

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

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DJIA 20523.28 ▼ 113.64 0.6% NASDAQ 5849.47 ▼ 0.1% STOXX 600 376.35 ▼ 1.1% 10-YR. TREAS. ▲ 20/32, yield 2.177% OIL \$52.41 ▼ \$0.24 GOLD \$1,291.70 ▲ \$2.30 EURO \$1.0730 YEN 108.42

What's News

Business & Finance

Goldman reported quarterly earnings that rose from a year earlier but trailed expectations, as its trading revenue declined. **A1**

♦ Investors are pouring retirement savings into brokerages' promise of conflict-free financial advice in exchange for a fee. **B1**

♦ BofA's net rose 40% as trading jumped and the lender started to see the benefits of a rise in rates. **B1**

♦ U.S. stocks closed lower as banks and health-care shares slumped. The Dow slid 113.64 to 20523.28. **B17**

♦ Treasury yields resumed their steep decline as political uncertainty drove investors to buy bonds. **B18**

♦ The U.K. pound surged on hopes an early election in Britain will lead to a more favorable Brexit deal. **B16**

♦ Fox News is said to be preparing to cut ties with O'Reilly, and a final resolution on his fate could come in the next several days. **B1**

♦ Theranos reached a settlement with Arizona to refund residents who received the firm's blood tests. **B3**

♦ VW's profit topped forecasts on strong sales of new models and cost-cutting. **B2**

♦ IBM reported a 13% drop in quarterly earnings and narrower profit margins across its business units. **B3**

♦ United's corporate clients are pushing the airline to fix its customer service. **B3**

♦ U.S. housing starts fell in March, but not enough to signal a reversal from a long-term upswing. **A2**

World-Wide

♦ Britain's prime minister called a surprise early general election for June 8 aimed at strengthening her hand in exit talks with the European Union. **A1, A10**

♦ The Navy confirmed that it didn't send an aircraft carrier directly toward North Korea, despite representations by the White House that it was on its way. **A1**

♦ Trump called for distributing more high-skilled-worker visas to the highest-paid applicants, a move likely to benefit tech firms. **A4**

♦ The White House pressed its case that illegal immigrants are fueling a crime wave, citing a Central American-based gang. **A6**

♦ Mattis arrived in Saudi Arabia at the start of a tour aimed at pressing for a political settlement in Yemen. **A8**

♦ Pence reaffirmed the U.S.-Japan military alliance and steered clear of trade issues in a visit to Tokyo. **A9**

♦ Turkey's opposition sought to annul the government's referendum win, as the party leader said he didn't trust the judiciary. **A9**

♦ The killing of three people in downtown Fresno, Calif., on Tuesday was being investigated as a hate crime, authorities said. **A2**

♦ The man suspected of killing a Cleveland retiree and posting the act on Facebook shot and killed himself. **A3**

♦ Israel put a jailed Palestinian leader in solitary confinement after he organized a mass hunger strike. **A11**



U.K. Prime Minister Theresa May, shown at 10 Downing Street in London on Tuesday, unexpectedly called an early election for June 8.

U.K.'s May Calls Early Vote To Seize Brexit Mandate

BY JENNY GROSS AND JASON DOUGLAS

LONDON—British Prime Minister Theresa May called a surprise early general election for June 8 aimed at strengthening her hand in her country's critical divorce negotiations with the European Union.

Mrs. May is betting the election will deliver her a big increase in her slim majority in the House of Commons, reducing her dependence on the few-dozen lawmakers who

want a sharp and rapid break from the EU and improving the prospect for a smoother exit with less economic disruption.

Last June a majority of Britons voted to cut ties with the EU after more than four decades of membership, in a largely unforeseen rejection that sent shock waves through the bloc and led to the immediate resignation of Prime Minister David Cameron. The vote, revealing a nation deeply divided over the EU, set in motion a process to ex-

tricate Britain from the bloc. Last month, Mrs. May formally triggered a two-year negotiating window to settle terms with the EU and map out the U.K.'s future relationship with its largest trading partner.

"Because the overriding issue is Brexit, it will be as close as you ever get to a one-issue election," said Peter Kellner, former president of the YouGov polling firm.

The White House said Tuesday that President Donald Trump had received a phone

call from Mrs. May to discuss her plan to call an early election. Mr. Trump, who has praised the Brexit vote, told the prime minister he "wished the British people the best of luck in their electoral process," the White House said.

Opinion polls back Mrs. May's hunch that an early vote

Please see BREXIT page A10

♦ Analysis: Britain gears up for a one-issue election..... A10

♦ Pound surges on Brexit deal hopes..... B16

Goldman Posts Rare Trip-Up In Trading

BY LIZ HOFFMAN

A rare trading stumble from Goldman Sachs Group Inc. ended a streak of strong earnings for big U.S. banks and set the Wall Street powerhouse, fresh off a leadership transition, on its heels early in the year.

Goldman reported first-quarter net income of \$2.26 billion, or \$5.15 a share, on revenue of \$8.03 billion. All three figures were better than a year earlier but fell below what Wall Street analysts had forecast.

The reason: a 2.4% decline from a year earlier in all-important trading revenue, which was well behind results reported by rivals.

The lackluster result shows that for all of its postcrisis changes—dialing down risk, adding consumer-facing businesses and embracing lending—the unpredictable and unforgiving business of swapping stocks, bonds and commodities remains critical to Goldman's fortunes.

Of course, one quarter of weakness is far from a trend, and investors still view Goldman as having one of the strongest trading franchises on Wall Street. The firm had a dismal first quarter in 2016 as well, only for results to bounce back later in the year.

But the rare misstep comes amid a transition atop the firm. Gary Cohn, the former No. 2 to Chief Executive Lloyd Blankfein, departed for a job in the

Please see BANK page A4

♦ Wall Street's fee bonanza... B1

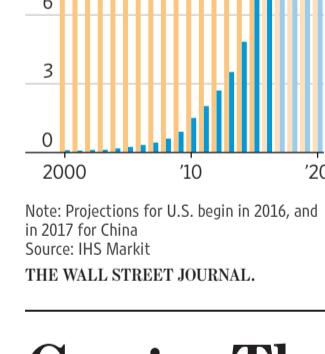
♦ BofA boosted by rates..... B1

HOLLYWOOD DOESN'T WORK WITHOUT CHINA

The U.S. movie industry relies on China's investors and its mass audience

Screen Rivals

China's movie box-office totals are projected to surpass the U.S.



Note: Projections for U.S. begin in 2016, and in 2017 for China
Source: IHS Markit

THE WALL STREET JOURNAL.

BY ERICH SCHWARTZEL

LOS ANGELES—February's premiere of "The Great Wall" showcased the calculated balance between two superpowers.

Matt Damon walked the red carpet with his Chinese co-star, Jing Tian. Director Zhang Yimou thanked co-producers Universal Pictures and China-owned Dalian Wanda Group Co. The afterparty had sweet-and-sour chicken.

The movie's poor showing didn't slow the trans-Pacific collaboration. Hollywood has become so entangled with China that the movie industry can't run without it.

Chinese investors and

more than a billion potential moviegoers have made China indispensable to the film business. The country's box-office total last year, at \$6.6 billion, was the world's second-largest compared with the first-place U.S., \$11.4 billion. In a few years, analysts predict, China will be No. 1.

While the U.S. movie-ticket sales have remained relatively flat, China's have more than tripled since 2011.

"We never thought of China 10 years ago. Now, we're at a point where Hollywood can't exist without China," said Adam Goodman, a former production chief at Paramount Pictures. He now

Please see CHINA page A12

Carrier Threat Wasn't All It Seemed

BY BEN KESLING AND FELICIA SCHWARTZ

WASHINGTON—The Navy confirmed Tuesday that it didn't send one of its aircraft carriers directly toward North Korea amid growing tensions with Pyongyang, despite representations by President Donald Trump and his top defense advisers that it was on its way.

In fact, the Nimitz-class aircraft carrier USS Carl Vinson was thousands of miles away on exercises off the northwest coast of Australia and likely won't arrive near the Korean Peninsula until next week.

The U.S. Pacific Command released a statement Tuesday that said the Vinson is now heading toward the Western Pacific as ordered after a

shortened training exercise with the Australian Navy. The statement described the move as a "prudent measure."

The White House's avowed deployment of the Vinson came as foreign adversaries from the Middle East to Russia and the

Please see VINSON page A6

♦ U.S. jets intercept Russian bombers near Alaska..... A6

Down to the Wire in Georgia



NAIL BITER: Democrats appeared late Tuesday to fall short in a bid for a knockout victory in a House race that was widely seen as a referendum on the president, setting the stage for a runoff. **A3**

In Las Vegas, Drinks Flow a Little Less Freely

* * *

Casinos add technology to signal when a

player merits a pour; 'Is my light green?'

BY CHRIS KIRKHAM

LAS VEGAS—On a recent trip here, Phil Fletcher and his friends were at a video poker bar at Bally's casino when they noticed a series of red and green lights on the back of the machines.

He had heard about the lights, but as a longtime visitor to Vegas, he was shocked upon seeing them in person: The lights signal when a person has

played enough poker to deserve a free drink, upending decades of tradition.

Typically, guests got a complimentary pour at the bar regardless of how much they bet, without being tracked.

"It's become very frustrating with all the nickel-and-diming,"

said Mr. Fletcher, of Winnipeg, Canada, who visits Las Vegas at least three times a year. "As a customer, it throws you way off."

As Las Vegas has transformed into one of the world's most-visited tourist destinations, casino operators are re-

examining the perks that historically lured gamblers.

Over the past year, many casinos have started charging for parking at resorts on the Strip, eliciting criticism from locals and longtime visitors who view free casino parking as a sacred tradition.

Now operators have started scrutinizing complimentary drinks, introducing new technology at bars that track how

Please see DRINKS page A12

INSIDE



THE DEPUTY:
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BEST IS BEST

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U.S. NEWS

Racial Motive Suspected in Killing Spree

BY ALEJANDRO LAZO

A man suspected of shooting three people to death in downtown Fresno, Calif., on Tuesday had expressed his dislike of white people, police said, and authorities are investigating the matter as a hate crime, not a terrorist attack.

The suspected shooter, identified as Kori Ali Muhammad, 39 years old, is in custody. Police said he yelled "Allahu akbar," Arabic for "God is great," as he was being arrested.

That statement initially concerned police about the motive of Mr. Muhammad's alleged actions, but after in-

terrogating Mr. Muhammad Tuesday, police said terrorism wasn't likely a potential motive.

"We do not believe, based on the information we have today, that this is a terrorist-related crime," Fresno Police Chief Jerry Dyer said in an afternoon news conference. "This is solely based on race," the chief said.

Police have been looking for Mr. Muhammad since Thursday evening, when he allegedly shot and killed a security guard and attempted to shoot another security guard at a Fresno Motel 6, they said.

All his victims were white men, Chief Dyer said.

JOHN WALKER/FRESNO BEE/ASSOCIATED PRESS



Evacuated office workers stand by, with a deceased shooting victim down on the sidewalk Tuesday in Fresno, Calif. The alleged gunman expressed a dislike of white people, police said.

Mr. Muhammad, who is black, allegedly made statements on Facebook and to police that he didn't like white people, the chief said.

"He has some posts that says he does not like white people and also on that post that he has expressed some antigovernment sentiments,"

said Chief Dyer.

Mr. Muhammad will be charged with four counts of murder and two counts of attempted murder, Chief Dyer said.

It was unclear Tuesday if Mr. Muhammad had legal representation.

Local Muslim leaders said

they didn't know Mr. Muhammad.

"He's not a member of our community, and I don't think he's a member of any other community," said Seyed Ghazvini, the imam for the Islamic Cultural Center of Fresno.

—Ian Lovett
contributed to this article.

Housing Starts Fell 6.8% In March

BY LAURA KUSISTO AND BEN LEUBSDORF

WASHINGTON—U.S. housing starts declined in March, but not enough to signal a reversal from the long-term trend of improvement in new-home construction.

Starts decreased 6.8% to a seasonally adjusted annual rate of 1.215 million from a month earlier, the Commerce Department said Tuesday.

The decline comes after an unusually strong winter, buoyed by temperate weather in most parts of the country. Single-family housing starts in February hit their highest level since October 2007.

"We had a lot of projects that probably would have started in March but they started in January or February, so there's a little bit of payback there," said Gus Faucher, chief economist at PNC Financial Services Group.

Residential building permits, which can signal future home construction, rose 3.6% to an annual pace of 1.26 million last month and were up 17%, compared with the same month last year.

The permit numbers "should quash any concerns that home builders might be pulling back," said Ralph McLaughlin, chief economist at home-tracker Trulia.

Data on housing starts tend to be volatile and imprecise. Still, the trend for the year so far is one of steady improvement. New-home construction was up 8.1% in the first quarter from the same period in 2016. Permits in the first three months of 2017 jumped 10.4% from a year earlier.

Arkansas Executions in Hands of High Court

BY JOE PALAZZOLO

The fate of a plan by Arkansas to execute a group of inmates before the state's lethal-injection drugs expire may now rest with the U.S. Supreme Court.

The high court's review could be the last stop for litigation that has sprawled across state and federal courts in the weeks since Gov. Asa Hutchinson announced the execution of eight men from April 17 to April 27, an unprecedented schedule that placed Arkansas at the center of the death penalty debate.

The execution schedule has produced a jumble of last-minute rulings. A federal court

halted the executions on Saturday, only to be overturned on Monday by the Eighth U.S. Circuit Court of Appeals in St. Louis. Meanwhile, the Arkansas Supreme Court delayed the executions of two of the eight, Don Davis and Bruce Ward, who were scheduled to be executed on Monday. Earlier this month, a judge postponed the execution of Jason McGehee, after a parole board recommended that his sentence be commuted to life in prison without parole.

The upshot is that five men are scheduled to die over the next 10 days, unless the U.S. Supreme Court intervenes, according to state officials. Lawyers for the inmates are expected to pe-

tition the high court before the next scheduled executions on Thursday.

Mr. Hutchinson has said the

Unless the court intervenes, five men are scheduled to die over the next 10 days.

scarcity of lethal injection drugs forced him to act before the April 30 expiration of its supply of midazolam, a drug used in five states to render condemned inmates unconscious before

they are injected with a paralytic agent and another drug that stops their heart. Mr. Hutchinson said in a statement explaining his decision that "it is uncertain as to whether another drug can be obtained."

Lawyers for the condemned inmates have asked the courts to bar Arkansas from using midazolam, pointing to executions in other states in which prisoners initially appeared to be unconscious but later stirred, writhing and moaning in their final moments.

For years, defense experts for death row inmates have testified that midazolam can sedate patients but lacks the potency to produce a state of general an-

esthesia or unconsciousness.

U.S. District Judge Kristine Baker in Little Rock had halted the Arkansas executions in a Saturday ruling, writing that the use of midazolam in Arkansas's lethal-injection protocol "qualifies as an objectively intolerable risk that plaintiffs will suffer severe pain" in violation of the Eighth Amendment.

The Eighth Circuit, in overturning her ruling Monday, said that the inmates lacked evidence that "a 500-milligram injection of midazolam will fail to anesthetize the prisoners during the execution or that use of the lethal-injection protocol is sure or very likely to cause severe pain."

CORRECTIONS & AMPLIFICATIONS

Ant Financial Services Group is controlled by Jack Ma, the leader of **Alibaba Group Holding Ltd.** In some editions Monday, an Equities article about Ant Financial's

bid for **MoneyGram International Inc.** incorrectly said Alibaba controlled Ant Financial.

Elliott Management Corp. tried unsuccessfully to shake

up the board of Swiss biotech **Actelion Ltd.** in 2011. A sidebar accompanying a Page One article Tuesday about the resignation of **Arconic Inc.**'s chief executive incorrectly said the hedge fund attempted the Actelion shake-up last year.

The deadline for health insurers to file rates for 2018 individual plans in New Hampshire has been pushed back to June 2 from April 24. In some editions Tuesday, a Page One article about the Affordable Care Act incorrectly reported only the original deadline.

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

NORTH CAROLINA

NCAA Tournaments Will Return to State

The National Collegiate Athletic Association said Tuesday that it is returning to North Carolina for several future championships, including men's basketball tournaments in 2020 and 2021, now that state legislators dialed back a controversial bathroom law.

The state was chosen to host an array of tournament matches, from early rounds of the men's basketball tournament in Greensboro in 2020 and Raleigh in 2021 to women's swimming and diving championships in Greensboro in 2021.

—Valerie Bauerlein

DELAWARE

Family of Slain Guard Sues Over Staffing

The family of a Delaware correctional officer killed by inmates in a prison uprising in February has sued the state's corrections department and two former governors, alleging that chronic understaffing created dangerous conditions that made the deadly standoff possible.

Other plaintiffs include three corrections officers who escaped and two who survived being taken hostage during the 18-hour inmate siege that ended when a tactical team stormed a prison building.

—Scott Calvert

MASSACHUSETTS

Cases Linked to Tainted Lab Dismissed

Massachusetts prosecutors moved to dismiss an estimated 20,000 drug convictions affected by misconduct by a former state drug-lab chemist, the latest development in a scandal that has tarred the legal system for five years.

The move came with a deadline that a state Supreme Judicial Court gave to district attorneys in seven counties to provide lists of the cases that they wouldn't or couldn't prosecute if a new trial was ordered.

The final tally of dismissed convictions was still being compiled.

—Jennifer Levitz



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U.S. NEWS

Faded Steel City Gets an Unlikely Assist

McKeesport hopes reopened pipe mill and marijuana facility spur economic revival

BY KRIS MAHER

MCKEESPORT, Pa.—Officials in this faded industrial city south of Pittsburgh, once famous for churning out steel pipe at a massive complex that choked the sky with smoke, are looking to the past and future for a revival.

A pipe manufacturer plans to reopen an old mill and a medical marijuana producer wants to put a growing facility on a former factory site after the state gave the industry a green light.

The plans, local officials say, give McKeesport its best chance in years to create jobs and mold a new identity.

"It's two industries that potentially could be operating for decades," said Michael Cherekko, McKeesport's 40-year-old Democratic mayor whose father was a steel-worker before most of those jobs left the region.

The small city's challenge is one faced by former manufacturing centers across New England, the Midwest and the South that have yet to catch up with the recovery of neighboring metropolitan areas with larger populations and more diverse industries.

Pittsburgh long ago cemented its rebound from the steel industry's devastating decline in the 1980s, reinventing itself as a thriving regional tech and health-care center affiliated with several universities.

That transformation didn't spread to cities along rivers to the north and south, where factories once produced the region's coke, steel, glass and other products that effectively powered Pittsburgh.

McKeesport, at the confluence of the Monongahela and the Youghiogheny rivers, earned the nickname "Tube City" when it was the site of the National Tube Works, which

once employed 7,000 people.

Its downtown is now an uneven mix of refurbished blocks, neglected store fronts and weedy lots. The population is roughly 19,000, down from a peak of 55,000, and 34% of residents live in poverty, compared with 13% in Pennsylvania overall. Per capita income is \$17,800, compared with \$29,291 for the state.

The reopened mill, which will produce steel pipe for the natural-gas industry, is providing some hope. **Dura-Bond Industries**, a privately owned company based in nearby Duquesne, Pa., says it plans to hire an initial 100 workers by this summer when it hopes to begin transforming 25-ton coils of steel into finished pipe up to 80 feet long.

The company is upgrading a 317,000-square-foot facility closed in 2014 by **U.S. Steel**, which couldn't turn a profit despite an increase in demand for pipe from the drilling boom into the Marcellus Shale.

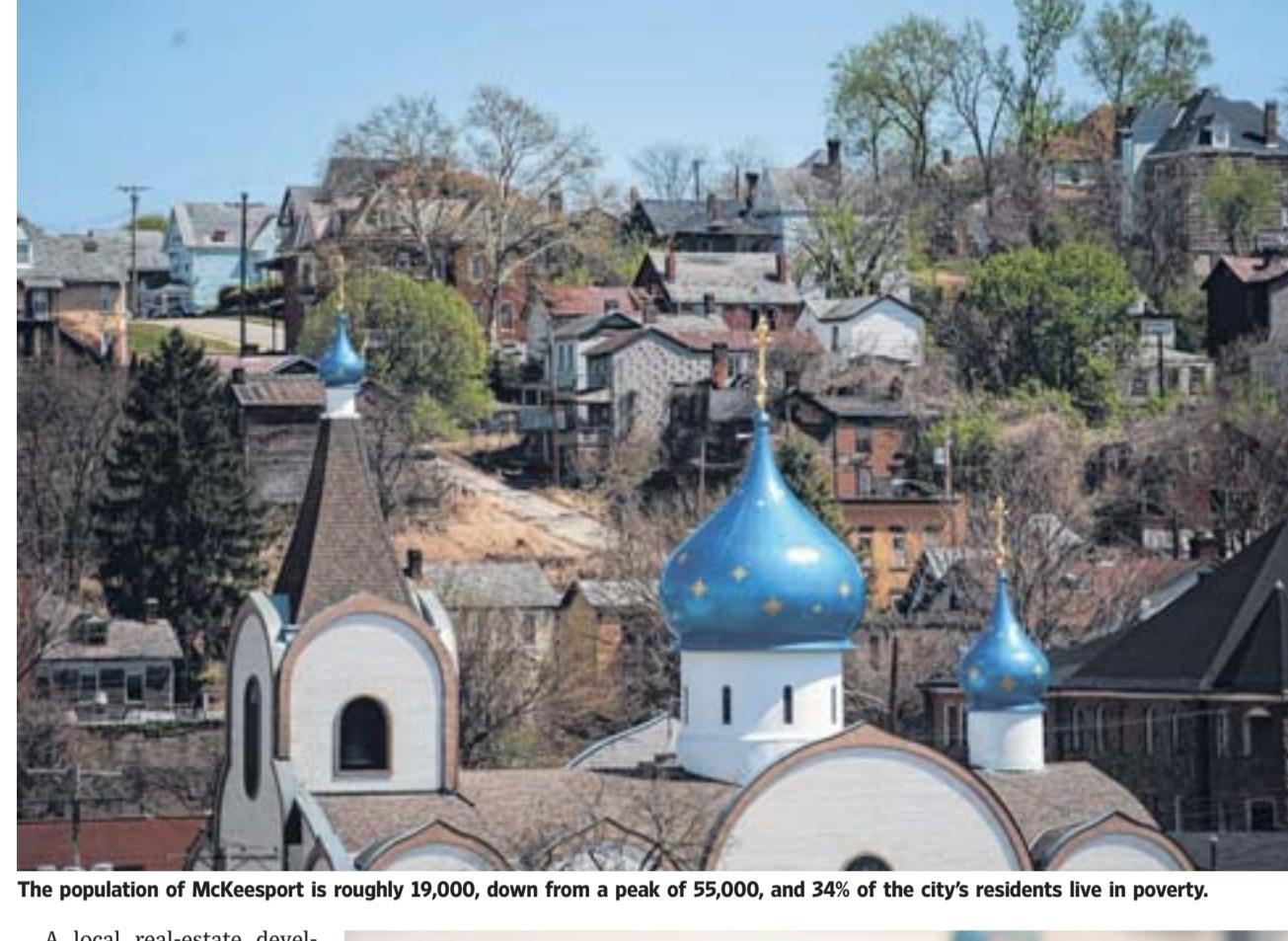
Jason Norris, president of Dura-Bond, said he believes he can operate the mill more efficiently than U.S. Steel did, partly by upgrading the software controlling massive machines that mold and weld the pipe, and by ensuring he uses high-quality steel.

Without advertising, Dura-Bond received more than 500 job applications as news of the plant's reopening spread.

Ron Erosenko, a 67-year-old electrician who formerly worked at the plant, said he was elated to hear about the reopening. After 45 years in the steel industry, he is now working to repair overhead cranes inside the plant. "There's a lot of people that could use these jobs," he said.

While the reopening is welcome news, some say the city needs a more diverse future.

To that end, the mayor and others are embracing a proposal to build a medical marijuana processing facility, made possible after the state legalized use of the drug last year. The McKeesport city council approved the project unanimously.



The population of McKeesport is roughly 19,000, down from a peak of 55,000, and 34% of the city's residents live in poverty.

A local real-estate developer and a Los Angeles-based company have teamed up to apply for one of the first state licenses to grow thousands of plants and process pharmaceutical-grade medical marijuana products. The partners of **PurePenn LLC** say they would eventually employ about 75 people and pay a minimum hourly rate of \$14.50.

PurePenn says McKeesport offers inexpensive real estate, a good location for regional distribution and a willing workforce.

Raymond Boyer, a McKeesport native and investor in the project, said he toured the city after being away for years and many businesses he remembered were gone or boarded up.

"It was very emotional for me to see that," he said. "People still have the same work ethic and values. There's an opportunity to do a lot more."



An employee of pipe manufacturer Dura-Bond, which plans to reopen an old mill in McKeesport.

STEPHANIE STRASBURG FOR THE WALL STREET JOURNAL (2)

Suspected Killer Shoots Self Dead After Car Chase

BY KRIS MAHER

The man suspected of killing a Cleveland retiree and posting the act on Facebook shot and killed himself after a brief pursuit, Pennsylvania State Police said Tuesday.

State police said officers spotted Steve Stephens earlier in the day in Erie County, which borders Ohio, after they received a tip that his vehicle was in a McDonald's parking lot. Authorities say police tried to pull Mr. Stephens over, but he shot and killed himself after

they approached him following a short chase.

Federal, state and local law-enforcement agencies had launched a nationwide manhunt for Mr. Stephens, who was wanted on an aggravated murder charge. Mr. Stephens, who was 37 years old, posted video on Facebook of his seemingly random killing of Robert Godwin Sr., 74, in Cleveland on Sunday.

"We are grateful that this has ended," said Cleveland Division of Police Chief Calvin Williams. He said authorities

had received nearly 400 tips to aid in the search for Mr. Stephens. "That just shows the vigilance of people in this country."

Mr. Stephens was spotted by a citizen at a McDonald's restaurant near Erie, Pa., a Pennsylvania state police official said in a news conference.

Troopers were dispatched to the scene and began chasing Mr. Stephens in his car. He stopped after about a mile and as police got out of their cars, he drove off.

Police then chased him for

another mile, when they forced his car to stop. As troopers approached, he shot himself.

Police are now searching his car for evidence and said they are still trying to determine where he had been during the manhunt.

Officials said they had also been in touch with several people that Mr. Stephens had been in contact with, and that they had been cooperative with investigators.

Mr. Stephens's use of Facebook to broadcast the alleged murder and the subsequent

manhunt sparked outrage across the nation, and the social-media company said it was reviewing how it handles objectionable content.

The killing resulted in calls for the company to more closely monitor violence on its site. Facebook Chief Executive Mark Zuckerberg said Tuesday that the company will "do all we can" to prevent such tragedies.

Mr. Stephens broadcast multiple times on Facebook Live on Sunday, including a phone call in which he said he

had "snapped."

Even so, authorities said there is much they don't know about what motivated Mr. Stephens. Chief Williams said authorities had been hoping to take Mr. Stephens into custody so they could learn more about what drove him.

Chief Williams noted that Mr. Godwin's family members had called for Mr. Stephens to turn himself in and said that they forgave him. "We need to follow their lead," he said.

—Joe Barrett contributed to this article.

House Race Appears Headed to Runoff

BY CAMERON MCWHIRTER
AND NATALIE ANDREWS

DUNWOODY, Ga.—Democrats appeared to fall short Tuesday in their bid for a knock-out victory in a House race that was widely seen as a referendum on President Donald Trump.

Democrat Jon Ossoff was on track to finish ahead of 17 other candidates in the Atlanta-area district. But in incomplete results, he was shy of the 50% threshold that would have enabled him to avoid a runoff election. Democrats had hoped that they could galvanize anti-Trump feelings to take, in a single election, a district that has been in Republican hands since 1979.

Early Wednesday morning, Mr. Ossoff had 48.6% of the vote, with two-thirds of precincts reporting, the Georgia Secretary of State's office said. Mr. Ossoff is now likely to face the expected second-place finisher, Republican Karen Handel, a former Georgia secretary of state, in a June 20 contest.

The race had energized Democrats across the nation, who poured more than \$8 million into Mr. Ossoff's campaign in hopes of sending a message of disapproval to Mr. Trump. The president himself was drawn into the contest, recording automated phone calls and posting Twitter messages in the final days in a bid to blunt Mr. Ossoff's progress.

Mr. Trump declared success



Jon Ossoff, a Democratic candidate for a House seat in the Atlanta area, spoke with volunteers Tuesday on the morning of the election.

even before the final results were known, writing on Twitter shortly after midnight that Republicans had scored a win "despite major outside money" and media support for Mr. Ossoff. "Glad to be of help!" the president wrote.

In putting their hopes on Mr. Ossoff, Democrats banked on a 30-year-old documentary filmmaker who had never held elected office. A former congressional staffer, Mr. Ossoff grew up in the House district but doesn't currently live there, meaning he couldn't vote for

himself—a fact that Republicans sought to highlight.

The Associated Press, citing state officials, said technical difficulties with voting machines in Fulton County, the state's largest, had caused a delay and likely left tens of thousands of votes uncounted.

"I know it has been a long evening and it looks like it may be a longer one," Mr. Ossoff told supporters at a victory party late Tuesday. "We may not know the outcome for some time."

No matter the outcome, he

said, "We have defied the odds, we have shattered expectations."

Ms. Handel ran unsuccessfully for the GOP nomination for governor in 2010 and for the U.S. Senate in 2014.

She served as the senior vice president of public policy at the breast cancer charity Susan G. Komen for the Cure. She left after less than a year, in 2012, after successfully advocating that the Komen foundation cut ties with Planned Parenthood. Facing public outcry, Komen reversed its stance four days after the policy was announced, and Ms. Handel resigned.

In all, 18 Republican, Democratic and independent candidates appeared on a single ballot in what is commonly called a "jungle primary." Ms. Handel was drawing less than 20% support in incomplete tallies, compared with Mr. Ossoff's nearly 49%.

But he may have the tougher challenge in June. She will likely consolidate her party's vote, which had been split on Tuesday among 11 candidates.

Mr. Ossoff, who had less competition from others in his party, appears to face a difficult challenge in improving on his vote total.

Former House Speaker Newt Gingrich, who wrested the seat from Democratic control in 1978 and held it for two decades, predicted that Ms. Handel would carry the race by 8 points in June.



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U.S. NEWS

Trump Unveils H-1B Order

BY ELI STOKOLS
AND LAURA MECKLER

President Donald Trump said Tuesday that he wants to change rules for distributing visas to high-skilled foreign workers, promising to direct more to the highest-paid applicants as he seeks to make good on his "America First" economic promises.

The result stands to benefit high-tech companies in Silicon Valley, with fewer H-1B visas going to outsourcing firms, many based in India, which critics say displace American workers. Under current rules, the visas are distributed at random by a lottery.

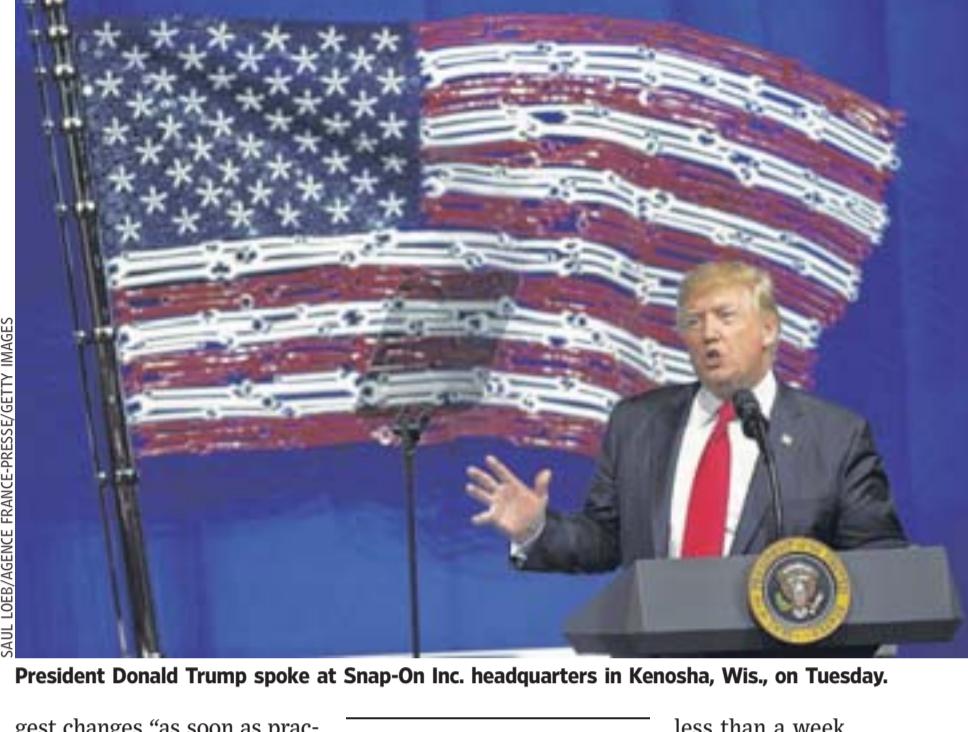
"It's America first—you better believe it," Mr. Trump said during a speech at Snap-On Inc. in Kenosha, Wis., before signing an executive order that calls for a government-wide review aimed at stricter enforcement of immigration and other laws governing the entry of workers into the U.S.

The order also initiates a 150-day review across all federal agencies aimed at detecting loopholes and waivers that undercut existing "Buy American" initiatives.

Mr. Trump said his "Buy American, Hire American" directive, coming as his administration nears the 100-day mark, fulfills a central campaign promise and "sends a powerful signal" to the world. "We are going to protect our workers, defend our jobs and finally put America first," he said.

Some congressional Democrats praised the executive order on the whole. Sen. Chris Murphy (D., Conn.) called it "a step in the right direction." Sen. Sherrod Brown (D., Ohio) urged Mr. Trump to go further. "Reviewing Buy America alone won't put construction workers back on the job," Mr. Brown said in a statement.

Mr. Trump called for a change in how the scarce H-1B visas are distributed, but the order isn't specific about policy changes. The order directs several cabinet secretaries to sug-



President Donald Trump spoke at Snap-On Inc. headquarters in Kenosha, Wis., on Tuesday.

gest changes "as soon as practicable" that would ensure the visas are awarded to "the most skilled and the highest paid" applicants.

Mr. Trump cast the H-1B program, which brings 85,000 high-skilled foreign workers to the U.S. each year, as a victim of "widespread abuse" and promised it would stop.

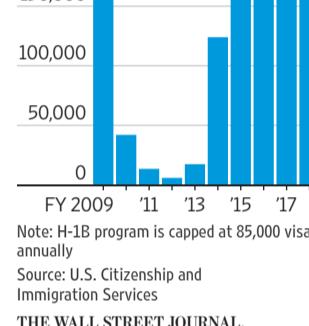
He didn't say which companies he was talking about, but the firms that have come under the most scrutiny are outsourcing companies that handle technology work for U.S. companies. They rely heavily on foreign workers, who are often paid \$60,000 or slightly more. That is the minimum salary required by law to avoid burdensome regulations.

The president noted the visas are now awarded in a "total random lottery" and said instead, they should go to the "most-skilled and highest-paid applicants." That would have the effect of helping high-tech firms such as Microsoft or Google, which seek many H-1B visas but pay higher wages.

Tech firms have long lobbied for an increase in the

Visa Petitions Down

Measured by activity in the first five days of the application period, petitions for H-1B visas this year fell 16%.



Note: H-1B program is capped at 85,000 visas annually
Source: U.S. Citizenship and Immigration Services

THE WALL STREET JOURNAL.

number of H-1B visas, noting the high demand for the visas far outstrips supply, while others advocate a reduction. Either way, changes in the number awarded would need congressional approval.

Visas for next fiscal year were awarded this week after 199,000 applications for 85,000 spots were received in

less than a week.

A professional society for U.S. engineers, IEEE-USA, has been lobbying to change the lottery since Mr. Trump took office and expressed frustration that another year's worth of visas were awarded under the existing rules.

Sam Adair, a partner at immigration law firm Graham Adair, who represents technology companies, including those in Silicon Valley, said the initiatives bode well for them. "For a lot of U.S. employers, simply discouraging the number that go to big outsourcing companies would be a good thing," Mr. Adair said.

Talk of changes in the H-1B visa program, though, is making some in Silicon Valley, nervous. "I welcome any changes that will crack down on H-1B abuses or loopholes," said San Jose, Calif., Mayor Sam Liccardo. "However, we must not adopt any policies or rules that would hamper the critical flow of cutting-edge ideas and talent into our country."

—Rebecca Ballhaus
and Natalie Andrews
contributed to this article.

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Mental-Health Post Proves Hard to Fill

BY MICHELLE HACKMAN

WASHINGTON—The Trump administration is struggling to fill a top mental-health post, a job created last year to coordinate the efforts of far-flung federal agencies.

The assistant secretary position in the Department of Health and Human Services was first offered to a Florida judge, but the offer was withdrawn due to his lack of a medical background, people familiar with the matter said. A second candidate had broad support but pulled out.

Now, a leading contender is Michael Welner, a forensic psychiatrist who has testified for the prosecution in numerous high-profile criminal cases, according to a half-dozen people familiar with the process, including Dr. Welner himself. He faces opposition for some controversial positions.

If nominated, Dr. Welner would have to be confirmed by the Senate.

He has made a career of testifying in court about the psychiatric state of people accused of crimes including murder and terrorism, often challenging other experts in arguing defendants understood their actions.

Some advocates consider him a pioneer with a keen understanding of mental illness and violence. Dr. Welner's candidacy is supported by the American Psychiatric Association, which noted that he "has worked in the private sector for over 25 years."

But critics say his legal testimony often conflates mental illness with criminal intent.

"He is an embarrassment to our profession in that he spouts, as facts, opinions that are in no way based on scientific evidence," said Xavier Amador, director of the Leap Institute, which trains mental-health and police professionals.

The mental-health position at HHS was created last year as part of a broader law called the

21st Century Cures Act. Rep. Tim Murphy (R., Pa.) pushed for it as a way to coordinate various agencies involved with mental health.

The position, along with other mental-health initiatives in the law, was in part a response to the 2012 shooting in Newtown, Conn., of 20 first-graders and six adults at an elementary school. Democrats called for more gun-control measures, while many Republicans focused on the shooter's mental-health problems.

Whoever gets the role will gain a prominent perch in the Trump administration at a time when government officials are increasingly focused on the nationwide opioid crisis.

HHS Secretary Tom Price first offered the job to Steven Leifman, a Florida judge who

Top contender has given controversial testimony in high-profile crime cases.

has gained attention for efforts to divert people with severe mental illnesses from jail. That offer has been pulled back, people familiar with the matter said, adding that Mr. Murphy objected to Judge Leifman's lack of medical experience.

Mr. Murphy's office and Judge Leifman declined to comment.

John Wernert, who headed mental-health policy in Indiana when Vice President Mike Pence was governor, was also considered a strong contender, but withdrew without giving a public reason. Elinore McCance-Katz, chief medical officer of Rhode Island's Department of Behavioral Health, is also being considered.

But Dr. Welner has the edge, according to the people, in part because Mr. Murphy backs him.

BANK

Continued from Page One

White House in December and was succeeded by a new pair of top lieutenants.

R. Martin Chavez, who takes over as chief financial officer later this month, spent his first analyst earnings call explaining the misstep. "We didn't navigate the market well," Mr. Chavez said. "There are always things we can do better...but no one quarter defines the franchise."

Goldman shares fell 4.7% Tuesday. The biggest contributor to the Dow Jones Industrial Average's postelection run, Goldman shares have been the index's biggest laggard this year as investors' skepticism about enactment of the Trump administration's agenda has increased.

Goldman's results contrast with those of big-bank rivals. **J.P. Morgan Chase & Co.** and **Citigroup Inc.** beat estimates last week, powered by huge trading gains, and **Bank of America Corp.** followed suit Tuesday. **Morgan Stanley** is scheduled to report Wednesday.

Goldman's return on equity, a closely watched measure of profitability, was 11.4% in the first quarter, though it would have been 8.9% without a tax adjustment. That is below the bank's theoretical cost of capital of around 10%, a threshold Goldman rarely falls below.

Investors expected a better performance, in part because the Federal Reserve in recent months has twice raised interest rates. That bodes well for trading businesses as investors buy products to protect themselves from future increases and bet on interest rates moving in different directions.

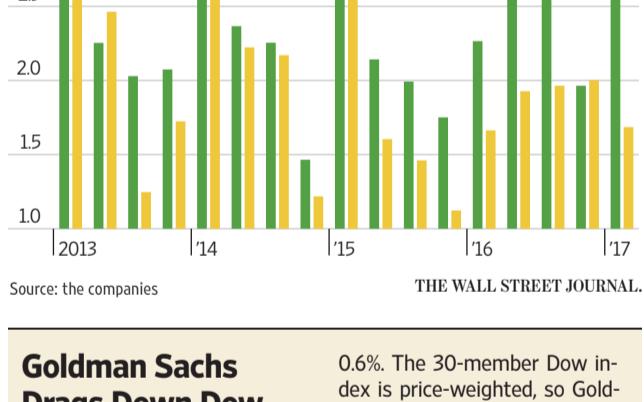
But Goldman didn't get the boost seen elsewhere. Its fixed-income revenue was essentially flat compared with a year earlier, while J.P. Morgan posted a 17% gain, Citigroup was up 19% and Bank of America led with a 29% increase.

