

THE WALL STREET JOURNAL.

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What's News

Business & Finance

Musk said Saudi Arabia's sovereign-wealth fund has approached him several times over nearly two years about providing financial support to take Tesla private. A1

◆ Icahn no longer plans to solicit votes from Cigna shareholders against the health insurer's \$54 billion deal to buy Express Scripts. B1

◆ Fintech startups are stepping up credit-card offerings to customers with poor credit histories. B1

◆ India wants to slap new rules on U.S. tech giants, a move that could crimp the companies' growth potential in the Indian market. B1

◆ Netflix announced the resignation of finance chief David Wells, saying the executive would stay until a successor is found. B1

◆ Bayer shares fell 10.3% after Monsanto, which the firm recently acquired, was ordered to pay damages in a lawsuit over weed killers. B3

◆ Big tech firms committed to removing technological barriers that have hindered patient and provider access to health-care data online. B2

◆ U.S. stocks lost ground as oil prices fell and Turkey's crisis weighed on global markets. The Dow shed 125.44 points to 25187.70. B1

◆ VF, the owner of Lee and Wrangler jeans, plans to spin off its denim business in a bid to sharpen its focus on faster-growing brands. B3

◆ Citigroup credit-card chief Linville will leave, as the lender shuffles its consumer-banking leadership. B10

World-Wide

◆ The FBI fired Strzok, the agent whose disparaging texts about Trump during the 2016 campaign cast a cloud over investigators' work on two politically charged probes. A1

◆ Turkey's currency fell again, rattling other vulnerable emerging markets, as Erdogan maintained a defiant stance and moves by the nation's central bank failed to assuage investor concerns. A7

◆ A new French law will ban students ranging roughly from ages 3 to 15 from using smartphones in school, with only narrow exceptions. A1

◆ Doubts lingered over North Korea's denuclearization claims, as Pyongyang and Seoul agreed to hold a summit in coming weeks. A5

◆ The president sought to discredit former White House official Manafort Newman after she released a recording of a conversation with him. A4

◆ HUD wants to shift the way it enforces an aspect of fair housing around the U.S., pivoting away from an Obama-era initiative. A4

◆ Trump signed into law a defense-spending bill that received widespread bipartisan backing. A4

◆ Afghanistan's defense chief said the country's U.S.-backed security forces were struggling to counter a Taliban offensive on Ghazni. A16

◆ China disputed before a U.N. panel that it held as many as a million members of Muslim ethnic minorities in internment camps. A6

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Turkey's Perilous Financial Position Deepens Currency's Rout



CROWDED QUEUE: People lined up at a currency exchange in Istanbul on Monday, as the Turkish lira continued to fall following President Recep Tayyip Erdogan's defiant stance and policy moves from the nation's central bank that failed to assuage investors. A7

FBI Fires Agent Over Trump Texts

By SADIE GURMAN
AND DEL QUENTIN WILBER

The FBI fired the agent whose disparaging texts about Donald Trump during the 2016 campaign cast a cloud over investigators' work on two politically charged probes and made him a ripe target for the president's attacks on the Justice Department.

Peter Strzok was dismissed Friday after a top official overruled the recommendation of staff that he be given a two-month suspension but be allowed to keep his job, his attorney said.

Mr. Strzok, a veteran counterintelligence investigator and 22-year employee of the Federal Bureau of Investigation, was the lead agent on the investigation into Hillary Clinton's use of a private email server as secretary of state, a probe that cleared her of criminal wrongdoing. He also served as lead agent in the early days of special counsel Robert Mueller's inquiry into Russian interference in the 2016 election. Mr. Mueller removed Mr. Strzok from the probe a year ago when the texts came to light.

Mr. Mueller is examining

possible collusion between the Trump campaign and Moscow, as well as potential obstruction of justice. Mr. Trump has denied wrongdoing, called the investigation a "witch hunt" and criticized Justice Department officials, including Attorney General Jeff Sessions. Russia has denied interfering in the election.

Mr. Trump has regularly mocked and criticized Mr. Strzok, casting him as part of a broad effort by some Justice Department officials to unfairly scrutinize the president. Soon after news of Mr. Strzok's dismissal was re-

ported, Mr. Trump posted an approving message on Twitter: "Peter Strzok was just fired from the FBI - finally. The list of bad players in the FBI & DOJ gets longer and longer."

The FBI said Mr. Strzok had been subject to a standard agency review and disciplinary process and that the senior official who determined he should be fired "has the delegated authority to review and modify any disciplinary findings and/or penalty as deemed

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◆ Trump returns fire on a former aide..... A4

Musk Met With Saudis On Tesla

In blog post, CEO explains claim on funding, cautions that no deal has been made

By TIM HIGGINS
AND SUMMER SAID

Elon Musk said Saudi Arabia's sovereign-wealth fund has approached him several times over nearly two years about providing financial support to take Tesla Inc. private, as the chief executive sought to explain his claim to have funding for a possible deal.

Mr. Musk's blog post on Tesla's website Monday provided new information about what led to his surprise tweet last Tuesday announcing the possible transaction. But the new post also left unanswered a host of questions including how much capital would be required and whether the Saudi fund is indeed able and willing to provide it.

The blog post underlined how unorthodox Mr. Musk's approach has been to a possible transaction. He said the claim in his tweet that funding for a potential deal was "secured" stemmed from a July 31 meeting at which the Saudi fund's managing director "strongly expressed his support for funding a going private transaction."

At the same time, Mr. Musk made clear no final deal for financing was in place. He said that after his announcement

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◆ Tesla could help Saudi economy diversify..... A8
◆ Borrowing costs are new challenge for car maker.... B10

Some Uber Drivers Pick the Long Route

By GREG BENINGER

Uber and Lyft drivers have long complained about low pay. Now some are finding their own ways to increase it.

In a modern twist on an age-old practice from the yellow cab industry, many drivers of ride-hailing services say they are purposely taking longer routes to a destination in order to drive up a fare.

Unlike with taxis where passengers "get taken for a ride," it is Uber Technologies Inc. and Lyft Inc. that are responsible for covering the bill.

Longhauling is among the tactics used by some drivers to maximize their take, reflecting the strained relationship between the contract workers and the companies over pay, the drivers say.

Passengers aren't on the hook for the higher fare because they pay a fixed up-front price based on the app's estimate of the ideal route. And while drivers are encouraged to go the most direct route, they can choose to ignore their digital navigators for route that tacks on extra miles. The drivers' pay is determined by the actual trip's mileage and time, which can vary based on traffic conditions or diversions.

Uber driver Michelle Blandy said she would often extend the mileage when ferrying passengers to and from Phoenix's airport. "If they were from out of town, I would take advantage of it by going the longer route," said Ms. Blandy, who drove for Uber for about two years before moving to Harrisburg, Pa., earlier this year. "It's the only way I could get what

"All is well"

Cancer Verdict Hits Bayer Stock

Bayer shares fell after a \$289.2 million jury verdict for claims that two Monsanto weed killers caused cancer. The company said the verdict was "at odds with the weight of scientific evidence." B3

Year-to-date share price



Source: SIX THE WALL STREET JOURNAL.

France Bans Phones For Children at School

By SAM SCHECHNER

PARIS—Solan Paroux's friends all have smartphones, and the 12-year-old Parisian has been needing his parents to get him one too. But his parents are resisting.

And now they have the law on their side.

When school starts up in September, a new French law will ban students ranging roughly from ages 3 to 15 from using smartphones anywhere on school grounds, with only narrow exceptions.

The law is one of the most sweeping attempts yet to address growing concerns among parents and educators that a generation of children is grow-

ing up addicted to the mobile devices in their pockets.

"Children don't have the maturity" for smartphones, said Valérie Paroux, Solan's mother. "Some adults don't either."

France's education minister, Jean-Michel Blanquer, says the ban, which applies to the French equivalent of preschool through ninth grade, is intended to remove distractions during class and to encourage children to read a book or play outside during recreation. He says he hopes the law will serve as a symbolic message to both children and adults beyond school.

"We're not seeking to reject

Please turn to page A6

The Boss Emails OK Instead of OK! Does That Mean You're in Trouble?

Interpreting exclamation points adds stress; changing the 'baseline expectation'

By KATHERINE BINDLEY

John Witkowski was trying to make some progress on a work project one day this summer when he fired off more than two dozen emails. The 30-year-old tax accountant from Cleveland ended each message with: "Thanks in advance for your help with this project."

The notes caught the attention of his manager, who instant-messaged him:

"She was like, 'All is well.' You're not your normal, cheery, bubbly self," Mr. Witkowski said. "You're not using exclamation points."

She told him she felt his emails came off as more demanding than usual.

"I didn't really know how to

react," he said.

Exclamation points are stressing people out. Years of rampant use have both diluted the punctuation mark's meaning and inflated its significance. It's especially bad in the workplace, where an exclamation point can suggest anything from actual excitement or gratitude, to general friendliness, to reassurance that 2 p.m. works for a meeting, to...I'm not mad about the other day. I swear, it's fine!

There are various types of exclamation-point anxiety. Using the punctuation mark when other people don't can lead to self-consciousness. The absence of an exclamation point can send some recipients

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U.S. NEWS

Firms Help High Schools Train Students

BY MICHELLE HACKMAN

COVENTRY, R.I.—Gabe Schorner never considered himself a good student until he enrolled in his high school's new welding program, where, in an industrial-style classroom, Mr. Schorner found himself enchanted by the molten metal and its bright blue glow as he molded it.

The skills he picked up led directly to a full-time offer from Electric Boat, the Rhode Island-based submarine manufacturer, where he is now making \$16.50 an hour. "I don't like the idea of going to college—I wanted to avoid taking on that debt and everything else," Mr. Schorner said. "Being out in the world is a lot more fun."

Coventry High School established its welding program after Electric Boat, one of the state's largest employers, declared it was looking to hire 14,000 new employees in the next decade.

The company wasn't finding enough recruits coming out of college. So it turned to high schools—where students can be discovered early, and the training is free.

Such direct ties between big companies and local high schools are multiplying. Volkswagen is helping schools in Tennessee modernize their en-



graduates toward high-school students.

A disproportionate share of working-age adults outside the labor force don't have college degrees, White House economists said in a paper released last month. Providing vocational skills to those now entering the labor force could set them up for better career prospects, some experts say.

That includes governors, who are clamoring to work with their states' companies to shape curricula.

"For a long time, there was a little bit of a stigma around vocational training," said Gina Raimondo,

Rhode Island's Democratic governor, but "no matter what neighborhood you're from, you deserve a chance to get a job."

The rapid change in thinking, however, has some parents and advocates worried that students who are poorer or less academically inclined will be funneled into such programs, cutting their career choices at an early stage. By tailoring programs specifically to individual companies, they say, the programs risk handicapping students who want, or need, to make a switch later.

"The culture is so vulnerable to thinking that some children are just not very smart and they should be given a less-challenging course of in-

struction," said Jeannie Oakes, an emeritus education professor at UCLA.

Supporters say the focus on existing job openings makes more sense than the earlier approach, which trained students in skills like cosmetology or culinary arts regardless of demand.

In Rhode Island, Gov. Raimondo has redirected funds from lower-performing training programs toward newer ones in information technology, engineering and welding.

The state has partnered with companies like CVS, which helped set up a curriculum at Davies High School, north of Providence, that trains students to become pharmacy technicians.

At Coventry High School, Electric Boat provided welding instructors with a curriculum designed to equip students with the technical skills to work on its submarines.

For Mr. Schorner, the toughest critics initially were his own parents. His mother and stepfather, who considered welding too dirty and dangerous for him, told him they didn't want him to give up on college.

"Now they've kind of seen all the stuff I've been doing," he said. "I guess they're confident with my choices now."

The number of high-school students choosing career education has risen 22% over the past decade.

gineering programs; Tesla is working with Nevada schools on an advanced manufacturing curriculum; and fisheries in Louisiana have created courses for students to train for jobs in "sustainability."

The renewed popularity of so-called career education programs marks a shift away from the idea that all students should get a liberal-arts education designed to prepare them for college.

Schools are once more de-

ciding it is worth intervening in the lives of students who might not have the academic prowess, or the financial footing, to pursue bachelor's degrees, and instead equip them with skills for steady employment. Nationally, the number of high-school students concentrating in career education has risen 22% over the past decade, to 3.6 million.

The idea has gained currency with politicians, many of whom say technical and career

programs can widen the pool of workers in a tight labor market. The U.S. had 6.66 million unfilled job openings at the end of June, just below the highest level on record back in 2000, according to the Labor Department. And the jobless rate, at 3.9%, is near lows rarely seen in the past half-century.

Businesses are searching hidden corners of the population to find people with skills they need. For some, that means looking beyond college

California Blaze Leaves Devastation in Its Wake



GRIM REMINDER: Ed Bledsoe cried after searching the remains of his home on Monday in Redding, Calif. Mr. Bledsoe's wife, great-grandson and great-granddaughter were killed at the house in the Carr Fire, which has scorched more than 1,000 homes.

FBI Fires Agent Over Texts

Continued from Page One
necessary in the best interest of the FBI."

Mr. Strzok declined to comment through his attorney, although he tweeted, "Deeply saddened by this decision. It has been an honor to serve my country and work with the fine men and women of the FBI."

Mr. Mueller's removal of Mr. Strzok from the Russia probe came after the Justice Department inspector general uncovered the agent's exchange of tens of thousands of text messages, many of which were disparaging to Mr. Trump and other political figures, from 2015 through 2017. The texts were exchanged on his work phone with a former FBI lawyer, Lisa Page, with whom he was having an affair. Ms. Page left the bureau on her own accord in May.

The decision to override the recommendation of the FBI office that handles employee discipline is rare. It comes at a time of intense political pressure for Director Christopher Wray, who has promised to hold employees accountable and reshape the bureau's culture after the scathing inspector general's report.

The FBI's Office of Professional Responsibility determined that Mr. Strzok broke bureau rules by sending politically charged text messages over his work phone, according to a person familiar with the matter. In another rules viola-

tion, the office found he improperly sent a draft affidavit to his personal email account to continue working on the document over a weekend, this person said. The affidavit, which was obtained just a few days before the 2016 election, was used to justify the search of former Rep. Anthony Weiner's laptop for emails potentially related to the investigation of Mrs. Clinton.

In a fiery July hearing on Capitol Hill, Mr. Strzok testified that he never permitted his views to affect his official actions, a stance Republicans contested. Mr. Strzok noted that he criticized a variety of figures besides the Republican Mr. Trump in the text messages. He saved his sharpest barbs, however, for Mr. Trump, whom he referred to as an "idiot" and a "douche."

In a report in June, the FBI's inspector general chastised Mr. Strzok and said the messages "sowed doubts" about the FBI's work. But the report didn't find evidence that political bias af-

fected the outcome of the Clinton probe.

Especially troubling to the inspector general was a text Mr. Strzok sent in August 2016 in response to a message from Ms. Page, who was worried that Mr. Trump might win the election. In his reply, Mr. Strzok wrote: "No. No he's not. We'll stop it."

Mr. Strzok told the inspector general he didn't recall sending that text, and that he didn't take any official action to derail Mr. Trump's campaign. Mr. Strzok had been reassigned to the FBI's human-resources division after the discovery of the texts and was escorted from the building in June while the internal investigation continued.

Mr. Strzok's future was determined in recent days. The Office of Professional Responsibility determined last week that he should be punished with a 60-day suspension, said Aitan Goelman, attorney for Mr. Strzok. Deputy Director David Bowditch overruled that deci-

sion Thursday and fired him, Mr. Goelman said.

He said the decision was unfair, and Mr. Strzok was reviewing his legal options. Mr. Goelman called the firing a departure from past practice and said the move was made "in response to political pressure...not on a fair examination of the facts."

On Capitol Hill, where lawmakers are still in recess, reaction to the firing broke along party lines.

"Peter Strzok was fired because of what his own text messages plainly showed: he was willing to use his official FBI position to try and stop President Trump from getting elected," tweeted Rep. Mark Meadows (R., N.C.).

"Trump and his allies continue their campaign to undermine the FBI," tweeted Rep. Michael Capuano (D., Mass.).

Mr. Strzok is the second FBI official to be terminated as a result of findings in the inspector general's report. The Justice Department fired former Deputy Director Andrew McCabe after the watchdog found he misled the FBI and investigators about his role in providing information to reporters in an article published by The Wall Street Journal. Mr. McCabe has disputed the allegations, saying he had the authority to share the information. Both Mr. McCabe and Mr. Strzok were fired before they were eligible to receive their pensions.

Mr. Trump's criticism of Messrs. Sessions, McCabe and Strzok is part of a pattern in which he has berated Justice Department leaders over their handling of the Russia probe. Last weekend, he described Mr. Sessions as "scared stiff and Missing in Action."



Peter Strzok worked for the FBI for 22 years before he was fired.

U.S. WATCH

RUSSIA INVESTIGATION

Judge Upholds Mueller's Authority

A federal judge named to the bench by President Trump upheld the constitutionality of Robert Mueller's appointment as special counsel, the latest setback to legal challenges to Mr. Mueller's investigation into Russian interference in the 2016 election.

U.S. District Judge Dabney Friedrich issued an opinion Monday affirming the special counsel's authority to prosecute a Russian company accused of participating in what prosecutors allege was a conspiracy to hack the computers of Democratic organizations and release the material to the public.

Judge Friedrich was appointed to the bench in Washington, D.C., by Mr. Trump last year and was confirmed by the Senate in November. She became the fourth federal judge to reject challenges to Mr. Mueller's appointment as special counsel in May 2017 by Deputy Attorney General Rod Rosenstein.

The Russian firm, Concord Management & Consulting LLC, has pleaded not guilty to conspiracy to defraud the U.S.

—Byron Tau

NEBRASKA

State Plans to Use Fentanyl in Execution

Nebraska on Tuesday is scheduled to carry out the state's first lethal injection and the first execution in more than 20 years, deploying an untested, four-drug cocktail that includes the powerful synthetic opioid fentanyl.

A court ruling Friday cleared the way for Nebraska prison of-

ficials to execute Carey Dean Moore, a 60-year-old convicted murderer who has spent nearly four decades on death row.

Mr. Moore isn't challenging the death sentence, but German pharmaceutical company Fresenius Kabi sought to intervene, alleging in federal court in Nebraska that it had likely manufactured two of the lethal-injection drugs and the state had improperly obtained them.

The state said it had properly obtained the drugs from a licensed pharmacy. On Friday, a judge rejected the suit. A federal appeals court Monday also declined to halt the planned execution.

—Jacob Gershman

FLORIDA

Charges Brought in Shooting of Black Man

Florida prosecutors charged a white man with manslaughter over a fatal shooting of a black man that has reignited debate over the state's "stand your ground" law.

Bernie McCabe, the state attorney for Florida's sixth judicial circuit, on Monday charged Michael Dreka, 48 years old, in connection with the July 19 killing of Markeis McGlockton, 28. Pinellas County Sheriff Bob Gualtieri declined to make an arrest, saying he was precluded by the stand-your-ground law, which says people can use deadly force to protect themselves if they fear for their lives or believe they are in danger of great bodily harm.

Sheriff Gualtieri said he supports Mr. McCabe's decision.

Mr. Dreka was in custody and couldn't be reached to comment. It wasn't clear if he had an attorney.

—Joseph De Avila

CORRECTIONS & AMPLIFICATIONS

Xiaogqing Zheng earned an executive education certificate from the Massachusetts Institute of Technology. In some editions Aug. 3, a U.S. News article about the arrest of Mr. Zheng, a General Electric Co. engineer, incorrectly

said he had a degree from MIT.

Red Sea was misspelled as Read Sea in an Aug. 3 World Watch article about airstrikes in Yemen's rebel-held port city of Hodeida.

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

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Wisconsin Race Tests Power of State GOP

BY REID J. EPSTEIN

Few places in America have a stronger Republican establishment than Wisconsin. But in the Trump-era politics of disruption, the backing of the party and its bigwigs may not be enough.

Ahead of Tuesday's Senate GOP primary, state Sen. Leah Vukmir, a longtime ally of Gov. Scott Walker, has endorsements that in years past would have made her a shoo-in. But her denunciation of President Trump during the 2016 presidential primary has drawn attacks from her opponent, Marine veteran Kevin Nicholson, a former active Democrat who spoke on behalf of Al Gore at that party's 2000 national convention.

Public and private polling shows the race is a tossup. The winner will advance to face Democratic Sen. Tammy Baldwin, who the nonpartisan Cook Political Report rates as likely to win a second term.

Ms. Vukmir also has the backing of the state's U.S. House speaker, Paul Ryan, and most other officials who have chosen sides.

Mr. Nicholson, a business consultant, is aiming to use Ms. Vukmir's political experience against her while branding himself a Trump-style political outsider.

"Politics in America are changing really fast," Mr. Nicholson said in a phone interview. "What was true 700 days ago is simply no longer true."

Mr. Nicholson's campaign is backed by millions of dollars in super PAC advertising. Illinois billionaire Richard Uihlein has given \$4.7 million to a super PAC supporting Mr. Nicholson. The Club for Growth, to which



Kevin Nicholson, left, will face Leah Vukmir on Tuesday.

Mr. Uihlein is a major contributor, has spent \$2.4 million on ads attacking Ms. Vukmir.

Outside groups backing Ms. Vukmir have spent \$2.5 million on the race. Mr. Nicholson has raised \$3.4 million to Ms. Vukmir's \$2 million.

The first-time candidate is betting his outsider message will be enough to topple the GOP establishment. Not since 1978 has a candidate with the state party's endorsement, which Ms. Vukmir won in May, lost a statewide primary.

The Wisconsin establishment's muscle was evident in 2016, when Mr. Walker, the state's powerful conservative talk-radio hosts and virtually every elected official in the state backed Texas Sen. Ted Cruz against Mr. Trump in the state's presidential primary. Mr. Cruz defeated Mr. Trump.

At a primary-season event held by then-Milwaukee talk show host Charlie Sykes, Ms. Vukmir lambasted the future president.

"He's offensive to everyone," she said then, in footage that is appearing in TV ads aired by a pro-Nicholson super PAC. "He's offensive to women, he's offensive to men, he's offensive to little people, he's offensive to fat people."

Ms. Vukmir backed Mr. Trump in November, recording a radio ad urging women to vote for him.

Ms. Vukmir first backed Mr. Walker in the 2016 presidential primary. Wisconsin Republicans, she said, forgive her for supporting other Republicans against Mr. Trump.

More important, Ms. Vukmir said, is what she can deliver for her state by pushing the agenda of Mr. Walker. "Trump did not win the primary in Wisconsin, and people were all across the field," Ms. Vukmir said.

Mr. Trump has an 86% approval rating among Wisconsin Republicans, a July poll from Marquette Law School showed.

Ms. Vukmir's allies have called attention to Mr. Nicholson's days as a Democrat. A super PAC backing her aired TV ads featuring a clip of him saying "we care about a woman's right to choose" in his 2000 pro-Gore speech.

Harvey's Toll Weighs on Texas City

A year later, Port Arthur faces fitful struggle toward recovery; 'It's not a happy story'

BY JIM CARLTON

PORT ARTHUR, Texas— Hurricane Harvey devastated Texas, with most of the damage sustained in the Greater Houston region. However in the year since, it is some smaller communities that are still struggling the most to recover.

Port Arthur, with a poverty rate of 29%, was among the poorest communities along the Texas Gulf Coast before Harvey. Flooding from Harvey left almost the entire city of 55,000 underwater. The 60.5 inches of rainfall recorded just north of Port Arthur—which sits 90 miles east of Houston—over four days broke a U.S. record for a storm total, and covered many homes up to their rooftops.

Long after Harvey upended the lives of most people in Port Arthur, the concrete floors on Laura Welch's home remain uncovered, her kitchen is only partially usable and she has to wash dishes in a bathtub.

Ever since the storm flooded the three-bedroom home she shares with her 20-year-old daughter and 15-year-old special-needs son, Ms. Welch has received \$12,000 from the Federal Emergency Management Agency out of the approximate \$40,000 she said she needs to fully restore it.

"All we want is to have our house back, but I just can't do it on my own," Ms. Welch, a 52-year-old social worker said as her son, Kobe King, who suffers from muscular dystrophy, played on a tablet computer in his wheelchair.

There are piles of carpet, tile and other materials that have been purchased, but they sit near her front doorway until she can afford to have them installed.

Home to one of the nation's largest concentrations of oil refineries, Port Arthur was still recovering from direct hits from two other hurricanes, Rita in 2005 and Ike in 2008, when it was inundated by Harvey in late August last year.

The storm caused as much as \$1.3 billion in damage in Port Arthur, according to a city recovery plan. Despite 80% of the housing being damaged, the city trails many others along the Gulf Coast in rebuilding. That's in part because, so far, roughly \$10 billion in approved disaster aid has been slow to reach the Harvey region, according to housing advocates.

For example, the Texas General Land Office in June allocated 80% of the state's first \$58 million in federal Harvey housing aid to Harris County, where Houston is located, with the rest disbursed for rental housing in three tourism-dependent counties. Coastal tourist towns like Rockport and Port Aransas have reopened many of their closed hotels and shops, but Port Arthur's Jefferson County didn't get any of that initial funding.

Port Arthur recently was allocated \$15.7 million out of \$156.7 million in federal money slated for communities in southeast Texas for home buyouts, infrastructure repairs and other housing needs.

But on a per-home basis,



LOREN ELLIOTT FOR THE WALL STREET JOURNAL (3)



Laura Welch, top, has received \$12,000 from FEMA out of the \$40,000 she said she needs to fully restore her Port Arthur, Texas, home. Beatrice Sanders, above, said she also was awaiting government help in rebuilding from Hurricane Ike when Harvey hit.

the city came out far below most other cities, advocates say. Port Arthur received \$71 per home, compared with as much as \$151,495 in one upscale community, according to an analysis of the grant money by Texas Housers, a housing advocacy group in Austin.

The group suggested race was a factor. Port Arthur has a relatively high percentage of African-American and Latino residents, at 38% and 32%, respectively.

Others think the difference is a simple matter of geogra-

other flood-damaged cities.

Brittany Eck, spokeswoman for the General Land Office, the state agency that manages publicly owned lands, dismissed race as a motive, noting that the official who heads the agency's disbursement program is African-American. She said her agency paid money out in accordance with guidelines from the U.S. Department of Housing and Urban Development, which specifies where it should go. A HUD spokesman deferred comment to the state.

Ms. Eck also said the land office this month awarded \$13.3 million to a project for low-income housing in Port Arthur, subject to a final review.

Officials of the Southeast Texas Regional Planning Commission, which is disbursing the \$156.7 million, said Port Arthur received the largest amount of any local city in its three-county region, which doesn't include Houston's Harris County.

Federal aid was so slow in coming to Port Arthur after Hurricane Rita in 2005 and Hurricane Ike in 2008 that the city just received a check for about another \$2 million in Ike

relief money last month, Mayor Derrick Ford Freeman said.

Beatrice Sanders said she also was still awaiting government help in rebuilding from Hurricane Ike when Harvey hit and flooding rains submerged her house.

A year later, the 71-year-old still lives in a FEMA trailer parked next to her home, which Harvey left uninhabitable with rot and mold. Ms. Sanders said she has received \$17,000 from FEMA but estimates she will need \$80,000 to rebuild.

"I hardly ever smile, because it's not a happy story," Ms. Sanders said, rocking in her chair outside her home, with her Chihuahua, Jake.

Meanwhile, Mr. Freeman remains shut out of his three-bedroom home, awaiting federal aid to repair extensive damage. He, his wife and their five children are sharing a relative's two-bedroom home.

"Would you say I'm frustrated across the board?" asked the 42-year-old mayor. "Yes, sir."



Ms. Sanders is still living in a FEMA trailer after Harvey left her home uninhabitable with rot and mold.

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U.S. NEWS

Curbs Aren't Just on Illegal Migration

**CAPITAL JOURNAL**

By Gerald F. Seib

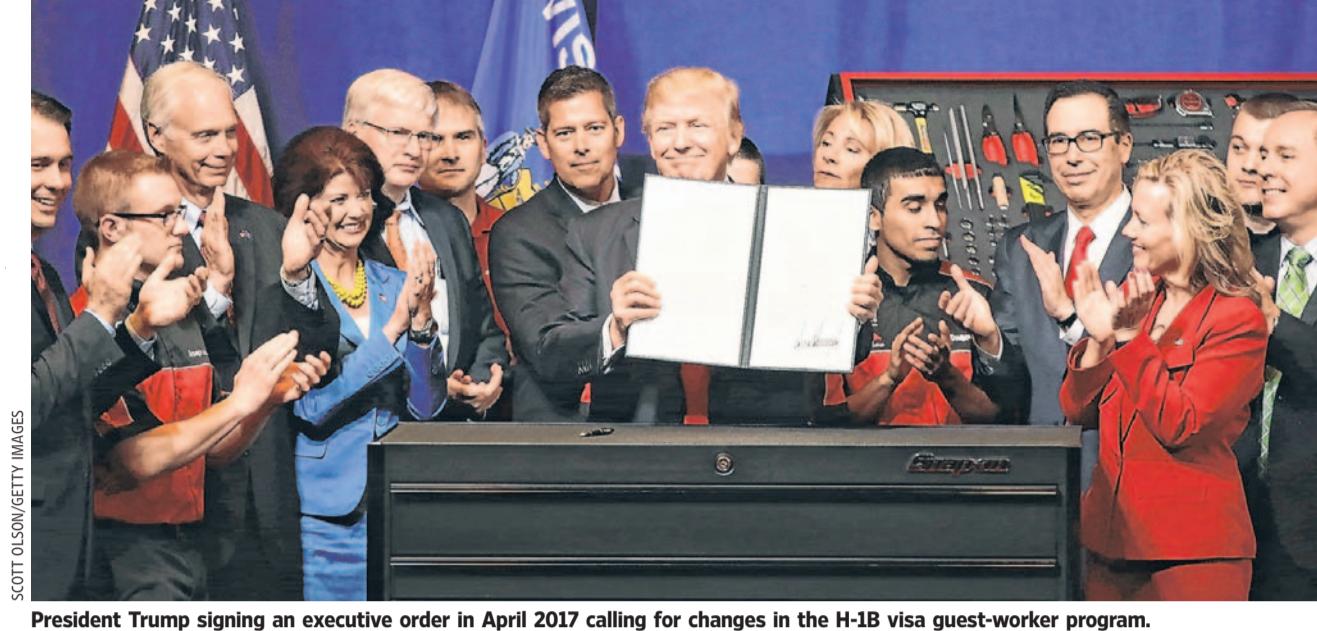
A Canadian financial firm recently opened an office in the U.S. and, as part of its staffing-up process, hired an analyst—a numbers whiz with a Ph.D. in physics—who had been working in Boston for another financial company.

Because the man was a Chinese national, his firm took what previously had been a pro forma step: It applied to have his H-1B visa transferred to his new employer.

In today's immigration climate, though, that step is no longer routine. U.S. authorities denied his new visa. The math whiz, having lost his legal status, returned to China. And his job now is being done not in the U.S. but back at the financial firm's home office in Canada.

William Stock, a Philadelphia immigration lawyer who handled the case, says that in the past there "wouldn't have been any doubt" that the visa transfer would have been approved. Instead, the anecdote illustrates a little-understood but economically important aspect of the raging debate on immigration: While the loud public discussion focuses on Trump administration policies to stop illegal immigration, the administration also is taking myriad quieter steps to reduce legal immigration.

Some of these steps are being made through new policies, usually implemented with little public notice. Sometimes, say lawyers and



President Trump signing an executive order in April 2017 calling for changes in the H-1B visa guest-worker program.

immigration advocates, the changes are simply the result of stricter interpretation of existing regulations.

Indeed, the American Immigration Lawyers Association this spring published a 26-page booklet detailing how Trump administration policy changes "are slowing and restricting legal immigration." The association now is working on an update to incorporate new actions taken in the months since.

"Brick by brick the administration actually is making it more difficult for higher-skilled individuals to come to work in the United States," says Diane Rish, associate director of government relations for the association.

Among other things, this new posture is having a chilling effect on the issuance of H-1B visas, the main vehicle businesses use to hire highly educated foreign nationals who, they say, often fill skill gaps not met by the supply of American workers. Mr. Stock, the lawyer, whose clients include numerous large corporations, says that when an H-1B visa is denied "that does not mean a U.S. worker is

getting that job. Sometimes that is the outcome. But sometimes it means the project doesn't get initiated. Other times it means the project gets moved to India."

Data compiled by the non-partisan National Foundation for American Policy document the trend. The foundation reports that in the fourth quarter of fiscal 2017, the rate of H-1B denials increased by 41% from the third quarter. Perhaps more telling, the rate

The U.S.'s posture is having a chilling effect on the issuance of H-1B visas.

at which immigration authorities requested further evidence on a visa application—a step that can be a signal of a denial to come—more than tripled between the third and fourth quarters.

