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**GAS PRICES**

The average price of a gallon of regular unleaded gasoline Thursday (left) compared with a month earlier:

<b>Phoenix</b>	\$2.33	\$2.41
<b>Scottsdale</b>	\$2.48	\$2.50
<b>East Valley</b>	\$2.32	\$2.40
<b>West Valley</b>	\$2.34	\$2.41

Source: AAA Arizona  
 (www.fuelgaugereport.aaa.com/states/arizona)

**Workers: Show us the money**

As McDonald's workers staged demonstrations in two dozen cities over what they say is an insufficient wage increase, fast-food restaurants such as Wendy's and Burger King may be forced to hand out moderate raises to remain competitive.

**USA TODAY MONEY** Full report on 4B



# Business

**Thursday's results**

**Dow Jones**  
 +65.06  
 17,763.24

**NASDAQ**  
 +6.71  
 4,886.94

**S&P**  
 +7.27  
 2,066.96

REACH US || KATHY TULUMELLO, BUSINESS EDITOR, KATHY.TULUMELLO@ARIZONAREPUBLIC.COM || BUSINESS.AZCENTRAL.COM

## Hiring practice draws rebuke

**U.S. labor official: Worker misclassification 'serious'**

**LAURIE MERRILL**  
 THE REPUBLIC • AZCENTRAL.COM

The federal government is using enforcement and education in its ongoing battle to stop construction businesses from hiring off-the-books laborers to cut costs, a Labor Department official said. "There are, sadly, businesses out there that use misclassification as a business model," David Weil, U.S. Depart-



David Weil

Weil said. By doing so, companies avoid paying taxes, employment insurance, liability coverage and legal wages. Underpaid employees often are afraid to come forward.

ment of Labor's Wage and Hour Division administrator, said at a construction industry seminar in Phoenix Wednesday.

The practice of paying lower wages to untrained workers by misclassifying them as independent contractors is growing, Weil said. Typically, construction contractors hire subcontractors, and those subcontractors hire subcontractors, and so on in what Weil likens to fissures, or cracks, in a rock. Often, many laborers on construction sites are misclassified, he said. More than 70 percent of the workers

"The misclassification of employees as independent contractor presents one of the most serious problems facing affected employees, employers and the entire economy," Weil said.

It makes for an uneven playing field. Companies that comply with rules have higher labor costs, Weil said.

Typically, construction contractors hire subcontractors, and those subcontractors hire subcontractors, and so on in what Weil likens to fissures, or cracks, in a rock. Often, many laborers on construction sites are misclassified, he said. More than 70 percent of the workers

who were not paid properly were misclassified as independent contractors or other types of non-employees, according to Jesus Olivares, spokesman for the Wage and Hour Division's Phoenix office.

The problem is also prevalent in nursing, janitorial, landscaping, restaurant, temp agency, hotel/motel, cable installation and security guard fields, Weil said.

Investigators have found employers claiming their dishwashers were independent contractors, Weil said.

See **HIRING, Page 19A**

"We're a small business dealing with a small business ... people who've lived here all our lives. They trust us."

**CHUCK MATTHEWS** WGM ASSOCIATES CHAIRMAN AND CEO



MICHAEL SCHENNUM/THE REPUBLIC

Chairman and CEO Chuck Matthews founded Scottsdale-based WGM Intelligent Business Technology specifically to help smaller companies protect themselves from potentially devastating cyber breaches.

## Focus on the small things

**IT-security company WGM finds success focusing on smaller local businesses**

**GEORGANN YARA**  
 SPECIAL FOR THE REPUBLIC • AZCENTRAL.COM

After taking care of the technology needs of large commercial real estate developers, WGM Associates chairman and CEO Chuck Matthews' decision to focus on smaller local businesses has generated big success.

Matthews founded his Scottsdale information technology security and consulting firm specifically to assist these

companies, particularly when it comes to the potentially devastating cyber breaches that can wreak havoc even with national companies' most pricey security systems.

