

IN THE NEWS

FEBRUARY 14, 2010

In Security or Insecurity

One report suggests the Director of national intelligence told members of the Senate Select Intelligence Committee that our cyber infrastructure may not be available and reliable during a time of crisis [1]. Another report suggests there is a commitment to develop offensive cyber weapons [2]. For example, the attacks against Google in China were sophisticated enough that Google is soliciting help from the National Security Agency [3]. In other news, hacks originating from China successfully victimized 80,000 people whose identities were kept in the Iowa Racing and Gamin Commission database [4]. In a demonstration of its commitment to combat hackers; China billed the arrest of three hackers as a major accomplishment [5]. In other news, one report suggests the oil companies Marathon Oil, ExxonMobil, and ConocoPhillips proprietary information were breached from sophisticated Chinese attacks [6]. Meanwhile, in California the Health Care department breached the privacy of 49,352 people by printing their social security number on the address labels [7].

The number of security patches continues to remain high. Case in point, the February Microsoft patch release addressed 26 security vulnerabilities [8]. What's more, there were reports the new security patches caused the *blue screen of death* in some computers [9]. The problem appears to be limited to Windows XP with one report of a Windows 7 blue screen [10]. For readers unfamiliar with the *blue screen of death*; it occurs when the operating system encounters an error and stops. A cryptic error message is displayed against a blue screen. Typically, the computer is inoperable until the blue screen of death is corrected. This raises the question, how trustworthy are the security fixes?

There is new legislation (the Cybersecurity Enhancement Act of 2009) to beef up security for the new *smart grid*; in particular the electrical grid's supervisory control and data acquisition (SCADA) systems [11]. SCADA is not limited to power but included other systems, including transportation. This brings us to Washington, DC, where there was a metro train derailment. One report suggests the cause may be related to a safety device [12]. Whatever the actual cause turns out to be, the National Transportation Safety Board is investigating the latest incident [13]. Meanwhile, the number cyber attacks against critical infrastructure networks and computers are increasing [14]. Consequently, failures on systems using SCADA capture our attention.

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Special points of interest:

- China tariffs U.S. chicken imports
- Only one bank shuttered during the week of two back to back blizzards

Economic News

Recognizing the economic cost, the U.S. is pressuring China to stop artificially inflating its currency; however, China refuses to relax its policy [1]. More bad news on the jobs front; the number of first time claims unexpectedly increased to 480,000 for the week ending January 30 [2]. Economists had expected the rate to go down to 460,000; instead it increased by 8,000 [3]. However, for the week ending February 6, the num-

ber of first time claims for unemployment fell to 440,000 [4]. Based on a survey used by the Labor Department, the U.S. is reporting a January unemployment rate of 9.7 percent [5]. In more troubling news, the trade deficit for January grew to \$40.2 billion [6].

In the nation's capitol, the weather was particularly bad. Two back to back blizzards set a new record for annual

snowfall [7]. As a consequence, regulators only shuttered one bank during the two week period. The single closing was the 1st American State Bank of Minnesota that became the 16th financial institution [8].

1. Landler, Mark, New York Times, *China Shows Little Patience for U.S. Currency Pressure*, February 4, 2010.
2. Reuters, *Instant View: Jobless claims rise more than*

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In Security or Insecurity

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1. Bain, Ben, GCN, *Cyber threat growing at unprecedented rate, intell chief says*, February 2, 2010.
2. Thompson, Mark, Time, *U.S. Pentagon Cyberwar Strategy: Secret Cyberweapons*, February 3, 2010.
3. Nakashima, Ellen, Washington Post, *Google to enlist NSA to help it ward off cyberattacks*, February 4, 2010.
4. Moscaritolo, Angela, SC Magazine, *Hackers accesses Iowa Racing and Gaming Commission database*, February 3, 2010.
5. Areddy, James T., Wall Street Journal, *China Herald's Bust of Major Hacker Ring*, February 8, 2010.
6. Clayton, Mark, Science Christian Monitor, *US oil industry hit by cyberattacks: Was China involved?*, January 25, 2010.
7. McIntosh, Andrew, Sacramento Bee, *Health care department breaches privacy*, February 9, 2010.
8. Claburn, Thomas, Information week, *Microsoft Fixes 26 Vulnerabilities In Windows, Office*, February 9, 2010.
9. Breeden II, John, GCN, *Microsoft security patch could cause blue screen of death*, February 12, 2010.
10. Mills, Elinor, Cnet News, *Windows security update causes 'blue screen of death' for some*, February 11, 2010.
11. Bronk, Chris, Houston Chronicle, *In new federal legislation, a victory for cyber-security*, February 11, 2010.
12. Tyson, Ann Scott, Washington Post, *D.C. Metro train derails at Farragut North*, February 12, 2010.
13. Zomgker, Brett, AP, *Metro train derails, minor injuries reported*, February 12, 2010.
14. Prince, Brian, eWeek, *Critical Infrastructure Security a Mixed Bag, Report Finds*, January 28, 2010.

