TO SANTA RITA HILLS AND 10 YEARS OF RECOGNITION AS A NATIONAL WINE REGION



OUR 156TH YEAR

THURSDAY, AUGUST 11, 2011

Stocks resume sell-off; Dow down 519

By STAN CHOE ASSOCIATED PRESS

NEW YORK — Back to reality and back down, Wall Street focused Wednesday on the bleak landscape ahead for the economy and wiped out its biggains from a day earlier — and then some.

The Dow Jones industrial average closed down 519 points and has now lost more than 2,000 in less than three weeks. Swings of several hundred points in just minutes have become commonplace.

This time, the selling was intensified by worries about debt problems in Europe. On Tuesday, the Federal Reserve said it Wall Street focused Wednesday on the bleak landscape ahead for the economy and sold off, wiping out the big gains from a day earlier and then some. The Dow Jones industrial average closed down 519 points.

planned to keep interest rates ultra-low for two more years. After some initial confusion, the stock market staged a huge comeback and had one of its best days.

But the interest-rate news proved to be a distraction. The Fed made the pledge because it sees almost no chance that the economy will improve substantially by 2013, and when investors focused on that, they dumped stocks again.

"Now it gets back to the fundamentals," said Mark Lamkin, founder of Lamkin Wealth Management, which manages \$215

The Dow closed at 10,719.94, down 4.6 percent for the day. By points, it was the ninth-steepest decline for the market. Wednesday was another day marked by bigmoves. The Dowwas down more than 300 points within minutes of the opening bell. It recovered some of that loss, then drifted

steadily lower in the last two hours.

The market has traded that way for two weeks, lurching up and down. The most extreme example was Tuesday, when the Dow swung more than 600 points in the one hour and 45 minutes after the Fed's

The stomach-churning highs and lows are reminiscent of the fall of 2008, the depths of

Please see STOCKS on A6



Specialist James Ahrens works at his post on the floor of the New York Stock Exchange Wednesday.

\$720,000 possibly embezzled from police

By ANGEL PACHECO NEWS-PRESS STAFF WRITER

A civilian Santa Barbara Police Department employee accused of embezzling parking citation revenue



Karen Flores

could have swiped \$720,000, according to a search warrant affidavit. The depart-

busioffice supervisor Karen Flores, 47, has been charged with

embezzling more than \$100,000 — the amount authorities say Ms. Flores arrested Friday.

But in an affidavit in support of a search warrant signed a week ago by Superior Court Judge Clifford Anderson, District Attorney Investigator Robert Lowry writes the city has noticed up to \$720,000 in unaccounted funds from parking revenue over the past five years.

"During the course of this investigation evidence has shown that Karen Flores has been responsible for part, if not all of the theft occurring," wrote Mr. Lowry, who has 32 years of experience as a peace officer. Senior Deputy District Attorney

Brian Cota has charged Ms. Lowry with grand theft by embezzlement with a special allegation that the theft was more than \$100,000. She is also charged with four counts of the destruction of parking citations.

Mr. Cota told the News-Press that at present, he has filed what he believes to be the appropriate charges and circumstances.

 $He said \, he \, can \, amend \, the \, complaint$ against Ms. Flores if different or additional charges are warranted.

Please see MISSING on A6

Learning about Reagan

Students glimpse late president's life in cross-country trip

By KATHRYN WATSON NEWS-PRESS STAFF WRITER

One might guess that complete strangers from three different countries — Poland, the Czech Republic and the United States would have little in common.

But as 13 high-school-aged exchange students with Liberty Education Tours learned as they trekked across the country by plane and bus on a two-week tour of historic Ronald Reagan sites, people have certain commonalities that not even geographical and linguistic barriers can disguise for long.

"For me, it seems similar," 18year-old Lucie Charvatova from the Czech Republic said of the assortment of students she had been traveling with from Washington, D.C., to California since Aug. 1.

The tour stopped Wednesday at the Reagan Ranch Center on State Street, and his home in Rancho Del

The sponsored students hail from from downtown Los Angeles, to Nipomo, to Georgia and overseas. All were selected and sponsored by the Reagan Legacy Foundation for the purpose of simply giving them a flavor of the principles of freedom Mr. Reagan so dearly held. For many of the international students, this August visit was their first to the United States.

"I met so many interesting people and I improved my English skills," 18-year-old Konrad Jaworski of Poland told the News-Press outside the late president's residence at Rancho Del Cielo, where students had a private tour of the ranch from Young America's Foundation staff members and Michael Reagan himself, son of the late president.

Despite their differences, the students found common ground, with the Spanish-speaking Americans teaching their newfound friends Spanish, and the Polish students teaching their native tongue to their American peers.

The tour, a part of the Michael



Students and chaperones munch on sandwiches on the lawn outside the late President Ronald Reagan's Ranch, Rancho Del Cielo, on Wednesday afternoon.

Reagan-founded Reagan Legacy Foundation, was open to any European or American high school studentwithatleastoneyearremaining of their secondary education, and a grade point average of 2.0 on a 4.0 scale to qualify.

At the ranch, Michael Reagan shared his fond memories of the 688-acre property and 1,600-squarefoothome, where he and his children would visit for special occasions like Thanksgiving dinner.

"Everything is there the way that he left it," Michael Reagan told the students of his father's residence.

Students were enthralled by stories of "Rawhide," the Secret Service code name for the powerful man who loved to spend his free hours riding horses on the trails he cut with his own hands.

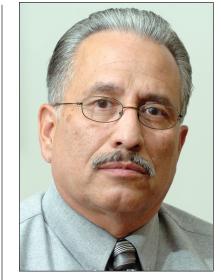
The ranch, as Michael Reagan and Young America's Foundation staff members explained, was Mr. Reagan's place to relax and rejuvenate, away from the demands and pressures of public life.

Undoubtedly, they said, Mr. Reagan was a president at all times,

taking and making official calls and devising policies on the grounds of Rancho Del Cielo, which means "Ranch in the Sky" in Spanish. The late president even signed his famous tax-cutting bill, which slashed the top marginal tax rate from 70 to 28 percent, on the property almost exactly 30 years ago.

But the ranch tells the story not just of an American president, but of a down-to-earth person who cut wood with a chainsaw, enjoyed

Please see **REAGAN** on **A6**



Chief Cam Sanchez

Sanchez a finalist for San Bernardino chief of police

By PETER LANCE

The News-Press has learned Santa Barbara Police Chief Cam Sanchez is one of two finalists being considered for the job of police chief in San Bernardino, the sprawling 81-squaremile Inland Empire city with a population more than twice that of Santa Barbara.

San Bernardino Police Chief Keith Kilmer, who started his term June 1, 2009, announced his retirement in early March.

While San Bernardino city officials, including Mayor Patrick Morris and City Manager Charles McNeely, refused to confirm or deny that Chief Sanchez was a finalist, a member of the city's nine-member Board of Police Commissioners as well as a City Council member say Chief Sanchez made it to the final two from a list of 30 candidates that first was whittled down to a list of five, including three law enforcement officials from Arizona and one from Ohio.

According to Council woman Wendy McCammack, "Mayor Morris was

Please see CHIEF on A7

County supervisors prepare to represent new districts

By NORA K. WALLACE NEWS-PRESS STAFF WRITER

The aftermath of a once-per-decade exercise known as redistricting manifested itself in various ways Wednesday with Santa Barbara County's five supervisors.

 $First District \bar{S} uper visor Salud \, Carbajal \, was$ making plans to take a group of department heads and county staff on a field trip in September, to the far-flung community of Cuyama.

Third District Supervisor Doreen Farr hopes to introduce herself and her staff to the members of the Guadalupe City Council as soon as the new political boundaries take effect next month.

Fourth District Supervisor Joni Gray, meanwhile, had tears of joy in her eyes at getting to represent the city of Lompoc as a

whole, though she is grieving at losing In the 2nd District, Janet Wolf is thankful to have kept the Mesa neighborhood in her boundary and said she plans to bring her staff to the Goleta City Council, to give its members

an update on county government. The newest member of the board, 5th District Supervisor Steve Lavagnino, despite being upset at how the process evolved, called it a "new day."

On Tuesday during its meeting in Santa Maria, the board gave its final approval to an ordinance creating five supervisorial districts, each with roughly 84,500 constituents.

In a process that was acrimonious at times, the board in a 3-2 vote settled on county map drawn by Mr. Carbajal that shifted Cuyama from the 5th to the 1st; Guadalupe from the 4th to the 3rd; the Santa Barbara Airport from the 3rd to the 2nd; and kept the 5th with its main bulk in the densely populated neighborhoods of central and north Santa Maria.

In the most politically charged decision, the board majority left Isla Vista and UCSB in the 3rd District — as it has been for more than 100

years — igniting the fury of a group of Santa Ynez residents who said the more liberal student population to the south was swaying elections and board decisions.

Ms. Wolf sought to reassure people at the end of the meeting Tuesday.

"I think you will be well served by any of us," she said. "We are all hard workers and want to do what's best for this community. $The \,most visible \,change \,geographically \,is \,in$

Guadalupe, along the coastline. "I'm really excited about it," Ms. Farr said of her new lines. "I'm really looking forward to serving the new areas that I have.'

the 3rd District, which now runs from Goleta to

In addition to Guadalupe, she also now represents the unincorporated communities of Mesa Oaks and Mission Hills in the Lompoc Valley, and the Tanglewood area near Santa Maria.

Ms. Farrsaid she takes her staff on an annual retreat where they drive through the entire district, so she plans to now make sure they visit a Guadalupe City Council meeting and the town's senior citizen program.

Though Guadalupe Mayor Lupe Alvarezwas angry about the shift to a new district, Ms. Farr said she has an "excellent working

Please see **REDISTRICTING** on **A7**

newspress.com



INSIDE

Business **B6-7** California A6 Classified ... C7-10

Dear Abby D2 Movies D3

TV **D5** Food D1-8 Nation/World . B1-5 Voices A8-9 Comics D4 | Local A2-6 | Obituaries B2 | Weather B8 OUTSIDE

Fog, then sun

Dow Jones 10.719.94

Nasdaq 2,381.05

To subscribe.

