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IN THE NEWS

Economic News

Reports indicate the current recession began December of 2007 [1]. On better news, the price of oil fell on Monday to a 3 year low of $48 per barrel [2]. By the end of the week, the price fell to a 4 year low [3]. In other good news, treasuries rose resulting in the lowest yields on record [4]. This means the interest on the soaring deficit will be less. The head of the FDIC, Sheila Bair, stated the government needs an exit strategy from the current financial rescue plan [5]. For years, one of the justifications used for transferring wealth outside the country was the new economic powers would not allow a financial collapse. However, the chairman of China's sovereign wealth fund stated there are no plans for further investments in Western financial institutions or any plans to economically save the world [6].

In a case of the strong consuming the weak, Capital One is purchasing the Washington DC area Chevy Chase bank [7]. In a further sign of trouble for the news media, The Denver Post is up for sale [8]. Nationwide, there are approximately 30 newspaper companies up for sale [9]. Another newspaper giant, the Miami Herald is also reportedly up for sale [10]. Meanwhile, the First Georgia Community Bank became the 23rd bank shuttered this year and is expected to cost the FDIC's insurance fund approximately $72 million [11]. In other news, over half a million jobs were lost in November the biggest one month drop since 1974 [12]. Furthermore, 1 in 10 mortgage holders are behind on payments [13].

Special points of interest:

- More malware programs created than useful programs
- 21 million German bank customer details for sale
- First Georgia Community Bank becomes 23rd bank closed by regulators
- 3,000 TWIC applications inadvertently deleted

IT security

One report suggests that this year, more malicious programs were written that useful ones [1]. For example, one person was able to cheat people in on-line gambling out of $ millions after using a hack that allowed him to see the cards in play [2]. Government agencies will need to quickly integrate their PIV cards with the DHS emergency networks. Case in point, in a sobering reminder of the world we live in, a bi-partisan panel warned Vice President-elect Biden that the US should expect a nuclear or biological terrorist attack by 2013 [3]. Should such an event occur, access to many locations will be limited to first responders with the appropriate credential. In London, three hospitals that were shut down due to a worm (malicious software) are back online [4].

Using readily available weak documentation exploits, reporters for the New York Daily News demonstrated how easy it was to steal the Empire State Building in just 90 minutes [5]. In other identity theft news, the AFP is reporting that detailed bank account information on 21 million Germans can be purchased for 12 million Euros ($15 million) [6]. Hardly a day goes by where we learn of more computer based security problems. For example, some are suggesting that paper ballots are more secure than electronic ballots [7].

One unrelenting risk with deploying new technology is that once compromised, it must be turned off or removed. Case in point, Pentagon officials have

Economic News

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2. Kennedy, Alex, AP, *Oil falls to 3-year low on bleak US economic news*, December 2, 2008.
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4. Campbell, Dakin, and Kruger, Daniel, Bloomberg, *Treasury Yields Drop to Record Lows as Bernanke Cites Buybacks*, December 1, 2008.
5. Gordon, Marcy, AP, *FDIC head: gov't rescue plan needs 'exit strategy'*, December 2, 2008.
6. Bradsher, Keith, New York Times, *China Shuns More Investment in West's Finance Sector*, December 3, 2008.
7. Goldfarb, Zachary A., and *Applebaum, Binyamin, Washington Post,* Capital One to Buy Local Banking Icon Chevy Chase, December 4, 2008.
8. Tsai, Catherine, AP, *Scripps puts Rocky Mountain News up for sale*, December 4, 2008.
9. Olinger, David, The Denver Post, *Ad losses send industry into a tailspin*, December 12, 2008.
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11. Levy, Ari, and Chadbourn, Margaret, Bloomberg, *First Georgia Community Bank Shut, 23rd U.S. Failure*, December 5, 2008.
12. Abate, Tom, San Francisco Chronicle, *Biggest one-month job loss in U.S. since 1974*, December 6, 2008.
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I like the dreams of the future better than the history of the past—
Thomas Jefferson

IT Security

confirmed that *Agent.btz* malicious software (malware) penetrated military computers leading to the policy prohibiting the use of USB flash or thumb drives [8].

