

IN THE NEWS

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APRIL 19, 2009

Economy

Chinese Premier Wen Jiabao, said China's economy was showing positive signs [1]. In contrast, the U.S. remained soft with Michigan and Oregon jobless rates exceeding 12% [2]. In California, the jobless rate reached 11.2% the highest since 1976 [3]. During March, 8 states had a jobless rate of 10% or higher [4]. What's more, Fed Chairman, Ben Bernanke, is predicting the economic crisis will be long lasting [5]. Meanwhile, President Obama requested department and agency heads recommend budget cutting proposals [6].

Auto giant GM chief executive, Fritz Henderson, is preparing a restructuring plan and for the possibility of bankruptcy [7]. Some experts are suggesting that Chapter 11 bankruptcy for GM would not be easy [8]. At Chrysler, the CEO Robert Nardelli expects to be replaced in the coming weeks [9]. The



Pension Benefit Guaranty Corp (PBGC) warned that GM and Chrysler retirees and employees could lose \$23 billion if the companies terminate their retirement plans in bankruptcy [10].

The American Sterling Bank in Missouri became the 24th bank shuttered by regulators this year [11]. In Nevada, the Great Basin Bank became the 25th bank closed. The number of banks shuttered this year, 25, now equals the number for all of 2008.

1. McDonald, Joe, AP, *Chinese premier says economy improving*, April 12,

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Security

One objective posited, for the Chinese who successfully got counterfeit chips embedded in U.S. ships and planes, is to maintain the ability to degrade the system at the time of their choosing [1]. Meanwhile, the Conficker worm is still proving to be a problem. For example, over 700 computers were infected by the worm at the University of Utah [2]. What's more, many Web sites are infected with a new stealthy malicious software (malware) program that many security products may not detect [3]. According to the Inspector General at the De-

partment of Interior (DOI), the department experienced a significant cybersecurity leak back in January, 2008 [4]. In the meantime, the FBI developed stealthy spyware programs to help in criminal investigations [5]. Now that the existence of such programs is known, expect hackers will try to obtain copies to complement their current malware tools.

As long as creating malicious software (malware) is profitable, we will likely see the problem remain. Case in point, the Twitter network was attacked four times by malicious worm programs

[6]. A teen who admitted to the Twitter attack using multiple worms was hired by a Web application development company [7]. What's more, the teen was specifically hired because of his skill in writing the worms [8]. Elsewhere, a Trojan horse that targets Mac iWork '09 trial version may be converting machines into zombies [9].

Years ago, when the Orange Book was still part of the security vocabulary, there was a concept known as object re-use. That is, deleted objects had to be purged of all information in order to meet the Orange Book requirement for object re-use.

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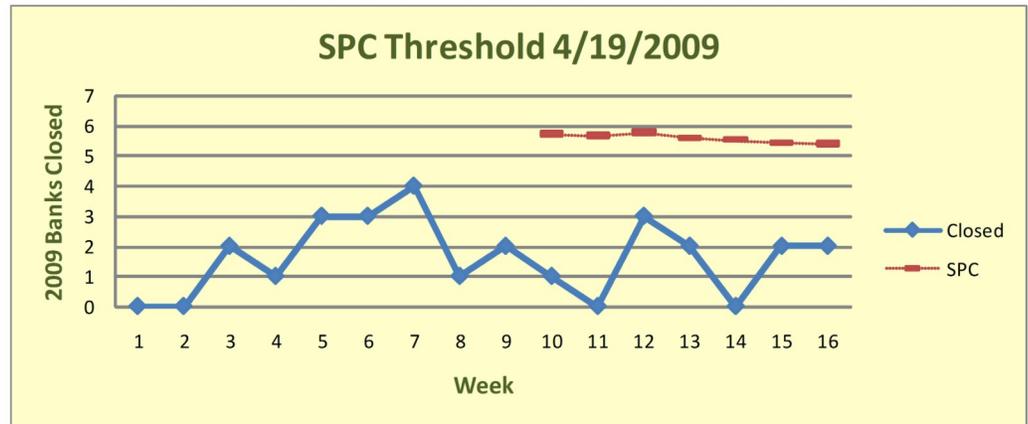
Special points of interest:

- China may have counterfeit chips embedded in U.S. planes and ships designed to degrade the system at the time of their choosing
- Regulators shutter the 24th and 25th banks this year

