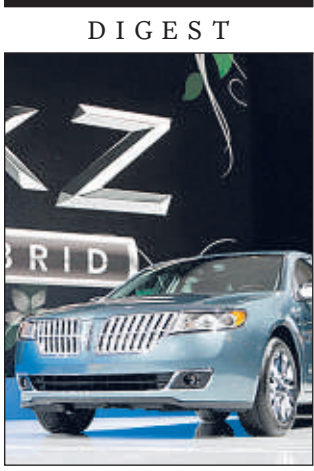


INSIDE

■ The oil spill in Dalian, China, is spreading, prompting a warning of a 'severe threat' to sea life. **PAGE D3**

ENERGY | BANKING | REAL ESTATE | STOCKS | MARKETING | RETAIL | TECHNOLOGY | OIL | COMPUTING | MONEY



ASSOCIATED PRESS

AUTOMOBILES

Hybrid, gas MKZ models cost same

For the first time, a U.S. automaker plans to sell a hybrid car for the same lower price as its gasoline-powered counterpart, removing at least one obstacle for drivers who want a greener ride.

At a little more than \$35,000, the 2011 Lincoln MKZ sedan hybrid, making its debut this fall, will be a bargain after factoring in savings at the pump. It gets more than double the mileage of the traditional version in city driving.

ASSOCIATED PRESS

DOCKET

Media mogul is free on bond

Former media mogul Conrad Black quietly left a federal prison in the central Florida Wednesday, free on bond after serving just two years of a 6½-year sentence for defrauding investors, officials said.

Earlier in the day, U.S. District Judge Amy St. Eve in Chicago set his bond at \$2 million and ordered him not to leave the country, pending the outcome of the appeal of his 2007 conviction. She set a Friday court hearing for the former Hollinger International chairman to hear conditions of his release.

ASSOCIATED PRESS

PETROLEUM

Many lobbyists are former feds

Three out of every four lobbyists who represent oil and gas companies previously worked in the federal government, a proportion that far exceeds the usual revolving-door standards on Capitol Hill, a Washington Post analysis shows.

Key lobbying hires include 18 former members of Congress and dozens of former presidential appointees. For other senior management positions, the industry employs two former directors of the Minerals Management Service.

WASHINGTON POST

Fed chief not ready for more action on economy

■ **Bernanke's remarks send Dow tumbling 109 points**

By **SEWELL CHAN**
NEW YORK TIMES

WASHINGTON — The chairman of the Federal Reserve, in saying that it had no immediate plans to provide additional support to the economy, dashed the hopes of some economists and executives who have been pushing for action to add momentum to the sluggish recovery.

Ben Bernanke said Wednesday that the recovery was continuing at a modest pace, although with a "somewhat weaker outlook."

He projected that the unemployment rate would likely remain well above 7 percent through the end of 2012 and the duration of President Barack Obama's current term.

Bernanke's statement that the Fed had no imminent plans to go beyond its current strategy of keeping short-term interest rates exceptionally low pushed stock prices down. The Dow Jones industrial average fell 1.07 percent, or 109.43 points, to close at 10,120.53.

In presenting the Fed's semiannual monetary policy report to Congress, Bernanke said it would take "a significant amount of time" to restore the 8.5 million jobs lost in the United States
Please see **BERNANKE**, Page D4

WORKING

To look or not to look

WITH Facebook and other social media sites, companies can find out a whole lot more about their applicants than what their résumés and references might reveal.

But should they look? The question may seem simple, but looking at the sites can reveal information an employer wouldn't — and shouldn't — seek during an interview, such as an applicant's religious beliefs or ethnic background. Basing hiring or promotion decisions on such information could cause legal problems.

On the other hand, seeing the applicant's racy drinking-party pictures might well raise concerns

DISASTER IN THE GULF

Uncertainty at spill site

■ **Approach of tropical wave could force suspension of efforts**

By **TOM FOWLER**
HOUSTON CHRONICLE

BP's efforts to control its blown-out Gulf of Mexico well remained in limbo Wednesday, at the mercy of weather developments and

government review of a new well-killing effort.

A tropical wave southeast of Florida threatens to enter the Gulf by this weekend, with several models showing the system tracking close to the site of the troubled Ma-

condo well about 40 miles from the mouth of the Mississippi River.

