

## IN THE NEWS

APRIL 11, 2010

### Economic News

While alternative forms of energy are discussed, oil will remain a significant commodity. For example, at the end of March, oil reached a 17-month high of \$83.76 a barrel [1]. Then on Tuesday (April 6), oil reached a high not seen since October 8, 2008 [2]. Some are worried that the rising cost of oil will spell doom for the weak recovery [3]. Meanwhile, Russia and Venezuela signed deals to increase oil (to Russia) and weapons (to Venezuela) [4]. Even as U.S. oil reserves increased, the price continued to rise due to the strong demand by China and India [5]. For example, in March China increased oil imports 29% from a year earlier to 4.98 million barrels per day [6]. In response, President Obama announced plans to open offshore oil drilling off the East Coast, in the eastern Gulf of Mexico and potentially off Alaska [7]. Meanwhile, first time unemployment claims for March 27 fell to 439,000, the lowest in 1½ years [8]. However, for the week ending April 3, the first time jobless claims increased by 18,000 to 460,000 [9]. What's more, the previous week (March 27) claims were increased 3,000 to 442,000; economists had expected the rate to fall by 1,000 [10]. In China, automaker GM announced they sold more vehicles there (230,048) than in the U.S. (188,011) [11]. Interestingly, China has advanced to the point they are bidding on high speed train projects in California [12].

Regulators took a pause without closing any financial institutions on Good Friday. Moreover, on April 9, only one was shuttered: 42) Beach First National Bank, South Carolina [13]. Meanwhile, the FDIC Chairman, Sheila Bair, indicated bank failures will peak this year with a number higher than last year [14]. Complicating the FDIC as it navigates bank closings are various law suits. For example, six banks in Georgia sued to stop the FDIC from selling both servicing rights and a loan, seized during a failed bank [15]. The Dow briefly passed the 11,000 mark but low

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### IT Security

Keeping up with the security patches has become a challenging task. For example, the latest Microsoft patch Tuesday fixes 25 security problems [1]. Of these patches, five are critical and two fix zero-date vulnerabilities [2]. What's more, other key software vendors have security patches. Case in point, Oracle's latest patches fix 27 security bugs [3].

Another challenge in maintaining security is combating the knowledge of vulnerabilities. Various hacker confer-

ences expose vulnerabilities thereby ensuring growth in the security protection industry. For example, there will be a hacker conference in Barcelona that discusses exploits to applications such as SAP's Enterprise Resource Planning (ERP) applications [4]. Indeed, recruitment for cyber security personnel is on the increase with Boeing and the U.S. Government actively recruiting [5]. What's more, it seems that hackers like to demonstrate their ability to break into new

products. For example, it took a Dutch hacker two minutes to break Internet Explorer version 8 [6].

One does not need to look far to find hackers. For example, in Phoenix, one hacker received a 74-count indictment for charges including identity theft and wire fraud [7]. What's more, hacker indictments are originating from unexpected regulations. Case in point, the SEC has determined that a Ukrainian hacker is liable for

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#### Special points of interest:

- The U.S. CPSC recommends houses with tainted Chinese drywall be gutted
- Regulators close 42<sup>nd</sup> bank

## Economic News

(Continued from page 1)

volume has investors worried [16].

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2. Welsch, Edward, Wall Street Journal, *Crude Oil Extends Rally*, April 1, 2010.
3. Meyer, Gregory, and Mackenzie, Michael, Financial Times, *Oil could give kiss of death to recovery*, April 8, 2010.
4. Romero, Simon, New York Times, *Putin Visits Venezuela to Discuss Oil and Arms*, April 2, 2010.
5. Sutton, Chavon, CNN Money, *Oil prices at highest level in nearly 18 months*, April 6, 2010.
6. Zhe, Huang, and Baizhen, Chua, Bloomberg, *China Boosts Oil Imports 29%, Remains Net Fuel Buyer*, April 10, 2010.
7. Straub, Noelle, New York Times, *Obama Proposes Opening Vast Offshore Areas to Drilling*, March 31, 2010.
8. Mutikani, Lucia, Reuters, *U.S. jobless claims fall 6,000 last week*, April 1, 2010.
9. Mantell, Ruth, Market Watch, *U.S. initial jobless claims up 18,000 to 460,000*, April 8, 2010.
10. Lynch, Sarah N., and Hughes, Darrell A., Wall Street Journal, *Jobless Claims Rose in Latest Week*, April 8, 2010.
11. Ho, Patricia Jiayi, Wall Street Journal, *GM's March Auto Sales in China Exceed U.S.*, April 3, 2010.
12. Bradsher, Keith, New York Times, *China Is Eager to Bring High-Speed Rail Expertise to the U.S.*, April 7, 2010.
13. Rothacker, Rick, Charlotte Observer, *Thomasville bank buys failed S.C. bank*, April 9, 2010.
14. Morrissey, Janet, Time, *FDIC's Sheila Bair on Bank Failures and Too-Big-To-Fail*, April 9, 2010.
15. Sterngold, James, Bloomberg, *Banks Sue to Prevent FDIC Sale of Failed Bank's Loan on W Hotel*, April 9, 2010.
16. Condon, Bernard, AP, *Think Dow 11,000 is a big deal? Think again*, April 9, 2010.

