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The story continues on page A9.

THE WALL STREET JOURNAL.

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WEDNESDAY, APRIL 26, 2017 ~ VOL. CCLXIX NO. 96

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What's News

Business & Finance

Trump is set to unveil a proposal to cut corporate taxes on foreign profits and slash the top rate on pass-through businesses. **A1**

◆ The Nasdaq closed above 6000 for the first time, rising 41.67 points to 6025.49, in the latest sign tech has become a driver of the stock rally. **A1, B1**

◆ The Dow climbed 232.23 points to 20996.12, lifted by upbeat earnings reports. **B15**

◆ A drop in bond and commodities prices could signal slower growth ahead. **B16**

◆ Wells Fargo shareholders voted to keep all 15 of the bank's directors, but in a stinging rebuke did so in some cases by slim margins. **A1**

◆ The U.S. housing market's red-hot recovery is fueling concerns that home prices are overheating. **A2**

◆ Caterpillar posted its first quarterly sales increase since 2015 and lifted its outlook. **B1**

◆ SEC nominee Clayton's hiring efforts foreshadow the agency's likely pivot toward a deregulatory agenda. **B14**

◆ Arnault is proposing to pay \$13 billion to unite the Dior fashion firm with LVMH. **B3**

◆ Yahoo CEO Mayer is set to reap some \$187 million from her shareholdings as a result of the Verizon deal. **B4**

◆ Fox News host Kelly Wright has joined a lawsuit alleging racial bias at the channel. **B5**

World-Wide

◆ Trump told aides to toughen a State Department letter last week that declared Iran in compliance with a landmark nuclear deal. **A1**

◆ Trump's executive order threatening to pull funds from sanctuary cities is likely unconstitutional, a federal judge ruled. **A6**

◆ House oversight leaders said Flynn may have broken the law by failing to get permission before receiving foreign payments. **A7**

◆ Lawmakers edged closer to a deal to prevent a government shutdown but were still slogging through a raft of issues. **A4**

◆ Turkey launched dozens of airstrikes targeting U.S.-backed fighters in Syria and Iraq, killing at least 30 and roiling Washington. **A8**

◆ North Korea sanctions aren't being fully enforced by several countries, according to a U.S. official. **A8**

◆ The administration is considering more trade actions to protect U.S. industries, Commerce Secretary Ross said. **A6**

◆ Trump is showcasing efforts to roll back business regulations as a key achievement of his first 100 days. **A4**

◆ A Chinese court convicted a long-detained U.S. businesswoman of espionage. **A9**

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Trump Tax Plan Comes Into Focus

By MICHAEL C. BENDER
AND RICHARD RUBIN

WASHINGTON—President Donald Trump on Wednesday is planning to unveil a proposal to cut corporate taxes on U.S. companies' foreign profits and to slash the top tax rate on so-called pass-through businesses, including many owner-operated companies, to 15% from 39.6%, said White House adviser.

officials familiar with the planning.

Mr. Trump also plans to include a tax break for child-care expenses, similar to the one he proposed during the campaign at the urging of his daughter, Ivanka, now a top White House adviser.

The president is set to introduce his proposed tax changes on Wednesday, but important issues were still be-

ing sorted out inside the White House on Tuesday.

By restating core pieces of his campaign-trail plan, Mr. Trump is trying to frame the coming tax debate in Congress. But parts of his plan clash with House Republicans' ideas, and the party is embarking on the enormous task of trying to rewrite the tax code with major fault lines on tax rates, tax breaks and budgetary goals.

Further, Mr. Trump may have trouble complying with the congressional procedure known as reconciliation, which allows a Republican party-line vote in the Senate, but which requires bills to avoid increasing budget deficits outside the 10-year budget window.

On income-tax rates for individuals, Mr. Trump has said he wants to reduce the number of brackets, but his advisers

are still debating where to set the rates.

Treasury Secretary Steven Mnuchin is said to prefer a top rate of 37%, the White House officials said. That's below today's top rate of 39.6% but above the 33% rate that Mr. Trump proposed during the

Please see TAX page A4

◆ Tax change favors hedge funds, law firms A4

Nasdaq Soars to New Heights as Global Stocks Rally

Trading days between Nasdaq Composite's 1,000-point milestones



Sources: WSJ Market Data Group (Nasdaq); Birinyi Associates (contributors); FactSet (MSCI index)

Top contributors to the Nasdaq Composite year-to-date

Apple	15.3%
Amazon	7.6
Facebook	7.5
Alphabet	6.5
Microsoft	4.5

Five firms' share of Nasdaq gains this year

Year-to-date performance



White House Ordered Tougher Iran Letter

By JAY SOLOMON
AND CAROL E. LEE

WASHINGTON—President Donald Trump told aides to toughen a State Department letter last week that declared Iran in compliance with a landmark nuclear deal, senior U.S. officials involved in a policy review said.

Top White House officials said the initial letter the State Department submitted was too soft because it ignored Tehran's destabilizing activities in the Middle East and support for regional terrorist groups, these officials said.

Mr. Trump personally weighed in on the redrafting of the letter, which was sent to Congress on April 18, the officials said. The final version highlighted Iran's threatening regional behavior and called into question the U.S.'s long-term support for the multinational accord.

Mr. Trump also told Secretary of State Rex Tillerson to

Please see IRAN page A8

◆ North Korea sanctions applied unevenly A8

ERDOGAN'S WIN WAS MARKED BY PROBLEMS

Monitors reported unverified ballots, observers kept from polling places

By Ned Levin,
Margaret Coker
and Yeliz Candemir

At lunchtime on April 16, a polling monitor at a school in Turkey's third-largest city made a troubling discovery. Numerous ballot envelopes for the referendum on whether to increase the power of the presidency were missing verification stamps.

The monitor, in the city of Izmir, had been taught during previous training that unstamped ballots and envelopes shouldn't be counted. So he reached for a telephone and did what colleagues across the country also were doing: He asked what to do with the suspect ballots.

2017 earnings per share for 2017 by 23%, the firm found at the time.

Global Knock-On Effects

The equities rally swept the globe Tuesday. The benchmark MSCI International World Price Index hit its all-time high and is up about 7.5% on the year.

Five Stocks Behind Nasdaq

The Nasdaq showed those earnings expectations in play, though it is worth noting: Just

five stocks—Apple Inc., Facebook Inc., Amazon.com Inc., Microsoft Corp. and Alphabet Inc.—account for 41% of the index's advance in 2017.

Caterpillar Inc. and McDonald's Corp. led gains in the Dow Jones Industrial Average, together contributing more than 100 points to the index's 232-point jump after the blue-chip companies reported upbeat earnings.

Please see related articles on pages B1, B15 and B16.

First Daughter Makes World Debut



WILLKOMMEN: Ivanka Trump, on her first foreign trip as a government official, chats with International Monetary Fund chief Christine Lagarde, center, and German Chancellor Angela Merkel. **A18**

Wells Fargo Directors Face Shareholders' Ire

By EMILY GLAZER

Shareholders at scandal-scarred Wells Fargo & Co. voted Tuesday to keep all 15 of the bank's directors, but in a stinging rebuke rarely seen in corporate elections did so in some cases by slim margins.

After a three-hour annual meeting replete with shareholder outbursts and one unscheduled break to remove an angry investor, the San Francisco company announced voting tallies that showed the toll of the aggressive sales prac-

tices last fall that cost Wells Fargo \$185 million in fines.

Most striking, the bank's nonexecutive chairman, Stephen Sanger, garnered only 56% of shareholders' support, far below the 95% or more that most directors usually get with little fanfare. The head of the bank's risk committee, Enrique Hernandez, fared even worse, getting a 53% vote. In all, nine directors got votes of

Please see BANK page A2

◆ Shareholders approve Citigroup pay plan B14

New York's Boldest Have a New Chief Buddhist

* * *

Chaplain leads jail staff in meditation; 'step into a private jet'

By CORINNE RAMEY

NEW YORK—During a recent meditation class, Justin von Bujdoss, a 42-year-old Buddhist lama dressed in a tie and navy windbreaker that read "Chaplain von Bujdoss," instructed his 19 students to close their eyes.

"Imagine a sphere of light above your head," said Mr. von Bujdoss, as the students, seated in a circle, reclined in gray plas-

tic chairs. He instructed them to release the tension in their shoulders, and bring the ball of light down into their arms.

Several students had smiles on their faces. One snored softly. The slamming of a metal door outside went seemingly unnoticed.

Mr. von Bujdoss isn't teaching this class at a temple. He is the first chaplain dedicated to staff in New York City jails, according to Department

of Correction officials. "I'm here to be a Buddhist presence, but without bringing the religion here," he said. His mission, he said, is to provide spiritual care for jail staff and administrators, in a bid to relieve stress. "If I can maintain the container of non-judgment, they can throw whatever they're experiencing at me," he said.

Rikers Island, New York City's sprawling jail complex, is at best a difficult workplace. At its worst, it's a violent environment critics say should be

Please see LAMA page A10

CARSTEN KOALL/EUROPEAN PRESSPHOTO AGENCY

U.S. NEWS

Rising Home Prices Stir Overheating Fears

BY LAURA KUSISTO

The U.S. housing market's red-hot recovery from the depths of the crash five years ago is fueling concerns among economists and real-estate brokers that home prices are overheating.

A dearth of new construction and strong demand from buyers are pushing up prices twice as fast as the rate of income growth, the latest data show, a level economists said is unsustainable.

The S&P CoreLogic Case-Shiller U.S. National Home Price Index released Tuesday showed that in February home prices rose 5.8% from the same month a year earlier. That put prices nearly 40% above their level at the bottom of the housing crash in February 2012.

At the same time, incomes rose 3% in February from the same month a year earlier, and are up 12% since February 2012, according to the Labor Department.

Some local markets have experienced extreme swings. Home prices in San Francisco have vaulted 98% from their low point during the bust and now stand nearly 7% above their earlier record in 2006 at the height of the previous housing boom.

In Dallas, home prices have risen by nearly 53% from their low during the recent bust and are now 35.5% above their previous high. In Denver, prices are now 59% above their previous lows and 36.5% above their previous high.

In some markets, bidding wars are breaking out. Agents

said some buyers are kicking in extra cash when properties don't appraise for the asking price, and some are waiving their right to home inspections.

"It can't be sustained," said David Berson, chief economist at Nationwide Insurance and a former chief economist at mortgage giant Fannie Mae, referring to the frenzied buying. "It can't go on forever."

During a bubble fueled by low-interest rates and easy access to credit, home prices soared to highs in 2006 before tumbling 27% over the following six years.

The five-year stretch since the 2012 bottom marks the third-fastest period of home-price growth in data going back to 1895, according to David Blitzer, managing director of S&P Global.

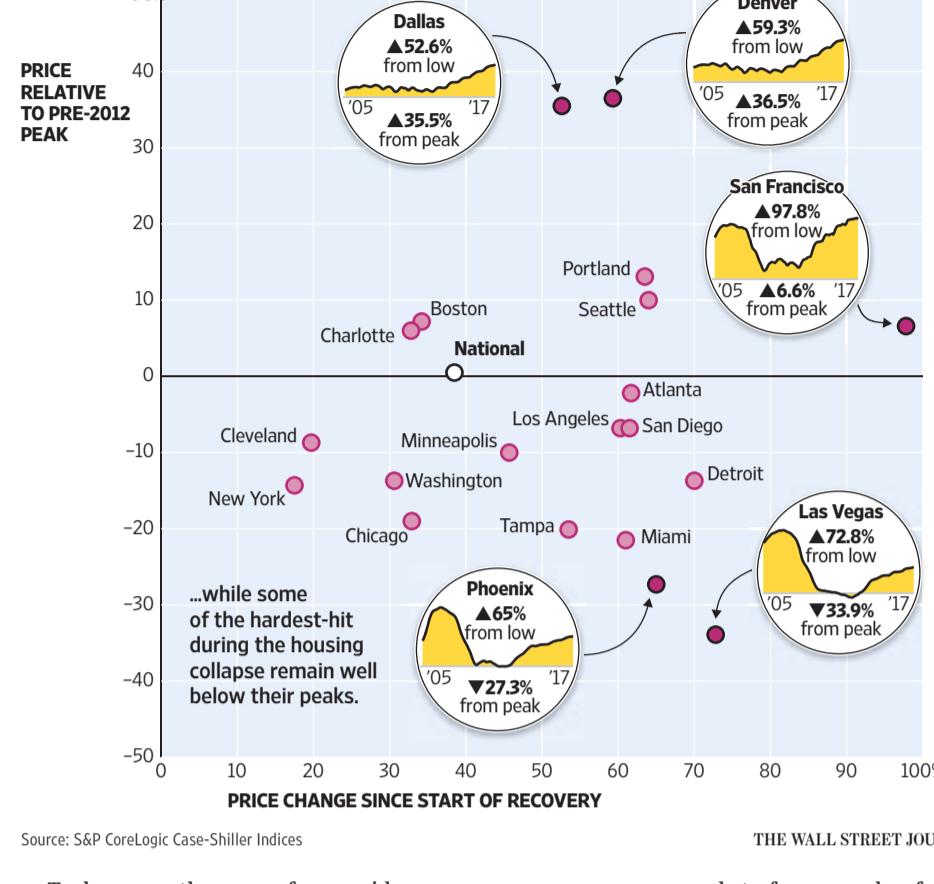
One of the main drivers has been the lack of home construction. Labor shortages, zoning regulations, rising prices of lumber and other building materials, and caution among builders have kept a lid on construction activity in recent years.

The supply of homes for sale in March was down 6.6% from a year earlier, the National Association of Realtors reported last week.

Now, even as the nine-year anniversary of the current economic expansion approaches, the level of home construction relative to the number of U.S. households is at its lowest level since the U.S. Census Bureau began tracking such data in 1957, according to an analysis by the Federal Reserve Bank of Kansas City from earlier this month.

Making a Comeback

Home prices across the U.S. have seen double-digit increases since the start of the housing recovery, with some hot markets now above their precrisis peak...



THE WALL STREET JOURNAL.

said.

What's more, while prices have risen rapidly over the past several years, that is partly because they were making up ground lost during the bust.

With little risk of a supply glut in the near future, economists generally expect prices to continue rising quickly in most

markets for a couple of more years, if the economy keeps expanding.

They said it is more likely that overheated markets are headed for a long period of flat or slightly declining home prices, especially if mortgage rates rise or job growth slows, but not an outright crash.

Signs of Frothiness In Housing Market

Home prices are starting to look frothy for the first time in years.

Nationally, homes are about 4% overvalued, meaning prices are slightly above the long-term trend line between household incomes and mortgage costs, according to Mark Boud, chief economist at Metrostudy, a housing research firm.

Some markets are in more complicated territory. The Denver market is 8% overvalued, while the Bay Area is 8.5% too pricey based on Mr. Boud's analysis.

Most overheated markets have supply shortages. Nationwide, there is a shortage of about three million homes, Mr. Boud said.

The markets Mr. Boud said are likeliest to experience trouble soon are those in which prices are too high but there aren't significant supply shortages. Dallas, for example, is 10% overvalued but just 2.5% undersupplied.

"[Dallas] is going to hit the skids sooner than most markets," Mr. Boud said. "Jobs are still strong but prices are outpacing even the job market."

There are other signs of overexuberance. The number of licensed Realtors has jumped by nearly 25% since 2012, hitting a nine-year high in 2016, according to real-estate consultant John Burns.

—Laura Kusisto

All Dressed Up for World Penguin Day



FREE AS A BIRD: Penguins had the run of the place at the National Aviary in Pittsburgh on Tuesday.

BANK

Continued from Page One less than 75%. None of the board's longer-serving directors could muster more than 80% of the vote.

"The outcome is a wake-up call that directors at U.S. companies may no longer glide through a crisis without taking individual hits in reputation," said Stephen Davis, associate director of Harvard Law School's Programs on Corporate Governance and Institutional Investors. "Institutional investors are staffing up for regular, tougher scrutiny of directors."

Mr. Sanger, a former General Mills chief executive who spearheaded the board's response to last year's fake-account scandal, said Tuesday that shareholders "sent the entire board a clear message of dissatisfaction."

Even so, neither Wells Fargo nor the board said there would be any immediate changes in the wake of the vote. Instead, Mr. Sanger reiterated what the bank has told some large shareholders privately: that six directors will step down from the board within the next four years when they hit the mandatory retirement age of 72 years old.

Mr. Sanger, who turned 71 this month, added that the board is "urgently looking" to add new talent beyond the two directors who joined the board in February. Those two directors, along with CEO Timothy

Sloan, who joined the board last year, received 99% majorities from shareholders on Tuesday.

For Wells Fargo, while the unanimous re-election of directors is a relief, the fact that a majority of directors received less than three-quarters support suggests that the bank's board may face continuing pressure to make more changes.

The breadth and scale of shareholders' limited support, especially with no alternative board candidates, is "very rare," said Sandeep Dahiya, an associate professor at George-

town University's McDonough School of Business.

Over the past 10 years, only 22 directors a year, on average, at S&P 500 companies received less than 60% of the vote for re-election, according to ISS Analytics, the data arm of proxy advisory firm Institutional Shareholder Services Inc.

Focus on the board election built earlier this month, when ISS recommended that shareholders vote against re-electing 12 Wells Fargo directors who served while the sales practice issues occurred. Some large shareholders thought the board was slow to react to the

sales-practices problems, but have cited improvements in the board's response more recently.

Though Wells Fargo's board has been active over the past several months in seeking shareholder feedback, issuing detailed results of an independent investigation over the sales practices and clawing back about \$183 million in pay from executives, Mr. Dahiya said more actions may be necessary.

He said in the coming months it is possible some board members may voluntarily depart as typically the more dissatisfied shareholders are, the more likely directors are to leave. The bank and board declined to comment beyond an earlier press release Tuesday.

Tensions flared at the bank's meeting, held at a golf resort's conference center in Ponte Vedra Beach, Fla. Among the roughly 300 shareholders attending, four shareholders spoke out of turn, yelling at the board or management to voice complaints.

The first shareholder outburst prompted Mr. Sanger to halt the meeting for several minutes while the investor was removed from the room.

Before Mr. Sanger read the vote tallies at the end of the meeting, former and current bank employees and customers came to a microphone, sometimes fighting back tears. Some discussed health problems and stress they say were brought about by the bank's aggressive sales culture. Oth-

ers recalled decisions by the bank to foreclose their home.

Mr. Sloan in most of these cases directed the speakers to follow up with Wells Fargo officials after the meeting.

One former employee apologized to customers for the bank's aggressive sales tactics, and said that they were why she left the company. Mr. Sloan, in response, asked her to "consider coming back," adding that the bank has rehired more than 1,000 employees who had left because they didn't feel comfortable with the sales practices.

A bank spokesman said most of those rehires, since September, are within the retail banking unit but declined to comment further.

Even, an app that helps people manage volatile income, charges individual users \$3 a week and is available only to those with conventional paycheck jobs. An article about financial apps in Tuesday's Future of Finance report incorrectly said that the charge is \$3 a month and incorrectly used Lyft drivers, who don't get conventional paychecks, as an example of those who would benefit from the app.

Arconic Inc. isn't considering reducing its board from the current 13 members. In

U.S. WATCH

IMMIGRATION

Downward Trend In Illegal Residents

The number of people living in the U.S. illegally touched its lowest level in a decade in the final years of the Obama administration, according to a new report.

The 11 million undocumented residents in 2015 was the lowest total since 2005, the Pew Research Center said Tuesday. The estimate includes people who crossed the border illegally and those who stayed after their legal visas expired, and is based on data from the Census Bureau's American Community Survey.

In recent months, the Department of Homeland Security has reported large declines in the number of people apprehended at the border, another sign of reduced illegal immigration.

Meanwhile, the share of people in the U.S. illegally from Central America and Asia has been rising.

—Laura Meckler

MASSACHUSETTS

Conviction Dismissal Sought for Hernandez

Lawyers for former NFL star Aaron Hernandez formally asked a court on Tuesday to dismiss his first-degree-murder conviction now that he has died.

Under a longstanding Massachusetts legal principle, courts customarily vacate the convictions of defendants who die before their appeals are heard.

Mr. Hernandez hanged himself at a maximum-security state prison last week, just days after he was acquitted of fatally shooting two Boston men in 2012. He was serving life without parole in the 2013 murder of Odin Lloyd, a semipro football player.

The Bristol district attorney's office, which prosecuted the Lloyd case, will oppose the motion to vacate Mr. Hernandez's conviction, said a spokesman.

—Associated Press

OKLAHOMA

Extend Moratorium On Executions: Panel

A moratorium on executions should be extended until major changes are made to the state's capital-punishment system so that an innocent person isn't put to death, the bipartisan Oklahoma Death Penalty Review Commission recommended Tuesday.

The state had one of the busiest death chambers in the country after the U.S. Supreme Court lifted its death-penalty ban in 1976 but hasn't carried out an execution since January 2015. The Oklahoma Court of Criminal Appeals issued a moratorium on the death penalty in October 2015 at the request of the attorney general's office.

The Oklahoma Department of Corrections is overhauling its execution protocols, and a spokesman for the agency said prison officials haven't had time to review the commission's report.

—Associated Press

Close Call

Preliminary voting results for key Wells Fargo directors

DIRECTOR	ROLE	VOTE SHARE
Elizabeth Duke	Vice chairwoman	75%
James Quigley	Audit Committee chairman	65%
Lloyd Dean	Human Resources Committee chairman	62%
Cynthia Milligan	Credit Committee chairwoman	57%
Stephen Sanger	Chairman	56%
Federico Peña	Corp. Responsibility Committee chairman	54%
Enrique Hernandez	Risk Committee chairman	53%

Source: the company

THE WALL STREET JOURNAL.

THE WALL STREET JOURNAL
(USPS 664-880)
(Eastern Edition ISSN 0099-9650)
(Western Edition ISSN 0193-2241)

Editorial and publication headquarters:
1211 Avenue of the Americas,
New York, NY, 10036

Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, NY, and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chico, MA 01020.

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some editions Tuesday, a Business & Finance article about Arconic incorrectly said that the company is considering reducing the size of its board to 12 members.

Emily McDowell is co-author and illustrator of "There Is No Good Card for This: What To Say and Do When Life Is Scary, Awful, and Unfair to People You Love." An Encore report article Monday that reviewed books about grief and recovery incorrectly suggested that her role in the book was as illustrator only.

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

U.S. NEWS

Traffic Jam At Nation's Crossroads

In Chicago, unclogging bottleneck of freight trains and commuters is a \$4.4 billion effort

By WILL CONNORS

CHICAGO—Every day, some 300,000 commuters on two dozen passenger train lines converge in Chicago, along with six major railroad lines and 30,000 to 50,000 freight cars, or roughly 25% of the country's freight rail traffic.

Chicago is the country's No. 1 hub for freight traffic and the No. 2 for commuter train lines. Its problems can bog down the whole system.

Chicago's densely populated neighborhoods, grinding local politics and a host of infrastructure issues have created some of the worst rail backlogs in the country. In 2003, trains could take as long as 43 hours to crawl through Chicago, in some cases at 5 miles an hour.

That year, city and state officials and railroad industry representatives undertook a \$4.4 billion program, Chicago Region Environmental and Transportation Efficiency, or Create, to tackle congestion, point by point. Backers estimate it will yield some \$31.5 billion in economic benefits over its life. It includes 70 projects, 28 of them completed, including overpasses where passenger trains and car traffic overlap, track upgrades and better coordination of shared tracks.

"Chicago has to work very effectively, and if not the system backs up and customers get their shipments late," said Bill Thompson, Create program manager. "There was a lot of pressure internally and externally" to improve things.

At one bottleneck, freight

cars would wait hours each morning and evening as commuter trains brought workers in and out of the city. A fly-over railroad bridge completed in 2014 in the Englewood neighborhood on Chicago's South Side, has been widely praised for separating commuter and freight-rail traffic. Coordination between the various railroads has improved, Mr. Thompson said.

In 2011, a Chicago Metropolitan Agency for Planning study showed that rail crossings resulted in 7,800 hours of delays to motorists. And in 2012, it was still taking trains 32 hours to move through the city, according to the Create program's most recent data.

The next big project for Create organizers is the 75th Street corridor, where freight trains, commuter trains and motorists all wait at one over-loaded, multiuse intersection.

In December 2016, a coaliti-



Antoinette Lloyd walking between rail cars at her conductor trainee program at Norfolk Southern's Calumet Yard in Chicago in 2015. ©JIM YOUNG/REUTERS

tion of local, state and regional entities applied for a \$160 million federal-government grant to help four projects with a combined price tag of \$473 million, aimed at easing the 75th Street gridlock.

There are roadblocks. **Norfolk Southern Corp.** is trying to build a \$285 million expansion of an existing intermodal rail yard in the Englewood neighborhood to accommodate

the increase in shipping driven by the rise of Amazon and other online sellers.

It has bought more than 550 lots in Englewood from residents and the city of Chicago; last year, it filed eminent domain proceedings against several property owners who refused to sell. Those residents oppose the company's eminent domain rationale and have filed a motion to dismiss.

The median home sale price in Englewood, a predominantly black neighborhood and one of the city's poorest, has fallen 84% since 2006, according to real-estate firm Midwest Real Estate Data.

Norfolk Southern says it has resorted to eminent domain only as a "reluctant last resort," and expanding the rail yard will benefit the local and national economy.

Some former Englewood residents who remain say they don't want to leave. "Our contention is that this was a land grab for the sole purpose of benefiting themselves," said Steven Rogers, a senior lecturer at the Harvard Business School and the president of the neighborhood group Englewood Railway Coalition, whose family has lived in Englewood for three generations.

Neighborhood's End Is Seen as Solution

and run."

In part because of the rise in e-commerce nationally, the number of intermodal containers moved through Chicago terminals has risen every year between 2009 and 2015, according to the Chicago Metropolitan Agency for Planning. The Englewood yard is one of 20 intermodal terminals in the Chicago area.

Norfolk Southern says it has gone above and beyond to accommodate Englewood residents. "We worked closely with residents who chose to sell us their properties at above market value, and we received many letters expressing gratitude for how Norfolk Southern dealt fairly with them," the company said in a statement.

It declined to make an executive available for an interview.

—Will Connors

Tamiko Beals has lived on the same block in the Englewood neighborhood of Chicago since 1981. Her mother, who lives across the street, has lived in the neighborhood for more than 50 years.

So when Norfolk Southern Corp. offered to buy Ms. Beals's home as part of the expansion of an intermodal rail yard here, she hesitated.

"I've loved this house since I was a child," said Ms. Beals, 46. "Englewood is supposedly one of the most horrible communities in the world, but I've always felt safe here."

"I'm going to wait and see what happens," she said. "I'm not in any mood to jump up

Steady Flow

A rise in e-commerce has contributed to an increase in cargo moving through the Chicago region, one of the nation's busiest transport hubs.

■ Shipping containers traveling through Chicago-area terminals



Source: Chicago Metropolitan Agency for Planning

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How Much Pot Is Too Much for Cops?

By SCOTT CALVERT

BALTIMORE—As more states relax their approach to marijuana, police departments are rethinking how many hits are too many for their aspiring officers.

Maryland just passed a new standard, set to take effect in the state on June 1, that bars applicants if they smoked pot in the past three years, the same policy used by the Federal Bureau of Investigation.

The longstanding, previous policy had ruled out those who had used marijuana at least 20 times or at least five times since age 21.

"We are disqualifying otherwise perfectly qualified applicants based on a hiring standard that I think is incon-

sistent with where we are as a profession and a society," said Baltimore Police Commissioner Kevin Davis, who also is vice chairman of the Maryland Police Training and Standards Commission, which voted to approve the new, more relaxed policy last week.

With marijuana laws changing in areas around the country, some police departments are considering candidates with more recent use.

Since 2012, ballot initiatives in eight states and Washington, D.C., have legalized small amounts of marijuana for adult recreational use, and five state legislatures, including Maryland's, have decriminalized marijuana possession in small amounts, according to the National Conference of

State Legislatures. Jim Pasco, executive director of the national Fraternal Order of Police, America's largest police-labor organization, criticized Maryland's new policy for allowing people who smoked marijuana illegally to pursue a career as enforcers of laws.

"So you're basically saying with that change that if you broke the law 20 times, it's OK as long as you haven't done it lately," he said. "How would that apply to bank robbery or mail fraud? The idea here is you want people who respect the law, whatever the law is."

The evolving view on marijuana is the latest topic of debate among police officials, who have wrestled with everything in recent decades from the role of women to the ap-

propriateness of tattoos, said Jim Bueermann, president of the Police Foundation, a Washington-based, law-enforcement think tank.

Police leaders today are "trying to find that balance between keeping moral character and integrity of their workforce high, while at the same time being realistic about societal expectations," said Mr. Bueermann, a former police chief in Redlands, Calif.

One benefit to easing marijuana-use policies is it can boost recruiting in what is a challenging time for some departments, said Darrel Stephens, executive director of the Major Cities Chiefs Association, which represents chiefs from 68 of the country's largest cities.

Progress Cited in Simulating the Womb

By ELLIE KINCAID

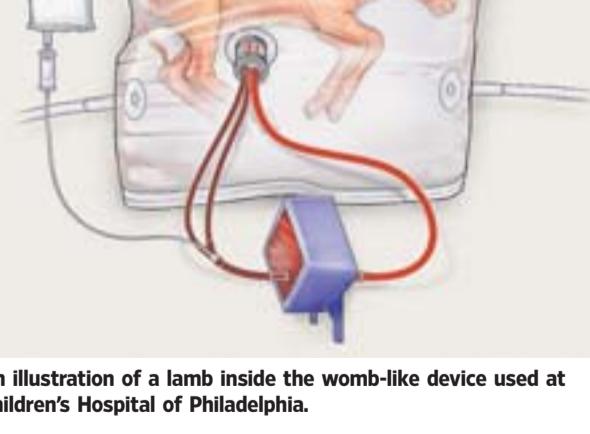
To improve care for extremely premature newborns, researchers have been experimenting with technology that could act as an artificial placenta and mimic the womb environment to give delicate lungs more time to develop.

In the latest effort, doctors at Children's Hospital of Philadelphia reported Tuesday that they kept premature lambs alive in a bag of fluid for longer and with better health outcomes than in previous artificial-womb experiments.

Advancements in medical care mean human babies born as early as 22 to 23 weeks of gestation have a chance of survival, but the lungs of babies delivered at this stage aren't developed enough to breathe air and can be damaged by current methods of ventilation. The doctors envision their invention could one day support infants born at 23-25 weeks until 28 weeks, when their organs are further developed.

"We've developed a system that as closely as possible reproduces the environment of

THE CHILDREN'S HOSPITAL OF PHILADELPHIA



An illustration of a lamb inside the womb-like device used at Children's Hospital of Philadelphia.

the womb and replaces the function of the placenta," said Alan Flake, director of the Center for Fetal Research at Children's Hospital of Philadelphia, who led the research reported in *Nature Communications*.

The system uses a translucent polyethylene bag filled with liquid similar to amniotic fluid. The premature lambs

were sealed in the bags and connected via their umbilical cord vessels to a blood-oxygenation system, which acted as an artificial placenta.

The eight lambs, which had lungs developed to the equivalent of a premature human infant of about 23 weeks, lasted from 20 to 28 days in the artificial-placenta system, for a decade.

limit that the doctors' animal-research protocol allowed.

The doctors then euthanized the lambs to study their development and found the animals had comparable circulation, lung development and brain maturation to regular lambs.

Further animal studies are necessary before the device is ready for trials in humans, which Dr. Flake anticipates could begin in three to five years. There is uncertainty about how the experiment will translate to humans. The lambs are two to three times as large as the human infants that would need the artificial placenta. And the animal experiment doesn't capture the risks extremely premature infants have for brain bleeding, Dr. Flake said.

The approach has "significant barriers for use in humans," said George Mychaliska, a pediatric and fetal surgeon and director of the Fetal Diagnosis and Treatment Center at the University of Michigan's C.S. Mott Children's Hospital, who wasn't involved in the research. Dr. Mychaliska has been working on an artificial-placenta system for a decade.

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U.S. NEWS

Trump Highlights Rule-Rollback Record

President seeks to showcase Obama regulations undone in first 100 days in office

BY PETER NICHOLAS AND TED MANN

President Donald Trump, seeking to show a solid record in his first 100 days, is drawing attention to one of his least visible actions: rolling back regulations that he says strangle job creation.

Mr. Trump, despite some public misgivings, is embracing the marker traditionally used to assess new presidents and will appear at a rally in Pennsylvania on Saturday, his

100th day in office.

The White House put out a release on Tuesday listing what Mr. Trump views as his signature accomplishments, while senior White House aides have been briefing reporters on how they believe Mr. Trump should be judged. His chief of staff, Reince Priebus, told reporters at the White House on Tuesday that the president shouldn't be expected to pass signature legislation so early in his administration.

"The narrative that somehow or another a signature piece of legislation must be brought out of the House and Senate is a ridiculous standard," Mr. Priebus said. Mr. Trump has yet to pass a major bill through Congress.

The president also has been

packing in events this week in an effort to show momentum on major campaign promises that haven't been fulfilled. Mr. Trump on Wednesday will lay out plans for his overhaul of the tax code—the details of which White House officials have made clear are weeks or even months away.

With no major legislative achievement in hand and the collapse of his plans to repeal and replace the Affordable Care Act still shadowing his White House, officials are emphasizing little-publicized acts that they contend are rippling through the economy.

"We are anxious to tell the story of the impact this administration has had on the regulatory burden and what

we believe was a burden that was left by the previous administration on our economy," Marc Short, head of the White House's legislative affairs office, told reporters on Tuesday.

The Trump administration and the Republican Congress have used the provisions of a statute called the Congressional Review Act to repeal 13 rules passed in the final year of the Obama administration.

That statute permits Congress to rescind rules passed within the preceding 60 days of the legislative calendar—meaning the new administration and Congress have been able to undo Obama-era rules dating to the spring of 2016.

Among the rules undone by the administration were a

measure restricting pollution of streams by coal-mining companies; a Social Security Administration rule to require that information about mental impairment be included in the background-check system for firearm purchases; and a rule requiring broadband companies to obtain permission from customers before selling or sharing their data.

Mr. Short said between the Congressional Review Act and executive actions taken directly by the president, the administration is saving \$18 billion in "complying with excess regulatory costs. To us, that's a huge achievement."

But a new report from the liberal Center for American Progress said the repeal of

the 13 regulations via the Congressional Review Act will save businesses more than \$7 billion over the coming decade, while reducing wages and leading to a net decrease in jobs.

"It's a huge giveaway to big business," said Sam Berger, the author of the report and a former official in the Office of Management and Budget in the Obama administration.

Business advocates have cheered the administration's calls to roll back regulations imposed by the last president.

"It's been very promising," said Jack Mozloom, a spokesman for the National Federation of Independent Business.

—Michael C. Bender contributed to this article.

Path Clears For Deal To Prevent Shutdown

BY KRISTINA PETERSON AND NATALIE ANDREWS

WASHINGTON—With President Donald Trump now willing to wait on money to fund a border wall, lawmakers on Capitol Hill edged closer Tuesday to a deal to prevent a government shutdown but were still slogging through a raft of unresolved issues.

The biggest lingering question now is whether the spending bill, which is needed to keep the government running after its current funding expires at 12:01 a.m. Saturday, will include payments established by the Affordable Care Act to help insurers offset the cost of subsidies for low-income customers.

Few lawmakers from either party favor letting the payments lapse, which could potentially trigger the collapse of health plans midyear. GOP leaders and Mr. Trump, a Republican, each would prefer that the other take responsibility for them.

House Speaker Paul Ryan (R., Wis.) has said that the administration should continue making the payments. Mr. Trump, meanwhile, told The Wall Street Journal this month that he believed Congress would have to make the decision on whether to set aside money for the payments and that if it didn't, he might consider cutting them off.

Democrats, whose votes will be needed to pass the spending bill, have said the legislation should include money for the "cost-sharing" payments, which reimburse insurers for

House Republicans could balk at voting for funds aimed at shoring up the ACA.

subsidies that lower the cost of deductibles, copayments and coinsurance for about six million people who obtain insurance on the law's exchanges.

"We want to prevent the Trump administration and Republicans from defunding health care," Sen. Chuck Schumer of New York, the chamber's Democratic leader, said Tuesday.

The challenge for GOP leaders is that many House Republicans could balk at voting for funds aimed at shoring up the law at a time when their legislation to replace most of the law has founders.

"There's obviously a lot of people who have strong opinions about that in the House, given what we're trying to do with Obamacare. So, my guess is that it doesn't end up getting addressed in this bill," said Sen. John Thune of South Dakota, a member of Senate GOP leadership, referring to the insurance payments.

Lawmakers said the path to a deal became easier after Mr. Trump dropped his demand that the legislation include money for a wall along the border with Mexico. Mr. Trump is now saying that he would be willing to seek funding for the border wall later in the year.

—Louise Radnofsky contributed to this article.



President Donald Trump, shown speaking in Washington on Tuesday, wants to cut the number of individual tax brackets. Advisers are still debating where to set rates.

TAX

Continued from Page One
campaign.

White House officials also have agreed to propose a territorial tax system, these people said. In such a system, favored by large multinational firms, U.S. corporations would pay little or no tax on future foreign earnings. The nation's current worldwide tax system levies all corporate income, regardless of where it is earned. Companies get credits for paying foreign taxes and can defer U.S. taxes until they repatriate foreign profits.

During the early part of the campaign, Mr. Trump proposed immediate taxation of U.S. companies' worldwide earnings, but he was silent on that issue after he revised his tax plan during the general election campaign.

White House press secretary Sean Spicer declined to talk about details of the proposal. "We'll have plenty of time to talk about that tomorrow," he said on Tuesday.

Like his call for a 15% corporate tax rate, Mr. Trump's proposal to slash rates for pass-through companies could pose problems for Congress. But matching the rates at 15% will win him support from small-business groups who say all business income should be treated equally.

Donald Trump's First 100 Days

The administration's latest actions and agenda at a glance

TUESDAY

◆ **Immigration:** A federal judge ruled that President Donald Trump's order to pull funds from jurisdictions that refuse to assist federal immigration-enforcement officials is unconstitutional.

◆ **First daughter:** Ivanka Trump received a cool reception on her first international trip as a government official at a conference in Berlin when she described her father's support of

families and women. The president is "a tremendous champion of supporting families and enabling them to thrive," she said, prompting hisses and groans.

QUOTES

"It's really good news that President Trump seems to be taking the wall off the table in the negotiations we're having on an appropriations bill."

—Sen. Chuck Schumer, Democratic leader

"Don't let the fake media tell you that I have changed my position on the WALL. It will get built and help stop drugs, human trafficking etc."

—Mr. Trump on Twitter

Lawmakers are likely to struggle to fit the 15% pass-through tax rate inside budgetary and procedural constraints, because it would add more than \$1 trillion to the 10-year cost of any tax plan. It also will be hard for Congress to write rules to prevent people from converting higher-taxed wages into lower-taxed business profits.

Steve Rosenthal, a senior fellow at the Tax Policy Center, a project of the Urban Institute and Brookings Institution, said the Internal Revenue Service would have trouble distinguishing between labor income and business profits. "Drafting a rule

is challenging," he said. "Administering a rule is impossible."

Most U.S. businesses are pass-throughs, which are called that because their income and deductions pass through to their owners' individual returns. That group includes many small firms, but also global law firms, hedge funds and Mr. Trump's real estate and branding businesses.

House Republicans have proposed a 20% corporate tax rate and a 25% top tax rate on pass-through businesses, and those are both ambitious goals that require politically difficult tradeoffs. Mr. Trump's plan is leaning toward even deeper

cuts in tax rates, bigger budget deficits and bold estimates of the economic growth his tax cuts could generate.

"Well, that's pretty aggressive, isn't it?" Sen. John Cornyn (R., Texas) said of the 15% corporate tax-rate proposal. "We need to see the whole plan. I certainly am not going to draw any lines in the sand at this point. Obviously, deficits and debt are important, but economic growth is, too, and we need to get the economy growing again, which will also increase the amount of revenue generated for the Treasury."

Mr. Trump's plan will be silent on the controversial border-adjustment feature in House Republicans' plan, which taxes imports and exempts exports, and has drawn intense objections from retailers and GOP senators, said an official familiar with the plan.

The White House's decision not to publicly endorse the provision isn't surprising, given repeated concerns raised in recent weeks by top economic officials, including Mr. Mnuchin, over how the provision might ripple through currency markets.

Rep. Kevin Brady (R., Texas), the plan's author, said Tuesday that he plans to keep pushing the idea, though with some changes and transition rules to soften the impact.

Even a temporary tax cut in the corporate tax rate as short as three years might cost the

government revenue beyond 10 years and run afoul of those reconciliation rules. Lower rates mean that businesses will use fewer tax credits, said a senior aide to House Speaker Paul Ryan (R., Wis.). As a result, they will carry those credits forward and reduce revenues in future years.

If a corporate tax cut were to expire after just a few years, "that would seem to me to be almost worse than doing nothing," said Doug Holtz-Eakin, a conservative economist.

Administration officials met late Tuesday with senior Republican lawmakers in the Capitol to discuss the tax plan.

By focusing on reconciliation, Republicans have chosen a path that largely or entirely excludes Democrats.

