

Dentons Flashpoint

Daily Global Situation Report

June 9, 2022

Global Situation Update: June 9, 2022

KEY TAKEAWAYS

The UN warns that hundreds of millions of people are at risk of “hunger and destitution.”

At the Summit of Americas, US President Biden proposed a new US economic partnership with Latin America.

The IAEA condemned Iran for seeking to conceal traces of enriched uranium.

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WHAT WE'RE WATCHING

Today, the Council of the European Union will present a draft directive facilitating the application of criminal offences for environmental violations. The new regulation intends to make environmental violations easier to prosecute under criminal law. Several violations, such as pollution by ships or the disposal of waste involving mercury, have been incorporated into the draft.

The exposure of business to prosecution will be limited by the fact that the authorities will have to prove negligence. The directive is likely to pass, but not before 2023 amid remaining disagreements among member states, which will likely limit the scope of the regulations and reduce their application in some jurisdictions.

COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Global

Hundreds of millions of people are at risk of “*hunger and destitution*” because of food shortages due to the war in Ukraine, the UN Secretary-General Guterres warned, after talks stalled over ending Russia’s blockade of Black Sea grain shipments.

- Moderna Inc plans to seek approval for a new version of its **coronavirus vaccine** targeted against **Omicron** that produces a stronger antibody response than the original shot, in anticipation of a surge in infections in the fall.
- There have been more than 1,000 **monkeypox cases** reported to the WHO in 29 countries outside the countries in Africa where it more commonly spreads. There have been no reported deaths.

Markets & Business

Microsoft Corp announced the company would stop enforcing existing non-compete clauses in the US, while also committing to a civil rights audit of its workforce policies in 2023.

- The US Commerce Department suspended the export privileges of three US-based firms -- **Quicksilver Manufacturing Inc, Rapid Cut LLC and U.S. Prototype Inc** -- for 180 days for what it said was the illegal export of satellite, rocket and defense technology to China.
- Major South Korean companies, including retail giant **Lotte Group** and cosmetics maker **Amorepacific Group**, are exiting the Chinese market, with the higher tariffs and inconveniences of the trade war now compounded by disruptions wrought by the country's zero-tolerance approach to COVID-19.
- **Deloitte** is exploring a plan to split its global audit and consulting practices, following an effort by fellow Big Four accounting firm Ernst & Young to potentially spin off its consulting arm.
- A fire at the **Freeport LNG export** facility in Texas will keep the export terminal shut for weeks, cut vital supplies to Europe, which is already struggling with uncertainty around flows of the fuel from Russia.

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Environment, Sustainability & Governance

The European Parliament unexpectedly rejected a proposal to upgrade the EU's carbon market, which could delay negotiations to finish the measure.

- Canada launched a credit system for **greenhouse gas offsets**, a major part of its plan to cut carbon emissions, starting with a set of rules stipulating how projects can generate tradeable credits by capturing gas from landfills.
- Non-profit group Apparel Impact Institute announced a \$250 million fund aiming to speed up efforts to cut **carbon emissions in the fashion industry's supply** chain, backed by retailers including H&M and Lululemon.
- A judge ruled that Tesla Inc cannot pause a California civil rights agency's lawsuit alleging widespread **race discrimination** at an assembly plant while the carmaker separately challenges the agency's ability to sue employers.
- California pledged \$300 million to tackle **methane leaks** amid a broader push by the US to curb emissions of the potent greenhouse gas. The proposal includes \$200 million to help plug idle, leaking oil wells and another \$100 million for methane-detecting satellites.

Africa

- **Sudan** began UN-facilitated direct talks between rival factions hoped to resolve a political crisis sparked by last year's coup, but with a critical civilian bloc refusing to participate.
- The EU announced its willingness to send election observers to **Angola** after opposition politicians expressed interest in international observation.
- Several women's groups under an umbrella of Womanifesto called on the **Nigerian** government to get a handle on the country's dire security situation within a month after an especially deadly attack on a Catholic church over the weekend. Nigeria's ruling party picked an influential former governor of Lagos to as their presidential nominee, making him the likely next president of Nigeria after 2023 elections.
- ECOWAS expressed regret at **Mali's** confirmed 24-month transition to civilian rule, dispelling hopes from the military junta that anti-coup sanctions would soon be lifted.



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How do You Manage Incident Response?

2022 has already seen business disrupted by extreme weather, ransomware attack, the ongoing pandemic and more. The common refrain “It’s not if, but when” rings truer than ever for disruptive incidents that will impact business as usual.

Working with Dentons, you can effectively develop an organizational incident-behavior adopted by all your team members. Dentons will help you build muscle memory through tabletop exercises, which are crafted to fit the business strategy of every client.

Our team plays events and incidents of different severities and complexities and accounts for real-world factors such as inconclusive evidence, mistakes by responders, and the business impact of eradication steps. Our tech-savvy lawyers continuously revise the playbooks per the evolving sector-specific threat landscape.

Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

To learn more about the bespoke intelligence and risk services from Dentons, contact [Karl Hopkins](#).

Asia

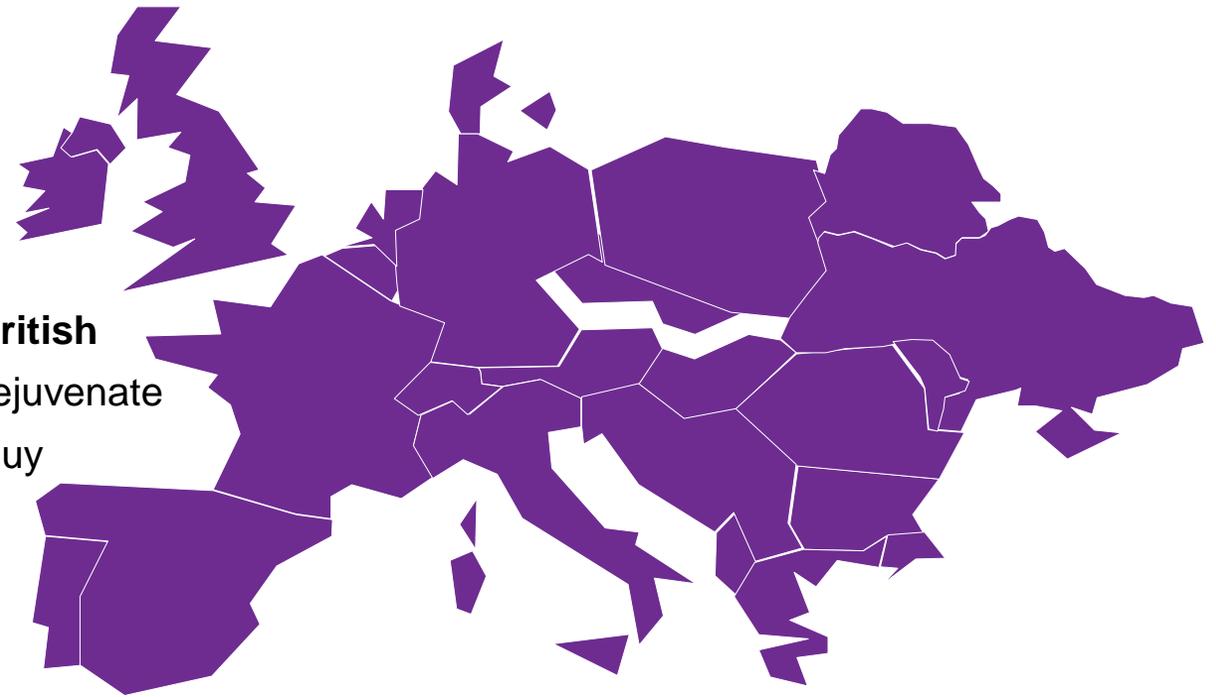
- **India** tightened public security after the circulation of a letter warning of Islamist militant attacks to avenge derogatory remarks about the Prophet Mohammad by an official of the ruling Hindu nationalist party.
- **South Korea** has eased airport restrictions and removed mandatory quarantine for unvaccinated travelers, as part of efforts to reopen borders.
- A power sector union in **Sri Lanka** imposed an indefinite strike in protest against new government legislation, leading to power blackouts in a country already grappling with its worst economic crisis in decades.
- **China's** exports grew at a double-digit pace in May, exceeding expectations in an encouraging sign for the world's second biggest economy, as factories restarted and logistics disruptions eased after authorities relaxed some COVID curbs in Shanghai.



