EXECUTIVE SUMMARY

SUMMARY

This issue of Constellis’ Kidnap for Ransom Insight Report covers global kidnapping incidents and trends for the months of September, October and November 2019. The information is derived from multi-source analysis of kidnap for ransom activity and where known, the outcome or resolution of the events. The report covers current kidnap for ransom hotspots at regional, national and provincial levels, with a particular focus on areas where kidnap for ransom activity is increasing.

Statistical analysis of data for September and October 2019 is included on page 13, which displays kidnap for ransom trends by region, victims by nationality and employment sector, as well as identifying the Top 10 countries for kidnapping of foreign nationals over the reporting period. Additionally, 12-month statistical information (November 2018 – October 2019) can be found on page 17.

The Global Piracy Update gives an overview of the piracy threat by region, providing trend analysis for September and October 2019. It also offers sample cases that took place during those months to illustrate identified trends.

The Cybersecurity section examines current issues affecting companies and individuals in the realm of IT security. This edition will provide an overview of Business Email Compromise (BEC). A form of spear-phishing attack, BEC incidents have notably increased in recent years, posing a heightened threat to businesses worldwide. Based on social engineering techniques, BEC is now responsible for the highest proportion of financial losses to companies among all forms of cyberattack. This phenomenon is expected to grow exponentially in the coming years as cybercriminals become more adept at infiltrating organisations.

The Focus Article examines the importance of effective crisis management and the vital role people play during crisis response. The Constellis Crisis and Risk Services (CRS) team’s experience in supporting clients in over 500 crises shows that people matter more than protocols in crisis management. In other words, the most successful crisis response happens when those making the decisions work effectively together and use their combined knowledge and skills to the greatest effect. This does not happen naturally: it needs the thoughtful and realistic selection of crisis management team leaders and members, but most importantly, it requires training, practice and preparation, as crisis management is inherently different to ‘routine’ management, taking place as it does in atypical scenarios and under great levels of stress.

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GLOBAL OVERVIEW ..........................................................</td>
</tr>
<tr>
<td>Americas ..........................................................</td>
</tr>
<tr>
<td>Europe ..........................................................</td>
</tr>
<tr>
<td>Middle East ..........................................................</td>
</tr>
<tr>
<td>Africa ..........................................................</td>
</tr>
<tr>
<td>Asia ..........................................................</td>
</tr>
<tr>
<td>STATISTICS ..........................................................</td>
</tr>
<tr>
<td>GLOBAL PIRACY UPDATE ..................................................</td>
</tr>
<tr>
<td>CYBER SECURITY ..........................................................</td>
</tr>
<tr>
<td>FOCUS ARTICLE ..........................................................</td>
</tr>
<tr>
<td>ABOUT CONSTELLIS ..........................................................</td>
</tr>
</tbody>
</table>
The Americas accounted for a quarter of all foreign kidnap victims recorded by Constellis over September and October 2019. Notably, the number of migrant victims decreased over the reporting period, amid reports of decreasing migratory flows in Mexico. This decrease has been linked to the migratory agreement reached between Mexico and the US in June, following threats by the Trump administration to impose taxes on Mexican products. As part of the agreement, deployments of Mexican security forces increased at both the country’s borders. These redeployments, along with the overall security strategy of the current administration, have however proved ineffective countering insecurity in the country. The deepening security crisis in Mexico has particularly been evident over the past two months, when a series of high-profile cartel attacks demonstrated the overwhelming capabilities of the cartels in contrast to seemingly futile local and federal forces. 

These included the siege of Culiacan city by the Sinaloa Cartel on 17 October, following the arrest of the son of the cartel’s boss Joaquín “El Chapo” Guzmán. A few hours into the offensive, which included the kidnapping and killing of security forces, the federal government was forced into submission, deciding to release Ovidio Guzmán in order to avoid further violence. This was followed by the 4 November ambush of members of a family comprised by Mexican/American dual nationals, all women and children. Nine victims were savagely killed while some others remain missing. The incident was attributed to the Juárez Cartel’s armed wing, La Línea, although it is not yet clear if the family was directly targeted or whether they were mistaken for members of a rival cartel. These events have also evidenced the porosity of the Mexico/US border, as it was determined that the weaponry used in all these attacks originated in the neighbouring country.

**CASES:**

- A Dominican businessman with permanent residency in New York was rescued in northern Mexico on 2 November. Reportedly, no ransom payment took place prior to the man’s rescue in Hermosillo, Sonora. One suspected kidnapper was arrested in the raid. The Mexican authorities initiated investigations into the case after being contacted by the FBI on 27 October. The businessman was kidnapped by a group of people in the locality of Eloy in Arizona, who took him across the border into Sonora. Once in Hermosillo, the criminals contacted the victim’s brother, who lives in Florida, demanding a ransom of USD 500,000, which was later reduced to USD 350,000.
- The body of a 68-year-old businessman, who had been held for ransom for 10 days, was found inside a property in the Magdalena Contreras borough of Mexico City. Reportedly, his captors initially demanded MXP: 10 million (over USD 500,000). The victim’s family said that after negotiations, a “reasonable” sum had been paid. Nonetheless, the businessman was killed as the criminals were not satisfied with the sum obtained. The body was found where the criminals had told the relatives to go and collect the victim after the payment took place. According to investigations, the businessman had been killed several days prior to the payment and had been tortured. It is believed the murder took place after negotiations stalled due to the great gap between the ransom demand and what was being offered by the family. The victim, owner of several hotels, was kidnapped in the district of Cuajimalpa, nearly 20kms from where the body was found.
- In early September, a Venezuelan couple was kidnapped in Trinidad and Tobago for a ransom of six kilos of cocaine, worth approximately USD 2.4 million. According to a police report, Juan Ruiz Espinoza, and his wife, Bethzabett Guilté, were last seen on the evening of 8 September as they left their home in Palmyra Village to meet up with a Venezuelan friend in Princes Town. The friend said the couple never showed up and hours later he received a phone call from a Spanish-speaking man claiming to have abducted them. The man threatened to kill the couple if the ransom was not paid the next day. Investigators announced there has been no further contact from the kidnappers. The police said they suspect that the couple’s disappearance was linked to their involvement in the drug trade, although other motives could not be discounted. A similar case was reported on 19 August, when a Venezuelan teenager was abducted by a group of compatriots who intended to hold her as collateral in a delivery of drugs. After 12 hours in captivity in a house in Port-of-Spain, the victim managed to call for help. She was rescued by the Trinidad police the next day.
- On 23 October, a former Venezuelan soldier was arrested, suspected to be the leader of a gang engaged in express kidnapping in Cusco. According to reports, the group used a fake taxi to take their victims from the city’s streets. The arrest took place following a report made by a local university student, who was a victim of the gang. The young man stated he was walking on a busy avenue in the city at about 0220 hours on 18 October when he was abducted by three armed men who forced him inside a taxi. He was beaten, robbed of all his belongings, and forced to withdraw money from ATMs. He was later thrown out from the vehicle whilst in motion. Street cameras captured images of the events and were used to identify the vehicle and locate the suspect. The other two suspects remain at large.

