

Minutes of the Advisory Board for the Nevada Task Force for Technological Crime

March 20, 2007

The Advisory Board for the Nevada Task Force for Technological Crime was called to order at 10:15 a.m. on Tuesday, March 20, 2007. Resident Agent in Charge John W. Colledge III, Vice Chairman, presided initially in the Mock Courtroom, Office of the Attorney General, Carson City, Nevada and via videoconference in Room 3018 of the Grant Sawyer Building, Las Vegas, Nevada.

ADVISORY BOARD MEMBERS PRESENT:

Attorney General Catherine Cortez Masto
Resident Agent in Charge John W. Colledge III, Vice Chairman
Special Agent in Charge Steven Martinez
Commander Don L. Means
Mr. Tom Pickrell
Mr. James R. Elste, designated by the Director of the Department of Information Technology
Mr. William Uffelman

ADVISORY BOARD MEMBERS ABSENT:

Assemblyman Bernie Anderson
Senator Valerie Wiener

STAFF MEMBERS PRESENT:

James D. Earl, Executive Director

OTHERS PRESENT:

Melissa McDonald, Department of Homeland Security (ICE)
Jeff Freelove, Reno Police Department
Greg Blair, Reno Police Department
Jay Terrell, Nevada Department of Corrections
Matt Goward, Department of Energy
Kevin Skehan, Las Vegas Metropolitan Police Department
William Oettinger, Las Vegas Metropolitan Police Department
Richard Shields, United States Secret Service
Leonard Marshall, Las Vegas Metropolitan Police Department
Eric Vanderstelt, Federal Bureau of Investigation
Greg McGahey, United States Postal Inspection Service

Agenda Item 1 – Verification of quorum

A roll call verified the presence of a quorum.

Agenda Item 2 – Election of Chairman for the remainder of the unexpired term of former Chairman Chanos (NRS 205A.040)

Attorney General Cortez Masto was elected Chair to serve the remainder of the unexpired term of former Chairman Chanos.

ATTORNEY GENERAL CORTEZ MASTO:

Thank you all very much. I apologize for being late. If, in the future, I am late for any reason, please start without me. The Vice Chairman should act on my behalf.

Agenda Item 3 -- Discussion and approval of minutes from October 11, 2006 Advisory Board Meeting

A motion to approve the minutes as corrected was made, seconded, and approved.

Agenda Item 4 – Report, discussion, recommendations and actions regarding Northern Task Force activities

RAC COLLEDGE:

We are moving forward. Two new forensic machines have been ordered through the Office of the Attorney General. These will be incorporated into the northern task force activities in the Immigration Customs Enforcement (ICE) space, the former Immigration Office in Reno. We are also moving forward with personnel from the Washoe County Sheriff's Office and the Reno Police Department. Their forensic personnel will be working on a more regular basis with our personnel, specifically, Special Agent Melissa McDonald. The U.S. Secret Service has also indicated that it will be placing someone in the Reno office on a part time basis. That individual has been selected to attend computer forensic training.

This morning, at the law enforcement breakfast here in Reno, Mr. Gammit, the Washoe County District Attorney, has also expressed interest in training a new computer forensic person for his office and having that person rotate through the ad hoc lab we have in Northern Nevada.

We continue to seek new training opportunities for forensic personnel in northern Nevada.

The ICE forensic examiner, SA McDonald, has been doing examinations for any and all law enforcement agencies in northern Nevada. That work load is very strenuous. She has been overtaxed a number of times.

By getting more task force participation, we will be able to share that work load. At the same time, we will be establishing some common protocols relating to how we are processing and examining digital evidence. We are also looking at outreach efforts. We have talked about this before. We are talking to detectives and patrol officers in the Reno Police Department about the various forms of digital evidence and how to deal with it in a first responder situation – particularly in a traffic stop or a situation where an office may have been dispatched.

The downside to training of this nature is that once we begin, we have to be able to respond ourselves to the increased evidence we will have to examine. We need to have more people involved in the examination of digital evidence in order not to lose valuable digital evidence

important in a whole assortment of crimes in northern Nevada. By becoming more aggressive in our approach to training we will be able to root out some of the more sophisticated crimes we know are occurring.

I would like to recognize Detective Freelove of the Reno Police Department. He is here today for the first time. He has just taken over fraud unit.

Agenda Item 5 – Report, discussion, recommendations and actions regarding Southern Task Force activities

ATTORNEY GENERAL CORTEZ MASTO:

I would like to mention something as we start. When I first came on board as Attorney General, I entered into a memorandum of understanding with the United States Secret Service to have one of my investigators work part-time with the SWIFT and cyber crime task force. Identity theft is one of my priorities as Attorney General, and I wanted to get involved as quickly as possible. I am going to have to wait until after the Legislative session to see if I get any new investigator positions because, right now, we do not have any people to send over there. I simply wanted to make you aware of this.

SAC MARTINEZ:

I would like to provide a short recap of southern task force activities. Also, I would like to invite Leonard Marshall from LVMPD who serves with the Internet Crimes Against Children (ICAC) task force to provide additional information about that operation.

Turning to some of the activities the task force was involved in during 2006, there were cases involving customers of various banks, including Nevada State Bank. Customers would be duped into participating in a phishing scheme that would draw money from their accounts. In another case, employees of a gaming related company were involved in a conspiracy with a rival company to install key loggers that would capture trade secret information that would be provided to a competitor.

There was another case where a recently terminated employee removed the access to the company's financial account and then siphoned off money from the account.

These two cases illustrate the inside threat from employees. Sometimes people have the idea that all threats come only from outside the company. However, inside threats are the most significant and something that has to be looked at first.

Moving on to child exploitation issues, in February of 2007, a former LVMPD CSI officer was sentenced to 78 months in prison for child pornography. This case was initiated by the task force when it received information that a computer used by the subject contained child pornography.

A 38-year old male was sentenced to serve 7 years in federal prison for child pornography offenses. He worked as a teacher's aide at a pre-school and day care center. This case came from a larger FBI operation that looked at groups that exist for the sole purpose of pedophile networking among producers and purveyors of child pornography.

A 35-year old subject was sentenced to 20 years in federal prison. He was a registered sex offender in California. He coerced and enticed a thirteen year old boy over the Internet by posing as a 19-year old interested in child pornography. He then came to Las Vegas to meet with the child. Evidence of the subject text messaging the child was found on the child's cell phone.

In another case, a 26-year old male was sentenced to over 12 years in prison and life time supervision after having pled guilty to one count of having transported child pornography. This

investigation was initiated after receiving a cyber tip from the national cyber crime prevention center for missing and exploited children. The system worked well in that case.

Looking back to the calendar year of 2006, participating agencies in the task force processed more than 20 terabytes of digital evidence in support of over 150 investigative requests. I realize I am preaching to the converted here, but one terabyte of digital evidence is the equivalent of 10 million digital images or 10 days and nights of continuous streaming video. This is a huge volume of information to have to analyze.

Recalling some of our earlier discussions, we have to remember that it is not just high tech cases that require the use of computer forensic investigative techniques. It really is a subject for all cases we work. From the FBI perspective, there is not a case we are involved in where we do not see some type of information media as the subject of our investigation. So, this is a continuing and growing issue.

SERGEANT MARSHALL:

The ICAC task force received 178 cyber tips from government sources. These were investigated by the task force. We provided technical support in 592 cases where we assisted other agencies throughout the State of Nevada. We completed 185 forensic examinations. Turning to education, we make 56 presentations on Internet safety, talking about Yahoo and MySpace.com, and reaching out to almost 50 thousand attendees.

Importantly, drawing on cyber tips, we started over 400 investigations last year. These led to 21 arrests with 19 plea agreements. Fourteen of those cases went to trial.

In order to illustrate our coordination and cooperation with other ICAC task forces across the country, the Southern Florida ICAC task force contacted us in a case where one of their investigators was appearing on line as a fifteen year old. The subject was located here in Nevada. The Florida task force contacted us because the subject wanted what he thought was a fifteen year old to come to Las Vegas and then on to Pahrump to work in the brothels there.

When the subject arrived at the Las Vegas airport, we took him into custody. We then executed three search warrants. We searched his house, his car, and a hotel room in Las Vegas where he had set up a camera tripod apparently to make videos involving what he thought was a fifteen year old. The house search revealed that his wife was also involved.

In another case, a trafficker came to Las Vegas. We worked with ICE, the FBI, and other members of the task force in order to make the arrest.

SAC MARTINEZ:

In closing, I would like to introduce Eric Vandersteldt. He is the Supervisory Special Agent who handles all of our cyber investigation and computer forensic resources. Many of you have worked with Eric, and he is our man on cyber crime.

ATTORNEY GENERAL CORTEZ MASTO:

It is good to meet you, and thank you for attending today.

Agenda Item 6 – Report, discussion, recommendations and actions regarding the relationship between methamphetamine use, Internet-related financial fraud (Identity Theft), and implications for Nevada statutes and the Governor’s Working Group on Methamphetamine Use

MR. EARL:

I would like to provide a brief explanation. I attended the Legislative hearings on SB155. That bill deals with Identity Theft related crimes. Agent Dave Brubaker of the United States Postal

Inspection Service was one of the individuals testifying in support of that bill. He had very interesting information I thought would be of interest to the Board. He testified regarding methamphetamine-driven thefts and their relationship to Identity Theft fraud.

Agent Brubaker's interest in SB155 was to add the U.S. Postal Inspection Service to a list of federal agencies that are able to make arrests under Nevada law. If my memory serves me right, the Drug Enforcement Agency, the Secret Service, the FBI, and officers of the Bureau of Indian Affairs, all have this power at present.

Inspector Greg McGahey is with us this morning to provide the perspective of the U.S. Postal Inspection Service regarding physical mail theft and its connection to both methamphetamine use and Identity Theft.

INSPECTOR MCGAHEY:

Unfortunately, the Las Vegas area is number one in the nation for volume mail theft attacks – and has been for the last several years. Phoenix has also been roughly comparable.

In Postal Service terminology, a volume mail theft is one that targets a large box that serves multiple dwelling units. For example, an attack against the mail box facility that serves 10 apartments in a complex would be considered a volume mail theft attack.

Last year, the Las Vegas area averaged roughly 150 volume mail theft attacks per month. That would translate into easily a thousand units per month that were the subject of mail theft.

Our investigations of these crimes indicates that identity thieves have moved away from the old type of theft where they would steal a check, do what we call "washing a check" to remove the existing signature, and resign the check in order to pass it. A lot of security features have now been added to checks to end that practice. Identity thieves have evolved. They will set up an operation across Las Vegas to collect mail in order to create counterfeit checks and IDs by using computers.

Between 95 to 99% of the cases I have worked have involved computer crimes that are related to methamphetamine. Identity thieves are buying computers and using them to make checks and IDs. There is significant specialization. One individual may have expertise in making false drivers licenses or another type of State ID. Another person may have the expertise to make a check based on one they obtained from Bank of America or another financial institution. Someone else will walk across the valley and cash those checks to purchase things.

Others are committed to develop people's profiles by obtaining credit reports and credit account numbers. Using those numbers, they will order items on line worth thousands of dollars. They will then resell those items in order to continue their Meth habits.

I have been in law enforcement for 16 years – 12 of those with the local police in Denver. I have never before seen such a high relationship between methamphetamine and Identity Theft as I have since coming to Nevada.

I have done a lot of research into Meth use. I know what it does to the brain. It makes a lot of sense that these people will steal mail. Mail is one of the best and easiest places to get people's personal financial information, unfortunately. This is something we have seen over and over again. The more Meth use spreads; the more we will see this type of crime.

We would like to have more powers under State law to help in enforcement. A lot of times, cases can not be prosecuted federally, especially if they involve only a single incident. Where someone steals and cashes only a single check, any prosecution would fall short of the minimum amount required by the U.S. Attorney to take the case. In that situation, we have to go back to the local

authorities – doubling our efforts. It would be nice to have the power to make a State arrest, so we could just turn someone over to local authorities and move on to the next investigation.

ATTORNEY GENERAL CORTEZ MASTO:
Are there any questions or comments?

MR. EARL:
You mentioned that physical mail theft provided information that would then be used in a variety of Internet fraud schemes. Have you turned cases over for prosecution that centered on the Internet fraud, perhaps dealing with non-delivery of goods from an auction site? Do your investigations extend that far?

INSPECTOR MCGAHEY:
Yes. When we get the opportunity we follow the case beyond the mail theft itself. Sometimes it is hard to prove the underlying mail theft because the mail may have passed through the hands of several criminals. Often people become aware that their check has not reached its intended destination, and that their accounts have been drawn on. So, the crime may come to light through a commercial enterprise, where someone is charged for a catalog purchase or something on E-bay. Sometimes we are unable to go back and be able to prove the mail theft charge. In those cases, the actual charges may be some type of federal or state forgery crime.

This is one of the reasons we are seeking additional powers under State law. We may know that mail theft was the first step that led to an identity theft crime, but we may be unable to prove that, and so the prosecution may have to proceed on another federal or state basis.

MR. EARL:
As a follow-on then, do most of your investigations and prosecutions proceed under federal fraud or forgery law? If they proceed under State law, have you noticed any short comings of Nevada law that lead to difficulties?

INSPECTOR MCGAHEY:
Most of our investigations focus on federal charges. However, the cases may not make the minimum dollar loss to proceed with a federal prosecution. Sometimes it is difficult to prove a high dollar loss because there are so many small thefts. While an individual may suffer thousands of dollars of loss when they check their credit card bill, it may be difficult to prove that a single defendant was actually responsible for the total high dollar loss to proceed federally. We would have to identify each victim and be able to prove that their combined losses were the work of the defendant.

After reviewing Nevada statutes, I think they are now fairly well written. I am just not sure that they are utilized a lot in identity theft cases. We would like to use them more often. So, the statutes are in place, our agency would just like to utilize them more often.

ATTORNEY GENERAL CORTEZ MASTO:
I want to ensure I understand what you want with SB 155. You want to be able to arrest without warrants, but you also want the ability to walk into a prosecutor's office, or the AG's Office, and request prosecution if the damage amount is under \$100,000.

INSPECTOR MCGAHEY:
Exactly.

ATTORNEY GENERAL CORTEZ MASTO:
Has there been a hearing on this bill yet?

INSPECTOR MCGAHEY:
My supervisor, Mr. Brubaker, has testified, but, beyond that, I am not sure of the bill's status.

ATTORNEY GENERAL CORTEZ MASTO:
Is anyone aware of the status of this bill?

MR. UFFELMAN:
The last time I checked, the bill was eligible for a work session in Senate Judiciary. I was there for the initial hearing, but I can not say whether it was placed in this week's work session.

ATTORNEY GENERAL CORTEZ MASTO:
Do you know whether there is any opposition to the bill?

INSPECTOR MCGAHEY:
I do not know of any specific opposition. I do know that there were questions. Mr. Brubaker advised me that there was general support for this type of bill.

ATTORNEY GENERAL CORTEZ MASTO:
Are there any other questions?

MR. EARL:
What steps has the Inspection Service taken to get intelligence regarding the connection between Meth and Identity Theft into the hands of those who work drug enforcement? Do you have any interaction with existing drug task forces?

INSPECTOR MCGAHEY:
We work a lot of drug cases with DEA, especially those regarding methamphetamine. Some of these involve very substantial amounts.

ATTORNEY GENERAL CORTEZ MASTO:
If there are no further questions, does the Board want to take a position in support on this bill? I am unclear whether the Board has done this in the past – actively supporting legislation. That issue is open for discussion.

MR. UFFELMAN:
I would be in favor of the Board taking a position in support of SA 155. The questions at the hearing involved whether this statute was unique. I understand the Nevada draft bill was actually copied from an Arizona statute. The Inspector who testified at the hearing was surprised to learn that he and his organization did not have the powers in Nevada that they had in Arizona.

In light of the high amount of mail theft in southern Nevada, and the correlation with financial fraud, it is in the best interest of the members of the Nevada Banking Association to have this bill pass.

ATTORNEY GENERAL CORTEZ MASTO:
There is a motion on the table. Is there a second?

Hearing none, the motion dies for lack of a second.

Are there other inputs on this bill? Perhaps some observations to share with Mr. Brubaker or Mr. McGahey?

SAC MARTINEZ:
What might be the means used to show support for the bill? Would the Board write a letter in support?

ATTORNEY GENERAL CORTEZ MASTO:

That clearly is one option. A letter could come from the Chair if we decide to support the bill. The letter would likely say that the Tech Crime Advisory Board supported the U.S. Postal Inspection Service in its effort to obtain additional law enforcement powers under Nevada law.

I suggest we ask the Executive Director to draft a letter and circulate it to all Board members to ensure all of us were comfortable with it. For practical reasons, we would have to approve it today.

MR. UFFELMAN:

The bill is not scheduled for this week's work session. The Judiciary Committee Chairman had directed Legislative Counsel Bureau (LCB) staff to check on some things and return with a report. So, the bill is likely to be considered again in the Committee's work session next week.

ATTORNEY GENERAL CORTEZ MASTO:

Are there concerns about what might take place in the work session? If there are concerns about what might happen substantively, perhaps we might ask someone to attend the work session? That would help everyone ensure there was a shared understanding before we agreed to support it.

MR. UFFELMAN:

It would not be inappropriate to talk to the LCB staff regarding such things as the number of states that grant such powers to the Postal Inspection Service and the number of other agencies that have such powers.

ATTORNEY GENERAL CORTEZ MASTO:

The Board does not meet regularly enough to be able to bring a report back for us to consider before taking any action.

SAC MARTINEZ:

Is there a precedent for the Board supporting something like this?

ATTORNEY GENERAL CORTEZ MASTO:

That is another issue to be considered by the Board? Should we be stepping out and doing something like this?

SAC MARTINEZ:

I think this is something that the Board might want to do, but I am not certain this is an appropriate issue for Board involvement, particularly if it is the first time the Board would be making a statement to that effect.

RAC COLLEDGE:

I have worked in a number of states in the past. I was also a law enforcement officer in Nevada prior to federal service. Many states, particularly in the early 1990s, empowered federal law enforcement officers to take certain police actions within their states without assuming liability on behalf of the state. When I was a deputy sheriff in Arizona, the Arizona code specifically exempted the state of Arizona from liability, particularly with regard to the actions of tribal officers, their training requirements, and so on. When states took these actions in the early 1990s, there was concern about the number of inter-state crimes, like child pornography, early Identity Theft crimes, and mail theft.

There is also the issue of thresholds. Here in Nevada, we have been pretty fortunate. However, I know of one nearby jurisdiction where the U.S. Attorney's Office is going to establish a threshold of \$500,000. Essentially, if that threshold is not met, then what is commonly referred to as "white collar crime" will not be prosecuted federally.

Potentially, that would leave quite a gap within Nevada. If such a monetary threshold limit were to be adopted by the U.S. Attorney's Office here, then unless the local District Attorneys or some one else were to step up to prosecute these cases, victims in Nevada would see perpetrators go untried. I am speaking here as a citizen rather than as a federal employee.

ATTORNEY GENERAL CORTEZ MASTO:

If the Board is going to support legislation, I suggest we include an agenda item for our next meeting to discuss the issue. Board members include federal, state, and local representatives. I do not want to put officials in a difficult position if Board legislative endorsement would do that. I think we should cut off discussion on this bill and address the general issue in a future meeting.

MR. EARL:

I am not aware of past legislation that the Board has supported. The Board does have AB306 before the Legislature this session. That bill involves changes to the Board's underlying statute and new criminal forfeiture provisions associated with the definition of "technological crime."

The Board was able to move forward in this way because of its statutory mission statements. Among the Board's six mission statements is the following:

The Board shall: ... (5) evaluate and recommend changes to the existing civil and criminal laws relating to technological crimes in response to current and projected changes in technology and law enforcement techniques.

So, there is statutory authority for the Board to weigh in as it considers appropriate. I think the concern whether the bill involving the U.S. Postal Inspection Service is an appropriate subject on which the Board should express an opinion is well taken.

To my knowledge, the Board has not expressed a view in the past on Legislation that has been sponsored by others. I have read all the minutes of previous Board meetings, and can not recall such an instance. Of course, some of the Board members have served far longer than I have.

ATTORNEY GENERAL CORTEZ MASTO:

If there is no further discussion, let us include this on an agenda for a future meeting.

Inspector McGahey, I would like to thank you for coming before us today and providing the information and insight that you have.

MR. EARL:

I have just one observation before moving on. While the Board has not taken a position, it would, of course, be open to individual Board members to express their own views on SB 155 as they considered appropriate.

MR. ELSTE:

I suggest we look through the currently-proposed legislation and see if there are bills that individual Board members might want to weigh in on. I know there are amendments to the data breach information law. Could we get a list together of bills that might be of interest to Board members?

ATTORNEY GENERAL CORTEZ MASTO:

I think we definitely could assemble a list that would go to Board members individually so that they could take what action they considered appropriate on an individual basis.

SAC MARTINEZ:

I know that as far as the FBI is concerned, any proposed federal legislation that might have an impact of our jurisdiction or the capabilities of our agency gets vetted through our headquarters. I

am reluctant to express an opinion that would impact on the FBI, the Postal Service, or any other federal agency.

ATTORNEY GENERAL CORTEZ MASTO:

I appreciate that. That is why I see a likely distinction between the Board taking a position on legislation that affects its own operation or otherwise pertains to the Board and legislation sponsored by another entity that we might want to become involved with in some way.

For the reasons you suggest, we may not be able to weigh in on legislation proposed by someone else. We can get a better understanding of this in the future if that is what everyone wishes.

In the mean time, thank you again Mr. McGahey. We look forward to a continuing relationship with you and your agency in the future. If you would like to attend our future meetings to share with us what is happening in your world, please, do not hesitate to do so.

MR. EARL:

Before we hear from our second guest, Ms. Jay Terrell, I would like to provide a bit of background. Last spring, I testified before an interim legislative subcommittee chaired by Assemblywoman Leslie. I talked about the emerging relationship between methamphetamine and technological crime. Afterwards, I met and talked with Jay Terrell. She shared some of her insights from the correctional and counseling perspective. I thought some of those might be of interest to the Board.

MS. TERRELL:

I am the Substance Abuse Program Director for the Department of Corrections. My observations come from a treatment and counseling point of view.

In the prison system, 85% of our inmates have addiction problems. Of that population, 40% of the men and 77% of the women say that methamphetamine is the drug they use.

Many of them do not have a background of criminality and have had periods of stability in their lives. Most of them started using methamphetamine recreationally. They cover the age spectrum from 18 to 65. They may be school drop-outs or PhDs. This drug crosses all lines.

Hundreds of studies document meth's devastating medical, psychological, and social effects, but such information isn't a deterrent. No one begins recreational drug use expecting that it will destroy their lives.

Methamphetamine users start "using" to improve their energy level, stay awake, get more done in their fast-paced lives, or to party. Meth parties are probably more common among the affluent than cocaine was twenty years ago. As recreational use continues, higher doses of the drug are required to sustain the same effects. The impact of the drug is devastating to the body. The body systems keep trying to adjust to lack of sleep, lack of food, and abnormally high levels of dopamine. Finally the body shuts down, often days later, when the user runs out of the drug or becomes too disoriented to continue.

Methamphetamine's toxicity during such binges often causes permanent brain and neurological damage. Chronic use also commonly results in inflammation of the heart lining, loss of teeth, skin lesions, and immune system impairment. Serious psychotic and schizophrenic episodes can occur, with flashbacks that continue even when no longer using the drug.

When doing intakes into our treatment programs and working with the inmates who have drug problems, I began to see an interesting pattern with methamphetamine users. Almost all were Caucasian, often with above average intelligence. Those who had not starting using the drug as a teen had relatively normal lives prior to their addiction. Many were convicted of crimes related to

simple identity theft such as using a stolen credit card. Others were caught in elaborate schemes to exploit affluent professionals by fraudulent electronic credit card charges and stolen assets from payroll accounts. Most clearly understood that they were committing crimes, but believed that while using Meth they were smarter, had better control of their mental faculties, and were not directly harming anyone. They did not plan a life of crime but just wanted to get money to support their habit. For some, the adrenal "rush" in committing the identity theft rivaled the rush from the drug itself.

Among inmate Meth addicts not involved in identity theft, perhaps the most common criminal charges involve selling and/or manufacturing the drug. This activity provided addicts with a means of continuing their habit and supporting themselves. For most, the drug takes over their lives. Everything is about getting and using. While Meth is not initially expensive to purchase for most people with employment, the all-consuming pattern of increasing use creates a destructive, psychological death spiral.

I do believe we can slow the revolving door by treating the addiction and focusing on the people who do not have criminal thinking but get involved in crime to support their addiction. Most of them do not commit violent crimes but turn to crime as their lives degenerate. I believe that is why we see the correlation between methamphetamine use and identity theft.

We are in the middle of an epidemic and we need to fight it on every front. Law enforcement bears the brunt and is the front line. Education and prevention is always needed. However the piece that seems to get the least attention and funding is treatment. The sad truth is that *if Meth addicts do not get treatment, most of them cannot and will not stop using*. Addicts may not use when the drugs are not available, but the brain carries the memory of the experience and aggressively waits for the opportunity--that's what we call triggers and cravings.

Treatment is expensive. Most of the Federal funds and grants have dwindled down during the past five years. Budgets at every level of government have many pressing needs and the treatment of addicts, especially ones with a criminal history, does not seem to be a priority. The cost of non-incarcerational treatment is very high, because with Meth it requires 12 to 18 months. But within the criminal justice system we have the means to do cost-effective treatment. We do not have the overhead that a private treatment facility has. The addict does not have the obligations of family, employment, and daily commitments and therefore can focus on treatment. With meth there is a timeframe of six months to a year before the brain clears and treatment can begin to be effective. Most inmates in the system have had that time before they are sentenced while waiting in jail. Cognitive Behavioral therapy by trained clinicians appears to be the most effective mode of treatment. After treatment, there needs to be follow up care in the community, a structured living environment, and employment assistance.

Most of all we need to do exactly what we are doing here today--communicate, work together, be a united front, have a strong strategic plan, and implement it. Thank you very much.

ATTORNEY GENERAL CORTEZ MASTO:

Thank you. I believe you are exactly right on the connection between Meth and identity theft. It is important that we have everyone working together – law enforcement, legislators, private stakeholders, and others. This is an important dialog we are going to have to have if we are to come to a solution.

Are there any questions?

MR. EARL:

There was one issue I did not quite catch. It had to do with the numbers of people who were incarcerated either with or for Meth-related issues. In your view, how many of them were likely to have engaged in some sort of identity theft or fraud?

MS. TERRELL:

Statistics show that 40% of the men and 70% of the women who are incarcerated for drug-related crimes use methamphetamine. Drawing on my experience, I would say that at least a third of those are involved in identity theft.

ATTORNEY GENERAL CORTEZ MASTO:

Thank you again. I would also like to extend our offer to you. If you ever would like to return and share your comments or advice, please do not hesitate to do so.

Agenda Item 7 – Initial discussion regarding future missions and strategies.

MR. EARL:

Board members will be aware that the Board has pending legislation. AB 306 would enlarge the Board by increasing the number of positions the Governor could appoint. I would like to get some sense of where the Board would like to head in the next interim between Legislative sessions.

Members will recall that after I was hired, the Board undertook a mission review. That eventually led to both the legislation dealing with criminal forfeitures in cases of technological crime and the proposed changes in the Board's underlying statute. We are getting to the point where I would like to think about the background research I can do to make our next several meetings – potentially with new members – most productive. Let me mention several things as we think about the next interim period.

First, there is something I know we need to address. The southern task force has underlined its existence with a cooperative agreement signed by a number of parties. That agreement expires by its own terms in the fall. Although it can be extended, there is some question in my mind as to whether it should be. The agreement is about a half an inch thick, and one of its more surprising provisions is that unanimous consent of all task force members would be required should another law enforcement agency want to participate in task force activities.

This agreement has been under consideration in the north, but does not presently serve as the basis for the operation of the northern task force.

I want to raise the issue of whether task force members would be better served by a much smaller, shorter memorandum of understanding. This is not something the Board needs to resolve today, but rather, something that should be thought about, individually or collectively, so that a replacement regime can be considered before the cooperation agreement expires in September.

Some of the issues that agreement addresses might be best handled on a bilateral basis. The Attorney General mentioned the recent conclusion of an agreement with the U.S. Secret Service about what the Secret Service would refer to as its Economic Crimes Task Force. The agreement we refer to as the Cyber Crime Task Force Agreement may be somewhat outdated if a series of bilateral arrangements is an effective substitute. I intend to be in contact with the heads of law enforcement agencies before the next meeting.

There are also issues relating to money laundering and money transfers the Board may want to discuss. RAC Colledge has raised this in several past meetings. I would invite input from Board and Task Force members so I could do some refinement before our next meeting.

The Board might also want to undertake a longer term analysis of the consistency and efficacy of Nevada statutes relating to identity theft. The Legislature has passed a series of bills over the last three sessions. It might be appropriate to consider their interaction and whether there are cracks between them or shortcomings that should be addressed.

Another possible issue going forward is whether there is anything that the Board can realistically do regarding Internet safety in schools. The Attorney General now has a Teaching Tolerance Task Force that deals with the conduct of students within schools. I spoke at a recent meeting of that task force regarding cyber bullying and Internet safety. I am working with the head of that group regarding the procurement of instructional information that might be passed on with in school districts.

I suspect we are running into a barrier of the No Child Left Behind Act with regard to teacher incentives. There is no test I know of that tests Internet safety issues. If you are a principal or teacher, you are most likely to teach those things that will ultimately end up grading your school. I would invite Board members to consider any possible Board actions in this regard.

In his report earlier, RAC Colledge mentioned something we have discussed before – training first responders to recognize and safeguard digital evidence. I would encourage thinking about what we might do either within existing or future budgets.

There might be additional money made available this year that specifically targets Meth use and production. As there appears to be some connection between Meth use and identity theft, there may be some possibility to encourage those charged with the dispersal of new funding to use some of it to train first responders with regard to digital evidence.

Lastly, I would like to draw attention to any Board role in the planned Fusion Center in Las Vegas. Fusion Centers are essentially outgrowths of FBI and Homeland Security programs that collect early warning terrorist information and involve a variety of first responders. This was a priority for the Nevada Homeland Security grant program. Funds from that program flow through LVMPD for the establishment of a Fusion Center. There is also a BDR this session to provide additional funding. Law enforcement agencies, both federal and state, may participate directly. I wanted to raise the issue with Board members as to whether there was any role for the Board, or whether participation should be left solely on an individual agency basis.

I would like to receive input on these and on any other issues between now and the next Board meeting, recognizing that we may have a number of new members in the next Legislative interim if AB 306 passes.

Agenda Item 8 – Report, discussion, recommendations and actions regarding financial account statue, personnel, and support issues, and legislative proposals.

