

Expert Networks

MFC Counterintelligence

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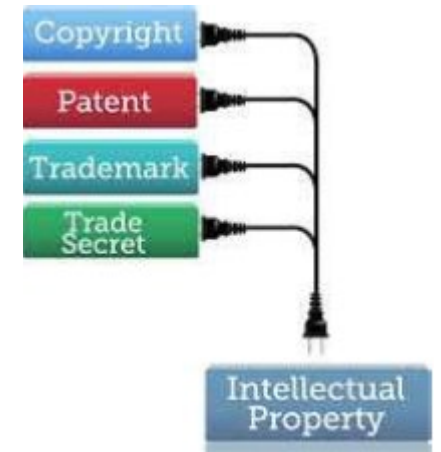
What do they do?

- Legitimate corporations based domestically and internationally
- Seek out and identify Subject Matter Experts that have knowledge/expertise that their client is seeking
- Information sought is often insider information - market new products or gain market insights
- Most common Modus Operandi:
 - LinkedIn
 - Personal or Work Email
 - Chat applications – WhatsApp, Signal, WeChat
 - Direct contact via telephone
- Offers compensation
- Maintain databases of “industry experts” – broker access
- Use insider information to assist recruiting firms with placing candidates within companies.



The Problem with Expert Networks

- Work with 'anonymous' clients
- Non-Traditional Collector
- Plausible deniability for industrial espionage or a foreign intelligence entity
- Tactics Observed:
 - Disarming language
 - Rephrased questions
 - Abrupt Change of Subject
- Potential reporting issues – unreported foreign contacts/unreported foreign business interests
 - SEAD3 - Security Executive Agent Directive 3
- May be a violation of company policies



Case Study – Employee/Targeted SME

- Employee Background:
 - 31 year old male employee
 - Manager with 5 direct reports
 - Employed since 2014
 - Possessed a SECRET clearance since July 2014
 - Significant Foreign Travel/International Business Development Experience
 - Utilized a LinkedIn page that was highly visible and searchable with extensive job information
- Other Important Factors:
 - CI verified annual S-Refresher and ITAR training
 - Never briefed to SAP/SCI information
 - Non-Technical finance role
 - Masters degree in finance
 - Wage Garnishment
 - Foreign Travel inconsistent



Case Study – Information Exchanges

- On 02/23/2023 – Employee receives an initial email from an internationally based “Expert Network” representative
- **Pitch:**

“We are working on a project for a client who is looking at Aircraft/military aircraft manufacturers. In connection with this, our client is trying to gain a better understanding of overall practices of negotiation/renegotiation/ proposal negotiation in this space. Based on your experience on your LinkedIn profile I thought you would be an excellent advisor for this project.”
- **Offer:**

“The consultation will be a 1-hour zoom voice call conversation and would require no prior preparation on your part. We would be happy to compensate you for your valued time and insights. Let me know your expected honorarium for one hour call.”
- **Employee Response:**

“Thank you for reaching out. I would be interested in learning more about this opportunity, is this a recurring opportunity? I generally charge \$100/hour for supporting consultation services. Let me know if this works for you.”

Case Study – Initial Contact (Email Exchanges)

- Expert Network Representative requested/obtained financial account information for PayPal/Wire/Bank transfer and sent screening survey:
 - Have you prepared or participated the re-negotiation as a buyer-side with the suppliers with BAE systems or Collins Aerospace?
 - Have you dealt with negotiation military jets?
 - Do you have 5 years of procurement or price setting experience?
 - Can you discuss the negotiation strategies by levels of discussion participants such as top level, working level, and manager
 - Can you discuss the must-have components of revised proposal? If so, please briefly elaborate 1-line comment
 - Can you discuss the key success factor of re-negotiation
- During the call -
 - Employee learned the client was in Asia
 - **“How much does it cost for ..Company...to source, manufacture and deliver an F-16 to the US GOV”**

