

**Harvick** wins another Bud Shootout, **Page C1**

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# The Sunday Californian

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PHOTOS BY DAVID DE VOS / SPECIAL TO THE CALIFORNIAN  
Bakersfield neurosurgeon Dr. Ian Armstrong examines a baby at a Haitian camp on the outskirts of Port-au-Prince last week. Many of the patients he saw had received no medical care since the earthquake.

## Bakersfield doctor has Haiti on his mind

Group of volunteers returns knowing much left to be done

BY STEVEN MAYER  
Californian staff writer  
smayer@bakersfield.com

Bakersfield neurosurgeon Dr. Ian Armstrong thought he had seen it all in a career that included a decade working in one of the busiest trauma centers in the country.

Then he went to Haiti. "I'm a hardened trauma surgeon," he said. "I was in Yugoslavia in '94. I've seen a lot — but I had not seen anything like this."

"The smell of bodies still under the rubble fills the air. Children with no parents, kids with crush injuries, kids with burn injuries ... It's a war zone." Armstrong, 51, grew up in

### INSIDE

Haitian relief supplies stalled, **Page A10**

Bakersfield and maintains a practice both here and in Southern California. On Jan. 30 he and about 40 volunteers returned from Port-au-Prince after spending nearly a week there treating scores of victims of the Jan. 12 earthquake.

He worked with a team of medical professionals and disaster-relief experts through the nonprofit Transformational Development Agency. Armstrong expects to return to Haiti in a few weeks and hopes to

Please see **HAITI / A3**



Bakersfield neurosurgeon Dr. Ian Armstrong and registered nurse Kerry Lewis of Redding prepare to treat patients at a makeshift outdoor clinic in Port-au-Prince, Haiti.

## Economy takes toll on local credit unions

Organizations adapting to precarious financial times after taking big hits

BY JOHN COX  
Californian staff writer  
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Fifty-three million dollars sounds like a lot of money to lose in one year.

And it is, when you consider what the number says about the local economy. It's how much money, in total, the nine remaining, Kern-based credit unions reported losing last year.

The only year that came close to such a loss was 2008, when Kern's credit unions as a group lost some \$31 million.

Credit union officials say the real story is the downturn in the economy — layoffs and declining home values that led borrowers to default on their car loans, mortgages and credit card debt.

Credit unions are now

focused on cutting costs and making only the most prudent loans. Even so, they do not expect to recover in a meaningful way until employment picks up significantly across the region.

"I think what we are experiencing ... is a situation of adapting to a long, recessionary economy," said Robert Boland, president and CEO of Ridgecrest-based AltaOne Federal Credit Union.

Having expanded perhaps too quickly when the economy was strong between 2005 and

2007, he said, AltaOne has frozen wages and hiring, as well as tightened its lending standards and income-verification practices.

"That doesn't mean we can't lend," Boland said. "We're still making good loans to good members."

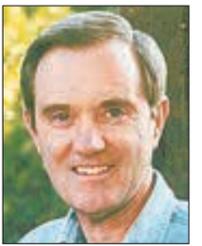
As a representation of the institutions' collective financial performance, 2009's year-end tally is somewhat misleading. It reflects not just actual losses on bad loans but also preventative measures taken to protect

Please see **CREDIT UNIONS / A3**

### Local

#### State's great pension debate gains steam

If Republican Phil Wyman is elected to the 16th Senate District seat in November, he will be able to pad a unique employment benefit enjoyed by only a handful of active legislators. It's the same Wyman who criticized "fat pensions" for new state employees in announcing his run for office this year.



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### Inside

#### Parade

21st Winter Olympic Games about to begin in Vancouver



### Sports

#### Super Bowl matchup a clash of offenses

Peyton Manning and his AFC champion Indianapolis Colts are 5-point favorites to spoil the ending of the New Orleans football renaissance for Drew Brees and the Saints in the Super Bowl. Two teams that score a lot of points playing mostly indoors will meet on fresh-cut grass today in Miami.



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# HAITI: 'We were treated like heroes'

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continue working with the team over what they expect will be a long-term effort.

"I think there's a moral obligation for the world to step up," he said.

Rikki Alakija, who co-founded Transformational Development Agency with his wife, Dr. Ayoade Olatunbosun-Alakija, said the devastation and suffering in Port-au-Prince is certainly widespread, but the team also witnessed scenes of hope and laughter and heard stories of love and reconciliation.

And as he led the team through days of gruelling, exhaustive yet joyful work, he was moved by Armstrong's skills and compassion.

"I can't tell you how impressive a man Ian is," Alakija said. "He was a great addition to the group."

