

## Analysts Think U.S. Could Lose Its AAA Rating

NEW YORK (AP) — Could the U.S. lose its top credit rating even if a deal is reached to raise the debt limit? Market analysts and investors increasingly say yes.

The outcome won't be quite as scary as a default, but financial markets would still take a blow. Mortgage rates could rise. States and cities, already strapped, could find it more difficult to borrow. Stocks could lose their gains for the year.

"At this point, we're more concerned about the risk of a downgrade than a default," said Terry Belton, global head of fixed income strategy at JPMorgan Chase. In a conference call with reporters Tuesday, Belton said the loss of the country's AAA rating may rattle markets, but it's "better than missing an interest payment."

Even with a deadline to raise the U.S. debt limit less than a week away, many investors still believe Washington will pull off a last-minute deal to avoid a catastrophic default. Washington has until Aug. 2 to raise the country's \$14.3 trillion borrowing limit or risk missing a payment on its debt.

President Barack Obama and Congressional Republicans have failed to reach an agreement to raise the debt ceiling and pass a larger budget-cutting package.

Politicians have tied raising the debt limit and spending cuts together.

But at least one credit rating agency has already made it clear that unless that agreement includes at least \$4 trillion in budget cuts over the next decade, the country's AAA rating could be lost. Right now, the proposals under discussion cut around \$2 trillion or less.

Standard & Poor's warned earlier this month that there was a 50-50 chance of a downgrade, if Congress and President Obama failed to find a "credible solution to the rising U.S. government debt burden." S&P said it may cut the U.S. rating to AA within 90 days. Passing a \$4 trillion agreement could prevent a downgrade, S&P said.

## Ties Between Oil Regulators, Industry Persist

WASHINGTON (AP) — Ties between offshore oil and gas companies and the agency that regulates them are so pervasive that a year after new ethics rules took effect, as many as a third of inspectors in some Gulf of Mexico offices have been disqualified to avoid potential conflicts of interest.

That makes it difficult to hire knowledgeable and independent regulators in a region where oil and gas interests are deeply intertwined in the economy and culture, and where expertise and training needed to do the job often is found in the private sector.

Documents obtained by The Associated Press show that about 1 of every 5 employees of 109 involved in inspections in the Gulf has been recused from some duties because of the risk of coming into contact with a family member or friend working for a company the inspector regulates.

Ten people hired since mid-August 2008 were barred for two years from performing work where they could be in a position of policing their previous employer — a company or contractor operating offshore.

In the Lafayette, La., office of the Bureau of Ocean Energy Management, Enforcement and Regulation nearly 35 percent of inspectors have been disqualified because a friend or relative works for a company they could interact with on the job. In Lake Charles, La., nearly 30 percent of inspectors held their last job with an oil and gas company, meaning they can't perform any duties involving their former employer for two years.

The numbers come from recusal forms under a new ethics policy instituted last year by the Obama administration to identify and prevent possible conflicts of interest before they arise.

## Authorities Identify Mystery Utah Inmate

SALT LAKE CITY (AP) — A mystery man believed to be in his 70s who has been locked up in a Utah jail for more than three weeks, refusing to provide his name, was identified Tuesday as a missing New Mexico man, authorities said.

The graying, disheveled man with blue eyes and a scruffy face was booked into the Utah County Jail as "John Doe" on July 1 after being arrested for trespassing in the Provo Police Department parking garage, about 45 miles south of Salt Lake City.

Since then, investigators have been publicizing his mug shot and reaching out to the media and public to figure out who he is. About 100 tips had led nowhere. Authorities even considered the man might have been a missing district attorney from Pennsylvania, but later ruled that out.

Another Pennsylvania prosecutor on Tuesday confirmed that authorities have determined the man is Phillip T. Beavers of New Mexico.

Centre County District Attorney Stacy Parks Miller said in an email to The Associated Press that the man's brother identified him. No other details were immediately available.

## NAACP Head Urges S.C. Gov. To Remove Flag

COLUMBIA, S.C. (AP) — The NAACP's president is urging South Carolina's Gov. Nikki Haley to remove the Confederate flag that flies near her Statehouse office.

NAACP protests led in 2000 to the flag being moved from atop the Statehouse dome and from House and Senate chambers to a monument outside the Statehouse.

But NAACP head Benjamin Jealous said at the group's annual convention in Los Angeles on Monday that "one of the most perplexing examples of the contradictions of this moment in history is that Nikki Haley, South Carolina's first governor of color, continues to fly the Confederate flag in front of her state's capitol."

Haley is the first South Carolina governor whose parents immigrated from India.

Haley spokesman Rob Godfrey said Tuesday the governor has no plans to revisit an issue resolved long ago.

## Man Uses Butter Knife In Self-Surgery Attempt

GLENDALE, Calif. (AP) — A Southern California man stuck a butter knife into his belly in a failed bid at self-surgery to remove a painful hernia, police said Tuesday. The wife of the 63-year-old Glendale man called 911 on Sunday night and told the emergency operator her husband was using a knife to remove a protruding hernia, Sgt. Tom Lorenz said.

