

IN THE NEWS

VOLUME 2 ISSUE 21

JUNE 21, 2009

Economic News

The number of people claiming unemployment benefits rose to over 6.8 million, the highest since 1967 [1]. Meanwhile, household wealth fell another \$1.3 trillion during the first quarter [2]. On June 9th, oil closed at \$70.01 a barrel; the first close above \$70 this year [3]. On June 10, oil prices increased above \$71 per barrel, again the highest price this year [4]. On June 11, the price of oil increased to \$72.68 per barrel, a 7 month high [5]. However, the price of oil closed at \$69.60 a barrel [6]. Meanwhile, mortgage applications fell 7.2% following an increase in interest rate [7]. To our north, Canada experienced an unexpected \$163 million trade deficit in April [8].

In the banking industry, regulators shuttered the Southern Community Bank in Fayetteville, Georgia on June 19th [9]. The same day, the Cooperative Bank in Wilmington, North Carolina was closed, bringing the total to 39 for 2009 [10]. Finally, the First National Bank of Anthony Kansas became the 40th bank closed [11]. In other banking news, Switzerland agreed to share information with the U.S. on potential tax evaders [12].

1. Rugaber, Christopher S., AP, *New jobless claims drop to 601K; retail sales rise*, June 11, 2009.



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IT security

A federal grand jury indicted 3 hackers, including 1 with al Qaeda ties, for allegedly stealing \$55 million in telephone service [1]. Part of the attacks used by the hackers included exploiting default passwords [2].

Microsoft released patches to fix a record 31 security flaws [3]. Elsewhere, servers belonging to T-Mobile were hacked into and the hacker is trying to sell the information obtained [4].

Meanwhile, the Johns Hopkins University's Applied Physics Lab in Maryland suffered a cyber attack [5].

The lab briefly shut down its web site to investigate the incident [6].

Researchers have uncovered a botnet for sale scheme where bad actors can install their software on infected machines for a modest price per machine [7]. Called the *Golden Cash* site, this illustrates how cybercrime is used for profit [8]. It's estimated that this cyber crime ring has access to 100,000 infected machines [9]. What's more, multiple layers of malicious software (malware) are used so anything short of fixing every installed Trojan horse fails to eradicate the botnet

[10].

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5. UPI, *Military research lab*

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Special points of interest:

- Microsoft patches fix 31 security flaws
- 3 hackers indicted for \$55 million telephone theft
- Regulators shutter 38th, 39th, and 40th banks

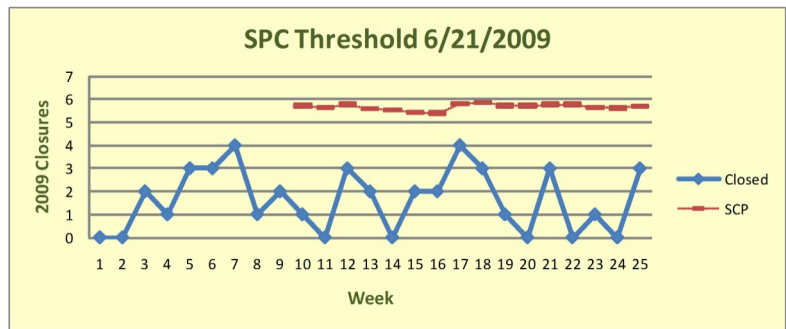
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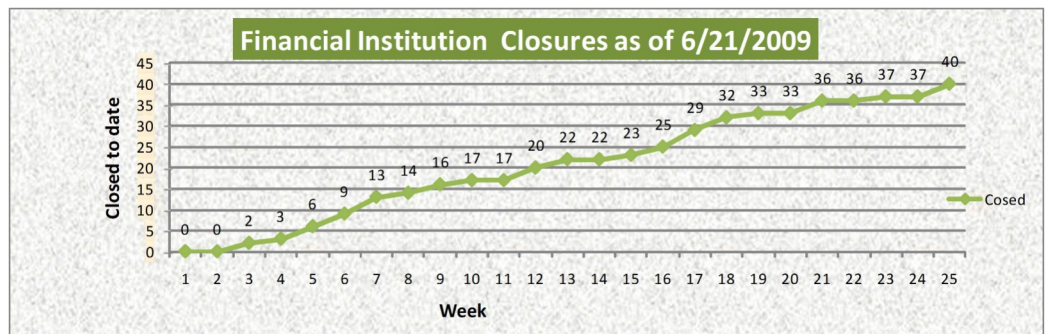
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10. Shwiff, Kathy, Dow Jones, *North Carolina*,

*Just like the Alamo,
somebody damn well needed
to go to their aid. Well, by
God, I'm going to Viet
Nam's aid!—Lyndon B
Johnson*



Crude Oil, Gasoline Tumble on Increasing Motor-Fuel Supplies, June 19, 2009.

Georgia Banks Are 38th, 39th To Fail In 2009, June 19, 2009.

