



# Ransomware: It Is Not Enough To Think You Are Protected

[Issue](#) | [Summary](#) | [Glossary](#) | [Background](#) | [Discussion](#) | [Findings](#)  
[Recommendations](#) | [Methodology](#) | [Bibliography](#) | [Appendixes](#) | [Responses](#)

## ISSUE

City and county government computer systems are at risk of Ransomware attacks. Are adequate measures being taken by local government agencies to mitigate the risks and provide recovery options?

## SUMMARY

Ransomware has already hit many governmental Information Technology (IT) systems in San Mateo County. In December 2019 the Grand Jury sent an online survey to all 68 public entities in San Mateo County,<sup>1</sup> received 37 survey responses (a 54% response rate), and interviewed several responders including one IT Manager (who had refused to respond to the survey for fear of being successfully attacked once again), for a total of 38 responses via survey and interview. More than 25% (10 of 38) of the public entities responding to the Grand Jury reported that they have been a victim of one or more Ransomware attacks. More concerning is the certainty that there will be more attempts to violate the integrity of our local governments' electronic infrastructure.

This report is intended to present “best practices” in developing a Cybersecurity strategy, then implementing and testing that plan. It addresses actions that can be taken (and have been taken, in some cases) in order to guard against Ransomware attacks, recover from an attack and the additional measures that can be taken to reduce the possibility of an attack. However, it is not an exposé with details of potential system weaknesses, in light of the need for Cybersecurity strategies and practices to be highly confidential. As such, this report walks the line between providing an informed discussion of potential concerns without providing a road map of how to breach public government IT systems.

The single largest exposure every organization has to cyber-thieves is phishing, the illegal practice of sending legitimate-looking emails to an organization's employees. These emails may contain malware or links that, when clicked, infect the computer with a virus that can spread to the entire information systems network.

Although many email software programs include some level of protection against Ransomware attacks, such protections require customization and activation, and it is not clear that local public

---

<sup>1</sup> See Appendix F: Public Entities in San Mateo County (Cities, County, School Districts, Special Districts)

entity IT departments are undertaking these necessary customization and activation steps. In addition, training for new employees and recurring training for existing employees is critical to dramatically reducing the probability of a Ransomware infection. In some agencies, it appears that only limited training is provided for new employees with little or no recurring training provided for current employees.<sup>2</sup>

Ransomware and other malware attacks are a test to an organization's backup and restoration procedures.<sup>3</sup> The Grand Jury found that none of the survey responders has actually performed a full restore as a test of their backup process. However, without adequate testing, backups do not provide sufficient protection.

Rigorous preparation for an attack is essential if fast and full recovery is desired and the payment of a ransom is to be avoided. There are several significant steps that local public entities should take to improve their defenses, their ability to detect incursions, and their responses to Ransomware attacks. These steps include:

- Using firewalls to protect internal environments from breaches;
- Using malware detection software to monitor incoming emails and network activity;
- Ensuring that users are educated and tested to learn what to watch for and avoid, especially in emails;
- Developing and fully testing a thorough backup and restore strategy to enable a complete recovery from an attack;
- Putting in place internal controls such as subnets, which require departmental authorization to access other department's data or programs.

In addition, cloud hosting should be considered for email and certain applications to reduce the success of Malware and Ransomware attacks on information systems infrastructure.

While all attacks are malicious in terms of time and potential data loss, in the case of Ransomware (or worse, Ransomware 2.0 that also infects backup data) the financial cost of paying the ransom in order to remove the infection and restore a data system can be significant. Alternatively, if the decision is to not pay the ransom but to attempt to recover from the infection manually, the direct and indirect costs could be considerably more.

This report is directed to the governing bodies of government entities in San Mateo County urging them to have their IT staff confidentially and urgently assess their respective Ransomware protection strategies and training and then move with all deliberate speed to address any shortcomings in their Cybersecurity programs.

## **GLOSSARY**

### **CLOUD COMPUTING**

Cloud computing is the delivery of on-demand computing services -- from applications to storage and processing power -- typically over the internet and on a pay-as-you-go basis. Rather

---

<sup>2</sup> Grand Jury interviews

<sup>3</sup> Epicor Corporation, *Protecting Yourself From Ransomware*, January 2020

than owning their own computing infrastructure or data centers, companies can rent access to anything from applications to storage from a cloud service provider.<sup>4</sup> Some examples of this are Yahoo Mail, services like Google Docs, and customer relationship management software.<sup>5</sup>

## CYBERSECURITY

Cybersecurity refers to the body of technologies, processes, and practices designed to protect networks, devices, programs, and data from attack, damage, or unauthorized access.<sup>6</sup>

Cybersecurity is a combination of secure systems (hardware and software) built into technology as well as human intervention, monitoring, training, awareness, and recovery.

## ENCRYPTION

The process of locking out the contents of a file and the renaming of the file such that it cannot be opened and used in the intended application (e.g. Microsoft Excel). Typically, a 128 Bit (or larger) encryption key (a long series of letters and numbers) is used first to encrypt then later to un-encrypt a file.

## MALWARE

Short for “malicious software,” this software is designed specifically to damage or disrupt computer systems. Not all malware is Ransomware because some malware has no related attempt to extort money.

## PHISHING

The illegal practice of sending email claiming to be from reputable companies to induce individuals to reveal personal information or click on website links or open attachments that then install malware.

## RANSOMWARE

Ransomware can be simply described as an infection on a host machine that prevents access to data until a ransom is paid. The most common method of infection is to encrypt files making them totally unreadable by a user. The infection is usually delivered by a *Trojan Horse* (a term referring to the misleading of users of its true intent) installed when a user clicks on a malicious link or attachment in an email.

