

THE WALL STREET JOURNAL.

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DJIA 20658.02 ▲ 1.92 0.01% NASDAQ 5880.93 ▲ 0.1% STOXX 600 381.25 ▼ 0.003% 10-YR. TREAS. ▲ 4/32, yield 2.361% OIL \$53.08 ▲ \$0.84 GOLD \$1,251.10 ▼ \$3.20 EURO \$1.0596 YEN 110.94

What's News

Business & Finance

A Wells Fargo report slammed ex-CEO Stumpf and a lieutenant over the lender's sales scandal. The bank is clawing back an additional \$75 million in pay from the former executives. A1

◆ Barclays's CEO is under investigation by U.K. and U.S. regulators after he tried to unmask a whistleblower who criticized his hiring of a longtime associate. B1

◆ United drew widespread criticism after videos emerged of a passenger being forcibly removed from an overbooked flight. A1

◆ Jana has amassed a large stake in Whole Foods and wants the grocer to accelerate its turnaround and explore a possible sale. B1

◆ Foxconn has offered as much as \$27 billion to acquire Toshiba's computer-chip business. B3

◆ Hackers are targeting third-party sellers on Amazon, using stolen credentials to post fake deals and steal cash. B4

◆ The Fed's Yellen indicated that the era of extremely stimulative monetary policy is coming to an end. A2

◆ Tesla is vying to top General Motors in market value, as the electric-car maker's shares continue to climb. B3

◆ Elliott urged BHP to spin off its U.S. petroleum assets and outlined a significant restructuring for the miner. B11

◆ U.S. stocks edged higher in a slow session. The Dow added 1.92 to 20658.02. B11

◆ LeEco said it is walking away from its planned \$2 billion acquisition of Vizio. B4

World-Wide

◆ The Trump administration held out the prospect of wider retaliation against Syria and signaled a new push to remove the country's divisive leader, as Tillerson prepared to head to Moscow. A1

◆ U.S. special operations forces and rebel partners clashed with ISIS fighters in a close-quarters battle in Syria on Saturday. A8

◆ Trump has told senior advisers to prioritize his agenda over infighting, as the White House focuses on accomplishments it can tout during the president's first 100 days. A4

◆ Alabama Gov. Bentley resigned as a scandal stemming from an alleged extramarital affair mushroomed into a crisis that left him facing possible impeachment. A2

◆ A federal judge ruled for a second time that Texas legislators intended to discriminate against minority voters through a voter-ID law. A3

◆ A Russian arrested in Spain on accusations of cyber fraud is one of the world's most sophisticated hackers, U.S. authorities alleged. A9

◆ Two adults and one child died in a shooting at an elementary school in San Bernardino, Calif., that was described as a murder-suicide. A2

◆ Top global economic and finance institutions defended the role of the WTO, countering a Trump administration challenge. A9

◆ French presidential candidate Le Pen faced strong criticism over comments playing down France's role in the Holocaust. A9

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U.S. NEWS

Yellen Sees Monetary Policy Shifting

BY DAVID HARRISON

ANN ARBOR, Mich.—Federal Reserve Chairwoman Janet Yellen indicated Monday that the era of extremely stimulative monetary policy was coming to an end.

In a public discussion at the University of Michigan, Ms. Yellen said the Fed was moving away from its efforts to revive a recession-scarred economy and focusing instead on maintaining the gains of the past few years.

That means the Fed's benchmark short-term interest rate will continue to move up to its long-term average, she said.

Fed officials raised rates in March for only the third time since the financial crisis, to a range between 0.75% and 1%.

economy begins to deteriorate.

"Where before we had our foot pressed down on the gas pedal trying to give the economy all the oomph we possibly could, now [we're] allowing the economy to kind of coast and remain on an even keel," she said. "To give it some gas, but not so much that we're pressing down hard on the accelerator."

That means the Fed's benchmark short-term interest rate will continue to move up to its long-term average, she said.

Fed officials raised rates in March for only the third time since the financial crisis, to a range between 0.75% and 1%.

But they have penciled in two more rate increases this year, followed by three in 2018. They are also considering reducing the Fed's \$4.5 trillion portfolio of cash and securities, acquired during three rounds of asset purchases aimed at lowering long-term borrowing costs after the recession.

Ms. Yellen said the Fed is "doing pretty well" in meeting its congressionally mandated goals of low and stable inflation and a full-strength labor market.

In February, inflation rose 2.1% over the previous year after running below the Fed's 2% target for almost five years.

Meanwhile, the unemployment rate fell to 4.5% in March—below what the Fed considers a sustainable long-term average.

Overall, Mr. Yellen said the economy had been growing "at a moderate pace."

Fed officials expect it will take until 2019 for interest rates to rise to their long-term sustainable level. But even then, the bank's benchmark federal-funds rate will only end up around 3%, lower than in the past because of long-term changes to the U.S. economy.

That lower long-term interest rate has led some economists and policy makers to consider letting inflation rise above

the 2% target to give officials more room to raise rates higher during good economic times and drop them during periods of recessions. San Francisco Fed President John Williams has proposed studying raising the inflation target.

Ms. Yellen suggested Monday that she preferred to hold the goal at 2%, largely because that is the level that markets and consumers expect.

"Evidence suggests that the population roughly expects inflation in the vicinity of 2%," she said. "We're focused on making sure that inflation expectations and actual inflation stay very well anchored."

Alabama Governor Bentley Resigns

BY ARIAN CAMPO-FLORES

Alabama Gov. Robert Bentley resigned as a yearlong scandal stemming from his alleged extramarital affair mushroomed in recent days into a crisis that left him facing possible impeachment and felony criminal prosecution.

"There have been times that I have let you and our people down, and I am sorry for that," Mr. Bentley said at a news conference Monday. "It is time for me to step down as Alabama's governor."

The 74-year-old Republican worked out a deal with prosecutors in which he pleaded guilty to two misdemeanors related to the investigation. As part of the deal, Mr. Bentley was booked at the Montgomery County Sheriff's Office for the misdemeanors: failing to file a major contribution report and knowingly converting campaign contributions to personal use.

Mr. Bentley is Alabama's fourth governor to step down or be forced to resign from office. Lt. Gov. Kay Ivey, a Republican, was expected to be sworn in Monday evening. A former state treasurer who briefly ran for governor in 2010, she will be Alabama's second female governor.

Mr. Bentley's political woes escalated sharply in the past week. The Alabama Ethics Commission found probable cause he had violated state ethics and campaign-finance laws. Among other findings, it determined he may have misused state resources, including personnel and equipment, in conducting or concealing the alleged affair with Rebekah Caldwell Mason, his former top political aide. —Jon Kamp contributed to this article.

U.S. WATCH

CALIFORNIA

School Shooting Leaves Three Dead

Two adults and one child were killed, and another child was injured, in a shooting Monday at an elementary school in San Bernardino, Calif., that police said was a murder-suicide.

San Bernardino police said Cedric Anderson, 53 years old, walked into the special-needs classroom where his wife, Karen Smith, taught and shot her with a .357 Magnum. He then turned the weapon on himself, police said. Ms. Smith was also 53.

Bullets also hit two children, a 9-year-old and an 8-year-old who happened to be standing behind their teacher, police said. Both children were rushed to Loma Linda Medical Center. The 8-year-old was pronounced dead shortly after he arrived at the hospital, police said late Monday. The other injured child was in stable condition, authorities said.

The gunfire occurred around 10:30 a.m. at North Park Elementary School.

Students were transported to a nearby high school to be reunited with parents.

—Jim Carlton and Ian Lovett

CHICAGO

Judge Is Killed Outside His Home

A 66-year-old Cook County judge was fatally shot outside his home on Chicago's south side, the latest killing in a city struggling with violent crime.

Raymond Myles, a Cook County criminal judge, was shot in the Roseland neighborhood around 4:50 a.m., according to police. A woman was also wounded in the shooting and is expected to survive.

Police said they are unclear about the motive or whether Judge Myles was targeted because of his duties as a judge, adding that the investigation is ongoing. No suspects were identified.

Though the Roseland area has been hit by a spate of robberies in recent weeks, police said that no property was stolen from the victim or the residence. They are investigating motives and reviewing video cameras in the area that captured the shooting.

—Shibani Mahtani



Berkeley has moved beyond traditional vendor deals to deeper partnerships like the one with Peet's.



ERIC KAYNE FOR THE WALL STREET JOURNAL (2)

Berkeley also has a deal with **Bank of the West** that provides \$17 million to the university over 10 years, plus another \$13 million in support for building branches and ATMs on campus. The bank also agreed to give roughly \$40,000 a year to Berkeley's food pantry and rolled out its Bank at Work initiative to help unbanked university staff members access checking and savings accounts.

Eric Lauterbach, president of the consumer division at Peet's, said his company's 10-year agreement is "far and away the most comprehensive deal we've done in terms of length, breadth and depth."

The company was founded near campus.

Contracts at Berkeley and Ohio State include unorthodox terms that were crafted at least in part by students, like earmarking funds for internships or building a wall of live plants inside a bank branch.

Wes Adrianson, a senior majoring in civil and environmental engineering at Berkeley, helped hash out the Peet's deal.

"I wanted to make sure the company they chose reflected UC Berkeley well," said Mr. Adrianson, 22 years old. The advisory team discussed the importance of finding a partner that ethically sources its coffee

beans and that was willing to engage in discussions about encouraging healthy eating.

Mr. Adrianson said that while students tend to be wary of corporate partnerships, they are also eager to find money for campus jobs and initiatives such as a garden that provides fresh produce to low-income students.

The University of Kansas also is pursuing more deals that allow companies to be "official" campus partners in exchange for additional stipulations, while University of California officials say they are considering adopting Berkeley's program systemwide.

Kansas has one campuswide contract, with **Coca-Cola Co.**, expiring this summer. After meeting with their Berkeley counterparts for guidance last year, school administrators firmed up a plan to create broader, seven-figure deals with student-centered elements in areas such as banking, internet and cable.

Kansas expects to announce a new beverage agreement, possibly with more than one company, in the next few months that will include recycling programs and health-and-wellness education.

Chicago to Louisville was operated for United under contract by Republic Airways Holdings Inc. Republic referred questions to United.

United first offered air-travel vouchers worth \$400, then \$800, and a hotel stay to try to attract volunteers to give up their seats. The company declined to say what compensation it pledged to those who were involuntarily bumped.

After police officers pulled the man off the plane, he was lying in the jet bridge before running back into the aircraft, bleeding from the scuffle, before police removed him again, said the person familiar with the matter.

A spokesman said the Chicago Police Department wasn't involved in Sunday's incident.

The Chicago Department of Aviation said Monday that an officer involved in the incident had been put on leave, pending an investigation. "The incident on United flight 3411 was not in accordance with our standard operating procedure and the actions of the aviation security officer are obviously not condoned by the Department," it said.

U.S. airlines talked more than 430,000 passengers into leaving overbooked flights in 2016, the Transportation Department said, usually in exchange for compensation worth several hundred dollars and a guaranteed seat on a later flight. About 40,000 passengers were also "involuntarily" denied boarding last year, the department said. It is unusual, however, for an airline to remove passengers who have already boarded the plane.

How Mr. Munoz weathers the fallout from United's handling of Sunday night's incident in Chicago could reshape United's fortunes this year. Any redress United offers now will be "almost irrelevant in the court of public opinion," said Chris Alieri, founder of public-relations consultancy Mulberry & Astor. "You cannot erase these images from the internet."

The Sunday night flight from



Video showed a United passenger being dragged from the flight.

he had to deal with a proxy fight. He was recently named "communicator of the year" by trade publication PRWeek.

Investors are anxious for Mr. Munoz's strategy to translate into higher profit and better margins. United shares have climbed since hitting a low of \$37.75 last June. They rose 0.9% Monday to \$71.52. The stock later fell more than 1% in after-hours trade after United issued an investor update indicating its first-quarter profit margin could be lower than many analysts expected.

How Mr. Munoz weathers the fallout from United's handling of Sunday night's incident in Chicago could reshape United's fortunes this year. Any redress United offers now will be "almost irrelevant in the court of public opinion," said Chris Alieri, founder of public-relations consultancy Mulberry & Astor. "You cannot erase these images from the internet."

The Sunday night flight from

Machinists union, which represents the airline's gate agents. Mr. Munoz wrote on Twitter Monday that the airline had reached out to the flight 3411 passenger to "further address and resolve this situation."

In a memo sent to employees Monday evening, Mr. Munoz said the passenger defied aviation security officers after being asked to leave the plane. "Our employees followed established procedures for dealing with situations like this," he said. "While I deeply regret this situation arose, I also emphatically stand behind all of you, and I want to command you for continuing to do above and beyond to ensure we fly right."

Mr. Munoz also said there are "lessons we can learn from this experience," including "treating our customers...with respect and dignity" no matter how challenging the situation.

United said it offered up to \$1,000 in compensation in seeking volunteers to leave the plane. The man who was ejected "raised his voice and refused to comply with crew member instructions," Mr. Munoz said. The passenger became "more and more disruptive and belligerent," leaving United "no choice" but to call law enforcement, he said.

Since taking over 18 months ago, Mr. Munoz has tried to revive the nation's No. 3 carrier by traffic by improving labor relations and enhancing service.

Mr. Munoz's efforts were interrupted by a heart attack weeks into the new job in October 2015. He had a heart transplant in January 2016 and was back in the job by March, when

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CORRECTIONS &
AMPLIFICATIONS

The programmers who generate bitcoin are currently rewarded with 12.50 bitcoins when they confirm a record of transactions, called a block. A quiz about bitcoin in Monday's Investing in Funds & ETFs report incorrectly said the reward is \$12.50.

The cell line MDA-MB-435 was incorrectly referred to as MDA-MB-425 in the Review section's cover article on Saturday about biomedical-research problems.

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Voter ID Law in Texas Rejected

BY SARA RANDAZZO

A federal judge Monday ruled for a second time that Texas legislators intended to discriminate against minority voters through a state voter-identification law, the latest episode in long-running litigation over the voter requirement.

The 2011 law, which required limited forms of photo identification for in-person voting, was passed at least in part with discriminatory intent, U.S. District Judge Nelva Gonzales Ramos said.

"Proponents touted SB 14 as a remedy for voter fraud, consistent with efforts of other states," the judge wrote in the Monday ruling. "As previously demonstrated, the evidence shows a tenuous relationship between those rationales and the actual terms of the bill."

The office of Texas Attorney General Ken Paxton, who

The requirement unfairly hurt black and Latino voters, the court found.

defended the law, didn't immediately return a request for comment Monday.

Judge Gonzales Ramos reached a similar conclusion in 2014, prompting an appeal. The Fifth U.S. Circuit Court of Appeals in July asked her to re-examine the decision, finding that while the law appeared discriminatory, some of the evidence used by the judge wasn't relevant.

The Texas law requires voters to present a state driver's license, personal identification card, concealed handgun license, military identification card, U.S. passport or citizenship certificate to prove their identity.

The requirement unfairly hurt black and Latino voters, the court found, a voter base that largely swings Democratic.

The judge also noted that the law unnecessarily restricted many forms of photo identification. Other states allow voters to use such identification as student or employee IDs and utility bills.

The Justice Department under the Obama administration had opposed the law, but earlier this year the Trump administration dropped part of its opposition.

Town's Global Business Bet Pays Off

Columbus, Ind., is an economic success based on its ability to lure foreign companies

BY WILL CONNORS

COLUMBUS, Ind.—When Chuck Corbin first traveled to Japan trying to sell this small town in southern Indiana as a manufacturing base, in 1984, he faced skepticism both at home and abroad.

Foreigners unfamiliar with the area saw that it was on a major interstate highway but weren't sure it was close enough to a transport hub. Locals worried about foreign companies taking business away from U.S. firms.

Amid halting negotiations back in Columbus for the city to land its first Japanese auto-parts maker, one of the Japanese executives had an emergency eye problem. So Cummins Inc., the biggest company in town and the key player in its push for internationalization, lent the Japanese executive use of its corporate jet for a trip to the Mayo Clinic. The deal was closed shortly thereafter.

There are now 26 Japanese companies, and 36 foreign companies total, with operations in Columbus, a town of just 46,000 people.

Those companies employ nearly 9,000 people and are three of the top five taxpaying companies in town, according to the Columbus Economic Development Board.

The city derives 50.6% of its local economic output from exports—the highest in the U.S., according to a Brookings Institution report in January.

"We never had dreams that it would go as far as it has," said Mr. Corbin, now 70 years old, who eventually made two dozen trips to Japan while representing his real-estate business and Columbus's economic development board.

Columbus's big bet on international business is part of what makes this city, about an hour south of Indianapolis, an outlier in the region, which is still recovering from manufacturing job losses and the 2008 recession.

The city's unemployment rate of 3.5% is the second-low-



Teressa Woods, above, works on a Cummins engine at a plant in Columbus, Ind. Cummins helped the city recruit foreign companies.

WILLIAM DESHAZER FOR THE WALL STREET JOURNAL

est in Indiana and one of the 36 lowest in the nation. With a solid job market, good schools and amenities more common in big cities, it attracts a steady stream of highly educated graduates from local and international universities.

"It has been one of the strongest small metro areas in the country over the last couple of years," said Jerry Conover, the director of the Indiana Business Research Center at the Indiana University Kelley School of Business.

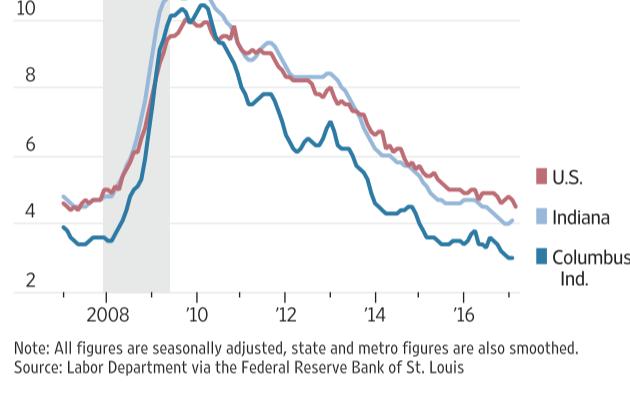
Much of Columbus's success rests on the shoulders of local engine-making giant Cummins, which invested in advanced manufacturing technologies earlier than rivals and made bettering the town a core priority decades ago.

Cummins lent one of its top executives to the town's economic-development board and paid for some of the costs of new building construction if the town hired certain renowned architects. Cummins still has an executive on the development board today.

But the town also can thank a wider group of forward-think-

Small City's Bright Jobs Picture

Columbus, Ind., has long had a stronger job market than the state of Indiana and the nation. Unemployment rate:



Note: All figures are seasonally adjusted, state and metro figures are also smoothed.

Source: Labor Department via the Federal Reserve Bank of St. Louis

ing executives and town leaders. Local leaders bent over backward to accommodate companies looking to set up or expand here, offering generous tax abatements and training grants and helping smooth over issues as small as a misplaced stop sign near a factory.

"They're very proactive," said Kenta Takagi of the town's

decision makers. Mr. Takagi is director of sales at Sunright America Inc., a local subsidiary of Japanese auto-supply manufacturer Sugiura Seisakusho Co. that supplies fasteners to Toyota vehicles. His company has expanded its operations in Columbus three times in the past six years.

Despite its strengths, there

are some strong crosswinds on the horizon for Columbus. The companies based here are primarily tied to the automotive sector, and thus vulnerable to changes in domestic car sales. And the city's biggest companies depend on open immigration and H-1B visas, issues that have been targeted by the Trump administration.

The cost of housing is high for lower-wage workers, and the low unemployment rate also means there often aren't enough workers to fill jobs.

"We've done a pretty decent job of attraction, but something tells me that the continued wave of investment of new companies to come here may have peaked," said Columbus Mayor James Lienhoop, who has made trips to Japan and China.

Since the 2008 recession, the top year for companies expanding operations in Columbus was 2013, when 18 companies did so, according to the Columbus Economic Development Board. Last year, seven companies expanded. Still, the town continues to send its delegation to Japan and China every year.

Building Heritage Could Be at Risk

COLUMBUS, Ind.—This small city in southern Indiana was christened "The Athens of the Prairie" by Lady Bird Johnson due to its outsize stable of modernist architecture landmarks.

The town library was designed by I.M. Pei. A bank and a

local church were designed by Eero Saarinen. Its small newspaper office was designed by Mies van der Rohe protégé Myron Goldsmith. Even the local hockey rink was designed by an esteemed architect, Harry Weese. The town was No. 6 on the American Institute of Architects list of most-innovative cities in 2012, behind giants like Chicago and New York.

And yet, for a city so well-

known for its architectural heft, Columbus is missing something standard: a historic-preservation law to protect its most famous buildings. The city's resistance to such a law is in part an aversion to government interference and in part because someone always seems to come along when a building is in need.

Columbus depends on the goodwill of its residents and

corporations based here to prevent landmark buildings from being demolished or repurposed. Now many of Columbus's modernist buildings are starting to show signs of aging and some city leaders and preservationists are worried about their future without formal protections and the town's reputation as a design mecca.

"If we don't start protecting the modern architecture pieces

that we have, they could very well disappear," said Tracy Souza, president and chief executive of Columbus's Heritage Fund, the town's umbrella charity organization. "That asset that's created an economic architecture tourism industry for us could go away. We could be known as the town that ruined modern architecture. That's not where we want to go."

—Will Connors



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U.S. NEWS

Five Players Steer Trump's Diplomacy to Center



CAPITAL JOURNAL
GERALD F. SEIB

hijinks, another sign of embracing rather than retreating from a global role.

Each of these moves might have been made by a more conventional Republican president, or even by Democrat Hillary Clinton. What's striking isn't that they are unusual, but that they aren't.

What accounts for this slide away from campaign rhetoric? Part of the explanation lies in the simple realities of the office bearing down on President Trump.

But it's also easy to see the fingerprints of a Big Five set of players in shaping the administration's approach:

Secretary of State Rex Tillerson, Defense Secretary Jim Mattis, national security adviser H.R. McMaster, Commerce Secretary Wilbur Ross and presidential son-in-law and adviser Jared Kushner.

Together, they have stabilized the administration's strategy and pushed it onto a more conventional track.

Meanwhile, the administration's first national security adviser, Michael Flynn, is gone; presidential strategist Steve Bannon is off the National Security Council principals committee; and the profile of trade adviser Peter Navarro has receded. All have different, nonconformist views, less in keeping with the establishment consensus.

Messrs. Tillerson and Mattis are the key players. They are

hardly cut from the same cloth: Mr. Mattis is a retired Marine general who has been steeped in national security debates and decisions for years, while Mr. Tillerson is a former Exxon Mobil Corp. chief executive whose world views were developed in a corporate suite rather than at the Pentagon or on the ground in Iraq.

Both are tough-minded about Iran, but didn't think ditching the Obama administration's nuclear deal with Tehran would be a wise move; it remains intact.

Together, they have engineered an administration-wide effort to reiterate the importance of traditional alliances,



KEVIN LAMARQUE/REUTERS

Defense Secretary Jim Mattis, left, and Secretary of State Rex Tillerson are key Trump advisers.

and especially the North Atlantic Treaty Organization, despite Trump campaign comments disparaging allies.

Perhaps most striking,

they have led the way in setting a tougher tone against Russia, most notably by Mr. Tillerson. This is something of a surprise from a man

who had developed a kind of friendship with Russian President Vladimir Putin during his business career. (They might get a chance to reacquaint when the secretary

worked together to get Iraq,

a country with which the U.S.

is allied in a war, removed

from the president's initial

ban on travelers from a set of

Muslim-majority countries.

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zation, despite Trump cam-

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ments disparag-

ing allies.

Perhaps most striking,

they have led the way in

setting a tougher tone against

Russia, most notably by Mr.

Tillerson. This is something

of a surprise from a man

who had developed a kind of

friendship with Russian Presi-

dent Vladimir Putin during

his business career. (They

might get a chance to reac-

quaint when the secretary

visits Moscow this week.)

Mr. Tillerson has been bluntly critical of Russia in recent days. That was especially so in the wake of the U.S. missile strike against the Syrian regime of Bashar al-Assad, who is being propped up by the Kremlin. In an appearance Sunday on CBS, Mr. Tillerson said recent Syrian chemical weapons attacks show the Russians were "complicit" or "simply incompetent" or "outwitted by the Bashar al-Assad regime."

Lt. Gen. McMaster, meanwhile, is reshaping the security council. Mr. Bannon is out as an official member, and the deputy national security adviser, K.T. McFarland, is leaving to become ambassador to Singapore.

For his part, Mr. Ross has steered trade rhetoric away from threats of precipitous unilateral action. Last week's summit meeting with China produced an agreement for some tough bilateral talks but no rupture of the relationship. Mr. Ross also de-escalated trade tension with Mexico.

Mr. Kushner's role is harder to discern, but he has struck alliances with these other key players.

Some Trump fans are unhappy with this drift toward the conventional. But the establishment is breathing a bit easier.

"That is sort of passing."

Still, White House press secretary Sean Spicer said Monday that the president continues to be a "disruptive figure" in Washington.

Spokeswoman Sarah Sanders pointed to Mr. Trump's ban on administration officials from ever lobbying for a foreign government and a five-year prohibition on other lobbying as examples in which Mr. Trump has shaken up the status quo.

"He's doing what he can to take steps to drastically change the way Washington operates," she said.

Whether Mr. Trump can minimize internal friction and work the levers of power in Washington but also maintain support from those who voted for radical change remains to be seen. Mr. Trump has regularly shifted focus from his governing record to explosive controversies. And internal divisions within the White House—and with the GOP establishment—are likely to resurface as new policy battles loom.

—Peter Nicholas
and Carol E. Lee
contributed to this article.

Stop Fighting—Bolster the Agenda, Trump Tells Aides

By MICHAEL C. BENDER
AND ELI STOKOLS

WASHINGTON—President Donald Trump has told his senior advisers to prioritize his agenda over infighting as the White House focuses on what accomplishments it can tout during the president's first 100 days in office, administration officials said.

Less than three weeks before the April 29 milestone—a largely media-driven moment that all modern administrations face—Mr. Trump is seeking to project himself less as a disruptive force in the capital and more as a leader who can minimize the tumult in the West Wing and work constructively with the powers that be in Washington, the officials said.

After weighing a staff shake-up last week, he told chief strategist Steve Bannon and senior adviser Jared Kushner, Mr. Trump's son-in-law, to find a way to work together, aides said. The two men have agreed to put aside their differences to try to implement the president's agenda, a senior administration official said.

"That's the plan," the official said, while cautioning that it is unclear whether the détente will hold.

Aides said the 100-day mark is taking on significant importance for the president, who has already referenced coming cable television specials in conversations with aides.

The milestone moment comes as some White House officials privately note that the first months have been chaotic internally and that many early policy goals have missed the mark, including two versions of a travel ban that were quickly struck down by the courts and an 18-day effort to repeal the Affordable Care Act that never reached a vote.

Mr. Trump, a Republican, hit the lowest approval rating, 38%, in modern history for a president so early into his tenure, according to polling firm Gallup. It rose to 40% on Monday.

Multiple investigations continue into Russia's alleged interference in the 2016 presidential election and whether any associates of Mr. Trump colluded with the Russian gov-

Donald Trump's First 100 Days

The administration's latest actions and agenda at a glance

MONDAY

◆ **Supreme Court:** President Donald Trump celebrated the swearing-in of Neil Gorsuch as the newest associate justice of the Supreme Court, calling it a "truly momentous occasion in our democracy." All of the court's sitting justices appeared at the public ceremony in the Rose Garden of the White House.

◆ **Syria:** The use of barrel bombs by Syrian President Bashar al-Assad's regime could trigger a U.S. response, the White House said in what appeared to be a significant change in U.S. policy by draw-

ernment. Russia has denied meddling in the election, and the White House has denied any collusion.

Mr. Trump initially believed he could bend the presidency to fit his pugnacious,

ing a new red line in the conflict.

WHAT'S NEXT

◆ Mr. Trump plans to meet Tuesday with a group of business leaders, a follow-up from his meeting with about 20 chief executives this winter.

QUOTES

"To the American people, I'm humbled by the trust placed in me today. I will never forget that to whom much is given, much will be expected. And I promise you that I will do all my powers permit to be a faithful servant of the Constitution and laws of this great nation."

—Justice Gorsuch

"I got it done in the first 100 days...You think that's easy?"

—Mr. Trump, referring to Justice Gorsuch's nomination and confirmation

freewheeling style, aides and friends said. And he at times has reveled as a manager surrounded by deputies fighting for favor, his friends said.

Now, Mr. Trump is slowly conforming to a more tradi-

tional approach to the office after recognizing that the infighting has been detrimental, they said.

"He loves chaos when it's beneficial to him, but not so much when it's to his detriment," one friend said of Mr. Trump.

At the same time, the president understands that signature achievements so far have relied on Washington's traditional pillars, friends say.

It was the Republican-controlled Senate that changed the rules last week to confirm the president's nomination of Neil Gorsuch to the Supreme Court. And last week's missile strikes on a Syrian air base, which garnered rare support from centrist members of both major parties, were overseen by Mr. Trump's senior military appointees, who are taking on an increasingly powerful role in the administration, according to aides.

"He's seeing that you have to work with people," said one White House official, who described how Mr. Trump and his small inner circle of advisers remained in the combative mode of last year's campaign after taking office in January.

Whether Mr. Trump can minimize internal friction and work the levers of power in Washington but also maintain support from those who voted for radical change remains to be seen. Mr. Trump has regularly shifted focus from his governing record to explosive controversies. And internal divisions within the White House—and with the GOP establishment—are likely to resurface as new policy battles loom.

—Peter Nicholas
and Carol E. Lee
contributed to this article.

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U.S. NEWS



Justice Neil Gorsuch leaves the Rose Garden with his wife, Louise, after taking the oath of office from Justice Anthony Kennedy.

Gorsuch Battle Blurs Lines

BY JESS BRAVIN

The bruising partisan process that preceded the swearing-in of Neil Gorsuch on Monday to the U.S. Supreme Court less recalled the stately self-image of the federal bench than the sharp-elbowed, much criticized retail politics most states use to elect their judges.

Unlike any of its recent predecessors, the Gorsuch appointment explicitly was tied to the election cycle, beginning within hours of Justice Antonin Scalia's February 2016, death when Senate Majority Leader Mitch McConnell (R., Ky.) posted on Facebook that the "vacancy should not be filled until we have a new president."

The fight over President Donald Trump's nominee was fueled by millions of dollars spent by political organizations promoting and attacking the two federal judges nominated for the seat: Justice Gorsuch this year; and last year Merrick Garland, whose chances died when Senate Republicans refused to consider anyone proposed by President Barack Obama.

Advertising directly targeted voters, urging them to pressure senators either to approve or reject the nominees.

"It certainly brings us all a lot closer together, doesn't it?" said Michael Wolff, a retired chief justice of the Missouri Supreme Court who said federal judges sometimes exhibit a condescending attitude toward their state counterparts. "You can't look quite that far down your nose at state judges," he said.

Justice Takes Oath After Long Fight

WASHINGTON—President Donald Trump capped the year-long battle over a Supreme Court vacancy Monday by presiding over the judicial oath of Neil Gorsuch, a Colorado jurist expected to restore the conservative majority jeopardized by the February 2016 death of Justice Antonin Scalia.

"Spring is really the perfect backdrop for this joyful gathering of friends, because, together, we are in a process of reviewing and renewing, and also rebuilding, our country," Mr. Trump said under blue skies in the White House Rose Garden. "A new optimism is sweeping across our land, and a new faith in America is filling our hearts and lifting our sights."

All eight high court justices attended, along with Justice Scalia's widow, Maureen, Vice President Mike Pence, several

GOP senators and friends and relatives of Justice Gorsuch.

Justice Gorsuch, 49 years old, selected Justice Anthony Kennedy, for whom he clerked in the 1990s, to administer the oath. Although some Republicans have complained when Justice Kennedy has deviated from the conservative line to limit the death penalty or advance gay rights, Mr. Trump was effusive in praising the Reagan appointee, who at 80 is the second-eldest member of the high court.

The new justice, the 113th in the nation's history, may cast his first votes Friday, at a private conference where the court is to consider whether to hear cases involving access to firearms, whether merchants can refuse service to gay couples and other issues. He will participate in his first public duties April 17, when the court begins hearing its final round of arguments for the current term.

—Jess Bravin

Perhaps more important, legal experts say, the significance of third-party advertising could trigger ethical concerns or even recusals at the Supreme Court if funders bring cases there. The high court itself has found that under the Constitution's Due Process Clause, extraordinary levels of independent spending in a state judicial race can force a judge off a case.

The Judicial Crisis Network, an advocacy group that heavily advertises conservative candidates in state judicial elections, says it spent \$7 million supporting last year's Republican line against granting Judge Garland a hearing, and \$10 million since January to push Justice Gorsuch's confirmation. A liberal advocacy group, the Constitutional Responsibility Project, says it spent \$1 million in an effort against the Trump nominee.

Neither group is legally required to disclose its donors, and neither does.

Nowadays, "the bare knuckled side of judicial elections sometimes spills over into the generally more dignified process of selecting federal

judges," said Brent Benjamin, a former justice of the West Virginia Supreme Court of Appeals. "The danger is that we move away from an emphasis on 'Will he be a good justice?' to the more polarized questions, 'Will he be my good justice' or 'Will he be their good justice?'

Mr. Benjamin knows these concerns firsthand. In 2004, he ousted an incumbent through a campaign notable for the \$3 million a powerful litigant, Massey Energy chief executive Don Blankenship, spent on Mr. Benjamin's behalf.

Three years later, Justice Benjamin joined a 3-2 majority overturning a \$50 million verdict against Massey for misconduct against rival coal executive Hugh Caperton. Mr. Caperton appealed to the U.S. Supreme Court, which in 2009 held that Justice Benjamin should have recused himself from the case.

It didn't matter, the opinion by Justice Anthony Kennedy found, that Mr. Blankenship's spending complied with state law, or that nothing suggested collusion with Justice Benjamin.

"Though not a bribe or criminal influence, Justice Benjamin would nevertheless feel a debt of gratitude to Blankenship for his extraordinary efforts to get him elected," the court said. Precedent required rules to guard against "a judge who simply misreads or misapprehends [his own] real motives at work in deciding the case...under a realistic appraisal of psychological tendencies and human weakness."

Net-Neutrality Fight Intensifies

BY JOHN D. MCKINNON

WASHINGTON—A federal regulator's plan to roll back Obama-era net-neutrality rules is sparking another battle that is expected to rival or exceed the political clashes over internet regulation in recent years.

