

IP GOVERNANCE OPERATIONAL RISK METRICS		Industry Metrics	Data Sources
www.ipgovernance.com		External	
Date: March 5, 2007		Operational Loss & Risk Drivers	
Page	Goals	IP Audit & Fraud Report V1	
1	Board of Director Statistics		
1	Estimated Identity Theft Operational Losses (91 Financial Firms)	12% of 4thQ NI '05	Open Source
1	Estimated Identity Theft Operational Risks (91 Financial Firms)	5% of 4thQ NI '05	Open Source
1	Average IP (Domain Name) Ownership Levels	6.42%	Open Source
1	Average Online Brand Rating	F17	Open Source
1	IP Investment Budget for 99.5% Ownership Level (Assets +\$1b)	0.05% of Net Income '04 & '05	Open Source
1	IP Investment Budget for 99.5% Ownership Level (Assets -\$1b)	00.36% of Net Income '04 & '05	Open Source
54	IP Investment Budget / Operational Losses (Average)	3%	Open Source
54	IP Investment Budget / Operational Risks (Average)	8%	Open Source
55	IP Investment Budget / Marketing Expense (04 & 05) (Average)	0.66%	Open Source
3	Map of Online Identity Theft and related IP Governance Issues		
4	IP Governance Audit, Risk, Compliance: Board of Directors	IP Audit	
5	IP Governance, A Basel Framework		
6	Executive Summary: IP Governance Systemic Risks & Action Plan	Risk Drivers	
9	Recent Industry News		
10	IP Governance Systemic Risks & Action Plan		
10	1	Definition of Online Identity Theft & IP Asset Frauds	Federal, State Regulations
11		Online Identity Theft - A Circular Crime for Banks	FTC & FINCEN FTC & FINCEN
13	Lifecycle of Online Identity Theft		
14	2	IP Asset Frauds: Epicenter of full cycle of Federal and State Crimes	FTC, FINCEN FTC & FINCEN
15		Methods of Contacting Consumers	60% by Email, Web Sites FTC
15		Consumer Identity Theft & Internet-Related Fraud Complaints	63% of Total Complaints FTC
		account for over 63% of the total FTC Complaints in 2003-2006.	
16		Consumer Identity Theft Loss Increase in 2006	Up 75% to \$590 million FTC
16		Average Internet-Fraud Payments: 2004-2006	Yield Increase: 46%, 59% FTC
17		Consumer Identity Theft	#1 Risk, 7 years running FTC
17		Consumer Identity Theft Risks	46% Financial Risks FTC
18		Correlation of FTC and FINCEN Identity Theft Risks	FTC & FINCEN Stats FTC & FINCEN
18		FINCEN Identity Theft Cases	40% annual growth FINCEN
18		FINCEN Identity Theft Cases - Ohio	264% annual growth FINCEN
19		Summary of FTC and FINCEN Statistics: Identity Theft	
19		FINCEN's Identity Theft, Credit Card Fraud, Mortgage Loan Fraud	14% of FINCEN Cases FINCEN
19		FTC's Consumer Identity Theft Cases:	46% Financial FTC
20		Ohio: IP Asset Frauds are Epicenter of Federal Crimes	
20		Ohio: Consumer Identity Theft Complaints Top the List	Identity Theft: Top Risk FTC
20		Ohio: Total Fraud Payments in 2006	127% Increase to \$36m FTC
20		Ohio: Average Fraud Payment in 2006	80% increase to \$2,900 FTC
20		Ohio: Bank Identity Theft Cases	264% Increase to 1,596 FINCEN
21		Ohio: Bank Products as % of Total Consumer ID Theft Complaints	43% of Complaints = Bank FTC
22		Ohio Case Study: 31 Firms:	61% of FDIC-Insured Deposits FDIC
22		Ohio Case Study: 31 Firms:	Top Ten Credit Unions CreditUnions.com
22		Ohio Case Study: Live IP Asset Frauds	104% of FINCEN: 1,671 Open Source
23		Growth Rate of IP Asset Frauds (2004-2005)	59% Open Source
23		Growth Rate of IP Asset Frauds (2005-2006)	71% Open Source
23		Average IP (Domain Name) Ownership Levels:	6.60% Open Source
23		Average Online Brand Rating	F17 Open Source
23		Cumulative Infringing Domain Names (31 firms: 1-31-07)	1,671 Open Source
23		Failure Rate to Remedy Active IP (Domain Name) Risks	98% Open Source
24		Regional Case Study: 91 Financial Firms	
24		Growth Rate of IP Asset Frauds (2004-2005)	62% Open Source
24		Growth Rate of IP Asset Frauds (2005-2006)	73% Open Source
24		Average IP (Domain Name) Ownership Levels:	6.42% Open Source
24		Average Online Brand Rating	F17 Open Source
24		Cumulative Infringing Domain Names (91 firms: 1-31-07)	4,459 Open Source
24		Failure Rate to Remedy Active IP (Domain Name) Risks	99% Open Source
25		National Phishing Trends (11/05 to 10/06)	
25		Annual Growth Rate in Phishing Attacks	709% increase APWG
25		Annual Growth Rate: Attacks Using Domain Names in URL	824% increase APWG
