

Risk for Hedges May be Internal

by [Paula Schaap, Reporter](#) , January 10, 2008

Grig Milis, the director of technology at Richard Fleischman & Associates (RFA), an IT security company for the financial services industry, wants hedge fund managers to think about risk.

But in Milis' case, he's not talking about investment risk.

"A firm can hire that intern from M.I.T. and then they discover three months later that their proprietary trading information has disappeared," Milis said.

To prevent just that kind of scenario, RFA developed a new suite of products that are specifically geared to hedge fund and private equity firms.

Extrusion, or the internal leak of data and other proprietary information, can be as big a threat to hedge fund data as purposeful or random computer attacks on IT from outside the network, Milis said. Yet, too many firms rely only on the simplest firewalls and virus protection to secure their most sensitive information.

RFA's new system, called Defender, is made up of several different components. A firm can use all of the components or some of them, depending on its particular needs.

A surveillance program with pre-set security policies that are developed with the client addresses the problem of internal data leaks.

Milis' personal favorite, however, is the system's "Mail Sentry." Instead of just scanning incoming emails for potential viruses, the program runs suspect attachments in a virtual environment and studies how they perform.

"We've had situations where some of our customers are specifically being targeted by virus writers or malicious code writers," Milis said. "Those viruses don't go 'into the wild,' as it were, so normal antivirus programs won't have a certificate for them."

Defender is delivered as a managed service, according to Don Previti, RFA's director of business development. An agent is installed onsite, while the "brains" of the operation remain with RFA.

This adds another level of security Previti said.

"Even if a computer is taken offline, the agent will enforce the securities policies," Previti said, "and it will report violations when it comes back online."