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8. Argitis, Theophilos,

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6. Sentementes, Gus G., Baltimore Sun, *Hopkins' Applied Physics Laboratory confirms cyber attack*, June 17, 2009.

7. Mills, Elinor, Cnet News, *'Golden Cash' botnet-leasing network uncovered*, June 17, 2009.

Francisco Chronicle, Sophisticated online crime ring detected, June 16, 2009.

8. Larkin, Erik, PC World, *Buy an Infected PC for 5 cents*, June 17, 2009.
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Counterfeit

Periodically, we like to highlight one obvious risk associated with paper documents; counterfeiting. Case in point, the Treasury Department is warning financial institutions that North Korea may start circulating high quality counterfeit U.S. currency [1]. In particular, the North has previously been linked to distributing counterfeit \$100 bills [2].

In Italy, \$134 billion in U.S. bonds were seized [3]. Two Japanese men were arrested at the Swiss-Italian border after reporting they had nothing to declare and inspectors discovered the certificates in a false briefcase bottom [4]. The quality of the Bonds was such that Italy asked the U.S. to verify their authenticity [5]. A spokesman for Treasury's Bureau of Public Debt declared the certificates to be fake [6]. The fake bonds were 249 "Federal Reserve" bonds with a \$500 million nominal value each and 10 "Bond Kennedy" each with a \$1 billion nominal value [7]. Some speculate the Italian Mafia may be involved with the fake bonds [8]. Amid the high dollar counterfeiting, paper money is under attack at all levels. Case in point, the NYC transit estimates counterfeit currency could be as high as 5% for a potential loss of \$60 million per year if trends continue [9]. To combat the potential losses, the New York City Metropolitan Transportation Authority is spending over \$3 million to outfit machines to better detect and reject counterfeit bills [10].

New York City is not the only place experiencing counterfeit currency. For example, in Glens Falls New York, a man was arrested for trying to pass a bogus \$50 bill [11]. In Ar-

kansas, seven \$100 counterfeit bills were passed over one weekend at a Wal-Mart in Springdale and fake \$20 bills are in circulation [12]. In the Tennessee Valley, bogus bills have been in circulation for a month [13]. In Virginia, two \$20 counterfeit bills were used at a McDonald's to purchase food [14]. In the Amarillo area of Texas, seven reports of bogus \$100 bills were reported to the Secret Service [15]. In Florida, police are searching for two suspects who purchased liquor using counterfeit currency [16].

Unfortunately, small businesses that deal with cash are having a difficult time. For example, a restaurant in Georgia was receiving so many bogus \$100, \$50, \$20, and \$10 bills, the owner had to train all employees in detecting counterfeit currency [17].

Another concern is if you receive counterfeit money and in turn try to use it to buy something, you can be arrested. For example, in Texas, one man was arrested for including a counterfeit \$20 bill as payment for a traffic ticket [18].

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14. WTVR, *Fast Food Bought With Fake Money in Caroline County*, June 12, 2009.
15. Todd, Jeff, KFDA, *Counterfeit Money Circulating around Amarillo*, June 15, 2009.
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17. Paynter, Michelle, WTOG, *Zaxby's fed up with counterfeit bills*, June 19, 2009.
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*There is no victory at bargain
basement prices—Dwight
Eisenhower*

World News

The World Health Organization raised the Swine Flu alert level to 6 (pandemic outbreak) [1]. In response, the HHS has authorized \$1 billion for a vaccination program but the process can take up to 6 months [2].

North Korea threatened to use nuclear weapons if provoked [3]. What's more, the North appears to be preparing for another long range missile test that could fly toward Hawaii [4]. In response, the U.S. missile defense is being readied in Hawaii, just in case [5].

China is requiring software on all PCs sold in the country to block access to sites the Government deems unsuitable [6]. What's interesting is the software likely contains stolen code [7]. Meanwhile, as the world addresses protectionism, Beijing ordered a \$586 billion stimulus restricted to "buy China" [8]. As a direct consequence, the World Bank is increasing China's growth forecast for 2009 from 6.5% to 7.2% [9].

In Iran, Mr. Ahmadinejad won re-election [10]. However, since the election, there have been protests within Iran with protesters using Twitter to communicate amongst themselves [11]. The Iranian Supreme Leader Ayatollah Ali

Khamenei declared the reelection of Ahmadinejad was not rigged [12]. Furthermore, there are indications that protests are continuing in Iran and police are blocking the demonstrators [13]. In a further sign of turmoil, police and protesters have clashed [14]. For example, on June 20 alone, 10 protesters were killed and over one hundred injured [15].

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*Dressed in the lion's skin, the
ass spread terror far and
wide—Jean de La Fontaine*

Crime

Fraud continues to be a popular white collar crime. For example, in Kansas City, ten people were charged with operating a \$3 million mortgage fraud scheme [1]. In Florida, 9 people were charged with operating a \$2.4 million mortgage fraud [2]. In Iowa, a former Sac City Bank em-

ployee was indicted for an alleged \$4 million fraud scheme [3].

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