Sen. Ron Wyden of Oregon, the top Democrat on the Senate Finance Committee, said Tuesday that he hadn't heard from the White House on its tax plan. That's a mistake, he said.

"You make it partisan only, and you don't get both sides invested in it, people saw what a debacle you had on the first round of health policy," Mr. Wyden said. "You can win by reconciliation, if you just decide to hardball your way through it, but the track record shows it's not sustainable and it's not successful."

—Kristina Peterson and Nick Timiraos contributed to this article.

Tax Plan Would Lower Taxes for Partnerships

BY LAURA SAUNDERS

Cutting the tax rate to 15% for so-called pass-through businesses would be a radical change to the tax code.

The measure applies to partnerships, S corporations, and limited liability companies that don't owe corporate-level taxes and instead "pass through" to owners a proportional share of income, losses or expenses that are now taxed at a top rate of 39.6%.

Lowering the rate on busi-

ness income of these entities to 15% could enhance the appeal of these businesses. But it may also change taxpayers' behavior, especially if the top rate on personal income is 37%.

The appeal of becoming a pass-through business jumped after the 1986 U.S. tax overhaul set the top rate for individuals lower than the top rate for corporations. By 2011, more than half of business income was earned by pass-through entities.

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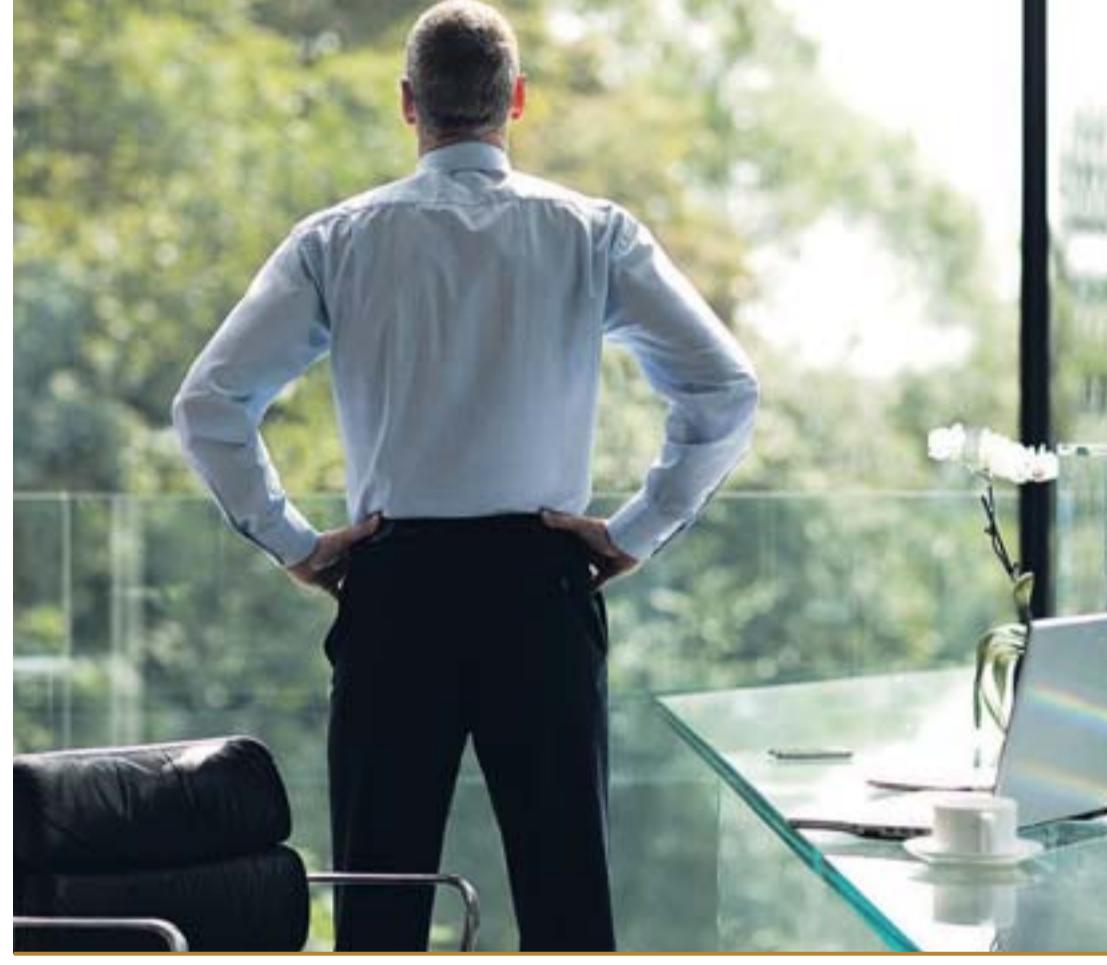
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U.S. NEWS

More Trade Actions on the Table

By JACOB M. SCHLESINGER
AND BOB DAVIS

WASHINGTON—The Trump administration is considering launching trade actions to protect the U.S. aluminum, semiconductor and shipbuilding industries, while at the same time ramping up free-trade talks with the European Union, Japan and the U.K., Commerce Secretary Wilbur Ross said in an interview Tuesday.

Mr. Ross also left open the possibility that the U.S. government might intervene to help prop up Westinghouse Electric Co., the nuclear-reactor company that filed for bankruptcy protection in the U.S. last month, and may also try to block any new foreign entities from investing in the firm. Westinghouse is a unit of Japan's Toshiba Corp.

"Having a nuclear-power capability is obviously a matter of national security," Mr. Ross said.

President Donald Trump has turned to Mr. Ross to play a lead role shaping his "America First" trade policy, and the 79-year-old billionaire investor was speaking after having overseen two major trade actions over the past week: launching a probe into curbing global steel imports because of national security concerns and moving to impose tariffs on Canadian lumber products over allegedly unfair subsidies.

Mr. Ross made clear in the interview that he saw those actions as just the beginning of a more aggressive trade-enforcement strategy.

At the time he launched the



Commerce Secretary Wilbur Ross said he expected a rewrite of the North American Free Trade Agreement to be completed this year.

steel probe last week, the administration named six "core industries" for its trade agenda—steel, aluminum, vehicles, aircraft, shipbuilding and semiconductors.

Shipbuilding is "essentially demolished....We clearly need shipbuilding as an industry," he added.

At the same time, Mr. Ross laid out an ambitious agenda for renegotiating existing trade pacts, while launching

new ones.

He said he expected to complete a rewrite of the North American Free Trade Agreement this year, which would be a highly accelerated timetable compared with the usual pace of trade talks.

Negotiations can't start until late July at the soonest, because the administration needs to give Congress notice of 90 days before starting talks. Notice hasn't yet been given.

"Hopefully they could get finished pretty quickly," Mr. Ross said of the pending Nafta talks.

Mr. Trump has said he would like to negotiate a raft of new bilateral trade agreements. Asked to detail that plan, Mr. Ross named the U.K. and the EU, and said the administration was considering reopening talks to revamp a free-trade deal with South Korea and reinvigorate one

with China.

Even though Mr. Trump pulled the plug on one Obama-era trade initiative—the 12-nation Trans-Pacific Partnership—Mr. Ross said the administration was open to reviving two dormant Obama trade pacts that had been negotiated but never completed: the Transatlantic Trade and Investment Partnership with the EU and the Bilateral Investment Treaty with China.

President Sets Stage for Nafta Negotiations

By WILLIAM MAULDIN

The Trump administration's tough new approach to Canada on trade is helping crystallize support in Congress for renegotiating the North American Free Trade Agreement and setting the groundwork for the increasingly complicated negotiations, current and former officials said.

The latest move against Canada—a preliminary tariff of about 20% on softwood lumber—also shows how President Donald Trump's administration is combining scathing rhetoric

on trade with more moderate actions to protect U.S. industry.

The upshot is the Republican president's political base and like-minded lawmakers can take heart from Mr. Trump's protectionist message, even as big business leaders and foreign governments continue to hope the White House's bark on trade is worse than its bite.

The administration's strategy appears to be working domestically, but taking the rhetoric too far runs the risk of souring relations with Canada and Mexico and making it harder to strike a deal. Mr.

Trump's insistence that Mexico pay for a border wall scuttled a meeting with Enrique Peña Nieto, Mexico's president, in January.

U.S. Commerce Secretary Wilbur Ross outlined the Canadian tariff action in an interview with The Wall Street Journal on Monday. It is the result of a previously low-profile trade case filed by U.S. producers and part of a long-standing dispute between the countries. The proposed lumber duties come after Mr. Trump, during a trip to Wisconsin, attacked Canada's sys-

tem for protecting its dairy industry from U.S. imports.

The tariffs were expected after a previous agreement expired and Mr. Trump's administration didn't resolve the dispute through negotiations.

"What we had tried to do was to clear the air and get this dispute out of the way before the big Nafta talks went on," Mr. Ross said Tuesday. "That was not possible to achieve."

On Tuesday, Prime Minister Justin Trudeau of Canada told Mr. Trump in a telephone call that he would "vigorously defend" Canada's lumber inter-

ests, according to the prime minister's office. He told Mr. Trudeau that Canada was upholding its trade obligations on dairy, his office said.

Trade irritants "are nothing new," Mr. Trudeau said in an interview with a radio station. "We will deal firmly and reasonably with the U.S."

The White House confirmed Mr. Trump spoke with Mr. Trudeau about lumber and dairy trade. "It was a very amicable call," the White House said.

—Paul Vieira

contributed to this article.

Trump's Sanctuary Order Shot Down

A federal judge in San Francisco ruled that President Donald Trump's executive order threatening to pull funding from sanctuary cities is likely unconstitutional, delivering a fresh legal blow to the administration's immigration crackdown.

By Sara Randazzo,
Laura Meckler
and Alejandro Lazo

Under the nationwide preliminary injunction issued by U.S. District Judge William Orrick, the administration can't deny federal grants to jurisdictions that refuse to cooperate with federal authorities on immigration, as it has threatened.

The ruling is a win for the two northern California jurisdictions that filed the suit, San Francisco and Santa Clara County, but more broadly for local officials who are battling the administration over its stepped-up efforts to deport more people living in the U.S. illegally.

In his order, Judge Orrick said the plaintiffs successfully proved they are likely to face immediate, irreparable harm absent court action. He said the executive order threatens to "deprive the counties of hundreds of millions of dollars in federal grants that support core services" and creates budget uncertainty.

There is no definition of a sanctuary city, and local policies vary, but they all limit in some way cooperation with federal immigration enforcement.

The Trump administration has said that for purposes of

The judge's order grants a preliminary injunction that applies nationwide.

federal grant eligibility, it was defining the term narrowly, but the court cited statements by administration officials in concluding that a broad crackdown on uncooperative local communities was at issue.

As such, Judge Orrick said the executive order likely violates the constitutional separation of powers, as well as the Fifth Amendment right to due process and 10th Amendment prohibition on commanding local jurisdictions to carry out federal law.

"The Constitution vests the spending powers in Congress, not the president, so the order cannot constitutionally place new conditions on federal funds," the judge wrote.

That said, he acknowledged that granting the preliminary injunction doesn't block the Trump administration from enforcing existing conditions of federal grants, or developing regulations around or defining what makes a sanctuary jurisdiction.

The Trump administration plans to appeal the ruling, White House Chief of Staff Reince Priebus told reporters Tuesday. "The idea that an agency can't put in some reasonable restrictions on how some of these moneys are spent is something that will be overturned eventually," he said. "We'll win at the Supreme Court at some point."

The president's January executive order requires U.S. officials to ensure that sanctuary cities "are not eligible to receive federal grants, except as deemed necessary for law enforcement purposes." The order doesn't specify what types of federal funds might be withheld.

Lawyers defending the order recently said in court that it only applies to a limited number of grants offered through the Department of Homeland Security and the Justice Department, and that most of San Francisco and Santa Clara County's federal funding wouldn't be affected. Rather than focus on constitutional arguments, the Justice Department asserted that neither San Francisco nor Santa Clara had legal standing to bring the case.

New Reckoning for Canada Lumber

By PAUL VIEIRA
AND DAVID GEORGE-COSH

OTTAWA—Canadian lumber producers have inoculated themselves for years from U.S. trade risks by ramping up sales to China and buying sawmills in the Southern U.S. The Trump administration's action this week on softwood lumber now puts that strategy to the test.

Of all Canada's commodity sectors, forestry is best acquainted with the risks posed by protectionist leanings of the sort now appearing in Washington—highlighted by the Trump administration's decision to slap a 20% tariff on softwood lumber, which is widely used to build houses.

U.S. tariffs and other trade barriers were the norm for decades until Washington and Ottawa reached a truce with a 2006 breakthrough pact. The positive impact of that accord, however, was soon thwarted when the subprime-mortgage crisis flared up and the U.S. housing market entered a years-long tailspin, weighing heavily on Canada's wood sales to its biggest customer.

"Anybody working in the Canadian lumber industry has realized the risks of exporting into the U.S. market," said Harry Nelson, professor at the University of British Columbia's forest-resources department in Vancouver. "The forest sector has realized its vulnerability, and has attempted to diversify its markets."

Even so, this week's softwood tariff represents a setback for Canada, which relies heavily on trade with the U.S. The new U.S. levy will likely lead to job losses and squeeze small and midsize lumber and forest-products firms.

"It is going to result in

some tough times for some operators across the country. We're aware of that," Canada's resources minister, Jim Carr, said at a news conference.

The tariff also sets the stage for bigger changes to the North American Free Trade Agreement as they pertain to Canada. Early Canadian concerns were partly allayed after President Donald Trump spoke of America's "outstanding" relationship with Canada, and how only "tweaking" would be needed for its trade links to the north.

The U.S. remains the top destination for Canadian lumber exports by a big margin, capturing over 77% of sales abroad. But lumber sales to China have surged in a decade, from 65.9 million Canadian dollars (US\$48.5 million) in 2006 to C\$1.03 billion last year. China now buys 13% of all Canadian lumber exports, as opposed to 0.6% a decade ago.

"It's in Canada's interest to expand its exports markets in softwood lumber," Mr. Carr said. "And if you look at the statistics and the growth of the Canada-China lumber relationship, it has grown exponentially in the last decade, and there's every prospect it will grow more."

Mr. Carr plans to lead a delegation of forestry industry officials to China in June in an effort to drum up further sales. As it happens, Canada's finance and trade ministers are in China this week for a series of meetings with senior Chinese officials about increasing bilateral trade and investment.

While such efforts may reduce the sector's vulnerabilities in the longer run, they are hardly a panacea.

"For those companies who

Log Jam

Amid a housing upturn, U.S. demand is up for Canadian sawmill products such as softwood lumber, leading to a widening trade deficit. Meanwhile, Canada is less reliant on the U.S. as exports to China grow.

Share of U.S. sawmill-product imports that come from Canada

U.S. trade deficit with Canada for sawmill products

Share of Canadian softwood lumber exports, by destination*

To China To U.S. Rest of world

2006 10% 90% 1%

2016 13% 9% 78%

*Based on weight, doesn't add to 100% due to rounding Sources: U.S. Commerce Department (U.S. imports, deficit); Statistics Canada (Canadian exports)

THE WALL STREET JOURNAL.

are now facing what we would consider unfounded duties, China's not going to help them meet payroll by the end of May," said Derek Nighbor, president and chief executive of the Forest Products Association of Canada, an Ottawa lobby group.

Meanwhile, bigger companies—led by **West Fraser Timber Ltd.**, **Canfor Corp.** and **Interfor Corp.**—have increased their U.S. production capacity through acquisitions over the past decade, during what amounted to a trade truce between the U.S. and Canada.

The big Canadian producers now have sizable Southern U.S. operations that should benefit from higher prices and/or volumes as tariffs kick in," said Steven Chercover, a Portland, Ore.-based wood-products analyst with boutique investment dealer D.A. Davidson & Co. Smaller mill owners, he added, have no such "hedge, and thus might suffer or exit the export market."

Duncan Davies, president

and CEO of Interfor, said about two-thirds of the company's production capacity is now located in the U.S. Nevertheless, he warned the 20% tariff would hamper the company's ability to reinvest in its Canadian operations.

"This is just the way of the U.S. government putting political pressure on the Canadian industry, and on the Canadian government, to find a longer-term deal that would be more favorable to the U.S. industry," Mr. Davies said.

U.S. NEWS

Congressmen: Flynn May Have Broken Law

BY BYRON TAU
AND NATALIE ANDREWS

WASHINGTON—Leaders of the House Oversight Committee said former national security adviser Mike Flynn may have violated the law by failing to obtain required permission from the Army and State Department before receiving money from entities associated with the Russian and Turkish governments.

Mr. Flynn also failed to disclose payments from a Russian state television network when he renewed his security clearance last year, as was required, one of the committee leaders said.

The panel's Republican chairman, Rep. Jason Chaffetz of Utah, and Democratic ranking member, Rep. Elijah Cummings of Maryland, said they are asking the Defense Department to determine whether Mr. Flynn, a retired three-star Army general and head of the military's Defense Intelligence Agency, must return payments he received after leaving the military for work linked to foreign governments.

"I see no information or no data to support the notion that Gen. Flynn complied with the law," said Mr. Chaffetz in a joint news conference with his Democratic counterpart at the U.S. Capitol on Tuesday, after viewing classified documents provided by the Defense Department. The documents were given to the committee as part of its investigation into the circumstances surrounding Mr. Flynn's departure from President Donald Trump's administration.

"Gen. Flynn had a duty and an obligation to seek and obtain permission to receive money from foreign governments prior to any engagement with them," he said. "It does not appear to us that that was ever sought, nor did he ever get that permission."

Further, Mr. Cummings said, Mr. Flynn didn't disclose payments from the state-owned Russian television network RT



Former national security adviser Mike Flynn, left, was faulted by Democratic Rep. Elijah Cummings, center, and GOP Rep. Jason Chaffetz, right, over foreign payments.



POOL/GETTY IMAGES (LEFT); JOSHUA ROBERTS/REUTERS

on his 2016 application for renewal of his security clearance. Such applications typically ask about foreign sources of income and contact with foreign-government officials.

"There is no evidence anywhere in these documents that he reported the funds he received for his trip," Mr. Cummings said. The application for a security clearance was submitted before he became a lobbyist for a nonprofit later linked to Turkey, but experts say he would have been obliged to report that income before joining government.

Robert Kelner, an attorney for Mr. Flynn, disputed the committee's characterization of the payments.

"Gen. Flynn briefed the Defense Intelligence Agency, a component agency of DoD, extensively regarding the RT speaking-event trip both before and after the trip, and he answered any questions that were posed by DIA concerning the trip during those briefings," Mr. Kelner said.

Under U.S. law, approval for a retired Army officer to re-

Ex-Acting Attorney General Yates Will Testify Before Panel

Former acting Attorney General Sally Yates is set to testify before a Senate panel in May, an appearance expected to delve into Russian meddling in the 2016 election, potential links between the Trump campaign and Russia, and the ouster of former national security adviser Michael Flynn.

The hearing is being held by the Senate Judiciary Committee's subcommittee on crime and terrorism, led by Sen. Lindsey Graham (R, S.C.).

Ms. Yates, a holdover from the Obama administration, after she told Justice Department lawyers not to defend Mr. Trump's initial executive order on visas and refugees. Federal courts later blocked the order, and the White House has since redrafted it; that new version has also run into legal trouble.

Ms. Yates also had a role in warning the White House about potential discrepancies in Mr. Flynn's statements about his contact with a Russian official before the inauguration.

Those discrepancies led to Mr. Flynn's resignation.

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Those discrepancies led to Mr. Flynn's resignation.

—Aruna Viswanatha and Byron Tau

ceive foreign-government payments must come from the secretary of the Army and secretary of state.

A Defense Department white paper instructs retired Army personnel to obtain approval from U.S. Army Human Resources Command, which is separate from the DIA.

The Army previously said in

a letter to Mr. Cummings that it had found no record of Mr. Flynn reporting his Russian pay to the military service.

In one case, Mr. Flynn was paid more than \$30,000 by state-sponsored RT for a Moscow speech in 2015. He also later registered as a lobbyist for Turkey, acknowledging that some of his work for a

nonprofit could be seen as benefiting the Ankara-based government. Both took place before his brief stint in the Trump administration.

Under the Pentagon's guidelines, retired military officers failing to report foreign pay can be penalized through withholding of their retirement disbursements equal to the

amount of the pay received.

"There are repercussions for the violation of law," Mr. Chaffetz said.

Mr. Flynn left the Trump administration in February after it was revealed that he misled top White House officials, including Vice President Mike Pence, about his contact with the Russian ambassador to the U.S. during the transition.

Congress is also probing Russian interference in the U.S. presidential election, and the Federal Bureau of Investigation is looking into any ties between Mr. Trump's campaign and foreign agents. Russia denies any involvement in the election.

While the bulk of the investigation into Russian interference is being handled by the House and Senate intelligence committees, the Oversight Committee, headed by Mr. Chaffetz, has been looking into the situation around Mr. Flynn as part of its mandate to investigate government waste, fraud and abuse.

—Paul Sonne contributed to this article.

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WORLD NEWS

Turkish Strikes Kill U.S.-Backed Fighters

American officials say Ankara failed to coordinate action with Washington

By DION NISSENBAUM

WASHINGTON—Turkish jets launched dozens of airstrikes targeting U.S.-backed fighters in Syria and Iraq on Tuesday, killing at least 30 in attacks that roiled Washington and threatened to undermine plans for an assault on Islamic State's most important Syrian stronghold.

In an unusual move, the U.S. military dispatched a senior commander to the scene of the attack in Syria, where local officials appealed to him for protection from further Turkish strikes.

American officials said Turkey had failed to coordinate its strikes with the U.S., and Kurdish activists in the area denounced them as an act of war.

"We are very concerned, deeply concerned that Turkey conducted airstrikes earlier today in Northern Syria as well as Northern Iraq, without proper coordination either with the United States or the broader global coalition to defeat ISIS, and we've expressed those concerns to the government of Turkey directly," State Department spokesman Mark Toner said.

The Turkish military said it carried out strikes in Iraq and Syria against Kurdish fighters



Fighters from YPG, a U.S. ally, visited the site of the Turkish airstrikes near the town of Derik on Tuesday.

DELL SOULEMAN/AGENCE FRANCE PRESSE/GTY IMAGES

with the Kurdistan Workers' Party, or PKK, which is classified as a terrorist group by Turkey and the U.S. Turkey said it struck the forces to prevent them from smuggling weapons into Turkey, where they could be used by the PKK against Turkish forces and civilians.

U.S. and Kurdish officials

said the strikes hit members of the Syrian Democratic Forces, the American-backed military coalition at the forefront of the fight against Islamic State.

Syrian fighters said the Turkish jets struck the headquarters of the Kurdish People's Defense Units, or YPG, which Ankara considers an extension

of the PKK and Washington embraces as a vital ally.

With direct U.S. support, the Kurdish fighters have seized control of more than 20,000 square miles of northeastern Syria in an area they call Rojava. The Kurdish forces are central to U.S. plans to drive Islamic State from Raqqa, its de-

facto capital in Syria.

Turkey has long criticized the U.S. for working with the YPG, and the airstrikes made it clear Ankara is willing to target America's allies in Syria.

The U.S. is currently weighing a decision to provide the YPG with more support to battle Islamic State. Turkey has

IRAN

Continued from Page One follow up the next day with a strident public message that the new administration was planning a shift on policy toward Iran, putting the nuclear deal in play, these officials said.

"An unchecked Iran has the potential to travel the same path as North Korea and take the world along with it," Mr. Tillerson said at the State Department on April 19.

The episode highlighted the divisions between Mr. Trump's hard-line position on Iran and the approach taken by some career State Department diplomats and many European allies. State Department officials didn't respond to a request for comment on Mr. Tillerson's role in the exchange.

The nuclear agreement, which was implemented in January 2016, constrained Iran's nuclear capabilities in return for the lifting of most international sanctions, including some unilateral penalties imposed by the U.S. Treasury Department.

The White House is conducting a 90-day review of its Iran policy and considering steps to significantly ratchet up U.S. efforts to push back against Iran.

Potential steps include sanctions against hundreds of Iranian companies that would be vetted for suspected ties to Tehran's elite military unit, the Islamic Revolutionary Guard Corps, or IRGC, these officials said.

The administration also is exploring ways to enhance international efforts to combat Iran's ability to smuggle weapons to its military proxies in



JOE KLAMAR/AGENCE FRANCE PRESSE/GTY IMAGES

European Union senior diplomat Helga Schmid, left, and Iranian deputy foreign minister Abbas Araqchi, right, along with senior diplomats from other nations met in Vienna Tuesday at a regular quarterly meeting to review adherence to their 2015 nuclear deal.

Relative of Two in Iran Prison Seeks Help From Trump

The family of an Iranian-American father and son imprisoned in Iran are urging President Donald Trump to take personal responsibility to secure their release as administration officials huddle with Ira-

nian counterparts in Vienna. Siamak Namazi, 45, is being held along with his father, Baquer Namazi, 80, in Iran. Siamak's brother, Babak Namazi, said Tuesday he flew to Vienna to press the case of his family members. In a news conference, Babak Namazi said the Trump administration had assured him that it would raise Siamak and Baquer's cases with the Iranian delegation.

"I am counting on the president to take personal responsibility for the lives of my father and brother and to act urgently in the face of their rapidly declining health and welfare," he said.

State Department spokesman Mark Toner said the U.S. calls for the immediate release of all U.S. citizens unjustly detained in Iran.

—*Felicia Schwartz*

Syria, Lebanon, Iraq and Yemen. The Pentagon has announced its intention to more aggressively challenge Iran's naval presence in the Persian Gulf.

Mr. Trump and other senior administration officials have publicly questioned the terms of the nuclear deal, which was negotiated by the Obama administration over three years. They have voiced skepticism that the

U.S. and its allies could separate Iran's nuclear program from its other destabilizing activities.

In a White House where advisers have often been divided on security issues, the pursuit of a tougher Iran policy presents a rare case of broad consensus.

State Department spokesman Mark Toner said on Monday that the White House policy re-

view aims to look at "how we take a more comprehensive look at Iran and its bad behavior in the region."

Some White House officials said they expect the U.S. won't withdraw from the nuclear deal, but enforce it to the letter and possibly reinstate sanctions that were lifted as part of the accord under different reasons, such as human-rights abuses or Iran's

ballistic-missile tests. Iran has ruled out any renegotiation of the agreement. It also has said any new sanctions imposed by the Trump administration would be viewed as a violation of the deal. Iran also says it's in compliance with the nuclear deal and blames the U.S. for preventing other countries from investing in Iran by maintaining bilateral sanctions on Iran.

Congress requires U.S. administrations to notify Capitol Hill every three months about whether Iran is in compliance with the terms of the deal. The initial State Department letter on Iran, senior U.S. officials said, was drafted by career diplomats who played leading roles during the Obama administration in negotiating and implementing the deal.

Iran is holding presidential elections in May. President Hassan Rouhani, who championed the nuclear agreement, is seeking to win his second four-year term. Some U.S. and European officials have warned the White House that Mr. Trump's tough talk could hurt Mr. Rouhani. His chief opponent, Ebrahim Raisi, is a hard-line Islamic cleric.

Top aides to Mr. Trump have said they believe Supreme Leader Ayatollah Ali Khamenei and top commanders in the IRGC make all major decisions on foreign affairs and national security. They have said Tehran's military interventions in Syria, Iraq and Yemen have actually increased since the nuclear deal and Mr. Rouhani's election. Iran says it is seeking to combat terrorism.

—*Laurence Norman*
in Brussels
contributed to this article.

EU Seeks A Thaw In Russia Relations

BY LAURENCE NORMAN

BRUSSELS—The European Union wants to expand its dialogue with Russia on foreign-policy issues, the first significant sign of a thaw in relations and a move that reflects growing concerns in Brussels about U.S. foreign policy.

EU foreign-policy chief Federica Mogherini said she discussed the issue with her Russian counterpart, Sergei Lavrov, on Monday in Moscow, the first formal bilateral visit to Russia by a top EU official since the Ukrainian crisis erupted in early 2014.

The EU has for some time been exploring a reopening of formal channels of communication that were cut after Moscow's annexation of Crimea and its intervention in eastern Ukraine. A number of European capitals have called for greater political engagement, including some that firmly support the bloc's economic sanctions.

Ms. Mogherini worked closely with Mr. Lavrov during the Iranian nuclear talks and they have met and spoken frequently on other issues.

For Brussels, stepped-up discussions with Russia would broaden the bloc's options at a time when the Trump administration has sent mixed signals about its desire to work with the EU.

Sanctions on North Korea Are Unevenly Enforced, Says U.S.



The USS Michigan submarine paid a visit to the South Korean port of Busan on Tuesday amid heightened tensions on the Korean Peninsula.

JEROME RALLFORD/ZUMA PRESS

to force it to give up its nuclear weapons.

His comments came as Pyongyang conducted long-range artillery drills to mark the anniversary of the founding of its military and appeared to be preparing for a possible weapons test. The U.S., meanwhile, sent a guided missile submarine to a South Korean port, while the aircraft carrier

Carl Vinson and its strike group continued on its way toward the area. South Korea's Yonhap News Agency said the U.S. military has begun moving pieces of an antimissile system into a site in South Korea.

White House spokesman Sean Spicer sought to play down talk of an inevitable military confrontation with North Korea. At a briefing, he said the

administration would "continue to apply pressure on China and other countries to use the political and economic tools that they have" to stabilize the region and tamp down the threat posed by North Korea.

State Department spokesman Mark Toner said the U.S. is still "looking at all options," pointing to Secretary of State Rex Tillerson's meeting Friday

with the U.N. Security Council. He said administration officials would be "very vocal" that countries that aren't fully enforcing U.N. sanctions on North Korea must do so.

"This is a pressure campaign," Mr. Toner said, adding that the U.S. goal is to "isolate North Korea."

Mr. Yun's meeting in Tokyo with his Japanese and Korean

counterparts followed a session Monday in Washington at which Mr. Trump told visiting members of the U.N. Security Council that they must step up action against North Korea. U.N. diplomats involved in monitoring sanctions on North Korea say enforcement among member states is one of the biggest problems in ensuring their effectiveness.

WORLD NEWS

China Convicts American As a Spy

BY CHUN HAN WONG
AND CHARLES HUTZLER

BEIJING—A Chinese court convicted a long-detained American businesswoman of espionage and ordered her imprisoned and deported in a case seen as a barometer of U.S.-China relations.

After a half-day trial Tuesday, the court in the southern city of Nanning ordered Phan Phan-Gillis imprisoned for 3½ years and deported for espionage, according to one of her lawyers. The judge didn't say if Ms. Phan-Gillis, a 57-year-old business consultant from Houston who has already been detained for two years, would be deported before serving the remainder of her term.

How her punishment is carried out will likely determine whether Ms. Phan-Gillis's case remains an issue in U.S.-China relations as both governments wrestle with North Korea's nuclear ambitions, a trade imbalance and other matters.

Ms. Phan-Gillis, who goes by the name Sandy, pleaded guilty to the espionage charges and made no other statement in court, said Shang Baojun, her lawyer. The court declined to comment.

Chinese prosecutors accused her of conducting espionage while visiting China in 1996 and, while back in America, recruiting Chinese citizens for a foreign spy organization in 1997 and 1998, her husband, Jeff Gillis, said previously. He has denied those charges on his wife's behalf and said her passport shows she didn't travel to China in 1996.

Ms. Phan-Gillis was taken into custody in March 2015 while traveling through the coastal city of Zhuhai as part of a business delegation from Houston, according to her husband and delegation members.

Plaque's Theft Stirs Thai Debate

By JAMES HOOKWAY

BANGKOK—It is a mystery that is captivating Thailand: Who stole a brass plaque commemorating the revolution that ended royal rule 85 years ago?

As memorials go, it isn't showy. The 12-inch plaque was set in the roadway at Royal Plaza near a statue of King Rama V, a 19th-century monarch. It marked the spot where in 1932 a group of military officers and civil servants declared the country a constitutional monarchy, relegating the king to a figurehead presiding over a series of elected governments and military junta that endure to this day.

Days passed before anyone noticed the plaque was gone. Then, on April 14, word got out that it was stolen and replaced by a new plaque urging Thais to be loyal to their nation, family and monarch, King Maha Vajiralongkorn, or Rama X.

The swap made headlines, touching a nerve in a national debate over how this tropical Buddhist kingdom should be governed.

With pressure building at home and abroad, Thailand's military rulers plan to hold elections next year after taking power in a coup nearly three years ago. But persistent questions remain over how

much power Prime Minister Prayuth Chan-ocha's junta is prepared to yield.

The military-appointed Senate will have a say in who succeeds the general. The army will have the right to form a new government during times of crisis. And it is unclear whether the junta will loosen rules that ban political gatherings of more than five people.

Diplomats and academics say the junta is trying to foment a nationalist mood in part to bolster support for Thailand's royalist establishment and to further isolate former Thai leaders Thaksin Shinawatra and his sister, Yingluck Shinawatra, both of whom still enjoy a strong following in rural Thailand for their pro-poor policies.

Mr. Thaksin was ousted in a 2006 coup and lives in exile. A court removed Ms. Yingluck from office in May 2014 and she is now fighting graft charges for which she faces a lengthy potential sentence. She denies any wrongdoing.

"Thailand is entering a new era where the political divides will be sharper and more dangerous," said Chotisak Onsoong, an activist who was once pelted with popcorn in a cinema for refusing to stand for the Thai royal anthem that is played before screenings.

sible Russian aggression in the region.

Bringing in the jet fighters "allows the F-35A to engage in familiarization training within the European theater," the U.S. Air Forces in Europe said.

—Thomas Grove

ISRAEL

Netanyahu Cancels Talk With German

Prime Minister Benjamin Netanyahu of Israel scrapped a meeting with Germany's top diplomat hours before they were to



A plaque marking Thai democracy, above, was stolen and replaced.

APICHART KHUNNAWAT/ANDREW PRESS

"If you don't come dig it out by December 30, my friends and I will consider that there's no owner," he wrote on his Facebook page. "We will remove or destroy it ourselves. If you want to keep it as a souvenir, come and get it."

Mr. Thepmontri, who once wrote a book criticizing a revolt against military rule titled "Peeling Back the October 14 Scab: A Worm on the Face of Thai History," denies removing the plaque, but applauds its loss.

Police say they don't know who took it. Bangkok officials say security cameras in the busy area were offline for upgrades on the night the plaque was apparently removed.

Officials say they won't pursue the case unless the owner steps forward to claim it—something the government hasn't done. Gen. Prayut has dismissed the plaque's disappearance as a distraction.

Still, when a constitutional expert attempted to present a petition at a government office to look into the theft, troops intercepted Srisuwan Janya and took him off to an army camp, where he was interrogated for 12 hours.

"They asked me to go slowly," Mr. Srisuwan said. "The army doesn't want to see any conflicts over this."

WORLD WATCH

ESTONIA

U.S. Sends 2 F-35As To Train in Europe

The U.S. sent two F-35A aircraft to the country for training in the stealth jet fighter's first European deployment, the U.S. Air Forces in Europe said.

The deployment Tuesday comes shortly after the arrival of French and British soldiers in Estonia as part of a new North Atlantic Treaty Organization battalion that will be stationed in Eastern Europe and the Baltic countries as a deterrent to pos-

ible Russian aggression in the region.

Bringing in the jet fighters "allows the F-35A to engage in familiarization training within the European theater," the U.S. Air Forces in Europe said.

—Thomas Grove

ISRAEL

Netanyahu Cancels Talk With German

Prime Minister Benjamin Netanyahu of Israel scrapped a meeting with Germany's top diplomat hours before they were to

meet on Tuesday, the latest sign of tension between Israel and one of its oldest Western allies.

A spokesman for Mr. Netanyahu said the decision came in response to the plan by German Foreign Minister Sigmar Gabriel to meet representatives of Breaking the Silence, a nongovernmental organization critical of the Israeli armed forces' conduct in the Palestinian territories.

Mr. Gabriel said the snub would have no lasting impact on bilateral relations but expressed surprise at the decision.

—Andrea Thomas and Rory Jones

ducted ritual ceremonies by the plaque to pray for its divine disappearance. Vandals gouged its brass face.

One historian sympathetic to this view, Thepmontri Limphayorm, said he viewed the plaque as an affront to Thailand's monarchy and late last year issued a threat.



ANNIVERSARY: A girl walks in a parade marking the April 25, 1974, 'Revolution of the Carnations' that restored democracy in Portugal.

ARMANDO FRANCA/ASSOCIATED PRESS

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IN DEPTH

VOTE

Continued from Page One
lished, Mr. Erdogan declared victory, by a margin of 51% to 49%, for constitutional changes that could make him the most influential Turkish leader since the country's founder, Mustafa Kemal Atatürk. Speaking to a crowd outside the presidential mansion, he responded to complaints about the vote in a puzzling way by referencing a Turkish folk tale about a man who stole his horse back from robbers. Translation: What's done is done.

Behind the scenes, many of the irregular ballots were retroactively stamped by local election officials, making it impossible to tell which had been suspect in the first place. Lawyers following the referendum and opposition politicians say the vote was so compromised it will be impossible to ever be sure of the result. Opposition parties claim that as many as 2.5 million ballots could be suspect. It is impossible to know on which side the disputed ballots were cast.

The 11-judge YSK board—eight members were appointed in September, including three replacements for purged judges—declared the vote valid, rejecting, in a 10-1 decision, opposition demands to annul it. Mr. Erdogan said the ruling resolved the matter and called for the opposition to respect the will of the people. The referendum, he has said, was highly democratic. Final voting results are expected by the end of this week.

The YSK hasn't commented on its deliberations that day. YSK representatives didn't respond to questions from The Wall Street Journal about complaints of irregularities or allegations that its decision violates Turkish law.

Presidential power

The vote altered Turkey's democracy. The changes, many of which take effect after the next elections, scheduled for 2019, will reorient power to the office of the president. They could allow Mr. Erdogan, who has run the country for 14 years, to stay in power for another 12.

Diplomats from several European nations say they are now rethinking their relations with Turkey, one of the European Union's most significant economic partners and its security ally in the fight against Islamic State.

"We knew something was wrong from the start," says Metin Feyzioğlu, president of the Union of Turkish Bar Associations, who ran a call center in Ankara for election legal advice. "If you ask whether it was an organized scheme to affect the referendum, I would say I don't know. But the result is so clear."

That the vote went ahead at all is a testament to how much Turkey has changed in the past year of Mr. Erdogan's tenure. After he was almost toppled in a failed coup last July, he has been ruling with extraordinary powers under the continuing state of emergency.

His Justice and Development Party, or AKP, drafted and parliament passed the constitu-



A woman in Izmir cast her ballot in Turkey's April 16 referendum on expanding presidential powers.

Journal that he wasn't aware of any obstruction.

Turkish voters received paper ballots that said "yes" on one side and "no" on the other. They voted by stamping "choice" on one side or the other, then sealing the ballot into an envelope and placing it in a ballot box. Both the ballots and the envelopes are supposed to be prestamped by election officials with verification seals, a measure to prevent ballot-box stuffing.

In Hatay province, voters using 159 ballot boxes got improper stamps that said "yes," potentially confusing the process, says Mr. Yasar. He estimates at least 55,000 voters could have been affected before local election officials sent replacement stamps.

These problems led to the YSK's first decision of the day. Ruling No. 559 stated that ballots marked with the improper "yes" stamp would be accepted, as would ballots where the verification stamp was improperly placed.

Back in Ankara's Altınlı district, one polling station monitored by Mr. Akman's team reported that 185 ballots of 364 cast were on ballots lacking verification stamps.

By lunchtime, Mr. Feyzioğlu's call center in Ankara had logged nearly 1,000 phone calls as his legal teams fielded reports of ballot irregularities. Ballots being handed out across the country weren't stamped at all with verification seals by local election-agency representatives.

When new ballots arrived, they were a different shade of brown than the ones used earlier, raising questions about their authenticity, says Mr. Karadas.

In other parts of Urfa province, voting rolls showed that dead people, convicts and those who had moved away were casting ballots, according to Mr. Karadas. As many as 3,000 ballots from Suruc lacked required verification stamps, he says.

—Yeliz Candemir

Votes from dead people and convicts

On the afternoon of the April 16 referendum to increase the power of Turkey's presidency, ballots that were missing the required verification stamps weren't the only irregularities polling stations were reporting.

Suruc, a Kurdish district in Urfa province in southeastern Turkey, ran out of ballots, according to Halil Karadas, the opposition HDP's district chairman.

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In Isparta, in southwestern Turkey, a poll observer from the opposition People's Democratic Party, or HDP, says 300 voters cast ballots in envelopes without verification stamps before the problem was discovered. His ballot-box committee reported the problem to the district election agency.

Perplexing answer

The judges arrived at noon, he recalls, with a perplexing answer. "They told us that 45 minutes ago, a decision was made by YSK to accept un-

stamped ballots."

Around 3 p.m., Mr. Feyzioğlu says, the calls to his centers stopped, which he attributes to the YSK decision to accept un-

stamped ballots.

Many vote monitors only became aware of the decision shortly after polls closed for the day, when they started tallying votes from the nation's 175,000 ballot boxes.

Around 5:30 p.m., a brief announcement appeared on the YSK website. It said the YSK was aware of "heavy volumes" of reports about irregularities and declared the suspect ballots would be counted. It gave no further details about its decision.

