Introduction

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Agenda

• Biggest breaches of the 3 last years
• Anatomy of breaches
• Common factors
• Who are the modern threat actors
• What are the future threat vectors
• Cost of Breaches
• Cost Reduction Techniques
• How to combat modern threats
• Breach detection techniques
• Summary

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Learning Objectives

- Understand the common anatomy of breaches
- Identify common threats and threat actors
- Understand the average cost of breaches
- Develop an understanding of threat and cost reduction techniques and strategies
Anatomy of the Target Retailer Breach

1. Attacker phishes a 3rd party contractor
2. Attacker uses stolen credentials to access contractor portal
3. Attacker finds & infects POS systems w/malware
4. Malware scrapes RAM for clear text CC stripe data
5. Malware sends CC data to internal server; sends custom ping to notify
6. Stolen data is exfiltrated to FTP servers

Target internal network
Anthem Attack

Doppelganger Domains

- We11Point.com
- Me.we11point.com
- Prennera.com

PASSWORD

DATA BREACH
Ebay and JP Morgan Chase

JPMorgan’s security team had apparently neglected to upgrade one of its network servers with the dual password scheme.

-New York Times

The origin of the breach comes from hackers compromising a small number of employee log-in credentials, which gave access to eBay’s corporate network. –Forbes.com

Sony Pictures Entertainment

Attack details are shrouded in lies

- “The FBI now has enough information to conclude that the North Korean government is responsible for these actions.”

- “The attack on Sony was unprecedented and that the malware used was “undetectable by industry standard antivirus software.” –Kevin Mandia (Mandiant Security)

- “Norse Corporation researchers are claiming that a group of six people, including at least one former Sony Pictures employee, was behind the recent breach at Sony Pictures Entertainment.”
Ransomware

Cryptowall was responsible for 406,887 attempted infections and accounted for approximately $325 million in damages since its discovery in January 2015. -Lavasoft

What the Biggest Breaches Have in Common

- No 0 Day Exploits or Advanced Techniques
- Most used Phishing attacks and legitimate credentials
- All attacks were persistent and progressive
- Hackers spent months inside networks undetected
- Most of the exploited vulnerabilities were compromised more than a year after the associated CVE was published
- Used old, derivative or common malware
  - Zeus
  - Black POS / Kaptoxa
  - Fakem RAT
  - Wiper
Cyber Kill Chain

- **Reconnaissance**
  - Harvesting Email Addresses, Social Networking, Passive Search, IPs, Port Scans

- **Weaponization**
  - Developing Exploit with Payload Creation, Malware, Delivery system, Decoys

- **Delivery**
  - Spear Phishing, Infected Website, Service Provider, USB

- **Exploitation**
  - Activation, Execute Code, Establish Foothold, 3rd Party Exploitation

- **Installation**
  - Trojan or Backdoor, Escalate Privileges, Root Kit, Establish Persistence

- **Command & Control**
  - Command Channel, Lateral Movement, Internal Recon, Maintain Persistence

- **Actions on Target**
  - Expand Compromise, Consolidate Persistence, Identify Targets, Data Exfiltration

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The timeline is accelerating

![Graph showing timeline acceleration](image-url)
## Attack Types

<table>
<thead>
<tr>
<th>Attack Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malware</td>
<td>Software that is intended to damage or misuse a system</td>
</tr>
<tr>
<td>Exploit</td>
<td>Taking advantage of a flaw in a computer system</td>
</tr>
<tr>
<td>Active</td>
<td>Deploying Metasploit payload</td>
</tr>
<tr>
<td>Passive</td>
<td>Waiting for malware to call home for C&amp;C</td>
</tr>
<tr>
<td>Persistent</td>
<td>Remote Access Trojan (RAT) installed to maintain rouge access</td>
</tr>
<tr>
<td>Targeted</td>
<td>Phishing or vulnerability scanning</td>
</tr>
<tr>
<td>Non-Targeted</td>
<td>Spammed or shared malware</td>
</tr>
<tr>
<td>Blended</td>
<td>Most modern attacks will utilize multiple attack types</td>
</tr>
</tbody>
</table>

## Modern Malware is Polymorphic

Zero Day Exploit vs. Zero Day Malware

**Commonly Mixed Up Terms:**

**Vulnerability** – Weakness or flaw in a system

**Threat** – Anything that can intentionally or accidentally, and obtain, damage, or destroy an asset. (ie; Hackers, Terrorists, Tornados)