Anecdotal evidence suggests the rising rate of visa denials has continued into the current fiscal year, says Stuart Anderson, executive direc-

tor of the foundation and a former official at the Immigration and Naturalization Service.

But H-1B visas are just one program affected. For example, a humanitarian program designed to admit refugees has been scaled back. In 2016, the annual limit of such refugee admissions had been set at 110,000. President Trump has cut the ceiling to 45,000—and statistics suggest that significantly fewer actually will be admitted this year.

Similarly, the administration has sharply curtailed a program called temporary protected status, which allows foreign nationals to remain in the U.S. if a disaster or crisis would put them in danger upon returning to their homelands. It has ended the temporary status program for immigrants from El Salvador, Haiti, Nicaragua, Sudan and Honduras. More than 300,000 immigrants, many of them American residents for years, will be affected.

Now, a policy under consideration within the administration could block legal status for immigrants if their

family members have received social-welfare benefits—or if authorities decide an applicant is likely to receive benefits down the line.

The legal-immigration issue has gotten a splash of attention in recent days because first lady Melania Trump's parents received citizenship, apparently through a family-migration program the administration would like to end. But most cases are far more mundane.

Nicole Simon, an immigration attorney, tells of one client, an American-educated computer engineer from Bangladesh, who unknowingly lost his H-1B status in part because of incorrect guidance from an immigration official after returning from a trip home to get married.

After his application for a renewal was denied, he lost his job, though he and his wife had just had a baby who needed intensive care after a premature birth. After months in limbo, and repeated efforts, he ultimately received legal status this summer. The case, Ms. Simon says, reflects "a climate where everything is about trying to deter immigration."

Trump Returns Fire on Former Aide

By PETER NICHOLAS

WASHINGTON—President Trump sought to discredit a former White House official and longtime presence on his reality television show who released a recording of her conversation with him, depicting Omarosa Manigault Newman as lazy, despised by colleagues, and "vicious, but not smart."

In a series of tweets on Monday, he wrote that his chief of staff, John Kelly, had wanted to fire Ms. Manigault Newman when he took the job last summer because she was "a loser & nothing but problems."

Mr. Trump asked him to hold off, though, because "she said only GREAT things about me."

Mr. Kelly instead fired Ms. Manigault Newman in December in a tense meeting that she secretly taped in the Situation Room. Under White House protocols, aides are barred from bringing electronic devices into the room, a secure space in the White House basement.

Ms. Manigault Newman released the Kelly recording and a snippet of a conversation with the president in the run-up to publication of her new book, "Unhinged," which describes her 11-month stint in the White House.

For all the vitriol directed at Ms. Manigault Newman, White House officials noted Monday that they had already fired her and had no plans as of now to take further punitive action. But that could change, officials say, depending on Mr. Trump's mood and what Ms. Manigault Newman does next.

It is unclear how many recordings Ms. Manigault Newman might have made, but her nationally televised appearances and unflattering depictions of the Trump White House have left senior officials unnerved about what else she might reveal. In excerpts from the book, Ms. Manigault Newman writes that Mr. Trump used racial epithets and was



Omarosa Manigault Newman has written a book about her stint in the White House.

showing signs in the White House of "mental decline."

A friend of hers, Armstrong Williams, a conservative commentator, said: "She feels justified. She feels betrayed."

Ms. Manigault Newman didn't respond to requests to comment.

Should Mr. Trump try to discipline her, he could make a claim that she violated the Presidential Records Act, which holds that the U.S. government must retain and control records intended to advise and assist the president, some legal experts said.

But they cautioned that Mr. Trump might not prevail. A judge could conclude that her recordings fall under an exemption carved out for diaries and other personal material, some experts said.

Mr. Trump raised another issue on Monday, suggesting in a tweet that Ms. Manigault Newman had signed a nondisclosure agreement restricting what she can say.

Other White House officials also signed such nondisclosure agreements at Mr. Trump's best.

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President Signs Defense Bill That Gets Tougher on China

By VIVIAN SALAMA

and artillery pieces. "With this new authorization we will increase the size and strength of our military by adding thousands of new recruits to active duty."

Some lawmakers say the defense-policy bill is tougher on China than any in history.

The NDAA, an annual policy bill, authorizes \$716 billion in total military spending for the coming fiscal year. It seeks to counter a range of Chinese government policies, including increased military activity in the South China Sea, the pursuit of cutting-edge U.S. technology and the spread of Communist Party propaganda at American institutions.

"America is respected again," Mr. Trump told the crowd of a few hundred men and women, against the backdrop of an Apache helicopter

in a tweet that Ms. Manigault Newman had signed a nondisclosure agreement restricting what she can say.

Other White House officials also signed such nondisclosure agreements at Mr. Trump's best.

WORLD NEWS

Doubts Linger Over Pyongyang's Claims

Lack of full access to sites leads observers to question sincerity of move to denuclearize

By JONATHAN CHENG

SEOUL—North Korea says it has destroyed its nuclear test site, halted missile launches and returned U.S. war remains. The next move, Pyongyang says, is for Washington to reciprocate by lifting sanctions.

But North Korea hasn't persuaded the world that it is sincere about denuclearization, the head of the global organization tasked with overseeing a ban on nuclear testing said in an interview on Monday.

"One has to respect the steps that have been taken. It's better than nothing," said Lasina Zerbo, executive secretary of the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Or-

ganization. "But verification is what brings trust."

Those lingering doubts worry negotiators as the two Koreas and the U.S. continue a diplomatic process aimed at lowering tensions and reducing the risk of a nuclear exchange. On Monday, North and South Korea agreed that their leaders would meet in Pyongyang in September, their third such summit.

Less than three weeks before he shook hands with President Trump in Singapore in June, North Korean leader Kim Jong Un invited journalists to watch officials dismantle his underground nuclear test site.

But nuclear experts and international organizations weren't allowed in to independently verify the site's demolition, fueling suspicions about whether the closure was irreversible, or whether damage caused by the North's latest nuclear test in September 2017 had already rendered the facility unusable.

Given the relatively small size of the explosions that journalists were allowed to witness at the May 24 demolition, it was unlikely that the facility's many tunnels were all eliminated, Mr. Zerbo said.

"The entrance might be blown off...but blowing up an entrance isn't enough to say that all of the tunnels are destroyed, because you can open another one from somewhere else," he said in the interview in Seoul, where he met with South Korean lawmakers and the country's foreign minister to urge them to press North Korea to allow for more verification.

"You don't have to be Albert Einstein to understand this," he said.

Additional efforts from North Korea to verify the closure would build trust with the international community and give the regime's actions more credibility, said Mr. Zerbo, who is based in Vienna.

Secretary of State Mike

of the Punggye-ri site.

"We are doing remote monitoring, constantly, but it's not enough," he said.

In recent days, North Korea has bristled at suggestions that it isn't genuine about disarmament. Last week, after national security adviser John Bolton said North Korea hadn't taken the necessary steps toward denuclearization, Pyongyang accused the U.S. of "highly despicable actions" and jeopardizing the climate of detente.

"Insulting the dialogue partner and throwing cold water over our sincere efforts for building confidence...is indeed a foolish act that amounts to waiting to see a boiled egg hatch out," the North said. The statement avoided direct criticism of President Trump, while calling on Washington to "respond to our sincere efforts in a corresponding manner."

Adding to concerns about whether the North is making a broader strategic turn away

from its nuclear program, satellite imagery has shown evidence of Pyongyang expanding facilities at its nuclear-enrichment site at Yongbyon, and at two missile facilities. Satellite imagery has also shown North Korea dismantling a rocket-launch site.

In the interview, Mr. Zerbo urged Pyongyang to sign the nuclear test-ban treaty, which he said would help overcome skepticism among scientists and diplomats about its intentions.

"Right now, we need confidence-building measures—not just between two Koreas, but also with the international community to see...that North Korea is serious about the denuclearization process," he said.

Some 183 countries have signed the nuclear test-ban treaty, which hasn't entered into force. India and Pakistan, two acknowledged nuclear states, haven't signed, while others such as the U.S., China, Israel and Iran have signed but haven't ratified the agreement.



THE WALL STREET JOURNAL

Koreas Set Year's Third Summit Amid Concerns About an Impasse

SEOUL—North and South Korea agreed to hold a summit in Pyongyang in the coming weeks, in what would be the third meeting this year between the leaders of the two Koreas.

The summit, which was announced by both Koreas following high-level talks on Monday, comes amid concerns about an impasse in engagement efforts with North Korea that began this year.

The meeting, which will be held in September, according to the joint statement, follows through on an agreement reached by North Korean leader Kim Jong Un and South Korean President Moon Jae-in in April.

At the time, they had agreed to meet again in Pyongyang in the fall, without specifying a date.

Pyongyang served as the venue for the first two inter-Ko-

rean summits, in 2000 and 2007.

Monday's agreement followed four hours of talks at the Panmunjom truce village at the inter-Korean demilitarized zone.

"I believe today's meeting was positive," said Cho Myoung-gyon, South Korea's unification minister and Seoul's chief delegate at the talks, adding that the two sides had discussed setting up an inter-Korean liaison office, military agreements and exchanges on sports and infrastructure.

North Korea's chief delegate, Ri Son Gwon, said he "thought it very important that both sides do their part in pushing through the agreements," in an apparent reference to the joint statements that followed Mr. Kim's first meetings with Mr. Moon and President Trump this year.

—Andrew Jeong



Representatives from South Korea, right, and their North Korean counterparts met in Panmunjom in the demilitarized zone on Monday.

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WORLD NEWS

China Disputes Detention Claims

By EVA DOU
AND JOSH CHIN

BEIJING—China challenged claims that it is holding as many as one million Muslim ethnic minorities in internment camps, instead calling them vocational schools, in rare comments before a United Nations panel in Geneva.

A senior Chinese official told the U.N. panel Monday that such camps, referred to in Chinese documents as “re-education centers,” were for “criminals involved only in minor offenses” to help them learn vocational skills and to reintegrate them into society.

He called the widely cited one million estimate untrue but declined to provide an official government figure for how many people are in the centers.

The camps in China’s northwest Xinjiang province have drawn international attention this year. Academic researchers used satellite photos and

government construction bids to establish the vast scale of the program. China legal expert Jerome Cohen has called the internments the largest-scale detentions outside the judicial system in China since Mao’s “anti-rightist” campaigns of the 1950s.

The Chinese government has battled a sporadically violent, Uighur-led separatist movement in Xinjiang for decades. Chinese officials say the movement is an outgrowth of religious extremism and describe its members as terrorists.

Human-rights groups say the violence is in reaction to government-sanctioned discrimination against Uighurs and other Muslim ethnic minorities and restrictions on their ability to practice Islam.

Abdurehim Gheni, a Uighur activist living in exile in Amsterdam, said family members told him in May last year to stop contacting them because police were harassing them over his work protesting dis-

crimination against Uighurs in Xinjiang. He said he later heard from friends in his hometown of Aksu that one of his brothers had been sent to undergo re-education, but he hasn’t been able to glean any information about his relatives since.

“I believe the Chinese government’s goal is to com-

The camps for ethnic Muslims have drawn wide international attention.

pletely erase the Uighur ethnic identity,” said Mr. Gheni, who traveled to Geneva to take part in the U.N. meetings. “If you speak up, then your family members will be sent to a re-education camp.”

The U.S. State Department said last month it was “deeply concerned” about the camps

and the accompanying campaign against Chinese Muslims, noting there were reports of deaths in the camps.

Beijing’s statements on Monday came at its review by the U.N. Committee on the Elimination of Racial Discrimination, which takes place every four years in Geneva.

Hu Lianhe—deputy director general of the ninth bureau of China’s United Front Work Department, which oversees Xinjiang—gave China’s fullest defense of the centers to date.

“There is no arbitrary detention” in Xinjiang, he said, adding that people have been imprisoned as part of antiterrorism campaigns and that those who have committed lesser offenses are sent instead to “vocational education.”

Human-rights activists criticized the remarks, saying the detention of at least hundreds of thousands of people without formal charges or trials was being recast by Beijing as a form of aid.



A Uighur woman with her children in Kashgar, Xinjiang, province. China is accused of interning ethnic Muslims in the province.

KEVIN FRAYER/GETTY IMAGES

France Bans Phones

Continued from Page One

technological progress—that would be absurd—but rather to master it, to make sure man is the master of the machine,” said Mr. Blanquer, who himself has two smartphones. “It all begins with education.”

In recent months, complaints that big tech firms’ products are too addictive, particularly for children, have started to resonate in and out of Silicon Valley. Facebook Inc. earlier this month said it would start offering tools to show users how long they use its service and alert them to take a break.

Apple Inc. and Alphabet Inc.’s Google each plan to introduce similar tools into new op-

erating systems for iPhones and Android phones. Apple’s “Screen Time” system will enable parents to monitor the apps their children use remotely and limit their time on devices.

Usage among children and teenagers is growing quickly. In 2017, nearly 79% of people in the U.S. from ages 12 to 17 had a smartphone, up from 62% three years earlier, according to market research firm eMarketer. In France, the figures are higher: 86% of people in that age range had a smartphone in 2017, up from 59% three years earlier, according to the country’s telecom regulator.

Many places in the U.S. and abroad have partially or fully banned mobile phones in schools, but rarely on the scale France is planning. New York City banned student cellphones in public schools for a decade, but ended the unevenly enforced rule in 2015 because of complaints from parents who wanted to be able to reach their children.

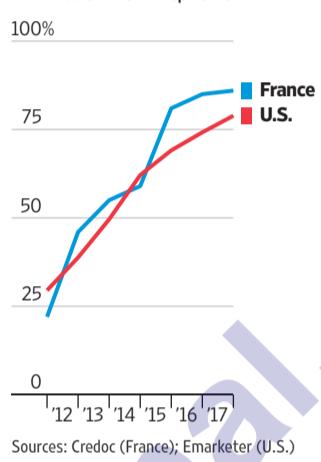
There is evidence that bans can improve academic performance. Researchers at the London School of Economics found standardized test scores for 16-year-olds at 91 U.K. schools measured between 2001 and 2011 rose when they instituted bans on mobile phones. The improvement, equivalent to that from an extra hour of school per week, was greater when the bans were strictly enforced, the study found.

Louis-Philippe Beland, who led the study and is now an assistant professor of economics at Louisiana State University, said France’s ban could help its students. “From our research, it seems very difficult for teachers to police mobile phones,” Mr. Beland said. “So that’s a rationale for being more strict.”

Until now, rules in France covering mobile phones have varied widely. An older law already banned phones in class, but only about half of schools barred them elsewhere in school, according to a parlia-

Answering the Call

Percentage of adolescents ages 12-17 with a smartphone



Sources: Credoc (France); eMarketer (U.S.)
THE WALL STREET JOURNAL.

mentary report.

Under the new law, which the French parliament passed in late July, usage will automatically be barred everywhere in schools, except if teachers wish to use students’ own devices during lessons or if schools es-

tablish other exceptions. But the law gives individual schools leeway to determine how exactly to apply the ban.

The education ministry says guidelines it will publish later this month will recommend that schools install lockers where students can deposit their phones. Some schools may choose to allow children to keep phones in their bags, however. In any case, the law empowers teachers, administrators and other staff to confiscate phones.

“We want children to rediscover the real, that connection to the concrete, to nature, to do doing things with their hands, to contact with other human beings,” Mr. Blanquer said.

Some parents, teachers and members of France’s political opposition say they are concerned the approach may not be workable—or particularly helpful.

Claire Krepper, national secretary of SE-UNSA, a teachers union, said she thinks the government should have focused

its efforts on educating children to use mobile devices “reasonably and respectfully,” rather than banning them.

“People said television would rot our brains and make us couch potatoes,” Ms. Krepper said. “Banning phones won’t solve anything.”

Mr. Blanquer, the education minister, responds that French schools already offer digital education with plans to expand offerings. “There’s an offensive approach and a defensive approach,” Mr. Blanquer said. “We can do both.”

On a recent evening, the Paroux parents expressed support for the law. For some, “it’s like they’re living on social networks,” Ms. Paroux said. “It’s sad,” interjected Stéphane Paroux, her husband.

Solal, for his part, agreed the ban might make it easier for him to be the kid without a phone. But he said he doubts it will be enforceable during recreation in the school courtyard.

“The teachers don’t watch that closely,” he said.

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WORLD NEWS

Turkey's Moves Fail to Stem Lira's Fall

President maintains defiant stance, while new efforts to boost liquidity fall short

Turkey's currency fell again, rattling other vulnerable emerging markets, as a defiant speech from President Recep Tayyip Erdogan and policy moves from the nation's central bank failed to assuage investors' concerns about the country's perilous financial condition.

*By Georgi Kantchev,
Yeliz Candemir
and Saumya
Vaishampayan*

The lira ended 6.6% lower at 6.88 against the U.S. dollar on Monday, after dropping as much as 10% in Asian morning trading. The country's debt and stock markets also were caught up in the tumult.

The lira is down more than 40% this year, battered by concerns about the North Atlantic Treaty Organization member's political and economic stability and a continuing trade spat with the U.S.

"We will not retreat from our position," Mr. Erdogan told a conference in Ankara, adding that Turkey wouldn't allow the U.S. "to lay its hands on achievements we gained at the cost of blood."

As part of a plan announced earlier Monday, Turkish authorities made efforts to boost liquidity in the market, lowering the amount of lira and dollars lenders must park with the central bank against their liabilities. The move should help inject around 10 billion liras (\$1.5 billion) and \$9 billion into the financial system, the central bank said.

Some analysts said the measures won't have any direct impact on the lira because it doesn't ease a core concern—the hefty debt exposure of Turkish banks and corporations—and warned the central bank has limited reserves of

its own to weather the storm. "The lira is in a free fall and the measures announced so far simply aren't enough," said Kevin Daly, portfolio manager for emerging-market debt at Aberdeen Standard Investments. "It's fueling the negative sentiment and the disappointment among investors."

Other emerging markets that are heavily reliant on foreign investors, such as Indonesia and South Africa, also were rattled. Shares fell across Asia and Europe, though the declines abated in later trading. U.S. stock markets fell slightly. The turmoil hit Southern European government bonds, with the 10-year Italian yield rising above 3%, its highest in two months.

"This is a very Turkey-specific issue. However, general risk aversion will cause...nervous investors to hedge positions or outright sell in other emerging markets, for fear that there could be contagion," said Sacha Tihanyi, deputy head of emerging-markets strategy at TD Securities in New York.

The South African rand fell to a nearly two-year low against the dollar, sliding as much as 9.2%, though the falls moderated later in the day. The Chinese yuan neared its weakest level in more than a year, hitting 6.8911 to a dollar in Hong Kong. Investors flocked to haven currencies, with the Swiss franc and the Japanese yen gaining against the euro.

Turkey has become a primary cause for concerns on global financial markets in recent weeks, as tumultuous domestic politics have paired with a cocktail of economic vulnerabilities including high levels of foreign-currency debt, a current-account deficit and rising borrowing costs. As one of the world's largest oil importers, Turkey is also vulnerable to rising energy prices.

In addition, the country is in the midst of an escalating dispute with its core military ally, the U.S., over the fate of an American pastor. The White House has vowed to pile pressure on Ankara until the



Turkish President Recep Tayyip Erdogan at the Presidential Palace on Monday said his country is under an economic siege.

Emerging Problem

The currencies of many developing economies have weakened this year, and the collapse of Turkey's lira rattled Asian stocks on Monday.

Change against the U.S. dollar, year to date



pastor, Andrew Brunson, who faces terrorism charges in Turkey, is on a plane to the U.S.

On Monday, at Turkey's request, national security adviser John Bolton met at the White House with Turkey's ambassador to talk about relations be-

Percentage change Monday



THE WALL STREET JOURNAL.

tween the two countries and Mr. Brunson's fate, press secretary Sarah Sanders said. It wasn't immediately clear if the meeting produced any breakthroughs.

Meanwhile, investors say more needs to be done to stem the crisis, and fast.

The actions by Turkish authorities so far "leave us with more questions than answers," said Claudia Calich, fund manager at M&G Investments. "As long as Erdogan continues to be defiant, that's the wrong message to send to markets."

Aberdeen's Mr. Daly said the currency would continue to weaken without a significant interest-rate increase by the central bank and a detente with the U.S. For now, he is short the lira, or betting against it.

"You have to be a very brave man to step in front of this train," Mr. Daly said.

Investors on Monday also sold Turkey's debt, pushing the yield on two-year government bonds to 25.12% while the stock benchmark BIST 100 shed around 2.5%.

The Turkey crisis comes as emerging markets are already under strain from rising U.S. interest rates. The WSJ Dollar Index, which measures the currency against a basket of 16 others, rose 0.3% Monday after its largest one-week point and

percentage gain since late 2016.

"It's not an easy environment for emerging markets with shakier fundamentals. Those countries that didn't fix their roofs while the sun was shining will now see water pouring down their house," Ms. Calich said.

The International Monetary Fund attributes about \$260 billion in portfolio investment in emerging markets since 2010 to the Federal Reserve's monetary policy. In its latest global financial-stability report, the IMF suggested continuing U.S. tightening would reduce inflows to emerging markets by about \$35 billion a year.

However, Turkey is especially vulnerable because of its hoard of hard-currency debts. Investors are also concerned about the central bank's ability to react, for example by raising interest rates, given Mr. Erdogan has put in place measures that could curb its independence.

◆ Heard: Turkey's woes are rippling into Europe..... B12

Erdogan Blames Social-Media Posts For Currency Drop

ISTANBUL—Turkish authorities are blaming fake news for the recent plunge in the national currency's value, with President Recep Tayyip Erdogan condemning "terrorists" haunting social networks and disseminating alleged disinformation.

The lira shed as much as 10% on Monday and is down more than 40% this year on heightened concerns that the country won't be able to cope with rising borrowing costs and has yet to resolve a protracted

dispute with its longtime military ally, the U.S.

Mr. Erdogan, who gained vastly expanded executive powers when he won re-election in June, has largely pinned the blame on the U.S., accusing Washington of engineering an economic war on Turkey.

But on Monday, he redirected his ire. "There are economic terrorists on social media," Mr. Erdogan told an audience of Turkish ambassadors gathered in Ankara's presidential palace. "They are a genuine network of treason."

He said spiteful social-network posts had been spread in a bid to cause panic by saying authorities were preparing to limit

bank withdrawals, which the government said it had no plan to do.

Also on Monday, Turkey's Interior Ministry said it would take legal action against owners of 346 social-media accounts identified as having been used to express views that had harmed the lira, the state-run news service, Anadolu Agency, reported.

Free-speech activists said Mr. Erdogan's accusations had reinforced their fear that the government aimed at stifling dissent.

"We are concerned that the legitimate role of critical journalism is being targeted," said Erol Onderoglu, the representative of Reporters Without Borders in Turkey.

—David Gauthier-Villars

Argentina Central Bank Lifts Rates

BY ANTHONY HARRUP

The central bank with some of the highest interest rates in the world is moving them higher due to the rout in emerging-market currencies.

The Central Bank of Argentina lifted its Leliq policy rate to 45% from 40% at an unscheduled meeting as the nation's currency came under pressure.

The central bank said that the decision was taken unanimously by its monetary-policy board, "in response to the current external situation and the risk it implies for a new impact on domestic inflation."

The Argentine peso was among the emerging-market currencies being hit by the fallout from the sell-off in the Turkish lira, falling more than 2% to 29.94 pesos to the U.S. dollar.

The interest-rate increase is unlikely to be followed by other emerging-market central banks, such as Mexico or South Africa, as "history suggests that such sentiment-driven selloffs tend to be short-lived," Edward Glossop, a Latin America economist at Capital Economics, said in a note.

"Argentina is one of the few emerging markets that shares similar vulnerabilities to Turkey," he wrote. "High real rates are needed to bring inflation down from its current rate of around 30%. This is something that Turkey's



Argentina President Mauricio Macri wants to rein in deficits.

central bank seems unwilling to deliver."

Even before the current crisis, investors were concerned about the Turkish central bank's ability to fight inflation by raising interest rates.

President Recep Tayyip Erdogan, who has sharply criticized higher rates, has put in place measures that could curb the central bankers' independence.

"Argentine policy makers are still doing the right thing, as a big contrast to Turkey, where they're basically doing nothing," said Win Thin, global head of emerging markets at Brown Brothers Harriman. "They're trying to be proactive. The dollar-peso's making another all-time high above 30, and they just want

to make another strong statement."

The Argentine central bank had left interest rates unchanged at its Aug. 7 policy meeting, saying the pickup in inflation to 29.5% in June from 26.3% the previous month was due to peso weakness.

The central bank added that it expected the effect to be temporary.

The nation's central bank had raised rates sharply in May to support the peso.

The currency had slid against the U.S. dollar on concerns about the sustainability of President Mauricio Macri's efforts to rein in fiscal deficits through unpopular measures such as ending fuel subsidies.

In May, Mr. Macri turned to the International Monetary Fund for a \$50 billion credit line after the peso sell-off had threatened the country's ability to pay its debt, much of which is denominated in U.S. dollars.

Under the agreement with the IMF, approved in June, Argentina will accelerate the pace at which it reduces the government deficit, which was equal to 6.5% of gross domestic product last year, including debt payments.

The austerity policies have led to a decline in the popularity of Mr. Macri, as Argentines face high inflation and a slowing economy that is barely expected to grow this year.

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FROM PAGE ONE

Saudis, Musk Met On Tesla

Continued from Page One

last week, the Saudi fund's managing director expressed support for a privatization subject to due diligence by the fund and to "their internal review process for obtaining approvals." And the official asked for additional information "including any required percentages and any regulatory requirements," Mr. Musk said.

The CEO's post Monday also said a deal would require far less than \$70 billion—Tesla's approximate market value based on Mr. Musk's stated target price of \$420—and wouldn't necessitate significant borrowing because he believes enough shareholders would be willing to hold on to their stakes.

Late Monday, Mr. Musk said in a tweet that he had taken on as advisers several blue-chip names in the worlds of business deals and law: investment bank Goldman Sachs Group Inc., investment firm Silver Lake, and law firms Wachtell, Lipton, Rosen & Katz and Munger, Tolles & Olson.

A person familiar with Silver Lake's thinking said it is helping Mr. Musk explore the process of going private, but

isn't being paid, nor sponsoring or participating in any deal.

Goldman declined to comment. Wachtell, Lipton and Munger, Tolles didn't immediately respond to emails requesting comment.

Mr. Musk, who owns roughly 20% of Tesla, is facing criticism on Wall Street for the way he disclosed the potential plan to go private without providing details. The Securities and Exchange Commission is inquiring about Mr. Musk's tweets, The Wall Street Journal reported last week.

Mr. Musk said he continues to have discussions with the Saudi fund, which has a nearly 5% stake in Tesla, as well as with a number of other investors.

A person familiar with the fund, called the Public Investment Fund, cautioned that while discussions have taken place, the fund hasn't made a detailed proposal, in part because of questions centering on its potential rights as a foreign investor.

Many obstacles remain to a deal, the person said, including the likely opposition of some top officials and the difficulty of embarking on any major new investment project. But a deal could still happen if it has the backing of Prince Mohammed bin Salman and the PIF, the person said.

A spokesman for the PIF declined to comment. Representatives for the Saudi government couldn't be reached for comment.

Mr. Musk also said Monday

Stake Could Help Kingdom Diversify

Oil-rich nation aims to build electric cars, ramp up solar

A potential increase in Saudi Arabia's **Tesla** Inc. stake could help the kingdom's ambitions to build a base for electric-car production and diversify away from oil.

Its sovereign-wealth fund is considering raising its nearly 5% holding in Tesla, people familiar with the matter said. Discussions among Saudi officials about increasing the Public Investment Fund's stake accelerated after Tesla Chief Executive Elon Musk last week proposed to take the car company private, the people said.

A deal with Tesla would represent an extraordinary wager on technologies that compete with Saudi Arabia's biggest generator of income: oil. Tesla's electric vehicles, if made inside the kingdom, would complement other technology investments and create a base of

that it would be "premature" to ask shareholders to decide now on going private, as complete details of the deal's structure and funding haven't been provided. He emphasized that full details of the plan—"including the proposed nature and source of the funding to be

used"—would be provided before shareholders are asked to decide on going private.

"The only way I could have meaningful discussions with our largest shareholders was to be completely forthcoming with them about my desire to take the company private," Mr.

also wants to build a city in the desert called Neom, which would be powered by renewable energy and showcase robots and driverless cars. Officials hope the plan will draw global technology investment.

Saudi Crown Prince Mohammed bin Salman, who is behind many of these initiatives, this year toured Silicon Valley scouting for deals, and he hopes to draw expertise to the kingdom by snapping up stakes in tech firms, Saudi officials have said. The 32-year-old royal has also driven recent discussions about increasing his country's stake in Tesla, the people familiar with the matter said.

There are potentially significant financial hurdles to a deal because of PIF's funding constraints and commitments. The government is turning to state oil company Saudi Arabian Oil Co., known as Aramco, to raise tens of billions of dollars of debt to indirectly fund PIF, after shelving a plan to list the oil company and use the proceeds to fund the sovereign-wealth fund.

—Summer Said, *Rory Jones and Maureen Farrell*

Musk wrote. "However, it wouldn't be right to share information about going private with just our largest investors without sharing the same information with all investors at the same time."

Mr. Musk and Tesla insiders together own just over 25% of



Crown Prince Mohammed

Tesla had 1,156 shareholders of record as of Jan. 31, according to its annual report, along with many more shareholders whose shares are held in "street name" by banks or brokerages.

the company, according to FactSet. Just over 12% of Tesla's investors are individuals and others. The remaining 62.2% of shares are held by institutions led by T. Rowe Price Associates Inc., Fidelity and Baillie Gifford & Co.

While it isn't yet clear exactly how a going-private deal would be structured, Mr. Musk might have to find a way around regulatory limits on shareholders in privately held companies.

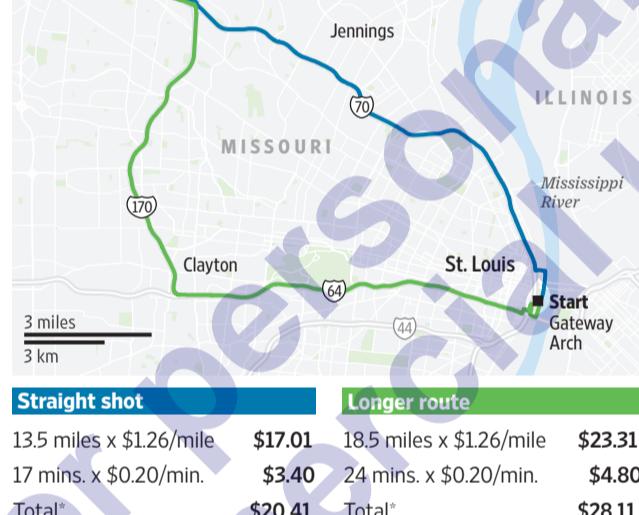
He estimated about two-thirds of all shares owned by current investors would be rolled over into a private Tesla. Last week, he suggested creating a "special purpose fund" to enable current investors to stay with Tesla.

But under current SEC rules, companies must register their securities with the agency if they have more than 500 "non-accredited" investors—individual investors below certain income and wealth thresholds—as shareholders of record. In addition, a public company can't go private and end its registration or filing obligations with the SEC if it has more than 300 shareholders.

—Rory Jones and Michael Rapoport contributed to this article.

Alternate Routes

Some Uber and Lyft drivers are purposely taking longer routes to collect more money, as in these examples. Passengers pay an upfront price that isn't affected by the longer mileage.



Note: Route times and prices may differ based on time of day
Source: WSJ estimate of Uber pricing

Exclamation Points Rule Email, Text

Continued from Page One into a tizzy. Others have had enough and would like things to go back to the way they used to be when there wasn't so much hinging on this tiny little torture device. It's just too much!

After being called out by his manager, Mr. Witkowski decided he would no longer mimic the exclamation-point use of others in his emails—which he previously did to not seem rude.

"I was like, maybe I should be more standardized in what I use and just stick with periods and commas," he said. His long-term strategy is to "give people that baseline expectation of no exclamation points."

Mel DeCandia, 24, is a summer associate at a law firm who lives in Westfield, N.J. Early on, she wanted everyone to be aware of her excitement about working there. When emailing a higher-up about her first assignment, the note was long and full of exclamation points.

"I definitely never used more than one per sentence, but I probably used three or four," she said. "It was really overzealous."

She came to regret them after the response she got, which was, "Thx."

While everyone seems to be emoting more these days, previous research has shown that women used exclamation points more than men. One 2006 study published in the *Journal of Computer-Mediated Communication* said they often used them to convey friendliness. In a 1993 "Seinfeld" episode, Elaine argued with a boyfriend when he failed to use an exclamation point in a note.

Ms. DeCandia said she was probably more worried about how she comes off in written communications as a young woman in a male-dominated field. After the "Thx" email, she went cold turkey on exclamation points at work. She said it has been freeing.

"When I stopped using exclamation points, I somehow also stopped worrying about what people thought I was saying in my emails," she said.

