

## AGENDA

### A REGULAR MEETING OF THE BOARD OF RETIREMENT LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

9:00 A.M., THURSDAY, JANUARY 14, 2016

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. REPORT ON CLOSED SESSION ITEMS
- IV. OTHER COMMUNICATIONS
  - A. For Information
    1. Awards
    2. November 2015 All Stars
    3. Chief Executive Officer's Report  
(Memo dated January 5, 2016)
- V. PUBLIC COMMENT
- VI. NON-CONSENT AGENDA
  - A. Recommendation as submitted by Alan Bernstein, Chair, Audit Committee: That the Board, jointly with the Board of Investments, direct staff to retain the law firm of Alston & Bird and their subcontractor Stroz Friedberg to perform an audit and data mapping of LACERA's operations insofar as they involve private, confidential, and business critical information.  
(Memo dated January 6, 2016)
- VII. GOOD OF THE ORDER  
(For information purposes only)

January 14, 2016

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## VIII. ADJOURNMENT

*Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Retirement Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.*

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January 5, 2016

TO: Each Member  
Board of Retirement  
Board of Investments

FROM: Gregg Rademacher   
Chief Executive Officer

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT**

I am pleased to present the Chief Executive Officer's Report that highlights a few of the operational activities that have taken place during the past month, key business metrics to monitor how well we are meeting our performance objectives, and an educational calendar.

### **LACERA's Mentoring Program**

In Josh Bersin's research report, "Predictions for 2015: Redesigning the Organization for a Rapidly Changing World" he states that "skills are now currency" and that "professionals at all levels have to continuously re-skill themselves to stay current and relevant."

The Self-Directed Mentoring Program is one way LACERA is equipping staff with this "skill currency." This program creates opportunities for staff development, allows them to gain insight into different Divisions, develops cross-divisional relationships, provides support and advice in all aspects of life, develops skills and knowledge about LACERA culture, transfers and shares knowledge, and gives a fresh perspective on career development. The program is open to any permanent full-time employee with a competent or better rating.

The Program is facilitated by Ms. Stacy Geck, Associate Professor of Clinical Management Communication at USC Marshall School of Business. Ms. Geck brings a worldwide perspective to the program and provides the most up-to-date information about what's happening outside of LACERA, giving a well-rounded perspective on each month's topic. Staff finds a liaison in Ms. Geck, whom they trust and feel comfortable sharing things that are important to their personal and professional development.

The Program participants complete the Myers Briggs Type Indicator (MBTI) assessment administered by Ms. Geck, who uses these results to create the pairing of a mentor with a mentee. Throughout the year the pair meets weekly where they develop and share their personal and professional goals for the year. This mentor/mentee relationship begins in February, develops throughout the year, and culminates in December with a discussion of the strides made toward those goals and an encouragement to set goals for the New Year.

Ms. Geck facilitates monthly training on various topics contributing to the development of those in the program. These topics have included Leadership, Communication, Conflict Management, Emotional Intelligence, Generational Motivation, Goal Setting, Accountability, Teamwork, Change Management, and Relationship Development. With each year's topics Ms. Geck weaves LACERA's Values throughout the training so the participants are firmly grounded in LACERA's Values and how they apply to their daily life at LACERA.

The Program has been a successful development tool for staff. The 2006 inaugural Mentoring Program had 22 participants and has grown steadily, with 35 staff participating in 2015. A total of 144 employees have voluntarily participated in the Program. Many of those who began as mentees are now participating as mentors. Today the program has grown to be an important part of the succession planning continuum at LACERA and we expect it to continue to be so.

We are looking forward to 2016 and the continuation of the Self-Directed Mentoring Program at LACERA. The program is scheduled to re-launch at the end of January with a Kick-off session for those staff who would like to participate. They are provided details about the program and encouraged to participate as mentees and mentors. Some of the topics planned for the monthly group sessions in 2016 are Business Etiquette and Professionalism, Problem-Solving, Accountability, Diversity and Teamwork, among others.

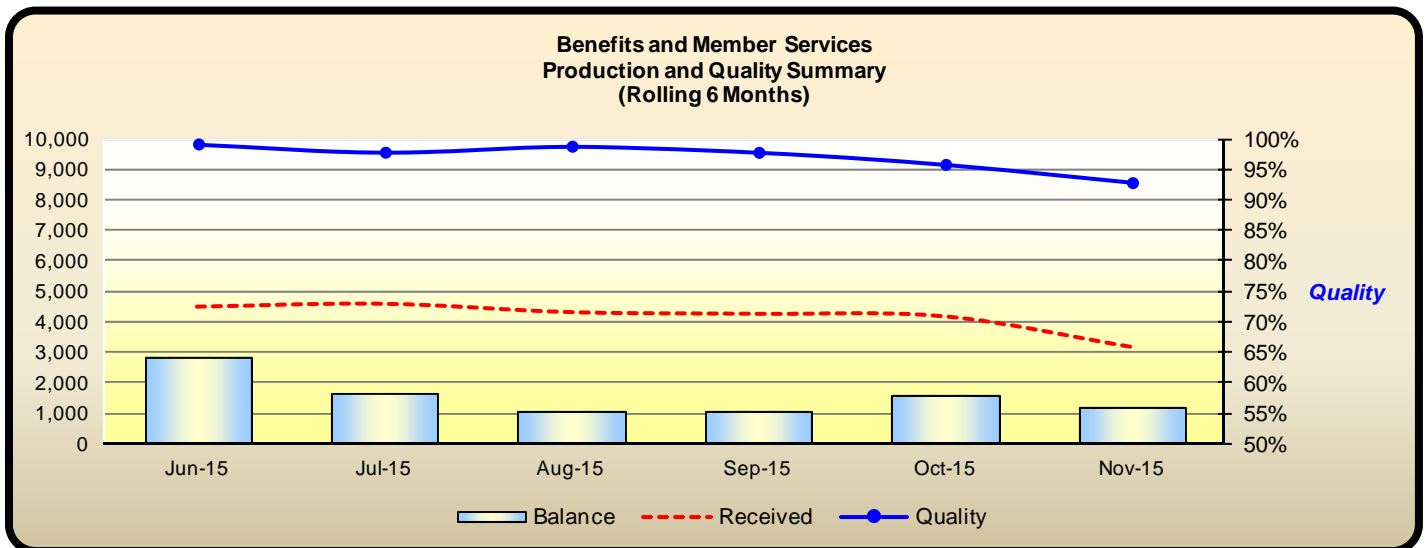
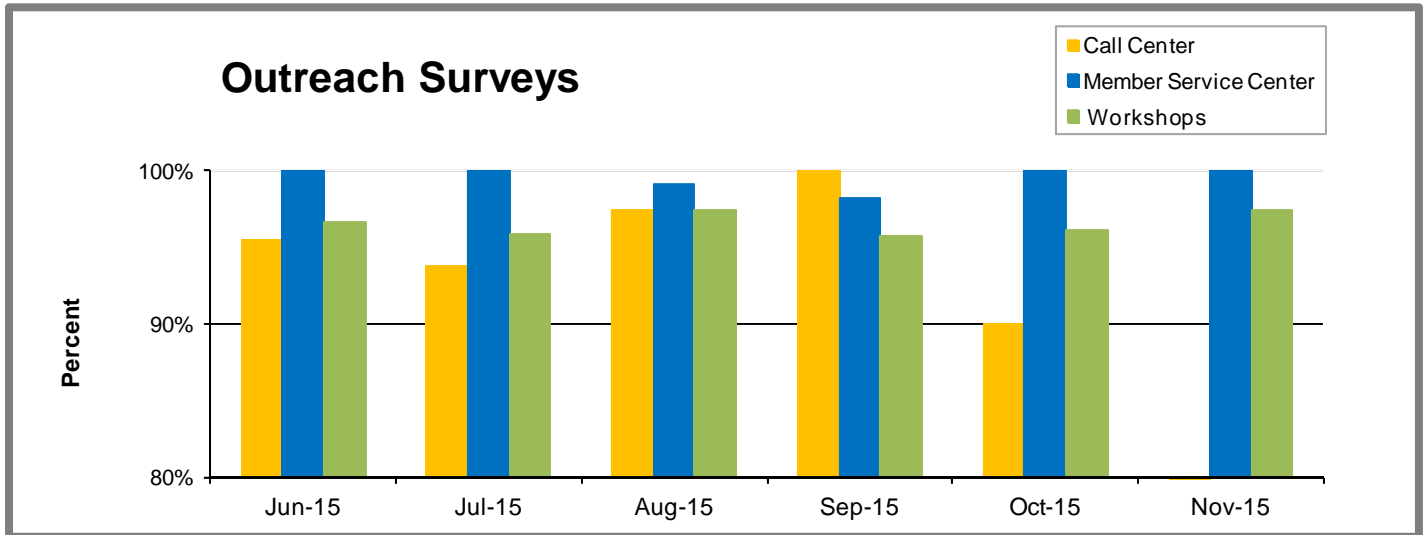
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Attachments

# LACERA's KEY BUSINESS METRICS

## OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	16	85	520	3,101
Mid Career	0	6	0	218
New Member	8	66	173	1,343
Pre-Retirement	6	42	216	1,159
General Information	1	8	37	456
Retiree Events	0	3	0	135
Member Service Center	Daily	Daily	1,208	6,972
<b>TOTALS</b>	<b>31</b>	<b>210</b>	<b>2,154</b>	<b>13,384</b>



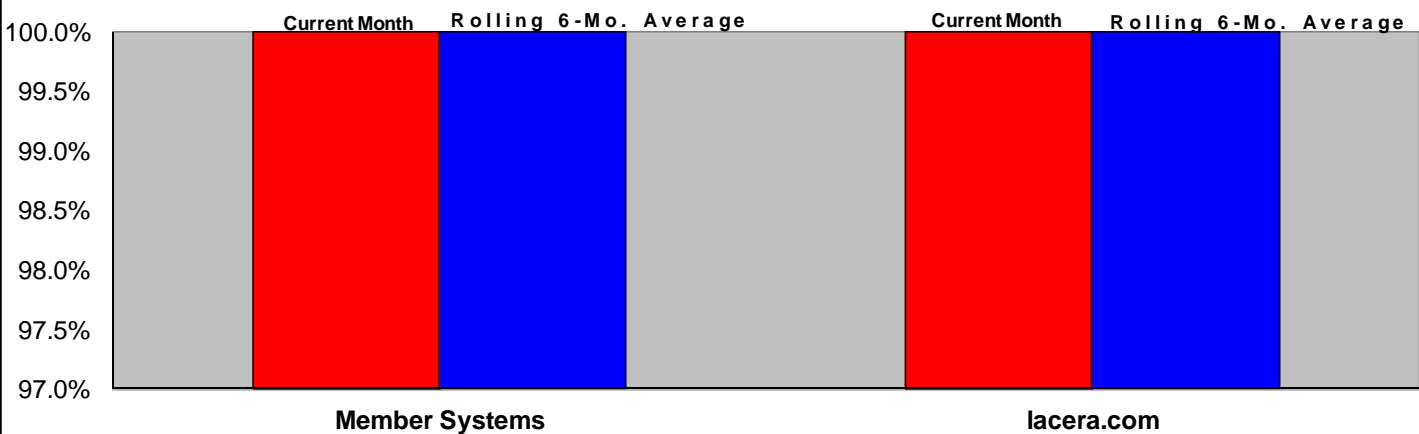
Member Services Contact Center		RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)	100.39%		
<b>Category</b>	<b>Goal</b>	<b>Rating</b>	<b>Member Services</b>
Call Center Monitoring Score	95%	99.45%	1) Benefit Payments: Gen. Inquiry/Payday
Grade of Service (80% in 60 seconds)	80%	85%	2) Workshop Information\Appts: Inquiry
Call Center Survey Score	90%	62.50%	3) Death: Benefit Explanation
Agent Utilization Rate	65%	53.00%	
Number of Calls	8,589	3,559	<b>Retiree Health Care</b>
Calls Answered	8,270	3,294	1) Medical Benefits - General Inquiries
Calls Abandoned	319	267	2) Dental/Vision Benefits Gen. Inquiries
Calls-Average Speed of Answer	0:00:41	02:01	3) Turning Age 65/Part B Premium
Number of Emails	184	139	Reimbursement
Emails-Average Response Time	06:43 :12	1 day	Adjusted for weekends

## LACERA's KEY BUSINESS METRICS

Fiscal Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assets-Market Value	\$35.2	\$40.9	\$38.7	\$30.5	\$33.4	\$39.5	\$41.2	\$43.7	\$51.1	\$51.4
Funding Ratio	90.5%	93.8%	94.5%	88.9%	83.3%	80.6%	76.8%	75.0%	79.5%	83.3%
Investment Return	13.0%	19.1%	-1.4%	-18.2%	11.8%	20.4%	0.3%	12.1%	16.8%	4.3%

DISABILITY INVESTIGATIONS						
APPLICATIONS	TOTAL	YTD		APPEALS	TOTAL	YTD
On Hand	468	xxxxxxx		On Hand	191	xxxxxxx
Received	26	185		Received	4	22
Re-opened	0	1		Administratively Closed	5	13
To Board – Initial	40	177		Referee Recommendation	5	14
Closed	3	22		Revised/Reconsidered for Granting	0	4
<b>In Process</b>	<b>451</b>	<b>451</b>		<b>In Process</b>	<b>185</b>	<b>185</b>

### SYSTEMS AVAILABILITY NOVEMBER 2015



Active Members as of 1/4/16		Retired Members/Survivors as of 1/4/16			Retired Members		
		Retirees	Survivors	Total			
General-Plan A	289	19,785	4,790	24,575	Monthly Payroll	241.08 Million	
General-Plan B	108	682	60	742	Payroll YTD	1.20 Billion	
General-Plan C	101	423	53	476	Monthly Added	238	
General-Plan D	47,820	11,085	1,053	12,138	Seamless %	99.58	
General-Plan E	21,546	10,650	859	11,509	YTD Added	1,401	
General-Plan G	12,329	1	0	1	Seamless YTD %	99.86	
<b>Total General</b>	<b>82,193</b>	<b>Total General</b>	<b>42,626</b>	<b>6,815</b>	<b>49,441</b>	Direct Deposit	95.00%
Safety-Plan A	14	5,942	1,586	7,528			
Safety-Plan B	11,606	4,032	211	4,243			
Safety-Plan C	872	1	0	1			
<b>Total Safety</b>	<b>12,492</b>	<b>Total Safety</b>	<b>9,975</b>	<b>1,797</b>	<b>11,772</b>		
<b>TOTAL ACTIVE</b>	<b>94,685</b>	<b>TOTAL RETIRED</b>	<b>52,601</b>	<b>8,612</b>	<b>61,213</b>		

Health Care Program (YTD Totals)		
	Employer Amount	Member Amount
Medical	181,543,954	16,174,265
Dental	15,278,572	1,642,182
Med Part B	20,462,594	xxxxxxxxxx
<b>Total Amount</b>	<b>\$217,285,120</b>	<b>\$17,816,447</b>

Health Care Program Enrollments	
Medical	46,898
Dental	47,841
Med Part B	30,319
Long Term Care (LTC)	772

Funding Metrics as of 6/30/15	
Employer Normal Cost	9.28%
UAAL	8.49%
Assumed Rate	7.50%
Star Reserve	\$614 million
Total Assets	\$48.8 billion

Member Contributions as of 6/30/15	
Annual Additions	\$441.3 million
% of Payroll	6.18%

Employer Contributions as of 6/30/15	
Annual Addition	\$1,495 million
% of Payroll	17.77%

Date	Conference
<b>January, 2016</b>	
24-26	NCPERS (National Conference on Public Employee Retirement Systems) Legislative Conference Washington D.C.
24-26	13th Annual Made in America: 2016 Taft-Hartley Benefits Summit Las Vegas, NV
27-29	CALAPRS (California Association of Public Retirement Systems) Advanced Principles of Pension Management for Trustees at UCLA Los Angeles, CA
<b>February, 2016</b>	
3-5	IMN (Information Management Network) Annual Beneficial Owners' international Securities Lending Conference Phoenix, AZ
5	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Holiday Inn Burbank
5	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Holiday Inn Burbank
24-26	Pacific Pension Institute (PPI) North American Winter Roundtable Rancho Palos Verdes, CA
29-March 1	National Institute on Retirement Security (NIRS) 2016 Policy Conference Washington D.C.
<b>March, 2016</b>	
5-8	CALAPRS (California Association of Public Retirement Systems) General Assembly Meeting Indian Wells, CA
8-9	International Corporate Governance Network (ICGN) Frankfurt Conference Eschborn, Germany
8-9	PREA (Pension Real Estate Association) Spring Conference Boston, MA
9-10	AHIP (America's Health Insurance Plans) National Health Policy Conference Washington D.C.
14-16	IFEBC (International Foundation of Employment Benefit Plans) Investments Institute Las Vegas, NV
21-23	Council of Institutional Investors (CII) Spring Conference Washington D.C.