My idea is that we should encourage home manufactures to the extent of our own consumption of everything of which we raise the raw materials—Thomas Jefferson

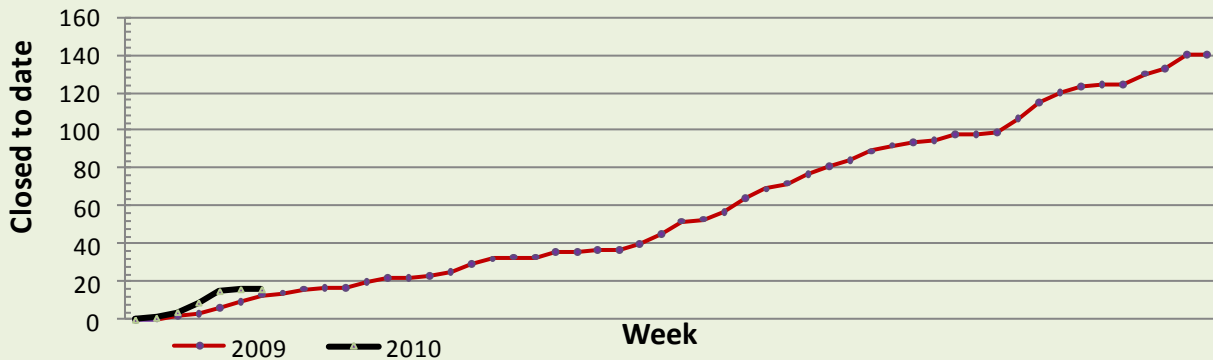


Economic News

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3. Rugaber, Christopher S., AP, *First-Time Jobless Claims Rise Unexpectedly*, February 4, 2010.
4. Kaiser, Emily, Reuters, *Jobless claims fall sharply in latest week*, February 11, 2010.
5. Rugaber, Christopher, AP, *January unemployment rate drops to 9.7 percent*, February 5, 2010.
6. Schlisserman, Courtney, Bloomberg, *U.S. Economy: Trade Deficit Unexpectedly Widens on Import Gain*, February 10, 2010.
7. Voice of America, *'Snowmageddon' Buries Washington DC*, February 11, 2010.
8. Witkowski, Wallace, Market Watch, *1st American State Bank is year's 16th failure*, February 5, 2010.

Financial Institution Closures as of 2/14/2010



Airport Security

A plane that took off from JFK International included a stow away discovered in the landing gear bay when the plane landed in Tokyo [1]. The stow away was found dead by a mechanic [2]. If a stow away can gain access to the plane's landing gear; what does this mean for airport security?

In San Diego, a report suggests a phony U.S. marshal abducted a woman and fooled TSA personnel at the airport [3]. The fake marshal was able to get the abducted woman through airport security and onto a plane to the Philippines [4]. If an imposter can bypass TSA security, could others? Interestingly, there are

plans for 10,000 airport security workers to get a Secret clearance [5]. Consider, a number of Government travelers have extensive background investigations; many of the people being screened at the airport lack the clearances of those being screened. To be fair, the TSA is not the only agency to be fooled by imposters. For example, elsewhere in California, a fake dermatologist operated from 2004 to 2007 before being caught [6]

1. CNN, *Body found in plane's landing gear bay in Japan*, February 8, 2010.
2. BBC News, *Japanese find body on plane from US*,

February 8, 2010.

