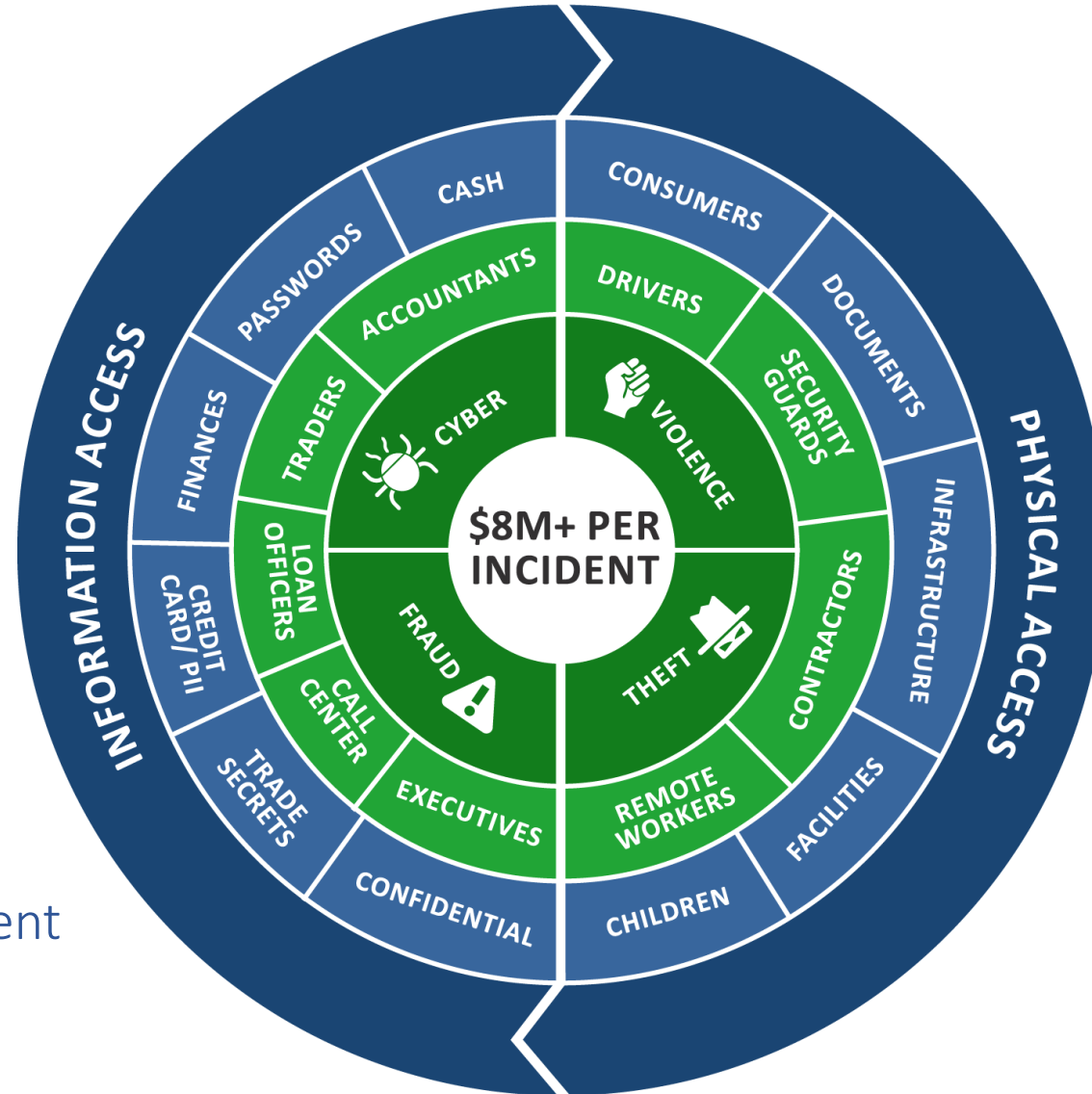
# Complexity Under Pressure



# Insider Risk Exposure

## Industries

- Government
- Gov. Contractors
- Healthcare
- Financial Services
- Education
- Energy
- Public Venues
- Transportation
- Media/Entertainment
- Legal Services



## Jobs

- Trading
- Brokerage
- PCI/PII handling
- Funds/wire handling
- Accounting
- Information technology
- Restricted/badged access
- Executive management
- Security
- Contractors



# Insider Risk: Soldier Field

Access + Opportunity = Public Venue Risk

## Overview

- November 22, 2015, 62,643 fans pack Soldier Field to watch Chicago Bears vs Denver Broncos
- On this day, Monterrey Security, a contractor for the Bears, had 2 employees arrested for trying to sell to under cover cops 3 security wristbands for \$80

