

## IN THE NEWS

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### World News

The ISIS terrorists captured the northwestern Iraqi city of Tal Afar; home to approximately 200,000, mostly Sunni Turkmen, people [1]. What's more, the ISIS terrorists took control of Iraq's largest oil refinery [2]. They also seized control of the main border crossing between Iraq and Jordan [3]. Now that Iraq has deteriorated into a safe haven for ISIS terrorists, Syria has started to bomb targets within Iraq [4]. In one bombing episode, 57 people were reportedly killed [5]. Meanwhile, the anti-US cleric Muqtada al-Sadr, has amassed an army of Shiite terrorists to combat ISIS [6]. While the major news is focused on the events in Iraq, China continues to dominate the South China Sea. Case in point, one report indicates China has dispatched 4 more oil/gas drilling rigs into contested waters [7].

Reports like to suggest China has only 250 nuclear warheads [8]. Is this a believable number or does it serve China's interest to suggest a smaller stockpile? For instance, in the South China Sea, photographic evidences emerged of three of China's Type 094 nuclear subs (each with 12 multiple warhead ICBMs) [9]. Last year, the JL-2 submarine missiles were thought to have between 2 to 8 nuclear warheads each [10]. So just from these three known subs, there are between 72 and 288 warheads.

The Asian nuclear arms race continues. India is estimated to have between 90 and 110 nuclear warheads and is currently expanding a uranium plant that could increase the number of weapons [11].

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2. Michaels, Jim, USA Today, *Report: Militants seize Iraq's largest refinery*, June 23, 2014
3. Sly, Liz, Washington Post, *Insurgents in Iraq seize main border crossing with Jordan as Kerry arrives for talks*, June 23, 2014.
4. Fox News, *Syrian war planes strike inside Iraq, sources say*, June 16, 2014.
5. Tawfeeq, Mohammed, et. al., CNN, *Syrian warplanes strike in Iraq, killing 57 civilians, official says*, June 25, 2014.
6. Vinograd, Cassandra, NBC News, *Anti-U.S. Cleric Muqtada al-Sadr Retakes Stage Amid Iraq Turmoil*, June 23, 2014.
7. Dominguez, Gabriel, Deutsche Welle, *Beijing 'setting precedent' in*

(Continued on page 2)

#### Inside this issue:

Terrorism	3
Economy	4
China Pollution	4

#### Special points of interest:

- 12<sup>th</sup> bank shuttered
- West allows ISIS to capture nerve agent weapons stockpile in Iraq
- Update: first quarter economy contracted at 2.9% annual rate

### Security

Recently, China manufactured counterfeit parts that found their way into the US military supply chain [1]. Now one report from Germany indicates some low cost smartphones made in China, were discovered to have spyware embedded deep in the propriety software [2].

Bank wire transfers continue to be news items. For instance, the United Security Bank agreed to pay \$350K to settle fraudulent wire transfers from an oil company to bad actors in the Ukraine [3]. If banks have trouble implementing security, what is the impact to other industries? For instance, the Montana De-

partment of Public Health and Human Services (DPHHS) experienced a breach that was ongoing since July 2013, potentially impacting 1.3 million clients [4].

1. Mahony, Edmund H., *The Courier, Man Admits Selling Counterfeit*

(Continued on page 2)

## Security

(Continued from page 1)

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2. Satter, Raphael, and Jordans, Frank, AP, *Report: Chinese phone comes pre-loaded with spyware*, June 17, 2014.
  3. Carman, Ashley, SC Magazine, *United Security Bank settles with TRC oil firm for \$350K*, June 20, 2014.
  4. Greenberg, Adam, SC Magazine, *Montana DPHHS notifies 1.3 million*

*clients and staffers of nearly year-long breach*, June 24, 2014.

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(Continued from page 1)

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8. Pandit, Rajat, Times of India, *Pakistan surges ahead of India in nuclear stockpile: Report*, June 17, 2014.
  9. Gertz, Bill, Washington Free Beacon, *Three Chinese Nuclear Missile Submarines Photographed in South China Sea*, May 28, 2014.
  10. Keck, Zachary, The Diplomat, *Coming Soon? China's JL-2 Sub-Launched Ballistic Missile*, July 25, 2013.
  11. South China Morning Post/Reuters, *Indian uranium enrichment plant*

*could raise stakes in nuclear arms race*, June 22, 2014.

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*The harder you work, the  
harder it is to surrender—*  
Vince Lombardi

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## Terrorism

Before we discount the damage terrorists can have on the world stage, we should take a look at history. Case in point, 100 years ago, terrorists assassinated the Archduke of Austria Franz Ferdinand; an event leading to World War I [1].