Coast: 68/59 Inland: 79/54 COMPLETE FORECAST B8

MARKETS

FUEL PRICES BUSINESS / B6

Supervisors disagree on process, end result causes split vote

■ REDISTRICTING

Continued from Page A1

relationship" with him from service on SBCAG and LAFCO. She also hopes to speak at length with Ms. Gray about the community.

"I live centrally located," said Ms. Farr, a Santa Ynez resident. "It's appropriate — as the district in the middle with both south and north—to have the size and diversity that it does. We are proactive in outreach and constituent service. Now we'll expand that to new areas.'

Despite those pledges, Ms. Graysaid Wednesday she felt "sorry for Guadalupe.'

"It's family that was taken away from their support group," she said. "There was no need to do it. I tried to get Salud to give me a reason of why he did it. I was just searching for a reason. With the (Gail) Marshall plan (10 years ago), Ididn't like it, but I understood it. This one I don't understand.'

She's not certain that she'll be able to keep up the relationships she created with people in the largely Hispanic agricultural community.

"I know I'll go to stuff if I'm invited," Ms. Gray said. "But it's like going into someone else's house. It's now the 3rd District. It would be rude to go in and

Far to the south, Mr. Carbajal said when the ordinance goes into effect in 30 days, he plans to outline a schedule with his staff of how often they'll be in

"My hope, at the very least, is that we're up there once a month, minimum," Mr. Carbajal said. "I plan to provide a number of meet-and-greet opportunities to get to know the different aspects of Cuyama... I want to letthem know I'm here to serve them, represent them, to meet their needs.'

He wants, he added, to "continue the tradition of (former 5th District) Supervisor Joe Centeno, which was to really understand and provide representation to the Cuyama community so they are very visible, front and center as all other communities."

He has been favorable to the town in the past, he said, by helping approve the Cuyama community pool, as well as block grant funds for its community center, among other issues.

Though some on Tuesday scoffed when the supervisors noted the linkages between Carpinteria and Cuyama, Mr. Carbajal said that he is used to "representing communities isolated and not at the forefront of our policy."

He said he understands that some residents are angry about the boundary map he created, but said his final version "took components from all 16 (public) maps. I tried to incorporate them. You're not ever going to come out pleasing everybody. I tried to blend the maps."

Interms of geographic size, Ms. Wolf has a district that can be described as nothing other than "compact." Her lines moved a bit west, and she lost the

Other candidate reportedly from Phoenix

■ CHIEF

Continued from Page A1

going to present the name of Sanchez and a candidate from the Phoenix P.D. sometime next week, at which point a final decision would be made.

Sgt. Trent Crump, spokesman for the Phoenix Police Department, said Wednesday, "We can confirm that one of our 30 commanders is actively pursuing the job in San Bernardino and he is one of the final two candidates."

Chief Sanchez did not respond to requests for comment.

email: ssteepleton@newspress.com

Man shot during robbery

LOMPOC A man shot during a robbery Wednesday was treated at Lompoc Hospital. His two assailants were at large.

According to authorities, at about 4:11 a.m., the victim went to the hospital for treatment of a single gunshot wound.

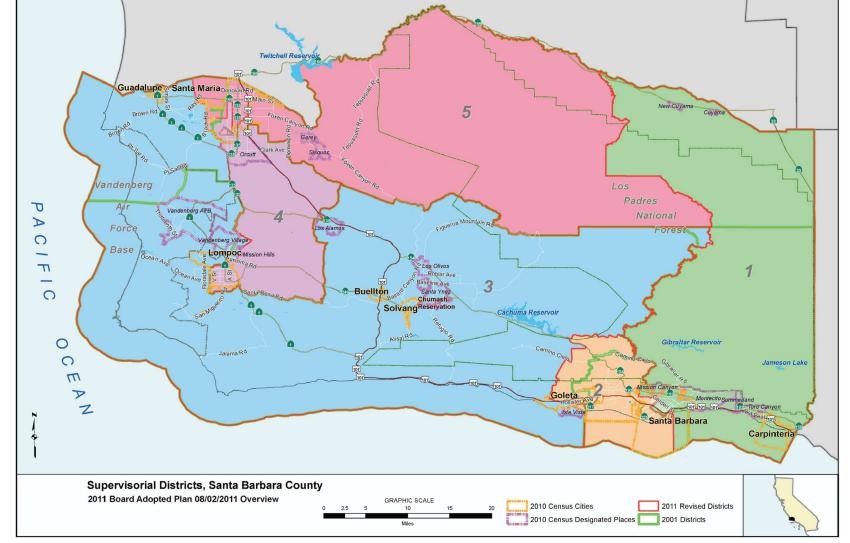
The unidentified man told police he was standing near R Street and Maple Avenue when two unknown people approached and demanded he empty his pockets.

"The victim heard five shots and fell to the ground," according to a release from the Lompoc Police

Department. The suspects fled south on R Street. They were wearing hooded

sweatshirts pulled over their heads. Anyone with information about this incident is asked to contact the

Lompoc Police Department. -Staff report



Barbara waterfront to the 1st District.

Her boundary now moves north to Camino Cielo and also takes in the Santa Barbara Airport and the homes

She said she feels comfortable with

her new Goleta neighborhoods because she spent time there during her years on the local school board.

'We couldn't do it all for everything," Ms. Wolf said of the process. "This map really accomplished a lot. I'm thrilled with the district I have. It was a difficult process, but I really do believe it was a process that did have public input."

Mr. Lavagnino couldn't disagree more — he stated emphatically that the board should have removed itself from the process and asked an independent commission to craft the new boundaries

Because Santa Maria had the most population growth in the last decade, his district had to lose 16,000 residents to another supervisor. In the end, he didn't pick up any new areas he hadn't had previously, he said Wednesday. Mr. Lavagnino also lost Cuyama and the southern part of Santa Maria in order to maintain redistricting's legal criteria of one-person, one vote, and a required percentage of Hispanic voters for the Voting Rights Act.

"At the end, I was more upset about the process," than where the lines were, Mr. Lavagnino said. "In the end, all the maps we looked at met the legal criteria. The courts really don't want to get involved in redistricting lawsuits. That's why the criteria is so low. They want you to hash it out.'

He was thankful people turned out at the redistricting hearings, and said he was urging people to "stay tuned into county government. If they feel they want to change things, get involved in the elections.'

Ultimately, he said he was "resigned at this point" that the countywide map has been drawn.

"They say elections have consequences and that's what it is," Mr. Lavagnino said. "For all the people in the Santa Ynez Valley who don't want to be attached to Isla Vista, I hope the Santa Ynez precincts show up strong. That's the way you change things. I'm not calling for the ouster of Supervisor Farr, but that's how your voice is heard."

Despite the differences and a number of rough moments in the process, the supervisors all noted there are no hard feelings. The board won't meet for the next week, a break Mr. Lavagnino jokingly called a "détente.'

The board, Ms. Gray noted, is still 'collegial. It's not going to be a 'we're mad'thing.'

email: nwallace@newspress.com

16.2 MEGA

\$749 - \$50 instant rebate

7D

1599

D7000

1080p **HD**

16.2 MEGA

Quick autofocus in 1080p video

continuous Phase Detect AF • Maximum ISO 12,800 • Built-in GPS

High Resolution LCD • ISO 100-6400

and selectable frame rates
• Intelligent Viewfinder with 100% field of view

o.o rps continuous shooting Advanced movie mode with manual exposure control

32GB Class 10

High Capacity SD Card



MAIL ORDERS: samys.com (800) 321-4SAM (800) 321-4726

SANTA BARBARA (805) 963-7269 **614 CHAPALA ST**

(Between Cota & Ortega)

MONDAY - FRIDAY CAMERA SALES 9:30am-6pm FILM & RENTALS ONLY 8am-6pm SATURDAY 9:30am-6pm SUNDAY CLOSED **SAMY'S CORPORATE SALES:**

(805) 963-7269 ext. 7

CHAPALA ST. DE LA VINA ST.

16.2

• 1080p Full HD D-movies

RECYCLE YOUR OLD CAMERA EQUIPMENT! ASK US HOW!

PRICES GOOD UNTIL AUGUST 13, 2011 Not responsible for typographical errors.

Quantities limited to stock on hand. First come, first served. No rainchecks and no holds. Prices subject to change without notice. See store for details. Special offers available on in stock items only. Colors vary by location.

ALL NIKON PRODUCTS INCLUDE NIKON INC. USA LIMITED WARRANTY, AUTHORIZED NIKON DEALER, NIKON USA INC

SANTA BARBARA NEWS-PRESS

Our 156th Year –

SUNDAY, AUGUST 14, 2011

Dismayed by police chief's job

search

By PETER LANCE

SPECIAL TO THE NEWS-PRESS

Sanchez is among two finalists for

the top cop job in San Bernardino has ignited a small firestorm of reaction among Santa Barbara city officials and members of the

"I didn't learn about it until Wednesday," Councilman Dale Francisco told me Friday. "This

was extremely disappointing. Cam reports to (City Administrator) Jim Armstrong and by not letting Jim

know ahead of time that he was in

talks for this job and taking the risk that that would come out in public

it puts the city in a bad light and it

reflects badly on Cam's judgment. Other than the city administrator,

the position of police chief is the

most important leadership role in

Mr. Francisco, who spoke to Chief Sanchez Friday morning,

said the chief "admitted to me that

Along with Mayor Helene Schneider, Mr. Francisco and the

other members of the City Council

learned of Chief Sanchez's discussions with San Bernardino for the

first time Wednesday afternoon, when I copied them on an email sent to the chief following my dis-

covery that his name had been whittled down from a list of 30

candidates to the final two for the

Passenger count

down at airport

but revenues up

By MICHAL ELSETH

NEWS-PRESS STAFF WRITER

Santa Barbara Airport saw a

12 percent decrease in passenger

traffic in June compared to the

previous June and the drop con-

vice to Salt Lake City, Sacramento and San Jose, Airport Director Karen Ramsdell told the News-

"So what that tells me is we're seeing that passengers at some times of the day aren't able to get

seats on the aircraft," Ms. Ramsdell

Despite fewer passengers, reve-

Please see AIRPORT on A7

nues for the airport were actually

higher in July than in July 2010.