**AMERICAS**

As the crisis in Venezuela remains unresolved, the country continues to be a focal point of criminality in South America. The porosity of the Venezuelan borders has provided a safe haven to criminal groups in the region, particularly from Colombia. This has also permitted the expansion of smuggling activities, ranging from everyday products to drugs, arms and even women and children. Moreover, the saturation of the criminal market in Venezuela has forced some local groups to relocate and find new hubs abroad. Experienced gangs have been particularly successful in this endeavour, creating symbiotic relationships with local criminal groups and recruiting Venezuelan migrants and refugees in economic need. Examples of this have been predominantly reported in Trinidad and Tobago and Peru, where crimes linked to Venezuelan gangs, including kidnap for ransom, have seen a notable increase in recent years.

- French national Lysiana Aubrey escaped her kidnappers 20 hours after she was abducted in north-eastern Venezuela. The 76 year-old cattle breeder and farmer was intercepted by four armed men when driving through a rural area of Bruzal, Anzoátegui state, on the morning of 11 October. She was in the company of two other people, who were forced by the assailants to vacate the vehicle. Her car was later found abandoned in a nearby locality. The kidnappers had not yet contacted the family of the victim when Aubrey managed to escape and ask for help the next morning. Anzoátegui police carried out investigations to identify the assailants, who are believed to be members of a local gang involved in cattle rustling and kidnapping of farmers in the western localities of the state.

Trinidadian fishermen held hostage by Venezuelan pirates. (Photo: Trinidad & Tobago Guardian)
Europe accounted for 12% of Constellis’ records for September-October 2019, with 17 kidnapped foreigners registered. This represents a reduction of 37% with respect to the number of incidents recorded in the previous two months, mainly linked to ordinary fluctuations in the reporting of cases of kidnapped migrants. In this respect, Greece remains the most affected country as, despite political discourse, corruption continues to foster these activities, as is the case for most transit countries in the region. According to a number of reports on the issue, some police, customs officials and railway workers in several European countries accept bribes for turning a blind eye on human smuggling, on some occasions even tampering with seals on wagon doors to help traffickers transport their human cargo. Kidnapping gangs in Greece and its neighbouring countries are mainly comprised of Afghan and Pakistani nationals, who often operate in accord with smugglers in countries of origin. Their undertakings are endorsed and facilitated by local mafias that, for a percentage of the proceeds, liaise with corrupt authorities and provide protection. The main hotspots in the country for these activities continue to be Thessaloniki and the Greek islands, with most arrivals having come from Turkey. In these cases, registered ransom demands have typically ranged between €1,000 and €4,000. While human smuggling and kidnapping of migrants are not activities likely to affect operations and visitors to the region, they are certainly a reflection of the criminal environment and potential threat, should these groups expand their criminal activities.

CASES:
- On 2 September, Greek police rescued 12 Pakistani migrants from a warehouse in Thessaloniki. The migrants, who were abducted on an unknown date, were forced to ask for money from their families to pay for their release. The rescue took place after police found another 26 migrants – 23 from Pakistan and 3 from Bangladesh – inside a van on their way to the warehouse. A Greek and an Albanian national were arrested.
- On 6 October, Spanish authorities rescued a Chinese woman who had been kidnapped on the same day by compatriots who intended to force her into prostitution. The victim, who lived near Barcelona, was lured by the suspects to Albacete with promises of a job. The contact had been made via a WhatsApp group used by the Chinese community in Spain to get jobs. The woman travelled to Albacete to meet her alleged employers, who then forced her into a car. As she was being taken away, the woman managed to send messages to her family, informing them of the incident and also sharing her location via WhatsApp. The woman’s daughter immediately contacted the police, who soon managed to locate the victim by tracking her phone. Three suspects were arrested.
- On 8 November, police rescued a Chinese woman in a caravan. The victim, a 52-year-old Moroccan woman, had been missing since mid-October. The police believe her disappearance may be linked to a conflict between “groups active in the drug trade on a large scale”, as Jillal has been identified as a relative of an individual known to the police for his involvement in these activities.

Although not a common occurrence, kidnappings linked to extortion can take place in Europe. These are usually carried out in areas with a strong presence of well-organised mafias, which have a significant influence in the local security environment. In Northern Ireland for example, recent events suggest a resurgence of paramilitary activity in the region. These groups not only carry out terrorist attacks with a political and ideological agenda, but also are heavily engaged in criminal activity, both for funding and to bolster their dominance in a territory. While official police records suggest the presence of these groups has been on the rise since 2007, recent events are assessed to be a result of deteriorating security, social and political conditions in Northern Ireland. Bombings, assassination attempts, extortion and kidnappings are among recent incidents attributed to the so-called ‘New IRA’ paramilitaries. While Irish paramilitary organisations are not assessed capable of carrying out a successful and prolonged terrorism campaign as in the past, and there are no current specific and credible threats against foreign private sector operations in Northern Ireland, there is a collateral risk posed by isolated events of violence by these groups and their criminal associates. Elsewhere in Europe, kidnappings of individuals engaged in or associated with criminal activities continue to be recorded, whether linked to debts or score settling between groups.

CASES:
- Kevin Lunney, the chief operating officer of Northern Irish construction supplies group Quinn Industrial Holdings, was kidnapped from his home in Derrylin, Northern Ireland, on the night of 17 September. He was reportedly taken to a remote location and placed inside a caravan or container, where he was beaten and tortured by a gang of unknown masked men. The executive was found badly injured on the side of a road on the southern side of the border, in Cavan, Ireland, almost three hours later. His car and a second vehicle were found on fire close to his home just after the kidnapping. The specific reason behind the attack remains unknown. However, the incident follows what company executives called a series of “increasingly serious criminal attacks” and a “brutal campaign of intimidation” against the company and its staff by men allegedly linked to paramilitary groups over the past few years. This included a number of death threats sent to executives in 2016. Cyril McGuinness, the main suspect in the attack against Lunney, died on 8 November during a police raid on his home in Derbyshire, UK. McGuinness, well-known to police across Europe with over 50 convictions, led a large-scale criminal operation throughout the region, whose proceedings were known to fund terrorist organisations in Ireland.
- Dutch authorities believe that Naïma Jillal, a 52-year-old Moroccan woman who has been missing since mid-October, was the victim of a criminal kidnapping. Jillal was last seen on the night of 20 October, boarding a car near her home in Amsterdam’s Zuidas area. The police believe her disappearance may be linked to a conflict between “groups active in the drug trade on a large scale”, as Jillal has been identified as a relative of an individual known to the police for his involvement in these activities.

Remains of vehicle used in the abduction of Quinn Industrial Holdings COO Kevin Lunney. (Photo: The Impartial Reporter)
MIDDLE EAST

Although having been overtaken by the Americas, the Middle East retained high numbers of foreign hostages, in a continuation of trends observed since mid-2019. This important increase over the past four months has been directly linked to hostilities between Iran and Western powers, which has translated into a number of detentions by the Iranian authorities. While the number of incidents of this nature have progressively subsided since a peak observed over July, they continue to be reported, both inland and at sea. As such, Iran remained the top hotspot for kidnap/detention of foreign nationals globally, accounting for 73% of the victims recorded in the region over the past two months, and 17% of all victims recorded globally. Additionally, a number of earlier detentions were made known over the reporting period, as well an alleged extra-territorial detention by the Islamic Revolutionary Guard Corps (IRGC). Meanwhile, negotiations for the release of foreign detainees have continued, with at least 18 of them having being released over September and October, including two Australian bloggers who were in captivity for 96 days, and the remaining crew of oil tanker Stena Impero, 70 days after their arrest.