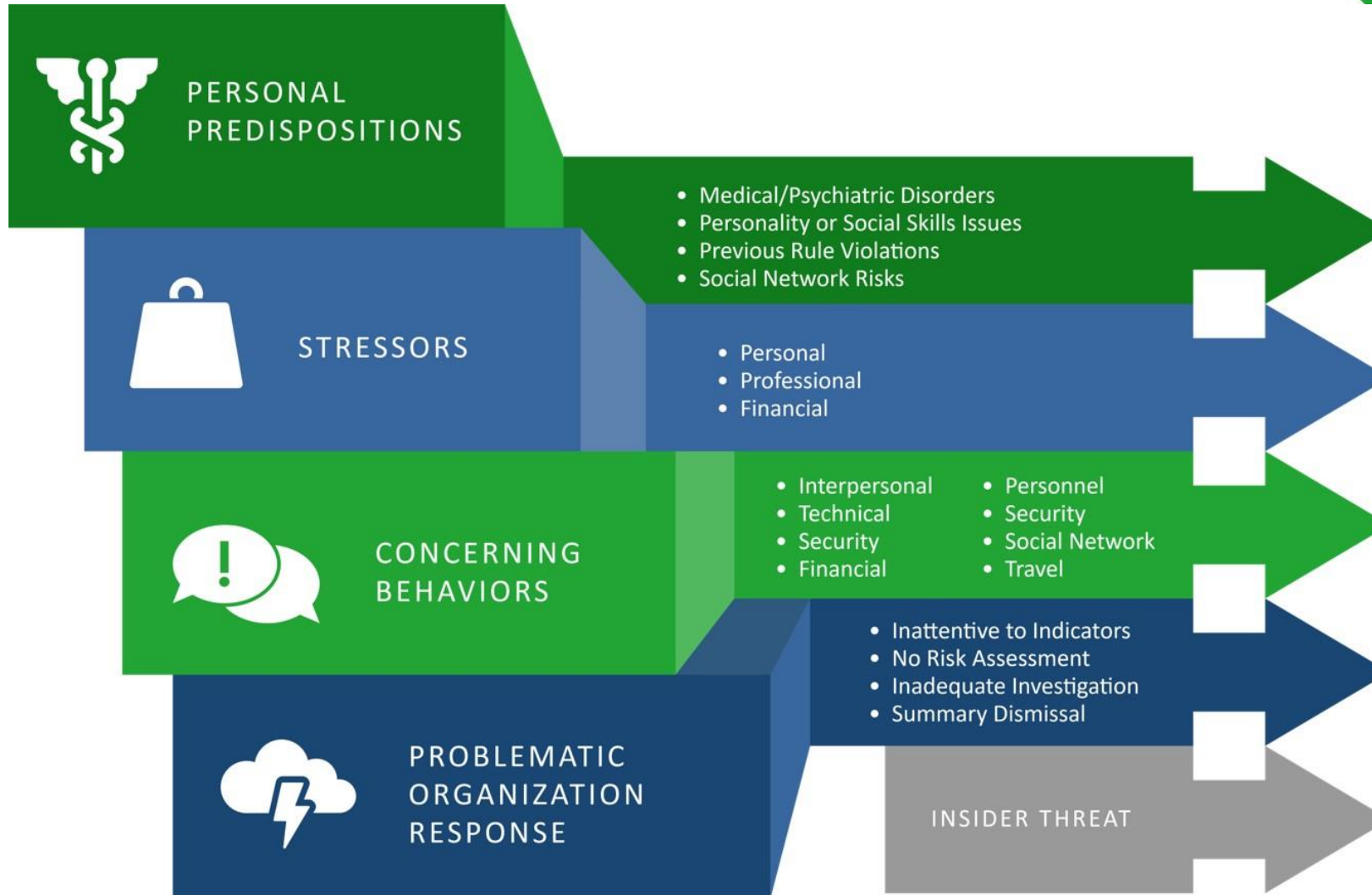
## Leading Indicators

- Both individuals arrested had prior criminal records for drug arrests
- One of the individuals had a prior conviction for selling drugs and a known gang member
- Neither employee arrested had as security guard license

## Opportunities to Act.....

- Could have alerted Monterrey Security , Chicago Bears and the NFL of the criminal arrests enabling leadership to take appropriate actions
- Could have restricted access to security wristbands
- Could identify high risk or dangerous behaviors of employees before they're able to put patrons in danger

# Critical Path to Insider Threat



# Insider Risk: Booze Allen

## Unsupervised Contractor

### Overview

- Harold Martin Indicted for Theft of Classified Material in October 2016
- Search of home and car found 50 TB of unprotected classified data, the equivalent of half a billion pages of documents
- Theft of government files began in 1998
- Passed Top Secret Periodic Review and Polygraph in 2012

### Leading Indicators

- Charged with using a computer for harassment in 2003
- DUI in 2006
- Impersonating a police officer in 2008
- \$8,997 lien in 2000, not paid until 2014

### Opportunities to Act.....

- Each event could have been alerted, archived and considered in an aggregate holistic view
- Could have reduced access to classified material
- Could have increased oversight

# 150M+ Employee Opportunity

“My basic need for physical and emotional security needs to be met”