**Exploit** – An exploit is the way or tool by which an attacker uses a vulnerability
- Buffer Overflow
- Heap Spray
- XSS
Malware Changes Exploits Don’t

1. Windows Log Clear  
2. XSS via java  
3. Slash Dot ..\ Dir Traversal  
4. HP AIF Gain DB Privileges  
5. RDP Terminal Server DoS
6. SSL “POODEL”  
7. RDP Memory Exhaustion  
8. Missing SMTP Name  
9.&10. SMTP remote privileges

Evasion techniques add to the challenge

• Address Spoofing
• Packet Fragmentation
• Polymorphism of malware per machine instead of per organization circumventing most host and network based detection methods.
• Malware circumventing network detection by using SSL and Domain Generation Algorithm (DGA)
• Multi-vector Malware attacks in layers creating distraction and chaos while allowing unauthorized access, performing massive data exfiltration, and leading to extortion and data loss:
  - Visits malicious website \(\rightarrow\) Endpoint Compromised \(\rightarrow\) Stolen Credentials \(\rightarrow\) Privilege Escalation
  - W32.Changeup \(\rightarrow\) Zeus \(\rightarrow\) Cryptolocker \(\rightarrow\) Data Loss
  - Compromise of Computer + Phone for Financial Attacks
Phishing

Almost all of the Biggest breaches of the last several years are the result of a phishing attacks

• Strong recon makes Spearfishing difficult to detect
• Doppelganger domains and obfuscation techniques can mask malicious links
• Dark Hotel, phone pre-texting, etc move phishing attacks out of email

Modern Threat Actors

• Organized Crime
  – Russian and Ukrainian based
    • CyberBerkut, Innovative Marketing Inc
  – Corporatized, Big money
• State Sponsored / Nation States
  – North Korea
  – China (Great Cannon)
  – Deep Panda
  – NSA
• Hacktivists
  – Anonymous
  – Lulz Sec
• Terrorist Groups
  – ISIS

23% OF RECIPIENTS NOW OPEN PHISHING MESSAGES AND 11% CLICK ON ATTACHMENTS.
- Verizon DBIR 2015
Future Attack Vectors

- IPv6
  - The Zeus Botnet is IPv6 Compliant
  - Most modern malware can tunnel IPv6 C&C traffic
- Internet of Things
  - Things are IP’d that were never designed to be connected
  - How do we secure, Thermostats, Switches, Light Bulbs, etc?
- Big Data
  - Internet of things requires Big Data, which is still in its infancy
  - Our ability to compute is rapidly out stripping our ability to secure
- Cloud
  - Blurred Edge makes securing the Perimeter impossible
  - Sanctioned Service Challenges vs Shadow Cloud Challenges
  - How do you Secure disjointed memory spaces or remote processing and computation?

Common Problem

Security threats have evolved... Security spending hasn’t!
The response no longer fits the threat!

<table>
<thead>
<tr>
<th>Threats</th>
<th>2001</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Script Kiddies, Web</td>
<td>Sub7</td>
<td>Night Dragon</td>
</tr>
<tr>
<td>defacement, Bragging Rights</td>
<td>Code Red</td>
<td>Mobile phone attacks</td>
</tr>
<tr>
<td>Backdoors in open source</td>
<td>NTaddy</td>
<td>APT</td>
</tr>
<tr>
<td></td>
<td>Code Red</td>
<td>Targeted attacks</td>
</tr>
<tr>
<td></td>
<td>Klez</td>
<td>Black POS</td>
</tr>
<tr>
<td></td>
<td>NetBus</td>
<td>Zeus</td>
</tr>
<tr>
<td></td>
<td></td>
<td>232 million identities stolen</td>
</tr>
</tbody>
</table>

Security Spending

- Anti-virus
- Firewall/VPN
- Content Filtering
- IDS/IPS

Security Spending

- Anti-virus
- Firewall/VPN
- Secure Email/Web
- IDS/IPS
Cost of Data Breaches

- $3.79 million is the average total cost of data breach
  - 23% increase in total cost of data breach since 2013

- $170 is the average cost per lost or stolen record
  - The cost of data breach varies by industry.
    - Healthcare breaches can have an average per record cost high as $363.