CASES:

► On 16 October, French authorities confirmed that a second French academic is being held in detention in Iran. The detained person was identified as Roland Marchal, who was arrested along with French-Iranian dual citizens Fariba Adelkhah, whose detention was reported in July. The detainees, both senior researchers from the prestigious Sciences Po University, were reportedly arrested as soon as they landed in Tehran in June. It is not clear what crimes they are accused of. Marchal is reportedly receiving consular assistance and family visits at an Iranian “standard” prison, compared to Adelkhah, who remains held without access at Evin prison.

► Iranian opposition activist Ruhollah Zam, who has refugee status in France, appeared on Iranian state TV after his abduction in Iraq. (Photo: The Times)

► On 7 November, Israeli authorities released two detained Jordanian nationals who had been held for months in administrative detention (without charge or trial). In a statement, Israeli officials said they had been released in a “gesture of goodwill”, after negotiations with Jordan. Hiba Labadi and Abdul Rahman Mri were arrested in August and September 2019 respectively, when trying to enter the country through the West Bank. Both were accused of anti-Israel activities and links to Hezbollah and Hamas. Their cases attracted considerable media attention and resulted in the recall of Jordan’s ambassador on 29 October, and the detention of an Israeli national in Jordan in what seemed to be a retaliatory move. Diplomatic relations between the two countries have now normalised.

► On 2 November, doctor Saba Al Mahdawi was abducted by a group of unidentified armed people in the city of Baghdad as she was returning home from treating wounded anti-government protesters in Tahir Square. The family of the missing Iraqi doctor and activist say they have received no word from officials or security forces over a week after she was abducted. Iraq’s Interior Ministry has not commented on this incident or other disappearances of activists.

In recent months, a series of mass violent protests have affected at least 20 countries across all regions in the world, with corruption, authoritarianism and austerity measures as their main motivators. Of note have been the protests in Bolivia and Lebanon, which ultimately culminated in the demise of their leaders. Elsewhere, regimes are risking following suit if substantial concessions are not made. A common characteristic in many countries has been the violent response by the state, which has ranged from arbitrary detentions of protesters to the use of live ammunition and enforced disappearances in some instances. This has been the case of Iraq, where at least 330 people have been killed, over 15,000 others injured, and many others reported missing during the protests that began in early October. Civil unrest has particularly affected security conditions in southern and central Iraq, especially in Baghdad, where violence has continued to increase, most recently to also include explosive attacks during demonstrations. While this has so far not directly affected foreign nationals, all individuals in Iraq, and particularly in Baghdad, are advised to closely monitor the situation and avoid all protests and other large public gatherings due to the potential of violence, including kidnapping.

CASES:

► On 27 September, two Syrian men were arrested in Beirut, accused of being members of a Syrian kidnapping gang that abducted two Lebanese nationals for ransom in Turkey. The men, who were found in possession of LBP 200 million (over USD 132,000), USD 34,000, GBP 2,000 (USD 2,500), and a number of bank checks, confessed to the crime. The victims were abducted on 24 September while on a leisure trip to Turkey, and were released after their relatives paid LBP 24 million (approximately USD 16,000). The sum was reportedly delivered to the abductors through foreign exchange firms in Lebanon and Turkey.

Meanwhile, Lebanon and Turkey remain two focal points for the kidnapping of foreign nationals in the region, including visitors and expatriates alike. This commonly affects individuals originating from countries in the region, although Western nationals have also been targeted in the past.

CASES:

► Murhaf Al-Akhras, son of prominent Syrian businessman Tarif Al-Akhras and cousin to the wife of Syrian president Bashar Al-Assad, was kidnapped on 12 September near the Lebanese village of Bhamdoun while on his way to Beirut from Damascus and later taken to a location in the Bekaa Valley. According to media reports, the hostage’s wife received a call demanding she pay USD 2 million for Al-Akhras’ release. The victim was released on the night of 18 September, after a week in captivity, allegedly without a ransom being paid.

► Exiled Iranian activist Ruhollah Zam paraded on Iranian state TV after his abduction in Iraq. (Photo: The Times)

► On 27 September, two Syrian men were arrested in Beirut, accused of being members of a Syrian kidnapping gang that abducted two Lebanese nationals for ransom in Turkey. The men, who were found in possession of LBP 200 million (over USD 132,000), USD 34,000, GBP 2,000 (USD 2,500), and a number of bank checks, confessed to the crime. The victims were abducted on 24 September while on a leisure trip to Turkey, and were released after their relatives paid LBP 24 million (approximately USD 16,000). The sum was reportedly delivered to the abductors through foreign exchange firms in Lebanon and Turkey.

At least 330 dead in violent protests across Iraq. (Photo: PBS.org)
Over September-October 2019, Africa saw a considerable decrease in the number of recorded foreign kidnap victims. This was mainly due to an absence of abductions of crewmembers in the Gulf of Guinea, linked to poor weather conditions during the rainy season, which hindered overall pirate activity in the region. Additionally, no incidents involving foreign nationals were recorded in inland Nigeria. This however cannot be interpreted as a lessening of the threat to visitors and expatriates, but rather as a result of increasing awareness and improving security precautions. The enduring kidnap threat in the country is evidenced by continuous mass kidnappings carried out by Boko Haram in north-eastern Nigeria and their ongoing targeting of aid workers, in addition to the scores of abductions of high-profile Nigerians in central and southern territories, particularly religious and traditional leaders, as well as politicians, by criminal gangs. A similar situation is observed in Somalia, where no successful hijackings of large commercial vessels have taken place since March 2017 and no land kidnappings of foreign nationals since May 2018. However, criminal syndicates and militant groups in the country retain considerable capabilities and intent to at least attempt such attacks in the future.

CASES:

- The daughter of an influential Abuja politician, who was kidnapped on 14 September outside a supermarket in the city, was released after 30 hours in captivity, following the alleged payment of a USD 15,000 ransom in bitcoin. Aisha Ardo had reportedly been held in a forested area near Abuja, where she was abandoned by the kidnappers after they received confirmation of the payment. She had to walk for hours until she found a restaurant from where she called her parents. This is the first recorded incident in Nigeria where a ransom was paid in Bitcoin.

- In late September, INGO Action Against Hunger (ACF) condemned the killing of one of its local employees who had been kidnapped alongside five colleagues, who remain captive. The aid workers were kidnapped on 16 July, during an attack on their convoy in Borno state. One of the convoy drivers was killed during the ambush. The Islamic State in West Africa (ISWAP), a Boko Haram splinter affiliated to the Islamic State, claimed responsibility for the kidnapping. The execution of the aid worker was reportedly captured on video, with ISWAP saying it was the result of the government’s deception following months of negotiations, and threatening to kill the remaining staff. A previous video of the hostages had been released a week after the abduction. The group’s demands were not publicly known. According to the UN, 30 UN and NGO workers have been killed in Boko Haram violence, mostly in Nigeria, since 2011.