The group members distributed medicine and shared compassion everywhere they went. They treated hundreds of Haitians for such issues as broken bones, head and neck injuries, internal bleeding, water-related stomach illnesses and stress-related problems.

So many Haitians had been without hope for so long, there were concerns among the group about being mobbed by desperate crowds. But it didn't happen.

"We'd come into a makeshift camp and people were so glad to see us," Armstrong remembered. "Everywhere we went we were treated like heroes — which we weren't."

"The kindness, generosity and resilience of the Haitian people is amazing," he said.

But the plight of children reduced many in the group to tears — men as well as women.

"There were many crush injuries," Armstrong said. "But now it's infected because it's a week or more later. It was either die or amputate a limb."

Like cities across Europe and America following the carnage of World War I, it will be common to see



SCOTT MORTENSON / SPECIAL TO THE CALIFORNIAN

"We were leaving the orphanage where we had camped out for the week and had set up a 'hospital' for severely injured children," said Dr. Ian Armstrong. "I was leaving behind precious children I had fallen in love with during our time there." They had serious injuries: shattered pelvis, burns, skull fractures to name a few. "Our truck was loaded and everyone else was leaving. I took a moment to pray for the children before we left."

amputees in Port-au-Prince for years to come, Armstrong said.

"We have a whole society of amputees," he said. "And within six months, there's going to be a tremendous need for prosthetics."

One goal the group achieved during this first trip was to set up the beginnings of a skilled nursing facility in a warehouse. A shortage of beds is one of the most pressing problems in the region, so those lucky enough to be treated for acute injuries and illnesses are often left to their own devices in non-sterile environments that are far from ideal.

Scott Mortensen, a member of the team from Thousand Oaks, has paramedic training and is certified as an EMT. He also has experience as an adventure filmmaker, so his camera was in his hand when he wasn't caring for patients.

"What Haiti really needs is some indigenous leaders to help pave the way for solid reconstruction — physically, politically and culturally," he said in an e-mail. "I would be honored to go back and assist that process."

But everyone on the Haiti



ALEX HORVATH / THE CALIFORNIAN

Dr. Ian Armstrong, a neurosurgeon from Bakersfield, is among 40 volunteers who returned home Saturday from Port-au-Prince after spending a week treating scores of injured Haitians.

team is worried that Americans' attention will wane.

"This is the question that keeps me up at night because I believe the future of Haiti is also the future of humanity," Mortensen said. "Will we as a global community take time to rebuild properly? Can we employ a socially conscious infrastructure that restores hope and dignity to a shattered nation?"

Back at his Bakersfield office on Friday, Armstrong said the focus must be on bringing sustainable

change, not just temporary relief, to Haiti.

And people from Bakersfield, with their culture of hard work and their experience with extreme summer heat, would be ideal volunteers to help Haiti find a new future, he said.

As he was preparing to leave Haiti, Armstrong said, he agonized. So many more needed his help. The faces of his patients called to him.

"I asked myself, 'Should I leave? Can I leave?'"

Then he knelt down on one knee and prayed.

# Palin tells 'tea party': It's revolution time

By LIZ SIDOTI  
AP National Political Writer

NASHVILLE, Tenn. — Sarah Palin declared "America is ready for another revolution" and repeatedly assailed President Barack Obama on Saturday before adoring "tea party" activists. They make up a seemingly natural constituency should she run for president.

"This movement is about the people," the 2008 GOP vice presidential nominee said as the crowd roared. "Government is supposed to be working for the people."

Palin noted Democrats' electoral losses since Obama took office a year ago with talk of hope and promises of change and asked: "How's that hope-y, change-y stuff workin' out for you?"

Her audience waved flags and erupted in cheers during multiple standing ovations as Palin gave the keynote address at the first national convention of the "tea party" coalition. It's an anti-establishment, grass-roots network motivated by anger over the growth of government, budget-busting spending and Obama's policies.

Filled with Palin's trademark folksy jokes, the speech amounted to a 45-minute pep talk for the coalition and promotion of its principles. The speech also was rife with criticism for Obama and Democrats who control Congress, but delivered with a light touch. But, aside from broad conservative principles like lower taxes and a strong national defense, the speech was short on Palin's own policy ideas that typically indicate someone is seriously laying the groundwork to run for the White House.

Indeed, Republican observers say she's seemingly done more lately to establish herself as a political celebrity focused on publicity rather than a political candidate focused on policy.

Catering to her crowd, Palin talked of limited government, strict adherence to the Constitution, and the "God-given right" of freedom. She said the "fresh, young and fragile" movement is the future of American politics because it's "a ground-up call to action" to both major political parties to change how they do business. "You've got both party machines running scared," she said.

Palin suggested that the party should remain leaderless and cautioned against allowing the movement to be defined by any one person.