3. Kucher, Karen, San Diego Union Tribune, *Phony U.S. marshal abducted woman, officials say*, February 4, 2010.
4. WGTN (10 News), *TSA Investigates Lindbergh Field Security Breach*, February 2, 2010.
5. Bolduan, Kate, and M. Ahlers, Mike, CNN, *10,000 airport security workers to get higher clearances*, February 12, 2010.
6. Van Derbeken, Jaxon, San Francisco Chronicle, *Fake doctor fleeced patients, prosecutors say*, February 4, 2010.

Ninety-nine percent of the failures come from people who have the habit of making excuses—George Washington

While we may not know what is in store for Iran, signs are other nations are concerned. For example, in response to Iranian threats, Persian Gulf countries are beefing up their defenses [1]. What's more, Iran plans to reduce its dependence on imported refined petroleum products by building 7 refineries [2]. In an attempt to depict a mature technology; Iran announced it had sent animals into space [3]. Meanwhile, Iran announced it has started Uranium enrichment to a 20% purity level [4]. Then on the 31st anniversary of the revolution, Iranian President Mahmoud Ahmadinejad announced the first refined batch of Uranium was produced [5].

Flexing its muscle, China will impose tariffs on chicken imported from the U.S. [6]. What's more the January U.S. trade deficit with China was \$14.17 billion [7]. Highlighting its strength, China is considering boosting defense spending, adjusting PLA deployments, and selling U.S. bonds; allegedly as punishment for selling arms to Taiwan [8]. In another food scare; China has found another 100 tons of toxic melamine tainted milk [9].

India continues to advance its nuclear capabilities. Case in point, India plans to test a 1.5 ton payload, 5,000 kilometer range nuclear missile within a year [10].

In other news, North Korea seeks to have nuclear discussions with the U.S. [11]. Perhaps Iran wants the same treatment North Korea received in response to its aggression.

1. Spiegel, Peter, Wall Street Journal, *Iran's Defiance Spurs U.S. and Gulf Allies to Boost Defenses*, January 31, 2010.
2. Gonn, Adam, Jerusalem Post, *Iran plans to build 7 refineries*, January 31, 2010.
3. Cowell, Alan, New York Times, *Iran Says It Sent Animals Into Space*, February 3, 2010.
4. Cowell, Alan, and Shanker, Thom, New York Times, *Iran Is Said to Begin Nuclear Enrichment*, February 9, 2010.

5. BBC News, *Iran 'makes first batch of 20% enriched uranium'*, February 11, 2010.
6. BBC News, *China to put duties on US chicken imports*, February 4, 2010.
7. Bradsher, Keith, New York Times, *Healthy Jump in Chinese Exports Points to Recovery in World Trade*, February 10, 2010.
8. Laurence, Jeremy, Reuters, *China PLA officers urge economic punch against U.S.*, February 9, 2010.
9. Fairclough, Gordon, Wall Street Journal, *China Finds Tons of Tainted Milk Powder*, February 8, 2010.
10. Majumdar, Bappa, Reuters, *India to test new 5000-km nuclear missile within year*, February 10, 2010.
11. Kim, Kwang-Tae, AP, *Reports: NKorea's nuclear envoy seeks to visit US*, February 13, 2010.

Crime

Years ago, there was little concern over identity theft. Indeed, it was common practice to include one's social security number on personal checks. However, times have changed. Case in point, last year (2009), identity theft victimized 11.1 million adults resulting in \$54 billion in losses [1].

Elsewhere, fraud continues to dominate the news. For example, in Houston, three people were indicted in a \$7 million mortgage fraud [2] Elsewhere, in Indiana, a former Hoosiers

player was indicted in a multi-million dollar fraud scheme [3]. Meanwhile, a former Grand-Am race-car driver in Florida was arrested for operating a \$5 million Ponzi scheme [4]. In Minneapolis, a man was indicted in an \$80 million fraud scheme [5].

1. Berk, Christina Cheddar, CNBC, *Identity Fraud Rises to New High*, February 10, 2010
2. Flood, Mary, Houston Chronicle, *3 Houston men indicted in \$7 million mortgage fraud*, February 4,

2010.

3. Los Angeles Times/AP, *Former Indiana player, current broadcaster Todd Leary arrested in real estate fraud case*, February 5, 2010.
4. Murphy, Julie, Daytona Beach News Journal, *Former driver charged in Ponzi scheme*, February 13, 2010.
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The dinosaurs became extinct because they didn't have a space program. And if we become extinct because we don't have a space program, it'll serve us right!~ Larry Niven
