

IN THE NEWS

VOLUME 7 ISSUE 21

OCTOBER 19, 2014

World News

Highlighting the volatility in the region, North and South Korean warships briefly exchanged warning shots [1]. Meanwhile, China is constructing a runway on one of the contested islands located in the South China Sea [2]. Moreover, Chinese coastguard ships entered the territorial waters of the Japanese-controlled Senkaku islands [3]. These provocative actions took place as the balance of power continues to shift in China's favor. For instance, one estimate indicates by 2020 China will have 342 warships and submarines while the US will downsize to 243 [4]. The situation with China's nuclear weapons also indicates problems ahead. For instance, having nuclear weapons requires a realistic delivery system. To this end, China tested a 10,000 KM range missile capable of reaching Europe and parts of the US [5].

The Middle East continues to boil over. One piece suggests the Islamic State may take over Baghdad [6]. Another report places the IS fighters within 8 miles of the Baghdad airport [7]. For instance, in one short burst of violence, at least 47 people were killed in Baghdad [8]. In a further sign of problems, former Iraqi pilots are training IS pilots to fly three captured Syrian fighter aircraft [9]. Then in neighboring Iran, a blast at a nuclear site indicates the Iranian nuclear weapons program is still active [10].

The IS continues to expand its reach and influence. Case in point, six leading Taliban leaders in Pakistan pledged their allegiance to the IS [11]. To further highlight the turmoil, a Taliban suicide bomber killed at least 5 tribal leaders in Pakistan [12]. The real risk is that Pakistan is a Muslim country with a significant nuclear weapons inventory. For instance, Pakistan is considering expanding their current capability to include sea based and short range nuclear weapons [13]. If the IS or Taliban get a bigger footprint in Pakistan, we could be looking at nuclear armed terrorists.

1. AP, *North, South Korean warships exchange gunfire*, October 7, 2014.
2. Washington Free Beacon, *China Builds Military Airstrip On Disputed Territory*, October 9, 2014.
3. AFP/Reuters, *Chinese ships in disputed waters after Japan's prime minister Shinzo Abe sends offering to Yasukuni war shrine*, October 18, 2014.
4. Gertz, Bill, *Washington Free Beacon, China Military Buildup Shifts Balance of Power in Asia in Beijing's Favor*, October 13, 2014.

(Continued on page 2)

Security

We are learning that the Hackers who targeted JPMorgan probed at least 13 financial firms [1]. The banking industry was not alone in reporting breaches. Case in point, the Kmart retail chain reported a data breach [2]. Then Dairy Queen announced a breach at 395 of its stores [3]. Once again we must ask

when; when will financial institution regulators get serious and require smart-card type security controls? Meanwhile, the average cost per cybercrime rose to \$12.7 million during 2014 [4]. As some point, these costs must have an impact on the cost of doing business. The more money

spent in security damage control, the less available for product and service improvement.

1. Riley, Michael, and Robertson, Jordan, *Bloomberg, JPMorgan Hackers Said to Probe 13 Financial Firms*, October 9, 2014.

(Continued on page 2)

Inside this issue:

Terrorism	3
Economy	4
Ebola	4

Special points of interest:

- OIL Prices Fall
- 15th Bank Shuttered
- The Islamic State now has chemical weapons and used mustard gas

*Even the pandemic flu of
1918 only killed one to
two percent of the people
who were infected—
Anthony Fauci*

(Continued from page 1)

2. D'Innocenzio, Anne, AP, *Kmart becomes latest retailer hit by data theft*, October 11, 2014.
3. Robinson, Teri, SC Mag-

Security

- azine, *Dairy Queen confirms breach, Backoff malware intrusion at 395 U.S. stores*, October 10, 2014
4. Carman, Ashley, `SC Magazine, *Study: Average cost of U.S. cybercrime rises*

to \$12.7 million in 2014, October 8, 2014.

World News

(Continued from page 1)

5. Piggott, Mark, International Business Times, *China Launches Test Missile Capable of Carrying Nuclear Warheads to Europe and US*, October 5, 2014.
6. Scarborough, Rowan, Washington Times, *Pentagon sees Baghdad at risk of Islamic State takeover, expects Kobani to fall*, October 9, 2014.
7. Ernst, Douglas, Washington Times, *Islamic State group closes in on Baghdad airport; fighters 8 miles*

- away, October 10, 2014.
8. Reuters, *At least 47 killed in attacks in and around Baghdad*, October 16, 2014.
9. Westall, Sylvia, Reuters, *Islamic State flying three jets in Syria: monitor*, October 17, 2014
10. Alster, Paul, Fox News, *Mysterious blast at Iran nuke plant proves weapons program alive, say experts*, October 9, 2014.
11. NBC News, *Six Pakistan Taliban Leaders Swear Allegiance to ISIS: Spokesman*, October 14, 2014.

12. Fox News, *Officials say suicide bomber in northwest Pakistan kills 5 anti-Taliban tribal elders*, October 14, 2014.
13. Craig, Tim, and DeYoung, Karen, Washington Post, *Pakistan is eyeing sea-based and short-range nuclear weapons, analysts say*, September 21, 2014

Terrorism

Despite air attacks on the IS terrorists, there is a belief the Syrian city of Kobani will fall [1]. With the news media actively covering the fight in Kobani, there is more pressure on the coalition to help the Kurds fight the IS terrorists. For instance, since the IS made gains in Kobani, the allied coalition has increased bombing [2]. In turn, the attacks caused protests in neighboring Turkey that have claimed over 31 lives so far [3].