For small businesses, a solid defense is crucial, because roughly 60 percent of small businesses cease operations within six months of a cyberattack, according to technology security company Symantec Corp. Of the 100,000 businesses in Arizona, all but 3 percent fall into the small-business category and employ fewer than 500 employees, according to Statistics of U.S. Businesses.

For Matthews, an Arizona native and small-business owner, working with these clients is not just a professional

transaction. Most of WGM's employees have deep personal ties in Arizona dating back to the 1950s and older.

"We're a small business dealing with a small business, so we're dealing more individually with a CEO ... They see us volunteering ... people who've lived here all our lives," Matthews said. "They trust us."

Globally, cybercrime costs businesses \$375-\$575 billion annually and causes a net loss of up to 200,000 jobs in the U.S. alone, according to McAfee, the computer software security company.

A handful of employees worked for

See **WGM, Page 19A**



MICHAEL SCHENNUM/THE REPUBLIC

Which Wich at Westgate City Center in Glendale is one of eight franchises in metro Phoenix.

## Which Wich franchisee has eyes on expansion

**SUE DOERFLER**  
 THE REPUBLIC • AZCENTRAL.COM

Local Which Wich franchisee Peter Greene is working to create an Arizona hub of the national sandwich chain.

Greene, who previously owned five metro Phoenix stores, has purchased the other three Valley locations and plans to expand to 25 or 30 stores statewide in the next five years.

"We're trying to grow a brand," he said.

Having a local brand will allow him to streamline amenities and spread out business costs across the stores, said Greene, who owns the locations with his wife, Julie, and operations manager Kim Broome.

These costs range from the music system to promotion and marketing efforts to programs for giving back to the community, he said.

It also will allow him to delve more into catering.

"With eight locations, we can have a full-time person dedicated to catering where you can't with one or two locations," Greene said.

He's also hoping that by having an Arizona hub, Which Wich can better compete against larger companies, such as Subway, which have more locations and advertising dollars, Greene said.

"It's easier to move things forward when you can do it marketwide," Broome said.

The first part of Greene's plan is opening several additional metro Phoenix locations. He also would like to expand to Tucson, Flagstaff and perhaps other parts of the state.

"He's got a big vision for the state of Arizona," said Jeff Vickers, senior vice president of development for Which Wich, a Dallas-based company that has 343 locations in 38 states.

In addition to opening more locations, Greene, who is head of the company's franchisee advisory council, will be turning two stores into training locations for the brand.

"There's so much more to being a business owner than making a sandwich," he said.

**MARK PRIBISH** PROTECTING YOUR IDENTITY

## Human error is leading cause of data breaches



Whenever I speak publicly, I always talk about how information technology and hacking are the "sizzle" that helps create the headline news for data-breach events.

However, this week's news that 31 world leaders, including President Obama — who had their personal information breached, including name, date of birth and passport number — should remind employers and employees that human error is a significant factor in data breach events.

In this case, an Australia immigration service employee mistakenly e-mailed

the sensitive information of the above-mentioned world leaders days before November's G-20 summit in Brisbane, Australia.

However, the Australian immigration department did not report the breach to the world leaders even though it was a clear violation of the privacy laws of three of the affected countries, including the U.K., France and Germany, all of which require mandatory notification for data breach victims.

Well it gets worse. In IBM's 2014 Cyber Security Intelligence Index, "95 percent of all security incidents involve human error."

According to the IBM's report, "many

of these are successful security attacks from external attackers who prey on human weakness in order to lure insiders within organizations to unwittingly provide them with access to sensitive information."

In January, Vormetric, a data security firm, released its 2015 Insider Threat Report and found that 93 percent of U.S.-based organizations surveyed believed that they were vulnerable to insider threats.

The Vormetric survey received responses from more than 800 organizations worldwide. I read with great in-

See **PRIBISH, Page 19A**

# Market Summary

FOR TRADING ON THURSDAY, APRIL 2, 2015

## ARIZONA'S BUSINESS

Stock footnotes: n = new issue within the past 52 weeks, s = stock split or stock dividend amounting to 25 percent or more in the past 52 weeks.

