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THE WALL STREET JOURNAL.

DOW JONES | News Corp ****** FRIDAY, APRIL 14, 2017 ~ VOL. CCLXIX NO. 86 WSJ.com ★★★★ $3.00

DJIA 20453.25 ▼ 138.61 0.7% NASDAQ 5805.15 ▼ 0.5% STOXX 600 380.58 ▼ 0.35% 10-YR. TREAS. ▲ 16/32, yield 2.237% OIL $53.18 ▲ $0.07 GOLD $1,285.90 ▲ $10.60 EURO $1.0615 YEN 109.09

What's News

Business & Finance

Banks warned that investors won't see benefits from rising rates and Trump's election as quickly as many had hoped, even as J.P. Morgan and Citigroup posted sharp profit gains. **A1**

◆ **China's yuan posted** its biggest one-day gain against the dollar in nearly three months, as Beijing pushes to prop up the currency. **A1, B10**

◆ **The passenger** who was dragged off a United flight plans to sue after suffering a concussion and other injuries, his attorney said. **B1**

◆ **T-Mobile, Dish** and Comcast were among the top buyers in the government's wireless-airwaves auction, which drew $19.8 billion in bids. **B1**

◆ **Stocks sank** for a second week, led by financial and industrial shares. The Dow slid 138.61 points on Thursday to close at 20453.25. **B11**

◆ **The largest** U.S. tech firms in the S&P 500 fell for the 10th session in a row. **B12**

◆ **A number of forecasters** are beginning to reconsider their bullish outlooks for the U.S. economy. **A2**

◆ **The FDA criticized** Abbott for failing to properly investigate and resolve risks related to heart devices. **B3**

◆ **A cybersecurity firm** is raising fresh concerns about hackers taking control of moving cars. **B2**

◆ **VW has bought back** or ended leases of nearly 238,000 diesel vehicles affected by its emissions scheme. **B3**

◆ **Uber resumed** service in Taiwan but faces fresh hurdles in Europe. **B4**

World-Wide

◆ **Trump's growing** reliance on former corporate executives in his White House—and business leaders outside of it—helped shape this week's reversals on several hard-line positions, officials say. **A1**

◆ **The U.S. dropped** one of its largest nonnuclear bombs on an Islamic State tunnel-and-cave complex in eastern Afghanistan. **A1**

◆ **The Pentagon said** the U.S. mistakenly killed 18 allies in Syria in a misdirected airstrike meant to target Islamic State. **A7**

◆ **North Korea appears** prepared to stage its sixth nuclear weapons test as soon as this weekend, officials said. **A8**

◆ **Brazil's president** was accused of a role in a deal to funnel a $40 million bribe to his political party. **A5**

◆ **The U.S. sanctioned** the brother of Iran's top spy master for alleged human-rights violations. **A6**

◆ **Russian officials said** it was too early to gauge if ties with the U.S. would improve after Tillerson's visit. **A6**

◆ **CIA chief Pompeo** called the website WikiLeaks a "nonstate hostile intelligence service." **A4**

◆ **The Border Patrol**, under orders to expand, is considering eliminating polygraph exams for many applicants. **A3**

◆ **California is considering** moving its Democratic primary to March from June. **A3**

◆ **Canada's government** introduced a bill that would legalize marijuana. **A6**

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As the Fight in Syria Heats Up, Forces Make a Deadly Error

SAMEER A-DOUMY/AGENCE FRANCE-PRESSE/GETTY IMAGES

TOY GUN, REAL WAR: A boy in the rebel-held town of Douma, east of Damascus, plays in a moment of quiet in the Syrian revolt. The U.S. mistakenly killed 18 of its allies against Islamic State in a misdirected airstrike near Tabqa Dam in the north of the country. **A7**

U.S. Drops 'Mother' Bomb On ISIS in Afghanistan

By Jessica Donati, Ben Kesling and Dion Nissenbaum

The U.S. military dropped one of the largest nonnuclear bombs in its arsenal Thursday on an Islamic State tunnel-and-cave complex in eastern Afghanistan, the Pentagon said.

A U.S. plane dropped the nearly 22,000-pound Massive Ordnance Air Blast bomb—nicknamed the Mother of All Bombs—just a few days after an American Special Forces soldier was killed during a joint U.S.-Afghan offensive against dug-in Islamic State positions in the same area.

"We have been waiting months to use it," said an allied official in Afghanistan. "I think the loss of our soldier helped motivate leaders to approve it."

The bomb is a precision-guided "smart bomb" designed to cause maximum damage to bunkers, tunnels and other areas that can typically withstand even large standard bombs or artillery strikes.

President Donald Trump suggested Thursday that he had not personally been involved in the decision to use the giant bomb, which is deployed by parachute from the rear ramp of a transport plane. "I authorize my military," Mr. Trump said. "We have given them total authorization."

Still, the use of the bomb by the military comes at a time when new military tactics are being used in other long-running foreign-policy challenges. Last week, for instance, the U.S. military, in a move approved by the president, fired 59 Tomahawk missiles onto a Syrian airfield—the first time the U.S. has directly attacked the Syrian regime after years of war there. And in the western Pacific, a U.S. aircraft carrier—and, Mr. Trump has said, a nuclear-powered submarine—were directed to waters

Please see BOMB page A7

◆ North Korea appears set for another nuclear test..... A8

Trump's Reversals Reflect Business Influence

By Eli Stokols And Michael C. Bender

WASHINGTON—President Donald Trump's growing reliance on former corporate executives in his White House—and business leaders outside of it—helped shape this week's reversals on several hard-line positions that defined his campaign, according to officials.

Unlike in the early weeks of his presidency, when his senior staff were a close-knit group of former campaign aides who had helped craft his image as an insurgent in the capital, Mr. Trump has sided recently with the more pragmatic wing of his administration. That group espouses economic and foreign policies that are much more in line with the Washington establishment's traditional view.

Mr. Trump appears to have taken some of the advice from chief executives he has met with frequently since taking office, as well as from former executives now in the administration and two family members with official White House roles, his daughter Ivanka Trump and son-in-law Jared Kushner.

Take the U.S. Export-Import Bank. During the campaign, Mr. Trump was skeptical of Ex-Im Bank, which funds U.S. trade deals, calling it "unnecessary." The bank has been a target of Republican criticism, which Mr. Trump seized on.

Please see TRUMP page A4

◆ Apparent shift on Ex-Im Bank is a win for business..... A2
◆ President revives push on health-care revamp..... A4

Banks' Rate Boon Stays Out of Reach for Now

By Peter Rudegeair, Telis Demos and Emily Glazer

Some of the nation's largest banks warned Thursday that the benefits investors anticipated from rising interest rates and the election of Donald Trump as president aren't panning out quite as quickly as many had hoped.

J.P. Morgan Chase & Co. and Citigroup Inc. posted sharp increases in first-quarter profit, fueled by a continued rebound in their Wall Street trading businesses. But the results, along with those from Wells Fargo & Co., highlighted that the rising interest rates, more robust loan demand and pro-growth policies that many bank investors were betting on after Mr. Trump's election had so far failed to yield breakout gains.

Shares at all three banks fell more than the Dow Jones Industrial Average, which dropped 0.7%. Wells Fargo fell 3.3%, while J.P. Morgan lost 1.2%.

Since the election, the S&P financial sector was up more than 16% heading into Thursday's trading, and less than 1% since inauguration.

While bank stocks surged in the wake of Mr. Trump's surprise victory, they have slipped the past month as investors grow more doubtful about whether broad measures like lending growth and profitability will catch up with loftier valuations.

Bank executives told investors on a series of conference calls that they were sanguine that U.S. policy makers' goals of loosening financial regulations and cutting tax rates would eventually help boost growth.

"When you have a new president and they get going... it's going to be a sausage-making period," J.P. Morgan Chief Executive James Dimon said on a conference call with analysts. To expect it to be smooth, "that would just be silly."

Investors are feeling less patient. "There are itchy trigger fingers" from investors looking to sell, said Christo-

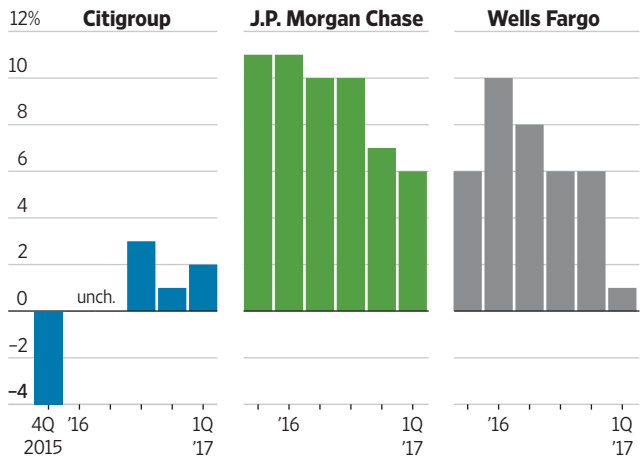
Please see BANKS page A2

◆ Heard on the Street: Lenders' pain is spread unevenly..... B12

Slippage

Lending growth has slowed at major U.S. banks.

Total loans outstanding, change from a year ago



Source: the companies

THE WALL STREET JOURNAL.

German Officials Order Parents to Execute a Spy—Cayla the Doll

* * *

Fears of hacking force parents to comply or face a fine; 'destroy it with a hammer'

By Andrea Thomas

BERLIN—Earlier this year, Lisa Harmann received a warning from the German government: A spy might be lurking in her child's bedroom. She should find it and destroy it.

With their 10-year-old daughter sound asleep, Ms. Harmann and her husband sneaked into the room armed with a flashlight and soon found the culprit sitting inside the cupboard, sporting a frozen smile and billowing pink skirt.

Despite her innocent looks, "My Friend Cayla" isn't a doll—at least not in the eyes of German authorities—but an illegal eavesdropping device. On Feb. 17, after a lengthy investigation, the Federal Network Agency, Germany's top telecommunications watchdog, issued an order to parents to find Cayla and destroy her. It also banned its sale, purchase and ownership.

My Friend Cayla

"It's about the protection of the weakest in our society," said Jochen Homann, president of the body known as Bundesnetzagentur.

Privacy may be eroding around the world, but not in Germany, where encroachment is met with the kind of treatment reserved elsewhere for bank robbers. Armed with some of the toughest privacy protection laws on the planet—a legacy of blanket state surveillance under past dictatorships—the German state has been going after trespassers with

Please see DOLL page A9

CHINA TRIES TO BATTLE THE 'TRILEMMA'

Beijing's crusade to prop up its currency imperils other pressing mandates

By Lingling Wei

BEIJING—President Xi Jinping gathered with his economic mandarins in December for their annual strategy meeting at a heavily guarded government hotel. In closed-door sessions, say people familiar with the confab, he made clear what their mandate was for 2017: He would tolerate no wobbliness in the economy.

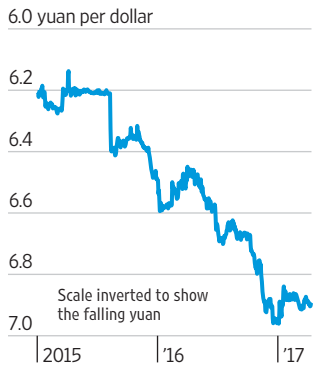
The communiqué coming out of the session singled out one policy objective in particular—keep the yuan stable.

What followed has been the marked acceleration of a shift in priorities at the People's Bank of China, the central bank, toward preventing the currency from cratering above all else.

The yuan's value is a global hot button, and Beijing's handling of it has played prominently in President Donald Trump's rhetoric. In a Wall Street Journal interview Wednesday, Mr. Trump said his administration in a report due this week won't label China a currency manipulator, something he threatened to do during his campaign.

Exchange-Rate Blues

China's currency has declined against the dollar, eroding faith in its economic management.



Sources: WSJ Market Data Group
THE WALL STREET JOURNAL.

On Thursday, China's central bank guided the yuan to its biggest one-day gain against the dollar in nearly three months, putting it at the strongest level against the dollar since Feb. 17. The yuan has gained 1% this year against the dollar. (See article on page B10.)

No matter how its moves are perceived, China's laser focus on slowing the yuan's decline is an issue of great significance to the world economy. If the PBOC's aggressive approach shortchanges traditional central-banking man-

Please see CHINA page A9

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U.S. NEWS

Economists Trim Growth Forecasts

By Josh Zumbrun

A growing number of forecasters are beginning to reconsider their bullish outlooks for the U.S. economy as doubts grow over the extent to which President Donald Trump will be able to implement his agenda.

The prospect of single-party control of Congress and the White House—coupled with campaign promises to overhaul the health-care system, simplify the corporate tax code and launch a major infrastructure package—had sent optimism about the U.S. economy soaring. Following the election, respondents to The Wall Street Journal's monthly survey of forecasters significantly raised their estimates for growth, inflation and interest rates.

But the collapse of the initiative to "repeal and replace" President Barack Obama's health-care law last month underscored Republican Party divisions that might make it difficult to reach consensus on initiatives that could provide an economic stimulus, such as lower corporate taxes or federal funding for infrastructure.

"Many people still remain too invested in Trump's campaign promises of a large fiscal-stimulus program," said Bernard Baumohl, chief economist of the Economic Outlook Group. "But as time passes, the lack of follow-through will turn that optimism into disappointment, if not outright skepticism."

Growth forecasts for the first quarter have come down. In December, the average forecast called for 2.3% growth in the first quarter. That fell to 1.9% in March and dipped again to 1.4% in this month's survey.

Fewer forecasters are now banking on a large push from Congress. In January, 71% of economists were including significant fiscal-policy changes in their forecasts. In April, that number was down to 44%. A majority now say "significant" changes are unlikely, although many said a small fiscal boost remains possible.

"It is entirely debatable how stimulative any tax program will ultimately be," said Constance Hunter, chief economist of KPMG. "The timing of a tax overhaul in 2018 is still up in the air, meaning it is unwise to incorporate into forecasts just yet," she said.

In an interview with The Wall Street Journal this week, Mr. Trump said he intended to finish dealing with health care before releasing guidelines for lawmakers to write tax legislation.

Forecasts for the pace of job growth have also dipped. The forecasters now expect 169,000 jobs a month added in the year ahead, down from 187,000 in last month's survey. That downgrade owes, in part, to the Labor Department's employment report for March, which showed the economy adding 98,000 jobs.

Many economists believe consumer sentiment is likely to come down, too. After the election, consumer confidence soared. Only about 10% of economists believe sentiment will stay elevated. A majority, 53%, said the economy would improve, but not enough for sentiment to remain so high.

There was "undue optimism regarding the speed at which Washington, D.C., can move," said Michael Fratantoni, chief economist of the Mortgage Bankers Association.

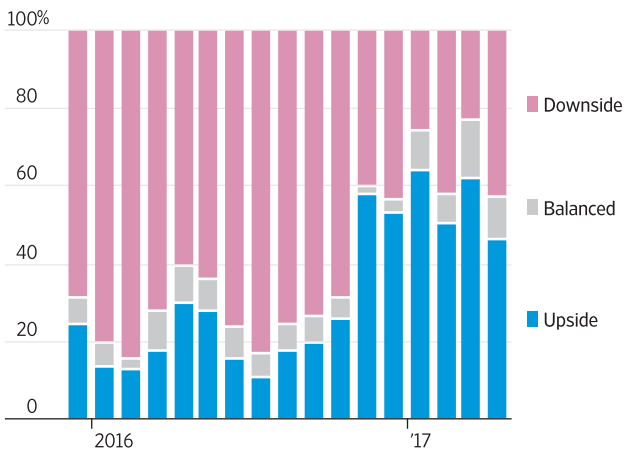
For the first time since the election, less than 50% of economists saw upside risks to their economic forecasts, meaning the economy could perform better than they estimated.

In April, 46% of forecasters saw greater upside risks, compared with 62% last month. The chances of a recession in the next 12 months climbed to 16% from 14% last month.

The survey of 61 financial, academic and business economists was conducted from April 7 to April 11. Not every economist answered every question.

Fading Upside

Is the risk to your GDP growth forecast for the next 12 months more to the upside or downside?



Source: Wall Street Journal Survey of Economists

THE WALL STREET JOURNAL.

Business Wins in Ex-Im Bank Move

By Nick Timiraos

WASHINGTON—When President Donald Trump signaled Wednesday he would end a yearslong debate within the Republican Party over the U.S. Export-Import Bank, he sided with the business establishment to restore an agency that some conservative Republicans, including members of his administration, wanted to cripple.

Mr. Trump's apparent about-face had been telegraphed two months ago, when he pledged in a private meeting with lawmakers his support for the agency that backs U.S. exports. But Mr. Trump hadn't publicly committed to reviving the bank until his comments in an interview with The Wall Street Journal on Wednesday.

The president's backing of the Ex-Im Bank concludes a debate stretching to 2012, when conservative Republicans emboldened by the tea-party movement targeted the agency as an example of corporate welfare they said distorted markets.

The bank's backers say the agency allows U.S. companies to compete on equal footing against foreign rivals that receive similar support from their home governments, and Mr. Trump on Wednesday recited many of the arguments used for years by the bank's biggest customers, Boeing Co. and General Electric Co.

Mr. Trump had made only fleeting—and sometimes contradictory—statements about the bank during the 2016 campaign. "I was very much opposed to Ex-Im Bank, because I said what do we need that for IBM and General Electric," he said Wednesday. "It turns out that, first of all, lots of small companies will really be helped, the vendor companies. But also maybe more importantly, other countries give it, and...we lose a tremendous amount of business."

Mr. Trump also pointed to the bank's history of turning a profit for the government under federal accounting rules. "It's a very good thing, and it actually makes money," he said.

Republican critics of the bank said they were discouraged by Mr. Trump's comments and hoped he would reconsider. "You're picking winners and losers. That's the crony aspect and that does not help to drain the swamp," said Rep. David Brat (R., Va.).

The bank had become a rallying cry by the conservative grass roots against GOP leaders who supported it, including then-Rep. Eric Cantor (R., Va.), the House majority leader who was defeated by Mr. Brat in a 2014 primary election, and House Speaker John Boehner (R., Ohio), who resigned from Congress in October 2015.

The bank's charter expired in July 2015 but was reauthorized at the end of that year over the objections of some GOP leaders, ending a five-month shutdown. Large majorities in both the House and Senate—including a majority of House Republicans—voted to reauthorize the bank.

—Kristina Peterson contributed to this article.

U.S. WATCH

PLANNED PARENTHOOD

Law Lets States Deny Group Funding

President Donald Trump signed legislation that would allow states to strip some federal funds from women's reproductive-health organizations in a closed-door event Thursday at the White House that capped a bitter fight over the issue.

The signing officially cancels a rule issued by the Obama administration that aimed to block states from denying certain funds to health-care providers and allows states to refuse to give the funds to Planned Parenthood Federation of America Inc. and similar organizations.

Repealing the rule is a win for social conservatives who don't want taxpayer dollars funding centers that provide abortions. Federal law prohibits the use of taxpayer dollars to pay for abortions, except in cases of rape, incest or grave risk to the health of the mother.

—Natalie Andrews

ECONOMY

Cargo Shipments To U.S. Rise Sharply

Cargo swelled through U.S. ports in March, as trade with China bounced back and companies rushed shipments before new shipping-industry alliances kicked in.

The Ports of Los Angeles and Long Beach, Calif., which make up the nation's largest seaport complex, said they imported a combined 622,083 loaded 20-foot equivalent units, a standard measure for container cargo, in March. That amounted to a 26% increase over March 2016 and a 13% rise from February. The rush of inbound ocean trade marks a return to form after a slump in Chinese exports in February.

Some importers and exporters may also have moved up shipments ahead of April 1, when the world's top shipping lines began operating under three alliances. The alliances control more than 90% of capacity on major trade routes, and some ports reported delays as carriers reoriented their operations. Many shippers fear the alliances will raise rates.

—Erica E. Phillips

POLITICS

Warren Weighed A Presidential Run

Sen. Elizabeth Warren opted not to run for president in 2016 in part because her husband warned her the race would be far more grueling than her 2012 Senate bid, she writes in a book scheduled for release next week.

Ms. Warren, a Massachusetts Democrat, progressive favorite and possible contender for the 2020 Democratic presidential nomination, recounts asking her husband, Bruce Mann, if she should enter the fray in her new book, "This Fight Is Our Fight." Her husband ultimately gave his blessing to a bid.

Ms. Warren's book—in which she reveals for the first time she considered a White House run—combines biography and economic commentary.

The book will be published Tuesday by Metropolitan Books, an imprint of Henry Holt and Co. A copy was obtained by America Rising, a conservative research group, and viewed by The Wall Street Journal.

—Byron Tau

Producer Prices Fell in March

By Jeffrey Sparshott And Sarah Chaney

WASHINGTON—A gauge of U.S. business prices fell slightly in March, suggesting inflation pressures remain muted.

The producer-price index for final demand, measuring changes in the prices companies receive for goods and services, declined a seasonally adjusted 0.1% in March from the prior month, the Labor Department said Thursday. The drop was the first since August.

From a year earlier, prices advanced 2.3%, the biggest year-over-year increase in five years, largely because of higher energy prices. Excluding often volatile prices for food and energy, the index was flat last month. From a year earlier, those core prices were up 1.6%.

Prices were up 0.1% from a month earlier and 1.7% on the year when excluding food, energy and a measure of wholesaler and retailer margins known as trade services.

Energy prices, down 2.9% from the prior month, drove the change in the headline PPI. Gasoline prices fell 8.3% from February. From a year earlier, energy prices climbed 15.2%.

The PPI is an inflation gauge that looks at prices businesses receive from customers, including consumers, other businesses and governments. As a result, changes in the index don't necessarily directly reflect what consumers pay. But PPI readings generally follow the same trends as other major inflation gauges.

The personal-consumption-expenditures price index, the Federal Reserve's preferred inflation gauge, crossed the bank's 2% target for the first time in nearly five years in February.

Congratulations—It's a Boy! (Sort of)

L. TODD SPENCER/ASSOCIATED PRESS

BIG REVEAL: Teman, a Komodo dragon, was guided Thursday by unseen handlers toward a blue egg to indicate the gender of two offspring he sired at the Virginia Aquarium and Marine Science Center.

BANKS

Continued from Page One

pher Davis, a veteran portfolio manager at Davis Funds, which manages about $25 billion in assets and recently reported owning large stakes of J.P. Morgan and Wells Fargo.

While he likes the steady and consistent growth both companies are likely to offer in coming years, he says that many investors in recent weeks have grown more worried about banks' lending potential.

At both J.P. Morgan and Citigroup, profit rose 17% in the first quarter, with the capital-markets arms of each bank being the brightest spots of their reports. Wells Fargo, which has a relatively slimmer footprint on Wall Street businesses, said its first-quarter profit was flat.

Commercial loan balances didn't change at J.P. Morgan and Wells Fargo compared with the fourth quarter of 2016. New auto loans declined 17% at J.P. Morgan and 29% at Wells Fargo compared with last year's first quarter. John Shrewsberry, Wells Fargo's finance chief, said that signs of rising delinquencies and deteriorating used-car values are causing the bank to be more cautious.

In Citigroup's North American consumer-banking group, profit fell 25%, driven by credit losses on some credit cards. At J.P. Morgan's and Wells Fargo's consumer-banking arms, profit fell 20% and 9%, respectively.

PNC Financial Services Group Inc. bucked some of the trends, saying stronger loan activity helped its earnings beat expectations Thursday. The Pittsburgh bank attributed the growth in part to markets where it is expanding, including Dallas, Kansas City and Minneapolis.

Bank stocks have slipped the past month amid growing investor doubts.

In coming quarters, big banks hope that interest rates continue climbing, since that would essentially give them more pricing power in lending products.

In March, the Federal Reserve moved its target short term rate higher, its third interest-rate bump in the past two years. Big banks earn more money by lending out their vast deposits when interest rates rise. They also benefit from a larger gap between short term and long term rates, a so-called steep yield curve.

J.P. Morgan said it expects net interest income to rise by about $4.5 billion in 2017. Citigroup said it was now building into future plans an additional rate increase, in June. That would help bump up its expected year-over-year core interest revenue by $1.5 billion over the next three quarters.

But the bank also made a "modest reduction" in expectations for loan growth. Rising rates have a downside in making some loans, especially mortgage refinancing, less attractive to borrowers.

Wall Street trading desks were a bright spot. J.P. Morgan's trading revenue increased 13% to $5.82 billion in the first quarter of 2017, while Citigroup's rose 17% to $4.39 billion. Last year's first quarter was a brutal one for each bank's trading arm, so the latest results are coming off of a low base.

Fixed-income trading revenue was up nearly 20% at each bank, reflecting higher activity in markets for government bonds and other securities closely tied to interest rates. Investment-banking fees at each bank were up nearly 40% thanks in part to underwriting more bond deals for companies looking to lock in low borrowing costs.

"There's good momentum, as we see things now," said Citigroup CEO Michael Corbat. "Client engagement was high, and I think remains high into the second quarter."

Meanwhile, Marianne Lake, J.P. Morgan's finance chief, said on a conference call that she expected the Trump administration's agenda would eventually lead to more hiring, spending and borrowing. But she acknowledged that much of the economic activity hadn't yet arrived. "It's completely understandable that optimism would lead action."

CORRECTIONS & AMPLIFICATIONS

UniCredit SpA raised €13 billion ($13.79 billion) from a rights issue in February. A Markets article on Thursday about Italy incorrectly said UniCredit raised €7.5 billion in January.

S&P Dow Jones Indices publishes semiannually the S&P Indices Versus Active scorecard. A Page One article on Thursday about U.S. funds and their market benchmarks incorrectly said S&P Global publishes it.

In the theoretical example accompanying an Investing in Funds & ETFs article on Monday about different ways to calculate investment returns, the time-weighted return was 6.36%. The chart incorrectly said the example's time-weighted return was 6.63%.

Retired Gen. Stanley McChrystal was incorrectly called a former general in a Business & Finance article on April 7 about WorldQuant LLC.

Hunter Lewis's book "Are the Rich Necessary?" was published in 2007. A Business & Finance article on March 15 about Cambridge Associates incorrectly said the book was published in 2009.

Readers can alert The Wall Street Journal to any errors in news articles by emailing **wsjcontact@wsj.com** or by calling 888-410-2667.

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Border Patrol Rethinks Test for New Hires

Under orders to boost staffing, agency could drop polygraph exam many applicants failed

By Dan Frosch
And Laura Meckler

U.S. Border Patrol agents with bales of marijuana along a highway near Ryan, Texas, in March. The current polygraph exam for border agents was implemented in response to reports of agents being targeted for bribes by drug cartels and human-smuggling operations.

RODRIGO ABD/ASSOCIATED PRESS

For the past several years, the U.S. Border Patrol has struggled to fill its ranks with agents who meet its standards. Now, under orders from President Donald Trump to swiftly recruit thousands of new employees, the agency is contemplating changing some of its hiring requirements.

The biggest shift would eliminate the use of a rigorous polygraph exam for many applicants, while implementing an alternative test for others.

"The polygraph has given us a difficult time," said Border Patrol Chief Ronald Vitiello on Wednesday at a conference in San Antonio on border security. "Not a lot of people are passing."

Critics say the changes to the polygraph program would lower the bar to get into the Border Patrol and leave it more vulnerable to unsuitable candidates and corruption.

"If they actually can't meet the standards, it doesn't mean we lower the standards to get a larger number who can meet them," Sen. Kamala Harris (D., Calif.) said.

At least some changes will be tested on applicants beginning this month, while others are being debated. U.S. Customs and Border Protection, which includes the Border Patrol, says the modifications won't lower standards or compromise the quality of hires.

Administration officials say something must be done to remove what they consider to be overly restrictive hiring barriers. The agency says roughly 60% of all applicants fail the polygraph now in use.

The Border Patrol employs 19,570 agents—its lowest staffing level since 2008, data show. It currently has 1,800 open positions, and Mr. Trump has ordered an increase of 5,000 agents over five years.

Other changes being considered include giving CBP broad authority over background checks for applicants and extending the probationary period for new agents to two years.

Even as it pushes to hire more employees, CBP must keep a focus on the "quality versus quantity of applicants," Randolph Alles, the agency's acting deputy commissioner, told conference attendees.

But Ms. Harris said she worries the proposed changes would be a step back for the agency and leave it susceptible to the misconduct seen during a previous hiring surge. "That's why the polygraph was instituted," she said. "We knew there was at the very least the possibility of corruption."

The Homeland Security Department's inspector general, John Roth, also expressed concerns about changing the polygraph. The "proposed changes fail to achieve the goal of shortening the hiring process" and "increase the risk that unsuitable candidates may be hired," Mr. Roth said in a written response in March to questions from Ms. Harris submitted after he testified before the Senate Homeland Security committee.

Mr. Roth said the agency needed to identify other ways to make hiring "more efficient without sacrificing integrity and effectiveness."

In an internal memo posted on the website for the Border Patrol agents' union, CBP's acting commissioner, Kevin McAleenan, outlined the challenges of hiring thousands more personnel. He said CBP must compete with other law-enforcement agencies that pay better and don't require a polygraph.

Mr. Vitiello said it was unclear why so many people failed the polygraph. But he and others said it was likely because applicants were untruthful about past drug use, even though that doesn't automatically disqualify them.

Already, at the end of this month, the agency will begin to use an alternative, shorter polygraph exam as part of a pilot program for new hires.

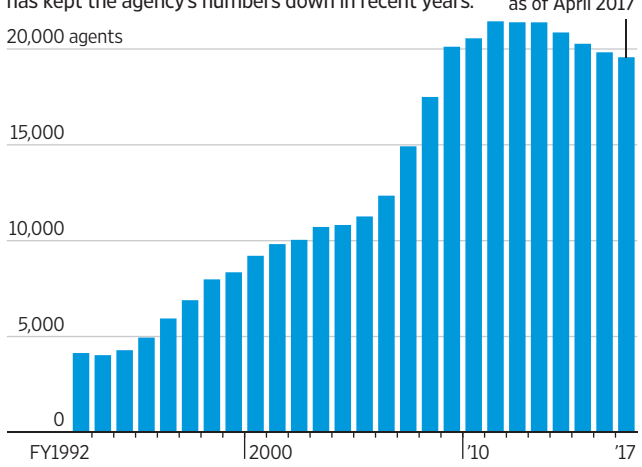
Linda Jacksta, an assistant CBP commissioner and head of its human-resources division, said the new test would allow the agency to more swiftly get the same results from applicants "without compromising the rigors" of its standards.

But James Tomsheck, a former head of the agency's internal-affairs division, said the new exam is inadequate.

Mr. Tomsheck said the current exam, which he helped implement, is vital to weeding out applicants with drug ties through specific questions about illegal drug activity.

Building Up the Ranks

Funding for Border Patrol agents has increased dramatically but trouble finding qualified applicants has kept the agency's numbers down in recent years.



Note: Fiscal year ends Sept. 30.
Source: U.S. Border Patrol

THE WALL STREET JOURNAL.

Arrest Is Made In 2010 Murder On Mexican Border

Mexican authorities arrested a suspected gunman in the 2010 murder of a U.S. Border Patrol agent, the latest apprehension in a politically charged case that became entwined with the Justice Department's botched Fast and Furious operation.

The killing of Border Patrol Agent Brian Terry has hung heavily over the U.S. Border Patrol and comes amid hiring challenges within the agency. News of the arrest was met with relief by border agents.

"Nobody ever gave up on this case. For our agents to know that, it's huge for them," said Brandon Judd, president of the National Border Patrol Council, the union that represents Border Patrol agents.

Heraclio Osorio-Arellanes, who is charged with participating in the murder of Mr. Terry during a shootout in the Arizona desert, was taken into custody in Chihuahua at the request of the U.S. authorities, the Justice Department said. Mr. Osorio-Arellanes will be transported to Mexico City for extradition proceedings.

Mr. Osorio-Arellanes was allegedly part of a "rip crew" of cartel members who patrolled the desert along Arizona's border with Mexico searching for drug dealers to rob. Mr. Terry was killed after he and several other Border Patrol agents got into gunfight with the men on Dec. 14, 2010.

In a statement, Attorney General Jeff Sessions praised Mexican authorities, in particular the Mexican Navy, for the arrest.

Mr. Terry's death became emblematic of problems with the Bureau of Alcohol, Tobacco, Firearms and Explosives' Fast and Furious program. Under the operation, ATF agents sought to build cases against people suspected of smuggling guns into Mexico by allowing them to buy roughly 2,000 weapons and then trying to trace them. Some of the guns turned up at crime scenes in Mexico and the U.S., and one was traced to Mr. Terry's killing.

—Dan Frosch

Jerry Brown Seeks Infrastructure Help

By Alejandro Lazo

SAN FRANCISCO—Secretary of the Interior Ryan Zinke, the former U.S. Navy SEAL who rode a horse to work on his first day in the Trump administration, traveled to California Thursday and pledged bipartisan cooperation with Democrat Gov. Jerry Brown, an outspoken critic of the president's environmental policies.

During a meeting in Sacramento, the governor and the secretary discussed "public lands, water infrastructure, and projects throughout California that are managed by the U.S. Department of the Interior," Mr. Zinke said in a statement.

"I appreciated the positive and productive conversation with the governor," Mr. Zinke said. "There are a lot of issues that cut through partisan lines, and I'm glad we had the opportunity to talk with each other and start a conversation."

A spokesman for Gov. Brown said he and Mr. Zinke "had a very cordial conversation" and "there was a real recognition that California and the federal government are deeply interconnected when it comes to land and water management. We'll continue to look for areas to work together."

Mr. Zinke heads an agency that could affect Mr. Brown's plans for a major water project to carry water from Northern California to the southern part of the state.

With less than two years left in his final term as governor, Mr. Brown is pushing a $15.5 billion plan to build twin 30-mile-long tunnels beneath the state's delta to move water more reliably. That project, however, faces opposition from farmers and environmentalists, who say the tunnels would destroy fisheries, farms and communities in the delta by rerouting fresh water.

The Interior Department is also at the heart of a major debate in the West over federal preservation of natural resources that inhibits commercial development.

Mr. Brown has said he can find common ground with the Trump administration over water and other infrastructure projects, and has asked for billions in help from the administration to help upgrade California's dams and highways.

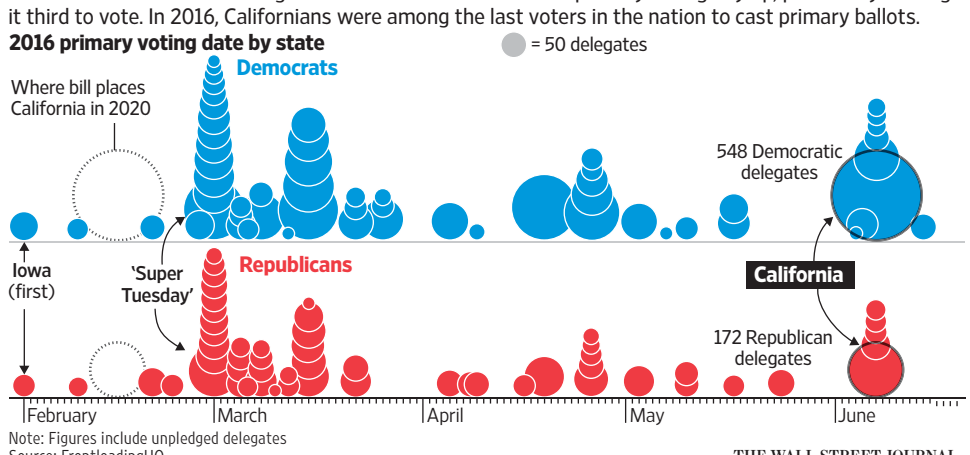
Mr. Zinke didn't say whether he and the governor specifically discussed the tunnel project, though he did say he intended to work with the governor on reducing the damage caused by wildfires in the state, as well as "shoring up infrastructure both on land and water."

California's national parks were also a subject of discussion.

The Interior Department manages 23 million acres of California's federal land, including 28 national parks and 39 national wildlife refuges, National Park lands in the state hosted 42 million visitors in 2016, according to the department.

Moving Up

A bill in the California state legislature would move the state's primary voting day up, potentially making it third to vote. In 2016, Californians were among the last voters in the nation to cast primary ballots.



Note: Figures include unpledged delegates
Source: FrontloadingHQ

THE WALL STREET JOURNAL.

California Considers Cutting Line to Hold Primary in 2020

By Alejandro Lazo

SAN FRANCISCO—California Democrats, who like to think of themselves as the vanguard of resistance to President Donald Trump, want a bigger say in choosing his Democratic challenger in 2020.

A new bill backed by the state's election chief would make California the third state to hold a presidential primary or caucus, propelling it toward the front of the line.

California currently holds its primary in June, when the major parties often have their presumptive nominees decided, or a front-runner on the cusp of securing the delegates needed to win the nomination.

Last year's Democratic primary had promised to be an unusually exciting affair, with California Democrats anticipating a true contest in which their votes could make a difference. But before polls opened, media outlets reported that Hillary Clinton had amassed enough delegates to capture the nomination.

The bill, which is in the state Senate, would move California's primary to the third Tuesday in March, and would give the governor the power to move it even earlier if other states try and move their primary elections. That would put California's presidential primary after the Iowa caucuses and the New Hampshire primary.

Alex Padilla, California's secretary of state, said that a state the size of California, with 19.4 million registered voters and a total of 548 Democratic delegates last year, should have a determinative say in the process.

"A state as populous and diverse as California should not be an afterthought," said Mr. Padilla, a Democrat. "By holding our primary earlier, we will ensure that issues important to Californians are prioritized by presidential candidates from all political parties."

Typically, the two national parties set the primary calendar. It isn't clear whether either party would be amenable to having such a large, expensive state front and center. In the past, the national parties have punished other large states for holding their primaries in violation of their rules.

A spokesman for the Democratic National Committee declined to comment and the RNC didn't respond to a request for comment.

Report Reveals Abuses At Choate

By Jon Kamp
And Jennifer Levitz

Choate Rosemary Hall, an elite Connecticut boarding school, released an outside investigator's report on Thursday revealing detailed allegations that many students were victims of sexual misconduct over decades.

The 50-page report, the result of an investigation launched in October, named 12 adults previously affiliated with the school who allegedly engaged in sexual misconduct, Choate said. The alleged misconduct stretched across nearly 50 years, from 1963 to 2010.

The report also includes "the deeply disturbing experiences of 24 survivors," according to a letter to members of the school community, signed by Michael J. Carr, chairman of the board of trustees, and Headmaster Alex Curtis.

"The detailed content of this report is devastating to read," they said in the letter. "One can only have the greatest sympathy and deepest concern for the survivors. The conduct of these adults violated the foundation of our community: the sacred trust between students and the adults charged with their care."

The school thanked the survivors of sexual misconduct for coming forward. "We extend our deepest apologies most specifically to all survivors of sexual misconduct and their loved ones," its letter said.

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Trump Shifts Back to Health Care

WASHINGTON—After losing a fight to revamp the health-care system, President Donald Trump said last month he was prepared to put the setback behind him and move on to the next challenge, rewriting the tax code.

By Louise Radnofsky, Peter Nicholas and Richard Rubin

Three weeks later, he said he is determined to resurrect the health-care bill even if it means delaying the tax overhaul, telling The Wall Street Journal in an interview: "I want to get health care done...I think I will get it done."

The tax overhaul, he said, would have to wait.

Mr. Trump's revived push to fulfill a core campaign promise appears to be driven by three developments: First, a renewed confidence that he can still win enough votes to pass a bill; second, a belief that he needs the health-care savings to help pay for the tax bill and hit his economic growth promises; and third, a recognition that the tax-code overhaul isn't near ready.

As a result, instead of cutting his health-care losses, he is insisting on pursuing an elusive deal to overturn the 2010 Affordable Care Act, also known as Obamacare, and enact new health policy in its place.

The GOP president has long said he is loath to abandon a goal. In his book "The Art of the Deal," he wrote that his approach is to "aim very high" and then "keep pushing and pushing and pushing to get what I'm after."

He added: "Sometimes I settle for less than I sought, but in most cases I still end up with what I want."

The abrupt shift caught some Capitol Hill Republicans off guard. They had been preparing to turn immediately to the tax legislation.

"We don't get it. What a waste of time and political capital to return to the quagmire of health reform," said Greg Valliere, chief global strategist at Horizon Investments, a North Carolina investment firm, in a client note Wednesday. Unlike taxes or infrastructure, he said the health bill is "clearly a no-win issue for the Republicans."

The renewed focus on health care also raises the prospect of a second embarrassing defeat that would raise more questions about the new administration's ability to shepherd complicated legislation through Congress.

But some allies said they were encouraged, not alarmed, by that pursuit now.

"Just because they didn't achieve success at first on health-care legislation doesn't mean it's not going to get accomplished," said Corey Lewandowski, Mr. Trump's former campaign manager. "It's going to get accomplished and they're continuing to work on that. It's a pledge he has made and will fulfill."

In his interview with the Journal, Mr. Trump specifically mentioned a renewed confidence in the Freedom Caucus, a group of conservative Republicans he had just two weeks ago suggested targeting for defeat in next year's midterm election.

"They want to do the right thing and they do like me and they do like their president," he said.

Rep. Mark Meadows of North Carolina, a prominent House Republican and leader of the Freedom Caucus, said he had conversations with the president and his staff in which he set out a potential path to yes on a health-care deal for a number of conservative members and others.

He declined to discuss the specifics of that path, but praised the president's past business history in making deals where no deals seemed to be in sight.

"He's singularly focused on making sure he fulfills his campaign promises," Mr. Meadows said.

While Mr. Trump has also suggested he is open to a deal with Democrats on health care, some White House officials believe the most direct route to passage of a bill involves persuading Republicans to go along. Democrats oppose the effort to repeal the law.

"Keeping it in the family is the easier path," one White House aide said.

Another issue is at stake. Mr. Trump's administration has projected a sharp increase in the nation's projected growth rate, to around 3% over the coming decade from an average of 2% over the past decade due to policy changes.

The repeal and replacement of the health-care law is a significant factor in the improved growth outlook, said budget director Mick Mulvaney in an interview.

In addition, the tax plan Mr. Trump had expected to turn to may not be coming together as quickly as he had hoped.

—Nick Timiraos and Michael C. Bender contributed to this article.

BRETT COOMER/ASSOCIATED PRESS

Dr. Joseph Lamelas, center, performs heart surgery at Baylor St. Luke's Medical Center in Houston.

Health Rule Seeks To Help Insurers

WASHINGTON—The Trump administration took steps on Thursday to stabilize the Affordable Care Act's individual health-care market, as insurers demand more certainty from the administration before deciding whether to remain in the law's marketplaces next year.

The Centers for Medicare and Medicaid Services, a division of the Department of Health and Human Services, published its final rule aimed at steadying the individual market, which has seen large premium increases and insurers retreating from unprofitable markets across the country. President Donald Trump's administration is pitching the move as a temporary fix as it continues to work with Congress to strike an elusive deal to dismantle large parts of the health law known as Obamacare.

"We are pleased to see the steps the administration is taking to stabilize the marketplace," said Justine Handelman, a senior vice president at the Blue Cross Blue Shield Association. "These rules are important to ensuring people maintain their coverage year-round, which is critical to hold down costs for everyone."

The final rule doesn't address the cost-sharing subsidies paid by the government to insurers, the fate of which has been a primary source of anxiety for insurers as they weigh their options for 2018.

The rule introduces several targeted changes aimed at curbing some of the losses insurers have faced in the law's exchanges.

It shortens the 2018 open-enrollment sign-up period to six weeks from three months and introduces stricter limits on when people can obtain coverage through the exchanges outside of that open enrollment period.

It also ends a practice advanced by former President Barack Obama's administration of allowing people to sign up for new coverage if they have overdue premium payments.

—Stephanie Armour

CIA Head Labels WikiLeaks 'Hostile'

By Shane Harris

WASHINGTON—Central Intelligence Agency Director Mike Pompeo on Thursday called the website WikiLeaks a "nonstate hostile intelligence service," likening it to a foreign government that attempts to undermine U.S. interests and conduct espionage.

In his first public remarks as the head of the spy agency, he pointed to an assessment by U.S. intelligence agencies earlier this year that concluded Russian military intelligence "had used WikiLeaks" to release emails hacked from the Democratic National Committee and that "Russia's primary propaganda outlet," the English-language media network RT, "has actively collaborated with WikiLeaks."

"It is time to call out WikiLeaks for what it really is—a nonstate hostile intelligence service often abetted by state actors like Russia," he said.

WikiLeaks has been a major irritant for the past two administrations. But Mr. Pompeo's labeling the group a hostile intelligence service marked a significant escalation in public rhetoric that signaled a new and yet-undefined approach to dealing with WikiLeaks.

But the CIA chief's comments were also at odds with praise that Donald Trump lavished on the website during the presidential campaign, after it published emails stolen from Hillary Clinton's campaign chairman, John Podesta.

At a campaign rally last October, Mr. Trump told supporters that "I love WikiLeaks" and referred to emails that detailed paid speeches Mrs. Clinton had given to major financial firms.

—Carol E. Lee contributed to this article.

TRUMP

Continued from Page One

But that view changed earlier this year after he talked to Boeing Co. CEO Dennis Muilenburg, who explained to him what role the bank plays, said people familiar with the matter. In a recent meeting with lawmakers, Sen. Heidi Heitkamp (D., N.D.) urged Mr. Trump to fill the bank's board vacancies, and he told Ms. Heitkamp that he agreed with her that the posts—which require a presidential nomination—should be filled.

In an interview Wednesday with The Wall Street Journal, Mr. Trump said he would fill the positions, explaining that he now views the bank as important for small businesses, and that other countries had similar banks.

In the interview, Mr. Trump also changed course on whether China was manipulating its currency. During the campaign, he said it was, but on Wednesday he said it had stopped. And in a news conference later on Wednesday, the president said that the North Atlantic Treaty Organization is no longer "obsolete," as he had repeatedly claimed last year.

When asked in the interview whether he was lining up with the Washington establishment, Mr. Trump said: "I don't think so," pointing to his decision to withdraw the U.S. from the Trans-Pacific Partnership trade agreement.

"We're getting ready to do certain things as an example on trade—they will not be establishment," he added.

The change in direction and tone—he is no longer vociferously attacking China and Mexico, and has moderated his posts on Twitter—has come as Mr. Trump has reduced the role of his chief strategist, Steve Bannon, the former executive chairman of Breitbart.com who personifies the economic nationalism Mr. Trump ran on. Mr. Bannon has also clashed with Mr. Trump's more moderate aides, such as Mr. Kushner.

Speaking about Mr. Bannon's role on Wednesday, Mr. Trump described his chief strategist as a "guy who works for me." He went on to describe a "very good team" in the White House by pointing to Secretary of State Rex Tillerson, a former CEO of Exxon Mobil; Gary Cohn, who was second-in-command at Goldman Sachs Group Inc. before joining the White House as chairman of the National Economic Council; and Wilbur Ross, a billionaire investor.

Several of those aides and advisers have worked to ease tensions with Mexico. Mexican officials have dealt extensively in the past three months with Mr. Kushner and Mr. Cohn, and Mr. Ross has been active in trying to put the relationship back on a more even keel.

Multiple U.S. big business groups have also been active lobbying behind the scenes with Trump aides to impress upon them their views on the importance of the Nafta trade pact with Mexico and the U.S.

Another factor in the shift on Mexico has been the mid-February departure from the administration of one of the voices more hostile to Mexico: Michael Flynn, Mr. Trump's first national security adviser. Mr. Flynn was an open advocate for the border wall and said during a 2016 interview that "radical Islamist countries" were "cutting deals with Mexican drug cartels for some of what they call the 'lanes of entry' in our country."

Mr. Trump said in the interview he was keen to get started on renegotiating Nafta. But he added, "We're doing very nicely with Mexico."

Asked whether he would make any changes to his inner circle in the coming months, Mr. Trump said, "I don't intend to." He added that he may change his mind. "From day to day, I don't know."

On Thursday, Sean Spicer, White House press secretary, said that rather than Mr. Trump changing his mind on key issues, circumstances were "evolving toward the president's position."

Mr. Trump's shifts have raised new questions about how his base of anti-establishment voters will react. He has no major legislative victories, and his top immigration policy—a ban on citizens from six Muslim-majority countries from entering the U.S.—has been blocked by the courts.

Asked last week what was Mr. Trump's biggest success for his base, White House spokeswoman Sarah Sanders pointed to the president's five-year lobbying ban on administration officials.

But this week, the White House waived that ban for Marcus Peacock, a senior official who left the Office of Management and Budget to join the Business Roundtable, which lobbies on behalf of major corporations. Bloomberg News first reported Mr. Peacock's waiver on Wednesday.

"We didn't elect Kushner to bring a New York establishment mentality to Washington," said one campaign veteran aligned with Mr. Bannon and his political patrons, the Trump benefactors Robert and Rebekah Mercer. "The reason we worked so hard and gave so much money was because we were promised a nationalist revolution. We didn't send him there to go native once he gets to Washington, D.C."

Pat Caddell, a pollster for former President Jimmy Carter and a friend of Mr. Bannon, said Thursday that if Mr. Trump's core voters get a "perception that he was misleading them, then he will have a real problem, because one day they'll look up and say, 'You lied to us, too.'"

That angst, however, does not yet appear to be widely shared by the conservative grass roots. "Few are freaking," Laura Ingraham, a conservative radio host who occasionally advises Mr. Trump, said in an interview on Thursday. "It's early. And he's done, and will do, many of the important things his voters want on the economy, trade and border enforcement."

—Peter Nicholas, Rebecca Ballhaus, and Jacob M. Schlesinger contributed to this article.

RANDALL HILL/REUTERS

President Donald Trump greets Boeing CEO Dennis Muilenburg at the Boeing South Carolina plant in North Charleston in February.

Donald Trump's First 100 Days

The administration's latest actions and agenda at a glance

THURSDAY

◆ **Afghanistan:** The U.S. military dropped the largest nonnuclear bomb in its arsenal on an Islamic State tunnel complex in eastern Afghanistan, the Pentagon said.

◆ **Syria:** The U.S.-led military coalition battling Islamic State mistakenly killed 18 of its own allies in a misdirected airstrike in Syria, the U.S. military said. The fighters, members of a Kurdish-Arab coalition allied with the U.S., provided the coalition with the wrong coordinates for the target, the military said.

◆ **Family planning:** President Donald Trump signed a measure that enables states to strip federal family-planning funds from women's reproductive-health organization Planned Parenthood and other abortion providers.

WHAT'S AHEAD

◆ Mr. Trump plans to meet with Prime Minister Paolo Gentiloni of Italy at the White House on April 20.

QUOTES

"Things will work out fine between the U.S.A. and Russia. At the right time everyone will come to their senses & there will be lasting peace!"
—Mr. Trump on Twitter

"There will probably not be results soon....At least in the operational plan we agreed to establish a dialogue on a number of important issues."
—Russian Foreign Minister Sergei Lavrov, according to the news agency RIA-Novosti

21,000

That is the estimated number of people expected to attend the Easter Egg Roll at the White House Monday, press secretary Sean Spicer said. The administration has recently faced questions about its level of preparedness for the high-profile event.

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WORLD NEWS

Brazil's President Accused of Role in Bribe

Temer denies allegations he was involved in $40 million payment to his party

By Paul Kiernan And Luciana Magalhaes

RIO DE JANEIRO—A former construction executive said Brazilian President Michel Temer was involved in a deal to funnel a $40 million bribe to his political party.

Márcio Faria, former industrial engineering chief of **Odebrecht** SA, Latin America's largest construction firm, told authorities that he met with Mr. Temer in 2010 and agreed to make the payment to the president's Brazilian Democratic Movement Party.

The statement, made in plea-bargain testimony released late Wednesday, is the most direct allegation linking Mr. Temer to a wide-ranging corruption scandal at state-run oil company **Petróleo Brasileiro** SA. It represents a major landmark in the "Car Wash" probe, which has implicated scores of high-level politicians from all of Brazil's main parties but hadn't reached Mr. Temer—until now.

Mr. Temer acknowledged meeting with Mr. Faria but denied that they discussed a bribe. In an emailed statement late Wednesday, Mr. Temer called the allegation "an absolute lie."

The allegations are likely to fuel the protracted political crisis that has roiled Brazil for three years and led to the impeachment of former President Dilma Rousseff last year. They also come just as Mr. Temer is struggling to push a key overhaul of Brazil's pension system, and other economic reforms, through Congress.

Mr. Faria's testimony, part of a mass plea bargain by current and former Odebrecht executives, was released after Supreme Court Justice Edson Fachin authorized a new wave of corruption probes against top politicians this week. In all, the probes target a third of Mr. Temer's cabinet, 50 legislators and four former presidents.

UESLEI MARCELINO/REUTERS

Michel Temer, right, called the allegation 'an absolute lie.'

As head of state, Mr. Temer can't be prosecuted for any acts he committed before he took office last year following the ouster of Ms. Rousseff.

But Mr. Faria's allegations could deal a major blow to the president's credibility at a time when Mr. Temer already is short on political capital. A poll released in late March put his approval at just 10%, while the number of survey respondents rating his administration as bad or very bad rose 9 percentage points from December to 55%.

Mr. Faria said the alleged bribe amounted to 5% of a contract awarded to Odebrecht by Petrobras' international division, which prosecutors say was controlled by an appointee of Mr. Temer's party, known as the PMDB. The money was paid partly in cash and partly through offshore accounts, Mr. Faria said. PMDB officials didn't respond to requests to comment.

Mr. Faria said the payment was requested by a PMDB intermediary with Petrobras and agreed upon before his meeting at Mr. Temer's São Paulo office in July 2010.

At the meeting, Mr. Temer sat at the head of the table, Mr. Faria said. Also in attendance were Odebrecht executive Rogério Araújo, PMDB congressmen Eduardo Cunha and Henrique Eduardo Alves, and the PMDB intermediary.

After exchanging pleasantries, Mr. Cunha took the floor and explained that Messrs. Araújo and Faria were competing for a Petrobras contract and that "there would be a very significant contribution to the party" if Odebrecht's bid should win, Mr. Faria said in a video of the testimony. "I went there to bless the commitment."

Asked by a prosecutor if it was clear that the payment was a bribe, Mr. Faria responded, "totally a bribe, sir, because it was a percentage of a contract."

In his statement, Mr. Temer countered that "the conversation, fast and superficial, did not involve money or Petrobras." He also "categorically" contested any involvement of his name in "murky business."

Mr. Alves's lawyer said in a statement that the congressman "vehemently repudiates" Mr. Faria's claims. Mr. Cunha's lawyer declined to comment.