An absent exclamation point once caused Hannah Wagle, 24,

to fear she was getting fired. She had texted her boss one day to say she was sick and working from home. Her boss replied with, "That's fine."

"The period kind of stared me in the face and told me that my career had just ended," said Ms. Wagle, who writes for a veterinarian trade publication. "I called my boyfriend and I was like, 'This is it. I just lost my job.'"

Her boyfriend wasn't much help in calming her down, so she reached out to a co-worker to gauge their boss's mood. The co-worker said everything seemed OK, but she used a period. More worry!

Ms. Wagle's boss, Portia Stewart, understands how her message may have been misinterpreted: She normally includes exclamation points and thinks they create "a safer place." But in the response to Ms. Wagle, she was heading to a meeting and was brief.

"Email communication is so flat," said Ms. Stewart, 41, who pointed to the lack of body language and voice intonation.

"You can tend toward angry accidentally."

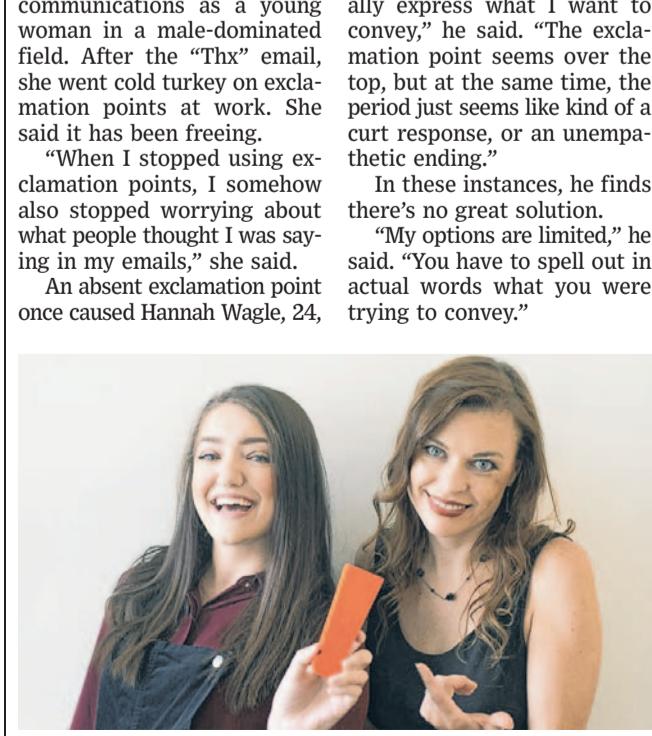
A 2016 study of 126 undergraduates by Binghamton University-State University of New York found that ending sentences with periods in a text was interpreted as abrupt and insincere. Since email and texts have become substitutes for spoken conversation, people started using punctuation for emphasis and tone instead of just as a way to mark the end of a sentence, according to Dr. Celia Klin, a professor of psychology who researches psycholinguistics and co-authored the study.

Michael Lawrence, 41, an entertainment lawyer who lives in Brooklyn, N.Y., leads a double life when it comes to his punctuation marks. When communicating with clients in the music industry, he uses lots of exclamation points; with fellow attorneys, he doesn't. What he would like is something between an exclamation point and a period.

"Sometimes the punctuation mark that I'm using doesn't really express what I want to convey," he said. "The exclamation point seems over the top, but at the same time, the period just seems like kind of a curt response, or an unempathetic ending."

In these instances, he finds there's no great solution.

"My options are limited," he said. "You have to spell out in actual words what you were trying to convey."



Hannah Wagle, left, with her boss, Portia Stewart.

Continued from Page One

was owed."

Uber and Lyft typically take a 25% commission from a fare, and drivers generally take the rest, not including fees and taxes. The companies are grappling with constant driver turnover, and Uber last year unleashed a series of benefits to improve relations, including extra payments for lengthy wait times and in-app tipping.

Those benefits haven't satisfied some drivers, who complain about fare cuts in some cities, and what they say are a glut of drivers on the road, fewer incentive payments to pick up passengers and rising costs to operate their vehicles, such as fuel and insurance.

An Uber spokesman said the company estimates long-hauling occurs on less than 1% of trips in the U.S. "This type of behavior—while unacceptable—is exceedingly rare," he said. Uber doesn't disclose how many rides it completed last year in the U.S., but it registered four billion rides globally last year and is doing about 15 million rides per day this year. Lyft, which declined to comment, completed 375 million rides in the U.S. last year.

How much drivers can make an hour is greatly disputed. Some studies put it at below minimum wage in several big U.S. markets, with others above that amount. A Massachusetts Institute of Technology study calculated median pay at \$8.55 an hour after expenses, a reassessment after Uber pushed back on its initial finding of \$3.37 per hour. The New York City Council last week passed a bill allowing the city to set a

minimum hourly wage for drivers, among other measures.

Longhauling emerged after Uber and Lyft began implementing "upfront pricing" in 2016, replacing a system that calculated the fare for both passengers and drivers at the end of a trip, like a traditional yellow taxi meter. Upfront pricing continues to be controversial; thousands of Australian Uber drivers logged off their apps simultaneously earlier this month to protest its introduction there.

With upfront pricing, the companies charge customers' credit cards a fixed price at the start of a trip, based on the software's estimate of time and distance to a destination, as well as other fees and promotions.

"At the end of the ride you can see what the passenger paid and what you're paid," said Ms. Blandy, 47 years old. "So we can see that huge discrepancy; the only way you can beat that is by longhauling."

Ms. Blandy, like other drivers who discussed longhauling, said she rests easy because the companies, not the riders, pay more, and because she chooses routes that add minimal extra time and may even be faster.

Uber and Lyft declined to explain how they detect longhauling, beyond customer complaints. The companies can deactivate a driver for violating their service terms by choosing excessively long routes.

Sophisticated routing software in Uber and Lyft apps is meant to direct drivers along the fastest route to a destination. But that can mean fewer miles traveled, prompting drivers to use other apps like Waze that provide multiple route options.

For example, a midday trip from the Gateway Arch in St. Louis to Lambert International Airport using the most direct route would stretch 14 miles and take about 20 min-

utes, according to Google Maps, for a driver fare of \$21.64 using Uber's rate of \$1.26 per mile and 20 cents per minute. A longer route of 19 miles adds just five minutes to the trip, but results in a \$28.94 fare, not including booking, service and other fees. The longer route would net a driver an extra \$5.48, compared with Uber's suggested route.

"It definitely makes a difference. Why should drivers end up with less while doing the hard work?" said Kurt Wagner, 35, who formerly drove for Uber in San Francisco. He said he only took a longer-mileage route when a passenger authorized it.

On web forums, drivers

discuss the merits of longhauling, as well as other tricks, with some bragging about particularly profitable fares. Such tricks include inducing a customer to cancel to get a \$5 fee in place of a very short trip, or even faking photos of customer damage to their vehicles.

"I've done this haul so much, that it has a nickname...the Z haul," wrote a Los Angeles-area driver, showing a screenshot of a roundabout trip from a Disneyland-area hotel to central Hollywood that approximates the shape of the letter. "My excuse is always construction on the 5," he wrote, referring to Interstate 5, which runs a straight line between the two sites.



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GREATER NEW YORK

Immigrant Program Faces Hurdle

It has become more difficult to fill seats in engineer-retraining classes at Cooper Union

BY LESLIE BRODY

Myra Cabangon was a quality-control supervisor at a snack-food factory in the Philippines. But when she moved to the New York City area two years ago, the best job she could find was selling coffee on the overnight shift at an airport hotel.

She longed to boost her pay and use her background as a chemical engineer. Ms. Cabangon turned to a short retraining program at the Cooper Union, a venerable private college, that helps immigrant engineers reboot their résumés and rise above survival jobs such as washing dishes. Now, she works as a project assistant at an engineering firm, earning roughly triple the \$8.50-an-hour wage she made selling coffee.

"I am lucky and thankful," said the 33-year-old Queens resident. "Now I feel more confident."

Despite the Retraining Program for Immigrant Engineers's success helping about 225 immigrants yearly, organizers say it has become more difficult to fill



Mauton Whenu landed a job at Indus Architects in Manhattan.

seats because of recent U.S. immigration-policy changes. Student recruiter Ekaterina Zaitseva said that although the courses are free and participants must be in the U.S. legally, some potential applicants are wary of signing up in light of stepped-up deportations and calls to de-crease visas based on family ties.

She said enrollment in the program lags about 10% behind this point last August, with roughly 60 students signed up for the semester that starts in September. It aims to have 130 students attending this fall, plus a similar count in the spring.

"It's been increasingly diffi-

cult to find students," said Ms. Zaitseva, a workforce development manager at Camba Inc., a Brooklyn social-services agency that co-runs the retraining program. "There has been increased fear and distrust in immigrant communities."

Camba promotes the program through social media, fellow nonprofits and fliers in synagogues, mosques and churches.

The program has served more than 4,700 immigrants and refugees from more than 90 countries since it started in 1991, officials said. Direct costs will be \$415,000 this school year, paid through grants from the antipoverty

Cooper Union's Retraining Program for Immigrant Engineers:

4,700

Legal residents served since 1991.

\$23.20

The average participant's wage in their first job after the program, up from \$9.59 an hour when they started.

U.S. two years ago with a master's degree in environmental design from the University of Lagos in Nigeria. The 25-year-old went from being a junior architect in Africa to delivering meals for a restaurant here.

When he heard about the program, he signed up for four classes on construction industry regulations. With Cooper Union's name on his résumé, he got calls back from firms that previously had rejected his applications. Currently, he works as a junior architect at Indus Architects in lower Manhattan.

"Now I get to use my brain," he said. "The program gave me the opportunity to network with people with like minds. We want to make the American dream."

The courses of eight to 12 weeks, at night and on weekends, focus on vocational skills such as structural steel design, building-cost estimating, software quality assurance and green building guidelines.

Applicants must have a bachelor's degree or higher, with professional experience in engineering, information technology or a related field. Officials said students must be authorized to work in America: Most have green cards, some are seeking political asylum, and all plan to become U.S. citizens.

City Curbs Rush-Hour Parking Limits

BY PAUL BERGER

New York City will cut short a pilot program that prohibits parking or loading during peak travel times along a major corridor in Queens following months of complaints from small businesses.

The program, known as Clear Curbs, launched in March and aimed to tackle congestion by preventing parking and curbside deliveries between 7 a.m. and 10 a.m. and between 4 p.m. and 7 p.m. along a busy stretch of Roosevelt Avenue in Jackson Heights.

The New York Police Department said it also stepped up traffic enforcement in the area, issuing more than 4,500 parking tickets and towing nearly 500 vehicles as part of the program.

Raul Contreras, a spokesman for Mayor Bill de Blasio's office, said the city would "pause" the program in Queens by the end of the week.

Representatives of small businesses in the area said the new rules led to a decline in revenue of between 20% and 50% since the program began. Some stores moved or closed during the program, they said.

"The damage has been done and in some cases that damage has been permanent to store owners," Councilman Mark Gjonaj, chairman of the Committee on Small Business, said in an interview. "If they're cutting the program ahead of its six-month trial period, they have realized this is a major mistake."

Mr. Contreras said in a statement that the "pilot program was one of five initiatives launched to address the issue of congestion on our streets holistically."

He said the city also will make "adjustments" to the pilot in Brooklyn, where it is in force along a stretch of Flatbush Avenue between Grand Army Plaza and Tillary Street.

Transportation Department officials said that a Clear Curbs pilot program in Midtown Manhattan, covering most blocks between Sixth and Madison avenues from 45th to 50th streets, will continue.

In Brooklyn, the NYPD said it has issued nearly 7,000 tickets and towed 200 vehicles. In Manhattan, officers have issued 80,000 tickets and towed 1,200 vehicles.

The program is one of several initiatives that the city launched in the past year to try to reduce congestion. Other initiatives include stepped-up enforcement of block-the-box rules at dozens of busy intersections and the creation of continuous empty curbside lanes across key Midtown cross streets.

Leslie Ramos, executive director of the 82nd Street Partnership, a business-improvement group in Jackson Heights, said that the parking regulations hit every type of business in the area.

Ms. Ramos said Roosevelt Avenue is a hub for Latino people around the city seeking services in their native language or businesses that have a familiarity with rules and regulations in their countries of origin.

"We lost many of our clients," Ms. Ramos said.

Taking a Bite Out of the Bad Rap Sharks Get

BY MELANIE GRAYCE WEST

Veterinarian Alisa Newton doesn't like all the negative talk about sharks.

She especially dislikes seeing news reports about sharks being yanked from the water, which lifeguards and do-gooders have been doing this summer along New York's shoreline—a frenzied response to two possible shark attacks in July that temporarily closed beaches and left one boy with a gash in his leg.

"They are not the mindless eating machines they are made out to be," says Dr. Newton, the 42-year-old head of Aquatic Health for the Wildlife Conservation Society in New York.

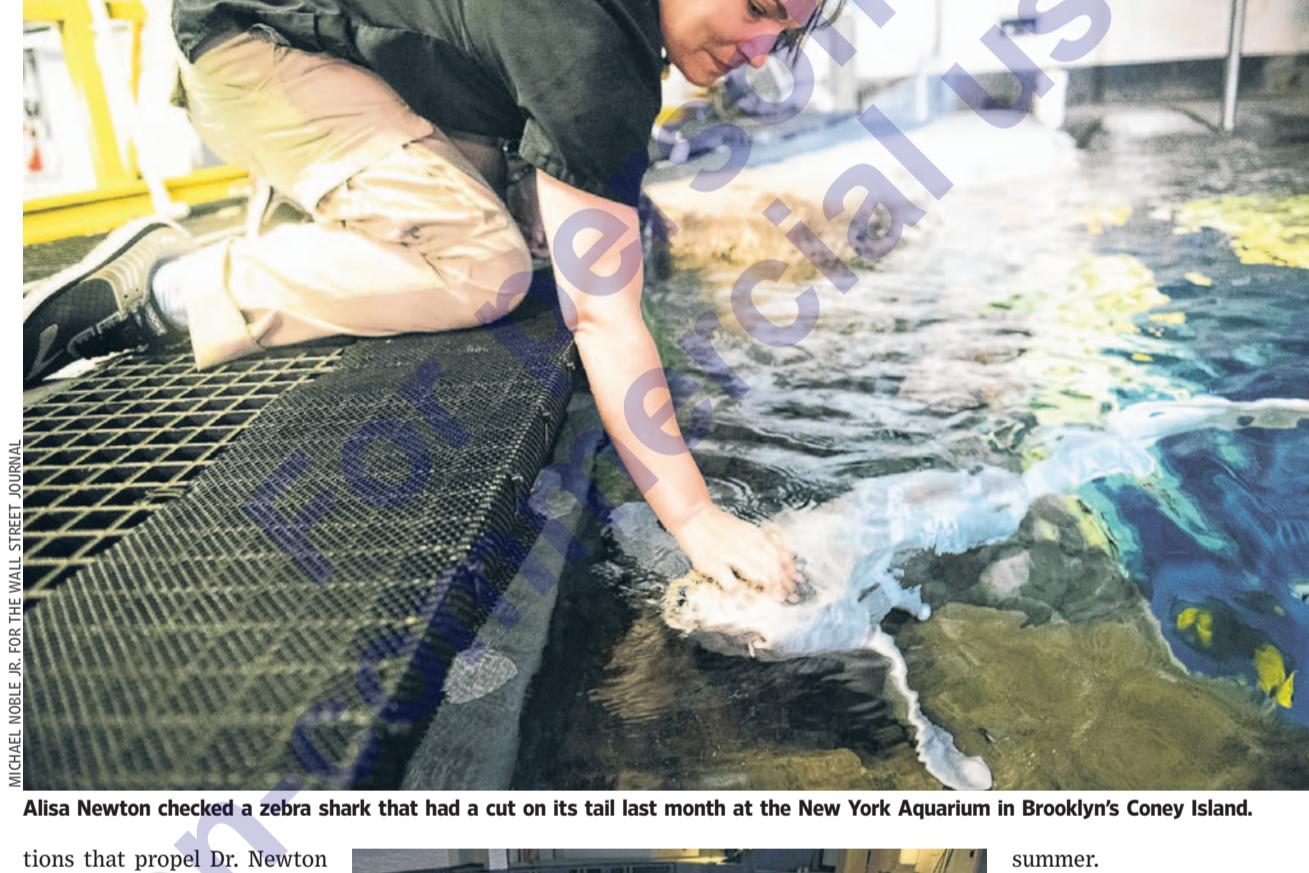
Since childhood, when she was a "nerdy kid on the beach" spilling shark facts, Dr. Newton has been working to dispel the bad rap the ocean predator gets.

Truly, sharks are cool and docile, with personalities and quirks, she says. In fact, sharks like a friendly massage near the dorsal fin, just like the kind of belly rubs given to a golden retriever. Dr. Newton completes her mostly 12-hour days at the recently renovated and expanded New York Aquarium in Brooklyn's Coney Island by resting at the edge of massive tanks and administering pats to resident sharks.

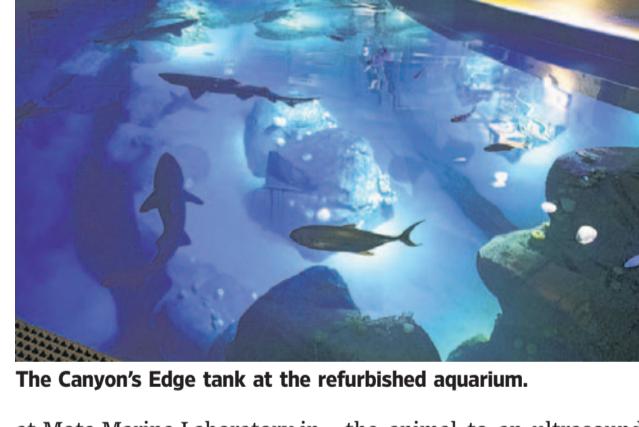
Dr. Newton's work is two-fold: Ensuring the health of zoo and aquarium animals and conducting research to benefit mostly sea creatures in the wild. The research is expansive: From tagging sharks to track their migration, to spending weeks aboard a research vessel off the Atlantic Coast, to artificially inseminating sand tiger sharks.

There is a season for these sharks to breed and some males have fallen out of sync with females. The cause is both a concern and a mystery for Dr. Newton, who grew up in Pennsylvania and lives in Brooklyn.

It is these kinds of ques-



Alisa Newton checked a zebra shark that had a cut on its tail last month at the New York Aquarium in Brooklyn's Coney Island.



The Canyon's Edge tank at the refurbished aquarium.

summer.

The new exhibit is part of an aquarium expansion, which was delayed because of super-storm Sandy. Some 60% of the aquarium was washed out by the 2012 storm. Part of Dr. Newton's work includes helping to plan for still-needed restoration.

The storm was an important turning point for Dr. Newton. Before working at the aquarium full-time, she was the senior veterinary pathologist and based at the Bronx Zoo, and would come to Coney Island one or two days a week. Starting on the morning after Sandy, she stayed in the aquarium for two weeks with the staff to help clean and salvage the hospital. Her Sandy sleeping bag is still in her office, just in case.

"I just slowly grew into this position," she said. "I really wanted to be here."

at Mote Marine Laboratory in Sarasota, Fla.

Most days, Dr. Newton arrives at the aquarium in Coney Island by 7 a.m. During a typical day, she might work on medical behaviors with a harbor seal to help desensitize

the animal to an ultrasound, or take blood samples and weigh whitespotted bamboo sharks that will soon exit quarantine to enter one of the new tanks inside the \$158 million exhibit, Ocean Wonders: Sharks!, which opened this

summer.

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GREATER NEW YORK

GREATER NEW YORK WATCH

NEW JERSEY

Professor Is Named To New State Post

Gov. Phil Murphy named a New York University professor to be New Jersey's first chief innovation officer.

Mr. Murphy said Monday that Beth Noveck would take on the job, which stems from his 2017 campaign pledge to spur the state's economy. Ms. Noveck is a professor at NYU's Tandon School of Engineering, where she directs its governance lab.

The job entails streamlining government services and "solving public problems" through new technologies and public-private collaboration, Mr. Murphy said. The position carries a \$140,938 salary, paid for with a \$500,000 state grant to Rutgers University, the governor's office said. The post doesn't require Senate approval.

—Associated Press

CONNECTICUT

Police: Lunch Ladies Stole Nearly \$500K

Two sisters who were former cafeteria workers are charged with stealing nearly a half-million dollars from Connecticut schools during the past five years.

Police say 61-year-old Joanne Pascarelli, of Stratford, and her sister, 67-year-old Marie Wilson, of Wilton, turned themselves in to New Canaan police this weekend after warrants were issued for their arrest.

The two have been charged with larceny and defrauding a public community for allegedly stealing \$478,588 from Saxe Middle School and New Canaan High School from 2012 to 2017. Board of Education officials didn't reply to a request for comment.

An attorney for Ms. Wilson said she is innocent and is "not going to be scapegoated." A lawyer for Ms. Pascarelli couldn't be identified. The sisters were released after each posted a \$50,000 bond, and are slated to appear in court later this month.

—Associated Press

Four Seasons 2.0 Faces Rivals in Old Haunts

By CHARLES PASSY

As it prepares to open its doors Wednesday after a two-year hiatus, the Four Seasons, one of New York's most famed dining institutions, will face a number of challenges.

Perhaps the biggest is the simple fact it is no longer in its landmark Manhattan spot in the Seagram Building on East 52nd Street. Instead, it is located at a new home roughly three blocks away, with an entrance on East 49th Street.

Meanwhile, Major Food Group, the upstart hospitality company that took over the 52nd Street space, has turned the location into one of the most talked-about and critically acclaimed dining hubs in the city, split between two restaurants, the Grill and the Pool.

In short, the Four Seasons, a favorite of the city's old guard and the restaurant that

came to define the idea of the power lunch decades ago, will be going head-to-head with the dining spot that not only took over its former home, but has been seen as its successor in a more figurative sense.

"I think everyone in the New York dining world is going to be watching this very closely," said Arlene Spiegel, a veteran restaurant consultant based in the city.

Alex von Bidder and Julian Niccolini, co-owners of the Four Seasons, declined to comment for this article. Officials with the Major Food Group also declined to comment.

The Four Seasons' history at the East 52nd location goes back to its establishment in 1959 under different ownership. But when the restaurant's lease ended in 2016, Aby Rosen, a co-founder and principal of RFR Holding LLC, the company that owns the Seagram Building, de-



The new Four Seasons is about three blocks from its former spot.

stacle. It will take the restaurant much more time than the industry standard of up to five years to become profitable, professionals say.

Ultimately, the biggest challenge for the new Four Seasons may still be how Major Food Group has turned the old Four Seasons space into such a hot spot, particularly for a well-heeled generation of under-50 diners. Celebrities have been spotted at the Grill and the Pool on various occasions.

But the Four Seasons, whose regulars over the years have included Martha Stewart, Henry Kissinger and Home Depot co-founder Ken Langone, isn't an establishment to be taken lightly, professionals said. And as an additional enticement, the restaurant said it is bringing back plenty of favorite menu items, such as its crab cakes and steak tartare, albeit in updated versions.

cided not to renew it. Mr. Rosen declined to comment, but he previously had remarked publicly that a new approach was needed for the space.

All that set Messrs. von Bidder and Niccolini on a pricey expedition to create what amounts to the Four Seasons 2.0.

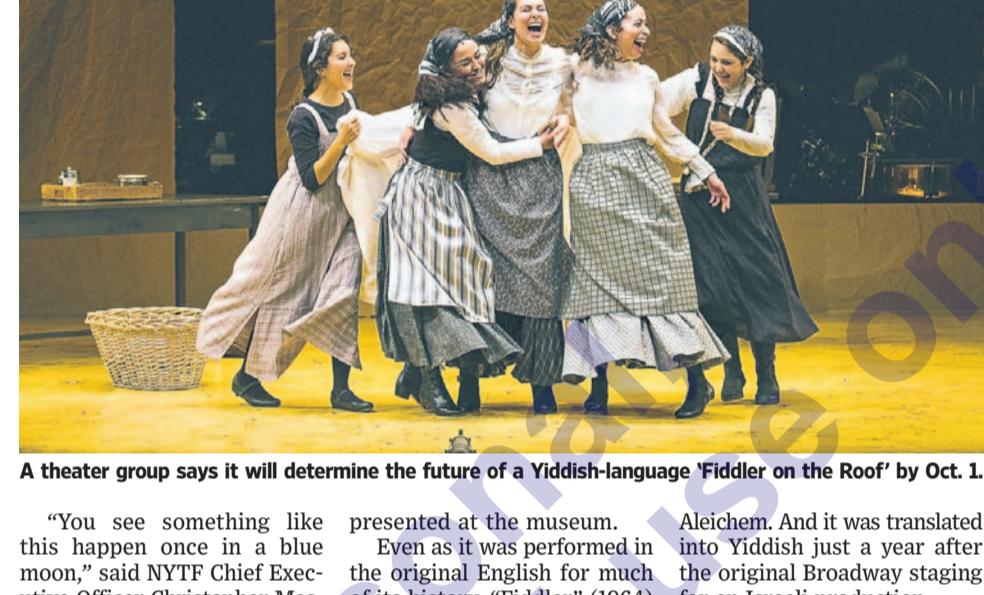
The 49th Street restaurant,

built at a cost of \$30 million, is billed in its press materials as an elegant, two-story, 19,000-square-foot space that "evokes a midcentury modern aesthetic."

The cost, which restaurant professionals said is among the highest for a single dining establishment in the city, could present a formidable ob-

A Yiddish 'Fiddler' Considers a Broadway Run

By CHARLES PASSY



VICTOR NECHAY/PROPER

A theater group says it will determine the future of a Yiddish-language 'Fiddler on the Roof' by Oct. 1.

At a time when new Broadway musicals like "Mean Girls" and "Pretty Woman" are drawing the attention of theatergoers, it would seem the most unlikely of productions to succeed: an off-Broadway revival of "Fiddler on the Roof," performed in Yiddish no less.

The show, produced by the National Yiddish Theatre Folksbiene (NYTF) and directed by the Tony Award- and Oscar-winning actor Joel Grey, has become a summer sensation. By the time the musical opened in mid-July at the Museum of Jewish Heritage in lower Manhattan, its entire run through late August was sold out.

Now, NYTF, a nonprofit company, has extended the run at the museum's 350-seat theater through Oct. 25 and is considering transferring the production after that to another off-Broadway venue, if not Broadway itself. Several prominent producers have attended the show.

You see something like this happen once in a blue moon," said NYTF Chief Executive Officer Christopher Massimine. NYTF has sold 30,000 tickets to date for the "Fiddler" production, already more than any previous show it has

presented at the museum. Even as it was performed in the original English for much of its history, "Fiddler" (1964) was often identified as a Yiddish show. The musical is based on the writings of the Yiddish literary great Sholem

Aliechem. And it was translated into Yiddish just a year after the original Broadway staging for an Israeli production.

But that translation faded into obscurity, according to Mr. Massimine, so the idea of a truly Yiddish "Fiddler" languished.

That is, until the NYTF resurrected it for the current production, which cost \$700,000, a sizable sum for a company that has an annual budget of \$3 million.

NYTF was willing to take the financial risk because the company felt a Yiddish "Fiddler," albeit with English and Russian translations that are posted above the stage, would allow the show, now sometimes regarded as a relic, to emerge in a new light.

Jana Robbins, a Broadway producer who serves on NYTF's artistic advisory board, said she is "very interested in helping create that life beyond" for the show, whether it is a transfer to another theater or a tour.

There are a lot of challenges for "Fiddler" to make the leap to Broadway. The very element that makes this production unique, the Yiddish translation, will make it a tough sell to the more mainstream audiences, producers say. The company will determine the show's future by Oct. 1, Mr. Massimine said.

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LIFE & ARTS

FITNESS

Fundraisers Go Extreme For Charity

BY HILARY POTKEWITZ

RHONDA VETERE had run plenty of marathons and triathlons, but she had never been motivated to run for a cause before this year. That's when she discovered the Serengeti Girls Run, a 55-mile women-only run in October through the Tanzanian bush to raise money for girls' empowerment programs in local communities.

"It's extreme and dangerous and fun at the same time," says Ms. Vetere, a 47-year-old health-care technology executive from Greenwich, Conn. The 20 participants need to run surrounded by armed guards to ward off curious lions or Cape buffaloes. Ms. Vetere has already exceeded her \$15,000 fund-raising goal, she says. "People think I'm crazy. They say, 'We'll give you whatever you want, just come back safe!'"

That might as well be the new motto for high-stakes charity fund-raising. Over the past five years, mainstream charity fundraisers have taken a turn for the extreme. A big-city marathon used to be the benchmark for commitment to a cause. Now it's a desert marathon or a jungle course. Nonprofits might ask you to step into a boxing ring, climb a mountain or walk over hot coals.

Studies show that the more difficult the challenge and the more suffering the volunteer is expected to endure, the more money their friends give. Chris Olivola, professor of marketing at Carnegie Mellon's Tepper School of Business, identified the so-called martyrdom effect in 2011 while studying the growing popularity of charity marathons.

He predicted that at some point, marathons would no longer be seen as extreme enough, and charities would have to step up a notch to stand out.

"You're seeing a lot more events in extreme locations," says David Hessekiel, president of the Peer-to-Peer Professional Forum, a trade organization for fundraising managers. "People are looking for experiences that are more unique, so charities are being challenged to come up with something that will capture people's attention. It has to be difficult, maybe a little dangerous. Those types of events are increasing in popularity."

Alicia O'Neill used to run marathons for charity. But after completing 10 herself and organizing dozens of charity running teams for her employer, the Multiple Myeloma Research Foundation, the



Rhoda Vetere, above, with a soldier who joined her on a run in Tanzania. Rich Murray, top, boxed for charity. A team climbed Mount Everest, right, to benefit those with multiple myeloma.

59-year-old executive based in Norwalk, Conn., says she grew tired of running. Hundreds of other charities had launched running programs. They were all competing for fund-raising dollars.

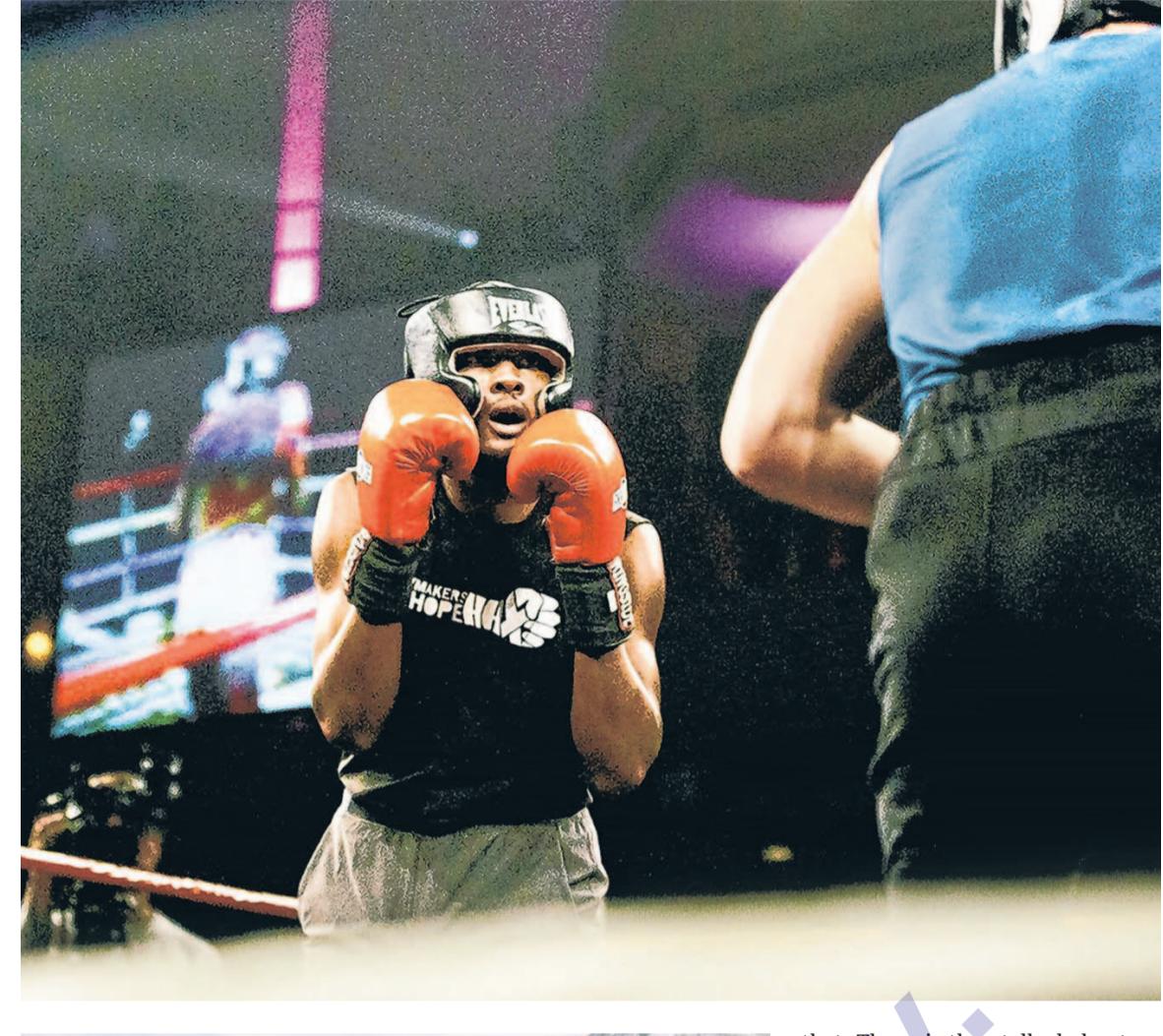
"For a few years, people have been saying the marathon market is dead," Ms. O'Neill says. "But I'm always trying to figure out, what's the next thing in fund-raising? To make events more interesting and attract new people, you have to offer something harder."

