

IN THE NEWS

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IT Security

Chinese and Russian cyber spies penetrated the U.S. electrical grid and left behind their own software programs [1]. In tandem, the Chinese have attempted to map the U.S. electric infrastructure [2]. Some have suggested the new smart grid has made the power grid more vulnerable to cyber attacks [3]. In response to the news reports, the electric grid regulator, FERC, has detected no problems to date [4]. Expectedly, China denied any involvement in cyberattacks to the U.S. electric grid [5]. Additionally, during the past 6 months, the Pentagon spent \$100 million responding to cyber attacks [6]. Cyberattacks are not the only risk to the critical infrastructure. For example, in Silicon Valley, vandals cut eight fiber-optic cables knocking out local cell phone, landline and Internet service [7].

Hackers compromised Paul McCartney's web site, using it to infect PCs visiting the site [8]. Elsewhere, while researchers have had the Conflicker worm to study and disassemble, there are still a number of unknowns. For example, the Conflicker worm downloaded new software including a rogue anti-virus product [9]. What's more, the worm has received new instructions and initiated a scare ware scam [10]. In the meantime, there is a new vulnerability with Microsoft PowerPoint file formats that if opened, could allow a hacker to execute code remotely [11]. What's more the exploit is



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Economic News

The trade deficit for February fell 28% to \$26 billion [1]. Meanwhile, the March federal deficit was a record breaking \$192.3 billion [2].

In the banking sector, Wells

Fargo reported \$3 billion in first quarter profits [3]. This helped the largest stock market percentage gain since 1933 [4]. Good Friday was anything but for two more banks. Last week, regulators

shuttered the 22nd bank, Cape Fear Bank [5]. Shortly thereafter, the 23rd and largest bank closed this year, the New Frontier Bank in Colorado, was shuttered [6]. With 23 banks closed so far, 2009 is 2 bank closings behind 2008. In other banking news, the Fed ordered banks not to discuss the "stress test" results [7].

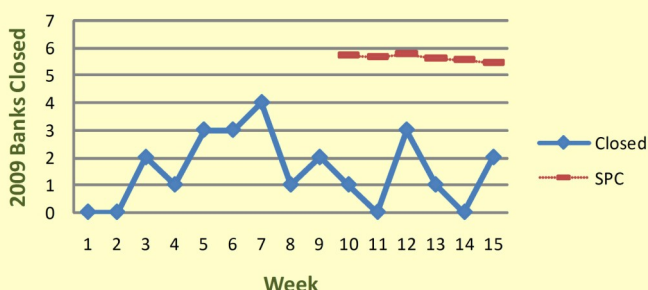
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Special points of interest:

- Pentagon spent \$100 million during last 6 months responding to cyberattacks
- China and Russia installed rogue programs in the U.S. Electric Grid
- U.S. flagged ship seized by Somali pirates
- VA & DOD to create lifetime e-record
- 22nd and 23rd Banks Closed

SPC Threshold 4/12/2009



IT Security

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active over the internet [12]. Translations, if you receive an email message with a PowerPoint attachment, don't open it up else a hacker might take over your PC. A PowerPoint fix is included as part of 8 security patches planned by Microsoft for next Tuesday, 5 are critical [13].

President Obama announced the VA and DOD will collaborate in developing a lifetime electronic record containing medical and administrative information [14]. Currently, the electronic medical records between the two departments are not seamless; a situation the President plans to have resolved [15]. Approximately \$400 million in the new budget will go toward the new interconnected electronic records system and medical research [16].

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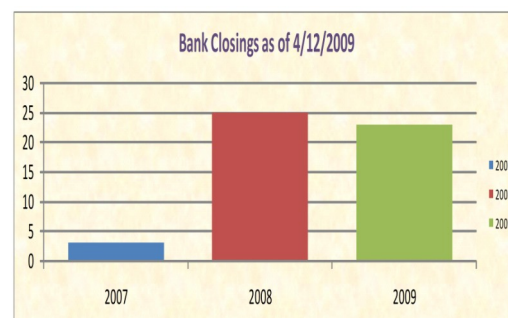
A market is never saturated with a good product, but it is very quickly saturated with a bad one—Henry Ford

Economic News

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April 10, 2009.

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4. Martin, Eric and Thomasson, Lynn, Bloomberg, *U.S. Stocks Gain, Capping Biggest Jump Since 1933 as Banks Rise*, April 10, 2009.
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North Carolina, April 10, 2009.

