



SAFE BANKING SYSTEMS

Rackspace® Hosting Customer Wields Technology to Thwart Terrorists, Money Launderers, Drug Dealers and Financial Fraud

OVERVIEW

Safe Banking Systems is a family-owned company. Headquartered in Mineola, NY, it seems almost incongruous that 10-year-old Safe Banking Systems would be a leader in combating money laundering, terrorist financing, fraud and other criminal activity – wielding technology as a highly effective weapon to outthink criminals.

On the face of it, Safe Banking Systems is a specialist technology provider of anti-money laundering (AML) and compliance solutions to banks and other non-bank financial institutions. That's like describing Clark Kent before the cape comes out.

In the summer of 2009, Safe Banking Systems broke a big story (as it would turn out, the first of many). By using information publicly available on the Internet, the company leveraged its expertise in list management and watch-list filtering to discover that at least six men suspected or convicted of crimes that threaten national security retained their federal aviation licenses, despite post-9/11 laws requiring license revocation. Among them was a Libyan sentenced to 27 years in prison by a Scottish court for the 1988 Lockerbie bombing, then on the

verge of release from prison. Twenty-four hours later, the Transportation Security Administration (TSA) announced that the Federal Aviation Administration had revoked the six licenses.

According to David Schiffer, president of Safe Banking Systems, the licenses were discovered when the company ran a proof of concept test on its methodology for continuous collective entity resolution – a next-generation approach to risk management pioneered by Safe Banking Systems. “We found who we were looking for. What was shocking was where we found them – in the FAA’s database.” Two of the terrorist names were also on the FBI’s Ten Most Wanted List.

Safe Banking Systems maintains a Rogue’s Gallery on its website with actual cases and results of its work in forensic analysis assignments for customers. Drug dealers, corrupt government officials and terrorists have all been exposed by Safe Banking Systems’ risk management solutions.

While utilizing database technology to mine for criminal activity is not new (matching a bank’s

AT-A-GLANCE

COMPANY: Safe Banking Systems®

INDUSTRY: Software Application

WHAT THEY DO: A specialist technology provider of anti-money laundering and compliance solutions to banks and other financial institutions, Safe Banking Systems mines databases for criminal activity.

IT GOALS
Create a scalable infrastructure to support the growth of their production and network management

SOLUTION
Three application servers, a database server, a load balancer and a firewall

BENEFITS
Safe Banking Systems enjoys continuous proactive monitoring from Rackspace. Their hosting solution also provides a significantly faster implementation time for their customers.

database against a government watch list, for example, to determine similarities), Safe Banking Systems’ advanced approach, continuous collective entity resolution, is a big step forward. Continuous collective entity resolution enables the company to analyze data and conduct intelligent filtering within a single database as well as matching and comparisons between different databases. For example, in the FAA database – without matching against another database – Safe Banking Systems found that the two Lockerbie bombers had the same post office box in Libya and the same FAA license type. Both were also accused of the same crime, destroying civil aircraft.

Safe Banking Systems brings a deep understanding of working with large data sets as well as expertise in the cultural factors that impact name matching and the process of discovering links and relationships within data.

“Over the past 10 years, our company has been working hard in the risk management business to identify PEPs – Politically Exposed Persons - which the U.S. Patriot Act defines as senior foreign political

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"I have tough tech guys who are quite demanding when it comes to production. They have been very happy over the years with the Fanatical Support we receive from Rackspace."

David Schiffer – President, Safe Banking Systems

entities, close associates and family members. It's not an easy thing to do," Schiffer said. PEPs are persons who are entrusted with a prominent public function – or those who are closely related to them – and thus at higher risk for potential involvement in bribery and corruption.

In one instance, Safe Banking Systems linked a U.S. regional bank deposit account to the ex-wife of a former Minister of Atomic Energy in Russia. The former minister is charged in the U.S. with embezzling \$9 million from a U.S. aid program intended to assist Russia upgrade aging nuclear facilities. By discovering an anomalous address in Nice, France among the U.S. bank's depositors, Safe Banking Systems then identified the female with an uncommon Russian name as owner of a deposit account, subsequently linking her with the former Russian government official (who is also charged in Russia for defrauding the government).

TURNING TO RACKSPACE HOSTING TO SUPPORT SAFE BANKING SYSTEMS' GROWTH

When Safe Banking Systems needed to evaluate hosted solutions to support its growth, the company turned to Rackspace. "We were doing all our production and network management in house," Schiffer said. "We were expanding too much to continue with the status quo, and we didn't have a dedicated IT person in-house. In 2005, we decided it was time to look at hosted solutions for what we call our production work."

Safe Banking Systems 'production work – which supports its SAFE List Management service – is mission critical. The company creates massive files from open source, government-sanctioned lists available on the Web, and works with providers of PEP and high risk entity lists. SAFE List Management offers Safe Banking Systems customers an easy way to consolidate watch lists despite records that are, or appear to be, replicated across data banks, lists and sources, going beyond traditional automated list consolidation services to automatically monitor, download, validate and format data. The service provides watch list data in any form and it uniquely extracts customized subsets to meet a financial institution's specific risk-based scanning requirements.

When it came time to examine a shortlist of hosting vendors, Schiffer visited both Rackspace headquarters in San Antonio as well as its data center in Grapevine, Texas, near Dallas. "I like to do a source inspection – to see not only the office but the data center," Schiffer said. "I was so impressed by what it takes to maintain Rackspace data centers – the size of the air conditioning units – the ducts are five feet wide – and the giant generators outside the data center. The network management center had 15 to 20 seats with employees monitoring the network on giant screens. And, of course, SAS 70 security is very important to our banks."*

RACKSPACE HOSTING FANATICAL SUPPORT® TIPS THE SCALES

"All the things we were looking for, Rackspace offers," Schiffer noted. What tipped the decision to Rackspace? "Rackspace Fanatical Support. I have tough tech guys who are quite demanding when it comes to production. They have been very happy over the years with the Fanatical Support we receive from Rackspace."

Safe Banking Systems has three application servers, a database server, a load balancer and a firewall with Rackspace. "We look at the application servers as satellites," Schiffer said. "We have developed software that distributes our workload among all those satellites – whether we need three or 100 application servers at any point in time."

Schiffer recently gave Rackspace the highest possible score for customer satisfaction. "This comes from talking to my tech staff," he said. "Once we got a call from Rackspace telling us that our hard disk had gone down and that it would be replaced within an hour. That type of proactive monitoring of our equipment and taking action is critical. It's very important to my production guys that we don't receive a call from a customer about delayed service and that we didn't have to find out about the issue ourselves. Rackspace is constantly monitoring our systems and has the infrastructure that is needed for our production."

MOVING FORWARD WITH RACKSPACE

Rackspace plays a central role in Safe Banking Systems' future plans, Schiffer stated. "I would like to see our relationship evolve so that Rackspace is hosting our application, which would include customer data. Large financial institutions have four different environments and each one of those four has a system and a backup system. Taking on a new application in a large institution can take four to six months before going into production. By utilizing Rackspace, an application could be up in 10 days, alleviating the need for customers to train their staff in our application and eliminating the cost of servers, backup servers, the software required, and so on. There is a tremendous advantage to hosting applications at Rackspace."

What advice does Schiffer have for other companies looking for a hosting solution? "Write down the most important issues that you are facing. Is SAS 70 important? Is security important? Is 100% uptime important? Is support important? Then go out and survey providers."

"I always say that Rackspace Fanatical Support allows me to sleep at night knowing my data is well protected."

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