



Butzel Long & the German American Business Council of Michigan Present:  
**Cybersecurity, Cryptocurrency and Trade Secrets**

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# **CYBERSECURITY ROADMAP: NAVIGATING THE CURRENT THREAT ENVIRONMENT**

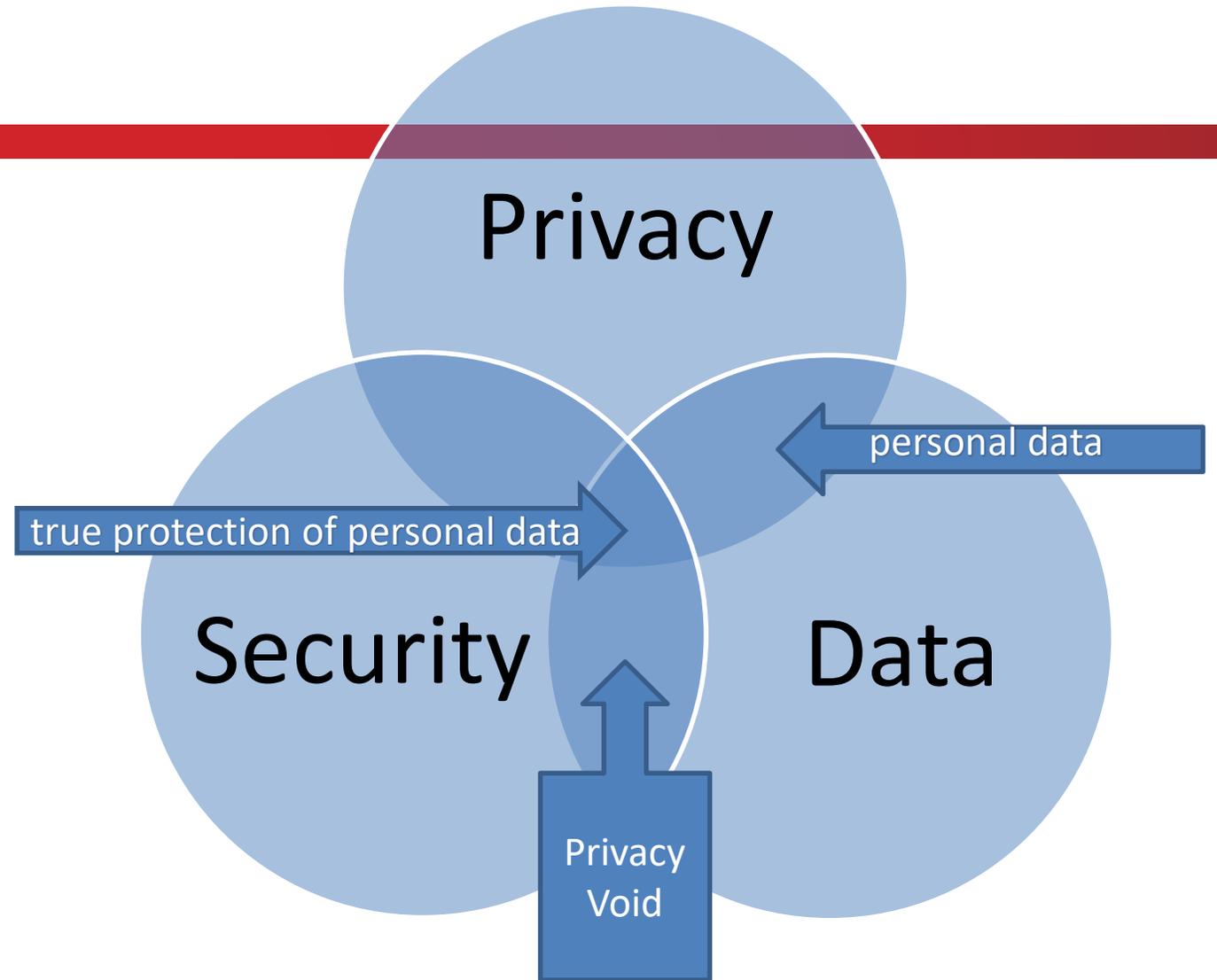
# Outline of Issues

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- The Intersection of Security & Privacy
- Cybersecurity Effects from 2020 & Trends in 2021
- Legal Implications:
  - Foreign, Federal & State Laws, Regulations & Guidance
- Evolving Best Practices

