

IN THE NEWS

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IT Security

The number of Internet users in the world is now estimated at 1 billion [1]. With so many Internet users, it should come as no surprise the Conficker worm continued to spread. It infected an estimated 15 million PCs by January 25 [2]. PCs are not the only platform in the news. Pirated versions of Apple iWork '09 were discovered with a Trojan horse [3]. Last week we saw a new Trojan horse, the second in less than one week, discovered in pirated copies of Adobe Photoshop CS4 [4]. As malware continues to be problematic, we rely more on technology finding the rogue software. However, for approximately 40 minutes on Saturday, January 31, a human error at Google incorrectly gave a warning, "This site may harm your computer," to every site in the Google database [5].

The cost of privacy in dollars is getting a new definition. In addition to the other costs in responding to a laptop stolen in 2006, the Veteran Affairs department agreed to pay a \$20 million settlement [6]. One potential preventative measure is an encrypting hard disk. Unfortunately, many vendors use proprietary schemes plus there are cost and performance issues. Fortunately, the Trusted Computing Group is working on a standard for hardware based storage encryption [7]. The Opal security Subsystem Class Specification 1.0 defines a common hard disk encryption standard that can be used by vendors [8]. Meanwhile, a group of Technology companies is set to outline recommendations for new federal data-privacy legislation [9]. What's more, the new administration has plans to create the position of a national cyber adviser who will report directly to the President [1].

A Fannie Mae contractor, Rajendrasinh Makwana, allegedly planted a logic bomb to wipe out the company's 4,000 servers, was indicted for unauthorized computer access [11]. Had the logic bomb not been discovered, on January 31, it would have caused \$millions in damage [12]. So what security control was able to spot the logic bomb? It turns out it was mere chance that a

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Economic News

The latest casualty of the global financial crisis is Iceland's coalition government [1]. Iceland marks the first time a national government has collapsed due to the current economic crisis [2].

Regulators shuttered three more banks last week: Ocala National Bank, Ocala, FL; Suburban Federal Savings Bank, Crofton, MD; and the MagnetBank, Salt Lake City, UT [3]. In the case of the Utah bank, the FDIC was unable to find a buyer and will refund all deposits [4].

Congress continued work on a \$900 billion stimulus bill to help restore the economy [5].

The bill contains buy American provisions and is facing opposition with trading partners [6]. It is difficult to determine how successful this effort will be. Case in point, Congressional auditors assert we may never know if the \$700 billion Troubled Asset Relief Program (TARP) worked [7].

Domestically, Fannie Mae is requesting \$16 billion in emergency funds to stay afloat [8]. In an unusual twist, Freddie Mac is offering to lease property to people that lose their homes under foreclosure [9]. This follows a similar approach imple-

mented by Fannie Mae earlier in the month [10]. A question here is if the homeowner cannot make their mortgage payment, how can they make a rent payment? Furthermore, Fannie Mae guaranteed loan delinquencies increased last December by 0.24% to 2.13% [11]. Elsewhere, there is a discussion to set up an FDIC run Federal bank to buy bad assets [12]. Meanwhile, the Fed is concerned we may experience deflation [13].

1. BBC News, *Crisis claims Icelandic cabinet*, January 26, 2009.

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Special points of interest:

- Man arrested for alleged \$380 million Ponzi scheme
- VA pays \$20 million to settle Personally Identifiable Information on a stolen laptop case
- Three more banks shuttered by regulators
- Google human error gave false warnings that sites were harmful

IT Security

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UNIX engineer found the logic bomb [13]. The 35-year old Indian Citizen has pleaded non-guilty to the planting the malicious software [14].

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The use of COBOL cripples the mind; its teaching should, therefore, be regarded as a criminal offense—Edsger Dijkstra

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6. Butler, Desmond, AP, *Obama facing dilemma over protectionism in bill*, January 31, 2009.
7. Wagner, Daniel, AP, *\$700B bailout impact tough to assess, auditors say*, January 30, 2007.
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9. Reuters, *Freddie Mac offering rents to foreclosed borrowers*, January 30, 2009.
10. Timiraos, Nik, Wall Street Journal, *Freddie Mac To Start Leasing Foreclosed Homes*, January 30, 2009.
11. Yoon, Al, Reuters, *Fannie Mae portfolio, delinquencies rose in Dec*, January 30, 2009.
12. Schmidt, Robert and Vekshin, Alison, Bloomberg, *FDIC May Run 'Bad Bank' in Plan to Purge Toxic Assets*, January 28, 2009.
13. Lanman, Scott, and Torres, Craig, Bloomberg, *Fed Warns of Global Slowdown That Adds to U.S. Deflation Risk*, January 29, 2009.