SILVERHORN

told the News-Press.

The airport is feeling the effects of losing Delta Airlines at the end of 2010. Delta provided nonstop ser-

tinued in July.

Press.

Please see SANCHEZ on A8

Inland Empire job.

the city hierarchy.'

he had made a mistake.'

department.

The story, first reported by the News-Press, that Police Chief Cam

Brown to seek changes to fire fee

By DON THOMPSON

SACRAMENTO — Gov. Jerry Brown's administration plans to seek changes to fix problems with a contentious wildfire fee on rural residents because it could end up draining money from the state's firefighting budget, a spokesman said Thursday.

The move by Mr. Brown came about a month after the fee was approved as part of the new state

It had been intended to provide money for the California Department of Forestry and Fire Protection to battle wildfires and to replace money the state took from the department to help balance its budget.

However, The Associated Press reported Wednesday that money from the \$150 annual fee must go to local fire-prevention programs.

Using the money for prevention rather than bolstering the department budget could leave it with a \$50 million budget hole next year and a gap of up to \$200 million in future years.

H.D. Palmer, spokesman for the overnor's Department of Finance, said Mr. Brown will seek to amend the law when the Legislature returns from its summer recess next week

Republican lawmakers and local fire officials said the law was poorly written and should be changed or repealed.

They said it unfairly taxes rural residents twice for fire protection because many of them already support local districts.

John Vigna, a spokesman for Assembly Speaker John Perez, $D\hbox{-}Los Angeles, said \, law makers \, are$ consulting with the administration and hope to fix the problems when they return to the state Capitol for the final four weeks of their legis-

lative session. "We knew there that would be some cleanup required,"Mr. Vigna said. "We felt at the time that it was more important to get the budget spending plan in place by the beginning of the fiscal year.'

The problems surfaced publicly Wednesday as the Board of Forestry and Fire Protection told its executive officer to begin drafting

Please see **BROWN** on **A8**

HOMECOMING QU



Superstar pop singer Katy Perry, also pictured below, performs before a packed house Saturday at the Santa Barbara Bowl.

Katy Perry concluding world tour with concerts in Santa Barbara

By JOSEF WOODARD

NEWS-PRESS CORRESPONDENT

Kicking off the first of a two-night stand at the Santa Barbara Bowl, pop superstar Katy Perry put on a magnificent and dynamic show before a sold-outhouse on Saturday night, cappingoff one of the most highly-praised and commercially successful pop tours of the summer.

The bowl was also, not coincidentally, the smallest venue on her 41-city tour, California Dreams 2011, due to Ms. Perry's sentimental attachment to Santa Barbara.

Specifically, Ms. Perry, who just recently achieved the rare honor of having scored five No. 1 hits from her now two albums, is a proud Goletan, born at Goleta Valley Hospital and a graduate of Dos Pueblos High School, where she put on a surprise show

A packed house at the bowl, possibly the most age-diverse crowd of the season so far and one speckled with audience members in blue wigs and Perry-like getups, eagerly soaked up a two-hour concert which told the remarkable story of Perry's pop

Please see PERRY on A10



Warrantied felines up for adoption

Number needing a home grows in 'kitten season'

By MICHAL ELSETH NEWS-PRESS STAFF WRITER

The Animal Shelter Assistance Program hopes to find homes for as many "certified pre-owned" cats as possible Saturday and Aug. 21, when it will hold its first-ever free adoption in 22 years of working with the Santa Barbara County Animal Shelter.

ASAP will waive the usual \$65 adoption fee and help pair cats with the perfect potential owner. Like a used-car tent sale, the group is advertising "all makes and models" of cats at 0 percent down and 0 percent financing.

"All cats and kittens come with a Standard 4-Paw Drive, 100,000 Purr Warranty and a Multi-Point Inspection, including a vet exam, spay/ neuter, age appropriate vaccinations, FeLV and FIV screening, deworming, fleatreatment, and microchip," said a news release.

The shelter has been "flooded with cats and kittens," ASAP President Angela Rockwell told the News-Press. The past several years have seen increased numbers of cats and kittens at the shelter, and the overcrowding is worsened by "kitten season," May through November, when the shelter

is inundated with kittens who are

often adopted quickly and leave adoptable adult cats behind. The Santa Barbara shelter, where the event will take place, has about 100 adult cats and between 20 and 30 kittens that will be ready for adoption. Almost 100 more kittens are in foster

"It's more kittens than we can keep track of and count sometimes," joked Ms. Rockwell.

All potential adopters must meet ASAP's adoption standards, including home ownership verification or landlord approval, and possess a driver's license.

By adopting out as many cats and kittens as possible, ASAP hopes to help other felines throughout the county by bringing them in from overcrowded Santa Maria and Lompoc shelters to the Goleta location, which has an adoption rate of more than 90 percent.

Having room at the shelter to increase the chances of adoption for North County cats is one of ASAP's biggest goals for the adoption event.

"We take our commitment really seriously to work countywide," Ms. Rockwell told the News-Press.

Until recently, conventional wisdomsaid free adoptions attract people who might not show their pets as much care as someone who has to pay for their furry friend, but Ms. Rockwell said a new study disproves that theory, and more shelters have been trying free adoptions.

To speed up the adoption process, interested adopters should bring a property tax receipt or rental agreement with pet policy, as well as a completed adoption agreement, available online.

ASAP will host the event from 10 a.m. to 4 p.m. Saturday and Aug. 21 at the Santa Barbara Animal Shelter,



5473 Overpass Road.

For more information and an adoption agreement,

http://www.asapcats.org.

email: melseth@newspress.com

VOICES / G1

FORMER COUNTY SUPERVISOR AND STATE ASSEMBLYMAN **BROOKS FIRESTONE DISCUSSES JOB CREATION**

NATION & WORLD / B1

BACHMANN WINS IOWA STRAW POLL

INSIDE

OUTSIDE



SPECIAL ON SUNDAY

Travel: Montana fly fishing D12

newspress.com

Books D4-5 | Crossword D8 | Lottery A2 | Sports C1-6 Business F1-4 California ... A8, 11

Dear Abby D8 Life **D1-14** Movies **D6** Nation/World . B1-6

Travel **D12-13** Voices G1-4 Classified J1-8 | Local .. A2-7, 10-12 | Obituaries B2 | Weather B6

Books: 'Astounding' sci-fi D4

Motion to dismiss case to be heard Aug. 24

■ SANCHEZ Continued from Page A1

The story about the chief's desire to move on first ran in Thursday's News-Press but when news of his possible departure spread among city officials Wednesday, a number of members of the police department's rank and file were blindsided.

Eric Beecher, field training officer with the Santa Barbara Police Department and president of the Santa Barbara Police Officers Association, admitted that the news 'caught us by surprise."

Within hours of receiving a series of questions on the San Bernardino job in an email from me at 1:30 p.m. Wednesday, the chief reportedly contacted his own officers informing them for the first time that he was considering leaving for San Bernardino, a position that reportedly pays \$237,000 a year — a significant increase in Chief Sanchez's \$200,000a-year salary in Santa Barbara.

Following the News-Press disclosure on Chief Sanchez, the San Bernardino Sun reported that San Bernardino Mayor Patrick Morris "began an exhaustive search" for a new chief

According to San Bernardino City Councilwoman Wendy McCammack, Mr. Morris "was going to present the name of Sanchez and a candidate from the Phoenix P.D. sometime next week, at which point a final decision would be made.

A critic of outgoing San Bernardino Chief Keith Kilmer, Councilwoman McCammack told me late Wednesday that a source of hers close to the negotiations with Chief Sanchez confirmed that he had rejected an offer by the mayor, "but the mayor put another one on the table."

After San Bernardino officials repeatedly refused to return phone calls Wednesday, James Graham, a media spokesman, said Thursday that the city would have no comment on the negotiations until mid-month.

THE IMPACT CHIEF'S EXIT MIGHT HAVE ON CITY LOAN

Chief Sanchez was one of 43 current city employees and former employees who received special low-interest loans from the city, reportedly designed to allow them to afford housing in Santa Barbara. A spreadsheet on the loans released by Santa Barbara's Finance Director Robert Samario in May showed that a number of Police Department personnel had been beneficiaries of the loans, includingOfficerBeecher,whoseloan totaled \$100,800, and Detective Gregory Hons who got a \$94,500 loan.

But of all the people granted the low-interest loans that totaled more than \$3.2 million, Chief Sanchez got the largest loan by far — \$500,000 at an interest rate of .56 percent for a home with a purchase price of \$750,000. That loan, which represents more than 15 percent of the total loans, went to the chief July 31, 2001, and after 10 years, the outstanding balance as of Friday was \$377,603.45.

"If the chief leaves," said Mr. Samario, "he would have six months to repay the city. I presume he would have to refinance the loan at that

EFFORTS TO GET CHIEF SANCHEZ'S INPUT ON THE STORY

After leaving a message Wednesday morning at 11 a.m. with Barbara Sansome, the Chief's assistant, seeking his side of the story and after not getting a reply, I emailed him more than two hours later with the following questions; copying Mayor Schneider, Mr. Armstrong and the entire City

1) Have you been in discussions with any officials in San Bernardino including the Mayor, etc. to become that City's next chief?

2) If so, when did your communication with them begin?

3) Wereyou aware that as you were one of two (2) finalists for the job?

4) Given the controversy surrounding the SBPD as a result of allegations raised in the News-Press series which Mayor Schneider and Jim Armstrong last week pledged that the City was investigating, would you, if offered the San Bernardino job, be willing to leave Santa Barbara at such a critical time?

5) What, if anything in the way of application materials did you send to any officials of San Bernardino in pursuit of the job this would include

emails or other communications either written or verbal?

 $6) Given \, that \, the \, SBPD \, admitted \, to \, the$ destruction of six (6) original Trombetta blood waivers relating to Officers Corbett and Beutel, will you pledge to preserve any communications (as cited above) between you and the San Bernardino Police Department?