The Federal Information Security Management Act (FISMA) has focused for seven years on process not technology [9]. For example, technology such as software as a service and cloud computing do not fit well into FISMA [10].

In the latest attack on social networking, a new virus is targeting Facebook users by having a friend's email request they download infected software [11]. In Florida, 250,000 unemployed had their identities exposed due to a security breach [12]. Users were exposed to Internet searches for 19 days [13].

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2. San Miguel, Renay, Tech News World, *Cheating Scandal Roils Online Gambling Industry*, December 1, 2008.
3. Hess, Pamela, AP, *Panel warns biological attack likely by 2013*, December 1, 2008.
4. PC World, *London Hospitals Nearly Back Online After Worm Infection*, December 2, 2008.
5. Sherman, William, New York Daily News, *It took 90 minutes for Daily News to 'steal' the Empire State Building*, December 2, 2008.
6. AFP, *21 million German bank account details on black market: report*, December 6, 2008.
7. Ingold, John, Denver Post, *Paper ballots touted as most secure*, December 2, 2008.
8. Campbell, Dan, Government Computer News, *Malware targets U.S. military computers*, December 2, 2008.
9. Jackson, William, Government Computer News, *Has FISMA improved IT security? Maybe*, December 1, 2008.
10. Brenner, Bill, PC World, *5 Must-Do Cyber Security Steps for Obama*. December 4, 2008.
11. Finkle, Jim, Reuters, *Destructive Koobface virus turns up on Facebook*, December 4, 2008.
12. Ray, whitney, WJHG, *Agency For Workforce Innovation Security Breach*, December 4, 2008.
13. Cotterell, Bill, Tallahassee Democrat, *Data left exposed for 19 days in Florida's job-service system*, December 5, 2008.
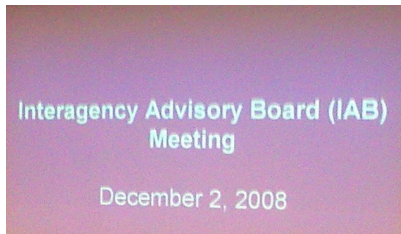
Interagency Advisory Board

The IAB meeting took place in the GSA Auditorium at 301 7th Street SW, Washington, DC. The meeting took place on December 2, 2008.

Carol Bales (OMB) is the lead policy analyst for HSPD-12. She pointed out that in 2003 agencies were spending $160 million on unique authentication approaches. In contrast HSPD-12 introduced a common authentication process. The next OMB report will be issued in January and will include the agency inputs received from a December 1 data call. Emphasis will be placed on getting first responders (particularly law enforcement) PIV cards first. Agencies have two actions to prepare 1) how they will utilize the PIV card capabilities and 2) re-accreditation following SP 800-79-1 before June 2009.

Chris Louden discussed OMB memorandum M-04-04 (E-Authentication Guidance for Federal Agencies) and the accompanying SP 800-63 that

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specified the technical controls. Chris pointed out that any application requiring level 3 or 4 authentication could not be satisfied with a password based solution.

Graham Whithead discussed ongoing American National Standards Institute (ANSI) activities to standardize on a reliable birth certificate document. He mentioned there are currently 15 states that allow anyone to come in and get a certified birth certificate.

Owen Unangst (USDA) provided a summary of USDA activities via teleconference from Colorado. The USDA recently combined 80 buildings into an enterprise PACS system.

Tim Baldridge responded to a question regarding people that have poor or no fingerprints. He indicated that a meeting took place with the NIST and guidance is being written. He mentioned that fingerprint quality was a problem with 1% of the people with some agencies reporting problems as high as 5% of the population.

Configuration Management

Periodically, we are reminded of the need for good configuration management (CM). In 1990, I wrote a paper that described a tool to determine what version of software was running based only of the executable file [1]. An updated tool could calculate a hash of any binary object and used this value as a database index for data retrieval. The database would return all configuration information about the binary object. If the hash value could not be found, then the binary was corrupt (or possibly infected). It is important that CM controls ensure that the correct version of software is used. However, after many years, we still learn of cases where test software is inadvertently run in a production environment as described in the next example.

