



HS GAMETIME SCOREBOARD

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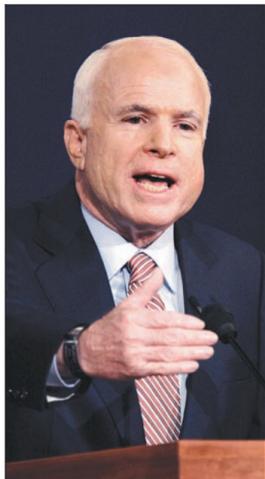
SATURDAY SEPTEMBER 27, 2008

TODAY'S OUTLOOK: INLAND: 94|66 MOUNTAINS: 80|58 DESERT: 103|76 COMPLETE LOCAL FORECAST: B14

THE PRESS-ENTERPRISE

INLAND SOUTHERN CALIFORNIA'S NEWSPAPER **PE.com**

W N



THE ASSOCIATED PRESS
 "We've got to cut spending. We've let government get completely out of control," said Sen. John McCain.

Views on war, taxes epitomize candidates

PRESIDENTIAL DEBATE: Global issues loom large but the event flips its script by opening on the economic bailout.

BY STEVEN THOMMA
 MODLATCHY NEWSPAPERS

OXFORD, MISS. — John McCain and Barack Obama clashed over Iraq, Iran and world affairs in the first of three critical debates Friday, and they also sparred over the economy as the Wall Street crisis pushed its way onto the agenda. McCain repeatedly suggested

that Obama was naive and didn't understand the world's complexities. Obama repeatedly challenged McCain's judgment on policies he'd supported.

Each man got off at least one zinger:

"John mentioned me being wildly liberal — mostly that's just me opposing George Bush's pol-

IN MAIN NEWS

- Inland political aficionados gather to watch the debate. **A6**
- Analysis: John McCain gives the GOP a giant lift. **A6**
- The candidates missed a few facts along the way. **A6**

icies," Obama said at one point. "I'm afraid Senator Obama doesn't understand the difference between a tactic and a strategy," McCain said at another.

The two men offered sharply different views of Iraq — Obama insisted his early opposition signaled his superior judgment for future decisions, while McCain stressed that his push for a surge of extra troops showed that he knows how to win.

They also differed on how to handle Iran. McCain criticized Obama's willingness to talk without preconditions to lead-



THE ASSOCIATED PRESS
 "It's been your president ... who presided over this orgy of spending," Sen. Barack Obama told opponent John McCain.

Bailout plan makes progress

NEGOTIATIONS: A key Democrat says he sees an agreement on the \$700 billion plan by Sunday.

BY JULIE HIRSCHFELD DAVIS AND DAVID ESPO
 THE ASSOCIATED PRESS

WASHINGTON — The Bush administration and Congress anxiously revived negotiations Friday on a \$700 billion financial bailout, one day after the failure of Washington Mutual bank provided a reminder of the risks of failure. Democrats talked optimistically of agreement by the end of the weekend.

"I'm convinced that by Sunday we will have an agreement that people can understand on this bill," predicted Massachusetts Rep. Barney Frank, a key Democrat in eight days of up-

and-down talks designed to stave off an economic disaster. House Speaker Nancy Pelosi, D-San Francisco, added that "progress is being made," although the day came and went without senior lawmakers from both parties sitting down together.

Neither she nor Frank divulged details at a late-afternoon news conference in the Capitol, though there was word of one Democratic concession.

Pelosi told fellow Democrats during a closed-door meeting that the idea of letting judges rewrite mortgages to help bankrupt homeowners avoid foreclosure won't be a part of the emergency legislation.

That provision, pushed by several Democrats, would be a deal-breaker for Republicans whose votes are needed to pass the measure, she said.

Democrats and Bush administration officials also said they were willing to include House Republicans' idea of having the government insure distressed mortgages — but only as an option, rather than a replacement for the administration's more sweeping approach.

Democratic and Republican staff aides met into the night on Capitol Hill, going line-by-line through legislative proposals in an attempt to clear the way for lawmakers to bargain over the weekend.

SEE **BAILOUT/A7**

Region in line for blight funding

HOUSING: Riverside County gets almost \$49 million with S.B. County near \$23 million of the federal money.

BY LESLIE BERKMAN
 THE PRESS-ENTERPRISE

Inland Southern California cities and counties learned Friday they will get \$133.5 million of nearly \$4 billion in federal funds going to states and local governments across the nation to halt blight stemming from the foreclosure crisis.

Riverside County, which last month had the fourth-highest foreclosure rate in the nation, will receive the nation's third largest allocation of almost \$49 million. The county is burdened with bank-repossessed homes that are sitting vacant and vulnerable to vandalism, deterioration and crime.

"This is certainly one of the occasions where receiving federal funds is bittersweet," said Riverside County Economic Development Agency spokesman Tom Freeman. "If our economy and housing situation were in the shape we want it to be in, we wouldn't require such a substantial allocation."

Funds to enable local govern-
 SEE **HOUSING/A7**

Heath gets max sentence

LAST DEFENDANT: VICTIMS LASH OUT DURING HEARING



DAVID BAUMAN/THE PRESS-ENTERPRISE

Victim John Joy berated Daniel Heath during Heath's sentencing. "You're a filthy, rotten rat — that's exactly what you are!" Joy said.

127 years in prison ordered for financial scam 'mastermind'

BY LOU HIRSH
 THE PRESS-ENTERPRISE

Capping proceedings filled with emotional and sometimes angry testimony, a judge Friday ordered the key defendant in a \$190 million investment fraud scheme that bilked nearly 1,600 victims to serve 127 years in state prison.

Calling him "the mastermind of this criminal enterprise," Riverside County Superior Court Judge Ronald Taylor gave Daniel W. Heath, 51, the maximum sentence, as requested by prosecutors.

The former president of the defunct D.W. Heath & Associates was convicted in January on 400 criminal counts stemming from a Ponzi scheme that spanned nearly 10 years before the firm was shuttered by a court in 2004. Prosecutors said Heath's firm took money from new investors to pay earlier ones, investing most of it in failing real estate and business startups in which Heath had a controlling interest.

ON THE WEB

- Watch Heath's victims recount the impact of their losses. **PE.com**

The firm continued to take investments even after the state ordered it to cease in 1998 because it didn't have the proper licenses to sell securities. A court-appointed receiver, through three disbursements over the past two years, was able to retrieve only about 22 cents on each dollar of investors' money.

Many of Heath's victims were elderly retirees who turned over their life savings after being told their money would be placed in safe securities.

Several of those investors spoke Friday, some choking back tears and others unleashing their wrath.

John Joy, a retiree in his 70s from Williams, Ariz., recounted how he and his



Daniel Heath showed little emotion in court, mostly looking down at the defense table or toward the front of the room.

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A2 State GOP, Arnold at odds

Gov. Schwarzenegger has grown even more distant from the GOP's conservative base since he appealed to the party a year ago to reach out to moderate voters or risk "dying at the box office."

INSIDE

Pakistan issues warning to U.S.



A9 Pakistan warns U.S. troops to keep out of its territory, a day after the two anti-terror allies traded fire along the border with Afghanistan.

Hyena is artist in residence



D6 A striped hyena from the Living Desert preserve generates paintings that sell for as much as \$250 at auction.