“There is someone at work that encourages my development”

## “ACTIVELY DISENGAGED”

Employees who are unhappy, at work and elsewhere, and seek to undermine what their engaged coworkers accomplish

17%  
26M

## “NOT-ENGAGED”

Employees who are otherwise distracted and struggling with pressure and stress that leads to “checked out” behavior

52%  
82M

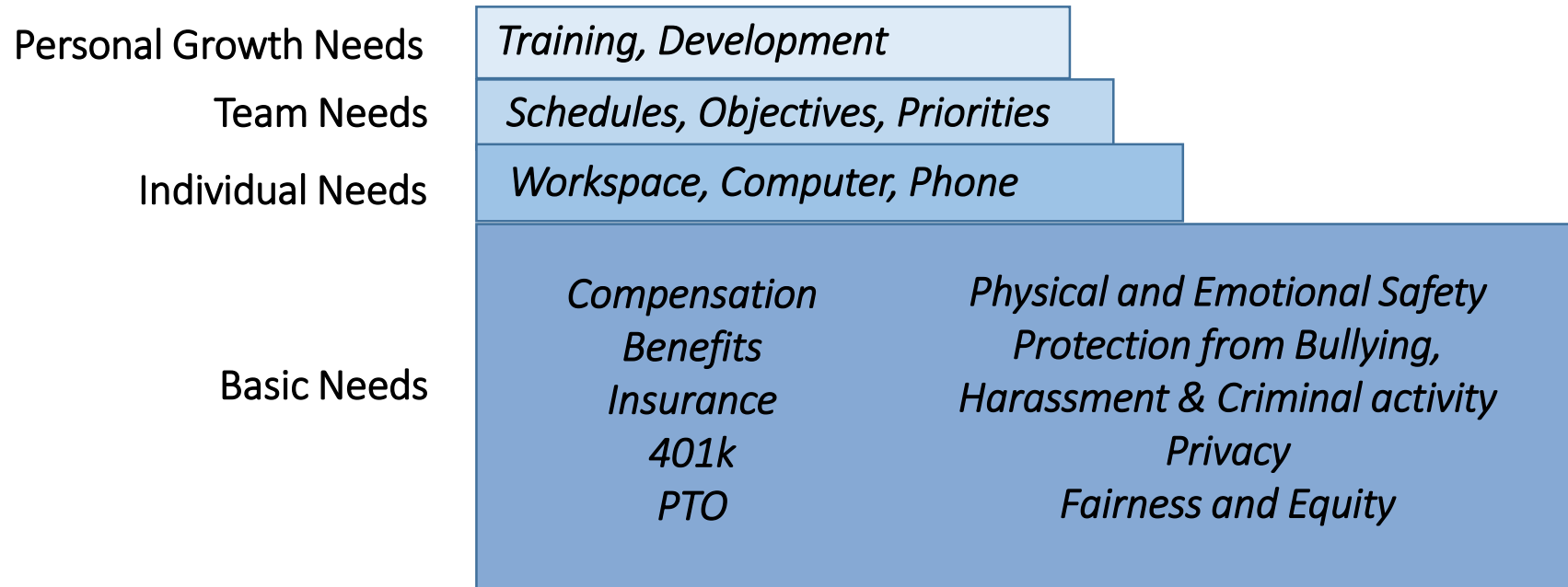
## “ENGAGED”