Venezuelan Protester Dies From Gunshot Wound, Authorities Say

CARACAS, Venezuela—The violent clashes between protesters and Venezuelan pro-government forces claimed a fifth life Thursday as groups opposed to President Nicolás Maduro gathered for a new round of demonstrations.

Gruseny Calderon, a 32-year-old demonstrator, died in a hospital from a gunshot wound he received from a pro-government follower in a protest on Tuesday in western Lara state, according to the state's governor's office. Police or pro-government militias in the past week also shot dead four more Venezuelans, including a 13-year-old protester, according to the national public prosecutor's office.

The public prosecutor's office has announced only one arrest.

Mr. Maduro's aborted attempt last month to take over congress has triggered the biggest challenge to his rule since 2014, when 43 people died in antigovernment unrest.

The opposition has promised to keep pressure on Mr. Maduro until he releases political prisoners and calls general elections. The government has called protesters "terrorists" bent on staging a coup and called on supporters to defend their so-called Socialist Revolution at all cost.

Four out of the five protester deaths in this wave of violence were caused by armed pro-government paramilitary groups known as "colectivos," according to opposition politicians.

These groups allow the government to repress the protests without taking responsibility for the violence, said Ricardo Villasmil, public policy professor at Caracas's Catholic University.

"The idea is to defuse the protests through terror," he said.

The government hasn't commented on the allegations.

—Anatoly Kurmanaev

MARCO BELLO/REUTERS

Demonstrators rallied against Nicolás Maduro in Caracas Thursday. The president is facing the biggest challenge to his rule since 2014.

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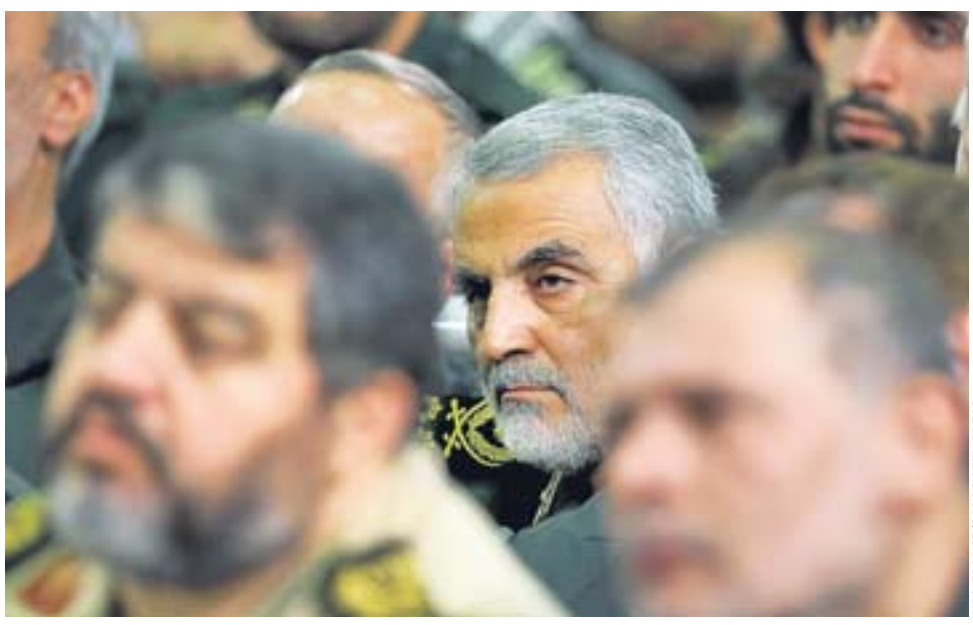
WORLD NEWS

U.S. Sanctions Brother of Iran Spy Master

Move against Sohrab Soleimani comes for alleged violations of human rights

By Jay Solomon



SIPA FRANCE/ASSOCIATED PRESS

Maj. Gen. Qasem Soleimani, whose brother Sohrab Soleimani was sanctioned Thursday, is seen in 2013.

WASHINGTON—The Trump administration Thursday sanctioned the brother of Iran's top spy master and military strategist for alleged human-rights violations, amid growing calls by Congress for the White House to confront Tehran and bring home U.S. citizens still imprisoned in the country.

Successive U.S. administrations have fixated on curtailing the activities of Maj. Gen. Qasem Soleimani, commander of international operations of Iran's elite military unit, the Islamic Revolutionary Guard Corps.

U.S. intelligence agencies believe Gen. Soleimani is overseeing Iran's military operations in Syria, which are designed to prop up the regime of President Bashar al-Assad. The U.S. and its Middle East allies also said they have seen Gen. Soleimani's hand in Revolutionary Guard military activities in Iraq, Yemen, Lebanon and the Palestinian territories.

On Thursday, the U.S. Treasury Department sanctioned Gen. Soleimani's brother, Sohrab Soleimani, who has been accused of committing human-rights violations as head of the Tehran Prisons Organization.

Human-rights groups have alleged Mr. Soleimani helped violently suppress a prison uprising in Tehran's Evin prison in 2014. Many of Iran's top political dissidents are jailed in Evin, as are U.S. and European citizens accused of espionage and other offenses.

The Treasury Department also sanctioned the Tehran Prisons Organization, which it said "is responsible for or complicit in the committing of serious human rights abuses against political prisoners housed in Evin Prison."

"Sohrab Soleimani was the head of the Tehran Prisons Organization during this violent event," the Treasury Department said in a statement.

The Iranian Mission at the United Nations couldn't immediately be reached for comment.

The U.S., Iran and five other global powers reached a landmark nuclear agreement in 2015 that curtailed Tehran's nuclear capabilities in return for the lifting of most international sanctions.

The U.S., however, said it maintains the right to sanction Iran for nonnuclear activities, such as human-rights violations and its support for Mideast-based militant groups. Iranian officials in the past have challenged this interpretation of the deal.

The Trump administration said Thursday the sanctioning of Mr. Soleimani was in compliance with the nuclear deal.

U.S. lawmakers have been calling in recent weeks for the U.S. to further impose sanctions on Iran for its nonnuclear activities.

They specifically cited Iran's continued detention of four U.S. nationals and two U.S. green-card holders as justification for more penalties. Iran has accused most of these Americans of espionage, a charge they have denied.

A bipartisan group of U.S. lawmakers wrote Treasury Secretary Steven Mnuchin last week and noted that Iran hadn't been sanctioned for any human-rights violations since the nuclear agreement was reached in July 2015.

White House spokesman Sean Spicer called for the release of the American citizens and residents on Thursday. He specifically cited Siamak Namazi and his father, Baquer Namazi, who are both imprisoned in Evin.

Members of their family say the men are facing serious health issues.

Moscow Is Cool on Prospects for Relations With U.S.

By Nathan Hodge

ALEXEI DRUZHININ/AGENCE FRANCE-PRESSE/GETTY IMAGES

Russian President Vladimir Putin entering a meeting at his country residence outside Moscow on Thursday.

MOSCOW—Russian officials gave a restrained assessment of U.S. Secretary of State Rex Tillerson's visit to Moscow, saying Thursday that it was too early to say if friendlier ties could be restored between Washington and Moscow.

Mr. Tillerson met with Russian President Vladimir Putin on Wednesday amid a tense diplomatic standoff over a suspected chemical attack last week in Syria. The U.S. has accused the Russia-backed regime of Syrian President Bashar al-Assad of using sarin gas in the April 4 attack on the town of Khan Sheikhoun, and carried out a missile strike in response. Russian officials have dismissed the chemical attack as a pretext for attempting to unseat Mr. Assad.

In an interview with the Agence France-Presse news agency published Thursday, the Syrian president said the suspected gas attack was a "fabrication" to justify a U.S. military strike.

"Definitely, 100 percent for us, it's fabrication," Mr. Assad said in the interview on Wednesday in reference to the alleged chemical-weapons attack.

"Our impression is that the West, mainly the United States, is hand in glove with the terrorists. They fabricated the whole story in order to have a pretext for the attack."

With Moscow and Washington still at odds over Syria, Kremlin spokesman Dmitry Peskov said Thursday that Mr. Putin didn't see any breakthrough in Russian-American relations after Mr. Tillerson's visit, according to Russian news agencies.

Mr. Peskov described Wednesday's meeting between Messrs. Putin and Tillerson as "quite constructive communication," but added that the Russian president "gave his interlocutor a very detailed view of the reasons that led our bilateral relations to the sad state they are in now," Russian news agencies said.

Russian Foreign Minister Sergei Lavrov was also measured in his assessment. "There will probably not be results soon," he said, according to news agency RIA-Novosti. "But at least in the operational plan we agreed to establish a dialogue on a number of important issues."

President Donald Trump, by contrast, gave a more optimistic reading. "Things will work out fine between the U.S.A. and Russia," he said on Twitter on Thursday. "At the right time everyone will come to their senses & there will be lasting peace!"

Russia and Iran have formed a military and diplomatic alliance to support Mr. Assad, and the Trump administration has looked for ways to drive a wedge between the two countries in hopes of bringing an end to the Syrian conflict. Last week's strike, however, has sharpened anti-American rhetoric from Russia and Iran.

Moscow will host the foreign ministers of Syria and Iran on Friday for three-way discussions. Russian Foreign Ministry spokeswoman Maria Zakharova said on Wednesday that the aim of the talks was "preventing...the undermining of efforts for a political settlement in Syria in the face of U.S. armed aggression against Damascus."

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WORLD WATCH

DEBAJYOTI CHAKRABORTY/ZUMA PRESS

READY TO CELEBRATE: A young man takes a selfie as he prepares to celebrate the Hindu festival of Gajan in Kolkata. Gajan coincides with the birth of Lord Shiva, according to Hindu mythology.

CANADA

Bill Is Introduced To Regulate Pot

Canada's Liberal government followed through on a 2015 campaign promise by Prime Minister Justin Trudeau and introduced legislation aimed at regulating the sale and production of marijuana.

Details still need to be worked out, the government said Thursday, including how cannabis will be taxed and how provinces will regulate the retail network in which the product will be sold.

The main goal, the government said, is to control the production, distribution, sale and possession of marijuana, and keep it out of the hands of criminal organizations. Criminal offenses for illicit production and trafficking will remain in place.

If approved by both chambers of Parliament, it will be legal by mid-2018 in Canada for a person 18 or older to purchase cannabis from licensed producers and possess up to 30 grams (1.1 ounce) of the drug when in public.

The legal framework marks a significant pivot by a large, developed-world economy in dealing with the marijuana trade, and Canada would become the biggest national government to legalize marijuana.

—Paul Vieira

RUSSIA

Government Faulted In School-Siege Case

Europe's top human-rights court ruled that Russia failed to protect human lives during a botched 2004 attempt to rescue hostages from a school that left more than 330 people dead, including 180 children.

The European Court of Human Rights on Thursday ordered Russia to pay €3 million total ($3.2 million) to the families of hundreds of victims.

A few months after President Vladimir Putin started his second presidential term in September 2004, Chechen gunmen demanding independence took more than 1,100 hostages in the Russian town of Beslan and held them through a three-day siege.

In their ruling, the panel of judges said Russian authorities used tank cannons, grenade launchers and flamethrowers to storm the school, contributing to casualties among hostages.

The Russian government also failed to prevent the attack despite having "specific information of a planned terrorist attack in the area, linked to an educational institution," they said.

The Russian Ministry of Justice called the ruling "groundless," and promised to appeal.

—Valentina Pop

GERMANY

Suspected Fighter For ISIS Detained

An Iraqi man detained during the investigation into the bombing of the bus carrying the Borussia Dortmund soccer team is believed to have fought for Islamic State in Iraq, Germany's top prosecutor said, but added that no evidence has emerged showing the man participated in the attack.

Evidence suggested the 26-year-old man, identified as Abdul Beset A., joined Islamic State in Iraq around 2014 and led a 10-person unit that took part in kidnappings and killings, the prosecutor-general said. Abdul Beset A. moved to Germany in 2016 and continued to stay in contact with members of Islamic State, the prosecutor said.

A spokesman for the prosecutor said an initial clue suggested the man may have been involved in the attack, but subsequent investigation failed to bear that out.

Instead, new evidence emerged as part of the investigation that the man had been involved in Islamic State. Authorities detained the man Wednesday and searched his apartment as they hunted for clues in the bombing of the bus.

—Anton Troianovski

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U.S. Mistakenly Bombs Allies in Syria, Killing 18

By Dion Nissenbaum

WASHINGTON—The U.S. military mistakenly killed 18 of its own allies in Syria in a misdirected airstrike meant to hit Islamic State fighters, Pentagon officials said Thursday.

Members of a Kurdish-Arab coalition allied with the U.S. were killed after providing the U.S. with the wrong coordinates for an enemy target during a battle with Islamic State fighters earlier this week, the military said.

The mistaken strike comes amid a spike in reports of civilian casualties as the U.S. military is intensifying its campaign to drive Islamic State from its two biggest strongholds: Raqqa, Syria, and Mosul, Iraq.

In this case, U.S. defense officials said, the airstrike on Tuesday appeared to be the result of a tragic battlefield mistake by a Syrian rebel coalition, known as the Syrian Democratic Forces.

Backed by U.S. airstrikes and American special-operations forces in Syria, the SDF has been trying to seize control of a major Euphrates River hydroelectric dam held by Islamic State.

On Tuesday, the forces near Tabqa Dam asked the U.S.-led coalition to carry out an airstrike on Islamic State fighters in the area, the military said. But it instead turned out to be an SDF front-line position.

"This is just one of those tragedies," said one senior U.S. defense official familiar with a continuing investigation of the strike. "It leads us all to believe, tragically, that the SDF called in a strike on their own position."

Kurdish activists released photos on social media showing members of the SDF carrying a long line of coffins covered with flowers and the SDF's flag through a crowd.

In a statement, the SDF characterized the incident as a "painful accident" that was "due to a mistake."

The U.S. military has scores of special-operations troops working alongside the SDF. It has also sent hundreds of Marines to help provide artillery support in Syria. The Trump administration is looking at providing more firepower to the SDF, a move opposed by Turkey, which views Kurdish forces in the coalition as terrorists.

The U.S. military expressed regrets about the mistaken attack and said it was looking to establish new safeguards to prevent further friendly fire incidents.

—Tamer El-Ghobashy in Baghdad contributed to this article.

HAWAR NEWS AGENCY/ASSOCIATED PRESS

Fighters from the Syrian Democratic Forces on Thursday carrying the coffins of their comrades killed in a misdirected U.S. airstrike.

Splits Within Iraq's Three Groups Reshape Its Politics

MIDDLE EAST CROSSROADS
YAROSLAV TROFIMOV

MOSUL, Iraq—Conventional wisdom holds that Iraq is a nation starkly divided among its three main components: Shiite Arabs, Sunni Arabs and Kurds.

Yet, another dynamic is gaining importance. Each of these three groups—as well as the smaller communities such as the Yazidis and Christians—is beset by deepening internal rivalries. These political cleavages could further destabilize the country. They also could bring it closer together, creating a new environment where political agendas trump the allegiances of sect and ethnicity.

"We now have splits within the Shiites, within the Sunnis, and within the Kurds. For an average citizen, this is not necessarily a bad thing," said Sajad Jiyad, managing director of the Al-Bayan Center for Planning and Studies, a Baghdad think tank. "It would help change the sectarian discourse and alignment that has been prevalent until last year."

The issue of how Iraq's political life develops after the ouster of Islamic State from its stronghold of Mosul is of critical importance to the Middle East. Several of Iraq's neighbors and allies have been drawn into the country's sectarian and ethnic conflicts that have reverberated far beyond its borders since the 2003 U.S.-led invasion.

One milestone looming is parliamentary elections scheduled for April 2018 that also will determine the fate of Prime Minister Haider al-Abadi. The fragmentation of the political scene makes it difficult to a form a strong government able to implement overdue changes. But it could also render the country more stable by preventing another sectarian overreach by the Shiite majority—or a long-mulled secession by the autonomous Kurdistan region in northern Iraq.

Among Iraq's Shiite community, the rivalries run straight through the biggest Shiite party, Dawa, to which Mr. Abadi and his main rival, former Prime Minister Nouri al-Maliki, belong.

Mr. Abadi has deftly used the Mosul campaign to strike an unlikely alliance with Kurdistan President Masoud Barzani and to position himself as a war leader.

Mr. Maliki, meanwhile, has reached out to Mr. Barzani's rivals in Kurdistan and to the Sunni speaker of parliament as he successfully pushed through no-confidence motions against the ministers of defense (a Sunni) and finance (a Kurd) last year. A third Shiite force, led by cleric Moqtada al-Sadr, engineered massive protests last year as it claimed to represent the will of the people while implicitly supporting Mr. Abadi.

> *'For an average citizen, [the splits are] not necessarily a bad thing.'*

One of Mr. Maliki's allies, Shiite lawmaker Salah Abdul Razaq, said the time has come to unite representatives of Iraq's three main population groups behind a single political project and leadership.

"The nature of Iraq now requires that we move from ethnic and sectarian conflict to political competition inside parliament," he said.

Regardless of whether Mr. Maliki, with his history of marginalizing Sunnis and Kurds, could lead such a project, few consider the emergence of a pan-Iraqi political movement likely—at least not before elections.

"In elections, Kurds will vote for the Kurds, Sunnis will vote for the Sunnis, and Shiites will vote for the Shiites. Not a single Kurd will vote for an Arab, not a single Sunni will vote for a Shiite, and not a single Shiite will vote for a Sunni," said Fuad Hussein, chief of staff of Kurdistan President Barzani. "But after elections, an alliance is a possibility."

Mr. Barzani—whose term expired in 2015—has been facing a major political challenge within Kurdistan itself. His party, which controls the regional capital Erbil, has physically prevented the region's parliament from naming a successor, essentially shuttering the legislature.

For now, that intra-Kurdish conflict combined with the global oil slump has muted the prospect of Kurdistan's independence.

"We are on the threshold of another civil war here," warned Yousif Sadiq, speaker of Kurdistan's parliament who hasn't been able to enter Erbil since 2015.

With most of Iraq's Sunni areas devastated by war against Islamic State, the Sunni Arab political scene is even more fragmented.

BOMB

Continued from Page One

off Korea as a show of force to North Korea. The allied official in Afghanistan said, however, that the use of the big bomb wasn't designed as a message to Pyongyang.

Mr. Trump, when asked if the action served as a warning to North Korea, said: "I don't know if this sends a message, it doesn't make any difference if it does or not. North Korea is a problem, the problem will be taken care of."

The incident comes as Afghan and U.S. troops continue to fight a two-front war in Afghanistan, fending off attacks from the Taliban, who ran the country until late 2001, and Islamic State, which arrived in 2014. The two insurgent forces sometimes clash with each other and sometimes work in tandem.

Islamic State fighters have largely been holed up in Kunar and Nangarhar provinces, along the mountainous Pakistan border. "As [Islamic State's] losses have mounted, they are using [improvised bombs], bunkers and tunnels to thicken their defense," said U.S. Gen. John Nicholson, commander of allied forces in Afghanistan. "This is the right munition to reduce these obstacles and maintain the momentum of our offensive against" Islamic State.

Gen. Nicholson didn't require special permission to deploy the giant bomb, said a spokesman for U.S. forces in Afghanistan. The Afghan Ministry of Defense didn't know about the bomb strike, a ministry spokesman said.

There are currently around 8,500 American troops in Afghanistan, many of them Green Berets and other special-operations forces. Another 6,000 or so allied forces remain. The U.S. and its allies invaded Afghanistan in 2001 after concluding that the Taliban had allowed Osama bin Laden to plan the Sept. 11 attacks from sanctuary on Afghan soil. At one point there were more than 100,000 U.S. troops in the country.

The tempo of U.S. and Afghan operations against Islamic State has stepped up in recent weeks. U.S. and Afghan commandos are carrying out a 10-day offensive in Nangarhar province, where Islamic State retains its strongest presence in the country.

That operation cost the life of Staff Sgt. Mark De Alencar, a 37-year-old Green Beret from Edgewood, Md., who was killed in a firefight in Nangarhar on April 8, according to the military.

U.S. officials said Sgt. De Alencar's death was very much on their minds when commanders decided to escalate the air campaign.

"We lost a soldier because of the booby traps and [improvised explosive devices] around caves," said the allied official. "We will lose Afghan and U.S. lives trying to clear those caves."

White House press secretary Sean Spicer said the attack took place around 7 p.m. local time in Afghanistan. "We targeted a system of tunnels and caves that [Islamic State] fighters used to move around freely," Mr. Spicer said.

The U.S. military has been bombing Islamic State positions in the area almost daily for more than a year, but the rate of such strikes has increased dramatically since Mr. Trump took office in January. The past two months have seen the greatest number of bombs dropped in Afghanistan since 2013, according to U.S. Air Force data. A large proportion of these munitions have been dropped over Islamic State strongholds.

While the U.S. is concerned about Islamic State in Afghanistan, the military's main focus remains the resurgent Taliban, which poses a more existential threat to the U.S.-allied Kabul government. "The Taliban remains the priority, but certainly we want [Islamic State] to know that they're not welcome," said a senior U.S. military official.

The caves targeted on Thursday are about 250 yards long and were excavated by local villagers mining a semiprecious stone in the mountainside, according to Bilal Sarwary, an Afghan journalist who visited the area last year.

—Carol E. Lee and Habib Khan Totakhil contributed to this article.

EGLIN AIR FORCE BASE/ASSOCIATED PRESS

The GBU-43/B Massive Ordnance Air Blast bomb, shown in a photo from Eglin Air Force Base.

MOAB Was Aimed At Deterrence, Too

The 'Mother of All Bombs' was intended to be used in combat, but it was also designed just to sit there. The mere existence of the weapon was supposed to serve as a psychological weapon, its sheer size acting to deter enemies.

The weapon is designed to explode in the air over a target, and doesn't penetrate into the ground before exploding. The Massive Ordnance Penetrator—the largest nonnuclear weapon in the arsenal—is designed to burrow into the ground on impact before detonating.

—Ben Kesling

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U.S. Faces Test Over North Korea

China ties complicate American strategy as Pyongyang appears to ready weapons trial

By Jay Solomon And Carol E. Lee

ED JONES/AGENCE FRANCE-PRESSE/GETTY IMAGES

Kim Jong Un, second from right, attending a ceremony for the opening of a housing project in Pyongyang on Thursday.

WASHINGTON—North Korea appears prepared to stage its sixth nuclear weapons test as soon as this weekend, current and former U.S. officials said, placing immediate pressure on President Donald Trump and his efforts to improve bilateral relations with China.

Mr. Trump, in an interview with The Wall Street Journal on Wednesday, hailed his recent meetings with Chinese President Xi Jinping as potentially opening a new path toward cooperation with Beijing to constrain North Korean leader Kim Jong Un's regime. He specifically cited possible U.S. flexibility toward Beijing in upcoming trade talks if it shows a willingness to pressure Pyongyang.

But stepped-up preparations in recent days by North Korea at its Punggye-ri nuclear-weapons site, in the northeast of the country, suggest a challenge to the international community could break as early as this weekend, said these U.S. officials. Such a test could constrain Mr. Trump's efforts to develop with China a longer-term approach toward reining in Pyongyang.

North Korean state media has warned the government could use its national holiday on Saturday, the birthday of the country's founder, Kim Il Sung, to display a show of force. Senior U.S. officials have said they are anticipating either a North Korean nuclear test, the country's sixth, or another in a string of ballistic-missile tests.

Satellite imagery taken of Punggye-ri in recent days has shown the continued movement of North Korea military personnel at the site, as well as mounds of dirt from excavation there.

The Trump administration is moving the Carl Vinson Carrier Strike Group to the waters off the Korean Peninsula as a deterrent against North Korea, according to U.S. officials.

On Thursday, Mr. Trump acknowledged the Pentagon dropped one of its largest bombs, known as the Massive Ordnance Air Blast Bomb, or MOAB, on Islamic State targets in Afghanistan. Asked if the action served as a warning to North Korea, Mr. Trump demurred.

"I don't know if this sends a message, it doesn't make any difference if it does or not," he said. "North Korea is a problem, the problem will be taken care of."

But senior Trump administration officials, in private, played down the prospect of the U.S. taking military action in response to any North Korean provocation this weekend, though they didn't rule it out. U.S. defense officials have said the Pentagon has the capability to intercept North Korean missile tests, which have largely been staged over the Sea of Japan.

U.S. officials said they worry any such missile intercepts could lead to a military escalation in Northeast Asia, where the U.S. has tens of thousands of troops stationed in South Korea and Japan. These officials acknowledged China's potential response to a U.S. intercept also was a factor in devising an American strategy.

Duterte Withdraws A Threat On Islands

By Jake Maxwell Watts

Philippine President Rodrigo Duterte said China had gently admonished him for his aggressive tone over a territorial dispute in the South China Sea, and in response he had withdrawn a threat to raise his nation's flag on contested islands.

On a visit Saudi Arabia, the fiery president—speaking during a long and rambling speech to Filipinos—said he had withdrawn the threat because he values Chinese friendship.

He said China told him: "If every head of state of the contending parties there around the West Philippine Sea—they call it the [South] China Sea—will go there to plant their flags, there will be likely trouble."

Mr. Duterte then said he would consider sending his son instead, as "the blood of the claimant."

Lu Kang, a spokesman for China's Foreign Ministry, said Beijing is "happy to see the Philippine side working more closely with the Chinese side."

A week ago, Mr. Duterte said he would send Filipino troops to occupy and fortify all ocean features controlled by Manila and that he was planning to visit one of the islands personally to raise his country's flag on June 12, Independence Day in the Philippines.

How Suspects Became Cogs in Kim Jong Nam Killing

By John Lyons And Ben Otto

VINCENT THIAN/ASSOCIATED PRESS

Doan Thi Huong, center, as she left court in Malaysia on Thursday.

NGHIA BINH, Vietnam—As the youngest of five in a farming family living on the edge of vast rice paddies, Doan Thi Huong was raised for better things. The family pooled money so she could go to school in Hanoi instead of toil in the fields.

What her family didn't know was that Ms. Huong had dropped out of school and ended up working in a bar; by the beginning of this year she was meeting with men who South Korean officials say were North Korean agents.

Now, Ms. Huong and another woman, if convicted, face the death penalty for allegedly murdering Kim Jong Nam, the half brother of North Korean leader Kim Jong Un. Both women appeared in court Thursday morning for the second time; a judge scheduled their next appearance for May 30.

"She was the one we all expected to grow up to be successful," said Doan Van Binh, an older brother.

Malaysian authorities say Ms. Huong, 28, and a 25-year-old Indonesian woman named Siti Aisyah, knowingly killed Mr. Kim on Feb. 13, by smearing the banned nerve agent VX on his face in Kuala Lumpur's main airport. Ms. Huong is allegedly the woman with cropped red hair and an "LOL" T-shirt caught in security footage lunging at Mr. Kim from behind.

The women say they thought they were acting in a prank TV show, said Gooi Soon Seng, lead lawyer for Ms. Aisyah. The defense lawyers will likely also question whether it was the women's actions that killed Mr. Kim, he said.

South Korean officials say the killing was orchestrated by North Korea, and allege both women were recruited by North Korean agents.

Yet the eight North Korean suspects Malaysia identified have all left Malaysia and are believed to be back home.

In court on Thursday, defense teams for the two women said police weren't cooperating with them; they asked again that authorities hand over CCTV footage from various locations. Defense lawyers also asked that Malaysian police provide statements taken from the three North Korean suspects.

North Korea has denied any connection with the killing. A person at North Korea's embassy in Hanoi declined to comment; repeated calls to the embassy in Kuala Lumpur went unanswered.

Ms. Huong left her village in northern Vietnam at 18, to study to become a pharmacist.

Unbeknown to her family, she left school and began working at Seventeen Cowboys, a now-closed bar in Hanoi featuring staff in cowboy outfits, said the manager Bui Anh Duc and a female co-worker.

In mid-December, having left that job, Ms. Huong says she was approached by a man her lawyers identified as Ri Jae Nam, according to Mr. Gooi, who is preparing a joint defense with Ms. Huong's lawyers. Ms. Huong's lawyers declined to comment on their defense.

South Korean officials have said Ri Jae Nam was one of two North Koreans who recruited Ms. Huong for the attack on Mr. Kim. The second man, Ri Ji Hyon, is the son of a former North Korean ambassador to Vietnam, a Vietnamese official said.

In late January, Ms. Huong returned home. That same month, the Indonesian suspect, Ms. Aisyah, who Malaysian police say had been working as a spa masseuse in Kuala Lumpur, says she was approached by a man outside a nightclub with an offer to appear in prank videos, according to Mr. Gooi. The man introduced her to another North Korean suspect whom Malaysian police have identified as Ri Ji U, Mr. Gooi said.

Ms. Aisyah says Ri Ji U began asking her to approach strangers in malls, airports and casinos, and put liquids like Tabasco sauce on their hands or faces, Mr. Gooi said. She says she earned around $100 for each prank, said Mr. Gooi.

The week before the attack on Mr. Kim, Ms. Huong and Ri Ji Hyon flew from Hanoi to Kuala Lumpur.

On Feb. 13, Ms. Huong says she was at the airport in Kuala Lumpur with Ri Ji Hyon for what she thought was another prank, said Mr. Gooi. Ms. Aisyah says she was there too, with Mr. Hong, who applied something on her hands amd directed her toward a target, said Mr. Gooi. Both women say they apologized to their mark before slipping off, he says.

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CHINA

Continued from Page One

dates, it could imperil China's economic growth, say many economists, including Yu Yongding, a senior economist at Chinese Academy of Social Sciences, a government think tank.

Mr. Yu, a former adviser to the central bank, says the bank's emphasis on propping up the yuan has constrained its ability to fight other economic ills such as persistent housing bubbles. "The issue of the exchange rate," he says, "has become shackles on policy makers' ability to take other necessary actions."

Simply put, China's currency-first policy is risky because the country now faces what economists call the "trilemma," the theory that a country can't at once have a controlled exchange rate, free capital flow and independent monetary policy.

The PBOC had been preoccupied with the yuan's downward slope for 2½ years, spending close to $1 trillion to keep it from weakening too fast. In 2016, though, the falling yuan was continuing to motivate Chinese to send money overseas and was eroding faith in China's economic management.

Going into 2017, a year that for Mr. Xi is all about launching his second term, Beijing concluded the PBOC had to go a step further and put the yuan's defense at the central bank's center stage, government officials and advisers say. Since December, the PBOC has strengthened limits on the ability of businesses and individuals to send money abroad, while raising short-term interest rates. A PBOC press official said the central bank declined to comment.

QILAI SHEN/BLOOMBERG NEWS

People's Bank of China has shifted priorities toward preventing the currency from cratering. The central bank's headquarters, above.

'Impossible trinity'

For most of the past decade, Beijing seemed to defy the trilemma, or "impossible trinity," as some call it, as it slowly lifted capital controls without the yuan or interest rates spinning out of control. "You can have a combination of all three," Yi Gang, a deputy central-bank governor, said last year in a panel discussion with former U.S. Federal Reserve Chairman Ben Bernanke.

The PBOC has backed off that notion. By tightening controls on money flowing out, it has dialed back years of efforts to make it easier for the Chinese to invest overseas and more attractive for foreigners to invest in China.

And the bank has essentially sidelined its traditional monetary-policy role because it must now consider the effect on the yuan before providing banks with more funds, government advisers say. The PBOC has tightened its hold on credit since December to reduce pressure for capital outflows.

That tightening might help prod some businesses to cut back on excessive borrowing—a stated government goal. But it is also creating unintended stresses, including heightened risks of a full-blown cash squeeze in the financial system, says Zhu Chaoping, China economist at UOB Kay Hian Holdings Ltd., a Singapore investment bank. "The PBOC is between a rock and a hard place."

Beijing's 2017 yuan defense harks to 2014. For years, China bought dollars and sold yuan, drawing Western criticism that it kept its currency undervalued to promote Chinese exports—a cheaper yuan meant lower dollar prices for its products.

In the summer of that year, it shifted course. After years of growth, when money was pouring in, the slowing economy was driving cash away, and the PBOC sold dollars to prop up the yuan. Since then, the PBOC has spent $1 trillion, a quarter of its currency reserves, to control the yuan's fall.

When dollar selling wasn't enough, it added stricter capital controls and other measures over the following years, while publicly repeating a mantra that the yuan was returning to normalcy.

China isn't seeking to stop the yuan's fall altogether, but to guide it lower in an orderly fashion. Too sharp a drop could drive up inflation by increasing import costs and cause uncontrollable capital flight—battering confidence in the Communist Party.

A weaker yuan also makes it harder for Chinese companies, from state banks to airlines, to service their more-than-$1 trillion foreign debt. Such companies draw most of their revenue from domestic businesses, and a weakening Chinese currency requires them to expend more yuan to pay off the same amount of dollar debt.

Chinese airlines, for example, have been trying to pare the huge dollar debts they racked up in years when the yuan was strong, mostly to buy planes from Boeing Co. and Airbus SE.

Pressure to service that now-pricier debt could force them to cut back domestic investment and jobs, and threaten them with insolvency. That could propel even more outflows, further weakening the currency, said Sheng Songcheng, a senior adviser at the PBOC, in a December interview. The potential for that type of negative-feedback loop, he said, makes stabilizing expectations for the yuan an "urgent task."

Beijing's moves to stabilize the yuan, though, threaten its financial stability elsewhere—the consequences of the trilemma.

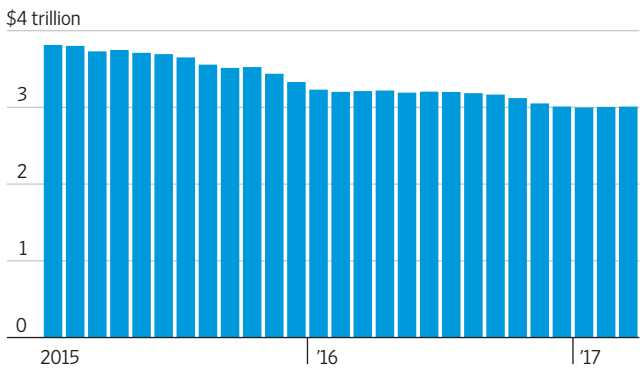
The moves since December to add new barriers to capital outflows have given many foreign investors pause. "We have to be sure that if we put money in, we can take it out," says David Loevinger, a managing director at Los Angeles-based fund manager TCW Group. "We don't want China to be our Hotel California, where you can check out but never leave."

Scaring foreign investors off could deny the Chinese economy an important source of capital.

Defense Mechanism

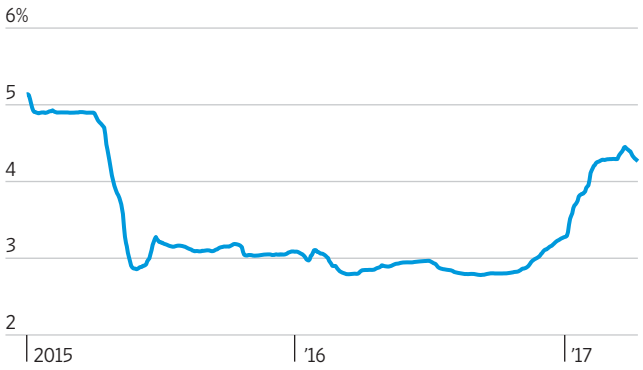
Beijing has spent foreign reserves in a bid to prop up its currency's value...

China's foreign-exchange reserves



...while its central bank has pushed up short-term interest rates to help stem the flow of money out.

Shanghai Interbank Offered Rate



Sources: Wind (foreign-exchange reserves, Shanghai rate, yields)

THE WALL STREET JOURNAL.

And those barriers also call into question Beijing's 2015 promise to the International Monetary Fund that it would promote free capital flow in exchange for acceptance of the yuan into the world's elite club of currencies.

What's more, the capital rules are disrupting the short-lived calm China had managed to inject in its jittery property markets. Unable to take money out of the country, many investors can't think of anywhere else to put it. Home-sales values jumped by 26% in the first two months of 2017 from a year earlier, despite a series of moves to cool down last year's frenzy.

"Stocks are too risky, bonds are not for retail investors like me, and you can't invest overseas now," says Qian Yu, a 42-year-old advertising executive in Beijing who was looking to buy his third property last month. "There is just not much else to buy."

The PBOC is also refraining from using traditional monetary-policy tools such as one it usually employed when the economy needed a push: cutting the amounts banks are required to hold in reserve, so they can make more loans. China now has one of the highest reserve-requirement ratios in the world, economists say, even though many businesses are starved of credit—traditionally a signal for a central bank to use monetary policy and inject money.

Credit pinch

The first inklings of new monetary-policy constraints came ahead of last year's Lunar New Year holiday. That is a typical time for a "triple-R" cut—a cut in banks' required reserves—to avoid a cash crunch when employers pay year-end wages. Instead, the PBOC opted to provide more-costly funds.

One argument for that approach was avoiding a signal the PBOC was loosening credit, which could weaken the yuan. "We need to put a high emphasis on maintaining the exchange-rate stability when managing liquidity," said one central-bank official in a meeting with banking executives in January 2016, according to minutes of the meeting.

This year, the PBOC's tightening of credit has caused a spike in borrowing costs for banks and many small and private manufacturers that rely on short-term funding. Interest rates on a popular form of short-term debt, discounted bills, among private manufacturers such as makers of cellphone parts have jumped to 4.3% from 3.5% early this year.

The increase comes as many companies are struggling to pay off debts. Loan defaults are also piling up at Chinese banks, hurting their ability to goose the economy at the government's behest. And Chinese companies have been putting off or scrubbing bond issuance—a growing funding source for Chinese industry—at a pace rarely seen before. In the first quarter, 130 companies dropped or delayed 119.95 billion yuan ($17.4 billion) in bond-issuance plans, according to database Wind Information Co., the highest amount for the quarter since Wind started collecting the data in 2014.

The PBOC's shift toward yuan defense has it following its U.S. counterpart's interest-rate moves, something it rarely did before. In December, as the Fed raised interest rates, the PBOC sharply curtailed its routine fund injections, driving up short-term borrowing costs. On March 16, just hours after the Fed lifted rates again, the PBOC pushed up a series of short-term rates to narrow any gap that could send money fleeing.

While many economists see higher U.S. rates as appropriate, they say China can ill afford them with its paralyzing debt levels among companies and municipalities and anemic private investment in manufacturing and other operations that generate jobs and improve productivity.

Less than a week after the PBOC's rate move, some small rural banks on March 20 failed to repay loans from other banks, unable to borrow at the higher rates to settle short-term debts. Emergency PBOC funding temporarily restored calm, but the episode raised concerns about the financial system's stability.

Into 2017, the PBOC has gained breathing room from a softening dollar and a measure of economic stability fueled by stimulus spending by the government, which last year stepped up funding of roads and other infrastructure projects.

PBOC officials including Gov. Zhou Xiaochuan have publicly sought to play down its recent tightening, saying increases in short-term rates can prod companies to cut back on borrowing. In a March 30 paper, the PBOC nodded to the trilemma but argued that it has found a way to balance its mandates through more-targeted management of capital flows.

Still, to defend the yuan, "the overall cost goes up as U.S. interest rates go up," says Gene Frieda, global strategist at Pacific Investment Management Co. "The strategy is ultimately about buying time, but it's a bridge to nowhere unless the authorities successfully deal with the debt problem and undertake reforms that allow for healthier growth."

Economists and investors warn that because of the effect of higher interest rates on companies with massive debt, Beijing may eventually have to give up currency control and let interest rates fall.

The Yuan's Trump Factor

China's motivations for keeping the yuan from tanking go beyond its borders—there's also the Trump factor.

As a candidate, Donald Trump accused China of becoming the world's leading exporter—and destroyer of American jobs—by exploiting an artificially weak yuan. Beijing hopes its yuan defense will reduce the chance of a trade war that could hurt exports and sour relations with the U.S., Chinese officials say.

"The higher-ups don't want the exchange rate to become a trouble spot," with the U.S. as well as in China, says an official who attended President Xi Jinping's annual economic-strategy meeting.

President Trump's pronouncements Wednesday take some pressure off Beijing. The U.S. Treasury Department this week is expected to issue its semiannual report on the currency practices of America's major trading partners. Mr. Trump in a Wall Street Journal interview said the report won't call China a currency manipulator, saying China has stopped manipulating the yuan and that it was more important to focus on cooperation with Beijing on North Korea.

At a news briefing Thursday, a Chinese foreign-ministry spokesman said: "It's true that China hasn't been a currency manipulator—that's an objective fact."

Government officials and economists in Beijing on Thursday said they expect Washington to continue putting China on notice about currency management and trade practices. Official data released Thursday showed China's trade surplus was $23.93 billion in March, compared with a rare deficit of $9.15 billion in the previous month, and 74% of the latest surplus was with the U.S.

—Lingling Wei

DOLL

Continued from Page One

unsurpassed zeal.

In recent campaigns, the Network Agency sniffed out and neutralized data-gathering devices lurking in smoke detectors and credit cards. Now it is taking the fight to a new breed of all-seeing, all-hearing internet-connected toys—stuffed pandas, remote-controlled cars, robots and dolls—that are invading German children's bedrooms.

And it isn't kidding.

Parents who ignore the order to destroy Cayla could face a fine of up to €25,000, about $26,500, and two years in prison under paragraph 90 of Germany's telecommunications law. On its website, the agency posted a template for a destruction certificate that should be filled in, signed by a waste-management company, and sent to the agency as proof of destruction.

The agency said it had no plans to take action against noncomplying adults.

"The Bundesnetzagentur assumes that parents will voluntarily render this doll harmless," it said in a statement.

LEON NEAL/AGENCE FRANCE-PRESSE/GETTY IMAGES

The talking doll 'My Friend Cayla' has been banned in Germany.

The Bonn-based agency is a child of the 1990s, when the state began selling off its former monopolies and opening their markets to competition. Its main, and more mundane, task is to oversee the telecommunications and postal markets and ensure network access for energy suppliers and rail operators. But it takes its counterespionage role no less seriously.

Before turning its sights on Cayla, the agency last year banned a panda bear with a camera hidden in its nose that operated as a nanny cam or baby phone and could connect to a mobile phone—the panda can't be named for privacy reasons, according to the Bundesnetzagentur.

A toy robot was sent to the scrapyard because its head was embedded with an internet-enabled camera concealed behind a black visor. A tank replica shared the same fate owing to another hidden camera and because it was actively promoted as "a vehicle that could spy secretly, for instance, on somebody's boss, neighbor or friend," agency spokesman Olaf Peter Eul said.

Other connected toys, such as Mattel Inc.'s "Hello Barbie" or CogniToys "Dino," escaped the agency's wrath because they didn't operate in disguise and their communication features were better protected against outside intrusions by showing clearly when the microphone was on, consumer protection and legal experts said.

Internet-enabled toys, which can record children via microphones and cameras and make those recordings remotely available, have raised concern from privacy activists elsewhere.

But while Norway, the U.K. and the U.S. have warned about Cayla's nefarious potential, Germany is alone in making the doll illegal and ordering its destruction.

"It's pretty bad bringing a doll on the market anybody in a 30-feet radius can connect to," said Stefan Hessel, a law student at Saarbrücken University who penned the legal opinion used by the agency to ban the doll. "A regular Bluetooth loudspeaker is better protected."

Cayla's distributor, Vivid Germany GmbH, said it took the complaint very seriously but insisted Cayla didn't break the law and said it would challenge the agency's decision. Vivid declined to say how many dolls had been sold in Germany or whether some had been returned. "There is no reason to destroy Cayla or give the doll away," the company said in a statement. "It isn't a spying device."

The producer of Cayla, China-based Genesis Toys, didn't respond to requests for comment.

The doll can't connect directly to the internet but can be accessed via Bluetooth by any mobile device loaded with the My Friend Cayla app. This access isn't protected and any conversation a child might have with Cayla—or in her presence—could be eavesdropped upon by a concerned parent, curious neighbor or malicious outsider, the agency said.

"We thought it simply incredible that we could own such an awful thing... sitting in our child's bedroom for two years without our knowledge," said Ms. Harmann. "It's simply unbelievable what parents have to deal with these days."

She said her daughter, who found Cayla "stupid" and "ugly," parted with the bugged doll without a tear. Still, Ms. Harmann was hesitant to destroy it and donated it instead to the German Spy Museum Berlin, which had launched an appeal for unwanted Caylas.

"I told the museum it would actually be much nicer for Cayla to have a purpose and warn other parents instead of simply destroy it with a hammer," she said. "We now have a little celebrity in the museum."

The museum's Florian Schimikowski said Cayla became the first toy in its collection, which houses a specimen of Enigma, the notorious Nazi encryption machine, and the "Fotosnaiper," a gun-shaped spy camera used to take long-distance photographs.

"It sounds a bit like an overreaction to call on parents to destroy the doll," said Mr. Schimikowski.

But Abby-Sue Mook, a 17-year-old Austrian visitor wandering around the museum, disagreed: "She can spy on households. I think it's good that she had to be destroyed."

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GREATER NEW YORK

SUSAN HAIGH/ASSOCIATED PRESS

Gov. Dannel Malloy on Thursday.

Malloy Won't Run for Third Term

By Joseph De Avila

Connecticut Gov. Dannel Malloy said Thursday that he wouldn't seek a third term, establishing an endpoint to his leadership of a state struggling with a gaping budget gap and a stagnant economy.

Initially sworn in as governor in 2011, the 61-year-old Democrat said he would serve the remaining two years of his second term. He said he would continue to push for a more equitable system for education funding, better budget practices and changes in the criminal-justice system.

"Inherent in the nature of our democracy is that no governor, no mayor, or no president for that matter, ever sees their vision fully realized," he said at a news conference in Hartford.

After losing the Democratic nomination for governor in 2006, Mr. Malloy, a former prosecutor and mayor of Stamford, won the office in 2010 by defeating Republican businessman Tom Foley by a few thousand votes.

He was re-elected in 2014 in a rematch with Mr. Foley.

Mr. Malloy's announcement to step down gives potential Democratic candidates ample time to gather support for the 2018 election.

The Republican Governors Association said in a statement that Connecticut now is "a top pickup opportunity for Republicans."

But state Republicans, frequent adversaries of Mr. Malloy, also offered some words of praise. "While we may not always see eye to eye, I respect him greatly for his tireless work ethic and dedication to Connecticut," said Senate Republican President Pro Tempore Len Fasano.

Mr. Malloy's stewardship of the state's finances and economic performance has dragged down his approval numbers since his first year in office.

Earlier this week, a nationwide survey by media and technology company Morning Consult pegged Mr. Malloy as the country's least popular Democratic governor, with a job-approval rating of 29%. The survey was based on weekly online polls of more than 85,000 registered voters between January and March.

In contrast to neighboring states of New Jersey and New York, Connecticut's recovery from the recession has been choppy.

The state added zero jobs in 2016, and overall employment hasn't returned to prerecession levels, lagging behind the nation, which crossed that mark in May 2014.

Following the 2012 shooting at Sandy Hook Elementary in Newtown that claimed the lives of 26 children and adults Mr. Malloy rallied lawmakers to pass new firearms restrictions.

"The governor's leadership in the aftermath of the Newtown tragedy—one of the darkest days and periods in our nation's history—will be long remembered for the strength and comfort he brought to the afflicted families and to the entire state," said Senate President Pro Tempore Martin Looney.

Police Investigate Judge's Death As Likely Suicide

By Zolan Kanno-Youngs, Corinne Ramey and Kate King

Police are investigating the death of a New York judge whose body was pulled from the Hudson River as a likely suicide, confounding colleagues, friends and neighbors in her close-knit Harlem community.

Sheila Abdus-Salaam, the first African-American woman on the New York Court of Appeals, had no visible signs of trauma or foul play when her body was found in the river near West 132nd Street on Wednesday afternoon. Police are "90% sure" Judge Abdus-Salaam committed suicide, officials said, but are still examining surveillance videos to see if there was any sign her death was accidental.

Her husband, Rev. Gregory A. Jacobs of the Episcopal Diocese of Newark, said, "I'm really having a difficult time processing all of what happened." The couple married last June.

Sheila Abdus-Salaam's brother committed suicide around Easter three years ago.

Judge Abdus-Salaam's brother committed suicide around Easter three years ago, a law-enforcement official said.

Judge Abdus-Salaam, who was 65 years old, spent the weekend with her husband in New Jersey and spoke with one of her assistants on Tuesday morning, Chief of Detectives Robert Boyce said Thursday. Her husband reported her missing on Wednesday.

Police responded to a 911 call Wednesday afternoon and found Judge Abdus-Salaam's body in the river. An autopsy showed no apparent injuries and authorities don't believe she had been in the water a long time, Chief Boyce said.

Judge Abdus-Salaam's friends and neighbors were shocked by reports that she might have taken her own life. They recalled her as a generous friend who was deeply involved in her Harlem community.

Eric Thomas, a longtime friend, said he last spoke with Judge Abdus-Salaam in late March. "She was telling me about retiring in maybe four years," he said. "She was talking about the future."

Neighbors on West 131st Street, where she had owned a brownstone since the 1980s, said Judge Abdus-Salaam was well-known, humble and reserved. It is a block where gentrification hasn't eroded the sense of community, said Earl Davis, who lives on the street and founded Project Brownstone, a small nonprofit for which Judge Abdus-Salaam served as a board member.

Project Brownstone's mission is to empower local youth through arts and education, and Mr. Davis said Judge Abdus-Salaam served as a mentor to young people pursuing criminal-justice careers.

Pat Miller, another neighbor and member of the 131st Street block association, said he once asked Judge Abdus-Salaam if she could use her professional connections to help clean up a vacant house on their block. He said she refused, saying, "That would be an abuse of my power."

Judge Abdus-Salaam had no children. She was born in Washington, D.C., in 1952. She was inspired to pursue law when Frankie Muse Freeman, a famed civil-rights attorney, came to her high school to speak. She graduated from Barnard College in 1974 and Columbia Law School in 1977.

Valerie DeBerry, who lived with Judge Abdus-Salaam at Barnard College, said she "knew her true north and she never wavered from it, even as a young woman."

Gillian Lester, the dean of Columbia Law School, wrote in a letter Thursday that Judge Abdus-Salaam was active on campus.

At her June 2013 swearing-in, Judge Abdus-Salaam said she was still processing her "improbable good fortune" of being the court's first African-American woman. Only God and her mother, the judge said, "may have had an inkling this would be my fate."

MIKE GROLL/ASSOCIATED PRESS

Harlem resident Sheila Abdus-Salaam was named the first African-American woman on the New York Court of Appeals in 2013.

'Judge's Judge' Was Civil-Rights Champion

New York Appeals Court Judge Sheila Abdus-Salaam was known for her gracefully written opinions, respect for the law and passion for civil rights.

"She was a judge's judge," said former Chief Judge Jonathan Lippman, who served with her on the state's highest court and was chief judge when she was appointed in 2013. "Everyone had respect for her."

Judge Abdus-Salaam was thoughtful and adhered to the law, and cared deeply about people, he said. On the Court of Appeals, the 65-year-old was "a little on the liberal side" of the court and passionate about civil rights and equal treatment, said Vincent Bonventre, a professor at Albany Law School.

He called her August opinion, which established the right for non-biological parents to seek custody of a child, a landmark one. Previously, the state had recognized parents with biological or adoptive rights, which legally blocked some same-sex couples in custody disputes.

Michael Cardozo, New York City's former corporation counsel, called Judge Abdus-Salaam the perfect judge to argue in front of. "She would call them as she saw them, right down the middle," he said. "She would look at what the law was and apply it." A bonus: She would always give him a hug, he added.

Throughout her career, Judge Abdus-Salaam, who worked at public-defender organization East Brooklyn Legal Services shortly after graduating from law school, never forgot about the less fortunate, said those who knew her.

"She always extended real courtesy to advocates," recalled Seymour James Jr., attorney-in-chief of Legal Aid Society, another public-defender group. Her work with the poor in Brooklyn helped shape the rest of her judicial career, he said. "She didn't forget them," he added.

Mr. Bonventre, the professor, said that when Ms. Abdus-Salaam came to speak to his students, she would acknowledge that cases could be difficult.

"She would say, 'We're dealing with a case right now, and I'm the vote,' " Mr. Bonventre said. "She was not reluctant to say it was a difficult case and she still was not sure how she was going to vote."

—*Corinne Ramey*

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New Gang Fears After Four Killings

By Joseph De Avila And Zolan Kanno-Youngs

SETH WENIG/ASSOCIATED PRESS

Emergency workers near the murder scene in Central Islip, N.Y.

The bodies of four men were found in a Central Islip park on Long Island, in killings that matched a pattern used by the gang MS-13, Suffolk County Police said Thursday.

The victims were killed with sharp-edged instruments and had significant trauma throughout their bodies, said Suffolk County Police Commissioner Timothy Sini. The bodies were discovered Wednesday evening.

Police said MS-13 is responsible for six murders in the neighboring community of Brentwood last year. Investigators also aren't ruling out other suspects.

"To the extent this is MS-13, this a reminder of how violent they are," Mr. Sini said.

He said the Central Islip homicides occurred recently, but declined to say on what specific day. The bodies of the victims weren't skeletal remains. Two of the victims were 18 years old, one was 20 and the other was 16.

"I am outraged to learn of the homicides in Central Islip," said Suffolk County Executive Steven Bellone. "These heinous acts will not go unpunished and our communities will not be intimidated by such cowardly violence."

Central Islip is a blue-collar suburb in the middle of Long Island. Adjacent Brentwood has been the epicenter in a surge of gang violence tied to MS-13, which has ties in Central America, according to Suffolk County Police.

More than a dozen alleged MS-13 members were charged in March in connection with three of the six killings in 2016. Federal prosecutors accused the suspects of killing Brentwood High School students Kayla Cuevas, 16, and her friend Nisa Mickens, 15, in September.

Authorities said the girls were targeted after a feud with MS-13 members at school and on social media. Police said the alleged gang members beat the girls with a bat and attacked them with a machete.

Authorities also alleged they stabbed and beat to death fellow gang member Jose Pena, also a Brentwood High School student, in June.

Suffolk County Police have worked with the Federal Bureau of Investigation and Nassau County Police to crack down on MS-13 following the slayings of Ms. Cuevas and Ms. Mickens. Police say more than 135 gang members have been arrested since then.

"This is a long-term war," Mr. Sini said. "Make no mistake about it, it's a war."

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Pricey Bourbon Makes a Splash in the City

One establishment pairs the buzzy Van Winkle with dinner for $500, another charges over $100 a shot

By Charles Passy

New York has no shortage of bars that sell specialty cocktails for $15 or more. But one establishment is going a step beyond and offering a whiskey dinner Wednesday for $500 a head.