- An Iranian crew member with urgent medical needs was released by Somali pirates on 21 September. According to the group that negotiated his release, Mohammad Shariff Panahandeh was released on humanitarian grounds due to his severe health issues, and not following a ransom payment. Reportedly, the intervention of the local community was also key in Panahandeh’s release. The sailor was captured aboard the Iranian fishing vessel FV Siraj in March 2015, along with three other Iranian crew members who remain in captivity. The negotiating group said they believe the pirates are still hoping to get a considerable ransom for the other three hostages.

Over the reporting period, the epicentre of kidnapping activity targeting foreign nationals in the region was found in South Africa, where seven victims were taken in five incidents. There is a high level of violent crime in South Africa, including kidnapping for ransom, which has seen increased reporting over the last couple of years. This threat appears more heightened in South Africa’s larger urban areas, particularly Cape Town, Durban, Johannesburg, and Pretoria. According to most recent official crime statistics, between April 2018 and March 2019, the province most affected by kidnapping in the country was Gauteng, which encompasses both Johannesburg and Pretoria, with the Eastern Cape showing the greatest increase in incidents over 2019. Most notably, a series of high-profile cases in the country has attracted considerable attention in recent years. This trend has seen several businesspeople within the expatriate and minority communities, particularly those of South Asian and Arab origin, targeted by well-organised criminal syndicates. These groups, which in many cases are members by foreign nationals, conduct extensive surveillance on their targets, and are able to hold their victims for months until a substantial ransom is paid. Reported initial demands in these incidents have reached several millions of dollars, with demands issued in Bitcoin becoming increasingly common. While high-profile kidnappings attract great attention, these remain limited in comparison to low-level, opportunistic events, such as express kidnappings, which are most likely to affect visitors and expatriates in the country.

CASES:

- On 7 November, KwaZulu-Natal businesswoman Sandra Moonsamy was rescued in a police raid in EMalathleni after 162 days in captivity. The daughter of a logistics tycoon of Indian origin and financial director of the family business, she was kidnapped on 31 May after being forced off a road in Pinetown, west of Durban. According to media reports, the kidnappers initially demanded a ransom of ZAR 140 million (USD 9.5 million) for Sandra’s release. Police investigations determined that an international syndicate member by several foreign nationals was behind Moonsamy’s kidnapping. According to the authorities, the same group was involved in the abduction of several high-profile individuals in the country, including Pretoria businessman Omar Carrim and Johannesburg businessman Shiraz Ghatoo. In these cases, the kidnappers reportedly demanded between USD 1 million and USD 3 million, to be paid to exchange bureaus in Dubai, UAE.

- Spanish entrepreneur Pancho Campo was the victim of an express kidnap while on a work trip in Cape Town in mid-October. Campo was abducted at gunpoint on 12 October after boarding a vehicle he thought was an Uber taxi at the Dolphin Beach Hotel. The Spanish businessman was robbed of all his valuables, including his bank cards along with their access numbers. After a few hours, he was left on a road on the outskirts of the city, sustaining minor injuries. In his report to the police, Campo said that the driver knew his name and the location of his hotel, though it was later discovered that the vehicle had not been the one his friend had booked for him. He suspected the criminals had been tipped off by a hotel security guard who had asked his name and directed him to take the wrong taxi, which was allegedly waiting for him. After the incident, Campo realised he shouldn’t have boarded the taxi, as the right vehicle had the name of his friend who had booked the service through his mobile phone, and not his Nigerian national Jerry Ogwuanyi Gike (right) arrested in July 2019 for his suspected participation in the kidnapping of Sandra Moonsamy. (Photo: IOL)
Asia retained its third position in the global ranking, with 22% of all foreign victims logged by Constellis. Nonetheless, a decrease in the number of recorded victims was observed throughout September and October, as no group detentions were documented in this period. Trends identified in the region over the previous two-month period remained, particularly questionable detentions of foreign nationals in China. It is assessed that since the enactment of the 2014 Counter-Espionage Law and the 2015 National Security Law, China has increasingly tightened its control and supervision over foreign nationals, both visitors and expatriates. These laws have been widely criticised in the past by rights groups and foreign governments, as they contain broad definitions of what is considered espionage and a threat to national security, threatening their use by the state for political reasons and to forward ‘hostage diplomacy’, by which foreign nationals are detained in reprisal actions and/or used as bargaining chips. For example, since the arrest in Canada of Huawei’s Meng Wangzhou in December 2018, at least 13 Canadians have been detained in China. Moreover, subsequent to her arrest, two Canadian citizens were sentenced to death, one of them having had his 15-year sentence revised after the Wangzhou affair.

**CASES:**

- On 21 October, Tokyo announced that a Japanese man had been detained by Chinese authorities in Beijing in September for “violating Chinese laws”. The media later identified the detainee as Nobu Iwatani, a professor from Hokkaido University, who previously worked at the Japanese Defense Ministry and Foreign Ministry. Iwatani had reportedly been in the country on a two-week academic exchange by invitation of the Chinese Academy of Social Sciences (CASS), and was being accused of stealing sensitive information from China. Following a series of negotiations between Beijing and Tokyo, the Japanese academic was released on 15 November. The conditions of his release were not made public, though the Chinese Foreign Ministry stated he had been released on bail after admitting to the charges and submitting a written apology. According to the statement, he was detained in his hotel room in Beijing on 8 September in possession of documents containing “state secrets”, in violation of criminal and anti-espionage laws. Since 2015, at least 14 Japanese citizens have been detained in China on various charges, including espionage. Six of them were detained in 2017 for alleged “illegal activities”.

Moreover, the region continues to be characterised by the prevalence of incidents relating to the activities of loan sharks and the gambling industry (including online). Chinese and Taiwanese nationals participating in these activities remain the most common targets for such criminals, as both are industries outlawed in their countries, thus increasing the extortion power of these groups.

**CASES:**

- On 18 October, Philippine police rescued a kidnapped Taiwanese national from a hotel room in Makati City, where he had been held for two days. Two Chinese nationals and a Malaysian were arrested. Chang Hsu Chun, who worked at a Philippine Offshore Gaming Operator (POGO), was abducted from his apartment and later taken to the hotel, where he was assaulted. Video footage of the assault was sent to his relatives in Taiwan, with a ransom demand of CNY 30 million (USD 4.3 million) in exchange for Chang’s release. The victim’s parents reportedly paid CNY 180,000 (over USD 25,000), though he was not released. It was then that the parents decided to report the incident to the Taiwanese authorities, who liaised with their Philippine counterparts.

The overall assessment of threats in the Philippines is high. Security issues include high rates of violent and organised crime, as well as a high threat of terrorism. In this context, kidnapping for ransom emerges in the country as a serious concern throughout the Philippines, particularly in its southern regions and the Metro Manila area. Militant groups in the country regularly conduct kidnappings for ransom for funding and propaganda. In both instances foreign nationals appear to be valuable targets. While terror activity in the country seems to have declined since a peak observed in 2017 as a result of the tough anti-terrorism campaign launched by the government, which culminated in the death of several top Abu Sayyaf (ASG) and Islamic State leaders in the country, kidnapping has continued. This threat is not limited to the Philippines and spreads to Malaysian and (to a lesser extent) Indonesian territory, with the aid of an extensive local support network. Though this activity has shown fluctuations over the past two years, a latent threat endures, as militant scouting units and informants are constantly on the lookout for worthy targets and opportunities. In early September, it was reported that the Indonesian authorities had issued a warning on possible ASG kidnapping raids, particularly off eastern Sabah, Malaysia, targeting Indonesian nationals on small vessels. Citizen reports on social media affirmed ASG units had been seen in the area. Following this, three Indonesian sailors were kidnapped in Sabah waters on 23 September, in spite of Malaysian measures, including the implementation of a curfew. Subsequently, a second high-profile incident was reported in the southern Philippines, with the kidnapping of a British national in early October.