The dispute intensified last week when Federal Communications Commission Chairman Ajit Pai held a closed-door meeting with telecommunications groups to sketch out his ideas for rolling back the 2015 net-neutrality rules, one of the Obama administration's signature regulatory changes.

Mr. Pai's emerging rollback plan appears aimed at preserving the basic principles of net neutrality, while shifting oversight responsibility to the Federal Trade Commission to reverse what GOP critics view as the overreach of the previous approach.

"This will touch off another huge political firestorm," said Lawrence Spiwak, president of a conservative telecommunications think tank, the Phoenix Center for Advanced Legal and Economic Public Policy Studies.

Online consumer groups—as well as many congressional Democrats and some internet firms—regard the current rules as essential for ensuring continued competition on the internet. An industry group, the Internet Association, was set to meet with Mr. Pai on Tuesday, aiming to try to preserve net-neutrality protections.

The FCC's net-neutrality rules required internet service providers such as cable and wireless firms to treat all internet traffic the same. Telecommunications firms and many Republicans said those

rules went too far, particularly by reclassifying the companies as common carriers, potentially subjecting them to stringent government regulation.

Mr. Pai seems likely to move forward with his changes. But his move would likely touch off a court challenge by consumer groups, and the conflict is likely to spill over to Capitol Hill and could engulf media companies, as well.

The dynamics of the fight could shift somewhat under a new administration. Companies in Silicon Valley, generally strong allies of former President Barack Obama, may feel less eager to pick a fight with Republicans.

Republicans on Capitol Hill already are unhappy over online firms' recent opposition to another regulatory rollback benefiting broadband carriers, this one affecting consumers' privacy rights.

After Mr. Pai's thinking on net neutrality became public last week, consumer groups denounced it as a sellout to big telecommunications firms, because it would rely on industry commitments to abide by net-neutrality principles, rather than explicit rules.

The FCC declined to comment.

Some telecommunications firms have long favored handing internet oversight to the FTC, which is viewed as less powerful than the FCC in some ways.

The FCC's current acting chairwoman, Maureen Ohlhausen, a Republican like Mr. Pai, has argued that the agency is well-suited to ride herd on internet competition, because of its extensive responsibilities for enforcing antitrust laws.

Computer Science Is Tough Sell to Women

BY MELISSA KORN

Computer science and engineering are gaining in popularity as undergraduate and graduate courses of study, and men continue to flock to those lucrative disciplines in significantly larger numbers than women.

Nearly half of all bachelor's degrees earned in the sciences and engineering in the 2015-2016 academic year went to women, according to new data from the National Student Clearinghouse Research Center.

That is due in large part to the popularity of psychology, biology and social-science programs. Women still earned just 21% of undergraduate engineering degrees and an even

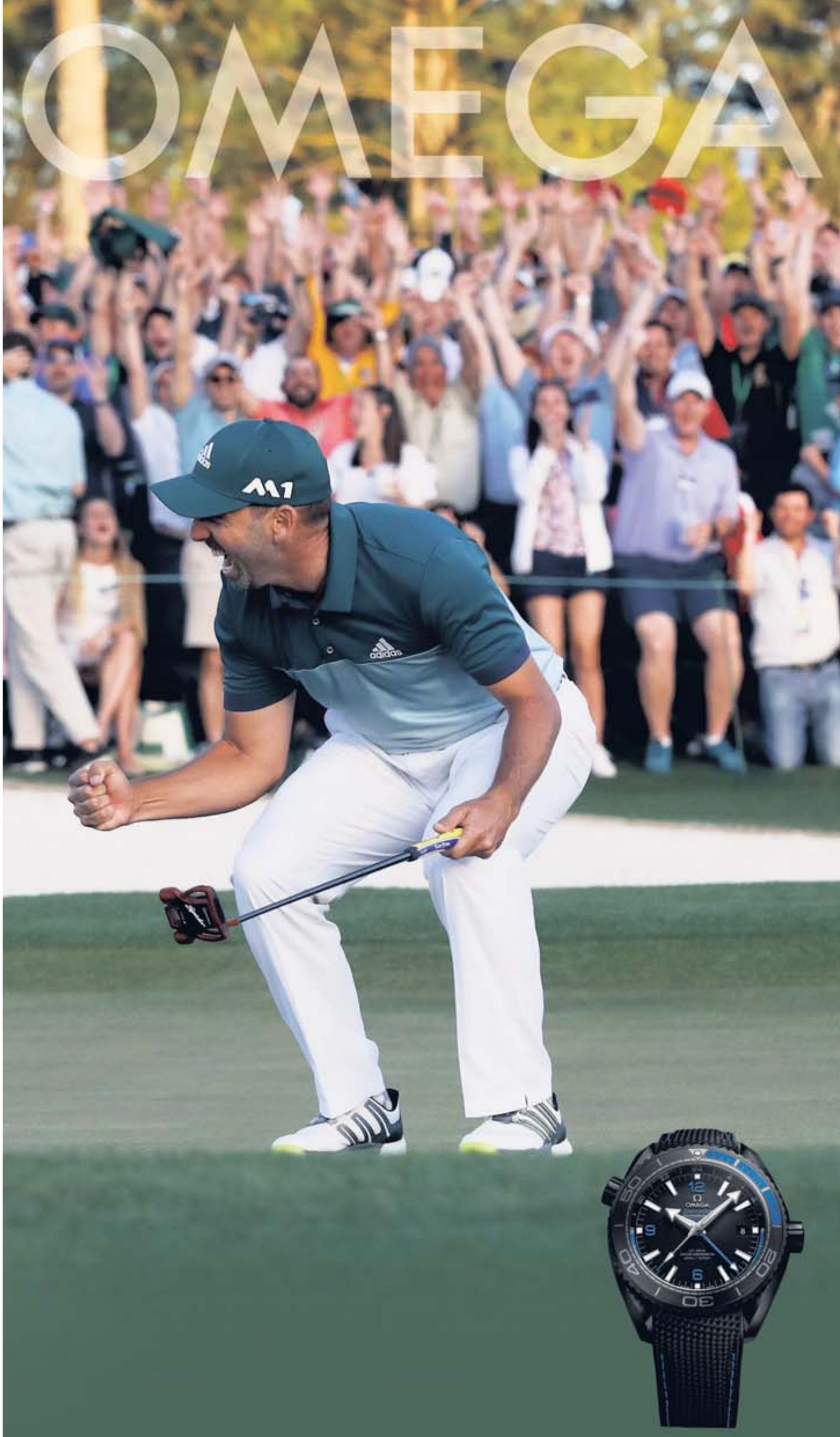
smaller share in computer science.

More than twice as many women received bachelor's degrees in psychology last year than they did undergraduate degrees in computer science, engineering and the physical sciences combined.

Women accounted for 77.6% of all bachelor's degrees in psychology last year, and earned 57.6% of all undergraduate degrees across disciplines in the 2015-16 academic year.

The gender split in so-called STEM programs has long frustrated school officials, who increasingly offer special boot camps, internship programs and mentoring opportunities to help boost the ranks of women in those fields.

A woman with curly hair, wearing headphones, is seated comfortably in an American Airlines Premium Economy seat. The advertisement features the text "WE CALL IT PREMIUM ECONOMY" and "ALICIA CALLS IT THE COMFORT ZONE". It also includes the text "Experience Premium Economy on our Boeing 787-9 Dreamliner. Where legroom is longer. Where food and drinks are better. Where your seat is sweeter." and the website "aa.com/premiumeconomy". The American Airlines logo and the Flight Symbol are visible in the background.



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WORLD NEWS

Grief Turns to Anger After Egypt Attack

Christians bemoan inability of security forces to protect them from Islamic State

By MARIA ABI-HABIB
AND DAHLIA KHOLOAIF

TANTA, Egypt—As family and friends gathered to bury a university student killed in the suicide attack on worshippers here on Palm Sunday, grief boiled over into anger over the government's inability to protect Egypt's Christian minority.

Fadi Ramsis, 22 years old, was laid to rest Monday in the northern Egyptian town of Tanta just months before he was to graduate from university there. Mr. Ramsis was one of more than 40 people killed in twin suicide blasts targeting Tanta's main church and a cathedral in the nearby city of Alexandria. It was the latest episode of mounting violence against Egypt's Christian minority at the hands of Islamic State militants.

"We no longer see a future for us in Egypt, but we won't leave," said Hoda Ibrahim, a 20-year-old university student. "Yes, we're very angry at the government. After each attack, they make the same promises only for it to happen all over again."

Egypt's government is bogged down in endemic economic, social and security problems, leaving the country's

Under Fire

Christians have been the targets of recent attacks in the Middle East. They make up smaller shares of many countries' populations.

Major attacks on Christians in the Middle East and North Africa



- 1 January 2011 A bombing of a church in Alexandria, Egypt, killed at least 21
- 2 August 2014 Islamic State seized Christian town of Qaraqosh, Iraq, forcing thousands to flee
- 3 February 2015 Islamic State video depicted beheadings of 21 Egyptian Coptic Christians in Libya
- 4 February 2015 Islamic State seized Christian villages in Syria and kidnapped scores of civilians
- 5 April 2015 Islamic State released a video showing militants killing Ethiopian Christians in Libya
- 6 June 2016 Suicide bombers attacked a Christian village in Qaa, Lebanon
- 7 December 2016 A bomb at a Coptic cathedral in Cairo killed at least 25 people
- 8 April 2017 Coptic Christian churches in Alexandria and Tanta were bombed, killing at least 47

Note: Libya locations are approximate

Sources: news reports (map); Association of Religion Data Archives (population)

Christians feeling insecure about the government's capacity to defend them against a bubbling insurgency that has zeroed in on the community as a vehicle to challenge the state.

Islamic State has exploited a vacuum created by Egypt's overstretched security services to publicly urge the targeting of Christians. In February, the extremists forcefully displaced Christians from al-

Arish, the largest city in the restive Sinai Peninsula. They also have deployed suicide bombers to hit churches across the nation.

The group, fast losing its core territory in Syria and Iraq, is expected to step up attacks in the Middle East as heightened security in Europe makes it more difficult to launch terror attacks there.

"We are not able to send

our soldiers to Europe, so the new tactic is to hit more in the region and anywhere we can infiltrate," a midlevel Islamic State leader in Syria told The Wall Street Journal in January, explaining the group's devastating attack on a church in Cairo that killed over two dozen worshippers in December. "As the situation gets harder in Syria, the Islamic State will hit wherever it hurts the crusaders and the apostates."

Egyptian authorities are struggling to keep the government afloat and stamp out growing discontent from a population frustrated by the failure of the 2011 revolution to bring about meaningful political and social freedoms. Terror groups like Islamic State have taken advantage of stretched security forces to attack soft targets such as the

Christian community.

Among the hundreds of mourners gathered Monday afternoon outside the Mar Girgis church in Tanta, there was a sense of hopelessness. Boy and Girl Scouts affiliated with Tanta's Christian community patted down mourners, distrustful of the state's ability to secure the funeral.

"It seems they fixed the metal detectors, finally," muttered one woman lining up to enter.

Some stopped to pay their respects to the 27 worshippers killed and buried on the church grounds Sunday evening, hours after the blast. The bishop's office building was turned into a mausoleum to house the dead, its windows hastily covered up with red brick and the cement still drying when Mr. Ramsis' funeral began. Mr. Ramsis died Monday morning from wounds sustained in Sunday's attack.

Youths sobbed on the sidewalk as they waited to enter the church, some clutching white flower wreaths shaped like crosses. Others had come immediately from class, textbooks in hand.

Ms. Ibrahim showed photos on her phone of 11 friends killed on Sunday. Her Muslim classmates also attended the funeral, women wearing the hijab embracing friends donning crucifix necklaces, crying alongside them.

—Nour Alakraa contributed to this article.

Terror Blast Sparks Close Battle

BY DION NISSENBAUM
AND NOAM RAYDAN

After President Donald Trump ordered last week's airstrike against an Assad regime airfield, dozens of U.S. special operations forces in southern Syria left their small base to avoid possible retaliatory action, according to American-backed Syrian fighters and U.S. officials.

Then came the attack, but not from President Bashar al-Assad's military.

On Saturday, Islamic State extremists disguised as U.S.-backed rebels detonated a massive car bomb at the base entrance, a blast that allowed some of the militants to fight their way inside, Syrian fighters and American officials said on Monday.

Islamic State fighters wore uniforms similar to those used by the U.S.-backed rebels. Some had U.S.-made M-16s and vehicles they had seized from American-backed rebels in a previous battle.

As the fight intensified, U.S. special operations forces and their Syrian rebel partners who had taken up positions in a desert no-man's-land rushed back to the base to help repel the attack, which lasted for about three hours. Pilots with

the U.S.-led military coalition battling Islamic State carried out airstrike after airstrike to repel the fighters.

While no Americans were killed or injured, the attack was a sign of the increasing risks U.S. forces face as the Trump administration sends more troops into Syria to help with the intensifying campaign to push Islamic State out of Raqa, the extremist group's de facto capital.

"It was a serious fight," one U.S. military official said Monday as new details emerged

about the rare close-quarters fight between Americans and Islamic State extremists. "It was a coordinated, complex attack. Whether or not it was a one-off, we will have to see."

The U.S. military trains Syrian rebels at al-Tanf, a small base close to the Jordanian border. U.S. forces have been beefing up their presence in southern Syria as part of the broader campaign against Islamic State, U.S. officials said.

Last week, after the U.S. cruise-missile strike on an

Assad regime airfield believed to be home to Syrian pilots who carried out a suspected chemical weapons attack, U.S. forces pulled out of al-Tanf as they watched for a possible retaliatory strike by Syria or Russia, which works side by side with Mr. Assad's forces.

"Around 20 ISIS fighters attacked the base, and suicide bombers blew up the main gate, and clashes took place inside the base," said Tlass al-Salama, commander of the Ossoud al-Sharqiya Army, part of the U.S.-backed moderate rebel alliance.

As the attack intensified, U.S. forces had to fight their way back to the base.

"It was a close-in fight," said the U.S. official.

Members of Mr. Salama's force rushed to provide reinforcements, but came under attack as they tried to reach the base, he said. Two of his fighters were killed.

"We dispatched around six or seven vehicles but [ISIS] attacked us," Mr. Salama said. "They targeted the first vehicle in the convoy."

—Maria Abi-Habib in Beirut contributed to this article.

◆ Oil extends gains on Syria strife, production outages... B11



MOHAMAD ABAZED/AGENCE FRANCE PRESSE/GT IMAGES

A rebel fighter in a field in the southern Syrian city of Daraa Monday.

Gulf States Lose Clout In Fight Against Assad

Saudi Arabia and its Gulf allies, once among the leading champions of regime change in Damascus, now lack the political will and military leverage on the ground to shape Syria's political future.

By Margherita Stancati in Dubai and Maria Abi-Habib in Beirut

As the U.S. weighs additional steps against Syrian President Bashar al-Assad following its cruise missile strike on a Syrian air base, it can no longer count on the Sunni Muslim monarchies of the Gulf to take the lead in organizing and supporting Syrian rebels.

The rebel groups supported by Saudi Arabia and Qatar are weaker than ever, and a Saudi-led regional coalition is mired in an unexpectedly protracted and costly war in Yemen, a fight it views as critical to containing the regional ambitions of mainly Shiite Iran.

"The Gulf states know they are bogged down in Yemen. They have no power or capability to do something meaningful in Syria," said Andreas Krieg, assistant professor in defense studies at King's College London and a former adviser to Qatari's armed forces.

Gulf governments cheered last week's cruise missile strikes, the first direct use of U.S. military force against the Syrian government in the six-year war. The attack has raised their hopes that President Donald Trump will take bolder action against Mr. Assad than Barack Obama did, and move to curb what they view as Iran's expanding influence in Syria and the region.

The future of the Iranian-backed Mr. Assad is expected to be high on the agenda of U.S. Secretary of State Rex Tillerson, when he travels to Moscow Tuesday for talks with his Russian counterpart Sergei Lavrov. Mr. Tillerson said he would press the Kremlin to reconsider its support for the Syrian president.

It is unclear how far the White House is willing to go to counter Mr. Assad.

While Saudi Arabia and its neighbors share an interest in containing Iran and its regional allies and proxies, they also recognize that without a viable replacement for Mr. Assad, his removal could leave a power vacuum that radical groups could exploit.

Monday, and conventional bombs are sometimes reported by observers to be barrel bombs.

Still, the estimated tally is considerable. According to estimates by the Syrian Network for Human Rights, the Syrian regime dropped nearly 13,000 barrel bombs in 2016, representing dozens each day.

The bombs are crude and cheaply constructed, typically dropped out of helicopters as an attack that doesn't require high-tech delivery methods as would rockets, missiles or even conventional bombs. Mr. Assad repeatedly has been criticized at the United Nations for his use of barrel bombs and indiscriminate attacks on civilians.

On Monday, at a memorial in Tuscany, Italy, to a Nazi massacre whose victims included more than 100 children, Mr. Tillerson pledged to hold people accountable for targeting innocent people. His comments followed public statements by Mr. Trump that photos of babies harmed in the chemical attacks had deeply affected him.

"We rededicate ourselves to holding to account any and all who commit crimes against the innocents anywhere in the world," he said.

—Jason Douglas in London, Julian E. Barnes in Brussels and Carol E. Lee in Washington contributed to this article.

SYRIA

Continued from Page One

to broaden the range of Syrian regime actions that could trigger a U.S. military response as a follow-on to Friday's airstrike, ordered by President Donald Trump after a suspected Syrian chemical attack. White House press secretary Sean Spicer said Monday that another chemical attack or the use of barrel bombs—crude but powerful explosive devices often packed with shrapnel—could result in another U.S. strike.

The administration said later that Mr. Spicer's statement wasn't intended as a change in U.S. posture. Mr. Spicer didn't specify whether he meant all barrel bombs or those used as chemical weapons.

The administration issued

similarly mixed signals on the future of Mr. Assad. Mr. Spicer said at a briefing that "our number one priority" is to defeat Islamic State, reiterating recent administration statements, and that Mr. Assad's future would be decided later.

Later Monday, Mr. Trump spoke with U.K. Prime Minister Theresa May, and the two agreed "that a window of opportunity now exists in which to persuade Russia that its alliance with Assad is no longer in its strategic interest," according to a statement by the prime minister's office.

They also agreed that Mr. Tillerson's visit to Moscow offers a chance for progress toward a "lasting political settlement" in Syria.

Last week, Treasury Secretary Steven Mnuchin said the U.S. would soon announce additional Syria sanctions but offered no details on the measures or indications of new penalties against Russia. The U.S. imposed two earlier rounds of sanctions on Russia, the first after Moscow's 2014 move to annex Crimea and the second in response to last year's alleged meddling in the U.S. presidential election.

Mr. Spicer declined to say Monday whether the U.S. favored imposing further sanctions on Russia.

"I'll let Secretary Tillerson talk about his meeting with For-

eign Minister [Sergei] Lavrov," Mr. Spicer told reporters. "Look, we'll have plenty of time to discuss how those talks go."

Mr. Spicer declined to detail the agenda for talks between the top diplomats, but said Mr. Trump doesn't want to "telegraph all the cards that he has."

The White House hasn't demanded Mr. Assad's removal and has said the U.S. believes it can defeat Islamic State while Mr. Assad remained in power.

However, Mr. Spicer indicated the administration's preference for a change in the Syrian leadership.

"I can't imagine a stable and peaceful Syria where Bashar al-Assad is in power," he said.

"I'll let Secretary Tillerson talk about his meeting with For-

Following the U.S. strike on a Syrian air base last week, Mr. Spicer said Monday that Syria's use of barrel bombs also could trigger a U.S. response.

"The sight of people being gassed and blown away by barrel bombs ensures that if we see this kind of action again, we hold open the possibility of future action," Mr. Spicer told reporters. He later added: "I will tell you, the answer is that if you gas a baby, if you put a barrel bomb into innocent people, you will see a response from this president."

Mr. Spicer wouldn't say how Mr. Trump might respond but said the use of chemical weapons or barrel bombs "is unacceptable."

In a statement issued after Mr. Spicer's news briefing, the White House said nothing had changed in its posture, despite the barrel bomb warning.

"The president retains the option to act in Syria against the Assad regime whenever it is in the national interest, as was determined following that government's use of chemical weapons against its own citizens," it said.

While Mr. Assad rarely has used chemical weapons, his military has come to embrace the use of barrel bombs as a staple of its arsenal. A precise count of the number of bombs used by the regime was not available

Monday, and conventional bombs are sometimes reported by observers to be barrel bombs.

Still, the estimated tally is considerable. According to estimates by the Syrian Network for Human Rights, the Syrian regime dropped nearly 13,000 barrel bombs in 2016, representing dozens each day.

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MAX ROSSI/REUTERS

U.S. Secretary of State Rex Tillerson, left, meets with Britain's Foreign Secretary Boris Johnson, right, on Monday during the G7 gathering in Lucca, Italy.

Following the U.S. strike on a Syrian air base last week, Mr. Spicer said Monday that Syria's use of barrel bombs also could trigger a U.S. response.

"The sight of people being gassed and blown away by barrel bombs ensures that if we see this kind of action again, we hold open the possibility of future action," Mr. Spicer told reporters. He later added: "I will tell you, the answer is that if you gas a baby, if you put a barrel bomb into innocent people, you will see a response from this president."

Mr. Spicer wouldn't say how Mr. Trump might respond but said the use of chemical weapons or barrel bombs "is unacceptable."

In a statement issued after Mr. Spicer's news briefing, the White House said nothing had changed in its posture, despite the barrel bomb warning.

"The president retains the option to act in Syria against the Assad regime whenever it is in the national interest, as was determined following that government's

WORLD NEWS

Global Groups Defend The WTO

Top global economic and finance institutions defended the role of the World Trade Organization, countering a Trump administration challenge some fear could undermine decades of rules-based order.

By Ian Talley
in Washington
and Andrea Thomas
in Berlin

The heads of the International Monetary Fund, the World Bank, the Organization for Economic Cooperation and Development, and the International Labor Organization joined German Chancellor Angela Merkel, acting as this year's leader of the Group of 20 largest economies, in issuing a statement backing the WTO on Monday.

"Trade policy cooperation and coordination are more than ever of utmost importance," said the statement, released in Berlin.

The statement didn't mention the Trump administration explicitly, but comes after President Donald Trump's trade team in March argued the case for disregarding some rulings of the WTO, the Geneva-based body that oversees most of the world's international trade disputes.

"The WTO is essential in order to create new growth, employment and development opportunities on a global scale," especially amid disappointing trade growth and an upswing in protectionist tendencies, the statement said.

The Trump administration's U.S. Trade Representative office declined to comment.

Administration officials say the WTO has failed to uphold fair-trade principles, overlooking some countries' practices that distort cross-border flows of goods and services at the expense of jobs, industries and economic growth. U.S. officials have also discussed implementing new tariffs and other policies that other countries say might violate WTO agreements, but that Washington sees as necessary to rebalance distorted trade relationships.

Many companies complain access to China's markets has become more difficult in recent years. And trade watchers are documenting a surge in nontariff barriers around the world.

WTO head Roberto Azevêdo, speaking in Berlin, warned countries against disregarding international trade rules, saying that would likely prompt retaliation by other nations. Instead, member countries should rely on his organization's toolbox of measures to deal with what some might regard as unfair trade conditions.

That isn't how the Trump administration sees it, however, saying the WTO has been a weak trade watchdog. "The American people grew frustrated with our prior trade policy not because they have ceased to believe in free trade and open markets, but because they did not all see clear benefits from international trade agreements," the USTR's office said in March.

Holocaust Remark Shadows Le Pen

By NICK KOSTOV

PARIS—French presidential candidate Marine Le Pen faced strong criticism Monday over comments playing down France's role in the Holocaust, undercutting her efforts to broaden the hard-right National Front's appeal to mainstream voters.

Ms. Le Pen on Sunday claimed that the French state wasn't responsible for the 1942 roundup of Jews, in which more than 13,000 people were arrested and kept in the Vel d'Hiv cycling stadium to be deported to Nazi concentration camps.

"I think France is not responsible for the Vel d'Hiv," Ms. Le Pen said during a radio interview. "I think that, in general, if there are people responsible, it is those who were in power at the time. It is not France."

Her comments two weeks ahead of the French election drew swift denunciations from Israel and fellow politicians. France has struggled to come to terms with its role under the collaborationist Vichy government during World War II, but in the past two decades French politicians have widely acknowledged the state's involvement.

In a statement on Monday, Israel's foreign ministry said it regretted that anti-Semitism "is raising its head again today."

"This contradicts the historical truth as expressed in statements by French presidents who recognized the country's responsibility for the fate of the French Jews who perished in the Holocaust," the ministry said.

Ms. Le Pen's rivals said the comments belied her efforts to distance her party from the



JEAN-FRANCOIS DERRIDA/GAMMA-RAPHO/GETTY IMAGES

Marine Le Pen with her father, the former National Front leader Jean-Marie Le Pen, at an agricultural fair in 2004.

legacy of her father, Jean-Marie Le Pen. Mr. Le Pen has repeatedly said that the gas chambers in World War II were a "detail of history."

Since taking over the party in 2011, Ms. Le Pen has tried

to position it as a mainstream political force. She waged a high-profile battle in 2015 to oust her father from the party he helped found decades ago. Her campaign posters have also omitted her last name

and the party's tricolor flame, a symbol appropriated from Italian neofascism.

Nonetheless, her campaign has continued to receive funding from a campaign-finance vehicle her father oversaw.

Late Sunday, Ms. Le Pen attempted to do damage control, releasing a statement that said the Vichy regime was an illegal interlude in French history and the real French government was in exile in London.

"This in no way exonerates the responsibility of French people who participated in the despicable Vel d'Hiv roundup and all the other atrocities committed at the time," she added.

Polls show that Ms. Le Pen and independent upstart Emmanuel Macron would top first-round voting and qualify for a second round face off on May 7, which Mr. Macron is predicted to win easily.

Alleged Russian Hacker Held in Spain for U.S.

By DAVID GAUTHIER-VILLARS

The Russian programmer arrested in Spain on accusations of cyber fraud over the weekend is one of the world's most sophisticated hackers, operating a vast network of compromised computers for malicious purposes, U.S. authorities alleged in court documents released Monday.

The U.S. Justice Department said Pyotr Levashov, a Russian detained in Barcelona on Friday, allegedly has spread a potent malware known as Kelihos since about 2010, harvesting login credentials and gaining control of hundreds of thousands of computers.

Mr. Levashov, who was vacationing with his wife and son, has been notified he

would be kept in custody pending a ruling on a U.S. extradition request, a spokeswoman for Spain's Audiencia Nacional court said.

A lawyer for Mr. Levashov couldn't be reached. Maria Levashova told Russian TV channel RT her 36-year-old husband had been arrested. Russia's Foreign Ministry didn't immediately respond to

a request for comment.

U.S. authorities called the case a landmark in the fight against cybercrime but dismissed talk of a link to probes into alleged foreign interference in the 2016 U.S. campaign.

"The case is a criminal matter without apparent national security connection," a Justice Department official said.

U.S. authorities said they be-

lieved Mr. Levashov was the human behind "Peter Sevora," the online moniker used by the alleged creator of spam viruses.

Spamhaus, a nonprofit organization tracking cyberthreats, has called Mr. Levashov "one of the longest operating criminal spam lords on the internet."

—Thomas Grove contributed to this article.

An Early Sign of Easter



CSABA KRIZSAN/EUROPEAN PRESSPHOTO AGENCY

HIDING EGGS IN PLAIN SIGHT: To celebrate the 800th anniversary of the settlement of the village of Stvrtok na Ostrove, Slovakia, residents decorated a tree in the main square with 1,600 painted Easter eggs.

WORLD WATCH

CANADA

March Housing Starts Advanced by 18%

Canadian housing starts hit their highest level in nearly a decade in March, driven by a surge in demand in the Toronto market and its surrounding communities due to shortages in resale listings and rental units.

Housing starts increased 18% to a seasonally adjusted rate of 253,720 units in March, Canada Mortgage and Housing Corp. said Monday, marking the third

straight month-to-month increase. Market expectations were for a rise to 215,500.

—Paul Vieira

UKRAINE

Central Bank Chief Tenders Resignation

Gov. Valeria Gontareva submitted her resignation from the central bank, heralding the end of a nearly three-year tenure that helped Ukraine avoid a financial meltdown and clean up its murky banking system.

Ms. Gontareva will leave her post on May 10, according to the National Bank of Ukraine's website. Her resignation must be approved by Ukraine's parliament and President Petro Poroshenko, who will then select a new bank governor.

—James Marson

SOMALIA

Suicide Bomber Kills Soldiers at Academy

A suicide bomber blew himself up at a military academy in

the western part of Somalia's capital, Mogadishu, killing at least five soldiers, a military officer said.

Two colonels and the camp's chief trainer were among the dead, said Col. Abdi Hassan.

The bomber, dressed in a military uniform and posing as a trainee, walked into the training camp on Monday and detonated explosives near soldiers and officers, Col. Hassan said.

Somalia's Islamist extremist rebels, al-Shabaab, claimed responsibility for the attack.

—Associated Press

Fugitive Mexican Politician Is Arrested

BY JUAN MONTES

MEXICO CITY—Italian police detained a former governor of a violence- and drug-plagued Mexican border state Sunday on charges of racketeering and money laundering, a top official at Mexico's attorney-general office said.

Tomas Yarrington, the ex-governor of Tamaulipas state, had been a fugitive from Mexican justice for almost five years, the official said. Last year, Mexico offered a reward of about \$800,000 for information leading to his capture. It isn't known whether the reward was paid.

Mr. Yarrington, who was detained in Florence, also faces charges of drug trafficking and financial crimes in the U.S., where he was indicted in 2013.

The U.S. indictment accused Mr. Yarrington of taking bribes from Mexican drug cartels and state contractors and laundering the money in Texas.

The Mexican official said Mr. Yarrington is expected to be extradited to Mexico in coming days. Legal representatives for Mr. Yarrington in Italy couldn't be reached. U.S. prosecutors will also seek his extradition, a U.S. official said.

Mr. Yarrington has said he is innocent and the victim of false politically tainted accusations.

Mr. Yarrington was arrested following a joint Italian-Mexican investigation, a Mexican official said.

—José de Córdoba contributed to this article.

FROM PAGE ONE

WELLS

Continued from Page One

and a father with four.

Ms. Tolstedt was singled out 142 times in the report for setting the tone in the troubled retail-banking unit. At one point, she is described as being "scared to death" of hurting her unit's sales figures.

The board decided last week to claw back Ms. Tolstedt's outstanding stock options valued at about \$47.3 million. It also is taking away—through scheduled retirement benefits—an additional \$28 million of incentive compensation paid to Mr. Stumpf in March 2016.

The board's review caps a six-month investigation that not only has rocked Wells Fargo but the broader banking industry, with dozens of firms examining their own sales practices at the behest of regulators.

Years of aggressive sales tactics in pockets around the country led to Wells Fargo's September settlement. Since

Payback

Wells Fargo clawbacks since 2016 sales settlement

Additional amounts reported Monday ↗

	\$41 million	\$28 million
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John Stumpf Former CEO	19	47.3
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Carrie Tolstedt Former retail bank executive	32	
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Other senior executives	15.5	
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Fired retail bank executives		\$182.8 million
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Total amount

\$182.8 million

Source: Wells Fargo board report

then politicians, regulators and customers among others, have criticized the bank. In February, it reached a preliminary settlement for \$110 million over a customer class action case. Other state and

bank has agreed to check for consumer harm. The bank has said it is going back an additional two years beyond the 2011-to-2016 time frame regulators called for in last year's consent orders.

Mr. Sloan said Monday that Wells Fargo will make things "right" with customers who reach out to the bank with problems related to the sales practices, regardless of the timing.

By 2004, a Wells Fargo's internal investigations employee wrote to executives in that group about sales issues, according to the report. As early as 2012, some top Wells Fargo retail banking and risk executives knew the firm had a problem with its strategy of "cross selling" multiple products to the same customers. The issue gained more exposure with a Los Angeles Times story on the topic and a 2015 lawsuit by the Los Angeles City Attorney.

The board's efforts to understand the scope of the issues were hampered by the "insular and defensive" way in which Ms. Tolstedt ran her division, as well as Mr. Stumpf's loyalty to her, the report said.

Mr. Stumpf "was by nature an optimistic executive who refused to believe that the sales model was seriously impaired," the report said. "He was too late and too slow to call for inspection of or critical challenge to the basic business model."

In late 2015, key board members including lead independent director Stephen Sanger pushed Mr. Stumpf to remove Ms. Tolstedt from her role. But Mr. Stumpf declined, saying that Ms. Tolstedt, while at times controlling, was "the best banker in America," the report said.

Ms. Tolstedt ultimately left her role in July 2016. Mr. Stumpf abruptly retired in October.

IN DEPTH

GAMES

Continued from Page One
force," which can be turned on and off like a faucet.

More than 300 of the roughly 2,000 people who built Activision Blizzard Inc.'s "Call of Duty: Advanced Warfare," one of the best-selling games of 2014 in the U.S., worked for outside companies or were independent contractors, according to credits listed on the videogame database MobyGames. About 70 contracting firms are in the credits of "Final Fantasy XV," released in November by Square Enix Co.

The videogame industry's contractor-heavy model resembles Hollywood studios, which hire temporary workers ranging from directors to actors to publicists to make a film and have few long-term obligations after its release.

The difference between games and movies is that longtime work practices and unions in Hollywood provide a safety net for many actors and writers, whether on the job or between projects. People who make videogames are often hired quickly through Craigslist and gaming website Gamasutra or by word-of-mouth—and then are let go just as fast.

At the end of some subcontracting chains are 16- and 17-year-olds working from their bedrooms or school libraries. Ryan Morrison, a New York lawyer who represents game companies and developers, said he has drafted about 500 contracts in the past three years that required parental consent.

Companies say the result is just-in-time production fueled with human capital. By outsourcing low-value work or renting high-value expertise for a short time, game makers like Psyonix can focus on what they do best.

Outsourcing means studios "can in fact make very large games while still staying small," Anton Wiegert, the head of outsourcing at Guerrilla Games, owned by PlayStation console maker Sony Corp., wrote in an essay in 2014.

Revenue from videogames hit \$75 billion last year, double the world-wide sales from movie tickets, according to PricewaterhouseCoopers LLP, the auditing and consulting firm.

The videogame business is emblematic of a wider shift toward project-based work. Casey O'Donnell, a game developer and game-studies professor at Michigan State University, said the industry "is a decade ahead of where a lot of other industries are going."

Fast shift

In the white-collar world, pharmaceutical companies are already packaging drug development into projects led by a team of employees who oversee a larger, mutable cast of outsourced research firms. Law firms are doing the same thing with complex litigation cases.