The AKP representative to the YSK board, Recep Ozel, told the Journal he petitioned the YSK to count the irregular ballots after consulting with AKP headquarters. "We couldn't ig-

nore the voters' will due to the ballot-box committees' failures," he said. Mr. Erdogan wasn't involved in the decision, and the election was fair despite minor issues, he said. Election officials may have neglected to stamp ballots and envelopes because they were delivered the morning of the vote, he said, instead of 48 hours before, as in past elections.

European election observers said in a report that the ruling "significantly changed the ballot validity criteria, undermining an important safeguard and contradicting the law."

Legal rationale

Mr. Feyzioğlu says the YSK ruling gave district election officials the legal rationale to prevent observers from recording instances of unstamped ballots, and to erase evidence of possible irregularities by putting stamps on ballots retroactively. "The ruling meant that there were no irregularities, and so there was no need to file reports," he says.

The formal decision permitting the unstamped ballots showed up on the YSK's website three days after the voting. An assistant delivered a copy to Mr. Feyzioğlu during an interview with the Journal. The decision said the YSK didn't want to disenfranchise voters. "It's bullshit," Mr. Feyzioğlu says.

When polls closed, some of the first ballots to be counted were from 2.9 million registered overseas voters. Opposition poll monitors reported irregularities in these tallies.

One poll monitor from the HDP says some ballot envelopes were unstamped. She says state officials in charge of her ballot boxes discarded slightly damaged ballots for "no," while counting similarly damaged "yes" votes.

At 6:01 p.m. state television began broadcasting results from the state-run Anadolu news agency, whose numbers were updating faster than the YSK's internal portal accessible to political parties and government officials. Anadolu's chairman later said the agency got its data directly from ballot boxes after they were counted. By 7:45 p.m., state broadcaster TRT had called the vote for "yes."

The poll monitor in Izmir says he was still counting votes at that time. At 9:30 p.m., he joined about 50 others lined up at a local election office to submit results. Anadolu already was reporting that 95% of Izmir's votes had been tallied even though he and many others had not submitted their totals yet, he says. Izmir overall voted "no."

At 9:45 p.m., Prime Minister Binali Yıldırım declared victory. Mr. Erdogan followed suit at 10:15, telling a supportive crowd in Istanbul that "yes" had won by 1.4 million votes. At the time, results published by Anadolu showed the "yes" side ahead by 1.1 million.

More than an hour later, the YSK declared the "yes" side won, but it didn't provide numbers.

"This nation has realized the most democratic election, the likes of which has not been seen in any Western country," Mr. Erdogan said the next day.

LAMA

Continued from Page One
shut down. Correction officials have said they have taken measures to fix a litany of problems, including the treatment of inmates.

Mr. von Bujdoss said he considers Rikers Island a "charnel ground," a term for things thought to be scary or evoke revulsion. These are powerful places for spiritual practice, he said, because one must cope with how to respond to spiritual difficulties.

The Department of Correction employs 27 chaplains—eight Protestants, eight Catholics, seven Muslims and four Jews—all of whom serve inmates. Mr. von Bujdoss, by contrast, focuses on corrections staff, who are known locally by the nickname "New York's Boldest."

During the recent meditation class, in a cinder-block room at the jail complex, Mr. von Bujdoss asked each officer to name the easiest and hardest part of his or her day.

Easy: "When I'm not here" and "going home to my family." Hard: "Not knowing how the day is going to go" and "personalities."

The Buddhist lama led the class in several meditation exercises, including one in which officers imagined leaving the island. "Step into a private jet," he said. "Look at the upholstery and imagine what it smells like."

The sounds of radio beeps and pounding came from the hallway. Someone could be heard yelling for restraints.

They imagined the island fading into the distance. When their private jets arrived at their destinations, they imagined loading into their dream cars. Eventually, Mr. von Bujdoss led his meditators to a secret box.

The exercise is meant to develop resiliency, he said later, and to highlight aspects of people's lives that get lost when they are working inside jail. The opening of the box, the chaplain said, allows for some deeper image to come up that is relevant in the moment.

Afterward, the lama polled the officers about their journeys. "Who had leather upholstery?" he asked.

A female officer tentatively raised her hand. "What color?" he asked. "Pink," she said. She had flown to Tahiti.

"How'd it feel? Luxurious?" he asked.

"Oh, yeah," she replied.

A male officer told the chaplain he had flown home to Saint Lucia, a Caribbean island. He had imagined a small, simple plane, with blue seats.

"What was in the box?" the chaplain asked.

"I don't know," the officer said sheepishly. "I fell asleep."

The meditation class was

officially over, and the officers all went back to jail.

Mr. von Bujdoss began volunteering and conducting meditation classes at Rikers Island in 2013, when the Brooklyn dharma center of which he was executive director was looking for a social project. "The staff were so interested from watching the in-

mates do it," said Warden Helena Smith, of the inmate classes he led.

When the department posted a full-time chaplain job, Mr. von Bujdoss applied.

He began in September, and, said Warden Smith, has been well received by staff.

"It's a very stressful job," said a 33-year-old officer from

Brooklyn after attending the class. "It helps you clear your head."

"We always joke and say, 'Please don't speak,' because when he speaks he's so relaxing," Ms. Smith added.

Mr. von Bujdoss said he has met a handful of Buddhists who work in the jails. About 1% of adults in New York state are Buddhist, according to Pew Research Center data.

Born in Albuquerque, N.M., Mr. von Bujdoss lives in Brooklyn's Bay Ridge neighborhood with his wife and three children. He attended Antioch College in Ohio, during which he went to visit India. He subsequently spent about five years training in monasteries there.

He largely did his clinical training in places such as locked psychiatric wards and medical intensive-care units, that he said were in near-constant crisis—not unlike jail. He also spent years working for a home-hospice provider.

At Rikers, his job includes visiting officers who are seriously ill or have mental-health issues and helping officers cope with loss. "My theological point of connection is crisis," he said. "Trying to bring peace to a place of pain and suffering and trauma—that's what I connect to."



BRYON SMITH FOR THE WALL STREET JOURNAL

GREATER NEW YORK



Acting U.S. Attorney Joon H. Kim explained a gun-licensing probe that involved ex-NYPD officers and a former Brooklyn prosecutor.

Former NYPD Officers Face Bribery Charges

By CORINNE RAMEY
AND ZOLAN KANNO-YOUNGS

Federal prosecutors charged three former New York Police Department officers and a former Brooklyn assistant district attorney on Tuesday with allegedly trading gun licenses for bribes including prostitutes, liquor and guns.

In the scheme, so-called expeditors, or individuals who charge clients to help them get gun-license approvals, bribed officers in the NYPD's gun-licensing division, according to prosecutors. These officers then approved or expedited more than 100 gun licenses, including for people with criminal histories, prosecutors said.

Defendants accused of swapping gun licenses for perks, including prostitutes.

"Corruption was allegedly pervasive at the NYPD's License Division," said acting Manhattan U.S. Attorney Joon Kim at a news conference Tuesday. That corruption "also spawned a cottage industry of parasitic profiteers," he added, referring to the expeditors. The bribes included cash, vacations, parties and an \$8,000 watch, officials said.

Federal authorities previously charged others, including police officers, last year in connection with corruption in the NYPD's License Division in Manhattan.

On Tuesday, the Manhattan U.S. attorney's office charged Paul Dean, a former lieutenant who was second in command in the License Division; Robert Espinel, a former police officer; Gaetano "Guy" Valastro, a former NYPD detective who operated a private gun store in Queens; and John Chambers, a former Brooklyn prosecutor who marketed himself as a top firearms-licensing attorney, with crimes including conspiracy to commit bribery.

Prosecutors also said Tuesday that David Vilanueva, a former NYPD sergeant, and Frank Soohoo, a gun-license expeditor, pleaded

guilty and were cooperating with the government.

Federal Bureau of Investigation agents arrested Messrs. Dean, Espinel, Valastro and Chambers on Tuesday morning. They appeared in federal court in Manhattan on Tuesday afternoon.

Barry Slotnick, a lawyer representing Mr. Chambers, said his client isn't guilty of the allegations. Lawyers for Messrs. Espinel, Dean and Vilanueva didn't respond to requests for comment. An attorney for Mr. Valastro declined to comment.

NYPD Commissioner James O'Neill said the licensing division had made significant changes as a result of the probe, including replacing its supervisors. He said expeditors are prohibited from working with the licensing division, and applicants must work directly with the supervisors.

"By and large, every cop that I've had the opportunity to work with takes the job for the right reasons," Mr. O'Neill said. "To disparage the name and the reputations of the other 36,000 of the hard-working and courageous men and women, I felt absolutely appalled."

The NYPD licensing division is responsible for approving applications for handgun licenses in New York City. The licenses must be reviewed every three years, according to Lawrence Byrne, the NYPD's deputy commissioner of legal affairs.

The NYPD reviews a person's criminal and mental history, and verifies details of their application. Some findings, such as a felony conviction, would result in an automatic rejection, one of the complaints stated.

Mr. Kim said some of the individuals who received approved licenses had been convicted of crimes involving weapons or violence.

According to a complaint, Mr. Dean and Mr. Espinel took bribes in the form of cash, guns and gun-training courses from expeditors, including Mr. Valastro. Mr. Dean allegedly upgraded one request after the applicant spent thousands of dollars on him at a Queens strip club.

Prosecutors also said Tuesday that David Vilanueva, a former NYPD sergeant, and Frank Soohoo, a gun-license expeditor, pleaded

In N.J., Boss-Run Politics Rules

By KATE KING

Three years before declaring his candidacy for New Jersey governor, Democrat Phil Murphy had to meet an undertaker.

Mr. Murphy set up a sit-down with Lou Stellato, chairman of the Democratic Committee of Bergen County—the state's most populous county—at the Renaissance Hotel's restaurant in Rutherford in 2013. "He had a Diet Coke, I had a Coke Zero," Mr. Stellato recalled. "He wanted to establish a friendship."

Mr. Murphy told Mr. Stellato, a funeral home director who has led the Bergen Democrats since 2011, that he wanted to help build up the county party. The meeting was an important step for Mr. Murphy, a former Goldman Sachs executive who eventually won the backing of all 21 county Democratic organizations, because county parties are the core of political power in New Jersey for both Democrats and Republicans.

Securing endorsements from county party leaders provides access to vast networks of campaign supporters and

fundraisers, as well as prominent ballot placement, which is considered crucial to winning primary elections.

In New Jersey, candidates endorsed by the county establishment are bracketed together on the ballot under the party's imprimatur, making them more likely to win voters who gravitate to the party line.

Patrick Murray, director of the Monmouth University Polling Institute, said Republican and Democratic county parties are tremendously effective in getting out the vote for their endorsed candidates. He estimated that winning the support of every county party will translate into about 200,000 automatic votes for Mr. Murphy in the June 6 primary. The general election to succeed Republican Gov. Chris Christie will be held Nov. 7.

"Boss-run politics, that's exactly what it is," said Jennifer Duffy, senior editor at the nonpartisan Cook Political Report. "Once these organizations have their say, historically, it's kind of done deal."

County political leaders of both main parties in New Jersey say the system allows them

to recruit and promote the best candidates for office. Others contend it discourages grassroots campaigns and gives too much power to insiders.

Julie Roginsky, a strategist for Mr. Murphy, said that in addition to seeking the support of county organizations, the campaign has knocked on around 400,000 doors and held more than three dozen

21

Number of counties in N.J. where the core of political power lies.

town halls during the past year. "He earned it the old-fashioned way, through a lot of really hard work and shoe leather," she said of Mr. Murphy's front-runner status.

Mr. Murphy, who has never held elected office, is one of six candidates vying for the Democratic nomination.

Dale Florio, a prominent New Jersey lobbyist and former chairman of the Somerset

County Republicans, said party machines historically have been more powerful in cities, which tend to lean Democratic. Still, county organizations are "the single most influential political unit of government in New Jersey," he said.

Among the GOP's field of gubernatorial candidates, recent polls show Lt. Gov. Kim Guadagno in the lead. The stage is set for a competitive June primary, however, after state Assemblyman Jack Ciattarelli won the backing of seven county parties to Ms. Guadagno's 14.

In four counties, Republicans hold open primaries, without the bracketed ballot system. The parties' endorsements, known as slogans, are still reflected on these counties' ballots, however.

The state's largest concentration of registered Republicans is in Ocean County. The GOP leader there, George Gilmore, has led the party for 20 years, but denied that he has an outsize role in the nomination of candidates. "It really is grass-roots," said Mr. Gilmore, who has endorsed Ms. Guadagno.



Lou Stellato, chairman of the Democratic Committee of Bergen County, acknowledged the influence of county parties in politics.

Cuomo Hires a Onetime Christie Aide

By MIKE VILENSKY

New York Gov. Andrew Cuomo crossed party lines Tuesday to make one of the highest ranking hires in his office, naming Republican strategist Maria Comella as his chief of staff.

Ms. Comella, 36 years old, previously served as New Jersey Gov. Chris Christie's communications director, and worked on the presidential campaigns of Republicans John McCain and George W. Bush.

Often credited with engineering Mr. Christie's national profile ahead of his failed 2016 presidential bid, Ms. Comella publicly broke with her former boss last year and endorsed Hil-

lary Clinton for president after Mr. Christie backed Donald Trump.

"Right now it is important to be an active participant in our democratic process, and political party matters less than the things we can accomplish when working together," Ms. Comella said in a statement. "The fact Gov. Cuomo is willing to listen to different viewpoints and work with people from the other side of the aisle is something we should welcome and quite frankly should want to see happen more often."

Ms. Comella succeeds Melissa DeRosa, who recently was named secretary to the governor, the first woman in the state

to hold such a position.

Mr. Cuomo, a Democrat, has shown a predilection for hiring outside his party. His senior adviser, Kelly Cummings, was a long-serving aide to the state Senate Republican conference before joining Mr. Cuomo's administration.

Mr. Cuomo's budget director, Robert Mujica, also worked for the state Senate GOP before Mr. Cuomo hired him. And Republican strategist Susan Del Percio previously served Mr. Cuomo as a special adviser. He also recently hired a number of former aides from the Obama administration, and Mrs. Clinton's presidential campaign.

Ms. Comella, who was born

and raised in the Albany area, got to know Ms. DeRosa when Ms. DeRosa served as Mr. Cuomo's communications director, and often was in touch with her counterpart across the Hudson River.

Ms. Comella already has advised Mr. Cuomo on a freelance basis. She helped strategize his six-speech swing through New York for his State of the State address earlier this year, aides said.

Ms. Comella most recently advised Republican Paul Massey, a real-estate executive who is running to unseat New York City Mayor Bill de Blasio, the Democrat with whom Mr. Cuomo repeatedly has sparred.

Bridge Redo Gives Governor a Lift

By MELANIE GRAYCE WEST

With the opening Thursday night of the first span of the new Kosciuszko Bridge, New York drivers will be relieved of one of the city's most notorious traffic bottlenecks, and Brooklyn and Queens residents will be rid of an eyesore.

At the same time, the bridge opening gives Gov. Andrew Cuomo further opportunity to burnish his image as a governor invested deeply in the state's infrastructure.

Mr. Cuomo said he has committed \$100 billion to infrastructure—everything from a new rail station in Schenectady, N.Y., to a \$54 million upgrade to the Rochester International Airport, to face-lifts for dozens of subway stations.

"We have the most ambitious plans, all across the board and on all levels," Mr.

Cuomo said of his infrastructure plans.

Transportation and urban-planning experts agree New York state warrants massive investment in its aging infrastructure. But they say there is no clear sense of how Mr. Cuomo has arrived at his \$100 billion price tag and how his projects will be completely funded. Some experts question whether projects represent the right bang for the buck.

"There's no matrix for how transportation projects and funding decisions and wish-lists are made," said Veronica Vanterpool, executive director of the Tri-State Transportation Campaign and a member of the board of directors for the Metropolitan Transportation Authority nominated by New York Mayor Bill de Blasio.

In an interview, Mr. Cuomo said the country and New York, as well as most

states, have been guilty of governmental malfeasance in the lack of not just repair, but the updating of most infrastructure, which he said is inferior to comparable cities abroad.

"If you want public support for this kind of program, especially the breadth of the program that I have undertaken, you have to show the public you can do it and you can do it on time and on budget," he said of his projects.

The Kosciuszko Bridge, first opened in 1939, is being replaced with two cable-stayed bridges that will carry about 200,000 commuters daily. The bridges are designed to carry more traffic, and are wider and lower to accommodate trucks.

The first phase of the project cost \$555 million; the second half of the bridge still needs to be built, and the old bridge needs to be imploded.



The first span of the new Kosciuszko Bridge linking Brooklyn and Queens will open on Thursday.

GREATER NEW YORK

METRO MONEY | By Anne Kadet

More Renters Swap Space For Convenience

As living arrangements go, Vaishali Mokashi has it pretty cushy. The monthly \$3,000 rent on her Manhattan studio includes not just Wi-Fi and cable, but a weekly cleaning service that provides toiletries, towels and fresh sheets.

Her new, 55-unit building in the Kips Bay neighborhood, meanwhile, boasts a gym, game room and roof deck. The live-in community manager arranges free gatherings such as brunch in the communal dining room.

The downside? At 360 square feet, her apartment is tiny. She's trading space for amenities. "I have less to worry about," she says.

Ms. Mokashi has joined a small but fast-growing movement known as co-living. Around the city, outfits such as WeLive, Common and Ollie—which manages Ms. Mokashi's building—are offering packages that swap private space for convenience and community. It's like a hippy commune backed by venture capital.

The convenience will cost you. At Ms. Mokashi's Ollie development, a 300-square-foot studio runs \$2,750 a month—about \$200 more than you'd pay for the average 500-square-foot nondoorman studio in Manhattan. The only other fees are a one-month security deposit.

But factoring in the amenities, do you come out ahead? I crunched the numbers to see how much it would cost to re-create the Ollie experience à la carte.

For comparable cleaning and linen service, I found a top freelance housekeeper on TaskRabbit willing to come by for two hours a week at \$32 an hour, or \$277 a month.

Since Ollie units are furnished, I found IKEA equiva-



lents for everything from the queen-size bed to the tiny table lamp. I kicked in a 40-inch Samsung TV and amortized the cost of this \$2,685 package over three years: \$75 a month. I added a \$90 monthly cable and Wi-Fi bundle from Spectrum, the cost of an Eggs Benedict brunch at Jane, a \$25 monthly membership at a nearby Blink Fitness and a fresh bottle of shampoo, conditioner, hand soap and body wash from Duane Reade.

The final tally? \$3,097 a

month. The Ollie package, it seems, is a better deal. Assuming you're happy living in an apartment about the width of a subway car.

Ollie CEO and Co-Founder Chris Bledsoe says co-living provides both lower living expenses for renters and bigger profits for developers.

In a typical arrangement, the developer retains building ownership while the co-living service manages everything from leasing to providing fresh linens.

On a square-foot basis, co-

living space can command rents up to 40% higher than the market average, Mr. Bledsoe says.

Most tenants, meanwhile, care more about monthly costs than price per square foot. "The renter is telling us we only need to drop the price 10 to 15% versus a conventional studio," Mr. Bledsoe says. The Ollie building, which opened last summer, is fully rented and has a wait list of 252 applicants.

But this win-win formula doesn't always pan out.

Campus, a high-profile startup that offered co-living at 38 properties in New York and San Francisco, closed in 2015 because it couldn't command rents high enough to cover expenses.

Common, a co-living provider that is expanding, says many of the 275-odd rooms in its six-building Brooklyn portfolio are in shared suites.

At rents ranging from \$1,340 to \$2,625, depending on neighborhood and size, members typically share a living room and kitchen with

two to four suitemates. Citywide, the average cost for a furnished room is \$1,256 a month, according to roommate service SpareRoom.com.

But at Common, the amenity package is over the top. Monique Steiner, who pays \$2,150 at Common's Williamsburg residence, says her bedroom came complete with hangers and linens.

"You're paying for the convenience, flexibility and community," she says. "All those things, for me, make it worth it."

New Repairs Loom at Penn

BY MELANIE GRAYCE WEST
AND ANDREW TANGEL

Repairs to the tracks at New York Penn Station are coming, according to Amtrak, and that could result in more headaches for already weary commuters flowing through the nation's busiest train station.

On Tuesday, Amtrak said it is putting together a plan to "renew the infrastructure" at Penn Station and that it will result in delays and cancellations. The work is different from the repair work already in process, a spokesman said.

"We'll have more on the

plans in the coming days and will be working with Long Island Rail Road and NJ Transit to schedule this work and minimize service impacts," said Mike Tolbert, an Amtrak spokesman.

People briefed on the discussions said it wasn't clear how many of Penn Station's tracks would be taken out of service and for how long.

Jon Weinstein, a spokesman for Gov. Andrew Cuomo, said: "We have directed the MTA to ensure Amtrak's planned work makes the desperately needed improvements to the infrastructure at Penn Station while minimizing disruption to riders."

GREATER NEW YORK WATCH

NEW YORK CITY

State Lawmaker Plans Mayoral Run

New York state Assemblywoman Nicole Malliotakis said she plans to enter the New York City mayoral race, a bid that could shake up what has so far been a sleepy campaign season.

Ms. Malliotakis, a Republican from Staten Island, would be the only woman in the race. She said in an interview that she intends to run for mayor unless her friend, grocery-store magnate John Catsimatidis, entered the contest.

"There's no excitement in this race and this mayor needs to be held accountable," Ms. Malliotakis said, referring to Mayor Bill de Blasio, a Democrat.

A spokeswoman for Mr. de Blasio's campaign said the mayor had expanded prekindergarten programs, raised wages for thousands of workers and overseen record decreases in crime while building affordable housing.

Ms. Malliotakis' entry poses a threat to Paul Massey, a former real estate executive who is the apparent Republican front-runner.

Massey spokeswoman Mollie Fullington said he is the only Republican who can beat Mr. de Blasio.

—Mara Gay

MANHATTAN

Trump to Meet Leader Aboard the Intrepid

President Donald Trump and Australian Prime Minister Malcolm Turnbull will meet aboard the USS Intrepid next week, the White House announced Tuesday.

The May 4 meeting on the aircraft carrier that has become a floating museum will be the first face-to-face encounter between the two leaders since a contentious phone call they had soon after Mr. Trump took office.

They will meet after Mr. Trump speaks at an event to commemorate the 75th anniversary of World War II's Battle of Coral Sea, in which U.S. and Australian forces fought together against the Imperial Japanese Navy, White House press secretary Sean Spicer said.

—Louise Radnofsky

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LIFE & ARTS



FOOD

It's Time for A Second Breakfast

After years of worrying that we were skipping the day's most important meal, marketers find we'll eat twice



BY ELLEN BYRON

THE MOST IMPORTANT

meal of the day is increasingly eaten twice.

After years of fretting that people had stopped eating breakfast, or simply nibbled on the go, food makers and restaurants are discovering that more of us actually want to eat more than once in the morning.

"We see a lot of people grab something when they're rushing out the door, then they have a second breakfast once they make it to their desk," says Siggi Hilmarsdóttir, founder and chief executive of the Icelandic Milk and **Skyr** Corp., which makes Siggi's yogurts. In January, the company introduced its first single-serve yogurt drink. Then, it discovered via social-media posts that people were drinking it as an early-morning, pre-workout meal. A more substantial second breakfast usually follows later in the morning, Mr. Hilmarsdóttir says.

Restaurant chain Pret A Manger sees a rush of customers between 8 a.m. and 9:30

a.m., and another rush around 10:30 a.m. "They are having that second breakfast," says Jo Brett, U.S. president of Pret A Manger. "People are eating more little portions, more often."

In response to demand for smaller servings, including in the morning, this month the chain, which has about 440 locations world-wide and 76 in the U.S., is expanding its selection of pots, its name for the small portions of foods including fruit, yogurt and hard-boiled eggs. New pots will include more protein and vegetable options, the company says.

The fast-growing habit seems to have caught the giant food industry by surprise. Food makers have focused on persuading us to eat breakfast food all day, such as cereal for dinner and oatmeal for an afternoon snack. Meanwhile, consumers have expanded their appetite for what passes as breakfast food as restaurants serve up grain bowls and even salmon and chicken slices during morning hours. Multiple breakfasts are often celebrated in social media posts,

with more than 87,000 posts on Instagram using #secondbreakfast.

Food companies see the second breakfast as more than just a conventional coffee break. Jimmy Dean last year introduced a line of microwavable hash browns stuffed with ingredients including sausage and cheese and bacon and veggies to target the growing "midmorning meal occasion," says Tracy Fadden, director of marketing for Jimmy Dean, a unit of Tyson Foods Inc.

Since people often eat breakfast while doing something else, like driving or typing, portability is crucial, Ms. Fadden says. The new hash browns come in a "crisping sleeve," an engineered paper wrapper that helps microwave heating and doubles as a carrier so people can eat it with one hand. No need for plate or fork, Ms. Fadden says.

Second breakfasts have long been popular throughout Europe, and even Bilbo Baggins, the protagonist in J.R.R. Tolkien's "The Hobbit," relished them. Americans in recent years have adopted the practice by eating multiple small meals in the morning, says

Darren Seifer, a food and beverage industry analyst for market researcher NPD Group, which tracks when people eat. Americans still typically eat around 8 a.m., noon and 6 p.m., but upticks in eating are also happening before and after the traditional breakfast time, he says. "We're still having lunches the way we typically would, and dinners, too," says Mr. Seifer. "It's breakfast that's getting more fragmented."

The increasing popularity of multiple breakfasts is boosting sales of convenient breakfast foods. Sales of frozen breakfast entrées rose 24% over the past five years, according to Nielsen. Meantime frozen breakfast sandwiches have risen 30%. "It's a smaller format that fits in your hand while commuting and fits the idea of the snackification of breakfast," says Jordan Rost, Nielsen's vice president of consumer insights.

Enthusiasts should be mindful of how those meals fit into their overall day's consumption, says Gary Foster, chief scientific officer of Weight Watchers International Inc.

Please see BREAKFAST page A13



THE QUESTIONS many parents dread begin as early as middle school: Did you do drugs when you were in school? Did you drink when you were a teenager?

Parents' natural reaction is often to clam up and try to hide youthful misdeeds. But there are ways to use stories about your own underage drinking, reckless driving or drug use to teach teens important lessons about health and safety. It requires listening carefully to what teens are asking and staying focused on what they need at the time.

One of the most common mistakes parents make is to let their own past missteps prevent them from talking with their teens at all, says Marcia Lee Taylor, president of the Partnership for Drug-Free

WORK & FAMILY | By Sue Shellenbarger

HOW MUCH SHOULD YOU TELL YOUR TEEN?

Being honest about your past alcohol or drug use can help them make smarter choices.

Kids, a New York nonprofit. Children who learn a lot at home about the dangers of drugs and alcohol are much less likely to use them, she says.

Other parents err at the other extreme and spill too many details, says Madeline Levine, San Francisco, author of "Teach Your Children Well." Saying, "I took LSD and ecstasy and this kind of pot and that kind of pot" gives it a specificity. Some teens may read that as a green light to try drugs themselves, Dr. Levine says.

Lynn Zakeri of Northfield, Ill., a clinical therapist who works with adolescents and young adults, says

she sees this pattern in her office a lot. "Kids say, 'My mom did that, or my dad did that, and they turned out OK, so it must be OK,'" she says. When parents aren't careful about how they tell stories, "the kids see it as, 'My dad was a partier. He was a cool guy,' and they say it with a smile."

Parents should avoid either glorifying past adventures or overemphasizing the risks, says Wendie Lubic, an instructor for the Parent Encouragement Program, a Kensington, Md., parent-training nonprofit. "Limit your message to the important points you want to get across," she says.

Wayne Bland was riding with a teenage friend years ago when both had been drinking. The friend took a curve too fast. Their car nearly crashed onto a roadway more than 100 feet below. "We looked at each other and said,

Please see HONEST page A13

LIFE & ARTS

MY RIDE

The 'Most Extreme' Aston Martins



RAY EWING FOR THE WALL STREET JOURNAL

Joe Clark of Seattle, co-founder and chairman of Aviation Partners (the maker of aerodynamic wing tips for Boeing aircraft), on his Aston Martins, as told to A.J. Baime.

When I was 16, my father made some money in the natural-gas business, and the first thing he did was buy a 1958 Aston Martin DB2/4 MkIII. A week later he was going out of town and he told me, "Don't you dare drive that car."

Of course, I did. I got pulled over for speeding and ended up in court. My dad was furious, but I was left with a lifelong passion for Aston Martins.

I now have five, including my father's 1958 model. The two you see pictured here are the most extreme Aston Martin customer cars ever built.

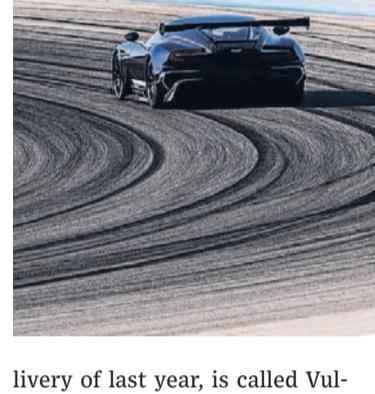
The pearl-white car is a One-77. Only 77 were built, with no two exactly alike, and I took delivery of mine in 2015. My father's old As-



ton put out around 160 horsepower. This car has a V12 capable of 750, with a 220-mph top speed. It has a placard saying "Hand Built for Joe Clark," and we came up with a special color—Olympic white, named for the Olympic Mountains near where I live. No other car has this exact color.

A Ferrari may be beautiful, but this car has an unmatched elegance. You can look at it from any angle and it appears perfect, like a fine diamond.

The other car, which I took de-



livery of last year, is called Vulcan. It is a gentleman's race car, built only for the track, and I have driven it on racetracks in the U.S. and Europe. The V12 has three modes: 550 horsepower, 675 and 820, and the first time I drove the car, I had to do about 30 laps with a professional race-car driver before I could switch out of the first mode. The power is that extreme, and the down-force from aerodynamics is so strong, the car can carry speeds of over 170 mph into turns.

Joe Clark, bottom left, enjoys driving his Aston Martin One-77, top left, and Vulcan, top right, at a track in Thermal, Calif. To get into the Vulcan, he must take off its steering wheel, far left. Its taillights, bottom right, are almost comic book-like in their futuristic design.



I have been an aviation man all my life. This car feels more like fighter planes I have flown than an automobile.

Each of these cars cost over \$2 million. I have been offered double that for them, but I bought them to drive, not to sell.

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DOW JONES

LIFE & ARTS

THEATER REVIEW | By Terry Teachout

The Way We Were—and Are

John Guare's portrait of '90s economic anxieties in New York proves just as fresh today as it was decades ago.

New York

NOT ONLY DID John Guare's "Six Degrees of Separation" add a phrase to the English language, but it instantly became what used to be called a "water-cooler show" when it opened at Lincoln Center Theater a quarter-century ago. It's been a long time since a play last came to town that smart Manhattanites felt obliged to see, then chew over at the office the next morning. Nowadays we look to cable TV to provide us with such unifying experiences. But Mr. Guare is still around, and so is "Six Degrees," which has just received its first Broadway revival. Directed by Trip Cullman, who mounted the play eight years ago at San Diego's Old Globe Theatre, this new production features Alison Janney in the starring role that was so memorably created in 1990 by Stockard Channing. Once again, Mr. Cullman's staging is exemplary, but it's the play itself that makes the deepest impression. "Six Degrees" probably won't get talked about much at anybody's office this time around, but those lucky enough to see the new revival will go home thinking very hard about it.

While I enjoyed the original production of "Six Degrees," I found the play to be wickedly clever but a bit on the shallow side. I was wrong: It's one of the strongest American plays of the postwar era, a satire of urban manners whose tough-minded yet ultimately compassionate portrayal of life among the urban haute bourgeoisie has proved prophetic. In 1990 everybody was still talking about Tom Wolfe's "The Bonfire of the Vanities," and Mr. Guare was no less closely attuned to the anxieties of those New Yorkers who eat at fancy restaurants and send their children to Groton and Harvard but stay up late worrying about the perilous thinness of the financial ice on which they skate.

In "Six Degrees" we meet Flan Kittredge (John Benjamin Hickey), an art dealer who has sold his sensitive soul for money, and Ouisa (Ms. Janney), his scatty wife, who also loves living well but remembers what it feels like to be a human being. Their jittery existence is upended by Paul (Corey Hawkins), a smooth-talking young con



Corey Hawkins,
Allison Janney
and John
Benjamin Hickey

JOAN MARCUS

man with a taste for rough trade who cozies his way into the homes of the newly near-rich by claiming to be Sidney Poitier's son (Mr. Poitier has six daughters) and preying on the liberal guilt of people like Flan and Ouisa. "Six Degrees" is full of witty chat about the fears of such folk: "Having a rich friend is like drowning and your friend makes life boats. But the friend gets very touchy if you say one word: life boat. Well, that's two words." But its real strength lies in the searching clarity with which Mr. Guare portrays the deep-seated insecurity shared by Paul and the Kittredges, all three of whom are Gatsbys under the skin, self-made men and women who no longer know who they really are.

I can say no better about Ms. Janney than that her performance is as memorable in its own firmly grounded way as was that of the exquisitely fey Ms. Channing. The difference is that she fits more smoothly into Mr. Cullman's ensemble cast. In this production, like the comparably persuasive Florida Repertory Theatre revival of Mr. Guare's "The House of Blue Leaves" that Chris Clavelli directed earlier this season, everyone acts with the high-keyed, anti-naturalistic histrionics that Mr. Guare favors, and the resulting unanimity of tone serves the play well. So does the work of Mark Wendland, the set designer, who has located the action of "Six Degrees" in a not-quite-real space reminiscent of Henri Matisse's

"The Red Studio" (a shrewd choice for the home of an art dealer) instead of opting for the conventional midcentury-modern apartment you'd expect.

I'd love to see "Six Degrees of Separation" performed in a smaller, more intimate house, but the advantage of doing it in the 1,058-seat Ethel Barrymore Theatre is that the spacious, high-arched stage is big enough to underline the loneliness and isolation of Mr. Guare's characters, all of whom are (to borrow Albert Brooks's phrase) lost in America. The special beauty of this revival is that it is as comprehending of their shared plight as is the play. And deeply rooted though "Six Degrees" is in the ethos of New York in the now-distant '90s, you'll be

struck by how fresh and immediate it feels. That's a pretty good working definition of a classic, which binds past and present together in a web of permanent relevance. What was true in 1990 is just as true today: We are all Gatsbys now, and in showing us Paul and the Kittredges, Mr. Guare shows us ourselves.

Six Degrees of Separation

Ethel Barrymore Theatre,
243 W. 47th St. (\$79-\$149),
212-239-6200/800-432-7250,
closes July 16

Mr. Teachout, the Journal's drama critic, is the author, most recently, of "Satchmo at the Waldorf." Write to him at tteachout@wsj.com.



BREAKFAST

Continued from page A11

Weight Watchers doesn't have an official stance on how many breakfasts its members eat, but advises that sticking to a daily eating pattern often brings weight-loss success. "It's energy in and energy out," Dr. Foster says. "If yesterday I was eating one breakfast, and today I'm eating two, you might need to cut out an evening snack you have to make trade-offs."

Kara Cozier, a 39-year-old distributor for a health and wellness company who lives in Waxhaw, N.C., says she usually eats a healthier lunch if she starts her day with two breakfasts, usually eggs, toast, avocado and pinto beans at 8 a.m. followed by yogurt, fruit and granola at 10:30 a.m. "I eat better because I'm not starving," she says. "At lunch, I'm more likely to have a salad and not grab a bag of chips because I'm ravenous." She started doing this when her twin daughters were young and hungry midmorning. She realized eating at that time worked better for her, too.

Second breakfasts tend to be smaller and slightly more savory than first breakfasts, says Jeanine Bassett, vice president of global consumer insights at General Mills Inc., which owns cereal brands including Cheerios, Wheaties and Lucky Charms. This year the company launched **Yoplait** Dippers, a line of Greek yogurts packaged with snacks for dipping. Vanilla bean yogurt comes with oat crisps; chipotle ranch yogurt with tortilla chips. "It really skews second breakfast," Ms. Bassett says.

The company's new Nature Valley line of granola cups, which are made of peanut or almond butter poured over oats and nuts, also target late-morning eating because of



F. MARTIN RAININ/THE WALL STREET JOURNAL, STYLING BY ANNE CARDENAS

their healthy slant and bite-sized form, Ms. Bassett says. "This is about food that I can eat when I'm working at my computer, when I need something smaller that's less messy and less involved."

The **Wonderful** Co.'s pistachios are usually eaten in the afternoon, but the company aims to expand into what it sees as the fast-growing morning-eating time, says Adam Cooper, vice president of marketing and insights. "People want a morning snack that sustains them until lunch," he says.

To boost easy workplace eating, this month the company is rolling out its first pistachio snack packs, in 1.5 ounce portions, and a new campaign emphasizing the nut's high protein and fiber content and low calories.

Yet can Americans be swayed to munch on salty nuts in the morning? "We're still trying to build it up," says Mr. Cooper.

HONEST

Continued from page A11

'Wow, this is it. This is how we're going to go out,' he recalls.

Mr. Bland, a Charlotte, N.C., investment adviser, has told the story to his five sons, 15 through 28, adding, "one simple mistake could have cost my life, and if that had happened, none of you guys would be here," he says. His son Justin, 17, says the story "taught me not to do stupid things while driving."

Howard Savage told his two daughters how staying up late smoking marijuana as a college sophomore made him unable to pay attention in class the next day—"and that was pretty much the last time I ever smoked pot," says Dr. Savage, a Takoma Park, Md., physician. He also described the profound grief and sense of loss he felt after his best friend in medical school died from a narcotics overdose. "It was the worst period of my life," he says.

His daughter Anna, 20, a college junior, says the stories made it clear to her that she could ask him questions about drugs, and kept her away from many of the drugs students use on campus. "Seeing the pain in his eyes over his friend's death really humanized the dangers," Anna says.

Having warm, supportive relationships with parents is linked in research to lower drug and alcohol use by teens.

Jenna Weinerman says hearing her mother Randi's stories about drinking in her teens drove home some lessons. "I was a little bit of a rebel," says Randi, of Voorhees, N.J. But she made sure the girls knew she regretted her behavior and wished she'd worked harder in school and attended college.

Jenna says those conversations persuaded her to avoid drugs, to drink sparingly and to set ambitious goals. "I'm 31 now, and so much better for having been told the truth," says Jenna, a marketing director in New York.

Different teens are looking for different things when they ask parents about drugs or alcohol, Dr. Levine says. "Your job is to figure out what is it that your kid really

wants to know?" Is he feeling pressured by peers to try pot or other drugs? Is she worried about getting in trouble at parties with alcohol? Or is your teen just curious about how it feels to use them?

Notice how your child responds to your answers and tailor your response accordingly. Avoid lecturing or making threats.

Parents who didn't use drugs or alcohol as teens should be honest too, explaining their reasons without moralizing. Either way, the focus of the conversation should be on helping the adolescent make safe, healthy choices amid the pressures and questions they face.

Sharing facts about drugs and alcohol can be helpful to teens. Adolescents often believe "everybody does it," when **National Institutes of Health** data on high-school



Left to right: Randi Weinerman with daughters Brittany, center, and Jenna, right, and husband Mark. Jenna says her mother's honesty about drinking in her teens helped her to avoid drugs.

seniors show 35.6% used marijuana in the previous year, 55.6% used alcohol and 14.3% used illicit drugs other than weed. Teens can benefit from learning how vulnerable their brains are to lasting damage from early alcohol and drug use, and the potential consequences if they get arrested for it.

Keeping the conversation calm and casual will encourage your child to continue talking with you about the topic.

Heidi Wicker's 12-year-old son is nearing the age at which she began sneaking out of the house in middle school and drinking.

Ms. Wicker, of Flower Mound, Texas, later settled down and graduated from college with honors.

Ms. Wicker has already begun telling her son she made some early mistakes and learned from them. "That's what I hope my kids take from my poor decisions," she says. "It's never too late to make the right choice."

SPORTS

THE COUNT



LOSSES POINT TO TROUBLE AHEAD

On a recent visit to ESPN's campus, Patrick Mahomes threw a football over a walkway connecting two buildings, hitting a cardboard target on the other side.

That superhuman arm strength is a primary reason the 6-foot-3, 230-pound former Texas Tech quarterback has emerged as a possible first-round draft pick in Thursday's NFL draft.

Mahomes, who threw for over 5,000 yards in 2016 with 41 touchdowns, while running for 12 more, last season, appears to have all the physical qualities that teams seek in a franchise quarterback. "I hear the buzz from teams, they're fired up about him. He has a huge personality, a big arm, teams want to work with him," NFL Network analyst Daniel Jeremiah said.

But there's one major troubling statistic: wins and losses.

If he is taken in the first two rounds of the draft, Mahomes's college record of 13-16 would be the 10th-worst for quarterbacks taken that high since 1996, according to Stats LLC. Among the other players in the bottom-10 are Jay Cutler (Vanderbilt), Tim Couch (Kentucky), Jake Locker (Washington) and last year's top pick, Jared Goff (California), who had one of the most disappointing rookie seasons in history.