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Europe

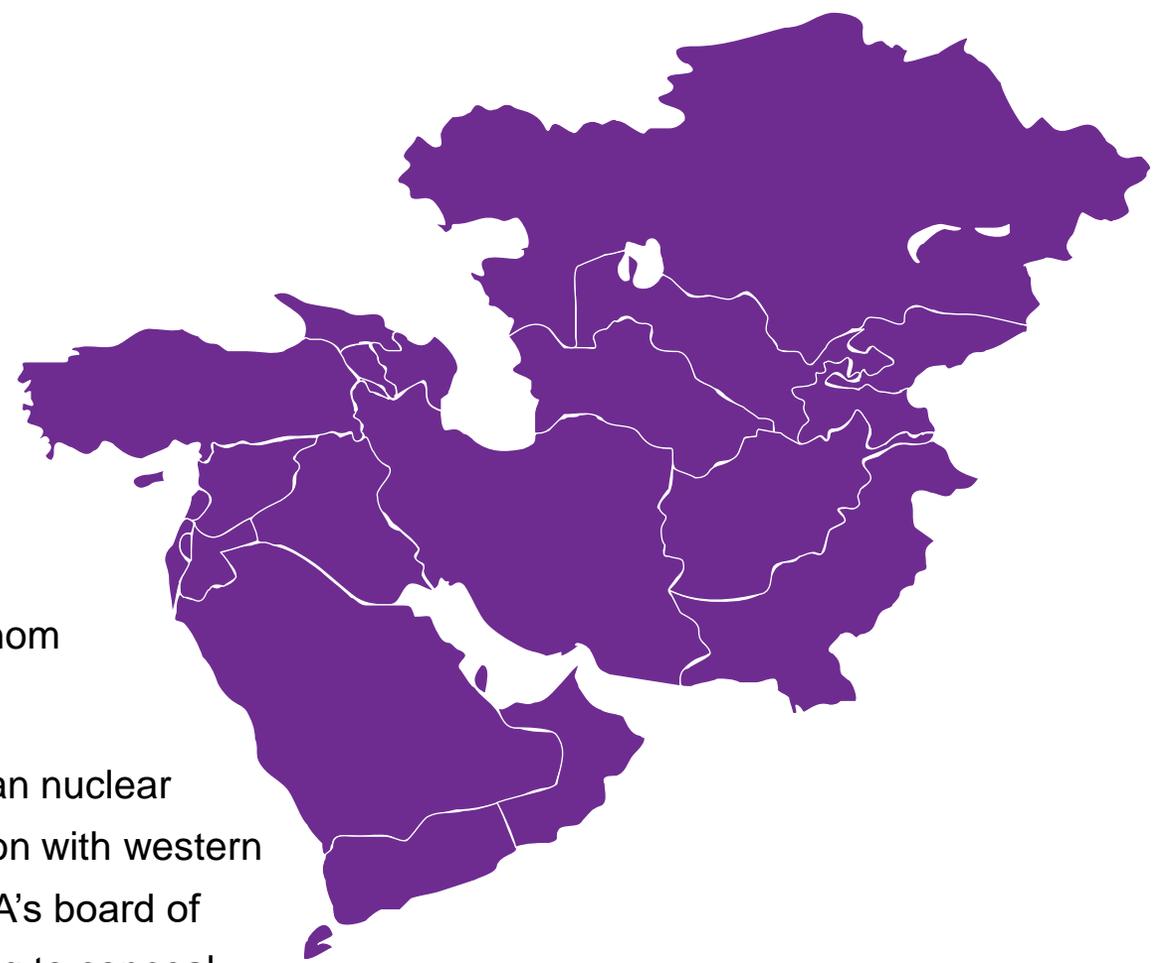
- Rocked by a major revolt against his leadership this week, **British** Prime Minister Johnson plans new economic assistance to rejuvenate a flagging economy and make it easier for young people to buy homes.
- **Spain**, as host of an upcoming NATO summit, will push for the inclusion of "*hybrid threats*" such as irregular migration, food insecurity and terrorism in the alliance's new policy roadmap.
- **Bulgaria's** prime minister pledged to lead a minority government after the populist ITN party quit the government over disagreements on budget spending and whether Bulgaria should back **North Macedonia's** EU accession.
- **EU** industry chief Breton told **Hungary** to suspend discriminatory fuel pricing against vehicles with foreign license plates or risk being taken to court. Earlier this year, Hungary said trucks weighing over 7.5 tons and trucks with foreign license plates weighing over 3.5 tons would not be eligible for subsidized fuel at 480 forints (\$1.31) per liter but would have to pay market prices.



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Middle East

- **Iraq's** parliament approved an emergency food bill that will allow the government to transfer public funds earmarked for other purposes to food purchasing.
- **Algeria** suspended a 20-year-old treaty of friendship with **Spain** following Madrid's heightened cooperation with **Morocco**, with whom Algiers has cut ties over Western Sahara sovereignty.
- **Iran** said that it had turned off two UN monitoring devices at Iranian nuclear sites used to monitor nuclear enrichment, further escalating tension with western powers as they seek to censure the country at the IAEA. The IAEA's board of governors passed a resolution condemning the country for seeking to conceal traces of enriched uranium. Additionally, the IAEA reported that Iran has begun installing advanced IR-6 centrifuges in a cluster at an underground enrichment plant in line with a longstanding plan and now intends to add two more such cascades.



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Americas

- Fourteen people died in an armed dispute between small-scale miners in a remote gold-mining town in southern **Peru**, the latest instance of unrest in Peru's increasingly restive mining sector.
- Newest polling shows leftist former president Lula with a strong lead – 16 points – over incumbent in Bolsonaro in upcoming **Brazilian** elections.
- At the Summit of Americas, **US** President Biden proposed new US economic partnership with **Latin America** aimed at reviving Latin American economies and tackling record levels of irregular migration at the U.S.-Mexico border.
- The IMF reached a staff-level agreement on an updated macroeconomic framework with **Argentine** authorities, allowing the country access to about \$4.03 billion.



