

FROM THE COVER

TAXES

Switzerland, U.S. reach accord on bank secrecy

NEW YORK TIMES

Switzerland and the United States reached a watershed deal Thursday to punish Swiss banks that helped wealthy Americans stash money in hidden offshore accounts, closing the door on an era of bank secrecy and tax evasion.

The formal agreement, which was announced Thursday by the Justice Department in Washington and will be presented by Swiss authorities Friday, outlined formulas for Swiss banks to pay up to billions of dollars in fines and to disclose details of American account hold-

ers, a joint statement said.

The deal calls for stiff measures. Banks will have to hand over details on accounts in which U.S. taxpayers have a direct or indirect interest; turn over account information via treaty channels between the two sides; inform on other banks that transferred money into secret accounts or that accepted money when secret accounts were closed; disclose all cross-border activities; and close the accounts of Americans evading taxes.

Significantly, the deal does not cover 14 Swiss banks and Swiss branches of international banks

that are under criminal investigation by U.S. authorities. Instead, it effectively covers the rest of the Swiss banking industry, home to a tradition of bank confidentiality and laws that have not considered tax evasion a crime. Switzerland is home to more than \$2 trillion in overseas deposits.

"This program will significantly enhance the Justice Department's ongoing efforts to aggressively pursue those who attempt to evade the law by hiding their assets outside of the United States," Attorney General Eric Holder said in a statement.

TRADING HALT

Nasdaq pins blame on a surge of data

ASSOCIATED PRESS

The Nasdaq OMX Group on Thursday attributed last week's three-hour trading halt a surge of data that overwhelmed its server, in the stock market operator's most detailed accounting yet of the market outage.

In a statement, the company highlighted more than 20 attempts by Arca, one of the exchanges run by NYSE Euronext, to connect and then disconnect to the system that provides prices for recent trades in Nasdaq stocks. Those were accompanied by

what Nasdaq described as a stream of quotes for inaccurate symbols from Arca, which Nasdaq's system was forced to reject.

The two incidents together inundated Nasdaq's system with more than twice the data that it was designed to handle.

A flaw in Nasdaq's own server then emerged that essentially led to the failure of the backup system to kick in, forcing to shut down the system. At 11:14 a.m. Central time, the exchange sent a notice to traders notifying them of the complete market halt.

"They obviously had issues, and it caused an

event," Robert Greifeld, Nasdaq's chief executive, said in an interview Thursday, referring to the NYSE exchange. "We obviously had issues, we should be able to handle that. We were supposed to be able to fail over, and we did not."

He added that Nasdaq was not blaming Arca for the outage. But he said Nasdaq was accepting responsibility for its share of problems while also pointing to what he described as broader issues affecting the stock market industry. A NYSE Euronext spokesman declined to comment.

Chain says it's an 'entry point' for workers

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while holding a sign that said "Fight for \$15."

Martinez said he plans to go back to work on Friday.

Burger King said in a written statement Thursday that it provides an "entry point" into the workforce for millions of Americans and that many of its franchisees launched their careers at the restaurants. More than 99 percent of the restaurants are independently owned.

"As a corporation, we respect the rights of all workers; however, Burger King Corp. does not make hiring, firing or other employment-related decisions for our franchisees," Burger King said in the statement.

More than teens

U.S. Rep. Sheila Jackson Lee, D-Houston, appearing at the lunchtime protest, said it's a myth that fast-food workers are just teenagers working part-time during high school.

Many are parents who support their families, and many are senior

citizens who must go back to work because they can't afford their medicine, Jackson Lee said.

Labor Secretary Thomas Perez told the Associated Press that the protests across the nation were a sign it's time to raise the minimum wage.

"For all too many people working minimum-wage jobs, the rungs on the ladder of opportunity are feeling further and further apart," Perez said.

3 part-time jobs

Teresa Ramirez came out to support the fast-food workers in Houston. She said she works three part-time jobs to support her four children, who range in age from 10 to 21. For five hours a night, she earns \$8.70 an hour as a janitor. She takes care of a disabled woman for \$7.25 an hour and cleans houses.

Ramirez, 49, a member of the Service Employees International Union, said she and other low-pay workers need higher wages.

"So I can provide for what they deserve," she



Cody Duty / Houston Chronicle

Protesters rally in front of a Taco Bell. U.S. Rep. Sheila Jackson Lee said fast-food workers aren't just teenagers working part-time. Many employees are parents supporting their families, she said.

said, speaking about her children. They need school supplies, food and health care, Ramirez added.

At 6 a.m. Thursday, protesters gathered in front of the Burger King near Westheimer and Montrose.