Hall of Fame coach Bill Parcells said the poor track record of losing college quarterbacks making the transition to the NFL isn't a coincidence. "Teams are so desperate to find quality at the position that they will take chances like this and, frankly, I can't blame them," Parcells said. "But if you are going to be a very good pro quarterback, not even elite, you should at least have won most of your games in college."

—Jim Chairusmi, Michael Salfino

The Old College Try

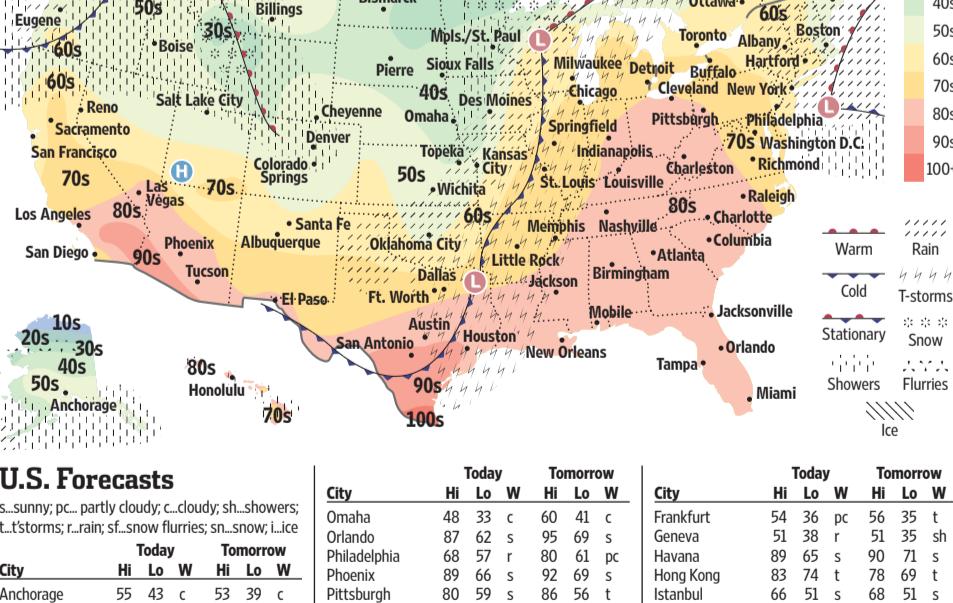
Since 1996, the QBs taken in the first two rounds of the draft who finished with a losing college record.

PLAYER/YEAR	COLLEGE RECORD	NFL RECORD
Jay Cutler 2006	10-32 (238)	68-71 (.489)
Charlie Batch 1998	4-9 (.308)	25-30 (.455)
Kyle Boller 2003	14-26 (350)	20-27 (.426)
Patrick Ramsey 2002	12-20 (.375)	10-14 (.417)
Jared Goff 2016	14-22 (.389)	0-7 (.000)
Jake Locker 2011	15-22 (.405)	9-14 (.391)
Josh Freeman 2009	14-19 (.424)	25-36 (.410)
J.P. Losman 2004	13-17 (.433)	10-23 (.303)
Drew Stanton 2007	12-15 (.444)	8-5 (.615)
Patrick Mahomes 2017*	13-16 (.448)	?
Tim Couch 1999	12-14 (.462)	22-37 (.373)
Jimmy Clausen 2010	16-17 (.485)	1-13 (.071)

Note: College record based on games where the quarterback threw at least 15 passes *Projected Source: Stats LLC; Pro-Football-Reference; WSJ

RON JENKINS/ASSOCIATED PRESS

Weather



U.S. Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers;

t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

Today Tomorrow

Hi Lo W Hi Lo W

Anchorage 55 43 c 53 39 c

Atlanta 82 62 s 77 67 pc

Austin 87 50 s 87 66 s

Baltimore 71 55 pc 82 64 pc

Boise 53 37 sh 51 33 pc

Boston 57 51 r 60 52 r

Burlington 66 53 pc 77 59 pc

Charlotte 82 60 s 82 64 pc

Chicago 77 53 t 56 41 sh

Cleveland 83 64 pc 75 51 t

Dallas 75 49 t 83 67 s

Detroit 59 36 pc 55 31 r

Denver 76 62 pc 73 48 t

Honolulu 86 72 s 85 71 sh

Houston 89 55 t 84 68 s

Indianapolis 82 60 pc 63 50 sh

Kansas City 51 39 r 62 49 c

Las Vegas 85 66 pc 84 63 pc

Little Rock 75 49 t 72 55 s

Los Angeles 81 63 s 82 62 pc

Miami 86 75 s 89 78 s

Milwaukee 69 48 t 54 41 sh

Minneapolis 46 33 r 46 32 c

Nashville 85 63 s 73 52 c

New Orleans 86 67 pc 85 73 pc

New York City 62 57 r 70 58 pc

Dublin 47 37 sh 51 38 pc

Oklahoma City 56 40 sh 71 51 pc

International

Today Tomorrow

Hi Lo W Hi Lo W

Amsterdam 51 36 t 49 41 sh

Athens 72 55 s 76 58 s

Baghdad 88 59 s 92 65 s

Bangkok 100 82 p 97 80 t

Beijing 75 46 c 82 53 s

Berlin 51 34 pc 53 37 pc

Brussels 51 33 t 50 36 sh

Buenos Aires 61 42 s 68 50 s

Dubai 94 78 s 94 77 s

Glasgow 47 37 sh 51 38 pc

Zurich 49 40 c 56 37 c

City Today Hi Lo W Tomorrow Hi Lo W

City Today Hi Lo W Tomorrow Hi Lo W

Frankfurt 54 36 pc 56 35 t

Geneva 51 38 s 51 35 sh

Havana 89 65 s 90 71 s

Hong Kong 83 74 t 78 69 t

Istanbul 66 51 s 68 51 s

Jakarta 87 74 t 89 75 t

Jerusalem 78 55 s 76 54 s

Johannesburg 68 44 pc 69 47 pc

London 53 35 t 53 42 sh

Madrid 67 39 pc 60 34 s

Manila 95 79 s 96 79 s

Melbourne 54 49 sh 56 51 sh

Mexico City 81 52 pc 80 51 pc

Milan 59 52 t 61 47 c

Mumbai 91 77 pc 91 77 pc

Paris 53 35 t 54 37 sh

Rio de Janeiro 90 75 pc 81 71 r

Riyadh 97 71 pc 97 75 s

Rome 68 55 c 66 54 t

San Juan 87 78 sh 88 77 pc

Seoul 68 47 pc 64 48 pc

Shanghai 69 54 c 73 55 pc

Singapore 88 78 c 88 77 c

Sydney 73 51 pc 65 53 pc

Taipei 84 66 t 68 61 r

Tokyo 67 54 c 62 52 r

Toronto 62 49 pc 71 49 c

Vancouver 57 44 r 61 41 c

Warsaw 47 38 r 50 39 c

Zurich 45 36 sn 47 34 sh

The WSJ Daily Crossword | Edited by Mike Shenk



SPECIAL DELIVERY | By Alex Eaton-Salners

- Across**
- 1 "Toy Story" piggy bank voiced by John Ratzenberger
 - 5 1986 GE acquisition
 - 8 Gather
 - 13 Brand with a 2017 dunk challenge
 - 14 Slip up
 - 15 Prince Albert's location, jocularly
 - 16 Post office?
 - 18 "That's impossible!"
 - 19 GoLean brand
 - 20 Methuselah's grandson
- Down**
- 14 "Lorraine"
 - 17 Flashers in clubs
 - 22 Unpaid debt
 - 23 Group of stables
 - 24 Place for slam dancing
 - 25 Flying Cloud Brougham maker
 - 26 Queen's disguise in "Snow White"
 - 27 Hard wear?
 - 28 Fifty Shades of Grey" heroine
 - 29 Shake, in a way
 - 30 "No biggie!"
 - 31 Stole stuff
 - 32 Semicircular letter
 - 33 Carob containers
 - 34 "Fifty Shades of Grey" heroine
 - 35 "Garfield's favorite food
 - 36 "Michael Jackson boast of 1987
 - 37 "It flows through Hera's veins"
 - 38 "Hilarious fellow"
 - 39 "This is awesooooomel!"
 - 40 "Cameo shape
 - 41 "Like Liam Neeson's character in "Taken"
 - 42 "Fifteen-year-old"
 - 43 "Attorney general before Ashcroft"
 - 44 "Touch down"

- 22 Qualified to serve**
- 23 Post man?**
- 26 Light of "Transparent"**
- 29 "Awesome!"**
- 30 "Will do!"**
- 31 Individually**
- 34 Dowdy dresser**
- 37 Venus to Serena, e.g.**
- 38 Post boxes?**
- 40 Copacabana setting**
- 41 Like Liam Neeson's character in "Taken"**
- 43 Attorney general before Ashcroft**
- 44 Touch down**

- 45 Basic skateboarding trick**
- 47 Sheaf components**
- 49 Post codes?**
- 50 Hillside near a loch**
- 51 Metrical feet**
- 52 Stuff in a pack labeled "Do Not Eat"**
- 53 Cameo shape**
- 54 "Hot in Herre" rapper**
- 55 Post masters?**
- 56 Average**
- 57 Getaway spot**
- 58 Broke apart, as a glacier**
- 59 Yosemite photographer Adams**

- 60 Lofty verse**

- 61 "Just play it cool"**

- 62 Bird-based**

- 63 Fat cat**

- 64 "In Herre" rapper**

- 65 "Treat the spot"**

- 66 "Redo stems arms"**

Previous Puzzle's Solution



► Solve this puzzle online and discuss it at WSJ.com/Puzzles.

OPINION

Rating a Semi-Accidental President



BUSINESS WORLD
By Holman W. Jenkins, Jr.

In an interesting piece of analysis, two sociologists semi-independently find that photos of Donald Trump on election night show him displaying facial expressions typical of sadness, not joy.

Randall Collins, of the University of Pennsylvania, using standard, well-tested metrics of facial expression and emotion, speculates that Mr. Trump is sad because he realizes "his life is going to change, drastically" in ways that won't be fun.

Prof. Collins, in a blog posting, cites a colleague, Anne Nassauer of the John F. Kennedy Institute for North American Studies in Berlin, as the originator of this line of Trumplian inquiry. Prof. Nassauer tells me that while "we can only speculate as to why President-elect Trump showed facial expressions of sadness, it is surprising that he showed these expressions directly after his victory in the election."

Those in New York business circles who know Mr. Trump best generally saw his presidential dabblings as a brand-building endeavor. This column during the campaign certainly questioned repeatedly whether he really wanted to be president. He obviously was not willing to spend enough of his own money to give him a chance

in the popular vote. He found himself in the White House only due to a flukishly small margin of voters in three states that delivered him the Electoral College.

The self-flagellation of the media in the aftermath was mainly about preserving the utility of the media's beloved hindsight fallacy, in which unexpected outcomes are always the result of somebody failing to do their job. In fact, pollsters gave Mr. Trump a 15% chance of winning, which seems about right. Things with a 15% chance of happening happen roughly 1 time out of 6.67.

Harry Truman is often cited as an accidental president, and now is rated by historians as a successful president. People forget what a colossal disaster the Korean War was seen to be at the time. The standards by which presidents are assumed to have been great are peculiar. Presidents are deemed great if the country survives disasters they didn't prevent, whereas citizens and voters at the time surely would have preferred a quiet life without disasters.

So, in this sense, Americans may feel they got their money's worth (\$400,000 per annum plus perks) from President Trump if he avoids disasters.

The Trump stock rally has been interpreted by some as belief that our inexperienced president can work legislative miracles, but it's usually a mistake to attribute unrealism to investors. They likely just see an end to the Obama-

Clinton program of higher taxes and increased regulation, a bonus President Trump can continue to reap without any heroic effort on his part.

He was perhaps never likely to enact a health-care bill, in which case some GOP House members will suffer and some voters will be made unhappy by losing their ObamaCare subsidies. But an ObamaCare meltdown is a survivable political event.

If he does nothing,
America will be better
off. If he delivers tax
reform, he'll be great.

Less than 2% of Americans get health insurance from the ObamaCare exchanges. All the other handouts that 71% of Americans depend on—Medicare, expanded Medicaid, the giant tax deduction for employer-provided insurance—will remain intact. Plus the administration has ways to help restore a non-exchange market for individual health insurance, and the states can do the rest, including subsidizing certain consumers if they choose to do so.

If he can get corporate tax reform done and otherwise stop harassing the economy the way Mr. Obama did, a judicious America might even decide it had a lucky election night. Historians too. An improvement in the growth rate by itself would allow Mr. Trump rightly to say

he left America better positioned to confront its long-term fiscal challenges (still severe) than Mr. Obama did. That's not nothing.

In the meantime, with some of his worst habits (according to critics) like his indisciplined tweeting, Mr. Trump may actually be usefully demystifying the presidency. Right now, 72 hours of cable television per day are devoted to his doings. A pundit takes his livelihood in his hands by choosing to write about anything else. And no two Chicken Littles have ever enjoyed a run like that of Richard Painter and Norman Eisen, the lawyer-ethicists who constantly proclaim that the sky is falling due to this or that Trumpian conflict of interest.

This is all ridiculous. Americans are too much encouraged to see their presidents as action heroes somehow intervening daily to influence the lives of millions. The desire to inflate the stakes of politics (the Earth is in danger; every election is the most important in a century) is an unhealthy tic. The 100-day panic, as we're seeing this week, is a formula for presidential mischievousness.

A cartoon in the Eisenhower era had the president saying to his cabinet, "Gentlemen, what should we refrain from doing next?" So much of Mr. Trump's recent career involved pretending, not doing. The day may come when we have to admit this is one of President Trump's chief vices.

America's 'Strategic Patience' Runs Out



POLITICS & IDEAS
By William A. Galston

Secretary of State Rex Tillerson declared in Seoul last month that the U.S. policy of "strategic patience" toward North Korea had ended. Four weeks later, during an extensive diplomatic mission to East Asia and Australia, Vice President Mike Pence repeated this statement. President Trump has underscored the urgency of the North Korean threat. This united front, which has not been characteristic of the Trump administration's foreign dealings thus far, reportedly reflects an intensive and well-organized policy review process. It should be taken seriously at home and abroad.

The Obama administration's embrace of strategic patience rested on assumptions that subsequent developments undermined. The U.S. could not afford to wait for North Korea to decide to denuclearize, as President Obama had hoped, because its regime had no intention of doing so. No wonder Mr. Obama told President-elect Trump that North Korea was the most urgent and difficult foreign-policy problem he would face when he took the oath of office.

Even though the Trump administration has rejected the status quo and committed to a change of course, its

deliberations will continue to be bounded by the constraints that bedeviled its predecessors.

First, there are no good military options. A pre-emptive strike against North Korea's nuclear facilities would also certainly trigger a massive attack against Seoul, which lies only 35 miles from the demilitarized zone. The magnitude of the projected death and destruction is sobering. And Pyongyang could decide to use whatever nuclear weapons survive a U.S. first strike. This would devastate not only South Korea's population, but also the more than 28,000 U.S. troops that remain stationed there more than six decades after the end of the Korean War.

Second, the U.S. has a long-standing network of security obligations throughout the region, including formal treaties with both Japan and South Korea. In the event of an attack on these key allies, the U.S. is committed to come to their defense. Any failure to do so would destroy America's credibility as a security guarantor.

Third, China, the key regional actor, has interests that diverge from those of the U.S. Still, there are signs of mounting Chinese frustration with North Korea's unpredictable and belligerent adventurism. Like the U.S. and its regional allies, China would welcome a denuclearized North Korea. At this point, Beijing's relations with Seoul

are warmer than with Pyongyang.

Nevertheless, China's longstanding, overriding concern is that the collapse of the Kim family's hereditary tyranny could send millions of North Korean refugees surging across its border and lead to the reunification of the Korean Peninsula under a pro-Western government. The prospect of

Trump confronts the
North Korea problem,
his most urgent
foreign challenge.

South Korean and U.S. troops on its border led Mao Zedong to send 700,000 Chinese troops across the Yalu River during the Korean War. It is far from clear that Beijing's fundamental calculus has changed in the ensuing decades.

Within these constraints, the essential first step is to reach a clear understanding with the Chinese government at the highest level. The Trump administration should make clear that the U.S. regards North Korea's nuclear threat to its neighbors as intolerable—and that the North Koreans cannot be permitted to develop a nuclear-armed missile capable of reaching any American target. Given the history of North Korea's nuclear program over the past three decades, the only acceptable

outcome is permanent and complete denuclearization. Whatever may have been the case in the past, Mr. Xi must know that these concerns now take priority over every other aspect of the bilateral relationship.

Two policies would follow from this new understanding with Beijing. The U.S. would continue to ramp up the anti-missile systems being deployed in South Korea and perhaps elsewhere in the region, and China would accept them as consistent with its own security interests.

The U.S. would also put in place a policy of "secondary sanctions" against North Korea, as recommended by former Deputy CIA Director and Treasury Undersecretary David S. Cohen in the Washington Post this weekend. This would force Beijing to choose between continuing its financial relationship with North Korea and maintaining access to the U.S. financial system.

In addition, the U.S. would accelerate its development of cyberwarfare tools to disrupt the functioning of North Korean missiles and destroy them early in their launch trajectory.

The Korean War never formally concluded. If North Korea permanently and verifiably ends its nuclear program, the U.S. should agree to sign a peace treaty recognizing the indefinite division of the Korean Peninsula until the two Koreas peacefully agree on terms to reunify.

BOOKSHELF | By Michael Barone

When the Plant Shuts Down

Janesville: An American Story

By Amy Goldstein
(Simon & Schuster, 351 pages, \$27)

In December 2008, General Motors closed its assembly plant in Janesville, Wis., after 85 years of car production. "Janesville: An American Story," energetically reported and sympathetically narrated, describes what happened over the next five years.

Janesville is the hometown of Rep. Paul Ryan, the current speaker of the House, and Amy Goldstein, a Washington Post reporter, opens her story by recounting Mr. Ryan's rage when he gets a call in June 2008 from GM's CEO telling him that the company is going to shut its oldest factory. Mr. Ryan appears again in the narrative intermittently, working with local citizens to attract new businesses and help laid-off workers, casting his vote in 2012 as the Republican vice-presidential nominee. But "Janesville" is primarily the story of ordinary people, how

they cope or don't cope with a largely, though not entirely, unexpected economic disaster.

As GM spirals toward bankruptcy in the 2008 financial crash, disaster comes sooner than expected. In October it is announced that the factory will close down in December, just before the customary holiday-week shutdown. Local Blackhawk Tech gears up for spikes in enrollment in its job-training classes.

and a local billionaire widow (roofing supplies) quickly raise a couple hundred thousand dollars for a county organization to attract new businesses.

A recently retired GM'er, a recovering alcoholic who had spent 25 years as the plant's Employee Assistance representative, takes steps to ensure that the Christmas food drive continues after the plant is closed. A teacher, after many months, opens a storage space offering much-needed supplies to teenagers whose parents have left town looking for work or whose family lives have descended into dysfunction. It is as if Janesville is substituting one Al for another: Alexis de Tocqueville, who first celebrated Americans' propensity for forming voluntary organizations, taking the place of Alfred P. Sloan, the executive who fashioned the bureaucratic structure of GM.

The ex-GM'ers that Ms. Goldstein follows over the years do not all fare as well as hoped. One 13-year worker drops out of training classes, suffers anxiety attacks at multiple jobs and quits repeatedly; his twin daughters, studying hard and working after school, start paying for the groceries. Another worker snags a transfer to another GM plant, because his "anniversary" starting date is just within the range that qualifies him for a job transfer. He

GM was a health insurer with a sideline in cars. Auto workers clung to the pensions and benefits, even as they drove the company into bankruptcy.

now has a 4½-hour commute each week to a plant in Fort Wayne, Ind. Women workers and wives, with opportunities limited by teen pregnancies, find unexpected resilience and aptitude for new jobs. But tragedy strikes one when, working as a prison guard, she has an affair with an inmate and, after it is discovered, commits suicide.

Both Mr. Ryan and local Democrats talk up job-training programs. But Ms. Goldstein finds, as academic researchers have, that such programs are not very effective. Most enrollees wash out, and many who graduate have a hard time finding jobs. The unemployment rate in Janesville's Rock County drops from 13% at peak to 4%, but part of the reason is that people have moved away—even the indefatigable Ms. Goldstein doesn't track them down—or have dropped out of the labor force.

Some readers may assume that "Janesville" is a guide to economically ravaged Trump voters. It is true that Rock County's 62%-38% margin for Barack Obama in 2012 fell to 52%-41% for Hillary Clinton. But the focus is not on partisan politics: "Janesville" is more the story of a strong union town come to grief. Ms. Goldstein deftly sketches the city's industrial history: how George Parker founded Parker Pen there in the 1880s; how Joseph Craig, a manager at a local tractor factory, enticed GM to open the auto plant in 1923; how both men generously endowed civic institutions. She notes Janesville's unusually nonviolent resolution of the illegal sitdown strike against GM in 1936-37.

But she mentions one pivotal event only briefly, noting how a GM'er's grandfather participated in the United Auto Workers' 67-day GM strike in 1970. Out of that strike came "30 and out"—retirement after 30 years, a provision demanded by workers who hated their jobs—and, later, generous retiree health benefits. After all, a 48-year-old retiree won't get Medicare for 17 years. Business writers began characterizing GM as a health insurer with a sideline producing cars, and retiree pensions and benefits did much to send the company on the road to bankruptcy.

Ms. Goldstein paraphrases the head of the Rock County Job Center, who believes that "the shackles of big GM paychecks bred complacency and tethered people to the assembly line for 30 years or 40—for an entire working life, even if they hated the work." Of the GM'er plagued with anxiety attacks, she writes: "His father and his father-in-law hated their 30 years at the plant before they retired on good GM pensions," but he went to work there anyway, figuring that "if they could stick it out, he can, too." But he couldn't, and his family is, Ms. Goldstein says, "just part of a broad tumbling downhill as a result of which, for many families in town, life is not what they'd expected."

Ms. Goldstein makes a few partisan jabs but is generally fair-minded, recording, for instance, the resentment of private-sector union workers at the cushy pensions and pay security of unionized public employees. One lesson of "Janesville" is that bad things can happen to good people. Another, perhaps, is that systems designed to produce fail-safe security are at risk of catastrophic failure, hurting those who might have made other choices if the expensive security guarantees hadn't been there in the first place.

Mr. Barone, a native of Detroit, is resident fellow at the American Enterprise Institute, senior political analyst at the Washington Examiner and co-author of "The Almanac of American Politics."

The 'Hundred Days' Humbug

By Charles Kesler

President Trump is criticized for things he has done and for things he has left undone. What is unreasonable is the additional arbitrary standard to which he, like all modern presidents, is held liable: what he has accomplished, and failed to, in his first hundred days in office.

Why is the figure of 100 days so important? As though Franklin D. Roosevelt doesn't have enough to answer for, here is another of his legacies.

FDR spoke of "the hundred days which had been devoted to the starting of the wheels of the New Deal" in his fireside chat of July 24, 1933—142 days after his March 4 inauguration. He was referring to "the historical special session of the Congress" he had convened, which opened March 9 and adjourned June 16. That is, the Hundred Days were legislative days, not executive days.

Today's Congress commonly leaves Washington three days a week. If you wanted to apply Roosevelt's implicit criterion of 100 congressional days, you'd be counting not to April 30, but into July or August—or even

September or later, since Congress is in recess the whole month of August.

It's true that in 1933 Roosevelt put the 73rd Congress through its paces. But the reason, or excuse, for the rush of legislation was an economic emergency, signaled by the steadily worsening bank panic. To get the closed banks open again was the aim of the first piece of legislation submitted,

the Emergency Banking Act—introduced on March 9 at 12:37 p.m., and on its way to the president at 7:23.

Absent the bank panic, the Hundred Days would not have started with such a bang. Without a similar emergency, why should we expect a president's (or Congress's) first hundred days to have anything like the same urgency and focus?

Congress did enact leading elements of the New Deal during the Hundred Days. But within two years the Supreme Court had gutted the National Industrial Recovery Act. The administration never attempted to revive it. In 1936 the same fate befell the Agricultural Adjustment Act, though in less sweeping fashion. Haste makes waste. Perhaps the most famous piece of legislation associated with the New Deal, the Social Security Act of 1935, had nothing to do with the Hundred Days.

Every president since FDR has been urged by professors and pundits to launch a hundred-days blitzkrieg. Only losers, they claim, do not have a transformative agenda tied up and ready to go during the early months. It's a historical hustle, an attempt to mislead citizens and presidents into thinking rushed change is normal and healthy.

There could hardly be a more arbitrary and unhistorical test of presidential quality. Mr. Trump may confidently assure his critics that, like the Constitution's framers, he believes good legislation requires deliberation, which takes time. Let the final version of his health-care bill be significantly better than the first, and he will prove his point to the country's satisfaction.

Mr. Kesler is editor of the Claremont Review of Books, from whose forthcoming Spring issue this article is adapted.

OPINION

REVIEW & OUTLOOK

Trump's New Housing Tax

Commerce Secretary Wilbur Ross announced Monday that the Trump Administration will raise the cost of new single family homes in the U.S. as part of its promise to "make America great again."

Mr. Ross didn't put it quite that way. He said the Administration will impose a 20% tariff on softwood lumber imports from Canada, which total about \$5 billion a year. But that's a lot of lumber and the tariff will add an additional \$1 billion in new costs for U.S. construction. Most of those costs will be added to the price of new American housing, not counting the higher costs that will come as U.S. producers raise their prices to match the competition and pad their bottom lines.

Mr. Trump bills himself as an outsider with fresh ideas. But U.S. politicians have been bowing to demands from American lumber interests for protection from Canadian competition since the 1980s. The industry initially accused Canada of subsidizing softwood lumber exports in 1982. The Commerce Department ruled against it in 1983. But in 1986 Commerce reversed that decision and successfully pressured Canada to begin collecting an export tax on its lumber exports.

Canada dropped that tax in the early 1990s and American lumber interests again clamored for protection. Canada again gave in, despite the lack of findings by dispute-resolution panels of subsidies or injury. In 1996 the U.S. negotiated the Softwood Lumber Agreement that hit U.S. consumers with new tariffs on lumber imports above a duty-free quota.

Over the years Nafta dispute-resolution panels have repeatedly questioned U.S. findings of subsidies, injury and dumping over lumber and remanded the cases back to U.S. authorities. In 2004 the U.S. International Trade Commission,

using the Nafta dispute-panel's instructions, found that Canadian imports don't harm the U.S. industry. But more often the U.S. government simply ignores its obligations under Nafta in order to protect U.S. lumber interests.

As long as laws exist that invite antidumping and countervailing duty claims, U.S. domestic producers will try to erect barriers to foreign competition. Mr. Trump may also believe that he can use the lumber tariff to open Canada's agricultural markets, which despite Nafta are still gummed up with quotas and tariffs imposed by Ottawa. The trade politics of powdered milk is a particular mess that is hurting U.S. dairy farmers.

Yet while the cross-border haggling drags on, middle America is where the new lumber tariff will hit hardest. According to the National Association of Home Builders, 28% of U.S. softwood lumber purchases are Canadian imports and these are particularly important in the construction of single-family homes. Roughly 7% of the cost of an American home is the lumber and that cost is already up, on average, by some \$3,000 this year. The Journal reports that "builders say lumber costs are already at the highest in a decade." Labor shortages in construction, thanks in part to restrictions on immigration, are also pushing up costs.

With his announcement last week on steel and this week's lumber action, Mr. Trump's trade policy is coming into focus. He'll use tariffs to restrict imports and appease domestic producers that have the best trade lawyers and lobbyists, while hoping consumers don't notice the higher prices. Mr. Trump made it to the White House with the support of middle-class voters still yearning for the American dream. Making home ownership more expensive is hardly the way to thank them.

Learn Free or Die

Last month, Arizona became the second state after Nevada to enact universal education savings accounts, or ESAs, which allow parents to spend a state's per-pupil aid amount on other education options. New Hampshire may soon be the next state to establish a universal right to freedom of education—if Republicans don't lose their nerve.

In 2012, the Granite State established a modest tax-credit scholarship program, but last year only 178 students—less than 0.1% of statewide public school enrollment—received awards, which average about 15% of \$14,909 per-student public school spending. The state Senate opened the school-choice doors last month by passing a universal ESA bill that would give parents who withdraw their kids from public schools 90% of their child's per-pupil state allocation to spend on private-school tuition, curriculum, tutoring or other state-approved education expenses.

The legislation is now facing resistance in the GOP-controlled House. At a hearing last week, there were questions about inferior accommodations for students with disabilities at private schools. But parents wouldn't be forced to withdraw their kids from public schools. If they like their local public school, they can

keep their child in it. Some Republicans worry about the fiscal impact on rural school districts. But these districts have to rationalize labor and overhead costs eventually due to demographic changes.

State Board of Education Chairman Tom Raffio has argued that ESAs are unnecessary because New Hampshire's public schools rank among the best in the nation. That's partly an artifact of the state's predominantly well-to-do population. Still, only 31% of low-income fourth graders in 2015 scored proficient on the National Assessment of Educational Progress, a seven-point decline since 2013. Parents unhappy with results like this should be able to seek alternatives.

Meanwhile in Nevada, a state Supreme Court decision overturning its funding mechanism has their program and about 8,000 parents on hold. GOP Gov. Brian Sandoval ought to veto new spending bills until his Democratic legislature funds ESAs.

It is hard to justify one-size-fits-all-public education in an era that increasingly allows people to exercise choice in most aspects of their lives. Republicans in New Hampshire would be fortifying the state's motto to live free or die by embracing the freedom to learn.

Testing China on North Korea

President Trump called on the United Nations Security Council Monday to adopt new and stronger sanctions on North Korea. Diplomats are skeptical that such measures would change Pyongyang's behavior because it is already economically isolated, doesn't mind inflicting pain on its people, and will never negotiate away its nuclear weapons. A new sanctions push is nonetheless worth a try—not least as a test of Chinese willingness to confront the threat it has helped to nurture.

It's a myth that Pyongyang already faces tough sanctions, since by several measures North Korea is well down the list of sanctions targets. There's plenty of room to tighten financial and trade restrictions on the Kim Jong Un regime. The main obstacle has been China's efforts to water down sanctions and veto tougher measures.

Beijing also has failed to enforce sanctions that it has agreed to. In recent years a U.N. Panel of Experts has documented how Chinese companies and banks violate U.N. sanctions against North Korea. Last year it determined that Bank of China's Singapore branch allowed 605 payments on behalf of North Korean entities. Beijing blocked the release of that report, though its contents leaked to the press.

Beijing has long viewed the collapse of the Kim regime as a worse threat to China's interests than are the North's nuclear missiles. And previous U.S. administrations chose to tiptoe around China's resistance in the hope of making incremental diplomatic progress.

Mr. Trump has taken a different approach as the North continues to increase its nuclear stockpile and its missile-delivery systems, threatening unilateral action against North Korea while seeking China's help. The Trump Administration is signaling in particular that it won't tolerate a North that can target U.S. cities for destruction with long-range missiles that

can carry a nuclear warhead. The U.S. has done this with multiple public statements, private talks with Chinese President Xi Jinping, and an invitation this week to the entire U.S. Senate for a briefing on the threat.

"This is a real threat to the world, whether we want to talk about it or not," Mr. Trump said Monday at a White House meeting of Security Council envoys. "North Korea is a big world problem, and it's a problem we have to finally solve. People have put blindfolds on for decades, and now it's time to solve the problem."

As we've recommended, the U.S. has the legal authority to increase pressure on the North by applying "secondary sanctions"—denying access to the U.S. financial system to companies and financial institutions in third countries that conduct illegal business with North Korea. Past administrations were reluctant to do so for fear of upsetting Beijing, since most of the targets of such sanctions would be Chinese. If Beijing refuses to act against the North, such sanctions would be a minimum test of Mr. Trump's seriousness.

The Trump Administration isn't revealing its overall strategy, but the use of military force can't be ruled out. The U.S. and its allies could intercept the next North Korean missile test or launch a pre-emptive strike. No one knows how the North would respond, and another Korean war is possible.

The way to avoid this dire prospect is for China to join the U.S. and its allies in a united effort to change the regime in the North to one that will give up its nuclear weapons. This needn't mean unification with the South, and it could mean a government in Pyongyang that is still allied with China. But China needs to take action beyond its familiar plea for more negotiations between the U.S. and North Korea. Toward that end, tougher sanctions are worth pursuing lest war becomes inevitable.

A tariff on foreign lumber will raise the cost of U.S. homes.

OPINION

LETTERS TO THE EDITOR

Cuomo's Free Tuition Plan Makes Good Sense

Allysia Finley's "Tuition-Free College Is Nothing More Than a Political Ploy" (op-ed, April 20) is nothing but conservative chatter bent on discrediting a progressive achievement other leaders across the country have only talked about. Thanks to Gov. Andrew Cuomo, New York is the first state in the nation to provide tuition-free college for the middle class. Under the program, a family making up to \$100,000 a year will save as much as \$25,800—or nearly the average student-loan debt in New York.

The program provides an incentive for students to graduate on time because the longer they remain in school, the more debt they take on. Like most states, New York must improve its graduation rates of 9% at community colleges and 39% at four-year institutions.

By ensuring students live and work in-state for the number of years they receive the scholarship, we are guaranteeing this investment pays dividends at home. With more than eight million private-sector jobs—the most in the history of the state—and 3.5 million more expected to require an advanced degree by 2024, our students will fill the good-paying jobs New York is creating.

Over the last decade, enrollment at private-sector colleges has increased 16%. New York spends more taxpayer dollars on private schools than any other state besides Texas—\$2.7 billion since 2011 alone. This isn't about private versus public colleges. The Excelsior Scholarship has set a national standard for college access and affordability.

ROBERT MUJICA
Albany, N.Y.

Mr. Mujica is New York state's budget director.

It is a good use of public funds to invest in public colleges and universities, and the governor's plan seems like a good strategic use of those funds. Putting price pressure on private universities is good policy. One of the chief complaints about guaranteed student loans is that they incentivize universities to increase tuition and harm students who have little possibility of being able to repay them. Gov. Cuomo's plan would seem to have salutary and opposite effects. Moreover, the complaint that too few students will participate simply means that the investment is too small, not that the plan is a bad idea.

ADAM J. SAFER
Larchmont, N.Y.

Labor Ought to Execute the President's Policy

Regrettably, the Labor Department's fiduciary rule-making has always been driven more by politics than impartial scrutiny of the investment-advice marketplace ("Labor Department Mutiny," Review & Outlook, April 13). This is evident in the department's repeated rejection of sound economic analysis from the Investment Company Institute and others showing the Obama administration's rule does more harm to savers, particularly in individual retirement accounts, than good. A key example: The department asserts that few households with "small IRAs" receive financial advice. False. Nearly 3.2 million households with traditional IRAs of less than \$50,000 hold their accounts through full-service brokers according to ICI's IRA Owners Survey.

The department's willful ignorance is hurting savers now. With the current rule pending, brokers have sent notice that they'll no longer serve

hundreds of thousands of small account holders, leaving those savers without access to helpful advice and vulnerable to financial harm.

How many will be harmed before the Labor Department discards policies for data and revises or rescinds the flawed fiduciary rule?

PAUL SCHOTT STEVENS
President & CEO
Investment Company Institute
Washington

The holdovers from the Obama administration announced that "the Department has concluded it would be inappropriate to broadly delay application of the fiduciary definition and Impartial Conduct Standards."

President Trump should immediately track down whoever said this and fire them. This is swamp-draining served on a platter.

GREGG BAKER
Orlando, Fla.

Solar-Power Subsidies Are Money Well Spent

Regarding Robert Bryce's "Thanks for Giving Me Your Tax Money" (op-ed, April 19): Mr. Bryce, you and your community are welcome for your reliable and competitive solar electricity. Yours is one of 1.4 million American households, and skyrocketing, that have solar on their roofs.

Your claim that only the wealthy are benefiting from solar energy is flat wrong. Our customers come from all walks of life and are investing in solar in large part because the cost of panels has dropped by more than 82% in the last six years. A just-released study that looked at 500,000 solar households in four of the biggest states with rooftop solar

found that more than 70% of them are middle income.

Solar, now the cheapest form of energy in many places, joins every other energy source in receiving federal and state subsidies. It's true that taxpayers pay for that, and the result we all get is lower-cost energy. Solar has broken through as a low-cost solution in an electricity market that profoundly needs diversity as the costs of building coal and nuclear plants have become prohibitive.

ABIGAIL ROSS HOPPER
President and CEO
Solar Energy Industries Association

Buried in Mr. Bryce's description of wealth transfer from poor folk to the wealthy are valid reasons for this horrible government subsidy. With these subsidies Mr. Bryce and many other well-heeled persons are conducting long-term testing and the advancement of this technology, which will very likely drive the price down for the rest of us.

JAMES GARTON
Pewaukee, Wis.

My 8.1 kW array was installed in 2009. I, too, received a federal tax credit and a local subsidy from the electrical provider. Solar works. To date my panels have generated close to 100,000 kWh of energy and my electric bills have been reduced by at least one-third. Surplus electricity goes back to the grid from which my neighbors benefit.

ROBERT CHUDNOW
Plano, Texas

Pepper ... And Salt

THE WALL STREET JOURNAL



"Don't talk to him. He's some crazy moderate."

PETER N. GOETTLER
President and CEO
Cato Institute
Washington

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OPINION

Repeal Yale's Trustee Gag Rule

By Lauren Noble
And Richard West

With free speech under attack on campuses nationwide, university trustees have generally remained on the sidelines. Yale seems determined to keep them there. The William F. Buckley Jr. Program recently began an effort to encourage a more open process for electing alumni trustees, known as fellows. So far we've gotten nowhere.

Last year we invited the three candidates for alumni fellow to participate in a web forum on free speech and diversity of thought. To our surprise, not one responded. Then we received an email from Kimberly Goff-Crews, Yale's vice

We asked candidates their views on free speech. The university told them they were obliged to shut up.

president for student life, explaining it was "university practice that Alumni Fellow candidates do not campaign in any way" but "stand for election solely based on the biographical statements in the Alumni Fellow ballot." This she described as "both a constraint placed on candidates, and a promise made to them in terms of the demands of the election process."

This year we penned an open letter to the trustees asking them to encourage candidates to participate in our forum. More than 400 alumni have signed on. So far Ms. Goff-Crews hasn't budged. In an interview with the Yale Daily News, she repeated, almost word for word, last year's assertion that campaigning is forbidden. University administrators also canceled the Daily News's scheduled interviews with the trustee candidates.

The executive director of the Association of Yale Alumni, Weili Cheng, defended the gag rule. The Daily News reports "she feared that campaigning might lead to conflict in the alumni community" and quoted her as saying: "Look what happened with the presidential campaign."

But the current process is unfair to the candidates and the alumni. If university administrators will not provide the basis for both groups to help ensure an informed choice of trustees, what is the purpose of having an election?

In decades past, candidates for alumni fellow did offer their ideas and opinions on major issues facing the university. In 1972 the candidates included John H. Chafee, the Navy secretary and future senator from Rhode Island, and Lloyd N. Cutler, who served as White House counsel to Presidents Carter and Clinton. Chafee focused on the need for Yale to "remain free from restrictive pressures—pressure to support currently popular ideas, pressure to be more 'relevant,' and pressure from government." Cutler emphasized the importance of maintaining an "academically free institution."

A recent editorial in the Yale Daily News argued: "We do not pick leaders based on credentials alone; we elect them based on their character and values." We could not agree more and hope our petition will convince the Yale Board of Trustees to change its policy. But given the way university governing boards across America have been behaving, we are not optimistic.

Ms. Noble is founder and executive director of the William F. Buckley Jr. Program at Yale. Mr. West is dean emeritus of New York University's Stern School of Business and a board member of the Buckley Program.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Executive Chairman, News Corp
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Deputy Editor in Chief

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Growth Can Solve the Debt Dilemma

By Stephen Moore

The Congressional Budget Office's latest report on the nation's fiscal future is full of doom and gloom. The national debt will double in the next 30 years to 150% of gross domestic product—which is Greece territory. Interest payments may become the largest budget line, eclipsing national defense. Federal spending is expected to soar over 20 years from 22% of GDP to 28%. Never outside of wartime has Washington's burden been so heavy on the economy.

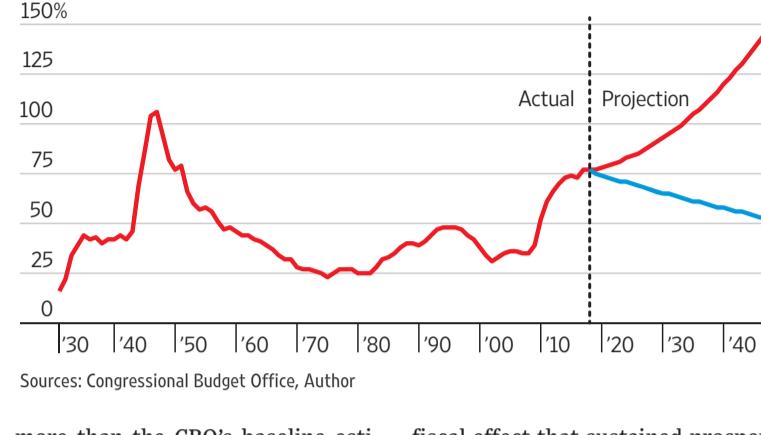
But the report's most troubling forecast, by far, is for decades of sluggish economic growth. The CBO projects that America will limp along at an average 1.9% annual growth over the next 30 years. This is a sharp downgrade from historical performance. Between 1974 and 2001, average growth was 3.3%. An extra percentage point makes a world of difference. If weak growth persists, there is almost no combination of plausible spending cuts and tax increases that will get Washington anywhere near a balanced budget.