The event at Midtown's Bryant Park Grill will feature pourings of Van Winkle, the cult-favorite bourbon line that is produced in limited quantities by Kentucky's Buffalo Trace Distillery in partnership with the Van Winkle family. The list price of the most exclusive Van Winkle offerings, such as the 23-year-old Pappy Van Winkle, can run $270 a bottle. Some retailers, however, mark up the price to as high as $3,000 a bottle.

FOOD & DRINK

The idea behind the Bryant Park event, said Jeff Isaacson, who directs bar-and-beverage operations for parent company Ark Restaurants, is to have a little fun in connection with the end of tax-filing season. "I figured people are saying, 'I'm getting a refund, so let's blow some bucks,' " he said.

ANDREW LAMBERSON FOR THE WALL STREET JOURNAL

Tony King at the Plaza Hotel's Palm Court pours a $120 cocktail that includes Van Winkle bourbon.

Mr. Isaacson's hunch may be right. As of earlier this week, the restaurant had sold all but four of the 20 slots for the dinner. Still, Mr. Isaacson said he considered the event "a great value," noting that the pricey whiskey will be paired with a four-course meal.

Bryant Park Grill is hardly the only New York establishment that is making the most of its Van Winkle procurement and charging a sizable sum to partake of the spirit.

Some bars, such as Employees Only in Greenwich Village, are serving it by the shot for prices that can top $100 for the most limited-edition versions. "It's like a hot car on the lot," said principal bartender Steve Schneider, noting that the bourbon often sells out fast.

Other establishments go beyond just shots and use their Van Winkle bourbon in mixed drinks. At the Plaza Hotel's Palm Court, bartenders make a Pappy Manhattan, replete with a flamed orange peel, for $120.

At Midtown's Monarch Rooftop & Indoor Lounge, they offer a Grandaddy Pap cocktail for $99.

"It's a status symbol," said Ric Addison, chief executive of Monarch parent company Addison Hospitality Group, of the drink.

It's unclear how many bottles of the Van Winkle line make their way into the New York market. Buffalo Trace Distillery and Empire Merchants, which distributes the Van Winkle line in the city, wouldn't provide hard numbers. But John Devin, president of Empire, said there are "thousands of customers looking to get their hands on hundreds of bottles."

Some establishments that are fortunate enough to procure a bottle make a point of keeping prices in check.

Neta, a Japanese restaurant in Greenwich Village that offers a selection of whiskeys, charges $29 for a shot of the 23-year-old Pappy, albeit with the restriction of one pour per person.

Thomas Kim, who runs the restaurant's bar program, said he doesn't want the cost of Pappy to be an obstacle for the uninitiated. "I'm a whiskey lover so I want other whiskey lovers to try it," he said.

Students Reboot Tech Camp

By Leslie Brody

Three students on Stuyvesant High School's robotics team couldn't believe the poor coding skills of many ninth-graders who wanted to join their team.

So the trio started their own company, Kinet-X, to teach computer science and engineering to middle schoolers. Last summer, their technology camp drew about 15 students and $20,000 in revenue.

This summer, they plan to expand camp enrollment and slash the price for families who can't afford the $1,350 fee for four weeks.

They say they take no salaries and use the tuition to pay for materials, laptops, rent at the Beam Center in Red Hook, Brooklyn, and staff.

Some teenage teachers attend Stuyvesant, one of the elite public high schools admitting students through a tough admissions exam.

The company founders, juniors Allan Wang, Adam Abbas and Chauncey Lau, are planning this summer's curriculum. It includes lots of hands-on projects such as building web pages and solar-powered toy cars made from old computer parts.

They say many science and technology programs are too exclusive, expensive and boring, and they want to get more young people interested in the field they love. They laugh off the notion that polishing a college resume could be part of the motivation.

"There are way easier things to do than this to get into college," said Mr. Abbas. "I want to see kids' eyes light up when they write their first code and everything is working."

Eric Contreras, principal of Stuyvesant, said that in such a fast-changing world, children need to be exposed to computer science and engineering as early as possible. "It's exciting and inspirational to see students understand the big picture and take ownership of it," he said. "Our kids are very enterprising. They do things and I find out later."

LESLIE BRODY/THE WALL STREET JOURNAL

From left: Adam Abbas, Chauncey Lau and Allan Wang, who attend New York's Stuyvesant High School, run a tech camp.

WATCH

GUBERNATORIAL ELECTION

Candidates Receive $3.6 Million in Funds

New Jersey taxpayers have provided $3.6 million in public matching funds to Democratic and Republican candidates in this year's contest to succeed Republican Gov. Chris Christie, state election officials said Thursday.

Democrat Jim Johnson, a former official in President Bill Clinton's administration, and Republican Lt. Gov. Kim Guadagno have received the most money, at nearly $1.2 million each.

Democratic Assemblyman John Wisniewski received about $663,000 and Republican Assemblyman Jack Ciattarelli got a roughly $651,000 disbursement, his first of the campaign.

The funding program, dating to 1974, allows candidates to get $2 in public cash for every $1 raised. Candidates must raise $430,000 to qualify.

—Associated Press

NEW JERSEY

House Fire Claims Elderly Couple

An elderly couple died and their caretaker was critically injured in a house fire early Thursday morning in Berkeley Heights, police said.

Firefighters pulled the three out of the home and performed CPR before transporting them to a hospital. Erwin and Mary Gloss, both 95 years old, were pronounced dead there a short time later. The 48-year-old woman who cared for them had undisclosed injuries.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

Judge Sheila Abdus-Salaam's husband reported her missing to the New York Police Department on Wednesday. A Thursday article about the judge's death incorrectly said that her husband reported her missing on Tuesday.

Readers can alert The Wall Street Journal to any errors in news articles by emailing **wsjcontact@wsj.com** or by calling 888-410-2667.

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LIFE & ARTS

TELEVISION REVIEW

The Women Behind The Throne

Essie Davis and Michelle Fairley

BY JOHN ANDERSON

UNEASY LIES the head that wears the crown in 1480s England, and it's small wonder why. His in-laws hate him. Half the country wants him dead. Heirs, apparently, are lurking behind the manicured shrubbery. Add to all this what seems like divine judgment regarding his sketchy claim to the throne: A plague—the mysterious, fatal "English sweat"—is decimating his population. Peasants are dropping like underprivileged flies.

Yet for all his existential crises, King Henry VII (Jacob Collins-Levy) is neither the heart nor the soul of "The White Princess," a STARZ adaptation of Philippa Gregory's 2013 novel, a woman-centric account of medieval British history with several of Ms. Gregory's delicious tweaks—and a comely yet formidable heroine in Princess Elizabeth (Jodie Comer). The "white" of the title refers not to her alabaster complexion, or her soul, but to her allegiance in the recently concluded Wars of the Roses: The House of Lancaster (of the red) has defeated the House of York (the white), and seized the kingdom of the recently dispatched Richard III—Elizabeth's uncle and, apparently, her lover. Henry, a Tudor and Lancaster descendant, has vowed to wed "Lizzie" and unite the kingdom; her lack of virginity appalls him as much as her politics. To call it a mixed marriage does not begin to explain it.

And why bother? The very popular Ms. Gregory may claim to be delivering history lessons, but straying from the factual record makes for far more amusing drama. Conversely, one of the intriguing features of "The White Princess" is the naturalistic earthiness of its characters' lives. Dramas set in medieval England usually pretend that people had dentists, showers, hygiene and a sense of social decorum. That's not quite the case here. In "The White Princess," the teeth are OK but the people are grimy, and there's even a royal rape, perpetrated by a frustrated Henry on an indignant Elizabeth. "I barely even noticed" she says, a stinging parry to his thrust.

In addition to taking the chattel's point of view in a world lopsidedly male, "The White Princess" is a tapestry of soap and backstage politics, with some really marvelous performances. Ms. Comer, who is present even when

Please see TELEVISION page A11

STARZ

'The Fate of the Furious' cast includes Vin Diesel, Charlize Theron (middle) and Dwayne Johnson (bottom).

FILM REVIEW | Joe Morgenstern

'Furious': Nothing Good Under the Hood

DISSING "THE FATE of the Furious" is like criticizing the tide. ("High as it may have been in its latest iteration, the tide failed to lift my boat, and, not incidentally, seemed oversalted.") This eighth iteration of the series that began with "The Fast and the Furious" in 2001 will earn zillions of dollars during the first nanoseconds of its global opening this weekend, so who am I to call it soulless, graceless, witless, incoherent—even for the franchise—and, not incidentally, brain-numbingly long at 136 minutes? But I've said it and there's no turning back, or driving in reverse, as Vin Diesel's Dominic Toretto does to win a street race in Havana. (His engine is on fire, so he gets a supposedly crucial thermal boost by putting the flames behind him.)

Instead of recounting the plot, which needlessly conceals an essential point for much of the movie, let me start with the villain of "F8," or the villainess. She's a cybergenius named Cipher—someone says "she's like a digital act of God," whatever that means—and she is played by Charlize Theron, which should mean she's the best character in the show, even though Jason Statham's Deckard Shaw and Dwayne Johnson's Luke Hobbs are also on hand to match muscles and trade increasingly tiresome insults, and Helen Mirren puts in a fleeting appearance as Shaw's mother. (The director was F. Gary Gray, working from a script by Chris Morgan.)

But no, not even Ms. Theron, a lissome, powerful and witty pillar of the performing arts—she was all of that in the recent "Mad Max"—can find much fun in the coarsely written role. Flying above an assortment of frays in her ultra high-tech command plane, Cipher is bent on world domination (only, she insists, to keep the superpowers from stepping out of line); talks menacingly of acquiring Russia's nuclear codes (that's where the fun doesn't come in); and forces poor, forlorn Dom to do her bidding, thus turning the erstwhile hero against his wife and his team, against everyone he loves. (How Cipher does this is the point the plot withholds; the movie would make more sense if it blew its big secret early on.)

Sense, or narrative logic, is not what turns out vast audiences for this series. It's the cars, of course—my favorite was a brown-and-cream Bentley that comes to a bad end in a good cause—and the men and women who drive them. ("F8" is the first film of the series since "The Fast and the Furious: Tokyo Drift," in 2006, to be shot without Paul Walker, who died in 2013 in a single-car accident while the previous episode was still in production; a touching tribute to him surfaces toward the end.)

This time around the track, though, logic seems to have been treated as a potential contaminant in a pounding succession of action sequences. The first, that race in Havana, gives a few tantalizing glimpses of present-day Cuba, but then it's over. A cryptic mission to Berlin might just as well have been shot in Hoboken for all the vistas it provides. A prison break is both brutal and boring, no small trick. A terrific comic notion involving autonomous cars is weakened by repetition (and multiplication). The closest thing to useful craziness comes in the climax, which is set in a whited-out arctic waste where cars, Hobbs's monster truck and an old Russian nuclear submarine that Cipher has hacked converge in deafening, deep-freeze combat. One could liken the sequence to the battle on the ice in Eisenstein's "Alexander Nevsky," but I'm not that One.

UNIVERSAL STUDIOS (3)

THEATER REVIEW

GETTING THEM IN THE ROOM

BY EDWARD ROTHSTEIN

New York

I DO NOT KNOW whether during the secret back-channel meetings between various Israelis and representatives of the **Palestine Liberation Organization** in Oslo in 1993 one of the negotiators really imitated Henry Kissinger, or if cardamom waffles played a pacifying role when things got tense. But one of the achievements of J.T. Rogers's "Oslo" is that these details seemed perfectly plausible. The play is generally so smartly written, the characters and their realization so vivid, and the direction of Bartlett Sher so taut that you are drawn into a three-hour drama about something intrinsically undramatic, in which nuance and minutiae are generally more crucial than action: negotiations. It also helps quite a bit if you accept the play's premises, which I think most people will.

I do not. But before explaining why, I should note that the play received its premiere last summer in **Lincoln Center**'s smaller Mitzi E. Newhouse Theater and the production was slightly modified for its new "Broadway" run. The author's research was considerable (he previously took on the Rwandan genocide in "The Overwhelming" and 1980s Afghanistan battles in "Blood and Gifts"). And the true-to-life aspect of "Oslo" is startling. Much of it takes place in a castle outside Oslo (abstractly suggested by Michael Yeargan's spare sets) where a Norwegian sociologist, Terje Rød-Larsen—played by Jefferson Mays as a polished but obsessed ironist—is eager to apply theories of negotiation to the conflicts of the Middle East. Together with his wife, Mona Juul, an official in the **Norwegian Foreign Ministry**—played by Jennifer Ehle as a stern but gracious overseer who fills the audience in on details—they secretly assemble their subjects (neither side wanted to be publicly seen meeting the other) and set the wheels in motion. The surprise is that in September 1993

T CHARLES ERICKSON

Henny Russel (center) with Daniel Jenkins, Dariush Kashani, Jefferson Mays, Daniel Oreskes and Anthony Azizi

this resulted in the Oslo Accord, marked by a historic handshake on the White House lawn between Yitzhak Rabin, Israel's prime minister, and Yasser Arafat, the **PLO**'s head, soon to lead the newly formed Palestinian Authority.

In advance, this seemed to me a recipe for disaster—and I mean (at least here) the play. But it really does work. The drama gains momentum when Michael Aronov swaggers in as Uri Savir, director-general of the **Israeli foreign ministry**—an insufferably arrogant tough guy with a gift for theatrical gesture. ("We've both got to be flexible here," he tells his PLO counterpart. "Otherwise we are just pissing on each other's shoes, and I only brought one pair.") And as Ahmed Qurie, the PLO finance minister, Anthony Azizi meets Mr. Aronov more than halfway, with a well-fertilized mix of outrage and sentimentality. The cast—notably Adam Dannheisser, Daniel Oreskes, Dariush Kashani, Daniel Jenkins, Joseph Siravo and

Please see THEATER page A11

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FILM REVIEW

Joe Morgenstern

Making the Grade

SUNDANCE SELECTS

Maria-Victoria Dragus and Adrian Titieni

THE PHOTOGRAPHER Henri Cartier-Bresson famously spoke of capturing "the decisive moment" in his subject's lives. Watching "Graduation," a quietly transfixing drama by the Romanian filmmaker Cristian Mungiu, it's tempting to look for such a moment in the life of Romeo Aldea, a surgeon living with his teenage daughter and almost-estranged wife in a town in Transylvania. At what point does Romeo decide to violate his principles, the ones he has taught his daughter, by obtaining improper influence that will guarantee her success on a crucial exam? If the moment exists I couldn't pin it down. What I saw, instead, was a moral and ethical version of a "what's-wrong-with-this picture?" game. Wherever the camera turns, whomever Romeo encounters (with a few notable exceptions), wrongness emerges in the form of casual venality. A caring father, a good doctor and, by reputation, an honest man, Romeo has long been a comfortable, if unconscious, fit in a corrupt society.

Mr. Mungiu, is a master of ramification; his films start off as plain tales, then deepen into complex psychology and spread out into contemporary culture. In "4 Months, 3 Weeks and 2 Days" (2007), a young woman desperately searches for an illegal abortion in late 1980s Romania, but the cultural context was the pervasive evil of the Ceausescu dictatorship.

In "Graduation," which stars Adrian Titieni as the doctor, the presenting problem is the plight of Romeo's daughter, Eliza (Maria-Victoria Dragus). In normal circumstances this bright and studious high-school senior would ace her exam, get the scholarship she seeks and go off to study psychology in Cambridge.

Suddenly, however, her success is not assured, and her father realizes he can help her. That's when the film widens into individual portraits: of a local fixer; of a crooked police inspector, Romeo's friend (played by Vlad Ivanov, the vile abortionist in "4 Months, 3 Weeks and 2 Days"); and above all, of a father losing control of his daughter and his own life.

Mr. Titieni doesn't tug at your heartstrings—the film is too austere for that, and Romeo is an unprepossessing hero at best, living a life of lies with a good wife he doesn't love and a loving mistress he won't marry. What we see in him is affecting all the same: a father who fears losing his daughter to a bright future, yet wants her to succeed at whatever cost. "We raised you to be honest," he tells her, "but this is the world we live in." This physician can't heal himself.

T CHARLES ERICKSON

Jefferson Mays and Jennifer Ehle

THEATER

Continued from page A10

T. Ryder Smith—is similarly accomplished.

Since Mr. Rogers pulled off this success, it also seemed more plausible that the historical characters thought they could too. We are reminded of the play's historical claims again and again, both by actors impersonating Israeli politicians (Yossi Beilin, Shimon Peres) and by the cast interjecting reminders of terrorist attacks and retaliations during the negotiations and, at play's end, into the present. We are meant, ultimately, to side with Mr. Rød-Larsen, who declares that, despite it all, what was achieved should give us hope. The play is a plea for the value of negotiations.

The truth is, it depends. Most recently, negotiations removing chemical weapons from Syria proved to be a sham. The Vietnam peace talks led to a completely worthless agreement. And remember Munich?

It depends on who is negotiating and why. What we don't learn from the play, for example, is that Israeli leaders had already had confidential meetings with a PLO-connected figure, Faisal Husseini, before the Norwegians took on this project and the talks led nowhere for multiple reasons. Oslo may have "succeeded" partly because it was so flawed: Israel had no security representative involved; the Palestinians had no legal representative. And the PLO, which had become impoverished and sidelined, was being brought back into power.

The play's epilogue acknowledges that troubles did not end, but mentions just two terrorist attacks in the two years after the signing—both by Jews, one being the assassination of Rabin in November 1995. But that is a distortion. In May 1994, Arafat called for a "jihad" to liberate Jerusalem and referred to the agreement as part of a staged plan for dismantling Israel. And in the 2½ years after the signing, 210 Israelis were murdered in terror attacks—three times the average toll of the previous 26 years. Before his 2001 death, Mr. Husseini boasted of the Oslo accord as a Palestinian Trojan Horse.

So if "Oslo" means us to recognize how important negotiations and close human contact are, I found myself agreeing but noting that they can also seduce and distort and that the arrogance of believing that you can venture out on your own and gamble with the lives of others is something not particularly deserving of praise.

Aside from that though, the play fascinates.

Oslo
Lincoln Center Theater, Vivian Beaumont Theater, 150 West 65th St. ($87-$147), 212-239-6200

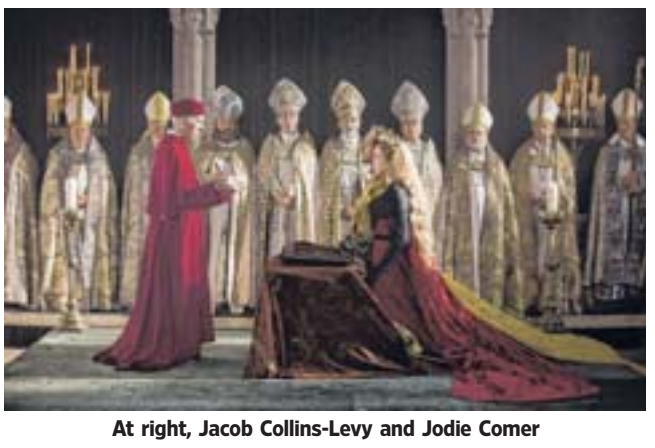
Mr. Rothstein is the Journal's Critic at Large.

TELEVISION

Continued from page A10

absent, makes Lizzie a proud, forthright beauty with a social conscience, which certainly distinguishes her from her mother, the scheming dowager Queen Elizabeth (Essie Davis) or her new mother-in-law, Margaret Beaufort, to whom the marvelous Michelle Fairley brings a combination of misplaced righteousness, religious devotion and Oedipal mania/ambition. She's a scary character, and conspicuously absent from Shakespeare's plays on the period. But, then, Shakespeare was a Tudor propagandist, and Ms. Gregory is definitely not.

"You will be the peace that ends the cousins' war," Margaret tells Lizzie, even as those Plantagenet cousins plot against each other, and Margaret schemes against Lizzie. As in her other works (including "The Other Boleyn Girl," which was both a BBC program and a theatrical film, and "The White Queen," which was an Emmy-nominated miniseries), Ms. Gregory, with the aid of screenwriter Emma Frost, champions her central female subject, surrounds her with catty subordinates, and goes with whatever historical interpretation provides the most sensational story. Here, that includes the use of English voodoo, the powers of the mandrake root, the sibling rivalry between Lizzie and her craven sister, Cecily (Suki Waterhouse), and Lizzie's thoughts of Richard III, who's seldom been remembered quite this fondly.



STARZ

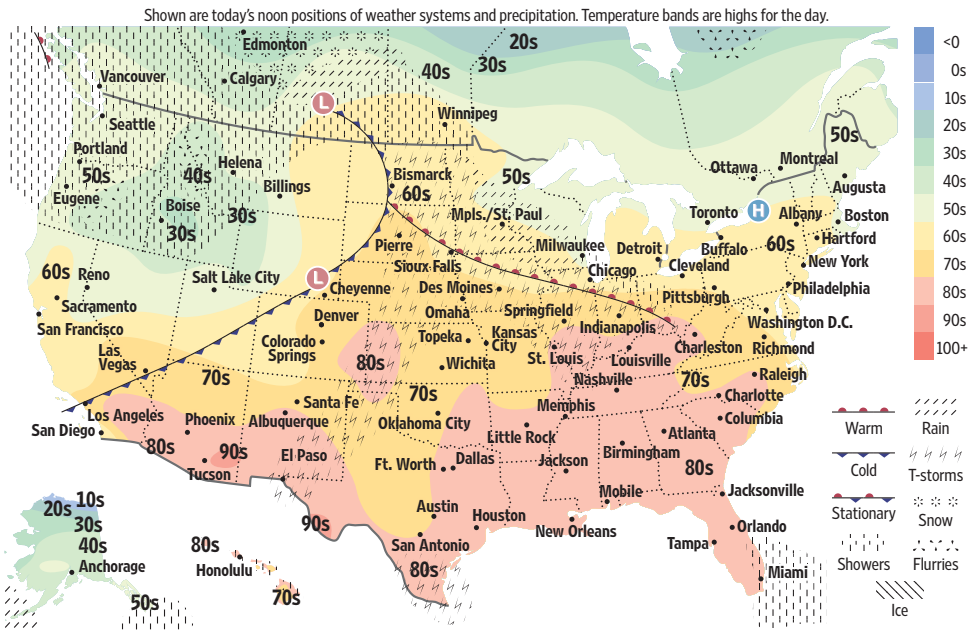
At right, Jacob Collins-Levy and Jodie Comer

The White Princess
Begins Sunday, 8 p.m., STARZ

Weather

AccuWeather.com

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

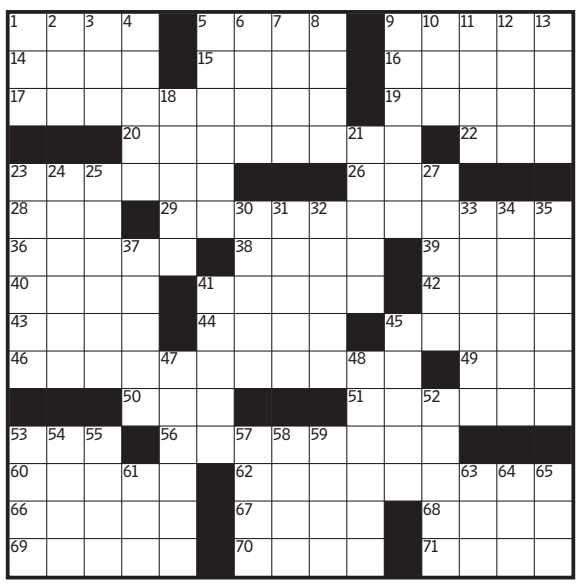
City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Anchorage	47	33	s	49	32	s
Atlanta	82	60	s	82	62	pc
Austin	81	60	pc	83	64	pc
Baltimore	66	50	s	68	61	c
Boise	48	30	sh	56	38	pc
Boston	57	41	s	61	48	s
Burlington	57	37	s	65	52	r
Charlotte	81	59	pc	81	60	pc
Chicago	66	60	c	80	62	pc
Cleveland	66	55	c	78	63	c
Dallas	82	63	pc	81	65	pc
Denver	77	40	pc	67	41	pc
Detroit	62	49	c	79	62	t
Honolulu	84	71	pc	85	72	pc
Houston	81	64	pc	83	67	pc
Indianapolis	78	62	t	79	63	pc
Kansas City	74	63	t	76	55	t
Las Vegas	77	57	s	81	62	s
Little Rock	82	60	pc	81	62	pc
Los Angeles	73	53	s	75	53	s
Miami	82	72	pc	81	73	pc
Milwaukee	53	50	c	74	57	c
Minneapolis	64	58	r	68	47	r
Nashville	86	62	pc	85	66	s
New Orleans	81	64	c	82	65	pc
New York City	64	46	s	59	56	c
Oklahoma City	79	61	pc	78	61	c
Omaha	72	62	t	75	48	c
Orlando	84	65	pc	84	66	pc
Philadelphia	67	47	s	68	58	c
Phoenix	88	59	s	88	61	s
Pittsburgh	69	54	pc	76	61	c
Portland, Maine	56	35	s	57	46	s
Portland, Ore.	53	39	sh	59	39	c
Sacramento	64	41	s	69	46	pc
St. Louis	82	65	c	84	65	s
Salt Lake City	55	34	sh	57	42	pc
San Francisco	61	46	pc	64	48	pc
Santa Fe	77	39	s	73	39	s
Seattle	51	42	sh	55	41	c
Sioux Falls	68	54	r	70	42	sh
Wash., D.C.	69	54	pc	74	64	c

International

City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Amsterdam	55	46	c	52	42	pc
Athens	73	58	s	74	57	s
Baghdad	87	68	c	79	61	c
Bangkok	92	78	t	94	78	pc
Beijing	83	51	pc	87	56	s
Berlin	54	41	c	51	38	r
Brussels	56	44	c	54	40	c
Buenos Aires	72	53	s	71	54	pc
Dubai	97	78	s	97	79	s
Dublin	54	38	c	51	38	pc
Edinburgh	52	38	pc	53	38	pc
Frankfurt	60	44	c	58	39	c
Geneva	67	42	s	60	42	sh
Havana	84	66	s	82	66	pc
Hong Kong	79	72	pc	82	74	t
Istanbul	62	51	s	66	53	s
Jakarta	89	78	pc	88	76	t
Jerusalem	65	49	pc	63	48	s
Johannesburg	69	50	pc	71	49	pc
London	61	45	pc	57	41	pc
Madrid	79	47	pc	80	49	pc
Manila	95	78	s	93	79	pc
Melbourne	64	47	pc	66	52	s
Mexico City	76	54	pc	76	53	pc
Milan	73	54	pc	72	49	pc
Moscow	42	27	c	41	27	pc
Mumbai	94	76	pc	93	75	pc
Paris	61	45	c	60	41	c
Rio de Janeiro	84	73	c	86	73	pc
Riyadh	102	74	s	102	72	pc
Rome	68	52	pc	68	51	pc
San Juan	82	70	sh	82	73	sh
Seoul	57	50	r	66	52	pc
Shanghai	77	58	s	81	62	s
Singapore	86	75	t	88	77	pc
Sydney	74	59	s	73	60	pc
Taipei	82	69	pc	85	72	pc
Tokyo	64	57	pc	67	56	pc
Toronto	57	40	s	69	60	sh
Vancouver	53	42	c	53	38	sh
Warsaw	50	37	pc	55	39	sh
Zurich	63	44	pc	59	43	sh

The WSJ Daily Crossword | Edited by Mike Shenk

PUZZLE CONTEST



COLLEGE SEARCH | By Matt Gaffney

The answer to this week's contest crossword is **an American college.**

Across

1 Cook's creation
5 See 9-Across
9 With 5-Across, dominant ape
14 Mama's man
15 Scrapping
16 Sneak attack
17 Negatively affect the company's revenue stream?
19 Cronut cover
20 Artwork in panels
22 "Affirmative"
23 Crosswords may be solved on one
26 One of 200 at the Indy 500
28 Form of "to be"
29 Pet deer on the grounds of an investment bank?
36 Can imperfections
38 Financial advisers set them up
39 Adverb at sea
40 Tiny bit
41 Splotches
42 Laurel in a bowler
43 Big piece, as of marble
44 Ingredient in many healthcare products
45 Color like khaki
46 Reveal a secret to Duvall or Winters?
49 Wrestling need
50 LGA guess
51 Gathers, as information
53 Peaty area
56 State in two parts
60 Buffett's home
62 Water supply for a magician with a one-named partner?
66 Medicine cabinet item
67 Singer, sometimes
68 Sheepish
69 Xi's language
70 Beijing blanket
71 1950s teammate of Whitey and Mickey

Down

1 No. a cop writes on a ticket
2 All-vowel liquid
3 Current mo.
4 Milan milk
5 Dan or San follower
6 Sitting on
7 Rattle off
8 Site to buy handicrafts
9 Comfy shawl
10 Reversible chuckle
11 Speak up?
12 Confusion
13 Votes for
18 LeMond and Kinnear
21 Yours is Mammalia
23 Sicko
24 Southern cuisine
25 Mistreated car, often
27 Part of a process
30 French city near the Belgian border
31 Baby bib stuff
32 The mother on "What's Happening!!"
33 Noted Japanese model
34 Bush picker
35 Beliefs
37 Textbook graphic
41 Faith with an apostrophe
45 Company rule
47 He has a place in the East Village
48 Drink in December
52 Opponent in battle
53 Swedish server
54 "The Wire" role
55 Stare
57 Tax pros
58 Steering wheel
59 Digging
61 Work in the garden
63 One of the fire signs
64 Race segment
65 Schuss through powder

▶ Email your answer—in the subject line—to **crosswordcontest@wsj.com** by 11:59 p.m. Eastern Time Sunday, April 16. A solver selected at random will win a WSJ mug. Last week's winner: Patrick M. Gavin, Pleasant Prairie, WI. Complete contest rules at **WSJ.com/Puzzles**. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

Previous Puzzle's Solution

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SPORTS

BASKETBALL

The NBA's Most Polite Star

Mike Conley of the Memphis Grizzlies claims one of the most obscure streaks in sports: He's never received a technical foul

BY BEN COHEN

Memphis

THERE ARE TOO MANY NBA games with too many close officiating calls for a player not to occasionally snap at a referee and receive a technical foul. It happens to nearly everyone—except Memphis Grizzlies guard Mike Conley.

Conley has never earned a technical foul in his entire life. Not in the NBA. Not in college. Not in high school, summer tournaments or any other level of organized basketball. The league's highest-paid player is also its most polite.

It's almost impossible to be in the league as long as Conley and completely avoid unsportsmanlike conduct. Conley has played about 23,000 minutes over the last decade. That is 43% more than anyone else in the NBA without a tech, according to Stats LLC.

No one with as much experience as Conley has anything close to a clean record. The average number of career technical fouls for those players: 39. In fact, according to their rate of techs per minutes played, Conley should have 24 by now. "Well, I'm way below that," he said.

As the NBA's oldest player, Vince Carter has the perspective to appreciate Conley's streak. He told Memphis rookies about their teammate's pristine behavior in the preseason, and Carter remains so impressed by his record that he recently shook Conley's hand simply because it crossed his mind.

"It's unbelievable," Carter said. "He's mastered the ability to approach the referee in a civil, sane way in a hostile moment."

What makes Conley such an outlier is the correlation between how good a player is and how many techs he gets. Every one of the seven players with more than 13 this season was an All-Star. DeMarcus Cousins alone had 18—more than the combined total of all the San Antonio Spurs and their coach Gregg Popovich.

The truth is that a long career means a lot of technical fouls. Dirk Nowitzki has played more than anyone in the league and has distinguished himself as a global ambassador for the sport. Nowitzki also leads active players in career technical fouls, according to ESPN's statistics, which comes as a surprise even to referees. "Get the heck outta here," said retired NBA official Steve Javie.

Conley especially could afford the $2,000 fine that would come with his first technical foul. Last summer, he signed a five-year, $153 million deal, the richest in NBA history. He lived up to expectations this season by scoring more than ever—and extending his run without a tech past 700 games. It may be the most ostentatious thing about him.

His demeanor comes from Mike Conley Sr., the gold medalist in triple jump at the 1992 Olympics, who has a similar personality. When he coached his son's childhood basketball teams, Conley Sr. said, he received a single technical foul. His outburst consisted of two one-syllable words: "Oh no."

Conley Sr. raised his son to keep calm by making him play against older kids from a young age, and his resulting disposition is particularly useful for a point guard.

"He would get thrown left and right and end up laying on the ground, and his mom would always tell me to go out and get him," Conley Sr. said. "I would never go out and get him."

It only got worse for Conley Jr. in high school. Indianapolis's Lawrence North played in one unforgettable game for which thousands of fans arrived hours in advance while hundreds were turned away at the door. The game itself was even more chaotic. "We've seen seven-car pileups with less violence," one Indianapolis columnist wrote afterward.

In the first half, Conley took an elbow to the head during a dead ball. In the second half, Conley was tackled on a layup. They wanted to goad Conley into getting kicked out. "He just laid there and let them be idiots," said Jack Keefer, Conley's high-school coach.

Conley still relies on that training more often than he might like. Two years ago, he fractured bones around his left eye. This year, he fractured the vertebrae in his back. In the upcoming playoffs, he'll be playing with gnarly stitches after a recent collision on the court opened a cut above his right eye.

"I got used to being pushed down, getting my eye split open and guys talking trash," Conley said. "You have to learn to live with it and adapt to it. That's what I did."

He's now the leader of a team that protects him. The Grizzlies play by the mantra "grit and grind," and it has become such an embedded mentality that even the arena's trash cans say: "Grit. Grind. Recycle." Conley's teammates take care of him when they sense that Memphis could use a strategic technical foul. "I told him I'll be the one to get the technicals for him for what he wants to say," Carter said.

Conley says he thinks officials respect his patient approach. And they're more likely to listen when Conley disputes a call. "It would be out of character," Javie said, "so human nature says maybe I did miss this play."

Mark Price had a similar reputation, Javie said, which is why he was surprised one morning years ago when he read that Price had received a technical foul the night before. Javie immediately called the referee who nailed Price.

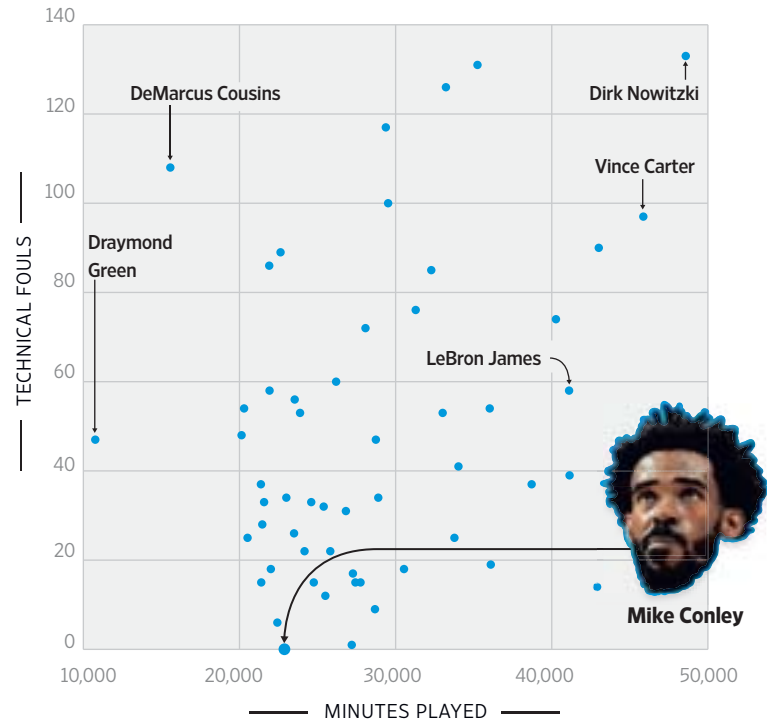
"He didn't live it down for three years," Javie said. "If I found out someone hit Conley, I would bust his chops big-time."

Other players get so many technical fouls they forget them. Conley still recalls the times he nearly got T'd up. He once shouted "c'mon man!" after a questionable call and saw the referee start to form a "T" with his hands. Then he saw the referee stop when he realized it was Conley. "Oh," the referee said. "My bad."

Grizzlies guard Mike Conley chats with an official during the 2015 playoffs.

Technically Legal

How Mike Conley compares to active NBA veterans — and two other notable offenders — in terms of career technical fouls.



Note: Data as of April 2
Sources: Basketball Reference, ESPN, Associated Press (photos)

THE WALL STREET JOURNAL.

CYCLING | Jason Gay

CONFESSIONS OF A ZWIFT ADDICT

Awkward confession: I spent my winter in a darkened basement, riding a stationary bike versus robots.

OK, they're not actually robots. Technically, they're avatars in a video game. And each is connected to a real-life human pedaling a stationary bike somewhere else. Maybe the competition is in California. Australia. France. Japan. Or next door.

And I want to crush them all.

This is the addictive madness of Zwift, a virtual-but-not-quite-virtual-reality bicycling program that is not only radicalizing my indoor training, but also causing me to think a lot about how sports may evolve in a virtual environment.

I'm not just talking about cycling: As technology progresses, this will likely happen in a lot of sports. Virtual software like this can change the way people train, and the way serious talent is found and developed.

In cycling, it's already happening: an American woman who won a Zwift virtual competition last year is racing in Europe—real racing, on real roads, with pavement and cobbles and stuff.

That's pretty nuts. For the intersection of sports and the digital world, it feels like the cusp of something big.

Before I get there, I should explain what the heck Zwift is. It isn't as Nutter Butters as it sounds. Basically, it's like a spinning class meets the Tour de France meets the video game "Call of Duty."

To do it, there are three things you need: the Zwift program, a screen, and a "smart trainer." Zwift you download and subscribe to—it's $10 a month, like Netflix. The screen can be your laptop or a tablet. I've used both an iPad and my iPhone.

The most expensive thing you need is that "smart trainer." You can spend a few hundred bucks on this, or go bonkers and spend more than a thousand. Technically you don't even need one to ride on Zwift, but it would be kind of like not buying speakers for a music player. You're only getting a fraction of the experience.

A smart trainer, which is Bluetooth-enabled, changes the whole deal. You connect the trainer to your bike—any bike, and the trainer connects to Zwift via Bluetooth. This allows Zwift to automatically adapt the tension on your trainer to the virtual surface you're riding. Hills feel like hills. Flats feel like flats. If you slip in behind another rider, you get the "drafting" benefit of having to pedal a little less hard to stay with the rider in front.

That's the other thing: Zwift is an utterly social gaming experience. Once you're in there—riding on the roads of virtual cities like London or Richmond, Va., (site of the 2015 Cycling World Championships) or a made-up environment known as "Watopia"—you're surrounded by cyclists. They're avatars, but again, they're real people, pedaling somewhere, just like you. You can chase them down and ride with them. You can arrange to ride with a friend. You can even race.

After a while, it felt like I was in there. I tricked my mind into believing that the little cycling me on the screen was actually me. And I suffered, gloriously.

That's a big thing. Programs like Zwift—and there are others out there, BKool, FulGaz, TrainerRoad and the granddaddy, CompuTrainer—dramatically improve the experience of indoor training, which historically has been an awful ritual for people living in cold-weather climates or hurried to get an efficient workout in. For decades, people pedaled in tortured, lonely silence, maybe watching old VHS copies of the Tour de France or episodes of "The Sopranos."

Ask Leah Thorvilson. Thorvilson, 38, was an elite distance runner who turned to bike riding after injuries cut her career short. Last summer, she began competing in a Zwift talent development program aligned with the Canyon-SRAM pro racing team. After beating out more than a thousand virtual competitors, she was invited to a Canyon-SRAM team camp and picked to join the team. She's already competed in races on the European circuit with the sport's best.

"I get to wake up every morning and my job is to ride my bike," Thorvilson told me.

Jonathan Vaughters, boss of the Cannondale-Drapac World Tour cycling team, thinks Zwift could become a tool for "broad" talent identification, especially at young ages. He's also enthusiastic about Zwift's potential to build cycling as a sport. That's an opinion shared by USA Cycling's CEO, Derek Bouchard-Hall. "It's making the sport more interesting to more people," Bouchard-Hall said.

I go back and forth on Zwift's potential impact on real-life racing. It can definitely build stronger riders. Perhaps it can cultivate future racers—the game is fun, but no virtual race will match the real experience of being on a road in a real-life peloton. At the same time, racing is a habit not without downsides: costs, travel and the risk of injury. Will some racers race less in real life because they can compete on Zwift?

Cyclists can complain about everything. But I'm not ready to declare this an existential threat. Optimally, virtual racing will grow on a parallel track to the real thing. Though cheating can happen in Zwift—you can manipulate your weight, improving your watts per kilogram performance—there are ways to certify performances as legit, which will attract more riders to competitions.

I asked Bouchard-Hall: could he see a day when there are USA Cycling-sanctioned races on Zwift?

"I could," he said. "Why not?"

As for me, I'm planning to get my bike out of my cellar and say goodbye to the robots, at least for a few months. Spring is here, and it's getting warm. There's this experience called riding outdoors I keep hearing about—and it's apparently real, and perfect.

ZWIFT

A screenshot of the cycling experience on Zwift. Users can also ride in virtual cities like London or Richmond, Va.

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OPINION

Trump's Promise to Veterans

By Rebecca Burgess

Donald Trump pitched himself as a friend to the American military, and to veterans in particular. His campaign pledged to fix the Department of Veterans Affairs "by firing the corrupt and incompetent VA executives who let our veterans down." Since taking office, however, President Trump hasn't defined what, if anything, his administration will do to make good on that promise. Here are a couple of obvious wrongs he can easily make right.

In 2015, a pair of senior VA officials were accused of defrauding the department to the tune of $400,000. Diana Rubens and Kimberly Graves, the directors of two regional VA offices, had allegedly manipulated the department's hiring and transfer systems for personal financial gain. Ms. Rubens was accused of pressuring a subordinate to leave the VA's Philadelphia office so she could take the job herself, move from Washington, and collect a $288,000 relocation payout. Similarly, Ms. Graves received more than $129,000 by engineering a move from Philadelphia to St. Paul, Minn.

Allison Hickey resigned in October 2015 as the VA undersecretary for benefits amid investigations into her role in the scheme. Ms. Rubens and Ms. Graves were called to appear before the House Veterans Affairs Committee that November, but they refused to testify, invoking their Fifth Amendment right against self-incrimination. Instead of being fired, the pair were demoted. Due to a VA "paperwork mistake," however, the demotion had to be rescinded in December 2015 and reissued.

Then the two got a reprieve from the Merit Systems Protection Board, the quasi-judicial agency whose mission, in part, is to review the disciplining of federal employees.

Corruption at the VA isn't punished, while the Pentagon claws back signing bonuses.

The MSPB is the successor of the U.S. Civil Service Commission, originally set up to protect federal workers from partisan recrimination.

In early 2016 the MSPB fully reversed the punishments of Ms. Rubens and Ms. Graves. Furthermore, the VA did not to try to recover the taxpayer funds that the pair had collected for relocating. It seems that since "senior officials" approved the $400,000, it would have been somehow improper to ask for the money back.

Yet the Los Angeles Times revealed in October 2016 that the Defense Department had been forcing National Guard veterans to repay re-enlistment bonuses—sometimes up to $20,000—they had received during the mid-2000s. The Pentagon said the bonuses were improperly awarded. Nearly 10,000 soldiers, the Times reports, have faced everything from retroactive interest to wage garnishment to tax liens. Debt collectors and tanked credit scores, the result of the retroactive action, will haunt many of them for the foreseeable future.

Unlike the senior VA officials, these soldiers weren't accused of conspiring to game the system. Rather, each signed a service contract and happily took the bonus that the military, under pressure to make up enlistment shortfalls, was eagerly offering. Many consequently deployed for multiple tours. What a way to thank them for their service.

Auditors later determined that the incentive program of the California Army National Guard had been operated like a slush fund, with as much as $100 million misspent. The program's onetime leader, former Master Sgt. Toni Jaffe, was sentenced in May 2012 to 30 months in prison after pleading guilty to filing $15.2 million in false claims. Three other officers were put on probation and forced to pay restitution.

Yet, for some reason, the Pentagon decided to claw back money from the veterans who had received the bonuses. Congress, it turns out, knew about the situation—or at least the California delegation did. When the story hit the press, then-Defense Secretary Ash Carter ordered a halt to the bonus hunting. But the order focused mostly on reviewing and streamlining the process. "This process has dragged on too long, for too many service members," Mr. Carter's statement said. "Too many cases have languished without action." Little was said about the underlying injustice of the matter.

Process is certainly important. As Alexander Pope mused: "For Forms of Government let fools contest; Whate'er is best administer'd is best." But Alexander Hamilton countered the point in Federalist 68. "The true test of a good government," he wrote, "is its aptitude and tendency to produce a good administration."

The rules at the Defense Department and the VA must apply to senior officials and enlisted soldiers alike. Without consistency, even the best process fails from the standpoint of justice.

Exhibit A: the VA, where employees are rewarded because they technically followed a process. Exhibit B: the Pentagon, which could not protect even itself with its own processes. If Mr. Trump wants to do right by veterans and the military, he could begin by insisting on consistency.

Ms. Burgess manages the Program on American Citizenship at the American Enterprise Institute.

Kimberley A. Strassel is away.

My Childhood as a Roaming Catholic

HOUSES OF WORSHIP
By Michael Kerrigan

In April 1978 my family traded Boston urbanity for the relatively untamed South. We had followed career opportunities for my dad before, but never outside the Northeast. My parents put on a brave face during the two-day drive from Massachusetts to Virginia, a trek made longer by unreliable movers, but mostly they were trying to convince themselves they had made the right choice.

We kids were all in from the start, no need for a pep talk. As an 8-year-old, it all felt like an adventure to me. The gas-station clerk gave my siblings and me free Tootsie Pops. Our hotel room had that smell I associated with swanky accommodations and years later learned was just stale cigarette smoke.

On the second day of the trip, I gave my little brother a perfectly timed kidney-poke. This caused him to leap up and hit the roof of the car with his head, which led to a near accident and an actual beating. You know you're in for a good thrashing when you cause the car to go north momentarily on a southbound freeway. My dad delivered a flurry of indiscriminate smacks from the driver's seat. Horrifying today, sure, but it was more or less routine back then.

The road trip was soon over, and in time we would settle into our new community. But there was no way of knowing how long it would take, especially after our first Sunday in town, which happened to be Easter. It left us even more disoriented than when we arrived, and 40 years later I remember it well.

My mom and dad, cradle Catholics, had old-school expectations of grandeur and tradition in sacred spaces. Think priests draped in rich vestments, ensconced in incense. Our new church decidedly did not meet their expectation.

We arrived at a nearly empty parking lot. "Is this some kind of joke?" my dad asked aloud, looking around despondently. We were at the right address, but there was no church in sight—only an architectural monstrosity of an elementary school. My mom saw a sign directing churchgoers to the worship area downstairs, known during the week as the cafeteria. We walked down a dimly lit staircase. Like Dante being led into the underworld, my father stepped lightly. Eventually we made it to the basement.

"Are you telling me that we're going to Mass on Easter Sunday inside a public-school cafeteria?" he asked. I caught his reflection in the trophy case, and he looked like he was ready to call Rome. "Is that even constitutional?"

It must have been, because we went in and experienced an Easter Sunday I'll never forget. The priest looked like a cast member from "Hair" as he led an entrance procession inspired more by Frampton than Bach. His vestments, such as they were, barely hid casual attire underneath, and had the permanence of NBA tearaway warm-ups. Thankfully my dad's eyes never made it to the priest's feet. If they had, he surely would have booked him for the crime of Wearing Sandals While Not Franciscan. We hadn't even made it to the homily.

Moving from Boston, we experienced culture shock in a Virginia parish.

The sermon had its share of gems. At one point hell was defined as the state of having everything on earth you could ever want but nobody to share it with. I distinctly remember looking to my sister with a "so what?" shrug of my shoulders. And that's when the bottom fell out.

After the homily the floor was opened for special intentions, and Mass became an open-mic night at an encounter group. Really personal stuff was aired, like a well-intended wish that Doreen and Fred rediscover what made them fall in love in the first place. Immediately my sister and I tried to identify the unlucky couple among the parishioners.

During the Our Father, everyone in the pews held hands, even across the aisle. This wasn't just tolerated. It was a necessary condition, the closing of the electrical circuit before the priest would throw the switch. Such liturgical flourishes were becoming more common after Vatican II, but taken together it all was more than my traditional old man could bear.

So for the only time in my Catholic upbringing, we briefly split with the Church of Rome. It lasted no longer than a few weeks. Yet until my dad could find a proper parish, we gathered in the kitchen Sunday morning and read the Bible over breakfast—no musical numbers. Nor was there a homily.

The eating of bacon was permitted, even for the lector, my dad being of the mind that "where two or three gather in my name and there eat bacon, I am in the midst of them." As hardy carnivores, nobody belabored the theological point.

That's my Easter memory on this Good Friday, and why I'll smile when I eat bacon this Easter Sunday. This time after Mass.

Mr. Kerrigan is an attorney in Charlotte, N.C.

Did George Washington Take 'Emoluments'?

By Eugene Kontorovich

Much has been made of Donald Trump's decision to retain ownership of his businesses during his presidency. Earlier this year a group of law professors and prominent attorneys filed a lawsuit in New York federal court that called into question the constitutionality of this decision. The suit argues that the Trump Organization's hotel rentals to a Chinese state-owned bank—along with royalties on "The Apprentice" from state television in countries such as Vietnam—violate the Constitution's Foreign Emoluments Clause.

Mr. Trump is not the first president to have business dealings with foreigners. That was actually George Washington, whose conduct in office has been a model for every president.

By the 1790s, Washington was wealthy primarily because of real estate—renting and selling his vast holdings. When Washington became president he did not sell his farm and estates. Rather, his nephew George Augustine Washington managed them while Washington remained involved. As with Mr. Trump's hotels, Washington's renters or purchasers could include foreigners.

The president received constant reports from his nephew and subsequent managers and wrote to them weekly. His letters could run 10 pages, with granular instructions on what to buy, sell and plant. This wasn't an anomaly: Thomas Jefferson, the third president, also continued to supervise his business while holding the nation's highest office. This belies the notion that the Constitution limits a president's management of, or benefit from, his existing business ventures.

He asked a British official to help find renters for his land.

The new view of the Emoluments Clause advanced against Mr. Trump is that any pecuniary advantage constitutes a forbidden "emolument." That would mean Washington and Jefferson would have had to ensure that no U.S. or foreign official stood on the other side of any transaction. Yet neither president, despite their close supervision, appears to have taken any such steps to curtail who they did business with.

One letter written by Washington deserves great attention in the current debate. On Dec. 12, 1793, Washington wrote to Arthur Young, an officer of the U.K. Board of Agriculture, an entity newly created and funded by Parliament at the initiative of William Pitt. The president asked for Young's help in renting out his Mount Vernon lands to secure an income for his retirement. Not finding customers in America, he wondered if Young, with his agricultural connections, could find and organize some would-be farmers in his home country and send them over.

Washington noted that the land would surely increase in value because of its close proximity to what would become the nation's capital in 1800. Large public-works projects were taking place—a circumstance over which he had some control.

Such a direct business solicitation of a foreigner with foreign government ties would surely lead to cries of constitutional breach if Mr. Trump did it. But the emoluments restriction only applies to benefits from "foreign states," and what entities count as parts of a "foreign state" for these purposes remains fuzzy. Washington's solicitation of a U.K. Board of Trade member suggests that either business transactions are not "emoluments" at all, or foreign entities such as state banks and television stations do not fall within the scope of the clause. Given the Founding Father's precedent, the legal objections to many of Mr. Trump's affairs would puzzle those who framed and breathed life into the Constitution.

Mr. Kontorovich is a law professor at Northwestern University.

BOOKSHELF | By Benjamin Shull

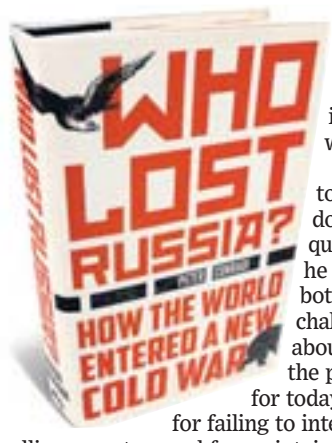
Back in the U.S.S.R.

Who Lost Russia?

By Peter Conradi
(Oneworld, 370 pages, $27.99)

In 1996 President Bill Clinton lauded the re-election victory of his Russian counterpart, Boris Yeltsin, and what the result meant for the future. "With a decisive voice, the Russian people chose democracy [and] deserve enormous credit for the remarkable progress they have made, for democracy and toward a free economy." Five years after the dissolution of the Soviet Union, the West's belief in a cooperative and nominally democratic Russia was running high.

How things have changed. Mid-1990s Russia—corrupt and beset by economic woe—was far from paradise, but it held out the promise that it could be a partner once it had weathered its post-Soviet growing pains. The regime of Vladimir Putin has proved otherwise. "Who Lost Russia?," Peter Conradi's seamlessly written account of the country's denouement from potential partner of the West to the adversary that it is today, seeks to find out where things went wrong.



The author—the foreign editor of London's Sunday Times—doesn't explicitly answer the question his title poses. Instead he entertains arguments from both sides of the Atlantic, in turn challenging consensus thinking about U.S.-Russian relations over the past 30 years. Does the blame for today's animosity lie with the U.S. for failing to integrate Russia into the Western alliance system and for maintaining a hostile military posture close to its borders? Or does the fault belong to Russia, unable to accept its status as a lesser power in the aftermath of the Soviet Union?

Mr. Conradi eschews a simple explanation and he shares a number of illuminating anecdotes that suggest paths not taken. For example, he reports that Mr. Putin was the first foreign leader to call Washington after the attacks of Sept. 11, 2001. Mr. Putin pledged his country's assistance over the phone to Condoleezza Rice, whose thought at the time was: "The Cold War really is over."

Mr. Putin, however, still discerned a lingering Cold War mentality in the West, and the prime culprit was NATO. The Russian leader framed the alliance as an existential threat to his country's security and the sphere of influence it felt entitled to. "Like Russian leaders before him," the author writes, Mr. Putin "wanted weak, disunited countries along his borders rather than strong, united ones. Only this way could Russia have the strategic depth it needed for its defence." For Mr. Putin, NATO expansion was Exhibit A in the West's plan to encircle his country, a perception crystallized by the events surrounding Ukraine's 2004 presidential election.

