

The Energy Cooperative – Lessons Learned from a Cyber Attack – One Year Later

Moderator:

Doug Miller, Vice President, Statewide Services, OEC

Panelists:

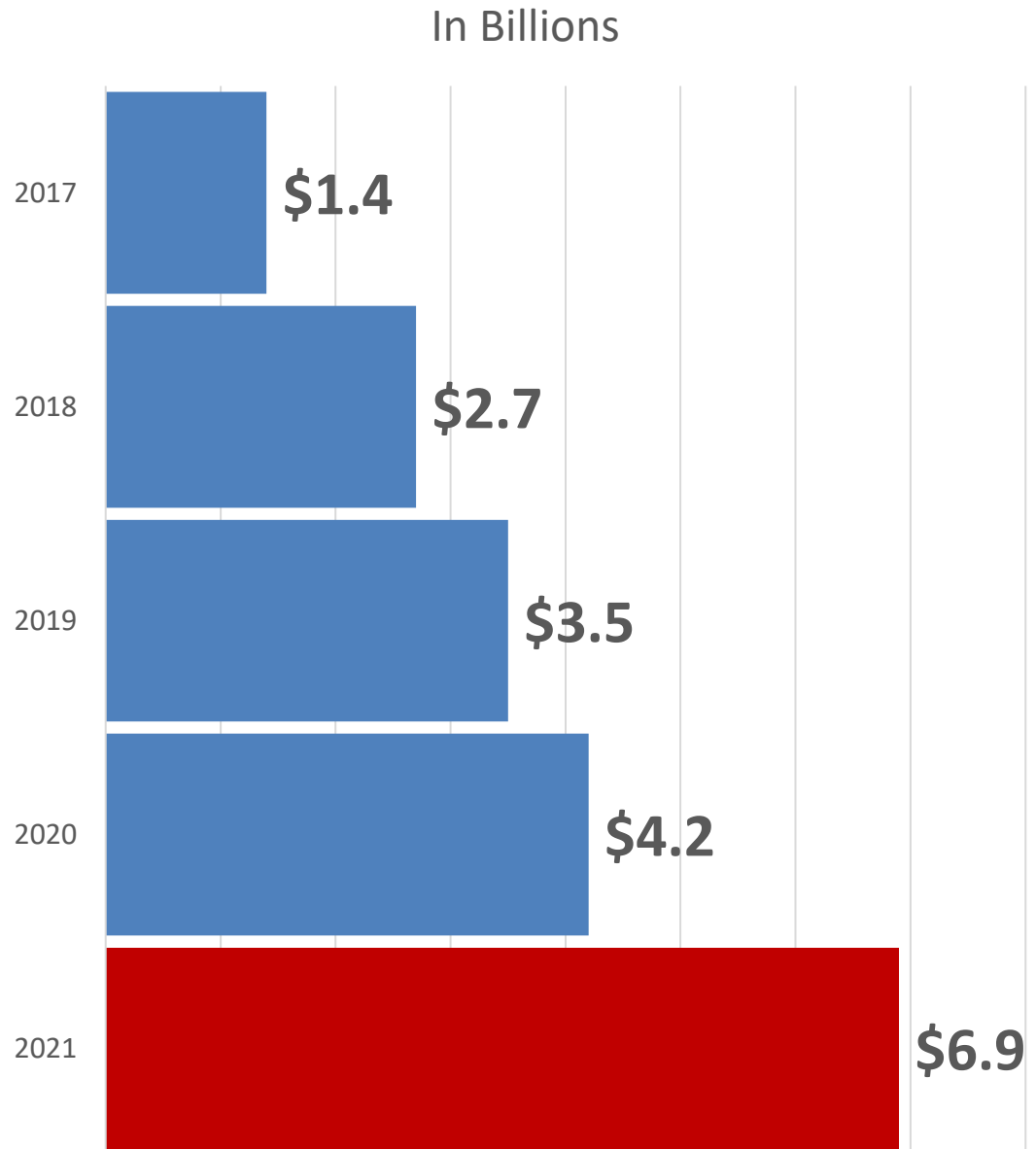
Todd Ware, CEO

Scott Stitts, VP & CIO

Nelson Smith, Board Chairman

Total Cost of Cyber Crime

- *Source: Federal
Bureau of Investigation
Internet Cyber Crime
Report 2021*



Most Common Cyber Attacks

- **Malware – Malicious Software designed to damage systems**
- **Ransomware – A type of Malware that encrypts data**
- **Phishing – a malicious actor impersonates a trustworthy entity to obtain private data**
- **DDoS and IoT – disrupts the availability of online services or systems by overwhelming the server with huge traffic/request volume**
- **Cryptojacking - utilize the victim's computing resources to mine cryptocurrency**