The shift is happening so fast that the federal Bureau of Labor Statistics recently proposed adding "project management specialist" next year to the official list of job titles used to track the workforce.

While companies clearly benefit from the flexibility of such arrangements, workers often reap less in the bargain.

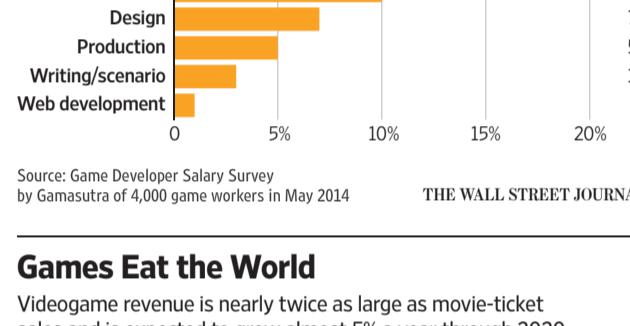


ARIANA DREHSLER FOR THE WALL STREET JOURNAL

Art-team employees at the San Diego headquarters of Psyonix, which relies on contractors to keep its hit 'Rocket League' humming.

What Do Contractors Do?

Many videogame contractors work on art, programming and helping to keep the games running smoothly.



Source: Game Developer Salary Survey by Gamasutra of 4,000 game workers in May 2014

THE WALL STREET JOURNAL.

Games Eat the World

Videogame revenue is nearly twice as large as movie-ticket sales and is expected to grow almost 5% a year through 2020.



Source: PricewaterhouseCoopers

THE WALL STREET JOURNAL.

Adrienne Hunter, 30 years old, said she was a contract worker for Nintendo Co.'s U.S. subsidiary on and off for six years, mostly doing quality-assurance testing. She said permanent jobs there rarely came open and offered few advancement opportunities.

When dozens of testers crowded through the exit of the high-security room to take company-mandated breaks from trying games that were about to be released, the testers sometimes moped to show they felt like cattle, Ms. Hunter said. She now works as a design director at a virtual-reality startup.

Nintendo spokesman Charlie Scibetta said the company treats "all people with the same respect, regardless of their employment status." The game maker uses "a hybrid approach of full-time and contractor positions so we can staff up quickly when needed," he said.

Mr. Scibetta said about one-third of Nintendo's full-time,

entry-level positions in the past five years were filled by former contractors.

Many companies play down their use of outside labor to encourage the perception that they alone created the technical wizardry in their games. Game developers said outsiders are sometimes required to sign "secret team" contracts in which they agree to be left out of the game's production credits.

About 20 years ago, when the first versions of "Tomb Raider" and "Grand Theft Auto" were highly popular, companies directly employed almost everyone who worked on their games.

Game creators staffed up with artists specializing in 3-D modeling and programmers capable of writing code for game consoles, personal computers and then online.

Teams at some stages of the production process ballooned, but it was tough to keep everyone busy, said Scott Hartsman,

chief executive of Trion Worlds

Inc., best known for the fantasy role-playing games "Rift" and "Trove."

Layoffs often hit after a game was released, which was hardest on workers who were let go and damaged morale for those who stayed. "It was like 'Welcome to the family!'" he said. "Then we released the game, and it was 'See you later!'" Outsourcing became a solution to the hire-and-fire cycle, Mr. Hartsman said.

Unreal Engine

In 1995, Psyonix's Mr. Hagewood dropped out of North Carolina State University in Raleigh to run a web-hosting company. He wound up working as a "modder," or someone who modifies game code to add custom features, at Epic Games Inc., of Cary, N.C.

Mr. Hagewood, then 28, helped Epic Games modify Unreal Engine, a software tool that helps developers build intricate visual worlds. For two years, he also closely observed CEO Tim Sweeney, other executives and game designers for lessons on how to run his own game maker someday.

"I always liked vehicles that could jump," Mr. Hagewood said.

He started Psyonix in 2001 and kept the fledgling company alive with contract work for larger studios that wanted help satisfying demand for visually dazzling, multiplayer games.

It was hard to ensure a steady flow of work. Mr. Hagewood said clients sometimes canceled games with little notice or failed to meet deadlines. Taking on more projects could swamp his small workforce if too many games went forward at the same time.

Contracting can be a brutal way to make money. Publishers wary of investing too heavily in a game that might never make it to market impose high-pressure requirements on their contractors.

While Psyonix worked for companies like Square Enix and BioWare, now owned by Electronic Arts Inc., a small team at Psyonix remained focused on creating its own games.

"Rocket League is our baby,"

said Sarah Hebbler, Psyonix's executive producer. Before

"Rocket League" was released, she oversaw Psyonix's work for Square Enix on the multiplayer vampire game "Nosgoth."

Psyonix had inklings that "Rocket League" would be a hit. Players who received test versions of the game raved about it in online discussion boards, and Sony agreed to give free downloads to premium PlayStation subscribers.

"Rocket League" downloads surpassed Psyonix's forecast within hours of its release in July 2015. Servers hosting the game's software crashed.

Mr. Hagewood emailed former colleagues at Epic Games and asked whom they turned to when in need of outsourced help. Psyonix had 36 employees at the time.

As the game's popularity has grown, so has Psyonix's use of outside help. Panic Button LLC, of Austin, Texas, converted the software in "Rocket League" for

Accenture calls it the 'liquid workforce,' which can be turned on and off like a faucet.

use on Microsoft Corp.'s Xbox and Sony's PlayStation 4 Pro.

Panic Button has 25 employees, including engineers and artists who work on projects for as many as six clients. Temporary workers on month-to-month contracts plug staffing holes.

"It would be ideal if one project ended while another was beginning, but it doesn't work that way," Panic Button general manager Adam Creighton said.

Less than half of the people doing quality-assurance testing on "Rocket League" are full-time Psyonix employees. The rest work in Montreal for a unit of Keywords Studios PLC, based in Dublin and a global contractor for the game industry. Amazon.com Inc. unit Twitch Interactive Inc. manages a live-events business where spectators pay as much as \$95 to watch "Rocket League" teams compete in venues like the Avalon Hollywood nightclub.

Psyonix is looking for another contracting firm to help manage the game's server capacity. Some players have complained that server problems are kicking them out of the game and making it hard to join matches.

Quality control constantly nags at Mr. Hagewood. He disliked feeling micromanaged when Psyonix did outsourced work for other game makers. But contractors don't always deliver at the pace they promise and sometimes farm out work to another company or group of developers, even though contracts often prohibit subcontracting or require approval, he said.

The company's previous testing contractor, Digital Hearts USA Inc., this month began reclassifying independent contractors as employees.

Eric Kwan, quality-assurance director at the Torrance, Calif., company, a unit of Japan's Hearts United Group Co., said the change will help Digital Hearts retain its best testers. Until now, "if someone else offered them an employee position, they'd most likely take it, and they'd be smart to take it," Mr. Kwan said.

It can take longer for Psyonix to solve problems because employees and contractors usually don't communicate face-to-face. The contractors are spread across multiple time zones.

From noon to 9 p.m. Central time, Ana Morazán answers players' questions about "Rocket League" from the second-floor study of her family's home in Tegucigalpa, Honduras. She works for 5CA, a customer-service outsourcing firm based in Utrecht, Netherlands, earning \$7 an hour, about double the average in Honduras.

Ms. Morazán, 24, has little contact with Psyonix employees beyond seeing occasional notes from them in a shared database where customer-service agents log information and updates. She often chats online with colleagues and managers at 5CA.

"I don't feel like I'm alone," said Ms. Morazán, who has begun playing "Rocket League" in her off time.

Close-knit culture

Outsourcing helps Mr. Hagewood preserve the close-knit culture at Psyonix. On Friday nights, employees have dinner and "wrap-up" meetings, often staying late to drink beer and battle in Nintendo's "Super Smash Bros." while sprawled on four tattered recliners.

During the workday, employees' dogs, with names like David Bowie and Gary Busey, amble around the office or lay by their owners' feet. Employees catch up in the office kitchen while helping themselves to Red Bull or coconut water from the refrigerator and beef jerky from the walk-in snack closet.

Psyonix said contractors aren't necessarily cheaper than employees because overseeing outsourced labor is so time-consuming.

For every new contract arrangement, Psyonix must hire or assign someone to manage the work. On the other hand, renting labor only when it is needed means the company isn't "paying for someone's downtime," Mr. Hagewood said.

—Sarah E. Needleman contributed to this article.

LOTTE

Continued from Page One
overseas cultural association, arrived in Seoul's airport last year, she was shocked to see the Lotte name on buildings and billboards. "I saw Lotte, Lotte, Lotte, and I thought, 'What is this? Can it be? Is this just a coincidence?'" Ms. Stukenberg recalls.

The shift is happening so fast that the federal Bureau of Labor Statistics recently proposed adding "project management specialist" next year to the official list of job titles used to track the workforce.

While companies clearly benefit from the flexibility of such arrangements, workers often reap less in the bargain.

Lotte Group puts a copy of "The Sorrows of Young Werther" in the night-table drawer of guest rooms in most of its 24 hotels around the world (though not in the Lotte Palace hotel in Midtown Manhattan). At the high-end Lotte Hotel in downtown Seoul, a two-story-tall illuminated gold-hued statue of Charlotte stands in a glass case.

Lotte Group has a copy of "The Sorrows of Young Werther" in the night-table drawer of guest rooms in most of its 24 hotels around the world (though not in the Lotte Palace hotel in Midtown Manhattan). At the high-end Lotte Hotel in downtown Seoul, a two-story-tall illuminated gold-hued statue of Charlotte stands in a glass case.

In recent years, the company has slapped the full "Charlotte" name on premium-label goods, like a brand of chocolate bars.

Starting in 2015, the Lotte

Group began experiencing

some serious *Sturm und Drang*

as it lurched from one mishap

to the next. A bruising succession

fight between two sons of

scholars, who point to the Korean concept of *han*, or unresolved sorrow.

One of the country's longest-running musicals, "Werther," was written by a Korean playwright who fell in love with Goethe's tale. Produced by CJ Group, one of the country's biggest conglomerates and a spinoff of the Samsung business empire, "Werther" has played for 15 years.

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GREATER NEW YORK

Working but Still Homeless

Low wages and soaring rents push thousands of New Yorkers with jobs into city shelters

BY MARA GAY

Donna Morgan is dreaming about shrimp and okra, deviled eggs with onions, and porgy.

It has been a long day at work, and the 51-year-old Manhattan health aide is yearning for the taste of home.

Instead, she likely will pick up some fast food and return to the Lower East Side homeless shelter where she has lived since October.

"I'm working from 8 to 8, 12 hours a day, but I can't afford the rent," says Ms. Morgan, who works two jobs and

earns about \$2,100 a month. "Simple as that."

Ms. Morgan is one of thousands of people in New York City who work but are homeless. Many are employed in low-paying jobs in the service industry that are crucial to keeping the New York economy humming. About 13.5% of the jobs in the city pay minimum wage, according to an estimate from the comptroller's office, or \$11 an hour for workers at businesses of at least 11 employees.

The combination of soaring real-estate prices and stagnant family incomes has squeezed New York's working poor. Rents surged nearly 20% in real dollars from 2000 to 2014, while household income decreased 6.3%. The number of people living in New York City

shelters hit more than 60,000 late last year, up from 31,009 in 2002. The rise in the working homeless is a big reason why.

"When I first began representing homeless people years ago it was rare," said Steven Banks, who oversees the city's homeless programs as commissioner of its Human Resources Administration. "Now, working families constitute a significant part of the shelter system."

Of the roughly 40,000 families with children living in a shelter in New York City, 34% have earned income. Thousands more single adults and adult families in the system also have paying jobs.

It isn't just a New York problem. Other cities, particularly in high-rent areas in California, are spending more to

fight homelessness.

In Los Angeles, the number of homeless individuals rose 11% to 28,000 last year. Although they don't keep data on the percentage of homeless who are employed, city officials said they believed a sizable number of working poor in the city have begun living in cars or in shelters.

In New York, the working poor are on the losing end of the city's turnaround, a 20-year resurgence in which a steep drop in crime and a strong economy have enticed record numbers of people to move to the city.

As rents soar in low-income neighborhoods such as East New York in Brooklyn, a place once thought to be immune to the forces of gentrification,

Please see HOME page A10B



Donna Morgan riding the subway to work recently in Manhattan.

PETER FOLEY FOR THE WALL STREET JOURNAL

Yankees Tear It Up at Home Opener in the Bronx



AIMING FOR PERFECTION: Fans at Yankee Stadium on Monday weren't disappointed as Michael Pineda was flawless into the seventh and the Rays went down to defeat.

Governors Press for Amtrak Review

BY MELANIE GRAYCE WEST

New York Gov. Andrew Cuomo and New Jersey Gov. Chris Christie on Monday called for a complete review of Amtrak's infrastructure and maintenance protocols in response to a series of recent small derailments that have snarled commuter rail traffic in and out of New York Penn Station.

In a letter, the governors called on Amtrak and the Federal Railroad Administration to allow for "independent verification of track safety at Penn Station."

The most recent derailment occurred on April 3, when an NJ Transit train experienced a slow-speed derailment while entering Penn Station.

Amtrak said in a statement that the agency launched its joint inspection at Penn Station with the FRA. "This inspection will provide an independent assessment of the current conditions and recommendations for any needed improvements," the statement said.

A spokesman for the FRA said in a statement that all railroads must maintain infrastructure in compliance with federal regulations.

"Like all partner railroads, Amtrak, MTA and NJ Transit have regular and frequent access to Penn Station to conduct their own examinations with their own employees, which they should be doing in conjunction with the host railroad," the statement said.

Free College Comes With a Catch

BY LESLIE BRODY

A new scholarship that will let many New York students attend state colleges tuition-free has a caveat: Recipients must live and work in the state for several years after graduation or pay back the money.

Some advocates for affordable college criticized that requirement in the Excelsior Scholarship, part of the \$153.1 billion state budget that passed Sunday night for fiscal 2018. They said it might deter some applicants, and could force some recipients to reject job opportunities beyond New York's borders after graduation.

But supporters said it makes sense to keep graduates in state so they can contribute to the local economy and reward taxpayers' investment in their skills.

"Why should New Yorkers pay for your college education and then you take off and you move to California?" Gov. Andrew Cuomo said Monday. "The concept of investing in you and your education is that you're going to stay here and be an asset to the state."

Mr. Cuomo, a Democrat, hailed the scholarship as a first-of-its-kind in the nation and a boon for thousands of working and middle-class students.

Under the program, students in families making up to \$100,000 a year can enroll in the state's public two-year and four-year colleges tuition-free in fall of 2017. That income cap would gradually rise to \$125,000 in 2019, at a projected cost of \$163 million that year.

Many families and advocates have applauded the program, and the governor says 940,000 students would be eligible. But



Gov. Andrew Cuomo signed legislation on Monday, a day after the New York state budget passed.

some express concern about the requirement that scholars must live and work in-state after graduation for the same number of years that they received the award, or it converts to a loan.

Capturing New Yorkers and forcing them to stay in state as they start their careers is not always the best way to grow the economy," said Sara Goldrick-Rab, a professor of higher-education policy at Temple University in Philadelphia, and a free-college advocate.

She called a grant-turned-loan a "groan" that could saddle some graduates with tens of thousands of debt or push them to choose unemployment inside New York rather than jobs elsewhere.

The program says repayment of the loan could be deferred during graduate school, and

there could be waivers for debts that would "involve extreme hardship." But Ms. Goldrick-Rab said that criteria were vague, subjective and an administrative headache.

Deborah Glick, a Democrat who heads the Assembly's higher-education committee, said such clawbacks are common, and the vast majority of graduates already remain in state after leaving the City University of New York and State University of New York.

"I always say my role is to assist students in becoming the biggest taxpayers in the state," she said.

She predicted about 32,000 students a year would take advantage of the Excelsior Scholarship.

The program, which kicks in after students have exhausted other sources of federal and

state assistance, requires them to be enrolled full-time, average 30 credits a year and maintain a grade-point average that will lead to a degree.

Some advocates for low-income families said those conditions hurt students who need to work part-time. They also noted that the tuition awards don't cover books, transportation, housing or other expenses that often make up the bulk of the costs of attending these public colleges.

Patrick Warren, a sophomore at CUNY's LaGuardia Community College who aims to apply for the scholarship for a four-year school, said the residency requirement was a mixed bag. If he gets a dream job offer in Connecticut, he said, it would be frustrating to turn it down, but "the optimist in me says I'll find a good job in New York."

Suspect In Threats Case Pleads Not Guilty

BY CORINNE RAMÉY

A man charged with making threats to Jewish organizations around the country in the name of his ex-girlfriend pleaded not guilty Monday.

Juan Thompson, 32 years old, was arraigned before a federal judge on one count of cyberstalking. Arrested in St. Louis in March, he faces up to five years in prison if convicted.

Mr. Thompson, who appeared in U.S. District Court in Manhattan in a tan uniform, is being held in jail. Outside the



Juan Thompson was arraigned Monday in a Manhattan court on one count of cyberstalking.

courtroom, his lawyer declined to comment.

Prosecutors said that from July 2016 through March 2017, Mr. Thompson made threats to various Jewish community centers and others as a way to intimidate his ex-girlfriend. This included a Feb. 21 email to the Anti-Defamation League that said his ex-girlfriend "is behind the bomb threats against jews. She lives in nyc and is making more bomb threats tomorrow," according to a complaint.

The next day, the organization received a phone call, made with a voice disguiser, saying explosive material was in its Midtown Manhattan office and would be detonated within an hour, the complaint says.

Mr. Thompson threatened Jewish community centers in San Diego and in Farmington Hills, Mich., according to the complaint. He emailed a Jewish school in Manhattan and wrote, according to the complaint: "Juan Thompson...put two bombs in the middle school last night. He is eager for a Jewish newtown."

Prosecutors said he also threatened his ex-girlfriend directly. Among other things, he sent her nude photos of herself, saying he would make them public, they said. Last July, the ex-girlfriend ended her romantic relationship with Mr. Thompson, and the next month she obtained a state order of protection against him, prosecutors said.

He also sent an email to the ex-girlfriend's colleagues, saying she had a sexually transmitted disease, according to the complaint.

Mr. Thompson formerly worked for the news organization The Intercept, where he was an employee from November 2014 through January 2016. The news organization said in March he was fired because of fabricated quotes and sources in his stories.

On Monday, federal prosecutors said they had seized 25 electronic devices, including laptops, tablets and cellphones, from Mr. Thompson's home.

GREATER NEW YORK

De Blasio Launches His Island Sojourn

BY MARA GAY

New York City Mayor Bill de Blasio's Staten Island adventure began with a ride on the ferry, protesters and chocolate cannoli.

"Who is he?" Helene Nyqvist Widén, a Swedish tourist aboard the Staten Island Ferry, asked a member of Mr. de Blasio's detail, pointing to the mayor.

And so it went for Mr. de Blasio on Monday, as he moved his senior staff to Staten Island for the week, his first leg in a five-borough tour as he gears up for a re-election campaign later this year.

It is likely to be the most politically fraught stop as well. Mr. de Blasio, a liberal Democrat, is widely disliked on Staten Island, which is far more conservative than the rest of the city and is home to many of its police officers.

As the mayor strode toward Staten Island Borough Hall after a brisk walk from the ferry, about a dozen protesters stood outside to greet him. Most said they wanted the mayor to halt cuts to a local community center. One man said he wanted Mr. de Blasio to go to jail. "Not my mayor!" he shouted as Mr. de Blasio smiled and moved on.

A little while later, Mr. de Blasio assembled about a dozen of his commissioners and senior advisers for a morning meeting in a conference room with Borough President Jimmy Oddo, a Republican who is hosting him for the week.

The mayor said he was thrilled to visit the borough, home to about 475,000 people.

ple. "The people of Staten Island are not shy," the mayor said. "So we look forward to hearing from them this week in a lot of different ways."

Granting the mayor's wish, Mr. Oddo welcomed his guest with cannoli, and a friendly reality check.

"It's not a shock—and I don't think the mayor minds me saying this in front of the media—the mayor's numbers on Staten Island aren't great," Mr. Oddo said. He said he had in general enjoyed working with the mayor and tried to avoid taking "cheap shots" at him over the years.

An hour later, Mr. de Blasio spoke about neighborhood policing at the NYPD's 123rd Precinct on the borough's conservative South Shore.

As he stood outside the precinct, in a quiet residential area, the same heckler walked toward the mayor's news conference shouting, "De Blasio hates Staten Island!"

"God bless them. Their commitment to democracy is impressive," Mr. de Blasio joked. He said he was the mayor for the entire city, even if not all shared his views.

Across the street, several residents watched the news conference. Al Forestier, 54 years old, said the borough has been long overlooked by city officials. "Staten Island's been the stepchild of New York forever."

Mr. Forestier, a Republican and a retired corrections officer who opposes the mayor's plan to close the jail complex at Rikers Island, said he wasn't a de Blasio fan. "He's done a lot I don't agree with," he said.

Mom Struggles to Raise a Family

BY MARA GAY

The beige, seven-story homeless shelter blends into East New York, an isolated Brooklyn neighborhood of vacant lots and low-slung homes more than an hour's subway ride from Midtown Manhattan.

Inside, a steady stream of children walk through dimly lighted hallways clutching their mothers' hands. The long stretches of white walls are decorated with children's drawings and photographs of former President Barack Obama and first lady Michelle Obama.

It is a place Tiffany Overton and her three children have called home for two years. "I tell the kids, it's not exactly where we want to be, but your clothes are clean, and you're fed."

For years, Ms. Overton had been making it, barely.

The 36-year-old single mom worked jobs in fast food and retail, anything to pay the bills. But when she couldn't find re-



STEVE REMICH FOR THE WALL STREET JOURNAL

Tiffany Overton, right, and her daughter, Tranayhia Simmons stood outside the shelter where they live in Brooklyn.

liable child care for her 11-year-old son, she stopped working, was evicted from her East New York apartment, and ended up in a homeless shelter. She has worked on and off in low-paying jobs since then.

Nearly seven years later, she and her children have yet to find another stable home.

They have lived in a series of homeless shelters.

"I really never got dealt a great deck of cards," Ms. Overton said. "My kids feel like I'm superwoman, but they don't always realize how difficult it is."

Ms. Overton worked a temporary job for the city's Sanitation Department from Au-

gust until last month, when the contract ended.

Neither the full-time work, for which she earned \$12.14 an hour, nor the two housing vouchers she received from the city were enough to find her family a home.

For now, she and the children are living in a one-room space in the shelter, which is operated by Win, a nonprofit led by former City Council Speaker Christine Quinn. The building sits in one of the poorest areas of the city, on a street that shares the name of the Brooklyn abolitionist Junius Morel, who hid fugitive slaves along the Underground Railroad.

Ms. Overton said she has applied for more than a dozen apartments but had yet to find a landlord to accept her housing voucher. "We don't want to be here," she said. "But a lot of us are just a paycheck away from being homeless, didn't pay that rent or missed that bill. That's why I don't judge."

HOME

Continued from page A10A
the working poor who could once afford housing there suddenly are finding it out of reach.

The math is dizzying: Some 865,000 New York City households earned \$25,000 or less annually in 2014—a group that can afford about \$613 a month in rent and utilities, according to the city. In 1999, there were about 18,000 apartments on the market at or below that rent. In 2014, as homelessness surged, there were 2,662, city data show.

"For every apartment available at \$1,000 there are 10 families looking," said Lilliam Barrios-Paoli, a former deputy mayor under Mayor Bill de Blasio who oversaw homelessness before she resigned in 2015. "If you make minimum wage, where do you live?"

Lucy Sanchez, 49 years old and a mother of three, earns \$11 an hour working retail at



Donna Morgan, who lives in a shelter, heads to her health-aide job on Manhattan's Upper West Side.

MyUnique, a thrift store in downtown Brooklyn.

Ms. Sanchez was evicted from an apartment in the city's public-housing system in 2012. City officials said she was five months behind on rent. Recently, she said she thought she had paid what she owed, and was still confused about the eviction.

Ms. Sanchez and her youngest daughter, who is 7, live in a homeless shelter in Manhattan. Despite making daily calls to search for apartments, she has yet to find anything she can afford.

"Sometimes I feel like I'm stupid," she said. "I made six phone calls the other day to real-estate people for affordable housing. The intern gives you another number, and you call that number and they tell

you, 'We're not giving out aplications right now.'

Ms. Morgan, the home-health aide, said she became homeless in 2014 when she gave up the Harlem apartment she had rented for \$1,500 a month. She said an acquaintance told her she could move into a brand-new apartment nearby for just \$400 a month.

Ms. Morgan, who was then spending about 75% of her income on rent, decided to move to the new apartment. But after paying a \$1,500 security deposit, she said that she learned she had been scammed.

"There was no apartment," she said. "I was devastated."

Ms. Morgan has been in a homeless shelter since then.

Later this spring, Ms. Morgan expects to move into a

Bronx apartment, a unit that Picture the Homeless, an advocacy group, helped her secure.

After nearly three years living in a shelter, Ms. Morgan will be able to have her three sons and two granddaughters in her own home. She says she plans to cook for them the way her mother did—whipping up collard greens in the three-bedroom apartment the family rented for years at \$20 a month in Harlem.

Ms. Morgan said she tried to leave the city nearly a decade ago for South Carolina in search of a lower cost of living, but soon returned.

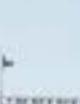
"I couldn't be without...all the different people, even the firetrucks," Ms. Morgan said. "I was born here."

—Austen Hufford contributed to this article.

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NEW YORK

Schools Get Boost In Aid From State

The budget passed in Albany on Sunday night includes a \$11 billion increase in overall school aid to a total of \$25.8 billion.

That includes a \$700 million rise in so-called foundation aid, which is allotted by a formula based on students' needs and local communities' ability to pay.

Advocates for struggling districts said that wasn't enough, though some expressed relief that the budget didn't eliminate the foundation aid formula altogether.

For high-poverty districts, the budget expands after-school programs, public prekindergarten and community schools, which offer social services and health clinics.

Some charter-school boosters welcomed more rental assistance for new and expanding charter schools in New York City.

—Leslie Brody

NEW JERSEY

Plea Deal Rejected In Tunnel-Guns Case

A Pennsylvania man arrested last year with a cache of weapons at the Holland Tunnel while on a trip he said was to rescue a teen from a drug den has rejected a plea deal offered by prosecutors in New Jersey.

John Cramsey's lawyer said Monday that the deal called for him to receive a five-year prison sentence. Mr. Cramsey would have had to serve at least 3½ years before he became eligible for parole.

—Associated Press

GREATER NEW YORK WATCH

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NEW JERSEY

Graduation Rate Hit 87.4% Last Year

Connecticut's high school graduation rate reached a new high, the state said Monday.

The four-year graduation rate was 87.4% in 2016, according to the state Department of Education, up from 87.2% in 2015 and 84.8% in 2011.

—Associated Press

CONNECTICUT

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NEW JERSEY

Bridge-Case Figures File Notice of Appeal

Two former allies of Gov. Chris Christie convicted in the George Washington Bridge lane-closing trial last fall filed formal notice that they will appeal the verdicts.

Bridget Foley and Bill Baroni filed notices Monday on taking their cases to the Third Circuit Court of Appeals. The notices didn't provide specific details about the appeals.

They were convicted in November of all the counts against them, including wire fraud, conspiracy and misusing the bridge.

Mr. Baroni was sentenced to two years in prison and Ms. Foley received 18 months. Both remain free on appeal.

—Associated Press

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—Associated Press

LIFE & ARTS

MOVIES

Do Sequels Need to be Numbered?



Charlize Theron and Vin Diesel in 'The Fate of the Furious,' a sequel that opens Friday.

BY MICHAEL SALFINO
AND BEN FRITZ

THE "FAST AND FURIOUS" franchise is all over the map. And not just because its street-racing super-thieves ply their trade from Los Angeles to Rio de Janeiro to Tokyo. The movie's sequels, including the eighth, "The Fate of the Furious," can't settle on a formula for their titles.

"The Fate of the Furious," which opens Friday, follows three numbered sequels: "Fast Five," "Fast & Furious 6" and "Furious 7." Those films came after two unnumbered installments, with the fourth simply going by "Fast & Furious."

As Hollywood franchises reach movies number five ("Transformers" and "Pirates of the Caribbean"), six ("Alien" and "Spider-Man") and eight ("Fast and Furious"), naming conventions come down to weighing the risks of big numbers that may make audiences and critics roll their eyes against confusing, easily ignored subtitles.

"You have to consider whether the number is an albatross or whether there's a way through it we can indicate something more," said Michael Moses, co-president of worldwide marketing for **Universal Pictures**, the studio behind the "Fast and Furious" movies.

For this month's release, the studio found a compromise by turning the number eight into the word "fate," while using #F8 in social media. In non-English speaking countries, where the wordplay doesn't make sense, the film is simply called "Fast and Furious 8."

Do numbers in movie titles matter? In the past two years, 37 of 58 sequels released in the U.S. had no numbers in their titles, according to the website Movie Insider. When compared with the previous films in their respective series, the median box office was 19.8% better for nonnumbered sequels than numbered titles, according to the Box Office Mojo database.

One worry is that sequels with high numbers become mockable. (Remember the marquee touting "Jaws 19" in "Back to the Future Part II"?) If James Bond sequels were numbered, the latest installment, "Spectre," would be "James Bond 24."

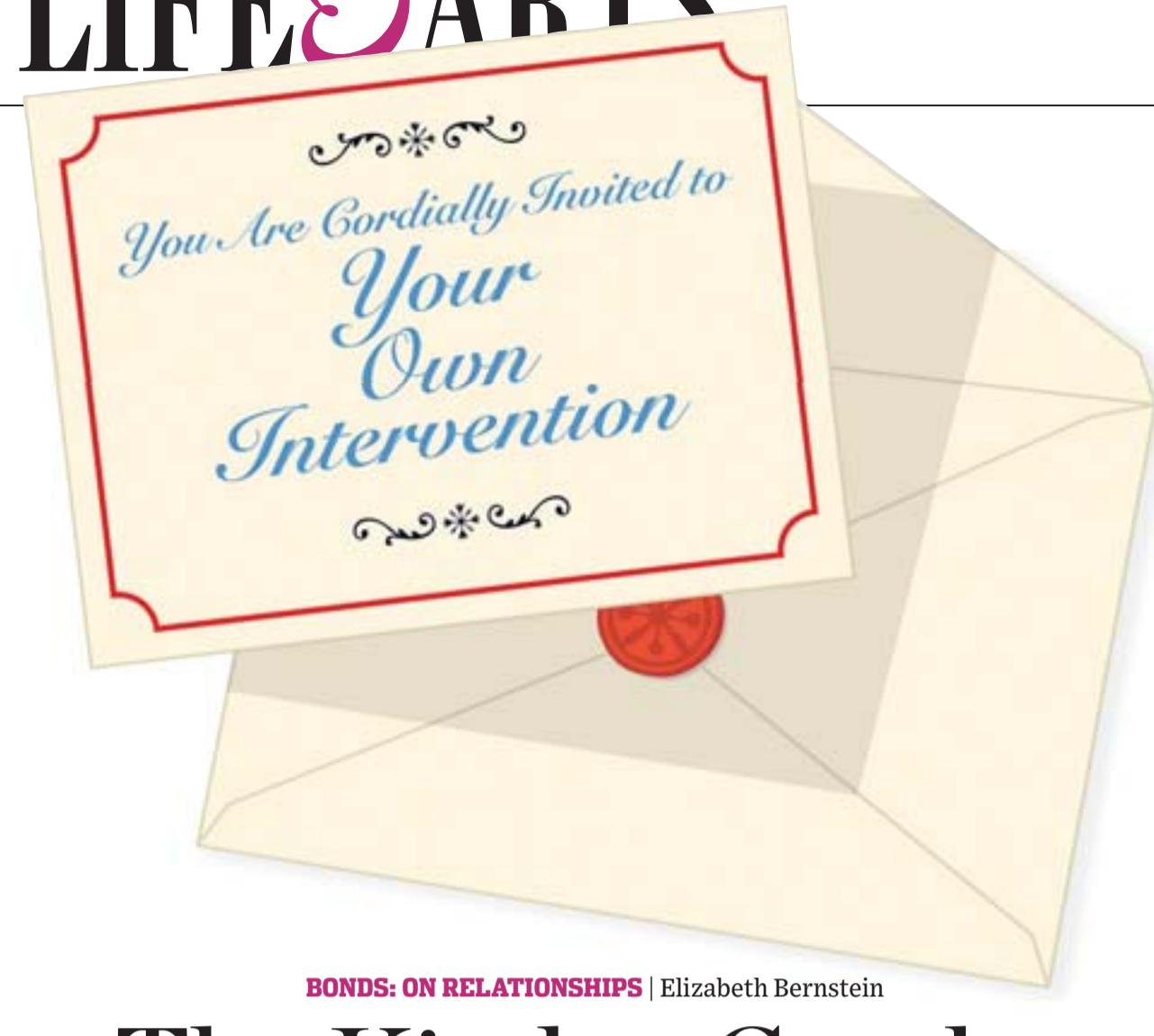
But when there's no number in the title, people often don't really know what

Please see MOVIES page A12



UNIVERSAL PICTURES (2)

Mr. Diesel in 'The Fate of the Furious,' which is the eighth installment in the franchise.



BONDS: ON RELATIONSHIPS | Elizabeth Bernstein

The Kinder, Gentler Group Intervention

When friends and family confront a loved one with problems, therapists advise a softer touch

AT 3 P.M. ON A SATURDAY, John Shuchart was reading in his study at home in Leawood, Kan., when he had surprise guests. His two adult children, who lived in other states, were standing in the doorway.

"Dad, we're very concerned about you," his son said. "Can we talk?"

Mr. Shuchart, an insurance-company executive at the time, had been depressed for several years and was not functioning well. He spent most of his time alone at home, often got lost when he did go out, even driving a mile to the grocery, and was bouncing checks. His wife had asked their children to come address him as a family.

They didn't want it to feel adversarial. The family ordered pizza, and for the next seven hours, Mr. Shuchart's wife and children talked frankly and he listened. They told him he had completely disappeared from their lives and that they were worried. And they said they were creating "Team Shuchart" to manage his recovery.

"I was raked over the coals, but in a loving way," says Mr. Shuchart, who is 67.

The Shuchart family used a traditional approach in an updated, gentler way. Long used to encourage people with drug or alcohol addictions to get treatment, planned group interventions are increasingly being staged by family members and friends to support loved ones struggling with other issues.

After the intervention a decade ago, Mr. Shuchart started talking to his children at regularly scheduled times, being more careful to take his medicine, making social plans and exercising. He went on to write a book about his experience with depression, and created a foundation for mental-health advocacy.

