

Americans In Harm's Way With Debt Showdown

WASHINGTON (AP) — Horror stories are flying about the damage that might be wreaked should Congress and President Barack Obama fail to cut a deal by the Aug. 2 deadline to increase America's borrowing limit. Nearly every American is in harm's way, either directly or indirectly.

Absent a deal by then, the government would find itself tight on cash and unable to borrow — and have to start deciding which of the 80 million bills due in August it should pay and which it should put off.

Tough decisions would come immediately: On Aug. 3, some \$23 billion in Social Security benefit payments are due to be processed. On Aug. 4, the Treasury Department must pay \$87 billion to investors to redeem maturing Treasury securities. On Aug. 15, more than \$30 billion in interest payments come due.

In addition to those costs, the government normally pays \$5 billion to \$10 billion daily to defense contractors, Medicare providers, federal employees and others.

Obama has said he can't guarantee Social Security checks and payments to veterans and the disabled will go out on schedule in the absence of a deal: "There may simply not be the money in the coffers to do it." He could be challenged on that, however, because some legal and congressional budget experts question whether he can unilaterally decline to pay Social Security benefits if there are still assets in the program's trust fund.

Group Threatens To Pull Support From Obama

CHICAGO (AP) — A liberal group upset over potential cuts to Medicare, Medicaid and Social Security delivered pledges Friday to President Barack Obama's national campaign headquarters threatening to pull its support.

About a dozen people representing the Progressive Change Campaign Committee delivered what they said were 200,000 pledges from people who will refuse to donate or volunteer for Obama's re-election campaign if he cuts the entitlement programs.

"It's not a question of who they're going to support for president, they're going to vote for Barack Obama. It's a question of where their time and money is going to go," spokesman T. Neil Sroka said.

Obama has been taking heat from the left over the debt ceiling negotiations, in which he has been willing to target the long-standing programs.

His approach is certain to sit better with independent voters, many of whom have told pollsters they want Washington politicians to work together to solve the big problems.

Sroka said the 200,000 people represent more than \$17 million in donations to Obama's campaign in 2008 and about 2.6 million volunteer hours.

A Ghost 405 Freeway Awaits Los Angeles

LOS ANGELES (AP) — When the sun rises above Los Angeles on Saturday, residents in this car-dependent, traffic-choked city will see a rare sight: a 10-mile stretch of one of the nation's busiest freeways turned into a virtual ghost road.

Interstate 405, a freeway normally so clogged that locals like to joke that its name is shorthand for "traffic that moves no faster than 4 or 5 miles an hour," is closing for 53 hours for a major construction project.

As crews worked feverishly to get the freeway open in time for Monday morning's rush-hour, residents have been making plans for weeks to stay off local roads, lest they trigger what officials dubbed "Carmageddon."

Such an event could back up vehicles from the 405 to surface streets and other freeways, causing a domino effect that could paralyze much of the city.

With warnings having been broadcast through television, radio, social media and flashing freeway signs as far away as San Francisco, much of the city's nearly 4 million residents appear ready to stay off the roads.

Experts: Anthony Should Find Remote Location

ORLANDO, Fla. (AP) — When Casey Anthony is released from jail Sunday, it will probably be in the middle of the night. If her lawyers are smart, security experts say, they will arrange for several SUVs with tinted windows to pull up to the Orange County Jail. Then they will bundle her into one of them and whisk her away to a safe house, where she will be protected by bodyguards for days, if not weeks.

"I'd tell her to go to a big house in the middle of nowhere," said Dallas-based security expert Stuart Diamond, who has worked for celebrities and federal agencies. "That would be the safest thing for her. It's more of an effort for someone to really follow through on a threat."

Online and elsewhere, Anthony has been vilified, many believing she got away with murder. Some have wished the same fate on her that prosecutors say befell her 2-year-old daughter, Caylee.

Anthony's legal team said Friday it received an emailed death threat with a doctored photo of the 25-year-old woman with a bullet hole through her forehead. The threat was forwarded to authorities.

One her attorneys, Cheney Mason, said Anthony is nervous about getting out of jail, and he isn't taking any chances: "We are all vigilant and I am armed."

Explorers Find Well-Preserved 1853 Schooner

ROCHESTER, N.Y. (AP) — After 105 years, the three masts of the Queen of the Lakes still stand erect — all the more remarkable because the 19th-century Canadian schooner has sat in the dark depths of Lake Ontario since it wrecked in 1906.

"We think it hit bow first because the bowsprit is broken off, but the rest of the ship looks pretty nice," undersea explorer Jim Kennard said Friday.

Kennard and fellow shipwreck enthusiasts Dan Scoville and Roland Stevens located the 129-foot-long vessel using side-scan sonar in 2009. They confirmed the find and captured images of it in early July using a remotely operated submersible.

Loaded with 480 tons of coal, the 53-year-old ship ran into a stiff gale in November 1906, sprung a leak and sank rapidly some 10 miles off Sodus Bay on the lake's southern shore. The crew of six clambered aboard a yawl and rowed to safety.

