

Los Angeles Times

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COLUMN ONE

Undone by the numbers

Anthem Blue Cross' rate hike formulas failed to hold up under the scrutiny of a seriously ill actuary.

DUKE HELFAND

David Axene was flat on his back in a hospital bed with a swollen left leg. His kidneys had shut down. His blood pressure had plunged. Doctors pumped him with potent antibiotics to stave off a deadly infection.

Yet there he was sifting through spreadsheets on his laptop, cradling his cellphone to his ear, waving off doctors to finish another conference call.

California's top insurance watchdogs had hired Axene to scour Anthem Blue Cross' files for any flaw in the voluminous paperwork that accompanied its rate hikes of up to 39%.

Anthem's plan to impose higher premiums March 1 had outraged consumers and politicians alike. President Obama seized on the furor, criticizing Anthem's increases on national television as he tried to revive fading support for his healthcare overhaul.

California regulators were bound by law to accept the rates as long as Anthem could show that it used at least 70 cents of every dollar in premiums to pay medical claims. In the past, Anthem's requests had sailed through with barely a peep from officials. Not this time. The outcry was too great to ignore.

That's where Axene [See Anthem, A18]



CAROLYN COLE Los Angeles Times

OIL SPILL PROGRESS

Support vessels surround the Q4000, left, in the Gulf of Mexico. The platform operated briefly Thursday during a testing problem, but it stopped collecting and burning off oil from BP's leaking well after the well was sealed for the first time since the disaster began in April. **NATION, A10; LATEXTRA, AA1**

Goldman Sachs to pay \$550 million

Settlement with the SEC gives each side a bit of what it needs.

WALTER HAMILTON AND TOM PETRUNO REPORTING FROM LOS ANGELES
JAMES OLIPHANT REPORTING FROM WASHINGTON

The \$550-million deal between Goldman Sachs Group and federal regulators to settle the highest-profile fraud case stemming

Senate passes financial reform

Approval of the sweeping regulatory overhaul is a major victory for Obama and Democratic leaders.

BUSINESS, B1

from the financial crisis gave each side a measure of what it desperately needed.

The government finally had an answer for critics who say Washington has been too soft on Wall Street. And Goldman Sachs could get on with making money,

paying a fine that it can easily afford.

Thursday's settlement with the Securities and Exchange Commission came as Congress passed the most significant financial reform in decades — legislation designed to prevent the type of abuses Goldman was accused of. With the law, President Obama declared a new era of oversight for the financial industry.

Goldman agreed to pay \$550 million to resolve allegations that the company misled investors who bought subprime mortgage-related securities created by

Goldman. Although Goldman neither admitted nor denied wrongdoing, it made a rare concession that its marketing materials for the securities had been "incomplete," which it acknowledged was a "mistake."

"It is a major victory for the SEC because you don't find other settlements in which the defendant admits it made materially misleading disclosure," said John Coffee, a Columbia University securities-law professor. "This is one where they really bet the farm on this case by taking on the most es-

[See Goldman, A9]

The tour has lost its force

With CD sales diving, top artists are seeking to recoup revenue, creating a concert glut in a tough economy.

CHRIS LEE

This summer, the music industry has been repeatedly rocked — not by big beats, keening vocals and loud guitars, but by lackluster ticket sales and concerts canceled by a growing list of major artists.

This month, pop diva Rihanna postponed six dates on her "Last Girl on Earth" tour. The Lilith Tour was forced by poor attendance to cancel 10 concerts, and Christina Aguilera pulled the plug on her 20-date tour because of "prior commitments" in June. The Eagles scrapped stadium shows with country superstars Keith Urban and the Dixie Chicks because of sluggish ticket sales in May. U2 postponed its North American tour after lead singer Bono underwent emergency back surgery. The Jonas Brothers



AXEL SCHMIDT AFP/Getty Images
RIHANNA
The pop diva postponed six dates of her "Last Girl on Earth" tour.

pulled out of a number of North American dates on their world tour. And "American Idol" producers canceled eight engagements and rescheduled other dates on the "Idols Live!" tour.