Mr. Chavez blamed calm markets, which present clients with fewer opportunities to make wagers on price moves. For example, the price of U.S. crude oil hasn't been this stable in more than two years, by one measure. That stings Goldman,

Fork in the Road

Fixed-income revenue, quarterly

\$3.5 billion



Source: the companies

Goldman Sachs Drags Down Dow

Goldman Sachs Group is tugging the Dow industrials lower.

The lender's stock fell 4.7% Tuesday after reporting earnings for the first three months of the year below estimates. That means it shaved about 73 points off the Dow Jones Industrial Average for the day. The Dow fell 113.64 points, or

0.6%. The 30-member Dow index is price-weighted, so Goldman exerts a particularly large influence, since it is the only stock with a share price north of \$200. That is good for the Dow on the way up. But Goldman's influence is proving more treacherous on the way down. The bank's shares are off 10% in 2017, subtracting 163 points from the index, which is still up 3.9% so far this year. It is the most negative contributor to the Dow so far in 2017.

—Ben Eisen

which is bigger in commodities trading than rivals.

In other areas, Goldman tripped while rivals shone. Bank of America singled out corporate-bond trading as a bright spot, while Goldman said that dragged on its results. The Charlotte, N.C.-based bank also generated \$1 billion more in overall fixed-income trading revenue than Goldman, the largest-ever gap between the two firms.

"Hard to put lipstick on these results," UBS Group AG analysts wrote in a note to clients. Goldman's trading desk hasn't been Wall Street's biggest by revenue in years, eclipsed by J.P. Morgan and others. But it has long been seen as its fiercest and most profitable, relying on its brains rather than size.

Making matters worse, the first quarter is typically the strongest for trading desks as investors reposition portfolios for the new year. The slow start is also likely to raise questions

about whether the firm has the right mix of trading clients. Goldman's traditional strength in peddling complex trading products to hedge funds, a high-margin business, once powered its results. But that focus became a liability in recent years as these clients struggled with poor returns and investor preference shifted to simpler widgets that, for example, protect against currency or interest-rate swings.

Goldman has pushed over the past year or so to emphasize those plain-vanilla products and do more trading business with corporations and asset managers. Mr. Chavez said Tuesday that the firm's efforts in that area were still under way.

The bank also shuffled leadership in its fixed-income trading business last fall and has been heavily courting quantitative funds. These use algorithms, rather than human hands, to trade heavy volumes of securities.

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White House Links Migrant Gangs, Crime

BY BETH REINHARD
AND ARUNA VISWANATHA

The Trump administration on Tuesday pressed its case that illegal immigrants are helping fuel a crime wave, singling out a Central American-based international gang it said had flourished under the Obama administration.

In rapid succession, President Donald Trump, Attorney General Jeff Sessions and Homeland Security Secretary John Kelly all promoted a crackdown on illegal immigration they said would improve public safety.

Their approach divides the law enforcement community, with some officers welcoming stricter immigration enforcement and others concerned a crackdown could deter undocumented residents from cooperating with police.

Early Tuesday, Mr. Trump said on Twitter: "The weak illegal immigration policies of the Obama Admin. allowed bad MS 13 gangs to form in cities across U.S. We are removing them fast!" MS-13 is an international gang, made up largely of immigrants from El Salvador or their descendants, that the Justice Department says has been operating since at least the 1980s.

Barack Obama's backers sharply dispute the notion that his policies were weak, illegal or contributed to crime, and some criminal justice ad-



Members of the MS-13 gang, including 'El Diabolico,' right, in Quezaltepeque, El Salvador, in 2013.

vocates say the Trump administration is exaggerating the threats to public safety. Crime rates remain near historic lows, despite surges in violence in a handful of large cities, and some studies show immigrants commit less crime than native-born Americans.

The debate over immigration and crime is heavily shaping the new administration as it approaches the closely watched 100-day marker. While Mr. Trump has backed away from some campaign

promises, he has followed through on putting law and order at the forefront of his agenda.

Mr. Sessions on Tuesday echoed the president's tweet in remarks to federal law enforcement officials, blaming "an open border and years of lax immigration enforcement" for recent growth of the Central American gang. Police suspect MS-13 members murdered four men last week in a park in Long Island, N.Y., in addition to killing two teenage

girls last month in Los Angeles with machetes and baseball bats, Mr. Sessions said.

Mr. Kelly used his first major speech to drive a similar message, saying there is "no better argument for secure borders than the transnational criminal organizations we face."

Wes McBride, executive director of the California Gang Investigators Association, a law enforcement group, agreed that tighter border security would curb gang activi-

Donald Trump's First 100 Days

The administration's latest actions and agenda at a glance

TUESDAY

◆ **Immigration:** The Trump administration pressed its case that illegal immigrants are helping fuel a crime wave.

◆ **Jobs:** President Donald Trump signed an executive order that calls for a review aimed at stricter enforcement of immigration and other laws governing the entry of workers into the U.S.

WHAT'S AHEAD

◆ The president signs veterans health-care legislation on Wednesday, and the Super Bowl champion New England

Patriots visit the White House.

◆ On Thursday, Italian Prime Minister Paolo Gentiloni visits the White House.

QUOTE
"Very big changes" would be coming to the trade deal "or we are going to get rid of Nafta once and for all."

—Mr. Trump

in a speech in Kenosha, Wis.

5:39

The time early Tuesday morning of the first of several tweets by Mr. Trump from his personal account. His topics included illegal immigration and gang crime in the U.S., the Georgia House election and his interview on the Fox News Channel.

2004.

The latest FBI statistics

show a complicated picture of crime in the U.S. Murder rates fell by nearly one-half in 2016 from their peak in 1991, though the nationwide rate rose an estimated 8% in the last year, according to an analysis released Tuesday by the Brennan Center for Justice at NYU School of Law. That increase was fueled largely by a rise in murders in big cities, including Baltimore, Chicago and Washington.

U.S. Jets Intercept Russian Bombers

BY BEN KESLING

WASHINGTON—U.S. jet fighters scrambled to intercept Russian bombers off the coast of Alaska, the Pentagon said Tuesday, a day after the event happened.

A pair of Air Force jet fighters intercepted two Russian long-range bombers in international airspace, near the Aleutian Islands. The Russian planes didn't enter U.S. territory. It was the first interception of Russian aircraft by the North American Aerospace Defense Command since 2015.

"On April 17, two Russian TU-95 Bear bombers were intercepted in international airspace off the coast of Alaska by two Norad U.S. F-22 Raptor fighter aircraft," said Lt. Col. Michelle Baldanza, a Pentagon spokeswoman, who called the intercept "safe and professional."

"Norad monitors the air approaches to North America

and are ready to ensure air sovereignty and defend the airspace," she said.

Interceptions are a core function for Norad and one for which the crews routinely train, said John Cornelio, a spokesman for the command.

"Although we use the term intercept, it's more of a visual identification of aircraft," he said. "When there's unidentified aircraft operating in that airspace, we're going to go up and take a look."

After the fall of the Soviet Union, Russian long-range military flights largely ceased, Mr. Cornelio said, but resumed in 2007. Since 2007, Norad has flown 60 intercept missions. This is the first intercept since 2015, he said.

The F-22s and Bear bombers didn't communicate, and the interception occurred without incident, he said.

"They fly extremely professionally and we do the same," Mr. Cornelio said.



GARY DAWSON/REX SHUTTERSTOCK/ZUMA PRESS

Maritime Mix-Up

The USS Carl Vinson aircraft carrier, which the Pentagon had said was headed to the Sea of Japan (East Sea) as a show of force to Pyongyang, was spotted in Indonesia on Saturday.

A senior White House official blamed the mistake on the Pentagon and said that the Pentagon didn't realize the error until Tuesday.

VINSON

Continued from Page One

Far East have been looking to test the mettle of Mr. Trump. On Tuesday, the Pentagon announced that it scrambled fighter planes earlier this week to intercept two Russian bombers off the coast of Alaska, the first such incident since 2015.

How Mr. Trump's muscular response to North Korea morphed into a false narrative about a naval armada sailing in a show of force toward waters off the coast of North Korea appears to be a story of mixed

The Navy was aware of the mixed messages but didn't take strong moves to correct them.

and contradictory messages that the Navy appeared to notice in the past week, but made no strenuous moves to correct.

"At the end of the day it resulted in confused strategic communication that has made our allies nervous," said Bonnie Glaser, senior adviser for Asia at the Center for Strategic and International Studies in Washington, D.C. "If you don't have a consistency with your actual strategy and what you're doing with your military, that doesn't seem terribly convincing."

Misunderstandings over the mission of the Vinson appear to have been born in part out of operational secrecy coupled with a desire by the White



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planned port visits had been canceled in Australia.

On April 11, Mr. Mattis said at a press conference that exercises had been canceled and that the Vinson was "on her way up" to the Western Pacific.

"That's where we thought it was most prudent to have her at this time," Mr. Mattis said of the Vinson.

But soon after Mr. Mattis's press conference, the Navy issued a statement that seemed

to contradict their boss.

"As announced over the weekend, the Carl Vinson Strike Group was ordered north as a prudent measure to maintain presence and readiness in the Western Pacific," said Cmdr. Clay Doss, a Navy spokesman in a statement issued that day after Mr. Mattis's press conference.

"While port visits to Australia were canceled, impacts to other previously scheduled activities are

still being assessed during the transit."

Mr. Trump the next day said, "We are sending an armada." In an interview with The Wall Street Journal, Mr. Trump said he also told the Chinese leader Xi Jinping of the carrier group.

"I said, 'Look we have ships heading there,'" Mr. Trump said. "He says he knows it very well. I said not only are the aircraft carriers, we have the nuclear subs, which are far more destructive, and I think you have to let him know."

Mr. Spicer and a senior administration official did nothing to counter that version of events. Asian and American newspapers widely reported that the carrier was headed toward the peninsula.

A week later, on Tuesday, the Navy stressed it had never said the Vinson was given a final destination to the waters off North Korea. A Navy official said that its messaging had been consistent and that from Singapore the carrier and supporting ships would head to planned exercises near Australia and then on to the Western Pacific, though it didn't specify where in the Pacific.

"We certainly did not say that and have been consistent with that messaging," a Navy official said Tuesday when asked if it had said the Vinson was headed to North Korea.

On Saturday, the Navy published a photo of the carrier steaming through the Sunda Strait, near Indonesia, thousands of miles from the Sea of Japan and the Korean Peninsula.

—Carol E. Lee contributed to this article.

Timeline of Events

April 8: Reuters publishes article about the USS Carl Vinson's change of mission directing it to the Western Pacific.

April 9: U.S. Pacific Command posts a release: "Adm. Harry Harris, commander, U.S. Pacific Command, has directed the Carl Vinson Strike Group to sail north and report on station in the Western Pacific."

April 11: Navy officials say the Vinson will take part in planned exercises near Australia before proceeding to the western Pacific.

April 12: Defense Secretary Jim Mattis says that the exercises have been canceled.

April 13: Shortly after Mr. Mattis's remarks, Navy officials confirm port calls in Australia have been canceled, but that exercises haven't been.

April 14: President Donald Trump tweets that North Korea "is looking for trouble" and tells Fox Business Network that he is "sending an armada, very powerful."

April 15: U.S. Pacific Command statement: "The USS Carl Vinson Strike Group is proceeding to the Western Pacific as ordered. After departing Singapore on April 8 and canceling a scheduled port visit to Perth, the Strike Group was able to complete a curtailed period of previously

scheduled training with Australia in international waters off the northwest coast of Australia. The Carl Vinson Strike Group is heading north to the Western Pacific as a prudent measure."



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WORLD NEWS

Mattis to Press for Yemen Peace Deal

On tour of Middle East and North Africa, defense chief stresses regional cooperation

By GORDON LUBOLD

RIYADH—Defense Secretary Jim Mattis arrived in Saudi Arabia at the start of a five-nation tour of the Middle East and North Africa aimed at pressing for a political settlement of the war in Yemen and solidifying counterterrorism efforts with American allies in the region.

In the Saudi capital Riyadh on Tuesday, he met with the defense minister, Deputy Crown Prince Mohammad bin Salman, and was expected to meet with King Salman and Crown Prince Mohammed bin Nayef on Wednesday, according to U.S. defense officials.

Mr. Mattis called the Saudis a "pillar of our security framework" and said he would discuss with Saudi officials ways to "deepen and broaden" Washington's strategic relationship with Riyadh.

As a retired Marine general and former head of U.S. Central Command, which oversees U.S. military operations in the Middle East, North Africa and Central Asia, Mr. Mattis is no



Saudi Armed Forces Chief of Joint Staff Gen. Abdul Rahman Al Banyan greeting Defense Secretary Jim Mattis at Riyadh Air Base Tuesday.

stranger to the region. But he is the first senior cabinet member in the Trump administration to embark on a regional tour here, as it faces decisions over how to address conflicts in Yemen, Syria and Iraq, as well as in Afghanistan.

Mr. Mattis stressed the need for cooperation among regional powers to tamp down

threats. The U.S. has gradually increased its support for the Saudi-led coalition fighting in Yemen, providing intelligence, logistics and training for forces from the kingdom and the United Arab Emirates fighting both the country's Houthi rebels and al Qaeda's local affiliate. Qatar, Bahrain, Kuwait, Egypt, Jordan, Mo-

rocco and Sudan are also members of the coalition.

Mr. Mattis declined to provide specifics about what additional support the U.S. might provide Saudi Arabia in Yemen, instead suggesting that its primary focus is to push for a United Nations-brokered peace deal in the two-year conflict.

"It has gone on for a long

time...we see Iranian-supplied missiles being fired by the Houthis into Saudi Arabia, and this is something with the number of innocent people dying inside Yemen that has simply got to be brought to an end."

The Houthis have acknowledged receiving Iranian political support but have denied getting arms from Tehran.

Iran Compliant With Nuclear Deal—U.S.

WASHINGTON—The Trump administration notified Congress on Tuesday that Iran is compliant with the landmark nuclear agreement reached in 2015, but it also cast doubt on the U.S.'s continued support for the deal.

Congress requires U.S. administrations to report quarterly on whether Tehran is meeting the terms of the agreement, which required Iran to significantly scale back its nuclear capabilities in exchange for the lifting of most international sanctions.

Secretary of State Rex Tillerson certified to House Speaker Paul Ryan (R., Wis.) that Iran remained compliant as of Tuesday.

But he also said President Donald Trump has directed a National Security Council-led review of whether to continue to roll back sanctions on Iran as required by the deal. Mr. Trump harshly criticized the Obama administration's deal with Iran, but he has toned down his criticism since taking office.

—Jay Solomon

Saudi-Led Coalition to Focus on Protection From ISIS

A Saudi-led coalition force of 41 countries is taking shape and has found a focus: protecting member nations against the

first substantive meeting over the next few months in Riyadh when defense ministers from member states, from Morocco to Malaysia, will gather to agree on its structure and mission.

However, these are Sunnismajority nations and absent from the alliance is Saudi Arabia's major rival in the Middle East, Shiite powerhouse Iran, which sees the grouping as a sectarian show of force.

Under pressure from Riyadh, close ally Pakistan will provide a separate force of some 5,000 men to Saudi Arabia to help guard its vulnera-

ble south, near the border with Yemen, Pakistani officials said.

At Saudi request, the coalition force will be led by the former head of Pakistan's army, Gen. Raheel Sharif, said Pakistani officials. Gen. Sharif was lauded for taking the fight to Pakistani militants.

Pakistan had said it wanted to focus on its battle with terrorism at home and stay out of the big confrontation in the Middle East between Riyadh and Tehran. Experts say the coalition will inevitably antag-

onize Tehran.

The military component is the focus of the alliance, which officials say is expected to be fully operational by year's end. Its command and control center in Riyadh recently began hiring staff. It will also seek to boost cooperation to combat extremist ideology and terror financing.

The alliance isn't restricted to confronting terror groups like Islamic State and al Qaeda, said Maj. Gen. Ahmed Asiri, an adviser to Saudi Ara-

bia's minister of defense who is involved in assembling the new alliance. He said the coalition could move against rebel groups and militias that pose a threat to member countries.

Iran's ambassador to Islamabad, Mehdi Honardoost, said this month that he had protested Gen. Sharif's appointment to Pakistan and that Muslim countries "should come together to form a coalition of peace to resolve their issues rather forming a controversial military alliance."

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WORLD NEWS



The main opposition party is seeking to void the referendum results. Above, people in Ankara submitting appeals to the electoral board.

Turkey's Opposition Assails Vote

By MARGARET COKER
AND NED LEVIN

ANKARA, Turkey — The chairman of Turkey's main opposition party said he had lost faith in the country's justice system, as his party appealed to the central election authority to annul the government's narrow win in the weekend's constitutional referendum.

Controversy has mounted since Sunday's vote over a decision by Turkey's electoral body to validate irregular ballots cast throughout the country that lacked an official seal. Opposition parties believe as many as 2.5 million ballots were suspect. The unofficial tallies in the vote on whether to centralize power in the office of President Recep Tayyip Erdogan showed the pro-Erdogan "yes" campaign winning by a 51%-to-49% margin.

Speaking to The Wall Street

Journal, Kemal Kilicdaroglu, chairman of the opposition Republican People's Party, or CHP, said the decision by the Supreme Election Board, a governmental body composed of senior judges, cast a shadow over the voting process and made a sham of its impartiality.

"I don't have any trust" in Turkey's judiciary or the YSK, said Mr. Kilicdaroglu, using the board's Turkish initials, in an interview. "They see themselves as representatives of the [presidency] and not representatives of the judiciary."

President Erdogan and his supporters have hailed the unofficial results announced late Sunday as a win that expressed the will of the people. In the referendum, voters were asked to approve a constitutional amendment to centralize governing powers in the president's office and radically alter Turkey's democracy.

CHP's application for annul-

ment of the vote cited a number of irregularities during both the voting and counting processes. But its focus was centrally on the YSK decision concerning the ballots without a seal.

The YSK didn't comment on

Party chief Kemal Kilicdaroglu says 'I don't have any trust' in the judiciary.

the application. On Tuesday afternoon, the YSK published its rationale for the ballot decision for the first time, saying its actions were done to ensure voters wouldn't be disenfranchised. Polling stations around the country had "voluminous complaints" about not having proper ballot papers, it said.

Prime Minister Binali Yildirim expressed his trust in the ballot totals and said criticism of the voting process was politically motivated. "Everybody, particularly the main opposition party, has to respect the results," Mr. Yildirim said.

The YSK's chairman, Sadi Guven, said Monday that the contested ballots were valid, raising questions about what legal paths exist for the opposition to successfully contest the vote. The board would rule on any formal objections and its decisions about voting can't be appealed.

Mr. Kilicdaroglu said his party could appeal to the Constitutional Court, the country's highest legal body, on the basis that the YSK's decision to allow irregular votes was illegal. Should that effort fail, the CHP would apply to the European Court of Human Rights, he said.

—Yeliz Candemir contributed to this article.

Pence Reaffirms U.S.-Japanese Military Alliance

By PETER LANDERS

TOKYO — Vice President Mike Pence mixed tough words on North Korea with a gentle touch on trade, refraining from pressing Japan for economic concessions at a time of regional tension.

Mr. Pence was in Tokyo on Tuesday to start a U.S.-Japan economic dialogue after a campaign in which President Donald Trump frequently denounced Tokyo on trade issues such as the minuscule market share of U.S.-made cars in Japan.

But at a news conference after meeting Prime Minister Shinzo Abe, Mr. Pence spent much of his time on security, describing the U.S.-Japan military alliance as a "cornerstone of peace, prosperity and freedom in the Asia-Pacific."

Reiterating language used by Mr. Trump during a visit by Mr. Abe to the U.S. in February, Mr. Pence said his message to Japan was that, "We are with you 100% in the face of provocations across the Sea of Japan" by North Korea.

He described North Korea as the "most ominous threat" in the region and said "our re-

solve could not be stronger" to rid the Korean Peninsula of nuclear weapons.

On trade, Mr. Pence avoided criticism and didn't mention the U.S. trade deficit with Japan. He said the two-way dialogue started Tuesday "may result in bilateral trade negotiations"—a forum where Washington could press directly for concessions in areas such as agriculture—"but I'll leave that to the future."

Mr. Pence's counterpart, Deputy Prime Minister and Finance Minister Taro Aso, differed somewhat on the shape of future trade talks, saying that the U.S. and Japan could lead the way in setting broader regional-trade standards.

Shortly after taking office, Mr. Trump withdrew the U.S. from the 12-nation Trans-Pacific Partnership trade deal, which had been a priority for Tokyo. Mr. Pence called the TPP "a thing of the past."

Mr. Pence is on the second stop of an Asia-Pacific tour that started in South Korea, where he also focused on the North Korean threat.

—Jonathan Cheng contributed to this article.



MIKE PENCE AND JAPAN PRIME MINISTER SHINZO ABE IN TOKYO TUESDAY.

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WORLD NEWS

Britain Gears Up for a One-Issue Election

Brexit crowds out all other concerns as the prime minister seeks to boost her strength

BY STEPHEN FIDLER

LONDON—June's general election in Britain will be dominated by one issue: Brexit. The subject has been just about all that has mattered in British politics since the June 2016 referendum decision to leave the European Union.

The complication is that attitudes to Brexit aren't divided along conventional political party lines. The two main political parties and their voters are split over Brexit—and the big question is to what extent will people change their traditional voting behavior according to their views on the EU.

Not since 1974 has an election been called on a single issue. Prime Minister Ted Heath called a snap election to strengthen his mandate in a fight with trade unions that was depicted as a battle over who governed the country.

Mr. Heath lost his majority. But 43 years on, few pundits expect Prime Minister Theresa May to lose hers, now a narrow 17 seats, and she expects to increase it substantially.

Opinion polls suggest that popular support for the main



PHILIP TOSCANO/ZUMA PRESS

Prime Minister Theresa May expects to increase her majority of 17 seats in Parliament, strengthening her negotiating hand.

opposition Labour Party under leader Jeremy Corbyn has melted down. If that performance continues into the election, the party will post its weakest electoral showing in decades, with its share of the 650-seat Parliament falling

perhaps as low as 150-200 seats.

John Curtice, professor of politics at the University of Strathclyde, said Mrs. May's strategy depended on her preserving support among Conservative Party voters. "She

has to keep together the coalition of those who voted to leave and those who voted remain," he said.

If she succeeds, she would have more freedom within her party to negotiate the sort of deal she wants with the EU

without having to worry about the wing of her party that wants a sharp and decisive break from the bloc.

It also would give her more clout in the negotiations in Brussels by giving her opponents numbers the confidence

that she can deliver at home on her pledges to them that would be unpopular among her party's right-wingers—for example, on immigration from the EU and on making some kind of post-Brexit financial contributions to the EU.

If so, that would seem likely to reduce the prospect of the U.K. tumbling out of the EU without a deal and to increase the chances of temporary arrangements to soften the economic disruption of Brexit. Certainly, Tuesday suggested that some in the financial markets believe hard post-Brexit landing is now less likely.

But Mrs. May is also taking a risk. She has performed an explicit about-face over an early election, which she previously depicted as a threat to stability, with the possibility that she could be accused of political opportunism.

She is gambling that attitudes to Brexit won't lead to tactical voting that will erode support for her party's MPs. Anti-Brexit Conservatives may switch allegiances in some places to the third-party Liberal Democrats, which will campaign for Britain to remain in the EU.

So far, the Liberal Democrats have succeeded in attracting Labour Party opponents of Brexit, mainly in the south of the country, Mr. Curtice said. So far, few Conservatives appear to have switched allegiance. Mrs. May will be hoping it stays that way.

BREXIT

Continued from Page One

will aid her. A YouGov poll taken last week showed her Conservative Party received 44% of support, compared with the main opposition Labour Party's 23%. The pro-EU Liberal Democrats received 12% and the rest went to other parties.

The announcement of the vote pushed the pound sharply higher, with the currency rising 2.25% to \$1.2847, its highest level against the dollar in six months.

Analysts said the pound's rally reflected a perceived reduced likelihood of major economic disruption arising from Britain leaving the EU in two years without an agreement, and increased prospects that transitional arrangements would be agreed to ease the U.K.'s glide path out of the bloc.

Those negotiations have yet to get under way as the other 27 EU governments haven't settled their own positions and are unlikely to do so until late May at the earliest. That leaves a tight timetable to resolve a host of complex issues arising from the U.K.'s 44-year membership in the bloc.

Uncertainty about the talks will also be heavily influenced by elections in coming weeks in France and in Germany in the fall.

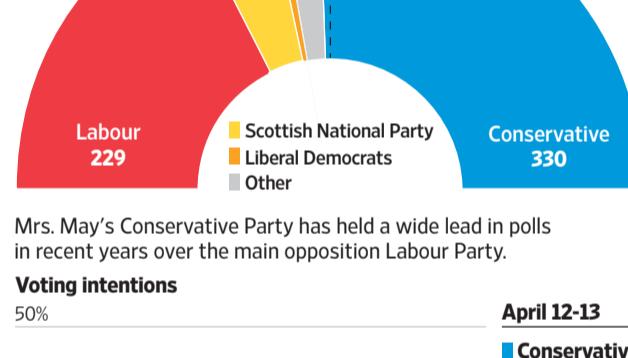
Irish Finance Minister Michael Noonan said in an interview that French parliamentary elections in June—following two rounds of presidential votes on April 23 and May 7—could further delay substantive negotiations. The new French president would need to establish a majority in parliament, he said.

"France won't start negotiating until they get that clear, and then there will be the German elections," he said.

Conservative Climb

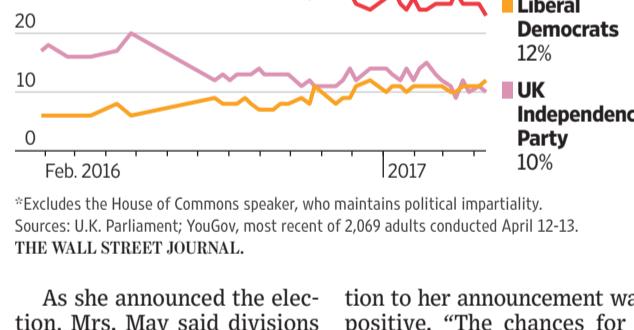
By calling a June election, Theresa May is seeking to expand her narrow majority of 17 members of Parliament to give her a stronger hand in Brexit negotiations.

Balance of power in Parliament*



Mrs. May's Conservative Party has held a wide lead in polls in recent years over the main opposition Labour Party.

Voting intentions



*Excludes the House of Commons speaker, who maintains political impartiality.

Sources: U.K. Parliament; YouGov, most recent of 2,069 adults conducted April 12-13.

THE WALL STREET JOURNAL

As she announced the election, Mrs. May said divisions among U.K. lawmakers "will risk our ability to make a success of Brexit and it will cause damaging uncertainty and instability to the country. So we need a general election and we need one now."

Mrs. May took over as Conservative Party leader and prime minister in July following the resignation of Mr. Cameron, who opposed the U.K. leaving the EU. She has never led her party into a general election.

In Brussels, the initial reac-

tion to her announcement was positive. "The chances for a good outcome of the Brexit negotiations have just gone up tremendously," a senior EU official said.

The House of Commons will vote on Wednesday whether to approve the election. Under U.K. law, two-thirds of the lawmakers must back an election for it to take place earlier than the usual five-year term.

The opposition Labour Party said it would back an early vote, meaning it will likely be approved.

The decision to call an early

Early Ballot Tests New Structure

Theresa May's push for an election will be the first test of a new feature of the U.K.'s ancient parliamentary system: the Fixed-Term Parliament Act. The 2011 law established five-year terms for governments and was drawn up to help stabilize a rare coalition government from 2010 to 2015 under former Prime Minister David Cameron.

The next U.K. general election had been scheduled for 2020. Mrs. May is seeking to use a provision of the act that allows for an earlier election if there is support from two-thirds of lawmakers in the House of Commons.

Labour has said it would back an early vote, meaning Mrs. May will likely have the support she needs when Parliament votes Wednesday on whether to hold the election.

Mrs. May took over the leadership of the ruling Conservatives in July after Mr. Cameron stood down following June's Brexit vote, which he had campaigned against.

—Jason Douglas

election represents a significant U-turn for Mrs. May, who had repeatedly said she wouldn't do so.

On Tuesday, however, she said she was reluctantly calling one because it was necessary to ensure "the strong and stable leadership the country needs to see us through Brexit."

She told ITV News she made the decision while on a hiking vacation with her husband in Wales before Easter. The prime minister said she "thought about this long and hard" before deciding.

A government official said Treasury chief Philip Hammond and Brexit secretary David Davis advised Mrs. May to "take the opportunity" of an early election to strengthen her hand in negotiations.

They also advised that a snap poll would ensure that the next time Mrs. May faces a public vote, in 2022, any post-negotiation transition should be over and Britain would be fully outside the EU.

Labour Party leader Jeremy Corbyn said he welcomed Mrs. May's decision to call an early election. "We look forward to showing how Labour will stand up for the people of Britain," he said.

Several political analysts said Mrs. May stands to win at least 100 additional seats in Parliament because of her support among voters who backed Brexit and the deep divisions within the Labour Party.

"She's relying on the Labour Party being such a mess that whatever happens, she'll end up with a significantly bigger majority," said Tony Travers, politics professor at the London School of Economics.

On Tuesday Mrs. May trumpeted the U.K.'s recent economic strength, saying growth has "exceeded all expectations" since Britons chose to leave the bloc.

The International Monetary Fund on Tuesday raised its forecast for U.K. growth this year to 2%, reflecting "the stronger-than-expected performance of the U.K. economy since the June Brexit vote."

But the fund said it still expects the referendum decision to bear down on growth, albeit more gradually than previously thought.

—Valentina Pop in Brussels and Wiktor Szary in London contributed to this article.

◆ Streetwise: Sterling suggests softer ride for U.K. B16

U.K. Vote Won't Alter Tack, EU Says

BY LAURENCE NORMAN AND VALENTINA POP

BRUSSELS—European politicians and officials mainly welcomed British Prime Minister Theresa May's decision to call for a general election in June, saying it could ease negotiations over the U.K.'s divorce from the European Union, but said the decision won't affect their approach to the talks.

Mrs. May spoke briefly with European Council President Donald Tusk on Tuesday morning after making her surprise announcement calling for June 8 elections. Parliament must still approve the move.

The EU is currently in the process of fixing its own stance ahead of the negotiations, a process it aims to complete by May 22.

EU leaders will meet April 29, a month after Britain formally notified the bloc on its exit to agree on their basic stance. The bloc aims to agree upon the detailed negotiating mandate for chief negotiator, Michel Barnier, by May 22. It will then be ready for negotiations with Britain.

"The U.K. elections do not change our EU27 plans," said Mr. Tusk's spokesman Preben Aaman.

EU officials have laid out a tight timetable for the Brexit negotiations, with Mr. Barnier saying he wants negotiations completed by October 2018. The two-year window for Britain to exit from the bloc ends in March 2019.

German Foreign Minister Sigmar Gabriel said in a statement Tuesday that "any extended uncertainty...does nothing good for the political and economic relationship between Europe and Great Britain."

However, he added that new elections would "hopefully lead to more clarity and predictability in the negotiations with the European Union."

That was also the take in Brussels, with officials noting that a big poll lead for Mrs. May's Conservative Party could translate into a bigger parliamentary majority.

"The chances for a good outcome of the Brexit negotiations have just gone up tremendously," one senior EU official said. "Instead of being at the mercy of the Brexiteers, PM May will now get a very, very strong mandate that will allow her to negotiate a reasonable deal with the EU."

—Anton Troianovski in Berlin contributed to this article.

WORLD WATCH



SHERIF FAHMY/REUTERS

COME TO LIGHT: An Egyptian archaeologist documents the contents of the tomb of Userhat, a judge from the New Kingdom period, at the Dra Abu-el Naga necropolis near the Nile city of Luxor.

FRANCE

Terror Suspects Held After Police Raid

Two young men detained on suspicion of planning an imminent terror attack in the city of Marseille had pledged allegiance to Islamic State, authorities said, reviving security fears just days before France's presidential elections begin.

The suspects, identified as 30-year-old Mahiedine M. and 24-year-old Clément B., were "preparing to carry out a violent and imminent action," Paris prosecutor François Molins said.

Police raided their apartment in the southern port city on Tuesday, discovering bomb-making materials, firearms, a silencer, an Islamic State flag and a map of Marseille.

—Noemie Bisserbe and Joshua Robinson

AUSTRALIA

New Regime to Steer Skilled-Worker Visas

The government plans to abolish a visa system used to bring thousands of skilled foreign workers into the country—another sign of tighter immigration rules taking hold globally as President Donald Trump prepared a fresh push for U.S. employers to hire Americans.

After enduring months of criticism that the 457 visa program has been widely used to flout immigration rules, Prime Minister Malcolm Turnbull said Tuesday that it would be abolished in favor of a new system with tougher rules, allowing fewer overseas workers into the country.

"This is about jobs for Australians," Mr. Turnbull told reporters.

—Rob Taylor

WORLD NEWS

Migrant Toll Rises as Quarrels Hinder Rescues

BY DREW HINSHAW
AND PIETRO LOMBARDI

ROME—Emergency crews near the shores of Libya are confronting a grim paradox: There have never been so many rescue boats along the sea passage to Italy. Yet never before have so many people been dying there.

Three years into an all-out push to stop fatalities in the central Mediterranean Sea, it remains the world's deadliest migration route. Despite efforts by dozens of governments, navies, international organizations and aid agencies, smuggling practices have become more hazardous in Europe's southern waters. Some 4,500 people died there last year, a toll 2017 is on track to surpass.

Those lost lives are sparking recriminations over who is to blame, pitting aid groups that say there aren't enough rescuers on the sea against European officials who say there may be too many. Both sides agree the number of people crossing and dying in the central Mediterranean is

set to break a record this year. Last year, about 180,000 crossed over. So far this year, arrivals are up almost 24% from the 2016 period.

Increasingly, rescued migrants are carried to Italy by aid agencies like Doctors Without Borders. Such NGOs rescued nearly 47,000 migrants last year and were involved in about a quarter of all operations. This year, they have been involved in about a third. International conventions require rescued migrants to be brought to a safe country.

Aid groups fault the European Union for deploying too few rescue boats, too far from Libyan waters. The NGOs say if they weren't there, even more people would die.

EU officials, however, have been pursuing an explicit policy of staying away from the coast to avoid encouraging more migrants to undertake the perilous passage. So many aid agencies are now sailing so close to Libya, the EU argues, that they may be acting as a pull factor for migrants and a boon for smugglers



Aid workers sanitize the bodies of dead migrants aboard the former fishing trawler Golfo Azzurro.

sending out rubber boats.

The recriminations show how divisions between Europe's humanitarians and its border patrols are enabling the traffic they all want to stop. For years, the two sides have debated where and how ships should respond. Meanwhile, thousands have died.

"If they keep arguing instead of working together, smugglers will be able to work almost unhindered," said Alfonso Giordano, professor of political geography at Rome's Luiss University.

The death rate is rising, all sides agree, in part because smugglers are using more treacherous boats. Smugglers are stripping engines from dinghies midjourney, authorities say, stranding horrified migrants at sea. More crossings are taking place at night and in extreme weather. Boats are often so packed there wouldn't be room to wear life jackets even if they were there.

This is happening, some officials argue, because smugglers know their boats need to make it only to the line of res-

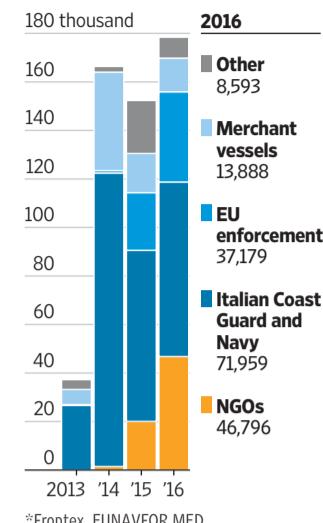
cue ships sitting just offshore. EU border agency Frontex says smugglers sometimes give the migrants phones with the NGOs' numbers already programmed in.

"We have never had so many vessels deployed to save lives and we have never had so many deaths," said Fabrice Leggeri, head of Frontex.

In contrast, the NGOs say smugglers are behaving more dangerously because an EU naval patrol has destroyed more than 400 of their boats. That practice, they say, dis-

Saving Lives at Sea

Last year, NGOs rescued twice as many migrants in the central Mediterranean as in 2015, and about a quarter of the total.



*Frontex, EUNAVFOR MED
Sources: Italian Coast Guard, EUNAVFOR MED
THE WALL STREET JOURNAL.

courages cartels from investing in supplies they figure they are bound to lose at sea anyway. Life in Libya, they add, has become so horrible that many migrants are willing to board hopelessly treacherous boats to escape.

"Often, all of the women have been raped," said spokeswoman Laura Lanuza for rescue agency Proactiva Open Arms. "They don't mind if they die finally in the sea, honestly, because they can't stand to be in Libya anymore."

Global Economy on Track for Growth

BY IAN TALLEY
AND HARRIET TORRY

WASHINGTON—The global economy is on course for its best performance in several years despite trade tensions and looming geopolitical threats, the International Monetary Fund said ahead of a meeting of world finance chiefs this week.

Investors are skittish over a potential U.S. standoff with North Korea, France's elections and Washington's fresh

use of force in the Middle East and Afghanistan. But global investment, manufacturing and consumer confidence are signaling strength. U.S. growth is projected to accelerate. Europe and Japan are finally showing signs of recovery.

Meanwhile, oil prices have risen from 2016 lows, boosting inflation readings from exceptionally low levels and offering hope for economies dependent on commodity exports that the worst of the two-year price rout might be over.

The International Monetary Fund, in its flagship report on the state of the global economy, nudged up its forecast for world growth this year a tenth of a percentage point to 3.5%, which will be the fastest rate in five years if the IMF is correct.

"Acceleration will be broad-based across advanced, emerging, and low-income economies, building on gains we have seen in both manufacturing and trade," said IMF Chief Economist Maurice Obstfeld.

While the IMF kept its forecast pickup for U.S. growth at 2.3% for the year—up from 1.6% last year—it notched higher outlooks for all five of Europe's largest economies. The U.K.'s bump-up was the biggest, a 0.5 percentage point increase to 2% for the year.

Even with the generally positive projections outlined by the IMF, however, trade frictions, political uncertainty and China's debt problems still threaten to erode and potentially upset global growth.

Brighter Outlook

The International Monetary Fund raised its forecast for global growth as the economic outlook improved for the U.K., Japan and others.



*Made in January Source: International Monetary Fund THE WALL STREET JOURNAL.

Palestinian Protest Leader Moved to Solitary Confinement

BY RORY JONES

TEL AVIV—Israeli authorities placed a jailed Palestinian political leader in solitary confinement after he organized a mass hunger strike to demand better prison conditions.

Marwan Barghouti, who is serving five life sentences for his involvement in the deaths of Israelis in the early 2000s, was transferred to an isolation cell on the second day of the strike, which involves more than 1,000 of the roughly 6,500 Palestinians in Israeli jails, Palestinian and Israeli officials said.

Mr. Barghouti's leadership role in the strike poses a challenge to Mahmoud Abbas, the president of the Palestinian authority, whose popularity is flagging. Many Palestinians see Mr. Barghouti as a potential successor, despite his imprisonment.

A spokesman for Israel's prison service said disciplinary measures were taken against striking prisoners, including transferring them to separate cell blocks.

The spokesman neither confirmed nor denied a report in the Palestinian media that Israeli authorities were barring lawyers from meeting the

striking prisoners and Mr. Barghouti.

Israeli Minister of Public Security Gilad Erdan said Israel wouldn't negotiate with the prisoners. "There is no real justification for this strike," he told Israel's Army Radio.

The hunger-strikers are demanding more family visits and an end to what they say are unfair trials and torture in jail. They are also calling for

Marwan Barghouti
organized a mass
hunger strike over
prison conditions.

an end to the Israeli policy of administrative detentions, under which Palestinians can be held without charge for an indefinite period.

Israeli officials have said the conditions in Palestinian prisons are good and that Palestinians are detained to ensure the security of Israeli civilians.

Under Palestinian law, Mr. Barghouti could run for president from prison, which could pressure Israel to release him, according to Khalil Shikaki, head of the Palestinian Center for Policy and Survey Research.

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3 thirty-ton tower cranes.
1 active construction site.

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Protesters waved flags bearing the image of Marwan Barghouti at a rally in the West Bank.

IN DEPTH

CHINA

Continued from Page One
runs a film-production company backed by Le Eco, a Beijing-based technology company.