CRITICAL EVIDENCE DESTROYED BY THE SBPD

In Part Ten of this series we reported that Deputy District Attorney Sanford Horowitz had admitted in a Santa Barbara Superior court hearing on Aug. 1, that some or all of the originals of the (Trombetta) blood waivers which handwriting expert James Blanco had termed "forgeries" may have been shredded. In a sworn declaration filed with the court of May 31, Blanco, the exclusive handwriting expert used by the California Secretary of State on voter fraud, asked that the originals of seven of the waivers be preserved so that they could be tested for fingerprints.

Darryl Genis, is the Santa Barbara attorney who is representing me in a

DUI case filed with the D.A. by Officer Beutel after she arrested me on New Year's Day for an alleged Blood Alcohol Content of .09 (one hundredth of 1 per cent over the legal limit).

Late Thursday, Aug. 4, Mr. Genis got written confirmation from Lt. David Whitham of the SBPD, in response to his written request that all seven of those alleged forged Trombetta waivers be furnished to the defense. In his reply, Lt. Whitham admitted that six of the seven waivers, including the one in my police report for which we had requested the original as early as Feb. 2, 2011, had been "destroyed."

On Friday Mr. Genis filed a motion to dismiss my case based in part on an alleged violation by the District Attorney's office of long-standing Supreme Court rulings on the preservation of exculpatory evidence and in part on the basis of "Outrageous Governmental Conduct" by the District Attorney and the Police Department.

The motion, will be heard at a hearing on Aug. 24 by Judge Brian Hill in Dept. 2 of Santa Barbara County Superior Court.

email: news@newspress.com

Some say simple majority approval of fee was illegal

Continued from Page A1

emergency regulations to implement

The board plans to consider adopting the rules at an Aug. 22 meeting so state tax collectors can begin seeking the money from owners of about 850,000 properties statewide after Jan.

GOP lawmakers and anti-tax groups contend the fee was enacted illegally because Democrats approved it on

majority vote rather than the twothirds vote required for tax increases. Mr. Brown cited problems with the

bill when he signed it into law last month, suggesting then that lawmakers needed to make some changes.

Alicia Trost, spokeswoman for Senate President Pro Tem Darrell Steinberg, D-Sacramento, said lawmakers will do what they must to pay for state firefighting efforts.

But she said the Senate's budget experts do not believe changes are needed because the department should be able to use the prevention fee money for its own budget.

"We don't see a problem with it because the way we defined prevention is so broad that the department should be able to absorb the money that we took from them," she said. "If there need to be fixes, we will do the fix. We feel right now there's not a problem."

That's a broader interpretation than is being adopted by the state fire board or the administration, said Daniel Berlant, a spokesman for the California Department of Forestry Fire Protection.

department's reading of the law would leave it short of money to fight blazes, he said.

Republican lawmakers blamed majority Democrats for passing the bill as part of the budget in June without doing enough homework.

"It's a classic example of doing things in the dark of the night," said Assemblyman Jim Nielsen of Gerber, Assembly Republicans' chief budget negotiator. "Idon'tthinkit can be fixed and should be repealed."

Sen. Bob Huff, of Diamond Bar, Senate Republicans' chief budget negotiator, said the result is that the state created a budget hole for its chief firefighting agency just as the fire season typically begins in earnest.

"The Democrats have been looking for everything the state can do where they can impose a fee," Mr. Huff said. "We think they overstretched."

Assemblyman Bob Blumenfield, D-Sherman Oaks, said Democrats adopted a longstanding recommendation from the nonpartisan Legislative Analyst's Office to impose a fee on those who benefit from the state's firefighting efforts as more homeowners build in what used to be

"We moved forward with the fire fee this year because we can't continue subsidizing bad land-use decisions made by local governments," Mr. Blumenfield, chairman of the Assembly Budget Committee, said in a

statement. "We need to protect taxpayers."

The upshot was to confuse taxpayers, said Howard Wood, chief of the rural Vacaville Fire Protection District and a board member of the Fire Districts Association of California.

"It's another bill that was passed that wasn't thought out," said Chief Wood, who said three-fourths of his 3,000 Solano County residents will likelybe charged the new fee. "How all this is coming out is confusing to evervone."

State Sen. Ted Gaines, R-Roseville, is leading an effort to collect enough signatures to put the fee before voters next year. The Howard Jarvis Taxpayers Association is considering a legal challenge, arguing that the fee lacked the needed approval from two-thirds of the Legislature and infringes on local governments.

PUBLIC NOTICE

Request for information about the former Santa Barbara Municipal Airport

The U.S. Army Corps of Engineers has completed a Site Inspection at the former Santa Barbara Municipal Airport.

This site, used by Marine Air Group 24 to organize and train as a combat unit between 1942 and 1947, is one of many former military installations throughout the United States that will be reviewed under the Department of Defense's Munitions Response Site Prioritization Protocol. This protocol is used to assess sites that may have unexploded ordnance, discarded military munitions or munitions constituents. The protocol also assigns priorities for any additional investigation or munitions removal that may be required.

The evaluation criteria, including types of munitions that may be present, ease of access to the site and number of people living near the site, are available for public review in the Site Inspection Report. A copy of the document is located at the Goleta Branch Public Library, 500 North Fairview Avenue, Goleta, CA 93117. The draft final version of this document is also available on the U.S. Army Corps of Engineers Los Angeles District Website at http://www.spl.usace.army.mil/fuds.html.

For more information, or if you have additional information about past activities related to the former Santa Barbara Municipal Airport, please contact:

For media queries:

Fran Firouzi **Project Manager** (213) 452-3854 **USACE**, Los Angeles District ATTN: CESPL-PM-M 915 Wilshire Blvd. Los Angeles, CA 90017-3997 forough.firouzi@usace.army.mil Jennie.ayala@usace.army.mil

Jennie Ayala **Public Affairs Specialist** (213) 452-3925 or (213) 479-8634 **USACE, Los Angeles District ATTN: CESPL-PA** 915 Wilshire Blvd., Suite 1146 Los Angeles, CA 90017

Aug 10, 14/11 -- 42746

State's high court to hear redevelopment fight

Supreme Court announced Thursday tnat it will near a challenge by community redevelopment agencies, which are trying to strike down a provision of the state budget that

threatens to put them out of existence. The court announced it will decide by mid-January whether the state can eliminate about 400 redevelopment $agencies throughout California\, unless$

they agree to give up a portion of their

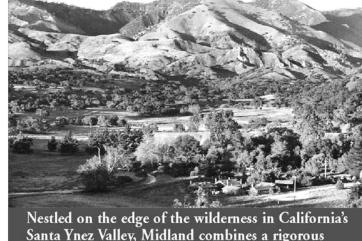
property tax revenue. The court action prevents the state SACRAMENTO — The California from moving ahead on its plan until the case is resolved. If the justices side with redevelopment agencies. would spell more budget headaches for the state because the Legislature and Gov. Jerry Brown are relying on the plan to help save the state \$1.7

> billion in the current fiscal year. "We're confident the state Supreme

> > Please see COURT on A11



MIDLAND SCHOOL college preparation on 2,860 acres



Santa Ynez Valley, Midland combines a rigorous college preparatory program with intensive immersion in the environment.

- Average class size of 12
- Superb college placement
- Leadership development Organic farming
- Equestrian program • Financial aid

805-688-5114 www.midland-school.org

VIOLENCE IN THE MIDDLE EAST LAUNCH SERIES OF ATTACKS THAT KILL 8

GUNMEN CROSS DESERT INTO ISRAEL,



FRIDAY, AUGUST 19, 2011

Another big down day for the Dow Jones

By STAN CHOE ASSOCIATED PRESS

NEW YORK — Just when Wall Street seemed to have settled down, a barrage of bad economic reports collided with fresh worries about European banks Thursday and triggered a global sell-off in stocks.

The Dow Jones industrial average fell 419 points—a return to the wild swings that gripped the stock market last week.

Stocks were only part of a dramatic day across the financial markets. The price of oil fell more than \$5, gold set another record, the government's 10-year Treasury note hit its lowest yield, and the average mortgage rate fell to its lowest in at least 40

The selling began in Asia, where Japanese exports fell for a fifth straight month, and continued in Europe, where bank stocks were hammered because of worries about debt problems there, which have proved hard to contain.

On Wall Street, the losses wiped out much of the roughly 700 points that the Dow had gained over five days. Some investors who bought in the middle of last week decided to sell after they were confronted with a raft of bad news about the economy:

— More people joined the unemployment line last week than at any time in the past month. The number of people filing claims for unemployment benefits rose to

408,000, or 9,000 more than the week before. — Inflation at the consumer level in July was the highest since March. More expensive gas, food, clothes and other necessities are squeezing household budgets at a time

when most people aren't getting raises. Sales of previously occupied homes fell in July for the third time in four months — more trouble for a housing market that can't seem to turn itself around. This year is on pace to be the worst since 1997 for

-Manufacturing has sharply weakened in the mid-Atlantic states, according to a report from the Federal Reserve. Manufacturing has been one of the strongest parts of the economy since the recession ended in 2009, but its growth has slowed this

The manufacturing news was especially bleak on an already bad day, said Dan Greenhaus, chief global strategist at brokerage BTIG. He called the Fed report "an atrocious set of numbers.

"That really set the market on its head,"

Wall Street and other financial markets have wrestled for several weeks with fears that a new recession might be in the offing. Morgan Stanley economists said in a report Thursday that the U.S. and Europe are "dangerously close to recession."

Please see **DOW** on **A6**

Auditor adds teacher pensions to high-risk' list

ASSOCIATED PRESS

SACRAMENTO — The state auditor's office is adding teacher pensions to the list of high-risk issues facing California govern-

A report released Thursday added the pension fund because it can't pay retirement benefits beyond the next 30 years. The pension problem was added to a list of risks that also includes California's chronic budget deficit, retiree health costs and prison

The California State Teachers' Retirement System reported in March that it had only 71 percent of the assets needed to cover retirement costs for its 852,000 members and family members. The estimated shortfall is \$56 billion.