Case Study – CI Intervention

- COCI alert and CI intervention occurred within 48 hours of contact
- **Employee Admissions:**
 - Expert Network Consultant was a foreign national
 - Expert Network Agency was foreign owned and controlled
 - No intent to report out of ignorance of Company/Government security policies
 - F-16 question strange – but didn't seem suspicious
 - Intended to proceed unless directed otherwise.
- **Other Significant Findings:**
 - Failed to report 2 foreign romantic relationships
 - Failed to report foreign travel to see the foreign affections
 - Failed to report foreign MBA program issues
 - Failed to report wage garnishment

Case Study – Employee Compliance

- Interview Outcome - Employee agreed to report all further contact attempts by the Expert Network
- **Further Contact Attempts:**
 - On 03/13/2023, a USPER contacted employee offering a paid consultancy opportunity with direct client contact:
“looking at competencies for quality roles to get a better understanding of skills needed for the roles most integral to quality in the defense space” (Client in Asia)
 - On 03/14/2023, **a second foreign national (Pakistan)** uses WHATSAPP to contact employee to provide information:
“About the Cost Analysis organization of ‘company’? What are the backgrounds of those people and kind of people are getting in (i.e. job description) What is the compensation for those CA team? (Client in Asia)
 - On 03/16/2023, **a third foreign national (Pakistan)** contacts employee via personal email account and sends electronic survey to gather information:
“evaluation and selection of passive electronic components such as transformers, resistors and capacitors.” (Company Specific Products)

Case Study – Employee Compliance

- **Further Contact Attempts:**

- On 04/07/2023, a **fourth foreign national (South Korea)** contacts employee and offered a paid consulting opportunity:

“On behalf of a client who is a global market researching firm and is deeply interested in your professional experience, mainly focused on Cost Reduction for Fighter Jet Manufacturing and Supplier Management”

Topic: Cost Reduction for Fighter Jet Manufacturing and Supplier Management				
Interview Pre-survey	<u>Our client is looking for experts who can provide extensive knowledge in blow questions:</u>			
	<ul style="list-style-type: none">Are you able to able discuss in detail the general number of LRU’s in the below fighter jet models? (please refer to below)Can you discuss which LRUs are most important, and most costly? How many LRUs are/can be replaced or are selected for cost reduction?Can you discuss how fighter jet manufacturer aims to manage the small number of suppliers, and drive cost reduction?			
	No. of LRUs covered for cost reductions by major fighter jets			
		Top 3 Fighter jets & Top 2 Electronics-warfare	Total # of LRUs(rough #)	Top 5 LRUs(by size, etc.)
	1	F-35		
2	F-18(DoD)			
3	F-16			
4	C-130			
5	EA-6B			
Honorarium	100USD/ 1Hour			
Consulting Type	Conference Call			
Interview	Please share your available timeslots based on your time zone.			

Case Study – Lessons Learned

- **Employee Outcomes:**
 - Interviewed by FBI
 - Intelligence interest?
 - Received ADVERSE entry
 - Employee resigned
- **Red Flags Exhibited by Expert Network:**
 - LinkedIn profiles were spoofed used stock imagery
 - Unable to ascertain if foreign consultants were legitimate employees of the consultancy firm
 - Switching personnel rapidly and communication methods
 - Probing questions about Lockheed Martin
 - Supply Chain
 - Hiring Practices
 - ITAR information

**The annual cost to the U.S.
economy of counterfeit goods, pirated
software, and theft of trade secrets is**

\$225–\$600 BILLION

Employee Reporting

What To Report:

Social Engineering, electronic elicitation, Requests for DoD information

Preserving Evidence:

***Do not** reply, edit, forward, delete, or otherwise interact with relevant messages.*

***Do not** engage with the sender without direction from company*

***Do not** reveal personal or DoD information, no matter what the sender requested.*

***Do not** attempt to “turn the tables” and request more information from the sender.*

EMPLOYEE TAKEAWAYS:

- Do not accept friend/connection requests from people or companies that are unfamiliar.
- Consultation requests on behalf of unidentified clients – or who remain anonymous – are often **suspicious**.
- Unsolicited requests for consultation on matters related to the U.S. government are often **suspicious**.
- Unsolicited requests for one-on-one consultation on matters tailored to one’s experience are often **suspicious**.

QUESTIONS

LOCKHEED MARTIN 



THANK YOU!

April 23, 2025