Her latest feat, in March, was a nine-day trek to Mount Everest Base Camp. She organized the expedition through Moving Mountains for Multiple Myeloma, a program established in 2016.

Each climber had to raise at least \$10,000 for MMRF. The 16-member team smashed that goal, raising a combined \$410,000. At the 2017 New York City Marathon, MMRF's team of 70 runners raised about \$250,000.

Since its inception, Moving Mountains has done eight expeditions. Participants have climbed Mount Kilimanjaro twice, Japan's Mount Fuji once, made three treks through the Grand Canyon, one to Machu Picchu and one to Iceland. About 160 people have participated, raising \$1.85 million for MMRF.

The Leukemia & Lymphoma Society also sent a team to Everest Base Camp in March as part of its



Team in Training program, calling its mountaineering arm Climb 2 Cure. The 20-member team raised about \$160,000, according to the organization. "These multiday expedition-type events are definitely a growth area for us," says Bob Merrill, senior vice president of Team in Training.

Rich Murray, 31, didn't have to leave New York City for his extreme event. With no prior boxing experience, the financial adviser with AllianceBernstein trained last year with Haymakers for Hope, an organization that teaches participants to compete in sanctioned amateur boxing events to raise money for cancer research. Mr. Murray lost his mother to pancreatic cancer at age 12. He wasn't interested in a walk or run, but boxing appealed to him as something more outside his comfort zone.

He trained six days a week for four months, sometimes twice a day. Fight Night took place in November in front of over 2,000 fans. At 6-foot-3 and 190 pounds, Mr. Murray won his debut bout in the amateur heavyweight class.

The night raised more than \$1 million. Mr. Murray has no doubt that his hard work and suffering translated into big donations. "I got punched in the face," he says. "I don't think people would have donated the way they did if I'd done a walkathon."

Hannah Eden did her first extreme charity event last year, running more than 200 miles around Haiti with her best friend, Jessica Boswell, to raise money for orphans there. The 27-year-old fitness instructor from Fort Lauderdale, Fla., says she had never jogged more than 3 miles before

that. The pair then talked about tackling a longer challenge: Iceland's 828-mile Ring Road.

But Jessica was diagnosed with colon cancer. She died earlier this year. "That changed me," Ms. Eden says. She decided to do the Ring Road anyway, on foot and by bicycle, to raise money for families dealing with cancer. She teamed with fitness app iFit to film her journey, so gym users could follow along and join in on her workouts. For every mile completed in a gym, iFit donated \$1 to the Huntsman Cancer Foundation.

Ms. Eden conquered the eight-day challenge in July, raising about \$72,000.

Plenty of the newly extreme events don't require months of training. Swimming with sharks at England's Blue Planet Aquarium is a popular charity event in the United Kingdom that has raised money for disabled children and people with muscular dystrophy. Walking over hot coals has become a fashionable fundraising activity.

Karen Sterling, head trainer of England-based Blaze Firewalking, sets up a 20-foot track of burning coals and in a few hours trains people to walk over them barefoot without getting burned. Blaze holds about 100 events a year in Europe, the U.S. and the Middle East. Last year, their events raised \$685,000, up from \$611,000 raised in 2016. Causes have included multiple sclerosis, hospice care and animal rescue.

Clients have started seeking more variety. The company also offers a walk over broken glass. But some things are too extreme even for Ms. Sterling. "People keep asking us to do a Lego walk," she says, incredulous. "All I can think is, 'No! It bloody hurts!'"

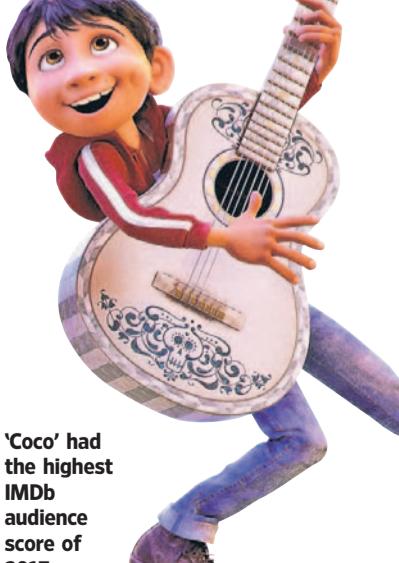
FILM

OK, OSCAR, DEFINE 'POPULAR'

BY MICHAEL SALFINO

AT LONG LAST, Star Wars movies might get the attention they've been waiting for.

With Oscar ratings at an all-time low, the Academy of Motion Picture Arts and Sciences is



'Coco' had the highest IMDb audience score of 2017.

trying to give the people what they want, quite literally. It just announced a new category for next year's show: outstanding achievement in popular film.

Dubbed the Popcorn Oscar, the award is already causing a stir in Hollywood even before the Academy has clearly defined what it is. Some film-lovers fear it will take away from what has always been the Oscars' biggest prize, best picture.

And one major purpose of the show is to help movies find an audience. There's not much to be gained by recognizing movies that are already quite popular.

In other words, could future movies that enthrall the public like Avengers and Star Wars sequels steal even more of the spotlight from, well, the next "Spotlight"? And will popular movies like "Titanic" that actually could win best picture now be relegated to the Popcorn Oscar and thus be officially disqualified from receiving higher plaudits for their artistry?

Another mystery after Wednesday's announcement is how to define what a popular film is. So The Wall Street Journal set out to measure

movie popularity using existing metrics.

The first category is highest domestic box office, as measured by the website Box Office Mojo. The second measure: highest-rated by the public in votes on the Internet Movie Database website, on a scale of one to 10. (Films with tiny vote counts weren't included.) And we compared those movies with the ones that won the best picture Oscar.

The box-office champ has never earned the top IMDb ranking in this decade. Just because the most people saw a movie doesn't mean it elicited the strongest positive reaction. And a movie doesn't need a mountain of voters to have the highest average score.

None of the films in the first two categories won best picture, either.

Some IMDb winners were names you'd expect: The animated film "Coco" had the highest audience score of 2017, with an 8.4 rating out of 10. But in two years, 2011 and 2016, foreign films barely seen in the U.S., "The Intouchables" and "Your Name," respectively, scored highest.

"The Shape of Water," the Oscars' most recent best picture, managed a perfectly respectable 7.4 IMDb score.

Who Might Have Won the 'Popcorn Oscar'?

A look at the most popular films of this decade, measured by audience score on the Internet Movie Database and domestic box office, as well as each best picture Oscar winner.

Year	Highest viewer score (IMDb)	Highest Box Office	Best picture
2017	Coco (8.4)	Star Wars: The Last Jedi (\$620 mil.)	The Shape of Water
2016	Your Name (8.4)	Rogue One: A Star Wars Story (\$532 mil.)	Moonlight
2015	Inside Out (8.2)	Star Wars: The Force Awakens (\$937 mil.)	Spotlight
2014	Interstellar (8.6)	American Sniper (\$350 mil.)	Birdman
2013	The Wolf of Wall Street (8.2)	The Hunger Games: Catching Fire (\$425 mil.)	12 Years a Slave
2012	Django Unchained (8.4)	The Avengers (\$623 mil.)	Argo
2011	The Intouchables (8.5)	Harry Potter and the Deathly Hallows: Part 2 (\$381 mil.)	The Artist
2010	Inception (8.8)	Toy Story 3 (\$415 mil.)	The King's Speech

SOURCE: IMDB; BOX OFFICE MOJO

It also managed \$64 million domestically—a fraction of what the biggest hits earn.

It's hard to imagine the biggest moneymaker automatically waltzing off with the new Oscar. But if you measure popularity by the box office, you might as well name the new award after Walt Disney. The studio's Star Wars movies have clinched that crown in each of the

past three years. More are planned for every year through at least 2021.

And if that bet doesn't pan out, Disney's still got the Marvel Universe. That includes the two biggest-grossing movies of 2018 so far, "Black Panther" and "Avengers: Infinity War," with more on the horizon.

Now one of them could be in line for a little gold statue, too.

LIFE & ARTS

YOUR HEALTH | By Sumathi Reddy

Heart Problems Rise in Pregnancies

In a troubling trend, rates of cardiovascular incidents in women before and after childbirth increase; diagnosis can be difficult

THREE WEEKS BEFORE giving birth, 34-year-old Kyla Bryan went to the hospital with shortness of breath and dizziness—symptoms the doctors decided were pregnancy-related and nothing to be overly concerned about.

In February, eight weeks after her daughter was born, she experienced terrible stomach pains, could barely breathe when she was lying down nursing, and had chest pains when she carried her baby up the stairs. At the emergency room, an echocardiogram showed that her heart was pumping significantly less blood than normal, and her left ventricle was enlarged.

The diagnosis: peripartum cardiomyopathy, a type of heart failure related to pregnancy.

"I never had heart problems before," says Ms. Bryan, a Lakewood, Ill., resident who now takes medications and goes to cardiac rehabilitation three times a week. "We don't know what caused it. It was a complete shock."

The rates of heart-related problems in women before and after childbirth have increased in the U.S., a problem that some experts think may be contributing to a rise in the country's maternal mortality rate. The reasons behind the increase in heart problems aren't yet clear, though researchers think women delaying pregnancy could be a contributing factor, in addition to traditional cardiovascular risks such as higher smoking rates and high blood pressure.

The number of women having heart attacks before, during and after deliveries increased by 25% from 2002 through 2013, according to a study published in July in the journal Mayo Clinic Proceedings. Around 4.5% of women who had heart attacks died, a high mortality rate for such a young age group, the researchers say. While deaths are still relatively rare, the increase in heart attacks is worrisome.

In another study published earlier this year in the journal Circulation: Heart Failure, researchers found that the rate of heart failure in women in the six weeks after childbirth increased by 7% annually from 2001 to 2006, before stabilizing somewhat. For women in the hospital during delivery, the rate rose by about 5% annually from 2001 to 2011, the last year the researchers had data for. Unlike heart attacks, generally caused by a blockage of blood flow, heart failure is typically a problem with the pumping of blood.

The reasons for the increases in heart problems are just now being examined. Some of the women in the study who had heart attacks

One possible explanation for the rise in heart attacks is that women are getting pregnant later.

blood becomes more prone to clotting. Those factors, plus hormonal changes, add stress on the heart.

Difficulty in distinguishing between symptoms of heart problems and pregnancy is a major problem, Dr. Smilowitz says: "There is probably quite a bit of overlap between normal symptoms during pregnancy, like nausea and shortness of breath." He suggests pregnant women always get evaluated for a heart problem when they experience chest pain.

Early detection can help doctors

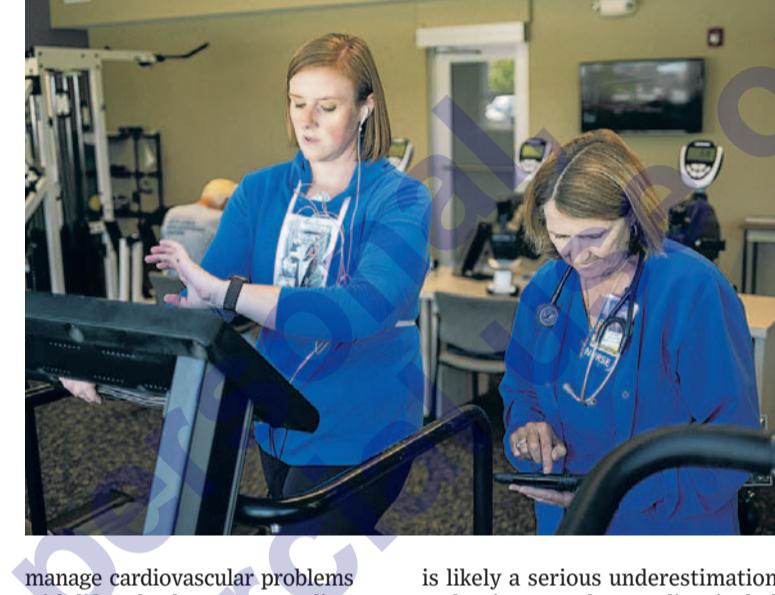


Kyla Bryan attends a cardiac rehab session, accompanied by her husband Justin Bryan and their children, 2-year-old Addy and 8-month-old Annie. Ms. Bryan was diagnosed with heart failure in February, eight weeks after giving birth to Annie.

had higher risk factors—14% were identified as previous smokers—but few had a history of heart disease.

One possible explanation for the rise in heart attacks is that women are getting pregnant later, says Nathaniel R. Smilowitz, an interventional cardiologist and assistant professor at NYU Langone Health Center and first author on the study. During pregnancy, the blood volume circulating in the body increases 40% to 50%.

Heart rate and cardiac output increases, and



manage cardiovascular problems with lifestyle changes or medications to prevent later complications. Spotting symptoms like chest pain early can result in faster recognition of a heart attack and more-prompt cardiac treatment.

"Cardiovascular disease and heart attacks are a major cause of maternal death," says Sharonne N. Hayes, a cardiologist and founder of the Women's Heart Clinic at the Mayo Clinic in Rochester, Minn., who wasn't involved with either study.

The heart-attack study found that 15% of the incidents involved spontaneous coronary artery dissection, or SCAD: A tear forms in a blood vessel in the heart, causing a heart attack. Dr. Hayes says that

is likely a serious underestimation and points to other studies, including one published in 2014 in the journal Circulation, that found SCAD was the top cause of pregnancy-related heart attacks.

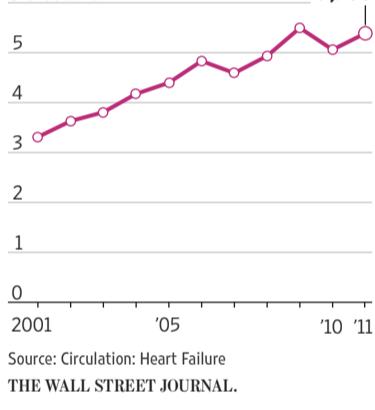
Such blood-vessel tears usually occur in women without typical cardiovascular risk factors. But pregnancy itself is a risk factor for SCAD, and it is most likely to happen in the first month after delivery of a baby, Dr. Hayes says.

Paying more attention to cardiovascular health in pregnant women could perhaps lower the maternal mortality rate in the U.S., says Mulubrhan Mogos, first author of the study on heart failure and an assistant professor of nurs-

Growing Problem

The rate of heart failure among women in the six weeks after delivery increased by about 7% annually from 2001 to 2006, before stabilizing somewhat.

Heart-failure rate per 100,000 postpartum hospitalizations



Source: Circulation: Heart Failure

THE WALL STREET JOURNAL.

ing at the University of Illinois at Chicago. That rate increased to 18 deaths per 100,000 live births in 2014 from 7.2 deaths in 1987, according to the Centers for Disease Control and Prevention.

More than half of hospitalizations due to heart failure happened during the postpartum period, which the study defined as six weeks after delivery, Dr. Mogos says. He recommends that women who have high blood pressure and other related symptoms during pregnancy get a postpartum follow-up sooner than the standard six weeks.

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LIFE & ARTS



EXHIBITION REVIEW

Sustainability for Sale

BY LAURA JACOBS

New York

WHAT ATTRACTS US to a fashion brand? What spurs the desire to buy and what, in fact, are we buying: an object, an identity, a piece of the flaring cultural moment, a shared vision or one that is personal? These are some of the questions that "Eckhaus Latta: Possessed," an interactive exhibition at the Whitney Museum of American Art, implicitly urges the viewer to consider.

Eckhaus Latta is a new label, only seven years old. Its co-founders Mike Eckhaus and Zoe Latta—both born in 1987, he in New York, she in Santa Cruz, Calif.—met at the Rhode Island School of Design and went on to create a label that is as much an ethic as it is an aesthetic. There's an intellectual vibe to their street-style design and they've got a lot on their minds: sustainability and the imaginative use of discarded materials, the wastefulness of trends, gender fluidity in dress. On top of that, the two don't even live in the same city. He's in New York, she's in Los Angeles (where production takes place and the shop resides), so much of their work happens online. Trust is the byword, Ms. Latta explained at the show's preview, along with an avoidance of micromanaging. No micromanaging! Unheard of in the fashion world.



So there's an egoless letting go, but with an entrepreneurial edge. This may be an idealistic enterprise—retro hippie, androgynous artisanal—but Mr. Eckhaus and Ms. Latta have a razor-sharp understanding of fashion-industry systems. Like their peer Iris van Herpen, who uses fashion as her Mary-Shelley-invents-Frankenstein laboratory, Mr. Eckhaus and Ms. Latta aren't playing fashion's game—except for when they are.

Organized by Whitney Museum associate curator Christopher Y.

Lew and head of product development, Lauri London Freedman, the exhibition resides in the first-floor John R. Eckel Jr. Foundation Gallery, which has been configured into three small rooms and is free of charge. The first room is really just a pass-through of exposed studs and steel conduit. On these raw walls, large lightbox photographs of glossy-magazine perfection, the models glamorously posed, "advertise" Eckhaus Latta clothing. This juxtaposition—photos of slick finish hung on a stripped structure—sug-

gests a disconnect. In truth, the label's very first ad campaign, Spring 2017, was a highly risky experiment: Models in their 30s wearing Eckhaus Latta willingly unzipped and unbuttoned to have sex, real not simulated, in front of a camera. A literal twist on the maxim "sex sells," the ads were actually more innocent than the usual faux-hot clichés.

The main gallery feels like a pop-up gift shop. A collection of Eckhaus Latta pieces specially made for the exhibition are not just on display, they're on sale. Two one-of-a-kind pieces are crocheted from plastic shopping bags, ingeniously color-blocked (purchases, meanwhile, are slipped into red mesh onion bags). Roomy unisex pantsuits of heavy cotton, hand-painted in the dusty hues of Necco wafers, and chunky knit tops of wily construction are clearly high-end. But there's a lot of denim with a '70s resonance, jeans and jackets hand-

Installation view of 'Eckhaus Latta: Possessed' at the Whitney Museum of American Art, left, and the installation of surveillance footage on monitors, film by Alexa Karolinski, edited by Mary Clark, below

painted, dip-dyed, fringed. Pristine jackets in ivory denim bear a Barbara Kruger-esque message—"Trying to Organize the Fantasy"—down one sleeve. (Kruger herself began her career in yarn and beads, sewing and crocheting.) Conceptual messages also grace T-shirts and sweatshirts, job lots turned inside-out, redyed, and artfully transformed into "fashion."

Clothes are only the half of it. Just as Agnes B., the free-form flower child of French ready-to-wear, has made a practice of collaborating with friends who are writers, painters, photographers and filmmakers, Eckhaus Latta has its own cohort of kindred creative spirits. Almost every display element in the gallery—hooks, shelves, rugs and curtains—has been handmade by an artist, often from found objects, old textiles, or hardware-store items (unlike the clothing, none of these items are for sale). Some pieces have the feel of outsider art (Amy Yao's 2018 wastebasket, "Dreams in a Paralytic Ileus," made of clay, fiber and plastic trash, looks like an ecological warning disgorged on a beach), while others are more loving-hands-at-home (Susan Cianciolo's scrapbookish dressing-room curtain and mirror frame from 2017-18).

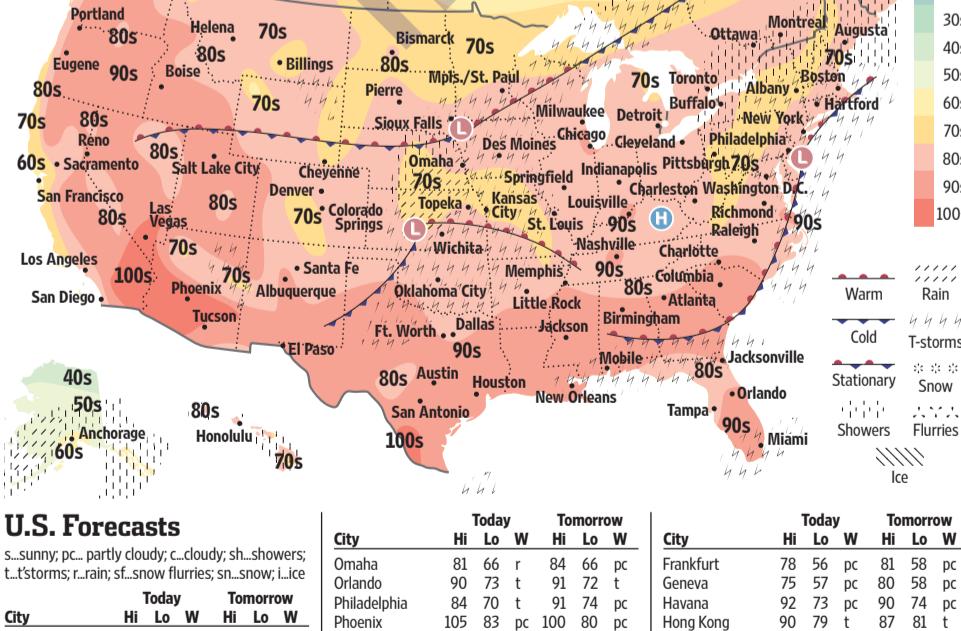
The most resolved display element in the gallery is Valerie Keane's "Mirror" (2018). This steel-and-acrylic arrangement of mirrored circles and steel orbits suggests an armillary sphere laid flat; yet the X over the central circle is like the crosshairs in a gun sight. Standing in front of this constellation of mirrors, you, the viewer/customer, are the target. In the exhibition's third room, dark and sly, a bank of video monitors surveils activity in the main gallery, another form of targeting. One's every decision and indecision can be watched, as well as any attempt to possess without purchase.

As was reported online in *The Cut*, the guests at the exhibition's opening-night party were at first unsure of how hands-on they could be with the clothes. By evening's end almost everything on the racks had sold. Inevitably, the art versus commerce question arises: Is this really just a trunk show masquerading as an art installation? The exhibition and the museum gift shop finally fused? The more interesting question has to do with human nature. Did the partygoers buy because they loved a piece, or to become one of the Eckhaus Latta gang, or because they were caught up in the energy of the aesthetic? What or whom was possessed? The exhibition leaves the answer to you.

Eckhaus Latta: Possessed
Whitney Museum of American Art, through Oct. 8

Ms. Jacobs writes about culture and fashion for the Journal.

Weather



U.S. Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	60	52	sh	60	51	sh
Atlanta	91	72	pc	91	73	pc
Austin	95	74	pc	97	72	pc
Baltimore	84	68	pc	90	70	pc
Boise	96	66	pc	96	68	s
Boston	81	69	t	81	71	pc
Burlington	82	69	t	85	64	pc
Charlotte	91	67	s	92	69	pc
Chicago	90	72	s	81	71	t
Cleveland	86	67	pc	87	69	pc
Dallas	89	75	pc	94	76	s
Denver	83	59	s	90	59	pc
Detroit	89	68	s	87	70	pc
Honolulu	88	75	pc	90	77	pc
Houston	94	76	pc	92	76	t
Indianapolis	87	69	s	82	69	t
Kansas City	79	68	r	84	67	t
Las Vegas	104	81	s	103	83	s
Little Rock	86	73	pc	88	72	t
Los Angeles	85	67	pc	88	66	pc
Miami	90	77	t	91	79	t
Milwaukee	87	68	s	79	66	t
Minneapolis	84	62	t	80	64	pc
Nashville	91	71	pc	94	75	pc
New Orleans	93	78	pc	91	76	pc
New York City	83	70	t	90	74	pc
Oklahoma City	83	68	r	87	69	t

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	71	63	pc	75	59	pc
Athens	92	73	s	92	74	s
Baghdad	108	80	s	110	81	s
Bangkok	89	80	t	90	79	sh
Beijing	86	77	c	88	74	t
Berlin	76	60	sh	77	63	pc
Brussels	73	59	pc	77	58	pc
Buenos Aires	61	38	pc	59	44	pc
Dubai	105	93	s	107	91	s
Dublin	70	59	sh	68	49	r
Edinburgh	65	59	sh	67	49	r

The WSJ Daily Crossword | Edited by Mike Shenk



CREATURE FEATURE | By Alex Eaton-Salners

- | Across | | |
|--------|--------------------------------------|--------------------------------------------|
| 1 | Dadaist Jean | 23 Cynical crime genre |
| 4 | Condition simulated in a wind tunnel | 47 Narrow inlet |
| 8 | Take for granted | 49 Petty in the Rock and Roll Hall of Fame |
| 14 | Pigeon's murmur | 50 Sweetie |
| 15 | Gazetteer figure | 52 Sloth in the "Ice Age" movies |
| 16 | Complains petulantly | 54 Jerk the wheel |
| 17 | Love-a-lot or Funshine, e.g. | 55 Robotic vacuum part |
| 19 | Moneyed political patron | 56 Perspective from a peak |
| 20 | Matters of course? | 57 It's never pointless |
| 21 | "Sure thing!" | 58 Hughes H-4 Hercules, familiarly |
| 22 | Volcanic discharge | 59 Naval engineer |

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

- | Down | | |
|------|----------------------------------|---------------------------------|
| 1 | Grave markers? | 31 Future fungus |
| 2 | "Lost Colony" of 1580s Virginia | 32 Sphere |
| 3 | Slices | 33 Bitterly regret |
| 4 | Kaplan of "Welcome Back, Kotter" | 35 Fa follower |
| 5 | Staggering | 36 Kicker's tool |
| 6 | Some car contracts | 38 "Wrecking Ball" singer Miley |
| 7 | Sound system? | 39 Ballpark figure |
| 8 | Horrid | 42 Break down |
| 9 | Triangle or trapezoid | 43 Egg dishes |
| 10 | Command to a canine | 44 Mount of northern California |
| 11 | Free from confinement | 45 Under control |
| 12 | Spot of trouble? | 46 Aziz of "Master of None" |
| 13 | Purim honoree | 48 Tenor Bocelli |
| 18 | Be mistaken | 51 Exasperated interjection |
| 21 | "Know what I mean?" | 52 Shearing day sound |
| 25 | Surrenders | 53 "Sailing to Byzantium" poet |
| 26 | Sailor's "Cease!" | 54 Pizzeria purchase |

- | Previous Puzzle's Solution |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SCARF CREST SWAIT
AONE AELTNA PACE
SUNWORSHIP ALIMA
SPOOFER TIDEWATER
RIFK CEDES
UNDEAD AHMAID
CHEERLEADER JUNO
IHAID ELCID ASTO
GUT ALLTOGETHER
SHOOS REKEYS
HIMAFOM SNIKES
BOLD FIMACED NIKES
OKIE DETERGENTS
NANA EARLY REAR
DYER ANOTE SETS |

SPORTS

GOLF

The Wayward Drives of Tiger Woods

As he adjusts to a new swing created by his surgically fused back, the 14-time major winner remains too erratic off the tee

BY BRIAN COSTA

St. Louis

THERE IS NO CHAOS in golf quite like the chaos that ensues when Tiger Woods hits an errant tee shot that lands outside the ropes. A mob of fans surrounds his ball. Marshals make a feeble attempt to clear enough space for Woods to enter and hit his shot. Woods's caddie politely implores people to give them more room. Then he asks again. And again. "Please," he says.

As Woods enters the scrum, fans are close enough to touch him. They scream at him as he goes by. All the while, Woods approaches the situation with a sort of clinical calm. He stands behind the ball and imagines a shot arc that few other people can see—past one tree, around another, curving toward the green.

Woods has extensive experience navigating this sort of chaos, which is part of why he contended at the PGA Championship—and part of why he didn't win.

The experience helped him post his lowest final-round score ever at a major—a 6-under-par 64—despite not hitting a single fairway before the 10th hole. The problem is that Woods keeps gaining more of that sort of experience, which is the single biggest thing between him and winning again.

His swing speed has been sensational. His iron and wedge play have been among the best on the PGA Tour. His putting has been mostly very good. His tee shots are all over the place.

It was a testament to Woods's mastery of the recovery shot that he came as close as he did to winning his 15th career major title on Sunday at Bellerive. He finished second, two shots behind winner Brooks Koepka. But the fact that he needed to lean on that ability as often as he did speaks to his biggest weakness.

The thrill of his comeback notwithstanding—and not discounting the improbability of him even making it this far—Woods has now earned the right hope for a little more. With eight months until the next major, his best hope is to regain the confidence that he can hit a reasonably straight tee shot at a pivotal moment. It's a challenge at a time when Woods is still adjust-



During Sunday's final round, Tiger Woods hit tee shots into the crowds on the fifth, eighth and ninth holes.

came more erratic midway through the final round.

On Sunday, he could tell on the driving range that hitting fairways might be a challenge. "I had a hard time just with my warmup," he said. "I was hitting it left, hitting it right. I just had to pick a side. Am I going to miss it way right or way left?"

Woods hit his tee shots into the crowds on the fifth, eighth and ninth holes. Every time, it took a few minutes of marshals, Woods's caddie, Joe LaCava, and even Woods himself begging fans to stand back before he could take a shot.

A man in the crowd left of the ninth fairway—where Woods had to take a drop off a cart path—told others around him, "Come on, this is Tiger Woods here, let's give him some room."

Part of the difficulty is the size of the crowds that follow Woods. Part of it is that even people who know golf often have a hard time envisioning Woods's intended line. That makes it hard for marshals to know where to move people.

They gave Woods a perfect line between two trees right of the fifth fairway on Sunday, only for him to choose a more aggressive line to the right—right at where people were standing. It was a recurring quirk of Woods's 2018 major season.

His first round at the Masters was made worse by a recovery shot that hit a patron's chair after the crowd—unable to see the curving shot he was attempting—ignored his pleas to move farther back.

During the second round at Carnoustie, he again tried hooking a recovery shot along the crowd line and appeared to hit a fan.

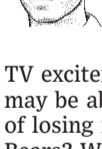
That's to say nothing of the fan he struck with an approach shot out of the fescue in the fourth round—a moment captured on cellphone video.

On Sunday, Woods didn't merely navigate the crowds. He recovered well enough on the eighth and ninth holes to make birdie on both, keeping himself within a shot of the lead as he began the back nine.

It is an enthralling skill—and one he'd be better off not requiring quite as often.

GAMBLING | By Jason Gay

CHICKEN WINGS WITH A SIDE OF SPORTS BETTING



Buffalo Wild Wings is looking at getting into sports gambling. The local B-Dubs has always been an attractive choice for sports

TV excitement, but someday you may be able to add the possibility of losing money on the Chicago Bears? Well, that is a whole new level of excitement.

Why are you not going to college this year?

Well, Dad went to Buffalo Wild Wings, bet big on the Bears, and...

Say no more...

I'm not kidding about Buffalo Wild Wings' gambling curiosity. The company recently disclosed that it is "actively exploring opportunities" in the gambling space. This, of course, follows the Supreme Court striking down a prohibition on sports betting in states outside Nevada—paving the way for every citizen in every corner of this great country to legally lose money on Clippers games.

"As the largest sports bar in America, we believe Buffalo Wild Wings is uniquely positioned to leverage sports gaming to enhance the restaurant experience for our guests," a B-Dubs rep told me in a statement.

Sounds cor-po-tastic! Still, it's probably worth exploring. Last year, Buffalo Wild Wings expressed concern about millennials, and what those shiftless kids could do to the chicken-wing-and-plasma-screen trade. Millennials appear less interested than their forebears in chain dining experiences. Could

sports gambling coax them back in the door?

Close your eyes, fickle millennials. Imagine a Buffalo Wild Wings. Now imagine a Buffalo Wild Wings with 50 or so middle-aged men doing eight-team parlays on college football...

But let's not stop at Buffalo Wild Wings, shall we? Here's a handful of other institutions that could benefit from the wave of legalized sports betting:

Airports. We all know airports are among the most demoralizing places to visit in this country, right up there with the department of motor vehicles, and a Marlins doubleheader. A visit to New York's LaGuardia Airport is worse than death. Terrible traffic, never-ending construction, stomach-churning food options...what if your least favorite airport added the tantalizing possibility of losing \$5,000 on a Miami Dolphins game?

Tell Grandma why we're not coming home for her 90th birthday.

Grandma, I bet on the Dolphins. What did Grandma say?