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Americas: US

- The Biden Administration is shifting \$5 billion in existing **coronavirus funds** toward securing another round of vaccines and treatments, cutting back on other public health programs as Congress remains at odds over whether to spend more to battle the pandemic.
- More than 600 conservative gun rights supporters, including several major Republican donors, are urging Congress to pass **gun control** measures in the wake of mass shootings. Yesterday, the US House of Representatives passed a draft law with the most aggressive gun-control measures taken up on Capitol Hill in years, but the bill is unlikely to be considered by the Senate, given Republican opposition.
- The US has approved a possible \$120 million sale of parts to help **Taiwan** maintain its warships, which Taiwan's defense ministry said would help ensure combat readiness in the face of China's "frequent activities" near the island.



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Karakurt Data Extortionists Threaten Organizations with Public Embarrassment

By Emilio Iasiello, Global Cyber Threat Intelligence Manager, Scott Muir, Senior Analyst, and Courtney Barnard, Global Cyber Threat Intelligence Coordinator

The Karakurt cybercriminal gang is employing a new pressure tactic against victims that has caught the attention of the US Department of Homeland Security's (DHS) Cybersecurity and Infrastructure Security Agency (CISA). An advisory issued last week warned that Karakurt, named after a venomous spider commonly found in eastern Europe and Siberia, and which means 'Black Wolf' in Turkish, is increasingly threatening business staff, executives and even their clients with public embarrassing data leaks if ransom demands are not met.

The financially motivated gang is targeting professional services organizations and others that it knows are at risk of significant loss of customer and public confidence if sensitive information is disclosed online. Leaders and IT professionals at such organizations should alert staff to this pressure campaign and explain how to report it up the chain-of-command.

How Karakurt Operates

The gang emerged in June 2021 and since then has aggressively compromised more than 40 entities across a range of industries and sectors in Europe and North America. Specializing in data extortion, Karakurt employs a variety of tactics to get a foothold into a target organization. Karakurt has gained access to the networks of victims via VPN credentials, either by sourcing them from other bad actors on the dark web or through phishing. The group has quickly established its reputation as a capable threat actor, able to shift tactics and maintain its presence on networks once it has gained initial access.

Once Karakurt establishes itself on a network and exfiltrates data, it then contacts victims and provides evidence of stolen material in the form of screenshots and copies of the files while demanding a ransom. Recently stolen data includes personally identifiable information, such as employment records, staff health information, and financial documents. If victims fail to speedily negotiate a ransom with Karakurt, the criminal gang contacts the victim directly

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and also threatens to contact their business partners and/or clients as a further pressure tactic. Typically, Karakurt does not predetermine ransom amounts, preferring to have victims settle on a payment amount. To date, the gang's ransom demands are based on the ability of a victim to pay and have ranged from \$25k to \$13m in Bitcoin. Payment deadlines are typically set to expire within a week of first contact with the victim. If a ransom is unpaid, Karakurt will threaten to auction off the data to interested cybercriminals on the black market.

Cybercriminals Combine Forces

Karakurt recently appears to be collaborating with prolific ransomware operators such as Conti. Cybersecurity researchers uncovered a connection between the two gangs, with intimations that Karakurt may have even operated as a subsidiary of the brazen Conti to extort victims even if files are encrypted or locked. Conti ransomware group disbanded in May 2022, but this partnership points to the further professionalization of the cybercriminal ecosystem.

Additionally, Karakurt appears to have conducted follow-on operations against organizations that Conti previously compromised,

further bolstering assertions of a partnership or at least a collaboration between them. Karakurt proved extremely effective at this as evidenced by its ability to quickly compromise numerous victims across a variety of industries in a short amount of time. Now, the group is operating on its own, and to extort previous targets of ransomware gangs, likely possesses stolen data from infections of networks not done with its own resources. Also believed to have ties to Karakurt is Diavol ransomware, a strain linked to the notorious TrickBot gang, a group whose operations Conti took over in February 2022.

Opportunistic Adversary

The opportunistic nature of targeting by Karakurt makes it unpredictable. The gang may be currently surveying other ransomware groups to see which is best for future collaboration. In the aforementioned partnership with Conti ransomware, Karakurt acquired already stolen data with which to extort victims. The gang might just continue to focus on data exfiltration by other means and ramp up usage of its novel new tactic whereby it pressures organizations with threats of a data leak and public embarrassment. Based on Karakurt's recent success, and the substantial amounts of

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of ransom it has obtained, the group's operations are likely to proliferate into the foreseeable future.

Dentons offers business leaders a full complement of counseling and advice for cyber risk management and also offers regulatory and litigation services. Analysis and intelligence products from Dentons can help to better understand fast-changing complex operating environments and, importantly, all interaction is attorney-client privileged. To learn more about the bespoke cyber intelligence and risk services from Dentons please contact us today.

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Ukraine War Update: Global Food Crisis, Psychological Warfare, Severodonetsk Battle

Hundreds of millions of people are at risk of “hunger and destitution” because of food shortages due to the war in Ukraine, the UN Secretary-General Guterres warned, after talks stalled over ending Russia’s blockade of Black Sea grain shipments.