Private and state-backed Chinese companies have invested tens of billions of dollars in U.S. film ventures over the past decade. The relationship comes with strings attached. Chinese authorities, censors and consumers influence nearly every aspect of American moviemaking in China, from scripts to casting to greenlighting sequels.

"We're in a moment of significant disruption," said Richard Lovett, president of Creative Artists Agency, which represents such clients as Sandra Bullock and J.J. Abrams. The firm announced Monday it was expanding its footprint in the country with a division called CAA China.

China's ambition befits the big screen—to compete with the U.S. as a global storyteller and spread its perspective in the same fashion American filmmakers have for a century.

The U.S. dominated the movie industry from the start, with its stories of heroism, romance and adventure. Over the years, it has drawn investors from Wall Street, Japan and Germany who appeared more starry-eyed over movie premieres than profits. Hollywood executives called it dumb money.

China, seen as the next sucker, instead proved an exceptional student. Its companies formed partnerships with Hollywood studios to learn about plotlines and character development, as well as soundtracks and visual effects—similar to how it uncovered the secrets of semiconductors and aircraft engines.

"They think they can make money, but they're also engaged in knowing every bit of the building blocks to jump-start [on] the U.S.'s hundred-year advantage," said John Penotti, a producer and founder at SK Global, a film finance and production company with offices in Los Angeles and China that is backed by the China Cultural and Entertainment Fund, a private-equity group.

In November, China passed the U.S. in the number of movie theaters—the most in the world—adding screens at the rate of more than 25 a day. Some are the first theaters in small towns, drawing a new generation of fans.

China's movie box office dipped slightly last year. Even so, Mr. Penotti said, "Social and cultural habits are being formed. It's like the U.S. in the 1950s."

China flexed its box-office power this past weekend, when "The Fate of the Furious" opened to \$99 million in the U.S. and Canada—and \$192 million in China, the biggest Hollywood opening ever in the country.

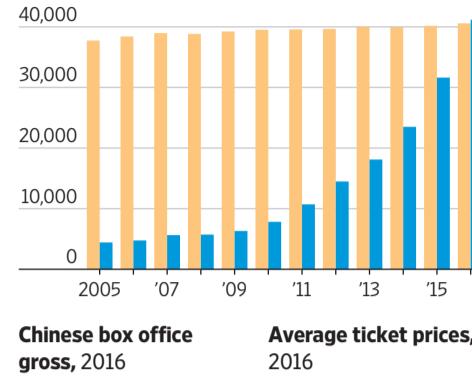
Chinese investors bring the support of a Communist Party that under China's leader, President Xi Jinping, has made cultural influence an important piece of its long-term growth plans.

"We must make patriotism into the main melody of litera-

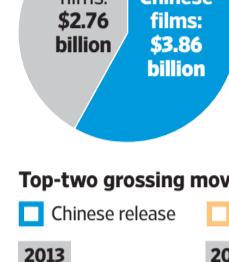
China Goes Hollywood

Hollywood has become so entangled with China that the movie industry can't run without it. At stake is money, influence and the world's largest sources of new moviegoers.

Number of movie screens in the country



Chinese box office gross, 2016



Top-two grossing movies in China by year

■ Chinese release ■ U.S. release

2013

1. Journey to the West: Conquering the Demons' \$197 million



2. Iron Man 3' \$121 million

2014

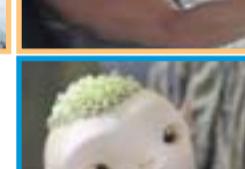
1. 'Transformers: Age of Extinction' \$320 million



2. 'Breakup Buddies' \$188 million

2015

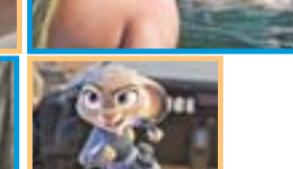
1. 'Furious 7' \$391 million



2. 'Monster Hunt' \$382 million

2016

1. 'The Mermaid' \$527 million



2. 'Zootopia' \$236 million

*acquired Kansas-based AMC Entertainment Holdings in 2012
Sources: IHS Markit (screens, exhibitors); Wanda Cinemas and MPAA (box office, ticket prices); Box Office Mojo (top movies)
Photos: Magnet Releasing/Everett Collection (Journey); Walt Disney Co./Everett Collection (Iron Man);
Paramount/Everett Collection (Transformers); Toronto International Film Festival (Buddies); Universal
Pictures (Furious); FilmRise (Monster); Sony Pictures/Everett Collection (Mermaid); Disney (Zootopia)

THE WALL STREET JOURNAL.

China Sets New Rules of the Road

Hollywood executives can rattle off the rules for getting a movie approved by Chinese censors: no sex (too unseemly); no ghosts (too spiritual). Among 10 prohibited plot elements are "disrupts the social order" and "jeopardizes social morality."

Time travel is frowned upon because of its premise that individuals can change history.

U.S. filmmakers sometimes anticipate Chinese censors and alter movies before their release. The Oscar-winning alien-invasion drama "Arrival" was edited to make a Chinese general appear less antagonistic before the film's debut in China this year.

The superhero hit "Logan"

was 14 minutes shorter in China after Chinese censors cut scenes of beheading and impalement.

For "Passengers," the space adventure starring Chris Pratt and Jennifer Lawrence, a scene showing Mr. Pratt's bare backside was removed, and a scene of Mr. Pratt chatting in Mandarin with a robot bartender was added.

—Erich Schwartzel

ture and art creation, guide the people to establish and uphold correct views of history, views of the nation, views of culture, and strengthen their fortitude and resolve to be Chinese," said Mr. Xi at the Beijing Forum on Literature and Art in October 2014.

Tensions between China and the White House have accelerated since the presidential election. Mr. Xi is seeking to strike a contrast with President Donald Trump as a champion of globalization, and he appears eager to advance China's narrative—both by pressuring Holly-

wood studios to portray the nation favorably and, in the long term, by adopting Western filmmaking techniques for China's own movie industry.

Full house

Like a movie plot, China's rise was driven by conflict—in this instance, the financial crisis. Hollywood's Wall Street financing dried up in 2008; U.S. movie-theater attendance stagnated; DVD sales, once a studio cash cow, slumped with the growth of streaming services, including Netflix Inc.

Around this time, China be-

gan an effort to introduce itself to the world as a cultural force with the 2008 Summer Olympics in Beijing as its opening act. Chinese officials announced investments of hundreds of billions of dollars to urbanize the country, transforming farmland into urban grids that included new, high-tech movie theaters.

The seats began filling with members of China's new middle class, a generation born under the one-child policy who had disposable income and an appetite for Western entertainment. Like other young people, they also wanted an excuse to get out of the house.

sity of Nevada-Las Vegas. More of the revenue comes from hotels, restaurants and bars.

MGM Resorts International is piloting a program at the MGM Grand on the Strip that prints a voucher when someone has spent enough at a video-poker machine at the bar.

Alan Feldman, executive vice president at MGM Resorts, said the goal was to free up bar staff from having to account for who was and wasn't playing. "Instead of trying to keep track of someone's play, you have a chance to say 'Where are you from?'" he said.

On a recent night at a bar inside the Paris Las Vegas casino, Jamie Balazs and her father were getting used to the new drink-monitoring system. They had just been instructed on how much they needed to put into the machine to allow booze to flow. A bartender told her to push the "max bet" button four times, she said.

She said she understood the desire to weed out freeloaders who aren't gambling but found the instructions off-putting.

"I said 'Don't you worry, honey, I'm going to get there,'" Ms. Balazs said. "As an honest gambler, you feel like 'Come on, trust me!'"

Her father, Jim Fletcher, was

in town with a group to celebrate his 70th birthday. As a top-tier member in Caesars Entertainment Corp.'s rewards program, he felt the new system was "insulting."

"That's why you come to Vegas, for the cheap deals," he said. He paused to sip his free vodka tonic and put another \$20 into the machine: "But I love coming here. That'll never change."

Richard Broome, executive vice president of public affairs at Caesars, which owns Paris Las Vegas and Bally's, said the system is intended to better reward players and distinguish them from those who aren't gambling. "The only one who doesn't like it," he said, "is the person who wants to milk the system, get free drinks and not spend any money."

So far the system applies only to machines at casino bars. Players at slot machines on the floor can still wave down cocktail servers for free drinks.

Bartender James Tanner said the system has made his job easier because he can avoid awkward debates with customers who were lingering at machines but not really playing.

"Our conscience is clear," he said.

Wesley Angell, a bartender

at Sully's inside Bally's, grew up in Las Vegas. He said the light system aims to end the time-honored tradition known as "the Vegas hustle": Putting \$20 into a machine, soliciting a free drink, pretending to play and cashing out early.

The light system, rolled out by Caesars over the past year at bars at all nine of its Las Vegas resorts, monitors the

amount gambled and the duration of play.

Mr. Angell explained that a blue light indicates the player has put enough money—\$20 at the start of play—into the system. The green light signals the player has gambled the money.

If the player continues to put in money and gamble, the green light will remain on. The red light means the gambler

has slowed down and signals time to serve the last free drink.

investors—five from China—before agreeing to a \$1 billion deal with Shanghai Media Group Corp. and Huahua Media.

When Mr. Grey was fired weeks later, his Chinese partners hit pause on the deal, triggering worry among investors counting on the overseas funds to prop up the ailing studio. Paramount hasn't said if the deal has closed.

Yet Comcast Corp.'s Universal Pictures and Lions Gate Entertainment Corp. have sold a stake in their films to Chinese firms. New movie companies have risen with help from Chinese investors, some headed by former executives of Warner Bros. and Walt Disney Co.

No company has been more aggressive in pursuing Hollywood partnerships than Wanda, a conglomerate run by Wang Jianlin, China's richest man, that made its name building shopping malls across China in the 1990s.

In 2012, Wanda bought AMC Entertainment Holdings Inc., a Leawood, Kan., exhibitor that is now the largest movie-theater operator in the world. The company's other entertainment holdings include Legendary Entertainment, the production company behind "Kong: Skull Island." It recently built Wanda Studios in the coastal city of Qingdao, which houses 50 soundstages, the largest stretching to more than 100,000 square feet.

The company hit a roadblock earlier this year when its \$1 billion bid to acquire Dick Clark Productions was called off. Mr. Wang has long said he wants to own a major Hollywood studio.

Some deals have allowed Chinese executives to vertically integrate their companies in a fashion that has been illegal in the U.S. since the 1940s. Wanda, for instance, owns a

production company that develops movies, the sound stages where they are filmed and the theaters where they are shown.

Chinese officials schedule the release of U.S. imports during less popular weekends so they don't cannibalize Chinese movie grosses, keeping Hollywood's annual share of the Chinese box office at around 40%.

The deal setting the quota of U.S. movies is up for review this year, worrying Hollywood executives that disagreements over trade between the two countries could spill over into the movie business and hamper negotiations.

But across China, theater construction continues with screens that will need U.S. and Chinese movies. Cineappo, a joint venture co-owned by the state-run China Film Group, is at work turning karaoke bars into movie theaters to attract young Chinese couples out on dates, said Yi Li, a board director at the company.

"The old generation used to go to karaoke," he said. "Now they go to the movies."

—Ben Fritz and Lillian Lin contributed to this article.

has slowed down and signals time to serve the last free drink.

How "free" the drinks are depends on your point of view.

"I had a \$200 drink the other day," said Lily Paradise, who was visiting Las Vegas from Long Island, recalling a particularly unlucky streak.

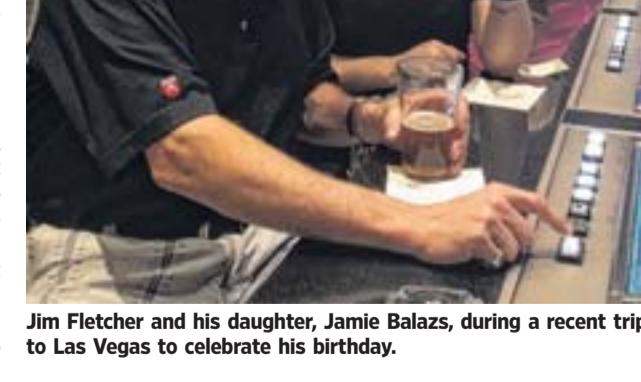
Some gamblers say they have started playing at casinos off the Strip, in Downtown Las Vegas or the suburbs, which haven't instituted the same kind of systems.

"They wouldn't dare stiff you," said Armand Dodsworth, a New Jersey native who now lives in Henderson, Nev. "The bartenders know you enough that they don't have to hassle you."

For novices, the systems can be confusing. Paul Howard, part of the birthday crew, said he put \$20 into a machine at a Bally's bar, started playing and asked for a beer. The bartender told him he wasn't playing fast enough, that the green light wasn't yet illuminated.

Mr. Howard was just learning the game, but he tried to pick up the pace. "Am I catching up? Is my light green?" he said. The bartender told him it came on only sporadically.

She did serve him a beer, he said.



Jim Fletcher and his daughter, Jamie Balazs, during a recent trip to Las Vegas to celebrate his birthday.

CHRIS KIRKHAM/THE WALL STREET JOURNAL

DRINKS

Continued from Page One
much someone has gambled—and rewards them accordingly with alcohol. It's a shift from decades of more-informal interplay between bartenders and gamblers.

Sports books have capitalized on big events, too. During March Madness, a five-person booth at the Harrah's Las Vegas sports book cost \$375 per person, which included five Miller Lite or Coors Light beers a person. In the past, seating at most sports books was free and first-come, first-served, even during big events. Placing a small bet or two could get you free drinks.

"The number-crunchers, the bean-counters have ruined Las Vegas," said Brad Johnson, who lives in North Carolina and has come to Las Vegas almost every year since the early 1970s.

"There's no value to it; there's no benefit."

Casinos on the Strip now derive a smaller share of revenue from gambling. In 1996, more than half of annual casino revenue on the Strip came from gambling. Last year, the share was down to about a third, according to the Univer-

GREATER NEW YORK



New York court interpreters, from left, Hermes Mena, Luz Hoffman, Sucheta Ghosh and Azhar Zaidi, shown in Queens Family Court.

Interpreters in Demand

Need grows to provide translations for more than 100 languages in New York City courts

BY THOMAS MACMILLAN

In his windowless fifth-floor office in Brooklyn Family Court, Babacar Diouf, a supervising interpreter, read off a list of translator requests for a single day's cases: "Polish, Yoruba, Albanian, Urdu, Burmese, Italian, Fuzhou, Arabic, Mandarin."

The New York state court system is required to provide interpreters for anyone with limited English proficiency. Federal courts have found that the U.S. Constitution guarantees criminal-court defendants the right to an interpreter when necessary, no matter what language they speak.

The state employs more than 1,000 court interpreters statewide—roughly 300 staff and more than 700 per-diem—at a cost of about \$26 million a year, which is around 1.4% of the court system's budget. That number has been pretty stable for several years. New York City alone has about 250 staff interpreters, at an annual cost of \$16.5 million.

In a report issued last month, the New York State Office of Court Administration laid out a plan for improving court-interpreter services, including more training and assessment. Lawyers said that while the plan is a good one, and court-interpreter services

have improved, it remains a challenge to keep up in New York City as people from around the globe arrive.

"Most people involved in this issue worry a great deal," said Fern Schair, an attorney who has led the court system's advisory committee on interpreter services for 10 years. "The last few years in New York we have more languages to interpret."

Ronald Younkins, executive director of the state Court Administration office, said that among the more than 100 languages interpreted in New York City courts in 2016 were several appearing for the first time, including Bandi, Chuj, Sylheti, and Kunuma.

Ann Ryan, statewide coordinator for the office of language access, said New York courts have been seeing a slow but steady increase in indigenous languages of Mexico and Central America such as Quiche, Mam, Nahuatl, Tlapaneco, and Mixteco.

Often, she said, courts only can find interpreters who can translate these languages into Spanish, but aren't proficient in English, forcing courts a few times each month to resort to "relay interpreting"—enlisting, for example, the services of both a Quiche-to-Spanish interpreter and Spanish-to-English interpreter.

Ms. Ryan said relay interpretation can be effective but noted that there always is a risk of mistranslation.

Legal Services NYC, an organization that provides free

Many Tongues

The 10 most interpreted languages	The 10 least interpreted languages
◆ Spanish	◆ Somali
◆ Mandarin	◆ Bassa
◆ Russian	◆ Temne
◆ Haitian Creole	◆ Swedish
◆ Cantonese	◆ Kyrgyz
◆ Arabic	◆ Rwanda
◆ French	◆ Tem
◆ Bengali	◆ Hakka
◆ Polish	◆ Mongol
◆ Korean	◆ Visayan

Ranked by hours spent interpreting each language in state courts in New York City between Jan. 1, 2016, and March 28, 2017. Source: New York State Office of Court Administration

civil legal counsel to low-income New Yorkers, surveyed 51 attorneys in 2016 and found evidence of "systemic delays" due to language issues in the courts, sometimes causing adjournments that forced their clients to return to court several times.

When an interpreter isn't available attorneys have to decide whether to waive their cli-

ent's right to translation or ask to adjourn the case for a later date, said TuoZhi Lorna Zhen, an attorney with the New York Legal Assistance Group.

With clients who have to take time off work to come to court and often relive traumatic experiences with every appearance, delays or postponements can lead to exhaustion and resignation, she said.

Mr. Younkins said the state doesn't have good data on how common or how long translation-related delays can be, but is studying the issue. Ms. Ryan said a certain amount of delay is inevitable, given the complicated scheduling challenges already present in the court system and the sometimes unpredictable need for interpreters.

Other lawyers raised concerns about mistranslation, given the fact that even minor errors can have dire consequences in court.

Alexandra Lewis-Reisen, a Russian-speaking New York Legal Assistance Group attorney working in family courts, said she represented a Russian-speaking client seeking an order of protection who answered "no" when asked whether she had been hit, because the court interpreter who translated the question used a more specific Russian word meaning "punch."

Ms. Ryan acknowledged that the court system needs more interpreters in several languages, particularly Punjabi, Urdu and Bengali. But she said mistrials due to poor interpretation are rare.

close a case that shook the city, drew national attention, and changed the way missing-children cases are handled.

Etan, a first-grader, disappeared while walking alone for the first time to his school bus stop in the Manhattan neighborhood of SoHo on the morning of May 25, 1979. No trace of him was ever found and he became one of the first missing children to appear on a milk carton.

More than three decades later, in 2012, police arrived at the New Jersey home of Mr. Hernandez, following a tip from his brother-in-law.


Lawyers representing Pedro Hernandez say there has been a miscarriage of justice.

Under police questioning, Mr. Hernandez, who worked in a SoHo bodega at the time of Etan's disappearance, said he lured the child into the store's basement, then strangled him and disposed of his body.

In two criminal trials, Mr. Hernandez's defense lawyers argued that he had given a false confession, a product of aggressive police questioning and his low IQ and mental illness. The first trial ended in a 2015 mistrial when jurors failed to agree on a verdict. The second ended in February with a unanimous guilty verdict on charges of murder and kidnapping.

Mosquito Control in Connecticut



PREPARING FOR SUMMER: An All Habitat Services employee looked for traces of mosquitoes in Eisenhower Park in Milford, Conn., on Tuesday before the local health department held a news conference to discuss its mosquito-control program.

Lawmakers Target Firm Over River Cleanup

BY KATE KING

LYNDHURST, N.J.—New Jersey lawmakers Tuesday criticized Argentina's state-run oil company for what they said was a premeditated plan to use U.S. Bankruptcy Court to shirk its responsibility for the Passaic River cleanup.

Legislators on a committee comprising members from both chambers of the state Legislature voted unanimously to approve resolutions asking New Jersey and federal officials to investigate whether the company, YPF SA, has violated state or federal laws.

"We want them to pay their fair share of the cleanup of the Passaic River," said state Sen. Bob Smith, a Democrat who presided over a joint committee hearing on the issue in Lyndhurst on Tuesday.

The issue involves a riverfront site in Newark that, through years of acquisitions, has been owned by YPF unit Maxus Energy Corp. At that site in the 1950s and 1960s, former manufacturer Diamond Alkali produced pesticides and herbicides including Agent Orange. A New Jersey court ruled in 2011 that Maxus and another affiliate were responsible for dumping dioxin, a highly toxic chemical and likely carcinogen, into the river decades ago.

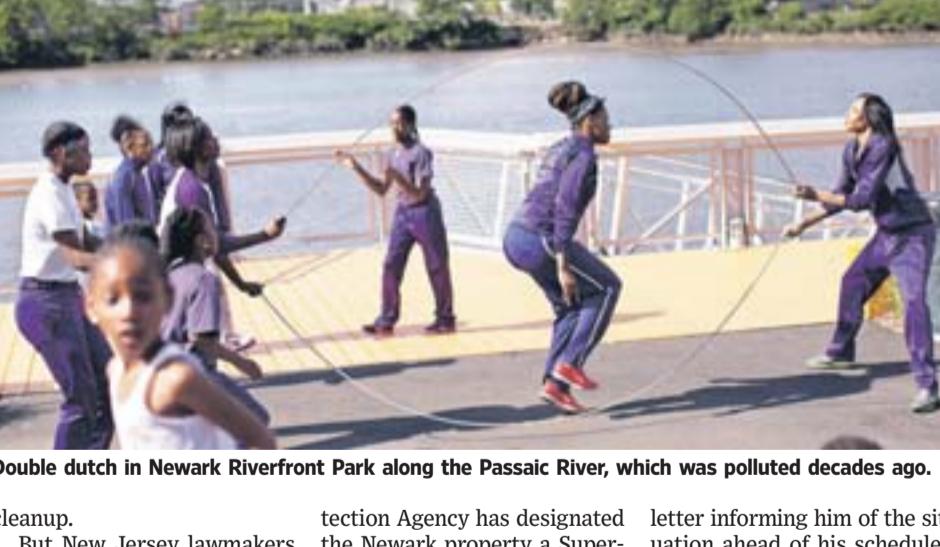
Maxus Energy filed for bankruptcy protection last June after YPF agreed to provide \$130 million to the unit and four other affiliates on liabilities related to the Passaic River

cleanup.

But New Jersey lawmakers accused YPF, which bought Maxus Energy in 1995, of embarking on a decadeslong plan to strip the company of its \$2 billion in oil and gas assets and then force it into bankruptcy to avoid the full extent of its environmental liabilities.

"It seems our laws exist in a way that allows corporations to have far greater ability to bob and weave around liability," said Democratic Assemblyman John Wisniewski.

YPF said in a statement that it has transferred \$700 million to Maxus for environmental remediation in the past 20 years and isn't liable for the Passaic River contamination.



Double dutch in Newark Riverfront Park along the Passaic River, which was polluted decades ago.

tection Agency has designated the Newark property a Superfund site. It has also identified more than 100 companies that are potentially liable for a 10-year, \$14 billion cleanup of the nearby Lower Passaic River, which is polluted with dioxins and other toxic contaminants. YPF and Maxus aren't included in that list.

EPA officials have filed proofs of claim in Maxus Energy's bankruptcy case for liability associated with the Newark site. An EPA spokesman, citing the continuing litigation, declined to provide an estimate of the liability.

State lawmakers also said they would ask New Jersey's congressional delegation to send President Donald Trump a

letter informing him of the situation ahead of his scheduled April 27 meeting with Argentina's President Mauricio Macri.

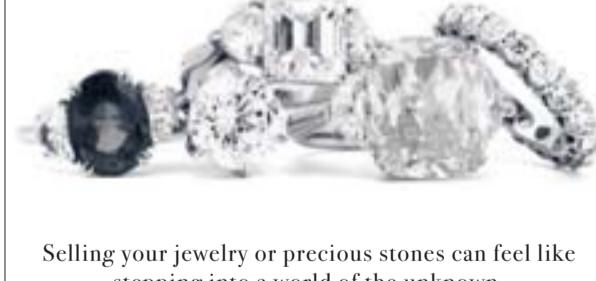
New Jersey has more than 100 Superfund sites, the most of any U.S. state.

Occidental Chemical, which bought Maxus' chemical business in 1986 and has been involved in litigation with YPF for years, has said the \$130 million the company has offered to cover environmental costs is too low.

In September, Occidental Chemical agreed to spend \$165 million on design and engineering work needed to start the Passaic River cleanup.

A spokesman for YPF said Occidental is trying to shift the blame to other companies.

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GREATER NEW YORK



The Art of Getting Patrons to Leave

Jason Apfelbaum has no trouble attracting patrons to SUSHI ROXX, his high-energy Manhattan restaurant inspired by Tokyo nightlife. The tricky part is nudging them out. When a table drops \$1,500 on Godz-

illa sushi rolls and Death Star cocktails, he can't just hustle them out the door.

"You don't want to leave them with a bad taste in their mouth," he says.

At about 2 a.m., Mr. Apfelbaum employs an elaborate series of hand gestures to start winding things down, which he likens to a third-base coach dropping signals to a hitter.

A downward gesture signals DJ Mokalicious to spin softer tunes and brighten the lights. A whipping motion tells the wait staff to drop the checks. A throat-cutting gesture alerts the bartender to last call.

If tipsy patrons linger on, the staff stops by to chat them up. "We forge a connection, so when we do ask them to leave, they feel we're on their team," Mr. Apfelbaum says.

It costs about \$150 an hour to staff the restaurant after the kitchen has closed, but it adds up, he says. Letting guests linger as long they please could cost an extra \$30,000 a year.

Getting folks out is a tricky task for nearly every type of businesses. Jonathan Greenstein, owner of J. Greenstein & Co., a Cedarhurst, N.Y., auction house for antique Judaica, says some people linger past viewing hours at the pre-auction exhibition, but never appear at the auction itself.

He has ways of dealing with these "nudniks" (Yiddish for pest). Sometimes he'll call to his assistant, "Abe, did you set the security alarm? It's getting close to time to go."

Then there's the direct approach. "I think we're going to go home and take care of our small children now!"

Still, it's impossible to identify the big spenders, so he gives everyone the benefit of the doubt. "You never judge anyone by their attitude, their dress, anything," Mr. Greenstein says.

One common method for clearing the house: the partial shut down. Well before the 3 a.m. closing time at Zeppelin Hall, a large Jersey City beer garden, security guards ask guests to move from the garden to the indoor hall. After they put on their coats and grab their bags, many head through the hall and out the door without stopping.

"Now the crowd has gotten thinner. It solves some of the problem," says John Argento, the director of operations at Zeppelin Hall.

Eddie Dean, who opened Schimanski nightclub in Williamsburg, Brooklyn, and produces festivals at venues including Citi Field and Pier 94, both in New York City, says he typically schedules his headline act to end an hour before close, followed by a lesser-

known DJ. "Once the headliner's gone, people start trickling out," he says.

There's a lot at stake. At New York's largest concert venues, an hour of overtime could boost the labor tab by \$20,000 or more, Mr. Dean notes.

The bigger the venue, the more massive the operation, of course. At the Brooklyn Botanic Garden, an army of guards warn guests 45 minutes before closing.

At Macy's in Manhattan's Herald Square, about 15 minutes before the posted closing time clerks fan through all 1.2 million square feet of retail space, offering help with final transactions and checking all 850 fitting rooms, says Kathy Hilt, district vice president and the store's general manager.

Of course, if patrons really want to stay, why not let them? The American Museum of Natural History in Manhattan started offering adult sleepovers. For \$350, patrons can camp overnight under the famous blue whale.

Tenants Allege Rent Violations

BY LAURA KUSISTO

A group of about 60 apartment tenants is suing one of New York City's largest landlords, alleging that Stellar Management illegally overcharged tenants for rent for four years.

The tenants, who live in more than a dozen different buildings, allege that Stellar received a tax abatement given to landlords who renovate older apartment buildings, but didn't comply with a requirement that it cap rent increases for the duration of the benefit, according to a complaint filed in the Supreme Court of the State of New York on Tuesday.

The tenants allege that Stellar also raised rents on regulated apartments by claiming it had performed renovations worth far more than was the case.

"The heinousness of it is the mass nature of the statutory abuses," said Lucas Ferrara, a senior partner at Newman Ferrara LLP, the law firm representing the plaintiffs. "It's just something we haven't seen on such a level in decades."

A spokesman for Stellar Management said: "We have serious concerns about the validity of both the merits and motivations underlying this suit and will vigorously defend

against these claims."

The lawsuit stems from an investigation by the Housing Rights Initiative, a nonprofit group that helps organize tenants who allegedly have been overcharged, in hopes of filing lawsuits seeking class-action status. The aim is to give them more ammunition against landlords, who have better access to legal representation.

Aaron Carr, the group's founder and executive director, uncovered documentation from city tax records showing that Stellar registered to receive the tax abatement, known as J-51, for a number of buildings but didn't comply with the requirements. In one building in Inwood only 43 of the 70 units were registered as rent stabilized, when the law requires that all must be, according to the documents.

Filomena Reyes pays about \$1,900 a month for a three-bedroom apartment in the Manhattan neighborhood of Inwood. She said her unit wasn't registered as rent-regulated between 2008 and last year, even though Stellar had received the J-51 tax benefit. Ms. Reyes, 63 years old, works as a home-health attendant and said she has struggled to pay the rent. She said she just wants to feel like the rent "is fair."



Filomena Reyes said her Manhattan apartment wasn't registered as rent-regulated, even though Stellar had received a tax benefit.

GREATER NEW YORK WATCH

NEW YORK CITY

Mayor Taunts Trump As He Releases Taxes

Mayor Bill de Blasio released his personal income taxes Tuesday and took a jab at President Donald Trump, who has declined to do so.

"See President Trump? It's not that hard," Mr. de Blasio, a Democrat, tweeted Tuesday.

A spokeswoman for Mr. Trump didn't return a request for comment. Mr. Trump previously has said he isn't releasing his taxes because he is being audited.

The mayor and his wife, Chirlane McCray, reported an adjusted gross income of \$220,651. Mr. de Blasio draws an annual salary of \$217,217 as mayor. The couple also reported \$106,000 in rental income from the two homes they own in Brooklyn.

Gov. Andrew Cuomo saw his income rise last year to \$414,700, according to his federal tax return, boosted by some \$200,000 in royalties from his 2014 memoir.

Mr. Cuomo, also a Democrat, earns \$170,000 annually for his job as governor.

—Mara Gay and Mike Vilensky

NEW JERSEY

Ex-Passaic Mayor Sentenced to Prison

A judge on Tuesday sentenced the former mayor of Passaic to 27 months in prison for taking \$110,000 in bribes from two developers in exchange for directing federal housing funds to a failed low-income housing project.

The judge also ordered Alex Blanco to pay \$110,000 in restitution and serve three years of supervised release.

"What I did was wrong and I apologize to the city, the people of the city who trusted me, and I apologize to my wife who will now have to carry the load and raise our four sons," Mr. Blanco said.

The Democrat had faced up to 10 years in prison and a fine of as much as \$250,000.

Mr. Blanco resigned as mayor after pleading guilty in November. He won a special election in 2008 to succeed Mayor Samuel Rivera, who resigned and was sentenced to 21 months in prison in 2008 for accepting bribes.

Mr. Rivera was released from prison in 2010.

—Associated Press

NEWARK

Appeal Denied in '07 Schoolyard Killings

An appeals court has denied the appeal of a man convicted in the 2007 murders of three college-bound friends in a Newark schoolyard.

Jose Carranza had argued he received ineffective assistance from his lawyer.

Mr. Carranza contended he was at the crime scene, but didn't participate in the killings. The Peruvian native was in the country illegally at the time of the killings of Dashon Harvey, Terrance Aerial and Iofemi Hightower.

Six men and boys were convicted or pleaded guilty in the slayings. Mr. Carranza received an aggregate sentence of 155 years.

The victims were robbed at gunpoint and lined up in front of a wall and shot. A fourth victim was sexually assaulted, stabbed and shot, but survived.

—Associated Press

OUT TODAY
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VENUS WILLIAMS ACES HER TENNIS AND STYLE GAMES
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LIFE & ARTS

WORK & FAMILY | Sue Shellenbarger

When Second Is Best

Be happy and excel as a deputy; deliver bad news, help find solutions

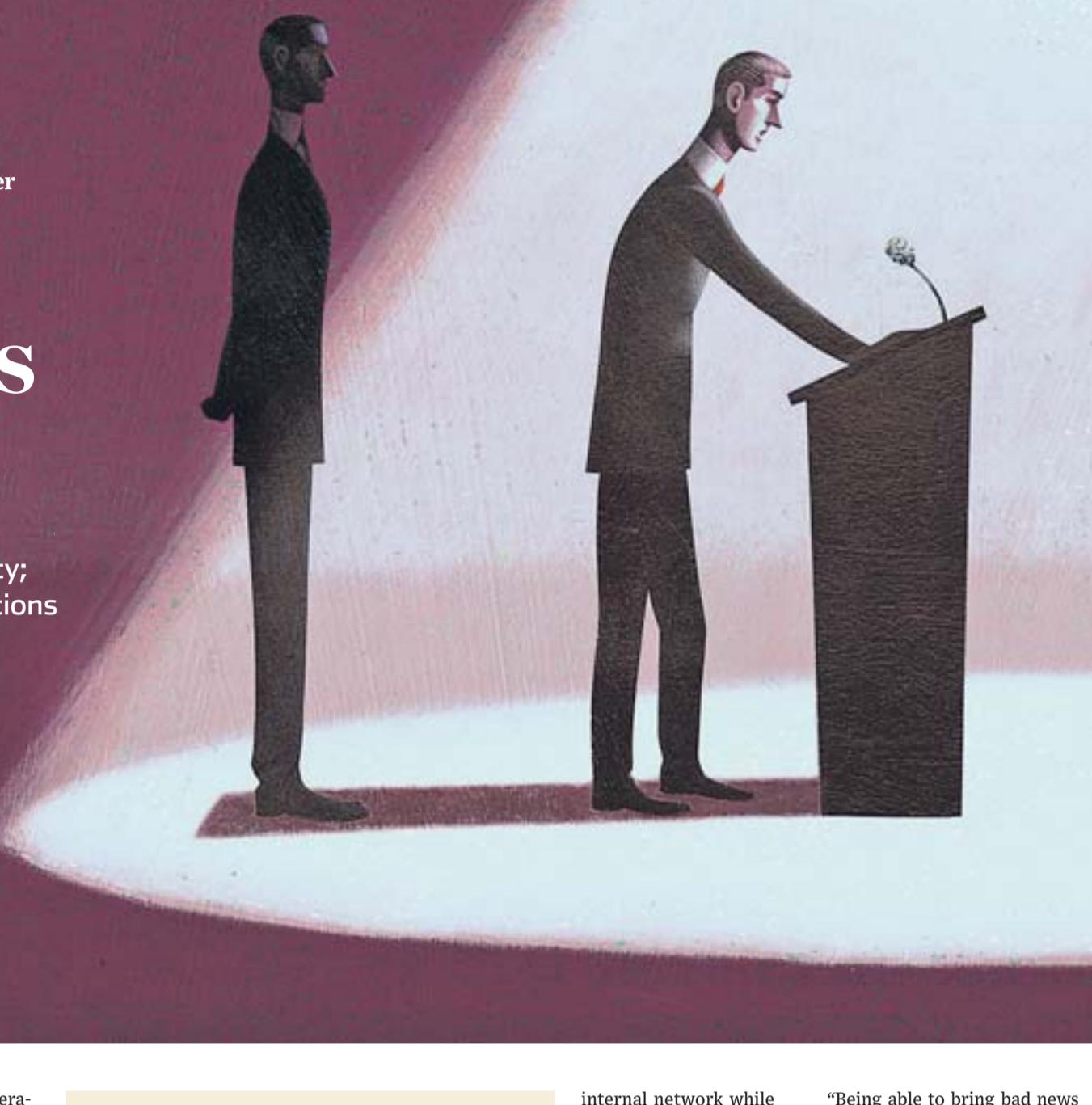


ILLUSTRATION BY JON KRAUSE; ICONS: WSJ

GREAT BOSSES get applauded, but an able No. 2 doesn't get much attention.

When done right, though, the deputy's job can be a rich and rewarding role. It takes finesse to make it a winning hand. The role offers access without having to take the spotlight or the main blame when things go wrong. The most-fulfilled deputies, however, also challenge the boss, call out mistakes, and still carry out the leader's plan.

Rhonda Haynes doesn't need the spotlight to be motivated. She derives her rewards from knowing things are getting done, the organization is running smoothly and her colleagues' morale is good, says Ms. Haynes, deputy executive director of a Chicago nonprofit.

She doesn't confuse that with being selfless. A deputy can't succeed without the boss's support. On a previous job as a No. 2, Ms. Haynes says, her boss hampered her work by withholding information. In her current post, her boss Linda Listrom, executive director of the National Association for Urban Debate Leagues, gives her lati-

tude to oversee operations and programs for the group, which supports a network of student debate groups nationwide.

The second in command should be prepared to step in for the CEO when necessary. "You have to be able to take on anything the leader takes on, without having had all the experience," says Marc Hurwitz, Toronto consultant and co-author of a book on cultivating effective followers.

A deputy's skills also should complement those of the leader. "If No. 1 is strong in thinking at 30,000 feet, then you'd better be the one who's thinking at ground zero," says Robert Kelley, a management professor at Carnegie Mellon University who has researched star performers at all levels of management. "You get

THE DO'S & DON'TS OF THE ULTIMATE NUMBER TWO



Be willing to bury your ego

Take satisfaction in behind-the-scenes wins

Promote the boss's plan even when you disagree

Tell the boss when he or she makes a mistake

Protect the boss from unnecessary surprises



Expect glory or praise for yourself

Be afraid to challenge the boss

Try to compete with the boss

Expect to build a career on being No. 2

Try to accomplish goals that differ from the boss's

internal network while serving as deputy chief operating officer of Argonne National Laboratory in Argonne, Ill., for six years. "You have to talk to people, and even more important than talking is listening" for problems that need attention, says Mr. Quintana, who is currently an interim deputy director at the lab.

Mr. Quintana's boss, Paul Kearns, who joined Argonne as chief operating officer, says he valued Mr. Quintana's internal connections and his ability to keep him informed about day-to-day issues at the lab. When a problem arose several years ago with

"Being able to bring bad news forward is a critical aspect of the role, and also giving some early thought to the first step or two toward a solution," Mr. Kearns says.

A deputy shouldn't be afraid to challenge the boss. Joseph Basile, president of Catania Oils, an Ayer, Mass., edible-oils processor and packer, says he is more reserved than his outgoing brother Stephen, an executive vice president and the No. 2 executive to Joseph. He sees the contrast as a strength. "We feed off each other in generating ideas, and we have fun doing it," Joseph says.

Stephen says Joseph's analytical approach to decision-making drives him crazy sometimes. "He'll just spreadsheet and graph a question to death, and I'm like, 'Come on, can we make a decision already?'" He sometimes sees later, however, that his hasty decision would have been wrong. "We challenge each other," Stephen says, "and in challenging each other, everybody wins."

A deputy can have a major impact by working quietly behind the scenes.

Please see SECOND page A15

TELEVISION

FAILURE SUCCEEDS ON 'SILICON VALLEY'

BY JOHN JURGENSEN

ROUGHLY SIX MONTHS have passed in the fictional world of "Silicon Valley," the HBO comedy about brilliant programmers who stumble repeatedly in their efforts to launch a startup.

But three years have gone by in the real Silicon Valley since the premiere of the satire, which returns for a fourth season Sunday. That's a dog's age in tech time, during which Facebook's annual profit grew nearly tenfold, Google changed its corporate name to Alphabet, and Uber and Airbnb became part of the vernacular as verbs.

Silicon Valley and "Silicon Valley" merge in the show's 10-second title sequence, featuring corporate logos in a cartoon cityscape. The animation is tweaked every season to riff on tech's who's-up, who's-down economy. Season 1's opener had a shrinking MySpace headquarters and a crashing Napster hot air balloon. The new season 4 opener shows FBI trucks pulling up to a Theranos building, a reference to a scandal that shook the blood-testing tech company, as well as an Uber balloon getting jostled by a Lyft balloon (and spawning a smaller one labeled Didi, which took on Uber's operation in China).

"We don't change the title sequence within the season. At some point maybe we'll start doing that," says executive producer Alec Berg, referring to rapid shifts in the industry's competitive landscape. Mr. Berg, who runs "Silicon Valley" with "Office Space" and "Idiocracy" director Mike Judge, notes that only companies located in the Valley are eligible for a title cameo, hence the absence of, say, Snap-



Left to right, Kumail Nanjiani, Thomas Middleditch, Martin Starr and Zach Woods in 'Silicon Valley.'

chat, whose Los Angeles-based parent company recently went public.

The show takes aim at the way greed and innovation can overlap in the tech sector. In a coming episode, a character played by comedian T.J. Miller namechecks Oculus, the virtual-reality company Facebook bought for \$2 billion in 2014 (around the time "Silicon Valley" premiered). Smoking a bong on the

eve of a pitch meeting with a venture-capital firm, he says, "any f---ing idiot can walk into a room and utter the letters 'V' and 'R' and VCs will hurl bricks of cash at him."