For Putin, NATO expansion was Exhibit A in the West's plan to encircle Russia, a perception crystallized by Ukraine's Orange Revolution.

After widespread protests greeted the fraudulent victory of Kremlin-backed Viktor Yanukovych, demonstrators in subzero temperatures forced a closely monitored recount that resulted in a triumph for Mr. Yanukovych's opponent, Viktor Yushchenko, who had advocated Ukraine's integration into the European Union and NATO. The Bush administration heralded this Orange Revolution as a victory for Ukrainians agitating for fair elections. Moscow saw things differently. Alarmed by the surge of Western nongovernmental organizations operating in Ukraine at the time, the Kremlin detected an American hand in the defeat of its preferred candidate. "The United States," as Mr. Conradi summarizes Moscow's view, "was trying to detach Ukraine from Russia's orbit, and its professed concerns for democracy and human rights were little more than a cover for America's geopolitical interest." The Orange Revolution would constitute a watershed moment in Mr. Putin's feelings toward the U.S. and the West.

Ukraine never got an invitation to join NATO, and in 2010 Mr. Yanukovych won back the Ukrainian presidency, rekindling the country's relations with Russia. Perhaps the final breaking point for Mr. Putin came when history seemed to be repeating itself: In 2013 Mr. Yanukovych, having abandoned an agreement with the EU, became the object of pro-Western demonstrations and eventually was forced to leave the country as clashes between riot police and protesters grew ever-more violent.

Moscow would subsequently roll into eastern Ukraine and annex the Crimean peninsula in 2014. Though the action earned his country Western sanctions in response, Mr. Putin enjoyed a domestic bump in popularity: "Bringing Crimea back under Russian control was sold to the Russian public as the long-overdue righting of a historical wrong," Mr. Conradi writes; the move fitted well with Mr. Putin's "attempt to portray himself as the leader of . . . a Russian world that included compatriots left outside the borders of the Russian Federation after the collapse of the Soviet Union."

"Who Lost Russia?" brings the reader up to the very-near present, taking in the mounting death toll in East Ukraine, including all 298 people on Malaysia Airlines Flight 17, errantly shot down in 2014 by Putin-backed rebels near the Russian border. A chapter called "The Siberian Candidate" summarizes the extraordinary 2016 U.S. presidential election, from the hacking of the Democratic National Committee to Donald Trump's feints of admiration toward Mr. Putin.

Mr. Conradi's account, of course, cannot keep up with the continuing investigations into the Trump campaign's alleged contacts with Moscow or the administration's shifting posture toward Russia. But it is fascinating to read the author's summary of Russia's actions in Syria in the context of recent events. Noting the connection between Russia's Syrian bombing campaign and the refugee crisis that has roiled domestic politics all over Europe, Mr. Conradi presents an arresting thought experiment. "Was that part of Putin's plan?" he asks. "It would be difficult to prove, but by this point, anything that weakened European unity served Russia's geopolitical interest." In other words, for future historians the question may not be "who lost Russia?" but "who lost Europe?"

Mr. Shull is an assistant books editor at the Journal.

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OPINION

REVIEW & OUTLOOK

The Kushner-Cohn Ascendancy

The Trump White House has more conservatives than Steve Bannon.

All new Presidencies are works in progress, though the Trump Administration is less fully formed than most. Amid a shaky early start, leaks and personal feuds, power seems to be shifting away from chief White House strategist Steve Bannon and toward President Trump's son-in-law Jared Kushner and National Economic Council Director Gary Cohn. This makes sense if it helps Mr. Trump put his White House in order and puts results over melodrama.

The transition from running a boutique family business to an election campaign to the most powerful and complicated government on the planet has a steep learning curve. Mr. Bannon, the former Breitbart website publisher, was an architect of Mr. Trump's populist insurgency, and he entered the West Wing with the President's ear.

Yet Mr. Trump told the New York Post's Michael Goodwin this week that "I like Steve, but you have to remember he was not involved in my campaign until very late." He followed up with Journal reporters, noting that "I do my own policy, I'm my own strategist" and calling his aide-de-camp "a guy who works for me." The Time magazine cover story in February billing Mr. Bannon the "shadow president" probably didn't help his standing with a boss who doesn't like to be upstaged.

Mr. Bannon was also the author of the Administration's early miscalculations, including a divisive inaugural address and especially the immigration executive order. The travel ban was overbroad and poorly drafted, got blocked by the courts, energized Democrats and created dozens of media hardship stories.

Mr. Bannon is also getting blame—perhaps more than he deserves—for the ObamaCare repeal-and-replace failure. He couldn't deliver the ornery conservatives in the House Freedom Caucus, despite issuing a typically blunt ultimatum that they had no choice. But most of the fault lies with the Freedom Caucus's refusal to compromise that is giving Mr. Trump doubts about the utility of working with conservatives.

Consumers of media may have whiplash from Mr. Bannon's ebbing influence. Only weeks ago pundits were characterizing Mr. Bannon as the White House's Rasputin, or Trotsky, but apparently the revolution will be postponed. In recent days sometimes you could almost mistake Mr. Trump for a normal Republican President.

All of this is empowering Messrs. Kushner and Cohn, who are preaching competence and calm. The real-estate heir and former Goldman Sachs No. 2 are expanding their portfolios and Mr. Cohn is running the economic decision-making process.

Some conservatives say that sidelining Mr. Bannon would betray Mr. Trump's core outsider promises on trade, immigration and much else. But the reality is that Mr. Trump needs more political and policy victories in his young Presidency. If Mr. Bannon can't deliver results, Mr. Trump needs people who can.

Mr. Cohn is a pragmatic Wall Street Democrat, and he lacks the vocabulary of free-market conservatives. But he's assembled an impressive team at the National Economic Council, including Shahira Knight on taxes, Brian Blase on health care, Michael Catanzaro on energy and others. They'll be a source of thoughtful and constructive expertise.

Mr. Trump has also named the corporate-tax expert Kevin Hassett of the American Enterprise Institute to lead the White House Council of Economic Advisers, and he nominated Neomi Rao of George Mason University as his White House regulatory policy czar. The idea that the Administration would lack conservative voices without Mr. Bannon is overwrought.

The crucial test for Messrs. Kushner and Cohn will be tax reform. If they can overcome Democratic and interest-group opposition, stitch together fractious Republicans, and merge Mr. Trump's populist instincts with pro-growth reform, he has the opportunity to raise wages and expand jobs. That's how voters will judge him in 2020.

The truth about White Houses is that they always reflect the President, for better or worse, and Mr. Trump has a, well, unconventional management philosophy. If he does reorganize his inner circle, it will be a sign that the former businessman is becoming better educated about his new, and much larger, responsibilities.

Trump's Big Bomb

Let's hope the right people noticed this blast against Islamic State.

As demonstration effects go, it would be hard to top the bomb the U.S. dropped Thursday on Islamic State in Afghanistan. The 21,000 pound GBU-43, or "mother of all bombs," landed on Islamic State installations in eastern Afghanistan.

What happened at the receiving end of the bomb isn't known, nor would White House Press Secretary Sean Spicer say whether President Trump personally gave authorization, which isn't needed to deploy the GBU-43. But like the 59 Tomahawk cruise missiles that struck a Syrian airfield last week, the right people no doubt noticed this display of American purpose.

At the top of the list would be Islamic State, which Mr. Trump has promised to eliminate. The terrorist group has seized territory in Afghanistan's Nangahar Province, near the border with Pakistan. The Afghan army, supported by the U.S., has taken significant losses in its attempt to dislodge ISIS. The commander of U.S. forces in Afghanistan, Gen. John Nicholson, called the GBU-43 smart bomb the "right munition" to "maintain momentum" against ISIS.

Momentum is an important concept in this fight. The armed forces of Iraq, for example, are on the brink of recovering Mosul from Islamic State and have taken huge casualties to do so. But it will be difficult to consolidate an achievement like that unless other nations are willing to make similar commitments to support the fight, whether in Iraq, Syria, Afghanistan or Yemen.

Momentum routinely wilts beneath the politics and factions across the Middle East. The strike against Syria and now the use in Afghanistan of the biggest non-nuclear bomb in the active U.S. arsenal makes clear America's resolve to our allies. Islamic State won't be defeated without buy-in from those allies.

We may also assume that the missile-launching crowd in Pyongyang noticed the deployment of the GBU-43. Far be it from us to suggest that the U.S. drop one on a North Korean nuclear factory. But in the space of a week, Kim Jong Un, Vladimir Putin, Bashar Assad, Xi Jinping and ISIS leader Abu Bakr al-Baghdadi, wherever he is hiding, have learned that the U.S. considers it to be in its interest to push back hard against its adversaries' aggression.

Religious Liberty at the Supremes

A full Court of nine takes on anti-Catholic Blaine Amendments.

Can a church be cut out of a state funding program merely because it's a church? That's the question on Wednesday when the Supreme Court hears arguments that could determine whether state laws that discriminate against religious groups violate the First Amendment.

In 2012 Columbia, Missouri-based Trinity Lutheran Church applied to participate in the state's Scrap Tire Grant Program, which gives money to schools or other groups that want to resurface playgrounds with recycled tires to provide a safer surface. The program is neutral and secular and provides around a dozen applicants with playground renovations each year.

The church wanted the new surface for the playground used by its preschool, but the Missouri Department of Natural Resources (DNR), which runs the program, rejected the application. In a letter to Trinity Lutheran, the DNR explained that "'Article I, Section 7 of the Missouri Constitution specifically provides that 'no money shall ever be taken from the public treasury, directly or indirectly, in aid of any church, sect, or denomination of religion.'"

This language is known as the Blaine Amendment, one of many state laws passed amid a burst of anti-Catholic sentiment in the late 1800s to cut off public funds for religious schools. More recently, progressives have adopted Blaine Amendments to bar state money for religious organizations and block voucher programs that let parents choose religious schools for their children.

Trinity Lutheran sued in January 2013, noting that the laws violate the First Amendment's guarantee that "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof" as well as the Constitution's guarantee of equal protection. A federal judge dismissed the church's claim and the Eighth Circuit Court of Appeals agreed, ruling that state money used to resurface a church playground was an improper payment to a religious organization.

Those opposed to the church receiving state money for its playground cite the Supreme Court's 2004 decision in *Locke v. Davey*, in which the Justices ruled that a publicly funded scholarship program was not required to fund students seeking degrees in theology or religious studies. But unlike *Locke*, in which the public money was paying for the furtherance of Christian theology, the money applied for by Trinity Lutheran was for a neutral and nonreligious purpose.

By explicitly excluding the church preschool from a secular program because it is run by a religious organization, Missouri is discriminating in violation of the Constitution's free exercise of religion clause. The Founders wanted religious groups treated equally and without government interference, not to have them discriminated against because of their religion.

Blaine Amendments have become a favorite weapon against school vouchers that threaten the public school monopoly. The Justices should make clear that using the amendments to exclude religious groups from public benefit programs violates the Constitution.

LETTERS TO THE EDITOR

Syria, the Will to Act and Intelligence Failure

Regarding your editorial "Obama WMD Intelligence Failure" (April 8): I don't think it was a question of Obama administration officials lying. What Secretary of State John Kerry and Susan Rice meant was, "to the best of our knowledge" or "it is our understanding after discussions with Russian and Syrian officials that the entirety of chemical weapons have been removed." The administration's statement that diplomacy rather than limited strikes was so effective was intended to defuse criticism of President Obama as "ditherer-in-chief." Any intelligence reporting to the contrary would have been simply ignored by an administration eager to praise the president's diplomatic efforts, as was also the case with the Iran deal, the Bowe Bergdahl exchange for five Taliban leaders, etc. Syria's retention of poison gas wasn't an intelligence failure, but a failure by President Obama to face the fact that diplomacy can only be successful based on verification and not wishful thinking.

DAVID DAKSHAW
Munich

The magnitude of the Obama administration's WMD failure and particularly that of Susan Rice, the national security adviser at the time, may well be understated if other media reports are considered. First, the Syrian air base missile strike by the U.S. was originally planned during the time both were in office; second, post-strike reports indicate that chemical weapons facilities at the targeted air base were specifically avoided by the programmed Tomahawk missiles. So to avoid the chemical weapons storage and program the missiles to do so, the administration had to know of such storage at the air base at that time. This suggests that both Ms. Rice and then-President Obama knew that all chemical/bacteriologic materials had not been removed and destroyed as both Syria and Russia claimed. We, the people, were told all the weapons had been destroyed.

NORMAN C. LERNER
Annapolis, Md.

Imagine how today's world might be if President Obama had struck Syrian air fields in 2013 after Syria crossed the president's "red line" by gassing 1,500 Syrians to death.

No Brexit? Striking Syria's air fields would have likely led to a stalemate on the ground in Syria, thus allowing millions of Syrians to stay in place rather than flee and destabilize European politics.

As many as 100,000 fewer deaths in Syria? Action by the U.S. in 2013 likely would have saved thousands of lives due to the stalemate on the ground.

No Trump? A stalemate in Syria would have partially deflected anger over President Obama's inept foreign policy with respect to Iran, Syria and Russia, thus costing Donald Trump some support.

JIM SCHAEFER
Shaker Heights, Ohio

Regarding Paul Wolfowitz's call for President Trump to take action against Syria's Bashar al-Assad for the use of chemical weapons against his own people ("What Comes After the Syria Strikes," op-ed, April 11): Mired in a health-care debacle and bargain basement poll numbers, the president has suddenly been handed a political distraction and a cause. After 400,000 deaths in the Syrian Civil War, it took the last 85 to convince President Trump of that war's inhumanity. These gruesome deaths gave him reason for loosing scores of cruise missiles against a Syrian government airfield, thereby demonstrating our mettle to the world while making America great and first again.

Unlike Iraq in March 2003, we the people are smarter now. We want to know from the president, and from grand strategist Paul Wolfowitz, what's next? What's your endgame? What price are you willing for others to pay to achieve whatever you are trying to achieve? Why do you always go for the gun first?

STEVEN L. HULL
Captain, U.S. Navy (Retired)
Reno, Nev.

There Are Simply No Winners in Syrian War

I disagree with "A Winner in Syria's Civil War: Hezbollah" (page one, April 3). Hezbollah is confronted with major losses and challenges due to its immersion in the Syrian quagmire. This involvement has cost it dearly and weakened it.

Thousands of Hezbollah fighters have been killed or injured in Syria, many permanently disabled. Hezbollah is on the hook financially to provide for the families of its war dead and injured while facing dwindling financial resources. The arrest of its major financier Kassim Tajideen and his extradition to the U.S. is part of several successful and effective measures to clamp down on Hezbollah's finances. This increased financial pressure coincides with increasing financial liabilities due to the Syria war.

Most important, the group has lost its soft power in the Arab and Muslim world. The group used to be immensely popular, but after its involvement in Syria there was a tidal shift in Arab opinion away from the group. A testament to this loss of soft power is the Gulf Cooperation Council's classifying Hezbollah as a terrorist group and clamping down on its financial supporters and many others in its core constituency.

There are simply no winners in the Syrian quagmire.

PROF. IHSAN ALKHATIB
Murray State University
Murray, Ky.

The FDA Needs a Shake-Up By Someone Like Gottlieb

Regarding your editorial "The Man Who Knows Too Much" (April 6): The prospect of Scott Gottlieb at the helm of the Food and Drug Administration threatens both internal and external special interests involved with the FDA. Internal special interests at the FDA are those whose highest priority is the maintenance of the power of the FDA bureaucracy itself. Their priority is to make sure that no patient obtains effective treatment or survives illness without government permission.

External interests serve a political and ideological agenda unrelated to the safety or efficacy of new drugs and medical devices. Their priority is to make sure that no one anywhere can earn a return on their investment in the development of new, life-saving drugs and equipment. Better that patients suffer and die than to allow a profit for those who might save them. Their priority is preventing the mortal danger of free enterprise in improving medicine.

It has taken 110 years for the FDA to get us to this point. We need more qualified and knowledgeable experts like Dr. Gottlieb to roll this back.

RICHARD E. RALSTON
Executive Director
Americans for Free Choice in Medicine
Newport Beach, Calif.

Parkinson Had Bureaucracy Unmasked Over 70 Years Ago

Andy Kessler's insight ("When to Sell? Look at the HQ," op-ed, April 10) that the construction of a fancy new headquarters for a corporation is an excellent sell signal for its stock was anticipated over 70 years ago by the British historian C. Northcote Parkinson. Parkinson was a pioneering student of bureaucracies and the laws of their operations. "Expenditures rise to meet income," "Work expands according to the time available for its completion," and "The number of people in any working group tends to increase regardless of the amount of work to be done" are as true today as when he first proposed them. In one study, he looked at buildings as disparate as St. Peter's in Rome, the League of Nations Headquarters in Geneva, the new capital of British India in Delhi and the palace at Versailles and found that each magnificent edifice was finished just as the institution due to occupy it was headed to a precipitous decline. Hence another of his Laws of Large Organizations: "A perfection of planned layout [of a headquarters] is achieved only by institutions on the point of collapse."

PETER ROSE
New York

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Pepper ... And Salt

THE WALL STREET JOURNAL

"Keep in mind you're in steerage class."

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OPINION

'You're Fired,' Trump Should Tell Cordray

By David B. Rivkin Jr.
And Andrew M. Grossman

The greatest mystery in Washington involves not Russian spies or wiretaps but Richard Cordray's continued employment as director of the Consumer Financial Protection Bureau. In the face of President Trump's mandate for change, Mr. Cordray continues the Obama administration's regulatory crusade against lenders, blocking access to the credit that supports so many small businesses and so much consumer spending.

Under a dubious statute, the CFPB head can be dismissed only for cause—but there's plenty of it.

Why would a president who made a TV show out of firing underlings now suffer a subordinate who refuses to get with the pro-growth agenda he campaigned on? If reports from the West Wing are to be believed, Mr. Trump's unusual timidity is the result of overcautious legal and political advice.

Mr. Cordray is insulated from presidential control by a New Deal-era innovation: a statutory clause that allows the president to fire an independent agency head only "for cause," meaning "inefficiency, neglect of duty, or malfeasance in office." In October a three-judge panel of the U.S. Circuit Court of Appeals for the District of Columbia struck down that restriction an infringement of the president's constitutional authority to "take care that the laws be faithfully executed."

When Congress created the CFPB by passing the Dodd-Frank Act of 2010, Judge Brett Kavanaugh explained, it broke with decades of historical practice. Generally the power of independent agencies is diffused among multiple commissioners or directors so as to reduce the risk of abuse. Unless he can be fired, Mr. Cordray, as the sole director of the CFPB, wields more unilateral power than any government official save the president.

The panel's decision, however, was set aside in February when the full 11-judge court voted to rehear the case. White House lawyers are reportedly waiting to see how the litigation unfolds—a process that could go well past the end of Mr. Cordray's term in mid-2018.

But it is a mistake to regard the twists and turns of that appeal as a reason to give Mr. Cordray a reprieve. Whatever the D.C. Circuit ultimately decides, no one disputes that the president may dismiss the CFPB director for cause. And the evidence is ample to support firing Mr. Cordray, on all three grounds permitted under law:

• *Inefficiency.* Regulation, the Supreme Court has recognized, should seek to maximize economic efficiency through cost-benefit analysis. Yet the CFPB has pursued an agenda at odds with any clear-eyed view of economic growth and efficiency.

Its rules have made community banks and credit unions more reluctant to issue mortgages, particularly in rural areas, and accelerated consolidation of the industry, reducing competition. Its regulations have limited access to checking accounts, credit cards and other financial products, driving vulnerable Americans to depend on riskier sources of financial services and credit. The agency has even worse policies in the works, such as limits on consumer arbitration and payday lending.

ASSOCIATED PRESS

Richard Cordray at a hearing in Denver, Oct. 7, 2015.

Taken as a whole, the CFPB's heavy-handed approach to regulation and enforcement has driven up the cost of borrowing, to the detriment of consumers and small businesses.

More prosaically, Mr. Cordray's CFPB has botched basic administrative procedures meant to ensure efficiency in regulation. About a third of its rules were finalized before being published in the agency's Unified Agenda, depriving the public of valuable notice and frustrating the regulatory review process. That haste has also led to serious errors: About a quarter of the CFPB's rules have required correction after being finalized. Further, Mr. Cordray has specifically embraced "regulation through enforcement," which forgoes orderly rule making entirely in favor of imposing penalties for newly contrived "violations." This is no way to run a financial watchdog.

• *Neglect of duty.* Mr. Cordray allowed tens of millions of dollars in cost overruns to pile up for a lavish renovation of the CFPB's Washington headquarters.

The agency also missed the major consumer-finance scandal of the past decade. It ignored years of complaints about an epidemic of unauthorized customer accounts at Wells Fargo. The CFPB galloped in to exact a penalty only after an investigation by California officials and other regulators was complete.

• *Malfeasance.* What was the CFPB doing all that time? The bureau, it turns out, had spread its resources too thin, focusing on alleged discrimination in auto-dealer lending—an area that Congress specifically excluded from its purview. Not only did the agency run roughshod over that limitation, but its statistical analysis relied on dubious methods such as guessing borrowers' race based on their surnames.

No such guesswork was required for the Merit Systems Protection Board and Government Accountability Office to find that the CFPB itself had become a hotbed of race and sex discrimination. As early as 2013, a report by Deloitte Consulting revealed that the agency's internal performance reviews were biased against minority employees, many of whom also reported discrimination at the agency. Years later, claims of discrimination persist, particularly among black employees. Mr. Cordray failed to resolve these issues even years after initial reports.

Any of these things would be sufficient to dismiss Mr. Cordray for cause. All of them together make it necessary to do so.

If Mr. Cordray were to challenge his firing, we have little doubt the courts would support Mr. Trump. Assuming the courts even agreed that they have the power to review a presidential finding of cause for dismissal—which is far from established—they would still grant it substantial deference. The president would prevail, so long as he has documented his findings, explained his reasoning, and satisfied any due-process concerns by affording Mr. Cordray an opportunity to respond.

As far as Mr. Cordray is concerned, no further caution is required. What the president needs is resolve, and his famous TV catchphrase.

Messrs. Rivkin and Grossman practice appellate and constitutional law in Washington.

The Syria Success Creates a Chance for Bipartisan Tax Reform

By David M. Smick

President Trump's successful strike on Syria has earned him praise across party lines. Chuck Schumer, the top Democrat in the Senate, lauded the Syria strike as "the right thing to do." His counterpart in the House, Nancy Pelosi, called it "a proportional response." Could this be a new beginning, an opening for renewed bipartisanship?

For the moment, Washington is on hold. Republicans continue trying to negotiate a deal on health-care reform. Those negotiations will determine whether Congress can pass tax reform this year. While the country waits, President Trump loses nothing by reaching out to Democrats, particularly the 25 senators up for re-election next year, to propose a bipartisan fiscal plan.

That could help Mr. Trump win back support from independents, who jumped ship after he accused his predecessor of wiretapping Trump Tower—as if President Obama had donned earphones in a van across the street. Mr. Trump's approval rating has fallen from 46% after his inauguration to 41% this week, according to Gallup. Going bipartisan on tax reform may be a way to win back that support. But merely calling for bipartisanship isn't enough. The president needs to quickly put a proposal on the table.

Bipartisanship has historically been good for the economy. Presidents Reagan and Clinton were willing to compromise when they had no other choice, which provided certainty and stability to financial markets and businesses.

In 1983 Social Security faced insolvency in a matter of months. President Reagan worked with Democratic House Speaker Tip O'Neill on a compromise plan to save the system by raising the retirement age, delaying annual cost-of-living adjustments, and increasing payroll taxes. In the 1990s, President Clinton and Republican Speaker Newt Gingrich reformed welfare and passed a budget that cut the tax rate on capital gains. The budget ended up in surplus.

Both presidents achieved economic success. From 1983-88, average growth in the country's gross domestic product topped 4.5% a year. From 1993-2000 the economy grew by an average of nearly 4% a year. Contrast these results with the meanly partisan eras of George W. Bush and Barack Obama, which featured average growth of 2.1% (2001-08) and 1.5% (2009-16).

Rob Shapiro, a former economic adviser to President Clinton, argued in a March 2015 paper for the Brookings Institution that one reason for the difference is that the policy approaches of both Presidents Reagan and Clinton "supported stronger rates of business investment," as well as "public investments to modernize infrastructure, broaden access to education, and support basic research and development." They also "pushed measures to liberalize trade and foreign direct investment."

Trump should reach out to Democrats and put a plan with four elements on the table.

What was the result? "Households of virtually every type," Mr. Shapiro writes, "experienced large, steady income gains, whether they were headed by men or women, by blacks, whites or Hispanics, or by people with high school diplomas or college degrees."

Which brings us back to Mr. Trump's fiscal policy. The president should reach out to Democrats and put on the table a bipartisan plan with four elements. First, reduce corporate tax rates from 35% to 20%, with pass-throughs included and many loopholes eliminated. Second, allow immediate expensing of capital investment. Third, create a generous repatriation incentive that allows American companies to bring home the $2.5 trillion sitting offshore so long as they purchase a specified amount of low-interest infrastructure bonds. Fourth, spend serious money to modernize the country's major infrastructure.

The president should offer Democrats some sweeteners that would be tough to vote against. One might be a new program giving disadvantaged families vouchers to help them relocate for better job opportunities. Another might be a modest, incremental increase to the minimum wage, carefully designed to avoid threatening small-business solvency.

The president should also ask the Senate to move quickly on such a plan under "regular order," meaning 60 votes required for passage. For now, leave out overhauling the individual tax code, which would only inflame partisan passions. Argue the merits of individual tax changes in a later reconciliation bill, which requires only 51 votes for passage.

The key to winning legislatively is to build momentum. Mr. Trump showed a different side of himself when he acted decisively in Syria. Now he could demonstrate the same largeness of character and political flexibility in his fiscal policy. Democrats and Republicans alike should remember that policy changes often show their effects after an uncertain lag. The 1986 tax reform, for instance, happened on Reagan's watch but arguably laid the foundation for the Clinton economy. Both parties gained politically, but the big winner was the American people.

Mr. Smick, author of "The Great Equalizer: How Main Street Capitalism Can Create an Economy for Everyone" (PublicAffairs, 2017), was Rep. Jack Kemp's chief of staff (1979-84).

The Other Islamic State: Erdogan's Vision for Turkey

By Daniel Pipes

This Sunday, millions of Turks will vote to endorse or reject constitutional amendments passed in January by Turkey's Parliament. An opinion piece published by the German news agency Deutsche Welle explains that the "crucial" amendments "give all the power to one person, with almost no accountability," eliminating what is left of democracy in Turkey. Virtually all observers agree that if the referendum passes, Turkey will be transformed into an authoritarian state.

I, along with a few others, disagree. Turkish President Recep Tayyip Erdogan years ago arrogated all the powers that the constitutional changes would bestow on him. He is already lord of all he sees for as long as he wants, whether through democratic means or by fixing election results. If the referendum passes, it will merely prettify that reality.

Consider the nature of Mr. Erdogan's power. The obsequious prime minister, Binali Yildirim, tirelessly advocates for the constitutional changes that will eliminate his own office, historically the most powerful in the country. Criticism of the almighty president can get even a child thrown into jail. The most tenuous connection to a (possibly staged) coup d'état attempt last July means losing one's job—or worse. The state routinely jails journalists on the bogus charge of terrorism, and truly independent publications are shuttered.

If Mr. Erdogan has no need for constitutional changes, which amount to a legislative triviality, why does he obsessively chase them? Perhaps as added insurance against ever being hauled into court for his illegal actions. Perhaps to assure a handpicked successor the power to continue his program. Perhaps to flatter his vanity.

Whatever the source of Mr. Erdogan's compulsion, it greatly damages Turkey's standing in the world. When his aides were not permitted to rally Turks living in Germany for the constitutional changes, he accused the Germans of "employing Nazi measures." He also compared the Netherlands to a banana republic after Turkish ministers were prevented from speaking in Rotterdam. This souring of relations has already led to a breakdown in military ties with Germany.

Implicitly threatening street attacks on Europeans hardly helped Mr. Erdogan's international standing, nor did allowing one of his close allies to call for Turkey to develop its own nuclear weapons. More damaging yet, the leader restarted a civil war with the Kurds in July 2015 as a gambit to win support of a nationalist party in Parliament, a move that has already had dreadful human consequences.

The strongman wants to reverse the country's secularization and cement his authoritarian rule.

This insistence on doing things his way fits a pattern. Mr. Erdogan could have won visa-free travel for Turks traveling to Europe, but he refused a meaningless change to the definition of terrorism in Turkey's criminal code. He harms relations with Washington by making the extradition of Turkish cleric Fethullah Gulen a personal fixation. He potentially disrupts relations with 35 countries by setting his intelligence agencies to spy on pro-Gulen Turks. Former Trump adviser Mike Flynn tarnished his image by registering as a foreign agent representing Turkey's interests in 2016.

Mr. Erdogan's narcissism increases the price of dictatorship by causing him to make unwarranted mistakes. A once cautious and calculating leader now pursues baubles that only generate enmities. This has damaged the economic growth that fueled his popularity. Mr. Erdogan has turned into a self-parody, with his 1,100-room palace and Ruritanian honor guard.

Where will it end? The president has two apparent objectives. First, Mr. Erdogan seeks to reverse Kemal Atatürk's westernizing reforms to reinstitute the Ottoman Empire's Islamic ways. Second, he wants to elevate himself to the grand, ancient Islamic position of caliph, an especially vivid prospect since Islamic State resurrected this long-moribund position in 2014.

Those two ambitions could meld together exactly 100 years after Atatürk abolished the caliphate, either on March 10, 2021 (by the Islamic calendar), or March 4, 2024 (by the Christian calendar). Either of these dates offers a perfect occasion for Mr. Erdogan to undo the handiwork of the secular Atatürk and declare himself caliph of all Muslims.

No one inside Turkey can effectively resist Mr. Erdogan's enormous ambitions. This leaves him free to continue in his erratic ways, stirring trouble at home and abroad. That is, unless he one day trips, likely over an external crisis. Meantime, Turks and millions of others will pay an increasing price for his vainglorious rule.

Mr. Pipes is president of the Middle East Forum.

Notable & Quotable: Fairness

From the abstract of "Why People Prefer Unequal Societies," published in Nature Human Behavior, April 7:

There is immense concern about economic inequality, both among the scholarly community and in the general public. . . . However, when people are asked about the ideal distribution of wealth in their country, they actually prefer unequal societies. . . . Despite appearances to the contrary, there is no evidence that people are bothered by economic inequality itself. Rather, they are bothered by something that is often confounded with inequality: economic unfairness. Drawing upon laboratory studies, cross-cultural research, and experiments with babies and young children, we argue that humans naturally favour fair distributions, not equal ones, and that when fairness and equality clash, people prefer fair inequality over unfair equality. Both psychological research and decisions by policymakers would benefit from more clearly distinguishing inequality from unfairness.

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TECHNOLOGY: UBER FACES HEAVY PRESSURE IN EUROPE B4

BUSINESS & FINANCE

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DAVID PAUL MORRIS/BLOOMBERG

Whole Foods is battling weak sales, and its stock has lost nearly half its value since peaking in 2013. Above, a store in Oakland, Calif.

Sharing a Recipe With Whole Foods

Cookbook author joins with Jana Partners to press changes at grocery chain

By Heather Haddon And David Benoit

Whole Foods Market Inc. was looking for ways to boost its flagging sales when Mark Bittman showed up last year at its Austin, Texas, headquarters to make an unsolicited pitch.

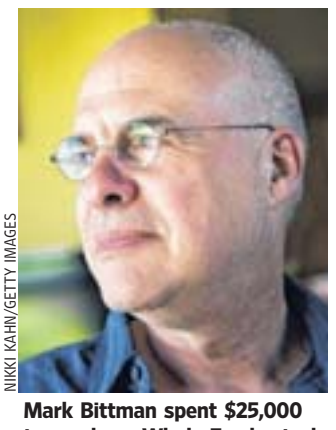
The food journalist and best-selling cookbook author offered to help the company sharpen its focus on its prepared-foods business.

Whole Foods didn't bite. Last month, an activist investor with a big chunk of the company's stock did.

Mr. Bittman is the most recognizable name in a group of food and retail experts **Jana Partners** LLC has assembled as advisers to its campaign to revamp Whole Foods. On Monday, the hedge fund disclosed it had amassed a large stake in the chain and pressed it to explore a possible sale.

When Jana called last month, Mr. Bittman initially didn't see himself playing a role in the financial operations of a major company but felt strongly that Whole Foods had strayed from being an innovator in food retailing and needed to strengthen its brand, according to people familiar with his thinking.

Jana's picks offer insight into its approach to Whole Foods, whose stock has lost nearly half of its value since peaking in 2013. The hedge fund, run by 58-year-old yoga and health-food devotee Barry Rosenstein, wants Whole Foods to learn operational lessons from national chains while staying true to its mission of selling high-quality organic and natural products that appeal to the foodie crowd.



NIKKI KAHN/GETTY IMAGES

Mark Bittman spent $25,000 to purchase Whole Foods stock.

"We are confident in the actions we are taking to position the company for continued success, and we remain open to ideas to create further value for our shareholders and all our stakeholders," Whole Foods Chief Executive John Mackey said in a statement.

Jana hasn't met with the company's management yet. It loaded up in stock in the past month, spending about $706 million to become the second biggest investor in the company, with an 8.3% stake.

The industry experts who have joined Jana's campaign, including Mr. Bittman, also bought shares, bringing the group's total stake to 8.8%. Whole Foods stock is up more than 9% this week.

The fund has proposed a slate of board candidates including Glenn Murphy, a former Gap Inc. chief executive, Thomas "Tad" Dickson, the former chief executive of Harris Teeter Supermarkets, and longtime industry analyst Meredith Adler.

Mr. Bittman and Diane Dietz, the former chief market-

Please see FOODS page B2

United Victim Readies Suit, Hits Airlines

Attorney for doctor dragged off flight says industry bullies its passengers

By Andrew Tangel And Patrick McGroarty

CHICAGO—An attorney for the passenger dragged off a **United Airlines** flight this week said his client was preparing to sue and that his treatment by United reflected the plight of many airline customers across the U.S.

"For a long time, airlines—United, in particular—have bullied us," said attorney Thomas Demetrio, who is representing the passenger, David Dao, a 69-year-old physician. "You don't treat the people who help make you the corporate entity you are like Dr. Dao was treated."

Mr. Demetrio told reporters at a news conference here that Mr. Dao had suffered a concussion, broken nose and two lost teeth, and would require reconstructive surgery. Mr. Dao was discharged late Wednesday from a Chicago hospital, he said.

At the news conference, Dr. Dao's daughter, Crystal Dao Pepper, described Dr. Dao as a loving father of five and a proud Vietnamese immigrant who came to the U.S. amid the fall of South Vietnam in 1975. Mr. Demetrio said Dr. Dao told him his treatment Sunday was worse than that escape.

"He said that being dragged down the aisle was more horrifying," Mr. Demetrio said of Dr. Dao.

In the days since the event, Mr. Demetrio said he has received calls from passengers as well as from current and former United employees—"hundreds—literally hundreds—of tales of woe, of mistreatment by United."

Many in public life, including President Donald Trump, have called this week for airlines to reconsider the amount and manner with which they compensate passengers to give up their seats. The U.S. Department of Transportation increased the amount due to passengers bumped involun-

Please see UNITED page B2

Options Traders Brace For Fight in Congress

By Gunjan Banerji

Volatility watchers are circling a new date on their calendars: April 28.

That is when the U.S. government's current funding ends. Lawmakers need to pass a new spending bill by then or they risk triggering a partial government shutdown.

The CBOE Volatility Index, or VIX, has jumped 29% since April 6 to its highest level since November. The volatility measure is based on options prices and tends to move in the opposite direction of stocks. Investors can use options to hedge their portfolios or place directional bets on stocks.

Options traders are fixated on index contracts that expire near April 28 and are driving up prices of shorter-term futures tied to the VIX.

"Normally, with Congress in recess and during a holiday week, you don't see volatility this firm," said Amy Wu Silverman, an RBC Capital Markets equity derivatives strategist.

Concerns over whether Congress will be able to agree on a spending plan and who will win the French presidential election this month have caused the futures curve for the VIX to invert, analysts say, with April contracts priced higher than May ones.

The shape of the curve is usually upward sloping, with contracts getting pricier as market participants see heightened uncertainty further out in time. When the VIX futures curve inverts, it is a potential warning signal that investors could see violent price swings in the near term.

Shutdown Risk

Investors are hedging ahead of the French election and a potential U.S. government shutdown.

Prices of monthly VIX futures

Source: FactSet

THE WALL STREET JOURNAL.

House Republicans' failure last month to replace the Affordable Care Act has generated questions over whether lawmakers will be able to reach an agreement. At the forefront of the potential standoff will be President Donald Trump's promises on tax overhauls, infrastructure and spending.

As of Thursday, there are over 550,000 bearish put options—bets that prices will fall—on the S&P 500 index that expire on April 28, Trade Alert data show. That is high for open interest on puts that expire on this date, according to Trade Alert analyst Fred Ruffy.

In contrast, "stocks are taking a more 'wait-and-see' attitude versus the options markets, which are a little more nervous," said Maneesh Deshpande, global head of equity derivatives research at Barclays.

Airwaves Auction Signals a Shift

By Ryan Knutson, Drew FitzGerald and Shalini Ramachandran

T-Mobile US Inc., **Dish Network** Corp. and **Comcast** Corp. were among the top buyers in the U.S. government's wireless airwaves auction, which drew $19.8 billion in bids.

The results, announced Thursday, showed that T-Mobile was the biggest spender at $8 billion. It was followed by Dish, which spent $6.2 billion, and Comcast with $1.7 billion.

Verizon Communications Inc. and AT&T Inc., the nation's largest wireless carriers by subscribers, largely sat out the auction, which was run by the **Federal Communications Commission** and began last year. AT&T offered $910 million for the licenses, while Verizon declined to bid.

Verizon's absence, and the strong showing from companies like Comcast that don't currently operate cellular networks, is a sign of the changing telecommunications landscape. Verizon has said it believes wireless airwaves, known as spectrum, have become too expensive, and it would rather invest in technology to improve coverage than buy fresh airwaves.

AT&T said in 2014 that it planned to spend at least $9 billion in the auction, but it recently won a government contract to build a wireless network for public safety that comes with a large swath of airwaves. It has also indicated interest in other sectors like entertainment with its $85 billion deal to acquire media company Time Warner Inc. An AT&T spokesman declined to comment on the auction.

It wasn't immediately clear what Comcast and Dish plan to do with the airwaves. Comcast said this month that it would start selling cellphone service to its home internet customers, and the service runs off the back of Verizon's network. Dish has been amassing a trove of wireless airwaves for years that it has yet to use.

A company associated with billionaire Michael Dell brought in $440.7 million by selling the broadcast licenses of 10 stations. Mr. Dell's investment arm, MSD Capital LP, created OTA Broadcasting LLC in 2011, spending about $90 million to scoop up two dozen local TV stations.

The auction's conclusion means the telecom sector can resume deal talks after April

Please see AUCTION page B2

HEARD ON THE STREET | Justin Lahart

Beware the Coming Profit Squeeze

Companies may not give up fat profit margins without a fight. That could soon pose a problem for the economy.

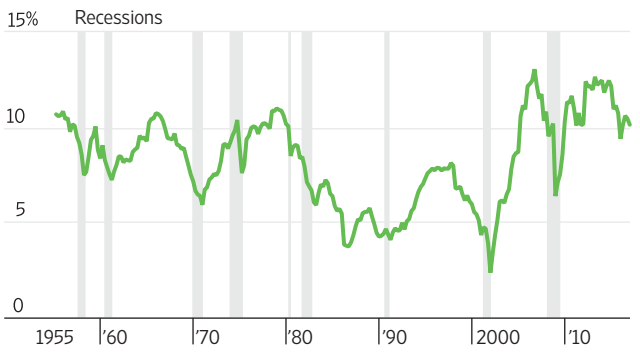
First-quarter results are starting to roll in and expectations are running high. Analysts polled by Thomson Reuters I/B/E/S estimate that earnings at companies in the S&P 500 will be up 10% from a year earlier, marking the strongest profit growth since 2011.

Despite the gains, investors should remember that the earnings of the global companies in the S&P don't always reflect what is happening in the American economy.

The domestic profit picture is more challenging, with revenue climbing slowly and rising labor costs threatening to bite into the bottom line.

Profit Signal

U.S. domestic nonfinancial profits as a share of gross value added



Source: Commerce Department

THE WALL STREET JOURNAL.

The first quarter of last year was rough for the global economy, with the combination of falling commodity prices, a rising dollar, strained emerging markets and a slowing Chinese economy weighing on the overseas operations of U.S. multinationals.

That has set up a nice comparison for the first quarter, and is a big factor behind the expected strength in S&P profits. But when it comes to just multinationals' domestic businesses, and the businesses of companies that only operate in the U.S., earnings growth probably hasn't seen so much oomph.

The economy continues to grow slowly, with economists now estimating gross domestic product grew at just a 1.2% annual rate in the first quarter. Low inflation shows that companies still don't have much pricing power. But a tightening job market is pushing labor costs higher, with last Friday's jobs report showing the Labor Department's measure of aggregate wages up 4.1% in March from a year earlier. It all adds up

Please see HEARD page B2

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BUSINESS WATCH

NINTENDO

New Game Console Sells Strongly in U.S.

Nintendo Co. said its new game console got off to a roaring start in the U.S. during its launch month of March, surprising analysts and investors who worried that pricing would hurt sales.

Nintendo, citing private marketing research firm NPD Group, said Friday that more than 906,000 Switch consoles were sold in the U.S. in March. The handheld-hybrid system was launched globally on March 3.

Nintendo's previous record holder for launch-month sales in the U.S. was the GameCube, with more than 660,000 units taken home in November 2001. By comparison, Nintendo's most popular system, the Wii, saw 470,000 units sold in November 2006, the company said. The U.S. is Nintendo's largest global market; it collects about 40% of its annual revenue there.

—Takashi Mochizuki

AC MILAN

Silvio Berlusconi Sells Soccer Club

Italy's former Prime Minister Silvio Berlusconi completed the sale of his soccer club **AC Milan** to a consortium including a Chinese investor and a U.S. hedge fund, bringing to a close his 30-year ownership of one of Europe's most prominent sports teams.

In a statement Thursday, **Fininvest** SpA, the holding company controlled by the Berlusconi family, said it has completed the sale of AC Milan to **Rossoneri Sport Investment Lux**, the investment vehicle controlled by Chinese investor Yonghong Li. The deal values the soccer team at €740 million ($785 million), which includes the €220 million club's debt.

The deal nearly fell through when tighter capital controls introduced by Beijing made it harder for Chinese investors to transfer the money out of the country. In March, U.S. hedge fund **Elliott Management** Corp. and other U.S. partners including **Arena Investors** agreed to provide part of the financing in order to allow Mr. Li to proceed with the purchase.

—Manuela Mesco

CONOCOPHILLIPS

Hilcorp Unit to Buy San Juan Basin Assets

ConocoPhillips said Thursday that it has reached a roughly $3 billion deal to sell its assets in the San Juan Basin in the U.S. Southwest.

An affiliate of **Hilcorp Energy** Co. agreed to pay $2.7 billion in cash for the assets in addition to a contingent payment of up to $300 million payable over six years.

ConocoPhillips, one of the largest U.S. shale producers, has been shedding assets in an effort to pay down debt and shore up its balance sheet. Stabilizing oil prices have powered a flurry of deals across the industry in recent months.

The Houston-based company said the assets were valued at $5.9 billion at the end of last year, and that 2016 production was 124,000 barrels of oil equivalent a day, the bulk of which was natural gas.

—Imani Moise

HEARD

Continued from the prior page

to increasing pressure on profit margins.

Indeed, one measure of margins within the U.S.—domestic after-tax profits as a share of gross value added at nonfinancial companies—began slipping over two years ago. That matters, argue economists at Cornerstone Macro, because when domestic profit margins roll over it is often a sign the economic expansion is getting old. To judge from where margins peaked during the past 10 cycles, the most recent peak would suggest that the expansion is about three-quarters of the way to its finish. That would suggest a recession around the third quarter of next year.

Narrowing profit margins present a risk to the economy, and companies may not give up fat profit margins willingly. But trying to preserve profits in the face of rising labor costs by cutting back on hiring and spending ends up hurting demand, which makes the profit problem worse. A vicious cycle ensues.

There are things that could disrupt this story: If President Donald Trump and Congress can hammer out a corporate tax cut, for example, margins would at least temporarily improve, forestalling the squeeze. If economic growth picks up, revenue would, too, so more money would fall to the bottom line.

And maybe, since margins are still quite wide, historically speaking, management teams will allow them to fall slightly without too much grumbling. Ultimately, that might be the optimal outcome for the companies, for their investors and for their workers. But people don't always do what is best for them.

BUSINESS & FINANCE

MICHELLE KANAAR FOR THE WALL STREET JOURNAL

Jana wants Whole Foods to absorb national chains' operational lessons while staying true to its mission.

FOODS

Continued from the prior page

ing officer of Safeway Inc., are serving as consultants but could later be nominated to the board. If the campaign goes all the way to a shareholder vote, Jana may add new candidates that haven't been named yet, according to a person familiar with its plans.

Mr. Murphy is known for being well-versed in the fundamentals of retail. He spent $44 million buying Whole Foods stock, the most of the group. Mr. Dickson ran Southeast grocery chain Harris Teeter before its sale to Kroger Co. and is credited with giving the nation's largest supermarket chain know-how in upscale food retail and e-commerce. Kroger is viewed as a growing threat to Whole Foods.

Ms. Adler, a recently retired Barclays analyst who covered Whole Foods and other retailers for decades, now serves as a board member to food distributor Performance Food Group Co. In November, Barclays analysts published a detailed plan to overhaul Whole Foods, calling out many of the same issues Jana flagged in its regulatory filing this week.

"We believe a sense of urgency is lacking and speed is of the essence in order to salvage this once best-in-class retailer," the analysts wrote.

Mr. Bittman isn't an expert in the grocery business, but he has written about healthy eating for decades and knows Mr. Mackey personally. He spent $25,000 on Whole Foods stock, and Jana is paying him $90,000 for his consulting services, according a regulatory filing.

After stepping away from his role as a columnist for the New York Times in 2015, Mr. Bittman dabbled in the business side of food at vegan meal-kit service Purple Carrot. He left that Massachusetts firm after about nine months.

Since then, Mr. Bittman, 67 years old, of Cold Spring, N.Y., has focused on writing columns for various publications and revising his 2007 cookbook "How to Cook Everything Vegetarian." He joined the Mailman School of Public Health at Columbia University last fall.

AUCTION

Continued from the prior page

27, because participants were prohibited from such discussions as a safeguard against bidding collusion. Many analysts think T-Mobile could be an attractive merger candidate for another wireless carrier like Sprint Corp. or a cable provider like Comcast.

The FCC said more than $10 billion would go to 175 TV stations that are selling licenses. Two New Jersey public broadcasting stations sold licenses for $332 million. **WWTO-TV**, a Chicago religious station owned by **Trinity Broadcasting Network**, went for $304 million.

Other big sellers were 21st Century Fox Inc., which sold $350 million of licenses, and Sinclair Broadcast Group Inc., which sold $313 million.

Dish, which spent more than $10 billion in the previous auction in 2015, must start building its network soon or face FCC penalties. One option is for it to sell airwaves to, or merge with, a wireless carrier, which could put the spectrum to use faster. In February, Dish Chief Executive Charlie Ergen said he expected to see merger talks pick up after the auction.

Selling the airwaves Dish acquired in this year's auction might be more complicated, however. The FCC sale included one tier that could be bought by anyone and a "reserve" tier of low-band airwaves was set aside for companies that didn't already own a significant amount of them.

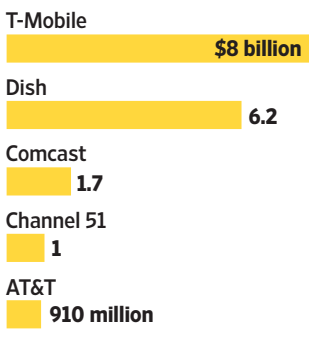
The rule largely prevented AT&T and Verizon from bidding on the reserve tier and restricts most sales by the winning bidders to AT&T or Verizon.

Even though Verizon didn't buy any airwaves, the company said it was confident in its network position.

—Thomas Gryta contributed to this article.

The Bids Are In

Big spenders in the FCC auction:



Note: **Sprint** and **Verizon** didn't buy any spectrum. Channel 51 is a consortium of investors.

Source: Federal Communications Commission

THE WALL STREET JOURNAL.

(L TO R) SCOTT OLSON/GETTY IMAGES; KAMIL KRZACZYNSKI/REUTERS

Attorney Thomas Demetrio is representing Dr. David Dao. Crystal Dao Pepper, Dr. Dao's daughter.

UNITED

Continued from the prior page

tarily in 2011, but also set a ceiling for the maximum payout airlines offer at $1,350.

Mr. Demetrio said United gate agents offered Dr. Dao $800 in compensation to give up his seat Sunday evening on a flight from Chicago's O'Hare International Airport to Louisville, Ky.

United said it needed the seats of Dr. Dao and three additional passengers on United Express Flight 3411 for crew members who needed to be in Louisville for a Monday flight to Newark, N.J.

Dr. Dao refused. Three police officers from Chicago's Aviation Department hauled him off, dazed and bloodied. The aviation department has placed three officers involved in the incident on leave and is conducting its own review.

Mr. Demetrio said Dr. Dao would likely soon file a lawsuit against the airline and the city of Chicago.

"We're going to be vocal about the whole subject of what we as a society say passengers are entitled to," he said.

Airlines for America, the industry's trade group, suggested carriers don't want the rules changed in light of United's mishap. "We continue to caution against taking unnecessary regulatory actions, which could have unintended consequences for the 2.2. million customers who take to the skies every day," said spokesman Vaughn Jennings.

An airline industry trade group doesn't want rules changed after United's mishap.

Southwest Airlines Co. said it isn't rethinking its overbooking policies. JetBlue Airways Corp. said it doesn't oversell flights. Delta Air Lines Inc. Chief Executive Ed Bastian said Wednesday that overbooking is a valid tool when managed well. A spokesman for American Airlines Group Inc. didn't respond to a request for comment.

Mr. Demetrio is a Chicago trial lawyer whose firm, Corboy & Demetrio, says he has notched more than $1 billion in legal settlements and never lost an appeal. His cases have involved medical negligence, aviation crashes and concussions suffered by professional football players.

On Thursday, United again apologized to Dr. Dao and said it would review its training programs and policies for handling over-full flights by April 30.

"This horrible situation has provided a harsh learning experience from which we will take immediate, concrete action," the company said. United didn't directly address Dr. Dao's potential lawsuit.

Dr. Dao's wife, who is also a doctor, was with him on Flight 3411 but wasn't bumped. She was instead told to leave after Dr. Dao was removed, said Stephen Golan, another attorney for Dr. Dao. Their daughter said her father was returning from vacation in California.

—Imani Moise contributed to this article.

Hacking Of Moving Cars Draws Concern

By Chester Dawson

An Israeli cybersecurity firm is raising concerns about hackers taking control of moving cars, remotely shutting down an engine with the help of a smartphone app, a Bluetooth connection and a type of device commonly plugged into ports located under dashboards.

Argus Cyber Security Ltd. said Thursday it was able to use a so-called dongle, a device often installed by insurance companies to monitor driving patterns or by owners wanting in-vehicle Wi-Fi, to crack into a vehicle's internal communication system. The firm, well known in automotive circles, triggered a signal meant to disable the fuel pump, something that normally would happen only after a collision.

Argus didn't disclose the model of car it hacked, noting most cars on the road have a diagnostic port designed for a dongle device. The breach is the latest in a series of high-profile hacks, including an incident two years ago staged by two security researchers who controlled a Jeep Cherokee via a wireless internet connection.

Cars are increasingly connected to external communications, prompting computer experts to exploit holes in firewalls installed by auto makers to separate media features from more critical functions, such as engines, transmissions or brakes.

"These firewalls are really new and immature in their security measures," Ami Shalev, Argus research team leader, said in an interview.

Tesla Inc. and other auto makers have responded to hacks by bolstering security. Fiat Chrysler Automobiles NV, the maker of the Jeep hacked in 2015, recalled 1.4 million vehicles. Car companies have launched programs encouraging hackers to help identify vulnerabilities.

While dongles are made by several companies for various purposes, Argus's latest hacking experiment used a device from German auto supplier Robert Bosch GmbH called Drivelog Connect, sold in Europe for about $75. The device collects vehicle data and sends it to a smartphone via a Bluetooth connection, alerting owners to maintenance issues and engine performance.

Bluetooth-enabled dongles, which can also provide a Wi-Fi connection, are a potential Trojan horse for any car built since 1996. That is when diagnostic access points, known as OBD-II ports and usually located by the steering column, became mandatory equipment on automobiles.

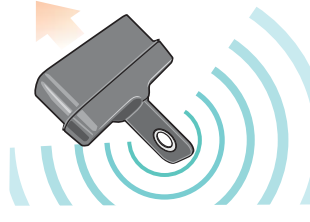
The market for connected-car technology using diagnostic ports is expected to grow to $1.6 billion by 2020, up from $160 million in 2013, according to San Antonio-based market research firm Frost Sullivan. Insurers' use of dongles alone is expected to reach 27 million vehicles by the end of the decade, Ptolemus Consulting Group estimates.

Argus said the hack, executed in Tel Aviv in February in a controlled environment, could be replicated on other models using the Bosch tool. "We estimate we can do that on any car," said Yaron Galula, Argus's chief technology officer and co-founder.

Boon-Dongle

Palm-sized gadgets called dongles plug into a standard port—usually located under the dashboard—on vehicles made since 1996.

Data can be transmitted from the car's engine to a smartphone app via Bluetooth wireless technology.



But it can be hacked to gain access to a vehicle's internal systems.

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Abbott Receives FDA Warning

The company's approach to problems in heart devices was flawed, agency says

By Joseph Walker

The U.S. Food and Drug Administration issued a blistering criticism of **Abbott Laboratories** for failing to properly investigate and resolve risks related to its implanted heart devices, including cybersecurity threats and a battery malfunction linked to two patient deaths.

The FDA made the criticisms in a warning letter sent to Abbott on Wednesday, following an inspection of the medical-device maker's facilities in Sylmar, Calif., in February.

