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INSIDER THREAT CASE STUDY



Who could become an insider threat? Anyone with authorized access to U.S. Government resources who uses that access—either wittingly or unwittingly—to harm national security. Insider threats can have far reaching consequences and impacts on national security.

Insider Threat Case Study: Stewart David Nozette

What Happened



- Stewart Nozette was the president, treasurer, and director of the Alliance for Competitive Technology (ACT), a non-profit organization that he started.
- From 2000 through 2006, he used ACT to defraud the U.S. Naval Research Laboratory, the Defense Advanced Research Projects Agency, and NASA by making more than \$265,000 in fraudulent reimbursement claims.
- From 2001 through 2005, he also willfully evaded over \$200,000 in federal taxes.
- Nozette held security clearances as high as Top Secret and had regular access to classified information. The investigation concerning ACT led investigators to suspect that Nozette had misused government information.
- In September 2009, an undercover FBI agent contacted Nozette via telephone purporting to be an Israeli intelligence officer. Nozette agreed to provide classified information in exchange for money and a foreign passport to a country without extradition to the United States.
- A series of contacts followed over the next several weeks, including meetings and exchanges in which Nozette took \$10,000 in cash left by the FBI at pre-arranged drop-off sites. Nozette provided information classified as Secret/Sensitive Compartmented Information (SCI) and Top Secret/SCI that related to national defense. The information concerned satellites, early warning systems, defense or retaliation against large-scale attacks, communications, and defense strategy.



Potential Risk Indicators

- Fraudulently billed the government
- Misuse of IT systems

Impact



- Nozette pleaded guilty to attempted espionage, conspiracy to defraud the United States and tax evasion for not paying over \$200,000 in federal taxes.
- He was sentenced to 13 years in prison and ordered to pay \$217,000 in restitution to the government agencies he defrauded.
- While Nozette provided classified information to an undercover agent, had this been an actual foreign agent, the consequences could have been devastating.

Learn More About Insider Threat

This case study examined a real-life Insider Threat case. Your awareness is key to protecting our national security from threats like this one. Visit the Center for Development of Security Excellence's website, <https://www.cdse.edu>, for additional case studies, information, materials, and training. Raise your Insider Threat awareness by visiting <https://www.cdse.edu/catalog/insider-threat.html>.