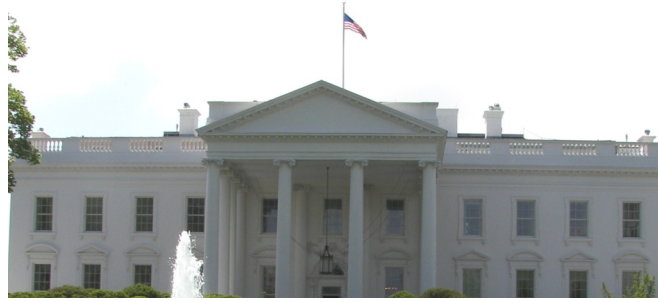


Modern Technology

On Monday, January 26, the White House email system was down [1]. The announcement was made at 1:30 PM by Press Secretary Robert Gibbs [2]. What's more, new administration staffers described the White House technology as a leap back in time [3].

In other news, researchers at the University of Washington, are releasing the initial component of a system to digitally preserving and authenticating electronic documents [4]. The tool was successfully used to archive Rwanda tribunal records [5].

While the White House experienced a typical email transition problem, one must wonder what to expect elsewhere. For example, in India, a \$10 laptop is scheduled to



go on display [6]. If successful, this will make laptops more accessible to yet more net users.

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Technology, January 27, 2009.

4. Markoff, John, New York Times, *A Tool to Verify Digital Records, Even as Technology Shifts*, January 26, 2009.
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6. Mukul, Akshaya, Times of India, *Rs 500 laptop display on Feb 3*, January 30, 2009.

Digital TV

For some time, the television broadcast industry has been preparing to go all digital. The original date for the transition was scheduled for February 17, 2009 [1]. Early on, sales for new high definition TV (HDTV) were expected to be a windfall for the television industry [2]. With no analog broadcasts, everyone needed to upgrade their TV, get Cable, get satellite, get a converter box, or do without TV. So what happened to one of the largest TV retail stores, Circuit City? The company is closing all of its 567 stores [3]. So instead of increased retail sales, we experienced the first drop in 14 years [4].

Last week, the Senate voted unanimously to delay until June 12 the conversion from analog to digital TV [5]. However, the House of Representatives voted the bill down [6]. It

now seems there will be another vote next week to again delay the standard [7]. So after years of planning, days before the transition, a new law may be enacted to delay implementation until June. This is a good example of project management scheduling challenges.

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TV conversion is here, January 25, 2009.

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Mountain News, HDTV sales drive programming boom, November 29, 2006.

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5. Tessler, Joelle, AP, *Senate OKs 4-month delay to digital TV changeover*, January 27, 2009.
6. Hart, Richard, Washington Post, *House Votes Against Delaying Switch to Digital TV*, January 28, 2009.
7. Bloomberg, *Digital TV delay back on track*, January 31, 2009.

Good people do not need laws to tell them to act responsibly, while bad people will find a way around the laws—Plato

Asian News

Japan is committed to helping its industry through the current financial crisis. For example, Japan started a \$16.7 billion fund to provide additional support for its small and medium businesses [1]. For many years, Japan was the U.S. government's largest creditor; however, China now hold this distinction [2]. Meanwhile some are blaming China for causing the economic bubble by flooding the world with cheap capital [3]. The theory is China made it too easy to borrow money resulting in greater risk.

Elsewhere in Asia, India and Pakistan continue their verbal attacks. For example, a Pakistani envoy argued that India's

allegations linking them to the Mumbai terrorist attack was fabricated and flimsy [4]. Pakistan completed its investigation into the Mumbai attack and concluded the planning did not take place on its soil [5]. On the other side, India is ready to reject Pakistan's probe into the terrorist attack [6]. India and Pakistan each have nuclear weapons and the global economic downturn places stress on government leaders. As their economies continue to suffer, the temptation to shift public focus through war may increase.

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6. Times of India, *India set to reject Pak probe claim on 26/11*, January 31, 2009.

Crime Report

Ponzi schemes continue to make the news. Case in point, a suspect was arrested in New York for an alleged \$380 million Ponzi scheme [1]. Unlike Bernie Madoff, the alleged Ponzi schemer, Nicholas Cosmo, is being held without bail [2]. Elsewhere, a former executive for the insurance giant, American International Group was sentenced to 4 years in jail for fraud that cost shareholders \$500 million [3].

In Minnesota, a man was sentenced on a \$1.8 million mortgage fraud conviction [4]. In Missouri, two men pleaded guilty in a \$3 million investment fraud conspiracy [5]. In Tennessee, a man was charged with a \$6.5 million securities fraud [6].

The Bernie Madoff Ponzi scheme is still playing out. For example, the first reported U.S. bank, Wells Fargo wrote off \$294 million in Madoff

losses [7]. Moreover, some of the top ex-Merrill Lynch executives suffered losses from Madoff [8]. In explaining how Madoff escaped regulator detection, SEC officials cited a lack of funding necessary to keep up with the increasing complexity of the financial markets [9]. Interestingly, one vendor's risk software correctly raised red flags regarding Madoff and alerted at least 80 customers from buying into the Ponzi scheme [10].

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*If you are going through hell,
keep going—Sir Winston
Churchill*
