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Last week: DJIA 24360.14 ▲ 427.38 1.8% NASDAQ 7106.65 ▲ 2.8% STOXX 600 379.20 ▲ 1.2% 10-YR. TREASURY ▼ 14/32, yield 2.828% OIL \$67.39 ▲ \$5.33 EURO \$1.2331 YEN 107.35

What's News

Business & Finance

Securities regulators opened a probe into Guggenheim Partners' asset-management arm including queries about an \$85 million home co-owned by Guggenheim's CEO. **B1**

◆ **Martin Sorrell** stepped down as chief executive of WPP after an investigation into an allegation of personal misconduct. **B1**

◆ **Merck** is investing in potential new uses and sales of Keytruda, an immunotherapy already marketed to treat cancers. **B3**

◆ **CME's clout** is under scrutiny as a 14-year-old lawsuit alleging illegal collusion to exclude a foreign rival nears trial. **B10**

◆ **World demand** for oil could be dented by the U.S.-China trade dispute, the International Energy Agency said. **B10**

◆ **Small businesses** are taking steps to blunt the pain of higher prices or possible supply disruptions tariffs may bring. **B2**

◆ **Facebook** said it would probe whether data-harvesting problems went beyond one researcher at the University of Cambridge. **B4**

◆ **Gold prices** are in a tug of war between political-tension-fueled demand and the Fed's readiness to raise interest rates. **B12**

World-Wide

◆ **Trump tempered** his preference for an extensive blow to Syria for allegedly using deadly gas on civilians, deferring to his Pentagon chief's caution. **A1, A8**

◆ **The Supreme Court** will consider whether states can subject goods sold by independent merchants online to sales taxes. **A1**

◆ **Protests** over the handling of the rape and murder of an 8-year-old girl spread in India. **A6**

◆ **Differences on trade** and North Korea are testing the relationship. Japan's Abe has sought to build with Trump. **A6**

◆ **Friction between** the president and Comey resurfaced after details from the former FBI director's new book reopened the debate over his firing. **A4**

◆ **Democratic voters** are showing more interest in the midterm elections than are Republicans, a Wall Street Journal/NBC News poll finds. **A4**

◆ **White House efforts** to rejoin the Trans-Pacific Partnership face big hurdles, trade experts said. **A4**

◆ **Catalan separatists** rallied in Barcelona to demand the release of secessionist leaders held in pretrial detention. **A9**

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Direct Blow

The U.S. said 76 of its missiles struck a research-and-development center before dawn Saturday in Barzah outside Damascus. U.S. Lt. Gen. Kenneth F. McKenzie called the target 'the heart of the Syrian chemical-weapons program.' The Hm Shinshar bunker and a nearby storage site outside the western city of Homs were also hit by allied missiles.

BEFORE (April 13)



AFTER (April 15)



Trump Bowed to Pentagon Restraint

BY GORDON LUBOLD AND DION NISSENBAUM

WASHINGTON—President Donald Trump deferred to his Pentagon chief's caution and tempered his preference for a more robust attack on Syria over allegations it used deadly gas on civilians, the first hints at the direction of his revamped national security team.

The decision late last week, detailed by people familiar with the process, marked the first substantive test of the group now that John Bolton is serving as Mr. Trump's national security adviser.

After days of tense White House meetings, the president and his advisers agreed on one of the most restrained of the military-strike options crafted by the Pentagon: a powerful missile attack aimed at three targets meant to hobble the Syrian regime's ability to use chemical weapons and deter President Bashar al-Assad from using them again.

The outcome was a sign of restraint. Please see SYRIA page A8

◆ Assad launches new offensive against rebels..... A8

Tax Hit Looms for Online Shoppers

Supreme Court weighs levies on third-party goods sold on Amazon and other marketplaces

BY RICHARD RUBIN AND LAURA STEVENS

Billions of dollars of goods sold each year by independent merchants on Amazon.com and other online marketplaces

would be vulnerable to state sales taxes for the first time if justices decide to reverse a quarter-century-old precedent

in a case before the Supreme Court this week.

In the case, South Dakota is seeking to overturn the long-time precedent under which states can't require retailers to collect sales taxes unless the companies have a physical presence in the state. While Amazon.com Inc. itself collects sales taxes on its own products, it does not on most others' sales through its platform.

Justices on Tuesday will hear arguments in the case, South Dakota v. Wayfair Inc., and a decision is expected by the end of June.

The current tax rules—from the era of mail-order catalogs—helped fuel the rise of internet commerce and

spurred frustration among brick-and-mortar retailers, shopping-mall owners and state governments.

Tax and legal experts expect the court to overturn the precedent, freeing states to collect levies on future cross-state transactions. It isn't clear what new standard might take its place or what rules states might impose.

President Donald Trump recently put the issue of sales-tax collection in the spotlight as part of his repeated attacks on Amazon, which people close to the White House attribute largely to his dislike of coverage of his administration by

the Washington Post, owned separately by Amazon Chief Executive Jeff Bezos. Mr. Trump said that Amazon avoids taxes and that its growing dominance is putting retailers "out of business."

The biggest effects would be felt on online marketplaces, where between \$3.9 billion and \$6.2 billion in taxes could have been collected on goods sold by smaller vendors in 2017, according to the Government Accountability Office. On such marketplaces, run by Amazon, eBay Inc. and others, independent sellers give the platforms a cut of their sales.

Please see TAXES page A2

Barbara Bush In Failing Health



SCOTT OLSON/GETTY IMAGES
The former first lady won't seek additional medical treatment, her family said. A2

Currencies Signal Spreading Volatility

BY CHELSEY DULANEY AND IRA IOSEBASHVILI

biggest economies, that could threaten a yearslong emerging-markets rally.

This week, investors will also confront news that the U.S., U.K. and France launched missile strikes on Syria in retaliation for a suspected chemical-weapons attack. While officials indicated there aren't currently plans for more strikes, the attack is likely to add to tensions

Please see SLIDE page A9

Stalling

After a strong start to the year, emerging-market currencies have slipped in recent weeks.

MSCI EM Currency Index



Don't Hang Up—This Is Not a Scam

Lawyers who won marketing-call verdict hit phones

BY SARA RANDAZZO

West Virginia attorney John Barrett really wants his clients to know he won a \$61 million verdict against Dish Network Corp. on their behalf after a company contractor badgered people with marketing phone calls.

There is just one hitch: His clients keep hanging up when he calls to convey the good news.

One woman said "that's ridiculous" and hurried off the phone when told that every unwanted Dish call is now worth \$1,200.

There was the voice mailbox that said, "This is not a real phone, it is a fake phone, and if you know me, call me on my regular number." Some people thought they were being sued. Others hung up before law firm staff could spit out the basics.

Please see CALLS page A10

Battle Grows Over Gene-Edited Food

Industry hopes Crispr technology will transform agriculture; 'GMO 2.0'?

BY JACOB BUNGE AND AMY DOCKSER MARCUS

Zachary Lippman, a plant biologist at Cold Spring Harbor Laboratory, stood among 2 acres of his experimental crops, including some altered with a gene-editing technology called Crispr-Cas9, one of the most ambitious efforts yet to improve on what nature created.

He plucked a tomato, held it up and asked: "Will people eat it?"

That question is rippling through the food industry, where a battle for public opinion is under way even before the new gene-edited foods hit the market.

Proponents including scientists and agriculture-industry executives say gene editing in plants could transform agriculture and help feed a growing global population. Organic farmers and natural-food companies say it may pose risks to human health and permanently alter

the environment by spreading beyond farms.

The agricultural industry is desperate to avoid a repeat of the acrimonious and costly battles it fought over the genetically modified crops currently on the market, even though authorities such as the Food and Drug Administration and World Health Organization have deemed them safe. Seed companies and farm groups have spent millions of dollars on campaigns promoting the benefits of biotech crops, while fighting labeling requirements and proposals to block their cultivation.

Although biotech crops have become ubiquitous on U.S. farms, covering more than 90% of corn and soybean acres, consumer mistrust of genetically modified organisms, called GMOs, has grown. A 2016 survey by the Pew Research Center showed 39% of U.S. adults believe foods made from GMO crops

Please see GENES page A10

U.S. NEWS

THE OUTLOOK | By Nick Timiraos

Fed Officials Dispel Deflation, for Now



When Federal Reserve officials gathered last month for Jerome Powell's first meeting as central-bank chairman, not a single official among 15 saw a downside risk to inflation.

It marked a milestone.

The Fed's mind-set has been shaped during the entire postfinancial-crisis era by a fear of Japan-like deflation, a downward drift in consumer prices that brings with it debilitating economic anemia. Deflation fears led to giant Fed bond-purchase programs and near-zero interest rates, then glacial interest-rate increases when the expansion became entrenched.

The inflation risk assessment, released last week in the minutes of the Fed's March meeting, showed deflation fear at the Fed is now effectively gone.

AFED less fearful of deflation is also one more prone to raise short-term interest rates more aggressively than planned, and that is the debate that is likely to dominate Fed discussions in the months ahead—

whether three planned rate increases in 2018 are enough.

Most officials see inflation not only returning to the central bank's 2% target but also exceeding it, using the less volatile measure of so-called core inflation that excludes food and energy items.

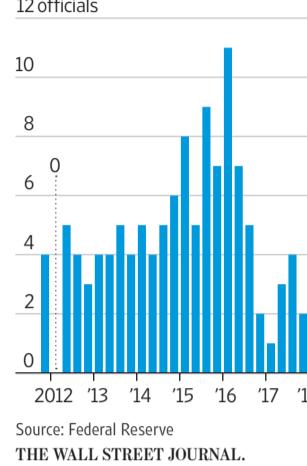
The Fed seeks to keep inflation at 2% because it views that level as consistent with an economy with healthy demand for goods and services.

Last year, inflation pressures softened, bolstering arguments in favor of slowing the pace of rate rises. Inflation pressures have firmed in recent months. Economists at JPMorgan Chase & Co. estimate the Fed's preferred inflation gauge, produced by the Commerce Department, will show annual core inflation of 1.9% in March when it is released this month. In February, it was 1.6%.

Investors, too, appear to be anticipating higher inflation. The yield on the benchmark 10-year U.S. Treasury note has moved above 2.8% since February, up from near 1.5% a couple of years ago. The 10-year break-even inflation rate, derived from Treasury inflation-protected securities, has climbed since late November

Deflation Fears Recede

The number of Fed officials who see downside risk to inflation



Source: Federal Reserve

THE WALL STREET JOURNAL.

to four-year highs.

In many of the past few years, Fed officials projected inflation returning to 2% only to find some unexpected development to upset those forecasts. This year looks different. Tax cuts and government-spending increases are likely to boost consumer and business spending.

The people at the Fed most worried about deflation over the last year are less so today.

Even before the changes in

fiscal policy, recent data showed "there probably are inflationary pressures that are building," Minneapolis Fed President Neel Kashkari told The Wall Street Journal in an interview. He voted against all three of the Fed's rate increases last year because of concerns they would hobble the economic expansion in the face of subdued inflation.

Now, Mr. Kashkari says, "the Japan risk has probably relieved itself a little bit," though he isn't ready to "completely declare victory."

Fed governor Lael Brainard, one of the Fed's leading voices for raising rates slowly last year, also shifted her tone.

Deflation fears are receding around the globe, too. In Europe, consumer prices were last lower on the year in May 2016. Annual inflation was 1.4% in March. Though still just below the ECB's target of just below 2%, European Central Bank President Mario Draghi said at a December news conference, "We can safely say that deflation risks have disappeared."

In Japan consumer prices excluding food rose 1% in February for the first time in 3½ years. Half the gains came from higher energy prices.

Should energy prices fall again, as they did four years ago, the deflation risk would return. BOJ Governor Haruhiko Kuroda says it is too soon to talk about tapering his radical monetary easing program for that reason.

The BOJ's lingering worries might be an apt warning to the rest of the world. There have been moments in the past quarter-century when Japanese officials thought they had beaten deflation, only to find themselves right back in an old fight to defeat it. Typically that happened when the economy faced a shock.

WHAT could send the U.S. back into a deflationary mind-set? Simple: another recession. Interest rates are still very low, meaning the Fed doesn't have room to cut them much to counteract another downturn. There's also little space for Congress to cut taxes or boost spending because budget deficits are rapidly expanding.

Another recession could sap demand from the economy. This time, however, the government might not have much ability to do anything about it.

ECONOMIC CALENDAR

MONDAY: The Commerce Department releases data on March retail sales. In February, retail sales fell 0.1%, marking a three-month slide and presenting a puzzle, given that conditions including a booming job market and growing worker paychecks should translate into consumer spending.

TUESDAY: China will release its first-quarter gross domestic product and monthly business activity data (release time is Monday evening in the U.S.) Economists expect the Chinese economy to have slowed only slightly to 6.7% growth in the first three months, from the 6.8% expansion in the fourth quarter.

The Federal Reserve releases data on March industrial production. In February, industrial production rose 1.1% as American factories ramped up production, signaling momentum in a key sector of the U.S. economy.

FRIDAY: Recent economic data out of the eurozone has been surprisingly weak, suggesting growth slowed during the first quarter. The European Commission's measure of consumer confidence for April will give the first indication as to whether that soft patch is set to persist into the second quarter. Economists expect to see a drop to minus 0.3 from plus 0.1 in March.

U.S. WATCH

POLITICS

Barbara Bush To Stop Treatment

Former first lady Barbara Bush is in failing health and has decided not to seek additional medical treatment, according to a family spokesman.

Mrs. Bush, 92 years old, has had a recent series of hospitalizations, spokesman Jim McGrath said on Sunday. After consulting with her family and doctors, she decided to not seek additional medical treatment and instead will focus on "comfort care," he said.

Mr. McGrath didn't elaborate on Mrs. Bush's health.

"Barbara Bush has been a rock in the face of her failing health, worrying not for herself—thanks to her abiding faith—but for others," Mr. McGrath said. "She is surrounded by a family she adores, and appreciates the many kind messages and especially the prayers she is receiving."

Mrs. Bush has been married to 41st President George H.W. Bush for 73 years. He served from 1989 to 1993. The Bushes had six children, including former President George W. Bush and former Florida Gov. Jeb Bush.

—Tawnell D. Hobbs

BOSTON MARATHON

City Marks 5 Years Since Fatal Bombings

It was a day filled with service and commemorations in honor of victims and survivors of the deadly Boston Marathon bombings 5 years ago.

Boston marked the anniver-



Gov. Charlie Baker, left, accompanied Patty Campbell, the mother of a Boston Marathon bombing victim, during a ceremony Sunday.

sary on Sunday with Mayor Marty Walsh and Gov. Charlie Baker laying wreaths at the spots along Boylston Street where two bombs killed three spectators and injured more than 260 others on April 15, 2013.

Both addressed families and survivors at a private ceremony inside the Boston Public Library.

"On April 15, 2013, our city changed forever but over the last five years, we have re-

claimed hope. We have re-claimed the finish line, and Boston has emerged with a new strength, a resilience rooted in love," Mr. Walsh said.

Jane and Henry Richard, siblings of the youngest victim, Martin Richard, were among those who spoke. Henry Richard urged those listening to follow Martin's message to "choose kindness and do more."

At 2:49 p.m., the bells of Old South Church rang as Boston

held a citywide moment of silence to mark the moment when the first bomb exploded.

Victim Lu Lingzi's uncle, Sherman Yee, called her an "extraordinary girl" who represented the youth that come to the U.S. from China to study.

The bombs also killed 29-year-old Krystle Campbell, of Arlington, Mass.

Massachusetts Institute of Technology police officer Sean Collier was killed in the line of

duty during a confrontation with bomber Tamerlan Tsarnaev.

Roxanne Simmonds was at the ceremonies to honor her son, fallen Boston police officer Dennis Simmonds. He suffered a head injury on April 19, 2013, during a shootout with brothers Dzhokhar and Tamerlan Tsarnaev as law enforcement closed in on them.

Security is tight for Monday's 122nd running of the iconic race.

—Associated Press

TAXES

Continued from Page One

Merchants selling goods on Amazon's global marketplace last year made up nearly two-thirds of gross merchandise volume, which totaled \$313.4 billion, according to Factset analyst estimates. Half of all items sold come from those small or midsize businesses, according to Amazon.

A few states, including

Washington and Pennsylvania, have already started trying to tax third-party online marketplace sales, and those efforts could accelerate after a Supreme Court decision.

"It could be read as a green light to 'Go for it, states,' and they will go for it," said Richard Pomp, a law professor at the University of Connecticut.

The 1992 opinion, in the case of Quill Corp. v. North Dakota, held that the Constitution's commerce clause limited

interstate tax enforcement without congressional assent. Justice John Paul Stevens said it was up to Congress to set nationwide rules for cross-border sales-tax enforcement, but Congress hasn't done so.

State governments and brick-and-mortar shops argue the 1992 precedent harms state treasuries and disadvantages taxpaying homegrown businesses. In a related case three years ago, Justice Anthony Kennedy, who voted for the Quill ruling in 1992, filed a concurring opinion suggesting

the time had come to reconsider the question. South Dakota quickly enacted a tax statute designed to give the high court such an opportunity.

States, large retailers, shopping-center owners and the Trump administration want the court to let states extend sales-tax collections to online merchants based elsewhere. They argue that technological advances made the physical-presence standard obsolete and that the ruling has left holes on Main Streets and in government budgets.

South Dakota asks the court to extend state authority over merchants with an "economic presence" in their territory, arguing that is a better reflection of business ties to a state. The South Dakota law would extend the collection mandate to sellers doing at least \$100,000 of business or conducting more than 200 transactions with state residents.

"It is clearly a competitive disadvantage if you are required to collect sales tax and some competitor isn't," said Tom McGee, president and CEO of the International Council of Shopping Centers.

States say software can help online sellers comply with

multiple taxing jurisdictions and definitions and that small-business exceptions could soften the compliance burden.

Conservatives and online retailers warn about expanded state power and fear states would reach outside their borders to audit sellers with no representation.

In the early days of e-commerce, Amazon could ship goods from a few places and most consumers wouldn't pay sales taxes, giving Amazon a discount over in-state companies.

States say software can help online sellers comply with multiple taxing jurisdictions.

ries. As states started getting more aggressive in defining physical presence, Amazon built distribution and fulfillment centers that allow faster delivery. Now, the company collects taxes on its own sales in all 45 states with sales taxes and has some voluntary agreements for tax collection with municipalities. In most cases,

however, it doesn't collect taxes on sales by other parties.

Amazon declined to comment. The company supports federal legislation but hasn't weighed in on the court case.

"A world in which state tax power is unbounded by geography is undoubtedly a world that is bad for Amazon," said Andrew Moylan, executive vice president at the National Taxpayers Union Foundation, which wants the court to preserve the physical-presence standard.

Amazon typically collects a roughly 15% cut for items sold by outside vendors, plus fees. In its most recent quarter, its seller-services revenue grew 41% to \$10.52 billion.

Other online retailers with a stake in the Supreme Court case include eBay and the Trump Organization's own e-commerce operation, which doesn't collect taxes for the vast majority of states. As of earlier this month, TrumpStore.com collected sales tax for merchandise shipped to Louisiana and Florida, and the website now indicates that it also collects sales taxes for products shipped to Virginia.

—Jess Bravin contributed to this article.

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U.S. NEWS

Why No One Wants to Back ‘Smart Guns’

Startups struggle as Silicon Valley investors are shying away from investing in firearms

BY ZUSHA ELINSON
AND JOE PALAZZOLO

SAN FRANCISCO—It was supposed to be the dawn of a new era of “smart guns.”

Spurred by the deaths of 20 young children in the 2012 Sandy Hook elementary school shooting, Silicon Valley set out to make safer, technologically advanced weapons that could only be fired by their owners.

Venture-capital luminary Ron Conway, known for his early investments in Google and PayPal, led the charge, raising millions for grants aimed at jump-starting the smart-gun industry.

Five years later, the smart gun has stalled in Silicon Valley. No smart gun has been brought to the market and most of the handful of startups are struggling. The Smart Tech Challenges Foundation, founded by Mr. Conway to give grants, brought national attention to the issue, but is now having trouble raising money.

The Florida high-school shooting that left 17 people dead in February has led to a renewed interest among activists and politicians to find ways to cut gun violence. Smart-gun evangelists hope to capitalize on the movement. But the firearms industry and now Silicon Valley investors have shied away from smart guns largely for political reasons.

“The gun industry is not fond of [the smart gun] because it’s change, and Silicon Valley isn’t

Young Inventor Appears to Be Going It Alone

As a teenage engineering whiz, Kai Kloepfer was dubbed “the Mark Zuckerberg of guns” by venture capitalist Ron Conway for the handgun he invented with a fingerprint reader on the grip.

The now 21-year-old Mr. Kloepfer appears to be the only one moving forward—even as he majors in business and computer science at Massachusetts Institute of Technology. He made Forbes’ “30 Under 30” list, but struggled at first to get private investment for his company Biofire Technologies.

Last year, Mr. Kloepfer secured funding from Mr. Conway and a few others. He is currently making hires, and hopes to raise more money and ship a product in 12 to 18 months.

fond of it because it’s guns,” said Jonathan Mossberg, former executive at shotgun maker O.F. Mossberg & Sons whose effort to put a smart gun into production has stalled.

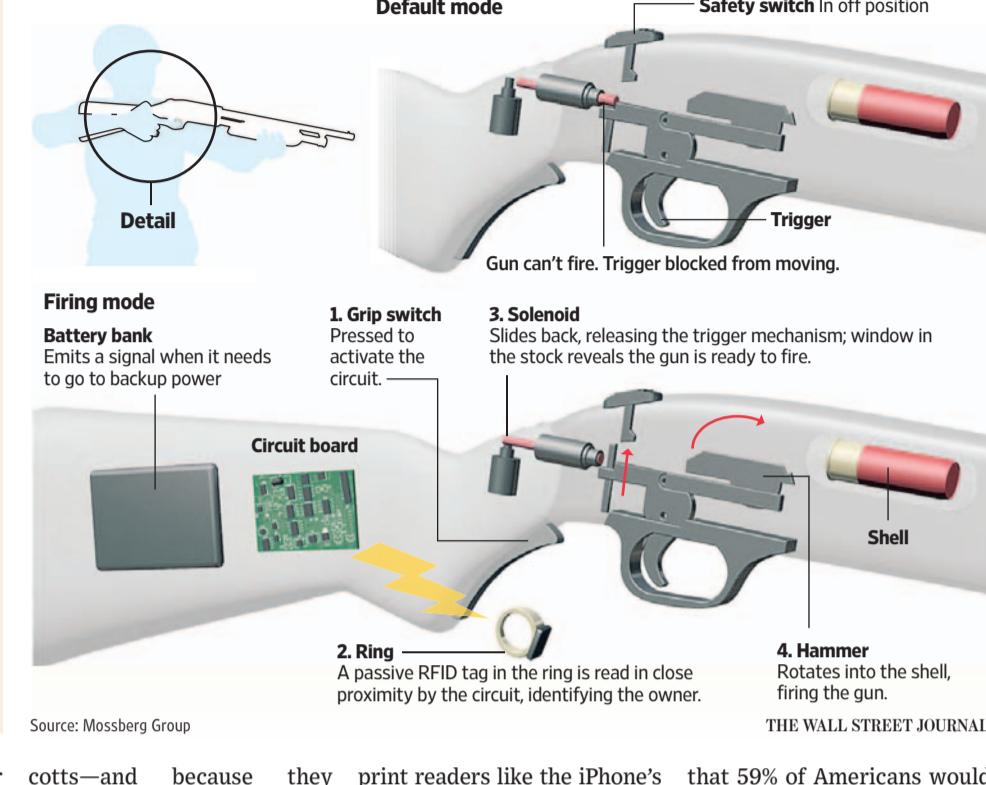
For decades, firearms companies have refused to sell smart guns because of glitches in some early models, as well as a backlash from conservative gun-rights activists, who fear the technology will prompt state legislatures to mandate it broadly. The activists say their fears were confirmed by a 2002 New Jersey

law requiring all handguns for sale in the state to have smart-gun technology when it became available. Smith & Wesson’s parent company said last month it was still wary of making smart guns.

In Silicon Valley, a place that revels in its role as a disrupter and innovator, the smart gun was stymied in part by liberal funders reluctant to put money behind any type of firearm. Potential investors also shied away after stores pulled a smart gun in response to death threats and calls for boy-

For Your Hands Only

Several manufacturers have developed ‘smart guns’ that only allow the gun owners to fire them. One such weapon is the iGun, which was awarded \$100,000 from the Smart Tech foundation.



Source: Mossberg Group

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cots—and because they viewed betting on hardware companies as too risky without a big-name entrepreneur.

Margot Hirsch, president of the Smart Tech foundation, said getting a smart gun to market is now “a question of when, not if,” but acknowledged the hurdles. “We underestimated the challenges we would face in getting these technologies to market and funding them,” she said.

The technology behind these guns isn’t new. Prototypes have employed finger-

print readers like the iPhone’s

that can identify authorized users, or radio frequency identification bracelets or rings that activate the weapon the way that key fobs are used with push-button car ignitions.

A 2013 survey by the National Sport Shooting Foundation, the firearms industry group, found that 14% of Americans likely would buy a smart gun.

A 2016 survey by the Johns Hopkins Bloomberg School of Public Health, coming after a great deal of publicity around the Silicon Valley push, found

that 59% of Americans would be willing to purchase one.

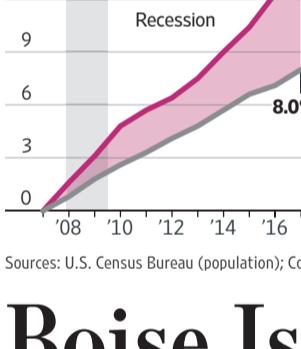
In the NSSF survey, three-quarters of Americans said they were concerned about the reliability of battery-powered biometric or radio-frequency activation systems.

But in theory, a gun with a fingerprint reader or RFID technology might stop murderers like Adam Lanza who used guns in the Sandy Hook shooting purchased by his mother, and to a greater degree prevent accidental shootings and suicides.

Shining On in the Gem State

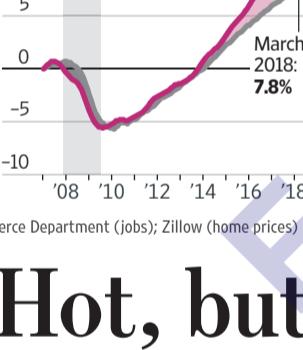
A robust increase in jobs has accompanied a population boom in Idaho, but the influx of workers has recently caused housing prices to swell in places like Boise, the state capital.

Change in population



Sources: U.S. Census Bureau (population); Commerce Department (jobs); Zillow (home prices)

Change in jobs since January 2007



Change in median home value since January 2011



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Boise Is Hot, but Locals Grapple With Byproducts

BY JIM CARLTON

BOISE, Idaho—Laura Johansen has always loved the easiness of life in her hometown: The first-rate hiking and rafting a short drive from her front door. The quick commute to her job at a local hospital. The affordability.

But when Ms. Johansen, who was renting her home, decided to buy a house earlier this year, the Idaho native was shocked. The median price of a single-family home in Boise’s Ada County had shot up to almost \$300,000, well-above the \$200,000 homes she was eyeing two years ago.

“It does make it tough on locals like us,” said the 57-year-old administrative assistant.

The qualities that have kept Ms. Johansen here are drawing waves of arrivals from other states, making Idaho the fastest-growing state in the nation last year, according to the U.S. Census.

Low costs and a business-friendly government are luring new employers, whose workers relish the backdrop of forested mountains above cities like Boise and the easy access to an outdoor paradise.

“I just fell in love with Boise,” said Mac Harman, founder and chief executive of Redwood City, Calif.-based Balsam Brands, an

online home décor retailer that has roughly doubled the number of employees at its new downtown office here over the past two years. “The people are so kind, and everything is so new and beautiful.”

But as Idaho—and its capital city—have boomed, the state is struggling to cope with the by-products: soaring housing prices, labor shortages and worsening traffic.

The shift is a far cry from a decade ago, when Idaho’s economy collapsed during the recession, in part due to a housing glut. The state has since rebounded bigger than ever—with its population jumping

10% from 2011 to more than 1.7 million in 2017.

The rate of job growth has increased to the highest in the nation, much of it in the Boise metro area, home to some 700,000 people. Construction cranes dot the modest-sized downtown, while new-home developments extend into farm fields.

Boise’s newfound popularity has already led to a housing shortage. Median single-family home prices in Ada County have doubled from \$147,000 in 2011 to \$297,000, according to Intermountain Multiple Listing Service Inc. That is well above the

means of many Boise residents, whose median household income is \$52,249.

“People are saying, ‘How am I supposed to afford a home?’” said Dana Zuckerman, chair of the Capital City Development Corp., Boise’s redevelopment agency.

With projections showing that Idaho could add 200,000 people by 2025, planning experts said city and state officials will have to move quickly to keep up with infrastructure needs—namely more roads and sewage connections.

Boise city officials say they are taking steps to address the growth issues. The city is con-

tinuing to encourage more vertical housing development, while working with other entities to expand mass transit and alternative modes of transportation, said a spokesman for Mayor David Bieter.

Longtime residents say the city they knew is becoming less recognizable, though some say for the better. Vacant lots that used to surround downtown are filling up with hotels, a business center and grocery chains.

For now, Ms. Johansen has put her house hunting on hold until the market cools off.

“I don’t blame people for wanting to live here,” she said. “But I want to live here too.”

Starbucks Apologizes For Black Men’s Arrest

Starbucks Corp. is facing pressure following the arrest of two black men at one of its locations in Philadelphia.

At left, Camille Hymes, mid-Atlantic regional vice president for Starbucks, addresses reporters and protesters Sunday at a Starbucks location in Philadelphia.

On the Starbucks website Saturday, Chief Executive Kevin Johnson apologized for the Thursday incident, said the company would investigate and said he planned to meet with the two men and offer an apology after the “reprehensible outcome.”

Mr. Johnson also said failures in practices and training that led to the arrests. “Our store manager never intended for these men to be arrested and this should never have escalated as it did,” he said.

Philadelphia Police Commissioner Richard Ross said that

Starbucks employees told the police the men were trespassing because they refused to leave after they were denied use of the restroom because they hadn’t bought anything. Mr. Ross, who is black, defended the arrests of the men, who were later released, and said his officers did nothing wrong.

An attorney for the two men, Lauren Wimmer, wasn’t immediately available for comment. The men haven’t been identified.

A customer’s video posted online showed several police officers coming to arrest the two men, handcuffing them while other patrons told them the men weren’t doing anything.

Philadelphia Mayor Jim Kenney has ordered the city’s Commission on Human Relations to consider whether Starbucks needs “implicit bias training for its employees.”

—Annie Gasparro

and Tawnell D. Hobbs



U.S. NEWS

Investigators Focus on Cohen Firm

Michael Cohen, President Donald Trump's personal attorney, used the same Delaware limited-liability company in two secret deals relating to alleged sexual encounters involving his clients, according to people familiar with the matter.

By Michael Rothfeld, Erica Orden and Joe Palazzolo

Venture capitalist Elliott Brody paid an initial installment of \$62,500 to the company, Essential Consultants LLC, as part of Mr. Cohen's \$250,000 total fee for negotiating a non-disclosure agreement related to Mr. Brody's affair with a former Playboy model who alleged he had impregnated her, a person familiar with the matter said.

Federal prosecutors are examining money flowing in and out of Essential Consultants as part of a broad investigation into Mr. Cohen's activities to silence women with allegations against Mr. Trump or those in his orbit, according to people familiar with the matter.

The Wall Street Journal first reported the \$1.6 million agreement between Mr. Brody—the Republican National Committee's deputy finance chairman with ties to Mr. Trump—and the model Friday. Mr. Brody later resigned his RNC post.

Mr. Cohen also used Essential Consultants to pay \$130,000 to former adult-film actress Stephanie Clifford, also known as Stormy Daniels, so she wouldn't discuss an alleged sex-



Michael Cohen is under investigation by special counsel Robert Mueller and the Manhattan U.S. attorney.

ual encounter with Mr. Trump; the payment was made 12 days before the presidential election. Mr. Trump has said he didn't rely on the deal.

Mr. Brody paid the remaining fee installments totaling \$187,500 directly to Mr. Cohen after the Journal revealed in January that the Clifford payment was made through Essential Consultants, the person said.

Mr. Cohen and his lawyers didn't respond to a request for comment.