January 5, 2016

TO: Each Member  
Board of Retirement

FROM: Audit Committee  
Alan Bernstein, Chair  
Joseph Kelly, Vice-Chair  
Diane A. Sandoval, Secretary  
John Barger  
David Green  
Shawn R. Kehoe

FOR: January 14, 2016 | Board of Retirement Meeting

**SUBJECT: INFORMATION PRIVACY AUDIT**

## **RECOMMENDATION**

Direct staff to retain the law firm of Alston & Bird and their subcontractor Stroz Friedberg to perform an audit and data mapping of LACERA's operations insofar as they involve private, confidential, and business critical information.

## **EXECUTIVE SUMMARY**

The purpose of this Information Privacy Audit is to have a qualified third party perform a comprehensive study of LACERA's business operations with the following objectives:

- 1) To determine whether LACERA's data privacy policies and practices are adequate and conform to the requirements of all applicable data protection laws and regulations, both domestic and international, as well as best practices;
- 2) To determine whether LACERA is actually abiding by the policies and procedures identified during the audit. This will require an investigation of and test work to verify how personal data is handled in practice within the various business units, across divisions, and when dealing with third parties; and
- 3) A legal opinion on LACERA's compliance obligations as they relate to the Health Insurance Portability and Accountability Act (HIPAA) and recommendations for changes in privacy policies and practices as necessary to further comply with relevant privacy legislation and best practices.



## BACKGROUND

### What is a Privacy Audit?

Privacy encompasses the rights and obligations of individuals and organizations with respect to the collection, use, retention, disclosure, and disposal of personal information.<sup>1</sup> A privacy audit can be described as a system-wide diagnostic study designed:

- 1) To determine whether an organization's data privacy policies are adequate to address the requirements of all applicable data protection laws and regulations, both domestic and international, as well as best practices, and;
- 2) To make sure they apply to all data processing that an organization actually conducts.

This type of audit involves not only a review of all company policies, procedures, codes of practice and guidelines that affect the handling of personal data, both within the company and in dealing with third parties such as vendors and suppliers, but also requires an understanding and mapping of data flows across the enterprise.

Additionally, the audit will serve to:

- 3) Determine whether an organization is actually abiding by the policies and procedures identified during (and perhaps improved as a result of) the adequacy audit. It requires an investigation of how personal data is handled in practice within the various business units, across departments, and when dealing with third parties.<sup>2</sup>

A comprehensive audit examines such factors as whether the organization offers data privacy compliance training, how data privacy policies are disseminated to employees, how complaints of policy violations are handled, and even how business critical information is treated and protected.

### LACERA's Privacy Practices

LACERA's Internal Audit Division is responsible for including privacy practices in the annual organization-wide risk assessment as well as monitoring and periodically reporting on LACERA's compliance with privacy policies. However, the Chief Audit Executive also serves as LACERA's Privacy Officer and is responsible for the administration of the LACERA Privacy Program and Policy as well as education and training for all new and current staff on privacy requirements.

Due to this overlap in responsibilities, Internal Audit periodically contracts for a comprehensive independent review of LACERA's privacy policy and practices to ensure our compliance with relevant legislation and alignment with industry best practices. Details of the last review conducted in 2006 are included here.

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<sup>1</sup> American Institute of CPAs. (<http://www.aicpa.org/INTERESTAREAS/INFORMATIONTECHNOLOGY/RESOURCES/PRIVACY/Pages/default.aspx>)

<sup>2</sup> *Conducting a Privacy Audit*. Michael I. Whitener ([https://iapp.org/media/pdf/knowledge\\_center/Conducting\\_a\\_Privacy\\_Audit\\_-\\_The\\_Corporate\\_Counselor\\_-\\_July\\_2012.pdf](https://iapp.org/media/pdf/knowledge_center/Conducting_a_Privacy_Audit_-_The_Corporate_Counselor_-_July_2012.pdf))

### **2006 External Privacy Audit**

In October 2006, MRE Enterprises, LLC and Sonnenschein, Nath and Rosenthal LLP (“Privacy Group”) were commissioned to conduct a privacy audit and provide privacy best practices and recommendations regarding LACERA’s privacy safeguards. The Privacy Group was chartered to examine the use and exchange of personally identifiable information (“PII”) and protected health information (“PHI”) in the context of applicable federal and state privacy laws and regulations.

Overall, the Privacy Group found that LACERA management and staff consistently demonstrate a conscientious and diligent approach to protecting the privacy of our members. However, a number of recommendations were made to further enhance controls over privacy at LACERA which were subsequently implemented.

### **Proposed Privacy Audit**

At the March 18, 2015 Audit Committee meeting, staff discussed hiring a privacy consultant to review LACERA’s current privacy policy and practices. At that time, it had not yet been determined whether or not a more comprehensive audit was required. Following the Committee meeting and prompted by two key incidents involving privacy, a cross-functional team comprised of staff from the Executive Office, Legal, Systems, and Internal Audit determined that, rather than hire a consultant with limited scope, it would be prudent to contract for a full independent audit of LACERA’s privacy policies and practices as well as the handling of business critical information (such as that handled by the Investment Division and other parts of the organization).

At the May 21, 2015 meeting of the Operations Oversight Committee of the Board of Retirement, the following recommendations were approved:

1. Authorize staff to issue a Request for Proposal (RFP) to hire a qualified vendor to perform an Information Privacy Audit, and
2. If proposed contract pricing falls at or below the authority threshold of the CEO, authorize staff to review and select a qualified vendor and the Chief Executive Officer to negotiate and sign the resultant contract.

## REQUEST FOR PROPOSALS

On June 8, 2015; the Evaluation Committee, comprised of LACERA staff and managers, issued a *Request For Proposals* (RFP) [See RFP - Attachment 1: Section 2] to conduct a search for a firm to perform an information privacy audit. The RFP issued incorporated comments received from the Executive Office after their review.

### Staff Participation

The Evaluation Team, as identified in **Table 1**, participated in the scoring of proposals and the in-house interviews.

**Table 1 – Evaluation Team**

<b>Name</b>	<b>Title</b>	<b>Division</b>
JJ Popowich	Asst. Executive Officer	Executive Office
Steven Rice	Chief Legal Counsel	Legal Office
James Pu	Chief Information Officer	Systems
Richard Bendall	Chief Audit Executive & Privacy Officer	Internal Audit
Darla Vidger	Internal Auditor & Privacy Contact Person	Internal Audit

### Firms

Staff performed research and identified a list of firms that potentially have the qualifications and experience to perform a comprehensive privacy audit. In June 2015, subsequent to the Committee's approval, staff sent the RFP directly to principals at seven firms and posted it on LACERA's website. Six firms submitted RFP responses:

- Alston & Bird LLP
- Berry Dunn
- FTI Consulting
- IT Law Group
- KMPG; and
- Liebert Cassidy Whitmore (LCW).

LACERA invited potential respondents to submit questions related to information contained in the RFP. Four firms submitted questions and the responses were sent directly to those firms and posted on LACERA's website for other potential respondents to review.

Staff completed a preliminary evaluation to determine that all respondents met the minimum qualifications as outlined in the RFP.

**Proposal Scoring Categories**

The scores were based on the allocation for the categories listed below and totaled. The individual respondent scores were recorded and discussed prior to the interview process (Phase Two). The following identifies the key criteria for each of the seven categories used to evaluate the respondents (Total Possible Score: 100%):

	Points Possible
<b>1. Cover Letter:</b> <i>This letter should provide a statement to explicitly affirm that the signatory on the cover letter is empowered and authorized to bind the vendor to the contract.</i>	5
<b>2. Executive Summary:</b> <i>No. of years your firm has been in existence, the primary markets served, and whether company has been profitable in the last four (4) years of business. Location of corporate headquarters. Key success factors and what differentiates company from competitors as well as any awards or certificates received. Hiring process and selection criteria for permanent and temporary staff. Must explicitly affirm that company does not discriminate. Provide profiles and/or curriculum vitae of key managers.</i>	10
<b>3. Assigned Consultants:</b> <i>Indicates whether assigned staff are permanent or contract and what role they would perform. Who is expected to be assigned to the project, including a detailed profile and/or curriculum vitae for each person. Includes the lead consultant's and team's successful history and experience in meeting the objectives of similar projects.</i>	25
<b>4. References:</b> <i>Provides name/addresses of at least three (3) organizations for which company has provided similar services.</i>	10
<b>5. Work Plan:</b> <i>Provides a detailed work plan and summary of criteria. Work plan demonstrates an understanding of the requirements described in this RFP as well as the relevant laws and risk factors involved.</i>	20
<b>6. Milestones:</b> <i>Provides a proposed project schedule and time frames for each milestone of the schedule.</i>	15
<b>7. Pricing:</b> <i>Provides a table that lists all standard and foreseeable fees. Pricing in the table must include billing rates, estimated number of billable hours, as well as other billable expenses. Includes "not-to-exceed" cost.</i>	15
<b>TOTAL SCORE</b>	<b>100</b>

Detailed scoring information is included in **Table 2 – Final Scores**.

**In-House Interviews**

Based on the evaluation of proposals, the Evaluation Team found a significant variation of proposals in terms of scope, price and breadth of services offered. Due to this significant variation, the Evaluation Team decided that it would be beneficial to conduct interviews of the

top scored respondents to gain a better understanding of each firm’s approach to completing the privacy audit.

The Evaluation Team completed in-house interviews at LACERA’s offices of the top five scored respondents. Each respondent sent a team of individuals who participated in a detailed interview session.

The primary benefit of conducting the in-house interview is that it enabled staff to gain more insight into the respondent’s organization, the depth of the firm’s resources and its experience in performing privacy audits of similar scope and depth. It provided staff with an opportunity to meet the proposed team assigned to the LACERA project and learn more about the team’s capabilities and communication style. Finally, the interviews helped the Evaluation Team obtain more information regarding each firm’s additional lines of business.

### Evaluation Results

The final scores, listed below in **Table 2 – Final Scores**, were based on the proposal evaluations and the in-house interviews. The final firm ranking was unanimous among the Evaluation Team and is consistent with the final scoring. The final price of this review, \$500,000, is based on the revised proposal from Alston & Bird and their subcontractor, Stroz Friedberg and is detailed in **Table 3 – Final Ranking & Pricing**.

**Table 2 – Final Scores**

	<b>Points Possible</b>	<b>Alston &amp; Bird</b>	<b>Berry Dunn</b>	<b>FTI</b>	<b>IT Law Group</b>	<b>KPMG</b>
RFP Score - (Phase 1)	100	84	77	78	80	71
Interview Score - (Phase 2)	100	100	75	74	76	89
<b>Final Score (Average)</b>	<b>100</b>	<b>92</b>	<b>76</b>	<b>76</b>	<b>78</b>	<b>80</b>

### Final Candidates

Throughout the interview and evaluation process, the Evaluation Team determined that two of the firms, Alston & Bird and KPMG, best demonstrated the ability to perform privacy audits of the scope and magnitude required. However, each firm’s approach to the project was slightly different.

Alston & Bird’s approach was to start with a legal review followed by an audit which required that they partner with a technical firm to perform the data mapping process necessary for Alston & Bird to complete their assessment of privacy as it relates to LACERA’s data information systems. Staff asked Alston & Bird to allow the Evaluation Team to interview the firms they were considering to perform this portion of their review. Alston & Bird immediately proposed two potential partners and staff conducted interviews with the two firms and selected Stroz Friedberg. The Evaluation Team then asked that Alston & Bird submit a revised proposal incorporating the work and fees of both Alston & Bird and Stroz Friedberg.

KPMG’s approach was from technology-based audit perspective. The Evaluation Team found that while the audit proposal was impressive, the presented approach did not include the legal analysis necessary to perform the full scope of the audit. The Evaluation Team asked KPMG to obtain a legal partner and to submit a revised proposal incorporating both of the required components. However, once a legal partner was proposed and the Evaluation Team reviewed the firm, staff determined that the firm, while adequate, did not meet all of the established criteria required for this review.

**Final Scores, Firm Ranking, and Pricing**

The Evaluation Team unanimously agreed Alston & Bird (with partner Stroz Friedberg) demonstrated clearly that their proposed approach was best suited to LACERA’s needs at this time. The Evaluation Team believed that LACERA would be best served by hiring a firm with: an established record of performing privacy reviews of similar size and scope; knowledgeable staff with broad experience in privacy-related law; the ability to add value by providing practical recommendations; and the depth of firm resources necessary to complete the assignment.

The final firm ranking is consistent with the final scoring and was unanimous among all Evaluation Team members.

Final rankings and pricing are provided below in **Table 3**:

**Table 3 – Final Ranking & Pricing**

<b>Respondent</b>	<b>Final Rank</b>	<b>Pricing</b>
— <i>Alston &amp; Bird Scoping</i>	-	\$25,000
— <i>Alston &amp; Bird Fees</i>	-	\$325,000
— <i>Stroz Friedberg Fees</i>	-	\$150,000
<b>Alston &amp; Bird Total</b>	<b>1</b>	<b>\$500,000*</b>
<b>KPMG</b>	<b>2</b>	<b>\$290,000*</b>

*\*Note: The KPMG bid amount did not include the cost of the legal component of the audit and would have been significantly higher had that been included.*

**In summary, the Evaluation Team performed the following in the RFP evaluation process:**

***Phase One – Preliminary Evaluation of Proposals***

In this phase, the Evaluation Team:

- 1) Completed a preliminary evaluation of proposals received.
- 2) Scored the original proposals submitted.

***Phase Two – In House Interviews***

In this phase, the Evaluation Team:

- 3) Conducted in-house interviews of the top four scored proposals.

- 4) Evaluated the presentations and asked the top two candidates to submit revised proposals.
- 5) Reviewed the revised proposals.
- 6) Completed the final scoring and ranking.

### ***Phase Three – Primary Candidate Evaluation***

#### **Scoping Interviews**

Due to the proposed scope and investment involved with this audit, the Evaluation Team deemed it prudent to contract with Alston & Bird to develop a more definitive scope of work based on privacy considerations and business critical information likely to be addressed in the proposed audit based on their expertise and meetings with staff. This short-term engagement allowed the Evaluation Team to further gauge the appropriateness and fit of both Alston & Bird and recommended sub-contractor Stroz Friedberg. (Stroz Friedberg will be tasked with preparing the “data map” of the flow of information in the organization, which is essential to Alston & Bird’s work.)

#### **Reference Checks**

Staff conducted reference checks for Alston and Bird as well as its subcontractor Stroz Friedberg, including a large national company for which the proposed vendors performed a comprehensive audit similar to the scope proposed for LACERA and found that the references were favorable. There were no significant negative comments discussed and no points awarded for the reference check results.

#### **Alston & Bird**

Alston & Bird (*Final Score 92*) is the strongest candidate interviewed to perform LACERA’s information privacy audit. Founded in 1893, Alston & Bird has some 850 lawyers with offices throughout the U.S. and a new office in Beijing. Alston & Bird is uniquely qualified to perform the depth and breadth of services required for the proposed audit. The firm has a Chambers-ranked Privacy and Data Security practice with an exceptionally qualified proposed project team that includes, Dominique Shelton, who will be the project lead and is a litigation partner at the firm with extensive experience in cyber preparedness and privacy compliance counseling. Ms. Shelton is also a well-published leader in the field of security and privacy law. In 2015, the *Los Angeles Business Journal* named Ms. Shelton one of *The Most Influential Lawyers in White Collar and Cyber Crimes Law*. In addition, the proposed LACERA team also includes Paula Stannard, the former acting General Counsel for the U.S. Department of Health and Human Services (HHS). Ms. Stannard was a principal leader at HHS on the HIPAA privacy, security, and enforcement rulemaking proceedings, which culminated in the final rules that remain law today. Overall, Alston & Bird’s experience in conducting comprehensive information privacy audits provides them with an exceptional understanding of what is required while still allowing for a customized privacy review and evaluation of business critical information. Specifically, while a law firm, Alston & Bird has not only demonstrated legal expertise but also operational experience, sensitivity, and judgment – both sets of skills are important to achieve the

objectives of the audit. As a result, Alston & Bird was given the highest score. For additional information regarding Alston & Bird, please see the **Attachment 2 – Alston & Bird Proposal**.

