

[Cybersecurity Policy Report, Witnesses See Cyber Benefits in Moving Secret Service to Treasury, \(Jun. 16, 2020\)](#)

Cybersecurity Policy Report

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By [Tom Leithauser](#)

Transferring the U.S. Secret Service from the Department of Homeland Security back to its original home in the Treasury Department would help the federal government improve its response to cyber crime targeting the financial sector, a House subcommittee was told today.

“Even though there are undoubtedly challenges with such an effort, on balance the benefits of such a move are likely to outweigh the costs,” Jamil Jaffer, founder and executive director of the National Security Institute, told the House Financial Services Committee’s subcommittee on national security, international development, and monetary policy.

Mr. Jaffer noted that critics of the proposal point to the prospects of decreased morale at DHS and the danger that such a move could expose DHS to further dismantlement. But he said it would restore the Secret Service’s role as a law enforcement agency. “While the impact on DHS is important to consider, the committee should take the action most likely to result in better cybersecurity for the critically important financial sector,” he testified.

The idea also received support from Tom Kellermann, head of cybersecurity strategy at VMware, Inc. He urged the subcommittee to support the U.S. Secret Service Mission Improvement and Realignment Act (S 3636), which was introduced in May by Sens. Lindsey Graham (R., S.C.), chairman of the Senate Judiciary Committee, and Dianne Feinstein (D., Calif.), the committee’s ranking member ([CPR, May 8](#)).

“The Secret Service is best known primarily for protection. However, it also performs financial, counterfeit currency, and cyber crime investigations. The proposed realignment allows the Secret Service to reprioritize its investigative mission,” Mr. Kellermann told the panel. He noted that the Trump administration’s proposed budget for fiscal year 2021 anticipates moving the Secret Service back to Treasury.

The subcommittee hearing today, titled “Cybercriminals and Fraudsters: How Bad Actors Are Exploiting the Financial System During the COVID-19 Pandemic,” focused on ways to address the growing level of cyber crime targeting financial institutions and individuals.

“According to the Federal Bureau of Investigation’s (FBI) Internet Crime Complaint Center (IC3), ‘the number of cybersecurity complaints to the IC3 in the last four months has spiked from 1,000 daily before the pandemic to as many as 4,000 incidents in a day.’ These reports in the first four months of the COVID-19 pandemic are near the total reported amount of 2019 complaints,” the subcommittee said in a hearing memo. “These cyber vulnerabilities are exacerbated by the unusually large numbers of employees in the United States working remotely.”

Even if the Secret Service isn’t returned to the Treasury Department, it and other federal agencies should receive more resources to combat the rise in financial cyber crime, Mr. Jaffer said. He noted that the Cyberspace Solarium Commission, an expert group created by Congress to address gaps in the nation’s cyber defenses, had recommended the creation of a “joint collaborative environment” where agencies and private sector entities could share cyber threat information.

“The committee should consider supporting this effort and working to provide full funding for the creation and standup of this environment, as well as appropriately resourcing the Treasury Department to play a central role in this environment alongside the financial sector,” he said.

Mr. Kellerman recommended that Congress provide a tax credit for financial sector companies that dedicate at least 10% of their information technology budgets towards cybersecurity. "I'm a huge fan of using that [tax incentive] carrot to motivate businesses to view cybersecurity as a functionality of conducting business in today's world versus an expense," he said.

"There is insufficient investment and leadership in the private sector as it relates to cybersecurity, which is why we're dealing with this cyber crime wave," he added.

The hearing included some discussion of existing legislative proposals that could help tamp down cyber crime, including the Internet Fraud Prevention Act offered by Rep. Brad Sherman (D., Calif.), chairman of the Financial Services Committee's subcommittee on investor protection, entrepreneurship, and capital markets.

Rep. Sherman's bill would require the Federal Reserve, Federal Trade Commission, and FBI to study and report on business e-mail compromise (BEC) scams, which occur when hackers spoof or assume control of a business executive's e-mail and send messages to subordinates requesting seemingly legitimate money transfers to accounts controlled by the scammers. The FBI views BEC scams as one of the top forms of financial cyber crime.

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