Political Developments

Turkish efforts to ease a global food crisis by negotiating safe passage for grain stuck in Black Sea ports met resistance as Ukraine said Russia was imposing unreasonable conditions and the Kremlin said free shipment depended on an end to sanctions. Ukraine and the West accuse Moscow of weaponizing food supplies. Russia says Ukrainian mines laid at sea and international sanctions on Moscow are to blame.

Ukrainian President Zelensky said in a televised statement that millions could starve due to Russia's naval blockade of Ukraine's Black Sea ports.

Following two days of talks in Berlin, a Ukrainian official said he is confident that his country will soon be granted EU candidate status.

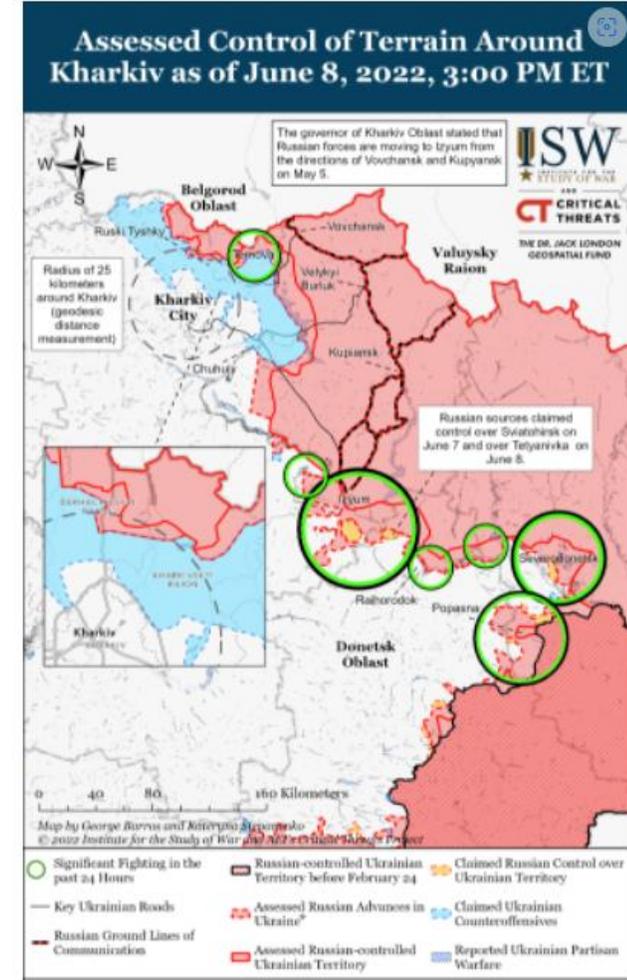
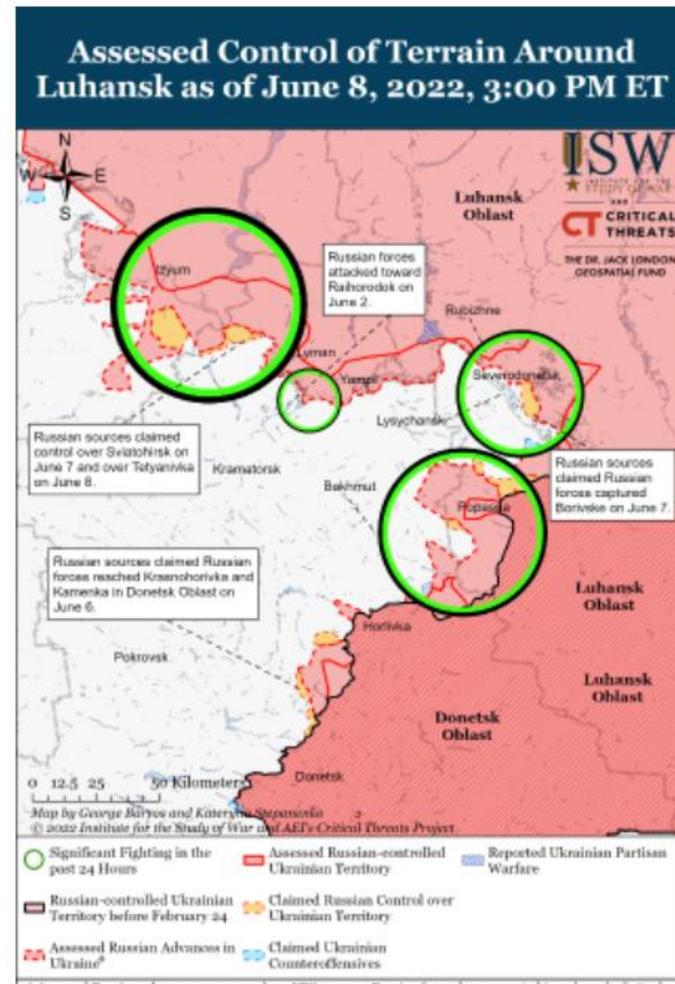
Ukrainian President Zelensky said Kyiv is launching a system to collect data on Russian war criminals, known as the "Book of Torturers."