**Stroz Friedberg** - *Subcontractor for Alston & Bird*

As a comprehensive privacy audit requires an understanding and mapping of data flows across the organization, Alston and Bird is positioned to partner with Stroz Friedberg to complete this portion of the audit. Stroz Friedberg is a global leader in investigations, intelligence and risk management. This firm has developed and practiced a methodology for performing the proposed work for this audit. Stroz Friedberg has comprehensive experience in digital forensics, investigations, forensic accounting, security, compliance, data discovery, intelligence and due diligence. One of the firm's principals and founders, David Stroz was a former Special Agent for the Federal Bureau of Investigation (FBI). While at the FBI, Mr. Stroz was responsible for the formation of the FBI's Computer Crime Squad in New York City, where he supervised investigations involving computer intrusions, denial of service attacks, illegal Internet wiretapping, fraud, and violations of intellectual property rights, including trade secrets. In addition to his work on many high-profile cases, Mr. Stroz led his squad, together with the National Security Agency (NSA) and other agencies, as participants in the war game exercise called "Eligible Receiver." Overall, the firm and the proposed team assigned to LACERA have extensive experience in providing privacy audits and mapping data flows for projects of similar size and scope. For additional information regarding Stroz Friedberg, please see the **Attachment 2 – Alston & Bird Proposal**.

### CONCLUSION

The Audit Committee recommends that the Board direct staff to retain Alston & Bird and their subcontractor Stroz Friedberg to perform a comprehensive audit of LACERA's operations insofar as they relates to privacy issues and the handling of business critical information.

In order to provide your Board with any additional information you may require, staff from both Alston & Bird as well as Stroz Friedberg will provide your Board with a brief presentation of their qualifications, followed by a questions and answer session.

Attachments

DV/sr/rb



***Information Privacy Audit***  
**REQUEST FOR PROPOSALS (RFP)**  
**June 8, 2015**

**III. Service Requirements**

**Scope of Services**

Los Angeles County Employees Retirement Association (LACERA) is seeking qualified vendors to submit proposals to perform the following:

1. A comprehensive review of all LACERA privacy policies and practices throughout the organization's business units, including, but not limited to;
  - LACERA trustee, employee, third-party service provider, and member communication and training regarding privacy
  - communication and reporting standards
  - standard operating procedures effecting protected information
  - IT privacy policies and practices including data encryption
  - function-specific privacy guidelines
  - incident response procedures and practices
  - previous related audit recommendations

to verify that they are sufficient and complete to appropriately protect private information subject to legislated protections and comply with best practices including, but not limited to; protection of personal and private member information (such as social security numbers and health information), confidential business information, and other private information.

*(LACERA's current Privacy Policy is attached as Appendix C.)*

2. Testwork to verify LACERA's compliance with all applicable state and federal privacy-related law, codes, and regulations as well as the County Employees Retirement Law (CERL) of 1937.
3. Testwork to verify LACERA's third-party service provider privacy compliance and monitoring practices (including a review of direct vendors and sub-contractors), and;
4. A final comprehensive audit report to include recommendations for changes in privacy policies and practices as necessary to further comply with relevant privacy legislation and best practices.

## Attachment 1

### Deliverables

A detailed project plan should be developed which must include periodic updates presented to the Project Coordinator and relevant staff. A preliminary detailed report and a final detailed report, both to include observations, findings and organizational change recommendations, will be presented to the Project Coordinator and relevant staff. The preliminary and final reports should be detailed and specific with respect to LACERA's current policies and practices, findings, and recommendations. A presentation to LACERA's Boards or Board Committees may be requested upon the completion of the final report.

The final report shall be in a format appropriate for distribution to the public and shall not include any confidential information.

### Recommendations should include, but are not limited to, the following:

1. A summary of the relevant privacy laws and standards with which LACERA must comply as well as appropriate legal definitions for "private information" and "private health information."
2. Detailed findings across the organization's business units as to LACERA's current privacy policies and practices and compliance with existing law and best practices.
3. New privacy practices, including monitoring, policies or procedures required to comply with legislated protections or to meet current industry best practices. Any such findings and conclusions should be accompanied by a cost/benefit and cost/risk analysis for each recommendation.
4. Recommended updates to current privacy policy, training, and practices, including monitoring, and procedures to comply with legislated protections or to meet current industry best practices. Any such findings and conclusions should be accompanied by a cost/benefit and cost/risk analysis for each recommendation.

### Information Security

The vendor will ensure the security of any and all information transferred into its custody.

LACERA information will be secured against loss, damage, and access by unauthorized persons, including unnecessary vendor staff.

## Attachment 1

### IV. Quote Preparation and Evaluation

#### Evaluation Criteria

Each submission will be evaluated as follows.

Sections	%
Cover Letter	5
Executive Summary	10
Assigned Consultants	25
References	10
Work Plan	20
Milestones	15
Pricing	15
Total	100%

Other considerations for evaluating responses may include:

- Compliance with RFP instructions and format
- Clarity and completeness of RFP responses.
- Experience completing projects similar in size and scope to the project described in this RFP.

#### Secondary Quotes

Vendors may submit a secondary quote or proposal which describes alternative methods or options for completing the project which may provide greater efficiency, cost/time savings or other key benefit. A secondary quote is not a substitute for the primary quote which must be submitted in accordance with the instructions provided in this RFP. However, the alternate proposal does not have to follow the formatting requirements described in this section.

#### Proposal Format

All responses to this RFP should follow the outlined formatting described in this section. Vendors are welcome to provide additional information. However, all information provided should be concise and clearly relevant to the information requested.

## **Attachment 1**

For each of your responses, restate the RFP item immediately above your response. When requested, please provide details and state all qualifications or exceptions. All fee quotes should be “best and final.”

### ***Cover Letter***

This letter should provide a statement to explicitly affirm that the signatory on the cover letter is empowered and authorized to bind the vendor to the contract.

### ***Executive Summary***

In this section we request that you provide an overview of your company including, but not necessarily limited to:

1. A brief history of your company that includes the number of years your firm has been in existence, the primary markets served, and whether your company has been profitable in the last four (4) years of business.
2. The location of your corporate headquarters. Be sure to provide the address and contact information of your headquarters and, if applicable, local offices.
3. Key success factors and what differentiates you from your competitors as well as any awards or certificates received.
4. Describe your company’s hiring process and selection criteria for permanent and temporary staff. Please explicitly affirm that your company does not discriminate against any individual because of race, religion, sex, color, age, handicap or national origin, and that these are not a factor in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion, or separation.
5. Provide profiles and/or curriculum vitae of your key managers.

### ***Assigned Consultants***

1. Indicate whether you would employ permanent or contract staff to complete this project and what role they would perform.
2. Include the names of all personnel, including the lead consultant, expected to be assigned to the project, including a detailed profile and/or curriculum vitae for each person.
3. Include the lead consultant’s and team’s successful history and experience in meeting the objectives of similar projects.

## Attachment 1

### **References**

1. Provide a list of at least three (3) government or private organizations for which your company has provided similar services.
2. Provide the name of the organization, a point of contact, postal address, telephone number, and email address for each reference.

### **Work Plan**

Provide a detailed work plan and summary of criteria that your firm will employ to accomplish the objectives of this review. Your work plan should be prepared in a manner that demonstrates your understanding of the requirements described in this RFP as well as the relevant laws and risk factors involved.

**Note:** The Work Plan may all or in part become the *Statement of Work* appended to the contract.

### **Milestones**

1. Provide a proposed project schedule and time frames for each milestone of the schedule.
2. A schedule to provide frequent project status reports to the Project Coordinator and relevant staff.

### **Pricing**

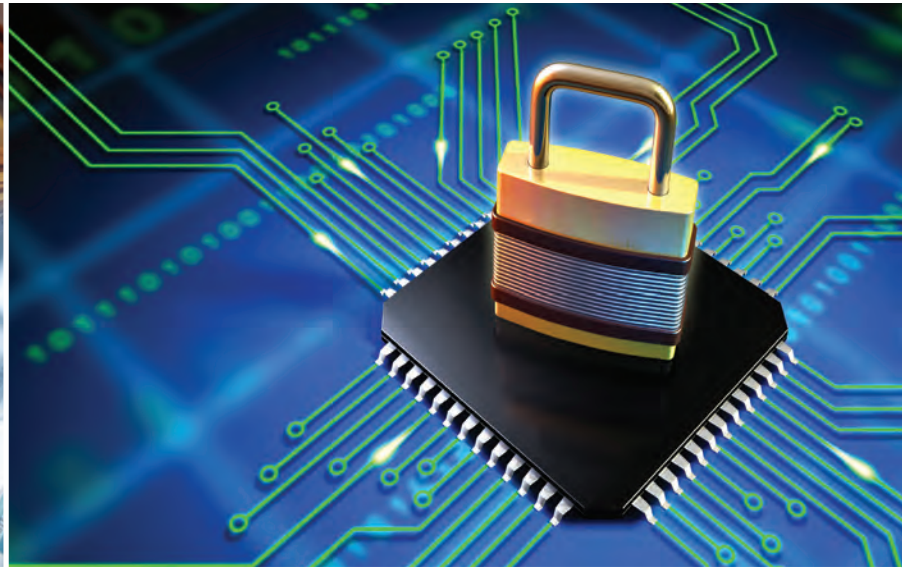
Provide a **table** that lists all standard and foreseeable fees relevant to your proposal. Pricing in the table must include billing rates, estimated number of billable hours, as well as other billable expenses.

In addition, you must include the following:

**Total “not-to-exceed” cost for the project**

**Billing practice and payment terms**

**Note:** The Pricing Table may all or in part become the *Fee Schedule* appended to the contract.



# Information Privacy Audit

Proposal to serve

LACERA

January 2016

**ALSTON & BIRD**





## Introduction

Alston & Bird's Privacy & Data Security team has been focusing on privacy, HIPAA and cybersecurity issues for decades and understands the current environment and global standards. Our proficiency in conducting legal assessments for a wide range of clients makes us well prepared to assist the Los Angeles County Employees Retirement Association (LACERA) with the scope of work outlined in the Privacy & Data Security Assessment.

Alston & Bird attorneys have had significant experience conducting privacy and data security assessments and have similar deep experience with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). For example, proposed team leader Dominique Shelton has led privacy and data security legal assessments for large entities, with the most recent exercise completed in 2015. In connection with that recent project, Shelton worked closely with proposed HIPAA/Health Information team leader Paula Stannard. Stannard is the former acting General Counsel of the U.S. Department of Health & Human Services (HHS). Stannard was a key leader at HHS on several HIPAA privacy, security and enforcement rulemaking proceedings, which culminated in final rules that remain law. Our [www.alstonprivacy.com](http://www.alstonprivacy.com) blog provides a wealth of knowledge that helps our clients have the most current and up-to-date information on privacy and security issues.

We are uniquely positioned to leverage our existing knowledge to perform this privacy and data security analysis against LACERA's factual landscape. Collectively, we have reviewed more than 100 enforcement orders to distill the legal triggers for companies and government entities facing enforcement. Paula Stannard has unique experience with drafting, negotiation and implementation of HIPAA, which we know will be a valuable asset for our work with LACERA. Also, we propose to work with forensic vendor Stroz Friedberg, with whom we frequently partner to help deliver a highly efficient and complete 360 degree analysis of, and path forward for, LACERA's privacy and data security practices and help us validate the facts from which we can assess LACERA's compliance with legal best practices. Their team includes many highly skilled and experienced professionals, including a former FBI investigator.

Our team's attorneys are ranked in *The Best Lawyers in America* and are members of the International Association of Privacy Professionals. The practice is recognized in the 2015 edition of *Chambers Global: World's Leading Lawyers for Business* and the 2015 edition of *Chambers USA: America's Leading Lawyers for Business* as one of the leading privacy practices in the United States. We are able to help clients at every step of the information lifecycle, from developing and implementing corporate policies and procedures to representation on transactional matters, public policy and legislative issues, government and internal investigations, and litigation.

Stroz Friedberg, our forensic vendor, is a global leader in investigations, intelligence and risk management. It is a collection of some of the brightest minds in the fields of digital forensics, investigations, forensic accounting, incident response, security,



compliance, data discovery, intelligence and due diligence. Stroz's guiding purpose is to seek truth because truth can expose organizational threats, criminal behavior and weakness in fortifications. It can also identify new possibilities, protecting and propelling businesses forward. We propose that Stroz Friedberg be engaged, under our auspices, to review LACERA's information systems and create a data classification matrix/map and data flow diagrams concerning personally identifiable information and business critical information in LACERA's systems, perform related services and prepare a comprehensive report of its findings, as set forth in Stroz's proposal, which is attached hereto as Exhibit "A."

## Executive Summary

Alston & Bird has a number of strengths in the health care as well as general privacy, data security and cyber preparedness fields that make the firm uniquely suitable to conduct the Privacy & Data Security Assessment for LACERA. Some of our achievements and strengths in health care and privacy are detailed in this proposal.

## Health Care

Alston & Bird has a national health care practice with more than 100 attorneys actively involved in the health care industry across the full spectrum of legal disciplines. This represents a commitment of more than 10 percent of our total firm resources—one of the largest health care practices in the country. The signature strength of this practice is our ability to master complex representations that draw on the coordinated expertise of our regulatory, compliance, public policy, transactional, corporate governance, securities, FDA, biotechnology, intellectual property, government investigations and litigation practice areas. Because of the diversity of our client base and our significant experience in every facet of the health care industry, we offer our clients a thorough understanding of the legal and business challenges they confront.

### **HIPAA/Health Information Privacy, Security and Breach Response**

Alston & Bird is at the forefront of national law firms in advising clients on HIPAA/health information privacy, as well as security and breach issues, and in developing HIPAA compliance plans for our clients. We have significant experience under the HIPAA/HITECH Act and state health privacy laws, advising and representing clients in HHS Office for Civil Rights (OCR) investigations, civil and criminal enforcement actions, government and internal investigations, and private health information litigation. We help clients navigate these difficult issues, including identifying real strategies to achieve compliance and helping them manage a breach crisis if one occurs.





### Relevant experience includes:

- Advise clients in connection with hacking/IT incidents experienced by major health insurance companies that served as third-party administrators of their employer-sponsored group health plans.
- Advise clients, including health care providers, health plans and health insurance companies, on breach notification issues and on responding to HHS/OCR investigative inquiries.
- Advised a hospital on breach response issues in connection with a third party's sophisticated hacking incident that went undetected for a period of time.
- Advised clients, including a hospital, a health care service provider, an employer/group health plan sponsor and an insurer on incidents and/or breaches arising from lost or stolen laptop computers and other mobile devices.
- Developed a comprehensive HIPAA Privacy and Security Compliance Program for state hospital associations and various health care providers and health plans, including the preparation of forms, compliance manuals that contain all required policies and procedures, all form documents, Internet-based training programs, monthly teleconference presentations and staffing a HIPAA compliance hotline. Also developed comprehensive HIPAA Privacy and Security Compliance Programs for other clients, including several financial institutions, a health care provider revenue cycle management company and a transportation/package shipping company that ships medical products and devices.
- Advised clients contemplating acquisitions of health care companies, such as an independent practice association, an ambulance service and a health information management company, by assessing HIPAA compliance (and risks) associated with the target companies and recommending pre- and post-closing actions to improve HIPAA compliance and minimize associated risk.
- Advised a client on options for organizational structures for related companies (business associate, organized health care arrangement, affiliated covered entity) to maximize client flexibility with respect to compliance with the HIPAA Privacy Rule.
- Represented a large plan sponsor in a review by HHS/OCR and DOJ into whether the benefits personnel at the plan sponsor impermissibly listened to calls by health coaches and used that information in employment decisions for the sponsor's employees. The investigation was formally dropped as a result of Alston & Bird's efforts.



## Privacy & Data Security

Our firm's Privacy & Data Security attorneys have been advising clients on privacy and security matters in the information lifecycle since the mid-1990s. We develop and implement corporate policies and procedures, negotiate privacy and security issues in transactional matters, provide public affairs and legislative guidance, counsel clients in connection with data security incidents and compliance with related disclosure obligations, provide strategic information asset management advice, including guidance on utilization of information assets for marketing and other strategic purposes, and represent clients in connection with inquiries from and disputes with private parties, advocacy groups, business competitors and regulatory authorities.

