

IN THE NEWS

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Economic News

President Obama signed the \$787 billion recovery package into law last Tuesday [1]. The President is also working on his first budget that will cut the federal deficit by closing corporate tax loopholes, raising taxes on the rich, and slashing war spending [2].

The Silver Falls Bank, Silverton, Oregon Silver Falls Bank, Silverton, Oregon became the 14th bank shuttered [3]. In other bank news, over a year ago, the third largest French bank, Societe Generale (SocGen), suffered a \$7.1 billion fraud [4]. Now, while most banks are reporting losses, SocGen reported a profit for the last quarter [5]. Perhaps the white collar crime protections put into place following the fraud were sufficient to return it to profitability. Regarding the Madoff Ponzi scheme, it now appears that over the past six years, he did not purchase any securities for his investors [6].

Readers may recall the original \$104 million GSA contract for Personal Identity Verification cards was awarded to BearingPoint [7]. The company filed for Chapter 11 bankruptcy protection [8].

Financial crimes continue in the news. For example, in New York, four people were indicted in a \$10 million subprime fraud [9]. The giant Swiss UBS bank has agreed to pay \$780 million and identify certain American clients who likely hid income to avoid paying taxes [10].

Bank stocks have been falling since rumor of nationalization started to spread. For example, Senator Christopher Dodd suggested short term nationalization of large banks may become necessary [11]. Similarly, Senator Charles E. Schumer told HuffingtonPost.com that "failed" banks should be nationalized and their shareholders wiped out [12]. Furthermore, talk of nationalizing drove Citi and Bank of America stock prices down [13]. To calm fears, the White House has asserted that private banking is the way to go [14]. The talk by Senators Dodd and Schumer are not help-

(Continued on page 2)

Inside this issue:

Loose Lips	3
Anonymity	3
Overseas News	4
\$8 Billion Fraud	4

IT Security

In Florida, the Wyndham Hotels & Resorts suffered a data breach that places an estimated 21,000 people's credit at risk [1]. Although the breach occurred last December, the state Attorney General Bill McCollum is now asking customers to monitor their credit statements [2]. Elsewhere in Florida, a foreign hacker gained access to a University of Florida computer that held information on 97,000 people [3]. In response, the University has set up a hotline for potential identity theft victims and sent 92,000 warning letters [4]. The University cannot deter-

mine if the files containing personal information, including social security numbers, was accessed [5].

In other news, there is a new exploit to the Microsoft IE 7.0 browser. When a user opens an infected email with a .doc file, a remote control backdoor installed in the computer [6]. On the Internet, the leading malicious software (malware) steals online game passwords [7]. Additionally, there may be two vulnerabilities in Adobe Acrobat Reader that could allow hackers to compromise user computers [8]. Until Adobe has a security fix,

users could disable JavaScript and update their antivirus software [9]. There are reports that some hackers are already exploiting the vulnerability [10]. The security fix may not be available until March 11 or later [11].

1. WJHG, *Customers of Wyndham Hotels & Resort Urged to Closely Monitor Financial Accounts*, February 16, 2009.
2. Sun-Sentinel, *Thousands of Floridians may have been affected by hotel data breach*, February 16, 2009.
3. Crabbe, Nathan, *The*

(Continued on page 2)

Special points of interest:

- Sir Allen Stanford charged with \$8 billion fraud
- BearingPoint files for Chapter 11 bankruptcy protection
- 14th Bank Shuttered
- Personal Data Breaches: 97,000 at University of Florida and 21,000 at Wyndham Hotels

Economic News

(Continued from page 1)

ing the troubled economy and jeopardize recovery. There are concerns the depressed bank stocks could fall further next week if the bank rescue plan looks weak [15].

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2. Washington Post, *Obama's first budget aims to cut away at deficit*, February 22, 2009.
3. FDIC Press Release, *Citizens Bank, Corvallis, Oregon, Assumes All of the Deposits of Silver Falls Bank, Silverton, Oregon*, February 20, 2009.
4. Willard, Anna and Murphy, Francois, Reuters, *Bank of France head reassures after SocGen fraud*, January 24, 2008.
5. Benedetti-Valentini, Fabio, Bloomberg, *SocGen Reports Fourth-Quarter Profit on French Retail*, February 18, 2009.
6. Hays, Tom, AP, *Trustee: No evidence Madoff bought any securities*, February 20, 2009.
7. Thormeyer, Rob, Washington Technology, *Time*

to deal the cards, September 15, 2006.

8. Reuters, *BearingPoint files for bankruptcy protection*, February 18, 2009.
9. FBI, *Four indicted in mortgage fraud scheme involving over \$10 million in loans*, February 18, 2009.

