

# IN THE NEWS

VOLUME 2 ISSUE 11

MARCH 15, 2009

## Economic Recovery

The markets took off when Citigroup announced they made a profit for the first two months of the new year [1]. Furthermore, Citigroup CEO, Richard Parsons, said the bank does not need any additional Federal funds [2]. This comes at a time when Bank of America (BoFA) CEO, Ken Lewis, announced he expects his bank to post a full year profit [3]. However, China expressed concern about the safety of U.S. government debt and is asking for assurances [4]. Approximately half of China's \$2 trillion foreign exchange are in U.S. Government backed bonds [5]. In response, U.S. officials have reassured China there is no safer investment in the world [6]. On the mortgage front, the Fannie Mae and Freddie Mac regulator claimed the 2008 affordable-housing goals mandated by the government were "infeasible" [7]. This news comes as Freddie Mac reported a \$23.9 billion loss for the fourth quarter and needs a \$30.8 billion injection from the Treasury [8].

In Switzerland, the government there agreed to help global authorities pursue tax cheats [9]. It is estimated that Switzerland holds \$2 trillion worth of capital from abroad [10]. Switzerland is trying to avoid being non-compliant with the Organization for Economic Cooperation and Development regarding international standards for tax and data sharing [11]. What's at stake for the U.S. is an estimated \$100 billion in taxes



(Continued on page 2)

## IT security

Last week marked the 20th anniversary of a paper, by Tim Berners-Lee, that laid out the World Wide Web [1]. Today, PCs that are infected with the Conficker Worm are getting additional malicious software (Malware) downloaded that kills security processes [2]. The new version of the worm specifically makes its detection harder [3]. Readers may recall that Microsoft provided a fix for the worm [4]. Regarding fixes, last week's DNS patch released by Microsoft only works if the system has not already been compromised [5]. It becomes a race to get the patch in-

stalled before the computer is compromised [6].

In Chicago, a new law to start in June, requires real estate sellers provide a thumb print [7]. This is supposed to reduce fraud but it is unclear how this would accomplish the objective. In Nevada, in response to computer theft, lawmakers are working on a law that would require a picture and fingerprints for anyone selling \$5 worth of scrap metal [8]. In other news, researchers believe low cost scanners could be used to identify the type of paper used thereby reducing the risk from counterfeit-

ing [9].

1. Gaudin, Sharon, Computer World, *Hurrah Berners-Lee! Web celebrates 20th anniversary*, March 13, 2009.
2. Miller, Chuck, SC Magazine, *Conficker worm variant kills security processes*, March 6, 2009.
3. Keizer, Gregg, Computer World, *Hackers update Conficker worm, evade countermeasures*, March 8, 2009.
4. Keizer, Gregg, Computer World, *FAQ: How to protect your PC against the*

(Continued on page 2)

### Inside this issue:

Bank Closing Metrics	2
Leaks	3
Terrorist Watch List	3
World News	4
Crime	4

### Special points of interest:

- One million now on the Terrorist Watch List
- The World Wide Web turns 20-years old

## Economic Recovery

(Continued from page 1)

held in 47,000 secret accounts [12].

1. Lepro, Sara, and Paradis, Tim, AP, *Dow ends up nearly 380 on Citigroup profit news*, March 10, 2009.
2. Poirier, John and Bartz, Diane, Reuters, *Citi doesn't need more government capital*, March 12, 2009.
3. Condon, Christopher and Bhaktavatsalam, Sree Vidya, Bloomberg, *Bank of America Expects to Post Full-Year 2009 Profit*, March 12, 2009.
4. Chen, Bob, Bloomberg, *Treasuries Drop as Stocks Gain, China Asks for Debt Assurance*, March 13, 2009.
5. Lee, Don, and Demick, Barbara, Los Angeles Times, *China's Wen Jiabao expresses concern about safety of investments in U.S.*, March 13, 2009.
6. Reuters, *U.S. seeks to reassure China over U.S. bond holdings*, March 13, 2009.
7. Kopecki, Dawn, Bloomberg, *Fannie, Freddie Affordable-Housing Goals to Be Cut*, March 13, 2009.
8. Hagerty, James R., Wall Street Journal, *Freddie Reports \$23.9 Billion Loss*, March 11, 2009.
9. Browning, Lynnley, New York Times, *Switzerland Agrees to Aid in Pursuit of Tax Cheats*, March 13, 2009.
10. Willis, Andrew, Business Week, *Bank Secrecy Bites the Dust in Europe*, March 13, 2009.
11. Groendahl, Boris, Reuters, *Q+A-Tax havens' moves to avoid blacklist*, March 13, 2009.
12. New York Times, *\$100 Billion the Country Could Use*, March 13, 2009.