But consider what happens to the CBO's numbers assuming 3% annual growth. By 2040 the economy would expand not to \$29.9 trillion, but to \$38.3 trillion, according to an analysis by Research Affiliates, a California investment firm. That's an additional output of \$8.4 trillion—roughly the entire annual production today of every state west of the Mississippi River.

By 2047, the economy would grow to \$47.1 trillion, almost \$13 trillion

The Power of an Expanding Economy

Federal debt held by the public as a share of GDP, 1930-2047, CBO projection (assuming 1.9% growth) and adjusted projection (3%)



Sources: Congressional Budget Office, Author

more than the CBO's baseline estimate. That would spin off new tax revenue to Washington of about \$2.5 trillion each year. That money ought to be more than enough to pay all the bills and cover most of the unfunded costs of Social Security and Medicare. The old saying is right: The most powerful force in the universe is compound interest.

Growth of 3% would stop the debt-to-GDP ratio from skyrocketing. Instead it would start to fall almost immediately, eventually to about 50%, because the economy would be so much larger. Congress and the White House ought to understand that what matters most for heading off a fiscal crisis is making sure that the economy grows faster than the government. No other debt-reduction policy—certainly not a tax increase—comes close to having the

fiscal effect that sustained prosperity does.

A good example is the late 1990s, the only time in recent years that Washington balanced its budget. Surpluses were the result of good policy: A 16-year economic surge allowed revenues to catch up to expenditures. A booming stock market, aided by a cut in the capital-gains tax, brought in unexpected revenue.

Spending was restrained under President Clinton and a Republican Congress.

Many blue-chip economists agree with the CBO that a growth rate of about 2% is the best that America can achieve. They believe that growth in productivity and the country's workforce is too slow to recapture the glory days.

But the right policies can counter these trends. Productivity should

surge with improvements in robotics, artificial intelligence and automation. Self-driving cars could cut transportation costs dramatically in coming years. Washington could facilitate this renaissance by giving companies an incentive to invest. The Tax Foundation predicted last year that the House Republican tax reform alone would raise wages by 8%, GDP by 9% and capital investment by 28%. If this is even close to being right, pass the tax cut now and stop obsessing about whether it is paid for within the short-term budget window.

The demographic problem is a greater challenge, with the baby boomers retiring. But according to my calculations at least seven million Americans in their prime working years—18 to 65—would be on the job today if labor-force participation had not dropped since 2000. A strong economy, paired with welfare reforms, could draw millions back to work. And immigration is America's natural demographic safety valve. Letting in more legal immigrants—especially those with skills and special talents—may not happen under President Trump, but it can and should eventually.

This isn't a call for budget complacency. Congress should cap spending and flatten the payout formulas for entitlement programs. But there's simply no way to fix the long-term fiscal problems with 1.9% growth, no matter how sharp the budget knife. What America needs is real and sustained growth.

Mr. Moore is an economic consultant at Freedom Works and a senior economic analyst at CNN.

Who Watches a Murder Streamed Live on Facebook?



The most shocking aspect of the Easter Sunday Facebook murder of 74-year-old Robert Godwin, Sr. might be that this sort of social media mayhem is losing its ability to shock.

In March, a video of a 15-year-old girl being sexually assaulted by several teenage boys was streamed on Face-

In February, a teenager was convicted of fatally shooting his friend; the killer implicated himself by sending a selfie with the dying victim on Snapchat.

In January, four people were arrested after broadcasting a video on Facebook that showed them taunting and beating a mentally disabled teenager who had been bound and gagged.

Already this year, a 14-year-old girl in Florida and a 33-year-old man in California have committed suicide on Facebook.

Last year, an armed woman in Maryland live-streamed her fatal standoff with the police, and a 12-year-old in Georgia recorded her own suicide by hanging via the Live.me app.

Shortly after Facebook launched its new video-streaming service last April, CEO Mark Zuckerberg told BuzzFeed that the goal was to support "the most personal and emotional and

raw and visceral ways people want to communicate." But preventing abuse of these platforms has been a challenge.

There's been a smattering of calls from public officials and activists to suspend these streaming capabilities until better filters are in place, but the popularity and profitability of live video make that course of action unlikely. Besides, the safe-harbor provisions of the federal Communications Decency Act, passed by Congress two decades ago, give operators broad protection from liability for content posted by their users.

Sure, some grandstanding member of Congress can call for a hearing, or a state attorney general looking to boost his profile can announce a lawsuit, but neither is really necessary. Social media behemoths like Facebook, Twitter and YouTube currently have every incentive to protect their services from the freaks, sociopaths and others intent on spreading violent or disturbing images. "Facebook Murderer" or "YouTube Shooter" pasted in CNN bulletins and newspaper headlines is the kind of publicity that companies work to minimize without any prompting.

With nearly two billion users, Facebook wants to be not only the place where you connect with family and friends but also your main source of news and information. Those dual objectives have made it more willing to restrict objectionable content. Twitter took a more libertarian stance in its early days,

though lately its position has softened in the name of thwarting harassment of the Milo Yiannopoulos variety. YouTube, meanwhile, has found a middle ground, allowing some content that Facebook doesn't, but with warning labels for minors and the wary. "Let the marketplace sort it out," says Ryan Radia, who

Robert Godwin's killing was replayed 1.6 million times. AI can help, but not with human nature.

follows telecom policy at the Competitive Enterprise Institute and welcomes the different approaches. "Let these platforms rise or fall based on consumer preferences." That solution isn't foolproof, he adds, but it's vastly superior to Big Brother alternatives.

But for the steps that social media outlets already take to scrub commercial content, online human depravity would be even more prevalent. A fascinating 2014 article in Wired magazine details how social media relies on "an army of workers employed to soak up the worst of humanity in order to protect the rest of us." Quoting an industry insider, the article speculates that these so-called content moderators—many of whom are young college graduates "just happy to have found employment

that didn't require a hairnet"—number well over 100,000, or "about twice the total head count of Google and nearly 14 times that of Facebook."

In response to the Godwin murder, Mr. Zuckerberg said that for now Facebook would continue to rely mostly on users who report violations of company policy and that "the long-term solution is going to be having better artificial intelligence tools." The bigger problem, however, is the demand side of the equation—i.e., the social media denizen who votes with his mouse, the person who doesn't want to be protected.

The Godwin video was viewed more than 1.6 million times, even as the victim's grandson pleaded on Twitter for people to stop sharing the link. The video of the girl in Georgia who committed suicide eventually found its way to YouTube and Facebook and garnered millions of combined views. And no one who saw the live-streamed sexual assault of the teenager in Chicago reported it to police. "As a society we have to ask ourselves, how did it get to the point where young men feel like it's a badge of honor to sexually assault a girl... to not only do this to a girl, but broadcast it for the world?" a relative of the victim told the Chicago Tribune.

Social media is changing our habits but not our base appetites. Artificial intelligence won't save us from ourselves.

The Shattered Arguments for a New Glass-Steagall

By William M. Isaac
And Richard M. Kovacevich

Gary Cohn may not be the first White House official you'd expect to favor reinstating Glass-Steagall, the Depression-era law that split commercial banks from investment banks. Yet Mr. Cohn, the former Goldman Sachs president who now leads the National Economic Council, urged just that in a private meeting with lawmakers, according to Bloomberg News. This is deeply disappointing, particularly coming from an administration that seeks to

stimulate growth by removing the government shackles that suppress competition and burden markets.

The 1999 repeal of Glass-Steagall was unfairly blamed in the aftermath of the 2008 financial crisis. Some people—apparently Mr. Cohn among them—mistakenly believe that investment banking is so risky that it should be once again kept separate from commercial banking. The truth is exactly the opposite: Traditional investment banking entails very little risk. The danger is stand-alone investment banks that are not diversified enough to survive a shock.

Traditional investment banks primarily underwrite debt and equity for corporations; provide advice on mergers, acquisitions and divestitures; buy and sell securities for institutions; and help clients hedge their risks. These activities involve almost no risk on the investment banks' own books. In contrast, commercial banks extend credit to people and businesses and retain a good deal of both the credit risk and the interest-rate risk. The repeal of Glass-Steagall allowed these banks to diversify their risks and revenues by providing fee-based investment services.

Banks are at risk of failure when they become too concentrated by geography, industry or product line. Risk needs to be diversified so that no one mistake can bring down the entire institution. Even firms like Citigroup and Bank of America that made a series of mistakes in the 2008 crisis survived because they

were diversified. Investment banks that were not properly diversified did not survive: Bear Stearns, Lehman Brothers, Merrill Lynch.

The major perpetrators of the 2008 financial crisis were 20 or so institutions that had originated, securitized and distributed exotic sub-prime mortgages with toxic features. About 10 investment banks packaged

Investment banking isn't risky. What's dangerous is creating stand-alone firms that can't diversify.

mortgages made by savings-and-loan associations such as Countrywide, Washington Mutual and Indy Mac, and by state-chartered mortgage brokers—many of which committed outright fraud. These S&Ls were the remnants of an industry that had cost taxpayers some \$150 billion during the 1980s and early 1990s. Notably absent from this array of culprits were large commercial banks, with an exception or two.

Unfortunately, regulators failed to see or act on the growing problems until they had escalated into a full-scale financial crisis. The Securities and Exchange Commission failed to enforce adequate capital and liquidity requirements on investment banks, including Bear Stearns and Lehman Brothers, which had trillion-dollar balance sheets funded by

volatile and expensive short-term wholesale funds.

As a consequence of the crisis, the offending investment banks and S&Ls were sold, liquidated or converted into regulated banking companies. The financial system has stabilized at historically high capital levels and the economy is growing again (albeit much too slowly).

Today there are no major stand-alone investment banks engaged in high-risk trading for their own accounts. After much turmoil and hundreds of billions of dollars in losses, they are finally gone. Investment banking now either is part of the regulated commercial-banking industry or is conducted in small boutique firms that are not highly leveraged. A separate hedge-fund industry exists for private investors interested in proprietary trading, private equity, exotic securitizations, and other high-risk businesses.

This is a positive change for the safety and soundness of the financial system. Yet almost unbelievably, there are calls to restore Glass-Steagall, re-create stand-alone investment banks, and allow them to operate once again outside the regulated banking system. The administration and Congress should not even consider putting America's economy at risk that way again.

Mr. Isaac, former chairman of the Federal Deposit Insurance Corp., is a consultant to financial institutions. Mr. Kovacevich is a retired chairman and CEO of Wells Fargo & Co.



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WORLD NEWS

Low Turnout Is Le Pen's Ally in Election

Candidate's hopes rest on disillusioned French casting blank votes or abstaining altogether

BY JOSHUA ROBINSON
AND NOEMIE BISSEUR

PARIS—National Front leader Marine Le Pen's hopes to win the French presidency lie in the hands of voters like Pierre Gilbert.

Mr. Gilbert, 23 years old, is by no means a supporter of the anti-European Union, anti-immigration politician, who has qualified for the May 7 runoff against centrist Emmanuel Macron. He defines himself as a die-hard leftist.

But breaking with a long-standing tradition of French voters setting personal beliefs aside to coalesce behind whoever could block the National Front, he plans to stay home for the second round.

"No matter who wins, it'll be a catastrophe," he said.

Voters like Mr. Gilbert show how Ms. Le Pen has succeeded in weakening the political bulwark—known as the "front républicain"—that broke National Front waves in past elections, largely because of the party's tradition of xenophobia.

In 2002 when Jean-Marie



National Front candidate Marine Le Pen greeted workers Tuesday at Rungis food market near Paris.

Le Pen, her father, unexpectedly stormed into the second round of the presidential election, stunned French voters put aside their reservations about conservative incumbent Jacques Chirac and re-elected him with 82% of the vote.

Ms. Le Pen must attract voters who didn't support her in the first round to defeat Mr. Macron, and the apathy of a large part of the electorate

could play into her hand. Surveys suggest about one-third of leftist voters and almost one-quarter of conservatives will abstain in the runoff.

"The knee-jerk republican front is gone," political analyst Christèle Marchand-Lagier said.

Polls conducted by the OpinionWay firm show Ms. Le Pen could nearly double her first-round total of 21.3% in the face-off against Mr. Macron,

but would lose, 39% to 61%.

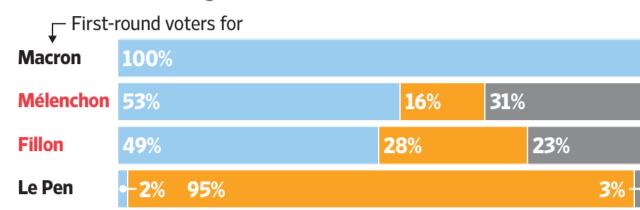
Unlike her father, who cultivated the image of the National Front as a fringe movement, Ms. Le Pen has sought to impose herself as a stateswoman prepared to govern.

On Sunday evening, conservative candidate François Fillon offered a reluctant endorsement of Mr. Macron after he was knocked out of the presidential race, citing the

Crumbling Block

Polls show many who backed **losing candidates** in the first round would rather abstain than vote for Mr. Macron or Ms. Le Pen, suggesting decay in the cross-party wall against the National Front.

Second-round voting intentions: ↓ First-round voters for



Note: Only candidates that received over 1% of the first-round vote shown
Source: BFMTV/L'Express online questionnaire conducted by Elabe of 967 voters on April 24

THE WALL STREET JOURNAL.

need to block the National Front and its "history of violence and intolerance."

But Fillon supporter Alexandre de Hubsch said the plea had fallen on deaf ears.

"I have never voted for the far right before, but I can't vote for [Mr. Macron]," he said, adding he would back Ms. Le Pen in the second round.

A poll by the Elabe firm found 28% of first-round Fillon voters would vote for Ms. Le Pen, while 23% plan to cast a blank vote or stay home.

Such mixed feelings are equally palpable on the left. Jean-Luc Mélenchon, the far-left firebrand candidate who captured 19.6% of the first-round vote, hasn't endorse-

danyone for the second round.

The Elabe poll shows Ms. Le Pen could capture 16% of Mr. Mélenchon's voters. But it suggests many more, stranded without a left-wing candidate, don't want to vote for her or Mr. Macron, a former investment banker they view as an embodiment of globalization.

Some voters said even though they oppose Ms. Le Pen, they wouldn't cast their ballot for Mr. Macron. Dojima Ounei, a 33-year-old musician, said he doesn't want the future president to claim a mandate from the entire country.

"I'm not going to vote because I don't want him to collect 80%," Mr. Ounei said. "I'd prefer it to be close."

Ivanka Trump Meets Skeptics in Berlin

BY ANTON TROIANOVSKI
AND REBECCA BALLHAUS

BERLIN—Ivanka Trump, on her first foreign trip as a government official, received a cool reception from audience members at a conference here Tuesday when she described her father's support of families and women.

The visit by Ms. Trump, referred to by the White House as first daughter and assistant to President Donald Trump, was warmly welcomed by German Chancellor Angela Merkel,

who sat with her and other global leaders on a panel discussion on women's entrepreneurship. Ms. Trump's Berlin visit was intended to showcase her engagement in women's rights and vocational training while boosting her profile as a White House official.

But some in the audience at the conference, which brought together nongovernmental organizations dealing with women's issues, responded critically as Ms. Trump spoke about her father. When Ms. Trump described the president as "a tre-

mendous champion of supporting families and enabling them to thrive," some audience members hissed and groaned.

When the moderator asked her to respond, Ms. Trump said, "I think the thousands of women who have worked with and for my father for decades when he was in the private sector are a testament to his belief and solid conviction in the potential of women and their ability to do the job as well as any man."

Ms. Merkel invited Ms. Trump to the conference,

hosted by Germany as a prelude to the Group of 20 summit in Hamburg in July, after they met at the White House last month. German officials, anxious over the Trump administration's stance on trade and foreign policy, have seen Ms. Trump as an important channel to the president.

She later quizzed one of Germany's most prominent industrialists about workforce training as TV cameras rolled and paced among the concrete blocks of the Holocaust memorial in the city center.



Ivanka Trump visited the Holocaust memorial in Berlin on Tuesday.

MICHAEL SOHN/ASSOCIATED PRESS

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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S&P 2388.61 ▲ 0.61%

S&P FIN ▲ 0.83%

S&PIT ▲ 0.62%

DJ TRANS ▼ 0.36%

WSJ \$IDX ▲ 0.13%

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NIKKEI (Midday) 19231.92 ▲ 0.80%

See more at WSJMarkets.com

Nasdaq Tops 6000 for First Time

Apple, Facebook, Amazon, Microsoft, Alphabet contribute 41% of 2017 gain

By AKANE OTANI

The Nasdaq Composite Index raced past 6000, the latest sign that technology companies have become a driving force in the recent stock-market rally.

The index hit the milestone 17 years after it reached 5000 during the dot-com era, in a broad rally Tuesday that was turbocharged by earnings from bellwether companies including Caterpillar Inc., McDonald's Corp. and biotechnology giant Biogen Inc. The

Nasdaq climbed 41.67 points, or 0.7%, to 6025.49.

Surging technology shares have helped the index outperform its peers so far this year. The top five contributors to the Nasdaq's 2017 gains—Apple Inc., Facebook Inc., Amazon.com Inc., Microsoft Corp. and Alphabet Inc.—account for 41% of the index's advance, according to stock-market research firm Birinyi Associates.

Such gains have partly come at the expense of the bank and industrial shares that powered the postelection rally. Tech stocks have become a way to bet on U.S. economic growth while reducing reliance on anticipated U.S. policy changes like tax cuts, deregulation and infrastructure spending, many

investors and analysts say.

Technology shares in the S&P 500 have risen roughly 14% so far this year, compared with 2.5% for financials and 6.7% for the broader S&P 500.

14%

How much technology stocks in the S&P 500 have risen in 2017

The Nasdaq Composite is up 12% year to date.

Fund managers bumped up overweight positions in the tech sector to the second-highest level in Bank of America Merrill Lynch data going back to 2008, the bank said in March.

"If the economy is going to heat up, you want to be in an area that can keep up," said Robert Pavlik, chief market strategist and senior portfolio manager at Boston Private Wealth.

Tech companies in the S&P 500 are on track to post 14% growth in earnings for the first quarter from the year-earlier period, according to reported results and analyst estimates on FactSet, compared with the 10% growth rate expected for the broader S&P 500.

Apple shares have risen 25% for the year on signs of renewed momentum at the firm. Apple in May is expected to report quarterly earnings of

\$2.02 a share, according to FactSet, up from \$1.90 a share a year earlier.

Class A shares of Facebook have gained 27% in 2017, with analysts estimating the company will report quarterly earnings of \$1.12 a share in May, according to FactSet, supported by data pointing to sustained growth in its advertising revenue. The firm had reported earnings of 52 cents a share a year earlier.

Amazon, Google's Alphabet and Intel Corp. are scheduled to report results on Thursday.

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◆ The numbers behind Nasdaq Composite's ascent..... B15

◆ Heard on the Street: Hopes for tech lift Nasdaq..... B16

Caterpillar Hails Turn In Sales, Lifts View

By ANDREW TANGEL

Caterpillar Inc. is gaining steam after years of sluggish demand for its giant yellow trucks and heavy machinery, as some markets hobbled by a yearslong commodity slump begin to turn around.

The equipment giant reported its first quarterly sales increase since 2015 for the period ended March 31, and boosted its outlook for this year on signs of recovery in some long-struggling construction and mining markets.

"It's a start of a recovery," Chief Financial Officer Brad Halverson said in an interview. "We're feeling positive about things—much better than we felt a year ago for sure."

The results mark an unexpected victory for Chief Executive Jim Umpleby, who since taking over on Jan. 1 has pushed ahead with cuts to Caterpillar's workforce and manufacturing footprint and dealt with a raid by federal agents at the company's headquarters in Peoria, Ill.

Caterpillar said it expects to take in up to \$41 billion in revenue this year; its previous projection topped out at \$39 billion. Caterpillar reported \$38.5 billion in revenue in 2016, its fourth straight year of declining sales.

On Monday, Caterpillar reported a measure of retail sales of its machines worldwide had increased for the first time since November 2012. Caterpillar shares rose more than 7.9% Tuesday to \$104.42, its highest level since November 2014.

Rising commodity prices and mining activity in much of the world outside the Americas helped drive a 15% revenue increase for Caterpillar's resource-industries segment in the first quarter, thanks largely to aftermarket parts sales.

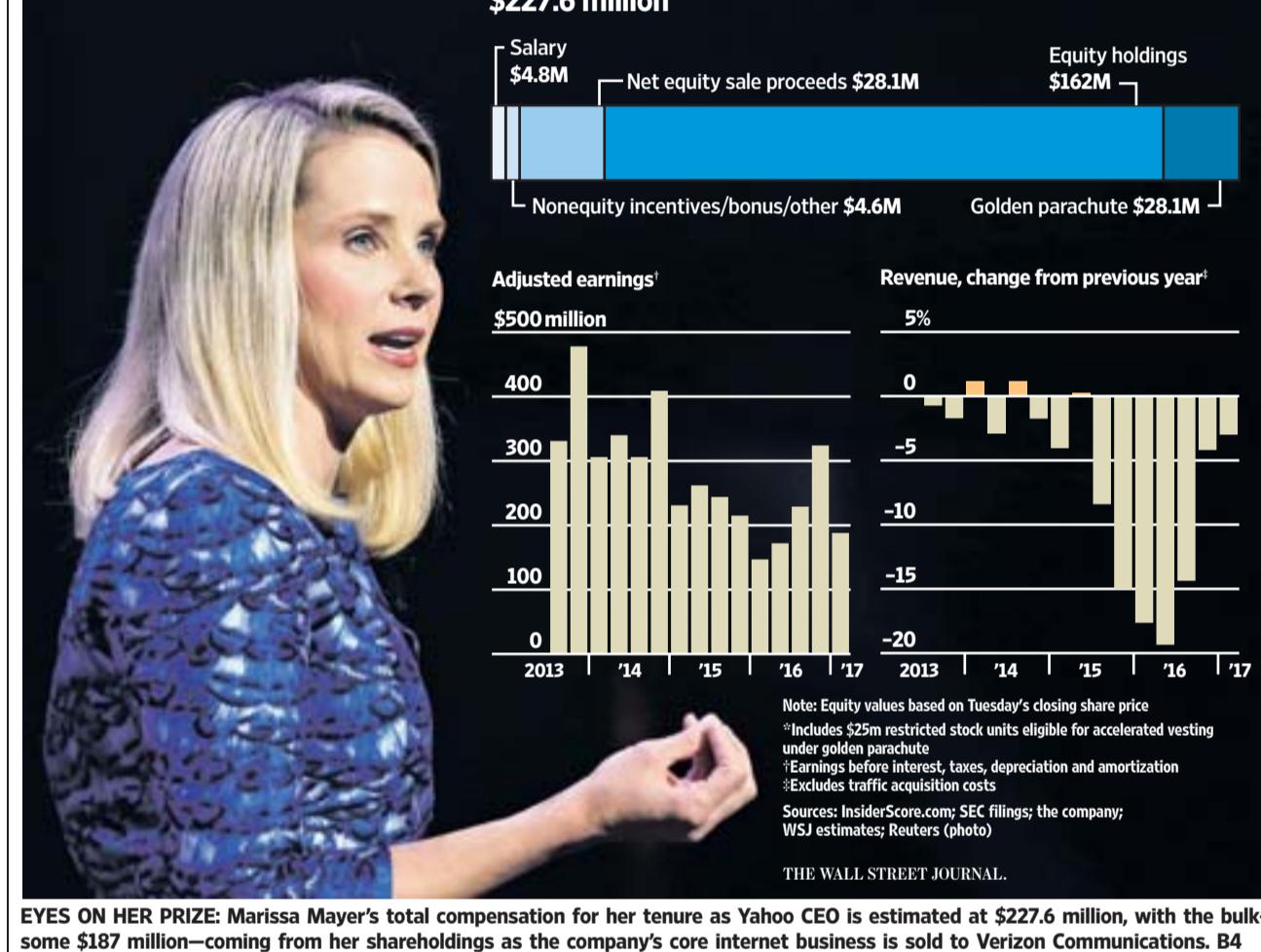
Revenue in Caterpillar's construction segment increased 1%, boosted by sales in Asia-Pacific and Latin America. The company said strong demand in China for public works and housing projects was in large part responsible for that bump.

Caterpillar was sent reeling in recent years as commodity prices slumped and global mining activity slowed. The downturn consumed the final years of Doug Oberhelman's tenure as chairman and CEO before he retired at the end of March.

Caterpillar executives said Tuesday that some major markets remain depressed. Construction-equipment sales were weak in many markets

Please see RECOVER page B2

Yahoo's Marissa Mayer Prepares to Cash In



EYES ON HER PRIZE: Marissa Mayer's total compensation for her tenure as Yahoo CEO is estimated at \$227.6 million, with the bulk—some \$187 million—coming from her shareholdings as the company's core internet business is sold to Verizon Communications. B4

Graduates Ill-Prepared in Job Hunt

By KELSEY GEE

Parents rejoice: 2017 is shaping up to be another healthy year for college hiring.

The latest forecast from the National Association of Colleges and Employers finds that employers expect to hire 5% more graduates than they brought on last year, the eighth year in a row that companies say they are increasing their college hires.

Yet a separate survey of

employers and college seniors suggests that, when it comes to courting recruiters, the Class of 2017 has some homework to do.

This year's job-seeking seniors are ill-prepared for the job hunt and many coveted positions, concludes a survey of roughly 400 employers and 400 college students conducted by iCIMS Inc., a recruiting-software company.

Among other things, em-

ployers reported that one-third of all applications for entry-level roles come from unqualified candidates.

More than 60% of employers in the survey said applicants ought to be more familiar with the company and industry, and must ask better questions in interviews. Plus, those employers say, three out of four applicants fail to send thank-you notes after interviews.

The mismatch extends to hard

skills, too. Engineering, business and computer-science majors are in highest demand, with at least two-thirds of employers seeking graduates in those fields, according to NACE. But fewer than half of the students surveyed by iCIMS majored in those subjects.

College seniors feel good about their prospects: more

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Call Centers Dial Up Vacant Mall Space

By ESTHER FUNG

A giant home-goods retailer is moving into an indoor mall west of Orlando this summer, but it isn't opening a store.

Instead, Bed Bath & Beyond Inc. is leasing roughly 75,000 square feet at West Oaks Mall for a call center, taking up about one-third of the space that was formerly occupied by a Belk department store.

While retailers look to pare back traditional brick-and-mortar retail space, some landlords are looking to repurpose struggling centers by offering portions of them for back-office facilities to support orders placed online.

Malls could also meet a rising industrial real-estate demand from online retailers and logistics companies that are scouting for locations closer to where people live as they compete to offer speedier delivery.

The moves also show how

internet retailing and changing shopping preferences are beginning to reshape real estate and local labor markets. By walling off sections of previously vacant retail space, landlords are making more efficient use of their properties even as they create new employment centers and alter the look and feel of venues that

have been centerpieces of communities.

Private-equity firm Moonbeam Capital Investments LLC, which owns West Oaks Mall, said it is transforming the 1.1-million-square-foot property—which has a 14-screen AMC movie-theater complex and anchor tenants such as J.C. Penney and Dil-

lard's—into a mixed-use office and retail building.

Before the recent deal with Bed Bath & Beyond, Conduent Inc., formerly the services business of Xerox Corp., leased almost half of the 144,907 square feet previously occupied by Sears for a back-office customer-service center to process toll transactions for the Florida Transportation Department. Together with the Bed Bath & Beyond space, these offices will employ as many as 1,000 people when fully staffed, Moonbeam said.

"It's a little more reassuring that we're going to get paid regardless of how well they are doing," said Steven Maksin, founder and chief executive officer of Moonbeam Capital.

The firm owns eight enclosed malls across the U.S., as well as open-air shopping centers, outlets, residential and hotel assets, and specializes in

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Continued from the prior page Valley's giants and punished the old-economy industries of the Midwest, and these trends are largely impervious to politics.

For example, retailers have announced the closure of almost 3,000 stores this year through April 6.

The causes include over-building, shrinking populations in many smaller cities and, most important, the shift to online shopping.

This isn't necessarily a net negative for the country;

Amazon.com Inc. is creating thousands of jobs outside its hometown of Seattle. In January, it said it would open an air cargo hub in northern Kentucky employing more than 2,000. But the stock market's message is that the future of retail is the convenience and value of online, a business model that Amazon has perfected and others are still scrambling to match.

Brick-and-mortar retailing may be in irreversible decline.

Tesla Inc.'s market value of \$50 billion exceeds **Ford Motor** Co. even though Tesla loses money and Ford is profitable and sells roughly 10 times as many cars. Mr. Trump's administration may roll back the higher fuel-economy standards that Barack Obama's administration had mandated. In theory, that should benefit Ford and **General Motors** Co. and hurt Tesla.

But investors in Tesla are motivated less by Tesla's

business today than whatever businesses founder Elon Musk enters in the future.

They believe as long as the world is moving toward renewable energy, autonomous driving and batteries, Tesla will take market share from legacy companies. Most of corporate America assumes action on global warming is inevitable regardless of who is president.

Ford and GM seem to buy the premise of Tesla bulls: They are pouring billions of dollars into alternative fuels and driverless-car technology, yet may be forced to prop up low-margin businesses because Mr. Trump will punish them for outsourcing it.

Of course, this investment thesis is as much hope as reality. Amazon needs to get a lot of things right to justify trading at more than 100 times estimated earnings.

Tesla is burning through cash. The markets for Apple's core products have become saturated, and **Alpha-**

bet Inc., parent of Google, still makes the vast majority of its profit from ads.

And despite a pleasant get-to-know-you session last December, Mr. Trump and the tech community still regard each other warily. He hasn't converted to globalization, and his heart, as well as his base, remains the old economy, as his early salvos against softwood lumber and steel demonstrate.

Investing in Nasdaq companies has always required more than the usual appetite for risk. Mr. Trump's presidency certainly hasn't changed that.

BUSINESS & FINANCE

Express Scripts Faces Tough Test

By JOSEPH WALKER

Express Scripts Holding Co., the largest administrator of prescription-drug benefits in the U.S., is facing an identity crisis as it grapples with replacing \$17.1 billion in annual revenue following the loss of its biggest customer, health-insurer **Anthem** Inc.

Express Scripts, based in St. Louis, has for years prided itself on its independence, even as its pharmacy-benefits competitors were gobbled up by other players in the healthcare industry, including insurer **UnitedHealth Group** Inc. and retail-pharmacy chain **CVS Health** Corp.

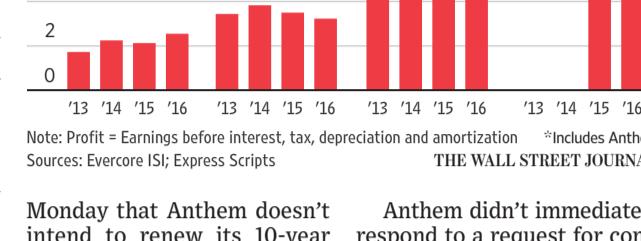
Express Scripts has said its focus on prescription-drug spending and lack of entanglements with other branches of health care enabled it to concentrate on driving down costs for its clients, which include large employers, health insurers and government-funded health programs.

But the strength of Express Scripts' stand-alone business model faces a significant test after the company's said late

Drug Profits

Express Scripts made \$10.24 in adjusted profit from each prescription it processed for Anthem last year, about double what it earned across its entire business.

\$10 per prescription



Note: Profit = Earnings before interest, tax, depreciation and amortization *Includes Anthem Sources: Evercore ISI; Express Scripts

Express Scripts' Anthem Business

THE WALL STREET JOURNAL.

2.4% to \$172.46.

In an interview on Tuesday, Express Scripts Chief Executive Tim Wentworth said the company would survive the loss of Anthem. Express Scripts will retain its purchasing power to negotiate discounts from drugmakers and pharmacies, even without Anthem, he said.

And unlike its more diversified competitors, "100% of our focus is on drug costs and pharmacy," Mr. Wentworth says.

"We are very powerful as an independent entity, with or without Anthem," Mr. Wentworth says. "We don't have competing businesses fighting for capital. CVS has to decide, are we going to build stores, upgrade our shelves," and so on, he said.

Express Scripts' major competitors say their integration with other supply-chain players enables them to more comprehensively manage drug spending and provide better customer service.

◆ Heard on the Street: A feud with a long reach.....B16

Monday that Anthem doesn't intend to renew its 10-year contract when it expires at the end of 2019.

Concerns about Express Scripts' future, including whether Anthem's defection will lead to more customer losses, sent shares of Express Scripts plunging 11% to close at \$60.01 on Tuesday.

Express Scripts said Anthem hasn't yet provided it with formal notice that it is severing the relationship.

Anthem didn't immediately respond to a request for comment Tuesday.

Shares of pharmacy-benefits competitors that could potentially win Anthem's business rallied after the news Tuesday.

CVS rose 2.7% to \$82.17, and UnitedHealth gained 1% to \$174.04.

Shares of Anthem, which some analysts expect could attain significant savings by leaving Express Scripts, rose

MALL

Continued from the prior page buying and repositioning distressed properties.

Moonbeam had bought the struggling mall from foreclosure proceedings in 2012 for \$15.9 million and had been weighing options for the property. At that time, the single-story mall was 60% occupied.

Mall landlords need to provide renderings to help prospective office tenants view how doors, walls and windows might look in a space that is still a store, said Casey Barnes, vice president of business development at Orlando Economic Partnership, a not-for-profit public/private partnership in Central Florida.

Mr. Barnes said he had toured the Sears store at West Oaks Mall years ago with a firm that was looking for space for its software engineers but in the end decided on a regular office building. "There were lawn mowers in the store," said Mr. Barnes, who added that the tenant couldn't visualize the space for office use.

Apart from West Oaks, the arrival of office workers, in particular from the technology sectors, has helped revitalize once-bustling retail spots such as Church Street Station in Orlando that had suffered in the 2000s after Disney and its surrounding real estate took a lot of business, Mr. Barnes said.

Bed Bath & Beyond, which also has a call center in a building next to Layton Hills Mall near Salt Lake City, didn't respond to requests for comment.

Ford and GM seem to buy the premise of Tesla bulls: They are pouring billions of dollars into alternative fuels and driverless-car technology, yet may be forced to prop up low-margin businesses because Mr. Trump will punish them for outsourcing it.

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They believe as long as the world is moving toward renewable energy, autonomous driving and batteries, Tesla will take market share from legacy companies. Most of corporate America assumes action on global warming is inevitable regardless of who is president.

Ford and GM seem to buy the premise of Tesla bulls: They are pouring billions of dollars into alternative fuels and driverless-car technology, yet may be forced to prop up low-margin businesses because Mr. Trump will punish them for outsourcing it.

Of course, this investment thesis is as much hope as reality. Amazon needs to get a lot of things right to justify trading at more than 100 times estimated earnings.

Tesla is burning through cash. The markets for Apple's core products have become saturated, and **Alpha-**



RECOVER

Continued from the prior page outside of the Asia-Pacific region. Economic turmoil in Brazil has weighed on business there, and Middle Eastern economies remain hobbled by low oil prices.

"There continues to be uncertainty across the globe, potential for volatility in commodity prices, and weakness in key markets," Mr. Umpleby said.

Despite positive signals abroad, Caterpillar reported a 7% decline in construction sales in North America. The company cited a glut of used equipment on the market and "weak infrastructure development." Executives have said that even if President Donald Trump succeeds in his plan to inject \$1 trillion into public-

works projects, the boost might not translate into new business for Caterpillar until next year.

Caterpillar's business in the U.S. often reflects activity in the broader domestic construction market. But many used machines remain on the market in the U.S., and a building spurt may not immediately translate into orders for new machines. Japanese rival **Komatsu** Ltd. reports earnings this week.

Caterpillar's restructuring costs are expected to jump to \$1.25 billion this year, up from a previously projected \$750 million, as the company closes factories in Aurora, Ill., and Gosselies, Belgium. Its workforce continues to shrink along with its global manufacturing footprint. Caterpillar had 95,300 full-time employees at the end of the first quarter, down from

101,400 a year earlier.

In a call with analysts, Mr. Umpleby offered no new insights into the federal government's criminal investigation of the company's tax strategy, one of its Swiss subsidiaries and export filings.

Overall, Caterpillar reported a profit of \$192 million or 32 cents a share for the first quarter, compared with \$271 million or 46 cents a share a year ago. Excluding restructuring costs, the company said it earned \$1.28 a share, compared with 64 cents a year ago. Total sales and revenues rose to \$9.82 billion from \$9.46 billion a year ago.

Caterpillar expects earnings per-share this year to be \$2.10 based on sales at the midpoint of projections, or \$3.75 excluding restructuring costs.

—Joshua Jamerson contributed to this article.

JOBS

BUSINESS NEWS

Coca-Cola Deepens Corporate Job Cuts

BY JENNIFER MALONEY AND ANNE STEELE

Coca-Cola Co. executives said Tuesday they plan to eliminate roughly 20% of corporate staff, as the beverage giant battles a slump in soda sales and expands a long-running cost-cutting program.

James Quincey, a company veteran who will take over as chief executive from Muhtar Kent next week, said the Atlanta-based company will cut 1,200 jobs to run a "more focused, lean corporate center."

The reductions will come from a global pool of 5,500 employees who work in or report to headquarters in Atlanta, a Coke spokesman said.

In 2015, Coca-Cola announced it was cutting at least 1,600 white-collar jobs globally as part of a push to cut \$3 billion in costs by 2019. The latest job action contributes to an \$800 million expansion of that program.

The company employed more than 100,000 people as of Dec. 31, including 51,000 in the U.S. Five years ago, the company employed 150,900 people around the world. The decline reflects in part divestitures of many of Coke's bottling operations. As a result of the divestitures, Coke has said it expects to have fewer than 40,000 employees worldwide next year.

Overseas weakness and the stronger U.S. dollar have continued to weigh on results for the company, which generates about half its sales abroad but translates results into dollars.

In all for the latest quarter, Coke earned \$1.18 billion, or 27 cents a share, down from \$1.48 billion, or 34 cents a share, a year earlier. Excluding certain items, per-share earnings were 43 cents. Revenue fell 11% to \$9.12 billion.

Arnault Unifies Business Empire

French billionaire lays out \$13 billion deal to bring together LVMH, Christian Dior

BY MATTHEW DALTON

PARIS—French billionaire Bernard Arnault is proposing to pay €12 billion (\$13.04 billion) to unite his storied fashion house Christian Dior with its luxury conglomerate **LVMH**.

Mr. Arnault used Dior as the basis of his empire starting in the 1980s, building what is now LVMH Moët Hennessy Louis Vuitton SE into the world's largest luxury company with a complex web of ownership. The Arnault family owns 74.1% of **Christian Dior SE**, which in turn has a controlling 41% stake in LVMH and owns all of **Christian Dior Couture**, the fashion label.

The arrangement has meant LVMH's minority shareholders missed out on direct exposure to Dior's rapid growth in recent years, as the label has been considered an independent affiliate of LVMH despite having the same controlling shareholder. Mr. Arnault moved to fix that on Tuesday.

The Arnault family said it would pay €260 a share, or €12 billion, for the 25.9% of Christian Dior SE it doesn't own. Then LVMH will acquire all of Christian Dior Couture



Christian Dior gowns on display in Tokyo last week. Bernard Arnault controls the fashion house.

in an internal transaction valuing the label at €6 billion.

The €12 billion price tag on the Christian Dior SE stake is a 14.7% premium to where Dior's shares closed on Monday.

"The price we're paying is perhaps a little expensive, but in 30 years we'll be happy we did it," Mr. Arnault said at a press conference.

Though LVMH and Dior have routinely cooperated with each other, LVMH executives said the companies can't fully share marketing, finance

and administrative resources because of their differing shareholders. That should change once the deal is complete, they said.

Mr. Arnault said the plan would simplify the structure of the businesses, which had "long been requested by the market," as well as strengthen LVMH's fashion and leather-goods division with the addition of Christian Dior Couture.

Dior's share price soared 11% on the news in Paris trading, while LVMH advanced about 4%.

LVMH's sales have proved resilient amid weakness in the global luxury market. Revenue rose 5% last year, despite terror attacks in Europe and new rules passed by Beijing aimed at pushing globe-trotting Chinese shoppers to spend more at home. Sales in the first quarter surged 15%, easily beating expectations.

The proposed transaction would be the 68-year-old Mr. Arnault's biggest acquisition in years, giving LVMH one of the most elite brands in fashion. It also marks the culmi-

nation of Mr. Arnault's decades-long turnaround of Dior.

Mr. Arnault took control of Dior in 1985, after a group of investors he led purchased its parent company, a lumbering French industrial conglomerate that was near collapse. Mr. Arnault sold off unprofitable businesses and closed factories but kept Dior, his first foray into the fashion business.