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2. Smith, Aaron, CNN, *Oregon and Michigan push past 12% jobless*, April 17, 2009.
3. AFP, *California jobless rate highest since 1976*, April 17, 2009.
4. Chandra, Shobhana, Bloomberg, *Joblessness* 2009.
6. Lester, Will, AP, *Obama to ask agency heads for budget cuts*, April 18, 2009.
7. Bunkley, Nick, New York Times, *Deadline Looming, G.M. Also Preparing for Bankruptcy*, April 17, 2009.
8. Johnson, Kimberly, and *I'm probably gone*, April 17, 2009.
10. Shepardson, David, Detroit News, *Retiree pensions are at risk*, April 15, 2009.
11. FDIC, *Metcalfe Bank, Lee's Summit, Missouri, Assumes All of the Deposits of American Sterling Bank, Sugar Creek, Missouri*, April 17, 2009.



A mask of gold hides all deformities—Thomas Dekker

5. Torres, Craig, Bloomberg, *Bernanke Says Crisis Damage Likely to Be Long-Lasting*, April 17, 2009.
9. Kiley, David, Business Week, *Chrysler's Nardelli: Reaches 10% in Indiana; Jumps in Oregon*, April 17, 2009.
12. FDIC, *Nevada State Bank, Las Vegas, Nevada, Assumes All of the Deposits of Great Basin Bank of Nevada, Elko, Nevada*, April 17, 2009.

Security

(Continued from page 1)

Now there are indications that hackers are looking for deleted files to recover sensitive information [10]. Perhaps new products could learn from previous security work.

1. The Times of India, *Chinese spies may have put chips in US planes*, April 17, 2009.
2. Weinstein, Natalie, Cnet News, *Report: Conficker worm bites University of Utah*, April 12, 2009.
3. Kirk, Jeremy, IDG News Service, *Stealthy Rootkit Slides Further Under the Radar*, April 15, 2009.
4. Lipowicz, Alice, FCW, *IG: Interior's networks weren't secure in 2008*, April 9, 2009.
5. McCullagh, Cnet News, *FBI spyware used to nab hackers, extortionists*, April 17, 2009.
6. Liedtke, Michael, AP, *Twitter tormented by nettlesome computer program*, April 13, 2009.
7. Keizer, Gregg, Computer world, *Twitter teen hacker hired by Web app developer*, April 17, 2009.
8. Mills, Elinor, Cnet News, *Teen Twitter worm writer gets job, spreads new worm*, April 17, 2009.
9. Moren, Dan, Macworld, *iWork Trojan horse may be turning Macs into zombies*, April 17, 2009.
10. Vamosi, Robert, PC World, *Deleted Data Drives New Data Breaches*, April 15, 2009.

Cybersecurity Control

Cybersecurity continues to be a hot issue amongst Government agencies. In particular, the DHS and NSA are at odds over which agency should have the dominant role [1]. Concurrently, the NSA is under fire for its domestic position charted by the last administration [2]. Indeed, Congress is investigating the NSA role in domestic intelligence gathering [3]. This comes after reports the NSA domestically exceed its legal authority [4].

The NSA is not alone in public criticism. At the DHS, Homeland Security Secretary Janet Napolitano apologized to military veterans who were described as risks for domestic terrorism [5]. Furthermore, the FBI is working closely with

the Uniformed Services to identify current and former soldiers who pose a domestic terrorism threat [6].

1. Risen, James, New York Times, *Control of Cybersecurity Becomes Divisive Issue*, April 16, 2009.
2. Nakashima, Ellen, Washington Post, *Role of Bush NSA Plan Under Review*, April 17, 2009.
3. West, Paul, Baltimore Sun, *Congress investigating spy violation by NSA*, April 17, 2009.
4. Perez, Evan, and Gorman, Siobhan, Wall Street Journal, *NSA Exceeds Legal Limits In Eavesdropping Program*, April 15, 2009.
5. Hsu, Spencer, Washing-

ton Post, *Napolitano Apologizes to Veterans*, April 16, 2009.

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Batteries Not Included

Since the price of non-precious metals has fallen, China has been stockpiling these metals [1]. These metals are key to creating batteries needed for the new electric and hybrid cars. Domestically, President Obama is calling for 1 million plug-in cars on the road by 2015 [2]. What's more, 4 electric car battery manufacturers announced plans to build plants in Michigan to the tune of \$1.6 billion [3].