Are you worried about a loved one?

Maybe he or she is overeating or not following up on important doctor advice, spending too much, smoking excessively, lying or dating the wrong person.

"Whenever a person you care about is acting in a way that diminishes them, an intervention can be appropriate," says Paul Hokemeyer, a licensed marriage and family therapist based in New York. A group approach can be effective because it magnifies the message—"we are all concerned about

WHAT TO CONSIDER FOR A NEW APPROACH

CREATE A WARM ATMOSPHERE

Hold the intervention at home, in a comfortable room. Put on calming music. Serve food. The goal is to make it feel like a loving family gathering.

STAY POSITIVE

Start by boosting the person up: "You're a smart guy and I know you mean well." Couch your intervention as concern.

DON'T ISSUE ULTIMATUMS

Don't say you will exclude the person from the family or take away your support. But you can set up consequences.

OFFER A PLAN FOR CHANGE

Start with small steps. Don't demand Dad lose 100 pounds. Suggest he start by walking each day and increase the distance gradually.

BE A CHEERLEADER

Ask how you can help. Offer to exercise or eat healthily with the person. Check in on his progress. Explain that you will be there for support and stick with it.

BE TENACIOUS

Interventions don't always work at first, and change can be difficult and slow. Stick with your support and encouragement. Don't get discouraged by setbacks.

cause they believe that if the person hasn't hit rock bottom, or doesn't want to change, the intervention won't be successful. They also worry they aren't equipped to help. These are myths, says Brad Lamm, founder of the Breathe Life Healing Centers, in Los Angeles, and author of "How to Help the One You Love," who has led more than 500 interventions as a professional counselor.

Once you decide you want to intervene and encourage a loved one to change, you first need to identify the family members and friends who will participate. "You are building a beautiful board of directors who will help this person," says Mr. Lamm.

Everyone should then reflect on three factors: What troublesome behavior have they seen from the person they want to help? What are their fears for the person? And what are their hopes? It may help people to put these thoughts in writing.

Next, invite your loved one to a family meeting, ideally by asking them in person. Mr. Lamm uses a general script: "We love you and have been really worried. We are having a meeting about this. You are invited and we hope you will come." With the invite, we give the person space to wrap their head around what is happening," he says. "Then when they show up they aren't as angry as a hornet."

At the meeting, it is important to be supportive and positive. "An intervention is not bullying," says Mr. Lamm. It is the notion of strength in numbers, of applying group pressure to ask how we can help you change. Let each family member and friend talk about what they see, fear and hope for their loved one. Ask questions that will hopefully elicit a short, affirmative response: "Are you willing to change?" And identify steps the person can take to start to change. The goal is to be supportive, not judgmental, Mr. Lamm says.

"Be ready for the person to say no, but know that there is a yes behind it," says Mr. Lamm. "And that the voices that matter to a person can really help."

Write to Elizabeth Bernstein at elizabeth.bernstein@wsj.com or follow her on Facebook, Instagram or Twitter at [@EBernsteinWSJ](https://www.instagram.com/EBernsteinWSJ).

DAVID BAMUNDO/THE WALL STREET JOURNAL

AT THE CIRCUS

ELEPHANT PUPPETS STORM THE BIG TOP

BY JOHN JURGENSEN

THE FAUX ELEPHANTS of "Circus 1903" don't make a mess or require feeding. They get packed into crates to travel between cities and have no ethical baggage. But they can stir up a crowd like the real thing.

When the big elephant Queenie lumbered onto a stage in Chicago recently, followed by a gamboling baby called Peanut, the audience cooed and clapped for the life-size puppets as much as the six humans operating them.

Controversy over live performing elephants turned the biggest symbol of the circus into a liability for

traditional shows. Bowing to pressure from animal-rights groups, the 146-year-old Ringling Bros. and Barnum & Bailey Circus removed elephants from its shows last year. That hastened a decline in ticket sales, the company said, forcing the circus to shut down completely after its final shows in May.

As an alternative to exotic animals, "Circus 1903" sent in the puppets. The throwback show now touring the U.S.—in theaters, not tents—features the sorts of acts that flourished in circus's golden age, including a contortionist, tightrope walkers and brothers who juggle each other on their

Please see PUPPETS page A13



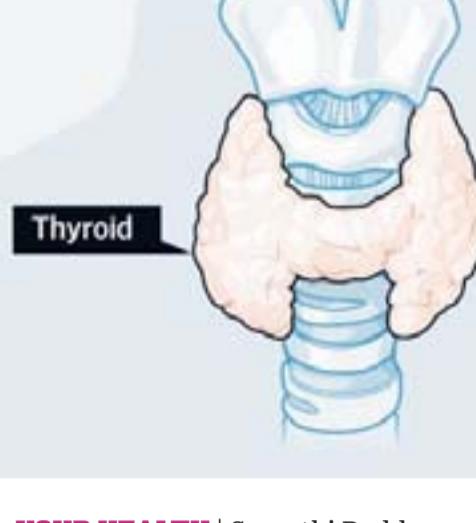
Peanut, the baby-elephant puppet in Circus 1903, moves thanks to a puppeteer inside on stilts.

MARK TURNER

LIFE & ARTS

The Thyroid

The butterfly-shaped gland in the base of the neck produces hormones that regulate functions, such as body temperature, weight, and heart rate.



Source: Mayo Clinic

THE WALL STREET JOURNAL.

YOUR HEALTH | Sumathi Reddy

Rates of Thyroid Cancer Raise Concerns

TWO NEW STUDIES show that the high incidence of thyroid cancer may be more dangerous than previously thought.

A study published in *The Journal of the American Medical Association* (JAMA) last month raises new questions about why thyroid cancer cases are on the rise. Data from a separate study points to flame retardants as a possible culprit.

The research could cause a shift of doctors' and researchers' long-held beliefs that the fast-growing rate of thyroid cancer cases is solely due to unnecessary diagnoses involving small tumors that don't lead to death.

The JAMA study showed that the incidence of thyroid cancer has more than tripled over the past four decades, and this includes larger tumors and patients with more deadly disease. The Duke University and National Cancer Institute researchers also found that mortality for thyroid cancer patients has been rising slightly for the past two decades. Compared with other cancers, though, survival rates for thyroid cancer are still overwhelmingly high.

"Tumors of all sizes are increasing significantly, which goes against overdiagnosis being the sole explanation for the epidemic of the disease," said Julie Sosa, chief of endocrine surgery at Duke University and co-author on the JAMA study.

Thyroid cancer is the fifth most common cancer in women, often striking young and middle-aged women. Patients don't usually have symptoms until it's in an advanced stage, when they may have trouble breathing or swallowing, feel pressure in the neck or notice a change in their voice.

The NCI and Duke researchers tracked the number of thyroid cancer cases from 1974 to 2013 and found there was an increase of

3.6% cases a year on average with mortality increasing 1% a year since 1994, said Cari Kitahara, an investigator at the NCI, part of the federal National Institutes of Health, and a senior author on the JAMA study.

The majority of cases diagnosed during the study period—about 84%—were papillary thyroid cancers. Papillary thyroid cancer is the most-common type of thyroid cancer and generally slow-growing. There was a 2.4% average increase a year in papillary thyroid cancer cases involving metastatic tumors. There was a 6% increase in tumors at least four centimeters in diameter.

The researchers speculated that rising thyroid cancer cases could be related to increasing obesity rates and declining smoking rates since smoking is protective against developing thyroid cancer—though medical experts are quick to note they would never advocate smoking as a prevention tool. A third possible explanation is exposure to endocrine-disrupting chemicals commonly found in household objects. The chemicals are commonly used to reduce the flammability of many household objects, such as furniture and electronics.

In a separate study, whose results were presented at the Endocrine Society's annual meeting in Orlando, Fla., earlier this month, Dr. Sosa and colleagues at the Nicholas School of Environmental Health at Duke University found that higher exposure to three types of flame retardants was associated with papillary thyroid cancer. The data are currently under review for publication.

Researchers took dust samples from the homes of 70 patients with papillary thyroid cancer and 70 patients without thyroid cancer or disease. The participants lived in their homes an average of 11 years. They studied the dust samples, as well as blood

and urine samples.

Heather Stapleton, an associate professor of environmental chemistry and exposure science at Duke University and co-author of the study, said the use of flame retardants has grown dramatically over the past few decades due to fire codes and industry standards. She said animal studies have shown that exposure to some of these compounds can affect thyroid hormone regulation.

Dr. Sosa also noted that the chemical structure of one of the flame retardants, DecaBDE, is very similar to that of thyroid hormone and can potentially imitate it, confusing the body and disrupting the way the thyroid works. DecaBDE, short for decabromodiphenyl ether, is commonly found in furniture and electronics and is hard to avoid. It is no longer produced in the U.S. but thought to be produced elsewhere, Dr. Stapleton said.

A spokesman for the American Chemical Council, Bryan Goodman, said it was difficult to comment on the research without seeing the full results. "Based on what we have seen, it appears that the study largely focuses on specific flame retardants that were phased out of production years ago," he said.

He noted that flame retardants include a "broad range of products with differing characteristics, formulations and intended uses."

Bryan Haugen, professor of medicine and pathology at the University of Colorado in Aurora and a thyroid cancer specialist, said the majority of new thyroid cancer cases are still due to detection but the JAMA study clarifies the fact that there's a "small but real component of a real increased incidence."

Still, even with the increase, he noted that thyroid cancer still has a very low mortality rate. "Most people live a good full life with a diagnosis," he said.

MOVIES



EVERETT COLLECTION

Rupert Raineri, left, and Javier Bardem are in the 2017 'Pirates of the Caribbean' sequel.

Continued from page A11

it's called. A lot more people know there are new "Pirates," "Transformers" and "Alien" films coming out than know the titles of each. In fact, when studios do research to find out which coming movies viewers are excited about, they often accept "Fast and Furious" as a stand-in for "Fate of the Furious," because so few people know the actual title, according to individuals familiar with the research.

Typically, once franchises start using a naming convention, they can't shake it. It would be awkward to try to give July's "Despicable Me 3" a clever subtitle, since the previous film was called "Despicable Me 2," Mr. Moses said.

It has been done, though, for series that start reaching big numbers. "Star Trek," which released its 13th film in 2016, last used a number in 1991's "Star Trek VI: The Undiscovered Country." The five-film "Mission: Impossible" series hasn't had a number in a sequel since "Mission: Impossible III" (2006).

Ultimately, people care more about exciting installments of their favorite franchises than they do about titles. The 2015 installment, "Furious 7"—perhaps the most awkward name in the series—grossed \$1.5 billion globally, the highest in the series by a long shot. The franchise now has \$3.9 billion under its belt and "Fate of the Furious" aka "#F8" aka "Fast and Furious 8" is widely expected to bring that total past \$5 billion.

There Are 2 Many Ways to Name a Sequel

'The Hunger Games: Catching Fire'

No number but clear branding of the original within the new title. The most common method of naming sequels.

'The Dark Knight'

Ignoring the original title sends the message that the movie is a self-contained experience with no prior viewing required.

'Alvin and the Chipmunks: The Squeakquel'

Word play especially geared to the target audience of young children (and their parents).

'22 Jump Street'

When the title has a number, that number can be altered to convey it is a sequel.

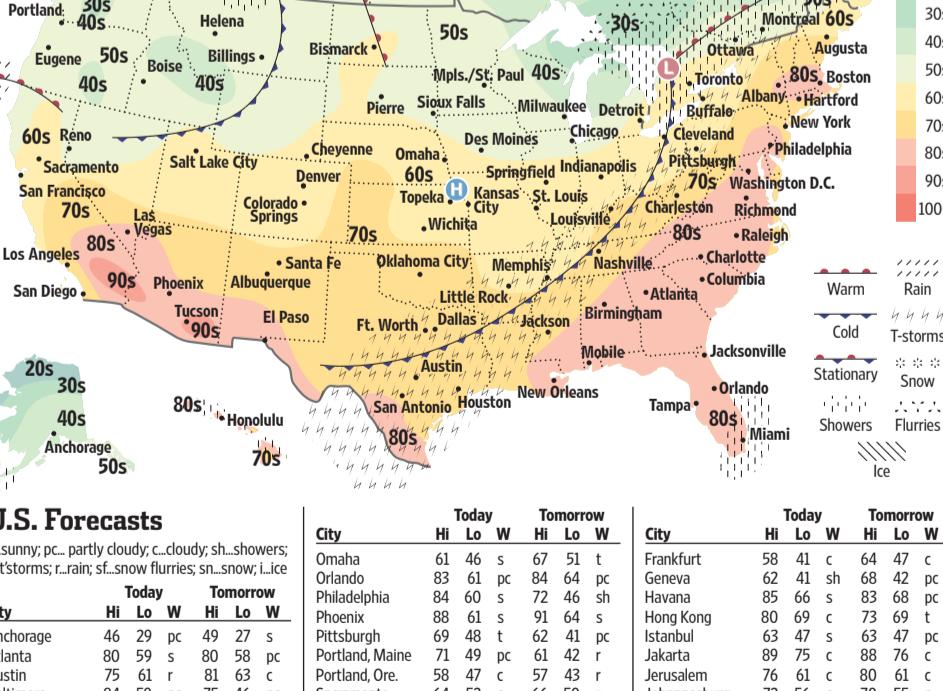
'Aliens'

A nod to the original with a promise that it's bigger and badder.

'28 Weeks Later'

Strongly evokes the original but sets the new movie in time.

Weather



U.S. Forecasts

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

t...storms; r...rain; sf...snow; sn...snow; Li...ice

Today Tomorrow

City Hi Lo W Hi Lo W

Anchorage 46 29 pc 49 27 s

Atlanta 80 59 s 80 58 pc

Austin 75 61 r 81 63 c

Baltimore 84 59 pc 75 46 pc

Boise 59 45 pc 68 50 pc

Boston 80 54 s 65 43 r

Burlington 72 49 t 58 40 pc

Charlotte 80 57 s 79 57 pc

Chicago 57 39 c 62 47 s

Cleveland 68 42 sh 57 42 s

Dallas 74 60 t 81 64 c

Denver 69 42 s 72 44 pc

Detroit 64 40 pc 61 44 s

Honolulu 85 71 sh 85 73 pc

Houston 77 63 t 81 63 pc

Indianapolis 67 42 pc 66 46 s

Kansas City 62 45 s 71 58 pc

Las Vegas 82 58 s 84 60 s

Little Rock 66 55 t 76 57 pc

Los Angeles 74 54 pc 71 55 pc

Miami 82 71 pc 83 73 sh

Milwaukee 51 38 c 54 42 pc

Minneapolis 54 40 pc 59 47 r

Nashville 77 55 c 78 53 pc

New Orleans 81 63 c 81 61 pc

New York City 78 59 s 69 47 sh

Oklahoma City 71 47 s 74 60 c

Portland 50 35 pc 50 42 r

Seattle 53 43 c 54 38 pc

San Antonio 54 45 c 53 39 c

Salt Lake City 69 47 s 64 45 s

San Diego 70 80 s 98 78 s

San Francisco 54 45 c 53 39 c

San Jose 54 45 c 53 39 c

Seattle 53 43 c 54 38 pc

St. Louis 53 43 c 54 38 pc

St. Paul 53 43 c 54 38 pc

St. Paul

LIFE & ARTS



Pat Metheny
and Linda
May Han Oh
performing
in 2016

MUSIC REVIEW

Tracing a Bassist's Evolution

BY MARTIN JOHNSON

THE BASSIST and composer Linda May Han Oh makes music that is resolutely of the moment, yet she is defying one of the major trends in jazz today. Unlike her peers who often use their first few recordings to showcase a variety of different bands, Ms. Oh, who is 32 years old, is about to release her fourth recording, "Walk Against Wind" (Bionphilia), and it's her third in a predominantly quartet setting. The similarity in ensembles from one recording to the next focuses the attention on the evolution of her composing and improvising, and

it's a smart strategy. Her innovative range and stellar improvisations have made Ms. Oh one of the most dynamic rising stars in jazz today.

"Walk Against Wind" features 11 originals that are lithe, spry and often episodic. The recording opens with a subdued bass intro by Ms. Oh and a ruminative solo that gives way to a darker, scratchier guitar solo by Matthew Stevens. The piece slows to a crawl before saxophonist Ben Wendel gently nudges the music toward a brighter finish. On other pieces, driving fury yields to softer introspection. Ms. Oh's bass playing moves effortlessly from time-keeping functions to expanding the

range of each tune with provocative solos. Mr. Stevens's ringing chords and Mr. Wendel's darting horn provide superb contrast to Ms. Oh's deep oaken tones. The band will tour in April, performing in Cambridge, Mass., on the 5th, at the Jazz Standard in New York on the 19th, and at venues in Baltimore and Old Lyme, Conn., as well.

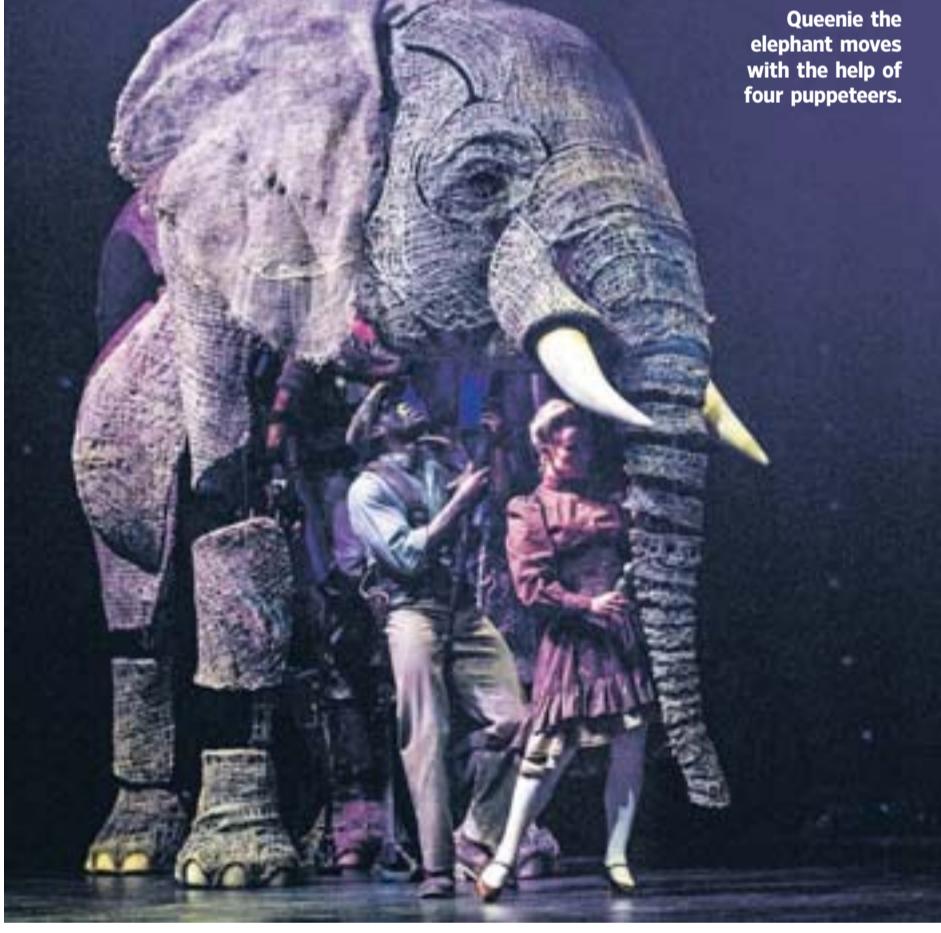
Ms. Oh was born in Malaysia to parents of Chinese descent. Originally named May Han Oh, she grew up in Perth, Australia, and to aid in her assimilation her father gave her the name Linda; on her first three recordings she is billed simply as Linda Oh. She studied bassoon, played electric

bass in rock bands, and listened to a lot of Red Hot Chili Peppers recordings. She turned her attention to jazz and won fame in Australia, then moved to New York in 2004 to study at the Manhattan School of Music. She rose quickly through the ranks of the Gotham jazz scene and currently plays in bands led by guitarist Pat Metheny and by trumpeter Dave Douglas and in Sound Prints, a band co-led by Mr. Douglas and saxophonist Joe Lovano.

Her debut as a leader, "Entry," a self-released 2009 recording, displayed impressive potential, but her second release, "Initial Here" (Greenleaf, 2012), marked her as a

major talent. On it she covered the Duke Ellington classic "Come Sunday" with dazzling panache and offered a unique merger of Leonard Bernstein's "Something's Coming" with Igor Stravinsky's "Les Cinq Doigts." Her third recording, "Sun Pictures" (Greenleaf, 2013), showcased her innovations on a program of originals. Ms. Oh has other projects. Her large ensemble with a string quartet had its debut at Jazz Gallery this winter. "Walk Against Wind" is an accomplished recording, but all signs suggest Ms. Oh is just getting started.

Mr. Johnson writes about jazz for the Journal.



PUPPETS

Continued from page A11

feet. The elephants, however, come to life using modern technology and techniques.

Queenie, modeled on the dimensions of the largest female African elephant on record, is built on a frame of plastic, wood and metal, and covered in woolly rope. Inside, three visible puppeteers control the elephant's movements: two of them walking on stilts as its legs, and one hoisting a pole that moves its head and ears. A fourth puppeteer plays the elephant's handler and also operates its trunk.

Peanut, smaller and friskier, has only one puppeteer inside on stilts, using his hands, feet and abdominal muscles to make the little elephant walk, run and rear up.

"There are weekly physiotherapy sessions in the contract," says puppeteer Henry Maynard, describing the bodily stress on the people harnessed into the elephants. During performances, they use breathing to signal each other and simulate elephantine movements, he says. "We're trying to create the illusion of weight."

Made by the U.K. puppet shop Significant Object, the elephants were designed by some of the same people who created the

equine stars of "War Horse." Launched in 2007, the Tony-winning play used dozens of three-person horse puppets across multiple productions, and spurred demand for big theatrical animals in other shows. "War Horse" started a lot of careers in puppetry," says Mr. Maynard, who operated the head of the stallion Topthorn on London's West End.

The name "Circus 1903" refers to a crucial year in circus lore when Barnum & Bailey returned from a four-year tour in Europe and competed with the upstart Ringling Bros. to regain supremacy. Ringling bought its rival in 1907 and combined the outfits in 1919. "At that time the circus was really the form of entertainment in America. In one day this tent city of 1,200 people would arrive on 100 railroad cars. Factories would shut down and schools would let out, not just for the performance but also for the educational aspect," says Chris Berry a circus historian who consulted on "Circus 1903."

"Wild animals" were among those traveling shows' most effective promotional tools, a fact that holds true for "Circus 1903," whose "magnificent elephants" get top billing on fliers.

Says magician David Williamson, who plays the retro show's ringmaster, "You can't tell the story of the circus in America without elephants."

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SPORTS

NBA

The Thunder's Most Valuable Pick

At the end of Russell Westbrook's historic season, executives explain the process behind the surprising 2008 draft decision

BY BEN COHEN

THE SEATTLE SUPERSONICS

were on the clock. They had the fourth pick in the 2008 NBA draft, and it was time to make up their minds: Were they really prepared to select Russell Westbrook?

The Sonics had spent months studying Westbrook because he was a highly unconventional choice. Westbrook barely had experience at his projected NBA position, and there wasn't much data to predict his future. Most experts pegged Westbrook as a mid-first-round pick. The Sonics, soon to become the Oklahoma City Thunder, had five minutes to decide whether he was worth the risk and inevitable ridicule of taking him fourth.

Nearly a decade later, their unlikely bet seems obvious. It's inconceivable now that anyone—let alone nearly everyone—once thought otherwise.

This year, after Kevin Durant left Oklahoma City, Westbrook responded by carrying the Thunder to the playoffs in a spectacular way, averaging a triple-double for the season: 31.7 points, 10.7 rebounds and 10.4 assists per game.

His statistics, like Westbrook himself, defy basketball sense. Westbrook has been tricky to evaluate for his entire career. He remains a cipher even in a historic season when he may outgun Houston's James Harden for the Most Valuable Player award.

But the first people in the NBA to be right about Westbrook were the ones who drafted him and had never explained the story behind their surprising pick.

The 2008 draft was a chaotic time for the Sonics, who had no idea where they would play the next season: Seattle or Oklahoma City. The Sonics were awful, too. They desperately needed more talent around rookie Kevin Durant.

The path to the Sonics' pick began with an executive for the Utah Jazz, player-personnel director Troy Weaver, who traveled to Los Angeles that February to scout guaranteed lottery picks like Southern California's O.J. Mayo and UCLA's Kevin Love.

He was impressed by someone else: a UCLA enigma named Russell Westbrook. His force of will in shutting down Mayo on defense stuck with Weaver. "There was something about that game that got into my skin," he said.

The Jazz had the No. 23 pick in the upcoming draft, and Weaver thought Westbrook might be worth consideration. He wouldn't get the chance to bring him to Utah. In early May, Weaver was poached by Sam Presti, the 31-year-old general manager of the



Clockwise from top, Russell Westbrook celebrates after hitting a game-winning buzzer beater on Sunday; Westbrook at UCLA; Westbrook at the 2008 NBA draft.



Sonics. Their first big decision together was the draft less than two months away.

Westbrook was an improbable target. He didn't start in high school until his junior season and didn't earn a scholarship to UCLA until after his senior year. He couldn't dunk until he was 17 and owes his career to a late growth spurt that shot him to 6-foot-3.

He came off the bench as a freshman in college, but a buzz started to build around Westbrook the next summer, when UCLA's current and former players scrimmaged. Earl Watson, now the

Phoenix Suns coach, raved about Westbrook to anyone who would listen, including Watson's NBA team: the Sonics.

Westbrook was his conference's defensive player of the year as a sophomore and played more than anyone on a UCLA team that made the Final Four. But he played shooting guard, not point guard, his NBA role.

But Westbrook entered the NBA

when the sport was changing in his favor. The game was being controlled by point guards who were better than ever before. At worst he could be a defensive stopper at

the position the Sonics realized was increasingly essential.

Seattle's intrigued front office scheduled an interview with Westbrook at the NBA draft combine in May. Those present remember what he wore—a T-shirt, shorts and flip-flops—but not what he said. Westbrook's combine performance, against players who were supposedly better than him, only made the Sonics more curious. "He was the best athlete in the gym," Weaver said. "I was sitting in my seat trying to contain myself."

The Sonics tried to mask their interest. In other draft interviews,

for example, Presti and Weaver sought intelligence on a wide range of players so they could slip in questions about Westbrook.

Memphis prospects Chris Douglas-Roberts and Joey Dorsey said Westbrook barked back when they tried to intimidate UCLA before their Final Four matchup. Kevin Love said UCLA made a mistake in its Memphis strategy: Westbrook guarded Douglas-Roberts because he was their leading scorer, Love said, though Westbrook should have guarded Derrick Rose because he was their best player.

But there were concerns that would've made it easy for the Sonics to pass. They invited Westbrook to Seattle for a workout—and he immediately twisted his ankle. "It was a swing and a miss at more information," Presti said.

The Sonics scrutinized his play against quality opponents, including Davidson's Stephen Curry, and they obsessed over six games when Westbrook became UCLA's point guard, charting his shots and poring over his stats.

"I think we watched those games 20 times," Presti said.

The Sonics began to convince themselves. One day, Weaver went to Presti's office and declared: "I'm looking at everybody, and I don't understand why this guy is not the best of the group."

Seattle begged Westbrook's agent for one more look. Presti and Weaver flew to Los Angeles, where Presti laid out his vision for the team and reminded Westbrook that a ruckus awaited. He was trying to see for himself if Westbrook was ready. That was the day Westbrook sold him. Presti and Weaver looked at his story—overcoming the odds to become an indispensable part of a winning team—and saw his relentless competitive streak. "We don't know how good Russell Westbrook will be," Presti said, "but the person that Russell Westbrook is will allow him to maximize his potential."

Westbrook arrived at the NBA draft wearing a baggy, three-button suit he would burn today and watched as Rose, Michael Beasley and Mayo came off the board.

Then the Sonics were up. NBA commissioner David Stern walked on stage to announce the decision.

"With the fourth pick in the 2008 NBA draft," said NBA commissioner David Stern, "the Seattle SuperSonics select Russell Westbrook from UCLA."

The criticism began immediately. Dick Vitale called the pick "a big, big mistake."

But not everyone thought it was nuts. At the exact moment his sanity was being questioned, Presti received a call from Michael Jordan. He was interested in a trade for Russell Westbrook.

HEARD ON THE FIELD



U.S., Mexico, Canada Plan World Cup Bid

Leaders of the soccer federations of the U.S., Mexico and Canada unveiled their plan to bid jointly for the 2026 World Cup Monday.

Under an agreement reached by the three organizations, the U.S. would play host to 60 of the 80 matches, including all quarterfinal, semifinal and final matches. If the bid is successful it would mark the first time three countries played host to the event.

Sunil Gulati (pictured), the president of the U.S. Soccer Federation, said bidding with Canada and Mexico made the bid stronger, in part because of the variety of modern stadiums available and because of the statement it makes about the divisiveness in the world today. While acknowledging that sports cannot solve the world's problems, "From a social perspective, this is a positive," Gulati said.

U.S. President Donald Trump has said he will support the bid.

FIFA officials said they plan to select the host of the 2026 tournament in 2020. It remains unclear if all three host countries would have to qualify for the event.

—Matthew Futterman

CHAMPIONS LEAGUE

ITALIAN SOCCER'S LEAST ITALIAN COACH

BY JOSHUA ROBINSON

Vinovo, Italy

FOR THE PRIVILEGE of pacing the soccer sidelines of Italy, nearly all top-level soccer managers go through the same rite of passage: an education at Coverciano, hidden in the hills of Tuscany. More than just the national training center, Coverciano's sun-baked campus churns out the most tactically-obsessed coaches in the world. Publishing a thesis on soccer strategy is mandatory to graduate.

Juventus manager Massimiliano Allegri did his time there in 2005. His 18-page meditation on three-man midfield earned him his pro license. Twelve years later, as he runs the country's most successful club, he should be among Coverciano's proudest alums.

Instead, he has become the iconoclast. Allegri turned out to be the least Italian manager in Italy. Rejecting a century of coaching orthodoxy, Allegri believes that soccer is foremost about individual players. Convoluted game plans? Fashionable tactics? Leave those to the Coverciano library.

"I'm against all those people who say that there's still something to invent in football," Allegri said ahead of Juve's Champions League quarterfinal against Barcelona on Tuesday. "Nobody invents in football, because it's been the same for 100 years."

In Italy, that kind of thinking is

tantamount to blasphemy. The country's contributions to soccer tactics are matched only by its contributions to pasta. Italian coaches were among the game's defensive pioneers and fans and writers became so enamored with on-field chess matches, as the joke went, that the perfect result was a 0-0 draw.

Allegri doesn't buy it and his results show that he doesn't need to. Juventus is six points ahead in the Serie A standings as it heads for a fifth straight league title. Since taking over in 2014 from Antonio Conte, now at Chelsea, he has also won two Italian cups and led the club to a Champions League final in 2015.

But domestic success like Juve's can do funny things to a club's expectations. What might have seemed like a dream situation when Allegri landed here from AC Milan—a stable squad loaded with veterans and three league championships in a row—made for a strangely daunting mix.

The reason: Juventus,

despite lapping the competition at home, was handling like a beat-up Fiat on the European stage. Italian teams have won the Champions League and its predecessor, the European Cup, 12 times, second only to Spain. But since 2010, when Internazionale won the tournament, only Juve has even reached the semifinals.

This is no coincidence. The period coincides with a decline in the standing of Serie A. Its television contracts pale in comparison to the windfall for the English Premier League and Spain's La Liga. Elite players no longer see it as an automatic destination. Stadiums around the country are falling into disrepair; Juventus's move to a shimmery new home in 2011 is the exception.

Under that strain, Italy has wilted against richer European competition. As Conte said in 2014 before he

moved to the Italian national team, you can't eat at a 100-Euro restaurant with 10 Euros in your pocket.

Allegri sees Juve as the only real candidate to fly the flag for Serie A in Europe. That is, provided they can get past Barcelona, a team that has become the paragon of system-based soccer with the advantage of having Lionel Messi in the team.

"We need to get through this phase with a lot of energy, enthusiasm and a little recklessness," he said. "In Europe, matches are different, because you play a lot on a one-on-one basis. There's less tactical importance in the Champions League. The value of the individual player makes the difference."

The problem is that developing those individuals has become difficult. Allegri believes that players are developed without the ability to think for themselves. "Players are bred like livestock," he said.

So Juventus spends more time than any Italian club working on individual skills, Allegri said, almost like the American coaching model, which breaks squads down into specialized groups before bringing them all back together.

"In Italy...people think that they can win matches with only systems," Allegri said. "I say this is impossible. Because otherwise there wouldn't be players that cost 100 million Euros and others who cost 1 million."

—Manuela Mesco contributed to this article.

Massimiliano Allegri



OPINION

The Price of Obama's Mendacity



GLOBAL
VIEW
By Bret
Stephens

Last week's cruise-missile strike against a Syrian air base in response to Bashar Assad's use of chemical weapons has reopened debate about the wisdom of Barack Obama's decision to forgo a similar strike, under similar circumstances, in 2013.

But the real issue isn't about wisdom. It's about honesty.

On Sept. 10, 2013, President Obama delivered a televised address in which he warned of the dangers of not acting against Assad's use of sarin gas, which had killed some 1,400 civilians in the Damascus suburb of Ghouta the previous month.

"If we fail to act, the Assad regime will see no reason to stop using chemical weapons," Mr. Obama said. "As the ban against these weapons erodes, other tyrants will have no reason to think twice about acquiring poison gas, and using them. Over time, our troops would again face the prospect of chemical weapons on the battlefield."

And it could be easier for terrorist organizations to obtain these weapons, and use them to attack civilians."

It was a high-minded case for action that the president immediately disavowed for the least high-minded reason: It was politically unpopular. The administration punted a vote

to an unwilling Congress. It punted a fix to the all-too-willing Russians. And it spent the rest of its time in office crowing about its success.

In July 2014 Secretary of State John Kerry claimed "we got 100% of the chemical weapons out." In May 2015 Mr. Obama boasted that "Assad gave up his chemical weapons. That's not speculation on our part. That, in fact, has been confirmed by the organization internationally

The consequences of his administration's lies about Syria are becoming clear.

that is charged with eliminating chemical weapons." This January, then-National Security Adviser Susan Rice said "we were able to get the Syrian government to voluntarily and verifiably give up its chemical weapons stockpile."

