



Business

Russian hacker nabs credit card numbers

ASSOCIATED PRESS

A computer hacker stole credit card numbers from an Internet music retailer and released thousands of them on a Web site when the company refused to pay a \$100,000 ransom, raising concerns for consumers who want to shop online. The cyber-espionage will have a minimal effect on CD Universe customers' pocketbooks, but it probably will dissuade some people from buying online and may strike fear into online retailers, analysts said Monday.

The New York Times reported the hacker claimed to have taken 300,000 card numbers. The parent company of CD Universe, eUniverse of Wallingford, had not determined how the Web site was compromised or how many customers may have been affected.

"There's no way to tell. It's not a good situation," Brett Brewer, a vice president of eUniverse, said. Internet security specialists shored up CD Universe's Web site as the FBI tried to track down the hacker.

The hacker, a self-described 19-year-old from Russia using the name Maxim, sent an e-mail to the Times boasting that he exploited a flaw in the software used to protect financial information at CD Universe. He said he sent a fax to the company last month offering to destroy his credit card files in exchange for \$100,000.

After he was rebuffed, he used a Web site called Maxus Credit Card Pipeline to distribute as many as 25,000 of the stolen numbers, said Elias Levy of SecurityFocus.com, a computer security firm. The site was shut down Sunday. CD Universe said it did not know whether any customers' credit card numbers had been used to make unauthorized purchases, though the Times said the

extortionist said in e-mails that he used some of the numbers to obtain money. "We haven't had anybody call us and say, 'Hey, somebody just bought a car with my credit card,'" Brewer said.

CD Universe got credit card companies to cancel customer numbers that had been stolen and is notifying those cardholders by e-mail, Brewer said. He said the credit card companies will automatically give those customers new cards. E-commerce analysts said it was only a matter of time before a case of hacker blackmail was made public, saying that many attacks go unreported.

"It is a public relations disaster of incredible scale for the company," said Charles Rutstein, an analyst at Forrester Research Inc. "In terms of the actual consumer, their liability is at most \$50 or zero. The problem is the loss in consumer confidence."

In general, credit card holders are responsible for only as much as \$50 of any unauthorized charge. Consumers offered mixed reaction to the news.

"The Internet is no better or worse than a phone call, and I don't hesitate to order by phone," said Milburn, N.J., resident Andy Cohen outside the RCS computer store in New York. Others, though, said they would be more reluctant to buy online. "I might put off buying music and stuff (on the Internet) until I find out what happened," said Carol Schmaltz, 19, a student at DePaul University who was browsing through compact discs at a downtown Chicago music store. "Everybody is talking about it. Just the amount of people whose card numbers were stolen, if the story is true — how could that many numbers be stolen like that?"

Portland Housing Center awarded \$55,000

CONTRIBUTED STORY FOR THE PORTLAND OBSERVER

The Portland Housing Center recently received funds totaling \$55,000 to bolster its Home Purchase Partners programs which educates and prepares first-time home buyers to become "mortgage-ready." Local lending institutions that support the Center have granted the majority of these funds. Portland Housing Center is one of 39 national Neighborhood HomeOwnership Center and a designated one-stop-shop resource center providing education, counseling, and financial assistance to first-time home buyers.

The Center received a \$15,000 contribution from US Bank, three contributions from US Bank, three contributions of \$10,000 each from Washington Mutual, Wells Fargo and Freddie Mac, and two \$5,000 contributions from Norwest Mortgage and Portland Teachers Credit Union.

Over the course of the last six months, Portland Housing Center has received a total of \$145,000 to support Home Purchase Partners, a program designed to educate and assist people to purchase their first home. "We are grateful for the support we have received from local lenders, government, private foundation, and the community," says Peg Malloy, Executive Director of the Portland Housing Center. "These funds will enable Portland Housing Center to continue to be taking away the uncertainty and intimidation in the home buying process," says Malloy.

Home Purchase Partners works with first-time homebuyers by providing comprehensive homebuyer education and one-on-one counseling. The program is designed to help first-time homebuyer understand the home buying process and to individually develop a plan to remove the many barriers to homeownership through counseling services and financial assistance. Orientation sessions are held weekly throughout the metropolitan area and provide an overview of the home buying process and the services offered by the Portland Housing Center. These services are now offered in English and Spanish.

The Portland Housing Center provides education, counseling and financial services to promote people's ability to access affordable and stable housing in the Portland metropolitan area. The center is a private, non-profit organization founded in 1991. Primarily government, financial institutions, and foundations provide financial support.

IRS offers free workshop to help solve tax problems

CONTRIBUTED STORY FOR THE PORTLAND OBSERVER

Now is the time for Portland area residents to plan on special IRS help for resolving difficult federal tax-related problems in Portland from 10 a.m. to 6 p.m. on Wednesday, January 26 at the IRS office, located at 1220 S.W. Third Ave.

As part of the Problem Solving Day program, Internal Revenue Service

officials will be available to work with taxpayers to resolve their ongoing federal tax problems, such as missing refunds, unfiled returns, penalties and inability to pay.