MR. EARL:

As RAC Colledge mentioned, I have done some financial reprogramming in order to get some new forensic computers to the northern task force. Hopefully we can now retire the computer SA McDonald built about 5 years ago and has been using ever since.

This is the reason I have left the secretary position vacant. That unpaid salary is the only significant source of funds for reprogramming that will provide any support at all to the task forces in this financial year.

I do have a request for a new forensic computer from the examiner in the Attorney General's Office. He is located in the south. I am working with his supervisor on that now.

It is my intention to begin recruiting for the position of Board secretary (administrative assistant) based on the salary level that may be set during the legislative session. Members may recall recommending a substantial salary increase for this position for inclusion in the Attorney General's budget. It would raise the salary from very low to only moderately low.

The statutory requirement at present is that the Board select a new secretary by unanimous decision. Pending legislation in BA 306 would change that to a decision by two-thirds of the Board members.

I would like to begin recruiting efforts prior to the next Board meeting. Assuming that the salary increase goes through and the selection majority is changed, I would like to bring final candidates before the Board, hopefully at the next meeting, and no later than the following meeting.

ATTORNEY GENERAL CORTEZ MASTO:

Does the Board have to approve the selection of a secretary?

MR. EARL:

Yes, and presently by a unanimous decision.

ATTORNEY GENERAL CORTEZ MASTO:

Why did we not propose a change in this requirement?

MR. EARL:

The Board dropped the requirement for approval from unanimous to two-thirds.

MR. UFFELMAN:

Can the Board suggest that the secretary serve at the pleasure of the Executive Director so that you are the one who reviews their performance?

MR. EARL:

The type of oversight you describe is not contained in the present statute. It is contained in the changes that would be made by AB306. The previous statutory language was unclear who the Board secretary worked for, independently for the Board or for the Executive Director. There is an incremental change in the legislation now pending. The Board may want to go further. I would be more than willing to carry forward an additional change when I present on AB306 if that is the instruction I get from the Board. If not, then the issue of further statutory change would fall to the Board in the next Legislative interim period.

Moving on, I would like to pose a question. As a result of the Attorney General's actions, we have the possibility of availing ourselves of some training provided by Microsoft. That company has apparently provided training for law enforcement officers and forensic examiners in the past.

Are Board members familiar with this Microsoft training, and do they consider it of value? Would it be helpful to constituent law enforcement agencies if I were to try to arrange Microsoft training that would be available broadly in both the north and the south?

SAC MARTINEZ:

The FBI has had a long standing relationship with Microsoft. We have collaborated on some developmental issues. In an attempt to secure their products, they are very forward looking in determining how to handle the latest threats. They do this internationally. The FBI sends agents to many of their sessions. This is all very useful. Microsoft is very good at letting law enforcement in behind the scenes of their engineering. This provides us with the knowledge of how to address particular issues that may arise. I do not know what is on offer here, but we have participated with Microsoft before and found it beneficial.

ATTORNEY GENERAL CORTEZ MASTO:

Is this something we would use if the Attorney General's Office gets the new positions we have requested?

MR. EARL:

Certainly for that, but this training would be available to any agency that had forensic examiners. We now have information from SAC Martinez as to the value of the training. There is still an open question as to whether this training would be of interest to examiners from ICE or Metro or other agencies. Even if new positions were obtained by the Attorney General's Office, those people might not be hired and ready for Microsoft training in their first six months. So, I was trying to get a feel for the interest of other law enforcement agencies.

RAC COLLEDGE:

From ICE's perspective, we would certainly be interested.

ATTORNEY GENERAL CORTEZ MASTO:

It sounds as though the FBI may have this covered, is there any interest in the south for this training?

SAC SHIELDS:

We might want to know what the curriculum is, but any free training is always great.

MR. EARL:

I will get some additional information from agencies and Microsoft to see what can be done in both the north and the south.

MR. ELSTE:

Could I get some information regarding what the training would cover?

MR. EARL:

I do have some information I can share now. I do not believe it would tell you all you want to know, but I do have a contact person at Microsoft.

Finally, as the Attorney General has indicated, she has plans for at least one new examiner should the Legislature act favorably on the recommendations of the Board for new positions within the Attorney General's Office. I would like to request that other Board members consider their interests, space, and work load in making recommendations to the Attorney General with regards to the utilization of other new employees should the recommended positions become available.

Agenda Item 9 – Board Comments

MR. UFFELMAN:

Since we have new people with us this morning, there is one thing I would like to mention. The Nevada Bankers Association hosts something called Frog.net that is produced in Florida. We make it available to law enforcement without charge as well as to the members of our organization. I can assure you that if you sign on, you will not be deluged with emails about crimes against financial institutions in this state. You will find out everything that is going on in other states. That is because the contents are participation driven.

If there is a bank robbery and law enforcement has photos, these can be posted on the site. Likewise, if there are photographs that identify someone passing bad checks, these can be posted. If you have a suspect that is picked up with lots of paper that he should not have, and you want to know whether this has happened elsewhere, you can post an inquiry.

Roughly two-thirds of the states are covered by Frog.net. California is still considering whether one of its state privacy laws would prohibit it from participating.

To give you an example, an individual was tracked along Interstate 80 for about 2500 miles. He stopped at banks and gas stations along the way to conduct illegal transactions, and offenses were posted as he went along. This is a system that could work. It works very well in Florida because that is where it was started and it has been used now for some time.

I know that some of the police agencies in Nevada have signed up. If you are interested, please email me at nvbankers@att.net and ask for information regarding sign up.

COMMANDER MEANS:

I would like to provide an explanation. The reason why the Secretary reported to the Board is that she was the only full-time staff. We had a part time Executive Director. In retrospect, this seems pretty silly, but at the time, it was the best arrangement we could make. As a Board member, I would like to see the changes we have made.

Agenda Item 10 – Public Comments

ATTORNEY GENERAL CORTEZ MASTO:

Are there any public comments? If not, let's turn to the next item.

Agenda Item 11 – Scheduling of future meetings

MR. EARL:

The Legislative Session is scheduled to end on June 3rd. Our statute requires meetings at least quarterly. I suggest we consider meeting after the end of the Legislative Session. That might allow us use of the Legislative facilities. Also, we would have a better idea as to the outcome of AB 306. If we would like to set a particular date, that is fine; but it would be sufficient to identify a possible week in the latter part of June.

MR. ELSTE:

I may have a minor conflict. I am graduating from a masters program at the end of June, but other than that, I would be available.

MR. UFFELMAN:

I am available the last week of June and through the 13th of June. Other than that I will be in Montana for a week.

Is there any input from the south regarding availability the past part of June?

MR. EARL:

I hear not objection to scheduling our next meeting in the last week in June. That is what I will try to do. I will be in contact with your secretary and those of other Board members.

ATTORNEY GENERAL CORTEZ MASTO:

If there are no other issues, we stand adjourned.

Respectfully submitted,

James D. Earl
Executive Director

Approved by the Board at its subsequent meeting on June 29, 2007.

Minutes of the Advisory Board for Nevada Task Force for Technological Crime

June 29, 2007

The Advisory Board for Nevada Task Force for Technological Crime was called to order at 10:00 a.m. on Friday, June 29, 2007 in Room 3138 of the Legislative Building, Carson City, Nevada and via videoconference in Room 4412E of the Grant Sawyer Building, Las Vegas, Nevada.

ADVISORY BOARD MEMBERS PRESENT:

Senior Deputy Attorney General Thom Gover (Designated representative for Attorney General Catherine Cortez Masto, Chair)
Special Agent Melissa McDonald (Designated representative for Resident Agent in Charge John W. Colledge III, Vice Chair)
Assemblyman Bernie Anderson
James R. Elste (Designated representative for the Director of Information Technology and Mr. William Uffelman)
Special Agent in Charge Steve Martinez
Commander Don L. Means
Mr. Tom Pickrell
Senator Valerie Wiener

TASK FORCE MEMBERS PRESENT:

Leonard Marshall, Las Vegas Metropolitan Police Department
Jeffrey Siedow, US Secret Service
Eric Vanderstelt, Federal Bureau of Investigations

STAFF MEMBERS PRESENT:

James D. Earl, Executive Director

OTHERS PRESENT:

Kathy Camper, job applicant
Alan Epstein
Cherry Kilgore, job applicant
Ursula Sindlinger, job applicant

Agenda Item 1 – Verification of quorum

MR. EARL:

Attorney General Cortez Masto, for the purpose of this meeting only, has designated Senior Deputy Attorney General (SDAG) Thom Gover as her representative. She regrets to inform the Board that she has been called to the east coast. Resident Agent in Charge (RAC) Colledge has also informed me, within the last 24 hours, he has been called to San Francisco as part of an ongoing investigation and he has designated SA McDonald as his representative and she is here.

I see Thom Gover, Special Agent in Charge (SAC) Martinez, Senator Wiener and Mr. Pickrell in Las Vegas. Assemblyman Anderson is to my left and Mr. Elste is present to my right. Mr. Uffelman is not with us this morning, and I have a designation from him to have Mr. Elste act as his representative. We have a quorum. I would like to draw the Board's attention to a provision in our statute which states a quorum may exercise all the power and authority conferred on Board.

Neither the Chair of the Board, Attorney General Cortez Masto, nor the Vice Chair, RAC Colledge, are with us this morning. This leaves us without an acting chair for this meeting. Would one of the Board Members like to conduct the meeting or, in the alternative, I would be glad to walk through the agenda. I am at your disposal.

Assembly Anderson moved that Mr. Earl guide the Board through the agenda items.

Mr. Elste seconded.

Motion passed unanimously.

MR. EARL:

I would like to turn first to Agenda Item 2, discussion and approval of minutes of the March 20, 2007 Advisory Board meeting.

Agenda Item 2 – Discussion and approval of minutes from March 20, 2007 Advisory Board Meeting

MR. EARL:

Those draft minutes were distributed on April 13, 2007 and were posted on the Attorney General and the LCB websites shortly thereafter. Does anyone have corrections or additions to that set of minutes?

SAC MARTINEZ:

Mr. Earl, just a very, very small correction on the Agenda Item 5, paragraph 3. There was reference to a case here. It was actually two cases and the only correction would be that after the word “accounts” in sentence 3, end that with a period (.) and then begin the next sentence by striking the word “bank” and inserting the words “employees of a gaming-related company”.

It should now read, “Turning to some of the activities the Task Force was involved in during 2006, there were cases involving customers of various banks, including Nevada State Bank. Customers would be duped into participating in a phishing scheme that would draw money from their accounts.” The next sentence should begin, “Employees of a gaming related company were involved in a conspiracy with a rival company to install key-loggers that would capture trade secret information that would be provided to a competitor.” Those two matters should be represented as independent.

Assemblyman Anderson moved the minutes be accepted as corrected.

Mr. Elste seconded.

Motion passed unanimously.

Agenda Item 3 – Report, Discussion, Recommendations and Actions regarding the Northern Task Force Activities

MR. EARL:

Before I turn to SA McDonald, I would like to illustrate just briefly how important these particular Task Force reports have been. As you know from looking at the agenda, AB 306 will be taken up in another agenda item. However let me say now that I drew significantly on recent southern Task Force reports to illustrate a key point during my legislative testimony in support of that bill. More specifically, Board Members may recall that at our last meeting, Sgt. Marshall explained a case he was handling that had been referred to his organization from the Southern Florida ICAC Task Force.

Essentially this was a child luring case. The perpetrator showed up in Las Vegas. Arrangements had been made by Las Vegas Metropolitan Police Department (LVMPD) to apprehend the

individual at the airport and execute a series of search warrants. In the course of executing those search warrants, camera equipment was found in the intended hotel room that was apparently going to be occupied by the perpetrator and victim.

I used that particular example to illustrate how a case that appears at first blush to be a child luring case over the Internet can, in fact, very quickly turn into a production of pornography case. While criminal forfeitures under the new tech crime statute (AB 306) might not normally be appropriate in a case of child luring, they certainly would apply in the case of the production of child pornography. Were it not for Sgt. Marshall's explanation, I would not have had that particular illustration to include in my testimony.

I also want to mention the new positions the Legislature decided to add to the Attorney General's staff. Those obviously came pursuant to Board recommendations. However, here too, Task Force reports were critical to that success. During the past two or three or even four Board Meetings, SAC Martinez and RAC Colledge explained the volume of cases that the Task Forces in the north and south are processing. They also provided additional insights, which I was able to draw on from the minutes, to justify why the Board had recommended that a particular number of computer forensic examiners be added to the Attorney General's staff.

I was asked by the Chairman of the Assembly Ways and Means Committee why three or four or five was the right number, and why not one or two, or why not ten or twelve. It was only by drawing on the information presented to the Board in these Task Force reports that I was able to put together a relatively coherent reply to such questions.

Lastly, these Task Force reports provide both a source of topics and information for presentations given by State officers, including the Attorney General. For example, I am in the process of writing an article for a business publication and one of the topics I will address is insider electronic theft. In the same minutes and close to the same section that SAC Martinez corrected this morning, he provided a report dealing with insider electronic theft. It is examples like those which I hope to bring home to the Nevada business community.

Law enforcement officers, during these meetings, may wonder whether anyone is ever going to pay any attention to what is said regarding Task Force activities in these periodic reports. Rest assured that the information provided over the last year has proved to be very important in this last Legislative session. So with that as perhaps a very long-winded introduction, let me turn it over to SA McDonald to go ahead and provide her report.

SA McDONALD:

Good morning. I want to bring to the Board's attention a recent news article that made international news approximately ten days ago. Seven hundred individuals were arrested by British police as part of global child pornography ring. You may have heard the coverage. It was on CNN and picked up by most of all the global news agencies. The case involved Timothy Martin Cox, the leader of a chat room involving child pornography out of the London area in England. His moniker was "The Son of God". That case directly related to an Immigrations and Customs Enforcement (ICE) initiative which culminated last year in an operation called Project Wickerman.

In that operation, we arrested an individual in Tennessee who was known as "God". One of so called "God's" administrators of this child pornography chat room was located in Reno, Nevada. We executed a search warrant in Reno, with the help of other Task Force members, particularly the Secret Service and the Las Vegas Metropolitan Police Department. A forensic team from the South actually traveled to Reno and assisted me with the initial entry and the subsequent computer analysis of the subject computer. The subject was an interesting individual, he went by the name of "Wharf Rat". He ended up gladly accepting a sentence of ten years federal time last year because of his participation in this child pornography ring.

This operation here in Reno, Nevada related to the takedown of “God” elsewhere in the United States. Other information gained from Project Wickerman identified an individual over in England and led to the subsequent arrest of 700 individuals around the world. This is one of the more severe cases where a large group of individuals participated in a child pornography ring. An individual could order up sex acts involving children as young as two months of age in a live format or environment. The identification and subsequent arrest of all of these individuals is a significant event. It demonstrates, again, the fact such criminals exist in a smaller community such as Reno. The successful outcome came about because the north and south Task Forces participated in a joint operation.

MR. EARL:

Could you name some of the other organizations involved in this investigation?

SA McDONALD:

Besides Secret Service in Las Vegas, we also had the Secret Service participating here in Reno. Other major participants were the Reno Police Department and the Washoe County Sheriff's Department. We also had assistance and support from the Attorney General's Office.

MR. EARL:

Thanks. I wanted on the record the fact that the State, local and federal law enforcement agencies, many of whom are represented on the Board and certainly on the Task Force, cooperated in ways that are not typically reported in the media. I think it is important for the Board to realize the type of cooperation that occurs on an ongoing basis. Is there anything else?

SA McDONALD:

No sir, thank you.

MR. EARL:

If we could then, turn to Agenda Item 4.

Agenda Item 4 – Report, Discussion, Recommendations and Actions regarding the Southern Task Force Activities

SAC MARTINEZ:

There has been a lot of activity with the Southern Task Force. I want to go over some of the highlights. Since our last meeting, two individuals were sentenced for their participation in a software piracy “warez”. The best I can describe a “warez” group that it is a virtual fencing operation where there is a division of labor that allows people involved in these operations to be virtually anywhere in the world. This group operated a server containing thousands of copyrighted computer software programs, movies and games; all available for download illegally. The total retail value of software available exceeded a million dollars. These latest convictions bring the total number of individuals convicted in the broader investigation to 22.

In another case, a UNLV professor was sentenced to five years in federal custody for downloading thousands of images of child pornography on his university computer.

A 35-year old male was sentenced to 18 to 96 months in State custody after entering a plea of guilty to luring children in violation in violation to Nevada Revised Statute 201.560. This individual utilized a chat room to entice a 14-year old girl to meet him for sex.

Another 25-year old male was convicted of one count of enticement of a minor utilizing a chat room to entice a 13-year old girl to meet him for sex.

Computer forensic personnel participated in the execution of a search warrant at the Community College of Southern Nevada in support of an investigation conducted by the Nevada Attorney General's office. This is an ongoing matter. The source of this computer intrusion is suspected to

be an insider, a disgruntled employee. As I have mentioned before, and as you mentioned earlier, we all have to be very, very aware of the potential damage from folks who have access to internal networks, especially systems administrators. They have the keys to the kingdom when it comes to internal IT systems.

On June 6 of this year, the FBI sponsored a Webinar, a live seminar offered over the Internet, entitled "Managing Digital Evidence in the 21st Century: What Every Peace Officer Must Know". This webinar discussed how to properly identify, store and transport digital evidence and the associated legal considerations. The goal was to offer a basic digital evidence class to everyone in law enforcement who could benefit from such training. An invitational email was sent to Nevada State and local law enforcement. Law enforcement personnel from all 50 States and 32 countries and territories participated. Over 5,000 people registered to view the seminar. Law enforcement personnel who missed the webinar can still access the recorded presentation by going on to the website, www.rcfl.gov. RCFL stands for Regional Computer Forensics Laboratory.

The FBI has obtained leased vehicles for the Southern Task Force and provided them to participating State and local officers. Additionally, participating agencies met with the United States Attorney's office on June 21 for an initial strategy session to develop a strategic plan to combat identify theft in the federal district of Nevada. This endeavor encompasses all federal law enforcement organizations that have jurisdiction that might pertain to identity theft. It includes the FBI, the Secret Service, ICE, and any others working in these areas.

Also, the FBI issued its cyber training catalog for the current year. Over 20 courses are being offered, ranging from "Introduction to Internet Investigations" all the way to expert level courses on incident response and malware analysis. Participation is open to all Task Force officers and they have been apprised of the opportunity.

Most recently, the Southern Task Force very, very quickly resolved a cyber-extortion matter targeting a couple of large Las Vegas corporations. The subject was identified through very rapid and deep forensic analysis of emails and network traffic coming in to these companies. The individual was identified in a southern state and was indicted and arrested in about a week and a half. This was a very, very successful case.

MR. EARL:

Thank you very much SAC Martinez. There's one thing I will ask you to repeat and that is the particular web address for the webinar where State and local law enforcement officers, if they were not able to attend the initial showing, could log on and view it as streaming video.

SAC MARTINEZ:

Okay, absolutely. It is www.rcfl.gov. RCFL stands for Regional Computer Forensics Laboratory.

MR. EARL:

Thank you. Is there anything more from the South or anything more on this issue?

SERGEANT MARSHALL:

I am from the Internet Crimes Against Children (ICAC) Task Force. I want to highlight a couple of cases that happened since our last meeting. We made several arrests. We had a victim, a 12-year old girl, who contacted our office and said that her friend's dad had contacted her on "My Space" and was trying to solicit sexual contact with her. We then took over her identity online. Subsequently, we established contact with him and arrested him for that online solicitation. He also had a 14-year old stepdaughter whom he was actually molesting. We were able to rescue that child and arrest the predator based on the complaint from the stepdaughter's friend.

Secondly, we received another complaint involving an individual advertising on Craig's List, an Internet advertising website. He was advertising his handicapped older sister to any individual that wanted to have forcible sex with her. He represented that she had never had sex before and

that he wanted to educate her in the realms of sex. We created an undercover persona and tried to make contact with him. We were unable to actually set up a physical meeting even though we did have Internet email contact with him. We followed up our investigation at the house where he lived. We contacted the vulnerable person and, from that, we were able to arrest him for sexual assault, open and gross lewdness, and abuse of a vulnerable person.

I want to provide some statistics for the year to date. We have conducted almost 50 computer exams. We have conducted 48 presentations for Internet safety with over 2,100 total attendees. Year to date, we also documented over 150 complaints, we made four arrests and submitted four additional cases for federal prosecution. These are just the highlights and statistics for the Internet Crimes Against Children Task Force where the Las Vegas Metropolitan Police Department works very closely with the FBI.

MR. EARL:

Thank you, Sgt. Marshall. I do have a question for you. The first case you described is apparently one where the complainant came to you first. You then created an online persona. This differs from a case where someone is reacting to a preexisting online persona. Could give us some idea as the numbers or percentages of your cases that are generated by people outside of your organization where you create an online persona as the result of a complaint?

SERGEANT MARSHALL:

Absolutely, and for clarification, when we actually got the complaint on that 12-year old, we actually took over her identity. We didn't create a persona. On the second case, we did create a persona and then sought to make contact. We were made aware of the advertisement on Craig's List. It was obviously very suspect and something we needed to look in to. We then created a persona and responded to the Internet advertisement. A lot of our complaints or tips come from the National Center for Missing and Exploited Children (NCMEC), the Cyber Tip Line (<http://cybertipline.com/>), where anybody across the nation can go online and provide a tip regarding any online enticement or sexual or child pornography. NCMEC will do a little bit of research to find out where the suspect and the victim are located because the Internet is world wide. We receive probably nine to ten complaints a month from cybertipline.com and NCMEC. Did I answer your question?

MR. EARL:

I think so. I was interested in getting sort of a rough breakdown between the number of cases that stemmed from complaints that had walked in your door, either physically or electronically, as opposed to the number of cases that you pursued simply because some of your investigators monitor standard online sites.

SERGEANT MARSHALL:

I would say that probably 80 to 90 percent of our cases are reactive cases. In other words, if somebody walked in the door and told us about some suspicious activity on the Internet or we received information from the victims directly.

SENATOR WIENER:

I have a question. I heard "150 complaints" followed by "four arrests". This means 146 complaints where there was no arrest outcome. So how would you categorize the 146 that didn't result in an arrest? Were they frivolous complaints or could you not come up with sufficient evidence to proceed?

SERGEANT MARSHALL:

There are several categories. Complaints involving international porn or commercial porn sites are very difficult for us to do any follow up. Then there are the other cases where computers are compromised and people other than the owner have gained access to the computer. They then downloaded the porn, and we have no way to identify the real perpetrator. When we execute the search warrant, we grab the computer and examine it. In these cases, we do not find anything of

evidentiary value because the subject computer was compromised and the download actually went to another computer that we are unable to trace.

Some of the complaints will say that "a 16-year old is online and talking with a 40-year old." The age of consent in Nevada is 16. We look at those complaints and evaluate them to see if we can then find out where the perpetrator is hanging out on the Internet. We may try to contact them using some of our online personas. But, quite honestly, our four detectives can only accomplish so much in a day. These investigations are very time intensive. The computer forensics examination and analysis take time that adds up. Basically that is part of the reason.

MR. EARL:

Okay, I want to be clear on this, particularly since I just testified before the Legislature on the number of needed computer forensic examiners. I take it that it is fair to say that out of the reported complaints, some are not followed up because of a lack of personnel. Because of a lack of personnel and facilities, you have to pick and choose among those complaints, identifying those that are most likely to be most serious and most likely to be capable to be producing some type of outcome leading to an arrest or a prosecution. Is that fair?

SERGEANT MARSHALL:

Yes. Obviously, if we have any indication that a victim is being victimized now or possibly in the future, those become priority cases and we address those immediately. Lower priority cases may be mere possession of pornography, often associated with commercial porn sites.

MR. VANDERSTELT:

At the FBI, we work closely with Sgt. Marshall and his detectives, to address this problem. Of the complaints that we do receive that do appear to be legitimate complaints, we follow up and investigate rapidly if there is a threat to a child. I can add one more reason that Sgt. Marshall may not have mentioned. The definition of child pornography is defined by statute. We receive many child pornography complaints. However, upon review by an investigator, it is determined often that that many complaints do not really meet the legal standard for child pornography. So, it may seem that there are a significant number of complaints, and there are, but many of them do not meet the threshold of the criminal standard for investigation.

SERGEANT MARSHALL:

Some complaints are duplicate complaints that we get through the National Center for Missing and Exploited Children. These complaints are submitted to us months apart and, upon examination, we discover these are duplicate complaints, particularly the commercial porn site related cases.

MR. VANDERSTELT:

In spite of the issues related to personnel and resources, no legitimate complaint is ignored. However, additional resources would shorten the investigation time span. The new computer forensic examiners will be invaluable to the Task Force investigators in addressing this criminal problem.

MR. EARL:

Assemblyman Anderson has a question up here.

ASSEMBLYMAN ANDERSON:

In the past, when we receive quarterly reports from the North and the South Task Forces, we were given statistical reports with the various crimes listed and broken out. Are there plans to provide this information to us in the future? This is documentation for use in the Legislature to demonstrate the monitoring of Task Force efforts. Statistical information that summarizes the number of cases related to the business area such as the fencing operation, the number of cases related to sexual predators, and which cases are federally prosecuted and State prosecuted are very, very helpful in justifying what happens here with this program.

MR. EARL:

I need to confess here that I have been remiss in the last couple of meetings in not requesting that type of statistical information from the Task Forces. I will endeavor to do that in the future. It has occurred to me that we, principally members of the Task Force, could come up with a unified reporting system for reporting the requested information. Clearly the crimes investigated by federal agencies are their own business except to the extent that disclosure is made under agency guidelines to enlighten this Board and the general public about a crime in general and the federal agency's role.

Nevertheless, when federal agencies support and share investigative case information with local and State law enforcement agencies under federal guidelines, it would be appropriate to document the statistics related to those joint investigations. Standard reporting could involve the number and types of cases and include information such as the number of computers involved, the number and size of hard drives and an estimate of the amount of time a computer forensic examiner or an investigator spent with each case.

Our intention would not be to place an onerous reporting requirement on investigators. However, Assemblyman Anderson's point is well taken. In looking forward to future Legislative sessions, statistical reporting with a standard reporting scheme would be valuable in justifying assistance such as additional positions or additional assets. We can discuss how to accommodate the report information gathering standards offline amongst Task Force members.

SAC MARTINEZ:

We are interested in providing you with the appropriate statistical information that would be valuable to communicate to the Governor and the Legislature. However, I want to clarify for everybody's benefit, the nature of "task forcing" when State, local and federal agencies are involved. Essentially we share sweat equity. Frequently the decision of whether a case gets prosecuted in State courts or federal courts comes down to where we can get the most impact, the "best bang for the buck".

Our accomplishments are your accomplishments; we are looking at impacting a crime problem. Any federal statistics involving investigations and convictions should be included in the summarized reports with a footnote that State agencies were involved as State jurisdictions in relationship to these cases. Compiling this information into a standard format so that you are able to have the documentation you to for presentations is a great idea.

ASSEMBLYMAN ANDERSON:

Like Senator Wiener, I have been on this Task Force since it was created. It is my observation that, but for the involvement of the FBI and the cooperation that has been demonstrated, we would still be dealing with credit card fraud and little else.

I really appreciate this clear model of cooperation between all three levels of local, State and federal government. It is a model that could well be used by other agencies.

My concern was, in the past, we were seeing that kind of statistical report, at least annually, if not twice a year. It gives me a good reporting bench mark to use in the Legislature in spite of my limited exposure to this subject matter. You deal with it on a day to day basis. As a policy maker, this material gives me reassurance that I can justify to my colleagues why this program is essential and that we continue to make advancements. This information was valuable especially in light of what took place in this last legislative session. I want to make sure the money committees know they are not losing ground with this program. This request is not meant to add undue work to your life although I am sure it will. There is nothing like computers to make more work for all of us, as we all know. I want to thank you, Agent Martinez. Clearly the FBI has been involved as well as the Secret Service from the get go and I really appreciate it.

SAC MARTINEZ:
Thank you.

MR. EARL:

Are there any other issues to be dealt with regarding Agenda Item 4? If not, let us move on to Agenda Item 5.

Agenda Item 5 – Report, discussion, recommendations and actions regarding the Legislative actions during the 2007 session

a. Passage of AB 306

MR. EARL:

As many of you are already aware, AB 306 passed the Legislature without change and was signed by the Governor early in the session. I want to thank both of our Legislative Members and, particularly, Assemblyman Anderson whose Committee sponsored the Legislation.

Getting this Legislation out of the Assembly and over to the Senate side at the very beginning of the session was crucial. Thank you to both Assemblyman Anderson and to Senator Wiener who helped on the Senate side once the bill got to the second House.

The provisions of AB 306 go into effect on October 1 and include Board expansion and the implementation of criminal forfeitures related to technological crime. I will work with the Governor's office regarding the appointment of Board Members. We have a challenge to acquaint the law enforcement community with the new statutory provisions regarding criminal forfeitures. It is my intention to request assistance from the Nevada Council for Prosecuting Attorneys as well as the Sheriff's and Chief's Association.

Any additional assistance from Board member agencies, for example when law enforcement officers meet locally and are able to share information through informal discussions, would be greatly appreciated.

I anticipate the disposition of eventual forfeiture funds will aid in this outreach effort. Typically under the statute, 75% of monetary forfeitures would flow back to participating law enforcement agencies, whether State, local or federal. The Statute does not restrict how money can be used.

Typically, the Board would retain 25% of forfeiture funds to support Task Force activities. Now I say "typically" because the Board has the option to retain more than 25% of the funds that are recovered in State forfeitures. I would like to address these issues more fully after Board expansion takes place and we have new Members on the Board after October 1.

My present intention is to ask in a later meeting that the Board take a decision that forfeiture funds be divided on a 25% / 75% basis whenever the participating law enforcement agencies agree to sharing arrangements that are determined to be equitable. I may also ask the Board to delegate to me the authority to disperse funds on that 25 to 75% basis wherever and whenever the local law enforcement agencies have agreed to an equitable distribution.

Now, by making those decisions, and I am not asking for those to be made today, the Board would only have to decide the actual dispensation or distribution of forfeiture funds if the participating law enforcement agencies were unable to agree amongst themselves as to how 75% of the total would be distributed among those participating law enforcement agencies.

That particular system would mean a relatively quick dispersal to law enforcement if there is an agreement and a delayed decision by the Board. The Board would only be called upon to decide how to divide the 75% of the total among participating law enforcement organizations if there is disagreement.

I will get written information to the Board before our next meeting on this point. We have some time before the statute goes into effect on October 1, 2007 for the Board to consider this particular suggestion.

Are there any other questions or comments regarding AB 306 or suggestions regarding training or other actions that the Board or individual law enforcement agencies might take?

