



**Modern Media
For Government Regulators**

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**Be Alert to Both Good and Bad in
Modern Media & Technology**

For government regulators, the world
is changing rapidly.

Smart use of media – old and
new – makes government more
effective, on limited budget.



Publicity to Change Culture

- Spain: culture of lax tax compliance
- Tax authority raids tax cheat restaurants mid-day
- All media pay attention: TV, Newspaper, Twitter, Facebook
- “Spain Confronts Tax Evaders,”
Wall St. Journal, Feb. 9-10, 2013



Philadelphia Police: 112 Arrests

- Attributed to police department's publicity through Twitter, Facebook & Youtube
- Time postings to feed local news media (TV stations hunger for fresh images!)
- <http://goo.gl/ziKbM>



Crowdsourcing Solutions

- "Crowdsourcing" means seeking knowledge from the public
- Philly Watchdog App for iPhone





Get Your Message Out Through the Web

Tell Stories - That Others Will Repeat

- Blogging - Blogger.com is free
- Google Plus, Twitter, Facebook, LinkedIn amplify the story
- Your licensees, industry media and local media will pick it up



Verify Organization with Google Plus

- Set up a page for your board or agency on Google Plus
- Helps Google recognize your board or agency as authority
- Google gives you higher page rank

Contests & Surveys Attract Attention

- Monopoly let Facebook members vote to change the clothes iron game piece to a cat
- "Go Directly to Success: Monopoly's Lessons"
Wall Street Journal, Feb. 9-10, 2013

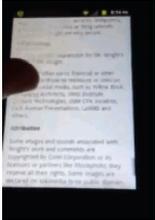


**Texas Attorney
General vs Sony BMG**

- In a public dispute, tell the truth, the whole truth and nothing but the truth
- Otherwise, your opponent (here, the Texas Attorney General) will expose your lack of candor on youtube <http://goo.gl/S02yJ>

**Reinterpret Mission
for Modern Age**

- Federal Trade Commission protects consumers
- Privacy is key to consumer protection
- Mobile devices have burst onto the scene!
- Problem with mobile devices is long privacy notices



Conflict of Law

- Mobile app developers have good reason to present long, complete privacy statements
- Punishing developers for long, but accurate statements is nonsense
- So, FTC published recommendations rather than regulations

FTC Recommended Privacy Icons

- Icons can be easier for consumers to understand than long legal fine print
- Icons would cover mobile location, sharing with friends and the like
- "FTC is Targeting Privacy on Mobile," Wall St. J., 2/4/13



Turn Records to Advantage

Departure from the Past

- Achieve advantage by keeping and understanding massive records
- Not by having small quantity of records



Hidden Public Account

- "California Agency Burned by Discovery of Bank Account," Wall St. J. 1/26/13
- State Parks chief resigned 7/12 for hiding \$20.5 million in park visitor fees from state Finance Dept.
- Parks Dept. aimed to avoid budget cuts

Similar Case - Same WSJ Article

- California Finance Dept. investigates Dept. of Forestry & Fire Protection
- Forestry & Fire maintained questionable fund for training & equipment - from money paid by companies that had caused fires
- Now Forestry & Fire closing fund and sending the money to Finance Dept.



California Statute

- Felony: public official "knowingly keeps a false account" or "fraudulently alters, falsifies, conceals, destroys or obliterates any account"
- Requests to open new accounts must be made to Finance Department

One Implication

- The email records at your agency are an asset of the agency
- They could help Cal. Forestry and Fire Fighting prove it got the required authority
- Governments have incentive to archive email
- Email is historical daily dairy of who did what
- Email is searchable

Mega-Trend: Technology holds professionals, licensees and all citizens to increasingly higher standards of accountability & compliance.

Smart People Who Try to Hide, Can't

- General Petraeus (CIA Director!) and Paula Broadwell's: very accomplished folks knew a lot about surveillance
- Still, their emails revealed their illicit relationship
- <http://goo.gl/S17CJ>



World Bristles with Sensors, Cameras, Records

- Massachusetts Lt. Gov. Timothy Murray crashed an official car, said driving within the speed limit, wearing seat belt
- He didn't know car had black box
- Box revealed driving without seat belt, far above the speed limit
- <http://goo.gl/blxSq>





This phenomenon is a two-way street. It helps investigators, but can trip up your own staff.

Danger in the Age of Internet and "Big Data"

- Advancing technology will uncover our hidden mistakes and transgressions
- Case in Point: Swiss bank secrecy has vanished!
- For many decades, it was an article of faith that Swiss bank secrecy was rock-solid

Swiss Bank Secrecy

- Technology contributed to its downfall
- Analysis of Homeland Security Data by staff working for Senator Carl Levin
- Travel records of Swiss bankers showed US law violated

Case of Rich Widow, Age 79

- Mary Estelle Curran's husband leaves much money in undeclared Swiss bank accounts 2000
- She relies on advisors to help with her money; she has a high school education & hasn't worked outside the home in 50 years
- She pleads guilty to criminal charges
- "U.S. is Preparing More Tax-Evasion Cases," Wall St. J., Jan. 31, 2013

What about Her Advisors?

- Malpractice? Unethical? Accessories to the crime?
- Put aside whether advisors were right or wrong . . .
- Technology disrupts decades of established practices and assumptions

“Big Data” is increasingly used to enforce compliance, accountability and ethical behavior. The Big Data trend will accelerate.



