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london olympics

SOARING INTO HISTORY



GREGORY BULL/ASSOCIATED PRESS

Team USA's Gabby Douglas performs on the balance beam during the women's all-around gymnastics competition Thursday in London on her way to a gold medal.

OLYMPICS ONLINE
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In the pool: Cal's Anthony Ervin retired after winning gold in 2000, but he's back and in the 50-free finals.

Olympic Stadium: The track and field competition begins.

Scan this code on a smartphone to see photo galleries or go to <http://photos.mercurynews.com>. Find extended coverage of the 2012 Olympic Games at www.mercurynews.com/olympics.



NHAT V. MEYER/STAFF
 Americans Michael Phelps, left, and Ryan Lochte finish 1-2 in the 200 individual medley. **Story in Sports, Page D1**

USA's Douglas wins gymnastics gold

By Elliott Almond
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LONDON — And a new Olympic sweetheart is born.

Gabby Douglas, aka "The Flying Squirrel," catapulted into the American consciousness Thursday night with a transcendent performance in the women's all-around, the crown jewel of the Olympics gymnastics program.

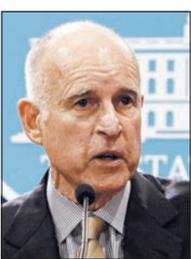
The bubbly athlete danced, tumbled and flung her way to the gold medal and into history two days after leading the United States to its first team gold medal in 16 years.

Hardly on the gymnastics radar a year ago, Douglas rode a meteoric ascent to celebrity status by demolishing 23 other competitors through the four-routine program. She posted a score of 62.232 points, almost three-tenths ahead of graceful Russian Viktoria Komova, who was inconsolable afterward.

Douglas also became the first African-American gold medalist in the event's history.

American Alexandra Raisman, 18, lost the bronze medal in a tiebreaking rule her coach didn't know existed. Russian Aliya Mustafina took silver.

See **DOUGLAS**, Page 7



ASSOCIATED PRESS ARCHIVES
 Gov. Jerry Brown's budget projects a large chunk of tax revenue from wealthy Facebook employees.

REVENUE SHORTFALL LOOMS

State may not 'like' Facebook flop

By Mike Rosenberg, Jeremy C. Owens and Josh Richman
 Staff writers

Facebook stock plunged to an all-time low of nearly half its IPO price Thursday, but it's not just investors feeling the pinch: The state of California stands to lose "hundreds of millions of dollars" in the fallout, state analysts say.

Gov. Jerry Brown and state lawmakers in June approved a

\$91 billion budget that included \$1.9 billion in expected tax revenue from Facebook employees striking it rich — a rare projection that helped stave off cuts to schools and programs for the sick, poor and disabled.

But Facebook's stock price dipped below \$20 a share for the first time Thursday before closing at \$20.04, the latest in a shocking fall from the company's initial

stock price of \$38 in May. At the same time, the Legislative Analyst's Office reported this week that a big chunk of the extra state revenue resulting from the IPO won't materialize unless the stock turns around soon.

"If Facebook is on a roller-coaster ride, we're on the roller coaster with them," said Sen. Joe

See **FACEBOOK**, Page 7

LAWRENCE LIVERMORE

Leadership losses beset research lab

Death, departure come amid rumors of expenditure probe

By Robert Jordan
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LIVERMORE — With its leadership team in disarray after the sudden death of one high-ranking official and the unannounced departure of a second, Lawrence Livermore Lab appears to be in some turmoil at a critical point for one of the federal government's top research labs.

The lab made no public announcement but notified workers Thursday that one of its leading managers, Tomas Diaz de la Rubia, the deputy director of science and technology, was leaving.

"After 23 years, he stepped down

See **LAB**, Page 8

SECOND BAY AREA CAMPUS RAIDED

University CEO indicted on charges of visa fraud

School leader allegedly raked in millions providing false documents to foreign students

By Lisa M. Krieger and Molly Vorwerck
 Staff writers

SUNNYVALE — Striking a blow at a Silicon Valley school that attracted foreigners with student visas, federal agents on Thursday raided

Sunnyvale's Herguan University and charged its CEO with visa fraud.

The indictment marks the second time federal officials have ensnared a Bay Area university in a growing effort to catch up with schools that al-

legedly rake in millions of dollars as so-called visa mills.

Herguan University leader Jerry Wang, 32, was arrested Thursday at his home in Santa Clara and charged in a 15-count indictment that could send him to prison for up to

23 years and amount to more than \$1 million in fines.

The charges come a year after an investigation by this newspaper found Herguan was among a group of Bay

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