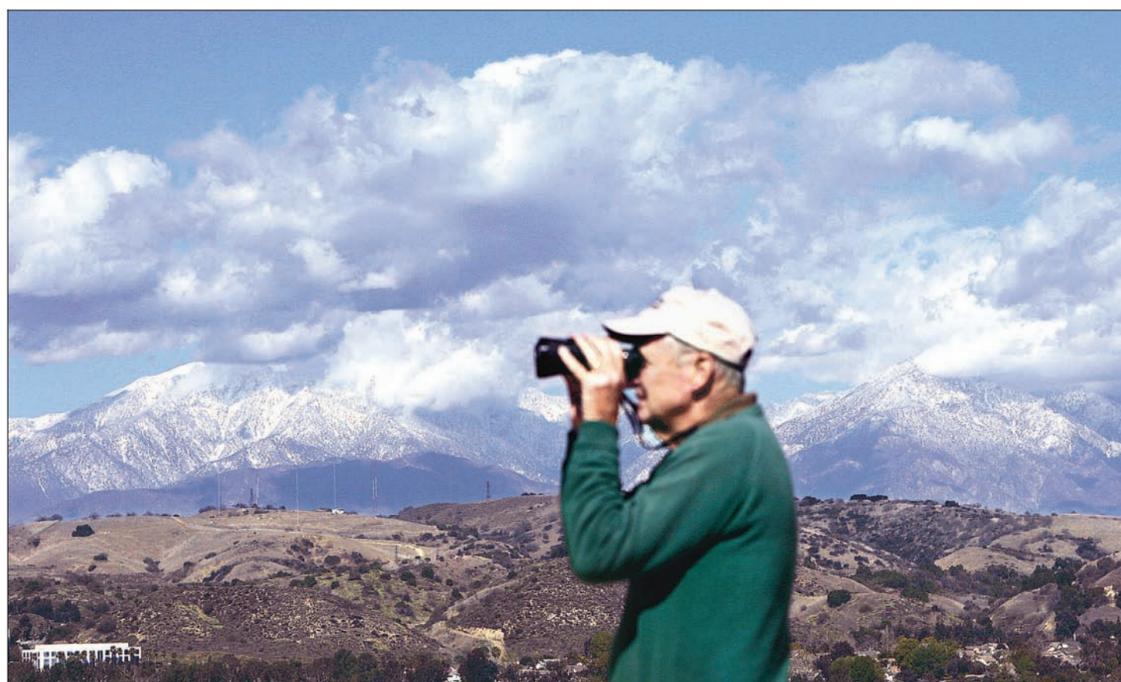


Los Angeles Times

Thursday, March 1, 2007

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ALLEN J. SCHABEN Los Angeles Times

A WHOLE NEW LOOK

Mountain View Park in Fullerton provides a commanding view of the freshly snowcapped San Gabriel Mountains. The forecast calls for today to be sunny, breezy and cool throughout the Southland. **WEATHER, B10**

China market a new equation for investors

Cash that drives shares in Shanghai also keeps U.S. interest rates low. Learn to read the swings, analysts say.

By DON LEE
Times Staff Writer

SHANGHAI — It may have been the day Chinese investors shook the world.

Even as U.S. stocks stabilized Wednesday, analysts and investors were left wondering how Tuesday's 8.8% plunge in the market here launched a wave of selling that traveled around the globe.

Few people could have expected that a drop in Shanghai would be felt so widely. After all, China's 16-year-old stock market is undeveloped, small and volatile.

The Shanghai Stock Exchange is a speck among world markets and not very significant in China's own economy. But China has come to loom large for many countries and multinational companies.

Foreign investment in China's stock market accounts for less than 3% of its value. But a growing number of major U.S. corporations, including General Motors Corp., Wal-Mart Stores Inc. and Starbucks Corp., have placed large bets on China's economy and are looking to the world's most populous nation for a bigger chunk of their future earnings.

"This is a new experience and all bets are off," said Oded Shenkar, a management professor at Ohio State University and author of "The Chinese Century," which focuses on China's rise in the global economy.