# There is Tension in this Relationship

- Privacy: Protection of the Person
- Security: Protection of the Data



# Cybersecurity Effects from 2020 & Trends in 2021

- Ransomware will become more sophisticated in its methods and will have more highly visible or tangible impacts
- Misconfigurations of cloud applications will continue to be a top data breach source
- Managed Service Providers (MSPs) will continue to be lucrative targets
- The “work from home” digital transformation in 2020 will continue to provide vulnerabilities
- Business will better align security and business needs by addressing risk
- Changes in cyber insurance & legislation will drive adoption of wide-spread (and better) security fundamentals

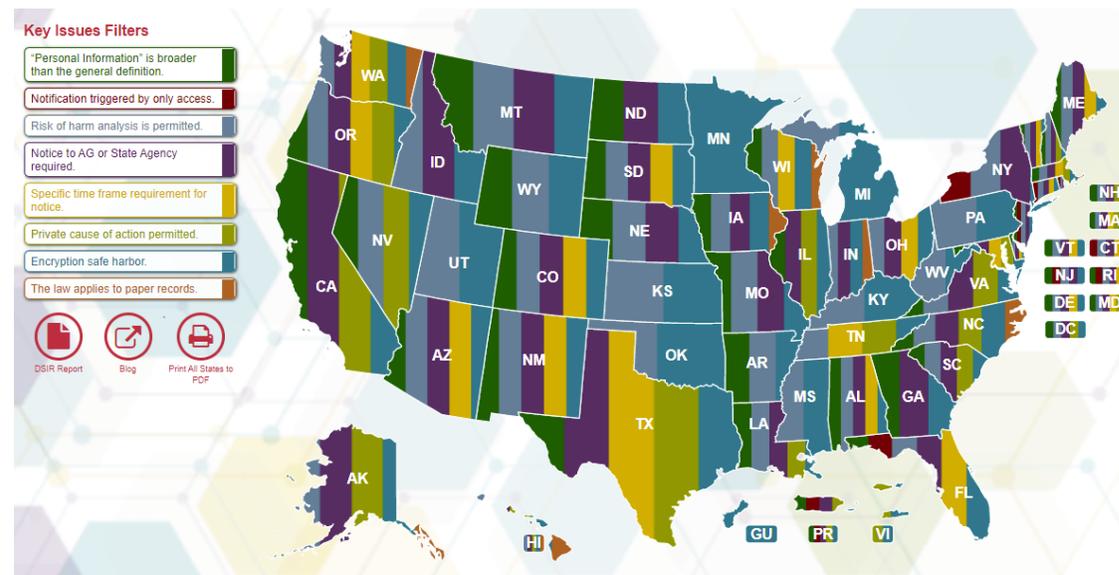


# Federal Laws to Consider

- HIPAA/HITECH & GINA (Healthcare)
- FTC Act (Online Commerce)
- GLBA & OCC (Financial)
- Federal Privacy Act (Government)
- FIPS 199 & 200
- Fair Credit Reporting Act
- Computer Fraud & Abuse Act
- Wiretap Act
- Stored Comm. Act
- Identity Theft
- Electronic Comm. Privacy Act
- Economic Espionage Act

# And then there are the State Laws

- In 2020, at least 280 cybersecurity bills were proposed in 38 states, Washington DC and Puerto Rico, while another 21 states, DC and Puerto Rico proposed legislation to amend existing security breach laws, although only 6 states were successful in passing the legislation. Trends in the BREACH notification laws include:
  - Establish or shorten the timeframe within which an entity must report a breach.
  - Expand definitions of "personal information" (e.g., to include biometric information, email address with password, passport number, etc.).
  - Provide an affirmative defense for entities that had reasonable security practices in place at the time of a breach.
  - Require reporting of breaches to the state attorney general.
  - Provide for free credit freezes or identity theft protection for victims of data breaches.