## Bank Closing Metrics

---

*You can't put the toothpaste back in the tube—H. R. Haldeman*

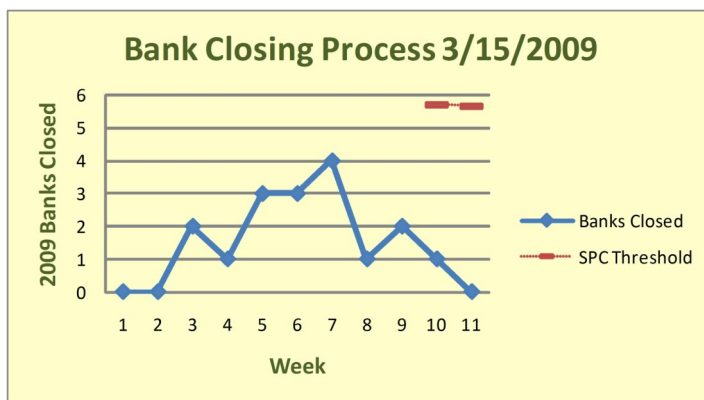
---

With the turnaround in the large banks, the processes of closing the smaller banks will likely increase. While banks differ in assets and risk, a simple metric can be used to examine how orderly the closings are conducted. To this end, the statistical Process Control (SPC) Threshold provides an established measurement. The SPC Threshold is defined as the mean plus 3 standard deviations and depicts when a process is out of control [1]. Note from the Bank Closing chart (right) the SPC threshold

decreased slightly from week 10 to 11. Each week, the SPC threshold adjusts to the running average and closeness to this average.

1. Richard Carr, Marie

Tynan, and Russell Davis, *Proceedings of the Sixth Annual Conference on Computer Assurance, Quality and Security, They Work Together*, 1991.



## IT Security

(Continued from page 1)

5. Barney, Doug, Redmond Report, *Patch Full of Holes*, March 13, 2009.
6. Leffall, Jabulani, Redmond Report, *Microsoft's Downadup worm*, January 20, 2009.
7. Puccinelli, Mike, WBBM CBS 2 (Chicago), *Giving The Fingerprint: Home Law Raises Concern*, March 12, 2009.
8. KVBC (News 3), *Lawmakers weigh copper theft legislation*, March 13, 2009.
9. McMillian, Robert, IDG News Service, *Researchers: Cheap Scanners Can 'Fingerprint' Paper*, March 9, 2009.

## Leaks

In 1999, the news media reported that the U.S. was monitoring Osama Bin Laden's satellite telephone [1]. Consequently, when the attack at Tora Bora took place, Bin Laden used this knowledge to assist in his getaway. Case in point, Bin Laden gave his satellite phone to a Moroccan bodyguard named Abdallah Tabarak who was later captured (with Bin Laden's phone) [2]. It now seems that CIA Chief Leon Panetta, told reporters the agency is following Osama Bin Laden on Twitter [3].

In Minnesota, hackers stole contributor information from Senate candidate Norm Coleman and used the Internet to post details [4]. The information was part of a 4.3 GByte database leak [5]. The Web site, Wikileaks, claims to have data on more than 51,000 of

Coleman's contacts [6].

In New York City, 80,000 current and former police officer's privacy information was stolen [7]. A suspect walked off with 8 unencrypted tapes containing social security numbers, direct deposit information, and other personal information [8]. Police found the missing tapes that were taken from a backup warehouse but do not know if the information was compromised [9].

1. Karon, Tony, Time, *Bin Laden U.S. Attacks 'Thwarted'*, February 24, 1999.
2. Murphy, Jarrett, CBS News, *Osama's Satellite Phone Switcheroo*, January 21, 2003.
3. Borowitz, Andy, St. Petersburg Times, *CIA tracks bin Laden using Twitter*, March

8, 2009.

4. Bakst, Brian, AP, *GOP candidate for Minn. Senate seat warns of leak*, March 11, 2009.
5. Prince, Brian, eWeek, *Minnesota Sen. Coleman Deals with Donor Data Breach*, March 12, 2009.
6. Mills, Elinor, Cnet news, *Coleman Senate campaign in donor data leak mess*, March 12, 2009.
7. Vijayan, Jaikumar, Computer World, *NYPD faces ID theft risk after data stolen from pension fund*, March 5, 2009.
8. Steinert-Threlkeld, Tom, ZDNet, *To serve and Protect the City's Finest, From ID Theft*, March 5, 2009.
9. UPI, *NYPD may be victim of identity theft*, March 4, 2009.

---

*There is no terror in a bang,  
only in the anticipation of  
it—Alfred Hitchcock*

---

## Terrorist Watch List

Travel at airports can be particularly troublesome if your name appears on the Terrorist Watch List. The size of the Watch List now exceeds 1 million names [1]. This number is up 32% from 2007, even after the FBI deleted 33,000 entries [2].

Under Homeland Security Presidential Directive (HSPD) 6, the Terrorist Screening Center (TSC) provides one-stop shopping so that every government screener is using the same terrorist watch list. The TSA's Secure Flight program checks passenger names to see if they are on the watch list using tools provided by the TSC. The TSA requires aircraft operators screen the

names of all passengers against extracts from TSC's consolidated watch list [3].