"Dior was the first one," said Concetta Lanciaux, a former LVMH executive who worked with Mr. Arnault for decades. "Your first one is always the best."

To revive the business, he canceled many licensing deals signed by the French fashion house that he felt had damaged the brand. It is a playbook he used repeatedly as LVMH bought dozens of luxury brands over the next 30 years, Ms. Lanciaux said.

"When you give licenses for your product, it's not as good as if you're making it," she said. "That was where he first developed the strategy: doing your own manufacturing, no outsourcing."

The transaction will also reduce Mr. Arnault's holdings of **Hermès International SCA**. Mr. Arnault had accumulated an 8.5% stake in the French luxury house during an aborted attempt several years ago to take over the company. Hermès shares have rallied recently, giving Mr. Arnault a stronger currency with which to buy his stake in Dior.

Tyson Foods to Acquire Sandwich Maker for \$4.2 Billion

BY JACOB BUNGE

Tyson Foods Inc. agreed Tuesday to acquire sandwich maker **AdvancePierre Foods Holdings** Inc. in a \$4.2 billion deal that would broaden the giant meat processor's range of prepared foods.

The all-cash deal would expand Tyson's reach in sandwiches to include cheese-

steaks, peanut butter and jelly, and other offerings that AdvancePierre markets. The deal expands on Tyson's ambitions in branded and prepared foods that tend to carry fatter and more stable profits than commodity meatpacking.

Tyson Chief Executive Tom Hayes said the partnership would create "opportunities for growth faster and greater than the companies could do separately."

The deal values AdvancePierre at \$40.25 a share, which Tyson said is a 31.8% premium to AdvancePierre's unaffected stock price. Both companies' boards have approved the deal they expect to close by July.

Oaktree Capital Management

LP, which manages funds owning about 42% of AdvancePi-

erre's shares, supports the offer, the companies said.

Tyson shares fell less than 1% to \$65.13 on Tuesday, while AdvancePierre's stock rose 10% to \$40.48.

Tyson has spent heavily in recent years to expand its retail and food-service offerings. In 2014, Tyson spent \$7.7 billion to acquire Hillshire Brands Co. for its suite of

meat brands including Jimmy Dean sausages.

Absorbing Cincinnati-based AdvancePierre would allow \$200 million in costs to be trimmed from the combined company within three years, Tyson officials estimate.

AdvancePierre last year earned \$136 million on \$1.6 billion in sales, more than tripling its 2015 profit.

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TECHNOLOGY

Yahoo CEO Set to Reap Big Payout

BY DEEPA SEETHARAMAN

Yahoo Inc. Chief Executive Marissa Mayer is set to reap some \$187 million from her shareholdings as a result of the internet company's sale of its core business to **Verizon Communications Inc.**, according to securities filings.

The hefty payout comes despite Ms. Mayer's inability to accomplish what she was hired to do five years ago: revitalize the fading internet icon after its struggles with high employee and executive turnover and declines in ad revenue.

Instead, Yahoo sold its business—not including some assets such as its stakes in other internet companies—to Verizon last year for \$4.5 billion. That deal is expected to close

Ms. Mayer is to get \$187 million from shareholdings in the wake of Verizon deal.

in June, after months of delays following Yahoo's disclosure of two massive security breaches.

Yahoo shareholders will vote on the deal during a special meeting on June 8, according to a securities filing published Monday. The measure is expected to pass. As part of their severance package, Ms. Mayer and other top Yahoo executives are eligible for accelerated vesting of all stock options, restricted-stock units, and other equity-based awards outstanding when the deal closes, according to the filing.

For Ms. Mayer, that includes stock options valued at more than \$85 million and Yahoo shares valued at nearly \$77 million at Tuesday's closing share price of \$48.40, according to

the information in the filing.

She also holds restricted stock units worth about \$25 million at Tuesday's closing share price; vesting of those units would be accelerated under her golden parachute plan, Yahoo has said.

Together, those amounts are worth \$187 million at Tuesday's closing share price. Adding salary, bonus and options she has already exercised, that brings her total compensation over her tenure at Yahoo to an estimated \$227.6 million.

The payout figure is far larger than the golden parachute of \$23 million Yahoo said last month that Ms. Mayer would receive as part of her planned departure from what's left of the company after the sale to Verizon. That figure included a \$20 million estimate of the value of restricted stock units, as well as \$3.02 million in cash.

Supporters and critics alike say Ms. Mayer took on a steep challenge with Yahoo, but her mistakes complicated the already tricky turnaround.

Verizon initially agreed in July to buy Yahoo's business for \$4.83 billion. Then Yahoo disclosed two large security breaches, one in 2014 that hit more than 500 million accounts and another in 2013 that affected more than one billion accounts.

The security incidents forced Yahoo back to the negotiating table, and the two companies said in February they had agreed to knock \$350 million off the price.

In March, Yahoo's board said Ms. Mayer wouldn't receive her 2016 cash bonus or 2017 equity awards after a board investigation found that she and other senior executives failed to "properly comprehend or investigate" the 2014 breach.

—Theo Francis contributed to this article.

Google Tries to Curtail Sites Selling Fake News

BY DEEPA SEETHARAMAN

Google is retooling its powerful search engine to prevent sites peddling fake news, hoaxes and conspiracy theories from appearing in its top results.

Ensuring that fake news doesn't surface in search requires "more structural" changes to the way search works, including tweaks to the algorithm that determines which search results appear on top, Google said in a blog post announcing the changes Tuesday. Google gave few details about the mechanics of the change, beyond saying the shift will "help surface more authoritative pages and demote low-quality content."

The search giant, part of

Alphabet Inc., outlined additional steps to curb the spread of misinformation online that require human intervention. For example, Google will train its evaluators—the people who vet Google's search results—to better spot "low-quality" sites and make it easier for users to flag inaccurate results.

This is the latest move by Google to try to fight fake news after it and rival Facebook Inc. faced persistent criticism for doing too little to block misinformation during the U.S. presidential election last year. Days after the election, both companies outlined steps to prevent fake-news sites from generating revenue through ad-selling services.

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ERIC RISBERG/ASSOCIATED PRESS

Waymo to Expand Self-Driving Effort

BY TIM HIGGINS

Waymo LLC, the autonomous-car unit of Google parent **Alphabet Inc.**, will expand its testing efforts by making hundreds of self-driving vehicles available to families and urban commuters in Arizona, California, Oregon and Texas.

Waymo said that it will begin accepting applications through its website from people who want to be part of the Early Rider program.

The program will mark a new chapter in testing, one focused on understanding how people communicate with the vehicle and what

The Mountain View, Calif., company already has 100 Chrysler Pacifica self-driving minivans on the road. Waymo has been testing its vans and Lexus sport-utility vehicles with employees in Arizona, California, Oregon and Texas.

Waymo said that it will begin accepting applications through its website from people who want to be part of the Early Rider program.

The program will mark a new chapter in testing, one focused on understanding how people communicate with the vehicle and what

they do when they aren't required to drive. Waymo says it is looking for a diverse group of participants, who won't be charged for the rides, including families and people working late shifts.

In greater Phoenix, Waymo will test the cars in an area that is twice the size of San Francisco, including in the suburbs of Chandler and Tempe. Users can summon the vehicles with a special app at any time of the day. The initial experience will feel similar to using other ride-hailing services—open an app, summon a

ride and a vehicle arrives when ready.

"We'll have some sort of human operator at the start of this trial," said John Krafcik, head of Waymo and a former automotive industry executive. "Our goal is to move to a fully driverless situation."

A safety operator will be behind the wheel in case human hands need to take over, as is the case with other test-vehicle programs around the country. The vehicles will have steering wheels and brakes.

—Mike Colias contributed to this article.



Uber Plans to Prove Cars Can Fly

BY GREG BENINGER

Uber Technologies Inc. on Tuesday detailed ambitious plans to take to the skies with flying cars, even as the ride-hailing company is reeling from controversies including a lawsuit that could impede its self-driving vehicle initiative.

At a conference in Dallas, Chief Product Officer Jeff Holden said Uber intends to test flying cars within three years near Dallas and Dubai.

The announcement follows a white paper the San Francisco-based company published in October laying out its vision of a network of flying vehicles that can help commuters avoid traffic by zipping above freeways and streets.

The ride-hailing company on Tuesday said its goal is to lower commute times and

transportation costs. It hopes to experiment with the first versions of vehicles that can vertically take off and land. Mr. Holden said Uber has the regulatory muscle and logistical know-how to be a leader in flying-car transport.

Still, the announcement left much unclear, including the extent of the planned testing. It will likely be many years before a full fleet of such vehicles could be deployed, considering regulatory and technological hurdles. Such vehicles have long been the stuff of science fiction and children's imaginations. But regulators are likely to view private flying vehicles with skepticism.

Mr. Holden said flying cars could one day cost as little as \$1.32 per passenger mile, about the same price as the UberX service costs today.

"This is why Uber's running at this as opposed to taking a kind of careful approach, a slow approach to this," he said.

Uber is also working on futuristic self-driving earth-bound vehicles that it says could one day eliminate the need for many to own cars. But that technology too isn't yet proven, and Uber faces a lawsuit from **Alphabet Inc.** alleging it stole technology necessary to make the vehicles feasible.

Uber has been buffeted this year by criticism of its corporate culture. A former engineer alleged a permissive attitude toward sexual harassment and sexism, Chief Executive Travis Kalanick apologized after a video leaked of him berating an Uber driver, and several high-level executives left in rapid succession.

Netflix Gets Licensing Deal in China

BY LIZA LIN

SHANGHAI—**Netflix Inc.**, which has struggled to win government approval to operate in China, said it had struck a licensing deal with Chinese video-streaming platform **iQiyi** to show the U.S. company's original content here.

iQiyi is a subsidiary of **Baidu Inc.**, which made its mark as China's most popular internet search engine and is expanding into areas as diverse as entertainment and self-driving cars.

Terms weren't disclosed. Representatives of Netflix and iQiyi declined to comment further on the deal, which was earlier reported by Variety.

Netflix has pursued international expansion as its U.S. market matures. The producer of such shows as "House of Cards" hopes to sign up new subscribers rapidly enough to offset growing content costs, as the streaming-video company invests in original programming that could have global appeal.

China, with its rising incomes and an expanding pool of consumers of online entertainment, is regarded by companies as the industry's Holy Grail.

—Lilian Lin contributed to this article.



BUSINESS NEWS

Fox Host Joins Bias Suit

Kelly Wright alleges racial discrimination; 11 plaintiffs seek class-action status

BY JOE FLINT

An African-American on-air host for Fox News has joined a group of current and former employees suing the cable channel and some of its senior executives for alleged racial discrimination.

Kelly Wright, who is a Saturday afternoon anchor for Fox News and a former co-host of the weekend edition of "Fox & Friends," is one of 11 current and former employees seeking class-action status for their lawsuit. Mr. Wright claims in the suit that his race has held him back at the channel and that he has been "asked to perform the role of a 'Jim Crow'—the racist caricature of a Black entertainer."

A 14-year Fox News veteran, Mr. Wright said he hasn't been offered the same chances for advancement as his white colleagues and that he was "forced to endure many racist comments," according to the complaint. He added it is a running joke among the cast and crew at Fox News that he would get more air time if "he dyed his hair blonde."

The suit, which was originally filed in the New York State Supreme Court in Bronx County last month by two black women who worked in the payroll department at Fox News, has been amended to include 11 people. Aside from Mr. Wright, the rest of the plaintiffs are current and former employees at the channel who work in payroll and accounting.



Fox News host Kelly Wright says he hasn't been offered the same chances as white colleagues.

The lawsuit accuses Judith Slater, the longtime comptroller of Fox News until she was fired earlier this year, of racial discrimination and of making racist comments to her staff. Fox News General Counsel Diane Brandi is also a defendant in the suit, as is Fox News parent company **21st Century Fox**.

Fox News and Ms. Brandi "vehemently deny the race discrimination claims," a spokeswoman for the network said in a statement. "We will vigorously defend these cases."

In a statement, Catherine Foti, an attorney for Ms. Slater, called the lawsuit against her "meritless and frivolous."

Fox News has previously called this suit "needless litigation" because the company dismissed Ms. Slater in February after it received complaints about her behavior.

Plaintiffs have countered Ms. Slater was only removed from her job because Fox

News became aware of their plans to file a lawsuit.

"When it comes to racial discrimination, 21st Century Fox has been operating as if it should be called 18th Century Fox," Douglas H. Wigdor and Jeanne Christensen, lawyers for the plaintiffs, said in a statement. "We sincerely hope the filing of this race class action wakes 21st Century Fox from its slumbers and inspires the Company to take a conciliatory and appropriate approach to remedy its wrongs."

The network has been rocked by scandal since Fox News Chairman and Chief Executive Roger Ailes resigned last year after being accused of sexual harassment by former on-air talent Gretchen Carlson and other women. Last week, Bill O'Reilly, the network's biggest on-air star, also was forced out after revelations of settlements of sexual harassment claims that he and the network made as well as the emergence of new complaints.

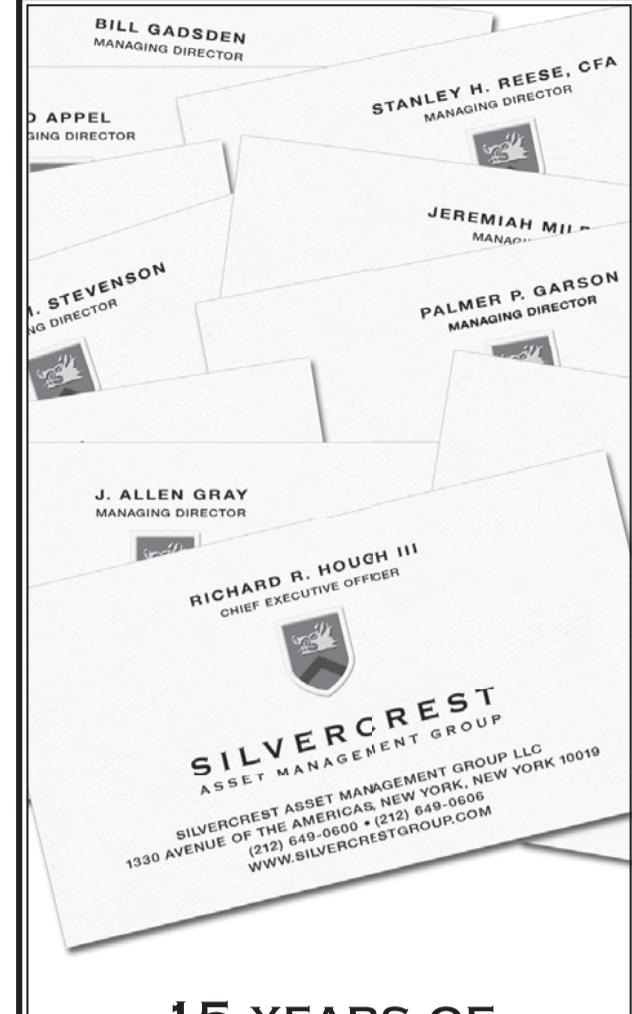
Both Mr. Ailes and Mr. O'Reilly have denied the allegations against them.

21st Century Fox and Wall Street Journal parent company News Corp share common ownership.

Separately, Adasa Blanco, another former Fox News employee, filed a suit in Federal Court in the Southern District of New York accusing the channel, its parent company and Ms. Brandi, Ms. Slater and Travel Supervisor Susan Lovallo of discrimination based on race and fostering and condoning a racially hostile work environment.

Meanwhile, the U.S. Attorney's office for the Southern District is investigating whether 21st Century Fox made sufficient disclosures to investors about settlements of sexual-harassment claims against Mr. Ailes, a potential violation of federal securities law, people familiar with the matter have said.

21st Century Fox has said it is cooperating with the probe.



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Huffington Post Tweaks Its Name



The Huffington Post is nudging Arianna Huffington out of its name. The site she co-founded in 2005 is now simply: HuffPost.

Ms. Huffington left as editor in chief in August to focus on her wellness startup, about a year after **Verizon Communications** Inc. closed its acquisition of AOL,

—Mike Shields

BUSINESS WATCH

AT&T

Subscribers Dwindle Further

AT&T Inc. continued to shed wireless and television subscribers in the first quarter as cheaper data plans and cord-cutting took a toll.

AT&T, the biggest U.S. pay-television operator after its \$49 billion acquisition of DirecTV, reported its video business lost 233,000 customers in the quarter. It declined to say how many people subscribed to DirecTV Now, though company executives said they weren't giving up on the online TV service and plan to advertise it more heavily later this year.

AT&T earned a first-quarter profit of \$3.5 billion, down from \$3.8 billion a year earlier. Revenue fell 2.7% to \$39.37 billion. Analysts were looking for \$40.53 billion.

The company also rescinded its 2017 sales-growth target, blaming the unpredictability of wireless handset sales.

—Drew Fitzgerald and Anne Steele

ARCONIC

Interim Chief Unsure If He Wants to Stay

Arconic Inc.'s interim chief executive said he hasn't decided whether he wants to the job permanently, a week after a months-long spat with an activist investor caused the abrupt resignation of CEO Klaus Kleinfeld.

David Hess told analysts

Tuesday "he's approaching the job as if I'm here forever," by taking a hands-on approach to managing the aluminum parts maker for the aerospace and auto industries.

Mr. Hess made no mention of **Elliott Management** Corp.'s proxy campaign to install new directors and its own choice for CEO. Elliott on Tuesday rejected a proposal from the company to settle the dispute without a shareholder vote on the hedge-fund manager's board candidates. Arconic offered to add two more Elliott representatives to the board in addition to three already serving and make "other certain concessions."

Arconic declined to comment on the rejection as it focused on better-than-expected first-quarter sales and profit released Tuesday.

—Bob Tita

CHIPOTLE MEXICAN GRILL

Same-Store Sales Pick Up Their Pace

Similar operations and better customer service are helping **Chipotle Mexican Grill** turn a corner.

The burrito maker on Tuesday reported its first increase in same-store sales in more than a year. Same-store sales rose 17.8% for the first three months of the year, beating analysts' projected 14.9% rise, according to FactSet.

Chipotle swung to a first-quarter profit of \$46.1 million, or \$1.60 a share, compared with a loss of \$26.4 million a year earlier. Sales rose 28% to \$1.07 billion, above analysts' projected \$1.05 billion.

—Julie Jargon

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THE PROPERTY REPORT

Investors Prep for Life After Euro

Some real-estate pacts contain provisions for what happens if the currency ceases to exist

By PETER GRANT

Nationalist movements in Europe have made some commercial property investors so jittery they are including contingency provisions in contracts spelling out what happens if the euro is no longer in use, lawyers said.

With anti-euro politician Marine Le Pen moving into the second round of voting in the French presidential election, some owners and lenders are worrying about being exposed to unexpected foreign currency risk in long-term leases or loans.

To protect themselves, some are including contract provisions they think will reduce their risk if France leaves the euro or if the entire currency is dissolved.

"You see the sensitivity increasing," said Olaf Schmidt, a managing director in the Milan office of global law firm DLA Piper. "You have asset managers influenced by banking institutions who are discussing those clauses."

Mr. Schmidt said he recently was involved in two lease negotiations involving German owners of property in another European country that resulted in clauses requiring tenants to pay rent in euros even if the country leaves the currency. In another situation, a landlord wanted a lease provision that set how rent would be paid if the euro ceases to exist.

In that case, the tenant and landlord couldn't agree on a clause. It got too complicated, Mr. Schmidt said.

"The more specific you become, the more disastrous the scenarios were," he said.

Tom Bridgford, a partner at law firm Eversheds Sutherland, said it is increasingly advising clients on the need for contingency clauses. "Often



Real-estate industry officials are worried about a possible French exit from the euro as it could affect leases and financing contracts.

these focus on the impact of exchange-rate movements," he said in an email.

The euro, introduced 15 years ago, is imperiled by the wave of nationalist fervor in Europe and the U.S. that swept Donald Trump into the White House and is sweeping the U.K. out of the European Union. Ms. Le Pen has said that if she wins she will hold a referendum on France's membership in the European Union and use of the euro.

The second round of balloting in the French election, set for May 7, will pit Ms. Le Pen against centrist Emmanuel Macron, who seeks deeper European Union integration. Opinion polls suggest Mr. Macron has a sizable lead and market activity indicates investors expect the

euro to survive.

Still, polls also predicted the defeat of President Donald Trump and last year's Brexit initiative in the U.K.

"As events in 2016 showed us, it is wise to prepare for the unexpected," Mr. Bridgford said.

If Ms. Le Pen wins and France moves to exit from the euro, it likely would take years for the process to take place. Still, real-estate industry officials are concerned because leases and financing contracts tend to be long term, sometimes lasting a decade or more.

The biggest worry is coming from foreign property owners who like getting paid in euros and don't want the risk of being paid in a local currency that a country

might adopt. They want contract provisions that would require tenants in such a situation to buy euros to pay the specified terms.

"It may be incredibly expensive for the other contract party to procure that currency," Mr. Schmidt said.

Tenants also are looking into contract provisions that lock in currency rates, according to Erwan Heurtel, a Paris-based partner of Mayer Brown. "They want to be sure their financial exposure is fixed," he said.

Lawyers say that when the euro was adopted, countries passed laws that required people to accept the new currency based on an exchange rate that was fixed on a particular date. Lawyers said a similar measure might be passed if,

say, France opts to leave the euro.

"If we're back to francs, you can be sure of one thing: France will issue a law that will compel everyone to accept French francs," Mr. Heurtel said.

Landlords might be forced to accept francs "even if you had a nice provision telling your counterparty you want to be paid in euros," he said.

Lenders also are concerned about the future of the euro, but they aren't as vulnerable as landlords, lawyers said.

"If you are lending money from outside of France to France, it would be considered an international agreement," said Mr. Heurtel. Under French law, "you are allowed to choose the law that's going to govern the contract."

Plots & Ploys

SHOPPING CENTERS Mall Openings Increased 11% Globally in 2016, Study Says

Global shopping center completions rose 11% in 2016, reversing a decline in 2015, but leasing activity is becoming more challenging and the pipeline is thinning, according to a report by property consulting firm CBRE Research.

CBRE Research surveyed 168 cities. While a large portion of the new retail space was in China and Mexico, momentum is waning in many countries, including the U.S.

—Esther Fung

SL GREEN REALTY Concerns Are Building Over Leasing at New York Tower

Some analysts are expressing more concern about the leasing outlook for SL Green Realty's 17-million-square-foot tower next to Grand Central Terminal.

The building has announced only one office deal, a 200,000-square-foot lease with TD Bank, a subsidiary of Toronto-Dominion Bank.

SL Green jarred some analysts when it advised them recently against anticipating leasing until next year.

—Peter Grant

MIAMI Marlins Baseball Stadium Falls Short as Team Shopped

The Miami Marlins made headlines Tuesday when news broke that Derek Jeter and Jeb Bush were negotiating to buy the baseball team. But the economic development that was supposed to be sparked by the team's stadium has been a big fizzle.

"The whole of vision was the area would be an entertainment district when there were no games and that would supplement the experience when there was a game," said Rafael Romero, who worked at leasing retail space near the stadium when it opened in 2012.

New ownership might finally spark economic development in the area, Mr. Romero said.

—Peter Grant



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LEAGUE OF ITS OWN

The NHL trusted CBRE to deliver a real estate hat trick: relocating the League's headquarters to One Manhattan West, gaining the League a "center-ice" experiential retail presence and landing it an amenity nearly impossible in Manhattan—an NHL-branded public ice rink.

Congratulations to the NHL and CBRE's Michael G. Geoghegan and Michael R. Laginestra—as well as Chris Corrinet and Zach Weil—who took home the top honor, the Henry Hart Rice Achievement Award, in REBNY's Most Ingenious Deal of the Year Awards.



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BUSINESS NEWS

Middle East Deals Hit Lockheed

Defense contractor books charges on two projects but boosts sales outlook

By DOUG CAMERON

Lockheed Martin Corp. said Tuesday it booked almost \$200 million in charges on two Middle East contracts in a move that highlights the potential pitfalls of the more profitable overseas deals that have been driving growth for U.S. defense contractors.

The world's largest defense company by sales took charges on a new missile-defense system being developed for the United Arab Emirates and an Abu Dhabi-based aircraft maintenance joint venture, ending a multi-quarter run of forecast-beating earnings for Lockheed.

The company generated 27% of its revenue from overseas deals last year and is taking aim at a 30% share with prospective sales including F-16 jet fighters for Bahrain and India.

Overseas defense budgets in general have been growing faster than Pentagon spending, especially in the Middle East and Asia. Also investors have recently become more cautious about the upward trajectory of domestic outlays under President Donald Trump.

Marilyn Hewson, Lockheed's chief executive, acknowledged the \$184 million in Middle East



Lockheed expects profit margins on its F-35 fighter, which is central to its growth, to rise even as it works to reduce its price tag.

charges to first-quarter earnings, but said she remains optimistic both ventures could fuel future sales growth.

The company knocked a dime off its per-share earnings forecast for the year, though it also boosted its outlook for sales and cash flow.

Crucially, Lockheed still expects profit margins on its F-35 combat jet to continue rising, even as it works to cut the price tag on the most pop-

ular model to \$80 million over the next several years. President Trump criticized the F-35's cost last year, though productivity measures have trimmed it to about \$95 million apiece from around \$100 million in the previous contract.

Lockheed has accepted a contract for one batch of the jets imposed unilaterally by the Pentagon to the company's displeasure last year, and after

closing a second deal in February, aims to reach agreement on a third batch by the third quarter.

The F-35 is central to Lockheed's growth plans, and a follow-on multiyear deal for 440 jets could be valued at more than \$30 billion, one of the largest-ever defense sales.

Lockheed's share price slipped 2.2% to \$270.02 on Tuesday, after hitting a high on Monday.

The company now expects earnings of \$12.15 to \$12.45 a share this year on \$49.5 billion to \$50.7 billion in sales.

For the quarter to March 31 it reported earnings of \$763 million, or \$2.61 a share, down from \$898 million, or \$2.91 a share, a year earlier and 10 cents short of analysts' per-share estimate. Revenue rose 6.6% to \$11.1 million.

—Imani Moise contributed to this article.

McDonald's Gets Lift From Focus on Regulars

By JULIE JARGON

McDonald's Corp.'s focus on regular customers is paying off.

The burger giant recently pledged not to chase customers who rarely eat fast food. Instead, McDonald's has made more of its hearty breakfast items available all day, priced soda and coffees at \$1 and introduced new Big Mac sizes—all at the behest of cost-conscious regulars.

"Our greatest opportunities are at the core of our business," Chief Executive Steve Easterbrook told investors Tuesday.

The tighter focus led to bet-

ter-than-expected sales globally and in its critical U.S. market in the first quarter.

The company is trying to narrow the gap between its prices and those at the grocery store by raising menu prices more slowly than the rate of supermarket inflation.

McDonald's is testing new mobile ordering and payment options and automated cashiers. The company said Tuesday it plans to expand a delivery service it has tested in Florida.

Mr. Easterbrook said each initiative is designed to bring "the biggest benefit to the most

customers in the shortest amount of time."

McDonald's also wants to improve its food quality. Next year, it plans to switch to fresh from frozen beef in Quarter Pounders. Next week a higher-end, customizable "Signature Crafted" burger menu will be launched nationwide.

Global same-store sales in the quarter rose 4%, above the 1.3% increase anticipated by analysts in a Consensus Metrix survey. Same-store sales in the U.S. rose 1.7%, beating the 0.8% decline analysts expected.

McDonald's has also transferred ownership of many res-

taurants to independent operators. The model, embraced by other fast-food chains, lets companies collect a piece of sales without the costs and headache of managing hundreds of stores.

In all, McDonald's earned \$1.21 billion, or \$1.47 a share, up from \$1.12 billion, or \$1.25 a share, a year earlier. Revenue slipped 3.9% to \$5.68 billion. Analysts polled by Thomson Reuters had expected \$1.33 a share on \$5.53 billion in revenue. McDonald's shares rose 5.6% Tuesday to \$141.70 a share.

—Anne Steele contributed to this article



McDonald's is launching a customizable burger menu.

LUKE SHARRETT/BLOOMBERG NEWS

Akzo Sits Tight in Face of PPG Bid

By CHRISTOPHER ALESSI

FRANKFURT—Dutch paints and chemicals maker **Akzo Nobel NV** on Tuesday rejected a request by **Elliott Management Corp.** and other investors to hold an extraordinary shareholder meeting to oust the company's supervisory board chairman.

Akzo's action comes a day after paint giant **PPG Industries Inc.** submitted its third bid for the Dutch company, raising its offer to €24.6 billion (\$26.7 billion), or €96.75 a share. The previous bid was €88.72 a share. PPG called the new proposal "one last invitation" for Akzo's board to engage in talks.

The call by activist investor Elliott for an extraordinary general meeting "does not meet the required standards under Dutch law," Akzo said. The company also reiterated its backing of Chairman Antony Burgmans. "The request is irresponsible, disproportionate, damaging and not in the best interests of the company," Akzo said.

Elliott called for the extraordinary meeting two weeks ago, as it was pressuring Akzo to engage in talks with PPG. Mr. Burgmans is seen as an obstacle to a PPG takeover of the Dutch company.

Elliott and other investors—including Causeway Capital Management LLC, Akzo's largest shareholder with about a 6.7% stake—have been pressuring Akzo's management to negotiate with PPG since the Pittsburgh-based company made an initial takeover offer of €83 per Akzo share at the start of March.

"We will take a very careful look at this bid," Mr. Burgmans said Tuesday of the latest offer, presiding over Akzo's annual general meeting of shareholders in Amsterdam.

Elliott on Monday warned Akzo that this could be the company's last chance to engage in "friendly discussions" with PPG, suggesting the U.S. company could then launch a hostile takeover.

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MANAGEMENT

Focusing on HR Before Ping-Pong Tables

Rather than scale hastily, some tech firms work first on getting office culture right

By VANESSA FUHRMANS

At many tech startups, a human-resources chief arrives long after the ping-pong table and 100-employee milestone. Then there is **CodeFights** Inc., whose founders made a head of talent the first hire at their San Francisco headquarters.

The company, which sets up online coding challenges to help programmers hone skills and get noticed by tech firms, is bucking the startup world's grow-at-all-costs ethos. Rather than scale hastily, CodeFights uses its blind coding battles to avoid hidden biases as it assesses prospective recruits. It also puts job candidates through an interview process aimed to ensure they are team players.

Now with 20 people, CodeFights is hashing out parental leave, harassment and other workforce policies and routinely reviews and rewards employee performance.

Amid recent workplace troubles at Zenefits, Uber Technologies Inc. and elsewhere, a handful of founders are taking a different tack and formalizing their workplace culture as deliberately as they build their products—sometimes before they have enough staff to fill a conference room.

The hope, these founders say, is that a more motivated, well-oiled workforce will attract top talent and avoid troubles down the road.

"Even with five to 10 people, if you don't get the right culture going early, it's almost impossible to get right later," said CodeFights Chief Executive Tigran Sloyan. Quickly adding staff without building the right team can hit, not help, the bottom line of an early startup, he said.



CodeFights CEO Tigran Sloyan, center, says that 'if you don't get the right culture going early, it's almost impossible to get right later.'

These efforts test the conventional wisdom that spending time on HR policies drags on startups' growth. Uber, for instance, had recruiting staff and a team to handle administrative HR functions in its earlier years but didn't hire its first senior HR chief until 2014, when it had about 600 employees. Uber didn't respond to a request for comment.

When Bhavin Parikh and his co-founders started **Magoosh** Inc., an online test-preparation firm, his main worries were keeping the company alive and attracting investment, he said.

A tech-conference panel on diversity a couple of years ago opened the CEO's eyes to the insidiousness of unconscious bias in hiring and diversity's potential competitive advantages. "We want our team to reflect the customer base because that creates better busi-

ness decisions," he said. Research shows women often don't apply for jobs if they don't meet all the listed criteria—so Magoosh decided to head its postings with, "You have many of the following" instead of simply "Requirements." The postings also stated "Please feel comfortable applying, even if you don't meet all the requirements."

The company's 30 full-time staff have a quarterly check-in with Magoosh's HR manager to discuss career development and any workplace issues.

A 2015 McKinsey & Co. report found that ethnically diverse firms are 35% more likely to financially outperform industry peers.

The Stanford Project on Emerging Companies, a multi-year study of Silicon Valley startups during the first dot-com boom, found startups that tended to devote more effort

upfront to designing their workplace cultures and employment practices were less likely to fail and more likely to go public than other firms.

Magoosh's approach has trade-offs. Because the company vets candidates so thoroughly, Mr. Parikh said it can sometimes take six months or more to fill a senior or technical position. Some candidates lose interest along the way and, on occasion, some employees want to fill a position faster, he said.

Yet Magoosh has gotten results: Compared with the high churn at many startups, only a handful of employees have decided to leave the company since it began hiring full-time staff in 2011, he said.

Venture capitalists have traditionally stayed out of startups' HR matters, though a newer wave of investors such as 500 Startups, Home-

brew Ventures and Lowercase Capital are urging companies they invest in to make diversity a priority.

Kapor Capital, whose investments include Magoosh, requires companies in its portfolio to sign a pledge to set and track employee diversity and inclusion goals.

CodeFights' Mr. Sloyan, who aims to double staff to 40 employees by next year, recently talked to one of his major investors, **Felicis Ventures**, about his growth plans.

The venture-capital firm's partners encouraged him to take the time necessary to recruit people in sync with the company's values and integrate them into the company in a thoughtful way, he said.

"As long as we're delivering the results, we're going to be in control of what kind of company we build," Mr. Sloyan said.

How Startups React To HR Stumbles

Young companies and their founders often focus on hiring quickly. They tend to be slower to invest in other HR functions, such as building a strong work culture or protocols to protect employees. Here is how some responded to stumbles:

UBER

Earlier this year, a former **Uber Technologies** Inc. engineer wrote online that the company ignored complaints of sexual harassment and failed to rein in a manager who propositioned female employees. Chief Executive Travis Kalanick condemned the alleged behavior and ordered an investigation. He has promised changes and is seeking management help. Uber didn't respond to a request for comment.

GITHUB

The startup prided itself on a flat hierarchy—a style that applied to **GitHub** Inc.'s HR department. In 2014, a female developer alleged harassment. A company investigation found no evidence of harassment but determined a lack of workplace boundaries contributed to the problem. Tom Preston-Werner, president and co-founder, stepped down and the company created clearer HR procedures. GitHub declined to comment.

ZENEFITS

Regulatory problems forced the health-benefits brokerage's chief executive to resign last year as details of Zenefits' frat-house-like work culture also surfaced. Its new CEO suggested a freewheeling culture was to blame. He said Zenefits would instill more integrity in how it dealt with customers, compliance and the workplace. Zenefits didn't respond to a request for comment.

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Kean University is a world-class, vibrant and diverse institution offering more than 48 undergraduate and 35 graduate programs. Kean distinguishes itself through excellence in academics, strategic investments in both research and cultural facilities and initiatives and a commitment to the success of every student. Dedicated to preparing students for rewarding careers, lifelong learning and fulfilling lives, Kean offers a broad range of disciplines, the expertise of a diverse and world-savvy faculty and a student-centered learning environment and campus community. The University sits on three adjoining campus sites in Union County, New Jersey covering 180 acres, two miles from Newark Liberty International Airport and thirty minutes from New York City, with an additional location in Ocean County, New Jersey. Kean University also operates a unique, additional location in Wenzhou-China. The Vice President for University Relations leads the University's brand management, marketing and communications efforts and reports directly to the University President. The Vice President is responsible for the strategic planning and management of the University's public relations, branding, marketing, publications, media relations and social media efforts. The Vice President ensures these efforts are consistent with the mission of the University and conveys with clarity the strengths of Kean University to multiple constituencies. The Vice President is also responsible for the successful coordination of recruitment efforts with both the graduate and undergraduate admissions offices. The Vice President for University Relations guides the coordination of marketing and communications efforts with the Institutional Advancement and Student Affairs divisions in terms of engaging students and alumni, encouraging philanthropy and promoting institutional excellence and is also responsible for the management and coordination of the following offices within University Relations: Media & Publications, Graphics & Design, Video & Film and the Print Center.

Qualifications: Graduation from an accredited college with a Master's degree and five years of professional experience in marketing, communications, public relations, brand management or the equivalent as determined by the university. Candidate must have a demonstrated track record of leading a successful integrated branding program from development through implementation for a complex service or mission-driven enterprise. Excellent oral and written communication skills are essential.

Application: Please send cover letter, resume and contact information for three professional references to: Search Committee Chairperson, Office of the President, Kean University, 1000 Morris Avenue, Union, NJ 07083 or email kueexecutivejobs@kean.edu. Electronic applications preferred. Candidacy review begins immediately and continues until appointment is made. Official transcripts for all degrees and three current letters of recommendation are required prior to the starting date of employment.

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CAREERS

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CAREERS

Computer
Interested candidates send resume to: Google Inc., PO Box 26184 San Francisco, CA 94126 Attn: A. Johnson. Please reference job# below: Ad Solutions Engineer (New York, NY) Design complex & customized technical solutions. #161524302 Exp Incl: Unix or Linux; Python; Java; JavaScript, CSS, HTML, PHP; MySQL; Adv Excel w/ VBA; API Integration; & dvp tech proj from biz or tech perspective.

CAREERS

Associate
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CAREERS

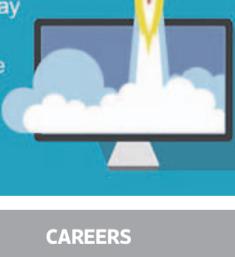
Finance
Morgan Stanley Smith Barney LLC seeks International Country Market Specialist in NY, NY to provide investment svcs to high net worth clients & institutions specifically incorporated in Latin American countries. Position req's Master's in Bus. Admin, Fin'l, Econ, Commerce, Acc'lg, Math, or rel quantitative field of study & 3 yrs exp in position offered or as VP, Investment Analyst, Economist, or rel fin'l svrcs occupation. Position req's strong fin'l mrkt exp. Must possess prior industry exp w/demonstrated concentration in ultra-high net worth & family office bus. in Southern Cone region of Latin America (Chile, Argentina). Req's vast knowl & exp in derivatives mkt, incl OTC products such as FX forwards, options, interest rate swaps, swaptions, & cross-currency swaps. Must possess fluency in local country mkt tax considerations, inheritance laws, currency exchange, & update understanding of fiscal & political envr. To apply, visit <http://www.morganstanley.com/about/careers/careersearch.html> Scroll down & enter (3086108) as the "Job Number" & click "Search jobs." No calls please. EOE

CAREERS

Mgr, QA COE
Engineering – iCIMS, Inc. seeks Mgr, QA COE (Matawan, NJ): Ensure quality, integr. & perform. of App. Track. Sys. Manage team of QA Engrs for SaaS plat. Req. Master's deg. or equiv. in Comp Sci, IT, Engr, or rel. tech. field & 3 yrs QA exp managing a team; or Bach. & 5 yrs exp in these fields. Exp must incl.: devt autom. frameworks incl. Selenium, WebDriver, Cactus; Java; proj. mgmt.; Agile/SCRUM SDLC. Pls. respond to Job code 2017-2954 at <https://careers.icims.com>. EOE.

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BIGGEST 1,000 STOCKS

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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:
 1-New 52-week high.
 2-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.
 If—First filing.
 q—Temporary exemption from Nasdaq requirements.
 t—NYSE bankruptcy.
 v—Trading halted on primary market.
 vi—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.