The months-long investigation stemmed partly from "suspicious activity reports" filed by banks, including one that included details of Mr. Cohen's

payment to Ms. Clifford, people familiar with the matter said.

FBI agents searched the office, home and hotel room of Mr. Cohen last Monday, seeking records of such payments, among other things. The searches were executed by the Federal Bureau of Investigation as part of a probe by the U.S. attorney's office in Manhattan, which received a referral for the investigation by the office of special counsel Robert Mueller, according to court documents.

A spokeswoman for the Manhattan U.S. attorney's office declined to comment.

Separately, Mr. Cohen succeeded around 2013 in killing a story *Us Weekly* was preparing about an alleged affair between

and obtained a search warrant—rather than using a subpoena—so that it would not have ... to rely on Cohen to accurately make such a production."

The Manhattan U.S. attorney's office is examining whether Mr. Cohen committed bank fraud by, among other things, taking out a home-equity credit line to pay for the Clifford agreement, a person familiar with the matter said.

A spokeswoman for the Manhattan U.S. attorney's office declined to comment.

Separately, Mr. Cohen succeeded around 2013 in killing a story *Us Weekly* was preparing about an alleged affair between

Donald Trump Jr., who had been a judge a year earlier on the television show, "Celebrity Apprentice," and one of the contestants, Aubrey O'Day, a member of the singing duo Dumblonde, according to people familiar with the matter.

According to the people, the magazine then owned by Wenner Media had what staffers believed to be a solid source on the alleged affair by the younger Mr. Trump and called the Trump Organization for comment. They received a call back from Mr. Cohen, who threatened legal action and became so irate that they muted the call while he spoke, one of these people said.

"We were all on speakerphone and huddled around the phone," this person said. "He was just one of these New York characters where he was just like swearing at us and totally over-the-top threatening."

The magazine's staff didn't believe it was a big story that would be worth a legal fight and had a good working relationship with the elder Mr. Trump on stories related to the TV show "The Apprentice," so they dropped the story.

The story of the alleged affair was reported in entertainment media last month when Donald Trump Jr.'s wife filed for divorce; Mr. Cohen's involvement in the *Us Weekly* story hasn't previously been reported.

—Nicole Hong, Aruna Viswanatha and Rebecca Ballhaus contributed to this article.

With Book, Comey, Trump at It Again

BY LOUISE RADNOFSKY AND DEL QUENTIN WILBER

WASHINGTON—Friction between President Donald Trump and James Comey resurfaced this weekend after details from the former FBI director's book reopened the debate over Mr. Comey's firing.

In an interview with ABC News scheduled to air Sunday night, Mr. Comey said that his decision to tell Congress 11 days before the 2016 presidential election that the FBI was again examining Hillary Clinton's emails was influenced by his belief the Democratic nominee would defeat Mr. Trump.

"I don't remember consciously thinking about that, but it must have been because I was operating in a world where Hillary Clinton was going to beat Donald Trump, and so I'm sure that it was a factor," he told ABC News' George Stephanopoulos in the interview, according to excerpts.

Mr. Comey, who is promoting the book due in stores Tuesday, also called Mr. Trump "morally unfit" to be president.

"A person who sees moral equivalence in Charlottesville, who talks about and treats women like they're pieces of meat, who lies constantly about matters big and small and insists the American people believe it, that person's not fit to be president of the United States, on moral grounds," Mr. Comey said.

Mr. Comey's memoir, "A Higher Loyalty: Truth, Lies, and Leadership," is critical of Mr. Trump, according to a copy reviewed by The Wall Street Journal. He writes that the president is a "deeply flawed person and leader," compares him to a Mafia boss and characterizes his presidency as a "forest fire."

In a series of tweets Sunday morning, Mr. Trump accused Mr. Comey of telling lies in a "badly reviewed" book.

Mr. Trump denied seeking a personal commitment of loyalty from Mr. Comey, whom he fired in May 2017 over what the president said were concerns Mr. Comey was doing a poor job. Democrats have said the firing amounted to an attempt to impede investigations into Mr. Trump's campaign and business associates, and Russian interference in the 2016 election.

"I never asked Comey for Personal Loyalty. I hardly even knew this guy. Just another of his many lies. His 'memos' are self serving and FAKE!" Mr. Trump wrote on Twitter.

—Laura Meckler and Kate O'Keeffe contributed to this article.

Enthusiasm Gap Between the Parties Widens

BY JANET HOOK

Democratic voters are showing a higher level of interest in the 2018 midterm elections than are Republicans, with three-quarters of Democrats saying their vote for Congress is intended as a message of opposition to Republican President Donald Trump, a new Wall Street Journal/NBC News poll finds.

While Democratic interest in the election rose from March, that didn't translate into gains for the party in a broader measure of the political climate: Asked which party should control the next Congress, voters favored Democrats over Republicans by 47% to 40%, down from a 10-point spread last month.

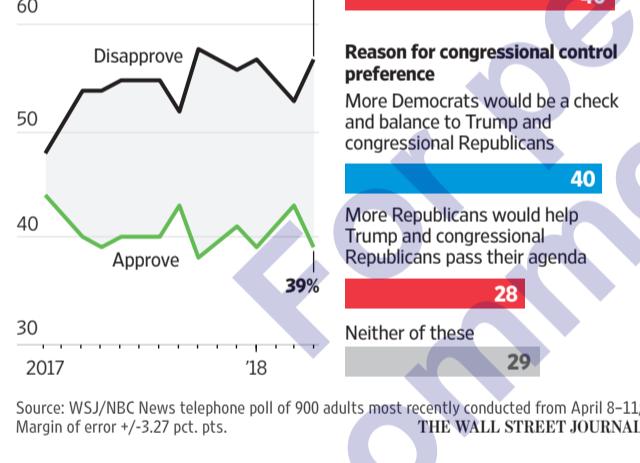
The poll found that 39% of respondents approve of Mr. Trump's job performance, with 57% disapproving.

That approval rating is down 4 percentage points from last month but it remains within the same, 6-point range of the past year. Mr. Trump's highest approval rating was 44% in February 2017, and his lowest was 38% in October 2017. His job ap-

A View of the Midterms

A new Wall Street Journal/NBC News poll shows Republicans facing political headwinds.

Presidential job approval



Source: WSJ/NBC News telephone poll of 900 adults most recently conducted from April 8-11; Margin of error +/-3.27 pct. pts.

roval is the lowest of any post-World-War II president at this point in his first term.

This year "is shaping up as a referendum election on Donald Trump," said Peter Hart, a

mance."

Mr. McInturff said the poll's findings about election interest were a "powerful signal of a Democratic edge," but he cautioned about the difficulty of making predictions. "We have to be careful not to presume in April that we know what is going to happen," he said.

The poll lends credence to the perception of an enthusiasm gap between the parties, born of the Democratic turnout surges in off-year elections in 2017 and special elections this year.

In the poll, 66% of Democrats rated themselves as having a high interest in the elections, up from 60% last month. Among Republicans, 49% said they had the highest level of interest, down from 54% last month.

The findings are the mirror image of the mood before Republicans won control of the House in the 2010 midterms: That year, the Journal/NBC poll found 66% of Republicans and 49% of Democrats showed high levels of interest in the election.

When voters were asked what message they would be sending with their midterm vote, Democrats were more

likely than Republicans to see the president as central. Among Democrats, 77% said they wanted to provide a check against Mr. Trump and his party by electing more Democrats. Among Republicans, 63% said they wanted to help Mr. Trump and the GOP pass their agenda.

Almost one quarter of Republicans and 18% of Democrats said they were sending some other message.

The jury is out on how voters' view of Mr. Trump will be affected by the investigation of Russia's interference in the 2016 election, as respondents were divided about whether the plea deals and indictments of several former Trump campaign officials signaled potential wrongdoing by Mr. Trump himself. One quarter said these developments reflected only wrongdoing by these individuals, while 37% said they could point to potential wrongdoing by Mr. Trump. Some 36% said they didn't know enough to say.

The Journal/NBC News poll was conducted April 8-11 and included 900 adults. The margin of error was plus or minus 3.27 percentage points.

Re-Entry to Trade Deal Won't Be Cheap

BY BOB DAVIS

WASHINGTON—White House efforts to rejoin the Trans-Pacific Partnership face big challenges and negotiations

that could stretch out beyond President Donald Trump's first term, trade experts say.

The president first mentioned the possibility of re-entering TPP at a January conference in Switzerland. There was no follow-up, administration officials say, adding that TPP wasn't a priority.

This time could be different. The president last week asked two top economic aides to explore the issue. But unless the U.S. spends months developing positions and meeting with trading partners, other nations will dismiss Mr. Trump's words.

"They will want evidence," said Barbara Weisel, the U.S. top TPP negotiator under President Barack Obama, and before that an Asia hand under President George W. Bush.

TPP was a 12-nation Pacific Rim trade pact meant to liberalize trade and counter Chinese influence. Mr. Trump pulled the U.S. out of the deal.

The other 11 nations went ahead and concluded what was known as TPP-11. As soon as six of the TPP-11 ratify the deal—expected around the spring of 2019—it will go into effect. The pact's trade offi-

cials have made clear they won't delay ratification.

That means the earliest the U.S. could formally start negotiations to join the TPP-11 is sometime next year.

All 11 nations must agree to admit a new member. That could make it hard for the U.S. to win the "substantially better" deal that Mr. Trump tweeted he required.

The other nations want U.S. participation. Countries like Malaysia, Vietnam and Japan joined TPP mainly to get better access to the U.S. market, and show China they had alternatives. Some other TPP nations already had free-trade deals with the U.S.

The TPP-11 nations suspended about 20 provisions in

the original deal—some of which were very important to the U.S. To entice the U.S. to rejoin, the group could agree to add them back to the pact.

But that would come at a price: The TPP-11 would likely seek concessions from the U.S. "It wouldn't be automatic," said Jeffrey Schott, a trade expert at the Peterson Institute for International Economics in Washington, D.C.

That would just get TPP back to square one—the deal that Mr. Trump killed and that likely would have had difficulty getting through Congress. Mr. Trump would need to rely on farm-state lawmakers, in particular, to push a new TPP because it would cut tariffs on U.S. agricultural products.

Trading Places

Among the 12 nations in the original TPP, the U.S.'s economy is by far the largest, while some smaller

2017 economic output in U.S. dollars

Country	Output (\$ trillions)
United States	\$19.4 trillion
Japan	4.88
Canada	1.64
Australia	1.39
Mexico	1.14
Malaysia	.31
Singapore	.31
Chile	.25
Vietnam	.22
Peru	.21
New Zealand	.20
Brunei	.01

Source: International Monetary Fund

The U.S. in any new negotiations would want more concessions without giving up much. But there are openings. TPP was a kind of mélange. Along with the multination bargaining, the U.S. cut TPP side deals, which didn't go into effect because the U.S. pulled out.

Ms. Weisel said the U.S. could try to improve those deals in bilateral negotiation, focusing on Japan, by far the largest TPP economy apart from the U.S. Japan's prime minister, Shinzo Abe, who will meet with Mr. Trump this week, has been lobbying for the U.S. to rejoin the TPP. Mr. Trump, though, has pushed a bilateral deal with Japan, figuring the U.S. has greater leverage in one-on-one talks.

2017 import growth percentage change

Country	Change (%)
United States	4.2%
Japan	3.6
Canada	4.1
Australia	6.6
Mexico	2.4
Malaysia	5.4
Singapore	1.7
Chile	3.5
Vietnam	14.4
Peru	2.7
New Zealand	5.7
Brunei	-9.4

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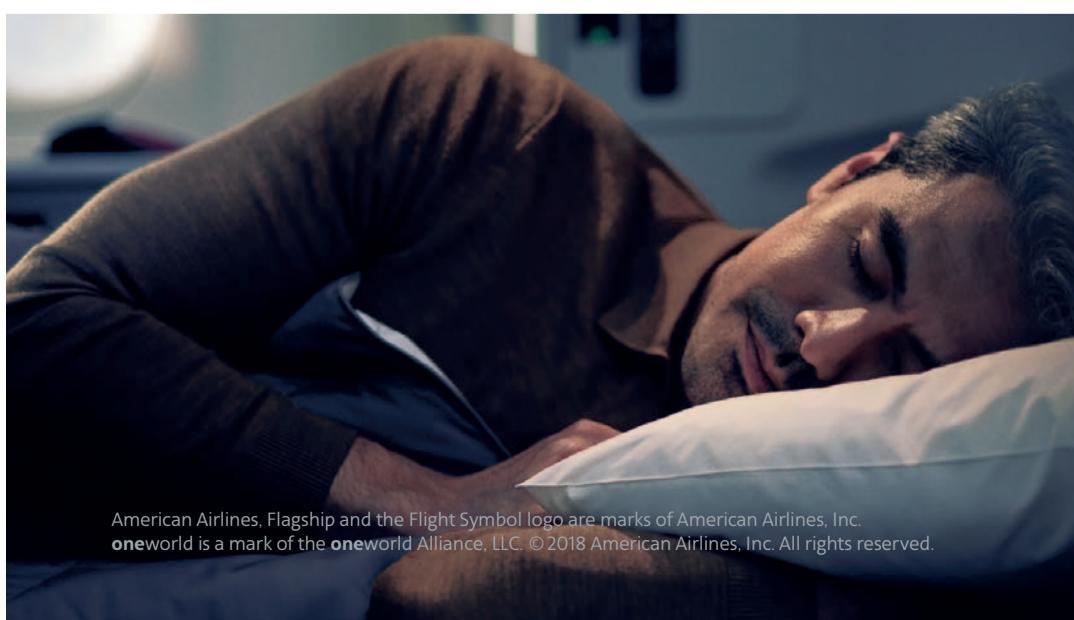
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WORLD NEWS

Abe to Seek Trump's Ear on Korea

Japan's leader will ask for U.S. to reflect Tokyo's interests in talks with Pyongyang

By ALASTAIR GALE

TOKYO—Japan's prime minister has worked hard to build close ties with President Donald Trump. Now, as Shinzo Abe heads to the U.S. for another summit meeting, differences over trade and North Korea are testing that relationship.

Mr. Abe is due at Mr. Trump's Mar-a-Lago resort for two days starting Tuesday. He raced to arrange the meeting after Mr. Trump surprised many by agreeing to talks with North Korean leader Kim Jong Un, now slated for May or June.

Japan had pressed the international community to be wary of North Korea's "smile diplomacy," but it has quickly pivoted to trying to ensure its interests will be reflected in any deal-making between Washington and Pyongyang.

One fear in Tokyo is that an agreement to curtail or end the North Korean nuclear-missile threat to the U.S. could amount to a de facto acceptance of North Korean weapons that can reach Japan.

The elimination of North Korean intercontinental ballistic missiles "has no meaning for Japan, so I want to tell the president that [North Korea] should also abandon short- and intermediate-range missiles that put Japan within range," Mr. Abe said in parliament last week.

On Thursday, Mike Pompeo, Mr. Trump's choice as new secretary of state, indicated that the U.S. is unlikely to make Mr. Abe's request a precondition for any agreement with North Korea. In testimony before the Senate Foreign Relations Committee, Mr. Pompeo said that while the



Prime Minister Shinzo Abe, pictured Saturday, is heading to the U.S. for another summit meeting with President Donald Trump.

U.S. would continue to help defend Japan, the purpose of the proposed meeting between Messrs. Trump and Kim is "to address the nuclear threat to the United States."

Mintaro Oba, a former State Department official involved in North Korea policy, said that while Japan is a close ally in Washington's pressure campaign on Pyongyang, it has never had a major influence in U.S. priorities toward the nuclear-armed regime.

Mr. Abe may have more success in winning an agreement from Mr. Trump to raise with Mr. Kim the issue of Japanese citizens abducted by North Korea.

In Japan last year, Mr. Trump met with family members of the abductees and highlighted the case of one woman abducted by Pyong-

yang in a speech at the U.N. last year.

Japan says at least a dozen people abducted by North Korea in the 1970s and 1980s may still be alive in the North. Pyongyang has admitted abducting Japanese citizens but says there are none alive in the country.

On a visit to Seoul last week, Japan's foreign minister also asked South Korea to press the issue with North Korea, but he received a lukewarm response.

"Traditionally, the abduction issue has been seen as a distraction [from nuclear talks], but I wouldn't be surprised if Mr. Trump raises it with North Korea," said Jonathan Berkshire-Miller, a senior visiting fellow at the Japan Institute of International Affairs, a think tank in Tokyo.

Premier Safe From Golf on U.S. Visit

When he meets President Donald Trump this time around, Prime Minister Shinzo Abe is likely to face one less hazard: the golf course.

Trade is another key topic, but it represents a diplomatic challenge for Mr. Abe. On Friday, Japan's main government spokesman said Mr. Abe would stress to Mr. Trump the importance of free trade following the president's decision to ask his advisers to study the possibility of the U.S. re-entering talks on the Trans-Pacific Partnership trade agreement.

But Mr. Trump also took a

The leaders hit the links together in November, when the prime minister tumbled into a bunker.

"Flexibility is the most important key in diplomacy," Mr. Abe later joked.

The White House said there was no golf currently on the schedule for this trip.

swipe at Japan on Twitter, writing that Tokyo had "hit us hard on trade for years!" and emphasized bilateral trade talks, something Japan has dragged its heels on because of its concerns about U.S. demands for major concessions. Unlike several other U.S. allies, Japan has failed to gain an exemption from Washington's new tariffs on steel and aluminum imports.

India Is Shaken by Rape of Young Girl

By CORINNE ABRAMS AND KRISHNA POKHAREL

NEW DELHI—Protests over the handling of the rape and murder of an 8-year-old girl spread across India as the government came under pressure to ensure justice in a case that has shocked the country.

The girl was kidnapped in January and held in a Hindu temple in the northern state of Jammu and Kashmir while she was drugged, gang-raped and murdered, according to a police charge sheet posted on a local media website.

The case vaulted to national attention after a group of lawyers were reported to have initially obstructed the filing of the charge sheet at a local courthouse. Seven people including four police officials have been arrested in connection with the case, along with one juvenile, police said. The accused or their lawyers couldn't be reached to comment. The first hearing in the case is set to take place Monday.

The case has threatened to stoke tensions between Muslims and Hindus. The girl was from a nomadic Muslim tribe, and the charge sheet filed in court said one of the accused wanted to drive the tribe from the area.

Protesters gathered Sunday in New Delhi, Mumbai and Thiruvananthapuram in Kerala state, with demonstrations planned across the country. Two Jammu and Kashmir local government ministers from Indian Prime Minister Narendra Modi's Bharatiya Janata Party resigned Friday after taking part in a rally in support of the accused. Mr. Modi's party, which has Hindu nationalist roots, is in coalition with the ruling People's Democratic Party in Jammu and Kashmir.

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WORLD NEWS

Assad Launches New Offensive on Rebels

Regime proceeds with conventional bombing, set on showing itself undeterred by strikes

BY SUNE ENGEL RASMUSSEN
AND RAJA ABDURAHIM

BEIRUT—Syrian armed forces on Sunday unleashed airstrikes against rebels and shelled what rescue workers said were civilian homes, as President Bashar al-Assad sought to demonstrate his regime's continued strength a day after a U.S.-led missile attack.

The barrage of American, French and British missiles on Saturday destroyed much of Syria's chemical-weapons capabilities, U.S. Defense Department officials said, but left Mr. Assad's conventional military intact.

American officials said the strikes were retaliation for a suspected regime attack—possibly with chlorine and a nerve agent—on Eastern Ghouta near Damascus on April 7 but weren't designed to topple Mr. Assad or change the course of a war tilting in his favor.

With the help of Russia and Iran, Mr. Assad has taken back much of the territory he lost after an antigovernment uprising in 2011 erupted into a full-scale civil war. While the alleged chemical-weapons attack forced opposition rebels to surrender in Douma, his forces have killed far more Syrians with conventional means of war such as barrel bombs, rockets, mortars and sieges.

Of the more than 400,000 Syrians killed in the war, fewer than 2,000 have lost their lives to chemical weapons, according to activists and human-rights groups.

Since the attack by Western nations early Saturday morning local time, Mr. Assad's regime tried to show that the country was going about its business normally. A nine-second video purportedly showing Mr. Assad walking into work, briefcase in hand, was posted on his Twitter account, drawing over 1 million views.

Mr. Assad was in a good mood Sunday as he met with Russian lawmakers, reported Interfax, a Russian state-backed news agency, which didn't disclose the meeting's location. Mr. Assad called the Western strikes an "act of aggression" and praised Russian defense systems, which he said shot down 71 of 103 missiles fired on Syria. The Pentagon denied those figures,



An injured man from Eastern Ghouta sitting in the Herjelleh shelter in the countryside outside Damascus on Sunday. On the same day, below, Assad regime troops patrolling that formerly rebel-held area's main town, Douma, which was surrendered in the wake of an alleged chemical-weapons attack on April 7.

FROM TOP: ALI HASHISHO/REUTERS; SANA/AGENCE FRANCE PRESSE/GTY IMAGES

Syrians Divided Over Missile Strikes

The barrage of American, French and British missiles divided Syrians who watched anti-aircraft tracers light up the skies over the capital Damascus early Saturday and heard explosions booming across the city's hills.

Some opposition leaders said the Western strikes weren't enough as government supporters held rallies in Da-

mascus, waving the Syrian flag. The main Syrian opposition group participating in peace talks voiced support for the U.S.-led airstrikes, but urged the international community to stop President Bashar al-Assad's use of conventional weapons as well.

"[T]he regime's illegal, indiscriminate use of conventional weapons must not be allowed to continue," Nasr al-Hariri, president of the Syrian Negotiation Commission, said in a statement. "This is the biggest killer of civilians."

calling Syrian antimissile efforts ineffectual.

On Sunday, the seven-year conflict in Syria ground on almost as if nothing had happened, with Mr. Assad's forces moving against areas north of Damascus.

Regime planes conducted at least 28 strikes in the countryside of Homs and Hama followed by artillery shelling, including on civilian areas, the White Helmets rescue group said on Sunday. On Saturday, the regime took full control of Douma, the scene of the suspected chemical-weapons attack and the last rebel-held pocket of Eastern Ghouta, which had been under siege

for five years.

Separately, late Saturday, an unexplained explosion ripped through an area in southern Aleppo believed to house Iranian forces and Iranian-backed Afghan militias. The Syrian Observatory for Human Rights said the explosion may have occurred in a weapons depot.

Hezbollah, a close ally of Iran, denied that the explosion was the result of an airstrike, according to media close to the militant group.

Arab leaders met in Saudi Arabia on Sunday for a summit dominated by talk of Syria, though without the participation of Mr. Assad, who

was excluded from the Arab League in 2011. The Western strikes split the Arab world, with Saudi Arabia and Qatar voicing support while Egypt, Iraq and Lebanon expressed concerns about escalating Syria's brutal conflict.

It was the use of chemical weapons that represented a red line for the Trump administration and leaders in Britain and France.

U.S. officials said the missile strikes hit three targets: a research center in Damascus, and chemical-weapons storage facilities and a military command post in Homs. U.S. officials said the strikes crippled the Assad government's chem-

ical-weapons program, while leaving open the possibility that the government had residual capabilities.

The Assad regime has been repeatedly accused of using chemical weapons during the war, charges it has denied.

The singular focus of Friday's strikes on chemical weapons reflected the changing U.S. priorities in Syria under the Trump administration, which has shifted away from even minimal support for rebel groups seeking to oust the Assad regime.

Before and during the strikes, the U.S.-led coalition—now focused on defeating Islamic State—told rebel

groups it backs in Syria that the attack shouldn't be interpreted as a shift to war against the Assad regime. About 2,000 U.S. troops are stationed in Syria to defeat the extremist group.

The U.S. coalition feared "we will attack the regime as well," said Muhammed al-Talla, the commander of the Pentagon-backed Maghawir al-Thawra group based in eastern Syria.

The U.S. Central Command, which is responsible for the U.S. coalition operations in the Middle East, declined to comment.

—Nazih Osseiran contributed to this article.



President Emmanuel Macron said Sunday he convinced Mr. Trump to not disengage from Syria and to limit airstrikes to chemical-weapons targets. White House press secretary Sarah Sanders didn't address Mr. Macron's comments directly, but said Mr. Trump "wants U.S. forces to come home as quickly as possible."

The eventual U.S. decision was the work of a national security team still taking shape. Central Intelligence Agency Director Mike Pompeo has been nominated to become Mr. Trump's second secretary of state, replacing Rex Tillerson, who was an ally of Mr. Mattis in previous administration national-security debates. Deputy CIA Director Gina Haspel, nominated to replace Mr. Pompeo, is bracing for tough questions from senators about her role in overseeing harsh post-Sept. 11 interrogation techniques.

Like Mr. Bolton, Mr. Pompeo is also widely viewed as favoring an assertive foreign policy. When he appeared before senators last week for his confirmation hearing, Mr. Pompeo said his image as a military hawk was mistaken.

Still, Messrs. Bolton and Pompeo are aligned in wanting to take a more forceful approach toward Iran and North Korea, two of America's most troubling adversaries.

Rather before taking the job, Mr. Bolton wrote an opinion piece for The Wall Street Journal in which he argued that North Korea posed an "imminent" threat to the U.S. and that the Trump administration had every right to launch a preemptive strike.

—Michael C. Bender in Washington and William Horobin in Paris contributed to this article.

Old Phrase Fuels New Debate

BY CHRIS GORDON

WASHINGTON—President Donald Trump's use of the phrase "Mission Accomplished" in the wake of airstrikes in Syria sparked further debate about American policy in that country and Mr. Trump's performance as commander-in-chief.

Mr. Trump's application of that phrase in a tweet on Saturday after the U.S. and its allies fired a volley of cruise missiles in Syria drew comparisons to the Iraq war. President George W. Bush gave a speech in May 2003 after the invasion of Iraq with a "Mission Accomplished" banner in the background. Mr. Bush later said he regretted the banner.

While fellow Republicans praised Mr. Trump for responding forcefully to an alleged chemical-weapons attack launched by the regime of President Bashar al-Assad, Democrats said U.S. policy was unclear. Lawmakers of both parties also noted that not all of Syria's chemical infrastructure had been targeted.

Mr. Trump returned to Twitter Sunday to explain his comment. "The Syrian raid was so perfectly carried out, with such precision, that the only way the Fake News Media could demean was by my use of the term 'Mission Accomplished,'" he said. "I knew they would seize on this but felt it is such a great Military term, it should be brought back. Use often!"

SYRIA

Continued from Page One the sizable influence Defense Secretary Jim Mattis still wields in the reorganized national security team. Faced with a push from the president for a muscular response to the alleged chemical-weapons attack that killed at least 43 people, Mr. Mattis presented the White House with three military options, according to the people familiar with the decision-making.

The most conservative option would have hit a narrow set of targets related to Syria's chemical-weapons capabilities.

The second option proposed strikes on a broader set of Syrian regime targets, including suspected chemical-weapons research facilities and military command centers.

The most expansive proposal, which might have included strikes on Russian air defenses in Syria, was designed to cripple the regime's military capabilities without touching Mr. Assad's political machinery.

The most ambitious of the proposals was three times the size of the one eventually carried out by U.S., British and French forces.

Mr. Trump approved a hybrid plan that saw more than 100 advanced missiles fired at the three Syrian targets early Saturday. That action reflected a melding of the first two options: modest missile strikes, but ones the Trump administration said delivered a decisive blow to Mr. Assad's chemical-weapons capabilities.

While Mr. Trump pressed his team to also consider strikes on Russian and Iranian targets in Syria if necessary to get at the

Assad regime's military equipment, Mr. Mattis pushed back, those familiar with the decision-making said.

United Nations Ambassador Nikki Haley had joined Mr. Trump in calling for more forceful response, while Mr. Mattis warned about the risks that a more expansive strike could trigger a dangerous response from Moscow and Tehran, according to the people.

Officials at the White House, Defense Department and U.N. didn't respond to questions about the decision-making process.

Mr. Trump often expresses conflicting impulses on overseas entanglements—he remains eager to withdraw troops from the Middle East, for instance, but was adamant about a quick and forceful military response in Syria last week—and his newly assembled national security team had been working together for less than a week before the bombing campaign was launched.

Mr. Bolton knew the respect Mr. Trump had for Mr. Mattis,

and he may have decided that it was wise to defer initially to the Pentagon chief after he started the job, according to the people familiar with the decision-making.

Conscious of his public image as someone quick to favor military action, Mr. Bolton pressed for what he considered a "ruinous" strike that would deliver a concrete blow to some part of Mr. Assad's regime, but not the most aggressive options, according to one person familiar with his thinking.

Mr. Bolton knew the respect Mr. Trump had for Mr. Mattis,

In Paris, meanwhile, French

WORLD NEWS

Politicians' Immunity Riles Brazil

SÃO PAULO—As former President Luiz Inácio Lula da Silva ended his first week jailed for corruption, scores of other senior Brazilian politicians who are suspects in the same sweeping graft investigation, including the current leader Michel Temer, are still free and ruling the country.

That disparity has sparked allegations of a political witch hunt against Mr. da Silva—a working-class icon and would-be presidential candidate—and growing calls to try the accused.

By Samantha Pearson, Luciana Magalhaes and Paulo Trevisani

There's one major hurdle: special legal standing for sitting politicians. Under the constitution, the president, lawmakers, mayors, city councilors and many other officials—about 55,000 now in all—can only be prosecuted by the notoriously slow high courts, which are backlogged with tens of thousands of cases dating back decades.

"The political system is totally contrary to the idea of justice for all," Marina Silva, a politician who plans to run in October elections, said in an interview.

There are new efforts to change the system.

The Supreme Court said Friday it plans to resume discussions next month on possible restrictions to legal privileges for politicians. Meanwhile, prosecutors are pushing for congress to pass a constitutional amendment to the same effect.

A petition by online activist group Avaaz to end the

protections has 2.2 million signatures and there is hope that the near-two-thirds of federal lawmakers not facing prosecution will bow to public pressure and agree to voluntarily give up their privileges. Most of them "don't want to be painted with the same brush" as their accused colleagues, said Efraim Filho, a federal deputy.

The stakes are high.

Mr. da Silva, who left office seven years ago, was tried by the more-agile lower courts, which can send convicts to prison after they lose their first appeal. But if the leftist remains the only leading politician jailed in the "Car Wash" corruption investigations, many people could conclude the case was a conspiracy by elites to keep him from running in the presidential election, which polls show he would win. That could damage future corruption investigations—and Brazilians' faith in democracy.

"Car Wash promises to do great things for Brazil, to tackle impunity and to bring about political renovation, but this will not happen if a big part of the population believe that the investigation is politically biased," said Oliver Stuenkel, a researcher at the Getúlio Vargas Foundation in São Paulo and member of the U.S.-based Carnegie Rising Democracies Network.

Legal privileges for politicians were included in Brazil's first constitution in 1824 following independence from Portugal, and were later extended to a large number of officials in 1988 after the military dictatorship. The intent was to ensure the independence of judges and opposition

HEULER ANDREW/AGENCE FRANCE PRESSE/GETTY IMAGES



Supporters of former President Luiz Inácio Lula da Silva gathered in Curitiba, Brazil, last week.

politicians who might otherwise face politically motivated lawsuits.

Rosa Lopes, 43, who works at a hair salon in one of São Paulo's favelas, has never heard of the rules. Mr. da Silva, or "Lula" as the shoe-shine boy-turned president is known, must have gone to jail because the elites opposed his policies to help the poor, she said.

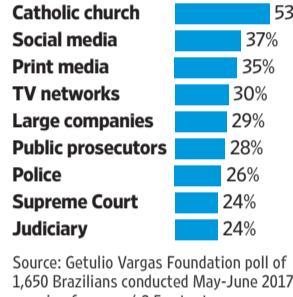
"All the politicians rob but they picked on Lula...Lula never governed for the benefit of the rich, and that bothered a lot of people," she said.

Many of Brazil's millions of poor, who suffer prejudice by the police, are unable to pay for a good lawyer to defend their rights at court and face myriad other hardships, already believe the justice system is biased against them, said Renato Meirelles, head of the Locomotiva research institute.

Underlying how slow top courts are to judge politicians, at least 160 people have been convicted by lower courts as part of the four-year Car Wash investigation, yet

Little Faith

Brazilians tend to believe less in governmental institutions. Share who trust:



Source: Getúlio Vargas Foundation poll of 1,650 Brazilians conducted May-June 2017; margin of error: +/-2.5 pct. pts.