### TOP EMPLOYERS

Stock	52-wk High	Low	Last	Chg	%YTD Chg
ABM	32.52	24.22	32.02	+10	+11.8
Aetna	109.90	66.85	107.15	+28	+20.6
AmExp	96.24	77.12	79.70	+7	-14.3
Boeing	158.83	116.32	149.28	+64	+14.8
CVS Health	105.46	72.37	102.71	+45	+6.6
Cemex	13.81	8.72	9.73	+29	-4.5
CntryLink	45.67	32.45	35.43	-07	-10.5
Cigna	131.13	73.47	130.47	+10	+26.8
Comtech	40.69	26.30	30.22	+17	-4.1
Correctn Cp	42.31	30.77	40.36	+01	+11.1
Costco	156.85	110.36	151.63	+139	+7.0
Dillards	139.54	88.89	137.86	-02	+10.1
Discover	66.75	54.02	58.20	+57	-11.1
eBay	60.93	46.34	56.91	-22	+1.4
FedEx Cp	183.51	130.64	166.22	-02	-4.3
FlowersFds	23.12	17.46	23.14	+18	+20.6
FordM	18.12	13.26	16.03	+12	+3.4
Freescale	43.68	15.29	40.26	-13	+59.6
Gannett	37.29	25.53	37.39	+58	+17.1
GenDynam	146.13	104.22	133.73	-25	-2.8
HomeDp	117.99	74.61	114.54	+14	+9.1
HomeWllntl	106.15	82.89	103.51	+27	+3.6
Humana	183.05	103.89	177.98	+34	+23.9

Stock	52-wk High	Low	Last	Chg	%YTD Chg
Intuit	100.88	72.44	98.50	+83	+6.8
Jabil	23.78	17.06	23.14	-01	+6.0
Kohls	79.30	50.90	79.07	+91	+29.5
Kroger	77.74	43.33	77.13	+36	+20.1
LockhdM	207.06	153.54	198.72	-04	+3.2
Lowes	76.25	44.13	74.84	+45	+8.8
MarIntA	85.00	55.00	80.15	-18	+2.7
McDnlds	103.78	87.62	95.83	-46	+2.3
McKesson	232.69	162.90	223.52	+81	+7.7
Medtrnc	79.50	55.85	76.87	+73	+6.5
MorgStan	39.19	28.31	36.06	+09	-7.1
MotrlaSolu	70.26	57.79	62.51	-46	-6.8
NustarEn	68.33	50.91	62.00	-12	+7.4
OrbitATK	80.99	46.16	75.93	-92	+42.0
Penney	11.30	5.90	9.13	+23	+40.9
PulteGrp	23.36	16.56	22.70	+41	+5.8
Raytheon	113.36	89.17	108.46	+87	+3
Rogers	84.92	51.40	82.43	-39	+1.2
Schwab	31.73	23.35	30.01	+08	-6
SearsHldgs	48.25	24.10	41.28	-05	+25.2
SwstAirl	47.17	22.35	42.86	-59	+1.3
SwtGas	64.20	47.21	58.82	+11	-4.8
Starbucks	99.20	67.93	94.39	+137	+15.0

### ARIZONA-BASED COMPANIES

Stock	52-wk High	Low	Last	Chg	%YTD Chg
AV Homes	18.72	12.93	15.97	-08	+9.6
AccelrDiag	31.86	15.37	22.70	-22	+18.3
AMERCO	338.41	224.71	326.95	-904	+15.0
AmAirlines	56.20	28.10	49.18	-127	-8.3
AResIdPrp	19.63	16.68	18.42	+26	+4.8
AmkorTch	12.27	5.77	8.75	+02	+23.2
Amtech h	13.00	7.52	11.32	+11	+11.0
ApolloEdu	35.23	18.30	18.44	-26	-45.9
Avnet	48.18	35.53	43.76	-06	+1.7
Cavcolnd	87.90	62.08	74.40	+161	-6.1
Crexendo	3.58	1.10	1.51	...	-17.9
FstSolar	74.18	39.18	61.19	+36	+37.2
FrptMcM	39.32	16.43	19.00	+03	-18.7
GrCanyEd	51.99	36.95	44.09	+29	-5.5
HlthcrE rs	30.28	22.26	28.18	+10	+4.6
Innsutes	3.32	1.63	2.37	-32	-5.2
InsightEnt	31.94	21.59	29.12	+61	+12.5
InsysThera	62.48	20.52	54.98	-139	+30.4
Inventure	14.49	9.60	11.24	+14	-11.8
JointCp n	10.50	6.00	7.88	+07	+23.5
KnightTr	34.73	22.24	31.20	-76	-7.3