We have built a leading global privacy and security practice with lawyers across several disciplines within the firm, including attorneys from our technology, health care, litigation, legislative, employment and intellectual property practices. There are many key factors that differentiate Alston & Bird's Privacy & Data Security team from other firms as being uniquely qualified to assist LACERA, including:

- Alston & Bird's deep experience dating back to the mid-1990s in privacy and data security, including health information privacy and security.
- The firm's recent experience conducting a comprehensive privacy and security legal assessment in the past 12 months.
- The firm's extensive privacy and data security interview questionnaires specifically designed for conducting comprehensive privacy and security legal assessments.
- The over 140 privacy counseling engagements the firm has handled over the past 24 months.
- The work the firm has done advising clients on vendor management as it pertains to privacy and cybersecurity.
- The over 100 privacy and cyber trainings conducted by the firm in the past 24 months.
- The firm's prior experience working closely with technical vendors who have conducted penetration tests and security risk assessments for legal compliance.
- The firm's experience advising on the protection of financial data.
- The firm's experience reviewing and (in the case of BYOD and data breach response plans) drafting employee internal policies concerning privacy and data security.
- The firm's prior experience developing board of director communications regarding privacy and cybersecurity issues.
- The firm's experience advising clients' Cybersecurity Incident Response Teams.



# Security Cyber

- The firm's prior extensive work in developing a comprehensive compendium of best privacy and data security practices as well as inadequate practices based upon review of over 100 FTC enforcement orders and over 200 class actions.
- The firm's significant engagements in cyber preparedness in the past 24 months.
- The firm's unique and significant experience with and understanding of HIPAA as well as California's Confidentiality of Medical Information Act.
- The significant health care/health insurer (and employer health plan) engagements the firm has been honored to have in the areas of health information privacy and security.
- The firm's experience in advising clients on cyber insurance coverage.
- The firm's thought leadership as evidenced by the numerous publications authored by the lawyers in the firm's privacy group, including the firm's privacy, information security and cyber alerts, as well as the firm's privacy blog ([alstonprivacy.com](http://alstonprivacy.com)) and its behavioral tracking privacy class action microsite ([alstondonottrack.com](http://alstondonottrack.com)).

The firm has consistently received accolades for client service, responsiveness and legal acumen in all disciplines, including most notably for this proposal privacy and data security, including health privacy issues. Some highlights of the recognition the firm has received:

- The Privacy & Data Security practice of Alston & Bird is recognized in the 2015 edition of *Chambers Global: World's Leading Lawyers for Business* and the 2015 edition of *Chambers USA: America's Leading Lawyers for Business* as one of the leading privacy practices in the United States.
- *Chambers USA* 2015 ranked our Georgia health care team in Band 1 and noted our D.C. team as well.
- In July 2015, Alston & Bird ranked among the *BTI Most Recommended Law Firms* by general counsel. For the fifth consecutive year, Alston & Bird was identified as one of a small number of firms that general counsel are willing to bet their reputation on and recommend to their peers.
- In 2015, CTA Intelligence named Alston & Bird "Best Law Firm – Client Service," and the firm was a finalist for "Best Law Firm – Overall."
- In 2014, the firm was honored as the "Best Law Firm – Innovation."
- Alston & Bird has been consistently recognized as part of the "BTI Client Service 30" in the BTI Client Service A-Team report. This recognition is reserved for the top-performing firms that provide superior client service, a select group culled from the 650 core law firms that serve the Fortune 1000.
- *Fortune's* "100 Best Companies to Work For" list has ranked Alston & Bird for 16 consecutive years, including in the top 25 for eight consecutive years, four of which were in the top 10.





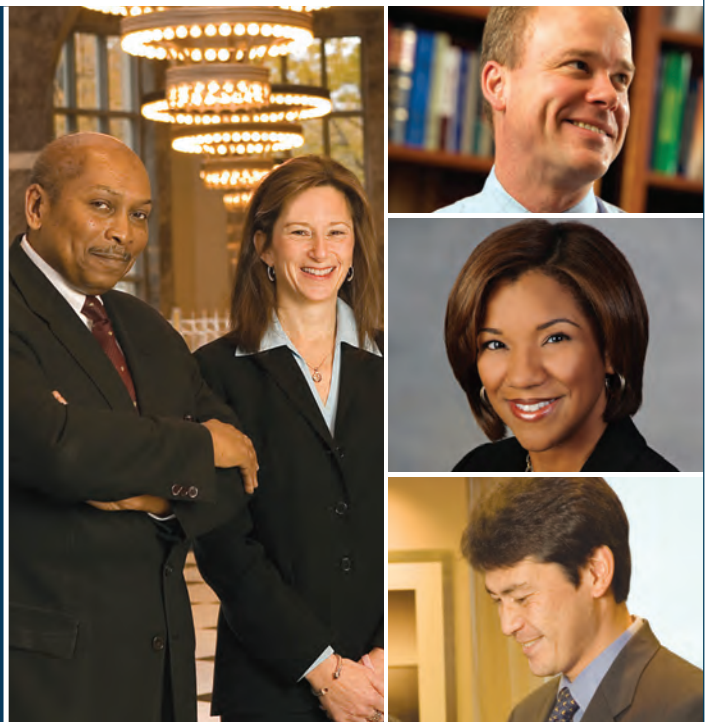
## COMMITMENT TO DIVERSITY AND INCLUSION

We believe that a diverse law firm is critical to providing the quality of legal services our clients expect, preserving our core values and maintaining our rich culture. The firm takes its commitment to diversity and inclusion seriously. We have worked and will continue to work to create and maintain an open and receptive work environment and a diverse workforce of attorneys and staff. From our recruiting and advancement practices to our vendor choices, we seek change that makes a real difference inside and outside our firm.

*– John Latham and Cari Dawson, Diversity Partners*

### SPONSORSHIP AND PARTICIPATION

- California Minority Counsel Program
- Charting Your Own Course
- Corporate Counsel Women of Color
- Georgia Association for Women Lawyers
- Hispanic National Bar Association
- Human Rights Campaign
- Lambda Legal
- Leadership Institute for Women of Color Attorneys
- Mexican American Bar Foundation
- Minority Corporate Counsel Association
- National Asian Pacific American Bar Association
- National Association of Law Students with Disabilities
- National Association of Women Lawyers
- National Bar Association
- National LGBT Bar Foundation
- South Asian Bar Association of North America
- Texas Minority Counsel Program



### GOALS

- Ensuring representation
- Understanding differences
- Proactively managing workplace diversity and accessing top talent
- Optimizing internal and external diversity opportunities

### RECRUITING

Participation in programs such as:

- Atlanta Bar Association Minority & Diversity Clerkship Program
- Bay Area Diversity Career Fair
- Black Law Students Association Regional Programs
- Fox Legal Fellowship 1L Position
- Lavender Law Career Fair
- Mecklenburg County Bar Association's Legal Diversity Clerkship Program
- HNBA Job Fair
- Southeastern Minority Job Fair
- Sunbelt Minority Job Fair

# DIVERSITY IN ACTION

## LEADERSHIP

- Atlanta Large Law Firm Diversity Alliance
- Atlanta Legal Diversity Consortium
- California Minority Counsel Program
- Charlotte-Mecklenburg General Counsel and Managing Partners' Diversity Initiative
- Leadership Council on Legal Diversity
- New York County Lawyers' Association Diversity Statement
- New York City Bar Statement of Diversity Principles
- State Bar of Georgia Diversity Program

## BEST PRACTICES

- Alternative Career Path Program
- Domestic Partner Insurance
- Childcare Center & Backup Care Program
- Women's Initiative Committee
- Mentoring & Diversity Committee Liaison Programs
- Career Development Initiative
- *Change in Motion* – Diversity Magazine
- Mandatory Diversity & Inclusion Education Classes
- Diversity Coordinator on staff
- Diversity Pipeline Initiatives
- Practice Group Diversity Development Initiative
- Diverse Attorney Directory
- Diversity Steering Committee
- Diversity Task Force
- Unconscious Bias Education Classes for all employees
- Diverse Bar Leadership Initiative

## AWARDS AND RECOGNITION

- Winner of the Dell 2014 Legal Diversity Award
- Sixteen consecutive years on *Fortune's* "100 Best Companies to Work For" list
- 2015 Vault Guide to Top 100 Law Firms, ranking: #9 Overall Best Law Firms for Diversity; Quality of Life Rankings: #6 Minorities Diversity; #10 Women Diversity; #11 LGBT Diversity
- Scored 100% on the Human Rights Campaign (HRC) Corporate Equality Index for 11 consecutive years
- One of only two law firms recognized by *Fortune* as one of the country's "10 Best Companies for Women" in 2015
- Winner of the Coca-Cola Company's 2012 Living the Values Award
- Selected among *MultiCultural Law* magazine's 2012 Top 100 Law Firms for Diversity; Top 100 Law Firms for Women; Top 25 Law Firms for African-Americans; Top 50 Law Firms for Associates
- Diversity Program selected as a "Model Program" by the State Bar of California Diversity Pipeline Task Force
- Best Adoption-Friendly Workplaces List, Dave Thomas Foundation for Adoption

## ABOUT ALSTON & BIRD

Alston & Bird is a leading national and international law firm. The firm's core practice areas are intellectual property, complex litigation, corporate and tax, with national industry focuses that include financial services, technology, health care, manufacturing, life sciences and energy. The firm has built a reputation as one of the country's best employers, appearing on *Fortune* magazine's "100 Best Companies to Work For" list for 16 consecutive years, an unprecedented accomplishment among law firms in the United States. The firm has offices in Atlanta, Beijing, Brussels, Charlotte, Dallas, Los Angeles, New York, Research Triangle, Silicon Valley and Washington, D.C.



## Team Organizational Chart





## References

The firm has deep experience with all aspects of health care entities, financial institutions, pension funds and governmental entities. The breadth, depth and focus of our practice enables us to solve complex client problems quickly and efficiently. We are glad to provide LACERA with references to speak to our extensive work with these clients.

## Work Plan

### SERVICES TO BE PROVIDED BY ALSTON & BIRD

Alston & Bird will assist LACERA in conducting a comprehensive review of all LACERA privacy policies and practices throughout the organization's business units. Alston & Bird will engage in a five-step process to arrive at a full understanding of LACERA's data collection, storage and protection practices as it relates to personally identifiable, as well as business critical, information.

**Step 1:** Alston & Bird will conduct follow-up interviews from a scoping exercise and review written and oral policies to verify whether existing practices are sufficient and complete to appropriately protect personal and business critical information as benchmarked against legal standards and best practices. The review will cover a legal assessment of LACERA's practices concerning protection of personal and private member information (such as social security numbers and health information), confidential business (i.e., investment) information, and other private information that LACERA collects, accesses or stores. Alston & Bird's analysis of the facts will include review of a data map as prepared by a recommended third-party forensic vendor. Alston & Bird's activities will include:

- Interviewing and/or reviewing practices of LACERA trustee, employee, third-party service provider and member communication and training regarding privacy.
- Reviewing communication and reporting standards and comparing to legal benchmarks.
- Reviewing standard operating procedures affecting protected information vis-à-vis legal standards.
- Reviewing IT privacy policies and practices, including data encryption measured against legal standards.
- Creating function-specific privacy guidelines as provided by laws and best practices.
- Creating incident response procedures and practices as dictated by laws and best practices.
- Reviewing previous related audit recommendations.
- Conducting an independent legal assessment of LACERA's status under HIPAA and the HIPAA Rules and whether/how any HIPAA obligations may apply to LACERA.





**Step 2:** Alston & Bird will review test work and assess LACERA's compliance with:

- The County Employees Retirement Law (CERL) of 1937.
- Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended by, among other laws, the Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009, enacted as Title XIII of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5.
- The Telephone Consumer Protection Act.
- Gramm-Leach-Bliley Act (GLBA).
- Regulatory guidance as set forth by regulators (e.g., FTC)
- State attorney general guidance.
- Federal guidance regarding best practices for public entities to protect privacy.
- California Rule of Court 1.02(b)(2)(A)&(B).
- Open Records Act amendments contained in SB 272 (enacted October 2015).
- PCI-DSS compliance.
- California's Confidentiality of Medical Information Act.

And other applicable state and federal privacy-related laws, codes and regulations as may be discovered during the course of the review.

**Step 3:** Customize a benchmark checklist for laws applicable to LACERA's practices in light of LACERA's unique status.

**Step 4:** Alston & Bird will review LACERA's policies and procedures in connection with direct vendors and subcontractor agreements as benchmarked against recent vendor management standards as articulated in regulatory guidance, regulatory enforcement actions and other guidance. Alston & Bird will gather information by verifying LACERA's third-party service provider privacy compliance and monitoring practices against these benchmarks. To that end, Alston & Bird will review:

- Whether LACERA's vendors have limits on data access by its employees.
- Whether LACERA's vendors utilize virus protection.
- Whether LACERA's vendors encrypt data while at rest or in transit.
- Whether LACERA's vendors have controls in place related to its subcontractors.





- Whether LACERA's vendors utilize system patch management.
- Whether LACERA's vendors use ethical hacking of online systems to reveal potential vulnerabilities.
- Whether LACERA's vendors change of management processes.
- LACERA's vendor's program coding methodologies.
- LACERA's vendor's business recovery practices.

**Step 5:** Alston & Bird will deliver a final comprehensive audit report containing legal requirements/best practices, including an analysis of LACERA's status under HIPAA, a summary of LACERA's actual practices, a gap analysis and recommendations necessary to further comply with relevant privacy legislation and best practices. The legal assessment audit will be divided into areas of legal compliance and will each contain (1) a legal section divided into legal requirements and best practices; (2) LACERA's actual practices divided into legal requirements and best practices; (3) a gap analysis identifying any gaps between LACERA's practices and legal requirements or best practices, divided into gaps for legal requirements and gaps for best practices; and (4) Alston & Bird recommendations divided into recommendations for legal requirements and best practices.

## **DELIVERABLES**

Alston & Bird will create the following additional deliverables:

- A detailed project plan, which will include periodic updates presented to the Project Coordinator and relevant staff.
- A preliminary detailed report and a final detailed report, both to include observations, findings, organizational change recommendations and a HIPAA analysis, will be presented to the Project Coordinator and relevant staff.
- The preliminary and final reports will be detailed and specific to LACERA's current policies and practices, findings and recommendations. These reports will also address LACERA's status under HIPAA.
- A presentation to LACERA's board or board committees may be requested upon the completion of the final report.
- The final report shall be in a format appropriate for distribution to the public and shall not include any confidential information.

## Milestones and Pricing

Phase No.	Milestones by Phase	Anticipated Milestone Commencement Dates	Anticipated Milestone Completion Dates	Pricing
1.	Workplan	1/16/2016	1/28/2016	
2.	Factual assessment of LACERA, including comprehensive review of all LACERA privacy policies and practices throughout the organization's business units	1/31/2016	2/27/2016	
3.	Analysis phase	2/28/2016	3/31/2016	
4.	Preparation of deliverables	1/16/2016	6/30/2016	
5.	Preliminary report	4/1/2016	4/30/2016	
6.	Final report	5/1/2016	6/30/2016	\$325,000



**Dominique R. Shelton**  
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 Los Angeles, CA 90071  
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#### Services

Antitrust  
 Intellectual Property  
 Intellectual Property Litigation  
 Litigation  
 Privacy & Data Security  
 Technology, Privacy & IP  
 Transactions  
 Privacy & Cybersecurity  
 Litigation

#### Education

Georgetown University  
 (J.D., 1991)

Brown University  
 (B.A., 1988)

**Admitted to Practice**  
 California

## Dominique R. Shelton

### Partner

Dominique Shelton is a partner in Alston & Bird's Los Angeles office. She focuses her practice on privacy, data security and unfair competition. Dominique provides strategic privacy and cyber preparedness compliance counseling on cutting-edge issues such as security, healthcare privacy under California's Confidentiality of Medical Information Act, vendor management and the cloud. She has litigated privacy and data security matters and has negotiated with regulators such as the California AG and FTC. Dominique has represented many Fortune 500 companies, including retailers, privately held companies, and start-ups across industries.

In 2012, she was named Intellectual Property Lawyer of the Year by the Century City Bar Association. In 2014, she was named one of the Most Influential Lawyers: Digital Media and E-Commerce Law by the Los Angeles Business Journal. In 2014, The Recorder named her as a Leader in Technology Law. In 2015, the Los Angeles Business Journal named her one of the Most Influential Lawyers in White Collar & Cyber Crimes Law. She has also been named to the 2016 list of Best Lawyers for Privacy and Data Security Law.

### Representative Privacy Cyber-Preparedness Response Experience

- Leading privacy and data security legal assessments/audits for companies covering health, financial and other personally identifiable information.
- Preparing comprehensive review of over 100 FTC enforcement actions in the areas of privacy and cybersecurity to form the basis of legal privacy & data security legal assessments for large institutions.
- Leading over 100 privacy and data security compliance engagements for companies over the past 24 months.
- Leading over 50 privacy & cyber trainings conducted by the firm in the past 24 months.
- In connection with privacy & data security assessments, retained and worked closely with technical vendors who have conducted penetration tests and security risk assessments to develop facts used for gap analyses in legal assessments.
- Drafting employee internal policies concerning privacy & data security.
- Developing board of directors communications regarding privacy & cybersecurity issues.
- Conducting negotiations with regulators regarding privacy & data security compliance issues.


