

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

THURSDAY, FEBRUARY 22, 2018 ~ VOL. CCLXXI NO. 43

WSJ.com

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DJIA 24797.78 ▼ 166.97 0.7% NASDAQ 7218.23 ▼ 0.2% STOXX 600 381.10 ▲ 0.2% 10-YR. TREAS. ▼ 13/32, yield 2.943% OIL \$61.68 ▼ \$0.11 GOLD \$1,330.00 ▲ \$1.20 EURO \$1.2286 YEN 107.78

What's News

Business & Finance

Fed officials signaled growing confidence in the economy last month, bolstering plans to lift rates, according to meeting minutes. A1
 ♦ Stocks fell on the report. The Dow slid 166.97 points to 24797.78 after rising over 300 points. Treasury yields hit multiyear highs. B13, B14

♦ A top Ford executive who ran its North American business was fired following misconduct allegations. B1

♦ Broadcom lowered its bid for Qualcomm after Qualcomm sweetened its own offer for NXP. B4

♦ Bon Secours and Mercy plan to merge, the latest example of hospitals bulking up to compete for patients. B3

♦ Toys "R" Us plans to shut 200 more stores and lay off corporate staff after a disappointing holiday season. B3

♦ Glencore said its earnings quadrupled in 2017, a fresh sign of strength in the global mining industry. B13

♦ SpaceX signaled that development of its satellite network has been slower than many anticipated. B7

♦ Fluor's work repairing Puerto Rico's electrical grid is winding down as federal funding runs out. B12

♦ The Treasury called for the government to retain power to liquidate a failing financial firm in a crisis. B12

♦ Priceline changed its name to Booking Holdings, a name its CEO says better reflects the business. B4

♦ Twitter was sued by a white nationalist for banning him from the network. B4

World-Wide

♦ Saudi Arabia joined Turkey and China in a bid to block a U.S.-led attempt to place Pakistan on a terror-financing watch list. A1

♦ A Saudi coalition is giving \$1.5 billion to Yemen, but aid groups blame the kingdom for prolonging the war and won't take the money. A18

♦ Top U.S. officials have held talks with Turkish leaders in recent days in a bid to pull Turkey out of alliances with Russia and Iran. A6

♦ Mueller and prosecutors are examining loans that a bank run by an ex-adviser to Trump made to former campaign head Manafort. A4

♦ Trump signaled support for a plan to arm teachers and coaches, as he led a discussion with families affected by school gun violence. A4

♦ YouTube said it mistakenly promoted a video falsely accusing a teenage witness of the Florida school shooting of being an actor. A4

♦ An ex-aide to Netanyahu turned state witness for the Israeli police and will testify in a corruption probe. A7

♦ Israeli polls show support for Netanyahu's Likud party remains strong. A7

♦ Dozens of schoolgirls remained missing two days after a Boko Haram raid on a school in Nigeria. A18

♦ Trump's nominee to lead the Indian Health Service has withdrawn from consideration for the job. A3

♦ France's government proposed tougher immigration and asylum laws. A18

CONTENTS Life & Arts A9-11
Business News B3-47-8 Opinion A15-17
Capital Account A2 Pyeongchang A12-13
Crossword A11 Technology A4
Heard on Street B14 U.S. News A2-4
Management B6 Weather A11
Markets B13-14 World News A6-7,8

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A Solemn White House Gathering on School Gun Violence



SUMMIT: President Donald Trump held an emotional meeting with Parkland, Fla., students and parents, including, from left, Melissa Blank, her son Jonathan Blank, Julia Cordover and, at far right, Carson Abt on Wednesday. Families touched by school violence addressed the president. A4

Saudis Stymie U.S. Over Pakistan

Riyadh-led action keeps Islamabad off a terror-financing watch list, upsetting Washington

Saudi Arabia's move on behalf of Pakistan came just days after Islamabad said it would send more than 1,000 troops to the Gulf kingdom, which has expanded its military posture in the region since its 2015 intervention in Yemen's civil war.

A U.S. effort to reverse the decision on the watch list was under way Wednesday at a meeting in Paris of the Financial Action Task Force, a secretive international body that monitors countries' efforts to

By Saeed Shah in Islamabad, Pakistan, and Ian Talley in Washington

fight terror financing and money laundering, according to the officials involved in the process.

The officials said the U.S. effort, which included pressure on the Saudis, raised the possibility of a fresh vote on action against Pakistan as soon as Thursday. The Paki-

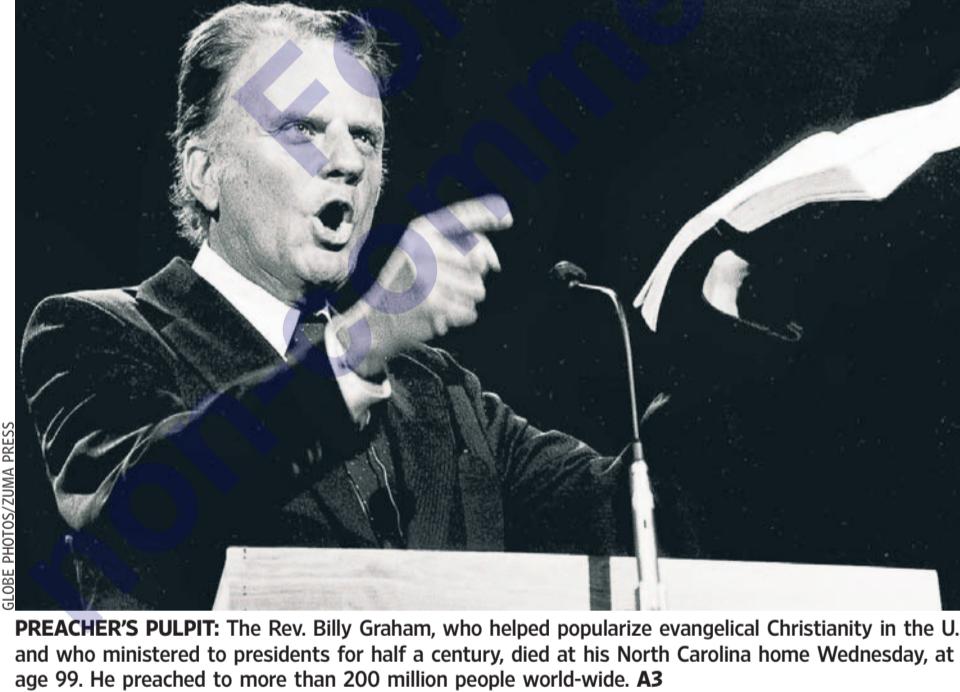
stanis were scrambling to shore up support.

The Trump administration, angry with what it sees as inadequate efforts by Islamabad to combat terror groups, has sought to ratchet up pressure on Pakistan. Last month it said it was withholding \$2 billion in security aid until it sees much stronger action against militants. U.S. officials also ac-

Please see TERROR page A6

♦ U.S. tries to slow Turkish drift toward Russia and Iran..... A6

Graham, Nation's Pastor to Presidents, Dies at 99



PREACHER'S PULPIT: The Rev. Billy Graham, who helped popularize evangelical Christianity in the U.S. and who ministered to presidents for half a century, died at his North Carolina home Wednesday, at age 99. He preached to more than 200 million people world-wide. A3

Index of 500 Stocks Is Powered by Just 3

By AKANE OTANI

Three technology titans have powered nearly half of the S&P 500's advance this year, a worrying sign for investors expecting a strengthening economy to lift shares of manufacturers, oil companies and other businesses whose fortunes typically improve with growth.

Amazon.com Inc. accounted for 27% of the broader index's 1.6% gain through Tuesday, according to S&P Dow Jones Indices' data. The online retailer is followed by Microsoft Corp., which contributed 13%, and Netflix Inc. at 8.3%.

U.S. stocks fell Wednesday, but Amazon and Netflix extended their 2018 gains, adding to their dominance over the S&P 500.

"When you see a Netflix or Amazon leading, it's not necessarily a great sign of investor confidence, since you know those names can always deliver growth no matter what's going on," said Jack Ablin,

founding partner and chief investment officer at Cresset Wealth Advisors.

Investors have fretted in recent years about the dominance of a single sector or

Please see STOCKS page A6

♦ Stocks decline after release of Fed minutes..... B14

Leading the Way

Top contributors to the S&P 500's year-to-date gains and losses

Amazon.com	26.6%
Microsoft	13.3
Netflix	8.3
Nvidia	7.8
AbbVie	7.7
-6.9%	Exxon Mobil
-5.6%	Procter & Gamble
-5.4%	Chevron
-5.2%	Johnson & Johnson
-5.1%	General Electric

Note: Data is through Feb. 20.

Source: S&P Dow Jones Indices

THE WALL STREET JOURNAL.

No One Wants Your Beanie Babies

* * *

Speculators are back, seeking buyers for bears

By SHIBANI MAHTANI

CHICAGO—Cameron Percy thought he'd found a rare treasure when he moved into a new place two weeks ago. Someone had left behind dozens of Beanie Babies in a box in the basement.

The 28-year-old took to eBay, Reddit and Instagram, and concluded the small stuffed animals, a craze from the 1990s, will one day soar in value, like the bitcoins he bought in early January.

"A lot of them are never going to come back, and so they're definitely going to become valuable," said Mr. Percy. His online listings include

Please see BEANIE page A8

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Fed Gives Bullish Signals on Economy

By NICK TIMIRASO

WASHINGTON—Federal Reserve officials signaled growing confidence in the U.S. economy when they met in January, bolstering their plans to continue raising short-term interest rates as soon as next month.

Several Fed officials late last month believed the economy was set to grow even faster than when they elevated their growth projections at their December meeting, according to minutes of the Jan. 30-31 session, which were released Wednesday. Some officials also appeared more certain inflation would return to their 2% target over the coming year after years of consistently lagging behind.

The minutes were keenly parsed by investors, who are eager for any sign the Fed is likely to accelerate its plan to raise interest rates as the economy picks up. In December, the officials boosted rates to a range between 1.25% and 1.5% and penciled in three more increases this year. Investors have been on edge for signs the Fed might lift rates a fourth time in 2018.

The minutes didn't signal any immediate change in the Fed's likely path of increases. But the stronger growth outlook, which was made before Please see FED page A2

♦ Greg Ip: Oil's changing impact on the U.S. economy..... A2
 ♦ Bond prices fall as Fed fuels rate worries..... B13

'Success Theater' Masked Rot at GE

Under Immelt, disdain for bad news led to overoptimistic forecasts, botched strategies

Jeffrey Immelt, the long-time boss at General Electric Co., was a polished presenter who held court each year at a waterfront resort off Saratoga, Fla., where industrial executives and Wall Street listened for his outlook on the conglomerate.

"This is a strong, very strong company," Mr. Immelt said at the event last May.

On that Wednesday morning, he looked shaky to some people in attendance, quickly going through highlights of 27 slides in the ballroom of

the Resort at Longboat Key Club. He defended his long-held 2018 profit goal, an optimistic benchmark Wall Street had long abandoned.

"It's not crap. It's pretty good really," he told the skeptical room, referring to GE's recent financial performance. "Today, when I think about where the stock is compared to what the company is, it's a mismatch."

It was a mismatch. On that day, GE shares were trading near \$28. They would go on to collapse over the next six months while the stock market set fresh records. Today, they trade below \$15.

Please see GE page A8

Human labor refers to tuning, patching, updating, and maintenance of database.

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U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

A Nascent Petro-Economy Flips Oil's Impact



The effect of oil prices on the U.S. economy used to be straightforward: Higher was bad. Yet between 2014 and early 2016, as oil collapsed, growth slowed sharply. Since then oil has doubled, yet the economy has accelerated.

Credit this to the emergence of the U.S. as a leading oil producer and, soon, net energy exporter. More expensive oil is still a tax on consumers. But that tax is increasingly offset by the boost to energy investment, production and jobs. The U.S. business cycle is thus now tied in complex and surprising ways to the global oil market.

The rise in U.S. oil production is nothing short of spectacular. The federal Energy Information Administration projects that daily output, which was the highest since 1972 last year, will rise to a record 10.6 million barrels this year. BP PLC's latest world energy outlook predicts the U.S. will account for 18% of world oil and related liquids output in a little over two decades, well ahead of second-place Saudi Arabia at 13%.

U.S. NEWS

Indian Health Service Nominee Withdraws

BY DAN FROSCH
AND CHRISTOPHER WEAVER

President Donald Trump's nominee to lead the Indian Health Service has withdrawn from consideration for the job, people familiar with the matter said.

The move by Robert Weaver, a former insurance broker, comes after The Wall Street Journal published two articles earlier this year in which former colleagues alleged he had in some cases exaggerated his work experience and left a former employer in financial disarray.

In one case, Mr. Weaver said he had held leadership roles at a large hospital; however, some of his former colleagues and supervisors said his role there was as a registration clerk.

Mr. Weaver, 39 years old, a member of the Quapaw tribe of Oklahoma, was nominated to lead the agency in October.

The Indian Health Service, which provides care for more than two million Native Americans, hasn't had a permanent leader since 2015. It has endured a series of crises over poor treatment of patients.

An IHS spokeswoman declined to comment. Mr. Weaver didn't respond to a request for comment.

Some tribal officials privately questioned whether Mr. Weaver was up to the job, but he had attracted the public support of some of the nation's biggest tribes.

His supporters championed his background running small businesses as a cure for what they viewed as an intransigent bureaucracy. They also praised his willingness to hear out Native American leaders' grievances about the failures of hospitals the agency runs on their reservations.

Colleges Split Into Winners, Losers

BY DOUGLAS BELKIN

Concord University in West Virginia and Clemson University in South Carolina were founded shortly after the Civil War. During the 20th century, each grew rapidly. Now, the public universities that sit just 300 miles apart face very different circumstances.

Clemson, a large research university, enrolled its largest-ever freshman class in 2017 and in December broke ground on an \$87 million building for the college of business.

Concord, a midsize liberal-arts school, has seen its freshman enrollment fall 19% in five years. It has burned through all \$12 million in its reserves and can't afford to tear down two mostly empty dormitories.

The diverging fortunes help explain how higher education is shifting. For generations, a swelling population of college-age students, rising enrollment rates and generous student loans helped all schools, even mediocre ones, to flourish. Those days are ending.

According to an analysis of 20 years of freshman-enrollment data at 1,040 of the 1,052 schools listed in The Wall Street Journal/Times Higher Education ranking, U.S. not-for-profit colleges and universities are segregating into winners and losers—with winners growing and expanding, and losers seeing the first signs of a death spiral.

The Journal ranking, which includes most major public and private colleges with more than 1,000 students, focused on how well a college prepares students for life after graduation. The analysis found that the closer to the bottom of the ranking a school was, the more likely its enrollment was shrinking. (There were 12 schools that didn't have full enrollment data, so they were dropped from the analysis.)

Enrollment at those 1,040 schools between 1996 and 2011 grew 37%. But between 2011 and 2016, enrollment at the bottom 20% declined 2%. The top 80% of schools grew 7%.



Concord University in Athens, W.Va., which has seen its freshman enrollment fall 19% in five years, is looking for out-of-state students.

Clemson—ranked 188 in the Journal list—is on the successful side of the fault line in the higher-education sector. Concord, ranked 1051, isn't.

"In the same way the bookstores fell when Amazon took over, now it's higher education's turn, and it's been coming for a while," said Charles Becker, Concord's vice president for business and finance. "The shake-out is coming. It's already here."

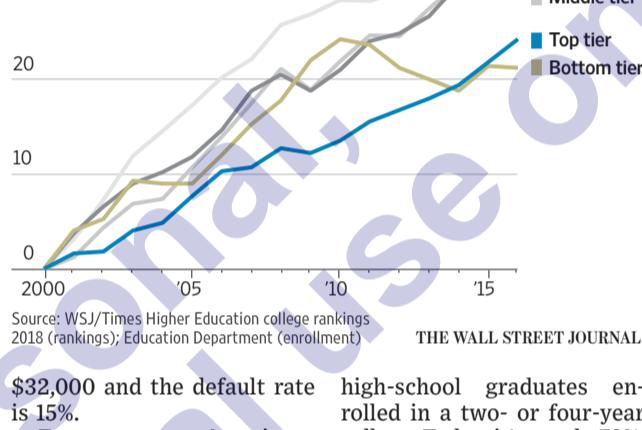
Demographics and geography have some influence on which side of the fault line a school lands, but quality is also a big factor. The Journal uses 15 metrics to determine quality and rank. They include return on investment, student engagement and academic resources.

At Clemson, graduates on average earn \$50,000 a year 10 years after entering college, and the default rate on student loans is 3%; the average Concord grad earned

Falling Behind

After years in which all colleges grew, the bottom quintile of colleges, based on the WSJ/Times Higher Education ranking, is struggling to keep up.

Percentage change in enrollment since 2000



\$32,000 and the default rate is 15%.

For years, Americans broadly accepted the link between a college degree and a solid future. In 1980, 47% of

high-school graduates enrolled in a two- or four-year college. Today, it's nearly 70%. Clemson's success is tied to its embrace of the labor market, said Chuck Knepfle, associate vice president of enrollment management. The school has several corporate partners and has tied curriculum to their needs. "Our students get jobs, we put successful people out there and that is well known," Mr. Knepfle said.

At Concord, Jamie Ealy, vice president of enrollment management is increasing efforts to enroll students from out of state and overseas. Mr. Becker said he believes Concord will survive and that the marketplace changes are necessary and good for students.

ASSOCIATED PRESS

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The Rev. Billy Graham with his son and three U.S. presidents in 2007 at the Billy Graham Library in Charlotte, N.C. On Wednesday, mourners left flowers at the library. Nicknamed 'America's Pastor,' Mr. Graham was a towering Christian figure for three-quarters of a century.

BILLY GRAHAM died at his North Carolina home Wednesday. He was 99 years old.

Mr. Graham had retreated from public life in recent years, and had been treated for a variety of ailments, including cancer.

Preaching a simple, quintessentially American message about sin that emphasized redemption, Mr. Graham was among the first pastors to make use of mass media—in the form of radio and television—and cheap air travel to reach a wider audience than previous generations of preachers had. He preached without rancor and, in later years, without much focus on the prospect of hellfire.

Mr. Graham's influence also extended to Washington, where he counseled presidents for half a century, beginning with Dwight Eisenhower. Lyndon Johnson sought his favor; he offered frequent advice to Richard Nixon, including during the Watergate scandal; he frequently visited the White House under Ronald Reagan; offered a prayer at Bill Clinton's 1993 in-

auguration; and played a role in George W. Bush's decision, before he became president, to stop drinking and become more serious about his faith.

His singular role in the White House earned him the nickname "America's Pastor."

Mr. Graham's association with presidents lent occupants of the White House a patina of virtue and gave him proximity to political power—but also drew him into controversy when he opposed Communism and supported the Vietnam War.

William Franklin Graham Jr. was born outside Charlotte, N.C., on Nov. 7, 1918, and grew up on a dairy farm. His parents were austere Christians, and Mr. Graham often told how his father gave him a lifelong aversion to alcohol by forcing him to drink beer until he vomited.

Mr. Graham found his life's path at 16 years old, when he attended a revival meeting in Charlotte where the speakers included famed evangelist Mordecai Ham. "I thought, 'This is for me! I'm a sinner,'" he later wrote. "God loves me."

Mr. Graham drew national attention in 1949 during a Los Angeles revival. An estimated 350,000 came out to see him over eight tent dubbed the "Canvas Cathedral." Press lord William Hearst ordered his editors to "puff Graham," and newspapers across the country carried accounts of the young preacher.

Eight years later, his summer crusade in New York at-

tracted more than two million, packing Madison Square Garden, Yankee Stadium and Times Square.

LOGAN CYRUS/AGENCE FRANCE PRESSE/GETTY IMAGES

The New York crusade cemented Mr. Graham's reputation as the country's foremost evangelist—and crystallized negative critiques among his fellow Christians. Reinhold Niebuhr, dean of Union Theological Seminary in New York, dismissed Mr. Graham's ministry as "ballyhoo."

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Mr. Graham avoided the excesses that undid some other evangelists. Under an organizational charter from the late 1940s, he agreed to a modest salary, and he pledged to refrain from ever being alone with a woman who wasn't his wife.

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Although he concluded his career of religious campaigns after 2005, Mr. Graham never officially retired. Appearing frail, he returned to New York in June 2005 for a final crusade, a week at Flushing Meadow Park in Queens.

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Asked by Time magazine about retirement in 1993, he said, "The New Testament says nothing of Apostles who retired and took it easy."

BY IAN LOVETT AND STEPHEN MILLER

The Rev. Billy Graham, one of the most influential Christian pastors of the 20th century, who ministered to presidents, preached to more than 200 million people world-wide and helped popularize evangelical Christianity in the U.S., died at his North Carolina home Wednesday. He was 99 years old.

Mr. Graham had retreated from public life in recent years, and had been treated for a variety of ailments, including cancer.

Preaching a simple, quintessentially American message about sin that emphasized redemption, Mr. Graham was among the first pastors to make use of mass media—in the form of radio and television—and cheap air travel to reach a wider audience than previous generations of preachers had. He preached without rancor and, in later years, without much focus on the prospect of hellfire.

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LOGAN CYRUS/AGENCE FRANCE PRESSE/GETTY IMAGES

U.S. NEWS



Students of the Florida high school where a shooting happened last week led a rally Wednesday against gun violence on the steps of the old state capitol in Tallahassee, Fla.

Trump Discusses Arming Teachers

In forum with families, president shows support for training school staff in firearms

BY PETER NICHOLAS AND MICHAEL C. BENDER

WASHINGTON—President Donald Trump, leading an emotional discussion with families touched by school gun violence, signaled support for a plan to arm teachers and coaches and also tighten background checks and mental-health screening before gun purchases.

Inviting students and parents to offer solutions to school shootings, Mr. Trump spoke approvingly of letting trained school staff carry concealed weapons that could be used against the shooter with a view toward minimizing casualties.

An armed, properly trained school faculty member can end a mass shooting before the nearly 10 minutes it takes for police to show up, Mr. Trump said.

