

Dentons Flashpoint

Daily Global Situation Report

July 21, 2022

Global Situation Update: July 21, 2022

KEY TAKEAWAYS

The EU bans imports of Russian gold and freezes the assets of Sberbank.

HSBC becomes the first foreign lender to install a Chinese Communist party committee in its investment banking subsidiary in China.

Heat advisories and excessive heat warnings are in effect for 28 states across the central and northeast US.

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WHAT WE'RE WATCHING

UK Conservative Party MPs have voted to advance Rishi Sunak and Liz Truss to the final round in the race to succeed outgoing British Prime Minister Boris Johnson. The ballot now heads to party members, with a result expected on September 5. Truss is seen as the favorite to become the next PM, but the broader membership has not coalesced around a single candidate.

The UK's next PM will face a series of economic challenges, including spiraling inflation. One of the key fault lines during the contest has been tax policy. Truss favors more aggressive tax cuts by refinancing existing government debt, while Sunak advocates for cutting taxes only after tackling inflation first. Businesses should expect continued regulatory uncertainty under the new PM with a general election now less than three years away.



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

Global

Russia is resuming supplies of gas through Nord Stream 1 today at reduced levels, delivering around 40 percent of agreed gas volumes. EU Commission President Ursula von der Leyen accused Russian President of blackmail.

- The EU has agreed to ban imports of **Russian gold**, including jewelry, and freeze the assets of Sberbank, Russia's largest bank. The 27 member states reached a unanimous agreement yesterday, five days after the European Commission proposed the added **sanctions**.
- European Central Bank President Christine Lagarde is expected to unveil the ECB's first **interest-rate increase** in more than a decade to combat eurozone inflation that is nearing 9 percent to rein in inflation, balancing risks of triggering recession and a debt crisis in southern Europe.
- The Indonesian central bank is expected to **raise interest rates** today, the last in the region to move to curb inflation. Singapore and the Philippines surprised markets with unscheduled tightening announcements last week, underlining the growing urgency among policymakers to act.

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Markets & Business

South Korean prosecutors raided 15 locations, including the country's seven biggest crypto exchanges, in their investigation into the \$40 billion crash in May of cryptocurrency terraUSD.

- British business minister stopped the acquisition of intellectual property related to vision sensing technology by **Beijing Infinite Vision Technology Co** on national security grounds.
- China's search engine giant **Baidu Inc** on Thursday unveiled its new autonomous vehicle with a detachable steering wheel, with plans to put it to use for its robotaxi service in China next year.
- **HSBC** has become the first foreign lender to install a Chinese Communist party committee in its investment banking subsidiary in the country, a move that underlines the tension facing the bank as it tries to navigate between Beijing and the west.
- French company **TotalEnergies** said that it had definitively withdrawn from Myanmar.

Environment, Sustainability & Governance

Global investment funds and top market indices are widely exposed to companies set to miss a critical goal for efforts to limit climate change, per new research from sustainability data firm ESG Book.

- In an address, President Biden stopped short of declaring a **climate emergency**, announcing a modest package of executive actions and promising more aggressive efforts.
- Britain's nurses, doctors and teachers moved towards **strike action** on Wednesday after being dissatisfied with government pay raises.
- China built nearly 31 gigawatts of new **solar power capacity** from January to June, up 137 percent from a year earlier, with full-year installations on course to hit a record high.
- Non-profit OS Climate launched the first in a series of **free tools to drive climate-friendly decision making** by companies, financial institutions and governments. It hopes the initial three tools can be used to help funnel the more than \$5 trillion in annual climate investment spend that the International Energy Agency says is needed to reach net-zero emissions.

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Africa

- **Kenya's** deputy president and presidential aspirant William Ruto said he will publish government contracts with **China** and deport Chinese nationals working illegally if he is elected on August 9.
- The death toll from renewed ethnic violence in **Sudan's** Blue Nile province continued to rise, this time to over 100. The former civilian ruling coalition in Sudan announced that they would hold broad anti-violence protests over the weekend to demonstrate against rising the junta's inability to address the rising tribal violence.
- **Malian** authorities dismissed the national representative of the MINUSMA peacekeeping force after he called for the release of Ivorian soldiers that Mali had detained for allegedly illegally entering the country. The World Bank has reportedly lifted its suspension of its financial operations in the country, instituted in May 2021 after two coups in one year.
- **South Africa's** corruption watchdog announced that it will subpoena President Ramaphosa to question him about his role in the Phala Phala game reserve scandal, in which thieves allegedly found millions in stolen currency at Ramaphosa's reserve.