She hung up on me.

Offices. The American workplace in 2018 is a mostly a desultory place, with corner offices replaced by picnic tables, and the two martini-lunch jettisoned for the sad midday salad. I haven't even mentioned the daily morning meeting, which can suck your soul out of your eye sockets. Here's an idea: How about spicing up the office with a sports betting system. Human resources can handle the



Buffalo Wild Wings is exploring the business of gambling on sports. Who should follow their lead?

bets. Losses will be drawn from your paycheck. If you can't pay, you'll have to work weekends. Wait: you already work weekends.

Funerals. Yes, it is important to properly recognize the dearly departed, but there is no reason you cannot recognize the dearly departed and make a zesty bet on the Eagles to cover. I say install sports betting parlors in funeral homes, churches, all places of worship. The dearly departed supports this 100%, and would like you to put \$100 on the Saints.

Everywhere. Make no mistake: this is the fantasy—and the ultimate goal. Sports betting will happen everywhere, because it will live on your smartphone. Place bets when you're weeping court-side at the Knicks! Place bets while you're sitting at your grandchild's

graduation! Place bets before they wheel you in for a triple-bypass! Workplace retreats, soccer practices, school plays, jury duty...every activity on the planet is going to get spicy when there's some cash on the line.

SCENE: YOUR CHILD'S WEDDING

What about a parlay: Packers to win the Super Bowl and the marriage lasts more than three years...

Now you're talking!

Look: I don't begrudge a business from seeking a new revenue source. I don't have a problem with the Supremes legalizing something that was pretty much happening everywhere anyway. But I do think we need to get real—and stop spinning a fantasy of the new world of sports gambling.

For starters, let's call it "gam-

bling," not the softer, euphemistic "gaming." "Gaming" is playing Monopoly on a rainy day with your cousins. "Gambling" is selling your Toyota because the Titans lost.

And can we stop glamorizing what a sports betting parlor will look like? It is not going to be some kind of stylish James Bond-in-Monte Carlo scene. Have you ever been to a sports book in Las Vegas? It's like a urologist's waiting room, with cocktails.

I don't mean to spoil the party. I'm as intrigued as anyone to see where the sports gambling biz goes. But I worry there's a disconnect between the future people imagine—and the future that will unfold. Which, come to think of it, is pretty much the business of gambling. Give me \$50 on the Bears. And some wings.

FROM TOP: BRYNN ANDERSON/ASSOCIATED PRESS; RICHARD TSONG-TAATARIU/MINNEAPOLIS STAR TRIBUNE/ZUMA PRESS

OPINION

Save Yourself, Mr. President

MAIN STREET
By William McGurn

Even a summer respite from Washington at his Bedminster golf club in New Jersey couldn't keep Donald Trump off Twitter.

Over the weekend the president went on a tear, here tweeting that Attorney General Jeff Sessions is "scared stiff and Missing in Action," there demanding to know why the Federal Bureau of Investigation is refusing to hand over Andrew McCabe's text messages, here again complaining about the "Media coverup of the biggest story of our time"—by which he means the FBI and Justice Department's "program to keep Donald Trump from becoming President." On Monday, after the FBI finally gave agent Peter Strzok the heave-ho, a triumphant Mr. Trump tweeted "No Collusion, No Obstruction—I just fight back!"

But does he?

Mr. Trump gripes about coverups that have kept the American people in the dark about the bad behavior of FBI agents and Justice Department officials during the 2016 election. The question is: Why should anyone lift a finger to help him when he refuses to help himself by taking the one step—declassifying documents sought by Congress—that would clear up whether our most powerful intelligence and

law-enforcement agencies were in fact working to deny him the presidency?

Mr. Trump has legitimate bees here. His attorney general is weak because of a crippling recusal. The FBI and Justice do continue to slow-walk documents under subpoena from Congress. And what we have learned about the fishy behavior of high-ranking actors—from the FBI's Mr. Strzok to the Justice Department's Bruce Ohr—does suggest the investigators ought themselves to be investigated.

The proper venue for such an investigation is Congress, which is charged with overseeing the executive branch. Unfortunately, even as specific committees push hard for information, the leadership has opted not to deploy its considerable powers—which include contempt and impeachment—to exact a price for executive defiance.

Typically, the rationale for denying members of Congress access to documents is longstanding Justice policy against releasing information that might affect ongoing law-enforcement investigations.

In a June Washington Post article, David Rivkin, who has served in the Justice Department and Office of White House Counsel, cited a 1982 letter to Congress from Reagan Attorney General William French Smith outlining the principles behind this policy. "I am," Smith wrote, "aware of no president who has departed from this policy regarding the

general confidentiality of law enforcement files."

But near the end of his letter, the attorney general acknowledged one exception. "These principles," Smith wrote, "will not be employed to shield documents which contain evidence of criminal or unethical conduct by agency officials from proper review."

In other words, precisely the type of information Congress has been demanding.

When it comes to overseeing the FBI and Justice, he's all tweet and no action.

Now the legislative branch has hit a wall. Notwithstanding all the hearings, all the testimony and all the documents it has collected, lawmakers still lack answers to fundamental questions such as when the FBI began investigating the Trump campaign.

To get this material to the public, House Intelligence Committee Chairman Devin Nunes has called for declassification of three main items: 20 pages of the FBI's application for a warrant on Carter Page, FBI interviews with Justice's Bruce Ohr about former British spy Christopher Steele, and exculpatory evidence about Mr. Page that somehow was not included in the bureau's warrant application.

So why hasn't the president

yet directed his administration to declassify and let the American people see for themselves? The best guess is that his legal team opposes it on the grounds it might rile special counsel Robert Mueller. Or because such an order might not be obeyed and lead to a wave of resignations.

These are factors that must be weighed in any calculation. But the president should consider another factor: There is a concerted effort to delegitimize his presidency, an effort that appears to have included some in the highest reaches of the government. Whatever the ripple effects of an order to declassify, transparency is a good hill for a president to be defending. If he waits, he risks a post-midterm Democratic House putting an end to committee investigations of Justice and the bureau. If that were to happen, he will surely regret not having declassified when Republicans on the Hill were in position to follow up.

Mr. President, it's all well and good to snipe at your attorney general for not doing more to get this story out, to dump on the FBI, and to tease everyone with a tweet saying "you may have to get involved" in a Judicial Watch Freedom of Information Act lawsuit. But thus far it's been all talk. If you are unwilling to take the heat by using your authority to resolve the big unanswered questions and protect your presidency, how can you expect others to do it for you?

Write to mcgurn@wsj.com.

NATO Should Give Turkey the Boot

By Bernard-Henri Lévy

U.S.-Turkish relations are mired in the worst crisis of their history. Turkish President Recep Tayyip Erdogan is demanding that President Trump turn over Mr. Erdogan's sworn enemy, Fethullah Gülen. Mr. Trump, meanwhile, seeks the release of the American pastor Andrew Brunson, who was imprisoned on the pretext that he had been involved in Turkey's July 2016 coup attempt. The U.S. government has levied economic sanctions on two senior Turkish officials, akin to those imposed on Russian oligarchs after the seizure of Crimea. Turkey responded by freezing the plainly nonexistent Turkish assets of two Trump cabinet members.

As tempers flare and accusations proliferate, it's worth underscoring what is taking place: an unprecedented standoff between the presidents of two North Atlantic Treaty Organization member countries.

The two leaders—recognizing one's America First and the other's New Turkey as opposing faces of the same populism—may soon come off their testosterone high and stage-manage a spectacular reconciliation. Mr. Trump has shown himself capable of this with Kim Jong Un. Meanwhile, Mr. Erdogan, sensitive to his country's currency woes and dependence on foreign investment,

will be looking for a way to halt the escalation without losing face. The conflict nonetheless points to a deeper rift that is too serious to ignore.

As Western democracies worked to stop the spread of Islamist extremism in the Middle East, Turkey and its intelligence services engaged in a double game. Witness the government's delivery of arms to groups affiliated with al Qaeda and later Islamic State in January 2014—several months before the latter's pivotal siege of Kobani.

Ankara, helped by China and Russia, is vandalizing Western interests.

Or consider the all-out offensive by Turkish planes and artillery against a Kurdish enclave in northeastern Syria earlier this year. Afrin, like the Manbij zone near Aleppo, was under Western protection. Yet the U.S. condoned the attack on its staunchest and most courageous allies in the region, even announcing the pullback of its own troops shortly after.

Between these two outrages, as if to highlight more clearly his neo-Ottoman ambitions, Mr. Erdogan posed with Russian President Vladimir Putin, Iranian President Hassan

Rouhani, and—in Ankara this April—with both! The trio met at a summit called to find a "solution" to the violence in Syria that they have fomented, spitting in the face of every friend of democracy and international law.

Mr. Erdogan's relations with Mr. Putin are not limited to photo-ops. The sultan-in-the-making, who already had signed an agreement with the Kremlin to build massive nuclear power plants in Turkey, turned again to Moscow late last year for S-400 antiaircraft missiles that could pose compatibility problems with NATO weapons systems. Mr. Erdogan is going forward with the provocation even after the U.S. suggested it could jeopardize the Pentagon's promised delivery of F-35 jet fighters.

At the 10th annual summit of the Brics nations, held in Johannesburg in late July, Mr. Erdogan was received as a guest of honor. There he very conspicuously raised the prospect of a strategic rapprochement with Xi Jinping's China—and, once again, Mr. Putin's Russia.

Mr. Erdogan's ambition of resurrecting the ancient Turkic empire has snuffed out the secular, modern ideals of Mustafa Kemal Atatürk. Leaders of other illiberal states across Eurasia help him along, dreaming variously of reviving the caliphate; restoring the China of the Han, Ming, and Qing dynasties; re-creating a

czarist empire; and bringing back the reign of the Achaemenid and Persian kings.

The U.S.-Turkish crisis is about much more than the egos of two phony tough guys. We must ask, calmly but unflinchingly, about the wisdom of our relations with an admittedly great country possessed of a great civilization that is no longer a friend or ally.

Should the West continue to share military secrets on which our collective security depends with a capital that is forming strategic partnerships with the powers most hostile to us?

Mr. Trump said on July 11 that Mr. Erdogan "does things the right way." The rest of us

cannot say the same of a leader who increasingly opposes the West on virtually all of the issues on which liberal civilization depends.

Not long ago Europeans were debating, prematurely, whether to admit Turkey to the European Union. Now the time has come for the West collectively to demand not simply the release of a hostage, but the expulsion of Turkey from NATO.

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which our collective security

depends with a capital that is

forming strategic partnerships

with the powers most hostile

to us?

Mr. Erdogan's ambition of

resurrecting the ancient Turkic

empire has snuffed out the

secular, modern ideals of Mustafa Kemal Atatürk.

Leaders of other illiberal states across

Eurasia help him along,

dreaming variously of reviving

the caliphate; restoring the

China of the Han, Ming, and

Qing dynasties; re-creating a

czarist empire; and bringing

back the reign of the Achaeme-

nid and Persian kings.

The U.S.-Turkish crisis is

about much more than the

egos of two phony tough guys.

We must ask, calmly but un-

flinchingly, about the wisdom

of our relations with an admitt-

edly great country possessed

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OPINION

REVIEW & OUTLOOK

The Kavanaugh Document Fight

The Senate Judiciary Committee announced Friday that confirmation hearings for Supreme Court nominee Brett Kavanaugh will begin September 4, nearly two months after his nomination. That's more than enough time for Senators to examine his voluminous public record, but Democrats are alleging a cover-up.

"We are seeing layer after layer of unprecedented secrecy in what is quickly becoming the least transparent nominations process in history," declared Minority Leader Chuck Schumer last week.

We hear that communications are strained, if they exist at all, between the staffs of Judiciary Chairman Chuck Grassley and ranking committee Democrat Dianne Feinstein, who is holding her breath and stomping her feet in tune with Mr. Schumer. The California Democrat is running for re-election against a left-leaning Democrat who claims she's not doing enough to resist all things Trump. She isn't about to be outflanked on the left regarding Judge Kavanaugh.

In any event, Democrats are the ones demanding the unprecedented. Their latest complaint is that documents from Mr. Kavanaugh's years in the White House counsel's office are being vetted for release by William Burck, a former colleague in the George W. Bush White House. "Unless it was produced by the National Archives, every document you see from Judge Kavanaugh's White House tenure was selectively chosen for release by his former deputy, Bill Burck. This is not an objective process," said Illinois Democrat Dick Durbin.

But this is following the precedent set during the 2010 nomination of Elena Kagan. Document production from her years in the Clinton White House counsel's office was supervised by Bruce Lindsey, whose White House tenure overlapped with Ms. Kagan's. Bill Clinton designated Mr. Lindsey to supervise records from his Presidency in cooperation with the National Archives and Records Administration under the Presidential Records Act. Some documents related to Ms. Kagan's White House tenure didn't become public until 2014.

Mr. Burck is playing a similar role to Mr. Lindsey's. Mr. Bush appointed Mr. Burck as his Presidential Records Act designee in 2009 and Mr. Burck did the same document supervision

during the Neil Gorsuch nomination. A former President can restrict access to many presidential records for up to 12 years after he leaves office, so Mr. Bush is doing the Senate a favor by letting those records be reviewed.

Mr. Burck's review will get documents to the Senate faster than the National Archives can, and Mr. Burck has said that if he and his team decide that a document should be withheld from the Senate, then the Archives may independently review the decision.

Democrats are also griping that Chairman Grassley isn't seeking all of the documents from Mr. Kavanaugh's years as staff secretary to Mr. Bush. But nearly all of these are irrelevant to how Judge Kavanaugh would rule on the High Court. The Obama Administration produced no documents—none—from Justice Kagan's years in the Solicitor General's office because they were said to relate to executive-branch deliberations on legal issues. The staff secretary's documents are much less relevant to legal matters than those from the SG's office.

Judge Kavanaugh's confirmation is fast becoming one of the most transparent in history. The Obama White House provided 173,000 documents on Ms. Kagan and the Trump White House produced 182,000 for the Gorsuch nomination. The White House has already turned over 195,000 on Judge Kavanaugh, with tens of thousands more to come.

His more than 300 opinions are a matter of public record, while Justice Kagan had none when she was nominated. The record of how Judge Kavanaugh has decided cases in the past is the best insight into how he would decide them in the future. Yet Democrats seem uninterested because they don't provide some "gotcha" moment about abortion rights.

The Democratic goal here isn't transparency. It's to create enough of a public fuss that a Republican Senator or two gets the political jitters and helps to stall a confirmation vote past the election. The hope is that, as the fight drags on, something will turn up that causes skittish Republicans to vote no.

Republicans are under no obligation to play along, and they would be doing a disservice to the Court if they did. Mr. Grassley is accommodating Democrats according to their own former standards, and he is right to keep on course for a September vote.

Milwaukee's Public School Barricade

Teachers' unions and their liberal allies are desperately trying to preserve the failing public school status quo. Witness how the Milwaukee Public School (MPS) system is defying a state mandate to sell vacant property to charter and private schools.

Milwaukee's public schools are a mess. Merely 62% of students graduate from high school in four years, and proficiency rates are 15% in math and just over 20% in English. Families are escaping to charter and private schools, which has resulted in 11,000 vacant seats and a budget shortfall that's expected to swell to \$130 million within five years.

We wrote in 2015 about how MPS blocked charter and private school purchases of empty school buildings, which prevented high-performing schools like St. Marcus Lutheran from expanding. The state legislature then passed a law ordering the city and school district to sell vacant public school buildings.

Well, what do you know, the district still hasn't sold a single vacant building to other schools despite 13 letters of interest from private and charter operators for 11 vacant buildings, according to the Wisconsin Institute for

Law and Liberty. Following protests from the teachers' union, a local zoning board denied a bid by Right Step, a private school for children expelled from Milwaukee public schools. The city hasn't even classified many unused buildings as "vacant."

Milwaukee's recalcitrance is denying thousands of students a better education—St. Marcus Lutheran alone has 264 students on its wait list—while draining tax dollars. Annual utility bills for vacant buildings cost \$1 million, and the Wisconsin Institute for Law and Liberty calculates that the district could recover \$5 million from selling its unoccupied real estate.

The legislature ought to punish Milwaukee for flouting the law by, say, snipping its share of state funding. But State Superintendent Tony Evers, the Democratic front-runner to challenge Gov. Scott Walker in November, would likely do the opposite. He wants to freeze and then phase out vouchers, which help nearly 28,000 low-income students across Milwaukee attend private schools.

If Democrats defeat Gov. Walker and take the statehouse in November, there will be nothing to stop Milwaukee or any other district from barricading students into lousy public schools.

An Alt-Right No-Show

Anyone who pays the slightest attention to the daily passage of events in the news was aware that white-supremacist alt-right groups were planning a rally in Washington, D.C., this past weekend. The anticipatory media coverage of the event didn't quite reach Super-Bowl hype levels, but it was close. And the number of white supremacists who showed up for the Sunday rally?

Not 200. Not 100. About 20.

This whimper of an alt-right rally raises some interesting political questions about what has transpired in the year since the tragic confrontation in Charlottesville between alt-right groups and left-wing groups like antifa left one woman dead.

In the last 12 months, the left—abetted by some in the media—has transformed Charlottesville into "Charlottesville"—a one-word symbol of civic and racial strife presumably at large in Donald Trump's America.

To be sure, Mr. Trump ham-handedly gave the left this opening by issuing an equivocal statement about the Charlottesville violence. He deserved criticism, and he got it.

The left, nonetheless, has kept alive the notion that the Trump Presidency is an enabler of larger, latent white supremacist sentiment that is supposedly surging in the U.S. The truth is closer to the pathetic reality of Sunday's mini-rally in Washington.

Until recently, the various aggregations of

alt-right sentiment were called fringe groups because they were exactly that—extremists operating on the loony edge of American politics.

And the white-supremacist movement seen in Charlottesville last August has largely collapsed the past year because of infighting and disorganization.

But with the help of social media, the lunatic fringe has forced its way into the mainstream media and been made to look larger and more important than it is. The left recognized that the newly visible alt-right could be turned into a political weapon by drawing a straight line between Trump voters and white supremacists, thereby hoping to scare off more mainstream supporters of the current government.

We wish Mr. Trump was more adept at navigating through this minefield. We also wish we didn't have to read in the second paragraph of the New York Times coverage of Sunday's microscopic rally that "even with the low turnout, almost no one walked away with the sense that the nation's divisions were any closer to healing." Even no news is bad news these days.

One person who deserves commendation is D.C. Mayor Muriel Bowser. Before the rally she said, "While we are opposed adamantly to what we are going to hear, we know what our responsibility is—to protect First Amendment events." In the current climate, Mayor Bowser's admirable defense of free speech will need all the support it can get.

LETTERS TO THE EDITOR

The Pope's Death-Penalty Views Have Roots

Regarding Prof. Joseph M. Bessette's "The Pope Makes a Fatal Error" (op-ed, Aug. 8) about Pope Francis's opposition to the death penalty: While I strongly disagree with the pope, I find the professor's argument based on the death penalty as a deterrent to be very weak.

The fact is that in the U.S. the death penalty is rarely carried out, and then usually only after 10 to 20 years or more after the crime, which hardly makes it a deterrent to would-be murderers. Last year there were 23 executions in the U.S. as opposed to 17,000 murders, making the odds about 700 to 1 against a murderer actually being executed. One death-row inmate in Texas who acknowledged murdering his infant child asked that his execution be carried out immediately, but that won't happen with our incredibly incompetent and inefficient justice system. Instead there will continue to be lawyer appeals and hearings at taxpayer cost, and for what purpose? Is justice being served? Certainly not. Rather our justice system's primary beneficiaries are the legal professionals, and at great taxpayer expense.

WILLIAM E. SHAYER
Houston

According to the Catechism of the Catholic Church, the end result of an act cannot justify the means (CCC 1753). Furthermore, to execute a criminal as a deterrent to violence is treating the criminal as a means to an end, which violates his or her dignity as a creature made in God's image (CCC 1887).

If an ethical case for the death penalty can be made from a Catholic perspective, it is not the one put forward by Mr. Bessette.

WILLIAM JORDAN
Wilmette, Ill.

The words of the criminal-justice

system whisper retribution. We speak of punishment, not deterrent incarceration. Our search for criminal sentences proportionate to the crime is a quest to find a fair but adequate punishment. The death penalty lays greater claim to retributive justice than other sentences, for, as noted, the crime and the punishment go hand in glove, with no judgment involved. There are reasons to oppose the death penalty—the risk of killing an innocent is the best—but rejection of Hammurabi's eye for an eye isn't one of them.

JAMES A. DUEHOLM
Washington

A 10-year nationwide FBI study shows that states which executed criminals had a per capita murder rate twice as high as states with no death penalty and 50% higher than states with capital punishment that had no executions during the studied years.

DAVID ARTSCHUL
Nashville, Tenn.

We have a horribly broken system in this country. Punishment is almost never swift and certain as it should be to serve as a deterrent to crime. Furthermore, the victim's loved ones live a constant agony of appeals, retrials, more appeals, more retrials over years and decades, many times only to see some judge decide, perhaps for political reasons, that the murderer should not suffer the death penalty and commutes his or her sentence.

JIM KOHLMANN
Orlando, Fla.

I can't be certain which Catholic doctrine Professor Bessette consulted in preparing his arguments, but in my parish being "pro-life" means just that: no abortion and no death penalty.

T.J. CULLINANE
Derry, N.H.

It's Early Days for the Use of AI in Medicine

We disagree with your suggestion in "IBM Has a Watson Dilemma" (Exchange, Aug. 11) that IBM has not made enough progress on bringing the benefits of artificial intelligence to health care.

It is true that IBM has placed a big bet on health care. We know that AI can make a big difference in solving medical challenges and supporting the work of the health-care industry, and we see an enormous business opportunity.

The first question we asked was, "Can Watson help oncologists make better decisions for their patients?" Repeatedly, the answer has proven to be a resounding "yes," as demonstrated in peer-reviewed research and regular feedback from those using these tools.

They are now in use at 230 hospitals and health organizations globally and have nearly doubled the number of patients reached in the first six months of the year to 84,000. We also are having success in life sciences, working with

JOHN E. KELLY III, PH.D.
IBM Corp.
Armonk, N.Y.

Interest Rates: The Fed Needs More Humility

With due respect to Martin Feldstein's economic bona fides, it seems somewhat disingenuous to suggest that the Federal Reserve should "Save Low Interest for a Rainy Day" (op-ed, July 27) as if this inefficient monetary-policy tool is an asset to be drawn upon at some future date, similar to a saver's nest egg.

According to St. Louis Federal Reserve data, the interest rate charged for overnight bank loans (fed funds) dropped from 5.25% to 0% in the 16 months from September 2007 until January 2009, and this zero-bound rate continued for six years until December 2015. By contrast, the fed-funds rate in the six years from Jan. 1, 1979 until Jan. 1, 1985 averaged 11.90%, with a high of 19%. I can think of no area of economics where a tolerance range of 0% to 19% would constitute efficient policy.

Nobel Prize-winner Milton Friedman observed that "the Fed has given its heart not to controlling the quantity of money but controlling interest rates, something that it does not have the power to do. The result has been failure on both fronts: wide swings in both money and interest rates."

Friedman couldn't have imagined, in his wildest dreams, a \$4.5 trillion market intervention by the FOMC.

MIKE SMITH
Sugar Land, Texas

There is a more basic reason to increase interest rates. The lack of discipline on the part of Congress and the administration on spending and debt, leaves it to the Fed to balance the economic equation of debt service to cash flow that businesses and individuals live by. Of course as rates

increase, the burden to carry debt becomes more expensive. It was noteworthy to read on July 30 that the Treasury Department announced that it will borrow \$769 million in the last half of the year, the highest for that period since the financial crisis in 2008. President Trump's rebuke of former Fed Chairwoman Janet Yellen for maintaining low interest rates for the benefit of President Obama and the Democratic Party seems not to have a lasting legacy.

JOHN B. LATCHFORD
Oro Valley, Ariz.

We should take Mr. Feldstein's suggestion seriously when either he or anyone else can demonstrate a deterministic relationship between monetary policy and inflation or between output and employment. None has existed in the U.S. since the elimination of Regulation Q interest-rate ceilings in the early 1980s.

HOWARD L. SIMONS
Glenview, Ill.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Golden parachutes are off the table, but your seat cushion is a flotation device."

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OPINION

Toppling a Statue North Of the Border

By Elliot Kaufman

Thus always to tyrants," said Brutus, but what about prime ministers? After a 7-1 City Council vote, Victoria, British Columbia's provincial capital, hauled down a bronze statue of Canada's first prime minister, Sir John A. Macdonald, from the steps of City Hall Saturday. The statue will be stored away until Victoria finds a way to "recontextualize" Macdonald.

"Indigenous people do not need to walk past this painful reminder of colonial violence each time they enter the doors of their municipal government," declared Mayor Lisa Helps. Yet Macdonald's approximate American counterpart is not Jefferson Davis or Robert E. Lee, but George Washington. As Canada's leading Father of Confederation, Macdonald's face still appears on every Canadian \$10 bill.

The city of Victoria takes down a monument to John A. Macdonald, Canada's George Washington.

Ms. Helps calls Macdonald "a key architect" of Canada's residential school system, which forcibly removed aboriginal children from their communities and placed them in church-run, government-funded boarding schools designed for "aggressive assimilation." From the mid-1880s to the late 1940s—long after Macdonald's death in 1891—150,000 children were stripped of their language and culture. Many were subjected to physical and sexual abuse; more than 3,000 died.

Canada has been repenting for more than a decade. In 2005 the Canadian government announced its first reparations package. It has so far paid nearly \$5 billion. In 2008 Prime Minister Stephen Harper delivered an official apology in Parliament. After Pope Benedict XVI expressed his "sorrow" in 2009, the Assembly of First Nations' national chief said that should "close the book" on apologies.

Then in 2015, after years of testimony, Canada's Truth and Reconciliation Commission exhorted Canada to move "from apology to action." Victoria heeded the call, although its action is symbolic, but not everyone agrees. In Ontario, Premier Doug Ford's Progressive Conservative government offered to take the statue of Macdonald off Victoria's hands and "proudly display" it.

Liberal Prime Minister Justin Trudeau is on the side of the idol smashers. In June 2017 he renamed the building that houses his office. Its previous namesake, Hector-Louis Langevin, was another Father of Confederation associated with the residential schools. Last August, Ontario's elementary-school teachers union called for removing Macdonald's name from schools to create "safer" learning environments. In November a statue of Macdonald in Montreal's Place du Canada was defaced with red paint. In May 2018 the Canadian Historical Association renamed its Sir John A. Macdonald Prize.

Macdonald had a hand in an evil policy, but he accomplished an undeniable good in brokering the compromise on which Canada was founded. One might expect Canada to reach a typically moderate consensus to reckon with its history without erasing it. But lacking American-style reverence for their founders, Canadians have allowed leftists to vandalize their historical memory. A statue of Sir John A. Macdonald still stands in Canada's capital, on the grounds of Parliament Hill. But for how long, nobody but Mr. Trudeau knows.

Mr. Kaufman is a Robert L. Bartley Fellow at the Journal.

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By Weijian Shan

The trade war between the U.S. and China is escalating, and neither side shows any sign of backing down. The U.S. has expanded its 25% tariff to some \$50 billion in Chinese goods, with a further \$200 billion threatened. China is running out of American goods to penalize—the U.S. imports four times as much from China as vice versa—meaning that the trade war could spill into areas like services, where China outspends the U.S. by 4 to 1, or to the vast investments by American companies in the Chinese mainland.

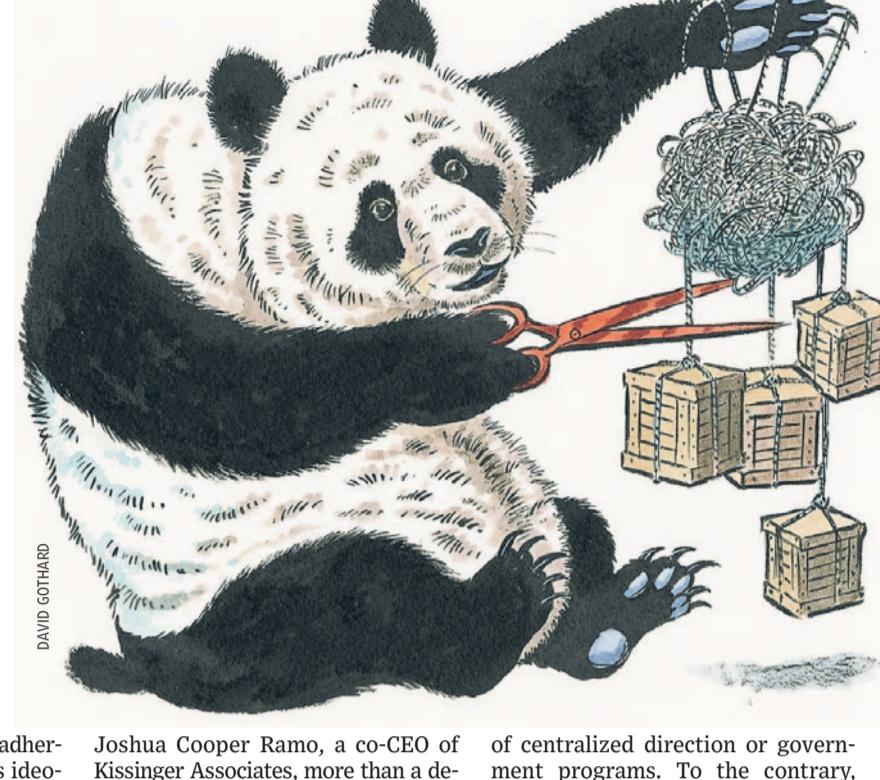
Yet opinions among China's elite are divided as to how to deal with the dispute. Pro-market reformers think their policies would permanently improve China's relationship with its trading partners. Hard-liners, though, resist economic liberalization out of adherence to the Communist Party's ideological roots and in defense of their own vested interests. They regard President Trump's trade attacks as further evidence that China needs a big government and strong state-owned companies.

It is in the West's interest to support China's reformers. So far, however, the trade dispute has played into the hands of the old guard. Beijing has vowed to fight on because politically it can't be seen as caving to American pressure.

The U.S. isn't expected to back off either. Stock markets, riding high on tax cuts and a continued economic expansion, have so far shrugged off the trade issue, but they won't do so forever. There also seems to be bipartisan support for at least some measures, if not a trade war, to counter a rising China, which Americans increasingly see as a strategic foe.

In this sense, China's economic development is often presented as an existential challenge to the market liberalism America represents.

Both Sides Can Win the Trade War



Joshua Cooper Ramo, a co-CEO of Kissinger Associates, more than a decade ago introduced the concept of a "Beijing Consensus," in which China's model of a government-directed economy is seen as an alternative to the West's free-market "Washington Consensus." Chinese leaders who resist change have imported and embraced this framing.

It's in the interests of the West to support China's market reformers against communist hard-liners.

But it makes no sense. It's easy to see why a "Beijing Consensus" would appeal. China's economic growth has been stunning. Forty years ago its economy was about 6% the size of America's. Today it is the second-largest in the world in dollar terms, after the U.S., and the largest by purchasing power parity.

Yet this growth is hardly the result

of centralized direction or government programs. To the contrary, nearly all of China's success has been due to market reforms. Forty years ago, almost all industrial and agricultural output was from state-owned or otherwise "collective" entities. Today government enterprises account for less than 30% of China's economy. As in the former Soviet Union, an economy commanded by the visible hand proved a dismal failure, compelling Beijing to embark on serious reforms in 1978. China's economic success since then has only vindicated the market's invisible hand. If there was a "Beijing consensus," it was the consensus to abandon a centrally controlled system and embrace the market.

China today is largely a market economy, although it isn't recognized as such by the World Trade Organization, thanks to continued opposition by the U.S. and the European Union. That said, both China's government and its state-owned sector remain too big and form an opaque, protectionist bulwark that its trading partners continue to abhor.

"State-owned enterprises are dominant in a number of sectors that are considered strategically important to the country," China's State Council, the highest body of its government, acknowledges on its own website. "But the companies have been accused of abusing their position and benefiting from preferential policies while private businesses have to play catch-up."

To better ingratiate itself with its trading partners, and indeed to sustain its own economic growth, China needs deep structural reforms that would move it closer to a free market. Five years ago, President Xi Jinping announced that the core principle of China's economic reform would be the "decisive" role of market forces in allocating resources. To live up to that promise, Beijing will have to abandon its current form of state capitalism and become a

free economy.

In this regard, the agenda of China's reformers is not so different from that of the U.S. Washington should pursue a strategic dialogue with Beijing aimed at a deal whereby China would agree to undertake more market-friendly structural reforms. That would involve further opening up China's market to foreign goods, services and investments; adopting a better framework to protect intellectual property; privatizing state-owned enterprises in all competitive industries; and letting the market, not the government, truly play the decisive role in resource allocation. The mutual zero-tariff principle Mr. Trump has discussed with the EU should be the framework for America's trade relationship with China.