# Recent Federal Guidance

- FBI: Advises against paying, but recognizes the need to do so
- OFAC—October 2020 Advisory on potential sanctions to **victims** of ransomware for engaging in a transaction with prohibited individuals and entities.
  - “OFAC may impose civil penalties for sanctions violations based on strict liability, meaning that a person subject to U.S. jurisdiction may be held civilly liable even if it did not know or have reason to know it was engaging in a transaction with a person that is prohibited under sanctions laws and regulations administered by OFAC.”
- FinCEN—October 2020 Advisory—Reminder of financial institutions obligation to report “Suspicious Unlawful Activity”

# Notification Obligations: Beyond the U.S.



- The EU's General Data Protection Regulations (GDPR) are considered the “gold standard” by privacy and security advocates
- MOST Countries have some type of regulation ( $\approx$  111 of 196)

# What to Do in the Face of these Threats?

- Multifactor Authentication
- Vulnerability Assessment
- Office 365 Configuration Check
- Backups!
- Geolocation / Blocking: Firewall
- Incident Response Plan
- Retain your 3rd Party Experts to be “On Call”
- Segregation of Assets & Encryption
- Cyber Insurance
- Consider retaining a SIEM / SOC
  - Security Incident Event Management collects and analyzes aggregated log data.
  - Security Operations Center consists of people, processes and technology designed to deal with security events picked up from the SIEM log analysis.
- Retention & Destruction Plan
  - Only keep what you need
- Data Inventory
- Network Diagram
- Penetration Testing

**THANK YOU**

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# **DIGITAL ASSETS AND BLOCKCHAIN**

# What's Bitcoin?

- Satoshi Nakamoto
- Published in 2008
- Basic Concepts:
  - Digital Unit of Currency
  - Decentralized
  - Public Wallets
  - Private Keys

## Bitcoin: A Peer-to-Peer Electronic Cash System

Satoshi Nakamoto  
satoshin@gmx.com  
www.bitcoin.org

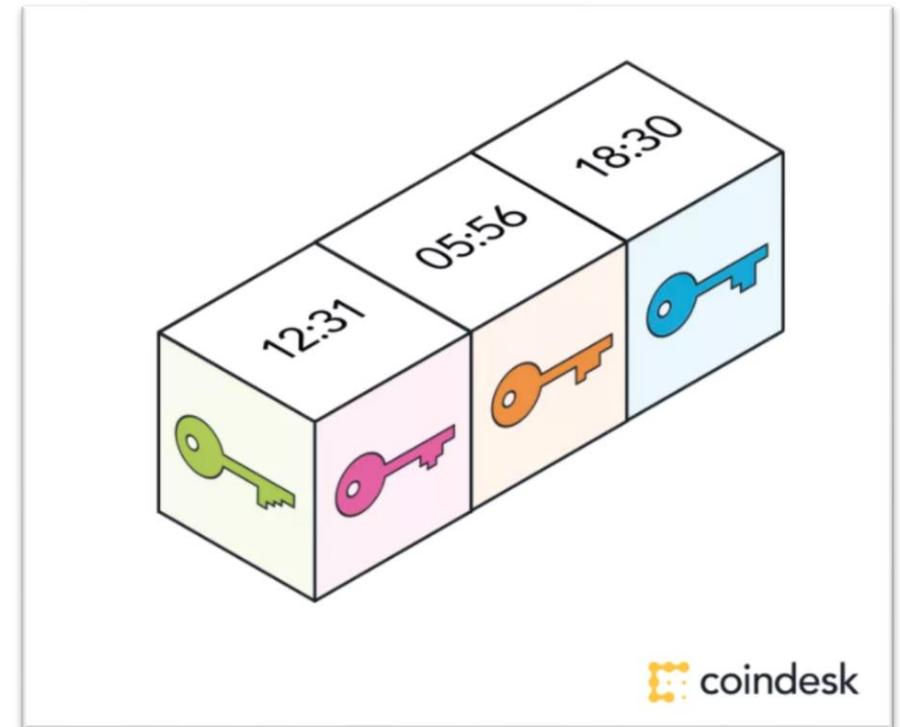
**Abstract.** A purely peer-to-peer version of electronic cash would allow online payments to be sent directly from one party to another without going through a financial institution. Digital signatures provide part of the solution, but the main benefits are lost if a trusted third party is still required to prevent double-spending. We propose a solution to the double-spending problem using a peer-to-peer network. The network timestamps transactions by hashing them into an ongoing chain of hash-based proof-of-work, forming a record that cannot be changed without redoing the proof-of-work. The longest chain not only serves as proof of the sequence of events witnessed, but proof that it came from the largest pool of CPU power. As long as a majority of CPU power is controlled by nodes that are not cooperating to attack the network, they'll generate the longest chain and outpace attackers. The network itself requires minimal structure. Messages are broadcast on a best effort basis, and nodes can leave and rejoin the network at will, accepting the longest proof-of-work chain as proof of what happened while they were gone.