According to House Homeland Security Chairman Bennie Thompson indicated 3,000 Transportation Worker Identity Credential (TWIC) applications were inadvertently deleted by the prime contractor [2]. Since discovering the problem last summer, over 2,000 of those workers have been reenrolled [3]. The problem occurred when the prime contractor used a training module instead of the production application to register people [4]. This comes at a time when some are complaining about TWIC card issuance delays [5]. However, in other areas, the TWIC card implementation has gone smoothly [6].

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2. Sullivan, Eileen, AP, *More problems for major post-9/11 security program*, December 5, 2008.
3. Washington Technology, *Lawmaker calls ports ID program 'abysmal failure'*, December 5, 2008.
4. Lipowicz, Alice, Federal Computer Week, *Data said lost on 3,000 TWIC card applicants*, December 5, 2008.
5. Dresser, Michael, Baltimore Sun, *ID cards stall truckers at port*, December 2, 2008.
6. Charleston Regional Business, *TWIC program implemented with few hiccups*, December 2, 2008.

I Let us not seek the Republican answer or the Democratic answer, but the right answer. Let us not seek to fix the blame for the past. Let us accept our own responsibility for the future—John F. Kennedy

China and India News

In a sign of changing times, China lectured the U.S. on the need to take swift action to remediate the world financial crisis [1]. One report suggests that Chinese bargain hunters are about to start purchasing US property [2]. This is good news for local governments that rely on property tax revenues.

We often think of China as the economic powerhouse it has become. However, with 1.3 billion people, it still has a lot more growth potential. For example, it is estimated that the urban jobless rate in China is 12% and could go up to 14% is the economic slowdown continues [3]. Meanwhile, China announced it's committed to increasing their currency value [4].

Like China, India is experiencing an export slowdown and has eased export credit rules [5]. Additionally, India's central bank has cut interest rates for the third time in less than two months [6].

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3. BBC News, *China 'faces mass social unrest'*, December 5, 2008.
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Crime

In 1903, Charles Ponzi developed a scheme where investors were paid a high rate of return using fresh investments. Such a scheme is doomed to collapse because the underlying funds produce little or no income. The Ponzi fraud scheme still occurs. For example, in Virginia, a former CEO pleaded guilty in a $40 million Ponzi scheme [1].

With the economic downturn one might think that mortgage fraud is decreasing. However, mortgage fraud increased by 45% in the second quarter compared to the previous year [2]. In Denver, it was acknowledged that part of the housing crisis is due to mortgage fraud and the FBI Director plans to go after those who tricked people into bad mortgages [3].

So far, Florida leads the nation in mortgage fraud [4]. In Florida, a man was sentenced for a $6 million security fraud [5]. Elsewhere in Florida, three people were sentenced in a $6.5 million mortgage fraud scheme [6].

Medicare fraud is back in the news with a Houston businessman sentenced in a $3,880,000 power wheelchairs scam [7].

In California, a man was indicted on a $200,000 bank embezzlement charge [8]. In Silicon Valley, a man was charged in defrauding investors in connection with $100 million in loans [9].

Unfortunately, no matter the industry, there are always some bad apples. For example, a former FEMA employee was sentenced to 5 years in prison for stealing the identities of 200 people, including disaster victims, and using these identities to purchase $24,000 in goods

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2. AP, *Mortgage fraud incidents up 45 pct in 2Q*. December 2, 2008.
3. Wolfe, Jeffrey, KUSA, *FBI director aims for more mortgage fraud prosecutions*, December 3, 2008.
4. Behnken, Shannon, Tampa Tribune, *Mortgage Fraud Rises*, December 3, 2008.
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8. FBI, *Business relationship officer at United Commercial Bank indicted for bank embezzlement*, December 3, 2008.
9. FBI, *William "Boots" Del Biaggio, III, charged with securities fraud*, December 4, 2008.
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