SENATOR WIENER:

Regarding the Prosecuting Attorneys Association I suggest including the Nevada District Attorneys Association as well. Although they have the same charge, they may have different voices.

MR. EARL:

Thank you very much. I will do that and I might add that prior to AB 306's introduction, I contacted the District Attorneys in Nevada's two largest jurisdictions, Washoe County and Clark County.

I knew neither of those district attorneys prior to making those contacts. Both responded immediately to my request for support for AB 306. Both were very interested in its passage, which lays a predicate for future support and participation by the District Attorney's Association that you just suggested.

Are there any other comments related to AB 306?

SA McDONALD:

RAC Colledge asked me to mention that he has some significant experience with asset forfeiture. He would like to participate in the formation of the training development portion of this program. He has contacts with other individuals as well as assets that we may be able to provide to assist with the overall educational process for State and local law enforcement.

MR. EARL:

One of the issues carried over from a past Board meeting is Microsoft training. I have been back to Microsoft with some suggestions. We have not formalized anything yet but one of the things that I will consider is whether it is possible to produce that training in conjunction with the training suggested by Special Agent McDonald

The target audiences would essentially be the same, law enforcement officials and district attorneys and prosecutors. I will undertake this before the next meeting.

Are there any other comments relating to AB 306, passage or follow-up activities? If not, let me mention just quickly SB 191.

b. Passage of SB 191

MR. EARL:

This Legislation was a last minute action to correct what some in the Legislature viewed as an anomaly relating to Board funding. The existing Board Statute (NRS 205A) provided that General Fund money in the Board account did not revert to the General Fund at the end of each fiscal year.

SB 191 changes that to conform to the general State-wide rule that funds from the General Fund revert to the General Fund if not spent during the fiscal year for which they were appropriated.

Practically speaking, this was not an issue in the past, because the Board's annual discretionary budget – including Task Force support – was only about \$8K per fiscal year. Once overhead was deducted, this left about \$5K for fiscal support of Board activities in a fiscal year.

Now that we are likely to have more money, although the extent of the monetary flow to the Board and to the Attorney General's office is not yet clear, the issue of reversion is an important one. The Legislature solved any anomaly by placing the Board's account under the same general statutory rule on reversion that applies to all the State agencies.

If I could turn now to Legislative actions on the Board's recommendations regarding personnel.

SENATOR WIENER:

I took a quick look at the Senate Bill, that is for State allocated dollars – General Fund dollars. Did I read it correctly that any of the forfeiture monies are not reverted because they are not generated by the General Fund?

In other words, is forfeiture money in a separate forfeiture account? Does it stay with the Board for use in the next fiscal year?

MR. EARL:

That is correct and I think the passage of SB 191, if nothing else, indicates that the Legislature looked at the Board's funding mechanisms very specifically. They made the decision, quite appropriately, that General Fund money would revert but since forfeiture money was never part of the General Fund, there is no issue of reversion.

The way in which 191 was worded and was passed indicates even more clearly that money that flows into the Board's account from the new forfeiture statute remains in the Board account if it is not expended at the end of any fiscal year.

SENATOR WIENER:

In follow-up, as we look at the dollars and budgets, are these established as two separate accounts so that it is very clear which one is which? There should be no question when reversion issues come up at the end of a fiscal cycle about which money is which.

MR. EARL:

That is an excellent question and I have addressed this with the Attorney General, the Attorney General's Chief of Staff and the Chief Financial Officer of the Attorney General's Office. It also comes up when dealing with the Attorney General's Office personnel.

Let me begin at the beginning, the present Board statute provision that remains unchanged establishes a Board account in the General Fund.

Now in actual fact, since the Board's inception, money that was appropriated by the Legislature to the Board was administered out of an administrative account under the Attorney General's Office general account. It has only been in this Legislative session that there has been a new budget account created within the Office of the Attorney General that specifically identifies "high tech crime".

One of the background items that I provided was a breakdown on Board recommendations regarding personnel. The way in which the Attorney General's Office presented funding matters to the Legislature in this session has a number of people in the "high tech crime" budget account.

Two of those are Board employee positions, the administrative assistant and my position. Also in that account are placeholders for the new Attorney Office positions of computer forensic examiners, investigator and program specialist.

I have spoken to the Attorney General, Chief of Staff and CFO to identify the need to either establish a new separate budget account or sub-accounts to insure that the money allocated, for example, to travel support for me is separate from the support and travel for computer forensic examiners.

In similar fashion, I have already indicated that there will need to be accounts that are separate for forfeiture funds.

Specifically, there will need to be an account or sub-account into which forfeiture funds for the Board will flow. An account in the Attorney General's office will also be set up to receive forfeiture funds which may come from a variety of different sources. One of those potential sources would be from the Board if the Attorney General Office computer forensic examiners participated in an investigation that resulted in forfeiture money flowing to the Board's account through the State prosecution under AB 306.

Now that may sound clear as mud although I tried to walk through it fairly carefully but your point is exceedingly well taken.

There needs to be some refinement in terms of the way in which the accounting structure is handled within the Office of the Attorney General to insure that funds that are essentially appropriated for Board personnel, the administrative assistant and me, are separate from funds that are appropriated for the Attorney General personnel, such as the computer forensic examiners.

Moreover, that the money that flows into the Board account for criminal forfeitures is separate and distinct from all of that and also separate from any existing or yet to be formed account on the Attorney General's side that deals with the criminal forfeitures associated with the activities of Attorney General Office personnel.

This is a long way of saying I recognize the problem and have begun to deal with the Attorney General's Office to insure that the right color of money goes into the right color of account.

Are there any other issues on that particular SB 191?

c. Action on Board's personnel recommendations

MR. EARL:

You will recall that after completing our mission review last year, the Board recommended that additional computer forensic personnel be added to the Attorney General's staff. The Attorney General Office, and indirectly, the Board was quite successful on this score and Members have a matrix that tracks the number, category and proposed salary of new positions through the session.

The Attorney General's Office will add three new computer forensic examiners, one computer forensic investigator and one program specialist to its staff effective October 1. I will be assisting in that hiring process over the summer and will likely call on Board law enforcement agencies to assist in the selection process.

Quite frankly, I have never helped select a computer forensic examiner before and neither have any of the investigators that work for the State. We are going to be working with those of you with experience in this regard so that we do not make any mistakes.

While final arrangements have yet to be worked out with hosting agencies, I anticipate, and again this is subject to the Attorney General's decision, that two examiners will ultimately work in Las Vegas. One examiner, the investigator and the program specialist will work in Reno.

Of those positions, the program specialist position is probably the most flexible. Currently, I envision program specialist duties to include analysis of the electronic reports received from the National White Collar Crime Center (NW3C) in order to provide additional focus to investigators. This position will also support investigators through data analysis in other areas and provide support for examiners through the production of illustrative materials. I anticipate that this

particular person, although most likely located in the North, will support investigative activities both north and south and throughout the State.

Are there any questions or comments about the Board's personnel recommendations?

MR. PICKRELL:

Of those six positions, what is the reporting scheme? Are they going to report to you, Jim, directly or through the AG's office?

MR. EARL:

I can say with certainty that they are not going to report to me. The reason for that stems in part from Board discussion that took place last summer when I raised the issue as to whether the Board wanted to move forward and have new examiners serve as Board personnel.

At the time there were concerns voiced very appropriately by both people from federal agencies and from the Legislators that it would be inappropriate for them to sit on a Board that was actively involved in the supervision and conduct of State law enforcement activities.

Quite frankly, that same concern would apply to people directly supervised by me. So I envision that these people are going to be supervised by the Attorney General's Office Chief Investigator.

Another change made in AB 306 involved Board support of the Task Forces. "Support" is a word that was added by AB 306. The previous Legislation simply called on the Board to create two Task Forces in the north and the south.

With the change in that language in terms of "support", I have been asked by the Attorney General personnel to provide support, guidance and suggestions to these new personnel coming in to the Attorney General's Office.

With concurrence of the Board, it is my intention to do that – as long as I am not in the supervisory role that does not compromise the interest of the various Board Members. Since they are Attorney General's employees, it would be up to the Attorney General to determine how the personnel actually reported.

There is something else that I really need to mention and perhaps this is even more important. One thing that I have taken a very strong position on within the discussion I have been involved within the Attorney General's Office is that those new examiners and investigators need to be physically located with other Task Force personnel.

I have explained on several different occasions why that is important, not the least of which is that as new computer forensic examiners, there is a lot to be learned from those who have done that type of work for a very long time.

Regardless of the actual on paper reporting structure, I anticipate that these Attorney General forensic examiners are going to be mentored in a very practical sense by senior examiners such as federal officers. These federal officers will have with the background information and experience that the new employees may not have when they come to the Task Force locations. Are there any other issues there?

ASSEMBLYMAN ANDERSON:

Perhaps the other forensic examiners with knowledge in this area can answer this question. Are we going to be able to find people with this kind of background available in the current marketplace? There is such a high demand for people with this type of skill levels. What do you anticipate the results will be in finding applicants for these jobs?

MR. EARL:

This was considered and the good news is your fellow Legislators apparently recognized this issue and appear to have funded the salaries for those positions in a manner which may make them desirable.

If we are unable to hire in experienced computer forensic examiners, I anticipate that the results of decisions by the money committees on both sides of the Legislature are sufficient for us to provide good training opportunities from the International Association of Computer Investigative Specialists (IACIS) and through software training for new hires.

Ultimately, we hope and anticipate that the salary level and training opportunities are going to allow us to attract appropriate people.

Are there any other additional comments from those who may be more familiar with this situation?

SAC MARTINEZ:

We are in a relatively target rich environment here with agencies such as the Department of Energy and the Air Force nearby. There are a lot of people with this type of training and experience. With the salary level being offered, we probably will not have too much trouble bringing in good applicants.

If they are attached to the Task Force, the training issue becomes moot because we are able to offer a range of training, from basic to the highest level. Through the auspices of the Task Force, this training often may come at no cost to the State.

MR. ELSTE:

There are a number of academic programs that recognize the increasing demand for forensic examiners. These programs are producing individuals with the skills and mechanics, though inexperienced, required for the forensics examination field.

Those programs may provide good opportunities from which to attract entry level individuals and give them an opportunity to partner with experienced investigators and develop their skills.

MR. EARL:

I have read reports that identify as many as 28 colleges and universities that in the last couple of years have started computer forensic programs.

Many are four year institutions and the first set of graduates has not hit the job market yet. In later years, we may find that there will be an ample supply of people who are entry level looking for jobs such as this.

Hopefully the salary and the other training attributes will get us through this bridge period when we are interviewing applicants with a fair level of experience.

Agenda Item 6 – Report, discussion, recommendations and actions regarding financial account status, personnel, and support issues

MR. EARL:

In the last week, after obtaining the requisite agreement of the Legislature's Interim Finance Committee, I was able to reprogram the remaining salary funds relating to the former Board Secretary's salary. Those funds were expended in advance of today's deadline as the effective end of the State's fiscal year was coming to a close. I purchased the computer hardware and software that will be split between the Task Forces in the north and south.

Second, as Members will see from the personnel matrix, Board employees – my position and the new administrative assistant once that position is filled – are in the same budget account.

We will need to ensure that funds flow into the proper accounts and that there is no improper co-mingling. I will get the Board an overview of that at the next meeting.

Agenda Item 7 – Interview and hiring decision – Board Secretary

MR. EARL:

At our last meeting, I stated I would like to bring the finalists to this meeting for the Board's consideration. I received 49 applications, conducted eight interviews and identified three finalists. Board Members have copies of information that was submitted by the finalists.

Those people are Kathy Camper, Cherry Kilgore and Ursula Sindlinger. Here is a section of an email I sent to each candidate:

While the Board has not finally defined the interview/selection process, I suggest you prepare for a relatively short (3 minute) presentation to express your interest and qualifications. That will likely be followed by a question and answer period. Board Members have hard copies of the initial applications materials you sent to me.

While all Board meetings are public, you will be asked to leave the room while another applicant is being interviewed. (So as not to provide the last to interview with the advantage of knowing what was asked of the other applicants.)

The Board may deliberate in public. You may choose to be present if you wish. (When the Board hired me, all applicants were invited to attend this part of the process. Based on my own experience, I am not certain I would recommend applicants be present for this portion.)

That ends the portion of the communication that I sent to the final applicants. I would like to repeat a specific portion of the job announcement: "the position is in the unclassified service." The single most important factor is that an unclassified employee serves "at will" and can be terminated without the civil service protections afforded a classified employee. In conclusion, the Administrative Assistant serves at the will of the Board and reports to the Executive Director.

How would the Board like to proceed? My suggestion is to have the Board interview applicants in alphabetical order by last name which would mean Kathy Camper, Cherry Kilgore and Ursula Sindlinger. Are there any other suggestions or discussion from the Board in terms of the interview process? If none, then we will proceed in this manner.

ASSEMBLYMAN ANDERSON:

Can you give us the three applicants' names again?

MR. EARL:

Yes, the three applicants are Kathy Camper, Cherry Kilgore and Ursula Sindlinger.

Assemblyman Anderson moved to interview the applicants in alphabetical order by last name and to allow each applicant a three-minute presentation followed with questions from the Board.

Senator Weiner seconded.

Motion passed unanimously.

MR. EARL:

First let me speak to the three of you very briefly. Clearly, if you have not been in a Legislative Hearing Room before, all of this appears as being terrifically formal and may appear as being intimidating. Each of the three of you has interviewed with me about your qualifications and interest.

Let me assure you that all of the people sitting up here and in the south are much nicer than I am. Although the scene may be imposing, the folks who are actually involved in the decision-making process are actually real folks and are likely to be less confrontational than I.

With that being said, I ask Ms. Camper to come forward and sit in this witness area and activate the central microphone. I ask the other two applicants to withdraw from the room and I will either come out and get you or ask the other applicant to do so when it is time for your interviews.

(Room door is shut after Kilgore and Sindlinger leave the room).

MS. CAMPER:

My name is Kathy Camper and I currently work for the H.A.W.C. Community Health Center. Previously I worked for the State of Nevada Department of Motor Vehicles (DMV) for two years as an investigator. Prior to that in Tucson, Arizona, I worked with the Pima County in the criminal division working with violence and gun crime cases. Before that I worked as a private investigator on criminal defense cases in Oregon.

I am interested in this job because, first of all, it is new and interesting. This is where our future crime is going to be found. When you look at our young people now, they are already so far ahead of some of us in areas related to computer technology. This can only mean we are going to be that much further behind if we do not get started.

I know a few things about computers but not nearly what needs to be known. Working for the criminal division down in Pima County, I learned about the things that were investigated such as the huge amount of technology crimes occurring even within the prison systems. This was amazing. The things available to our kids, the things available to us, the things available to those people who are down and out and need something, and anyone might get hooked in to technical crime. We are already behind. We need to get started and that to me is exciting.

The law is the law. We need to have stiffer laws for that type of thing. We have stiff laws on everything. What are we doing with them? We need a division that is going to say, "no holds barred, this was done, you are done". I think being a part of that is going to be exciting. Questions?

TOM PICKRELL:

Good morning. One question I have is after reading and reviewing the job description for this position and based on that information in your interview with Mr. Earl, in your opinion, what are the three major job responsibilities and duties?

MS. CAMPER:

I think I can classify it as more of an administrative assistant versus paralegal. If you look at a true paralegal we do everything anyway, unless we are lucky enough to have a secretary or administrative assistant.

I think the three top things are going to be keeping the minutes of Board meetings and other things like that, keeping your agendas, keeping your meetings and collecting the people and notifying the people of those meetings.

MR. PICKRELL:

Thank you.

MR. ELSTE:

I was wondering, first of all, if you could tell me what the "H.A.W.C." acronym is and explain to me what your experience is performing accounting and the accounting assistant role.

MS. CAMPER:

H.A.W.C stands for Health Access of Washoe County and we are a federally funded grant-driven community health center.

My major goal is payroll for over 100 employees but I also assist the Chief Financial Officer in dealing with grants, making sure that the expenses are allocated to the appropriate grants, and that reports are correct. A lot of our grants are very specific about where we can spend the money and nothing else. So in the accounting division we have to make sure that we are allocating exactly what we spent for that particular service.

MR. ELSTE:

Thank you.

COMMANDER MEANS:

What type of investigations have you conducted and have you actually ever written a grant or had to do the reports on grants?

MS. CAMPER:

I do not do grant writing as we have other people who do that. The type of investigations I have done on a criminal side would be anything that had to do with murders cases and child molesting cases.

I have investigated internal theft for Hewlett Packard. I was part of their internal and external security team through my private investigation company. I have done high tech sweeps. I have performed high tech sweeps with our security division within the investigative company I worked for. I have investigated drug cases, I have done just about everything on the defense side.

COMMANDER MEANS:

This is a follow up question. Were you the lead investigator on these investigations or what was your exact role?

MS. CAMPER:

For the most part, I was the lead investigator, my boss was my back-up. Whatever case I was assigned during the investigation, I took the lead on and he was there just as a mentor type.

COMMANDER MEANS:

One more question were you sworn or civilian?

MS. CAMPER:

I was civilian.

SA McDONALD:

What have you done during your employment with H.A.W.C. to make your job more interesting? Can you cite an example of something you have done as a personal goal?

MS. CAMPER:

When I first was employed with H.A.W.C., I was hired as the back office supervisor on the medical side. We have a medical and dental side. The providers that we have at H.A.W.C. are J1C-Visa doctors. They come from other countries. They have a totally different way of practicing medicine and my job was to teach them the "American" way and to help them coordinate and give customer service versus the type of medicine that they had probably been used to in their own countries.

When the change came about in the back office to where we had a different Medical Director, I was no longer challenged enough to continue doing what I was doing. So I chose to go to the Finance Department. It was something that I did in the past, worked in the computer company

where I had been the chief bookkeeper and accounting person and set up accounting software for other companies. At the time that they needed a financial person at H.A.W.C. there was no one closely able to do that and they wanted to keep it in-house.

So, I volunteered to go over there and I have expanded the job duties that I had to include working with the Chief Financial Officer with the grants. I have included and expanded it to do proof-reading for grants and correspondences that go out to the community.

SA McDONALD:
Thank you.

MR. EARL:
I have one question based on our previous discussion. Would you tell the Board a little bit about what you did as a compliance enforcement investigator for the Department of Motor Vehicles and why you left that job?

MS. CAMPER:
I was a non-sworn officer with the Department of Motor Vehicles in compliance enforcement and at the time I took the position it was a new position. There were only two of us that were actually non-sworn. The other person had been a sworn officer and was working his way back into getting those credentials.

Because of my criminal work background, they knew I could handle and work up a criminal case if I was given that. So I did that and got some good cases only to find out that the Attorney General was not that excited about prosecuting them. The cases were always dwindled down to nothing or pled away to a point where "we will give you a fine or we are giving you a warning" or whatever.

I left because it is very disheartening as someone who has studied the law and believes in the law and to have a police officer or anyone go out and put their life on the line, to have an attorney sit there and go "it is really not that important" or "I really do not want to prosecute that because – oh, golly gee, I might have to work." I saw that so much in the County Attorney's office and I see that now in a lot of different agencies throughout the State where we really do not do what we need to do. I am hoping this is a different agency.

SENATOR WIENER:
This Task Force is part of the Attorney General's Office and you just shared with us that you have some negative history with this very office. How are you planning, if indeed this position becomes yours, to reconcile your past with what could be your present and future?

MS. CAMPER:
I do not feel I have negative feelings and I do not feel I have any bad relationships with the Attorney General's Office because, ultimately, what we did were administrative hearings. We did not do actual court hearings. That would be something that a sworn officer would do.

I think a lot of what happened within the Department of Motor Vehicles was something that goes on in a lot of administrative type of things – which is the "good old boy system". "Let us not disrupt this person, let us not step on their toes because they can contribute over here or they can do this".

I do not care who you are, the laws apply to everyone and I think it makes good sense for people to look at the law and say "you have done wrong, let us prosecute". I understand budgets, I understand that there are some cases that are just not financially able to be prosecuted or worth the prosecution but we have to have stiffer penalties instead of just ignoring it and pleading it down to nothing.

I look at the Attorney General's deputies that I worked with at the Department of Motor Vehicles and they are good people but they were doing what they were told to do at the time. I have not been with the Department of Motor Vehicles for two years now so people have changed.

MR. EARL:

Are there additional questions from Board Members, either north or south? Hearing none, thank you very much and would you ask Cherry Kilgore to come in? Thank you.

Ms. Kilgore, good morning, if you would take a seat as you are doing and insure that the microphone is turned on and speak directly into the mike so that we can hear you in the north and south and please, go ahead.

MS. KILGORE:

Thank you for inviting me here today. When I read the position announcement on the Nevada State website for this job, I thought this would be the perfect job for me. I felt as if who had ever written this announcement had written it specifically for my skills, experience and personality.

This is not just another secretarial or administrative assistant job. This is a unique position which requires an individual with equally unique skills in order to develop this position to its fullest. I believe I possess unique qualifications and experience which particularly suit this position which I will now outline.

I have four years of experience as a legal secretary. I have 15 months experience in law enforcement as a transcriptionist at Pima County Sheriff's Department in Tucson, Arizona. I have been a church administrator, administrative assistant and a departmental secretary for two departments at Texas Tech University.

I have also been self-employed. I was a piano teacher for 25 years. I also worked in blind rehabilitation providing private contract services for seven years. I have a master's degree. I have just finished taking paralegal certification classes. I have taken numerous Information Technology classes and web design classes.

In my hobbies, music has now become one of my hobbies rather than a career. I have a home recording studio where I produce compact discs of my original music. I have television studio training from a public access station in Tucson. There I hosted and produced a live television show for seven months. I worked on other shows as camera operator, floor manager, audio engineer and assistant director. As you can see, I am not a stranger to technology.

I pride myself on ethical dealings with people. I have always done what I thought was the right thing and it has not always been the easiest thing to do. I work with a high degree of professionalism. I am able to devote all of my energy into this job without any outside distractions or family obligations. I am free to travel or to receive any training necessary for this position.

I thrive on challenge, change and new situations. I am not looking for just another job. I want to feel that I am making a difference in the world. I want to be challenged every day and I am excited about this opportunity and would look forward to putting all of my skills and expertise in use in help fighting technological crime by being your secretary and administrative assistant.

MR. ELSTE:

Could you describe to me your perspective on technological crime and the types of things that might be involved?

MS. KILGORE:

Well, I have been on the Internet a long time. I have found that a lot of people, in fact, most people may even be victims of technological crime. For instance when I was on AOL, I am not on it anymore. Specifically because you get in a chat room and you do not know who you are talking

to. All of a sudden you have all of these people instant messaging you and propositioning you, wanting to have sex on the Internet and stuff like this. They could be just like the people you have arrested.

So I understand how rampant it is and not only that but like fraud on EBay. I was temping in a law office a couple of weeks ago and a guy called in. He paid \$6,000. for a motor cycle that he bought on EBay from Las Vegas. He sent a money gram to the guys in Las Vegas. Of course, he never got his motorcycle. They said it would be shipped to him.

He contacted the FBI to try and follow up on this. Well, first of all EBay would not take it even though they have a \$20,000. protection policy. They did not want to mess with him. So he contacted the FBI. But because it was such a small amount they could not devote any of their time or resources for it. They could only focus on really big stuff, like \$50,000. or more.

So he had called this law office I was working for, to hire an attorney that was going to cost something like \$275. an hour to get his \$6,000. back. He said he needed to do a subpoena to find out who had signed for the money gram. I thought, well, I could that.

Yeah, it is rampant. It is all over the place and you get it in emails, through phishing for information. You get emails and you click a link and it looks like EBay. It may not be EBay, it may be someone else's website. You are typing in all your personal information. Most people do not know. If they have not been around it, they do not realize how rampant it is. This is especially true for seniors who are really getting in to technology. They want to join the new age and everything. But they are very innocent and they do not know it is everywhere.

MR. ELSTE:

Thank you, it sounds like you are a well informed user of the computer.

MR. PICKRELL:

Good morning, Cherry. After reading the job description for this position and based on that information and your interview with Mr. Earl, in your opinion, what are the three major job responsibilities and duties for this position?

MS. KILGORE:

I understand that transcribing the Board minutes is like the number one priority to get those as close to verbatim as possible because the information is very important when you are going to get new laws passed. That would be the first one. Also I understand that it is going to be keeping up with the forfeiture money.

I do not know that we talked about that but I think that is in my job description, to be tracking the forfeiture money and how it would be expended. The other one would be helping Jim organize like the job search and also finding training opportunities for law enforcement personnel and things like that. That is what I understand.

MR. PICKRELL:

Thank you.

MR. EARL:

Are there any other questions from the Board Members? Hearing none, thank you very much and would you ask Ursula Sindlinger to come in please?

Good morning, please come in, take the center seat and I would ask that before you begin to be sure to press the button and the microphone light should be glowing as you speak. Speak directly into the microphone so we can all hear you in the north and south.

MS. SINDLINGER:

Good morning. I appreciate this opportunity to meet with you. My name is Ursula Sindlinger. I am a recent transplant from rural Nevada. I lived in Elko County for approximately 17 years and moved to the Reno area about 11 months ago. Currently, I am employed with the State of Nevada Division of Emergency Management but when I saw the advertisement for this job I jumped on it because it looked very interesting.

I have somewhat of a background in information technology. I was going to school before I left Elko last summer to become an information technology specialist. However, one of the reasons why I thought I would be a good fit to work for you and support you is I have many years of experience in working for public Boards, elected officials and appointed officials, in the capacity of developing agendas and meeting minutes and other public information. I am very familiar with the NRS 241, the Nevada Open Meeting Law, and all of the issues that are related to that.

I also have extensive experience in pulling together Boards and advisory committees. One of my first projects that I worked on that was similar to that was developing a private non-profit board under the umbrella of an economic development authority known as the Heart of Elko Partnership several years ago. I was responsible for the minutes and agendas of that Board as well as for their nine Task Forces and subcommittees that worked on downtown revitalization at that time. This was in approximately 1995, prior to my employment with the City of Elko.

I am looking forward to hearing more from you. Although, I may not be very good at selling myself, I am very good at making everyone I work for look good and that is why I thought I would be a good fit. Thank you.

MR. ELSTE:

I was wondering if you could describe for me some of the computer experience that you have had and some of the training that you have had with the computer.

MS. SINDLINGER:

I am proud to say that I was probably one of the first people that I know of to use a laptop back in 1989 when I worked for the Elko Daily Free Press. It was part of an old DOS system and I used it to cover the courts and police department news beat.

I was the court and crime beat reporter for the Elko Daily Free Press prior to going to the Elko Independent. Both of those newspapers had laptops that I used to take notes in the meetings or the court cases, jury trials and such. I would come back and download my notes into the main server and then write my story from there. So I have been using technology for a long time.

I had one of the first cell phones in Elko, I am proud to say, I think it was 1994, Alltel came in, they were the current phone company. I was one of the test recipients of a cell phone back in the days when they were in the zip boxes, you may remember. I have been on the Internet since 1993 and I am very Internet savvy.

I performed freelance computer repair work on the side just because when you know somebody who can fix a computer or help with Internet-related problems, people start giving your name out. I had an independent contracting business in Elko with several small businesses when the mining downturn happened. That is what I did to support myself and my family for awhile.

MR. ELSTE:

Thank you.

MR. EARL:

Along those lines, if I could add an additional question? Before you came in to see me for your interview you wrote me an email. Could you tell me a little bit about that email and why you wrote it?

MS. SINDLINGER:

In going through the correspondence that you sent out to all the applicants, something stood out to me. I know that I did not want a job where all I have to worry about was producing minutes four times a year and helping prepare agendas. I thought, by the way you had written your email to us, that you left the door wide open for us to come up with ideas as to where this job could go.

I am very good at landing on my feet and figuring out where things need to go when I understand the environment that I am in. I looked at the fact that you have two existing Task Forces that report to this Board and a possible need for a rural Task Force. I know that one of the ways you keep people on boards and Task Forces all going in the same direction, if nothing else, is to communicate with them effectively.

I sent you an email, actually an electronic newsletter. I felt that would be something that I could offer this Board. I am very adept at putting those types of things together. I have designed websites before and also produced Board packets or informational packets so that everybody knows what everyone else is doing.

MR. PICKRELL:

Good morning, Ursula. After reading and reviewing the job description for this position and based on that information in your interview with Mr. Earl, in your opinion, what are the three major job responsibilities and duties for this position?

MS. SINDLINGER:

Sir, I believe, immediately, I would need to get to know everything about the job even though I have read your minutes for the last two years. I think I have a good idea of what is going on because of the passage of AB 306. I believe the next step that needs to be taken, if Mr. Earl has not already initiated it, is to recruit the additional Members of the Board. I think there are three seats that were going to be added.

And also I may assist him in recruiting the forensic specialists that were funded under AB 306. And then the third thing would be preparing for the next Board meeting, information packets and whatever else Mr. Earl deems necessary. Thank you.

MR. PICKRELL:

Thank you.

COMMANDER MEANS:

Could you explain to me your experience with writing grants and monitoring grants?

MS. SINDLINGER:

Yes sir. I meant to say that at the beginning. Thank you for reminding me. I have been writing federal, State and local grants and private grants since approximately 1993. I do not mean to brag but I had a 100% success rate up until about two and a half years ago.

I went to work for the Te-Moak Tribe of the Western Shoshone up in Elko. They have four band councils, one tribal council and a tribal housing authority. I reported to all of those boards on funding projects related to economic and community development and law enforcement because I also wrote law enforcement grants for them.

My success rate in obtaining grants for them dropped from a 100% success rate with the City of Elko, the County, the Elko Senior Citizens Center and various other groups I had written grants for down to, probably in all honesty, about 50%. Not all of it was my fault or theirs, some of it was because they had other financial issues.

The first year I worked for them, I assisted them in dealing with the Inspector General (IG) out of Washington, DC in cleaning up some of their Department of Justice grants. They had several BIJA, Bureau of Indian Justice Assistance, funding that was messed up and funds had been

misspent outside of the grant scopes. In having to work with the Inspector General, I wrote a lot of their arguments back saying "here is what they can pay back and here is what they will do different in the future". But up until that point I had a 100% success rate on every federal grant that I had written and State grant.

COMMANDER MEANS:

Thank you.

SA McDONALD:

What was the most satisfying reward or recognition that you may have received for a job well done and what did you do to receive it?

MS. SINDLINGER:

You know, sometimes the things that we think are important are not what everybody else thinks are important. I work for the Division of Emergency Management right now as a planner but I do not handle mitigation. However, I was directed to assist the mitigation officer in going to Elko County to help her get a mitigation plan going as the Federal Emergency Management Administration (FEMA) had given the State some money to produce that that.