## RANSOMWARE 2.0

This newer version of Ransomware no longer is just malware that encrypts data and asks for ransom, the attacker also threatens to release the data onto the internet and demands money in order not to do so. This newer Ransomware works in such a way that even backup copies of most important files will not be able to save an infected organization.<sup>7</sup> By planting the malware but delaying its activation, Ransomware 2.0 can infect backups thus defeating their value.

---

<sup>4</sup> <https://www.zdnet.com/article/what-is-cloud-computing-everything-you-need-to-know-from-public-and-private-cloud-to-software-as-a/>

<sup>5</sup> Pearson Education, Ubuntu Unleashed 2015 Edition: Covering 14.10 and 15.04, page 655

<sup>6</sup> <https://digitalguardian.com/blog/what-cyber-security>

<sup>7</sup> <https://www.itproportal.com/news/welcome-to-the-era-of-ransomware-20/>

## BACKGROUND

Ransomware is a real and serious threat to every entity: government organizations, corporations, and individuals. The more dependence an organization has on the software and data in its network(s), the more important the concern should be. Loss of access to mission-critical data, systems, and software can severely impact an organization in both the short and long term.

According to an October 2019 report by the National League of Cities, since 2013, Ransomware attacks have been reported by at least 170 county, city or state government entities across the United States.<sup>8</sup> The actual number is likely to be much higher because it represents only those attacks that have been reported. Many infections go unreported when ransoms are paid,<sup>9</sup> when organizations are seeking to avoid embarrassment, or when the attacks were simply undetected or untraceable.<sup>10</sup> This has been true even in San Mateo County where local public governing entities have had Ransomware attacks that were not publicly reported.<sup>11</sup>

Not only do such data breaches embarrass and slow organizational productivity, they can be very expensive. For example, the MIT Technical Review (2019) asserts: “Ransomware may have cost the U.S. more than \$7.5 billion in 2019... the victims were 113 governments and agencies, 764 health-care providers, and up to 1,233 individual schools affected by Ransomware attacks...most local governments do a poor job of practicing Cybersecurity.”<sup>12</sup> The cost to the city of Atlanta to recover from its Ransomware breach was estimated at \$17 million.<sup>13</sup> Similarly, a recent Baltimore Ransomware breach is estimated to have cost over \$18 million.<sup>14</sup> In 2020, the UC San Francisco School of Medicine paid \$1.14 million in ransom to recover its own data.<sup>15</sup> These are large cities and entities and although the ransom amounts they paid may not represent the expenses a San Mateo County public organization could incur, they provide examples of the severity of the potential threat and the enormous costs.

Specifically, the costs of a Ransomware attack could include some or all of the following:<sup>16</sup>

- Direct Costs:
  - Paying the ransom to obtain an encryption key and hoping that it works;

---

<sup>8</sup> National League of Cities report, *Protecting Our Data: What Cities Should Know About Cybersecurity*. Forward by Clarence Anthony, CEO and Executive Director.

<sup>9</sup> <https://healthitsecurity.com/news/as-ransomware-attacks-increase-dhs-alerts-to-Cybersecurity-insights>

<sup>10</sup> Sheehan, Patrick, Ohio Emergency Management Agency, *Cascading Effects of Cyber Security on Ohio*, September 19, 2012

<sup>11</sup> Grand Jury survey responses

<sup>12</sup> MIT Technology Review, *Ransomware may have cost the US more than \$7.5 billion in 2019*, January 2, 2020

<sup>13</sup> The Atlanta Journal- Constitution, Stephen Deere. *Confidential Report: Atlanta’s cyber attack could cost taxpayers \$17 million*. August 2018.

<sup>14</sup> Baltimore Sun, Ian Duncan, *Baltimore estimated cost of ransomware attack at \$18.2 million as government begins to restore email accounts*. May 29, 2019.

<sup>15</sup> San Jose Mercury News, David Wu, “*UCSF pays \$1.14 million ransom to recover data*”, July 4, 2020

<sup>16</sup> <https://www.sentinelone.com/blog/what-is-the-true-cost-of-a-ransomware-attack-6-factors-to-consider/>

- Expenditures for outside IT professionals and new systems providers to plan and implement improved breach security based on new Ransomware strategies;
- Paying for enrollments in credit reporting bureaus to stop or correct identity thefts (from the release of previously confidential or secure personal information) for client/customers.
- Replacing hardware and/or software.
- Indirect Costs:
  - Operations efforts to restore systems and data;
  - Organizational downtime as well as employee overtime;
  - Reputation loss including negative public relations and loss of confidence by the organizations' constituents;
  - Liabilities for legal costs, including defense of lawsuits for breach of private and confidential information and poor handling of personal data.

According to the Coveware Report,<sup>17</sup> the median ransom payment in the first quarter of 2020 was \$44,021. This was an increase of roughly 10% over the last quarter of 2019. Public sector entities represented 12% of attacks, about half of which were school systems. The average days of downtime was 15 representing an alarming number of days of inability to service constituents.<sup>18</sup> This underlines an urgent need to understand and evaluate current local governments' Cybersecurity strategies.

The discussion that follows is intended to encourage local public agencies and their IT staff to confidentially evaluate their respective Cybersecurity plans, software and prevention strategies. Since data and systems security are essential to the operation of every public entity in the County, the discussion will not present a specific road map for potential Ransomware-prevention actions but rather establish a "best practice model" that will enhance understanding of the elements essential for an adequate protection plan.

## **DISCUSSION**

In December 2019, the Grand Jury developed an online survey that was sent to all 68 public entities in San Mateo County.<sup>19</sup> Responses were received from 37 of the entities (a 54% response rate). Additionally, follow-up interviews were conducted with three local public IT Managers, one of whom had refused to complete the online survey for fear of disclosing confidential information that could lead to a successful malware or Ransomware attack. These interviewees were questioned regarding the adequacy of Cybersecurity planning and execution. Following a general analysis of local government practices, this report concludes with a review of Cybersecurity best practices which local agencies should consider adopting.