"If you had a teacher who was adept at firearms, it could very well end the attack very quickly," Mr. Trump said.

Mr. Trump, seated solemnly beneath a portrait of Abraham Lincoln, said of the school violence, "We'll solve it together."

"You've gone through extraordinary pain and we don't want others to go through the pain you've gone through. It wouldn't be right."

Mr. Trump made clear his belief that "gun-free zones" make schools less safe, increas-

Death Penalty Gets Focus in Cruz Case

Defense lawyers seeking to spare Nikolas Cruz execution for last week's school shooting in Parkland, Fla., could face a high hurdle: the state's historic embrace of the death penalty, which has led to the second-largest death row in the U.S.

Howard Finkelstein, the Broward County public defender whose office is representing Mr. Cruz, said the 19-year-old suspect, who is charged with killing 17 people, was prepared to plead guilty if prosecutors agreed not to seek the death penalty and settled for a life sentence without possibility of parole. That would avoid years of trial and

appeals that could be distressing for those who lost loved ones, he said.

"If it will serve the community and victims' families to put it all behind them, to try to pick up the pieces of their lives that have been destroyed, then there is that possibility," Mr. Finkelstein said.

State Attorney Michael Satz, whose office is handling the prosecution, said in a news release over the weekend that it would announce its position "at the appropriate time." But he noted that "this certainly is the type of case the death penalty was designed for."

Gov. Rick Scott's office said the state attorney "has been clear that this case would warrant the death penalty," and "we want to ensure that this individual is held fully accountable and

that justice is swiftly served for victims and families."

Though the number of death penalties imposed nationally has plummeted in the past two decades and polling shows public sentiment turning against execution, Florida continues to apply it actively. The state has 348 inmates on death row, second only to California, and has executed 95 people since 1976, behind Texas, Virginia and Oklahoma, according to the Death Penalty Information Center.

Florida Sen. Marco Rubio, a Republican, said in a recent TV interview that while he has broad concerns about the death penalty and whether defendants get equal representation, "in this particular case, it'd be hard to argue against the death penalty."

—Arian Campo-Flores

School in 1999 and Sandy Hook Elementary School in 2012.

Nikolas Cruz later admitted to being the gunman in the Florida attack, according to a complaint affidavit.

The discussion also coincided with student protests demanding action by lawmakers, and an organized lobbying effort by survivors of the Stoneman Douglas attack in the Florida legislature.

"I'm pissed," said Andrew Pollack, whose 18-year-old daughter, Meadow, was killed at Stoneman Douglas. "I'm not going to see my daughter again. She's not here. She's at North Lauderdale in King David Cemetery. That's where I go to see my kid now."

Mr. Pollack said school safety needed to be the first priority, and then gun laws could be debated later. "How many schools, how many children have to get shot?" he said.

Mr. Trump said nothing about banning assault-style weapons, a proposal that some of the visitors endorsed. White House aides have said the president doesn't support banning specific classes of weapons.

"I don't understand why I can still go in a store and buy a weapon of war," said Samuel Zeif, a Stoneman Douglas student who said his best friend was killed in the shooting. He was overcome with emotion as he pointed out he was sitting next to Nicole Hockley, who

lost her 6-year-old son Dylan in the shooting at Sandy Hook.

Mr. Trump sought to be a soothing presence at the meeting, allowing everyone to speak in a respectful setting.

Though the president and his guests searched for common ground, policy differences were evident.

Parkland Mayor Christine Hunschofsky, who said she has spent the week attending funerals of the students shot at the school, urged the president to rid the country of assault rifles and to push for "red flag laws," which would make it easier to keep guns from people who show signs of violence.

"We have to at some point be strong enough and care enough to come up with solutions," she said.

Mark Barden, whose son was killed in the Sandy Hook shooting in 2012, said he opposed more guns at school. He said that a murderer who planned to commit suicide after a school shooting wouldn't be deterred by an armed teacher.

"No one wants to see a shootout at a school," he said.

Meanwhile, at a boisterous rally in Tallahassee, Fla., students who survived the shooting demonstrated at the State Capitol to plead for stricter gun-control measures, raising pressure on lawmakers in the normally firearm-friendly state to pass legislation.

Students also spent hours meeting with lawmakers and state officials.

—Arian Campo-Flores contributed to this article.

You Tube Mistakenly Promoted False Video

BY DOUGLAS MACMILLAN

YouTube on Wednesday said it mistakenly promoted on its site a conspiratorial video accusing a teenage witness of last week's Florida school shooting of being an actor, the latest sign that social media sites are struggling to suppress misleading and false content on their platforms.

The world's largest video site said it removed the video clip labeling Marjory Stoneman Douglas High School student David Hogg an actor after it was viewed more than 200,000 times and appeared as the No. 1 trending video on the site earlier in the day.

The video showed a local TV news clip of Mr. Hogg, who has spoken out about the need for gun-control laws in the wake of the shooting, being interviewed on a beach in Los Angeles several months ago about an unrelated incident. It was meant to cast doubt on the student's story of witnessing the Parkland, Fla., school shooting.

In an interview on CNN, Mr. Hogg said he isn't an actor and confirmed he attends Marjory Stoneman Douglas High School. Mr. Hogg said he was visiting Los Angeles a few months ago when he was interviewed by a local TV reporter about an incident where his friend was confronted by a lifeguard.

James Gard, a teacher at Stoneham Douglas, confirmed Mr. Hogg is a current student in one of his classes at the school. Mr. Hogg couldn't be reached for comment.

"Because the video contained footage from an authoritative news source, our system misclassified it," a spokeswoman for YouTube, a unit of Alphabet Inc.'s Google, said in an email. "As soon as we became aware of the video, we removed it from 'trending' and from YouTube for violating our policies. We are working to improve our systems moving forward."

YouTube, with more than 1.5 billion users, has faced criticism for its algorithms that have recommended channels featuring conspiracy theories, extreme partisan viewpoints and misleading videos, even when those users haven't shown interest in such content. When users show a political bias in what they choose to view, YouTube typically recommends videos that echo those biases, often with more extreme viewpoints, a Wall Street Journal investigation found earlier this month.

YouTube said last December it would hire 10,000 moderators to help clean up content on the site after changing its algorithm to surface "more authoritative" news sources to people searching about breaking-news events.

—Georgia Wells and Deepa Seetharaman contributed to this article.

Mueller Examines Loans to Manafort by Chicago Bank

BY ERICA ORDEN AND MICHAEL ROTHFIELD

Special counsel Robert Mueller and federal prosecutors in New York are examining as much as \$16 million in loans that a bank run by a former campaign adviser to President Donald Trump made to former campaign chairman Paul Manafort, according to court filings and a person familiar with the two investigations.

The investigation by Mr. Mueller's team is centered on whether the loans from Federal Savings Bank, a small bank in Chicago run by Chief Executive Steve Calk, were made as part of a quid pro quo arrangement to secure Mr. Calk a job in Mr. Trump's administration, the person reported last year.

Mr. Calk was placing calls to the Pentagon and specifically to Army headquarters, asking for briefings to obtain information and prepare himself for a possible job, according to a person familiar with the inquiries. Mr. Calk's overtures raised questions among military leaders as to how to respond, this person said.

Mr. Calk, a veteran whose bank caters to former members of the military, didn't get the Army job.

The Journal subsequently reported that the Justice Department had sought Mr. Manafort's banking records as part of a possible money-laundering probe.

The Mueller team's examination of a possible quid pro quo arrangement between

overlapped with Mr. Manafort on the campaign, said last year the loans to Mr. Manafort were "absolutely not" related to his role in the campaign.

Around the time his bank made the Manafort loans in late 2016 and early 2017—for several properties including a Brooklyn townhouse—Mr. Calk was seeking to become Mr. Trump's Army secretary, according to three people briefed on the interactions, The Wall Street Journal reported last year.

Mr. Calk was placing calls to the Pentagon and specifically to Army headquarters, asking for briefings to obtain information and prepare himself for a possible job, according to a person familiar with the inquiries. Mr. Calk's overtures raised questions among military leaders as to how to respond, this person said.

Mr. Calk, a veteran whose bank caters to former members of the military, didn't get the Army job.

The Journal subsequently reported that the Justice Department had sought Mr. Manafort's banking records as part of a possible money-laundering probe.

The Mueller team's examination of a possible quid pro quo arrangement between

Trump Tweet Faults Sessions, Democrats

President Donald Trump renewed his public pressure on Attorney General Jeff Sessions, suggesting the Justice Department should be looking at the Obama administration as it investigates possible ties between the Trump campaign and Russia.

In a tweet Wednesday, Mr. Trump wrote: "If all of the Russian meddling took place during the Obama Administration, right up to January 20th, why aren't they the subject of the investigation? Why didn't Obama do something about the meddling? Why aren't Dem crimes under investigation? Ask Jeff Sessions!"

Mr. Sessions, who advised Mr. Trump during the 2016 campaign, has repeatedly come under fire from the president after having recused himself from overseeing the Russia investigation last year. That decision led to the appointment of special counsel Robert Mueller after Mr. Trump fired James Comey as

Federal Bureau of Investigation director in May. The special counsel's probe, which is examining alleged Russian interference in the 2016 election and any links to the Trump campaign, has ensnared several top Trump campaign associates.

It wasn't clear which "Dem crimes" Mr. Trump was alleging, but he has criticized the Justice Department for not pursuing a prosecution of his Democratic opponent, Hillary Clinton, over her alleged mis-

handling of classified emails.

It also wasn't clear what Mr. Trump was suggesting the Obama administration didn't do about Russian meddling. Less than a month before he left office, then-President Barack Obama imposed sanctions on Russia. The State Department expelled what it described as 35 intelligence operatives, and the administration imposed asset freezes and travel bans.

—Julie Bykowicz and Peter Nicholas

Messrs. Manafort and Calk was reported by NBC News earlier on Wednesday.

Mr. Manafort and a long-

time business associate, Richard Gates, were indicted in late October by the special counsel's office on charges of

making false statements connected to their work for a pro-Russian political party in Ukraine. Both have pleaded not guilty.

Mr. Mueller's team indicated in a court filing last week that it had uncovered "additional criminal conduct" concerning some of the loans on Mr. Manafort's properties from Mr. Calk's bank.

"That criminal conduct includes a series of bank frauds and bank fraud conspiracies" related to property in Fairfax, Va., the filing said.

"The government has secured substantial evidence that Manafort secured this mortgage from The Federal Savings Bank through a series of false and fraudulent representations to The Federal Savings Bank," the filing said, adding that Mr. Manafort gave the bank "doctored" financial statements for his company for 2015 and 2016 in which he overstated its income by millions of dollars.

Mr. Mueller's office has been conducting its probe in collaboration with the U.S. attorney's office in Manhattan, which has had a continuing investigation into Mr. Manafort and possible money laundering, the Journal reported in October.



JOSEPH ROBERTS/BLOOMBERG NEWS

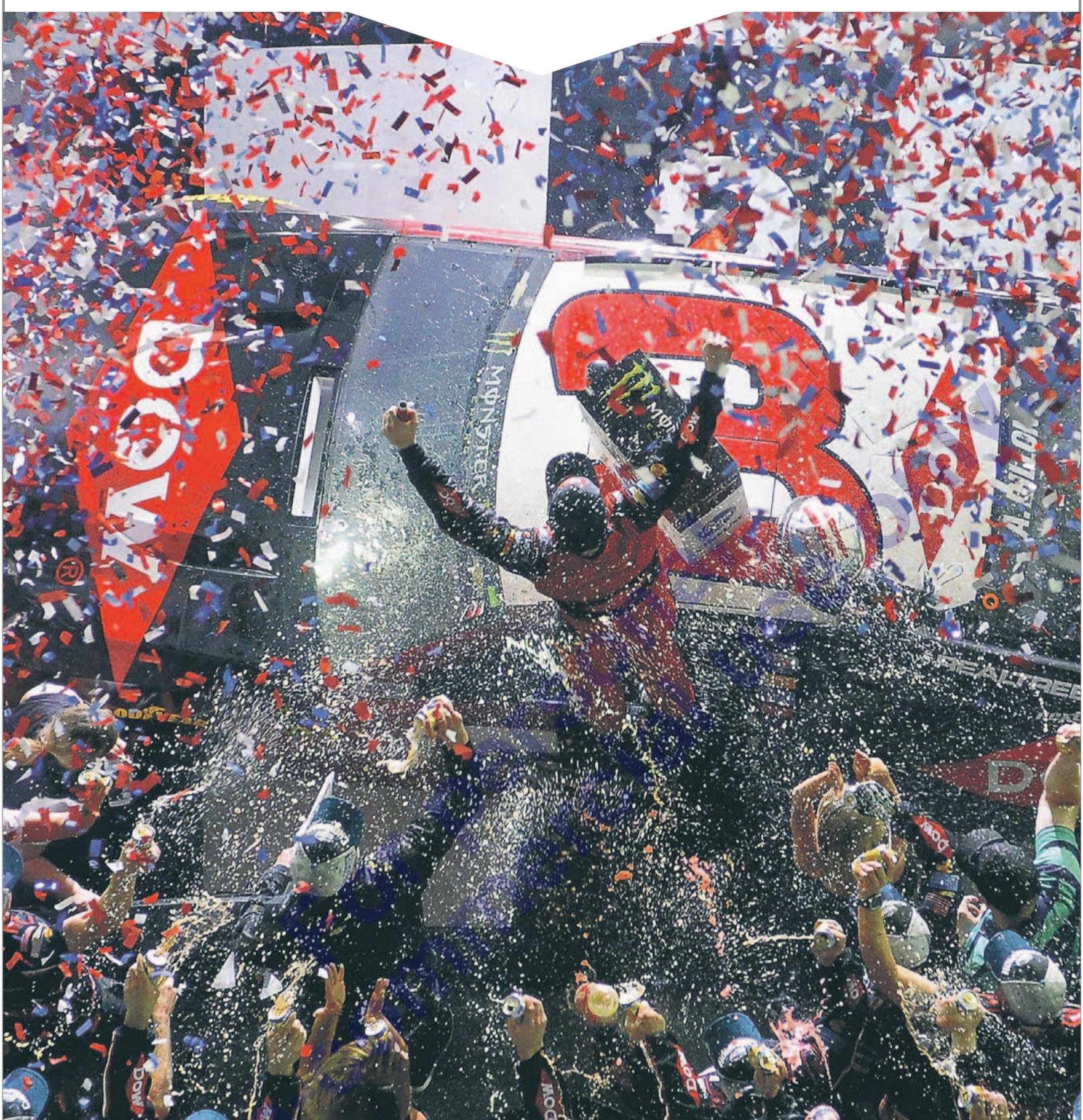
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WORLD NEWS

U.S. Tries to Halt Turkey's Drift to Rivals

White House seeks to pull Ankara out of its deepening alliances with Russia and Iran

By DION NISSENBAUM

WASHINGTON — Five months ago, President Donald Trump hailed Turkish President Recep Tayyip Erdogan as a friend and said the two North Atlantic Treaty Organization allies had never been closer.

But Mr. Trump's optimistic view masked a more complicated reality: Turkey quickly has become one of the Trump administration's most vexing relationships. Relations between the two countries, Secretary of State Rex Tillerson conceded last week, are at a "crisis point." And there appears to be no clear road map for the two countries to overcome their differences.

The Trump administration has embarked on a new campaign to try to repair ties and pull Turkey out of its deepening alliances with Russia and Iran. As part of that effort, senior U.S. officials including Mr. Tillerson, national security adviser Lt. Gen. H.R. McMaster and Defense Secretary Jim Mattis, have held intensive talks with Turkish leaders in recent days as they try to persuade Mr. Erdogan to step back from his closer relations with Moscow and Tehran.

"They are getting played by the Russians," a senior Trump administration official said. "Turkey's alignment with Rus-



Turkish-backed Syrian fighters patrol in the town of Deir Sawwan near the border with Turkey. The U.S. wants Turkish support in pushing Iran and its allies out of Syria.

sia and Iran runs counter to Turkish interests."

The U.S. wants Turkey on its side as it steps up efforts to push Iran and its allies out of Syria. And it is worried that Russia is making progress in dividing NATO by selling advanced antimissile defenses to Turkey.

Turkish officials declined to comment on Wednesday, but the U.S. and Turkey agreed over the weekend to form new working groups on key issues to see if they can bridge their

differences.

"We prefer to talk about such matters with our American counterparts directly," a Turkish official said.

Mr. Erdogan spoke this week with Russian President Vladimir Putin and Iranian President Hassan Rouhani and the three are laying the groundwork for a meeting in Turkey this spring to discuss the conflict in Syria.

But the U.S. official derided Moscow's efforts to work with Tehran and Ankara on a Syria

strategy without the U.S. as "Putin's Potemkin Peace Plan," suggesting that it is a plan devoid of substance.

As the Trump administration sees it, the main issue dividing the U.S. and Turkey is America's support for Kurdish fighters in Syria. For its meetings with Turkey, the U.S. created a busy Venn diagram to highlight this point. U.S. officials are trying to find a way to address Turkey's concerns, but have yet to figure out how to balance what seem like irreconcilable differences.

U.S. officials are offering to set up joint military observation posts in Syria with Turkey to ensure that Kurdish fighters in northern Syria don't attack neighboring Turkey. And they are looking for ways to dilute the power of the Kurdish fighters that the U.S. helped strengthen by providing them with money, weapons and direct support from elite U.S. forces.

But the Trump administration isn't willing to meet Tur-

key's public demand that it stop working with the Kurdish militant force known as the YPG that Turkey sees as terrorists.

The YPG led the successful campaign to push Islamic State out of its self-declared capital in Raqqqa, Syria, and the U.S. now is working to transform Kurdish fighters into a local security force in the northeastern part of the country, where they currently work alongside elite U.S. forces.

TERROR

Continued from Page One

cuse Pakistan's military of supporting some jihadist groups as proxies against neighboring India and Afghanistan.

Pakistan denies those accusations and says there are no terrorist sanctuaries within its territory.

Saudi Arabia is a close U.S. ally, with its crown prince, Mohammed bin Salman, forming a personal bond with the family of President Donald Trump. It was Saudi Arabia's surprise backing that secured the necessary opposing votes to block the U.S.

If U.S. lobbying is successful and the task force does end up adding Pakistan to its list of countries deemed "high risk" for doing too little to curb terror financing, banks, other lenders and international companies seeking to do business with the South Asian country could rethink financial ties, putting a damper on its al-

ready struggling economy.

The U.S. was supported in its effort to put Pakistan on the watch list by the U.K., France, Germany and other countries. The proposal was initiated at a working group, which is responsible for making recommendations to the 35 member nations and two regional groups that make up the FATF plenary. The meeting continues through Friday.

Pakistan was supported by China and Turkey heading into the FATF working-group meeting earlier this week. Turkey and the U.S. are allies as members of the North Atlantic Treaty Organization, though they are at odds with one another over military action in Syria.

The Trump administration has sought to work with Beijing to constrain North Korea's nuclear-weapons program.

Pakistan had lobbied FATF member countries to keep it off the watch list. It also took last-minute action against Pakistan-based militant group Jamaat-ud-Dawa, complying with 10-year-old United Na-

tions sanctions against the group, which the international community holds responsible for the 2008 Mumbai attack that killed 166 people.

"Our efforts paid," said Pakistan Foreign Minister Khawaja Muhammad Asif on Twitter. "No consensus for nominating Pakistan," he said, adding, "Grateful to friends who helped."

aren't doing enough "to crack down on terror financing, counterterrorism and the like."

Riyadh, which didn't respond to requests to comment, acted on behalf of the Gulf Cooperation Council, the Saudi-dominated bloc of six Persian Gulf nations that are collectively a member of the FATF, officials from the countries on the task force said.

A State Department official said Pakistan's efforts appeared deficient. "We look forward to additional information on how Pakistan is meeting these obligations," the official said. If the U.S. fails to get Pakistan on the terror watch list this week, Washington can request that the task force revisit the list at its next meeting, in June.

Pakistan says it has seized some 200 properties of Jamaat-ud-Dawa. However, the group's leader, Hafiz Saeed, remains at liberty and was able to give a speech in Lahore on Friday—arresting him doesn't come under Pakistan's obligations to the U.N., Paki-

stani officials said.

While the U.S. long has had strategic relations with Saudi Arabia, Pakistan also has deep ties to the kingdom. Last week, Pakistan said it would send soldiers to Saudi Arabia on what it described as a training and advisory mission. Pakistan Defense Minister Khurram Dastgir-Khan told The Wall Street Journal that between 1,000 and 1,600 soldiers would be sent. That could double the existing contingent of 1,600 Pakistani soldiers there to train Saudis.

Pakistan didn't tie the deployment to Saudi support on the watch list question and it wasn't clear whether the two moves were linked. Mr. Dastgir-Khan said the proposed listing of Pakistan at the FATF was an attempt to introduce politics into what was a technical organization.

"This does seem unduly punitive and intrusive," Mr. Dastgir-Khan said, pointing to Pakistan's counterterrorism operations in recent years. "There is no logical reason for the FATF nomination."



Pakistan Premier Shahid Khaqan Abbasi with Saudi King Salman.

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FROM PAGE ONE

STOCKS

Continued from Page One

stock in the market, but those fears have generally proved unfounded. Markets continued marching higher even after shares of Apple Inc., which was a driver of the rally, stalled for part of 2016.

The S&P 500 technology sector has driven more than three quarters of the index's gains, according to S&P Dow Jones Indices. The next biggest contributor is the consumer-discretionary sector—which includes tech-focused Amazon and Netflix—with more than a third of the advance.

To some investors, the continued outperformance of technology-oriented companies is surprising. After the tech sector jumped 37% in 2017, nearly doubling the broader S&P 500's advance, many investors expected the rally to stall or be overtaken by other industries.

Among those expected to gain were cyclical stocks like commodity producers, manufacturers and banks whose businesses tend to improve as the economy strengthens and prices rise.