I do not know how much you know about that part of the State but small town politics can get very vicious and sometimes you can not get people, for example, from law enforcement agencies that should be working together in the same room or fire departments or other elected officials for that matter. I knew that going into the mitigation project and was able to bring about 55 people for throughout the County into their first mitigation meeting because I knew how to contact people.

During that process, the City Manager from Carlin came up to me and told me that he wanted to commend me for the work that I had done in assisting the Elko County Economic Development Authority several years ago when I was at the City of Elko. We were able to keep that Board together which including four city councils, one county commission and two Indian tribes and make everyone feel, no matter what, they were all important.

Nobody said it out loud but for me that was a big compliment because that was a very contentious group of people to work with at that time and it was difficult to keep everyone on the same page.

SA McDONALD:

Thank you very much.

SENATOR WIENER:

Ursula, I am looking at your resume at the timelines and I am noticing you have some stays that are longer than others. It looks like every two to three years, roughly give or take, you have been moving to other positions and most of them in the same community of Elko.

Now that you are in Carson City, you have a position that you started in October 2006 and you are now talking with us about this position. What would be our assurance that you might not be looking for something else in that same kind of time frame?

This is a job that we would hope someone could grow in and also we would have the continuity of an assistant for Mr. Earl. What would be our assurance, if indeed we supported your efforts to work with us, you would stay with us?

MS. SINDLINGER:

Thank you for asking that question and I understand your concern. Having come from a rural community that was mining-related, I can throw a blanket out there and say some of it had to do with money. I do not have my resume sitting in front of me but if you look at my resume, I believe, there is a time frame there I worked for the newspaper, then a mine and later a private hospital.

I ended up working for the Heart of Elko Partnership, if I remember correctly, that was a temporary job on a rural from the United States Department of Administration that came down from the State Commission on Economic Development to Elko County. I knew going in to that job that it was a 12-month job but it was a risk I took. They did not know if they would have funding past that year

I took the job because I felt that it would allow me to learn more and I would be able to further develop the skills that I had picked up along the way. At the end of the 12 months, my position was not refunded because the grant was no longer available.

Following that, you will see that I went to Newmont Gold Company full time. However, I worked at night and kept that Board and those nine subcommittees and their related projects together for another year and a half. I did this because we had grant funds that I had applied for related to public projects that needed to be completed. With grants, you do not ask for money unless you are following up with projects and there was nobody to do that work so I did that as an unpaid volunteer.

I was at the City of Elko four and a half years and when I quit, we were going through a very severe economic downturn in Elko due to the mining recession. The City was going through the steps of looking at staff to decide who was going to be let go. I felt that my position, marketing and anything that deals with communication and planning, would be the first things to go. These are not what usually should be the first things to go when budgets need to be cut, so I knew a layoff was coming.

There was a new private hospital company in town that bought our county hospital – they recruited me to come to work for them. I had worked with them during their site selection with the City and then with their opening after that. I was with them only for a short period of time, partially because I wanted to open my own business.

I can only tell you that when you live in a rural community, you have unique advantages, which I did and I would never have had some the opportunities and experiences that I had in Elko if I had lived in Reno and for that I am grateful. When I came to this area last summer, the first job I applied for was with the Division of Emergency Management and I got it. I am happy there. It is not a matter of being unhappy.

I was looking around on the Internet and I saw this position. I could not believe there was a Board like this and that you were working on these types of issues. This is what I was going to school for when I was in Elko prior to moving here before my husband was offered a job with the Washoe County School District. At this point, we plan to stay here. I am not sure if that answers all of your questions?

SENATOR WIENER:
Thank you.

MR. EARL:
Are there any additional questions, either in the south or here in the north? If not, I want to thank you very much and you are excused. I would ask for guidance from the Board in terms of how to proceed?

Would you like to take a break or would you like to begin? I see some indication of wanting to take a break. If we take only a five-minute break, is that sufficient? Okay, we will take a five-minute break and in the meantime, I will invite the candidates back in if they want to they can come back in or not if they don't. Okay? Let us take a five-minute break.

(Break begins at 12:11:59 PM – Return at 12:19:06 PM)

MR. EARL:

For those of you in the south who cannot see, two of the candidates have decided to remain in the room. Earlier, I indicated it was essentially in the Board's hands as how to proceed and would ask the Board if there any suggestions along that line.

I know that Assemblyman Anderson wanted to put a proposal to the Board.

ASSEMBLYMAN ANDERSON:

Thank you, Mr. Earl. I was going to suggest that we take the three candidates and rank them for ourselves individually, first, second and third, and why they would be a good fit. We should be able to reach some level of agreement with that process. I was very, very impressed with all three candidates, who were obviously very well qualified.

Quite frankly, I do not think we are going to make a bad choice here from any one of the three that presented to us. We may find there is some level of agreement right off the bat and that will speed it up a little bit.

If that is acceptable to the Board Members, I suggest we rank each candidate individually. If you want to call on us to report our ranking that would be fine.

MR. EARL:

Are there any other suggestions, comments or questions by Board Members?

MR. PICKRELL:

First, I would like to thank you, Mr. Earl, for your hard work because to go from 49 candidates and come down with three very well qualified individuals is quite a task. I appreciate your efforts in this. I agree with Mr. Anderson. His suggestion is probably the best way to handle this. Thank you.

MR. EARL:

The Board Members will take a couple of minutes than to rank the candidates and then be prepared to tell us about why their rankings are what they are. I will do my best to keep a tally. Assemblyman Anderson, are you prepared to start?

ASSEMBLYMAN ANDERSON:

You know with a last name like Anderson, you always have to be ready to go. It is just one of those things.

I was very impressed again with all three of the candidates. Ms. Camper, I felt was very, very knowledgeable, a good candidate. She would have been particularly strong in terms of the money management background. She would have been most helpful with you with that background. With her background as an investigator, I felt she was very, very qualified. However, I placed her as number three on my list.

Ms. Kilgore is highly qualified. She is very knowledgeable about the general process in terms of Board meetings and keeping with flexible agendas. Her experience level and her department would be most helpful in solving the general tasks and multi-tasks of this job. I think she would be very qualified for this and I placed her as number two.

I placed Ms. Sindlinger as number one. Predominantly I did this because of her background. Though not as extensive in the money management question, I was very impressed with the grant writing question that was asked and her concerns there. Her job description electronic newsletter was impressive to me.

But predominantly, I felt that her rural background gave her a small edge in dealing with the multiple sheriffs and other agencies and in keeping with the different tasks of the federal, State and local county and municipal governments that we have seen over the ten-year history this

agency. We are now stepping in to a new area, I think her background in Elko will have kept her in good stead. Therefore, I placed her as number one.

SENATOR WIENER:

For some of the similar reasons and some subtle, maybe different ones, I had the same ranking as my colleague, Assemblyman Anderson, Mr. Chairman of Judiciary. That is exactly how I ranked the candidates.

MR. PICKRELL:

I did exactly the same ranking. I am going to add a few comments about Ursula. She took the time to go back over two years worth of agenda and come up to speed. She was very versed on some things like AB 306. Her grant ability speaks volumes. The ability, I think, to communicate with different agencies and people in job experiences I think is going to be well received in this position. I think she will be a great asset for Mr. Earl. Thank you.

SDAG GOVER:

Might as well clear the table here and get the rest of us. I picked Ursula first. I felt that the initiative that she took in preparing the electronic newsletter showed some insight into how she could expand the role of her position and I thought that it was good that she had that initiative. As far as the other two, I put Kathy Camper two as opposed to three.

Being from the Attorney General's Office, I really did not hold it against her that she had some run-ins with some other Deputy Attorney Generals and I felt that her investigative and finance background would help her in this position. I felt Cherry Kilgore would do a good job also. She seemed very personable and would be a pleasant addition to the Board, but I ranked her third.

SAC MARTINEZ:

I also had the same ranking as individuals who have commented: Sindlinger, Kilgore and Camper and for similar reasons.

SA McDONALD:

I also mirror the prior comments. However, my observations come from more of an Information Technology background as well as an investigative background. I agree that Ursula took the initiative to do the research and to be knowledgeable of the information.

Although our information may be new to you, you put that information out in electronic format that connected to us as a "Technological" Task Force. I think that was a key move and really portrays you as someone who is not afraid of challenge. You will be able to take our information and do wonders with it. I, myself, am most appreciative of that. I had the same ranking of Ursula and then Ms. Kilgore and Ms. Camper. Thank you.

MR. ELSTE:

First of all, Jim, you have done a great job in bringing some very strong candidates forward. I think, quite frankly, this is a very important selection for advancing the mission of the Board.

I was impressed by all three of the candidates and my ranking mirrors everyone else. I thought Ursula was a very strong candidate. She has familiarity with the Open Meeting Law, she took the time to research AB 306. The newsletter she put together showed an impressive initiative. I think it's one, two, three with Ursula first.

COMMANDER MEANS:

I have Sindlinger, Kilgore and Camper. Sindlinger comes out number one because of her ability to deal with multiple factions on Boards which, God knows, we need on this particular Board. I also liked her initiative.

MR. EARL:

Okay, the tally that I have places Ms. Sindlinger as the first choice of all Board Members so I think it would be appropriate for the Board to move that she be offered the position essentially by acclamation.

Commander Means moved to approve offering Ursula Sindlinger the position of Administrative Assistant.

Mr. Elste seconded the motion.

The motion passed unanimously.

MR. EARL:

With that, we offer congratulations to Ms. Sindlinger. The next step, for both Ms. Sindlinger and the Board, is that I will work with the Attorney General's staff to produce an offer letter. Once the offer letter is accepted, we move on from there. Again, I want to congratulate Ms. Sindlinger.

I want to thank all of the other candidates, especially the two who were here for the final interview process. As I have said before, I think all of you were intensely qualified. We were very, very fortunate in getting the response that we did to the job announcement.

So if there is nothing else, we will close that agenda item and move on to the next item on our agenda.

Agenda Item 8 – Board Comments

MR. ELSTE:

I wanted to share with the Board some of the work we have been doing with the Multi-State Information Sharing Analysis Center (MSISAC). The MSISAC is an organization that is basically promoted by the Department of Homeland Security. It is comprised of chief information security officers from the 50 States.

They will be altering their mission to some extent to reach out to the local counties and local government entities and recently have sent out a communication to over 38,000 local governments across the country. The primary mission of MSISAC is sharing information on cyber security events, vulnerabilities and generally improving cyber security awareness.

A majority of the security awareness materials that we receive at the State are produced by the MSISAC. We are in the process of developing a Nevada ISAC which will serve as a body for all of the different local and county government entities to share information security practices and incidents and establish a communication between the proposed Nevada ISAC and the national level MSISAC.

I will bring a more formal report to the next Board meeting, I believe, as we make some progress.

MR. EARL:

Are there any other comments or observations and reports from Board Members?

ASSEMBLYMAN ANDERSON:

In the Legislation of other States, and I am sure Senator Wiener may have noted this also, that there seems to be a new push on need to statutorily place forensic laboratories and forensic examiners under sort of closer supervision at the State level.

In particular Illinois, which has had several problems with one of their forensic labs a few years ago, the State of Virginia, and many of the southern States, seem to be terribly concerned about that issue.

I mention it only in passing since most of the technology crime materials seem to come through the efforts of forensic examiners. This is something that we need to make ourselves aware of in terms of how this process is working. Particularly, raising the awareness level of law enforcement is important with regards to concerns that the public has.

Secondly, we were very fortunate in this last Legislative session to obtain passage of the two pieces of Legislation that impacted this Board directly. In the criminal area, there was also a major piece of legislation that was passed that deals with the crime of luring of children.

Again, I also wanted to thank Mr. Earl for doing such a good job of bringing us such really good candidates and screening these people. I know that was a tough job. I hope we have found somebody who is up to the caliber of our previous secretary. She did a great job and she raised her level of awareness and, of course, as the agency grew she was able to grow with it. That is always nice when you are there at the beginning because you get to be there every time there is a turn in the road.

I think, Mr. Earl, you've done a great job with this job now. You have been at it for a year and a half and I want to compliment you. We have been working on these issues for ten years.

MR. EARL:

Are there any other issues that Board Members would like to raise? If not, we will close this agenda item and move on to Public Comments.

Agenda Item 9 – Public Comments

MR. EARL:

Are there any comments from the public? We have no public attendees here in the north now. I see no rush to the microphone in the south. Let us move on to scheduling of future meetings.

Agenda Item 10 – Scheduling of future meetings

MR. EARL:

This may depend a little bit on the process by which the Governor reappoints Board Members. My suggestion would be that we aim for our next Board meeting somewhere in early to mid-September.

ASSEMBLYMAN ANDERSON:

The Legislative Members received our packet this last week, Mr. Earl. I believe the appointments will probably be made, at least for Wiener and me if we were to be reappointed, around the middle of September or they may be made at the end of August. Obviously that is up to the Majority Leader of the Senate and the Speaker of the Assembly.

MR. EARL:

I think that is something I would want to take into account in terms of actual scheduling whether there had been a determination for the two Legislative seats.

Are there any other suggestions or comments regarding scheduling of the next meeting? If not, then what I will do is remain in touch with the Legislative Members and, taking into account that schedule as well as the Governor's reappointment schedule, my intention would be to have a meeting as quickly as possible after those appointments are in place so that our meeting in the last quarter could be held with the members of the expanded Board. The Governor, of course, could appoint those new expanded members only after the first of October, the effective date of AB 306.

I will target early to mid-September, mindful of both Legislative appointments and Governor's appointments for the Board at its present size. Are there any other items to come before the Board? If not, I will entertain a motion for adjournment.

Mr. Elste moved to adjourn the meeting.

Commander Means seconded the motion.

Motion to adjourn passed unanimously.

Meeting adjourned at 12:39:45 PM.

Respectfully submitted,

Ursula Sindlinger
Administrative Assistant

Approved by the Board at its subsequent meeting on September 17, 2007.

Minutes of the Advisory Board for Nevada Task Force for Technological Crime

September 17, 2007

The Advisory Board for Nevada Task Force for Technological Crime was called to order at 2:00 p.m. on Monday, September 17, 2007. Attorney General Catherine Cortez Masto, Chairman, presided in Room 3138 of the Legislative Building, Carson City, Nevada and via videoconference in Room 4401 of the Grant Sawyer Building, Las Vegas, Nevada.

ADVISORY BOARD MEMBERS PRESENT:

Nevada Attorney General Catherine Cortez Masto (Chair)
Nevada State Assemblyman Bernie Anderson
Special Agent in Charge Steve Martinez, Federal Bureau of Investigations
Ms. Renee Romero (Designated representative for Captain Don L. Means, Washoe County Crime Lab)
Mr. William Uffelman, President and Chief Executive Officer, Nevada Bankers Association
Nevada State Senator Valerie Wiener
Mr. Tom Wolf (Designated representative for Dan Stockwell, Nevada Director of the Department of Information Technology)

ADVISORY BOARD MEMBERS ABSENT:

Resident Agent in Charge John W. Colledge III, Immigrations, Customs Enforcement (Vice Chair)
Mr. Tom Pickrell, Assistant Director of Facilities, Clark County School District

TASK FORCE MEMBERS PRESENT:

Sheriff Doug Gillespie, Las Vegas Metropolitan Police Department
Dale Liebherr, Acting Chief of Investigations, Nevada Attorney General's Office
Supervisory Special Agent Eric Vanderstelt, Federal Bureau of Investigations

STAFF MEMBERS PRESENT:

James D. Earl, Executive Director
Ursula K. Sindlinger, Board Secretary

OTHERS PRESENT:

Agenda Item 1 – Verification of quorum

A roll call verified the presence of a quorum.

AG CORTEZ MASTO:

First of all I want to recognize a couple of people in the south that I see. Sheriff Gillespie is that you I see sitting down there?

SHERIFF GILLESPIE:

Yes it is. I do not think I actually become a member of this until October 1 based on what I read this morning.

AG CORTEZ MASTO:

That is correct and that is what I wanted to discuss a little bit. During the last Legislative session we were successful in expanding the Board membership. Those new appointments do not become effective until October 1, 2007. Those appointments, at least the additional ones, are with the Governor right now and we have not received official word yet from him on either the reappointments or the new appointments. So we are awaiting those from the Governor but, yes, the appointments would be effective October 1.

I apologize because I know you are busy with your schedule and dealing with O.J. If you cannot make the whole meeting, Sheriff Gillespie, I would understand. We would make sure that you would have the minutes of this meeting forwarded to your office so that you can have those to review at a later time more convenient to you.

SHERIFF GILLESPIE:

Thank you. I appreciate that.

AG CORTEZ MASTO:

Now I was not sure if Special Agent in Charge (SAC) Rick Shields from the United State Secret Service (USSS) is in attendance and or the Assistant Special Agent in Charge (ASAC) Mike Flanagan from the Drug Enforcement Administration (DEA). Are they down south? I was told they possibly could be here as well.

Male Voice: Not yet.

AG CORTEZ MASTO:

OK, great. And then, Larry Casey from the Nevada Homeland Security Commission, is he here today? I was told that he might be there in the south as well. It does not sound like he is here.

Male Voice: I do not see him yet.

AG CORTEZ MASTO:

Now, just a little order of business from my office, Conrad Hafen will serve as our Board Counsel. He is my Chief Criminal Deputy and will be attending these meetings in the future.

Agenda Item 2 – Discussion and approval of minutes from June 29, 2007 Advisory Board Meeting

Assemblyman Anderson moved the June 29, 2007 Advisory Board meeting minutes be accepted.

Mr. Wolf seconded.

Motion passed unanimously.

Agenda Item 3 – Report regarding Northern Task Force activities

AG CORTEZ MASTO:

I was just informed that Resident Agent in Charge John Colledge and Special Agent Melissa McDonald will be arriving soon and they will provide this update. We will table this agenda item for now and come back to it when they arrive. Now we move on to Agenda Item 4.

Agenda Item 4 – Report regarding Southern Task Force activities

SAC MARTINEZ:

In response to issues raised during the last meeting, I want to have Eric Vanderstelt, the supervisor of the Southern Cyber Crime Task Force, go over some statistical accomplishments

and numbers. This was brought up as something that the Board would be interested in. I would like Eric to report and then I have some narrative reporting to do afterwards.

MR VANDERSTELT:

First of all, I apologize for the late receipt of these stats. I emailed them to Jim and Ursula this morning so you should have them for reference in the north. I will provide copies for people here in the south in a moment.

Document submitted by:

Southern Task Force (October 1, 2006 thru June 30, 2007)

Number of digital forensic examinations conducted	236
Participating agencies performing exams	4 FBI, LVMPD (ICAC), NV AG, and NV DPS
Agencies submitting requests for forensic assistance	10 Boulder City PD, Elko County Sheriff, FBI, NV Gaming Control Board, Henderson PD, LVMPD, NV AG, NV Secretary of State, NV DPS, NV Parole & Probation

Examinations classified by crime problem:

Crime Category	Number of forensic examinations
Child Pornography	179
Child Prostitution	2
Computer Intrusion	15
Fraud	5
Fraud – Health Care	4
Homicide	1
Human Trafficking	1
Lewdness with a Minor < 14	3
Narcotics	1
Organized Crime	1
Parole Violation	8
Public Corruption	9
Securities Fraud	4
State / Federal misuse of property	1
Violent Crime other than Homicide	2
Total	236

State & Local forensic examinations – 67%

Federal – 33%

MR VANDERSTELT - CONTINUED:

For the first three quarters of fiscal year 2007, we conducted 236 digital forensic examinations. Representative agencies performing the exams were the Federal Bureau of Investigations (FBI), Las Vegas Metropolitan Police Department (Metro) for the Internet Crimes Against Children (ICAC) Task Force component, the Nevada Attorney General's Office, and the Nevada Department of Public Safety (DPS). We received requests for forensic assistance from the Boulder City Police Department, Elko County Sheriff, the FBI, the Nevada Gaming Control Board, Henderson Police Department, Las Vegas Metropolitan Police Department, Nevada Attorney

General's Office, Nevada Secretary of State's Office, Nevada Department of Public Safety, and Nevada Parole and Probation.

I broke down the examination total of 236 by crime category to give you a representative example of how these examinations match up with the different crime problems. Far and above, child pornography is the largest category with 179 examinations. Assemblyman Anderson had previously asked about percentages for state and local versus federal. That break down shows state and local forensic examinations accounted for 67% with federal accounting for 33%.

AG CORTEZ MASTO:

Thank you. Mr. Martinez, did you have further comments?

SAC MARTINEZ:

I want to go over some of the activities of the Southern Task Force and provide some anecdotal illustrations. A subject was involved in a computer intrusion activity but was indicted and arrested on multiple counts for violation of federal identity theft related statutes. The subject used personally identifiable information from computer intrusions to obtain credit, goods, services and cash from victim financial accounts.

The subject of another investigation committed computer intrusion originating from the People's Republic of China against a commercial database here in Las Vegas. The intruder obtained personally identifiable information and credit card numbers of thousands of customers. Although the attack originated in the People's Republic of China, subsequent investigation led to the identification and arrest of the subject here in the United States.

The Southern Task Force identified an individual in another country who we believe was responsible for a prior computer intrusion that compromised a database containing student records at an area higher education institution. The individual was a minor at the time of the intrusion and prosecution was declined. The matter was referred to the relevant foreign law enforcement agency for further investigation as deemed appropriate.

In another example, a former IT manager for a financial services business was convicted of one count of computer fraud and abuse. He remotely accessed his previous employer's computer network and maliciously destroyed data. He was sentenced to one year probation, fined and ordered to pay restitution to his former employer.

We are investigating a denial of service attack against a major gaming company. The source of the attack involved the use of a botnet consisting of over twenty thousand computers.

A man pleaded guilty and was convicted on fraud charges stemming from his operation of an online business that sold counterfeit merchandise. The defendant had posted for sale on Ebay what he alleged to be genuine antique lamps, sculptures, jewelry and luxury watches.

Another man pleaded guilty and was sentenced to 15 months of federal imprisonment and ordered to pay \$199,100. in restitution for stealing equipment from his employer and selling it online.

I have several other examples. However, I also want to mention that members of the Task Force have been involved in a lot of different presentations and outreach with some of our key critical infrastructures and also with some of our key law enforcement partners here in Nevada.

For example, in June, Task Force officials met with officials at the Hoover Dam to discuss threats related to its SCADA (Supervisory Control and Data Acquisitions) operations. Those are the automated systems that open and close control gates and that is a particular area of concern when it comes to cyber crime and threats that we have included in the cyber terrorism area. In many instances where these very, very critical systems touch the Internet or there may be a

potential insider threat — we need to make sure we are talking with those types of key critical infrastructure representatives so that we can protect those types of systems. That was just a quick rundown of things that have been going on down here on the Southern Task Force and I am not sure if Las Vegas Metro Police Department has someone here to talk about ICAC this afternoon.

SHERIFF GILLESPIE:
No.

SAC MARTINEZ:
That is about it for us. Again, those are just some examples, a kind of sketch of some of the things we have had going on since the last meeting.

AG CORTEZ MASTO:
Thank you. We have a question from Assemblyman Anderson.

ASSEMBLYMAN ANDERSON:
Thank you, Madame Attorney General. Special Agent Martinez, thank you very much for the additional information. It is most helpful for me, the outsider, to see this. We hear so much about identity theft. If I am to look at this crime category in the Southern Task Force report, can I assume that the computer intrusion of 15 are included there or would they be in the security fraud if we are looking at identity theft or would those numbers be here at all?

SAC MARTINEZ:
This is a little bit of a complicated answer but certainly computer intrusions can be the gateway to identity theft as I mentioned in the botnet case. It is absolutely a problem where you have these automated means by which personal data can be extrapolated from personal computers or from large databases maintained by commercial concerns. Certainly there is an identity theft angle to many of these intrusions especially when they target personal data and especially databases.

In the particular instances we see here from the FBI's perspective, we look at identity theft not necessarily as the crime problem itself. It is usually a corollary to a computer intrusion, a fraud scheme. We have good strong federal laws that address all of those and identity theft is weaved throughout. So I think the take away here is that identity theft is definitely a core means by which organized criminals and others commit overall criminal actions. I think we had a very good presentation about methamphetamine users that shows they are in to that game now. A lot of it is low tech – just stealing mail – but also some of them are actually using computers to perpetrate that type of fraud.

I do not like to get too bogged down into teasing out what is identity theft and what is not. We like to use the entire toolbox as far as federal, state and local law so that we can go after criminals who are perpetrating any kind of fraud using the computer as a platform.

ASSEMBLYMAN ANDERSON:
Madame Attorney General, I appreciate Agent Martinez's response. I asked the question because it often comes up during Legislative sessions, especially when we see the annual statistic on Nevada leading the nation in terms of identity theft. Many years ago when we were looking at technological crimes and putting together this Task Force with the Attorney General, we found the crimes of identity theft and child pornography to be the two big areas of need. I want to make sure that my colleagues know that we are doing something about identity theft with statistics that we can point to that reinforce the reason why the Task Force is in existence.

SAC MARTINEZ:
If I could add one more comment. Until very recently there were no federal laws on the books that pointed directly to identity theft. These types of cases are worked as computer fraud matters, computer intrusions or just straight up fraud from a white collar crime type of perspective. I think

now there are some federal laws that are much more focused on identity theft such as Title 18 USC 1028-1029. We are seeing some more teeth in identifying that as a specific issue. As far as being able to codify and quantify the number of cases involve in that, we can probably do a better job in teasing that out. That is certainly something that could be reflected in the statistical reports that we provide at each of the meetings.

I do have Eric Vanderstelt in a dialogue with Jim Earl as far to identify what types of statistics are meaningful to you. That is the whole purpose of this – to make sure that we are educating our State Legislature and the Governor with regards to what needs to be done and where resources might be focused. Certainly, we are looking for any suggestions or recommendations as to what type of reporting will be most useful to you.

AG CORTEZ MASTO:

Thank you. Are there any other comments or questions regarding the report from the Southern Task Force activities? Hearing none, let us move on to Agenda Item Number Five.

Agenda Item 5 – Report, discussion, recommendations and actions regarding collection and distribution of statistical information

AG CORTEZ MASTO:

This item is really what we were just talking about. First of all, thank you for this report. It is very enlightening. I like to have the statistical information, I think we all do. It indicates where we are in Nevada and where we need to go to potentially fill in any gaps any where. I have a couple of questions, though. First, let me echo what Assemblyman Anderson said – I do see a need for reporting the identity theft information. To the extent that we can do that, it would be appreciated by the Legislature, by the Governor, by a number of people in the State. If we can work on that, I would appreciate that as well.

However with respect to this report, there are 236 forensic examinations that were conducted. Are we able to break this down to the number of defendants? For instance you have different crime categories here and numbers associated with them. Are these multiple numbers? In other words, is one defendant involved with maybe two or three of these crime categories or are these separate instances and separate defendants?

MR. VANDERSTELT:

I am sorry I do not have that level of detail. I know the number of cases and the number of examinations that were conducted. I do not know if there were multiple defendants in each case.

AG CORTEZ MASTO:

Thank you. Then I would assume that may answer my next question. Do we know whether or not the cases resulted in any type of an arrest and or conviction?

MR. VANDERSTELT:

I would have to drill down deeper into the statistical information to determine that.

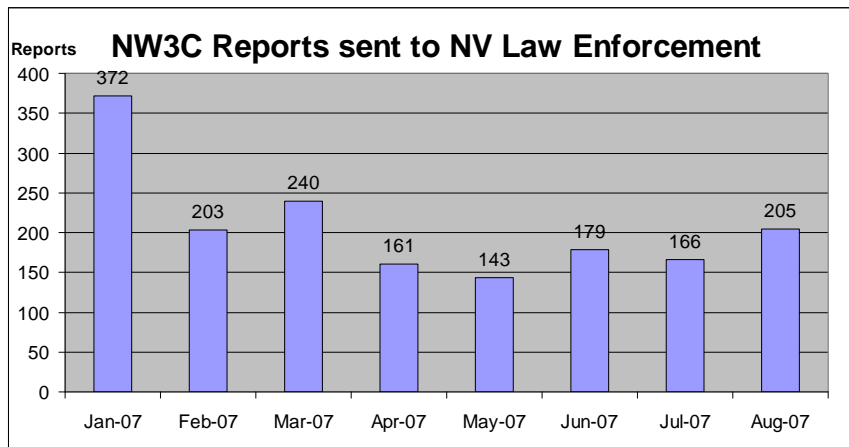
AG CORTEZ MASTO:

Thank you. I appreciate that information. I am going to throw it out for discussion. What type of statistical information are we looking at? What is it that the Board is trying to achieve here with respect to the receipt of this statistical information?

MR. EARL:

If I could respond directly to the question as it is directed to Board members. I would like to identify both some additional problems and additional information and then begin to suggest a possible trend that the Board could consider in the future. If the Board members will pull out the sheet of paper that says NW3C Reports sent to Nevada Law Enforcement.

Chart distributed by Mr. Earl:



MR. EARL - CONTINUED:

This is an additional metric that comes to me from NW3C which is the National White Collar Crime Center. Essentially this is raw data that comes in to me and to concerned law enforcement agencies all over the state such as state, local and federal as well. These are individual reports that are received – sometimes as many as 30 or 40 a day – that come from the NW3C reporting mechanism. There may be as many as ten pages in the form, but that ten page form may in fact be a web-based report from one individual who feels, rightly or wrongly, that he or she has been victimized somehow through an Internet crime.

So that report contains raw data. To connect this to a topic that we talked a little bit about at the last meeting, Senator Weiner at one point asked one of the Sergeants from Metro to correlate the number of reports that they received and culled through to the number of actual investigations. I can not speak for that particular Sergeant but to give you an example – the piece of paper that talks about the NW3C reports is at least analogous to what Sergeant Leonard Marshall was talking about at that point – that these are essentially complaints, some of which can be justified, many of which are simply the very barest of allegations.

Now in the past, when these particular reports came to my office - going back to the very formation of the office - they were simply filed by year and no additional action was ever taken on them. During the past year, I have at least broken them down in terms of the number of complaints that we have received by month.

Now to my knowledge, there really are only two groups in the State that look at these things. One is Metro and Metro does that, at least in part, with their efforts with the United States Secret Service and the Electronic Crimes Task Force. I have been told that there is a volunteer that comes in and tries to make sense of the raw data that these reports contain.

Secondly, these reports are also used by the Southern ICAC group that forms a part of the group that Agent Vanderstelt reported on. Board members may recall that Sergeant Leonard Marshall described at the last meeting the number of reports that they got regarding Internet crimes against children and quoted as one of the sources these NW3C reports.

At present, again to my knowledge, the only two groups in the south that look at the exact detail that is contained in the reports and try to do some follow up are Metro in both locations related to the ICAC group and also related to the Electronic Crimes Task Force.