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Nuclear Disarmament

In this article, we explore the risk and reality of nuclear weapons disarmament. President Obama is calling for the elimination of all nuclear weapons [1]. Alongside this announcement, North Korean successfully fired a long range missile in violation of international agreements [2]. What's more, in 2006, North Korea conducted a nuclear weapons test, again violating previous agreements not to do so [3]. So far the United Nations (UN) response to North Korea's actions has been tough talk but no action [4]. For example, Chinese Ambassador Zhang Yesui said the UN response must be cautious and proportionate [5]. Meanwhile, Secretary of State, Hillary Clinton, is pressing crucial members of the UN Security Council to respond to the North Korean missile test [6]. Thus far, the UN has been powerless to stop the tests or to issue a condemnation after the fact.

Then there is the Iranian situation. Last year, Iran launched a satellite in orbit [7]. The threat from a country that can launch a satellite into orbit, is it can deliver a nuclear payload anywhere on Earth. What's more, the Iranian government appears to be heading toward developing a nuclear bomb [8]. The Iranian government criticized President Obama for suggesting Iran posed a threat and urged the nuclear powers to dismantle their arsenals [9]. Meanwhile, the U.S. will participate in talks with Iran over its nuclear program [10]. In a complication, Iran announced last week it has 7,000 uranium enrichment centrifuges in operation [11]. In response, Secretary Clinton downplayed the Iranian report boasting of increased nuclear refining

capabilities [12]. In December 1942, the decision was made by the U.S. to build an atomic bomb [13]. Using only the technology available during the 1940's and without knowing if a bomb would work; on July 16, 1945, the first atomic bomb was tested. In 1945, the United States won the first nuclear war by dropping 2 atomic bombs on Japan. At

Countries that openly conducted nuclear tests (year of first test):

- United States (1945)
- Soviet Union (1949)
- Great Britain (1952)
- France (1960)
- China (1964)
- India (1974)
- Pakistan (1998)

Other Country Tests:

- Israel (1979)
- South Africa (1979)
- North Korea (2006)

(South Africa & Israel joint test)

the time, no other country in the world possessed nuclear weapons. While some argue it will take a country multiple years to develop a nuclear bomb, advances in technology and science have reduced this timeline. As a final thought, in 2002, Warren Buffett predicted a nuclear attack on the United States was a virtual certainty [14].

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Disarmament, with mutual honor and confidence, is a continuing imperative—Dwight D. Eisenhower

World News

Since the Barbary wars along the North African coast in the early 1800's, U.S. Marines have been called on to fight pirates. Indeed, when Gerald Ford was president, Cambodia seized the U.S. flagged cargo ship the Mayagüez; and the president ordered in the Marines [1]. Now we have another pirate incident involving a cargo ship. The U.S. flagged ship, the 17,000-ton Maersk Alabama, with an all American crew of 20, was seized by pirates off the eastern coast of Somalia [2]. Fortunately, the U.S. crew was able to take back the ship [3]. However, since the crew retook the ship, 4 pirates still hold the ship's captain and are adrift in a life boat [4].



Elsewhere, in further attempts to improve its economy, Japan

plans to double its stimulus spending to 4% of their Gross Domestic Product [5]. Furthermore, the Bank of Japan is accepting broader collateral so additional funds can be provided to banks [6].

In China, auto sales have surpassed the U.S. for the 3rd straight month [7]. Domestically, a Chinese company operating in the U.S. received a 168-count indictment for illegally transferring technology to Iran [8].

In California, an exporter was charged with selling restricted technology to China [9].

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A world without nuclear weapons would be less stable and more dangerous for all of us—Margaret Thatcher

Crime

A hacker previously convicted of a 2004 financial hacking scheme has returned to his old ways and hacked into an online brokerage firm, transferring \$140,000 [1].

The SEC charged a Toronto-based fund manager, with operating a \$75 million Ponzi scheme [2]. In California, 6 executives were charged in an alleged \$46.5 million bribery conspiracy [3]. Elsewhere in California, 2 dozen people were charged in an alleged \$100 million mortgage fraud [4]. In Colorado, an investment manager was charged with allegedly operating a \$20

million Ponzi scheme [5]. In Hagerstown, Maryland, two men were charged with fraudulently obtaining a \$1.75 million loan [6].

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