### Two Ransomware Attacks Derailed: Best Practices in Action

---

<sup>17</sup> <https://www.coveware.com/blog/q1-2020-ransomware-marketplace-report>

<sup>18</sup> <https://www.msspalert.com/Cybersecurity-research/average-ransomware-payment-rises-again-research/>

<sup>19</sup> Appendix F

In order to better understand how to successfully defeat a Ransomware attack, the Grand Jury interviewed an IT Manager of a private enterprise that was attacked twice by Ransomware and was able to fully restore the environment and re-establish workflow within just a few hours.

Given the usual secrecy involved in most malware incursions, the following description of this IT manager's actual experience is instructive since it offers an example of "best practices" that can guide others anticipating or facing a Ransomware threat.<sup>20</sup>

This organization suffered two serious breaches less than two months apart and successfully recovered both times. In the first breach, within 45 minutes of a user clicking on an email attachment, the Crypto virus had spread to 12 of the organization's 23 servers. The IT Manager was alerted to the problem both by the user whose PC was locked with the Ransomware demand on his screen and an auto alert from the network scanning software that reported unusual activity.

The IT Manager's first action was to rapidly shut down the entire server network. This of course stopped the spread of the virus, but also prevented users from performing their jobs. Fortunately, their backup strategy implementation worked well as they were able to fully recover within hours.

The major components of the protection strategy employed included:

- Separating the network into discrete departments or segments (creating subnets) which restricted individuals' access to only servers containing their department's software and network storage. This limited the spreading of the virus across various departments within the organization. The analogy is a modern ship with rooms and decks that can be completely closed off from each other in the event of a fire or explosion.
- Taking snapshots (copies) of their Storage Area Network (SAN) twice a day.
- Completing full nightly backups of their SQL databases and incremental backups of the databases at five-minute intervals.
- Performing server backups with a commercial external backup appliance and/or service. See Appendix D for examples of companies in this market.<sup>21</sup>
- Regularly testing the restore process to ensure the successful recovery of critical server hardware. Without testing, there is no assurance that the Cybersecurity plan will work. Moreover, even if it works once, that is no assurance it will work again, without periodic re-testing.
- Conducting weekly backups of critical personnel's full PC hard drives.
- Use the "3-2-1 strategy"<sup>22</sup>: do three backups into two different media including one offsite.

Having all of these Cybersecurity plan components was a good start but it took much more to affect a recovery. First a commercial Virus Removal Software Tool was used which did not work (in this case). Therefore, the IT team used the snapshot copies to replace corrupted data on

---

<sup>20</sup> Grand Jury Interview

<sup>21</sup> These services include onsite and offsite backup and recovery services which are usually located outside the immediate locale.

<sup>22</sup> Management Wire, *The 3-2-1 Backup Rule and Effective Cybersecurity Strategy*, January 7, 2020.

infected server units followed by the application of the incremental backups of the database to complete the restore.

This detailed example represents a well thought out and highly prepared plan, executed with precision. The first breach resulted in 4½ hours of downtime as 12 servers were infected. The second breach resulted in 6 ½ hours of downtime to recover 19 affected servers. The IT team was able to recover the servers and their data both times, become fully operational within hours, and the organization did not pay any ransom demands.

#### Grand Jury Cybersecurity Survey and Follow-up Interviews

Survey question:<sup>23</sup> *“Has your Organization had a Ransomware attack? Specifically, has there been an instance or multiple instances when an attack has locked up a computer or computers and presented a demand for ransom to unlock the infection?”*

Nine survey responders and one non-survey responder interviewee, a total of 10 of 38 (37 responders to the online survey and one non-survey responder) affirmed an attack had occurred or had possibly occurred in their organization, a 26% “hit” rate. The circumstances of their attacks were reviewed.<sup>24</sup> The non-survey interviewee was the IT manager from a public entity in the County who was unwilling to complete the survey because they did not want to reveal that their organization had been subject to “one or more” Ransomware attacks. Nor were they willing to disclose how successful the Ransomware attack(s) were for fear that they would open themselves up to more attacks.

Survey Question:<sup>25</sup>

*“Is your Information Systems Budget adequate to secure your network properly from malicious attack?”*

Thirty-two of the 37 survey respondents, or 86%, answered Yes to this question. This high percentage of “Yes” responses either indicates a high level of confidence in their defense setup, a reluctance to complain about their IT budget, or as two of our follow-up interviewees revealed<sup>26</sup>, a lack of understanding of the complexity of a well-written, well-executed Cybersecurity Plan.<sup>27</sup> Suggesting the latter, The National League of Cities conducted a similar survey of 165 city governments nationwide and asked the same question, (*“Is your budget adequate enough to secure your network properly?”*): 67% replied “No”.<sup>28</sup>

#### Investigation Results Regarding Backup/Restore/Maintenance

The Grand Jury survey and follow-up interviews revealed that, while many local agencies have backup plans,<sup>29</sup> only a portion of those same agencies had successfully recovered lost files from

---

<sup>23</sup> Appendix A – Question #1

<sup>24</sup> Grand Jury Interview

<sup>25</sup> Appendix A – Question #2

<sup>26</sup> Grand Jury Interviews

<sup>27</sup> Federal Communications Commission, *Cyber Security Planning Guide*, October 2012.

<sup>28</sup> National League of Cities report, *Protecting Our Data: What Cities Should Know About Cybersecurity*, page 8

<sup>29</sup> Appendix A – Question #3

backups and none of the survey responders had ever done a full restore of a server.<sup>30</sup> When an attack occurs with inadequate backup processes in place, there is no way to recover. Moreover, a proactive and well-thought-out business continuity plan is something that all system and data administrators must embrace.