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**Services**

Health Care  
 HIPAA/Health Information  
 Privacy & Security  
 Privacy & Data Security  
 Health Information Technology  
 Task Force  
 Insurance  
 Food, Drug & Device/FDA  
 Legislative & Public Policy  
 Life Sciences  
 Antitrust  
 Health Care Regulatory  
 Corporate & Business  
 Transactions  
 Health Care Legislative & Public  
 Policy  
 Corporate Compliance Programs  
 Cybersecurity Preparedness &  
 Response  
 Privacy & Cybersecurity  
 Litigation

**Education**

Stanford University  
 (J.D., 1990)

Amherst College  
 (B.A., 1987)

**Admitted to Practice**

District of Columbia  
 Illinois

## Paula M. Stannard

### Counsel

Paula Stannard is a former deputy general counsel and acting general counsel of the U.S. Department of Health and Human Services (HHS), where she oversaw the Food & Drug, Civil Rights and Legislation divisions of the 450-attorney HHS Office of the General Counsel and provided legal advice and counsel to senior HHS officials, including the secretary of the department.

At Alston & Bird, Paula advises clients on regulatory questions that arise out of the ongoing health care reform efforts and focuses her practice on HIPAA, health information technology (including certified electronic health records (EHR) and meaningful use issues), food and drug, and other regulatory/administrative law issues in the health care sector. Her HHS experience provides clients substantive knowledge of, and experience in, FDA, HIPAA, e-health and health IT, federal health insurance regulation, patient safety, and public health preparedness and emergency response issues. She is a frequent contributor to [Alston & Bird's Privacy & Security Blog](#).

Paula was an executive editor of the *Stanford Law Review*. She graduated magna cum laude from Amherst College, where she was elected to Phi Beta Kappa. She clerked for the Honorable J.L. Edmondson of the United States Court of Appeals for the Eleventh Circuit.

### Representative Experience

- Advises health care providers, health insurance companies and health plans on a variety of federal regulatory and compliance issues, including HIPAA and the Patient Protection and Affordable Care Act (PPACA).
- Advises health care and other clients (including financial institutions and other business associates) on regulatory requirements of, and compliance with, the HIPAA Privacy, Security, Breach Notification, and Transactions Rules, including issues relating to marketing, electronic transactions, the transition to new electronic transactions standards and information security and breach issues.
- Conducts HIPAA compliance reviews for covered entity and business associate clients.
- Advises clients on issues relating to electronic health records certification and meaningful use requirements.


**David C. Keating**

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**Services**

Privacy & Data Security  
 Technology, Privacy & IP  
 Transactions  
 Cybersecurity Preparedness &  
 Response  
 Mergers & Acquisitions  
 Technology Transfer & Complex  
 Licensing  
 Corporate & Finance  
 Corporate Business Transactions  
 Financial Services & Insurance  
 Alston & Bird Global Privacy and  
 Security Network (ABPSN)  
 Health Information Technology  
 Task Force  
 HIPAA/Health Information  
 Privacy & Security

**Education**

Emory University  
 (J.D., 1995)  
 University of Massachusetts at  
 Amherst  
 (B.A., 1991)

**Admitted to Practice**

Georgia  
 District of Columbia

## David C. Keating

### Partner

David Keating focuses his practice on matters involving technology and data. David is one of the co-leaders of the Privacy & Data Security Practice at Alston & Bird. He has advised clients on privacy and security issues arising along the entire data lifecycle for more than 15 years. He assists clients with compliance strategies, policy development and implementation, data monetization and data use analyses, new product development, privacy and security issues in transactions, and privacy enforcement matters. Particular areas of focus include emerging technologies, Big Data, European Union data protection and children's privacy. David's practice has been listed in *Chambers USA: America's Leading Lawyers for Business*, *Chambers Global* and *The Best Lawyers in America*.

David's technology practice is focused on high technology companies and strategic technology and outsourcing initiatives at public and private corporations across industries. His technology experience includes strategic sourcing and procurement initiatives, including information technology and business process outsourcing transactions; mergers and acquisitions; and complex software, cloud computing, systems integration and other technology transactions.

### Representative Experience

- Privacy counsel to leading global brands in connection with the design and deployment of emerging technologies.
- Advise leading global brands on cross-border data transfer frameworks.
- Serve as coordinating privacy counsel for clients in multinational technology initiatives.
- Counsel to Fortune 20 health services provider in a strategic alliance with an emerging health IT vendor.
- Counsel to a Fortune 50 corporation in a global human resources outsourcing initiative.
- Counsel to a leading health information technology provider in a series of health IT transactions and initiatives.
- Counsel to a Fortune 20 health care services company in an application development and maintenance outsourcing transaction in India.


**Blake C. MacKay**

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**Services**

Tax  
 Employee Benefits & Executive  
 Compensation

**Education**

Brigham Young University  
 (J.D., 2002)

Vanderbilt University  
 (B.A., 1999)

**Admitted to Practice**

Georgia

**Languages**

Russian

## Blake C. MacKay

### Partner

Blake MacKay concentrates his practice on assisting employers in the design and compliance of qualified retirement plans and cash-based deferred compensation arrangements and handling all aspects of employee benefits in mergers, acquisitions and related financial transactions. Mr. MacKay's practice involves advising clients on matters related to qualified retirement plans (including pension, cash balance, profit-sharing, 401(k) and ESOPs), 403(b) plans, 457(b) plans and other retirement and deferred compensation plans for tax-exempt entities. Mr. MacKay assists clients with the voluntary correction of errors involving qualified retirement plans with the IRS and DOL, as well as with legal audits with the IRS, DOL and PBGC. He also advises clients with respect to the ERISA and tax aspects of executive deferred compensation arrangements, including compliance with Internal Revenue Code Section 409A. Mr. MacKay is an adjunct professor at Emory Law School in Atlanta, Georgia, where he teaches the ERISA and Employee Benefits course.

### Representative Experience

- Represented employers in negotiations with the PBGC regarding liability under ERISA Section 4062(e).
- Represented numerous employers regarding the design, implementation and administration of all types of qualified retirement plans and deferred compensation arrangements, including advice on regulatory compliance with the Internal Revenue Code and ERISA.
- Represented many large public companies, private employers and private equity funds regarding the employee benefits issues related to corporate mergers and acquisitions, including advising these employers on the integration of their benefit plans and executive compensation arrangements.
- Represented many employers regarding voluntary correction of errors involving qualified retirement plans, including errors relating to tax qualification and ERISA fiduciary requirements.
- Represented employers regarding qualified retirement plan spinoffs, plan mergers, transfers of assets and liabilities, and plan terminations.
- Drafted amendments to hundreds of non-qualified deferred compensation arrangements and individual executive agreements for compliance with Code Section 409A.




**Maureen F. Gorsen**

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**Services**

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 Natural Resources  
 Environmental Compliance,  
 Permitting & Transactions  
 Legislative & Public Policy  
 Environmental Enforcement  
 Defense  
 Chemical & Product Regulation  
 Consumer Product Safety &  
 Regulatory Compliance  
 China Business Team (CBT)  
 CBT - Green Chemistry, Chemical  
 and Product Regulation  
 Government & Economic  
 Incentives  
 International

**Education**

Georgetown University  
 (J.D., 1993)  
  
 Johns Hopkins University  
 (M.A., 1992)  
  
 University of Pennsylvania  
 (B.A., 1986)

**Admitted to Practice**

California  
 Virginia

## Maureen F. Gorsen

### Partner

Located in Sacramento, Maureen Gorsen focuses her practice on providing strategic public policy, litigation and regulatory advocacy and counsel to product manufacturers, brand owners, industrial facilities and landowners. She represents clients in enforcement defense and regulatory compliance issues before administrative agencies in Sacramento and numerous state capitals, and provides international permit and compliance counsel on environmental, product and supply chain regulation issues. With laws governing corporate social responsibility on the rise, Ms. Gorsen assists clients in developing their corporate policies to meet sustainability, chemical supply chain transparency, anti-slavery and human trafficking, conflict minerals and related statutes.

Ms. Gorsen has been ranked in *Best Lawyers* since 2013.

### Representative Experience

- Extensive experience advising clients on California Public Records Act.
- Advising major business entity regarding the interrelationship between the California Public Records Act and the attorney-client privilege/work product doctrine.
- Preparing detailed advice and analysis regarding exceptions to the California Public Records Act in order to protect attorney work product and attorney-client privilege for records otherwise subject to the Act.

### Publications

- "Expert Analysis: UK Holds Companies Responsible for Slavery in Supply Chain," *The Asian Lawyer*, September 18, 2015.
- "UK Follows California's Lead in Holding Companies Responsible for Slavery in Supply Chain," *Supply & Demand Chain Executive*, August 12, 2015.


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**Services**

Tax  
 Employee Benefits & Executive  
 Compensation  
 ERISA Litigation

**Education**

Mercer University  
 (J.D., 2002)

University of West Georgia  
 (B.S., Mathematics, 1997)

Gordon College  
 (A.A., 1995)

**Admitted to Practice**

Georgia

## Leah M. Singleton

### Counsel

Leah Morgan Singleton uses a practical and business-focused approach to advise her clients on complex employee benefits matters, drawing on prior experience as a compliance consultant at a large human resources consulting firm and as a former small business owner herself.

Leah focuses her practice on advising corporate, not-for-profit, governmental and individual clients in all matters relating to employee benefit plans and executive compensation at every phase, from plan design and implementation to plan termination, including ongoing compliance with applicable laws such as ERISA and the Internal Revenue Code. Atlanta Magazine recognized Leah in its 2011 and 2012 lists of *Georgia Super Lawyers and Rising Stars for Employee Benefits & Executive Compensation*.

**Experience**

- Provides practical business advice to clients on the design, implementation and operation of defined benefit, defined contribution, profit-sharing, cash balance, ESOP, 401(k), 403(b), 457 and nonqualified deferred compensation plans.
- Advised on pension plan funding, withdrawal issues for multiemployer plans and other plan compliance issues triggered by business reorganizations, closings, bankruptcy and reductions-in-force.
- Advises clients on benefit plan compliance issues, including submissions to the Internal Revenue Service regarding a variety of operational and plan document failures and submissions to the Department of Labor for fiduciary compliance matters.
- Assists employers with health and welfare plan compliance under the Affordable Care Act, HIPAA privacy and security requirements and other federal and state law requirements.
- Counseled on drafting and compliance issues in health plans, flexible spending accounts, health savings accounts, cafeteria plans, wrap plans and other wellness plans.
- Advises both buyers and sellers on benefit plan issues in numerous corporate transactions involving mergers, stock purchases, asset purchases and business acquisitions, including how the benefits are impacted through plan mergers, plan consolidations and plan asset transfers.





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#### Services

Litigation  
 Commercial Litigation  
 Privacy & Data Security  
 Privacy & Cybersecurity  
 Litigation

#### Education

Duke University  
 (J.D., 2007)

Colorado College  
 (B.A., 2003)

#### Admitted to Practice

California

## Kimberly K. Chemerinsky

### Senior Associate

Kimberly Chemerinsky is a senior associate in the firm's Litigation & Trial Practice and Privacy & Data Security groups. She practices in all areas of civil and criminal business litigation, with a particular emphasis on business torts, privacy compliance strategy, trade regulation, and securities litigation. She has successfully represented multi-national corporations, small businesses, and individuals in a wide variety of complex litigation matters in both state and federal district and appellate courts. She routinely provides privacy and data security counseling to large and small companies, including litigation avoidance advice regarding online behavioral advertising, "Do Not Track" laws, Telephone Consumer Protection Act (TCPA), Video Privacy Protection Act (VPPA), and collection of data through digital advertising promotions, contests and sweepstakes.

Ms. Chemerinsky received her J.D. from Duke Law School in 2007, where she served as the symposium editor of the *Duke Journal of Gender Law & Policy*. After graduation, she served as a judicial law clerk for the Honorable Marcia Morales Howard of the United States District Court for the Middle District of Florida, and then as a lecturing fellow at Duke Law School. In 2003, she earned a B.A. from the Colorado College.

Ms. Chemerinsky has been named a 2013, 2014, and 2015 "Southern California Rising Star" by *Super Lawyers* magazine.

#### Representative Experience

- Counsel to a top automotive pricing analysis company on how to achieve compliance with federal and state antitrust laws and industry regulations.
- Counsel to a multi-national auction and shopping website on how to achieve compliance with "Do Not Track" and online behavioral advertising laws and the Video Privacy Protection Act.
- Counsel to a major automotive marketplace regarding privacy policies, best practices, and strategies for notice and consent.
- Advised a range of large and small companies on industry best practices for privacy and data security as articulated by the FTC, CA AG, self-regulatory groups DAA, IAB and NAI, TRUSTe, and Better Business Bureau.
- Litigated cases involving a wide range of practice areas, including digital marketing and data privacy, business torts, employment claims, trade regulation, unfair competition, and securities litigation, in federal and state courts nationwide.



#### David Caplan

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#### Services

Intellectual Property  
Intellectual Property Litigation  
Patent Litigation  
Trademark, Copyright & False  
Advertising Litigation  
Privacy & Data Security

#### Education

UCLA School of Law  
(J.D., 2013)

Massachusetts College of Art  
(B.F.A., 1997)

#### Admitted to Practice

California

## David Caplan

### Associate

David Caplan is an associate in the firm's Intellectual Property Litigation Group and provides support for the Privacy & Data Security Team.

Mr. Caplan's practice concentrates on intellectual property litigation before the federal district courts. He also counsels clients in the areas of strategic litigation avoidance, online and mobile marketing, the Video Privacy Protection Act (VPPA) and the collection of data through digital advertising promotions, contests and sweepstakes.

Prior to attending law school, Mr. Caplan managed a company that trained entertainment industry artists who work on video games, animated feature films and special effects for live-action films. His work focused on cutting-edge 3D sculpting and animation software, cloud-based content delivery networks and web development applications.

### Representative Experience

#### *Intellectual Property Litigation*

- Represent Amazon.com in the E.D. Texas in a patent infringement action involving network security systems.
- Represent a declaratory judgment plaintiff in a patent infringement action in the District of Delaware.
- Represent a lighting company defending copyright and Lanham Act claims related to outdoor décor products.

#### *Privacy and Digital Compliance Counseling*

- Counsel to companies regarding privacy policies, best practices and strategies for notice and consent.
- Counsel to companies regarding "Do Not Track," behavioral tracking best practices and policies.
- Counsel to companies regarding website advertising and social networking sites.
- Counsel to companies regarding contest and sweepstakes rules.

#### *Publications*

- *Privacy & Security Advisory: European Data Protection Authorities to Ramp up Enforcement of Cookie Rules*, October 2, 2014.
- "FTC Issues Study on Mobile Shopping Apps Reviewing Pre-Download Disclosures," *Privacy & Security Blog*, August 15, 2014.

ALSTON & BIRD

Atlanta | Beijing | Brussels | Charlotte | Dallas | Los Angeles | New York | Research Triangle | Silicon Valley | Washington, D.C. | [www.alston.com](http://www.alston.com)



# STROZ FRIEDBERG

Prepared for  
Alston & Bird and the Los Angeles  
County Employees Retirement  
Association

Prepared by  
Stroz Friedberg, LLC

November 20, 2015

PROPOSAL FOR DATA MAPPING AND  
RELATED SERVICES

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## **I. INTRODUCTION**

Thank you for giving our firm, Stroz Friedberg, the opportunity to partner with Alston & Bird (“Alston”) in delivering a proposal to the Los Angeles County Employees Retirement Association (“LACERA”) in connection with its June 8, 2015 Information Privacy Audit Request for Proposal (“RFP”).

Stroz Friedberg was started fifteen years ago to offer clients rare investigative expertise in pursuing facts, especially through digital evidence. From the beginning, we were sought out for our capabilities in computer forensics and electronic discovery. As time went on, we added expertise in interviewing, incident response, and security science. Today, Stroz Friedberg is one of a handful of “go-to” firms for serious investigative matters, and has grown to be a global leader in investigations, intelligence, and risk management.

We offer some of the finest minds in the fields of digital forensics, investigations, security, compliance, data discovery, and due diligence. We have been called in to help hundreds of clients over the past fifteen years. Our experience and skills are of the nature that will be essential in conducting the data mapping work called for by this RFP.

