



# CYBER AND FINANCE WEEKLY

May 5 - 12, 2010 No. 19 of 2010

NYPD Counterterrorism Bureau  
Terrorism Threat Analysis Group

Open Source News Roundup  
from CTB Information  
Resource Center

## CYBERTERRORISM

### NATO Code Compromise

Washington Times, 5/13/10

The recent crash of a Polish military transport that killed most of Warsaw's senior civilian and military leaders was not only a human catastrophe for a key U.S. ally. NATO sources said that, in addition to the loss of nearly 100 pro-U.S. Polish leaders, the crash provided Moscow with a windfall of secrets. The crash killed Polish President Lech Kaczynski in western Russia on April 10 and decapitated Poland's military, killing two service chiefs, key military aides and several national security officials, many of whom were carrying computers and pocket memory sticks that contained sensitive NATO data. Perhaps the most significant compromise, according to a NATO intelligence source, is that the Russians are suspected of obtaining ultrasecret codes used by NATO militaries for secure satellite communications. The compromise of the codes is considered what electronic spies call a "break" for Moscow code-breakers. New NATO codes almost certainly were issued to allied militaries immediately after the crash.

### U.S. Struggles To Ward Off Evolving Cyber Threat

Reuters, 5/12/10

The United States is losing enough data in cyber attacks to fill the Library of Congress many times over, and authorities have failed to stay ahead of the threat, a U.S. defense official said on Wednesday. More than 100 foreign spy agencies were working to gain access to U.S. computer systems, as were criminal organizations, said James Miller, principal deputy under secretary of defense for policy. His comments came as the Obama administration develops a national strategy to secure U.S. digital networks and the Pentagon stands up a new military command for cyber warfare capable of both offensive and defensive operations. The Senate last week confirmed National Security Agency Director Keith Alexander to lead the new U.S. Cyber Command, which will be located at Ft. Meade, Maryland, the NSA's headquarters. Miller suggested the new organization, which is expected to be fully operational in October, had its work cut out for it. Among its challenges are determining what within the spectrum of cyber attacks could constitute an act of war. Miller said the U.S. government also needed to bolster ties with private industry, given potential vulnerabilities to critical U.S. infrastructure, like power grids and financial markets.

### India Blocks Deals With Chinese Telecoms Companies Over Cyber-Spy Fears

The Times, India, 5/10/10

India has blacklisted Chinese mobile phone equipment makers from contracts potentially worth billions of dollars, alleging that their products could be used for spying and cyber-warfare by the People's Liberation Army. Chinese analysts warned that the move breached World Trade Organisation rules and risked triggering a trade war between the two emerging market giants. Although the Indian Government has said that there is no blanket ban, Huawei and ZTE, two Chinese telecoms equipment vendors, say that no new export contracts have been approved since February 18, costing them dozens of deals and hundreds of millions of dollars in sales...Concerns over China's cyber-espionage activities increased dramatically in India last month when Canadian researchers uncovered a "complex cyber-espionage" network that was traced back to Chengdu...India, the world's fastest-growing mobile market in terms of subscriber numbers, is understood to have rejected at least 109 equipment contracts signed by Indian companies including Uninor, Tata Communications, Airtel, Idea, Spice, Vodafone and Aircel with Chinese vendors.

## British Man Convicted For Twitter Bomb 'Threat'

Associated Press, 5/10/10

A British man who said on Twitter that he would blow up an airport if his flight was delayed by snow was convicted Monday of sending a threatening message and made to pay 1,000 pounds (\$1,500). Paul Chambers, 26, insisted his post on the micro-blogging site was a joke. But a judge at Doncaster Magistrates' Court in northern England found him guilty of sending an offensive, indecent, obscene or menacing message over a public telecommunications network. District Judge Jonathan Bennett said the message "was of a menacing nature in the context of the times in which we live." He ordered Chambers to pay the fine and court costs. Chambers was arrested in January after he posted the message saying he would blow up Robin Hood Airport near the large town of Doncaster "sky high" if his flight, due to leave in a week's time, was delayed. Chambers, from Doncaster, said he made the post when the airport was closed by snow and he feared his travel plans would be disrupted...An airport employee came across the tweet a few days later, but security staff there decided it was not a credible bomb threat. Nevertheless, they passed the message on to police. Chambers was arrested two days before his flight was due to leave.