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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:

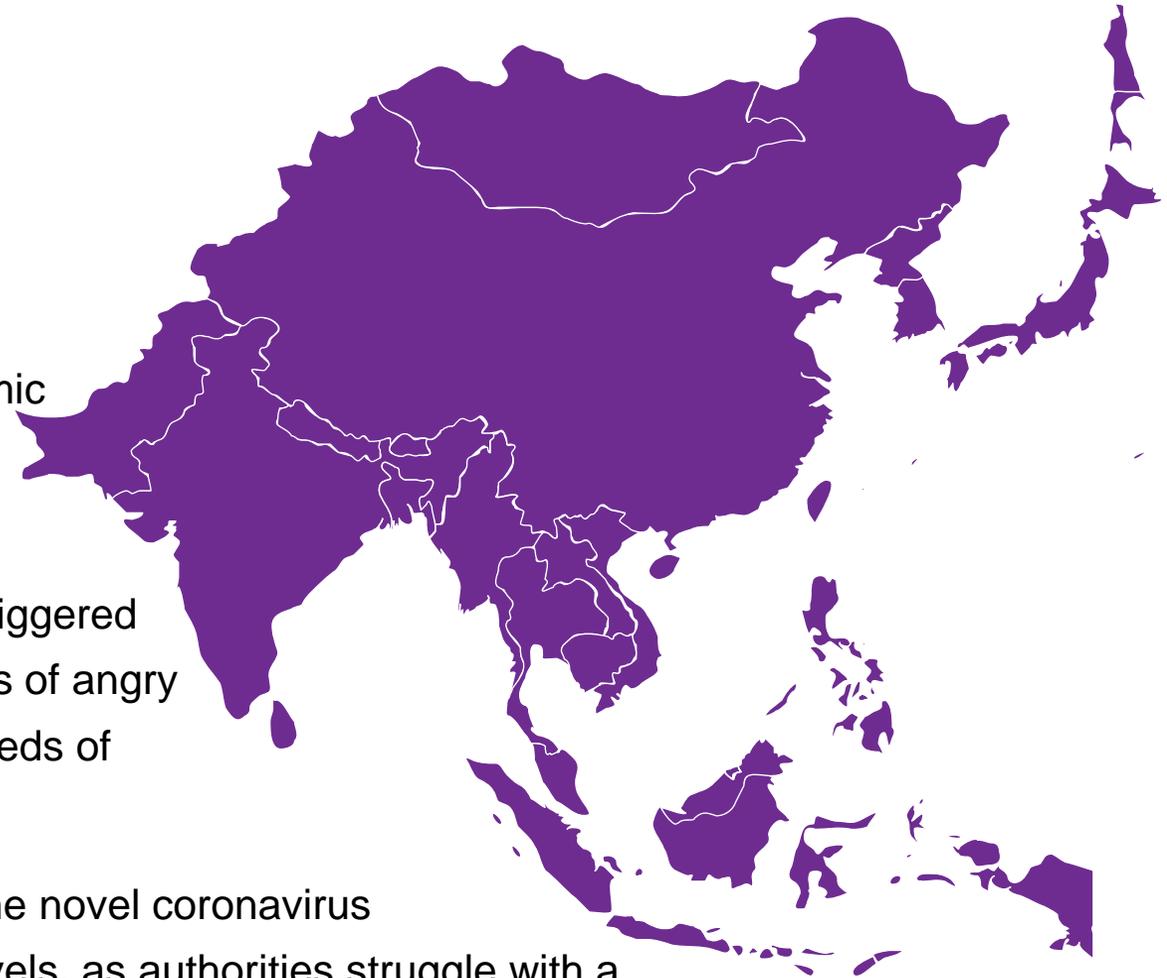
- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

