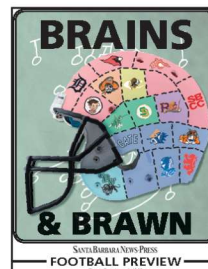


# Bleak predictions for 2012 economy

WHITE HOUSE: 9 PERCENT  
UNEMPLOYMENT, 1.7  
PERCENT GROWTH RATE,  
\$1.3 TRILLION DEFICIT

CONSTRUCTION SPENDING  
DOWN 1.3 PERCENT IN JULY  
WITH SHARP REDUCTIONS  
IN GOVERNMENT PROJECTS



# SANTA BARBARA NEWS-PRESS



OUR 156TH YEAR

FRIDAY, SEPTEMBER 2, 2011

75¢

## Select Staffing hit with \$50M judgment

Santa Barbara-based temporary employment firm says it will appeal

By STEVE SINOVIC  
NEWS-PRESS STAFF WRITER

Santa Barbara-based Select Staffing says it will appeal a judgment recently filed in a San Francisco state court in which the California State Compensation Insurance Fund was awarded \$50 million against the temporary staffing company.

The judgment came in a dispute about payment of premiums for workers' compensation insurance dating back to 2003. The case went to trial in the San Francisco County

Superior Court in late May, the jurisdiction where the insurance fund is headquartered. The jury returned the verdict on Aug. 3.

According to Select CEO Steve Sorensen, the dispute arose from a business relationship Select entered into nearly 10 years ago with an employee-leasing company called Onvoi Business Solutions. The Select/Onvoi relationship lasted less than 15 months and both firms parted ways in 2003.

"The affiliation was sanctioned as rational and legitimate by both

financial and legal consultants before proceeding," Mr. Sorensen said in a written statement to the News-Press. "The fact is that we paid nearly \$6 million in workers' comp premium for \$80 million of payroll. That works out to about \$7.50 per \$100. We paid a fair and full price.

"We are quite disappointed in the verdict that was returned from the jury — which included three dissenting votes," he said.

"The jury was understandably overwhelmed by the complex nature of the workers' compensation issues

raised in this matter," Mr. Sorensen said. "Unfortunately, the effect is that Select is being held responsible for Onvoi's actions — even though we have no affiliation with our one-time vendor. We are aggressively pursuing an appeal of this judgment and are optimistic that our position will be ultimately vindicated."

He said Select and SCIF are currently engaged in settlement discussions in an effort "to amicably resolve this matter."

Please see **SELECT** on **A13**



STEVE MALONE / NEWS-PRESS

Select Staffing has 200 employees at its Santa Barbara headquarters.

## Mistrial declared in gay student killing trial

By THOMAS WATKINS  
ASSOCIATED PRESS

LOS ANGELES — A judge on Thursday declared a mistrial in the case of California teen accused of murdering a gay classmate at a Ventura County junior high school three years ago.

Jurors told Ventura County Superior Court Judge Charles Campbell they were unable to reach a unanimous decision on the degree of Brandon McInerney's guilt for killing 15-year-old Larry King. The nine-woman, three-man panel said they took a series of votes with the last one being seven in favor of voluntary manslaughter, while five others supported either first-degree or second-degree murder.

The panel had deliberated since last Friday. Mr. King's family declined comment as they left the courthouse.

Prosecutors now have to decide whether to re-file murder and hate crime charges against Mr. McInerney, now 17, who was tried as an adult.

Both sides in the case agreed that Brandon McInerney took a .22-caliber handgun to school on Feb. 12, 2008, and shot Mr. King twice in the back of the head during a computer lab class in front of stunned classmates.

Ventura County prosecutor Maeve Fox contended Mr. McInerney, then 14, embraced a white supremacist philosophy that sees homosexuality as an abomination. Police found Nazi-inspired drawings and artifacts at his house, and a white supremacist expert testified the hate-filled ideology was the reason for the killing.

Ms. Fox also argued the attack was premeditated, noting at least six people heard Mr. McInerney make threats against Mr. King in the days leading to the shooting.

She said Mr. McInerney told a psychologist hired by defense lawyers that he wanted to kill Mr. King after he passed Mr. McInerney in a school hallway and said, "What's up, baby?"

"He's basically confessed to first-degree murder in this case," Ms. Fox said during her closing argument.

Defense attorneys acknowledged Mr. McInerney was the shooter but explained that he had reached an emotional breaking point after Mr. King made repeated, unwanted sexual advances. Mr. McInerney snapped when he heard moments before the shooting that Mr. King wanted to change

Please see **MISTRIAL** on **A13**

## Fracking worries



MIKE ELIASON / NEWS-PRESS

A crowd listens to panelists discuss fracking during a meeting Thursday at the Santa Barbara Museum of Natural History.

### Panelists debate controversial oil-extraction method

By SONIA FERNANDEZ  
NEWS-PRESS CORRESPONDENT

A roomful of residents concerned about hydraulic fracturing asked questions Thursday evening at a panel discussion hosted by Rep. Lois Capps.

