

Cell Phones Now Debit Cards in S. Korea

-- South Korea's three telecom giants, major credit card companies and several banks have been working for a year to enable Koreans to pay for everything from groceries to gasoline by cell phone. --

BACKGROUND:

In today's world, most people communicate through the use cellular phones. It's hard to believe that fifteen years ago cell phones were a rarity. Below is a history chronicling the dawn of the cell phone to its current state.

1843 - A skilled analytical chemist by the name of Michael Faraday began exhaustive research into whether space could conduct electricity. Faraday exposed his great advances of nineteenth-century science and technology and his discoveries have had an incalculable effect on technical development toward cellular phone development.

1865 - Dr. Mahlon Loomis of Virginia, a dentist, may have been the first person to communicate through wireless via the atmosphere. Between 1866 and 1873 he transmitted telegraphic messages at a distance of 18 miles between the tops of Cohocton and Beorse Deer Mountains, Virginia. He developed a method of transmitting and receiving messages by using the Earth's atmosphere as a conductor and launching kites enclosed with a copper screens that were linked to the ground with copper wires. Congress then awarded Loomis a \$50,000 research grant.

1973 - Dr Martin Cooper, is considered the inventor of the first portable handset. Dr. Cooper, former general manager for the systems division at Motorola, and the first person to make a call on a portable cellular phone.

1973 - Dr. Cooper set up a base station in New York with the first working prototype of a cellular telephone, the Motorola Dyna-Tac. Mr.

Cooper and Motorola took the phone technology to New York to show the public.

1977 - Cell phones go public. Public cell phone testing began. The state of Chicago was were the first trials began with 2000 customers, and eventually other cell phone trials appeared in the Washington D.C. and Baltimore area. Japan began testing cellular phone service in 1979.

1988 - This year changed many of the technologies that had become typical in the past. The Cellular Technology Industry Association (CTIA) was developed to lay down practical goals for cellular phone providers. This included research for new applications for cell phone development. A new standard was placed with the creation of the TDMA Interim Standard 54, in 1991 by the Telecommunications Industry Association.

In spite of the unbelievable demand, it took cellular phone service 37 years total to become commercially accessible in the US. According to the Cellular Telecommunications Industry Association, today there are more than 60 million customers with cellular phones, even though wireless service was just invented nearly 50 years ago. The cellular business was a \$3 million market 25 years ago and has grown increasingly to close to a \$30 billion per year industry.

STORY:

SEOUL, South Korea - Kim Won-jung walked up to a vending machine and bought an orange drink. But rather than insert coins, she paid with the press of a cell phone button. Kim's Samsung handset has a debit card inside, and pushing its "hot key" beamed the information to complete the transaction.

In one of South Korea's latest efforts to establish itself as a technology trendsetter, the

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country's three telecom giants, major credit card companies and several banks have been working for a year to enable Koreans to pay for everything from groceries to gasoline by cell phone.

"Korea is far ahead in the use of such technology, and it probably leads the world, not just Asia," said Daisuke Okabe, a mobile phone culture specialist at Yokohama National University in Japan, where phone payment schemes remain largely in trial mode. If the technology makes sense anywhere, it's here.

Almost every teenager and adult has a wireless handset: There are 33.2 million cellular subscribers in the country of 48 million. And unlike the rest of the world — with a few notable exceptions — the cell phone is in Korea a lot more than a tool for talking. Kids surf the Internet. Parents transfer money. Some play the lottery, others book movie tickets and millions snap pictures.

So why not make the phone a full-fledged wallet? "We are conditioned to think that a credit card is a plastic rectangle," said Cho Eun-sang, a senior manager at Harex Infotech, among the first companies to develop the technology. "But it is actually the data on the strip at the back, and data can be stored anywhere."

Instead of handing over credit or debit cards that get swiped, users type their passcode on the phone keypad, point the device at a special receiver on a checkout counter and press a key. It's as simple as operating a TV remote. The phone shoots the card data in an infrared beam or radio waves. No signature is necessary. For small payments at vending machines, the passcode isn't even required.

Transmissions are encrypted and secure, and subscribers who lose their phones can get them disabled within seconds by informing the credit-card company. Phone owners can apply transactions to either credit or debit accounts.