Battlefield Developments

An adviser to Ukrainian President Zelenskyy said Russia may be shifting its strategy in the key Donbas city of Severodonetsk. Russia has pulled its ground troops out and is hitting the city with airstrikes and missiles. Ukrainian officials report that Russia troops have suffered significant losses in street fighting.

The UK Ministry of Defense assessed Russia has increased efforts on the Iziurm axis to regain momentum to put further pressure on Severodonetsk, and to prepare for a deeper advance into the Donetsk Oblast.

Ukraine War Update: Global Food Crisis, Psychological Warfare, Severodonezsk Battle



Source: [Institute for the Study of War](https://www.instituteforthestudyofwar.org/)

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Ukraine War Update: Global Food Crisis, Psychological Warfare, Severodonetsk Battle

Western-supplied artillery systems are already making a difference on the ground for Ukraine, and it is *"just a question of time"* before its forces win back significant ground in the south, the governor of the Mykolaiv region said.

Ukraine's southern military command, in a statement on Wednesday, accused Russia of *"attacking farmland and infrastructure sites where fires of considerable scale have broken out"* in order to trigger food scarcity.

Two Britons and a Moroccan who were captured while fighting for Ukraine could face the death penalty after pleading guilty in a court of one of Russia's proxies in eastern Ukraine

The Institute for the Study of War reported that Russian forces are escalating the use of psychological and information operations to damage the morale of Ukrainian soldiers. The Ukrainian Main Intelligence Directorate reported on June 8 that Russian forces are sending threatening messages to the personal devices of Ukrainian servicemen calling on them to betray their service oaths, lay down their arms, surrender, or defect to Russia.

Economic Developments

Ukraine hopes to make 1.5 billion euros from electricity exports to the EU by the end of the year and earn to more in the future after obtaining the right to export its energy there. Ukraine started planning to decouple its electricity grid from the Russian and Belarusian grid in 2014 after Russia annexed Crimea. It was testing the system's autonomy in February when Russia invaded, which prompted Kyiv to fully disconnected 2.5 years earlier than planned.

Consumer inflation in Russia slowed to 17.10 percent in year-on-year terms in May from 17.83 percent in April, which was its highest level since January 2002, data showed on Wednesday, days before the central bank's rate-setting meeting, when the bank is expected to cut a key interest rate to make lending more affordable.

Volkswagen is offering pay-offs to employees at one of the company's two plants in Russia if they agree to quit voluntarily.

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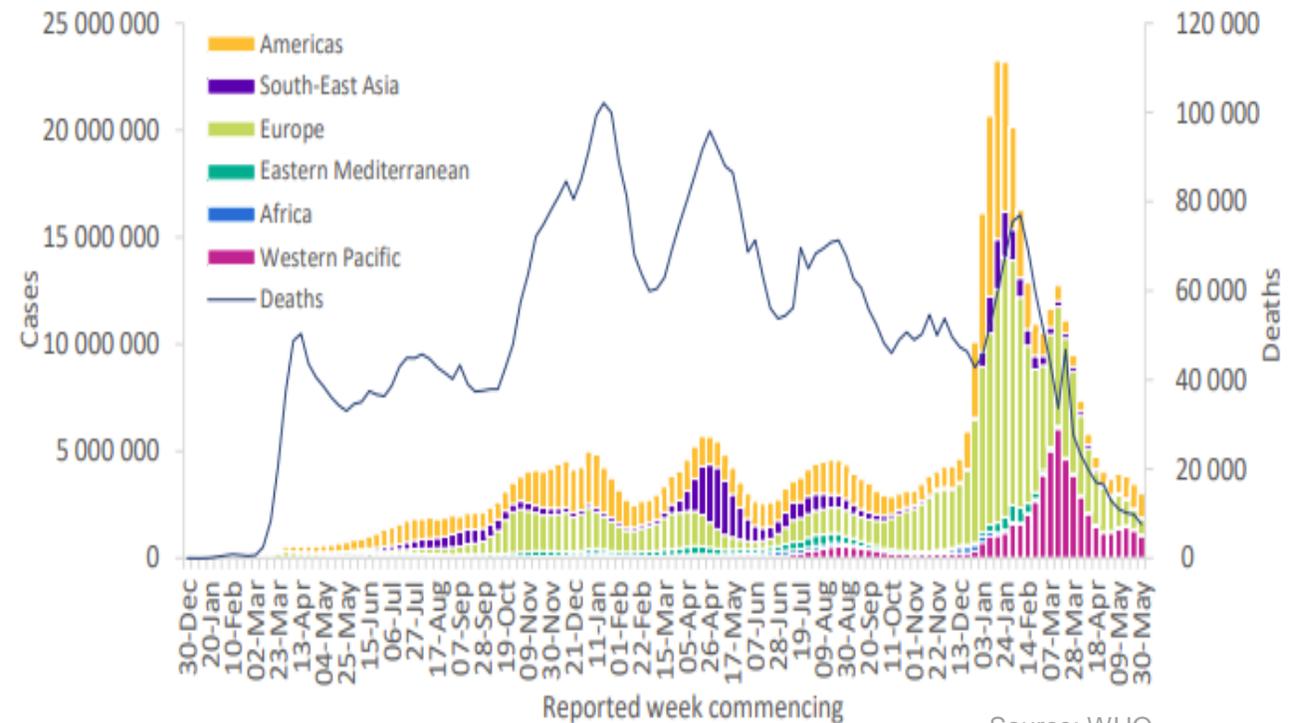
Coronavirus Condition Updates