Should Messrs. Trump and Xi be able to cut such a deal, their countries would both come out of the trade war as winners.

Mr. Shan is chairman and CEO of PAG, a Hong Kong-based private-equity firm.

The Terminally Ill Need More Than the 'Right to Try'

By Paul J. Marangos

After decades of medical research, why is chemotherapy still a mainstay for cancer patients? Why do many Alzheimer's patients still slide inexorably into helplessness? How did developing a new drug become a multibillion-dollar venture that can take a decade or more?

Government deserves a share of the blame. Regulators, including at the Food and Drug Administration, have shackled every aspect of drug development under the guise of doing no harm. But how exactly does it "harm" patients facing certain death to provide them with an experimental treatment? Congress took a small step in the right direction this May by passing a Right to Try law, which theoretically grants terminal patients the right to access investigational drugs that haven't shown clinical efficacy.

But Right to Try legislation gives only crumbs to these patients. Drug companies will not want to take on the liability of providing unapproved treatments. One wonders if Congress simply thought passing this bill would look good politically as a way of demonstrating concern for terminally ill patients.

I spent 13 years at the National Institutes of Health and co-founded five biotech companies in the ensuing 30 years, all focused on developing cures for terminal diseases. None of these prospects ever got to market, even though the early clinical trials were all positive. The path to commercialization was too long and expensive, with countless regulatory and procedural hurdles.

The most profound of these is the FDA's prolonged regulatory process.

Phase III clinical trials, which involve many hundreds and sometimes thousands of patients, are by far the most costly and time-consuming requirement for FDA approval.

Another challenge are the strict stipulations for obtaining patents, which require demonstrating that the treatment works in the relevant laboratory experimental models and that it is not obvious to those in the industry. Getting patents can take five years or more, representing a substantial risk for the sponsoring company. Further, much existing scientific research is unpatentable. Very often biochemical data is published first, and then after a period it falls into the public domain.

If Congress truly wants to help patients by passing new legislation—let's call it the Terminal Disease Act—it would include the following reforms:

- Reduce the FDA approval requirements so that treatments for terminal diseases no longer have to go through Phase III clinical trials. Instead, one Phase II clinical trial of at least 100 patients would suffice. This would dramatically reduce the time and cost of getting new treatments to patients.

This kind of legislation would offer credible short-term help to cancer

- Make this change retroactive, so that all treatments currently in Phase III would be immediately approved. Cancer and Alzheimer's patients would suddenly gain access to scores of new drugs. According to the trade group PhRMA, there are more than 200 Phase III trials under way for cancer drugs. An academic survey of Alzheimer's drugs shows 26 currently in Phase III. All of these already have shown promise in Phase II.

Two hundred cancer drugs are in Phase III trials. Congress can put them into patients' hands today.

- Mandate a 10-year period of marketing exclusivity on treatments for terminal diseases. This would obviate the need for patents and make a huge amount of unpatentable research available for commercialization. The model is the Orphan Drug Act of 1983, which granted exclusivity to treatments for rare diseases and gave rise to many new drugs.

This kind of legislation would offer credible short-term help to cancer

and Alzheimer's patients. It would provide access to many new clinically tested treatments while making pharmaceutical companies likelier to provide them, since an FDA-approved drug is less of a liability risk. A faster development path and an exclusivity provision would give drug companies an incentive to focus on terminal diseases. Innovative startups would multiply to explore treatment ideas off the beaten path, as happened in response to the Orphan Drug Act.

When thousands march on Washington to push an issue, they can get Congress's attention. Lawmakers shouldn't need a protest on the National Mall to rouse themselves to act on behalf of cancer and Alzheimer's patients, but that may be what it will take. Millions of terminal patients are awaiting the inevitable without even the hope of a credible experimental treatment. A Right to Try law is a small victory, but it means little without broader reforms.

Mr. Marangos is CEO of Biomedica Partners and author of "A Roadmap for Curing Cancer, Alzheimer's and Cardiovascular Disease" (Elsevier Press, 2017).

V.S. Naipaul's 'Universal Civilization'

By Tunku Varadarajan

V.S. Naipaul, who died Saturday at 85, was awarded the Nobel Prize for Literature on Oct. 11, 2001, a month after al Qaeda's attack on the American homeland. As many in the West were still struggling to fathom what drove Islamist fanatics to commit mass murder, it was reassuring to see the Nobel go to Naipaul, who had unapologetically insisted on the universality of Western beliefs.

In the days after 9/11, when a sense of spiritual decapitation briefly prevailed, a lecture Naipaul had delivered in 1990 at New York's Manhattan Institute leapt back to life from the archives. I received it by email from a friend, read it hungrily, and passed it on to others I thought would be healed by it.

The lecture was titled "Our Universal Civilization," and in it Naipaul tried to answer what he called some "very serious questions": "Are we—communities—only as strong as our beliefs? Is it enough for beliefs or an ethical view to be passionately held? Does the passion give validity to the ethics? Are beliefs or ethical views arbitrary, or do they represent something essential in the cultures where they flourish?"

In response, Naipaul extolled some of the social values al Qaeda had seemingly just attacked, among them "the pursuit of happiness" and "the idea of the individual, responsibility, choice, the life of the intellect, the idea of vocation and perfectibility."

The 'curmudgeon' author and Nobelist believed that the pursuit of happiness will outlast all its rivals.

Naipaul, prescient in 1990, distinguished societies with such values from the Islamist world's "philosophical hysteria" that would incite the 9/11 attackers. Moreover, in describing essentially Western values as "universal," he made clear that he had no truck with those who would later cast the war against fanaticism in apocalyptic terms. These values—our values—are teachable and transformative. The pursuit of happiness, he held, is "an immense human idea" that "cannot generate fanaticism." But it is "known to exist" even in repressed, far-flung lands. "Because of that,"

he concluded, "other more rigid systems in the end blow away."

Naipaul offered himself as proof: Here was a man born in British colonial Trinidad to an Indian family whose forebears had worked the sugar plantations as indentured laborers. By dint of his education and writing, and his own pursuit of happiness, Naipaul was able to move "from the periphery to the center," living in London as a literary icon. His novels and nonfiction reflect his idea of "universality," which was not to accept that every culture's values were equally deserving of respect, but to hold them all to the same high standard.

There's no surprise that this made Naipaul enemies. Disapproval was expressed, at its gentlest, in the word "curmudgeon," which was applied to him so frequently that it collapsed into cliché. His most virulent critics cast him as racist, in so many words. Through all of this, Naipaul remained unruffled. Like King Lear's daughter Cordelia, he could not mend his speech to suck up to the gallery. He wrote his mind, and his readers are grateful that he did.

Mr. Varadarajan is a fellow at Stanford University's Hoover Institution.

DOW JONES
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WORLD NEWS

WORLD WATCH

IRAN

Khamenei Rules Out Talks With U.S.

Iran's Supreme Leader Ayatollah Ali Khamenei ruled out direct talks with the U.S., rejecting an offer from Donald Trump in the president's own style—a strongly worded, all-caps tweet.

"**THERE WILL BE NO WAR, NOR WILL WE NEGOTIATE WITH THE U.S.**" Mr. Khamenei, who has final say in state matters, said on Twitter.

The pronouncement appeared to erase uncertainty over Iran's response to Mr. Trump's offer late in July for unconditional talks.

It followed Mr. Trump's withdrawal in May from the Iran nuclear deal, an Obama-era pact that gave Iran relief from international sanctions in exchange for curbs on its nuclear program.

The near-demise of the nuclear deal—Iran is still in talks with European parties in an effort to salvage it—has helped push its economy to the brink.

—Asa Fitch

CHINA

Economy Cooled Further in July

Business activities in China cooled further in July, with investment slowing to a near two-decade low, official data showed, suggesting the Chinese economy is facing increased headwinds amid rising trade tensions with the U.S.

Fixed-asset investment in China's nonrural areas climbed 5.5% in the January-July period from a year earlier, the National Bureau of Statistics said Tuesday. That is the slowest level since end-1999, according to Wind Information.

It was also slower than the 6% increase recorded in the January-June period and undershot a median forecast for a 6% rise in a Wall Street Journal poll of economists.

Retail sales in China climbed 8.8% in July from a year earlier, slowing from a 9.0% on-year increase in June and lower than economists' forecast of 9.0% growth.

Retail sales increased 0.67% in July from June. In June, retail sales rose a revised 0.74% from the previous month.

—Grace Zhu and Liyan Qi

Afghan Push to Oust Taliban Stalls

'We accept we have problems,' defense minister says on fourth day of fight for Ghazni

KABUL—Afghanistan's defense chief said the country's U.S.-backed security forces were struggling to counter a Taliban offensive on a strategic eastern city, a departure Monday after days of rosy assessments about progress in dislodging the insurgents.

By Craig Nelson,
Habib Khan Totakhil
and Ehsanullah Amiri

The insurgents' siege on the city of Ghazni, where local officials and residents have described clashes at key government outposts, dire humanitarian conditions and militants freely roaming the streets, threatened a fledgling peace process and raised questions about the progress in the conflict nearly a year after the U.S. boosted troop levels in the country.

Since the Taliban launched their assault early Friday, Afghan officials and the U.S. military have repeatedly said Afghan soldiers and police had the situation under control in Ghazni, which lies about 80 miles south of the capital on a vital north-south thoroughfare.

On Monday, Defense Minister Tariq Shah Bahrami took a different tack, conceding that the military's response—both to signs of an impending attack and Friday's assault itself—may have been flawed.

"The army and police of Afghanistan are young, and we accept we have problems," Mr. Bahrami told reporters in the Afghan capital. "If there has been negligence or problems in some of our handling of Ghazni, we accept it."

U.S. has made training and equipping the Afghan security forces the linchpin of its strategy in the country, and has spent at least \$78 billion to do so. The 1,500 soldiers and po-



Civilians escaping from the fighting in the strategic city of Ghazni, 80 miles south of Kabul, arrived on Monday in the Afghan capital.

lice deployed in Ghazni, plus the hundreds of reinforcements that have been rushed there since Friday's attack, haven't been able to dislodge an insurgent force estimated by local officials in the hundreds.

The first government reinforcements arrived in Ghazni nine hours after the attack began early Friday, according to local residents, who said they had been warning the government and the security forces for months of the deteriorating security around Ghazni. In the week leading up to the attack, it was common knowledge in the city that the Taliban were mustering in a nearby district for their attack, one resident said.

Mr. Bahrami said Afghan security forces had started mopping-up operations in four areas of Ghazni, adding he hoped the situation in the city would improve in the next 24 hours. The Afghan defense minis-

ter's more critical reading of the situation in Ghazni came as fighting continued there for a fourth day. Most mobile telephone service to the city remained cut off, making what few details were dribbling out difficult to verify.

The protracted fight for the

The insurgents' siege on the city raised questions about progress in the conflict.

city casts doubt on the government's expectations that there would be a cease-fire to coincide with next week's Muslim holiday of Eid al-Adha.

Both sides had been expected to declare truces, which Afghan and U.S. officials view as crucial for building momen-

tum toward peace talks aimed at ending the 17-year war.

Next week also marks the first anniversary of President Trump's announcement of a fresh Afghanistan strategy. In recent months, U.S. military officials and diplomats have been eager to show that the strategy is succeeding in bringing the war to a negotiated end.

"Tactically, operationally and strategically, the Taliban achieved nothing with this failed attack except another eye-catching, but inconsequential headline," said U.S. Army Lt. Col. Martin O'Donnell, spokesman for the American-led coalition in Afghanistan.

Yet on Monday, the prospect of the government cease-fire appeared bleak.

"If the current situation in Ghazni continues, then I assume the cease-fire won't happen," a senior Afghan official said.

The Afghan army chief of

staff, Lt. Gen. Mohammad Sharif Yaftali, said Monday that key government buildings, including the governor's office, provincial police headquarters, provincial intelligence headquarters and army bases were in government control. U.S. military advisers and U.S. combat aircraft were assisting Afghan forces, Col. O'Donnell said.

There are reports, however, that the humanitarian situation in the city was deteriorating. One man who managed to slip out of Ghazni early on Monday and make his way over back roads to the capital Kabul said desperation was setting in among the those who couldn't afford to flee.

Hospitals and clinics were closed, medicine was running short and Taliban fighters were competing with residents for ever-dwindling—and more expensive—food supplies. "People are barely surviving," he said.

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BUSINESS & FINANCE

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Tuesday, August 14, 2018 | B1

S&P 2821.93 ▼ 0.40%**S&P FIN** ▼ 1.02%**S&P IT** ▼ 0.15%**DJ TRANS** ▼ 0.63%**WSJ \$IDX** ▲ 0.29%**LIBOR 3M** 2.314**NIKKEI (Midday)** 22112.09 ▲ 1.17%See more at WSJMarkets.com

Icahn Backs Down on Cigna Deal

By CARA LOMBARDO

Carl Icahn no longer plans to solicit votes from **Cigna Corp.** shareholders against the health insurer's \$54 billion deal to buy **Express Scripts Holding Co.** after two proxy-advisory firms recommended shareholders support the deal, the billionaire activist investor said in a statement Monday.

Significant shareholder overlap between the two companies, which he initially hoped had decreased since the deal was announced, was also a factor in his decision, he said.

Even before proxy advisers **Institutional Shareholder Services** and **Glass Lewis** recommended in recent days that shareholders support the deal, Mr. Icahn faced an uphill battle. He didn't publicly criticize the deal until well after the record date, which meant he couldn't recruit others to jump in and oppose it.

And his position in Cigna amounted to about 0.56% of the company, so he would have needed to win a lot of support.

He also held a short position in Express Scripts, which meant he was betting on the stock losing value.

Another prominent hedge fund, **Glenview Capital Management LLC**, came out last week in support of the deal. The fund, which has a \$1.3 billion stake split between the two companies, said the deal would save the companies' customers "billions of incremental dollars annually."

Cigna has said Mr. Icahn doesn't understand the dynamics of health care and appeared to be betting against the deal for a profit. It called his opposition "misguided and shortsighted" in a statement last week.

Mr. Icahn said in his statement that he informed the Se-

curities and Exchange Commission he will no longer solicit proxies to vote against the transaction.

Shareholders of both companies are set to vote on the deal Aug. 24.

Proxy-advisory firms' opinions hold significant sway with shareholders. The firms rarely recommend their clients, which include major institutional investors, vote against proposed mergers. And big institutional shareholders often vote in line with the proxy-advisory firms' opinions.

Mr. Icahn's concerns about the deal included competitive

risk from Amazon.com Inc. and indications from the Trump administration that it could limit the manufacturer rebates pharmacy-benefit managers like Express Scripts receive.

Cigna and Express Scripts have said their merger, announced in March, will expand their health-care offerings and help them control costs. The deal comes amid a furious round of consolidation as health-care companies seek to position themselves to provide more cost-effective care and fend off heightened competition from Amazon and others.

Fintech Targets Subprime Borrowers

By ANNAMARIA ANDRIOTIS AND PETER RUDGEAR

Financial-technology startups are stepping into a void increasingly left by credit-card issuing banks: lending to customers with poor credit histories.

LendUp Global Inc. and **Fair Square Financial LLC**, which focus more heavily on riskier borrowers, mailed out roughly 35 million credit-card offers during the first half of the year, according to market-research firm Competiscan, up from 7 million during the same period last year.

CreditShop LLC, a specialist in personal loans to risky borrowers that was acquired last year by investment firm **Värde Partners**, rolled out a credit card this year. **Elevate Credit Inc.**, which specializes in high-cost installment loans, launched one in July.

Subprime lending can be lucrative. Most of these cards carry interest rates north of 20%, significantly higher than the average credit card interest rate of 14.1%, according to the Federal Reserve. Rewards programs, one of the biggest costs for large card issuers chasing creditworthy customers, are rare.

But risks abound: Facing rising loan losses, especially among the riskiest borrowers, banks are reining in their growth in this sector. Subprime credit-card balances at seven large U.S. banks rose 3% in the first half of the year from a year prior, down from a 13% increase in the year-earlier period, according to Autonomous Research. **Capital One Financial Corp.**'s sub-prime balances accounted for 32% of its domestic credit-card balances in the first half of 2018 compared with 36% in the same period a year earlier.

The new lenders are getting help from some industry stalwarts. **Orogen Group**, an investment firm headed by former Citigroup Inc. chief Vikram Pandit, said in May it was committing \$100 million in equity to Fair Square, which distributes cards to borrowers with less-than-pristine credit scores. LendUp recently announced that Capital One co-founder Nigel Morris and former Capital One chief credit officer Frank Rotman were joining its board.

The population of subprime borrowers "is nigh on half of America, and there's enormous opportunity for others to be able to offer a great product with great sophistication to compete in this space," Mr.

Please turn to page B2

Please turn to page B2

Netflix's CFO Quits As Stock Flies High

By SHALINI RAMACHANDRAN AND NINA TRENTMANN

Netflix Inc. on Monday announced the resignation of Chief Financial Officer David Wells, who is well regarded on Wall Street for helping investors understand the company as it has transformed itself from a DVD-by-mail service into a Hollywood powerhouse and global streaming behemoth.

Mr. Wells has served as the finance chief since 2010. Under his watch, Netflix's stock price skyrocketed from roughly \$26 at the end of that year to over \$341, increasing more than 13-fold.

The company said in a written statement that it would search internally and externally for candidates, and Mr. Wells would stay on until his successor steps in. Mr. Wells said he plans to focus on philanthropic activities.

"After discussing my desire to make a change with [Chief Executive Reed Hastings], we agreed that with Netflix's strong financial position and exciting growth plans, this is the right time for us to help

The streaming company's shares are up 78% this year on David Wells's watch.

identify the next financial leader for the company," Mr. Wells said in the statement.

Shares of Netflix fell 1.3% to \$341.31 on Monday. Netflix is up 78% this year.

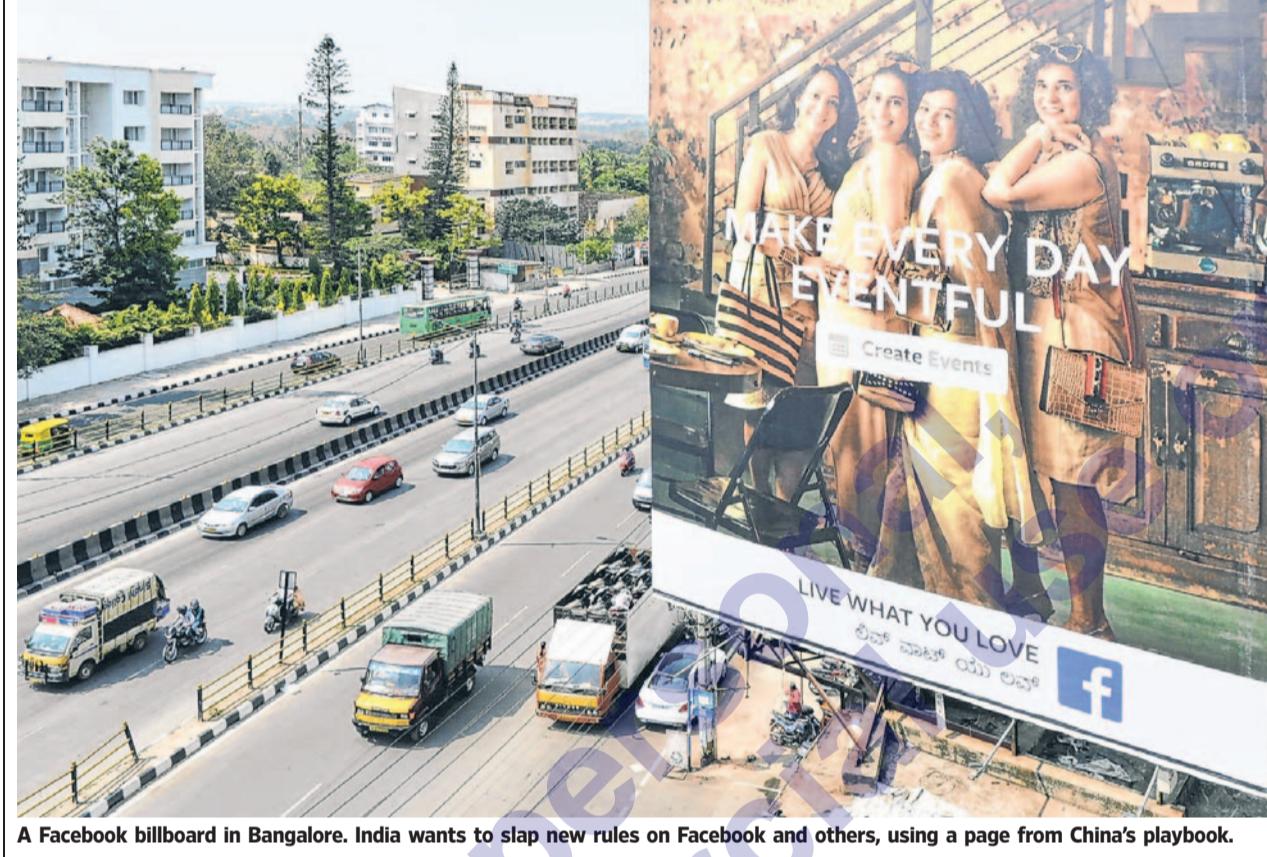
Mr. Wells's tenure as CFO began in tumult, with the company's 2011 plan to increase prices and split its DVD-by-mail service into a separate business. The move caused investors to revolt and subscribers to flee, and Netflix ultimately reversed course.

Since then, he has played a big role in two far more successful pivots for the company: its move into original television and movie production and its global expansion. He also has managed Netflix through successive price increases that haven't meaningfully hurt its ability to attract and retain customers.

Some on Wall Street were surprised by Mr. Wells's resignation. "David has done a great job in managing the balance sheet and helping them to build a robust content-creation pipeline," said BTIG analyst Richard Greenfield.

Barton Crockett, analyst at B. Riley FBR Inc., said Mr. Wells tended to be frank about Netflix's financial performance, which was "refreshing to see and something that speaks to the character of the CFO."

But the difficulty of predicting the pace of Netflix's growth—both for Mr. Wells and Wall Street analysts—has



A Facebook billboard in Bangalore. India wants to slap new rules on Facebook and others, using a page from China's playbook.

MANJUNATH KIRAN/AGENCE FRANCE PRESSE/GETTY IMAGES

India Aims to Curb U.S. Tech Giants

By NEWLEY PURNELL

NEW DELHI—Indian policy makers are looking for ways to tamp down American tech behemoths, a shift that could crimp growth potential in one of the biggest remaining open markets for their expansion.

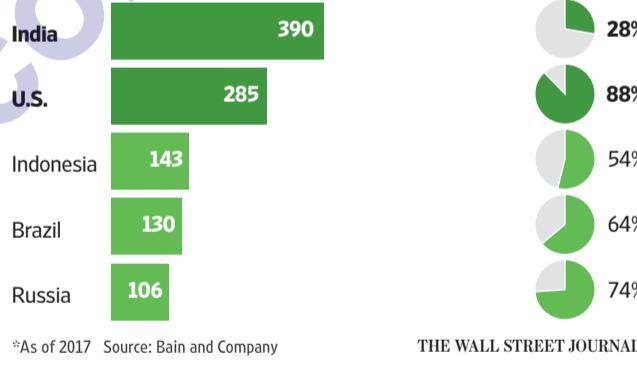
India wants to slap new rules on **Amazon.com Inc.**, **Apple Inc.**, **Alphabet Inc.**'s Google, **Facebook Inc.** and other firms, using a page from China's playbook to take control of its citizens' data and shelter homegrown startups.

The proposed rules, which have emerged in recent weeks in a series of private, draft government policies, have U.S. tech companies concerned, according to people familiar with the matter. American firms are betting billions on the Indian market because, unlike China's, it has been relatively open to foreign competitors. That

Huge and Room to Grow

India has more internet users than the U.S., second only to China, making it a wide-open market for U.S. tech titans' growth

Number of internet users, in millions*



*As of 2017. Source: Bain and Company

Internet penetration



might be about to change.

"It is unprecedented and it needs to be taken very seriously," said Vinay Kesari, a

lawyer specializing in regulatory matters who has worked with U.S. tech firms. "It could

have huge implications." A draft of a new e-commerce policy, reviewed by The Wall Street Journal, repeatedly calls for a "level playing field" and outlines new rules for "encouraging domestic innovation and boosting the domestic digital economy to find its rightful place with dominant and potentially non-competitive global players."

Data created by users in India from e-commerce platforms, social media and search engines would need to be "stored exclusively in India," the draft says, adding that the government would have access to it.

The policy draft also suggests closing some of the loopholes that allow foreign e-commerce companies to skirt restrictions on foreign ownership of retail.

Indian policy makers and some local startups are wor-

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The population of subprime borrowers "is nigh on half of America, and there's enormous opportunity for others to be able to offer a great product with great sophistication to compete in this space," Mr.

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INSIDE



VF TO SPIN OFF WRANGLER AND LEE

APPAREL, B3



TESLA TWEET RIPPLES INTO DEBT MARKETS

FINANCE, B10

STREETWISE | By James Mackintosh

Bears Fear Autocratic Ways Are Back



The collapse of Turkey's currency isn't only a local catastrophe created by kooky economic policies and by picking a fight with the U.S. It is also a warning to investors in other emerging markets. The long-running bull case of improving economic governance is less solid than they think.

Turkey's long boom led investors to think there had been permanent institutional change, but as boom turns to bust the old bad politics and policies have resumed in a new guise.

True, the army isn't in control this time around, but the increasingly autocratic president has fallen back on the usual strategy of blaming foreign plots for the country's malaise rather than accept the pain required to tackle deep-rooted financial

Emerging-Market Stocks Match U.S.

Emerging-market equities roundly beat developed markets—as long as the U.S. is left out.

Emerging-market cumulative outperformance, compared with:



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problems.

The same story can be told of broader emerging markets. After being scarred by the defaults of the late

1990s, emerging-market countries got their act together. During the 2000s, central banks were given independence, democracy took root, trade boomed and foreign-exchange buffers were built up to counter capital-flight risk. Investors bet that institutional strengthening would continue, and emerging markets became "growth markets" in the language of many executives.

The long-run bear case is that this process is going into reverse. Poor macroeconomic management became evident in the 2013 taper tantrum, and leaders who once espoused Western-style democracy are becoming autocrats. Institutions that protected the rule of law, human rights and monetary policy from the whims of politicians have been exposed as too weak to withstand powerful leaders.

Turkey is the most extreme example of the failure of institutions, but similar forces are at work elsewhere. India has a populist leader

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BUSINESS NEWS

Verdict In Weed Killer Case Hits Bayer

By ANTHONY SHEVLIN

Shares in **Bayer AG** fell sharply on Monday after **Monsanto Co.**—which the German chemical company recently acquired—was ordered to pay \$289.2 million in a lawsuit over whether exposure to two of its weed killers caused cancer.

The ruling by a California state jury on Friday found that Monsanto's Roundup and Ranger Pro products presented a "substantial danger" to consumers, and that the St. Louis-based company knew—or should have known—the potential risks they posed.

The case is the first of many that could go to trial and represents a nagging issue for Bayer, which closed its \$60 billion-plus acquisition of Monsanto in June.

Monsanto said that as of February it had a recorded liability of \$254 million relating to product claims and that it is aware of 5,200 plaintiffs who say they have been injured by glyphosate-based products. The company has said it couldn't estimate losses from the litigation.

Controversy has dogged Roundup as studies have produced mixed results about the potential carcinogenic hazard of glyphosate, its active ingredient. However, Friday's verdict surprised some because U.S. regulations allow the ingredient's use.

Bayer said Monday that the verdict was "at odds with the weight of scientific evidence, decades of real world experience and the conclusions of regulators around the world." It also noted that the verdict remains subject to an appeal.

A spokesman added that Bayer's involvement in the case and its ability to comment further are restricted by U.S. antitrust arrangements. The company declined to comment on potential liabilities.

Bayer shares on Monday closed at a nearly 5-year low, falling 10% to €83.73 (\$95.45).

Barclays analysts said the result was "likely to create a litigious headache for Bayer" and that similar cases could multiply. However, they said it was unlikely they would all result in a similar financial award and that U.S. regulators could maintain their benign stance on the product.

The next trial involving Roundup, also a state case, is set for October in St. Louis. Dates for lawsuits in federal courts have yet to be set.

The suit in California was brought by Dewayne "Lee" Johnson, who had worked as a groundskeeper for a school district in the San Francisco Bay area and has been diagnosed with non-Hodgkin lymphoma.

Roundup sales make up the bulk of Monsanto's agricultural productivity unit, which generated \$3.7 billion in sales for its 2017 fiscal year—about a quarter of Monsanto's total.

—Donato Paolo Mancini contributed to this article.

VF to Spin Off Wrangler and Lee

Clothing to focus on faster-growing brands as customers choose yoga pants over jeans

By KIMBERLY CHIN

VF Corp., owner of Lee and Wrangler jeans, plans to spin off its denim business in a bid to sharpen its focus on faster-growing outerwear and activewear brands.

VF said Monday that it wants to create the yet-unnamed company through a tax-free spinoff to its shareholders.

The newly formed company will hold VF's jeans business, which includes Wrangler, Lee, Rustler and Rock & Republic, and its 80 VF outlets. These businesses generate about \$2.5 billion in annual revenue, the company said.

The company acquired Lee, its first denim brand, in 1969. It added Wrangler, Rustler and JanSport to its portfolio through its purchase of Blue Bell Holding Co. in 1986.

The Wall Street Journal reported Friday VF was exploring strategic options for its denim business, citing people familiar with the matter.

In Monday trading, shares of VF fell 3.6% from Friday's record close to \$92.82.

The apparel conglomerate has moved in recent years to shed some of the classic American brands in its portfolio.

In the past few years, the company has sold denim brand Seven for All Mankind, the apparel brand Nautica and divested from its stake in the Majestic brand, the official supplier of Major League Baseball uniforms.

VF said the moves would



Lee denim overalls being assembled in 1935. Apparel conglomerate VF has moved to shed some of its classic American brands.

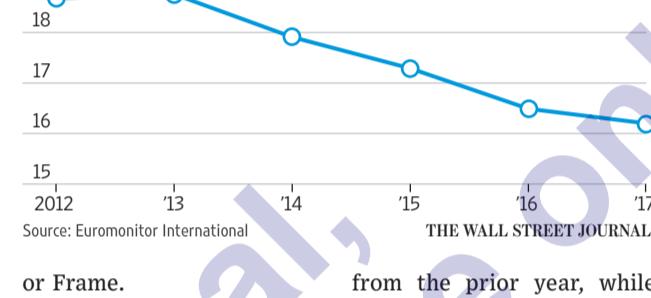
allow the company to focus on its active and outdoor brands, like the North Face, JanSport and Eagle Creek. VF, which also owns Vans, Timberland and Dickies, estimates the core company will generate more than \$11 billion in annual revenue.

Scott Roe, VF's finance chief, said on a conference call Monday that mergers and acquisitions would remain a priority and the spinoff would give flexibility to pursue larger deals and investments.

Sales of Wrangler and Lee jeans have slowed in recent years as jeans have fallen out of favor with consumers who instead opt for yoga pants or premium brands like J Brand

Out of Fashion

U.S. retail sales of jeans have fallen as more shoppers choose alternative casual wear.



or Frame.

In 2017, VF's denim business generated \$2.66 billion in sales and \$422 million in profit. Sales were down 3%

from the prior year, while profit fell 14%.

Credit Suisse analysts said in a note that challenges facing midtier department

stores, a key sales channel, have also helped stall revenue growth. Revenue from VF's jeans segment has hovered between \$2.6 billion and \$2.8 billion for the past 10 years, the note said.

VF said Monday it plans to move its global headquarters to the Denver metro area from Greensboro, N.C. Meanwhile, the new company will be based in Greensboro.

VF expects to complete the spinoff in the first half of 2019. Scott Baxter, currently VF's group president for its Americas West region, will serve as CEO of the new company.

Barclays is acting as financial adviser to VF.

Australian Steelmaker to Expand in the U.S.

By DAVID WINNING

SYDNEY—Australia's largest steelmaker plans to invest as much as \$700 million in the U.S., marking the latest move by a company to boost production in the country in the wake of President Trump's import tariffs.

BlueScope Steel Ltd., ranked first in market capitalization and output, said it is considering adding 600,000 to 900,000 metric tons of new steelmaking capacity at its North Star business in Ohio.

The U.S. has become a major engine of profit for BlueScope, which for several years was focused on feeding Asia's infrastructure boom.

Management said construction at the facility in Delta, Ohio, would likely take up to three years to deliver a more than 40% increase in steelmaking capacity. North Star sells nearly all its steel to customers in the U.S. Midwest, especially automotive and construction companies.

"The project under evaluation involves the addition of a third electric arc furnace and second slab caster," said BlueScope Chief Executive Mark



BlueScope operations in Port Kembla, Australia. The company plans to boost output at its Ohio plant.