"Silicon Valley" has loyal followers in the industry it skewers, including coders who analyze the show's tech references for accuracy. "There's so much pressure on every frame of this show because you know there

is a subset of the population that is going to freeze-frame and zoom in on everything," Mr. Berg says.

Consulting with engineers and Valley veterans, the show's writers came up with a fictional invention for Pied Piper, the hapless startup in "Silicon Valley." It was an algorithm that radically compresses data, a concept that any viewer could grasp, including everyday web users. But it didn't help the writers solve a lingering story-telling problem: what would happen to the show if or when Pied Piper actually takes off?

"I would love for these guys to succeed, but the reality is that watching people win and get everything they want is not entertaining," Mr. Berg says. In the climax of season 1, Pied Piper (led by main brain programmer Richard Hendricks, played by Thomas Middleditch) won a big tech competition and turned into the hottest property in town. In season 2, the writers tried running with Pied Piper's status as the "belle of the ball," Mr. Berg recalls, but it was "boring," so they sent the startup into a downward spiral instead.

The halting progress continues in season 4 as Richard starts experimenting with a potentially disruptive new use for his algorithm, even as the writers "keep throwing tacks under their tires to make their journey requires ingenuity and hard work and strife," the producer says.

However, just as loyalties to real ventures in the Valley rise and fall, "Silicon Valley" producers worry that the audience might give up on the characters if they continue to blow it. "That's the perpetual challenge of the show," Mr. Berg says. "How do you keep them striving without giving them the brass ring?"

LIFE & ARTS

MY RIDE

Coast to Coast On Ancient Harleys

Steve DeCosa, 67, a retired high-school teacher from Oswego, N.Y., on his Harley-Davidsons, as told to A.J. Baime.

I had never ridden a motorcycle at the time I retired. Shortly after leaving teaching in 2011, I bought a late-model Harley-Davidson. I passed my road test on a Thursday, and by Saturday, my wife Joan and I were on a 2,500-mile ride.

The following year I saw the send-off of the 2012 Motorcycle Cannonball, a coast-to-coast ride for antique bikes. I thought, I need to be a part of this. Joan and I bought a 1927 Harley JD and began a restoration, with a hard deadline—the 2014 Cannonball.

In our two-car garage, we did our own painting, pinstriping and nickel-plating. We did the mechanical assembly ourselves, too. Anything we did not know how to do, we learned from YouTube videos. With Joan as my crew chief, we made the ride successfully from Daytona Beach, Fla., to Tacoma, Wash. But the experience made us long for more. So we pieced together a 1915 Harley 11F from parts we bought from all over the country, with a goal to finish in time for the 2016 Motorcycle Cannonball.

The 1915 Harley is a wonderful bike. It was the first Harley with a three-gear transmission and the last with a bicycle pedal-type start. (You pedal like on a bicycle to start the engine.) The motor thumps out a whole 11 horsepower.

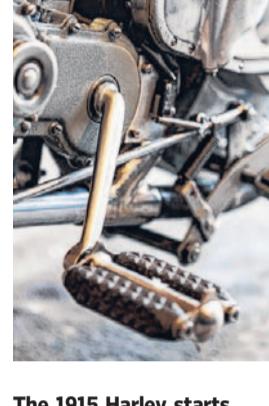
The 2016 Cannonball went from Atlantic City, N.J., to Carlsbad, Calif., on a particularly grueling



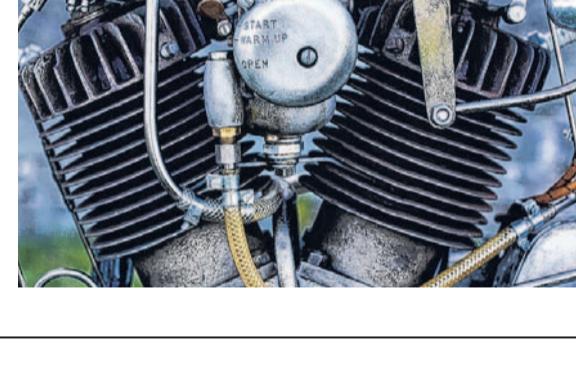
route. I trained for months so I could make the 16-day journey, with seven to eight hours of riding each day. I rode through rain and cold in Missouri, over mountain passes in Colorado and through searing heat in the Mojave Desert.

Just 15 miles from the finish, someone cut me off and I slammed on the brakes, busting the Harley's brake linkage. For the last 15 miles, I cruised through surf towns on the Pacific Coast Highway, stopping the bike Fred Flintstone-style by dragging my feet on the pavement. I won the Cannonball in my class. Joan and I are already planning for the 2018 event, which will run from Portland, Maine, to Portland, Ore.

Contact A.J. Baime at Facebook.com/ajbaime.



The 1915 Harley starts with a pedal, above. A view of the 1927 bike's seat, above left.



Steve DeCosa and his wife, Joan, below, restored a 1927 Harley-Davidson JD, above and left, and a 1915 Harley 11F, bottom left and right. Mr. DeCosa rode the bikes across the U.S. in 2014 and 2016, respectively.

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14 Spider Blk/Blk 2k Sold Here New

14 Spider Blk/Blk 4k Sold Here New

LIFE & ARTS

SECOND

Continued from page A13
the scenes. Rosy Pal worked her way up from a part-time cake-decorating job to the No. 2 spot at **Saisethsons Hospitality Group Inc.**, a Toronto franchisee with 41 Tim Horton's restaurants. Ms. Pal, who is director of operations, measures her own success partly by tracking how many employees she coaches each week, teaching them the skills they need to rise in the ranks.

CEO Amit Seth credits Ms. Pal for the company's ability to promote 90% of its managers from within. "She has the ability to bring people up and patiently teach them step-by-step," he says.

It is also important to figure out how serving as No. 2 fits into your career plans, Mr. Quintana says. Ask yourself: "How long do you want to stay in the role? What do you want to do after that?" he says.

For some, it is a launchpad. The pool of experienced No. 2 executives is often the first place recruiters look for candidates for top jobs, Dr. Kelley says.

For others, it is a lifestyle. David Lassman was the No. 2 executive at six different companies earlier in his career. Being free to coach employees and help companies run more smoothly were among the biggest rewards, says Mr. Lassman, who is now a professor of organizational management at Carnegie Mellon University.

"You have to get rid of your ego. You have to be comfortable not getting all the credit—but you also typically won't get all the heat either" if things go wrong, Mr. Lassman says.

WORK FAMILY MAILBOX

Q: You've written about managing a demanding boss. How do you decide where to draw the line—when a manager's demands are truly unreasonable?—K. J.

A: Demands that seem reasonable to one person can be unacceptable to another. Some employees comply with demands because of a business crisis or a customer's emergency. They justify working extremely hard as a way to meet team goals, advance their careers, earn a bonus or stretch their skills. For these people, the rewards are compelling enough.

Others refuse because they see extreme demands as a symptom of poor management or a boss's selfish ambition. They may fear that complying will hurt the quality of their work. Or they see the demands as unfair, questioning why they're repeatedly asked to make sacrifices when co-workers aren't.

For others, the personal costs are too high. The boss may be acting as if all their time belongs to the company. Or the employer's values may clash with their own, forcing them to neglect family or loved ones or degrade their physical health or quality of life. Employees have to weigh these factors for themselves, and may make different decisions at different stages of their careers.



JOAN MARCUS (2)

THEATER REVIEW | Terry Teachout

Reliable and Relivable

A 'commodity musical' offers a familiar story with a solid staging and a shining star

New York

ANDY KARL'S WORST dream came painfully, horrifically true last Friday night: He took a show-stopping fall and injured his left knee 10 minutes before the end of "Groundhog Day," the new musical based on the 1993 movie. To everyone's astonishment, Mr. Karl came back out and finished the last scene on a crutch—but he canceled out of Saturday's shows, the final previews before "Groundhog Day" opened on Monday. The word all over Broadway had been that Mr. Karl was giving a performance strong enough to turn an admired but little-known stage pro into a name-above-the-title matinée idol. Was he destined, then, to be remembered merely as a falling star?

Not a chance. Mr. Karl returned to "Groundhog Day" on Monday, wearing a black knee brace but showing no other visible sign of his agonizing ordeal—and as they say in show business, he killed. A good-looking, magnetically charismatic fellow with a rich singing voice and the effortless moves of an old-time hooper, Mr. Karl did the impossible: He made you forget about Bill Murray, the star of Harold Ramis's screen comedy about Phil Connors, a jaded TV weatherman who inexplicably gets stuck in a "Twilight Zone"-like cosmic loop and is forced to relive Groundhog Day over and over again until he learns the meaning of true love. Instead of aping Mr. Murray's inimitably cynical performance, Mr. Karl did it his way, playing Connors as a naturally likable guy who has been pickled in the bitter brine of frustration—and he made it work. From now on, he'll be writing his own ticket.

Danny Rubin, the co-author of the original screenplay, and Tim Minchin, who wrote the score for "Matilda the Musical," are jointly responsible for turning "Groundhog Day" into a stage musical, and



The cast of 'Groundhog Day' (top) and Andy Karl (above), who injured himself at a Friday preview of the show but was able to perform on opening night.

they've done a smart, mostly solid job of it. Likewise Matthew Warchus, who staged "Matilda" with cleverness and verve and has done no less well this time around. I won't try to tell you, however, that "Groundhog Day: The Musical" is a great show. In truth, it's an entertaining but fundamentally ill-conceived attempt to do the impossible. Stephen Sondheim, who once gave serious thought to turning Mr. Ramis's much-loved film into a musical, later explained in an interview why he changed his mind: "It cannot be improved. It's perfect the way it is." Bull's-eye. "Groundhog Day" doesn't need musical numbers to touch the heart: It makes its infallible effect without them. Not only is it funny and moving, but it even succeeds in saying something genuinely pro-

found about the human condition, which is no small achievement for a Hollywood romcom.

So why bother going to see a musical that fails by definition to improve on perfection? Because it's *safe*. It costs more than ever to see a Broadway show, and the number of people who are prepared to drop \$149 on a musical about which they know nothing is shrinking accordingly. Fortunately, "Groundhog Day" is much, much better than the usual run of what I call "commodity musicals," in which hit movies like "Legally Blonde," "Sister Act" or "Young Frankenstein" are retrofitted with songs and dances but otherwise stick like superglue to their source material. In other words, it's *safe*, but not enervatingly so.

Sure, "Groundhog Day" is still a

gussied-up commodity musical at bottom, in addition to which it lacks a memorable score. Too many of Mr. Minchin's songs are lively but facelessly eclectic, and his overstuffed, ill-crafted lyrics (somebody really should have told him that "erection" and "reception" don't rhyme) never tell us anything about the characters that we haven't already learned from the dialogue. What's more, the first act is so noisy and hectic that the underlying romantic yearning of Phil and Rita (charmingly played by Barrett Doss), the TV producer whom he falls for, gets lost in the clatter. But "Groundhog Day" calms down and finds its emotional footing in the second act, in which Mr. Minchin gives his stars a truly fine ballad, "Seeing You," that allows them to express their new love with the open-hearted warmth for which you've been waiting all night long. In addition, the production is a bit too busy (Rob Howell's set actually incorporates five turntables) but is for the most part satisfactorily elaborate, while the staging is as fine as you'd expect from Mr. Warchus, one of England's top stage directors.

Judged by the lofty standards of the classic Broadway musicals of the past, "Groundhog Day" falls short. Still, it manages to do far more than merely suggest the quality of the wonderful film on which it's based, and Mr. Karl's performance makes it seem even better than it is. "Guys and Dolls" it isn't, but you won't be even slightly sorry you saw it.

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

MUSIC REVIEW

NEW ORLEANS JAZZ: EXPANDING THE TRADITION

BY LARRY BLUMENFELD

THE MUSICAL LEGACY of New Orleans leans on contradictory truths. Certain things that have happened—a snare-drum figure, a familiar call-and-response—will always happen. Yet nothing stays the same. The city has a distinct sonic signature, but it can't be reduced to a single style. Two new releases from New Orleans musicians use celebrated traditions as springboards for new concepts.

The sousaphone that Troy Andrews, better known as Trombone Shorty, plays on "Tripped Out Slim," a brief but bracing track on his new album, "Parking Lot Symphony" (Blue Note), due April 28, nods to the music of second-line parades. But it also undergirds a singular sound that Mr. Andrews has created—gleaming, graceful, slightly gritty and distinctly modern. A seductive singer, Mr. Andrews's most compel-

ling voice still comes via trumpet and trombone. On this album, multi-tracked, he plays several instruments, tracing forms that get boldly colored in by his Orleans Avenue band. The Allen Toussaint song "Here Come the Girls" and the Meters classic "It Ain't No Use," included here, reflect the formula to which Mr. Andrews aspires as a composer: memorable melodies and compelling hooks that suggest stories. He often hits that mark. The layers and fleeting dissonances of the closer, "Laveau Dirge Finale," suggest further inventions to come.

On "Ruler Rebel" (Stretch Music/Ropeadope), trumpeter Christian Scott aTunde Adjuah begins "New Orleanian Love Song" with a long tambourine rattle—the call to action of the Mardi Gras Indians, perhaps the most inscrutable of New Orleans indigenous cultural groups. This tradition, in which Mr. Adjuah was raised, reflects African influence. So does the drum kit played

by Joe Dyson Jr., which includes West African djembe and dundun drums in place of bass drum and toms. Another drummer, Corey Fonville, plays a kit augmented by electronic SPD-SX pads, de rigueur in hip-hop circles. Mr. Adjuah fuses a distant past, jazz's precursors, with an of-this-moment sonic feel. His music has reached a point of

dazzling refinement—a dense, richly textured blend of acoustic and electronic elements. His trumpet playing, which often sounds majestic, never steals the spotlight. It commands from deep within.

Mr. Blumenfeld writes about jazz for the Journal.



Trombone Shorty performing in 2016

GETTY IMAGES

SPORTS

HEARD ON THE FIELD



Pirates' Marte Gets 80-Game Suspension

Starling Marte, an All-Star outfielder for the Pittsburgh Pirates, was suspended 80 games after testing positive for nandrolone, a performance-enhancing drug.

Marte, 28, has emerged as one of baseball's brightest all-around young talents in recent years. He hit .311 with an .818 on-base-plus-slugging percentage and 47 stolen bases last season, winning the second Gold Glove of his career.

"Neglect and lack of knowledge have led me to this mistake with the high price to pay of being away from the field that I enjoy and love so much," Marte said in a statement Tuesday.

Losing Marte for half of the season comes as a significant blow to the Pirates, who won 78 games in 2016 after three consecutive playoff appearances. Marte, who signed a six-year, \$31 million contract in 2014, was supposed to make \$5 million this season.

—Jared Diamond



Leicester's Fairy Tale Is Officially Over

For months after its improbable Premier League title, Leicester City managed to extend the fairytale. Even as the club struggled at home, competing in the Champions League alongside Europe's leading lights kept things suitably surreal.

On Tuesday, the adventure finally ended in the quarterfinals of the world's most prestigious club tournament. Leicester failed to break down Atletico Madrid, and lost 2-1 on aggregate.

For a first ever run in the Champions League, it wasn't a bad showing—after all, three years ago, Leicester was still playing in the second tier of English soccer. But don't expect them back on Europe's biggest stage any time soon. The Foxes currently sit in 12th place.

In Tuesday's glitzier quarterfinal between Real Madrid and Bayern Munich, the Spanish leaders used a Cristiano Ronaldo hat trick to beat Bayern 4-2 in extra time. Real has now reached the Champions semifinals for a record seventh straight season.

—Joshua Robinson

New research suggests the protocol for evaluating brain injuries in sports should be reexamined

BY MATTHEW FUTTERMAN

EVERYONE SAID Kenney Bui was fine to return to the football field.

The 17-year-old defensive back at Washington's Evergreen High School, where he kept a 4.0 grade-point average, suffered a concussion in a game on Sept. 4, 2015.

Two weeks later, a doctor cleared Bui to begin practicing again. Bui also passed a cognitive test administered by the school's athletic trainers that revealed his brain was functioning as well as it had been before the season.

Then on October 2 of that year, in a game against Highline High, Bui left the field groggy after a collision. He lost consciousness on the sideline, and was rushed to a nearby hospital, where he underwent surgery. Three days later he died. "We followed the standard protocol," said Terri McMahan, athletic director for the Highline Public Schools, which includes Evergreen High.

New research suggests that the protocol might need to be reexamined. The preliminary findings of the largest-ever study of concussions show that even after athletes pass a battery of tests, their brains might not be fully healed. This means athletes of every age and ability—from high-school soccer players to NFL wide receivers—are potentially being sent back on the field when they are at heightened risk for brain injuries.

"There is a period of vulnerability after the athlete's cognition is recovered but before the brain is recovered," said Michael McCrea, professor of neurosurgery and neurology and the director of brain injury research at the Medical College of Wisconsin.

McCrea is one of three scientists leading the CARE Consortium concussion study, which has for three years tracked the health and injury records of 28,000 college athletes, as well as athletes and cadets at the service academies.

That research is raising questions about what for years has been the accepted method for deciding whether an athlete has recovered from a concussion: a physician's check-up combined with a digital test of cognition. The cognition test—the industry standard is created and sold by a company called ImPact—gauges attention span, reaction time and other cognitive skills against the athlete's performance in those areas before the start of the season. When the headaches and other clinical symptoms subside and the athletes perform as well on the test as they



did before the season, they get to return to the field, a process widely referred to as "protocol."

However, McCrea and his team of researchers say their findings, based on advanced neuroimaging, suggest that may be too soon. They believe the research should hasten the need to make advanced brain scans more widely available and, in the meantime, push trainers and doctors to be more cautious about when they allow athletes to begin play again.

McCrea said the early findings show that the biological symptoms of an injured brain last significantly longer than the clinical signals that health professionals gauge through symptoms and cognitive testing. That finding is crucial because scientists know that after an initial concussion there is a time of heightened danger when athletes face a major risk of significant injury or even death if they experience another head trauma.

It's not clear where Bui was on that spectrum when he returned to the field.

McCrae bought the ImPact test and hired four athletic trainers who learned how to administer it shortly after she began as athletic director for Highline Public Schools in 2010. Bui took the test before the 2015 season, just like every other Evergreen football, soccer, basketball and volleyball player. The Evergreen protocol required him to take it again in Sep-

SAFETY

A 17-Year-Old's Death Points to Potential Flaws in Concussion Test

Above, a helmet-to-helmet collision in the 2016 Arizona Bowl. Kenney Bui, left, died in 2015 after being cleared to play when his concussion symptoms passed.

tember before he was cleared to return to play.

McMahan wonders whether Bui suffered another brain injury after he returned to practice and didn't tell his coaches. "That is what I think about on a regular basis," she said. Ngon Bui, Kenney's father, referred questions to his lawyer, Richard Adler. Adler didn't return messages.

ImPact, a closely-held San Diego-based company, was created by neuropsychologist Mark Lovell and neurosurgeon Joe Maroon.

The two in the 1990s set out to design a neuropsychological test to establish a baseline for cognitive performance among the players that they could compare with results gathered after players suffered concussions. For instance, players had to perform memory exercises, such as listening to a series of numbers and repeating

them backwards and forwards.

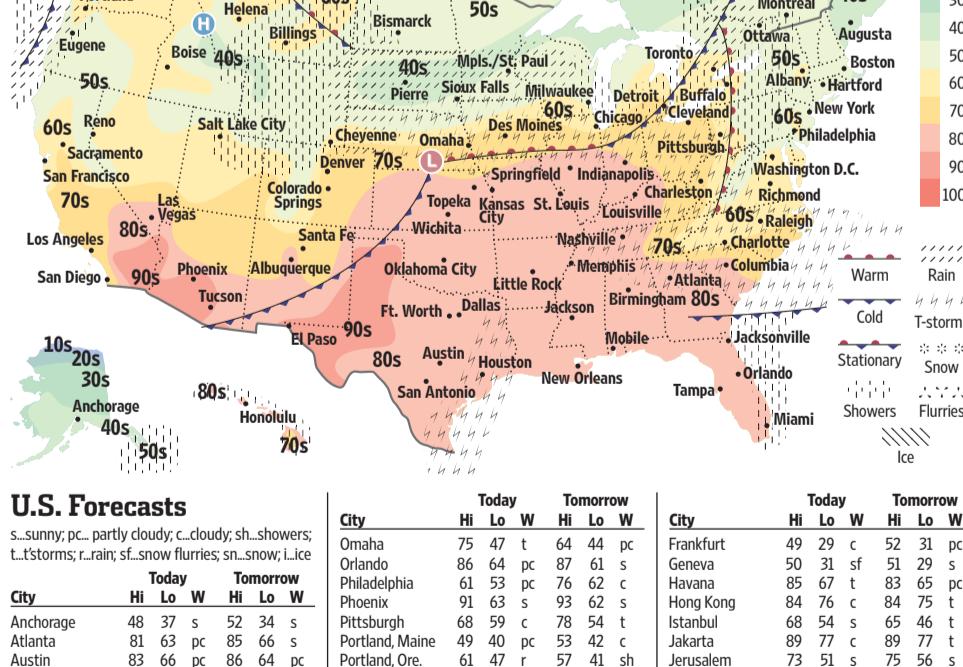
Two decades later, exercises like these form the central components of ImPact's signature product, the Immediate Post-Concussion Assessment and Cognitive Test. More than 7,400 high schools, 1,000 colleges and universities and 200 professional teams rely on the test to evaluate recovery from mild traumatic brain injury. "We don't claim to be the be-all and end-all," said Michael Wahlster, chief executive at ImPACT since 2013. "We do think we are a cornerstone."

Wahlster said he understands that although new research may show that in certain cases brain injuries linger after cognitive performance recovers, his product is the best tool available while scientists test those findings further.

But McCrae and others say the latest research suggests that cognitive tests alone are not enough.

Dr. Philip Stieg, chairman of the Weill Cornell Brain and Spine Center said he considers cognitive tests along with clinical criteria, such as whether there are lingering headaches, sleep issues, or sensitivity to light. "It's the balance between the clinical findings, the laboratory research, and what are we seeing radiographically," he said.

Weather



U.S. Forecasts

S=sunny; pc=partly cloudy; c=cloudy; sh=showers; t=tstorms; r=rain; sf=snow flurries; sn=snow; l=ice

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage 48 37 s 52 34 s

Atlanta 81 63 pc 85 66 s

Austin 83 66 pc 86 64 pc

Baltimore 62 54 c 80 61 pc

Boise 64 45 pc 59 36 c

Boston 52 44 pc 56 49 c

Burlington 58 45 r 56 48 c

Charlotte 68 57 c 82 63 pc

Chicago 68 52 t 68 41 c

Cleveland 74 60 t 78 49 t

Dallas 83 68 pc 85 67 c

Denver 74 38 s 66 39 sh

Detroit 74 57 t 75 45 t

Honolulu 82 74 sh 82 72 sh

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Los Angeles 73 56 s 79 57 s

Miami 83 73 sh 82 73 c

Milwaukee 59 42 c 59 39 r

Minneapolis 50 41 r 54 35 r

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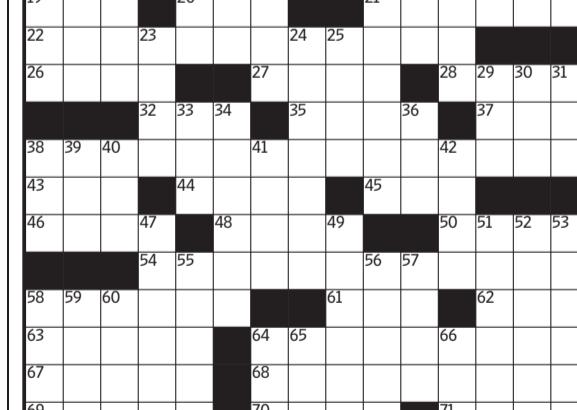
Buenos Aires 67 58 r 73 54 pc

Dubai 96 81 s 94 80 s

Dublin 56 44 c 57 42 sh

Edinburgh 57 47 c 59 48 pc

The WSJ Daily Crossword | Edited by Mike Shenk



TAKE A BITE OUT OF CRIME | By Ned White

Across

1 "Dear" advice source

5 Regarding

9 Snazzy

14 Bernanke's predecessor

16 Some rail riders

17 *Shoptlifted spud, ready to be fenced?

18 Site of a wave, at times

19 Little tunneler

20 Walter Scott title

21 Gamer's likeness

22 *Heisted Hershey's treats?

26 Giga-times 1000

27 "Vamoose!"

28 Criticize harshly

32 I, in Ingolstadt

35 100-cent currency

37 Notable period

38 *Fish caught illegally?

43 Throw wildly, say

44 Assorted collection

45 Sp. lady

46 Sixth Greek letter

48 Teri's "Young Frankenstein"

50 Knocks over

54 *Illegal scheme to sell zucchini?

58 Bright entrance hall

61 Collar

62 "Chandelier" singer

63 Glove material

64 Where those involved in the starred crimes may end up?

67 Gather

68 Original title of Shakespeare's "Henry VIII"

69 Full of attitude

70 Modernize, say

71 Match units

Down

1 More than taken aback

2 Literary sister

3 Person in a pool

4 "Got that right?"

5 Sean of "The Lord of the Rings"

6 Flint products

7 Skin work, informally

8 Lennon's love

OPINION

Behold the Master Conspirator



BUSINESS WORLD
By Holman W. Jenkins, Jr.

It was the bombshell that bombed. The Washington Post reported last week that a Trump campaign adviser, in the middle of last year's election campaign, had indeed been singled out by the FBI for surveillance as a potential Russian agent.

Unfortunately for the conspiracy theorists, it was Carter Page, the Walter Mitty of Trump world.

Far be it from me to suggest the FBI was just looking for an easy way to fob off Obama administration pressure to validate its Trump-Russia talking points. Mr. Page had been the target four years earlier of a sad little recruitment effort by Russian spies in New York, who eventually were prosecuted and whose monitored communications referred to Mr. Page as an "idiot."

He later gave an incoherent speech in Moscow in the middle of the campaign decrying U.S. sanctions. Most of all, he was singularly devoid of influence with either Donald Trump or the Russians, though perhaps not the least likely contender to say something foolish on a "wiretap."

Most media accounts take for granted his self-description as a player in Russian energy deals, but a lengthy Politico investigation as far back

as September found that "nobody in Russia seems to have heard of him."

So this is the man the FBI selected as the most likely spy in the Trump midst. Which explains a lot—like the deafening silence last week of media organs that so recently had been wetting themselves over tenuous Trump-Russia theories.

Silent was the New York Times columnist who a couple weeks ago jabbed about a "smell of treason."

Silent was House Intelligence Committee ranking Democrat Adam Schiff, who not long earlier had noisily detected "circumstantial evidence" and "more than circumstantial evidence" of a Trump-Kremlin conspiracy.

But then a lot of pundits and others have lately demonstrated their inability to reason about evidence or even understand what is truly a "coincidence" in the sense of an unlikely confluence of events. The only really interesting evidence has now been debunked by Byron York of the Washington Examiner, who shows that the claim that the Trump forces had weakened a GOP platform critique of Russian actions in Ukraine was simply misinformed.

Mr. Schiff and Mr. Page are fitting sharers of the stage in this episode, with a certain indefinable insubstantiality in common.

Mr. Page attached himself to Candidate Trump, promoter of better relations with Russia, after apparently spending

the past decade—since leaving a junior job with Merrill Lynch in Moscow—seeking to insert himself in energy deals in Russia in hopes, as his would-be spy recruiter put it, of "making a lot of money." If he ever did make any money, it hasn't shown up in an obvious place—campaign donations. Mr. Page's one recorded contribution was to John McCain back when Mr. Page still had a job with Merrill.

Adam Schiff and Carter Page have in common cluelessness and ambition.

As for Mr. Schiff, he got the third-time's-a-charm job back in 1990 of prosecuting a hapless FBI agent for his affair with a Russian spy after two previous attempts ended in a hung jury and a mistrial. Mr. Schiff clearly hopes today to raise his meager profile as one of 53 California congressmen by riding his party's Trump neurosis to a shot at a U.S. Senate seat.

Appearing recently on the same ABC News show as Mr. Schiff, Sen. Marco Rubio noted puckishly of the Senate's own investigation: "No one's out there trying to turn this into a way to get famous."

Uh huh. No one also doubted Mr. Rubio was accurately summarizing Washington's fast-hardening consensus on Mr. Schiff.

Few memes have died so sudden a death as the Trump-is-a-Russian-mole meme, with his Syria strike, with his administration publicly accusing Russia of "complicity" in the nerve-gassing of civilians.

The Trump presidency is coming into focus. Astonishing are the headlines pronouncing it "astonishing" that Mr. Trump, facing the pressures, constraints and opportunities that other presidents face, is acting more or less like other presidents. Isn't this where his admittedly steep learning curve was always likely to lead?

If the House Intelligence Committee wishes to continue its descent into circumsight, by all means accommodate Mr. Page—now styling himself a pro-Russia "dissident" whom the Obama administration sought to persecute—and his desire "eagerly" to testify. At least his offending Moscow speech took place after the Crimea grab, when it was no longer U.S. policy to promote business dealings with Russia, an important threshold that Democrats anachronistically refuse to acknowledge (and which never applied to Paul Manafort but does apply to the completely ignored Russia dealings of the Podesta brothers).

Then again, the committee might resume its original mission of investigating Russia's shambolic propaganda efforts in the U.S. election, rather than peddling conspiracy theories about minor members of the Trump entourage.

BOOKSHELF | By Peter Pesic

Mozart For the Masses

Language of the Spirit

By Jan Swafford
(Basic, 321 pages, \$28)

In recent years, a number of books have lamented the impending death of classical music as orchestras struggle financially and musicians urgently seek new audiences. In "Language of the Spirit," Jan Swafford seeks to reaffirm the force and enduring appeal of this music. He offers an introduction to classical music through brief biographies of some 30 major composers and descriptions of their masterworks as "a stimulus toward a better understanding of the music and the people who write and play it." More than that, the book is a "love song to the art I love and to which I have devoted my life," an expression of the "almost painful yearning in the pit of my stomach" that music already evoked in him as a young man.

A noted composer and teacher, Mr. Swafford has written biographies of Beethoven, Brahms and Charles Ives

but here addresses himself to a much wider public. "Language of the Spirit" includes an array of unpretentious, charming anecdotes, stories once universally known but (Mr. Swafford suspects) now need retelling. His book is perfect for people who are curious about classical music but feel somewhat intimidated by it.

One does hear intelligent people lament that they don't "understand" classical music, as if understanding were somehow essential to loving it.

Mr. Swafford is more interested in making people feel at home by humanizing composers and works, recounting their lives with the right mixture of familiarity and wonder. Above all, he wants to help people discover compositions they might enjoy.

Most of the stories Mr. Swafford retells were familiar to me, but now and again I encountered arresting new details. I was aware that Joseph Haydn's marriage was unhappy but had not known that his wife cut his music manuscripts into scraps to roll her hair. I did not know that Wagner's last words were "I feel lousy." I knew that Hans von Bülow was a great conductor and champion of Richard Wagner, who subsequently ran off with von Bülow's wife, Cosima. "If it had been anybody but Wagner," Mr. Swafford quotes von Bülow as saying, "I would have shot him." But I did not know that, when he heard the news of Wagner's death, von Bülow "fell down in a fit, clawing and gnawing the carpet."

Mr. Swafford recommends compositions that are mostly well known, including warhorses like Rachmaninoff's piano concertos and Shostakovich's symphonies. His down-to-earth tone emphasizes that he is not putting forward some arcane canon but mostly works "from what we, with a sigh, call the standard repertoire, because many of those pieces are beloved for good reason."

Intelligent people lament that they don't 'understand' classical music. Since when is understanding essential to loving?

He notes that such "standard" works as Beethoven's Fifth Symphony were revolutionary in their time. Our listening (and performances) need to recapture that sense of surprising originality.

Mr. Swafford begins with a brief treatment of medieval and Renaissance music; I was glad that he wanted to include at least a few of these wonderful works, which deserve to be known by many more music lovers. He goes beyond the old music-appreciation guides of the last century by giving a central place to modern music and not just to the classic and Romantic works that used to constitute most listeners' idea of "classical music."

As befits a composer, he leads us on a personal tour through 20th-century music and conveys its excitement and greatness. Commendably, he gives as animated and persuasive an account of Arnold Schoenberg as of Igor Stravinsky while noting that Schoenberg has had a much harder time winning audiences' hearts. Schoenberg's atonality, he emphasizes, was a means to an end, that of creating "intensely expressive music" reflective of his time and place. "My works are not twelve-tone compositions," Schoenberg said; "they are twelve-tone compositions." At times, Mr. Swafford directs his readers to wonderful pieces that they might not otherwise encounter, such as Béla Bartók's haunting "Cantata Profana," in which the eerie voices of hunters merge into the songs of the magic stags they are stalking.

Mr. Swafford doesn't stop with these rather familiar modernist masters and includes some more recent figures. He directs special attention to György Ligeti, whose music came before the wider public when Stanley Kubrick used it for his movie "2001" (without asking permission). Mr. Swafford emphasizes how funny Ligeti's music can be, full of "all-consuming outlandishness," as well as arguing that "he is the most interesting, most expressive, most important tonal artist to appear since Stravinsky died."

Mr. Swafford concludes by surveying the early-music movement and the quest for "authentic" performance. Though praising original-instrument orchestras for their "lively and lucid" playing, he stresses expressivity over mechanical ideals of "period performance," noting the very different (and much larger) spaces in which we now hear music, compared with their more intimate original venues. He makes the important point that "the relentlessly fast tempos often heard these days can tear the guts out of the music" and sap its expressive power.

Indeed, that expressivity remains potent today. In the recent film "Manchester by the Sea" (2016), at crucial moments classical music entirely replaces dialogue to convey an overwhelming emotional impression. For Mr. Swafford, some pieces of classical music "will upgrade your sense of what music is about; some may upgrade your sense of what you are about."

Mr. Pesic, director of the Science Institute and musician-in-residence at St. John's College in Santa Fe, is the author of "Music and the Making of Modern Science" and "Polyphonic Minds: Music of the Hemispheres."

Turkey Leads an Authoritarian Trend

POLITICS & IDEAS
By William A. Galston

It has been another bad week for liberal democracy. In France a late surge by Jean-Luc Mélenchon raised the hitherto unthinkable prospect of a presidential runoff between the candidates of the hard left and the far right, both of whom have pledged to withdraw from NATO and institute a pro-Russian foreign policy.

Meanwhile, Turkish President Recep Tayyip Erdogan narrowly prevailed in a referendum that would amend the constitution to grant him sweeping new powers, opening the door to authoritarianism with a thin democratic veneer.

The conduct of the referendum illustrated the difference between mere majoritarianism and real liberal democracy. The Organization for Security and Cooperation in Europe declared Monday that the vote took place on an "unlevel playing field." The referendum was held under the state of emergency declared after the failed July 2016 coup, which led to the arrest and prosecution of more than 100,000 citizens, the dismissal of more than 150,000 civil servants, and the dissolution of nearly 1,600 civil-society organizations. Since then, 150 journalists have been jailed and 158 media outlets have been closed, including 60 radio and television stations and 19 newspapers.

During the referendum campaign, government authorities used emergency powers to curtail freedom of expression, assembly and association. Many "no" campaigners were assaulted, the OSCE reports, and large numbers were arrested on flimsy charges such as insulting the president. As the vote was under way, Turkey's election authorities announced they would accept ballots that did not meet the normal standard for validation.

The Turkish judiciary has primary responsibility for administering referendums. But in the nine months since the attempted coup, almost a third of the country's judges and prosecutors have been dismissed on allegations of harboring sympathy for Fethullah Gülen, the exiled religious leader the Erdogan government has fingered as the coup's mastermind. A leaked document from the European Union's intelligence unit found that Mr. Gülen had not ordered the coup and that President Erdogan had used the post-coup purge to tighten his grip on power.

The referendum's content was no more compatible with democratic principles than its process. In a Brookings report, Sinan Ekim and Kemal Kirisci concluded that the constitutional changes will "institutionalize a populist, one-man system that jeopardizes legislative and judicial independence and consolidates them in the office of the president."

The new constitution abolishes the prime minister's office

and transfers his duties to the president, who may issue decrees carrying the force of law on political, economic and social issues. The president will also have the power to establish and abolish ministries and appoint and fire ministers, all without legislative review. Other changes significantly increase the president's power to select senior members of the judiciary and ram measures through the legislature with a simple majority.

Today Erdogan. Tomorrow Viktor Orbán in Hungary. And the day after?

Turkey exemplifies the process by which populist democracy can turn authoritarian. Begin with a charismatic leader whose blend of assertive nationalism and traditional values mobilizes rural conservatives against the more liberal cities. Chip away at constraints in government and civil society. Attack enemies, foreign and domestic, to divert attention from inevitable political and policy failures. Seize on security threats to purge the opposition and legitimize hard-to-reverse constitutional changes concentrating power in the leader's hands.

Today Erdogan of Turkey. Tomorrow Viktor Orbán in Hungary. And the day after?

This said, the West bears a

measure of responsibility for what transpired. The EU had a historic opportunity to bring Turkey more securely into the democratic fold. Early in the accession process, Mr. Erdogan's government took concrete steps to make its institutions and policies compatible with European democratic norms. But European leaders dragged their feet, signaling reluctance to bring the talks to a successful conclusion. Many Europeans, I believe, were hesitant to admit a Muslim nation into their club. Beneath the surface of secularism lies a civilization that has not shed its Christian roots.

When Mr. Erdogan decided that Turkey was unlikely ever to be allowed to enter the EU, his incentive waned to restrain his authoritarian impulses. From then on, he was a motive waiting for an opportunity, which the tragically stupid leaders of the 2016 plot gave him.

Completing the circle of enablement is the U.S. If President Obama was ambivalent about democracy promotion, President Trump is indifferent to it. His warm embrace of Egyptian President Abdel Fattah Al Sisi during his visit signified this attitude, and Mr. Trump's congratulatory post-election telephone call to Mr. Erdogan confirmed it.

International pro-democratic forces must now rally to the defense of democracy wherever it is threatened. For the foreseeable future, they must do so without the support of the U.S. government.

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By Robert Bryce

Now that tax day has passed, I must thank you, my fellow federal taxpayers. You all are the wind beneath my solar panels.

Pardon me for mixing energy metaphors, but it's only appropriate that I express appreciation for the generous subsidy you provided for the 28-panel, four-array, 8,540-watt photovoltaic system I installed on my metal roof last year. Thanks to the investment tax credit, I slashed my 2016 federal tax bill by \$7,758.

Before going further, let me be clear: I'm opposed to all energy subsidies—unless, of course, I'm the one collecting them. And thanks to the incentives for rooftop solar, I've snared three subsidies.

In addition to the federal subsidy, Austin Energy (our city-owned utility) paid \$6,593 of the cost of my system. Thus, after subtracting local

and federal subsidies, the net cost of my 8.54-kilowatt system was \$18,100, or about \$2.12 per watt of installed capacity. I'm also getting an ongoing subsidy that pays me far more for the electricity I produce than what other generators get in the Texas wholesale market.

My panels are producing about 12 megawatt-hours of electricity per year. In 2016, according to the Electric Reliability Council of Texas, the average wholesale price of electricity was \$24.62 per megawatt-hour. But Austin Energy pays me \$106 for each megawatt-hour my system produces. Therefore, I'm getting more than four times as much for my solar electricity as other generators in Texas. I get that price regardless of whether the grid needs the juice from my panels or not.

In the 12 months since I installed the system, half of my monthly electric bills are

showing up with a negative balance. I figure my solar panels will pay back their cost in 14 years and that the return on my investment is about 7%.

Recently, one of my neighbors also had panels installed. But fewer rooftop solar projects are being installed in low-income neighborhoods. That's true in California, which leads the country in solar-energy capacity. According to a study done for the California Public Utility Commission, residents who have installed solar systems have household incomes 68% higher than the state average. Ashley Brown, executive director of the Harvard Electricity Policy Group, calls the proliferation of rooftop solar systems and the returns they provide to lucky people like me, "a wealth transfer from less affluent ratepayers to more affluent ones." It is, Mr. Brown says, "Robin Hood in reverse."

Do I feel bad about being a solar freeloader? Yes, a little.

Mr. Bryce is a senior fellow at the Manhattan Institute and author of "Smaller Faster Lighter Denser Cheaper: How Innovation Keeps Proving the Catastrophists Wrong" (Public Affairs, 2014).

OPINION

REVIEW & OUTLOOK

Highway From the Endangerment Zone

Scott Pruitt has emerged as a leading voice in the Trump Administration for U.S. withdrawal from the Paris global climate deal, so it's ironic that the Environmental Protection Agency chief is being assailed from the right for being soft on carbon. Too many conservatives these days are searching for betrayals where none exist.

As Attorney General of Oklahoma, Mr. Pruitt successfully sued to stop the enforcement of President Obama's regulations known as the Clean Power Plan, or CPP, and he's preparing to dismantle them for good as EPA administrator. The rap from the right is that he won't challenge the underlying determination for regulating CO₂ emissions known as an endangerment finding. In 2009 the EPA concluded in this finding that carbon dioxide and other greenhouse gases pose a threat to public health and the environment, and this document serves as the nominal legal basis for the CPP and other antcarbon rules.

