

Reputational Risk for Higher Education

Presented by Chris Marquet, SunBlock Systems

DMI Risk Mitigation Forum

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Managing Reputational Risks

- ***“It takes 20 years to build a reputation, and 5 minutes to destroy it”***
 - *Warren Buffet, Chairman, Berkshire Hathaway*
- ***“A good reputation is more valuable than money”***
 - *Publilius Syrus, former roman slave & author*
- ***“You can’t buy a good reputation; you must earn it”***
 - *Harvey Mackay, columnist & author*
- ***Wisconsin tech colleges promote flexibility after losing a third of enrollment in 15 years***
 - *Sheboygan Press, May 2018*



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SunBlock Systems

- SunBlock specializes in investigations, digital forensics, cybersecurity, special fact finding and litigation support
- SunBlock Systems was founded in 2002 and is based in Washington, DC.
- Investigative & risk mitigation firm Marquet International - merged into SunBlock in 2017
- Clients include public & private corporations, financial institutions, educational institutions, government entities, non-profits and professional advisors such as attorneys & CPAs
- Operate globally with international network of agents



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SunBlock Systems

- SunBlock Systems' cross-disciplinary teams are devoted to customized, innovative, cost-effective, and sustainable solutions
- We counsel and train organizations on how to strengthen their security, develop and implement privacy and data protection programs, and comply with applicable regulations
- We understand reputational risks, including those involving personal information, financial, physical, sexual and other proprietary information at the heart of educational research
- Our experienced mitigation teams guide clients through every step



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Chris Marquet – Presenter

- President of Sunblock’s Investigative practice
- Previously CEO of Marquet International, based in Boston
- 36 years experience in investigations & risk mitigation services including misconduct, fraud, integrity due diligence, special fact finding missions, litigation intelligence & security consulting
- Nationally recognized speaker & author of many white papers & articles on risk issues



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Key Elements of Reputation Building

- Quality Product/Service
- Performance
- Innovation
- Workplace
- Leadership
- Governance
- Citizenship



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What is Reputational Risk?

“The potential that negative publicity regarding an institution’s business practices, whether true or not, will cause a decline in the customer base, costly litigation or revenue reductions.” (US Federal Reserve definition):

- Loss of enrollment/tuition revenue
- Increased operating costs
- Increased legal & compliance costs
- Loss of fundraising ability
- Loss of attracting human talent
- Increased government oversight
- Loss of certifications



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Reputational Risks

No Control

- “Acts of God”
 - Flood
 - Earthquake
 - Severe Storm
 - Wildfires/Lightning strike
- Accident



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Reputational Risks

Some Control

- Misconduct Scandals
 - Sexual Assault
 - Violence/Campus unrest
 - Fraud, embezzlement or financial mismanagement
 - Professional misconduct
 - Discrimination
- Cyber Incident (internal or external)



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Reputational Protection: Basics

- Assess Risk Factors
- Develop & maintain Crisis Response Plan
- Training: simulated exercises for crisis response
- Demonstrate leadership from the top down
- Integrate reputation risk management at each level
- Monitor online & other media exposures
- Effective communications with all stakeholders



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Framing the Issue: Sexual Assault

“According to a 2015 study, 1 in 4 female undergrad students experienced either sexual assault or misconduct.” – 2015 AAU Study

