

IN THE NEWS

VOLUME 4 ISSUE 24

NOVEMBER 20, 2011

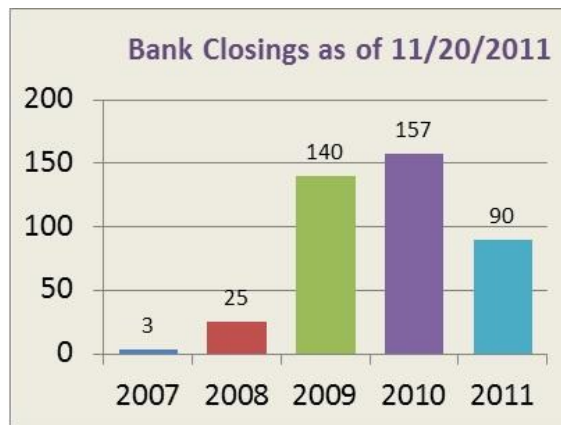
Security

There have been many reports of the vulnerabilities that are part of the US critical infrastructure. Some experts believe the US will not engage in cyber-warfare because of the domestic vulnerabilities that could be exploited [1]. In contrast, retired four star Marine Corps general Cartwright is urging the US to have an open discussion of its offensive cyber-weapons and under what circumstances they would be used [2].

In Japan, a Fujitsu system used by 200 local governments was a victim of a cyber-attack [3]. Local governments are not alone in trying to combat bad actors. Case in point, the DoD and intelligence agencies are actively trying to hire hackers [4]. This occurs at a time when cyber-criminals are increasing their attacks against bank accounts [5]. For example, six Estonian nationals and a Russian national were indicted for hacking; hijacking 4 million machines world-wide and stealing \$14 million [6].

There are potential problems with bogus electronic devices we use. For instance, there have been at least 1,800 cases of counterfeit parts found in military systems with an estimate of 1 million in the parts supply [7]. What's more, most of the bogus parts found in weapons systems were traced back to sources in China [8].

As we have pointed out in many past newsletters, our critical infrastructure runs on supervisory control and data acquisition supervisory control and data acquisition (SCADA) programs and devices. Given the security weakness of SCADA, this is a global problem. For example, Iran admitted the Du-qu virus had been detected at some of its nuclear plants [9]. This mali-



(Continued on page 2)

Inside this issue:

Nuclear	3
World News	4

Special points of interest:

- US poverty hits new high of 49.1 million
- Oil back over \$100 per barrel
- SCADA attack destroys utility pump
- 90th bank shuttered

Economy

One measure of the economy is the number of people living in poverty. To this end, there are a record 49.1 million people living in poverty; approximately 16% of the overall population [1].

The US trade deficit for September was \$43.1 billion [2]. Furthermore, the US trade deficit with China was \$28.1 billion [3]. Then

the number of people on unemployment continues to look bad. For the week ending November 5, the number of first time unemployment claims was 390,000 [4]. However, the number for the week prior was increased by 3,000 to 400,000 [5]. For the week ending November 12, the number of first time unemployment claims was

388,000 [6].

The rate of bank failures is below 2010 and 2009. However, on November 10, regulators closed one bank: 88) Community Bank of Rockmart in Georgia [7]. Then on November 18, two additional financial institutions were shuttered: 89) Polk County Bank in Iowa; and 90) Central Progressive

(Continued on page 2)

It is weakness rather than wickedness which renders men unfit to be trusted with unlimited power—

John Adams

(Continued from page 1)

Bank in Louisiana [8].

Oil has again started to rise, cresting \$100 per barrel [9]. As the price of oil increases the price of imported oil will further drain our wealth.

1. Yen, Hope, AP, *US poverty at new high: 16 percent, or 49.1 M*, November 7, 2011.
2. Lange, Jason, Reuters, *Job, trade data hint at stronger growth*, November 10, 2011.

Economy

3. AP, *September trade deficit narrows to \$43.1 billion*, November 10, 2011.
4. Chandra, Shobhana, Bloomberg, *Jobless Claims Fall to Lowest in Seven Months*, November 10, 2011.
5. Lambert, Lisa, Reuters, *Jobless claims fall 10,000 in latest week*, November 10, 2011.
6. Kassel, Johanna, and Harding, Robin, Financial Times, *US jobless claims at seven-month low*, November 17, 2011.
7. Veiga, Alex, Business Week, *Regulators close a bank in Georgia*, November 10, 2011.
8. Drew, Fitzgerald, Wall Street Journal, *Regulators Close Banks In Iowa, Louisiana*, February 18, 2011.
9. Kahn, Chris, AP, *Oil Hits \$100 as US Economy Slowly Improves*, November 17, 2011.

