

IN THE NEWS

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World News

Like so many of the Middle-East countries, Libya has digressed into a war between terrorists and a fledgling government. The fighting is so intense, the US and UK evacuated their embassies [1]. Moreover, a special forces based was overrun by militant terrorists [2]. As a consequence, terrorist fighters effectively took control of Benghazi [3]. In a further sign that war in the Middle-East is spilling over into other countries; 8 Lebanese soldiers were killed battling terrorists [4].

Much of the front page news focuses on the Gaza Strip where casualties are reported in great detail and frequency [5]. In contrast, the newly formed Islamic State (IS) is eradicating Iraq's Christian population [6]. Partially in response to the atrocities in Iraq, the US resumed limited bombing strikes against the ISIS terrorist organization [7].

Diplomacy between Russia and the US continues to erode. For example, US officials acknowledged that since 2010, Russia violated the 1987 Intermediate-range Nuclear Forces Treaty [8]. Then Russia claims its navy drove a US submarines out of the Barents Sea [9]. What's more, Russian bombers have entered US Air Defense Zones on at least 16 occasions so far this year [10].

Once again, all eyes seem to be focused away from the South China Sea. Nevertheless, there are newsworthy activities taking place. For instance, bucking international criticism, China announced plans to construct lighthouses on five islands [11]. Then, Japanese warplanes reportedly followed Chinese military aircraft flying in the disputed airspace [12]. Additionally, Japan announced they will give Vietnam six low end navy ships valued at \$5 million in response to China's actions [13]. Meanwhile, one of China's official government web sites disclosed the first images of the DF-41 ICBM, with a 7,500 mile range that can carry multiple nuclear warheads [14].

1. Duke, Alan, CNN, *British, U.S. diplomats out of Libya as militia fighting rages*, July 27, 2014.
2. Al-Warfalli, Ayman, Reuters, *Libyan militants overrun Benghazi special forces base as chaos deepens*, July 29, 2014.
3. Fhelboom, Reda, and Waters, Angela, Washington Times, *Islamic militants seize Benghazi as U.S. evacuates Libya*, July 31, 2014.
4. The Telegraph (UK), *Clashes at Syrian border leave eight Lebanese soldiers dead*, August 3, 2014.

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Security

One of the most difficult tasks is to convince people that passwords are not sufficient for protecting information. This remains the case even when evidence clearly shows the weakness of passwords. Case in point, Russian criminals successfully compromised 1.2 billion passwords [1].

Once again, Chinese cyber-attacks are in the news. The latest target of what appears to be a state sponsored attack were the computer systems at Canada's National Research Council [2]. Moreover, one report indicates three companies involved with the Israel missile defense, were hacked by China [3].

Another area where attacks are increasing is phishing exploits. By one estimate, for the month of June there were over 55,000 attacks resulting in over \$400 million in losses [4].

Meanwhile, businesses continue to struggle through malware attacks. Case in

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Special points of interest:

- Russian crime ring steals 1.2 billion passwords
- Islamic State captures largest dam in Iraq
- US started limited bombing in Iraq
- Chinas monthly trade surplus reaches a record \$47.3 billion

*Everything I did in my life
that was worthwhile, I
caught hell for—Earl
Warren*

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point, nearly 600 businesses had their point of sale systems compromised by malicious software (malware) [5].

1. Perloth, Nicole, and Gelle, David, New York Times, *Russian Gang Amasses Over a Billion Internet Passwords*, August 5, 2014.

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2. Barton, Rosemary, CBC News, *Chinese cyberattack hits Canada's National Research Council*, July 29, 2014.

3. Newsweek/Reuters, *Companies Behind Israel's Iron Dome Hacked by China: Report*, July 30, 2014.

4. Colón, Marcos, SC Magazine, *Report: June phishing attacks account for over \$400M in losses*, August 5, 2014.

5. Greenberg, Adam, SC Magazine, *Nearly 600 U.S. businesses compromised by 'Backoff' POS malware*, July 31, 2014.

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5. Rudoren, Jodi, and Akram, Fares, New York Times, *A Boy at Play in Gaza, a Renewal of Warfare, a Family in Mourning*, August 8, 2014.

6. Krohn, Jonathan, *The Telegraph (UK)*, *Iraq crisis: 'It is death valley. Up to 70 per cent of them are dead'*, August 10, 2014.

7. Boston Globe, *Iraq airstrikes: Preventing genocide was the least bad option*, August 8, 2014.

8. Gertz, Bill, Washington

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Free Beacon, *Russia Violates Intermediate Nuclear Missile Treaty*, July 29, 2014.

9. AP/Fox News, *Russia reportedly says it chased apparent US sub from Barents Sea*, August 9, 2014.

10. Gertz, Bill, Washington Free Beacon, *Russian Strategic Bombers Conduct More Than 16 Incursions of U.S. Air Defense Zones*, August 7, 2014.

11. Hui, Li, and Blanchard, Ben, Reuters, *China to build lighthouses on five isles in defiance of U.S. call*, August 7, 2014.