The forum about fracking was held at the Santa Barbara Museum of

Natural History's Fleischmann Auditorium. Participants included 3rd District Supervisor Doreen Farr, Doug Anthony of the Santa Barbara County Energy Division, and Brian Segee of the Environmental Defense Center.

Also on hand were Marni Weber, of the California Department of

Conservation; Tupper Hull, vice president of the Western States Petroleum Association; Bob Field, president of the Santa Ynez Rancho Estates Mutual Water Co.; and Chris Wrather, Los Alamos resident and chairman of the Los Alamos Planning Advisory Committee.

Concerns over water

contamination, man-made seismic vulnerabilities and the secrecy around the chemicals used in fracking dominated the conversation as panelists and members of the public tried to wring out the facts of the drilling method.

The controversy over fracking emerged over operations in Pennsylvania and New York, where water

Please see **FRACKING** on **A12**

## New backpacks help grade-schoolers get organized

By SONIA FERNANDEZ  
NEWS-PRESS CORRESPONDENT

Students from Adelante Charter and Franklin Elementary schools walked away with sturdy new backpacks and basic school supplies after a giveaway Thursday afternoon.

The school supplies were gathered in a combined effort of United Way, Santa Barbara Bank & Trust and local schools to start the children off right for the school year.

About 40 of the 130 backpacks were handed out to the grade school students on the lawn in front of Franklin

Elementary school, and that was just a fraction of the total number of backpacks to be handed out to students from 12 local schools.

"We've ordered an initial supply of 500 backpacks," Pacific Capital Bancorp President and CEO George Leis told the News-Press.

There may be more backpacks to hand out in the future if a need is identified, he said.

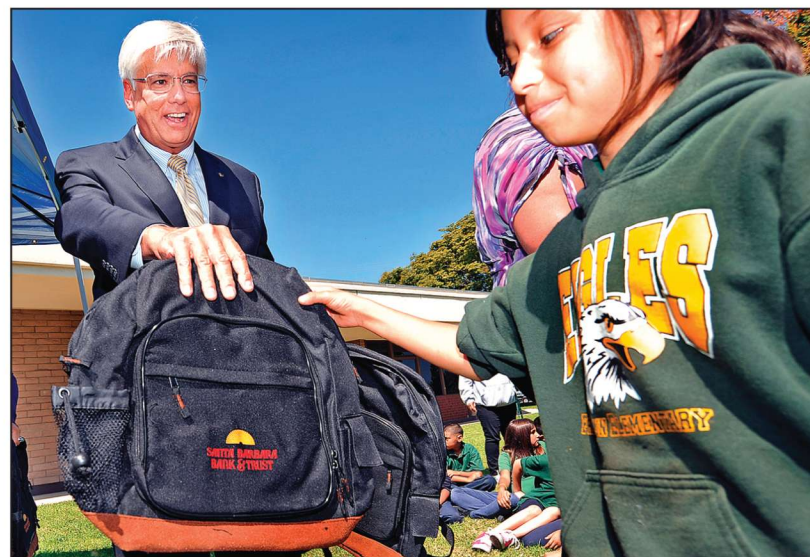
One by one, kids lined up to take their new bags, emblazoned with the SBBT logo. Made of canvas, the bags are sure to stand up to the wear, tear, and general rigor of school days.

The students thanked Mr. Leis and Paul Didier, United Way president and CEO. Santa Barbara School District Superintendent David Cash also was on hand to help out.

Mr. Didier said local schools each identified the need for better school bags for some of their more low-income students. Sometimes their bags are too flimsy to handle the loads of books and papers each child carries.

"After 30 days, their backpacks get worn out, or the zippers break and the

Please see **BACKPACKS** on **A9**



MIKE ELIASON / NEWS-PRESS

George Leis, president and CEO of Pacific Capital Bancorp, hands out backpacks Thursday at Franklin Elementary School.



SCOTT STEEPLETON / NEWS-PRESS FILE

Kasi Beutel

## As subpoenas mount, Beutel takes medical leave

Police Department says embattled officer suffered another on-the-job injury

By SCOTT STEEPLETON  
NEWS-PRESS CITY EDITOR

Kasi Beutel, the Santa Barbara police officer whose conduct during her five years on the force and before has been the subject of an ongoing series in the News-Press, is on what superiors call extended medical leave over an on-the-job injury, the News-Press has learned.

The disclosure comes as the author of the series, Emmy-winning investigative journalist

Please see **BEUTEL** on **A14**

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### MARKETS

Dow Jones  
11,493.57  
(-119.96)

Nasdaq  
2,546.04  
(-33.42)

MARKET RECAP **BUSINESS / B4**



# Officer’s injury status may prevent her testimony

■ **BEUTEL**  
*Continued from Page A1*

Peter Lance of Santa Barbara — arrested on suspicion of DUI by Officer Beutel in the early morning hours of New Year’s Day — has made several attempts to put her on the stand in his case.