**CASES:**

- A British national and his Filipina wife were abducted by a group of armed men from a resort they own in Tukuran town, Zamboanga del Sur, on 4 October. According to the Philippine authorities, two of the suspects checked in at the resort a day before the abduction and waited for the couple to arrive. Once the couple was spotted, other gunmen arrived and raided the premises, taking the couple away in two motorboats. No group claimed the abduction though it is widely believed it was an ASG-linked unit. Following reports suggested that a PHP 50 million (nearly USD 1 million) ransom had been demanded for the couple’s release. The hostages were rescued safe and sound in a military operation in Mount Plian, Sulu, on 25 November. This is the first kidnapping of a foreign national on the Zamboanga peninsula in recent years.

- Meanwhile in Afghanistan, where criminality and terrorism are also major security threats, Pakistani diplomatic authorities informed on 7 October that a Pakistani man had been reported missing in Kabul. According to reports, Syed Farukh Hussain Shah went missing on 5 October after taking a taxi to Hamid Karzai airport from his company’s offices, located in the PD-II area of Kabul. He never reached the airport. Shah had travelled to Afghanistan to install medical equipment at a hospital in Kandahar military base. No group claimed the suspected kidnapping and no motives were immediately identified.
Statistics for September–October 2019 are drawn from Constellis’ record of 138 kidnapped foreign nationals. Over July–August 2019, Constellis recorded a total of 253 foreign nationals kidnapped across the world.

**Top 10 Countries for the Kidnapping of Foreign Citizens in Sep-Oct 2019**

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Victims</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Americas</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>22</td>
<td>64.7%</td>
</tr>
<tr>
<td>Colombia</td>
<td>3</td>
<td>8.8%</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago</td>
<td>2</td>
<td>6%</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>2</td>
<td>6%</td>
</tr>
<tr>
<td>Peru</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td>Canada</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td>US</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td>Chile</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Middle East</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iran</td>
<td>24</td>
<td>72.7%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>2</td>
<td>6.1%</td>
</tr>
<tr>
<td>Turkey</td>
<td>2</td>
<td>6.1%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>2</td>
<td>6.1%</td>
</tr>
<tr>
<td>Iraq</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td>Israel</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>12</td>
<td>38.8%</td>
</tr>
<tr>
<td>Cambodia</td>
<td>7</td>
<td>22.6%</td>
</tr>
<tr>
<td>China</td>
<td>4</td>
<td>12.9%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3</td>
<td>9.7%</td>
</tr>
<tr>
<td>Maldives</td>
<td>1</td>
<td>3.2%</td>
</tr>
<tr>
<td>India</td>
<td>1</td>
<td>3.2%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1</td>
<td>3.2%</td>
</tr>
<tr>
<td>Australia</td>
<td>1</td>
<td>3.2%</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>1</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>Africa</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>7*</td>
<td>30.5%</td>
</tr>
<tr>
<td>Morocco</td>
<td>7</td>
<td>30.5%</td>
</tr>
<tr>
<td>Libya</td>
<td>6</td>
<td>26.1%</td>
</tr>
<tr>
<td>Egypt</td>
<td>1</td>
<td>4.3%</td>
</tr>
<tr>
<td>Uganda</td>
<td>1</td>
<td>4.3%</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>1</td>
<td>4.3%</td>
</tr>
<tr>
<td>Greece</td>
<td>12*</td>
<td>70.5%</td>
</tr>
<tr>
<td>Spain</td>
<td>2</td>
<td>11.8%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2</td>
<td>11.8%</td>
</tr>
<tr>
<td>Latvia</td>
<td>1</td>
<td>5.9%</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>12</td>
<td>70.5%</td>
</tr>
<tr>
<td>Spain</td>
<td>2</td>
<td>11.8%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2</td>
<td>11.8%</td>
</tr>
<tr>
<td>Latvia</td>
<td>1</td>
<td>5.9%</td>
</tr>
<tr>
<td><strong>Rest of the World</strong></td>
<td>(34)</td>
<td>25%</td>
</tr>
</tbody>
</table>

*(Number of Victims) * Including Migrants
SEP-OCT 2019

KIDNAPPED FOREIGN CITIZENS

REGIONAL ORIGINS OF VICTIMS

01 SOUTHEAST ASIAN (36) 26%
02 LATIN AMERICAN (31) 22%
03 SOUTH ASIAN (18) 13%
04 SUBSAHARIAN AFRICAN (13) 9%
05 NORTH AMERICAN (5) 4%
06 NORTH AFRICAN (7) 5%
07 MIDDLE EASTERN (8) 6%
08 EUROPEAN (9) 7%
09 UNKNOWN (11) 8%

MOST VICTIMIZED SINGLE NATIONALITY

01 Chinese
02 American
03 Pakistani
04 Filipino
05 Honduran
06 Sudanese
07 Bangladeshi
08 Colombian
09 Ethiopian
10 Lebanese

MOST VICTIMIZED ORIGIN BY REGION

<table>
<thead>
<tr>
<th>REGION</th>
<th>ORIGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>Sub-Saharan Africans</td>
</tr>
<tr>
<td>Americas</td>
<td>Latin Americans</td>
</tr>
<tr>
<td>Asia &amp; Pacific</td>
<td>South East Asians</td>
</tr>
<tr>
<td>Europe</td>
<td>South Asians</td>
</tr>
<tr>
<td>Middle East</td>
<td>Southeast Asians</td>
</tr>
</tbody>
</table>

SECTOR

BUSESS (12) 8.7%
EDUCATION (4) 2.9%
PROFESSIONALS (2) 1.4%
CRIMINALS (2) 1.4%
DEPENDENTS (1) 0.8%
JOURNALISTS (1) 0.8%
OTHER (13) 9.4%
UNKNOWN (20) 14.5%
TOURISTS (24) 17.4%
MARITIME (26) 18.8%
MIGRANTS (33) 23.9%

DISCLAIMER: These statistics herein presented are the result of a compilation of kidnapping incidents involving foreign nationals only, which have been reported in the media and other open sources. The information contained and its results are therefore partial as result of the incomplete nature of open-source material. Thus, this report should be taken only as a reference of general trends, taking its limitations into consideration.
## Statistics

**Nov 2018 - Oct 2019**

### Kidnapped Foreign Citizens

**Global Geographic Distribution of Victims**

- **48% Americas**
- **18% Africa**
- **13% Europe**
- **11% Asia**
- **10% Middle East**

**Top 10 Countries for the Kidnapping of Foreign Citizens in Nov 2018-Oct 2019**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Victims</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico*</td>
<td>(691)</td>
<td>42%</td>
</tr>
<tr>
<td>Greece*</td>
<td>(159)</td>
<td>10%</td>
</tr>
<tr>
<td>Iran</td>
<td>(91)</td>
<td>5%</td>
</tr>
<tr>
<td>Philippines</td>
<td>(73)</td>
<td>4%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>(28)</td>
<td>2%</td>
</tr>
<tr>
<td>Spain</td>
<td>(32)</td>
<td>2%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>(35)</td>
<td>2%</td>
</tr>
<tr>
<td>Cameroon</td>
<td>(39)</td>
<td>2%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>(54)</td>
<td>2%</td>
</tr>
</tbody>
</table>

* Including Migrants

### Statistics for November 2018 - October 2019

Statistics are drawn from Constellis' record of 1,658 foreign nationals kidnapped worldwide.