Instead, energy shares have extended their rout, even as U.S. crude prices have bounced off their 2014 lows. Exxon Mobil Corp. and Chevron Corp. have together chipped away about 12% from the S&P 500's

year-to-date advance. And industrial companies, which soared after the 2016 presidential election on bets that the Trump administration would pump up infrastructure spending, have lagged behind the S&P 500, as some investors question how the administration will secure funding for its plan.

Other investors predicted that bank shares would begin outperforming the broader market again after the passage of the Republican tax overhaul. And those companies have seen a boost: JPMorgan Chase & Co. and Bank of America Corp. together have made up 12% of the S&P 500's 2018 gains, according to S&P Dow Jones Indices.

Yet enthusiasm for technology stocks hasn't tapered off. Roughly a third of global fund managers say they are overweight in technology stocks in their portfolios, according to a Bank of America Merrill Lynch survey conducted at the start of the month. That was the highest share of overweights of all 11 S&P 500 sectors.

Meantime, tech's dominance has helped the Nasdaq Composite, which heavily weights shares of technology companies, outperform other indexes so far this year.

The three stocks leading this year's advance—Amazon, Microsoft and Netflix—have benefited from strong earnings showing their businesses are continuing to

the fourth quarter, is up 46% this year.

"When you have something that can really grow and innovate, there's really no limit to the upside," said Thomas Plumb, president of Wisconsin Capital Management, whose Plumb Equity Fund includes holdings in S&P 500 tech-sector names including Visa Inc. and Alphabet Inc., as well as Ansys Inc., which makes engineering simulation software.

Last year's rally was largely driven by five companies known as the FAANG stocks, which include Amazon and Netflix, along with Facebook Inc., Apple and Google parent Alphabet. But the latter three companies haven't kept pace in 2018, following a batch of mixed earnings reports and increased pressure from regulators.

Facebook is contending with scrutiny prompted by a U.S. indictment alleging that Russia manipulated social-media platforms. Apple has come under pressure amid falling iPhone sales, as well as blowback over its decision to slow performance on older iPhones. And Alphabet stumbled after reporting higher quarterly expenses.

Their shares have lagged behind Amazon, Microsoft and Netflix this year after all six notched double-digit percentage gains in 2017: Facebook is up 0.8% so far in 2018, while Apple is up 1.1% and Alphabet has risen 5.7%.

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WORLD WATCH

OLYMPICS

North Korea to Send Delegation to Closing

North Korea will send a high-level delegation to the Olympic closing ceremony on Sunday, setting up a potential encounter with U.S. presidential adviser Ivanka Trump.

North Korea will send Kim Yong Chol, vice chairman of the Central Committee of North Korea's ruling Workers' Party, for a three-day trip starting on Sunday, South Korea's Ministry of Unification said. The Seoul government said it would accept the visit "to help advance the process of settling peace on the Korean Peninsula."

The notification by the North came hours after the White House announced a high-level delegation that includes Ms. Trump, daughter of President Donald Trump, and White House press secretary Sarah Huckabee Sanders. That sets up the potential for an encounter, planned or unplanned, between the two sides.

During the Olympic opening ceremony on Feb. 9, Vice President Mike Pence ignored the North's high-level delegation, which included Kim Yo Jong, the sister of North Korean leader Kim Jong Un.

The U.S. later said that Mr. Pence had initially been willing to meet with the North Korean delegation, but that Pyongyang canceled a meeting at the last minute.

—Jonathan Cheng

BANK OF ENGLAND

Officials Signal Rates To Continue Rising

Central bank officials signaled they intend to raise interest rates in the U.K. in coming months as the global economy expands, with one policy maker hinting he may favor a swifter pace of rate increases if growth accelerates.

In testimony to lawmakers, BOE Gov. Mark Carney and other officials said they expect global growth to boost the economy, though uncertainty over the country's relationship with the European Union weighs on activity.

The Bank of England raised its benchmark rate for the first time in a decade in November, lifting it to 0.5% from 0.25%.

—Jason Douglas

WORLD NEWS

Former Netanyahu Aide to Testify

By RORY JONES

TEL AVIV—A confidant of Prime Minister Benjamin Netanyahu has turned state witness for the Israeli police and will testify in a corruption probe, a person familiar with the matter said Wednesday, the latest twist in a series of cases that threaten to bring down Israel's leader.

The former director of the communications ministry under Mr. Netanyahu, Shlomo Filber, agreed to testify about whether he organized positive media coverage for the leader on a news website, the person said. Mr. Filber agreed to testify about whether in return he pushed regulation that benefited the site's owner, the person said.

Mr. Filber was arrested Sunday and turned state witness in a deal he reached with police late Tuesday, the person said. He is one of a handful of Netanyahu confidants and business executives police arrested this week on suspicion of fraud, breach of trust and obstruction of justice.

The latest investigation, known as Case 4000, is one of five corruption investigations that now surround Mr. Netanyahu and his associates. Israeli police last week urged that he be indicted in two of those cases. Mr. Netanyahu has denied all wrongdoing. Mr. Netanyahu hasn't been named by police as a suspect in Case 4000, but Israeli media have reported that he is expected to face police questioning.

A spokesman for the prime minister didn't respond to a request to comment Wednesday on Mr. Filber turning state witness. A spokesman for the police declined to comment.

In a Facebook post on Wednesday, Mr. Netanyahu quoted Exodus 1:12: "But the more they were oppressed, the more they multiplied and the more they spread abroad."

Mr. Netanyahu called the fresh police investigation into him "madness" in a separate Facebook post on Tuesday,

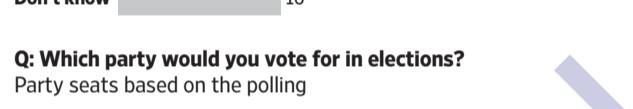


Five corruption investigations now surround Prime Minister Benjamin Netanyahu and his associates.

Divided Nation

Israeli police have recommended indicting Prime Minister Benjamin Netanyahu. But the leader and his party still have a strong base of support.

Q: Should Netanyahu resign after the police recommended indictments?



Q: Which party would you vote for in elections?

Party seats based on the polling



Source: Channel 2 poll published Feb. 14 of 598 Israeli adults.

THE WALL STREET JOURNAL.

has months to run before investigators decide whether to recommend charges to state prosecutors. In the two cases in which police already have urged an indictment, Israel's Attorney General Avichai Mandelblit will consider the evidence and decide on formal charges. That process could also take months.

Israel's opposition parties have pounced on Mr. Netanyahu's troubles, calling on him to resign. "The era of Netanyahu is over," Avi Gabbay, head of the opposition Labor Party said in a Facebook post Wednesday.

Mr. Netanyahu is resisting calls to resign. His supporters consider the investigations part of a police and media campaign to force him from power.

Investigators have pieced together a picture of an administration that allegedly traded favors with business tycoons, government officials and media moguls.

Polls Show Support For Premier Despite Corruption Probe

Polls show solid support for Prime Minister Benjamin Netanyahu's Likud party, despite the investigations.

Likud would win 26 seats in an election, down from its current 30 seats, but still more than any other party, according to a poll last week by broadcaster Channel 2.

In his Wednesday Facebook post, Mr. Netanyahu included a picture of a poll that showed Likud would win 34 seats in an election. Israeli media reported the poll was by a Tel Aviv-based pollster.

Based on the Channel 2 poll, about 48% of Israelis want the prime minister to resign due to the police recommendations. That is down from December, when 60% said he should quit if police urge charges against him.

Mr. Filber served in the communications ministry from 2015 to 2017, when Mr. Netanyahu was serving as his own communications minister.

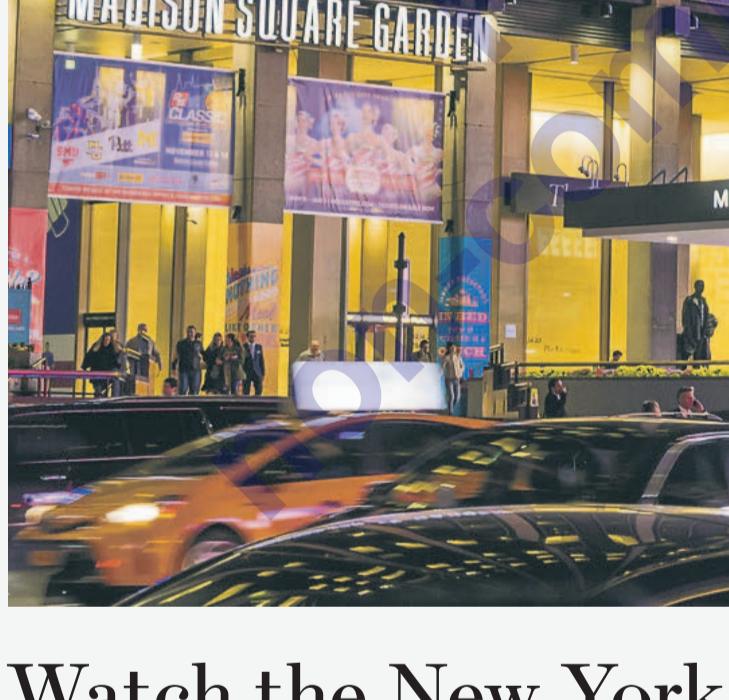
Israel Securities Authority last year launched an investigation into information sharing between the communications ministry and the Israeli telecommunications firm Bezeq. The probe also involved Bezeq's controlling shareholder, Shaul Elovitch.

The securities regulator later passed its evidence to the police. The police now allege Mr. Filber worked with Bezeq executives to implement regulation that benefited the firm in return for positive coverage on the prime minister on a news site owned by Bezeq called Walla.

Police said Tuesday they had also arrested Mr. Elovitch. A lawyer for Mr. Elovitch didn't respond to a request to comment Wednesday. A representative for Bezeq declined to comment.



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IN DEPTH

GE

Continued from Page One

GE's precipitous fall, following years of treading water while the overall economy grew, was exacerbated, some insiders say, by what they call "success theater." Mr. Immelt and his top deputies projected an optimism about GE's business and its future that didn't always match the reality of its operations or its markets, according to more than a dozen current and former executives, investors and people close to the company.

This culture of confidence trickled down the ranks and even affected how those gunning to succeed Mr. Immelt ran their business units, some of these people said, with consequences that included unreachable financial targets, mistimed bets on markets and sometimes poor decisions on how to deploy cash.

"The history of GE is to selectively only provide positive information," said Deutsche Bank analyst John Inch, who has a "sell" rating on the stock. "There is a credibility gap between what they say and the reality of what is to come."

Within weeks of the May meeting, Mr. Immelt announced his retirement. By year-end, GE under a new leader had cut its dividend in half and triggered a restructuring that is expected to eliminate thousands of jobs and cast off more than \$20 billion of assets. Today, federal regulators are examining GE's accounting for certain transactions, and new CEO John Flannery is considering breaking up the 125-year-old company.

The tumble is stark for a company that embodied the managerial success of American business and its industrial power.

Few knew just how badly ailing it was. Even GE's board didn't realize the depth of problems in the biggest division, GE Power, until months after directors had replaced Mr. Immelt. For the fourth quarter, GE reported lower revenue and, after a charge related to a review of its insurance business, a loss of nearly \$10 billion.

"Many of us are in some level of shock," said a former director. Investigations are under way inside GE seeking to find out how it all happened.

"I led GE through multiple industry cycles, 9/11, recessions, and the global financial crisis. My leadership team always focused on the task at hand," Mr. Immelt, 62 years old, said in a written statement. "Because we had a culture of debate and external competitiveness, GE built a set of industrial businesses that lead in their markets."

At a conference in November, Mr. Immelt said he was "fully confident that this company is going to thrive in the future."

A spokesman for the former CEO pointed to his decision to purchase \$8 million worth of GE shares in 2016 and 2017. That included 100,000 shares in mid-May at a price roughly twice today's.

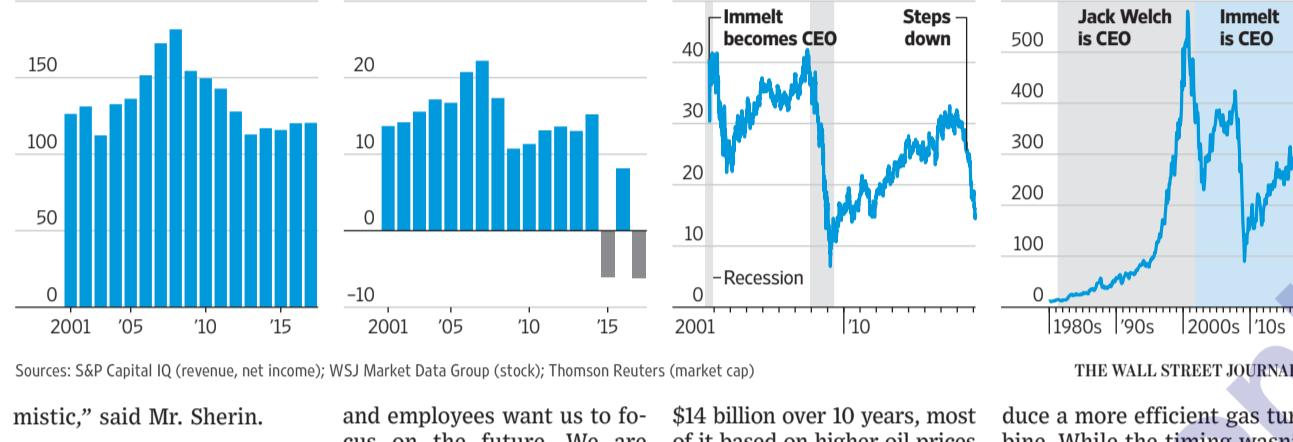
Former GE Chief Financial Officer Keith Sherin said Mr. Immelt would methodically approach a problem with his team, consider multiple viewpoints and communicate regularly with the board. "I never found him to be overly opti-



CHIP SOMODEVILLA/GETTY IMAGES

A Bleak Stretch

GE's sales, profitability and shares all fell during Jeff Immelt's 16-year tenure as CEO. Its stock-market value has plunged.



Sources: S&P Capital IQ (revenue, net income); WSJ Market Data Group (stock); Thomson Reuters (market cap)

mistic," said Mr. Sherin.

Costly buybacks

But Mr. Immelt didn't like hearing bad news, said several executives who worked with him, and didn't like delivering bad news, either. He wanted people to make their sales and financial targets and thought he could make the numbers, too, they said.

The optimism was evident in how he and the board used cash. Over the past three years, GE spent more than \$29 billion on share repurchases, at an average price of almost \$30, twice the current level. That included billions of dollars spent less than a year before GE suddenly found itself strapped for cash last fall.

Trian Fund Management LP, which invested \$2.5 billion in GE in 2015, wanted it to buy back even more stock. The activist investor urged the company to borrow \$20 billion for repurchases (which it didn't do), based on a belief that the profits Mr. Immelt was promising would send the stock soaring when they arrived.

Instead, at Mr. Immelt's retirement in August the stock was below its level when he took over 16 years earlier. Including dividends, GE gained 8% with Mr. Immelt at the helm, while the S&P 500 rose 214%. Since he stepped down, the stock has lost about 43%, erasing almost \$94 billion in market value. The relationship with Trian deteriorated and the firm successfully pushed for a board seat.

Mr. Immelt's successor, Mr. Flannery, in November slashed 2018 financial targets. Instead of \$2 a share, GE projected \$1 to \$1.07; it now expects to be at the lower end of that range. Gone now are most of Mr. Immelt's team.

"GE's customers, investors

and employees want us to focus on the future. We are building a stronger, simpler GE," Mr. Flannery said in a statement. "In the last decade, the GE team built a number of excellent businesses."

Several directors discussed in November whether the entire board should be fired, according to people familiar with the meeting. Instead, what had been an 18-person board will lose half its members but add three new directors in coming months.

GE's \$10 billion deal for a turbine rival closed just as that market was cooling.

Mr. Immelt's predecessor, Jack Welch, delivered steady profit growth in the 1980s and '90s. He built a huge lending business called GE Capital that generated outsize profits—but nearly sank the company during the financial crisis on Mr. Immelt's watch.

When GE later sold most of GE Capital, Mr. Immelt laid out a strategy in which industrial businesses would grow enough to offset the lost cash flow from the financial unit, so that long-term financial projections and the dividend were sustainable. Instead, free cash flow wasn't enough to cover dividends for years.

Mr. Immelt ramped up research spending and hired thousands of programmers to develop software for GE machinery. Results were strong at aviation and health care. But sales and profits slumped at the oil and power units.

Acquiring companies that help drillers pump and transport fuel, GE spent more than

\$14 billion over 10 years, most of it based on higher oil prices than today's.

Mr. Immelt spent more than \$10 billion to scoop up assets from a turbine rival, a transaction that closed just as that market was cooling. This was a 2014 agreement to acquire Alstom SA's power business.

Mr. Flannery favored the deal, in 2014 calling the power sector core to GE's future. Now the new CEO says the price was too high.

The acquisition suffered in part because of an 18-month regulatory review in Europe. GE had to safeguard French jobs and shed certain assets.

Some in the leadership at GE wondered if it should drop the deal. Mr. Immelt and power division leaders were determined to close the transaction, people familiar with the decision said.

Defenders of the deal say it gave GE a much larger base of customers for its services and provided technology to pro-

duce a more efficient gas turbine. While the timing wasn't ideal, said one person close to the transaction, the company couldn't control when such assets became available.

"When the EU delayed the deal, GE should have walked away," said Scott Davis, an analyst at Melius Research. "The fatal move, however, was how GE acted after the deal closed."

Rather than using his unit's greater size to raise prices, GE Power's then-CEO Steve Bolze moved to gain market share, undercutting rivals such as Siemens AG to win sales for GE's biggest gas turbines, analysts say.

At the time, Mr. Bolze was among those competing to be the next head of GE. He was bullish on the power unit's prospects in March 2017 but warned of possible volatility. "I am not naive on the market," Mr. Bolze said at an investor meeting that month, predicting a flat market for

GE's gas turbines.

GE disclosed last month that the Securities and Exchange Commission is examining its revenue recognition practices around such contracts.

The agency also is seeking information about a recent GE review of its insurance business that prompted a \$6.2 billion fourth-quarter charge and a plan to set aside \$15 billion over seven years to bolster insurance reserves at the now-shrunken GE Capital unit. GE said it is cooperating with the inquiries. The SEC declined to comment.

It's clear more changes are in store, for both employees and investors. Last month, Mr. Flannery said he was examining whether to separate some of GE's core units.

That was a sharp contrast to one of Mr. Immelt's last predictions. "I view 2017 as the last big restructuring year in the company," Mr. Immelt said at the conference in Sarasota in May. "So this noise is going to kind of come out of the system."

—Ted Mann contributed to this article.

the biggest turbines. In June, days after losing out for GE's top job, Mr. Bolze said he would leave.

It wasn't until a meeting in September that the board learned the depths of the problems at the division, which accounts for 30% of GE's approximately \$122 billion in annual revenue. GE Power was sitting on too much unsold inventory and was discounting deals to hit sales projections.

Mr. Immelt's optimism was part of the problem, according to some people close to the situation. They said he told the board that management had identified risks in the power business, yet downplayed them. The probability and risk were way off, one said.

Mr. Immelt's spokesman said the board and executive team were informed of the company performance and were involved in setting financial targets.

Orders in the power division dropped 25% in the fourth quarter of 2017 from a year earlier, and the unit's profits for the full year fell by nearly half to \$2.8 billion. In December, GE said it would cut 12,000 jobs in the power business, or nearly 18% of the division's workforce, and it has replaced much of the management of the unit.

Lisa Davis, the U.S. chief of Siemens, said the German company's executives "have seen this decline coming for the last several years." So Siemens had reduced its capacity in its power business, she said, while GE bought more.

GE also had been selling upgrades to make existing gas turbines run more efficiently. As recently as July, it was telling investors it would sell as many as 165 so-called advanced gas path, or AGP, upgrades in 2017. In October, the company cut that target in half, and it said it expects to sell just 40 upgrades in 2018.

SEC Inquiry

Some analysts have expressed concern GE's accounting for the upgrades masked pressure on the division. According to former executives, the upgrades meant lower service fees for customers, in exchange for one-time upgrade costs, meaning that future sales were being pulled forward.

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—Ted Mann contributed to this article.

BEANIE

Continued from Page One
Slowpoke, a sloth, and Teddy, a holiday bear.

Not So. Fast.

Two decades after the great Beanie Baby boom, the speculators are back, living in an alternate Beanie reality.

Some on eBay insist that their rare Beanies, with mistakes in the tags, from a specific generation or with PVC beads as their fillings instead of the more common polyethylene, are worth tens of thousands of dollars.

Such dreams are crushed for anyone calling Rogue Toys, a collectibles store with branches in Las Vegas and Portland, Ore. The store's answering machine says the store doesn't want to buy your Beanies. "If you bring Beanies to me and try to sell them to me in bulk, I'll give you about 20 cents. That's me telling you I don't want them," said Steve Johnston, the store's

owner. "Give them away."

Many hoped that the 20th anniversary of Princess Diana's death last summer would inspire interest in her memorial bear. Others have seen viral news stories touting the return of the market. Some, mostly retirees looking to downsize, thought that now the time might finally be ripe.

Mr. Percy has managed to

sell only one Beanie after posting 11 listings. "It is not like they are selling fast," he said.

The recent wave of Beanie optimism, toy appraisers say, has been fueled by viral stories online. Ryan Tedards, who runs Love My Beanies, a Beanie Babies price guide website, says many prospective sellers cite articles or videos claiming certain Beanies are worth large

amounts of money.

"There's just this cycle of fake news about Beanie Babies," said Mr. Tedards, who fields about a hundred questions a week from people asking what their Beanies are worth. "It is always a bit of a battle. I have to explain to them that what they read or saw is not true."

Among the disappointed is Lynn Bowman, who started collecting Beanies in 1994 with her then 6-year-old son. She would travel across Illinois and eat McDonald's burgers to collect the "Teenie Beanies," toys that could only be purchased with a meal, in the hopes they would one day be worth thousands.

Now, her old hobby has turned into a bit of a nightmare. No one wants them, not even the five bears she packaged with (fresh) candy that she tried to sell for just \$20 in time for Valentine's Day.