### EASY ACCESS TO STOCKS

AT AZCENTRAL: Go to [money.azcentral.com](http://money.azcentral.com) for stock and mutual fund data all day long.

ON YOUR CELL: Text azmoney to 44636 for market updates.

### NYSE

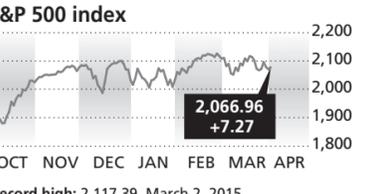
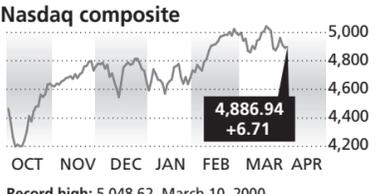
Diary	Previous	Yesterday
Advanced	1,640	1,989
Declined	1,459	1,126
Unchanged	125	114
Total issues	3,224	3,229
New Highs	79	121
New Lows	28	13

### NASDAQ

Diary	Previous	Yesterday
Advanced	1,275	1,636
Declined	1,442	1,086
Unchanged	174	164
Total issues	2,891	2,886
New Highs	85	120
New Lows	62	35

### INTERNATIONAL MARKETS

Market	High	52-wk Low	Last	Chg	%YTD Chg
Paris	5110.79	3789.11	5074.14	+11.92	+18.76
London	7065.08	6072.68	6833.46	+23.96	+4.07
Hong Kong	25362.98	21590.07	25275.64	+192.89	+7.08
Tokyo	19778.60	13885.11	19312.79	+277.95	+10.67
Toronto	15685.13	13635.53	15026.62	+84.07	+2.69



### MAJOR INDEXES

Index	High	Low	Close	Chg	%Chg	YTD	52 wk
Dow 30 Indus	17815.03	17673.49	17763.24	+65.06	+37	-34	+7.18
NYSE Comp	10974.98	10895.31	10953.17	+61.56	+57	+1.05	+3.35
Nasdaq Comp	4901.33	4872.96	4886.94	+6.71	+14	+3.19	+15.32

### WIDELY HELD STOCKS (TOP 75)

Stock	52-wk High	Low	Last	Chg	%YTD Chg
AT&T Inc	37.48	32.07	33.13	+24	-1.4
Alibaba n	120.00	80.03	82.28	-08	-20.8
Altria	56.70	37.13	51.19	+89	+3.9
Amazon	389.37	284.00	372.25	+2.00	+19.9
Amgen	173.14	108.20	155.88	-1.22	-2.1
ABInBv	128.35	102.21	125.71	+2.22	+11.9
Apple Inc s	133.60	73.05	125.32	+1.07	+13.5
BHP Billit	73.91	42.92	45.56	-52	-3.7
BHPBill plc	71.44	38.54	43.02	-86	...
BP PLC	53.48	34.88	39.65	+15	+4.0
BcoSantSA	10.75	6.61	7.64	+12	-8.3
BkofAm	18.21	14.37	15.54	+13	-13.1
BerkHa A	229374	181785	216500	+200	-4.2
BerkH B	152.94	121.10	143.56	+11	-4.4
Biogen	480.18	272.02	412.44	-137	+21.5