Sometimes wrong names get added to the watch list. Case in point, a pilot, lawyer, and a child we inadvertently added to the watch list [4]. One problem with a list of names is verifying the name is the person in question. For example, anyone with the name John Smith gets extra screening on every flight. Consequently, the one name on the list could correlate to a large number of travelers. The matter could quickly resolved if additional information were examined but this is not the typical case for air travelers. When implementing the HSPD-12 require-

ment to verify a person is not a terrorist, if their name is not on the watch list, they should be adjudicated quicker.

1. Eisler, Peter, USA Today, *Terrorist watch list hits 1 million*, March 10, 2009.
2. UPI, *U.S. terror watch list has 1 million names*, March 11, 2009.
3. GAO, *Terrorist Watch List Screening*, GAO-08-110, October, 2007.
4. Griffin, Drew, and Johnston, Kathleen, CNN, *Airline captain, lawyer, child on terror 'watch list'*, August 19, 2008.

## World News

In Afghanistan, the Obama administration is trying to reconcile with the Taliban similar to the approach taken with Iraqi Sunni militias [1]. Elsewhere in the Middle East, tension remains high between Iran and Israel. For example, Iran test fired a new long range missile that is supposed to place Israel within striking range [2]. Furthermore, Iran tested a precision air launched missile with a range of 70 miles; placing oil shipping at risk [3]. What's more, Israel now believes that Iran has the knowledge and materials necessary to build an atomic bomb [4]. Of particular concern to the Jewish state are the threats that started in 2005 when Iran stated they would wipe Israel off the map [5]. What's more, there is a report the U.S. shot down an Iranian drone over Iraq [6]. Should Israel attack Iran's nuclear plants, how would the global markets respond?

North Korea continues to ratchet up the rhetoric. For

example, they warned any attempt to shoot down their planned missile launch would be an act of war [7]. To complicate matters, Japan is warning they may shoot down the North Korean rocket [8].

Last week, Chinese ships harassed an unarmed U.S. Navy ship in international waters [9]. Following the U.S. protest, China blamed the U.S. for the incident [10]. In response, the U.S. is sending a missile destroyer to protect the ship [11]. The Chinese motives are not known at this time.

1. UPI, *Obama opens door to Afghan reconciliation*, March 8, 2009.
2. Reuters, *Iran test-fires new long-range missile - state tv*, March 8, 2009.
3. Daragahi, Borzou, Los Angeles Times, *Iran tests air-to-surface missile*, March 9, 2009.
4. Lavie, Mark, AP, *Israel believes Iran can build nuclear weapons*, March 8, 2009.

5. Berger, Robert, VOA, *Israeli Intel Says Iran Capable of Producing Nuclear Bomb*, March 8, 2009.
6. Shachtman, Noah, Wired, *U.S. Jet Shoots Down Iranian Drone Over Iraq*, March 12, 2009.
7. BBC News, *N Korea warning to US and S Korea*, March 8, 2009.
8. McCurry, Justin, The Guardian (UK), *Japan warns it may shoot down North Korean satellite launcher*, March 13, 2009.
9. UPI, *Pentagon says U.S. ship didn't violate law*, March 13, 2009.
10. McCartney, Jane, Times Online, *China condemns US warship deployment as tensions mount*, March 13, 2009.
11. Tyson, Ann Scott, Washington Post, *Destroyer to Protect Ship Near China*, March 13, 2009.

---

*No man can sit down and withhold his hands from the warfare against wrong and get peace from his acquiescence—Woodrow T. Wilson*

---

## Crime

One key question, does crime pay? Case in point, in the latest Forbes list of billionaires, Joaquin "Shorty" Guzman, Mexico's most wanted man blamed for thousands of deaths in a drug war is worth \$1 billion [1]. In California, a man who sold 5% of the world's Lamborghinis pleaded guilty to a scheme to bilk a financing company out of \$millions [2]. Elsewhere in California, a dentist was charged with a \$1.5 million Medicare fraud scheme [3]. In New York, Bernard Madoff pleaded guilty to 11 felony counts relating to

the \$65 billion Ponzi scam [4]. Unlike his pre-trial confinement, Mr. Madoff was sent to jail awaiting his June 16<sup>th</sup> sentencing [5]. Elsewhere in New York, a man was arrested for operating a \$4 million gift card Ponzi scheme [6].

1. Reuters, *Mexico drug lord on Forbes rich list with \$1 bln*, March 11, 2009.
2. FBI, *Orange county luxury car dealer agrees to plead guilty to federal fraud charges for bilking company that loaned him money to purchase Lamborghinis*,

- March 13, 2009.
3. FBI, *Pasadena dentist indicted for Medicaid fraud*, March 9, 2009.
4. Hays, Tom, and Neumeister, Larry, AP, *Tough task ahead to find Madoff money, co-schemers*, March 13, 2009.
5. Smith, Robert, NPR, *Madoff Waits In Jail For June Sentencing*, March 13, 2009.
6. NECN/WABC, *Man arrested in alleged gift card Ponzi scheme*, March 10, 2009.