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

Asia

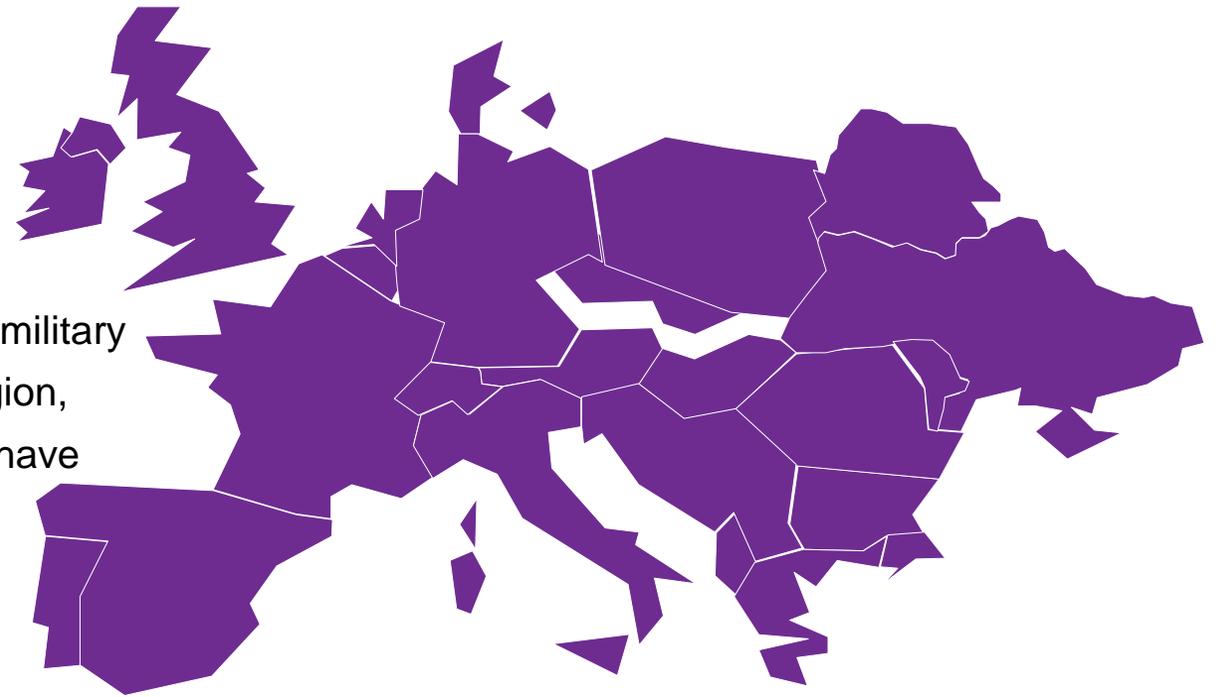
- The Asian Development Bank cut its growth forecasts for developing **Asia** for this year and next, reflecting the economic fallout from Russia's war in Ukraine and aggressive tightening by global central banks to tame inflation.
- As **China** grapples to contain a mortgage boycott that has triggered rare protests, censors are scrambling to filter or erase details of angry homebuyers threatening to stop paying mortgages on hundreds of unfinished housing projects.
- **Australia** reported one of its highest daily death tolls from the novel coronavirus yesterday while hospital admissions hovered near record levels, as authorities struggle with a surge of new highly contagious Omicron cases.
- Tokyo reported a new record of over 30,000 COVID cases yesterday following a warning from experts that the **Japanese** capital would face an “*unprecedented explosion of infections.*”