Tuesday, April 25, 2017

Stock	Net Sym Close Chg	Stock	Net Sym Close Chg	Stock	Net Sym Close Chg	Stock	Net Sym Close Chg	Stock	Net Sym Close Chg	Stock	Net Sym Close Chg	Stock	Net Sym Close Chg
NYSE													

ABB	ABB	24.24	0.31	AbbVie	AES	11.62	0.02	Abbot Labs	AFL	75.01	-0.36	Abt	AT&T	T	-3.94	-0.08	ABC	AXIS	67.68	0.89	ABCB	B	43.76	-0.37	ABCB	B	65.10	0.44	Accenture	ACN	118.69	-0.67	AcuityBrands	AYI	176.32	-1.59	Adient	ADNT	70.16	0.48	Advance Auto	AAU	145.67	-1.43	AdvSemiEngg	ASK	6.45	0.12	Aegon	AEG	5.20	0.01	AerCap	AEC	45.12	0.03	Aetna	AET	133.83	1.23	AffiliatedMtrs	AMG	166.12	-0.33	AgilentTechs	ALD	54.81	0.37	AgnicoEagle	AGD	43.46	-2.20	Agricor	AGU	92.49	0.81	Alairus	APD	141.73	1.97	AlaskaAir	ALK	91.42	0.74	Albermarle	ALR	108.09	1.26	Alcoa	AA	34.69	3.18	AlexandriaReal	ADR	114.33	1.13	Alibaba	BABA	154.08	0.62	AlcanNaturalRes	CNO	33.41	0.65	Allegany	Y	613.10	1.71	Allegion	ALL	75.75	0.51	Allergan	AGK	238.22	1.24	AllianceData	ADS	263.01	2.14	AllianceBernstein	AB	22.80	0.05	AlliantEnergy	LNT	40.01	-0.06	AllisonTransm	ALSN	36.94	0.23	Allstate	ALL	81.22	0.32	AllyFinancial	ALLY	20.70	0.23	Altira	MO	72.43	-0.12	AlumofChina	ACH	12.69	0.04	Ambev	ABEV	5.78	0.08	Ameren	AEE	55.08	-0.35	AmericaMovil	AMX	14.95	-0.02	AmericaMovil A	AMOV	14.79	-0.07	AmCamps	ACC	48.49	-0.81	AEP	AEP	67.88	-0.11	AmericanExpress	AXP	68.03	0.18	AmericanFin	AFG	98.17	0.94	AmericaResHomes	ARH	23.48	0.10	AIG	AIG	60.07	0.38	AmerTowerREIT	ART	123.09	0.94	AmerWaterWks	AWK	89.07	0.20	Allianergy	LNT	40.01	-0.06	AllisonTransm	ALSN	36.94	0.23	Allstate	ALL	81.22	0.32	AllyFinancial	ALLY	20.70	0.23	Altira	MO	72.43	-0.12	AlumofChina	ACH	12.69	0.04	Amencor	ABEV	5.78	0.08	Ameren	AEE	55.08	-0.35	AmericaMovil	AMX	14.95	-0.02	AmericaMovil A	AMOV	14.79	-0.07	AmCamps	ACC	48.49	-0.81	AEP	AEP	67.88	-0.11	AmericanExpress	AXP	68.03	0.18	AmericanFin	AFG	98.17	0.94	AmericaResHomes	ARH	23.48	0.10	AIG	AIG	60.07	0.38	AmerTowerREIT	ART	123.09	0.94	AmerWaterWks	AWK	89.07	0.20	Allianergy	LNT	40.01	-0.06	AllisonTransm	ALSN	36.94	0.23	Allstate	ALL	81.22	0.32	AllyFinancial	ALLY	20.70	0.23	Altira	MO	72.43	-0.12	AlumofChina	ACH	12.69	0.04	Amencor	ABEV	5.78	0.08	Ameren	AEE	55.08	-0.35	AmericaMovil	AMX	14.95	-0.02	AmericaMovil 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A	AMOV	14.79	-0.07	AmCamps	ACC	48.49	-0.81	AEP	AEP	67.88	-0.11	AmericanExpress	AXP	68.03	0.18	AmericanFin	AFG	98.17	0.94	AmericaResHomes	ARH	23.48	0.10	AIG	AIG	60.07	0.38	AmerTowerREIT	ART	123.09	0.94	AmerWaterWks	AWK	89.07	0.20	Allianergy	LNT	40.01	-0.06	AllisonTransm	ALSN	36.94	0.23	Allstate	ALL	81.22	0.32	AllyFinancial	ALLY	20.70	0.23	Altira	MO	72.43	-0.12	AlumofChina	ACH	12.69	0.04	Amencor	ABEV	5.78	0.08	Ameren	AEE	55.08	-0.35	AmericaMovil	AMX	14.95	-0.02	AmericaMovil A	AMOV	14.79	-0.07	AmCamps	ACC	48.49	-0.81	AEP	AEP	67.88	-0.11	AmericanExpress	AXP	68.03	0.18	AmericanFin	AFG	98.17	0.94	AmericaResHomes	ARH	23.48	0.10	AIG	AIG	60.07	0.38	AmerTowerREIT	ART	123.09	0.94	AmerWaterWks	AWK	89.07	0.20	Allianergy	LNT	40.01	-0.06	AllisonTransm	ALSN	36.94	0.23	Allstate	ALL	81.22	0.32	AllyFinancial	ALLY	20.70	0.23	Altira	MO	72.43	-0.12	AlumofChina	ACH	12.69	0.04	Amencor	ABEV	5.78	0.08	Ameren	AEE	55.08	-0.35	AmericaMovil	AMX	14.95	-0.02	AmericaMovil A	AMOV	14.79	-0.07	AmCamps	ACC	48.49	-0.81	AEP	AEP	67.88	-0.11	AmericanExpress	AXP	68.03	0.18	AmericanFin	AFG	98.17	0.94	AmericaResHomes	ARH	23.48	0.10	AIG	AIG

NEW HIGHS AND LOWS

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The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE MKT and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG—Daily percentage change from the previous trading session.

Tuesday, April 25, 2017

NYSE highs - 301				NYSE lows - 17				NYSE Arca highs - 312				NYSE Arca lows - 36					
Stock	Sym	Hi/Lo Chg	Stock	Sym	Hi/Lo Chg	Stock	Sym	Hi/Lo Chg	Stock	Sym	Hi/Lo Chg	Stock	Sym	Hi/Lo Chg	Stock	Sym	Hi/Lo Chg
EuropeanEqFd EEA	EEA	8.75 0.5	NuStarPlatypus RMX	RMX	13.84 0.6	Guggs\$P400PGrwth RFG	RFG	138.83 0.6	PwShDyntSemicon PSI	PSI	42.95 1.3	WistTrdXmico XMX	XMX	26.26 0.5	Brooks Auto BRKS	BRKS	23.99 1.4
EverestRe RE	RE	252.96 5.2	NuTaxAdDivGr ITD	ITD	15.40 0.8	GugglInsider HGI	HGI	16.34 0.9	PwShDyntUsdInv DNX	DNX	24.97 1.0	BuildersFirstSrc BLDR	BLDR	16.16 1.7	iShMSICauNetWt ACWI	ACWI	64.49 0.7
Aflac AFL	AFL	75.22 0.5	OM AssetMgmt OMAM	OMAM	15.69 0.8	GugglMscIAtSt HGI	HGI	16.34 0.9	PwShDyntLcGrwth PWF	PWF	34.97 0.5	WistTrdXmico DNN	DNN	51.45 0.4	iShMSICauNetFt CBOE	CBOE	84.63 0.4
AG Mortgage MITT	MITT	19.04 1.0	OnAssignment ASGN	ASGN	49.64 0.4	GugglMscIAtSt HGI	HGI	16.34 0.9	PwShDyntSwrdInv XPF	XPF	41.06 0.8	CEVA CAVE	CAVE	37.45 4.6	iShMSICauCpns AAXJ	AAXJ	64.28 1.2
AVX AVX	AVX	17.64 1.2	Ooma OOMA	OOMA	12.16 0.4	Gulfstream HLT	HLT	9.11 -1	PwShDyntDvrsn DOO	DOO	40.11 0.5	CaesarsAcqn CACQ	CACQ	16.20 ...	iShMSICchneft MCH	MCH	51.45 1.2
AdamsLiquidityFt ADLF	ADLF	14.01 0.5	Ooshkosh OSK	OSK	75.00 2.2	HartfordMultiVUS RODM	RODM	26.17 0.5	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CardiovascularSys Cava	Cava	30.21 0.4	iShMSICauSeasft SNC	SNC	37.61 0.2
AdvancePrym APFH	APFH	40.54 1.0	OwensIllinois OI	OI	22.08 0.4	HartfordMultiVUS ROAM	ROAM	23.22 0.2	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CastellaWaste CWST	CWST	14.91 0.4	SageTech SAGE	SAGE	75.49 0.7
AerojetRocket AJRD	AJRD	23.19 1.3	PaycomSoftware PAYC	PAYC	61.28 0.8	HartzHldngs HLT	HLT	9.55 3.0	PwShDyntSwrdInv PWP	PWP	44.14 0.3	GlobalEnrgy IGF	IGF	43.03 0.1	SandySpringBnc SPBK	SPBK	12.99 1.5
AgilentTechno AM	AM	55.19 1.0	PIMCOCorporate PCM	PCM	16.38 0.4	JaggedPlyKener JNE	JNE	1.90 -1	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CentralGarden CGND	CGND	35.07 0.1	SanFilippo JBS	JBS	74.69 0.9
AgreeRealty FDDU	FDDU	19.19 1.0	PIMCOIncmCred PCI	PCI	21.82 0.5	JonesEnergy JNE	JNE	-1	PwShDyntSwrdInv PWP	PWP	44.14 0.3	ShorelineStrt CSZ	CSZ	56.10 0.7	Radware RDXR	RDXR	16.80 7.5
AlamoGroup ALG	ALG	79.90 2.1	PIMCOIncmFdr PPN	PPN	10.30 0.7	KinderMorganWt KMW	KMW	12.49 2.7	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	ROBOGblRobotcs ROBO	ROBO	32.94 1.2
Albemarle ALB	ALB	118.82 1.4	ParkerHannifin PH	PH	165.60 2.2	KintekEnergy KLT	KLT	9.11 -1	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	RORCM RCM	RCM	3.39 6.1
Alibaba BABA	BABA	108.52 0.6	Parkersoft PAWC	PAWC	61.28 0.8	HartfordMultiVUS RODM	RODM	26.17 0.5	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	RPXK RPXK	RPXK	12.45 0.2
AlpineGlobalBldg BBL	BBL	10.02 1.0	PaycomSoftware PAYC	PAYC	61.28 0.8	HartzHldngs HLT	HLT	9.55 3.0	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CalAmp CAMP	CAMP	18.49 0.3	RockyBrands RCKY	RCKY	14.14 3.4
AlpinGlpProp APW	APW	6.03 0.5	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CFNFB CFNFB	CFNFB	25.48 0.7	RushEnt B RUSH	RUSH	39.21 1.3			
AlpineTdtovDny ADG	ADG	8.50 0.8	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CapellaProd CPLA	CPLA	99.25 6.9	RushEnt B RUSH	RUSH	35.74 2.1			
AmericanFinc AFM	AFM	98.49 1.0	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CardiovascularSys Cava	Cava	30.21 0.4	SNC&Tech SNC	SNC	37.61 0.2			
Amtek AME	AME	57.33 0.8	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CastellaWaste CWST	CWST	14.91 0.4	SageTech SAGE	SAGE	75.49 0.7			
Amphenol APH	APH	72.50 2.0	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	GlobalEnrgy IGF	IGF	43.03 0.1	SandySpringBnc SPBK	SPBK	12.99 1.5			
Anthem ANTM	ANTM	17.28 0.7	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CentralGarden CGND	CGND	35.07 0.1	SanFilippo JBS	JBS	74.69 0.9			
AnworthMtng ANW	ANW	5.82 1.1	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	ShorelineStrt CSZ	CSZ	56.10 0.7	SeaportBnc SPLC	SPLC	12.45 0.2			
ArborMetri BWM	BWM	20.23 0.1	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BadgerMeter BM	BM	41.70 1.0	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BancOfCalifornia BNC	BNC	23.25 2.0	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BancOilBlaBvz BBB	BBB	8.38 1.0	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BankOne BCB	BCB	76.22 1.0	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BancosSantander SAN	SAN	6.63 2.5	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BerkshireHls BHL	BHL	38.65 3.8	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BethBest BBY	BBY	52.61 1.2	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
Bio-RadLmns BRL	BRL	21.48 0.4	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BirkRkUtility BBL	BBL	68.69 0.5	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BirkRkHldngs BBL	BBL	10.02 1.0	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BojiRkCapHld HVT	HVT	11.27 0.5	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
ArmourResc AR	AR	24.21 0.5	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
ArmourRescStrd AR	AR	24.21 0.5	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BashfordRd BBL	BBL	24.13 0.2	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BashfordRd BBL	BBL	24.13 0.2	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BashfordRd BBL	BBL	24.13 0.2	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0.3	CEVA CAVA	CEVA	37.45 4.6	SPBK SPBK	SPBK	12.45 0.2			
BashfordRd BBL	BBL	24.13 0.2	PebbleBank FBL	FBL	11.40 0.4	PwShDyntSwrdInv PWP	PWP	44.14 0									

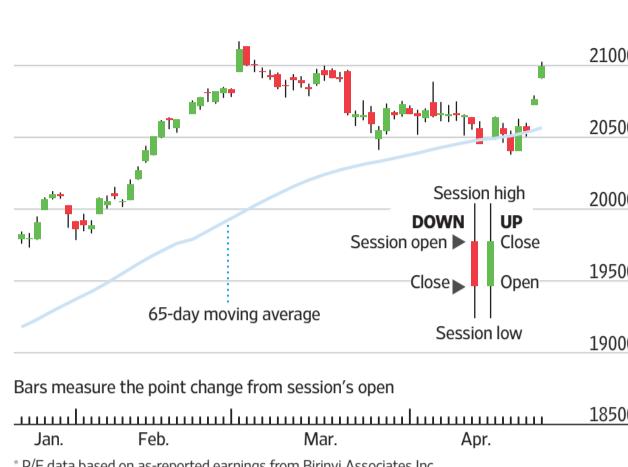
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

20996.12 ▲ 232.23, or 1.12% Last 21.04 18.19
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 21.04 18.19
P/E estimate * 17.60 17.15
Dividend yield 2.32 2.53
All-time high 21115.55, 03/01/17



Bars measure the point change from session's open
Jan. Feb. Mar. Apr. 18500

* P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2388.61 ▲ 14.46, or 0.61% Last 24.39 24.11
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 24.39 24.11
P/E estimate * 18.24 17.80
Dividend yield 1.98 2.17
All-time high: 2395.96, 03/01/17



Jan. Feb. Mar. Apr. 21500

Nasdaq Composite Index

6025.49 ▲ 41.67, or 0.70% Last 26.01 22.58
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 26.01 22.58
P/E estimate * 20.37 18.79
Dividend yield 1.11 1.26
All-time high: 6025.49, 04/25/17



Jan. Feb. Mar. Apr. 5960

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week		YTD % chg	3-yr. ann.
						High	Low		
Dow Jones									
Industrial Average	21026.97	20909.38	20996.12	232.23	▲ 1.12	21115.55	17140.24	16.7 6.2 8.7	
Transportation Avg	9318.20	9247.78	9249.42	-33.57	-0.36	9593.95	7093.40	14.5 2.3 6.8	
Utility Average	709.40	704.46	708.42	-0.61	-0.09	720.45	625.44	10.1 7.4 8.7	
Total Stock Market	24843.56	24728.25	24803.60	157.55	▲ 0.64	24868.78	20583.16	15.0 6.6 8.3	
Barron's 400	642.59	639.63	640.55	4.08	▲ 0.64	640.55	491.89	20.6 6.5 8.0	

Nasdaq Stock Market

Nasdaq Composite	6036.02	6002.65	6025.49	41.67	▲ 0.70	6025.49	4594.44	23.3 11.9 13.9	
Nasdaq 100	5557.93	5521.52	5548.19	40.16	▲ 0.73	5548.19	4201.05	24.6 14.1 16.2	

Standard & Poor's

500 Index	2392.48	2381.15	2388.61	14.46	▲ 0.61	2395.96	2000.54	14.2 6.7 8.6	
MidCap 400	1753.75	1744.64	1747.84	10.49	▲ 0.60	1758.27	1416.66	17.9 5.3 9.1	
SmallCap 600	860.77	854.16	857.21	7.31	▲ 0.86	862.21	670.90	21.5 2.3 9.7	

Other Indexes

Russell 2000	1415.55	1400.10	1411.08	13.13	▲ 0.94	1413.64	1089.65	22.6 4.0 7.9	
NYSE Composite	11619.04	11571.10	11603.27	71.48	▲ 0.62	11661.22	9973.54	10.3 4.9 3.4	
Value Line	528.10	523.22	527.06	3.84	▲ 0.73	529.13	435.06	13.0 4.1 3.0	
NYSE Arca Biotech	3614.69	3565.64	3603.39	61.95	▲ 1.75	3642.30	2818.70	11.9 17.2 14.2	
NYSE Arca Pharma	508.98	507.19	507.33	2.17	▲ 0.43	554.66	463.78	-2.0 5.4 0.2	
KBW Bank	93.32	92.31	92.57	0.66	▲ 0.72	99.33	60.27	31.4 0.8 10.5	
PHLX® Gold/Silver	84.57	81.31	82.38	-3.06	-3.58	112.86	73.03	0.4 4.5 -4.1	
PHLX® Oil Service	158.99	157.08	158.77	1.49	▲ 0.95	192.66	148.37	-8.5 -13.6 -18.7	
PHLX® Semiconductor	1019.44	1010.08	1017.81	10.01	▲ 0.99	1017.81	630.77	50.9 12.3 21.2	
CBOE Volatility	11.15	10.22	10.76	-0.08	-0.74	25.76	10.58	-22.9 -23.4 -8.5	

\$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
VanEck Vectors Gold Miner	GDX	15,369.9	22.27	0.05	▲ 0.23	22.32	22.18
VanEck Vectors Jr Gold	GDXJ	10,476.4	32.25	0.01	▲ 0.03	32.30	32.17
SPDR S&P 500	SPY	7,608.8	238.38	-0.17	-0.07	238.68	238.30
US Steel	X	6,760.1	25.85	-5.26	-16.91	31.23	24.85
Microsoft	MSFT	5,399.1	67.92	...	unch.	68.05	67.89
Blackstone Group	BX	5,274.7	31.00	0.11	▲ 0.36	31.10	30.05
Enterprise Pdts Partners	EPD	4,577.4	27.93	-0.02	-0.07	27.95	27.88
Yahoo!	YHOO	4,146.4	48.40	...	unch.	48.41	48.26

Percentage gainers...

Company	Symbol</
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COMMODITIES

Metal & Petroleum

	Contract				Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs; \$ per lb.	Open	High	hi lo	Low			
April	2.5725	2.5860		2.5725	2.5820	0.0285	433
July	2.5670	2.6050		2.5575	2.5910	0.0260	116,954
Gold (CMX) -100 troy oz.; \$ per troy oz.							
April	1275.60	1276.90		1262.10	1265.60	-10.20	553
June	1277.90	1279.90		1262.80	1267.20	-10.30	346,923
Aug	1281.00	1282.90		1266.40	1270.60	-10.20	49,003
Oct	1285.00	1285.70		1271.30	1273.90	-10.10	7,656
Dec	1287.40	1289.10		1273.40	1277.30	-10.00	50,583
Feb'18	1289.00	1289.00		1276.90	1280.70	-10.00	8,004
Palladium (NYM) -50 troy oz.; \$ per troy oz.							
April	797.00	797.00		797.00	796.50	1.20	1
May	798.70	798.70		795.80	796.50	1.20	1
June	794.05	799.30		788.50	796.65	1.20	30,703
Sept	794.20	798.45		790.60	796.50	1.15	3,163
Platinum (NYM) -50 troy oz.; \$ per troy oz.							
April	975.00	976.50		975.00	954.60	-2.60	14
July	963.90	967.50		952.00	957.60	-2.60	58,820
Silver (CMX) -5,000 troy oz.; \$ per troy oz.							
April	17.575	17.575		17.560	17.581	-0.267	11
July	17.990	18.050		17.590	17.659	-0.273	135,583
Crude Oil, Light Sweet (NYM) -1,000 bbls; \$ per bbl.							
June	49.22	49.83		48.87	49.56	0.33	621,205
July	49.55	50.17		49.22	49.90	0.32	237,780
Aug	49.89	50.43		49.52	50.17	0.28	111,693
Sept	50.21	50.68		49.79	50.42	0.25	189,865
Dec	50.77	51.20		50.38	50.95	0.14	274,418
Dec'18	51.09	51.17		50.47	50.89	-0.05	132,633
NY Harbor ULSD (NYM) -42,000 gal; \$ per gal.							
May	1.5400	1.5520		1.5287	1.5452	.0025	34,766
June	1.5442	1.5567		1.5335	1.5498	.0020	126,347
Gasoline-NY RBOB (NYM) -42,000 gal; \$ per gal.							
May	1.6215	1.6310		1.6003	1.6230	.0016	32,897
June	1.6249	1.6353		1.6054	1.6261	.0003	133,011
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.							
May	3.064	3.083		3.022	3.043	-.023	20,197
June	3.157	3.180		3.125	3.165	.005	249,435
July	3.241	3.262		3.209	3.250	.007	208,712
Sept	3.269	3.286		3.232	3.274	.009	124,805

Agriculture Futures						
Corn (CBT) -5,000 bu.; cents per bu.						
May	359.25	368.25	356.25	365.00	5.75	168,676
July	365.50	374.75	362.50	371.75	6.25	723,336
Oats (CBT) -5,000 bu.; cents per bu.						
May	219.00	223.25	218.50	222.50	3.75	1,753
July	219.00	222.25	218.00	221.50	3.75	3,807
Soybeans (CBT) -5,000 bu.; cents per bu.						
May	959.00	961.00	954.00	954.50	-6.75	80,975
July	969.50	971.25	964.50	965.00	-6.75	352,014
Soybean Meal (CBT) -100 tons; \$ per ton.						
May	315.50	317.40	313.10	313.50	-2.90	26,813
July	319.50	321.50	317.20	317.70	-2.90	198,256
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
May	31.64	31.76	31.26	31.58	-.11	45,068
July	31.86	32.03	31.48	31.85	-.08	218,730
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
May	961.00	964.00	927.00	929.50	-31.00	3,081
July	988.00	992.00	953.50	956.00	-31.50	6,208
Wheat (CBT) -5,000 bu.; cents per bu.						
May	402.75	411.00	398.50	408.75	6.25	50,103
July	419.25	429.25	416.00	427.00	7.75	315,666
Wheat (KC) -5,000 bu.; cents per bu.						
May	401.75	413.00	400.00	412.00	10.25	30,193
July	414.25	426.00	412.50	424.75	10.50	159,081
Wheat (MPLS) -5,000 bu.; cents per bu.						
May	521.75	534.25	520.50	533.75	12.25	9,653
July	531.50	545.50	530.75	544.50	13.00	29,542
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
April	138,700	138,850	138,325	138,725	.475	2,678
Aug	141,200	142,300	140,550	141,350	.650	29,016
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
April	129,450	130,050	129,025	129,825	.825	4,072
June	115,275	115,975	114,650	115,825	.975	183,108
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
May	64,300	65,850	64,300	65,225	.825	2,094
June	69,400	72,200	69,400	71,825	2.300	85,727
Lumber (CME) -110,000 bd. ft., \$ per 1,000 bd. ft.						
May	385.10	385.10	385.10	385.10	-10.00	1,870
July	392.90	392.90	392.90	392.90	-10.00	3,214

Tuesday, April 25, 2017

ual or "physical" commodities in the marketplace—reflects what the commodity might be worth in future

Butter (CME)	\$200,000 lbs, cents per lb.					
April	15.20	15.21	15.19	15.20	...	5,325
June	15.70	15.75	15.37	15.42	.43	4,978
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
May	1,836	1,866	1,836	1,871	46	167
July	1,803	1,860	1,803	1,852	36	152,651
Coffee (ICE-US) -37,500 lbs; cents per lb.						
May	129.55	130.55	129.45	129.90	.40	334
July	131.60	132.90	130.50	132.40	.50	105,610
Sugar-World (ICE-US) -112,000 lbs; cents per lb.						
May	16.24	16.40	16.13	16.18	-.06	57,954
July	16.31	16.48	16.23	16.28	-.04	352,528
Sugar-Domestic (ICE-US) -112,000 lbs; cents per lb.						
July	29.40	29.40	29.40	28.39	-.35	1,137
Sept	28.88	28.88	28.73	28.73	-.27	1,493
Cotton (ICE-US) -50,000 lbs; cents per lb.						
May	79.94	80.07	79.00	80.71	.62	593
July	78.83	79.41	77.97	79.36	.57	132,283
Orange Juice (ICE-US) -15,000 lbs; cents per lb.						
May	157.80	159.00	157.10	158.05	.65	1,781
July	154.70	157.35	154.20	157.05	2.30	6,857
Interest Rate Futures						
Treasury Bonds (CBT) -\$100,000; pts 32nds of 100%						
June	153-130	153-170	152-000	152-130	-1-01.0	635,650
Sept	151-280	151-280	150-290	151-060	-1-01.0	374
Treasury Notes (CBT) -\$100,000; pts 32nds of 100%						
June	125-260	125-275	125-085	125-130	-12.5	3,173,863
Sept	125-090	125-090	124-300	125-025	-13.0	8,583
Yr. Treasury Notes (CBT) -\$100,000; pts 32nds of 100%						
June	118-152	118-160	118-052	118-077	-7.2	3,158,414
Sept	117-242	117-242	117-192	117-212	-7.7	7,559
2 Yr. Treasury Notes (CBT) -\$200,000; pts 32nds of 100%						
June	108-107	108-110	108-080	108-085	-2.5	1,388,705
30 Day Federal Funds (CBT) -\$5,000,000,100 - daily avg.						
April	99.105	99.108	99.105	99.100	-.008	427,384
May	99.095	99.100	99.095	99.090	-.005	250,262
10 Yr. Det. Int. Rate Swaps (CBT) -\$100,000; pts 32nds of 100%						
June	92.438	92.484	92.031	92.172	-.547	31,245
Month Libor (CME) -\$3,000,000; pts of 100%						
May	98.9800	98.9800	98.9800	98.9825	...	2,961
July	98.7975	98.7975	98.7950	98.7975	-.0200	2,989
Eurodollar (CME) -\$1,000,000; pts of 100%						
May	98.7900	98.7925	98.7850	98.7850	-.0075	152,067
June	98.7050	98.7100	98.6900	98.6950	-.0100	1,436,315
Dec	98.5250	98.5250	98.4800	98.4850	-.0350	1,606,263
Dec'18	98.1450	98.1500	98.0850	98.0950	-.0500	1,431,670

Japanese Yen (CME)	¥12,500,000; \$ per 100yen					
Buy	.9131	.9131	.9001	.9009	-.0109	480
Sell	.9128	.9144	.9012	.9021	-.0110	202,537
Canadian Dollar (CME)	CAD 100,000; \$ per CAD					
Buy	.7378	.7383	.7342	.7367	-.0036	274
Sell	.7407	.7411	.7344	.7371	-.0036	154,592
British Pound (CME)	£62,500; \$ per £					
Buy	1.2809	1.2851	1.2784	1.2837	.0041	358
Sell	1.2810	1.2865	1.2793	1.2849	.0042	259,261
Swiss Franc (CME)	CHF 125,000; \$ per CHF					
Buy	1.0076	1.0114	1.0061	1.0103	.0033	46,717
Sell	1.0135	1.0171	1.0124	1.0163	.0032	209
Australian Dollar (CME)	AUD 100,000; \$ per AUD					
Buy	.7555	.7568	.7519	.7534	-.0024	313
Sell	.7560	.7564	.7513	.7529	-.0025	104,088
Sett.	.7544	.7552	.7505	.7519	-.0025	1,328
Mexican Peso (CME)	MXN 500,000; \$ per MXN					
Buy	.05295	.05297	.05216	.05248	-.00047	179,018
Sell	.05296	.05298	.05217	.05249	-.00047	179,018
Euro (CME)	€125,000; \$ per €					
Buy	1.0880	1.0960	▲ 1.0863	1.0950	.0081	508
Sell	1.0896	1.0978	▲ 1.0879	1.0968	.0081	411,321
Index Futures						
Standard & Poor's 500 Index (CME)	\$250 x index					
Buy	20696	20967	20686	20945	249	126,897
Sell	20689	20910	▲ 20680	20891	249	341
Nikkei S&P 500 (CME)	\$50 x index					
Buy	2371.90	2388.50	▲ 2368.40	2385.00	15.00	61,593
Sell	2370.00	2389.25	▲ 2368.25	2385.00	15.00	2,930,783
Nikkei S&P Midcap 400 (CME)	\$100 x index					
Buy	2367.25	2386.75	▲ 2365.50	2382.50	15.25	9,541
Sell	2368.00	2387.25	▲ 2365.50	2382.50	15.25	9,541
Nikkei Nasdaq 100 (CME)	\$20 x index					
Buy	1734.10	1753.70	1732.00	1746.60	10.90	96,357
Sell	1735.00	1754.70	1733.00	1747.60	10.90	96,357
Nikkei Russell 1000 (ICE-US)	\$100 x index					
Buy	1396.40	1416.80	▲ 1395.80	1411.20	15.20	572,137
Sell	1410.00	1415.00	▲ 1410.00	1410.20	15.50	232
Nikkei Russell 1000 (ICE-US)	\$100 x index					
Buy	1319.40	1325.50	▲ 1319.00	1322.50	7.50	7,664
Sell	1320.00	1326.50	▲ 1319.00	1322.50	7.50	7,664
U.S. Dollar Index (ICE-US)	\$1,000 x index					
Buy	98.97	99.10	▼ 98.57	98.65	-.33	66,172
Sell	98.80	98.95	▼ 98.41	98.50	-.32	1,151

Source: SIX Financial Information

Propane,tet,Mont Belvieu-g	0.6373	LBMA Plat
Butane,normal,Mont Belvieu-g	0.7772	Platinum,
Heptane,15°,Mont Belvieu-g	0.2112	

2 soft red, St. Louis-bp,u
d - KC (USDA) \$ per bu-u

NaturalGas,HenryHub-i	2.960	Platinum,Engelhard fabricated	1056.0	Wheat,No.1soft white,PortLd,OR-u	4.618
NaturalGas,TranscoZone3-i	2.910	Palladium,Engelhard industrial	799.0		Food
NaturalGas,TranscoZone6NY-i	2.630	Palladium,Engelhard fabricated	899.0		
NaturalGas,PanhandleEast-i	2.650	Aluminum,LME,\$ per metric ton	*1928.0	Beef,carcass equiv. index	
CrudeOil,WTI,i	51.620				

	Metals		Fibers
Gold, per troy oz			
Engelhard industrial	1268.80	Burlap,10-oz,40-inch	
Engelhard fabricated	1363.96	Cotton,11/16 std lw-	
Handy & Harman base	1267.80	Cotlook 'A' Index	
Handy & Harman fabricated	1407.25	Hides,hvy native ste-	
LBMA Gold Price AM	*1271.80	Wool,64s,staple,Ten-	
LBMA Gold Price PM	*1269.40		
Kruggerrand,wholesale-e	1314.77		
Maple Leaf-e	1327.41		
American Eagle-e	1327.41		
Mexican peso-e	1532.25		
Austria crown-e	1242.17		
Austria phil-e	1327.41		
Silver, troy oz.			
Engelhard industrial	17,6800	Barley,top-quality M	
Engelhard fabricated	21,2160	Bran,wheat middling	
Handy & Harman base	17,7050	Corn,No. 2 yellow,Ce	
Handy & Harman fabricated	22,1310	Corn glutin feed,Mic	
LBMA spot price (U.S.\$ equivalent)	£13,9168	Corn gluten meal,Mic	
	17,8400	Cottonseed meal,u,	
		Hominy feed,Cent IL	
		Meat-bonemeal,50%	
		Oats,No.2 milling,Mic	
		Rice, 5% Broken Whi	
		Rice, Long Grain Mill	
		Sorghum,(Milo) No.	
		Soybean Meal,Cent IL	
KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; L=livericeindex.com; M=midday; N=nominal; n.a.=not quoted or not available; R=\$ *Data as of 4/24			
Borrowing Benchmarks WSJ.com/b			
Money Rates			
Key annual interest rates paid to borrow or lend mon-			
guide to general levels but don't always represent ac-			
Inflation			
March index	Chg From (%)		

Mortgage-Backed Bloomberg Barclays					
.95	0.8	Mortgage-Backed	2.820	1.930	3.120
.60	0.6	Ginnie Mae (GNMA)	2.770	1.850	3.090
.47	0.8	Fannie Mae (FNMA)	2.830	1.950	3.120
.13	0.8	Freddie Mac (FHLMC)	2.850	1.980	3.130
.50	2.1	Muni Master	2.039	1.297	2.516
.11	2.5	7-12 year	2.065	1.300	2.618
.39	2.2	12-22 year	2.628	1.610	3.047
.24	2.2	22-plus year	3.160	2.027	3.622
Local Government J.P. Morgan[†]					
.90	0.4	Global Government	1.400	0.750	1.560
.12	1.4	Canada	1.740	0.770	2.020
.86	-1.1	EMU\$	1.191	0.512	1.363
.68	-1.1	France	0.960	0.270	1.210
.55	-1.0	Germany	0.410	-0.100	0.490
.39	0.1	Japan	0.360	-0.120	0.460
.49	-1.0	Netherlands	0.560	0.020	0.680
.98	1.8	U.K.	1.430	0.960	2.060
.37	5.3	Emerging Markets **	5.557	5.134	6.290
are the 100 largest bonds			[†] In local currency § Euro-zone bonds		
Sources: Merrill Lynch; Bloomberg Barclays; J.P.Morgan					

	International rates	Discount	U.S. government
Altcoins	245.001	0.08	2.4
Core	251.290	0.06	2.0

We

	Latest	ago	High	Low	30 days	3.975	3.400	3.080	2
	Federal funds				60 days	3.607	3.511	3.899	2
Prime rates									
U.S.	4.00	4.00	4.00	3.50					
Effective rate	0.9400	0.9400	0.9400	0.3200					
					Other short-term rates				

U.S.	4.00	4.00	4.00	3.90	High	1.0625	1.0625	1.0625	0.5000
Canada	2.70	2.70	2.70	2.70	Low	0.9100	0.8300	0.9100	0.2000
Japan	1.475	1.475	1.475	1.475	Bid	0.9100	0.9100	0.9300	0.2000
					Offer	0.9400	0.9400	1.0000	0.2600
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					
Treasury bill auction									
					4 weeks	0.735	0.750	0.770	0.1600

	Latest	Week ago	—52-Week—	
			high	low
Call money				
	2.75	2.75	2.75	2.25
Commercial paper (AA financial)				
90 days	1.04	1.02	1.06	0.47
Libor				
One month	0.9922	0.99278	0.99444	0.43395
Three month	1.17039	1.15622	1.17039	0.62360
Six month	1.42361	1.39767	1.43822	0.88685
One year	1.77483	1.76122	1.82761	1.19570
Euro Libor				
One month	-0.396	-0.392	-0.349	-0.401
Three month	-0.361	-0.359	-0.272	-0.362
Six month	-0.259	-0.257	-0.155	-0.260
One year	-0.143	-0.143	-0.026	-0.145

Proshares Ultra S&P 500	XLE	55.77	0.00	0.0	PwrShQQQ1	QQQ	135.13	0.72	14
FinSelSectorSPDR	XLF	23.89	0.89	2.8	PwrShSP500LoVol	SPLV	44.08	0.30	6
GuggS&P500EW	RSP	91.87	0.53	6.0	PwrShS&P500	PXDN	22.39	0.04	24

HealthCareSelSet	XLV	74.73	0.43	8.4		WFC	35.20	0.04	0.0	
InldSectorSelSPDR	XLI	66.66	0.48	7.1		SPDRBloomBarcHYBd	JNK	37.12	0.22	1
IshLntermCredBd	CIU	109.30	-0.22	1.0		SchwabIntlEquity	SCHF	30.64	0.59	10
IshL-3YCreditBond	CSJ	105.20	-0.11	0.2		SchwabUS BdrMkt	SCHB	57.81	0.66	6
Ish3-7YTreasuryBd	IEI	123.43	-0.30	0.8		SchwabUS LC	SCHX	56.97	0.60	7
IshCoreHDividend	HDV	83.76	0.31	1.8		SPDR DJIA Tr	DIA	209.68	1.11	6
IshCoreMSCIEAFEET	IEFA	59.63	0.66	11.2		SPDR GldTr	GLD	120.25	-1.01	9
IshCoreMSCIEmgMk	IEMG	48.85	0.97	15.1		SPDR S&P McdCpTr	MIDY	31.61	0.51	5
IshCoreS&P500ETF	IVV	240.05	0.59	6.7		SPDR S&P 500	SPY	238.55	0.58	6
IshCoreS&PMDMcp	IJH	174.13	0.55	5.3		SPDR S&P Div	SDY	89.22	0.63	4
IshCoreS&PSmCpETF	IJR	70.34	0.89	2.3		TechSelectSector	XLK	54.08	0.52	11
IshS&PToTlUSStkMkt	ITOT	54.71	0.61	6.7		UtilitiesSelSector	XLU	51.93	-0.13	6
IshCoreUSAggBd	AGG	108.82	-0.33	0.7		VanEckGoldMiner	GDX	22.22	-4.22	6
IshSelectDividend	DVY	92.67	0.67	4.6		VanguardInfoTech	VGT	138.06	0.62	13
IshEdgeMSCIMinCare	EFAV	67.50	0.21	10.3		VangdSC Val	VBR	124.62	0.73	3
IshEdgeMSCIMirUSA	USMV	48.46	0.29	7.2		VangdDivApp	VIG	91.49	0.44	7
IshGoldTr	IAU	12.16	-1.06	9.7		VangdTSEDevMk	VEA	40.29	0.65	10
IshiBoxxInvGrpCpbD	LQD	118.45	-0.40	1.1		VangdFTSE EM	VWO	40.45	0.72	13
IshiBoxx\$HYCpbD	HYG	88.17	0.18	1.9		VangdTSE Europe	VGK	53.77	0.84	12
IshJPMSDEmbGd	EMB	114.60	-0.25	4.0		VangdTSEAwxUS	VEU	49.01	0.72	10
IshMBSETF	MBB	106.61	-0.35	0.3		VangdGrowth	VUG	123.99	0.71	11
IshMSCIAWCWETF	ACWI	64.41	0.67	8.9		VangdHldHcr	VHT	138.60	0.57	9
IshMSCIAEAEF	EFA	63.99	0.71	10.8		VangdHdDiv	VYM	78.01	0.49	3
IshMSCIEAFESC	SCZ	56.04	0.68	12.4		VangdIntermd	BIV	84.05	-0.41	1
IshMSCIEmgMarkts	EEM	40.20	0.88	14.8		VangdIntrCorpBd	VCIT	86.80	-0.30	1
IshMSCIEurozoneETF	EZU	39.60	0.72	14.5		VangdLC	VV	109.47	0.63	6
IshMSCIJapanETF	EWJ	52.01	0.37	6.4		VangdGMc	VO	141.46	0.55	7
IshNasdaqBiotech	IBB	295.55	1.31	11.4		VangdMcVal	VOE	103.00	0.49	6
IshNatlMuniBdETF	MUB	109.23	-0.25	1.0		VangdREIT	VNQ	84.51	0.42	2
IshRussell1000Gwth	IWF	115.90	0.57	10.5		VangdS&P500	VOO	219.01	0.60	6
IshRussell1000ETT	IWB	132.88	0.61	6.8		VangdST Bond	BSV	79.81	-0.15	0
IshRussell1000Val	IWD	115.61	0.63	3.2		VangdSTCpbD	VCSH	79.83	-0.11	0
IshRussell2000Gwth	IWO	165.29	1.00	7.4		VangdSC	VB	135.44	0.75	5
IshRussell2000ETT	IWM	140.27	0.97	4.0		VangdTotalBd	BND	81.32	-0.31	0
IshRussell2000Val	IWN	120.22	0.92	1.1		VangdTotnBd	BNDX	54.30	-0.24	0
IshRussell3000Cap	IWV	141.67	0.63	6.5		VangdTotnStk	VXUS	50.89	0.59	10
IshRussellMid-Cap	IWR	189.91	0.49	6.2		VangdTotlStk	VTI	122.87	0.62	6
IshRussellMCValue	IWS	84.02	0.56	4.5		VangdTotlWrld	VT	66.43	0.61	8
IshS&PMC400Growth	IJK	194.75	0.46	6.9		VangdValue	VTY	95.99	0.52	3
						WlsdEuropeHdg	HEDJ	64.91	0.56	13

		Value	-52-Week -	
	Latest	Traded	High	Low
DTCC GCF Repo Index				
Treasury	0.846	46.750	1.266	0.244
MBS	0.863	91.400	1.328	0.257
			Open Implied	
	Settle	Change	Interest	Rate
DTCC GCF Repo Index Futures				
Treasury Apr	99.115	0.005	6501	0.885
Treasury May	99.145	0.005	4698	0.855
Treasury Jun	99.055	0.005	1248	0.945
Notes on data:				
U.S. prime rate	is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective March 16, 2017.			
Other prime rates	aren't directly comparable; lending practices vary widely by location;			
Discount rate	is effective March 16, 2017.			
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				

0.250	10	0.377			0.330	0.406	0.383
0.300	Italy 2	-0.050			-0.067	-0.078	-0.075

2.200	10	2.264	▲	●		2.190	2.228	1.537	-6.4	-8.6	-38.0	
0.100	Japan	2	-0.208	▲	●		-0.209	-0.259	-0.270	-149.5	-144.2	-110.8
0.100		10	0.221	▲	●		0.222	0.215	0.271	225.3	100.7	100.7

0.100	10	0.021 ▼	●		0.022	0.065	-0.071	-230.7
2.750	Spain 2	-0.231 ▼	●		-0.223	-0.197	-0.023	-151.8
1.500	10	1.655 ▲	●		1.605	1.696	1.644	-67.3
1.750	U.K. 2	0.117 ▲	●		0.083	0.153	0.533	-117.0
4.250	10	1.085 ▲	●		1.051	1.198	1.611	-124.3

Source: Tullett Prebon

Corporate Debt

Price moves by a company's debt in the credit markets sometimes mirror and sometimes anticipate moves in that same company's share price.