**Rest of the World (394) 24%**

- Venezuela (28) 2%
- Spain (32) 2%
- Lebanon (35) 2%
- Cameroon (39) 2%
- Nigeria (54) 3%
- Libya* (62) 4%

**Regional Distribution of Victims**

- **Americas**: 797
- **Africa**: 298
- **Europe**: 211
- **Asia**: 184
- **Middle East**: 168

**Regions**

- **Americas**: 10%
- **Africa**: 18%
- **Europe**: 13%
- **Asia**: 11%
- **Middle East**: 10%

**Countries**

- **Mexico**: (691) 86.7%
- **Venezuela**: (28) 1.7%
- **US**: (22) 1.3%
- **Colombia**: (17) 1.1%
- **Trinidad & Tobago**: (6) 0.8%
- **Haiti**: (5) 0.6%
- **Bolivia**: (3) 0.4%
- **Brazil**: (3) 0.4%
- **Canada**: (3) 0.4%
- **Dominican Rep**: (30) 0.4%
- **Others**: (16) 0.9%

- **Libya**: (62) 20.8%
- **Cameroon**: (39) 13.1%
- **Nigeria**: (54) 18.1%
- **Equatorial Guinea**: (20) 6.7%
- **Burkina Faso**: (10) 3.4%
- **Madagascar**: (10) 3.4%
- **Somalia**: (10) 3.4%
- **Top**: (10) 3.4%
- **Benin**: (8) 2.7%
- **Others**: (50) 16.6%

- **Greece**: (159) 71.4%
- **Spain**: (32) 15%
- **Russia**: (5) 2.9%
- **Portugal**: (3) 1.9%
- **Ukraine**: (3) 1.9%
- **Italy**: (2) 1.1%
- **UK**: (2) 1.1%
- **Bulgaria**: (1) 1.1%
- **Latvia**: (1) 1.1%
- **Thailand**: (1) 1.1%
- **Indonesia**: (2) 1.1%
- **Others**: (6) 3.2%

- **Philippines**: (73) 39.7%
- **China**: (25) 13.6%
- **Malaysia**: (22) 12%
- **Cambodia**: (19) 10.3%
- **North Korea**: (18) 9.8%
- **Vietnam**: (12) 6.5%
- **India**: (3) 1.6%
- **Australia**: (2) 1.1%
- **Iraq**: (2) 1.1%
- **Israel**: (2) 1.1%
- **Saudi Arabia**: (2) 1.1%

- **Iran**: (91) 54.2%
- **Lebanon**: (35) 20.8%
- **UAE**: (10) 5.9%
- **Kuwait**: (7) 4.2%
- **Syria**: (7) 4.2%
- **Yemen**: (7) 4.2%
- **Turkey**: (5) 2.9%
- **Iraq**: (2) 1.2%
- **Israel**: (2) 1.2%
- **Saudi Arabia**: (2) 1.2%

**Countries**

- **Mexico**: (691) 42%
- **Greece**: (159) 10%
- **Iran**: (91) 5%
- **Philippines**: (73) 4%

---

* Commercial in Confidence & Subject to Contract. © Copyright Constellis 2019. All rights reserved.
Maritime incidents over September and October 2019 declined by 6% when compared to the July – August period. Meanwhile, the International Maritime Bureau (IMB) announced a decline of roughly 20% in maritime crime events in the first nine months of 2019, with 119 reported incidents. By contrast, Constellis recorded 162 incidents in the same period, although representing a nearly 20% decrease from the January – September 2018 period. Modes of attack remained consistent, with non-violent criminal boardings accounting for the majority of incidents registered. Additionally, crimes involving firearms and knives continued to be reported at a similar rate to previous years, with such attacks expected to continue to pose a significant threat to crew safety. The Gulf of Guinea (GoG) remains the world’s piracy hotspot, followed by Southeast Asia and South America. Notably, maritime violence in South America has been rising since the beginning of 2019, driven mostly by heightened political and economic instability in Venezuela.

There were no incidents of piracy and armed robbery in the Gulf of Aden and the wider East Africa region over September and October, a decrease from two incidents in the July – August period. Despite the low frequency of piracy incidents in recent years, Somali pirates retain the capability to carry out attacks off Somalia’s coast and in the wider Indian Ocean. Marine traffic is also at risk of attacks by the Iran-backed Houthis rebels in Yemen.

The security environment in the Gulf of Oman, Strait of Hormuz and Persian Gulf remained volatile over September and October, amid enduring US – Iran tensions. Till-for-tat attacks on commercial shipping continued to be reported, with two vessels being seized by Iran in September. Tanzania-flagged offshore supply tug Al Buraq 1 was seized with its 12 Filipino crew in the Strait of Hormuz, on 7 September. This was followed by the seizure of UAE-flagged oil tanker Lynch in the Persian Gulf with its 11 crew of unspecified nationality, on 16 September. In addition to these incidents, on 11 October, Iranian state-owned oil tanker Sabiti was targeted with two rockets in the Red Sea, roughly 60 miles from Saudi Arabia’s Jeddah port. No casualties or major damages were reported, only a small oil leak. Tehran said a state actor was behind the attack, without identifying the perpetrator. The incident appeared to be retaliatory, having occurred roughly a month after the Houthis claimed a drone strike on a major Saudi oil facility, amid reports the attack originated from Iran.

There were no incidents of piracy and armed robbery in the Gulf of Oman, Strait of Hormuz and Persian Gulf remaining volatile over September and October, amid enduring US – Iran tensions. Till-for-tat attacks on commercial shipping continued to be reported, with two vessels being seized by Iran in September. Tanzania-flagged offshore supply tug Al Buraq 1 was seized with its 12 Filipino crew in the Strait of Hormuz, on 7 September. This was followed by the seizure of UAE-flagged oil tanker Lynch in the Persian Gulf with its 11 crew of unspecified nationality, on 16 September. In addition to these incidents, on 11 October, Iranian state-owned oil tanker Sabiti was targeted with two rockets in the Red Sea, roughly 60 miles from Saudi Arabia’s Jeddah port. No casualties or major damages were reported, only a small oil leak. Tehran said a state actor was behind the attack, without identifying the perpetrator. The incident appeared to be retaliatory, having occurred roughly a month after the Houthis claimed a drone strike on a major Saudi oil facility, amid reports the attack originated from Iran.