Employees who are passionate and desire a connection with their company

31%  
49M

## The Employee's View of Engagement

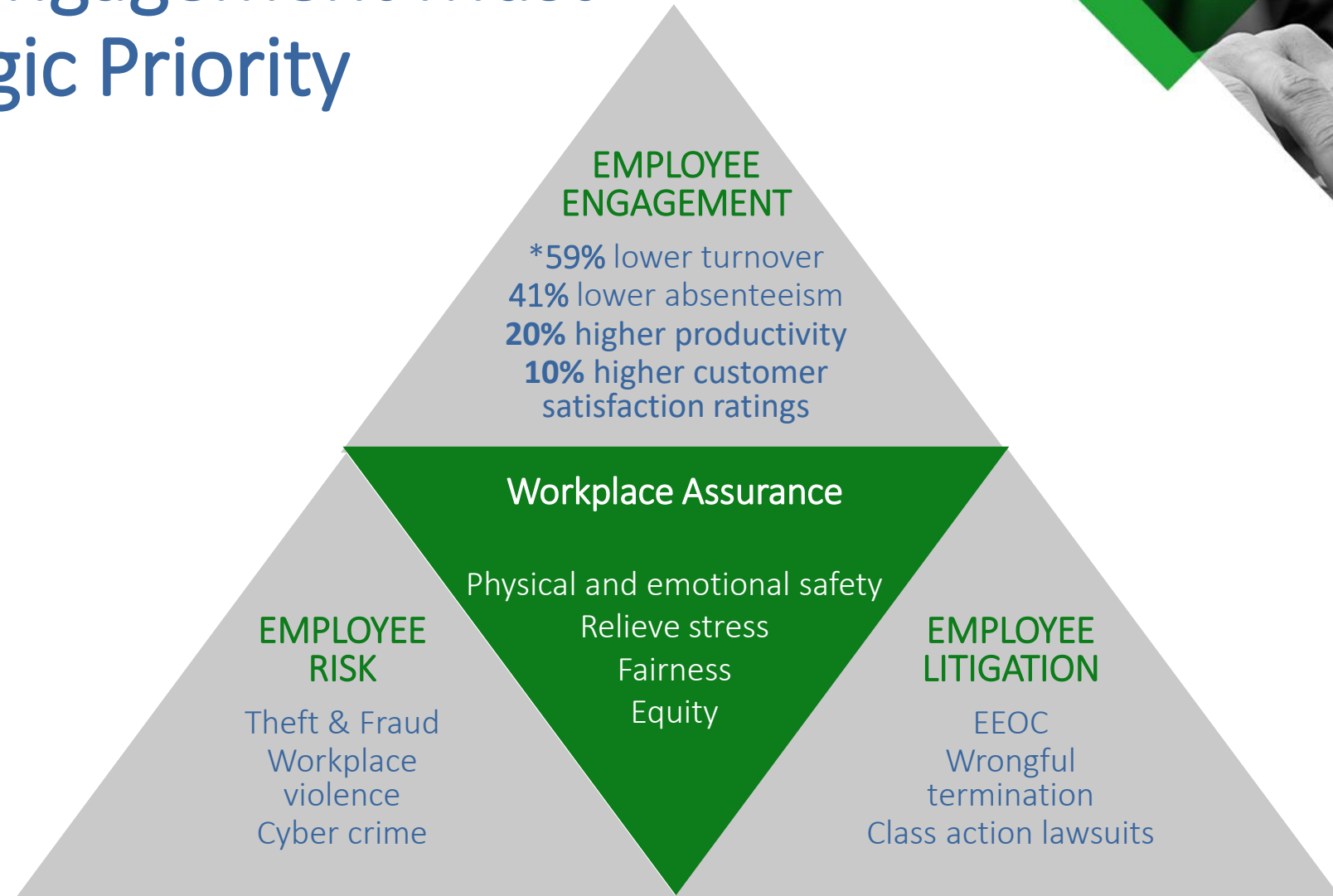
# Personalized Engagement is Limited



*“Insider threats come from individuals who feel their needs are not being met. They are resentful and act out the resentment against the employer, coworkers and customers”*