With history as a backdrop, the current terrorist incursion into Iraq took on an ominous tone. It seems they have captured the UN sealed chemical-weapon stockpile that includes VX and Sarin nerve agents [2]. What's more, indications are the US has no plans to bomb terrorist targets in Iraq [3]. This inaction could have far reaching consequences if the terrorists are able to attack Western cities using these captured weapons.

Consider the current leader of the ISIS terrorist organization warned that he would be seen in New York [4]. Additionally, one piece indicates the terrorists camps in Iraq and Syria are designed to prepare for attacks on the US [5]. This comes at a time when the US Southern border with Mexico is easy to breach [6]. A question here is could ISIS terrorists using their newly obtained chemical weapons result in martial law in areas of the US?

Clearly designed for terror effect, the ISIS al-Qaeda splinter group in Iraq published

Internet pictures of the ongoing massacre [6]. What's more, the ISIS publishes an annual report boasting of 9, 540 operations in Iraq last year [7].

One study argues the US must remain engaged in fighting terrorism overseas in order to reduce the risk at home [8].

1. Aiyar, Mani Shankar, The Hindu, 1914 Serbia, 2014 Pakistan, June 25, 2014.
2. Barnes, Julian, Wall Street Journal, Sunni Extremists in Iraq Occupy Hussein's Chemical Weapons Facility, June 18, 2014.
3. Kedmey, Dan, Time, Kerry Says U.S. Air Strikes in Iraq Would Be 'Act of Irresponsibility', June 24, 2014.
4. Sanderson, Bill, New York Post, Iraq insurgency leader: 'I'll see you in New York', June 14, 2014
5. Washington Free Beacon, ISIL Aims to Create 'Launching Pad for Attacking U.S. Homeland', June 25, 2014.
6. Ortega, Bob, and Kelly, Erin, The Arizona Republic/USA Today, Politics of border security hamper immigration overhaul, June 25, 2014.
7. BBC News, Iraq conflict: Images purport to show

'massacre' by militants, June 15, 2014.

8. Fredericks, Bob, New York Post, Jihadists detail murder and mayhem in grotesque annual report, June 18, 2014.
9. Government Security News, Growing jihadist threat calls for new U.S. strategy to combat terrorism, according to Rand, June 19, 2014.

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*I wish it to be remembered  
that I was the last man of  
my tribe to surrender my  
rifle—Sitting Bull*

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## Economy

A recession is popularly defined as having two consecutive quarters of negative growth [1]. Now the Commerce Department revised its estimate of first quarter contraction; the revision indicated the economy contracted at a 2.9% annual rate [2]. By all indications, the current economy is in poor shape.

The Labor Department reported there were 312,000 first time unemployment claims for the week ending June 14 [3]. Then for the following week, the number reported was 312,000 with a revision of the previous week up to 314,000 [4].

Regulators shuttered Valley banks in Illinois and Florida, bringing the total number closed for the year to 11 [5]. Then on June 27, the Free-

dom State Bank in Oklahoma became the 12<sup>th</sup> financial institution shuttered during 2014 [6].

While America continues to embrace unfair trade practices, those communities losing jobs continue to suffer. Case in point, in Detroit, water is being cut to approximately 3,000 customers per week [7].

1. Busler, Michael, Communities Digital News, *Is the US economy in a recession?*, May 30, 2014.
2. Irwin, Neil, New York Times, *Economy in First Quarter Was Worse Than Everybody Thought.*, June 25, 2014.
3. Woellert, Lorraine, Bloomberg, *Jobless Claims in U.S. Fell Last Week as Labor Market Heals*, June

19, 2014.

4. Chandra, Shobhana, Bloomberg, *Consumer Spending in U.S. Climbed Less Than Forecast in May*, June 26, 2014.
5. ABC News/AP, *US Regulators Close 2 Banks in Illinois, Florida*, June 20, 2014.
6. The Norman Transcript, *Freedom State Bank in Oklahoma closes*, June 27, 2014.
7. Semuels, Alana, Los Angeles Times, *Thousands go without water as Detroit cuts service for nonpayment*, June 28, 2014.

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*The cost of freedom is  
always high, but  
Americans have always  
paid it. And one path we  
shall never choose, and  
that is the path of  
surrender, or submission—  
ohn F. Kennedy*

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## China Pollution

With the US exporting jobs to China, more industrial pollution follows. The environmental impact is clear. Pollution complaints in Beijing are increasing indicating China's environment is getting worse [1]. What's more,

the pollution in China has gone from bad to worse [2].

1. Reuters/South China Morning Post, *Rising anger as complaints about Beijing's air pollution double*, June 14, 2014.
2. Larson, Christina,

Bloomberg/Business Week, *China's Environment Goes From Bad to Worse*, June 10, 2014.