THE WALL STREET JOURNAL

Brazil's Supreme Court had not concluded a single case linked to the probe, according to prosecutors and Congress in Focus, a local congressional monitoring group.

Several politicians are in jail, such as Eduardo Cunha, former speaker of the lower house of congress, and Sérgio Cabral, ex-governor of Rio de Janeiro, but only because their legal privileges were rescinded when they left office.

Opaque Rules Leave Many Guessing

Legal protections exist for the highest members of government in many countries such as the U.S., Germany and elsewhere in Latin America. Brazil is unique in offering these privileges to so many people, according to a Brazilian study in 2016.

These protections may now be damaging Brazil's young democracy. Brazilians' faith in democratic institutions has plunged, with only 6% of Brazilians now trusting the federal government versus 56% for the armed forces, according to a study by the Getúlio Vargas Foundation.

The rules—called "foro privilegiado" or "privileged jurisdiction"—are particularly toxic because they are unknown to many Brazilians, who are left to draw their own conclusions about why some politicians end up in jail and others don't.

WORLD WATCH

SUMMIT OF THE AMERICAS Leaders Criticize Venezuela on Rights

A meeting of leaders from across the Americas centered its attention on Venezuela's authoritarian government, as the U.S. and Latin America's largest nations said they wouldn't recognize next month's presidential election, calling it a farce.

On the final day of the Summit of the Americas, Vice President Mike Pence called Saturday for nations to do more to isolate Venezuelan President Nicolás Maduro.

Mr. Pence traveled to Peru in the place of President Donald Trump. After Mr. Pence's speech, leaders from 16 nations—including Brazil, Mexico, Chile and Peru—issued a statement saying they will continue to push for free and fair elections, the return of democracy and respect for human rights in Venezuela.

—Ryan Dube

MONTENEGRO

Djukanovic Leads Vote

Projections by independent monitors in Montenegro's presidential election showed ruling-party leader Milo Djukanovic sweeping the vote, avoiding a runoff.

The Center for Monitoring and Research said after counting more than 80% of the votes that Mr. Djukanovic won about 53% while his main opponent, Mladen Bojanic, won 34%. Mr. Djukanovic defied Russia to take his country into NATO last year.

—Associated Press

SPAIN

Catalans Hold Protest

Hundreds of thousands of separatists rallied in Barcelona to demand the release of secessionist leaders held in pre-trial detention.

The rally was organized by pro-independence groups whose presidents are among nine separatists awaiting trial for their roles in last year's breakaway bid by the northeastern Spanish region.

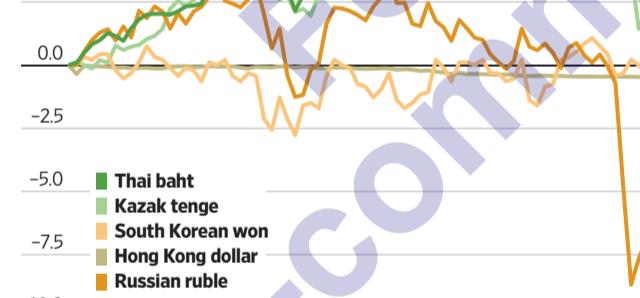
—Associated Press

SLIDE

Tremors

Some currencies are starting to show signs of increased volatility.

Select currencies vs. U.S. dollar



Source: Tullett Prebon

dent Asian nations, analysts said.

Eswar Prasad, a professor in trade policy at Cornell University, said any effort to devalue the yuan could quickly backfire on China. Its devaluation in 2015 sparked a global market sell-off and set off a wave of capital outflows that China spent around \$1 trillion in reserves trying to halt.

Devaluation "would be a tool that could actually hurt the Chinese a lot more than it would hurt the U.S.," said Mr. Prasad. "It would really set the Chinese back in terms of what they're trying to accomplish with financial market opening."

The rise in global policy and trade tensions has roiled other emerging-market currencies.

The Russian ruble tumbled 6.8% against the dollar last week after the Trump administration announced new sanctions against government officials and business magnates in Russia.

Kazakhstan's tenge dropped 2.3% against the dollar, highlighting fears that the ruble's decline will upset trade between the neighboring countries.

Meanwhile, the Turkish lira fell 1.3% last week as the emerging-market volatility sharpened investor concerns over the health of that nation's economy.

The declines mark a reversal from a months-long rally that took emerging currencies and stocks to multiyear highs, as investors brushed off uncertainties surrounding global trade and politics to focus on strong economic growth in those na-

tions. An MSCI index of emerging-market currencies has gained around 2% this year, while its benchmark emerging-market stock index has risen 1%. That compares with the S&P 500's 0.7% decline and the Stoxx Europe's 2.6% fall.

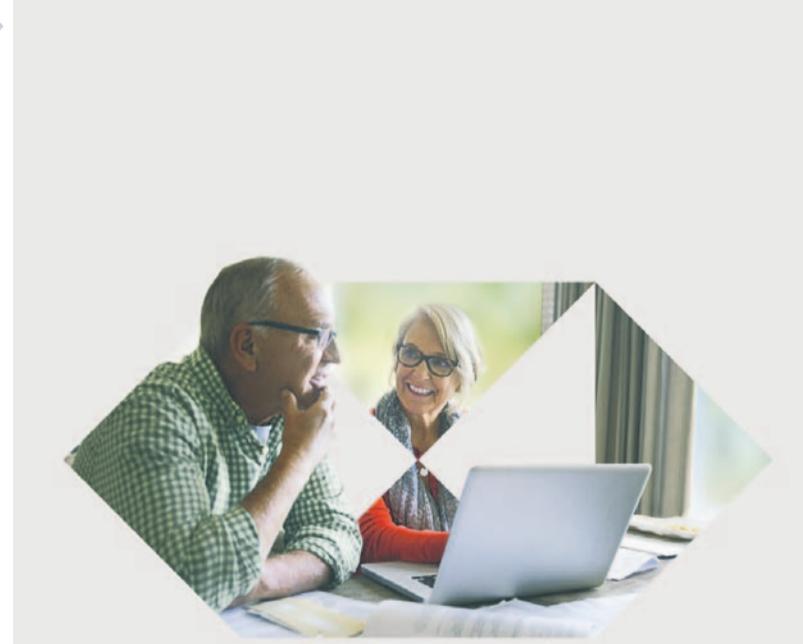
A jump in volatility could also pressure countries whose currencies remain tied to the dollar, such as Saudi Arabia and Qatar. Pegged currencies are often allowed to trade only at a specific rate or within a tight band, and volatility can make upholding those levels more difficult as other factors—such as investor flows in and out of the country—buffet the currency.

Many developing nations linked their currencies to the dollar decades ago in a bid to insulate their economies from volatility. But the dollar's surge from 2011 to 2016 and a multi-year commodity-price rout forced many countries to cut those ties as they became too expensive to maintain.

In 2014, Russia's central bank began taking steps to allow the ruble to float freely as the country's economy came under stress. Countries including Nigeria, Egypt and Kazakhstan have abandoned or loosened their ties to the dollar recently.

"Pegs don't fare very well in a market that's volatile," said Mark McCormick, North American head of foreign exchange strategy at TD Securities. As markets become less stable, "the pegs will be challenged," he said.

—Saumya Vaishampayan contributed to this article.



DELIGHT

IN NEW POSSIBILITIES THIS TAX YEAR WITH A HIGH-YIELD SAVINGS PROMOTION FROM HSBC

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This offer requires each of the elements to be met. • HSBC Premier relationship required to open an HSBC Promotional Premier Savings account from January 16, 2018 through and including May 11, 2018 with the stated Annual Percentage Yield (APY) effective through September 4, 2018. Charges and fees may reduce earnings. • New Money is defined as deposits and investments not previously held by any member of the HSBC Group in the U.S. • HSBC Premier is a relationship product requiring a Premier checking account. Monthly maintenance fee will be incurred if minimum balance requirement is not maintained for your account relationship. Premier relationship requires the maintenance of \$100,000 in U.S. personal deposit and investment balances to avoid a monthly maintenance fee of \$50. Investment and certain insurance products, including annuities, are offered by HSBC Securities (USA) Inc. (HSI), member NYSE/FINRA/SIPC. HSI is an affiliate of HSBC Bank USA, N.A. • HSBC reserves the right to change or terminate this offer in its sole discretion. • Deposit products are offered in the U.S. by HSBC Bank USA, N.A. Member FDIC. • ©2018 HSBC Bank USA, N.A.

IN DEPTH

GENES

Continued from Page One
are less healthy than conventional versions.

Sales of products made without GMOs have increased to \$25.5 billion in 2017, from \$349 million in 2010, according to the Non-GMO Project, a Washington state-based group that promotes and certifies foods made without genetically engineered crops. It calls the new gene-edited crops "GMO 2.0."

New Methods

Agriculture-industry officials say new methods such as Crispr, Talen and Zinc-finger nucleases are fundamentally different than the biotechnology techniques pioneered in the 1980s by companies such as Monsanto Co. Those older techniques generally involve adding genes from outside species, including bacteria, viruses and other plants. Inserting such genes enables crops to survive herbicide sprays or repel destructive bugs.

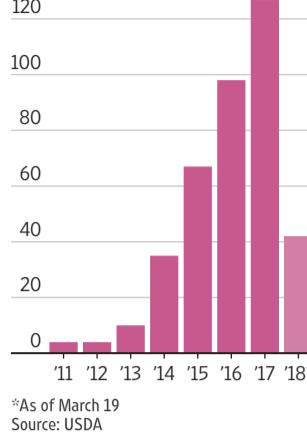
The new gene-editing technologies enable scientists to achieve some of the same effects by altering the plants' own DNA, without inserting new genes. With Crispr-Cas9, the most widely used system, scientists can program genetic guides to target a location along the plant's DNA, where the Cas9 protein cuts the DNA. The cells change the DNA sequence as the cut is repaired. Scientists are using Crispr to make drought-resistant corn, reduced-gluten wheat and tomatoes with easy-to-remove stems.

The agricultural industry is working to persuade the public to distinguish between the newer gene-edited crops and traditional GMOs. It describes the editing technologies as an extension of plant breeding, the centuries-old practice of crossing plant strains to create improved offspring. Gene editing, the industry says, can yield the same results as crossbreeding, only faster.

"What we're doing is basically boosting Mother Nature to a degree, just in a more efficient manner," says Adrian Percy, head of agricultural re-

Growing Research

Department of Agriculture approvals of field trials for gene-edited crops



*As of March 19

Source: USDA

THE WALL STREET JOURNAL

search for German drug and chemical maker Bayer AG, which also develops crop seeds.

That distinction is critical for the agriculture industry. Regulators, including the USDA, don't plan to regulate gene-edited plants as tightly as those engineered with outside DNA. That means Crispr-edited corn, for example, can be brought to market faster and more cheaply than traditional biotech crops, which on average can take 13 years and \$136 million to develop and launch, according to agriculture consulting firm Phillips McDougall Ltd.

As gene-edited foods move closer to supermarket shelves, shoppers' decisions will help determine the new technology's reach. One of the world's largest seed suppliers, DowDuPont Inc., plans this fall to sell a variety of Crispr-edited corn to U.S. farmers that can be processed into salad dressings and other products. Calyxt Inc., a Minnesota-based startup, this spring is marketing soybeans that have been gene-edited to produce healthier vegetable oil. Other top seed companies, including Monsanto, Bayer and Syngenta AG, aren't far behind.

"Ultimately, the consumers have the final say about what technology is used in the public market," says Neal Gutterson, chief technology officer of DowDuPont's agricultural division.

DowDuPont hired consulting firm Resolve Inc. to bring



A research team at Cold Spring Harbor Laboratory, on Long Island, N.Y., is developing higher-yielding tomato plants with a gene-editing tool called Crispr-Cas9.



RICHARD BEYER FOR THE WALL STREET JOURNAL

together executives, plant scientists, organic farmers and others in 2015 and 2016 for roundtable discussions that included gene editing. Swiss seed company Syngenta is pitching gene editing's sustainability benefits to environmental groups. Bayer set up an "Ambassador Program" to coach crop scientists and other employees for public speaking and talking to consumers.

Monsanto scientists are diving into food debates on social media. Last August, company scientist Larry Gilbertson wrote a LinkedIn post about Crispr's potential to delete individual genes to improve plants: "Knocking out genes may sound like a bad thing to do, but nature does it all the time."

A 12-page document prepared for agriculture groups by the International Seed Federation, a Switzerland-based trade group, details how crop scientists and other industry participants should approach public discussions of gene-editing technologies. It recommends referring to "plant breeding methods," not "techniques or technologies." "Focus on the benefits of the products, rather than the applications or methods," the document says. The phrasing was informed by focus-group research, says the group's communications manager, Jennifer Clowes.

Jessie Alt breeds soybean varieties for DowDuPont in Dallas Center, Iowa. When picking up her daughter from dance class three years ago, she found herself explaining to other parents what a farmer was doing with a soil-probe device in a nearby corn field. She began regularly fielding questions about pesticides and organic agriculture, and when

'Ultimately, the consumers have the final say,' says one agriculture executive.

her company offered a program to train "research ambassadors" to explain modern agricultural practices to consumers, she signed up.

Last year in March, she appeared at Walt Disney World's Epcot Center to give a presentation to tourists called "The Magic of Seed." Peppering descriptions of plant genetics with words like "fun" and "exciting," she and Eric Hoeft, a molecular geneticist for the vegetable seed company HM.Claus Inc., talked about their own gardens and "tools" used to "develop" new plant varieties, similar to phrasing recommended by the industry. They didn't discuss specific technologies.

Some tourists saw no problem with genetically engineered crops, Ms. Alt recalls, while others didn't understand why they were necessary. "The folks in the middle are easier to have a conversation with and change their perspective," she says.

Professor Jennifer Kuzma, co-director of the Genetic Engineering and Society Center at North Carolina State University, says she understands why companies want to stay away from the GMO label, but says referring to the new gene-editing techniques as breeding "seems a little disingenuous."

"It is a biotech-improved crop," she says. "Something along those lines would be more honest and is more likely not to come back and bite them in the future if consumers find out it is not really just breeding, it's something more."

That message is at the center of campaigns being rolled out by some natural-food makers and organic-food groups. The Non-GMO Project already has barred gene-edited plants and animals from bearing its "Non-GMO Project Verified" label, now on about 50,000 products in the U.S. and Canada. "Telling people it's the same as traditional breeding is not truthful, and according to our nonprofit mission, we are determined to counter some of that," says Megan Westgate,

the group's executive director.

Her group is meeting with food retailers and plans to hold focus groups to determine how to best convey to consumers its message that gene editing is an extension of existing GMO technologies.

Some organic-food makers have taken steps to keep gene-edited crops out of their products. Nutiva Inc., a Richmond, Calif., company that produces organic coconut oils and hazelnut spreads, uses no canola oil. That ensures Nutiva won't use GMO canola oil or gene-edited varieties being developed by San Diego-based startup Cibus Global Ltd., according to Nutiva founder John Roulac.

Cibus Chief Executive Peter Beetham says his company hopes to get organic groups and food companies more comfortable with the technology by explaining how it develops seeds and how they can help farmers and consumers.

Nutiva's Mr. Roulac helped set up a website called GMOinside.org to campaign against genetically engineered crops. The website describes gene editing as "genetic engineering 2.0" and warns that "if left unchecked it will sneak its way onto every grocery store shelf."

Crispr Opponents

Opponents of Crispr gene editing argue that even if resulting crops contain no foreign DNA, they are still unnatural. They say that is because the Cas9 protein that cuts the DNA comes from bacteria.

Jennifer Doudna, a professor at the University of California, Berkeley, and one of the inventors of the Crispr-Cas9 tool, calls that a "bogus argument." Dr. Doudna, who cofounded a company that licensed Crispr-Cas9 technology to DowDuPont, says the plants people consume today are already highly engineered—by traditional breeders who introduce changes to plant DNA randomly by repeatedly cross-breeding them. Why is one considered natural and the other not? she asks.

Some supporters of gene editing believe the industry needs to ditch old arguments that don't resonate with consumers, such as the contention that the new technologies are needed to feed a growing global population.

Cold Spring Harbor's Dr. Lippman, based in Long Island, N.Y., is growing different kinds of Crispr tomatoes in the fields near his lab. By tweaking the tomato's DNA, he can increase the number of fruits per plant or make them bigger. His expertise has brought scientific advisory work for companies, including Inari, and speaking gigs before scientists, schoolchildren and the general public.

At home, his tomatoes have sparked dinner-table questions from both his daughter, a high-school freshman studying biology, and his wife, Shira Lippman, who says she understands the importance of addressing global food challenges but wonders about the long-term effects.

Dr. Lippman sometimes offers to bring home a few research tomatoes, but his family still hasn't tried a Crispr variety. "My wife won't let me," he says.

texts in TCPA cases but they've ultimately decided, "ehh, maybe we don't want to do the thing the company is being sued for."

Mr. Barrett said they hit the phones when, six weeks after letters went out, they had less than an 8% response rate. Response rates in class actions vary, but that was lower than they expected. He started making calls himself to find out why people weren't returning forms that came with their letters—and found out many thought it was too good to be true.

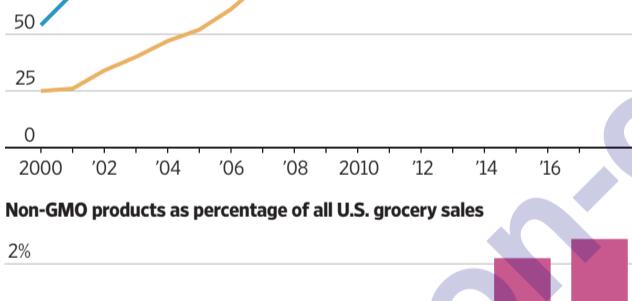
Sue Polston, a Bailey & Glasser paralegal in St. Louis recruited to make calls to around 150 class members in between her other work, said she has never undertaken a phone campaign like this in her more than 30 years at law firms and in the federal court system. Patience has been the key. "I had a gentleman just bound and determined this was a hoax," she recalled. "I said, ask me all your questions, see if you'll believe me."

It took almost 30 minutes, but by the end, she said he agreed to turn in the form, concluding: "I guess you're legitimate."

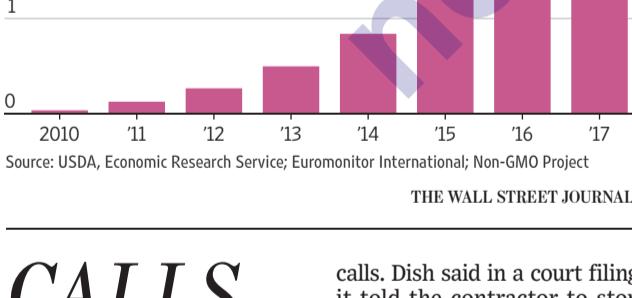
The GMO Debate

As genetically modified organisms, or GMOs, become widespread on U.S. farms, sales of non-GMO products have grown.

GMOs as percentage of crops planted



Non-GMO products as percentage of all U.S. grocery sales



Source: USDA, Economic Research Service; Euromonitor International; Non-GMO Project

THE WALL STREET JOURNAL

CALLS

Continued from Page One

Taking a page from the telemarketing playbook, Mr. Barrett and his colleagues at law firm Bailey & Glasser LLP have called hundreds of people, many on nights and weekends, to tell them they could be eligible for a slice of the judgment.

"I do see the irony of a bunch of lawyers calling people who have been bombarded with telemarketing calls," says Mr. Barrett, who co-led a trial team with partner Brian Glasser. Last year the pair won a \$20.4 million jury verdict against Dish in a class action claiming the satellite provider called people on the national do-not-call list.

The judge later tripled the verdict. That means 18,066 people who received calls from Dish several years ago are in line for between \$2,400 and \$30,000 apiece, before attorneys' fees and expenses are paid.

Dish plans to appeal the verdict and argues it shouldn't be responsible for actions of the contractor that made the

calls. Dish said in a court filing it told the contractor to stop contacting do-not-call numbers and any calls made to the contrary "violated Dish's express instructions."

U.S. mailboxes are littered with postcards alerting consumers to class-action settlements over false marketing claims or privacy violations, though many offer at most a few dollars or a coupon. But there is real money to be had in the Dish case, if it survives an appeal.

Massachusetts resident Douglas Pierce remembers getting a letter in the mail about the Dish verdict in November but "I thought it was something similar to those Publishers Clearing House you get in the mail all the time," Mr. Skriven said. "Not like in the old days."

His friend called back after looking up the case and "said go ahead," Mr. Skriven said. So he called back the law firm and signed up. If the money eventually comes, great. But if not, "I don't need to go to Paris anymore," he said.

Under the federal Telephone Consumer Protection Act, telemarketing calls aren't just annoying, but sometimes illegal. Companies decry TCPA lawsuits as plaintiffs-lawyer shakedowns; a lawyer for Dish said at trial, "the plaintiff is trying to seek a windfall for a phone call."

North Carolina jurors dis-

agreed in a rare trial over the telemarketing law, finding in January 2017 that Dish should be liable for its contractor's improper calls.

The judge overseeing the trial chided Dish's characterization of the calls as a "minor nuisance" and "inconvenience," writing that the "description has left out 'illegal,' not to mention 'infuriating.'"

At the trial, plaintiff Thomas Krakauer, a 75-year-old retired science museum director in North Carolina, testified that he wanted to bring the lawsuit because "if no efforts are taken to enforce this, wealthy telemarketers are free

to continue to make calls forever." He is in line for \$6,000 from 5 calls he got, plus an incentive award for being involved in the litigation.

The court issued a final judgment in early April, kicking off Dish's ability to appeal.

In a typical class action, paper or email notices are all that a consumer can hope to get as notification they have some money coming to them. Calling plaintiffs is extremely uncommon and often cost-prohibitive, said Cameron Azari, a class-action notifications expert at legal-services company Epiq. Mr. Azari said clients have been tempted to send



Telemarketing calls have prompted class-action lawsuits.

GETTY IMAGES/STOCKPHOTO

texts in TCPA cases but they've ultimately decided, "ehh, maybe we don't want to do the thing the company is being sued for."

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GREATER NEW YORK

Working Families Party Backs Nixon

Candidate for governor wins over liberal group that supported Cuomo in the previous election

BY LESLIE BRODY

Cynthia Nixon, the actress and Democratic activist, got a boost in her bid to be the next governor of New York when leaders of the liberal Working Families Party endorsed her over the weekend.

More than 91% of party's state committee members voted to support her at a meeting in Albany on Saturday. Those same members will vote again next month on formally nominating her for the party's line on the ballot.

Bill Lipton, the Working Families Party's state director, said it endorsed Ms. Nixon to back "someone who shares our values and beliefs, working from day one putting working families ahead of the millionaires and billionaires dominating politics."

The "Sex and the City" star

is challenging Gov. Andrew Cuomo, who is seeking a third term, in the Democratic primary. She has criticized Mr. Cuomo on a range of issues, including his alliance with some Republican legislators, problems with New York City's subways, and what she sees as inadequate funding for public schools. She has called for legalizing recreational marijuana and an end to mass incarceration.

Mr. Cuomo's campaign on Friday said he wouldn't be seeking the Working Families Party endorsement after two unions pulled their support from that party, the Local 32BJ of the Service Employees International Union and Communications Workers of America. Four years ago, the party endorsed Mr. Cuomo for governor.

"Our friends are in a tight spot and we respect their decision," Mr. Lipton said of the two unions' decision.

A spokeswoman for the governor's campaign said Mr. Cuomo was focused on uniting the Democratic Party against a Republican-dominated govern-



Cynthia Nixon is challenging Andrew Cuomo in the Democratic primary.

ment in Washington, D.C.

"We're facing new and unprecedented threats out of the White House," said Abbey Fashouer, a spokeswoman for Mr. Cuomo's campaign. "We need a united front."

Ms. Fashouer said the governor had a strong record of progressive accomplishments, including gun-safety laws, paid family leave and free college

tuition for eligible students.

Ms. Nixon said she was honored to get the Working Families Party endorsement, describing activists from the party as "the heart and soul of our movement to make New York a place that belongs to all of us—a place with great schools for every child, good jobs, health care for all, and an end to mass incarceration."

Ms. Nixon's bid could complicate the governor's campaign, but polls show him far ahead. An NBC 4 New York/Marist Poll released on April 12 said Mr. Cuomo leads Ms. Nixon 68% to 21% in the Democratic primary among registered voters in New York state, with 11% undecided.

Lee Miringoff, director of the Marist College Institute for Public Opinion, said in a news release that "the more Cuomo needs to attack Nixon during the primary, the more he will have to pivot later to appeal to progressive Democrats nationally if he wants to run for president in 2020."

Four years ago, Mr. Cuomo also faced a liberal challenger in the Democratic primary. He soundly defeated the rival, Zephyr Teachout, who is now working with Ms. Nixon's campaign.

As of April 1, New York state had 12.4 million registered voters, with 6.2 million registered Democrats and 2.8 million registered Republicans. The Working Families Party had 46,000 registered voters.



Loretta Weinberg, New Jersey Senate majority leader.

Trenton Cools on Port CEO Position

BY PAUL BERGER

Democrats in New Jersey are poised to deal another blow to the search for a leader of the Port Authority of New York and New Jersey, setting back efforts to depoliticize decision-making at one of the nation's largest transportation agencies.

State Senate Majority Leader Loretta Weinberg said legislators are happy with the status quo at the Port Authority in which the governor of New York appoints an executive director and New Jersey appoints a board chairman.

Ms. Weinberg has taken over as sponsor of a bill that eradicates the chief executive position before it has even been filled.

\$8.1B

Size of the Port Authority of New York and New Jersey's budget.

"We in New Jersey are much more comfortable that the current executive director is acting as an executive director should, in a professional manner adhering to the bi-state mission of this agency," she said.

Establishing a new position for a chief executive officer and eliminating the executive director post was a key change proposed in the wake of the George Washington Bridge lane closure scandal.

The so-called Bridgegate scandal laid bare the politicization of the agency, which has a 2018 budget of \$8.1 billion and runs many of the region's major bridges, tunnels and airports, the PATH rail system and the 16-acre World Trade Center site.

The new CEO role sought to give the agency's top executive greater autonomy.

During a two-year search that began in 2015, several candidates expressed skepticism about taking the role unless it was enshrined in law, according to people familiar

Please see PORT page A10B



JESSICA HILL FOR THE WALL STREET JOURNAL
Lana Corsano started Bolt Printing & Embroidery, a Connecticut T-shirt printing company, in 2009 after her previous company failed.

ness with two employees in 2009, Ms. Corsano was printing T-shirts in a 1,000-square-foot industrial garage. She now has 21 employees and rents a 10,000-square-foot facility where a little more than 500,000 personalized T-shirts and other textiles were churned out last year.

Religious and political messages have been particularly popular. Workers recently were preparing an order for a Texas-based customer of about 50 orange T-shirts that said "Enough" above a peace sign and the hashtag "#nationalschoolwalkout," which refers to a gun-violence protest.

The company takes its orders almost exclusively online, using technology built and maintained in-house. Adapting her business to keep up with technology also

is a legacy of the recession, which Ms. Corsano said made her realize that she couldn't "fly under the radar and expect to have my business be secure."

Ms. Corsano, who logged \$2.7 million in sales last year, is buying more equipment with cash that she expects will allow her to reach \$10 million in sales by 2020. She is looking to hire up to 10 new employees this year.

A decade after the recession, Ms. Corsano is still unwilling to overextend herself. She said she agonized over buying office furniture. She ended up purchasing the desks and chairs from IKEA. "I'm not willing to risk anything anymore," she said. "I don't ever want to be in a position where I have to walk out of my door and tell people that I can't keep them employed."

Confidence Grows, But Hurdles Remain

Small-business owners have reported a growing confidence in the economy in recent months. A January survey by the National Federation of Independent Business found that a record 32% of respondents felt that this is a good time to expand.

But some effects of the recession continue to linger, said Molly Day, vice president of public affairs for the National Small Business Association. "I do think the landscape has changed pretty significantly, and not for the better," she said. "So many banks are not willing to lend to you."

While aggregate-lending volumes to large businesses have rebounded from the financial crisis, small-business lending is still down from its pre-crisis peak, according to the Federal Reserve Bank of New York. A nationwide survey of more than 10,000 small businesses in 2016 conducted with involvement from all of the Federal Reserve banks found that most firms used retained-business earnings and personal funds for the majority of their financing, with only 15% relying on external sources such as bank loans for their primary funding source.

The Fed's survey found that most small businesses have outstanding debt, however.



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GREATER NEW YORK

PORT

Continued from page A10A with the process. Because the Port Authority is a bimodal agency, legislatures in New York and New Jersey must pass identical measures establishing the post.

Such a bill passed in New York and was signed by Democratic Gov. Andrew Cuomo in 2015. But New Jersey legislators have refused to pass an identical bill, instead pushing their own measures that impose greater oversight over the agency. Those bills were vetoed by former New Jersey Gov. Chris Christie, a Republican.

John Degnan, the agency's former chairman who led the CEO search before stepping down last summer, said: "I'm shocked and disappointed that people I respect in the legislature who care deeply about the Port Authority don't see the merits of this proposal."

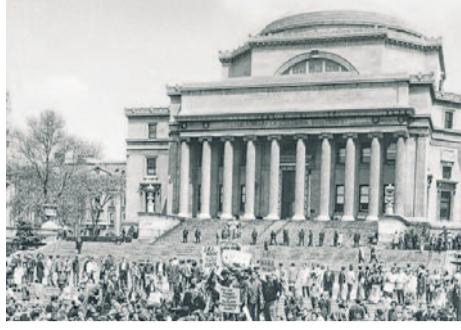
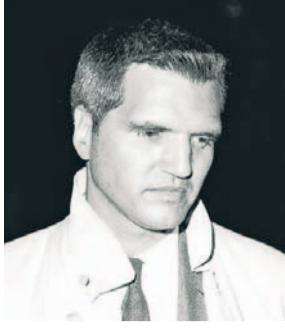
Mr. Degnan suspended the chief executive search last June, citing the lack of New Jersey legislation as a prime factor in the board's failure to find a candidate.

The Port Authority's current executive director, Rick Cotton, an appointee of Mr. Cuomo, declined to comment on the chief executive search. In February, he said he supported restarting the process because it was "good public policy."

The New Jersey bill includes measures to boost oversight and transparency, many of which have been adopted by the Port Authority's board.

Ms. Weinberg said it was important to enshrine them in law to prevent future boards from backsliding. As the bill's new prime sponsor, she said she would review it before it is put up for a vote in the senate, which is expected in June.

Democrats say they are confident it would pass the state legislature, where they have majorities in both houses. Mr. Christie was succeeded by Democrat Phil Murphy in January. A spokesman for Mr. Murphy said the governor doesn't comment on pending legislation.



Scenes of student protests at Columbia in the spring of 1968. Acting dean Henry Coleman, above, was held captive by students. Below, plainclothes officers drop a student on the ground after he and others conducting a sit-in were removed.



CLOCKWISE FROM FAR LEFT: HULTON ARCHIVE/GETTY IMAGES; JACOB HARRIS/ASSOCIATED PRESS; ASSOCIATED PRESS (2)

Columbia Reckons With '68 Student Revolt

By THOMAS VINCIGUERRA

Recognizing the 50th anniversary of the student occupation and strike at Columbia University that ended with 700 arrests and 150 injuries is a delicate task.

The university is planning a three-day conference later this month, called "50 Years After the Revolution." It has a Twitter feed that posts about events from the turbulent year and an exhibit at the Rare Book and Manuscript Library about 1968 in general. Last month, 150 people took a walking tour around campus that was followed by a panel discussion with some of the original participants.

The Columbia University Press also published "A Time to Stir: Columbia '68," a collection of writings by participants in the events, including demonstrators, city officials and police officers. A related seven-

hour documentary about the occupation will be shown during the conference and again in May.

Several issues inspired the 1968 takeover. Many students were upset by restrictions on campus protests and Columbia's Vietnam War-era ties to the Institute for Defense Analy-

The occupation 50 years ago lasted nearly a week and came to a violent end.

ses, a government-associated think tank concerned with military research. Students also opposed the construction of a university gymnasium in adjoining Morningside Park, which some residents and activists regarded as a hostile ex-

pansion into the Harlem community.

The occupation, which started on April 23, 1968, lasted nearly a week and came to a violent end when the university called in the police.