Today we know all this was untrue. Or, rather, now all of us know it. Anyone paying even slight attention has known it for years.

In June 2014 U.N. Ambassador Samantha Power noted "discrepancies and omissions related to the Syrian government's declaration of its chemical weapons program."

But that hint of unease didn't prevent her from celebrating the removal "of the final 8% of chemical weapons materials in Syria's declaration" of its overall stockpile.

The following summer, The Wall Street Journal's Adam Entous and Naftali Bendavid reported "U.S. intelligence agencies have concluded that the [Assad] regime didn't give up all of the chemical weapons it was supposed to." In February 2016, Director of National Intelligence James Clapper confirmed the Journal's story, telling Congress "Syria has not declared all the elements of its chemical weapons program."

Why did Mr. Obama and his senior officials stick to a script that they knew was untethered from the facts? Let's speculate. They thought the gap between Assad's "declared" and actual stockpile was close enough for government work. They figured a credulous press wouldn't work up a sweat pointing out the difference. They didn't imagine Assad would use what was left of his chemical arsenal for fear of provoking the U.S.

And they didn't want to disturb the public narrative that multilateral diplomacy was a surer way than military action to disarm rogue Middle Eastern regimes of their illicit weapons. Two months after Mr. Obama's climb-down with Syria, he signed on to the interim nuclear deal with Iran. The remainder of his term was spent trying not to upset the fragile beauty of his nuclear diplomacy.

Now we're coming to grips with the human and strategic price of the Obama administration's mendacity. The sham agreement gave

Assad confidence that he could continue to murder his opponents indefinitely without fear of Western reprisal. It fostered the view that his regime was preferable to its opponents. It showed Tehran that it could drive a hard diplomatic bargain over its nuclear file, given that the administration was so plainly desperate for face-saving excuses for inaction.

And it left Mr. Obama's successor with a lousy set of options.

Rex Tillerson and Nikki Haley erred badly by announcing, just days before last week's sarin attack, that the Trump administration had no plans to depose Assad. They gave the dictator reason to believe he had as little to fear from this U.S. president as he did from the last one.

But, unlike their predecessors, the secretary of state and U.N. ambassador deserve credit for learning from that mistake—as does the president they serve. The core of the problem in Syria isn't Islamic State, dreadful as it is. It's a regime whose appetite for unlimited violence is one of the main reasons ISIS has thrived. To say there is no easy cure for Syria should not obscure the fact that there won't be any possibility of a cure until Assad falls.

Mr. Obama and his advisers will never run out of self-justifications for their policy in Syria. They can't outrun responsibility for the consequences of their lies.

Write bstephens@wsj.com.

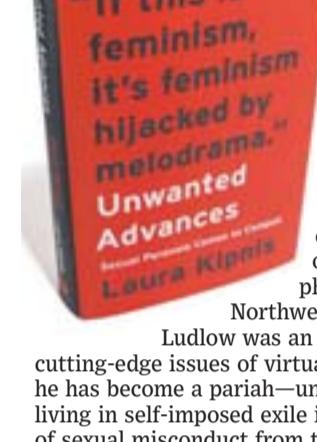
BOOKSHELF | By Cathy Young

Witness to the Star Chamber

Unwanted Advances

By Laura Kipnis
(Harper, 245 pages, \$26.99)

Two years ago, Northwestern University professor, noted feminist and cultural critic Laura Kipnis found herself targeted by student protesters when she wrote an essay in the Chronicle of Higher Education questioning the campus panic about sexual violence. The students went so far as to file a Title IX "hostile environment" complaint against Ms. Kipnis. Ultimately she was cleared of any wrongdoing, but it was a Kafkaesque ordeal at the hands of what she calls, in her new book, the school's "midwestern Torquemadas." Thankfully, the experience did not silence her but made her all the more determined to challenge prevailing politically correct mores about sexual politics and free speech.



In "Unwanted Advances: Sexual Paranoia Comes to Campus," Ms. Kipnis tells the story of her own experience and the incidents that inspired her essay. It's a disturbing tale of the abuses of Title IX, the federal law intended as a safeguard against sex discrimination. But the book is also a scathing indictment of the state of American feminism.

Ms. Kipnis's original thought crime was to come to the defense of Peter Ludlow, then a philosophy professor at

Northwestern. Not five years ago, Mr.

Ludlow was an academic star working on cutting-edge issues of virtual reality and cyber-ethics. Now he has become a pariah—unemployable, unpublishable and living in self-imposed exile in Mexico—thanks to accusations of sexual misconduct from two former students.

One, whom Ms. Kipnis calls "Eunice Cho," was a 19-year-old undergraduate who had stayed friendly with Mr. Ludlow after taking his class and who claimed that he got her drunk and sexually assaulted her. The other, the likewise pseudonymous "Nola Hartley," was a graduate student who had been romantically involved with Mr. Ludlow and later came to see their relationship as coercive.

Ms. Kipnis provides a detailed account of the two cases, based on files turned over to her by Mr. Ludlow. They make for a riveting read and a disturbing glimpse into the star-chamber process of campus investigations under the rules laid down by the Obama administration six years ago. Those rules lowered the standard of proof from "clear and convincing evidence" to "preponderance of the evidence," which means that if the accused is deemed more than 50% likely to have committed the offense, he is guilty.

Mr. Ludlow emerges from this account not as a power-abusing lecherous professor but as an overly egalitarian one, prone to ignoring social hierarchies in "schmoozing with undergrads." One of those undergrads was Ms. Cho, who invited Mr. Ludlow to an art exhibition in February 2012. After an evening of art events and bar hopping, the two returned to his apartment, where they slept, clothed, on the same bed. Ms. Cho later claimed that Mr. Ludlow repeatedly propositioned her and groped her while she was drunk and barely conscious. Mr. Ludlow has said that Ms. Cho made advances toward him and was only slightly intoxicated.

A disturbing glimpse into the process of campus investigations and a scathing indictment of current American feminism.

Clearly, even in the best-case scenario, Mr. Ludlow showed very poor judgment. But his punishment was so disproportionate to the offense, and based on such a blatant travesty of justice, that it is difficult not to feel sympathy. Once Ms. Cho made a report to Northwestern's Title IX bureaucrats, everything Mr. Ludlow did was seen in a sinister light. Despite Ms. Cho's many credibility problems, the school's Title IX officer, Joan Slavin, arbitrarily credited her story over Mr. Ludlow's while just as arbitrarily rejecting a few of her claims, including the accusation of groping. "If this is how 'preponderance' is established," Ms. Kipnis notes wryly, "let's just admit it's completely a matter of caprice."

After Mr. Ludlow was harshly sanctioned but not fired, Ms. Cho sued, and student protesters clamored for his dismissal. A job offer from Rutgers University was withdrawn. Then the complaint from Ms. Hartley finished his career for good.

Ms. Hartley claimed that Mr. Ludlow raped her after they drank together at his place and she passed out; she also admitted that she had consensual sex with him later on one occasion, when both were drunk. Yet numerous emails and text messages, some of which Ms. Kipnis reproduces here, not only back Mr. Ludlow's story of a three-month consensual relationship but show Ms. Hartley to have been in many ways the dominant partner.

In later chapters, Ms. Kipnis examines campus rape statistics and the controversies over false accusations; she also surveys other Title IX cases, mostly involving students whose only perceived power lies in their maleness. While she is appalled by the railroading of the accused, her broader theme is the disservice done to women by narratives that turn them into victims. This narrative, she writes, paints a "world of dastardly men with the nefarious power to bend passive damsels to their wills, a world out of storybooks." What baffles Ms. Kipnis is how this very patriarchal storybook became a feminist one: "What use to anyone is a feminism so steeped in self-exoneration that it prefers to imagine women as helpless children rather than acknowledge grown-up sexual realities?"

Ms. Kipnis ends with a plea for a "grown-up feminism": one that supports victims of sexual violence but does not automatically label every accuser a "survivor"; one that holds men accountable for behaving badly but does not shy away from telling young women that getting blackout-drunk at parties isn't wise; one that celebrates women's sexual autonomy while teaching women to say "no" to unwanted sex.

One may quibble with some of Ms. Kipnis's conclusions (she blames current sexual conflicts partly on the fact that women are still socialized to be deferential toward men, yet the women she describes seem anything but). Yet overall, "Unwanted Advances" is a bracing book, its message delivered with fierce intelligence and mordant humor. It is also, critically, delivered by a left-of-center feminist who cannot be easily accused of pushing an anti-feminist backlash.

Ms. Young is a contributing editor at Reason magazine.

The Silencing of Heather Mac Donald



MAIN
STREET
By William
McGurn

No one who knows her could ever describe Heather Mac Donald as a victim. Still, last Thursday night the Manhattan Institute scholar became the latest target of the latter-day Red Guards bringing chaos to so many American campuses. Ms. Mac Donald had been invited to talk about her book "The War on Cops" at Claremont McKenna College's Marian Miner Cook Athenaeum. Among her arguments is that if you truly believe black lives matter, maybe you should recognize "there is no government agency more dedicated to the proposition" than the police who protect the law-abiding minority residents of high-crime neighborhoods.

You can imagine how well that goes over. At City Journal, Ms. Mac Donald offers a first-person account of that ugly evening. The day before, she says, event organizers told her they were considering changing the venue to a building with fewer glass windows to break. Such are the considerations these days on the modern American campus.

That evening Ms. Mac Donald ended up live-streaming her talk to a mostly empty auditorium as protesters outside banged on the windows and shouted. As a result, she could take only two questions before authorities deemed it

prudent to hustle her out for her own security. As if out of central casting, the vice president for academic affairs and president of the college each issued mealy-mouthed statements supporting her.

With one hopeful difference.

In his note defending the university's decision not to make arrests or force the hall open, CMC President Hiram Chodosh did say that students who blocked people from entering the Athenaeum "will be held accountable." On Monday, a university spokeswoman, Joanna Young, confirmed in an email that students found responsible face a range of sanctions including "temporary or permanent separation from the college."

If true these are welcome words. For the main reason our colleges and universities are increasingly plagued by these illiberal disturbances is that there are seldom hard consequences for those who commit them.

At Yale, for example, when lecturer Erika Christakis sent an email declaring that students should make their own decisions about Halloween costumes—even when the costumes might be "a little bit obnoxious," she wrote—it set off a storm of protest. Her husband, Nicholas Christakis, a master of one of Yale's colleges, was surrounded by screaming students.

Cue to today: Guess who's still on campus—and who isn't? The Christakises are gone, with what appears to

be no adverse consequences for the screamers. To the contrary, Yale's president sought to placate protesters with a new center focused on race, ethnicity and social identity.

Claremont McKenna would do everyone a service if it made good on Mr. Chodosh's promise to hold disrupters accountable. Unlike disputes over sexual assault that are also roiling our universities, protests that stop speakers from speaking are public and brazen, so there's no excuse for handling these incidents in secret. If students are to get the message, the consequences must be relatively swift, clear—and public.

Lofty college statements on free speech are worthless without enforcement.

Here Ms. Mac Donald asks a good question: Where are the faculty? Plenty of professors are willing to sign a high-minded statement on speech. But why don't we ever see faculty backing up their words by coming out en masse to place themselves between speakers and the protesters who would shut them down?

Today it's common to lament the cheap and polarized politics in Washington. But no one asks whether this might have something to do with a generation of students

indulged in the view that they should never have to hear an opinion different from their own. How much easier it is to bang on windows, block an entryway and drop your F-bombs than, say, engage the formidable Ms. Mac Donald in genuine argument.

In his autobiography "Out of Step," Sidney Hook spoke about his own academic trajectory. When he started out, he said, he believed that "intelligence was the supreme virtue." But in the Vietnam era, when he watched faculty and administrators who knew better surrender to student radicals, Hook realized his mistake: He had, he said, taken "for granted the operation of moral courage."

Only a few months ago, Claremont McKenna signed on to the University of Chicago statement emphasizing an "institutional commitment to freedom of speech." But Thursday night, it failed Ms. Mac Donald, the members of its community who were prevented from asking her questions, and its own principles. The college will fail again if it does not enforce the ground rules of university life against those who maraud across its campus with an intolerance fed by an overweening sense of righteousness.

What these kids need—

their behavior makes it hard to call them students—are college presidents and faculty with enough confidence to say: Check your privilege, or we'll check it for you.

Write to mcgurn@wsj.com.

By Noel Anenberg

It was Aug. 6, 1976. In a hurry my wife-to-be and I bought two \$35 gold wedding bands at L.A.'s funky Farmer's Market. A few hours later, a taxi dropped us at the Las Vegas Office of Civil Marriages. We got a license and were married by the notary public, a woman with blue hair in a beehive, purple cat-eye glasses and a floral dress.

Our wedding had been set for that day at the posh Hotel Bel-Air. But we postponed it because my mother, 57, a former fashion model and chain smoker of Chesterfield Kings, was dying of cancer. We wanted to get back so she could see us married before our last goodbye.

After checking in to Meyer Lansky's Sands Hotel, we made a reservation for Frank Sinatra's late show in the Copacabana Room. Don Rickles, a comic we

knew nothing about, was Sinatra's opening act. I folded a fan (\$5 bill) into the palm of my hand and slipped it to the maître d'. Five dollars went a long way in 1976. Our table couldn't have been closer to the stage.

Rickles strutted on with a wide grin. Turned out, the man was an equal opportunity hitman. God forbid you were Italian, Puerto Rican or German. He was hysterical. The audience ate him up. We were plotzing until his attention turned to us.

"Hello, sweetheart, what a sweet beautiful angel," he said to my bride. "How old are you darling?" "Twenty-three," she answered. "You're 23. What are you doing with a putz like him?" Him was me! "I just married him," she said.

The house roared. Rickles looked at me: "Why don't you come up on stage?" What did I get myself into! "Me?" I asked.

yet, Mr. Lansky's comping your room. But sleep with one eye open just in case. Now go make a family! Good night everyone!"

On Aug. 6, 1996, our 20th anniversary, we dined at La Scala in Malibu. As we finished, I noticed Rickles walking our way. I stood up. "Mr. Rickles, I'm sure you don't remember, but my wife and I attended your show in Las Vegas after we were married, 20 years ago today. My mother was dying from lung cancer. You bought us dinner, a bottle of champagne, and comped the room. You really lifted our spirits."

Rickles smiled and said, "That's very sweet. Thank you for saying hello."

Mr. Anenberg is a professor of creative writing at Pierce College in Los Angeles and author of "The Dog Boy" (Button Willow Press, 2014).

Don Rickles Will Always Be Our Best Man

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OPINION

REVIEW & OUTLOOK

Obama's Debt Interest Bomb

President Obama left his successor many time bombs—think chemical weapons in Syria and the collapsing Affordable Care Act. But a burning fuse that gets less attention showed its first signs of the explosion to come in Friday's Congressional Budget Office budget review for March: Rising net interest payments on the national debt.

CBO reported that the federal budget deficit rose \$63 billion in the first half of fiscal 2017 (October–March) to \$522 billion from a year earlier. But here's the especially bad omen: Net interest payments rose \$7 billion, or 30%, in March from a year earlier.

If that seems small, consider that interest

The Fed's Budget Bonus

Federal Reserve remittances to the U.S. Treasury, 2007–2016, in billions of dollars



*Not including \$19.3 billion payment from Fed capital surplus mandated by the FAST Act
Source: Federal Reserve

get deficit by tens of billions of dollars.

This not-so-free Fed lunch is starting to end. CBO estimates that \$160 billion more spending will be required each year over the next decade if interest rates are merely one percentage point higher than in its current projections. As interest rates rise, the Fed will also have to pay banks more to

keep excess reserves parked at the central bank. After its latest rate increase in March, the Fed now pays banks 1% on reserve balances or about \$20 billion a year, and that will go up.

Fed officials are also now hinting that this year they may finally stop buying new securities when the current bonds on its balance sheet come due. This is necessary and long overdue,

but it will mean smaller Fed contributions to the federal budget than the more than \$90 billion the Fed has turned over in recent years. (See the nearby chart.)

All of this is set to explode on President Trump's watch, and it will complicate the task for Republicans as they try to reform the tax code within tighter budget constraints.

Mr. Obama didn't expect a Republican to succeed him but we doubt he regrets this result. He was able to live off the eight years of accommodative Fed policy while seeding the federal fisc with ever-higher spending from interest payments and the Affordable Care Act after he leaves office. Mr. Trump is stuck with the bar tab. It's one more mess Mr. Obama left others to clean up.

Arizona's Grand School Choice

Education Secretary Betsy DeVos last month gave a rousing speech encouraging all flowers of school choice to bloom. Arizona lawmakers put her words into action on Thursday by enacting universal education savings accounts.

Arizona pioneered education savings accounts (ESAs) in 2011 as a workaround to a state Supreme Court ruling that struck down vouchers. The state deposits 90% of a student's per-pupil allowance into an account that parents who withdraw their children from public schools can tap for private-school tuition, tutoring, home schooling, curriculum, materials and other education expenses approved by the state. Parents can roll over funds and use remaining money in the account to finance their child's college education.

The program had been limited to select groups of students, principally those who have special needs or attend failing schools. More than 3,300 kids currently participate, and state fiscal analysts have estimated ESAs save taxpayers about \$1,400 per special-needs student. In addition, nonprofit organizations award more than 60,000 tax-credit scholarships.

Florida, Mississippi and Tennessee have also established ESAs for students with special

needs. In 2015, Nevada passed legislation enacting universal ESAs, though that state's Supreme Court last fall rejected the program's funding mechanism while upholding its constitutionality. Governor Brian Sandoval didn't impel his GOP legislative majority to finance accounts for the 8,000 parents who signed up, and he now has to contend for funds with a Democratic-controlled statehouse.

That means Arizona's universal ESAs become the most expansive choice program in the country. Every public-school student would be eligible, though new enrollment each year would be capped at 5,000. Accounts would average about \$5,600, which is enough to cover tuition at about half of the private schools in the state. The legislation also imposes rigorous accountability measures, including mandated standardized testing and public reporting of the aggregate results.

The Goldwater Institute and American Federation for Children deserve special credit for bringing public pressure to bear on lawmakers.

Arizona set school-choice precedents by enacting the country's first tax-credit scholarship and ESA programs. Here's hoping more states follow its lead.

In Praise of the Establishment

Neil Gorsuch was sworn in Monday as the 113th Justice of the U.S. Supreme Court, and if his many lower-court opinions are a guide he has the potential to be a worthy successor to the great Antonin Scalia. But we don't want to let the moment pass without noting that Justice Gorsuch wouldn't be taking his seat on the High Court without the good work of the much-maligned "establishment."

Don't tell Mark Levin, but Judge Gorsuch is a card-carrying member of America's elite. He attended Columbia, Harvard and Oxford. He clerked at the Supreme Court, worked at a prestigious law firm, and spent a decade on the Tenth Circuit Court of Appeals. These are the credentials of an accomplished legal mind, and they and the judge's first-rate temperament are the reasons that Democrats couldn't defeat him, try though they did. Now he can apply that experience and intellect to advance conservative legal principles for a generation or more.

The establishmentarianism gets worse. Judge Gorsuch has also been associated with the Federalist Society, the group of lawyers founded in the early 1980s to promote conservative legal ideas. At the time the legal profession was dominated by progressives, as its main professional guild, the American Bar Association, continues to be.

The Federalist Society has grown over the years to become a legal counter-establishment. Its intellectual big tent includes libertarians, originalists, textualists and advocates of judicial restraint. Above all the Federalist Society serves as an affirmation that such legal principles are legitimate and shared by others. Its annual conference is a chance to network and share ideas—an establishment in action.

It is also no accident that Leonard Leo, an executive vice president on leave from the Federalist Society, played a sizable role developing the list of 21 potential Supreme Court nominees

The state enacts universal education savings accounts.

in the budget statehouse.

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Justice Gorsuch was vetted and confirmed by a political elite.

Then there's that ultimate establishment body, the U.S. Senate, led by the ultimate institutionalist Mitch McConnell. The Majority Leader was able to maintain the unity of his variegated conference last year to deny a vote or hearing to President Obama's nominee, Merrick Garland. Does anyone think Senators Ted Cruz or Mike Lee could have pulled that off?

Then this year Mr. McConnell kept moderate Members on board to break a Democratic filibuster of Judge Gorsuch. That outcome was far from a foregone conclusion, but Mr. McConnell worked behind the scenes rather than grandstand publicly that he had the votes. In the end the Senate establishment delivered for the conservative grass-roots.

None of this means that establishments are always right, and sometimes they need shaking up. Populism, properly led and channeled, can be useful in doing so. The tragedy of the current conservative movement is that too many of its leading voices seem to believe in never-ending insurgency that casts anyone in power as a sellout. They profit from raging at the failure that they promote.

But the goal of a political movement, populist or not, is not to be in perpetual opposition. The goal is to win elections and use the levers of power to achieve certain policy ends to make America a better country.

In other words, the goal is to replace the liberal establishment with conservatives of talent and experience who can succeed in governing. You might even call it a conservative establishment, and conservative ideas won't succeed without it. Ask Justice Gorsuch.

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LETTERS TO THE EDITOR

A Higher Wage Helps Some at Others' Expense

Regarding Andy Puzder's "The Minimum Wage Should Be Called the Robot Employment Act" (op-ed, April 4): Mr. Puzder's argument would be more forceful if it included examples of businesses eliminating entry-level labor costs in the past by passing them on to the consumer. The self-service gas pump is the most notable and obvious. Other than in New Jersey and Oregon, pumping one's own gas has become the norm for more than 30 years, but it wasn't always that way. Many a teenager got his first job at the local gas station in my youth. Now those jobs haven't just been drastically curtailed, they have been totally eliminated.

These were among the first major entry-level job-market casualties due to artificially inflated labor costs. Mr. Puzder is spot on pointing out that they will be far from the last.

JOHN BRENAN

Corvallis, Ore.

My first job was as a busboy in a small restaurant. I soon figured out I could bus the whole restaurant myself, which irritated the other busboys but impressed management. Like Mr. Puzder, I had that magical moment when the owner, Mr. Davis, gave me the keys and made me the night manager. I was 15 years old. I earned a raise from \$2.65 (minimum wage) to about \$3 an hour. Soon I was working at a larger restaurant at

\$5 an hour. I went on to put myself through UCLA and had a decadeslong career in business. My story might be completely different if a too-high minimum wage had locked me out of that first job.

ALAN SECHREST
Mission Viejo, Calif.

Mr. Puzder's polemic against a living wage for employees portrays fast-food franchises as generous opportunities where youngsters can establish a work ethic and a sense of professional responsibility. What he glosses over is the fact that the average age of a fast-food employee isn't 18 or 20, but in fact 29. Pretending that most employees are flipping burgers as a temporary entry-point into the labor force marginalizes the hardworking people who depend on their salaries to pay for housing, food, transportation, health care and child care. This structural gap in what these workers make versus what they need to live, which has profited people like Mr. Puzder to the tune of billions of dollars, is unfortunately paid for by the public, who annually shell out more than \$150 billion to subsidize low-wage workers.

Maybe we should embrace the future and replace senior executives like Mr. Puzder with robots.

ARTHUR RUIZ, PH.D.
Bronx, N.Y.

Limits on Authoritarianism in Hong Kong?

In your editorial "Hong Kong's New Boss" (March 27), you indicate that Beijing may face negative consequences if it decides to continue ignoring democratic and basic human rights established under former British rule. Up to the present time, except for moderate public protests from successive U.K. governments and private cajoling, there has not been even the slightest hint of "hard" power from either the U.K. or the West. Hard power doesn't have to be military force; it could be economic sanctions initially targeting the rulers in Beijing. But the West and the U.K. have made clear no such force will be forthcoming regardless of how China treats Hong Kong.

Since the official British handover of sovereignty of Hong Kong to China

Ah, but What Makes Great Teachers Qualified to Teach?

Regarding American Federation of Teachers President Randi Weingarten's letter of March 29: She cites the use of "unqualified" teachers. By AFT union standards, this means that Stephen Hawking would be unqualified to teach physics, Bill Gates to teach computer science and Yo-Yo Ma to teach music because they don't possess the almighty teaching certificate, which often is more an indicator of mediocrity than mastery. She also cites the "run-down buildings" as an indicator of a poor education. The building in which I received a treasured education from excellent, pre-unionized teachers who put their profession and dedication to their students above their hours, compensation and benefits was condemned shortly after I departed. Many excellent public charter schools in the U.S. are forced to use old, abandoned school buildings because the unions fight charters for every penny in the educational pot.

ELIZABETH STOYKO

Harrisburg, Maine

I grimace every time I read about Donald Trump's base in "working-class and Appalachian counties." I live in the western suburbs of Boston, where about 12% to 25% of registered voters went for Mr. Trump. While this isn't a majority, I know plenty of people who agree with Mr. Trump's vision for the direction of the country, if not the exact way he articulates it. We keep quiet because Massachusetts residents have lost the freedom to express political views other than foaming-at-the-mouth Bernie Sanders liberalism for fear of our kids being taunted and our families excluded from social invitations. We secretly root for Mr. Trump and the Republicans to succeed in some of their efforts.

JULIE TRAUB
Needham, Mass.

A Tender, Well-Done Steak Is No Gastronomic Oxymoron

I prefer my steaks well-done. The article "Steak Without Shame" (Life & Arts, April 3) ignited an urge to defend my preference and share my tender well-done steak recipe.

1. In a large skillet heat olive oil with low-flame heat.

2. Place a large, half-inch thick steak in skillet. No condiments. Add cooked whole pinto beans and red rice around sides of steak. Also, add uncooked asparagus and mushrooms. Place lid tightly on skillet.

3. After 20 to 30 minutes flip steak over. Add desired condiments to this one side only. Place some of the cooked ingredients on top of steak. Place lid on skillet leaving small opening on side of skillet, cook 10 to 15 minutes.

4. Turn flame to high heat for 15 seconds, turn heat off. Place lid tightly on skillet.

5. Rest 5 to 15 minutes. The steak will be tender or extra tender depending on length of rest time.

DAVID A. RAMIREZ

El Paso, Texas

CORRECTION

Kansas is the Sunflower State. An April 8 editorial, "What's the Matter With Connecticut?," misidentified the state's nickname.

Letters intended for publication should be addressed to: The Editor, 1

OPINION

What Comes After the Syria Strikes

By Paul Wolfowitz

Strong American action can dramatically change the attitudes of other countries. It makes enemies more cautious, friends more supportive, and fence-sitters more cooperative. It provides leverage in negotiations and improves opportunities for coalition building. Last week President Trump demonstrated American resolve by retaliating against the Syrian government after Bashar Assad used chemical weapons. Now Mr. Trump must follow through with a broad diplomatic effort to end the country's bloodshed.

With American credibility restored, Trump should lead a diplomatic effort to replace Assad.

Among the most interesting reactions to the American strike were two from Iraqi Shiite leaders. Last Thursday Prime Minister Haider al-Abadi, a moderate, and the cleric Moqtada al-Sadr, a firebrand, both called for Mr. Assad to step down. Mr. Sadr predictably denounced the American strike. Mr. Abadi indirectly praised it by noting how Iraqis had suffered from Saddam Hussein's chemical weapons.

These calls for Mr. Assad to step down might seem at odds with the conventional wisdom, which puts the Sunni-Shiite conflict at the heart of everything in the Middle East.

Shouldn't Iraq's Shiites naturally side with Iran's Syrian proxy and approve of Mr. Assad's brutal treatment of Sunni opponents? Yet there are issues more important than the commonly noted sectarian divisions. The people of Iraq know well that the Assad regime has supported the insurgents and suicide bombers who have killed thousands of Iraqis, and hundreds of Americans, since 2003. The Bush administration largely turned a blind eye to that support, and President Obama did so even more.

In August 2009 then-Iraqi Prime Minister Nouri al-Maliki demanded that Syria hand over two Iraqis in Damascus who were believed to be connected to car bombings in Baghdad. The Obama administration, rather than support the Iraqi government—or even demand an investigation—said nothing for a week. The State Department then announced that the U.S. was officially neutral. Last week's decisive action was a different sort of American signal.

America can now lead the effort to bring some semblance of stability to Syria. Washington should recognize that peace is impossible with Mr. Assad still in power, but also that millions of Syrians—particularly the Christian and Alawite minorities—may feel endangered by the strongman's departure. The aim should be to replace Mr. Assad's regime with new governance arrangements that can provide assurance to these minorities while also ending the current government's oppression of the country's Sunni majority.

Fashioning such an outcome would require diplomacy of extraordinary creativity. But the U.S. starts



ASSOCIATED PRESS

The destroyer USS Porter launches a Tomahawk missile, April 7.

with a distinct advantage. Unlike Iran and Russia, America has no interest in exercising control over or acquiring a military position in Syria. To the contrary, as long as the bleeding stops, the U.S. would be happiest to leave Syria to the Syrians. So how can Washington strengthen its diplomatic effort in Syria and at the same time weaken Iranian influence in Iraq?

First, the U.S. should use public diplomacy to highlight the responsibility of the Assad regime for the suffering of thousands of innocent Iraqis over the past 14 years. This effort should also explain, to the extent that evidence is available, Mr. Assad's efforts to strengthen Islamic State. The dictator has tried to make his regime seem like the only alternative to domination by terrorists.

He has done this by attacking Syrian moderates and freeing imprisoned extremists who went on to become ISIS leaders.

The U.S. should encourage Saudi Arabia to play a constructive role in Iraq by using its considerable economic weight to counterbalance Iranian influence. The Saudis have in the past shown a willingness to treat Iraq as an Arab partner and not a Shiite adversary. That realism, which was evident under an earlier Saudi leadership, seems to be re-emerging. Two months ago Saudi Foreign Minister Adel al-Jubeir visited Baghdad, the first such trip in 27 years.

The Trump administration should also counter the mistaken belief that Saudi Arabia prevented the U.S. from supporting the Shiite uprising against Saddam Hussein after the liberation

of Kuwait in 1991. Many Iraqis, and even some reputable historians, still believe this. Yet the truth is exactly the opposite. The U.S. should make public the record of Saudi efforts to persuade the first President Bush and President Clinton to support anti-Saddam Shiite rebels. It will be difficult for Saudi-Iraqi relations to develop without countering the belief that Saudi Arabia is partly responsible for mass graves of Iraqi Shiites.

American diplomats should seek to engage the regional Arab players in addressing the difficult challenge of postconflict reconciliation. This will confront Syria in the aftermath of any peace settlement, and it will become important in Iraq once Mosul is liberated. Reconciliation processes that are suited to local cultures and deal with the horrific legacy of totalitarian Arab regimes cannot be overseen by outsiders. But the diplomatic effort should emphasize their importance regardless.

These political and diplomatic actions could complement and reinforce more-concrete measures to change facts on the ground in Syria, such as creating safe zones or imposing some kind of no-fly zone. These efforts will not be simple, nor will they yield immediate results. But this framework would go a long way in addressing the common danger of radical extremism and in stemming the flow of refugees that has become a humanitarian disaster and a threat to U.S. interests.

Mr. Wolfowitz, a scholar at the American Enterprise Institute, has served as deputy defense secretary and ambassador to Indonesia.

How to End a Campus Injustice With the Stroke of a Pen

By Stuart Taylor Jr.

With his legislative agenda in trouble, President Trump could do a lot of good by using his executive power to reverse an egregious example of the Obama administration's bureaucratic tyranny. I refer to the 2011 command by the Education Department's Office for Civil Rights, and subsequent orders, forcing thousands of schools to take an aggressive role in the investigation and punishment of alleged sex crimes on college campuses.

Under threat of losing federal funds, almost all schools have willingly complied with a procedural regime that effectively presumes the guilt of every accused student, 99% of whom are male. These procedures include a virtual ban on cross-examination of accusers, a rushed process making it hard for an accused student to prepare a defense, and a mandate that those found innocent be subjected to appeals by accusers—a form of double jeopardy. The OCR also demands that schools judge guilt on the "preponderance of the evidence," not

the more rigorous "clear and convincing evidence" standard that was often used before, or the "beyond a reasonable doubt" standard that prevails in criminal cases.

Many universities have adopted other rules that compound the unfairness OCR explicitly demands. These rules redefine rape and sexual assault so broadly as to include almost all alcohol-fueled sex and many other commonplace, consensual sexual practices. Administrators have empowered campus sex bureaucrats—whose main mission is to please OCR—to decide accused students' fates and "trained" them to view accused males as almost always guilty. Lawyers for the accused are barred from speaking in campus proceedings. The accused are often denied the right to see specific allegations or evidence against them.

OCR-mandated procedures have largely demolished due-process protections for many innocent (as well as guilty) accused males. Hundreds if not thousands have been falsely branded as rapists and expelled or suspended, with life-changing consequences.

So far Mr. Trump and Education Secretary Betsy DeVos have done nothing to limit the damage to justice and fairness from the Obama-era policy. The longer the status quo continues, the harder it will be to dislodge. Mr. Trump and Mrs. DeVos should require that schools either provide due process to accused students or leave alleged sex crimes to law enforcement.

The Obama-era Title IX sex-crime regime should give way to real regulations that respect due process.

The easiest and most obvious step toward reforming this wrongheaded system would be to revoke the OCR mandates. They came in the form of "guidance" for interpreting Title IX's ban on sex discrimination, not as a formal, legally binding regulation. That means they could be revoked by the stroke of a pen.

But that step alone will not suffice.

Nor can the courts undo much of the damage, although they have ruled in favor of many of the more than 100 accused males who have sued their schools. Guilt-presuming rules will remain in force at most federally funded colleges and universities unless the Trump administration requires them to respect due process, as well as the Title IX rights of both sexes to be free from sex discrimination.

Specifically, the administration should undertake the kind of rule-making its predecessor avoided by issuing guidance. It should gather evidence showing that many schools have systematically discriminated against accused students, which violates Title IX because those students are overwhelmingly male. And it should require universities that choose to adjudicate alleged sex crimes to adopt rules that protect the rights of accused students as well as accusers.

Those rules should, at a minimum, include rights to notice of the allegations and evidence, adequate time to prepare a defense, a fair hearing before an impartial panel, instructions

that panelists presume accused students innocent until proven guilty, legal representation in campus proceedings, cross-examination (by a lawyer or other advocate) of all witnesses including the accuser, and a meaningful appeal of any adverse finding.

While such forceful regulatory action may at first blush make conservatives uneasy, it is the only way to counteract the vast damage done by the previous administration on this issue.

Sexual assault is a grave crime. Alleged victims should be treated with great kindness and respect, and violent criminals brought to justice according to the law. But there is no evidence that OCR's commands have reduced the number of sexual assaults. By steering real victims away from police, OCR might well have kept some dangerous rapists out of prison, where they belong.