Even if it doesn't develop into a storm, it could produce high seas that would prompt officials to withdraw ships involved in monitoring the well, which BP shut in with a new capping system last week, and to evacuate personnel on rigs drilling

INSIDE: Spill bills advance; worries over rig. **PAGE D3-4**

two relief wells.

Wednesday morning, BP put a seal called a storm packer into the farthest-along of the two relief wells. The device is designed to keep anything from getting
Please see **SPILL**, Page D4

HOUSTON CONFERENCE



YASMEEN SMALLEY : CHRONICLE

VIEW FROM THE PUMP: Sherman Lewis III, a local businessman who owns 10 Shell stations, favors the use of green energy but doesn't want to advance it with new taxes on oil companies. He will participate in a session on entrepreneurs' perspectives on energy.

MINDFUL OF THE REACH OF ENERGY

For Black Chamber, gathering in Houston means focus on change

By **SALVADOR RODRIGUEZ**
HOUSTON CHRONICLE

THE National Black Chamber of Commerce will focus on opportunities in energy as it begins its 18th annual conference in downtown Houston today — its first gathering in the energy capital.

The conference's first

three sessions at the Four Seasons Hotel through Saturday will be dedicated to green energy, the future of energy and the opportunities alternative energies present to entrepreneurs.

"We want to keep this economy going, and energy — which is probably the No. 1 cost factor in producing, manufacturing, distributing and selling — that's an important piece of it," said Harry Alford, CEO and co-founder of the organization.

Alford said the group calls for an energy policy that would make energy affordable, address environmental issues and allow the country to be less dependent on overseas energy sources. The organization opposes provisions in some proposed energy legislation for cap-and-

Please see **CHAMBER**, Page D4

SMALL BUSINESS CONVENTION

The National Black Chamber of Commerce begins its annual conference today in Houston.

■ **When:** Through Saturday

■ **Where:** Four Seasons Hotel, 1300 Lamar

■ **Who:** 400 small business owners from around the country

■ **Program:** Theme is "Energy and Technology: The Drivers of the American Economy"; speakers include John Transviña, assistant secretary of the U.S. Department of Housing and Urban Development; former Republican U.S. Rep. J.C. Watts of Oklahoma; and Republican National Committee Chairman Michael Steele.



L.M. SIXEL

about maturity and judgment — concerns an employer might want to consider before making an offer.

Deborah Fiorito weighs
Please see **WORKING**, Page D4

REGULATION

More to do on overhaul

The president signs the financial reform bill, and the next task is to appoint a director for the new consumer agency. **PAGE D3**

MARKETS AT A GLANCE

↓ Dow	↓ Nasdaq	↓ S&P	↓ Oil	↓ Natural gas
■ 10,120.53	■ 2,187.33	■ 1,069.59	■ \$76.56	■ \$4.513
■ -109.43, -1.1%	■ -35.16, -1.6%	■ -13.89, -1.3%	■ -\$1.02, -1.3%	■ -7.7 cents, -1.7%

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WE BUILD. WE INSTALL. WE GUARANTEE IT ALL!

Morgan Stanley sees silver lining

■ 'Flash crash' hurts, but firm's traders outsmart Wall Street rivals

By GRAHAM BOWLEY
NEW YORK TIMES

Morgan Stanley faced near death during the credit crisis in 2008. Then it became so cautious that it missed the stock market boom in 2009. Now, however, it appears to have found its groove.

Along with the rest of Wall Street, Morgan Stanley took a hit to revenue and profit in the second quarter, a period that included a stock market "flash crash" and rising fears over the European debt crisis. Profit fell 22 percent from the first quarter to \$1.4 billion, the company said on Wednesday. A year earlier, the firm posted a loss of \$138 million.

Morgan Stanley's new army of traders seemed to navigate the riled markets better than its rivals — and certainly better than Wall Street had expected.

Morgan Stanley was the last of the Wall Street banks to report its second-quarter earnings.

The flash crash on May 6,

which officials are still investigating, had a particular souring effect on investor confidence, Morgan Stanley said. Ordinary investors withdrew billions of dollars from their wealth management business, which trades stocks and bonds for small accounts.

But Morgan Stanley more than held its own in equities trading, helping to lift its overall earnings beyond analysts' expectations — the biggest positive earnings surprise ever for Morgan Stanley, according to Capital IQ. Total revenue across all its businesses was \$7.95 billion, down 12 percent from the first quarter but a 53 percent rise from a year earlier.