The ship sits on the lake bed at a depth of 200 to 300 feet. Its masts extend as much as 100 feet upward in calm, frigid waters deprived of oxygen, conditions that account for how well it's preserved.

Bank Profits Up With More On-Time Payments

NEW YORK (AP) — The nation's top credit card companies are seeing a boost to their bottom lines as consumers are getting better about paying their bills on time.

Five of the top six card issuers on Friday said the rates at which their customers defaulted on their accounts fell in June. Bank of America Corp. reported the biggest drop in defaults, with JPMorgan Chase & Co. and Discover Financial Services also showing significant improvement.

Late payments were also down. Only Capital One Financial Corp. saw an uptick in payments late by 30 days or more, and that increase was tiny.

Among the top six, only Citibank had not yet submitted its monthly regulatory filing detailing card performance for the month. Its parent, Citigroup Inc., reported second-quarter results earlier in the day, however, giving some insight into its card performance.

The latest data followed reports that show credit card users have far better payment habits than a year ago, when the industry-wide charge-off rate peaked at 10.9 percent, according to Federal Reserve data.

For the first three months of this year, that rate was down to 6.96 percent — a significant improvement, but still well below the industry average of 3.82 percent before the recession, which indicates banks will benefit further as default and delinquency rates further improve.

And they should continue to do so. Banks have already written off the balances of most customers expected to default, and those individuals have a hard time getting new credit.

WSJ Publisher Quits Amid Scandal

BY JILL LAWLESS AND ROBERT BARR
Associated Press

LONDON — Rupert Murdoch accepted the resignations of *The Wall Street Journal's* publisher and the chief of his British operations on Friday as the once-defiant media mogul struggled to control an escalating phone hacking scandal, offering apologies to the public and the family of a murdered schoolgirl.

The scandal has knocked billions off the value of Murdoch's News Corp., scuttled his ambitions to take control of a lucrative satellite TV company, withered his political power in Britain — and is threatening to destabilize his globe-spanning empire.

The controversy claimed its first Murdoch executive in the United States as Les Hinton, chief executive of the Murdoch-owned Dow Jones & Co. and publisher of the *Wall Street Journal*, announced he was resigning with immediate effect.

Murdoch's British lieutenant, Rebekah Brooks, stepped down earlier Friday.

Hinton, 67, has worked for Murdoch's News Corp. for 52 years and is one of the media baron's staunchest allies. He became head of Dow Jones in December 2007.

He was chairman of Murdoch's British newspaper arm during some of the years its staffers are alleged to have hacked cell phones, but testified to a parliamentary committee in 2009 that he had seen no evidence abuses had spread beyond a single jailed re-

porter, Clive Goodman.

Hinton said Friday that "the pain caused to innocent people (by hacking) is unimaginable."

"That I was ignorant of what apparently happened is irrelevant, and in the circumstances I feel it is proper for me to resign from News Corp. and apologize to those hurt by the actions of *News of the World*," he said.

Murdoch said he accepted Hinton's resignation with "much sadness." It capped a difficult week for the embattled mogul.

Just a day after asserting that News Corp. had made only "minor mistakes," Murdoch issued an apology to run in Britain's national newspapers for "serious wrongdoing" by the *News of the World*, which he shut down last week amid allegations of large-scale illegal hacking by its staff.

"We are sorry for the serious wrongdoing that occurred. We are deeply sorry for the hurt suffered by the individuals affected. We regret not acting faster to sort things out," said the full-page ad, signed by Murdoch and due to run in Saturday's editions of Britain's main national newspapers.

Murdoch promised "further concrete steps to resolve these issues and make amends for the damage they have caused."

Murdoch also met the family of murdered schoolgirl Milly Dowler, whose phone was hacked by the *News of the World* in 2002. The revelation that journalists had accessed her phone in search of scoops inflamed the long-

simmering scandal about illegal eavesdropping by the newspaper.

The 80-year-old mogul emerged from the meeting at a London hotel to catcalls of "shame on you!" from hecklers. He said that "as founder of the company I was appalled to find out what had happened and I apologized."

Dowler family lawyer Mark Lewis said Murdoch appeared humbled and had offered "a heartfelt and what seemed to be a very sincere apology."

"I don't think somebody could have held their head in their hands so many times and said that they were sorry," Lewis said.

Murdoch's tone was dramatically different from an interview published Thursday in the *Wall Street Journal* — which is owned by News Corp. — in which he said the company had handled the crisis "extremely well in every way possible" and complained he was "getting annoyed" at all the negative headlines.

The crisis claimed another senior scalp Friday as Brooks, chief executive of Murdoch's British newspaper division, resigned.

The media magnate had defended the 43-year-old Brooks in the face of demands she step down from British politicians — including her friend and neighbor, Prime Minister David Cameron. After previously refusing to accept her resignation, Murdoch made an abrupt switch as News Corp. struggled but failed to contain the crisis.

