

## IN THE NEWS

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### World News

It appears Russia is having a significant impact on Islamic terrorists operating in Syria. One report indicates Russian air attacks killed over 2,300 people in Syria [1]. However, one piece indicates most of the targets in Syria are not directed against the Islamic State (IS) [2].

Iran continues to test US forces in the Arabian Gulf area. For example, Iran conducted a live fire missile test within 1,500 yards of the US Aircraft Carrier, Harry S. Truman [3]. Additionally, Iran acknowledged a second underground missile city with numerous weapons capable of carrying a nuclear warhead [4]. This comes as the diplomatic relationship between Iran and Saudi Arabia took a turn for the worse [5].

In an attempt at staking out its maritime claims in disputed waters, China landed two commercial planes on a recently created island [6]. Moreover, the growth in China's navy comes at a time when the US Pacific fleet is shrinking [7].

North Korea reported it exploded an H-Bomb [8]. Another piece suggests the yield was between 5-7 kilotons; less than an H-bomb yield [9]. Meanwhile, North Korea successfully conducted a submarine launched missile test [10]. In response, the US sent a B-52 bomber on a low level flight over South Korea [11]. For its part, China blamed the U.S. for worsening relations with North Korea [12].

1. The Guardian (UK), *3 months of Russia raids on Syria kill more than 2,300; monitor*, December 30, 2015.
2. Emmott, Robin, Reuters, *Few Russian strikes in Syria are against Islamic State, U.S. official says*, January 9, 2016.

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### Security

The race to fix software vulnerabilities continues. For instance, IBM issued a fix for the SPSS Statistics software product [1].

In past newsletters, we have repeatedly highlighted security risks associated with Supervisory Control and Data Acquisition (SCADA) protocols used to control critical infrastructure systems. For instance, an Iranian cyber-attack back in 2013 gained control system

access to a dam located 20 miles from New York City [2]. Indeed, one major worry is that bad actors will shut down the US power grid [3]. What's more, the attacks directed against the US power grid are increasing [4].

With this backdrop, on December 23, 700,000 homes in the Ukraine were without power following a power outage believed to be the result of a Russian hack [5]. One piece suggests the

Russian hacking group known as Sandworm was responsible for shutting down the power [6].

As a side note, SCADA was originally designed without security consideration. What's more, more power sources are interconnected in buying and selling electricity. With more connections comes more potential portals of entry for bad actors.

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#### Special points of interest:

- North Korea explodes nuke
- China flash crash
- Cyber attack shuts down Ukraine power grid

## Security

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2. Yadron, Danny, Wall Street Journal, *Iranian Hackers Infiltrated New York Dam in 2013*, December 20, 2016.
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Bloomberg, *Russians have now learned to hack power grids*, January 7, 2016.

4. Kredo, Adam, Washington Free Beacon, U.S. *Power Grid Being Hit With 'Increasing' Hacking Attacks*, Government Warns, June 24, 2015.
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Know your enemy and  
know yourself and you can  
fight a hundred battles  
without disaster.—Sun Tzu

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## World News

(Continued from page 1)

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5. BBC News, *A gulf between them: Understanding the Saudi-Iran dispute*, January 10, 2016.
6. Reuters, *China Lands Plane on Artificial Island in*

*Disputed South China Sea*, January 5, 2015

7. Reuters/CNBC, *North Korea says it has the 'H-bomb of justice' after nuclear test*, January 6, 2016.
8. McAvoy, Audrey, AP, *US Pacific Fleet Smaller, Even As China's Military Grows*, January 5, 2016,
9. Gertz, Bill, Washington Free Beacon, *North Korea Tested Partial Thermonuclear Device*, January 7, 2016.
10. Gertz, Bill, Washington Free Beacon, *North Korea Conducts Successful Subma-*

*rine Missile Test*, January 5, 2016.

11. Spitzer, Kirk, USA Today, *U.S. B-52 flight ups ante in nuclear weapons dispute with North Korea*, January 10, 2016.
12. Hernández, Javier C., New York Times, *China, in Rebuke, Suggests U.S. Worsened Ties With North Korea*, January 8.

