

## CAUSES OF BUSINESS DISASTERS

**DATA LOSS OR DATA DISCLOSURE:** Here's a list of things we need to protect against.

The loss of data or access to data can stop a firm in its tracks. Further, the disclosure of confidential client data can result in malpractice actions and may also shut down a firm. There are many reasons why data loss or disclosure occurs:

- Human error
- Hardware failure - flaw or defect
- Fire or natural disaster
- Temperature
- Virus - ransomware - malware
- Synchronization issues
- Criminal Acts of Others. Law firms are often the target of hackers

"Hackers broke into the computer networks at some of the country's most prestigious law firms, and federal investigators are exploring whether they stole confidential information for the purpose of insider trading, according to people familiar with the matter. The firms include Cravath Swaine & Moore LLP and Weil Gotshal & Manges LLP, which represent Wall Street banks and Fortune 500 companies in everything from lawsuits to multibillion-dollar merger negotiations. Other law firms also were breached, the people said, and hackers, in postings on the Internet, are threatening to attack more."<sup>1</sup>

- Malicious acts of employees. The biggest example of this is probably the Panama Papers.

"An attorney spokesman for the law firm of Mossack and Fonseca, the source of the Panama Papers documents, has stated that eight former employees are under investigation by government prosecutors, in an effort to identify who stole more than 11 million documents, which name tax cheats and corrupt officials, from its corporate files. The names of the former employees have not been made public."

**NATURAL DISASTERS:** This would include tornados, hurricanes, floods, earthquakes, mudslides or anything of that nature. These events often result in constructive eviction from your office space and often, data loss.

**FIRE:** This may or may not be a "natural" disaster, but the effects are devastating. The water used to put out the fire often causes more damage than the fire itself. Of course, this frequently results in data loss and certainly eviction from your office.

**POWER FAILURE:** Of course, lots of things could cause this. The situation most damaging is when power is lost for more than a day. Of course, you can't get work done at the office and probably can't access data on the computers there. So what do you do? As our weather patterns appear to grow more severe for whatever reason, power failure is becoming a bigger issue.

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<sup>1</sup> Hackers Breach Law Firms, Including Cravath and Weil Gotshal, by Nicole Hong and Robin Sidel on March 29, 2016, The Wall Street Journal, see <http://tinyurl.com/jbzow32>.

**INTERNET FAILURE:** Lawyers need Internet access for email, to conduct research, for access to programs and data (if they have hosted servers) and for phone service (if they have a VoIP phone system). Losing that access for any extended period of time could easily constitute a disaster and partially or completely shut down a law firm's ability to work normally.

**DEATH, DISABILITY OR DEPARTURE OF PRINCIPAL OR KEY EMPLOYEE:** The death or disability of a principal can be devastating, particularly if there was no business succession plan in place. A firm can also grind to a halt if a key administrative person leaves or dies and none of what that person did was written down and no one remaining knows how to handle those tasks. Finally, if a key lawyer leaves and takes all of the knowledge regarding a particular practice area (and clients) with them, it can create a serious problem. This is far more common than you may think.

**THEFT:** We have seen cases in which thieves break into a law office and take the computers, the server and even the backups.