“Big Data” means making sense out of massive quantities of information.

New York State Department of Taxation and Finance

- Uses constantly improving process of predictive modeling and advance algorithms to guess which tax returns are requesting fraudulent refunds
- Sifts Big Data for trends & patterns
- IBM: Smarter Planet Leadership Series, “New York State Tax: How predictive modeling improves tax revenues and citizen equity”
Published 2011

SEC Catches Unusual Stock Trading Pattern

- KPMG Auditor caught passing tips to small-fry investor
- Very experienced CPA didn't think he'd get caught
- This is rare kind of case, but Big Data makes it easier for SEC to catch
- "Insider Trader Is Identified," Wall St. J., April 11, 2013

Secrets Can't Hide These Days

- "Liechtenstein Under Siege Clings to Bank Secrecy to Outdo Swiss," Bloomberg.com 2/27/08
- Resignation of Klaus Zumwinkel, CEO of Deutsche Post AG

Secrets Leak

- French budget minister admits he had secret, foreign bank accounts
- Investigative website posted recorded phone conversation from 13 years ago!
- "François Hollande rocked as minister confesses to lying over tax evasion," April 2, 2013, independent.co.uk



Mobile Forensics

- Some tools can recover a great deal of data from a mobile device, including deleted texts, photos, geolocation history and much more!
- These tools, like Cellebrite, can be expensive and can require operation by a specially-trained expert
- These tools can be more effective than trying to get data from mobile carriers

“Good news and bad; all can be seen by anyone who knows where to look.” -Don Tapscott, *The Naked Corporation*

Implications of Technology-Based Accountability

- You, your staff & your licensees are subject to ever higher scrutiny
- Assume that your secrets and your staff's secrets will be uncovered
- Even little shortcuts, fudges & white-lies may be uncovered
- Adopt a super-high standard of honesty and legal compliance



Staff Risk - Illegal Snooping

- 1998: D.C. cop "pleaded guilty to extortion after looking up the [license] plates of vehicles near a gay bar and blackmailing the vehicle owners." "New Tracking Frontier: Your License Plates," Wall Street Journal Sept 29-30, 2012.
- US v Diane Snyderman - searched IRS database
- "N.J. cop ran woman's plates to find her on Facebook, authorities say," Phila. Daily News 7/25/12

Use cheap records
technology to do your job
better and more reliably.

Using Smartphone to Support Legal Service of Process

- Smartphone can document process server's GPS location and time
- Smartphone can associate location and time with a photo or video
- <http://goo.gl/ZmIE0>



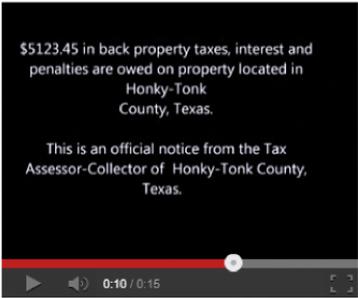
Official Notices via Youtube & Social Media

- Problem: email notice looks like spam
- Possible solution: Send video "reply" via youtube
- Make multiple attempts

Show Video of Official Tax Notice via Youtube Response



Another video format: Animated GIF



**Federal Court Standard
for "Service of Process"**

- "Reasonably calculated" to notify the recipient of the matter.
- Look for evidence of activity by recipient, such as other videos or comments by recipient on youtube or social media account.
- See blog article: <http://goo.gl/YFoih> including cases on service of process via Facebook

**Use old media to
achieve a new goal . . .**

**"John Doe" Botnet Herders
(a.k.a. "Hackers")**

- Microsoft sues in US court
- Has reason to believe unnamed botnet herders are in Russia
- Delivers legal notice in Russian via ads in Russian newspapers
- <http://goo.gl/erj9S>



IRS

- Says it will look at taxpayer's Facebook or Twitter account if taxpayer subject to a "red flag"
- <http://goo.gl/Qpuho>
- Issue: Facebook's terms say you must get user consent before collecting data (!) -- see panel presentation



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This presentation is not legal advice
for you or your organization.

Bonus Material - If we have time

**Risk of Over-regulating
Crowdfunding**

- Kickstarter.com worries regulators
- Will fraud run amok?
- Arguably Internet provides more transparency & analysis than did traditional telephone & postal service
- crowd-law.blogspot.com/

Mobile Forensics Steps

- Might start with preservation letter
- If you possess the device, and have legal
- authority, tools like Cellebrite or MobiSec can recover lots of data
- <http://goo.gl/vm4Eh>



Mobile Investigator's Dilemma

- Mobile device stores evidence, but it is also gateway to the "cloud" (e.g., Dropbox)
- Use of app on mobile device may bet quick access to cloud evidence that might soon disappear
- But use of device might taint evidence on the device itself
- <http://goo.gl/3x7nX>

Recording More Staff Activities

- Albuquerque police outfitted with wearable video cameras to reduce shootings
- Police complain video devalues their subjective interpretation of situation
- "Cameras Keep a Close Watch on the Police," Wall Street Journal, 2/13/13

Automated Evidence Collection on Web

- Tax Spider - quietly saves old records
- "Tax Takers Send in the Spiders," wired.com 1/25/07
- WSJ 8-27-09: "Is Friending in your Future?" MN tax authority levies back taxes when guy says on Myspace he's returning to state to work.

