Added Homeland Security rules affecting Miami business

BY Shannon Pettipiece

Increased regulations from the new US Department of Homeland Security are having positive and negative impacts on Miami-Dade County business.

Private security companies have filled market gaps left by military personnel who have been called to active duty or reassigned since 9/11, said Marc Shapiro, vice president of strategic partnerships for security company Wackenhut Corp. of West Palm Beach. He said his company has been hired to provide security for ports, locks, dams, national park sites and federal buildings.

"As those services previously provided by military personnel who have been activated, there is a greater need on the part of the government to look toward private industry," said Mr. Shapiro. "With tightening government budgets, it is more cost-effective to outsource."

Mr. Shapiro said some of his clients, such as chemical companies, are required by the Department of Homeland Security to increase policing when the US government raises the terrorism threat level.

Companies that create software used by banks to help detect possible money laundering have also seen an increase in business since 9/11.

Americas Software, a Miami-based company that designs software to track account patterns and detect suspicious financial transactions, has seen business grow 133% in less than two years. In November 2001, the company had 45 installations. That has grown to 105 today, said John Daly, company president.

The company works mostly with international institutions complying with the USA Patriot ACT of 2001 but has been contacted by several governments who want to use the software for domestic security, Mr. Daly said.

Lorri Shaban of Enterprise Florida said there are billions of dollars in federal money for the government to buy products of for businesses that manufacture homeland security items ranging from biochemical suits to farm equipment to do research.

"Private-sector investment is slowing, but there is one customer with a lot of money, and that is the federal government," said Ms. Shaban. "Aviation, biomedical, information technology, you can go down the list – the industry clusters that are already here in Florida lend themselves quite nicely to homeland security implications."

Ms. Shaban said $40 billion in federal funds are available for homeland security technology and research.

Bryan Wells of the local law firm Shutts and Bowen said the Patriot Act has been a boon for his business.

"This has benefited attorneys and accountants, who are seeing a lot more compliance-related clients than they used to. I have seen a vast increase in the percentage of that business."

On the other hand, financial services have struggled to keep up with tighter regulations. Money services are required under the Patriot Act to hire additional personnel and have computer systems that detect suspicious activity. Many small businesses have not been able to afford those measures and have gone out of business, sold out to larger firms or consolidated, said Bruce Goslin of Kroll Risk Consulting Co.

Many banks have had to invest in new computer systems and employees, said Florida International University Professor David Wernick. He said a banker told him that his bank invested tens of thousands of dollars in technology upgrades and hired five new auditors to comply with the Patriot Act.

Mr. Wells said some of his Patriot Act clients have invested a lot of money in legal counsel and additional staff.

"There are definitely detailed requirements that a wide variety of businesses have to deal with. Those obligations are time-consuming and costly for those types of businesses," he said.

The Greater Miami Chamber of Commerce and Florida International University are working on a survey to measure the impact homeland security is having on area businesses. To participate in the survey, contact David Wernick at (305) 348-7050. Results are expected to be released in August.