"I kept them really well, and now I find they aren't worth very much," she said. "I'll probably end up selling them for cheap—it is really sad."

Gary Larson, a 65-year-old retiree, remembers the "casual excitement" he felt seeing articles claiming a Mystic, a white unicorn, or a Clubbie, made to commemorate the Beanie Baby club, could be worth thousands.

"But then I'd take out my box of Beanies and realize they were just the normal, ordinary ones, not the ones people were saying are rare," he said. He is having difficulty selling any of his roughly 200 Beanies for even \$2 each.

It wasn't supposed to be this way. A 1997 price guide, self-published by a New Jersey father, predicted some Beanies, made by Chicago-based toy company Ty Inc., would appreciate 8,000% within the following decade. The prediction didn't even hold up for a year.

A 1998 Wall Street Journal article found that the "American Trio" of Beanies—Lefty the donkey, Righty the elephant and Libearty the white bear—had fallen to \$899 at one Florida shop from \$1,299 earlier that year. Ty didn't respond to

a request for comment.

Today, that same trio would probably be worth about \$50, says antiques and rare toys appraiser Bruce Zalkin. He remembers a half-a-million dollar deal he made in the mid-1990s for 28,000 bears, which would be worth "hardly any money today."

Part of the problem, Mr. Zalkin says, is that Beanies were made to be collected, driving up hype and saturating the market. By contrast, children actually played with tin toys from the 1920s or plastic "Star Wars" toys, making pristine examples rare. Toy appraisers predict Beanies will never make a comeback, since the 1990s children—millennials—are not collecting like generations before them.

"Sometimes these things that sound like a great idea just don't pan out," said Mr. Larson, who remembers going to a 1997 Chicago Cubs game to get a commemorative Cubs bear even though he is a die-hard White Sox fan. "I definitely fell for it."



Gary Larson, a retiree in the Chicago suburbs, is finding his collection of Beanie Babies difficult to sell.

GREATER NEW YORK

JPMorgan to Build a New Headquarters

Midtown East tower will rise roughly 70 stories and house 15,000 employees

BY KEIKO MORRIS
AND CARA LOMBARDO

JPMorgan Chase & Co. plans to build a new 2.5 million square-foot headquarters at 270 Park Ave. in New York City, the first major project under a city rezoning plan designed to rejuvenate the building stock in one of its biggest job centers.

The building would replace the bank's current 1.5 million square-foot headquarters at the same address and consolidate offices in various places throughout PROPERTY Midtown Manhattan, the bank and city officials said Wednesday.

The new skyscraper is expected to stretch to roughly 70 stories tall and house 15,000 employees. The current facility was designed in the 1950s for about 3,500 employees.

The Midtown East rezoning, approved in August, was an important incentive for the bank, according to a JPMorgan Chase spokesman. The new regulations, designed to spur investment and redevelopment in the area's aging buildings, allow the bank to build a bigger, taller and much more efficient modern building on land the bank already owns. And they allow the company's headquarters to remain near the transit hub of Grand Central Terminal.

"It shows the market is responding to the rezoning in real time, and that the math works for them," said Deputy Mayor Alicia Glen.

In 2014, JPMorgan explored the possibility of moving to the mammoth Hudson Yards development on the far West Side but scrapped plans after negotiations to secure incentives from the city fell apart, according to people familiar with the matter.

The company already has renovated its headquarters building several times but has been frustrated by the tower's inefficient and outdated infrastructure, according to a person familiar with these efforts. About 6,000 employees are now housed at 270 Park Ave. Preservationists were

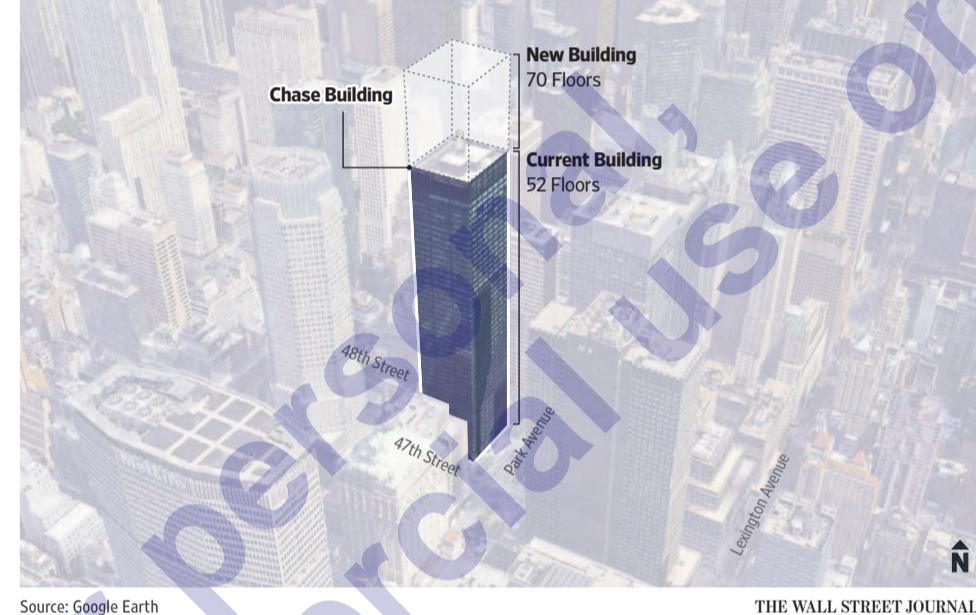


ERIN LEFEVRE FOR THE WALL STREET JOURNAL

JPMorgan Chase's current headquarters was designed in the 1950s for about 3,500 employees. About 6,000 are now housed there.

Crowded Giants

The JPMorgan Chase building will be replaced by a new skyscraper with an additional 18 floors.



Source: Google Earth

THE WALL STREET JOURNAL

framework for commercial-property owners to modernize towers. The plan opened up the sale of unused development rights by owners of landmark properties, allowing those rights to be sold throughout the district.

Under the old rules, many owners of buildings erected

before city codes were put in place likely would have had to build smaller buildings if they wanted to redevelop. The rezoning provided a mechanism for them to buy the air rights and build taller.

JPMorgan will buy development rights from landmarks in the surrounding area to build

the larger building. Under the city's plan, owners selling development rights are required to contribute to the city at least \$61.49 a square foot of the air-rights sale price, to a fund for public projects such as shared streets and pedestrian plazas. The bank's purchase of air rights likely will

generate more than \$40 million for the public improvement fund.

The need to redevelop the aging buildings in the Midtown East area has been underscored in recent years by a number of companies deciding to move to new towers rising on the far West Side.

N.J. County Sues Firms Over Opioids

BY KATE KING

Growing Crisis

Number of overdose deaths in Camden County by year

YEAR	DEATHS
2017	277
2016	167
2015	191
2014	159

Source: Camden County

claiming the companies conspired to market and sell painkillers to doctors and the American public, while minimizing the possibility of addiction and other health risks.

"This meteoric rise in prescriptions (and the attendant rise in addiction to and abuse of prescription opioids and heroin) is not due to a medical breakthrough," the lawsuit said. "Rather, it has been Defendants' quest for greater profits."

The lawsuit names as defendants Purdue board member and former company President Richard Sackler, and the estates of brothers Raymond and Mortimer Sackler, who bought the company in the 1950s and transformed it from a small pharmaceutical firm into a massive enterprise that produces the powerful and addictive opioid OxyContin.

The lawsuit didn't specify an amount that Camden County is seeking, but a spokesman said the costs are estimated to be in the tens of millions of dollars.

The suit also names as defendants more than a dozen other opioid manufacturers, distributors and retailers, including John Puskar, spokesman for Purdue Pharma, said the com-

pany denies the allegations. "We are deeply troubled by the prescription and illicit opioid abuse crisis, and are dedicated to being part of the solution," Mr. Puskar said in an email. A spokeswoman said the Sackler family declined to comment.

Faced with a backlash over the addiction crisis, Purdue said earlier this month that it had reduced its sales force by more than 50% and that sales representatives would no longer visit doctors' offices to promote opioid products.

In 2007, Purdue and three of its executives pleaded guilty in federal court in Virginia to criminal charges of misleading the public about the addiction risks posed by OxyContin.

The company agreed to pay \$634.5 million to settle civil litigation and government penalties.

—Jeanne Whalen

contributed to this article.

Ten New York Towing Companies Indicted

By CORINNE RAMEY

Manhattan prosecutors accused 17 people and 10 companies Wednesday of using fraud and violence to create an illegal monopoly within New York City's towing industry.

Indictments filed in State Supreme Court in Manhattan charged the people and companies with enterprise corruption, scheme to defraud,

spiracy and other crimes.

The New York Police Department keeps a roster of towing companies that it rotates through when a vehicle needs to be towed, officials said. According to prosecutors, ringleader Daniel Steininger, of Oceanside, N.Y., worked with other defendants to purchase towing companies but didn't tell New York City officials about the acquisitions, which violates city rules.

Companies controlled by Mr. Steininger were able to be on the rotating roster several times in different geographic zones, prosecutors said. "They were absorbing the greater part of the tow jobs called in by the police," Manhattan District Attorney Cyrus Vance Jr. said.

Mr. Steininger, who pleaded not guilty, denies the allegations, said his lawyer, James Kousouros.



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GREATER NEW YORK

Short-Lived but Sweet: New Yorkers Enjoy an Early Taste of Spring

SPENCER PLATT/GETTY IMAGES

A DAY AT THE BEACH: Parkgoers in Brooklyn savored the unusually warm weather Wednesday. The temperature in Central Park climbed to 78 degrees, breaking the record of 68 set in 1930. But don't put away your heavy coats: Cooler weather returns Thursday, with highs in 40s. Periods of rain could linger through the weekend.

GREATER NEW YORK WATCH

NEW JERSEY

Murphy OK's Funds For Women's Health

New Jersey's new Democratic governor signed legislation Wednesday setting aside about \$7.5 million for family-planning and women's health.

It is the first bill Gov. Phil Murphy has signed into law since succeeding Republican Chris Christie earlier this year.

Mr. Christie vetoed similar legislation throughout his two terms, saying the funding circumvented the budget process.

"Today we are saying in a clear voice that New Jersey will once again stand for the right things," Mr. Murphy said. "New Jersey will once again stand up for women's health."

Democrats who control the Legislature say funding is needed for preventive care, including breast and cervical cancer screenings. The legislation bars funding from being used for abortions.

—Associated Press

TERRORISM CASE

Man Admits Aiding Islamic State Group

An Albanian who became a U.S. citizen but kept an Islamic State flag in his apartment pleaded guilty to terrorism charges Wednesday.

Sajmir Alimehmeti, 24 years old, of the Bronx, entered the plea in Manhattan federal court to an indictment alleging he provided material support to the group. He faces a potential penalty of up to 45 years in prison.

Mr. Alimehmeti, a one-time plumbing assistant who had studied funeral services, was arrested in May 2016 on evidence assembled over eight months by two undercover New York City police officers and an undercover FBI employee posing as Islamic State group recruits. U.S. Attorney Geoffrey S. Berman said Mr. Alimehmeti took steps to travel overseas to support Islamic State.

—Associated Press

Vox Media Cuts 50, Reduces Social Video

BY BENJAMIN MULLIN

Vox Media is laying off about 50 employees, making it the latest digital publisher to scale back on social video in the wake of Facebook's decision to reduce publisher content in its news feed.

The cuts, which primarily affect social-video teams at the company's sites including Racked, Curbed and SB Nation, total about 5% of Vox Media's entire staff. An additional 12 people will be offered role changes. Vox Media has offices

in New York City.

The layoffs were prompted by the realization that social-video initiatives won't be "viable audience or revenue growth drivers" relative to other investments, given recent industry changes and the company's budgeting process, Vox Media Chief Executive Jim Bankoff wrote in a memo to employees on Wednesday. "Building a company requires us to take calculated risks," he wrote. "I take responsibility for bets that don't work out."

Several other digital pub-

lishers, including Refinery29, BuzzFeed, CNN Digital and Independent Journal Review, have recently laid off employees. One factor leading to layoffs has been a decline in referral traffic to news publishers from Facebook.

In January, Facebook dealt a blow to publishers who rely on the social-media platform to reach customers by announcing plans to prioritize posts that are shared and discussed among users and their friends. That change will result in news accounting for about 4%

posts in users' feeds worldwide, down from about 5%, Facebook said. Facebook also said it would start ranking news outlets based on users' perception of their credibility to help emphasize trusted sources.

After the Facebook announcements, Mr. Bankoff published a memo saying that Facebook "does not offer a viable path to monetize our in-depth video work."

Executives at other news companies have called on Facebook to give publishers better opportunities to monetize their content.

Unlike some of its peers such as BuzzFeed and Vice, Vox Media met its revenue target for 2017 of about \$160 million, a person familiar with the matter said. At the same time, it recorded operating expenses of \$162 million, making it slightly unprofitable for the year, the person said.

Vox Media has grown quickly during the last two years, with head count more than doubling to almost 1,000 employees, Mr. Bankoff said.

—Lukas I. Alpert contributed to this article.

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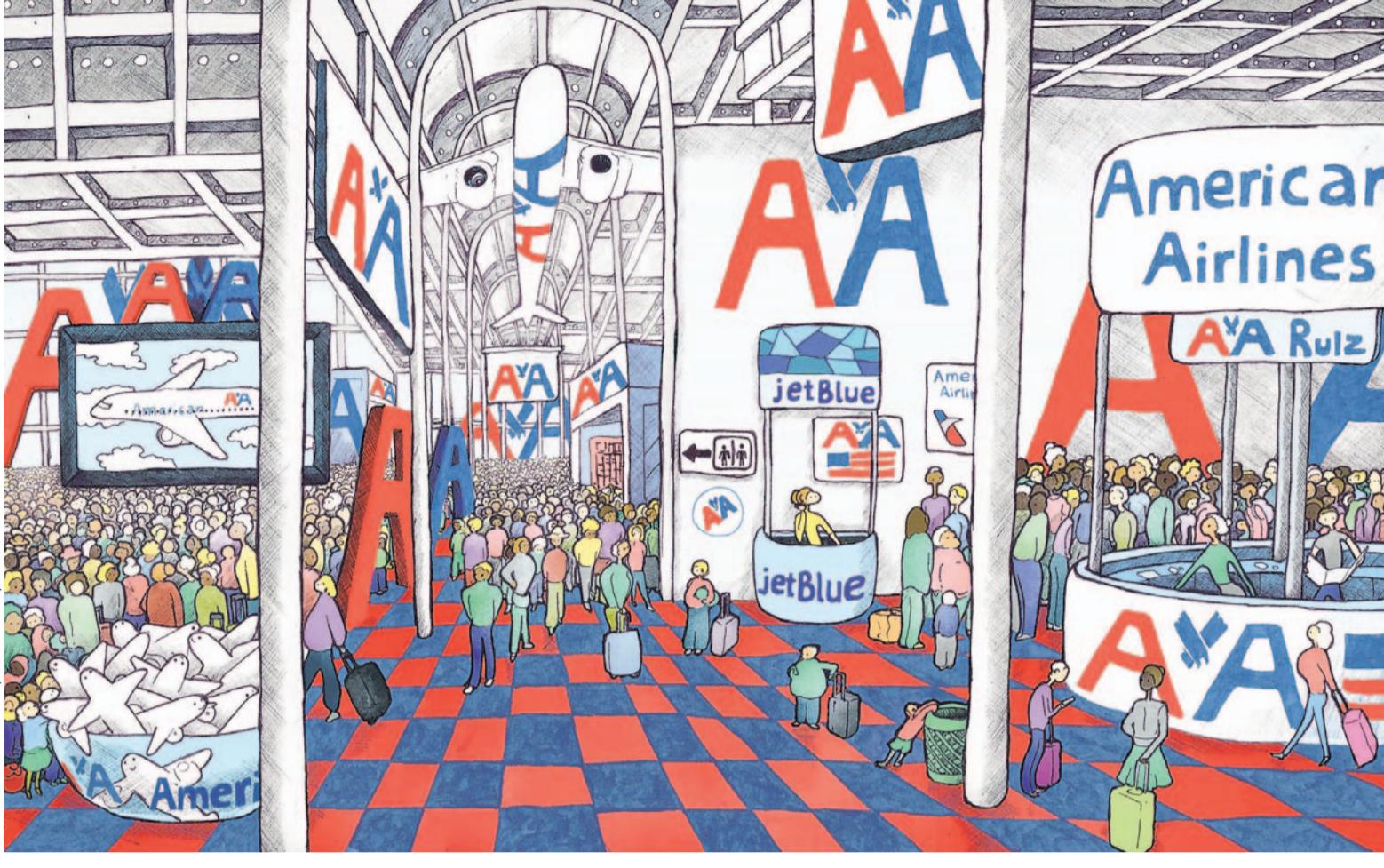
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LIFE & ARTS



FROM TOP: ALLISON CONWAY/GETTY IMAGES/STOCK

THE MIDDLE SEAT | By Scott McCartney

American Airlines' Monopoly Works for Charlotte

Charlotte, N.C.

MANY CITIES with airports dominated by one big airline have found they can bring in growth and low fares by luring low-cost competitors. But that's not happening here.

American Airlines carries more than 90% of all passengers at the airport. Charlotte is the most profitable hub in American's system and the airline, which inherited the hub when it merged with US Airways in 2013, says it pumps as much traffic as it can through Charlotte. The airport has about 700 daily flights to 170 non-stop destinations—far exceeding what a medium-size city could support on its own.

"We know we are the definition of a fortress hub," says Brent Cagle, aviation director of Charlotte Douglas International Airport.

That's a mark of pride in Charlotte, a city about the size of Austin, Texas, that has twice as much domestic air service and lots more international flights. Plentiful flights draw companies to the area, the Charlotte Chamber of Commerce says. Big companies like Bank of America rely on the airport to make it easy to get in and out of headquarters. And to keep it going when many medium-size cities have lost their hub status as airlines have consolidated, Charlotte has avoided actively recruiting new competition that would anger American and possibly change the economics of the hub.

People in Charlotte pay a premium for all that service. Charlotte's average domestic fare of \$407.30 in the third quarter was among the highest in the country, 21% more expensive than the U.S.

Flight Fortress

In Charlotte, N.C., dominated by American Airlines, lower cost airlines have made few inroads, while competition has risen at many other U.S. hubs.

City	Low-cost carrier market share 2000	2016
Charlotte, N.C.	3%	9%
Philadelphia	8%	26%
New York City area	10%	29%
Atlanta	15%	30%
Detroit	15%	30%
Dallas/Fort Worth	28%	39%
Chicago	26%	39%
Miami	20%	43%
Houston	34%	45%
Denver	15%	57%

Note: Low-cost carrier market share defined as share of local (not connecting) domestic passengers on airlines other than American, Delta, United and their predecessors.

Source: Compass Lexecon data analysis for Airlines for America



Charlotte, N.C., has stuck with a dominant carrier at its airport, accepting high prices in exchange for plentiful flights.

average, according to the Bureau of Transportation Statistics. The average price was 1% lower than a year earlier, but other hubs saw deeper declines. The BTS says the average fare at Houston's Bush Intercontinental Airport dropped 11% over the same period; Denver was down 9% and Newark, N.J., was 8% lower.

But Charlotte worries that more competition and lower fares would cause American to kill the hub, as US Airways did with its Pittsburgh hub in 2004, and that it would end up with a lot less service. Charlotte just doesn't generate the same volume of local traffic as larger hub airports.

Indeed, Southwest says it hasn't grown beyond nine flights a day

because the local population base is modest. "It's a fraction of Atlanta or Denver, Phoenix or Dallas," says Andrew Watterson, Southwest's chief revenue officer. Southwest started Charlotte flights in 2013, taking over from AirTran Airways, which it bought.

There would be more local travelers if fares were lower, Mr. Watterson says. And Southwest plans to expand. "There's opportunity for us in Charlotte," he says.

Charlotte travelers say they are used to paying high fares and begrudgingly understand it's a trade for convenience. Matt Lin, a financial analyst who travels frequently from Charlotte, says fares are so high he can save money by booking

tickets to New York and then on to international destinations rather than flying directly from Charlotte. On business trips, "schedule and route availability remain the priority so we put up with it," he says. "For leisure flying, the pricing is much harder to swallow."

Travel agents say fares are better than they used to be. "Before the merger it was horrific," says Cathy Reavis, co-founder of World Travel Mates in Charlotte.

One reason fares are high is that customers are locked into American's frequent-flier program and corporate contracts, she says, and they won't support rival airlines. Another is there aren't many alternatives—Raleigh is nearly a

three-hour drive away, for example. Allegiant serves Concord, N.C., north of Charlotte, but offers only a couple of flights per day.

American spokeswoman Katie Cody defends the high average fare and attributes it to the mix of passengers coming from Charlotte. The city has a high proportion of business travelers, she says, who typically travel on more-expensive tickets.

The premium prices can add up. A last-minute trip this week to Detroit from Charlotte, priced on Friday, cost \$854 on American; to get to Detroit from Atlanta, a longer trip, on the same days cost \$641 on Delta.

Even if you plan in advance there's a Charlotte premium. Book now for a trip from Charlotte to Dallas on the peak Thanksgiving travel days and American's price was \$513 round-trip. The airline's price for Philadelphia-Dallas on the same peak days was \$466, 10% cheaper.

Air-service development is an

often-expensive endeavor. Airports send executives around the world chasing airlines at their offices and at conferences. Southwest's Mr. Watterson sees a steady stream of city representatives pitching ideas for new service. Some airports have decided to build facilities, betting that new airlines will come, bringing lower fares.

Mr. Cagle says Charlotte has the air service it covets and doesn't have an active development program. As the local economy grows, more passengers will draw more airlines organically, he says, and Charlotte's best recruitment tool is its low per-passenger cost of \$1.50 charged to airlines. That's one of the lowest big-airport rates in the country—something that can make an airport more attractive to airlines.

"There's never been an airline that said we want to come to Charlotte and we never could accommodate them," Mr. Cagle says. "We're not opposed to a strong carrier mix."