"We are still feeling today the effects of those events," Columbia President Lee Bollinger said. "I admire the programs that have been organized to try to step back and take a critical perspective on what happened in this tumultuous period."

Sophomore Inga Manticas of Student-Worker Solidarity, an organization dedicated to labor and economic justice on campus and nearby, said she believed the concerns of 1968 continue to inform at least some current campus politics.

"There's definitely an awareness among the leftist and activist community," Ms. Manticas said, "and there is a discussion of how we can incorporate that into our work."

But some students believe Columbia should do more to embrace the historic event.

Senior Justin Udry said he feels the university should install a memorial as a reminder. "The fact that students don't know about it, beyond that something happened, is regrettable. To leave it to people's own devices to learn about it doesn't seem right," Mr. Udry said.

Another senior, Sara Newman, said she was "a little cynical" about the administration's approach.

"The administration tends to use activism as part of the university's brand," she said. "They tout it as part of our history. But there are instances where they have gone against student activists."

Veterans of the 1968 occupation see the anniversary in different ways.

For Lila Coleman, widow of Henry Coleman, the acting

dean of Columbia College who was held captive for by students for about 24 hours, the events are hard to celebrate.

"Harry said he had never seen so much hate in his life," Mrs. Coleman said. "Students were throwing down oil and water so the police would slide. They were biting them. I don't know how it should be remembered, except to say that it should never happen again."

David Shapiro, who as a senior in 1968 was photographed wearing dark glasses and smoking a cigar at the desk of university President Grayson Kirk in Low Memorial Library, said the memories aren't easy.

"I will be trying to remember the difficulties of resistance," said Mr. Shapiro, a 71-year-old poet, art critic and translator. At one point, he recalled, "I turned to a policeman and said, 'I want to explain this to you.' And he hit me and said, 'I'll explain it to you.'"

Bon Jovi Enters Rock & Roll Hall of Fame



JERSEY BOY: Jon Bon Jovi, whose namesake band has sold more than 120 million albums, took the stage on Saturday as the group was inducted into the pantheon of music greats in Cleveland.

GREATER NEW YORK WATCH

BROOKLYN

Activist Kills Himself In Prospect Park

A well-known gay-rights lawyer and environmental advocate burned himself to death in Prospect Park on Saturday in a protest against ecological destruction.

The charred remains of 60-year-old David Buckel were found by passersby in the Brooklyn park. He was pronounced dead at about 6:30 a.m., police said.

Mr. Buckel was lead attorney in an infamous case involving transgender murder victim Brandon Teena.

He left a suicide note in a shopping cart near his body, writing that he hoped his act would bring attention to the need to protect the environment.

—Associated Press

NEW JERSEY

Oyster Beds Tested For Pollution Levels

A red tide is heading for thousands of acres of oyster beds in New Jersey's Delaware Bay.

But unlike the harmful algae blooms of the same name, this red tide is likely to bring good news for the shellfish: It is a dye designed to check if pollution levels have decreased enough to reopen the oyster beds for harvesting and human consumption.

In the past few days, New Jersey and federal environmental officials dumped red dye into a creek that empties into the northern Delaware Bay. The idea was to see if the water is clean enough to reopen thousands of acres of nearby oyster beds that have been off-limits for years due to contamination.

—Associated Press

LONG ISLAND

Guns, Ammunition Seized After Threat

Police on Long Island seized weapons and ammunition from the home of a Lindenhurst man accused of threatening an employee of a school in Rockland County on Saturday.

Officers went to the home of 32-year-old Robert Csak, and after obtaining a search warrant seized 19 firearms, including a shotgun, a Tommy gun, high-capacity magazines, night-vision goggles, a bump stock and other items, police said.

Mr. Csak was arrested on weapons charges. He is due to be arraigned at First District Court in Central Islip on Monday.

Information on his lawyer wasn't immediately available.

—Associated Press

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LIFE & ARTS

FASHION

The Newest Thing? Old Clothes

'Upcycling' has high-end fashion designers reworking old or used clothing and fabrics into new pieces that can cost just as much

BY RAY A. SMITH

WHAT'S A HOT trend in high-end fashion? Getting shoppers to pay just as much for used clothes as they do for new ones.

Many designers are putting luxury spins on second-hand clothing, repurposing them under the mantle of sustainability to appeal to socially conscious customers. Their pitch: Getting a handle on the waste generated by an industry that doubled its clothing production between 2000 and 2014, according to McKinsey & Company.

Polo Ralph Lauren, Missoni, Valentino and other labels are digging into their archives or scouring vintage stores for old garments that can be refashioned into different ones, a practice they call upcycling. Designers say they are extending the life cycle of clothes that might otherwise be discarded in landfills. It also means that some customers are paying as much or more for old, often previously worn, clothes as they would for a brand new garment.

New jeans made with old Levi's at Vetements, the buzzy Zurich-based fashion label, sell for about \$1,500 a pair. (On the Levi's website, many styles of new jeans go for less than \$100 a pair.) In Vetements's Fall 2018 collection, a fur coat made from a reworked vintage fur piece, costs \$22,950.

Missoni, the luxury, family-run Italian label known for colorful and zigzag knits, displayed a patchwork coat and loose-fitting patchwork trousers made with upcycled vintage fabrics in a recent runway show. The patchwork coat will set a customer back \$11,760 while the patchwork pants will cost \$2,190. They are part of a limited-edition series of 25 garments made with upcycled vintage fabric that will start arriving in stores in July.

At the haute couture level, where creations can cost thousands of dollars, the designer label Viktor & Rolf has repurposed vintage gowns into new frocks for recent collections it calls "conscious." "We feel strongly about this approach," the designers Viktor Horsting and Rolf Snoeren wrote in an email. "To create something beautiful from old pieces that were left behind makes sense for us especially today with all the ecological problems."

Upcycling often requires labor-intensive and time-consuming reconstruction and piecing together, experts say, which add to the cost. "It actually requires more creativity and 'out-of-the-box' thinking to re-imagine an existing garment and create something spectacular from it," said Asta Skocir, an associate professor of fashion design at the Fashion Institute of Tech-

nology in New York, where upcycling is part of the curriculum.

Some consumers will pay a lot for high-end garments made of old clothes and fabrics in part because they are one-of-a-kind, says Anna Ross, associate editor of womenswear at trend-forecasting firm WGSN. There is "an individuality to re-made" clothing," she says. "Everyone likes having something which only they have." But an eco-conscious backstory seldom is enough: A garment also has to look desirable. "I'm not entirely sure the reason people are buying Vetements is because they're buying into upcycling," Ms. Ross says. "But you never know!"

Upscale women's label Eileen Fisher has a line called Resewn, which transforms old, used and damaged Eileen Fisher clothes into new garments. One such creation is a denim jumpsuit made of five pairs of old jeans. Initially, the prices for Resewn items were "pretty close" to ones for new Eileen Fisher items, says Carmen Gama, the line's designer. That's because it took a while for Resewn to work out the kinks. "We have come to a place where we are now able to reduce a lot of our steps to maximize our production," Ms. Gama says. Shoppers pay 25% to 30% less for Resewn clothing than for the main Eileen Fisher line. Ms. Gama doesn't expect Resewn prices to approach the main line's prices "unless it's a super, one-of-a-kind design."

Beth Trent, a longtime customer, says she doesn't mind if some Resewn items aren't less expensive than Eileen Fisher classics. The Resewn clothing is different from other Eileen Fisher pieces she owns. "They take different kinds of fabrics and put them together in ways that are just wonderful," Ms. Trent, a New York-based attorney, says. "They are unique and, in a sense, new."

Designers and retailers are

High-end 'upcycled' clothing includes a jacket from Polo Ralph Lauren, above, a Viktor & Rolf dress, left, and a patchwork coat by Missoni, right. Below, far left, a fur coat made from a vintage fur piece by the Zurich-based fashion label Vetements.



Above, a look from Gabriela Hearst, who uses leftover fabric in her collections.

CLOCKWISE FROM TOP LEFT: F. MARTIN RAMIN/THE WALL STREET JOURNAL, STYLING BY ANNE CARDENAS (2); MISSONI; GREG KESSLER; GIO STAiano; TEAM PETER STIGTER

HEALTH

THE BENEFITS OF BRIGHT LIGHT FOR PATIENTS

BY LUCETTE LAGNADO

SOME HOSPITALS and nursing homes are seeing the light—and rethinking the dim glow that illuminates most patients' rooms.

Once an afterthought, lighting is getting attention as researchers see how it affects a person's mood, energy and sleep. A clinical trial at Mount Sinai Health System in New York City is testing whether brighter lights in cancer patients' rooms in the morning can make them feel less tired and depressed and help them sleep through the night.

Phillip Christian Smith, a 48-year-old actor and playwright, took part in the Sinai trial when he was hospitalized in September for multiple myeloma, a cancer of the blood. Mr. Smith needed a stem-cell transplant, which had him in the hospital for two weeks. Every morning at seven o'clock, Mr. Smith says, an intense light shone from the fixture beside his bed. "It was like one thousand suns...shining on me," he says. Mr. Smith had been an erratic sleeper, in part due to late nights waiting tables, he says. But his sleep stabilized in

the hospital and he credits the lighting. The Sinai research's working hypothesis is that strong light affects patients' circadian rhythms, helping them sleep better.

The light also may have sustained Mr. Smith's spirits, but he isn't sure. He wept



the first day in the hospital, he recalls, but never sank into a depression. "I didn't go to a real dark place," he says, wondering, "Was that the light?"

Our circadian rhythms, or body clocks, govern biological and psychological functions in roughly 24-hour cycles. "We believe

Please see HOSPITAL page A12



Research shows light affects mood: New lighting at University of Minnesota Masonic Children's Hospital, above. Phillip Christian Smith, right, was in a lighting trial at Mount Sinai Health System.

LIFE & ARTS

WHAT'S YOUR WORKOUT? | By Jen Murphy

Finishing a Marathon by Hand

A quadriplegic handcyclist explains how he prepares for the hills of the Boston Marathon near his flat North Carolina home

MOST RUNNERS will complain about aching quads after tackling the legendary hills of the Boston Marathon today. Paul Kelly is anticipating burning biceps. He's one of 60 handcyclists competing in the 2018 race. He estimates that he'll make over 12,000 revolutions on his handcycle to complete the 26.2-miles.

Mr. Kelly, 62, is a quadriplegic due to a spinal-cord injury he suffered 40 years ago. He experiences paralysis in all four limbs, but can still use a few arm, shoulder and back muscles to operate a handcyle, essentially a bicycle powered by the upper body.

A retired avionics engineer in Beaufort, N.C., Mr. Kelly discovered handcycling racing while watching his niece compete in the 2006 Marine Corps Marathon in Washington, D.C. "I had a few years of denial when I kept expecting I'd wake up and be better," he says. "I eventually had to accept this was my situation. Watching those handcyclists inspired me to start my own marathon career."

Mr. Kelly purchased a front wheel and hand cranks to attach to his wheelchair and began using it around his neighborhood. "I went about 30 feet and nearly coughed up my lungs," he recalls. "It was like trying to run with your arms."

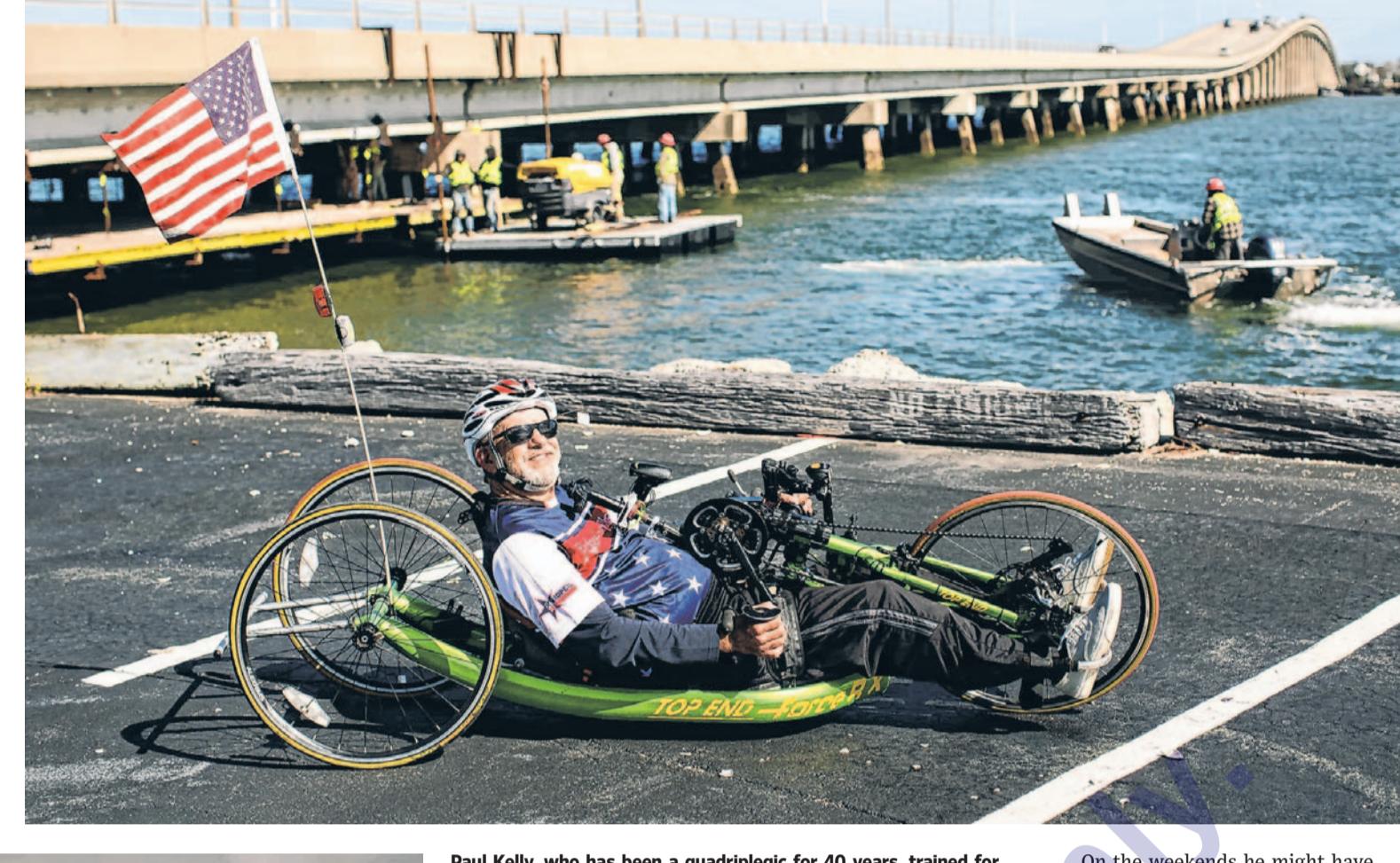
In 2007 he competed in his first half marathon. He has competed in over 100 half and full marathons and raised more than \$85,000 as a member of Team Hope for the Warriors, a nonprofit that assists service members wounded in combat. He qualified for Boston with a personal-best time of 2 hours, 42 minutes and 13 seconds at the 2017 Fort Lauderdale AIA Marathon.

Kirk Bauer, executive director of Disabled Sports USA in Rockville, Md., says the racing community has debated whether handcycling should be allowed in running races. "Many people argue that cycles should be left to bike races," he says. Mr. Kelly has had people tell him he shouldn't be racing alongside runners, but he hasn't been deterred.

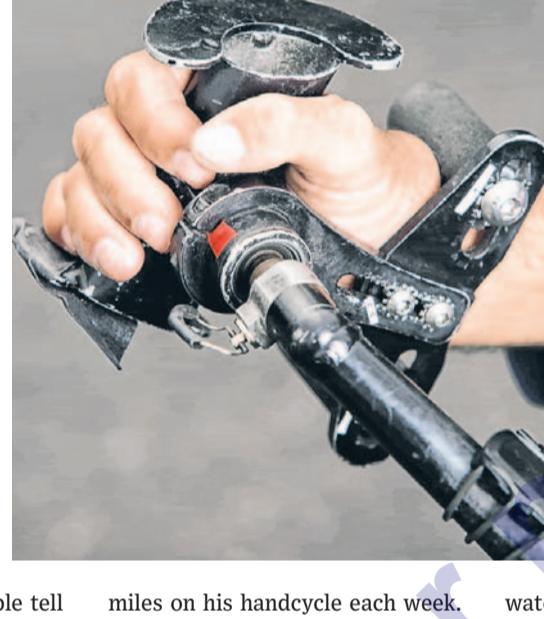
Competing in the Boston Marathon has been on Mr. Kelly's race bucket list. "I won't be the fastest, but I like to tell people I get to enjoy the event longer than most," he says.

The Workout

On average, Mr. Kelly logs 100



Paul Kelly, who has been a quadriplegic for 40 years, trained for today's Boston Marathon on his handcycle. Custom QuadGrips, left, allow him to push and pull the bike using his wrists. He competed in the 2017 Crystal Coast Half Marathon in Morehead City, N.C., below.



miles on his handcycle each week. He tries to get in at least two three-hour workouts a week and a pair of two-hour workouts. "Boston requires you to train for the hills," he says. "That's tough when you live in eastern North Carolina, one of the flattest place in the country."

Mr. Kelly trains about 20 minutes from his home on the Carolina coast. "It's Nicholas Sparks-worthy scenery with its marshes,

waterways, inlets and small islands," he says. "There's not sustained elevation gain, but I get a lot of short little ups and downs and a few short, steep sections that allow me to get into my climbing gears." He tries to power downhill to make up for his slow uphill slogs.

Because of his injury, Mr. Kelly doesn't sweat and has to keep himself cool and hydrated by dousing himself with water. "In the

summer months I've been known to ride through the neighbor's lawn sprinkler to cool down," he says. He emphasizes that training is a team effort. "I wouldn't be able to get on and off the bike without my wife Sally," he says.

The Diet

Mr. Kelly admits that he could be healthier. Breakfast is usually scrambled eggs and cheese with bacon, ham or sausage and coffee.

On the weekends he might have seafood quiche. Living in North Carolina, he's a barbecue fanatic, especially at lunch. He tries to eat light at dinner. Protein shakes fuel him through long workouts. "During a race, Snickers are both fuel and motivation," he says.

The Gear & Cost

New handcycles can range from \$1,500 to \$10,000. Mr. Kelly started with a cycle attachment that cost him \$1,200. "It was slow, but I didn't need someone to help get me in and out of my wheelchair and into the bike," he says. "I still use it for routine exercise."

After trying different models, he settled on a Freedom Ryder FRH-1 (retail \$4,000) and had it customized with what he calls quad-mods, including thoracic supports for trunk stability. He also had the brake and shifter levers mounted on an accessory bar in front of the hand pedals. Mr. Kelly doesn't have working triceps and says this positioning minimizes his need to push anything.

Mr. Kelly's paralysis impedes his lower extremities' ability to create body heat. While training in cold weather he has to keep his legs insulated while allowing his upper body to ventilate. He uses hand-warmers in his gloves and in the legs of his pants to keep warm.

HOSPITAL

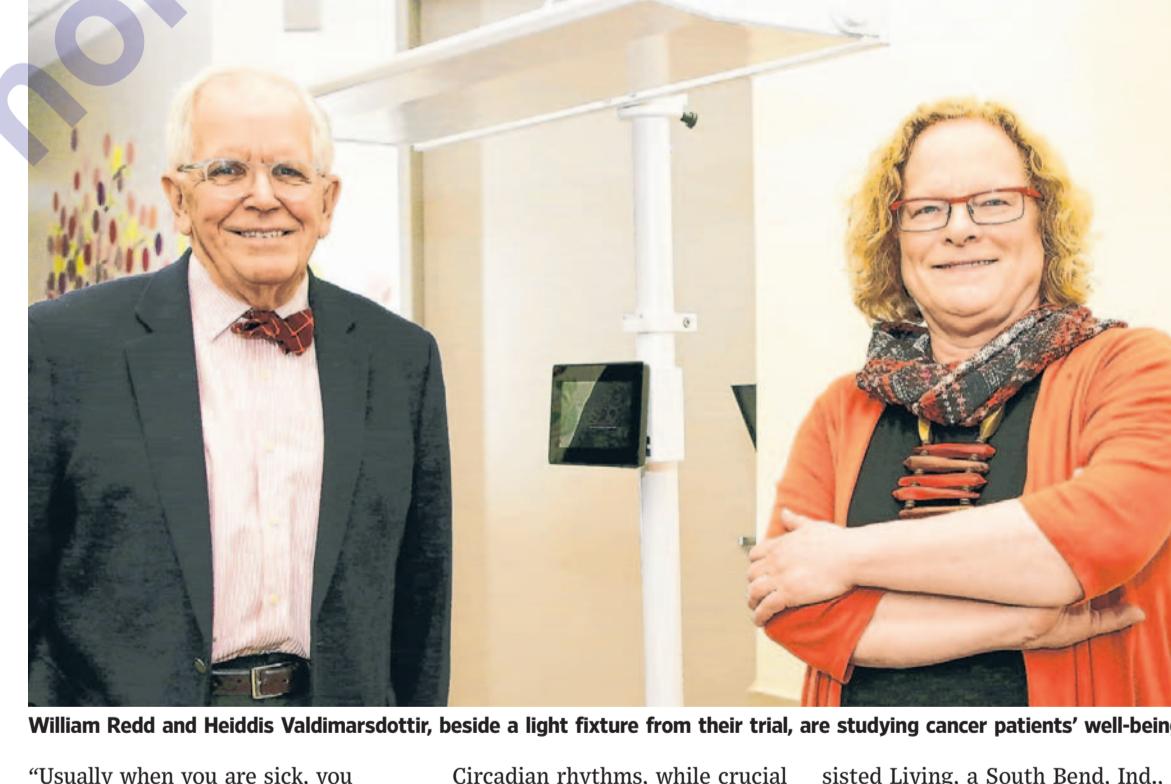
Continued from page A11 that light will affect circadian rhythms, which in turn will affect sleep, depression and fatigue," says Heiddis Valdimarsdottir, a researcher in the Sinai study.

Sinai worked with the Rensselaer Polytechnic Institute in Troy, N.Y., which has a Lighting Research Center. Its director, Mariana Figueiro, an architect with a background in biology, helped design light fixtures for the randomized trial, which was funded by the National Cancer Institute. The fixtures can provide dim light or circadian-stimulating high-intensity light. Any type of light can affect circadian rhythms, Dr. Figueiro says, "as long as you develop the right spectrum [or color] and the right intensity." Strong fluorescent lights could work, although people tend to prefer light-emitting diodes or LEDs.

Thus far, about 44 patients have taken part, with half being exposed to intense light in the morning. The other half remained in the "placebo" or dim light, according to Dr. Valdimarsdottir, an assistant professor at Sinai's Tisch Cancer Institute.

Dr. Valdimarsdottir says the findings on sleep and fatigue still need to be analyzed. But with depression, early results are promising. About 40% of participants were clinically depressed after the first week in the hospital. That share remained constant for those who received the light therapy, but jumped to 70% among those in the dimmer "placebo" light.

"What I find amazing is that having more intense light, changing the light in the room will prevent depression" from getting worse, Dr. Valdimarsdottir says.



William Redd and Heiddis Valdimarsdottir, beside a light fixture from their trial, are studying cancer patients' well-being.

"Usually when you are sick, you want dark around you. You want the curtains closed and the lights off. But...for a few hours, we are stimulating the circadian rhythms."

Dr. Valdimarsdottir's colleague, William Redd, a professor at the Icahn School of Medicine at Mount Sinai, notes that dim light in hospital rooms doesn't cause patients' problems. Their cancer and tough treatments are what trigger depression, fatigue and sleep disorders. Even so, he says, "it is quite possible the hospital lighting makes it worse." The researchers plan to present their findings in November at the International Congress of Behavioral Medicine's annual meeting in Santiago, Chile.

Circadian rhythms, while crucial to well-being, remain a realm shrouded in mystery. Three American scientists won the Nobel Prize last year for their work on the subject; the Nobel committee praised them as "able to peek inside our biological clock and elucidate its inner workings."

Rensselaer's Dr. Figueiro has been tinkering with light in elder-care facilities to ease Alzheimer's patients' agitation and sleep disorders. She says institutional lighting leaves much to be desired. "In hospitals, you have light 24 hours [a day] but really we need light during the day and no light at night when we are asleep," she says.

In studies at Morning View As-

sisted Living, a South Bend, Ind., facility where many residents have Alzheimer's or dementia, Dr. Figueiro changed the room lighting for those in her trial. About 15 patients participated over the past three years, according to Executive Director Roger Garmendia. The more-intense lighting isn't a magic bullet, he says, but it "helps improve some mood and behavior, especially in the early stages of the disease."

Two years ago, Debi Buzanowski was an Alzheimer's specialist at the Marjorie Doyle Rockwell Center in Cohoes, N.Y., during a study using lights from Rensselaer with some dementia patients. She recalls that one resident went from

Children of Light

University of Minnesota Masonic Children's Hospital revamped the lights shining on some of its most vulnerable patients—those in the pediatric ICU. Children were drifting in and out of sleep after their circadian rhythms were scrambled during long hospital stays. Jason Albrecht, director of patient and family support services, recalls a 10-year-old ICU patient who became unable to tell day from night. Philips Lighting, of Eindhoven, the Netherlands, kept circadian rhythms in mind when devising the lights. "It became a much more comfortable room, where the light hugged you," says Patricia Rizzo, who helped design the pediatric ICU lighting for Philips. "It gave the patients a sense of time." Now, some children start the day with a soft pink light that simulates a sunrise, Mr. Albrecht says. That leads to a more intense "morning dose of light" intended to help the circadian rhythms. During the day, the light changes as if the children "had access to daylight, and what the sun was doing outside," he says. Finally, "there is a mandatory sunset" based on the patient's age, where the light dims.

being a recluse to becoming far more engaged. In January, Ms. Buzanowski was appointed executive director and says revamping the lights is a priority.

Facilities are beginning to understand lighting's effect on health, Dr. Figueiro says, giving rise to a new buzzword: "circadian light."

LIFE & ARTS



EXHIBITION REVIEW

Works of Art on Wheels

BY MARK YOST

Oxnard, Calif.

THE PRIMARY reason to visit the Mullin Automotive Museum has never been its fabulous collection of cars, many of them from founder Peter Mullin's beloved Art Deco period. Rather, it's the informative and well-thought-out context in which the cars, the auto makers and the designers are presented here. The museum does not disappoint with "L'epoque des Carrossiers: The Art and Times of the French Coachbuilders," its newest special exhibit, put together by guest curator Brittanie Kinch, focusing on the bespoke coachbuilders of the 1920s and '30s.

While Henry Ford's production line had already been running for nearly two decades by the mid-1920s, nearly all the cars shown here were custom-made for the upper crust of Europe and America. After the purchaser chose an engine, transmission and chassis from, say Citroën or Bugatti, two of the primary marques featured here, the coach itself would be customized by artisans of the day with luxurious interior fabrics,

sculpted dashboards, and unique paint schemes. But as the show explains, these vehicles were not about mere ostentation, but reflective of the Art Deco movement itself, defined by the 1925 Exposition Internationale des Arts Décoratifs in Paris. The exposition and the movement inspired many of these coachbuilders, who "translated movements in contemporary art and science into iconic rolling sculpture," the introductory panel explains.

The Mullin exhibit features 30 cars and is divided into four sections: Arts Décoratifs, Streamline Moderne, Collaboration, and Adaptation. The walls of each gallery feature artwork—paintings, sculpture, advertisements for furniture and clothing—that gives visitors an idea of the broader trends that were influencing these car designs and French culture. For instance, in the Collaboration gallery, which celebrates auto makers' projects with artists, we find one of the most unique cars here, a 1928 Citroën B14 Coupe with an external paint scheme designed by Sonia Delaunay. She and her husband, Robert, founded the Orphism art movement, which incorporated strong

colors and geometric shapes in unique juxtaposition. She developed the paint scheme for the car in her Orphist style specifically for the 1925 Exposition, and placed female models in matching print coats around the show display. Hanging nearby, giving the entire exhibit space cultural context, is a print of a c. 1925 furniture fabric created by painter and designer Raoul Dufy, as well as a 1928 advertising photo of a fashion model wearing an elegant, green satin evening gown from fashion icon Coco Chanel.

The centerpiece of the Collaboration display is the 1936 Bugatti Type 57SC Atlantic, the prize of not just this exhibit but perhaps the entire Mullin collection. The original owner was Nathaniel Mayer Victor Rothschild, the third Baron Rothschild. As an informational panel explains, the riveted flanges that join portions of the coachwork pay homage to aviation engineering and emphasize the all-metal construction of the body. The car, one of the most valuable of all time, "merges art and technology into functional sculpture."

One of the signature pieces of the Arts Décoratifs gallery is a 1923 Citroën 5CV, a car that perhaps more than any other defined the Art Deco movement, which railed against mass-produced goods that sacrificed quality and style for mere price. The 5CV, a mass-produced car starting in 1925, has been called "approachable elegance"—a practical, affordable car adorned with a radiator mascot by renowned glassmaker René Lalique, adding a bit of Art Deco style to cars that were sold in the millions.

While many of the Arts Décoratifs cars have hard, linear edges, the Streamline Moderne section showcases cars of the 1930s that are more aerodynamic, with "voluptuous forms" that "slip the wind even at a stop," the exhibit explains. Prime examples are the 1938 Dubonnet Hispano-Suiza H6B Xenia by acclaimed Ukrainian artist Iakov "Jacques" Saoutchik, known for his avant-garde style, and the 1939 Delahaye Type 165 Cabriolet, two cars with sleek bodies and flowing fenders. While these cars were limited-production models for the decade's one-percent, their styling cues would be incorporated into



1936 Bugatti Type 57SC Atlantic, above; 1939 Delahaye 165-60744, top

mass-produced vehicles in the not-too-distant future.

In addition to the exquisite cars and artwork on display here, there are short biographies of many of the era's leading designers, including Henri Chapron, the primary focus of the Adaptation gallery. In post-World War II Europe, when the auto industry was struggling and even a modest car was a luxury, Chapron bought middle-range chassis, such as the Citroën DS model, and produced one-off cars that featured his signature two-

tone raised body panels and handcrafted interiors. By 1958, with Europe prosperous again, Chapron developed the La Croisette for Citroën, which pitched it to upper-middle-class buyers who "preferred the exclusivity and prestige of bespoke coachwork." These one-offs were so popular that the auto maker created the Usine, a line that sold from 1961 through 1971 as the DS19, DS21 and ID 19.

The 1963 Citroën DS19 Concorde, one of the prized cars of the Mullin collection,

is on display here. Viewed more broadly, it caps an exhibit that once again shows why this museum continues to impress not just with its collection of fine cars but its understanding of their place and influence in the automotive world.

L'epoque des Carrossiers: The Art and Times of the French Coachbuilders
Mullin Automotive Museum, through spring 2019

Mr. Yost is a writer in New York.



1938 Dubonnet Hispano-Suiza H6B Xenia, center, and an installation shot of the exhibition, above

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SPORTS

PREMIER LEAGUE

MAN CITY CLINCHES TITLE

BY JOSHUA ROBINSON

Manchester City this season has produced some of the most breathtaking soccer the Premier League has ever seen. Combining speed, guile, power and more speed, it has blown away opponents and redefined what anyone thought was possible in the English game.

But on Sunday afternoon, as it clinched the Premier League title, the club did none of those things. In fact, it didn't even play a game.

The conclusion came instead from second-placed Manchester United's inexplicable 1-0 defeat to West Bromwich Albion, the worst team in the league. So with 16 points separating the two Manchester clubs and only five games remaining, the long wait for City's coronation arrived at an abrupt and slightly awkward end.

As it happened, some of the players and staff were barely paying attention when they became champions of England. Captain Vincent Kompany was at home trying to watch three different games from around Europe on television. Manager Pep Guardiola was playing golf with his son, having assumed that United would cruise to a win.

"It's incredible the way we played and I am so glad to be here and be part of this club," Guardiola said on Saturday after beating Tottenham 3-1.

Guardiola has now won the league in Spain, Germany and England. But his mission for the season isn't over. City can use the final five games on the schedule to cement its status as an era-defining team. By taking 13 of a possible 15 points, it would become the first to crack the 100-point barrier. It is also just 10 goals away from matching the record of 103 set by Chelsea in 2009-10. And should United slip up again, City could break its crosstown rival's record for the Premier League's largest winning margin, which currently stands at 18 points.