The letter relates to pacemakers and defibrillators that Abbott acquired earlier this year in its $25 billion takeover of **St. Jude Medical** Inc.

All of the issues described in the letter occurred before Abbott completed the acquisition in January, an Abbott spokesman said.

"We take these matters seriously, continue to make progress on our corrective actions, will closely review FDA's warning letter, and are committed to fully addressing FDA's concerns," an Abbott spokesman said in an email.

Analysts said the FDA's letter, which describes the company overlooking or omitting early signals of product defects or vulnerabilities, could hurt Abbott's reputation among cardiologists.

The letter requires Abbott to provide a written description of the steps it has taken to correct the violations identified by FDA inspectors, and an explanation of how it will prevent similar violations from occurring in the future. If Abbott fails to correct the violations, the FDA could seek to implement an injunction, conduct a seizure and issue monetary fines. The FDA said it wouldn't make any approvals related to the heart devices until the violations are corrected.

The letter addresses two recent controversies involving St. Jude's devices: a report by **Muddy Waters Capital** LLC last year that St. Jude's pacemakers and defibrillators were vulnerable to hacking, and the company's recall of certain of defibrillators last year because of a battery malfunction.

In October 2016, St. Jude warned that about 250,000 of its heart defibrillators in the U.S. could stop working because of rapid battery depletion, and that two patient deaths were linked to the problem.

Iran Signs Deal to Pay as Much as $1 Billion to Beef Up Airliner Fleet

MAXIM SHEMETOV/REUTERS

LONDON—Iran's effort to upgrade its airliner fleet has taken another step with a deal valued at up to $1 billion to buy planes from a joint venture of **Airbus** SE and **Leonardo** SpA.

Aircraft maker ATR, which is based in Toulouse, France, said **Iran Air** had signed a firm order for 20 ATR 72-600 regional planes with options for 20 more. Deliveries could begin "within weeks" and be completed next year, said the turboprop-making joint venture between Toulouse-based Airbus and Leonardo, Italy's biggest aerospace and defense company.

European and Asian firms have flocked into Iran after the removal of economic sanctions on the country. American companies have largely held back, unsure about whether President Donald Trump, a sharp critic of the nuclear deal with the country when he was on the campaign trail, would try to alter the pact or otherwise discourage closer business ties.

Aircraft contracts, including those involving **Boeing** Co., the world's No. 1 plane maker, are among the highest-profile deals between Western companies and Iran after foreign powers lifted many sanctions on Tehran last year in exchange for restrictions on its nuclear program.

Iran is an attractive market for plane makers because of its size and large fleet of aged planes after several decades of sanctions made it difficult for Iranian carriers to buy new jets and aircraft parts.

Boeing this month agreed to sell up to 60 single-aisle planes to a second Iranian airline, Iran Aseman Airlines, after last year finalizing a $16.6 billion deal with flag carrier Iran Air for 80 planes. The Chicago-based plane maker still is awaiting final approval from the U.S. Treasury for those sales. *—Robert Wall*

Researchers Escalate Battle for Gene-Editing Patent

By Amy Dockser Marcus And Joe Palazzolo

Tensions are escalating in the long-running dispute between two major groups over the research and rights to Crispr, a biological system that has been adapted to easily edit the genes of animals, plants and people.

A group including the University of California, the University of Vienna and researcher Emmanuelle Charpentier said on Wednesday that it seeks to overturn a patent decision related to the best-known Crispr system, Crispr-cas9.

That decision by the Patent Trial and Appeal Board protected Crispr-cas9 patents issued to the Broad Institute, Harvard University and the Massachusetts Institute of Technology against a challenge by the California group.

Separately, scientists from Broad, MIT and Harvard reported in the journal Science on Thursday that they adapted a different Crispr system, Crispr-cas13a, to create a diagnostic tool that can detect a range of viruses, bacteria and other medical information.

Some of the scientists involved in the Crispr-cas9 dispute are also inventors of Crispr-cas13a diagnostic tools and have filed for patents on that use as well. The two systems use different enzymes.

The events of this week highlight the tensions that can emerge when trying to determine the source of transformative ideas in science, particularly when scientific prestige and potential financial rewards are at stake.

The Broad group in announcing its new diagnostics system specifically noted the work of Jennifer Doudna, a professor at University of California, Berkeley who has done research in both systems, saying the Broad group's cas13a work "is a million-fold more sensitive" than Dr. Doudna's.

Dr. Doudna in emails said the new tool "combines two previously reported methods," one by her group, and improves the ability of detection but "could be challenging to scale" commercially.

In the case of Crispr-cas9, hundreds of millions of dollars of investment have flowed into startups seeking to use the gene-editing system to develop therapeutics and cures. As the dispute drags on, it is unclear whether the companies will have to license the technology from both sides.

Adding further legal uncertainty, Vilnius University in Lithuania received notice on Wednesday that the U.S. patent office plans to issue it a broad Crispr-related patent in the U.S. that could draw challenges from the California group and the Broad group.

In 2012, Dr. Doudna, along with Dr. Charpentier of the Max Planck Institute for Infection Biology in Berlin, co-wrote a seminal paper showing Crispr-cas9 could cut DNA in a test tube, and filed for a patent for the technology that year.

Months later, the Broad group applied for a patent for the use of Crispr-cas9 to edit human and animal cells.

Tension between the two competing groups arose after the U.S. Patent and Trademark Office awarded the first of several Crispr-related patents to the Broad group in 2014. The California group asked the Patent Trial and Appeal Board to declare it the sole inventor of the gene-editing technology.

The patent judges ruled that the Broad Institute's use of Crispr-cas9 in the cells of plants, animals and humans differed from the California group's claims to Crispr-cas9 as a gene editor regardless of location.

The University of California group will now appeal to the U.S. Court of Appeals for the Federal Circuit, a federal appellate court that specializes in patent law.

The California side could argue that the patent board improperly excluded or undervalued evidence that other scientists, using Drs. Doudna and Charpentier's work as a road map, also demonstrated Crispr's application in human and animal cells around the time of the Broad group, according to legal experts.

Samarth Kulkarni, chief business officer at **Crispr Therapeutics**, a company of which Dr. Charpentier is a founder, said corresponding patents have been granted to the California group in the United Kingdom, and the European Patent Office has announced it will grant the group's patent in May. He added that "the European decision adds a lot of strength to our arguments regarding the foundational work."

Lee McGuire, chief communications office for the Broad Institute, said in a statement, "Given that the facts have not changed, we expect the outcome will once again be the same."

FIVE THINGS

An Innovation That Has Great Promise

1. What is Crispr?

Crispr stands for Clustered Regularly Interspaced Short Palindromic Repeats and is the immune system of bacteria. The Crispr system captures an invader's DNA and integrates it into the genome of the bacteria to fend off future attacks.

2. Why are scientists so excited about Crispr?

Several years ago, scientists learned how to reprogram an enzyme produced by the Crispr system called Cas9 to enable the editing of genes, not only in bacteria but also in animals, plants, and people. The findings open up the possibility that someday researchers will be able to cure genetic diseases.

3. How is Crispr used?

Scientists have used Crispr to make genetically modified pigs whose organs are more compatible with humans and may be used someday in transplants.

4. Why is Crispr considered more useful than other gene editing tools?

Scientists say that Crispr allows scientists to make changes in many genes at the same time, and it is fast and relatively easy to use.

5. What are some of the ethical concerns?

Genetic changes made in a living organism alter that individual, but aren't passed on to offspring. But changes made in egg, sperm or embryos are passed on, permanently altering future generations.

Volkswagen Ahead of Schedule On Buybacks of Diesel Vehicles

By Adrienne Roberts

Volkswagen AG has bought back or terminated the leases of nearly 238,000 diesel vehicles from owners affected by the company's emissions-cheating scheme, surpassing the 50% milestone earlier than it anticipated as customers responded to generous financial terms not typically associated with a product recall.

The German auto maker offered to buy back 475,000 Volkswagen two-liter diesel vehicles in a program that kicked off in November. Volkswagen could spend up to $10.03 billion to buy back affected cars and offer cash payments between $5,100 and $10,000 a person.

The German auto maker has two years to complete the buyback process and will eventually scrap or repair affected models. "We're way ahead of schedule," said Mark McNabb, a Volkswagen executive overseeing the implementation of the diesel-settlement program. He said "the dollars certainly help" to get customers to take the buyback earlier on in the program.

The auto maker has seen an uptick in sales since it launched the buyback program. From January to March, sales have increased 10% to 76,290 vehicles compared with the same three months last year. Mr. McNabb estimated that between 20% and 30% of customers who have entered the buyback program have bought another Volkswagen.

PATRICK T. FALLON/BLOOMBERG NEWS

VW has secured 30 U.S. parking lots to store diesel vehicles.

The German auto maker has two years to complete the buyback process.

Regulators have been frustrated by the pace of many safety or quality recalls in recent years.

They have often pressed auto makers to take additional action to persuade owners to fix defects, especially ones that can prove fatal.

Volkswagen in 2015 said that it equipped diesel-powered cars with devices meant to trick emissions tests, allowing cars to spew higher-than-legal levels of pollutants. Offering cash incentives was seen as a way to ensure those vehicles didn't remain in operation.

Mr. McNabb said the recall process has come with "incredible complexities." More than 1,000 people have been hired to oversee the claims and buyback process, and nearly 30 parking lots have been secured across America so affected diesel vehicles can be stored.

'Efficiency Guru' Sharpens Instagram

By Deepa Seetharaman

Soon after joining **Instagram** as chief operating officer two years ago, Marne Levine asked to see its annual budget at a team meeting. The room was quiet until another executive piped up: "What do you mean 'the budget'?"

Since the former White House official arrived in Silicon Valley in early 2015, Ms. Levine has been helping Instagram mature into a full-fledged business. The photo-sharing app owned by **Facebook** Inc. has hired hundreds of employees, doubled its user base to 600 million and made significant changes to its product designed to undercut rival **Snap** Inc.'s Snapchat. It now has a budget to keep track of spending.

Kevin Systrom, Instagram's co-founder and chief executive, calls Ms. Levine "an efficiency guru" who has helped the app avoid some of the pitfalls of rapid growth.

Ms. Levine has skills that are in high demand in Silicon Valley, where startups often struggle to get past their adolescence. **Uber Technologies** Inc., for instance, is seeking a second-in-command to help founder Travis Kalanick repair the ride-sharing company's image after allegations of sexual harassment and the departure of several top executives.

"We want to be the 10x company," says Ms. Levine, 46 years old. "That means we need to think carefully about how we set up our operations, how we grow and how we scale."

Ms. Levine's role as operating chief to Instagram's 30-something founders echoes another pairing: Facebook CEO Mark Zuckerberg and COO Sheryl Sandberg, who arrived on Facebook's campus nearly a decade ago to help the startup woo advertisers and expand its appeal.

A self-described political junkie, Ms. Levine started her career in Washington. She made some of her earliest connections at the Treasury Department, including with Ms. Sandberg who was working for Lawrence Summers at the time. In January 2009, Ms. Levine became Mr. Summers' chief of staff when he was director of the White House National Economic Council during the financial crisis.

Ms. Levine has skills that are in high demand in Silicon Valley.

"Marne came over, and suddenly order started to emerge out of the chaos," Mr. Summers says.

At Ms. Sandberg's beckoning, Ms. Levine joined Facebook in 2010 as vice president of global public policy. In her 4½ years in the job, she expanded the policy team, which manages Facebook's relationship with governments and responds to privacy laws and regulation, from fewer than a dozen people to over 100. During her tenure, the team also assumed responsibility for how Facebook sets and enforces its content standards.

"Marne is the person where if three things are supposed to get done, she does four," Ms. Sandberg says. "If she says it's going to get done by this date, it's that date or it's ahead."

The two women have long been close friends. Their families were vacationing together in Mexico in May 2015 when Ms. Sandberg's husband, SurveyMonkey CEO Dave Goldberg, unexpectedly died. Ms. Levine helped plan Mr. Goldberg's funeral.

In 2014, Mr. Systrom said, he realized he and his co-founder, Mike Krieger, needed help. Facebook had bought the startup for $1 billion two years earlier, when it had just 13 employees. The pressure was on for Instagram to earn money and roll out products faster, and the co-founders saw the need for an executive to manage the expansion.

Mr. Systrom asked Ms. Sandberg for advice, and she suggested five or six potential candidates, including Ms. Levine. Instagram's needs dovetailed with Ms. Levine's, who was hungry for a more operational role.

Once Ms. Levine moved over to Instagram at the beginning of 2015, she dove in with the creation of a formal budget, giving the company a comprehensive view of its spending for the first time. Until that point, executives leading Instagram's various teams didn't communicate regularly about their spending.

JASON HENRY FOR THE WALL STREET JOURNAL

Instagram COO Marne Levine says the group needs to 'think carefully' about how it will grow.

Some Facebook employees in policy and partnerships were working part time at Instagram, Ms. Levine discovered, which she thought was inefficient. She successfully lobbied Facebook executives for the resources to hire more Instagram-dedicated staff.

Ms. Levine also pushed to expand the Instagram partnerships team, which manages the app's relationship with public figures to ensure that they continued to flock to Instagram.

Over Ms. Levine's first year, Instagram's prospects brightened. In October 2015, Instagram estimated it would generate $200 million in revenue over the next 12 months, but by December, the estimate jumped to $1 billion, according to a person familiar with the figures. Instagram declined to comment on the figure.

SunTrust analysts now predict Instagram will generate about $3.5 billion in revenue this year.

Uber Faces Regulatory Pressure in Europe

Uber Technologies Inc. is battling fresh regulatory problems in Europe, overshadowing its success in restoring service in Taiwan after a two-month suspension stemming from a dispute with authorities there.

By Kathy Chu, Sam Schechner and Pietro Lombardi

Uber has struck an agreement with the Taiwan government to resume ride-hailing operations there through partnerships with car-rental companies. The San Francisco-based company's alliance with car-rental companies will allow it to legally offer transportation services in Taipei, by using licensed commercial drivers rather than private drivers, Uber said.

Car-rental companies are licensed transportation providers in Taiwan because they offer car-rental services and drivers.

In Europe, meanwhile, Uber's regulatory conflicts mount.

The company faces a court-imposed deadline to suspend its only remaining ride-hailing service in Italy by Monday, after taxi drivers won a lawsuit alleging that Uber violated competition laws. In Denmark, Uber said it will close Tuesday because of new taxi regulations that the company said are too onerous.

RITCHIE B. TONGO/EUROPEAN PRESSPHOTO AGENCY

Uber's Asia regional general manager Michael Brown, left, and Uber Taiwan's general manager, Likai Gu

Uber is appealing the Italian ruling but will have to halt operations there if nothing changes before the deadline. It said that Denmark needs to change its proposed rules for the company to reopen ride hailing.

"We are shocked," said Carlo Tursi, the company's general manager for Italy. "With its huge growth potential and untapped opportunities, Italy is a strategic market for Uber."

Likai Gu, general manager of Uber Taiwan, said Uber hopes to strike partnerships with more car-rental companies and taxi drivers to expand to other cities in Taiwan.

"We are able to demonstrate that a global technology company can partner with the government to figure out how new technologies can better fit into regulations."

Uber, valued by investors at nearly $70 billion, has grown rapidly in the past few years. With that growth have come challenges.

The company is investigating allegations it tolerates sexual harassment and is dealing with a lawsuit from rival **Alphabet** Inc. alleging that Uber stole proprietary self-driving-car technology. Uber's communications chief, Rachel Whetstone, who came from Alphabet's Google, said that she was leaving the company.

Regulators and taxi companies in many countries argue that Uber is a scofflaw that steamrolls into markets while crushing local competition and ignoring rules aimed at protecting passengers and drivers. Uber counters that many countries have outdated taxi rules aimed at protecting incumbent firms at the expense of riders.

In Europe, several court decisions have led Uber to retreat in several countries—including Italy in 2015—from its low-cost service called UberPop, which used nonprofessional drivers. Last year, a French criminal court fined Uber and two executives for running that service illegally.

Uber has fought back, appealing against national taxi regulations in a pair of cases being heard by the European Union's Court of Justice, the bloc's highest court.

In one case, for which a nonbinding opinion is due next month, the company argues that as a technology service it shouldn't be subject to traditional taxi rules.

Galaxy's Pull Proves Strong

By Timothy W. Martin and Eun-Young Jeong

SEOUL—Preorders for **Samsung Electronics** Co.'s Galaxy S8 smartphone have been stronger in the U.S. and South Korea than for its prior flagship model, the company's mobile chief said, suggesting consumers are looking past last year's fiasco surrounding the Galaxy Note 7.

D.J. Koh, who spoke to reporters Thursday at an event, didn't specify the jump in preorders from last year's Galaxy S7 to the Galaxy S8, which becomes available in the U.S. and South Korea next week.

Samsung said that in its home market of South Korea it had received more than 728,000 preorders for the Galaxy S8. "I can't give the specific numbers, but it's definitely better than it was for the S7," Mr. Koh said.

Last year, Samsung recalled three million Galaxy Note 7 devices due to battery issues that caused handset fires.

The mobile chief waved off concerns about the safety of the new phone's batteries, saying that Samsung has tested some 100,000 units internally.

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Public Sale No. 1: Wednesday, April 19, 2017, 9:30 a.m. EDT

Asset Type for Lots 1-5: ABS CDO. **Asset Type for Lots 6-12:** CRE CDO. **Asset Type for Lots 13-14:** CMBS. **Asset Type for Lot 15:** Prime / Alt-A. **Asset Type for Lots 16-28:** Subprime

Lot #	CUSIP	Issue	Original Face
1	12498CAC1	CBCL 12A C	4,000,000
2	12498FAE0	CBCL 13A C	2,000,000
3	124670AC4	CBCL 15A C	2,800,000
4	25454VAE9	DGCDO 2005-1A D	2,500,000
5	G8659QAC6	TABS 2005-2X D	5,000,000
6	385000AH7	GKKRE 2005-1A G	2,000,000
7	385000AJ3	GKKRE 2005-1A H	3,000,000
8	53944PAL6	LNR 2005-1A FFL	5,000,000
9	62940PAE7	NSTAR 2006-6A E	2,750,000
10	G7550UAE5	RFCCD 2005-2X C	2,000,000
11	982512AE5	WWCAP 2005-1A E	4,000,000
12	982512AF2	WWCAP 2005-1A F	2,500,000
13	12667XAL0	CWCI 2005-1A E	2,000,000
14	12667XAN6	CWCI 2005-1A F	2,875,000
15	36242D4C4	GSAA 2005-6 B2	1,000,000
16	04541GTS1	ABSHE 2005-HE6 M8	2,000,000
17	004375FE6	ACCR 2006-1 M8	3,500,000
18	004375FF3	ACCR 2006-1 M9	3,538,000
19	00438QAN4	ACCR 2007-1 M9	1,000,000
20	17307G2V9	CMLTI 2006-WFH1 M8	669,000
21	362341CG2	GSAMP 2005-SD2 B1	1,600,000
22	362341CH0	GSAMP 2005-SD2 B2	2,400,000
23	46626LES5	JPMAC 2005-OPT2 M7	1,500,000
24	57643LKD7	MABS 2005-WF1 M8	1,534,000
25	57643LKE5	MABS 2005-WF1 M9	1,000,000
26	74919XAH5	RAAC 2007-SP2 M2	2,000,000
27	86359DLT2	SASC 2005-WF3 M8	1,000,000
28	86359DLU9	SASC 2005-WF3 M9	2,000,000

Public Sale No. 2: Wednesday, April 19, 2017, 12:00 p.m. EDT

Asset Type for all Lots: Zero Factor - RMBS

Lot #	CUSIP	Issue	Original Face
1	04541GUW0	ABSHE 2005-HE8 M9	4,000,000
2	04541GXK3	ABSHE 2006-HE3 M7	2,000,000
3	04544QAP2	ABSHE 2006-HE7 M9	5,000,000
4	04544TAN1	ABSHE 2007-HE2 M8	1,150,000
5	004421XP3	ACE 2006-ASP2 M8	2,000,000
6	004421XQ1	ACE 2006-ASP2 M9	1,618,000
7	004421VA8	ACE 2006-NC1 M7	2,000,000
8	004421VB6	ACE 2006-NC1 M8	2,000,000
9	004421VC4	ACE 2006-NC1 M9	1,500,000
10	07389MAP2	BSABS 2006-HE9 M9	2,700,000
11	144539AP8	CARR 2006-NC5 M9	1,900,000
12	17307GVA3	CMLTI 2005-OPT4 M10	1,000,000
13	17307G2W7	CMLTI 2006-WFH1 M9	1,300,000
14	17309QAP9	CMLTI 2006-WFH3 M10	1,000,000
15	17309QAN4	CMLTI 2006-WFH3 M9	3,271,000
16	12668ATF2	CWALT 2005-J12 2B1	2,000,000
17	12668ATG0	CWALT 2005-J12 2B2	2,500,000
18	23243LAN2	CWL 2006-14 M9	4,000,000
19	12666BAP0	CWL 2006-22 M9	2,900,000
20	12666CAP8	CWL 2006-23 M9	3,000,000
21	23243HAP6	CWL 2006-24 M9	1,000,000
22	126670WK0	CWL 2006-3 M8	6,000,000
23	126670YS1	CWL 2006-5 B	1,500,000
24	126670YR3	CWL 2006-5 M8	2,750,000
25	126670ZT8	CWL 2006-6 M6	2,000,000
26	126670ZU5	CWL 2006-6 M7	3,000,000
27	12666SAN8	CWL 2006-BC5 M8	1,500,000
28	12666SAP3	CWL 2006-BC5 M9	2,000,000
29	126670SX7	CWL 2006-IM1 M8	1,750,000
30	29256PAN4	ECR 2005-3 B	2,000,000
31	29256PAM6	ECR 2005-3 M8	2,500,000
32	29256PBE3	ECR 2005-4 M9	3,500,000
33	32027NWU1	FFML 2005-FF10 M4	3,000,000
34	32027NWX5	FFML 2005-FF10 M7	5,009,000
35	86359DBS5	FFML 2005-FF3 M8	2,493,000
36	32027NUU3	FFML 2005-FF7 M9	1,500,000
37	362341QW2	FFML 2005-FF8 B2	2,000,000
38	362341QX0	FFML 2005-FF8 B3	1,225,000
39	32027NXK2	FFML 2005-FFH4 M7	2,161,000
40	32027NXL0	FFML 2005-FFH4 M8	2,000,000
41	32028KAQ9	FFML 2006-FF17 M9	3,500,000
42	32027NA84	FFML 2006-FF2 M5	1,496,000
43	32027NA92	FFML 2006-FF2 M6	3,000,000
44	35729PKY5	FHLT 2005-C M8	2,000,000
45	35729PKZ2	FHLT 2005-C M9	1,000,000
46	362341PG8	GSAA 2005-11 B2	1,000,000
47	362341PH6	GSAA 2005-11 B3	1,500,000
48	362341GT0	GSAA 2005-9 B3	1,000,000
49	44328BAQ1	HASC 2006-HE2 M9	1,000,000
50	40430HDM7	HASC 2006-OPT1 M8	2,466,000
51	40430HDN5	HASC 2006-OPT1 M9	2,305,000
52	43709QAQ9	HEAT 2006-8 B1	3,650,000
53	456606JC7	INABS 2005-C M9	1,800,000
54	456606LJ9	INABS 2006-B M8	2,450,000
55	43709LAN7	INABS 2006-D M9	3,000,000
56	46626LAN0	JPMAC 2005-OPT1 M9	3,000,000
57	46629QBF2	JPMAC 2006-CH2 MV9	2,000,000
58	46626LFV7	JPMAC 2006-FRE1 M8	2,000,000
59	46626LFW5	JPMAC 2006-FRE1 M9	4,000,000
60	46626LHJ2	JPMAC 2006-FRE2 M8	1,000,000
61	46626LHK9	JPMAC 2006-FRE2 M9	1,064,000
62	542514PE8	LBMLT 2005-3 M8	1,000,000
63	542514PF5	LBMLT 2005-3 M9	4,000,000
64	54251YAQ1	LBMLT 2006-10 M10	1,000,000
65	54251YAP3	LBMLT 2006-10 M9	4,566,000
66	542514UC6	LBMLT 2006-2 M8	3,000,000
67	542514UD4	LBMLT 2006-2 M9	4,000,000
68	54251UAP1	LBMLT 2006-8 M9	3,000,000
69	54251WAQ5	LBMLT 2006-9 M10	1,250,000
70	54251WAP7	LBMLT 2006-9 M9	3,000,000
71	576456AG2	MABS 2007-NCW M5	2,750,000
72	61750FAQ3	MSAC 2006-HE6 B3	4,661,000
73	61750SAQ5	MSAC 2006-HE8 B3	4,000,000
74	61744CYK6	MSAC 2006-NC1 B3	4,359,000
75	617451EP0	MSAC 2006-NC2 B2	2,000,000
76	617451EQ8	MSAC 2006-NC2 B3	4,000,000
77	61744CZN9	MSAC 2006-NC3 B3	3,000,000
78	61744CYX8	MSHEL 2006-2 B2	2,000,000
79	61744CYY6	MSHEL 2006-2 B3	1,500,000
80	64352VNB3	NCHET 2005-4 M8	2,000,000
81	64352VNC1	NCHET 2005-4 M9	3,000,000
82	64352VNS6	NCHET 2005-B M8	4,000,000
83	64352VPW5	NCHET 2005-D M7	5,000,000
84	66987XHE8	NHEL 2005-3 M8	3,000,000
85	66987XHF5	NHEL 2005-3 M9	1,500,000
86	66987WDL8	NHEL 2005-4 M7	2,500,000
87	68389FJR6	OOMLT 2005-4 M9	3,000,000
88	68389FLA0	OOMLT 2006-1 M10	1,000,000
89	68389FKZ6	OOMLT 2006-1 M9	3,000,000
90	73316PHA1	POPLR 2005-5 MV6	1,500,000
91	749238AN1	RAMP 2006-EFC2 M9	1,250,000
92	81375WFM3	SABR 2005-FR4 B2	3,000,000
93	81375WFZ4	SABR 2005-FR5 B3	4,300,000
94	81375WGY6	SABR 2005-OP2 B2	2,000,000
95	81375WGZ3	SABR 2005-OP2 B3	1,000,000
96	81375WJP2	SABR 2006-OP1 B3	1,750,000
97	86358EUG9	SAIL 2005-6 M7	1,000,000
98	863576FR0	SASC 2006-WF1 M9	6,595,000
99	86361EAP6	SASC 2006-WF3 M9	1,000,000
100	81879MAM1	SGMS 2005-OPT1 M9	1,473,000
101	83611MMF2	SVHE 2006-OPT1 M7	1,585,000
102	83611MMG0	SVHE 2006-OPT1 M8	1,000,000
103	83611MLT3	SVHE 2006-OPT1 M9	1,500,000
104	83611MMT2	SVHE 2006-OPT2 M7	2,000,000
105	83611MMU9	SVHE 2006-OPT2 M8	2,000,000
106	83611MMV7	SVHE 2006-OPT2 M9	1,000,000
107	94769WAG8	WEBS 2006-1A A3L	6,000,000
108	93363XAN3	WMHE 2007-HE4 M8	1,000,000
109	93363XAP8	WMHE 2007-HE4 M9	1,000,000
110	92977YBF7	WMLT 2005-WMC1 M9	2,000,000

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Portfolio - Mixed Bag

Bid Deadline: April 20th, 2017 at 10.00 a.m. (Eastern time)

#	ISIN	Security	Original Principal Amount
1	US00432CDE84	ACCSS 2006-1 B	$7,000,000.00
2	US493268CK08	KSLT 2005-A 2B	$8,000,000.00
3	US49327HAH84	KSLT 2006-A 2B	$7,000,000.00
4	US63543MAF05	NCSLT 2006-2 B	$800,000.00
5	US63543MAG87	NCSLT 2006-2 C	$600,000.00
6	US63543VAH69	NCSLT 2006-3 C	$5,400,000.00
7	US63543VAJ26	NCSLT 2006-3 D	$7,000,000.00
8	US63543LAG05	NCSLT 2007-2 C	$7,460,000.00
9	US78443CBR43	SLMA 2004-B C	$5,000,000.00
10	US78443CCC64	SLMA 2005-B B	$5,000,000.00
11	USG08964AD38	CFORT 2007-1X C	$7,000,000.00
12	USG72799AC69	PRSP 2006-1X C	$2,000,000.00
13	US200476AS82	COMM 2007-FL14 J	$3,494,000.00
14	USG40443AD81	GKKRE 2005-1X C	$3,000,000.00
15	USG7360PAJ50	RTPF 2007-2X G	$5,000,000.00
16	XS0308462141	GHM 2007-2X AC	$210,000.00
17	USG0158RAD55	ALESC 7X B	$2,500,000.00
18	USG06900AD96	ATTN 2006-2X C	$4,500,000.00
19	USG06900AF45	ATTN 2006-2X E1	$5,000,000.00
20	USG0691VAA64	ATTN 2006-2X F1	$5,000,000.00
21	USG8653NAA30	TBRNA 2005-1X A1A	$4,500,000.00
22	USG8656PAE72	TBRNA 2006-7X A3L	$10,000,000.00
23	USG8657UAL91	TBRNA 2007-8X E	$5,000,000.00
24	USG9011YAB23	TRAP 2006-11X A2	$5,000,000.00
25	XS0292444055	ARESE 2007-1X D	€4,250,000.00
26	XS0256538405	AVOCA V-X D	€3,000,000.00
27	XS0256539122	AVOCA V-X E	€2,500,000.00
28	XS0262896375	DUCHS VI-X D	€7,000,000.00
29	XS0262896961	DUCHS VI-X E	€4,000,000.00
30	XS0261226863	EUROC V-X D	€5,000,000.00
31	XS0261227325	EUROC V-X E	€6,800,000.00
32	XS0268110821	REGP 1X D	€3,000,000.00
33	XS0268111126	REGP 1X E	€3,000,000.00
34	XS0260353171	THESE 2006-1X D	€4,000,000.00
35	ES0314148059	BBVAR 2007-2 C	€12,000,000.00
36	ES0312872049	BCJAF 10 C	€8,000,000.00
37	IT0004215346	BPMO 2007-1 C	€3,500,000.00
38	XS0289327313	BRNL 2007-1X D4A	€4,000,000.00
39	ES0345671053	HIPO HIPO-10 C	€2,800,000.00
40	IT0004180318	INTS 3 C	€7,000,000.00
41	XS0294486476	LEEK 19X CC	€2,800,000.00
42	ES0377966025	TDAC 8 C	€4,000,000.00
43	XS0295172406	CANWA II C2	£8,450,000.00
44	XS0290419380	EHMU 2007-1 M2	£3,000,000.00

Cowen and Company ("Cowen"), on behalf of The Bank of New York Mellon Trust Company, National Association, in its capacity as trustee (the "Trustee"), will be conducting the sale of certain collateral pledged to the Trustee. The Collateral (as defined herein) will be offered and sold by the Trustee without recourse, representations, or covenants, express or implied, being made by the Trustee with respect to the Collateral (except as to title to the Collateral) or with respect to any other information then in the Trustee's possession, including without limitation any offering circular or other financial information. **Location of Sale.** The sale will be conducted by Cowen at 599 Lexington Avenue, 21st Floor, New York, New York 10022. **To Place a Bid or for Additional Information.** In addition to any other terms or limitations, please be advised that the sale of each security listed above may be made only to the best bidder who is also a qualified bidder and may be subject to a reserve level. For additional information, including with respect to qualified bidder status, and to obtain copies of an Investor Representations and Confidentiality Agreement, contact James Burke or Yulia Gilman with Cowen at jim.burke@cowen.com or yulia.gilman@cowen.com, respectively, or at (212) 201-4837 or (212) 823-0234, respectively. **Disclaimer.** The Trustee is authorized at such sale, if the Trustee deems it advisable or is required by applicable law to do so: (i) to restrict the prospective bidders on or purchasers of any of the above identified securities to be sold (the "Collateral") to those who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of any of such assets, (ii) to verify that each certificate for each security to be sold that has not been registered under the Securities Act of 1933 bears a legend substantially to the effect that such security has not been registered under the Securities Act of 1933 and may not be disposed of in violation of the provisions of said Act, (iii) to disclaim and to refuse to give any warranty (other than as to title), and (iv) to impose such other limitations or conditions in connection with any such sale as the Trustee deems necessary or advisable.

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'The Fate of the Furious,' with actor Vin Diesel, is among the coming movies that could drive up box-office growth in China.

China Fights Box Office's Big Chill

Amid slower growth, sales figures now include online fees, clouding true picture

BEIJING—China's once-torrid box office continued to cool during the first three months of the year, but the extent of the chill is being masked by a new way of counting ticket sales.

China's film and media regulator has begun including the fees charged by online ticketing firms in reporting box-office figures—a significant number in a country where an estimated 70% of the tickets are bought online.

Under the new method, China's box-office revenue fell just 0.1% to 14.5 billion yuan ($2.1 billion) for the first quarter from the year-earlier period. The State Administration of Press, Publication, Radio, Film and Television confirmed to The Wall Street Journal that this figure includes online-ticket-service fees.

Without the fees included, China's box office would have fallen by nearly 1 billion yuan, or 6.2%, Beijing-based research firm EntGroup said.

The government agency didn't respond to a request as to why it made the change, which follows the sharp slowdown in China's box-office growth last year. Online sales comprise less than 20% of tickets sold in the North American market, according to estimates, and service charges for those sales aren't included in the box-office tallies.

EntGroup Vice President Hou Tao, whose company is a leading source of box-office data, said his firm proposed the new method to better reflect "the amount of money that consumers spend" going to the movies.

Mr. Hou said including the fees also helps the government keep tabs on this expense "to make sure that consumers are charged reasonably."

One Beijing cinema manager said authorities might have changed the method to make the slowdown in box-office growth appear less severe than it is. He disagreed with Mr. Hou's reasoning that the move is needed to help officials keep a lid on exorbitant service fees.

"If they really just want to show that part of revenue, why can't they release it separately," said this person.

China posted a 3.7% increase in its box office last year as ticket-selling companies cut back on discounts and authorities cracked down on ghost screenings, in which film backers purchased seats to make their numbers appear better.

For the previous five years, China had averaged annual growth of 34%.

This year's box office is being dragged down mainly by a lack of must-see films, particularly domestic Chinese releases, said Huang Guofeng, an analyst with Beijing-based data company Analysys International.

"Content production has always been a weak spot for us," he said.

Still, Mr. Huang said he sees growth of 10% this year to about $7.3 billion, citing expected blockbusters yet to be released, including "The Fate of the Furious," the eighth installment in a popular action series starring Vin Diesel that is scheduled to arrive in theaters this weekend.

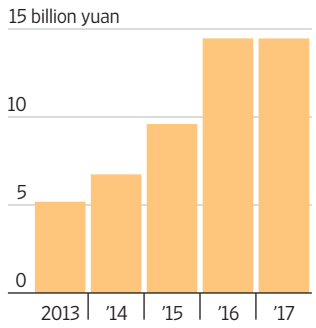
North America is still the leading film market, with a box office of $11.4 billion last year.

—Lilian Lin

Flatlining

China's box-office growth is leveling off, after years of rapid growth.

First quarter box-office receipts



Note: 10 billion yuan = $1.45 billion
Source: EntGroup
THE WALL STREET JOURNAL.

Arconic, Elliott Spar Over Vote

By David Benoit

Arconic Inc. said a vote to change its board could trigger a $500 million payment to a corporate trust, a controversial tactic that could make some investors think twice about backing **Elliott Management** Corp.'s effort to oust Chief Executive Klaus Kleinfeld.

In a regulatory filing late Wednesday, the aerospace- and automotive-parts maker said the election of the Elliott-backed directors could count as a "change in control," which would require the company to pay down $500 million it owes to a trust that holds deferred compensation and retirement benefits.

Arconic said it hasn't made a final determination if an Elliott win would trigger the payment. The hedge fund in January launched a fight to replace Mr. Kleinfeld, who also serves as Arconic's chairman, and is seeking four board seats.

Elliott called Arconic's disclosure an "act of desperation" ahead of the May 16 vote. It also raised questions about why the potential payment, known as a "poison put," wasn't brought to light earlier.

Arconic's Wednesday disclosure is the latest skirmish in a hard-fought battle over the company's future and the fate of Mr. Kleinfeld. Elliott has called him the worst CEO in the S&P 500, citing years of stock underperformance and inefficient spending. The company has forcefully defended Mr. Kleinfeld, citing his record of building up the Arconic parts business and separating it from aluminum company Alcoa in November.

Both sides are stumping for shareholder votes as the contest heads into its final weeks. The looming threat of a big payment could make some investors think twice about voting for Elliott's nominees.

Activists and companies often fight over whether proxy fights can trigger change-in-control clauses in executive compensation agreements, bond payments or other contracts.

Texas Denies NextEra Deal

By Andrew Scurria

NextEra Energy Inc. can't acquire one of the largest U.S. electricity-transmission businesses, Texas regulators said, reaffirming a preliminary decision that has roiled debt markets and upset a heavily negotiated bankruptcy deal.

The Public Utility Commission of Texas, or PUCT, adopted a written order at a public hearing Thursday disapproving of the proposed sale of **Oncor Electric Delivery** Co. as against the public interest.

The regulator's decision likely disrupts yet again the debt-restructuring plans of **Energy Future Holdings** Corp., Oncor's 80% shareholder, which has spent nearly three years under chapter 11 protection. Energy Future's stake in Oncor was meant to be the source of cash to fund a bankruptcy-exit package.

Commissioners had signaled on March 30 that they were unlikely to let the proposed combination go through. The final order adopted Thursday cements those findings and concludes that the merger would provide few tangible benefits for ratepayers while exposing Oncor to new risks by linking its credit profile with NextEra's.

A Next-Era spokesman declined to comment.

—Peg Brickley contributed to this article.

THE WALL STREET JOURNAL.

WOMEN IN FINANCE

April 18, 2017 New York City

Join Wall Street Journal Global Management Editor Nikki Waller at the WSJ Women in Finance dinner on Tuesday, April 18th in New York City.

Leaders in finance—featuring Geraldine Buckingham of BlackRock, Lisa Carnoy of US Trust, Bank of America Private Wealth Management and Carla Harris of Morgan Stanley—will discuss how companies and individuals have driven change to advance women on Wall Street.

Some of the issues to be explored include the outlook for women in finance today, what companies are doing to push high-potential executives up through the pipeline and the approaches individuals can take to promote themselves.

To request an invitation email, **WomenIn@wsj.com**.
To learn more about the program, please visit **WomenIn.wsj.com**.

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Geraldine Buckingham
Senior Managing Director and Global Head of Corporate Strategy, BlackRock

Lisa Carnoy
Division Executive for the Northeast, U.S. Trust, Bank of America Private Wealth Management

Carla Harris
Vice Chairman and Managing Director, Morgan Stanley

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MARKETS DIGEST

EQUITIES

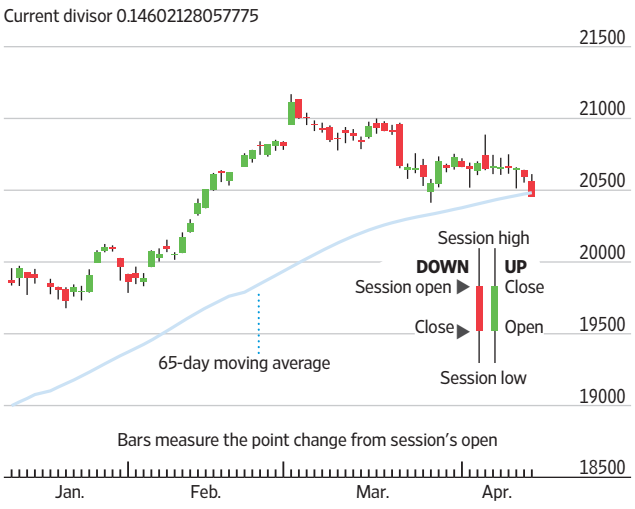
Dow Jones Industrial Average

20453.25 ▼138.61, or 0.67%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	20.82	18.33
P/E estimate *	17.59	16.70
Dividend yield	2.38	2.54
All-time high	21115.55, 03/01/17	

Current divisor 0.14602128057775



S&P 500 Index

2328.95 ▼15.98, or 0.68%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	24.45	23.62
P/E estimate *	18.25	17.41
Dividend yield	1.98	2.20
All-time high:	2395.96, 03/01/17	

Nasdaq Composite Index

5805.15 ▼ 31.01, or 0.53%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	25.85	22.10
P/E estimate *	20.25	18.46
Dividend yield	1.11	1.26
All-time high:	5914.34, 03/30/17	

* P/E data based on as-reported earnings from Birinyi Associates Inc.

Major U.S. Stock-Market Indexes

	Latest High	Low	Close	Net chg	% chg	52-Week High	Low	% chg	% chg YTD	3-yr. ann.
Dow Jones										
Industrial Average	20612.27	20453.25	**20453.25**	-138.61	**-0.67**	21115.55	17140.24	**14.1**	3.5	**8.5**
Transportation Avg	8985.12	8874.11	**8874.56**	-97.28	**-1.08**	9593.95	7093.40	**11.2**	-1.9	**6.4**
Utility Average	706.61	700.23	**703.15**	-2.20	**-0.31**	720.45	625.44	**6.9**	6.6	**9.6**
Total Stock Market	24331.02	24125.20	**24125.20**	-173.90	**-0.72**	24868.78	20583.16	**12.6**	3.6	**8.2**
Barron's 400	617.56	610.89	**610.89**	-5.18	**-0.84**	635.07	491.89	**16.6**	1.5	**7.0**
Nasdaq Stock Market										
Nasdaq Composite	5856.54	5805.15	**5805.15**	-31.01	**-0.53**	5914.34	4594.44	**17.4**	7.8	**13.2**
Nasdaq 100	5398.99	5353.59	**5353.59**	-23.44	**-0.44**	5440.41	4201.05	**17.5**	10.1	**15.8**
Standard & Poor's										
500 Index	2348.26	2328.95	**2328.95**	-15.98	**-0.68**	2395.96	2000.54	**11.8**	4.0	**8.7**
MidCap 400	1700.43	1680.86	**1681.04**	-18.86	**-1.11**	1758.27	1416.66	**15.2**	1.2	**8.4**
SmallCap 600	825.95	815.56	**815.62**	-9.61	**-1.16**	862.21	670.90	**18.0**	-2.7	**8.3**
Other Indexes										
Russell 2000	1361.32	1345.24	**1345.24**	-13.96	**-1.03**	1413.64	1089.65	**19.2**	-0.9	**6.6**
NYSE Composite	11420.39	11324.53	**11324.53**	-98.64	**-0.86**	11661.22	9973.54	**9.3**	2.4	**3.3**
Value Line	513.73	508.37	**508.37**	-5.02	**-0.98**	529.13	435.06	**11.0**	0.4	**2.3**
NYSE Arca Biotech	3541.28	3472.65	**3525.55**	47.24	**1.36**	3642.30	2818.70	**10.2**	14.7	**14.1**
NYSE Arca Pharma	507.04	505.33	**505.34**	-2.08	**-0.41**	554.66	463.78	**-1.4**	4.9	**1.6**
KBW Bank	90.03	88.01	**88.02**	-1.28	**-1.43**	99.33	60.27	**31.3**	-4.1	**8.9**
PHLX§ Gold/Silver	90.82	89.32	**89.40**	-0.02	**-0.03**	112.86	73.03	**17.7**	13.4	**-1.1**
PHLX§ Oil Service	168.25	163.87	**164.32**	-4.23	**-2.51**	192.66	148.37	**1.1**	-10.6	**-16.6**
PHLX§ Semiconductor	974.62	960.01	**960.01**	-6.53	**-0.68**	1012.29	630.77	**41.3**	5.9	**19.7**
CBOE Volatility	16.22	14.97	**15.96**	0.19	**1.20**	25.76	10.58	**16.3**	13.7	**-2.1**

§Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE MKT and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of $2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	19,257.5	232.33	-0.18	**-0.08**	234.55	232.33
VanEck Vectors Jr Gold	GDXJ	4,467.8	36.72	0.02	**0.05**	36.76	36.67
iPath S&P 500 VIX ST Fut	VXX	2,560.4	18.30	0.04	**0.22**	18.40	18.21
VanEck Vectors Gold Miner	GDX	2,325.8	24.51	-0.03	**-0.12**	24.67	24.48
iShares MSCI Emg Markets	EEM	1,796.9	39.14	...	**unch.**	39.50	39.09
PwrShrs QQQ Tr Series 1	QQQ	1,759.3	130.40	...	**unch.**	130.70	130.26
iShares Russell 2000 ETF	IWM	1,732.5	133.70	-0.02	**-0.01**	135.08	133.37
Pfizer	PFE	1,664.2	33.90	0.02	**0.05**	33.98	33.88

Percentage gainers...

Tahoe Resources	TAHO	9.5	9.45	0.43	**4.77**	9.45	9.02
WisdomTree Investments	WETF	95.1	8.60	0.38	**4.62**	8.60	8.22
Sabre Corp.	SABR	193.3	22.03	0.95	**4.51**	22.17	21.08
Ardmore Shipping	ASC	24.3	8.05	0.30	**3.92**	8.05	7.75
Adeptus Health	ADPT	55.6	2.41	0.08	**3.43**	2.41	2.30

...And losers

HTG Molecular Diagnostics	HTGM	55.2	5.63	-0.18	**-3.10**	6.06	5.13
Teladoc	TDOC	5.4	24.00	-0.70	**-2.83**	24.70	24.00
Achillion Pharm	ACHN	19.5	3.55	-0.07	**-1.93**	3.62	3.55
Chimera Investment	CIM	48.2	20.25	-0.33	**-1.60**	20.58	20.25
OPKO Health	OPK	38.8	7.50	-0.12	**-1.57**	7.62	7.50

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE MKT
Total volume*	764,738,583	14,636,183
Adv. volume*	104,680,901	4,528,867
Decl. volume*	646,547,395	9,952,692
Issues traded	3,076	334
Advances	855	134
Declines	2,091	179
Unchanged	130	21
New highs	53	7
New lows	27	5
Closing tick	148	18
Closing Arms†	2.49	1.90
Block trades*	6,417	169

	Nasdaq	NYSE Arca
Total volume*	1,572,393,125	308,733,146
Adv. volume*	464,715,356	76,631,601
Decl. volume*	1,069,776,712	231,513,220
Issues traded	2,988	1,311
Advances	870	374
Declines	1,951	911
Unchanged	167	26
New highs	41	21
New lows	52	4
Closing tick	305	120
Closing Arms†	1.03	1.14
Block trades*	6,455	1,538

* Primary market NYSE, NYSE MKT NYSE Arca only.
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Latest Net chg	% chg	YTD % chg
World	**The Global Dow**	**2650.30**	–17.44	**–0.65**	4.7
	The Global Dow Euro	**2348.61**	–16.68	**–0.71**	3.9
	DJ Global Index	**343.85**	–1.43	**–0.41**	5.5
World	**DJ Global ex U.S.**	**229.13**	–0.26	**–0.12**	7.1
Americas	**DJ Americas**	**562.20**	–3.89	**–0.69**	4.0
Brazil	**Sao Paulo Bovespa**	**62826.28**	–1065.40	**–1.67**	4.3
Canada	**S&P/TSX Comp**	**15535.48**	–112.92	**–0.72**	1.6
Mexico	**IPC All-Share**	**48955.82**	...	**Closed**	7.3
Chile	**Santiago IPSA**	**3750.31**	–4.26	**–0.11**	16.4
Europe	**Stoxx Europe 600**	**380.58**	–1.32	**–0.35**	5.3
Euro zone	**Euro Stoxx**	**369.75**	–1.73	**–0.47**	5.6
Belgium	**Bel-20**	**3790.76**	–16.96	**–0.45**	5.1
France	**CAC 40**	**5071.10**	–30.01	**–0.59**	4.3
Germany	**DAX**	**12109.00**	–45.70	**–0.38**	5.5
Israel	**Tel Aviv**	**1378.66**	–15.46	**–1.11**	–6.3
Italy	**FTSE MIB**	**19773.68**	–231.25	**–1.16**	2.8
Netherlands	**AEX**	**515.77**	–2.04	**–0.39**	6.7
Spain	**IBEX 35**	**10326.10**	–34.40	**–0.33**	10.4
Sweden	**SX All Share**	**563.03**	–0.51	**–0.09**	5.3
Switzerland	**Swiss Market**	**8629.02**	–34.75	**–0.40**	5.0
U.K.	**FTSE 100**	**7327.59**	–21.40	**–0.29**	2.6
Asia-Pacific	**DJ Asia-Pacific TSM**	**1545.47**	0.79	**0.05**	8.6
Australia	**S&P/ASX 200**	**5889.90**	–44.10	**–0.74**	4.0
China	**Shanghai Composite**	**3275.96**	2.13	**0.07**	5.6
Hong Kong	**Hang Seng**	**24261.66**	–51.84	**–0.21**	10.3
India	**S&P BSE Sensex**	**29461.45**	–182.03	**–0.61**	10.6
Japan	**Nikkei Stock Avg**	**18426.84**	–125.77	**–0.68**	–3.6
Singapore	**Straits Times**	**3169.24**	–16.77	**–0.53**	10.0
South Korea	**Kospi**	**2148.61**	19.70	**0.93**	6.0
Taiwan	**Weighted**	**9836.68**	19.00	**0.19**	6.3

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Nexvet Biopharma	NVET	6.62	2.57	**63.46**	6.76	2.61	**109.5**
China Auto Logistics	CALI	2.99	0.60	**25.10**	4.69	1.01	**175.9**
Tocagen	TOCA	12.45	2.45	**24.50**	...	...	**...**
Yext	YEXT	13.41	2.41	**21.91**	...	...	**...**
Oi ADR New	OIBR/C	6.73	1.10	**19.54**	9.19	1.01	**417.7**
China Cord Blood	CO	8.01	1.05	**15.09**	8.06	4.27	**26.9**
Yuma Energy	YUMA	2.62	0.32	**13.70**	7.40	0.05	**-37.7**
Mexco Energy	MXC	4.25	0.45	**11.84**	5.61	2.08	**67.4**
Crossroads Systems	CRDS	3.94	0.40	**11.30**	11.80	2.60	**-1.5**
Axovant Sciences	AXON	22.00	2.20	**11.11**	22.09	10.69	**76.6**
Applied Optoelectronics	AAOI	45.30	4.48	**10.98**	60.19	8.08	**178.8**
Pulse Biosciences	PLSE	23.26	2.28	**10.87**	35.93	4.03	**...**
Perma-Fix	PESI	3.60	0.35	**10.77**	5.64	2.85	**-3.7**
Direxion Jr Gold Bear 3X	JDST	13.77	1.28	**10.25**	200.00	11.75	**-92.8**
Verso Cl A	VRS	5.94	0.54	**10.00**	13.60	4.37	**...**

Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
SkyPeople Fruit Juice	SPU	2.94	-2.39	**-44.84**	20.95	1.62	**22.5**
Sorrento Therapeutics	SRNE	1.80	-1.15	**-38.98**	8.35	1.75	**-73.9**
DelMar Pharmaceuticals	DMPI	3.04	-1.03	**-25.31**	10.87	2.88	**-42.4**
North Atlantic Drilling	NADL	2.10	-0.55	**-20.75**	8.08	0.65	**-27.8**
SemiLEDS	LEDS	3.19	-0.81	**-20.25**	11.35	1.36	**-0.3**
DAVIDsTEA	DTEA	6.25	-1.30	**-17.22**	14.30	6.20	**-44.4**
Papa Murphy's Holdings	FRSH	5.66	-0.92	**-13.98**	12.96	3.56	**-53.2**
China TechFaith ADR	CNTF	2.41	-0.38	**-13.62**	4.21	1.45	**-42.6**
Globus Maritime	GLBS	2.97	-0.44	**-12.90**	23.60	1.12	**134.8**
Apogee Enterprises	APOG	50.72	-7.36	**-12.67**	61.00	39.48	**12.7**
Alliance MMA	AMMA	2.24	-0.31	**-12.16**	5.47	1.87	**...**
Apricus Biosciences	APRI	1.94	-0.26	**-11.82**	6.10	1.10	**-67.7**
Direxion Jr Gold Bull 3X	JNUG	6.80	-0.79	**-10.41**	33.29	3.77	**-31.4**
Ultra Petroleum	UPL	12.12	-1.38	**-10.22**	...	...	**...**
Netshoes (Cayman)	NETS	14.50	-1.60	**-9.94**	17.29	14.40	**...**

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Finl Select Sector SPDR	XLF	**118,617**	66.4	22.90	**-1.29**	25.30	17.31
Bank of America	BAC	**86,865**	-11.4	22.34	**-1.37**	25.80	12.05
iPath S&P 500 VIX ST Fut	VXX	**73,719**	50.1	18.26	**1.90**	71.48	15.30
SPDR S&P 500	SPY	**73,462**	-5.1	232.51	**-0.65**	240.32	198.65
Direxion Jr Gold Bull 3X	JNUG	**72,090**	18.1	6.80	**-10.41**	33.29	3.77
VanEck Vectors Gold Miner	GDX	**56,807**	-9.3	24.54	**-0.12**	31.79	18.58
Advanced Micro Devices	AMD	**52,616**	-24.0	12.31	**-3.53**	15.55	2.60
Direxion Gold Miners Bl 3	NUGT	**47,731**	2.9	11.15	**-0.27**	35.80	5.51
Wells Fargo	WFC	**47,402**	162.5	51.35	**-3.33**	59.99	43.55
iShares MSCI Emg Markets	EEM	**46,385**	-11.1	39.14	**-0.43**	40.23	31.70

* Volumes of 100,000 shares or more are rounded to the nearest thousand

Volume Movers

Ranked by change from 65-day average*

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
SkyPeople Fruit Juice	SPU	2,243	**3669**	2.94	**-44.84**	20.95	1.62
Cambria Shareholder Yield	SYLD	349	**2830**	33.05	**-0.83**	35.00	26.75
Sit Rising Rate ETF	RISE	140	**2067**	23.06	**-0.63**	24.09	22.17
Janus Short Duration Incm	VNLA	167	**1523**	50.20	**0.02**	52.52	49.41
Hostess Brands Cl A	TWNK	17,503	**1514**	15.68	**0.19**	16.48	9.50
Conyers Park Acquisition	CPAA	1,308	**1417**	11.60	**2.65**	11.86	10.00
ETRACS Monthly Pay 2xLev	MRRL	73	**1316**	17.63	**0.90**	19.50	11.00
FlexShares STOXX Gl Broad	NFRA	960	**1302**	45.66	**-0.50**	46.08	41.46
Anchor Bancorp	ANCB	90	**1108**	24.67	**-0.54**	27.50	22.61
Harvest Natural Resources	HNR	800	**1034**	6.82	**-2.15**	7.35	1.67