Utilities faced 1780 DDoS attacks between June and August last year, a **595% increase** from the year prior

Healthcare providers can spend up to **\$408** for each compromised patient record and an additional **\$1.75 million** to regain reputation



The cost of cybercrime in the **financial** services sector is **\$18.3 million**

Government organizations faced 13% of the total cyber attacks in the second quarter of 2020



28% of all data breaches involve **small businesses**

Source:
Hiscox
Kaspersky, 2019
Accenture, 2019
Arkose Labs, 2020
Verizon, 2022





Todd Ware
President and CEO
Energy Cooperative

Ware has been a member of the Energy Cooperative team since 2001 and has served as CEO since 2012. Ware serves on several boards, including those for Farmer Mac, Buckeye Power, Inc., Cardinal Operating Committee, Altheirs Oil, Otterbein at Granville, and the Ohio State University Advisory Board-Newark Campus. He was also a member of the National Rural Utilities Cooperative Finance Corporation (NRUCFC) board from 2015 to 2021. Ware is a graduate of The Ohio State University with a business degree in accounting.



Scott Stitts
Chief Information Officer
Energy Cooperative

Stitts has been with the cooperative for 12 years and boasts over 30 years of experience in IT. He brings an extensive high-volume manufacturing and operations background to the co-op and holds a degree in business from Mount Vernon Nazarene University. In his role, Stitts manages the information technology and geographic information systems departments, and is an integral part of the co-op from a collaboration and process standpoint.



Nelson Smith Board
Chairman
Energy Cooperative

Smith has served Energy Cooperative's Board of Directors since 2003, currently as board chairman. He has earned his CCD and Board Leadership Certificate and maintains a Director Gold status. Smith was elected to the Federated Insurance Board in 2016 and is in his final term, which will conclude in 2026. He is the former publisher of three Licking County weekly newspapers, the former owner of Chapel Hill Golf Course in Mount Vernon, and is currently a township trustee.

February 19, 2022

**Walk us all through the day that you
discovered someone had just penetrated
your computer network.**

All of your files are currently encrypted by CONTI. If you don't know who we are – Just “Google it.”

As you already know, all of your data has been encrypted by our software.

DONT TRY TO RECOVER your data by yourselves. Any attempt to recover your data can damage your files. However, if you want to try – we recommend choosing the data of the lowest value.

DONT TRY TO IGNORE us. We've downloaded a pack of your internal data and are ready to publish it on our news website if you do not respond. So it will be better for both sides if you contact us as soon as possible.

DONT TRY TO CONTACT feds or any recovery companies.

We have our informants in these structures, so any of your complaints will be immediately directed to us.

So if you hire any recovery company for negotiations or send requests to the police/FBI/investigators, we will consider this a hostile intent and initiate the publication of whole compromise.

To prove that we REALLY CAN get your data back – we offer you to decrypt two random files completely free of charge.

You can contact our team directly for further instructions through our website.

YOU SHOULD BE AWARE

We will only speak with an authorized person. It can be the CEO, top management, etc.

In case you are not such a person – DONT CONTACT US! Your decisions and action can result in serious harm to your

Todd:

What was going through your mind when you found out about the incident and what your role was after you found out?

Nelson:

How was the board engaged during this cyber incident? What did you feel was your role and that of the board throughout the process?

What do directors need to know about cybersecurity?

- 1. Cybersecurity is about more than protecting data.**
- 2. The BODs must be knowledgeable participants in cybersecurity oversight.**
- 3. Boards must focus on risk, reputation, and business continuity.**
- 4. The prevailing approach to cybersecurity is defense-in-depth.**
- 5. Cybersecurity is an organizational problem, not just a technical problem.**

**How can the people in this audience,
your peers, be engaged in cyber
security oversight?**

**Oversight can be achieved by asking
good questions . . . AND**

Management giving good answers.

Cyber security questions boards should be asking

1. What are our most important assets and how are we protecting them?
2. What are the layers of protection we have put in place?
3. How do we know if we've been breached? How do we detect a breach?
4. What are our response plans in the event of an incident?
5. What is the board's role in the event of an incident?
6. What is our business recovery plans in the event of a cyber incident?
7. Is our cybersecurity investment enough?

Lessons Learned Corrective Actions



RURAL ELECTRIC CYBER ADVANCEMENT PROGRAM