Morgan Stanley's results on Wednesday caused its shares to buck a declining market and close up 6.3 percent at \$26.80.

Morgan Stanley scaled down its trading activities after it suffered painful losses in the turmoil of the credit crisis. That move would later disappoint its investors, when the bank missed out on the boom in markets last year. Morgan Stanley did not return to profitability until the third quarter of last year.

But it has since moved to rebuild its trading activities.

OTHER EARNINGS

Starbucks

■ Earnings were \$207.9 million, or 27 cents per share. That's compared with \$151.5 million, or 20 cents per share, a year earlier, when over-expansion caused it to stumble. Excluding one-time items, Starbucks earned 29 cents a share.

US Bancorp

■ Profit surged to \$862 million, or 45 cents per share, including a gain of 5 cents per share linked to preferred dividends. A year earlier it earned \$221 million, or 12 cents per share. Revenue rose almost 9 percent to \$4.52 billion because of strong growth in interest income and fee revenue.

Coca-Cola

■ The company earned \$2.37 billion, or \$1.02 per share, in the quarter, up from \$2.04 billion, or 88 cents, last year. Excluding a charge for restructuring, Coca-Cola earned \$1.06 per share.

CHAMBER: A focus on energy

CONTINUED FROM PAGE D1
trade, a system that would place limits on greenhouse gas emissions and create a market for buying and selling emissions permits.

"We need to have some steady increase in understanding alternative energies and reusable energies and still also note that we have a need of that precious thing called oil," he said.

The National Black Chamber, founded in 1993, represents 95,000 black-owned businesses with the aim of "empowering and sustaining African-American communities through entrepreneurship and capitalistic activity," according to its website.

About 400 people are expected to attend the conference.

Alternative energy

The organization's local branch, the Houston Citizens Chamber of Commerce, supports legislation that encourages the development of alternative energies, training programs and incentives that would prepare and encourage small and minority businesses to take advantage of the opportunities in the green energy market.

"The subsidies should be structured in such a way that they incentivize the participation of the entire American business

community," said Carroll Robinson, chairman of the Houston Citizens Chamber of Commerce. "You don't want the new economic driver to be new alternative and renewable energy and African-American businesses aren't ready and able to participate fully in that transition."

Because every business has to turn on the lights, Robinson said, national energy policy affects all Americans, and small businesses must be part of the conversation as lawmakers and the administration consider various proposals.

"Whatever the national energy policy is, it impacts the cost of energy, which is one of the biggest structural costs of the operation of a business," Robinson said. "So you want to make sure you have a voice in what happens in that area."

Opposes new taxes

The new national energy policy should push for the use of green energies but should not accomplish that with new taxes on oil companies, said Sherman Lewis III, a local business owner who will participate in a Friday panel offering entrepreneurs' perspectives on energy.

"It's not going to be companies that are paying the tax," said Lewis, who owns 10 Shell stations. "It's

going to be the end users of that — it's going to be small businesses and it's going to be individual consumers."

Lewis said the growth of alternative energies will benefit small businesses. "The more competition you have, the better," he said. "The whole focus on renewable energies is a great thing for the country, a great thing for small businesses. It just gives us more choices and probably gives us more security."

Lewis said it is important that small-business owners take part in energy policy discussion as everyone ultimately uses energy.

"The energy sector affects pretty much all businesses and affects all people, no matter whether you're a small business or a large business or whether you're not even in business," he said. "If you own a car or you own a home, you're affected by energy policy and energy pricing."

Getting the word out

Lewis said it is important that people have information regarding new energy sources.

"The more information that goes out to individuals and businesses, the better," he said. "The most important thing is for people to be able to make smart decisions."

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DISASTER IN THE GULF

Survey before rig sank reveals safety worries

■ Many workers feared reprisals if they reported their concerns

By IAN URBINA
NEW YORK TIMES

WASHINGTON — A confidential survey of workers on the Deepwater Horizon in the weeks before the oil rig exploded showed that many of them were concerned about safety practices and feared reprisals if they reported mistakes or other problems.

In the survey, commissioned by the rig's owner, Transocean, workers said that company plans were not carried out properly and that they "often saw unsafe behaviors on the rig."