There were no incidents of piracy and armed robbery in the Gulf of Oman, Strait of Hormuz and Persian Gulf remaining volatile over September and October, amid enduring US – Iran tensions. Till-for-tat attacks on commercial shipping continued to be reported, with two vessels being seized by Iran in September. Tanzania-flagged offshore supply tug Al Buraq 1 was seized with its 12 Filipino crew in the Strait of Hormuz, on 7 September. This was followed by the seizure of UAE-flagged oil tanker Lynch in the Persian Gulf with its 11 crew of unspecified nationality, on 16
THE GROWING RISK OF BUSINESS EMAIL COMPROMISE

Business Email Compromise (BEC) is a form of spear-phishing attack that over recent years has posed an increasing threat to businesses worldwide. According to the FBI, BEC has caused over USD 26 billion in losses to companies over the past four years. Moreover, between May 2018 and July 2019, this form of attack increased by 100%. As such, BEC appears to be growing in popularity with cybercriminals, as its low-tech approach is more accessible and straightforward to execute. Rather than relying on traditional hacking methods, BEC incorporates social engineering techniques and scamming to dupe its victims into making erroneous transactions.

Spear-phishing is a form of email attack whereby cybercriminals impersonate acquaintances or trustworthy businesses to scam or blackmail their targets, utilising highly-customised emails for this purpose. Their end goals are various, ranging from the acquisition of financial or personal data to identity theft, amongst others. BEC attacks, while only comprising 7% of recorded spear-phishing incidents, are responsible for the highest proportion of financial losses to companies, among all forms of cyberattack. BEC, also known as ‘CEO fraud’, involves the sending of a personalised email to an employee with the attacker assuming the identity of a colleague or client etc., typically requesting them to transfer funds to cover outstanding invoices or to send wages to a new bank account. Stylistically, emails are composed to be as convincing as possible so as to bypass both human and electronic obstacles. An example of this is the addition of “Re” or “Fwd” in the subject line to make it appear as if the email is part of a chain, as well as the creation of a fake email history so as to appear more legitimate.

In order to further successfully mimic trusted colleagues or organisations, cybercriminals have had to become increasingly diligent in the delivery of their scam emails. According to IT security provider Barracuda, over 90% of BEC attacks are conducted on a weekday to correspond to working hours (over 30% of these occur on a Monday), while attacks against specific sectors may be seasonal. As an example, attacks against the education sector tend to spike in September in conjunction with the ‘back-to-school’ period. Other methods attackers employ to better their success rate include instilling an air of urgency in connection with a payment so that victims make rash decisions. They also ensure that only a low number of people within the same organisation are targeted, enabling attackers to better monitor the victims’ responses. Average attacks target approximately six people per company.

BEC can target all forms of organisations, from small businesses to multinational corporations, with no sector being immune. Cybercriminals will usually conduct detailed research into a company and its employee structure prior to executing a BEC attack, ensuring the right victim with the right accesses is targeted. Within businesses, cybercriminals predominantly target groups with access to financial and other confidential data, such as HR, the finance department, IT and company executives. Though CEOs and other VIPs used to comprise the bulk of victims in BEC attacks in the past, this trend appears to be reducing more and more, with companies better protecting the email addresses of high-ranking personnel. Rather, there now appears to be a greater focus on the diversion of payroll funds, with targeted companies in the US reporting average losses of USD 8,000 during such attacks. Outside of payroll-related scams, the financial impact to organisations from BEC can be far greater, with average losses to spear-phishing approximately USD 270,000 per organisation, with some payments having reached tens of millions of dollars in the past. This phenomenon is unlikely to abate in 2020, with the rapid growth of BEC expected to continue into the next year and beyond, as cybercriminals become more adept at infiltrating organisations.

There are a number of steps companies can take to mitigate the threat of BEC:

- Provide cyber security training for employees, specifically in the identification of phishing scams.
- Looking for red flags within emails:
  - Executives making unusual requests for information
  - Requests to bypass standard business practices
  - Discrepancies in language or grammar
  - The use of lookalike domains to trick recipients at a glance
  - Implementation of multi-layered spam filtering.
  - Ensuring two-factor of verification is implemented prior to company payments.
  - Restrictions on information available on social media and company websites regarding job descriptions and hierarchical information.

CASES:

- The City of Ocala in Florida was targeted in a BEC scam in September 2019. Cybercriminals instructed a senior accounting specialist to redirect future payments to a new bank account, costing the city USD 742,000 before the deception was uncovered. The perpetrators posed as the construction company contracted to build a new terminal at the local airport.

- On 30 October 2019, Japanese financial media company Nikkei admitted being the victim of BEC, transferring USD 29 million to cybercriminals posing as a Nikkei management executive. The attack occurred in late September and targeted the company’s US branch.

- In March 2017, a Lithuanian man was arrested for scamming Google and Facebook via BEC, convincing employees to wire him USD 122 million. His attack involved the setting up of companies in Latvia sharing the same name as a data centre hardware manufacturer used by both Google and Facebook, and impersonating the contractor, demanding payment for non-existent services and goods.

<table>
<thead>
<tr>
<th>Month</th>
<th>Loss (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 17</td>
<td>$0.02</td>
</tr>
<tr>
<td>Mar 18</td>
<td>$0.05</td>
</tr>
<tr>
<td>Mar 19</td>
<td>$0.07</td>
</tr>
<tr>
<td>Mar 20</td>
<td>$0.12</td>
</tr>
<tr>
<td>Mar 21</td>
<td>$0.13</td>
</tr>
<tr>
<td>Mar 22</td>
<td>$0.18</td>
</tr>
<tr>
<td>Mar 23</td>
<td>$0.17</td>
</tr>
<tr>
<td>Mar 24</td>
<td>$0.41</td>
</tr>
<tr>
<td>Mar 25</td>
<td>$0.89</td>
</tr>
<tr>
<td>Mar 26</td>
<td>$0.81</td>
</tr>
<tr>
<td>Mar 27</td>
<td>$1.20</td>
</tr>
<tr>
<td>Mar 28</td>
<td>$0.87</td>
</tr>
<tr>
<td>Mar 29</td>
<td>$0.98</td>
</tr>
<tr>
<td>Mar 30</td>
<td>$0.48</td>
</tr>
</tbody>
</table>

Millions of dollars lost by companies in BEC Payroll Diversion attacks (FBI Data)
Crisis management matters. Effective crisis management can make the difference between the survival and prosperity of an organisation or its demise: the full consequences on US aeroplane manufacturer Boeing of the Max 737 technological and reputational crisis are yet to be seen but the grounding of the 737 fleet has, Boeing said in July this year, reduced its revenues by USD 5.6 billion. On the other hand, Volkswagen appears to have largely moved on from their massive 2015 emissions crisis into a period of growth and regeneration, with a new range of SUVs, a focus on electric cars and increased sales revenue and profits in late 2018 and the first half of 2019.

Crisis management planning and preparation is often conceived as being principally technical and functional – the design of sometimes voluminous and weighty crisis management plans, the maintenance and constant updating of communications trees and ‘cascades’, organisation and flow charts, and the continuous refinement of indicators, triggers and traffic lights. However, experience shows that, while these technical and functional issues are important, they are rarely the main reason why crisis management succeeds or fails. It usually falls at the human and ‘political’ level, rather than the technical or functional. For example, the US Bay of Pigs operation in 1961 fundamentally didn’t fail because of a poor battle plan. It failed because the members of President J F Kennedy’s Executive Committee didn’t tell the President of their misgivings about the strategy – misgivings that they all had but felt too constrained to share until after the event.