Source: Satoshi Nakamoto, *Bitcoin: A Peer-to-Peer Electronic Cash System* (Oct. 31, 2008)

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# What's Blockchain?

- Immutable electronic ledger
- Block = A group of records
- Blockchain = A string of blocks
- Basic Characteristics:
  - Permanent
  - Secure and tamper resistant
  - Public or private



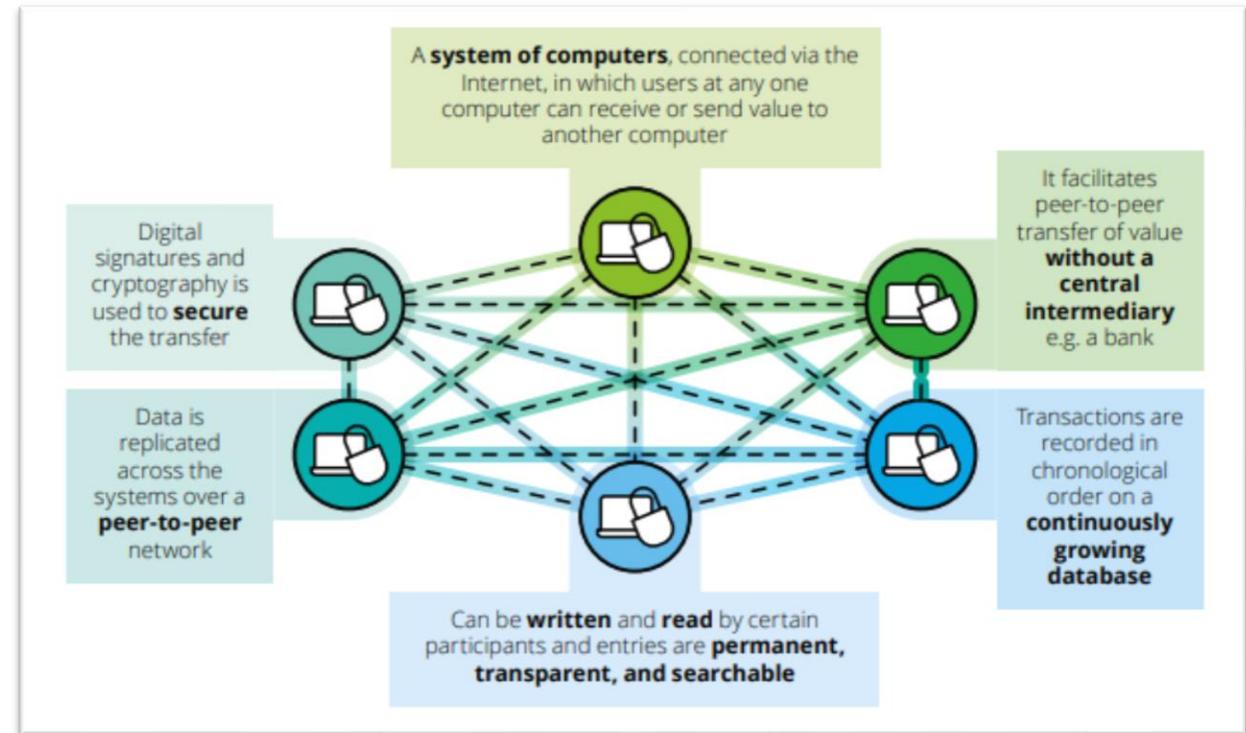
# What's the big deal?