He and other analysts said that, like it or not, investors in

RELATED STORIES

U.S. shares post mild rebound

Stocks rise modestly amid wariness about the economy. **BUSINESS, C1**

Fed chairman wins kudos after hearing

Ben Bernanke's calmness is reassuring, analysts say. **BUSINESS, C1**

the U.S. and elsewhere may have to learn to better read and respond to wild, unpredictable swings of a foreign stock market in which a nominally Communist government wields a heavy hand.

Some American investors might be shocked to know that their losses Tuesday were partly caused by waves of rumors several thousand miles away — chatter that the Chinese government was about to take steps to cool the highflying Shanghai market.

"For the first time, we have a stock market [in China] under a very different system," Shenkar [See China, Page A12]

COLUMN ONE

He's his own port authority

A seafaring 'repo man' uses stealth and trickery to seize cargo ships taken by thieves or corrupt officials. Once, a witch doctor came in handy.

By DAN WEIKEL
Times Staff Writer

New Orleans

Repossessing a used Chevrolet can be tricky, consider retrieving the Aztec Express, a 700-foot cargo ship under guard in Haiti as civil unrest spread through the country.

Only a few repo men possess the guile and resourcefulness for such a job. One of them is F. Max Hardberger, of Lacombe, La. Since 1991, the 58-year-old attorney and ship captain has surreptitiously sailed away about a dozen freighters from ports around the world.

"I'm sure there are those who would like to add me to a list of modern pirates of the Caribbean, but I do whatever I can to protect the legal rights of my clients," said Hardberger, whose company, Vessel Extractions in New Orleans, has negotiated the releases of another dozen cargo ships and prevented the seizures of many others.

His line of work regularly takes him to a corner of the maritime industry still plagued by pirates, underhanded business practices and corrupt government officials, waters the Aztec Express sailed right into.

The saga began in 2003 when the vessel's Greek owner died and his company did not keep up payments on a \$3.3-million mortgage.

Bahamian court records show that an American businessman who had used the vessel to haul 235 used cars from the northeastern United States to Haiti did not pay the charter fee, contributing to the loan default.

Once the ship arrived in the Haitian port of Miragoane, the businessman bribed judicial officials to seize the vessel and sell it to him in a rigged auction, according to court records.

Meanwhile, a violent rebellion threatened to topple President Jean-Bertrand Aristide, making it impossible for the lender or the owner's relatives to contest the sale.

The condition of the Aztec Express further complicated matters. Its main engines were out of commission, having been idle and untended for months.

Hardberger was hired by the New Jersey-based mortgage holder. He flew to Haiti and drove with an armed bodyguard to Miragoane.

He gathered two important [See Repo, Page A4]

After three flush years, lottery sees a downturn

Officials blame a lack of big jackpots for lower revenue projections. Consultants are hired to evaluate the games.

By NANCY VOGEL
Times Staff Writer

SACRAMENTO — After three years of record sales, the California Lottery has hit a slump, triggering introspection about how the 22-year-old agency does business.

Lottery officials blame a lack of big jackpots in its Mega Millions and SuperLotto Plus games for forcing them to lower their projected revenues this year from \$3.6 billion to \$3.2 billion. By law, just over a third of lottery income goes to education. Last year, the lottery gave \$1.29 billion to schools. This year, because of lower revenues, the lottery expects to give schools \$1.13 billion, a loss of \$160 million.

"We're seeing a definite trending down in sales," Lottery Director Joan Borucki told the Lottery Commission on Wednesday.

Such a midyear correction has not occurred at the lottery in

more than a decade. Concerned officials say they have hired marketing consultants to study their "brand image" and suggest improvements.

They will examine the Saturday half-hour "Big Spin" television show to see whether it's worth keeping, and survey players and store owners about the games. Another point for review is whether higher payouts on games might boost sales.

When California joined the 11-state Mega Millions game two years ago, lottery officials hailed it as a giant-jackpot draw that would boost sales by half a billion [See Lottery, Page A21]

Vivid memories of a bloody bank heist

A North Hollywood community recalls the rampage 10 years ago.