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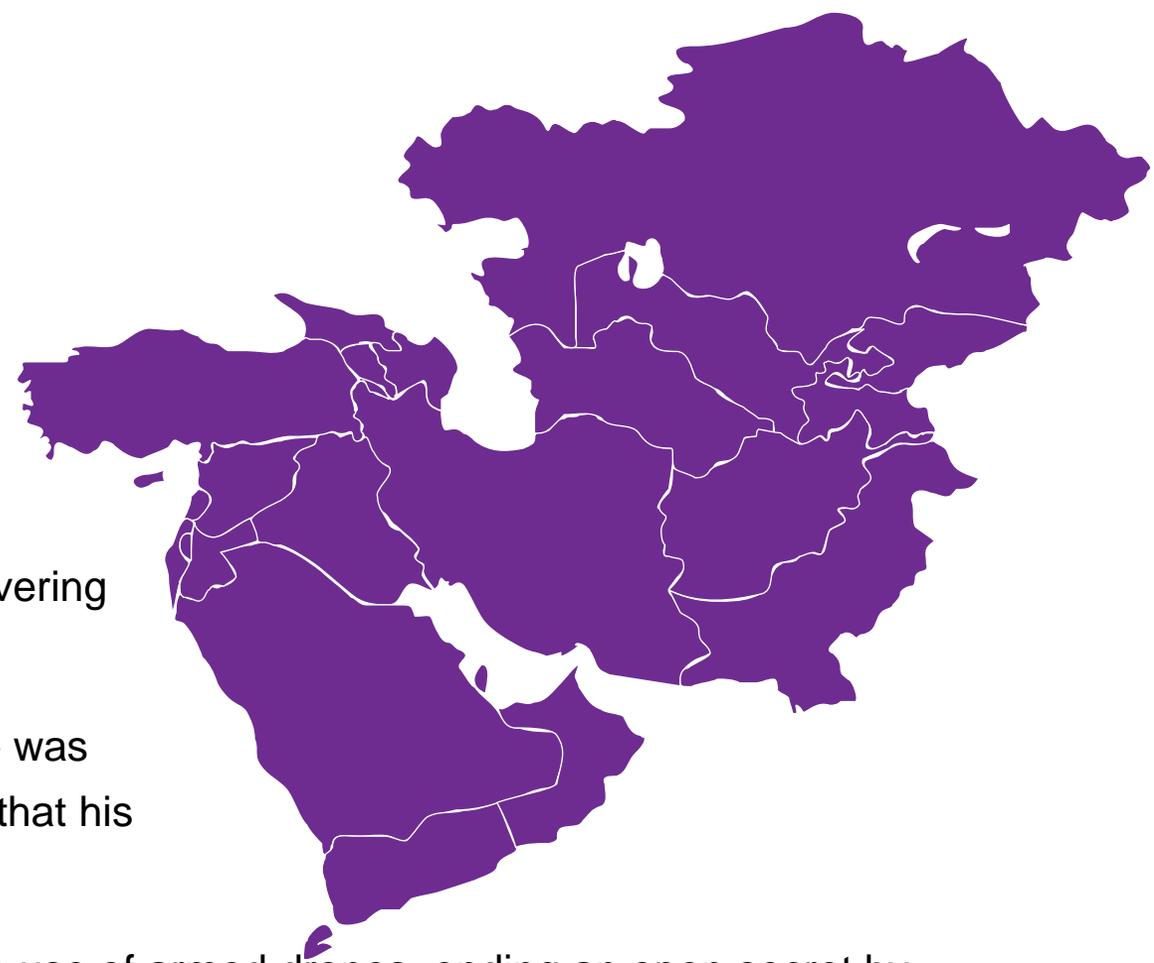
Europe

- **Russian** Foreign Minister Sergei Lavrov said that Moscow's military "tasks" in **Ukraine** now went beyond the eastern Donbas region, signaling expanded war goals. More than 9.5 million people have crossed the border from Ukraine since invasion.
- The **US** will send four more high mobility artillery rocket systems (HIMARS) to **Ukraine**. Ukrainian first lady Olena Zelenska appealed to US lawmakers to provide more help to her country as it struggles against a five-month-long **Russian** invasion, saying weapons could help assure a "*joint great victory*."
- **Italian** Prime Minister Draghi resigned after three main coalition parties refused to take part in a confidence motion in the upper house Senate yesterday, effectively torpedoing his administration. President Mattarella is now expected to dissolve parliament and announce snap elections.
- **Belgian** MPs voted yesterday to ratify a fiercely criticized treaty allowing prisoner exchanges with Iran, potentially opening the way for an Iranian diplomat jailed on terrorism charges to return home.



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Middle East



- **Iraq** accused **Turkey** of orchestrating an airstrike that killed eight in the semi-autonomous Kurdish region; Turkey denied responsibility for the attack.
- **Syria**, a close ally of **Russia**, announced that it is formally severing ties with **Ukraine**.
- **Tunisian** police freed an Islamist opposition politician after he was detained for over a week for questioning in a corruption case that his supporters called politically motivated.
- **Israel's** military censors lifted a ban on reporting the country's use of armed drones, ending an open secret by admitting that the armed forces have unmanned attack aircraft and have used them.
- **Iran** has recalled its ambassador to **Sweden** in protest against a Swedish court's lifetime prison sentence for a former Iranian official for involvement in the mass execution of political prisoners in 1988 in the Islamic Republic.