Some workers also voiced concerns about poor equipment reliability, "which they believed was as a result of drilling priorities taking precedence over planned maintenance," according to the survey, one of two Transocean reports obtained by The New York Times.

"At 9 years old, Deepwater Horizon has never been in dry dock," one worker told inves-

tigators. "We can only work around so much."

"Run it, break it, fix it," another worker said. "That's how they work."

According to a separate 112-page equipment assessment also commissioned by Transocean, many key components — including the blowout preventer rams and failsafe valves — had not been fully inspected since 2000, even though guidelines require its inspection every three to five years.

The report cited at least 26 components and systems on the rig that were in "bad" or "poor" condition.

A spokesman for Transocean, who confirmed the existence of the reports, wrote in an e-mail that most of the 26 components on the rig found to be in poor condition were minor and that all elements of the blowout preventer had been inspected within the required time frame by its original manufacturer, Cameron.

The two reports are likely to broaden the discussion of blame for the April 20 explosion, which killed 11 workers and led to the gusher on the seafloor that has been polluting the Gulf of Mexico since.

Together, these new reports paint a detailed picture of Transocean's upkeep of the rig, decision-making and its personnel.

The first report focused on its "safety culture" and was conducted by a division of Lloyd's Register Group, a maritime and risk-management organization that dispatched two investigators to inspect the rig March 12 through March 16. The second report, on the status of the rig's equipment, was produced by four investigators from a separate division of Lloyd's Register Group, also on behalf of Transocean.

While the report described workers' concerns about safety and fears of reprisals, it did say that the rig was "relatively strong in many of the core aspects of safety management." But only about half of the workers interviewed said they felt they could report actions leading to a potentially "risky" situation without reprisal.

Even though it was more than a month before the explosion, the rig's safety audit was conducted against the backdrop of what seems to have been a losing battle to control the well.

SPILL: Delay for relief wells?

CONTINUED FROM PAGE D1
in or out of the well should the rig be evacuated.

While crews remained on the rig Wednesday, the seal required them to suspend work on the well, BP Vice President Kent Wells said during a conference call.

BP is also waiting for federal officials to review its proposal for a procedure called a static kill, which involves pumping heavy mud into the well through the recently installed capping system to push hydrocarbons back into the reservoir two miles below the seafloor.

The process wouldn't necessarily eliminate the need for the relief wells, said Wells, but it could make the relief well operations easier once they intercept the bottom of the Macondo well.

The static kill wouldn't begin in any case until BP installs the next section of pipe in the relief well, a process that could take three to four days once started, Wells said.

Officials originally thought the relief well could intercept the Macondo by the end of July. But retired Coast Guard Adm. Thad Allen, head of the federal spill response, said the storm system could disrupt operations for as long as 10 days.

Shell Oil Co. said Wednesday that it is beginning to evacuate nonessential workers from the eastern Gulf.

Allen approved the continued shut-in of the well on Wednesday afternoon for another 24 hours.

But if a storm required evacuation of ships monitoring pressure in the well, officials would have to make a decision whether to keep it

capped without the ability to watch its pressure, or to open the cap and allow more oil to spill into the Gulf.

The well has several small leaks, but Allen has said they are not a concern.

The well's pressure continued to build slowly on Wednesday, rising to 6,850 pounds per square inch.

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BERNANKE: Europe ills hurting prospects

CONTINUED FROM PAGE D1
in 2008 and 2009, and "the economic outlook remains unusually uncertain."

He also warned that financial conditions, particularly the European debt crisis, had "become less supportive of economic growth in recent months."

Testifying before the Senate Banking Committee, Bernanke for the first time publicly discussed additional monetary policy tools the Fed could use to prop up the economy, having lowered short-term interest rates as far as they can go, and bought nearly \$2 trillion in mortgage-backed securities and Treasury debts to place downward pressure on long-term rates.

Possible options

First, he said, the Fed could signal to the markets that it intended to keep its benchmark federal funds rate, the rate at which banks lend to one another overnight, at zero to 0.25 percent for even longer than the "extended period" the Fed has been projecting.

Second, the Fed could lower the interest rate it pays on excess reserves, the deposits that banks keep at the Fed in excess of what they are required to keep, from its current level of 0.25 percent.