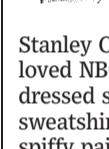


Over his five decades at the microphone, Mike 'Doc' Emrick, left, has called by his own estimate, somewhere around 3,600 hockey games.

NHL

Hockey's Beloved Soundtrack

Mike 'Doc' Emrick makes his sport sound amazing—now hear him read 'The Cat in the Hat'



Boston
When I meet Mike Emrick at a hotel in Boston, in between Games 1 and 2 of the

Stanley Cup playoff series, the beloved NBC hockey broadcaster is dressed sharply in a dark coat, dark sweatshirt, and dark slacks over a spiffy pair of black Nikes. I can't decide if he looks like an extra from "The Matrix" movies—or a hit man here to "take care" of me.

But why am I telling you what "Doc" Emrick's wearing? What matters is *The Voice*.

What a voice it is. Over his five decades at the microphone, the Indiana-raised Emrick has called by his own estimate, somewhere around 3,600 hockey games, to the point where his voice is synonymous with his frenetic, fast-moving sport. Emrick's erudite preparation and relentlessness—a fan famously counted him using 153 verbs to describe puck movement in one game—could make any action sound interesting. As Al Michaels once said: "You have a cockroach race in your basement, he'd bring it to life."

I'm in Boston with a goofy idea: We asked Emrick if he'd read the first sentences of some great books: "A Farewell to Arms," "The Great Gatsby," "Pride & Prejudice," "Slouching Towards Bethlehem," and "The Cat in the Hat." Trust

me: you have not lived until you have heard Doc Emrick (the "Doc") is a nod to his Ph.D. in communications) read Dr. Seuss with the same crackling passion that enlivens a do-or-die Game 7 (if you're reading this in print, you can find the Doc audio at WSJ.com/Sports.)

This is not even the oddest request *The Voice* has honored. NBC not long ago filmed Emrick narrating the making of a sandwich at Pittsburgh's famous Primanti Brothers. And more than one person has asked him to record an introduction for the bridal party at a wedding.

"It's usually a surprise for one or two in the wedding party," he says. "Now presenting, first, the Maid of Honor..."

Emrick tries to do these, because it's a small gesture, and because he's had a similar request honored. He recalls asking the Los Angeles Dodgers if they'd make a quick birthday tribute for his brother, Dan, a fan since the franchise's Brooklyn days. Not long after, a DVD arrived, with an intro from Dodgers broadcaster Charley Steiner—and then a homage from a honey-voiced legend.

Hi Dan, Vin Scully here at Dodger Stadium...

"I'm getting goosebumps," Emrick says, remembering the moment.

I'm catching Emrick on a day off, and *The Voice* is a little banged up. It's nothing serious—the change of seasons can cause

some raspy trouble, so Emrick is trying to take it easy. He's carrying a paper cup with a tea called Throat Coat—a pro tip he picked up from a studio that recorded rock stars, and which Emrick just passed on to John Smoltz, in town to call the Red Sox at Fenway.

Has Emrick ever flat-out lost his voice? "Yeah," he says. "In the minors, of course. But then you had to keep working. One night in Saginaw, I took cough syrup with me. And at every stop, you try and swig it. On the bus afterward, I looked at the back label: 35% alcohol. But it was radio, and it was the minors, and I figured most people thought: 'He was hammered on the air.'"

At 71, Emrick is a statesman in his sport. But in person, he's low-key and unpretentious, hopping up to sit on a table for our interview, and giving me the room's one chair.

I ask Emrick if he's got a favorite line from "Slap Shot," hockey's foul-mouthed "Citizen Kane." Of course he does. It's from a scene where player-coach Reggie Dunlop (played by Paul Newman) chides his lowly, minor-league Charleston Chiefs to be aggressive on the ice:

Let 'em know you're there!

"That's basically what hockey is to me," Emrick says. "Because even though we don't have fights much anymore, there's still hitting. The thing that appealed to me about it is that guys could go 30

miles an hour—and there are rigid fences that they go into."

He repeats the line: "Let 'em know you're there!"

Emrick knows hockey's itinerant life very well, having spent years in the minors before getting his NHL shot. I ask him about the tragedy that's shaken the entire sport: the bus-truck collision in Saskatchewan that claimed the lives of 16 players and personnel with the Humboldt Broncos, a junior hockey club.

"Well, even for NHL players, the bus is where your world gets put together professionally," Emrick says softly. "Whether you're an NHL guy just riding the bus to get to the next charter flight, or you're riding 12 hours to get home from a game—the bus is where everybody out-hollers one another after a win, or where the only thing you hear after a loss is an occasional interjection, and the driver knows to say nothing."

"The bus is your haven when you're not at home," Emrick continues. "To have all of that taken, all that quickly..."

It remains shocking, hard to process. Emrick speaks of the tributes, like the hockey sticks being left outside homes in Canada and around the world, in solidarity with Humboldt and the lives lost.

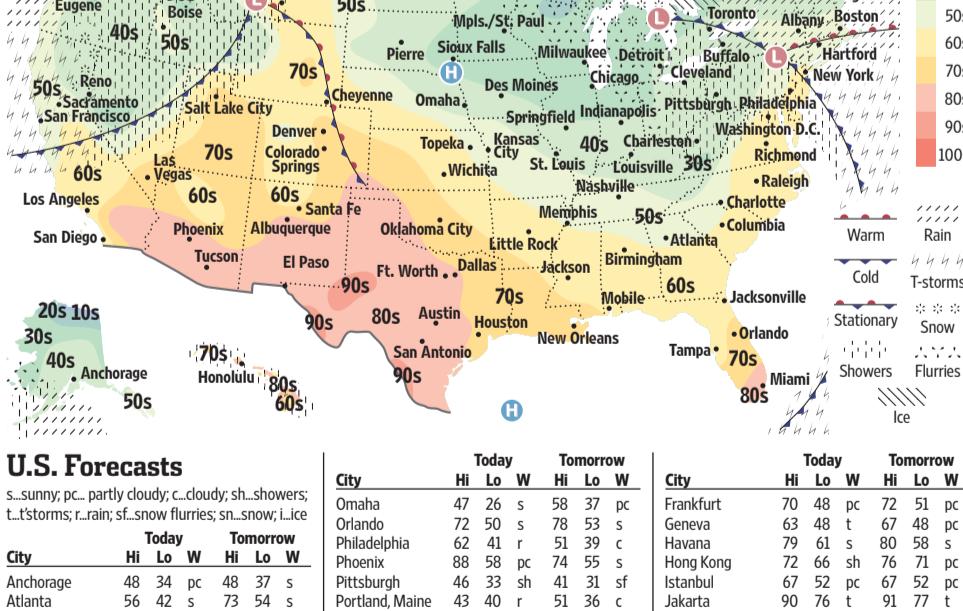
That's the spirit of hockey. And so is, undeniably, *The Voice* of Doc Emrick.



Raheem Sterling and Ilkay Gundogan

Weather

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



U.S. Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	48	34	pc	48	37	s
Atlanta	56	42	s	54	54	s
Austin	83	60	s	87	63	s
Baltimore	59	39	sh	52	38	pc
Boise	53	34	s	52	35	pc
Boston	52	43	r	53	38	c
Burlington	45	37	r	46	33	sh
Charlotte	58	36	pc	70	49	s
Chicago	38	28	c	44	31	pc
Cleveland	45	32	r	42	30	sf
Dallas	81	60	s	87	64	s
Denver	75	46	pc	65	31	pc
Detroit	42	30	c	42	30	pc
Honolulu	82	73	sh	82	73	pc
Houston	79	56	s	84	64	s
Indianapolis	40	28	c	51	37	w
Kansas City	53	32	s	64	46	pc
Las Vegas	78	50	s	69	50	s
Little Rock	64	44	s	79	61	s
Los Angeles	64	49	pc	68	51	s
Miami	58	36	s	80	63	s
Milwaukee	37	27	c	39	28	s
Minneapolis	38	22	s	41	27	s
Nashville	51	35	c	70	54	s
New Orleans	70	51	s	79	60	s
New York City	60	42	r	40	40	c
Oklahoma City	71	56	s	83	54	pc

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	58	45	pc	64	48	s
Athens	73	56	t	73	56	s
Baghdad	88	58	p	74	55	s
Bangkok	94	77	t	89	79	t
Beijing	76	54	s	79	58	pc
Berlin	68	47	pc	66	48	pc
Brussels	60	45	p	65	47	s
Buenos Aires	79	65	p	81	63	s
Dubai	93	78	s	95	76	s
Dublin	53	50	r	58	50	sh
Edinburgh	55	49	c	57	49	s

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	70	48	pc	72	51	pc
Geneva	63	48	t	67	48	pc
Havana	79	61	s	80	58	s
Hong Kong	72	66	s	76	71	pc
Istanbul	67	52	pc	67	52	pc
Jakarta	90	76	t	91	77	t
Jerusalem	74	51	s	78	55	s
Johannesburg	71	53	pc	70	54	pc
London	59	49	pc	63	49	pc
Madrid	65	44	c	71	49	pc
Manila	93	78	pc	94	78	s
Melbourne	66	51	c	60	44	c
Mexico City	78	53	pc	80	53	pc
Milan	72	53	pc	77	54	t
Mumbai	65	50	pc	61	47	

OPINION

Russia's Dubious Guatemala Story

AMERICAS
By Mary Anastasia O'Grady

Andrey Kostin, chairman of Russia's state-owned bank VTB and a Vladimir Putin ally, was in the news twice this month. On April 4 The Wall Street Journal published a letter to the editor from Mr. Kostin. He vented in the letter about my March 26 column detailing his vendetta against fellow Russian Igor Bitkov in Guatemala. He claimed the column "perpetuates an inaccurate portrayal of Russia's banking industry and its state banks." The next day the U.S. Treasury imposed sanctions on Mr. Kostin and six other Russian oligarchs.

A Treasury spokesman told me last week in an email that the sanctions are "a message" that the U.S. won't "tolerate the Russian government's ongoing malign activities around the world." That got me thinking about the Inspector Javert-like intensity with which Mr. Kostin is tracking Mr. Bitkov, and how Guatemalan prosecutors and some judges seem to have suspended legal norms to punish the target of the Russian banker's ire.

In January a Guatemalan tribunal handed unusually harsh prison sentences to Mr. Bitkov (19 years), his wife, Irina, and their daughter Anastasia (14 years each) for using false documents provided to them by government offices. The United Nations Commission Against

Impunity in Guatemala—CICIG by its Spanish initials—was set up to strengthen the rule of law but took part in this travesty. The Bitkov case looks more like human-rights abuse in the interest of a high-ranking Russian. CICIG's complicity is troubling.

Mr. Bitkov's difficulties began in 1999 in the infamously corrupt Russian region of Kaliningrad, where he bought a paper mill to expand his North-West Timber Company. Mr. Bitkov says a Putin minion asked to buy 51% of the company in 2005. He declined.

Mr. Kostin's letter says that Mr. Bitkov had not "been actively involved in Russia's political or social matters." Mr. Bitkov agrees. When Putin's United Russia Party tried to enlist Irina as party chief in Kaliningrad in 2007, she declined, according to Mr. Bitkov. He says she also turned down an offer to join the board of the Russian Union of Industrialists and Entrepreneurs, where Mr. Kostin is chairman. These posts typically require very large "dues" payments. The Bitkovs wanted to put their money toward the business. Putin henchmen asked for millions of dollars in "donations"; the Bitkovs said no.

In 2007, 16-year-old Anastasia was kidnapped and raped. A \$200,000 ransom payment from the family secured her release. The Bitkovs believed there was a link between the kidnapping and their resistance to what was essentially an extortion racket run by a Putin political mob in Kaliningrad.

America Needs Federal 'Baby Bonds'

By David M. Smick

Speaker Paul Ryan has announced his retirement, but he still has time to pass legacy-defining legislation. He should focus his final months in office on alleviating the poverty trap, wherein people who try to leave welfare become cornered as they face a loss of benefits and unduly high marginal tax rates.

Previous efforts at reform have been halted by demagoguery, but a bipartisan plan that also addresses the U.S. economy's means of wealth distribution has a chance of success. Call it the Escape From Poverty Plan.

A large portion of wealth creation today is distributed through equity markets. Since it hit bottom in 2009, the S&P 500 stock index has nearly quadrupled, but tens of millions of Americans don't own stocks. For those at the bottom, stock ownership is largely nonexistent. Meanwhile, wages have remained relatively flat.

In coming decades, an increasing portion of the world's economic dynamism will be powered by the tech revolution, much of which will occur outside the U.S. Many of the fastest-growing economies are in Africa. India could become a 21st century juggernaut.

Affluent Americans whose stock portfolios include a global component will tap directly into this wealth creation. Mere wage earners and those at the bottom economic rungs will not. The challenge

is to enable more Americans to own securities.

Less than a decade ago, Congress was close to taking a modest first step. A remarkable bipartisan coalition in the Senate—from Jeff Sessions to Chuck Schumer—backed legislation that would have established "American Birthright Accounts." These accounts would have given newborn Americans a \$500 "baby bond." But the proposal fell to the wayside.

by the U.S. Treasury. Within strict limits, an account holder could use some of the profits for education after turning 18. On the government's books, the transaction would be a loan, not an expenditure.

Big Wall Street banks were offered massive amounts of low-interest loans to repair their balance sheets during the financial crisis. Why not do the same for children of working-class families? Those families earning less than \$60,000 in joint income should also pay no federal tax on any stock or bond investment income. And Congress should explore better ways to encourage companies, large and small, to initiate or expand employee investment programs.

Congress should consider a revamped version of this initiative that offers future Americans the opportunity to become stockholding capitalists. The federal government could set up a tax-free stock-investment account for each child born in the U.S. It would begin with, say, a \$5,000 low-interest loan as seed capital, to be paid back in 50 years. The loan would include a modest interest rate, with the interest balloon payment due at the end of the loan period. (A lot of details would need to be established to prevent abuse of the program and to protect participants.)

The plan should offer a small selection of diversified U.S. and global index fund investment choices, all overseen

by the U.S. Treasury. Within strict limits, an account holder could use some of the profits for education after turning 18. On the government's books, the transaction would be a loan, not an expenditure.

That's the amount of the loans that VTB alleges Mr. Bitkov guaranteed personally. Mr. Bitkov says VTB's documents are forged, so the court asked VTB for the originals. VTB did not produce them. Instead it switched its line of attack, arguing that the matter could be resolved only in Russia. There is no proof of VTB's money-laundering charge either, which is why prosecutors lack grounds for indictment.

Mr. Bitkov says the company was forced into bankruptcy and sold for a song. Mr. Kostin wants us to believe that the Bitkovs deliberately destroyed their successful \$428 million company so they could run away to Guatemala with \$6 million.

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OPINION

REVIEW & OUTLOOK

Trump's Next Syria Challenge

President Trump announced "mission accomplished" after Friday night's missile attack on Syria, and he's right if his goal was merely to punish Bashar Assad's use of chemical weapons. But if Mr. Trump also wants to deter Russian and Iranian imperialism, reduce the chances of another Middle East war and keep Syria from producing global terrorists, he needs a more ambitious strategy.

Even narrowly defined, the military strike was valuable in enforcing the longtime taboo against chemical weapons—all the more so after Barack Obama drew his famous "red line" in 2013 and failed to enforce it. Criticism of the strike from the Obama gallery that failed so utterly in Syria can't be taken seriously.

The 105 Tomahawk and standoff air missiles, launched from three directions into Syria, did tangible damage to Syria's chemical-weapons R&D and storage facilities. Lt. Gen. Kenneth McKenzie told reporters, "no Syrian weapon had any effect on anything we did," including Russian-supplied missile defenses.

The damage might have a deterrent effect on Assad's use of chemicals, given that Mr. Trump said Friday he is prepared to enforce the ban again. Mr. Trump lost credibility on that score in the last year after his Administration concluded several times that Assad had used chlorine gas but took no action. Next time the attack should be even more punishing.

The military contribution from Britain and France was useful in demonstrating a larger willingness to prevent the normalization of WMD. And the strike could have a demonstration effect on North Korea as Mr. Trump heads into his perilous summit with Kim Jong Un.

* * *

Yet one bombing won't change the fundamentals of the Syrian battlefield, or the strategic reality that the Russia-Iran-Assad axis is winning. By Sunday Assad had already resumed bombing rebel areas, including civilian homes. To alter those realities, Mr. Trump has to do more than plead with the Russians and Iranians as he did Friday night:

"To Iran, and to Russia, I ask: What kind of a nation wants to be associated with the mass murder of innocent men, women, and children?" The answer is they do.

And the only way to change their minds is to change their recognition of the costs and benefits of intervention.

One useful step would be to keep the pressure on Russia to fulfill its agreement to eliminate chemical arms from Syria. Russia surely knew about the stockpiles, and the U.S. should demand that the United Nations office in Damascus inspect the chemical attack areas. It should also insist on U.N. access to all areas needing humanitarian aid. If Syria refuses, the U.N.

The Interstate Tax Grab

The Supreme Court's landmark 1992 *Quill* decision protects small businesses across the country from tax-grubbing politicians across the country. On Tuesday the Justices will consider whether to overturn *Quill* and open Pandora's box.

At issue in *South Dakota v. Wayfair* is whether governments can tax and regulate remote retailers that don't enjoy the state's representation or benefit from its public services. The Court has long held they cannot. In *Bell Atlantic* (1967), the Court ruled that states can't impose sales taxes "upon a seller whose only connection with the customers in the State is by common carrier or the United States mail." The Court reaffirmed this "physical nexus" standard in *Quill*.

* * *

Fast forward 25 years. States complain that online commerce is eroding their tax base. Brick-and-mortar stores grouse that remote retailers are dodging taxes, putting them at a competitive disadvantage. Justice Anthony Kennedy teed up a challenge to the "physical nexus" standard in *Direct Marketing* (2015) by suggesting that online retailers may "be present in a State in a meaningful way without that presence being physical in the traditional sense of the term."

Two dozen or so states have taken that invitation and extended sales tax to retailers with no physical presence. The "Kill Quill" laws vary in scope. New York taxes retailers that use in-state advertisers. South Dakota duns all retailers that sell more than 200 items or \$100,000 worth of merchandise in the state.

Quill opponents are exaggerating their tax losses. Online commerce makes up less than 10% of retail sales, and a 2017 report by the Government Accountability Office said 87% to 96% of sales by the top 100 online retailers are taxed. Amazon collects sales tax on all customer purchases, as do Target, Walmart, Costco and Sears. The major exceptions are small businesses that sell on eBay and Etsy.

GAO estimates that untaxed online sales make up between 2% and 4% of state and local sales tax revenues. Sales tax growth has been robust in states with healthy economies. South Dakota's sales tax revenues have grown more than 5% annually over the last five years. Between 2012 and 2017, state and local sales tax revenues grew by a quarter.

Politicians would prefer to soak out-of-state retailers rather than their own taxpayers. But America's founders devised the Com-

A single missile strike won't stop the designs of Iran and Russia.

should cease all such aid to the country since most of it now goes to the regime.

More broadly, Mr. Trump needs a strategy for putting pressure on the Syrian axis and gaining leverage in talks to end the civil war. The best idea we've seen would follow the example of President George H.W. Bush after the first Gulf War in 1991.

The U.S. and its allies established and enforced a no-fly safe zone in northern Iraq that protected the Kurdish areas from attacks by Saddam Hussein. The plan worked for a decade and allowed the Kurds to build the most prosperous, pro-American part of Iraq.

The U.S. already operates a de facto safe zone east of the Euphrates River with some 2,000 troops. But a zone there and another near the border with Jordan might require fewer troops once Islamic State fighters are further reduced. Such a zone would allow refugees to return safely, easing pressure on nearby states. It would give the U.S. leverage over Kurds and Arabs under protection to help against a revival by Islamic State or al Qaeda. And that might help ease tensions with the Turks.

Such a zone wouldn't threaten Assad's control over the rest of Syria, but the U.S. has called for Assad's ouster for seven years without effect. Better to accomplish what we can than to keep tilting at what we can't.

Above all, the safe-zone strategy would send a signal that the U.S. isn't abandoning the region to Iran and Russia. Iran's strategy is to use southern Syria as a second base, along with Lebanon, for Hezbollah militia and arms on the border with Israel. This would make an Israeli-Iran conflict inevitable, and the U.S. would be drawn in eventually.

The better U.S. strategy is to support regional opponents of Iranian imperialism and try to turn Syria into the Ayatollah's Vietnam. Only when Russia and Iran begin to pay a larger price in Syria will they have any incentive to negotiate an end to the war or even contemplate a peace based on dividing the country into ethnic-based enclaves.

* * *

Executing such a strategy would require considerable diplomacy, as well as persuasion and commitment by Mr. Trump at home and abroad. Perhaps that is beyond his interest or capacity. But this Administration still has three years to run, and what former General David Petraeus once called the "geopolitical Chernobyl" of Syria is far from contained.

Barack Obama dealt Mr. Trump a bad hand by letting Russia, Iran and China believe they could advance their goals of regional domination without U.S. resistance. In Syria as elsewhere, Mr. Trump has to decide if he wants to ratify that American retreat or develop a strategy to stop it.

Some 12,000 jurisdictions in the U.S. impose sales tax, twice as many as in 1992, often with disparate rules and rates. Illinois taxes Twix and Snickers at different rates. Twix is taxed at a lower rate because it includes flour and thus qualifies as "food." Snickers is considered candy. In New Jersey, yarn is tax-exempt only if used for knitting. How are retailers supposed to divine a buyer's purpose?

Installing and maintaining software to comply with 12,000 tax regimes could break small businesses. One business told GAO "they had just dealt with an expensive audit that lasted 3 years" and "do not have the resources to comply with similar audits from other jurisdictions." Businesses that collect too little tax can face stiff penalties including jail time. If they collect too much, they get slapped with class-action lawsuits.

The Justice Department has filed a brief supporting South Dakota, taking the odd position that *Quill* should be overturned because online retailers benefit from government-built broadband. Seriously? According to Justice, businesses that operate a website have a "virtual" presence everywhere. The European Commission has invoked the same argument to impose a digital tax on Silicon Valley tech giants, which the Trump Administration has denounced as an extraterritorial tax grab.

If the Court were to adopt Justice's virtual standard, there would be nothing to stop California from requiring remote retailers to post cancer warnings on coffee or potato chips advertised on their websites. This would vitiate the Commerce Clause.

The Court rightly held in *Quill* that "the underlying issue is not only one that Congress may be better qualified to resolve, but also one that Congress has the ultimate power to resolve." Members of Congress have been working for several years on legislation that would let states enter a compact to collect a simplified sales tax from remote retailers.

But many Members have been reluctant to compromise because they hope the Court will kill *Quill*, which could lead to a tax free-for-all. Congress might then be even less likely to legislate a solution. Even a narrow decision that upholds South Dakota's law would embolden states to regulate businesses outside their borders. This would be a tragedy of the commons and for the Constitution.

OPINION

After the Syria Strike, a Strategy

By Ryan Crocker
And Michael O'Hanlon

The crisis in Syria—the chemical weapons attack by President Bashar al-Assad's forces, followed by the limited U.S.-U.K.-France military response—creates an opportunity to develop the broader Syria strategy the West now lacks.

The first element of such a strategy is to help local allies in Syria hold their ground. It would be folly to cede even more influence to Mr. Assad's murderous regime, Iran, Hezbollah or a prospective ISIS 2.0. This objective may require small deployments of U.S. forces to certain sectors of the country—not for "presence," but for specific purposes like being able to call in airstrikes if partners are threatened, or protecting aid workers who are helping reconstruct these areas so refugees can start to return.

A continued U.S. presence is a must, but Assad's quick removal is too ambitious a goal.

The second element of a new strategy is to take advantage of the threat of further U.S. military operations. After striking chemical targets in Syria, Washington's credibility to act has been partly restored. That does not mean there's a simple way to win the war. But Mr. Assad should be told that any attack by his forces, or by Iranian-controlled militias, on U.S. and allied forces in the sectors of Syria where they operate will be met with swift, unannounced retribution. Next time the U.S. could up the ante, going after military command and control, political leadership and



A Tomahawk missile heads for Syria from the USS Monterey Friday.

perhaps even Mr. Assad himself. The U.S. could also pledge to take out much of his air force. Targets within Iran should not be off limits, depending on the provocation.

The goal of such threats is deterrence. Actually carrying them out would entail major dangers to the West. Weakening Mr. Assad militarily to that degree would likely reignite an all-out civil war, risk a showdown with Russia, and set the stage for massive sectarian bloodletting.

The third element of a new strategy is a more realistic political vision for the country—one that no longer seeks Mr. Assad's immediate removal. To be sure, he is a monster and at some point he must go. But the West has no way to make him leave at present. That means the U.S. and the international community need to redefine the United Nations process in Geneva, which currently seeks to create a new leadership to replace Mr. Assad. For him, that would be tantamount to conceding defeat at a moment when he feels he is winning on the battlefield. Since Mr. Assad comes from the Alawite minority group in Syria, any national government based on majority rule,

whether chosen through negotiations or elections, would almost surely displace his closest allies and raise the risks of retaliation against them.

The West must accept that Mr. Assad would insist on a major hand in choosing his successor through a managed transition. The international community has some leverage in shaping the choice, including by ensuring that viable Kurds and other Sunnis are in a future cabinet, but it would be his choice. For now, the Geneva talks should focus less on political transition and more on technical issues like distributing relief and reviving agriculture.

Fourth, in order to secure Turkey's cooperation, the Kurdish question needs a better answer—one that addresses Ankara's security concerns while also preventing Kurdish positions in Syria's north from being overrun. In addition to promoting a cease-fire between Turkey and the Kurdish PKK, the U.S. and its allies should condition most aid to Kurds in Syria on a return of the heavier weapons given to them to fight ISIS, once that battle is truly over. Washington should declare that it will

never support an independent Kurdish state in Syria (or elsewhere) and that it opposes a single, formal Kurdish autonomous region within Syria. To access aid, Syrian Kurds should also be required to allow non-Kurdish towns within their areas of control a degree of additional local autonomy.

In all of this, as we have written previously with Russia expert Pavel Baev, America and its international partners have a major advantage: money. Most of the \$100 billion or so in financing that Syria will ultimately need to rebuild can only be delivered by the U.S. and its allies. That provides some leverage—not enough to push Mr. Assad out of power, but perhaps enough to coax him into forming a successor government with broader representation down the road, and to persuade Moscow to help in the effort. Western funds should *not* flow to Mr. Assad or the regions he controls until he steps down. The only exception would be limited amounts of food and medicine for humanitarian purposes, once he starts respecting cease-fires and stops massacring innocents.

Even with these improvements, stabilizing Syria through an "ink spot" strategy of working first with local actors will take many months. Rebuilding Syria's physical and political infrastructure will take years. But our core goals of stability, recovery and safety for Syria's displaced, limits on Mr. Assad's and Iran's influence, and prevention of the emergence of an ISIS successor could be brought at least partly within reach with a coherent and comprehensive strategy.

Mr. Crocker, a former U.S. ambassador to Syria, is a diplomat in residence at Princeton. Mr. O'Hanlon is a senior fellow at the Brookings Institution.

Give Amnesty For College Writings

By David Lat

Senate Republicans staged a five-month filibuster in 2011-12 against Jesse Furman, whom President Obama had nominated as a New York-based trial judge. They didn't question his qualifications but objected to his past writings, including a piece titled "Bang, Bang, You're Dead! The NRA Supplied the Lead!" During his confirmation hearing, Mr. Furman said: "I wrote those words as an 18-year-old with no legal experience or training and, frankly, spoke with more confidence than was warranted." The Senate eventually confirmed him.

Now the tables are turned. Ryan Bounds—like Judge Furman a Yale Law graduate, former federal law clerk, and federal prosecutor—has been nominated to the Ninth U.S. Circuit Court of Appeals. But the senators from Mr. Bounds's home state, Democrats Ron Wyden and Jeff Merkley, are blocking his nomination.

It's dangerous to punish judicial nominees—or anyone else—for thinking while immature.

As in Judge Furman's case, the senators do not question his qualifications—which would be awkward, since their own judicial selection committee recommended him. Instead, taking their cues from the Alliance for Justice and other liberal interest groups, the senators cite a handful of op-eds Mr. Bounds wrote almost 25 years ago as a Stanford undergraduate. Mr. Bounds poked fun at the excesses of political correctness, for which the senators tar him as biased against minorities, women and gays.

Anyone who reads the articles or knows Mr. Bounds—as I have for more than 20 years, dating back to law school—knows these charges lack merit. But there's a bigger point: Collegiate scribblings from decades ago should have no bearing on one's fitness for public office, and making an issue of them is bad for the country.

College is traditionally a time of experimentation and exploration. We adopt and discard ideas and try out different identities, sometimes in rapid succession. These identities often bear little resemblance to our mature selves—Hillary Clinton was once a "Goldwater girl," while Clarence Thomas was a Black Panther sympathizer—but exploring them is how we learn about ourselves and acquire wisdom—how we grow up.

I speak from experience. In 1994, as a 19-year-old junior, I wrote a Harvard Crimson column titled "Those 'Happy Homos.'" I mocked gay-pride events, arguing they were gratuitous on a gay-friendly campus like Harvard, and posed a rhetorical question: "How many homosexual Harvard students are still in the closet? Two? Three?"

Well, at least one. My column was a clumsy, youthful attempt to come to terms with an aspect of my identity. Today I am happily married to a man.

Judging people today based on things they wrote or said as undergraduates would block many highly qualified people from public service. The loss would be especially great given their demonstrated willingness to grapple with ideas and challenge conventional wisdom, even at the risk of being wrong or causing offense. Penalizing intellectual exploration will make college a stifling experience. Students will avoid saying or doing anything remotely unconventional, and we'll end up with a leadership class of bland "organization kids," in David Brooks's phrase.

How can we prevent college musings from becoming millstones around nominees' necks? For starters, the Senate Judiciary Committee questionnaire should make clear that nominees need not list publications before law school, the start of one's legal career. If earlier writings come to light anyway, senators should ignore them unless current information suggests the nominee still holds the views in question.

The risk of being unfairly defined in the present based on information from your distant past affects anyone with a "digital footprint"—and the problem will only grow as more personal information makes its way online, from younger and younger ages.

There's probably no legislative or regulatory fix. The best solution is an informal societal understanding that all of us must be responsible and judicious in using old information. Let him who did not embarrass himself in college cast the first stone.

Mr. Lat is founder of the website Above the Law and author of the novel "Supreme Ambitions."

China's Faux Comparative Advantage

By Peter Navarro

In textbook economics, trade is a win-win: Two countries trade freely based on comparative advantage and share the resulting gains, improving welfare in both countries. America's trade with China is as far from that model as the Earth is from Mars.

Historically, the U.S. has had a comparative advantage in manufacturing because of its high rates of technological innovation, correspondingly high rates of capital investment and worker productivity, strong protections for intellectual property, and wide availability of low-cost energy. Yet since joining the World Trade Organization in 2001, China has come to dominate traditional manufacturing. By 2015 it accounted for 28% of global production of autos, 41% of ships, more than 50% of refrigerators, more than 60% of televisions, and more than 80% of computers and air conditioners.

As is evident in government documents such as China 2025, China increasingly threatens to dominate the industries of the future: artificial intelligence, autonomous vehicles, blockchain systems, robotics, high-tech ship manufacturing and more. These technologies have profound strategic implications.

In large part because of China's dominance in manufacturing, the U.S. last year ran a bilateral trade deficit in goods of \$375 billion, or more than \$1 billion a day. Contrary to the textbook model, whereby currency adjustments help rebalance trade, the U.S. trade deficit with China has been persistent—more than \$4 trillion cumulatively since 2002—and growing.

Why is the textbook model failing? The answer is that China's faux comparative advantage is the result of its state-directed investments, nonmarket economy, and disregard for the rule of law.

Other forms of economic aggression contribute to China's faux comparative advantage. To protect its

The economics textbooks don't anticipate a state-directed economy that disregards the rule of law.

market, China erects high tariff barriers—e.g., its auto tariff is 10 times that of the U.S. China has high non-tariff barriers, too, including intrusive licensing requirements and foreign-ownership restrictions that keep the playing field tilted in favor of Chinese companies.