It appears that is not likely to happen until at least Sept. 14.

Mr. Lance is seeking to have the officer testify under oath about, among other things, allegedly witnessing someone, perhaps other

officers, forge his and other people’s signatures on forms waiving the opportunity to have blood drawn at the time of arrest and held for future testing of alcohol content; and why she went into some DUI traffic stops armed with photocopied report forms in which some observations intended to be made in the field at the time of the stop were filled in or marked yes or no in advance.

He also wants her to testify to a number of character issues, including some predating her time on the force, including, as Mr. Lance first reported in the News-Press, a declaration by

the reverend who officiated the former accountant’s wedding that she asked him to backdate the license pertaining to that marriage, which subsequently ended in divorce, apparently for economic reasons.

On several occasions since July 27, Mr. Lance has tried to have Kasi Beutel take the stand, and each time something has thwarted those efforts. The one time she appeared in court, the judge declined a defense request ordering her to testify.

Despite being under subpoena to do so, Officer Beutel was a no-show at a Lance-related hearing at the Ventura

DMV office Aug. 25. His attorney, Darryl Genis, issued a new subpoena for her to appear at a rescheduled hearing at the DMV on Sept. 8.

The officer is also under subpoena to appear at another DMV matter on Wednesday. It was in response to the subpoena for that hearing that the Police Department prepared on her behalf a form known as a Declaration of Unavailability.

A copy of the notice, dated Aug. 27 and with the defendant’s name and case number redacted, was obtained by the News-Press. It states Officer Beutel is unavailable because of

extended illness, the nature of which is “IOD: Injury on Duty.”

The anticipated time of return, according to the document, “Unknown. Date after Sept. 14th, 2011.” (That would also make her unavailable for the next hearing in the Lance matter, also rescheduled from an earlier hearing to Wednesday before Santa Barbara County Superior Court Judge Brian Hill.)

The person who signed the declaration, Lt. Paul McCaffrey, states in the form that he was made aware of Officer Beutel’s status on Aug. 25.

In response to an Aug. 31

News-Press question about Officer Beutel possibly being on administrative leave — as the prosecutor in the Lance case, Deputy District Attorney Sanford Horowitz, apparently told the judge overseeing the case — Deputy Police Chief Frank Mannix responded by email that, after checking with the city’s human resources staff, “I am able to confirm that Officer Beutel is not on administrative leave. I am also able to reaffirm that, as of today, she is an officer in good standing with our department.”

But in response to a series of follow-up questions the next day, after the paper became aware that the officer is instead on extended sick leave, the deputy chief would not respond even to confirm the information, as he did a day earlier.

Instead, the Police Department’s records custodian Lt. David Whitham called to say some of the information requested by the paper was protected from public disclosure.

And, despite an assurance that a response to that effect would be coming by email Thursday afternoon, no such response arrived.

Based on Lt. McCaffrey’s declaration that Officer Beutel is now on extended medical leave for an on-the-job injury, the News-Press sought answers from him and Deputy Chief Frank Mannix to a number of questions, including:

- When did the injury occur?
  - Under what circumstances was she injured (traffic stop, training, trip and fall in the office, etc.)?
  - Did other officers witness the injury?
  - Has she filed a workers compensation claim over the new injury? If so, when?
  - When did her extended medical leave start?
  - Knowing that there is an ongoing workers compensation investigation into Officer Beutel’s earlier injury claim involving Michael Kenny (as first reported by Mr. Lance), has the department informed or communicated this new injury and is that under criminal investigation?
  - Has the Santa Barbara County District Attorney’s Office, the city, or state or federal authorities instructed or requested that the Police Department alter in any way the processing of evidence, police reports, in any or all cases, including those involving Kasi Beutel?
  - Has department leadership altered or changed evidence procedures as a result of the Kasi Beutel allegations?
- The News-Press also requested copies of any audio recording of the incident in which Officer Beutel was injured as well as any reports about the incident.
- As of late Thursday, no one from the department had responded.

email: [ssstepleton@newspress.com](mailto:ssstepleton@newspress.com)



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## College teacher sues school over file

ASSOCIATED PRESS

FRESNO—An instructor at Fresno City College is suing the school in an effort to have his employment record changed after the college reprimanded him when some students claimed that he said homosexuality is a mental disorder.

Fresno City College instructor Bradley Lopez filed the suit in federal court on Wednesday. The suit comes after three students and the American Civil Liberties Union last yearsaid Mr. Lopez made the comments, and also claimed that he had quoted the Bible as proof that human life begins at conception.

The college determined that Mr. Lopez violated a campus anti-discrimination policy by making the remarks. College officials placed a letter of reprimand in his personnel file.

In his suit, Mr. Lopez denies making the remarks. He alleges the college violated its own policies and the instructor’s rights of expression.

He is asking for unspecified monetary damages and the removal of negative comments from his personnel file.