"This is about the people" and "it's a lot bigger than any charismatic guy with a teleprompter," she said, jabbing at Obama.

"Let us not get bogged down in the small squabbles. Let us get caught up in the big ideas," she said, though she offered few of her own.

The former Alaska governor, who resigned from office last summer before completing her first term, didn't indicate whether her political future would extend beyond cable news punditry and paid speeches to an actual presidential candidacy.

All she offered was a smile when a moderator asking her questions used the phrase "President Palin." That prompted most in the audience to stand up and chant "Run, Sarah, run!"

But, given the attacks Palin leveled at Obama, she seemed like she was already running against him.

She talked little about the Republican Party, going so far as to suggest that she should apologize to the party for her inability to get her husband to register with the GOP. She also encouraged "tea party"-aligned candidates to compete in GOP primaries, saying: "Contested primaries aren't civil war; they're democracy at work, and that's beautiful."

Palin criticized Obama for continuing to blame George W. Bush for the country's woes instead of blaming what she called the Democrat's own big-government, big-spending agenda that has made the country less secure. She called his policies out of date and said they were "running out of time," suggesting big GOP wins in the fall midterm elections.

She also ribbed him for Democratic losses in New Jersey and Virginia governor's races last fall and in a Massachusetts Senate race last month, saying: "When you're 0-3 you'd better stop lecturing and start listening."

On foreign policy and national security, Palin said he had "misguided thinking" and a pre-Sept. 11 mindset, saying: "We need a commander in chief," not a professor of law.

She assailed the \$787 billion stimulus plan and said the administration's deficit spending was "immoral" and "generational theft."

Her fee was \$100,000 for the appearance at the for-profit event. But she said she would not keep the money, instead giving it back to "the cause."

# Obama's history claim spurs Alito objection

By MARK SHERMAN  
The Associated Press

WASHINGTON — Still wonder exactly why Justice Samuel Alito shook his head and mouthed the words "not true" during President Barack Obama's State of the Union address? He objected to the president's saying the ruling reversed a century of law.

The president touched off a controversy when he broke with tradition — and decorum, his critics said — by criticizing the court's recent campaign finance decision in his speech with six justices in attendance and bound by their own tradition of not reacting to what is said. (Justice Antonin Scalia once said he no longer goes to the annual speech because the justices "sit there like bumps on a log" in an otherwise highly partisan atmosphere.)

"With all due deference to the separation of powers," Obama said, "the Supreme Court reversed a century of law to open the floodgates for special interests — including foreign corporations — to spend without limit in our elections."

It seems clear from Alito's questioning when the court heard argument in the case that he was taking issue with the president's assertion that the court reversed 100 years

of law, rather than with Obama's reference to foreign influence, which also has generated some legal debate.

At the September argument, Alito suggested to attorney Seth Waxman that 20 years was the appropriate time frame, encompassing two high court decisions that upheld limits on corporate spending in campaigns.

"Mr. Waxman, all of this talk about 100 years and 50 years is perplexing," Alito said then. "It sounds like the sort of sound bites that you hear on TV. The fact of the matter is that the only cases that are being, that may possibly be reconsidered, are McConnell and Austin. And they don't go back 50 years, and they don't go back 100 years."

In the end, the court left untouched a 1907 law that bans contributions by corporations to candidates. But in overruling those two decisions, the court did strike down limits on corporations in a law that had been in place since 1947.

News organizations attempting to convey the sweep of the ruling without ignoring these distinctions said the court's opinion represented a sharp turn away from the century-long trend toward greater regulation of corporate contributions.

