

IN THE NEWS

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World News

There are those that recognize China's state supported industry is a serious threat; perhaps more than its military expansion [1]. For example, consider the expense the US paid for the war in Iraq. Now the biggest beneficiary of Iraq's oil is none other than China [2]. China is also expanding its influence in the Americas. For instance, a Chinese company will build a \$40 billion canal in Nicaragua providing an alternative to the Panama Canal [3]. As part of the deal, China will receive 100-year lease to the new canal [4].

What's more, China continues to display its advanced technology. For instance, China launched a rocket with three people to dock with an orbiting space module [5]. This latest feat is China's fifth manned space mission [6]. Following a successful launch, the Chinese spacecraft docked with the orbiting space laboratory [7]. In contrast, the US currently has no capability to launch people to the orbiting space station and must rely on Russia for transport [8].

Meanwhile, nuclear weapons continue to advance. Case in point, Russia tested a new inter-continental ballistic missile (ICBM) designed to negate the US missile defense system [9]. Furthermore, Iran is building a capability to construct 20 - 30 nuclear bombs per year [10]. On the plus side, Hassan Rohani won Iran's presidential election [11]. However, we do not expect any changes to the Iranian nuclear weapons program.

1. Araújo, Heriberto, and Cardenal, Juan Pablo, New York Times, *China's Economic Empire*, June 1, 2013.
2. Arango, Tim, and Krauss, Clifford, New York Times, *China Is Reaping Biggest Benefits of Iraq Oil Boom*, June 2, 2013.
3. AP, *Nicaragua: Chinese Company to get Canal Concession*, June 6, 2013.
4. Watts, Jonathan, The Guardian (UK), *Nicaragua gives Chinese firm contract to build alternative to Panama Canal*, June 6, 2013.
5. Amos, Jonathan, BBC News, *Shenzhou-10: China launches next manned space mission*, June 11, 2013.

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Security

Following years of increasing security vulnerabilities, Oracle is hardening the Java product line [1]. Additionally, Microsoft's patch Tuesday included five patches [2]. The new patches addressed 23 vulnerabilities [3].

Meanwhile, bank accounts continue to be targets for bad actors. Case in point, 1,000 botnets were shut down after \$500 million in

losses were incurred across 5 million users [4]. Then 11 people were arrested for operating a \$200 million credit card fraud ring [5].

Cyber-attacks against the news media are once again in the news. For instance, CBS confirmed that correspondent Sharyl Attkisson's computer was successfully compromised on multiple occasions by a sophisticated attack [6].

1. Walker, Danielle, SC Magazine, *Oracle lays out Java security facelift*, June 3, 2013.
2. Kaplan, Dan, SC Magazine, *Microsoft to distribute five patches next week*, June 6, 2013.
3. Kaplan, Dan, SC Magazine, *Microsoft patches 18 Internet Explorer vulnerabilities, closes an*

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Special points of interest:

- China to build new canal in Nicaragua
- US to provide military assistance to Syrian rebels
- 16th bank shuttered

Security

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- actively exploited hole in Office, June 11, 2013.*
4. Albanesius, Chloe, PC Magazine, Microsoft, FBI Take Down 'Citadel' Botnet
 5. Flitter, Emily, Reuters, Global \$200 million credit card hacking ring busted, June 5, 2013.
 6. CBS News, CBS News

confirms Sharyl Attkisson's computer hacked, June 14, 2013.

World News

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6. Harwood, William, CBS News, China launches fifth manned space mission, June 11, 2013.
7. BBC News, Shenzhou-10: Chinese capsule docks with space laboratory, June 13, 2013.
8. Carreau, Mark, Aviation Week, U.S., Canadian, Russian Space Station Crew Lands Safely in Kazakhstan, May 13, 2013.
9. Gertz, Bill, Washington Free Beacon, Russia Conducts Test of New ICBM Designed to Defeat U.S. Defenses, June 7, 2013.
10. Widlanski, Michael, New York Post, Iran's building a nuke arsenal, June 6, 2013.
11. Hosseinian, Zahra, Reuters, Iran's new president hails 'victory of moderation', June 16, 2013.

Words have no power to impress the mind without the exquisite horror of their reality.—Edgar Allan Poe

It seems the role of Hezbollah is set to expand further in Syria. For instance, one report suggests the Lebanese based militant organization is preparing to join the Syrian government in attacking the city of Aleppo located in northern Syria [1]. Moreover, one piece indicates Iran will be sending its first contingent consisting of 4,000 Revolutionary Guards to Syria [2].

In other news, French labs have confirmed that sarin nerve gas was used in Syria [3]. Independently, British labs also confirmed the use of sarin nerve gas [4]. These reports follow U.N. human rights inspector's belief that chemical weapons were used [5]. Interestingly, the French government has asserted the Syrian government used nerve gas and the red line had been crossed [6].

After two weeks of heavy fighting, the Syrian government recaptured the town of Qusair [7]. Interestingly, the rebels and their wounded escaped (or were allowed to escape) the final assault [8]. Following the success with clearing rebels from Qusair, the Syrian government massed troops around the Northern city Aleppo [9]. Furthermore, the Aleppo fighting was reported as the heaviest in months [10].