By SHARON BERNSTEIN AND ANDREW BLANKSTEIN
Times Staff Writers

Dora Lubensky can't forget the man soaked with blood who collapsed on her doorstep, pleading, "Let me in! Let me in!" She called 911. The operator's orders frightened her more: "Don't let him in. Get away from the window, lay down and stay out of sight."

A decade has passed since that morning of Feb. 28, 1997, but the memories are fresh for the North Hollywood residents and business owners and the police

who lived through the bank robbery that left 11 officers and seven civilians wounded.

Lubensky was at the center of a 44-minute gun battle, with two heavily armed bank robbers clad in body armor firing more than 1,100 rounds against a badly outgunned police force.

The two robbers died at the scene; one shot himself in the head and the other bled to death after being hit by more than two dozen bullets.

Even as gentrification has touched this working-class area, the site of the shootout remains a powerful reminder of that day and its lingering effects.

Jose Haro, 73, still works as a locksmith in a kiosk across the street from the Bank of America branch. On the day of the shootout he threw one woman to the [See Anniversary, Page A23]



Associated Press

IN 1961: "It was the most exhilarating experience of my life, working for and with JFK," Schlesinger said. His book on the president won a Pulitzer Prize.

Arthur M. Schlesinger Jr.: 1917-2007

Influential historian, intellectual and aide to President Kennedy

By DENNIS MCLELLAN
Times Staff Writer

Arthur M. Schlesinger Jr., the two-time Pulitzer Prize-winning historian and former special White House assistant to President Kennedy who was an influential liberal voice in American politics for decades, died Wednesday. He was 89.

Schlesinger, who chronicled the Kennedy administration in his 1965 Pulitzer Prize-winning book, "A Thousand Days," suffered a heart attack Wednesday night at a New York City restaurant, according to his son Stephen C. Schlesinger. He was pronounced dead at New York Downtown Hospital.

Once described as "one of the last great figures from the Golden Age of American intellectuals," the Harvard-educated historian received early recognition for his scholarly work.

He was 21 when his first book, "Orestes A. Brownson: A Pilgrim's Progress," was published in 1939. In a review for the New York Times, renowned historian Henry Steele Commager said the book about the 19th century American intellectual "not only rescues from undeserved oblivion a striking and authentic figure in our history, but announces a new and distinguished talent in the field of historical portraiture."

At 28, Schlesinger received his first Pulitzer Prize, for the 1945 bestseller "The Age of Jackson," a [See Schlesinger, Page A22]

Inside Today's Times



JON HRUSA EPA

South Africa plans to cull elephants

The proposal, which includes sharpshooters and contraception, draws criticism from animal rights groups. **WORLD, A3**

Stolen journal was a piece of history

A World War II veteran's account of his brutal stay as a prisoner of war might have disappeared forever. **CALIFORNIA, B1**

The run-up to the L.A. Marathon

Sunday's race will take participants past a number of the city's landmarks and highlights. **CALIFORNIA, B2**

Latest news: latimes.com
Complete Index: [Page A2](#)



Trickery gets the job done

[Repo, from Page A1] pieces of information. Watchmen stationed on the Aztec Express sold fuel from the vessel on the black market. Second, port authorities had a cellphone, but they could use it only at the harbor's soccer field, where cellular service was reliable.

Hardberger managed to get the guards off the ship by offering to buy fuel. When they came down to the dock to discuss the transaction, off-duty Haitian riot police hired by Hardberger held them at bay.

MEANWHILE, an oceangoing tugboat also hired by Hardberger slipped into port and backed up to the Aztec Express. Under a full moon, the crew began cutting the anchor chains with blowtorches.

In case harbor officials noticed and tried to call for help on their cellphone, Hardberger had paid a witch doctor \$100 to cast spells on the port's soccer field. The witch doctor marked the field with gray powder, a clear warning to believers in voodoo, the nation's dominant religion. No call ever went out.

Once the freighter was freed, the tug hauled the ship out of port and headed for the Bahamas, where British-based maritime laws give a high priority to lenders' claims.

The next day, however, another tug intercepted the ship. Its captain said he had been sent to take over the operation.

