

## IN THE NEWS

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### Economics

Once again, gold has reached a new high above \$1,250 per ounce [1]. In other news, the Financial Crisis Inquiry Commission issued a subpoena to Goldman Sachs regarding the mortgage bank's role before, during, and after the mortgage crash [2]. The trade deficit for April increased to \$40.3 billion; as the China deficit grew to \$19.3 billion, or approximately 48% of the imbalance [3]. In an obvious observation; Treasury Secretary Geithner stated the Chinese Yuan policy was hurting the global recovery [4]. In testimony before the Senate, Secretary Geithner was challenged for not labeling China a currency manipulator [5]. What's more, China appears unwilling to appreciate the value of their currency [6]. Meanwhile, China has taken away millions of American job by using a variety of protectionist trade practices [7]. While most of the world is stuck in an economic downturn, China's economy is expanding rapidly. Essentially, they keep their people employed at the expense of the U.S. workers; thereby reducing our tax income while increasing Government expenditures. Following global complains about currency manipulation, China indicated it would allow greater flexibility in their currency value [8].

In a sign of a depressed mortgage environment, both Fannie Mae and Freddie Mac were delisted (removed) from the New York Stock Exchange [9]. The first time jobless claims for the week ending June 5 fell to 456,000 [10]. However, for the week ending June 12, the number rose to 472,000 [11]. What's more, former Fed Chairman Alan Greenspan is warning the U.S. is analogous to Greece and interest rates could sky rocket over a very short period of time [12].

Regulators only closed two financial institutions during the last two weeks. On June 11, the Washington First International Bank in Seattle become the 82<sup>nd</sup> closed [13]. Then on June 18, the Nevada Security Bank became the 83<sup>rd</sup> financial institution shuttered in 2010 [14].



(Continued on page 2)

### Security

Microsoft's June patch cycle included 10 fixes; three critical and seven important [1].

On Tuesday June 8, the prognosis for the Adobe zero-date exploit was grim. For example, both the reader and Flash products were actively being exploited

over the Internet; and there was no scheduled date for a fix [2]. Recognizing the need to correct the problem, Adobe quickly worked on a solution and announced it would be available by June 29 [3]. So it was feared that for weeks, many computers were vulnerable

to active hacker attacks. In response to the news regarding zero-date attacks, Adobe did issue a patch early to fix 32 bugs [4].

1. Leffall, Jabulania, GCN, *Microsoft's June patch cycle to bring 10 updates*, June 4, 2010.

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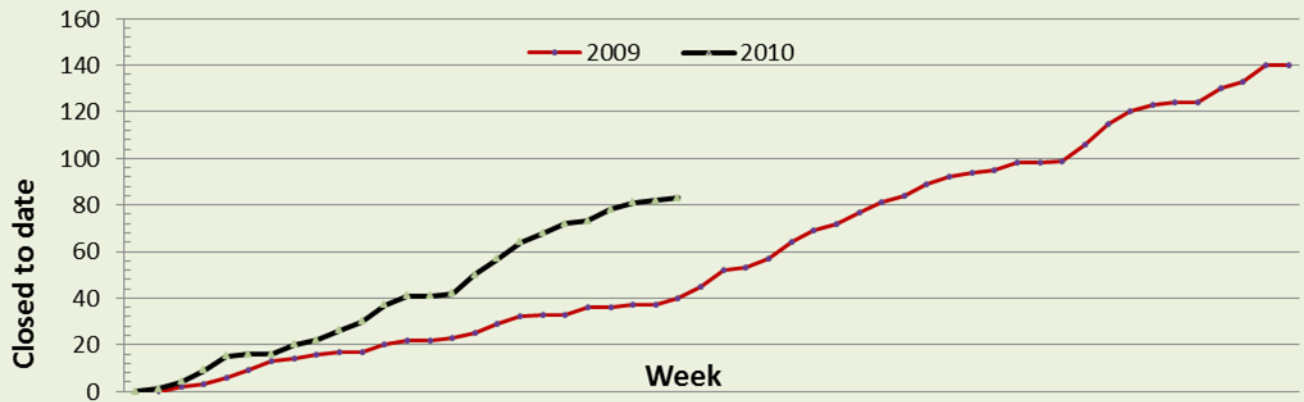
#### Inside this issue:

Energy News	3
World News	4
Financial Fraud	4

#### Special points of interest:

- 83<sup>rd</sup> bank shuttered
- April China deficit grew to \$19.3 billion
- Moody's downgraded Greece's credit rating to junk

## Financial Institution Closures as of 6/20/2010




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*A hypocrite is the kind of politician who would cut down a redwood tree, then mount the stump and make a speech for conservation—Adlai E. Stevenson*

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(Continued from page 1)

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## Security

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## Economics

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4. Katz, Ian, Bloomberg, *Geithner Says China Yuan Policy Hurts Global Recovery*, June 10, 2010.
5. Hal, Kevin G., McClatchy Newspapers, *Senators criticize Geithner*

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10. Pepitone, Julianne, CNN

*Money, Ongoing jobless claims plummet to 17-month low*, June 10, 2010.

11. Zibel, Alan, AP, *New jobless claims up sharply as layoffs persist*, June 17, 2010.
12. Greenspan, Alan, Wall Street Journal, *U.S. Debt and the Greece Analogy*, June 18, 2010.
13. DeSilver, Drew, Seattle Times, *Regulators close Washington First International Bank*, June 11, 2010.
14. Gardner, Timothy, Reuters, *Nevada Security Bank closes, deposits to Umpqua*, June 18, 2010.

# Energy News

Within the U.S., options for energy independence are bleak. However, the U.S. will allow American companies to supply Jordan with nuclear power plant [1]. If the U.S. believes that nuclear energy is viable for Jordan, why not use the same approach domestically? Elsewhere, by 2020 China plans to increase its nuclear power generation 8-fold to 70 GW [2]. Meanwhile, Exxon indicated

that pre-mature oil-drilling rules could harm domestic oil industry growth [3]. Moreover, news from the Gulf of Mexico remains troubling. For example, reports indicate there may be a second oil rig leaking oil in the Gulf of Mexico [4].

1.

Solomon, Jay, Wall Street Journal, *Jordan's Nuclear Ambitions Pose Quandary for the U.S.*, June 12, 2010.

2.

Economic Times, *China nuclear power to hit 70 GW*, June 19, 2010.

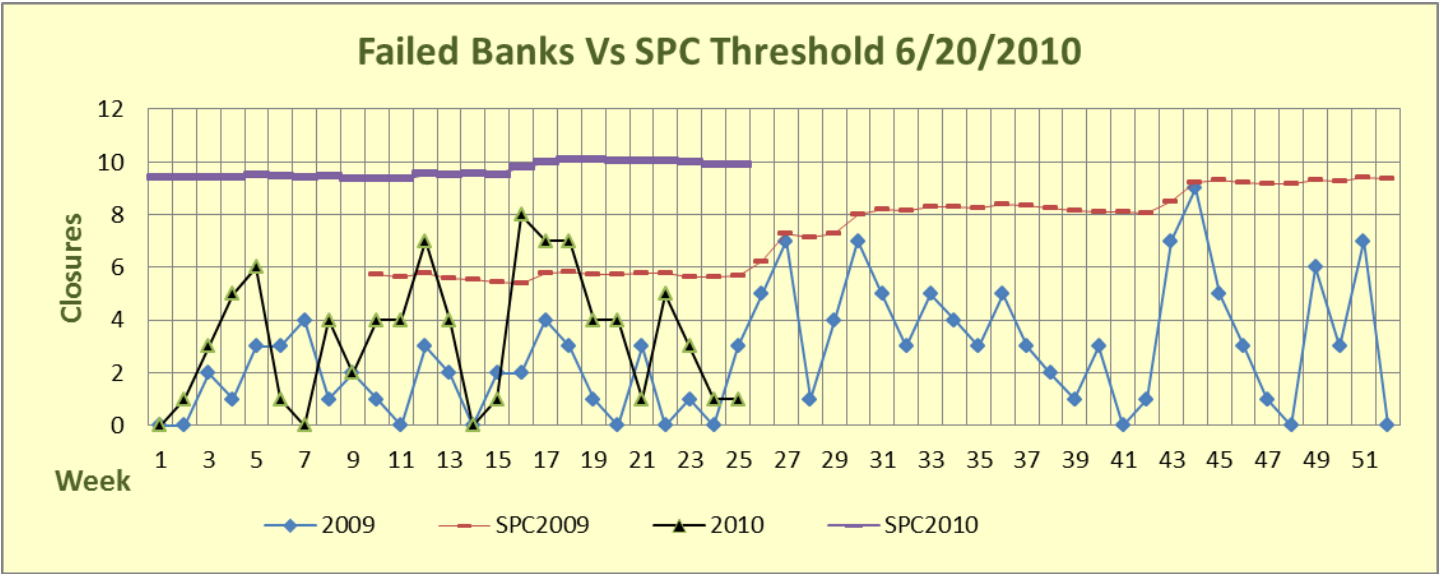
3.

