

EUROPE: A U.S. impact?

CONTINUED FROM PAGE D1 come the region's "lender of last resort."

The flight from European sovereign debt and banks has spanned the globe. European institutions like the Royal Bank of Scotland and pension funds in the Netherlands have been heavy sellers in recent days. And earlier this month, Kokusai Asset Management in Japan unloaded nearly \$1 billion in Italian debt.

At the same time, U.S. institutions are pulling back on loans to even the sturdiest banks in Europe. When a \$300 million certificate of deposit held by Vanguard's \$114 billion Prime Money Market Fund from Rabobank in the Netherlands came due on Nov. 9, Vanguard decided to let the loan expire and move the money out of Europe. Rabobank is considered one of the strongest banks in the world.

The latest evidence that governments, too, are facing a buyers' strike came Thursday, when a disappointing response to Spain's latest 10-year bond offering allowed rates to climb to nearly 7 percent, a record. A French bond auction also received a lukewarm response.

Traders said fewer international buyers were stepping up at the auctions. The European Central Bank cannot buy directly from governments but is purchasing euro zone debt in the open market. Bond rates settled somewhat Friday, with Italian yields hovering at 6.6 percent and Spanish rates around 6.3 percent; each had been below 5 percent this year.

For Spain, the recent rise in rates means having to spend an extra \$2.4 billion annually to borrow, rapidly narrowing the options of European leaders. For Italy, every 1 percent

rise in rates translates to about \$8 billion in extra costs annually, according to Barclays Capital.

If officials simply cut spending to pay the added interest costs, they face further economic contraction at home. If they ignore the bond market, however, they could find themselves unable to borrow and pay their bills.

Either situation risks choking off growth in Europe and threatens the stability of the continent's banks, which would further undermine demand and business confidence in the United States and around the world.

Experts say the cycle of anxiety, forced selling and surging borrowing costs is reminiscent of the months before the collapse of Lehman Brothers in 2008, when worries about subprime mortgages in the U.S. metastasized into a global market crisis.

Doctor sentenced to 5 years on insider trading charges

■ 'Blurred the line' between right and wrong

By LARRY NEUMEISTER
ASSOCIATED PRESS

NEW YORK — A Harvard University-trained physician was sentenced Friday to five years in prison for evading \$30 million in investment losses by obtaining inside information from a fellow doctor.

Joseph "Chip" Skowron III apologized to his wife and friends in a packed Manhattan courtroom before U.S. District Judge Denise Cote announced the sentence.

The Greenwich, Conn., resident pleaded guilty in August to conspiring to commit securities fraud and obstructing justice.

"I was not aware of the changes that were happening in me that blurred the line between right and wrong," he said. "I allowed myself to slip into the world of relativism where the ends justified the means."

Skowron admitted gaining an advantage in his work as a hedge fund analyst in 2007 and 2008 by using tips gained through conversations with a French doctor who knew inside information about clinical drug trials.

Skowron was charged after the French doctor, Yves Benhamou, pleaded guilty to conspiracy to commit

securities fraud and other charges in a cooperation deal with prosecutors. Benhamou was widely known in Europe and the United States as an expert in the treatment of hepatitis C.

"Chip Skowron's medical training and expertise, along with his knowledge of the health care industry, undoubtedly gave him a legitimate trading edge," U.S. Attorney Preet Bharara said. "But that wasn't enough. He still took a corrupt path to protect his hedge fund and himself from sustaining a multimillion-dollar loss, and then corruptly tried to obstruct the government's investigation."

As part of his plea deal, Skowron, 42, has agreed to forfeit \$5 million to the United States. The judge also ordered him to pay restitution of \$6 million. He's to surrender to prison officials by Jan. 6.

The probe began after the Securities and Exchange Commission spotted trading irregularities in the stock of a liver disease drugmaker.

It then learned of the relationship between Skowron and Benhamou, who worked as a consultant to Human Genome Science, a biopharmaceutical company, on clinical drug trials evaluating the safety of the drug Albuferon for the treatment of chronic hepatitis C. Albuferon is the commercial name for a drug the company de-



LOUIS LANZANO: BLOOMBERG
PRISON TIME: Joseph "Chip" Skowron III, a physician and former fund manager, leaves federal court in New York on Friday.

veloped and planned to market with Novartis, a Switzerland-based pharmaceutical company.