As of 5:37 pm CEST on June 8, 2022

Coronavirus Snapshot

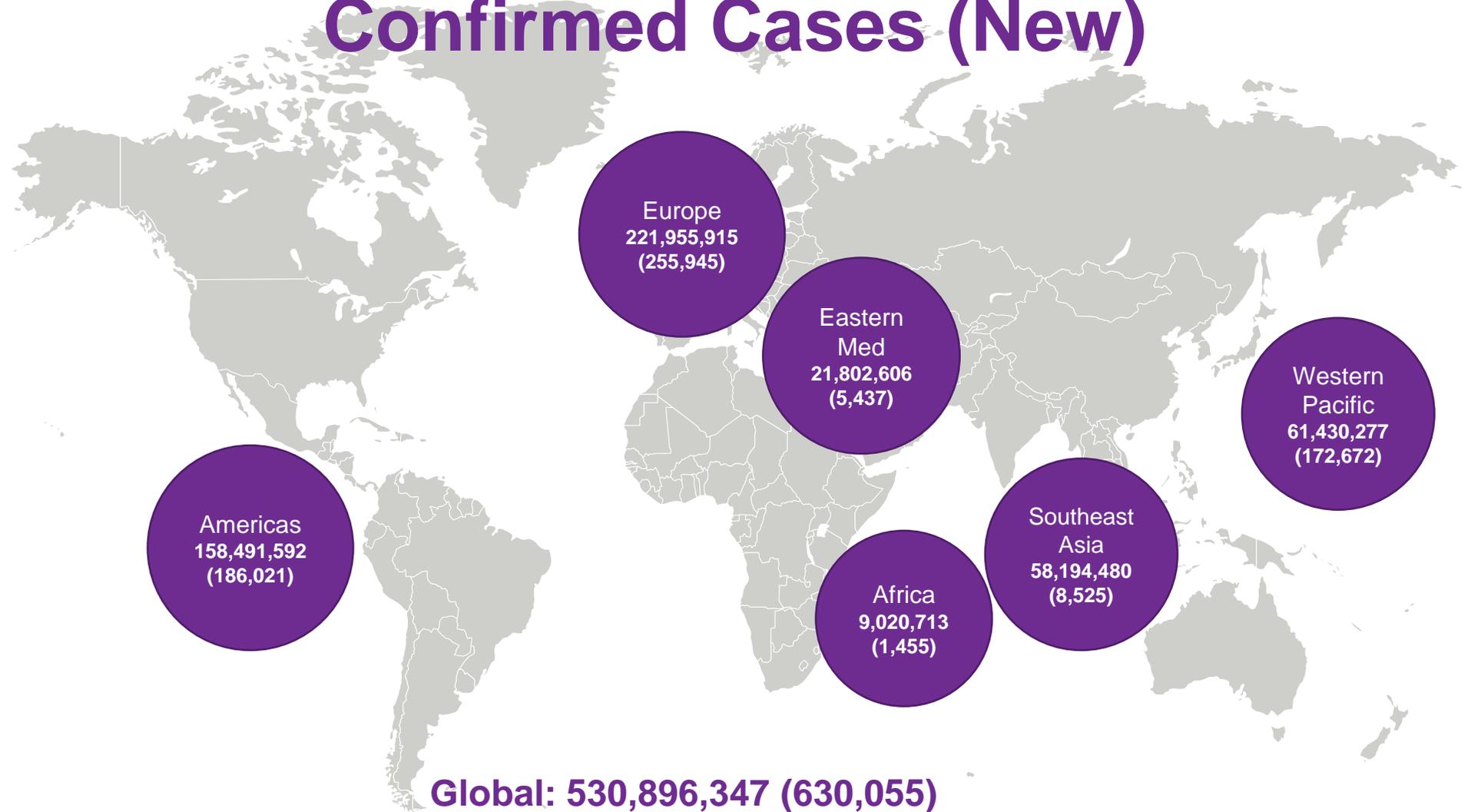
- Globally, confirmed coronavirus cases topped 530.8 million with 6.3 million deaths; more than 11.9 billion vaccine doses have been administered.
- Globally, the number of new weekly cases has continued to decline since the peak in January 2022. During the week of 30 May to 5 June 2022, over three million cases were reported, a 12 percent decrease as compared to the previous week.
- The number of new weekly deaths also continues to decline, with over 7,600 fatalities reported, representing a 22 percent decrease as compared to the previous week.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 5 June 2022**