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Americas

- The US State Department added dozens of current and former officials, lawmakers, judges and business people from **Central America** to a list that names those the U.S. government considers "*corrupt and undemocratic*" actors in the region.
- **Uruguay** will push for a free trade agreement with **China**, the South American country's top diplomat said, even as it faces resistance from some of its neighbors who favor regional trade talks over bilateral deals.
- **Colombia's** congress opens its new session on Wednesday, with a slate of ambitious tax-and-spend and other legislation on the horizon under incoming President-elect Gustavo Petro, intended to combat poverty and inequality.
- The **US and Canada** demanded dispute settlement talks with **Mexico** under a North American trade deal, charging that Mexican energy policies were discriminatory and "undermine" international firms and cross-border supplies.



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Americas: US

- Some 100 million Americans in 28 states are under heat warnings this week as temperatures rise well above 100 Fahrenheit (38 Celsius), part of a trend of **extreme weather** made worse by climate change.
- **US existing home sales** fell for a fifth straight month in June to the lowest level in two years, as fast-rising interest rates and record-high selling prices make buying a home too expensive for a growing share of American households.
- The committee investigating the **attack on the US Capitol** will hold the last in a series of public hearings tonight as it focuses on what former president Donald Trump did while his supporters stormed Congress.
- President Biden announced plans for talks with **Chinese** President Xi “in the next 10 days.” Biden, citing Pentagon concerns, is opposing a planned visit to Taiwan by Nancy Pelosi, following reports that the Speaker of the House of Representatives was set to become the most senior US politician to visit the country in 25 years.



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Emerging Ransomware Black Basta a Likely Successor to Notorious Conti Gang

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

Researchers have recently reported on the striking similarities between the emerging ransomware gang 'Black Basta' and the Conti gang, a notorious cyber-criminal operation who purportedly disbanded in May 2022.

Emerging in April 2022, the Black Basta ransomware variant has become a prescient threat for large organizations, conducting “big-game hunting” campaigns against targets across Western Europe, the United States, and New Zealand. Although a fairly new operation, Black Basta shows signs of becoming one of the dominant ransomware variants on the market. As of June 24, Black Basta is known to have infected at least 50 victims, a staggering number given the group’s short-lived existence. In fact, according to data from CrowdStrike, Black Basta was one of the four most prolific ransomware variants in Q2 2022, alongside LockBit, Conti, and Alphv, constituting 58.2 percent of all Q2 ransomware victims named to data-leak sites.

Following a well-trodden path

The group began its campaigns by stating on dark web forums their intent to purchase illicitly-obtained network access from other cybercriminals, which they are likely using as a point of entry into victim organizations, before deploying their malware. Given their targeting, and that the post is in Russian, it is likely that Black Basta's operators are probably Russian speakers and based in the Russian Federation or in Eastern Europe.

Like most large ransomware gangs in operation, Black Basta's deployers leverage the double-extortion technique, exfiltrating

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sensitive data from their victims before encrypting their systems, so as to further pressure victims into paying ransoms. The ransom amount demanded varies from victim to victim, although one target of the gang was charged with a US\$2 million demand to decrypt files and prevent their data being exposed online.

The operators of Black Basta have been observed conducting their attacks using a variety of methods and vectors and have exploited several well-known vulnerabilities in their campaigns. Like other ransomware groups, Black Basta appears to be an opportunistic threat, targeting victims across a diverse range of industries and sectors. One of Black Basta's first known victims was German Wind Turbine operator Deutsche Windtechnik, who was attacked on April 11 and who lost control of over 2,000 turbines during the attack. Deutsche Windtechnik later admitted that 100 GB of their data was exposed during the incident. The gang later attacked the American Dental Association on April 22, pilfering 2.9 GB of data.