- Data breaches cost the most in the US
  - The average per capita cost of data breaches in the US is $217
  - 12% percent increase in per capita cost since 2013

-Ponemon 2015 Cost of Data Breach Study

Cost of Settlements

<table>
<thead>
<tr>
<th>Company</th>
<th>Date of Breach/Settlement</th>
<th># Records</th>
<th>Type of Records</th>
<th>Settlement Fund</th>
<th>Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>AvMed (Florida)</td>
<td>2010/Jan 2014</td>
<td>1 million</td>
<td>Social Security Numbers and Health records</td>
<td>$3.1M</td>
<td>Partial refund of insurance premiums (up to $30 per individual) for not receiving the level of security promised</td>
</tr>
<tr>
<td>Stanford University (CA)</td>
<td>2009/April 2014</td>
<td>20,000</td>
<td>Health records</td>
<td>$4.1M</td>
<td>Patients will receive $100 each and the hospital will have to fund a program for 2 years that trains medical professionals to protect patient records.</td>
</tr>
<tr>
<td>Schnucks (MO)</td>
<td>2012/July 2014</td>
<td>2.4 million</td>
<td>Credit Cards</td>
<td>$2.1M</td>
<td>Up to $200 for expenses plus up to $10,000 for individuals who actually lost money</td>
</tr>
<tr>
<td>Vendini</td>
<td>2013/July 2014</td>
<td>3 million</td>
<td>Credit Cards and other PII</td>
<td>$3M</td>
<td>Unreimbursed Identity Theft Losses up to $3,000 or compensation for Unreimbursed Expenses up to $1,000 related to the breach</td>
</tr>
<tr>
<td>Sony</td>
<td>2011/July 2014</td>
<td>77 million</td>
<td>Login Credentials, PII and Some Credit Cards</td>
<td>$15M</td>
<td>Class members who didn’t take advantage of a 2011 “Welcome Back” package of games and memberships will receive one of 14 PG3 games, as well as three of six PS3 themes or a three-month PlayStation Plus subscription. Qlickity users will get one month of free access.</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>2012/August 2014</td>
<td>6.4 million (incl 800,000 premium subscribers)</td>
<td>PII (login credentials only)</td>
<td>$1.25M</td>
<td>Of the 800,000 premium LinkedIn subscribers from March 2006 to June 2012, only 20,000 to 50,000 looked at LinkedIn’s privacy policy long enough to be influenced by their representations and eligible for up to $50 from the settlement fund</td>
</tr>
</tbody>
</table>
The 3 major factors contributing to a rising cost of breaches

- Cyber attacks have increased in frequency and in the cost to remediate the consequences.
  - The cost of data breaches due to malicious or criminal attacks increased from an average of $159 to $170 per record.
  - Cyber attacks were the root cause of 42% of Data loss in 2013 but have increased to over 50% in 2015.
- The consequences of lost business are having a greater impact on the cost of data breach.
  - The average cost of business impact increased from $1.33 million last year to $1.57 million in 2015.
  - That cost includes the abnormal turnover of customers, increased customer acquisition activities, reputation losses and diminished goodwill.
- Data breach costs associated with detection and escalation increased.
  - This total average cost increased from $.76 million last year to $.99 million in 2015.
  - These costs typically include forensic and investigative activities, assessment and audit services, crisis team management and communications to executive management and board of directors.

Ways to lower the cost

- Cyber Insurance
Under Insurance is state of the market

- Target Corp. announced that its 2013 data breach will cost an estimated $252 million in expenses.
  - After its expected $90 million insurance compensation that still leaves $162 million.

- Home Depot expects $100 million in cyber insurance payments toward $232 million in expenses from its 2014 breach.
  - Which leaves $132 million is uncovered costs.

- Anthem ran into difficulties renewing its coverage after an attack early this year that compromised some 79 million customer records.
  - Renewal rates were "prohibitively expensive".
  - Anthem managed to get $100 million in coverage by agreeing to pay the first $25 million in costs for any future attacks.

AIG CEO Peter D. Hancock said that cyber insurance “lags behind other types of insurance in the amount of coverage providers offer.”

-"The largest coverage I'm aware of is for a bank that has about $400 million in coverage which is very small when you think about it." -Jim Finkle Rueters.com

Ways to REALLY lower the cost

- **Board involvement can reduce the cost of a data breach.**
  - Positive consequences can result when boards of directors take a more active role when an organization had a data breach.
    - Board involvement reduces the cost by $5.5 per record.

- **Time to identify and contain a data breach affects the cost.**
  - How quickly an organization can identify and contain data breach incidents has great financial consequences.
    - Malicious attacks can take an average of 256 days to identify.
    - Data breaches caused by human error take an average of 158 days to identify.