Security

(Continued from page 1)

cious software is based on the Stuxnet virus that had damaged a number of Iranian nuclear centrifuges in the past [10]. Readers may recall the Stuxnet was a SCADA program attack. There is now a report that hackers attacked a SCADA controlled utility in the US and destroyed a water pump in the process [11]. The source of this particular attack appears to have come from our Russian friends [12]. What's more, researchers have documented vulnerabilities with the SCADA controlled prison systems that could unlock inmate doors [13].

1. Baldor, Lolita, AP, *Cyber weaknesses should deter US from waging war*, November 8, 2011.
2. Shalal-Esa, Anfreau, Reuters, *Ex-U.S. general urges frank talk on cyber weapons*, November 6, 2011.
3. AFP, *Cyber attacks hit Fujitsu local government system*, November 10, 2011.
4. Fogarty, Kevin, IT World, DARPA, NSA, *DoD launch cyber security effort: Operation Schmooze Hackers*, November 8, 2011.
5. Rashid, Fahmida, e-Week, *Banks Battle Increased Attacks From Cyber-Criminals*, November 15, 2011.
6. Esposito, Richard, and Ferran, Lee, ABC News, *Feds: Cyber Criminals Hijacked 4 Million Computers*, November 9, 2011.
7. Corrin, Amber, GCN, *Counterfeit electronics put troops at risk*, November 8, 2011.
8. Capaccio, Tony, Bloomberg, *China Counterfeit Parts in U.S. Military Aircraft*, November 8, 2011.
9. Fox News, *Iran admits nuclear sites hit by 'Duqu' Cyber weapon*, November 14, 2011.
10. Reuters, *Iran says it has detected Duqu computer virus*, November 13, 2011.
11. Goodin, Dan, Register (UK), *Water utility hackers destroys pump, expert says*, November 17, 2011.
12. Reuters/Fox News, *U.S. Investigates Potential Attack on Water System*, November 18, 2011.
13. McCaney, Kevin, GCN, *Feds confirm prisons vulnerable to Stuxnet-like attack*, November 9, 2011.

Nuclear

The Japanese nuclear disaster at Fukushima is still making news. Right before the tsunami hit, workers closed the cooling water valves to reactor 1 because the reactor was cooling too quickly [1]. Of course, once the generators and batteries were knocked out, there was no way to reopen the valves and the rest is history. Recently, workers detected high levels of radiation on the floor of reactor 3 [2]. This comes after the company owning the plant, Tepco announced the plant was not in a critical statue [3].

Another area of energy research is cold fusion. To date, Italian scientists have developed a device that requires an initial 400 watts start and then sustains a reaction producing 10,000 watts for several hours [4].

In the Middle-East, indications are that Iran is getting closer to deploying nuclear weapons [5]. In particular, the UN is now saying Iran is working on nuclear weapons [6]. In response to these warnings, Israel may be planning to attack Iran's nuclear weapons plants; and Russia is warning against such an attack [7]. Moreover, it seems that Iran tested a Russian designed shape charge critical for nuclear implosion back in 2003 [8]. Meanwhile, Iran's largest trading partner, China, is advising Iran to be flexible [9]. In essence, China is calling for more negotiations. What's more, Chinese official are

arguing that sanctions are not the answer to the Iranian problem [10]. Along the same lines, the US Secretary of Defense, Leon Panetta is warning that a military strike against Iran would have unintended consequences [11]. Furthermore, Israel's Prime Minister, Benjamin Netanyahu, is cautioning that Iran is much closer to building an atomic bomb than is suggested by the UN report [12].

While the rest of the world continues to assess the future of nuclear power, China has embarked on the world's biggest nuclear reactor buildup [13]. In essence, China has assessed the risks associated with nuclear power and concluded it is the way to go.