Mr. Pruitt's critics claim that withdrawing from the CPP without reversing endangerment will strengthen his opponents in the inevitable green lawsuits that are coming. Endangerment findings create a legal obligation for the EPA to regulate the relevant pollutants, even if carbon is far different from traditional hazards like SO_x and NO_x.

The endangerment finding was deeply misguided and flawed in its execution, and nobody fought it more than we did. But there's a practical reason that Mr. Pruitt is right about the risks of trying to revoke it now. The finding has been upheld by the courts, and creating a legally bulletproof non-endangerment

rule would consume a tremendous amount of EPA resources, especially at an agency with few political appointees and a career staff hostile to reform.

Scott Pruitt is right to avoid a fight over an anti-CO₂ EPA finding.

Technical determinations about the state of the science are supposed to be entitled to judicial deference, but the reality is that the D.C. Circuit Court of Appeals that would hear the case is packed with progressive judges. Climate change has become a theological conviction on the left, so Mr. Pruitt would almost certainly lose either with a three-judge panel or en banc.

The Supreme Court's appetite for such a case is also minimal, since it would run directly at the 2007 ruling in *Massachusetts v. EPA* that prepared the way for the endangerment finding. Justice Anthony Kennedy was in that 5-4 majority.

Mr. Pruitt is already taking on difficult and controversial challenges, so better for the Administration to use scarce political capital where it will make a difference instead of burning it on a doomed mission. The endangerment finding doesn't dictate any specific regulation, and Mr. Pruitt has the discretion to interpret the Clean Air Act to achieve his favored policy outcomes, including to repeal legally tenuous central planning like CPP.

A future Democratic President could use the endangerment finding to revive something like CPP, but then that same Administration could restore endangerment too. Mr. Pruitt is a natural target for the left, but when conservatives are impugning one of the leaders of President Trump's economic deregulation project as a sellout, maybe the problem is the critics, not Mr. Pruitt.

rent development will be delayed or the rule could even become a de facto moratorium. Removing foreign-flagged vessels from the U.S.

supply chain will make future projects riskier and more expensive. Proponents claim U.S. fleets can simply buy new equipment, but that takes time and in any case is a misallocation of resources to satisfy an arbitrary regulation.

The motives of Mr. Obama and career CPB staff are obvious: to reduce oil-and-gas investment. Less obvious is the support of some Republicans in Congress, especially the Louisiana delegation led by Majority Whip Steve Scalise. They're cheering because they think blocking foreign competition will benefit the local maritime trade.

Perhaps Mr. Trump even buys into this America-first logic. But deep water operations in particular don't have the scale to support a purely domestic business. Any short-term boon to boat building or shipyards will be exceeded by the disruption to jobs and investment, and the larger economy will lose to the extent there is less oil and gas development.

Mr. Trump only recently nominated a permanent CPB commissioner, and in the meantime the bureaucracy seems to be riding herd. The new rule could be finalized as soon as this month. Mr. Trump is otherwise committed to domestic energy and economic deregulation, and he could serve both goals by ordering a top-to-bottom review of Mr. Obama's destructive parting gifts.

Offshore Drilling Blowout Preventer

President Trump is filling out his Administration, but too slowly, and an offshore drilling proposal shows why having personnel to mind the store is so important. Barring a late reversal, Mr. Trump may abet his predecessor's goal of undermining American energy production.

Two days before President Obama left office—the encyclopedia definition of a midnight regulation—U.S. Customs and Border Protection (CPB) rolled out a new rule on the Jones Act. Under this 1920 law, all ships transporting goods between U.S. ports must be U.S.-flagged, constructed in the U.S., owned by U.S. citizens and crewed by U.S. citizens.

Most ships in the offshore oil and gas industry like crewboats or platform-supply vessels already comply with the Jones Act in the Gulf of Mexico, Alaska and elsewhere. But Customs now wants to extend the mandate to certain specialized drilling, construction and engineering vessels. Currently, about 30 CPB regulatory precedents stretching back 40 years exempt these ships from the Jones Act.

The reason is that the drilling industry is global and mobile. Heavy-lift construction vessels, for example, are used to install moorings in deep water and perform other specific, limited tasks. There are 76 in the world—and none of them comply with the Jones Act. The international fleet of crane barges tops out at 173, only 17 of which qualify.

If the CPB reverses historic precedent, the damage will be immediate and disorderly. Cur-

A new rule would damage Trump's plans for more U.S. energy.

rent development will be delayed or the rule could even become a de facto moratorium. Removing foreign-flagged vessels from the U.S.

supply chain will make future projects riskier and more expensive. Proponents claim U.S. fleets can simply buy new equipment, but that takes time and in any case is a misallocation of resources to satisfy an arbitrary regulation.

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Theresa May's Election Opportunity

Theresa May surprised her countrymen Tuesday by calling for a new British election on June 8, and it's a reasonable if daring bet. The Prime Minister wants a new and larger majority in Parliament as she negotiates Britain's departure from the European Union. Let's hope she uses the campaign to offer a vision for a competitive Britain that meets the post-Brexit challenge.

The next election wasn't scheduled until 2020, and the safer play was to negotiate Brexit first. But Mrs. May is still living with David Cameron's pre-Brexit Tory majority, and she figures she'll be in a stronger negotiating position if she can win a larger majority in her own right. You have to admire her nerve, and her faith in democracy, especially in this era of populist surprises.

Mrs. May continues to be popular since taking over from Mr. Cameron last year, and her Tories lead in the polls. Markets reacted well to Mrs. May's election news, with the pound rising on expectations that she will be able to grow the current 17-seat Tory majority.

She is also striking when the Labour Party is divided under Jeremy Corbyn. The unreconstructed socialist is nostalgic for nationalized railroads and a union-dominated economy that modern Britain long ago left behind. His foreign policy is of the global left, with a soft spot for Hamas and dislike for NATO. Many Labour MPs think Mr. Corbyn didn't do enough to fight Brexit last year, so he has his own challenge laying out a coherent post-Brexit policy.

Then again, anything can happen in a democracy, especially these days. Britain has more than a little post-Brexit anxiety and even buyer's remorse. Some of this is the uncertainty of change but some relates to real economic de-

velopments since the Brexit vote.

The plunge in the pound since last summer is expected to push inflation above 3% this year.

Wages aren't keeping up, and households feel the squeeze. Business confidence is flagging as the EU's line on trade talks has hardened and the difficulty of concluding other trade deals comes into focus.

Separatism is flaring again in Scotland.

Mrs. May's challenge amid this ferment will be articulating a vision of what Brexit is for. Economic liberalizers supported Brexit as a way to free Britain from EU statism, but that hasn't been Mrs. May's governing identity. She has been offering a form of Christian-democratic solidarity instead of Thatcherite reform and a new dynamic Britain. Immigration restrictionists supported Brexit to preserve Britain's national identity, but Mrs. May now admits Britain will continue to need immigrants.

Mrs. May is hoping an election victory will help her transcend those differences and present a united Tory government in talks with the EU. But to win that majority she'll need to offer a vision of a greater Britain than the kind of communitarian conservatism she has offered so far. Her politics is dominating the political center in Britain, thanks in part to Mr. Corbyn's incompetence and radicalism.

But the economic and political challenges of Brexit are so formidable that Mrs. May will need to challenge the public to take risks to meet the competitive moment. Britain can't succeed as a solo version of the EU welfare state. It can only prosper post-Brexit if it becomes a mecca for investment and human capital. Mrs. May wants a mandate to negotiate, but she'll be in a stronger position if she also has a mandate for pro-growth reform. She should ask for it.

Will she offer Britain a vision that meets the Brexit moment?

LETTERS TO THE EDITOR

The Unfriendly Skies and 'Doing the Bump'

In "Make America Great, Boycott United" (Business World, April 12), Holman W. Jenkins misses the larger problem with our culture. True, United and Chicago airport security could have handled the situation better. But David Dao's behavior on an aircraft that he doesn't own was nothing short of a tantrum. Grabbing the armrests, refusing orders and then going limp as he was being removed were the actions of a spoiled child. The sense of entitlement in our culture seems to know no bounds. Dr. Dao clearly has a lofty view of himself and brought things to a point where security had to remove him. Any future jury should keep that in mind.

I know I would not want to be on a plane in which the operators couldn't control who was on board.

DAN PISENTI
Mill Valley, Calif.

While every frequent flier has suffered from an imperious airline employee, this is a case of a person not complying with a law-enforcement request. That changes everything. Whether you are in the right or

wrong, fighting with police officers is going to end badly for anyone.

RUSSELL LAUGHEAD
Houston

Mr. Jenkins and others expressing outrage miss the real point. Had the passenger been black, sporting a hijab or hoodie, the outcry would have been, "you should have just complied with the police." Eric Garner was choked to death because he didn't comply. Michael Brown and Freddie Gray wouldn't have died had they complied.

MICHAEL H. LEB
Pasadena, Calif.

Your editorial "A Market for United's Bookers" (April 12) omits the distinction between getting bumped at the gate and getting bumped after having been seated in the aircraft. The figure of 0.43 bumps per 10,000 passengers isn't germane to the event in question. A lesson in market economics has to be augmented with a lesson in behavioral economics, particularly about the endowment effect.

RICHARD PONARUL
Chico, Calif.

'Don't Debate, Intimidate' Must Be Stopped

William McGurn's "The Silencing of Heather Mac Donald" (Main Street, April 11) goes only part of the way in addressing what should happen in response to the mob shout-down and shutdown at Ms. Mac Donald's appearance at Claremont McKenna College.

Yes, CMC President Hiram Chodosh should live up to his promise that the CMCers involved now face potential suspension or expulsion. However, CMC students represented a small minority of the 250-300 protesters who joined arms and forcibly prevented at least one professor and many students from attending the event. The rest of the left-wing screamers were from other schools or from outside the college community entirely. What to do about that? Are the CMCers going to be the only ones punished? To what degree? We'll have to wait and see.

The Police, Not Academia, Must Handle Violent Crimes

Stuart Taylor Jr. raises many valid points ("How to End a Campus Injustice With the Stroke of a Pen," op-ed, April 11). After working in administration at a public university for 30 years, I believe that the minute someone reports having been sexually assaulted, the campus authorities should call local law enforcement and then step aside. Rape is a crime. It should not be adjudicated by a campus panel, but in a court of law.

CATHRYN SPREEMAN
Rochester, N.H.

I wish Mr. Taylor had offered a broader critique. The abuses go well beyond students denied due process in rape cases. As in my own case, faculty can also see their reputations put at risk over charges of "sexual harassment" for merely engaging in heated verbal disagreements over professional issues. Few people outside academia realize how chilling the university environment has become.

PROF. J. MARTIN ROCHESTER
University of Missouri-St. Louis

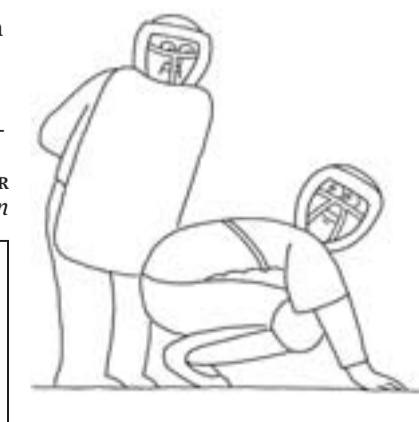
The president's reopening of the fuel-economy standards is a slam dunk for the future of foreign auto makers ("Auto-Emissions Fight Looms Anew," Business & Finance, April 10). By joining forces with the domestics to fight MPG standards, more efficient foreign brands will dominate the market when consumers flock to their higher-mileage vehicles while Detroit pulls back on fuel efficiency. Over the years, domestic car makers' myopic actions and planning have contributed to the evisceration of the American auto industry. Rolling back standards isn't a boon for American auto jobs.

The fleet-footed, consumer-centric Asian and European manufacturers, soon to be followed by the Chinese, will put the nail in the coffin of U.S. auto dominance as they continue to innovate. The "can't do" philosophy of the U.S. auto makers isn't only un-American, but sadly serves as a testament to the technological dominance of foreign manufacturers. It's too bad for the American worker that the Detroit Three don't believe in themselves. More important, it's too bad for already hard-hit, hardworking Americans who can't afford to pay more at the pump as gas prices creep back up.

JACK GILLIS
Consumer Federation of America
Washington

Pepper ... And Salt

THE WALL STREET JOURNAL



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OPINION

Gorsuch Lessons for Trump's Next Nominee

By Fred Barnes

Republicans have created a political machine for confirming conservative nominees to the Supreme Court. It functioned like a well-run presidential campaign after President Trump nominated Neil Gorsuch to succeed the late Antonin Scalia. And it needed to perform, despite Justice Gorsuch's impressive credentials.

The effort to confirm pulled off two surprises. As divided as Republicans are on health care, they were united behind Judge Gorsuch once the few wavering senators were

If another Supreme Court vacancy opens, the fight to confirm the president's choice won't be pretty.

won over. Even more unusual, Mr. Trump was all but silent on Judge Gorsuch—no tweets, no controversial comments to the press, no distractions.

The Gorsuch experience has strengthened Republicans, should Mr. Trump have a second Supreme Court vacancy to fill. Democrats won't be able to block the new nominee by filibuster, having foolishly forced Senate Majority Leader Mitch McConnell to confirm Justice Gorsuch by invoking the "nuclear option" to kill the filibuster of his confirmation.

That isn't to say that the next nominee will have smooth sailing. If Justice Anthony Kennedy, the swing vote, or any of the four liberal

Justices retires, the court's ideological balance will be at stake. One issue in particular will rise to the top: abortion. Democrats will insist that a new conservative justice would be the fifth vote to overturn *Roe v. Wade*. Moderate GOP senators might agree. Republicans control the Senate with only a narrow margin, 52-48.

The struggle over Mr. Trump's second nominee would probably make the fight over Justice Gorsuch seem cordial. Democrats have vowed total resistance. The confirmation machine would have the benefit of its experience with Mr. Gorsuch and the ability to deploy its forces quickly.

In the 11 months between Justice Scalia's death and the Gorsuch nomination, a lot happened. Mr. McConnell's decision to keep the seat open for the next president to fill unnerved even some Republican senators. When Sen. Jerry Moran of Kansas said President Obama's nominee, Merrick Garland, deserved hearings, he was pressured to change his mind, which he did.

Democrats targeted Chuck Grassley of Iowa, chairman of the Senate Judiciary Committee, who faced reelection in 2016. The media declared his seat in jeopardy if no Garland hearings were held. To bolster him, op-eds backing his refusal to schedule hearings began to appear in Iowa papers. At a town hall, a woman stood up and thanked the senator for standing strong. Mr. Grassley was re-elected with 60% of the vote.

The confirmation machine began gearing up in March 2016, when Washington attorney Don McGahn introduced Mr. Trump to Leonard Leo, the executive vice president of



EUROPEAN PRESSPHOTO AGENCY

Neil Gorsuch arriving at the Senate Judiciary Committee, March 20.

the Federalist Society. Mr. Trump said he wanted a list of potential conservative nominees to the Supreme Court. Mr. Leo not only produced it, but added a second list that included Judge Gorsuch. The list of 21 names became critical once Mr. Trump declared that he would pick from it if he became president. Mr. McConnell believes this not only made the Supreme Court the "principal" issue in the campaign, but made Mr. Trump acceptable to wary Republican voters.

Everyone played his role perfectly. Upon being nominated, Judge Gorsuch's job was to be an appealing witness at his confirmation hearings. He was never argumentative. Mr. McConnell concentrated on keeping Republican senators from bailing out. Mr. McLaughlin, now the White House counsel, handled Mr. Trump. Mr. Leo, who had earlier helped in confirming Chief Justice John Roberts and

Justice Samuel Alito, took leave from the Federalist Society to run the outside campaign.

Mr. Leo kept this last part quiet and orderly. When Judge Gorsuch was hit with a last-minute charge of plagiarism, the appropriate academics had already been lined up. They dismissed the charge as unwarranted. Mr. Leo insisted on no surprises. There were none.

The well-funded Judicial Crisis Network and its chief counsel, Carrie Severino, were a key part. Also arranged were TV ads by the National Rifle Association, which urged four Democratic senators to vote for Judge Gorsuch. Two of them did. The last hurdle was locking up three holdout Republican senators, Susan Collins of Maine, Lisa Murkowski of Alaska and Bob Corker of Tennessee. If they had voted against eliminating the filibuster, Justice Gorsuch might not be on the court today. Mr. Corker,

who regarded the filibuster as a valuable Senate tradition, was flooded with pro-Gorsuch phone calls, and the possibility of a primary challenger was raised. He complained but voted to end the filibuster anyway.

With a second nominee, the confirmation machine faces a threshold question: Will President Trump choose from the list? He hasn't said so. Before picking Judge Gorsuch he interviewed three other candidates and was especially impressed with the runner-up, Judge Thomas Hardiman of the Second U.S. Circuit Court of Appeals. He is 51.

There's considerable risk for Mr. Trump if he chooses a nonconservative, says Ann Corkery, a Washington lawyer who worked to confirm Justice Gorsuch. "Along with David Souter, the lesson of Harriet Miers should not be forgotten," she says. Justice Souter, appointed by President George H.W. Bush, joined the court's liberal faction. Ms. Miers, the White House counsel whom President George W. Bush nominated to the high court, dropped out after conservatives opposed her. "Conservatives are not going to just roll over because it's a Trump nomination," Ms. Corkery says.

Mr. McConnell expresses confidence. If a second Supreme Court vacancy arises, he said in an interview shortly after Mr. Gorsuch's confirmation, "I think we are going to see a quality nominee." The list is brimming with them, conservatives all, with a political machine eager to get behind them.

Mr. Barnes is executive editor of the *Weekly Standard* and a Fox News commentator.

Saudis Know That U.S. Power Can Bring Lasting Peace

By Abdullah Al-Saud

President Trump's decision to order missile strikes in Syria earlier this month, along with his statement that the country's future cannot include Bashar Assad, shows that the U.S. will not give the Assad regime and its allies a free hand. These moves instead have encouraged America's allies, including my country, Saudi Arabia.

The U.S. has been working closely with us for a long time to combat terror groups and to deter Iran and Hezbollah, often in ways the public doesn't see. Our support has been critical, but there are certain definitive actions that only the U.S. can take, certain voids that only the U.S. can fill.

The Kingdom of Saudi Arabia stands by our American ally, as we invariably have. We appreciate the many sacrifices the American people have made in our part of the world, and we understand their fatigue with combat. But the region is still very dangerous. Any perception that the U.S. lacks the resolve to act

when necessary only encourages those who do not share America's noble values to step in.

This happened in Syria, where the Assad regime has waged unrelenting warfare on its people for six years. The Syrian government—supported by Russia, Iran and its terrorist proxies in Hezbollah—has killed hundreds of thousands of Syrians, created one of the worst refugee crises the world has ever witnessed, and facilitated the growth of Islamic State.

Iran continues to destabilize the region, both by stoking sectarian tensions and by aiding extremist groups. It is supporting subversive and terrorist activities in the Middle East and beyond, and it has even given sanctuary to the top-ranking leaders of al Qaeda.

Saudi Arabia is sandwiched between Iraq and Yemen, both of which are fighting to determine their future despite Iranian meddling. Iraq is in a struggle against ISIS while still trying to bridge the sectarian divides Tehran has been exploiting and provoking since the

1979 Iranian revolution. Yemen has been a base for attacks against Saudi Arabia. Its civil war—provoked, fueled and sustained by Iran—has cost thousands of lives while generating political and economic chaos.

Any apparent lack of resolve only encourages those who do not share America's noble values.

Saudi Arabia and the U.S. have a shared view of the situation in the Middle East, and the major elements of our policies largely coincide. This augurs well for the possibility of bringing stability and peace to the region, but we are in for a long slog.

In Syria, our policy is to ensure a diplomatic solution to the crisis through the implementation of the 2012 Geneva I Declaration, which calls for a "transitional government body" with full executive powers

that would include members of the present Syrian government and the opposition. Saudi Arabia believes that a political solution and a peaceful transition of power cannot be obtained without the removal of Mr. Assad. The Syrian people cannot accept or believe in a peace with him in power.

Last year, we stated our willingness to commit ground forces to Syria should the U.S. decide to lead a ground campaign against ISIS. Our objective would be to liberate territory from these terrorists and ensure that such areas do not fall under the control of Iranian-backed sectarian militias or the Assad regime. Saudi Royal Air Force jets operating out of the Incirlik air base in southern Turkey have conducted more than 340 strikes against ISIS targets in Syria as of February.

In Yemen we have rolled back Iran's attempt to gain a foothold in the region and supported the forces of the elected government. We want the Houthis to commit to a political solution based on U.N. Security Council Resolution 2216. This resolution

requires the Houthis to withdraw from areas they have seized, relinquish their arms and cease all activities that properly belong to the government of Yemen.

Saudi Arabia is in the midst of a period of rapid modernization, and the quality of life of our people is our foremost concern. But that quality of life is at risk if we cannot make our region more secure. We will gladly bring our resources to bear on efforts to bring that about, but we have seen that it is only in working closely with the U.S. that our contribution can be truly effective.

We value our alliance with the U.S., and we believe that American power—and the demonstrated willingness to use it judiciously—can change the dynamics in the Middle East for the better. In the end, it is American power, reinforcing and complementing the work of America's allies in the region, that will bring stability and lasting peace.

Mr. Al-Saud is Saudi Arabia's ambassador to the U.S.

How the GOP Could Nudge the Uninsured Toward Coverage

By James C. Capretta
And Lanhee J. Chen

Republicans in Congress say they'll keep working on health-care reform. It never made sense to give up after only a few months of trying, but their plan would have better prospects if they modified it to address the criticism that it would leave too many people without insurance. The solution is to enroll uninsured Americans automatically in no-premium health coverage.

The GOP does not want to require Americans to get health insurance. Besides, a mandate is no guarantee; many people are going without insurance under ObamaCare because they cannot afford the law's expensive plans or aren't aware of their options. According to the Treasury Department, 6.5 million people paid ObamaCare's individual-mandate penalty in 2016 for not having had

coverage the year before, and another 12.7 million received exemptions from the tax and remained uninsured.

Congress can help these Americans and many others get insurance by enrolling them in no-premium, no-obligation plans from which they could withdraw if they wanted to.

Most Americans get their insurance through an employer, Medicare or Medicaid. That was true before ObamaCare and would remain true under the plan the GOP considered earlier this year. The question is what to do about people who are ineligible for employer or government coverage. ObamaCare gives them income-tested premium credits for buying insurance in the individual market; the GOP plan would replace that with age-adjusted tax credits.

But how to make sure people stay covered? ObamaCare aims to help people with pre-existing conditions

by prohibiting insurers from charging them higher premiums or restricting their coverage. The GOP wants to provide similar protections, but only to those who stay enrolled. People who opt out would pay a penalty when they try to re-enter the market.

In that case, Congress should also help policyholders avoid breaks in coverage. Lawmakers could require insurers to offer products whose premiums match the value of the federal tax credits. If the basic, age-adjusted federal tax credit for a 40-year-old man in a given state is, say, \$3,000, then every insurer in the state would have to make a policy available for such customers with a \$3,000 premium.

Insurers would adjust the upfront deductibles in these plans as necessary to ensure that the premium equals the credit. Most consumers in the individual market would thus have the option to get an insurance plan with no cost to themselves. This no-premium coverage would necessarily have higher deductibles than costlier options, but it would provide financial protection against expensive medical claims, which is the primary purpose of insurance.

As with other benefit programs, many Americans wouldn't use the credits for which they are eligible, out of inertia or lack of information. To solve that problem, the states could automatically place eligible

Automatically enroll many Americans in no-premium, high-deductible policies unless they opt out.

households into the no-premium option, randomly assigning them to one of several competing insurance plans and then notifying policyholders of their coverage.

Opponents will argue that automatic enrollment infringes on personal liberty. But people placed into such coverage would be free to opt out or to select an option that better suits their needs. Few people opt out of employer pensions when they are placed into them automatically, and no-premium insurance would impose no cost on the enrollees.

Placing as many of the uninsured

as possible into no-premium insurance would require a coordinated administrative effort. Federal tax data capture who has remained uninsured under ObamaCare. Those households would be eligible for the tax credits under the recently withdrawn GOP bill and could be placed into no-premium plans unless new data show they have become insured. States could supplement federal data by requiring residents to say whether they are insured when they pay state taxes or renew their driver's license. The states also could allow hospitals and physicians to identify uninsured patients to be enrolled into no-premium plans.

Republicans are right to argue that reducing health costs for consumers is crucial. But their plan also must make sure most Americans have health insurance. Automatic enrollment into no-premium coverage would help achieve this goal.

Mr. Capretta is a fellow at the American Enterprise Institute. Mr. Chen is a fellow at the Hoover Institution and director of domestic policy studies in the Public Policy Program at Stanford University.

Notable & Quotable: Surprise in San Francisco

From "Bookselling in the 21st Century: Radical Wisdom at City Lights" by Ivy Anderson, LitHub.com, April 12:

The day after the election I walked in for my shift at City Lights Booksellers and Publishers in San Francisco, ready to raise hell.... We had thrown [a party] on election night as a part of City Lights' Dada World Fair, a two-week long celebration that blurred my sense of past and present. One hundred years ago,

artists and activists, seeking refuge from the destruction of World War I and the first hints of fascism, found asylum and community in the cheap bars and cafes of Zurich. The artistic and political movements that grew out of this community in exile poked fun at the assumed rationality of capitalism and nationhood. Through farce, play, scything critique, and public engagement, Dadaists, and those who found inspiration in Dada's particular vein of anarchic play, attempted to enact new visions

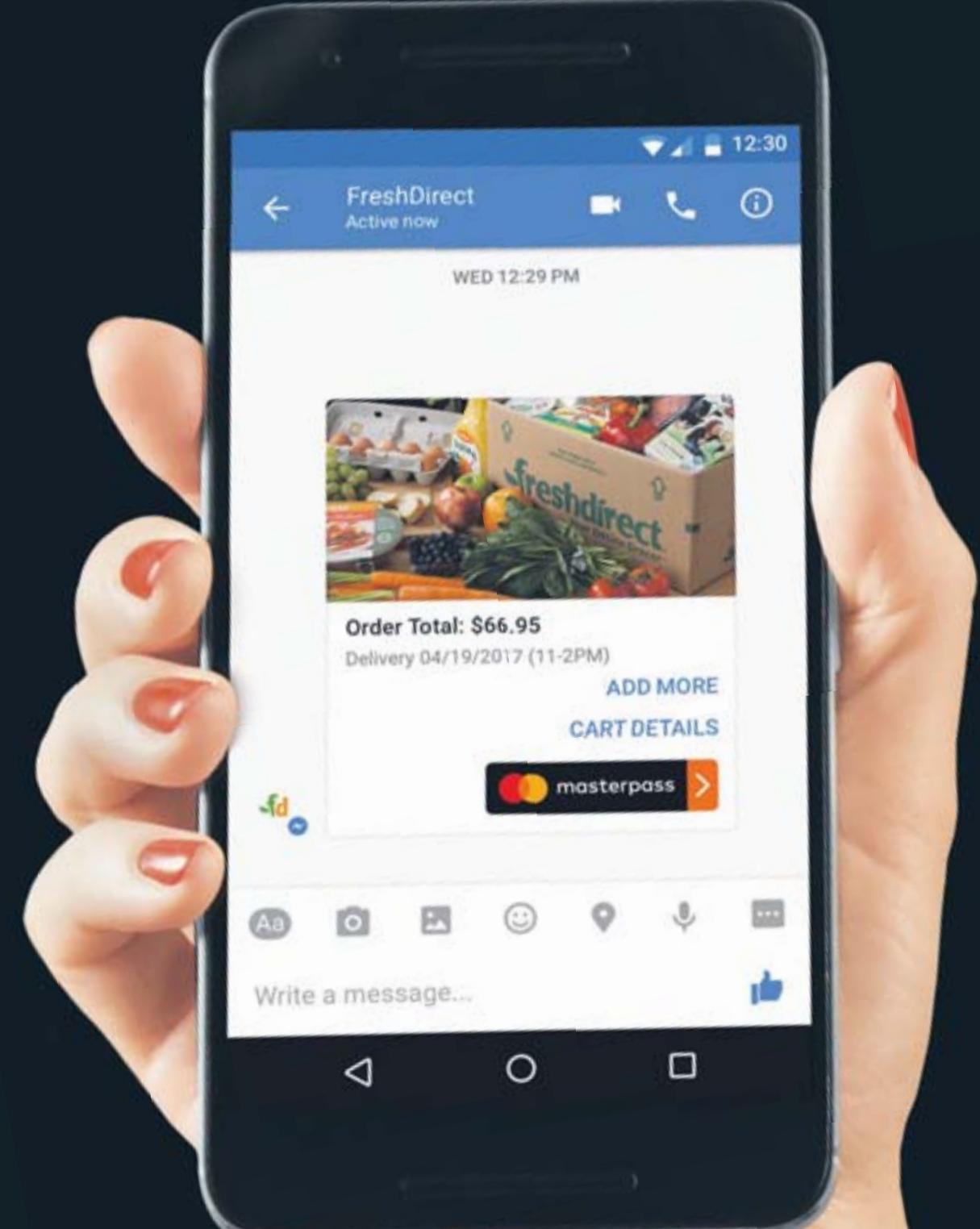
of utopia, an imaginary for an entirely new paradigm of existence.

One hundred years later, here we were again, staring fascism flat in the face. The small progresses of the Obama era were minimized by the looming specter of Trump, who seemed to exist outside of time and space; he behaved like an impetuous feudal lord brought back from the past to shove us over the ledge to a frighteningly apocalyptic future. But I'll be honest: I didn't think he would win.

Masterpass, meet Messenger.

Mastercard® is introducing a modern way to pay to the Messenger platform. Masterpass your groceries from FreshDirect® and gift cards from The Cheesecake Factory® without leaving Messenger. The beginning of a new friendship: *priceless*®.

Don't just buy it. Masterpass it.



BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Wednesday, April 19, 2017 | B1

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Wall Street's Fee Bonanza

Retirement rule is in limbo, but firms still shift away from commission model

By MICHAEL WURSTHORN

An Obama-era retirement-savings rule is in limbo, but investors already are pouring their retirement savings into brokerages' promise of conflict-free financial advice in exchange for a fee.

Bank of America Corp.'s global wealth unit, which includes the "thundering herd" brokerage force of Merrill

Lynch, gained a record \$29.2 billion in new fee-based assets in the first quarter, the bank said Tuesday. J.P. Morgan Chase & Co. said last week that \$8 billion of new assets flowed into long-term products, including those that charge a recurring fee.

Also on Tuesday, private-equity firms Stone Point Capital LLC and KKR & Co. agreed to acquire a majority stake in Focus Financial Partners, a New York-based investment firm that backs independent financial advisers who charge fees and pledge to minimize conflicts, in a \$2 billion deal. The developments are the

latest sign that advice for a recurring fee is Wall Street's go-to compensation model for the future, as firms like Merrill and J.P. Morgan use the fiduciary rule as a way to phase out commissions as a payment option in retirement accounts. The industry shift is coming even as the Trump administration seeks to eliminate or revise the rule.

"They were already in this mode" of shifting toward fees, said Denise Valentine, a senior analyst on wealth management at Aite Group. "The rule just allowed them to put this into the marketplace and make a commitment."

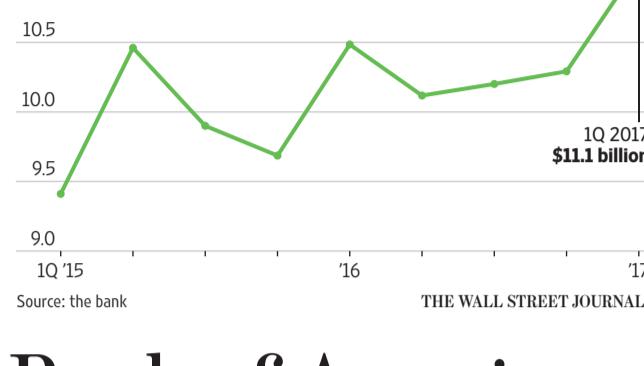
Even before the fiduciary rule, brokerages had been trying to abandon their sales-driven cultures to position their broker forces more like independent financial advisers who create financial plans and offer advice. Besides positioning themselves to better compete with the rise of smaller, independent rivals and investors' growing preference for passive investments, brokerage executives found that fees for advice and services could be more lucrative over the longer term compared with commissions.

Researcher Morningstar Inc. says fee-based accounts Please see FEE page B2

Rate Pop

Net interest income at Bank of America

\$11.0 billion



Source: the bank

THE WALL STREET JOURNAL.

Bank of America Boosted by Rates

By RACHEL LOUISE ENSIGN

ceeded the 35 cents expected by analysts.

Bank of America Corp. said its first-quarter profit beat expectations as trading jumped and the lender started to see the benefits of a long-awaited rise in interest rates.

Some analysts and shareholders cheered the results as a sign the bank's turnaround plans are finally coming to fruition. But the recent reversal in U.S. Treasury yields threatens the expected future benefits from higher interest rates.

Quarterly profit at the Charlotte, N.C.-based bank rose 40% to \$4.86 billion from \$3.47 billion a year ago. Per-share earnings of 41 cents ex-

ceeded revenue was \$22.25 billion, up from \$20.79 billion a year ago. On an adjusted basis, revenue of \$22.45 billion compared with analysts' expected figure of \$21.61 billion. The results benefited from the comparison to a particularly weak quarter one year ago.

After heavy loan losses during the financial crisis and debilitating legal fees in its wake, the bank has set out to reshape itself as a stable lender focused on responsible growth.

Investors recently have cheered the approach: Through Monday, Bank of Please see BANK page B2

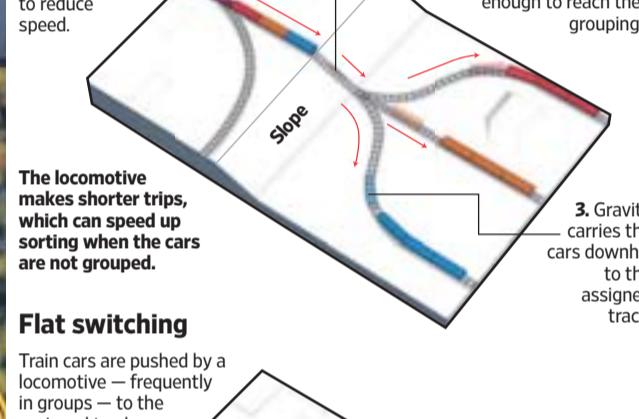


Luke Sharrett/Bloomberg

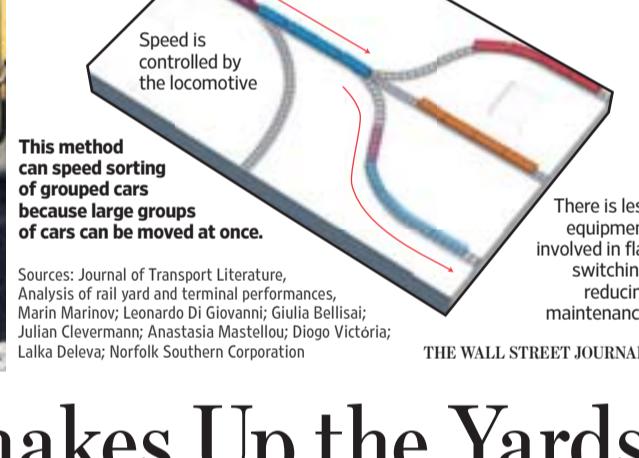
Boxcar Shuffle

Freight-train cars are grouped at rail yards using different processes.

Hump yard



Flat switching



Sources: Journal of Transport Literature, Analysis of rail yard and terminal performances, Marin Marinov; Leonardo Di Giovanni; Giulia Bellisai; Julian Clevermann; Anastasia Mastellou; Diogo Vitoria; Lalka Deleva; Norfolk Southern Corporation

THE WALL STREET JOURNAL.

New CSX Chief Shakes Up the Yards

By PAUL ZIOBRO

Barely a month into his job leading CSX Corp., Hunter Harrison is already executing some signature moves from his railroad-turnaround playbook.

First among them: doing away with hump yards, longtime rail fixtures where long trains are broken down into individual cars by pushing them over a hill, then letting gravity send them down different tracks. From there, they are reassembled and sent to their next destination.

Mr. Harrison joined CSX last month, and the Jacksonville, Fla., company has already closed four humps, in Georgia, Kentucky, Ohio and North Carolina, according to a CSX spokesman. Mr. Harrison has said such

facilities are inefficient because of the time-consuming way they work and the high costs of maintaining them.

Mr. Harrison is instead implementing "flat switching" at those yards, where locomotives are used to break down and assemble trains. The process is aided with another feature of precision railroading that calls for sorting train cars into blocks, or preblocking, as they are picked up from shippers. The blocks are more organized than the jumble of cars that typically arrive at hump yards, which makes for faster swapping and assembly, cutting days off haul times, according to railroad experts.

"Hump yards are very complicated and expensive and work

when you're bringing things in from lots of directions," said Anthony Hatch, an independent railroad analyst. "The more you do preblocking, the more you

staged turnarounds at Canadian National Railway Co. and Canadian Pacific Railway Ltd., Mr. Harrison resigned as Canadian Pacific's chief executive in January, then became CEO at CSX on March 6 following an unusual boardroom battle.

He succeeded CEO Michael Ward, who was nearing retirement when activist hedge fund Mantle Ridge LP and Mr. Harrison approached CSX. Mr. Harrison, 72 years old, has spent his first weeks meeting with various departments, but he has held off on any pronouncements regarding his overall plan for the company.

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◆ Ahead of the Tape: CSX is now a pricey bet B17

Speed is controlled by the locomotive

This method can speed sorting of grouped cars because large groups of cars can be moved at once.

There is less equipment involved in flat switching, reducing maintenance.

THE WALL STREET JOURNAL.

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THE WALL STREET JOURNAL.

Galaxy S8: Infinity Screen and Beyond

Samsung has figured out what we really want: A giant smartphone. That's also small.

The \$720 Galaxy S8, which arrives in stores on Friday, boasts more gorgeous

screen area than the gargantuan iPhone 7

Plus—and is nearly as capable as my office computer. Yet it isn't hard to hold the S8 in one hand

while riding the train. My thumb can crush all the candy on its far side. And it doesn't look like a paperback stuffed into my jeans.

The S8 is a milestone in the evolution of the phone. Instead of just getting bigger, the phone is becoming more useful by fitting you.

How did they accomplish

this? The S8 and its larger sibling S8+ (which costs \$840 at Verizon) are nearly all screen. Sure, phones already have a lot of screen. But Samsung attacked the face of this phone with the gusto of a Beverly Hills surgeon. It snipped all but a sliver of the metal forehead

and chin and replaced them with screen to make it taller. Then it tucked the OLED screen into the left and right edges, making it spill over like an infinity pool.

Yet I'm torn. To buy the S8 now requires a leap of faith in Samsung. Its software is incomplete: The

hyped talking assistant Bixby won't be functional at launch, and we don't know how it stacks up to the Assistant in Google's excellent Pixel phone. There is a decent chance whenever Bixby is ready, Apple will be close to launching a 10th-anniversary iPhone with an improved Siri—and a whizbang screen of its own.

Besides, Samsung hasn't made me forget how, for months, every airline in America warned passengers Samsung phones catch fire.

This is an important moment for screen tech, which Samsung does better than any other phone maker. Because it no longer needs that frame ("bezel" in nerd-speak), Samsung squeezed a 5.8-inch screen in a form that is taller than the S7 with a 5.1-inch screen. Diagonal measurements can be misleading, but there is a lot

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BANK

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America shares had risen about 61% over the past year, among the best of the six largest U.S. banks, buoyed by the prospect of a stronger economy and an election result that led to optimism about regulatory and tax relief. For a period earlier this year, the stock traded above its book value for the first time since the financial crisis.

Some investors said the first-quarter results vindicated the strategy taken by Chief Executive Brian Moynihan, a lawyer who took the helm of the bank in 2010 as it struggled.

"You're talking about a guy who everyone said, 'How is this lawyer going to turn this around?'" said Bank of America shareholder Bill Smead of Smead Capital Management.

He's "done exactly what we would have wanted him to do."

The bank got a bigger boost from rising interest rates than peers. The lender's net interest income increased 7.4% to \$11.058 billion during the quarter from the prior quarter, surpassing the lender's projection that the income metric would advance about \$600 million.

Most consumer banks' lending businesses benefit from a Federal Reserve rate increase.

But Bank of America's balance sheet—full of deposits and mortgage securities—is particularly well-positioned.

But the bank warned that the recent decline in longer-term bond yields could hamper future gains in net interest income.

Banks generally earn more when rates rise.

While the Fed raised a key short-term rate in March, the 10-year U.S. Treasury, an important long-term interest rate, has fallen in the first weeks of the second quarter and dropped further Tuesday.