Mr. Taylor is coauthor with K.C. Johnson of "The Campus Rape Frenzy: The Attack on Due Process at America's Universities" (Encounter Books 2017).

The Fed Could Use Less Book Learning and More Street Smarts

By Joe Ricketts

I'll bet pundits and pollsters will forever ponder how Donald Trump got elected. For me, it's straightforward: The American people—or at least enough of them to propel Mr. Trump into office—wanted to infuse practical business experience into the government. To borrow a phrase from my friend, the economist Larry Lindsey, voters rejected the political ruling class in favor of real-world experience.

Which brings me to the Federal Reserve. In 2012 Jim Grant, the longtime financial journalist, delivered a speech at the Federal Reserve Bank of New York. "In the not quite 100 years since the founding of your institution," he said, "America has exchanged central banking for a kind of central planning and the gold standard for what I will call the Ph.D. standard."

Central banking, in other words, is now dominated by academics.

And while I don't blame them for it, academics by their nature come to decision-making with a distinctly—you guessed it—academic perspective. The shift described by Mr. Grant has had consequences. For one thing, simplicity based on age-old practice has been replaced by complexity based on econometric theory. Big Data has played an increasingly prominent role in how the Fed operates, even as the Fed's role in the economy has deepened and widened.

Rather than enlisting business leaders and bankers to fulfill the Fed's increasingly complex mission, the nation's political and monetary authorities turned primarily to the world's most brilliant economists, who can be thought of more and more as monetary scientists. Central bankers have invited politicians to abdicate leadership authority to an inbred society of PhD academics who are infected to their core with groupthink, or as I prefer to think

of it: 'groupstink,' " argues former Dallas Fed analyst Danielle DiMartino Booth in a new book.

Ten of the 17 current Fed governors and regional bank presidents have doctorates in economics. Few have much experience in the private economy. Most have spent the bulk of their careers at the classroom lectern or in Washington. This is a sea change. In past decades, Fed members and governors frequently had experience in banking, industry and agriculture.

Do the results indicate that our pursuit of intellectual horsepower has produced a stronger economy? Today's labor-force participation rate is lower than at any time since the late 1970s; an oven from Sears that cost \$160 in 1975 would cost more than \$400 today; and despite unprecedented intervention in the economy, America has experienced its worst recovery since the Great Depression.

Given the cumulative genius of the leaders of the Federal Reserve System, and the highly sophisticated

quantitative tools and policies the Fed has developed under their direction, why aren't we doing better?

Here's one businessman's answer: Academic genius is great, but it often comes up short when divorced from the practical experience of people who have expanded our economy with new companies, new jobs and

Academic economists are fine, but business leaders and bankers would bring an important perspective.

new ideas. That's not taking anything away from college professors. Our economy is complicated, but there's a place for practical business experience in the Fed decision-making process.

Those who have actually taken risks in the market—as entrepreneurs, business executives or bank chiefs—have unique perspectives

on the effects of monetary policy that economists necessarily lack. These individuals can tell you how a particular policy might affect their decisions, as well as the decisions of those in related industries, and all the knock-on effects that the policy would produce across the economy.

Intellect is important, but it's not enough. Practical knowledge, experience and wisdom are needed to produce good policy, and good policy is essential for our free-market economy to prosper.

So I humbly suggest that our political leaders increase the intellectual diversity of the Federal Reserve Board of Governors by considering candidates with real-world business experience. Academics have my respect, but when their insights are balanced by the lessons of the free market, the Federal Reserve will better fulfill its mission.

Mr. Ricketts founded the financial-services company now known as TD Ameritrade.

Notable & Quotable: Noonan on Trump's Rise

Peggy Noonan, who on Monday was announced as the winner of the 2017 Pulitzer Prize for Commentary, in her Feb. 27, 2016, *Wall Street Journal* column, "Trump and the Rise of the Unprotected":

There are the protected and the unprotected. The protected make public policy. The unprotected live in it. The unprotected are starting to push back, powerfully.

The protected are the accomplished, the secure, the successful—those who have power or access to it. They are protected from much of the roughness of the world. More to the point, they are protected from the world they have created. Again, they

make public policy and have for some time.

I want to call them the elite to load the rhetorical dice, but let's stick with the protected.

They are figures in government, politics and media. They live in nice neighborhoods, safe ones. Their families function, their kids go to good schools, they've got some money. All of these things tend to isolate them, or provide buffers. Some of them—in Washington it is important officials in the executive branch or on the Hill; in Brussels, significant figures in the European Union—literally have their own security details.

Because they are protected they feel they can do pretty much anything,

impose any reality. They're insulated from many of the effects of their own decisions.

One issue obviously roiling the U.S. and Western Europe is immigration. It is the issue of the moment, a real and concrete one but also a symbolic one: It stands for all the distance between governments and their citizens.

It is of course the issue that made Donald Trump.

Britain will probably leave the European Union over it. In truth immigration is one front in that battle, but it is the most salient because of the European refugee crisis and the failure of the protected class to address it realistically and in a way that offers safety to the unprotected.

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Whole Foods Faces More Pressure

By DAVID BENOIT
AND HEATHER HADDON

An activist investor has amassed a large stake in Whole Foods Market Inc. and wants it to accelerate its turnaround and explore a possible sale, increasing pressure on the upscale organic grocer to find its footing after its rapid growth stalled.

Jana Partners LLC, which has built up an 8.8% stake in Whole Foods along with several allies, wants the chain to improve its technology and operations to better compete with larger rivals, shake up its board and explore how much

potential bidders might be willing to pay, according to a Monday regulatory filing.

Whole Foods "is open to the views and opinions of all of our shareholders," a company spokeswoman said. "We are committed to driving value for all Whole Foods Market shareholders and will continue to act to achieve this important objective."

Jana's campaign is the latest quandary for Whole Foods, which has struggled to make the transition from highflying upstart with a loyal following into a large, national chain with the kind of back-office systems tracking customers

and inventory that rivals use to keep costs down and sales up.

Whole Foods' stock has lost nearly half of its value since peaking in 2013, and as of Friday's close had risen just 1.5% in the past 12 months, compared with a 15% gain in the S&P 500. The stock jumped 10% to \$34.17 on Monday. Its sales, meanwhile, have fallen over the past 18 months. Same-store sales—a key retailer metric—fell 2.5% during its fiscal year that ended in September 2016.

Jana has lined up possible board nominees, according to the filing, four months before

the deadline to launch a board fight. That suggests that Jana, which has quietly reached settlements with several compa-

8.8%

Stake in organic grocer taken by Jana Partners and others.

nies this year to install new directors, will be aggressive in demanding change at Whole Foods.

The fund's board candidates

include longtime industry analyst Meredith Adler, Thomas "Tad" Dickson, the former chief executive of Harris Teeter Supermarkets, and Glenn Murphy, who led the turnaround of Gap Inc. as the retailer's chief executive.

The fund is also working with well-known chef, food writer and entrepreneur Mark Bittman and Diane Dietz, the former chief marketing officer of Safeway Inc., which Jana helped shake up in 2013.

Mr. Bittman and Ms. Dietz, along with the three board candidates, all purchased shares in Whole Foods as part

Please see STAKE page B2

Barclays CEO's Role In Hiring Is Probed

By MAX COLCHESTER
AND EMILY GLAZER

LONDON—Barclays PLC Chief Executive Jes Staley is under investigation by U.K. and U.S. regulators after he tried to unmask a whistleblower who criticized his hiring of a long-time associate for a top job.

The London bank said Monday it had also launched its own investigation into the matter.

Authorities are probing Mr. Staley's actions in trying to identify the source of an anonymous letter that criticized the hiring of Tim Main, who was named in 2016 as head of the financial institutions group at Barclays, according to people with knowledge of the events. The letter also raised questions about Mr. Staley's dealings with him when they worked together at J.P. Morgan Chase & Co.

The U.K.'s Prudential Regulation Authority and Financial Conduct Authority are probing both Mr. Staley and the bank over its treatment of whistleblowers Barclays said in a statement. The bank added that it had issued a formal reprimand to Mr. Staley and would make a "significant" cut to his bonus. It is also conducting its own review into Barclays's controls.

The New York State Department of Financial Services, which regulates Barclays in the U.S., is also investigating the matter, according to people familiar with the probe.

"I have apologized to the Barclays board, and accepted its conclusion that my personal actions in this matter were errors on my part," Mr. Staley said in a statement.

Mr. Main was brought in from Evercore Partners to run Barclays's financial institutions group. Mr. Main, who is based in New York, had previously worked with Mr. Staley at J.P. Morgan Chase & Co. He declined to comment through a Barclays spokesman.

In June 2016, Barclays's board and a senior executive received anonymous letters raising "concerns of a personal nature" about Mr. Main, as well as Mr. Staley's "knowledge of and role in dealing with those issues at a previous employer," the bank said. Mr. Staley initially asked Barclays's internal security team to try to identify the authors of the letters, believing them to be an "unfair personal attack," the bank said. He was told that it wasn't appropriate to do so, the bank said. But in July he followed up on the request,

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Please see PROBE page B10

AHEAD OF THE TAPE

Steven Russolillo

Tables Are Turning on Small Caps

Small-cap stocks, which sizzled after the election, have fizzled ever since.

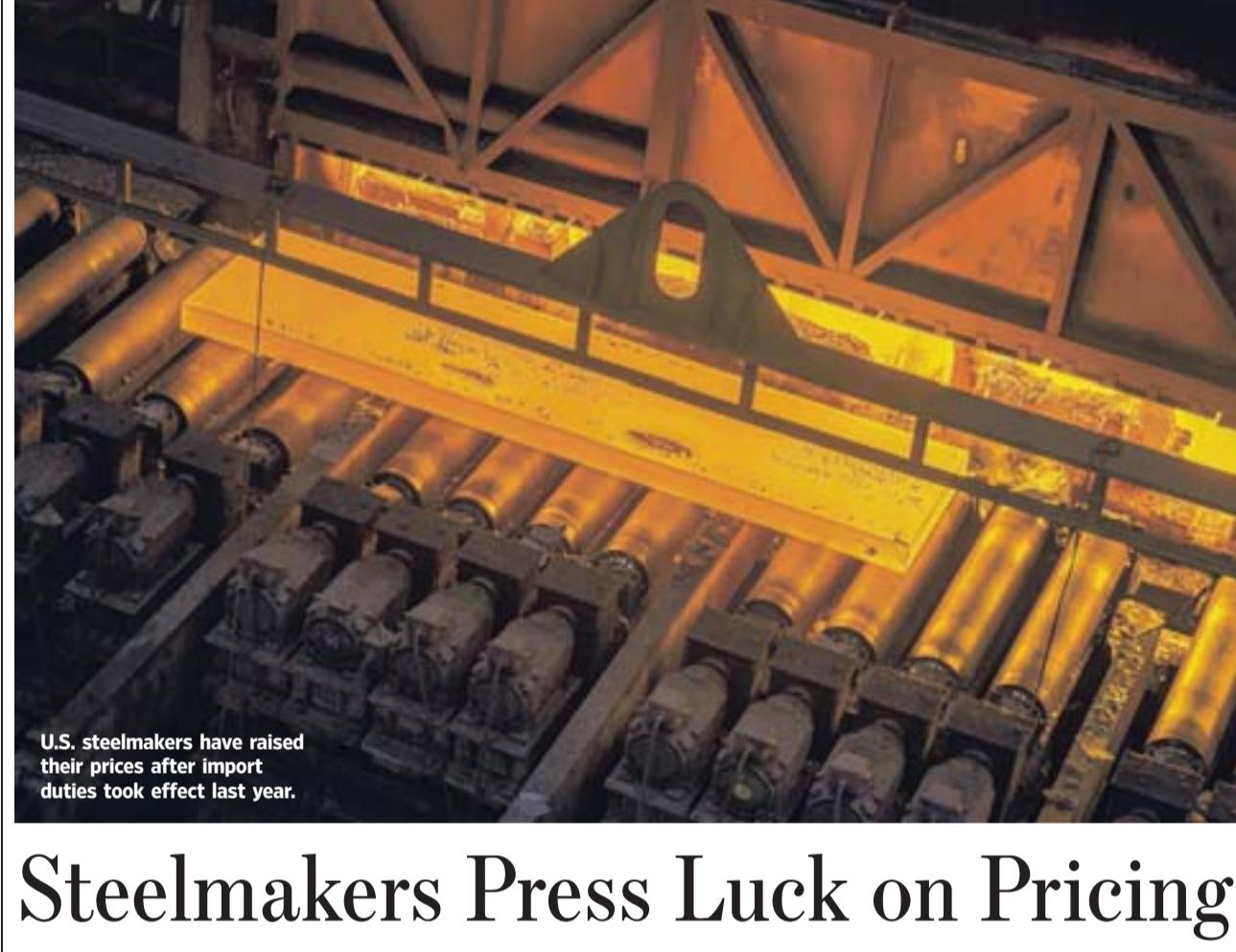
That has less to with the Trump bump losing steam and more about the global growth brightening.

Smaller stocks—those with market values that typically don't exceed a few billion dollars—have trailed the overall market in recent months, a sharp reversal from what transpired immediately after the election. The Russell 2000 is barely positive so far this year, underperforming the S&P 500 and Nasdaq Composite by more than 4 and 8 percentage points, respectively.

Part of this is mean reversion. Small caps surged more than 11% in November alone. And the vast majority of that gain came between the election and Thanksgiving. That is when many traders bet President Donald Trump's tax cuts and infrastructure-spending plans would be most beneficial to smaller companies, which tend to be less reliant on exports and more domestically focused than larger firms. Though the Russell 2000 has tread water recently, it is still the top-performing major index since the election.

The main factor behind the recent weakness is earnings growth. And as earnings season kicks off this week, a key change is should play out: Domestically oriented companies aren't expected to grow as rapidly as those that derive more of their revenue

Please see TAPE page B11



STUART PALLEY FOR THE WALL STREET JOURNAL

Steelmakers Press Luck on Pricing

Dented by Duties

Imports' share of the U.S. steel market fell last year after the imposition of trade tariffs.



Source: American Iron and Steel Institute

THE WALL STREET JOURNAL

By BOB TITA

U.S. steelmakers moved fast to raise prices after new tariffs were levied on some foreign rivals last year, but the quick increase has alienated some buyers and threatens to short-circuit a steel-market rebound.

Domestic steel companies have raised prices by as much as 50% on popular types of steel in recent months. That has boosted their profits, but troubled customers who say they can't afford the higher cost. Steel users say they are looking for cheaper alternatives from countries unaffected by the tariffs.

"We can't pass along this kind of increase to our customers," said Stuart Speyer, president of Tennessee Corp. a Ten-

nessee-based maker of steel shelves and file cabinets. He said his suppliers have raised steel prices seven times since October, adding about \$180 to the cost of a ton of steel.

The U.S. government started in May through September last year imposed duties on dozens of foreign steel producers found to be receiving unfair state aid or setting prices below the cost of production.

Tariffs of more than 500% were levied on some products from China, the world's largest steel producer.

A big increase in steel production capacity overseas disrupted the U.S. steel market. When demand weakened in major foreign markets, such as China, steelmakers maintained production by accelerating ex-

ports to the U.S. and cutting prices on the steel to attract customers. While steel customers benefited, domestic steel producers idled plants and laid off workers. But when the tariffs negated cut-rate supplies, U.S. steel producers bounced back. Imports' share of the steel market in the U.S. fell to 25% last year from 29% in 2015.

Domestic producers have used their improved leverage to increase their prices. Ohio-based AK Steel Holding Corp., for instance, has announced three price increases for its carbon steel products this year following on nine in 2016. Other producers in the U.S., including U.S. Steel Corp., ArcelorMittal SA and Nucor Corp.,

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INSIDE

FOXCONN BIDS \$27 BILLION FOR CHIP MAKER

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INSURERS TARGET RIDE-SHARING

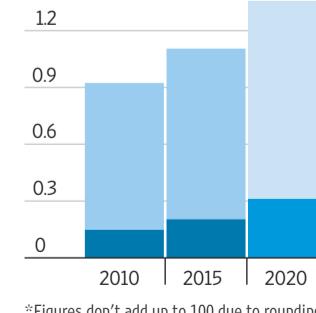
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China Climbs Drugmaking Ladder

China's Biotech Boom

Biotech drugs will account for a quarter of the world's drug sales...

Drug sales



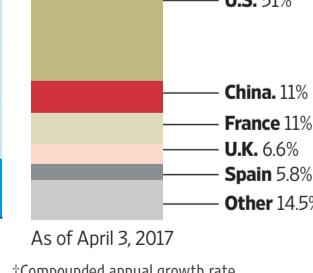
*Figures don't add up to 100 due to rounding

Sources: Frost & Sullivan; U.S. National Institutes of Health

...with China accounting for many biotech drugs in development...

Open studies involving biologics

2,694 clinical studies*

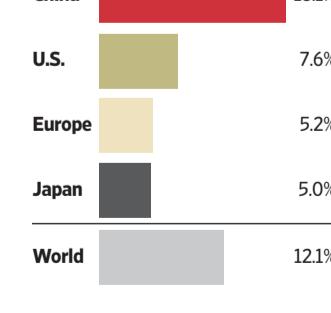


*As of April 3, 2017

†Compounded annual growth rate

...and with its biotech-drug sector growing the fastest.

Fastest-growing markets†



THE WALL STREET JOURNAL

"when a direction has been set, it's clear that things happen," he added, noting that China is devoting resources to ramp up quality.

Meanwhile, Chinese factories supplying chemical-drug ingredients around the world continue to fail U.S. regulatory inspections. Last

year, the U.S. Food and Drug Administration barred ingredients from a Chinese supplier that counts Sanofi, Pfizer Inc. and Novartis AG among its customers.

Biologic drugs differ from chemical medicines and have revolutionized treatment of diseases including cancer

and diabetes. They were developed by Western drugmakers in their own laboratories for decades and are highly profitable—accounting for eight out of the world's top 10 best-selling drugs—according to consultancy Frost & Sullivan. But

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BUSINESS & FINANCE

DRUG

Continued from the prior page
the drugs require more than \$1 billion each to develop and can take more than a decade to bring to market, according to Pharmaceutical Research and Manufacturers of America, a trade group.

Under pressure from a string of expensive failures and a shrinking pool of patent-protected biotech drugs, global drugmakers are increasingly turning outward to find new breakthroughs.

Enter China. As part of a push to transform the home-grown drug industry, Beijing has thrown money and incentives at Chinese drug manufacturers: One program lured back Chinese scientists working overseas; billions of dollars were poured into

Chinese drug startup Innoven could earn \$1.4 billion over the next decade.

technology parks dedicated to biotech startups; and drug-testing approvals for new biotech discoveries were speeded up.

Most Chinese startups began by making copies or tweaked versions of existing biotech drugs, but some are advancing to the riskier business of creating biologics that haven't been tested on humans before.

Innoven Biologics Inc., the six-year-old startup near Shanghai, struck the biggest deal to date for a Chinese drug firm in 2015, when Lilly paid it \$56 million to co-develop three cancer drugs, including two discovered by Innoven. Innoven stands to earn more than \$1.4 billion over the next decade if the drugs meet targets.

Inside a small Innoven lab in the industrial town of Suzhou, dozens of cylindrical glass vessels called bioreactors brim with cells derived



ZUMA PRESS

Chinese hamsters are commonly used in global medical research.

Chinese Hamster Drives R&D Wheel

Animal's cell makeup is ideal for developing, producing new wave of biologic drugs

genetically. The cells also multiply much more rapidly, ideal for large-scale drug production.

"Normal cell lines will divide and die. But the Chinese hamster ovary cell continues to multiply," said Blake Salisbury, a former **Eli Lilly** & Co. executive who now heads business development at Chinese startup **Innoven Biologics** Inc. This is important because a handful of cells can proliferate into billions of new cells, each carrying the same properties as the original, he said. The more the cells, the larger the amount of drug produced.

Hamsters themselves are no longer required. Their ovary cells can be created in labs for use in the development of biologic drugs.

Genentech, part of Roche Holding AG, derived the world's first biologic drug from Chinese hamsters in the late 1980s.

Now, at least six of the world's top 10 best-selling biologics are derived this way. The other top-selling drugs were derived from bacteria such as *E. coli*.

—Preetika Rana

from Chinese hamsters, rodents commonly used in global medical research. The drug being designed, part of the Lilly deal, is meant to block a gene hindering the body's ability to fight cancer.

The process begins by genetically modifying hamster ovary cells so that they produce an antibody—or protein—needed to block the gene. The cells are then

placed inside these bioreactors, multiplying into billions of new cells over two weeks. The resulting amber-colored liquid contains large quantities of the antibody, the main ingredient in Innoven's drug.

One recent afternoon, researchers were running tests to check the antibody for purity, color and consistency. "You have to get every

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STEEL

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have raised prices too, according to analysts. AK Steel, U.S. Steel and ArcelorMittal declined to discuss pricing.

Nucor spokeswoman Katherine Miller said the price increases were in order, after cheap steel depressed the domestic market. The duties, she said, "allow pricing to be determined by market forces and not be distorted by foreign government subsidies." Last month, North Carolina-based Nucor pegged its first-quarter profit at between \$1.10 and \$1.15 a share, up from 27 cents for the same quarter last year.

U.S. steel consumption in the first two months of the year was up 5% from a year earlier, but some analysts say producers in the U.S. misjudged demand in raising prices aggressively. "Demand is OK, but it's not as strong as it needs to be to support the price increases we've seen," said Becky Hites, president of steel market consultancy Steel-Insights LLC in Atlanta. She expects steel demand to weaken later in the year.

The tariffs on steel haven't blunted imports entirely. Steel imports for January and February rose nearly 2% from a



A Vietnam mill. Some foreign producers have been accused of using Vietnam to funnel steel to the U.S.

year earlier. "There are dozens of countries that ship steel into the U.S. that have no tariffs," said Kevin Dempsey, vice president of public policy for the American Iron and Steel Institute.

Steel imports from Vietnam, for example, rose more than 300% last year. U.S. companies have accused foreign producers facing tariffs of using Viet-

nam to funnel their steel to the American market duty-free. The companies have asked the Commerce Department in September to investigate.

Analysts warn that higher prices in the U.S. will eventually drive down steel demand if U.S.-based manufacturers start losing business to foreign competitors who can buy cheaper steel in their countries

and export finished products to the U.S. President Donald Trump's desire to make U.S.-made products more competitive globally also could be undermined. Passing on higher U.S. steel costs in exports is difficult when foreign companies have access to deeply discounted steel, said Hale Foote, president of California-based Scandic Springs Inc.

As pressure has mounted, Whole Foods has cut costs and abandoned an ambitious plan to nearly triple its number of stores. It has tried various marketing gambits to retain customers. The company, which is based in Austin, Texas, began testing a loyalty program in 2014, and intends to expand it nationally from a pilot in the Dallas area.

Chief Executive John Mackey has said he expects these efforts to reverse the company's fortunes. But Whole Foods lowered its sales and profit forecasts for the year in February.

The grocery industry is battling heightened competition and slumping food prices.

"We think [Whole Foods] needs to move from a growth phase to an efficiency phase," UBS analysts wrote in tagging the company with a sell rating last month. "The entrepreneurial culture that served it well in its growth mode now needs to be more process-oriented. That can be a rough

transition."

The broader grocery industry is struggling with increased competition and a slump in food prices that has eaten into profits. But Whole Foods has struggled in particular as it has lost ground in the natural and organic market that it once dominated.

As pressure has mounted, Whole Foods has cut costs and abandoned an ambitious plan to nearly triple its number of stores. It has tried various marketing gambits to retain customers. The company, which is based in Austin, Texas, began testing a loyalty program in 2014, and intends to expand it nationally from a pilot in the Dallas area.

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STAKE

Continued from the prior page
of Jana's campaign.

Jana hasn't yet met with Whole Foods' current board or executives, according to people familiar with the matter, departing from its usual approach of working with management and boards behind the scenes. The hedge fund, founded by Barry Rosenstein in 2001, has played a role in changing the boards of Bristol-Myers Squibb Co., Tiffany & Co. and Blackhawk Network Holdings Inc., all without the kind of public fight associated with activist investors.

Jana's campaign will amplify the grumblings of other Whole Foods shareholders. Some investors have said the company should consider selling itself and have broached as possible buyers rival Kroger

Co. and Amazon.com Inc., which is building out a physical grocery-store chain.

After Monday's bump, Whole Foods' market value stands at around \$11 billion.

Mutual-fund giant Neuberger Berman, which owns about 2.4% of Whole Foods, has been privately pushing for faster change at the company, The Wall Street Journal has reported. The firm has complained that the chain hasn't fully capitalized on its popularity among millennials or on selling prepared foods, areas where it outdoes its rivals.

At Whole Foods' annual meeting in February, the board was re-elected but faced a high protest vote. Two directors garnered around 85% support, while an advisory vote on executive compensation got 84%, levels that signal investor angst.

Some investors say that while the company is taking

step right," said Innoven founder Michael Yu, inspecting results on a screen. Finally, the antibody is packed into hundreds of tiny vials and made ready to be injected into patients.

Innoven has begun testing the drug on patients in China, while Lilly is preparing an application to begin its own clinical trial in the U.S. Once the drug is approved, Lilly says it plans to sell it across the globe, except in China where it holds joint marketing rights with Innoven.

Clinical trials—which involve testing the drug on hundreds of patients over three phases—can last over a decade in the U.S., and it is only after promising results that companies seek regulatory approval.

Gaining drug approval in the U.S. makes it easier for companies to sell products in several other countries without having to conduct separate tests in each market. China requires its own tests, though trials here are typically shorter and require fewer patients than in the U.S., according to Chinabio, a Shanghai-based consultancy.

To be sure, not everyone is looking to license Chinese discoveries. Amgen Inc. and MedImmune Inc., AstraZeneca PLC's biotech arm, have formed joint ventures with local companies to bring their own discoveries to China. Pfizer Inc. is building a plant to sell copies of biotech drugs in China.

Nevertheless, China's biotech boom has attracted venture capitalists, contributing to a record \$5.3 billion being invested in the country's life sciences sector last year, a nearly 10-fold increase from five years ago, according to ChinaBio.

Lilly set up a venture-capital arm for Asia in 2008 and almost all of its \$500 million in investment since has gone to Chinese biotech startups.

"China wasn't even on the radar 10 years ago," said Judith Li, a partner at the fund. "Now it's impossible to ignore."

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[1] Based on the Rule 606 reports published by each firm.

04-B17 1074

BUSINESS NEWS

Foxconn Targets Toshiba Chip Unit

BY TAKASHI MOCHIZUKI

Foxconn Technology Co. has offered up to ¥3 trillion (\$27 billion) for **Toshiba** Corp.'s computer-chip business, people familiar with the matter said, marking another bid for a pillar of Japan's high-tech industry by the Taiwanese company.

Foxconn, the world's largest electronics contract manufacturer and an assembler of **Apple** Inc. products, used a similarly bold tack last year to win control of **Sharp** Corp. Its bid price was well above what others were offering, ultimately beating out a Japanese government-backed investment fund.

Foxconn is offering \$27 billion, well above what other companies have bid.

The latest bid by Foxconn, formally known as **Hon Hai Precision Industry** Co., could put the government of Japanese Prime Minister Shinzo Abe in a tough spot. Some in the government hope to see a Japanese company or a joint U.S.-Japan team take the prized Toshiba asset because they see the chip business as strategic, say people familiar with the matter. But it would be hard for financially strapped Toshiba to turn down the extra cash from Foxconn.

Analysts have estimated the business's fair value at between ¥1.5 trillion and ¥2 trillion. One person familiar with the matter said the next-highest bidder after Foxconn offered about ¥2 trillion when initial bids were accepted in late March.

Representatives for Toshiba and Foxconn declined to comment on the bidding process. The people familiar with the bids cautioned that the process isn't in the final stages.

In Sharp's case, Foxconn ended up paying less than an earlier offer after it discovered unexpected liabilities. It acquired about two-thirds of Sharp, a maker of smartphone displays and consumer products, for ¥388.8 billion in a deal that closed in August.

Toshiba has said it intends to sell up to 100% of the chip business, which makes flash-memory chips for smartphones and computer servers. Battered by huge cost overruns at U.S. nuclear-reactor construction projects, Toshiba is looking to cash out assets to stay alive.

Last month, nuclear-reactor maker Westinghouse Electric Co., which is majority-owned by Toshiba, filed for bankruptcy in the U.S., and Toshiba said it expected to book a ¥1 trillion loss in the year ended March 31 to account for losses at Westinghouse.

Toshiba's chief executive, Satoshi Tsunakawa, said last month the prime factor in picking a buyer for the chip unit was the offer price, followed by the buyer's ability to close the deal quickly. He said he was aware the Japanese government wanted Toshiba to consider national-security concerns, but said the other two criteria take precedence.

A government official said Japan would be opposed to any mainland Chinese bidder for the Toshiba chip business because Tokyo fears China might leverage Toshiba's technology to become a major industry player and perhaps even put spyware on chips.

The Toshiba unit would provide Foxconn another source of growth. Still, some analysts say it would be a challenge for Foxconn and its chief, Terry Gou, to manage a business heavily dependent on advances in research and development—a factor that may favor bidders already in the chip-manufacturing business.

—Yang Jie and Eva Dou contributed to this article.

Tesla Vies to Top GM Value

BY TIM HIGGINS

Silicon Valley overtook the Motor City on Monday.

A surge in **Tesla** Inc. stock during morning trading gave the company the title of largest U.S. auto maker by market value—a feat that would have seemed highly improbable 13 years ago when the electric-car maker based in Palo Alto, Calif., first began tinkering with the idea of making a sports car.

Shares in Tesla rose as high as \$313.73 Monday, helped by an upgrade by Piper Jaffray, pushing the company's market capitalization to \$51.17 billion. That high-water mark exceeded Detroit-based **General Motors** Co., which at its lowest point Monday was worth \$50.93 billion. By the market's close in New York, however, Tesla's gains had faded, leaving its market value at \$50.95 billion, compared with GM's \$51.18 billion. **Ford Motor** Co. closed the day at \$44.8 billion.

Market values are calculated using data provided by FactSet, which draws information from public filings.

Still, that Tesla was valued higher than GM underscores the profound change occurring in the automotive industry as Silicon Valley pursues a vision for transportation—including self-driving cars and vehicles on demand—that could upend century-old competitors. Last week's disappointing monthly sales results by traditional auto makers served as a further example to investors concerned that the profitable U.S. new-car market is plateauing.

"We've built a track record of strong financial performance," a GM spokeswoman said in an email. "We'll stay focused on delivering outstanding results and making decisions to deploy capital where it will generate the strongest returns, to enhance shareholder value."

Tesla declined to comment.

GM is the largest auto maker in the U.S. by market share, making up 17.3% of the sales last year, according to Autodata Corp. Tesla held a 0.2% share,

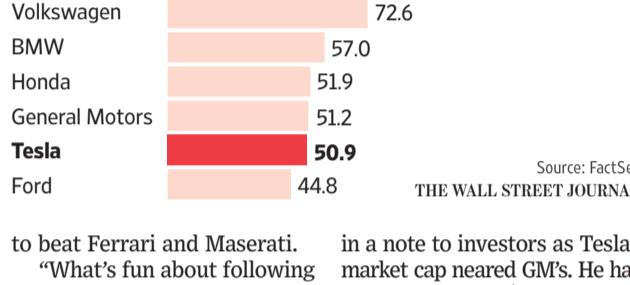


A Tesla showroom in London. Shares in the electric-car maker are up more than 40% this year.

Charging Ahead

Tesla is neck-and-neck with U.S. auto makers but is worth considerably less than European and Asian stablemates.

Market value as of 4:00 PM ET



Source: FactSet

THE WALL STREET JOURNAL

vehicle to drive itself.

"It's indicative of the market wanting to pay for potential, including into markets that don't exist yet in any large size such as [electric vehicles], home energy generation and storage, rather than profits and cash flow today that the large auto makers generate," said David Whiston, an analyst for Morningstar Research.

Mr. Musk, who has struggled to bring out new products before, faces the daunting challenge of later this year rolling out the \$35,000 Model 3 sedan, the linchpin in his plans to take the company into the mainstream from the rarefied air of selling luxury vehicles.

His acquisition of SolarCity Corp. late last year and removal of the word "Motors" from the company's official name are part of a vision of being able to offer solar panels to generate energy and batteries to store that power at home or the office—all for the benefit of the vehicles being sold. He has begun shipping vehicles equipped with the hardware he says is needed to make them fully self-driving once the software is completed, aiming to demonstrate the prowess by year-end.

to beat Ferrari and Maserati.

"What's fun about following this company now is that anything can happen," Chaim Siegel, an analyst for Investing.com, said in an email about Tesla that aligns with investor sentiment even as the auto maker remains unprofitable and deeply in debt. "The potential is huge. The hopes are huge."

Tesla shares are up more than 40% this year, a move that last week led Chief Executive Elon Musk's company to surpass Ford as the second-largest auto maker. The exuberance comes even as Mr. Musk faces huge challenges in accomplishing all he is claiming to do, including making 500,000 vehicles next year after building just 84,000 last year and creating software that would enable a

Pulitzer Winners Named

BY LUKAS I. ALPERT

The **New York Times** was awarded three Pulitzer Prizes, **The Wall Street Journal** received one, and the combined reporting of the **New York Daily News** and **ProPublica** won the coveted award for public-service journalism.

The Times took home the most prizes on Monday, with recognition in the international reporting, feature writing and breaking news photography categories.

Also, the Miami Herald won two awards, one for editorial cartooning and the other for explanatory reporting, which it shared with the International Consortium of Investigative Journalists and **McClatchy** for coverage of the Panama Papers.

In a year when the presidential election dominated the world of journalism, the **Washington Post**'s David Fahrenthold won the award for national reporting for his series of stories looking at President Donald Trump's reported charitable donations.

Peggy Noonan of The Wall Street Journal was awarded a Pulitzer Prize for commentary for her incisive coverage of the 2016 presidential election.

"I feel deeply grateful and deeply honored," Ms. Noonan said in an email. "It is simply a great honor to be a member of the 101st class of Pulitzer Prize winners, and to be invited to join that long line."



Lynn Nottage won in the drama category for her play 'Sweat.'

In an email to staff congratulating Ms. Noonan, Paul Gigot, editor of the Journal's editorial pages, wrote: "Ahead of most others, she foresaw Trump's rise and his appeal to Americans who were frustrated by the leaders of both major political parties. Peggy didn't shrink from addressing Trump's many flaws as a candidate, but she always showed great respect for the intelligence of voters and explained the currents of American life and politics that catapulted Trump to the White House."

For the 101st annual Pulitzer competition, the **New York Daily News** and **ProPublica** won the public-service award for their joint investigation into abuses of eviction laws that targeted

mostly minority residents.