What is a good backup strategy? Certain applications provide the ability within the applications themselves to set up different types of backups and schedule them to be performed automatically. A good example of this is SQL.<sup>31</sup> Using a SQL-based approach, both nightly full database backups can be scheduled as well as intermittent transaction log backups (which capture activity during small time increments), so that a recovery could be completed with virtually no loss of data. These backups should then be stored according to the 3-2-1 backup rule<sup>32</sup> whereby three copies or versions are taken, stored on two different media, one of which is offsite. Operating systems and third-party vendors offer a multitude of backup solutions for servers. Snapshots or image backups<sup>33</sup> provide the most complete backup and the fastest restore option.<sup>34</sup>

Raj Samani, Chief Technology Officer for Europe at Intel Security captures the importance of a complete backup strategy, “Most Ransomware attacks can be avoided through good cyber hygiene and effective, regular data backups that are continually tested to ensure they can be restored if needed.”<sup>35</sup>

As this discussion shows, the technology to prevent and if necessary, correct, the impact of a malware attack is available. Local government agencies must be pro-active and vigilant in using such to protect their data and their businesses.

#### Investigation Results Regarding Employee Training

Education is the best defense. “Preventing infection is far easier than correcting the situation as most of the infections are acquired either from a socially engineered email (one that appears reputable or from a familiar source), or from visiting an infected website, so controlling risk on your side is the easiest method.”<sup>36</sup>

Answers to Survey Question #5 provide strong evidence for the need for the governing boards to review with their IT managers their defenses against cyberthreats: “*Do you provide training to employees regarding malware?*” 12 responded with a non-qualified “Yes”. Nine responded “No” (24%) and 16 responded with a qualified “Yes” (42%) and described their training as

---

<sup>30</sup> Appendix A – Question #4

<sup>31</sup> Structured Query Language (SQL) is a programming language

<sup>32</sup> Management Wire, *The 3-2-1 Backup Rule and Effective Cybersecurity Strategy*, January 7, 2020.

<sup>33</sup> Image backup consists of block by block storing of the contents of a hard drive

<sup>34</sup> <https://www.ltnow.com/file-backup-vs-image-backup-which-is-best/>

<sup>35</sup> Zerto, Raj Samani, *Ransomware – Mitigating the Threat of Cyber Attacks*, 2019

<sup>36</sup> Epicor, *Protecting Yourself from Ransomware*, January 2020

needing improvements.<sup>37</sup> As one survey responder commented, “The answer is yes, but a lot more needs to be done.”

Cybersecurity training is a well-established industry – providing a focused set of classes and materials designed to reduce users’ clicks on harmful links and attachments. Security training, awareness, and assessment should be a routine part of the Cybersecurity strategy in government. Deploying such a program covers the education, training and testing of employees to recognize, delete and report attempted attacks. Studies show these programs reduce but do not eliminate user error.

*Government Technology* magazine captured it best in their cover story entitled “In the quest to guard against cyberthreats, can we solve the people problem? The Weakest Link.”<sup>38</sup> The article concluded that even with the best training programs and defenses, the human element may never be completely overcome.<sup>39</sup> This is precisely why recurring training and user testing is encouraged by best practices.

#### Handling Incoming Emails – Phishing Defenses

In a worldwide survey of Managed IT Service Providers (MSP’s) in 2019, “67% of Ransomware attacks originated from a phishing or spam email...the easiest method of delivery and man does it pay off.”<sup>40</sup> The greatest threats take advantage of users “within” the network, i.e., users who click on malicious links or open email attachments that contain viruses or make other mistakes that allow hackers to gain access to the entity’s system or network. Trend Micro estimates that the vast majority of all attacks occur when a user clicks on something they should not.<sup>41</sup>

There are different ways to help the user community recognize and protect against a phishing attack. Most network environments utilize spam filters to automatically filter incoming messages. Spam filters are used to detect unsolicited, unwanted, and virus-infested email and stop it from getting into email inboxes.<sup>42</sup> “Additionally, malware detection software can also be highly successful in reducing the risk of Ransomware but the anti-malware definitions (a database of known infectious code) need to be constantly updated...which takes effort and time but represents the single most effective defensive strategy.”<sup>43</sup>

Message rules can be used to flag external emails and thereby decrease the probability that a user clicks on bad content. An administrator can set up message rules on a users’ client or the email server. An example of a message rule might be if the sending organization includes @smithco.com in the sender’s address, the message is automatically moved the incoming message into a personal folder called “Smith Company.” A better example would be a rule that

---

<sup>37</sup> Grand Jury Survey responses

<sup>38</sup> Government Technology Magazine, Adam Stone, *The Weakest Link*, Oct/Nov 2018

<sup>39</sup> Ibid

<sup>40</sup> VadeSecure – Predictive Email Defense, *Ransomware Attacks: Why Email is still the #1 Delivery Method*, January 16, 2020

<sup>41</sup> <https://blog.trendmicro.com/online-phishing-how-to-stay-out-of-the-hackers-nets/>

<sup>42</sup> <https://www.mailchannels.com/what-is-spam-filtering/>

<sup>43</sup> Epicor, *Protecting Yourself from Ransomware*, January 2020

flags all external emails (not from the host’s domain) and warns about the threats of clicking on attachments or weblinks. An example of this visual potential threat message rule is displayed in Appendix C.

Message rules can be very powerful to alert users of potential threats or to be careful about what they might click on and endanger their system. Some of the vendors listed in Appendix B also can “report” a suspected phishing attempt to an IT administrator. The Grand Jury’s review revealed that some of the Information Technology Services departments for local public entities have installed message rules on their email servers to notify users of external emails.<sup>44</sup> This is a “best practice” which all local governmental agencies should consider.