The broader slowdown in lending runs counter to the optimism that Mr. Moynihan and other bank executives have said they're hearing from customers. "People have to remember, it's a 2% growth economy. So the loan demand is going to match that," Mr. Moynihan said in April.

Quarterly noninterest expenses rose 0.2% to \$14.848 billion from \$14.816 billion a year ago. Mr. Moynihan has made cost-cutting a key tenet of his business strategy, and last year he promised to cut another \$5 billion in annual expenses by 2018. To get to that level, the bank would need to turn in expenses averaging \$13.25 billion a quarter.

Now investors are hoping to see the bank get approval for a higher dividend or share repurchases in this coming round of the Federal Reserve's stress tests.

With the rule now set to take effect on June 9, brokerages have

what it paid a year earlier and flat from the fourth quarter.

Trading has started 2017 strong, compared with a weak 2016 start. Trading revenue at Bank of America, excluding an accounting adjustment, rose 22.5% to \$4.03 billion from \$3.29 billion in the first quarter of last year.

In addition to trading, profit was up in the bank's main business units, including consumer banking, global wealth and investment management, and global banking.

Loans, whose growth has started slowing down across the banking industry, grew 0.6% from the year earlier and was flat from the prior quarter.

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BUSINESS NEWS

Theranos Sets Pact to Refund Arizonans

By CHRISTOPHER WEAVER

More than 175,000 Arizona residents who received Theranos Inc.'s blood tests will receive a full refund under a pact reached between the embattled laboratory firm and the Arizona attorney general.

The settlement, which requires Theranos to pay \$4.65 million into a state reimbursement fund, resolves another outstanding legal challenge for the Silicon Valley firm. Theranos also will pay a \$200,000 civil penalty and \$25,000 in

Theranos has denied wrongdoing and is fighting the suits. On Tuesday, it didn't respond to a request for comment on the status of federal investigations.

The Arizona settlement will resolve all potential claims by the state stemming from Theranos's fraught four-year business history there. It once ran a medical lab and blood-testing centers at around 40 Phoenix-area Walgreens drugstores.

The state attorney general found that 175,940 people received 7.9 million results of blood tests Theranos did on Arizona consumers, about 10.6% of which were corrected or voided following inspections of its labs by a federal regulator, according to the consent decree outlining the agreement.

"I wanted to make sure that every Arizonan who had paid for a test, whether or not it was accurate, would get a refund," Attorney General Mark Brnovich said in an interview.

He said a sticking point in talks with Theranos was ensuring that even patients whose tests weren't voided by the company would be covered by the settlement. He said many consumers weren't certain of the status of their results.

Theranos disputed that characterization. It said the topic "was a subject of discussion, and Theranos promptly agreed to the Attorney General's request that the reimbursement encompass all Arizona consumers."

In a statement, Theranos said it agreed to return the \$4.65 million to Arizona customers, "regardless of whether Theranos received payment for the tests, or whether the test results were voided or corrected."

state legal fees without admitting wrongdoing.

The pact is the second legal settlement in two days involving claims that Theranos had faulty blood-testing technology or lab practices. On Monday, Theranos resolved regulatory and legal matters with federal health regulators after the company and its founder Elizabeth Holmes agreed to stay out of the medical-lab business for two years. Theranos has said it has shifted its focus to developing lab equipment to sell to other companies rather than doing tests itself.

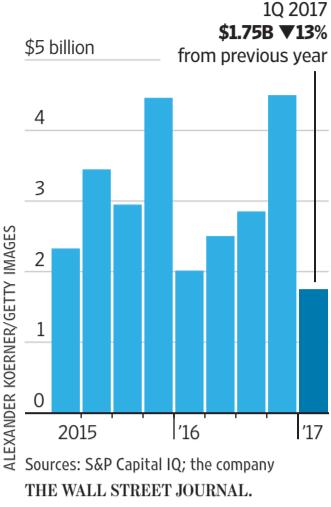
Theranos still faces a raft of legal challenges, including criminal and civil investigations into whether it misled investors. Its former retail partner, the giant pharmacy Walgreens, also has sued, as well as some of its investors.



An autonomous transportation system from IBM, which has been building new revenue streams.

Big Blue Drops

IBM's quarterly profit



Sources: S&P Capital IQ; the company

THE WALL STREET JOURNAL

IBM's Profit Off 13% Despite AI

By TED GREENWALD

International Business Machines Corp. on Tuesday reported a 13% drop in quarterly earnings and narrower profit margins across its business units, including divisions that manage the cloud computing and Watson artificial intelligence operations that the technology giant is banking on.

IBM's revenue in the first three months of the year fell

from the same period a year ago for the 20th consecutive quarter, with cognitive solutions the only one of its five major divisions to report improving its standing marginally from a year ago.

Martin Schroeter, IBM's chief financial officer, attributed the net profit decline to a one-time tax benefit that had lifted prior-year results. Pre-tax income rose 38% in the first quarter to \$1.4 billion.

However, a silver lining for IBM—revenue from the faster-growing, higher-margin businesses it calls "strategic imperatives"—rose 12% from a year ago to \$7.8 billion.

IBM's legacy businesses selling hardware, software, and services for traditional corporate computing facilities have been shrinking. The company has been building new revenue streams in its strategic-imperatives businesses in-

cluding cloud computing, artificial intelligence, security, and mobile technology.

For the first quarter, IBM reported net income of \$1.8 billion on \$18.2 billion. It reported diluted earnings per share, excluding certain items, of \$2.38, up from \$2.35 in the comparable 2016 period. Analysts had expected adjusted earnings per share of \$2.35 on \$18.4 billion in revenue, according to a survey by Thomson Reuters.

United Corporate Clients Urge Change

By SUSAN CAREY

United Airlines's lucrative corporate clients are pushing the airline to fix its customer service, the carrier's president said on Tuesday.

"There has been concern from corporate accounts, which is totally appropriate," said Scott Kirby, president of **United Continental Holdings** Inc., on Tuesday. "They want us to fix things. They want us to do the right thing."

Keeping lucrative business travelers happy is key amid public outrage over the airline's handling of an April 9 incident in which police removed a paying passenger from

United Express Flight 3411 in Chicago.

Mr. Kirby said United has reached out to some corporate clients to explain the airline's procedures in instances of overbooked flights and reassured them that it is making changes to its policies.

Frequent fliers, many of whom are traveling on business, generate about half of United's revenue. Chief Executive Oscar Munoz, on the conference call on Tuesday following the announcement of United's first-quarter earnings a day earlier, reiterated that the company will no longer call for law enforcement to remove a passenger from a plane

except for reasons of safety and security.

He also said crew members traveling as passengers must check in an hour before a flight's departure time. Some analysts this week criticized United executives for ignoring customers as they worked to improve other parts of the business. Roger King, an analyst at Credit-Sights, said the incident revealed that "weak management requires rigid rules that eventually blow up."

Mr. Munoz said a full review of other policies is under way, with results expected at the end of this month. He said front-line employees and some

customers are participating. "It's clear we have further to go to elevate our customer experience," Mr. Munoz said.

United reported strong profit in the first quarter, a period that ended before passenger David Dao's forced removal from flight 3411 last week. The nation's third-largest airline by traffic beat analyst expectations for the fifth consecutive quarter even as profit fell from the same period a year ago on higher fuel costs.

Backlash against United had been particularly intense in China, a key market for the carrier, after media there identified Dr. Dao as Chinese. He is Vietnamese-American.

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Facebook Shifts to a New Reality

By DEEPA SEETHARAMAN

To Mark Zuckerberg, "Pokémon Go" wasn't just a fad from last summer. It was a sign that augmented-reality technology was coming more quickly than he expected.

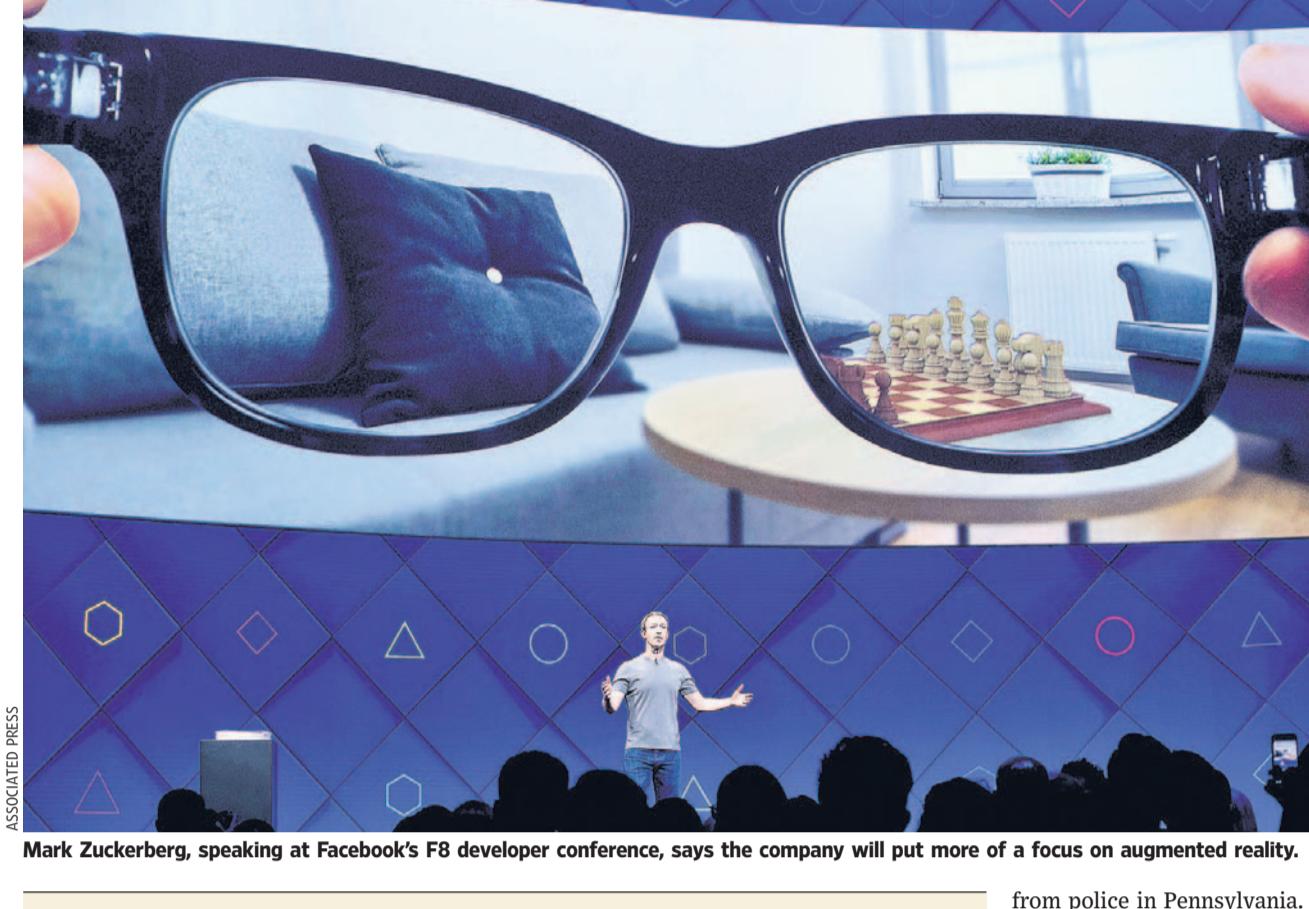
The mobile game was among the trends that helped the Facebook Inc. chief executive realize that augmented reality might catch on sooner than rival virtual reality technology, in which Mr. Zuckerberg had placed his biggest bet.

On Tuesday, Mr. Zuckerberg shifted his view toward augmented reality, which mixes the physical and digital worlds, when he said at Facebook's annual F8 developer conference that Facebook would make its augmented-reality tools available to third parties to create custom masks, filters and other effects. Early partners include Nike Inc., Electronic Arts Inc. and Warner Bros.

"I think people look at this stuff and think: OK, that's kind of fun, kind of primitive, this is just what kids like doing today," Mr. Zuckerberg said in an interview last week at Facebook's headquarters in Menlo Park, Calif. "But we look at that and we see the beginning of a platform."

Facebook's focus on augmented reality at F8, which takes place Tuesday and Wednesday in San Jose, Calif., is a major new salvo in Facebook's competition with Snapchat. Facebook's smaller rival popularized simple augmented reality tools, such as Snapchat filters, which overlay masks or dog noses on users' faces. Also on Tuesday, Snapchat introduced a new feature to capture backgrounds.

For now, augmented-reality technology remains nascent, Mr. Zuckerberg said. But he predicts that eventually it will open the door to a broader set of services and perhaps one day replace household objects like a tele-



Mark Zuckerberg, speaking at Facebook's F8 developer conference, says the company will put more of a focus on augmented reality.

Zuckerberg's Vision Has Expanded But Rivals Loom

Augmented reality has figured more prominently in Mark Zuckerberg's notion of how people will communicate, shop and consume information in the future.

But Facebook Inc.'s focus on virtual reality means it has devoted much less time and investment to augmented reality. And it faces competition from

companies like Snap Inc.; Microsoft Corp., which is developing an augmented-reality headset called HoloLens; and Magic Leap Inc., an augmented-reality startup backed by Alphabet Inc.'s Google.

Snap's new augmented-reality feature could allow it to obtain more data on products users have around them, potentially valuable to advertisers. Mr. Zuckerberg sees the Facebook app offering a much broader range of services through augmented reality, such as displaying purchase in-

formation for a bottle of wine or a tour of the Colosseum, along with illustrations of what it would have looked like during the Roman empire.

Facebook could even combine its augmented-reality tools with its facial-recognition technology to help users who need to be reminded of someone's name, Mr. Zuckerberg said. But that raises thorny privacy issues.

"There are many, many things to figure out," Mr. Zuckerberg said.

—Deepa Seetharaman

vision set with \$1 apps.

In Mr. Zuckerberg's view, Facebook's nearly two billion users favor more immersive mediums like photos and videos, and will increasingly use their cameras to interact with the world.

But the embrace of more vi-

sual forms of communication comes with challenges. Facebook is already struggling to moderate objectionable videos posted on its site. The broadcasting on Facebook of a murder in Cleveland on Sunday became a national issue that Mr. Zuckerberg addressed on-

stage at F8.

"We have a lot of work and we'll do all we can to prevent tragedies like this from happening," Mr. Zuckerberg said.

Steve Stephens, the alleged killer who posted the videos, shot and killed himself earlier Tuesday after a brief pursuit

from police in Pennsylvania.

Facebook's other apps, including its two chat apps, Messenger and WhatsApp, and photo-sharing app Instagram, are going through a similar shift toward more visual communication. All of Facebook's apps feature a "stories" tool, created by Snapchat, that allows users to post images and videos that vanish in 24 hours.

Facebook had seized on virtual reality to vault the company into the next generation of technological interaction. By buying virtual-reality company Oculus VR for more than \$2 billion in 2014, Facebook was seen to have placed its chips on virtual reality over augmented reality. Mr. Zuckerberg said virtual reality would become the next major computing platform after mobile devices.

But virtual reality has struggled to take off at Facebook and other companies developing the technology.

FOWLER

Continued from page B1
more total screen area for reading or watching movies.

This is an ergonomic improvement: A taller phone is preferable to a wider one, because it interferes less with your thumb's ability to grip. And that is a relief, because thumbs aren't evolving as fast as phones.

There are new annoyances. It took me a while to get used to the pressure-sensitive home button in the screen, which remains lit up when the phone is locked, but isn't carved into the glass like on an iPhone. And since the fingerprint reader is on the back next to the camera, I smudge the lens a lot. (This is a serious crime against photography, Samsung.) I would use the new iris reader or facial recognition capability to unlock, but they just aren't fast enough on the fly.

Even with that extra screen real estate burning up battery, Samsung managed to improve battery life. In my S7 test last year, I got over seven hours. This year, using the same test and parameters on the S8, I got under 10 hours. That's still short of the iPhone 7, however.

The S8's evolution in usefulness isn't just about shape. It's got a magic trick for those times when even 5.8 inches aren't sufficient to get work done: It can trans-

\$720

Cost of the new Galaxy S8, which arrives in stores on Friday

form into a surprisingly full-featured desktop computer. Yeah, you read that right. I wrote this column on the phone with a keyboard, mouse and a 32-inch monitor. There are resizable windows, a file manager, even the Android equivalent of a Start menu.

This mode requires Samsung's \$150 DeX cradle, into which you plug an HDMI screen and USB peripherals. There were a few rough edges, but for the most part I marveled at how smooth it was to use, and—with access to my whole mobile life—at times superior to my Windows laptop.

These fundamental evolutions might be enough to make me overlook that the S8 costs \$50 more than last year's S7, and has only a marginally improved rear camera (which was already great).

But—and this is a super awkward "but"—it is hard to recommend the S8 when it is incomplete. It is increasingly clear the future involves operating smartphones (and lots of other things) with our voices. Bixby's voice control, which Samsung bills as an improvement on Google's Assistant and Apple's Siri, won't be in the phones arriving in the U.S. Friday. And Samsung has a checkered history with software sometimes making its phones more confusing. Software is what gives an edge to Apple's iPhones and Google's own upstart Android phone, the Pixel.

And I wish Samsung would be more transparent about the changes it has made to ensure the S8's batteries don't catch fire. It has a new 8-point plan to test for manufacturing defects, but it's difficult to evaluate its impact in the secretive electronics industry. Samsung says it has an advisory group of outside experts, yet it hasn't been able to put any of them on the phone with me.

As strong presales of the S8 have shown, loyalty to Samsung phones seems to be relatively fireproof. The S8, like its predecessor, allows you to add your own storage for far less than makers like Apple charge to build it in.

Customers are loyal because—despite Apple's reputation—it is actually Samsung that has been on the leading edge, particularly with evolving the design of phones. That is clearly the case with the S8, which pushes the whole smartphone game forward in ways I expect will soon become the new normal.

Tesla Faces Labor Unrest in German Subsidiary

Elon Musk is getting a quick introduction to the bare-knuckle world of German labor unions as the country's largest industrial union mulls a strike at Tesla Inc.'s recently acquired

By William Boston in Berlin and Tim Higgins in San Francisco

industrial robotics subsidiary. The labor dispute is over wages for the workforce at Grohmann Engineering, a German manufacturing automation designer that Tesla acquired in a \$150 million deal

that closed in January.

IG Metall, the country's powerful industrial trade union, met at the Tesla unit on Tuesday to discuss how to proceed, said Patrick Georg, the IG Metall official responsible for Tesla. It's unclear whether the union reached a decision to strike.

"We don't want to strike," Mr. Georg said. "We will only do so if Tesla refuses to agree to a wage contract with us."

The threat of labor unrest in Germany looms over Tesla as the electric-car company prepares to begin initial pro-

duction of the Model 3, a \$35,000 sedan that holds the promise of giving the auto maker a broader appeal beyond its niche luxury market.

Disruptions to Mr. Musk's plans to boost annual production to 500,000 next year from about 84,000 last year could shake investor confidence, which has pushed shares to new heights and lifted Tesla's market value to rival General Motors Co. as the largest U.S. auto maker. Grohmann, rebranded Tesla Grohmann Automation, is part of Mr. Musk's plans to boost the young auto

maker's production capabilities for the Model 3 sedan and his vision of creating a highly automated and efficient factory.

Tesla disputes that it pays Grohmann workers 30% below union wages following changes made by the auto maker after taking over. It noted an announcement last week that everyone would be granted €10,000 (\$10,644) of Tesla shares that vest over four years. Plus, employees were given a €1,000 cash bonus. Those changes were described as among the first made by

Tesla as it reviews compensation. The auto maker also disputes a surge of union interest among its German employees, saying more than 100 employees have signed a petition against the union. Grohmann employs 700 people, and more than half of them are union members, said IG Metall.

"We continue to work directly with Tesla Grohmann employees and are prepared in the event there is an action initiated by the union," Tesla said. "We don't anticipate any impact on the Model 3 timeline."

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TECHNOLOGY

Foxconn Sees Future Path Beyond Apple

Taiwanese company shifts focus from iPhones to creating its own brands, products

By EVA DOU

SHENZHEN, China—In a corner of a Foxconn Technology Group warehouse in this southern Chinese city, the secretive maker of iPhones is looking beyond Apple Inc. to its own future.

Dozens of young workers sit before computers in blue plastic chairs, drawing up battle plans for Foxconn's sales initiative for its new Sharp-branded television sets. "Sell Sharp with all your might," a red banner hanging from the ceiling commands.

Foxconn's acquisition of Japan's Sharp Corp. last year was the Taiwanese company's first big effort toward transforming itself from a contract manufacturer to a technology powerhouse, with its own brands and product lines.

It is now bidding \$27 billion for Toshiba Corp.'s mem-

ory-chip business, underscoring just how seriously Foxconn—formally known as Hon Hai Precision Industry Co.—wants to reinvent itself.

Behind both the Sharp and Toshiba plays is the conviction of Foxconn Chairman Terry Gou that the company he started 43 years ago must have its own components and brands if it is to survive to become what he has called a "100-year company."

With sales of Apple's iPhone, Foxconn's bread-and-butter product, declining for the first time last year, analysts endorse Foxconn's new direction. But they caution that going up against bigger, established competitors such as Samsung Electronics Corp. won't be easy.

Acquiring the Toshiba business could help Foxconn shave costs by giving it an in-house supply for memory chips for Sharp TVs and other electronics. But the bid is already hitting headwinds from some Japanese government officials, who see the chip business as a strategic asset, people familiar with the matter say.

That opposition is driving



Foxconn, which bought Japan's Sharp last year, says it is aiming to double the brand's television-set sales to 10 million units in 2017.

pressure for a Japanese company or a joint U.S.-Japan team to end up with the winning bid, these people say.

Foxconn had faced similar resistance in its bid for Sharp, which it ultimately overcame. But the jury is still out on whether the \$3.5 billion Foxconn paid for its 66% ownership of Sharp was a good investment.

The Sharp brand was once an industry leader, but has lost its shine in both Asia and the West, says Mark Stocker, managing director of Taiwan-based brand consultancy DDG. "In the past five years, Sharp hasn't really been part of consumers' consideration," he said.

Sharp's global TV market

share was 2% last year, and even lower in China where local brands such as Hisense and TCL dominate, said Eric Chiou, senior research director of TrendForce WitsView.

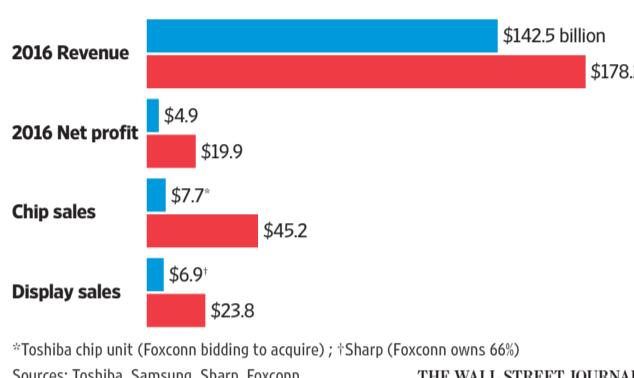
Freddie Yuan, Foxconn's new chief marketing officer, says he recognizes the Sharp brand needs a reboot. "In our designs, we need to appeal to younger consumers," said Mr. Yuan, at his temporary office in the Foxconn warehouse.

Foxconn is aiming to double Sharp's TV sales to 10 million units this year—and China is the primary market.

—Yang Jie in Shenzhen and Takashi Mochizuki in Tokyo contributed to this article.

Foxconn vs. Samsung

Foxconn is seeking to build a tech conglomerate that can rival top global brands such as Samsung. How the two companies stack up:



*Toshiba chip unit (Foxconn bidding to acquire); †Sharp (Foxconn owns 66%)

Sources: Toshiba, Samsung, Sharp, Foxconn

THE WALL STREET JOURNAL.

PayPal Hooks Up With Android Pay for In-Store Checkouts

By PETER RUDEGEAIR

PayPal Holdings Inc. said it would make its offerings available on Alphabet Inc.'s Android Pay, marking one of the payment company's biggest steps to bringing its digital wallet to physical stores.

Starting in a few weeks, customers of the San Jose, Calif.-based company will be able to use them on Android Pay, thanks to agreements

shop at store locations of Walgreens Boots Alliance Inc., Dunkin' Brands Group Inc., and other traditional retailers that enable in-store payments through Android devices, said Bill Ready, PayPal's chief operating officer, Tuesday.

Over the ensuing months, PayPal users who link credit cards to their accounts will be able to use them on Android Pay, thanks to agreements

PayPal reached last year with Visa Inc. and Mastercard Inc., Mr. Ready said.

Android Pay is also accepted within a number of mobile applications, including Uber Technologies Inc. Last year, PayPal processed \$102 billion in mobile payments, in large part through transactions for millions of internet sellers.

But its traction among merchants that rely on store visits

has been spottier. Deals that PayPal has cut over the past few years to offer its payment methods at the checkout terminals of Home Depot Inc., Macy's Inc. and other large merchants proved hard to scale and met resistance from other payments processors.

Meanwhile, Android Pay, Apple Pay and other similar services have had limited success in persuading customers

and merchants that tapping a smartphone is less hassle than swiping a debit or credit card. Those types of transactions account for only 5% of the volume of payments sent via mobile devices, according to Juniper Research.

PayPal is in a position to encourage more people to sign up for in-store mobile payments because it can more easily deploy the payment information

on the 197 million customer accounts it maintained at the end of 2016 onto those services.

"The initial barrier for a user to try an experience like that, this makes it lower," said Mr. Ready.

Pali Bhat, global head of payment products for Alphabet's Google unit, says the new feature will be appearing in Android Pay and PayPal apps within the next few weeks.

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BUSINESS NEWS

Cardinal Swoops In, Strikes Deal

Company buys some Medtronic businesses in bid to stem strains on drug-wholesale unit

BY ANNE STEELE
AND JOSEPH WALKER

Cardinal Health Inc. agreed to buy part of **Medtronic** PLC's patient monitoring and recovery unit for \$6.1 billion, bringing businesses under Cardinal's roof that it has sought for years but also boosting its debt load.

Cardinal said it would fund the acquisition with \$4.5 billion in debt plus existing cash.

Cardinal hopes the acquisition will help offset competitive pressures in its drug-wholesaling business, in which the company is lowering generic-drug prices to maintain market share

among independent pharmacy retailers. Cardinal said it expects the prices it charges customers for generic drugs to fall in the low double-digit-percentage range in its fiscal year ending in June.

Due to the pricing pressure and other factors, Dublin, Ohio-based Cardinal now forecasts its adjusted profit for this year will be at the bottom of its previously forecast range of \$5.35 to \$5.50 a share, and it guided for adjusted earnings in 2018 to be flat to down mid-single-digit percentages. Analysts had expected 9.2% growth for next year, according to Thomson Reuters.

Pharmaceutical companies have tempered their price increases somewhat recently in response to political pressure in Washington, including criticisms from President Donald Trump.



BRENDAN SMIALOWSKI/AGENCE FRANCE PRESSE/GETTY IMAGES

Cardinal Health says it has been lowering generic-drug prices to maintain market share.

But Cardinal Chief Executive George S. Barrett said the generic-pricing pressure it is experiencing is related mainly to the prices it charges its pharmacy customers, rather than unexpected price cuts by drug manufacturers.

Cardinal is still able to "work with our [drug] manufacturing partners to make sure that we're having...an ex-

cellent cost position," Mr. Barrett said on a conference call with analysts Tuesday. The pricing pressures are on the "sell-side downstream to the customers. It's still a little bit more than what we modeled."

Cardinal's stock fell 12% to \$72.39.

Shares in competing wholesalers also declined, with **AmerisourceBergen** Corp. down 4.7% to \$82.56, and **McKesson** Corp. off 4.6%, to \$137.60.

Cardinal's move to take on debt to finance its deal with Medtronic prompted Fitch Ratings to voice concerns over Cardinal's debt and lower its outlook on the health-care-services company.

Fitch, which rates Cardinal's debt at three notches above junk, said it expects the company's leverage will remain elevated for an extended period.

Insurer Reports Higher Earnings

BY ANNA WILDE MATHEWS
AND AUSTEN HUFFORD

UnitedHealth Group Inc. said its revenue and profits rose as the company pulled back sharply from the Affordable Care Act's exchanges and saw rapid growth in its Medicare business.

As the largest U.S. health insurer and the first to report results for the latest quarter, UnitedHealth is typically viewed as a bellwether for the industry's earnings season, and analysts said its better-than-expected results would likely lift expectations for its managed-care peers.

The report comes amid continued uncertainty about the future of Republican efforts to overhaul the ACA.

On a call with analysts, UnitedHealth called for repeal of the current ACA health-insurer tax, which is already suspended for 2017. Getting rid of the tax has been a long-time industry priority.

The Minnetonka, Minn.-based company reported first-quarter net income of \$2.17 billion, or \$2.23 a share, compared with \$1.61 billion, or \$1.67, a year before. Excluding certain items, UnitedHealth earned \$2.37 a share, compared with \$1.81 a year ago. The results were helped by a lower tax rate, which analysts said was a big reason for the improved annual earnings guidance.

Analysts surveyed by Thomson Reuters had projected earnings of \$2.17 a share.

Revenue rose 9.4% to \$48.72 billion, fueled by growing membership, including a 12% year-over-year jump in its Medicare Advantage enrollment, to about 8.7 million. UnitedHealth also saw growth in its Medicaid business.

Harley-Davidson Revenue Fell In First Quarter

Harley-Davidson Inc.'s revenue fell 14% in the first quarter as the motorcycle maker's retail sales slid in the U.S. and abroad.

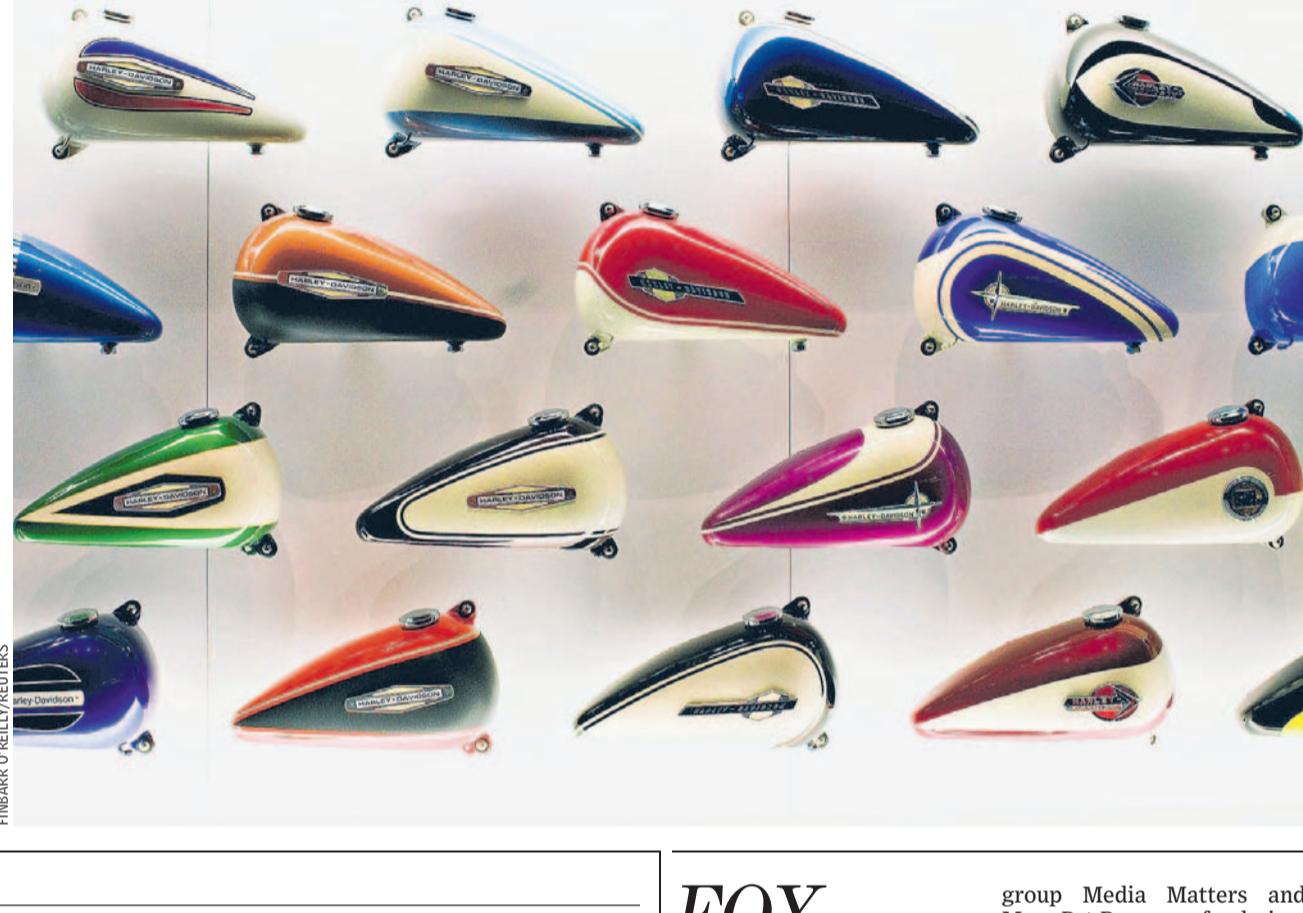
Milwaukee-based Harley said it faced weak pricing on used motorcycles, a buildup of 2016 inventory at its dealers and sluggish sales in areas of the U.S. that depend on the oil industry.

Revenue from motorcycles and related products of \$1.33 billion missed analysts' consensus estimate of \$1.36 billion.

Earnings per share fell 23% to \$1.05 from the prior year. Net income was \$186.4 million, down from \$250.5 million in the first quarter of last year. Analysts polled by Thomson Reuters expected earnings of \$1.02 a share.

Harley's sluggish sales highlighted challenges facing the manufacturer's attempts to gain new customers and boost overseas sales. Worldwide, motorcycle sales slid 4.2% to 55,049.

—Andrew Tangel
and Imani Moise



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FOX

Continued from page B1

work's prime-time lineup of conservative commentators. Fox News already had to replace another star early this year, Megyn Kelly, when she departed for NBC News. Her successor, Tucker Carlson, has fared well.

But filling Mr. O'Reilly's shoes will be especially difficult: His show draws some 4 million viewers a night and is consistently among the highest-rated programs across all of cable. Mr. O'Reilly, 67 years old, recently renewed his contract with Fox News at a salary of more than \$20 million annually, people familiar with the matter said.

Initially, Fox News and parent 21st Century Fox stood by their highly rated host. However, as advertisers fled the O'Reilly program, internal debate ensued over the pros and cons of keeping Mr. O'Reilly on the air. Since the Times published its initial report, dozens of advertisers have pulled out of "The O'Reilly Factor," many of them shifting their ad buys to other programs on Fox News.

Mr. O'Reilly hasn't been on the air since April 11, when he ended his show by announcing plans for a vacation. While Mr. O'Reilly had planned to take this week off, the early start to his vacation wasn't part of the original plan, people familiar with the matter said. The plan was for him to return to his show next Monday.

Mr. O'Reilly's camp said that the advertiser boycott was being driven in large part by liberal media watchdog

group Media Matters and Mary Pat Bonner, a fundraiser with ties to Hillary Clinton. Ms. Bonner couldn't be reached for comment.

There were other pressure points on advertisers. Some social media users were attempting to embarrass companies that were airing ads on Mr. O'Reilly's show, and several media outlets were calling advertisers to ask what their stance was on the matter.

The drama surrounding Mr. O'Reilly follows the exit last year of Fox News Chairman and Chief Executive Roger Ailes, which put a spotlight on the treatment of women at the network. Mr. Ailes resigned in

Bill O'Reilly's show is among the highest-rated programs across all of cable.

July after he was accused of sexual harassment by multiple women, prompting an internal investigation at the company. Mr. Ailes has denied all of the accusations.

21st Century Fox is being investigated by federal prosecutors, who are probing whether the company made insufficient disclosures about settlements of harassment claims, according to people familiar with the matter.

21st Century Fox said in a November regulatory filing that it made payments of \$35 million during the quarter ending Sept. 30 to settle complaints or potential complaints related to Mr. Ailes. The settlements of interest to the in-

vestigation by the U.S. attorney's office for the Southern District of New York predate those disclosed by the company in November.

The company has said it is cooperating with the investigation.

Initially, insiders at Fox News and 21st Century Fox thought the revelations about Mr. O'Reilly's settlements would fizz out after a day or so. However, a drumbeat of protests about Mr. O'Reilly's alleged behavior, along with new allegations of harassment and the advertiser pullout, kept the heat on.

The law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP, which 21st Century Fox retained to help with the Ailes matter, was brought in again to look into some of the allegations against Mr. O'Reilly.

Some employees in senior positions at the company have felt it was important for 21st Century Fox and its senior management team—including Co-Chairman Rupert Murdoch and his sons, Co-Chairman Lachlan and Chief Executive James—to send a message regarding Mr. O'Reilly's alleged conduct to the women of the company, top executives said.

Rupert Murdoch took over as chief executive of Fox News after Mr. Ailes's departure.

Meanwhile, 21st Century Fox is trying to win regulatory approval in the U.K. to acquire the portion of British TV giant Sky PLC that it doesn't already own for \$14.5 billion. High-profile critics of the deal have seized on the widening sexual-harassment scandal at Fox News in the U.S. as a reason to urge regulators to take a closer look at the overall company's corporate culture in their review.

Excluding the \$304 million

investigation by the U.S. attorney's office for the Southern District of New York predate those disclosed by the company in November.

When commissions paid to partners for web traffic aren't included, Yahoo's revenue totaled \$834 million, a 3% decline from its year-ago number.

Earnings beat analyst expectations.

Excluding charges, they totaled 18 cents a share versus the 14 cents analysts had predicted.

—Robert McMillan



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contributed by that change, Yahoo's total revenue fell 6%.

When commissions paid to partners for web traffic aren't included, Yahoo's revenue totaled \$834 million, a 3% decline from its year-ago number.

Earnings beat analyst expectations.

Excluding charges, they totaled 18 cents a share versus the 14 cents analysts had predicted.

—Robert McMillan

MANAGEMENT

The Case For Saying Goodbye

By VANESSA FUHRMANS

Companies loathe losing top performers to rivals, but recent research suggests letting them go on to better things has its benefits.

Young professionals are among today's biggest job hoppers: A 2016 LinkedIn survey found millennials have worked at roughly four companies in their first decade after college, compared with about 2.5 companies for the generation before them. It takes time, training and money for businesses to replenish star talent.

Yet in the right circumstances, departures can create a competitive advantage for the company left behind, according to a study published by the Strategic Management Journal. Researchers at the University of Washington and Georgetown University analyzed industry data on U.S. law-firm hiring, and annual surveys by career website Vault.com asking legal associates to rate the prestige of law firms. The researchers found increased departure rates led to improvements in a firm's status among survey respondents when the exits were for promotions at high-status law firms.

Christopher Rider, an associate professor at Georgetown's McDonough School of Business and one of the study's authors, said the results suggest it is plausible such departures—and subsequent boost in prestige—could help companies attract new, junior talent at lower wages, though more research is needed to show a link.

The competitive advantage applies to sectors beyond law, including technology, advertising and others that rely on human capital, said Sydney Finkelstein, faculty director of Dartmouth College's Tuck Center for Leadership.

This CEO's Bottom Line: Lives Saved

Susan Desmond-Hellmann guides the Bill & Melinda Gates Foundation in fighting poverty, disease

By BETSY MCKAY

As chief executive officer of the **Bill & Melinda Gates Foundation**, Susan Desmond-Hellmann steers an organization with a lofty goal: ending global poverty and disease.

The 59-year-old physician came to her post nearly three years ago from the **University of California, San Francisco**, where she had been chancellor. Previously, she was president of **BOSS TALK** product development for **Genentech**, now part of **Roche Holdings AG**. There, her work on gene-targeted cancer drugs such as Herceptin and Avastin put her on the leading edge of the precision medicine movement.

Now, she says, she measures return on investment not by profit but "by number of lives saved; number of people who have a chance at a healthy, productive life; how much students can aspire to in their lives."

Her experience helps her lead the foundation's roughly 1,400 employees and marshal its \$39.6 billion endowment. She is applying the concepts of precision medicine to public health, pushing for better data to target the right interventions to people who need them. She has stressed the importance of U.S. foreign aid to White House officials; the Trump administration has proposed federal budget cuts that could reduce it. She says she has seen firsthand how those investments lead to "lives saved around the world and a safer America."

Dr. Desmond-Hellmann talked with The Wall Street Journal recently about what it is like to lead charitable work. Edited excerpts:

WSJ: You're the first Gates Foundation CEO to come



Susan Desmond-Hellmann has headed the foundation for nearly three years. It has roughly 1,400 employees and a \$39.6 billion endowment.

from outside Microsoft. What do you bring to the job that your predecessors did not?