### MUTUAL FUNDS

#### 30 largest funds listed by size

Fund	Total Assets (\$Mlns)	Last	Chg	%YTD Rtrn
Vanguard 500Adml	147,612	190.65	+67	+9
Vanguard TotStIdx	123,333	52.26	+19	+1.8
Vanguard TotStAdm	122,327	52.28	+19	+1.8
Vanguard Instldkl	105,378	188.78	+67	+9
Vanguard InstStlms	103,719	52.29	+19	+1.8
Vanguard InstPlus	88,432	188.79	+67	+9
Fidelity Contra	77,110	100.62	+24	+3.7
American Funds GrthAmA m	74,755	44.10	+17	+3.3
American Funds IncAmerA m	73,696	21.67	+07	+1.2
PIMCO TotRetIs	73,481	10.87	-03	+2.3

Fund	Total Assets (\$Mlns)	Last	Chg	%YTD Rtrn
American Funds CapInCbA m	70,611	59.94	+30	+1.5
Dodge & Cox IntlStk	68,696	44.64	+40	+6.0
Vanguard WelltnAdm	66,742	67.86	+14	+1.0
Dodge & Cox Stock	60,671	177.39	+1.10	-7
American Funds InvCoAmA m	58,367	36.97	+20	+8
Vanguard TotBdAdml	56,618	11.00	-02	+1.8
American Funds CpWldGrlA m	56,438	47.46	+26	+3.3
Vanguard TotIntl	54,643	16.39	+15	+5.7
FrankTemp-Franklin IncomeA m	53,634	2.38	...	+8
American Funds WAMutInVA m	52,290	40.90	+18	+3

### COMMODITIES

Commodity price/unit	High	Low	Settle	Chg
Gold \$/oz.	1205.70	1194.80	1200.90	-7.20
Silver cents/oz.			1668.6	-35.8
Copper cents/lbs.	275.00	273.40	274.80	-85
Wheat cents/bushel	544.25	522.50	536.25	+7.75
Oil(bbl) \$/bbl	50.27	48.11	49.14	-95
Nat.gas \$/btu	2.719	2.592	2.713	+1.08
Gasblnd cents/gal.	1.8201	1.7270	1.7531	-0.659
Cotton cents/lbs.	63.89	62.58	63.69	+1.11
Corn cents/bushel	388.50	378.25	386.50	+4.75
Cattle cents/lb.	163.10	162.45	163.02	+1.22

# WGM

Continued from Page 18A

WGM when the firm opened in 2011, and now it has a staff of 25. Matthews expects that number to quadruple over the next three years, he said. Last year, the company experienced 28 percent growth in clients and revenue from the previous year.

All of the 80 clients WGM serves are based in Arizona. Many are nonprofits and foundations, many in the legal or health-care industries.

Being small allows WGM flexibility to tailor services and adjust with evolving technology field and security demands. For some customers, the firm handles help-desk duties if they don't have one. Others require a more detailed system for more intricate information management needs in addition to security.

Building a close relationship so WGM understood not only businesses' IT needs and what equipment would address them, but also details about their infrastructure and how data was used was the concept.

"All of this has to work together flawlessly. We thought it might be revolutionary if we put the software and IT components together," Matthews said. "That combination of services was a unique approach."

Another twist on the traditional model, Matthews said, was adopting an approach that centered on service instead of sales, what had been the primary source of revenue in the industry.

"A lot of successful companies were built on that sales model. But we wanted to turn that backwards. If we sell services first and focus on the meeting the needs of our clients, chances are they'd buy the equipment from us anyway," he said.

Terence W. Thompson, an attorney with Gallagher and Kennedy, heads the Phoenix-based law firm's technology committee and has worked with WGM since 2011. In addition to assessing its existing system design and understanding the firm's goals, being able to lay out costs and timetables associated with those suggestions makes working with the firm easy and attractive, he said.

"They live up to their expertise, but WGM's ability to communicate effectively is what differentiates them," Thompson said. "It's been an excellent relationship."

Stan A. Feffer, president of Grand Canyon Title Agency, has been a WGM client for two years. He needed state-of-the-art IT management with strong banking and finance knowledge that would keep his Phoenix company compliant with changing regulations. WGM has helped his company become best-practices-certified, he said.

"They ... gave sound advice that we trusted. They're a quality group of people," Feffer said.

In 2000, he started IntelliCommunities, a software company that deals with the needs of the residential real estate market that is still operational today. "That gave us a keen understanding for developing software and providing service," Matthews said.