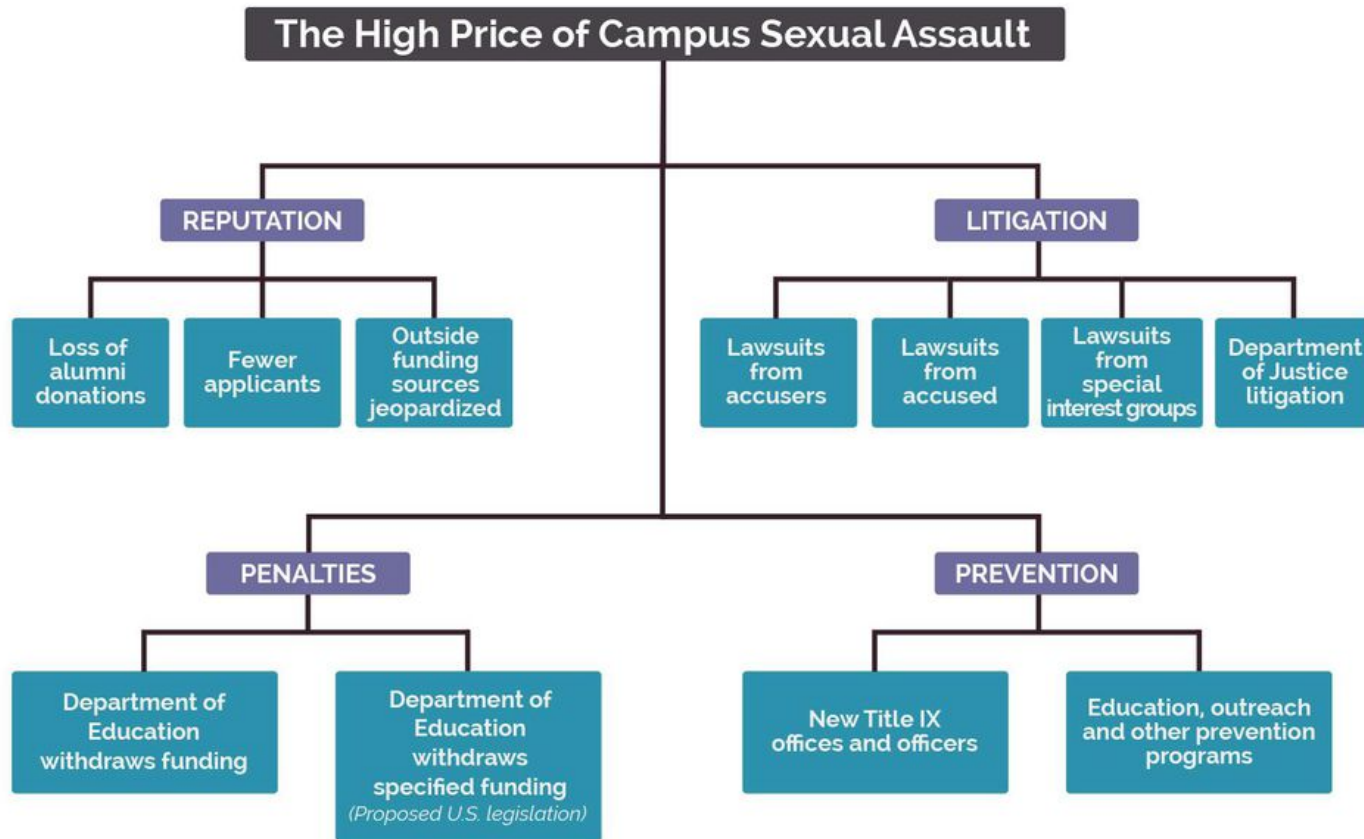


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Reputational Risk: Sexual Assault

Forbes 2015



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Reputational Risk: Sexual Assault

- Harm educational mission by undermining the safe and hospitable learning environment.
- Cast doubt on stated commitments by campus leaders to end campus violence.
- Media coverage may bring scandal to institution & leaders, create distrust among parents, and alienate students



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Reputational Risk: Sexual Assault

- Institutions found in violation of basic preventative measures may be fined
- Litigation a given
- Potential erosion of fundraising, as well as legislative and philanthropic support



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Title IX

- Previously provided reporting, monitoring, investigative and judicial requirements
- Under proposed changes, requirements and jurisdiction are different
- Changes may simplify some things, but complicate others
- Terminology, Procedures and Transparency remain critical for reputational risk management



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Framing the Issue: Campus Violence

- Frequency appears to be increasing
- Active shooter incidences are now more likely to be 5-10 minutes vs. hours-long siege
- Rapid response is critical
- Radio systems that interoperate with first responders
- Surveillance systems that integrate with access and cameras



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Reputational Risk: Campus Violence

- Campuses tend to be safer than other public spaces
- Perception vs. Reality
- Integration of concentric layering of policy, procedures and physical measures
- Overlapping elements of security in place
- Transparency with public and students



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Reputational Risk: Campus Violence

- Building a culture of vigilance
- Building a culture of compliance
- Be specific: “See something, say something” is open to interpretation
- No tolerance for threats & violence
- Investigate threats promptly
- Investigations need to be viewed as independent and fair



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Framing the Issue: Other Misconduct

***“At any given time, in any organization,
there is always somebody
who is up to no good...”***

- Chris Marquet



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Reputational Risk: Other Misconduct

- Theft/Fraud/Embezzlement
- Harassment
- Discrimination
- Waste & Abuse
- Improper Computer Use
- Breaches of Restricted Covenants/IP Issues
- Academic fraud/misconduct
- Improper actions/statements



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Misconduct: Embezzlement

- Educational institutions are prime targets for embezzlers
- 4th most frequent victim category (behind financial institutions, government entities & non-profits)
- Average theft from educational institutions: > \$825,000 in study of major embezzlement cases (2008 – 2013)