Lynn Nottage won in the drama category for her play "Sweat."

Columbia University oversees the awards.

The award for fiction was given to Colson Whitehead's "The Underground Railroad," which is a searing allegorical tale of the abuses of and escape from slavery. The book was published by Doubleday.

Bill Thomas, Mr. Whitehead's editor at Doubleday, said the book "manages to tell the whole American story in one gut-wrenching powerful narrative. Cora's journey is the American journey. It's about the desperate desire for freedom and the sins that impeded that freedom."

Toyota to Raise U.S. Spending

BY ADRIENNE ROBERTS

Toyota Motor Corp. said it is planning to invest \$1.3 billion in its Camry sedan plant in Kentucky and considering adding more U.S. capacity, moves that could thaw the Japanese auto company's relationship with the Trump administration.

The investment plan coincides with the introduction of revamped products in the U.S.

Monday's announcement, however, comes after Toyota faced criticism from President Don-

ald Trump this year for plans to build a \$1 billion plant in Guanajuato, Mexico.

In a statement distributed by Toyota, Mr. Trump said the auto maker's planned investment is "further evidence that manufacturers are now confident that the economic climate has greatly improved under my administration."

Toyota joins Fiat Chrysler Automobiles NV and General Motors Co. in making big-dollar investment announcements for U.S. factories since Mr. Trump's inauguration.

Auto executives have cited optimism related to tax reform, the potential relaxation of emissions standards and other factors for investing.

Toyota President Akio Toyoda aims to invest \$10 billion in the U.S. over the next five years. The 8,200 people employed at the plant being revamped in Georgetown, Ky., represent Toyota's largest factory, the company said.

The \$1.3 billion investment will go toward building new versions of the Camry and other models.

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TECHNOLOGY

WSJ.com/Tech

Hackers Target Amazon's Sellers

Third-party vendors get hit as attackers alter bank-account data and steal cash

BY LAURA STEVENS
AND ROBERT MCMILLAN

Hackers are targeting third-party sellers on **Amazon.com** Inc., using stolen credentials to post fake deals and steal cash.

In recent weeks, attackers have changed the bank-deposit information on Amazon accounts of active sellers to steal tens of thousands of dollars from each, according to several sellers and advisers.

Attackers also have hacked into the Amazon accounts of sellers who haven't used them recently to post nonexistent merchandise for sale at steep discounts in an attempt to pocket the cash, those people say.

The fraud stems largely from email and password credentials stolen from previously hacked accounts and then sold on what is dubbed the "dark web," a network of anonymous internet servers on which hackers communicate and trade illicit information.

Such hacks previously have



'Hacking Amazon is becoming...increasingly a big deal,' said the CEO of a business intelligence firm.

favored sites such as PayPal Inc. and **eBay** Inc., but Amazon recently has become a target of choice, according to cybersecurity specialists.

The fraud isn't likely to significantly affect consumers because Amazon says it guarantees refunds for items that

don't arrive.

"Hacking Amazon is becoming...increasingly a big deal," said Juozas Kazukėnas, chief executive of Marketplace Pulse, a business-intelligence firm focused on e-commerce. "The value to be gained is bigger as Amazon grows."

While the precise scope and financial impact of the Amazon attacks is unclear, some sellers say the hacks have shaken their confidence in Amazon's security measures. Such third-party merchants are critical for Amazon's retail business, with more than two million sellers

on the site accounting for more than half of its sales, including more than 100,000 sellers who each now sell in excess of \$100,000 annually.

An Amazon spokesman said the company "is constantly innovating on behalf of customers and sellers to ensure their information is secure and that they can buy and sell with confidence."

The company withholds payment to sellers until it is confident customers have received their orders, and guarantees a full refund if a product doesn't arrive or isn't as advertised.

Sellers who lost money will be made whole. "There have always been bad actors in the world who try to take advantage of consumers for financial gain; however, as fraudsters get smarter, so do we," the spokesman said.

CJ Rosenbaum, a New York-based lawyer who represents Amazon sellers, says that more than a dozen of his clients have recently called to tell him they were hacked, a number of whom lost about half of their monthly sales of \$15,000 to \$100,000. They are asking Amazon for their money back, Mr. Rosenbaum said.

LeEco Is Calling Off Purchase Of Vizio

BY GEORGIA WELLS

LeEco said on Monday it is walking away from its planned \$2 billion acquisition of U.S.-based TV maker **Vizio** Inc., the latest scaling back of the embattled Chinese tech firm's ambitions.

LeEco attributed its decision to scrap the deal to regulatory headwinds and said the two companies still hope to work together.

"We continue to believe that there is great synergy between the two companies," LeEco and Vizio said in a joint statement.

In July, LeEco said it planned to buy Vizio, which would have given the Chinese company a foothold to fuel expansion beyond its home market. But LeEco has faced a cash crunch in recent months. After striking billions of dollars in deals last year, LeEco had a hard time raising fresh funds, its founder said in a letter to employees late last year.

A spokeswoman for LeEco declined to comment on the company's funding challenges. Vizio declined to comment on its future as a stand-alone company.

Buying Vizio had been a part of LeEco's strategy to deliver both hardware—smartphones, TVs, even driverless cars—as well as content, from film and online entertainment to sports.

Under the new agreement between LeEco and Vizio, LeEco will still try to put its app and content on Vizio products and bring them to the Chinese market.

Vizio has the second-largest market share for televisions and smart televisions in the U.S., behind **Samsung Electronics** Co., according to **IHS Markit**, a market research firm.

India's Flipkart Gets \$1.4 Billion Infusion

BY NEWLEY PURNELL

NEW DELHI—Indian e-commerce startup **Flipkart** Group has raised \$1.4 billion from Microsoft Corp., **eBay** Inc. and **Tencent Holdings** Ltd., taking a hit to its valuation to raise the cash it needs to defend its home market from **Amazon.com** Inc.

Flipkart, which was started in 2007 by two former Amazon employees, said Monday that the new investment values the Bangalore company at \$11.6 billion. That allows Flipkart to retain its title as India's most valuable startup but is still a

step down from the \$15 billion valuation it received during fundraising in 2015.

"This is a landmark deal for Flipkart and for India," Flipkart founders Sachin Bansal and Binny Bansal said in the written statement, calling it the company's biggest fundraising round to date.

Flipkart said Chinese internet company Tencent led the round, but a Flipkart spokeswoman declined to provide a breakdown of investments by company.

Separately, eBay said Monday that it was selling its Indian business to Flipkart and

was making a \$500 million cash investment in the startup for an equity stake.

While it is impressive that Flipkart could raise more than \$1 billion at the same time investors are increasingly concerned about startup valuations, analysts said the fact it had to take a "down round"—or raise money at a lower valuation than its previous round—shows the challenge it is facing from Amazon and difficult market conditions.

"Flipkart needs more money to survive and become profitable," said Satish Meena, an analyst at market-research

firm Forrester. When Flipkart raised money at a higher valuation in 2015, there was a "mismatch between expectation and the growth of the market," he said.

India's e-commerce market was valued at roughly \$16 billion last year, but is likely to grow to \$48 billion by 2021, Mr. Meena said.

Amazon has pledged to spend \$5 billion in its rapid rollout in India, which started in 2013. The company has used its sizable war chest and technology and logistics know-how to gobble up market share, already reaching the No. 2 spot

behind Flipkart in terms of sales, analysts say.

In addition to girding Flipkart against Amazon, Tencent's investment shows that it has opened another front in its battle with its Chinese rival Alibaba Group Holding Ltd.

Tencent already competes head on in China against Alibaba in sectors such as mobile payments, online video and cloud computing.

Alibaba led a \$200 million round of funding in Indian company Paytm's new e-commerce arm last month.

—Liza Lin contributed to this article.

BUSINESS WATCH

INTRAWEST RESORTS

Ski-Park Operator Plans to Go Private

Ski-park operator **Intrawest Resorts Holdings** Inc. said Monday it has agreed to be taken private for roughly \$944 million, folding it in with the operator of Aspen Snowmass amid a flurry of deal-making in the industry.

Intrawest stockholders will receive \$23.75 a share in cash under the terms of the deal. Including debt, the transaction would be worth about \$1.5 billion. The company said the per-share price represents a 40% premium over the stock's closing stock price on Jan. 12, the day before a news report that the company was exploring a sale.

The deal is a 6.1% discount to where shares traded on Friday, when the stock closed at \$25.30. Shares of Intrawest ended Monday's trading down 6.7% at \$23.60.

Intrawest is being bought by a new entity controlled by affiliates of **Aspen Skiing** Co.—which operates several resorts in Aspen, Col., including at Snowmass Mountain—and **KSL Capital Partners** LLC.

—Joshua Jamerson

AIRLINES

FCC Chief Opposes In-Flight Phone Calls

Republican Federal Communications Commission Chairman Ajit Pai proposed on Monday to drop an Obama-era plan to allow in-flight cell phone calls in the U.S., citing opposition.

The FCC still must vote on the proposal, but approval appears likely because both Mr. Pai and his fellow Republican, Michael O'Rielly, voted against the idea originally.

The FCC currently comprises two Republicans and one Democrat.

Citing negative responses to the idea of in-flight calling by many U.S. airline employees and the flying public, Mr. Pai said he wants to drop the Obama-era plan that could have allowed passengers to make cell phone calls.

A group representing flight attendants on Monday called for the federal Department of Transportation to follow Mr. Pai's lead.

—John D. McKinnon

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BUSINESS NEWS

Shippers Go Small in Strategy Shift

Package handlers look to help tiny retailers to battle Amazon's online prominence

BY BRIAN BASKIN

Shipping companies, ranging from startups to the biggest package handlers, are vying to help small retailers compete with **Amazon.com** Inc.'s rapid expansion of free shipping.

Logistics companies say demand for fulfillment services has ballooned in the past year, as Amazon casts a bigger shadow across the retail world and the shipping market. Retailers are rushing to offer faster, cheaper delivery to keep customers from flocking to Amazon Prime, which promises two-day shipping on millions of items. Shipping companies fear the company will starve their networks by handling more of its own orders.

They see a lifeline in going after smaller customers, ranging from retail startups to midsize national chains that can't afford to match the billions of dollars Amazon, **Wal-Mart Stores** Inc. and other major retailers are spending to speed delivery.

It is a shift in strategy for companies like FedEx Corp., which until recently tailored their e-commerce services mainly to giant retailers needing to quickly process thousands of shipments a day. Now, they are betting even tiny online storefronts will pay for access to nationwide networks of



An employee at a ShipBob warehouse in Brooklyn. It also has facilities in Chicago and Los Angeles.

level of service mainly to department stores and other big customers that needed multiple warehouses for themselves, Mr. Kelly said.

Newer entrants include startups like ShipBob, which runs fulfillment centers in Los Angeles, Chicago and Brooklyn, and Red Stag Fulfillment, operating out of three facilities in Tennessee and Utah. These companies pool orders from hundreds of customers to negotiate lower shipping rates than the retailers could get on their own.

Just north of Brooklyn's Sunset Park neighborhood, ShipBob, which opened its first warehouse less than two years ago, stores merchandise from over 300 retailers in rows of neatly stacked white plastic bins. Workers walk the aisles, plucking out jars of artisanal mustard and organic conditioner, which they hand off to packers who prep the items for shipping.

ShipBob in February more than doubled the size of its Brooklyn warehouse and plans to open a fourth facility in May as some of its customers' sales take off. "We help them to grow, and they help us to grow," said Kieran O'Leary, director of operations at the Brooklyn warehouse.

—Jennifer Smith contributed to this article.

LOGISTICS REPORT

WSJ.COM
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Apollo Will Sell Big Stake In Hostess

BY IMANI MOISE

Apollo Global Management LLC is selling the majority of its stake in **Hostess Brands** Inc., the maker of Twinkies and Ho Hos said.

Through a public offering, the private-equity firm will sell 18.7 million shares, cutting its stake to 2.6% from 16.9%.

In total, affiliates of Apollo, **Metopoulos** & Co. and Gores Group, which own a 50% stake in the company, will offer 20.1 million shares for sale.

After the offering, Metopoulos entities will own 24.9% of Hostess common stock and Gores entities will own 12.8% of common stock in the Kansas City, Mo.-based company.

Apollo and Metopoulos bought the nearly century-old brand out of bankruptcy in 2013. Later, they sold a majority stake to a publicly traded special-purpose acquisition company sponsored by Gores Group to go public.

The firms turned around operations at the company, once on the brink of shutting down, by cutting costs, introducing new products, and reformulating its core Twinkie brand recipes.

In its first quarterly report as a public company last month, Hostess reported surging sales and better-than-expected profit. On Monday, the stock fell 3.9%, to \$15.21.

Amtrak Faces Trio of Woes

BY RHEAA RAO

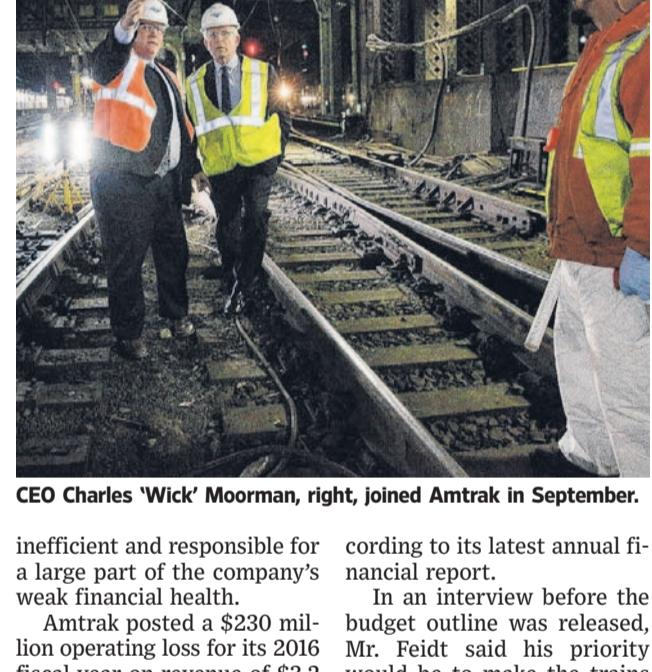
Amtrak's new finance chief may have to decide which problem to tackle first: derailments, proposed budget cuts or losses.

CFO JOURNAL William Feidt joined the federally chartered rail company in February, succeeding a CFO who left for personal reasons amid an internal restructuring that cut the management team in half.

His appointment comes at a precarious time. Since he took on the role weeks ago, there have been three accidents—two in New York, one in Chicago—on the company's tracks.

Amtrak, officially known as the National Railroad Passenger Corp., jointly controls all U.S. rail lines with the Transportation Department, and finding the cash to make the much-needed track repairs will be tough.

President Donald Trump's budget proposal would slash 13%, or \$2.4 billion from the Transportation Department. The blueprint intends to terminate federal support for Amtrak's long-distance train services, which it deems



CEO Charles 'Wick' Moorman, right, joined Amtrak in September.

inefficient and responsible for a large part of the company's weak financial health.

Amtrak posted a \$230 million operating loss for its 2016 fiscal year on revenue of \$3.2 billion, the narrowest loss in decades. It reported a \$305.7 million loss for 2015. Amtrak had \$436.3 million in total mortgage and debt outstanding as of Sept. 30, 2016, ac-

cording to its latest annual financial report.

In an interview before the budget outline was released, Mr. Feidt said his priority would be to make the trains safer and more efficient, which may be difficult given the funding constraints. He also said he wanted to add 40% more trains by 2021 across all routes.

The two train derailments at New York's Penn Station paralyzed New York and New Jersey commutes. No one was seriously injured in the March 24 incident and there were four reported injuries in the April accident. Passengers were left unscathed in the Chicago derailment in late March.

Amtrak declined to make Mr. Feidt available to comment following the release of the budget proposal and recent derailments.

New Jersey Gov. Chris Christie last week ordered NJ Transit—which uses Amtrak's tracks—to halt payments to the company until there is an examination of the shared infrastructure. The commuter rail pays Amtrak between \$2.5 million and \$5 million a month, Mr. Christie said.

Before joining Amtrak, Mr. Feidt was senior vice president of financial operations at Cable & Wireless Communications PLC, a telecommunications provider operating in the Caribbean and Latin America. The company was later acquired by John Malone's Liberty Global PLC.

He also held a CFO position at the Mississippi Department of Marine Resources. That government experience—although not a prerequisite—coupled with the corporate work, made Mr. Feidt an ideal choice, said Chief Executive Charles "Wick" Moorman, who himself joined Amtrak in September.

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BANKRUPTCIES

UNITED STATES BANKRUPTCY COURT, SOUTHERN DISTRICT OF NEW YORK

In re: **SUNEDISON, INC., et al.**, Chapter 11 Case No. 16-10992 (SMB) Debtors. (Jointly Administered)

NOTICE OF HEARING TO CONSIDER APPROVAL OF DISCLOSURE STATEMENT FOR JOINT PLAN OF REORGANIZATION OF SUNEDISON, INC. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. **CHAPTER 11 CASES.** Beginning on April 21, 2016, **SunEdison, Inc.** and certain of its affiliates, the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors") filed voluntary petitions for relief under chapter 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). By order of the Bankruptcy Court, the cases are being jointly administered for procedural purposes under Case No. 16-10992.

2. **PLAN AND DISCLOSURE STATEMENT.** On March 28, 2017, the Debtors filed the *Joint Plan Of Reorganization of SunEdison, Inc. and Its Debtor Affiliates* dated March 28, 2017 [Docket No. 2671] (as may be amended or supplemented from time to time and including all exhibits and supplements thereto, and the Debtors' proposed Disclosure Statement for the Joint Plan of Reorganization of SunEdison, Inc. and Its Debtor Affiliates] dated March 28, 2017 [Docket No. 2672] (as may be amended or supplemented from time to time and including all exhibits and supplements thereto, and the Debtors' proposed Disclosure Statement for the Joint Plan of Reorganization of SunEdison, Inc. and Its Debtor Affiliates) (the "Joint Plan" or "Disclosure Statement"). On April 3, 2017 the Debtors filed the Debtors' Motion for Entry of an Order: (A) Approving the Adequacy of the Debtors' Disclosure Statement; (B) Approving Solicitation and Notice Process; (C) Approving the Form of Various Ballots and Notices in Connection Therewith; and (D) Scheduling Certain Dates (the "Motion").

3. **DISCLOSURE STATEMENT HEARING.** A hearing (the "Disclosure Statement Hearing") will be held before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge for the Southern District of New York, in the Bankruptcy Court, One Bowling Green, Courtroom 723, New York, New York 10004, on **May 18, 2017 at 10:00 a.m. (prevailing Eastern time)**, or as soon thereafter as counsel may be heard, to consider the entry of an order, among other things, finding that the Disclosure Statement contains "adequate information" within the meaning of section 1125 of the Bankruptcy Code and approving the Disclosure Statement and certain other materials related to solicitation of acceptances of the Plan (the "Solicitation Package"). The Disclosure Statement Hearing may be adjourned from time to time without further notice to creditors, equity holders, or parties in interest other than by an announcement in the Bankruptcy Court of such adjournment on the date scheduled for the Disclosure Statement Hearing or as indicated in any notice of adjournment filed by the Debtors with the Bankruptcy Court.

4. **NOTICE OF HEARING TO CONSIDER APPROVAL OF DISCLOSURE STATEMENT FOR JOINT PLAN OF REORGANIZATION OF SUNEDISON, INC. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

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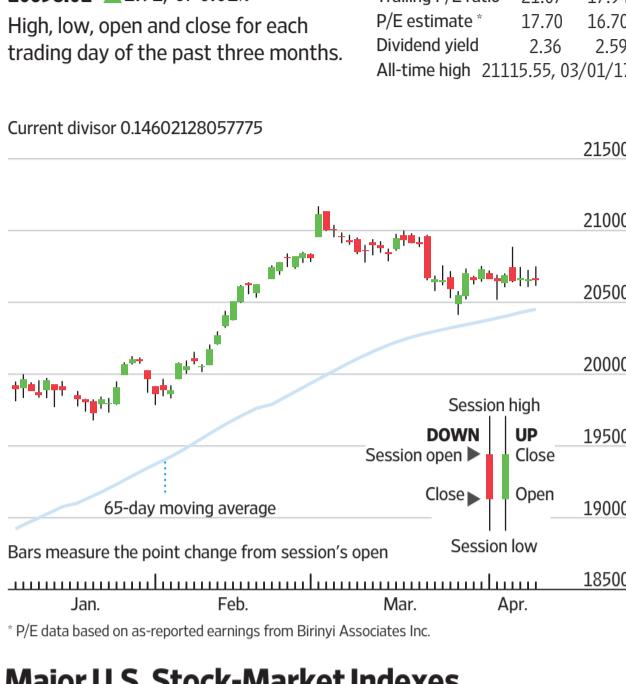
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38. **NOT**

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average



* P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index



Nasdaq Composite Index



Major U.S. Stock-Market Indexes

	Dow Jones		Latest		52-Week		YTD		% chg	
	High	Low	Close	Net chg	% chg	High	Low	% chg	3-yr. ann.	
Industrial Average	20750.33	20614.86	20658.02	1.92	0.01	21115.55	17140.24	17.7	4.5	8.5
Transportation Avg	9218.30	9112.85	9178.70	73.89	0.81	9593.95	7093.40	19.2	1.5	7.3
Utility Average	701.38	696.06	700.52	1.30	0.19	720.45	625.44	6.5	6.2	9.4
Total Stock Market	24528.36	24364.99	24428.29	25.07	0.10	24868.78	20583.16	16.4	4.9	8.3
Barron's 400	624.24	617.56	619.44	0.09	0.01	635.07	491.89	21.8	3.0	7.0

Nasdaq Stock Market		Most-active issues in late trading									
Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low			
SPDR S&P 500	SPY	6,849.6	235.41	0.07	0.03	236.00	235.07				
Petroleo Brasileiro ADR	PBR	5,336.8	9.94	0.05	0.51	9.94	9.80				
Petroleo Brasileiro ADR A	PBRA	5,000.1	9.45	-0.02	-0.21	9.45	9.42				
Hewlett Packard Ent	HPE	4,426.7	18.30	...	unch.	18.44	18.30				
Bank of America	BAC	4,026.9	23.00	-0.02	-0.09	23.09	22.94				
Intel	INTC	3,832.5	35.83	0.03	0.08	35.83	35.66				
iPath S&P 500 VIX ST Fut	VXX	3,017.4	17.13	0.06	0.35	17.15	17.03				
General Motors	GM	2,495.8	33.97	...	unch.	33.99	33.85				

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.

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low		
RetailMeNot	SALE	107.4	11.55	3.80	48.97	11.70	7.75			
Teradyne Inc	TER	8.2	36.99	5.23	16.47	36.99	31.75			
Immunomedics	IMMU	20.8	6.19	0.33	5.63	6.19	5.86			
Supervalu	SVU	18.5	3.98	0.19	5.01	3.98	3.79			
Etsy	ETSY	6.4	11.00	0.43	4.07	11.00	10.57			
...And losers										
Navient Corp.	NAVI	169.0	12.39	-2.24	-15.34	14.69	12.39			
SeaChange Intl	SEAC	14.8	2.37	-0.08	-3.27	2.50	2.25			
Zixi	ZIXI	10.3	4.90	-0.15	-2.97	5.05	4.90			
HTG Molecular Diagnostics	HTGM	11.5	6.03	-0.14	-2.27	6.17	6.03			
Fang Holdings ADR	SFUN	13.7	3.55	-0.06	-1.74	3.61	3.55			

Trading Diary

Volume, Advancers, Decliners		NYSE	NYSE Mkt
Total volume*	661,393,766	12,877,414	
Adv. volume*	421,671,479	8,817,515	
Decl. volume*	231,075,077	3,508,655	
Issues traded	3,100	336	
Advances	2,007	183	
Declines	973	130	
Unchanged	120	23	
New highs	93	8	
New lows	10	3	
Closing tick	171	31	
Closing Arms*	1.11	0.60	
Block trades*	5,438	138	
Nasdaq			NYSE Arca
Total volume*	1,608,242,627	227,023,196	
Adv. volume*	850,654,697	142,103,700	
Decl. volume*	708,683,213	77,846,455	
Issues traded	2,980	1,342	
Advances	1,363	758	
Declines	1,445	531	
Unchanged	172	53	
New highs	67	26	
New lows	39	1	
Closing tick	168	17	
Closing Arms*	0.79	0.82	
Block trades*	6,781	1,179	

*Primary market NYSE, NYSE Mkt, NYSE Arca only. **(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	The Global Dow	2679.47	-1.02	-0.04	5.8
	The Global Dow Euro	2380.41	3.13	0.13	5.3
	DJ Global Index	345.84	0.10	0.03	6.1
World	DJ Global ex U.S.	228.89	-0.09	-0.04	7.0

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract Open	High hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.	2,6380	2,6380	2,6000	2,6020	-0,040	1,348
May	2,6435	2,6455	2,5990	2,6040	-0,040	113,744
Gold (CMX)-100 troy oz.; \$ per troy oz.	125,70	125,90	124,60	125,10	-3,20	1,812
April	125,50	125,80	124,80	125,30	-3,40	311,597
June	125,50	125,80	124,80	125,30	-3,50	42,972
Aug	126,00	126,20	125,60	126,40	-3,50	6,454
Oct	126,00	126,20	125,80	126,30	-3,50	45,207
Dec	126,30	126,40	125,80	126,80	-3,50	7,802
Feb'18	126,60	127,40	126,00	126,70	-3,50	7,802
Palladium (NYM)-50 troy oz.; \$ per troy oz.	806,30	806,95	806,30	789,85	-13,70	2
May	795,00	795,00	795,00	789,85	-13,70	3
June	801,45	802,40	786,50	790,00	-13,70	33,275
Sept	799,00	799,70	788,35	790,35	-13,70	1,320
Platinum (NYM)-50 troy oz.; \$ per troy oz.	947,40	947,40	939,30	937,50	-21,50	141
July	954,50	957,50	938,40	940,00	-22,60	59,684
Silver (CMX)-5,000 troy oz.; \$ per troy oz.	17,820	17,830	17,750	17,894	-0,236	153
May	17,930	18,025	17,735	17,915	-0,236	148,907
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.	52,31	53,18	52,29	53,08	0,84	415,815
June	52,68	53,57	52,67	53,48	0,84	390,672
July	52,97	53,87	52,97	53,80	0,85	162,091
Sept	53,50	54,24	53,35	54,17	0,86	175,969
Dec	53,56	54,45	53,56	54,41	0,83	271,074
Dec'18	53,10	53,68	53,00	53,67	0,67	124,042
NY Harbor ULSD (NYM)-42,000 gal.; \$ per gal.	1,6296	1,6505	1,6284	1,6473	0,0189	105,877
May	1,6384	1,6579	1,6344	1,6544	0,0200	89,327
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.	1,7466	1,7615	1,7440	1,7581	0,0119	113,656
June	1,7475	1,7598	1,7415	1,7568	0,0141	85,278
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu.	3,240	3,293	3,228	3,238	-0,023	262,918
June	3,315	3,366	3,301	3,309	-0,022	134,249
July	3,385	3,436	3,371	3,380	-0,022	160,027
Sept	3,399	3,447	3,386	3,396	-0,015	111,359

Cash Prices | WSJ.com/commodities

Monday, April 10, 2017

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Source: WSJ Market Data Group

Monday

Monday

Monday

Energy

Energy

Energy

Source: WSJ Market Data Group

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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 stocks whose price changed by 5% or more if their previous closing price was \$2 or higher.

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.

Monday, April 10, 2017

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg				
AbbottLab	ABB	43.59	-0.24	Boeing	BA	177.56	-0.51	Cummins	CMI	149.14	-0.30	McKesson	MCK	145.49	-1.58	RoyalCaribbean	RCL	97.95	0.56	Wyndham	WYN	85.39	0.69
AbbVie	ABV	64.97	-0.57	BerkHathaway	BK	166.35	-0.18	DTE Energy	DTE	103.20	-0.23	Medtronic	MDT	80.30	-0.9	Tiffany	TIF	93.21	-0.26	XcelEnergy	XEL	44.58	0.18
Accenture	ACN	117.84	-0.40	BerkHathaway B	BK	148.35	-0.15	DXP	DXP	101.40	-0.50	Merck	MER	68.24	-0.37	TimeWarner	TIME	78.69	-0.23	Exelixis	EXEL	20.28	-0.14
AcuityBrands	AVY	176.41	-3.29	BethpageBancorp	BPC	148.35	-0.15	EATON	EATON	110.40	-0.50	Nielsen	NLSN	129.40	-0.23	Unilever	UN	105.90	-0.13	Orbital	ORLY	254.91	1.72
Adient	ADNT	67.20	-0.35	BethpageBancorp	BPC	148.35	-0.15	FMC	FMC	35.55	-0.04	Oracle	ORCL	56.55	-0.12	TollBros	TOL	35.42	-0.09	ExpeditorsInt'l	EXP	56.17	-0.40
AdvanceAuto	AAU	142.84	-0.71	BethpageBancorp	BPC	148.35	-0.15	Globe	GLOBE	8.27	-0.06	Pfizer	PFE	25.49	-0.22	TorontoDomBk	TDB	47.14	-0.16	OldDomFront	ODFL	84.47	1.23
AdvSemEgg	ASX	6.43	-0.01	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	Merck	MER	52.79	-0.13	Toto	TOT	61.92	-0.29	ExpressScripts	ESRX	66.90	-0.39
Aegon	AEG	4.91	-0.02	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MetLife	MET	52.79	-0.13	TorontoDomBk	TDB	47.14	-0.16	ON Semi	ON	15.10	-0.05
AerCap	AER	44.24	-0.86	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	ZTO Express	ZTO	12.39	0.42	OpenText	OTEX	33.39	-0.39
Aetna	AET	129.30	-0.14	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	Facebook	FB	141.04	0.26	PTC	PTC	52.18	-0.29
AffiliatedM	AMG	161.19	-0.38	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	Fastenal	FAST	50.43	-0.20	Paccar	PCAR	165.67	-0.49
Aflac	AFL	73.55	-0.01	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	FifthThirdBancp	FTB	24.80	-0.21	PacWestBancorp	PACW	52.44	-0.32
AT&T	T	40.38	-0.21	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	FirstEnergy	EXEL	20.28	-0.14	PaneraBread	PBRA	31.30	-1.30
AXIS Capital	AXS	66.55	-0.01	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	Paychex	PAYX	58.24	-0.05				
AbbottLab	ABB	43.59	-0.24	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	ExpeditorsInt'l	EXP	56.17	-0.40				
AbbVie	ABV	64.97	-0.57	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	OldDomFront	ODFL	84.47	1.23				
Accenture	ACN	117.84	-0.40	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	ExpressScripts	ESRX	66.90	-0.39				
AcuityBrands	AVY	176.41	-3.29	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	ON Semi	ON	15.10	-0.05				
Adient	ADNT	67.20	-0.35	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	OpenText	OTEX	33.39	-0.39				
AdvanceAuto	AAU	142.84	-0.71	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	PTC	PTC	52.18	-0.29				
AdvSemEgg	ASX	6.43	-0.01	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	FifthThirdBancp	FTB	24.80	-0.21				
Aegon	AEG	4.91	-0.02	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	FirstEnergy	EXEL	20.28	-0.14				
AerCap	AER	44.24	-0.86	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	Paychex	PAYX	58.24	-0.05				
Aetna	AET	129.30	-0.14	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	ExpeditorsInt'l	EXP	56.17	-0.40				
AffiliatedM	AMG	161.19	-0.38	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	OldDomFront	ODFL	84.47	1.23				
Aflac	AFL	73.55	-0.01	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	ExpressScripts	ESRX	66.90	-0.39				
AT&T	T	40.38	-0.21	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	ON Semi	ON	15.10	-0.05				
AXIS Capital	AXS	66.55	-0.01	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	OpenText	OTEX	33.39	-0.39				
AbbottLab	ABB	43.59	-0.24	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	PTC	PTC	52.18	-0.29				
AbbVie	ABV	64.97	-0.57	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	FifthThirdBancp	FTB	24.80	-0.21				
Accenture	ACN	117.84	-0.40	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	FirstEnergy	EXEL	20.28	-0.14				
AcuityBrands	AVY	176.41	-3.29	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	Paychex	PAYX	58.24	-0.05				
Adient	ADNT	67.20	-0.35	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	ExpeditorsInt'l	EXP	56.17	-0.40				
AdvanceAuto	AAU	142.84	-0.71	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	OldDomFront	ODFL	84.47	1.23				
AdvSemEgg	ASX	6.43	-0.01	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	ExpressScripts	ESRX	66.90	-0.39				
Aegon	AEG	4.91	-0.02	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.17	ON Semi	ON	15.10	-0.05				
AerCap	AER	44.24	-0.86	BethpageBancorp	BPC	148.35	-0.15	HPE	HPE	18.27	-0.08	MidLife	METL	48.12	-0.1								

BANKING & FINANCE

Insurers Chase Ride-Share Drivers

Motorists for Lyft and Uber shy away from commercial plans to keep costs low

By NICOLE FRIEDMAN

Hundreds of thousands of drivers who pick up passengers for **Uber Technologies Inc.** and **Lyft Inc.** are frustrating a push by big insurers to sell new ride-sharing plans.

Firms including **Allstate Corp.** and **Geico** are eager to sell the plans, which are more specialized and typically more expensive than traditional auto policies.

But many motorists are unsure about the extent of their current coverage, confused about options, or unwilling to pay beyond what is legally required, according to insurance executives, analysts and drivers. Ride-sharing drivers aren't legally obligated to pay for anything beyond personal auto insurance.

"I just want to get the legal amount that I need and also spend as little as possible," said Cody Carlos Rodriguez, a graduate student in Honolulu who hasn't told his insurance company he uses his 2005 Kia Sedona minivan for business because he hasn't been asked. He said he drives for Uber about 20 hours a week.

These plans are designed to fill insurance gaps that could affect drivers and their vehicles. Traditional auto policies won't provide coverage during the periods a driver is providing transportation services for pay, and policies provided by ride-sharing companies aren't always as comprehensive as a driver's own plan.

Ride-share drivers pose higher risks than typical drivers, insurers say, because they



An Uber driver in Las Vegas. Motorists who use traditional insurance policies can face coverage gaps.

might drive more miles and spend time in busy or unfamiliar neighborhoods.

The first ride-sharing apps launched in 2012, but most insurers didn't begin offering policies tailored for ride-sharing drivers until 2015 or last year. In February 2016, less than 15% of ride-sharing drivers surveyed by website NerdWallet and startup SherpaShare had purchased additional insurance.