"She said he had impaled himself with a knife," Lorenz said.

Officers found the man naked on a patio lounge chair outside his apartment with a 6-inch butter knife sticking out of his stomach.

The man's wife told officers that her husband was upset about the hernia and wanted to take it out.

While waiting for paramedics, the sergeant said, the man pulled out the knife and stuffed a cigarette he was smoking into the bleeding, open wound.

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8:45 am Senior Olympics (Deb Bodenstedt)  
Thursday, July 28  
7:40 am Yankton Chamber of Commerce (Carmen Schramm)  
8:15 am Yankton Convention/Visitors (Lisa Scheve)  
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# Boehner Postpones Debt Vote

BY CHARLES BABINGTON  
Associated Press

WASHINGTON — Stung by revelations that his plan would cut spending less than advertised, House Speaker John Boehner on Tuesday postponed a vote on a debt-ceiling measure that was already running into opposition from tea party conservatives. The move came just a week before an Aug. 2 deadline for staving off the potential financial chaos of the nation's first-ever default.

With time running short, the speaker promised to quickly rewrite his debt-ceiling legislation after budget officials said it would cut spending by less than \$1 trillion over the coming decade instead of the promised \$1.2 trillion. The vote originally scheduled for Wednesday is now set for Thursday. That may give Boehner more time to hunt for votes, but it gives Congress and the White House even less time for maneuvering.

Meanwhile, public head-butting between Democratic President Barack Obama and the Republicans showed no sign of easing. The White House declared Obama would veto the Boehner bill, even if it somehow got through the House and the Democratic-controlled Senate.

For all that, it was the tea party-backed members of Boehner's own party who continued to vex him and heavily influence the debt and deficit negotiating terms — not to mention his chances of holding on to the speaker's job.

Their adamant opposition to any tax increases forced Boehner to back away from a

"grand bargain" with Obama that might have made dramatic cuts in government spending. Yet when Boehner turned this week to a more modest cost-cutting plan, with no tax increases, many conservatives balked again. They said the proposal lacked the more potent tools they seek, such as a constitutional mandate for balanced budgets.

Rep. Jim Jordan of Ohio, chairman of a large group of conservative Republicans, sent a tremor through the Capitol Tuesday when he said he doubted Boehner had enough support to pass his plan. The Boehner bill would provide an immediate debt ceiling increase but would require further action before the 2012 elections.

Obama strongly opposes that last requirement, arguing that it would reopen the delicate and crucial debt discussions to unending political pressure during next year's campaigns.

The president supports a separate bill, pushed by Majority Leader Harry Reid in the Democratic-controlled Senate, that would raise the debt ceiling enough to tide the government over through next year — and the elections.

Boehner wasn't helped when presidential candidate Tim Pawlenty and the groups Tea Party Patriots and Tea Party Express criticized his plan. A worse blow came when an official congressional analysis late Tuesday, which said his plan would produce smaller savings than originally promised. Of particular embarrassment was a Congressional Budget office finding that Boehner's measure

would cut the deficit by just \$1 billion next year.

Boehner's office said it would rewrite the legislation to make sure the spending cuts exceed the amount the debt limit would be raised. Adding a political touch, it accused the Democrats of declining to put forward specifics subject to the same sort of review.

Earlier, responding to the conservative Republican opposition, Boehner quickly went on Rush Limbaugh's radio show, then he began one-on-one chats with wavering Republicans on the House floor during midday roll call votes.

"He has to convince a few people," Rep. Tom Petri, R-Wis., observed dryly from a doorway.

A serious, almost dire urgency ran through Boehner's efforts. The clock was ticking down to next Tuesday's deadline to continue the government's borrowing powers and avert possible defaults on U.S. loans.

Congressional veterans say a final-hour bargain can't be reached until both parties irrefutably prove to themselves and the public that neither the Democrats' top goals nor the Republicans' can be reached in the divided Congress.

Moreover, Boehner's grasp on the speakership could be weakened if he fails to pass the debt-ceiling plan that bears his name. Assuming no more than five Democrats support the measure — the same number that backed a GOP balanced-budget bill last week — Boehner can afford to lose no more than 28 of the House's 240 Republicans.

# Rep. Wu To Resign In Wake Of Allegations

BY KEVIN FREKING  
Associated Press

WASHINGTON — Democratic Rep. David Wu of Oregon announced Tuesday that he will resign amid the political fallout from an 18-year-old woman's allegations of an unwanted sexual encounter with him.

Within days of the allegation, Democratic leaders requested a House Ethics Committee investigation of his conduct. Wu had said Monday he would not seek re-election, but he had come under increasing pressure to step down.