Third — and the most widely discussed option — the Fed could again expand the size of its balance sheet, which stands at about \$2.3 trillion, by buying additional Treasury debts or mortgage-backed securities, or even other classes of assets, such as municipal bonds.

On a smaller scale, the Fed also could reinvest the cash it receives when the underlying principal on mortgage bonds on its books is repaid, a step that also would keep the Fed's balance sheet from shrinking.

No near-term plans

"We have not come to the point where we can tell you precisely what the leading options are," Bernanke told Sen. Richard Shelby of Alabama, the panel's top Republican.

"Clearly, each of these options has got drawbacks, potential costs. So we're going to continue to monitor the economy closely and continue to evaluate the alternatives that we have, recognizing, as I said, that policy is already quite stimulative."

When Shelby asked whether the Fed was "running out of options," Bernanke replied, "I think we do still have options, but they're not going to be the conventional options."

Bernanke told Sen. Jim Bunning, R-Ky., that the Fed had no plans to take those actions "in the near term" but added, "I do think that there is some potential for some of those steps to be effective, and we'll continue to look at them."

The Fed expects the economy to grow this year by 3 percent to 3.5 percent, picking up only slightly, by 3.5 percent to 4.5 percent, in 2011 and 2012. The unemployment rate is projected to drop to 7 percent to 7.5 percent by the end of 2012 — still far higher than the 5 percent to 5.3 percent that the Fed now considers to be full employment.

WORKING: Web history tells employers a lot

CONTINUED FROM PAGE D1
in on the side of wanting to know what's behind the electronic curtain.

"I would look at an applicant's Web history as part of final due diligence, for sure," said Fiorito, principal of the 20K Group, a public relations firm in Houston.

She's not interested in the applicant's personal life but in whether the candidate is using the privacy settings so as not to show the world anything inappropriate.

"Someone who doesn't get that would have a hard time counseling our clients about how to handle a crisis or build positive brand awareness," Fiorito said. In other words, she's looking for good judgment at a time when our personal and professional lives aren't as separate as they once were.

Astonishing discoveries

Tony Pannagl, managing partner of IS&T, an information technology consulting and recruiting firm in Houston, has an employee who does nothing all day but research the backgrounds of job candidates, including a check of social media sites.

Some of the finds have been amazing, he said. One was a swinger whose site

included some indelicate information about his multiple partners, while another was a "left-wing, crazy tree-hugger guy" whose personal website focused on corporate greed and corporate pollution.

It's not only Pannagl who wants to make sure he puts the right candidate in the right job and avoid mistakes like putting a corporation hater into a corporate job. Clients are also looking, he said.

Not all the information he finds is bad. Sometimes he discovers the candidates share the same hobbies.

"It's a great way to start a conversation," he said.

A persistent topic

That very question — of whether to check a job candidate's Facebook page or run an applicant's name through Google — comes up at every conference on social media, said Brett Farmiloe, social media manager at Jobing in Phoenix, a localized job board. Some hiring managers say they never use it because of the potential legal pitfalls; others believe it provides great information.

If Farmiloe were a recruiter, he said, he would probably take a look. With the privacy settings on Facebook, people have

control over what to make public and what to designate as private. And what comes up on Google is available for everyone to see, he said.

"If it's out there, it's fair game," said Farmiloe, author of *Pursue the Passion*, (People Department Publishing 2010), about his cross-country road trip in an RV to document people's passion about their work.

He doesn't recommend that recruiters ask candidates to be Facebook friends. That's too intrusive, he said.

Local employment lawyer Ted Meyer counsels his management clients that they can check, but cautiously.

If a website indicates a prospective employee is affiliated with an ethnic-based organization or a particular religious group, the employer can't use that information about race or religion to make an employment decision, said Meyer, managing partner at Meyer White in Houston.

Of course, it's hard to know what an employer considers when making an employment decision. As a practical matter, you never know if the company is using personal information gleaned in person or online, said Andrew Golub, an employment lawyer

who represents mostly individual employees at Dow Golub Remels & Beverly in Houston. So much information is available electronically that applicants just have no way of knowing.

No obligation

Meyer noted that employers have no obligation to check Facebook and other social media sites in the recruiting process. So if an applicant is hired and turns violent at work, it's not the company's responsibility that it didn't see the social networking sites that showed the employee toting weapons in a menacing way.

Meyer said he'd hope that such proclivity to violence would show up in a standard background check.

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