Partnering with best-in-class malware to increase their chances of success

In early June 2022, the Black Basta group began working in tandem with the operators of QBot, also known as QakBot, a popular malware trojan, which they have used to gain initial access to victims. The QBot malware is widely used across the cybercriminal ecosystem for its modular, sophisticated capabilities, such as reconnaissance, credential theft, and the ability to load and execute remote payloads. It is not clear whether Black Basta purchased a licensed version of QBot, or whether they are closely affiliated with QBot's operators, using them as initial access brokers in return for a cut of the ransom payment.

By partnering with QBot, Black Basta's operators are maximizing their chances of successful ransomware infections, outsourcing the initial infection to a cybercriminal operation who have specialized in initial access. This partnership is not unique to Black Basta, and many other notorious ransomware groups – including Conti, DoppelPaymer and Egregor – have likewise leveraged an affiliate program with QBot to increase the number of infections. Moreover, the decision to leverage credentials and purchased access into

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targeted organizations obtained via the dark web means that Black Basta are taking full advantage of the various specialisms present on these marketplaces, again maximizing their chances of success.

Black Basta – Conti's successor?

Many security researchers believe that Black Basta is linked to the infamous Conti ransomware group, which officially concluded their campaigns and disbanded in May 2022. This hypothesis is based on similarities between Conti and Black Basta's TOR leak and payments sites, as well as its 'support' team to enable victims to navigate cryptocurrencies in order to pay the ransom, and the general behavior of its members. However, former members of Conti have

denied any link between the two groups, an unsurprising response given the Conti gang's efforts to distance themselves to help evade a response from law enforcement.

When Conti's members disbanded in May 2022, Dentons Flashpoint contributors hypothesized that we would likely see its operators diffuse into the wider cybercriminal ecosystem, helping establish and lead other ransomware gangs. Given the stark similarities between Conti's operations and how Black Basta is conducting its attacks, it is

likely that at least one former member of Conti is involved in this new operation. Alternatively, it is possible that that Black Basta's operators are following the example set by Conti and have simply applied their best-in-class techniques to their own operation.

Regardless of whether Conti is literally directing rather than inspiring Black Basta, given the sophistication of their operation and the ways in which they continue to evolve their attacks, we can expect further campaigns by this group against Western targets. Organizations are reminded to follow best practices when securing their estates from ransomware operators, including regular patching schedules, exercising caution when receiving external emails, and using multi-factor authentication wherever possible to protect accounts.

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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Coronavirus Condition Updates

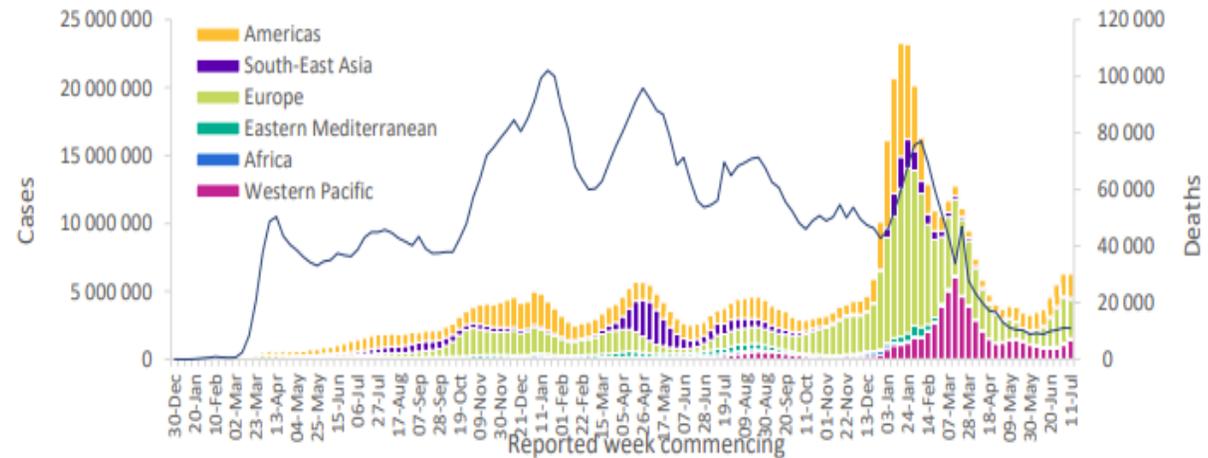
As of 6:17 pm CEST on July 20, 2022

Coronavirus Snapshot

Globally, confirmed coronavirus cases topped 562.6 million with 6.3 million deaths; more than 12.1 billion vaccine doses have been administered.

