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A Different Kind of Sleuth:

Joe Anastasi Investigates The World Of White Collar Crime

By SAMANTHA PARENT

When we hear the word “forensics” today, we tend to think of the gory crime scene investigations of CBS’s hit *CSI: Miami* or Court TV’s *The Forensic Files*.

Joe Anastasi, a Tiburon resident, has another take on the field of forensics. As one of the world’s leading experts in forensic accounting, Anastasi has made it his career to ferret out evidence in cases of white-collar crime, from corporate fraud to intellectual property piracy.

As the Global Leader for international professional services firm Deloitte & Touche’s forensic investigations practice, Anastasi created one of the first cyber crime computer forensics labs in the country, right here in San Francisco.

In a recent interview, Anastasi shared his insights into his investigations of white-collar crime and cyber crime, which he documents in vivid detail in his new book, *The New Forensics: Investigating Corporate Fraud and the Theft of Intellectual Property*.

Anastasi will be discussing his new book and the fascinating field of computer and accounting forensics at Book Passages in Corte Madera on Saturday, September 13 at 7 p.m.

Q: Your book, *The New Forensics*, reads like a fast-paced crime novel, yet it examines real-life cases of corporate fraud like the Enron and Worldcom scandals.

A: There’s maybe a reason why the book reads like a crime novel. Part of the genesis of the book was that I had originally written a novel. Then the al Qaeda investigation started happening and the Enron debacle occurred. My agent and publisher started pushing for a book about the investigative techniques that were being used to crack these cases. I wasn’t interested in writing a book about technology, which is what they wanted. I started doing interviews (with the people actually investigating the cases) and learning about the nature of the forensic investigations. And then I wrapped in the technology aspect, so that you are getting your medicine but you hardly notice it.

Q: Your book discusses the field of “computer forensics.” What is computer forensics and how did you get interested in it?

A: I’m a forensic accountant by education and discipline. I got into it by way of litigation consulting — testifying in court about financial matters. I would be a fact-finder in forensic investigations where there was a dispute.

The world of computer forensics really only came to the fore in the late 1990s. Computer forensics is the science of taking information from your computer, as if you could take a snapshot of your hard

drive, for use in litigation or for criminal investigations. It has now become an important part of corporate litigation and the investigation of accounting fraud. There is a nexus between forensic accounting and computer forensics to gather information from a computer and reconstruct [corporate balance sheets] to try to put Humpty Dumpty together again in cases of accounting fraud.

Q: When did you become involved in computer forensics investigations?

A: I got interested in 1998. I brought on to our forensic accounting group in San Francisco a guy by the name of George Vinson. He had been the assistant special agent in charge of the FBI here in San Francisco. He was in charge of tracking down the teenage hackers in the Russian River area who hacked into the Pentagon in 1996. He joined our group at Deloitte & Touche. After that, I was able to bring in other people who were specialists in the computer forensics area and since then we have built a computer forensics lab that can handle up to five terabytes of data. That’s a lot of data. Deloitte & Touche has five such labs in major metropolitan areas throughout the country. The San Francisco lab is very robust. We are able to handle a lot of very complex challenges.

Q: You discuss several interesting cases in the book, including the Enron and Worldcom scandals, a securities fraud investigation of a company called Morgan Fay, Russian hackers who stole credit card data from e-commerce sites Egg.head.com and CD Universe, as well as the investigation of Swiss bank accounts belonging to Holocaust victims. Which case was most interesting to you?

A: That’s like asking which child is your favorite. I selected the most interesting cases for the book. Some of the cases where the technology [used to crack the case] was unfamiliar to me became interesting because I wanted to learn how it worked. For example, I became interested in the Russian hacker case because the FBI was using keystroke loggers to trace what was typed into a computer.

The case that most interested me, however, was the Morgan Fay case [a securities fraud investigation]. By understanding this case and the use of computer forensics and forensics accounting to crack it, you are able to understand how the Enron or the Worldcom investigation happened. And you can figure out where the investigations did right, or where they blew it. Why were several restatements (of the corporate financials) needed?

Q: You talk in the book about “the corporate culture of arrogance and leadership through intimidation” that allowed these cases of corporate fraud to take place. Is this book ultimately about greed and a lack of morality in today’s corporate environment?

Anastasi. . . *continued*

A: I think in the end what this book is about is morality. And if there is no learning from the excesses that are being discovered now as they are being rung out of the system by law enforcement, then we need a system of internal checks and balances so we can withstand these types of corporate disasters in the future. The tone [of arrogance and greed] starts at the top of a company. Maybe if you or I see these things happening in the future, we don't have to accept it as normal behavior even though everyone else at the company is practicing that behavior. People going to jail sends an important message to society.

Q: Did this type of white-collar crime just show its face in the excesses of the '90s, or has it always happened?

A: Corporate crime has somehow been endemic or latent since the advent of capitalism. There will always be the outlaws who push the envelope. The difference between today and say 20 years ago is that the amount of data we have now is awesome. Billions of e-mails have been sent over the past few years. We have the tools to investigate corporate fraud, but the haystack in which to search is huge. The question boils down to, how much money do you have to spend to investigate corporate fraud? It would be 10 percent of the country's total GDP if we were to investigate every case.

Q: What is the relationship between law enforcement – the CIA, FBI and the Justice Department, for example – and your group at Deloitte & Touche?

A: Once a corporate board gets wind of a problem, they'll go out and hire a special counsel law firm, and the law firm will then hire special forensics accountants like ourselves. The two groups will begin doing the fact-finding. This is the post-Enron world. Law enforcement comes in only when the harm has already happened and there is a smoking gun. It is self-evident. In the case of Morgan Fay, which I talk about in the book, the SEC and FBI are informed. Sometimes the forensic accountants and special counsel hand over all the evidence they find to law enforcement with a ribbon around it. Many times the accountants and lawyers continue the investigation and provide updates to law enforcement as needed.

Q: Can you talk a little bit about how computer forensics is being used to track down al Qaeda cells in Europe?

A: Al Qaeda has been successful in using our open society – including the Internet – to cross borders and communicate. For example, they are sending hidden messages embedded in eBay images to communicate between various al Qaeda cells around the world. That's how sophisticated they are. When we caught the so-called "20th hijacker," Zacarias Moussaoui, we were able to get his laptop and image it using computer forensics tools. Using what is called "link analysis" software, we have been able to link disparate pieces of information, from phone calls to e-mails, that have been communicated between various al Qaeda cells. Traffic analysis software tells you when there is a spike in communications, or "chatter," regarding a certain topic.

Q: What brought you to the Tiburon Peninsula and how long have you lived here?

A: I moved here in 1986 because of the proximity to the City. We bought a house on the backside of the Tiburon Peninsula, the rural side, which was also the affordable side at that time.

Q: Do you have family here?

A: My wife Patti who is an active member of the Film Commission here in Tiburon, and my son Kevin who played soccer here is now in college.

Joe Anastasi