- Decentralized
- Mathematically Verifiable
- Global
- Trustless
- Portable
- Scarce
  - 21 million BTC by design

	Bitcoin	Gold	Fiat
Durable	B	A+	C
Portable	A+	D	B
Fungible	B	A	B
Verifiable	A+	B	B
Divisible	A+	C	B
Scarce	A+	A	F
Established History	D	A+	C
Censorship Resistant	A	C	D

# Blockchain and Business

- Example: Automotive Supply Chain
- Example: Health Records
- Example: Smart Contracts



Source: Deloitte LLP, *Accelerating technology disruption in the automotive market | Blockchain in the automotive industry* (2018)

# Legal and Regulatory (U.S.)

- Taxation
- Trading
- Payments
- DeFi
- Charitable giving, estate planning, bankruptcy, gaming...



Source: Report of the Attorney General's Cyber Digital Task Force (July 2, 2018)

# Takeaways

FINANCE

## BNY Mellon to offer bitcoin services, a validation of crypto from a key bank in the financial system

PUBLISHED THU, FEB 11 2021-8:49 AM EST | UPDATED THU, FEB 11 2021-1:37 PM EST



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DELIVERING ALPHA

## JPMorgan CEO Jamie Dimon says bitcoin is a 'fraud' that will eventually blow up

PUBLISHED TUE, SEP 12 2017-3:47 PM EDT | UPDATED TUE, SEP 12 2017-4:39 PM EDT

CRYPTOCURRENCY

## JPMorgan says bitcoin could rise to \$146,000 long term as it competes with gold

PUBLISHED TUE, JAN 5 2021-7:06 AM EST | UPDATED TUE, JAN 5 2021-1:30 PM EST

## Tlaib, García and Lynch Introduce Legislation Protecting Consumers from Cryptocurrency-Related Financial Threats

## The Newest Haven for Cryptocurrency Companies? Wyoming

The nation's least-populous state has enacted 13 laws in the past two years to welcome blockchain and cryptocurrency companies.

## Biden administration could be friendly to crypto



Daniel Roberts · Editor-at-Large  
January 21, 2021 · 5 min read

The University of Michigan, which has an endowment valued at about \$12 billion, is considering further investing in Andreessen Horowitz's cryptocurrency fund.

MARKETS

## MassMutual Joins the Bitcoin Club With \$100 Million Purchase

Investment is latest sign of mainstream acceptance for upstart digital currency



## Kia Motors America Victim of Ransomware Attack Demanding \$20M in Bitcoin, Report Claims

## India to propose cryptocurrency ban, penalising miners, traders - source

By Aftab Ahmed, Nupur Anand

5 MIN READ



## Bitcoin Hits \$60,000. Tesla's Crypto Bet Continues to Pay Off.

By Al Root March 13, 2021 11:33 am ET

TECH

## Facebook hopes the cryptocurrency it backs will launch in 2021, top exec says

PUBLISHED TUE, DEC 8 2020-3:28 AM EST



Arjun Kharpal

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**THANK YOU**

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**TRADE SECRET PROTECTION**

# Trade Secret Refresher

A “**trade secret**” is information, such as a formula, pattern, compilation, program, devices, method, technique or process that:

- (i) Derives **independent economic value**, actual or potential, from **not being generally known** and **not being readily ascertainable** by proper means by other persons who can obtain economic value from its disclosure or use; and
- (ii) Is the subject of **efforts that are reasonable** under the circumstances to **maintain its secrecy**.

# Remote Work and Trade Secrets

- The percentage of workers permanently working from home is expected to double in 2021, [according to a survey from En](#)
- [Another recent Gartner CFO survey](#) revealed that over two-thirds (74%) plan to permanently shift employees to remote work after the Covid-19 crisis ends.

# Trade Secret: Employees

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- If some or all of your employees are remote, how do you protect your trade secrets and confidential information?

# Scenarios

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- Printing from home
- Emailing to personal e-mail
- The Cloud
- Internet connections
- Hardware
- Competition

# Best Practices

- Confidentiality agreements
- Policies
  - Reminder of obligations
  - Paper files
  - Internet access & security (DUO)
  - Cloud or third-party storage
- How to retrieve company property
- IT strategy for access to employer data that is kept remotely

Questions and Answers

**THANK YOU**

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