

LATE SHOWERS
Increasing clouds today with showers arriving this afternoon; overcast tonight.
Forecast, B8

The Providence Journal

THURSDAY
OCTOBER 16, 2008

75¢
Home Delivery 401.277.7600

projo.com

Stocks tumble amid growing fears of recession

Nearly all the gains of Monday's record rally are wiped out as investors worry the nation faces a substantial economic downturn.

BY PETER S. GOODMAN
THE NEW YORK TIMES

Stock markets plunged anew yesterday, nearly wiping out the record gains of Monday and sending another wave of wealth destruction washing over American households.

The government's rescue of banks has been widely embraced, but the frenzied selling,

which pushed the Dow Jones Industrial Average down 733 points, underscored how the economy's troubles are too broad to be fixed by the bailout of the financial system.

Investors are recognizing that the financial crisis is not the fundamental problem. It has merely amplified economic ailments that are now intensifying: van-

ishing paychecks, falling home prices and diminished spending. And there is no relief in sight.

Yesterday's rout began in the morning with the latest evidence of the nation's economic deterioration — reports showing that retail spending slipped last month and broader signs of a pullback among suddenly thrifty American consumers.

Selling picked up momentum in the afternoon as the Federal Reserve's chairman, Ben S. Bernanke, cautioned Americans that the bailout would not swiftly lift the economy and that continued

Dow plunges again

The Dow fell 733 points yesterday, its second-largest point loss ever.

Dow Jones Industrial Average



SOURCE: Thomson Reuters AP

Quarter of area homeowners owe more than their house is worth

BY LYNN ARDITI
JOURNAL STAFF WRITER

One in four homeowners in Rhode Island and the New Bedford-Fall River area who bought their homes since 2003 owe more on their mortgages than their property is worth, according to new data from economic and real-estate research firms.

The situation, often described as being "under water," means these homeowners cannot sell their houses to get out from under their debts, or move for a new job. Nor can homeowners with zero equity borrow against their houses

to repair a boiler or pay college tuition.

That leaves only one option: cut back on spending.

"There is going to be a sea change in how aggressively households spend from here on in and for a long time to come," said Mark Zandi, chief economist at Moody's Economy.com. "We're going to have to at least match our spending with our incomes, and for many of us whose nest eggs are smaller, we'll have to start saving."

During the housing market's

SEE **OWE, A8**

And now, a bit of good news for Rhode Island

United Natural Foods Inc., a publicly traded distributor of natural and organic foods, is planning to move its corporate headquarters and 150

employees next May from Dayville, Conn., to the American Locomotive Works development on Valley Street in Providence. **Details, D1**

SEE **ECONOMY, A9**

Looks like Rays' time to shine

Maybe we should have seen this coming. Maybe we should have believed in the Tampa Bay Rays, this team that came from the ashes this past summer to win the American League East, this team with no tradition and no real fan base and not a lot of payroll, this team that now has the Red Sox down 3-1 in this American League Championship Series.



BILL REYNOLDS

Maybe we should have seen this coming. But no one really did. Not around here anyway.

ALCS, GAME FIVE
Game time: 8:07 tonight
On TV: TBS
On radio: 103.7 FM (WEEI)

All summer long, we doubted the Rays, this small-market team in a game where small-market teams usually don't count, this team full of names that only the most ardent of baseball fans had ever heard of. All summer

long, we figured it was just a matter of time before they collapsed, for there was no way in this baseball world the Rays were going to win the A.L. East over the Red Sox, right?

Until, of course, they did.

Until this team that plays in a domed stadium that used to be infamous for more empty seats than fans, this franchise that was derisively referred to as the "Devil

SEE **REYNOLDS, A11**

Sexual activity reported at teen care center

A Family Court judge removed one girl from the substance-abuse treatment center after she said she was approached by other teens.

BY EDWARD FITZPATRICK
JOURNAL STAFF WRITER

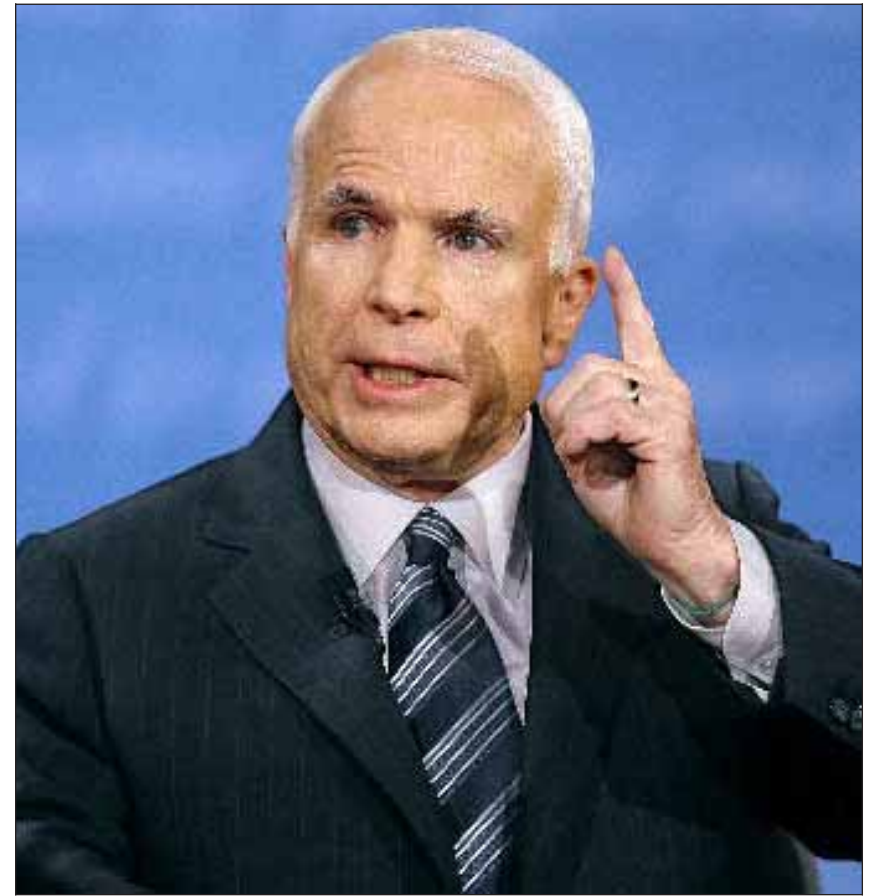
Teenage girls receiving substance-abuse treatment at Caritas House in Cranston have reported sexual activity among the residents and two "outbreaks" of scabies within three months, according to a Family Court investigation.