## Financial snapshots of credit unions based in Kern County

Credit union		Earnings	Membership	Assets	Capital ratio (1)	Membership declaring bankruptcy (2)	Net charge-offs (3)	Loan loss reserve (4)
AltaOne Federal Credit Union	2009	-\$8.8 million	46,446	\$527.8 million	6.45%	0.00470%	\$9.1 million	\$12.5 million
	2006	\$3.7 million	42,348	\$471.3 million	10.64%	0.00090%	\$1.4 million	\$2.7 million
Bakersfield City Employees Federal Credit Union	2009	\$45,000	2,900	\$26 million	8.03%	0.00136%	\$69,000	\$131,000
	2006	\$28,000	3,000	\$25 million	8.53%	0	\$2,000	\$9,500
Bakersfield Community Federal Credit Union	2009	-\$150,000	700	\$3.4 million	14.12%	0.01695%	\$71,000	\$77,000
	2006	\$23,000	730	\$3.5 million	20.06%	0	\$24,000	\$32,000
Chevron Valley Credit Union/Sun Financial	2009	-\$229,000	13,000	\$133.5 million	9.13%	0.00807%	\$1.4 million	\$2.1 million
	2006	\$1.8 million	14,000	\$111.9 million	12.64%	0.00087%	\$330,000	\$813,000
Especco Federal Credit Union	2009	-\$170,000	1,900	\$9.8 million	20.97%	0.00693%	\$90,000	\$69,000
	2006	\$89,000	2,000	\$10.9 million	20.44%	0	\$3,000	\$27,000
Kern Federal Credit Union	2009	-\$4.9 million	24,000	\$228.6 million	8.34%	0.01011%	\$8 million	\$6.9 million
	2006	\$2.4 million	22,000	\$220.2 million	11.25%	0.00027%	\$601,000	\$1 million
Kern Schools Federal Credit Union	2009	-\$40.6 million	195,000	\$1.58 billion	4.89%	0.00280%	\$33.4 million	\$50.9 million
	2006	\$15.7 million	170,000	\$1.67 billion	8.86%	0.00062%	\$6.1 million	\$9.2 million
Safe 1 Credit Union	2009	\$1.5 million	41,000	\$352 million	10.18%	0.00571%	\$2.7 million	\$4.9 million
	2006	\$4 million	39,000	\$302 million	10.97%	0.00041%	\$318,000	\$647,000
StarEnergy Credit Union	2009	-\$41,000	1,500	\$6.5 million	7.70%	0.00197%	\$131,000	\$72,000
	2006	\$7,200	1,700	\$7.7 million	10.38%	0	\$46,000	\$87,000

Notes: All information as of Dec. 31, 2009; dollar amounts rounded.  
1: Capital ratio (net worth divided by total assets); a key measure of financial stability.  
2: Total members who filed for Chapters 7, 11 and 13 bankruptcy protection.  
3: Total of loans written off as bad debt, less the money recovered on bad loans  
4: This is the money set aside to cover possible future losses from bad debt

Source: National Credit Union Administration year-end filings.

THE CALIFORNIAN

# CREDIT UNIONS: Groups build cushions

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against possible problems down the road.

In an effort to cope with increasingly worrisome loan portfolios, credit unions have tucked millions of dollars into loan loss reserve funds set up to cover potential future write-offs. That money comes off the bottom line, and it contributed heavily to the red ink in 2009.

It also can be argued that the losses were partly beyond the credit unions' control. Some of them lost their investments when two out-of-state corporate credit unions were shut down by regulators.

One local credit union ultimately succumbed to the tough economy. State regulators shut down Kern Central Credit Union last month because of worries about its solvency. Its 2009 losses were not included in the \$53 million total.

On the other hand, two local credit unions — Bakersfield City Employees Federal and Safe 1 — posted 2009 year-end profits of \$45,000 and \$1.5 million, respectively.

Donna Severs, CEO and manager of Bakersfield City Employees Federal Credit Union, credited her institution's good fortune to its stable, closed membership of city and transit system

workers, a group that has avoided widespread layoffs. Another big factor was its decision to pull back from real estate lending a few years ago, she said.

"We've just tried to be real careful," Severs said. "So has everyone else — I don't want to gloat. There but for the grace of God go us."

DeAnn Straub, president and CEO of Kern Federal Credit Union, attributed the institution's nearly \$5 million 2009 loss to a first-quarter loss of about \$8 million, much of that stemming from its exposure to a corporate credit union that failed. She said another big factor was its members' inability to keep up with their car loans.

She nevertheless expressed pride in the fact that the institution was able to keep enough cash on hand to end the year with a capital ratio of 8.34 percent. That net worth-to-assets level, though below the 2006 level of 11.25 percent, signals that Kern Federal remains healthy.

"We'll continue to build that capital," Straub said, "so as we face these kinds of issues in the future, we'll have that cushion to be able to absorb them much better."

The lion's share of the county's credit union losses came from Kern

Schools Federal Credit Union, the county's largest financial institution with assets exceeding \$1.5 billion. It reported losing \$40.6 million in 2009.

The credit union is making progress to stabilizing its finances. It has raised its loan loss reserve to \$50.9 million — more than five times the total just three years before.

President and CEO Steve Renock said he plans to institute a wide-ranging cost-cutting campaign, the details of which he would not provide.

"We're reviewing all our expenses to make sure we're prudent," he said.

Officials at the California Credit Union League noted that Kern's pain is shared by others.

"I would say what you're seeing in Kern County and Bakersfield is very reflective of what's been happening, you know, throughout the whole state," said Rita Fillingane, the league's director of research and information.

The group's senior regulatory analyst, Chris Collver, said credit unions' financial condition should raise no alarm, and that things should turn around just as soon as does the economy.

"We're all in the boat," he said, "just kind of waiting to see."