Phishing emails are easy to create, as they do not take a high level of skill to provide the illusion of legitimacy by mimicking web-site brands or using logos from Google images. They can also easily spoof (fake) an email address to look like a trusted source.<sup>45</sup> It can often be very difficult to catch these risky emails, as the spoofed emails are cleverly disguised. A YouTube video created by Cisco Systems illustrates the sophisticated approach a phishing email may take – “Anatomy of an Attack”.<sup>46</sup> It shows an attacker constructing a realistic identity deception email and can be viewed at <https://www.youtube.com/watch?v=4gR562GW7TI> After you watch this video please note, had an email filter caught this message and flagged it as external and warned about clicking on links, the deception may have been caught.

#### What Does Excellent Cyber Defense Look Like?

Survey Question<sup>47</sup>: “*What defenses do you currently employ to block malware? Please be specific. (Firewall brand/model, Software filters/spam blocker, etc.)*”

Five survey responders did not divulge the infrastructure of their environment. 17 responders provided abbreviated details indicating they do have Cybersecurity protections in place. The remaining 15 responses were explicit about their organizations’ hardware and software defense strategies. Below is a survey response that illustrates a well-protected environment using some of the best practices of Cybersecurity:

“At the first layer, we use a PAN 220 Firewall with all subscriptions enabled, (URL Filtering, Antivirus/Vulnerability, Wildfire, etc.), block all international countries both in and outbound. Once traffic is passed for email, it passes through a Barracuda spam filter, filtering and scanning phishing and virus emails, checks with External Reputation servers for known virus and spamming servers, then passes to an on-premise exchange server. The exchange servers have another layer installed, Symantec Antivirus, giving a third layer of scanning. All servers and workstations have the latest version of the antivirus installed controlled by a centralized server. Window patches are applied on a monthly basis to all servers and workstations, and servers are retired once Microsoft ends support for an operating system.”<sup>48</sup>

---

<sup>44</sup> Grand Jury interviews

<sup>45</sup> Ibid

<sup>46</sup> Cisco Systems, *Ransomware - Anatomy of an Attack*, <https://www.youtube.com/watch?v=4gR562GW7TI>

<sup>47</sup> Appendix A - Question #6

<sup>48</sup> Grand Jury Survey response

The survey respondent's best practices:

- Filtering incoming email for viruses, malware, and phishing attempts;
- Utilizing protection software from multiple vendors;
- Utilizing multiple layers of defense;
- Keeping systems up-to date.

Breaches and attacks that manage to extract data (Ransomware 2.0) expose additional risks to sensitive information. Security professionals point out additional options for securing organizational data:<sup>49</sup>

- Use Subnets<sup>50</sup> to section out servers with separate security permissions and limited access;
- Disable and block unused services, protocols and ports;
- Perform Backup & Recovery (focus on full testing of recovery);
- Strengthen the password policy (long, complex, with expiration dates);
- Employ 2-factor authentication (password then keycode) for external user access.<sup>51</sup>
- Install Anti-malware / Antivirus software on all machines and keep current (update at least monthly);
- Update at least monthly, patches for operating systems, firewalls, spam filters, malware, and other key applications;
- Perform monitoring and auditing of failed logins, password changes, resource usage, and services stopping.

Local public entities can get assistance from The Federal Communications Commission's (FCC) Cyber Security Planning Guide that includes a customized Cyber Security Planning Tool to craft and execute a customizable Cybersecurity plan.<sup>52</sup> As their introduction explains, "data security is crucial ... customer and client information, payment information, personal files, bank account details ... all of this information is often impossible to replace if lost and dangerous in the hands of criminals... losing (your data) to hackers or malware infection can have far graver consequences."<sup>53</sup> Public entities should take advantage of this Guide in reviewing the current status of their own data system security.

When answering questions of respondents via email it was found that some already use cloud hosting for email.<sup>54</sup> During the interviews it was further uncovered that a school IT manager is considering additional cloud hosting of one or more of their applications. Cloud providers are able to provide layers of protection for a customer's network and software, as well as creating a segregation between their network and their customers. A cloud provider will patch and

---

<sup>49</sup> Government Technology Magazine, Adam Stone, *The Weakest Link*, Oct/Nov 2018

<sup>50</sup> <https://searchnetworking.techtarget.com/tutorial/Protocols-Lesson-6-IP-subnetting-The-basic-concepts>

<sup>51</sup> The County's Office of the Assessor-County Clerk-Recorder and Elections has already instituted 2-factor authentication. 2018-2019 Grand Jury Report – Security of Election Announcements.

<sup>52</sup> Federal Communications Commission, *Cyber Security Planning Guide* <https://transition.fcc.gov/cyber/cyberplanner.pdf> and FCC *Cyber Security Planner* (customizable) <https://www.fcc.gov/cyberplanner>

<sup>53</sup> Ibid, page PDS-1

<sup>54</sup> eMails received from public domain accounts

maintain current software versions, leverage security and malware and have a dedicated security team (24x7x365) that is responsible for staying on top of the security risks.<sup>55</sup>

## Conclusions

Grand Jury survey results and in-depth interviews determined that some local government agencies have Cybersecurity strategies in place. For them, this report is asking those IT departments to re-challenge the sufficiency of their employee training, the regular (full) testing of their defense strategies and the adequacy/age of their Cybersecurity strategy including consideration of cloud hosting. For the rest, this is a good time to complete a review and see what additional measures can be taken to beef up their IT security using the information provided in this report as a guide. The biggest trap is believing that a malware attack, or in the worst case a Ransomware attack, is unlikely to happen to organizations and that the Cybersecurity strategies already in place are sufficient to successfully recover.