The Problem Solving Day program has been highly successful, helping more than 40,000 taxpayers nationally. The opportunity to meet one-on-one and having decision makers on site are two features of Problem Solving Day that have earned high marks in

customer satisfaction surveys conducted during previous events.

Taxpayers should call (503) 326-3295 to make an appointment for the Problem Solving Day in Portland. An advanced appointment is not required, but it helps the IRS provide better service by having preliminary research completed and appropriate staff scheduled.

In conjunction with Problem Solving Day, the IRS will hold a free

Offer-in-Compromise workshop in the same location at 9 a.m. For workshop information or reservations call (503) 326-3295.

An offer in compromise allows a taxpayer to offer the IRS less than the full amount of tax, penalty, and interest owed when there is doubt the full amount owed will ever be collected. Recent tax law changes have given the IRS authority to extend offers in compromise to more taxpayers.

New law requires auto dealers be licensed

CONTRIBUTED STORY FOR THE PORTLAND OBSERVER

If you want to become a used car dealer (or any other used motor vehicle dealer) you must now go to school first. The Oregon Independent Auto Dealers Association successfully passed a law at the Oregon Legislature last year requiring prospective used car dealers to successfully complete an eight hour seminar and pass a test before they can get a license to sell vehicles. The law became effective Jan. 1.

The Association has received

approval from the DMV for a dealer pre-licensing course and was licensed by the State of Oregon in late December to provide the education.

"The Association believes this new education law will result in a better understanding of the huge amount of regulations car (motor vehicle) dealers must comply with to legally and ethically do business in Oregon," said Monty King, OIADA Executive Director. "We know there are people who think they can just get a license and start selling cars, without knowing what they must do to comply with the hundreds of Oregon and U.S.

Government rules, regulations and laws." King said that most prospective dealers, however, really want the education so they can operate legally.

"This law will help protect consumers by having a more professional and ethical car industry. We're tired of people coming into the industry without any idea of the rules. The only way they could learn before was by the 'trial and error' method," King said. "Unfortunately, those learning experiences were not at the cost of the new dealers. Most of the cost was borne by consumers."

Merger from page 1

networks, and hopes to float shares in the online operations associated with them. News Corp. has also made a series of Internet investments in places like financial news provider TheStreet.com.

So far only Disney, which owns ABC, and General Electric Co.'s NBC have gone so far as to form separate divisions focusing on Internet business and sell shares in them to the public.

But those companies, Go.com and NBCi, were only formed just last fall, and both are still busy forming deals and strategies for how best to proceed.

In the meantime, with questions remaining over how high-speed media delivery will reach the home, whether through cable TV lines, digital subscriber phone lines or satellite TV dishes, some industry watchers say those media companies without a

major online partner don't need to start worrying - yet.

"If it's clearly established that there's a competitive disadvantage to not owning an ISP, then the other media companies will, I'm sure, reassess their strategies," said Morton Pierce, a merger expert at the New York law firm Dewey Ballantine. "But until that time there's really no imperative to alter their current distribution strategies."

Worry from page 1

Media mergers are nothing new, beginning in earnest in the mid-1980s with the takeovers of TV networks, including ABC and NBC, Dean Alger, author of the 1998 book "Megamedia," said Tuesday.

The trend accelerated in 1996 after Congress passed the Telecommunications Act in an attempt to spur competition. Instead of making it easier for companies to compete, the opposite has occurred, Alger said - the big mergers that grew out of the law means today's media are run increasingly by a dwindling number of owners.

In his book - subtitled "How Giant Corporations Dominate Mass Media, Distort Competition, and Endanger Democracy - Alger lists what he calls the "dominant dozen" media conglomerates. Now updating the book for paperback editions, Alger

has just slashed the dozen to four: AOL/Time Warner; Disney/ABC; Viacom/CBS and News Corp., the parent company of Fox.

"The concentration is getting more severe and the range of the diversity of voices is clearly being constricted," Alger said.

Analysts expect this trend to continue as other Internet companies look for combinations with TV, film and news outlets.

With the AOL-Time Warner deal, the Internet, once considered the voice of the little guy, has suddenly become a powerhouse player.

"The rise of the Internet was supposed to be the rise of the independent voice," said Matthew Felling, media director of the Center for Media and Public Affairs. "With the auditorium being filled with large bands, the guy playing his clarinet is

really going to get outshouted and is going to get completely crowded out of the concert."

AOL might not write the news. But it channels news to its users. The Internet portal may be more likely now to send the point-and-clickers toward CNN and Time instead of MSNBC and Newsweek, media watchers said.

Some analysts believe the quality of the news suffers when media worlds collide.

"You need to have an independent voice that can keep an eye on powerful interests," Rosentiel said.

In 1998, ABC News killed a proposed "20/20" story about alleged security problems at Disney World in Florida. Officials said the network's corporate parent, Walt Disney Co., had no say in the decision, but others were critical.

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