- After an increasing trend over the past five weeks, globally, the number of weekly cases during the week of 11 to 17 July 2022 remained stable, with just under 6.3 million new cases. The number of new weekly deaths was similar to the figure reported during the previous week, with 11,000 fatalities reported.

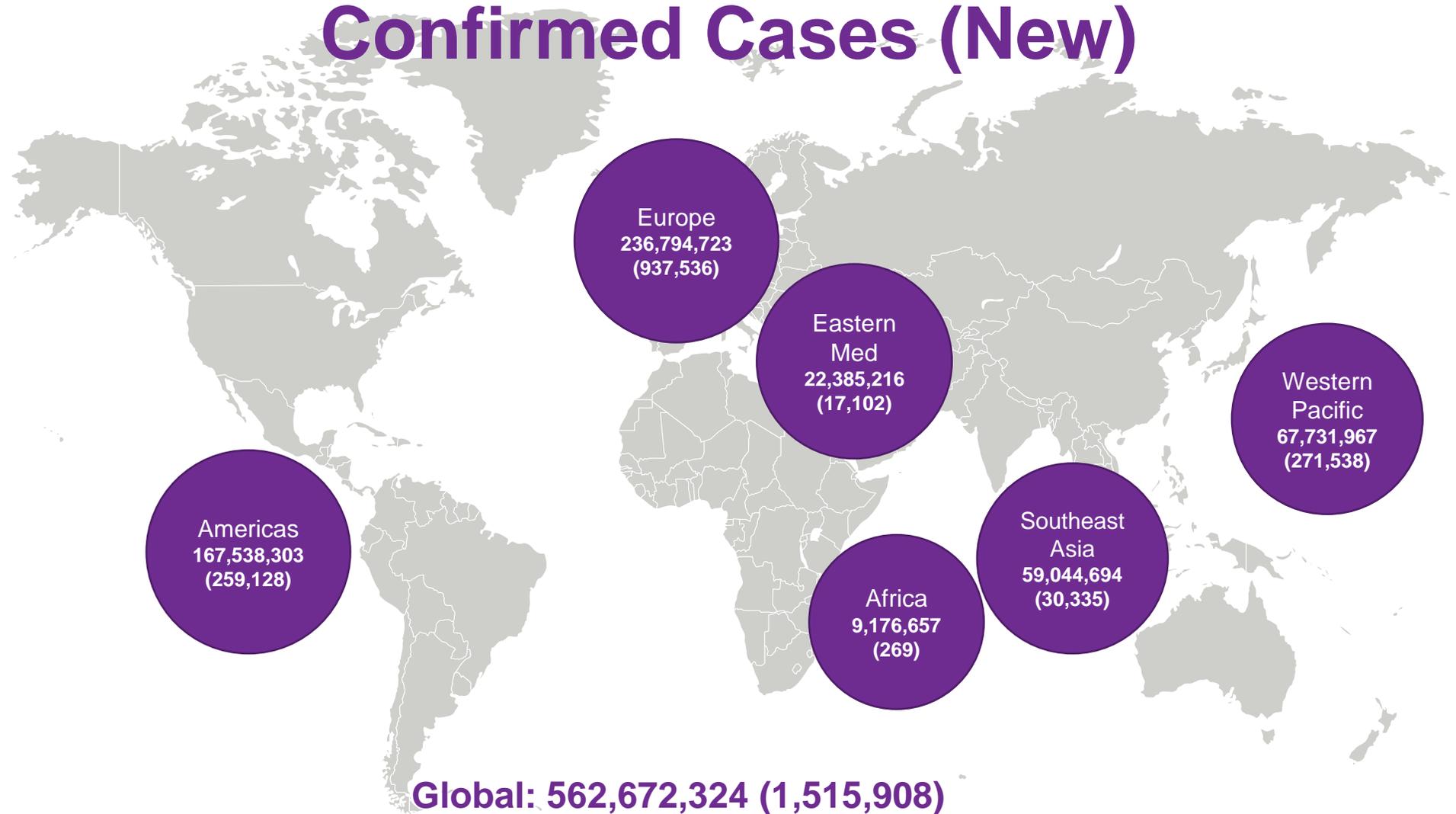
Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 17 July 2022**