Hardberger's team checked with the marine towing company hired for the repossession and found that no relief boat had been sent. It then summoned the Bahamian coast guard, which detained the other tug on suspicion of attempted piracy.

Hardberger said the second tugboat had been sent by the American businessman when he learned that the Aztec Express had been pulled out of Haiti.

In the Bahamas, a court upheld the ship's repossession and ordered its sale to settle the lender's claim.

"Haiti has a corrupt legal system where cronyism and corruption are the order of the day," Judge John Lyons wrote in his decision. "Justice is dispensed according to who can pay the going rate."

Hardberger said small-to-medium-size cargo ships such as the Aztec Express are among the most vulnerable to chicanery and illegal seizures.

Often operated by small shipping lines, these modern-day tramp steamers regularly visit developing countries plagued by unstable and corrupt governments.

In the worst-off nations, Hardberger said, it is possible to seize a \$10-million ship with a \$100 bribe to a justice of the peace.

"You need more than what an attorney can do in some of these countries," said John Lightbown, a ship owner who recently sought Hardberger's help to avert a seizure in Haiti.

"Deals can be bought and sold under the table. Max gets into the middle of things. He's been around the block," he said.

"I don't know anyone who does this, except for Max," said Jonathan S. Spencer, a New York-based maritime adjuster who determines the monetary losses of shipping accidents. "It's hard to say how much people like him are used. They work in gray areas of the law. They are very discreet, and the people who hire them are discreet as well."

WITH his graying hair, walrus mustache and moderate build, Hardberger doesn't fit the profile of a swashbuckler.

He taught history and English at parochial schools in Louisiana and Mississippi after graduating from the University of New Orleans and earning a master's degree from the University of Iowa Writers' Workshop.

Outside the classroom, he worked on Gulf Coast oil rigs and the vessels that served them. For several years in the 1980s he skipped a cargo ship in the Caribbean and later wrote



RISK-TAKER: "International waters are worse than the Wild West," says F. Max Hardberger, here on a mission to evaluate the extraction of a vessel. "In many ways, there is little or no opportunity to avenge the wrongs people have done to you."

On latimes.com

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"Freighter Captain," a novel based on the experience.

In 1998, after a four-year correspondence course, he passed the California bar exam on the first try. He now practices maritime law, mostly in the Caribbean, but regularly comes to Southern California to handle cases.

Hardberger fell into the ship extraction business in 1991 while managing two freighters for Morgan Price & Co., a waste-paper exporter in Miami.

Morgan Price had chartered one of the vessels, the Patric M, to a Peruvian company that used it to carry steel to Venezuela.

When the company refused to pay Morgan Price \$80,000, the Miami firm instructed the captain to dock at Puerto Cabello in Venezuela, its destination, but not unload the cargo.

In retaliation, Hardberger said, the Peruvian firm bribed court officials to detain the Patric M in port and allow the company to operate it. A judge even jailed the master and chief engineer, but not before the engineer was forced at gunpoint to power up the vessel's cranes so unloading could proceed.

Hardberger flew to Venezuela. He says he persuaded court officials to put the captain and chief engineer under house arrest at a hotel.

Hardberger then met with

the two men. The captain refused to participate in the repossession, fearing for his safety. When the chief engineer agreed to help, he and Hardberger slipped out of the hotel through a laundry room.

In the evening, they took a taxi to the waterfront and walked along the port wall that was topped with barbed wire, finally gaining entry by crawling under a railroad gate.

Once inside the port, Hardberger said, they hid in doorways, culverts and the shadows of shipping containers to elude guards and stevedores.

"Extractions are a big risk. If you get caught, you are looking at a very serious charge," Hardberger said. "In some countries, you could wait two or three years for trial and end up with a 20-year sentence."

At the unguarded ship, both men climbed the gangway, and Hardberger found the first mate, a heavy-set Panamanian, who agreed to cooperate.

The Patric M's crew, which had not been replaced by the Peruvian company, was assembled in the mess for a briefing. Everyone signed on to the plan.

Later in the evening, the crew cut the ship's lines from the deck. The main engine came to life with a few deep thumps.