Have you ever had to replace a car battery? One obvious question then is how long will the electric car batteries last? At least one car manufacturer claims the life will be 100,000 miles [4]. Over 10 years ago, I purchased a Black and Decker battery operated lawn mower. During the first year, the lawn could be cut with a single charge. Each year thereafter, more charges were required to complete the job, even after

the blade was sharpened. This year, I replaced the batteries at a cost of \$136.94. As this was combined with a service recall, I was not double billed for the



installation labor. The combined cost would have been \$189. A new battery operated lawnmower sells for \$430 so approximately 44% the cost of a new lawnmower was required for battery replacement. I suspect hybrids and fully electric cars will follow a similar lifecycle where performance continuously de-

grades until the batteries are replaced. For people planning on keeping their car beyond 100,000 miles, the cost may be too great.

Every year, there are a number of accidents where automotive components enter the ecosystem. As more exotic materials are used in creating batteries, what will be the environmental impact?

1. Farrow, Paul, Telegraph (UK), *Will copper outshine gold and silver?*, April 17, 2009.
2. Thomas, Ken, AP, *PROMISES, PROMISES: Plug-in cars goal hard to hit*, April 15, 2009.
3. Simon, Bernard, Financial Times, *Push to produce electric car batteries*, April 15, 2009.
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*Making the simple
complicated is commonplace;
making the complicated
simple, awesomely simple,
that's creative—Charles
Mingus*

World News

It was a bad week for the pirates. President Obama authorized military force to resolve pirates holding an American ship captain hostage; and the task was accomplished by Navy seals [1]. Later in the week, pirates again tried to seize a U.S. flagged cargo ship, the Liberty Sun, but were unsuccessful [2]. When attacked, the Liberty Sun was hit with rockets causing a fire and damage to the ship [3]. Elsewhere in the region, the French navy captured 11 pirates [4]. Later, Dutch commandos captured 7 pirates and freed 20 hostages [5].

Eight days following the North Korean missile launch, the UN Security Council agreed to condemn the launch and enforce previously imposed sanctions [6]. In response to the condemnation, North Korea announced it will restart its nuclear weapons plant [7]. Following through with their threat, North Korea expelled UN Nuclear Inspectors [8].

In the Middle East, Secretary of Defense, Robert Gates, is

warning Israel against attacking Iranian nuclear processing plants [9]. Concurrently, Israel president, Shimon Peres, rejected suggestions his country might attack Iran [10].

A number of experts are predicting that Pakistan will deteriorate giving rise to terrorist fiefdoms [11]. In an effort to help Pakistan, the world community has pledged and additional \$5 billion in aid [12].

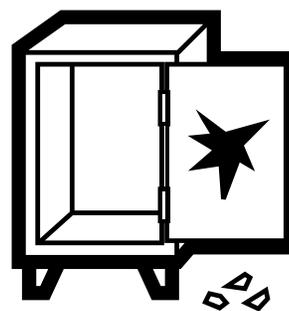
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2. CNN, *Pirates attack U.S. cargo ship but fail to get aboard*, April 14, 2009.
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7. Harden, Blaine, Washington Post, *N. Korea Says It Will Boycott Nuclear Talks, Restart Weapons Plant*, April 14, 2009.
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10. Williams, Dan, Reuters, *Peres dismisses talk of Israeli attack on Iran*, April 16, 2009.
11. Landay, Jonathan, McClatchy, *Pakistan on course to become Islamist state, U.S. experts say*, April 16, 2009.
12. Fujioka, Chisa and Kubota, Yoko, Reuters, *Donors pledge over \$5 bln for wobbly Pakistan*, April 17, 2009.

There is nothing so desperately monotonous as the sea, and I no longer wonder at the cruelty of pirates—James Russell Lowell

In New York City, 5 people were chard in a \$10 million fraud against a Queens church. In Florida, 5 people were arrested in a \$4.5 million mortgage fraud scheme [2].

There are new warnings of a crime where bad actors fraudulently file the paperwork to change the property deed ownership, then take out a loan on the property, and finally disappear [3]. The criminals are interested in showing ownership in order

Crime



to take out the loan [4].

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2. Smiley, David, Miami Herald, *5 busted in \$4.5M mortgage fraud scheme*, April 16, 2009.
3. Jefferson, Steve, WTHR, *Attorney general wants legal protection against 'house stealing'*, April 16, 2009.
4. Stockman, Dan, Journal Gazette (Ft. Wayne), *State warns of home-theft threat*, April 17, 2009.