EMPLOYERS HAVE AN OPPORTUNITY

# Increased Engagement Must Be a Strategic Priority

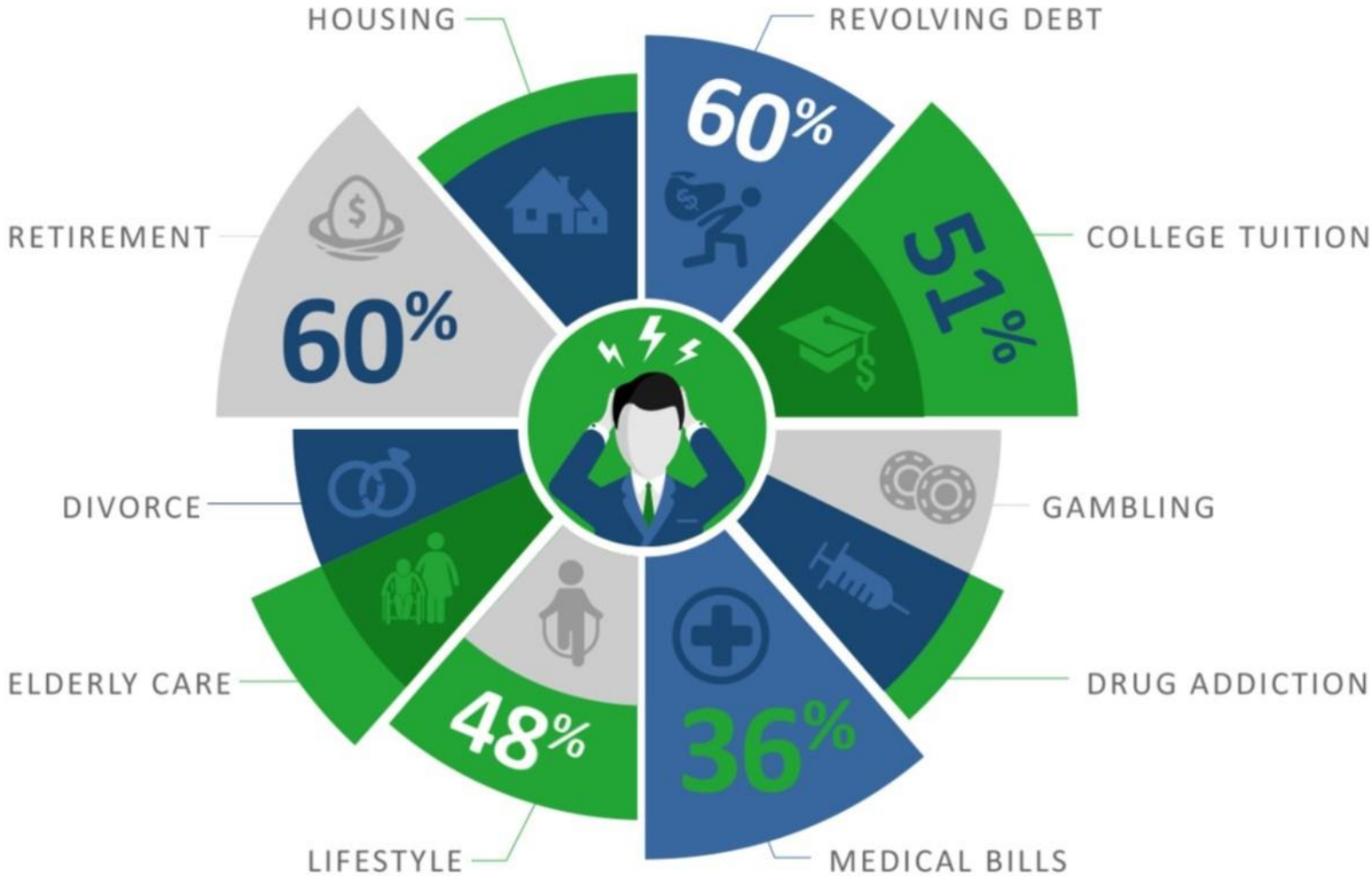


*\*2016 Gallup study.  
230 organizations, 49 industries,  
73 countries, 1.9 million employees.*

# Financial Stress is Pervasive

- 30 million US workers afflicted by financial stress
- 78% of employees live paycheck to paycheck
- 1 in 10 making \$100K+ live paycheck to paycheck
- 1 in 4 regardless of position or salary under financial stress

# Causes of Financial Stress



Data Source: IFEBP Report: Financial Education for Today's Workforce: 2016 Survey



# Implications and Cost of Stress

Distracted – Susceptible – Vulnerable - Unhealthy

## COST OF FINANCIAL STRESS

\$200 - \$300B Each Year

71 %

of employees say they suffer from financial stress.<sup>1</sup>



Among the financially stressed, more than half report that it interferes with their ability to focus and be productive at work.<sup>2</sup>