But to make that accommodation easier, Charlotte is building. This summer, the airport will open nine new gates for airlines other than American. Southwest will go from one dedicated gate to two. And two years ago, the airport negotiated new leases with American and other airlines so that they have to share some gates if the airport can't accommodate new airlines.

The construction is part of a major airport rebuilding plan, something many airports have already undertaken. A seven-year capital improvement program will expand overcrowded areas like the lobby and concourse walkways. The airport offers low parking costs. But it has long lines for its limited restaurant offerings, and a lobby built for a maximum of 8 million passengers a year now handles 12 million.

American wants more gates, too. "Our primary constraint is that it's full," Vasu Raja, American's vice president for planning, said of Charlotte. "It got full because it's so profitable." As airport costs rise with new construction, that could change the airline's appetite for flowing passengers through Charlotte, he says.

TELEVISION

THE STRAIGHT AND NARROW PATH, WITH OCCASIONAL TEETERS

BY JOHN ANDERSON

PATRICK WALSH begins his day with a slap in the face from social media.

"Every morning, when I go on to Twitter and search the show," he said, "I'm traumatized by the things people are saying. And they haven't even seen it!"

Given the state of the union—and the title of his new CBS sitcom—Mr. Walsh isn't that surprised. "Living Biblically," set to premiere on Monday, stars Jay R. Ferguson as New York film critic and lapsed Catholic Chip Curry, who, after a friend's sudden death, decides to live his life strictly according to the Bible. His friends are bewildered, a priest laughs in his face, and his atheist wife, Leslie (played by Lindsey Kraft), exhibits the patience of a saint.

For Mr. Walsh, one of the executive producers, part of the motivation for the show is that he doesn't see religion in much of mainstream culture. "Eighty-four percent of the world aligns itself with some sort of religion, and I

never hear religion discussed by anyone," he said. "I just thought, could we make a big, friendly, respectful comedy about religion? That was the goal and, hopefully, we succeeded."

The misadventures of Mr. Ferguson's character are likely to raise the question: How do you live biblically?

"You can't do it!" said the Rev. Gregory Goethals, who with Rabbi Joshua Hoffman served as a script consultant on the show. "I think that was one of the first things I said to the writers. And you see it in the show: The priest and rabbi, right away, say, 'Good luck, but it's going to be harder than you think.'"

Rabbi Hoffman agreed, though he used the words "virtually impossible."

"The truth is, Chip's a guy who is really throwing himself 100% into something he doesn't fully understand," said Mr. Walsh. "And that is pointed out to him at every turn."

As Mr. Ferguson put it, "his cluelessness is where we get a lot of our jokes."

Please see TELEVISION page A11



Jay R. Ferguson ('The Real O'Neals') and Ian Gomez ('Cougar Town') star in 'Living Biblically.'

LIFE & ARTS



'Extralife' is the new album by Darlingside.

MUSIC REVIEW | By Jim Fusilli

Folk Meets A Cappella

DARLINGSIDE'S THIRD full-length album, "Extralife" (More Doug), is characterized by exceptional vocal harmonies in chamber-folk settings. Though the quartet's honed voices are often compared with those of the Beach Boys, the Byrds, Grizzly Bear or Fleet Foxes, that assessment misses the mark.

Darlingside's primary influences as vocalists aren't from rock and pop, but from the world of a cappella choral groups. Harris Paseltiner, Auyon Mukharji, Don Mitchell and Dave Senft met as members of the Williams College Octet, originally formed in 1940, whose repertoire was traditional a cappella group fare of folk and American Songbook standards with an occasional modern pop tune in the mix. Thus, on its gutsy, independent path, Darlingside retains a fondness for rounded tones, harmonic motion and unison doubling, and the quartet supports its vocalizing with a mix of acoustic instruments that can span classical and folk music. Mr. Senft plays bass, Mr. Mitchell guitar and banjo, Mr. Mukharji violin and mandolin, and Mr. Paseltiner cello and guitar. On "Extralife," guests include Jonathan Dely on trumpet and flugelhorn, Alec Spiegelman on clarinet and flute, and Ariel Bernstein on percussion, all of whom enrich the music in just-right amounts.

On "Extralife," out Friday, the voices dominate, but they never overwhelm the surprising arrangements or what Mr. Mukharji referred to as the "instrumental bed" when he, Mr. Paseltiner and I met for coffee here two weeks ago. "Singularity" calls bluegrass to mind with its acoustic guitars, banjo and violin—until Mr. Dely's trumpet enters briefly and, as if re-energized, the voices soar. "Fu-

tures" charges forward on darting guitars and dancing bass tones until unexpected interludes steer the song in other directions. The most experimental piece on the album, "Eschaton," rides in on burbling sounds that ebb and flow, causing a sort of pleasing chaos.

Meanwhile, the vocals float on undistracted. They are particularly appealing in the upper register, largely because they minimize falsetto, thus achieving what Mr. Paseltiner called "a trumpet-like" sonority. The quartet prefers to gather around a single microphone to sing. In "Singularity" and "Old Friend," the four vocalists each sang three different parts, thus creating a 12-voice choir. Fans of '60s rock may recall that the Beatles used the triple-tracked technique in "Because" on "Abbey Road."

Darlingside knows well the gamut of chamber folk. Presentations range from the unencumbered finger-picked guitar and a harmonica that form the supple spine of "Hold Your Head Up High," to the clacking percussion and plucked violin strings that usher in "The Rabbit and the Pointed Gun," to the experimentalism of "Eschaton" and "Orion," which straddle classical music and progressive bluegrass. With the tuning of the folk guitars, the thrilling "Old Friend" brings to mind the music of Nick Drake, though Drake never featured such lush vocal harmonies.

The reference to Drake by Darlingside suggests influences: Whether deliberately or not,

several of the tracks on "Extralife" are kin to the late '60s and early '70s English folk revival of Sandy Denny, Fairport Convention, John Martyn and others. Darlingside's pastoral "Lindifarne" features choral singing, chiming guitars and mandolins, and a lovely orchestral interlude that is reminiscent of the music of the harmony-rich '70s British folk-rock group of the same name. Mr. Paseltiner said he'd never heard of Lindifarne and that an early iteration of the Darlingside composition was a lounge pop tune.

As the quartet sings together, so too does it compose its songs. If one member brings in a number, it is very likely to morph into something quite different. "It's like a game of telephone," said Mr. Paseltiner. "It will come back to you in a demented form. I may hear an Icelandic choir and 18 violins, but as we develop it, it begins to sound more like us." He added that the group adheres to its motto: "That's a bad idea. Let's try it." Thus, nothing is too far-fetched to be considered and improved. The band's name is a play on the invented term "darlingcide," created when an instructor at Williams reminded them that artists must be willing to kill their darlings; that is, eliminate a favored part that doesn't serve the overall work.

With "Extralife," Darlingside leaps ahead of where it had been on earlier works like its 2015 album, "Birds Say." The voices remain as strong as ever while the arrangements are more adventurous, blurring the lines between genres and giving the group access to several audiences. When I mentioned to Messrs. Mukharji and Paseltiner that I couldn't quite figure out where they fit in the contemporary rock-and-pop landscape, they conceded, in unison, that they couldn't either. Neither musician seemed particularly troubled by the thought.

Mr. Fusilli is the Journal's rock and pop music critic. Email him at jfusilli@wsj.com and follow him on Twitter @wsjrock.

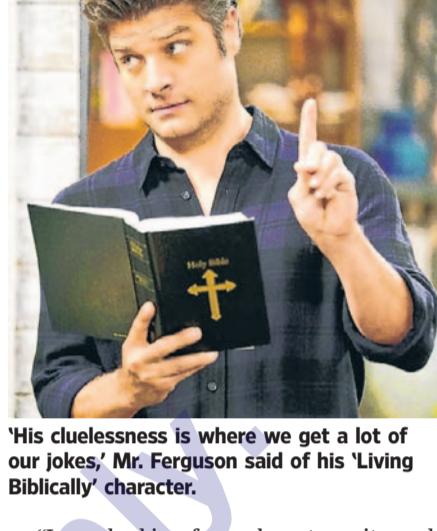
TELEVISION

Continued from page A9

His character is advised by a two-man "God Squad" played by Ian Gomez as Father Gene and David Krumholz as Rabbi Gil, who typically meet him at a bar as the episode is winding down. The script consultants said the writers have been responsive to the issues they raise.

"There was one episode where there was a reference to McDonald's," said Rabbi Hoffman, "and the way it was written, the rabbi expressed a preference for pork ribs. I suggested that they might want to take a look at that again." The correction was made.

Mr. Walsh, whose credits as a producer include "Two Broke Girls," also on CBS, and HBO's "Crashing," adapted his new show from author A.J. Jacobs's "The Year of Living Biblically." Although the book had a Jewish slant, Mr. Walsh made Chip Catholic, because it was what he knew.



'His cluelessness is where we get a lot of our jokes,' Mr. Ferguson said of his 'Living Biblically' character.

"I was looking for a show to write and was bored, to be honest, by a lot of stuff I was being presented," he said. "A guy moves back in with his parents—that's 50% of television comedy; the rest is dating, etc. So they gave me the book, and I was intrigued by the subject. I was raised very religious, and I just loved the way the book kind of lampooned religion at times, but was always very respectful."

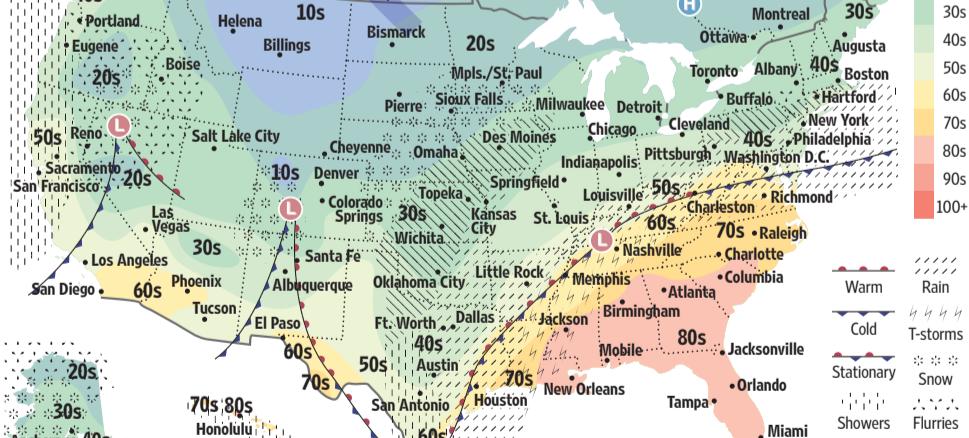
Mr. Walsh also knew he needed a diverse room of writers, and some experts, which he found close by: Father Goethals, who is the president of Loyola High School in Los Angeles, is also the brother-in-law of "Living Biblically" director Andy Ackerman. One of the show's producers is a member of Valley Beth Shalom in Encino, Calif., Rabbi Hoffman's synagogue.

Both were recruited to vet the scripts and defuse any inadvertent theological land mines, such as when Father Goethals advised against Father Gene telling a Kardashian joke that the real-life priest considered overly disparaging.

That the portrayals of the clerics, as well as Mr. Ferguson's character, are funny but dignified comes as a relief to the Rev. James Martin, an editor at the Jesuit magazine America who has consulted on Martin Scorsese's films "Silence" and "The Irishman."

"Normally when you see a priest, brother or sister on screen, you can be sure they're going to fall into one of several annoying stereotypes," Father Martin said. "Any portrayal of someone in the priesthood or a religious order that is nuanced, complex and sympathetic is a welcome surprise."

Weather



U.S. Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage 37 17 sn 26 13 s

Atlanta 80 62 pc 79 60 c

Austin 47 45 r 65 58 c

Baltimore 49 39 r 46 43 r

Boise 34 18 sn 33 24 c

Boston 39 32 sn 41 38 r

Burlington 32 22 pc 39 35 i

Charlotte 76 59 c 79 61 pc

Chicago 39 34 c 47 32 r

Cleveland 38 36 i 53 37 r

Dallas 43 40 r 58 54 r

Denver 30 14 pc 39 18 c

Detroit 38 31 c 46 33 r

Honolulu 80 69 sh 80 71 sh

Houston 62 61 r 79 68 c

Indianapolis 46 42 c 55 44 r

Kansas City 39 31 i 42 31 r

Las Vegas 56 39 pc 52 31 pc

Little Rock 53 50 r 61 56 r

Los Angeles 59 45 pc 61 41 pc

Miami 84 72 pc 84 72 pc

Milwaukee 37 33 c 44 31 sh

Minneapolis 28 24 sn 33 15 c

Nashville 69 64 t 72 62 r

New Orleans 84 69 pc 80 70 sh

New York City 45 34 r 44 40 r

Oklahoma City 39 27 i 47 39 r

International

Today Hi Lo W Tomorrow Hi Lo W

City Amsterdam 40 26 c 38 25 s

Athens 60 51 t 61 50 sh

Baghdad 72 50 c 68 49 pc

Bangkok 91 74 t 88 78 t

Beijing 48 22 pc 52 23 pc

Berlin 36 21 c 34 23 s

Brussels 38 26 s 37 26 s

Buenos Aires 84 59 s 85 64 pc

Dubai 81 69 pc 84 71 s

Dublin 44 34 c 42 33 c

Edinburgh 45 31 p 43 29 c

The WSJ Daily Crossword | Edited by Mike Shenk



DOG GONE! | By Samuel A. Donaldson

Across

- 1 Fiddlehead source
- 5 "Live ___" (Taco Bell slogan)
- 8 Retool the roster, in a way
- 13 Matty, Moises, Felipe or Jesus
- 14 Thin streak
- 15 Eucalyptus yield
- 16 **Please take one" reply
- 18 Like most Redbox offerings
- 21 "We Got the Beat" band
- 24 Ashton's co-star on TV and in real life
- 25 Churchill address
- 26 Holland Tunnel's eastern outlet
- 28 Policy positions
- 31 Be human, supposedly
- 32 Lines with Xings
- 34 Surname on many December letters
- 35 **Betcha can't eat just one" brand
- 39 One way to be held
- 40 Cobbler's cousin
- 41 For example
- 44 Early thermal weapon
- 46 Prime minister residing in Rideau Cottage
- 49 Guadalajara gold
- 50 Anderson of "WKRP in Cincinnati"
- 52 Tennis's King of Clay"
- 53 *Number on a nightclub safety posting
- 55 Hummus brand
- 58 **Wisdom is better than rubies" source
- 62 Like many backsplashes
- 63 1950s Hungarian leader Nagy
- 64 Taint, as with poison
- 65 Winter Olympics equipment
- 66 Stick in the ranch
- 67 Song that inspires arm signals

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

Down

- 1 Rage that comes and goes
- 2 "Evil Woman" band
- 3 Harry's mate
- 4 Wacko
- 5 Gas station convenience
- 6 "Me too"
- 7 Pitchers' deliveries
- 8 What a prankster might drop
- 9 Let
- 10 Consistent with prior negotiations
- 11 Splits
- 12 Some are bitter
- 14 Successfully romance
- 17 Source of inspiration
- 20 Home squatter
- 21 Onetime rival of AT&T
- 22 "Staying out of the penalty box will really help" speaker
- 23 1942 Don Ameche/Joan Bennett film
- 27 Company begun by Edwin Binney and C. Harold Smith
- 29 Ryan's "Love Story" co-star
- 30 Tot's timeout
- 33 Conciliatory concession
- 36 Prime minister residing in the Kantei
- 37 Chihuahua comment
- 38 It merged with Travelers
- 39 Its first stamps were issued in 1918
- 42 Help for many breakdown sufferers
- 43 Deborah's "The King and I" co-star
- 44 Imposes (upon)
- 45 It takes a lot
- 47 Biblical preposition
- 48 Insect with a short lifespan
- 51 "The Beauty Myth" writer Wolf
- 54 Bamboo Harvester's TV role
- 55 Rakes
- 56 Jack's predecessor
- 59 Kitchen spray
- 60 Covert message inclusion
- 61 Viking's realm

Previous Puzzle's Solution



PYEONGCHANG 2018

BY BEN COHEN
AND JOSHUA ROBINSON

Pyeongchang, South Korea
THE WINTER OLYMPICS are a magical time every four years for people to marvel at sports that would almost certainly kill you, gawk at figure-skating wardrobe malfunctions and fall under the hypnotic spell of curling.

And then there are days like Monday. The complete list of medal events that day amounted to team ski jumping, 500-meter speedskating and two-man bobsled. That was it. Not a single medal was awarded before 9:53 p.m.

The slim pickings were symptomatic of a larger problem with the Winter Olympics: They're way too long.

Wednesday was the 14th day of competition here. And somehow there were still four days to go. If it was beginning to feel like a slog, that's because it was. There has never been a longer Winter Olympics.

Everything is too long these days. College football is too long. Movies are too long. Tweets are way too long. We have shorter attention spans than ever, and because of the way technology is constantly rewiring our brains—oh, whatever, you already know what this sentence is going to say. It was also going to be too long.

Here's our solution: The Winter Olympics should run from a Friday opening to the second Sunday. Drop the last week altogether. Pack the events into 10 rollicking days. Not a single night of this quadrennial television event should go by without at least one marquee event. The Winter Games should be an HBO miniseries instead of a bloated network drama.

A shorter Olympics would be a better Olympics, and it could be done without eliminating any of the current sports. Rio de Janeiro crammed 306 events in 28 sports into 17 days. Pyeongchang is spreading 102 events in 15 sports across 18 days.

Remember when Chloe Kim won halfpipe gold four years ago? That was last week.

Remember when the extremely 17-year-old snowboarder Red Gerard won slopestyle gold on the first Sunday of the Games? He left Pyeongchang for a media tour in the U.S., stopping in both Los Angeles and New York, and returned with enough time to recover from jet lag before he qualified on Wednesday for his other event on the last Saturday of the Games. Red Gerard is so old now that he hates snowboarders.

Remember the shirtless Tongan flag-bearer Pita Taufatofua? Of course you remember the shirtless Tongan flag-bearer Pita Taufatofua. He's been at the Olympics for so long that he raced, thought about his life for a while, began contemplating his attire for the Tokyo 2020 Opening Ceremony and then finished his race.

The Swiss slopestyle skiers came to Pyeongchang after the Opening Ceremony, went viral by hanging off the side of escalators,



THE NEVER-ENDING GAMES

The Winter Olympics Are Way Too Long



Clockwise from top: Not even the Netherlands needs 12 days of long-track speedskating; Norway's goaltender Lars Haugen even looks weary; A lone fan watches a downhill training run; Kaitlyn Humphries and Phylicia George of Canada won bronze in two-woman bobsled; France's Martin Fourcade rests after the men's 15-kilometer mass start biathlon.

caught norovirus, quarantined themselves for the full duration of their symptoms, recovered from norovirus, competed, watched their teammates win a couple of

medals, partied by passing around a boot full of Champagne and still flew home almost a full week before the Closing Ceremony.

Even the royals in attendance,

who tend not to have the most pressing jobs waiting for them back home, have started heading for the exits. Princess Anne, the daughter of the Queen and a Brit-

CLOCKWISE FROM TOP: PETER KNEFFEL, SHARIFULIN VALERY (ZUMA PRESS); MIKE SEGAR/REUTERS; CLIVE MASON, FRANCK FIFE (GETTY IMAGES)

AT THE GAMES | By Jonathan Cheng

SOUTH KOREA'S NEW FAVORITE SPORT

Gangneung,
South Korea

When these Olympics are over, I'm going back to my old job writing about North Korea, its ruling family, its nuclear and missile program and its fight against global sanctions.

Until then, I'm covering the only thing that can rival it for drama and excitement. I'm writing about women's curling.

If that seems ridiculous to you, that makes two of us.

I'm not a longtime curling fan. I've curled, once, in high school, and that's more than a lot of people can say. But that's only because I was born and raised in Canada, where an Olympic medal in curling is a birthright as inalienable as the right to pay for Tim Hortons' coffee with two-dollar coins.

But did I know what a hammer and a burned rock and a hog line were before Pyeongchang? Did you?

That's all before I showed up to catch the South Korean women's team. What's not to love about a genuine Cinderella story for the Olympic host country? In a string of improbable victories, they have knocked off curling's five highest-ranked countries: Canada, Switzerland, Russia, Great Britain and Sweden. That this run of triumphs has been authored by five women who have given one another the English-language nicknames Steak,

Yogurt, Pancake, Sunny (for Sunny Side Up) and Chocho, just makes it all the more delectable.

The Korean press has dubbed the five Kims—who are unrelated, save for a pair of sisters—the Garlic Girls, for the small garlic-producing village that is home to four of the curlers. (They prefer “Team Kim.”)

The team's skip, Kim Eun-jung, aka. Annie, aka. Yogurt, has already become an overnight meme machine here in South Korea, thanks to her stylish spectacles and her cool-as-a-cucumber way of vanquishing rivals with the curling stone.

One of the most popular memes charts the 27-year-old Yogurt's various emotions: Actually just the same, nothing-but-business death glare.

Yogurt has but one hobby, her official Olympics profile tells us, “surfing the internet.” Translation: She lives to curl.

They are, quite improbably, the ultimate bandwagon ride of these Pyeongchang Olympics.

Consider that South Korea had virtually no history in the sport until a decade ago. Now the arena is often packed and the crowd squeals with delight at every toss by the South Korean squad. One woman at Saturday night's win over Great Britain had spent eight hours on a bus—that's about as long as you can go in South Korea—to catch the girls in action. She didn't even know the rules!

For me, the appeal of curling is like baseball: Dull to the uninitiated, without a game clock to speed things along, but packed with late-inning reversals.

It's especially riveting in the Olympics context. That's because curling alone has matches taking place on every single day of the Winter Games, allowing for narratives to unspool over the length of the Olympics.

Yes, snowboard sensation Chloe Kim and Yun Sung-bin, South Korea's first ever skeleton medalist, have had great stories too, but once their gold-medal performances were finished, it was on to the next champion. Not so for Yogurt & Friends.