## White House Sees No Cyber Attack On Wall Street

Associated Press, 5/9/10

The White House's homeland security and counterterrorism adviser says there is no evidence that a cyber attack was behind the chaos that shook Wall Street last Thursday. John Brennan told "Fox News Sunday" that officials have uncovered no links suggesting that cyber attacks caused turbulence that sent the Dow Jones industrials plunging almost 1,000 points before staging a partial recovery at the end of the day. The market already was weak because of the spreading European debt crisis. Some have speculated that a typographical error might have triggered the massive computerized sell-off. Regulators and market officials are scouring millions of trades to understand what caused the volatility. The Securities and Exchange Commission and the Commodity Futures Trading Commission are relying on self-regulatory offices at the New York Stock Exchange and elsewhere to help them identify questionable trades.

## Cyber Attack 'Could Fell US Within 15 Minutes'

The Telegraph, 5/7/10

Richard Clarke claims that America's lack of preparation for the annexing of its computer system by terrorists could lead to an "electronic Pearl Harbor". In his warning, Mr Clarke paints a doomsday scenario in which the problems start with the collapse of one of Pentagon's computer networks. Soon internet service providers are in meltdown. Reports come in of large refinery fires and explosions in Philadelphia and Houston. Chemical plants malfunction, releasing lethal clouds of chlorine. Air traffic controllers report several mid-air collisions, while subway trains crash in New York, Washington and Los Angeles. More than 150 cities are suddenly blacked out. Tens of thousands of Americans die in an attack comparable to a nuclear bomb in its devastation. Yet it would take no more than 15 minutes and involve not a single terrorist or soldier setting foot in the United States. The scenario is contained the pages of his book, Cyber War: The Next National Security Threat, written with Robert Knake.

## TERRORIST FINANCING

### Cash Couriers Target Of Northeast Raids, Source Says

CNN, 5/13/10

Raids by federal agents in Massachusetts, New York and New Jersey on Thursday are focused on a system of "cash couriers" who bring money into the United States from overseas, a source close to the investigation said. Three people were taken into custody, according to a U.S. official -- two in Massachusetts and a third in Maine. A statement from U.S. Immigration and Customs Enforcement confirmed that three people were taken into custody on alleged immigration violations, but provided no further details. A second federal law enforcement source said the initial two detained have no direct connection to the Times Square bombing investigation, and their arrests were considered "collateral." Investigators searched locations in and around

Boston, Massachusetts, and in New York and New Jersey, a federal law enforcement source said...Some of the money allegedly ferried by the cash couriers is thought to have been made available to finance operations like the abortive Times Square attack. The source close to the investigation said two individuals have been under surveillance at least since Wednesday, but could not confirm that they were two of the three individuals arrested in the raids.

## **Trial Begins For Ex-Consultant Accused Of Violating Iran Embargo**

Wall Street Journal, 5/12/10

A former McKinsey & Co. management consultant operated an underground money-transfer business that allowed funds to be sent to persons in Iran in violation of an U.S. trade embargo, a U.S. prosecutor said Wednesday. In his opening statement Wednesday, Anirudh Bansal, co-chief of the Manhattan U.S. Attorney's Complex Frauds unit, said Mahmoud Reza Banki secretly transferred about \$3 million in dozens of transactions to individuals in Iran using an informal value-transfer system known as a "hawala." He also lied to federal authorities about why millions of dollars were placed in his bank account in the U.S., Bansal said.

## **US Slaps Sanctions On Al-Qaida Leaders In Yemen**

Associated Press, 5/12/10

The State Department is levying financial sanctions on leaders of the Yemen-based al-Qaida group that claimed responsibility for the failed Christmas Day attack on a Detroit-bound airliner. Secretary of State Hillary Rodham Clinton has approved sanctions that include a travel ban, assets freeze and arms embargo against Qasim al-Raimi, who threatened more attacks against America. A top military commander for al-Qaida in the Arabian Peninsula, Raimi warned Americans in an online magazine in February that his group "will blow up the earth from below your feet." State also targeted Nayif al-Qahtani, who manages the terror group's operations in Yemen. The group has openly targeted U.S. and other Western interests in Yemen and abroad.