Most commonly reported symptoms<sup>1</sup>

37 %  
irritable/angry

35 %  
nervous/anxious

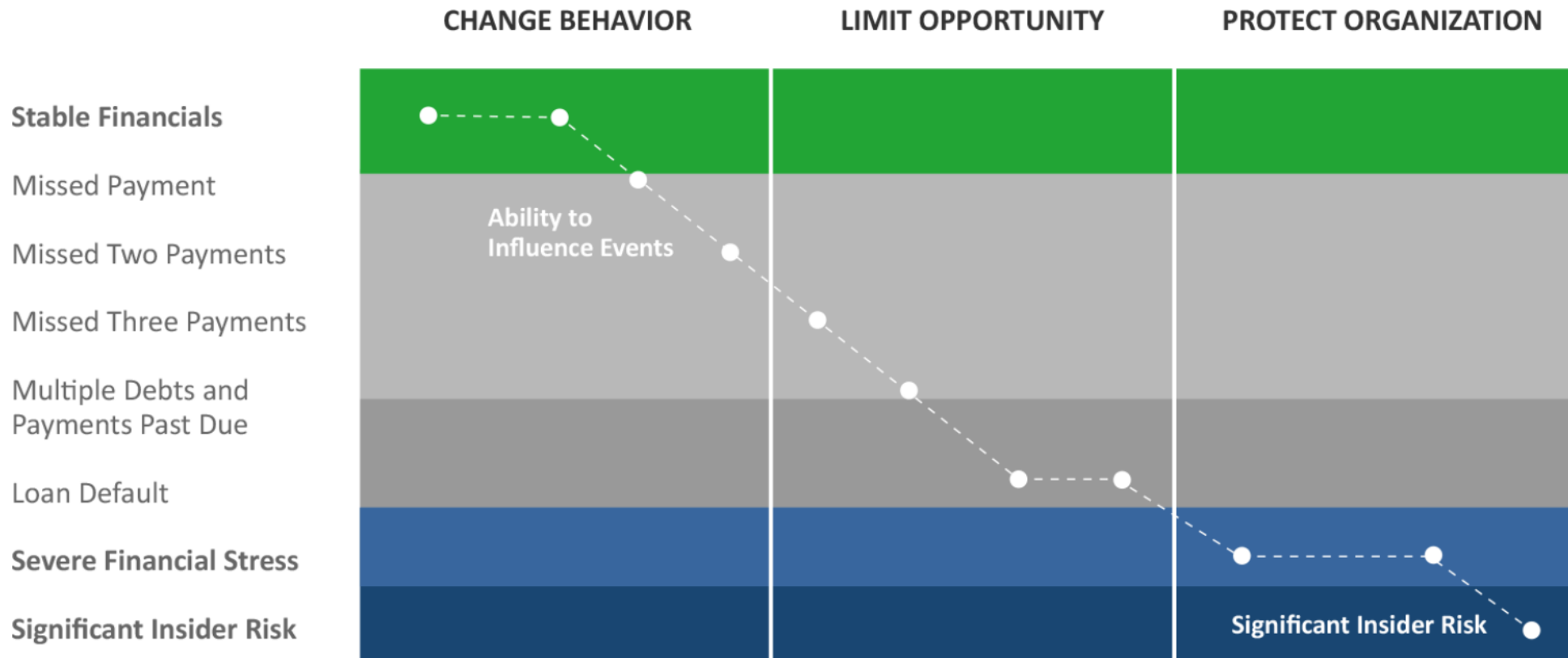
34 %  
lack of motivation

32 %  
fatigued

32 %  
overwhelmed

32 %  
depressed

# Identifying Financial Stress



# Inside Risk: Liberty Partners

## Liberty Partners/Legend Securities

- Between 2012 and 2015 broker Hank Werner fraudulent churned and excessively traded three customer accounts causing a loss of more than \$175,000
- Customer was disabled 77 year old widow who's husband died one month prior to the scheme

## Leading Indicators

- Werner was in dire financial condition
- Trouble paying his mortgage
- Delinquent Tax Liens totally \$750,000
- Living beyond his income

## Opportunities to Act.....

- Could have identified the mortgage and delinquent debt payments
- Could have applied additional oversight, secondary approval or monitoring of accounts and trade recommendations

# Insider Risk: Fry's Electronics

## Long Time Employee

### Overview

- Omar Siddiqui; Fry Electronics VP, trusted 20 year employee
- Charged vendors a marketing fee paid to a shell company he owned
- Secret, back-room deals with certain Fry's vendors without leadership's knowledge

### Leading Indicators

- Racked up losses of \$167M in 10 years of gambling
- IRS slapped an \$18.5-million lien on his property for unpaid taxes
- Took out loans totaling \$10.4M
- Living beyond his income

### Opportunities to Act.....

- Could have had early engagement by leadership on significant personal financial changes
- Could have reduced access to financial information
- Could have restricted ability to "sign off" on vendor contracts without review

# Workforce Assurance Workflow



# Discovery

for Wellness and Misconduct

Discover opportunities  
for employee  
engagement and  
wellness

Discover  
mounting  
financial pressure  
and stressors

Discover  
debilitating  
misconduct and  
criminal activity

# Discovery

*People change over time*

ClearForce has found that **criminal events** increase **2x** amongst employees who have over **3.5 years tenure**

# Insider Risk: Airline



- 5,000+ total employees
- Subject to TSA regulation and strict requirements for airport access
- Subject to extensive criminal, terrorist, immigration status checks

