**Call Meeting to Order:**

Chairman Alex called a Special Meeting of the Franklin Township Board of Trustees to order at 12:00 p.m. on December 8, 2020, via teleconference (ZOOM).

**Roll Call:** Alex, yes; Fleshman, yes; Horn, yes

**The Pledge of Allegiance:**Led by Trustee Horn

**Approval of Prior Meeting Minutes:**

*Alex made a motion to suspend the approval of any prior meeting minutes.*

*Fleshman seconded the motion. The roll was called and the vote was as follows:*

***Alex:****√YES/□ NO* ***Fleshman:****√ YES/□ NO* ***Horn:****√YES/□ NO*

*Motion Passed.*

**Old Business:**

Alex began by stating that he called the Special Meeting to get an overview of the incident with Lebanon Ford in order that everyone can be on the same page and have as much updated information as possible.

Alex then handed the conversation over to Administrator Potts.

Potts reported that recently there was an incident where a payment was made to Lebanon Ford for the purchase of police cars and there was a “spoof” of an e-mail address from the individual at Lebanon Ford.

He stated the fiscal department thought they were communicating with that individual and, through an ACH transfer, wired over the amount of money to pay for the cars.

Potts stated that not long after, the police department received a notice asking for payment. He stated when it was investigated by the Fiscal Office, the payment had been inadvertently sent to a different company based on the “spoofed” e-mail of the employee at Lebanon Ford.

Potts then turned the conversation over to the township’s Attorney Pete Griggs.

Attorney Griggs stated that the car dealership sent e-mail correspondence and voicemail message to the Fiscal Office and that Mark and Fiscal Officer Mary Rhinehart asked that he speak directly with the dealership.

Griggs stated that he be communicating via e-mail with an attorney who is representing Lebanon Ford as well as part of a larger conglomerate of car dealerships in Southwest Ohio.

Griggs stated that Lebanon Ford’s attorney obviously has an interest in the fact they did not receive payment. Griggs stated as far as Lebanon Ford is aware, the account where the money was transferred to has been closed. He stated that, based upon what their attorney told him, the account was with a credit union in Texas.

Griggs stated that he and Lebanon Ford talked about how it happened and that as of right now, they are obviously not admitting to any fault, that they have hired an IT Security firm to decide whether it was their system or Franklin Township’s system that was “hacked”.

He stated that they talked about the law in this situation and how to move forward. He stated that who is at fault is the issue. He stated that the courts will need to determine which party failed to exercise reasonable care in the transfer to the hacker’s success.

Griggs stated that the case is very fact-dependent. He stated that Lebanon Ford may make the argument as to why Franklin Township would send a wire transfer to Texas when they are based in Cincinnati.

He stated that there was conversation between the Fiscal Office and the staff at Lebanon Ford in which it was learned there had been other incidents of fraudulent wiring instructions sent.

He stated that Franklin Township does have cyber breach coverage which he thinks will be sufficient to cover the amount of potential loss.

Griggs stated that in his conversations with Lebanon Ford, they are going to turn the matter over to their insurance carrier. He advised Franklin Township to do the same. He stated in that way, the insurance companies can decide who is at fault and whether any lawsuits need to be filed.

Griggs stated that he does have a telephone call in to OTARMA to let them know the situation is forthcoming and that OTARMA will more than likely appoint insurance council.

Griggs advised the importance of making sure there is no security risk in Franklin Township’s system and that the IT staff are comfortable it was not a result of our system’s lack of security.

Potts stated that immediately after the incident occurred, the Fiscal Office had Revolution Group run a check on Robyn Watkins’s computer. He stated that Revolution Group had already run a check on Lieutenant Ratliff’s computer and are trying to schedule a time to run a check on Chief Smith’s computer. He stated he did not know the results of those checks.

Brian Shea a representative from Revolution Group (township’s IT firm) joined the conversation.

Shea introduced himself and listed his credentials and experience. He stated that he would obtain the results of the checks made on the computers.

Shea stated that typically these incidents occur due to an e-mail breach. He mentioned a common one he has seen that is used to fake invoices and provide different ACH information for payments to occur. Shea stated that once the cyber breach coverage is activated, the insurance company will want to start their own IT investigation and engage with Revolution Group.