Our firm has been custom-built to achieve its mission for our clients. We are driven by a clear guiding purpose: Seek Truth. This is exactly the expertise your RFP is soliciting, so we believe we are well fit to your purpose, and we look forward to the opportunity to work with Alston and LACERA.

## **II. BACKGROUND**

Founded in 2000, Stroz Friedberg is an international risk management firm specializing in digital forensics, electronic discovery, data breach and cybercrime response, security science, data privacy, and investigations. Stroz Friedberg’s management includes former federal and state prosecutors and former law enforcement officers with both government and private-sector experience in traditional and cyber-based investigations, digital forensics, data preservation and analysis, infrastructure protection, and electronic discovery. Many of its staff of digital

forensic examiners, electronic security professionals, electronic discovery specialists, and private investigators joined Stroz Friedberg following careers in law enforcement, the intelligence community, consulting, and academia.

Stroz Friedberg applies an analytic and rigorous approach to data privacy and information security risk management that produces proportionate and cost-effective solutions. It employs a disciplined yet flexible methodology that incorporates the client's sector-specific and company-specific information security threat landscapes, as well as the client's organizational culture, operational and business requirements, and tolerance for risk. Taking into account all of these factors yields an objective and nuanced view of risk which, in turn, serves as the foundation for Stroz Friedberg's strategic recommendations. Stroz Friedberg has extensive information governance and information security risk assessment experience. We have assisted our clients in identifying their critical information assets along with the controls that have been established to protect those assets. We have accomplished this across a variety of business sectors and will draw on its deep experience in such matters in performing this assessment for LACERA.

### **III. SCOPE OF WORK**

We understand the objective of the project is to identify areas of risk associated with the storage, transmission, and processing of LACERA's confidential and business sensitive data including human resources (HR), legal, financial, and member data as well as electronic and hard copy versions of personally identifiable information (PII). The Alston team will lead the effort. Stroz Friedberg will provide independent, technical expertise in support Alston's efforts. More specifically, Stroz Friedberg will help Alston and LACERA identify and map how physical (i.e. paper) data is created, transferred, stored, retained, and reproduced across its business units. Stroz Friedberg will also help create a data classification matrix and data flow diagrams based upon the validation of physical record location as well as interview descriptions of where electronic data resides on LACERA's network. Stroz Friedberg will invest time in the early phases of the project to gain a deeper understanding of how the business units interact with identified types of data, enabling our teams to efficiently prioritize the

most critical data flows, while minimizing the burden on LACERA's business unit and technology teams.

#### **IV. PROPOSED METHODOLOGY**

Stroz Friedberg's proposed methodology combines an interview-based process with rigor in documentation review and data discovery. Below is a summary of this methodology, supplemented by the proposed activities outlined in Section V below.

##### **A. Definition of High Risk Data Types and Flows**

Stroz Friedberg will leverage the existing results of Alston's preliminary review and any of LACERA's own data governance initiatives to help focus data mapping efforts on the highest risk data and types of data, or what we often call "critical information assets" and asset categories. We will work with LACERA to define the risk factors and criteria for classifying particular data types or data flows as high risk, while Alston provides the relevant legal parameters.

##### **B. Documentation and Procedure Review**

Stroz Friedberg will collect and review LACERA's current data classification and data handling standards and procedures, if they exist, including any existing network topology documentation and workflow diagrams that will be relevant to the data mapping exercise. To the extent that documentation is limited or unavailable, Stroz Friedberg will rely on an interview-based process to obtain the required preliminary information. Additionally, in consultation with Alston and LACERA, Stroz may create a survey to be disseminated to LACERA business units to be used as an adjunct to the interview process to identify critical data classes and to begin to develop information regarding the location of such data within the environment.



### C. Additional Interviews and Workshops

After reviewing the notes from the extensive set of initial interviews already conducted by Alston, Stroz Friedberg will work with Alston to develop a work plan for additional interviews and any necessary follow-up questions for managers and staff across business units. We will tailor any additional questions to each business unit's specific types of critical information assets and data use profile, to seek to understand how data is created, received, transmitted, stored, retained, and disposed of within each business unit, both physically and digitally. In addition to individual interviews, in some instances, we may recommend data mapping workshops to include groups of individuals from several business units.

### D. Walkthroughs and Data Validation

Stroz Friedberg will identify and validate how and where LACERA's confidential and business sensitive data is being stored through an on-site physical location assessment, which will focus on how personnel utilize, manage, and access paper data. The primary focus of this analysis will be on high-risk data. Stroz Friedberg's validation work will be limited to paper documents. Electronic information systems - even if such systems contain data that is also contained within the paper data - are excluded from the validation portion of this project.

### E. Risk Analysis and Reporting

Based on the information gathered through the steps outlined above, Stroz Friedberg will create comprehensive data maps for paper documents. Stroz Friedberg will also help create a data classification matrix and data flow diagrams based upon the validation of physical record location as well as interview descriptions of where electronic data resides on LACERA's network. In addition, we will provide recommendations with respect to data classification and high risk data flows. We will prepare a written report that describes the findings prioritized by privacy risk, and

assist Alston in providing recommendations to appropriately remediate and lower the risk exposure.

## V. PHASES OF WORK

We anticipate structuring the project into the phases outlined below.

Phase	Key Activities
<b>Phase 1: Project Kick-Off and Planning</b>	<ul style="list-style-type: none"> <li>• Review and confirm the project objectives and deliverables</li> <li>• Determine the information that needs to be collected</li> <li>• Request copies of and review any relevant data handling procedures and previous related initiatives</li> <li>• Obtain Alston preliminary interview notes and other available materials</li> <li>• Obtain list of physical locations where paper data is stored</li> </ul>
<b>Phase 2: Risk Criteria Definition</b>	<ul style="list-style-type: none"> <li>• Determine criteria and risk factors for classifying data and types of data               <ul style="list-style-type: none"> <li>○ Data type</li> <li>○ Transfer destination</li> <li>○ Process controls</li> </ul> </li> <li>• Determine priority for evaluating each of the business units</li> </ul>
<b>Phase 3: Data Identification</b>	<ul style="list-style-type: none"> <li>• Identify and confirm data flows and data handling procedures for each business unit</li> <li>• Classify data according to privacy and risk criteria</li> <li>• Review and validate existing interview reports</li> <li>• Conduct follow-up and additional interviews as needed with business unit management and personnel to understand data and process flows</li> <li>• Conduct system and physical walkthroughs with select business units</li> <li>• Perform side-by-side observations of business units, focusing on data creation, transmission, storage, retention, destruction, and reproduction</li> <li>• Identify third parties that may create or receive data</li> </ul>
<b>Phase 4: Data Discovery and Validation</b>	<ul style="list-style-type: none"> <li>• Identify all data types to be discovered across LACERA paper data sources</li> </ul>

Phase	Key Activities
	<ul style="list-style-type: none"> <li>Identify and review physical documents of the data types identified</li> </ul>
<p><b>Phase 5: Risk Analysis and Reporting</b></p>	<ul style="list-style-type: none"> <li>Create data maps and data flow diagrams</li> <li>Assess LACERA data handling flows and produce a report detailing risk-relevant findings and recommendations developed with Alston</li> </ul>

**VI. DELIVERABLES**

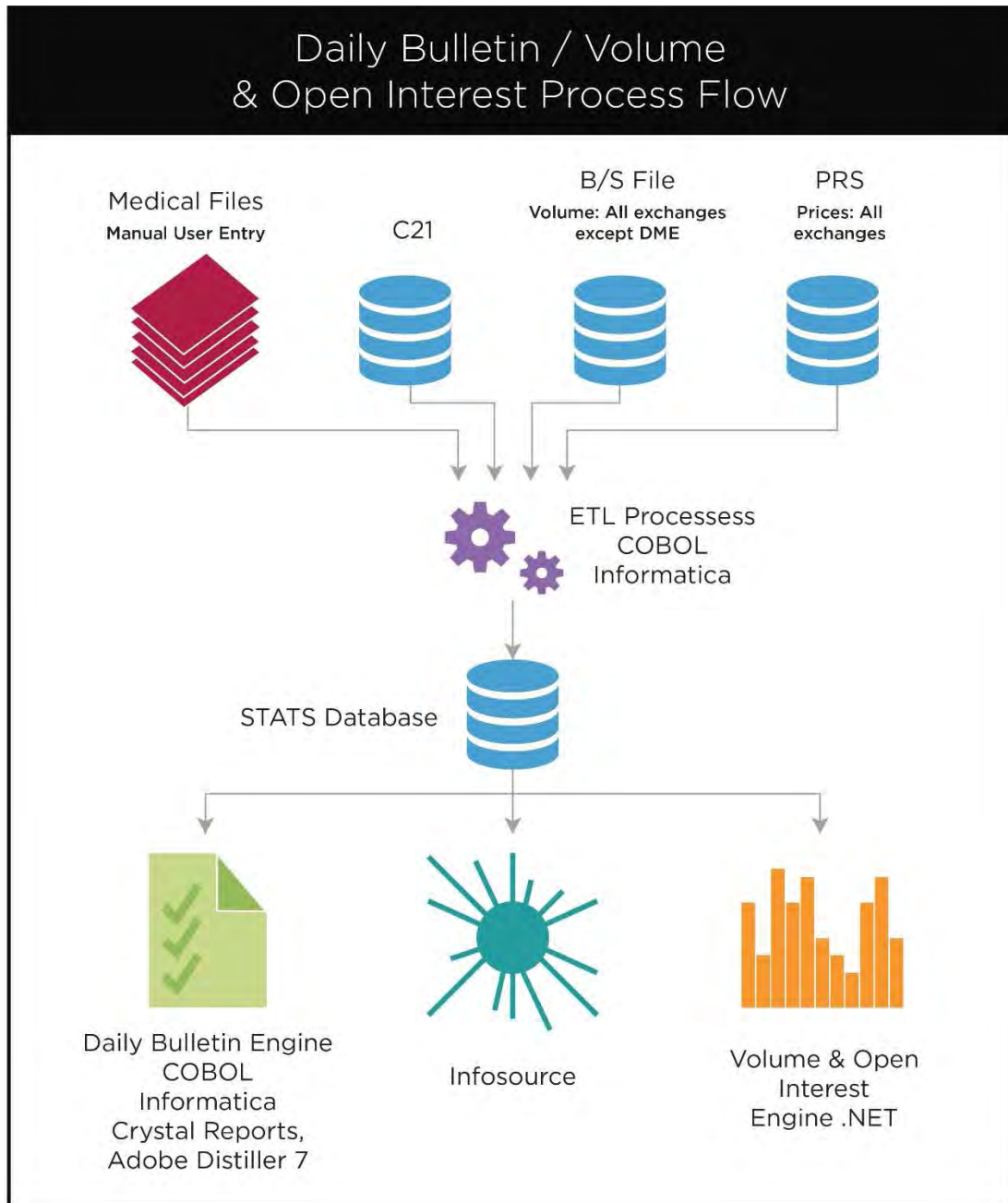
Stroz Friedberg will produce the following deliverables:

1. **PII and Business-Critical Data Classification Matrix/Map and related Data Flow Diagrams** based upon the validation of physical record locations as well as interview descriptions of where electronic data resides on LACERA’s network.
2. **Written Report** describing our findings, outlining the specific critical information assets identified through interviews within a statistically-significant sampling of information assets across all LACERA business units.
3. **Presentation of final report to the board** that outlines the goals and objectives of the project, key observations, and prioritized recommendations to improve data management and handling.

**VII. STAFFING**

The organizational chart and biographies of the proposed team leaders are attached hereto as Appendix B.

VIII. APPENDIX A - DATA FLOW & MAPPING



**IX. APPENDIX B - STROZ FRIEDBERG TEAM AND BIOS**



Edward Stroz  
Executive Chairman



David Garrett  
Managing Director



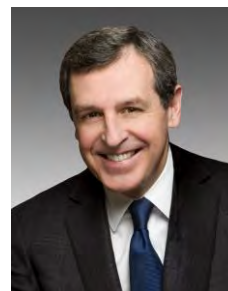
Ilanna Bavli  
Vice President  
(Engagement Manager)



Joseph Calandrino  
Director, Security  
Science



Aaron Read  
Director, Digital  
Forensics



## Edward M. Stroz

EXECUTIVE CHAIRMAN

Building upon his career as a Special Agent for the Federal Bureau of Investigation (FBI), Mr. Stroz founded Stroz Friedberg in 2000. For over a decade, he served as Co-President before recently becoming Executive Chairman. In addition to overseeing the growth of the firm, he serves clients by applying his expertise in electronic evidence and investigations. His work includes responding to Internet extortions, denial of service attacks, computer hacking, insider abuse, theft of trade secrets, electronic discovery matters, and by providing expert testimony.

Mr. Stroz has pioneered the use of behavioral science in the investigative methodology to gain insights about the intent and state-of-mind of computer users. He has co-authored a book on the threats of computer crime and abuse posed by insiders and testified numerous times in court and at depositions as an expert witness. He has supervised hundreds of forensic assignments in assisting corporate clients, trial counsel, individuals, and he has conducted security assessments for major public and private entities.

While at the FBI, Mr. Stroz was responsible for the formation of the FBI's Computer Crime Squad in New York City, where he supervised investigations involving computer intrusions, denial of service attacks, illegal Internet wiretapping, fraud, and violations of intellectual property rights, including trade secrets. In addition to his work on many high-profile cases, Mr. Stroz led his squad, together with the National Security Agency (NSA) and other agencies, as participants in the war game exercise called "Eligible Receiver."

Earlier in his FBI career, Mr. Stroz successfully investigated major financial crimes, including dozens of bank frauds in west Texas; bank fraud and money laundering committed by the CEO of Arochem Corporation stemming from a \$196 million oil-trading scheme; kickback schemes in the stock market by running an undercover stock brokerage firm; and a \$1.1 billion fraud scheme at Daiwa Bank in New York.

Mr. Stroz is on the Board of Trustees of Fordham University, and an advisor to the Center on Law and Information Policy (CLIP) at Fordham Law School. He serves on the New York State Courts System E-Discovery Working Group, established to provide ongoing support and expertise to the New York State Judiciary in the area of e-discovery. Mr. Stroz also sits on the Board of Directors of the Crime Commission of New York City, an independent non-profit organization focused on criminal justice and public safety policies and practices.

He served as co-chair on the Planning Committee for the International Conference on Cyber Security (ICCS) organized with the FBI at Fordham University, and attended by investigators from over 40 countries.

Trained as a Certified Public Accountant, Mr. Stroz is a member of the American Institute, and the New York State Society, of Certified Public Accountants, as well as the International Association for Identification.

06/12/15

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## David E. Garrett

MANAGING DIRECTOR

David E. Garrett is Managing Director and oversees the firm's Los Angeles, San Francisco, and Seattle offices. In that role, he is in charge of daily operations while also actively managing cybercrime response, security risk assessments, digital forensics, and electronic discovery projects for Fortune 500 corporations and major law firms. Mr. Garrett has extensive cybersecurity experience and regularly consults with CIOs, CISOs, top executives, Boards of Directors, and General Counsels concerning security risk management strategies, security incident investigations, and post-incident assessments. He often collaborates closely with corporate directors and senior management to ensure that they are fulfilling their fiduciary obligations to effectively manage their organization's cyber risks.

Since joining Stroz Friedberg in late 2008, Mr. Garrett has managed more than 200 engagements, including investigations into data breaches, investigations into alleged theft of trade secrets, source code, or other highly sensitive intellectual property, and large-scale, international electronic discovery matters. His work in these matters is often indispensable for clients who are seeking or defending temporary restraining orders, filing expert witness declarations in support of dispositive motions, or struggling with electronic discovery obligations. Companies routinely hire Mr. Garrett to recover or remediate confidential data from all varieties of computer media and data storage, including proprietary databases, mobile devices and cloud storage repositories. Mr. Garrett also has extensive international experience working on the ground in Asia. He has managed numerous cross-border electronic discovery matters, Foreign Corrupt Practices Act (FCPA) investigations, and international data remediation projects.

Prior to joining Stroz Friedberg, Mr. Garrett served as Senior Corporate Counsel for Oracle Corporation, where he successfully resolved hundreds of commercial and intellectual property matters, including copyright infringement claims, licensing disputes, and government investigations. Mr. Garrett advised Oracle's senior management on long-term litigation and settlement strategies for several large matters, including the defense of a \$100 million copyright infringement claim. He also spearheaded Oracle's global electronic discovery initiative, where he led legal and IT teams across multiple business units, evaluated new technologies to increase efficiencies and lower costs, and created extensive internal electronic discovery guidelines and protocols.