From our vantage point in the

Journal's Seoul bureau, the big question hanging over the Games was whether or not the hosts would be able to drum up enough excitement at home. It seemed the only storyline that might emerge from Pyeongchang was what the North Koreans would or wouldn't do—and no doubt, there was a fascinating and important chess game taking place on the diplomatic front.

But the curlers have put the focus back where the Olympics were always supposed to be: The athletes themselves. And the South Korean curlers, thankfully, represent the best of what the Olympics can be.

Having a meme-tastic squad like Yogurt's step up has only sealed the deal for the host country's love affair

ish representative to the IOC, felt she didn't need to stick around beyond the first 10 days. She had left the Olympics by Tuesday.

The Wall Street Journal's own Jason Gay is already gone, too. He went back to start a short-track speedskating league in Brooklyn.

Of course, compressing the Winter Olympics presents some logistical headaches. The outdoor sports like Alpine skiing require a few days of wiggle room in case of high winds or low visibility, and NBC isn't volunteering to sacrifice a week of programming worth billions of dollars. (NBC declined to comment.)

But there is nothing in the Olympic Charter mandating that the Games need to feel this long. The Winter Olympics of 1976, 1980 and 1984 lasted 12 days from Opening Ceremony to Closing Ceremony. Until broadcasters wanted more. The Games expanded in 1988 to give ABC three weekends of television coverage during a typically dead time of the sports calendar between the Super Bowl and the NCAA basketball tournament. And they've only gotten longer since then.

The Olympics stretched to accommodate new sports that keep the winter Games fresh and relevant, like mixed doubles curling. With that there is now curling every single day of the Olympics. There is so much curling the only way that Pyeongchang's organizers could squeeze it all in to 17 days was to stretch 17 days to 18 days: The first curling match was the day before the Games officially began. Eighteen days! That's six days longer than the last NBA Finals, four days longer than Wimbledon and twice as long as the world championships dedicated specifically to curling.

So perhaps the sport could survive without nine matches of round robin play. And nobody needs 12 days of long-track speedskating either. Not even the gold-addicted Netherlands. They conduct their Olympic trials in all of four days.

Here's another crazy idea to reverse the mission creep: run more events at the same time. On that dreary second Monday, there were huge breaks without actual Olympic competition. The action between 1 p.m. and 8 p.m. in Pyeongchang consisted of four curling matches (but not the international sensation that is the Garlic Girls of South Korea), one hockey game (but it was a blowout) and three Nordic combined training jumps (but the eventual gold, silver and bronze medalists stayed home).

That morning wasn't any more scintillating for the U.S. prime time audience. There were sled heats, halfpipe and big-air qualifying and ice dance short programs. And more curling.

And the next day? There was such a lull at one point that NBC televised downhill skiing training runs.

All it would take is a bit of the creativity that schedulers of major sporting events are not at all famous for.

Then again it could be worse. It could be the 1908 Summer Olympics—a loosely defined collection of events that each took place eventually. They dragged for 187 days.



PHIL NOBLE/REUTERS

Kim Eun-jung, nicknamed Yogurt, has become an overnight star for the South Korean team.

Sign up to receive our Olympics Briefing at wsj.com/newsletters.

Reporting live from the Winter Games in Pyeongchang.

Get the smartest insights delivered to your inbox.

PYEONGCHANG 2018



Kyle Mack of the U.S. qualified Wednesday for the men's big air final.

MURAD SEZER/REUTERS

SNOWBOARDING

BIG AIR IS EITHER THE BEST OR THE WORST

BY BRIAN COSTA

Pyeongchang, South Korea
THE NEWEST Olympic snowboarding event will send competitors higher in the air than ever before. It requires no mountain, little snow and, for spectators, no familiarity with the nuances of the sport.

It's called big air, and it is either the best thing or the worst thing for the future of snowboarding.

Descending from a 160-foot ramp, the tallest in the world, competitors in the event will plummet down a 40-degree slope before launching into the air. Reaching speeds up to 40 mph, they will perform tricks before a panel of judges that will rate them based on difficulty and execution, among other factors.

Television executives and snowboarding officials love it for its accessibility, as it could appeal to more people in more places than other events such as halfpipe. It is easy to understand and visually stunning, but some snowboarders worry about where it could push the sport stylistically, with judges incentivizing an increasingly acrobatic look.

"You have people that really like it and people that really don't like it," said Chris Corning, one of the American snowboarders competing in big air, which will conclude with the men's final on Saturday. "For me, it's what the judges are scoring well, so that's what I'm going to do. I just go with what the judges are feeling on that day."

Though it will make its Olympic debut this year, big air has been around on competitive snowboarding circuits since the late 1990s. It is an extreme version of slopestyle, the longer, mountainside, multiple-jump event added to the Winter Games in Sochi in 2014. Olympians qualified jointly for both events.

Its commercial appeal is owed partly to the simplicity of performing a single jump off a man-made ramp. Competitions in recent years have been held in urban venues including Boston's Fenway Park and the Rose Bowl in Pasadena, Calif. In Pyeongchang, big air will be held on the same ramp as ski jump, much closer to the heart of the Olympic Village than the other four snowboard events.

"The one jump really lends itself to a lot more spectators," said Todd Richards, a former Olympic snowboarder who is now an Olympic snowboarding analyst for NBC. "If you look at it purely from what will impress your mom more if she doesn't snowboard, of course, flipping through the air is going to do that more than navigating a Rubik's Cube of obstacles on a hill."

Snowboarders, though, have traditionally been more like skateboarders than gymnasts on snow. Their tricks are more a form of creativity than pure athletic wonder. They pride themselves on the quality of what they do in midair, but not necessarily the sheer number of times they can flip over before hitting the ground. A slower-moving trick can be an artistic virtue, not a feeble attempt.

Slopestyle requires more control, as one jump sets up the next. But big air is an all-out, airborne spectacle. It can be riveting. It can also push snowboarding further from its roots than some in the sport want to see.

The more snowboarders resemble Evel Knievel, the more likely they are to get hurt. A study published by the British Journal of Sports Medicine in 2006 found that the incidence of injuries during competition was higher in big air than in any other world cup snowboarding event.

But big air also rewards pushing the limits of what snowboarders can do in midair. Until recently, no snowboarder had been known to land a trick known as a quad cork, which consists of four backflips. British snowboarder Billy Morgan became the first known to do so in 2015, in a video that quickly went viral.

Two years later, at the 2017 X Games, Marcus Kleveland of Norway became the first to do so in competition, using a quad cork to win a silver medal.

"We're at a weird place in snowboarding," Richards said. "Every year it's one more. Last year was quad cork. Next year are we going to have a penta-cork? It's progression for the sake of progression, not any sense of, should we be doing this?"

—Rachel Bachman contributed to this article.

FIGURE SKATING

Russia's Legal Secret Sauce

'Backloading' skating programs with jumps has become a source of debate

BY SARA GERMANO

Gangneung, South Korea
MANY YOUNG girls have dreamed of becoming an Olympic figure skating champion, but a teenager from Moscow has a bold new strategy to make that a reality.

When Alina Zagitova takes the ice for the women's free skate here on Friday, she will perform a program that some in the sport consider radical: all of her jumps are in the second half of her skate. That capitalizes on a scoring system that awards a 10% bonus to difficult moves performed toward the end, based on the idea that it's easier to land jumps early in a program when the skater is fresh.

It's a strategy known in figure skating as "backloading" a program. And while it's perfectly within the rules, it's been a flashpoint for discussion this season.

Long gone are the days of perfect 6.0s and the ideal of the balletic skater. The point-based scoring system, in place since 2004, has slowly revolutionized how skaters choreograph and execute their elements as they chase ever-higher scores.

For Zagitova, that's meant putting seven triple jumps, two double axels, and a double toe loop in the final two minutes of her four-minute free skate.

So far this season, it's worked: the 15-year-old Russian performed her backloaded Don Quixote program in the team competition at these Olympics, earning a season-best free skate score of 158.08 points. It helped her beat her training partner and two-time defending world champion Evgenia Medvedeva for gold at the European Championships this season. And it's made her a late favorite for gold in Pyeongchang, where she sits in first place after setting a world record score of 82.92 in the short program on Wednesday.

The strategy has drawn mixed reviews from other skaters. Ashley Wagner, a 2014 Olympian and a U.S. alternate in Pyeongchang, tweeted her displeasure while watching Zagitova's performance during the team competition.

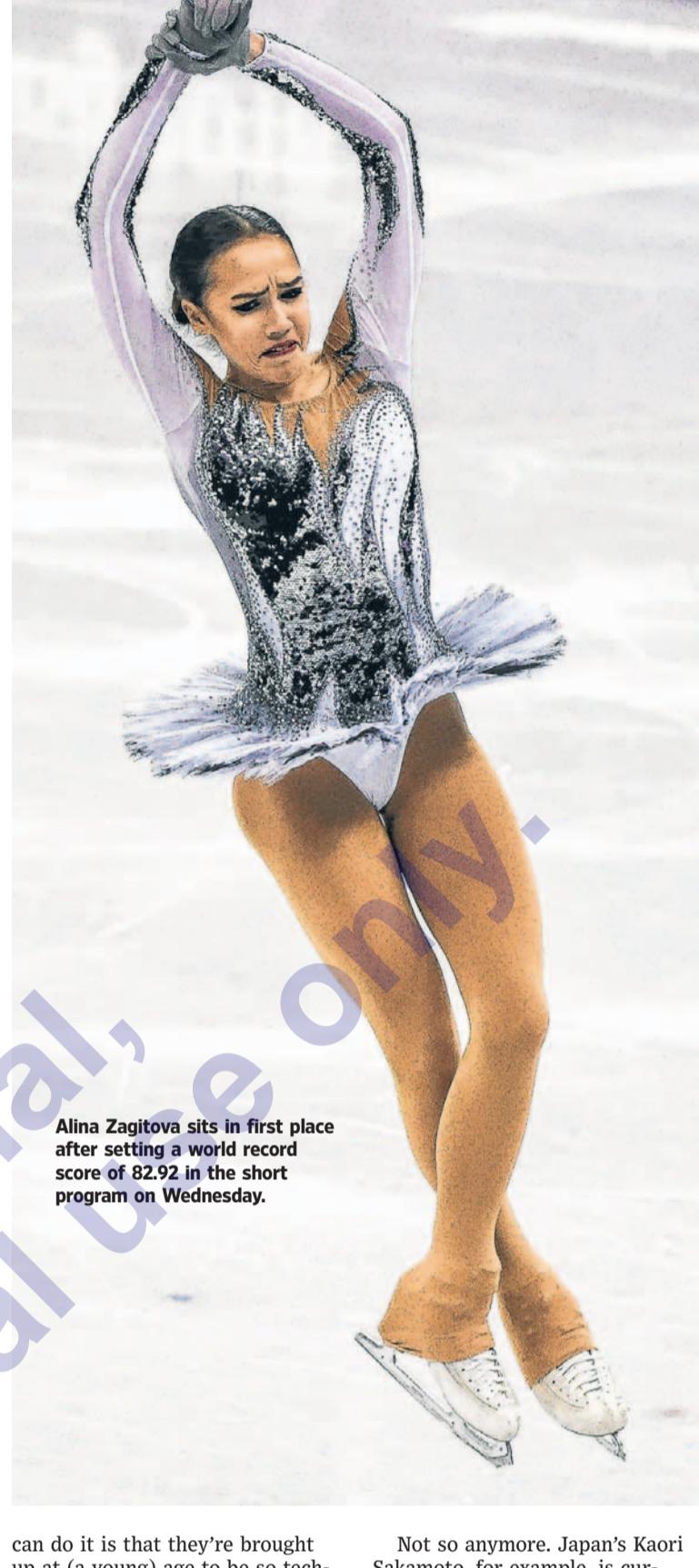
"I respect the competitive approach," she wrote. "But no cannot do this set up. It's not a program. She killed time in the beginning and then just jumped the second half. It's not a performance. I understand that this is what the system allows but it's not all figure skating is about."

Mirai Nagasu, whose own strategy for these Games entailed learning to nail the most difficult jump in women's figure skating, the triple axel, said Zagitova's approach is fair. "She's just taking advantage of the current rules, and I think that's very admirable.

That's why she's winning everything," she said. Nagasu is the top-ranked U.S. skater in ninth place heading into Friday's free skate.

In the men's competition, the best of the best are those skaters who have a suite of quadruple jumps in their arsenal. But since women aren't yet landing quads, their points strategy has to be more creative. Skaters and analysts say the Russians are best known for their aggressive training that enables young women to perform physically demanding programs with grace.

"The reason why the Russians



Alina Zagitova sits in first place after setting a world record score of 82.92 in the short program on Wednesday.

can do it is that they're brought up at (a young) age to be so technically sound," said Tara Lipinski, the NBC Olympics broadcaster. "In Russia, it's almost like walking for them. They are backloading their programs because they can."

Lipinski knows a thing or two about being a teenage jumping prodigy. Like Zagitova, she was 15 when she made her Olympic figure skating debut, and performed an exceedingly difficult triple toe loop-half loop-triple salchow combination with just 12 seconds left in her program.

In other words: saving difficult jumps for the end of a program isn't entirely new. But Lipinski, who won gold with that program at the 1998 Nagano Games, performed under the previous 6.0 scoring system. "Look back at the history of skating, the most difficult jump is usually the first or second element, and a triple-triple usually came first," she said.

Not so anymore. Japan's Kaori Sakamoto, for example, is currently in fifth place, after a short program which included a triple flip-triple toe loop combination, triple loop, and double axel in the latter part of her skate.

Backloading the program is perhaps the riskiest of several tricks that skaters employ to gain points. Another is extending the arms above the head while jumping—a move which raises a skater's center of gravity, increasing its difficulty—a move employed by Zagitova and Medvedeva.

But Zagitova, who could become the second-youngest Olympic champion after Lipinski, doesn't mince words when asked what distinguishes her from the field.

"I think it's very obvious that I have the most difficult program in the world," she said.

—Louise Radnofsky contributed to this article.

HOCKEY

WITHOUT NHL STARS, TEAM USA IS SENT HOME EARLY

BY JONATHAN CHENG AND JIM CHAIRUSMI

GANGNEUNG, South Korea—Entering its first Winter Olympics in 20 years without a hockey roster stacked with National Hockey League stars, the U.S. men entertained hopes that a ragtag lineup of has-beens and kids could hold their own against veteran players from around the world.

On Wednesday that notion was officially put to rest, as Team USA was ousted in the quarterfinals after failing to score on any of its five shots in a shootout with the unbeaten Czech Republic.

The U.S. finished the Pyeongchang Olympics with two victories (both against Slovakia) in five games, and will likely spend a big chunk of the next four years discussing how to find a way to bring NHL players back in the mix for the Beijing Games.

The 3-2 loss also denies the U.S. another medal opportunity as Team USA continues on a downward trajectory that would give America its smallest medal haul at a Winter



AGENCE FRANCE PRESSE/GETTY IMAGES

U.S. goaltender Ryan Zapolski gives up the decisive score in the shootout.

Games in at least two decades.

The fact the defeat was sealed in a shootout served as a stark reminder of the roster that they could have fielded at these Games if not for an April decision by the NHL to block its players from participating.

Four years ago in Sochi, the Americans won a thriller against

Russia, riding on the heroics of T.J. Oshie, then a member of the St. Louis Blues. Oshie, now a Washington Capital, converted on four of his six attempts in the shootout against the Olympic hosts, as President Vladimir Putin watched from a skybox.

But this time, deprived of the skills of American NHL stars like

Oshie, the Toronto Maple Leafs' Auston Matthews and the Chicago Blackhawks' Patrick Kane, the U.S. team was instead forced to rely on veterans from second-tier leagues and a handful of college stars.

With the teams locked in a 2-2 tie at the end of regulation, the game went to a shootout after a scoreless 10-minute overtime period. In the second round of the shootout, the Czech Republic's Petr Koukal beat U.S. goalie Ryan Zapolski for the decisive score.

The U.S. failed to hit the back of the net even once in its five attempts, sending the Czech fans into a frenzy and leaving the U.S. heartbroken.

"It's tough to swallow," said Brian Gionta, a 39-year-old National Hockey League veteran who was Team USA's captain in Pyeongchang.

While other teams also missed out on having their NHL stars, hockey-centric countries like the Czech Republic were able to more easily restock their rosters with players who have international experience.

—Andrew Jeong contributed to this article.



Jessie Diggins and Kikkan Randall of the U.S. won the women's team sprint free event.

Medal Count

COUNTRY	G	S	B	TOTAL
Norway	13	11	9	33
Germany	12	7	5	24
Canada	9	5	7	21
Neth.	6	6	4	16
U.S.	6	4	6	16
France	5	4	5	14
OAR*	0	4	9	13
Japan	3	5	3	11
Austria	4	2	4	10
S. Korea	4	3	2	9

*Olympic Athletes from Russia

Updated: 12:00 p.m. ET

FOR THE LATEST COUNT GO TO WSJ.com/Olympics

THE WALL STREET JOURNAL. HEALTH FORUM

May 22, 2018 | Four Seasons Hotel | Washington, D.C.

How innovation is revolutionizing the business of health

This spring, the editors of The Wall Street Journal will convene influential business leaders, policy makers and experts from across the health and health-care industries to focus on the innovations transforming this critical sector of the economy. These participants will join an audience of senior executives and entrepreneurs, including those from the worlds of finance, science and regulation.

Through highly interactive interviews, the editors will cover issues of key importance in 2018, from the technologies and advanced analytics changing the study of the human genome to new business models affecting health care.

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Gail K. Boudreux

President and CEO,
Anthem, Inc.



Mark T. Bertolini

Chairman and CEO,
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CEO,
Trinity Health



Michael A. Mussallem

Chairman and CEO,
Edwards Lifesciences



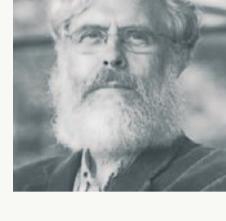
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Director, National Institute of
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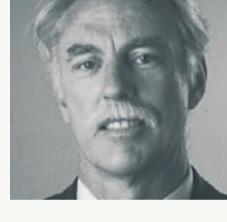
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OPINION

The FBI's Parkland Fail

**WONDER LAND**
By Daniel Henninger

Two possibilities for comment present themselves this week. One is what Robert Mueller's exposure of a Russian network of provocateurs operating in the U.S. since March 2014 says about the Trump-Russia collusion narrative. The other is the FBI's failure to act on a substantial tip about the disturbed and ultimately homicidal Nikolas Cruz, who as promised went on a high-school killing spree.

There is no reason for anyone to comment on the credibility of the collusion narrative because the president himself is covering that from his Twitter account. On Saturday he suggested that events like the Parkland killing happen because the FBI is "spending too much time trying to prove Russian collusion with the Trump campaign."

With that conflation, Mr. Trump's bunker-busting tweets hit a new bottom of personal reprehensibility. But since Mr. Trump is taking care of the person he calls "Trump" in the Mueller showdown, we'll turn to the problem that affects everyone else: a federal agency failure that contributed to 17 deaths in Florida.

This wasn't the first time. Or the second, or the third. The number of catastrophic events attributable in no small part to federal-agency failure in recent years is staggering.

Missed signals at some level of the federal government or

other public agencies preceded mass shootings at Sutherland Springs, Texas (25 killed), Charleston (nine people); the Orlando nightclub (49); Fort Hood (13); San Bernardino (14) and the Boston Marathon bombing (three dead and multiple severed limbs).

The error list goes on: Amtrak's derailments, the National Security Agency letting Edward Snowden walk away with its crown jewels on a thumb drive, or the deadly Veterans Administration.

Why do these public-agency mistakes continue to happen? The reasons are complex, so an appeal to Occam's Razor is in order. The simple answer is that the federal government has become too big to succeed. Its vastness ensures mistakes, and its public-safety responsibilities ensure that some of those mistakes will be fatal.

Two pained words emerge from the ashes of every such event: "Do something."

Nearly every function government performs is at some level a response to "Do something." A bad event happens, and the political default is to add another layer to what we expect government to do.

The 9/11 Commission was a positive response to "Do something."

It exposed the resistance of the FBI, CIA and State Department to sharing intelligence. But Russian spies running wild in the U.S. from 2014 through 2017 suggests the silos have re-formed, or the agencies have too many distractions.

Dodd-Frank, the do-something response to the 2008 financial crisis, mainly deepened the economic bog called

the compliance industry.

Even if the FBI responds to all the pressure being brought on it now, what's to ensure that its policy fix won't break down or itself be an error?

After the thalidomide birth-defects crisis of the 1960s, the Food and Drug Administration—venerated then as the FBI is this week—turned the goal of minimal error rates for drug approvals into a caricature that

The list of fatal mistakes by federal agencies in recent years is staggering.

slowed the delivery of life-saving pharmaceuticals to the public. Call it the Do Something Paradox.

The Department of Homeland Security, whose creation was a case study in do-something syndrome, is responsible for monitoring terrorism, ensuring the safety of more than 825 million annual passengers in U.S. airports plus controlling the flow of immigrants into and around the U.S. Does the phrase "falling through the cracks" come to mind?

One verity now of "our democracy" is that any effort to enhance the possibility, say, of early intervention with the mentally ill or even would-be terrorists will have to run through a matrix of pre-existing legal, cultural and political constraints. The legal and mental-health activists opposed to civil commitment of disturbed persons make the National Rifle

Association look like Little Bo-Peep. Suggesting out loud a predictive link between terrorism and radical Islam will draw condemnation by superiors.

The developing theme here is bigness. And whether the modern unavoidability of bigness means we must be its inevitable victims. Scholars who study organizations have a name for the odds of catastrophic error in large, complex systems. It's called "normal accident theory."

Federal bureaucracies no longer own the problem of producing unintended catastrophe on a grand scale. Facebook, Google and Twitter are magnificent machines, like the web itself. But the always-on web has liberated the world's previously closeted fanatics and helped turn borderline psychotics and terrorists into up-and-running threats.

Facebook has 2.2 billion users. The FBI agent who thought Nikolas Cruz's homicidal YouTube comment was unexceptional had a point. The idea that social-media companies should police their users is roughly the equivalent of asking them to monitor all of human behavior. For that experiment, we have China's control-meister Xi Jinping.