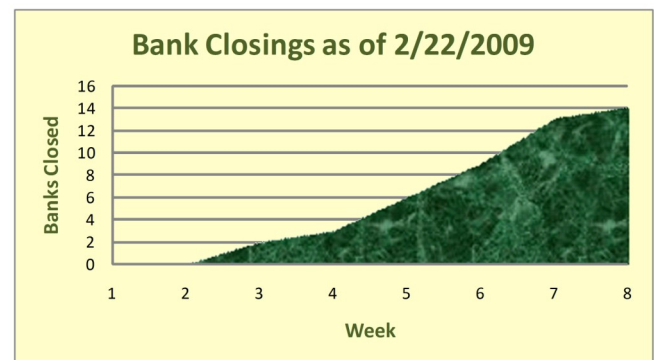


10. Browning, Lynnley, New York Times, *U.S. Wants More Names From UBS*, February 19, 2009.
11. Gosselin, Kenneth R.,



Hartford Courant, *Dodd's Comments On Nationalizing Banks Roil The Market*, February 21, 2009.

12. Zimmerman, Martin, Los Angeles Times, *Dow sinks to 7,365 the lowest point of the current bear market*, February 21, 2009.
13. Feller, Ben, AP, *White House tries to end bank nationalization talk*, February 20, 2009.
14. Barr, Alistair, Market Watch, *Citi, B. of A. drop on nationalization concerns*, February 20, 2009.
15. Seetharaman, Deepa, Reuters, *Bank rescue details key to stave off bears*, February 20, 2009.



IT Security

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- Gainesville Sun, *Foreign hacker accessed UF student, employee records*, February 19, 2009.
4. Nolin, Robert, Orlando Sentinel, *UF sets up hotline after hacker hits thousands*, February 20, 2009.
5. AP, *Hacker Gets Into UF Computer System*, February 19, 2009.

6. PC World, *New Attacks target IE7 Flaw*, February 17, 2009.
7. PC World, *Microsoft: Online Gamers Still a Top Malware Target*, February 20, 2009.
8. LeClaire, Jenifer, Newsfactor, *Adobe Reader, Acrobat Vulnerable To Attack*, February 20, 2009.
9. Prince, Brian, eWeek, *Hackers Zero in on New Adobe Reader, Acrobat Vulnerability*, February 20, 2009.
10. Krebs, Brian, Washington Post, *Attackers Exploiting Unpatched Flaw In Adobe Reader, Acrobat*, February 20, 2009.
11. Guardian, *Zero-day hole in versions 9.0 and earlier of Adobe Reader and Acrobat*, February 20, 2009.

*I'm not good at secrets, so
don't tell me any—AJ
McLean*

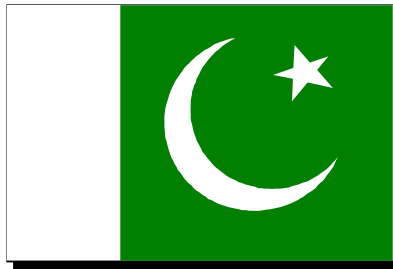
Loose Lips

Senator Dianne Feinstein is reported to have stated the Predator attack drones targeting terrorists are flown out of a base inside Pakistan [1]. The comments by senator Feinstein, who is the chairwoman of the Senate Intelligence Committee, will likely cause significant damage to the Pakistan government [2]. A spokesman for Feinstein claimed the Senator was referring to a Washington Post article from last March [3]. During a hearing, Senator Feinstein is reported to have said “As I understand it, these are flown out of a Pakistani base” [4].

One political party, the Pakistan Tehrik-e-Insaf, is calling for probe into the current and previous governments for lying about Predator drones following Senator Feinstein’s disclosure [5]. Furthermore, since the disclosure, Pakistan has agreed to the terrorist Taliban demand that a portion of Pakistan be placed under strict Islamic Sharia law [6]. Reports indicate this area is a haven for extremists carry-

ing out attacks on international forces in Afghanistan [7]. This is a significant victory for the Taliban and the full consequences will not be known for some time. Indeed, U.S. envoy Richard Holbrooke pointed out the militant takeover of Swat, once a popular tourist location, underscored the threat to Pakistan and India [8]. Last week, Pakistan and the Taliban terrorist agreed to a permanent cease-fire [9].

1. Washington Post, *Suspected U.S. Strike Kills 27 In Pakistan*, February 15, 2009.
2. Stanglin, Doug, USA Today, *Feinstein’s remarks on Predator likely to embarrass Pakistan*, February 13, 2009.
3. Miller, Greg, Los Angeles



Times, *Feinstein comment on U.S. drones likely to embarrass Pakistan*, February 13, 2009.

4. Shah, Zubair, New York Times, *Airstrike Kills 31 in Pakistan*, February 16, 2009.
5. Alvi, Mumtaz, The News (Pakistan), *Imran slams govt for ‘lying’ on drone attacks*, February 14, 2009.
6. BBC News, *Pakistan agrees Sharia law deal*, February 16, 2009.
7. Qayum, Khalid, Bloomberg, *Pakistan Plans to Impose Islamic Law in Swat Valley*, February 16, 2009.
8. Constable, Pamela, Washington Post, *Pakistan Agrees to Enforce Islamic Law in Swat Valley*, February 16, 2009.
9. VOA News, *Pakistan: Taliban Agrees to Permanent Cease-fire in Swat*, February 21, 2009.