All too often, crisis management plans are designed by people with no first-hand or sustained experience of responding to crises. Constellis’ Crisis and Risk Services (CRS) team has supported clients in managing over 500 crises and the team has an accumulated experience base of over 200 years. These crisis management advisers have helped hundreds of Crisis Management Teams (CMTs) battle their way through all sorts of crises. A vital lesson is that, in crisis management, people matter more than protocols.

The most successful crisis response takes place when those making the decisions – the CMT – work effectively together and use their combined intellectual and resource capacity to the greatest effect. This does not happen naturally – it demands thoughtful and realistic selection of individual members, training, practice, preparation and leadership. Constellis’ approach is based on years of first-hand, practical experience, and on research pioneered by Dr Bill Bestic, a seasoned crisis management expert.

The approach is based on two principal conclusions:

- People have difficulty making timely decisions when they are under stress, when the information they have is fragmentary and sometimes contradictory, and when the decision-makers are working on an issue outside their usual frame of reference.
- The personal and organisational dynamics of a CMT can make the difference between success and failure.

As external crisis management advisers, we are in an extraordinarily privileged position, able to observe the thinking and actions of CMTs. We have seen tremendously impressive and effective performances, where teams work to their fullest capacity despite extraordinary stress. We have also seen CMTs that, despite having multiple members, do not work as a team because of one decision-maker who acts as if the rest of the team are not present. We have also witnessed CMTs that so flood themselves with analysis and are so unable to convert information into action that they fail to make crucial or timely decisions – a very common problem known as ‘analysis paralysis’. One of the most extreme problems we have experienced was when a very capable CMT responding to a large-scale kidnap was constantly being undermined by the CEO, who sat outside the CMT and continually countermanded their decisions. This came to a head whilst the CMT spokesperson was on the phone with the kidnappers, with the rest of the CMT in attendance: the CEO’s personal assistant came into the crisis room, walked to the telephone, flicked a switch to transfer the call to the CEO’s office, and left the room without a word. It was unclear what the CEO said to the kidnappers during the brief call but the impact was unmistakable – the kidnappers threatened the hostages and refused to negotiate for another month. The CEO unintentionally put his employees at significantly greater risk and extended the length of their ordeal, leaving a competent CMT completely powerless in the process.

An effective CMT requires a structured approach and space for open discussion. This allows the CMT to identify issues rapidly and make decisions. However, this needs preparation and training: without this, a CMT is merely ‘a flash team’ – a group of individuals without a structure and often unable to work together effectively under stress. Training needs to be realistic, practical, and relevant to the organisation. It should cover not only procedural and operational issues, but also psychological and social factors, and recognise the impact of innate or learned biases and behaviours that condition decision-making.

Time and again, our crisis management advisers have noted how group dynamics within or around the CMT have hindered or helped crisis management. Poor group dynamics often centre around inappropriate or weak leadership, blocking behaviour by CMT members, or apprehension about being ‘judged’ or evaluated by fellow CMT members. Groupthink can be a major problem and can result in good decisions one moment, and disastrous the next. While groupthink often presents particular ‘symptoms’ that CMT leaders and advisers can recognise and tackle or mitigate, groupthink may actually be rooted in a lack of diversity in the CMT or even the organisation, and is thus rather more fundamental.

Human behavioural and emotional factors are key. People’s performance is usually context-specific – in other words, performance deteriorates when one is outside one’s usual frame of experience. This can even be related to location: research into the performance of trauma surgeons showed that the performance of surgeons who worked very effectively in an operating theatre dropped markedly when doing the same tasks with the same equipment at the site of a car crash. Similarly, we cannot expect, for example, a CFO, a lawyer or HR manager to automatically be an effective team member in a CMT responding to a political crisis or a kidnap.

Behavioural factors are inherently individual and depend on personality traits and personal biases. Personality traits magnify under stress. For instance, compulsive personalities (of which many are found in the ranks of senior business executives, scientists, engineers and military leaders) normally display good attention to detail, rational processing and organisational ability; they are logical decision-makers. However, under stress, this trait can interfere with effective decision-making, causing preoccupation over detail and indecisiveness. In group situations, compulsive personalities can place too much emphasis on hierarchy, resulting in blind submission to the ideas of superiors or ignoring the ideas of those they consider junior. Compulsive personalities under stress will often ignore expert advice.

CEOs and other leaders need to:

- Understand and recognise the impact of behavioural factors and group dynamics in crisis management decision-making;
- Select CMT members and leaders with a good balance of skills and experience and who recognise the impact of behavioural factors and group dynamics on decision-making;
- Provide training for their crisis management teams through simulation exercises;
- Ensure that crisis management plans are in place, are practical, fit for purpose, updated and understood by all those who are likely to use them.

In summary, crisis management is different to ‘routine’ management. It needs practice – unprepared CMTs bring a dangerous illusion of readiness. Organisational culture matters – if your organisation inhibits open discussion and ‘positive challenge’, then your CMT is likely to suffer too.
ABOUT CONSTELLIS

Constellis is a leading provider of risk management, humanitarian, social intelligence, training and operational support services to government and commercial clients throughout the world. Operating in over 45 countries, Constellis’ 20,000 employees bring unparalleled dedication and passion for creating a safer world by upholding the highest standards of compliance, quality, and integrity.

Constellis’ forward thinking services span a broad range of synergistic solutions, from the boardroom to the project site, encompassing risk governance, organizational resilience, business continuity management, crisis management, travel security, global tracking, training, protective security, life support, logistics and specialist support such as K9 services and UAV systems.

At Constellis, our number one mission is to secure success for our customers. Constellis combines the legacy capabilities and experience of ACADEMI, Triple Canopy, Centerra, Olive Group, OmniPlex, AMK9, Edinburgh International, Strategic Social and all of their affiliates. The consolidation of companies under the Constellis name allows our clients to rely on one single partner and project experience that spans the globe.

For more information about Constellis, please visit our website at: www.constellis.com

CONTACT

For more information on this report please contact:

BEATRIZ SANCHEZ-GARRIDO
Information Analysis Manager
beatriz.sanchez-garrido@constellis.com

For all inquiries on Constellis’ advisory & consulting services please contact:

MARK ALLISON
Vice President, Crisis & Risk Services
Mobile: +44 7791 495 057
mark.allison@constellis.com

Crisis Response Emergency Numbers:

NORTH/SOUTH AMERICA
+1 713 916 6401

EUROPE, AFRICA, ASIA, AUSTRALIA
+44 (0) 20 7 240 3237

GENERAL INQUIRIES
+971 800 100 100

www.constellis.com

THE INFORMATION IN THIS REPORT IS PROVIDED “AS IS” WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT. CONSTELLIS MAKES NO REPRESENTATION OR WARRANTY THAT THE INFORMATION CONTAINED IN THIS REPORT WILL BE TIMELY OR ERROR-FREE. IN NO EVENT SHALL CONSTELLIS BE LIABLE FOR ANY DAMAGES WHATSOEVER, INCLUDING ANY DIRECT, INDIRECT, SPECIAL, CONSEQUENTIAL OR ANY OTHER DAMAGES, ARISING OUT OF OR IN CONNECTION WITH THE USE OF OR RELIANCE ON INFORMATION AVAILABLE WITHIN THIS REPORT. IN USING THIS INFORMATION, YOU AGREE TO THE LIMITATIONS AND DISCLAIMERS PROVIDED HERE.