All law enforcement agencies receive reports that come to them where the victim identifies a street address. For example, a copy of this report would come to the Carson City Police

Department in addition to coming to me as the general repository for these things in the State of Nevada. I have no indication at present that law enforcement agencies across the State, other than the two that I mentioned, are paying a great deal of attention to these reports.

As you know, the Board recommended that a program specialist be added to the Attorney General's staff. The program specialist would look at the raw data contained in these reports and be in a position to correlate them internally and share and follow up with law enforcement agencies all across the State. So this is one of the perspective duties for one of the positions that we are in the process of interviewing and I will get to that in a later agenda item.

The other thing that I wanted to mention, and I am sorry that neither RAC Colledge nor Agent McDonald are here this afternoon, is that there is a very significant difference between the comparison of the northern and southern task forces and how they actually operate. By calling the group in the north the "northern task force", we sometimes miss the fact that we are really only talking about Agent McDonald who has her duties augmented by a couple of volunteers from Reno and from the Washoe County District Attorney's Office on occasion.

As many Board members will be aware, there is also a northern ICAC unit composed, as all ICAC units are, of the FBI and some local law enforcement agency. In this case it is the Washoe County Sheriff's Office. My present understanding is that particular unit's efforts have never been recognized or incorporated into any of our reporting. One of the objectives of Board expansion is to include both representatives from some additional organizations and one of the items that we will get to later on is the Memorandum of Understanding (MOU) that seeks to expand the task force memberships. For example, one of the reasons that task force membership should be expanded in the north is to include groups that do the Internet Crimes Against Children work in the north.

This all came to light as we were doing some of the background for the statistical analysis reports on what makes sense and what actually would give a total picture of some of these issues across the State. There are a number of different agencies that make requests for specific assistance to that group in the south, as Agent Vanderstelt has indicated in his document this morning. There are a number that participate in the south -- the FBI, Metro, ICAC, and the one forensic examiner from the Attorney General's Office and an individual from the Department of Public Safety. That group both investigates and conducts computer forensic examinations.

That is not the case in the north, as I understand it. Agent McDonald is not the primary investigator of Internet crimes against children. That task is carried out by the ICAC unit, which is the FBI and the Washoe County Sheriff's department in the north. However, they do not conduct their own forensic computer exams of hard drives. If there is an ICAC arrest or investigation in the north, the actual forensic examination of the drive is done by Agent Melissa McDonald in a separate physical location distinct from the ICAC unit in the north.

The other thing I need to point out is at least a historical anomaly which hopefully we will be on a glide path towards addressing in the future. Some of the efforts of Sheriff Gillespie's folks are appropriately identified in the report that we have received from Agent Vanderstelt. However some are not because Metro has forensic examiners and investigators who work with the Secret Service in the Electronic Crimes Task Force.

Since we have not yet viewed the southern task force as encompassing the efforts that take place with Secret Service and Metro at the Electronic Crimes Task Force, essentially the report that we just received from the southern task force group as we call it, contains a report of only half of the activities of Sheriff Gillespie's people.

When we look forward to expanding the Board membership and also look at the proposed MOU that would define the relationship among task force groups and members, we are helping the Legislature get a total view of what is going on within the State of Nevada, both north and south. I

do not by any stretch of the imagination want to diminish the excellent work and excellent statistical reporting that we have in front of us from the southern task force group. However, we need to realize its limitations as well as its strong points. Hopefully, task force expansion will bring additional assets within their purview.

AG CORTEZ MASTO:

Thank you, Mr. Earl. Are there any comments or questions from the Board members regarding Agenda Item Number 5?

ASSEMBLYMAN ANDERSON:

I guess this agenda item came about because of my observations at our last meeting and I remain concerned. Senator Weiner and I have very strong feelings about this Board and the task force since we have been around it for such a long period of time. I was under the impression that the purpose of this task force was primarily to promote a better understanding and a collegial atmosphere among law enforcement in which to share with the various departments the ability to do forensic examinations of computers. That service was provided in both Washoe County and in Clark County at the time we started this effort. This inherent need was also addressed, particularly in the south, through the very generous spirit of the FBI and the Secret Service by fostering that with the tools they had.

Secondly, we were concerned about the insidious nature of computer crimes in terms of child pornography and in terms of identity theft. Those twin factors were ones that we felt were very important. We also felt that computer education among the schools was to raise the public awareness of those issues in order to protect their children from online predators and it was very important to do that.

At one point in time, we used to receive a report annually that would show the number of counties that had made requests to utilize the forensic examination for help and assistance either in the north or the south so that we had a feeling that something was going on.

Of additional importance was that workshops could be put on statewide and were being coordinated so everybody got the information about the things we offer. The Attorney General's Office made sure that the agencies knew that the "tech crime" related workshops were taking place statewide. We've been very helpful in putting together these kinds of workshops through the FBI so that everybody came up to speed.

Finally, our most recent effort was trying to secure a formal funding base through the State Legislature to justify the need for additional personnel and related expenditures in the Attorney General's Office.

Speaking only for myself, I think no one wants to overburden either the FBI or the northern or southern task forces in gathering statistical information just for the sake of gathering statistical information to put into another data source. Unfortunately, we need to justify what we are doing here. I appreciate the fact that this report is more than we had the last time but I do not think it is as much as we had several years ago.

I am trying to remember when I saw the last one of those reports. Believe it or not, I do keep a historic record but I do throw them away every once in awhile. My wife insists that I clean out the garage although there are people who maintain that I never throw anything away. Those are my only observations about this issue. I think we need more information here, not less. This report is obviously a positive step by showing the 236 cases.

MR. EARL:

Assemblyman Anderson, if I can respond. My understanding, and some of this predates my work with the Board, of the last information that I have seen that was statistically generated was essentially that which has now been provided at this meeting by Special Agent Vanderstelt.

You may have seen it in a slightly different format. You saw the crime category and the number of forensic examinations as a pie chart rather than in this particular format. What you did not see in the past is what Agent Vanderstelt has laid out here that details the breakdown of who performed what exams as well as the agencies that submitted requests.

To my knowledge there was never any reporting made to the Board about NW3C reports from which the basis on which NW3C and others determine that Nevada has the highest per capita population of people who perform Internet fraud.

The way in which I see this reporting going over the long term is to continue to provide the Board with NW3C report information. Some of this is within the discretion of the Attorney General based on the job that the new program specialist will do. With the Board's backing and support, particularly with new Board members and new Task Force members, we can expand the outreach. That expanded outreach can include both the ICAC unit in the north, which historically has not been a part of the Board's activities at all, as well the Electronic Crimes Task Force in the south which likewise has not been part of the Board's purview at all over the past five years.

AG CORTEZ MASTO:

Thank you. Are there any further comments from the Board members? Yes, Senator Weiner.

SENATOR WEINER:

Thank you. Assemblyman Anderson and I have served on this Board since it was created in 1999. I would like to piggyback with my colleague from the other House on what I had asked the last time.

When I gave testimony on the legislation that Assemblyman Anderson and I cosponsored on behalf of the Task Force in the best interest of the people of the State, I have generally concluded in my testimony the statistics about identity theft and about Nevada having high fraud rates. I appreciate the gathering of the data because this gives us the "bullets" to go back to the Legislature and argue on behalf of the work that is being done by these outstanding law enforcement professionals in whatever jurisdiction they serve.

However, as I continue to bring my argument forward, I can get the overview of those statistics from reading a current news story. I am not diminishing the value of this information today because it is critical and I will use this in the future. If I may state on behalf of my colleague as well, when I am sitting in Judiciary or I am testifying before Chairman Anderson's Judiciary Committee, what our colleagues in both houses want to know is that we have expanded what is going on in the Attorney General's arena. The Legislature has responded to the request for expanded resources. There has been a positive regard from our colleagues based on what we have shared with them.

However, one of the concerns I have is with the statistics. This may be why I addressed it at the last meeting. This is important information before us today and I am not saying that we need to go beyond what we have here. We have statistics broken down into several categories. Also, we have questions about overlap or what specific categories identity theft falls into. This is because identity theft has been a very important issue for Legislators for the past several sessions. We hear about it from our constituents.

This is very personal to many people we serve. Constituents call us and want to know what action is being taken. Our voting colleagues in the Legislature say "yes, we have the statistics and but is happening now? What are we doing about it?"

We see the statistical information gathering for investigations but, I believe in my House, my colleagues are going to want to know how are we addressing the problem – specifically, what are we doing to reduce our position as number one or number two in many of these categories listed here such as fraud or identity theft.

Nevada's national high ranking in fraud and identity theft is not new information. We already know we go back and forth between number one and number two in the nation over the course of time. Our colleagues want to know how we are addressing this crime problem so we can get rid of that top ranking and bring Nevada more in line with the national averages. Hopefully Assemblyman Anderson agrees that this is the sentiment that we both experience from our colleagues.

I need this statistical information and I need to know what is being done with it – what is the overall outcome. That is why I ask about how many of these investigations result in convictions. For example, if I knew that, I could explain to my colleagues that of the complaint reports that were filed, law enforcement responded with approximately 900 investigations. I can then further explain that upon further investigation, 92% of those complaints that were statistically recorded as events are actually non-events and of the 8% that were investigated, we have a 95% conviction rate.

If that is doable, this is something I can take back to the Judiciary Committee and the full Senate because they are asking about outcomes from the efforts. Some type of an outcome based report would be more responsive to the Legislative need. Does that boil it down?

STEVE MARTINEZ:

I would like to respond to that. I think that is exactly what you have to do because if you look at just the raw data and the types of reporting that we get out of NW3C and the Internet Crime Complaint Center (IC3), which is collocated there and from where the cyber related types of complaints actually come from, a lot of it is chaff.

It might be that you have identified a victim of a very, very minor Ebay fraud in Nevada but without being able to aggregate that into something that would meet guidelines for federal prosecution, it is rare that you would have that.

However there are those occasions where something of major significance does get passed down through those sources. I can assure you that there is action taken on those cases. Now I speak from the Federal side, if there is something we can get the United States Attorney's office interested in then we will absolutely work it.

It is difficult to try to aggregate those in individual complaints because often we do not get enough information with that original complaint to even get started on an investigation without expending more resources than the complaint itself warrants. There is a triage process we do with all of those but I do think your point is absolutely correct. We can probably identify those major complaints that we do take action on and then be able to tie those to some outcome-based result as far as prosecutions go.

SENATOR WEINER:

Madame Chair, if I may? In some of the investigations it would be helpful if we could find a way to categorize why it is that we are not able to address some of these cases.

Maybe one of the categories would be that the complainant did not respond to investigators or the complainant did not provide enough information so that cause of action could be pursued or whatever legal language you want to use. It could still be within a realm of explanation that you could live with but something that we can live with too. The purpose may be to explain, if 90% of these complaints are not pursued – even though we are all investing extraordinary energy – why nothing happened with those cases that were originally filed by people who felt that they were abused or violated at the time they made the complaints.

I am using a random statistic, it is not quotable and I am not pulling it from anywhere specifically. I am just using the 90% figure as an illustration. If we can come up with something like that, it would help a lot as we do policy making in the future.

STEVE MARTINEZ:

Not unlike what I had said at the last Board meeting, if you can articulate what statistics are meaningful to you and that will help with your Legislative agenda, we will provide the statistics. I already have a reporting requirement that I complete and submit on a national level to FBI headquarters. However, it is probably not sliced and diced the same way that might be helpful to you.

We already have a lot of information. I just need to know how you want that focused. That is the tough part. Being able to define what it is that you need is sometimes difficult but by all means we are willing to put forth whatever statistics and whatever narrative or anecdotal information you think would be helpful.

SENATOR WIENER:

Madame Attorney General, I will not take too much time. We also need the information at the state and local levels too, if possible. We have task forces and we have the State approach which is of course where we do our law making.

As to the Federal statistics, I appreciate the SAC Martinez offering so much support to us for this. Is there any way we can gather this information at the state and local level so we can use it when Assemblyman Anderson and I have jurisdiction to press the red or the green button? The type of outcome based information such as I just explained would certainly be much more meaningful to the listeners within our chambers because those are the constituents whom we serve. I am not minimizing the Federal approach but I know that we have State issues that we need to report on as well. Thank you.

AG CORTEZ MASTO:

Thank you. Yes, Sheriff Gillespie.

SHERIFF GILLESPIE:

Madame Chair, Doug Gillespie. I think this is probably one of the reasons why I have been asked to sit on this Board. I think we can definitely provide you the statistical information that you are looking for above and beyond what you see at the task force level. We have a significant amount of identity theft type crime that would not rise to the level that a task force would see.

Just within Metro itself, I can tell you that our forensic examinations of these particular computers often goes far beyond and exceeds what the task forces do. This is done on a fairly regular basis. So from my stand point by the next meeting, whenever that may be, I will have a presentation ready to give you a good overview of what you are seeing in southern Nevada. I think that will be indicative of what you are going to see throughout the rest of the State from both the State and local level.

AG CORTEZ MASTO:

Thank you, Sheriff. I appreciate that. Let me just add my two cents here because I know we are going to be adding some new Board members come October. Just like me, they will be coming on to a Board with no institutional knowledge and will be trying to figure out what it is we are tasked with accomplishing under the Statute.

We do know that under Nevada Revised Statute 205A.060 there are certain duties that are required by the Board to accomplish. In my experience I think it helps at the beginning of the year to always set goals related to what we are trying to achieve and then benchmarks to follow so that we can measure whether we achieve them. I think this relates to what we are all talking about today – defining those benchmarks so that we can take that back to the Legislature, the Governor and to the public in general. This would show what it is that this Board does and what it is that we are accomplishing with the information we have.

I thank all of those members who have been participating such as Special Agent in Charge Martinez and everyone else who have been so actively engaged. I look forward to the new members coming on at the state, local and federal level. There is an opportunity for all of us to come together and really accomplish some fantastic feats here with respect to technological crime in our state.

Without a doubt, there are already existing task forces at the local levels and at the federal level working on investigations and prosecutions dealing with technological crime and they are doing amazing things.

As I understand it, the purpose of this particular Board is to bring everybody together at the statewide level so that we can support one another, support the existing units that are out there, fill in the gaps, and then discuss what is impacting us here in Nevada.

When we come together for our next meeting in December, we will have some new Board members and, hopefully, you will all be reappointed and continue with us. The next time we meet, I am going to ask that we define what it is we are trying to achieve here as a Task Force and what we want to see happen next as part of our work program. I will work with Jim Earl and some of the new individuals such as the program specialist who will be coming on board to help identify the statistics that we want and we will bring it back to the Board and talk with all of you.

I think we now have to define our goals and where we want to go and benchmark those. I will be happy to meet with Mr. Earl and identify some of those and bring those back to the Board and talk with the Board members. So at our next meeting, to me, it is really "ground zero". We are starting the year with where we want to go, what we want to see and then start identifying who we want to hear from.

I think it is wonderful that Sheriff Gillespie is willing to give us a presentation so that we have a better understanding of what is happening at the local level in the south. I would like to see more of that but I am also going to ask the members to task yourselves and help us identify what it is that you do that we may not know that can help us on a statewide basis to achieve what we are trying to accomplish here.

If there are any other comments or questions with respect to this agenda item, let us hear them now otherwise we will move on to the next agenda item.

Agenda Item 6 – Reports regarding:

a. Budget account issues

MR. EARL:

Thank you, Attorney General. Board members will remember that Senator Wiener, at our last Board meeting, raised the issue of the possible commingling of funds as a problem particularly as the forfeiture statute goes into effect on the first of October. The issue was raised regarding whether forfeiture funds coming to the Board would be commingled with funds that were actually Attorney General funds. I put together for all Board members an informational memo that is essentially my take on the way in which Board funds have been set up, the statutory requirements and so on.

I have identified a couple of problem areas provided that to the Attorney General's Chief Financial Officer (CFO) and Chief of Staff before sending it to Board members. Most importantly, the CFO at the Attorney General's Office indicated to me that she has no questions or issues with that particular information memorandum.

So what I would propose that the Board do here is if there are questions that you have regarding that information memo, please share them with me now or later, and I will raise them with the

Attorney General's CFO. I had initially invited her to this Board meeting but she is presently on leave. So with the Attorney General's leave, if there are additional items or questions to be raised those can be provided to me, I will take them up with the CFO. Perhaps I can then provide a more conclusive report at the next Board meeting in terms of steps that would be taken to address some of the problem areas.

AG CORTEZ MASTO:

Let me just ask on that, Senator Weiner, based on what you have seen from the report, was your question answered?

SENATOR WIENER:

I must admit that I did not have a chance to review that part so my response is that I do not know at this time. My concern was, as we all know, that we have monies reverting in a biennium. I did not want to see that happen with the monies that were part of the forfeiture collections. It again takes Mr. Earl's work to address my original concern on this subject – he is phenomenal and I am always awed when he presents – if indeed he believes this addresses my concern about the commingling then I am satisfied.

AG CORTEZ MASTO:

Thank you. Are there any other further comments or questions regarding this agenda item? Alright, hearing none, we move on to the next agenda item.

6b. Personnel selection board activities

MR. EARL:

Board members will remember making recommendations for the Legislature to add a number of new positions, full time equivalents, to the Attorney General's staff. I will not reiterate our successes there. The Attorney General has asked me to assemble a multi-agency selection board to make recommendations to her regarding appointments to those new positions. We have assembled such a multi-agency selection board of representatives from Immigrations, Customs and Enforcement (ICE), the FBI, the Attorney General's Office and from the Secret Service.

To give the Board some idea of the way in which we have worked in the past, we now have the selection recommendation board looking at ten forensic examiner candidates for three positions. That is down from a total of 26 applicants. Also they are looking at three forensic investigator candidates for one position, down from eight applicants, and five program specialist candidates, down from 14.

All of those positions have drawn out of state interest and some of the out of state candidates are still in the running. Just to let the Board know, the next meetings of this group – and we hope that these will be the final meetings, are scheduled now for September 19, in two days, and for September 26. We anticipate finalizing our recommendations to the Attorney General for the positions of program specialist and for computer forensic investigator at the close of our interview session on September 19. That will be followed a week later by interviews for the computer forensic examiner positions.

Again, I cross my fingers and hope to have candidates that we can recommend to the Attorney General so that we can fill those three positions at that time at the closing of business on September 26.

AG CORTEZ MASTO:

Are there any questions or comments for Mr. Earl? Hearing none, we will move on to Agenda Item 6c.

6c. Prosecuting Attorney familiarization of new forfeiture legislation

MR. EARL:

This item was also something we discussed at the last Board meeting. I had indicated an interest in seeking assistance from the Advisory Council for Prosecuting Attorneys with regards to prosecutorial familiarization of the new criminal forfeiture statutes relating to tech crime that come into force on the first of October. At that session, Senator Wiener suggested I also include in that outreach effort the Nevada District Attorneys Association.

I have written letters to Brent Kandt and to his counterpart in the Nevada District Attorneys Association, Mr. Arthur Mallory. As a result, I have been invited to address their groups later on in October. Now in the initial presentation that I plan on making to them, I will simply familiarize as many people as I can with the new statutory provisions enshrined in AB 306. Then quite frankly, it is up to the prosecutors throughout the State, working with their supporting investigators whether those be State or local or Federal, to actually come up with implementation plan and strategies to make the most of the new criminal forfeiture provisions.

Obviously, in relation to some of the statistical gathering, this will vary from law enforcement agency to law enforcement agency, particularly if there is work that is done on a distributive basis throughout the State. An originating law enforcement agency may not be completely aware of the progress of cases or the outcome of cases with respect to prosecution and conviction. So in addition to the outreach of these two prosecuting attorneys groups with regards to familiarization with new law enforcement procedures, I think we also need to consider including them in finalizing some of our reporting. Especially with regards to what happens to some of the cases that are initiated by law enforcement agencies throughout the State and then go on to one of a number of groups to be forensically analyzed. I will identify additional outcomes.

I also want to point out to the Board that the Attorney General actively participates in both of these prosecutorial groups.

AG CORTEZ MASTO:

Alright, thank you. Are there any questions or comments regarding this agenda item? Hearing none, we will move on to Agenda Item 6d.

6d. Task Force Organizational Memorandum of Understanding

MR. EARL:

I identified to the Board in the past several meetings that the cooperative agreement that has been signed by a limited number of agencies throughout the State expired by its own terms on the first of September. To move forward, I now recommend for consideration a more simplified Memorandum of Understanding (MOU) for the heads of agencies that were involved in the foregoing cooperative agreement. I have now distributed the draft MOU to members of the Board simply to alert you as to what I have presently put on the table.

Now what I have not done and what I intend to do between now and the next Board meeting is sit down with the heads of various agencies throughout the State to get their feedback on the draft MOU. What I am looking for, quite frankly, is something that is very simple and straightforward and makes clear to law enforcement agencies that they remain in control of their own cases and their own personnel. We will make it very, very easy or at least as easy I can for new law enforcement agencies to enter in to task force activities through this proposed MOU.

ASSEMBLYMAN ANDERSON:

In the past this was kind of a bit of stumbling block, at least at one point in time in terms of the southern task force. Some groups did not want to get in to it because they felt they were giving up some ground. Now I know that we have kind of moved ahead and gotten past some of those turf wars, to put it one way and to the point.

I am concerned about this particular thing. I do not recall seeing this new MOU. Was this something that was sent to us in electronic format and was part of that big packet?

MR. EARL:

Yes, that is correct. The proposed MOU itself is only two pages which is why I distributed that electronically. I went to the heads of agencies who had signed the previous cooperative agreement not simply electronically. Additionally, I provided them with hard copies because the previous cooperative agreement is about a half an inch thick and contains a lot of provisions that I am sure that no one read.

ASSEMBLYMAN ANDERSON:

I recall the stumbling blocks when we had the first one and the size of it and the Federal agencies that were involved in signing it and what they were committing themselves to and the property that they were going to put it at and give us the access to and all the rest of those things in those memorandum of understanding.

I guess I do not want to read the old document. All I wanted to know is that the major players, both the Federal major players and the two forensic laboratories all seem to be coming on board this time with little or no fanfare.

MR. EARL:

It is too early for me to identify problem areas because I have not yet had discussions with RAC Colledge and Washoe County Sheriff Haley in the north and then with SAC Martinez, SAC Shields and Sheriff Gillespie or their representatives in the south. Based on the initial feedback that I have gotten from the Attorney General Chief of Staff and one of the attorneys who would review that administratively for the Attorney General Office, I am at least heartened that I am headed somewhat close in the right direction.

What I do not want to have happen is what has happened in the past. Judging from what I have been able to tell from the file, and it is a fairly thin file with a fairly thin history, it took as many as two or three or four years to negotiate the previous cooperative agreement. That was when everybody was new to the process. I certainly do not want that to happen with the new MOU which is why I wanted it as short and succinct and understandable as possible.

ASSEMBLYMAN ANDERSON:

Thank you. That addresses the nature of my question.

AG CORTEZ MASTO:

Are there any other questions or comments? Hearing none we move on to Agenda Item 6e.

6e. Newsletters

MR. EARL:

One of the items that came up as a result of the interviews for the Board Administrative Assistant at our last meeting was the production of a newsletter. Ms. Sindlinger had produced a draft newsletter as part of her application process as you may recall.

I simply want to let the Board know that she has spent a significant amount of time refining the lists of potential recipients and their contact information for a newsletter. We would like this to be a statewide email newsletter. We have jointly discovered that there are more State investigators in different agencies than we had ever imagined. We also want to bring them into the fold to ensure that they are aware of educational opportunities, for example, which is one of the primary functions of the newsletter.

We have experienced a couple of technical glitches but we now have solutions for those. We anticipate getting out our first version after October 1. It will most likely include dealing with

AB306 and potentially some other items that will become relevant. So look for that and then I will ensure that Board members get copies of it as well as a list of the intended audience of the law enforcement investigators and prosecutorial recipients.

AG CORTEZ MASTO:

Thank you and now moving on to Agenda Item 6f.

6f. Training Issues

MR. EARL:

In previous Board meetings, we talked about Microsoft training. I wanted to inform the Board that these discussions continue. We are locating places to hold that training in Carson City and Las Vegas and trying to schedule back to back training days in the north and south. The other thing that I would like to mention here is that law enforcement agencies across the State have, by and large, become NW3C members. However, other than the Clark County District Attorneys Office and the Attorney General's Office, there are very few district attorneys or prosecution offices that are NW3C members.

This is important because NW3C offers a variety of online training in addition to the physical training classes that a number of organizations, and most specifically Metro, have conducted for law enforcement throughout the State. One of the things I have recommended to the prosecuting associations is their consideration of NW3C membership. We will also address this suggestion in our newsletter. NW3C training opportunities are available to members regardless of whether they are hosted by Metro or jointly hosted between the Attorney General's Office or with some other organization.

AG CORTEZ MASTO:

Alright, thank you, Mr. Earl. Moving on to Agenda Item 7.

Agenda Item 7 – Report, discussion, recommendations and actions regarding future Board studies and initiatives

a. General Discussion of Board's mission to "evaluate and recommend changes to existing civil and criminal laws relating to technological crimes in response to current and projected changes in technology and law enforcement techniques."

AG CORTEZ MASTO:

Let me just jump in here. I think it was in March during the Legislative session when a Board member or somebody from the public representing an agency came to the Board recommending support for some legislation that they were pushing. At that time I brought up the discussion as to whether or not the Board itself should be out there on behalf of other proposed legislation by supporting it, recommending it, endorsing it. So I think that is the reason why this agenda item is back on for us today to discuss that position for the Board.

MR. EARL:

Yes, that is correct. This was prompted by the US Postal Investigative Service that appeared before the Board in the March meeting for two reasons. The principle reason that they were invited was for them to explain activities, principally in the south, that correlated postal theft and identity theft and provided some insights into how those correlated with methamphetamine use.

Secondarily, since the postal inspector representative was here he also brought up some bill that was pending before the Legislature that would have added the US Postal Inspectors to the list of Federal officers that were capable of operating or enforcing Nevada State law. He essentially requested of the Board to provide backing for that bill. That request was really the principle issue that led to your identification, Attorney General, as to this as a possible discussion issue.

This also ties in to what other interests the Board might have going forward in terms of additional legislation.

AG CORTEZ MASTO:

I will say, under our statutory duties, Paragraph 5, one of our duties is to evaluate and recommend changes to the existing civil and criminal laws relating to technological crimes in response to current and projected changes in technology and law enforcement techniques. So however we define that or if we define that as including our endorsement of other potential bills or laws, that is what I going to open up for discussion. I want to hear comments. Assemblyman Anderson.

ASSEMBLYMAN ANDERSON:

Senator Wiener and I have had the opportunity over the last several sessions to introduce bill drafts under our names on behalf of this Board. As part of that process, I have indicated within the bill draft request (BDR) that this was a "by request piece" from this Board. I did that in part to give recognition to the Board and what it was doing and to make sure that it was not identified as something that personally belonged to either the Senator or me. We have been happy to do that in the past.

I think that we should continue that practice, or somebody should continue that practice, rather than use up one of the Attorney General's BDRs. The Attorney General clearly has other kinds of things that need to be pursued. This method gives the Board, I believe, an opportunity to be on its own hook to push the agendas that it needs and is particularly concerned with. I thought this particular request in this particular session was unusual because of other kinds of historic problems that we have had. It put me in an unusual kind of position as Chairman of the Assembly Judiciary Committee, but then I have been in that kind of spot before, and will be again, hopefully.

So I think it is very, very important for us to identify where the legislation needs to be if there are things that need to be fixed. We have been very, very fortunate in the past. Much of it was started by a bill draft that was originally put in by Senator Bill Raggio many, many years ago dealing with identity theft. There was also the Attorney General's bill draft request to counter the Nevada Supreme Court decision on child luring. We should clarify these issues when we can.

I hope that is what this Board can do in the future to make sure that law enforcement has the elements it needs and prosecutors have the elements that they need. So that we can assure that those of you who have a technological background far and superior than the members of the Legislature can have the tools that you need to get the job done.

AG CORTEZ MASTO:

Thank you, Assemblyman Anderson. Any other comments?

SENATOR WIENER:

Yes, Madame Attorney General. There is another conservative approach you might consider. It is great to have the advocacy of the Task Force, or whatever our new name is as of October 1. There is an advantage to having task force members in support of what we individual Legislators might propose.

Assemblyman Anderson has been there in the Legislature longer than I, and I have served six regular sessions and seven special sessions. In my experience, when you have a Legislative advocate, whether it is Assemblyman Anderson or me, running with your bill and we in the persuasive mode with our colleagues that this adds a little bit more dimension and more energy because we are in the building all the time with the bill.

As Mr. Anderson spoke for me, I will speak for him. We have been a great collaborative voice for this Task Force since its inception. I have found this to be a pleasure to do and some of it has been for very, very complicated pieces of legislation. This is not to say some of it was not also

controversial. In fact, Mr. Uffelman and I had more than a few discussions on pieces he was concerned about.

There is great advantage to have a legislator carry a bill and be an advocate for this Board. Assemblyman Anderson, serving as Chair of a Committee, was kind enough to do that during this last session. That frees up your bill drafts. Even if the group does not feel comfortable leading the cheer saying "we endorse", it does help us when you can come to the table and reinforce the message for whatever it is we are addressing in the bill. Your strong testimony supports the need for this so that we can deliver the response to the need through the bill that we are introducing. Does that make sense?

I understand that some may not be comfortable with providing endorsement as a group because of different agencies that are represented here may have their name on the line as an individual member somehow looking like they supported a piece of legislation. However, if you can come forward with that strong support along with statistical data that drives the issue and the need, our fellow Legislators will respond to that. Then we have a strong piece of legislation to carry forward to a vote. That is a more conservative approach if indeed the group is comfortable actually endorsing what we do.

AG CORTEZ MASTO:

Thank you, Senator, and you hit on just what I was going to ask some of our Federal and local partners with regards to the impact. If I remember correctly when we had this discussion in March, Special Agent Martinez, rightfully so because of his position at the Federal level, had some concerns about supporting any type of legislation. Is Special Agent Martinez still there?

SAC MARTINEZ:

Yes, and the comment I had made previously is that if an issue dealt directly with State fiscal matters then I would have to recuse myself from a vote on the Board. More than likely it would be out of my lane as representing a federal agency.

However, I think there is a lot that can be done as far as just providing information that might pertain to a particular piece of legislation as long as there is some consensus on the Board. I think my service on the Nevada Commission on Homeland Security shows there is precedent for that. There have been letters that have been drafted by a consensus of the board that have gone out under the Chairman's signature.

There are ways to do that short of getting a Federal representative involved in a vote that might have an influence under State fiscal matters. Those are the kinds of things that I would look at on a case by case basis. I have a division counsel who I bounce those things off of and I would feel comfortable being able to sort that out and knowing when it would be appropriate for me to have a voice and otherwise have to recuse myself.