School districts and educators pay for pensions, but the amount has not changed for decades. Both the pension board and Gov. Jerry Brown have called for funding changes, which the legislature must approve.

Councilman Francisco kicks off campaign



ROBBY BARTHELMESS / NEWS-PRESS **Dale Francisco**

By KATHRYN WATSON NEWS-PRESS STAFF WRITER

With the fountain of the Central Library courtyard in the background, incumbent City Council candidate Dale Francisco focused on what he deemed the basics of the council's civic responsibilities in his official campaign kick-off speech late Thursday afternoon.

"Public safety, municipal finance and infrastructure may not be glamorous, but that's what the people who vote for us want us to take care of," he told supporters in a seven-minute speech that was

Please see FRANCISCO on A4

New way in, out of Santa Barbara



STEVE MALONE / NEWS-PRESS

Travelers carry their baggage into the new terminal at Santa Barbara Airport on its first full day of operation.

Airport terminal convenient, confusing to first-timers

By MICHAL ELSETH NEWS-PRESS STAFF WRITER

It's no LAX, but the new Santa Barbara Airport terminal offered amenities much more akin to those found in its bigger counterparts when it welcomed its first departing passengers on a brilliant Thursday morning.

A scarlet banner draped from the Spanish Colonial Revival style building and the words "grand opening" scrolling across the checkin counter screens informed passengers and visitors they were some of the first to use the new facility.

Passengers coming off the first flights of the morning found their way to the new baggage claim, now located inside the terminal near the escalator that carries arriving passengers downstairs from their gates.

"The baggage claims are going to be a lot better," Aline Faucett, a 43-year Santa Barbara resident, told the News-Press.

Please see TERMINAL on A7

'Cop's cop' and former Lompoc mayor remembered

By NORA K. WALLACE NEWS-PRESS STAFF WRITER

Longtime Lompoc Police Chief and one-time mayor Jimmy Dean "J.D." Smith was remembered Thursday by friends and family as a "cop's cop," a tough law enforcer who "liked to put bad guys in jail" and valued his family above all else.

Mr. Smith died Aug. 12 at the age of

Mourners entering the Lompoc Foursquare Church were greeted by a cadre of police Explorers in their trademark light blue shirts standing watch over his badge — the group is a legacy of Mr. Smith's tenure as the city's sixth police chief.

"He served faithfully, valiantly, aggressively for 16 years," said Pastor Bernie Federmann.

The pews of Foursquare were filled with uniformed officers—including a number of retirees hired long ago by the former chief—as well as three past chiefs, three former mayors, current and long-ago council members and community members.

The audience was representative of

Please see SMITH on A10



Retired Lompoc Police agent Milt Baldwin reflects on the life of former Lompoc mayor and Police Chief Jimmy Dean "J.D." Smith.

Search for the truth or for a way out?

The opening, closing and reopening of a probe into the shoulder injury Kasi Beutel says she sustained in 2009

> By PETER LANCE SPECIAL TO THE NEWS-PRESS

In what has now become a nearly eight-month investigation into the Santa Barbara Police Department and its award winning "Top DUI Officer" Kasi Beutel, the story of how the city of Santa Barbara has reacted to the criminal fraud investigation by the California Department of Insurance underscores the perceptions by many of just how far city officials have been willing to go to protect the 39-year-old officer from possible criminal charges in the face of a growing scandal suggesting that during her time in uniform she falsified evidence, witnessed forged blood test waivers and withheld exculpatory evidence from defendants, while earlier committing perjury in state and federal court proceedings and acting to suborn perjury in 2005.

The effort by the city attorney to affirmatively clear Officer Beutel in that Department of Insurance fraud probe potentially runs counter to the pledge made by Mayor Helene Schneider and City Administrator Jim Armstrong on Aug. 2 that under the City Charter it was "the duty of the city administrator, city attorney and chief of police to review those allegations (in the News-Press series) and, if necessary, take appropriate action to initiate discipline, outside investigations etc.

In fact, the latest evidence uncovered in this investigation shows that City Attorney Stephen Wiley went to lengths to influence an investigator from the Department of Insurance Fraud Division to close out the initial probe.

The workers compensation claim Officer Beutel filed Nov. 14, 2009 stems from the incident described in Part Two of this series in which she stopped commercial fisherman Michael Kenny on suspicion of DUI and ended up shooting him with a Taser at point blank range with a charge of 50,000 volts. After Mr. Kenny pulled the Taser probes from his chest and ran, he was apprehended a few blocks away and later charged with driving under the influence, battery on a peace officer and resisting arrest.

When a blood test later proved that his blood alcohol content was .07 — under the legal limit — and after the police report showed that Officer Beutel was "not injured," the District Attorney's Office dropped the driving under the influence and battery charges and Mr. Kenny pled guilty to resisting arrest.

His case wound its way through Superior Court for the next 22 months until June of this year, when his former lawyer Robert Goodman was presented with a letter dated June 3, from Julia Alcocer of the city's Risk Management Division. The letter sent to the district attorney asked that Mr. Kenny face additional criminal charges so

Please see DUI on A5

Child annoying suspect identified

A Los Angeles man was arrested Wednesday evening on suspicion of child annoying, according to the Santa Barbara County Sheriff's Department.

Mario Rios Bibiano was arrested just after 6:21 p.m. Wednesday after Sheriff's deputies received a call about an incident that took place near

San Marcos High School. As reported in yesterday's News-Press, a 15-year-old boy told deputies he was walking near the high school when a man in a pickup truck pulled up alongside him and held a cell phone up, telling him the person on the phone wanted to talk

The boy continued walking and reported the incident immediately, according to the Sheriff's

Bibiano

Shortly after the call, a Sheriff's sergeant stopped a man driving pickup truck who matched the description provided by the boy.

Mr. Bibiano, who was also driving without a license and did not have registration for the truck, was booked into the Santa Barbara County Jail on a no bail immigration hold.

-Michal Elseth

newspress.com



To subscribe,

INSIDE

Business	 . B4-5
California	 A7
Classified	 . D 3-8
Comics	 D2

Local A2-7 Obituaries B2 Lottery A2 | Scene Inside

Crossword D1 | Movies Scene | Sports C1-8 Dear Abby D1 Nation/World . B1-3 TV Scene Voices A8-9 Weather **B6**

OUTSIDE



Coast: 75/54 Inland: 90/52 COMPLETE FORECAST **B6**

MARKETS



10,990.58



Bike auction benefits Police Explorer Post

Bicycles as cheap as \$7 will be available at a Lompoc Police Explorer bicycle auction later this month.

The auction, from 9 a.m. to noon on Aug. 27, will be held at the Lompoc Police Department, 107 Civic Center

The auction items are ones deemed by the department to be lost or stolen

within the city limits. Bikes are held for 90 days while police employees try to locate the rightful owner. If the bike is unclaimed for 90 days, it may be sold or given away.

The Police Explorer Post is auctioning the bikes and funds will be used to buy uniforms, equipment and pay for travel for post members.

More than 30 bicycles will be available on the auction day. Some scooters and skateboards may also be up for auction.

Written bids are taken, with the minimum acceptable bid at \$7. The bid price includes a bicycle license, which is provided by the department. Bidders will complete a bid card with their proposed auction amount. Bids will be opened following the auction and the highest bidder on each bicycle will be notified by telephone.

Bikes will be available for pick up the week of Aug. 29 at the department, upon cash or check payment.

– Nora K. Wallace

COME TO BEAUTIFUL WHIDBEY ISLAND, WA.

Beautiful home for sale with countryside view of valley, golf course and Mount Rainier. Available amenities are 18-hole golf course, club house with lounge and restaurant, swimming pool and tennis courts. Lovely open-style home with three bedrooms, four bathrooms and three garages. Price: \$600,000. You will love Whidbey Island.

Write to P.O. Box 673, Freeland, Washington 98249

EVENTS

SOUTH COAST

Film Screening: 5:30 p.m. Santa Barbara Museum of Art, Mary Craig Auditorium, 1130 State St. "Floating Weeds." An aging actor returns to a small town and reunites with his former lover and illegitimate son. Michael Berry, Contemporary Chinese Culture Studies professor at UCSB will introduce the film and lead a Q-and-A. Part of "Friday Night Films": Artist's Pick" series. Free.

Sings Like Hell Series: 8 p.m. Lobero Theatre, 33 E. Canon Perdido St. Featuring Calexico, a diverse collective based around the duo of guitarist-vocalist Joey Burns and drummer John Convertino. \$35 reserved seating.

Butterflies Alive!: 10 a.m.-5 p.m. daily through Sept. 11. Santa Barbara Museum of Natural History, 2559 Puesta del Sol Road. More than 1,000 free-flying butterflies in a garden setting. Bring camera. Free with museum admission: \$10 adults; \$7 seniors 65 and older, teens 13-17; \$6 children 2-12; free to members and children younger than 2. 682-4711.

Let It Go Yoga: 10:30 a.m.-noon. Bronfman Family Jewish Community Center, 524 Chapala St. Bring own

workout mat, blanket and long scarf or tie for use as yoga belt. Free. 957-1115 or www.jewishsantabarbara.org.

Laughter Yoga: 8:45 a.m. Luis Oasis Senior Center, 420 Soares Ave., Orcutt. Free. 937-9750 or 868-8021

Guided Meditation: 12:30- 1:45 p.m. Sansum Clinic, 317 W. Pueblo St. Instructor is Roger Ford, co-founder of Healing in America. Free. 681-8976,

Santa Barbara County Courthouse Tours: 2 p.m. daily; 10:30 a.m. Mondays, Tuesdays, Wednesdays and Fridays. 1100 Anacapa St. Tours begin in Mural Room on second floor. Also: 10:30 a.m. first and third Saturday of month, courthouse gardens tour. Meet under large arch on Anacapa Street. Free.