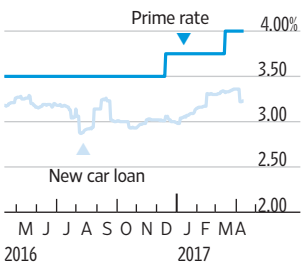
* Common stocks priced at $5 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

New car loan

Bankrate.com avg†:	**3.23%**
Think Mutual Bank Rochester, MN	**1.89%** 800-288-3425
Lake Elmo Bank Lake Elmo, MN	**1.99%** 651-777-8365
Hilltop National Bank Casper, WY	**2.24%** 307-265-2740
TrustCo Bank Albany, NY	**2.24%** 518-436-9043
UniBank for Savings Whitinsville, MA	**2.24%** 800-578-4270

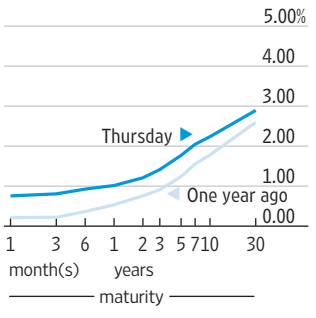
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	**0.75-1.00**	0.75-1.00	0.25	1.00	**0.75**
Prime rate*	**4.00**	4.00	3.50	4.00	**0.75**
Libor, 3-month	**1.16**	1.16	0.62	1.16	**0.93**
Money market, annual yield	**0.30**	0.34	0.22	0.34	**-0.11**
Five-year CD, annual yield	**1.30**	1.30	1.17	1.30	**-0.09**
30-year mortgage, fixed†	**4.01**	4.07	3.43	4.33	**-0.35**
15-year mortgage, fixed†	**3.23**	3.28	2.70	3.50	**-0.15**
Jumbo mortgages, $424,100-plus†	**4.55**	4.62	4.02	4.88	**-0.11**
Five-year adj mortgage (ARM)†	**3.33**	3.36	2.97	4.03	**-0.10**
New-car loan, 48-month	**3.23**	3.36	2.87	3.36	**0.42**
HELOC, $30,000	**4.89**	4.87	4.57	4.96	**0.08**

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

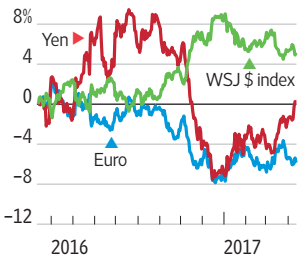
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	Week ago	52-Week High	Low	Total Return (%) 52-wk	3-yr
Treasury, Ryan ALM	1450.319	**1.929**	2.006	2.237	1.141	**–1.050**	2.927
10-yr Treasury, Ryan ALM	1728.664	**2.237**	2.343	2.609	1.366	**1.537**	3.256
DJ Corporate	368.872	**3.050**	3.140	3.390	2.460	**2.519**	3.813
Aggregate, Barclays Capital	1910.890	**2.510**	2.570	2.790	1.820	**1.056**	2.731
High Yield 100, Merrill Lynch	2761.433	**5.464**	5.394	6.804	5.200	**12.130**	3.248
Fixed-Rate MBS, Barclays	1965.160	**2.820**	2.850	3.120	1.930	**0.803**	2.691
Muni Master, Merrill	510.059	**2.017**	2.096	2.516	1.297	**0.086**	2.911
EMBI Global, J.P. Morgan	775.340	**5.592**	5.655	6.290	5.134	**8.368**	5.571

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

CURRENCIES

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Thurs in US$	per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0660	15.1598	**–4.5**
Brazil real	.3178	3.1462	**–3.3**
Canada dollar	.7503	1.3329	**–0.8**
Chile peso	.001537	650.60	**–2.9**
Colombia peso	.0003485	2869.37	**–4.4**
Ecuador US dollar	1	1	**unch**
Mexico peso	.0538	18.5879	**–10.4**
Peru new sol	.3071	3.256	**–2.9**
Uruguay peso	.03509	28.5000	**–2.9**
Venezuela b. fuerte	.098626	10.1394	**1.4**
Asia-Pacific			
Australian dollar	.7568	1.3214	**–4.8**
China yuan	.1451	6.8900	**–0.8**
Hong Kong dollar	.1286	7.7741	**0.2**
India rupee	.01550	64.515	**–5.1**
Indonesia rupiah	.0000753	13283	**–1.8**
Japan yen	.009167	109.09	**–6.8**
Kazakhstan tenge	.003207	311.79	**–6.6**
Macau pataca	.1249	8.0079	**1.2**
Malaysia ringgit	.2266	4.4125	**–1.6**
New Zealand dollar	.6998	1.4290	**–1.0**
Pakistan rupee	.00954	104.845	**0.5**
Philippines peso	.0202	49.424	**–0.4**
Singapore dollar	.7151	1.3985	**–3.4**
South Korea won	.0008800	1136.32	**–5.9**
Sri Lanka rupee	.0065738	152.12	**2.5**
Taiwan dollar	.03298	30.321	**–6.6**
Thailand baht	.02910	34.370	**–4.0**
Vietnam dong	.00004411	22670	**–0.4**
Europe			
Czech Rep. koruna	.03977	25.146	**–2.1**
Denmark krone	.1427	7.0094	**–0.8**
Euro area euro	1.0615	.9421	**–0.9**
Hungary forint	.003392	294.78	**0.2**
Iceland krona	.008975	111.42	**–1.4**
Norway krone	.1165	8.5859	**–0.7**
Poland zloty	.2499	4.0017	**–4.4**
Russia ruble	.01777	56.287	**–8.1**
Sweden krona	.1106	9.0435	**–0.7**
Switzerland franc	.9942	1.0058	**–1.3**
Turkey lira	.2730	3.6633	**4.0**
Ukraine hryvnia	.0372	26.8725	**–0.8**
UK pound	1.2505	.7997	**–1.3**
Middle East/Africa			
Bahrain dinar	2.6540	.3768	**–0.1**
Egypt pound	.0550	18.1665	**0.2**
Israel shekel	.2730	3.6629	**–4.8**
Kuwait dinar	3.2811	.3048	**–0.3**
Oman sul rial	2.5972	.3850	**0.02**
Qatar rial	.2747	3.640	**0.01**
Saudi Arabia riyal	.2666	3.7503	**–0.01**
South Africa rand	.0743	13.4599	**–1.7**

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	90.22	0.19	0.21	**–2.93**

Sources: Tullett Prebon, WSJ Market Data Group

COMMODITIES

	Close	Thursday Net chg	% Chg	52-Week High	Low	% Chg	YTD % chg
DJ Commodity	**577.35**	3.74	**0.65**	589.81	488.14	**17.68**	1.78
TR/CC CRB Index	**187.77**	0.39	**0.21**	195.82	173.64	**7.44**	-2.46
Crude oil, $ per barrel	**53.18**	0.07	**0.13**	54.45	39.51	**28.14**	-1.01
Natural gas, $/MMBtu	**3.227**	0.040	**1.26**	3.93	1.90	**63.81**	-13.35
Gold, $ per troy oz.	**1285.90**	10.60	**0.83**	1364.90	1127.80	**4.97**	11.82

WSJ.COM

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COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
April	2.5650	2.5730		2.5650	**2.5695**	0.0255	1,046
May	2.5380	2.5890		2.5375	**2.5705**	0.0255	99,833
Gold (CMX)-100 troy oz.; $ per troy oz.							
April	1285.30	1287.60	▲	1282.00	**1285.90**	10.60	1,799
June	1288.30	1290.70	▲	1283.80	**1288.50**	10.40	336,135
Aug	1291.50	1293.80	▲	1287.10	**1291.70**	10.30	45,182
Oct	1295.30	1296.70	▲	1290.80	**1295.00**	10.40	7,023
Dec	1297.30	1300.30	▲	1293.90	**1298.30**	10.30	47,398
Feb'18	1300.60	1303.70	▲	1298.30	**1301.60**	10.20	7,939
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
April	797.00	797.00		797.00	**795.75**	–0.40	1
May	805.00	805.00		794.00	**795.75**	–0.40	2
June	799.95	809.85		791.20	**795.90**	–0.40	32,627
Sept	800.65	810.00		795.35	**796.25**	–0.40	1,722
Platinum (NYM)-50 troy oz.; $ per troy oz.							
April	973.00	977.30		971.30	**973.70**	8.80	37
July	975.10	981.10		971.40	**977.40**	9.50	60,569
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
April	18.475	18.500		18.470	**18.489**	0.210	199
May	18.510	18.605	▲	18.415	**18.510**	0.210	133,630
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
May	52.85	53.39		52.82	**53.18**	0.07	211,355
June	53.35	53.80		53.24	**53.60**	0.08	517,502
July	53.68	54.12		53.62	**53.93**	0.08	198,624
Sept	54.14	54.55		54.09	**54.39**	0.09	186,196
Dec	54.50	54.92		54.43	**54.75**	0.10	275,153
Dec'18	53.95	54.48		53.86	**54.17**	0.07	126,672
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
May	1.6490	1.6583		1.6419	**1.6495**	–.0025	76,597
June	1.6555	1.6658		1.6507	**1.6575**	–.0022	101,369
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
May	1.7397	1.7449		1.7218	**1.7349**	–.0068	87,359
June	1.7388	1.7474		1.7262	**1.7389**	–.0057	105,737
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
May	3.182	3.243		3.149	**3.227**	.040	178,467
June	3.258	3.321		3.228	**3.307**	.045	180,376
July	3.329	3.387		3.300	**3.376**	.044	169,014
Sept	3.333	3.407		3.329	**3.399**	.044	125,937
Oct	3.360	3.421		3.340	**3.414**	.044	129,678
Jan'18	3.610	3.670		3.607	**3.664**	.037	93,829

Agriculture Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
May	368.75	373.00		368.50	**371.00**	2.00	372,785
July	376.00	379.50		375.50	**378.00**	2.00	556,910
Oats (CBT)-5,000 bu.; cents per bu.							
May	224.75	225.50		222.50	**225.50**	1.00	3,476
July	223.75	224.25		222.00	**224.25**	.50	2,502
Soybeans (CBT)-5,000 bu.; cents per bu.							
May	947.25	959.50		946.75	**955.50**	7.75	246,944
July	958.00	970.50		958.00	**966.25**	7.50	280,046
Soybean Meal (CBT)-100 tons; $ per ton.							
May	312.40	318.50		312.20	**317.50**	4.80	102,014
July	317.00	322.50		316.50	**321.80**	4.80	164,923
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
May	31.26	31.48		31.16	**31.19**	–.05	118,953
July	31.46	31.67		31.34	**31.38**	–.08	167,533
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
May	1016.00	1026.00		1003.00	**1017.00**	–1.00	6,889
July	1042.00	1050.00		1029.50	**1043.00**	–1.50	2,995
Wheat (CBT)-5,000 bu.; cents per bu.							
May	432.50	436.00		428.75	**429.75**	–3.50	148,759
July	445.75	448.75		442.25	**442.75**	–3.50	224,699
Wheat (KC)-5,000 bu.; cents per bu.							
May	429.75	432.75		425.25	**427.25**	–2.75	74,151
July	442.25	445.25		437.75	**439.25**	–3.25	123,595
Wheat (MPLS)-5,000 bu.; cents per bu.							
May	528.00	533.00		528.00	**530.25**	1.50	17,658
July	536.75	541.75		536.75	**538.75**	1.50	26,519
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
April	137.725	138.625		136.525	**137.800**	.300	4,348
Aug	140.000	141.450		139.050	**140.275**	.325	23,306
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
April	124.200	125.750	▲	123.750	**125.375**	1.175	16,863
June	114.350	115.525	▲	113.825	**114.700**	.350	186,196
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
April	62.250	62.525	▼	62.150	**62.450**	.225	10,738
June	71.975	72.750	▼	71.525	**72.500**	.225	86,170
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
May	393.20	399.60		383.50	**385.00**	–8.50	3,520
July	397.10	402.80		387.00	**390.60**	–5.40	1,901
Milk (CME)-200,000 lbs., cents per lb.							
April	15.23	15.26		15.23	**15.23**	.04	5,283
June	15.53	15.60		15.31	**15.38**	–.17	4,970
Cocoa (ICE-US)-10 metric tons; $ per ton.							
May	1,927	1,940		1,874	**1,879**	–62	8,961
July	1,955	1,970		1,911	**1,915**	–52	136,734
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
May	138.50	140.10		138.50	**138.90**	.60	35,002
July	140.80	142.40		140.75	**141.25**	.65	94,143
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
May	16.75	17.16		16.56	**16.60**	–.10	183,409
July	16.74	17.13		16.55	**16.57**	–.17	287,601
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
July	28.55	28.75		28.55	**28.91**	.12	1,089
Sept	29.47	29.47		29.47	**29.47**	.17	1,494
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
May	74.80	75.74		74.66	**75.62**	.89	44,583
July	76.23	76.75		76.10	**76.54**	.31	104,808
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
May	162.25	163.90		159.15	**160.75**	–.40	4,814
July	153.95	155.95		153.20	**155.75**	1.30	4,460

Interest Rate Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
June	153-290	154-100		153-110	**154-000**	1-00.0	642,477
Sept	152-250	152-280		152-060	**152-240**	1-00.0	169
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
June	125-310	126-080		125-240	**126-025**	19.5	3,092,992
Sept	125-170	125-285		125-155	**125-240**	20.0	2,617
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
June	118-177	118-225		118-135	**118-200**	11.2	3,042,770
Sept	118-027	118-042		117-300	**118-020**	12.0	1,590
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
June	108-120	108-125		108-100	**108-117**	2.0	1,389,473
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
April	99.108	99.108	▼	99.105	**99.100**	–.008	431,551
May	99.095	99.100		99.095	**99.090**	–.005	254,583
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
June	93.016	93.141	▲	92.844	**93.094**	.484	31,220
1 Month Libor (CME)-$3,000,000; pts of 100%							
May	98.9850	98.9850	▼	98.9725	**98.9725**	–.0075	1,010
July	98.8300	98.8550		98.8300	**98.8325**	.0075	1,809
Eurodollar (CME)-$1,000,000; pts of 100%							
April	98.8425	98.8425		98.8400	**98.8416**	.0041	232,358
June	98.7350	98.7350		98.7150	**98.7150**	.0050	1,437,009
Dec	98.5500	98.5500		98.5200	**98.5350**	.0200	1,635,822
Dec'18	98.1900	98.2100	▲	98.1600	**98.1950**	.0600	1,515,599

Currency Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
April	.9251	.9251	▲	.9143	**.9168**	.0053	714
June	.9200	.9221	▲	.9165	**.9190**	.0054	194,826
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
April	.7558	.7562		.7498	**.7526**	.0019	683
June	.7553	.7569		.7503	**.7532**	.0019	124,133
British Pound (CME)-£62,500; $ per £							
April	1.2569	1.2571		1.2503	**1.2517**	.0023	233
June	1.2567	1.2594		1.2520	**1.2537**	.0025	241,788
Swiss Franc (CME)-CHF 125,000; $ per CHF							
June	1.0008	1.0029		.9970	**.9986**	.0034	46,823
Sept	1.0083	1.0088		1.0034	**1.0048**	.0035	156
Australian Dollar (CME)-AUD 100,000; $ per AUD							
April	.7555	.7593		.7555	**.7583**	.0108	230
May	.7528	.7590		.7525	**.7578**	.0106	456
June	.7523	.7586		.7518	**.7574**	.0107	119,963
Sept	.7520	.7574		.7516	**.7564**	.0106	1,046
Dec	.7555	.7570		.7538	**.7556**	.0107	108
Mexican Peso (CME)-MXN 500,000; $ per MXN							
June	.05341	.05349	▲	.05311	**.05339**	.00056	205,335
Euro (CME)-€125,000; $ per €							
April	1.0662	1.0679		1.0609	**1.0623**	.0026	645
June	1.0698	1.0710		1.0641	**1.0654**	.0027	417,753

Index Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
June	20498	20549		20388	**20414**	–102	131,203
Sept	20468	20489		20350	**20361**	–101	308
S&P 500 Index (CME)-$250 x index							
June	2339.00	2344.50		2324.30	**2327.40**	–13.40	53,208
June'18	2328.60	2337.40		2317.90	**2321.10**	–13.30	250
Mini S&P 500 (CME)-$50 x index							
June	2338.75	2345.00		2324.00	**2327.50**	–13.25	2,864,722
Sept	2336.50	2342.00		2321.25	**2324.50**	–13.50	6,809
Mini S&P Midcap 400 (CME)-$100 x index							
June	1696.50	1701.50		1678.30	**1678.90**	–19.60	97,957
Sept	1702.50	1702.50		1702.50	**1677.50**	–19.60	1
Mini Nasdaq 100 (CME)-$20 x index							
June	5369.0	5399.5		5347.5	**5359.0**	–13.8	248,315
Sept	5379.8	5405.3		5354.0	**5364.3**	–13.8	527
Mini Russell 2000 (ICE-US)-$100 x index							
June	1355.50	1361.40		1341.90	**1344.60**	–12.60	584,448
Sept	1352.10	1352.10		1352.10	**1343.10**	–12.60	225
Mini Russell 1000 (ICE-US)-$100 x index							
June	1295.40	1300.40		1288.80	**1290.20**	–7.70	7,573
U.S. Dollar Index (ICE-US)-$1,000 x index							
June	100.03	100.50		99.93	**100.46**	–.25	66,286
Sept	99.88	100.32		99.78	**100.30**	–.24	1,090

Source: SIX Financial Information

Cash Prices | WSJ.com/commodities

Thursday, April 13, 2017

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Thursday
Energy	
Propane,tet,Mont Belvieu-g	0.6910
Butane,normal,Mont Belvieu-g	0.8601
NaturalGas,HenryHub-i	2.980
NaturalGas,TranscoZone3-i	2.970
NaturalGas,TranscoZone6NY-i	2.440
NaturalGas,PanhandleEast-i	2.720
NaturalGas,Opal-i	2.740
NaturalGas,MarcellusNE PA-i	2.380
NaturalGas,HaynesvilleN.LA-i	2.760
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	53.600
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	11.420
Metals	
Gold, per troy oz	
Engelhard industrial	1289.84
Engelhard fabricated	1386.58
Handy & Harman base	1284.15
Handy & Harman fabricated	1425.40
LBMA Gold Price AM	*1272.30
LBMA Gold Price PM	*1274.30
Krugerrand,wholesale-e	1338.17
Maple Leaf-e	1351.04
American Eagle-e	1351.04
Mexican peso-e	1559.37
Austria crown-e	1264.22
Austria phil-e	1351.04
Silver, troy oz.	
Engelhard industrial	18.5600
Engelhard fabricated	22.2720
Handy & Harman base	18.4750
Handy & Harman fabricated	23.0940
LBMA spot price	£14.7971
(U.S.$ equivalent)	18.5600
Coins,wholesale $1,000 face-a	14186
Other metals	
LBMA Platinum Price PM	*962.0
Platinum,Engelhard industrial	977.0
Platinum,Engelhard fabricated	1077.0
Palladium,Engelhard industrial	811.0
Palladium,Engelhard fabricated	911.0
Aluminum, LME, $ per metric ton	*1907.0
Copper,Comex spot	2.5695
Iron Ore, 62% Fe CFR China-s	67.1
Shredded Scrap, US Midwest-s,w	301
Steel, HRC USA, FOB Midwest Mill-s	652
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.6075
Cotton,11/16 std lw-mdMphs-u	0.7312
Cotlook 'A' Index-t	*85.90
Hides,hvy native steers piece fob-u	n.a.
Wool,64s,staple,Terr del-u,w	4.11
Grains and Feeds	
Barley,top-quality Mnpls-u	n.a.
Bran,wheat middlings, KC-u	63
Corn,No. 2 yellow,Cent IL-bp,u	3.4850
Corn gluten feed,Midwest-u,w	81.5
Corn gluten meal,Midwest-u,w	500.2
Cottonseed meal-u,w	195
Hominy feed,Cent IL-u,w	95
Meat-bonemeal,50% pro Mnpls-u,w	270
Oats,No.2 milling,Mnpls-u	2.8850
Rice, 5% Broken White, Thailand-l,w	354.00
Rice, Long Grain Milled, No. 2 AR-u,w	20.25
Sorghum,(Milo) No.2 Gulf-u	6.9375
SoybeanMeal,Cent IL,rail,ton48%-u	310.00
Soybeans,No.1 yllw IL-bp,u	9.2150
Wheat,Spring14%-pro Mnpls-u	6.1025
Wheat,No.2 soft red,St.Louis-bp,u	4.2200
Wheat - Hard - KC (USDA) $ per bu-u	3.8225
Wheat,No.1soft white,Portld,OR-u	4.6488
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	193.33
select 1-3,600-900 lbs.-u	182.18
Broilers,dressed 'A'-u	n.a.
Broilers, National comp wghtd-u,w	0.9741
Butter,AA Chicago	2.0875
Cheddar cheese,bbl,Chicago	142.75
Cheddar cheese,blk,Chicago	147.50
Milk,Nonfat dry,Chicago lb.	84.50
Cocoa,Ivory Coast-w	2185
Coffee,Brazilian,Comp	1.3951
Coffee,Colombian, NY	1.5758
Eggs,large white,Chicago-u	0.8050
Flour,hard winter KC	12.70
Hams,17-20 lbs,Mid-US fob-u	0.58
Hogs,Iowa-So. Minnesota-u	61.57
Pork bellies,12-14 lb MidUS-u	1.4832
Pork loins,13-19 lb MidUS-u	0.8949
Steers,Tex.-Okla. Choice-u	126.00
Steers,feeder,Okla. City-u,w	158.73
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	37.5000
Grease,choice white,Chicago-u	0.2750
Lard,Chicago-u	n.a.
Soybean oil,crude;Centl IL-u	0.2932
Tallow,bleach;Chicago-u	0.3000
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; I=Natural Gas Intelligence; L=livericeindex.com; M=midday; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=The Steel Index; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted.
*Data as of 4/12

Source: WSJ Market Data Group

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

April 13, 2017

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	Feb. index level	Chg From (%) Jan. '17	Feb. '16
U.S. consumer price index			
All items	**243.603**	0.31	2.7
Core	**251.143**	0.42	2.2

International rates

	Latest	Week ago	52-Week High	Low
Prime rates				
U.S.	**4.00**	4.00	4.00	3.50
Canada	**2.70**	2.70	2.70	2.70
Japan	**1.475**	1.475	1.475	1.475
Policy Rates				
Euro zone	**0.00**	0.00	0.00	0.00
Switzerland	**0.50**	0.50	0.50	0.50
Britain	**0.25**	0.25	0.50	0.25
Australia	**1.50**	1.50	2.00	1.50
Overnight repurchase				
U.S.	**0.91**	1.00	1.30	0.15

U.S. government rates

	Latest	Week ago	52-WEEK High	Low
Discount				
	1.50	1.50	1.50	1.00
Federal funds				
Effective rate	**0.9300**	0.9300	0.9300	0.3200
High	**1.0625**	1.0625	1.0625	0.5600
Low	**0.7500**	0.7500	0.8000	0.2000
Bid	**0.9000**	0.9100	0.9300	0.2000
Offer	**1.0000**	0.9400	1.0000	0.2600
Treasury bill auction				
4 weeks	**0.760**	0.760	0.770	0.160
13 weeks	**0.825**	0.790	0.825	0.220
26 weeks	**0.950**	0.910	0.950	0.340

Secondary market

	Latest	Week ago	52-WEEK High	Low
Fannie Mae				
30-year mortgage yields				
30 days	**3.512**	3.605	3.865	2.806
60 days	**3.542**	3.636	3.899	2.832

Other short-term rates

	Latest	Week ago	52-Week high	low
Call money				
	2.75	2.75	2.75	2.25
Commercial paper				
30 to 270 days	**n.q.**	...	...	...
Commercial paper (AA financial)				
90 days	**1.05**	1.01	1.06	0.47
Euro commercial paper				
30 day	**n.q.**	n.q.	n.q.	n.q.
Two month	**n.q.**	n.q.	n.q.	n.q.
Three month	**n.q.**	n.q.	n.q.	n.q.
Four month	**n.q.**	n.q.	n.q.	n.q.
Five month	**n.q.**	n.q.	n.q.	n.q.
Six month	**n.q.**	n.q.	n.q.	n.q.
Libor				
One month	**0.99444**	0.98944	0.99444	0.43395
Three month	**1.15844**	1.15539	1.15844	0.62360
Six month	**1.40322**	1.42600	1.43822	0.88685
One year	**1.77178**	1.79817	1.82761	1.19570
Euro Libor				
One month	**-0.391**	-0.397	-0.342	-0.401
Three month	**-0.358**	-0.359	-0.265	-0.361
Six month	**-0.257**	-0.254	-0.150	-0.257
One year	**-0.135**	-0.130	-0.026	-0.135
Euro interbank offered rate (Euribor)				
One month	**-0.372**	-0.372	-0.342	-0.375
Three month	**-0.331**	-0.330	-0.249	-0.332
Six month	**-0.246**	-0.242	-0.138	-0.246
One year	**-0.120**	-0.115	-0.011	-0.120

	Latest	Value Traded	52-Week High	Low
DTCC GCF Repo Index				
Treasury	**0.984**	42.450	1.266	0.244
MBS	**1.015**	68.740	1.328	0.257

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Apr	**99.130**	-0.015	7289	0.870
Treasury May	**99.165**	-0.010	4499	0.835
Treasury Jun	**99.065**	unch.	1291	0.935

Weekly survey

	Latest	Week ago	Year ago
Freddie Mac			
30-year fixed	**4.08**	4.10	3.58
15-year fixed	**3.34**	3.36	2.86
Five-year ARM	**3.18**	3.19	2.84

Notes on data:

U.S. prime rate is effective March 16, 2017. **Discount rate** is effective March 16, 2017. **U.S. prime rate** is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks; **Other prime rates** aren't directly comparable; lending practices vary widely by location; **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; General Electric Capital Corp.; Tullett Prebon Information, Ltd.

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Thursday, April 13, 2017

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
AlerianMLPETF	**AMLP**	12.62	**–0.39**	0.2
CnsmrDiscSelSector	**XLY**	86.55	**–0.70**	6.3
CnsStapleSelSector	**XLP**	54.84	**–0.45**	6.1
DBGoldDoubleLgETN	**DGP**	24.87	**0.84**	23.6
DBGoldDoubleShrt	**DZZ**	5.44	**–0.91**	–20.6
DeutscheXMSCIEAFE	**DBEF**	29.21	**–0.54**	4.1
EnSelectSectorSPDR	**XLE**	69.31	**–1.83**	–8.0
FinSelSectorSPDR	**XLF**	22.90	**–1.29**	–1.5
GuggS&P500EW	**RSP**	89.55	**–0.70**	3.4
HealthCareSelSect	**XLV**	73.98	**–0.26**	7.3
IndSelSectorSPDR	**XLI**	64.02	**–0.71**	2.9
iShIntermCredBd	**CIU**	109.60	**0.14**	1.3
iSh1-3YCreditBond	**CSJ**	105.27	**0.04**	0.3
iSh3-7YTreasuryBd	**IEI**	123.91	**0.18**	1.1
iShCoreHiDividend	**HDV**	83.34	**–0.74**	1.3
iShCoreMSCIEAFEETF	**IEFA**	57.40	**–0.59**	7.0
iShCoreMSCIEmgMk	**IEMG**	47.64	**–0.31**	12.2
iShCoreS&P500ETF	**IVV**	234.03	**–0.66**	4.0
iShCoreS&PMdCp	**IJH**	167.43	**–1.15**	1.3
iShCoreS&PSmCpETF	**IJR**	66.90	**–1.17**	–2.7
iShS&PTotlUSStkMkt	**ITOT**	53.21	**–0.76**	3.7
iShCoreUSAggBd	**AGG**	109.27	**0.13**	1.1
iShSelectDividend	**DVY**	90.50	**–0.78**	2.2
iShEdgeMSCIMinEAFE	**EFAV**	66.10	**–0.45**	8.0
iShEdgeMSCIMinUSA	**USMV**	47.53	**–0.38**	5.1
iShGoldTr	**IAU**	12.40	**0.49**	11.9
iShiBoxx$InvGrCpBd	**LQD**	119.14	**0.17**	1.7
iShiBoxx$HYCpBd	**HYG**	87.22	**–0.21**	0.8
iShJPMUSDEmgBd	**EMB**	114.11	**–0.04**	3.5
iShMBSETF	**MBB**	107.09	**0.07**	0.7
iShMSCIACWIETF	**ACWI**	62.59	**–0.67**	5.8
iShMSCI EAFE	**EFA**	61.59	**–0.65**	6.7
iShMSCIEAFESC	**SCZ**	53.97	**–0.33**	8.3
iShMSCIEmgMarkets	**EEM**	39.14	**–0.43**	11.8
iShMSCIEurozoneETF	**EZU**	36.97	**–0.75**	6.8
iShMSCIJapanETF	**EWJ**	50.61	**–0.84**	3.6
iShNasdaqBiotech	**IBB**	290.59	**0.67**	9.5
iShNatlMuniBdETF	**MUB**	109.64	**0.07**	1.3
iShRussell1000Gwth	**IWF**	112.48	**–0.41**	7.2
iShRussell1000ETF	**IWB**	129.47	**–0.71**	4.0
iShRussell1000Val	**IWD**	113.11	**–0.91**	1.0
iShRussell2000Gwth	**IWO**	157.41	**–0.73**	2.3
iShRussell2000ETF	**IWM**	133.72	**–0.98**	–0.8
iShRussell2000Val	**IWN**	114.63	**–1.33**	–3.6
iShRussell3000ETF	**IWV**	137.79	**–0.70**	3.6
iShRussellMid-Cap	**IWR**	184.22	**–0.72**	3.0
iShRussellMCValue	**IWS**	81.84	**–0.90**	1.8
iShS&PMC400Growth	**IJK**	187.05	**–1.00**	2.7
iShS&P500Growth	**IVW**	130.04	**–0.51**	6.8
iShS&P500ValueETF	**IVE**	102.38	**–0.86**	1.0
iShS&PMC400Value	**IJJ**	144.84	**–1.23**	–0.3
iShUSPfdStk	**PFF**	38.72	**–0.13**	4.1
iShTIPSBondETF	**TIP**	115.23	**0.15**	1.8
iSh1-3YTreasuryBd	**SHY**	84.64	**0.05**	0.2
iSh7-10YTreasuryBd	**IEF**	106.94	**0.30**	2.0
iShRussellMCGrowth	**IWP**	101.81	**–0.56**	4.5
PIMCOEnhShMaturity	**MINT**	101.61	**0.02**	0.3
PwrShQQQ1	**QQQ**	130.40	**–0.40**	10.1
PwrShS&P500LoVol	**SPLV**	43.19	**–0.53**	3.9
PwrShSrLoanPtf	**BKLN**	23.23	**–0.04**	–0.6
SPDRBloomBarcHYBd	**JNK**	36.70	**–0.24**	0.7
SchwabIntEquity	**SCHF**	29.57	**–0.64**	6.8
SchwabUS BrdMkt	**SCHB**	56.22	**–0.69**	3.8
SchwabUS LC	**SCHX**	55.52	**–0.66**	4.2
SPDR DJIA Tr	**DIA**	204.37	**–0.63**	3.5
SPDR GldTr	**GLD**	122.60	**0.48**	11.9
SPDR S&PMdCpTr	**MDY**	305.45	**–1.12**	1.2
SPDR S&P 500	**SPY**	232.51	**–0.65**	4.0
SPDR S&P Div	**SDY**	86.94	**–0.86**	1.6
TechSelectSector	**XLK**	52.37	**–0.40**	8.3
UtilitiesSelSector	**XLU**	51.68	**–0.33**	6.4
VanEckGoldMiner	**GDX**	24.54	**–0.12**	17.3
VangdInfoTech	**VGT**	132.90	**–0.37**	9.4
VangdSC Val	**VBR**	119.71	**–1.22**	–1.1
VangdDivApp	**VIG**	88.73	**–0.57**	4.2
VangdFTSEDevMk	**VEA**	38.89	**–0.64**	6.4
VangdFTSE EM	**VWO**	39.75	**–0.53**	11.1
VangdFTSE Europe	**VGK**	51.16	**–0.72**	6.7
VangdFTSEAWxUS	**VEU**	47.39	**–0.71**	7.3
VangdGrowth	**VUG**	120.30	**–0.48**	7.9
VangdHlthCr	**VHT**	136.95	**–0.09**	8.0
VangdHiDiv	**VYM**	76.55	**–0.76**	1.0
VangdIntermBd	**BIV**	84.38	**0.07**	1

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BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS.
The list comprises the 1,000 largest companies based on market capitalization.
Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.
Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was $2 or higher.

Footnotes:
i-New 52-week high.
†-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-First day of trading.
h-Does not meet continued listing standards
lf-Late filing
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy
v-Trading halted on primary market.
vj-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, April 13, 2017

Stock	Sym	Close	Net Chg
NYSE			
ABB	ABB	22.63	-0.28
AES	AES	11.36	-0.01
Aflac	AFL	73.00	-0.35
AT&T	T	40.28	-0.28
AXIS Capital	AXS	65.04	-0.91
AbbottLabs	ABT	42.67	-0.81
AbbVie	ABBV	64.13	-0.24
Accenture	ACN	114.86	-0.72
AcuityBrands	AYI	172.72	-2.08
Adient	ADNT	67.18	0.63
AdvanceAuto	AAP	140.89	-0.85
AdvSemiEngg	ASX	6.25	-0.09
Aegon	AEG	4.83	-0.06
AerCap	AER	43.03	-0.38
Aetna	AET	128.63	-0.45
AffiliatedMgrs	AMG	161.28	-0.97
AgilentTechs	A	52.33	-0.22
AgnicoEagle	AEM	46.62	-0.50
Agrium	AGU	92.46	-0.89
AirProducts	APD	134.30	-1.21
AlaskaAir	ALK	86.33	-2.33
Albemarle	ALB	103.62	-0.50
Alcoa	AA	30.99	-1.06
AlexandriaRealEst	ARE	113.54	-0.09
Alibaba	BABA	110.21	-0.42
Alleghany	Y	598.75	-8.65
Allegion	ALLE	75.11	-0.13
Allergan	AGN	237.83	...
AllianceData	ADS	234.91	-3.99
AllianceBernstein	AB	22.95	...
AlliantEnergy	LNT	39.62	-0.27
AllisonTransm	ALSN	34.13	-0.53
Allstate	ALL	80.58	-0.39
AllyFinancial	ALLY	19.17	-0.41
Altria	MO	71.30	-0.86
AlumofChina	ACH	12.37	-0.14
Ambev	ABEV	5.62	-0.01
Ameren	AEE	54.99	-0.40
AmericaMovil	AMX	14.65	0.13
AmericaMovil A	AMOV	14.64	0.38
AmCampus	ACC	48.00	-0.19
AEP	AEP	67.54	-0.25
AmericanExpress	AXP	75.80	-0.88
AmericanFin	AFG	93.29	-1.03
AmerHomes4Rent	AMH	23.23	-0.08
AIG	AIG	59.55	-0.62
AmerTowerREIT	AMT	122.60	0.23
AmerWaterWorks	AWK	78.57	-0.25
Amerigas	APU	46.34	-0.23
Ameriprise	AMP	126.23	-1.31
AmerisourceBrgn	ABC	86.67	-0.15
Ametek	AME	53.20	-0.32
Amphenol	APH	68.65	-0.19
AnadarkoPetrol	APC	61.09	-1.45
AngloGoldAsh	AU	12.99	0.15
AB InBev	BUD	109.03	-1.21
i AnnalyCap	NLY	11.63	0.10
AnteroMidstream	AM	32.43	-0.58
† AnteroResources	AR	22.06	-0.54
Anthem	ANTM	164.99	-1.44
Aon	AON	118.10	-0.57
Apache	APA	52.37	-1.44
ApartmtInv	AIV	43.99	-0.25
ApolloGlobalMgmt	APO	25.62	-0.18
AquaAmerica	WTR	32.70	-0.10
Aramark	ARMK	36.11	-0.22
ArcelorMittal	MT	7.35	-0.14
ArcherDaniels	ADM	44.28	-0.37
Arconic	ARNC	25.90	0.05
AristaNetworks	ANET	131.36	-0.11
ArrowElec	ARW	70.28	0.31
AshlandGlobal	ASH	122.24	-1.72
AstraZeneca	AZN	30.14	...
Athene	ATH	51.69	0.34
AtmosEnergy	ATO	80.15	-0.34
Autoliv	ALV	96.27	-0.89
† AutoZone	AZO	688.46	-4.88
Avalonbay	AVB	186.48	-0.95
Avangrid	AGR	43.25	-0.17
AveryDennison	AVY	79.48	-0.16
Avnet	AVT	43.60	-0.34
AxaltaCoating	AXTA	31.00	-0.29
BB&T	BBT	42.62	-0.61
BCE	BCE	45.68	-0.19
BHPBilliton	BHP	36.09	-0.49
BHPBilliton	BBL	31.50	-0.40
BP	BP	34.99	-0.46
BRF	BRFS	12.52	-0.02
BT Group	BT	19.70	-0.21
BakerHughes	BHI	59.46	-0.88
Ball	BLL	71.53	-0.21
BancoBilbaoViz	BBVA	7.29	-0.10
i BancodeChile	BCH	74.37	-0.10
BcoSantChile	BSAC	24.91	0.19
BancoSantander	SAN	5.78	-0.11
BanColombia	CIB	39.12	-1.17
BankofAmerica	BAC	22.34	-0.31
BankofMontreal	BMO	73.05	-1.05
BankNY Mellon	BK	46.42	-0.47
BkNovaScotia	BNS	57.01	-0.82
Barclays	BCS	10.50	-0.18
Bard CR	BCR	248.81	-0.29
BarrickGold	ABX	19.83	-0.39
BaxterIntl	BAX	53.25	-0.28
BectonDickinson	BDX	182.59	-0.63
Berkley	WRB	67.99	-0.55
BerkHathway A	BRK/A	245000	-2930.00
BerkHathwy B	BRK/B	162.90	-2.21
BerryGlobal	BERY	48.99	0.15
BestBuy	BBY	48.27	-0.09
Bio-RadLab A	BIO	202.73	0.13
BlackKnightFin	BKFS	38.30	-0.80
BlackRock	BLK	379.00	-2.44
BlackstoneGroup	BX	28.86	-0.40
BoardwalkPipe	BWP	18.21	-0.27
Boeing	BA	175.62	-0.43
BorgWarner	BWA	38.01	-0.58
BostonProperties	BXP	135.52	-1.07
BostonScientific	BSX	24.44	-0.09
Braskem	BAK	20.33	-0.54
Bristol-Myers	BMY	52.83	-0.16
BrixmorProp	BRX	21.37	...
BroadridgeFinl	BR	67.03	-0.64
BrookfieldMgt	BAM	36.35	-0.46
BrookfieldInfr	BIP	39.09	0.20
Brown&Brown	BRO	41.32	-0.32
Brown-Forman A	BF/A	46.36	-0.50
Brown-Forman B	BF/B	45.47	-0.48
BuckeyePtrs	BPL	67.62	-0.29
Bunge	BG	76.51	-0.68
BurlingtonStores	BURL	91.20	-2.36
CBD Pao	CBD	18.43	-0.09
CBRE Group	CBG	32.64	-0.72
CBS A	CBS/A	68.20	-0.45
CBS B	CBS	66.46	-0.70
CF Industries	CF	28.42	-0.20
CGI Group	GIB	46.54	-0.45
CIT Group	CIT	42.86	-0.55
CMS Energy	CMS	45.21	-0.34
CNA Fin	CNA	43.30	-0.45
CNOOC	CEO	119.92	-0.77
CPFLEnergia	CPL	16.27	-0.13
CRH	CRH	33.61	-0.64
CVS Health	CVS	77.96	...
CabotOil	COG	24.00	-0.45
CAE	CAE	15.15	-0.25
CamdenProperty	CPT	81.19	-0.33
Cameco	CCJ	11.11	-0.22
CampbellSoup	CPB	56.14	-0.89
CIBC	CM	84.16	-1.26
CanNtlRlwy	CNI	72.89	-0.47
CanNaturalRes	CNQ	33.29	-0.40
CanPacRlwy	CP	150.01	-0.81
Canon	CAJ	30.80	-0.25
CapitalOne	COF	81.02	-1.40
CardinalHealth	CAH	81.43	-0.28
Carlisle	CSL	102.86	-1.92
CarMax	KMX	55.37	-0.87
Carnival	CCL	57.47	-0.26
Carnival	CUK	56.93	-0.10
Caterpillar	CAT	93.10	-1.76
Celanese A	CE	89.16	-1.45
Cemex	CX	8.77	-0.23
Cencosud	CNCO	9.09	-0.05
† CenovusEnergy	CVE	10.70	-0.19
Centene	CNC	70.56	-0.32
i CenterPointEner	CNP	27.94	-0.10
CentraisElBras	EBR	4.86	-0.14
CenturyLink	CTL	25.12	-0.02
Chemours	CC	35.12	-0.86
ChesapeakeEner	CHK	5.89	-0.26
Chevron	CVX	106.10	-2.87
ChinaEastrnAir	CEA	27.94	0.01
ChinaLifeIns	LFC	14.60	-0.17
ChinaMobile	CHL	54.25	-0.33
ChinaPetrol	SNP	81.70	-0.78
ChinaSoAirlines	ZNH	34.92	0.07
ChinaTelecom	CHA	49.94	0.27
ChinaUnicom	CHU	13.58	0.09
Chipotle	CMG	463.62	5.27
Chubb	CB	136.72	-0.30
ChunghwaTelecom	CHT	33.87	0.02
Church&Dwight	CHD	49.80	-0.22
Cigna	CI	150.41	-0.18
CimarexEnergy	XEC	119.06	-2.85
Citigroup	C	58.04	-0.47
CitizensFin	CFG	33.24	-0.49
Clorox	CLX	133.86	-0.78
Coach	COH	39.73	-0.41
Coca-Cola	KO	42.79	-0.15
Coca-Cola Euro	CCE	37.35	0.19
Coca-Cola Femsa	KOF	72.98	-0.47
Colgate-Palmolive	CL	73.66	-0.34
ColonyNorthStar	CLNS	12.88	0.11
Comerica	CMA	65.21	-0.91
SABESP	SBS	10.12	-0.21
ConagraBrands	CAG	40.32	-0.30
ConchoRscs	CXO	130.14	-2.13
ConocoPhillips	COP	48.62	-0.82
ConEd	ED	78.53	-0.05
ConstBrands A	STZ	168.95	-1.01
ContinentalRscs	CLR	44.97	-0.87
Cooper	COO	196.29	-0.77
Corning	GLW	26.32	-0.16
Coty	COTY	17.89	0.29
Credicorp	BAP	152.86	-2.20
CreditSuisse	CS	14.13	-0.23
CrescentPoint	CPG	10.70	-0.31
CrestwoodEquity	CEQP	26.05	-0.45
CrownCastle	CCI	96.00	-0.45
CrownHoldings	CCK	53.34	-0.21
Cullen/Frost	CFR	85.90	-2.13
Cummins	CMI	144.57	-2.35
DCP Midstream	DCP	37.80	-0.91
i DTE Energy	DTE	103.51	-0.45
i DXC Tech	DXC	76.51	0.38
Danaher	DHR	85.78	0.03
Darden	DRI	81.97	-0.52
DaVita	DVA	67.78	-0.32
Deere	DE	108.00	-1.35
DellTechnologies	DVMT	63.92	0.02
DelphiAutomotive	DLPH	73.75	-0.53
DeltaAir	DAL	44.03	-1.02
DeutscheBank	DB	15.86	-0.33
DevonEnergy	DVN	40.65	-1.22
Diageo	DEO	115.61	-0.75
Dick's	DKS	49.66	-0.57
DigitalRealty	DLR	109.61	-0.31
DiscoverFinSvcs	DFS	64.77	-0.70
i Disney	DIS	113.20	0.16
DollarGeneral	DG	68.74	-0.22
DominionRscs	D	77.53	-0.40
Domino's	DPZ	174.04	-1.09
Donaldson	DCI	44.06	-0.61
DouglasEmmett	DEI	38.95	-0.22
Dover	DOV	78.52	-0.81
DowChemical	DOW	61.06	-0.86
DrPepperSnap	DPS	97.21	-0.07
DrReddy'sLab	RDY	40.47	-0.10
DuPont	DD	77.44	-0.99
DukeEnergy	DUK	82.59	-0.19
DukeRealty	DRE	27.74	-0.02
ENI	E	31.77	-0.60
EOG Rscs	EOG	95.64	-1.85
EQT	EQT	62.62	-0.74
EQT Midstream	EQM	76.86	-0.92
EastmanChem	EMN	77.93	-0.76
Eaton	ETN	73.51	-0.73
Ecolab	ECL	124.47	-0.49
Ecopetrol	EC	9.28	-0.33
EdisonInt	EIX	80.31	-0.49
EdwardsLife	EW	94.30	0.55
EmersonElectric	EMR	57.87	-0.55
EnbridgeEnPtrs	EEP	17.99	-0.23
Enbridge	ENB	42.26	-0.25
Encana	ECA	11.60	-0.18
EnelAmericas	ENIA	10.51	0.07
EnelChile	ENIC	5.53	-0.06
EnelGenChile	EOCC	23.40	-0.31
Energen	EGN	53.36	-1.24
EnergyTrfrEquity	ETE	18.40	-0.35
EnergyTrfrPtrs	ETP	35.56	-0.10
EnLinkMidPtrs	ENLK	18.10	-0.24
Entergy	ETR	76.99	-0.09
EnterpriseProd	EPD	27.64	-0.24
EnvisionHlthcr	EVHC	60.07	-0.23
Equifax	EFX	134.86	-0.45
EquityLife	ELS	79.35	-0.28
EquityResdntl	EQR	63.24	-0.20
EssexProp	ESS	233.57	-1.18
EsteeLauder	EL	84.94	0.02
EverestRe	RE	230.63	-2.72
EversourceEner	ES	59.62	-0.26
Exelon	EXC	35.97	-0.22
ExtraSpaceSt	EXR	78.10	0.17
ExxonMobil	XOM	81.69	-1.28
FMC	FMC	72.56	-0.33
FactSet	FDS	157.92	-1.28
FederalRealty	FRT	134.74	-0.13
FedEx	FDX	183.73	-2.58
FiatChrysler	FCAU	9.70	-0.35
FidelityNatlFin	FNF	38.38	-0.15
FNFV Group	FNFV	12.20	-0.05
FidelityNtlInfo	FIS	80.16	-0.36
58.com	WUBA	36.11	-0.11
FirstData	FDC	14.81	-0.15
FirstRepBank	FRC	90.18	-1.79
FirstEnergy	FE	31.27	-0.34
FleetCorTech	FLT	142.36	-1.86
Flowserve	FLS	47.00	-0.72
Fluor	FLR	50.18	-0.95
FomentoEconMex	FMX	91.36	0.08
FootLocker	FL	72.09	-0.51
FordMotor	F	11.11	-0.12
ForestCity A	FCE/A	22.44	-0.10
Fortis	FTS	33.27	-0.37
Fortive	FTV	60.33	-0.17
FortBrandsHome	FBHS	61.50	-0.21
Franco-Nevada	FNV	69.33	-0.59
FranklinRscs	BEN	40.59	-0.22
Freeport-McMoRan	FCX	12.72	-0.16
FreseniusMed	FMS	42.35	0.13
GGP	GGP	23.15	-0.06
Gallagher	AJG	55.51	-0.28
Gap	GPS	23.69	-0.61
Gartner	IT	108.93	-0.30
Gazit-Globe	GZT	10.03	-0.39
GeneralDynamics	GD	186.73	0.39
GeneralElec	GE	29.56	-0.21
GeneralMills	GIS	57.17	-0.41
GeneralMotors	GM	33.39	-0.55
GenuineParts	GPC	88.94	-0.48
Gildan	GIL	26.99	0.05
GlaxoSmithKline	GSK	41.81	-0.05
GlobalPayments	GPN	77.54	0.03
GoDaddy	GDDY	36.09	-0.20
Goldcorp	GG	15.39	-0.11
GoldmanSachs	GS	223.32	-2.43
Grainger	GWW	221.50	-2.21
GreatPlainsEner	GXP	29.54	-0.11
GpoAeroportuar	PAC	100.60	1.37
GpoAeroportSur	ASR	182.61	2.03
GpoAvalAcciones	AVAL	8.16	-0.15
GpFinSantandMex	BSMX	8.75	-0.08
GrupoTelevisa	TV	25.77	-0.27
GuangshenRail	GSH	31.28	0.22
HCAHoldings	HCA	87.72	-0.48
HCP	HCP	31.90	...
i HDFC Bank	HDB	77.21	0.06
HP	HPQ	18.20	0.18
HSBC	HSBC	40.16	-0.81
Halliburton	HAL	48.38	-0.95
Hanesbrands	HBI	21.26	0.15
HarleyDavidson	HOG	59.70	-1.35
Harris	HRS	110.02	-0.27
HartfordFinl	HIG	47.73	-0.09
Helmerich&Payne	HP	67.35	-1.36
Herbalife	HLF	58.14	-0.44
Hershey	HSY	108.20	-0.85
Hess	HES	49.44	-1.13
HewlettPackard	HPE	17.99	-0.06
Hilton	HLT	57.11	-0.31
HomeDepot	HD	145.91	-0.63
HondaMotor	HMC	28.45	-0.12
Honeywell	HON	122.50	-0.65
HormelFoods	HRL	34.04	-0.04
DR Horton	DHI	33.69	0.25
HostHotels	HST	18.45	0.07
HuanengPower	HNP	27.46	-0.13
Hubbell	HUBB	116.95	-0.95
HudsonPacProp	HPP	34.46	-0.41
Humana	HUM	211.80	-1.19
HuntingtonIngalls	HII	202.97	-0.68
Huntsman	HUN	23.38	-0.35
HyattHotels	H	53.90	-0.34
ICICI Bank	IBN	8.65	-0.04
ING Groep	ING	14.60	-0.19
Invesco	IVZ	30.03	-0.45
IDEX	IEX	91.72	-0.61
IllinoisToolWks	ITW	130.17	-0.70
Infosys	INFY	14.48	-0.78
Ingersoll-Rand	IR	81.86	-0.43
Ingredion	INGR	119.32	-1.26
ICE	ICE	59.42	-0.41
InterContinentl	IHG	49.00	-0.10
IBM	IBM	169.53	-1.13
IntlFlavors	IFF	131.94	-0.62
IntlPaper	IP	49.64	-0.40
Interpublic	IPG	24.54	0.04
InvitationHomes	INVH	21.29	-0.26
IronMountain	IRM	35.29	-0.05
IsraelChemicals	ICL	4.19	-0.13
ItauUnibanco	ITUB	11.78	-0.25
JPMorganChase	JPM	84.40	-1.00
JacobsEngineering	JEC	52.97	-0.14
JamesHardie	JHX	15.74	-0.26
J&J	JNJ	124.99	-0.41
JohnsonControls	JCI	40.60	-0.30
JuniperNetworks	JNPR	27.56	-0.07
KAR Auction	KAR	41.92	-0.56
KB Fin	KB	41.99	0.72
KKR	KKR	17.27	-0.30
KT	KT	16.09	0.01
KSCitySouthern	KSU	88.00	0.49
Kellogg	K	71.95	-0.38
KeyCorp	KEY	17.00	-0.17
KeysightTechs	KEYS	35.30	-0.08
KilroyRealty	KRC	73.75	-0.94
KimberlyClark	KMB	132.67	-0.43
KimcoRealty	KIM	22.34	-0.01
KinderMorgan	KMI	21.39	-0.27
KinrossGold	KGC	3.80	-0.05
Kohl's	KSS	39.45	-0.70
KoninklijkePhil	PHG	31.43	-0.19
KoreaElcPwr	KEP	19.84	0.61
Kroger	KR	29.97	0.11
Kyocera	KYO	54.10	-0.38
LATAMAirlines	LFL	13.14	-0.26
L Brands	LB	47.46	-0.35
LG Display	LPL	13.54	0.22
LINE	LN	36.28	-0.93
L3 Tech	LLL	166.29	-0.16
LabCpAm	LH	142.10	-0.47
LambWeston	LW	41.87	-0.29
LasVegasSands	LVS	55.90	-0.61
Lazard	LAZ	44.61	-0.29
Lear	LEA	132.08	-0.75
Leggett&Platt	LEG	50.67	-0.43
Leidos	LDOS	50.64	-0.11
Lennar A	LEN	51.79	0.50
i Lennar B	LEN/B	43.08	0.39
LennoxIntl	LII	165.23	-0.24
LeucadiaNatl	LUK	25.52	-0.41
Level3Comm	LVLT	59.54	-0.02
LibertyProperty	LPT	40.43	-0.11
EliLilly	LLY	85.88	-0.37
LincolnNational	LNC	63.23	-0.74
LionsGate A	LGF/A	25.35	0.14
LiveNationEnt	LYV	30.67	-0.25
LloydsBanking	LYG	3.17	-0.03
LockheedMartin	LMT	268.00	-0.51
Loews	L	46.13	-0.59
Lowe's	LOW	81.06	-0.81
Luxottica	LUX	54.77	-0.03
LyondellBasell	LYB	84.91	-1.43
M&T Bank	MTB	147.93	-1.89
MDU Rscs	MDU	27.14	-0.32
MGM Resorts	MGM	27.19	-0.38
MPLX	MPLX	36.31	-0.31
MSCI	MSCI	96.26	-1.05
Macerich	MAC	65.48	0.13
MacquarieInfr	MIC	78.88	-0.81
Macy's	M	29.17	...
MagellanMid	MMP	77.04	-0.27
MagnaIntl	MGA	39.58	-0.41
Manpower	MAN	98.54	0.05
ManulifeFin	MFC	17.02	-0.21
MarathonOil	MRO	15.91	-0.50
MarathonPetrol	MPC	49.24	-0.70
Markel	MKL	961.82	-4.86
Marsh&McLennan	MMC	72.07	-0.65
MartinMarietta	MLM	210.11	-2.68
Masco	MAS	33.09	-0.22
Mastercard	MA	111.22	-0.25
McCormick	MKC	99.19	-0.65
McCormickVtg	MKC/V	99.30	-0.52
McDonalds	MCD	130.76	-0.50
McKesson	MCK	143.20	-0.69
MeadJohnson	MJN	88.67	-0.02
Mednax	MD	67.86	-0.08
Medtronic	MDT	80.01	-0.09
Merck	MRK	62.61	-0.44
MetLife	MET	51.12	-0.85
MettlerToledo	MTD	473.87	-3.15
MichaelKors	KORS	37.56	-0.22
MidAmApt	MAA	101.09	-0.74
MitsubishiUFJ	MTU	5.96	-0.09
MizuhoFin	MFG	3.49	-0.05
MobileTeleSys	MBT	10.47	-0.05
Mobileye	MBLY	61.84	0.08
MohawkIndustries	MHK	229.75	-0.71
MolsonCoors B	TAP	94.56	-1.00
i Monsanto	MON	115.77	-0.50
Moody's	MCO	112.43	-0.55
MorganStanley	MS	40.69	-0.38
Mosaic	MOS	27.46	-0.69
MotorolaSolutions	MSI	82.34	-0.50
NCR	NCR	43.26	-0.35
NRG Energy	NRG	18.39	-0.34
NTTDoCoMo	DCM	23.63	-0.18
i NVR	NVR	2118.20	8.74
NationalGrid	NGG	64.71	-0.40
NatlOilwell	NOV	37.71	-0.07
NatlRetailProp	NNN	44.76	...
NewOrientalEduc	EDU	59.39	-0.06
i NewResidInvt	NRZ	17.42	0.14
† NY CmntyBcp	NYCB	13.43	-0.29
NewellBrands	NWL	46.02	-0.15
NewfieldExpln	NFX	35.39	-0.81
NewMarket	NEU	444.99	-3.27
NewmontMining	NEM	34.50	-0.58
NextEraEnergy	NEE	130.77	0.26
NielsenHoldings	NLSN	41.03	0.03
Nike	NKE	55.34	-0.23
NiSource	NI	23.78	-0.16
NobleEnergy	NBL	34.92	-0.32
Nokia	NOK	5.22	-0.06
NomuraHoldings	NMR	5.86	-0.10
Nordstrom	JWN	46.57	0.14
NorfolkSouthern	NSC	111.58	-0.21
NorthropGrumman	NOC	240.20	0.84
Novartis	NVS	73.15	-0.86
NovoNordisk	NVO	35.75	-0.40
Nucor	NUE	56.96	-0.92
NuSTAREnergy	NS	47.39	-0.45
OGE Energy	OGE	34.53	-0.23
ONEOK	OKE	54.62	-0.71
ONEOK Partners	OKS	53.42	-0.65
OccidentalPetrol	OXY	64.09	-0.97
Och-Ziff	OZM	2.20	-0.05
OldRepublic	ORI	19.80	-0.22
OmegaHealthcare	OHI	34.06	-0.05
Omnicom	OMC	84.46	-0.21
Oracle	ORCL	44.00	-0.18
Orange	ORAN	15.02	-0.27
OrbitalATK	OA	95.31	-1.18
Orix	IX	74.91	-0.47
OwensCorning	OC	60.38	-0.29
PG&E	PCG	67.14	-0.38
PLDT	PHI	35.26	-0.49
PNC Fin	PNC	115.80	-0.20
POSCO	PKX	57.49	-0.64
PPG Ind	PPG	104.42	-0.64
PPL	PPL	37.58	-0.20
PVH	PVH	99.81	-1.40
PackagingCpAm	PKG	90.02	-0.16
PaloAltoNtwks	PANW	112.21	-1.17
ParkerHannifin	PH	153.59	-1.83
ParsleyEnergy	PE	30.70	-0.76
Pearson	PSO	7.83	-0.07
i PembinaPipeline	PBA	33.12	-0.28
Pentair	PNR	62.16	-0.19
PepsiCo	PEP	112.68	-0.93
PerkinElmer	PKI	56.95	-0.18
Perrigo	PRGO	67.65	-0.40
PetroChina	PTR	72.42	-0.27
PetroleoBrasil	PBR	9.26	-0.40
PetroleoBrasilA	PBR/A	8.94	-0.38
Pfizer	PFE	33.88	-0.04
PhilipMorris	PM	113.06	-0.72
Phillips66	PSX	76.67	-0.71
PinnacleFoods	PF	58.71	-0.50
i PinnacleWest	PNW	85.23	-0.14
PioneerNatRscs	PXD	182.06	-4.84
PlainsAllAmPipe	PAA	30.72	-0.23
PlainsGP	PAGP	31.26	-0.20
PostHoldings	POST	87.10	-1.16
Potash	POT	16.55	-0.17
Praxair	PX	117.47	-0.76
PrincipalFin	PFG	61.51	-0.42
Procter&Gamble	PG	90.03	-0.28
Progressive	PGR	39.29	0.01
Prologis	PLD	54.57	-0.36
PrudentialFin	PRU	102.92	-0.92
Prudential	PUK	41.41	-0.26
PublicServiceEnt	PEG	45.65	0.04
PublicStorage	PSA	225.97	1.67
PulteGroup	PHM	23.71	-0.06
QuestDiag	DGX	97.25	-0.87
QuintilesIMS	Q	78.95	0.28
RELX	RENX	18.68	-0.18
RELX	RELX	19.98	-0.13
RPM	RPM	49.94	-1.50
RSP Permian	RSPP	39.76	-0.96
RalphLauren	RL	79.15	-1.03
RangeResources	RRC	27.77	-0.77
RaymondJames	RJF	72.62	-1.14
Raytheon	RTN	151.75	0.40
RealtyIncome	O	61.45	0.07
RedHat	RHT	85.93	0.50
RegencyCtrs	REG	67.31	-0.04
RegionsFin	RF	13.68	-0.28
ReinsuranceGrp	RGA	123.90	-0.79
RelianceSteel	RS	75.87	-1.37
RenaissanceRe	RNR	139.06	-2.19
RepublicServices	RSG	62.19	-0.32
ResMed	RMD	68.12	-0.29
RestaurantBrands	QSR	56.09	-0.30
ReynoldsAmer	RAI	63.97	-0.23
RioTinto	RIO	38.94	-0.34
RobertHalf	RHI	44.49	-0.35
Rockwell	ROK	148.43	-1.80
RockwellCollins	COL	96.63	-1.36
i RogersComm B	RCI	45.33	0.08
Rollins	ROL	36.19	-0.27
RoperTech	ROP	205.01	-0.46
RoyalBkCanada	RY	70.99	-1.41
RoyalBkScotland	RBS	5.66	-0.13
RoyalCaribbean	RCL	94.36	-0.36
RoyalDutchA	RDS/A	52.41	-1.03
RoyalDutchB	RDS/B	55.27	-1.23
SAP	SAP	96.18	-1.16
S&P Global	SPGI	128.28	-0.65
SINOPECShanghai	SHI	58.70	0.06
SK Telecom	SKM	23.99	0.25
SLGreenRealty	SLG	107.85	-1.06
Salesforce.com	CRM	83.13	-0.24
Sanofi	SNY	45.65	0.26
Sasol	SSL	30.47	0.32
Scana	SCG	65.80	-0.42
Schlumberger	SLB	78.15	-1.42
SchwabC	SCHW	37.53	-0.87
ScottsMiracleGro	SMG	93.44	-0.14
SealedAir	SEE	42.51	-0.18
SemicondctrMfg	SMI	5.96	-0.14
SempraEnergy	SRE	111.50	0.04
SensataTech	ST	39.54	-0.74
ServiceCorp	SCI	30.58	-0.18
ServiceMaster	SERV	40.03	-0.06
ServiceNow	NOW	84.64	0.15
ShawComm B	SJR	21.30	-0.39
SherwinWilliams	SHW	308.35	-4.61
ShinhanFin	SHG	40.39	0.16
Shopify	SHOP	70.63	1.38
SilverWheaton	SLW	21.84	-0.03
SimonProperty	SPG	173.84	0.56
SixFlags	SIX	58.01	0.41
SmithAO	AOS	49.56	-0.29
Smith&Nephew	SNN	31.79	-0.07
Smucker	SJM	127.38	-0.82
Snap	SNAP