Vassella.

The project, currently in the study phase, was outlined as the steelmaker announced a more than doubling of annual profit to \$1.14 billion, an increased dividend and an expanded share-buyback program.

BlueScope's investment follows moves by other companies to expand production, as profit margins on U.S. steel remain high. Prices of Midwest hot-rolled coil were recently

up about 40% on year.

The 25% tariff on steel from many foreign countries that Mr. Trump announced in March went into effect at the start of June.

Many U.S. producers see the measure as giving them the price advantage they have lobbied for in recent years. Still, shortages of domestic steel, coupled with rapidly rising prices, could attract imports to the market even with tariffs.

BlueScope has been widely seen as a winner from escalating U.S.-China trade frictions because the company doubled

down on the U.S. in recent years, just as American producers were cutting production amid a global glut. Big foreign rivals such as Germany's Thyssenkrupp AG and Russia's OAO Severstal also cut back or jettisoned U.S. operations.

For BlueScope, ramping up in the U.S. was part of a strategy plotted in 2007 to diversify from its home market. Since then, the steelmaker has continued to predict a strong outlook for American steel demand, driven by construction and autos.

With acquisitions over the past decade or so, BlueScope has roughly \$3 billion of steel-making assets across 12 states. The expansion included the 2007 purchase of IMSA Steel Corp. from Ternium SA for \$730 million and a 2015 buyout of its 50% partner in North Star, Cargill Inc., for \$720 million. That operation is the fifth largest producer of hot-rolled coil in North America by volume.

BlueScope also exports more than \$200 million of metal to the U.S. each year, mainly from its Port Kembla steelworks south of Sydney.

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TECHNOLOGY

WSJ.com/Tech

Fund Aims to Lift Tech-Sector Diversity

Andreessen Horowitz
taps black celebrities
and intends to donate
proceeds to nonprofits

BY YOREE KOH

Silicon Valley stalwart **Andreessen Horowitz** is launching a novel effort to boost diversity in technology: an exclusive new fund targeted at black celebrities, athletes and media figures.

Basketball star Kevin Durant, actor Will Smith and Essence magazine publisher Richelieu Dennis are among the initial limited partners in the venture-capital fund, according to people familiar with the matter.

The fund will be relatively small, totaling roughly \$15 million, and will invest alongside Andreessen Horowitz's main \$1.5 billion fund, according to people familiar with the matter. While investors will profit if the fund performs well, Andreessen Horowitz has said it won't collect the proceeds it would normally generate from fees and carried interest. Instead, the firm will donate that money to nonprofits aimed at boosting the involvement of blacks in technology, those people said.

Other details of the fund, including the number of limited partners and how they were chosen, weren't clear in part because it still hasn't closed. An Andreessen Horowitz spokeswoman declined to comment.

Mr. Dennis, founder and executive chairman of Sundial brands and Essence Ventures, said he decided to invest in the fund, which is called "Culture," because of its aim to help get more people of color into technology.



Clockwise from top: Kevin Durant, Will Smith and Richelieu Dennis are among the initial limited partners in the venture-capital fund.

"Andreessen is one of the best in the world at tech and so the opportunity to partner with them in the tech space and focus purposefully and intently on creating opportunities for people of color in tech...is an important one," said Mr. Dennis. Technology is "an area that is rapidly growing, and we're disproportionately left out of it," he added.

Mr. Durant, who led the Golden State Warriors to a second consecutive National Basketball Association championship in June, is one of basketball's most highly paid

players and the founder of **Durant Co.**, an investment vehicle targeting tech startups.

A spokesman for Mr. Durant didn't respond to requests for comment.

The new fund appears to be a unique attempt to address Silicon Valley's diversity issues, which are particularly pronounced in venture capital.

About 58% of venture capitalists are white and male, according to a review of 1,500 U.S.-based venture-capital partners by Richard Kerby, a partner at New York-based Equal Ventures. About 3% of

the partners are black.

None of the 29 investing partners, who are responsible for vetting deals and writing checks, at Andreessen Horowitz are black.

Despite their celebrity status, athletes and entertainers interested in tech investing can have a hard time breaking into an industry where success depends on knowing the right people to get access to deals. Part of the purpose of the new Andreessen fund is to address this, according to one of the people familiar with the fund. Ben Horowitz, one of the

firm's founding partners, has served on the boards of nonprofits that help get black students into technology. He also has sourced the firm's investments in startups founded by black entrepreneurs such as Walker & Co., a health and beauty company based in Palo Alto, Calif., for people of color, and Mayvenn, a hair-extension company based in Oakland, Calif. Known in the tech community for his affinity for hip-hop music, Mr. Horowitz has been seen socializing with rappers including Kanye West and Nas.

Chris Lyons, a partner on Andreessen Horowitz's market-development team, will manage the relationships between the limited partners and the firm's main fund. Mr. Durant has cited Mr. Lyons, who is black, as someone who has helped him learn the ins and outs of Silicon Valley.

Athletes have always had an "entrepreneurial spirit," said Ryan Nece, managing partner of Next Play Capital, a venture-capital investing platform based in Redwood City, Calif. But they are increasingly steering their investments toward technology companies, said Mr. Nece, who played professional football for the Tampa Bay Buccaneers for seven years.

NBA player Carmelo Anthony formed his venture-capital firm **Melo 7 Tech Partners** LLC in 2013. More recently, in 2016, Kobe Bryant launched a \$100 million fund after he retired from the Los Angeles Lakers. Other celebrities have established venture funds as well. Earlier this summer, rapper Jay-Z founded **Marcy Venture Partners**.

Baron Davis, a tech investor and former NBA player, when asked about the new fund said he isn't involved and he prefers to encourage wealthy black individuals to be active investors. "I may get in trouble for saying this, but it's always great when white guys want to do something for black athletes and black entertainers, right?" he said. "For me, it's more so about finding the guys who want to participate and actually building something that can be an institution that's for us and not an institution that somebody else owns that's just making us rich."

—Ben Cohen and Katie Roof contributed to this article.

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CLASS ACTION

LEGAL NOTICE

If You Transacted in ISDAfix Instruments Between January 1, 2006, and January 31, 2014, You May Be Affected by a New and Additional Class Action Settlement.

For the purposes of this Settlement¹, "ISDAfix Instrument" means (i) any and all interest rate derivatives, including, but not limited to, any swaps, swap spreads, swap futures, variance swaps, volatility swaps, range accrual swaps, constant maturity swaps, constant maturity swap options, digital options, cash-settled swaptions, physically settled swaptions, swapnote futures, cash-settled swap futures, steepeners, flatteners, inverse floaters, snowballs, interest rate-linked structured notes, and digital and callable range accrual notes, where denominated in USD or related to USD interest rates; and (ii) any financial instruments, products, or transactions related in any way to any USD ISDAfix Benchmark Rates, including, but not limited to, any instruments, products, or transactions that reference ISDAfix Benchmark Rates and any instruments, products, or transactions relevant to the determination or calculation of ISDAfix Benchmark Rates.

THIS NOTICE

This is a **new notice** concerning an **additional** proposed settlement (the "Proposed Settlement") reached in this litigation. It is to alert you to a **new, additional settlement** with five Defendants: BNP Paribas (named in the Action as "B.N.P. Paribas SA"); ICAP Capital Markets LLC (now known as Intercapital Capital Markets LLC); Morgan Stanley & Co. LLC; Nomura Securities International, Inc.; and Wells Fargo Bank, N.A. (collectively, the "Newly Settling Defendants") in a class action against Newly Settling Defendants and other Defendants who previously settled. The lawsuit alleges that Defendants, including the Newly Settling Defendants, engaged in anticompetitive acts that affected the market for ISDAfix Instruments in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. The lawsuit also alleges that certain Defendants were unjustly enriched under common law and breached ISDA Master Agreements. The lawsuit was brought by persons who transacted in ISDAfix Instruments. All Defendants deny they did anything wrong.

A Proposed Settlement has been reached with the Newly Settling Defendants. This is separate from the settlements that have already been given final approval by the Court, which covered other Defendants in the same action (the "Approved Settlements"). The Newly Settling Defendants have agreed to pay \$96 million (the "Settlement Fund"). This amount is in addition to the fund created from the \$408.5 million paid in connection with the Approved Settlements. The United States District Court for the Southern District of New York (the "Court") authorized this Summary Notice. Before any money is paid, the Court will have a hearing to decide whether to approve the additional Proposed Settlement. Approval of the Proposed Settlement by the Court will resolve this lawsuit in its entirety.

WHO IS A SETTLEMENT CLASS MEMBER?

Subject to certain exceptions, the Settlement Class includes all persons or entities (together, "Persons") who, from January 1, 2006, through January 31, 2014, entered into, received or made payments on, settled, terminated, transacted in, or held an ISDAfix Instrument, as defined above.

If you are unsure whether you are a Settlement Class Member, you can find more information, including a detailed Notice of an Additional Proposed Settlement of Class Action (the "Notice"), at www.ISDAfixAntitrustSettlement.com, or by calling 1-844-789-6862 (U.S.) or +1-503-597-5526 (Int.).

WILL I GET A PAYMENT?

If you are a member of the Settlement Class and do not opt out of the Settlement Class, you will be

The Court has appointed the lawyers listed below as Lead Counsel to represent the Settlement Class in this Action:

Daniel L. Brockett
Quinn Emanuel Urquhart & Sullivan, LLP
51 Madison Avenue, 22nd Floor
New York, NY 10010

David W. Mitchell
Robbins Geller Rudman & Dowd, LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

Christopher M. Burke
Scott+Scott
Attorneys at Law, LLP
600 West Broadway, Suite 3300
San Diego, CA 92101

CLASS ACTION

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

In re QUALITY SYSTEMS, INC.
SECURITIES LITIGATION)
This Document Relates To:)
ALL ACTIONS.)
No. 8:13-cv-01818-CJC-JPR

SUMMARY NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT;
(II) SETTLEMENT HEARING; AND (III) MOTION FOR ATTORNEYS' FEES AND EXPENSES

IF YOU PURCHASED OR ACQUIRED QUALITY SYSTEMS, INC. ("QSI") COMMON STOCK FROM MAY 26, 2011, THROUGH AND INCLUDING JULY 25, 2012, AND WERE DAMAGED THEREBY (THE "CLASS"), YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT. CERTAIN PERSONS ARE EXCLUDED FROM THE DEFINITION OF THE CLASS AS SET FORTH IN THE STIPULATION OF SETTLEMENT.

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and Order of the United States District Court for the Central District of California, Southern Division, that the above-captioned litigation (the "Litigation") has been certified as a class action for the purposes of settlement only and that a Settlement has been proposed for \$19,000,000 in cash. A hearing will be held on November 19, 2018, at 1:30 p.m., before the Honorable Cormac J. Carney at the Ronald Reagan Federal Building and U.S. Courthouse, 411 West Fourth Street, Courtroom 9B, Santa Ana, CA 92701, for the purpose of determining whether: (1) the proposed Settlement should be approved by the Court as fair, reasonable and adequate; (2) the proposed Plan of Allocation for distribution of the Settlement proceeds is fair, reasonable and adequate and therefore should be approved; and (3) the application of Lead Plaintiffs' counsel for the payment of attorneys' fees of no more than 25% of the Settlement Amount (up to \$4,750,000) and payment of expenses of no more than \$300,000 from the Settlement Fund, including interest earned thereon, should be approved.

IF YOU ARE A MEMBER OF THE CLASS DESCRIBED ABOVE, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THE LITIGATION, AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUND. If you have not received a detailed Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for Attorneys' Fees and Expenses (the "Notice") and a copy of the Proof of Claim and Release, you may obtain a copy of these documents by contacting the Claims Administrator: QSI Securities Settlement, c/o A.B. Data, Ltd., P.O. Box 173037, Milwaukee, WI 53217, 1-866-963-9980. You may also obtain copies of the Stipulation of Settlement, Notice and Proof of Claim and Release at www.QSISecuritiesSettlement.com.

If you are a Class Member, to be eligible to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim and Release by mail postmarked no later than December 12, 2018, or submit it online by that date. If you are a Class Member and do not submit a valid Proof of Claim and Release, you will not be eligible to share in the distribution of the Net Settlement Fund, but you will still be bound by any judgment entered by the Court in this Litigation (including the releases provided for therein).

To exclude yourself from the Class, you must submit a written request for exclusion so that is received by October 29, 2018, in accordance with the instructions set forth in the Notice. If you are a Class Member and do not exclude yourself from the Class, you will be bound by any judgment entered by the Court in this Litigation (including the releases provided for therein) whether or not you submit a Proof of Claim and Release. If you submit a written request for exclusion, you will have no right to recover money pursuant to the Settlement.

Any objection to the proposed Settlement, the Plan of Allocation of Settlement proceeds, or the fee and expenses application must be filed with the Court and delivered such that it is received by each of the following no later than October 29, 2018:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
Ronald Reagan Federal Building & U.S. Courthouse
411 West Fourth Street
Santa Ana, CA 92701

Defense Counsel:
LATHAM & WATKINS LLP
PETER A. WALD
505 Montgomery Street, Suite 2000
San Francisco, CA 94111

Co-Lead Counsel:
ROBBINS GELLER RUDMAN & DOWD LLP
ROBERT R. HENSSLER JR.
655 West Broadway, Suite 1900
San Diego, CA 92101

Co-Lead Counsel:
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
BENJAMIN GALDSTON
12481 High Bluff Drive, Suite 300
San Diego, CA 92130

PLEASE DO NOT CONTACT THE COURT, THE CLERK'S OFFICE, DEFENDANTS, OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE. If you have any questions about the Settlement, or your eligibility to participate in the Settlement, you may contact Lead Counsel at the addresses listed above or by calling 1-800-449-4900 or 1-800-380-8496.

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
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TECHNOLOGY

ATM Maker Diebold in Talks With Its Lenders

BY SOMA BISWAS

Diebold Nixdorf Inc. said on Monday it is in "constructive" talks with its lenders, after recently drawing down on its credit lines to fund a mandatory buyout of shareholders of **Wincor Nixdorf**, the German rival it acquired most of in 2016.

Two weeks ago, the North Canton, Ohio-based maker of automated teller machines reported disappointing second-quarter results and last week it said in a filing with the Securities and Exchange Commission that it could breach its loan covenants.

The company also faces a

\$220M

Diebold's revolving credit line after draw reported Monday

potential cash crunch if hold-out Wincor Nixdorf shareholders decide to exercise put options to sell their shares to the company.

However, on Monday Diebold said it also found an additional source of cash: Diebold received \$70 million on Aug. 9 from monetizing life insurance contracts.

Since the disappointing second-quarter report, shares and bonds have plunged, but they rose Monday after the company's announcement and after CNBC, citing people familiar with the matter, reported that Diebold had hired financial advisers to help it pursue a potential sale of the company.

After sliding more than 27 cents over the last two weeks, the company's notes due 2024

have traded up nearly 3 cents Monday to 57.5 cents on the dollar, according to MarketAxess.

The company's shares in New York rose more than 16%, or 65 cents, to \$4.60 on Monday. The stock was trading above \$1 before the Aug. 1 earnings report.

Diebold bought a majority stake in Wincor Nixdorf in 2016, but some Wincor shareholders who refused to sell their shares still have the right to sell them to Diebold for 55 euros to 56 euros a share.

All told, Wincor shareholders have put options that allow them to sell €440 million (\$502 million) of Wincor Nixdorf shares to Diebold.

After the purchase of \$160 million in Wincor shares the company reported Monday, it is still on the hook for a potential \$342 million payout to buy Wincor Nixdorf shares, an amount that will strain its coffers.

Diebold's revolving credit line has fallen to \$220 million after the \$160 million draw it reported Monday, and it reported \$313 million cash on its books at the end of the second quarter in June.

On Aug. 1, company executives said second-quarter results were well below expectations, with an operating loss of \$131.5 million, compared with a loss of \$30.1 million in the same quarter a year earlier.

Sales were down 2.5% at \$1.1 billion.

Diebold's adjusted earnings before interest, taxes, depreciation and amortization declined by 36% to \$47 million in the quarter.

Among other large cash needs, the company also pays \$100 million in interest payments on \$1.6 billion in debt.



Other Tencent videogames, including mobile versions of 'PlayerUnknown's Battlegrounds,' also have faced regulatory problems.

Beijing Bars Tencent Game

Regulators withdraw operating license for 'Monster Hunter,' cite objections to content

BY SHAN LI

BELIJNG—Chinese regulators have blocked sales of a **Tencent Holdings** Ltd. video-game where players hunted fearsome creatures, the company said Monday, in the latest setback to its PC games business.

The tech giant pulled "Monster Hunter: World" off its WeGame distribution platform after Chinese regulators canceled the game's operating license, citing "a large number of complaints" about the game's content, Tencent said. Tencent didn't detail why the game's content was flagged, and didn't respond to a request for comment.

One analyst said Chinese

regulators, known to disapprove of overly violent content, might have objected to the game's depiction of corpses. In "Monster Hunter: World," gamers role-play as hunters tracking and killing dangerous creatures through exotic lands.

China's Ministry of Culture and Tourism couldn't be reached for comment.

Tencent sold the game through WeGame, an online platform where users can access and buy personal-computer games for sale. "Monster Hunter: World" was sold for 299 yuan, or about \$44, for a standard version and 358 yuan for the deluxe edition.

"Monster Hunter: World" was expected to be a blockbuster for Tencent, which licensed the game from Japanese game developer **Capcom** Co.

Before its launch on WeGame last week, Tencent had already received more than

one million preorders, WeGame said in a July statement. The company said it would provide refunds for Chinese customers who bought the game.

Tencent shares fell 2.4% in trading in Hong Kong on Monday. The company reports its second-quarter earnings on Wednesday.

The setback comes at a bad time for Tencent, which has already been struggling with stagnant PC game sales, said Chenyu Cui, a senior research analyst at IHS Markit. Its PC game sales were flat in the first quarter compared with the same period a year earlier.

It is also a setback for Tencent's expansion plans for its WeGame platform. The company is planning to introduce an international version of WeGame in Hong Kong, which will compete directly with Steam, the U.S.-based PC games platform that has millions of Chinese users, Ms. Cui

said. "Monster Hunter" was the first time that a popular game launched on WeGame and Steam at the same time, she said.

"Previously, the games available on WeGame were kind of old-fashioned titles," Ms. Cui said. "Now the game has been put off, so Tencent might lose its good timing to compete."

Other games from Tencent have also run into regulatory problems, and its second-quarter earnings might be weighed down by the company's troubles earning money from two mobile versions of a popular PC game called "PlayerUnknown's Battlegrounds."

In 2017, Tencent licensed the rights to PUBG, as it is known to fans, from South Korean developer **Bluehole** Inc. and then rolled out the free mobile games earlier this year. But China's media regulator has yet to approve the games for in-game purchases.

China Bank Tries Blockchain

BY ANGUS LOTEN

The Bank of China's chief information officer recently shared details on the bank's blockchain efforts as he unveiled plans to boost fintech spending, according to local news reports.

Liu Quiwan said the state-run commercial bank, which is distinct from the central bank of China, will increase investing in a range of financial-technology tools to more than 1% of its annual operating budget, though the exact amount was unclear, China-based the

Paper reported last week.

Speaking at a news conference in Beijing, Mr. Liu said the bank is currently running a dozen pilot projects using blockchain, the record-keeping system behind cryptocurrencies, the report said.

By the end of the year, he added, the bank will have completed a rollout of cloud computing, big data and artificial-intelligence platforms, the report said.

International Data Corp. estimates that global corporate spending on blockchain software will reach \$2.1 billion

this year, up from \$945 million in 2017, led by distributors, retailers and manufacturers.

Yet adoption of blockchain across the corporate world appears to be moving more slowly than expected.

Only 1% of 3,138 CIOs at firms in a range of industries said they had "any kind of blockchain adoption" within their organizations, according to a global survey earlier this year by Gartner Inc. While 43% of respondents said blockchain was on their radar, 34% said they had "no interest" in testing or developing it.

Netflix's CFO Set To Depart

Continued from page B1 resulted in stock-price volatility. Netflix has significantly outpaced its estimates for subscriber additions at times, and it has missed widely on other occasions.

The second quarter, Netflix missed its forecasts on subscriber growth and faulted its own internal forecasting, as opposed to business reasons. The company has missed forecasts three times in the past 10 quarters. Still, the company posted higher revenue and profit for the second quarter.

Whoever succeeds Mr. Wells will have to manage investors' expectations as the company raises its content spending around the world to create programming that appeals to local tastes, especially in big potential markets such as India.

Netflix is burning through cash. It is expected to book content expenses of as much as \$8 billion this year, and analysts estimate its actual outlays will be some \$12 billion, including spending on shows and movies that will be released in the future. Some Wall Street analysts say that even though Netflix is well positioned to use debt to fund its spending growth for now, it can't do so forever.

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November 14, 2018 | Laguna Beach, CA

December 11, 2018 | New York, NY

March 27, 2019 | New York, NY

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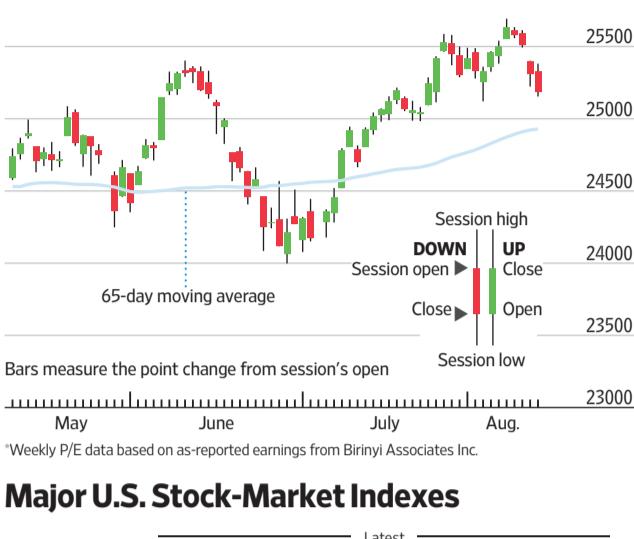
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

25187.70 ▼125.44, or 0.50%
High, low, open and close for each trading day of the past three months.



Current divisor 0.14748071991788
Last 26000
Year ago 20,19

High 26616.71, 01/26/18

S&P 500 Index

2821.93 ▼11.35, or 0.40%
High, low, open and close for each trading day of the past three months.



Last 24.05
Year ago 23.59

P/E estimate * 16.41 18.45
Dividend yield 2.16 2.28
All-time high 2872.87, 01/26/18

Nasdaq Composite Index

7819.71 ▼19.40, or 0.25%
High, low, open and close for each trading day of the past three months.



Last 25.01
Year ago 25.35

P/E estimate * 21.21 21.32
Dividend yield 0.96 1.11
All-time high: 7932.24, 07/25/18

Bars measure the point change from session's open
May June July Aug.
23000 23500 24000 24500 25000 25500 26000 26500 27000 27500 28000 28500 29000

*Weekly P/E data based on as-reported earnings from Binyi Associates Inc.

Major U.S. Stock-Market Indexes

	High	Low	Latest	Close	Net chg	% chg	High	52-Week	Low	% chg	YTD	% chg	3-yr. ann.
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400							
25187.70	25381.39	25153.93	25187.70	-125.44	-0.50		26616.71	21674.51	14.5	1.9	13.1		
11020.83	11115.99	10990.96	11020.83	-69.80	-0.63		11373.38	9021.12	17.9	3.8	10.1		
724.47	726.05	721.63	724.47	0.96	0.13		774.47	647.90	-1.3	0.2	6.5		
29319.19	29544.52	29289.53	29319.19	-128.83	-0.44		29681.71	25030.26	15.1	5.9	10.5		
762.31	768.91	760.62	762.31	-4.96	-0.65		768.27	629.56	18.3	7.2	11.1		

Nasdaq Stock Market

Nasdaq Composite	7888.66	7814.27	7819.71	-19.40	-0.25		7932.24	6213.13	23.3	13.3	15.8		
7401.17	7468.82	7398.53	7401.17	-7.13	-0.10		7508.59	5786.54	25.3	15.7	17.9		

S&P

S&P 500 Index	2843.40	2819.88	2821.93	-11.35	-0.40		2872.87	2425.55	14.4	5.5	10.6		
MidCap 400	2001.63	1979.79	1984.94	-11.08	-0.56		2015.15	1691.67	14.7	4.4	10.0		
SmallCap 600	1064.49	1052.72	1055.82	-5.73	-0.54		1063.10	817.25	25.2	12.8	14.6		

Other Indexes

Russell 2000	1689.10	1670.62	1675.32	-11.49	-0.68		1706.99	1356.90	20.2	9.1	11.6		
NYSE Composite	12853.17	12746.01	12763.66	-79.83	-0.62		13637.02	11699.83	7.7	-0.4	5.9		
Value Line	580.54	575.03	576.36	-3.56	-0.61		589.69	503.24	11.8	2.5	6.0		
NYSE Arca Biotech	5124.63	5057.42	5085.54	-47.22	-0.92		5177.87	3787.17	31.7	20.4	7.8		
NYSE Arca Pharma	569.02	565.70	566.28	-0.38	-0.07		593.12	514.66	8.7	3.9	-1.4		
KBW Bank	109.44	107.90	107.93	-1.20	-1.10		116.52	89.71	13.1	1.1	11.7		
PHLX® Gold/Silver	73.52	71.29	71.62	-2.25	-3.05		93.26	71.62	-14.0	-16.0	12.7		
PHLX® Oil Service	146.32	142.68	142.77	-4.06	-2.76		170.18	117.79	16.0	-4.5	-7.6		
PHLX® Semiconductor	1368.77	1355.50	1356.75	1.95	0.14		1449.90	1064.52	24.0	8.8	28.8		
Cboe Volatility	15.02	12.95	14.78	1.62	12.31		37.32	9.14	19.9	33.9	3.1		

\$ Nasdaq PHLX

Sources: SIX Financial Information; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	8,306.6	282.56	0.46	0.16	283.14	282.01
Utilities Sel Sector SPDR	XLU	7,111.9	53.02	-0.04	-0.08	53.07	52.99
Van Eck Vectors Gold Miner	GDX	5,487.1	20.00	0.02	0.10	20.04	19.96
SPDR S&P Biotech	XBI	5,003.9	94.50	...	unch.	94.52	94.41
Ford Motor	F	3,561.8	9.46	...	unch.	9.50	9.41
iShares MSCI Emg Markets	EEM	3,238.0	42.52	0.04	0.09	42.58	42.48
Wells Fargo	WFC	3,130.8	57.66	0.05	0.09	58.00	57.33
Comcast CIA	CMCSA	2,919.0	35.15	0.11	0.31	35.15	34.92

ArQule ARQL 51.0 5.91 0.23 **4.05** 5.92 5.68

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Boston Scientific BSX 75.0 34.14 0.84 **2.52** 34.14 33.23

Hologic HOLX 130.1 40.00 0.98 **2.51** 40.00 39.02

Veritone VERI 56.3 12.00 -3.80 **-24.0**

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Copper-High (CMX) -25,000 lbs.; \$ per lb.	2.7130	2.7335	2.7130	2.7220	-0.015	728	
Aug 2.7130	2.7335	2.7130	2.7220	-0.015	728		
Sept 2.7385	2.7565	2.7130	2.7310	-0.015	124,516		
Gold (CMX) -100 troy oz.; \$ per troy oz.	1207.00	1207.40	1191.60	1191.30	-19.80	749	
Oct 1214.20	1216.50	1193.90	1194.20	-20.00	54,714		
Dec 1218.40	1221.40	1198.60	1198.90	-20.10	354,722		
Feb'19 1226.20	1226.20	1204.20	1204.40	-20.20	31,010		
Jun 1232.70	1232.70	1216.70	1216.00	-20.40	7,349		
Dec 1251.50	1251.50	1236.20	1234.60	-20.50	3,783		
Palladium (NYM) -50 troy oz.; \$ per troy oz.	901.60	902.50	877.30	880.90	-20.20	17,156	
Sept 901.60	902.50	877.30	880.90	-20.20	17,156		
Dec 896.60	896.60	875.00	878.60	-20.10	6,956		
March'19 871.90	-20.50	159				
Platinum (NYM) -50 troy oz.; \$ per troy oz.	829.40	829.40	808.00	798.20	-29.60	27	
Oct 830.80	831.80	797.00	799.50	-30.10	73,318		
Silver (CMX) -5,000 troy oz.; \$ per troy oz.	15.240	15.240	14.965	14.953	-0.313	153	
Sept 15.300	15.345	14.970	14.982	-0.313	147,924		
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	67.71	67.95	65.71	67.20	-0.43	200,495	
Oct 66.96	67.19	65.09	66.57	-0.37	328,115		
Nov 66.55	66.78	64.80	66.21	-0.33	173,598		
Dec 66.22	66.43	64.53	65.88	-0.33	301,225		
Jan'19 65.94	66.14	64.32	65.64	-0.33	171,491		
Dec 62.85	62.94	61.40	62.40	-0.41	216,122		
NY Harbor USLD (NYM) -42,000 gal.; \$ per gal.	2.1421	2.1506	2.0996	2.1370	-0.027	85,527	
Oct 2.1465	2.1530	2.1040	2.1409	-0.026	75,802		
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.	2.0380	2.0449	1.9800	2.0147	-0.0245	102,098	
Sept 1.9272	1.9330	1.8736	1.9082	-0.0192	123,428		
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.	2.930	2.946	2.897	2.930	-0.014	153,929	
Oct 2.936	2.950	2.905	2.936	-0.013	188,688		
Nov 2.970	2.982	2.941	2.971	-0.016	162,202		
Jan'19 3.138	3.151	3.114	3.145	-0.006	187,689		
March 2.995	3.008	2.971	3.004	-0.004	160,694		

Cash Prices | WSJ.com/commodities

Monday, August 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.

Monday

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, AMEX, Nasdaq and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Monday, August 13, 2018

Net Stock Sym Close Chg Stock Sym Close Chg

A B C

ABB ABB 22.53 -.06 BP BP 42.68 -.31 Chubb CB 134.98 -.91

ADT ADT 9.15 .025 BT Group BT 14.62 .16 ChungHwaTel CHT 34.02 -.05

AES AES 13.38 -.018 BWX Tech BWX 62.77 .20 Church&Dwight CHG 55.89 .15

Aflac AFL 46.30 -.018 BancodeChile BSC 30.83 -.28 Cintas CTAS 19.68 -.11

AGNC Inv AGNC 19.03 .024 BancosBbva BBVA 6.14 -.02 Cintysystems CSO 43.75 -.03

AMG Homes AMG 19.31 -.035 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Ansys ANSS 171.05 -.035 BankColombia CIB 43.99 -.08 Cigna CI 181.76 -.52

ASML ASML 204.70 .081 BankofAmerica BA 30.48 -.07 Cimarex Energy XEC 34.83 -.36

ATT T 32.21 -.005 BankofMontreal BMO 78.99 .16 CincinnatiFin CINF 73.69 -.07

AbbottLabs ABT 65.43 -.060 BankNy Mellon BN 50.14 -.08 CokerEngg COKJ 19.41 -.23

AbbVie ABV 96.78 .09 BankPlus BNP 59.33 -.05 CommerceFins COF 23.77 -.04

Abiomed ABMD 368.00 -.983 BankPlusCte BNP 59.33 -.05 Conexxus CNX 51.98 -.09

Accenture ACN 160.23 -.045 BancosCte BSC 58.01 -.12 Cognex CGN 51.98 -.09

ActionViewBlitz ATVI 70.52 -.009 BancosCte BSC 58.01 -.12 ColgatePalmolive CP 10.14 -.05

AdobeSystems ADBE 253.54 -.016 BancosCte BSC 58.01 -.12 Cognitech CHT 75.42 -.14

AdvanceAuto AAP 144.84 -.151 BancosCte BSC 58.01 -.12 Citizens CTAS 19.68 -.11

AdmicoDevs AMDS 19.73 .067 BancosCte BSC 58.01 -.12 Cintysystems CSO 43.75 -.03

Aegon AEG 6.13 .001 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AerCap AER 56.72 -.053 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Aetna AET 194.71 .019 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AffiliatedMtrs AMG 146.40 -.176 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AiglonTechs ATC 65.94 -.032 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AigonicEagle AEM 38.63 -.134 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AirProducts APPD 162.44 -.457 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AlkamTechs ATAK 72.00 .266 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AlaskaAir ALK 61.89 -.134 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Albermarle ALB 95.63 -.287 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Alcoa AA 44.45 -.053 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AlexandraEst ARE 124.18 .013 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AlexonPharm ALN 118.37 -.051 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AllianEnergy ENTR 47.22 .073 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AllisonTrans ASN 45.49 -.033 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Allstate ALL 98.16 -.047 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Alynyfinnally ALY 66.28 -.004 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Alynpharm ALN 90.95 -.643 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Alphabit C GOOG 1230.50 -.260 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Alphabit A GOOG 64.45 -.016 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Almerico UHL 363.79 .001 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Ameren AEE 62.99 .021 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AmericaMovil AMX 16.46 -.009 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AmericaMovil AMV 16.43 -.009 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AmericaAirlines AMR 36.79 -.047 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AEP AEP 70.94 .009 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AmerExpress AXP 101.81 .024 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AmericanAirtt AMH 22.30 .010 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AmericanInt AMT 149.01 .012 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AmeriTower REIT 87.40 -.024 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Andeavor ADV 48.89 -.048 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Apartmentmngt APT 42.75 .014 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AppolloBlgmt APP 30.03 .511 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Apple AAPL 208.87 .134 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AppMaterials AMAT 48.29 .012 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Appartgroup ATR 101.40 .098 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Aptiv APTV 97.27 .176 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

AquaAmerica WTR 37.10 .017 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Aramark ARK 29.32 .003 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Arcelormittal MTT 29.32 .003 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

ArchCapital AGC 30.10 .012 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

ArcherDaniels ADM 49.35 -.025 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Arco Atlantic ATL 81.77 .047 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

ArvindDenison ADN 105.50 .066 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

ArxataCoating ATKA 29.89 -.014 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

Aspermtmngt AIV 42.75 .014 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

ApplGblMgmt APP 34.03 .511 BancosCte BSC 58.01 -.12 Citigroup C 69.16 -.10

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Appollo

BANKING & FINANCE

Tesla's New Challenge: Borrowing Costs

Electric car maker's debt has slipped in days after Elon Musk's 'go-private' tweet

BY SAM GOLDFARB

Elon Musk's comments about taking Tesla Inc. private are threatening to increase the electric-car maker's borrowing costs, presenting a fresh challenge for a company already dealing with a dwindling cash pile.