AG CORTEZ MASTO:

Thank you. Are there any other comments or questions? Assemblyman Anderson.

ASSEMBLYMAN ANDERSON:

I can appreciate, Madame Attorney General, the Federal viewpoint but I think it is very, very important in this particular area where we are trying to break new ground, or at least we were originally trying to break new ground, that those people who have first hand knowledge of how the computer crimes are actually committed and those people who know the intimacies of the prosecution of the crime have the input into what we draft.

That expertise is absolutely essential. I know for me as a policy maker, that expertise is what I rely upon. The only reason I think that I enjoy participating in this particular committee is I know that the fruit of the group is going to produce will be something that is better for the citizens of our State.

It is embarrassing, again, to see a State such as ours get to lead the nation in forensic crime. However, on the other hand, that is only because law enforcement is doing a good job of identifying the problem or else we would never know it was there. That is a funny way of looking at it. If law enforcement were not doing what it is supposed to do we would not know that any crime had taken place. I do not want the feds to be put in a bind but I think that we rely upon you and the expertise of the FBI and we appreciate it.

AG CORTEZ MASTO:

Let me just make a distinction here between a couple of issues dealing with legislation. One is what we just talked about. I think it makes sense as we are a Board here and we are vetting. We have wonderful people on the Board with expertise. It is important for us to come together as one of our duties under the Statute is to evaluate and make recommendations to existing law.

I think we have an avenue to do that through the Legislators who sit on this Board. We should take the opportunity to do that whenever it is possible as a Board to pass legislation with their help. The distinction here is somebody from the outside, such as a Postal Inspector in this particular case, coming in with their own legislation and asking us to endorse it. I bring this up because I have watched this happen in previous committees that I have chaired.

As you all know through the Legislative session, things move so quickly. The process – have someone bring a proposed legislation to us, take the time to vet the information, move on it, do a motion and then get back to the Legislature – takes too long since we only meet quarterly. My opinion would be for those particular types of cases, such as when people from the outside come and want our support, I would say that is not really something that we would want to do. Unless it was already an issue before us that we vetted, that we are comfortable with, that we have a thorough understanding of and want to make that change through our Legislative partners that are already sitting on the Board.

Other than that I suggest that we do not get involved in those particular cases. We just don't have the opportunity to vet those as thoroughly as we possibly could. I just wanted to hear comments on that particular distinction.

SENATOR WIENER:

Madame Chair, I agree with that. I remember that particular piece of legislation very well. Taking on a policy like that has great merit because even if, in good faith, someone comes forward with a strong commitment to a piece of legislation that they know has merit and it does not move forward to completion.

As Mr. Anderson and I know, we work on our legislation up to the last minute before we approve a request and then it gets tweaked in committee. It gets tweaked in the other house. It gets played with some more. A bill is fair game once it gets introduced. But from the time the Board might endorse a piece of legislation, it could change considerably, putting this panel at risk. "We", as a group, could be on record endorsing something that turns out to be different. You all know that changing an "and" to an "or" or a "may" to a "shall", and, as modest as that may sound, may shift policy considerably.

Things move quickly during a session. They also shift and move and get a twitch here and have a chink there and a something else removed along the way. So even if they brought the merits of the bill before us at the beginning of the process, things can change later an awful lot. Even in the original form, if you are on record in support, you will not have the opportunity to scrutinize it along the way even if the changes made are good.

AG CORTEZ MASTO:

Thank you, Senator, I agree with you along those lines as well. Mr. Earl, did you have some additional comments?

MR. EARL:

Just as a matter of historical perspective on the run up to the legislative consideration of AB 306 in the last Legislative session. I spent some time with the Executive Director and heads of both the Sheriffs and Chiefs Association and the Advisory Council for Prosecuting Attorneys. Both of those individuals were well aware how AB 306 might work to benefit their membership. Both of those groups were prepared if necessary to provide testimony and support of AB 306. Now it turned out not to be necessary and they did not testify to either the Assembly or the Senate Committees.

I understand and appreciate the concern about endorsements of particular BDRs which may change over time. However, I would like to simply raise the issue with the Board as to whether there might be ways, considering the specific mission of the Board which focus in on the technological issue and technological crimes, of providing some type of support on issues of concern to both the Sheriffs and Chiefs Association and the Advisory Council for Prosecuting Attorneys. Both of those entities have a number of BDRs that they can submit directly.

AG CORTEZ MASTO:

Yes, Assemblyman Anderson.

ASSEMBLYMAN ANDERSON:

Mr. Earl, I sometimes feel like you and I get to play this game here. As you may or may not be aware, the Legislature took a different point of view relative to BDRs for the future and has removed from the Nevada Chiefs and Association their ability to start any engines on their own. That came about, quite simply, because of the huge overwhelming number of BDRs that we anticipated when we went to a smaller 120 day limited calendar. Instead we had more then before and it has become increasingly more difficult.

So I think that you are going to see more of a spirit of cooperation and I think with the District Attorneys Association that is going to be equally true. The Legislature is trying to lessen its workload, not increase it, and be a little choosy in picking legislation to move forward. That is going to create some problems. I can see where you and the advisory staff from the Attorney General's Office might be put in a very, very important position in the legislative process because of your knowledge of the computers and prosecution and law enforcement.

I think that you should try to keep your independence as support with your identity as a technical expert on this particular area. The great power of the Attorney General's Office could be utilized as a technical expert on how it would impact the prosecution of the law enforcement agencies cases while maintaining our own independence and our ability to start our own engine. I hope you can catch the drift of what I am trying to say.

AG CORTEZ MASTO:

Thank you, Assemblyman Anderson. Are there any other comments?

SAC MARTINEZ:

I think part of this could possibly be addressed as a procedural issue if the purpose of the Board is to "advise" the Governor's office or the State Legislature or however it is chartered. Without going back to look at the chartering documents, I suspect that the purpose is primarily to advise the Governor. I know that is the way the Commission on Homeland Security is chartered.

I think you also have a couple of other responsibilities such as to be responsive to any inquiry. I think those are the types of things we are discussing here, because this is a "body of expertise" that can be exploited for the Legislature or for the Governor's office. Also I think the Board probably has a responsibility to push any information up that should be considered.

I do not want to completely eliminate that possibility of someone who might walk in here cold and bring something to our attention that we may then feel needs to be brought to the attention of the

Legislature or the Governor's office. I think there is kind of a push and pull here that has to be taken in to consideration. We would not want to eliminate the possibility that if someone does bring something to our attention that we could at least elevate that and suggest it as something that needs to be dealt with by the Legislature or the Governor's office.

AG CORTEZ MASTO:

Thank you. Are there any other comments?

MR. UFFELMAN:

Madame Chair, with regards to the Legislative year, we might have our quarterly meeting perhaps early in the month of February. That way we could work with Jim and, perhaps, with your staff on any bills that have been introduced that may not have come through this committee that touch on areas of our expertise.

For example, the banking industry could have a particular interest in something that is not as interesting as this Board might think but we could use the support of this Board. Jim watches a lot of stuff that I do not watch and I watch stuff that he does not watch. There might be some opportunities there to make use of the group's time and energy if we schedule the meeting right. If it is at the end of March, it is almost too late. Maybe we could give some thought to the odd numbered year that we meet earlier in February rather than later or something like that.

AG CORTEZ MASTO:

Thank you, Mr. Uffelman. Are there any other comments?

SENATOR WIENER:

Yes, Attorney General. I would suggest that if you want to do that then it is going to take staff time to do that. Reviewing BDRs is almost meaningless. However, I suggest if that indeed is what the panel wants, that you should schedule a little bit closer to the individual bill draft introduction deadline. We have deadlines for submission of our BDRs. Now the Committees have a different deadline. At least you get a look before you do the March piece. That might be a better time.

MR. UFFELMAN:

The schedule I just suggested is flexible in making it sooner rather than later. Now BDRs, at least, tell you who asked for it. In the past it was a crapshoot and you did not know who put it in. Perhaps a Legislator would put a BDR in dealing with technological crime and we are all sitting here wondering what they thinking about. Now we know who they are. We certainly could invite them to come and tell us what great solution they have come up with to address a problem.

AG CORTEZ MASTO:

Are there any other comments? Assemblyman Anderson.

ASSEMBLYMAN ANDERSON:

This is a topic near and dear to my heart since I sit on the Legislative Commission as does Senator Wiener. We deal with BDRs and how the rules are going to be set for those in each session.

Mr. Uffelman is absolutely correct that some of us have not always disclosed our names when we submitted a request and some Legislators have never disclosed their names. Now everyone will disclose their names and that is great.

Now, if you recall, somebody may request a piece of legislation for 2009 as early as March, April or May of 2007. They could be working on it right now. If you ask them what they are going to do, they will tell you that they have no idea. The reason that they have no idea is because they know they want to do something but Legislative Counsel Bureau (LCB) has not really had an opportunity to work with them. So, for example, they may not have the language to share until by the first of the year of 2009. Nevada has a very, very unusual process.

I think Special Agent Martinez made the very valid point that we need to be flexible in terms of when other public agencies at the national level or at the state, county or municipal level come to us. This could include other groups such as the banking people who have been dealing with credit fraud forever, or the gaming industry. We may recognize some new twist that we would want to support. I think that we should not close that window of opportunity for this Board. Now that we have come under this new framework it is like a new day. Maybe now that the Board has a little bit of money to do something, this Board can do something more than was originally intended by the Attorney General.

I might mention, Agent Martinez, unlike the federal government, the State has a separately elected Attorney General and they get to do their own thing. They do not rely upon the Governor to move forward. They get to carry their own water, their own sword and the whole bit. It is kind of a great thing.

AG CORTEZ MASTO:

Are there any other comments? I am going to make a quick suggestion then. Because we have new Board members coming in October, what I would like to do, based on the discussion we have heard today on this subject, is have Mr. Earl put together a paper on legislative policy that we could bring back to the Board in December and vet it further with the new Board members.

We can define for ourselves what it is that we want to do during a Legislative session and how we want to handle legislation whether it is coming through our Board members, our Legislators or those who come to us seeking an endorsement. This could even include those individual groups who just want to come to us to talk to us about our expertise in technology. If that sounds alright with the Board members I am going to ask Mr. Earl to see what he can put together and bring back to us at our next Board meeting. Is there anyone opposed to that?

Alright, thank you. The next agenda item is 7b, Cyber Bullying, Senator Wiener.

7b. Cyber bullying

SENATOR WIENER:

Thank you. I recently attended a couple of health related conferences by invitation. The one that I attended in New Orleans was about mental and physical preventative healthcare. I had one of those "aha" moments when we listened to several presenters discuss information on research they completed and some of the Legislative efforts that are just starting up about the issue of cyber bullying.

I am not a novice to this technological arena because I have been part of this Board. However, it struck me right away regarding the connection to text messaging to the chat rooms and all of those things. I thought to myself, "boy, do we need to take a look at this".

I have already put in a BDR and I am looking at legislative efforts in other states. There are some major concerns that we probably do not even know at the level that exists and we have certainly not addressed. I do not have the specifics but I have already talked to our Legislative Legal Division and I have given them some of the resources that I obtained at this conference.

I am one of those people who put in a BDR because I know that I want to do something and I do not yet have the details. Mr. Uffelman, I would not be able to give you details if we were to meet on this BDR other than what the conference power point presentations provide. Our staff is looking at it and I do not know how it will unfold.

MR. UFFELMAN:

Yes, that does speak to the timing issue that we just discussed.

AG CORTEZ MASTO:

Alright, let me just add to that in case you do not know. As part of my office I have the Anti-bullying Task Force. This was actually started under Frankie Sue Del Pappa. We have turned it in to the Teaching Tolerance Task Force. We have stakeholders at the table such as representatives from the school districts. Some of the initiatives we are working on include school safety and Internet safety. If you are interested, we would be willing to work with you and fold in to what you want to do with your legislation through our Teaching Tolerance Task Force. We would be happy to do that.

SENATOR WIENER:

That would be great because I have some history with the school safety issues. I chaired the Commission on School Safety and Juvenile Violence and the Juvenile Justice Legislative Commission. I would invite that and be thrilled to have that partnership. I have worked on the Anti-bullying Task Force in the past so I thank you for offering that to me. I am thrilled that we would have you as a resource and appreciate the work that has been done and the work that we can do together. We will look at what has been done in other states regarding this and come up with a model piece of legislation and public policy. Thank you for offering that and I will tell Legal and we will get rolling on it.

AG CORTEZ MASTO:

Thank you. Are there any other comments or questions for Senator Wiener? Mr. Earl.

MR. EARL:

Senator Wiener, I am not sure that this was incorporated in what you identified to the LCB but within the last week or so the National Cyber Security Alliance called on states to ensure cyber security, safety and ethics lessons, including a cyber bullying, are integrated into every classroom instruction dealing with computers. So that is an additional possible source of information.

To my knowledge, only Virginia presently requires some type of Internet safety instruction in the classroom. I brought that Virginia Statute to the Board about a year ago.

I would also point out that in the first Board meeting that I attended as Executive Director, Assemblyman Anderson, explained in considerable detail how important it was to make appropriate contact with the people who write the curriculum that goes in to schools in this general area. I would simply point out to all concerned that there are some additional sources of information and background that might be of assistance to your general effort.

AG CORTEZ MASTO:

Assemblyman Anderson.

ASSEMBLYMAN ANDERSON:

I almost hesitate to open my mouth again but it is not in my nature to be a potted plant.

We have had presentations from the school district offices in the south and up in Washoe County regarding programs that they have put on to raise parental awareness and student awareness. While we have not tried to dictate to the Department of Education every nuance of curriculum, we clearly recognize the need for this subject to be included. Currently there is kind of a general policy to try to allow the local school boards to have greater authority. This is kind of a pendulum that moves back and forth and right now it happens to be on their side.

Cyber bullying is kind of hard for me to recognize. I do not see where the physical threat is when I look at a computer other than turning it on and seeing it crash in front of me. That is the only thing that worries me and I see as the biggest bullying thing it can do when it does not do what I want. It already has me at bay.

So I have a difficult time trying to comprehend this issue other than I do think it is important to support the school districts and those people who are working with this issue as is already under way. I think that the schools are already very much in to this. So if we can continue on with what we are doing then I think that we are doing the right thing.

AG CORTEZ MASTO:

Thank you, Assemblyman Anderson. Are there any other comments? Alright, thank you, Senator Wiener. Now we will move on to Agenda Item 7c – Possible future interests for the Board to tackle.

7c. Possible future interests (e.g. efficacy of current statutes in reducing Identity Theft, outstanding money laundering issues, etc.)

AG CORTEZ MASTO:

Mr Earl, do you have any ideas here? Are we looking to hear from the Board members?

MR. EARL:

Actually, I can come up with ideas to keep everyone busy but I would really like to hear if there are particular concerns that Board members have. Some of the things that have been thrown out for discussion, formally or informally, over the past year or so have involved any outstanding money laundering issues. Those have been addressed in the past by RAC Colledge and may have gone away with some of the legislative changes over the last year.

Identity theft is always big. There are some outstanding questions, at least in the minds of some, about the efficacy of our current statutes in terms of reducing identity theft. It is pretty clear that identity theft in Nevada is punishable but there may be some outstanding issues about whether, in addition to simply punishment statutes, there may be other ways to deter identity theft by dealing with financial institutions in a particular way.

I will continue to look for ideas in terms of how we can address our research efforts to bring particular items of concern to the Board. So if there are any Board members individually or collectively who can provide guidance in this area, I would certainly appreciate it.

AG CORTEZ MASTO:

Any comments or questions related to this item? Alright, then I ask as we move forward over the course of the next few months and our new Board members come on board in October, that we consider Mr. Earl's request. If you have any thoughts, please do not hesitate to email him and let him know.

Now we move on to Agenda Item Number 8.

Agenda Item 8 – Board Comments

AG CORTEZ MASTO:

Now I open up this part of the meeting for discussion from the Board on any issue relative to the subject matter. Alright, hearing none, we move on to Public Comments.

Agenda Item 9 – Public Comments

AG CORTEZ MASTO:

Is there anyone in either the north or the south who would like present to the Board? There is no one from the public here in audience in northern Nevada. Is there any one in the south? Alright, no public comments from the south either. Now we move on to the next agenda item.

Agenda Item 10 – Scheduling of future meetings

AG CORTEZ MASTO:

I have here a potential date of Wednesday, December 12, at 10 AM. That is what we were looking at but apparently there is some concern because there may be a Homeland Security Commission meeting on that date and would conflict with some of our Board members. Is that correct? Are we looking to change that date? Okay, Mr. Earl, are you going to get back with us and give us a date or did you want us to pick a different date?

MR. EARL:

If there is any input from Board members that would be great. We do have the Legislative rooms reserved on December 12 and it is my understanding that the date for the next Commission on Homeland Security meeting is not firm yet but that it has been defined as a possibility. Let me pose this question to the folks in the south. Is Larry Casey from the Commission on Homeland Security present now? If so that may provide some input as to the status of this date for Homeland Security. If not, again, if the Board wants to fix a firm date, we will come up with meeting facilities in some fashion. If there is any particular guidance that you may have any time, for example during the week of December 11, that would be more than enough to move forward.

MR. UFFELMAN:

If I may, Jim, I can not meet on December 11 as I have my own Board meeting and it covers our budget and all of that. Otherwise, the rest of that week is open for me.

AG CORTEZ MASTO:

Let me just add that I will be in Washington DC on December 12, so December 13 or the 14 would be better for me.

MR. EARL:

If there are not any other specific suggestions let me take the dates of December 13 and 14 and we will do some polling of Board members and some coordination with LCB staff on the availability of rooms.

AG CORTEZ MASTO:

I think Assemblyman Anderson had a comment.

ASSEMBLYMAN ANDERSON:

I was just going to say that December 14 looks like a really good day for me.

AG CORTEZ MASTO:

Alright, December 14 works for Assemblyman Anderson. Are there any other comments? If not, then we will have Mr. Earl set the meeting schedule and continue to coordinate with everybody.

Alright, moving on, the last agenda item is the adjournment. We are adjourned.

Meeting adjourned at 3:55:00 PM.

Respectfully submitted,

Ursula K. Sindlinger
Board Secretary

Approved by the Board at its subsequent meeting on December 14, 2007.

Minutes of the Nevada Technological Crime Advisory Board

December 14, 2007

The Nevada Technological Crime Advisory Board was called to order at 10:00 a.m. on Friday, December 14, 2007. Attorney General Catherine Cortez Masto, Chairman, presided in Room 4412 of the Grant Sawyer Building, Las Vegas, Nevada and via videoconference in Room 3138 of the Legislative Building, Carson City, Nevada.

ADVISORY BOARD MEMBERS PRESENT:

Nevada Attorney General Catherine Cortez Masto (Chair)
Ms. Suzanne Harmon (*Designated representative for Captain Don L. Means, Washoe County Crime Lab*)
Special Agent in Charge Steve Martinez, Federal Bureau of Investigation
Special Agent Melissa McDonald (*Designated representative for John Colledge III, formerly of United States Immigrations and Customs Enforcement*)
Nevada State Assemblywoman Peggy Pierce
Mr. William Uffelman, President & Chief Executive Officer, Nevada Bankers Association
Nevada State Senator Valerie Wiener
Mr. Tom Wolf (*Designated representative for Dan Stockwell, Nevada Director of the Department of Information Technology*)
Mr. Dan Wray (*Designated representative for Tom Pickrell, formerly of Clark County School District*)

ADVISORY BOARD MEMBERS ABSENT:

John W. Colledge III (Vice Chair)
Mr. Tom Pickrell

TASK FORCE MEMBERS PRESENT:

Talova Davis, Computer Forensic Examiner, Nevada Attorney General's Office
Ryan McDonald, Computer Forensic Investigator, Nevada Attorney General's Office
Jill Mitchell, Program Specialist, Nevada Attorney General's Office

STAFF MEMBERS PRESENT:

James D. Earl, Executive Director
Conrad Hafen, Nevada Chief Deputy Attorney General, Advisory Board Counsel
Ursula Sindlinger, Board Secretary

OTHERS PRESENT:

Officer Jason Darr, Las Vegas Metropolitan Police Department, Electronic Crimes Unit
Sheriff Doug Gillespie, Las Vegas Metropolitan Police Department
Glade Myler, Nevada Deputy Attorney General/Homeland Security Commission Counsel
Lt. Bob Sebbby, Las Vegas Metropolitan Police Department, Electronic Crimes Unit

Agenda Item 1 – Verification of quorum

A roll call verified the presence of a quorum.

Agenda Item 2 – Discussion and approval of minutes from September 17, 2007 Advisory Board Meeting

Motion to approve minutes passed unanimously.

Agenda Item 3 – Status update – Attorney General’s Office new employees, their Task Force assignments, and the supporting draft Task Force organizational Memorandum of Understanding

AG CORTEZ MASTO:

We will begin our meeting today with Agenda Item 3. As you may recall, at our last meeting, interviews for the positions of computer forensic examiners, investigator and program specialist were about to take place.

I am pleased to be able to report that my office has made four hires to date and the remaining position is in the process of being filled. An offer has been made contingent on successful completion of our internal background check process. All offers were made based on the recommendations of the interagency selection board. I would like to thank the Federal Bureau of Investigations (FBI), the Immigrations Customs, Enforcement agency (ICE), and the United States Secret Service (USSS) for their participation along with my staff in this process.

The first person I want to introduce is William Capps who is not present at the meeting today. Mr. Capps spent 28 years with the Charleston Police Department and his last position was Senior Forensic Analyst for their lab. He has more than seven years of experience in computer forensic examinations. As I just mentioned, he is not here today but will take up his Las Vegas duty station at the Department of Energy location as soon as he completes a case there in Charleston.

Next, I would like to welcome Talova Davis who is with us in the north. Ms. Davis has operated her own computer forensics firm for the last two years and prior to that she worked as part of an AT&T electronic discovery team for six years. She obtained the CCE Certification several years ago from the International Society of Forensic Computer Examiners and she began working at the ICE location in Reno on December tenth. Welcome Talova, we are very glad to have you join us. Congratulations.

MS. DAVIS:

Thank you for the warm welcome, Attorney General Masto. I am excited to be here today and be part of the task force. Special Agent Melissa McDonald has been gracious to assist me in getting to know the northern task force office and operations and taking me around to meet people I will be working with such as, most recently, the Reno Police Department. Thank you again.

AG CORTEZ MASTO:

Thank you, Ms. Davis. Now I want to welcome Ryan McDonald. He was an in-house hire and is moving from the fraud unit to become my office’s first specialized computer forensic investigator. He is working at the ICE location in Reno as well and has begun training. One of the classes he will attend is taught by FBI Agent Anna Brewer. Her course is designed to train first responders to take quick image scans of computers during searches so that they can intelligently question willing suspects. I am also considering training like this for most of our AG investigators. I would like you to welcome Ryan McDonald from our office. Welcome Ryan, congratulations.

MR. McDONALD:

Good morning and thank you very much. It is great to be a part of this new task force and I am excited. There is a lot going on and I am eager to learn which I am doing as we speak with Special Agent McDonald. It is good to be here, thank you.

AG CORTEZ MASTO:

Thank you, Ryan. The next individual is Jill Mitchell and she comes to us as a program specialist. She served six years as a police officer, six years as an intelligence analyst under the High Density Drug Trafficking Area program for the Nebraska State Patrol and spent the last two years as an instructor for a company that supplies criminal and intelligence investigative software. She has provided training at the FBI Academy in Quantico and at a military installation in Kuwait. Her initial work will entail a review of the reports we receive from IC3, data we should incorporate from the Federal Trade Commission, liaison with analysts from all Federal agencies, and evaluating and assisting the board with our reporting issues to be addressed later on this morning. She will soon be working with examiners and case investigators to look for patterns among forensic results across both computers and cell phones. Ms. Mitchell, we welcome you.

MS. MITCHELL:

Thank you and good morning. I would like to thank everybody for this opportunity and I am going to enjoy getting started. Everybody has been very warm and helpful so far so I am excited. Thank you.

AG CORTEZ MASTO:

Finally, we have our third computer forensic examiner slot. My understanding is we are making a contingency offer to an individual. Here is just a little bit about this person. He has conducted forensic exams on hard drives and cell phones in Iraq in the past and is currently unavailable to complete the paperwork initiating a background check. So my staff is in the process of working with him and talking with him.

So those are the individuals we are going to be working with and, once again, I would like to welcome all of them who are here today. I would like to open it up if any of the board members have any comments or questions.

SAC MARTINEZ:

We are really excited about having Bill Capps come on board with the southern task force. We have room and space for them and we are ready to go. I am sure we will have him fully engaged and he will be a busy guy down there.

AG CORTEZ MASTO:

Thank you very much. Finally, the last issue under this agenda item is the Task Force organizational Memorandum of Understanding. I believe Mr. Earl passed these out a couple of meetings ago and we were talking about it. Mr. Earl, do you want to address that? I know we still are looking to streamline the MOU with the various agencies. Is that correct?

MR. EARL:

Yes, that is right. Essentially the new draft MOU would take about 35 or 40 pages of rather dense attorney-drafted text that comprised the old cooperative agreement and it deletes items which are not necessarily germane to actual task force functions. It reduces the essential elements to about two and a half or three pages which we hope are easily understood. The draft memorandum encapsulates some fundamental principles such as the contributing agency members of the Task Force will control their own investigations and personnel, and they agree to work cooperatively with other member agencies in order to produce the best investigation support across the state.

One of the other principles recognizes that this very straightforward MOU is not necessarily the only agreement that entered into by the various member agencies. For example, depending on the location of personnel, a sponsoring agency may, in the course of their own proceedings, require a separate MOU or agreement. The board may recall that at our first meeting in this calendar year of 2007, Attorney General Masto indicated she had signed an MOU that would be appropriate to place an Attorney General Office employee in with the Secret Service's Electronic Crimes Task Force. The draft MOU I put on the table in August does not replace that MOU but is

simply an umbrella arrangement recognizing that other agencies may have to conclude separate MOUs for their own purpose as dictated by their agency requirements.

I would suggest that we dust that off and anticipate that I will be talking, perhaps with the Attorney General, to agency heads or their representatives over the course of the next couple of months to see if we can get MOU signed and in place in both north and south. Some of you may be aware that the previous agreement was signed principally by agencies in the south and we would like to have this new MOU be as open as possible to all agencies across the State.

AG CORTEZ MASTO:

Thank you, Jim. Are there any questions regarding the MOUs? Hearing none, we move on to the next agenda item. We will be taking them out of order and move to Agenda Item 8. Senator Weiner, unfortunately has to attend another meeting. We want to make sure we get her input with respect to Agenda Item 8.

Agenda Item 8 – Report, discussion, recommendations and actions regarding future Board legislative policy, studies and initiatives.

- a. General Discussion of Board's mission to "evaluate and recommend changes to existing civil and criminal laws relating to technological crimes in response to current and projected changes in technology and law enforcement techniques.**

AG CORTEZ MASTO:

If you will recall, at the last board meeting we were talking about when the board should get involved with the Legislative process. We asked Mr. Earl to come back to us with a policy paper on that and he has. Jim, do you want to talk a little bit about that?

MR. EARL:

Yes, certainly. Let me summarize this only very briefly. The bottom line of the entire paper can be reduced to two sentences and that is "the board has broad discretion to recommend or comment on legislation relating to technological crime." Equally important, the board can determine its own agenda for consideration and can tailor any recommendation it wants to make as it sees fit.

For example the board members and the board should feel no pressure to take up any particular item and, moreover, a particular issue does not have to be disposed of in any particular meeting. The board can continue to consider legislation or the subject of legislation before deciding whether it should make a recommendation or before deciding whether it should take any position at all.

Finally, should the board decide to take a position on any particular legislation, there are a variety of different ways that it can do so. The board can make recommendations regarding a specific bill or bill draft request (BDR). It can make recommendations with regards to what principles should be included. It can make recommendations that would essentially say to the Legislature or to another body "if you consider this topic then we recommend that you think about these things."

Whether or not the board adopts recommendations could depend on a variety of different issues such as Federal agency officers on the board and state legislators would need to feel comfortable with recommendations that may concern their own agencies. There may be subject matter or recommendations which those board members may feel inappropriate if the particular recommendation is worded in such a way as to back particular legislation. However, consideration could be given to a recommendation allowing them to join a board consensus if the wording of a recommendation were more in terms of principles to be addressed.

That is the essence of the paper although there is a lot more in terms of views as to where the board fits in the structure of the Nevada state government given the fact that Nevada has a part time Legislature with a limited staff.

AG CORTEZ MASTO:

Thank you, Mr. Earl. Are there any questions from board members on this issue? So essentially we are looking at this on a case by case basis. Let us move on to Agenda Item 8 b.

b. Any follow-up to Cyber Bullying discussion

AG CORTEZ MASTO:

I know, Senator Weiner, that this is one of your issues and concerns.

SENATOR WEINER:

I will start and then Jim can piggyback on the topic. Jim and I discussed this following a health issues conference that I attended that was sponsored by the Council of State Governments this summer. I came back from that conference with some new insights from experts and case studies. I now appreciate how profound cyber-bullying is and what a significant impact it has on the health and well-being particularly of young people.

The problem is not exclusive to them, however young people are very vulnerable because they are on their hand-held devices and computers so much. I have submitted a bill draft request for the 2009 Legislature to consider. In the meantime my next election will intervene. If I am to return this will be something that I can carry forward. I only have this in concept as a cyber-bullying bill and Jim provided language that I believe is in everyone's packet.

I look at any draft with language as a good starting point and then we go from there. The way I work to build legislation, as Mr. Uffelman knows, is we sit at the table and we talk about it. This way we would have people from different interests such as school districts are present at the time of discussion. This one appears to be school-oriented. I would have to ask Jim if Nevada Revised Statute (NRS) 388.121 is part of the Department of Education chapter. If so, then this draft would be focused on just children in schools. I do not know if the universe of concern would be bigger than that. I do have a BDR to address this and it is something we can continue to work on. This is a good first step.

AG CORTEZ MASTO:

Jim, do you have something you would like to add to this?

MR. EARL:

I wanted to use this as an example of how the board could consider various options. Board members will recall at our last meeting that Senator Weiner explained her concerns and indicated to the board that she had reserved a BDR number but was not quite sure what the text of an eventual BDR would be.

I decided that it was worthwhile to spend some time looking at an existing Statute that is *NRS 388.121: Provision of Safe and Respectful Learning Environment* which deals with learning environments in schools. I am working on the principle that it is better to amend what you already have, if it is relevant, then produce an entirely new statute. I went through a thought exercise. I asked myself, if we were going to change this existing safe schools environment legislation, how would we do it to accomplish some of the goals that Senator Weiner identified.