Before joining Oracle, Mr. Garrett was a senior associate at Cooley LLP in San Francisco. At Cooley, he handled numerous complex civil litigation matters, including the successful defense of a large software company and an online retailer against trademark infringement claims and an action to identify and prosecute a computer hacker who attacked an e-commerce business.

Mr. Garrett is a member of the ABA's Section of Science and Technology Law and the Sedona Conference. He speaks regularly at educational events and legal conferences on various cybersecurity, data privacy, and forensics topics. He is the author of several articles, including "No Good Deed Goes Unpunished: The Unintended Consequences of Using Your Personal Devices for Work" which appeared in Bloomberg BNA's Digital Discovery & e-Evidence in September 2012.

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## David E. Garrett

MANAGING DIRECTOR

Mr. Garrett is a Certified Information Privacy Professional/United States (CIPP/US). He received his B.A. from the University of California, Berkeley, and his J.D., cum laude, from Santa Clara University, School of Law. He also served as a judicial law clerk to the Honorable John F. Herlihy, Superior Court of California, County of Santa Clara.



## Ilanna Bavli

VICE PRESIDENT

Ilanna Bavli is a Vice President based in Stroz Friedberg's Los Angeles office. Her years as in-house legal counsel position Ms. Bavli as a powerful advisor for clients' nuanced business challenges. She provides skilled advice and oversight for clients in all sectors, with a distinct proficiency in the entertainment and media industry. Specifically, she offers sought-after expertise in matters of intellectual property protection, investigations, and risk mitigation, and valuable experience with compliance, privacy, digital forensics, incident response, and information security.

Ms. Bavli came to Stroz Friedberg from Sony Pictures, where she was a Vice President of Legal Affairs serving the company's Worldwide Acquisitions division. She was responsible for complex negotiations with respect to the acquisition, financing, development, and production of motion pictures and other content for distribution across all media and territories. Ms. Bavli's significant knowledge and skill in navigating intricate rights and clearance matters, problem solving, strategic drafting, and ensuring compliance were imperative to helping the studio minimize risk.

Prior to Sony, Ms. Bavli was Senior Vice President & Associate General Counsel of Summit Entertainment, where she played a critical role in protecting, promoting, financing, and distributing its blockbuster franchise, *The Twilight Saga*. Notably, she oversaw the successful worldwide investigation that halted the rapid proliferation of content leaked online during the production of *Breaking Dawn*, and identified the individuals guilty of the criminal activity. Following the cyberattack, Ms. Bavli helped craft valuable security and content protection procedures for the studio. She investigated other leaks, scams, and instances of harassment involving the franchise as well.

While at Summit she also supervised the closely-watched litigation involving the Oscar-winning film *The Hurt Locker*, led risk mitigation efforts on various other pictures, and implemented proper compliance in connection with the company's cutting-edge promotional activities and privacy policies. Ms. Bavli negotiated challenging financing, film acquisition, distribution, and co-promotion agreements that were of great importance to the studio. Additionally, she played a key role in closing Summit's HBO output deal in record time and managing the substantial due diligence related to the company's acquisition by Lionsgate.

In her past role as Vice President of Business & Legal Affairs for Sidney Kimmel Entertainment, Ms. Bavli negotiated deals while minimizing risk on films such as *Lars and the Real Girl* and *The Kite Runner*, and directed the company's IP protection and enforcement initiatives. During her time as an attorney at Paramount Pictures, she worked in the Motion Picture Legal group to protect the studio's interests on major releases such as *War of the Worlds* and *World Trade Center*. Ms. Bavli began her career as an associate in the entertainment group of O'Melveny & Myers.

Ms. Bavli received her J.D. from Yale Law School and graduated with honors from Harvard University, with a bachelor's degree in Government.

## Joseph A. Calandrino, Ph.D.

DIRECTOR



Dr. Joseph A. Calandrino is a Director in the Stroz Friedberg Security Science practice. Dr. Calandrino uses his deep technological experience and expertise to help clients strengthen their systems and practices, providing a critical link between people, processes, and technologies to help ensure the adoption of best practices and robust incident response preparedness.

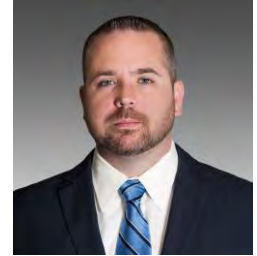
Dr. Calandrino was previously head of the Security and Privacy Practice of Elysium Digital, a revered technology litigation consulting firm that was acquired by Stroz Friedberg in 2015. Beyond performing traditional security and privacy consulting at Elysium, he submitted expert reports and was deposed on behalf of clients in matters ranging from intellectual property disputes to litigation involving the Video Privacy Protection Act. He has testified in federal court. Dr. Calandrino was also a core member of the team that deployed Elysium's web-based patent analysis and collaboration tool, Legion.

Prior to joining Elysium, Dr. Calandrino worked at Google and Oak Ridge National Laboratory while conducting his doctoral research. His work in the areas of data privacy, disk encryption, and electronic voting has received extensive coverage in the popular press, and he has published and spoken about security and privacy issues in a variety of venues.

Dr. Calandrino received his Ph.D. in Computer Science from Princeton University, where he was a U.S. Department of Homeland Security Fellow and a member of Princeton's Center for Information Technology Policy. He received a B.S. with highest distinction from the University of Virginia, majoring in both Computer Science and Mathematics with a minor in Applied Mathematics.

## Aaron Read

ASSISTANT DIRECTOR



Aaron Read, Assistant Director of Digital Forensics in Stroz Friedberg's Los Angeles office, is responsible for assisting with management of the firm's technical operations in the areas of digital forensics, in addition to maintaining an active docket of cases. Mr. Read conducts digital forensic acquisitions and analyses of laptops, desktops, servers, and mobile devices in civil litigations, criminal matters, and internal investigations.

Mr. Read has provided expert testimony and performed forensic analysis of digital media, including computers, PDAs, digital media players, and file and email servers, in large and complex matters. For example, he has conducted forensic analysis and offered expert testimony in an intellectual property theft case involving twenty-three defendants; consulted with a multi-national organization on mobile device policies and practices as it relates to eDiscovery and investigative requirements and needs; performed log analysis from a large eCommerce site to determine if a previously identified vulnerability had been exploited.

Prior to joining Stroz Friedberg, Mr. Read was a Senior Investigator for Target Corporation, where he conducted digital forensic investigations in internal investigations and criminal matters. During his tenure at Target, Mr. Read served on the Information Security Incident Response Team and developed policies and procedures in digital forensics in order to obtain accreditation through the American Society of Crime Laboratory Director's Laboratory Accreditation Board (ASCLD/LAB). Mr. Read's previous experience also includes AccessData, where he instructed professional courses in digital forensics.

Mr. Read holds a Master's degree in Digital Forensics from The University of Central Florida. He obtained a Bachelor's degree in Criminal Justice from the University of North Texas. Mr. Read is a member of the High Technology Crime Investigation Association (HTCIA) and holds several certifications including the Certified Information Systems Security Professional (CISSP) and the Digital Forensic Certified Practitioner (DFCP). Mr. Read has been a member of the Scientific Working Group on Digital Evidence (SWGDE), including serving on the executive board.

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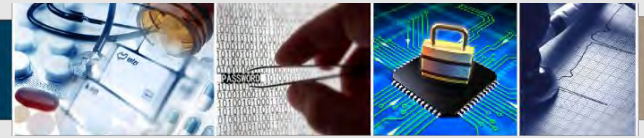




# Information Privacy Audit Proposal to serve LACERA

Presented by:

Dominique Shelton and Paula Stannard



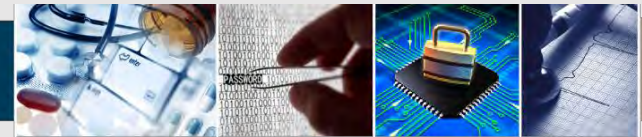
- Introduction
  - Alston & Bird
  - Our capabilities for this Project
  - Alston & Bird Team
  - Stroz Friedberg Team
- Threat Landscape
  - Governmental Entities
  - Healthcare
  - Pension Funds
- Work Plan
  - Alston Work Plan
  - Stroz Friedberg Work Plan
- Deliverables
  - Alston Deliverables
  - Stroz Friedberg Deliverables
- Thank you and Questions



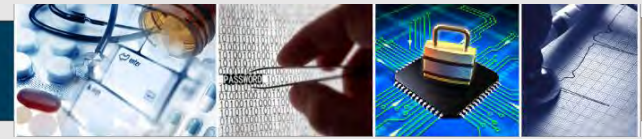
# Alston & Bird Team



# Introduction: Health Care Accolades

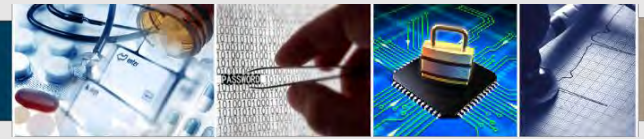


- *Chambers USA: America's Leading Lawyers for Business* 2015 ranked our health care practice among the best in its national rankings, along with eight other Alston & Bird practices.
- *Chambers USA* 2015 ranked our Georgia health care team in Band 1 and also noted our D.C. team as well.
- Alston & Bird's Health Care practice was recognized with a metropolitan tier-one ranking in the U.S. News-Best Lawyers® 2016 edition of —Best Law Firms.”
- Paula Stannard is a former deputy general counsel and acting general counsel of the U.S. Department of Health and Human Services (HHS), where she provided legal advice and counsel to senior HHS officials, including the secretary of the Department, and was a key leader on HIPAA issues.
- Alston & Bird attorneys are thought leaders on HIPAA/health information privacy and security issues and routinely make presentations and publish articles on such issues, including:
  - William Jordan, Dawnmarie Matlock, Kimberly Peretti, Paula Stannard, Jahnisa Tate Loadholt, —Data Breach Prevention and Response for Hospitals and Health Systems,” A&B webinar, May 27, 2015.
  - Angela Burnette, —HIPAA in Plain English,” Presentation to Ambulatory Surgical Centers National Seminar, May 2015.
  - Paula Stannard, —The Implications of HIPAA/HITECH Act on Patient Privacy.” Workshop/presentation, PAP 2015—16th Annual Patient Assistance & Access Programs, Baltimore, March 3, 2015.
  - Paula Stannard, —Business Associates' HIPAA Compliance: Should Covered Entities Be Concerned?,” Bloomberg BNA Health IT Law & Industry Report, May 11, 2015.
  - Angela Burnette, Swathi Padmanabhan, —Tips and Tactics for Transmitting PHI by Email,” AHLA Connections, March 2014.
- Articles on Alston & Bird's Privacy Blog on health information privacy and security issues.

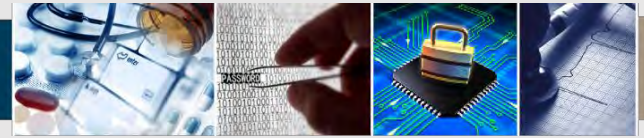


- Alston & Bird's Privacy & Data Security practice is recognized in the 2015 edition of *Chambers Global: World's Leading Lawyers for Business* and the 2015 edition of *Chambers USA: America's Leading Lawyers for Business* as one of the leading privacy practices in the United States.
- Dominique Shelton and David Keating were named to the 2016 list of *The Best Lawyers in America* for Privacy and Data Security Law
- In 2015, the *Los Angeles Business Journal* named Shelton one of the Most Influential Lawyers in White Collar & Cyber Crimes Law.
- In 2014, Shelton was named one of the Most Influential Lawyers: Digital Media and E-Commerce Law by the *Los Angeles Business Journal*.
- In 2014, *The Recorder* named Shelton as a Leader in Technology Law.
- In July 2015, Alston & Bird ranked among the *BTI Most Recommended Law Firms* by general counsel. For the fifth consecutive year, Alston & Bird was identified as one of a small number of firms that general counsel are willing to bet their reputation on and recommend to their peers.
- Together, our Privacy & Data Security attorneys have reviewed and distilled more than 100 FTC enforcement orders to develop privacy and cybersecurity benchmarks for large and small companies and government entities.

## Introduction: Alston & Bird Firm Accolades



- *U.S. News—Best Lawyers —Best Law Firms*” ranked the firm nationally in 42 different practice categories in 2014. In addition, the firm was extensively featured on the regional list, ranking in 107 categories.
- Alston & Bird ranked 15th among the client service elite in BTI Consulting Group’s —2015 Client Service 30,” which reviewed 650 firms and surveyed more than 300 general counsel at leading organizations. Ranked firms —impress clients with their savvy, outpace all others in service ... simply put, the law firms in the BTI Client Service 30 are the best. These are the elusive law firms reinventing how legal services are delivered.”
- CTA Intelligence named Alston & Bird —Best Law Firm - Client Service” and as a finalist for —Best Law Firm - Overall” in 2015. In 2014, the firm was honored as the —Best Law Firm - Innovation.”
- FORTUNE’s —100 Best Companies to Work For” list has ranked Alston & Bird for 16 consecutive years, including in the top 25 for nine consecutive years, four of which were in the top 10.
- 2015 Vault Guide to Top 100 Law Firms, ranking: #10 – Overall Best Law Firms for Diversity; Quality of Life Rankings: #6 – Minorities Diversity, #10 – Women Diversity, #11 – LGBT Diversity
- Selected among Multicultural Law magazine’s 2012 Top 100 Law Firms for Diversity (38th overall); Top 25 Law Firms for African-Americans; Top 100 Law Firms for Women; Top 50 Law Firms for Associates.
- Winner of The Coca-Cola Company’s 2012 Living the Values Award.



Alston & Bird's Privacy & Data Security team is *Chambers* ranked and represents best in class as it relates to Privacy & Data Security legal issues. What differentiates us and makes us particularly suitable for LACERA's Privacy & Data Security?

- We know HIPAA.
  - Paula Stannard is the former acting General Counsel of the U.S. Department of Health & Human Services (HHS). Stannard was a key leader at HHS on several HIPAA privacy, security and enforcement rulemaking proceedings, which culminated in final rules that remain law.
- We know Privacy & Data Security.
  - We have handled over 100 engagements in the past year concerning privacy and cyber-preparedness.
  - We have reviewed over 104 FTC enforcement actions, regulatory best practice guides regarding security (e.g., National Institute of Standards and Technology — NIST).
- We Know Risk Assessment Audits.
  - We have trusted forensic partner Stroz Friedberg creating a data map.