Tesla's only unsecured bonds, a \$1.8 billion note issued in August 2017 with a 5.3% coupon, have bounced around since Mr. Musk first tweeted his interest in a go-private transaction last week. The most actively traded version of those bonds changed hands late Monday afternoon at 90.750 cents on the dollar for a 6.994% yield, compared with 90.688 cents Friday and 91.5 cents just before the tweet, according to MarketAxess.

In a blog post Monday, Mr. Musk said that "most of the capital required for going private would be funded by equity rather than debt" and estimated that two-thirds of shares owned by current investors would remain with the company.

Not counting convertible bonds, which are a hybrid of debt and equity, Tesla's debt burden is relatively modest, said Steven Oh, global head of credit and fixed income at PineBridge Investments. Nevertheless, its 5.3% bonds "have been underwater since shortly after



Tesla unsecured bonds had a yield near 7% Monday, compared with the 5.3% coupon they were issued with in August 2017.

new issuance," suggesting it could have difficulty "making the leap toward a much higher leveraged capital structure."

Even if Tesla could go private with a minimal amount of new debt, its reputation still could take a hit in the bond market. While the company has burned cash every year since going public, some investors have been comfortable owning its bonds based on its lofty public-market capitaliza-

tion—which provides a daily assurance that the company is valued at more than enough to repay its debt—and its ability to raise cash by issuing new shares.

For debt investors, "the extreme majority of the time you'd prefer them to be a public entity where they can tap markets if necessary," said Troy Johnson, director of fixed-income research at Segall Bryant & Hamill.

Tesla's access to the debt markets is important even now because it faces looming cash needs and has shown reluctance in recent years to issue new shares, as opposed to various types of bonds.

Tesla reported \$2.2 billion of cash at the end of the second quarter, along with \$9.5 billion in long-term debt and capital leases. Over the past year, the company burned through roughly \$2.4 billion of cash

with interest expense totaling \$577 million, according to the research firm CreditSights.

Mr. Musk has repeatedly said the company can start generating cash in the second half of this year and doesn't need to raise more capital. Some analysts disagree, saying the company likely will need to raise billions over the next few quarters to fund continuing operations and pay down convertible-debt maturities valued at a

Big Swings

Yield on Tesla's 5.3% bond due 2025



Source: MarketAxess

THE WALL STREET JOURNAL.

combined \$1.15 billion.

In a report Thursday, Moody's Investors Service reiterated its view that "Tesla will need to access the capital markets in order to fund its operating requirements" and repay convertible bonds. It called Mr. Musk's recent statements "a credit negative," though it maintained the company's B3 speculative-grade rating.

The details of a go-private deal are important for current Tesla bondholders. Under terms of the 5.3% bonds, Tesla would have to tender for the notes at 101 cents on the dollar if any investor or group of investors acquires a majority stake in the company and the bonds are downgraded by credit-rating firms. However, Mr. Musk's comments indicate that a private Tesla might have no majority owner.

Citigroup Global Card Chief Jud Linville to Leave Bank

BY MICAH MAIDENBERG

Citigroup Inc. is making changes to its consumer-banking leadership, in a bid to deliver more seamless service in a closely watched division.

As part of the shuffle, Jud Linville, head of global cards and consumer services, is leaving the bank, Stephen Bird, Citigroup's chief executive of global consumer banking, announced in an internal memo reviewed by The Wall Street Journal on Monday.

Citigroup is one of the largest card lenders, despite the fact that it has cut hundreds of U.S. branches since the financial crisis. Among the factors that have pressured the business recently are activity on cards that don't tend to generate as much lending income and consumers' increasing demand for rewards.

The New York-based bank has created a new position called head of U.S. consumer banking and appointed Anand



KEVIN MAZUR/GATETIMES FOR CITI

Selva, a Citigroup veteran who currently is in a similar role in Asia, to fill that position, Mr. Bird said in the memo.

In the U.S., Citigroup has historically operated via separate teams that focused on their own particular offerings.

Now, in his new role, Mr. Selva must get retail banking, wealth products and Citi-group-branded cards groups to

go to market with a broader focus on the bank's services, Mr. Bird said in the memo. The shift is meant to make the domestic business operate like the bank already does overseas.

"This action aligns the U.S. franchise with the regional model deployed in Asia and Mexico where we have seen the benefits of cross-product synergies, greater collaboration and accelerated speed to market and decision-making," Mr. Bird wrote in the memo.

Citigroup—run by CEO Michael Corbat—is shifting back to growth mode in the U.S. by focusing on digital initiatives, including making account opening via mobile simpler and allowing customers and noncustomers alike to aggregate all of their financial data through Citi's mobile app.

Mr. Selva currently serves as head of consumer banking in Asia Pacific and has worked for Citigroup for 26 years. Executives focused on Citigroup-

brand cards, digital banking and retail banking and other teams will report to him.

Mr. Bird also said in the internal memo that Citigroup created a second new position, called head of retail banking and consumer lending.

The bank appointed David Chubak to take on that job, which is meant to unify retail-banking and branded-cards teams around the globe in a single unit. He previously served as head of global retail banking.

Mr. Linville joined Citigroup in 2010 from American Express and oversaw the bank's efforts to draw more customers to its credit cards by introducing cards that made it easy to spend rewards points online and other offerings.

In the memo, Mr. Bird said Mr. Linville transformed the bank's cards business, including securing major partners including Costco Wholesale Corp. and American Airlines Group.

Vista Equity Fund In Line to Be Largest

BY WILLIAM LOUCH

Technology-focused private-equity firm Vista Equity Partners Management LLC could raise as much as \$14 billion for its seventh flagship fund, pension-fund documents show.

This would put Vista in line to become one of the latest private-equity shops to raise its largest-ever fund.

A document published on Aug. 8 by Oregon State Treasury said the fund is expected to be 20% to 25% larger than its predecessor, which raised more than \$11 billion in 2016.

WSJ Pro reported in May that Vista was seeking to raise \$12 billion or more for its latest fund.

The Oregon Investment Council, part of the state Treasury, said in the document that it recommended an investment of up to \$500 million in the fund. Vista's latest buyout fund will seek to take majority stakes in 15 software and data companies worth between \$750 million and \$10 billion, the document shows.

Vista was founded in 2000 by former Goldman Sachs Group Inc. executives Robert Smith and Brian Sheth.

The fund has yet to set a hard cap despite returning to market earlier this year, the document shows.

It is the latest sign of the

clout top-performing private-equity shops have in today's buoyant fundraising market.

Funds can increasingly dictate terms during fundraising, in some instances not letting investors know how much they will seek to raise until the firm has held an initial or final close. Investors typically like to know how much a firm plans to raise at the outset.

Raising larger funds has become increasingly common in recent years as yield-starved investors turn to well-established private-equity brands in a bid to boost returns.

Carlisle Group LP raised \$18.5 billion for its latest flagship buyout fund, it said in July. Last year, Apollo Global Management LLC raised \$24.7 billion—the largest pool of capital ever raised by a private-equity firm.

The Oregon state document lists Vista's increasing fund size as one of several concerns.

One of the challenges it says it expects Vista will face is increasing competition for deals. Rival private-equity firms and sovereign-wealth funds are attracted by the strong recurring revenues software businesses generate.

Last year, deals for technology companies accounted for about one-fifth of all acquisitions globally, Dealogic data shows.

Bears Fear Old Ways Are Back

Continued from page B1

happy to interfere with the central bank, China has ditched term limits to make its Communist leadership even more dictatorial than usual and the Philippine president revels in rejecting fetters on extrajudicial killing. Leaders in Eastern Europe, led by Poland, have ripped up institutional controls, while Russia has recovered from being an economic basket case to become a beacon for autocrats everywhere.

Institutional failure isn't enough by itself to create a basket case, though. Ruchir Sharma, author of "The Rise and Fall of Nations" and chief global strategist at Morgan Stanley, says economic performance has been similar under democracies and autocracies—but is much smoother in a democracy.

Countries with weak institutions find it harder to cope when stressed, so a downturn hits a lot harder—as Turkey is discovering. Countries with stronger institutions or sensible policies can still be hurt if they run large current-account deficits at a time when the dollar strengthens, for example. But they should prove more resilient and recover more quickly.

Lots of countries have definitely been moving in the

Emerging vs. Developed

The total return on emerging-market stocks beat developed markets in six of the past 12 decades.

Total return by market



MARKETS

Treasury Yields End Streak of 3 Declines

BY DANIEL KRUGER

U.S. government bonds fell as investors are increasingly speculating that the crisis in Turkey will be contained.

The yield on the benchmark 10-year Treasury note rose to 2.877% from 2.859% Friday, snapping a streak of three consecutive declines. Yields rise as bond prices fall.

Yields climbed as some investors saw limited potential harm to the U.S. economy from markets

CREDIT MARKETS the economic and diplomatic turmoil in Turkey, which has caused its currency to plunge and yields on its bonds to jump. As Turkey's economy has slowed and inflation has risen, officials have pursued policies intended to spur the pace of growth, while the central bank has declined the opportunity to raise interest rates. As part of a plan announced Monday, Turkish authorities made efforts to boost liquidity in the market, lowering the amount of lira and dollars lenders must park with the central bank against their liabilities. The move should help inject around 10 billion lira (\$1.56 billion) and \$9 billion into the financial system, the central bank said.

But analysts said the measures won't have any direct impact on the lira because it doesn't ease a core concern—the hefty debt exposure of Turkish banks and corporations—and warned the central bank has limited reserves of its own to weather the storm.

Yet many U.S. investors think that "it shouldn't be all that concerning or distressing to developed economies without direct exposure" to Turkey, said Christopher Sullivan, chief investment officer at the United Nations Federal Credit Union. "It's hard to envision that Turkey should present a problem to the U.S. economy."

Yields also got a boost Monday as some investors sold government bonds in order to raise funds to purchase new issues of corporate bonds, analysts said.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

	13-Week	26-Week
Applications	\$144,118,699,000	\$146,131,441,700
Accepted bids	\$51,000,203,000	\$45,000,336,300
* noncomp	\$1,013,194,000	\$860,050,200
* foreign noncomp	\$338,000,000	\$480,000,000
Auction price (rate)	99.486361	98.897889
Coupon equivalent	2.06%	2.23%
Bids at clearing yield accepted	66.21%	92.51%
Cusip number	912796QJ1	912796QX0

Both issues are dated Aug. 16, 2018. The 13-week bills mature on Nov. 15, 2018; the 26-week bills mature on Feb. 14, 2019.

Dollar Gets Boost as Lira Slides

BY IRA JOSEBASHVILI

Emerging-market currencies slid, weighed down by investors' concerns that a sell-off in the Turkish lira could spread to other countries.

The dollar **CURRENCIES** rose around 2.4% against both the South African rand and against the Argentine peso in late New York trading while notching big gains against a broad range of other emerging-market currencies.

Turkey's lira slid 6.6% against the dollar after policy moves from the nation's central bank failed to calm rattled investors. The lira is down 45% this year so far, battered by concerns about the North Atlantic Treaty Organization member's political and economic stability and a continuing trade spat with the U.S.

The lira's volatility "continues to roil financial markets around the world and support demand for safe havens," analysts at Scotiabank said in a note to clients.

The dollar fell 0.2% to ¥110.73 against the Japanese yen, a popular destination for nervous investors. It also fell 0.2% against the Swiss franc, to 0.9930 francs.

Energy Stocks Sag Following Oil

BY GUNJAN BANERJI
AND BEN ST. CLAIR

U.S. stocks fell, weighed down by shares of energy and materials companies as oil prices sank.

An economic crisis in Turkey continued to spill over to global markets, leading investors to flee riskier assets such as equities. Falling oil prices to start the week also put pressure on stocks.

The moves lower for the Dow Jones Industrial Average and S&P 500 come after they finished their worst week in more than a month. Other global stock markets also declined Monday as Turkey's economic turmoil and fears of possible contagion continued to strain markets.

The S&P 500 fell 11.35 points, or 0.4%, to 2,821.93. The Dow Jones Industrial Average lost 125.44 points, or 0.5%, to 25,187.70. The technology-heavy Nasdaq Composite swung between gains and losses before ending down 19.40 points, or 0.2%, at 7,819.71.

The S&P 500's energy sector slumped 1.2%, the worst performer among the index's 11 groups, as commodities prices fell, and the materials segment, which includes

chemicals companies, fell 1%.

On Monday, Turkey's central bank said it would provide liquidity to banks as needed, according to a statement on its website, and announced a set of measures to support the lira. But a defiant speech from President Recep Tayyip Erdogan and policy moves from the nation's central bank didn't reassure investors on the country's fiscal condition.

The Turkish lira plunged 6.6% against the dollar, hitting its lowest level on record against the greenback. Those losses come on top of Friday's 13.8% decline.

The lira's lurch lower has raised fears that Turkey may not be able to pay back debt denominated in other currencies and rattled other emerging markets, too.

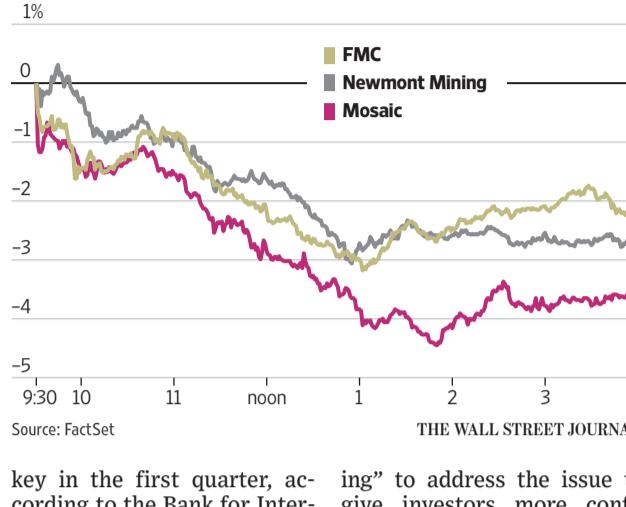
Some indicators show "the situation isn't getting any better," said Charlie Ripley, senior market strategist at Allianz Investment Management.

For example, Italian bond prices dropped Monday as yields rose, an indication that Turkey's stress continued to creep through global markets, Mr. Ripley said.

Fears of Turkey contagion continued to weigh down banks' shares across Europe, too. Spanish banks lent \$80.9 billion to banks based in Tur-

Material Weakness

Shares of chemicals and mining companies sank Monday as commodities prices dropped.

Performance, minute by minute

Source: FactSet

egist at Northwestern Mutual Wealth Management. "All of this is a reminder that we're entering a more volatile regime."

A measure of expected stock swings dubbed the Cboe Volatility Index closed at its highest level in more than two months.

Since 1950, August has recorded the second-worst monthly performance behind September, and analysts said they expect more turbulence before elections in November.

Meanwhile, investors' demand for safer assets pushed the dollar to its highest point in more than a year. The WSJ Dollar Index, which measures the currency against a basket of 16 others, rose 0.3% Monday after its largest one-week point and percentage gain since late 2016.

Elsewhere, shares of **Harley-Davidson** fell \$1.87, or 4.3% to \$41.38 after President Trump encouraged a boycott of the company if its manufacturing moves overseas.

In early trading in Asia Tuesday, the Shanghai Composite Index was 0.51% lower and Hong Kong's Hang Seng was down 0.55%. Japan's Nikkei Stock Average was up 1.2%.

In commodities, U.S. crude dropped 0.6% to \$67.20 a barrel and gold fell 1.6% to \$1,191.30 an ounce.

OPEC Output Rose in July Despite Saudi Fall

BY CHRISTOPHER ALESSI

LONDON—OPEC's oil production ticked up slightly in July, the cartel said Monday, even as production in Saudi Arabia—the de facto leader of the group—declined.

Crude Commodities oil output from the Organization of the Petroleum Exporting Countries rose by 41,000 barrels a day last month, to average 32.32 million barrels a day, the cartel said, citing secondary sources. The increase was driven by higher production in Kuwait, Nigeria, the United Arab Emirates and Iraq.

However, OPEC said Saudi Arabian crude output fell by nearly 53,000 barrels a day in July, according to secondary sources. Saudi Arabia told OPEC directly its own production actually came down by 200,000 barrels daily, to 10.29 million barrels a day, last month, widening discrepancies between the kingdom's official production data and figures provided by external agencies.

The International Energy Agency on Friday reported a 110,000-barrel-a-day decline in Saudi production in July, month-on-month, despite expectations the kingdom's production would rise by a self-described "measurable" increase of several hundred thousand barrels a day last month.

The reported fall in Saudi output comes on the heels of a late-June decision by OPEC and its allies—engineered primarily by Saudi Arabia and Russia—to begin ramping up output in July after more than a year of holding back production.

OPEC and 10 producers outside the cartel, including Russia, agreed in late 2016 to cut output by roughly 1.8 million barrels a day, or 2% of global supply, in an effort to rein in a supply glut that had weighed on prices since late 2014. The deal has helped boost crude prices by more than 50% since the start of 2017.

But the June decision to start gradually raising output helped to put a cap on crude prices that had climbed to more than 3½-year highs, levels that had prompted concerns about denting demand



Lake Maracaibo in Venezuela. Supply risk there and in Iran helped push benchmark oil temporarily above \$80 a barrel this spring.

Oil Prices Slip In Volatile Trading

Crude fell as much as 2.8% on output data, stronger dollar

Oil prices erased most of their losses and closed slightly lower Monday as traders faced increased OPEC production and a stronger dollar.

Light, sweet crude for September delivery closed down 43 cents, or 0.6%, at \$67.20 a barrel on the New York Mercantile Exchange, after falling as much as 2.8% earlier in the session.

Brent crude, the global benchmark, inched down 20 cents, or 0.3%, to \$72.61 a barrel.

Both benchmarks have fallen 9% from their multiyear highs hit earlier in 2018—but in recent weeks by the prospect that higher output from

and global economic growth.

Brent, the global benchmark, temporarily breached the symbolic \$80-a-barrel threshold in

Saudi Arabia and other large producers will ease fears of a supply shortage.

Data Monday showed crude-oil output from the Organization of the Petroleum Exporting Countries ticked up slightly in July even as production in Saudi Arabia—the de facto leader of the group—fell.

Investors monitored recent trade tensions and weakness in emerging markets like Turkey, factors that could lower demand and continue boosting the dollar. A stronger dollar makes commodities priced in the U.S. currency more expensive for overseas buyers.

On Monday, the WSJ Dollar Index, which tracks the dollar against a basket of 16 other currencies, rose 0.4% coming off its highest close since May 2017.

Still, oil prices started the day higher before plunging and then recovering late in the ses-

siion. Some analysts expect them to remain volatile, with uncertainty still surrounding U.S. sanctions against Iran; the speed large suppliers will boost output; and global trade policies that could impact consumption.

The International Energy Agency on Friday raised its forecast for global oil-demand growth by 110,000 barrels a day to 1.5 million barrels for 2019.

"We've had some pretty volatile days in the last month," said Gene McGillian, vice president of research at Tradition Energy. "That's because of the uncertainty."

Analysts say protectionism and the possibility that this year's emerging-markets rout could spread have traders doubting that consumption will continue to grow.

—Amrit Ramkumar and Christopher Alessi

0.3% at \$72.61 a barrel, while West Texas Intermediate futures, the U.S. standard, fell 0.6% to close at \$67.20 a

Gold Loses 1.6% as U.S. Currency Makes It Pricey

BY DAVID HODARI
AND BENJAMIN PARKIN

Gold prices fell to the lowest point in 18 months as a rising dollar outweighed concerns about

COMMODITIES political uncertainty and economic woes in Turkey that rattled emerging markets.

Front-month gold contracts for August delivery fell 1.6% to

\$1,191.30 a troy ounce at the Comex division of the New York Mercantile Exchange, the lowest close since late January 2017. The more-active October contract slid 1.7%.

Traders focused on a diplomatic dispute between the U.S. and Turkey, which raised the prospect of an economic crisis in the country that could spill over into Europe and other emerging markets, according to analysts.

While political and economic uncertainty often attracts risk-averse traders to gold, the strength in the U.S. dollar limited demand for the precious metal. "Gold is failing to rebound despite growing uncertainty surrounding Turkey," said ActivTrades in a note. "The strength of the U.S. dollar remains the main market driver."

The WSJ Dollar Index, which measures the U.S. cur-

rency against 16 others, rose 0.3% to its strongest point in over a year. The Turkish lira fell to record lows against the dollar, losing 6.6% Monday. A stronger greenback tends to make dollar-denominated commodities more expensive for other currency holders.

"Traditional haven buyers of gold now find it too expensive in dollars," said George Gero, managing director at RBC Wealth Management.

Turkey is in the midst of an escalating dispute with the U.S. over the fate of American pastor Andrew Brunson, who faces terrorism charges and as many as 35 years in prison. The White House has vowed to pile pressure on Ankara until Mr. Brunson is released.

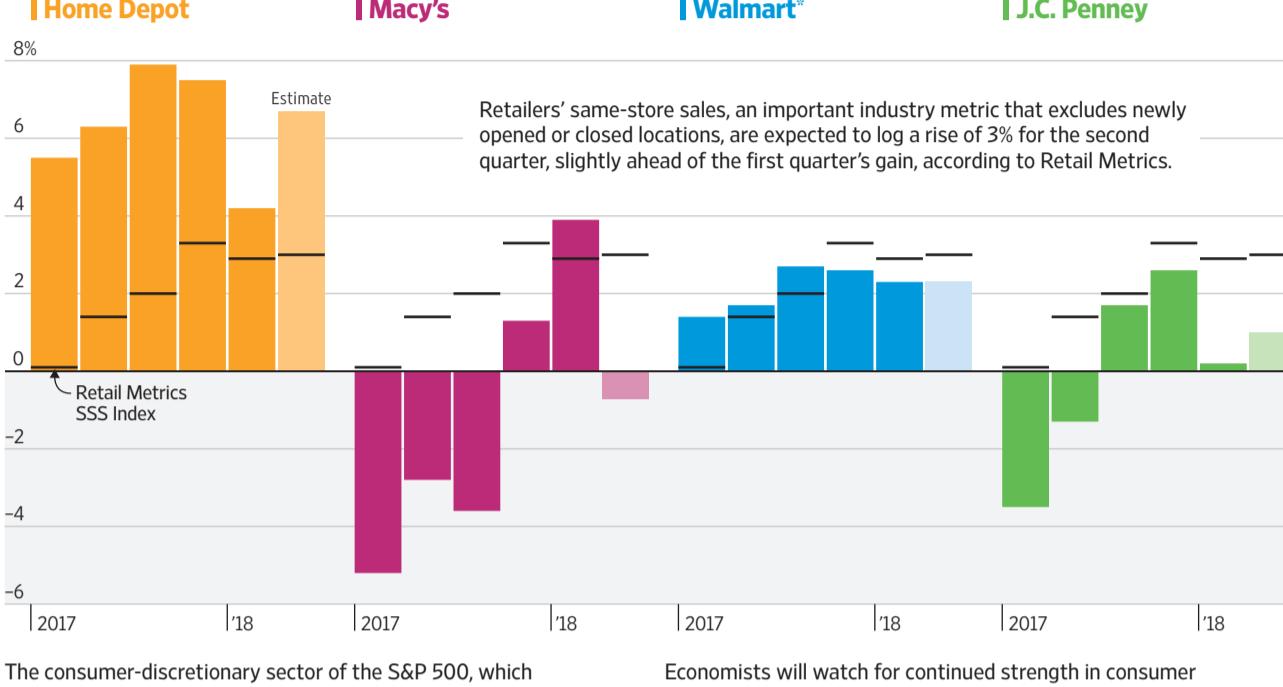
On Friday, President Trump announced that U.S. import tariffs on steel and aluminum from Turkey would be doubled to 50% and 20%, respectively.

MARKETS

Earnings Offer Next Test Of Retailers' Turnaround

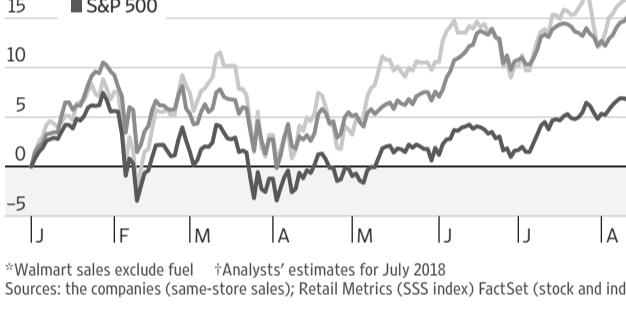
Shares of retailers and other consumer-discretionary stocks have been among the top performers in U.S. markets this year, an unexpected turnaround fueled by strong earnings and buoyant consumer confidence. Investors will get their latest look at the health of the consumer this week when big retailers report quarterly results and the Commerce Department releases retail-sales data for July.

Same-store sales, change from previous year



The consumer-discretionary sector of the S&P 500, which features high-flying retail stocks including Macy's, Target, Kohl's and T.J. Maxx, among others, has been the best-performing group in the index this year, behind the technology sector. The gains mark a reversal from previous years when competition from Amazon.com pummeled many traditional retailers.

Year-to-date performance



^aWalmart sales exclude fuel ^bAnalysts' estimates for July 2018

Sources: the companies (same-store sales); Retail Metrics (SSS index) FactSet (stock and index performance, same-store sales estimates); U.S. Census Bureau (retail sales)

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

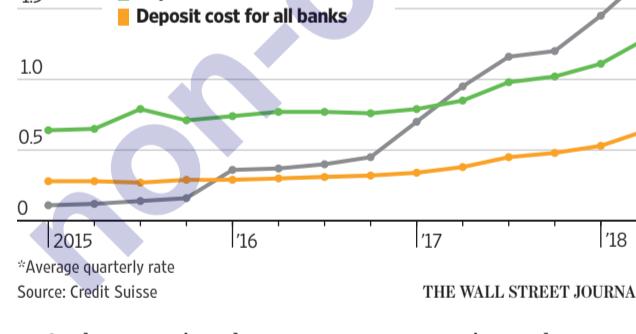
WSJ.com/Heard

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Banks Begin to Pay Depositors

Delayed Reaction

The cost to banks of deposits vs. the federal-funds rate



At the same time, long-term lending rates are staying low. This flattening of the yield curve puts certain kinds of banks in a vise, but not all. Banks with lots of loans tied to short-term benchmarks, including most business lenders, are repricing their loans higher constantly, which offsets the higher rates paid to depositors. But banks that make more long-term loans, like commercial-real-estate lend-

ers, are coming under greater pressure, Mr. McGratty said.

One reason deposit rates have stayed low is that after a decade of zero rates, savers now view bank accounts as ways to manage money and payments, not as a source of income. This effectively has made banks almost like technology companies, competing to offer depositors convenient websites, apps, and payment solutions.

But these technological advancements cut both ways. Now it is easier for a new generation of online-only lenders to gather deposits.

Overall deposit costs for online banks reached 1.29% in the second quarter of 2018, up from 1.11% in the first quarter, according to estimates by Credit Suisse. By comparison, deposit costs for all banks nationwide were 0.64%, up from 0.53% the prior quarter.

Credit Suisse analysts looked at a sample of 16 banks taking deposits online, including **Goldman Sachs** as well as credit-card companies like **American Express** and **Discover**, auto lenders like **Ally Financial** and **Santander Consumer**, and brokerages like **Charles Schwab**.

These online banks' market share has risen to around 6% of total interest-bearing deposits, from 4% in 2015, according to Credit Suisse. There is plenty of room for that to rise further. Pressure on traditional lenders to pay more for deposits will keep rising.

—Aaron Back

OVERHEARD

Bob Brackett has been an analyst at Sanford C. Bernstein since 2010, and over that time he has been on a lot of company conference calls. He is clearly getting tired of them.

Mr. Brackett, who covers oil-exploration-and-production companies, celebrated the end of earnings season for companies he covers in a note to clients. "Earnings is over and the agony subsides enough for reflection," he began.

He gave his own translations of the questions analysts ask: "I understand you're not giving guidance for 2019 right now, but what's your guidance for 2019 right now?" he wrote. Another winner: "Hi guys, I'm smart and here's a comment vaguely disguised as a question to demonstrate it."

He concludes on a positive note, conceding that analysts occasionally ask good questions, "and thereby fulfill part of our role for markets." Let's all hope Mr. Brackett has some vacation time coming.

Turkey Woes Are Rippling Into Europe

The plunge in the Turkish lira hasn't just rippled into other emerging markets—it is also putting an unwelcome spotlight back on the euro.

The European currency has been trapped for nearly three months in a relatively narrow range between \$1.15 and \$1.18. But now it has broken to \$1.138, its weakest level for more than a year, as the collapse in the lira—now down 45% this year against the U.S. dollar—has accelerated.

The Turkish central bank has taken measures to provide liquidity but hasn't delivered the big interest-rate rise that might start to calm markets.

Why should the euro be affected? First, there are concerns about European banks' exposure to Turkey. The Euro Stoxx Banks index fell 3.7% last week to its lowest since late 2016.

Second, Turkey's troubles have sapped risk appetite, hitting Southern European government bonds. The 10-year Italian yield is back above 3% again.

Finally, there is global monetary policy. The European Central Bank's forward guidance, which says it will hold rates steady through the summer of 2019, has disconnected the euro from pressure to appreciate on stronger economic data, but doesn't prevent it from falling if risks emerge. Meanwhile, the Federal Reserve is focused on the strength of the U.S. economy, and has shown little concern about the effects of higher U.S. rates on global markets.

The euro could fall further: Société Générale thinks it could hit \$1.10. It isn't just emerging markets waiting for Turkey to act.

—Richard Barley

Monsanto Gives Investors a New Reason to Avoid Bayer

Malign Growth

Bayer share price



from cancer. On Monday, investors wiped about \$10.7 billion off Bayer's stock-market value—roughly 37 times the value of the damages.

Have investors overre-

acted? Shares of **Volkswagen** have beaten those of other auto makers since the revelation of the emissions fraud in 2015. And Monsanto's guilt is much less certain than VW's: The legal judgment in favor of the plaintiff sits at odds with the U.S. Environmental Protection Agency's stance that the herbicide's key ingredient, glyphosate, isn't carcinogenic. The company will appeal the jury's decision.

If the ruling is upheld, however, the math is daunting for Bayer. There are thousands of plaintiffs like Mr. Johnson.

Also important is the effect on Monsanto's Roundup

business. If regulators decide glyphosate causes cancer, it could wipe out Monsanto's agricultural-productivity unit. That unit made \$353 million of operating profit last year, roughly 5% of the combined company's pro forma total. Taxed and capitalized, those profits could give the division a valuation of \$3 billion without legal or regulatory risks.

Shareholders never bought the idea that Monsanto's seed business and Bayer's herbicides were a necessary combination. Their doubts focused more on the debt and equity needed for the deal than the legal and regulatory risks around

Roundup. Even after a €6 billion (\$6.84 billion) rights issue in June, Bayer expects to end the year with €39 billion of net debt, more than three times pro forma earnings before interest, taxes, depreciation and amortization. This leverage exaggerates shareholders' exposure to legal costs.

Bayer's stock is now trading at a five-year low. Bullish analysts hoped the merger's closure would clear the path to a more positive reappraisal of the deal. Until Monsanto can clear its name, that reappraisal will stay on ice. Investors have a new reason to stay away.

—Stephen Wilmot