I am not sure that this is the right way to go about it, but for the purposes of illustration, I drew on some of the things that have been before the board in the past. The draft that I came up with suggested that cyber-bullying was only one of a number of topics that probably needed to be incorporated into a school regime. Historically, we have had a number of presentations from Clark County Schools on the programs that have been initiated there. Despite the resources and efforts

that have been put in, things have not progressed as quickly as the people and teachers who are participating in that program would like.

I saw the concern about cyber-bullying as a way to address essentially three different areas in classroom education. My particular draft would request schools to provide age appropriate instruction and coupled with a plan as to how to do that to address three areas: cyber-ethics, cyber-safety and cyber-security. Those three topics cover areas including cyber-bullying but also areas as diverse as how to protect yourself from Internet predators, how to report cyber-bullying, how to protect your computer at school and home, and what is safe conduct to protect information that you as a student, from ages six to 18, might want to think twice about before putting it on your MySpace page.

So all of those various and sundry considerations went in to this first draft effort which was distributed as an attachment to the white paper on legislative policy. In that policy paper, I suggest looking at this text as an illustration of the variety of ways in which the board and Senator Weiner and the Attorney General perhaps could use this particular text. Senator Weiner, for example, might decide that her idea of what is appropriate is not anything at all like mine and so it gets rejected right out of hand. Or this could be marked up by Senator Weiner and sent off to the drafters at Legislative Counsel Bureau (LCB) with a note saying "I like this, I don't like that, think about this a little more, this is on topic with what I want covered and not this."

The board, and this is at least partially up to Senator Weiner, might either now or at some later time decide to weigh in on either a BDR as it emerges from LCB or to articulate in some way in a carefully worded resolution prior to the time that the Legislature convenes in the next session. That recommendation would be tailored based on what the board wanted to say. It might deal with a particular BDR. It might simply say "we the board think instruction for students in certain areas like Internet safety is important" or the board might decide to not do anything at all.

Other board members such as Attorney General Masto or Assemblywoman Pierce may sponsor other types of legislation. They might consider the degree to which their subject matter legislation would overlap in some way with what eventually emerges from the process that has been initiated by Senator Weiner. The subject can be addressed in a variety of different ways by Senator Weiner, other board members as individuals, or by the board collectively depending on the type of recommendation, if any, the board would want to make. I incorporated this additional text as an example to provide some substantive real life issue that could illustrate and perhaps enlighten the board's thinking on the general and fairly dull topic of what should be done regarding legislation.

AG CORTEZ MASTO:

A quick question because I do not have the NRS in front of me. What chapter does NRS 388 fall under in the NRS? Do we know?

MR. EARL:

I think it is a school issue because the chapter heading is *Provision of Safe and Respectful Learning Environment*.

AG CORTEZ MASTO:

Ok, so you think it is under the education section of the NRS?

MR. EARL:

I believe so.

AG CORTEZ MASTO:

Alright, then we will have to take a look at that. In summary, what we are doing here is Jim has provided Senator Weiner with some language she can use to submit to LCB for her BDR. Then, potentially, she may bring it back and ask the board for assistance. Is that right, Senator Weiner?

SENATOR WEINER:

Attorney General Masto, I took a good look at it last night and I need to ask Jim a question on the expanded text. This is fine because it is all about the learning environment. I am one of the veteran members on this advisory group and we have a history of working with Clark County School District. I have taken very strong positions in making recommendations for the education of children, about the ethics for using the Internet and being wary of predators and so on. In the name of a healthier learning environment, this draft captures those concerns.

With the permission of the board, I will take this and send it to LCB counsel. They will look to other states for best practices that could be used in a draft. That is what we do when we draft. We do not draft in a vacuum. This is a starting place. Let me get this ball rolling as to sending them out there to look for other activities in other states.

At the conference where I first became aware of this issue, I think I probably was aware of some of this but not to the extent that the presenters had shared with us. It became a passion for me to protect children. I noticed that there is a "must" attached to lead in portion of the draft. When we look at this section at the very beginning it reads "policy must include without limitation" and then we read under part B again the words "must include without limitation". We need to consider this carefully. I want to get in front of any resistance that might exist as a result of a perception such as "oh, one more add-on and another add-on". We need to see what is doable when we sit down to the table and draft. With this board's permission, I will take this as a starting point and send it to LCB staff and see where we can go from there and then come back.

AG CORTEZ MASTO:

Are there any comments from the board members regarding the language? Hearing none, let me just offer a couple of things. In my office, the Attorney General's Office, I will have my attorneys take a look at this. I would like to consider the impact it would have overall and where any language is placed in statute. I share your concern, Senator Weiner. The Chief of my Criminal Division is here today, Conrad Hafen. We will have him take a look at that and if we have any questions or comments we will bring those back to you as well.

SENATOR WEINER:

I love making strong policy, especially where this issue has been among my concerns since this advisory board was formed. I will work closely with your staff and the LCB staff to draft this to have the most profound and beneficial impact and the least amount of resistance. This way we can accomplish what we want to do. Thank you for the offer to work together on this, Attorney General.

AG CORTEZ MASTO:

Let us move on to Agenda Item 8.c.

c. Possible future interests (e.g. efficacy of current statutes in reducing identity theft, outstanding money laundering issues, etc.)

AG CORTEZ MASTO:

Is there further discussion that we need to have, Jim, on any potential changes to statutes on these issues that you have listed here on identity theft, outstanding money laundering issues or others not listed?

MR. EARL:

I am open for suggestions in terms of things that Ursula and I might work on between now and the next board meeting.

One of the other examples that I used in the legislative policy white paper dealt with one of the possible ways to reduce identity theft. That deals with changing the law related to credit freezes.

I planned on talking a bit more about this under another agenda item but, essentially, the term “identity theft” covers a wide variety of different fact patterns. One type of identity theft known as “new account fraud” takes your social security number, your bank account information, your name but a different address and establishes a new account unknown to you.

One of the ways to prevent that from happening is for the person who is the would-be victim to be able to place a “credit freeze” on their credit information listed with the three major credit bureaus. That is one way to effectively prevent an identity thief from establishing a new fraudulent account. That does not solve all identity theft issues because of the wide variety of different ways in which identity theft can be manifested.

There are some downsides as well as some upsides to addressing a change in the credit freeze law. In the white paper I laid out some of the very legitimate public policy issues that have to be addressed if we are to consider an entire reversal of the presumption whereby currently all of our credit information is available for dissemination by the three major credit bureaus unless we place a credit freeze on our information.

Nevada would be the first and only state to enact such legislation. A reverse presumption would mean that an individual would have to affirmatively authorize a credit bureau, either generally or in specific case, to release credit information. That is a radical departure from the way in which the credit laws operate in the United States. It would, however, have a very profound impact on the ability of a criminal or an international criminal gang to proceed with a general scheme of assumed identity theft or new account identity theft.

I addressed some of the difficulties and the major policy trade-offs that would have to be made if Nevada were to consider that presumption reversal. There are, however, some other possibilities that might be considered which would not involve that radical of a change. For example, it could make it easier for citizens in Nevada to institute credit freezes in a variety of different ways, one of which would be simply by reducing the amount money that had to pay in order to do that or to conduct a survey of what are the best practices now among states.

Nevada was one of the first states to allow credit freezes to be introduced by people who were not existing victims of identity theft. In the intervening years, a number of states have introduced other legislation – some patterned after Nevada and some patterned after other states – and we might now want to take a look to see if there is anything to be learned from those states who have introduced similar legislation that may have been patterned after Nevada’s previous efforts.

So there are a couple of different ways that this issue can be approached if the board would like to have it approached at all. I invite any guidance from the board as to whether this an area that the board would like to have me expend some effort.

AG CORTEZ MASTO:

Thank you. Are there any comments from the board members?

SHERIFF GILLESPIE:

Madam Chair, this is Doug Gillespie and I think I will throw out a disclaimer again. I do not think the paperwork has gotten to the Governor yet so I guess I am really not here but I am.

With that being said, in the presentation we are going to give in regards to the state of identity theft here in southern Nevada, Lt. Sebby has some recommendations from a legislative perspective that they would like to bring forth to the board. So we might hold off on making any particular recommendations in this area until after we hear from them. Then, we might be able to pick the ones we want to use or decide later which ones we would support.

AG CORTEZ MASTO:

Thank you, Sheriff Gillespie. Mr. Uffelman, did you have a comment?

MR. UFFELMAN:

As a consumer of credit bureau information on behalf of the financial services industry, having a localized state process that is radically different than other states in the end works to the detriment of the people of Nevada, believe it or not.

With that being said, I believe in this last legislative session we made free credit freezes more. I cannot remember if we decided that the threshold date of being eligible was between the ages of 60 and 65. Having suffered my 60th birthday on July 1, I think I am now in that category.

We also reduced the cost of the freeze for those who have to pay. The cost is now ten dollars or maybe five dollars. Anyway, it is fairly cheap. There are three credit bureaus. Anybody who is that concerned can, in fact, now initiate that credit freeze.

There are some issues that have come up as a result of placing a freeze. Some people forget they have placed the freeze on their credit report. Then when they go in somewhere to shop and want instant credit, they cannot get it. The same thing happens to some when they want to obtain a free credit report and it is not readily available due to the "credit freeze" they have placed on their own credit report information.

The credit bureau industry is not here at this table. I am aware of these issues because of what I do. If we are going to pursue this idea that has been presented today, I suggest we get the folks from the credit industry to make sure and hear what they have to say. They have literally changed many things in the last 60 days or so. Nationally, each of the credit bureaus has already accomplished a lot. By the time we would get around to making legislation in 2009, they will probably have already done something more in addition to what we are discussing today.

This is not a really word of caution but a suggestion. This is an ever changing landscape. I think Nevada is actually at the front of the pack rather than the back of the pack. I know some of the things we have already instituted are things not being done in other states.

AG CORTEZ MASTO:

Thank you. Do any other board members have any other comments? Hearing none, I would like to move on to Agenda Item 7 while we still have Senator Weiner here with us.

Agenda Item 7 – Overview of LVMPD technological crime activities

AG CORTEZ MASTO:

During the last Legislative session, we had new positions added to the board and some of those positions required recommendations for the Governor to appoint. However, we have not heard from the Governor yet, but one of the potential board members is here. That person is Sheriff Gillespie. He attended the last two meetings even though he is not an official board member yet. I want to thank him for taking the time to join us in these meetings because I know how busy he is. He has also offered to give us an overview of Metro's technological crime activities and that is what we are going to hear now under this agenda item.

LT. SEBBY:

Good morning to the Board. My name is Bob Sebbby and I am a Lieutenant for Metro's financial crime section and with me today is my technical guru, Jason Darr, because I know just enough about computers to be dangerous. We have a presentation that everyone in the north will be able to see. Is that on the camera?

MR. EARL:

Not yet but we have produced handouts in hard copy of all of the slides in this presentation so the board members have those here even if we do not have it via video.

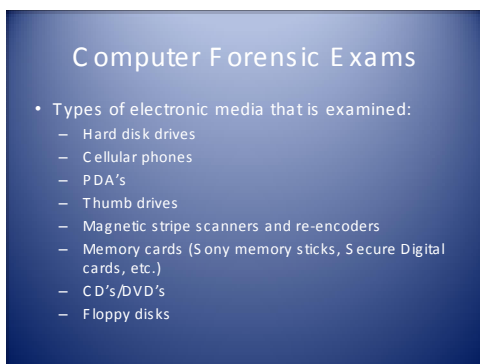
LT. SEBBY:

This presentation is an overview of the Electronic Crimes Unit and the Financial Crimes section in Metro. The statistics you will see later are just for this single year.

The Electronic Crimes Unit is made up of six detectives and a detective sergeant. They are based out of the United States Secret Service building as part of a task force located in Las Vegas. We also have a second contingency that deals with identity theft over there called the SWIFT. It is comprised of our two detectives along with Secret Services agents and a civilian volunteer.

We have the primary investigative responsibility on computer specific crimes, hacking, network intrusions. We provide computer and cellular phone forensic support for the rest of the department and other jurisdictions, including our homicide section and everyone else you can think of in the region.

The types of media and devices that are examined include hard disk drives, cellular phones, Personal Digital Assistants (PDAs), thumb drives, memory cards, compact discs (CDs), digital video disks (DVDs), floppy disks, and one of the biggest and most important are the magnetic stripe scanner and re-encoders which are commonly known as skimmers.



This is a typical forgery lab although very, very small. You will notice in the lower left hand corner of the screen there is a gun and bullets. In the bag is dope, probably methamphetamine, they go hand in hand. There are also credit cards shown.

These pictures show a re-encoding device and a skimming machine. Right now, we are seeing a lot of gas pump skimmers. Gas pumps can be easily opened with any key on a key chain. They pop out the credit card reader and put in their skimming device and then close up the device. Then personal credit information is sent to them wirelessly.



Phoenix, Arizona was having this problem. I have spoken to the Secret Service in Arizona. They addressed this problem through their weights and measures department. They were able to come

up with a temporary fix using devices almost like evidence seals. Once the pump was fixed, the seals were placed over the gas pump. Whenever a clerk on shift would look at the pumps and see a seal broken, they would notify law enforcement. This strategy has allowed the Phoenix area to have a temporary fix on this problem.

AG CORTEZ MASTO:

We have a few questions, Lt. Sebby, if you do not mind as we go through your presentation.

LT. SEBBY:

By all means, thank you.

ASSEMBLYWOMAN PIERCE:

Thank you. Please run that by me again. How does this work and what does it do? Thieves open the pump and then they put their own hardware or card reader in there?

LT. SEBBY:

Correct. They pop out the pump section where you would normally swipe your credit card or debit card. They put their own device in there. Attached to their device is a skimming unit which is shown in the presentation.

ASSEMBLYWOMAN PIERCE:

And so the customer thinks they are paying for their gasoline and their money is actually going to this third party device?

LT. SEBBY:

The customer is paying for gas but thieves are getting the customer's "track-to" data off the credit or debit card's magnetic stripe which contains personal financial account information.

ASSEMBLYWOMAN PIERCE:

Is the gas station out of the money for that transaction?

LT. SEBBY:

No. What happens is that it creates an identity theft situation for you, the customer, because the crooks then have your financial account information sent wirelessly to them. They then make up counterfeit cards and go to town on your account.

AG CORTEZ MASTO:

Do we have indications that this is occurring here in this region?

LT. SEBBY:

Yes, we just recovered one last week – the sixth one this year. We probably have about 20 more of them around Las Vegas that we do not know about yet.

AG CORTEZ MASTO:

Thank you. And this is just in southern Nevada?

LT. SEBBY:

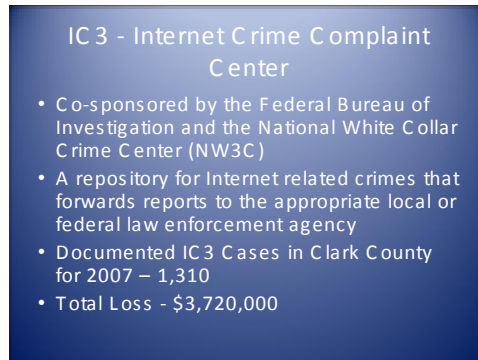
Yes, that is just here in southern Nevada. As a matter of fact, we just discovered a skimming ring at an Asian restaurant in Carson City. That investigation is ongoing as we speak.

The Fraud and Forgery Unit consists of three Sergeants and twenty-four detectives. Identity theft ranges from new fraud accounts to mortgages, to credit cards, and check crimes.

The reporting mechanisms that we have in place to receive these crime reports come from our department, the Internet Crime Complaint Center (IC3) [<http://www.ic3.gov/>] and the Federal Trade Commission (FTC). Unfortunately, the Federal Trade Commission is only a reporting

agency. They do not report to law enforcement so we get the statistics after the fact but we do not get the actual affidavits of fraud and those types of crimes.

The Internet Crime Complaint Center is cosponsored by the Federal Bureau of Investigation and the National White Collar Crime Center (NW3C). It is a repository for Internet-related crimes and reports are forwarded to the appropriate local and Federal law enforcement agency.



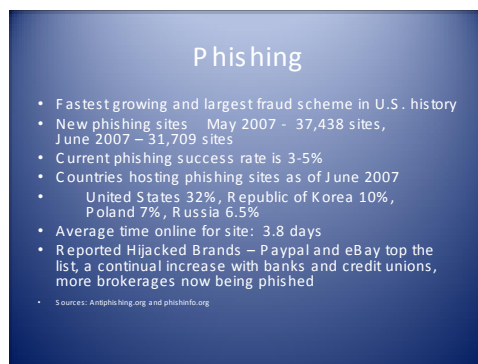
IC3 - Internet Crime Complaint Center

- Co-sponsored by the Federal Bureau of Investigation and the National White Collar Crime Center (NW3C)
- A repository for Internet related crimes that forwards reports to the appropriate local or federal law enforcement agency
- Documented IC3 Cases in Clark County for 2007 – 1,310
- Total Loss - \$3,720,000

So far this year, 1,310 documented IC3 cases in Clark County were forwarded to our Electronic Crime Unit. They have a combined documented loss of over \$3,700,020. Unfortunately, as we go through the rest of this presentation, that is going to be the smallest loss amount for southern Nevada that you will see.

The Internet crimes include spam, phishing, hacking, network intrusions and malware such as viruses, worms, trojans and key loggers. Also included are denial of service attacks, account takeovers, false identification document websites and carding websites.

Phishing is the fastest growing and largest fraud scheme in the United States.



Phishing

- Fastest growing and largest fraud scheme in U.S. history
- New phishing sites – May 2007 - 37,438 sites, June 2007 – 31,709 sites
- Current phishing success rate is 3-5%
- Countries hosting phishing sites as of June 2007
 - United States 32%, Republic of Korea 10%, Poland 7%, Russia 6.5%
- Average time online for site: 3.8 days
- Reported Hijacked Brands – Paypal and eBay top the list, a continual increase with banks and credit unions, more brokerages now being phished

• Sources: Antiphishing.org and phishinfo.org

New phishing sites – and this is new per month – in May 2007 there were an additional 37,438 sites added. In June there were an additional 31,709 sites added from the month before. The current phishing success rate is 3-5%. If you think about how many of us have computers, it is amazing how often these guys are successful at doing what they do.

The hosting of the phishing sites as of June 2007 largely happens in the United States, Korea, Poland and Russia and has recently been expanded to Italy and Romania.

The average time online for a site is 3.8 days. Paypal and eBay top the list of phishing sites with financial institutions coming in a close third right now because the criminals know that if they get lucky on Paypal and eBay then victims will give up their information when they phish a bank site.

The criminal profile, unfortunately, no longer looks like me – white, middle-aged male and balding. The typical profile is a convicted felon with violent backgrounds for robbery, sexual assault and drugs. As a matter of fact, we are finding more criminals who are trading drugs for IDs, and trading drugs for mortgage profiles. Why? Because they can get the drugs so easily. They are making so much money doing identity theft. And they know they are not going to prison.



Looking now at the statistics for the Electronic Crimes Unit in 2007 — a total of 137 computer forensic exams were conducted. This is significant for the total volume of data recovered in these exams was 14.34 terabytes. By the end of the year which is only 14 days away, we are going to top 20 terabytes. As you can see, one terabyte is 1,024 gigabytes. That is a lot of data that these people have. This involved 20 felony arrests and eight non-computer search warrants.



In the Fraud and Forgery statistics for 2007, we currently have approximately 9,000 open cases. That is a one-hundred and thirty percent increase in each quarter of this last year. We have \$7.7 million in losses for the Fraud Detail and since we just started having them track the fraud losses in October, that figure is only two months worth. We have documented \$12 million in loss connected to crime reports for identity theft and we are estimating loss as a result of fraud or forgery for 2008 to be close to or above \$150 million.

The issues that we face are prosecution, communication between agencies, and duplication of effort. We are trying to work with the Secret Service and the FBI to make sure that we do not duplicate. That is our biggest effort and we share and we talk to each other in multiple jurisdictions.

The solutions are obviously going to be prosecution, agency coordination – because there is plenty of work down here for everybody – and to continue public education outreach. We have numerous PowerPoint presentations both for the individual, groups and businesses. We go out and train on a regular and consistent basis.

The legislation we need would enhance the prosecution for identity theft cases. Further legislation on the administrative subpoena process such as the "Hold Harmless Agreement" is needed. One of the biggest struggles that we have is trying to get documentation and records from financial institutions. We have a very good success rate for the banks locally. But out of state banks are refusing to accept our grand jury subpoenas and they are refusing to accept our search warrants.

We need to have some type of an administrative subpoena for financial institutions that says if they do business in the State of Nevada, they have to be held accountable and give us the documentation we need to prosecute these people. Currently a lot of banks are just writing off their fraud losses but they are still allowing their customers to be victimized.

The other type of legislation that is needed may be Federal and would require us to work with our Federal counterparts to make sure that Internet Service Providers (ISPs) are required to keep their records.

In conclusion, I tried to make this as short as I could. Are there any questions from the board?

MR. UFFELMAN:

The banks that are doing business in the state that you said are not cooperating, they have branch offices here?

LT. SEBBY:

Yes, some have branches here, but they do not have a bank charter here.

MR. UFFELMAN:

That's right, a federally chartered bank.

LT. SEBBY:

Correct. Basically, what we are talking about with the "hold harmless" part is the same thing that the Federal agencies have under the bank regulatory act that requires banks under administrative power to release the records.

MR. UFFELMAN:

Alright, maybe not here in this public forum, but if you would let me know who those banks are, I would be happy to speak to them. This is something that we talk about at the national level with the American Bankers Association (ABA) and others. I am a little disheartened to hear this today because this is one of the things my guys talk to me about. In the other slide you had a statistic on fraud losses. Is that inclusive of mortgage fraud? Is that probably where you had the big bump in cases?

LT. SEBBY:

Well, that is going to be the big bump. We are seeing more and more investors who want their money out of these houses and they are willing to use identity theft to get their money freed up from their homes so that they can go invest somewhere else.

MR. UFFELMAN:

The other fraud that has become very evident involves that person who made the mortgage application and stated that they were going to occupy the house, but they did not mention that they were actually closing on ten mortgages that day in the same development. Either they are very flexible or they move a lot.

LT. SEBBY:

Correct but that is the biggest thing. All of these statistics are strictly based upon identity theft. We took out all of the embezzlements and all of the other frauds that aren't identity theft related.

According to the Federal Trade Commission, we are number two in the country for the identity theft and we are number four in the world.

MR. UFFELMAN:

That is true if you are looking at identity theft, but I was talking about plain old fraud that was committed without any identity theft. For example, if I sat down here and said I was XYZ Limited Liability Corporation and I am here to buy 12 houses, all of which I am going to personally occupy. That is fraud and has been forever. Are those types of cases not included in those figures?

LT. SEBBY:

That figure is not included in this presentation.

MR. UFFELMAN:

When I look and see how many houses are in default that are owned by investors – I call them speculator owned homes because so many have never made a single mortgage payment because they came here with the intent of doing exactly what they have done – those are folks who need to be caught too.

LT. SEBBY:

Correct, we also go after those cases too but I kept this presentation to identity theft for this meeting.

ASSEMBLYWOMAN PIERCE:

Is the loss amount connected to identity theft mostly borne by financial institutions or by citizens?

LT. SEBBY:

It is a combination. It depends upon how it happens, how fast it is occurring, and whether a credit card or a debit card is involved. There are different rules for all of those.

ASSEMBLYWOMAN PIERCE:

Are most of those rules Federal?

LT. SEBBY:

Yes, and we need to try and get something for the State of Nevada to mirror those.

ASSEMBLYWOMAN PIERCE:

Can you give me some kind of guess about what the ratio would be on financial institution versus individual victims on that \$12 million figure in your presentation?

LT. SEBBY:

If the card used has a magnetic stripe and it is run through the regular terminal, the loss will be borne by the bank. If it is a handheld transaction involving an Internet transaction, that will be borne by either the card holder or somebody else because it is not a magnetic stripe issue.

AG CORTEZ MASTO:

I am curious about the enhancements on the prosecution side. Can you elaborate on your needs there?

LT. SEBBY:

We need additional prosecutors. Right now the biggest problem is that we are not getting the prosecutions that we need because of the number of cases going through. Another issue is that we only have so much jail space in the State of Nevada so a lot of these people are never going to go to prison.

We need to have some type of enhancement because these people are repeat offenders. Sometimes we have arrested these people 10 to 12 times before they get a felony conviction and they have done hundreds of thousands of dollars in damage.

On the Federal side we only get so many prosecutions through the United States Attorney's office and they only have so many agents as does the Secret Service. The cases that we came up with to present here are just the biggest ones. Those are the ones the detectives have been complaining about and those are the ones that we need to get done.

AG CORTEZ MASTO:

Let me offer one thing to you. In my office, we have just put together the "mortgage fraud strike force" and I know you were in contact with Ernest from our office. With any of the cases that touch on the mortgage fraud issue and involve identity theft, there is an avenue for you there. We will be talking more about that. I have three attorneys assigned to that and one investigator who will support investigations involving various agencies. I want to offer that resource to you as well.

The other thing that you talked about was the enhancement. Are you saying that at the State of Nevada level, our statutes do not have enhancement penalties?

LT. SEBBY:

We do not have any type of enhancement to the crime associated with identity theft proper. We need to maybe take a look at that as a State and see where it is we want to go with that. However, right now we have enough work for everybody and we are making arrests but the typical attitude here is "it is only a bank". Well, we are already coming close to a recession. If banks start to fold, we only have one place to go and that is down.

AG CORTEZ MASTO:

I understand, thank you. Senator Weiner, do you have a question or something to add?

SENATOR WEINER:

On the repeat offender side of it, do you have any estimate as to what the frequency is per offender? You have seen some offenders committing identity theft over and over again.

LT. SEBBY:

That would be about 90%.

SENATOR WEINER:

I do not remember the specifics of the bill or who sponsored it, but we had a bill dealing with grand theft auto that was similar to what you support. A few repeat offenders were doing the crime over and over. We passed a statute last time that dealt with that very kind of issue. That might be something to model.

LT. SEBBY:

Exactly. There is another part of this that I have not yet touched on. When we get a computer hacking case that leads us overseas, under Sheriff Gillespie's policies and procedures, I need to notify two different units in our department, Intelligence and Homeland Security. We do this because when it involves an operation overseas, we do not know fully what is going on. We know they are defrauding businesses but we do not know whether or not it is an organized crime group or a terrorist funding organization.

So we need all the help we can get. Here in Las Vegas, on a weekly basis, we have organized crime groups from across the country doing cash advances in our hotels. We try to concentrate on those groups. There is a whole different issue involving where they are seizing these cards.

SHERIFF GILLESPIE:

Madam Chair, the point of our presentation today is the magnitude of the problem based on our discussion at the last meeting. I think by what you have seen here, we know that we have a problem. In regards to this board, as Steve Martinez and I know, it is important to focus on the problem from an enforcement and prosecution standpoint.

However, it is a supply and demand issue. We have to put significant effort into the prevention mode or make it more difficult for individuals to get information. I really think that from a legislation standpoint, that is the direction that we need to go. Those of us in law enforcement have known for a number of years that this is a problem.

In fact from my experience, it dates back to the days of traveler's checks. We used to deal with that issue non-stop. Early on in the process, traveler's check companies did not necessarily put a lot of effort in to the prevention mode because they were able to write things off. It is more expensive to put in the prevention. As I said, we have been dealing with this issue with regard to credit cards and now with regard to Internet access.

I think that Nevada took the lead in regards to freezing the credit process for individuals. This will be another opportunity for us as a State to look hard not only at enhancements because we know if focus our attention on those who are doing the majority of the crime we will impact the numbers. However this is still not going to deter a lot of the people participate in these crimes just because it is easy access for them.

I can just imagine the chitter-chatter that goes on in jail general population areas. Rather than selling dope out on the street corner, they can get into this credit card fraud and identity theft aspect of crime. All of our property type crime units are seeing some sort of identity theft manipulation to accomplish crimes – from stealing cars by going down to the dealerships to furniture purchases. I really believe that if we focus on this from a prevention mode aspect, and if we can get some real concerted interest from lending institutions and financial institutions to target harden the information they have, then we can be that much better off.

I know the resources that the FBI, the Secret Service, other police departments, and our agency are putting in to this. We are not going to fix it. Just as I have said about gang activities, we are not going to arrest our way out of this. We are just not. We are going to have to become as creative as the crooks are in developing strategies that hinder their ability to get this information.

AG CORTEZ MASTO:

Thank you, Sheriff Gillespie. I would like to make an offer to the board. As we all know, in Nevada identity theft is on the rise. It is a concern and it has been a concern for some time. However, based on what we are hearing today, it is not going away and it is increasing. We need to do something about it.

We have an opportunity with the individuals here on this board to try to come up with something, whether it is on prevention, enforcement or on the prosecution side. We need something that is going to give law enforcement a real opportunity to tackle this problem.

So what I am going to offer to the board is to have the resources of my office and staff work with Metro in putting together a proposal that ties in with what we heard here today. This would involve developing potential legislation addressing the prevention, the enforcement and the prosecution side. Then we would bring that back to this board to vet and flush out so that it becomes something that we can support as a board.

If that is alright with the board members, I would be willing to do that in our office. As I said, my Deputy Chief Conrad Hafen is here and we will make sure that we will follow up with you and get together and attempt to flush something out. We will then bring that back for the next board meeting to get your thoughts on it as well. Yes, Assemblywoman Pierce.

ASSEMBLYWOMAN PIERCE:

I have a couple of questions. Are financial institutions required to report to anybody?

LT. SEBBY:

No, they do not have to report to law enforcement at all. If they just want to write off the losses, they can do so.

ASSEMBLYWOMAN PIERCE:

Thank you. It seems to me that education has to be a big part of this. There is an ad running right now about those Nigerian emails. Do we know who is running that ad?

LT. SEBBY:

Yes. It is the United States Postal Service.

ASSEMBLYWOMAN PIERCE:

Thank you. I think that it would be nice to look at what other states are doing such as who has the best Public Service Announcements (PSAs) in terms of education. My district, my zip code is one with the most senior citizens in the State. These issues are way beyond most of us, particularly elderly people who did not grow up with computers.

LT. SEBBY:

So far, over the last several years, we have tried to educate probably in excess of 300,000 citizens for Clark County and we are trying to do that through businesses, universities and everywhere anybody wants to hear us talk. We will do it.

OFFICER DARR:

If I can add a comment to your question regarding what the financial institutions do. There has been mention of the Internet Crime Complaint Center (IC3) today. One of the adjuncts of IC3 is the National Cyber Forensics and Training Alliance (NCFTA). [<http://www.ncfta.net/default2.asp>]

This is essentially a non-profit where there are many representatives of major credit card companies – Target, Walmart and others at that level – who participate. In order to help IC3 with this process, they aggregate information because nobody does a better job of looking at their vulnerabilities than those companies. They know they are vulnerable.

