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Another Florida City Hacked: This Time for $490,000 Ransom.

Lake City, facing a ransomware demand, authorized the payment of $490,000 in bitcoin to a hacker in order to regain access to its phone and email systems.

The city, north of Gainesville, agreed to give the attacker 42 bitcoins, an untraceable electronic currency. As of Tuesday evening, that was worth $490,421. Lake City is on the hook for a $10,000 deductible on its insurance policy with the Florida League of Cities, which will pay the balance.

Ransomware is a malware program that hacks systems, making emails, files, telephones and other systems inoperable. Typically on attacks, a hacker infects computer systems with computer code that encrypts data. The only way to decrypt the data is to have access to a key, some code held in ransom by the hacker.

The attack hit the city on June 10 after being targeted with malware attack known as “Triple Threat.” The ransom request came days later.

“It’s not uncommon for them to wait, then they hit you with the request,” said city spokesman Mike Lee.

Lake City immediately disconnected its systems within 10 minutes of the attack, Lee said, but were still unable to recover its email system. He said the city lost phone services for about a day, but was able to reroute calls through the emergency system with no delays to incoming emergency calls.

The city approved the payment to the attacker, using its insurance provider, the League of Cities, during an emergency council meeting Monday night.

The ransom was paid Tuesday, giving the city a receipt of the decryption key from the attacker. Some emails have been restored as of Tuesday, but many are still inoperable. Law enforcement is investigating the attack, Lee said.

In May, Recorded Future published a report that showed ransomware attacks were a growing problem for local governments.

So far in 2019, more than 20 cities have received a ransomware attack, though some have been more successful in thwarting efforts than others.

Last week, Riviera Beach, a city of about 35,000 people, agreed to pay $600,000 for a ransomware request. Marion County in 2017 was also attacked but was able to quickly recover the two government computers impacted. The county maintains that no important information was jeopardized and that it has increased cyber security and developed counter measures.

Lee said Lake City is in the process of implementing changes, such as additional training, to prevent future attacks.

By Andrew Caplan

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