Whether these companies should be broken up is beyond the scope of this column. It's pertinent to ask, though, whether the federal government's inexorable bloat has made it a clear and present danger to the American people. That's a question for public safety. It's also a question for our politics.

Write henninger@wsj.com.

Trump Wastes Another Weekend

By Karl Rove

President Trump has shown he has a finger on the nation's pulse. But he often fails to read it correctly, missing obvious opportunities to advance his cause.

Take Friday's decision by the Justice Department to indict 13 Russians and three Russian companies for interfering in American politics between 2014 and 2016. The indictment is compelling reading, its evidence damning, and Deputy Attorney General Rod Rosenstein's televised explanation riveting.

The next day the president tweeted that the indictment didn't show a conspiracy between his campaign and the Russians, that the Russians spent more money after the election than before, and that they began intervening long before he entered the race. All are true and useful points, but Mr. Trump offered them with an unnecessarily defensive tone.

In doing so he missed his opportunity for a permanent pivot on the Russian mess. Mr. Trump should have talked about firm actions he is taking to stop foreign meddling in American elections. He could have vowed that any foreign nation that intervenes in our elections will be discovered, have its methods exposed, and face forceful retaliation.

Though the Russians named in the recent indictment are unlikely to be extradited and face

Parkland, Fla., mass shooting on the Federal Bureau of Investigation "spending too much time trying to prove Russian collusion." And he asserted that he had never claimed Russia didn't meddle in the election, only that China or "a 400-pound genius sitting in bed" might also be the culprits. It's time for Mr. Trump to put the rotund computer nerd to sleep and say without qualification that Russia attempted to undermine American democracy.

Furthermore, Mr. Trump raised the bar for himself by tweeting that President Barack Obama "did nothing" to prevent Russian meddling before the election. Mr. Obama's sharp words for Mr. Putin and ousting of 35 Russian spies were indeed an inadequate response, but now Mr. Trump must show he is doing everything possible to stop Russia's continuing efforts. He could start by condemning Russia's reported use of cyberbots to inflame tensions after the Florida shooting.

The mishandling of the Russia indictments wasn't Mr. Trump's only missed opportunity last weekend. Time is one of any president's most precious resources, and Mr.

Trump wasted some on Sunday by pinging Oprah Winfrey after she appeared on "60 Minutes."

At 11:28 p.m., he called Ms. Winfrey "very insecure" and taunted her, saying "Hope Oprah runs so she can

This could have given his administration a firmer footing on the Russia issue. The question of Mr. Putin's election interference would have become much less about Mr. Trump and much more about defending the country against serious threats.

But instead the president amplified the media noise. His weekend tweets claimed "they are laughing their asses off in Moscow" because of "all the Committee Hearings, Investigations and Party hatred." (Moscow may well be laughing, but not for the reasons Mr. Trump claims.) He falsely blamed the

Parkland, Fla., mass shooting on the Federal Bureau of Investigation "spending too much time trying to prove Russian collusion."

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Working together to stop drug cartels and illegal immigration.

the U.S., and much of the fentanyl, comes from Mexico. The George W. Bush-era Merida Initiative improved information sharing between the two countries to fight cartels. U.S. drones, for instance, gather intelligence in Mexico. Given that terrorist groups like Hezbollah use the drug trade to launder money, stopping cartels serves many domestic and national security priorities.

America has surged. As John Kelly said last year: "Border security for the United States starts 1,500 miles to the south"—at Mexico's southern border.

In 2015, Mexican authorities apprehended some 150,000 Central American migrants traveling north. Provoking Mexico—by withdrawing from Nafta, for example—could put this success in jeopardy.

Front-line officials, including DEA agents, border patrol and other homeland-security professionals, should remind Mr. Trump how important Mexico's assistance is in achieving his national-security goals. As negotiations over updating Nafta resume, the president should consider the value of this relationship before taking actions that could destabilize it.

Mr. Stavridis, a retired U.S. Navy admiral, is dean of the Fletcher School of Diplomacy at Tufts.

BOOKSHELF | By Christopher Tyerman

Showdown In the Levant

The Field of Blood

By Nicholas Morton

(Basic, 236 pages, \$28)

One hundred years ago, on June 28, 1119, near the northwestern Syrian town of Sarmada, an army led by European settlers was annihilated by a superior force of Turks led by Ilghazi, ruler of Aleppo. The Westerners, called "Franks" by friends and foes alike, were commanded by an Italian of Norman-French descent, Roger of Salerno, Prince of Antioch, an ancient city that had been conquered by armies from Europe 20 years earlier during the invasion of the Levant now known as the First Crusade. Roger, along with most of his troops, was killed in a clash between very different military traditions: The heavily armed Western cavalry brought lance, sword and mace against the lightly armed mounted archers of the Turks; the tactics of the settled sedentary world faced off against those of the nomadic Eurasian steppes. The scale of the massacre gave the battle its name in Frankish memory; the *ager sanguinis*, the Field of Blood.

On the face of it, the battle of Sarmada, while dramatic, hardly stood out from the dismal sequence of sieges and skirmishes that marked the politics of the Near East in the 12th century, a period when a diverse cast of opportunist powers—Turks, Kurds, Greeks, Armenians, Franks and Egyptians—competed for dominance and survival. Yet according to Nicholas Morton's book "The Field of Blood: The Battle for Aleppo and the Remaking of the Medieval Middle East," the clash may claim a double significance, at least in historical memory.

First, since it featured a largely Christian Frankish-Armenian army confronting a predominantly Muslim one made up of Turks and Arabs, the battle created a lasting but misleading picture of a clash of religions. Mr. Morton, a lecturer at Nottingham Trent University, shows that Christian Franks and Armenians regularly combined with local Arabs and Turks against other Muslim Turks—and also against fellow Frankish and Armenian Christians. Only four years earlier, Roger and Ilghazi had been allies against a Turkish invader. Medieval crusading cannot be shoehorned into any clash-of-civilizations thesis, Mr. Morton makes clear. The politics of the settlements carved out by crusaders were consistently determined by local advantage, not religious zeal.

The author's second argument is that the Field of Blood marked a defining strategic turning point, contributing directly to a consolidation of Turkish hegemony in the region that was to last into the 20th century. According to Mr. Morton, long-term Frankish survival on the mainland of Syria and Palestine depended on control not just of coastal ports (largely achieved by 1124) but also of the great inland metropolitan centers of Cairo, Damascus and Aleppo. Each was dominated, often precariously, by different, often mutually hostile Muslim rulers: Their disunity had been a major reason for the success of the First Crusade and the initial establishment of Frankish settlements in the region.

Had the Crusaders conquered Damascus, Cairo or Aleppo, they might have established a permanent presence in the Middle East.

Mr. Morton believes that, if the Franks had been able to capture one of these major capitals, the others would have succumbed—a sort of 12th-century domino theory. As this author sees it, the Franks, from their bases in Antioch in the north and Jerusalem in the south, turned their attention first on Aleppo until 1119, then Damascus until the failure to take it during the Second Crusade in 1148, and finally Cairo during the later 1160s. In each case a mixture of diplomacy, coercion and invasion nearly brought success before the effort ended in abject final failure.

By 1183, all three inland capitals rested firmly in the hands of one ruler, the parvenu Kurdish adventurer and empire-builder Saladin, who soon overran almost all the Frankish lands in 1187-8. The massive effort of the Third Crusade (1188-92) was required just to restore a few coastal ports to the Franks, who never again threatened to compete for control of Syria before their final expulsion from the Levantine mainland in 1291.

The author's case is primarily military and political, argued via a lively yet densely factual narrative, much of it based on translated Arabic sources. The views from the Turkish and local Arab perspectives receive as much attention as those of the Franks. The text is also lit by vivid re-creations of battles as well as concise descriptions of each warring group's military tactics, training and equipment. The hunt for an accessible popular register (politicians are "gutsy," warriors "mighty," and the Mediterranean "rippling blue" or "sapphire") may explain the absence of sustained structural analysis of the Franks' prospects in the Levant, notably the demographic and cultural deficits they faced.

Mr. Morton's thesis rests on a counterfactual assumption that Frankish conquest of the three great cities of the region could have led to lasting rule. This appears fanciful. The Turks consolidated their power by embracing the religion and traditions of their subjects, providing support for existing regimes in a manner the Franks could hardly have emulated. Compared with the coastal ports that the Franks had occupied, Aleppo, Damascus and Cairo presented challenges of a wholly different, probably insurmountable order. The cities harbored very large populations and had sophisticated administrative and intellectual elites. The Franks, even where they became well-established, were too few to dominate and too numerous to integrate.

So Mr. Morton's commendably concise narrative fails to convince. But despite the rather creakingly old-fashioned "turning points of history" frame, he poses arresting questions, rightly puncturing easy explanations that assume the inevitability of either Frankish demise or Turkish triumph. It is therefore unfortunate that he adds an afterword on modern Syria that, apart from stressing liberal shibboleths and defending the Middle Ages from accusations of unthinking barbarism, adds nothing either to his historical argument or to consideration of the current conflict there. The pressure on Crusade historians to opine on modern Near East politics should be resisted; it is not their period.

Mr. Tyerman is a professor at the University of Oxford and the author, most recently, of "How to Plan a Crusade."

By James G. Stavridis

Joaquin Guzman Loera, the notorious drug kingpin known as "El Chapo," landed in handcuffs last year in New York, where he now awaits trial. Twice El Chapo had escaped from detention in Mexico, so after the authorities there recaptured him, they agreed to send him to the U.S. to face prosecution.

This shows how far the U.S.-Mexico security partnership has developed since 1994, when the North American Free Trade Agreement took effect. As President Trump fights illegal immigration and the drug trade, he should keep Mexico's help in mind.

Nafta broke a long history of suspicion in U.S.-Mexico relations, creating a base for today's wide-ranging security cooperation. During the early 1990s, Mexico's domestic political sensitivities meant that it rarely extradited people who had committed crimes in the

U.S. After Nafta, extradition numbers began to increase until they surpassed 100 a year in the late 2000s.

Although Mr. Trump used tough rhetoric against Mexico in the 2016 campaign, he needs Mexican cooperation as president to fight drug cartels. Ninety percent of the heroin in

America has surged. As John Kelly said last year: "Border security for the United States starts 1,500 miles to the south"—at Mexico's southern border.

In 2015, Mexican authorities apprehended some 150,000 Central American migrants traveling north. Provoking Mexico—by withdrawing from Nafta, for example—could put this success in jeopardy.

Front-line officials, including DEA agents, border patrol and other homeland-security professionals, should remind Mr. Trump how important Mexico's assistance is in achieving his national-security goals. As negotiations over updating Nafta resume, the president should consider the value of this relationship before taking actions that could destabilize it.

Mr. Stavridis, a retired U.S. Navy admiral, is dean of the Fletcher School of Diplomacy at Tufts.

OPINION

REVIEW & OUTLOOK

Iran's Syrian Front

Bashar Assad's Syrian military committed more atrocities this week, bombing the opposition stronghold of Eastern Ghouta and killing at least 200. Rescue workers had to haul dead civilians from the rubble, including a family of five. As everyone deplores the killings, the point to keep in mind is that the driving political power here is Iran and its attempt to make Syria part of its growing Shiite-Persian empire.

Iran has propped up Assad since the Syrian civil war erupted in 2011, and along with Russia is largely responsible for the regime's survival. After its 2016 victory in Aleppo and the ouster of Islamic State from Raqqqa, this axis is now trying to roll up the last opposition strongholds. The trio will then use Russia-sponsored peace talks to re-establish Assad's control over Syria. Russia will keep its military bases, and Iran wants to establish a new imperial outpost on the border with Israel.

Toward that end, Iran is building a robust military presence of Islamic Revolutionary Guard Corps (IRGC) troops, Iran-backed Lebanese Hezbollah, foreign fighters from Pakistan, Iraq and Afghanistan, and local Syrian militias in Assad-controlled areas. Iran's ultimate goal is "the eradication of Israel," as the leader of the IRGC's Quds Force, Qasem Soleimani, said recently.

Military analysts estimate Hezbollah could have more than 100,000 rockets pointed at Israel from its home base in Lebanon and possibly from Syria too. An Iranian redoubt in Syria would open another front in a war with Israel from which to launch more rocket and other attacks. U.S. National Security Adviser H.R. McMaster worried publicly in December about "the prospect of Iran having a proxy army on the borders of Israel."

Tehran's confidence abroad is growing despite its recent protests at home. Earlier this month Iran-backed forces launched a drone from Syria's Homs area into Israeli air space. The Israeli military shot down the drone and sent F-16s to bomb the base from where the drone operated, as well as other military targets. The mission was a success, but the Israelis lost a fighter jet, the first such loss since the early 1980s.

Billy Graham

Billy Graham was born on a North Carolina dairy farm four days before the armistice ending World War I. He died Wednesday at age 99. In the century in between, the preacher who found Christ at a tent revival in Charlotte would bring the good news to an estimated 215 million people in 185 countries, along the way mastering every available medium from radio and television to old-fashioned revivals in sports stadiums.

As the tributes pour in, much of the emphasis has been on the famous who called on him for spiritual advice, including Presidents from Dwight Eisenhower to Bill Clinton. But he also had a much larger populist cultural and religious influence.

When Graham brought his crusade to England in 1954, for example, he attracted 120,000 people to Wembley Stadium—at the time the largest religious gathering ever in the British Isles, and he gained an admirer in a young Queen Elizabeth. Later he would take the Gospel into some of the earth's most aggressively atheist regimes, including North Korea.

What message proved to be so attractive? At a 1954 press conference in London, Graham explained his approach: "I am going to preach a gospel not of despair but of hope—hope for the individual, for society and for the world."

In preaching this Christian hope of salvation, Graham gave the world a new image of

The provocation is a sign that Iran is turning its attention from propping up Assad and toward establishing a more permanent presence in Syria, including the construction of military bases and weapons factories. Iranians are investing in Syria's local economy to help Assad "rebuild," and working to convert local Alawites to Shiite Islam.

Iran is also exploiting a "cease-fire" in southwestern Syria that the U.S. negotiated with Russia last year. Russia is supposed to stop Iran from building up its forces there, but the U.S. has been left to protest feebly as Russia lets Iran continue.

That leaves the policing to Israel, which has bombed Iranian and Hezbollah sites in Syria many times in the last year, including an Iranian base southwest of Damascus in December. On Sunday at the Munich security conference, Israeli Prime Minister Benjamin Netanyahu said, "We will act without hesitation to defend ourselves" and "not just against Iran's proxies that are attacking us, but against Iran itself."

Israel's military is formidable, and the country is protected by a robust antimissile system. But even Israel's defenses would be strained by 1,500 to 2,000 incoming missiles a day from Syria and Lebanon, especially if Iran succeeds in upgrading Hezbollah's arsenal to precision-guided weapons. Hezbollah attacks from civilian centers, which means an Israel-Lebanon conflict would be an extensive and bloody undertaking, as Israeli forces would have to attack fighters near homes and hospitals.

If the Trump Administration is worried about this gathering storm, you can't tell from its actions. Secretary of State Rex Tillerson toured the region last week and called for a "whole, independent, democratic Syria with no special demarcations dividing Syria and with the Syrian people selecting their leadership through free and fair elections." That's something John Kerry might have said, with a similar lack of credibility with Iran or Russia.

Mr. Trump promised in October to work with allies to counter Iran's "destabilizing activity and support for terrorist proxies in the region," but in Syria the U.S. has shown no strategy for doing so. Meanwhile, an Iran-Israel conflict grows more likely by the day.

A North Carolina farm boy brought the Gospel to the world.

the evangelical Christian. Rather than try to convert Catholics, for example, Graham sent them back to make peace with their own churches as he did with other Christian denominations. In the 1950s he insisted that his revivals be racially integrated, and he invited a fellow minister named Martin Luther King to name Martin Luther King to

give the opening prayer at his crusade at Madison Square Garden.

Sometimes Graham was criticized for being too attracted to the politically powerful. His relationship with President Richard Nixon boomeranged when a tape emerged of Graham complaining about the "stranglehold" of Jews on the media—for which he promptly apologized. In 1982 he was criticized as being a dupe of the Soviets for suggesting there was religious liberty in the Soviet Union.

The West in general, including the U.S., has become far more secular than in Graham's heyday, and it is hard to imagine another man of faith enjoying the same prominence and influence today. America's largely secular media also seem to revel in demonstrating that anyone prominent in religious life is a fallen idol.

Then again, Billy Graham knew that if the hope and salvation he preached found a welcome reception in people's hearts, it wasn't because of the charm or charisma of the messenger. It was because of the power of the message.

Thomas vs. Sotomayor

A unanimous Supreme Court struck a blow for the plain reading of the law on Wednesday, but a pair of dueling concurrences deserve broader attention for what they say about the different methods of legal interpretation on the High Court today.

Justice Ruth Bader Ginsburg wrote for the full Court in rebuking the Securities and Exchange Commission for reinterpreting the Dodd-Frank Act despite the clear text of the statute (*Digital Realty Trust v. Somers*). Paul Somers sued Digital Realty Trust, claiming protection as a whistleblower for filing a complaint about a securities violation. He might have sued under the 2002 Sarbanes-Oxley law that protects whistleblowers if they file complaints with the Labor Department within 180 days.

But instead he sued in federal court under Dodd-Frank, which lets whistleblowers who are retaliated against sue and receive double back pay. The problem is that Dodd-Frank defines a whistleblower as someone who provides information about a securities violation to the SEC. Mr. Somers didn't do that, but the SEC claimed that didn't matter because Congress intended the law to protect people like Mr. Somers no matter the law's text.

Citing precedent, Justice Ginsburg rightly wrote that "When a statute includes an explicit

definition, we must follow that definition,' even if it varies from a term's ordinary meaning. This principle resolves the question before us.' She then went on an extended and needless tour of congressional intent that may invite legal mischief down the road.

This drew a highly entertaining concurrence from Justice Clarence Thomas, joined by Justices Samuel Alito and Neil Gorsuch, that agreed with the judgment but rapped Justice Ginsburg's opinion for attempting to find the "purpose" of a statute primarily in a single "Senate Report."

Justice Thomas pointed out that the Court is "governed by what Congress enacted rather than by what it intended." And to prove his point he included a footnote with a hilarious colloquy between former Senators Bill Armstrong and Bob Dole about a Finance Committee report. The exchange is a political "Who's on First?"

Justice Thomas's concurrence set off Justice Sonia Sotomayor, the Court's most left-leaning voice, who wrote her own concurrence defending the Court's reliance on legislative history, including Senate reports.

It's a telling exchange. Justice Sotomayor wants the judicial running room of reports and history through which she can drive her political preferences. Justice Thomas wants the Court to follow what the law actually says.

A Supreme Court exchange illuminates judicial differences.

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OPINION

Why America Is Going Broke

By John F. Cogan

The federal deficit is big and getting bigger. President Trump's budget estimates a deficit of nearly \$900 billion for 2018 and nearly \$1 trillion (with total spending of \$4.4 trillion) for 2019. Its balance sheet reveals that the public debt will reach \$15.7 trillion by October. This works out to \$48,081.61 for every man, woman and child in the U.S. That doesn't count unfunded liabilities, reported by the Social Security and Medicare Trustees, that are four times the current public debt.

Entitlements are driving deficits and debt. Absent reform, the problem will soon become a crisis.

How did the federal government's finances degenerate this far? It didn't happen overnight. For seven decades, high tax rates and a growing economy have produced record revenue, but not enough to keep pace with Congress's voracious appetite for spending. Since the end of World War II, federal tax revenue has grown 15% faster than national income—while federal spending has grown 50% faster.

While most Americans are aware of the budgetary importance of entitlements, the accompanying chart clarifies the magnitude of the problem. It shows the importance of entitlements in determining past and present budget trends, and where they will take us if Congress fails to reform them.

The chart shows federal spending

relative to gross domestic product since World War II, broken into three categories. Entitlements are depicted in red. This includes Social Security, Medicare, Medicaid, disability insurance, food stamps and a host of other welfare programs. National defense is shown in blue. All other nondefense spending is in yellow. Interest on the public debt isn't included. Because of currently low rates, interest payments amount to less than half what the government spends on all other nondefense programs.

As the chart makes clear, all—yes, all—of the increase in federal spending relative to GDP over the past seven decades is attributable to entitlement spending. Since the late 1940s, entitlement claims on the nation's output of goods and services have risen from less than 4% to 14%. Surprising as it may seem, the share of GDP that is spent on national defense and nondefense discretionary programs combined is no higher today than it was seven decades ago.

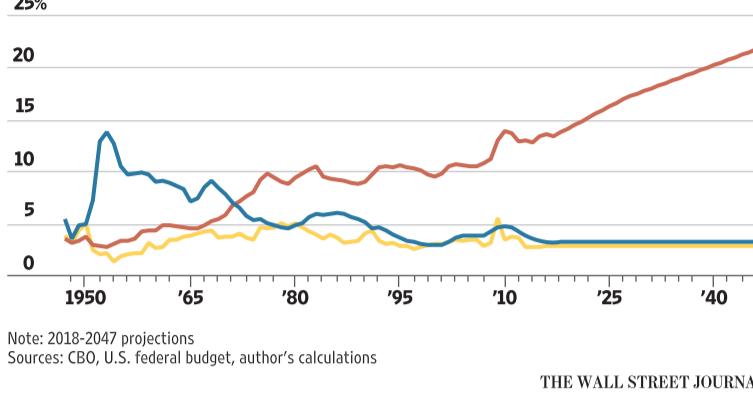
The contrast between the long-term increase in entitlement spending and the long-term decline in defense spending reflects the profound transformation of the federal government's priorities from providing for the nation's defense to redistributing income. The Vietnam War, President Reagan's defense buildup, and the Iraq and Afghanistan wars were costly, but the increase in defense spending in each case pales in comparison with the astonishing growth in entitlement spending.