*Nothing weighs on us so
heavily as a secret—Jean de
La Fontaine*

Anonymity

Have you every participated in an anonymous survey? What about anonymous crime tips? Perhaps you should think twice before doing so. Consider the case where Alex Rodriguez, the Yankees third baseman who participated in an anonymous 2003 survey on steroid use; only to be singled out once the illusion of anonymity faded [1].

Consider there are Internet sites that allow anonymous comment posting. One site, topix.com is being forced by a

lawsuit to divulge the source of anonymous postings [2]. In Texas, some are calling for a new law requiring Internet providers to keep user records for two years [3]. Called the Internet Safety Act, some think it could outlaw e-mail [4].

1. Cohen, Noam, New York Times, *As Data Collecting Grows, Privacy Erodes*, February 15, 2009.
2. Hawes, Chris, WFAA, *Hundreds who posted views on sex assault trial targeted in Tarrant suit*, February 7,

2009.

3. KVEW, *Keeping Internet Records Could Help Police Investigations*, February 20, 2009.
4. McCullagh, Declan, Cnet News, *ISPs worry that Net safety bills would outlaw e-mail*, February 20, 2009.

Overseas News

Last Monday, Asian markets fell following news that Japan's economy contracted 3.3% during the previous quarter; its poorest showing in 35 years [1]. During the quarter, Japan's exports fell a record 13.9% [2]. Elsewhere, Asian investors will not buy mortgage backed securities from Fannie Mae and Freddie Mac until the U.S. guarantees them [3]. Although there is a global economic downturn, multinational companies are still expanding in China [4]. What's more, with prices down, China has gone on a buying spree [5].

As if the economic news were not enough, there are reports that Iran now has enough

Uranium to make a nuclear bomb [6]. In Israel, the hard liner, Benjamin Netanyahu, will put together the ruling coalition over the next 6 weeks [7]. To further complicate the equation, Russia and Iran have improving military ties [8].

1. Marquez, Jeremiah, AP, Asian markets fall as Japan's recession deepens, February 16, 2009.
2. Harden, Blaine, Washington Post, *Japan's Recession Deepens*, February 16, 2009.
3. Goodman, Wes, and Shenn, Jody, Bloomberg, *Fannie Mae Rescue Hindered as Asians Seek Guarantee*, February 20, 2009.

4. Kurtenbach, Elaine, AP, *Report: China still key factory base amid downturn*, February 20, 2009.
5. Ford, Peter, Science Christian Monitor, *China, taking advantage of global recession, goes on a buying spree*, February 21, 2009.
6. Dombey, Daniel, Financial Times, *Iran holds enough uranium for bomb*, February 19, 2009.
7. Friedman, Matti, AP, *Netanyahu gets nod to form new Israeli government*, February 20, 2009.
8. Mirovalev, Mansur, AP, *Iran hails military ties with Russia*, February 20, 2009.

\$8 Billion Fraud

*To keep your secret is
wisdom; but to expect others
to keep it is folly—Samuel
Johnson*

Since the Bernie Madoff Ponzi scheme, we are now accustomed to fraud cases in the \$billions. Last week, the Stanford Financial Group in Houston, Texas, was accused of a \$8 billion fraud by the SEC [1]. The Antigua-based Stanford International Bank claims to have 30,000 customers and \$8.5 billion in assets [2]. Depositors have been going to Antigua the island nation trying to withdraw their money [3]. Last Tuesday, U.S. Marshals locked the Houston company buildings [4]. The SEC based the fraud accusation on false promises and fabricated historical returns [5].

As of Wednesday, federal authorities did not know the location of R. Allen Stanford and the full scope of investor losses is not known [6]. However, on Thursday, Stanford turned in his passport after staying in the Fredericksburg, Virginia area [7]. Moreover,

following the SEC allegations, there has been a run on Stanford's banks [8]. It's suggested that rivalries within the Government delayed the crack-down [9]. There is also a report that Stanford may have been involved in money laundering for a Mexican drug cartel [10].

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2. Fitzgerald, Alison, Bloomberg, *Stanford International Bank Said to Bar Withdrawals Amid Probe*, February 17, 2009.
3. Perez, Evan, et. al., Wall Street Journal, *Stanford Depositors Head to Antigua for Redemptions*, February 17, 2009.
4. Hays, Kristen, and Fowler, Tom, Houston Chronicle, *SEC charges*

- Stanford, others with fraud*, February 17, 2009.
5. BBC News, *US tycoon charged over \$8bn fraud*, February 17, 2009.
6. Ross, Brian, et. al., ABC News, *Manhunt: Accused Financier Scammer Stanford Missing*, February 18, 2009.
7. Rhee, Joseph, Et. Al., ABC News, *Found! Accused Scammer Stanford Turns in Passport in Washington*, February 19, 2009.
8. Guardian (UK), *Run on Stanford banks in wake of fraud charges*, February 18, 2009.
9. Hosenball, Mark, and Isikoff, Michael, Newsweek, *To Catch a Mini-Madoff*, February 21, 2009.
10. Rood, Justin, and Ross, Brian, ABC News, *Accused Financier Under Federal Drug Investigation*, February 18, 2009.