As learned from the best practices example of the IT manager who thwarted two attacks successfully, a comprehensive Cybersecurity plan includes user prevention steps, spam and malware software, back-ups and full recovery testing. These suggestions as well as those from the professional literature on Cybersecurity include the following list of best practices:

- Anti-Malware definitions need to be constantly updated to retain their effectiveness.
- Software updates need to be kept current.
- To identify external emails, message rules can be used to flag external emails and thereby decrease the probability that a user clicks on bad content.
- To thwart phishing attempts, footers can be added to incoming emails to warn about opening attachments and clicking on links (see Appendix C).
- Security training, awareness and assessment need to be routine along with testing all employees to recognize, delete and report attempted attacks (See Appendix B).
- Establishing a thorough and comprehensive backup process for all Servers using the 3-2-1 rule and establishing a separate backup process for key users' critical folders (e.g., administration, accounting, human resources) to be able to restore/recover from a secure onsite and/or offsite backup.
- Snapshots and/or image backups provide the most complete backup and the fastest recovery option.
- Consider cloud-hosting of email and other applications to provide added security, backup & restore capabilities and filtering benefits to close the largest and easiest route for Ransomware to penetrate entity systems.

## **FINDINGS**

- F1. Ransomware is a real and growing threat to public entities including those in San Mateo County.
- F2. Across the country, local governments and schools represent 12% of all Ransomware attacks.

---

<sup>55</sup> Government Technology Magazine, Adam Stone, *The Weakest Link*, Oct/Nov 2018

- F3. The direct and indirect costs of Ransomware can be significant.
- F4. Cybersecurity reviews and assessments, and an updated, well-executed Cybersecurity plan, are critical components of IT security strategy.
- F5. A comprehensive Cybersecurity plan should include, at a minimum, information concerning prevention steps, spam and malware software, and backups and full recovery testing.
- F6. The identification of phishing attempts, including the use of spam filters, is an important component to protecting an IT system from Ransomware attacks.
- F7. Testing a full restore of a server to ensure that backups are reliable should be undertaken regularly as part an entity's backup plan to recover lost information.
- F8. Training of new employees, and the recurring training of existing employees, is an important component of defense against Ransomware.

## **RECOMMENDATIONS**

The Grand Jury recommends that each governing body undertake its own confidential effort to protect against Ransomware attacks. Specifically:

- R1. Each of the governmental entities in San Mateo County with an IT department or IT function (whether in-house, handled by another government unit or outsourced to a private enterprise) as listed in Appendix F, should by November 30, 2020, make a request for a report from their IT organization that addresses the concerns identified in the report, specifically:
  - 1. System Security (Firewalls, Anti-malware/Antivirus software, use of subnets, strong password policies, updating/patching regularly)
  - 2. Backup & Recovery (In the event of an attack, can you shut down your system quickly? What is being backed up, how it is being backed up, when are backups run, and where are the backups being stored? Have backups been tested? Can you fully restore a Server from a backup?)
  - 3. Prevention (turning on email filtering, setting up message rules to warn users, providing employee training on phishing and providing a reporting system to flag suspect content)
- R2. These confidential internal reports should be provided to the governing body by June 30, 2021. This report should describe what actions have already been taken and which will be given timely consideration for future enhancements to the existing cybersecurity plan.
- R3. Given the results of their internal reports, governmental entities may choose to request further guidance by means of a Cybersecurity review from the U.S. Department of

Homeland Security<sup>56</sup> and/or a cyber hygiene assessment from the County Controller's Office.<sup>57</sup>

- R4. Given the results of their internal reports, governmental entities may choose to ask their IT departments to review their own Cybersecurity Plan with the detailed template provided by the FCC's Cybersecurity Planning Guide and consider customizing it using FCC's Create Custom Cybersecurity Planning Guide tool (see footnote 52).

## METHODOLOGY

### Documents

- Attack incident reports were requested from IT Departments who experienced attack(s). No incident reports were received.

### Site Tours

- No site tours were performed as a part of this report.

### Interviews

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.

- Three Information Systems Managers of three different public entity IT organizations.
- Two non-public professional IT Managers. Both of these Managers' IT infrastructure environments had been infected with Ransomware attacks. One paid the ransom and the other did not.
- A professional Ransomware expert who often consults with companies who have been attacked or desire assistance preventing attacks. He also teaches classes on preparing for and preventing Ransomware attacks.
- Numerous security industry professionals at the RSA Conference held at Moscone Center in San Francisco between February 24<sup>th</sup> and 28<sup>th</sup> 2020.

## BIBLIOGRAPHY

Anslinger, Joe. "File Backup vs. Image Backup – Which is Best?" Lieberman Technology. June 11, 2013. <https://www.ltnow.com/file-backup-vs-image-backup-which-is-best/>

Cisco Systems. *Ransomware - Anatomy of an Attack*.  
<https://www.youtube.com/watch?v=4gR562GW7TI>

---

<sup>56</sup> <https://www.us-cert.gov/resources/assessments>

<sup>57</sup> 2018-2019 San Mateo Grand Jury Report – Security of Election Announcements

Coveware, “*Ransomware Payments Increase In Evolving Distribution of Enterprise Ransomware Variants.*” April 29, 2020. <https://www.coveware.com/blog/q1-2020-ransomware-marketplace-report>

Davis, Jessica. “*As Ransomware Attacks Increase, DHS Alerts to Cybersecurity Insights.*” Health IT Security, September 9, 2019. <https://healthitsecurity.com/news/as-ransomware-attacks-increase-dhs-alerts-to-cybersecurity-insights>

Deere, Stephen. “*Confidential Report: Atlanta’s Cyber Attack Could Cost Taxpayers \$17 Million.*” The Atlanta Journal- Constitution. August 2018.