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points			Stock Performance Close (\$)	% chg
				Current	One-day change	Last week		
IACOM	VIA	5.875	Feb. 28, '57	205	-25	222	44.78	0.73
Seagate HDD Cayman	STX	4.875	June 1, '27	290	-18	325
Royal Bank of Scotland	RBS	7.500	Aug. 10, '49	400	-17	n.a.	6.52	1.72
Express Scripts Holding	ESRX	4.800	July 15, '46	209	-16	n.a.	60.01	-10.77
JPMorgan Chase	JPM	7.900	April 30, '49	19	-15	n.a.	88.26	0.87
Societe Generale S.A.	SOCGEN	7.375	Sept. 13, '49	315	-14	425

...And spreads that w

Bancorp	USB	3.100	April 27, '26	93	13	92	52.13	1.11
Bpce S.A.	BPCEGP	2.750	Dec. 2, '21	89	22	104
Caremark Rx Inc.	CRMK	1.400	Dec. 2, '21	100	10	n.a.	60.01	-10.77
Express Scripts Holding	ESRX	4.750	Nov. 15, '21	110	10	n.a.	60.01	-10.77

xpress Scripts Holding	ESRX	4.750	Nov. 15, '21	110
Ila-Tencor	KLAC	4.650	Nov. 1, '24	128

					Bond Price as % of face value			
					Current	One-day change	Last week	Stock Performance
								Close (\$)
								% chg
Apple	AAPL	2.000	May 6, '20	31	9	n.a.	144.53	0.62
Bristol-Myers Squibb	BMY	3.250	Nov. 1, '23	90	7	n.a.	53.94	0.73
Crocker & Gamble	PG	1.850	Feb. 2, '21	15	7	n.a.	90.00	0.50
Commonwealth Bank Australia	CBAU	2.250	March 10, '20	64	6	71
High-yield issues with the biggest price increases...								
Superior-McMoran	FCX	3.875	March 15, '23	93.875	1.88	92.313	13.10	7.11
Unisoco	ESV	5.750	Oct. 1, '44	74.600	1.60	74.750	8.35	-0.60
ADT	ADT	3.500	July 15, '22	97.000	1.50	n.a.
Novelis	HNDLIN	5.875	Sept. 30, '26	103.000	1.25	100.500
Transocean	RIG	6.800	March 15, '38	80.500	1.25	80.250	11.46	0.79
United Rentals	URI	6.125	June 15, '23	104.750	1.25	n.a.	113.30	-0.23
Murphy Oil USA	MUSA	5.625	May 1, '27	102.125	1.13	n.a.	71.17	0.99
SuperVALU	SVU	7.750	Nov. 15, '22	102.125	1.13	100.500	4.07	5.71
And with the biggest price decreases...								
GL Energy Partners	NGL	6.125	March 1, '25	94.750	-4.00	n.a.	16.50	-23.96
Kindred Healthcare	KND	8.750	Jan. 15, '23	100.000	-2.38	n.a.	9.15	2.81
Acwen Loan Servicing	OCN	8.375	Nov. 15, '22	86.750	-1.88	n.a.

nsco	ESV	5.200	March 15, '25	85.000	-1.78	87.000	8.35	-0.60
istjet Malta Finance	VSTJET	7.750	June 1, '20	82.000	-1.25	84.250
ervita Escrow	CCRUCN	7.625	Dec. 1, '21	102.500	-0.75	103.000

000	-0.75	n.a.	1.55	-0.64
750	-0.75	103.500

BANKING & FINANCE

SEC Pick Assembles Lieutenants

Team would reflect shift to new agenda of deregulation at securities watchdog

BY DAVE MICHAELS

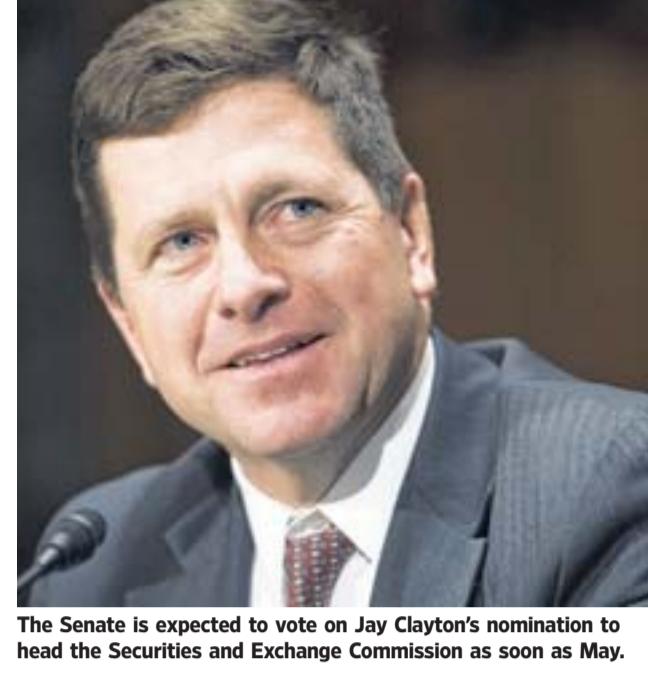
WASHINGTON—President Donald Trump's choice to run the Securities and Exchange Commission is assembling a group of top staff members who spent their careers on Wall Street or advised companies on big deals, foreshadowing the commission's likely pivot toward a deregulatory agenda.

Aides to Jay Clayton, Mr. Trump's pick as SEC chairman, have interviewed or offered positions to people who would run the divisions that investigate wrongdoing and fraud, regulate public companies and oversee stock exchanges, according to people familiar with the matter.

The group of expected hires includes William Hinman, a partner at Simpson & Thacher LLP, who is likely to run the SEC division that writes the rules for public company disclosures.

The full Senate is expected to vote on Mr. Clayton's nomination as soon as early May.

The SEC's six division directors have often come from Wall Street or from law firms that advise or defend financial companies. Mr. Hinman, who



TOM WILLIAMS/CQ ROLL CALL

The Senate is expected to vote on Jay Clayton's nomination to head the Securities and Exchange Commission as soon as May.

donated to Hillary Clinton's presidential campaign, was the top American lawyer advising **Alibaba Group Holding** Ltd. on its \$25 billion initial public offering, one of the biggest ever in U.S. markets. He began his career in New York before moving to Silicon Valley in 1994 and becoming a top legal adviser on tech IPOs.

A spokesman for Mr. Clayton declined to comment on any hiring efforts, saying the nominee "remains focused on the Senate confirmation."

The choice reflects Mr. Clayton's commitment to easing rules that could grease the way for more IPOs, which hit a seven-year low in 2016. Mr. Clayton told members of the Senate Banking Committee in March that the government should "reduce the burdens of becoming a public company so that it's more attractive."

Mr. Hinman's work has included deals in which companies offered limited voting rights to shareholders, a practice that is unpopular with

many investors. In the March IPO of Snap Inc., investors received zero voting rights with their shares, a move that angered several public pension funds and other long-term investors.

The search for top staff members has been coordinated by Robert Stebbins, a partner at Willkie Farr & Gallagher LLP, who was a law-school classmate of Mr. Clayton's at the University of Pennsylvania, according to people familiar with the matter.

Mr. Clayton has considered at least two well-known defense attorneys for enforcement director, typically the SEC's highest-profile staff position.

The lawyers include Steven Peikin, a former prosecutor who works with Mr. Clayton at Sullivan & Cromwell LLP. Mr. Peikin represented Goldman Sachs Group Inc. in its dealings with prosecutors and SEC lawyers over claims a former member of its board, Rajat Gupta, had leaked inside information to a hedge-fund manager.

Sullivan & Cromwell is a longtime legal adviser to Goldman Sachs. Mr. Clayton has also done work for the bank.

Another candidate for the top enforcement job is Matthew Martens, a partner at Wilmer Cutler Pickering Hale and Dorr LLP, who was the SEC's top trial attorney from 2010 to 2013.

While at the SEC, Mr. Mar-

tens won a civil-fraud lawsuit against former Goldman trader Fabrice Tourre, who was found to have misled investors about a subprime-mortgage deal that lost \$1 billion for some institutions that bet on it.

The SEC's acting director of enforcement, Stephanie Avakian, also has been considered for the permanent role. Ms. Avakian joined the SEC in 2014 and was previously a partner at Wilmer Hale.

The top candidate to run the SEC's trading and markets division is Jamie Selway, an executive at Investment Technology Group Inc., other people said.

Mr. Selway, an expert in electronic trading, could take charge of a review of the SEC's landmark trading rules known as Regulation NMS.

Market participants credit those rules with ending the dominance of the New York Stock Exchange but say they also led to the proliferation of stock exchanges and a surge in high-frequency trading.

Mr. Selway's firm paid \$20.3 million in 2015 to settle SEC claims that it ran a secret program that traded against clients, despite having told customers that its business didn't interact with their orders.

ITG ousted its chief executive officer after the company agreed to settle the SEC case. Mr. Selway wasn't linked to any of the alleged wrongdoing.

Higher Rates Hit Student Refinance

BY ANNAMARIA ANDRIOTIS

Interest-rate savings on student-loan refinancings are shrinking as short-term rates have started to rise, according to a report.

Refinancing student loans has taken off in the past five years as financial-technology lenders, led by **Social Finance** Inc., or SoFi, have been offering to replace borrowers' federal student loans with new loans at lower interest rates.

Until recent years, rates on many federal student loans weren't based on market rates but a higher uniform rate set by the government.

Now, the savings are declining for some of the most creditworthy borrowers. Those with the highest credit scores who refinanced early this year received an interest rate that on average was about 2.2 percentage points lower than the rate on their original loan, according to **LendKey Technologies** Inc., which tracks student loans at credit unions and community banks. In 2014 and 2015, the average interest-rate savings exceeded 3 percentage points.

Rates on private student loans are usually pegged to the one-month or three-month London interbank offered rate, which have been moving up in recent months with the Federal Reserve's short-term interest-rate target.

Meanwhile, interest rates on new federal student loans are down. Unsubsidized Stafford loans given to undergraduate students for the current academic year have a fixed rate of 3.76%, compared with 4.66% two years before and 6.8% four years prior.

The decline in federal student-loan pricing largely resulted from a repricing strategy implemented by the federal government starting for the 2013-14 academic year. Since then, federal student-loan rates have been based on a rate from the last 10-year Treasury auction that occurs each May. Between 2006 and this change, federal student-loan rates had been set in advance by federal law.

Still, refinancing can result in significant savings for many borrowers. That includes those who still have older federal student loans at high rates. Borrowers who signed up for private student loans to attend college that have high rates could also benefit if their credit scores have since improved.

LendKey says student-loan refinances topped \$200 million in 2016 for the institutions on its platform, up 80% from a year earlier. It says the

80%

Rise in student-loan refinances on LendKey's platform in 2016

savings borrowers receive remain substantial, adding that the decline in savings is likely due to the small number of borrowers in some of its credit-score brackets.

The drop in savings among certain credit scores, however, points to a broader issue for the student-loan refinance industry. Sustaining growth for these lenders has been largely based on how long they can offer rate savings that are large enough to give consumers the incentive to refinance.

Those savings, for many borrowers, also need to be big enough to offset the fact that they are giving up federal repayment protections, such as loan forgiveness, when they switch from federal to private loans.

SoFi's chief executive, Mike Cagney, has warned that the growth period in student-loan refinancings is limited as rates move up. He said that lenders who enter the market just to focus on student-loan refinancings aren't pursuing a good strategy. SoFi has in recent years expanded to other loans, including mortgages and personal loans, pitching those products to its student-loan borrowers.

Citigroup Holders Approve Pay Plan

BY TELIS DEMOS

Citigroup Inc. shareholders cast 95% of their votes at Tuesday's annual meeting in support of the bank's compensation plan for top executives, following a jump in the stock price and a pay cut for Chief Executive Michael Corbat.

That reversed tepid support last year, when the bank's annual "say on pay" resolution received 64% of votes cast. The average bank in the S&P 500 index received 91% support, according to proxy-advisory firm Institutional Shareholder Services Inc.

In contrast to a rancorous **Wells Fargo** & Co. annual shareholder meeting that also took place Tuesday, Citigroup's conclave was relatively placid. But it wasn't totally uneventful: There was one major interruption when a group took the stage at the Cooper Union hall in New York for a few minutes to protest the bank's lending related to the Dakota Access Pipeline.

Otherwise, Citigroup shareholders backed the bank's overall strategy, overwhelmingly rejecting a breakup proposal. The current board also received more than 98% support from voters. The breakup measure got 2.5% of votes cast, down from 3.5% last year.

A more extensive debate on the bank's performance could await Citigroup in July, when it will hold its first investor day meeting in several years.

The bank succeeded in tamping down the major concern at last year's meeting, executive pay. Following last year's say-on-pay vote—which isn't binding but an indication of shareholder support—Citigroup's board made a handful of changes.

For one, it cut Mr. Corbat's pay. For 2016, Mr. Corbat is ex-

pected to receive total compensation of \$15.5 million, a 6% decrease from the previous year.

That helped the bank match up more favorably with its stock performance and peers. The cut came despite Citigroup stock generating a 16% total return in 2016 compared with negative 4% in 2015, when Mr. Corbat's pay rose.

Last year, proxy-advisory firms Glass Lewis & Co. and ISS recommended that shareholders vote against the say-on-pay resolution. This year, both firms recommended voting in favor, citing the measures the bank took after last year's vote.

"The board has demonstrated sufficient responsiveness," ISS said in a report this month.

Like most big banks, Citigroup's stock has jumped since the U.S. presidential election, partly on hopes that the Trump administration will give firms a wider berth to return capital.

Citigroup returned \$11 billion to shareholders last year and expects to increase that amount. Mr. Corbat told shareholders that Citigroup pressed the case for a bigger payout when the bank made its 2017 stress-test submission to regulators.

The company made other changes after the 2016 vote, including shifting more pay from cash to stock and basing future performance-based stock grants partly on 2019 return on capital and profitability.

Mr. Corbat acknowledged that the bank fell short on several measures in 2016, such as declines in net income and return on assets.

He said that was driven by decisions to make new investments in several areas, including credit cards, consumer banking in Mexico and stock trading, which will generate faster growth and capital return.



LISI NIESNER/BLOOMBERG NEWS

European Bank Executives Take Aim at Their Regulators

BY JULIA-AMBRA VERLAINE

BRUSSELS—European bank executives told regulators they were taking too long to complete the postcrisis financial rule book in a shifting political environment, leaving lenders at a competitive disadvantage and putting the bloc's economic recovery at risk.

"I don't care what you do, but get it done and don't change it for the next 10 years," Andreas Treichl, chief executive of Austrian lender **Erste Group Bank** AG said at a European Parliament hearing Tuesday. "You're not making it very easy for us to create prosperity."

Frédéric Oudéa, chief executive officer of France's **Société Générale** SA, told lawmakers that Europe needed to stop creating new rules given the global political landscape, notably the U.K.'s coming exit from the bloc and a fresh U.S.

EU banks also are concerned that by implementing

administration under President Donald Trump.

The CEOs voiced their views at a panel of politicians and regulators on rules put forward in November by the European Commission, which is the European Union's executive arm.

The proposed legislation would implement new requirements on bank capital, including total loss-absorbing capacity, across the EU as laid out by global standard-setters such as the Basel Committee on Banking Supervision and the Financial Stability Board.

Until recently, European bankers have been reticent to publicly argue about financial oversight with regulators and politicians. But the political landscape on financial rules has recently changed with the growth of nationalist tendencies at home and in the U.S.

EU banks also are concerned that by implementing

the rules before they are agreed upon at the international level—such as the ones proposed by the Basel Committee—they will lose a competitive edge, specifically against the U.S.

While complaints from bankers about regulatory uncertainty aren't novel, Brexit is another source of unpredictability for the bloc's banks, which will have to relocate staff and are still in the process of transforming business models to adhere to rules built in the aftermath of the Lehman Brothers bankruptcy.

"Two countries have a capital market: Switzerland, which is not part of the EU, and the U.K., which is leaving the EU," said Mr. Treichl. "So who do you think will finance the startups? The capital market isn't there, the private investor isn't there, and banks are increasingly facing difficulty doing it."

What to Expect From Credit Suisse's Earnings

BY BRIAN BLACKSTONE

Credit Suisse AG is due to release first-quarter earnings Wednesday, followed by a conference call. The Swiss bank has steadied itself somewhat after a bumpy 2016 that saw the bank scale back its investment-banking business in favor of managing money for wealthy clients.

In addition to scrutiny of any update on how that strategic shift is playing out, Credit Suisse faces questions on topics including its recent about-face on generous bonuses to senior executives, an international tax investigation led by Dutch authorities with unclear implications for the bank, and a looming decision

on whether it should spin off its Swiss banking unit.

Earnings: For the first quarter, Credit Suisse is expected to post net income of \$322 million francs (\$334 million) on revenue of around 5.5 billion francs, according to the median of analyst forecasts compiled by the company. Its fourth-quarter net loss was 2.3 billion francs.

WHAT TO WATCH

◆ Trump Effect

Credit Suisse posted a big loss for the fourth quarter after agreeing to pay a hefty settlement to resolve crisis-era U.S. mortgage-securities cases. But the bank also signaled a strong start to 2017 in its

wealth-management and investment-banking units. Chief Executive Tidjane Thiam said some of that was "linked to the outcome of the [U.S.] election."

◆ Bonuses

The bank created a stir in March by announcing it increased its bonus pool for 2016 by 6% and raised the pay of Mr. Thiam despite last year's loss. Faced with shareholder criticism, it changed course earlier this month and said it would cut executive bonuses by 40%. The reversal is likely to come up during Wednesday's conference call with Mr. Thiam and Chief Financial Officer David Mathers, as well as during Friday's annual shareholders meeting.

ing it has a "strict zero tolerance policy on tax evasion."

◆ Tax probes

Credit Suisse appeared to have cleared its last major legal uncertainty in December, when it settled the mortgage-securities issue with U.S. authorities for \$5.3 billion. But new headaches have emerged, including a U.S. probe into whether the bank's Israel desk aided in tax evasion. Meanwhile, Credit Suisse offices in Amsterdam, London and Paris were targeted last month by authorities in a tax investigation that also involved Australia and Germany. It remains unclear how serious this is for Credit Suisse, but the bank took out ads in British, Dutch and French newspapers stat-

◆ Swiss Unit

The bank has long touted a partial initial public offering of its Swiss unit scheduled for later this year to raise capital. But shedding some control over a profitable, core unit poses its own problems. Mr. Thiam has signaled some flexibility on the IPO and said the bank is considering other options, too.

◆ Cost Cuts

Credit Suisse said in February that it was targeting job cuts of 5,500 this year, and analysts will likely look for any update on how that process is unfolding or if there is any change to the targets.

EQUITIES

AHEAD OF THE TAPE | By Steven Russolillo

Twitter's Popularity Is Waning Along With Its Results



Twitter
Inc. is a perfect case study in the difference between fame

and fortune.

"The whole world is watching Twitter," Jack Dorsey, Twitter's chief executive, said in February. That is thanks to President Donald Trump.

Yet that exposure hasn't done much for Twitter's top and bottom lines. Even amid a revamped advertising strategy and efforts to expand its data-licensing business, Twitter's problems appear to have only become more challenging heading into Wednesday's earnings report. And investors have typically been an unforgiving bunch on earnings days, with Twitter's shares falling after seven of the past eight quarterly results, averaging a 10% drop.

Analysts surveyed by FactSet expect Twitter to report a first-quarter loss of 21 cents a share, compared with a loss of 12 cents a share a year earlier. Adjusted earnings, which exclude stock-based compensation, are expected at 2 cents a share.

Twitter has told investors it is trying to position itself for profitability in 2017. No

wonder it has framed its messaging that way; Twitter's first-quarter revenue is expected at \$517 million, down 13% from a year earlier. That would mark its first year-over-year revenue decline as a public company.

Not only is Twitter struggling to increase its user base, but people already on the platform appear to be less engaged with it. Twitter's user engagement on mobile, measured by time spent by monthly active users on smartphone devices, is expected to have dropped by 20% in the first quarter from a year earlier, according to Morgan Stanley, which cited comScore data. That is an ominous sign. About 90% of Twitter's global advertising revenue comes from mobile, according to research firm eMarketer Inc.

Making matters worse, Twitter was outbid by **Amazon.com** Inc. for the National Football League streaming rights to 10 Thursday night games in the coming season. Twitter has hopes that its live-video strategy will attract more people to its site, and the NFL games it broadcast last year drew mostly positive reviews.

And then there is overall advertising revenue, which dropped slightly at the end of last year and is expected to fall much more in 2017. Morgan Stanley expects ad revenue will drop by about 16% on average over the next four quarters compared with a year earlier.

Even valuation is not that exciting for Twitter. The shares fetch 43 times projected earnings over the next 12 months, far higher than the forward multiples of **Facebook** Inc. or Google parent **Alphabet** Inc.

This bird is still feeling blue.

Sure, the most heavily weighted companies in the index are still the tech giants you would expect, such as **Apple** Inc. and **Microsoft** Corp. But tech makes up only 44% of the index, versus about 60% when the dot-com boom imploded early in the last decade. The index has diversified into other sectors, particularly consumer firms.

And amid the dot-com boom of 1999 and 2000, the index was full of companies that had gone public recently in a bid to cash in on investors' appetite for tech shares. Many of those companies had no earnings.

Others, including many more-established Nasdaq-traded firms, had only modest earnings relative to their share prices.

Accordingly, the price/earnings ratio exceeded 70 as the index peaked in 2000, a condition that traders and analysts agreed set the stage for what would become a historic rout. These days, it is trading at about 27.5 times the earnings of the past 12 months, according to Thomson DataStream.

—Ben Eisen

News, the central bank cited asset bubbles and rising leverage as the biggest risks to the financial system.

At the eye of the recent storm lies fresh criticism from regulators of the plethora of investment products sold by banks with the promise of higher returns than standard deposit accounts deliver. A particular focus now are entrusted investments—pools of customer money that Chinese banks hold, some of



A bin of DuPont's soybean seeds. Its shares rose 3.6% after it posted results and said its planned merger with Dow Chemical was on track.

Shares Get Earnings Boost

BY AKANE OTANI AND RIVA GOLD

U.S. stocks climbed Tuesday, lifted by a series of upbeat earnings reports.

Major stock indexes have risen in recent sessions as corporate earnings have shown sustained improvement among U.S. companies.

S&P 500 firms have reported better-than-expected quarterly results, **Bank of America** Merrill Lynch said this week, with the share of companies beating analysts' estimates for both per-share earnings and sales rising to its highest level since 2012.

Solid results from companies should help major indexes keep

climbing, investors said, even as many remain concerned that stock valuations are stretched. Stocks could get a jolt later this week from a tax plan, which the Trump administration is expected to unveil Wednesday, analysts said.

"We're going to continue seeing equity markets able to attract more investors because the earnings are supporting them," said Chris Gaffney, president of EverBank World Markets.

The Dow Jones Industrial Average rose 232.23 points, or 1.1%, to 20996.12, posting its biggest one-day gain since March 1. The S&P 500 climbed 14.46 points, or 0.6%, to 2388.61

and the Nasdaq Composite added 41.67 points, or 0.7%, to a fresh record of 6025.49, closing above 6000 for the first time.

Dow component **Caterpillar** climbed \$7.61, or 7.9%, to \$104.42—its largest percentage gain since 2011—after the machinery company boosted its forecasts for the year.

McDonald's shares added 7.47, or 5.6%, to 141.70 after the company reported sales rose.

DuPont added 2.84, or 3.6%, to 82.21 after it said sales rose in the first quarter and its pending merger with **Dow Chemical** was on track to be closed by August.

Assets perceived as safe re-

treated, with gold for April delivery losing 0.8% to \$1,265.60 an ounce. Government bonds fell, with the yield on the 10-year Treasury note rising to 2.330% from 2.275% Monday. Yields rise as bond prices fall.

European stocks advanced, with the Stoxx Europe 600 rising 0.2% for its fifth consecutive session of gains, and France's CAC 40 adding 0.2%.

Early Wednesday, Japan's Nikkei Stock Average, which added 1.1% on Tuesday, were up a further 0.7%. South Korea's Kospi, which rose 1.1% Tuesday to its highest close since 2011, was up 0.3% early Wednesday.

This Isn't Your Father's, or Anyone Else's, Nasdaq Index Anymore

A closer look at the Nasdaq Composite

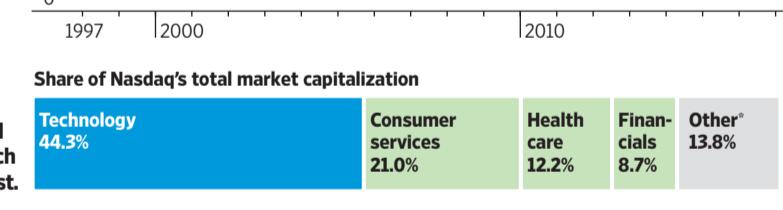
The Nasdaq has outperformed the S&P 500 this year on its unprecedented rise to 6000.



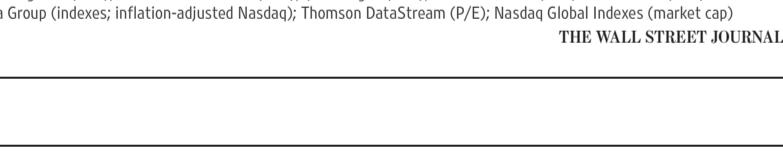
Although the index closed Tuesday at a record high, on an inflation-adjusted basis it remains below its 2000 record.



The price at which the Nasdaq is trading relative to its last 12 months of earnings is rising, but the multiple remains well below its peak in 2000.



Today's Nasdaq is more diversified than its traditional reputation as a tech index would suggest.



*Industrials (6.2%), consumer goods (5.4%), telecommunications (1.0%), oil and gas (0.7%), basic materials (0.5%) and utilities (0.1%)

Sources: WSJ Market Data Group (indexes); inflation-adjusted Nasdaq; Thomson DataStream (P/E); Nasdaq Global Indexes (market cap)

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CREDIT MARKETS

China's Bond Market Takes a Page From Stock Selloff

BY RACHEL ROSENTHAL

China's government-bond yields hit their highest levels in 20 months, the latest sign of stress in the country's markets as officials crank up their rhetoric about containing credit growth and financial risks.

The yield on the 10-year bond rose to 3.515% on Tuesday, the highest since August 2015, up from 3.493% late Monday and 3.276% about a month ago. Yields rise as bond prices fall.

The rout follows a selloff in Chinese stocks in recent days. The Shanghai Composite Index slid 1.4% on Monday, its biggest daily drop since December.

While stocks regained some ground on Tuesday—closing up 0.2%—the swings indicate the difficult task officials have set themselves this year: maintaining market stability while curbing financial risks and slowing runaway credit growth. In an editorial published Monday in China's state-run Financial

it off their balance sheets, and channel to outside asset managers to invest. Regulators are concerned these investments have helped stoke markets from corporate bonds to soybeans in recent years.

While there are no official data, entrusted investments exploded to between 5 trillion yuan and 6 trillion yuan (\$726 billion and \$871 billion) by the end of 2016, according to research by Sinolink Secu-

rities, a brokerage. At least 80% has been funneled into China's bond market, analysts say.

They represent just a small slice of China's shadow-banking system, whose assets as of mid-2016 stood at 58 trillion yuan, roughly 82% of gross domestic product, ratings firm Moody's Investors Service estimates.

"Shadow banking has been growing very quickly," said Jean-Charles Sambor, head of emerging-market fixed income at BNP Paribas Investment Partners in London.

Market players fear regulators will limit sales of entrusted investments. That could weaken demand for bonds, which individual investors can't buy directly, said Frances Cheung, head of Asia ex-Japan rates strategy at **Société Générale** SA in Hong Kong.

Still, some investors say increased scrutiny of shadow banking is encouraging, even if it causes the market to swoon. "It's healthy volatil-

ity," said BNP's Mr. Sambor. "It's one more tick in a very welcome box."

The ramp-up of credit growth started in 2015, when the People's Bank of China lowered short-term borrowing rates to juice the sluggish economy. Many investors used the cheap funds to buy financial products. Much of the money ended up in bonds, which investors often then used as collateral to buy even more financial assets.

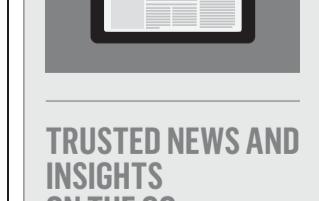
But last summer Chinese officials started making short-term borrowing more expensive. In July, the central bank stopped providing banks with cheap three-month loans and over the following months started offering pricier one-year loans instead.

This year it has twice raised the cost for banks to borrow from each other; analysts expect more increases this year.

Despite the moves in stocks and bonds, China's currency, often viewed as a barometer of risk, has been relatively stable recently. China has spent \$1 trillion in

reserves over the past 2½ years to keep the yuan from sliding against the dollar and prevent money from flooding out of the country.

—Yifan Xie and Saumya Vaishampayan contributed to this article.



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Bears in a China Shop

Regulatory crackdowns have triggered selloffs in China this year.

China's 10-year government bond yield



Source: Thomson Reuters

Shanghai Composite Index



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MARKETS

Treasurys, Commodities Flash Warnings

Investors brace for faster growth but show skepticism in trading patterns

By MIN ZENG

U.S. stocks are roaring again, with the Nasdaq Composite Index reaching 6000 for first time on Tuesday. But many analysts warn that bond and commodities markets are sending less-upbeat signals.

The yield on the benchmark 10-year Treasury note rose Tuesday, indicating falling prices as investors brace for faster growth that could lead to inflation that would erode the value of fixed-bond payments. But at 2.330%, the yield was below both its 2017 high above 2.6%, reached in mid-March, and its year-end level of 2.446%. Traders often view lower yields as a sign of lower economic-growth expectations.

Along the same lines, U.S. crude-oil prices are down nearly 8% this year to \$49.56 a barrel Tuesday. The Bloomberg Commodity Index sank to the lowest level this year Monday. An inflation reading in the bond market known as the 10-year break-even rate, reflecting expected annual inflation over that period, last week fell to the lowest since November.

These factors have dented investors' demand for Treasury inflation-protected securities, or TIPS, a popular vehicle to bet on higher inflation. Investors pulled out a net \$66.3 million in cash from U.S. bond mutual funds and exchange-traded funds targeting TIPS for the week that ended April 19, according to fund tracker Lipper.

It marked the first weekly redemption for the sector since Dec. 7, 2016, and the biggest one-week outflow since October 2016, before the U.S. election.

The mixed signals are nag-

Undercurrents of Anxiety

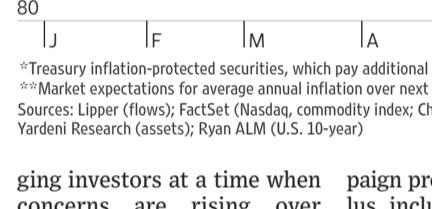
The Nasdaq Composite Index hit 6000 for the first time Tuesday, the latest sign that stock investors anticipate rising earnings and continued economic growth. Action in commodity and bond markets tells a different story, though.

Funds are flowing out of inflation-protected Treasury securities, a popular hedge at times when growth is expected to be robust, and market-based inflation gauges are declining alongside commodity prices. Some analysts blame tightening financial conditions in China, evident in falling assets at China's central bank, along with a rise in Chinese yields at a time when U.S. yields remain subdued.

Nasdaq Composite Index



Bloomberg Commodity Index

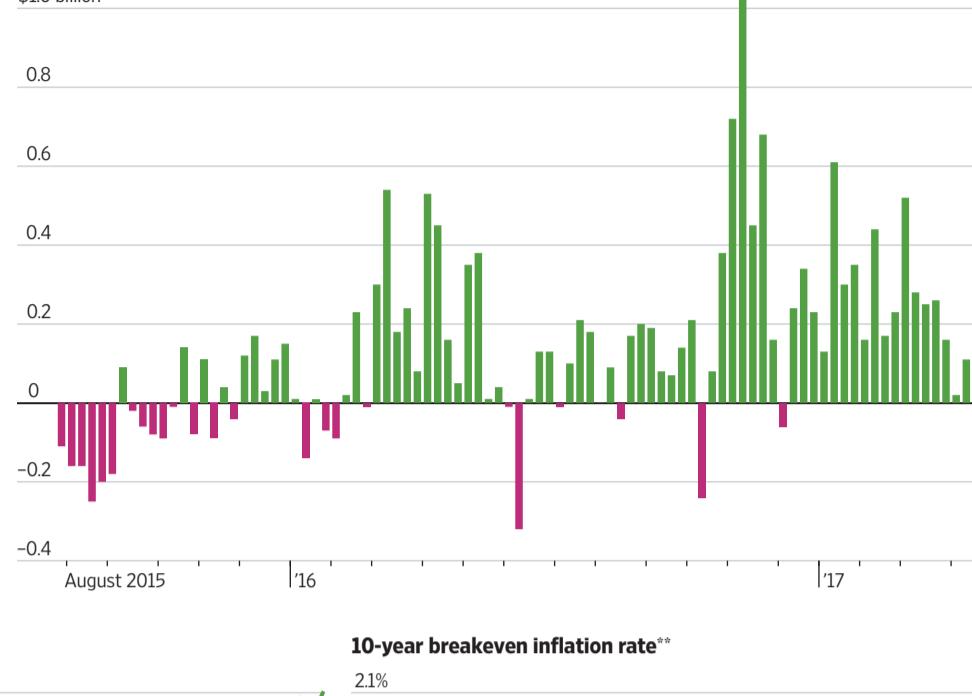


*Treasury inflation-protected securities, which pay additional principal under certain circumstances to compensate holders when inflation rises above stated thresholds

**Market expectations for average annual inflation over next 10 years

Sources: Lipper (flows); FactSet (Nasdaq, commodity index; China 10-year); TradeWeb (breakeven); Yardeni Research (assets); Ryan ALM (U.S. 10-year)

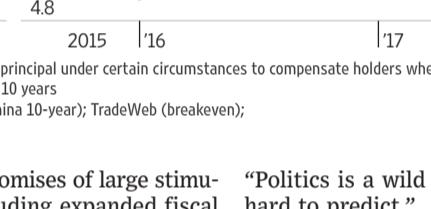
Flows into U.S. bond mutual and exchange-traded funds targeting TIPS, weekly*



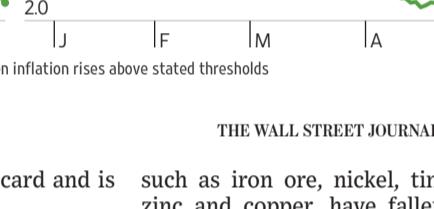
10-year breakeven inflation rate**



Total assets, People's Bank of China



10-year government-bond yields



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fears that doing so allows bubbles to develop in housing and other markets.

Total assets held by the People's Bank of China have fallen in recent months. While that partly reflects the country's actions to curb capital outflows and prevent a sharp slide in the local currency, analysts say it also suggests that liquidity provisions by the central bank have pulled back.

The sign of tightening along with regulators' signals to curb excessive leverage in markets have raised some angst on whether China would pull away from credit expansion—which has played a big role in keeping the economy humming above 6% annual growth lately.

"The liquidity tightening in conjunction with shadow-banking crackdown is now a real negative driver," said Charlie McElligott, head of U.S. cross-asset strategy at RBC Capital Markets.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	\$199,388,748,400
Accepted bids	\$60,000,745,100
"noncompetitively	\$429,738,100
"foreign noncompetitively	\$0
Auction price (rate)	0.042833 (0.73%)

Coupon equivalent
Bids at clearing yield accepted
Cusip number

The bills, dated April 27, 2017, mature on May 25, 2017.

52-WEEK BILLS

Applications	\$64,511,421,900
Accepted bids	\$20,000,121,900
"noncompetitively	\$231,871,900
"foreign noncompetitively	\$60,000,000
Auction price (rate)	0.0892822 (1.063%)

Coupon equivalent
Bids at clearing yield accepted
Cusip number

The bills, dated April 27, 2017, mature on April 26, 2018.

TWO-YEAR NOTES

Applications	\$77,720,328,400
Accepted bids	\$29,546,676,400
"noncompetitively	\$169,962,300
"foreign noncompetitively	\$100,000,000
Auction price (rate)	0.09941005 (1.280%)

Interest rate
Bids at clearing yield accepted
Cusip number

The notes, dated May 1, 2017, mature on April 30, 2019.

ging investors at a time when concerns are rising over whether valuations in stocks and corporate bonds are getting stretched. The Nasdaq Composite is up 12% this year.

Money managers say the market's next move hinges on whether President Donald Trump will deliver his cam-

paign promises of large stimulus, including expanded fiscal spending and significant tax cuts. Mr. Trump is scheduled to release updates on his tax plan Wednesday.

"The debate is far from being settled," said Don Ellenberger, senior portfolio manager at Federated Investors.

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Chinese markets offer further mixed signals. On Monday, Chinese stocks and bonds declined even as equity markets in many other countries rallied following the first round of the French presidential race. Many commodities traded in China,

such as iron ore, nickel, tin, zinc and copper, have fallen over the past weeks.

Some analysts attributed market weakness to worries that Chinese policy makers are becoming less generous in offering monetary support, as they seek to balance support for a slowing economy with

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High Hopes For Big Tech Lift Nasdaq

Tech investors have been throwing a party, but some new faces aren't feeling welcome.

The Nasdaq Composite crested the 6000 mark Tuesday to set a milestone. It signifies a notable comeback for a sector that fared a bit poorly last year, especially following the U.S. presidential election. The Nasdaq is now up nearly 12% in the year to date, nearly double the returns of the Dow Jones Industrial Average and S&P 500. Megacap tech stocks including Apple, Amazon.com and Facebook have been key drivers, with each gaining more than 20% since the start of the year.

That contrasts with a somewhat bleaker picture for the swelling ranks of tech startups hoping to break into the markets at some point. As the number of richly valued private tech companies has risen, investors looking for exits face a challenge. Venture capitalists have already begun curbing investments in tech startups.

That isn't a sign that tech investors are avoiding risk, but the Nasdaq's recent run shows a clear preference for scale that goes with that risk. Amazon is an expensive stock at 129 times forward earnings. It is also gobbling up share in both retail and cloud services while delivering double-digit-percentage growth, despite its big size.

That makes the Nasdaq at 6000 now look more stable than the Nasdaq at 5000 back in the dot-com bubble. But it isn't exactly cheap either at a 25% premium to the S&P 500 as a multiple of forward earnings. That is a growing bet that big tech companies can continue to defy the law of gravity.

—Dan Gallagher

A Divide on Stocks and Economy

Feeling Better?

University of Michigan index of consumer sentiment



Source: University of Michigan

for that might be that investors skew more Republican than the average American. Another might be that when there are deep disagreements in the stock market, bearish investors often retreat rather than fight.

Betting against stocks is more difficult and costly than betting on them. That can leave the bulls in charge

of the market.

When it comes to consumer spending, however, there may be a different dynamic at work. First, the spending of the on-average poorer and younger people who identify as Democrats may be more responsive to shifts in confidence than Republicans. Economists at the Federal Reserve Bank of Chi-

cago, for example, have found that drops in sentiment appear to affect poorer households' spending more than richer households' spending. Presumably, that is because the poor hold fewer assets to help cushion the blows of a bad economy.

But even if the roles were reversed, the pessimists might exert more of an influence than the optimists. Because worries about future financial losses tend to motivate people more than hopes for future gains, the pessimists have more of an incentive to step up precautionary saving than the optimists do to step up spending.

If so, the overall rise in confidence measures may be illusory, with the division between economics optimists and pessimists amounting to no more than a wash. Bullish investors could one day wake up to realize that stock-market valuations have left the economy behind.

—Justin Lahart

OVERHEARD

Homeowners want to keep muggers and murders out of their neighborhoods. What about contract violators, defamers or breeders of fiduciary duty?

Journalists at the New Inquiry created a searchable database that uses machine learning to predict where in the U.S. financial crimes are mostly likely to occur. Unsurprisingly, financial districts of major cities are the most likely to be home to such crimes, with Manhattan being a hot spot. Within Manhattan, the Midtown neighborhood boasts a larger concentration of risk than the Wall Street neighborhood at the island's southern tip.

Smaller cities aren't immune. Greenwich and Stamford, Conn., both look risky, as do pockets of Boca Raton, Fla., and Palo Alto, Beverly Hills and Newport Beach, Calif. Crime doesn't pay, but those are some pricey addresses.

This Drug-Price Feud Could Reverberate Through Sector

Big Hit

Express Scripts Ebitda* per adjusted claim from total business and from Anthem-insured patients



*Earnings before interest, taxes, depreciation and amortization

Source: the company

scription drugs over several years. Express Scripts said it was earning significantly more per prescription from Anthem than other customers. The news sent shares of Express Scripts down 11% on Tuesday.

There is a temptation to view the feud as a battle be-

tween two companies that has been brewing since January 2016 when Anthem said it believed Express Scripts owed it \$15 billion. Shares of Express Scripts have sold off about 30% since then. And, at less than nine times this year's expected earnings, the stock is quite cheap.

Regardless of whether Anthem has a legitimate legal claim, there is no doubt that the contract was extraordinarily lucrative for Express Scripts as measured by unit profitability. That metric, reported as earnings before interest, taxes, depreciation and amortization per prescription filled, was \$8.39 from the Anthem business in the first quarter. Express Scripts booked just \$3.25 per script filled from other cus-

tomers. It is unclear what that means from a legal perspective. Express Scripts said the Anthem contract, which was signed in 2009, underperformed in the early years, and the profitability data aren't indicative of the total return on investment.

Regardless, that gap means future unit profitability almost certainly