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*It is clear our nation is  
reliant upon big foreign oil.*

*More and more of our  
imports come from overseas—*

*George W. Bush*

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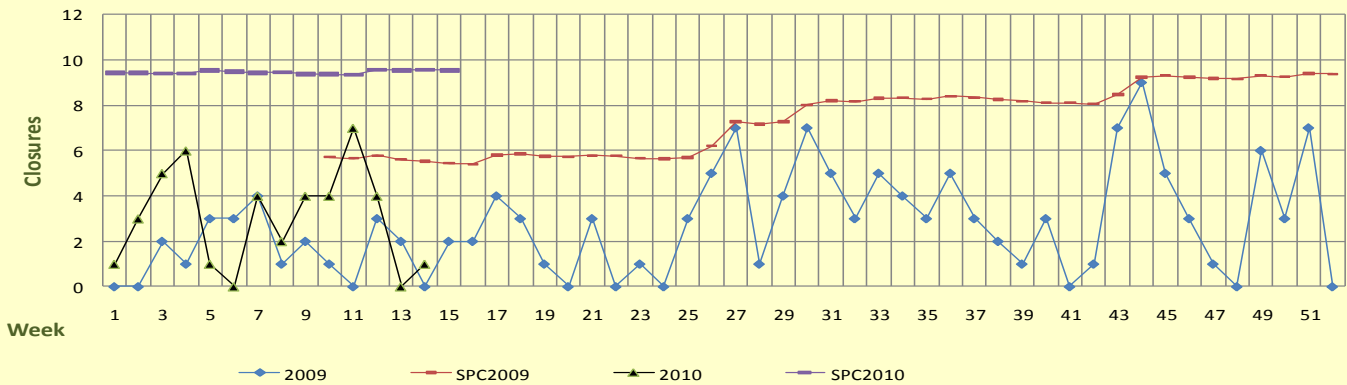
## IT Security

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trading insider information [8]. That is, if the hacker can be found, the information compromised could constitute insider trading. We are starting to see there is more damage from hackers than just identity theft.

1. Mills, Elinor, Cnet News, *Microsoft to fix 25 holes in Windows, Office, Exchange*, April 8, 2010.
2. Leyden, John, Channel Register, *MS preps 5 Windows critical fixes for busy Patch Tuesday*, April 9, 2010.
3. Seltzer, Larry, PC Magazine, *Oracle Patches 27 Bugs in Java*, April 2, 2010.
4. Kirk, Jeremy, PC World, *Hacker Conference to Address Emerging Web Threats*, April 9, 2010.
5. King, Rachael, Bloomberg, *Boeing, U.S. Government Step Up Recruitment for 'Cyberwarriors'*, April 6, 2010.
6. Mullins, Robert, Network World, *What to make of the hacker who broke IE8 in two minutes*, March 25, 2010.
7. Tucson Citizen, *Hacker' indicted in massive tax, mail, and wire fraud scheme*, April 8, 2010.
8. Margolies, Dan, Reuters, *Ukrainian hacker liable in SEC insider trading case*, March 29, 2010.

Failed Banks Vs SPC Threshold 4/11/2010



## Medical IT Security

Once again, there is an article that raises the concept hackers might go after the computers in our bodies [1]. While medical devices will continue to be a topic of discussion, a large focus is on medical records.

One question that should be answered is how much security is enough? The question of security cost effectiveness is still open to debate [2]. In the IT security section of this

newsletter, we report jobs for cyber security are on the increase. As more people enter the field, will Medical security become a dominant cost given continued losses? For example, two laptops containing medical data on 5,000 patients were stolen from the John Muir hospital system in California [3]. Following the loss, what new security controls will be mandated?

1. Cox, Lauren, ABC News,

Security Experts: Hackers Could Target Pacemakers, April 1, 2010.

