

## You May have been Hacked!

In late May 2017, we highlighted multiple cyber security opportunities.

One was on the Palo Alto (PANW) September 115-calls that traded at \$10.40. At the time of this writing, it's up to \$29 – a 179% win.



We also spoke about Fire Eye (FEYE).

The stock would run from around \$15 to a current price of \$16.90.



Incredibly, we're still offered great opportunities in both names, as well as ETFs with a focus on cyber security. That's because we're still not ready for the next wave of cyber attacks. In fact, we weren't even ready for the news that hit last week.

Did you even know you were hacked last week?

Just last week, Equifax, one of three major consumer credit reporting agencies, reported that hackers gained access to company data, potentially compromising sensitive information for 143 million American consumers. That includes Social Security numbers, driver's license information,

names, birth dates, and addresses.

Worse, more than 209,000 credit card numbers were stolen.

*"This is about as bad as it gets,"* said Pamela Dixon, executive director of the World Privacy Forum, a nonprofit research group, as quoted by The New York Times. "If you have a credit report, chances are you may be in this breach. The chances are much better than 50 percent."

Last year, hackers gained access to W-2 tax and salary information from Equifax, too. For a company that handles data on more than 820 million consumers and more than 91 million businesses around the world, it's no wonder many have questioned how Equifax is protecting our data. It's also no wonder its stock (EFX) plunged from a high of \$142.50 to \$99 in days. Eventually EFX will be a buy, but not just yet.



Adding potential fuel to the fire, three senior executives have been accused of insider selling with \$1.8 million worth of shares on this news prior to its release. The problem is that the shares sold were not part of a planned insider sell.

But this is just the tip of the iceberg.

We're still battling an enemy we can't even see.

Hackers have already cost U.S. businesses billions of dollars. Consumers are having their most private data exposed for the world to see. Credit cards, social security numbers, bank account information, even your child's information can be in the hands of strangers. And just in case you think you're safe, consider this.

More than 50% of Americans have been hacked, and they don't even know about it.

Most shocking, many of hacking problems are caused by every day people like you and me. In fact, according to the 2016 Verizon Data Breach Report, 23% of e-mail users are still opening phishing e-mails. More than 11% still click on odd attachments. Another 50% of users click on links within an hour of receiving them.

By 2021, damages from such crimes are expected to cost up to \$6 trillion a year, up from \$3 trillion in 2015. All as cyber theft becomes the biggest, quickest growing crime in the world. And analysts say it'll only get worse, as companies shift to the cloud.

Thankfully, the world is waking up to the problem.

So much so, investors poured \$3.5 billion just into cyber security deals in 2016 alone.

Even corporate America is finally waking up to the threat.

In fact, companies are now spending upwards of \$81.7 billion globally each year just to keep security hardware and software up to date.

Even industry consolidation has been tough to ignore.

Cisco just announced it would acquire Observable Networks, which makes network security software for the cloud. Symantec just acquired three small security companies, too. Even Microsoft paid \$100 million to acquire cyber startup, Hexadite, which focuses on using artificial intelligence to detect potential attacks.

Those are just a few of the reasons we're excited about cyber security.

### How to Profit from the Cyber World War

One of the most devastating cyber attacks is carried out with spearfishing e-mails.

Typically, they'll appear to be from some one you know. But they're not.

Instead, as we saw in 90% of cyber crimes in 2016, they're from criminal hackers that want full access to your credit cards and bank information.

And, according to the FBI, it's already resulted in nearly \$5 billion of losses.

Even the IRS just warned tax professionals, state tax agencies and anyone working in the tax industry of "spear phishing" emails.

*"We are seeing repeated instances of cybercriminals targeting tax professionals and obtaining sensitive client information that can be used to file fraudulent tax returns. Spear phishing emails are a common way to target tax professionals," said IRS Commissioner John Koskinen, as quoted by Fox News. "We urge practitioners to review this information and take steps to protect themselves and their clients."*

That's where companies like Barracuda Networks (CUDA) come in, offering cloud-enabled solutions that allow companies to address security threats, improve network performance, and protect and store their data. With its Barracuda Sentinel, an artificial intelligence (AI) system designed to combat spearfishing campaigns and fraud, it offers wide solutions.



Other traders are picking up shares of FEYE, even buying the FEYE January 2018 16 and 17 call options. Many are still buying the PANW stock, too in addition to the PANW January 2018 145 calls. Many others are also buying ETFs like the Pure Funds ISE Cyber Security ETF (HACK) and the First Trust NASDAQ Cyber Security ETF (CIBR).

As the world moves towards the cloud and the Internet of Things, cyber threats and news of hacks could become commonplace. We may not be able to fully protect our information at all times anymore, but we can protect our trading portfolios.