

IN THE NEWS

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Security

Following the rash of hacker attacks, the Japanese government ordered Sony to improve personal data management [1]. In further bad news, there is a claim that one million Sony Pictures Entertainment users had their private information breached [2]. Eventually, Sony confirmed the latest attack and contacted the FBI to help in the investigation [3]. What's more, it appears that private customer data maintained by Honda in Canada suffered a successful hacker attack [4]. Consequently, Honda notified 283,000 customers their data was breached [5].

Identity theft is not limited to corporate victims. Case in point there were 248,357 reported cases of taxpayer identity theft last year; up five-fold from 2008 [6]. Moreover, the latest discovered vulnerability with the Microsoft Internet Explorer could allow bad actors to steal access credentials to Face Book and Twitter [7].

One of the big companies involved with cyber-warfare is Lockheed Martin [8]. Recently, they were the focus of a sophisticated attack that exploited the use of duplicate SecureID electronic tokens [9]. At this time, it is unclear how much information was compromised during the network intrusion but the FBI is heading the investigation [10]. The exploit follows the successful attack against RSA last March, where some security products, including the Secure ID, were compromised [11]. What's more, it appears the same attack vector was used against L-3 Communications [12, 13, & 14]. Suspicions are that China is behind the attacks [15]. Additionally, there may have been an attack on Northrop Grumman as well [16].

Meanwhile, there was another phishing attack originating from China that compromised hundreds of Gmail accounts [17]. As expected, China denied any involvement in the latest cyber attack [18]. However, the FBI will be investigating the attack [19]. Concurrently, China accused the U.S. of launching a global Internet war to bring down Arab governments [20]. Elsewhere, six million new (different) pieces of malicious software (malware) were introduced during the first quarter, setting a new record [21].

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Special points of interest:

- Duplicate Secure ID tokens used in cyber-attack against Lockheed Martin and L-3
- Six million pieces of new malware introduced during the first quarter
- 45th Bank Closed

Economy

Certain to contribute to the one-sided trade deficit; the Treasury Department declared China is not manipulating its currency [1]. Elsewhere in Asia, the Japanese auto sale numbers are in and it was a poor month for the island nation. For May, the cars sales fell by one third, reaching a level not seen since 1968

[2]. In a dramatic consequence of the Japanese earthquake, for the month of May US auto companies topped imports for the first time in five years [3].

For the week ending May 21, the number of first time unemployment increased to 424,000 claims [4]. For the following week, the number of claims was 422,000 [5].

What's more, it is estimated that 54,000 jobs were added in May, the fewest in eight months [6]

During the past two years, regulators took long holiday weekends off. However, on May 27, the start of the Memorial Day weekend, the First Heritage Bank in Washington became the

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Economy

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44th closed this year [7]. Then on June 3 another financial institution, the Atlantic Bank and Trust in South Carolina, became the 45th shuttered [8]. On the housing front, home prices fell for the eighth straight month [9].

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Security

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There will be no
interruption of our
permanent prosperity—
Myron E. Forbes,
President, Pierce Arrow
Motor Car Co. (January
12, 1928)

Energy

There are numerous risks associated with dependence on imported oil. For example, Venezuela's foreign minister threatened to disrupt oil flow to the US [1]. On the plus side, large deposits of shale oil were discovered in Texas and estimates are these fields could increase our domestic oil production by 25% [2]. Meanwhile, one Saudi Prince is calling for cheaper oil so the U.S. and Europe do not wean off of their addiction to the fuel [3].

