

# CYBERSECURITY GOVERNANCE & INCIDENT RESPONSE

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# Speakers



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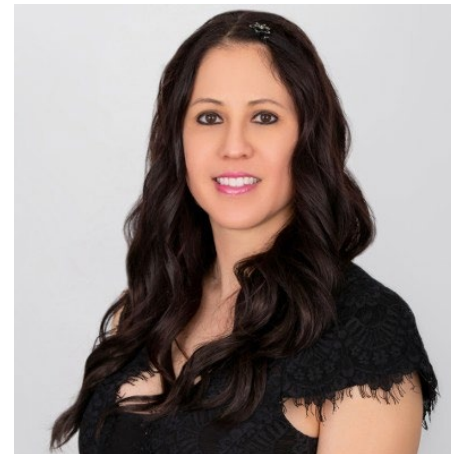
**Akshay Dhawan**

Managing Director  
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**Tony Marmo**

Deputy General Counsel  
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**Mari DeGrazia**

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## **AGENDA**

- ✓ **CYBERSECURITY GOVERNANCE & CONTROLS**
- ✓ **CISO QUALIFICATIONS**
- ✓ **CHALLENGES OF MODERN INCIDENT RESPONSE**

# Cybersecurity Governance and Controls

- On **March 9, 2023**, Securities and Exchange Commission (SEC) reached a settlement with Blackbaud (client relationship management service provider for nonprofits) over allegations Blackbaud had deficient disclosure controls
- On **June 15, 2021**, Securities and Exchange Commission (SEC) reached a settlement with First American Financial Corporation (real estate settlement services company) over allegations of inadequate security vulnerability disclosure

## LATEST OF SEC SETTLEMENTS FOR DEFICIENT DISCLOSURE CONTROLS

### Allegations against Blackbaud...

- ✓ Made materially misleading statements in securities filings regarding ransomware attack suffered, and
- ✓ Failed to maintain adequate disclosure controls ensuring information required to be disclosed about that attack in its securities filing was accurately and timely disclosed

## FIRST SEC SETTLEMENT OVER INADEQUATE SECURITY VULNERABILITY DISCLOSURE

### Allegations against First American...

- ✓ Personnel discovered vulnerability exposing 800M+ images of customers' non-public PII,
- ✓ Failed to remediate and escalate vulnerability for months, and
- ✓ Caused First American to file inaccurate form 8-K on the incident

# CISO Qualifications and Liability

- On **October 5, 2022**, Ex-Uber CISO convicted on federal charges of obstructing FTC investigation and misprision of a felony
- On **October 30, 2023**, SEC charges Solarwinds and CISO with fraud and internal control failures

## FORMER UBER CISO SENTENCED TO 3 YEARS' PROBATION AND COMMUNITY SERVICE

- ✓ Charges against Sullivan resulted from efforts to conceal data breach exposing PII of 57M Uber users
- ✓ Sets court precedent for cybersecurity industry corporate officers that they may face criminal liability for actions in responding to cybersecurity breaches

## SEC ANNOUNCED CHARGES AGAINST SOLARWINDS CISO

- ✓ In June, Wells Notices sent to CFO and CISO of SolarWinds in connection with cyber attack on SolarWinds' Orion software platform and internal systems
- ✓ Demonstrates trend toward holding senior people within companies personally responsible for cybersecurity incidents

# Challenges of Modern Incident Response

- Companies are more reliant on increasing numbers of third-parties, resulting in increased supply chain risks
- “Most organizations, large or small, are becoming a combination of service providers and on-premise technology inter-woven in various ways.” –Phil Venables\*

**AS OF FEBRUARY 2023, 98% OF GLOBAL ORGANIZATIONS WERE CONNECTED TO AT LEAST ONE THIRD-PARTY VENDOR THAT WAS BREACHED IN THE PAST TWO YEARS, LEAVING THOSE COMPANIES EXPOSED TO SUBSTANTIVE RISKS\*\***

- ✓ **Compromised customer and company data from cyberattacks**
- ✓ **Financial risk from incident costs and lost business**
- ✓ **Reputational damage and loss of customer trust**
- ✓ **Geopolitical risk**
- ✓ **Regulatory compliance risk**

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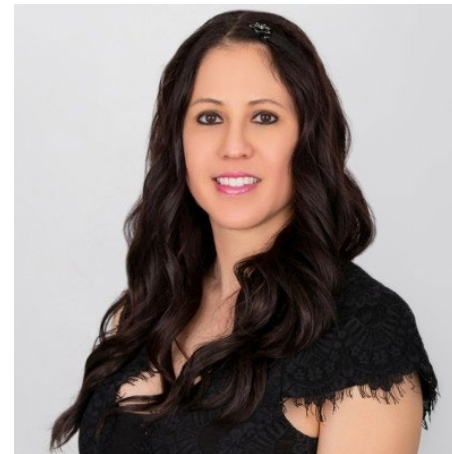


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