Pilates Mat: 9-10 a.m. Goleta Valley Community Center, Room 4, 5679 Hollister Ave., Goleta. All ages and levels. Small classes. \$75 for six sessions; \$15 per class for drop-ins; \$10 per class for age 62 and older. 692-4906

Sierra Club Friday Night Hike: 6 p.m. meet at Santa Barbara Mission; 6:15 p.m. hike starts. Easy-to-moderate two- to four-mile round-trip. Bring flashlight. Free.

For more information, call Al at 685-2145.

NORTH COUNTY

Quick Draw Art Festival: Various times and locations today and Saturday in Los Olivos. Quick draw will be held 11 a.m. Saturday at Lavinia Campbell Park, Grand Avenue and Alamo Pintado Road, Festival includes art demonstrations, art auction, food booths, music and children's activities; quick draw involves artists racing to complete their work in 60 minutes. All proceeds go to support Los Olivos' beautification efforts. Free admission, 688-1082 or www.losolivosca.com

"Wine & Fire" Weekend: Various times and locations today through Sunday in North County. Includes wine tasting, seminar, barrel tastings and open houses. Presented by Sta. Rita Hills Winegrowers Association. For ticket packages and more information, email info@staritahills. com or go to www.staritahills.com/events.html.

PCPA Theaterfest Production: 7 p.m. today, Saturday and Aug. 26, previews.

Marian Theatre, Allen Hancock College Campus, 800 S. College Drive, Santa Maria. American premiere of a musical

about Hans Christian Andersen, directed by Scott Schwartz. \$23 general, \$20.70 seniors, \$15 students and children.

922-8313 or go to pcpa.org.
Olde Town Market: 5-7 p.m. Fridays through Aug. 26. 100 block of South H Street in Lompoc. Theme is "International Night" and features entertainment and activities related to theme. Sponsored by Lompoc Valley Chamber of Commerce and Visitors Bureau. Free admission. 736-4567.

VENTURA COUNTY

Chumash Garden: Noon-4 p.m. Sundays, 1-4 p.m. Thursdays-Fridays, 10 a.m.-4 p.m. Saturdays. Ojai Valley Museum, 130 W. Ojai Áve., Ójai. Living botanical garden that explains use of native plants by the Chumash for food. medicine, baskets and other crafts. Free with museum admission: \$4 general, \$1 youth 6-18, free to members and children 5 and younger. 640-1390 or www.ojaivalleymuseum.org.

MEETINGS Santa Barbara city offices closed furlough day.

Santa Maria city offices closed furlough day.

Rental Property Special

15 Year Fixed

A.P.R. 3.85%

Up to 10 Financed Properties ok (Please call for details) 1 to 4 Units No Prepayment Penalty Cash Out ok Purchase or Refinance

YOUR DISCOUNT BROKER

email: johne@west.net www.unisonfinancial.com

Rates as of 8/12/11. Loan amounts up to \$417,000. Dept. of R.E. CA Bkr #01818741 NMLS# 326501



John Entezari

Reports make no mention of injury

DUI

Continued from Page A1

that the city might collect restitution from him of \$7,762.89 in medical costs and temporary disability payments resulting from what Ms. Alcocer claimed was a "shoulder injury" sustained by Office Beutel "while taking Mr. Kenny into custody."

WHAT THE KENNY POLICE REPORT SHOWED

As detailed in Part Two, Police Department dispatch logs show that Office Beutel pulled Mr. Kenny over on Marina drive at 9:15 p.m. Aug. 22, 2009, on Marina Drive even though she stated in her arrest narrative that the stop occurred 10 minutes later at 9:25 p.m. After first ordering Mr. Kenny to exit the truck, the police report documents that Officer Beutel later insisted that he remain inside.

By Mr. Kenny's account, after he got outonthe driver's side, she fired Taser X26 at him at a range of two feet striking him in the chest.

Despite Officer Beutel's claim in her arrest narrative that Mr. Kenny "kicked (her) in the right hip with his right foot (and) forcibly shoved (her) backwards as he exited the vehicle," there was no evidence elsewhere in the report to support the battery

None of the other seven officers who responded to the Kenny incident offered any corroborating evidence of an injury sustained by Officer Beutel; and on page nine of the police report next to the designation Type of injury it says "none." Below that, next to the designation Injury Sustained by

Officer, it says not injured. Further, while the official police report showed pictures of the injuries that Mr. Kenny sustained in the Tasering, there were no pictures of any injuries to Officer Beutel.

And as reported in this series, approximately six minutes and 48 seconds of audio recorded by Officer Beutel during the stop and arrest were missing from a CD turned over to Mr. Goodman, Mr. Kenny's lawyer at the

Meanwhile, an analysis of the police report, including admissions made by Officer Beutel in her arrest narrative and a comparison of the audio against the dispatch log, suggests that the missing minutes from the recording covered a period during the stop in which Officer Beutel reached through the driver's side window and touched the Taser to Mr. Kenny's body. In her report she says that she touched him on the shoulder.

But in a separate written statement made shortly after his arrest, Mr. Kenny wrote that Office Beutel had "pulled her Taser and put it to my temple and then to my shoulder and chest demanding that I exit the truck."

After receiving the claim letter from the city, Mr. Kenny fired Mr. Goodman and hired Darryl Genis, the DUI defense attorney who is representing me in a DUI case the District Attorney's Office is prosecuting against me following my arrest by Kasi Beutel in the early hours of New Year's Day.

A SIMILAR PATTERN OF MISSING EVIDENCE

In my case, Officer Beutel reported that a breath test I took showed a BAC

of .09 (one hundred of once percent over the legal limit) a figure I contend was the result of her manipulation of the Alcotest 7410 Plus breathalyzer. Further, inserted into my police file compiled by Officer Beutel was a socalled "Trombetta" advisement that she claims she witnessed me signing, waiving my right to a blood test. I contend that my signature on the waiver was a forgery and James Blanco, a nationally ranked handwriting expert used by the California Secretary of State for voter fraud cases, has agreed.

In addition to my waiver, as documented in Part Three and Part 10 of the series, I uncovered another six Trombetta advisements witnessed by either Officer Beutel or her fiancé Officer Mark Corbett who preceded her on the Santa Barbara Police Department's Drinking Driver Team which Mr. Blanco has sworn under penalty of perjury were forged. From as early as Feb. 2, Mr. Genis

sought the original of my Trombetta waiver from the Police Department so that it might be tested for fingerprints. On May 31, in a sworn declaration, Mr. Blanco made a similar request for the originals in three other cases and reiterated his request for all seven in a declaration filed on July 21. In three separate orders from the bench, Santa Barbara Superior Court Judge Brian Hill, presiding in my case, ordered Deputy District Attorney Sanford Horowitz to turn over all of the requested Trombetta originals.

But on Aug. 3, Lt. David Whitham of the Police Department's Records Section sent a letter to Mr. Genis admitting that six of the seven waivers (including mine) had been destroyed.

CITY ADMITS 'SUBSTANTIAL MISTAKE' IN THE BEUTEL WORKERS' COMP CLAIM

That very same day, on the eve of a hearing at which Mr. Genis sought to discover the details behind Kasi Beutel's workers comp claim, he received a series of letters from the district attorney, Mr. Wiley and Mark Howard, Santa Barbara's risk manager which now claimed that a "substantial mistake" had been made by "an employee of the Risk Management Division" and that the amount of money the city sought to collect from Mr. Kenny pursuant to the Beutel claim was being reduced from \$7,762.80 to \$833.72.

Further, an attached memo from Mr. Howard to Mr. Wiley dated Aug. 2, now claimed that the (\$7,762.89) costs described in the June 3rd letter from the Risk Analyst "correspond to an injury sustained by Officer Beutel on November 9th, 2007" when (she) "tripped and fell while responding to a traffic collision.

The sudden, precipitous reduction in the claim by the city had the immediate effect of dropping the possible penalty of insurance fraud from two to five years in state prison and a fine of up to \$50,000 to six months in jail and a \$1,000 fine.

At the same time, Deputy District Attorney Gary Gemberling sent Mr. Genis a letter declaring that the city attorney had "withdrawn its request for a restitution hearing" versus Mr.

The next day, Aug. 4, at the scheduled Superior Court hearing before Judge Jean Dandona, she dismissed the restitution hearing against Mr. Kenny on her own motion, effectively denying Mr. Genis any further opportunity to discover the hidden details behind eitherworkers compensation claim by Kasi Beutel.

DEPARTMENT OF INSURANCE **CLOSES FRAUD PROBE**

On Aug. 10 - 15 days into the Department of Insurance's criminal investigation — Capt. Randall Richardson of the Insurance Fraud Division called me with the news that the fraud investigation had been closed.

In an interview with me that afternoon, he admitted that he had traveled to Santa Barbara the previous day, where he met with City Attorney Mr. Wiley and interviewed several officers who had failed to comment in the initial Michael Kenny police report but were now apparently backing Officer Beutel's injury claim.

Capt. Richardson insisted that it was not necessary for him to interview Mr. Kenny (the alleged source of the injury) and admitted that he had no knowledge of the previous workers' compensation claim apparently filed by Officer Beutel in November 2007.

"So in a matter of a few days" says Mr. Genis, "the city attorney and risk manager come up with this new explanation for the alleged Beutel shoulder injury then conveniently reduce the funds involved from \$7,762.89 to \$833.72, eliminating the risk to Kasi Beutel of doing time in prison.'

"Then a Superior Court judge, apparently acting on her own, without the D.A. requesting it, dismisses my motion so that we're now estopped from discovery, meaning we can't learn the truth behind either Beutel workers' comp claim. And while all this is going on, the city attorney, Steve Wiley, meets with the Department of Insurance's chief investigator. After that meeting, any criminal investigation appears to be dead against SBPD Officer Kasi Beutel. These actions by Mr. Wiley, Mr. Howard and the D.A. give the appearance of a 'cover up.'

DEPARTMENT OF INSURANCE REOPENS THE CASE

On Aug. 11, after I presented a deputy insurance commissioner with the evidence that Capt. Richardson had limited his investigation to the city's allegations about the Beutel claim story and failed to interview Mr. Kenny, the investigation was formally reopened.