In December 2007, Benhamou began tipping Skowron about serious adverse effects that occurred with two patients involved in the Albuferon clinical trial, authorities said. One of the patients later died.

Benhamou, who pleaded guilty in April, is scheduled to be sentenced Dec. 8.

Skowron studied at Vanderbilt University before he obtained his medical degree in 1998 from Yale University. He also earned a doctorate in cell biology from Yale before beginning his Harvard residency.



THOMAS B. SHEA: FOR THE CHRONICLE

PROFITING FROM SLEEP: Houston-based Mattress Firm is adding roughly two stores a week, CEO Steve Stagner says, and it recently bought 54 stores from rival Mattress Giant.

IPO: Biggest in local market

CONTINUED FROM PAGE D1 Firm, Stagner said. Access to public investment will help the company improve its position as a dominant chain nationally, he said.

The company is adding about two stores a week, Stagner said, and recently the company closed on a deal to acquire 54 stores from a competitor, Mattress Giant.

Its strategy is to add two-thirds of its new stores in existing markets and the rest in new markets, Stagner said.

Mattress Firm earned \$57 million on \$494 mil-

lion in sales last year, said Stagner, who has been CEO for more than a year after being named chief operating officer in 2005.

Mattress Firm's offering comes amid a weak overall market for IPOs in the U.S. recently, said Chris Schaeper, a corporate securities lawyer in the Houston office of global law firm Thompson & Knight.

While energy and health care offerings have been strong for IPOs, the retail sector has been mixed, he said.

As a retail company, Mattress Firm benefits from having its base in

Texas, where the employment market is relatively good, Schaeper said.

Private equity firm J.W. Childs owns a major stake of Mattress Firm, Schaeper noted, so it was already a closely held company. Most IPOs being listed are backed by private equity firms, he said.

"We started in Houston 25 years ago and are very proud of our success," Stagner said. Mattress Firm has the largest share of the local mattress market, and Houston is the company's largest market, he added.

david.kaplan@chron.com

Q&A: Eye contact important

CONTINUED FROM PAGE D1 two or three points. Don't complicate it. Keep it clear. Too often people try to show off what they know. You have to pick your gems.

Another common pitfall is the speaker thinks the audience sees all the mistakes and all the nervousness. But in fact the audience doesn't know. You may be sweating in the palms, but the audience doesn't know that. The key is to control the nervousness.

Q: How do you do that?

A: Even experienced speakers are nervous. One way is to fake it and pretend you're confident. Other ways include preparing your speech well, rehearsing it, knowing your audience and getting lots of experience. Take every opportunity to get on stage.

Twenty years ago I never would have imagined I could speak in front of 1,000 people. Now I do it as a matter of course.

One of my major achievements, thanks to a fellow member, came from a tip: "George, you're the best when you're speaking off the cuff. Throw out

your notes." I used to hang on to my notes for dear life. I never looked back from that.

Q: Do you have any sort of pre-speech ritual?

A: I try to run through the key points and not worry about the details, which create a lot of nervousness. Let it go. The audience doesn't know what I missed.

Q: What's the best way to connect with your audience?

A: I gave a speech in St. Louis with high school students in the audience. I was talking about the mental maps that guide our lives. I used the word GPS, and that word connected with them. They understand that. If I used the old words — like maps and topography — I would have lost them. One of the keys is knowing your audience and then use their language as much as possible.

We live in a very lonely world. We want to connect, we want to be understood and we want to be heard.

That shows up in our work. Many Toastmasters tell me they got promotions

because of their years in Toastmasters. Their communication and leadership abilities get noticed by their bosses.

Q: I've always heard one trick to calming your nerves is to imagine everyone in the audience in their underwear. Do you do that?

A: No. I've never tried that.

Q: What is a common mistake when it comes to body language during a speech?

A: To stand there stiff and frozen. And keeping your eyes on only part of the audience and ignoring the others. People want to feel important and noticed. You can't believe how powerful eye contact can be.

Q: What is the most difficult speech someone can make?

A: How to make a dry technical presentation interesting. The key is to limit jargon and bring it down to a level that an average guy can understand. And self-deprecating humor always works.

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