To gain global market share, China showers its state-owned and state-financed enterprises with subsidized land and capital, myriad export subsidies, and lucrative tax preferences. To prevent the adjustments predicted by the textbook model of trade, China has historically

undervalued its currency.

Most broadly, China's "going out" strategy involves leveraging sovereign-wealth funds to capture the industries of the future. Three of the world's 10-largest SWFs are from China, and China Investment Corp. has close to \$1 trillion. These funds regularly scour technology-rich communities like Silicon Valley, Boston and Austin, Texas, seeking to purchase the crown jewels of American innovation. Since its founding in 2009, for example, Sinovation has accumulated \$1.2 billion in total capital and has invested in almost 300 startups.

While the U.S. welcomes foreign capital, China perverts the investing process by targeting American companies based on strategic and military goals rather than pure economic considerations. Because high-technology acquisitions often generate spillover benefits for the Chinese military, its SWFs are often willing to pay distortive prices, far above what the free market would dictate.

At times the brazenness of China's economic aggression has been breathtaking. In 2006 China's State Nuclear Power Technology Corp. signed an \$8 billion joint venture that resulted in the transfer by Westinghouse of more than 75,000 construction and technical documents on its signature API000 nuclear reactor. Meanwhile, Chinese

cyber operatives allegedly were illegally penetrating Westinghouse's Pennsylvania computers and information systems to acquire technical documents from its extensive R&D efforts.

By 2015 China had broken ground on a plant to construct its cloned Westinghouse reactor, the CAPI400.

Today, as Westinghouse has struggled to stay out of bankruptcy, China is constructing reactors in Pakistan and Romania, is scheduled to build them in Argentina, Britain and Iran, and is bidding on projects in Saudi Arabia, South Africa and Turkey.

The biggest threat China's faux comparative advantage poses is to the global trading system itself. The gains from trade will not accrue to all the partners when one of the largest is engaged in such market-distorting behavior.

It is in the name of fair, reciprocal and ultimately free and prosperous trade that President Trump is standing up to China's intellectual-property theft and other unfair trade practices. The president has the backs of American workers, farmers and businesses. He deserves the support of a world now being victimized by China's economic aggression.

Mr. Navarro is assistant to the president for trade and manufacturing policy and director of the White House National Trade Council.

In Praise of the News on Paper

By Barton Swaim

Here's an unpopular opinion: There is a future in newspapers. I don't mean newspaper companies. I mean physical, hard-copy newspapers—the kind you buy on the street, the kind someone tosses onto your driveway early in the morning. The kind everybody says will be a thing of the past in a few years.

My conviction on this point stems

from a decision I made about a year ago—to subscribe to, as we used to say, the paper. I was reluctant to do this, and for the usual reason: You can read all the newspaper's content online, either for free or for a smaller subscription price.

For several years, though, I had trouble with online news reading, and I thought maybe it was time for a regressive revolt. I had begun to notice, first, that I remember almost nothing I read online. I must have read scores of online articles in 2016, say, but I can hardly remember one. Yet somehow I can recall things I read in hard-copy newspapers and magazines 20 or 30 years ago; in some cases I can see the words on the page.

I had also begun to feel anxious that, despite all the news reading I do, I was never able to catch up. When you get your news by searching online news aggregators and perusing Twitter, you can spend an hour reading articles—two hours, three hours—and still you feel you've only read the smallest slice of relevant news. You read and read, but unread stories are still everywhere and you spend the rest of your day feeling anxiously ill-informed.

Newspapers mostly rid you of that anxiety. When you read the paper in the morning, you spend 45 minutes or an hour doing one thing: reading the news. When you put the paper down, assuming you've made a decent effort

to read and understand a fair sampling of items, you've read the news. At that point you can go about your day happy in the knowledge that you have some idea of what sort of things happened in the world yesterday and of what intelligent people think about them.

The newspaper, and especially the serious metropolitan daily, allows you to ingest the news on an array of topics—and be done with it. After spending an hour reading the paper, you're caught up on national and world affairs as any person can claim to be. You're not aware of all the profound and amazing writing "out there," but you're sufficiently well-informed, and for the remainder of the day you can apply your mind to other tasks, without anxiety or guilt.

The newspaper brings a kind of epistemological definition to the everyday work of being literate. You can hold the day's knowledge with two ink-stained hands, and when you're done with it, you can throw it away. It won't update and demand to be read in a few hours, and it won't follow you around on your smartphone.

I don't know what the future of newspapers may be. But I know there is one—because newspapers are physical and limited, and so are we.

Mr. Swaim is opinion editor of the Weekly Standard.

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Inquiry Sped WPP Chief's Exit

By NICK KOSTOV
AND SUZANNE VRANICA

Before resigning as chief executive of WPP PLC, Martin Sorrell faced a choice: risk enduring an investigation into an allegation of personal misconduct, or leave the advertising giant he founded three decades ago, say people familiar with the board and Mr. Sorrell.

On Saturday, the 73-year-old executive said he was stepping down after what his associates

and people close WPP's board described as a weeks-long effort to carry on at the company and conduct business as usual. WPP said a probe into the allegation had concluded and its findings would remain confidential.

"He got to the situation where it was much better not to have any of these allegations in the public and move on," said a person close to the board.

A person close to Mr. Sorrell

said he left because of exasperation with the handling of the probe, not because he was worried about its details becoming public. The person said Mr. Sorrell's contract with the company didn't include a non-compete clause.

"The current disruption" was "simply putting too much unnecessary pressure on the business," Mr. Sorrell said in a letter to WPP employees on Saturday. Earlier this month he said in a statement he rejected

the allegation "unreservedly," while adding that he recognized the company had a duty to investigate the complaint.

His exit marks a stunning turn of events for a man who had become one of the oracles of the advertising business. Mr. Sorrell had been at the helm since he founded the company in 1986, helping to transform a little-known U.K. wire-shopping-basket maker called **Wire & Plastic Products** into the largest advertising holding

company in the world. WPP boasts a host of blue-chip creative agencies such as J. Walter Thompson and Young & Rubicam, as well as powerhouse media buyer GroupM.

Mr. Sorrell's departure comes at a time of tumult both for the advertising industry and WPP.

Marketers are pressuring agency holding companies like WPP—essentially advertising and communication-services

Please see WPP page B2



Martin Sorrell

MARK RUMNICK/S/GETTY IMAGES

Tailoring an App to Sew Up More Men's Clothing Sales



SUITED UP: Store Manager Will Muñoz interacts with a customer via a web sales app on his iPhone at a Men's Wearhouse store in Edgewater, N.J. To deal with declining customer traffic, sales personnel can message and video chat with shoppers online, sending photos of items like ties and shirts. B4

Property Deals in SEC Probe

Guggenheim Partners comes under scrutiny

By JUSTIN BAER
AND MARGOT PATRICK

U.S. securities regulators have opened an investigation into **Guggenheim Partners** LLC's asset-management arm that includes questions about an \$85 million home in Malibu, Calif., co-owned by Guggenheim Chief Executive Mark Walter, according to people familiar with the matter.

The Securities and Exchange Commission, three of these people said, has shown interest in that real-estate transaction and a series of other deals involving ABS Capital Co., a Miami firm owned by two former Guggenheim managers. ABS Capital and Mr. Walter co-invested in the Malibu property, spokesmen for ABS and Mr. Walter said last fall. A Guggenheim spokesman said in October that the real-estate deals

Please see SEC page B2

INSIDE

Suit Details Xerox-CEO Clash

By DAVID BENOIT

Xerox Corp.'s board told Chief Executive Jeff Jacobson in November to stop negotiations with **Fujifilm Holdings** Corp. because it was considering firing him, a newly amended lawsuit alleges.

Instead, the suit says, the executive raced to strike a complex deal that would leave him in charge, and cede control of the American icon to the Japanese company, a move that has been criticized by two of Xerox's biggest investors.

Though Xerox's board ultimately stuck with Mr. Jacobson after his performance improved and signed off on the deal he negotiated, communications disclosed Sunday in a

lawsuit filed by billionaire investor Darwin Deason allege the CEO negotiated to sell the company—and keep his own job—while pushing the acquirer to help him avoid being ousted under pressure by Carl Icahn, his biggest investor. Xerox's chairman, Robert Keegan, said Sunday Mr. Jacobson was "fully authorized to engage in discussions with Fujifilm."

The day after Mr. Jacobson was told he might be fired, a Fujifilm executive attempted to keep the talks on track, according to text messages included in the suit.

"If you cancel/postpone your trip to Japan due to your board's direction, [Fujifilm's CEO] would be very disappointed and may lose the mo-

mentum of the deal," Fujifilm's head of strategy, Takashi Kawamura, warned Mr. Jacobson. "We should be the one team to fight against our mutual enemy," a reference to Mr. Icahn, according to the lawsuit. "We are aligned my friend," Mr. Jacobson replied.

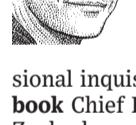
Mr. Jacobson also pushed Fujifilm executives to clearly tell Mr. Keegan that Fujifilm wanted Mr. Jacobson to be CEO and wouldn't do the deal without him, messages in the court documents show. Mr. Keegan was aware Mr. Jacobson had continued the negotiations, the suit alleges.

Mr. Keegan said in his statement Mr. Deason was "distorting" facts. Fujifilm wasn't im-

Please see XEROX page B2

KEYWORDS | By Christopher Mims

Facebook Data Harvest Yields Confusing Maze



If there's one thing we learned from the past week's marathon congressional inquisition of **Facebook** Chief Executive Mark Zuckerberg, it's this: The inner workings of Facebook's data-harvesting behemoth are so Byzantine that in some ways Mr. Zuckerberg is just as confused as the rest of us about how it all works.

In his testimony before the U.S. House of Representatives Wednesday, Mr. Zuck-

erberg said Facebook doesn't store a history of websites its users have visited.

Mr. Zuckerberg later corrected himself, saying Facebook does in fact store a list of visited websites that include Facebook's tracking code. He added that the list is held temporarily before being converted into "a set of ad interests."

When testifying before the Senate Tuesday, Mr. Zuckerberg said, "I think everyone should have control over how their information

Please see MIMS page B4

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SEC

Continued from the prior page weren't funded by Guggenheim Partners.

The SEC's enforcement staff has asked Guggenheim to retain documents related to certain transactions, including some with ABS Capital, two of these people said. And in the past month, they have subpoenaed documents and other information from ABS Capital, according to another person familiar with the matter.

An SEC spokesman declined to comment; a spokesman for ABS said Sunday that it owns the two Palisades homes as well as the Malibu property and that it hasn't borrowed any money from Guggenheim or its clients.

"We are cooperating fully with the SEC's investigation of our subsidiary, Guggenheim Partners Investment Management (GPIM), and we cannot comment further," a Guggenheim spokesman said. Guggenheim hasn't been accused of any wrongdoing.

The regulator's decision to proceed with the investigation of Guggenheim Partners Investment Management, which hasn't been previously reported, marks the latest problem for a financial firm buffeted in recent years by regulatory scrutiny and internal conflict.

For decades, a small organization managed the Guggenheim family fortune. But the group's 1999 merger with two other firms—one was a broker-dealer; the other, founded by Mr. Walter, sold structured products—put the combined



Guggenheim CEO Mark Walter co-owns the Los Angeles Dodgers.

entity on a new, ambitious path.

Under Mr. Walter's direction, the firm has expanded rapidly into financial services ranging from insurance to investment banking. Its securities arm, run by former Bear Stearns Cos. chief Alan Schwartz, has steadily gained traction as an adviser on mergers and other corporate deals.

Central to the firm's success has been the asset-management division, whose assets under management have surged from \$35 billion a decade ago to more than \$300 billion today, most of it managed for insurers and pension funds in fixed-income strategies.

The SEC's examination staff, which is separate from its enforcement division, began looking at Guggenheim's operations, certain investments and disclosures in 2017, the Journal reported in September.

The SEC's examination staff, which is separate from its enforcement division, began looking at Guggenheim's operations, certain investments and disclosures in 2017, the Journal reported in September.

Xerox says the deal was done at a premium for the value of its assets, which it says would have only been worth up to 46% of the combined company. Mr. Jacobson has said it would allow the company to focus on innovation and find new markets for printing technology.

Upset with the deal, the two billionaires are seeking to shake up the board and have

The Malibu real-estate purchase surfaced in news reports last summer, and in October ABS Capital and Mr. Walter confirmed through spokesmen they bought the property together. ABS Capital said it also bought two other properties in nearby Pacific Palisades.

A Guggenheim distribution executive, Alexandra Court, moved into one of the Pacific Palisades properties, according to people familiar with the matter, the Journal reported in October. Guggenheim and ABS have said the home purchases weren't funded by Guggenheim, and that Mr. Walter wasn't an owner of ABS.

The real-estate deals spurred questions from clients about possible distractions at the investment firm, the Journal reported, citing clients and people familiar with the firm. The firm met with dozens of clients to discuss the issues, according to people familiar with the matter. The deals also deepened some employees' re-

sentment over an alleged personal relationship between Mr. Walter and Ms. Court, the Journal reported. Ms. Court has been on leave from the firm since June. She didn't respond to emails requesting comment.

Guggenheim's board reviewed the relationship between Mr. Walter and Ms. Court and took no action, the Journal reported in October. A Guggenheim spokesman at the time said in part, "If there were a relationship, the prospect of a nonbusiness relationship would have been fully and promptly disclosed."

The SEC's enforcement staff also is interested in an August 2016 loan that ABS Capital made to a fashion retailer, according to people familiar with the situation.

The financing from an ABS

vehicle called Allerton Funding LLC was provided to **BCBG Max Azria** Group LLC months before the fashion company's collapse. Guggenheim at the time was BCBG Max Azria's controlling shareholder and a large debt holder through funds and insurers whose investments it manages, according to bankruptcy-court filings.

A former Guggenheim employee has flagged the same four deals to the regulator as part of a broader complaint about transactions that were allegedly handled inappropriately or that the former employee believed didn't go through sufficient compliance checks, according to a person familiar with the matter. A firm official said at the time,

"We are working very closely with the SEC to bring to a close" the matter.

That spring, an accounting scandal at **Fuji Xerox** rocked the joint venture, and Fujifilm told Xerox it needed to sort out the trouble before it could engage on any potential deal, Xerox disclosed last week.

After Mr. Icahn warned Mr. Jacobson he had to sell the company or risk being ousted, Mr. Jacobson began pushing Fujifilm for a deal, the suit alleges. He warned Fujifilm of his trouble with Mr. Icahn and suggested the parameters of the ultimate transaction to Fujifilm executives, which he told his chairman was a "Hail Mary" chance, according to a message in the lawsuit.

In early 2017, on-and-off again talks with Fujifilm heated up, Xerox disclosed in a filing last week. The board, the lawsuit further alleged, told

Mr. Jacobson it was only interested in an all-cash deal to sell Xerox at a premium. That spring, an accounting scandal at **Fuji Xerox** rocked the joint venture, and Fujifilm told Xerox it needed to sort out the trouble before it could engage on any potential deal, Xerox disclosed last week.

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BUSINESS & FINANCE

Proposed Tariffs Stir Jitters

Small firms take steps to blunt higher prices; 'It's hurting us. It's hurting our customers.'

BY RUTH SIMON



Kelli-Marie Vallieres, right, of Sound Manufacturing said the cost of aluminum sheets jumped in March.

credit lines. Some customers are shifting to thinner gauges of metal to reduce costs, she said.

President Donald Trump said in March he would impose duties on aluminum and steel and later threatened stiff tariffs on \$150 billion in Chinese imports, in an effort to protect U.S. manufacturers from what the U.S. claims is unfair competition.

"We just have to have a conversation" about increasing tariffs, "and it upsets the apple cart," said Ms. Vallieres, who recently added 10 workers because of strong sales. Her firm now employs 76 people.

Since February, her Old Saybrook, Conn., firm has been stocking up on aluminum and steel, instead of buying materials two or three days before they will be cut and bent for just-in-time manufacturing. Higher inventory and storage charges have pushed material costs to roughly 25% of revenue from 20% a year ago, said Ms. Vallieres, who has asked suppliers to increase the company's

said Ken Murray, president of Huth Ben Pearson International, a Hartford, Wis., maker of pipe- and tube-bending machines with 24 employees. "It's hurting our suppliers. It's hurting us. It's hurting our customers."

If all the tariff increases announced by Mr. Trump and U.S. trading partners were implemented, it would increase inflation by 0.2 percentage points and cut real gross domestic product growth by 0.4 percentage points the year after levies were implemented, Moody's Analytics estimates.

The dispute is creating fresh headaches for small firms, which typically have less bargaining power than large companies and fewer resources to direct toward developing new business relationships or relocating production. Many small-business owners are already dealing with rising costs and a tight job market.

Dale Lemmons, owner of

two trucking companies in Kelso, Wash., is paying an extra \$1,500, or 2%, for trailers that will be delivered in September. "We will ultimately have to pass it along," said Mr. Lemmons, whose 100 employees haul sawdust shavings, wood chips and other products in Washington and Oregon.

Daniel Rogge, chief executive of Tormach Inc. in Waunakee, Wis., is delaying plans to build a new headquarters and training facility and has put on hold a revamp of the company's e-commerce site. Tormach, a 45-person company that designs and sells computer-controlled lathes and milling machines, had a record January, but sales in March fell 37% compared with the same month a year ago.

Adding to his worries: the Chinese-made machine tools Mr. Rogge sells are among the 1,300 product categories targeted in April for higher tariffs by the Trump administration.

with the matter. Then he attempted to go about life as normal, flying to Rome with his wife Cristiana Falcone to celebrate their 10-year wedding anniversary.

On April 3, The Wall Street Journal reported the probe's existence, and that the board was looking into whether Mr. Sorrell had misused company assets. WPP said the amounts at issue weren't material to the company.

Mr. Sorrell at the time issued his own statement denying any financial impropriety.

In private, Mr. Sorrell expressed grievances that news of the probe had come out in the Journal, according to people familiar with the matter.

Mr. Sorrell and his wife left their young daughter with Ms. Falcone's parents in Rome and flew to WPP's offices in New York.

Back at the office, Mr. Sorrell showed determination to remain in his post and conduct "business as usual," according to people familiar with the matter.

WPP

Continued from the prior page

conglomerates—to revamp organizational structures seen as out of step with the digital age.

At the same time, marketing clients are cutting back on the fees they pay for ad services or taking more of the work in-house to save money and give themselves greater control.

WPP's stock has dropped more than 30% over the past 12 months following a string of disappointing financial results.

In its most recent quarter, WPP logged its worst performance since the financial crisis, as net sales fell slightly compared with a year earlier. The firm said it is setting budgets for 2018 on the assumption of no growth in revenue and net sales.

With Mr. Sorrell's departure, Roberto Quarta, chairman of WPP's board, will take on the role of executive chairman until a new CEO is appointed. Mark Read, chief executive of WPP agency Wunderman, and Andrew Scott, WPP's corporate development director and chief operating officer for Europe, have been appointed as joint-chief operating officers of WPP.

Mr. Sorrell didn't pen jingles or craft TV commercials, but the cerebral, finance-minded executive rose to the top of Madison Avenue by being an astute serial buyer, acquiring up firms across advertising, marketing, public relations, media, research and technology.

In late March, the board informed Mr. Sorrell that a complaint had been lodged against him, according to a person familiar with the matter. The board hired WilmerHale, a top U.S. law firm, to investigate the allegation on its behalf. Mr. Sorrell wasn't provided with details underlying the complaint, said the person close to Mr. Sorrell.

On March 29, Mr. Sorrell met a team of WilmerHale attorneys in Central London without bringing his own lawyer, the person close to Mr. Sorrell said. It was in that meeting, the person said, that Mr. Sorrell learned that the law firm was conducting a formal investigation into the allegation. He was questioned for about three hours, the person said.

As a board meeting—scheduled for Tuesday long before the investigation—approached, Mr. Sorrell made his decision.

"He felt sitting around the boardroom table and looking at those guys in the eyes after what he'd been put through was not a particularly attractive option," the person close to Mr. Sorrell said. "He's fairly pissed off, to tell you the truth."

Under the terms of his departure, Mr. Sorrell will retire from the company. He will remain eligible to receive a maximum of about 1.6 million shares from various long-term incentive programs. At WPP's current share price of £11.88, the awards are worth as much as £19 million (\$27 million).

XEROX

Continued from the prior page

immediately available to comment.

In January, Xerox announced a complicated merger that would cede control to Fujifilm if completed. The deal would trade Xerox's 25% ownership of their 60-year joint venture to Fujifilm for 49.9% of a new company that combines all of Xerox with the joint venture. Xerox shareholders would also be paid \$2.5 billion in a special dividend.

The civil lawsuit, filed in

BUSINESS NEWS

Goldman Acquires Mobile Storefront

BY LIZ HOFFMAN
AND PETER RUDGEAIR

Goldman Sachs Group Inc. bought personal-finance app Clarity Money, acquiring a mobile storefront for its growing consumer bank.

The deal closed on Friday for Clarity Money, whose backers include **Soros Capital** and **Citigroup** Inc.'s venture-capital arm. Adam Dell, brother of Michael Dell, the personal-computer pioneer, founded Clarity Money and will join Goldman as a partner, a title rarely given to outsiders.

The Wall Street firm has been intensifying its push into retail banking a decade after its conversion from a broker-dealer into a bank that can take consumer deposits. Under the brand name Marcus, Goldman began making personal loans online in 2016 and has originated more than \$2.5 billion so far. It also offers high-interest savings accounts and has about 350,000 customers across both products.

As previously reported, Goldman is paying a high eight-figure sum for Clarity Money, a rich valuation for a two-year-old startup that has yet to turn a profit.

But Clarity Money's roughly one million users will quadruple Goldman's customer base. In addition to Mr. Dell, about two dozen other Clarity Money employees will join the bank.

Clarity Money's app is expected to serve as the smartphone storefront for Goldman's growing suite of retail products, which The Wall Street Journal has reported could include wealth-management tools, home mortgages, point-of-sale loans and insurance policies. Marcus has yet to offer a mobile app.

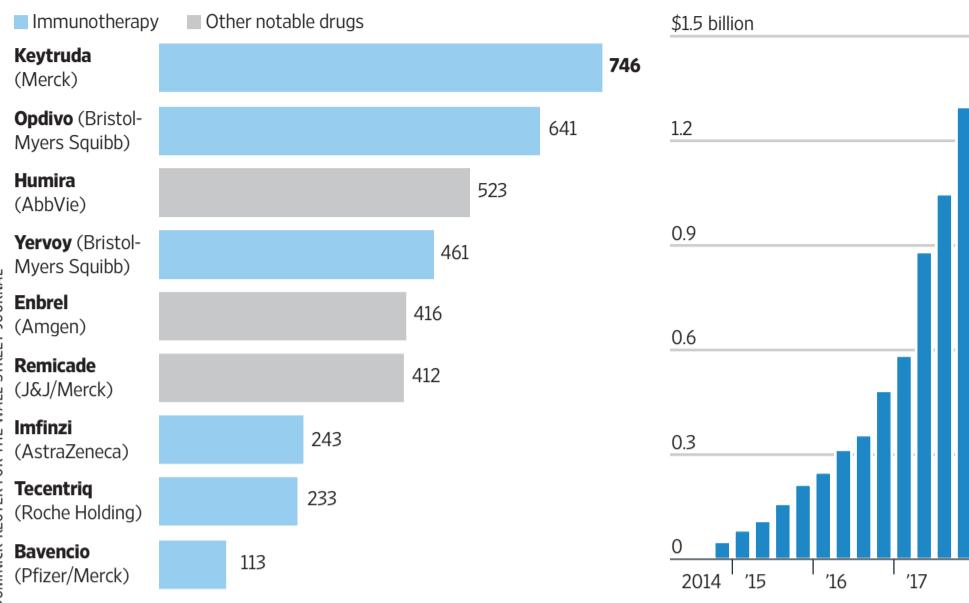


R&D chief Roger Perlmutter has moved resources into Keytruda.

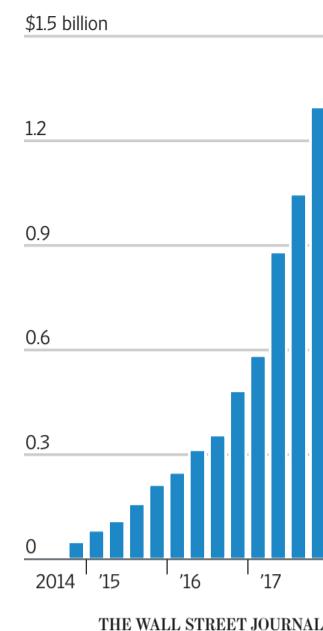
Expanding Experiments

Merck and outside researchers are running more clinical trials of cancer treatment Keytruda than several other cancer drugs and high-selling drugs for other diseases.

Number of clinical trials that are completed, under way or planned for cancer immunotherapies and other notable drugs*



Keytruda quarterly sales



THE WALL STREET JOURNAL.

*As of April 10 Sources: ClinicalTrials.gov; Merck (sales)

Merck Bets Big on Cancer Drug

Global sales topping \$3.8 billion in 2017 for Keytruda spur efforts to develop more uses

BY PETER LOFTUS

RAHWAY, N.J.—**Merck** & Co. is making one of the biggest bets on a single drug in the pharmaceutical industry, a move that is risky but that could, if successful, pay off for the company and a broad array of cancer patients.

Merck's Keytruda, a new type of cancer drug that harnesses patients' immune systems to fight tumors, is already marketed to treat lung, skin, bladder and other cancers. Global sales soared to more than \$3.8 billion in 2017—about 9% of Merck's total revenue—fueled by a monthly U.S. price tag of \$13,500 and studies showing it prolongs patient survival in some cancers.

Doctors view the development of Keytruda and other immunotherapies as a big advance that has already helped some patients live longer. Merck sees more potential uses and sales. The company and outside researchers are running more than 700 clinical trials for Keytruda in more than 30 cancer types, according to the National Institutes of Health—an effort commanding more than half of Merck's budget for all clinical drug studies, according to R&D chief Roger Perlmutter.

Merck says it has scrapped work on other diseases to put resources into Keytruda, marking a big cultural change for the company, according to people who have worked there.

"I said to everyone, 'Whatever other projects you're working on, you can stop now, because we're going to be doing this, and we're going to put a lot of muscle behind this,'" Dr. Perlmutter said. He said he based the decision on

early clinical data showing that Keytruda shrank some tumors effectively, and on the knowledge that rival **Bristol-Myers Squibb** Co. had already released positive study results of its rival drug, Opdivo.

Dr. Perlmutter moved scientists and money into Keytruda and shed projects he considered less promising, he said, such as an experimental drug for psoriasis that Merck licensed in 2014 to Sun Pharmaceutical Industries Inc.

"Before Keytruda, Merck's R&D strategy was to bring as many drugs to market as they could," said Bernard Munos, a pharmaceutical R&D consultant who previously worked at Eli Lilly & Co.

Dr. Perlmutter acknowledges the risk of investing so much in Keytruda but says Merck continues to conduct R&D in other areas. The company has more than 40 other drugs in clinical testing, including potential treatments for infectious diseases and diabetes.

Drugmaker Boosted Staffing to Oversee Crucial Trial Results

Roger Perlmutter, who previously ran R&D at **Amgen** Inc., identified Keytruda as a priority soon after Merck Chief Executive Kenneth Frazier hired him to lead R&D in 2013.

To help oversee the Keytruda trials, Merck boosted its in-house U.S. oncology leadership to about 100 specialists, from about 20 in 2013, said Roy Baynes, head of global clinical development. About 27,000 patients are enrolled in the Merck-sponsored Keytruda studies, with targeted enrollment of 62,000, a spokeswoman said.

One closely watched study could help signal whether Merck's strategy is sound. The company is expected to report Monday detailed results of a trial of Keytruda combined with chemotherapy to treat advanced lung cancer. Merck said in January the combination improved patient survival but it didn't disclose details.

Merck also has provided the drug for free to outside researchers running their own trials. One study by researchers at Johns Hopkins University in Baltimore showed Keytruda was effective in patients with a variety of cancer types whose tumors share a rare genetic defect.

Keytruda trial results haven't been uniformly positive. The drug failed to prolong survival in some studies, including one in gastric-cancer patients that Merck disclosed in December. And last year the FDA ordered Merck to stop two Keytruda trials after more blood-cancer patients receiving the drug died than those on other treatments.

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For the 3-, 5-, and 10-year periods, the Fund was rated 4 stars out of 463 funds, 4 stars out of 382 funds, and 5 stars out of 259 funds, respectively.



For the 3-, 5-, and 10-year periods, the Fund was rated 5 stars out of 601 funds, 4 stars out of 485 funds, and 5 stars out of 319 funds, respectively.



For the 3- and 5-year periods, the Fund was rated 5 stars out of 703 funds and 5 stars out of 583 funds, respectively.



For the 3-, 5-, and 10-year periods, the Fund was rated 4 stars out of 1,259 funds, 4 stars out of 1,125 funds, and 5 stars out of 800 funds, respectively.

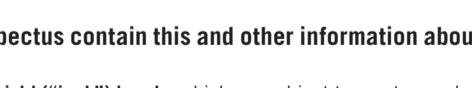


For the 3-year period, the Fund was rated 5 stars out of 198 funds.

Performance by share class may vary.

Morningstar Overall Rating™ for Class Z shares as of 12/31/2017. Morningstar measures risk-adjusted returns. The overall rating is a weighted average based on a fund's 3-, 5-, and 10-year star rating.

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Mutual fund investing involves risks. Some funds are riskier than others. The risks associated with investing in these funds include but are not limited to: **high yield ("junk") bonds**, which are subject to greater market risks (PIFZX, PDBZX, PHYZX); **foreign securities**, which are subject to currency fluctuation and political uncertainty (PRJZX, PJFZX); and **short sales**, which may prevent from implementing its investment strategy to the extent the Fund is obligated to cover a short position at a higher price (PLHZX, PJFZX). **Fixed income investments** are subject to interest rate risk, and their value will decline as interest rates rise (PIFZX, PDBZX, PHYZX). The risks associated with each fund are explained more fully in each fund's respective prospectus. There is no guarantee a fund's objectives will be achieved.

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TECHNOLOGY

WSJ.com/Tech

Hawking Suits Takes a High-Tech Turn

Men's Wearhouse
wants store workers
to use video chats to
help win online sales

BY KHADEEJA SAFDAR

EDGEWATER, N.J.—Only one shopper had walked into the spacious Men's Wearhouse store here in the first hour after it opened on a recent Wednesday. But Will Muñoz, the store's manager, chatted with 13 customers.

That is because the struggling apparel chain is starting to deploy its army of salespeople on shoppers browsing its website. Using smartphones, the store workers can message, video chat and send photos of shirts or ties—and get paid commissions for online orders the same way they do for ringing up items at the register.

By 11 a.m., Mr. Muñoz, 32 years old, had given wedding recommendations to a customer in Puerto Rico. Six people had asked for prom outfits. For a shopper in Idaho who wanted something different, Mr. Muñoz suggested a lavender coat. "It's lightweight and different from what you would normally see," said the former Marine, who has worked at Men's Wearhouse for six years.

The Edgewater location in a



A web sales app allows sales personnel to send photos of fabric swatches to potential customers.

shopping center just a few miles outside New York City is usually quiet for several hours during the day. Sometimes, the three or four workers on the sales floor wait in eager anticipation of shoppers walking through the door. Mr. Muñoz said only one of the online customers he chatted with that day bought a shirt, though he did persuade

another to visit the store. Men's Wearhouse has struggled with declining traffic to its stores amid competition from newer players, such as Bonobos and Suitsupply. Comparable sales at Tailored Brands Inc., its parent company, declined about 3% in 2016 and were flat last year. The share price has fallen 56%,

to \$28.55, since peaking at about \$65 in June 2015, though it is up 30% this year.

The company, which bought Jos. A Bank in 2014 for \$1.8 billion, has closed hundreds of stores and cut back on promotions, but it still has more than 1,300 U.S. locations and is carrying about \$1.3 billion in debt.

"While initiatives in the store

are sensible, they don't solve the fundamental problem, which is the weak balance sheet," said Neil Saunders, managing director of Global Data Retail, a retail consultancy. "The company has started to make some progress, but it is in a difficult position."

A spokesman for Tailored Brands said the company has recently strengthened its balance sheet by paying down debt, extending maturities and improving its credit rating.