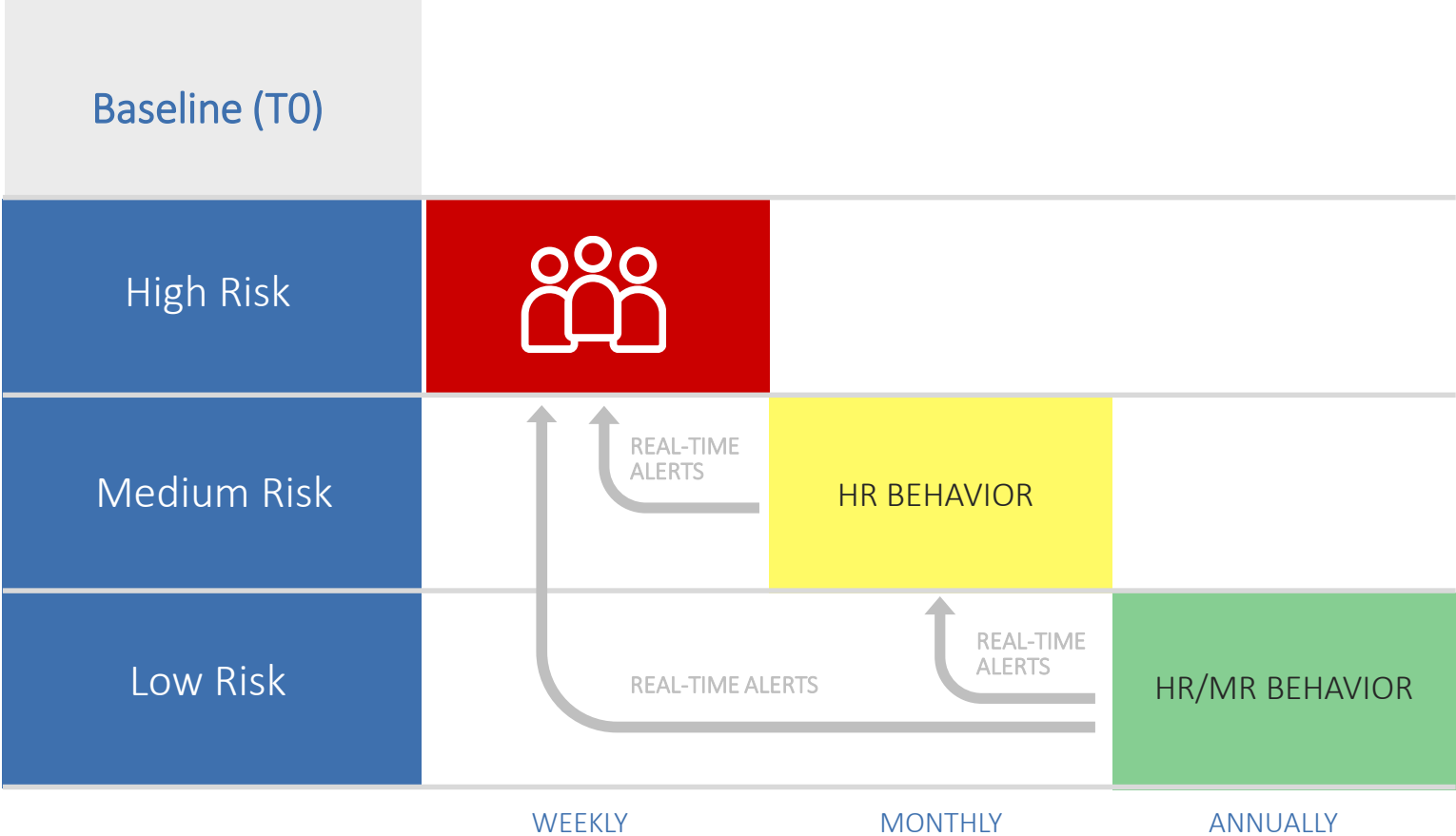
- Gaps in compliance

**2% of airline employees barred from attending event on a military base due to criminal activity unknown to the company**





# Dynamic Re-Baseline



# Scope of Behavior Alerts



WANTED / WATCH  
LISTS



BOOKING & ARREST  
DATA



BANNED / BLOCKED  
LISTS



NETWORK / CYBER  
ACTIVITY



SOCIAL MEDIA  
ACTIVITY



COURTHOUSE  
RECORDS



FOREIGN  
TRAVEL



FINANCIAL STRESS  
INCOME / DEBT ALERT



EMAIL  
MONITORING



PROPRIETARY  
PERSONNEL DATA



BACKGROUND  
INVESTIGATION

# Discovery

**Negligent Hiring/Supervision is a top 10 claim  
brought in employee lawsuits**

# Verification

Allstate's corporate policy prohibits employees from "threatening anyone"

Jury awards a former Allstate employee **\$18.6 million** for failing to use reasonable care in determining the truthfulness of the stated reason for termination.

*May 2018*

# Investigation

Employers need to strike a balance when determining what, when and how much must be known when safeguarding the company and the privacy of the employee in question



# Decision

Employers struggle with all actions since there are interim steps in a longer process

# Decision

## 1 DO NOTHING

Example : Personal drug use versus drug distribution is a dividing line for many employers

## 2 WARNING

Example: An unwanted romantic advance (without malice) in the workplace usually draws a reprimand

## 3 EMPLOYEE ASSISTANCE

In each of the two prior examples – employee assistance is useful but often underutilized

## 4 ACCESS AND CONTROL CHANGES

Example: Unexplained physical or digital access outside of normal business routine.

## 5 ACTIVITY CURTAILMENT

Example: Civil suit and extreme financial pressure on an employee with financial responsibility

