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ST. LOUIS BUSINESS JOURNAL

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Chatten fights data theft in the office and courtroom

St. Louis Business Journal - January 14, 2005 by [Laurie Sybert](#)

Deceitful employees are at the root of Greg Chatten's business.

Chatten is the president and chief executive of St. Louis-based [Forensic Computer Service Inc.](#) His company helps recover evidence of data stolen from company computers by employees or former employees.

That evidence could be used by attorneys in a civil or criminal trial in which Chatten testifies as an expert witness. While Chatten's clients are all over the country, he can perform most of his work in St. Louis using recovered computer hard drives or other data.

"After you get the data, that's when the analyzing really starts," Chatten said.

Business owners also hire Chatten to test the security of their existing computer network and provide pointers on how to improve it. Chatten has two contract employees who assist him as needed in analyzing data. He also has reciprocal agreements with other forensic computer investigators around the country who assist each other with contracts in other venues. The company had revenue of \$250,000 in 2004, doubling the revenue from 2003, Chatten said.

Chatten also is called in by business owners who suspect employees are stealing company data. Often employers don't report employee theft to the authorities. "Most companies let it go. They fire the individual, but they don't report it," he said.

Chatten's observations are corroborated by a report issued by the Federal Bureau of Investigation. In the 2004 FBI survey of companies regarding computer crime, only 20 percent reported computer data theft to authorities, down from 36 percent reporting the crime in 2001. The No. 1 reason for not reporting an employee data theft to authorities was that "negative publicity would hurt stock/image." The second most popular reason for not reporting the theft was that company competitors would capitalize on the theft to their advantage.

Prosecutors in the city of St. Louis and in St. Louis County also see few criminal cases involving computer data theft by employees.

J.B. Lasater, an assistant prosecuting attorney in St. Louis County, said his office sees only a handful of cases per year. Criminal cases, which are generally prosecuted as tampering with a computer system or data by stealing or destroying data, is a misdemeanor with a fine of up to \$1,000 and up to a year in prison. If the crime involves theft of property of more than \$500 or a scheme to defraud the victim of more than \$500, it becomes a felony with a possible fine of up to \$5,000 and up to four years in prison.

The county has trained prosecutors and police officers on investigating computer crimes and even has a forensic computer laboratory.

Lasater, who works on the computer crime cases, said employers should make sure their systems are secure, change passwords often and back up their files regularly.

"Some employees will delete or destroy systems out of vengeance or to cover up theft or malfeasance, and a backup may be the only way to recover from the damage. Prevention is far easier than prosecution," Lasater said.

Scott Ingram, an assistant circuit attorney for the city of St. Louis in charge of white-collar crime, said his office doesn't see many computer-related cases.

The cases he has seen generally involve thefts of customer lists by former employees. But many employers don't want to prosecute, he said. Many companies prefer to prosecute the cases through civil court, he said.

Local attorney Michael Quinlan of the Quinlan Law Group recently won a \$103,000 civil judgment for Martha's Hands LLC of Kirkwood, a health-care home staffing provider.

In the November judgment, a jury found that Gregory Starrs, a former staffing division manager, violated his employment contract with a fraudulent misrepresentation when he said he had taken only personal data from a company computer. The jury awarded the company \$8,150 compensatory damages for the breach of contract and \$20,000 compensatory damages on the fraud charge. The jury also awarded Martha's Hands \$75,000 in punitive damages on the fraud.

Chatten was the forensic investigator for Quinlan. He found that Starrs had copied virtually all of the confidential and competitive data from a Martha's Hands laptop. Starrs later founded another home-care staffing provider called StarResource LLC in Creve Coeur.

Quinlan said companies that rely heavily on customer lists or whose greatest assets are their goodwill and customer relationships are the most likely targets of electronic data theft by employees.

In handling this case, Quinlan said he "learned an incredible amount about computers and data theft."

He also found that Missouri law is antiquated when it comes to computer data crimes and advocates that the state update its laws.

lsybert@bizjournals.com

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