2. Smith, Tammie, Richmond Times-Dispatch, *Electronic health records prompt security, costs concerns*, April 5, 2010.

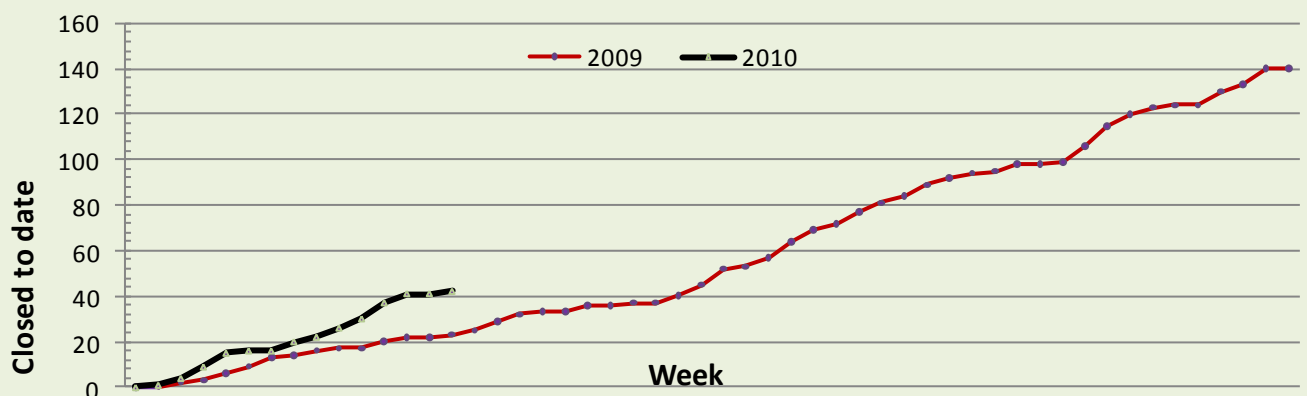
3. Colliver, Victoria, San Francisco Chronicle, *Laptops with medical data stolen*, April 7, 2010.

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*The oil can is mightier than the sword—Everett Dirksen*

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Financial Institution Closures as of 4/11/2010



## World News

In testimony before the House Armed Services Committee, Admiral Robert Willard, warned of the growing cyber threat from China [1]. Meanwhile, the administration has decided to delay branding China as a currency manipulator [2]. Rather than upset the Chinese, the U.S. is waiting to see how far the communist giant will go in correcting the currency manipulation problem [3]. And just when they needed it most, China reported a trade deficit in March due to price increases of raw material, including oil [4]. However, for March, the Chinese reported \$9.87 billion trade surplus with the United States [5]. Elsewhere, the Consumer Product Safety Commission recommended that houses built using tainted Chinese drywall should tear out the bad sheetrock [6].

To China's south, India continues to have problems with communist insurgency. Case in point; at least 72 Indian

soldiers were killed in a Maoist (communist) ambush in rural India [7]. And the Maoist attacks are not new. For example, during 2008, there were 721 people killed in India resulting from 1,591 Maoist rebel attacks [8]. As we continue to fall further in debt to China, it is worth remembering the threat from Mao's communism.

Iranian President Mahmoud Ahmadinejad castigated President Obama over the new U.S. nuclear weapons policy [9]. Then, Iran unveiled new and improved centrifuges designed to speed up nuclear enrichment [10].

1. Corrin, Amber, Federal Computer Week, *China cyber threat looms large*, May 29, 2010.
2. Mason, Jeff, Reuters, *White House: no decision on China currency report*, April 2, 2010.
3. Beattie, Alan, and Anderlin, Jamil, Financial Times, *US waits to see how*

*far China will go*, April 7, 2010.

4. Hogg, Chris, BBC News, *China reports rare trade deficit*, April 10, 2010.
5. Kurtenbach, Elaine, Canadian Press, *China reports \$7.24B trade deficit in March as imports surge, first in 6 years*, April 10, 2010.
6. Burdeau, Brian, AP, *Feds: Homes with Chinese drywall must be gutted*, April 2, 2010.
7. BBC News, *Scores of Indian soldiers killed in Maoist ambushes*, April 6, 2010.
8. Singh, Harmeet Shah, CNN, *72 police feared killed in Maoist assault in India*, April 6, 2010.
9. Dareini, Ali Akbar, AP, *Iran ridicules Obama's "cowboy" nuclear strategy*, April 7, 2010.
10. BBC News, *Iran unveils 'faster' uranium centrifuges*, April 9, 2010.

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*The only way to predict the future is to have power to shape the future—Eric Hoffer*

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## Crime

Fraud continues to be a dominate factor in the news. For example, the SEC has charged two broker-dealers with fraud that cost investors over \$1 billion [1]. In New York, three lawyers were charged in a \$10 million mortgage fraud scheme [2]. In Maryland, a mortgage broker was indicted in a \$2.8 million fraud scheme [3]. In Vermont, a man was indicted in a \$3.2 million fraud scheme [4]. In Tennessee, a woman was arrested in a \$9 million Ponzi scheme [5]. In New York, two people were arrested in a \$7 million investor fraud scheme

- [6].
1. Kell, John, Wall Street Journal, *Morgan Keegan, Two Employees Face SEC Fraud Charges*, April 7, 2010.
2. Hurtado, Patricia, Business Week, *Three Lawyers Charged in \$10 Million Mortgage Fraud*, April 6, 2010.
3. FBI, *Mortgage Broker Indicted in Scheme to Defraud Lenders, Family, and Others of Over \$2.8 Million*, April 2, 2010.
4. FBI, *James Bear Indicted for \$3.2 Million Fraud*,

April 2, 2010.

5. FBI, *Dickson Woman Arrested for Role in Investment/Ponzi Scheme Involving Brentwood Financial Adviser Michael J. Park Investors Defrauded of More Than \$9 Million*, April 1, 2010.
6. FBI, *Two Arrested in Connection with \$7 Million Investor Fraud Scheme*, April 1, 2010.