Romney Banks 3-To-1 Cash Edge Over Closest Rival

BY PHILIP ELLIOTT
Associated Press

WASHINGTON — Mitt Romney leads all Republicans in the contest for campaign cash, cementing his frontrunner status among contenders hoping to go up against President Barack Obama in 2012.

While Romney's \$12.7 million in the bank far outdistanced a spread-out GOP field, dollars don't always translate to votes. The chasm between Romney and his rivals suggested many Republican donors are waiting on the sidelines, watching the topsy-turvy campaign foment and the candidates finally start to engage one another.

"It's a little unsettling that people have so underperformed expectations," said Dave Carney, an adviser to Texas Gov. Rick Perry, who is weighing joining

the race. "Clearly, there's some ... concern about either economics or about the candidates. I don't know the reason."

Romney, a ferocious fundraiser who spent weeks on the road collecting pledges and checks, added more than \$18.4 million to his account during the April-to-June fundraising period. That sum outpaced his closest rival to announce numbers so far, Rep. Michele Bachmann, by a 3-to-1 margin in banked cash. Yet he still came up short for his campaign's internal \$50 million goal for the first half of this year.

Unlike four years ago when he hoped to help his first presidential bid with \$44.6 million from his own personal fortune, Romney so far has not opened his wallet to help his second White House bid.

Bachmann, a darling among tea partiers, said she would re-

port \$3.6 million in the bank, a blend of fundraising and a transfer from her congressional campaign fund.

She brought in a total of \$4.2 million since formally beginning her campaign in June, much of it available for the primary campaign.

A potent fundraiser, Bachmann relied on small donors to raise \$13.5 million for her 2010 re-election campaign and recently brought on board veteran high-dollar fundraising consultants to help build a national operation.

Tim Pawlenty, the former two-term governor of Minnesota, raised just around \$4 million during the April-to-June period and has about \$1.4 million available for his primary contest and some \$600,000 more available if he were to capture the nomination.

The reports also detailed

problems for former House Speaker Newt Gingrich, whose campaign was carrying more than \$1 million in debt. The former Georgia lawmaker — whose bid has struggled since 18 staff members, consultants and advisers resigned en masse — raised \$2.1 million for the quarter but spent \$1.8 million. Gingrich listed about \$322,000 in the bank.

Former Pennsylvania Sen. Rick Santorum, who lost re-election in 2006, reported taking in \$582,000, with less than \$225,000 banked for the primaries.

The financial picture for the 2012 presidential nominating race slowly came into clearer focus with the reports. While money doesn't guarantee success, it does pay for crucial television ads, polling to measure whether a message is working and staff to run the mechanics of a national election.

U.S., Other Nations Formally Recognize Libya Rebels

BY MATTHEW LEE
AND SELCAN HACAAGLU
Associated Press

ISTANBUL — The United States and more than 30 other nations on Friday formally recognized Libya's main opposition group as the country's legitimate government, giving the rebel movement a major boost.

The decision, which declared Libyan leader Moammar Gadhafi's regime no longer legitimate, gives his foes greater credibility and will potentially free up billions in cash that the rebels fighting Libyan forces urgently need.

The front lines in the Libyan civil war have largely stagnated since the popular uprising seeking to oust Gadhafi broke out in February. Rebels, backed by NATO's air force bombings, con-

trol much of the country's east and pockets in the west. But Gadhafi controls the rest from his stronghold in Tripoli, the capital.

Foreign ministers and other representatives of the so-called Contact Group on Libya said in a statement Friday that the "Gadhafi regime no longer has any legitimate authority in Libya." They said the Libyan strongman and certain members of his family must go.

"The Contact Group has sent an unequivocal message to Gadhafi: that he has no legitimacy and there is no future for Libya with him in power. He must go and go now," said British Foreign Secretary William Hague.

The nations said they would deal with Libya's main opposition group — the National Transitional Council, or NTC — as "the

legitimate governing authority in Libya" until an interim authority is in place that will organize free and fair elections.

In addition to the U.S., the 32-nation Contact Group on Libya includes members of NATO, the European Union and the Arab League.

Diplomatic recognition of the foes of Gadhafi means that the U.S. will soon be able to fund the opposition with some of the more than \$30 billion in Gadhafi-regime assets that are frozen in American banks. Other countries holding billions more in such assets will be able to do the same.

Contact Group representatives broke into spontaneous applause when U.S. Secretary of State Hillary Rodham Clinton announced her nation's recognition of the NTC, according to

U.S. officials.

Rebel spokesman Mahmoud Shammam welcomed the NTC's recognition and called on other nations to deliver on a promise to release hundreds of millions of dollars in funds to the opposition. "Funds, funds, funds," Shammam said, in order to stress the opposition's demand. It remained unclear Friday whether the unfrozen assets could be used to purchase arms, or if some restrictions would still apply.

Meanwhile, the council's oil minister said Libya could be exporting 1 million barrels of oil a day within three to four months of Gadhafi's departure. He said the opposition hopes to hold elections within a year and resume oil exports very soon, saying the damage to oil facilities has been minimal and repaired.

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