## **Judge Issues Show-Cause Order In Case Against Charity**

Toledo Blade, 5/11/10

A judge in U.S. District Court yesterday ordered the Treasury Department to show probable cause for freezing the assets of KindHearts for Charitable Humanitarian Development Inc., a West Toledo charity whose \$1 million was seized for alleged links to the militant group Hamas. The Treasury Department used an executive order to padlock KindHearts' offices in February, 2006, while it investigated alleged ties to Hamas, a Palestinian terrorist group. In his order, Judge James Carr said the government must give KindHearts the reason behind its "block pending investigation" action that effectively put the charity out of business while the government investigated links to the terrorist outfit. The judge said it was within his power "to remedy constitutional violations" that KindHearts alleged, saying this was "an unusual and atypical remedy, but this is an unusual and atypical situation." Judge Carr asked the Office of Foreign Assets Control to consider KindHearts' request to release money to pay its attorney fees.

## **Toronto-Area Man Pleads Guilty To Funding Tamil Tigers**

The National Post, 5/11/10

Prapaharan Thambithurai is a satellite dish installer and father of three. He lives next to the Canada's Wonderland theme park and considers himself a "true Canadian." On Tuesday, he admitted he was also a terrorist financier. The 46-year-old resident of Maple, Ont., pleaded guilty to "providing financial services knowing that they will benefit a terrorist group, namely the Liberation Tigers of Tamil Eelam," the Public Prosecution Service said in a news release. He is the first person in Canada to be convicted of a terrorism offence simply for fundraising. He is also the first convicted of financing Sri Lanka's Tamil Tiger rebels, which the RCMP says raised millions in Canada. A statement of facts read in British Columbia Supreme Court yesterday said Mr. Thambithurai had collected \$600 worth of donations as well as pledge forms between March 11 and 14, 2008. While he said the money was for humanitarian aid in Sri Lanka, he also told police he knew at least some of it would go to the Tamil Tigers, a terrorist organization under Canadian law.

## Belgian Woman Sentenced On Terrorism Charges

Associated Press, 5/10/10

A Belgian court has convicted a 50-year-old Belgian woman of setting up, directing and financing a terrorist group and sentenced her eight years in prison. Malika El Aroud and seven others were found guilty Monday and sentenced to prison terms ranging from 40 months to eight years. One defendant was acquitted for lack of evidence. The nine were arrested in December 2008 after police intercepted an e-mail from one suspect that they said suggested a suicide attack was imminent. Prosecutors have not said where the attack was to occur. The nine defendants had denied the charges in the trial, which opened March 8. El Aroud's first husband died in a suicide attack on a top anti-Taliban leader in Afghanistan just two days before the Sept. 11, 2001, attacks.

## Times Square Terror Plot May Have Cost as Little as \$7K

Associated Press, 5/9/10

Confessed Times Square bomber Faisal Shahzad appears to have financed his failed plot with a wad of \$100 bills, but the amount of money needed to execute the scheme was fairly modest. There was his plane ticket to the U.S. from Pakistan, as well as a return flight to the United Arab Emirates, at a cost of less than \$800 each way. Add to that his living expenses, including three months rent for a Connecticut apartment at a little less than \$1,200 per month. His car bomb was relatively cheap, too: \$1,300 for a rusting 1993 Nissan Pathfinder and the cost of some firecrackers and tanks of gasoline and propane. Shahzad, who seemed to have paid cash for many and maybe all of his purchases, bought himself a Kel-Tec rifle, which sells for around \$400, but skimped on luxuries. The 30-year-old slept on an air mattress in a sparsely furnished apartment, and, according to one account, tried to get a job at a jewelry store where he had worked as a young college student. Shahzad's finances are under scrutiny, as authorities try to learn whether he got cash from a terror group. A law enforcement official told The Associated Press on Thursday that investigators had identified and were looking for a person who helped courier money to Shahzad from an overseas source. The official spoke on condition of anonymity because of the sensitivity of the investigation.

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