Caritas House is a 16-bed treatment center for girls ages 13 to 17 that was founded in 1971, when it became the first gender-specific residential substance-abuse treatment center in the country.

Family Court Chief Judge Jeremiah S. Jeremiah Jr. said he removed a girl from Caritas

SEE **CARITAS, B8**

Debate turns heated



NYT / TODD HEISLER, left; AP / SETH WENIG, right

In their third and final debate, the Democratic presidential nominee, Sen. Barack Obama, accused his Republican opponent, Sen. John McCain, of trying to divert attention from the issues, including the economy. McCain hammered at Obama's tax proposals.

BY JOHN M. BRODER and ELISABETH BUMILLER
THE NEW YORK TIMES

Sen. John McCain last night repeatedly tried to put Sen. Barack Obama on the defensive in the final debate of the marathon presidential race, accusing him of seeking to raise taxes and associating with a former terrorist.

Obama, pivoting away from McCain's critiques, accused his opponent of trying to divert attention from the na-

tion's ailing economy, refocusing the debate to his central assertion about McCain: that the Republican represented a continuation of Bush administration economic policies. It was a line of attack that McCain was prepared for.

"Senator Obama, I am not President Bush," McCain said. "If you want to run against President Bush, you should have run four years ago."

He asserted emphatically, "I want to take the country in a different direction."

Their exchanges were the most spirited of their three debates, with Democrat Obama repeatedly accusing McCain of relying on attack politics to distract Americans from the nation's economic crisis on a day when the Dow plunged

733 points.

Saying that negative campaigning had been the "primary focus" of McCain's campaign, Obama said the race should instead center on what Americans "deserve over the next four weeks," adding "that we talk about what's most pressing to them — the economic crisis."

The two also had a heated exchange about

SEE **DEBATE, A4**

Palin seeks to strike familiar tones in Granite State

Republican vice presidential candidate Sarah Palin, the governor of Alaska, arrives for a campaign event in Dover, N.H., yesterday.



AP / JIM COLE

The GOP's vice presidential hopeful tells a cheering crowd that their independent spirit reminds her of her native Alaska.

BY STEVE PEOPLES
JOURNAL STATE HOUSE BUREAU

LACONIA, N.H. — Her hometown may be 4,600 miles away, but Sarah Palin says she has much in common with the residents of this working-class city set along the hills and lakes of central New Hampshire.

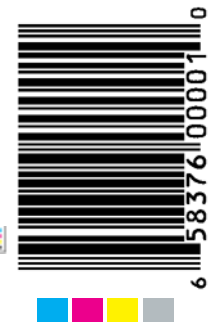
"You seem to be a lot like the people of Alaska — so independent," the Republican vice presidential candidate told several hundred supporters at a rally on the banks of

Lake Winnepesaukee yesterday afternoon. "I know you guys love your moose hunting, also."

Palin hopes those commonalities will pay dividends on Nov. 4.

As the Republican presidential ticket loses ground nationally, the latest polls show that the McCain-Palin team also trails its Democratic opponents in this state of 1.3 million, generally considered the last of New

SEE **PALIN, A4**



INSIDE TODAY

© 2008 Published daily since 1829

5 SECTIONS	
Ask Amy	E20
Bridge	E20
Business	D1
Classified	D6
Comics	E21
Crossword	E20
Editorial	B6
Legal ads	A11
Lifebeat	Weekend E1
Lotteries	C2
Obituaries	B4
People	E1
Rhode Island	B1
Sports	C1
Television	E22

UTILITY FOUND GUILTY

A federal jury finds the utility company Southern Union guilty of one count of illegally storing liquid mercury without a permit on one of its properties in Pawtucket, but acquits the company of two related charges. **B1**

RAISING SUSPICIONS

French police are investigating the discovery of toxic mercury pellets in the car of a human-rights lawyer who became ill a day before pretrial hearings in Moscow into the killing of one of her best-known clients, journalist and Kremlin critic Anna Politkovskaya. **A2**

HIGH HURDLE FOR PATRIOTS

After a weak performance against the Chargers last Sunday, the New England Patriots won't have it any easier when they face the Denver Broncos on Monday night. **B1**



IN THEIR HEARTS AND MINDS

Senior Chief Petty Officer David E. Clauss has a bunch of new friends who will be keeping track of him during his deployment to Afghanistan: about 50 first-graders at the Wakefield Hills Elementary School in West Warwick. **B1**