12. Martina, Michael, Reuters, *China says Japan fighter jets shadowed its planes over disputed waters*, August 7, 2014.

13. BBC News, *Japan gives Vietnam six navy ships amid regional tension*, August 1, 2014.

14. Gertz, Bill, Washington Free Beacon, *Chinese Government Website Confirms New Multi-Warhead ICBM*, August 1, 2014.

Terrorism

The world appears to be losing the war on terrorism. For instance, the Islamic State (IS) group in Syria and Iraq now controls more resources than any terrorists in history [1].

Once again, terrorism returned to China. However, police in the western region of Xinjiang, opened fire on knife wielding attackers, killing dozens [2]. Chinese officials reported the number of dead in the latest violence approached 100 [3].

Around the world, it seems as though the threat of terrorism is increasing. In the latest example, one report suggests the second largest city in Libya, Benghazi, is now controlled by terrorists [4].

One report indicates the IS terrorist is targeting Saudi Arabian intelligence officers

for assassination [5]. In further bad news, the IS terrorist group captured the Mosul Dam, the largest in Iraq that provides 30% of that country's electricity [6]. In another troubling sign; fighters in other terrorist groups are leaving their current organizations and joining IS [7].

1. Washington Free Beacon, *ISIL Controls More Resources, Territory than Any Extremist Organization in History*, August 4, 2014.
2. Reuters/Washington Free Beacon, *Chinese Police Shoot Dead Dozens After Attack in Xinjiang*, July 29, 2014.
3. Areddy, James T., Wall Street Journal, *China Says Violent Xinjiang Uprising Leaves Almost 100 Dead*, August 3, 2014.

4. Fhelboom, Reda, and Waters, Angela, Washington Times, *Islamic militants seize Benghazi as U.S. evacuates Libya*, July 31, 2014.
5. Gertz, Bill, Washington Free Beacon, *ISIL Targets Saudi Intelligence*, August 4, 2014.
6. Snyder, Christopher, Fox News, *ISIS takeover of key infrastructure brings new fears for Iraq's future*, August 4, 2014.
7. Miller, Greg, Washington Post, *Fighters abandoning al-Qaeda affiliates to join Islamic State, U.S. officials say*, August 9, 2014.

*Khrushchev reminds me of
the tiger hunter who has
picked a place on the wall
to hang the tiger's skin long
before he has caught the
tiger. This tiger has other
ideas.—John F. Kennedy*

Economy

We finally have some positive news to cover. According to the Commerce Department, the GDP grew at a 4% rate during the second quarter [1].

Never one to allow a level playing field, China continues to exploit ways to ensure unfair trade practices. Case in point, the communist giant is using anti-monopoly laws to stifle foreign companies while supporting local industry [2]. Then China is claiming to worry about US intelligence agencies and is using this excuse to restrict IBM, HP, and other companies competing in the Chinese market [3]. This is effectively helping Chinese business at the expense of foreign, including US, companies [4]. As a result, for July China posted its largest trade surplus ever, \$47.3 billion [5].

According to the Labor Department, the number of first

time unemployment claims for the week ending July 26 was 302,000 [6]. For the following week, the number reported fell to 289,000 [7]. Additionally, for June, the unemployment rate was reported at 6.2% [8]. What's more, the percentage of Americans working increased from 62.8% to 62.9% [9].

1. Searcey, Dionne, New York Times, *U.S. Economy Grew at 4% Rate in Second Quarter, Beating Expectations*, July 30, 2014.
2. Piper, David, Fox News, *Microsoft's China woes increase*, July 30, 2014.
3. Burkitt, Laurie, and Murphy, Colum, Wall Street Journal, *China Using Anti-monopoly Law to Pressure Foreign Businesses*, August 4, 2014.
4. Wall Street Journal, *NSA Concerns Give Chinese*

Server Maker a Boost, July 29, 2014.

5. Smith, Geoffrey, Fortune, *China posts record trade surplus in June as exports surge*, August 8, 2014.
6. Bartash, Jeffry, Market Watch, *U.S. jobless claims turn higher one week after touching 14-year low*, July 31, 2014.
7. Money, *Jobless aid applications fall to 289,000*, August 7, 2014.
8. Searcey, Dionne, New York Times, *Job Market Shows New Gains, but Pace Eases*, August 1, 2014.
9. Prial, Dunstan, Fox News, *U.S. Adds 209,000 Jobs in July, Unemployment Rate at 6.2%*, August 1, 2014.

It's actually a smarter crime because imagine if you rob a bank, or you're dealing drugs. If you get caught you're going to spend a lot of time in custody. But with hacking, it's much easier to commit the crime and the risk of punishment is slim to none.—Kevin Mitnick

China Pollution

There are reports of pollution related unrest emerging from China [1]. What's more, more reports are linking China's pollution problems with unfair trade practices. Case in point, the Chinese solar panel maker, JinkoSolar

Holding Co, is facing a lawsuit in the US for failing to disclose complaints the company was dumping toxic chemicals into the water; thereby killing fish [2].

1. Harney, Alexandra, Reuters, *Chinese town trades lead poison test results for*

milk, July 16, 2014.

2. Stempel, Jonathan, Reuters, *China's JinkoSolar must face U.S. lawsuit over pollution, protests*, July 31, 2014.