Department of Homeland Security (DHS): Cybersecurity and Infrastructure Security Agency (CISA). “*Assessments: Cyber Resilience Review (CRR)*” <https://www.us-cert.gov/resources/assessments>

Duncan, Ian. “*Baltimore Estimated Cost of Ransomware Attack at \$18.2 Million as Government Begins to Restore Email Accounts.*” Baltimore Sun, May 29, 2019.

Epicor Corporation. *Protecting Yourself From Ransomware.* January 2020.

Fadilpasic, Sead. “*Welcome to the era of Ransomware 2.0*” ITProPortal. February 12, 2020. <https://www.itproportal.com/news/welcome-to-the-era-of-ransomware-20/>

Federal Communications Commission. *Cyber Security Planning Guide.* <https://www.fcc.gov/cyber/cyberplanner.pdf>

Gutman, Yotam. “*What is the True Cost of a Ransomware Attack.*” SentinelOne. January 8, 2020. <https://www.sentinelone.com/blog/what-is-the-true-cost-of-a-ransomware-attack-6-factors-to-consider/>

Iloh, Raphael. “*The 3-2-1 Backup Rule and Effective Cybersecurity Strategy.*” Management Wire. January 7, 2020. <https://www.managementwire.com/the-3-2-1-backup-rule-and-effective-cybersecurity-strategy/>

Jendre, Adrien. “*Ransomware Attacks: Why Email Is Still the #1 Delivery Method.*” Vade Security. January 16, 2020. <https://www.vadesecond.com/en/ransomware-attacks-why-email-is-still-the-1-delivery-method/>

Kass, DH. “*Average Ransomware Payment Rises Again: Research.*” MSSP Alert. April 30, 2020. <https://www.msspalert.com/cybersecurity-research/average-ransomware-payment-rises-again-research/>

Kraft Technology Group. “*When Was The Last Time You Tested Your Business Backups?*” <https://www.kraftgrp.com/when-was-the-last-time-you-tested-your-business-backups/>

MailChannels. “What is Spam Filtering?” <https://www.mailchannels.com/what-is-spam-filtering/>

MIT Technology Review, “Ransomware May Have Cost the US More Than \$7.5Billion in 2019.” January 2, 2020. <https://www.technologyreview.com/2020/01/02/131035/ransomware-may-have-cost-the-us-more-than-75-billion-in-2019/>

National League of Cities Report. “Protecting Our Data: What Cities Should Know About Cybersecurity.” Forward by Clarence Anthony, CEO and Executive Director.

Pearson Education. *Ubuntu Unleashed*. 2015 Edition. Page 655.

Ranger, Steve. “What is cloud computing? Everything you need to know about the cloud explained.” ZD Net, December 13, 2018. <https://www.zdnet.com/article/what-is-cloud-computing-everything-you-need-to-know-from-public-and-private-cloud-to-software-as-a/>

Samani, Raj. “Ransomware – Mitigating the Threat of Cyber Security Attacks.” Zerto. 2019. <https://www.zerto.com/wp-content/uploads/2019/09/ransomware-mitigating-the-threat-of-cyber-security-attacks.pdf>

San Mateo Grand Jury Report. *Security of Election Announcements*. 2018-2019.

Search Networking, “Protocols, Lesson 6: IP subnetting - The basic concepts.” October 2004. <https://searchnetworking.techtarget.com/tutorial/Protocols-Lesson-6-IP-subnetting-The-basic-concepts>

Sheehan, Patrick. “Cascading Effects of Cyber Security on Ohio.” Ohio Emergency Management Agency. September 19, 2012.

Stone, Adam. *The Weakest Link*. Government Technology Magazine, October/November 2018.

Trend Micro. “Online Phishing: How To Stay Out Of The Hackers’ Nets” November 20, 2019. <https://blog.trendmicro.com/online-phishing-how-to-stay-out-of-the-hackers-nets/>

Wu, David. “UCSF pays \$1.14 Million Ransom to Recover Data.” San Jose Mercury News. July 4, 2020.

## **APPENDIX A – SURVEY QUESTIONS**

1. Has your Organization had a Ransomware attack? Specifically, has there been an instance or multiple instances when an attack has locked up a computer or computers and presented a demand for ransom to unlock the infection?

If you answered Yes or Possibly to Question 1, please provide a detailed description of the attack. What actions were taken once the attack was realized?

2. Is your Information Systems Budget adequate to secure your network properly from malicious attack?

3. Please provide an explanation of your Systems Backup processes? How often are backups run, where do you store the Backups?

4. Have you ever had to Restore from Backups? Please describe in detail why you did the Restore and describe the process used.

5. Do you provide training to employees regarding Malware?

6. What defenses do you currently employ to block malware? Please be specific. (Firewall brand/model, Software filters/spam blocker, etc.)

## **APPENDIX B – EMPLOYEE TRAINING OPTIONS**

Phishing is the primary method of entry in cyber-attacks worldwide. Over the past few years, some security industry companies have come up with excellent testing, training, monitoring, measuring and reporting solution to help with employee training. The primary goal of an employee training program is to change user's behavior when viewing emails that might contain threats.

The typical components of these solutions include:

- Customized phishing attacks designed to test employees in spotting attack attempts
- Provide users a simple to use reporting tool to flag suspected attacks
- An incidence response platform for controlling the spread of an attack
- Reporting dashboards tracking user click-throughs
- Employee training programs

Here are some website links for the companies offering training solutions.