An entrepreneur widely credited with spurring mobile payments is Park Kyung-yang of Harex Infotech. He has made millions manufacturing key chains with embedded radio-frequency chips. Commissioned in 1997 by U.S. oil giant Exxon Mobil Corp. to embed key chains with stored-value radio frequency ID chips so they could pay for gas, Park asked himself: Why restrict them to gasoline fill-ups?

Harex and South Korea's second-largest mobile phone company, KTF, have also collaborated with Sookmyung Women's University to also let students use their phones as identification cards. The phone's "hot key" can open doors and parking lot gates on campus, register for courses, borrow books at the library or post notices on the campus Web site.

Getting the payment-by-phone idea off the ground was not easy. It required cooperation from three industries that don't always see eye-to-eye — banking, credit cards and telecommunications.

Park said executives laughed at him when he first approached credit card companies — with a TV remote strapped to his cell phone to demonstrate how it would work.

Credit card companies were loath to cooperate so closely with telecoms because that would require sharing valuable customer information and transaction commissions. The card companies figured they already had the entire country in their grip, with an average of four cards issued for every working person. But after extended negotiations, they finally agreed, acknowledging the inevitable march of technology.

The mobile phone companies, on the other hand, were hungry for new services. Their markets were saturated. All three major providers are now on board. SK Telecom, the country's largest mobile phone operator, says it has sold 280,000 phone handsets capable of carrying the payment chips — although only about 30,000 customers

have inserted them. KTF says it has sold 400,000 payment-capable phones but has only 20,000 subscribers.

One encumbrance is the need for each carrier to have card readers at retail outlets. SKT says it has already installed 300,000 card readers at stores and outlets nationwide and expects 400,000 by year's end to cover 75 percent of all payment points in the country. KTF expects to install 300,000 card readers by next year.

Industry officials acknowledge that they need to market the service better — and were hampered by bad timing: The launch came as the industry was hit with a \$13 billion wave of defaults that forced companies to stop issuing new cards. Mobile phone companies are hopeful that once the crisis is over, customers will flock to the service. A marketing blitz is planned to help them.

Lee Jong-hyun, an assistant manager at SK Telecom's mobile-finance division, envisions cell phones that also contain club memberships, a driver's license, ID card, airline frequent flier card — essentially everything people carry in their wallets.

SIGNIFICANCE:

Meanwhile, in the US, a northeast Ohio city official wants to ban cell phones with built-in digital cameras from public restrooms as a precaution against illicit photos.

Officials in the Cleveland suburb of Seven Hills say they haven't heard of any such problems with the devices. Still, Seven Hills councilman David Bentkowski wants to take the precaution. "If I'm just looking like this and I push this button, I've just taken your picture," Bentkowski said, demonstrating the ease of the camera phone. He's pushing for legislation that bans camera cell phones from areas in the city that can jeopardize someone's privacy — like in health clubs, recreation centers, and public restrooms.

Doug Hoffman, representative from cell phone giant AT&T, says these phones are popular. "The more and more phones can do, the more the consumer wants," he said. "Right now, the biggest thing is the camera phones."

The pictures are stored in the phone and sent in just a few seconds by email. While this is innocent fun, some pictures can be disturbing in nature and can actually turn up on websites without you even knowing. Some cell phones are so advanced they can take video, which can also be downloaded as easily as pictures.

Councilman Bentkowski has already talked to state officials in hopes he'll gain their support on his legislation. The issue has been raised in other communities nationwide. A central Florida YMCA posted warnings about the phones, and a community near St. Louis banned the use of "improper photographs" taken secretly, and specifically targeted cell phones.

And what about telemarketers calling your cell phone? For most of their brief history, telemarketers have stuck to landline phones. But that could soon change, says Rene Link, vice-president for marketing at wireless consultancy InCode Telecom in San Diego. Soon after the Federal Communications Commission implements its wireless number portability rules on Nov. 24, it's expected that most phone customers will also be able to keep the same number when they switch from regular landline to wireless service. And as that happens, telemarketers almost certainly will start reaching people via their mobile phones.

Theoretically, that trend could snowball. Within five years, 20% of U.S. households, up from 5% today, might use a mobile device as their primary phone, estimates Craig Mathias, who runs wireless consultancy Farpoint Group in Mass.