The recent events in Syria caused the US to consider

providing arms to the rebels [11]. In the end, the US decided to provide military assistance to the Syrian rebels [12]. One report suggests there will be a 25-mile no fly zone next to the Syrian border with Jordan [13]. This plan follows an incident where Syrian helicopters fired rockets into a North Lebanon border town [14]. Additionally, Russia is using its military ships to supply Syria with advanced weapons [15].

1. Morris, Loveday, Washington Post, *In Syria, Hezbollah forces appear ready to attack rebels in city of Aleppo*, June 2, 2013.
2. The Independent (UK), *Iran will send 4,000 troops to aid Bashar al-Assad's forces in Syria*, June 16, 2013.
3. BBC News, *Syria crisis: France's Fabius 'confirms sarin use'*, June 4, 2013.
4. Bright, Arthur, Christian Science Monitor, *Britain joins France in saying nerve gas used in Syria*, June 5, 2013.
5. Nebehay, Stephanie, Reuters, *U.N. believes chemical weapons used in Syria*, June 4, 2013.
6. Irish, John, and Thomas, Leigh, Reuters, *France says Syria government used sarin, all options open*, June 4, 2013.
7. Solomon, Erika, Reuters,

Syrian army captures strategic border town of Qusair, June 5, 2013.

8. Wirtschafter, Jacob, USA Today, *Key Syria town of al-Qusayr falls to government troops*, June 5, 2013.
9. BBC News, *Syria troops 'preparing for Aleppo assault'*, June 10, 2013.
10. Mroue, Bassem, AP, *Activists: Clashes in Aleppo, Syria's largest city*, June 14, 2013.
11. AP/Fox News, *US officials debate arming Syria's rebels, other steps ahead of bigger meeting later this week*, June 10, 2013.
12. DeYoung, Karen, and Gearan, Anne, Washington Post, U.S., *citing use of chemical weapons by Syria, to provide military support to rebels*, June 13, 2013.
13. Reuters/Jerusalem Post, *'US studying Syria no-fly zone near Jordan border'*, June 14, 2013.
14. Abu-Nasr, Donna, Bloomberg, *Syrian Helicopters Attack North Lebanon Border Town*, June 12, 2013.
15. Starr, Barbara, CNN, *Pentagon official: Russian warships may be carrying weapons to Syria*, June 5, 2013.

Our bottom line, if you want to call it a red line, president's bottom line has been that Iran will not acquire a nuclear weapon and we will take no option off the table to ensure that it does not acquire a nuclear weapon, including the military option—Susan

Rice

Economy

The US continues to export jobs. For example, according to the Commerce department, the US trade deficit for April was \$40.3 billion [1]. Additionally, the Labor Department reported that for the week ending June 1, the number of first time unemployment claims was 346,000 [2]. For the following week ending June 8, the number fell to 334,000 [3]. What's more, the Labor Department reported, the unemployment rate for May was 7.6% and 175,000 jobs were added to payrolls [4]. Unfortunately, the bulk of these new jobs were below average wages [5]. Meanwhile, bank closings continued on June 6 with the 1st Commerce Bank in Neva-

da becoming the 15th bank closed this year [6]. Then on June 7, the Mountain National Bank in Tennessee became the 16th failure [7].

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2. Woellert, Lorraine, Bloomberg, *Jobless Claims in U.S. Fell 11,000 Last Week to 346,000*, June 6, 2013.
3. Rugaber, Christopher S., AP, *US unemployment benefit applications fall to 334K*, June 13, 2013.
4. Woellert, Lorraine, Bloomberg, *Payrolls in U.S. Rose 175,000 in May*, Unemployment 7.6%, June 7, 2013.
5. Woellert, Lorraine, Bloomberg, *Bulk of U.S. Payroll Gain in Jobs Paying Less-Than-Average Wages*, June 7, 2013.
6. Kitchen, Michael, Market Watch, *FDIC closes Nevada's 1st Commerce Bank*, June 6, 2013.
7. Meek, Andy, Memphis Daily News, *First Tennessee Buys Mountain National Bank*, June 7, 2013.

*They couldn't hit an
elephant at this distance.—
Last words, Major
General John Sedgwick*

China's Pollution

The lack of enforced standards is characteristic of China's industry. Case in point, a fire at a poultry plant recently opened in 2009, claimed the lives of at least 119 out of approximately 1,200 workers [1].

By one report, 80% of China's coastal waters are polluted [2]. In turn, the polluted waters are threatening coastal fishing [3]. Then there is the case where dead fish floating in a river near Beijing was alleged to be the result of pollution [4].

Water pollution is not limited to just rivers and coastal waters. One report indicates that toxic pollution pumped into ground wells may be responsible for ground water pollution [5].

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2. Yingying, Shi, China Daily, *Offshore water in Yueqing Bay found to be polluted*, June 14, 2013.
3. Shanghai Daily, *Industrial wastes hit fishing in Zhejiang*, June 12, 2013.
4. Fei, Wang, Global Times, *Residents, experts suspect fish deaths in Beijing river caused by pollution*, June 4, 2013.
5. Chunqiu, Gu, Epoch Times, *China's Drinking Water Poisoned, State Report Misses Cause*, June 1, 2013.