25		% of phishing sites using domain name in web address	50% of sites APWG
26		Down-stream Risks for Consumers (Average Time Online)	4 days - Avg. Life APWG
26		Down-stream Risks for Consumers (Longest Time Online)	30 days - Longest Time APWG
26		Down-stream Risks for ISP's and Law Enforcement	71% of sites hosted overseas APWG

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27	3	Recognize Enemy: Organized Crime and Terrorism	GAO, BSA/AML, SOCA
28	4	Mapping Identity Theft as an Operational Loss Event in Basel	Matrix A
29		Retail Banking Loss Events as % of Total Operational Loss Events	60.1% in QIS '04 FRB
29		Estimated Identity Theft Operational Losses (For Banks)	.04% of Total Assets FRB
30		Estimated Identity Theft Operational Losses (91 Financial Firms)	12% of 4thQ NI '05 Open Source
30		Estimated Identity Theft Operational Losses (For 31 Ohio Firms)	13% of 4thQ NI '05 Open Source
31	5	Mapping Identity Theft Operational Loss Events with Operational Risk Drivers & Exposures	Matrix B Open Source
32	6	Enterprise Risk Management: Information Security	Matrix C Open Source
35	7	IP Governance - Regulatory Compliance	Matrix D Open Source
37	8	IP Governance: Board of Director Operational Risk Management	Matrix E Open Source
43		% of 91 firms with Board-Approved Deficient GLBA 501(b) Program	99% Open Source
43		% of 31 firms with Board-Approved Deficient GLBA 501(b) Program	97% Open Source
44		Blocking Rate of Active IP ( Domain Name) Risks	20% Open Source
45		% of 91 firms with Deceptive Privacy Disclosure Statements	66% Open Source
45		% of 31 firms with Deceptive Privacy Disclosure Statements	75% Open Source
46		Failure to Report Identity Theft to Law Enforcement via SARs	FINCEN, Department of Justice FINCEN, DOJ
47		Operational Risks and Credit Rating Agencies	FRB FRB
48		Safety and Soundness of Internet Banking	
49	9	Scenario Analysis for IP Governance Operational Risks	
50	10	Quantifying Intellectual Property Operational Risks	
50		Identity Theft Operational Risks as % of 4th Q NI, '05	By Primary Regulator Open Source
51		Identity Theft Operational Risks as % of 4th Q NI, '05 (91 firms)	5% Open Source
51		Identity Theft Operational Risks as % of 4th Q NI, '05 (31 Ohio firms)	5% Open Source
52	11	Establishing Risk Tolerance Levels for IP Governance Operational Risks and Matching IP Investment Budgets:	
52		Current Operational Risk Exposures	
52		Estimated Identity Theft Operational Losses (91 Financial Firms)	12% of 4thQ NI '05 Open Source
52		Estimated Identity Theft Operational Risks (91 Financial Firms)	5% of 4thQ NI '05 Open Source
52		Average IP (Domain Name) Ownership Levels:	6.42% Open Source
52		Average Online Brand Rating	F17 Open Source
52		IP Risk Tolerance (Target Domain Name Ownership Level)	99.5% in 90-120 days Open Source
52		Target Online Brand Rating	"A" Open Source
53		IP Investment Budget for 99.5% Ownership Level (Assets +\$1b)	0.05% of Net Income '04 & '05 Open Source
53		IP Investment Budget for 99.5% Ownership Level (Assets -\$1b)	00.36% of Net Income '04 & '05 Open Source
53		IP Investment Budget for 99.5% Ownership Level (Average)	0.05% of Net Income '04 & '05 Open Source
54		IP Investment Budget / Operational Losses (Assets +\$1b)	3% Open Source
54		IP Investment Budget / Operational Losses (Assets -\$1b)	16% Open Source
54		IP Investment Budget / Operational Losses (Average)	3% Open Source
54		IP Investment Budget / Operational Risks (Assets +\$1b)	8% Open Source
54		IP Investment Budget / Operational Risks (Assets -\$1b)	8% Open Source
54		IP Investment Budget / Operational Risks (Average)	8% Open Source
55		IP Investment Budget / Marketing Expense (04 & 05) (Assets +\$1b)	0.62% Open Source
55		IP Investment Budget / Marketing Expense (04 & 05) (Assets -\$1b)	2.86% Open Source
55		IP Investment Budget / Marketing Expense (04 & 05) (Average)	0.66% Open Source
56		Addendum 1: Scope of Regional and Ohio Case Study	
57		Addendum 2: Defining Online Identity Theft	
61		Addendum 3: IP Governance Operational Risk Management, Quantification & Rating Model	
63		Addendum 4: Basel II NPR, February 15, 2007: Operational Risk Management Supervisory Standards	