To start, at least, a fair number of telemarketing calls to wireless phones will be accidental. Today, direct marketers have no way

to determine that a wireline number they've been calling has morphed into a cell-phone number. The FCC, which regulates phone carriers, has yet to find a way to remedy that -- and the solution will likely not present itself by Nov. 24, says Jim Conway, vice-president for government relations of the Direct Marketing Assn. [DMA], which has 4,700 members, many of them telemarketers.

Even after the distinction becomes clearer, though, some telemarketers are bound to target cell-phone numbers. They'll do so in an effort to offset the effects of another new FCC initiative -- the national do-not-call registry. Though it still faces court challenges, 51 million Americans have signed up. And assuming it takes effect in its current form, telemarketers could face an \$11,000-per-violation fine for ignoring it.

Moreover, the don't-call rules will leave plenty of leeway for telemarketers to track down wireless customers. Callers that are exempt from the rules include charities, politicians, and businesses that have a relationship with the person they're calling -- including banks, airlines, and phone-service providers. And while the new rules prohibit the automated dialing and leaving of recorded messages on anyone's cell phone, calls by live salespeople to cell-phone customers who aren't on the do-not-call list remain legal, says Al Gidari, an attorney with Perkins Coie in Seattle, where many wireless companies are based.

Another law that's about to take effect, called e911, will also inadvertently make wireless numbers more useful to telemarketers. In the past, it was hard for these companies to match up wireless subscribers' numbers with their demographics and addresses -- information that direct marketers use to decide who to call, says Lee Harward, president of ComTec Teleservices in Denver, which makes 6 million calls a year on behalf of various clients. E911, which is being implemented in stages between now and 2005, could change that.

Its purpose is to help 911 operators quickly determine the location of callers. But it could also be used for targeted marketing if carriers decide to act as middlemen between telemarketers and cell-phone customers in forwarding coupons and ads to wireless phones. That would facilitate just-in-time direct marketing. A telemarketer could beam a coupon for a can of soup to the cell phone of a person the system has spotted outside a grocery store.

Such messages would have to be passed along by the cell-service companies. For now, the carriers swear they'll never allow random direct marketing. However, Cingular, the No. 2 carrier in the U.S., would provide such a service for customers who ask for it, says Faith Seiders, Cingular's director of field operations. And consultant Mathias argues that some revenue-desperate carriers might not take such a high road.

One way or another, wireless telemarketing could cause headaches for cell-service providers. Already, Verizon Wireless reimburses customers who complain of telemarketing calls, says a spokesperson. The next problem for the carriers could be direct marketers who send short-text messages to their subscribers. Experts say these will be one of the cheapest ways for telemarketers to reach consumers -- especially since the recipient gets charged for a text message. In Western Europe, an average cell-phone subscriber already receives one text direct-marketing message a month, says David Ferris, who runs Ferris Research in San Francisco.

For now, consumers' primary defense against wireless telemarketing will be the restraint of direct marketers. "The level of annoyance and antagonism [for wireless customers] would be extremely high, and our members realize that it's really not a good marketing tool," says the DMA's Conway. How many telemarketers agree, however, is an open question.

THIS WEEK IN HISTORY:

October 13, 1792

**WHITE HOUSE
CORNERSTONE LAID**

The cornerstone is laid for a presidential residence in the newly designated capital city of Washington. In 1800, President John Adams became the first president to reside in the executive mansion, which soon became known as the "White House" because its white-gray Virginia freestone contrasted strikingly with the red brick of nearby buildings.

The city of Washington was created to replace Philadelphia as the nation's capital because of its geographical position in the center of the existing new republic. The states of Maryland and Virginia ceded land around the Potomac River to form the District of Columbia, and work began on Washington in 1791. French architect Charles L'Enfant designed the area's radical layout, full of dozens of circles, crisscross avenues, and plentiful parks. In 1792, work began on the neoclassical White House building at 1600 Pennsylvania Avenue under the guidance of Irish American architect James Hoban, whose design was influenced by Leinster House in Dublin and by a building sketch in James Gibbs' *Book of Architecture*. George Washington chose the site. On November 1, President John Adams was welcomed into the executive mansion.

In 1814, during the War of 1812, the White House was set on fire along with the U.S. Capitol by British soldiers in retaliation for the burning of government buildings in Canada by U.S. troops. The burned-out building was subsequently rebuilt and enlarged under the direction of James Hoban, who added east and west terraces to the main building, along with a semicircular south portico and a colonnaded north portico. The smoke-stained stone walls were painted white. Work was completed on the White House in the 1820s.