## Terrorism

The Taliban are proving us with a look at terrorist approaches we may be vulnerable to. For instance, a suicide bomber stopped by the police at a checkpoint killed at least 22 people [1]. A question here is could something like this happen in the US? Consider, the TSA airport inspections at airports where there is typically a long line of travelers all bunched up to pass through an airport security checkpoint. This mass of people, prior to any security check, is similar to the targets the Taliban is attacking. What's more, many travelers have a legitimate Government ID (Personal Identity Verification) cards and yet they still must go through the same screening process. This in turn slows the process and creates a greater target. Unfortunately, we seem to be more reactive than proactive. We fully expect the

process will be updated should there be a serious terrorist attack.

In Libya, the situation continues to deteriorate. For instance, a truck bomb killed nearly 50 at a location near a Libyan police academy [2].

Closer to home, Islamic terrorism continues to emerge within the US. For instance, in Philadelphia, a suspect who tried to execute a police officer gave Islam as his justification [3]. Additionally, two refugees, one in Texas and one in California, were arrested on terror-related charges [4].

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2. El-Sahli, Ayman, Reuters, *Truck bomb kills nearly 50 at Libyan police academy*, January 7, 2016.

3. Wagner, Meg, and Hanna, Laurie, New York Daily News, *Man suspected in shooting of Philadelphia cop says he attempted 'execution' in the name of Islam as police release harrowing dispatch call: 'I'm bleeding heavily!'*, January 8, 2016.
4. Fox News, *Two Mideast refugees arrested on terror charges appearing in US courts*, January 8, 2016.

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*Every attempt to make  
war easy and safe will  
result in humiliation and  
disaster.—William  
Tecumseh Sherman*

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## Economy

It looks like 2016 has already seen another flash crash. Consider, China tried implementing new controls to mitigate market turmoil. Unfortunately, on the very first day of operation, the Chinese market fell 7% forcing a one day halt in trading [1]. In turn, US indexes fell 2% at the opening [2]. Later in the week, when trading was again halted following another 7% Chinese market decline; The People's Bank of China cut its reference rate (lowering currency) for an eighth straight day [3]. This will translate to cheaper Chinese products thereby drawing more wealth from the US.

However, for 2015, Ford saw a 3% growth in China; well over 1 million vehicles [4]. Similarly, GM's 2015 China sales rose 5.2%; for a total of 3.61 million vehicles [5]. What this illustrates is American vehicles are competitive against Japanese and South Korea models when the same unfair trade practices are applied to all imports.

One report indicated Puerto Rico planned to default on \$37 million in bond payments [6]. However, at the last minute, they dipped into cash reserves in order to make the bond payments [7].

According to the Labor Department, the number of first time unemployment claims for the week ending December 26 was 287,000 [8]. For the following week, the number reported was 277,000 [9]. Additionally, the Labor Department reported the unemployment rate for December was 5.0% based on 7.904 million looking for work out of a labor pool of 157.833 million [10]. However, 94 million working age Americans are not included in the labor work force [11].

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3. Bloomberg, *China Halts Stock Trading After 7% Rout Triggers Circuit Breaker*, January 7, 2016.
4. Steele, Anne and Stoll, John D., Wall Street Journal, *Ford Boasts Buoyant Chinese Car Sales in 2015*, January 8, 2016.
5. Spring, Jake, Reuters, *GM China auto sales rise 5.2 percent in 2015*, January 6, 2016.
6. Kaske, Michelle, and Varghese, Romy, Bloomberg, *Puerto Rico to Default on \$37 Million of Payments Due Jan 1*, December 30, 2015.
7. Fletcher, Nichale A., Washington Post, *Puerto Rico avoids loan defaults by dipping into cash reserves*, December 30, 2015.
8. Reuters/New York Times, *Jobless Claims Rise, Showing Some Weakness in Hiring*, December 31, 2015.
9. Chandra, Sho, Bloomberg, *Applications for Jobless Benefits in U.S. Decreased Last Week*, January 7, 2016.
10. Holodny, Elena, Business Insider, *Actually, the unemployment rate fell to 5.0078%*, January 8, 2016.
11. Moore, Steve, Forbes, *Obama's Dismal Economic Record Looks Even Worse When Compared To Reagan*, January 5, 2016.

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*If a sufficient number of management layers are superimposed on top of each other, it can be assured that disaster is not left to chance.—Norman Ralph Augustine*

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