The effort to create a new insurance market among part-time professional motorists is a reflection of how fast ride-sharing is taking hold five years after the first smartphone apps launched. Lyft had 700,000 drivers by the end of 2016, double the level from a year before. Uber has 600,000 drivers in the U.S. Most drivers work part time, both companies said.

Ride-sharing insurance poses an immediate opportu-

nity for auto insurers that have struggled in recent years with rising losses from car crashes. But analysts say changes in transportation technology threaten these insurers in the long run. As ride-sharing becomes more popular, commuters might forgo owning cars, and eventually self-driving cars could make personal auto insurance much cheaper or unnecessary.

Taxis and ride-sharing vehicles could account for 26% of miles traveled globally in 2030, up from 4% in 2015, according to a 2016 Morgan Stanley report.

Ride-sharing apps initially sparked a debate among insurers, ride-sharing companies, consumer advocates and public officials about who is ultimately responsible for all portions of a shared ride. One early point of contention was accountability for the moment when a driver has logged onto

a ride-sharing app but hasn't yet agreed to pick up a passenger.

In 2013, a driver in San Francisco who was logged into Uber but not carrying a passenger struck and killed a 6-year-old girl and injured her mother and brother. Uber initially said the driver wasn't providing services on its system at the time of the accident. The girl's family sued Uber and advocated for policy changes. The case settled for an undisclosed amount in 2015.

Since 2013, laws have passed in 45 states and Washington that require ride-sharing companies to provide some coverage, and similar legislation is pending in Vermont, Connecticut, Florida, Alaska and Oregon, according to the Property Casualty Insurers Association of America.

Ride-sharing companies now provide liability insurance

Road Rift

If an accident occurs while a ride-sharing motorist is on the road, responsibility for those costs varies depending on the circumstance.

Off duty: Driver is covered by personal auto insurance

On duty, before accepting passenger: Driver has liability insurance from ride-sharing company. Damage to driver's car is not covered.

On way to pick up rider: Driver has liability and physical damage insurance from ride-sharing company with a deductible

Driving passenger: Driver has liability and physical damage insurance from ride-sharing company with a deductible

Note: Insurance coverage varies according to state and local laws

Source: the companies

THE WALL STREET JOURNAL.

PROBE

Continued from page B1
and the security team asked a U.S. law-enforcement agency to try to help, the bank said. The whistleblower's identity was never revealed, the bank said.

Messrs. Main and Staley rose through the ranks in J.P. Morgan's investment-banking division together. They both spent time in the bank's equity capital-markets division, and Mr. Main went on to be global co-head of the bank's financial-institutions group, reporting to Mr. Staley. He then joined Evercore in 2011. People familiar with the matter said the whistleblower's complaint related to concerns that Mr. Main had a substance-abuse problem while at J.P. Morgan. Mr. Staley thought the complaint was unfair and sought to defend Mr. Main, these people added. Mr. Main declined to comment through a Barclays spokeswoman.

The issue is another stumble for Barclays as it tries to overhaul its image after years of scandals. Mr. Staley has trumpeted the bank's values and brought in executives to upgrade its controls. "This latest revelation represents a very significant embarrassment for the board as it tries to rebuild the group's reputation," said Gary Greenwood, an analyst at Shore Capital.

Mr. Staley's actions came amid an upgrade of U.K. regulations meant to protect whistleblowers. The rules had been approved in October 2015 and came into effect the following March and September. They require big U.K. banks to appoint a "whistleblowing champion" among their senior managers and for a report on whistleblowing to be presented to the board every year. The regulations also say banks must permit employees to raise issues in confidence, and that actions "to the detriment of a whistleblower" could threaten a bank or executive's regulatory fitness. U.K. law also prohibits employers from retaliating against whistleblowers.

A Barclays employee flagged the attempted unmasking to the bank's board in early 2017, the bank said. The board then commissioned its own probe and shared its findings with the U.K. regulators. Barclays said an internal investigation into Mr. Staley's actions concluded that he honestly, but mistakenly, believed that it was permissible to identify the author of the letter.

The probe is expected to take several months, according to people familiar with the matter. Punishments could range from a verbal warning to Mr. Staley's being barred from undertaking regulated activity, a step that would prevent him from remaining CEO. Barclays's board will await the regulators' findings before docking a chunk of his 2017 bonus. Last year, Mr. Staley was paid £4.2 million (\$5.2 million).

Since his arrival in late 2015, Mr. Staley has refreshed the bank's management team, bringing in a series of new executives. Many of them were from his alma mater, J.P. Morgan. He has replaced Barclays's chief risk officer, chief operating officer and the head of its investment bank. Some within Barclays have grumbled that Mr. Staley wasn't giving insiders a fair chance and was leaning too heavily on J.P. Morgan, where he spent more than three decades, holding a portfolio of roles including running its investment bank.

Mr. Staley left J.P. Morgan in 2013 after a management reshuffle. He joined **BlueMountain Capital**, a hedge fund that had profited a year earlier from the "London whale" debacle, which left J.P. Morgan with more than \$6 billion in losses.



Barclays is conducting own probe.

The Dollar Weakens Ahead of New Data

By CHERYL DULANEY

The dollar slipped Monday in quiet trading as investors await important U.S. economic data later in the week.

The WSJ Dollar Index, which measures the U.S. currency against 16 others, fell 0.1% to 90.83.

Investors remain focused on the health of the U.S. economy and the Federal Reserve's plans for raising interest rates.

In a speech at the University of Michigan Monday, Federal Reserve Chairwoman Janet Yellen reiterated that the U.S. economy is growing at a moderate pace and that the central bank is "reasonably close" to its inflation target.

Investors have been weighing the Fed's plans to raise



Union Bank of India was targeted by cyberthieves who tried to steal \$170 million. Fast detection by bankers prevented the theft.

Cyberheft Bid Echoes Earlier Heist

Cyberthieves who attempted to steal \$170 million from an Indian bank last July used methods that strongly resemble those of an earlier, successful \$81 million heist targeting Bangladesh's central

By Julie Steinberg in Hong Kong and Gabriele Parussini in Mumbai

banks, according to people familiar with the matter.

The similarities between the Indian and Bangladeshi hacks underscore concerns about a rash of cyberattacks in recent months on financial institutions around the world, including banks in the U.S., Mexico, Poland and the U.K. Some of these hacks have been linked to groups affiliated with North Korea, cybersecurity specialists said this year.

State-owned **Union Bank of India Ltd.**'s computer system

was infected with malware that allowed thieves to authorize the transfer of around \$170 million from the bank's account in New York to private accounts in five locations, people familiar with the matter said. Fast detection by bankers allowed the Indian lender to

prevent the money's release.

Investigators studying the Indian hack said similar tactics and coding were used by computer criminals who attempted to steal nearly \$1 billion from Bangladesh's account at the Federal Reserve Bank of New York in February of last year. Many orders had been filled with misspellings and formatting errors, and the Fed blocked some of the withdrawal—but the thieves were able to move about \$81 million to accounts in the Philippines.

U.S. prosecutors are building cases that would accuse North Korea of directing the Bangladeshi attack. North Korea's mission to the United Nations didn't respond to requests for comment.

This account of the Union Bank of India hack is based on interviews with Arun Tiwari, the bank's chairman, and several other people familiar with the incident.

The attack on Union Bank began in late July last year when an employee opened an attachment on an email that appeared to have come from India's central bank, Mr. Tiwari said. That action activated a piece of malware that allowed the hackers to steal

Union Bank's access codes for the international messaging system banks use to authorize cross-border transactions, known as the Society for Worldwide Interbank Financial Telecommunication, or Swift.

The hackers then used those codes to send authentic-looking instructions to a Union Bank account at Citigroup Inc. in New York, which handles processing of wire transfers and clears dollar transactions. The instructions ordered around \$170 million to be sent to accounts in Thailand, Cambodia, Australia, Hong Kong and Taiwan.

The money went to several shell companies associated with Asian—in particular Chinese—organized crime syndicates, according to a person familiar with the matter.

The cybercriminals behind the Bangladesh heist similarly stole bank codes to place fake transfer orders. Swift in November said banks using its network had sustained fresh attacks from hackers since the Bangladesh heist. Swift declined to comment on whether Union Bank of India was one of those banks, although Mr. Tiwari said Swift officials have been working with Union Bank

since the day of the hack.

Swift generally creates two reports per transaction: one sent to the originating bank, in this case, Union Bank, and another to the correspondent bank handling the overseas transactions, which was Citigroup.

The correspondent bank then forwards its report to the originating bank the next day, so it can cross-check the transactions.

On July 21, an employee in Union Bank's treasury department who was comparing the reports found that Citigroup had executed six transactions that Union Bank hadn't intended to authorize. He notified senior executives of the mismatch, and the bank immediately began trying to get the money back.

"This [office] was a war room that day," Mr. Tiwari said.

Union Bank recovered the money sent to Thailand, Cambodia, and Australia—more than half of the total—within 24 hours. It got a court order in Hong Kong to retrieve the rest of the funds, and had gotten all of its money back by July 24.

—Robert McMillan contributed to this article.

rates against recent comments indicating the central bank will begin to shrink its \$4.5 trillion balance sheet soon.

Some investors had worried the Fed would put on hold its plans to raise rates multiple times in the years ahead as it unwinds the balance sheet.

On Friday, Federal Reserve Bank of New York President William Dudley stressed that the Fed would take only a "little pause."

The comments drove the dollar higher, as higher rates typically support the dollar by making U.S. assets more attractive to yield-seeking investors.

Data later in the week on retail sales and inflation will offer fresh clues on the health of the U.S. economy after Friday's closely watched jobs report showed a slowdown in hiring in March.

In other currencies, the euro was little changed against the dollar as investors refocus on risks surrounding the coming French election.

COMMODITIES

Oil Extends Gains On Syria Strife, Output Outages

BY TIMOTHY PUKO

Oil prices are on their longest winning streak since August as production outages in Libya and Canada, and concerns related to last week's U.S. airstrike in Syria add further fuel to a rally.

Prices hit fresh one-month highs, the latest peak in a rally that has gone almost uninterrupted for two weeks. U.S. oil prices have fallen in only one session since March 27.

Threats in one of the world's leading region's for oil production are bolstering bullish sentiment among traders that was already high on belief a global glut had peaked and stocks were diminishing. Prices rose last week on the threat of a conflict in Syria spreading to nearby countries

U.S. crude rose 1.6% to \$53.08 a barrel, the highest close since March 7.

that are big oil exporters. On Monday, Libya's largest oil field, Sharara, shut again. And traders are paying more attention to an even larger outage in Canada, analysts said.

Light, sweet crude for May delivery settled up 84 cents, or 1.6%, at \$53.08 a barrel on the New York Mercantile Exchange, the highest settlement since March 7. Brent crude, the global benchmark, gained 74 cents, or 1.3%, to \$55.98 a barrel on ICE Futures Europe, its highest settlement since March 6. Both markets have gained in five consecutive sessions.

In addition to the geopolitical factors, demand for gasoline and diesel appears to be strong in the U.S., further supporting the chance a long-standing oil glut is easing. All of those disparate factors have

led to a general boost of enthusiasm and focus on bullish news that keeps pulling the market higher, brokers and analysts said.

The U.S. launched an air-strike against Syria last week following a recent chemical-weapon attack there. While Syria is a marginal oil producer, the U.S. move has stoked concerns of possible retaliation from Iran and Russia, which both have renewed their support to stand by President Bashar al-Assad's regime.

"There would seem to be a path of least resistance higher" for oil prices until Secretary of State Rex Tillerson's visit to Russia this week, Chicago brokerage iiTrader said.

The market is already losing about 450,000 barrels a day from outages in Canada, according to analysts' estimates. A March 14 fire damaged equipment in the heart of the Alberta province's oil industry, which traders are now starting to expect will lead to lower oil imports into the U.S., analysts said. A total of about 25 million barrels could be out of production through June, according to Standard Chartered, while PIRA Energy Group expects 30 million barrels.

Prices had already been moving higher overnight, but rose further in the morning after news local militia blocked the pipeline connecting Libya's Sharara to an oil terminal, according to a Libyan oil official.

Continuing civil strife in the country led to it receiving an exemption from output cuts that most of the world's largest exporters agreed to last year, adding focus among traders to the country's ability—or inability—to raise production.

The shut Sharara oil field normally pumps 200,000 barrels a day from the Western Sahara.

Meanwhile, gasoline futures rose 1.19 cents, or 0.7%, to \$1.7581 a gallon, the highest close since August 2015.



A Colombian coal-mining operation partly owned by BHP Billiton. The company rejected a hedge fund's proposed restructuring.

BHP Feels Heat From Fund

MELBOURNE, Australia—Activist investor Elliott Management Corp. on Monday urged BHP Billiton Ltd. to spin off its U.S. petroleum assets and outlined a signifi-

By Scott Patterson,
David Benoit and
Robb M. Stewart

cant restructuring for the world's largest listed mining company.

BHP rejected the New York hedge fund's plan as too costly, setting up another fight between a business heavyweight and the investment firm managed by Paul Singer.

Elliott, which manages nearly \$33 billion, is known as an aggressive investor that doesn't shy away from targeting big companies in places where others have been hesitant to wade into local politics.

It has tried to shake up Samsung Electronics Co., a campaign that included a cameo in the rancor that led to the impeachment of South Korea's president and the arrest of a Samsung heir. Elliott is also trying to oust the

chief executive of Arconic Inc., the former U.S. aluminum giant Alcoa and push Dutch paint maker Akzo Nobel NV into a \$24 billion deal with a rival.

In BHP, Elliott has targeted a company that has lagged behind its mining peers during a commodity-price upswing. The fund took particular aim at BHP's oil-and-gas portfolio in the U.S. and Australia—which produces about 660,000 barrels of oil equivalent a day but has dragged on the profits amid a prolonged crude-price downturn.

Elliott said BHP's U.S. shale assets are "extremely limited" and drain cash from the company's "world-beating mining assets," especially in iron ore—the price of which has risen in recent months on Chinese demand.

Elliott, which initially contacted BHP management last year, also called on the mining company to ditch its dual Sydney-London listing and offer its shares only in the U.K., while making its headquarters and tax residences in Australia. BHP's U.K. shares trade at a discount to its Australian shares now, El-

liott said, arguing that listing in one place would allow the company to take advantage of certain Australian tax credits.

Elliott also said BHP should adopt a consistent plan of buying back shares rather than using cash for what it called "value-destructive" large-scale acquisitions.

BHP is a particularly large target and Elliott's 4.1% share of the company's London stock—worth about \$1.4 billion—is among its largest single bets ever.

In response, BHP said its energy business wasn't hurting the company's overall value and was a long-term investment. BHP Chief Executive Andrew Mackenzie has called its oil and gas assets one of the company's four pillars.

BHP said its dual-listed structure was under review, but people familiar with the matter said the move would hurt Australian investors in favor of those who hold London-listed shares, sparking a political fight in Australia, where BHP is among the largest companies. The company believes Elliott doesn't understand the costs of certain

tax issues involved in its proposal, the people said.

BHP called Elliott's share-buyback plan "a formulaic approach without regard for the cyclical nature of the resources industry or the returns available from other uses of cash."

"After reviewing the elements of Elliott's proposal, we have concluded that the costs and associated risks of Elliott's proposal would significantly outweigh any potential benefits," BHP said.

Elliott believes the company is underselling the value the moves could create, said people familiar with the matter. In several months of high-level discussions, the fund found the company willing to talk over many of its concerns, the people said. Nonetheless, they said, Elliott believes the math works in its favor and wants to win over other investors to its plan.

Elliott said it was releasing its ideas to the public so the company "can engage openly with all parties on the plan to unlock shareholder value."

Shares in BHP rallied late in the Australian trading day, closing 4.6% higher. In London, they gained 2.2%.

EQUITIES

TAPE

Continued from page B1
from overseas.

A team of analysts at RBC Capital Markets led by Jonathan Golub project that S&P 500 companies with more global exposure are expected to report twice the earnings growth as companies that are more domestically focused. RBC divided each S&P 500 sector in half by how much sales each company generates outside the U.S.

Earnings for the companies in the bottom half of foreign-sales exposure are projected to increase 3.3% from a year ago. By comparison, earnings for those with the highest exposure to foreign revenue are estimated to jump 9.9%. The spread between the two is on track to be the highest in five years and positive for only the third consecutive quarter after being in the red for the prior four years.

Small caps benefited when the U.S. economy grew at a faster rate than most of the world following the recession. The Russell 2000 has outperformed the S&P 500 by about 50 percentage points in the current bull market, which has stretched into its ninth year. But if earnings are a true barometer of the market's performance, don't be surprised if small caps' recent weakness continues.

Call It a Comeback

Earnings growth, spread between globally oriented and domestically focused S&P 500 companies



Note: First quarter of 2017 is an estimate.

Source: RBC Capital Markets



Hess shares jumped 4% Monday as energy stocks rallied alongside gains in crude-oil prices.

Stocks Inch Up in Slow Day

BY ALEXANDER OSIPOVICH
AND CHRISTOPHER WHITTALL

U.S. stocks edged higher on the lowest-volume trading day so far this year.

Stocks have been relatively listless since hitting records early last month. Investors are contending with a number of crosscurrents as they consider whether the market can resume its postelection rally, including geopolitical events and the beginning of corporate-earnings season.

The Dow Jones Industrial Average rose 1.92 points, or less than 0.1%, to 20658.02 on Monday. The blue-chip index is down 2.2% from its closing high on March 1.

The S&P 500 gained 1.62 points, or less than 0.1%, to 2357.16. The Nasdaq Composite climbed 3.11 points, or less than 0.1%, to 5880.93.

Roughly 5.4 billion shares of New York Stock Exchange- and Nasdaq-listed securities changed hands on Monday, the

lowest volume since Dec. 29.

Whole Foods Market was the biggest gainer in the S&P 500, rising \$3.10, or 10%, to \$34.17 after The Wall Street Journal reported that activist investor **Jana Partners** had amassed a stake in the upscale organic grocer.

Energy shares rallied alongside gains in crude-oil prices. Oil producer **Hess** surged 1.92, or 4%, to 49.97. Offshore-drilling contractor **Transocean** gained 32 cents, or 2.6%, to 12.75, while producer **Apache** added 1.35, or 2.6%, to 53.99.

U.S. crude-oil futures for May delivery climbed 1.6% to \$53.08 a barrel, the latest in a five-day string of gains tied to last week's U.S. airstrike in Syria, and production outages in Libya and Canada.

A big focus this week is likely to be earnings. S&P 500 companies are forecast to report earnings growth of around 9% compared with the first quarter of last year, according to FactSet.

Citigroup, Delta Air Lines and J.P. Morgan Chase are among the companies scheduled to report their first-quarter results this business week, which is shorter than usual because of the Good Friday holiday.

"Typically, there is some upward drift once earnings are actually starting to get reported, so we may actually see double-digit earnings growth from a year ago for the first quarter," said Jurrien Timmer, director of global macro at Fidelity. "That's a pretty solid underpinning."

Government bonds strengthened amid tensions over North Korea and the French presidential election, with the yield on the 10-year Treasury note falling to 2.361% from 2.375% on Friday.

The Stoxx Europe 600 was little changed as France's CAC-40 index declined 0.5%.

Early Tuesday, Japan's Nikkei Stock Average was down 0.5% while Hong Kong's Hang Seng Index was off 0.8%.

CREDIT MARKETS

Treasurys, Bunds Rise Amid Flight to Safety

By MIN ZENG

Government bonds in the U.S. and Germany strengthened, driven by uncertainty surrounding France's presidential race and geopolitical tensions over North Korea.

"Both events lead to flight to safety," said Larry Milstein, head of government and agency trading at R.W. Pressprich & Co.

The yield on the 10-year Treasury note fell as low as 2.348% Monday and settled at 2.361%, down from 2.375% Friday. Yields fall as bond prices rise.

Investors sold French government bonds Monday and migrated cash into German government bonds and U.S. Treasurys. The allocation indicates investors are hedging against the risk that right-wing candidate Marine Le Pen, who has been calling for France to pull out of the eurozone, would prevail in French elections.

The first round of French voting is set to be held April 23. Recent polls showed a surge by a far-left candidate, Jean-Luc Mélenchon, making the race a four-way contest that further complicates the election outlook. Mr. Mélenchon has said he would seek to overhaul the European Union, while pulling France out of North Atlantic Treaty Organization and global trade pacts.

The yield on the French 10-year government bond rose to 0.935%, from 0.884% Friday, according to Tradeweb.

Meanwhile, the yield on the 10-year German bund fell to 0.206%, the lowest close since the end of February.

The bund yield has fallen from almost 0.5% a month ago, driven partly by investors moving money out of France's government-bond market.

Lower bond yields make

Treasury debt more appealing for global investors searching for relative value among the

world's most liquid government-bond markets. The U.S. 10-year yield has fallen after rising above 2.6% in mid-March.

Investors also are keeping an eye on developments in North Korea. The U.S. Navy is sending an aircraft carrier toward the Korean Peninsula amid concerns about possible new weapons tests by North Korea, according to news reports on Sunday.

The flip side of lower yields is in the secondary market: They deflated buying interest at a \$24 billion auction of three-year Treasury notes Monday. The auction drew the smallest demand since July 2009.

The solace is the 51.8% indirect bidding. A proxy of foreign demand, it was higher than the average of 49.8% from the past six auctions. That is the latest sign of U.S. bonds' more attractive yields compared with their peers.

A \$20 billion sale of 10-year notes is scheduled on Tuesday, followed by a \$12 billion sale of 30-year bonds Wednesday. Looming debt supply kept a lid on the bond market's price gains Monday.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single rate at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

	13-Week	26-Week
Applications	\$127,799,964,500	\$107,112,486,600
Accepted bids	\$39,000,151,500	\$33,000,071,600
*noncomp	\$490,174,500	\$436,439,600
*foreign noncomp	\$0	\$600,000,000
Auction price (rate)	99.791458	99.519722
(0.825%)		(0.950%)
Coupon equivalent	0.838%	0.968%
Bids at clearing yield/accepted	1,540	12,351
Cusip number	912796LK3	912796K9R

Both issues are dated April 13, 2017. The 26-week bills mature on July 13, 2017, the 13-week bills mature on Oct. 12, 2017.

THREE-YEAR NOTES

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MARKETS

Asia's Thirst Propels Surge in Junk Bonds

Debt sales globally have more than doubled, with energy firms the big sellers

By RACHEL ROSENTHAL

The world's riskiest companies are borrowing again.

Global issuance of high-yield bonds—commonly known as junk bonds, because they are often issued by low-rated companies—has more than doubled this year. The most significant upswing has been in Asia, where issuance jumped to \$16.4 billion from just \$1.7 billion at this point last year.

Global junk-bond funds have logged four straight months of inflows through the end of March—the first time since 2014—totaling \$7 billion, according to data provider EPFR Global.

Such appetite has pushed the extra yield investors demand to own riskier bonds relative to low-risk government debt—called the spread—to multiyear lows in the U.S. and emerging markets alike. Bond yields fall when their prices rise.

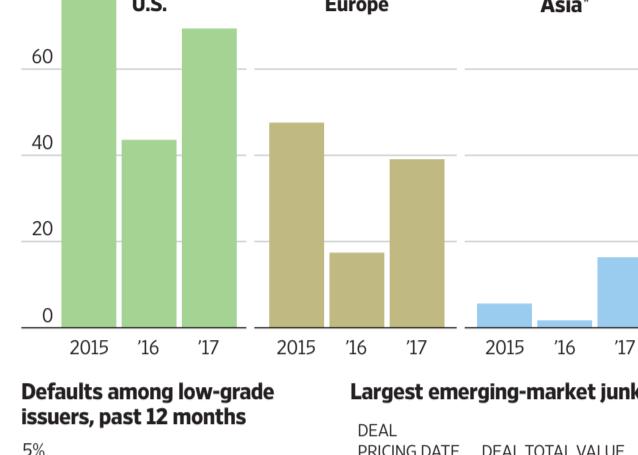
In the U.S., that spread was 3.86 percentage points as of Friday, up slightly from 3.55 percentage points on March 2, the lowest since mid-2014, according to data from the Federal Reserve Bank of St. Louis. In emerging markets, it was at 4.47 percentage points Friday, just shy of its lowest point since before the global financial crisis.

To some, the surge of issuance sends positive signals about the state of the global economy: Corporate earnings are rising, commodities prices are steady and exports in many emerging-market countries are up. These factors have improved the fortunes of deeply indebted firms and opened a window to raise

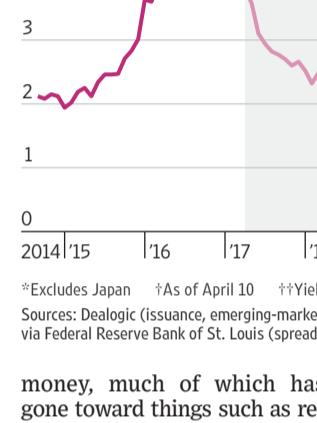
Jumping In

Low-rated companies around the globe are selling bonds at a rapid clip, thanks to ravenous investor appetite that has driven bond spreads to their lowest level in three years. The bond-price rally highlights an improving economic outlook that is expected to reduce defaults, a boon for large firms from Brazil to China.

Issuance of high-yield debt, year to date*



Defaults among low-grade issuers, past 12 months



*Excludes Japan †As of April 10 ††Yields fall when prices rise

Sources: Dealogic (issuance, emerging-market junk-bond deals); Bank of America Merrill Lynch via Federal Reserve Bank of St. Louis (spread); Moody's Investors Service (default rate)

Yield premium, corporate junk bonds, relative to U.S. Treasuries**



Largest emerging-market junk-bond deals, 2017

DEAL PRICING DATE	DEAL TOTAL VALUE	ISSUER	GENERAL INDUSTRY GROUP	DEAL WORLD REGION
Jan. 9	\$4.0 billion	Petrobras Global Finance	Oil and gas	Americas
March 17	1.5	China Evergrande Group	Real estate/property	Asia-Pacific
Jan. 24	1.0	Vedanta Resources	Metal and steel	Asia-Pacific
March 9	1.0	Southern Gas Corridor CJSC	Oil and gas	EMEA
March 24	1.0	China Evergrande Group	Real estate/property	Asia-Pacific
Feb. 1	0.8	Polyus Gold International	Mining	Europe, Middle East and Africa

THE WALL STREET JOURNAL.

money, much of which has gone toward things such as refinancing older, more-expensive debts.

But as spreads narrow, some investors are balking at the idea of getting paid less for the risk they're taking on. "It's kind of a day-to-day battle trying to find value," said Swee Ching Lim, a portfolio manager at Western Asset Management in Singapore. "I don't think of anything that

gets us too excited [in Asian high-yield debt]."

The big winners have been borrowers: the miners, oil-and-gas producers and other energy firms that were shut out of the market last year. As commodities prices recover, defaults on high-yield bonds have been falling, with the U.S. rate at 4.2% at the end of February and forecast to fall below 3% by midyear, according to Fitch Ratings. That com-

pares with 5.1% last July, the highest level in six years. In Asia, Moody's Investors Service forecasts that rate to be at 3.1% by the end of 2017.

"Now we've come full circle," said Bryan Collins, a fixed-income portfolio manager at Fidelity International in Hong Kong. "Growth is good, confidence is back. We're in a real sweet spot within the market."

Half of the top six junk-

bond deals by value this year are commodities-linked firms, according to data provider Dealogic, with the biggest a \$4 billion bond sale in January by Brazil's state-run oil company, Petrobras.

"We're seeing a lot of activity in the energy space," says Bryan Collins, a fixed-income portfolio manager at Fidelity International in Hong Kong.

Another striking example came on Friday, when junk-rated Yancoal International Resources Development Co., a unit of China's state-owned

Yanzhou Coal Mining Co., priced a \$500 million U.S. dollar perpetual bond at 5.75%, 0.5 percentage point tighter than initially marketed. The deal got \$4.5 billion of orders, mostly from Asian banks, according to a banker on the deal.

Perpetual bonds are considered one of the riskiest types of debt. They have no maturity date, so the principal amount is never scheduled to be repaid. Instead, investors theoretically get a steady stream of income payments forever.

Perpetual bonds are often considered to behave more like equity and show up that way on the issuing company's balance sheet. These factors are a primary reason a debt-saddled company such as Yanzhou would raise money this way, said Claire Yuan, an analyst at Standard & Poor's.

The prospect of getting paid forever by a junk-rated coal miner might strike some investors as a sure money loser. That is why Yanzhou's bond has a four-percentage-point "step-up" feature: If the company doesn't redeem its bonds in three years, it will add 4 percentage points to the coupon payment.

The steep consequences make it more likely Yanzhou will redeem the bonds, Ms. Yuan says, meaning the company has effectively issued a three-year bond without it showing up as debt on its balance sheet.

Yanzhou Coal didn't respond to a request for comment.

For other coal miners, steps to refinance have paid off with better ratings.

Last week, junk-rated PT Indika Energy Tbk. issued its first bond since 2013: a \$265 million, five-year bond with a coupon of 6.875%, the lowest yield for a Southeast Asian high-yield miner in the past five years, according to one of the banks on the deal.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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At Axovant, \$360 Million Man Arrives

Is a new CEO really worth \$360 million? That is what investors in **Axovant Sciences** are saying.

The biotech startup focusing on Alzheimer's disease announced that David Hung has taken over as CEO. Dr. Hung is considered a hot hand in biotech; he arrives after running Medivation, which Pfizer purchased last summer for \$14 billion.

Axovant shares ripped nearly 23% higher. And there is a certain rationale for the frenzied trading: Dr. Hung said in an interview that he had more than 20 job offers, and investors are betting that he picked the company most likely to succeed.

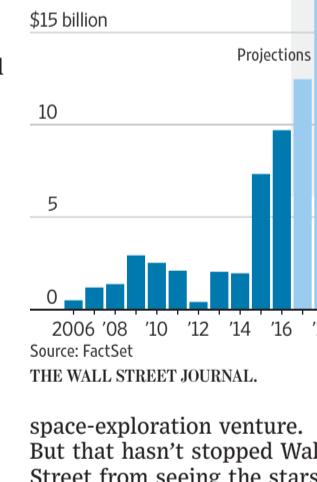
Late-stage data for Axovant's lead experimental drug, Intepirdine, are due in late September for patients with mild to moderate symptoms of Alzheimer's disease. The drug marks a different approach to the disease than other drugs that have recently failed clinical trials. That adds to the optimism for treatment of what is a massive unmet medical need.

But Alzheimer's disease offers rich rewards to drug developers because so many have fallen short. Before Medivation made its name developing cancer drugs, Dr. Hung led its development of an Alzheimer's treatment that looked terrific in early stage trials, only to miss in later studies. Given Axovant has a market value of nearly \$2 billion but doesn't have an approved drug on the market, an investment amounts to a high-stakes bet on positive clinical data.

That is a bet that Dr. Hung is willing to make. And investors, for now, are eager to follow suit. History says the odds are against them both.

—Charley Grant

Amazon at \$1,000 Isn't a Stretch



space-exploration venture. But that hasn't stopped Wall Street from seeing the stars. Ten analysts now predict Amazon's shares will eclipse the \$1,000 mark in the next year, and 13 others have price targets within 5% of that goal, according to S&P Global Market Intelligence.

Ahead projection, considering that \$1,000 would rep-

resent a multiple of about 140 times this year's expected earnings. Amazon, of course, has never really been burdened by traditional measures of valuation. Its shares have averaged about 117 times forward earnings over the past decade, according to FactSet.

Wall Street expects Amazon's earnings to keep growing strongly, though the

company's history of spending big in times of plenty makes that a moving target. Wall Street has chopped its 2017 EPS target for Amazon by 17% since the company's fourth-quarter report in February contained hints of another heavy investment year to come.

Still, Amazon today isn't quite the Amazon of old, trying to survive on razor-thin retail margins. Its rapidly growing web-services business has altered the company's earnings and cash flow dramatically, as have other offerings. Brian Nowak of Morgan Stanley estimates that Amazon's Prime membership, advertising and credit-card programs generated about \$9.3 billion in revenue last year and will grow to about \$12.7 billion this year—all with a combined operating margin of around 70%. Helpful, as Amazon still needs all the fuel it can get.

—Dan Gallagher

OVERHEARD

Facing budget cuts, the Kentucky Coal Mining Museum has found a new way to trim its expenses, according to CBS affiliate WYMT. Owned by a local community college, the museum is switching to solar power from electricity supplied by the grid that comes largely from locally mined coal.

The decline in coal production has been especially severe in the state. A report by Kentucky's Department for Energy Development and Independence says the state still had the second-largest number of people employed in the industry of any state but that production in 2015 had fallen to its lowest level since 1954.

The community college's communications director, Brandon Robinson, acknowledged the awkwardness of the move to the TV station, but notes that, "of course, coal is still king around here." Well, more like prince.

The Biggest Threat to Advertising Isn't Digital Disruption

Ad Men

Ebitda* margins



*Earnings before interest, taxes, depreciation and amortization

Source: FactSet

the U.K.'s FTSE 100 index has risen.

The problem for WPP is that Unilever isn't alone. Activist fund **Trian Fund Management** revealed in February that it had built a \$3 billion stake in Procter & Gamble, the largest U.S. consumer group, though not its precise demands. Nestlé signaled a fresh approach last summer by hiring its first chief executive from outside the group in almost a century.

The pressure from investors is partly a response to slow growth in a disinflationary era, and to the gradual decline of the packaged-foods industry as consumers increasingly prefer fresh foods. But it has received fresh urgency in light of the success of Brazilian private-equity house 3G

and its co-investor Warren Buffett in raising margins at Heinz—and then at Kraft, acquired by Heinz in 2015—to unprecedented highs.

Consumer goods accounted for 31% of WPP's sales last year, according to Macquarie. Few big groups can avoid wondering who Kraft Heinz—or activists with similar agendas—will buy next.

Ad agencies do face the threat of digital disruption. Google and Facebook are increasingly dominant platforms for advertising, accounting for virtually all incremental ad spending in the U.S., and they have automated systems designed to help clients efficiently allocate budgets. This threatens the core "planning" competency of traditional agencies.

Yet this threat remains somewhat theoretical. Reports of ads placed next to offensive content on Google's YouTube service have stirred the latest controversy, laying bare the problems of automated advertising. And the whole environment is developing so quickly and confusingly for brand owners that the likes of WPP, which has vacuumed up small digital agencies in recent years, can convincingly sell themselves as invaluable advisers as much as agents.

Fears that Silicon Valley will "disintermediate" ad agencies are currently looking somewhat overblown. For now, investors should worry more about the impact of 3G and its admirers in New York.

—Stephen Wilmot