Thomson Reuters National Security Conference

FINAL REPORT

NATIONAL SECURITY
June 9, 2016
Crystal Gateway Marriott
Arlington, Va.

Executive Summary

On June 9, 2016, Thomson Reuters held its first-ever Government Conference, hosted at the Crystal Gateway Marriott in Arlington, Virginia.

The event brought together leaders and professionals from a variety of federal entities, nongovernmental organizations, and companies that work with government agencies as a way to address key national security challenges including:

- Screening and due diligence with regard to border and economic security
- Supply-chain risk pertaining to forced labor
- Insider threat
- Illicit finance

SCREENING AND DUE DILIGENCE

The day's first session was led by Dawn Scalici, Government Global Business Director at Thomson Reuters, and included these panelists:

- **Monte Hawkins**, Senior Director, Transborder Security, National Security Council
- **Craig Healy**, Assistant Director, National Security Investigations Division, Immigration and Customs Enforcement
- **George Hicks**, Partner, Bancroft PLLC

The United States historically has been a place of opportunity, refuge, and innovation. This openness has paid great dividends – both fiscally and culturally – but it also has been exploited by individuals, organizations, and countries intending harm.

The U.S. government has increasingly focused on protecting its borders and securing vital economic assets, but gaps remain. The government is looking for smarter, more secure ways of vetting refugees and visa applicants, as well as foreign acquisitions of U.S. property and assets, to maintain openness while still keeping the homeland safe.

Harnessing big data has become vital to efforts to identify and catch bad actors, and it has offered valuable insights to government screening efforts. At the same time, the U.S. government understands that defending the physical borders of the United States is a measure of last resort, and has seen value in pushing out boundaries – in a virtual sense – to conduct vetting offshore, closer to the point of origin of foreign parties. The U.S. government faces the challenge of identifying any derogatory information from internal and external sources, and utilizing technology to make sense of the data and scale its screening and vetting efforts appropriately.

As the government continues efforts to improve its vetting programs, it has the opportunity to embrace biometrics as a means to more accurately verify identities. At the same time, there is growing recognition that social media data is valuable for assessing the background and intentions of those seeking entry to the U.S. or seeking to do business here. While largely an area of experimentation for the time being, more widespread use of social media data holds promise for improving screening processes for a broad array of missions.

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Panelists agreed it is in the nation's best interest to maintain robust, cutting-edge screening processes that can operate efficiently at scale while also adhering to government policies regarding privacy and civil liberties.

SUPPLY CHAIN RISK MANAGEMENT

Holly Sais Phillippi, Head of Proposition Management for Customer and Third Party Risk at Thomson Reuters, led the next session with these panelists:

- **Ernie Allen**, former President and CEO, National Center for Missing & Exploited Children and International Centre for Missing & Exploited Children
- **Andrew Farrelly**, Cofounder, CT Strategies
- **Kenneth Kennedy**, Senior Policy Advisor, Immigration and Customs Enforcement
- **Ryan Blay**, Supervisory Special Agent, FBI

The Global Slavery Index estimates that 35.8 million men, women, and children worldwide are trapped in modern-day slavery. Forced labor is a $150 billion industry, yet the sum total of budgets in all countries to address this issue is a scant $112 million. This vulnerable population is embedded in supply chains globally – a matter of grave concern to the U.S. as the single largest purchaser of goods and services in the world.

... public and private organizations are accountable for understanding the full extent of their supply chains.

The harsh reality is that many assume these issues involve only small, marginal countries. That notion has been dispelled, however, as headlines tell of major grocery businesses and multinational food companies whose products have been linked to slave labor in their supply chains. The challenge is complex: with modern businesses connected to thousands of suppliers globally, how do they maintain clean supply chains? As discussed by the panel, there are three key response elements: vigilance, transparency, and a willingness to report.