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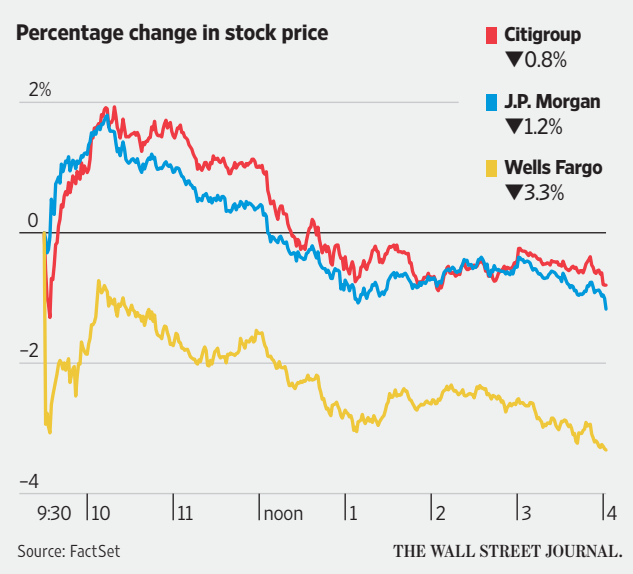
BANKING & FINANCE

Bank Shares Fall After Earnings



Japan Insurers Fade Anew

By Kosaku Narioka

TOKYO—The reversal of the "Trump trade" has sent Japanese life insurers back to the ultralow-rate environment they thought they had escaped, causing shares to fall some 20% and highlighting the global impact of Washington shifts.

The latest blow came when President Donald Trump said Wednesday that he prefers for the Federal Reserve to keep interest rates low and said the U.S. dollar "is getting too strong."

In the weeks after Mr. Trump's surprise election on Nov. 8, expectations for big U.S. economic stimulus, including tax cuts and infrastructure spending, sent the dollar surging and long-term interest rates rose on expectations of faster growth, in what became known as the Trump trade. But markets have given back much of that ground in the past month, especially after the collapse of a Republican health-care bill in Congress suggested the president's legislative agenda was getting bogged down.

FRANCK ROBICHON/EPA

On Thursday, the yield on the 10-year Japanese government bond, which had risen as high as 0.15% in intraday trading in February, fell back briefly to 0.005%, a five-month low and close to the negative territory where it stood before the election. Meanwhile, Mr. Trump's remarks sent the dollar falling Wednesday to a five-month low against the yen, although the greenback was up on Thursday.

Some of the strongest fallout has been felt in a corner of the market that might seem far from Washington policymaking.

Japan's biggest listed life insurer, Dai-ichi Life Holdings Inc., has lost more than one-fifth of its market value over the past month, the worst performance among Japanese companies with a market capitalization of at least $10 billion. That has reversed a 53% ascent since the U.S. election.

Japanese life insurers typically make money by investing over the long term the premiums they take in from policyholders. Many customers buy savings-style products in which they pay premiums during their working years, or sometimes in a lump sum upfront, in anticipation of getting it back with interest after they retire.

"Yen interest rates are lower broadly. I'd have to say the environment is tough," said Dai-ichi President Seiji Inagaki in a recent interview.

Shares of other life insurers such as T&D Holdings Inc. and Sony Financial Holdings Inc. are down nearly as much as Dai-ichi Life, and Japanese bank shares are seeing double-digit percentage losses. The fall in rates has brought back bad memories of early 2016, when the **Bank of Japan**'s introduction of a negative-interest-rate policy battered financial stocks.

Japanese insurers are also increasingly exposed to U.S. rates because they have purchased U.S. insurers in the search for growth and have shifted some of their investments abroad in place of low-yield Japanese government bonds.

Dai-ichi spent $5.6 billion to buy Birmingham, Ala., insurer Protective Life, a deal completed in 2015. It was part of a two-year overseas buying spree by Japanese life insurers totaling $17 billion, according to data provider Dealogic.

The prospect of low Japanese bond yields, plus global political uncertainty, prompted Dai-ichi Life on March 31 to cut its profit target for the current fiscal year, ending March 2018. The company also acknowledged that is unlikely to achieve its ambition of becoming a top-five global insurance company by 2020.

"Making it to the top five in profits is now looking quite far away, like the North Star," said Mr. Inagaki, who became Dai-ichi's president on April 1.

The stronger yen hurts Japanese life insurers, partly by driving down the value in yen terms of their investments abroad and partly by casting a pall over the Japanese economy more broadly. U.S. and European competitors are doing better. Allianz SE's shares are up about 1% over the past month. MetLife Inc. shares are down about 4%.

CURRENCIES

Yuan Surges After Trump China Shift

By Saumya Vaishampayan

China's central bank guided the yuan to its biggest one-day advance against the dollar in nearly three months on Thursday after President Donald Trump abandoned a campaign pledge to name China a currency manipulator and said the dollar was too strong.

The yuan's move came as the dollar continued to slide against major currencies like the Japanese yen in Asian trading following its drop in U.S. hours after Mr. Trump, in an interview with The Wall Street Journal, signaled an end to the "strong dollar" policy that previous U.S. administrations of both parties have stuck to for many years.

"It just throws FX markets in a tizzy all over again," said Eddie Cheung, Asia FX strategist at Standard Chartered in Hong Kong. "This scenario seems to be a bit more positive for" emerging markets.

China's central bank fixed the midpoint for trading in the dollar-yuan pair at 6.8651, representing a 0.4% gain in the yuan from the previous day. It was the yuan's biggest one-day jump since Jan. 18, putting it at the strongest level against the dollar since Feb. 17. The yuan doesn't float freely like the dollar or yen. Instead, the People's Bank of China allows the yuan to trade 2% above and below a level it picks each day, which is known as the fix.

Mr. Trump's decision not to label China a currency manipulator partly reflects recent market trends. During the presidential campaign, Mr. Trump frequently said that China had deliberately devalued its currency to gain an advantage in global trade, by making its exports relatively cheap.

However, many economists say that while that may have been true in prior years, recently Beijing has been intervening more to prevent the yuan from sliding too far, too fast. This year, the yuan has gained 1% against the dollar.

At the start of 2017, market participants were bracing for a steep decline in the yuan driven by hefty capital outflows, slowing Chinese growth and potentially higher U.S. tariffs on Chinese goods.

It looked that way in the first few trading days of 2017, as the dollar rose to near 7 yuan, a level it hasn't hit since 2008.

Since then, China's has successfully cracked down on outflows, with foreign-exchange reserves rising for two straight months through March, while the economy has steadied and the trade relationship between China and the U.S. is looking less tense.

Irene Cheung, a senior strategist for Asia at ANZ, said that daily fixes in China have been biased toward yuan strength. While a weaker currency is generally good for a country's economy, Ms. Cheung said the Chinese authorities need to strike a balance between the desire for trade competitiveness with this year's economic recovery and the relationship with the U.S.

Dollar Rebounds From 'Too Strong' Comment

By Chelsey Dulaney

The dollar edged higher Thursday, a day after President Donald Trump sent the currency tumbling after describing it as "too strong."

The WSJ Dollar Index, which measures the U.S. currency against 16 others, was up 0.2% to 90.22. The dollar rose 0.5% against the euro, 0.2% against the Mexican peso and 0.6% against the Canadian dollar.

The dollar fell sharply Wednesday after Mr. Trump said the currency "is getting too strong" in an interview with The Wall Street Journal.

"That's hurting—that will hurt ultimately," he said.

A stronger dollar hurts U.S. multinational companies and manufacturers by making their products more expensive to overseas buyers.

The comments solidified the administration's preference for a weaker dollar after conflicting statements from Mr. Trump and his advisers in recent months.

The dollar surged to a 14-year high after Mr. Trump's election as investors bet his fiscal spending, deregulation and tax-overhaul plans would bolster the U.S. economy. But doubts over the administration's ability to deliver on those proposals and Mr. Trump's comments on the dollar have led the currency to weaken since the start of the year.

Still, the dollar found support Thursday as investors moved to square up positions heading into the Easter holiday weekend.

"The Trump comments yesterday caught everyone wrong-sided, but people are closing out positions," said Mark McCormick, head of North American FX strategy at TD Securities. Mr. Trump's decision not to label China a currency manipulator and comments indicating Federal Reserve Chairwoman Janet Yellen could be nominated for another term also supported demand for riskier currencies, Mr. McCormick said.

Treasury Debt Sales

The U.S. Treasury Department will auction $88 billion in securities next week, comprising $49 billion in new debt and $39 billion in previously sold debt. Details (all with minimum denominations of $100):

◆ **Monday:** $39 billion in 13-week bills, a reopening of an issue first sold on July 21, 2016, maturing July 20, 2017. Cusip number: 912796KB4.

Also, $33 billion in 26-week bills, dated April 20, 2017, maturing Oct. 19, 2017. Cusip number: 912796LY3.

Noncompetitive tenders for both issues must be received by 11 a.m. EDT Monday and competitive tenders by 11:30 a.m.

◆ **Thursday:** $16 billion in five-year Treasury inflation-protected securities, dated April 28, 2017, maturing April 15, 2022. Cusip number: 912828X39.

Noncompetitive tenders for the TIPS must be received by noon Thursday and competitive tenders by 1 p.m.

CREDIT MARKETS

WONG MAYE-E/ASSOCIATED PRESS

Geopolitical developments gave bond prices a boost this week. Above, North Korean soldiers after a ceremony Thursday in Pyongyang.

Yields Fall on 'Show-Me' Sentiment

By Sam Goldfarb And Min Zeng

Government-bond yields are falling, the latest sign investors are retreating from expectations that favorable government policies would deliver a welcome jolt to global growth, inflation and interest rates.

The yield on the benchmark 10-year U.S. Treasury note fell Thursday to 2.237%, its lowest close since Nov. 16. That was down from 2.294% Wednesday and 2.609% on March 13. Yields fall as bond prices rise.

The decline is noteworthy because it takes the yield below the 2.3%-2.6% range that took hold soon after Donald Trump was elected president in November. U.S. markets are closed Friday for Good Friday.

Many investors entered 2017 expecting the yield would rise to around 3% by year-end, reflecting economic growth and the administration's presumed success in cutting taxes and reducing regulation. Rising interest rates on bonds often reflect faster growth as investors demand better returns to compensate for higher short-term interest rates set by the Federal Reserve and inflation.

Instead, yields are again falling from relatively low levels, raising fresh concerns about the health of the global economy years after the financial crisis and the present valuations of stocks, bonds and other assets.

"The Trump trade is fading as the complexities of implementing the Trump agenda have become gradually understood," said Christopher Sullivan, chief investment officer at United Nations Federal Credit Union.

The bond rally isn't the only market development reflecting a shift in investors' thinking. Both the Dow Jones Industrial Average and the S&P 500 have pulled back after hitting records in early March. Bank shares, a big postelection winner, have lagged behind this year, with the sector falling again Thursday despite generally solid earnings from Citigroup Inc., J.P. Morgan Chase & Co. and Wells Fargo & Co. Shares of utilities, the laggard late last year, have rallied in 2017. The Mexican peso has almost recouped all of the ground it lost against the dollar after the U.S. election. Gold has regained a large part of its postelection selloff and is up 12% this year.

The 10-year Treasury yield began to decline when Fed officials signaled after their March 14-15 policy meeting that they still expect to raise interest rates three times this year. That was a less aggressive message than many investors had expected and was followed by a setback for Mr. Trump when he failed to gather enough votes to pass a health-care bill.

Tighter monetary policy tends to raise interest rates on new bonds, diminishing the value of outstanding debt that pays less. Faster growth can lead to higher inflation, which eats away at the value of bonds' fixed payments over time.

Bonds got an extra boost this week from geopolitical developments, including rising tensions between the U.S. and Russia over the Syrian conflict and between the U.S. and North Korea amid efforts to thwart that country's nuclear development ambitions.

Investors have also become increasingly concerned about France's presidential election, where two of the four leading candidates are deeply skeptical of the European Union.

Then Mr. Trump on Wednesday said in an interview with The Wall Street Journal that he favored a weaker dollar and low interest rates, pushing the 10-year yield as low as 2.218% in overnight trading.

Some analysts have long been skeptical that the U.S. economy can accelerate significantly regardless of policy, as it continues to face headwinds including an aging population and low productivity growth.

The GDPNow model from the Federal Reserve Bank of Atlanta suggests the U.S. economy grew at a 0.6% rate in the first quarter.

That is hardly the big lift in growth that investors anticipated after Mr. Trump's victory. Still, other economic models are more optimistic and many investors aren't too concerned about the overall economy. Even if growth has been modest, the labor market has been steadily tightening, leading to slowly rising wages that help to firm inflation figures.

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AHEAD OF THE TAPE
Steven Russolillo

Don't Pin Spending Slump on Weather

Bad weather will be blamed again when the government reports retail sales Friday. Don't buy it: With retail sales, there are serious things to worry about.

Just like last week's jobs report, March retail sales likely suffered from a big midmonth snowstorm. That would mark a second consecutive disappointing month for retail sales; February's weakness was blamed on a delay in tax refunds. And while it is tempting to view both of these as one-off issues, there are factors weighing on spending that could hurt economic growth.

0.3%

Estimated month-over-month retail sales decline in March

Economists polled by The Wall Street Journal estimate that retail sales fell 0.3% in March from a month earlier. That would snap a streak of six months in a row of growth. Since the beginning of last year, there have been only three instances in which retail sales fell on a month-over-month basis.

The downbeat consensus view is largely due to the auto industry. Car sales fell more than expected last month, increasing worries about bloated dealer stocks and pricing pressures.

The auto industry's strength in recent years has been fueled by low gas prices and cheap credit. Easy lending conditions might have pulled forward future demand. After a tough first quarter, auto sales now appear poised to snap a seven-year growth streak that included back-to-back annual records.

But spending less on autos doesn't necessarily mean people are spending elsewhere because most auto sales are paid for on credit. Excluding motor vehicles and automotive parts, sales are expected to have risen 0.1% in March from a month before, which would be the slowest growth since August.

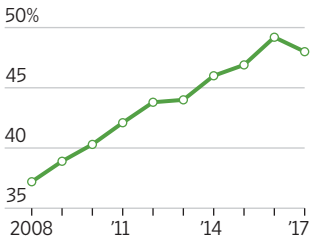
Wages are higher and consumer confidence has risen since the election. But consumer spending climbed by only 0.1% in February and fell 0.1% in inflation-adjusted terms. The personal saving rate rose to 5.6%, the highest since before the election.

In theory, delayed tax payments might have only postponed spending. But a recent poll by the National Retail Federation found that a record-low number of Americans plan to spend refunds this year. About half say they will put that money into savings, the second highest on record, according to the federation.

In turn, economists have ratcheted down first-quarter growth estimates. Economists at High Frequency Economics expect the economy expanded at a 1.5% annualized rate over the first three months of the year. Don't be surprised if it turns out retail sales stayed cool in March.

Money in the Bank

Consumers who say they plan to save their tax refund

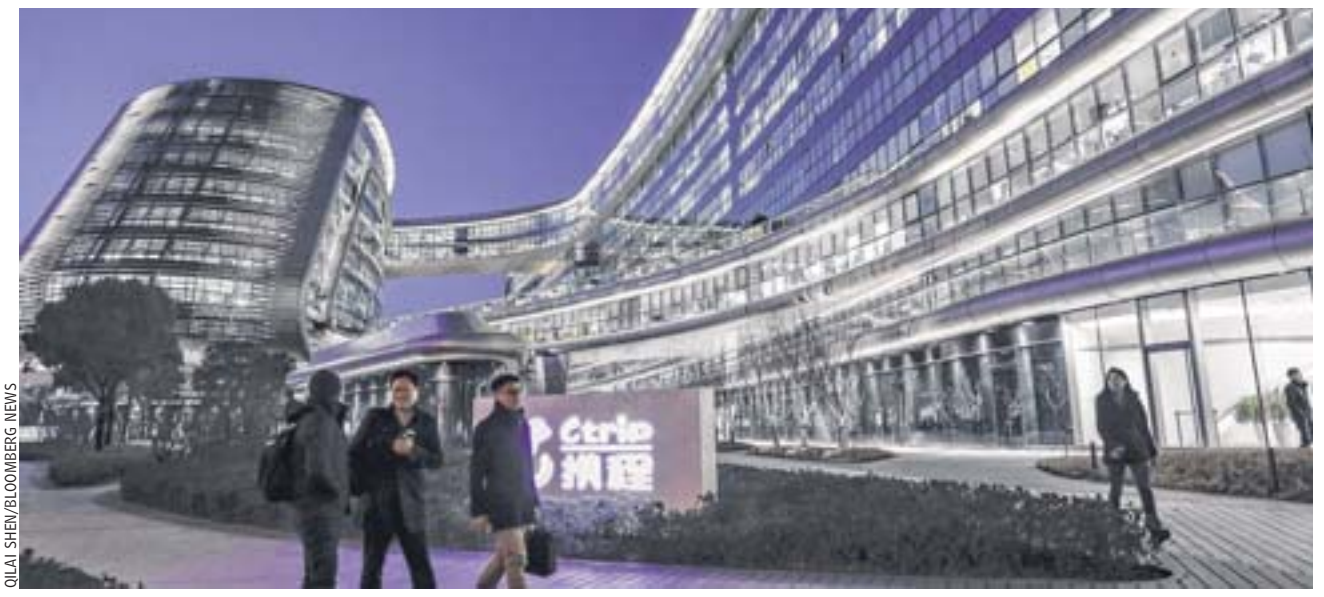


Sources: National Retail Federation, conducted by Prosper Insights & Analytics
THE WALL STREET JOURNAL.

Hedge Funds Missing China Rally

Foreign investors remain wary even as Chinese shares far outpace their gains

By Gregor Stuart Hunter And Laurence Fletcher



QILAI SHEN/BLOOMBERG NEWS

The building that houses Ctrip.com International's headquarters in Shanghai. Ctrip.com and many other Chinese stocks are up in 2017.

Chinese stocks' banner year is failing to persuade major foreign investors like big hedge funds.

They are wary for reasons including China's slowing economy, growing debt and history of market crashes. There are fears, too, of a U.S.-China trade war. Others say they are finding surer, if less dramatic, gains closer to home—from U.S. stocks, for example, up 5.1% in 2017.

But the funds are being smoked by Chinese stocks. The average global hedge fund was up 2.3% through April 7, according to Chicago-based HFR Inc., while the MSCI China index, which mostly tracks Chinese companies listed in places like Hong Kong and New York, gained 14%.

"We haven't seen many funds get overly bullish in Chinese equities markets, so most missed the recent move," said Robert Duggan, partner at New York-based **SkyBridge Capital**, which invests in hedge funds and runs $11.8 billion in assets, with no direct exposure to Asia.

A recovery in producer prices in China and a broad rally in commodities have helped stoke Chinese stocks in Hong Kong, as has increased buying by mainland investors. In the U.S., Chinese tech giants like Alibaba Group Holding Ltd. and JD.com Inc. also have rallied.

China's currency, the yuan, forecast to continue a slide that took it down almost 7% against the dollar last year, instead has mostly held steady.

A number of macro-hedge-fund managers were in and out of the yuan market in late 2015 and into 2016, betting on a sharp drop, only to mostly lose hope and throw in the towel by the middle of the year, when a big devaluation appeared unlikely, said SkyBridge's Mr. Duggan. China's central bank has repeatedly stepped in to slow the currency's fall, limiting funds' gains.

Many have remained wary of China since.

Major global investors are finding more lucrative opportunities elsewhere in the Asia-Pacific region, said Dan McNicholas, Nomura's Asia-Pacific head of capital introductions, which acts as a matchmaker between hedge funds and sources of investment.

"China has been what I'd class as lukewarm," he said. "China is at best third, behind India and Japan," he added, citing meetings with fund managers in New York, Singapore, Hong Kong and Tokyo. India's stock market recently hit a record.

For sure, some hedge funds focused on China have been racking up big returns.

Hong Kong-based **Quam Asset Management** runs a fund that bets on stocks of Chinese companies—a "long-short" fund, meaning in some cases it bets on a rise, in others on a fall. It was up 13.2% through March 31, edging the MSCI China's 13.1% over the same period, making it the best-performing China-focused hedge fund and second-best overall among 473 alternative-asset managers ranked weekly by HSBC Holdings PLC.

Most of the $58 million fund's returns came from rapidly growing Chinese stocks such as internet company **Tencent Holdings** Ltd., iPhone-camera supplier **Sunny Optical Technology** Group Co. and online-travel leader Ctrip.com International Ltd., according to portfolio manager Jim Fong, who argues that this year's rally is unlike the one two years ago, when China stocks soared into June and then collapsed. "This time, the share-price gains are not as irrational as last time," he said. "The economic data is not bad, and commodity prices have increased compared to last year."

Some 90% of China funds employ variations on the same long-short equity strategy, and most tend to bet stocks will rise, said Mohammad Hassan, head analyst for hedge fund research and indexation at Eurekahedge. They are hamstrung by a lack of tools to hedge risk—especially in the yuan—by China's heavily managed capital markets.

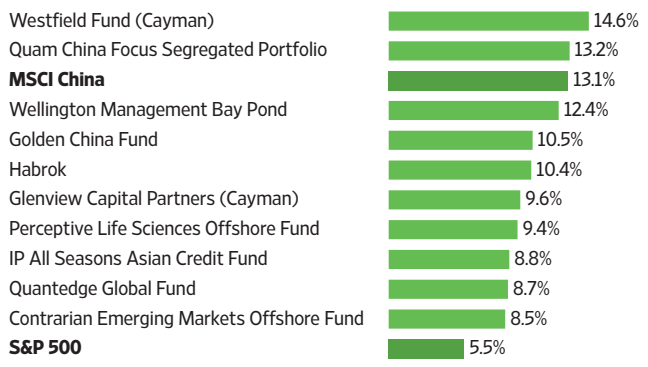
"A lot of these guys sink when the market does," he said. Despite the gains this year, the potential for a trade war in Asia is still discouraging investment in China-focused funds. "A lot of people still want to see how the U.S. and China will move forward," Mr. Hassan added.

That tendency has resulted in many China hedge funds clustering around the same high-performing stocks, a trade that fund managers said could prove vulnerable to reversal.

"We're starting to see a little bit of crowding in terms of themes like the new economy," said Adolfo Oliete, head of Asia-Pacific investments at **UBS** Hedge Fund Solutions, whose $36 billion in assets makes it the world's second-biggest fund-of-hedge-funds manager, according to Hedge Fund Intelligence. Technology, media and telecom stocks and Macau gambling were other sectors that were also becoming hot, he added.

Chasing China

Even 2017's top-performing hedge funds mostly trail the MSCI China Index, which tracks U.S.- and Hong Kong-listed Chinese companies.



Note: Data for Westfield, Wellington, Habrok and IP All Seasons through Feb. 28. All other data through March 31.
Sources: HSBC; FactSet (indexes)
THE WALL STREET JOURNAL.

Stocks Extend Losses for a Second Week

By Akane Otani and Mike Bird

ELAINE THOMPSON/ASSOCIATED PRESS

Alaska Air Group fell 2.6% Thursday. Industrial companies in the S&P 500 lost 1.6% for the week.

Major indexes slid for a second consecutive week, as investors dumped shares of financial and industrial companies while picking up haven assets.

Stock declines on Thursday were broad, with all 11 sectors of the S&P 500 ending lower.

Concerns over flaring tensions in North Korea, Russia and Syria, as well as light trading ahead of the long weekend, contributed to the tepid moves in stocks, analysts and investors said.

Major indexes' declines steepened Thursday afternoon after the U.S. military dropped its largest nonnuclear bomb on an ISIS tunnel complex in Afghanistan.

"We're in a wait-and-see mode at the moment," said Kate Warne, a principal and investment strategist at Edward Jones.

While investors appear to have dialed back some of their initial expectations for policy changes from the Trump administration, "the fundamentals have and will continue to drive the market," Ms. Warne said. A raft of upbeat corporate earnings could lift stocks in coming weeks, she added.

On Thursday, the Dow Jones Industrial Average fell 138.61 points, or 0.7%, to 20453.25, the S&P 500 dropped 15.98 points, or 0.7%, to 2328.95, and the Nasdaq Composite lost 31.01 points, or 0.5%, to 5805.15. U.S. markets will be closed Friday in observance of Good Friday.

For the week, the Dow industrials lost 1%, the S&P 500 fell 1.1% and the Nasdaq shed 1.2%.

Investors backed off post-election bets that initially led them to pile into financial and industrial stocks while selling government bonds.

The KBW Nasdaq Bank Index, a benchmark of 24 of the biggest U.S. lenders, posted a 3.2% weekly loss. The index fell 1.4% on Thursday after a trio of major banks reported earnings results, with **J.P. Morgan Chase** falling $1, or 1.2%, to $84.40.

Shares of industrial companies in the S&P 500 lost 1.6% for the week. The sector fell 0.7% Thursday, with **Alaska Air Group** losing 2.33, or 2.6%, to 86.33.

"It's unlikely legislation will provide a big catalyst to stocks over the next several months," said Jim McDonald, chief investment strategist at Northern Trust. "The issues [the administration] is facing are really thorny, and that means they'll take longer to progress."

U.S. government bonds strengthened for a fourth consecutive session. The yield on the 10-year Treasury note fell to 2.237%, its lowest settlement since Nov. 16, from 2.294% on Wednesday. Yields fall as bond prices rise.

Early Friday, Japan's Nikkei was down 0.2% and South Korea's Kospi was down 0.6%. Markets in Australia and Hong Kong were closed for Good Friday.

Ex-House Aide Again Considered for CFTC Spot

By Andrew Ackerman

WASHINGTON—The Trump administration is considering renominating a former House aide and investment manager to a Republican vacancy on the Commodity Futures Trading Commission, according to people familiar with the White House's thinking.

Brian Quintenz, who formerly headed a Washington-based investment firm, would get another shot at the same seat on the top U.S. derivatives regulator, these people said. The Obama administration first tapped him about a year ago, and his nomination sailed easily through the Senate Agriculture Committee. But lawmakers failed to confirm him on the Senate floor before the end of the last Congress in January.

The potential nominee is among several financial appointees who could loosen the reins on Wall Street after years of tighter supervision under Democrats. No final decision has been made, and an announcement from the Trump administration isn't imminent, these people said.

Mr. Quintenz declined to comment.

The CFTC is operating with just two commissioners, three short of its full roster. Filling its open seats is crucial for J. Christopher Giancarlo, its Republican acting chairman, to advance an ambitious agenda that includes easing the agency's swaps-trading requirements that he says have sent trading business overseas. Mr. Giancarlo's only other colleague on the commission at the moment is Sharon Bowen, a Democrat.

Though Mr. Giancarlo is President Donald Trump's pick to head the derivatives regulator permanently, his confirmation is moving slowly. A month after the White House announced it would nominate Mr. Giancarlo to the role, it has yet to deliver the required paperwork to the Senate Agriculture Committee, which oversees the CFTC. The paperwork is a prerequisite for the panel to advance the nomination with a hearing and an eventual committee vote, which now may not come until this summer.

The CFTC is operating with two commissioners, three short of its full roster.

Mr. Quintenz founded and ran Saeculum Capital Management before winding it down last year, anticipating confirmation as CFTC commissioner in the prior Congress.

In addition to a lengthy stint as a House aide to former Rep. Deborah Pryce (R., Ohio), Mr. Quintenz worked as an analyst at the hedge fund Hill-Townsend Capital LLC and a Merrill Lynch consulting group.

It is unclear if Mr. Quintenz's nomination would again be paired with that of Chris Brummer, a Georgetown University law professor who was tapped for a separate, Democratic slot at the CFTC. Nominations to the CFTC typically come in Republican-Democratic pairs to preserve bipartisanship.

Senate Democrats favor Russ Behnam, an aide to Michigan Sen. Debbie Stabenow, the top Democrat on the Agriculture Committee, according to people familiar with the matter. Mr. Behnam referred questions to a spokeswoman for Ms. Stabenow, who in turn referred questions to the White House.

Republican administrations typically defer to Democratic leadership in the Senate when deciding how to fill Democratic regulatory vacancies.

Another person under consideration for the Democratic seat is Rob Schwartz, a CFTC litigator who briefly served as the agency's acting general counsel earlier this year, the people familiar with the matter said.

The Trump administration has tapped Jay Clayton, a political independent, to head the Securities and Exchange Commission. In addition, the SEC also has two commissioner vacancies, expected to be filled with one Republican and one Democrat. A number of Senate aides and law professors are under consideration for the Democratic slot. Mr. Trump hasn't signaled his choices for the vacancies.

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MARKETS

Technology Stocks Go on the Fritz

A once-hot sector hits a 10-session losing streak, an ominous sign for markets

By Chris Dieterich And Ben Eisen

Tech stocks, the top-performing stock group this year, are in a rare funk.

The largest U.S. technology companies in the S&P 500 on Thursday fell for the 10th session in a row, the longest losing streak in nearly five years.

Waning enthusiasm for widely owned tech stocks at a time of flat broader-market performance is a potentially ominous sign for those tracking market sentiment. Investors had flocked to the group in recent months amid rising uncertainty about the pace of U.S. economic growth and the timing for implementation of pro-growth economic policies.

Tech stocks within the S&P 500 have been by far the biggest winners in 2017, climbing 10% versus a 4% advance for the broader index. **Apple** Inc., the world's largest company by market value, is up 22% so far this year, while **Facebook** Inc. has climbed 21%.

Strength in tech this year followed a three-week blip of weakness in the immediate aftermath of November's U.S. presidential election. Tech stocks were down as much as 2.7% from the election through the first day of December, while the S&P 500 climbed by nearly the same increment.

At the time, traders pinned the sector's weakness on investors who appeared to be paring back tech holdings to make room for economically sensitive industries including banks and construction materials, which sent the market higher in anticipation of policy-driven economic growth.

Such economically sensitive stocks pulled ahead of the market last year, but tech has swiftly closed the gap as a booming U.S. stock market pushed the Dow Jones Industrial Average above 20000 for the first time in January and drew investors into marquee stocks within the technology sector.

Meanwhile, political wrangling in Washington in recent weeks has dimmed prospects that market-friendly tax cuts and infrastructure spending will happen in 2017. Formerly highflying financial and industrial stocks have faded, making big-cap tech companies more alluring.

Tech's pullback during the past 10 sessions has been mild, just 2%, and comes weeks before tech companies are expected to report robust profits in the first quarter.

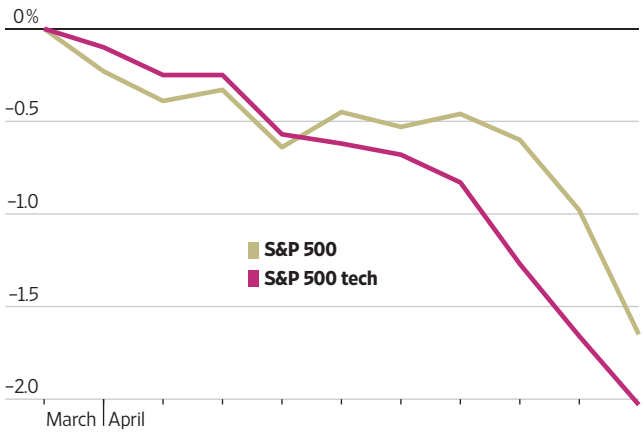
S&P 500 tech companies are forecast to report profit growth of 13.3%, topping the 9% expected of companies in the broader index. That would be the best quarter for tech earnings in five years, according to FactSet.

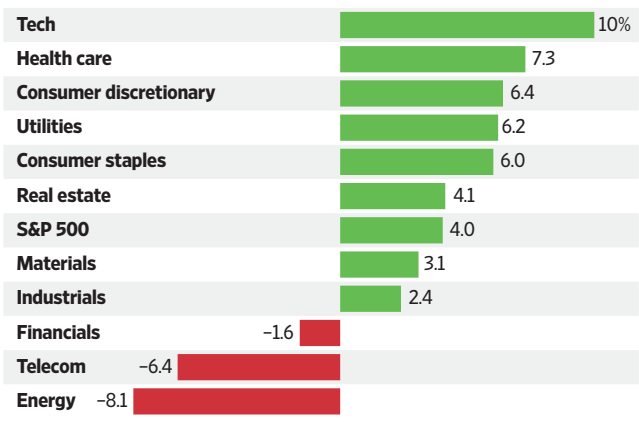
"The fact of the matter is that growth is still scarce," said Michael Block, chief strategist at Rhino Trading Partners. "Where do you go for growth? Into these big tech stocks."

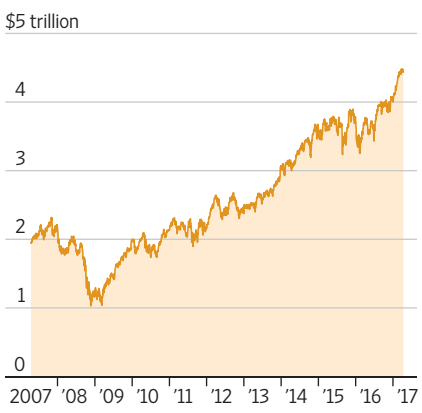
Tech could find its footing should cyclical stocks, including those in the financial, industrial an materials groups, lag behind if signs of growth fail to materialize. Economists polled by The Wall Street Journal expect first-quarter gross domestic product to grow at a middling pace of 1.4%, while another forecast from the Federal Reserve Bank of Atlanta calls for 0.6% GDP growth.

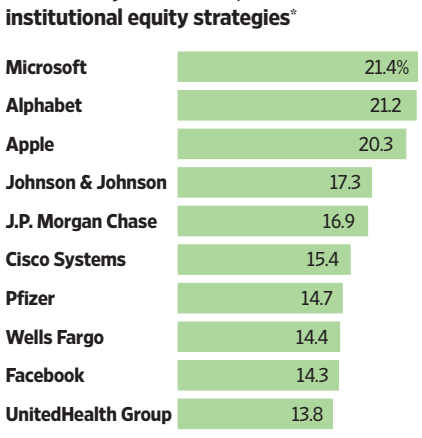
Arrested Development

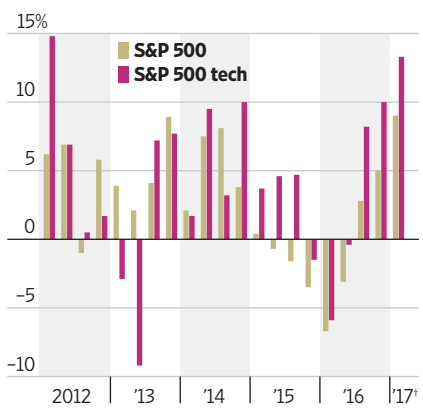
Technology shares in the S&P 500 have declined for 10 straight trading sessions for the first time in nearly five years, interrupting a rally that has put them on top of the U.S. market this year.











*Portfolio inclusion as of Dec. 31, 2016 †Forecast
Sources: FactSet (performance, market cap, earnings growth); eVestment (top 10 most held stocks)
THE WALL STREET JOURNAL.

Crude Oil Posts Its Third Week Of Gains

By Alison Sider And Christopher Alessi

COMMODITIES

The oil-price rally continued for a third week, but prices were little changed Thursday as investors were still weighing rising U.S. production against the prospect of extended OPEC output cuts.

Both U.S. and global crude benchmarks posted their biggest three-week gains since December, recovering more of their losses from a selloff last month.

U.S. crude prices ended the week up 1.8% and Brent, the global benchmark, rose 1.2%.

Prices settled slightly higher on Thursday. U.S. crude prices settled up 7 cents, or 0.1%, at $53.18 a barrel on the New York Mercantile Exchange. Brent rose 3 cents, or 0.05%, to $55.89 a barrel on ICE Futures Europe.

"We might be witnessing the market starting to approach the upper band of a trading range, up near $55," said Gene McGillian, research manager for Tradition Energy. "From this point on it's going to be tougher sledding to drive the market higher" without a firm agreement by members of the Organization of the Petroleum Exporting Countries to extend their production cuts beyond their initial six-month term, he said.

On Wednesday, the U.S. Energy Information Administration said American producers had increased output to a 15-month high last week.

The number of rigs drilling oil wells in the U.S. is at its highest level in two years, according to oil-field-services firm Baker Hughes Inc.

HEARD ON THE STREET

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Banks' Pain Is Spread Unevenly

The split between solid performance on Wall Street and a slowdown in lending growth is turning some banks into winners and others into laggards.

First-quarter net income rose by 17% from a year earlier at both **J.P. Morgan Chase** and **Citigroup**, beating analyst estimates in both cases, thanks to strong investment banking and trading activity. **Wells Fargo** saw flat net profit as loan growth slowed and expenses swelled in the aftermath of its sales-practice scandal.

The banks gave more details around a sudden slowdown in loan growth that has been showing up in Federal Reserve data and has caused concern and confusion among economists.

At J.P. Morgan, total loans outstanding at the end of the first quarter rose 6% from a year earlier, a slight deceleration from 7% growth at the end of last year. In the first quarter of 2016, J.P. Morgan's overall loan growth was a much stronger 11%.

The company also said that average commercial and industrial loans in the quarter increased 8% from a year earlier, though Chief Financial Officer Marianne Lake said this still represents a deceleration.

At Citigroup, loans grew by 8% from a year earlier in its global consumer operations and by 3% at its corporate bank.

One explanation for weakening loan growth could be that companies are raising money in capital markets instead of borrowing from banks. Ms. Lake said capital markets were "wide open." She also said there were fewer big, debt-financed M&A deals in the first quarter, which could have contributed some "noise" to the Fed's data.

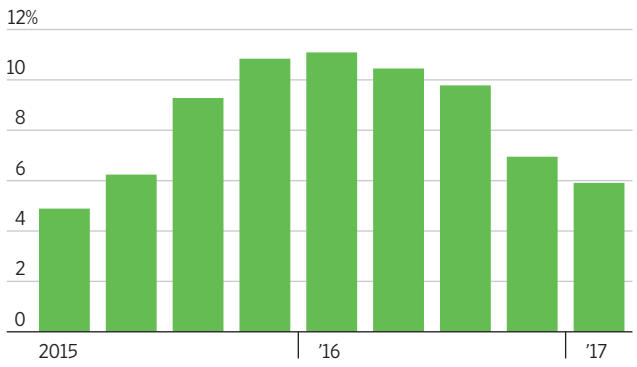
J.P. Morgan Chief Executive James Dimon cited other factors as well for the slowdown, including higher mortgage rates and slowing auto sales. But he told analysts not to overreact and expressed confidence in the overall economic picture in the U.S.

Wells Fargo, which acts more like a regional bank because it lacks a big investment-banking operation, said the slowdown is an industry trend. The bank said growth of average quarterly loans slowed to 4% in the first quarter from 6% in the fourth quarter. The company cited a number of factors, including declining mortgages and the bank's own tightening of standards in auto loans. Costs are still rising as the company tries to dig its way out of the sales-scandal mess.

Citigroup and J.P. Morgan both got big boosts from equity and debt underwriting. Wells Fargo was the loser of the day, and it is also the most expensive of the three, trading at 1.5 times book value. The outlook for banking shares overall remains positive, but there is no compelling reason to hold this one. —*Aaron Back*

Foot Off the Pedal

J.P. Morgan Chase total net loans, growth from year earlier



Source: the company
THE WALL STREET JOURNAL

OVERHEARD

When you wish upon a star, anything your heart desires will come to you.

That classic **Disney** line evidently has a following beyond fans of the movie "Pinocchio."

Analysts at RBC Capital Markets said in a note Thursday that **Apple** might make a bid to acquire Disney if a cash repatriation holiday emerges as part of a tax deal in Washington.

The RBC analysts calculate that Apple could pay a 40% premium to Disney's current share price and still give Apple's earnings a boost of more than 15%.

Of course, Apple has never done a deal larger than its $3 billion acquisition of Beats Inc. in 2014. Disney boasts a market value of about $180 billion.

As such, the odds are low, the analysts concede, but the probability of such a deal is "greater than 0%."

At least some investors still appreciate a good fairy tale: Disney shares were 1% higher in morning trading.

Vote Won't Fix Trouble With Turkey

Turkey stands at a political crossroads in Sunday's constitutional referendum. Whether it marks a turning point for the emerging-markets problem child is another matter.

Polls show the outcome of the Turkish vote on a new draft constitution which could dramatically increase the powers of President Recep Tayyip Erdogan as too close to call. A "yes" vote would create some political certainty but would do so by further entrenching Mr. Erdogan's grip on power. It could also cause further complications for Turkey's central bank and its attempts to manage high inflation and a large current-account deficit.

The Turkish lira is down 50% against the dollar over the past five years. In the short term, however, a yes vote would likely buoy the lira by reducing political uncertainty; a "no" vote would probably send the currency lower by opening up the prospect of fresh elections.

The question for investors will be whether either outcome brings a greater focus on some of the country's financial vulnerabilities.

The other key for the currency will be central-bank policy. Inflation hit 11.3% in March, and so far the central bank, which has faced repeated political calls to keep rates low, has relied heavily on liquidity measures to tighten policy. The lira has stabilized somewhat in the run-up to the referendum but is still down 3% against the dollar this year.

The lira is oversold—Oxford Economics pegs it at 17% below its 20-year real effective exchange rate average. But unless Sunday's referendum is followed by serious efforts to address Turkey's economic problems, betting on a turnaround looks risky.

—*Richard Barley*

Back to the Chinese Boom Years in Luxury? It Isn't Likely

China is going wild for luxury handbags—again—but investors should be wary of partying like it's 2010.

First-quarter results this week from bellwether **LVMH** beat all forecasts, led by Chinese consumers, whose spending increased by a "strong double-digit" rate both on the Chinese mainland and in travel hot spots elsewhere. Sales were up 20% in LVMH's Asian business, which excludes Japan, and 14% in Europe.

Even laggard **Prada** is feeling the glow of the Chinese market. Sales fell 9% at constant exchange rates during the 12 months through January, the Italian handbag brand reported this week. Yet the growth number turned positive in January, thanks to a rebound in China, and management said the trend continues.

There are echoes of 2010 in today's macroeconomic environment: Chinese stimulus seems to have shaken global demand out of its funk—and handbag sales with it.

But investors hoping for a revival of the old boom may be disappointed. Luxury sales in China used to be fueled by corrupt gift-giving and extravagant store rollout programs. Neither seems likely to boost growth this time around: President Xi Jinping's antibribery rules remain in place and luxury groups have planted retail flags throughout the Middle Kingdom. The recovery may also throw up surprises, as Chinese tastes, which are increasingly influenced by social media, mature in unpredictable directions.

LVMH's strong numbers partly reflect a dismal base of comparison. A year ago the travel market was reeling from terrorist attacks in Paris and Brussels, while Chinese spending at home had yet to recover from the renminbi devaluation in August 2015 that prompted President Donald Trump's "currency manipulator" claims. Confidence turned last summer, making the numbers harder to lap with such *élan* in the second half.

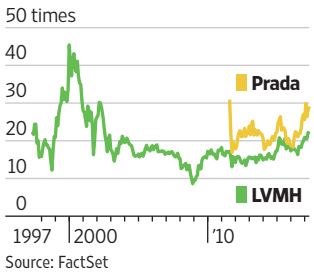
Investors now have bubbly expectations. Shares in LVMH have risen 28% over the past six months and now change hands at 22 times prospective earnings—the highest multiple since the dot-com era. Even LVMH Chairman Bernard Arnault said they were too expensive for buybacks at the annual results.

Prada's tightly held shares are even dearer, at 29 times earnings—the highest since its overpriced Hong Kong initial public offering in 2011.

It is hard to reconcile these multiples with the "new normal" of lower growth most in the industry expect. Those with cash to deploy are better off waiting for a fresh bout of nervousness. —*Stephen Wilmot*

Bubbly

Forward price/earnings ratios



Source: FactSet
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A Rotterdam penthouse with hotel-style amenities—including a minibar **M3**

MANSION

'Patience is the art of hoping.'
—French writer Luc de Clapiers

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THE WALL STREET JOURNAL.

BOB O'CONNOR FOR THE WALL STREET JOURNAL (2)

A WAITING GAME The South Kingstown, R.I., home of Pete Parisette and his mother. Although he was told he could do a fast deal with a $1 million price, Mr. Parisette asked $1.8 million for the 3,843-square-foot home in June, citing other local sales. He then relisted it in September for $1.575 million. The election and the winter delayed a sale, he said, but now he is hopeful he will get offers.

For Sale...For Years

The more expensive the home, the more likely it is to sit. Wealthy sellers say they can afford to wait, though some say it is a bad idea; hiring a 'stale' listing specialist.

KIM RAFF FOR THE WALL STREET JOURNAL (2)

TAKING MY TIME Don Greenwood has been trying to sell this ski home in Utah's Deer Valley Resort since August 2015. First seeking $11.5 million, the home is now asking $10.9 million. Mr. Greenwood says waiting for a buyer is no problem as his three children and 13 grandchildren use the home, he has no debt on the house, his property taxes are manageable and showings aren't an inconvenience.

BY LEIGH KAMPING-CARDER

IT TOOK ARTIST Don Greenwood about 20 minutes to decide to buy his Park City, Utah, vacation home. So far, he has spent about a year and a half trying to sell it.

Mr. Greenwood, 80, and his wife, Ginny, no longer ski, so they want to buy a beach house closer to their home in San Diego. They first listed the 8,825-square-foot home—which sits on the mountain in the Bald Eagle Estates neighborhood of Deer Valley Resort—in August 2015 for $11.5 million. It is now asking $10.9 million.

Mr. Greenwood may have a difficult time selling at that price because of the competition from newly built properties in the area, said Carol Agle of Berkshire Hathaway HomeServices Utah Properties, who isn't affiliated with the listing. "We believe that it's priced at the market," said Mr. Greenwood, who paid $4.4 million for the property in 2009 and said he rebuilt the house.

Meanwhile, Mr. Greenwood said playing the waiting game is fine with him. His three children and 13 grandchildren use the home, he has no debt on the house, his property taxes are manageable and showings aren't an inconvenience.

When the high-end market soared in 2014 and 2015, many ultraluxury sellers listed their homes for top-end prices, only to find their properties sitting when the market slowed last year. In response, many sellers cut their prices to more real-

Please turn to page M4

HOUSE CALL | JOHN WATERS

A CHILDHOOD HOME THAT WAS DIVINE

The 'Hairspray' director used his family's suburban Baltimore house as a movie studio.