- **Business continuity management plays an important role in reducing the cost of data breach.**
  - Research reveals that having business continuity management involved in the remediation of a breach can reduce the cost by an average of $7.1 per compromised record.

- Ponemon 2015 Cost of Data Breach Study
Threat reduction strategies

Goals

- **Programmatic Approach**
  - Documented
  - Risk Based
  - Business Aligned

- **Layered Defenses**
  - Visibility, prevention, detection, response
  - Spread across kill chain

- **Operationalize**
  - Plan, Build, Run, Audit, Repeat

Challenges

- **Programmatic Approach**
  - Lack of head count / qualified talent
  - Lack of Funding / Budget

- **Layered Defenses**
  - Lack of visibility/network blind spots/unmanaged environments/insecure apps
  - Large numbers of ingress/egress points and unmanaged devices

- **Operationalize**
  - Enterprises often have no IR infrastructure or it is not properly utilized

Compliance vs Security

- Nobody is immune to compliance. But it’s more than just checking a box.
  - Everyone needs to be compliant with a policy, regulation or legal requirement: PCI, HIPAA, SOX, GLBA, FTC, NERC, FERC…
  - Are you secure or just compliant?
  - You can be completely compliant and totally insecure.
  - Promote compliance through security. It does not come in a can or clip board.
Problems We Face

- Lack of head count / qualified talent
- Lack of Funding / Budget
- Enterprises often have no IR infrastructure or it is not properly utilized
- Lack of visibility/network blind spots/unmanaged environments/insecure apps
- Large numbers of ingress/egress points and unmanaged devices

Hard Truths

- Bastion Model no longer works
- Most breaches are still due to lack of basics
- Once we get good at the basics the “next gen” of advanced attacks already exist.
- Behavior, heuristics and statistics will become “table stakes”.
- The future of Security will include AI style algorithms that can understand North/South and East/West Traffic in real time.
- Until then we need to Operationalize IR and take on a reactive “Breach Detection” model. To supplement out prevention techniques.
What should we be looking for?

- Know indicators of endpoint compromise
- Queries for suspicious or known bad domain names
- Connection is to known botnets, C&C servers or bad IPs
- Domain Fluxing (DGA)
- Tunneling
- Proxy connection attempts
- Network traffic IOCs and anomalies
- High quantity of egress connection attempts
- High volume of traffic or data egress (chatty cathy’s)
- Suspicious binary downloads
- Non-human / automated behavior

Modern Malware needs to be addressed in a more holistic way and all along the Kill Chain
Modern Detection Techniques

Modern Malware and Breach detection requires a blended approach to detect all along the Kill Chain.

- Dynamic Code Analysis (Sandboxing)
- Whitelisting /Threat Intelligence
- Machine Learning
- Data Mining
- Heuristics
- Static Code Analysis
- SSL decryption
- Next gen traffic inspection
  - App ID
  - User ID
  - Content ID
Controls for Combatting Modern Threats

- **Quick Wins and Low Hanging Fruit**
  - Patch Management
  - Security Awareness Training
  - Credential Management

- **Advanced Controls**
  - Endpoint Anti-Malware & APT
  - Network Anti-Malware & APT
  - Email Anti-Malware & APT

- **Visibility & Attribution Tools**
  - SEIM
  - Endpoint Forensics
  - Network Packet Capture
  - Cloud Security

- **Programmatic Answers**
  - Operationalize IR and Forensics
  - Align Security program with Business practices and drivers

The Problem With Gathering Threat Intel
Summary

• All the major breaches of the last 3 years have been perpetrated the same ways; utilizing phishing and well known attack techniques, methods and exploits.

• The costs and frequency of data breaches are on the rise.
  – Averaging $3-$4 Million per breach

• The best way to lower the costs of data breaches is to:
  – Elevate board level visibility and buying
  – Take a programmatic approach to enterprise security
  – Operationalize Incident Response
  – Build trusted partnerships with firms that can manage, operationalize, or supplement your practice
Credit and Thanks to:

- DataBreachToday.com
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- Proofpoint.com
- Forcepoint.com
- Reuters.com
- Ponemon.com
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- Jim Finkle
- Colby Clark Principle Sec Architect Kaiser Perm
- Jeff Horne Optiv Dir of IR
- Raf Los Optiv Dir of Solutions R&D
- NigeSecurityguy
- Countaponsecurity.com
- Google.com
- Code 42
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Thank You
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