- source: Marquet Report on Embezzlement, 2013



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Major Higher Ed Embezzlements

Cambium Learning, Inc.	\$12,500,000
La Salle University	\$5,600,000
Columbia University	\$4,400,000
University of Massachusetts Medical School	\$3,400,000
U.S. Military Academy at West Point	\$2,900,000
University of Louisville	\$2,810,000
Vassar College	\$2,500,000
University of Rhode Island's School of Education	\$2,200,000
Soka University of America	\$1,756,000
Kansas City University of Medicine and Biosciences	\$1,500,000



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Embezzlement Prevention

- Segregation of duties
- Effective Oversight
- Multiple signatories & authorization requirements
- Conduct random audits
- Daily reconciliations
- Know who your vendors are
- Conduct background checks
- Lead by example/No tolerance



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Professional Misconduct

- Academic fraud (plagiarism to falsified research)
- Cheating scandals
- Grading / crediting scandals
- Classroom misconduct
- Admissions fraud
- Improper faculty/staff behavior (on or off campus)
- Extra-curricular activities-related misconduct
- Improper computer use
- Disclosure of confidential & proprietary information



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Investigating Misconduct: Tools

- Online & Deep and Dark Web Monitoring: identify developing issues
- Integrity Due Diligence: collect deep background information on individuals and organizations
- Digital Forensics: utilizing devices to map conversations, searches, financial and data transfers
- Interviews & fact gathering



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Deep and Dark Web Monitoring

- Surface web: discoverable via Google search (16%)
- Deep web: not discoverable, behind firewalls (74%)
- Dark web: illicit material, illicit acts via special sites and behind password protected firewalls (10%)
- Deep and Dark web is where we find stolen credentials, sensitive PII or HIPAA data



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Deep and Dark Web Monitoring

- Monitoring is often performed as a daily sweep of all information matched with search criterion
- Can discover the stolen credentials, fraudulent financial transfers and other sensitive information
- Can also discover geo-fenced individuals who may pose a threat, by content of their comments or sites visited
- Realtime alerts enabled to warn about immediate threats



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Integrity Due Diligence

- Verify credentials
- Civil litigation (federal, state & local)
- Criminal litigation (federal, state & local)
- Bankruptcies, liens & judgments
- Regulatory filings & enforcement actions
- Professional licensing & censure actions
- Corporate filings & business affiliations (corporations, partnerships & dba/fbn's)



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Integrity Due Diligence

- Media & Social media references & postings
- Real estate transaction filings
- UCC financing statements
- DMV/RMV records
- Voter's registration & other personal Identification
- Organizational affiliations



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Framing the Issue: Cyber Incident

- Educational Institutions are among the worst prepared enterprises, and the most at-risk
- Due to the massive amounts of data, including personally identifiable information (PII), health records, financial and intellectual property information, preparation is critical
- Number of incidences appear to be declining, but each incident is more comprehensive and damaging



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Reputational Risks: Cyber Incidences

- Decentralization and governance over data security
- Lack of high level exposure of CIO/IT efforts and President/Board
- BYOD security/lack thereof
 - Ransomware
 - Social Engineering
 - Phishing



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Reputational Risks: Cyber Incidences

- Next-gen security technology planning
- User education
- Cloud security
- Outdated policies
- Poor vendor management



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Some Regulations on Cyber

- DOJ Yates Memo
 - Individuals can be held responsible for corporate wrongdoing
- HIPAA
 - Strict regulations on safeguarding health information
- PCIDSS
 - Payment card data security compliance
- GDPR
 - EU standards for data protection & incident reporting



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Digital Forensics

“Just mention the idea of warrantless wiretaps and expect to get hit up with a congressional investigation. But give somebody an avatar and a URL, and he can't tweet, post or hyperlink enough personal information about himself to as many people as possible.” - John Ridley - American Director



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Digital Forensics

- Digital and computer forensics use investigative techniques to examine computers for relevant evidence. This evidence usually comes in the form of deleted or visible files and e-mail messages
- Computer usage and internet surfing patterns can be determined to provide insight into what a user did with their computer
- Cellphones can now be remotely imaged for data



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Digital Forensics

- Typical examples of what can be determined via computer forensics:
 - Did a user access, possess, e-mail, print or delete computer data they should not have?
 - Did a user delete or copy off to an external drive, data they should not have?
 - Did a user visit a web site they should not have?



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Best Practices: Reputational Risk Mitigation

- Take action
- Engage the community
- Provide clarity in internal & external communications
- Prepare Incidence Response Plans for each area of Reputational Risk
- Lead from the top
- Learn from incidents



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Thank you for this opportunity to speak to you.
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Thank you!



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