By Aug. 15, after reviewing additional evidence which I furnished, Deputy Commissioner Byron Tucker declared in a statement to the News-Press that "the case remains open pending further investigation," adding in reference to Mr. Kenny, that "we reserve the right to interview any and all individuals we think will be material to the investigation. The investigation is ongoing and any individual we deem relevant will be contacted."

CITY ATTORNEY'S EFFORT TO CLEAR KASI BEUTEL

On Aug. 3, the day before the hearing in front of Judge Dandona, in which Mr. Genis sought additional discovery on what was then a \$7,762.89 claim for restitution against Mr. Kenny, City Attorney Mr. Wiley sent a two-page letter to District Attorney Joyce Dudleywhich stated the city's new position on Officer Beutel's workers' comp

Because the letter offers extraordinary details into the lengths Mr. Wiley went to intervene with the Department of Insurance fraud investigation, it is reproduced here in its entirety.

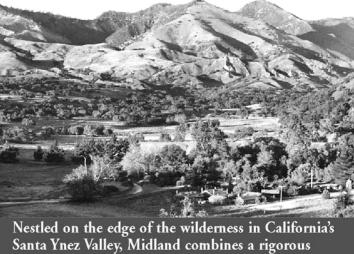
City of Santa Barbara Office of the City Attorney

August 3, 2011

Please see DUI on A6

MIDLAND SCHOOL college preparation on 2,860 acres

805-689-6364



immersion in the environment.

college preparatory program with intensive

- Average class size of 12
- Superb college placement Leadership development
- Organic farming Equestrian program
- Financial aid

805-688-5114 www.midland-school.org

Enjoying the eating security

The Dentist's Dentist

In this day and age, everything is get-

ting more complex. It is difficult to

find a dental professional that knows

how to simplify things for you as the

choices when it comes to significant

rare doctors that can do just that.

Wouldn't you like your care from a

dentist that has immense experience

and the most up to date knowledge to

go with it? Dr. Jivraj is in that category

as a dentist. His knowledge gives him

a unique one of a kind status. In fact,

he is literally a specialist (literally less

than 0.14 % of dentists on the planet

are in the same category!) at the most

difficult situations dental patient's can

have and a true expert at providing ex-

cellent care with a personal, warm, and

patient so that you can understand your

dentistry. Dr. Saj Jivraj is one of those

of "teeth like your own".

Teeth in a DAY "I'm not wearing dentures!"

Denture wearers there is no need to suffer any longer; if you have bad teeth, bad gums or wear sticky denture glue it's time for a change.

Our breakthrough technique can provide you with functioning teeth in as little as an hour for some patients and in a day for most. Walk in one morning with bad teeth and walk out with an incredible smile just a few hours later. Being treated by a specialist in Implant Dentistry is what makes the difference.





"I work with the public a lot and being without teeth was my worst nightmare. I had been to several dentists and they had all told me I needed to have all my teeth removed and to wear removable dentures for 4-6 months. I visited Dr. Jivraj and he performed the teeth in 1 day procedure for me. Literally I went in the morning with teeth, implants were placed and the same day Dr. Jivraj attached teeth to my implants. I couldn't believe it when I looked in the mirror. For the first time in 20 years I had a great smile. I could say many things about Dr. Jivraj but the one thing I will say is that he gave me my life back" Kendra G.



>Ruins the Taste of Food > Unnatural Plastic > Denture Glue Needed > Weak Bite, Poor Chewing > Gagging & Choking > Embarassing Accidents > Fake Smile > Makes You Look Old



Dental Implants

- Taste Food Again! No Excess, Bulky Plastic! No More Denture Glue, Have Fresher Breath!
- > Strong Bite, Chew Everything!
 > No More Gagging!
 > Ends Accidents, Security Returns!
 > Beautiful Natural Smile!
 > Instantly Look Younger!

805-288-6576 or visit us at www.AnacapaDental.com

First 27 Callers Receive a Free Consultation and CT Scan (\$700.00 Value) Offer Expires 09/07/2011



Dr. Saj Jivraj Anacapa Dental Art Institute 300 East Esplanade Drive Suite 1600 Phone: 805-288-6576

human touch.

Dr. Larry Brooks

Clinician & Consultant

SOURCE: CITY OF SANTA BARBARA

TOM DE WALT / NEWS-PRESS

Transient occupancy tax revenues came in at \$1.7 million for the month of July, 12.1 percent growth over July 2010. July marked the third of four months to post double-digit growth.

Bed Tax revenue up 12.1 percent in July

By MICHAL ELSETH NEWS-PRESS STAFF WRITER

Transient occupancy tax collections for the city of Santa Barbara came in at \$1.7 million for the month of July, growing 12.1 percent over July 2010, the city's finance department said Thursday.

That made July the third month of the past four to see double-digit growth, and was the strongest performance since July 2010, when TOT revenues grew 12.8 percent over the previous year.

TOT, also known as bed tax, comes from hotel stays and short-term rentals, and typically sees strongest revenues in the summer months because of tourism.

Summer months generally bring in well over \$1 million each month, with July and August traditionally the highest months for revenue collection.

This year a royal visit from William and Kate, the Duke and Duchess of Cambridge, boosted usually solid revenues even higher — the last time one month drew more than

\$1.7 million was July of 2009. Kathy Janega-Dykes, president of the Santa Barbara Conference and Visitors Bureau, said hotels were sold out during the royal couple's visit, and occupancy was up

5.6 percent over the previous July. 'Santa Barbara was in the international spotlight with the arrival of the royal couple in mid-July, and we're certain this visit led to exposureforourarea as well," she told the

News-Press "We certainly were in the news both nationally and internationally, and that of course led to more

With schools starting later this year, many families are vacationing longer, she said.

More small groups of family members or friends are traveling together this summer than in the past, and often don't have advance reservations, leading to a lot of lastminute short hotel stays.

International visitors make up a large percentage of tourism business as well, with international exposure bringing visitors from Sweden, France, Italy and Norway in addition to the usual showing of tourists from the United Kingdom and Germany, Ms. Janega-Dykes said.

The meeting and conference sector is also continuing to recover, she said, particularly with mid-week

July's revenues started the 2012 fiscal year, which runs July 1 through June 30, with \$1.7 million of its \$12.8 million budget projections for FY 2012 TOT revenues.

And despite July's strong revenue collections, Ms. Janega-Dykes said she's hearing from hotels that based on their advanced reservations. August will be an even better month than July.

TOT, along with sales and property tax, make up a major portion of the city's general fund revenues. Sales tax for the quarter ended June 2011, will be reported in September.

email: melseth@newspress.com

TOT, also known as bed tax, comes from hotel stays and short-term rentals, and typically sees strongest revenues in the summer months because of tourism.

Letter requests investigation by state attorney general

Continued from Page A5

Joyce E. Dudley, District Attorney Office of the District Attorney, County of Santa Barbara 1112 Santa Barbara Street Santa Barbara, California 93101

Re: City Restitution Request — People v. Michael Kenney

(Santa Barbara Superior Court Case No. 1327059)

Dear Ms. Dudley:

This letter is to follow-up on our conversation of August 2, 2011 and your August 1, 2011 conversation with City Risk Manger, Mark Howard, regarding the City's June 3,2011 letter to your office (copy enclosed) asking that the District Attorney's office seek to have Michael Kenny ordered to pay (as a condition of any court-ordered probation) restitution to the City for the workers' compensation expenses incurred by the City when Mr. Kenny was arrested for resisting arrest (among other things) in August 2009. As you know, it is standard procedure for the City (and other public entities) to ask that expenses and damages related to making a criminal arrest be part of any court-ordered restitution.

Unfortunately, the City's June 3, 2011 letter to your office contained a substantial mistake when it indicated that the City had incurred \$7,762.80 in workers' compensation expenses in making the Kenny arrest. As explained in the enclosed memo to me from Mark Howard, the correct amount of the City's expenses was only \$833.72. As we discussed, as soon as this mistake was realized by City Risk Management staff, Mr. Howard advised your office of the correct amount by letter dated July 7, 2011 copy enclosed.

Under the circumstances, I would like to emphasize the following:

The mistake made in the June 3, 2011 City letter was solely a mistake made by an employee in the City Risk Management division and no one else.

Not only did SBPD Officer Beutel have nothing to do with this mistake, she was not even aware that restitution had been requested by City — much less aware that Risk Management had provided the District Attorney's office with the incorrect amount.

Under the circumstances [and having properly and thoroughly reviewed Officer Beutel's minor workers' compensation claim resulting from the August 2009 arrest of Kenny at the time the claim was filed (i.e., November 2009)], there is nothing excessive, inappropriate, or at all suspicious to me or to Mr. Howard about this very minor workers' compensation claim.

As she readily explained when she filed the claim, Officer Beutel reported her injury about two months after the Kenney arrest only because, after assuming that her shoulder pain

was minor and would go away on its own but finding that it continued to bother her and impact her mobility, she was advised by management personnel at the SBPD that she should report it as a possible work-related injury to the staff at the City's Risk Management division.

Finally, as you know, this unfortunate mistake on the City's part has apparently resulted in a report to the state Department of Insurance alleging workers' compensation fraud in connection with this claim.

The City and the City Attorney's office will take full responsibility for explaining all of this to the Department of Insurance and for convincing them there was nothing in appropriate orexcessive in what appears to us to be a very minor and fully appropriate workers' compensation claim over a job-related shoulder injury.

However, under the circumstances, and at least while the Department of Insurance review is pending, the City would like to withdraw its request of the District Attorney's office to ask for possible court-ordered restitution until the State's review has been completed. Further, it is likely, at that point, that the City will elect to pursue restitution from Mr. Kenney(sic) using appropriate civil remedies, if need be.

Please do not to hesitate to contact me if you or your office has any questions concerning this matter or if you need additional information.

Very truly yours

Stephen P. Wiley City Attorney

cc: James L. Armstrong, City Administrator; Camerino Sanchez, Chief of Police; Officer Kasi Beutel, SBPD; Mark Howard, Risk Manager.

DID THE CITY HAVE LEGAL **AUTHORITY TO SEEK** RESITUTION AGAINST MICHAEL KENNY?