1. Strickland, Eliza, IEEE Spectrum, *24 Hours at Fukushima*, November 2011.
2. Cooper, Chris, Bloomberg/Businessweek, *Tepco Finds Dangerous Level of Radiation at Fukushima Station*, November 6, 2011.
3. Awaji, Takeshi, and Takeda, Aya, Bloomberg, *Fukushima Reactor Isn't in Critical State: Tepco*, November 2, 2011.
4. Wolchover, Natalie, MSNBC, *Italian cold fusion machine passes another test*, November 3, 2011.
5. VOA News, *Report Says Iran Moving Closer to Nuclear Weapons*, November 7, 2011.
6. Solomon, Jay, *Wall Street Journal*, *U.N. Says Iran Is Working on Nuclear Arms*, November 8, 2011.
7. Spillius, Alex, Telegraph (UK), *Russia warns against air strike on Iran*, November 7, 2011.
8. Warrick, Joby, Washington Post, *Russian scientist Vyacheslav Danilenko's aid to Iran offers peek at nuclear program*, November 13, 2011.
9. AP, *China tells Iran to show 'flexibility and sincerity' over nuclear issue*, November 8, 2011.
10. Reuters, *China says sanctions no 'fundamental' answer on Iran*, November 10, 2011.
11. Reuters, *Leon Panetta warns against Iran strike*, November 11, 2011.
12. Rabinovitch, Ari, Reuters, *Israel says Iran closer to atom bomb than thought*, November 13, 2011.
13. Fairley, Peter, IEEE Spectrum, *China Doubles Down*, November 2011.

We should seek by all means in our power to avoid war, by analyzing possible causes, by trying to remove them, by discussion in a spirit of collaboration and good will. I cannot believe that such a program would be rejected by the people of this country, even if it does mean the establishment of personal contact with the dictators

—Neville Chamberlain

We often worry about the damage man can inflict on the planet. However, nature can often provide surprises. Case in point, on November 8, a 1300 foot wide asteroid passed near the Earth at 6 miles per second [1].

A new treaty might open up Japan allowing up to \$49.8 billion in imported farm goods by reducing tariffs such as the 778% tax on imported rice [2]. A question here are how many Japanese goods would the U.S. import if they included a 778% tariff? Why is this inequality just now getting examined? Nevertheless, the one sided treaties that Japan implements are helping the island nation. Case in point, Japan reported a 6% annual growth rate increase for the quarter ending September 30 [3]. Not only does the Government of Japan support unfair trade, some companies hide losses. For example, Olympus is being investigated for covering up losses going back to the 90's [4].

China is showing that it is not afraid to use its military might. For instance, China and the Philippines ships bumped in the latest dispute over the oil rich the Spratlys islands in the South China Sea [5]. Meanwhile, Secretary of Defense Panetta warned the congressional super committee, defense cuts could result in attacks on the U.S. [6].

While China is expanding its military, the U.S. is poised to reduce the number of troops to a level not seen since 1940 [7]. So in essence, the one sided trade agreements with China are allowing the com-

munist giant to expand its military at the expense of ours. A few questions here: Why do we insist on helping China when there are so many Americans out of work? Why not enforce true free trade with China? To appreciate the change in wealth consider China now boasts 960,000 millionaires, 60,000 super rich, and the numbers are growing [8]. And of course, with the transfer of wealth, so goes the tax base necessary to maintain the U.S. Military and other government programs.

The South Korean parliament is delaying a vote on approving the Free Trade agreement citing food and compromises of national interests regarding the auto industry [9]. It seems South Korea wants to ensure its one-sided automotive trade practices remain.

In the Middle-East, military deserters carried out attacks against Syrian offices [10]. This is starting to look like a civil war with Syria reporting 108 government workers killing in November [11].

1. Fox News, *Asteroid Close Call With Earth? You Haven't No Idea*, November 8, 2011.
2. Takada, Aya, and Song, Yasumasa, Bloomberg, *Japan Entry in Trade Pact May Open \$48 Billion Farm Market*, November 9, 2011.
3. Sharp, Bloomberg, Andy, *Japan's Economy Emerges From Post-Quake Slump on Export Rebound*, November 14, 2011.
4. Inagaki, Kana, Wall Street Journal, *Tokyo Police Probe Olympus, No-*

vember 10, 2011.

5. Labita, Al, Asia Times, *Philippines roils South China Sea*, November 10, 2011
6. Dreazen, Yochi, National Journal, *Panetta Plays Last Card, Warns Defense Cuts Could Lead to Attack on the U.S.*, November 10, 2011.
7. Cassata, Donna, AP, *Panetta: Deep defense cuts mean fewer troops*, November 15, 2011.
8. Florcruz, Jaime, CNN, *As China's rich grow in numbers, so do their mobile aspirations*, November 15, 2011.
9. Chance, David, Reuters, *S. Korea president pushes for stalled U.S. trade pact*, November 15, 2011.
10. Bakri, Nada, New York Times, *Armed Groups Are on Rise in Syria, as Are Civil War Fears*, November 17, 2011.
11. Allam, Hannah, Miami Herald, *Syrian civil war seems certain as death toll rises among security forces*, November 17, 2011.

*If you think a weakness
can be turned into a
strength, I hate to tell you
this, but that's another
weakness—Jack Handy*