He states that he believes hacking did occur through the other company as there is a history of other incidents with their customers.

He stated he felt it was important for Franklin Township to implement safety training in order to look for possible hacking attempts in the future.

Griggs stated that he felt training was important. He admitted to not knowing if there was any type of standard government or county principles typically followed when doing wire transfers but if there are, we could incorporate that into any training to make sure we are doing everything we can.

Shea stated that cyber insurance companies do look for the best training practices outlined in their policy being utilized and that Franklin Township has shown they have had training in the past and have ongoing education in place.

Alex asked Griggs what the next step should be.

Griggs replied that he has a telephone call in to OTARMA and once he talks with them, he will touch base with Potts and go from there. He thinks they will want additional information and he will work with Potts on that. He stated he believed they will appoint insurance council.

Fleshman commented that we have already taken possession of the vehicles and have the titles and in order to use the vehicles, asked what that looks like.

Fiscal Officer Mary Rhinehart stated that we do not have the titles until the vehicles are paid off.

Griggs commented that it could depend upon what the court decides. He stated that the worst-case scenario would be the court ordering full performance of the contract and the Township would need to pay again.

He stated that it helps the Township tremendously that the other company’s system was hacked.

Fleshman voiced his opinion that the Township should get the vehicles on the street and work out the details later.

Griggs advised that the Township could proceed, the only caveat is the insurance council may give different advice.

Fleshman asked how long it would take for the dispute to be settled.

Griggs replied that with insurance companies disputing, it could take months, if it is taken to court, it could take years.

Fleshman questioned why it took a long time for the company to notify Franklin Township of non-payment.

Rhinehart commented she had a voicemail that was sent to her directly from the individual they were dealing with, stating their company was hacked, not Franklin Township.

She stated she had been in contact with PNC Bank and reported the incident as soon as she knew about it. She stated that the payment was sent on November 3, 2020 and she was not informed of non-payment until December 1, 2020.

She stated she spoke with the Fraud Unit at the bank and was informed that to process a letter of indemnity, it would take up to 120 days.

Fleshman asked Rhinehart if we had to pay out any more money.

Rhinehart and Attorney Griggs both agreed that we would not.

Rhinehart further mentioned that Franklin Township cannot return the vehicles due to the fact that they had been retrofitted for the police department and that it will need to be up to the insurance companies on how to proceed.

She stated that Revolution Group failed to find anything negative while checking the Township’s computers and is confident nothing negative will be found on the remaining computers.

Rhinehart mentioned that they are putting together a written policy on how to handle such incidents in the future. She stated this includes checking out a vendor to make sure we are not dealing with a fraudulent company, utilizing the telephone and fax systems instead of e-mails.

Horn voiced his opinion that we should let Attorney Griggs and the insurance company gather more information and continue with the case.

Griggs agreed that the other company needs to consult Franklin Township’s insurance for any money that is owed.

Shea asked if we had copies of all e-mails of any communication with the other company. Rhinehart confirmed that she has copies of all e-mails and voice messages.

Fleshman wanted to know if Chief Smith had any comments.

Chief Smith stated that he only wanted to know how they were going to obtain the titles to the vehicles that were purchased.

Fleshman wanted to know if the vehicles could even be insured at this time.

Smith said he was sure Franklin Township’s insurance would cover the vehicles in case of any accidents.

Rhinehart asked that if IT and/or OTARMA has any suggestions for best practices regarding these kinds of purchases, she would be appreciative.

She mentioned that in September or October when she researched e-mail versus Microsoft 365, she found that e-mail had a higher risk of hacking. She stated we had to renew the current one because it was not time to switch. She stated that she is hoping to move forward into looking at a new vendor as well as software that would be compatible with what we use.

Alex asked if there were any further comments or questions.

**Adjournment:**

With no further discussion, Alex adjourned the meeting at 12:44 p.m.

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Aryeh Alex, Chairman/Trustee

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John Fleshman, Vice-Chairman/Trustee

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Ralph Horn, Trustee

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Assistant Fiscal Officer/Fiscal Officer

 Minutes were taken & typed by DR

Minutes approved by Board of Trustees on 05/06/2021