Dr. Desmond-Hellmann: I had a life-sciences background. I'm a product developer. It is not difficult for me to say, "I don't understand why we do it that way." I think an outsider has an opportunity, particularly early on in your tenure, to ask questions about why—and couldn't we try something different.

WSJ: What have you done differently?

Dr. Desmond-Hellmann: The most important thing I've really pushed us to look at is how we think about investment. When you have, as we do in malaria, some opportunities for regionally controlling it, there may be a need for an uptick in investment

while we're working on a backup strategy for something that needs a little bit more work in tuberculosis.

We can maximize use of the money by thinking across our portfolio of investments rather than one at a time.

WSJ: When your job is saving the world, how do you prioritize?

Dr. Desmond-Hellmann: When they hired me, they didn't say, "Come in and figure out our strategy." I knew that the foundation has ambitions in global health, especially infectious diseases that affect the poor disproportionately. I knew that there was a big focus on agriculture. Very importantly, there is a focus on mobile money, financial services for the poor, water sanitation and hy-

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Warren Buffett. Who's the better boss?

Dr. Desmond-Hellmann: Warren will say, "Tell me about head count. Tell me about how you spend the money. Tell me about overhead." He reads every number. Bill will ask the incredibly deep, hard question. "What problem are you trying to solve?" Melinda asks the question that brings in the humanity of what we do. I love trying to solve a problem so that Bill thinks it's technically sound and Melinda thinks it's got humanity and Warren's happy with me running a tight ship.

WSJ: You use a Mac and wear an Apple Watch. That's OK at the Gates Foundation?

Dr. Desmond-Hellmann: There's no rule. We can have whatever technology.

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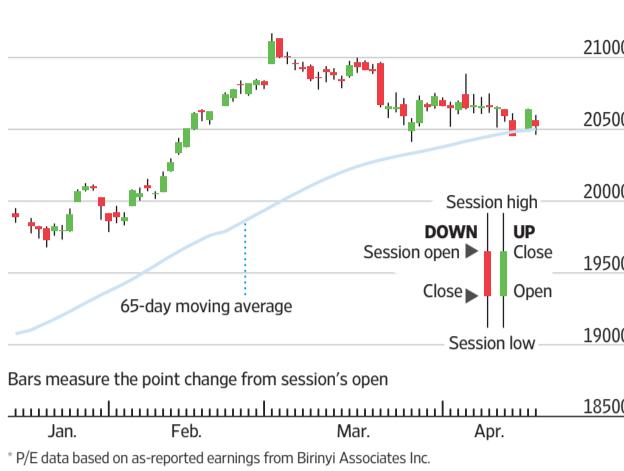
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* P/E data based on as-reported earnings from Birinyi Associates Inc.

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Jan. Feb. Mar. Apr.

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5849.47 ▼7.32, or 0.12%
 High, low, open and close for each trading day of the past three months.



Jan. Feb. Mar. Apr.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.					
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400	Nasdaq Composite	Nasdaq 100	iShares Russell 1000 Val	Rockwell Collins	Goldman Sachs ActBt USLC	iPath S&P 500 VIX ST Fut	iShares Russell 2000 ETF	Van Eck Vectors Gold Miner	
20523.28	20601.12	20462.28	8933.10	-57.32	-0.64	24283.45	-58.30	-0.24	2395.96	13.7	3.8	2342.19	18.4	8.7	12.6
8991.82	8903.25	707.80	1.63	0.23	24191.55	617.38	0.29	0.05	709.11	6.4	7.3	709.11	10.2	-1.2	5.4
709.11	704.96	24283.45	-58.30	-0.24	24332.84	617.38	0.29	0.05	24868.78	12.3	4.3	24868.78	12.3	4.3	7.5
24332.84	24191.55	618.03	613.11	0.29	617.38	0.29	0.05		635.07	2.6	6.4	635.07	17.1	2.6	6.4

Nasdaq Stock Market

Nasdaq Composite	5860.04	5828.57	5849.47	-7.32	-0.12	5914.34	4594.44	18.4	8.7	12.6
Nasdaq 100	5405.54	5377.91	5391.66	-7.54	-0.14	5440.41	4201.05	18.8	10.9	15.1

Standard & Poor's

500 Index	2348.35	2334.54	2342.19	-6.82	-0.29	2395.96	2000.54	11.5	4.6	7.9
MidCap 400	1702.74	1690.15	1700.83	0.17	0.01	1758.27	1416.66	15.2	2.4	8.0
SmallCap 600	826.88	819.79	826.19	0.95	0.12	862.21	670.90	18.0	-1.4	7.9

Other Indexes

Russell 2000	1362.49	1351.42	1361.89	0.71	0.05	1413.64	1089.65	19.4	0.4	6.2
NYSE Composite	11426.83	11333.74	11378.58	-48.50	-0.42	11661.22	9973.54	8.2	2.9	2.6
Value Line	513.34	510.05	512.97	-0.37	-0.07	529.13	435.06	10.6	1.3	1.8
NYSE Arca Biotech	3512.99	3457.72	3482.80	-47.00	-1.33	3642.30	2818.70	9.7	13.3	12.5
NYSE Arca Pharma	501.64	497.22	499.14	-6.69	-1.32	554.66	463.78	-4.3	3.7	0.4
KBW Bank	89.63	88.09	88.77	-0.92	-1.02	99.33	60.27	29.8	-3.3	8.8
PHLX® Gold/Silver	89.30	87.81	89.16	-0.20	-0.22	112.86	73.03	7.4	13.1	-0.4
PHLX® Oil Service	165.00	161.86	163.29	-1.32	-0.80	192.66	148.37	-3.9	-11.2	-18.1
PHLX® Semiconductor	977.22	966.37	976.67	4.10	0.42	1012.29	630.77	46.7	7.7	19.1
CBOE Volatility	15.50	14.29	14.42	-0.24	-1.64	25.76	10.58	8.9	2.7	2.6

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Mkt and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	8,848.1	233.77	-0.10	-0.04	234.55	233.68
Sabre Corp.	SABR	7,973.6	22.20	-0.005	-0.02	22.20	22.05
iShares Russell 1000 Val	IWD	3,256.1	113.69	...	unch.	113.79	113.69
Rockwell Collins	COL	3,086.9	96.78	...	unch.	96.97	96.77
Goldman Sachs ActBt USLC	GSLC	3,053.7	46.45	-0.01	-0.03	46.45	46.44
iPath S&P 500 VIX ST Fut	VXX	2,297.6	17.30	0.09	0.52	17.46	17.17
iShares Russell 2000 ETF	IWM	2,200.6	135.22	-0.10	-0.07	135.35	135.10
Van Eck Vectors Gold Miner	GDX	2,185.5	24.31	0.04	0.16	24.34	24.26

Percentage gainers...

Company	Symbol	Volume	Latest	Session % chg	High	Low
Nivalis Therapeutics	NVLS	582.1	3.35	0.71	26.89	3.48
Ultragenyx Pharmaceutical	RARE	164.7	71.60	11.52	19.17	76.95
Lam Research	LRCX	447.6	133.20	5.77	4.53	133.69
Intuitive Surgical	ISRG	106.3	787.00	27.66	3.64	793.34
Asanko Gold	AKG	5.1	2.66	0.09	3.50	2.66

...And losers

Company	Symbol	Volume	Latest	Session % chg	High	Low
Diana Shipping	DSX	23.3	4.74	-0.37	-7.24	5.03
IBM	IBM	1,473.6	161.32	-8.73	-5.13	171.30
Interactive Brokers Group	IBKR	18.4	33.70	-1.09	-3.	

To the Shareholders of Credit Suisse Group AG

Annual General Meeting of April 28, 2017

Adjustment to the Proposals and Recommendation of the Board of Directors with regard to the compensation related agenda items

Following the CEO and Executive Board proposal to voluntarily reduce their variable compensation by 40% and the Board decision not to increase the total Board compensation for 2017, Credit Suisse Group AG has published an update to the 2016 Compensation Report, which can be found at www.credit-suisse.com/agm.

To implement this update, the Board further adjusted its recommendation and proposals with regard to the compensation related agenda items to be submitted to the 2017 Annual General Meeting of Shareholders on April 28, 2017 as follows:

1.2 Consultative Vote on the 2016 Compensation Report

Recommendation of the Board of Directors

The Board of Directors recommends that the 2016 Compensation Report, **as updated**, be accepted.

4.1 Approval of the Compensation of the Board of Directors

Proposal of the Board of Directors

The Board of Directors proposes approving a maximum amount of compensation of the Board of Directors of **CHF 12.0 million** (*instead of the originally proposed CHF 12.5 million*) for the period from the 2017 Annual General Meeting of Shareholders to the 2018 Annual General Meeting of Shareholders.

4.2 Approval of the Compensation of the Executive Board

4.2.1 Short-Term Variable Incentive Compensation (STI)

Proposal of the Board of Directors

The Board of Directors proposes approving the aggregate amount of **CHF 17.01 million** (*instead of the originally proposed CHF 25.99 million*), comprising the short-term variable incentive compensation of the Executive Board for the 2016 financial year.

4.2.3 Long-Term Variable Incentive Compensation (LTI)

Proposal of the Board of Directors

The Board of Directors proposes approving the maximum amount of **CHF 31.2 million** (*instead of the originally proposed CHF 52.0 million*), comprising the long-term variable compensation of the Executive Board for the 2017 financial year.

All other proposals of the Board of Directors, which can be found at www.credit-suisse.com/agm, remain unchanged.

Administrative Note on Power of Attorney and Instructions to the Independent Proxy

Due to the nature of the update, shareholders who have already issued electronic instructions to the independent proxy can change their instructions electronically via the web service <https://gvmanager.ch> until Tuesday, April 25, 2017.

Shareholders who have already issued instructions to the independent proxy in writing using the Instructions/Proxy Card can change their instructions by requesting a new form from Credit Suisse Group AG, Share Register, P.O. Box, 8070 Zurich, Switzerland, share.register@credit-suisse.com, +41 44 332 02 02.

Any changes to instructions issued to the independent proxy may be submitted until Tuesday, April 25, 2017.

If a shareholder issues instructions both electronically and in writing, the latest issued instruction applies.

Shareholders who have already issued instructions and do not wish to change them do not need to do anything. Their respective instructions to the independent proxy are deemed to also be valid for the updated recommendation and proposals.

Zurich, April 19, 2017

For the Board of Directors



Urs Rohner, Chairman

 **CREDIT SUISSE**

THE PROPERTY REPORT

Office Space Gets Less Costly

A surge of new supply is giving tenants greater leverage in top urban markets

By PETER GRANT

The U.S. office market became more tenant-friendly in the first quarter in many big cities as a seven-year expansion slowed.

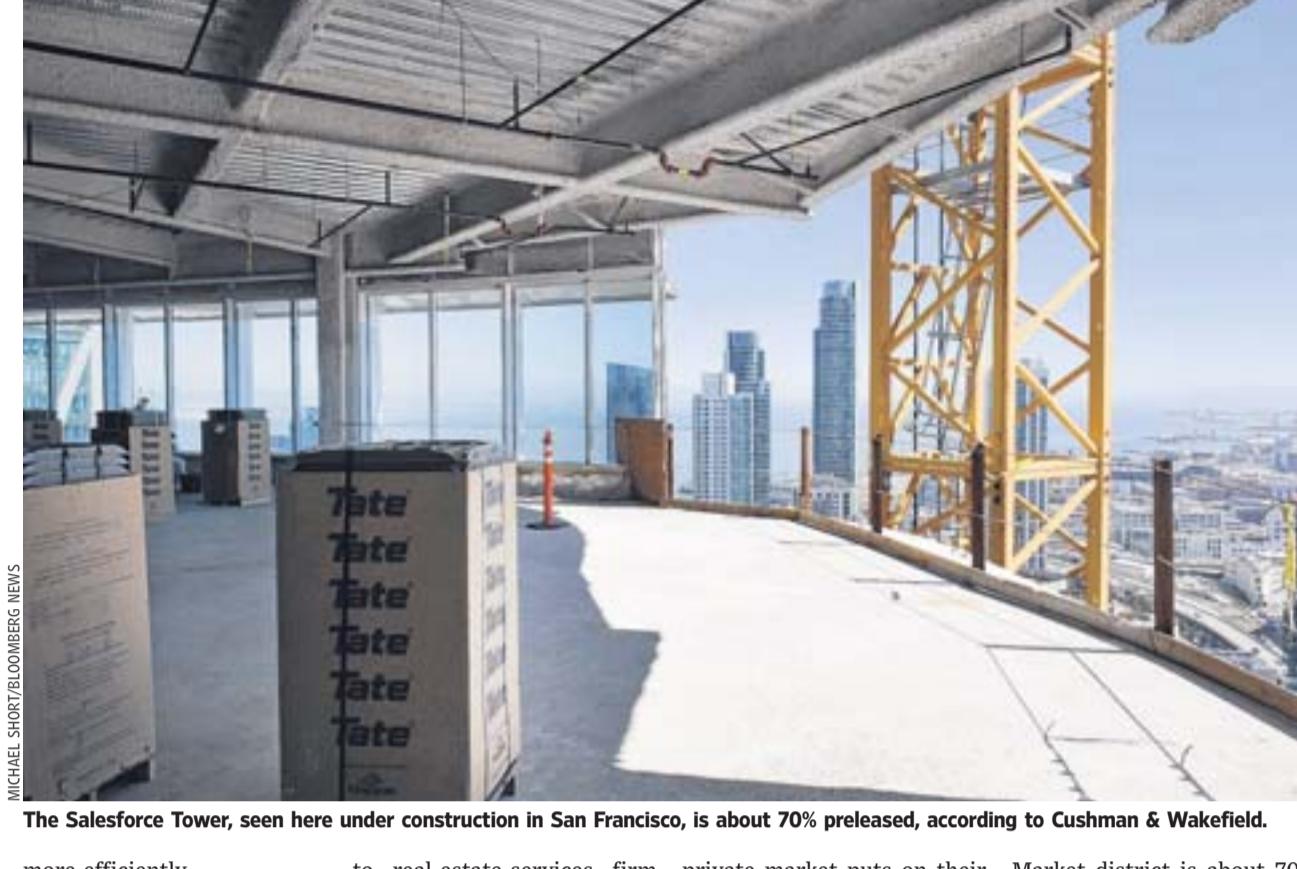
In San Francisco, vacancy rose for the fourth consecutive quarter amid a surge of new supply, according to real-estate-services firm **Cushman & Wakefield**. A mixed-use development at 181 Fremont St. hasn't announced any leases for its 432,000 square feet of office space, even though it is scheduled to open later this year.

Asking rents in the Midtown Manhattan neighborhood of New York City, meanwhile, averaged \$80.45 a square foot annually in the first quarter, compared with \$81.16 at the end of the first quarter in 2016, according to real-estate services firm **CBRE Group Inc.** The vacancy rate crept up to 11.9% from 11.6%.

Overall, average asking office rents increased 1.8% between the first quarter of 2016 and 2017, the slowest annual rate of growth since 2011, according to data firm Reis Inc.

Meanwhile, tenants occupied 5 million square feet more at the end of the first quarter than at the beginning of the year, compared with an average of 9.4 million square feet per quarter in 2016.

The office market generally tracks growth in the job market. But in the current economic expansion it has lagged behind, in part because tenants have learned to use space



The Salesforce Tower, seen here under construction in San Francisco, is about 70% preleased, according to Cushman & Wakefield.

more efficiently.

"The office market has yet to see a bounce or accelerating growth in this recovery and few signs suggest it will do so this deep into the expansion," Reis said in a first-quarter report.

Lately, in some top markets, rents and occupancy rates have been pressured by new supply. More than 3 million square feet of new space is expected to be delivered in San Francisco this year, the most since 1987, according to Robert Sammons, Cushman & Wakefield's head of research for that market.

In Boston, about 1.4 million square feet is under construction or renovation, according

to real-estate-services firm JLL.

A 1.5-million-square-foot mixed-use development at the site of the old Boston Garden being developed by Boston Properties Inc. includes 150,000 square feet of "speculative" office space, meaning it is being built without preleasing.

The rent and occupancy trends have disappointed investors who bet on a stronger recovery. Shares of public companies that are big New York office building owners—like **SL Green Realty Corp.**, **Vornado Realty Trust** and **Paramount Group Inc.**—have been trading at close to 20% discounts to the value that the

private market puts on their properties, according to Jed Reagan, an analyst at real-estate research firm Green Street Advisors.

Private investors who have paid top prices for office property in recent years might not get the income growth they are seeking. Green Street this year revised its projections for rent increases through 2020 to about 3% annually from 4% annually.

The market is still reasonably healthy. Brokers in many cities report that tenants are optimistic in their outlook and moving ahead with deals.

In San Francisco, the soaring Salesforce Tower under construction in the South of

Market district is about 70% preleased, according to Mr. Sammons.

The Bay Area market also is seeing strong demand from companies getting into the self-driving-car business, as evidenced by **General Motors Co.**'s announcement this month that it would add more than 1,100 new jobs in a new research and development facility in the city for its Cruise Automation division.

In Boston, **Related Cos.** has leased about two-thirds of Congress Square, the old Fidelity Investments headquarters building that it is overhauling, according to Benjamin Heller, a managing director in JLL's Boston office.

Plots & Ploys

COMMERCIAL PROPERTY Why the 'Wall of Maturities' Wasn't so Painful After All

Ever since the downturn, commercial real-estate lenders and borrowers have been dreading 2016 and 2017 because of a record volume of commercial mortgage-backed securities that were set to mature. As of 2014, it looked like about \$126 billion loans that were packaged into those securities would mature each year.

But the so-called wall of maturities hasn't caused nearly as much pain as expected. Borrowers have been able to pay most of them off thanks to rising property values and low interest rates, which allowed them to refinance.

That happy outcome can be seen in new statistics provided by debt tracker Trepp LLC that show what has happened to loans that were packaged into commercial mortgage-backed securities once they hit their maturity dates.

The market was worried about the maturities because the loans that were expiring in 2016 and 2017 were mostly made in 2006 and 2007

when the commercial property market was booming and underwriting standards had slacked off. Those days of easy money haven't returned.

But borrowers have been boosted by the steady growth in property values, which are now near record levels.

—Peter Grant

NASHVILLE Mall Gets New Attraction: A Madame Tussauds

Shopping center landlord **Simon Property Group** has opened the nation's first Madame Tussauds attraction in a mall, part of an effort to offer customers new experiences well beyond shopping.

The Madame Tussauds Nashville, located in the Opry Mills mall in Nashville, is a music-themed attraction that features 45 artists who have helped shape America's musical landscape, from Carrie Underwood, Taylor Swift and Bruno Mars to Stevie Wonder and Johnny Cash.

The new location in Music City is the 22nd Madame Tussauds spot globally. **Merlin Entertainment PLC**, which owns and operates Madame Tussauds, previously had launched the attractions in overseas malls in Shanghai and Bangkok.

The Nashville installment has taken up a 25,854-square-foot space that once was occupied by book retailer Barnes & Noble.

"The Mills and Simon properties offer tourists and locals alike an experience far beyond just shopping, including an array of dining and entertainment options," said Gregg Goodman, president of The Mills, a subsidiary of Simon Property.

Customers are encouraged to touch and take photos with the figures, as well as design a concert shirt and record a song.

Opry Mills, an outlet shopping center with more than 200 stores, including Forever 21 and H&M, in the spring is adding other retail stores such as Champs, Asics and New Balance.

—Esther Fung

Retail Landlords Use Tech to Lure Shoppers

By ESTHER FUNG

Mall landlords, faced with declining sales and disappearing stores, are deploying smartphones, social media and other technology to lure customers—and then keep them spending.

In the past, malls dished out paper coupons or reward cards for shoppers to carry around. Now, as mall anchors such as **Macy's Inc.** are shutting stores and retailers including **Payless ShoeSource Inc.** are filing for bankruptcy reorganization, mall owners are getting more sophisticated.

These landlords are introducing phone apps and credit-card-linked programs that identify individual customers' spending habits and then target them with special offers on their favorite brands.

At the Chicago Ridge Mall, a shopper can swipe his or her credit card at a kiosk to sign up for the Oh So Simple Rewards Program. For every \$250 spent in total at the mall's stores the consumer receives a \$10 reward that can be redeemed at the next purchase.

Starwood Retail Partners, the mall's owner, tapped the services of **Spring Marketplace Inc.**, which creates rewards programs for malls that link online and mobile marketing to in-store sales through



Malls are using smartphones, social media and other technologies such as credit-card-linked programs to try to boost customer loyalty. Above, the Shops at Crystals at CityCenter in Las Vegas.

credit cards that shoppers already use.

"It's a competitive market out there in retail," said Chelsee Petereit, vice president of marketing at Starwood Retail. "People have got a computer in their pockets and these rewards are just enough to tip them over to make the purchase, especially if they are already in the center."

By tracking customers' purchases at a mall, Spring is able to send coupons for neighboring stores via text messages

that can prompt shoppers to fan out to other retailers. For instance, shoppers getting a coffee at a Starbucks using a credit card might get a text message with a \$5 coupon for a nearby J. Crew store.

"You get an SMS congratulating you in real time. It's very engaging and it makes you want to do it again," said Jonathan Dyke, chief operating officer at Spring Marketplace, which also counts mall real-estate investment trusts such as **Simon Property Group**, Taub-

man Centers Inc. and **Pennsylvania Real Estate Investment Trust** as its clients.

Customers choose whether or not to opt in to the loyalty program; no shopper's purchases are tracked across a mall without an agreement to participate. Spring Marketplace said the credit-card data is encrypted in its database and the information is shared only with the mall landlord and the retailers in the mall.

In Gretna, Neb., a 350,000-square-foot outlet mall in-

vested \$2 million to install fiber-optic lines as well as \$10 million in an app that has racked up 300,000 downloads since it was launched three years ago.

The mall, Nebraska Crossings Outlets, uses the app as a data-mining tool to segment customers by the brands they shop for, said Rod Yates, principal at **OTB Destination LLC**, a closely held real-estate firm that operates the mall.

Retailers at first were wary because they were protective of their brands, according to Johanna Boston, chief marketing officer at OTB Destination. But the outlet mall positioned itself as a laboratory for new marketing techniques, including sending messages through email and Facebook.

The mall also plans to roll out a loyalty program that would collect data on shoppers' purchases and offer personalized promotions. That helped win over skeptical retailers, said Ms. Boston.

The app also has been helpful in the landlord's leasing efforts, as the information gleaned from shoppers' interactions with the app gives retailers a better idea of how many customers they can reach in the area.

"Is it becoming more competitive to get tenants? You bet," Mr. Yates said.

Failed Malls Are Mostly Victims of Other Malls, Not Web

By ESTHER FUNG

Internet retailing is eating into mall revenue, but competition from newer shopping centers was the most common cause of death for malls over the past decade, according to a study of 72 such properties.

While the situations were different, the dead malls generally struggled to compete with newer malls that offered more modern features and a broader selection of stores, according to Wells Fargo Securities, whose database covers about 1,000 malls.

The dead malls were built in the mid-1970s and were overtaken by larger malls built from the late 1970s to the early 1990s that better capitalized on demographic and transportation shifts.

One common hallmark of a dead or dying mall is the clo-

sure of an anchor store. When that happened, fewer customers tended to visit, resulting in more store closures, which led to even fewer shoppers, and so on. "Relocation of an anchor department store from the weaker property to the newer mall was a common tipping point for the downfall of the weaker mall," said Jeffrey Donnelly, senior analyst at Wells Fargo Securities. He said weak malls are typically the fourth or fifth mall in a town with a population insufficient to support that much shopping.

Of the 72 malls that closed, 23 were redeveloped into other types of retail property, such as strip centers or open-air shopping centers, while 18 were reused as civic centers or converted into residential towers or industrial or office campuses.

Plans for the remaining 31 malls have yet to be deter-

mined, though most of them already have been demolished. The average dead mall was about 752,000 square feet, compared with the 1.2 million square feet for an average class-A mall and the average 910,000 square feet of a class-B mall.

Ohio suffered the most mall closings—six, in Akron, Canton, Columbus, North Randall, Northwood and Toledo—followed by Texas and Missouri, with five each.

Landlords have grappled with numerous threats over the years. Two decades ago, Blockbuster was eating into the revenue of movie chains, while big-box stores were battering smaller stand-alone retailers, noted Sandler O'Neill Partners analysts in a recent report. This time, factors such as consumers being more thoughtful about purchases af-

ter the recession, the overbuilding of retail centers and retailers' focus on investing in more online shopping channels are pressuring mall landlords.

When developers build a mall, they generally expect it to serve the community for 40 years or longer, according to the International Council of Shopping Centers. The Southdale Mall in Edina, Minn., for instance, celebrated its 60th anniversary last October. NorthPark Center in Dallas and South Coast Plaza in Costa Mesa, Calif., recently turned 50. "Malls view themselves as community hubs, and as market shifts occur, mall owners throughout the industry have effectively curated new customer offerings to meet changing consumer behaviors and expectations," said Tom McGee, president and chief executive officer at the ICSC.



The shuttered Randall Park Mall in Ohio, shown in 2012.

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Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%)	Latest	Low	High
Broad Market Bloomberg Barclays						
1916.14	2.0	U.S. Aggregate	2.460	1.820	2.790	
U.S. Corporate Indexes	Bloomberg Barclays					
2700.80	2.7	U.S. Corporate	3.180	2.750	3.520	
2575.79	2.2	Intermediate	2.650	2.190	3.010	
3649.25	4.0	Long term	4.350	3.960	4.710	
555.03	2.2	Double-A-rated	2.550	1.980	2.870	
692.67	3.0	Triple-B-rated	3.500	3.180	3.870	
High Yield Bonds Merrill Lynch						
400.08	3.0	High Yield Constrained	5.845	5.568	7.850	
402.72	4.7	Triple-C-rated	10.116	9.584	17.558	
2761.30	2.9	High Yield 100	5.453	5.200	6.804	
363.38	3.2	Global High Yield Constrained	5.463	5.256	7.395	
292.86	2.0	Europe High Yield Constrained	2.996	2.901	4.840	
U.S. Agency Bloomberg Barclays						
1630.17	1.6	U.S. Agency	1.690	1.150	1.960	
1461.24	1.0	10-20 years	1.490	0.960	1.750	
3293.80	5.4	20-plus years	2.940	2.390	3.460	
2402.12	2.5	Yankee	2.730	2.320	3.090	

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds

'1 in local currency \$ Euro-zone bonds

Sources: Merrill Lynch; Bloomberg Barclays; J.P. Morgan

Cash Prices | WSJ.com/commodities

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Tuesday	Tuesday	Tuesday	Tuesday
Energy				
Propane, tet, Mont Belvieu-g	0.6859			
Butane, normal, Mont Belvieu-g	0.8546			
Natural Gas, Henry Hub-i	3.060			
Natural Gas, TranscoZone3-i	3.010			
Natural Gas, TranscoZone6-NY-i	3.030			
Natural Gas, PanhandleEast-i	2.680			
Natural Gas, Opal-i	2.750			
Natural Gas, MarcellusNE PA-i	2.640			
Natural Gas, HaynesvilleLA-i	2.950			
Coal, CAPIC, 12500Btu, 12SG02-r, w	52.450			
Coal, PwdrVrsn, 8800Btu, 0.8SG02-r, w	11.750			
Metals				
Gold, per troy oz				
Engelhard industrial	1289.14			
Engelhard fabricated	1385.83			
Handy & Harman base	1278.95			
Handy & Harman fabricated	1419.63			
LBMA Gold Price AM				
LBMA Gold Price PM				
Krugerrand, wholesale-e				
Maple Leaf-e				
American Eagle-e				
Mexican peso-e				
Austria crown-e				
Austria phil-e				
Silver, troy oz.				
Engelhard industrial	18.4000			
Engelhard fabricated	22.0800			
Handy & Harman base	18.2650			
Handy & Harman fabricated	22.8310			
LBMA spot price (U.S. equivalent)	£14.5567			
	18.4200			
Grains and Feeds				
Burlap, 10-oz, 40-inch NY yd-n, w	0.6000			
Cotton, 1/16 std lvw-midMphs-u	0.7566			
Cottoak' A' index-t	85.75			
Hides, hvy native steers piece fob-u	n.a.			
Wool, 64s, staple, Terl del-u, w	4.11			
Fibers and Textiles				
Burlap, 10-oz, 40-inch NY yd-n, w	0.6000			
Cotton, 1/16 std lvw-midMphs-u	0.7566			
Cottoak' A' index-t	85.75			
Hides, hvy native steers piece fob-u	n.a.			
Wool, 64s, staple, Terl del-u, w	4.11			
Grains and Feeds				
Barley, top-quality Mpls-u	n.a.			
Bran wheat middlings, KC-u	55			
Corn, No. 2 yellow, Cent IL-bp, u	3.4050			
Corn gluten feed, Midwest-u, w	79.7			
Corn, No. 2 yellow, Cent IL-bp, u	501.1			
Corn gluten meal, Midwest-u, w	190			
Cottonseed meal-u, w	95			
Hominy feed, Cent IL-u, w	263			
Meat-bonemeal, 50% pro Mpls-u, w				
Oats, No. 2 milling, Mpls-u	2.8125			
Rice, 5% Broken White, Thailand-l, w	356.00			
Rice, Long Grain Milled, No. 2 AR-u, w	20.25			
Sorghum, (Milo) No. 2 Gulf-u	6.7725			
Soybean Meal, Cent IL, rail, ton, 48%-u	306.70			
Soybeans, No. 1 ylw IL-bp, u	9.1300			
Fats and Oils				
Corn oil, crude wet/dry mill-u, w	37.5000			
Grease, choice white, Chicago-u	0.2750			
Lard, Chicago-u	n.a.			
Pork bellies, 12-14 lb MidUS-u	1.3370			
Pork loins, 13-19 lb MidUS-u	0.9308			
Steers, Tex.-Okla. Choice-u	128.00			
Steers, feeder, Okla. City-u	162.74			
Bond Yields				
Wheat, Spring14%-pro Mnpls-u	6.3425			
Wheat, No. 2 soft, St. Louis-bp, u	4.1550			
Wheat-Hard -KC (USDA)'s per bu-u	3.7425			
Wheat-No.1soft white, Portl, OR-u	4.5875			
Food				
Beef, carcass equiv. index				
choice 1c, 3,600-900 lbs.-u	198.06			
select 1c, 3,600-900 lbs.-u	185.57			
Broilers, dressed 'A'-u	n.a.			
Broilers, National comp wghtd-u, w	0.9649			
Butter, AA Chicago	2.0625			
Cheddar cheese, bbl, Chicago	142.00			
Cheddar cheese, bbl, Chicago	147.50			
Milk, Nonfat dry, Chicago lb.	85.00			
Cocoa, Ivory Coast-w	2185			
Coffee, Brazilian, Comp	1.4093			
Coffee, Colombian, NY	1.6017			
Eggs, large white, Chicago-u	0.6050			
Fruit, hard winter KC	12.65			
Hams, 17-20 lbs, Mid-US fob-u	n.a.			
Hogs, Iowa-So. Minnesota-u	63.13			
Pork bellies, 12-14 lb MidUS-u	1.3370			
Pork loins, 13-19 lb MidUS-u	0.9308			
Steers, Tex.-Okla. Choice-u	128.00			
Steers, feeder, Okla. City-u	162.74			
Fats and Oils				
Corn oil, crude wet/dry mill-u, w	37.5000			
Grease, choice white, Chicago-u	0.2750			
Lard, Chicago-u	n.a.			
Pork bellies, 12-14 lb MidUS-u	1.3370			
Pork loins, 13-19 lb MidUS-u	0.9308			
Tallow, bleach, Chicago-u	0.3000			
Tallow, edible, Chicago-u	n.a.			

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra, Tordella & Brooks; G=ICE; I=Natural Gas Intelligence; L=liviceindex.com; M=midday; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=The Steel Index; T=Cotlook Limited; U=USDA; W=weekly; Z=not quoted.

*Data as of 4/17

Source: WSJ Market Data Group

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell(▼) in the latest session

Coupon (%)	Maturity, in years	Latest	0	20	40	60	80	100	120	Previous	Month ago	Year ago	Spread Under/U.S. Treasuries, in basis points
1.250	U.S. 2	1.169	▲	●						1.205	1.325	0.746	
2.250		2.179	▼	●						2.250	2.502	1.772	
5.250	Australia 2	1.638	▲	●						1.635	1.836	1.957	46.9
4.750	10	2.501	▲	●						2.482	2.869	2.501	32.2
0.000	France 2	-0.329	▲	●						-0.465	-0.468	-0.442	-149.8
0.250													

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.							
April	2,5845	2,5845	2,5205	2,5290	-0,0660	718	
July	2,6085	2,6085	2,5275	2,5405	-0,0695	98,672	
Gold (CMX)-100 troy oz.; \$ per troy oz.							
April	1283.90	1290.60	1278.60	1291.70	2.30	1,096	
June	1286.70	1294.40	1280.60	1294.10	2.20	345,421	
Aug	1290.10	1297.50	1284.00	1297.30	2.20	45,415	
Oct	1293.10	1300.00	1287.60	1300.40	2.10	7,747	
Dec	1295.10	1303.80	1290.60	1303.60	2.00	48,057	
Feb'18	1297.50	1306.70	1294.40	1306.80	1.90	7,918	
Palladium (NYM)-50 troy oz.; \$ per troy oz.							
April	797.00	797.00	797.00	770.85	-17.55	1	
May	786.00	786.00	778.05	770.85	-17.55	2	
June	788.50	792.30	768.55	771.00	-17.55	32,063	
Sept	787.85	792.10	770.60	771.20	-17.70	1,963	
Platinum (NYM)-50 troy oz.; \$ per troy oz.							
April	983.10	983.10	982.30	975.80	-11.70	41	
July	987.50	989.10	977.30	978.60	-12.50	60,867	
Silver (CMX)-5,000 troy oz.; \$ per troy oz.							
April	18,430	18,435	18,430	18,251	-0,242	86	
May	18,430	18,435	18,065	18,272	-0,242	124,748	
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.							
May	52.75	52.85	52.10	52.41	-0,24	106,872	
June	53.19	53.30	52.54	52.85	-0,26	565,300	
July	53.52	53.65	52.89	53.20	-0,27	213,588	
Sept	54.03	54.12	53.36	53.69	-0,27	189,355	
Dec	54.38	54.50	53.73	54.10	-0,25	273,884	
Dec'18	53.96	53.99	53.24	53.61	-0,26	129,019	
NY Harbor ULSD (NYM)-42,000 gal.; \$ per gal.							
May	1,6343	1,6348	1,6128	1,6219	-0,110	69,437	
June	1,6421	1,6465	1,6219	1,6311	-0,110	113,249	
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.							
May	1,7229	1,7234	1,6928	1,7110	-0,086	74,962	
June	1,7262	1,7299	1,7003	1,7165	-0,096	113,777	
Natural Gas (NYM)-10,000 MMBtu.; \$ per MMBtu.							
May	3,164	3,182	3,114	3,145	-0,018	122,435	
June	3,251	3,268	3,206	3,236	-0,015	201,100	
July	3,328	3,342	3,283	3,314	-0,013	182,234	
Sept	3,349	3,360	3,310	3,339	-0,013	129,228	
Oct	3,360	3,379	3,327	3,356	-0,014	134,166	
Jan'18	3,631	3,631	3,590	3,614	-0,013	95,290	

Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.							
May	366.50	368.00	360.75	361.75	-4.75	318,959	
July	373.00	374.50	367.25	368.25	-5.00	607,110	
Oats (CBT)-5,000 bu.; cents per bu.							
May	220.25	221.00	216.00	218.75	-50	3,028	
July	217.25	220.50	215.25	217.75	-75	2,910	
Soybeans (CBT)-5,000 bu.; cents per bu.							
May	952.50	955.00	939.75	946.00	-7.25	221,608	
July	962.75	965.50	950.00	956.25	-7.50	306,743	
Soybean Meal (CBT)-100 tons; \$ per ton.							
May	313.20	314.00	310.00	312.20	-1.20	79,644	
July	317.50	318.30	314.30	316.60	-1.10	174,653	
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
May	31.78	31.84	31.06	31.14	-66	102,103	
July	31.99	32.07	31.30	31.38	-65	188,815	
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.							
May	1009.00	1015.00	1002.50	1005.00	-5.00	6,148	
July	1035.50	1041.50	1030.00	1032.00	-4.00	3,535	
Wheat (CBT)-5,000 bu.; cents per bu.							
May	421.75	423.75	419.00	422.50	1.50	126,657	
July	436.25	437.75	432.75	437.00	1.25	250,469	
Wheat (KCC)-5,000 bu.; cents per bu.							
May	416.75	419.75	414.75	419.25	3.00	57,913	
July	430.00	432.25	427.25	432.00	3.00	134,293	
Wheat (MPLS)-5,000 bu.; cents per bu.							
May	528.75	539.50	528.75	539.25	10.50	15,181	
July	537.75	547.75	537.00	547.25	9.75	27,305	
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
April	139,900	139,825	138,025	138,675	-375	3,829	
Aug	142,725	143,825	141,475	142,175	-0.50	24,894	
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
April	126,750	127,725	126,275	126,775	-350	13,420	
June	115,700	116,900	115,125	116,650	-130	187,459	
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
May	67,900	67,900	66,075	67,150	-575	1,689	
June	72,350	72,475	70,625	71,500	-850	85,849	
Lumber (CME)-10,000 bd. ft.; \$ per 1,000 bd. ft.							
May	390.20	390.50	382.20	385.00	-1.70	3,198	
July	397.50	397.50	390.60	392.50	-1.10	2,134	
Milk (CME)-200,000 lbs.; cents per lb.							
April	15.25	15.26	15.24	15.24	...	5,302	
June	15.35	15.49	15.26	15.40	.11	5,020	
Cocoa (ICE-US)-10 metric tons; \$ per ton.							
May	1,910	1,951	1,887	1,928	17	621	
July	1,927	1,953	1,898	1,916	-11	145,419	

Currency Futures

Japanese Yen (CME)-¥1,250,000; \$ per 100Y							
May	91.72	92.41	91.67	92.34	.0032	566	
June	91.98	92.55	91.79	92.47	.0031	195,731	
Canadian Dollar (CME)-CAD 100,000; \$ per CAD							
April	.7485	.7489	.7478	.7484	-.0031	592	
June	.7515	.7517	.7479	.7469	-.0041	123,108	
British Pound (CME)-£100,000; \$ per £							

BIGGEST 1,000 STOCKS

How to Read the Stock Tables The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more from their previous closing price was \$2 or higher.