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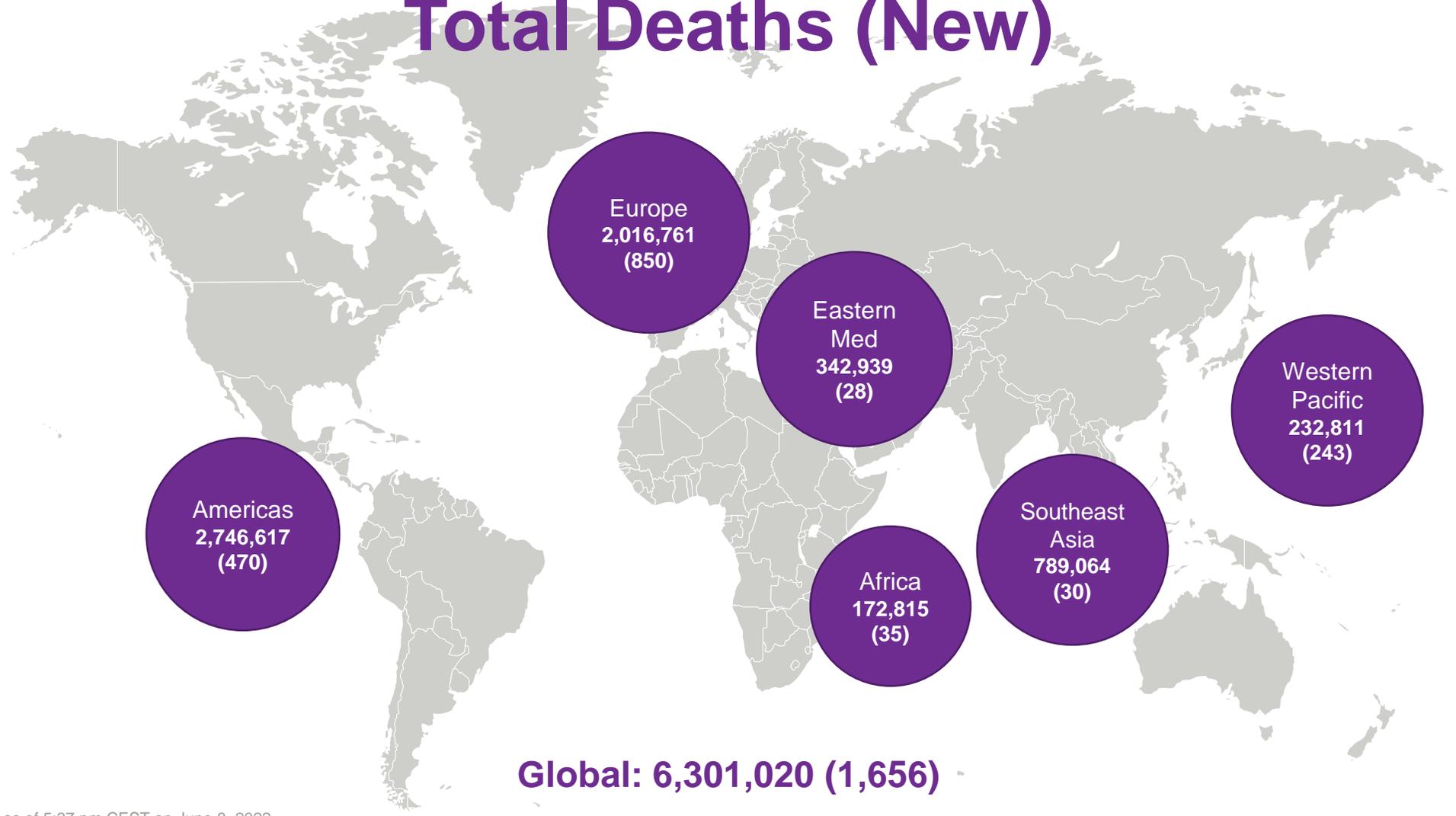
Confirmed Cases (New)



Reflects data as of 5:37 pm CEST on June 8, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Global: 6,301,020 (1,656)

Reflects data as of 5:37 pm CEST on June 8, 2022.
Data Source: World Health Organization

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Contacts

This summary is based on reports sourced from among the 75 countries in which Dentons currently serves clients as well as from firms in other locations, some of which will formally join Dentons later in 2020. We are pleased to share this complimentary summary and contemporaneous assessment, with the caveat that developments are changing rapidly. This is not legal advice, and you should not act or refrain from acting based solely on its contents. We urge you to consult with counsel regarding your particular circumstances.

To read additional analysis, visit the [Dentons Flashpoint portal](#) for insights into geopolitics and governance; industry and markets; cyber and security; science, health and culture; and economic and regulatory issues.

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