Like many traditional chains, Men's Wearhouse has had better luck converting store visits into sales than it has with shoppers browsing its website. Executives say they are turning to the new technology created by a startup called Hero in hopes of improving results while still using the company's existing workforce.

Over the holiday shopping season, the company tested out the app in about 100 stores. It found that online shoppers were more likely to buy an item after chatting with a store worker, prompting an expedited rollout to the company's remaining stores.

By September, more than 3,000 workers across both Men's Wearhouse and Jos. A Bank will be able to chat with online shoppers. The employees can wave their phones over product tags to generate web links to purchase the items and set up appointments

through the app.

"On Tuesday at 11 a.m., you hear crickets" in many retail stores, said Benjamin Baum, the company's chief digital officer. But at Men's Wearhouse, the technology has allowed more workers to stay busy.

Last month, Mr. Baum, a former Google employee, pitched the idea to store managers gathered in Las Vegas at a company meeting. "Online, it's a jungle out there," he told them.

"Men have low confidence in the virtual shopping experience, and as a result, conversion rates are low across the board, especially for tailored clothing."

The app connects an online customer with an available salesperson in the nearest store. To ensure that employees don't become too pushy, it lets shoppers rate them, much in the same way an Uber passenger rates a driver. The video chat is one-way: Shoppers see into the store, but workers can't see the customers.

Other retailers, including Ted Baker and Harvey Nichols, are using the technology. Alistair Crane, the CEO of Hero, said store workers were already texting customers and using social media sites, like Instagram, to showcase products. "The only downside was that, when customers bought online, the associate didn't get any of the benefits," he said.

Facebook Data Dispute Embroils University of Cambridge

BY GEORGI KANTCHEV
AND JENNY GROSS

LONDON—The uproar over how Facebook Inc. protects user data has spurred an unusual sideshow: a public spat between the social network and one of the world's oldest academic institutions.

In testimony on Capitol Hill last week, Facebook Chief Executive Mark Zuckerberg said the firm would probe whether problems with data harvesting might have extended beyond a single researcher at the University of Cambridge.

The comments triggered an unexpected spotlight on the 800-year-old institution's role as a research pioneer in the use of Facebook data. It is a specialty that has now drawn the school, an hour north of London, into a global controversy about digital privacy.

Facebook has said data from as many as 87 million of its users might have been harvested improperly by an app

developed by Aleksandr Kogan, a University of Cambridge academic who then sold it to Cambridge Analytica, the analytics company that worked for the Trump campaign during the 2016 presidential election and is unaffiliated with the university.

Dr. Kogan said in an interview that he didn't know that his work for Cambridge Analytica violated Facebook's policies and that the social-media company has made him a scapegoat.

Mr. Zuckerberg in Washington suggested there could be a wider problem on the Cambridge campus. Facebook has said it is seeking to find out more about apps developed by the school's Psychometrics Centre, a facility where researchers are among the trailblazers in studying Facebook data.

"What we found now is there is a whole program associated with Cambridge University where a number of re-

Research Center Is an Apps Pioneer

The University of Cambridge's Psychometrics Centre, where researchers scrutinize Facebook Inc. data, was founded in 1989 at the University of London.

The center, which became affiliated with Cambridge a few years ago, is funded by the university and research grants. It has been a pioneer in developing apps that use Facebook data to predict attributes about people, such as political and religious views.

One of the first apps to make use of Facebook data

was called "myPersonality," a project by center researchers that allowed Facebook users to take personality or psychological tests and invited them to share their Facebook data.

The app was available on Facebook through 2012 and collected data from more than six million test results. The center said it shared some of the data with more than 200 registered academics.

Other apps sprang from the myPersonality project, including "Apply Magic Sauce," a tool that claims to predict such things as intelligence. Facebook shut that app down last week without an explanation, said Vasselin Popov, business-development director at the center.

Cambridge University overall that will require a stronger action from us."

A spokesman for Facebook said the company is running a global audit to find apps like

Dr. Kogan's. Facebook said last week it was working with U.K. authorities to ask Cambridge "about the development of apps in general by its Psychometrics Centre." Dr. Kogan isn't formally affiliated with the Psychometrics Centre, though he has worked with researchers there.

The university is pushing back. It said last week that Cambridge researchers have used Facebook data harvested from apps for years, with Facebook's knowledge, and had even written research with Facebook employees.

Researchers around the world use data from the world's biggest social network. Academics say such data has become an important empirical element in many disciplines, including sociology, political science and economics.

"There is an entire field of researchers who have specialized in the analysis of Facebook data," said Vyacheslav Polonski, an academic at the

University of Oxford, who has used Facebook data in his own research.

The Psychometrics Center said that, unlike Dr. Kogan's app, its data-collection techniques are appropriate, and they are carried out with Facebook's knowledge.

A spokesman for Facebook confirmed that the company participates in legitimate academic research.

"It's damaging for us to be lumped together with Kogan's activities," said Vesselin Popov, business-development director at the Psychometrics Centre.

Facebook has said it learned in 2015 that Dr. Kogan broke the social network's data policies when he shared Facebook user data gleaned from his personality-prediction app, called "This Is Your Digital Life," with outsiders including Cambridge Analytica.

—Natalia Drozdiak and Sam Schechner contributed to this article.

MIMS

Continued from page B1
is used." He also said, "You have full access to understand all—every piece of information that Facebook might know about you—and you can get rid of all of it."

Not exactly. There are important classes of information Facebook collects on us that we can't control. We don't get to "opt in" or remove every specific piece. Often, we aren't shown how

the social network uses this harvested information.

The website log is a good example. The browsing histories of hundreds of millions of people are gathered by advertising trackers, which Facebook has been offering to web publishers since it introduced the "Like" button in 2009. They have become a nearly worldwide system for tracking all users—even those who don't click the button.

When you request and download your data from Facebook—a feature Mr.

Zuckerberg referred to in answers to questions about control—this stored browsing history isn't there.

That is reasonable, says Antonio Garcia-Martinez, a former Facebook ad-targeting product manager and current Facebook gadfly. Facebook targets ads based on an abstraction derived from your browsing history—an abstraction such as your interest in golf. When you download your data, Facebook tells you what it thinks your interests are but doesn't provide specific evidence for why it thinks that.

"If you downloaded this file [of sites Facebook knows you visited], it would look like a quarter to half your browsing history," Mr. Garcia-Martinez adds.

Another reason Facebook doesn't give you this data: The company claims recovering it from its databases is difficult. Facebook doesn't say how long it stores this information.

When you opt out of interest-based ads, the system that uses your browsing history to target you, Facebook continues tracking you anyway. It just no longer uses the data to show you ads.

There is more data Facebook collects that it doesn't explain. It encourages users to upload their phone contacts, including names, phone numbers and email addresses. Facebook never discloses if such personal information about you has been uploaded by others, or who might have uploaded it.

This data enables Facebook not only to keep track of active users across its multiple products, but also to fill in the missing links. If three people named Smith

all upload contact info for the same fourth Smith, chances are this person is related. Facebook now knows that person exists, even if he or she has never been on Facebook. And of course, people without Facebook accounts certainly can't see what information the company has in these so-called shadow profiles.

"In general, we collect data on people who have not signed up for Facebook for security purposes," Mr. Zuckerberg told Congress Wednesday.

There's also a form of location data you can't control unless you delete your whole account. This is the string of internet protocol addresses, a form of device identification on the internet, that can show where your computer or phone is each time it connects to Facebook.

Location is a powerful signal for Facebook, allowing it

to infer how you are connected to other people, even if you don't identify them as family members, co-workers or lovers. Facebook says it uses your IP address to target ads when you are near a specific place, but the log of stored IP addresses can go back years.

All this data, plus the elements Facebook lets you control, can potentially reveal things such as your wealth or whether you are depressed.

Facebook, Alphabet's Google and a host of smaller companies that compete with and support the giants in the digital ad space have become addicted to the kind of information that helps microtarget ads.

The level of precision is at the heart of Facebook's recent troubles: Just because Facebook uses it to accom-

plish a seemingly innocent task—in Mr. Zuckerberg's words, making ads "experience better, and more relevant"—doesn't mean we shouldn't be worried.

Two bills were proposed in the Senate the day after Mr. Zuckerberg's testimony, one of them bipartisan. Both would create penalties for data breaches and require Facebook and the rest of the ad-tracking industry to be more transparent and allow people to opt out easily.

As of May 25, the European Union's General Data Protection Regulation will force all advertisers to ask for permission to capture or use any personal data.

Regulators are coming to similar conclusions: Our personal data has become too sensitive—and too lucrative—to be left without restraints in the hands of self-interested corporations.

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BUSINESS NEWS

For Tesla's Elon Musk, Defiance Is a Plan

By TIM HIGGINS

Tesla Inc.'s public feud with a top safety investigator is highly unusual in business, but classic Elon Musk.

The chief executive's split with the National Transportation Safety Board this past week over its investigation into a Tesla car crash is the kind of brash move that Mr. Musk has made repeatedly in the 14 years since the electric-car maker

ANALYSIS was founded. From the kinds of cars he sells to how he makes them to how he promotes his company, Mr. Musk has made defiance of convention a point of pride, and made dismissing of barriers to his vision of progress into a point of principle.

The from-the-hip approach has largely worked so far for Mr. Musk, who has built the scrappy upstart into a global luxury brand whose market value has at times exceeded that of **General Motors** Co.

But some observers question the style's suitability to a company of Tesla's size and age, and some investors are growing impatient for Mr. Musk to deliver on his promises, including the protracted production ramp-up for the new Model 3 sedan.

"I love that Elon Musk isn't bound by tradition—that's part of his brilliance," Rebecca Lindland, a longtime automotive-industry analyst at Kelley Blue Book, said. But "they need to get out of the startup realm and start behaving like a company that's worth more than GM."

Little about Mr. Musk follows normal business logic, starting with the fact that he also runs another major company, **Space Exploration Technologies** Corp., and has founded several smaller startups, all while trying to disrupt the auto industry. "If one were to do a risk-adjusted rate of return estimate on various industry opportunities, I would put basically building rockets and cars pretty close to the bottom of the list," Mr. Musk said recently. "They would have to be the dumbest things to do."

His unorthodox style was on display in tweets over the past couple of weeks, where Mr. Musk has joked about the company going bankrupt on April Fools' Day and criticized coverage of Tesla by publications including the Economist and The Wall Street Journal.

Even by his standards, the battle with the NTSB is risky. Mr. Musk's public sparring with the NTSB, which he claimed is more concerned about headlines than safety, puts Tesla at odds with an agency whose report on last month's fatal crash of a Model X sport-utility vehicle could influence public perception and policy.

Startups Get a Flood of Funding

SoftBank and other large foreign investors are on the prowl for bigger opportunities

By ELIOT BROWN

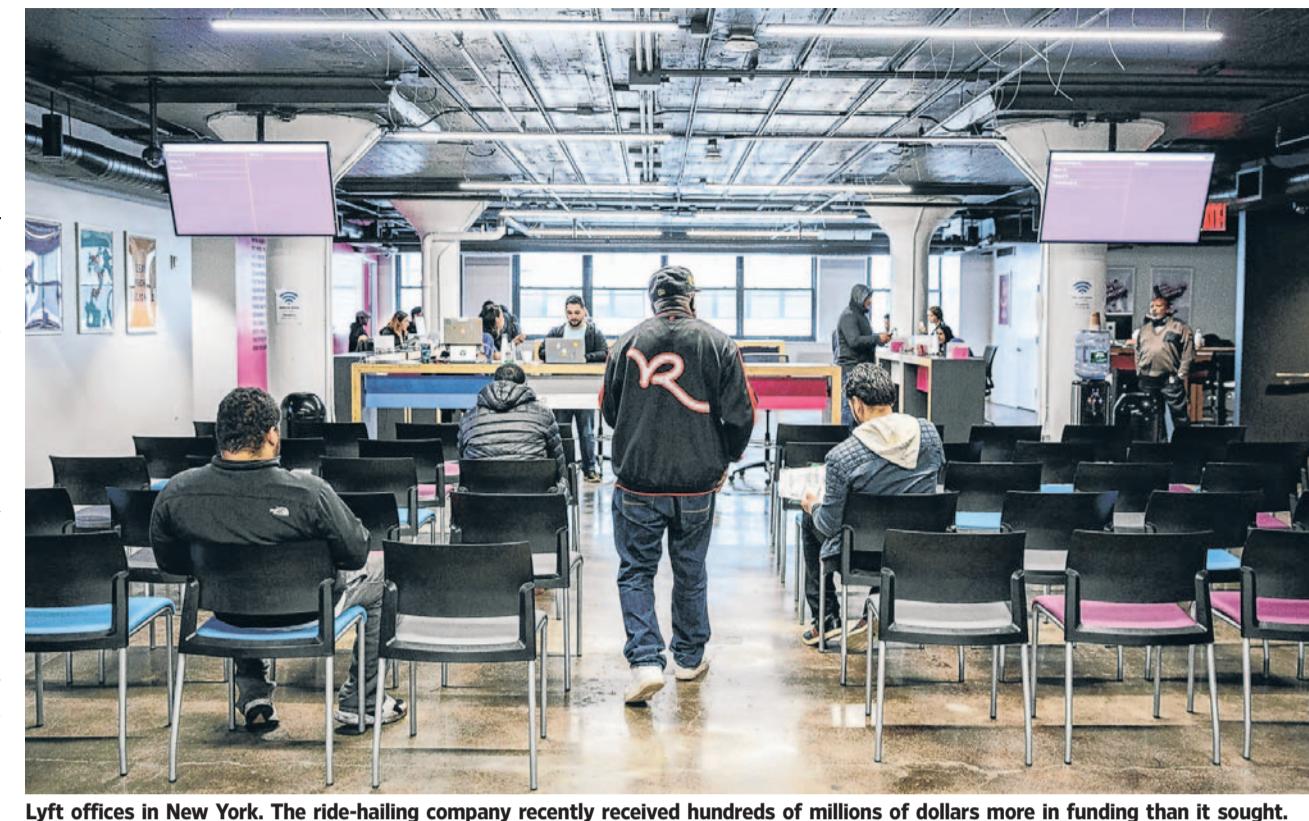
When Tony Xu, chief executive of food-delivery company **DoorDash** Inc., began raising funding late last year, he told investors he expected to raise as much as \$250 million to support his growing, five-year-old business.

He misjudged the market. **SoftBank Group** Corp. and Singapore sovereign-wealth fund GIC, both competing to invest heavily in startups, pushed up the size of the fundraising round to \$535 million, people familiar with the deal say.

The Silicon Valley money machine is once again in high gear, thanks largely to SoftBank. The conglomerate is injecting billions of dollars into technology, in turn causing deep-pocketed global investors—and some U.S. venture firms—to respond.

A record level of late-stage money is flooding in, threatening to keep some startups out of the public markets even longer while heightening concerns that the sector is overvalued.

In recent months, hotly contested companies such as ride-hailing service **Lyft** Inc. and dog-walking app **Wag Labs** Inc. have received hundreds of millions of dollars more than they sought. Bidding wars are re-emerging, and some once-staid foreign investors are expanding U.S. offices and ditching their ties and suits to court talented entrepreneurs. "The top companies have as much heat around them as ever and continue to get bid up," said John Locke, who runs late-stage investing for venture-capital firm Accel Partners.



Lyft offices in New York. The ride-hailing company recently received hundreds of millions of dollars more in funding than it sought.

From January through mid-March of this year, a quarterly record 102 U.S. startups had raised at least \$50 million each, totaling \$16 billion, according to PitchBook. The prior quarterly high was 91 deals in the third quarter of 2015.

The activity marks a shift from two years ago, when the Silicon Valley startup market chilled amid the realization that private valuations had often been higher than what companies received from public markets, leading to a number of lackluster tech initial public offerings. Venture capitalists began demanding companies focus on revenue and profit rather than user growth, and investment fell, particularly from mutual funds.

Then came SoftBank's \$92 billion tech-focused Vision Fund, launched last spring.

Backed largely by sovereign-wealth funds in Saudi Arabia and Abu Dhabi, the fund in the past year has invested more than \$36 billion globally—more than the \$33 billion the

last year, while the Saudi fund has talked about expanding its U.S. staff.

The Qatar Investment Authority last year recruited a Morgan Stanley tech investment banker to start hunting for investments in late-stage startups, people familiar with the fund said. It has told entrepreneurs it is looking to write checks often of \$100 million or more, they said.

The big-check bug has spread to U.S. venture-capital firm **Sequoia Capital**, which is raising as much as \$13 billion, including an \$8 billion fund for late-stage companies, the largest to date for a U.S. venture-capital firm.

Meanwhile, those two sovereign-wealth funds, alongside some retirement funds, have begun investing in startups directly, rather than through venture funds. Abu Dhabi fund Mubadala Investment Co. opened a Silicon Valley office

vate longer and grow larger.

This flood of private investment has heightened concerns it will create a shaky foundation for startups. When money rushes into Silicon Valley, startups historically have overspent by advancing into expensive new markets or battling with rivals in price wars.

SoftBank also faces pressure to find deals where it can spend heavily, and executives have told startup entrepreneurs the Vision Fund doesn't invest less than \$100 million.

When DoorDash began looking for money last fall, SoftBank became interested quickly, but so did another well-funded investor: GIC, the Singapore fund. A compromise was reached: They would both invest, giving DoorDash about \$300 million more than it expected, said the people familiar with the deal, which was announced in March.



The videogame adaptation showed strength in overseas markets.

Estimated Box-Office Figures, Through Sunday

SALES, IN MILLIONS

FILM	DISTRIBUTOR	WEEKEND*	CUMULATIVE	% CHANGE
1. Rampage	Warner Bros.	\$34.5	\$34.5	--
2. A Quiet Place	Paramount	\$32.6	\$99.6	-35
3. Blumhouse's Truth or Dare	Universal	\$19.1	\$19.1	--
4. Ready Player One	Warner Bros.	\$11.2	\$114.6	-54
5. Blockers	Universal	\$10.3	\$36.9	-50

*Friday, Saturday and Sunday. Source: comScore

'Rampage' Grabs No. 1 Spot But Domestic Sales Are So-So

By ERICH SCHWARTZEL

LOS ANGELES—Dwayne Johnson's "Rampage" this weekend became the latest big-budget Hollywood offering to underperform in the U.S. but make up lost ground in overseas markets like China.

"Rampage," a videogame adaptation starring the former wrestler alongside a giant, computer-generated gorilla, collected a so-so \$34.5 million domestically on its opening weekend but a robust \$114.1 million internationally. Those preliminary box-office estimates were released by the studio behind the film, **Time Warner** Inc.'s Warner Bros.

"Rampage" barely beat the hit horror film "A Quiet Place," for the top spot on the box-office chart. "A Quiet Place," about a family that must be completely silent or risk alerting monsters, has grossed \$99.6 million in two weeks, making it a bona fide hit for **Viacom**

Inc.'s Paramount Pictures.

The week's other new major release, the teen horror movie "Blumhouse's Truth or Dare," grossed a healthy \$19.1 million for **Comcast** Corp.'s Universal Pictures.

With a production budget of \$120 million, "Rampage" will need to continue to pull in overseas audiences to make a profit.

Its top-performing country this weekend was China with \$55 million, but studios only receive about 25% of grosses there, compared with a more even split in the U.S.

The performance of "Rampage" mirrors a Hollywood increasingly dependent on international audiences. Last year, overseas box-office results rose 7% but domestically fell 2%, according to the Motion Picture Association of America.

Since leaving the wrestling ring (as his persona known as "The Rock"), Mr. Johnson has become a global movie star in an industry that sees one-time

stars like Tom Cruise fading. Mr. Johnson's last movie, "Jumanji: Welcome to the Jungle," recently became the top-grossing movie of all time for its studio, **Sony** Corp.'s Sony Pictures Entertainment.

In Warner Bros.' favor: Mr. Johnson's ability to move the box-office needle through his own promotion. The actor's pull among his 12.8 million Twitter followers has even been written into his contract. A term sheet for a coming film of Mr. Johnson's revealed he was slated to receive a \$1 million bonus for "social media support."

That effect was on display this weekend, when disappointing turnout at Friday matinees of "Rampage" depressed projections for the weekend, said Jeff Goldstein, Warner's president of domestic distribution. Then Mr. Johnson started tweeting. Social-media metrics that predict ticket sales rose, said Mr. Goldstein, and Saturday grosses rose 20%, an unusually high uptick.



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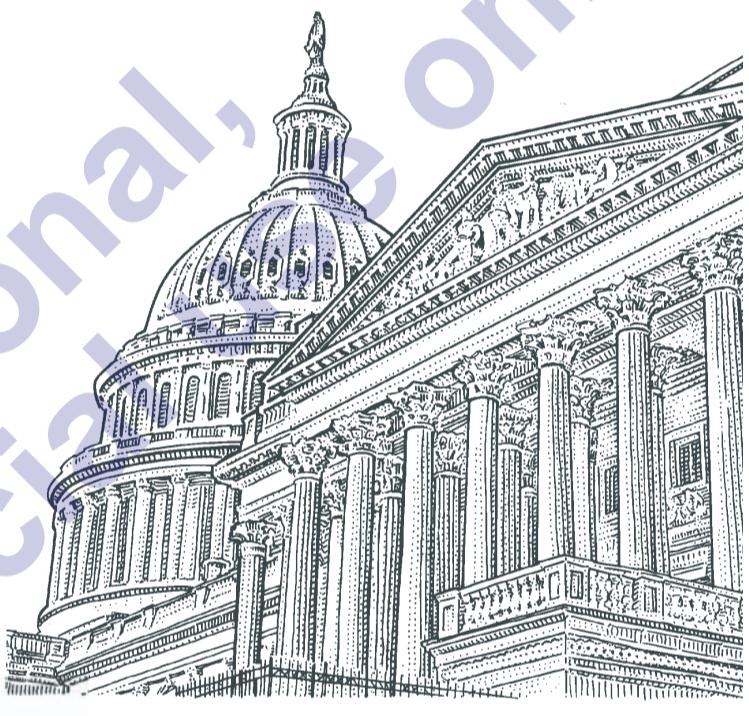
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MARKET DATA

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Thomson Financial on April 13, and year-to-date stock performance of the company.

KEY: B: beneficial owner of more than 10% of a security class C: chairman CEO: chief executive officer CFO: chief financial officer CO: chief operating officer D: director DO: director and beneficial owner GC: general counsel H: officer, director and beneficial owner I: indirect transaction filed through a trust, insider spouse, minor child or other O: officer OD: officer and director P: president UT: unknown VP: vice president Excludes pure options transactions

Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range (\$ in transaction	\$ Value (000s)	Close (\$)	Ytd (%)
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Buyers

Apr. 9	Intercept Pharmaceuticals	ICPT	F. Micheli	BI	391	64.00	25,000	73.07	25.1
Apr. 9			D. Bradbury	D	8	64.00	500		
Apr. 9			M. Pruzanski	CEO	8	64.00	500		
Apr. 9-11	Entercom Communications	ETM	J. Field	R	375	9.67-9.71	3,636	9.65	-10.6
Apr. 6-10	AVEO Pharmaceuticals	AVEO	P. Barris	BI	921	2.24-2.46	2,115	2.78	-0.4
Apr. 6-10			F. Baskett	BI	921	2.24-2.46	2,115		
Apr. 6-10			A. Florence	BI	921	2.24-2.46	2,115		
Apr. 6-10			J. Makower	BI	921	2.24-2.46	2,115		
Apr. 6-10			D. Mott	BI	921	2.24-2.46	2,115		
Apr. 6-10			J. Sakoda	BI	921	2.24-2.46	2,115		
Apr. 6-10			S. Sandell	BI	921	2.24-2.46	2,115		
Apr. 6-10			P. Sonsini	BI	921	2.24-2.46	2,115		
Apr. 6-10			R. Viswanathan	BI	921	2.24-2.46	2,115		
Apr. 6	Aclaris Therapeutics	ACRS	S. Tullman	D	27	16.54	442	17.62	-28.5
Apr. 5			N. Walker	CEO	10	16.75	168		
Apr. 10	New Media Investment Group	NEWM	M. Reed	CEO	25	16.45	411	17.10	1.9
Apr. 9	Cloudera	CLDR	M. Stankey	D	25	12.99	325	13.91	-15.8
Apr. 6	CarMax	KMX	P. Bensen	D	5	62.12	311	61.72	-3.8

Sellers

Apr. 4	Howard Hughes	HHC	D. Weinreb	CEO	400	138.46	55,384	136.40	3.9
Apr. 5	Workday	WDAY	D. Duffield	DOI	397	125.75-127.47	50,013	124.71	22.6
Apr. 5-6	Facebook	FB	M. Zuckerberg	CEOI	290	157.28-161.29	46,131	164.52	-6.8
Apr. 10			M. Zuckerberg	CEOI	160	157.82-165.64	25,809		
Apr. 9			M. Zuckerberg	CEOI	162	156.66-160.46	25,766		
Apr. 11			M. Zuckerberg	CEOI	145	163.93-168.53	24,059		
Mar. 29			M. Zuckerberg	CEOI	145	154.94-161.36	22,979		
Apr. 10			M. Schroepfer	CTI	38	157.91-165.64	6,147		
Apr. 9-10	Andeavor	ANDV	P. Foster	D	212*	107.01-110.51	22,826	110.56	-3.3
Apr. 10-11			J. Stevens	D	75	107.74-113.45	8,270		
Apr. 10-11	Twitter	TWTR	E. Williams	D	539*	28.57-29.81	15,633	28.76	19.8
Apr. 6-9	Nektar Therapeutics	NKTR	S. Doberstein	O	160	91.69-96.13	14,890	100.50	68.3
Apr. 5-9	Bloomin' Brands	BLMN	E. Smith	CEO	559	24.41-24.78	13,766	23.30	9.2
Apr. 6	Floor & Decor Holdings	FND	G. West	DI	210	54.65-56.35	11,737	54.73	12.4
Apr. 4-5			T. Taylor	CEO	170	55.27-56.24	9,474		
Apr. 11-12	Hewlett Packard Enterprise	HPE	M. Whitman	D	674	17.21-17.43	11,673	17.40	21.2
Apr. 9	L3 Technologies	LLL	M. Strianese	CB	40	208.61-210.50	8,283	210.32	6.3
Apr. 9-10	PVH Corp	PVH	M. Shaffer	CO	46	157.04-157.40	7,300	159.13	16.0

*Half the transactions were indirect **Two day transaction

p - Pink Sheets

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	119,340	3,493,615	Finance	149,189	53,734,531
Business services	0	2,860,315	Health care	58,419	40,974,038
Capital goods	0	0	Industrial	18,735	8,895,359
Consumer durables	0	866,858	Media	3,635,813	15,654,160
Consumer nondurables	0	14,289,629	Technology	265,928	19,895,779
Consumer services	655,252	30,285,180	Transportation	141,870	639,475
Energy	0	31,182,920	Utilities	100	6,370,480

Sources: Thomson Financial; WSJ Market Data Group

Cash Prices | WSJ.com/commodities

Friday, April 13, 2018

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.

			Friday		Friday	
Energy			Engelhard fabricated	1442.04	LBMA spot price	*£11.7400
Propane,tet,Mont Belvieu-g	0.8320	Handy & Harman base	1343.70	US\$ equivalent	*16,6500	
Butane,normal,Mont Belvieu-g	0.9281	Handy & Harman fabricated	1491.51	Coins,wholesale \$1,000 face-a	12199	
NaturalGas,HenryHub-i	2.770	LBMA Gold Price AM	*1345.90			
NaturalGas,TranscoZone3-i	2.700	LBMA Gold Price PM	*1341.35			
NaturalGas,TranscoZone6NY-i	2.810	Krugerrand,wholesale-e	1399.01			
NaturalGas,PanhandleEast-i	2.340	Maple Leaf-e	1412.46			
NaturalGas,Opal-i	2.190	American Eagle-e	1412.46			
NaturalGas,MarcellusNE PA-i	1.780	Mexican peso-e	1629.91			
NaturalGas,HaynesvilleNLA-i	2.660	Austria crown-e	1321.57			
Coal,C.Aapl.,12500Btu,1.2502-r,w	61.100	Austria phil-e	1412.46			
Coal,PwdrRvrBsn,8800Btu,0.8502-r,w	12.350	Engelhard industrial	16.5800			
		Engelhard fabricated	19.8960			
		Handy & Harman base	16.6620			
		Handy & Harman fabricated	20.8280			
Silver, troy oz.						
Engelhard industrial	1341.43					

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 427.38 points, or 1.79%, on the week. A \$1 change in the price of any DJIA stock = 6.89-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$29,595, or a loss of 1.35%, on the \$30,000 investment, including reinvested dividends.

The Week's Action			
Pct chg (%)	Stock price	Point chg	Company
7.14	3.81	26.23	Merck MRK \$57.17 \$1,025
6.29	3.07	21.14	Intel INTC 51.86 1,131
5.57	2.27	15.63	Cisco Systems CSCO 43.00 1,140
5.06	7.24	49.85	Caterpillar CAT 150.23 958
4.50	5.16	35.53	Chevron CVX 119.92 967
4.08	6.14	42.	

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. **W**hile the fund information is widely available or not applicable, **N**S means fund not in existence of entire period. 12 month yield is computed by dividing income dividends paid during the previous twelve months for periods ending at month-end or during the previous fifty-two weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions.

Source: Lipper

Friday, April 13, 2018

52 wk
Fund (SYM) **NAV** **Close** **/Disc** **Ret**

Prem **Ttl**
Fund (SYM) **NAV** **Close** **/Disc** **Ret**

General Equity Funds

Adams Divers Equity Fd **ADX** 17.42 14.83 -14.9 19.0Boulder Growth & Income **BIF** 12.70 10.93 -13.9 22.2Central Securities **CET** 32.73 27.01 -17.5 18.0Coh Steer Opprty Fd **FOF** 13.36 12.42 -7.0 6.8Cornerstone Strategic **CLM** 22.66 15.46 +22.1 18.4Cornerstone TR Fd **CRF** 12.31 15.41 +25.2 18.3EtcVnc TaxAdvDiv Fd **ETV** 23.08 22.44 -2.8 13.1Gabelli Dividend & Incm **GDV** 23.84 22.07 -7.4 12.9Gabelli Equity Trust **GAB** 6.31 6.10 -3.3 14.2Genl American Investors **GAN** 40.10 33.85 -15.4 12.4Mexico Fund **MFX** 19.81 17.00 -14.0 5.5Morgan Stanley Asia-Pac **APF** 21.02 18.11 -13.8 18.5Guggenheim Enh Fd **GPM** 8.56 8.36 -2.3 15.1Hnck John TaxAdv Fd **HTD** 23.43 21.50 -8.2 -6.1Liberty All-Star Equity **USA** 6.78 6.31 -6.9 28.5Royce Micro-Cap **RMT** 10.60 9.66 -8.9 22.9Royce Value Trust **RVT** 17.37 15.91 -8.4 20.9Source Capital **SOR** 44.60 40.36 -9.5 11.3Tri-Continental **TC** 29.89 26.56 -11.1 20.4

Specialized Funds

Adams Natural Rsrcs Fd **PEO** 22.75 19.09 -16.1 3.7AllzG1 NJF Dl Interests **IFI** 14.50 12.73 -12.2 5.8Alpn/GblPr Opprty **APP** W 7.69 -11.2 17.4BlkRk Enh Cap Incm **CII** 16.83 15.74 -6.5 17.4BlkRk Eny Res Tr **BGR** 15.27 14.00 -8.3 8.9BlackRock Eq Div Tr **BDJ** 9.72 8.82 -9.3 11.2BlackRock Eq Div Tr **BOE** 12.57 11.57 -8.0 9.4BlackRock Gl Div Tr **MIN** 4.24 3.95 -6.8 9.7Blkrk Int'l Grwth&Inv **BGY** 12.76 6.09 -9.5 11.8BlkRk Health Sci **BSY** 35.41 34.52 -2.5 8.0BlackRock Rsks Comm Str Tr **BCX** 10.10 9.37 -7.3 16.0BlackRock Science & Tech **BSY** 29.92 31.77 +6.2 6.5BlackRock Utilities Infr **BRI** 20.29 19.90 -1.9 3.0CBRE/Garin/GblRslEstm Fd **ERG** 8.41 7.32 -13.0 5.5Sprt Physcal Gold **CEP** NA 13.53 NA 2.5ClearBridge Amer Engy **CBA** 7.37 7.04 -4.5 -21.2ClearBridge Engy MLP **CEM** 13.50 13.12 -2.8 -15.3Clearbridge Engy MLP Opp **EMO** 10.70 10.25 -4.2 -15.8Clearbridge Engy MLP Tr **CTR** 10.73 10.70 -6.2 -18.4Cohen & Steers Inv Fd **CTF** 23.81 21.58 -9.4 6.5C&L Mlp Incm & Engy Opp **CME** 9.75 9.43 -3.3 -9.8Cohen & Steers Qua Inv **RQI** 11.97 11.63 -2.8 -1.9CohnStrsPfdInco **RNP** 20.88 18.31 -12.3 -0.8Cohen & Steers Tr **RFI** 12.16 12.20 +0.3 4.9CLSgmn PreM Tech Grd Fd **STK** 21.66 22.53 +0.4 21.9Duff & Phelps **DNP** 8.76 10.52 +20.1 4.7Duff & Phelps CblUtlngCfd **DPG** 15.62 13.96 -10.6 -8.8Eaton Vance EqyInco Fd **EAT** 14.86 14.55 -2.1 19.1Eaton Vance EqyInco II **EOS** 15.97 15.97 -0.0 25.2EtnVncRskRngd **ETJ** 9.66 9.07 -6.1 9.0EtnVnc Tax Mgt Buy-Wrt **ETB** 15.54 15.82 +1.8 4.8Eaton Vance Buy/Wrt Oppo **ETV** 14.57 14.99 +2.9 6.8Eaton Vance Tax-Mngd Oppo **ETW** 12.01 11.81 -1.7 15.5Eaton Vance Tax-Mngd Oppo **ETW** 11.33 11.70 +3.3 16.3EtnVncTmngldEqy **EXG** 9.24 9.07 -1.8 14.6EtnVnc Tax-Mngd Oppo **ETW** 12.01 11.81 -1.7 15.5EtnVnc Tax-Mngd Oppo **ETW** 12.01 11.81 -1.7 15.5

MONEY & INVESTING

A Quest to Reshape Gas Exports

Tellurian CEO Meg Gentle has a plan to ship more LNG, but it is expected to cost \$24 billion

BY STEPHANIE YANG

U.S. companies are scrambling to figure out how to sell more natural gas abroad. Meg Gentle thinks she has the answer.