John Waters, 70, is a director and screenwriter whose films include "Pink Flamingos," "Serial Mom" and "Hairspray," which became a Broadway musical and won eight Tony Awards. He is the author of seven books, including "Make Trouble" (Algonquin). He spoke with Marc Myers.

I was born two months early. From the start, my parents were perplexed by me and probably a little scared. They were always supportive of my eccentricity and underground film aspirations, even though they often were mortified by the results. After seeing one of my films, my father said to me, "It was funny, but I hope I never see it again."

After I was born, we lived in Baltimore for a couple of years before moving to Clark Avenue in Lutherville, about 20 minutes north of the city. When I was in my early teens, we moved into a larger two story, eight-bedroom Victorian house on Morris Avenue. The house was known as Oak Grove and was among the oldest residences in Lutherville. By the time we moved in, I had two younger sisters and a younger brother. My parents let me decorate my bedroom. I turned it into a beatnik pad, hanging up my bad abstract paintings and Marisol rip-off sculptures.

Lutherville was still the country then—before the city's Beltway was built, developments went up and suburbia arrived. My father, John Sr., started a commercial fire extinguisher, sprinkler and fire-alarm business. It was located in a blue-collar neighborhood on Fawcett Street, which was pretty funny, since

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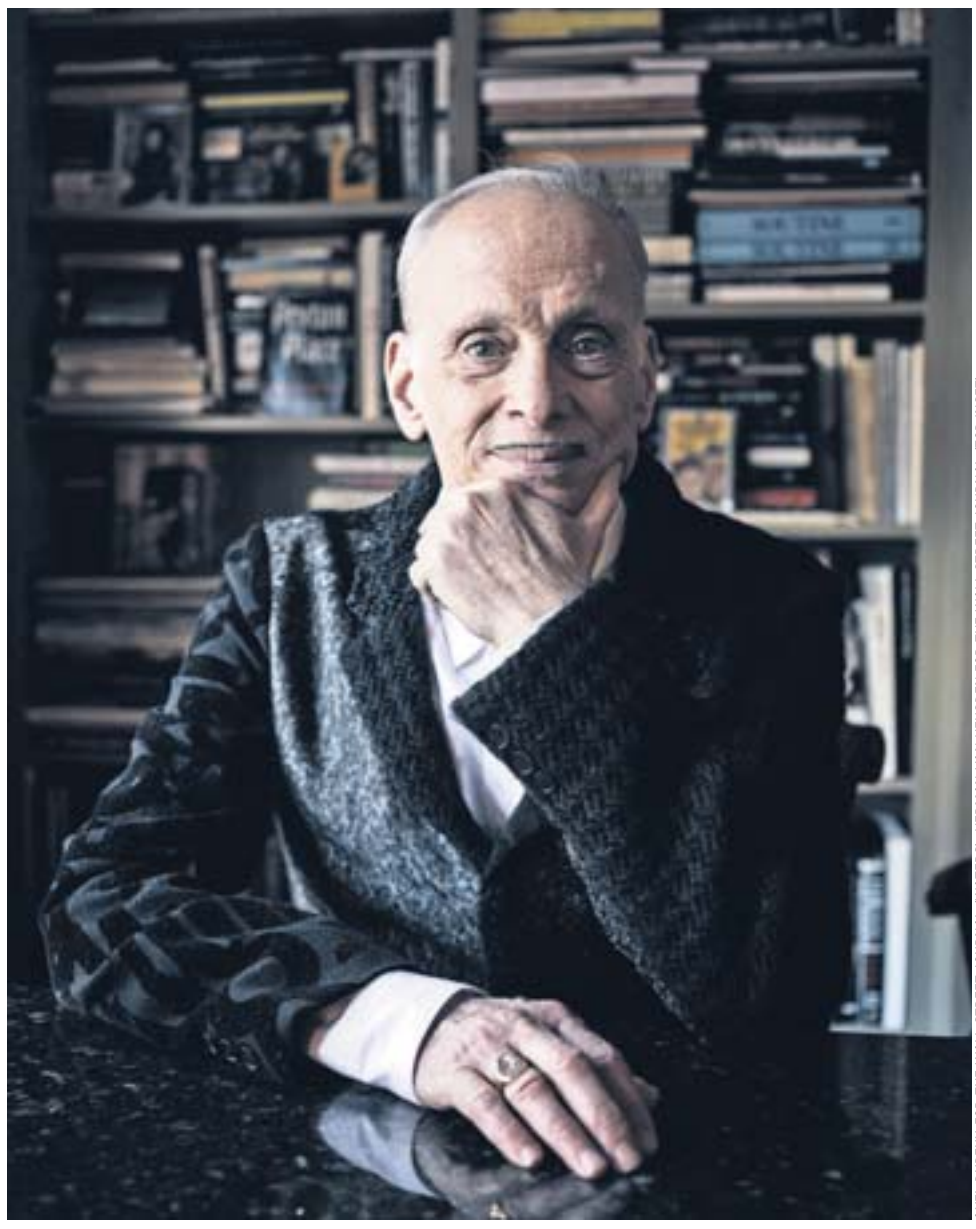

AXEL DUPEUX FOR THE WALL STREET JOURNAL (WATERS); HERMAN VAN HEUSDEN FOR THE WALL STREET JOURNAL (TOP INSET)

FLAMINGO KID John Waters in his New York apartment. His primary residence, studio and offices are in Baltimore, where he describes his property as 'the-Addams-Family-meets-Tuscany.'

INSIDE

$40 MILLION
An Aspen estate hits the market **M2**

HIP NEIGHBORS
Artists in residence at luxe developments **M5**

TOP REMODELERS
Where renovations are most expensive **M8**

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PRIVATE PROPERTIES | CANDACE TAYLOR

Aspen Estate Asks $40 Million

A roughly 450-acre swath of land atop Aspen Mountain in Colorado is listing for $40 million.

Adjacent to the Aspen Snowmass ski resort, the property includes much of the southwest face of Aspen Mountain, according to Joshua Saslove of Douglas Elliman Real Estate, who has the listing with colleague Max Taam. No mansion though: There is a 1,000-square-foot, two-bedroom recreational cabin, reachable by skis, snowcat or snowmobile. (The cabin can also be accessed by car at certain times of the year.) The property also contains a number of former mining cabins that are currently rented out.

While a new owner could build more cabins of 1,000 square feet each, the area is zoned "rural and remote," which prohibits building larger houses, Mr. Saslove said.

The property is known for a 2014 wedding held there for the daughter of Goldman Sachs alum Robert K. Steel, which led to an outcry from neighbors and the county, according to Cindy Houben, community development director for Pitkin County.

A number of large structures were built for the wedding, leaving exposed earth that had to be repaired, she said. Shortly after the wedding, Pitkin County passed an emergency ordinance banning any party tents more than 1,000 square feet in rural and remote areas, she said.

John W. Miller, who owns the property with partners, said the property has since been restored. "The next year you couldn't even tell they'd been there," he said.

A retired businessman originally from Indiana, Mr. Miller, 86, said he is selling because he no longer wants the responsibility of caring for the large property. "My family has enjoyed it for years," he said. "Now it's time to move on."

CHARLES LINDBERGH'S CONNECTICUT COTTAGE LISTS

A modest cottage on the Connecticut waterfront that was owned for years by aviator Charles Lindbergh is on the market for $8.75 million.

Known as Tellina, the four-bedroom, three-bathroom cottage sits on roughly 3 acres overlooking Scott's Cove, an offshoot of Long Island Sound. Measuring about 1,500 square feet, the house is located in Tokeneke, a private association in Darien.

Mr. Lindbergh and his wife, writer Anne Morrow Lindbergh, bought a roughly 4½-acre parcel in Tokeneke in the 1940s. They raised their children in a large house on the site, and then in the early 1960s decided to build the cottage and subdivide the property, selling off the larger home. Owner Mark Maybell lives in the couple's first house, and when Tellina became available in the early 2000s after Mrs. Lindbergh's death, he decided to buy it from the estate, paying about $5.85 million.

Mr. Lindbergh became famous for his solo trans-Atlantic flight between New York and Paris in 1927, and his son's kidnapping from the family's New Jersey home in 1932 made headlines.

Mr. Lindbergh and his wife were drawn to Tokeneke after World War II in part because of the area's quiet and seclusion, their daughter Reeve Lindbergh said. Mr. Lindbergh was "very concerned about security," said Mr. Maybell, noting that when he bought the cottage, every interior door had a lock on it.

For the past few years Mr. Maybell, a retired investment banker, rented Tellina out for around $9,000 per month. He said he's selling the property because his family doesn't use it.

Becky Munro of Halstead Property, who has the listing with colleague Julie Bauer and Doug Milne of Houlihan Lawrence, said homes in Tokeneke range from about $2 million up. She said a buyer will likely build a new house on a higher point to take advantage of the views.

FLORIDA TEARDOWN FOR SALE

Real-estate developer Jackie Soffer is flipping a Miami-area teardown for $29.5 million, asking more than double what she paid for it in 2007.

The home is located on a nearly 2-acre waterfront lot on gated Indian Creek Island. The property is adjacent to the Indian Creek Country Club golf course, and plans have been approved for a private dock on Biscayne Bay.

The house, built in the 1940s and measuring about 6,400 square feet, is relatively modest and will likely be torn down, said Mirce Curkoski of ONE Sotheby's International Realty, who has the listing with colleagues Alexa Eve Iacovelli and Albert Justo.

Ms. Soffer bought the Indian Creek home through a trust for $11.5 million in 2007, according to public records. She is one of the co-owners of South Florida-based real-estate developer Turnberry Associates with family members. Turnberry's recent projects include Turnberry Ocean Club Residences, in Sunny Isles Beach, Fla. Ms. Soffer bought the house as an investment and doesn't live there, a spokesperson said.

Indian Creek is home to some of the Miami area's priciest real estate. In 2012 a home there sold for $47 million, setting a record for Miami-Dade County.

CLOCKWISE FROM TOP LEFT: DOUGLAS ELLIMAN (2); FELIPE ARIANO; HALSTEAD CONNECTICUT, LLC

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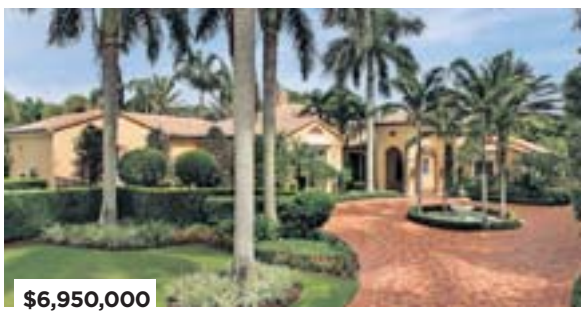
$7,500,000
One-Acre Custom Estate Model Home with Golf Course Views
6 Bedrooms, 6 Full and 2 Half Baths, 5-Car Garage, 9,187 A/C Sq. Ft.


$6,950,000
One-Acre Custom Estate Home with Golf Course Views
6 Bedrooms, 8 Full and 1 Half Baths, 4-Car Garage, 8,022 A/C Sq. Ft.

$9,900,000
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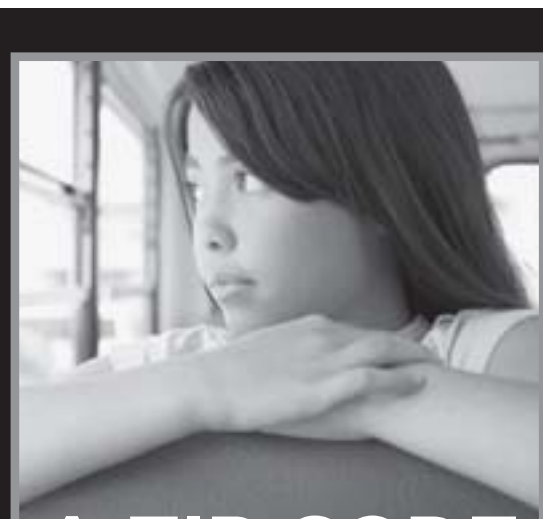

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BALANCE SHEET

A Penthouse With the Comforts of a Hotel

A frequent traveler renovates a 3,200-square-foot Rotterdam duplex; a minibar in the master suite

BY J.S. MARCUS

CITY'S CENTER Clockwise from left: Øyvind Wathne in his new waterfront penthouse; the open upper floor; a cloakroom created from the former kitchen; a view of the Erasmus Bridge; throw pillows on a Vitra chair.

ROTTERDAM INVESTOR Øyvind Wathne had one unusual request when he was remodeling his new penthouse two years ago: a minibar in his master suite.

"Because I travel so much, I feel at home in hotels," explains Mr. Wathne, who invests in the oil-and-gas industry. "I wanted the comfort of a minibar."

Mr. Wathne bought the 3,200-square-foot duplex in early 2015 for $1.3 million. He had been renting in the city for a decade and was ready to splurge on a home.

He was looking for a lot more space. "I really wanted to buy an apartment as big as a house," says the 47-year-old, a native of Norway who has lived in the Netherlands since he was a child.

His rented home was a 1,600-square-foot apartment in the city's Scheepvaartkwartier area. He found the home he wanted just around the corner in the same waterfront neighborhood, which is marked by 19th-century low-rises and 21st-century high-rises.

The nine-story building he chose was completed in 2000. His penthouse has a prime riverbank location on the city's inner harbor, with a view of Rotterdam's 20-year-old landmark: the swan-like Erasmus Bridge.

After buying the penthouse, he embarked on a $700,000 makeover with the help of a friend, interior designer Linda Lagrand, another Dutch-based Norwegian.

The previous owner had a taste for bling. "The marble floors were pink," says Mr. Wathne of the original kitchen and bathrooms.

And there was cherrywood everywhere, he adds, so the apartment would remind its yacht-loving owner of the deck of a boat. "I could see it was well-done," Mr. Wathne says, "but it wasn't my taste."

He got rid of the pink, opting instead for greenish-gray marble floors, and knocked down walls on both levels. "I like open spaces," he says.

The new two-bedroom, 2½-bathroom layout includes an open-plan top floor that has living, dining and cooking areas—all benefiting from simultaneous eastern and western exposures.

On the lower floor, Mr. Wathne created a guest room, a home gym and the self-contained master suite, featuring a bathroom with a steam bath and a $43,000, made-to-order marble tub.

Mr. Wathne's penchant for open spaces extends to his walk-in closet, which is outfitted with hanging shelves and doors from Italy's Rimadesio costing $43,000.

The two full bathrooms and guest bath show off Mr. Wathne's restrained approach to luxury. He replaced the previous owner's golden taps with sculptural faucets from Denmark's Vola, makers of high-end minimalist plumbing. He spent $26,000 just on the toilets, imported from Japan, which warm up, wash and dry occupants.

Mr. Wathne's home also shows his ties to Norway, where he spends summers and weekends in a house on the southwest coast near Stavanger. His Rotterdam apartment has several Scandinavian touches, including a pair of Artichoke lamps—Midcentury Modern icons from Danish designer Poul Henningsen—over the dining room table.

Spurred on by Ms. Lagrand, he was open to variations. Instead of the classic white Artichokes, he opted for copper. White versions of the lamps "would have been too officelike," Ms. Lagrand says.

Downstairs, an IKEA sofa bed in the guest bedroom gets an upgrade with throw pillows covered with Hermès fabrics.

Ms. Lagrand came up with plans to tweak other classic designs. An upstairs transitional space near the stairwell is now a setting for customized, olive-green versions of leather Eames lounge chairs, and the Bulthaup kitchen has atypical solid-walnut cabinets.

She instigated another upholstery spree upstairs in the dining room, where a massive, hardwood table, covered in epoxy, is surrounded by chairs with two kinds of high-end coverings. Each of the chairs cost nearly $2,000—about one-third more than what they would have cost with ordinary upholstery, she says. The dining table alone cost about $16,000.

In addition to investing in the energy sector, Mr. Wathne also invests in art. Ms. Lagrand had an idea to conceal the heating and ventilation system behind a new vestibule in the foyer. Later, the space proved an ideal spot to exhibit another recent splurge—an Edvard Munch self-portrait that Mr. Wathne picked up last year in Norway.

Another investment: vintage Ferraris and Porsches. He keeps them in a nearby Rotterdam garage, but he will soon relocate them to his latest real-estate purchase—an English country house west of London.

In the future, he says, he plans to spend about one week a month in Rotterdam, and the rest of his time in the U.K. and Norway.

Mr. Wathne's east-facing terraces overlook the heart of Rotterdam's growing skyline, and the buildings light up at dusk. He may have disposed of his home's previous shade of marble, but "when the sun goes down," he says, "the whole other side of the river goes pink."

KEY COSTS

Bathrooms	$74,000
Kitchen	$90,000
Flooring	$63,500
Heating/Cooling	$26,500
Woodwork	$42,000
Minibar, bedroom	$4,200
Gym	$22,200
Window treatments	$26,500
Wallpaper	$16,000
TV/sound system	$32,000
Lighting	$37,000

HERMAN VAN HEUSDEN FOR THE WALL STREET JOURNAL (6)

MASTER SUITE The bathroom in the master suite has a custom marble tub that cost $43,000.

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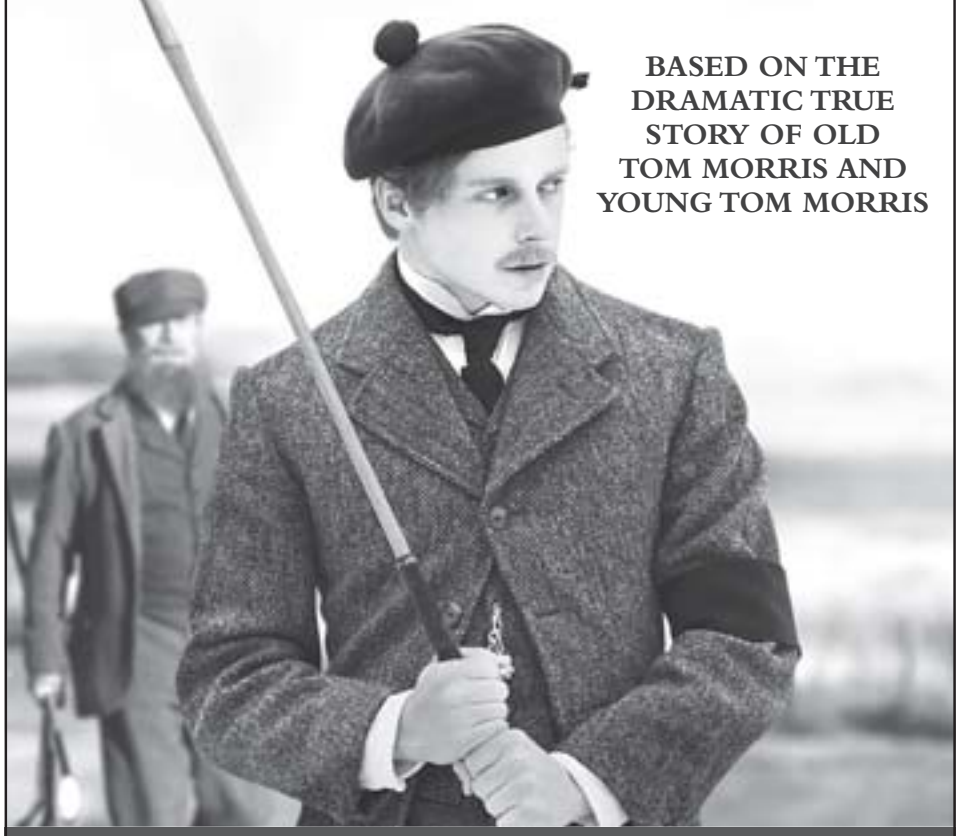

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FOR SALE... ...FOR YEARS

Continued from page M1

istic numbers, aiming for a quick deal.

Not the holdouts. These are the sellers willing to spend months, if not years, waiting to sign a contract. Some own multiple homes; others have done the math and concluded it is financially and personally beneficial to wait (and wait) to strike a deal. "In most cases my sellers don't have to sell," said Mr. Greenwood's agent, Ann MacQuoid of Berkshire Hathaway HomeServices.

The more expensive the home, the more likely it is to sit: Homes in the highest price bracket spent a median 134 days on market, versus 100 days for luxury homes overall and 53 days for the typical home, according to Realtor.com, which examined the priciest 10% of 44,000 listings in the 20 largest U.S. metro areas in February. About 9.5% of luxury homes spent more than a year on the market. (News Corp., owner of the Wall Street Journal, also operates Realtor.com under license from the National Association of Realtors.)

Real-estate agents warn that holding out is usually a bad idea. Testing the market, or listing at an eye-popping number in the off-chance a buyer materializes, often means missing out on buyers who would have been interested if the property were priced correctly, as well as wasting the most important window of time to appeal to them, said Samantha DeBianchi, founder of Fort Lauderdale, Fla.-based DeBianchi Real Estate. "The first 30 days are everything."

Agents particularly note that buyers can be wary of "stale" listings, assuming something is wrong with the home or lowballing the seller, believing they can get a bargain. According to a report from Concierge Auctions, which examined the 10 priciest sales in 27 high-end housing markets using public property records and multiple-listing service data, homes that took longer than 180 days to sell spent an average 774 days on market and fetched 77% of their original list price. Homes that spent under 180 days on market sold in an average of 80 days for 93% of the initial price.

There are a few reasons why higher-end homes tend to sit around longer. Fewer comparable sales make it more difficult to value them. High-end buyers, too, can afford to take their time, since they are more likely to be making discretionary home purchases. Some homes fail to sell because of a major flaw—a funky layout, undesirable location or idiosyncratic décor.

The most common reason a home sits is a too-high price. Wealthy sellers can often afford to be more stubborn. Some agents acquiesce to unrealistic asking prices just to get a listing, hoping to later convince the seller to drop the price. Meanwhile, the home languishes.

Frank Sciame, 65, is one well-known holdout. The real-estate developer made headlines when he relisted two homes in Old Saybrook, Conn., including Katharine Hepburn's longtime retreat.

Mr. Sciame bought Ms. Hepburn's 3½-acre property for $6 million in 2004, a year after she died, and divided it into three lots. He first listed the three properties for a total of $28 million in 2011. Since then, he has listed them off and on at different prices. He built a beach house on one of the lots in 2015. The main house is now asking $11.8 million; the beach house, $5.88 million. (He will keep the third lot.)

The price is likely relying on the Hepburn name and still too high, said Joel Lucas of Coldwell Banker Residential Brokerage, given the competition for high-end buyers from the Hamptons and other parts of the New England coast. Listing agent Colette Harron of William Pitt Sotheby's International Realty said the town has appraised the main house at $11.1888 million, and Mr. Sciame has received an offer higher than the current asking price. "But they were not ready to sell," she said. "Now they are ready to sell."

John Walton and Stacy Demcher of Keller Williams Jersey Shore specialize in "expired listings" that have failed to sell. For an expired listing, Mr. Walton said he typically adjusts the price, rewrites the copy and takes new photographs. Some agents will delist a home for a short period to reset the days-on-market number.

Pete Parisette moved to his family's South Kingstown, R.I., home 11 years ago to look after his mother, now 88, after his father died. The owner of an exotic-wood-veneer firm, Mr. Parisette travels for work, and the home is too much for his mother, who has health concerns.

Although he said that an agent told him he could do a fast deal with a $1 million price, he asked $1.8 million for the 3,843-square-foot home in June, citing other local sales. After a refinancing, he relisted it in September for $1.575 million. The election and the winter delayed a sale, he said, but now he is hopeful he will get offers.

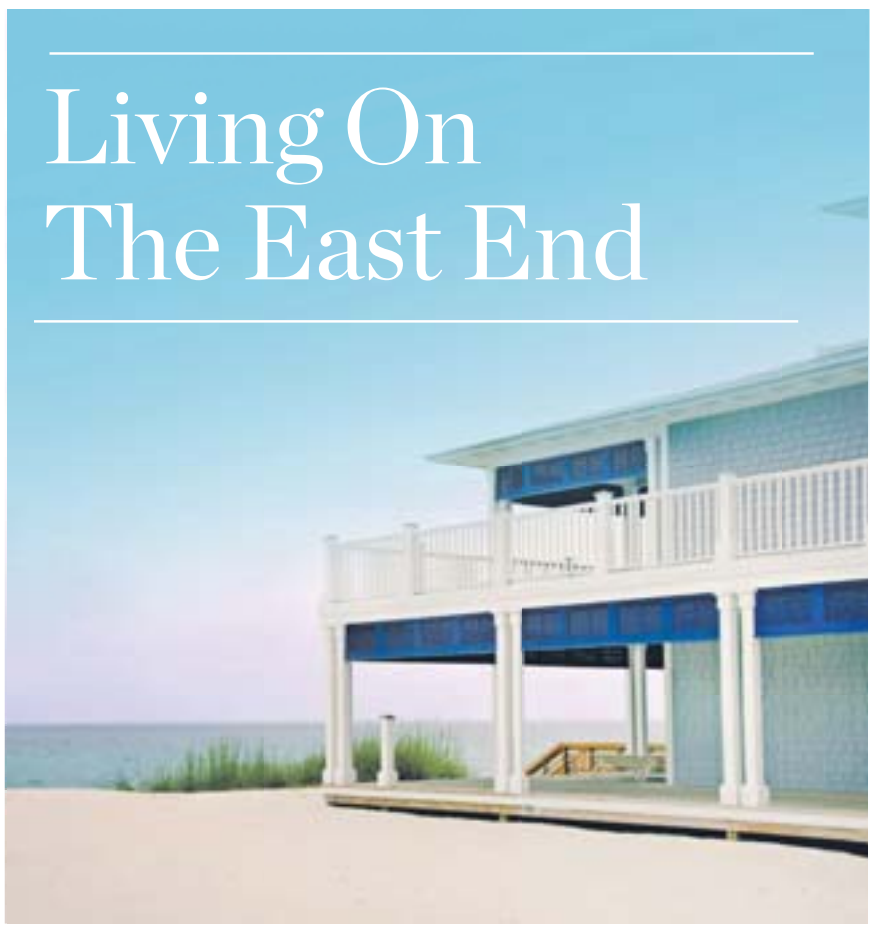
BOB O'CONNOR FOR THE WALL STREET JOURNAL (2)

LOOKOUT 'We have been serious since a year ago, maybe more,' said Pete Parisette, above, at his home.

KIM RAFF FOR THE WALL STREET JOURNAL (3)

MAKING DO Don Greenwood said family members use the Utah home; grandchildren Bryce Bringhurst, right, and Kim Bringhurst, top right.

Living On The East End



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Issue Date: 6/9 | Close Date: 4/28 | Section: Greater New York

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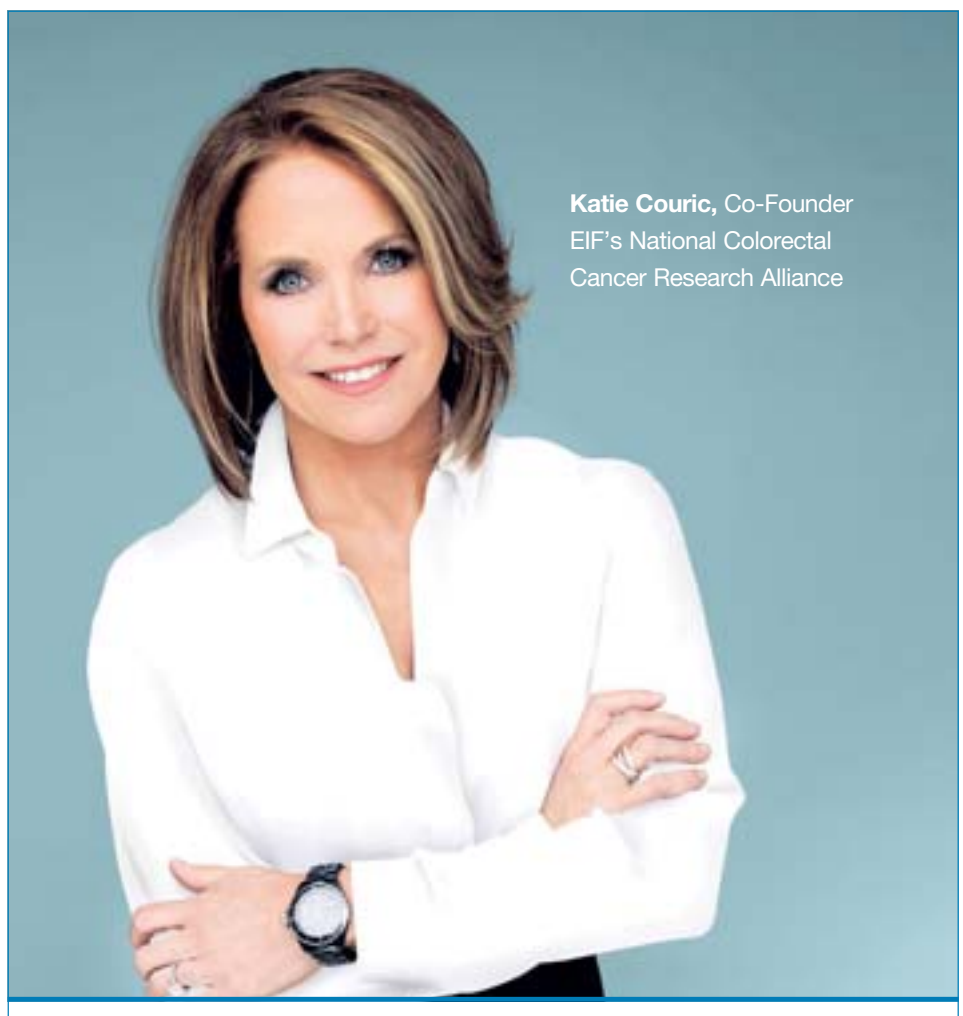

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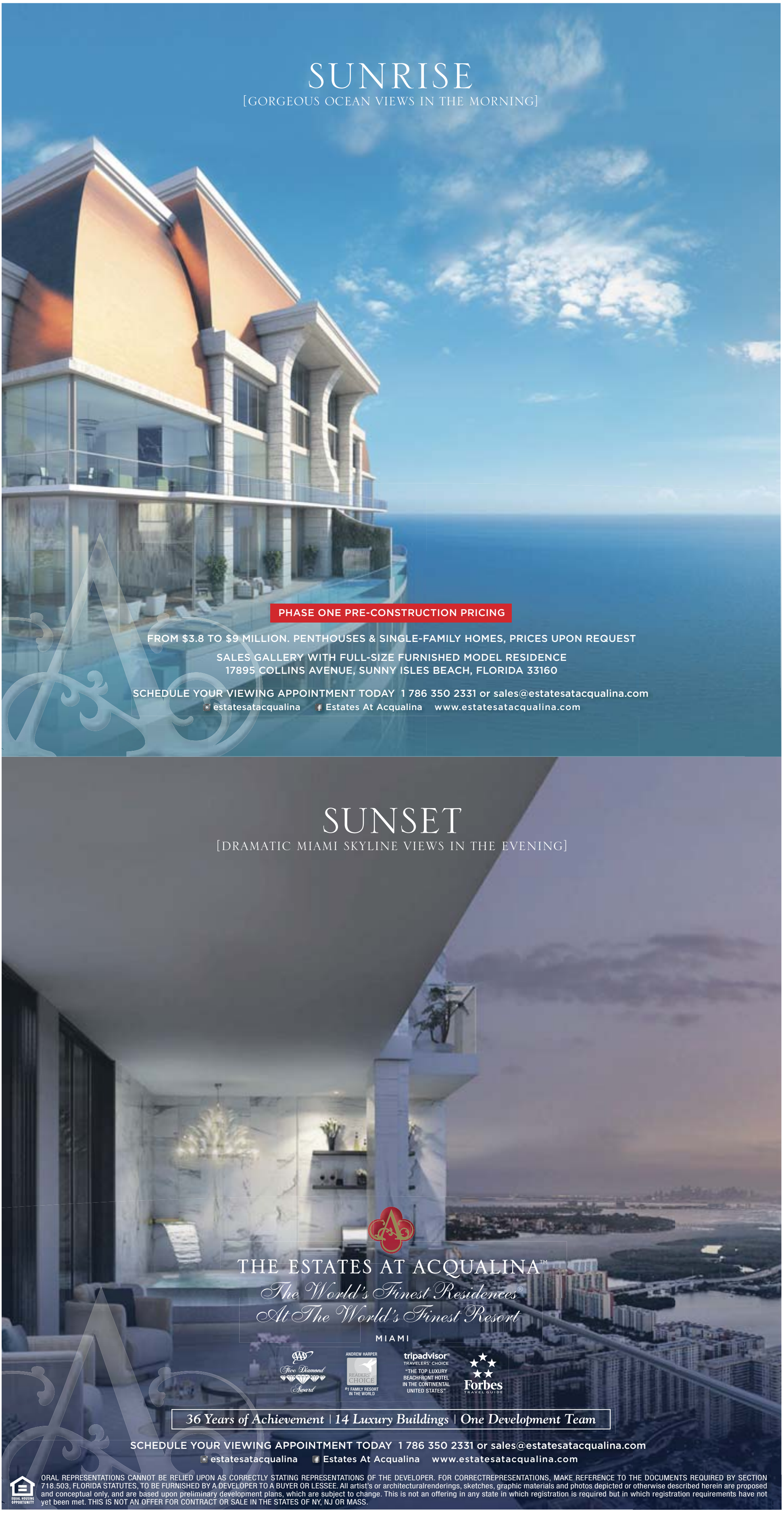

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Our top 10, left to right: Lisa Larson, Herbert Chou, Wendy Arriz, Bonnie Chajet, Gabriel Leibowitz, Elizabeth O'Neill, Claire Groome, Rachel Lustbader, Wendy Greenbaum, and Jason Haber. Shot on location at 441 W. 21st St., represented exclusively by Warburg Realty.

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THE TRADE

Your Own Artist In Residence

Luxury developments try to lure a few select creative types with lower rents—pitching cool people as an amenity

BY KATY MCLAUGHLIN

IT IS THE ART SCENE PARADOX: As a neighborhood or city known for its creative community becomes trendy, the artists who made it that way can often no longer afford to live there.

Several developers are now trying to solve the paradox by offering artists cheap, or even free, rent. The idea is to seed their buildings with the kinds of creative people who make places cool—and turn their presence in the buildings into an amenity.

In February, Magellan Development Group in Chicago announced artist-in-residence contests at two new rental buildings, the SoBro in Nashville and Exhibit on Superior in Chicago.

The SoBro is close to downtown in a city known for live music, while Exhibit is located in River North, a neighborhood famous for galleries. The contests, advertised on flyers in coffee shops and bars as well as through local music schools, asked musicians to upload one-minute videos by late March in Chicago and by early April in Nashville.

About 30 musicians have applied to each contest; the developers will select three to six semifinalists. Later this month, each building will host a live contest a la "America's Got Talent" where residents will vote for whom they want to become their "artist in residence." The winner will get a year of free rent in either a studio or small one bedroom, valued at roughly $1,850 a month at the SoBro and $2,200 a month at the Exhibit.

Future Magellan buildings might include chefs, painters, sculptors or personal trainers, who, like the SoBro and Exhibit winners, will be required to perform and offer classes or services to residents, said Jim Losik, national marketing director for Magellan. New buildings typically have vacancies in the first year, so the amenity is essentially free for the developer, Mr. Losik said.

The company contemplated whether an artist might feel awkwardly on display for wealthier neighbors, Mr. Losik said. But ultimately it decided that a musician would welcome a ready-made audience. "It isn't like we put them in a cage certain days and hours. It's very flexible," he added.

Residential construction in downtown Los Angeles is booming and developers are competing for young, artsy types who might be attracted to inner-city living.

Olive DTLA, a 293-unit building where rents range from about $2,000 to $4,100 a month, began hunting in early March for a Los Angeles-based visual artist for its artist-in-residence program.

Applicants will be winnowed down by a panel of judges—most from arts organizations and one from Scottsdale, Ariz.-based developer the Wolff Company—to three finalists April 24, with a final winner chosen May 18. The winner gets six months rent-free in a one-bedroom loft (market price: $2,500 a month). The prize also includes $2,000 a month for art supplies to support events for residents and space on building walls to display their work. So far, over 100 artists have applied.

The program "helps create authenticity," said Amber Huntley-Ruiz, director of marketing. "What really makes a building stand out in the market is the intangibles, the personality and sense of community."

In London, when 42-story Manhattan Loft Gardens is completed in 2018, developer Harry Handelsman said most units will be condominium sales, from about $625,000 for a studio up to $19 million for a penthouse. But he wants "to hold back at least 100 for myself," to rent to artists and other creative people at below market rates. "I don't know where the prices are yet."

Choosing the right creative people for the building is something of an art in itself: "I want to curate the building with people who might be beneficial for the building who might not be able to afford it," said Mr. Handelsman.

MAGELLAN DEVELOPMENT GROUP

TALENT SHOW SoBro in Nashville is hosting a live-music contest—the winner gets a year of free rent.

THE WOLFF COMPANY (2)

COOL CONTEST In Los Angeles, Olive DTLA will give its winning 'artist in residence' six months rent-free in a unit plus $2,000 a month for art supplies.

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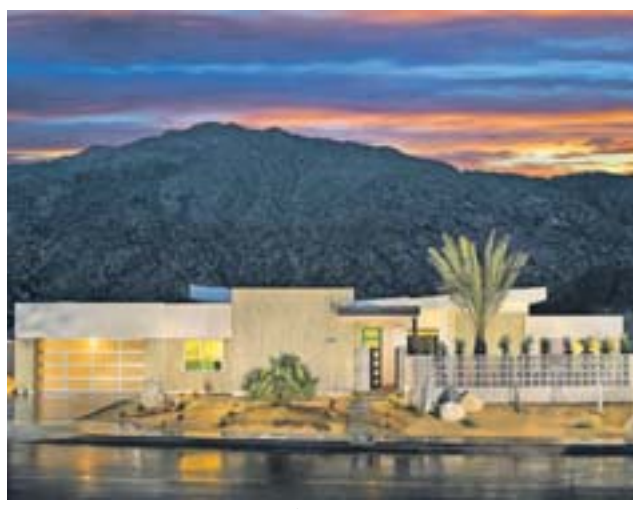

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SPREAD SHEET | STEFANOS CHEN

AMERICA'S TOP REMODELER

Rising home prices fuel high-end renovations in Houston; homeowners are confident they'll recoup costs when they sell

Everything's big in Texas—including home renovations.

Houston homeowners, with a median budget of $704,000, outspent remodelers in 74 other U.S. metro markets, according to an analysis of building permits for high-end projects.

In its analysis, BuildFax, a building-permit data company, tallied the top 10% most-expensive home remodeling permits issued between 2012 and 2016 in the 100 most populous U.S. metros. Some cities, such as New York and San Francisco, were omitted, because the municipalities either didn't provide project costs or didn't specify the type of work done.

"People are feeling really good about the city, and the amount of money they can put into their houses," said Stephen McNiel of Creative Property Restoration, a builder in Houston.

Several factors are fueling big-budget projects. First, a shortage of luxury listings in desirable parts of the city is driving up home prices. The average sale price of a luxury home in Houston was nearly $1.3 million in the first quarter of 2017, up 3.6% from the same period a year ago, said Chaille Ralph, president of Heritage Texas Properties. Faced with steep home prices, some homeowners find that it's more economical to renovate their current home with luxury amenities, Ms. Ralph explained.

Rising home prices give many remodelers the confidence to undertake big projects in the hopes they'll see a return on their investment, said Paul Emrath with the National Association of Home Builders.

Finally, much of the newer stock was built about 25 years ago, and is primed for a wave of remodeling, Ms. Ralph added.

In the River Oaks area of Houston, real-estate agent Mike Mahlstedt and his partner, Kyle Dutton, bought a 3,500-square-foot, 1940s home for about $1.2 million in 2014. A year later, the couple completed a $750,000 remodel that included a 500-bottle wine room and a custom kitchen with Brazilian soapstone. Mr. Mahlstedt, 40, says they never formally listed the home, but it's now under contract for close to their asking price of $2.15 million. "When I see opportunities, I jump on them," he said.

JASON HILL

Extreme Makeovers

A ranking of metro areas with the most-expensive remodeling projects between 2012 and 2016, based on data from building permits.

	NUMBER OF PERMITS	MEDIAN SPENT ON REMODELS
Houston	3,116	$704,000
Boston	111	$528,000
Pittsburgh	84	$385,000
Newark	303	$374,000
Jersey City	282	$374,000
Scottsdale, Ariz.	1,050	$352,350
Honolulu	322	$330,000
Oklahoma City	136	$318,100
Chicago	133	$286,000
Phoenix	570	$220,000

Note: Analysis covers the top 10% of expenditures in each metro area; New York and San Francisco excluded because of incomplete data.

Source: BuildFax

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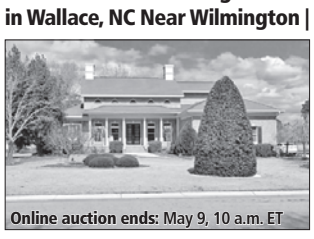

- 3,600± sq. ft., 4 bedroom home overlooking golf course's 15th fairway, with lovely pond view
- Elegant colonial has grand foyer soaring 20'±, gourmet kitchen with adjacent live-in quarters ideal for household staff, library, sunroom, deck
- Main-level master w/ luxurious bath suite
- Info: tranzon.com/FX4491

Online auction ends: May 9, 10 a.m. ET

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- Open living & dining area for family/guest activities, while the library provides seclusion and peace & quiet
- Info: tranzon.com/FX4490

Online auction ends: May 9, 11 a.m. ET
Note: Buyer will have option to purchase select items of the exquisite rugs, tapestries, & furniture.

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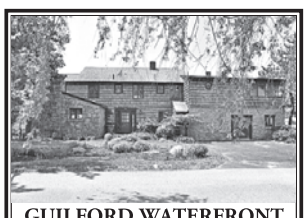

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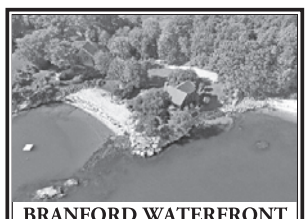

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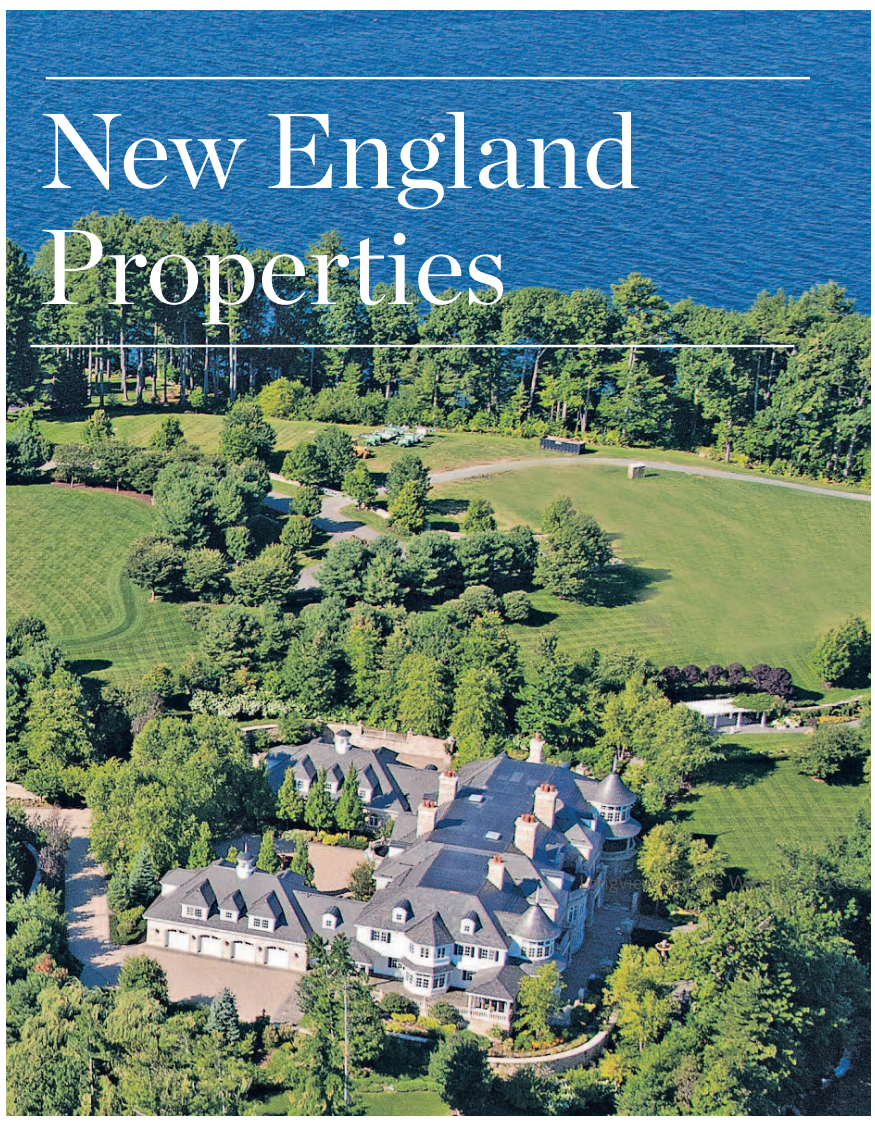

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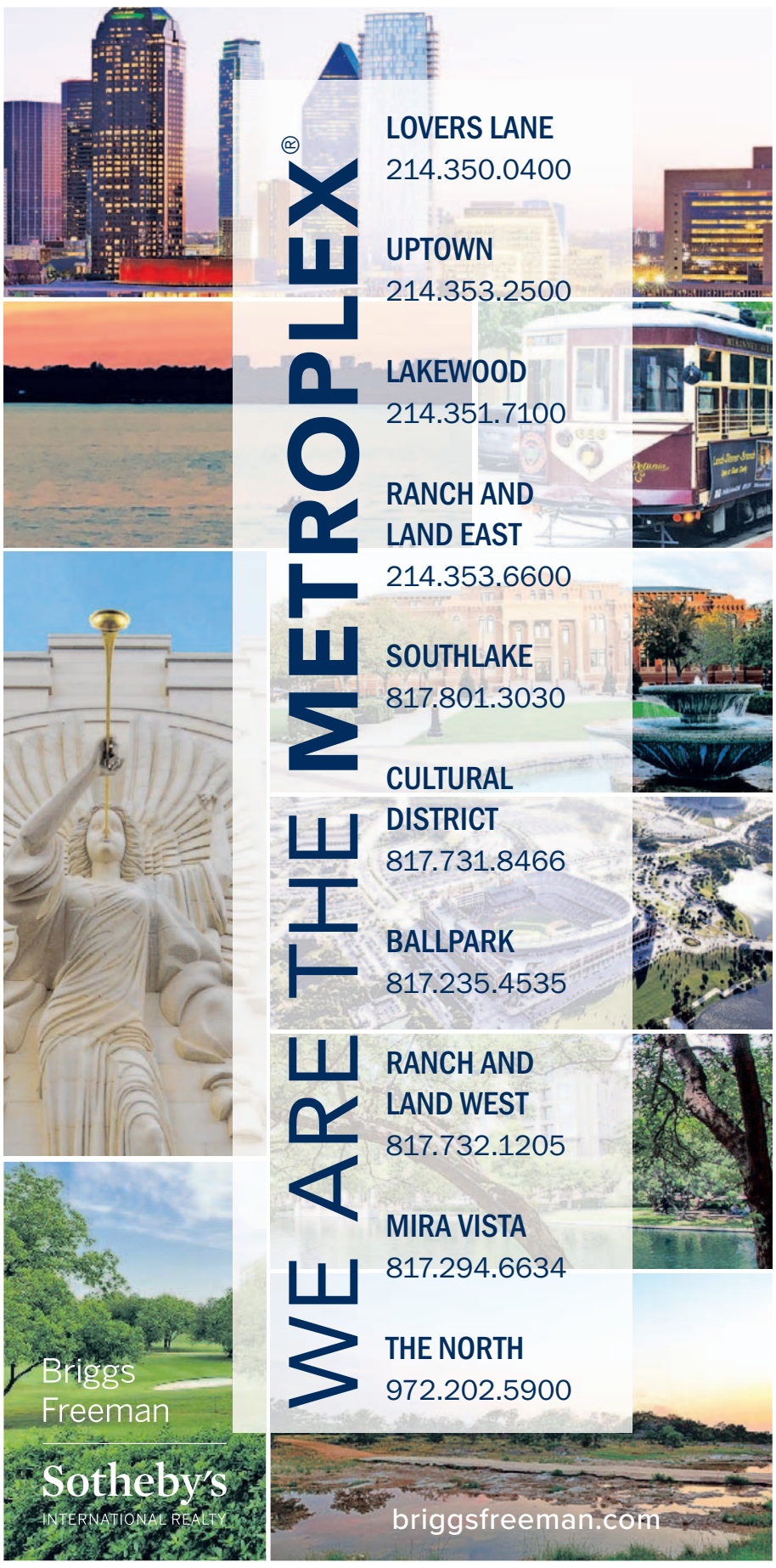

Real Estate Trends

Writing the Book on China

China is a very big deal.

No one knows it more than my son Ben, who has lived there for more than 10 years and is our executive vice president of international business. Ben has been a little busy: He has just published the authoritative guidebook about a very hot topic: *Chinese Institutions' Definitive Guide to USA Commercial Real Estate*. The book is in the Chinese language and packed with information: fundamentals, market opportunities in American gateway cities, important tax issues, joint ventures, closing the deals and more — even perspectives on why purchase US properties at all. He's got contributions from expert CEOs, brokers and analysts from all over the Sotheby's International Realty® network, including a chapter on Dallas and Fort Worth, one of the hottest spots on Chinese buyers' lists. (That one was written by yours truly.)

Ben is an expert on China. He knows the ins and outs — and that knowledge, and the knowledge of our expert colleagues, is on every page of the new book. Currently, it is available in the US for $15 on amazon.com and in China for 88 RMB on major Chinese online book retailers including dangdang.com and jd.com. The book tour kicks off on April 19 in New York City at 212 Fifth Avenue, the incredible Neo-Medieval limestone high-rise built in 1912, now renovated into 48 superluxury residences represented by Sotheby's International Realty®. (Come see us there from 6 to 8 pm.) Ben and various co-authors will then commence a multicity book tour, traveling to Dallas, Boston, Miami, Washington DC and more.

If you know anyone in China investing in American real estate — or thinking about it — the book is a must-read. The significance of Chinese investment in the US has expanded substantially in recent years. In North Texas, Briggs Freeman Sotheby's International Realty has a global network for buyers and a strong connection to the Chinese — who will sign the deeds on about $27 billion worth of US real estate this year.

That's a very big deal.

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MANSION

A CHILDHOOD HOME THAT WAS DIVINE

Continued from page M1
our last name was Waters.

My mother, Patricia, had this odd passion for Queen Elizabeth. She was the Queen of Lutherville in our minds, and I mean that in the nicest way. She taught me all the rules of good taste, which is why I have the career I have today. I wouldn't be doing this if I didn't know the rules to break.

Even then I identified with society's underside. Life magazine had corrupted me. Each week I'd read about junkies, Tennessee Williams, Greenwich Village and homosexuality. This was how I was radicalized.

The first magazine I subscribed to was Mad, my first rebellion. For a kid in suburbia, it was liberating because the '50s were horrible. The decade wasn't about doo-wop groups and Cadillacs. It was an uptight time of conformity, which is why rock 'n' roll exploded.

I worked at my father's business just once. I had bleached hair and turned the radio to the R&B stations. All the blue-collar guys who worked in the warehouse where I worked were amused. My father, however, was not and realized quickly that having me there probably wouldn't work out.

When I saw blue-collar America for the first time in the neighborhood around my father's business, I realized there was another world I was oddly attracted to. This wasn't the world my parents wanted me to live in. All the men there looked like Elvis. Where we lived they looked like Pat Boone.

Blue-collar kids on Baltimore's "Buddy Deane Show" were working class but more extreme than on "American Bandstand." The girls' hair was higher and their Cleopatra makeup heavier, and the boys wore skinnier and tighter pants. They weren't Joe College. That's how I had to dress, and I resented it.

When I went to the movies, I identified with the bad guys. I was attracted to their style and lack of guilt in their evilness. They were always the best characters. Heroes and heroines were bland, like the quarterback and homecoming princess in school. I didn't like them, either.

I liked characters who made trouble. They had a better look and had more fun. The coolest kids wanted to be bad, not good. I always seemed to be confused, rooting for the wrong people.

When I was 13, Hutzler's department store stocked one copy of Variety each week and I bought it. That's how I learned about the movie business. Then I subscribed to the Village Voice, where I read Jonas Mekas, who wrote about underground film.

In 1964, when I was a senior in high school, my grandmother gave me an 8mm movie camera. That year, I made my first film, "Hag in a Black Leather Jacket" on the roof of our family house.

'HAIRSPRAY' Ricki Lake, right, in a scene from the 1988 film by Mr. Waters.

My parents never stood in my way. They even lent me the money to make those hideous movies. I eventually paid them back every penny plus interest.

In fact, our house was my back lot. "Roman Candles" was filmed in my bedroom, "Eat Your Makeup" was made on the front lawn, part of "Multiple Maniacs" was filmed there, and the scene in "Desperate Living" where the baseball smashes through the window was shot in my mother's bedroom.

Everything I did was against what my parents believed in. No one said the films were good then, so my parents were publicly humiliated. They were incredibly loving.

Even though I put my parents through hell, they respected that I knew what I wanted to do and made it happen. They also probably came to the realization that there wasn't much else I could do.

Today, my primary residence, studio and offices are in Baltimore. I also have apartments in New York and San Francisco, and a summer rental in Provincetown, Mass.

In Baltimore, I live in a scary-looking house near my old grade school. I knocked on the door and began nagging the owner to sell me the house. Five years later she finally did.

The property is the-Addams-Family-meets-Tuscany. The house looks European, but the lawn is wooded and overgrown—like the small grounds of a private mental institution.

When my mother died in 2014, my sisters and I went through the house to divide up our inheritance. I picked the portrait of our family house that was painted while we lived here. It now hangs in my Baltimore home.

AXEL DUPEUX FOR THE WALL STREET JOURNAL (PORTRAIT); EVERETT COLLECTION (HAIRSPRAY); JOHN WATERS (2)

AT HOME John Waters, above, in his New York apartment, next to Helmut Newton's photograph of Anita Ekberg. At his feet are art pieces—a faux mousetrap and a felt dog-waste sculpture. Left, Mr. Waters with his siblings on Christmas Eve 1960 in Lutherville, Md., and a painting of his childhood home.

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