"It's brutal out there," said Jordan Kurland, manager of such alternative music acts as Death Cab For Cutie, She & Him and Say Anything. "The economy is still not great and there's a lot of distractions people can choose from. Going to big rock concerts is not one of them."

In particular, the downturn has spelled trouble for Live Nation, the country's biggest promoter of live music, which on Thursday informed investors that the company's adjusted operating income for 2010 is projected to drop by \$40 million, or nearly 10% below last year's. [See Tours, A13]

CIA tactics breached limits

'Torture memos' coauthor Jay Bybee calls some methods unsanctioned.

KEN DILANIAN REPORTING FROM WASHINGTON

The former Justice Department official who co-wrote the so-called torture memos testified that the department did not sanction some of the harsh methods

the CIA used against detainees during the George W. Bush administration, including the repeated waterboarding of two suspected terrorists.

Jay S. Bybee, former head of the Justice Department's Office of Legal Counsel, said in testimony released Thursday by the House Judiciary Committee that the CIA went further in its tough tactics than he had outlined as permissible in a widely criticized legal memorandum. Bybee appeared before the committee May 26.

For example, Bybee said, his memo, co-written with lawyer John C. Yoo, authorized waterboarding only if there were no "substantial repetitions."

CIA contractors waterboarded Khalid Sheikh Mohammed, the professed mastermind of the Sept. 11 terrorist attacks, 183 times, government documents show. Government interrogators used waterboarding, an interrogation technique that simulates drowning, 83 times on Abu Zubaydah, an [See Interrogation, A16]

Adenhardt case poses a question

As trial nears for the driver accused in the death of the rookie Angels pitcher, a judge must decide whether a fair trial is possible in Orange County. **LATEXTRA**

Wrong number for new iPhone?

Some people wonder if the troubles dogging the latest version of Apple's popular device might be related to the number four. **BUSINESS, B1**

World A3
Nation A10



PETER MUHLY AFP/Getty Images

STRONG OPENER

Rory McIlroy of Northern Ireland shot a 63, four strokes ahead of Tiger Woods, to take the lead in the first round of the British Open golf championship in Scotland. **SPORTS, C1, C8**

BOXER'S CASH IS AHEAD OF FIORINA'S WEALTH

Incumbent senator appears to have the edge in fundraising as some donors shy away from her rival.

MAEVE RESTON

Carly Fiorina may be closing in on California Sen. Barbara Boxer in recent polls, but reports released Thursday show the three-term incumbent with a vast advantage in one very important area: money.

Campaign finance figures released by the campaigns showed Boxer with nearly 12 times the cash on hand as Fiorina — \$11.3 million to \$952,786 — after a six-week reporting period that ended June 30.

Boxer, a Democrat who did not have any significant primary opposition and got an infusion of cash from events with President Obama, also outpaced Fiorina in fundraising from other sources over the six-week period. She raised nearly \$2.6 million.

Fiorina, a Republican, had total receipts for the six-week period of \$3.3 million. Only \$14 million of that came from others, while \$1.9 million came from a personal loan to her campaign in the final weeks before the June election, part of \$5.5 million she donated in the primary.

During the primary, many Republican voters saw Fiorina's personal wealth — which is estimated to be \$27.7 million to \$121 million, according to Senate financial disclosure forms — as one of her greatest assets in a race against Boxer. But the former Hewlett-Packard Co. chief executive said last year that she did not plan to self-finance her campaign. And she has not lent additional money to her campaign since the primary.

Fiorina's spokeswoman, Andrea Saul, said Thursday that she "has not indicated yet whether she's going to put any more money into the campaign."

With or without further loans, Fiorina's wealth may be proving to be a handicap in fundraising. Other wealthy candidates have found that potential donors are loath to contribute to [See Senate, A14]

Potential obstacle to Broad museum

A Chinese theater company wants to build on the same publicly owned parcel the billionaire seeks. **CALENDAR, D1**

A thrilling 'Inception'

Christopher Nolan guides a stellar cast through the realms of the mind. **CALENDAR, D1**

California AA3
Weather AA8

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