The IS terrorists are clearly in possession of advanced weapons. Case in point, an Iraqi helicopter was shot down with a shoulder fired heat seeking missile by IS fighters [4]. In a more troubling sign, it appears the IS has used mustard gas, a chemical weapon, against the Kurds near the town of Kobani [5]. Once it became obvious that the IS was in possession of chemical weapons, the question arose; were did these weapons come from? Immediately following the revelation, a report indicated many chemical weapons were left by the

old Iraq government [6]. To re-emphasize, IS now controls the Saddam Hussein chemical and nerve agent weapons [7]. Moreover, so far IS has destroyed 5 Iraqi M1A1 Abrams tanks and shot down six Army helicopters [8].

In Yemen, two suicide bombings directed against a Shiite group killed at least 67 people [9]. In summary, Yemen has split into Shiite and Al Qaeda groups viewing for power [10].

1. Yan, Holly, et. al., CNN, *U.S. Airstrikes on ISIS won't save Kobani*, October 9, 2014.
2. Fox News, *US – led coalition intensifies airstrikes against ISIS in Kobani*, October 10, 2014.
3. Daily Star (Lebanon), *At least 31 killed in Turkey 'spiral of violence': minister*, October 10, 2014.
4. Washington Free Beacon, *Islamic State Shoots Down Iraqi Helicopter, Sparks New Fears*, October 10, 2014.
5. Chumley, Cheryl K., *Washington Times, Islamic State may have used mustard gas, Israeli experts say*, October 14, 2014.
6. Barbash, Fred, *Washington Post, Report: Pentagon 'suppressed' finds of chemical weapons in Iraq and related U.S. casualties*, October 15, 2014.
7. Pandey, Avaneesh, *International Business Times, Saddam-Era Chemical Weapons Now Under ISIS Control: Reports*, October 15, 2014.
8. Pianin, Eric, *The Fiscal Times, ISIS Delivers 'Shock and Awe' with Arms from U.S., China, and Russia*, October 16, 2014.
9. Reuters/Jerusalem Post, *Suicide bombings in Yemen kill 67 after premier quits*, October 9, 2014.
10. Washington Post, *Yemen unravels*, October 17, 2014.

*Ancient Rome was as
confident of the
immutability of its world
and the continual
expansion and
improvement of the human
lot as we are today—Arthur
Erickson*

Economy

According to the Labor Department, for the week ending October 4 the number of first time unemployment claims was 287,000 [1]. Then for the following week, the number fell to 264,000 [2].

In the Middle East, an oil war amongst OPEC nations has led to a rapid all in oil prices [3]. What's more, it is unlikely in the near term that OPEC will meet to discuss restricting oil supplies [4]. The reason for the price war appears to be horizontal drilling in the US that has a breakeven point estimated at \$85 per barrel [5]. The number of financial institutions shuttered is below last

year's number, but not zero. For instance, the NBRF Financial Bank in Maryland became the 15th financial institution closed by regulators this year [6].

1. House, Jonathan, Wall Street Journal, *U.S. Jobless Claims Fall to 287,000 in Latest Week*, October 9, 2014.
2. AP, *U.S. unemployment claims drop to lowest level in 14 years*, October 16, 2014.
3. Krauss, Clifford, New York Times, *OPEC Split as Oil Prices Fall*, October 13, 2014.
4. Lawler, Alex, Reuters, *OPEC unlikely to hold*

emergency meeting on oil drop sources, October 14, 2014.

5. Philips, Matthew, Bloomberg, *U.S. Oil Producers May Drill Themselves Into Oblivion*, October 13, 2014.
6. AP, *Regulators Close Small Maryland Bank*, October 17, 2014.

Ebola

Given the focus of the deadly Ebola virus, we have included a section on the topic. In Texas, the first US death due to the Ebola occurred on October 8 [1]. Then on October 11, one of the hospital health care workers at the same Texas hospital tested positive for Ebola [2]. On October 15, a second healthcare worker tested positive for Ebola [3].

In Spain, a nurse contracted the Ebola virus [3]. One article that suggests the virus also spreads through dogs [4]. So far, the virus has claimed the lives of over 200 health care workers and there are concerns the protective gear may not be

adequate [5]. What's more, the 4,000 US troops dispatched to fight Ebola in Africa may be required to undergo a 21-day quarantine [7].

1. Stanglin, Doug, et. al., USA Today, *Ebola patient in Dallas hospital dies*, October 8, 2014.
2. Fernandez, Manny, New York Times, *Texas Health Worker Tests Positive for Ebola*, October 12, 2014.
3. NBC News, *Ebola in Texas: Second Health Care Worker Tests Positive*, October 15, 2014.
4. Minder, Raphael, New York Times, *Spanish Nurse Probably Got Ebola From Touching Her Face*,

October 8, 2014.

5. AP, *Ebola's victims may include dog in Spain*, October 7, 2014.
6. Greenmeier, Larry, Scientific American, *Ebola Spread Shows Flaws in Protective Gear and Procedures*, October 10, 2014.
7. Starr, Barbara, CNN, *U.S. troops assisting in Ebola mission may be quarantined*, October 15, 2014

You don't get gushers of revenue by raising tax rates. You get it through expansion—George P. Shultz