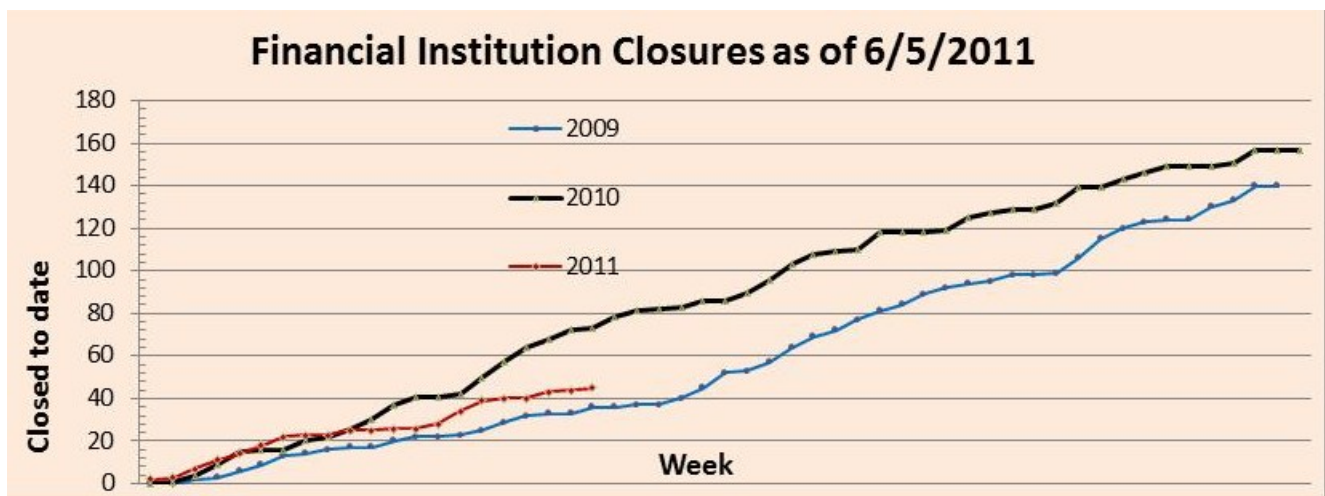
In a further setback, radioactive water seems to be leaking from a Fukushima waste disposal building [4]. Furthermore, radioactive fish were discovered 12 miles from the damaged plant [5]. What's more, TEPCO is warning it may be unable to stabilize reactor 1 this year [6]. Then, there are pockets of soil that have reached the same level as Chernobyl and may result in a

comparable dead zone for the future [7]. As if the stricken Fukushima nuclear power plant didn't have enough problems; now it suffered a small explosion and oil leak [8].

The Japan nuclear incident is having an impact on nuclear power around the world. Case in point, Germany now plans to close all its nuclear power plants by 2022 [9].

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*If people let government
decide what foods they eat
and what medicines they
take, their bodies will soon
be in as sorry a state as are
the souls of those who live
under tyranny—Thomas
Jefferson*



World News

In Pakistan, Taliban terrorists were neutralized during a 16-hour battle at a Karachi Naval Air Base; allegedly in response to bin Laden's death [1]. A question here is why would the Taliban target the Pakistan military when the operation appears to have been conducted by the U.S. without Pakistan support?

In Europe, Fitch Ratings lowered its outlook on Belgium to negative [2]. Moody's downgraded Greece's credit rating well into junk status (Caa1) [3].

Meanwhile, China's military spent \$ millions in setting up the 30-member "Cyber Blue Team" for fending off cyberattacks [4]. Additionally, aggressive ocean based oil and gas exploration has China's neigh-

bors worried [5]. The contention is compounded because oil rich areas are claimed by Vietnam, Philippines, Malaysia, and China [6].

China has come a long way and is now becoming a technology for Western job seekers. For example, many engineering graduates are applying for jobs in China as a way to gain experience [7].

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*Today I can declare my
hope and declare it from
the bottom of my heart
that we will eventually see
the time when that
number of nuclear
weapons is down to zero
and the world is a much
better place—Colin Powell*

Fraud

White collar crime continues in the news. For example, in Chicago six people were charged in a \$15.7 million mortgage fraud scheme [1]. In Philadelphia, a lawyer was charged with embezzling \$1.7 million from a children's hospital [2]. In Nebraska, three people were accused of operating a \$4.7 million Ponzi scheme [3]. In

Utah, a man was charged with operating a \$12 million Ponzi scheme [4].

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