# Introduction: Legal Assessments are part of NIST



February 12, 2014

Cybersecurity Framework

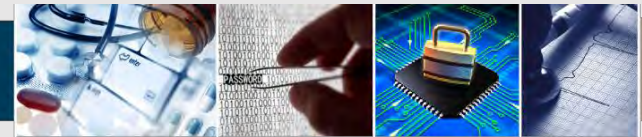
Version 1.0

Table 1: Function and Category Unique Identifiers

Function Unique Identifier	Function	Category Unique Identifier	Category
ID	Identify	ID.AM	Asset Management
		ID.BE	Business Environment
		ID.GV	Governance
		ID.RA	Risk Assessment
		ID.RM	Risk Management Strategy
PR	Protect	PR.AC	Access Control
		PR.AT	Awareness and Training
		PR.DS	Data Security
		PR.IP	Information Protection Processes and Procedures
		PR.MA	Maintenance
DE	Detect	PR.PT	Protective Technology
		DE.AE	Anomalies and Events
		DE.CM	Security Continuous Monitoring
RS	Respond	DE.DP	Detection Processes
		RS.RP	Response Planning
		RS.CO	Communications
		RS.AN	Analysis
		RS.MI	Mitigation
RC	Recover	RS.IM	Improvements
		RC.RP	Recovery Planning
		RC.IM	Improvements
		RC.CO	Communications



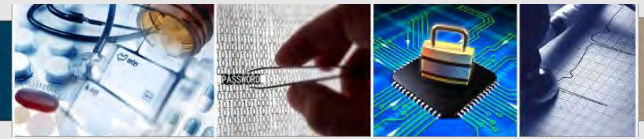
# Introduction: Experience with Legal Assessments



- Our team has prepared numerous reports to comply with the NIST cybersecurity framework: ID.GV-3

<p><b>Governance (ID.GV):</b> The policies, procedures, and processes to manage and monitor the organization's regulatory, legal, risk, environmental, and operational requirements are understood and inform the management of cybersecurity risk.</p>	<p><b>ID.GV-1:</b> Organizational information security policy is established</p>	<ul style="list-style-type: none"> <li>• COBIT 5 APO01.03, EDM01.01, EDM01.02</li> <li>• ISA 62443-2-1:2009 4.3.2.6</li> <li>• ISO/IEC 27001:2013 A.5.1.1</li> <li>• NIST SP 800-53 Rev. 4 -1 controls from all families</li> </ul>
	<p><b>ID.GV-2:</b> Information security roles &amp; responsibilities are coordinated and aligned with internal roles and external partners</p>	<ul style="list-style-type: none"> <li>• COBIT 5 APO13.12</li> <li>• ISA 62443-2-1:2009 4.3.2.3.3</li> <li>• ISO/IEC 27001:2013 A.6.1.1, A.7.2.1</li> <li>• NIST SP 800-53 Rev. 4 PM-1, PS-7</li> </ul>
	<p><b>ID.GV-3:</b> Legal and regulatory requirements regarding cybersecurity,</p>	<ul style="list-style-type: none"> <li>• COBIT 5 MEA03.01, MEA03.04</li> <li>• ISA 62443-2-1:2009 4.4.3.7</li> </ul>

# Alston & Bird Team Organizational Chart

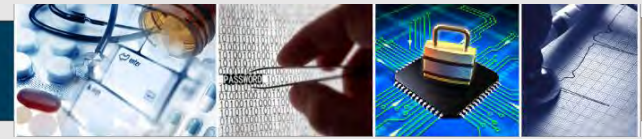






# Stroz Friedberg Team

# Stroz Friedberg Team- Who they Are



**Leader** in incident response, security resilience assessment, technical consulting, forensics, and investigations, with a reputation for ethics, neutrality, and discretion

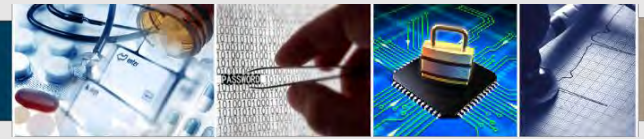


**Distinctive blend** of technology, legal, regulatory, investigative, and advisory skills



**Global reach**, with multi-jurisdictional capability

# Stroz Friedberg Team Organizational Chart



**Edward Stroz**  
Executive  
Chairman



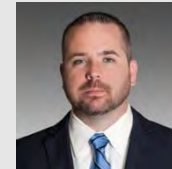
**David Garrett**  
Managing Director



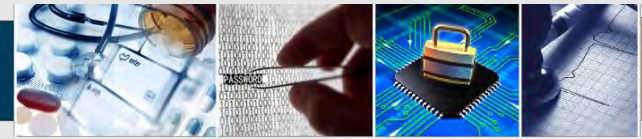
**Ilanna Bavli**  
Vice President  
(Engagement Manager)



**Joseph Calandrino**  
Director, Security  
Science



**Aaron Read**  
Director, Digital  
Forensics



## Our clients represent:



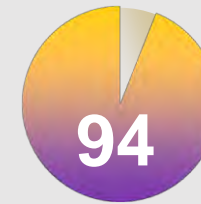
of the Fortune 100



of the Top Fortune 10 Banks



of the Fortune 500



of the AmLaw 100

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# Threat Landscape

# Threat Landscape – Governmental entities



## Going postal

Unknown hackers broke into more than two-dozen servers at the US Postal Service earlier this year, including one containing names, Social Security numbers, birth dates, and other personally identifiable information on about 800,000 workers and 2.9 million customers.



The [intrusion](#) might have happened some time early this year but the Service did not discover it until US law enforcement told it in September then, technology staff at the Postal Service working with security experts spent another two months developing a [response and mitigation strategy](#) before finally shutting down the threat in late November. The breach, some have speculated might have been carried out by Chinese hackers prompted a large-scale security overhaul at the Postal Service.

2  
comments

## Security breach discovered at the Oregon Employment Department; investigation into scope, source continues



A WorkSource Oregon specialist helps a job seeker at an unemployment office in Tualatin. (The Associated Press/2012)

### Most Read



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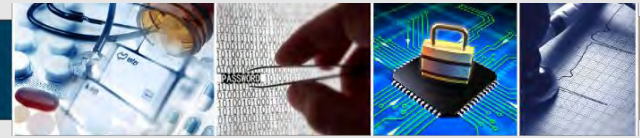


Scott Frost would hesitate to throw unruly Phil Knight Oregon Ducks coach



Victims of Summer

# Threat Landscape – Governmental Entities



Wed Sep 23, 2015 3:50pm EDT Related: TECH, CYBERSECURITY

## 5.6 million fingerprints stolen in U.S. personnel data hack: government

WASHINGTON | BY DAVID ALEXANDER



Hackers who stole security clearance data on millions of Defense Department and other

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I think I may be impacted and would like more information.  
ACTIONS YOU CAN TAKE NOW

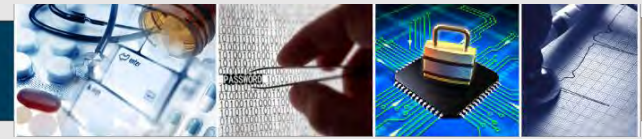
a MyIDCare account? [Log in here](#)





- According to analysts, there is —consistently high value of healthcare data on the black market” – Experian, Data Breach Industry Forecast, (<https://www.experian.com/assets/data-breach/white-papers/2015-industry-forecast-experian.pdf>)





## Anthem

### How to Access & Sign Up For Identity Theft Repair & Credit Monitoring Services

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### Criminal Attacks Are Now Leading Cause of Health Data Breaches, According to New Ponemon Study

Criminal Attacks Are Now Leading Cause of Health Data Breaches, According to New Ponemon Study Reveals Five-Year Data Breach and Security Trends of Growing \$6 Billion Epidemic That Puts Millions of Patients and Their Information at Risk

Study Reveals Five-Year Data Breach and Security Trends of Growing \$6 Billion Epidemic That Puts Millions of Patients and Their Information at Risk

TRAVERSE CITY, Mich. and PORTLAND, Ore. — May 7, 2015 — The healthcare industry is experiencing a surge in data breaches, security incidents, and criminal attacks—exposing millions of patients and their medical records—according to the latest Ponemon Institute study, sponsored by ID Experts®, the Fifth Annual Benchmark Study on Privacy & Security of Healthcare Data. The study reveals that criminal attacks in healthcare are up 125 percent since 2010 and are now the leading cause of data breaches. The findings also show that most healthcare organizations are still unprepared to address

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### UCLA Joins List of Largest Health Data Breaches of 2015

By Sara Heath on September 08, 2015

Like 11 | Tweet 22 | G+ 3 | Share 7

Health data breaches continue to be a concern for the healthcare industry. Three quarters of the way through 2015, there have been a reported 180 health data breaches, the largest of which have affected over 78 million patients.



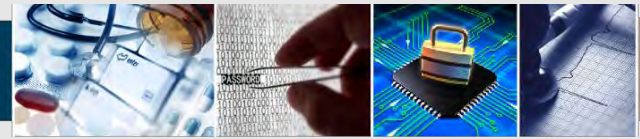
According to the Department of Health and Human Services' (HHS) data breach database, the largest data breaches of 2015 continue to be the Anthem data breach and the Premera Blue Cross data breach, which affected 78 million and 11 million individuals respectively.

Likewise, the causes of data breaches also remained somewhat consistent. Although hacking was previously reported to be the leading cause of the industry's data breaches, that has changed in recent months.


#### RELATED ARTICLES

[Keystroke Logger Leads to Health Data](#)

With 43 instances, hacking-related data breaches is the third largest cause of health data breaches. The largest



## Potential data breach at ASRS; 44,000 retirees affected

 **Craig Harris**, The Republic | azcentral.com 8:33 p.m. MST October 27, 2014



(Photo: Getty Images)

### STORY HIGHLIGHTS

- The ASRS will pay \$291,000 to provide identity-protection services because of a possible security breach.
- The roughly 44,000 retirees affected were enrolled in the ASRS dental plans.
- The ASRS believes the discs with sensitive information were destroyed, but it is still taking precautions.

Nearly 44,000 state retirees may have had their personal data compromised in a security breach, and the Arizona State Retirement System is spending about \$291,000 to provide identity-protection services for them.

The pension system this month began notifying affected retirees, all of whom were enrolled in the ASRS dental plans.

The system has offered to pay for 12 months of services with AllClear ID, the same company that is providing identity-theft protection to customers affected by a breach at Home Depot.

Those affected can call AllClear ID at 1-855-731-6012 for help. The benefits include credit monitoring and a \$1 million identity-theft insurance policy.

"We felt it was the appropriate thing to do," said David Cannella, spokesman for ASRS, which is a \$33.67 billion fund for roughly 542,000 members.

holiday event  
BLACK friday

Up To  
**\$3,525**  
Total Savings\*

THE 2015  
NISSAN ALTIMA\*  
\*More Cash Back Information

SHOP NOW BUILD

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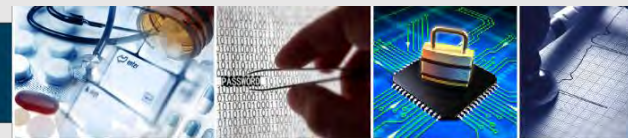




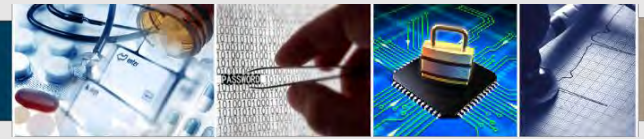


# Alston & Bird Workplan

# Alston & Bird Milestones



Phase No.	Milestones by Phase	Anticipated Milestone Commencement Dates	Anticipated Milestone Completion Dates
1.	Workplan	1/16/2016	1/28/2016
2.	Factual assessment of LACERA, including comprehensive review of all LACERA privacy and security policies and practices throughout the organization's business units	1/31/2016	2/27/2016
3.	Analysis phase: Compare LACERA's actual practices with legal requirements customized to LACERA's status.	2/28/2016	3/31/2016
4.	Analyze LACERA's practices vis-à-vis personal information and business critical information with vendors.	1/16/2016	6/30/2016
5.	Preliminary report	4/1/2016	4/30/2016
6.	Final report	5/1/2016	6/30/2016



Alston & Bird will create the following additional deliverables:

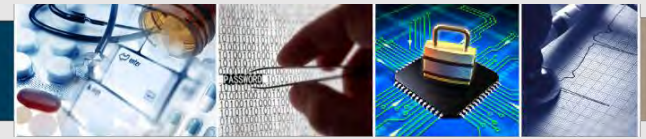
- A detailed project plan, which will include periodic updates presented to the Project Coordinator and relevant staff.
- A preliminary detailed report and a final detailed report, both to include observations, findings and organizational change recommendations, will be presented to the Project Coordinator and relevant staff.
- The preliminary and final reports will be detailed and specific to LACERA's current policies and practices, findings and recommendations. These reports will also address LACERA's status under HIPAA.
- A presentation to LACERA's board or board committees may be requested upon the completion of the final report.
- The final report shall be in a format appropriate for distribution to the public and shall not include any confidential information.



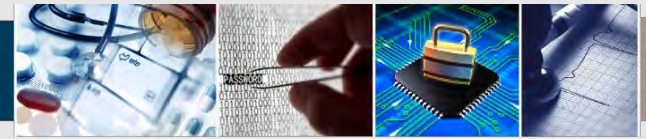
# Stroz Friedberg Workplan



# Stroz Friedberg Milestones



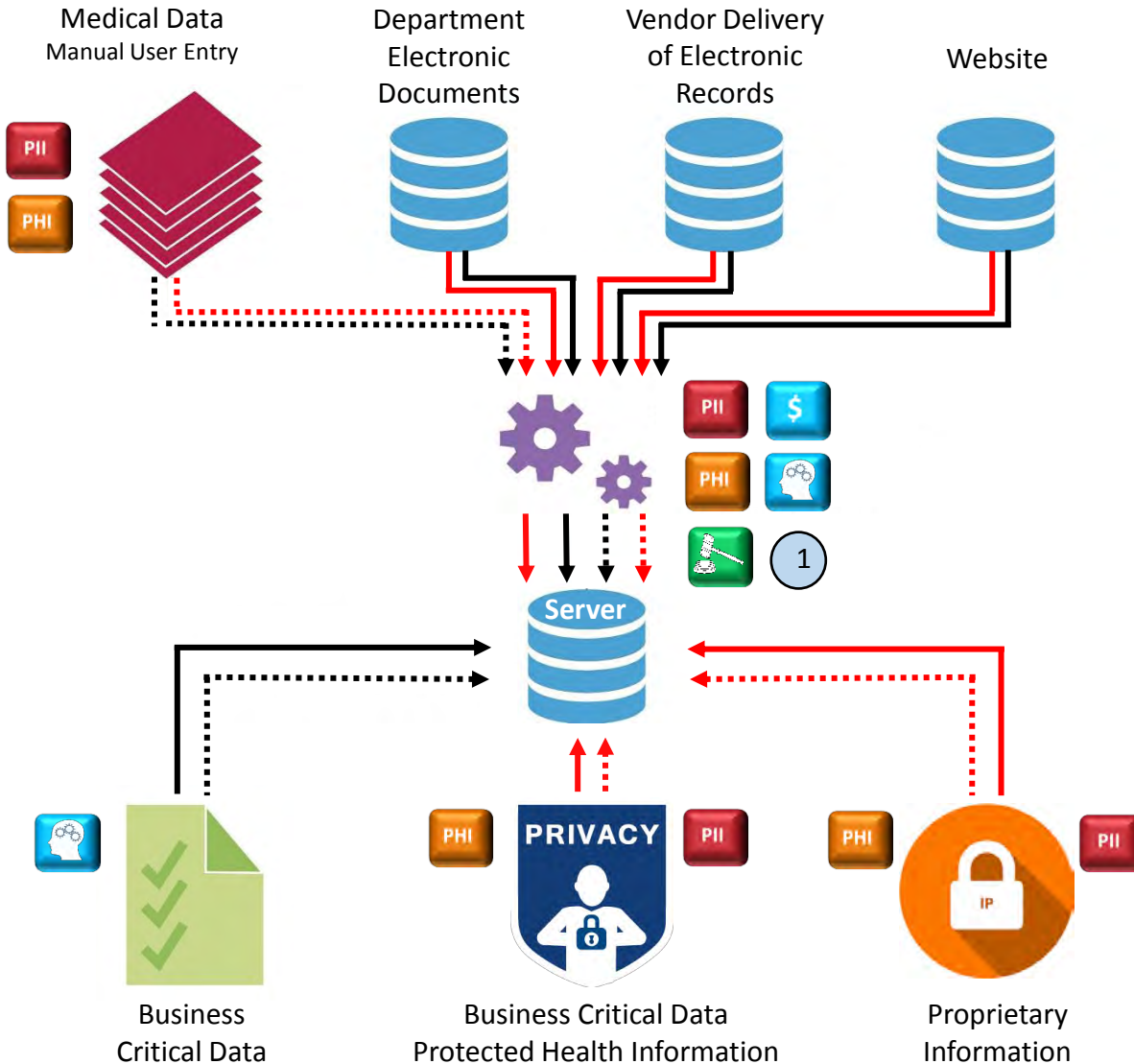
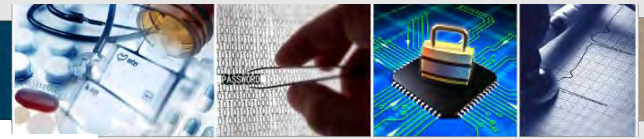
Phase No.	Milestones by Phase	Anticipated Milestone Commencement Dates	Anticipated Milestone Completion Dates
1.	Project Kick-Off and Planning	1/18/2016	1/20/2016
2.	Risk Criteria Definition	1/20/2016	1/29/2016
3.	Data Identification	2/1/2016	2/27/2016
4.	Data Discovery & Validation	2/29/2016	3/11/2016
5.	Risk Analysis and Reporting	3/14/2016	4/1/2016



Stroz Friedberg will create the following additional deliverables:

- PII and Business-Critical Data Classification Matrix/Map and related Data Flow Diagrams including for paper data only.
- Written Report describing our findings, outlining the specific critical information assets identified within a statistically-significant sampling of information assets across all LACERA business units.
- Presentation of final report to the board that outlines the goals and objectives of the project, key observations, and prioritized recommendations to improve data management and handling.

# Specific Database Process Flow

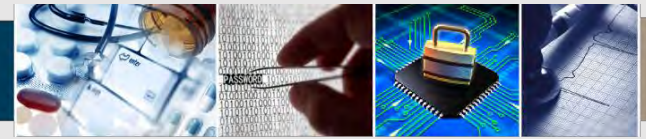


US Users  
 International Users  
 Business Sensitive Users  
 Confidential Data

### Legend

Automated Process  
 Automated Process  
 Manual Process  
 Manual Process

Reference  
 Investment Information  
 Business Critical Data  
 Legal Information  
 Personally Identifying Information  
 Protected Health Information



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