"That letter makes it clear beyond any doubt," says Mr. Genis, "that rather than participating in a fair and unbiased investigation of the allegations against Kasi Beutel in the News-Press series, which Mayor Schneider and City Administrator Armstrong had promised the very day before on Aug. 2, Steve Wiley, in his Aug. 3 letter is not only bending over backwards to explain a different scenario—reducing the claim nine times from \$7,600 to \$833, but he is asking to interfere with the Department of Insurance fraud investigation which, we now know from Capt. Richardson is precisely what he did. I'm trying to figure out how that isn't the crime of obstruction of justice? And here's the kicker, according to a leading decision by the Court of Appeals, the city lacked the legal authority to even go after Michael Kenny for that restitution

In People vs Dennis Randolph Silva, a 2004 case originally filed in Santa Barbara County Superior Court, Mr. Silva was convicted of aggravated assault on Officer John

Weninger. In the incident Officer Weninger sustained a torn rotator cuff, neck and knee injuries, a double hernia and torn tendons and ligaments; injuries described as substantial. Mr. Silva was ordered to pay \$72,884.69 in victim restitution to the injured officer and the city of Santa

In filing an appeal, Mr. Silva, who was sentenced to 12 years in state prison, argued that the city was not a 'direct victim" under the restitution statute and the Court of Appeals

Citing the case of People vs. Birkett, a 1999 Supreme Court decision holding that a defendant may not be ordered to pay restitution to an insurer who indemnifies a victim for injuries caused by the defendant, the three-judge panel went on to cite People vs. Franco, a 1993 decision which effectively held that selfinsured cities like Santa Barbara can't collect workers' compensation benefits from a defendant like Michael Kenny "where a city acts as an insurer.'

"So, apparently," says Mr. Genis, not only was the city's claim against Michael Kenny for any amount — \$7,762.89 or \$833.32 — potentially improper if the city is not considered a direct victim, but who knows how many other claims for restitution the city may have successfully collected on? These are answers that beg for an outside independent investigation not just of this Kasi Beutel workers' comp claim but of all the charges raised in the News-Press series.'

ASKING ATTORNEY GENERAL TO INTERVENE

In light of the actions by City Attorney Mr. Wiley in the intervening with the Department of Insurance probe and following the revelation that the Santa Barbara Police Department had destroyed key evidence in the Kasi Beutel investigation as detailed in Part Ten of this series, I sent a five-page letter to California Attorney General Kamala Harris on Aug. 9, asking that she appoint a special prosecutor to investigate all of the allegations reported in this series.

"There are fewer crimes more repugnant that driving drunk," I wrote, "but in the face of the extraordinary evidence uncovered in this investigation that a police officer sworn to serve and protect has framed innocent motorists and that her actions have effectively been endorsed by the Police Department and the District Attorney's Office as well as the city attorney, I don't know how you can possibly look away."

NO RESPONSE FROM CITY ATTORNEY, MAYOR OR COUNCIL

As for Mr. Wiley, I sent him a detailed email that same day, with a series of questions relating to the Kasi Beutel workers compensation claim:

'Given the law as enunciated by the Court of Appeals, why would you and the city of Santa Barbara. . . be a party to what appears to be an illegal attempt by the city to restitution...when, in fact, the city is

"I understand that you spent time with Capt. Randall Richardson of the Dept. of Insurance's Fraud Division last Tuesday and that you presented him with several officers from the SBPD who spoke to him about their recollections in the Kenny Tasering incident, even though none of these officers confirmed any injury to Kasi Beutel in their reports or arrest narratives at the time of the August 22nd 2009 incident. In your attached August 3rd, 2011 letter to D.A. Dudley you go out of your way to exonerate Officer How Beutel... that...not...interference

criminal investigation?' "And how does it sync with the pledge by Mayor Helene Schneider and City Administrator Jim Armstrong in a press release on August 2nd, 2011, that '...it is the duty of the city administrator, city attorney and chief of police to review these allegations and, if necessary, take appropriate

"After that pledge by the mayor and city administrator to 'review the allegations' stemming from my News-Press series how can you, the city attorney, be at all objective in any inquiry the city may be undertaking when you are effectively acting as an advocate - some might say cheerleader — for Kasi Beutel?"

As of the time this article went to press, Mr. Wiley had not responded. Nor had Mayor Schneider, Mr. Armstrong or members of the City Council whom I copied on that email and questioned in a second email on Aug. 17 with the exception of council member Michael Self.

Late yesterday afternoon she issued this statement:

"I believe that this has risen to the point of concern for the community that there should be an outside independent investigator to thoroughly evaluate all of the allegations involving Officer Beutel.'

email: news@newspress.com

Behind the Series

n the morning of New Year's Day, Officer Kasi Beutel of the Santa Barbara Police Department arrested investigative journalist Peter Lance on suspicion of driving under the influence. The case is pending. After finding a number of misstatements of fact in the report of the incident, Mr. Lance started looking into other arrests involving the officer. The investigation, including interviews with others, resulted in this series, which began with five parts June 22-26. With today's installment, there have been 10 altogether—and more are in the works.

updates, newspress.com. For more on Mr. Lance, go to peterlance.com.

PRIME RIB

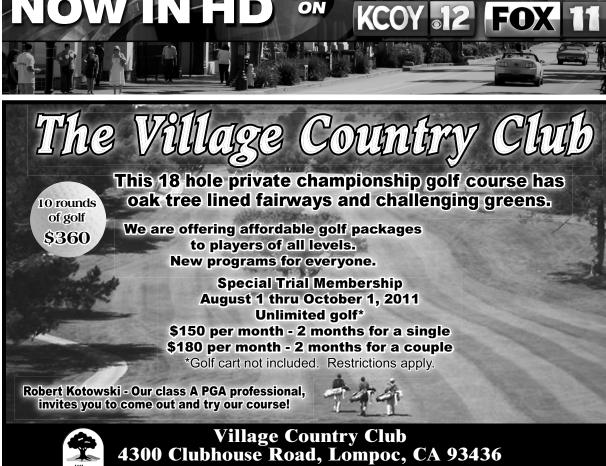
With creamed horseradish, choice of rice or potato, fresh vegetables, soup or salad and dinner rolls.

\$14⁹⁹ Served after 4PM

TREEHOUSE RESTAURANT 3860 State Street 687-2426

GAS PRICE When you buy a \$10 Wash N Go Car Wash before you pump your gas •Up to 40 gallons •87 Octane Not valid with other offers Prices subject to change





805-733-3535 ext. 101

Fears about European debt hang over market

DOW

Continued from Page A1

"It won't take much in the form of additional shocks to tip the balance,'

Worries about European debt also hang over the market. A default by any country would hurt the European banks that hold its bonds, plus American banks that have lent to their European counterparts.

Renewing the fears, The Wall Street Journal reported Thursday that U.S. regulators are looking at the U.S. arms of big European banks to make sure they have enough money for day-today operations.

"I don't want to pretend that the market knows what it's thinking about too much," said David Kelly, chief market strategist at JPMorgan Funds. "We live in an environment of sell now and ask questions later.'

Asian markets started Thursday's drop. Japan's Nikkei 225 index fell 1.3 percent. The main stock indexes in South Korea and India each dropped a little more, then Europe more than that — 4.5 percent in Britain and 5.8 percent in Germany.

In the United States, the Dow fell 419.63 points, or 3.7 percent, to 10,990.58. The Standard & Poor's 500 index fell 53.24, or 4.5 percent, to 1,140.65. The Nasdaq composite fell 131.05, or 5.2 percent, to 2,380.43. The Dow is down 13.6 percent since

stocks began falling July 21 — four weeks that have rattled Americans watching their retirement savings and other investment accounts shrivel.

Lee Applegate, a retired sales

executive from Cincinnati, watched the latest market plunge uneasily but said he was planning to stay the course with his investments. He and his wife have several retirement accounts.

He remembers the mistake he made in pulling his money out of stocks in early 2009, just before the market started its two-year surge. Since March 9 of that year, the S&P 500 is up

"Ithinkthings are going to get worse before they get better," Applegate said. "But I'm still going to ride it out."

The selling Thursday was immediate. The Dow plunged from the opening bell and was down 528 points about a half-hour into trading. It essentially moved sideways for the next six hours.

New York Stock Exchange volume was 6.2 billion shares — busy for a summer day, but not as busy as during the worst of the selling earlier this month, when volume sometimes hit 9 billion

Last week was one of the wildest in Wall Street history. The Dow moved more than 400 points on four straight days for the first time. But stocks had been relatively stable this week because investors were calmed by strong earnings reports.

The Dow fell 76 points Tuesday and rose four points Wednesday—the first time in nearly three weeks that the average rose or fell by less than 100 points on two straight days. That ended Thursday. And with

stocks down big, money flooded into U.S. Treasurys and gold, both considered safer investments.

The yield on the 10-year Treasury note briefly fell below 2 percent for the first time. It hit 1.98 percent before rising to 2.07 percent. Investors are willing to accept a lower return on their money in exchange for safety. The price of gold reached yet

another high — \$1,829.70 per ounce.

Gold keeps setting records because some investors are looking for stability and others are simply looking to cash The price of oil fell \$5.20 to \$82.38 per barrel after the economic reports raised concern among traders that demand for gasoline would fall. One

survey this week found Americans

have already cut back on gas 21 weeks And the average rate on a 30-year fixed mortgage fell to its lowest on record. The rate on the most popular mortgage hit 4.15 percent—just below the 4.17 percent reached last November. The last time long-term rates were lower was in the 1950s, when 30-year

loans weren't widely available. Nicole Sherrod, a managing director at broker T.D. Ameritrade, said the market volatility has led more clients to put automatic protections in place to sell a stock or an investment fund once it falls below a certain value.

"Our clients are saying that this is not a buy and hold market," she said. "This is a buy and protect market."

In addition, computer systems that are programmed to analyze charts, capitalize on tiny changes in price and execute trades with no human intervention are making the market

High-frequency trading programs make up about half of the trading volume in a normal market day but 70

A default by any country would hurt the European banks that hold its bonds, plus American banks that have lent to their European counterparts.