Footnotes:
i-New 52-week high.
j-New 52-week low.
d-Indicates loss in the most recent four quarters.
FD-First day of trading.
H-Does not meet continuing standards.
If-Late filing.
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy.
v-Trading halted on primary market.
w-In bankruptcy or reorganization 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 18, 2017

NYSE		Net		Stock		Net		Stock		Net		Stock		Net		Stock		Net		Stock	
Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg
ABB	ABB 22.19 0.09	BCE	BCE 45.53 -0.51	CenturyLink	CTL 25.06 -0.24	NCR	NCR 18.47 0.25	Rollins	ROL 37.01 0.23	TysonFoods	TSN 65.24 0.78	BioMarinPharm	BMRN 90.95 0.25	MaximIntProducts	MIM 44.42 0.31	Matteil	MAT 25.24 0.21	MaximIntProducts	MIM 44.42 0.31		
AES	AES 11.41 -0.02	BHPBilliton	BBL 35.57 -0.68	Chemours	CC 35.77 0.19	NRG Energy	NRG 18.44 -0.11	RoperTech	ROP 37.01 0.24	Broadcom	BRCM 56.05 -0.23	Bioviverat	BIVV 21.30 -0.77	MelcoResorts	MCLC 19.96 -0.10	AVGO	AVGO 21.30 -0.77	MicrochipTech	MCHP 74.13 1.11		
Aflac	AFL 73.88 0.35	BP	BP 34.67 -0.36	Ingredion	INGR 120.88 0.32	NVR	NVR 216.52 -1.12	RoyalBSCo	RBS 5.78 -0.01	CG	CG 31.86 0.03	Broadcom	BRCM 56.05 -0.23	MercadoLibre	MELI 217.82 -2.65						
ATT	T 40.25 -0.05	BrightHuges	BHU 60.01 0.39	ICE	ICE 60.27 0.17	NationalGrid	NGG 54.88 -0.19	RoyalCaribbean	RCL 95.55 -0.39	CA	CA 31.86 0.03	MicrochipTech	MCHP 74.13 1.11	MicrochipTech	MCHP 74.13 1.11						
AXIS Capital	AXS 65.95 -0.22	Ball	BLL 72.28 -0.22	ImcContinental	ICL 49.25 -0.01	NatOilWell	NWL 36.90 -0.66	RoyalDutch	RDS/A 52.46 -0.48	CDK Global	CDK 64.87 0.43	Microsem	MSCC 48.03 0.65								
AbbottLabs	ABT 43.43 0.12	BanqueBilBaov	BVA 7.30 -0.08	IBM	IBM 170.05 -1.05	NatRetailProp	NNN 45.53 0.14	RoyalDutch	RDS/B 55.16 -0.66	CDW	CDW 57.40 0.26	Microsoft	MSFT 65.39 -0.09								
AbbVie	ABBV 65.85 -0.66	BankCnclChile	BCH 75.03 -0.53	IntlFlavors	IFF 134.07 1.05	NewOrientalEdut	EDU 17.74 0.04	SAP	SAP 97.02 -0.24	CDB Group	CRHR 75.29 -0.28	Microsoft	MSFT 65.39 -0.09								
Accenture	ACN 116.24 0.20	BankSantander	SAN 5.88 -0.04	JPMorganChase	JPM 85.16 -0.70	NewResidentEd	NRZ 17.74 0.04	SAP Global	SAP 130.52 -0.24	Midlevel	MIDD 134.04 -0.59										
AcuityBrands	AVY 174.70 -0.37	BankColombia	CB 39.99 -0.43	EnergyTrifEquity	ETE 146.56 -0.13	Nike	NKE 51.11 -0.13	Unilever	UL 51.31 0.06	Momco	MOMO 177.67 -1.63										
Adient	ADNT 66.16 -1.11	BankAmerica	BAC 22.71 -0.10	EnergyTrifPcts	ETP 35.04 -0.22	Nielsen	NLSN 42.11 -0.02	CadenceDesign	CNS 32.61 0.78	Mondelez	MDLZ 44.74 0.60										
AdvanceAuto	AAP 140.09 0.07	BankHughes	BHU 60.01 0.39	EnergyTrifRts	ETR 76.89 -0.24	NY CmtyCo	NYC 13.35 -0.05	Carlile	CG 15.75 -0.35	MonstarBev	MNST 45.31 0.30										
AdvSemEnerg	ASX 6.21 -0.06	Ball	BLL 72.28 -0.22	Interpubli	IPB 24.90 -0.18	SINPECShanghai	SIN 57.38 -1.22	Celgene	CG 37.03 -0.52	Mylan	MYL 37.03 -0.52										
Aegon	AEG 4.79 -0.11	BanqueBilBaov	BVA 7.30 -0.08	InnovationHomes	INVH 21.77 0.10	SK Telecom	SKM 24.06 0.01	Cerner	CERN 58.31 -0.41	NXP Sem	NXPI 103.31 0.14										
AerCap	AER 43.64 -0.08	BankCnclChile	BCH 75.03 -0.53	IntlProperties	IP 35.79 -0.24	Salesforce	CRM 83.71 -0.49	CharterComms	CTSH 328.18 -2.18	NDAQ	NDQ 69.10 0.02										
Aetna	AET 128.54 -0.77	BankCnclChile	BCH 75.03 -0.53	InvestmentHlthr	IHF 26.79 -0.22	NeimanMarcus	NEI 45.98 0.25	CheckPointStv	CHECK 107.20 -1.04	NetApp	NTAP 39.73 -0.06										
AffiliatedMrgns	AMG 161.79 -0.37	BankCnclChile	BCH 75.03 -0.53	EquityLife	ETE 146.56 -0.13	Novartis	NOV 34.88 -0.66	Cinemas	CIN 122.37 -0.61	Netflix	NFLX 143.36 -3.89										
AiglonEagle	AEM 53.03 -0.43	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
Aigrum	AGU 91.98 -1.18	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
AirProducts	APD 135.27 -0.59	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
AlaskaaAir	ALK 86.53 -0.38	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
Albermarle	ALB 105.77 1.14	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
Alcoa	AAC 31.76 0.45	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
AmericanWaterA	AWK 79.50 0.03	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
Allstate	ALL 80.31 -0.31	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
AllyFinancial	ALLY 19.24 -0.16	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
Altis	MO 72.34 -0.23	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
AlumofChina	ACH 12.90 -0.33	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
Ambev	ABEV 5.79 -0.01	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
AmericaMovil	AMX 14.64 -0.03	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
AmericaMovil	AMX 14.70 -0.03	BankCnclChile	BCH 75.03 -0.53	EquityResndl	ERD 17.74 0.04	Novartis	NOV 34.88 -0.66	CiscoSystems	CSCO 32.67 0.06	NewCorp	ANWSA 12.33 -0.08										
Amcampus	AMC 49.33 -0.24	BankCnclChile																			

NEW HIGHS AND LOWS

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: Percentage change from the previous trading session.

Tuesday, April 18, 2017

Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg
NYSE highs - 98								
AdvancePierre APFH	GSPb	26.99 0.7	ResfordIndlRealty REXR	GJO	24.84 0.3	CoastwayBancor CWA	WAV	18.15 1.3
GranaiteREIT GRD/U	GJO	36.90 0.5	RogersComm B	RJL	46.34 0.2	ComvVehicle CUGE	7.85 9.3	AtossaGenetics ATOS
GoldmanSachsGP GPb	SUPV	17.43 0.4	STAG Indl	STAG	26.66 0.2	CAS Medsys CASM	5.63 0.7	
GranaiteREIT GRD/U	HDR	38.99 0.2	SoJerseyIndl SJI	FidusInvt FDUS	18.23 1.1	
Alibaba BABA	HRC	19.76 -0.4	Strats WMrG GJO	GJO	22.06 0.1	FirstDefence FDEF	54.74 0.3	
AleNet ALE	HRS	43.03 0.3	THLCreditNts2 TCRZ	CidraTherap CTDX	2.83 -2.4	
AlphaPlp/Prop AWIP	HTE	24.09 0.1	TimeWarner TWX	ChinaFinance CJFC	...	
AmTowerREIT PHA AMT	IDP	85.70 0.2	Toll Bros. TOL	Connecture CNXR	0.82 -1.0	
AmerTowerREIT PHA AMT	IMN	125.09 0.5	TransGas TGS	CumulusMedia CMLS	0.25 -4.5	
AnnalyCap NYL	INNV	11.79 0.3	TransUnion TRU	DarvoHealth DVO	2.45 0.5	
AnworthMtgPfdB ANHpb	JEA	22.99 0.1	TwoHarborsInv TWO	DestMaternity DEST	1.20 -6.9	
ArborRealty ABR	LLC	8.70 0.2	TwoHarborsInv TWO	DistrContainer DIX	0.58 -4.1	
ArmourRes ARB	...	23.71 0.1	UniversalHealth UHT	EigerBioPharma EIGR	7.85 -3.6	
Azul AZUL	KF	23.95 0.7	Vectren VVC	EnduranceIntl ENDO	6.20 -0.7	
BlackHills BKH	LEN/B	57.00 0.2	WinstMtgDfoP WMO	Fronteo FTEO	9.06 -2.1	
Batk's LNK	MFC	28.46 0.2	WinstMtgDfoP WMO	GlobeGlobe GLBG	2.16 13.2	
CenterPointEner CHP	MFA	9.28 0.1	WinstMtgDfoP WMO	GenParte FENX	1.16 -5.7	
Chemtura CHMT	NEF	33.55 0.4	WinstMtgDfoP WMO	Glycomimetics GLYC	4.07 3.8	
ChesapeakeEutil CPK	...	71.85 1.4	WinstMtgDfoP WMO	GulfportEnergy GPOR	15.51 -1.7	
Chimeralnv CML	NEFF	20.90 0.7	WinstMtgDfoP WMO	HibbetSports HIBB	26.60 -3.4	
Chipotle CMG	...	47.15 0.7	WinstMtgDfoP WMO	HollistsAuto HOLI	15.00 -2.7	
CerveceraSudlnd CCU	MDLX	24.94 0.1	WinstMtgDfoP WMO	Iconics IKNX	9.30 -7.7	
CustomerSnpdPfD CSDP	...	26.25 1.4	WinstMtgDfoP WMO	InventureFoods SNAK	3.62 -0.5	
DCT Industrial DCT	MCO	114.75 -0.1	WinstMtgDfoP WMO	Jamba JMB	2.22 -1.9	
DTE Energy DTE	NSR	219.00 -0.1	WinstMtgDfoP WMO	Kona KONA	5.20 -1.9	
EmbotellAndinab AKOB	NSA	26.09 0.2	WinstMtgDfoP WMO	Lens LENIS	3.92 -2.3	
Energizer ENR	PEP	114.61 0.8	WinstMtgDfoP WMO	Metac METC	7.42 -2.7	
EnzBioChem ENZ	PM	115.63 0.4	WinstMtgDfoP WMO	RenTech RTK	0.36 4.1	
EversourceEner ES	PLD	50.50 0.2	WinstMtgDfoP WMO	SorrentoTherap SRNE	1.55 -14.7	
FT InterDrd FDP	PHM	23.87 0.4	WinstMtgDfoP WMO	SucamphoPharm SCMP	9.30 -0.5	
FourPointSnpd FGPT	REK	23.28 0.2	WinstMtgDfoP WMO	TitanCorp TTNP	2.00 -1.3	
FranklinUniversal ET	RELX	20.26 0.6	WinstMtgDfoP WMO	TitansCorp TTNP	2.00 -1.3	
GEO Group GEO	RSOpb	23.93 -0.3	WinstMtgDfoP WMO	XploreTech XPLR	1.77 -4.8	
NYSE lows - 22								
GoldmanSachsGP GSb	...	26.99 0.7	ResfordIndlRealty REXR	NYSE Arca highs - 8		
GraniteREIT GRD/U	...	36.90 0.5	RogersComm B	RJL	46.34 0.2	CoastwayBancor CWA	...	
GrosSuperville SUPV	...	17.43 0.4	STAG Indl	ComvVehicle CUGE	...	
HersheySouth HLS	...	43.03 0.3	SoJerseyIndl SJI	CidraTherap CTDX	...	
Hitec HTE	...	24.09 0.1	Strats WMrG GJO	ChinaFinance CJFC	...	
IDACorp IDP	...	85.70 0.2	THLCreditNts2 TCRZ	Connecture CNXR	...	
Am Tower REIT IDT	...	125.09 0.5	Toll Bros. TOL	CumulusMedia CMLS	...	
AnnalyCap NYL	...	11.79 0.3	TransGas TGS	DarvoHealth DVO	...	
AnworthMtgPfdB ANHpb	...	28.08 0.1	TransUnion TRU	DestMaternity DEST	...	
ArborRealty ABR	...	8.70 0.2	TwoHarborsInv TWO	DistrContainer DIX	...	
ArmourRes ARB	...	23.71 0.1	TwoHarborsInv TWO	EigerBioPharma EIGR	...	
Azul AZUL	...	23.95 0.7	UniversalHealth UHT	EnduranceIntl ENDO	...	
BlackHills BKH	...	68.63 0.7	Vectren VVC	Fronteo FTEO	...	
Batk's LNK	...	59.88 0.3	WinstMtgDfoP WMO	GlobeGlobe GLBG	...	
CenterPointEner CHP	...	5.96 0.3	WinstMtgDfoP WMO	GenParte FENX	...	
ChimeraCHP CHMT	...	105.70 0.4	WinstMtgDfoP WMO	Glycomimetics GLYC	...	
Am Tower REIT IDT	...	125.09 0.5	WinstMtgDfoP WMO	GulfportEnergy GPOR	...	
AmerTowerREIT PHA AMT	...	125.09 0.5	WinstMtgDfoP WMO	HibbetSports HIBB	...	
AnnalyCap NYL	...	11.79 0.3	WinstMtgDfoP WMO	HollistsAuto HOLI	...	
AnworthMtgPfdB ANHpb	...	20.90 0.7	WinstMtgDfoP WMO	Iconics IKNX	...	
ArborRealty ABR	...	8.70 0.2	WinstMtgDfoP WMO	InventureFoods SNAK	...	
ArmourRes ARB	...	23.71 0.1	WinstMtgDfoP WMO	Jamba JMB	...	
Azul AZUL	...	23.95 0.7	WinstMtgDfoP WMO	Kona KONA	...	
BlackHills BKH	...	68.63 0.7	WinstMtgDfoP WMO	Lens LENIS	...	
Batk's LNK	...	59.88 0.3	WinstMtgDfoP WMO	Metac METC	...	
CenterPointEner CHP	...	5.96 0.3	WinstMtgDfoP WMO	RenTech RTK	...	
ChimeraCHP CHMT	...	105.70 0.4	WinstMtgDfoP WMO	SorrentoTherap SRNE	...	
Am Tower REIT IDT	...	125.09 0.5	WinstMtgDfoP WMO	SucamphoPharm SCMP	...	
AmerTowerREIT PHA AMT	...	125.09 0.5	WinstMtgDfoP WMO	TitanCorp TTNP	...	
AnnalyCap NYL	...	11.79 0.3	WinstMtgDfoP WMO	XploreTech XPLR	...	
AnworthMtgPfdB ANHpb	...	20.90 0.7	WinstMtgDfoP WMO			
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Am Tower REIT IDT	...	125.09 0.5	WinstMtgDfoP WMO			
AmerTowerREIT PHA AMT	...	125.09 0.5	WinstMtgDfoP WMO			
AnnalyCap NYL	...	11.79 0.3	WinstMtgDfoP WMO			
AnworthMtgPfdB ANHpb	...	20.90 0.7	WinstMtgDfoP WMO			
ArborRealty ABR	...	8.70 0.2	WinstMtgDfoP WMO			
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MARKETS

Pound Surges on Brexit Deal Hope

Investors show confidence June election will lead to favorable agreement

BY GEORGI KANTCHEV
AND CHRISTOPHER WHITTALL

The British pound leapt more than 2% against the dollar Tuesday, its largest swing this year, in a bet by investors that an early election would give Prime Minister Theresa May room to negotiate a more favorable Brexit deal.

Late in New York, the pound rose 2.2% to \$1.2841, its highest level since October. The pound also rose 1.4% against the euro. The export-heavy FTSE 100 index, which includes many companies that earn money in foreign currencies, slid 2.5%.

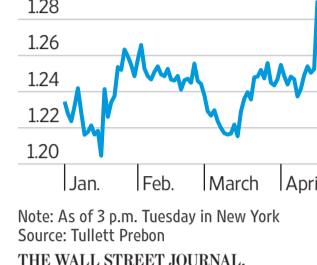
Analysts said the general election, which will be held in June, would be good news for the pound if Mrs. May increases her Conservative Party's majority. Opinion polls suggest she will win any election convincingly.

Mrs. May must barter over the terms of divorce with her

Election Boost

News of the U.K. vote sent the pound higher.

How many dollars £1 buys



Note: As of 3 p.m. Tuesday in New York

Source: Tullett Prebon

THE WALL STREET JOURNAL.



cess of leaving the EU but still faces months of negotiations with Brussels on the post-Brexit relationship.

The pound had stabilized in recent months, partly as a result of the U.K. economy defying gloomy post-Brexit predictions.

The election announcement adds to reasons the pound can continue to appreciate, said Mitul Patel, head of interest rates at Henderson Global Investors.

Those include tentative signs that Mr. Patel said he has already observed suggesting the U.K. is backing away from a hard Brexit—a clean break from Brussels. "We still like sterling," he said. "It felt like sterling had fallen a long way and was priced for a 'hard' Brexit," he added.

Mark Dowding, co-head of investment-grade debt at Blue Bay Asset Management, said he thinks the pound will weaken over the medium term as Britain's divorce process begins.

"You've eliminated some of the extreme upside and extreme downside [in the pound] if you end up in a scenario where May wins an enhanced mandate," said Mr. Dowding.

It is hard to put probabilities on political outcomes, but the reaction of sterling on Tuesday to the calling of a snap U.K. election offers one rough measure: It is now about 10% less likely that British politicians will take the economy outside and shoot it in the head.

The pound had its second-best day against the dollar since last summer's vote to leave the European Union, after Prime Minister Theresa May went back on repeated promises not to call a sudden election. At a time when investors are obsessed with politics, this calls for some explanation.

It starts with the slim majority Mrs. May commands in Parliament, and the fractious nature of many of the Leave members of her party. They have been calling for a "hard Brexit," leaving the EU quickly even if it means falling back on unfavorable World Trade Organization tariffs and cumbersome customs procedures. The smaller her majority, the more power these backbenchers—and like-minded ministers—have.

The election offers a chance to shake things up in her party. The Conservatives are way ahead of the imploding opposition Labour Party, and while the pro-European Liberal Democrats will put up a fight, Mrs. May's majority is likely to increase substantially.

The 2.4-cent rise in the pound from the New York level late Monday recovers almost one-tenth of the loss since the Brexit vote, to leave sterling buying \$1.28 by the evening in London. Hence the rough estimate of a 10% lower chance of Conservative rebels forcing Britain to swallow a hard Brexit and all the disruption—and weaker currency—that would come with it.

There are three big drawbacks to the calculation. First, it doesn't tell us the actual probability, only the change. Second, the election provides another benefit in the form of time. The next election had been due in 2020, with the Conservatives wanting to be out of the EU by then. After the snap June vote, Mrs. May won't have to go to the voters again until 2022, easing the pressure from the British side to rush through the talks. A third reason for caution is that this is a snap judgment from markets on the snap election.

If the election delivers Mrs. May her expected big majority, it will narrow the range of outcomes from the U.K. side of the Brexit talks, and mean Mrs. May's own unknown—views will matter a lot more. Unfortunately for sterling investors, the election does nothing at all to change the outcomes from the European side, where tough talk is still the order of the day.

STREETWISE

James Mackintosh

Sterling Suggests a Softer Ride For U.K.

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Missing Tycoon Has Chinese Military Links

BY JAMES T. AREDDY

NANXIAHUI, China—A missing Chinese billionaire who did business with the highest echelons of the Communist Party has previously undisclosed ties to China's military.

Firms linked to Beijing's formidable arms-trading conglomerate, China Poly Group Corp., executed at least three recent transactions involving the billionaire, Xiao Jianhua, including a \$10 million donation to Harvard University, according to corporate filings and interviews with people familiar with the transactions.

The military connection casts new light on the business dealings of Mr. Xiao, who disappeared in late January from his residence in a luxury Hong Kong hotel, raising questions in China's business community about the financier's potential enemies and his fate.

Mr. Xiao, a 45-year-old naturalized Canadian citizen with vast holdings in banks, brokerages and a newspaper, crossed the border into mainland China almost three months ago, according to statements by Hong Kong police and his businesses.

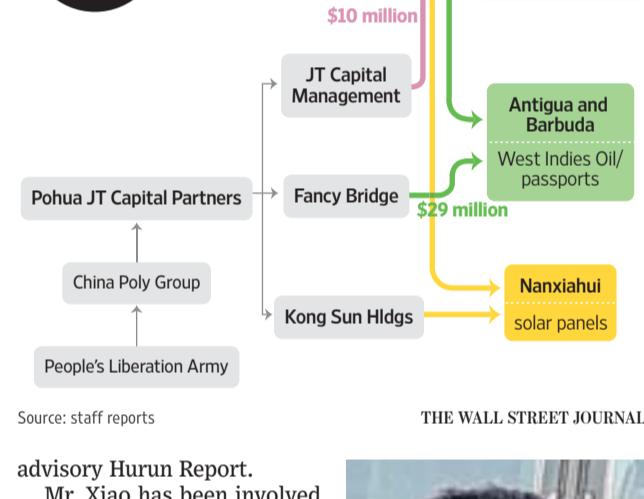
He hasn't been heard from since and couldn't be reached for comment; his whereabouts aren't known. It is unclear if he has a lawyer, and his businesses say they have no information about him. Chinese authorities have said nothing.

During Chinese President Xi Jinping's four-year-old anticorruption drive, many power brokers in business and the military have disappeared, often for unexplained reasons. Some have resurfaced and some have faced prosecution, while the fate of others is unknown.

The Wall Street Journal examined hundreds of company records and other publicly available documents to better understand how Mr. Xiao made his money and why he might have been vulnerable. Mr. Xiao is worth over \$5 billion, according to Shanghai wealth-tracking

Brass Action

Chinese billionaire Xiao Jianhua made promises at Harvard, in the Caribbean and in his ancestral village. Businesses linked to China's military executed on them.



Source: staff reports

advisory Hurun Report.

Mr. Xiao has been involved in quiet deal making with China's elite. He was the middleman in 2012 when relatives of then-Prime Minister Wen Jiabao unloaded shares in a major insurer, according to an executive who works for the buyer.

Later, an entity co-founded by Mr. Xiao acted on behalf of President Xi's sister and brother-in-law, buying out their stake in an investment firm, according to a statement.

Mr. Xiao's company, Tomorrow Holding Ltd., is its executive director, Xiao Weihua, with 29%, according to business filings. He couldn't be reached to comment.

A spokeswoman for Tomorrow Group declined to answer questions about Xiao Jianhua or his business relationships.

The fathers of Xiao Jianhua and Xiao Weihua were brothers, according to people who know both men in Nanxiahui, where Xiao Jianhua grew up, including the village's Communist Party chief.

In China, few organizations can match the influence of China Poly Group, which was created in 1992 by China's leadership and the People's Liberation Army.

Today, Poly claims annual profits in the billions of dollars from arms trading, real estate and art auctions.

According to regulatory filings, Poly controls an entity

called Pohua JT Capital Partners Ltd. through a 32% stake held by its asset-management division and corporate executives.

Firms linked with Pohua JT Capital were critical to the transactions involving Xiao Jianhua. Those companies share directors or addresses, and in some cases use variations of the corporate name, including JT Capital. The Journal received no response to questions submitted to secretaries at Pohua JT Capital and firms linked to it at three offices in Hong Kong. The Journal also submitted questions to Poly about its relationship with Mr. Xiao; a spokesman said they were under review.

Around three years ago, Mr. Xiao offered a major donation to Harvard's Ash Center for Democratic Governance and Innovation.

Mr. Xiao proposed \$20 million, according to a former Harvard executive, but caused anxiety among administrators about the origin of the money when he indicated a third party would pay.

"There was some question about what entity was going to write the check," the former executive said.

Harvard's Ash Center never publicized a pledge from Mr. Xiao but in its Spring 2014 newsletter briefly mentioned receipt—from JT Capital Management—of a "major gift of \$10 million."

Harvard spokesman Patrick McKiernan said JT Capital Management supports a China governance program proposed by Mr. Xiao. Fellows named to the program have included Chinese government officials and an executive from a bank partially controlled by his Tomorrow Group.

In another matter two years ago, the Caribbean nation of Antigua and Barbuda credited Mr. Xiao for mobilizing Chinese investment into its leading industrial business, West Indies Oil Co., a distribution hub for Venezuelan and Russian producers.

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EQUITIES

Stocks Sink Amid Political Uncertainty

Disappointing earnings reports add to retreat, with health-care and bank shares tumbling

BY AKANE OTANI AND MIKE BIRD

U.S. stock indexes fell Tuesday, weighed down by a slide in shares of banks and health-care companies.

Investors have backed away from stocks in recent weeks while picking up government bonds as tepid economic data, as well as political tensions around the world, stoked demand for safer assets.

A series of disappointing earnings reports contributed to the retreat in stocks Tuesday, investors and analysts said. With expectations wanting for passage of pro-growth policies from the Trump administration, many say continued signs of corporate health will be key to stocks rising.

"The market's taken a bit of a pause lately, and part of that has to do with markets in the

U.S. being at the high end of valuations," said Mark Watkins, regional investment strategist at the Private Client Group at U.S. Bank in Park City, Utah. "If we see earnings that miss or are below expectations, that could be a warning sign."

The Dow Jones Industrial Average lost 113.64 points, or 0.6%, to 20523.28. The S&P 500 fell 6.82 points, or 0.3%, to 2342.19, and the Nasdaq Composite lost 7.32 points, or 0.1%, to 5849.47. All three indexes have fallen in four of the past five trading days.

Bank stocks slid after Goldman Sachs Group's first-quarter trading results fell short of those posted by its rivals. Shares of Goldman Sachs fell \$10.67, or 4.7%, to \$215.59, wiping away about 73 points from the Dow industrials. The KBW Nasdaq Bank Index of leading U.S. commercial lenders dropped 1%.

Bank of America shares initially traded higher, but later slid 10 cents, or 0.4%, to 22.71, after the company re-



DANIEL ACKER/BLOOMBERG NEWS

Shares of Johnson & Johnson fell 3.1% after the company reported disappointing quarterly sales.

ported a higher-than-expected first-quarter profit and adjusted revenue that beat analysts' expectations.

Declines in health-care stocks put further pressure on major indexes, with Johnson & Johnson shedding 3.90, or 3.1%, to 121.82 after the company posted underwhelming sales in the latest quarter. The

drop shaved roughly 27 points off the Dow industrials. Health-care stocks in the S&P 500 fell 1%.

"Now is when earnings become critical for the direction of the markets moving forward," said Michael Binger, senior portfolio manager at Gradient Investments. With stocks still trading near their highs,

Mr. Binger said he would be watching for not just solid earnings results, but also a pickup in corporate guidance.

Government bonds gained, with the yield on the 10-year U.S. Treasury note falling to 2.177%, the lowest close since Nov. 10, from 2.248% Monday. Yields fall as bond prices rise. Elsewhere, European stocks

FINANCE WATCH

CHARLES SCHWAB

New Accounts Drive Earnings

Charles Schwab Corp. Chief Executive Walt Bettinger said engaged investors helped drive first-quarter growth, with profit rising 37% from a year earlier.

New retail brokerage accounts tallied rose 44% to 235,000 in the quarter. The San Francisco discount brokerage said about 38,000 clients held financial-planning conversations during the period, up 12% from a year earlier. Schwab posted a profit of \$564 million, compared with \$412 million a year earlier. On a per-share basis, earnings grew to 39 cents from 29 cents. Revenue rose 18% to \$2.08 billion.

—Ezequiel Minaya

BTCIN

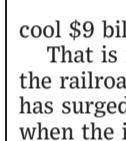
Two Exchanges Beset by Problems

Bitcoin suffered setbacks over the past few days, when the biggest exchange said it couldn't enable customers to withdraw or deposit money except in other virtual currencies, while another exchange said a technical glitch sparked a crash in prices that caused investor losses.

Hong Kong-based Bitfinex—which handles nearly one-quarter of all bitcoin trading, according to cryptocurrency data provider bitcoincity.org—said that its Taiwanese banks, which are responsible for handling transactions in currencies such as U.S. or Hong Kong dollars, were blocking all incoming transaction requests. The exchange said Friday that it is a victim of banks reducing their risks by limiting exposure to money-service businesses, in particular virtual-currency exchanges. It didn't respond to requests for comment Tuesday.

Separately, the No. 4 bitcoin exchange by trading activity, San Francisco-based Global Digital Asset Exchange, said a technical problem after system maintenance resulted in low numbers of buyers in its market. The problem caused the currency to trade briefly at 6 cents on Sunday, compared with an earlier price of \$1,182. Within five minutes, the problem was resolved and the price recovered to \$1,178.85. The exchange said on its blog that it would "compensate traders who were affected by this low liquidity."

—Gregor Stuart Hunter



Who said you can't put a price on reputation? In the case of CSX Corp., it appears to be a cool \$9 billion.

That is nearly how much the railroad's market value has surged since January, when the idea of industry maverick Hunter Harrison taking a leadership role was floated. Best known for his turnaround prowess through cutting costs and improving operations, the 72-year-old industry veteran was named CSX's chief executive last month. Wednesday will mark his first earnings report at the helm.

Investors are giddy over what Mr. Harrison might be able to achieve at CSX. But with the stock already up 30% this year and having more than doubled over the past 12 months, the bar has been set high—perhaps unrealistically so—for what

Track Star

CSX's operating ratio, actual and projected



CSX can achieve over both the short and long terms.

Analysts polled by FactSet expect first-quarter earnings of 43 cents a share, up from 37 cents in the year-earlier period. Revenue is expected to have risen 5.2% to \$2.8 billion.

The railway sector in general has been squeezed by slumping volumes for coal in recent years. That, in particular, has hurt CSX,

which gets more of its revenue from coal than some peers.

But investors have ignored much of this lately, thanks to the excitement surrounding Mr. Harrison and his record. With more than half a century in the industry, he has turned around Illinois Central Railway, Canadian National Railway Co. and, most recently, Canadian Pacific Railway Ltd. by slashing labor costs and implementing tight controls on train schedules.

A key indicator to determine if Mr. Harrison is living up to the hype will be CSX's operating ratio, a

measure of costs as a percentage of revenue. The lower this efficiency indicator is, the better off the company is performing. It has stayed around 70% for much of the past four years.

And while analysts believe it rose to 72% in the first quarter, they project CSX will get much more efficient in the years ahead.

The operating ratio is expected to tick down to 68.7% this year and get as low as 61% in four years, the length of Mr. Harrison's contract. While that would be significant, it would also be far less than what Mr. Harrison achieved at Canadian Pacific, where the ratio

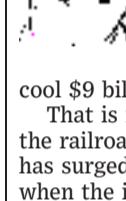
fell from 83% to just below 58% under his watch.

Betting against Mr. Harrison throughout his career hasn't been wise. But at this point, it seems that the bulk of the potential gains in CSX already have been made. At 22 times projected earnings over the next 12 months, the stock is no bargain. That multiple is just shy of its record of 24 times set in January and richer than rivals Norfolk Southern Corp., Union Pacific Corp. and Canadian National.

CSX is on the right track, but investors have to dig a bit too deep for a first-class ticket.

AHEAD OF THE TAPE | Steven Russolillo

On the Right Track, CSX Is Now a Pricey Bet



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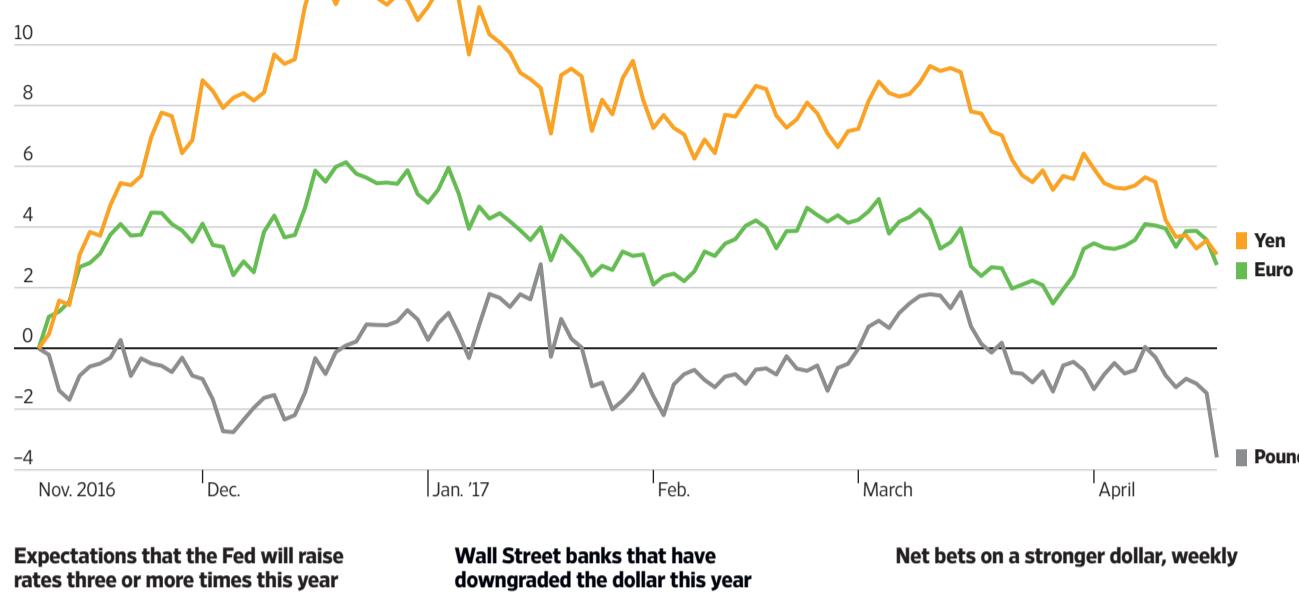
MARKETS

Fewer Forecast a Rising Dollar

Downgrading the Dollar

Wall Street is turning bearish on the dollar. Goldman Sachs on Tuesday became the latest bank to reverse its forecast for the U.S. currency, saying it no longer expects the dollar to rise against the euro, pound or yuan. Investors no longer expect the Federal Reserve to raise interest rates as aggressively this year, and bullish bets on the dollar are declining.

Dollar's performance against three currencies since Nov. 8



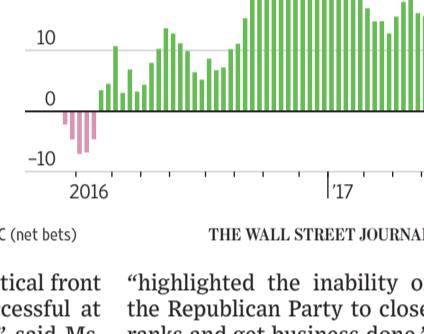
Expectations that the Fed will raise rates three or more times this year



Wall Street banks that have downgraded the dollar this year

FIRM	DATE OF DOWNGRADE
Mizuho	March 22
Credit Suisse	March 29
RBC Capital Markets	April 11
Goldman Sachs	April 18

Net bets on a stronger dollar, weekly



THE WALL STREET JOURNAL.

Sources: WSJ Market Data Group (performance); Chicago Mercantile Exchange (expectations); the companies (downgrades); CFTC (net bets)

close since Nov. 10, weighed down by a 2.2% rally in the British pound after Prime Minister Theresa May unexpectedly called for an early election.

Mizuho dropped its call for broad dollar strength in March, after the Trump administration failed to repeal the Affordable Care Act.

Though the bank still thinks the dollar could appreciate against currencies such as the Canadian dollar and Japanese yen, "this extreme bullishness on the dollar isn't coming back," said Sireen Harajli, a foreign-exchange strategist at Mizuho.

"One of the reasons we saw this euphoria was this sense

that the unified political front would be more successful at passing legislation," said Ms. Harajli. "The expectation was not that realistic. Congress may manage to produce something, but we think it will fall short of expectations."

Credit Suisse also changed its forecast after the health-care bill failure, saying it

highlighted the inability of the Republican Party to close ranks and get business done." The bank is now calling for the dollar to fall against the euro and yen.

Mr. Trump's comments last week on the dollar to the Journal sent the currency down 0.5% against a basket of major peers.

Bond Yield At Lowest Level Since November

By SAM GOLDFARB

U.S. government-bond yields resumed their steep decline as political uncertainty drove investors to buy bonds again after a brief hiatus Monday.

The yield on the benchmark 10-year Treasury note closed at 2.177%, its lowest since Nov. 10, two days after the presidential election. It topped 2.6% in mid-March.

Yields have declined fairly steadily over the past month amid geopolitical risks in North Korea and Syria, uncertainty surrounding the French presidential election and fading optimism that Congress can pass fiscal-stimulus measures that could provide a boost to growth and inflation. Yields fall as bond prices rise.

The first round of the French election will be held Sunday. Two candidates go forward into the second round on May 7, and polls suggest a close race between four candidates, including the far-left Jean-Luc Mélenchon and far-right Marine Le Pen, who are both critical of the European Union. Analysts expect a strong rally in Treasurys if both of those candidates make it to the second round, while other outcomes could have a negative or neutral impact on bonds.

Meanwhile, there is political uncertainty in Washington, where lawmakers will have a few days to pass legislation to continue funding the federal government next week after returning from a break.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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A Worrying Signal for Tech IPOs

Cloudera let some air out of its planned IPO in a poor omen for other richly valued tech companies considering an exit strategy.

It is a big group: An estimated 152 privately held companies have valuations at or above \$1 billion. Their ranks have swelled by about 60% in two years. Cloudera, which provides "big data" analytics software services to businesses, will be the fourth to go public this year, following Okta, MuleSoft and Snap.

None of those four companies are generating earnings, yet the market has been more receptive to riskier plays this year than last.

But Cloudera's reduced valuation is a sign that public investors are wary of cashing out private companies whose valuations have soared through the abundance of private capital.

Cloudera was last valued at \$4.1 billion three years ago. Its updated IPO terms from Monday imply a valuation closer to \$2 billion.

A lower valuation will likely ensure a more impressive debut. All the tech IPOs so far this year have generated a satisfying first-day pop relative to their offering price, but many disappointed thereafter. Snap and MuleSoft shares now are trading below their first-day opening prices, while Okta is up just 2% since its April 7 debut.

A seemingly endless supply of private capital has allowed tech startups to stay out of the public lime light for a longer period while pursuing a growth-at-all-cost strategy. Now that public investors are seeing those continuing costs, though, many are understandably hesitant to pick up the tab.

—Dan Gallagher

Goldman's Traders Strike Out

Goldman Sachs Group's strengths became weaknesses in the first quarter as its dominance in commodities trading and deal making worked against it.

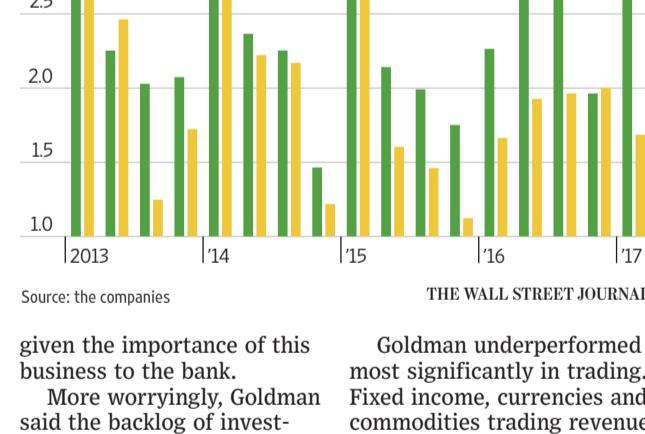
Investors shouldn't be overly concerned at quarter-to-quarter fluctuations in what remains an exceptionally strong investment-banking franchise. But the bank does risk losing its halo among shareholders as a consistent outperformer.

Net profit in the first quarter was \$2.26 billion, nearly doubling from an especially weak year-earlier period. But earnings per share and revenue both came in substantially below analyst expectations, and shares fell 4.7% Tuesday.

Revenue from M&A advisory, in which Goldman holds top global market share, fell by 2% from a year earlier. That isn't shocking given similarly tepid results from peers, but it weighed more significantly on Goldman

Fork in the Road

Fixed-income revenue, quarterly



Source: the companies

In a conference call, Goldman's new chief financial officer, Martin Chavez, said oil-market volatility fell to its lowest level in around two years. But he also acknowledged that poor execution played a role.

Overall, Goldman posted a respectable 11.4% return on equity, but this was boosted by an accounting change in the treatment of taxation on share-based awards. On a like-for-like basis, return on equity came to 8.9%, down from 9.4% for all of 2016.

Stepped-up capital returns could help bring ROE back over 10%, and Goldman took a step in this direction by raising its quarterly dividend. But expenses are also worth a harder look. Last year the ratio of compensation and benefits to net revenues actually rose.

If weak results continue at Goldman, the next thing to decline will be the bankers' cherished compensation.

—Aaron Back

OVERHEARD

ComScore wants to bring more trust and transparency to digital advertising. Its investors could use a little of both right now.

On Tuesday, the digital-measurement firm announced the introduction of Facebook demographic metrics to its suite of tools for ad campaigns. In a press release, comScore trumpeted the move as a way to "increase trust and transparency" for advertisers.

That may have galled investors who have been waiting for the company to file more than a year's worth of financial reports, in addition to restated results for 2013 through 2015. An investigation by comScore's audit committee found that it had improperly recorded revenue for some deals.

ComScore has said it aims to be current in all securities filings by this summer. Until then, it may want to tone down the rhetoric.

Cardinal Health Feels the Pain of Declining Drug Prices

Out of Pocket

Cardinal Health share price



Source: WSJ Market Data Group

Generic drug prices are down because there are more generics on the market, a result of faster approvals by the Food and Drug Administration. Scott Gottlieb, nominated to take over at the agency, has indicated plans to go even faster.

A price-fixing investigation into the generic drug industry is probably having an impact as well.

Drug distributors had feasted for years on stable or rising drug prices, which allow them to more easily mark up prices while profiting by arbitraging annual price increases. Now, the more rapidly prices fall, the more difficult it becomes for distributors like Cardinal to resell drugs from manufacturers to pharmacies at a

profit. The bad news was offset Tuesday by a well-timed acquisition of patient care and nutrition business lines from device company Medtronic for \$6.1 billion in cash.

That acquisition will bolster Cardinal's profitability and beef up its medical segment at a moment when diversifying away from drug distribution makes plenty of sense. Cardinal's investment-grade balance sheet can absorb the fresh debt, although Fitch Ratings changed its outlook on the company to negative.

The good news for investors is that price declines are expected to slow. Cardinal says it expects midsingle-digit deflation in fiscal 2018. But risks to distributor

profits will only increase if that forecast proves optimistic.

Cardinal said on a call with analysts that its profit forecasts don't assume the company will win or lose any major customers, such as pharmacies. But the concentrated industry structure—three companies control the bulk of drug distribution businesses—increases the risk that competition will pick up as companies fight for market share in what is a scale business.

Cardinal's announcement is bad news for drug distributors, but also generic drugmakers that already have been hammered. Earnings season will be particularly tense this quarter.

—Charley Grant