We get a lot of information from them that is already aggregated that helps us make thresholds for Federal prosecutions. A lot of the individual leads that will come down from IC3 will be leads where there is no ability to aggregate them. You can not see common crimes or common subjects. Those get pushed out to local law enforcement. Many of those larger cases where there are large blocks of information that have been comprised also get reported. Again, it is a voluntary situation but many the largest corporations are participating in the NCFTA.

AG CORTEZ MASTO:

Thank you. Are there any other comments or questions from the board members?

MR. EARL:

Madam Chair, I would like to connect a couple of things the board has considered in the very recent past with the very insightful presentation that has just been made.

As you noticed in the reporting mechanisms, one of the major reporting mechanisms is IC3 and the subsidiary of the FTC. Typically, both of those organizations are listed on websites that are directed toward consumers as places where people should lodge complaints. That is the case, for example, on the Nevada Attorney General's website.

Metro and some other law enforcement agencies here in the State are large enough to be able to look at IC3 complaints on their own but many are not. One of the duties of the new program

specialist that Attorney General Masto just identified is to do some correlation and some studies of IC3.

In speaking to the overlap issue, Madam Attorney General, one of the things that you also mentioned was some coordination. One of the things that I think is high already on Ms. Mitchell's list of things to do is to do some coordination as soon as she gets on board with Metro to ensure that there is no overlap in terms of what various analysts are looking at throughout the State.

The IC3 and its parent organization, NW3C, held its last board meeting here in Las Vegas about a year ago. I attended that and, at the time, IC3 thought that they would be able to report as they do – they push out information to law enforcement agencies across the United States – to be able to report the complaints that were coming in to the government from the FTC.

However, recently at a Washington conference, I talked with the woman in charge of the FTC program. Unfortunately, she confirmed what NW3C had feared, that the FTC was not going to turn over their customer complaint database to be promulgated through the IC3 program. She told me that the FTC does have a database but it has to be queried. This is one of the things that analysts and program specialists will want to look at but I certainly commiserate with the problem. We have a major reporting agency, the FTC, which for better or worse as a result of their privacy concerns, are collecting consumer reports and then are not making them available to law enforcement as Lt. Sebby stated in his presentation.

The next thing I would like to point out is the volume in statistics and perhaps we can talk about this under another agenda item. It is important to recognize what people who are doing the work can count. It was pointed out that computer forensic examiners can count are the hard drives, the electronic devices that they look at and the number of gigabytes involved but it is not really up to them to follow through and report on what the outcome of the prosecution is.

Finally, with regards to the legislation that is needed, I would point out two things. First, this is not necessarily an enhancement of prosecution but the statutory criminal forfeitures for technological crimes was an attempt to provide an incentive for both law enforcement agencies across the State and for prosecutors to pay attention to tech crime.

Now the ability to seize either the fruits of the crime or the instrumentalities is not really an enhancement if you are dealing with a corner drug dealer who is dealing identity theft on the side and does not have massive amounts of assets. I wanted to bring to the board's attention that we had taken that preliminary step which does not solve the problem but does attempt to address in certain cases an adjunct where there may be a significant amount of assets involved.

With regards to the Federal requirement of Internet Service Providers, a little over a year ago before the last election, Attorney General Masto, the National Association of Attorney Generals came out with a U.S. wide request for support for a Federal legislative study to lengthen the amount of time that ISPs would be required to maintain records. Former Attorney General Chanos and I had a discussion and Nevada is on board in terms of supporting that study and then presumably supporting the ongoing Federal legislation. That is not dispositive of the issue but I can tell the board that Nevada has at least taken the steps that it was able to in order to move forward on the issue of having Internet Service Providers retain records for a longer period of time.

That is about the only comment that I have left other than to add the importance of which we do not want to underestimate of the interconnection between identity theft and all of its various and sundry forms and various fraud schemes and the funding of terrorist organizations. We simply do not know – and this one of the reasons why computer forensic examinations are so important – what may be found on a particular hard drive which comes to a forensic computer examiner who is looking for identity theft issues. Lo and behold, they may find something on a hard drive that indicates that the identity theft is only the tip of the iceberg. This concludes my comments.

AG CORTEZ MASTO:

Thank you. Are there any other comments from the board members? Hearing none, gentlemen from Metro, thank you very much for your presentation today and we will be in contact with you. As I said, I will have the attorneys in my office work with Mr. Earl. We will talk to you about the comments that you have made today to see if we can put together to bring back to the board.

One final thing that I ask is that if you can provide a copy of your PowerPoint presentation to the board members here in the south, I would appreciate that.

LT. SEBBY:

Ursula who is up north, does she have all of your email accounts? If so, she has a copy of my PowerPoint presentation.

AG CORTEZ MASTO:

Mr. Earl, can you make sure we all get copies of the presentation?

MR. EARL:

Yes, indeed, we will make sure of it.

AG CORTEZ MASTO:

Actually, that was sent around to everybody as I recall. Thank you.

Alright, continuing on with agenda, let us go back to Agenda Item 4. Mr. Earl, do you want to begin this item?

Agenda Item 4 – Report, discussion, recommendations and actions regarding collection and distribution of statistical information

MR. EARL:

Thank you very much. As board members may be only too well aware, we distributed a series of reports that were published in the *Mercury News* in San Jose that provided some background with regards to how difficult it is to address identity theft and other computer related crime issues. I know that those reports were lengthy but of the hundreds that we read in any quarter, those appeared to sum up very well some of the specific problems as we look at the future.

I also distributed a *Wall Street Journal* article that points out several things and one of the important points is that the average loss for an identity theft related fraud is only about \$500. which is much less than the \$100,000. that typically a U.S. Attorney would be looking for to prosecute. It may be below the threshold at which many local law enforcement agencies would pay much attention unless there is some type of pattern of behavior.

This is why the work of analysts and program specialists looking at IC3 data is so important. Those particular reports have to be combed through and commonalities related to addresses or personnel or whatever would need to be drawn out.

I also distributed a one page flow chart that illustrates some of the differences between different types of identity theft.

This flow chart comes in part from revelations by Federal Trade Commission officials in Washington. They no longer consider existing account fraud and many of its forms as identity theft which would be surprising for most of us.

I will not walk you through the chart which I think is pretty self-evident except to note two things. The first is merely a repetition of one thing I mentioned and then it was hammered home in the Metro presentation today. The issue of establishing credit freezes for victims and looking for that procedure as an identity theft fraud prevention device really only goes to one type of identity theft which is new account fraud. It does not do very much with regards to existing account fraud.

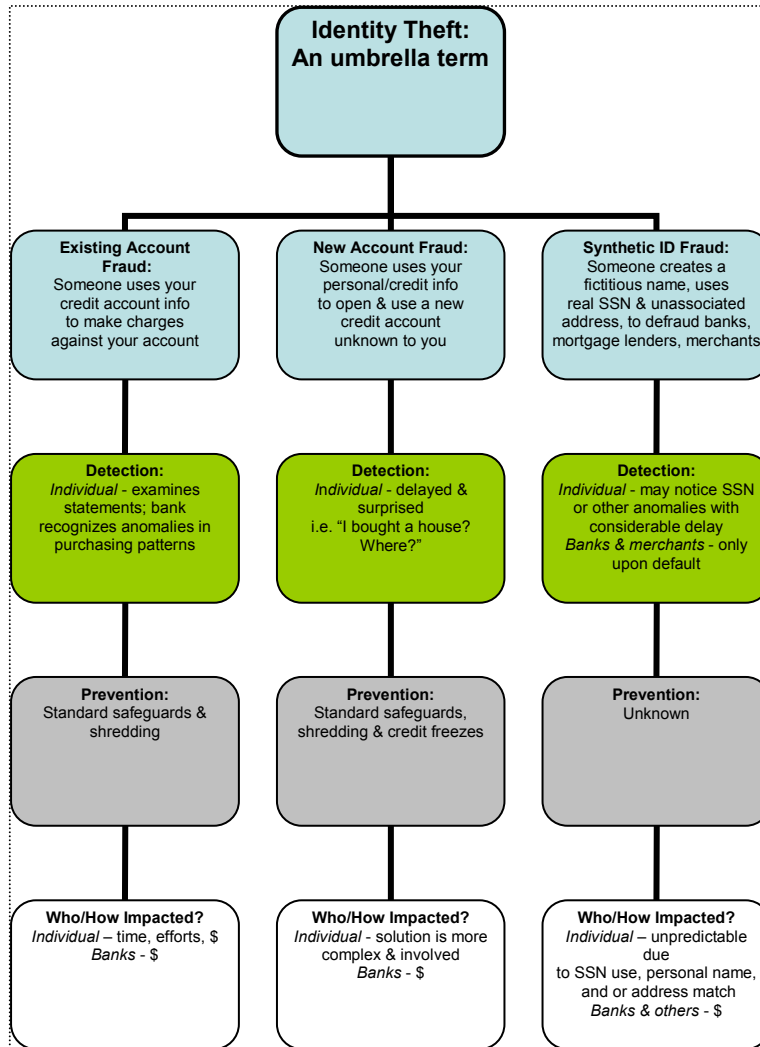
The other thing that I would like to draw the board's attention to is a

newly emergent type of identity theft fraud which is "synthetic identity fraud". This has begun to emerge more and more and is much more difficult to protect and defend against. It is a situation where a criminal gang or criminal takes an existing social security number and an existing address which are not connected with one another and then a fictitious person is created. That fictitious identity is used to establish credit with multiple institutions as part of an overall fraud scheme.

This does not mean that an individual is not ultimately involved. Although there is no real person whose identity is assumed, there could be repercussions in later years for the person whose social security number has been compromised in one of these schemes. For example, it may be that as someone is approaching retirement tries to retire and the Social Security Administration says "well, what a minute, our records indicate that you are only 29 years old."

Synthetic identity theft is emergent and it has not been picked up, at least to any considerable degree, in the national reporting scheme because it is so new and those reporting schemes of IC3 and the FTC normally lag about two years.

Finally, I want to turn to the challenges of reporting. We have another one piece flow chart that uses as an example the information that was provided to us at the last board meeting by Special Agent Eric Vandersteldt.



AG CORTEZ MASTO:

Jim, let me stop you here for a moment because I want to get with the existing board members right now. The flow chart that you have here, "Identity Theft: An Umbrella Term", was the intent of that just to get everybody's input to try to help identify an accurate understanding of what is involved with identity theft? Was this flow chart produced specifically for those of us who do not operate in this realm everyday with the investigation and prosecution?

MR. EARL:

Yes, that is correct, Madam Chair.

AG CORTEZ MASTO:

I am curious to hear from the existing board members who do deal with this crime everyday. Is this an accurate depiction or are we missing anything or is there something that can be added to or enhanced in this flow chart?

SAC MARTINEZ:

I recall that I made some comments at the last board meeting about this. That definition is tricky because generally the way the FBI approaches cases, they are not approached as identity theft cases per se but there is an identity theft aspect to many of the various types of cases we work.

For instance, we have a variety of Federal statutes that we can bring to bear on frauds that might involve identity theft. More often than not when we work on a non-national security computer intrusion that involves a criminal type of matter there is going to be some identity theft aspect. It may be on the front end. It may be that the intrusion was for the purpose of establishing a botnet to load key loggers on personal computers and then pull that information in and share credit card information such as in a barter, trade and sell scheme.

It is difficult to talk in terms of identity theft as we have talked in terms of general crime categories such as fraud and things that we have worked a long time and can get our hands around. I think those definitions are important because we do not want to confuse constituents with what we are talking about but it is very difficult. We all work it a little bit differently if you look across law enforcement agencies.

Until very recently there were not even identity theft statutes on the books that had identity theft as primary component of the law. Within the last year and a half, the Federal government has finally established some, but for the most part we are working wire fraud, mail fraud, computer intrusions or misuse of a computer. Those crimes are covered by existing statutes that do not really have identity theft in the title but may involve theft of a victim's identity in the commission of the crime.

AG CORTEZ MASTO:

I appreciate that explanation, SAC Martinez. So at the Federal level in the past, the US Attorney offices did not have those typical identity theft charges. Identity theft might be included under wire fraud or something else versus what you would be reporting at your level as the investigative arm.

SAC MARTINEZ:

Absolutely and I think that would be very accurate if you looked at the statistical accomplishments over the past ten years. It would be very difficult to trace pedigree those back to an identity theft incident. It would take some research to do that because that is not the way those cases are reported.

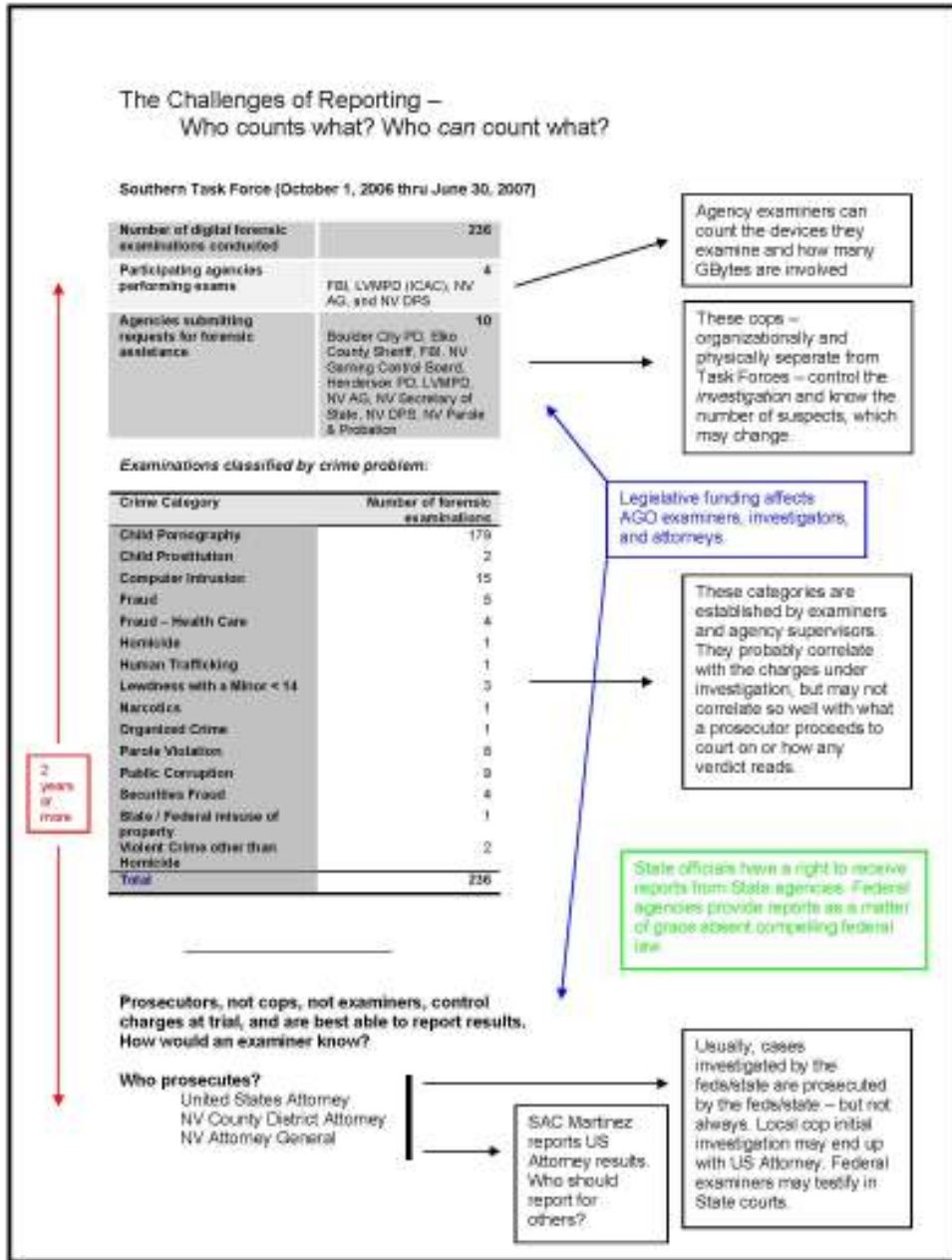
AG CORTEZ MASTO:

Thank you. I believe that was the intent of segueing into the next topic which is the challenges of reporting. Jim produced this flow chart to identify the concerns of those issues. Jim, go ahead with the rest of your presentation.

MR. EARL:

Yes, that is correct. I detected at the last board meeting a certain frustration with regards to the type of information that could reasonably be made available by computer forensic examiners. I simply put some ideas on paper, both this flow chart on the statistical reporting and the identity theft umbrella flow chart are an attempt to illustrate some of the problem areas that lie behind legitimate board member requests reporting information.

For example in the reporting flow chart I picked up on the actual document that was submitted by Special Agent Vandersteldt at the last board meeting.



It is realistic only to expect computer forensic examiners to only be able to report certain things. In many cases, the computer forensic examiners do not belong to the same agency that is actually running the investigation.

Now in the case of Metro, it is an integrated law enforcement agency with its own internal computer forensic examiners and investigators. It is worth noting that while the computer forensic examiner may be working closely with the computer forensic investigator, it is really the investigator who is the person best able to report on such things as the number of suspects that actually are related to the investigation. At the examiner level the statistics identified as a single hard drive, for example, come in to play.

But if you move outside integrated agencies like Metro and the FBI and look at what the new Attorney General personnel would be required to do with regards to the examination of hard drives, we anticipate that they would be accepting suspect electronic devices from all over the State and from a variety of different investigative agencies. The people there who are doing examinations of the devices do not control the investigations and are not probably the best people to propose questions to about what happened to an investigation or about how many people were involved.

As SAC Martinez pointed out, the term of identity theft is this umbrella term that is used by a lot of us and can be used in different ways. So in the flow chart, I was just illustrating that the breakdown of crime category that was provided to us by Special Agent Vandersteldt makes imminently good sense to those people who are doing the supervision of investigators and computer examiners. However, it may not correlate necessarily well with what other board members have in their minds.

There was a question posed at the last board meeting, "where does identity theft appear on this?" SAC Martinez, both then and now, has given an explanation about how that term relates to a variety of other different investigations. We also have to take into account that one of the reasons why labs all over the State may not be getting electronic devices that are specifically related to identity theft is because the subject hard drive may not be in the United States or it may not be in the State of Nevada. It also may be that a number of different law enforcement agencies, unless they are particularly targeting these things such as Metro obviously is, view the \$500. value of the typical identity theft fraud as something that is insufficient to do an investigation on and therefore there is no electronic device that ever shows up to be counted in an electronic crime lab anywhere in the State.

Finally, as board members will be aware, typically SAC Martinez provides an update at board meetings with regards to prosecutions that have occurred at the Federal level. I stuck this provision down in this diagram at the bottom about who prosecutes just to make it clear that the timeline for those prosecutions may be a very different timeline than the report that has just been heard from either Special Agent Vandersteldt or one of the members of the Internet Crimes Against Children Unit in Las Vegas Metropolitan Police Department. It may well be that the report that we are hearing at the board meeting that resulted in a prosecution actually involved a crime or a computer examination that took place as long as a year or two ago.

There is no necessary correlation between the statistics that are reported by the task forces in the north or south in terms of the numbers of examinations they have conducted then asking those same examiners how many prosecutions those led to because the prosecution is delayed and will be capable of being reported later on down the chain. Hopefully in the future those will be reported by State prosecutors rather than simply SAC Martinez reporting largely on the results of the prosecutions at the U.S. Attorney level.

AG CORTEZ MASTO:
Alright, thank you.

MR. EARL:

This flow chart was just to provide the board with some of the complexities faced by law enforcement when they are asked questions dealing with statistical reporting.

AG CORTEZ MASTO:

If I recall from our last meeting there were a few of us who were trying to identify statewide statistics that defined identity theft so that we can tell the Legislature and the Governor that this is what is happening percentage-wise. As you can see, it is difficult. In the Metro presentation of the identity theft cases they are dealing with, did they not say they would not go to the FBI but would go to the Secret Service? So unless we have some reporting on those cases from the Secret Service or Metro we would not be aware of the results? Is that correct?

SAC MARTINEZ:

Yes, I believe that is correct. What I think this really comes down to is I think we are all capable of reporting whatever statistics are meaningful to the State of Nevada in order to advise and do whatever type of legislative work might be done from a public awareness situation. However, we need to know what you want. I think that can be difficult because there is some work that probably needs to be done. I have talked to Jim Earl about it. Once that has been articulated I think all of the agencies, whether we are task forcing together or not, would be willing to come forward with whatever statistics are meaningful.

AG CORTEZ MASTO:

Alright, that is great. I think that what Jim is saying is that we are going to have the ability with our new staff to be the clearinghouse to coordinate that information and develop a standardization of reporting.

Sheriff Gillespie, did you have a comment as well?

SHERIFF GILLESPIE:

Yes, I was just going to add that this is one of these criminal enterprises that is ever-changing. What we refer to as identity theft is going to change in the next six months to a year just because of the types of scams that are involved. I think this identity theft flow chart actually does a real good job of giving any one of us a good idea of what it is that we are looking for and that we will be reporting on.

When you have task force operations, Steve and I are constantly working on making sure that those particular task forces that may be performing like functions are carrying out those discussions that they need to on a regular basis.

When it comes time to report what the true problem is in this State to the Legislature to afford us the ability to enhance legislation or whatever it may be, I am sure we can create a real clear picture that we have a problem and we need to do some things to fix it.

AG CORTEZ MASTO:

Thank you. Are there any other comments from board members? Alright, thank you very much. We move on now to Agenda Item 5.

Agenda Item 5 – Report regarding Northern Task Force activities

SPECIAL AGENT McDONALD:

Thank you, Madam Chair. The statistics that I can report to date relate only to the Northern Task Force which, until this week, consisted of party of one – with that party being me.

I can break these down in categories as far as the number of exams. I had four related to narcotics trafficking; 19 related to immigrations and related identity theft cases; eight exams related to homicide; one to intellectual property theft; and 17 were child related cases. This was a total of 49 exams resulting in approximately volume of 4.2 terabytes of data.

As Mr. Earl indicated, unfortunately, I am not privy a lot of times to the end results of these cases as far as the work that I do and then what happens as far as prosecutions, arrests and so forth. I am aware of three arrests being made this year and one resulted in a conviction of a subject with a 17-year sentence for possession of child pornography in Carson City.

AG CORTEZ MASTO:

Thank you very much, Special Agent McDonald. Are there any questions from the board on this report? Hearing none, we move to Agenda Item 6.

Agenda Item 6 – Report regarding Southern Task Force activities

SAC MARTINEZ:

Thank you. Unfortunately, Special Agent Eric Vandersteldt was unable to attend today. Normally, I would have him do some of the reporting for the Southern Task Force. Also I want to announce that we have a new Metro Sergeant who has come on board to run the ICAC portion of that task force. That person is Sergeant Troy Barrett who is replacing Sergeant Leonard Marshall who did a fantastic job. We are excited about Troy coming on board. He was not able to be here today.

Based on a conversation that both Eric Vandersteldt and I had with Jim Earl recently, I am not going to provide statistical accomplishments as far as forensic exams and that type of thing because we are actually waiting to hear from you to hear what it is you need. What I can do is just give some anecdotes about the types of cases that have been worked down here. I will run through some so that you have an idea of the types of cases that come up.

Since the last meeting, we worked an Internet fraud matter where a subject was arrested for victimizing several companies using spoofed emails in a product placement fraud scheme. This subject claimed to be from a well known movie production company. He represented to his victims that he was part of a production team for a new film and requested that they donate products for placement in the movie. He obtained an expensive home, appliances and other things through this scheme but at the front end of this was an Internet fraud case.

The task force was notified during this reporting period by a school counselor at a local middle school that a 14-year old student had reported someone used a MySpace page to send sexually suggestive emails in an attempt to arrange a meeting to have sex. A task force detective assumed the online identity of a juvenile and continued communication with the subject. A meeting was arranged and the subject was arrested. A search warrant was obtained for the subject's MySpace page and the contents revealed approximately five additional victims and that investigation is ongoing.

The task force was involved in the Chester Arthur Stiles investigation as there were several agencies that had a piece of that such as Metro and other agencies.

A subject was arrested for a computer intrusion which victimized the College of Southern Nevada (CSN). The CSN Police Department, the Metro Electronic Crimes Unit and the FBI conducted this investigation jointly. This involved a former systems administrator and again really illustrated the insider threat. I know that the CSN Police Department was very pleased with the type of support they got and how many agencies were able to rally around to help them resolve this issue.

The task force obtained a State search warrant after receiving information from the U.S. Attorney's office on an individual engaged in conspiracy to defraud multiple victims through an eBay second chance offer scheme. If you are unfamiliar with eBay, if you try to sell an item and you did not meet your reserve, you can offer a second chance. Often a third party will inject themselves using spoofed sites to get an offer and then have the money diverted to them. This case is being worked jointly between the FBI and the Nevada Attorney General's Office.

Those are just some examples of the types of things have been going on here recently.

AG CORTEZ MASTO:

Thank you very much, SAC Martinez. Are there any questions or comments from the board? Alright, hearing none, we will move on to Agenda Item 9.

Agenda Item 9 – Board Comments

AG CORTEZ MASTO:

Let me first add that we have a new board member. Assemblywoman Peggy Pierce is joining us and we are very happy to have her. I know she is already interested in a number of things that we are dealing with here and she is getting up to speed. We appreciate that.

Are there any other comments from board members? Alright, hearing none, we move on to Agenda Item 10.

Agenda Item 10 – Public Comments

AG CORTEZ MASTO:

Is there anyone from the public who would like present to the Board in the south? Seeing no one present in the south, is there anyone in the north who would like to address the board? Alright, there are no public comments from the north either. Finally, we move on to Agenda Item 11.

Agenda Item 11 – Scheduling of future meetings

AG CORTEZ MASTO:

Are there any questions or thoughts, Jim, about dates and times for future meetings?

MR. EARL:

Yes, if the board members either can decide on a particular date that would be great. If there is not a target date then a target week would be helpful so that I can coordinate later. I would raise the question since next year is a leap year, whether it makes sense to meet on February 29. It is unlikely to be a date that most folks will have had something scheduled.

AG CORTEZ MASTO:

Are we trying to identify standing meetings for next year for our regular meetings? Is that what you want to do?

MR. EARL:

Well, typically we only look one meeting ahead. The statute requires quarterly meetings and in terms of a particular date within the quarter, that is entirely up to the board.

AG CORTEZ MASTO:

Then I will ask the board members, is it easier to plan a standard meeting and set the four meeting for the year or just do it as each meeting comes along?

SAC MARTINEZ :

I think as long as it is coordinated with some of the other commitments we have and I will jump ahead here and offer Sheriff Gillespie's secretary as being the person in the State who knows more about what meetings are going on where that heads of agencies would need to attend. If we could coordinate that, I think we would be happier if we had standing meeting dates because that way those dates will get hardwired into the calendar and I can say no to other things that may come up.

AG CORTEZ MASTO:

Are there any other comments from anyone else on the board? Alright, then let us try to do this. Jim, would it be easier if we just utilize staff to communicate with board members via email and

try to come up with at least four meeting dates for next year as our standing quarterly meetings that everyone can agree to? Would that make it easier?

MR. EARL:

Yes, we would certainly be willing to undertake that and we appreciate the suggestion about who knows most about all the scheduling in the State.

SHERIFF GILLESPIE:

The only thing that I ask when you call Becki Hernandez is that you let her know that I did not offer up her services and that it was the FBI who did.

MR. EARL:

I think Ursula will make that abundantly clear when she contacts her. I do have one follow on question. We have been video-conferencing these meetings for a long time between the north and south. Most of the time, whenever possible, we use legislative facilities because they tend to have the best north and south video conference capabilities and, moreover, their recording facilities make it much easier to produce accurate minutes very quickly.

I wondered if the board would be interested in considering webcasting the meetings in the future? Now with the inauguration of the board newsletter and some other outreach activities focused as a result of the fact that there are now additional bodies available for electronic exams throughout the State, would it make sense for me to investigate the possibility of web-streaming future board meetings?

AG CORTEZ MASTO:

Are there any board members who would be opposed to this idea?

SHERIFF GILLESPIE:

I am not opposed. Actually for what this committee is titled, it would be a good thing to try. I would be more than willing to participate in that.

AG CORTEZ MASTO:

Are there any other comments from the board?

ASSEMBLYWOMAN PIERCE:

Do our statutes allow us to not be in the same room in terms of a quorum?

AG CORTEZ MASTO:

I am not sure about that. I would ask Jim to check into that. I think that what Jim is talking about is the web-casting for the benefit of the public. Is that correct, Jim, so that the public has additional avenues to watch and view what is happening?

MR. EARL:

That is correct and not only the public. One of the things that we would like to do via the newsletter and other means at our disposal would be to alert law enforcement agencies in rural areas that they could listen and potentially view the board meetings on the Internet. This is very common. For example the Nevada Commission on Homeland Security meetings are webcast in the same manner. As a matter of fact, Ms. Sindlinger and I attended the last meeting in our office in Reno by viewing it on the online webcast that streams from legislative facilities.

My understanding at present is that this is an adjunct service that the Legislature can make available to this board as an executive-legislative advisory board. We have not taken advantage of this in the past and it might be a helpful outreach activity both for law enforcement and for the public across the State.

AG CORTEZ MASTO:

Do you know if there is a cost associated with that?

MR. EARL:

I do not know but I will investigate that. We presently use legislative facilities at no cost to the board because our board has legislative members. I will check into it. I suspect if there is any cost it would be relatively minimal because the same facilities and equipment used for video-conferences are essentially the same that are used for webcasting. The only thing different is that a live feed of the meeting is made available to the Internet via the legislature's website.

AG CORTEZ MASTO:

Alright, Jim, then I will suggest that on behalf of this advisory board that you research it and bring it back to us on how we will move forward with the webcasting of our meetings.

MR. EARL:

If there are no difficulties and no cost, may I go ahead and set that up for our next meeting?

AG CORTEZ MASTO:

Let me make sure that we have the ability to take action on this particular request.

MR. UFFELMAN:

If we are establishing a future meeting date, would it be appropriate to add that we will include the ability to webcast the next meeting to the public? This request is not constraining the participation of the public in the future meeting. In fact this would be to expand the participation of the public in our meetings.

AG CORTEZ MASTO:

Yes, because it is part of scheduling the future meetings and there is an asterisk there, I think we can take the broad interpretation of that to say that in setting the date of our next meeting we will also include the potential of webcasting the meeting. Are there any other comments or questions from the board?

Alright, I thank everyone for being here today. We are adjourned.

Meeting adjourned at 11:50:00 AM.

Respectfully submitted,

Ursula K. Sindlinger
Board Secretary

Approved by the Board at its subsequent meeting on March 28, 2008.