## 6 ADVERSE ACTION

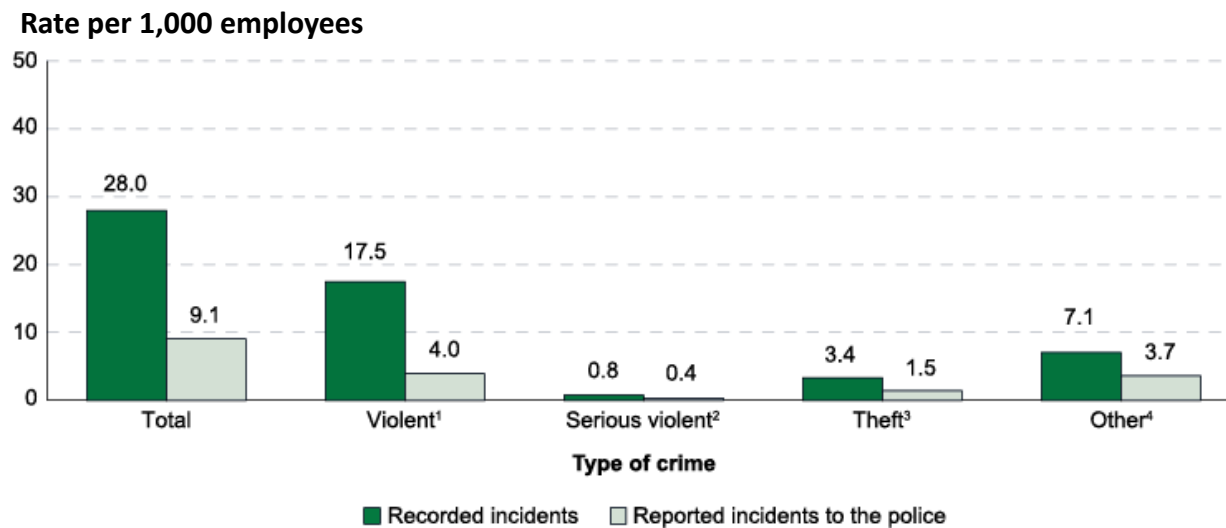
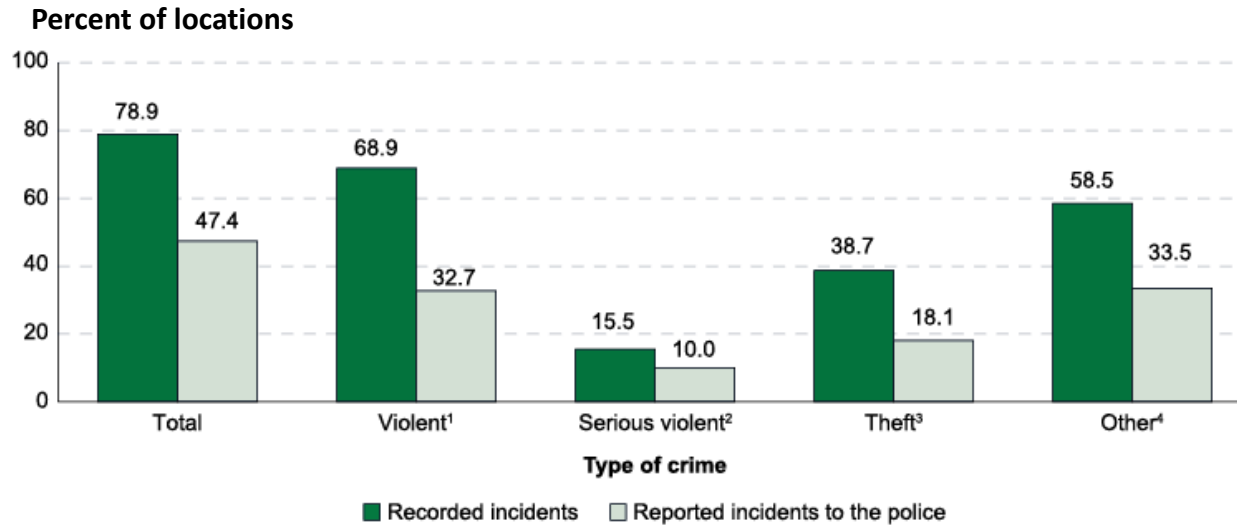
“Failure to comply with the standards outlined in this Code will result in disciplinary action up to and including immediate termination of a Covered Person’s relationship with the Company”

# Documentation

Not only must there be a detailed record of all actions, but the timeline and rationale behind the decisions must be documented as well



# Communication & Feedback



# Model for Success

Discover employee conduct violations



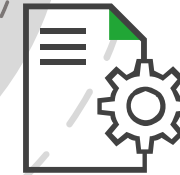
Ensure a fair and equitable process



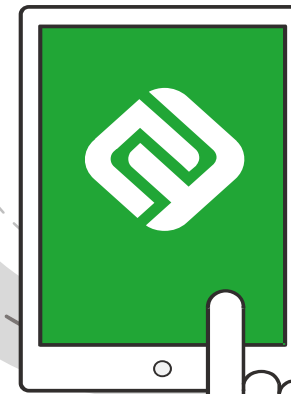
Protect the interests of employees, customers, shareholders and the company





Document a practice of reasonable care







Avoid the mistakes of ad-hoc decisions



# Best Practices of Care

-  Enact real-time, automated discovery of crime and misconduct
-  Demonstrate active and timely enforcement of corporate policy and regulation
-  Protect the privacy of whistleblowers and the identified employee
-  Apply policy and regulation objectively and accurately across roles and geographies

-  Be aware of the disparate impact in process, to enable mid-course options if needed
-  Be aware of clusters of complaints that flag indicating a greater need for targeted supervision
-  Act early to prevent a larger problem and give yourself room to maneuver and time to respond
-  Tight labor markets lead to hiring compromises. Document, evaluate and be proactively aware

# Investigate your Opportunity for Engagement

Download our Insider Threat Team Discussion Deck

For More Information  
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# Complexity Of Investigation

## ACTUAL DECISION TREE FOR A FORTUNE 50 COMPANY