The plan was for a worker to enter Burger King at 6 a.m. and hand over a strike notice, but the doors to the dining room remained locked as

an employee sat inside on the phone.

Fast-food CEOs

Protest leaders also wanted to march to the nearby McDonald's on Waugh, but since it was undergoing a face-lift, it didn't have the same effect as the Burger King and a Jack in the Box a block away, which was already humming with morning commuters getting breakfast.

The protesters held up signs that said "Hold The Burger / Hold The Fries / We Want Our Wages Supersized."

Local pastor David Madison of the Greater Ward African Methodist Episcopal Church read a statement from his iPad, comparing Thursday's protests to the march that the Rev. Martin Luther King Jr. led 50 years ago this week.

He said it wasn't right

that some fast-food CEOs make "hundreds of dollars a second" as workers struggle to get by.

"A living wage equals an ability to participate in the economy," Madison said as the sun was coming up over Montrose. "A living wage equals the ability to not depend on public assistance."

lm.sixel@chron.com
twitter.com/lmsixel
craig.blacut@chron.com

Builder says many younger people prefer 'urban core'

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35,000 homes and 15,000 apartment units. "We have half a year supply on the ground," Jarvis said. But he said builders are busy closing the gap. Across the Houston area, he said, plans are in place to develop 70,000 lots, and work has begun on 40,000 of those.

No fear of bubble

Other panelists at the presentation sponsored by the Urban Land Institute cited the unmet demand in brushing aside concerns about a possible bubble anytime soon. They also said rising

interest rates would not greatly affect the market.

"You can't use the term bubble in Houston. The demand is there, and it's up to us to supply it," said Tim Welbes, president of The Woodlands Development Co.

One soft spot

Jarvis acknowledged one soft spot in the market: demand for entry-level homes.

But he and others said demand for other houses is robust, even though many of the buyers are younger professionals. These buyers, in their 20s to early 40s, are often attracted to inner-



Mayra Beltran / Houston Chronicle

Workers stack roofing materials to complete a home in Sugar Land. In the Houston area, construction has begun on 26,000 homes over the past 12 months.

city loft living.

"My kids' vision is not to go out and live out in suburbia," said David Weekly of David Weekly Homes. "The urban

core will be the focus ... Young folks want a different lifestyle now."

But the suburbs continue to do well, with consumers still drawn to

master-planned communities with high-performing schools, the panelists said. At the same time, suburbs are becoming more "urban" with town-

center type developments.

Doug Goff, senior vice president and chief operating officer of Johnson Development Corp., said the planned communities on the edge of Houston can make their projects more appealing by adding retail, multifamily complexes and entertainment.

"That's the environment that will keep them in the suburbs," Goff said.

Developers and builders have been drawn to areas such as Sugar Land and Missouri City. The Katy and Fulshear areas are increasingly popular as well, Goff said.

He said the continued expansion of the Grand Parkway continues to fuel suburban development.

"It's not like we're running out of land," Weekly said.

erin.mulaney@chron.com
twitter.com/erinmulaney

Horizontal wells drive Permian investment surge

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go back there and unlock massive resources," said Scott Pearson, an upstream analyst at Wood Mackenzie. "There's a lot of hype about big numbers."

To put Wood Mackenzie's forecast of \$22 billion capital expenditures in

context, Pearson said, the firm also is predicting that oil and gas players will invest \$28 billion through the entire Eagle Ford in South Texas in 2013. That would be a quarter of oil capital expenditures in the Lower 48.

One factor driving the investment surge: Horizontal wells are a lot

more expensive to drill than conventional wells, running \$6 million to \$10 million per well compared to \$1 million to \$2 million for a vertical well, Pearson said.

Still, it could take another \$145 billion in capital expenditures to fully develop the Bone Spring play, and another \$75 bil-

lion before the Wolfcamp is completely cultivated, according to Wood Mackenzie. But in the next five years, the firm expects the Bone Spring to produce 600,000 barrels of oil per day and Wolfcamp to pump 400,000 barrels per day.

The rate of merger and acquisition deals in the

Permian Basin has been slow, but as operators fire up development, the region could see joint ventures and smaller-scale acquisitions pick up, according to Wood Mackenzie.

However, "the Wolfcamp and Bone Spring's complexity and uncertainty around the ultimate

potential of other stacked producing formations could deter some potential entrants," Benjamin Shattuck, an upstream analyst for Wood Mackenzie, said in a written statement. "Even seasoned unconventional operators require 15 to 20 wells to successfully climb the learning curve."

collin.eaton@chron.com
twitter.com/CollinEatonHC