Major restoration occurred during the administration of President Harry Truman, and

Truman lived across the street for several years in Blair House. Today, more than a million tourists visit the White House annually. It is the oldest federal building in the nation's capital.

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SPORTS:**GERMANY 2 :
1 SWEDEN**

A near-capacity crowd at the Home Depot



Center in Carson, California was treated to a match for the ages as Germany downed brave Sweden 2-1 with a golden goal that put a dramatic finishing touch on USA 2003. The crucial goal came just eight minutes

into extra-time, when second-half substitute Nia Kuenzer scored with her head and saw Germany rise to the top of the female footballing world.

The first half largely belonged to the Swedes, and Hanna Ljungberg's brilliant slotted goal in the dying moments of the half was all they deserved. But the second half was the German's as they leveled early through Maren Meinert, took the clash to extra-time and finished the job shortly thereafter to leave the courageous Swedes soaked in tears. The match got off to a predictably nervy start with both sides feeling the other out cautiously. Ljungberg had one last chance before the final whistle to end regulation time. Svensson's cross from the right had the brave striker lunging. The ball went wide, and she came up wincing in obvious pain (86').

The Germans looked the brighter side as the period began to take shape. And when Nia Kuenzer's got on the end of Lingor's inch-perfect free-kick, the super-sub rammed her header over the brave keeper and into the back of the net for the golden goal winner (2-1, 98'). It was a dream ending for the defender and for the Germans.

ENTERTAINMENT:

Tarantino Thrills with 'Kill Bill'

(Reuters) - Heads rolled and limbs flew at the North American box office over the weekend as director Quentin Tarantino's latest violent movie "Kill Bill -- Vol. 1" left its competition for dead. The homage to kung-fu flicks sold about \$22.2 million worth of tickets in its first three days since opening on Oct. 10. The bow is easily Tarantino's best. His last two movies, 1997's "Jackie Brown" and 1994's Oscar-winning "Pulp Fiction," each earned about \$9.3 million in their first weekends. They ended with \$40 million and \$108 million, respectively.

"Pulp Fiction" alumna Uma Thurman stars in "Kill Bill" as a vengeful assassin who decapitates, scalps and mutilates her way through the Japanese underworld. Vivica A. Fox, Lucy Liu and Daryl Hannah co-star. The second installment of the film, in which she will face down the title character, played by David Carradine, is set for U.S. release on Feb. 20. The film was split in two because the footage from nine months of shooting clocked in at three hours. The total budget was a relatively modest \$55 million.

According to exit polling, 90 percent of viewers want to see the second installment, said Rick Sands, chief operating officer at Miramax, a unit of Walt Disney Co. Not surprisingly, the film's audience consisted overwhelmingly of young males. Two-thirds of viewers were aged 21 to 39, and 60 percent were male. On the other hand, Sands noted that the film also pulled in plenty of viewers who did not classify themselves as fans of Tarantino's.

BIOGRAPHY:*Quentin Tarantino*

Director/screenwriter/actor/producer
Quentin Tarantino was perhaps the most

distinctive and volatile talent to emerge in American film in the early '90s. He developed an audacious fusion of pop culture and independent art house cinema; his films were thrillers that were distinguished as much by their clever, twisting dialogue as their outbursts of extreme violence.

During his time at Video Archives, the fledgling filmmaker began writing screenplays, completing his first, *True Romance*, in 1987.



After years of negotiations for investors, he decided to sell the script, which wound up in the hands of director Tony Scott. During this time, Tarantino wrote the screenplay for *Natural Born Killers*. Again, he was unable to come up with enough investors to make a movie and gave the script to his partner, Rand Vossler. Tarantino then used the money he made from *True Romance* to begin pre-production on *Reservoir Dogs*, a film about a failed heist. Word-of-mouth on *Reservoir Dogs* began to build at the 1992 *Sundance Film Festival*, which led to scores of glowing reviews, making the film a cult hit. During 1993, Tarantino wrote and directed his next feature, *Pulp Fiction*, which featured three interweaving crime story lines; Tony Scott's big-budget production of *True Romance* was also released that year.