Proceeding at "dead slow ahead," Hardberger steered the 340-foot cargo ship past a naval base and through the narrow harbor entrance.

En route to Aruba, Hardberger said, he received a radio message saying Venezuela had notified Interpol — the global police agency — that the ship had departed without permission.

He soon found an isolated anchorage off the island of Vieques, Puerto Rico. The crew ground off the original name and identification numbers that are stamped into the steel of every cargo ship when it is built.

All the Patric M's documents — plans, ledgers, log books and certifications — were copied and altered to reflect its new name. The originals were destroyed, including its Panamanian registration forms.

Then, Hardberger said, he found a country willing to register stateless vessels, no questions asked. He declined to name the country, but there were only a few at the time, such as Honduras, Vanuatu and the Marshall Islands. International regulatory agencies have since banned the practice.

About a year after acquiring its new identity, the Patric M was sold by Morgan Price.

"International waters," Hardberger said, "are worse than the Wild West. In many ways, there is little or no opportunity to avenge the wrongs people have done to you."

For the last 3½ years, Hardberger has operated Vessel Extractions with Michael L. Bono, an admiralty law attorney and one of his former high school students.

BEFORE repossessing a ship, they make sure the vessel has been seized illegally and the claims filed against it are fraudulent.

If negotiations and legal methods fail, the company will proceed with an extraction, a

step that might include payments to local officials if a nation's government is corrupt.

Those payments, Hardberger said, are made under exceptions in the federal Foreign Corrupt Practices Act, which prohibits U.S. citizens from bribing foreign officials to retain or obtain business.

"In a rogue state, you can't tie your hands behind you," Hardberger said. "It is common to find that the court system is rife with corruption."

Extracting a ship can cost a client \$100,000 or more.

If a repossession is requested, Hardberger and his team quietly enter the country involved. They seek out friendly officials and trusted local contacts such as ship agents who tend to a vessel's logistical needs in port.

"You need to pick up clues about the ship and what is said in the bars, at the ship chandlers and in the local warehouses," Hardberger said. "Crews are not that sophisticated and talk about their orders and departure times. You can really keep track of a vessel this way."

Hardberger said he does not carry a firearm, though he has hired bodyguards, as he did with the Aztec Express. Stealth and trickery are the preferred methods.

"I do not want my face seen," he added.

Such tactics were employed in April 1999, when Hardberger was asked to extract a 280-foot cargo ship that had put in for repairs at Drapetsona, a part of the Greek port of Piraeus. "It's a place," he says, "where ship names are repainted quickly."

The small freighter was Hungarian and, despite the fall of the Soviet Union, was still equipped with a commissar's office. It contained a secret radio room and the complete works of Lenin.

When the repair company charged four times the agreed-upon price to fix a huge dent in the stern, Hardberger said, the owner refused to pay. Port officials then denied the vessel a clearance to leave.

Hardberger and the ship's agent got permission to move the ship to a port anchorage under the ruse that she needed refueling. The new location would make it possible for a crew to reach the vessel by launch.

Then, with everything in place, Hardberger waited for the weekend of Greek Easter, a religious festival marked by rich pageantry and widespread celebration.

To help the coast guard enjoy the event, Hardberger arranged for the ship agent to drop off several cases of ouzo at the station, which overlooked the port.

At 2 a.m. on a Sunday, a crew boarded the unattended freighter and sailed it out of the harbor unnoticed.

Hardberger, who coordinated the operation from shore, sat in a seaman's bar in Piraeus with friends, including the ship's agent. In the ancient port, they toasted their success with vodka.

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Los Angeles Times

LATIMES.COM
A TRIBUNE PUBLISHING COMPANY
NEWSPAPER
Daily Founded Dec. 4, 1881
Vol. CXXVI No. 88

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LOS ANGELES TIMES (ISSN 0458-3035) is published by the Los Angeles Times, 202 W. 1st Street, Los Angeles, CA 90012

Periodicals postage is paid at Los Angeles, CA, and additional cities. POSTMASTER: Send address changes to Los Angeles Times, 202 W. 1st Street, Los Angeles, CA 90012.

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