# Hiring

Continued from Page 18A

Phoenix labor officials in 2013 developed the Employee Misclassification Compliance Assistance Program to try reach a collaborative solution. A main goal is to educate people about misclassification.

Weil said the Department of Labor's strategy is to offer incentives for businesses that comply with rules, use "vigorous, strategic enforcement" of businesses that don't, and to continue with outreach/collaboration efforts.

"We are aggressively expanding ef-

orts to combat misclassification and are targeting sectors where we know workers are vulnerable and violations are rampant," he said.

The strategy is making a difference, Weil said. In fiscal year 2014, investigations nationwide resulted in the recovery of more than \$79 million in back wages for more than 109,000 workers.

In Arizona, investigations resulted in more than \$3.4 million in back wages for more than 1,700 workers, he said.

The real measure of success, Weil said, will be improving compliance levels.

"We will be successful when reality matches our fundamental goal of achieving a fair day's pay for a fair day's work," he said.

# Pribish

Continued from Page 18A

terest the following four highlights:

» 59 percent of U.S. respondents believed privileged users posed a threat to their organization.

» 46 percent named contractors and service providers as a risk to their organization.

» 43 percent said that business partners were a threat.

» 59 percent agree that most information technology security threats from insiders are the result of innocent mistakes.

I believe businesses, especially small- to medium-size businesses, need to understand that current and former employees, vendors and even customers are a potential threat to a future data breach event, whether it is an accidental release of information or an act of malicious intent.

For the purpose of transparency, half of my company is in the ID theft and data breach risk management business and the other half is in the background screening and behavioral testing business. My colleague Jim Collins, a longtime background screening ex-

pert, said that "as per industry best practices, businesses should not underestimate the insider threat."

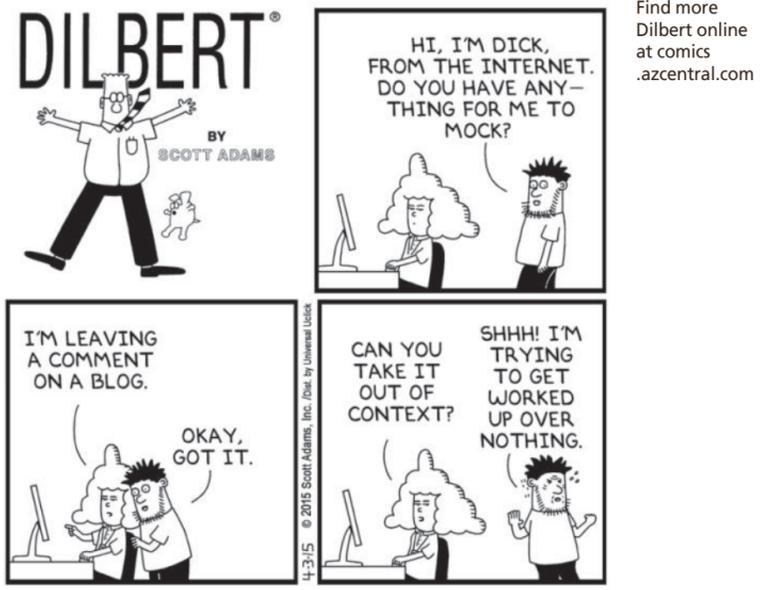
Collins said, "While most organizations require background checks at the time of employment, very few employers conduct regular screening of their employees, such as annual background checks."

This means that longtime employees who have access to the most sensitive personal, company and proprietary information could be a threat based on "unknown changes in that employee's personal and professional life," Collins said.

The Vormetric threat report said that "almost half of the U.S. organizations polled experienced a data breach or failed a compliance audit in the past year — which tells us the situation has probably gotten more complicated."

**Mark's Most Important:** It doesn't take the president or world leaders to recognize that employees — or even you — can make a mistake in data management and protection. Focus on increased employee education on information security.

Mark Pribish is vice president and ID-theft practice leader at Phoenix-based Merchants Information Solutions Inc.. Contact him at [markpribish@merchantsinfo.com](mailto:markpribish@merchantsinfo.com).



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