Source: WHO

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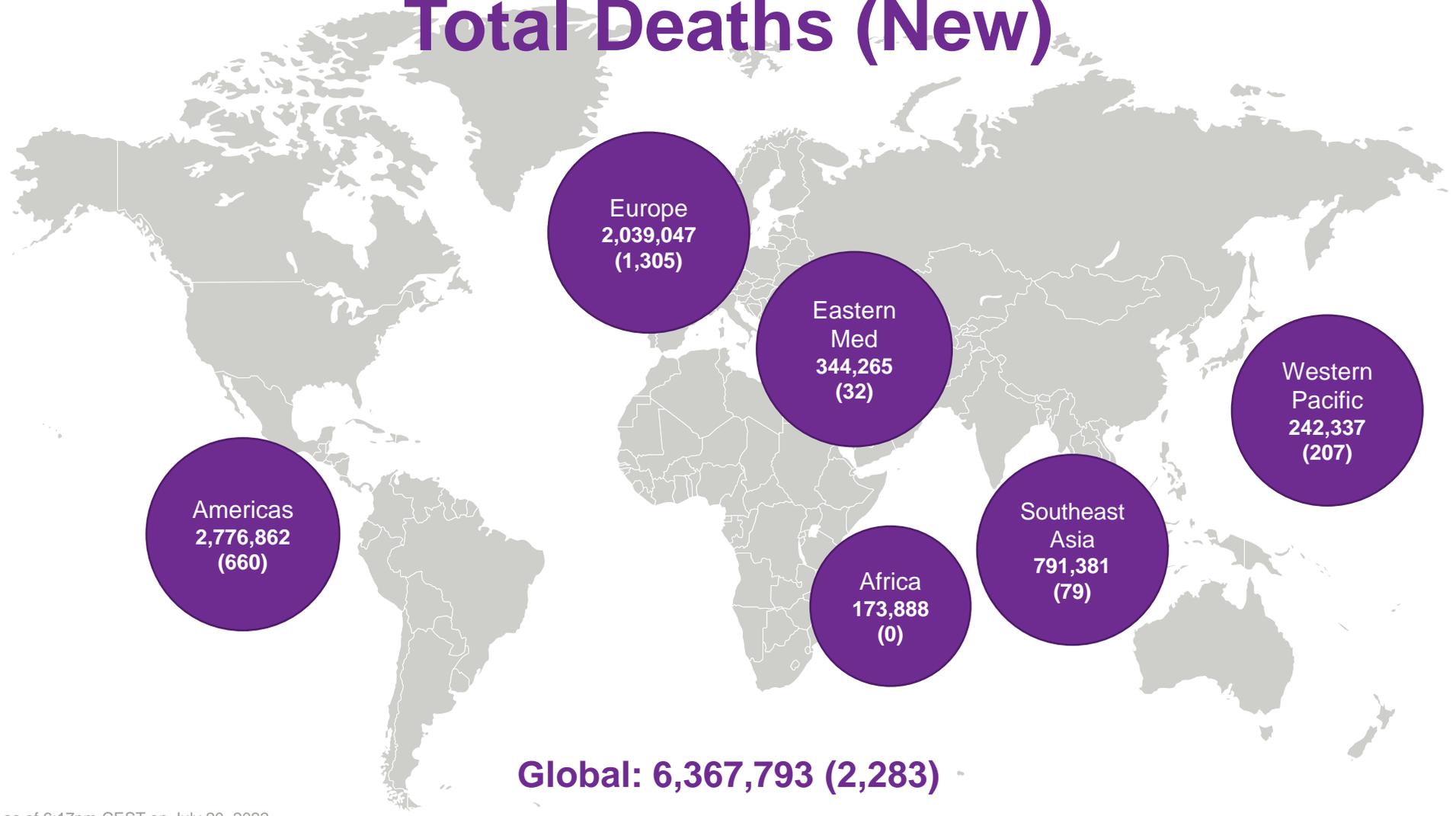
Confirmed Cases (New)



Reflects data as of 6:17pm CEST on July 20, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:17pm CEST on July 20, 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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