Sethuraman, Dinakar, and Schmollinger, Christian, Bloomberg, *Drilling Rules Change May Harm Industry*, *Exxon Says*, June 7, 2010.

4.

Benoit, Davis, Wall Street Journal, *Off-Shore Drilling Stocks Fall Amid Reports Of Another Leak*, June 8, 2010.

In addition, each barrel of oil we save through conservation further decreases our dangerous reliance on unstable Middle East oil—Paul Gillmor



## World News

Many events overseas have the potential to impact us financially or militarily. For example, Iran has repeatedly gone out of its way to provoke a confrontation with Israel. Case in point, Iran is offering an armed escort for ships heading to the Gaza Strip, an area blockaded by Israel [1]. Furthermore, this news was followed by an announcement from the Iran Red Crescent that it plans to send aid to Gaza via relief ships [2].

We have finally discovered what it takes for China to issue a protest against North Korea. China protested the killing of three of its citizens by North Korean border guards [3]. Meanwhile, China announced it plans to build two nuclear reactors in Pakistan; a development the U.S. objects to [4]. What's more, the quality of the Chinese reactors is questionable. For example, a minor nuclear leak was reported at Southern China's Shenzhen's Daya Bay nuclear power station plant [5].

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*Education is a weapon,  
whose effect depends on  
who holds it in his hands  
and at whom it is aimed—  
Joseph Stalin*

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In China, the Ministry of Foreign Affairs claimed the massive U.S. trade deficit is due to the low savings rate in the U.S. and not because of the currency exchange rate [6]. In other news, workers at a Toyota affiliate in China went on strike for higher pay [7]. India is experiencing double digit inflation with the wholesale price index rising to 10.16% in May [8].

World markets continue to be spooked by events in Europe. Case in point, Moody's downgraded Greece's credit rating to junk; this caused a modest stock rally to falter [9].

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4. Washington Post, *U.S. to*

*object to China-Pakistan nuclear reactor deal*, June 15, 2010.

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7. Iwatani, Takako, et. al., Bloomberg, *Toyota China Supplier Hit by Strike as Unrest Spreads*, June 18, 2010.
8. Kala, Anant Vijay, and Sahu, Prasanta, Dow Jones, *India Inflation Up Sharply As Price Pressures Spread*, June 14, 2010.
9. Falush, Simon, Reuters, *Rally snuffed out as Moody's slashes Greece*, June 15, 2010.

## Financial Fraud

The large financial institution problems are often overshadowed by sensational reports of fraudulent activity. For example, in New York, 13 people were arrested in a \$12M fraud scheme [1]. Elsewhere in New York, the SEC charged a man in a \$6 million fraud scheme [2]. A grand jury indicted the CEO of an independent home-loan providers on 16 counts of bank, securities and wire fraud estimated at \$1 billion [3]. In New Jersey, a woman was charged

with a \$45 million fraud scheme [4]. In California, a man was charged with a \$53 million investor fraud scheme [5].

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2. Gordon, Marcy, AP, *SEC accuses money manager Chimay of fraud*, June 11, 2010.
3. Thiruvengadam, Meena,

*Dow Jones, US Prosecutors Charge Lee Farkas With 16 Counts Of Fraud*, June 16, 2010.

4. Benoit, Davis, Wall Street Journal, *N.J. Woman Accused of \$45 Million Fraud*, June 17, 2010.
5. Pfeifer, Stuart, Los Angeles Times, *Alleged Ponzi scheme operator's assets frozen*, June 18, 2010.