Part of the challenge is that when governments impose new regulatory requirements on corporations, there is a tendency to resist. But the government is not an adversary, it's a partner in confronting the issue. Providing data to law enforcement should be rewarded, and the government needs the tools to ingest, organize, and analyze data related to global sourcing.

Overall, there have been improvements as firms begin to adopt new global sourcing policies. A 2014 report from the American Bar Association and the McCain Institute at Arizona State University noted that 68 percent of Fortune 100 firms have policies committed to monitoring their supply chains, while 54 percent have policies against human trafficking. Companies taking these steps have a 3.5 percent revenue bonus over other businesses, which illustrates a clear advantage for firms to increase vigilance.

As the global landscape of forced labor legislation continues to tighten, public and private organizations are accountable for understanding the full extent of their supply chains to ensure they are free of nefarious labor practices.

INSIDER THREAT

Jason Thomas, Manager of Innovation, Thomson Reuters Special Services, led this session, which included these panelists:

- **James Onusko**, Transition Team Leader, National Background Investigations Bureau, Office of Personnel Management
- **Doug Thomas**, Director of Counterintelligence Operations and Corporate Investigations, Lockheed Martin Corporation
- **Frederick Walker**, Technical Director, Counterintelligence Knowledge Management, National Security Agency
- **Carrie Wibben**, Director, Counterintelligence and Security, Office of the Under Secretary of Defense for Intelligence, Department of Defense

Insider threat represents a key risk for the theft or leakage of sensitive and classified information and intellectual property. It has the potential to bring harm to law-abiding citizens around the world, endanger the physical security of the workforce, and put companies out of business.

The threat of insider leaks goes beyond government agencies. Corporate espionage has been embraced by nation states attempting to gain advantage on the global stage through the theft of research and development data, trade secrets, and more. Across the insider threat paradigm, everyone – from corporations to governments – is susceptible to falling victim.

In the presence of these problems, it is increasingly important to establish insider threat programs that are designed to flag risk indicators based on employees' activities both inside and outside of the workplace. Short term, there are a number of solutions to the current challenges, and we must do the best we can to leverage what's currently available. But there is also a need to do a better job long term, to utilize available data to identify actionable threat intelligence and improve our collective security posture, while still adhering to privacy concerns.

ILLICIT FINANCE

John Solomon, former director of Threat Assessment at Thomson Reuters, led the day's final session with these panelists:

- **Dr. David Asher**, Senior Adjunct Fellow, Center for a New American Security (CNAS), board member of the Center on Sanctions and Illicit Finance, Foundation for Defense of Democracies
- **Bret Boyd**, Vice President of Custom Intelligence Services, Stratfor
- **Dr. Jodi Vittori**, Senior Policy Adviser, Global Witness

Illicit finance can take many forms, but it is integral to corruption, transnational crime, and terrorist financing. The FIFA scandal and the data contained in the release of the so-called "Panama Papers" exemplify corruption that is pervasive in both the public and private sectors.

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International organized crime encompasses everything from the sale of illegitimate commodities to the trafficking of wildlife and people. Terrorist groups, such as ISIL, leverage a dizzying array of methods to exploit or circumvent the international financial system to fund their activities and expand their reach.

Rebel militias, corrupt politicians, and organized crime syndicates all employ some form of illicit finance in order to raise funds, mask the origin of their proceeds, and evade taxes and transfer money – oftentimes under the guise of legitimate financial or commercial activity such as banking, charitable donations, or even storefront operations.

While al-Qa`ida historically was funded primarily through donations, modern-day terrorist organizations like ISIL largely self-fund through extortion, imposed taxes, and exploitation of natural resources in the regions they control.

How can the U.S. combat these threats? New tools allow companies and organizations to mitigate the hidden risks engendered by illicit finance, and ensure regulatory compliance in an increasingly complex and punitive regulatory landscape. And, given the ever-changing complexity of the issue, improved collaboration, information sharing, and risk intelligence are essential to combating the problem and cutting off financing to bad actors – whether that occurs wittingly or unwittingly.

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