[www.knowbe4.com](http://www.knowbe4.com)

[www.lucysecurity.com](http://www.lucysecurity.com)

[www.metacompliance.com](http://www.metacompliance.com)

[www.mediapro.com](http://www.mediapro.com)

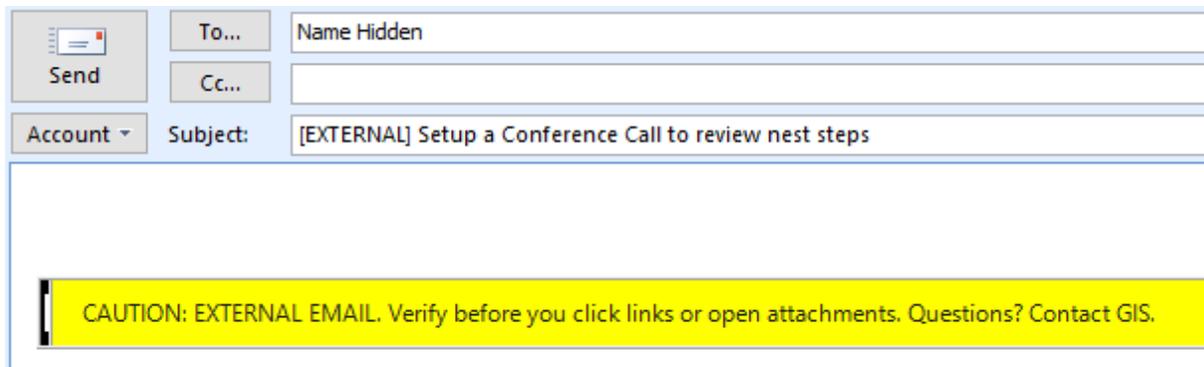
[www.cofense.com](http://www.cofense.com)

[www.elevatesecurity.com](http://www.elevatesecurity.com)

[www.securitymentor.com](http://www.securitymentor.com)

[www.habitu8.io](http://www.habitu8.io)

## APPENDIX C – EMAIL MESSAGE RULE - EXTERNAL



The screenshot shows an email composition window. The 'To...' field contains 'Name Hidden'. The 'Subject:' field contains '[EXTERNAL] Setup a Conference Call to review nest steps'. Below the header, a yellow warning banner reads: 'CAUTION: EXTERNAL EMAIL. Verify before you click links or open attachments. Questions? Contact GIS.'

## APPENDIX D – BACKUP & RECOVERY APPLIANCES & SERVICES

There are a large number of companies that provide Backup and Recovery solutions. Solutions Review has prepared a buyer’s guide for the leading vendors. Click on the following link or copy and paste this URL into a browser to get your own copy of this guide.

<https://solutionsreview.com/backup-disaster-recovery/get-a-free-backup-and-disaster-recovery-buyers-guide/>

Specifically, some of the vendors in this report do not provide appliances, only virtual server support. Here is a partial list of appliance and solution vendors:

- [www.unitrends.com](http://www.unitrends.com)
- [www.barracuda.com](http://www.barracuda.com)
- [www.carbonite.com](http://www.carbonite.com)
- [www.commvault.com](http://www.commvault.com)
- [www.dellemc.com](http://www.dellemc.com)
- [www.axcient.com](http://www.axcient.com)
- [www.cohesity.com](http://www.cohesity.com)
- [www.datto.com](http://www.datto.com)
- [www.infrascale.com](http://www.infrascale.com)

## APPENDIX E – PHISHING DEFENSE VENDORS

Some companies that provide solutions that improve email defenses are:

- <https://www.opswat.com/products/metadefender/email-gateway-security>
- <https://www.agari.com/products/phishing-defense/>
- <https://www.inky.com/anti-phishing-software>
- <https://www.mimecast.com/products/email-security-with-targeted-threat-protection/>

## **APPENDIX F: PUBLIC ENTITIES IN SAN MATEO COUNTY (68)**

### **City/Town Governments (20)**

- Town of Atherton
- City of Belmont
- City of Brisbane
- City of Burlingame
- City of Colma
- City of Daly City
- City of East Palo Alto
- City of Foster City
- City of Half Moon Bay
- City of Hillsborough
- City of Menlo Park
- City of Millbrae
- City of Pacifica
- Town of Portola Valley
- City of Redwood City
- City of San Bruno
- City of San Carlos
- City of San Mateo
- City of South San Francisco
- Town of Woodside

### **County Government (1)**

- County of San Mateo, Information Services Department

### **School Districts (25)**

- Bayshore Elementary School District
- Belmont Redwood Shores School District
- Brisbane School District
- Burlingame School District
- Cabrillo Unified School District
- Hillsborough City School District
- Jefferson Elementary School District
- Jefferson Union High School District
- La Honda Pescadero School District
- Las Lomas Elementary School District
- Menlo Park City School District
- Millbrae School District
- Pacifica School District
- Portola Valley School District
- Ravenswood City School District
- Redwood City School District
- San Bruno Park School District
- San Carlos School District

San Mateo Foster City School District  
San Mateo Union High School District  
Sequoia Union High School District  
San Mateo County Community College School District  
San Mateo County Office of Education  
South San Francisco Unified School District  
Woodside School District

**Independent Special Districts (22)**

Bayshore Sanitary District  
Broadmoor Police Protection District  
Coastside County Water District  
Coastside Fire Protection District  
Colma Fire Protection District  
East Palo Alto Sanitary District  
Granada Community Services District  
Highlands Recreation District  
Ladera Recreation District  
Menlo Park Fire Protection District  
Mid Peninsula Regional Open Space District  
Mid-Peninsula Water District  
Montara Water and Sanitary District  
North Coast County Water District  
Peninsula Health Care District  
San Mateo County Harbor District  
San Mateo County Mosquito and Vector Control District  
San Mateo County Resource Conservation District  
Sequoia Healthcare  
West Bay Sanitary District  
Westborough Water District  
Woodside Fire Protection District

Not Included: County-governed special districts and subsidiary special districts governed by their respective city councils.

Issued: October 7, 2020