In 1994, Tarantino was elevated from a cult figure to a major celebrity. *Pulp Fiction* won the Palme d'or at the *Cannes Film Festival* that May, beginning the flood of good reviews for the picture. *Pulp Fiction* grossed over 100 million dollars and topped many critics' top ten lists. *Pulp Fiction* earned seven Academy Award nominations.

The latter half of the '90s saw Tarantino continue his multifaceted role as an actor, director, screenwriter, and producer. In 1996, he served as the screenwriter and executive producer for the George Clooney schlock-fest *From Dusk Till Dawn*, and the following year renewed some of his earlier acclaim as the director and screenwriter of *Jackie Brown*.— **All Movie Guide**

FEATURE:

Civil War:

Part V

FIGHTING IN THE WEST Fighting had also begun farther west. In St. Louis, Missouri, on May 10, 1861, a Union force captured a large band of men believed to be training for Confederate service. The seizure of the men caused a riot in the streets where 30 people were killed. Thereafter, Missouri, torn between North and South, would be a state with a civil war of its own. On August 10 a Union Army under Nathaniel Lyon attacked a pro-Southern force under Ben McCulloch and Sterling Price at Wilson's Creek, near Springfield, in southwestern Missouri. Lyon and the Union forces were decisively defeated. For the remainder of 1861 Missouri continued to be a battleground for both Northern and Southern sympathizers.

As early as April 22, Union forces had begun to concentrate at Cairo, Illinois, where the Ohio River flows into the Mississippi. By fall, Kentucky, which had remained neutral for several months, had shown that it would definitely remain in the Union. Neither side needed to respect Kentucky's neutrality any longer. In early September the Confederates grouped troops at several places in Kentucky, with the largest number in Columbus, on the Mississippi River. When the Confederates occupied Columbus, the Kentucky legislature asked the U.S. government for help. In response to the Confederate troop movements, a Union force under Brigadier General Ulysses S. Grant occupied Paducah, Kentucky, at the mouth of the Tennessee River. On November 7, Grant occupied Belmont, Missouri, opposite Columbus. The Confederates quickly threw a strong force across the river. After a sharp battle, Grant succeeded in withdrawing most of his 4000 men, and the battle ended

without a clear victory for either side. Belmont was the Union commander's first battle of the war.

SOUTH CAROLINA FORTS Also on November 7, 1861, a federal naval officer, Flag Officer Samuel F. du Pont, took 17 wooden cruisers into Port Royal Sound on the South Carolina coast. Du Pont's guns pounded the shore batteries at Fort Beauregard and Fort Walker so effectively that after several hours the defenders evacuated the forts. Du Pont sent in convoy transports, supply ships, and 12,000 men under General Thomas W. Sherman. The men landed with little opposition late in the afternoon and took possession of the forts. Thus, early in the war, the Union established an important base for operations along the southern coast.

TRENT AFFAIR Simultaneously the Union met and survived its first diplomatic crisis of the war, known as the *Trent* Affair. In the fall of 1861 the Confederacy sent James Murray Mason and John Slidell as commissioners to Britain and France. The two men ran the Northern blockade to Havana, Cuba. On November 7, 1861, they left Cuba on the British ship *Trent*. The next day, Captain Charles Wilkes of the U.S. vessel *San Jacinto* stopped the *Trent*, searched it, and took the two Confederate representatives on board his own ship and later to Fort Warren in Boston Harbor.

The North hailed Wilkes as a hero, but by seizing the commissioners from a neutral ship, he had violated principles of international law that the United States had upheld for 50 years and had even gone to war for in 1812. The British ministry demanded an apology and the release of the two men. Many in the North clamored for war with Britain. Lincoln, however, was cautious, and in England, Prince Albert, Queen Victoria's consort, used his influence on behalf of peace. After allowing time for the war fever to cool, the United States admitted that Wilkes had acted without authorization, disavowed him, and liberated the Southern commissioners. A war that might have been fatal to the Union was thus averted.

Stay Tuned...

Quote of the Week:

Everyone to his taste.

-Proverb

Fact of the Week:

When snakes are born with 2 heads, they fight each other for food.

Word of the Week:

imbue (im*bu'), v.t. To soak, steep, or tinge deeply; to inspire, impress, or impregnate (the mind).

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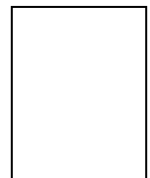
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