To ship liquefied natural gas, companies are constructing terminals where they can supercool gas and load it onto tankers. Houston-based Tellurian Inc., where Ms. Gentle is chief executive, is one of them. But she is taking it a step further by building out the ability to produce natural gas as well.

To fund Tellurian's plans, which are expected to cost \$24 billion, Ms. Gentle must persuade buyers to purchase equity interests in exchange for low-cost gas in the future.

It is an experimental model for an evolving global market, as liquefied natural gas changes hands more easily around the world.

At 43 years old, Ms. Gentle is a two-decade veteran of the natural-gas industry. She helped build the Sabine Pass export terminal while at **Cheniere Energy** Inc., the first of its kind in the U.S. and one of just two currently operating in the country.

But she is in uncharted waters building a company from scratch in a market that is just beginning to take off. "The biggest challenge for me has been to go from the hard worker who can get everything done by staying up late, into the kind of architect, conductor, manager and leader of people who can inspire them to be the hard worker," Ms. Gentle said.

Stock investors aren't giving her the benefit of the doubt: Shares of Tellurian have fallen 40% since it became a publicly traded company in a reverse merger with Magellan Petroleum Corp. in February 2017. The stock has fallen about 10%



Meg Gentle plans to build a terminal and is scoping out gas fields, which other exporters lack.

this year, putting the market value at about \$2 billion.

Analysts said the declines reflect doubts about the feasibility of the business, as well as a dim outlook on the energy sector.

Meanwhile, the project's timeline has been pushed back one year, to start construction in 2019 and operations in 2023, as Tellurian waits on regulatory approval and courts international partners.

"It's far to the right on the risk curve," said Sam Margolin, an analyst with Cowen & Co. "The execution here is getting those partners in the project, which is what the focus is right now."

Some major energy companies already have expressed confidence, investing in the two-year-old upstart. Tellurian counts French oil company **Total SA** and **General Electric** Co. among its backers. It also has held talks with Saudi Arabian Oil Co., known as Aramco, about a potential investment as the

state oil company seeks deals in U.S. shale.

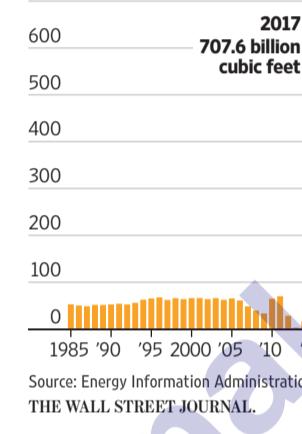
For her part, Ms. Gentle has asserted that partnerships will be completed this year, which could bolster the stock. Ms. Gentle also is scoping out gas fields, which other aspiring exporters lack, and laying down pipeline plans to send that gas to the coast. Tellurian owns some acreage in Louisiana and has held talks with producers, including **Chesapeake Energy** Corp., about buying more assets.

"She has her hands full," said Ethan Bellamy, energy analyst at Robert W. Baird & Co. "Meg needs to raise billions for a domestic infrastructure build out, and she must negotiate international sales agreements. As such, she's as much banker as she is diplomat."

Ms. Gentle has previously shown skills in both areas. Roberto Simon, head of natural resources and infrastructure at Société Générale SA, said that in his more

Shipping Out

U.S. exports of liquefied natural gas have surged to records.



Source: Energy Information Administration
THE WALL STREET JOURNAL

than 10 years working with her, Ms. Gentle has proved herself an adept negotiator without ever having to raise her voice.

"She'll really kind of bore down into the details and say, 'Well can we do it another way?'" Mr. Simon said. "She uses her intellect to

win the argument instead of trying to intimidate or posture."

What's more, Ms. Gentle has ascended to the top of a field where women are uncommon. Women make up 22% of the workforce in oil and gas, lagging behind nearly every other major industry, according to a 2017 study by the World Petroleum Council and Boston Consulting Group.

"It is damn hard to become a CEO of a publicly traded company, and even harder for a woman to do so. But now she's the queen of LNG," Mr. Bellamy said.

Averaging five hours of sleep a night, Ms. Gentle says she sends emails around the clock and blocks off time to take her sons to school and eat dinner with her family in Houston.

She found her first real home in Texas, having moved around frequently as a child with a father in the military. She became a natural-gas analyst out of college in 1996 and later joined Anadarko Petroleum Corp., the exploration and production company.

In 2016 she left Cheniere to run Tellurian, after taking home more than \$18 million the year before, according to filings. In doing so she followed her longtime mentor, Charif Souki, after he was ousted as CEO by activist investor Carl Icahn over disputes on executive compensation and expansion plans.

Mr. Souki, Tellurian's co-founder and chairman, recalled when Ms. Gentle took over a bankrupt Sabine Pass, originally created to be an import terminal, an assignment he described as unwanted and "miserable."

"She vindicated my decision. She's always risen to the challenge," Mr. Souki said.

—Christopher M. Matthews contributed to this article.

Tariffs Threaten To Dent Oil Market

BY CHRISTOPHER ALESSI

LONDON—The world's robust appetite for oil could be significantly dented by the escalating trade dispute between the U.S. and China, the International Energy Agency warned Friday.

In its closely watched monthly oil market report, the IEA said it continued to expect global oil demand to grow by 1.5 million barrels a day in 2018 but cautioned that potential U.S. and Chinese trade tariffs posed a "downward risk" to the forecast.

The Trump administration's planned tariffs on Chinese imports and retaliatory measures announced by Beijing would weigh on the global economy, with "strong consequences for oil demand," the agency said. The IEA estimated that a reduction of 1% in world gross domestic product growth would reduce oil demand growth by around 690,000 barrels a day.

"Oil demand would suffer the direct impact of lower bunker consumption and lower inland transportation of traded goods, reducing fuel oil and diesel use," the report noted.

The IEA, a Paris-based organization that advises governments and corporations on energy trends, raised its forecast in March for global oil demand, saying it would reach 99.3 million barrels a day in 2018 and help keep the market in balance by partly offsetting a surge in U.S. shale production.

On Friday, the agency said that the world's oil supply fell in March by 120,000 barrels a day to 97.8 million barrels a day, mainly a result of efforts led by the Organization of the Petroleum Exporting Countries to hold back crude production.

FINANCE WATCH

AUTO LENDING

GOP Takes Aim at Discrimination Rule

Republican lawmakers are set to vote soon on legislation to overturn a regulation designed to prevent racial discrimination in auto financing.

The lawmakers are targeting a Consumer Financial Protection Bureau regulation that curbed auto dealers' ability to charge extra interest on certain loans. Alleging that some minority borrowers were charged more than white borrowers through a practice called "dealer markups," the CFPB used the policy to impose tens of millions of dollars in fines on several auto lenders between 2013 and 2016, including **Ally Financial** Inc. and Toyota Motor Credit Corp.

The GOP and industry have sought to roll back the 2013 regulation and have criticized the methodology used to pinpoint alleged discrimination. The government used a combination of last names and addresses to make guesses about whether borrowers were likely to be minorities.

—Yuka Hayashi

REGULATION

SEC Isn't Expanding Small-IPO Shortcut

The mini-IPO won't be getting any bigger. A handful of small companies have used a regulatory shortcut to sell limited amounts of stock and list their shares on a national exchange. Dozens more have sold shares using the exemption without getting a coveted exchange listing.

But the Securities and Exchange Commission declined to increase the \$50 million offering cap for these Regulation A+ sales, according to a letter released by two SEC commissioners who wanted it raised. SEC officials want to see more deals before they change the rules, said people familiar with the matter. Chairman Jay Clayton committed to reviewing the offering maximum in 2019, according to the letter from commissioners Michael Piwowar and Hester Peirce. —Dave Michaels

Futures-Exchange Collusion Suit Nears Trial

BY ALEXANDER OSIPOVICH

Exchange giant **CME Group** Inc. faces scrutiny over its political clout and hardball tactics as a 14-year-old lawsuit nears trial.

The suit contends that two big Chicago futures exchanges—now both part of CME Group—illegally colluded to prevent a foreign rival, Eurex, from intruding on their home turf. Eurex's U.S. exchange filed the suit in October 2003 against the Chicago Board of Trade and Chicago Mercantile Exchange. It later revised the suit to accuse CME and CBOT of manipulating regulators and politicians to sabotage Eurex's bid.

CME denies the allegations and is making a last-ditch effort to have the suit thrown out. It says Eurex's U.S. venture—called U.S. Futures Exchange and now fully owned by **Deutsche Börse** AG—failed because of its own missteps.

"After more than a decade, this lawsuit is still no substitute for USFE's lack of a compelling business strategy," a CME spokeswoman said. "This case is simply USFE's and Eurex's attempt to shift blame for their own failure."

Rivals have grumbled for years that CME routinely uses its heft in the markets and influence in Washington to shield itself from competition. The Eurex case offers a rare glimpse into such behind-the-scenes maneuvering by the Chicago giant.

It could also reignite complaints about whether CME engages in anticompetitive behavior, which the company denies. CME handles the vast majority of trading in markets such as U.S. stock-index and interest-rate futures. That is largely because futures are a winner-take-all business: Once a market is established, it is hard for a rival to persuade traders to switch exchanges.

The case is scheduled to go to trial before a jury in Chicago on June 4, following years of wrangling over the complex legal issues at stake.

A trial could result in top CME brass being called to testify, including Chairman and



The Chicago Board of Trade floor in 2004, a year after Eurex filed its suit alleging collusion to block a foreign rival in Chicago.

Chief Executive Terrence Duffy, the mastermind of a series of deals that turned CME into the world's largest exchange operator by market capitalization.

CME, which has a market cap of \$56 billion, can weather the costs of the case. If it loses, it could be forced to pay as much as \$1.5 billion, based on estimates in court filings that Eurex suffered \$512 million in damages and provisions of antitrust law that allow it to seek triple that sum.

A trial could dredge up embarrassing details about a long-ago chapter of CME's history.

Internal documents disclosed in court filings this month shed light on CME's response to the Eurex threat. In a 2003 memo titled "CME/CBOT Washington Strategy," two CME lobbyists detailed a plan to delay the approval of Eurex's U.S. exchange by the Commodity Futures Trading Commission.

Part of their proposal was

enlisting then-House Speaker Dennis Hastert to add a provision to a spending bill that would have forced the CFTC to prolong the process.

"This strategy would need to be carried out in an extremely discrete manner and

Terrence Duffy led a series of deals that resulted in CME becoming the biggest exchange firm.

we believe the only person who can get this accomplished is Speaker Hastert," said the memo, sent to Mr. Duffy and other CME executives.

It is unclear whether CME approached Mr. Hastert, who declined to comment through his lawyer. In the 2002 election cycle, CME's political-action committee and people affiliated with the company donated more than \$40,000 to

Mr. Hastert, a Republican from Illinois, according to OpenSecrets.org. Mr. Hastert joined CME's board after leaving Congress and was a member from 2008 to 2015.

Delays in winning CFTC approval caused Eurex to miss a planned launch in February 2004 by a week. USFE's suit says uncertainties over the process scared off traders. CME says the delay was insignificant and that its lobbying activities were appropriate, focused on issues of market fairness and shouldn't be considered violations of antitrust law.

The all-electronic Eurex was the world's largest derivatives exchange by volume in 2003 when it took on Chicago, setting up its U.S. offices in the Sears Tower. Its plans to launch a suite of U.S. Treasury futures were a direct threat to CBOT, the dominant player in that market.

Eurex—then a joint venture of Deutsche Börse and what is now called the SIX Swiss Ex-

change—had grown rapidly by embracing technology. Meanwhile, CME and CBOT ran old-fashioned trading floors alongside computerized platforms and had been criticized for being slow to adapt to the rise of electronic trading.

But the Chicago exchanges reacted quickly to the threat. CBOT severed ties with its clearinghouse—the entity that runs the financial plumbing for a futures exchange—and agreed to use CME's clearinghouse. That undermined Eurex, which hoped to clear trades through the same clearinghouse as CBOT. Such an arrangement would have made it easier for traders at CBOT to jump ship for Eurex.

CBOT also slashed fees days before the Eurex launch. The upstart Eurex foundered and eventually closed in 2008.

The suit also alleges that CME and CBOT intimidated traders seen as supportive of Eurex. CME says there is no evidence to support such claims.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

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A Divide Widens in Investment Banking

New technology, more transparency and fresh regulations are deepening the divide between winners and losers among global investment banks. The winners are big or small, and generally American; the losers are European banks that are stuck in the middle.

Winning may only be relative for banks like **Goldman Sachs** because the biggest pressures are on trading with financial clients like asset managers and hedge funds. Losers such as **Deutsche Bank** face the same problems but are weighed down by a dreadful combination of higher costs, weaker home markets and less ability to quickly respond.

The competitive advantage is moving increasingly to the top three banks in each business and to the smaller, nimbler players who escape big-bank regulation or aren't weighed down by outdated IT. The second tier of big banks is being squeezed on revenues and hurt by growing transparency, which erodes their advantages over small players.

The likely winners are U.S. banks. **JPMorgan Chase** alone is a top-three bank by revenue in every business line. Goldman Sachs and **Morgan Stanley** make the

Squeezed in the Middle

Investment banking and trading revenues for the 12 biggest banks globally



cut in equities trading and deal advice; **Bank of America** and **Citigroup** are there in debt-related businesses. The squeezed middle includes **Barclays**, **Credit Suisse** and **Deutsche**.

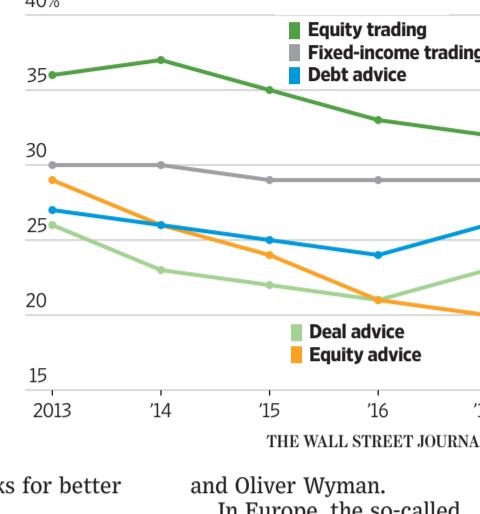
The transparency trend is squashing differences between buying and selling prices, a major source of past bank revenue. It also is further destroying their power to generate and sell market information. Asset managers under pressure from passive funds are suffering from fee transparency, too, and press-

ing their banks for better pricing.

Price transparency has been squeezing equities revenue for years, but the crucial point is the trend isn't only continuing but spreading to every area of traditional investment banking, including bond and derivatives trading, research and even M&A.

The backdrop even for the winners is tough: As much as \$20 billion in global revenue will be lost from equities and debt trading over the next few years, according to research by Morgan Stanley

Global market share of banks ranked 4 to 9 in revenue league tables for each business



and Oliver Wyman.

In Europe, the so-called MiFid rules are making it bite harder, turning more trading electronic and increasing the pricing data that will become widely available. It also is forcing banks to charge separately for equity research.

These trends help nimble and tech-savvy competitors, which in the past had less information and market access. That is good for nonbank market makers like **Citadel Securities**, independent research houses or boutique merger-and-acquisition ad-

visers such as **Evercore**. These firms enjoy lower regulatory and capital costs and can also pay star bankers or traders a greater share of revenue.

At the other end, efficiency is all. With revenue harder to come by, scale matters because only the very biggest can afford all the high fixed costs banks must pay, while investing enough in technology to keep pace with the structural changes.

Goldman and Deutsche are refocusing on corporate clients—and a big part of that is shedding costs from an institutional fixed-income business makes less sense. For Goldman this is easier due to its leading position advising on deals and trading equities.

Deutsche doesn't have Goldman's big stream of U.S. profits or another business that can fund technology investment or quickly pay the costs of quitting unprofitable products. Deutsche's path is clear, it should be the biggest bank for financing and advising European companies—but it faces a long, painful path to shed much of the costly people and offices it won't need when it gets there.

—Paul J. Davies

OVERHEARD

Investing in small biotech is often a crapshoot. Traders who bought shares of **Rigel Pharmaceuticals** are taking that a step further.

On Thursday, the company said on its website that it had won government approval for its experimental treatment for chronic immune thrombocytopenia, a bleeding disorder. Rigel shares jumped 15%. But the FDA had yet to inform Rigel of a decision on the company's drug application, which is due this week.

The company said "inaccurate information" had been displayed and blamed the error on the outside host of the company's investor-relations website. Some traders are betting the information actually was accurate, just released early. Rigel's shares have fallen but are still up 10% from their close on Wednesday.

* * *

China, the world's largest exporter, except, that is, in March. The nation unexpectedly posted a trade deficit for the first time in 13 months, with a \$5 billion gap. Imports from the U.S. were up 42% on the month according to Chinese data, while exports were down 3%.

Has the burgeoning trade war been won in one fell springtime swoop? Sadly, the explanation was driven by dogs, roosters and other members of the Chinese zodiac.

In 2018, the Chinese New Year, which disrupts factory and export activity, came very late—Feb. 16, meaning the disruptions from the holiday likely persisted well into early March. Last year the festival began on Jan. 28.

U.S. trade warriors probably aren't celebrating. For the quarter, China's trade surplus with the U.S. was up 19.4%.

Netflix Needs to Post Blockbuster Results to Keep Investors Tuned In

The problem with competing in Hollywood is that the latest blockbuster always has to be topped by the next one.

Netflix surely knows this already, which is why the streaming company might be approaching its first-quarter report due Monday afternoon with a bit of stage fright. The more recent report in late January featured record new subscriber additions and trounced some already high expectations. Net-

flix shares have surged 37% since that report and 62% in the year to date. It has outperformed every other company on the S&P 500 on that basis, save for biotech company **Nektar Therapeutics**, which is pursuing a breakthrough cancer treatment.

That means Monday's results and accompanying outlook will need to be a hit.

Analysts expect Netflix to re-

cord an addition of a little over 6.5 million net new sub-

scribers in the first quarter, a 32% jump from the same period last year. That looks achievable, as the company added 18 new original series along with 11 new seasons for older ones during the first quarter. Michael Pachter of Wedbush notes that last year's first quarter included just 11 new series and three returning ones.

The second-quarter out-

look may prove to be a bigger challenge. The slate in-

cludes just four new series—including the just-launched "Lost in Space." And last year's comparable period featured new seasons for three of Netflix's most popular original series: "House of Cards," "Orange Is the New Black" and "Unbreakable Kimmy Schmidt."

Netflix shareholders are focused on the company's ability to bring in new eyeballs. But the stock has become expensive even for

those willing to look past the cash burn and explosive debt growth of the past few years. And at more than eight times forward sales, Netflix shares are roughly double their multiple from two years ago, when a disappointing subscriber forecast took the stock price down 13% in one day. As any Hollywood hit maker knows, even solid shows don't play well when audience hopes are sky high.

—Dan Gallagher

MARKETS

Russian Companies Are Punished in Debt Markets

By MATT WIRZ

U.S. sanctions on certain Russian oligarchs and firms are rippling across the economy, threatening to punish more than a dozen other Russian companies that need to refinance \$22.8 billion in international bonds over the next 18 months.

Bond investors penalized some companies not explicitly mentioned in the most recent sanctions because they are connected through corporate or familial ties to targeted entities. They sold the debt of other firms out of fear the U.S. Treasury Department might target other individuals in Russian President Vladimir Putin's inner circle, or even Russian government bonds, in the future.

The resulting leap in bond yields, which rise when prices fall, could cost Russian companies that borrow in international bond markets—including aluminum manufacturer **United Co. Rusal** and gold producer **Polyus PJSC**—hundreds of millions of dollars in additional financing costs. Yields of dollar-denomi-

nated Russian corporate bonds climbed to 7.1% on April 12 from 6.1% on April 6, when the sanctions were announced, according to an index of emerging-market bonds maintained by JPMorgan Chase & Co. In contrast, yields in other emerging markets remained little changed.

"The market is concerned about the potential severity of sanctions and whether other corporates with Russian oligarch ties will be implicated," said Arif Joshi, co-head of emerging markets debt at **Lazard Asset Management**, which invests about \$17 billion in emerging markets. The new measures ban bond funds from trading existing debt of designated corporations and hamper Russian corporations from conducting "normal business operations in U.S. dollars," he said.

Rusal bonds were the hardest hit last week after the firm's owner, billionaire Oleg Deripaska, was included on the list of sanctioned individuals because of his ties to Mr. Putin. The bid price of the firm's bonds due 2022, which U.S. bondholders must shed before May 7, dropped to roughly 66 cents on the dollar from 99

cents a week earlier, and the yield of the bond nearly tripled to 19.3%, according to data from Markit.

Investors also started to sell debt of companies with more tenuous ties to entities added to the list, such as **Norilsk Nickel Mining & Metallurgical Co.**, which is 28% owned by Rusal, and Polyus, which is owned by the son of a sanctioned individual, Suleiman Kerimov. Yields on Norilsk and Polyus bonds jumped to 5.43% and 7.15%, respectively, according to Markit, from 3.75% and 4.7%.

Unlike previous sanctions, the Treasury's recent initiative was open-ended in scope, sowing uncertainty about how broadly it will be applied, investors said.

"They want to keep Russia nervous and off guard," said Tim Ash, emerging-markets strategist at London-based investment firm **BlueBay Asset Management**. The Treasury has "finally figured out that the key weakness of sanctions so far has been that they were too easy for the market and Russians to read and game."

Rising yields cost corporations by raising the interest rates investors charge when borrowers sell new bonds to repay maturing debt. Russian companies have \$22.8 billion of bonds coming due this year and next, and their "access to capital markets may become strained," Citigroup Inc. analysts said in an April 11 report.

Russian entities sanctioned by the U.S. aren't solely dependent on U.S. markets to refinance their obligations. They also can tap Russian banks, non-U.S. investors and their own balance sheets.

Bond investors expect the Treasury Department to add new companies and individuals to the sanctions list in the coming months. Should such measures fail to elicit the desired response in Moscow, the U.S. could target Russian government bonds as well.

Sanction Effect

New U.S. sanctions are raising borrowing costs even for Russian companies not targeted by the measures.

Yields of Russian corporate eurobonds, based on price bids



A Waste Management employee collecting trash in California. The company reports earnings on Friday.

THE TICKER | Market events coming this week

Monday	March, expected 1.32 mil.	EIA status report	Philadelphia Fed survey
Business inventories	Jan., previous up 0.6% Feb., expected up 0.6%	Previous change in stocks in millions of barrels	March, previous 22.3 April, expected 20.8
Capacity utilization	Feb., previous 78.1% March, expected 77.9%	Crude oil	up 3.3
Empire Manufacturing	March, previous 22.5 April, expected 19.1	Gasoline	up 0.5
Housing starts	Feb., previous 1.24 mil. March, expected 1.27 mil.	Distillates down 1	
Retail sales	Feb., previous down 0.1% March, expected up 0.3%		
Retail sales, ex. autos	Feb., previous up 0.2% March, expected up 0.2%		
Earnings expected*	Estimate/Year Ago(\$)	Earnings expected*	Earnings expected*
CSX	0.65/0.51	Abbott Labs 0.58/0.48	Bank of New York Mellon 0.95/0.80
BofA	0.59/0.41	AmEx 1.71/1.34	BB&T 0.92/0.46
Celanese	2.32/1.81	Charles Schwab 0.26/0.33	Danaher 0.93/0.85
IBM	2.41/2.38	Lam Research 4.38/2.80	KeyCorp 0.38/0.32
Intuitive Surgical	2.07/1.70	M&T Bank 2.76/2.12	Philip Morris Intl. 0.88/0.98
J&J	2.00/1.83	Netflix 0.63/0.40	PPG 1.40/1.35
UnitedHealth	2.90/2.37		
Thursday			
Initial jobless claims	Previous 233,000 Expected 226,000		
EIA report: natural gas	Previous change in stocks in billions of cubic feet		
Leading indicators	Feb., previous up 0.6% March, expected up 0.3%		
Wednesday			
Building permits	Purch., previous down 2% Refinan., prev. down 2%		
Mort. bankers indexes			

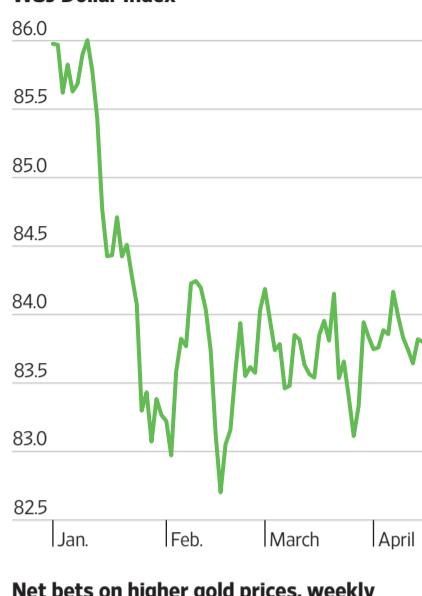
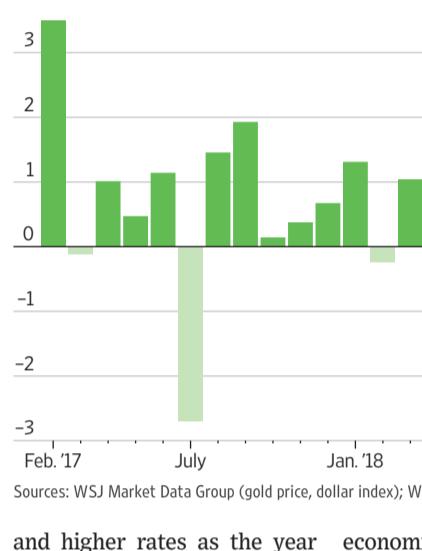
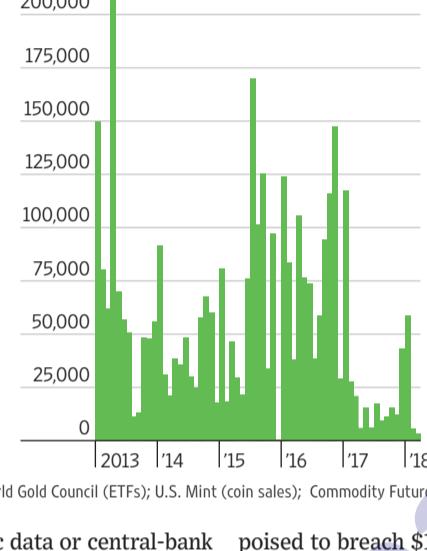
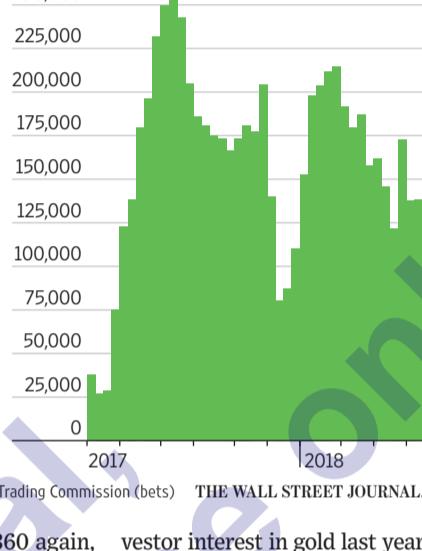
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MARKETS

Higher Rates Keep a Lid on Gold's Rally

BY AMRITH RAMKUMAR

Worries about the impact of higher interest rates have kept gold range-bound, a departure from past bouts of market turbulence. A stable dollar, lukewarm demand and tepid speculative interest have also kept moves muted.

Front-month gold price**WSJ Dollar Index****Monthly flows into gold-backed exchange-traded funds****Monthly sales of American Eagle gold coins****Net bets on higher gold prices, weekly**

Gold investors have turned cautious. Net bets on higher gold prices by hedge funds and other speculative investors have fallen 36% since the start of February to well below their 2017 highs, Commodity Futures Trading Commission data show.

And monthly sales of American Eagles, a popular gold coin that is a proxy for retail sales of physical gold, hit their lowest level since 2015 in March following a strong start to the year, U.S. Mint data show.

Meanwhile, fund flows have been mixed. More than \$1 billion went into gold-backed exchange-traded funds in March after money flowed out in Feb.

A wild card for investors could be an unexpected pickup in inflation.

February, data compiled by the World Gold Council show.

Some analysts say gold has been influenced by muted moves in the dollar. When the U.S. currency rises, it makes dollar-denominated commodities more expensive. The WSJ Dollar Index, which tracks the dollar against a basket of 16 other currencies, has been range bound.

A wild card for gold investors could be an unexpected pickup in inflation. Investors often use gold to hedge against a rise in consumer prices. Recent data have shown underlying inflation steadily gathering steam.

George Milling-Stanley, head of gold strategy at State Street Global Advisors, forecast that gold will trade between \$1,350 and \$1,400 moving forward. "We have been in times of great uncertainty for 18 months now," he said. "And this is uncertainty in macroeconomic terms and geopolitical terms."

and higher rates as the year unfolds," said Suki Cooper, precious-metals analyst at Standard Chartered Bank.

She expects prices to fall before the Fed's June meeting. "We haven't seen the broad investment demand turn supportive."

Every time gold has threatened to climb above \$1,360,

economic data or central-bank signals have dragged the metal back down.

On Jan. 25, after a weaker dollar pushed gold to its highest level since August 2016, prices fell for three straight sessions as Treasury yields climbed.

Last week, prices surged 1.1% Wednesday and looked

poised to breach \$1,360 again, but fears that threats from President Donald Trump would lead to a clash with Russian forces in Syria receded. Gold fell 1.3% Thursday and inched up 0.5% Friday.

The lackluster start for gold this year has come even as cryptocurrencies that were partially blamed for weak in-

vestor interest in gold last year have fallen sharply. Bitcoin is down more than 40% this year.

"The price action has been really disappointing," said Tai Wong, head of metals trading at BMO Capital Markets. "The gold market remains unconvinced that we're really going to have a serious global dislocation."

Minutes from the Federal Reserve's March meeting, released last Wednesday, showed it still plans to raise interest rates two or three more times this year.

"There is still a lot of focus on global synchronized growth

and higher rates as the year unfolds," said Suki Cooper, precious-metals analyst at Standard Chartered Bank.

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