

IN THE NEWS

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Economy

The number of homeowners that owe more on their homes than the value of the homes increased and now stands at 28% [1]. Meanwhile, the U.S. trade deficit increased to \$48.2 billion, with China capturing \$18.1 billion [2]. There were high level discussions between the U.S. and China that apparently did not resolve any of the trade imbalance issues [3]. To understand the impacts to US jobs, consider the example; the Chinese company, Foxconn Technology makes the Apple iPad employs 920,000 people [4]. What's more, the Foxconn 8-building complex designed to produce 40 million iPads per year was thrown together in 70-days [5]. A question here is was there any environmental impact study conducted before construction? Meanwhile, China, the world's largest steel exporter, increased production by another 5%, and hit another record for April [6].

Several European countries in economic crisis are causing the Euro to fall. For example, Fitch Ratings lowered Greece's credit rating by three levels to B+ (this is four levels below investment grade) [7]. The consequence of Greece's lower credit rating is a 16.59% interest rate for 10-year debt [8]. What's more, Greece's debt is now 157% of its gross domestic product and there are concerns it cannot generate enough to pay off the debt [9]. Elsewhere, Spain is suffering with a 21% unemployment rate that is resulting in a number of protests [10].

The rate of bank closures is starting to slow down. For example, on May 13, no financial institution was shuttered. Then on May 20, only three banks were closed: 41) First Georgia Banking Company; 42) Atlantic Southern Bank in Georgia; and 43) Summit Bank in Washington [11].

Unfortunately, the current recession is keeping the unemployment rates high. For the week ending May 7, the number of first time unemployment claims was 434,000 [12]. Then, for the week ending May 14, the number of first time unemployment claims was 409,000 [13].

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2. AP, *Exports hit record, but March trade deficit widens on oil*, May 11, 2011.

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Special points of interest:

- Greece's credit rating lowered three levels deeper into junk status by Fitch
- Japan's Fukushima nuclear reactor 1 was a complete meltdown
- 43rd Bank Closed

Security

Hackers have targeted PIN entry devices in their latest exploit. For example, Michaels Stores across 20 states were discovered to have 90 tampered key pads at checkout terminals; this following the disclosure of debit-card fraud [1]. It appears some of the machines were tampered with back on Febru-

ary 8; however complaints so far are less than 100 [2].

The Sony on-line network breach has gotten U.S. Congressional interest [3]. After the initial breach, Sony is still making news. It seems So-net Entertainment, a Sony subsidiary, suffered a data breach [4]. Then there was a reported Phishing attack operating

from a Sony server in Thailand [5].

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Security

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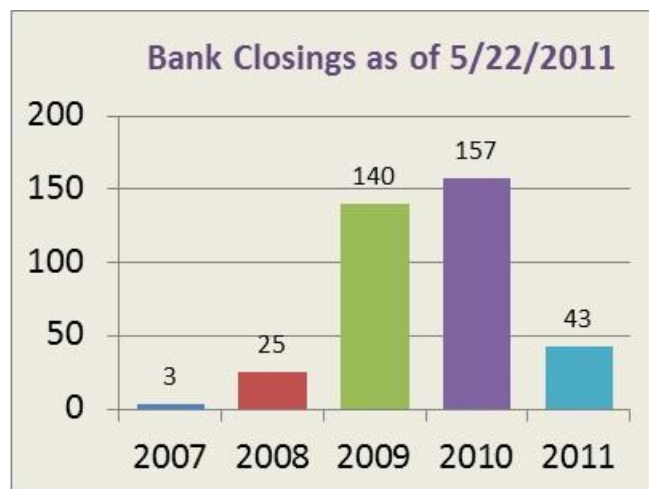
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No country without an
atom bomb could properly
consider itself
independent—Charles De
Gaulle



Economy

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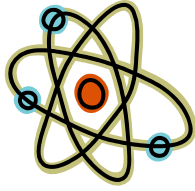
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Crisis in Japan

The cry against nuclear energy in Japan has resulted in thousands of protesters taking to the street against the technology [1]. Perhaps this is one reason Chubu Electric changed its mind and agreed to close three nuclear reactors [2].

In Japan, the Fukushima 1 reactor is calculated to have a hole several centimeters in diameter, likely resulting from a nuclear fuel meltdown [3]. Tepco released documentation describing the first 48-hours of the disaster and shows three nuclear reactors suffered core meltdowns [4]. What's more, Tepco indicated the entire core of reactor 1 melted down [5]. This should once and for all dispel the premise of the "China syn-



drome" movie that claimed a melted core would pass through the Earth's crust [6].

Japan slipped into another recession following two quarters of economic contraction [7]. What's more, with the expected reduction in power and parts, the current recession could linger longer. However, the two countries benefiting most from Japan's current crisis, China and South Korea, have pledged to help [8].



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Only the wisest and
stupidest of men never
change—Confucius

World News

While the world has focused on Japan's nuclear problems, Iran has continued its program. According to the Russian company that built the Iranian nuclear plant, it has started operating at low levels [1].

In China, the military there is preparing to test fly a new carrier based fighter plane [2]. However, a Chinese General claims his country will not challenge the U.S. military [3]. So if we believe General Chen Bingde, we have nothing to worry about. Meanwhile, Pakistan is to receive 50 Chinese built JF-17 fighters [4].

With the successful operation against Osama bin Laden, more information is becoming available. For example, the terrorist did not have a phone or internet connection but was able to exchange email using flash drives and a courier who connected at Internet cafes [5].

We may not know what information was obtained from bin

Laden's compound; however, we will be looking for arrests for those providing financial support to terrorists. For instance, in Florida, six were charged with supporting Taliban terrorists [6].

Meanwhile, Japan industry is planning to move much of its stricken parts manufacturing to China [7]. So once again, the U.S. is not getting any return on the Japanese products it buys.

When we get something from China, do we really know what went into the product? Case in point, 115 acres of watermelons burst open, ruining the crop, after the suspected growth chemical forchlorfenuron was used by the farmers [8].

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*Great acts are made up of
small deeds—Lao Tzu*

Fraud

As if small business doesn't have enough problems trying to stay afloat during the current recession, the cost of fraud is considerable. For example, one study suggests small businesses and their customers suffered \$8 billion in losses due to fraud [1].

Elsewhere, white collar crime continues to make the news.

For instance, in California, six people were indicted in a \$3 million bank fraud scheme [2]. In Chicago, two men were indicted for operating a \$16 million Ponzi scheme [3].

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