"The wellbeing of my children must come before anything else," Wu said in a statement. "With great sadness, I therefore intend to resign effective upon the resolution of the debt-ceiling crisis. This is the right decision for my family, the institution of the House, and my colleagues."

Wu is the second House Democrat in the last six weeks to be forced to resign as a result of a sex scandal. Rep. Anthony Weiner of New York

resigned after sending lewd photos of himself through Twitter.

Wu, who separated from his wife more than a year ago, was elected to Congress in 1998 as the first Chinese-American to serve in the House. He's maintained a centrist voting record but has been a leading voice on human rights abuses in China. He angered the high-tech firms in his district when he voted against normalizing trade relations with China.

Wu's hometown newspaper, the Oregonian, reported that a California woman had called Wu's office in Portland and reported an unwanted sexual encounter with him at around Thanksgiving. The paper also reported that Wu told senior aides the sexual encounter was consensual.

The newspaper said the woman decided not to press charges because there were no witnesses and it would have been her word against Wu's.

Democratic primary challengers immediately called for Wu's resignation. On Capitol Hill, the pressure

came behind the scenes.

"It has been the greatest privilege of my life to be a United States Congressman," Wu said in his resignation announcement. "Rare is the nation in which an immigrant child can become a national political figure. I thank God and my parents for the privilege of being an American."

Under state law, Democratic Gov. John Kitzhaber sets the date for a special election. There is no provision for an interim appointment.

The governor has two options. He can schedule the election within 80 days of the resignation. If he does, the parties nominate candidates according to their internal rules, such as through a convention.

He can schedule the election for 80 days or longer beyond the date of resignation. In that case, there will also be a primary election to select candidates.

Press secretary Christine Miles said Tuesday that Kitzhaber and his staff were working on a date and trying to decide which option he'll

choose.

Wu has a daughter, 11, and a son, 13. He is an attorney and received his law degree from Yale Law School.

Wu has consistently won re-election with ease, but he was already facing the prospects of a difficult campaign even before the latest scandal broke. In January seven staffers resigned because of behavior that included sending a photo of himself in a tiger costume to a staff member and an angry public speech. Wu attributed those to a period of mental health challenges that began in 2008 as marital issues led to a separation from his wife.

Democratic officials predicted that they will retain the seat.

"Congressman Wu's resignation is the right decision," said Rep. Steve Israel, chairman of the Democratic Congressional Campaign Committee. "A Democrat has held this seat in Congress since 1975, Sen. John Kerry won this district (as a presidential candidate) in 2004 and President Obama won this district with 63 percent in 2008."

# Opponents Of Gay History Law Seek Referendum

BY JUDY LIN  
Associated Press

SACRAMENTO, Calif. — California's secretary of state on Tuesday cleared a group to begin collecting signatures for a ballot referendum to overturn a first-in-the-nation law requiring public schools to teach the contributions of gays and lesbians in social studies lessons.

Gov. Jerry Brown signed SB48 earlier this month, making California the first state to mandate such lessons in public school curriculum. The requirement is set to take effect in the 2013-14 school year.

It took opponents less than two weeks to draft the referendum challenging the move.

At a time of budget cuts, California schools should be focused on improving student performance and lowering the high school dropout rate, said Paulo Sibaja, a spokesman for the group Stop SB48.

"Politicians have no business writing textbooks. It should be left to the historians and academic experts," he said.

Backers of the referendum will need to gather 504,760 signatures from registered voters by Oct. 12 to qualify for the next statewide ballot. Sibaja said paid and volunteer signature-gatherers will be used to try to meet the requirement.

Supporters of SB48 said it will teach students to be more accepting and perhaps help end bullying of gay students. It also ensures that students are taught about the contributions of people who are gay, lesbian, bisexual and transgender.

"It's important for us right now to educate Californians about what the bill does and does not do," said Rebekah Orr, a spokeswoman for Equality California, a leading lesbian, gay, bisexual and transgender rights advocacy group in California. "We want to be clear that this bill is about

teaching historical figures and not just LGBT people."

The new law also requires California public schools to teach the contributions of disabled people.

Orr said Equality California and its partners are prepared to fight the referendum if it qualifies for the ballot.

Many conservatives opposed the law, saying it would teach children to accept homosexuality. The law has drawn criticism from some churches and conservative groups that argue such instruction would expose students to a subject that some parents find objectionable.

California law already requires schools to teach about women, African Americans, Mexican Americans, entrepreneurs, Asian Americans, European Americans,

American Indians and labor. The Legislature over the years also has prescribed specific lessons about the Irish potato famine and the Holocaust, among other topics.

The new law requires the California Board of Education and school districts to use textbooks and other teaching materials that cover the contributions and roles of sexual minorities.

The legislation leaves it to local school boards to decide how to implement the requirement. It does not specify a grade level for the instruction to begin.

A telephone message left for the bill's author, Sen. Mark Leno, D-San Francisco, wasn't immediately returned. His office said the senator was out of town for the Legislature's summer recess.

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