If you're seeking the reason for the federal government's chronic budget deficits and crushing national debt, look no further than entitlement programs. Show the accompanying chart to your friends or acquaintances who continue to assert that defense spending is causing

Where the Money Goes

Federal spending as a percentage of GDP, 1947-2047

■ National Defense ■ Major Entitlements ■ All other



Note: 2018-2047 projections

Sources: CBO, U.S. federal budget, author's calculations

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the budget deficit. Since the early 1970s, entitlements have been the federal budget's largest spending category, the sole source of the federal budget's growth relative to GDP, and the primary cause of chronic budget deficits.

Today, entitlement spending accounts for nearly two-thirds of federal spending. Defense spending still only accounts for about a sixth of the federal budget, even with recent increases. Defense spending could be doubled and it would still be only half what the federal government spends on entitlements. Significant reductions in the budget deficit can only be achieved by restraining the growth of entitlement spending.

History shows that such restraint is not possible without presidential leadership. Unfortunately, President Trump has failed to step up. His budget proposes to shave a mere 1% from entitlement spending that is

growing at 6% a year. The president has ruled out any significant reform of Social Security and Medicare, the two largest entitlement programs. His budget shows that this year Social Security and Medicare expenditures will exceed the payroll taxes and premium payments dedicated to supporting them by \$420 billion. Social Security and Medicare deficits will account for half this year's total budget deficit.

The situation is no better at the other end of Pennsylvania Avenue. Democrats are getting domestic spending increases and Republicans are getting increases to the defense budget. Instead of offsetting higher spending with reductions elsewhere, Congress simply increased both defense and domestic spending in the recently enacted continuing resolution to fund the government. At the same time, by eliminating the need to vote on a debt ceiling this year

and ruling out the reconciliation process for any budget bill, Congress signaled that it has no stomach for entitlement restraint.

The continuing resolution's two-year spending binge has been rightly criticized as excessive. But the size of the increase in spending it authorizes should be kept in perspective. The Congressional Budget Office estimates that the resolution will add \$174 billion in discretionary spending to the budget in 2019, the year of its maximum impact. At the same time, entitlement expenditures will automatically increase by about the same amount.

What about the future? Social Security and Medicare expenditures are accelerating now that baby boomers have begun to collect their government-financed retirement and health-care benefits. If left unchecked, these programs will push government spending to levels never seen during peacetime.

Financing this spending will require either record levels of taxation or debt. Economics teaches us that high tax rates reduce economic growth and living standards. History teaches us that high public debt aggravates economic volatility and makes a country's financial system more prone to crisis. Congress can avoid these harmful outcomes only by taking action soon. Its first step should be to send the president's budget proposal back with a request that he come up with a plan to rein in entitlement spending.

Mr. Cogan is the Leonard and Shirley Ely Senior Fellow at Stanford University's Hoover Institution and author of "The High Cost of Good Intentions: A History of U.S. Federal Entitlement Programs" (Stanford University Press, 2017).

Both Sides of the Aisle Want Better Roads and Ports

By James Inhofe
And Sheldon Whitehouse

During his State of the Union address, President Trump called for a broad bipartisan infrastructure package, pledging to improve the nation's infrastructure and invest in the future. If you believe the news reports on partisan bickering in Washington, this bipartisan approach might seem impossible. But we know that it can, and will, happen.

We serve on the Senate's Environment and Public Works Committee, which has jurisdiction over most infrastructure bills. Its members include staunch conservatives and strong progressives—like us. Despite our differences, the committee has produced some of the largest and most effective bipartisan legislation of the past decade, such as laws to spur transportation and water projects and to harmonize the regulation of toxic substances.

Now we need to do it again.

There's a strong link between infrastructure investment and a robust economy that creates jobs. The American Society of Civil Engineers estimates that unless the U.S. starts making smart investments now, by 2025 the country will have forgone \$3.9 trillion in gross domestic product, \$7 trillion in business sales and 2.5 million American jobs.

The time is right to close the infrastructure gap. America's economy is strong and poised to continue growing if Congress can work together to make smart decisions. In the past few weeks we've heard a lot from our colleagues, Republicans and Democrats alike, about their respective priorities. The path to success is to start with shared goals.

The two of us believe that state and local leaders should identify and select the projects that are most needed in their communities. There is no one-size-fits-all federal solution for infrastructure. Local communities know best what they

need, whether it's to upgrade a wastewater facility in Warren, R.I., or repair a levee in Tulsa, Okla.

Money should be specifically designated for rural infrastructure. The unique needs of rural communities

Conservative Republicans and progressive Democrats can find common ground on infrastructure.

often make it difficult for them to compete with urban ones for private financing or traditional funding. By specifically designating resources for states to use in their rural areas—on roads or drinking and wastewater systems—we can ensure they have the means to upgrade and build.

Coastal communities face their own challenges. Bridges and wastewater treatment plants near the shore can confront hurricane winds and

saltwater flooding. Bond ratings account for these risks, meaning coastal cities and counties face higher costs to finance public projects. A smart infrastructure plan would emphasize investment in coastal structures and systems, including the great ports that support jobs in fishing, shipping and trucking.

One way to provide greater autonomy to cities and states would be to expand existing bipartisan programs. The Transportation Infrastructure Finance and Innovation Act of 1998 helps communities obtain low-interest loans to maintain roads or build a new highway. This program should be opened up to other forms of infrastructure, such as airports and inland waterways.

Finally, Congress should streamline the process for approving new projects, so that critical ones can get off the ground faster. The Treasury Department reports that among the major obstacles to completing infrastructure projects are inefficient reviews and lack of consensus

among public and private entities.

Changing the process so that all stakeholders are brought to the table early on would help balance competing interests while still addressing safety and environmental concerns. That would allow infrastructure projects to move forward more quickly, enabling communities and businesses to make smart, timely investments. Meanwhile, the executive branch has its own job to do to improve its multiagency review process.

This is just the beginning of a long road to a truly comprehensive and bipartisan infrastructure bill. There are many policy areas about which Republicans and Democrats will need to debate and compromise, but that doesn't deter us. We believe in getting results for the American people—and that starts with finding common ground.

Mr. Inhofe is a Republican senator from Oklahoma. Mr. Whitehouse is a Democratic senator from Rhode Island.

Cape Town May Dry Up Because of an Aversion to Israel

By Seth M. Siegel

Cape Town, South Africa, has designated July 9 "Day Zero." That's when water taps throughout the city are expected to go dry, marking the culmination of a three-year drought. South African officials aren't responsible for the lack of rain, but inept management and a devotion to anti-Israel ideology needlessly made the situation worse.

Even before Israel declared statehood in 1948, its leaders focused on water security as closely as they did military preparedness. Mostly desert, Israel would need adequate water to thrive. In the decades since, the country has developed an apolitical, technocratic form of water governance.

Conservation is taught from kindergarten. Market pricing of water encourages everyone to waste

nothing. Sensitive prices have driven innovation. Israelis helped create desalination, drip irrigation and the specialized reuse of treated wastewater in agriculture. Although Israel is in the fifth year of a drought, today its citizens can reliably count on abundant water.

Cape Town is another story. Its reservoirs began receding more than two years ago. This problem turned into a crisis because of subsidy-distorted water pricing, inefficient irrigation, and a lack of desalination facilities and a long-term plan. In 2016 officials from Israel's Foreign Ministry recognized the problem and alerted national, provincial and local governments in South Africa. Israel has trained water technicians in more than 100 countries, and it offered to bring in desalination experts to help South Africa.

South African officials ignored or

rebuffed the no-strings Israeli proposal. It would be admirable if South Africa's rejection came from a can-do attitude, in a statement of national self-sufficiency. But it appears to have been for ideological reasons that South African officials wanted no help from Jerusalem.

The leadership of South Africa's dominant political party, the African National Congress, aligns itself with the Palestinian cause. Although the two countries have diplomatic ties, South Africa under the ANC has refused to develop warm relations with Israel. This antagonism goes back to the 1960s, when current Palestinian Authority President Mahmoud Abbas lived in Moscow with exiled ANC leaders, and Yasser Arafat often visited. Students and leaders of the two movements were supported by the Soviet Union, and they shared revolutionary aspirations.

Even more confounding, the South Africans turned to Iran for help. In April 2016, when there was still enough time for a smart plan to make a difference, South Africa's

The Palestinian Authority accepts the Jewish state's help on water projects. South Africa refuses it.

water minister visited Tehran. She brought home a memorandum of understanding in which Iran agreed to help develop South Africa's water infrastructure.

Unlike Israel, Iran is not known for its water-management expertise. Anger over water shortages was a feature of the recent Iranian protests. Even before the South African

visit, a former Iranian agriculture minister predicted that as many as 50 million Iranians—around two-thirds of the population—would need to be uprooted because of growing water scarcity.

As in South Africa, Iran's water shortages can't be blamed only on the weather. Water infrastructure projects in Iran are controlled by the Revolutionary Guard Corps, which diverts water to favored ethnic and political groups. In Tehran largely untreated sewage is discharged into nearby waterways, a waste of water that creates health hazards. Years of regime-encouraged overpumping of groundwater has left agricultural districts without water for crops.

Two months after the South African water minister's Iran trip, Israel brought a team of water professionals to Cape Town. Neither the mayor, also strongly hostile to Israel, nor any senior municipal official would see them.

If the South Africans are snubbing the Israelis out of solidarity with the Palestinians, they might want to consider this: The Palestinian Authority has worked with Israel on a range of water projects since 1995. Israel offers training for Palestinians in wastewater management, infrastructure and security. Israel also provides the Palestinian Authority with more than half the water for domestic consumption by Palestinians in the West Bank. And it pipes more than 2.5 billion gallons of water into Hamas-controlled Gaza each year.

Why does South Africa feel compelled to be so anti-Israel? The question has no rational answer.

Mr. Siegel is author of "Let There Be Water: Israel's Solution for a Water-Starved World" (St. Martin's Press), recently out in paperback.

Notable & Quotable: Russia

Masha Gessen writing at the New Yorker website, Feb. 20:

Americans . . . increasingly imagine American society as unstable and deeply at risk. While most people believe themselves to have a solid grip on reality, they imagine their compatriots to be gullible and chronically misinformed. This, in turn, means that we no longer have a sense of shared reality, a common imagination that underlies political life. In a society with a strong sense of shared reality, a bunch of sub-literate tweets and ridiculous ads would be nothing but a curiosity. Even the fact that Russians put money into organizing rallies and demonstrations across the political spectrum would be absurd: surely

they didn't force people to join these rallies. If sincerely held beliefs brought people to the rallies, then it makes no difference to the broader political life whether someone paid for an actress to take part, too (even if that or similar payments were themselves illegal). . . .

It is exceedingly unlikely that we will ever have a clear understanding of whether Russian meddling affected the outcome of the election. But a huge number of Americans imagine that it did. They imagine that exposure to a foreign effort to muddle American politics can fundamentally change the fate of this country—and by imagining it, they render the country all the more muddled, divided, and vulnerable.

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WORLD NEWS

Saudi Bid to Help Yemen Falters

Kingdom, allies give funds to impoverished nation, but aid groups fear a rebel backlash

BY ASA FITCH

MARIB, Yemen—Saudi Arabia and its allies are giving \$1.5 billion to their war-ravaged neighbor, but their ability to fix the country's humanitarian crisis is limited by their status as combatants—and because many aid groups are reluctant to take their money.

Many aid groups say they fear they will be targeted for associating with the country that for nearly three years has led a devastating air campaign against Houthi rebels, which Saudi Arabia suspects are backed by Iran.

Critics blame Riyadh and its coalition partners for prolonging the suffering there, but the coalition can't deliver aid directly to the hardest-hit Houthi areas, nor can it join with aid groups that reach millions of people in dire need.

The situation also illustrates how Saudi Arabia's regional proxy conflict with Iran is playing into the aid picture. The coalition's monitoring of Yemeni shipping and air traffic to prevent an Iranian lifeline from reaching the Houthis has slowed the flow of critical commercial goods into the country.

Yemen's conflict, which began in March 2015, has left more than 10,000 people dead, the United Nations says. Some three million people have been displaced from their homes and an additional eight million people—more than a quarter of Yemen's population—are on the brink of starvation, the World Food Program says.

Meanwhile, more than one million suspected cases of cholera have also surfaced, because of crumbling water infrastructure and poor sanitation, the World Health Organization says.

Saudi Arabia and its coalition allies waded into the Yem



Saudi soldiers stood guard as workers unloaded aid from a Saudi air-force cargo plane at an airfield in Yemen's Marib province this month.

men conflict with their militaries and then with their money, sending troops who trained and assisted Yemeni supporters to push the Houthis from their strongholds. They came largely because of fears Iran was nurturing the Houthis, with the aim of creating a Shiite militia akin to Lebanon's Hezbollah. Iran has denied involvement.

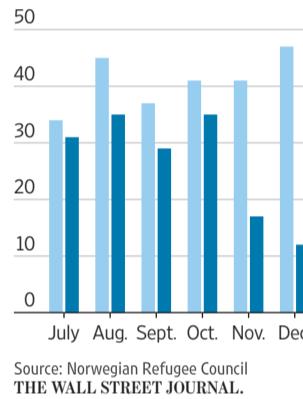
Saudi Arabia's ambassador to Yemen, Mohammed Saeed al-Jabir, said the Saudi coalition had funneled more than \$7 billion of aid into Yemen since the Houthis took over San'a in late 2014. But because Saudi personnel aren't welcome in opposition areas, the Saudi military coalition, which includes the United Arab Emirates, Bahrain, Kuwait and Egypt, has relied largely on the U.N. to deliver it there.

Suze van Meegen, a protection and advocacy adviser for the Norwegian Refugee Council based in the southern port city of Aden, said a few of her organization's workers were detained for days last year in a Houthi-controlled area after Saudi labeling showed up on some of the aid packaging.

Stormy Weather

A debilitating war in Yemen has hindered aid to the Arab world's poorest country.

Vessels discharged at Yemen's Red Sea ports



organization's workers were detained for days last year in a Houthi-controlled area after Saudi labeling showed up on some of the aid packaging.

"There are very few organizations I know of here that would be willing to take that funding," she said.

Mr. Jabir said Saudi Arabia supports a U.N.-led peace process, but talks have failed to produce a compromise.

The coalition's challenges were on display recently in Marib, a coalition-controlled city known for its rich oil and gas deposits. As trucks carrying diesel from Saudi Arabia idled, WFP officials signed documents to take possession of the shipment for the journey west to the Houthi-controlled capital city of San'a. The WFP removed Saudi banners slung across their sides before heading out.

"If they could do it themselves, I'm sure they would," said Stephen Anderson, the WFP head in Yemen. "But I think there's a benefit for them to show that they're allowing in this support for the Yemeni people."

As the situation worsens, the Saudi coalition has sought

to circumvent challenges while stepping up aid. In January, the coalition started daily flights of C-130 military cargo planes carrying flour, rice and household goods to a remote desert landing strip in Marib. From there, KSRrelief, Saudi Arabia's main aid-distribution outfit, sends the goods to needy people.

A new Saudi coalition aid plan unveiled in January includes additional capacity at ports in coalition-controlled areas, but offers no assistance at Houthi entry points.

"The problem is it doesn't deal with the reality of the capacity to deliver aid into Yemen," said Thierry Lecoq, the San'a-based country director for Yemen with Mercy Corps.

Many aid groups say they fear the situation will worsen before it improves.

"The switch could flip," said Scott Paul, the humanitarian policy lead at Oxfam in Washington. "We could see the worst mass atrocity in a generation, all of which is preventable."

France Proposes Tough Law On Asylum

BY WILLIAM HOROBIN

PARIS—France's government presented a bill to toughen immigration and asylum laws by doubling the time migrants can be detained, strengthening police powers to search them, and shortening the time migrants have to appeal rejected asylum claims.

The proposed measures have angered some lawmakers from President Emmanuel Macron's centrist République en Marche group in the National Assembly, which until now has unflinchingly backed the president's policies. Some members say they could abstain from voting for the bill if it isn't softened.

"The bill seems too restrictive on some points, or it constitutes a revocation of freedoms," Martine Wonner, one of the lawmakers critical of Mr. Macron's plans, said in an interview with French paper 20 Minutes.

Presenting the bill on Wednesday, the government said the changes to immigration and asylum laws were in line with Mr. Macron's election promises.

Along with allowing migrants to be detained for up to 90 days and giving police greater powers to fingerprint them, the bill also foresees simplifying and speeding up processes for asylum demands, and expanding programs to welcome foreign students, researchers and entrepreneurs.

Interior Minister Gérard Collomb said the new law would also increase language training and help accepted asylum seekers find work.

Lawmakers' resistance to the immigration and asylum bill represents the first public signs of dissension within the large majority Mr. Macron won in June's legislative elections.



Some of the Chibok girls gathered in the capital Abuja in May 2017 after gaining their freedom.

Boko Haram Militants Seize More Nigerian Schoolgirls

BY GBENGA AKINGBULE AND JOE PARKINSON

MAIDUGURI, Nigeria—Dozens of schoolgirls remained missing two days after a jihadist raid on a boarding school in northeastern Nigeria raised fears of a repeat of the mass kidnapping in Chibok in 2014.

A convoy of fighters in machine-gun-mounted trucks from the Boko Haram Islamist insurgency rolled into the Government Girls Science Technical College in the town of Dapchi, Yobe state, on Monday evening, local officials and Western diplomats said.

Police officers and teachers initially said they believed the 800-member student body was safe after fleeing to their homes and nearby villages. But dozens still remained unaccounted for, Yobe state police commissioner Summon Abdulmalik said.

Nigeria's government confirmed late Wednesday that the attackers were from the militant group that also carried out the Chibok raid.

The Nigerian military said it saved "some of the girls from the terrorists who abducted them" in an operation,

without giving figures. Residents of Dapchi reached by telephone said they were celebrating the return of some of the girls, adding that not all had returned home.

President Muhammadu Buhari said on Twitter that he had dispatched his defense minister to Yobe and directed military and police "to mobilize immediately to ensure that all the missing girls...are

The attack in Dapchi stirred fears of a repeat of the mass kidnapping in Chibok.

found."

"I share the anguish of all the parents and guardians of the girls that remain unaccounted for," he added.

Anxiety over the fate of the Dapchi students has rekindled memories of the seizure of the 276 students in Chibok, around 170 miles west of the town.

That abduction prompted millions of Twitter users—in

cluding Michelle Obama, actress Angelina Jolie and Pope Francis—to tweet #BringBackOurGirls, making the schoolgirls a touchstone of Nigeria's long war with the Islamist insurgency.

Between October 2016 and May 2017, the group freed 103 of the girls in exchange for five imprisoned fighters and €3 million (\$3.7 million), Nigerian officials said.

The Chibok students—who have endured almost four years of beatings, starvation, airstrikes, hard labor and forced adherence to Boko Haram's cause—are the face of the overall suffering in northeastern Nigeria. More than 31,000 people have died in the decade-long war and two million people have been forced from their homes.

In a New Year's address, Mr. Buhari reiterated his assessment that Boko Haram had been defeated after government forces pushed the militants from territory the size of Belgium into remote hide-outs along the borders with Cameroon and Chad.

Police officials in Yobe on Wednesday said the militants looted the school for food and supplies.

Tomorrow

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, February 22, 2018 | B1

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Ford Official Fired for Misconduct

North America chief Raj Nair regrets actions inconsistent with company code

By AUSTEN HUFFORD
AND JOHN D. STOLL

A top Ford Motor Co. executive has been fired following misconduct allegations, the latest business leader to be shown the door amid broader scrutiny of workplace behavior in the U.S.

Raj Nair, a 53-year-old Ford veteran who most recently ran

the auto company's profitable North American business, is leaving after an investigation found his behavior was inconsistent with the company's code of conduct.

The specific nature of the allegations against Mr. Nair wasn't immediately clear.

Ford spokesman Mark Truby said Mr. Nair's departure stems from an anonymous tip received in recent weeks, which the company then investigated.

In a statement Wednesday, Mr. Nair said: "I sincerely regret that there have been instances where I have not ex-

hibited leadership behaviors consistent with the principles that the company and I have always espoused."

While the auto industry hasn't been central to the recent wave of scandal that has engulfed a range of companies and high-profile personalities and executives, Ford has had to confront sexual-harassment claims on the factory floor. Its Chicago plant has been subject to claims brought by women as early as the 1990s saying they were harassed and bullied.

Ford Chief Executive Jim Hackett, who has condemned the behavior displayed at the

plant, said in a statement Wednesday that the company let Mr. Nair go "after a thorough review and careful consideration."

The ouster hits as Ford is working to soothe investor concern about slipping profits in a flat U.S. auto market.

Its North American business, responsible for the bulk of the company's black ink, could face pressure as General Motors Co. and Fiat Chrysler Automobiles NV prepare to launch full-size pickup trucks this year. Ford's rivals have long aimed to chip away at the Ford F-150's dominance in the

lucrative truck market.

"This comes at a particularly bad time for Ford, which only last spring ousted Mark Fields as CEO," Auto-trader.com analyst Michelle Krebs said, referring to Mr. Nair's departure.

"Investors and analysts have been unhappy with the seeming lack of a clear direction."

Although Ms. Krebs characterized Mr. Nair as a "rising star," she noted Ford hasn't articulated a firm strategy for future mobility services. Auto makers are racing to develop driverless cars and expand

Please see *FORD* page B2



Tom Schumacher

JENNY ANDERSON/WIREIMAGE/GETTY IMAGES

Disney Producer's Behavior Criticized

By BEN FRITZ

After 30 years at Walt Disney Co., Tom Schumacher has become one of the most powerful and complicated people on Broadway as he established his employer as a dominant force in American theater.

He reaches a new apex this Thursday when the "Frozen" musical, which he produced, begins playing on Broadway. The \$50 million-plus show is a critical part of Disney's plans to turn the hit animated movie into a long-lasting cultural touchstone, in the lucrative footsteps of "The Lion King." The show's debut comes just two months after he was elected chairman of the Broadway League, the industry organization that puts on the Tony Awards, confirming his royal status on the Great White Way.

Few executives last as long as Mr. Schumacher has at a major entertainment company, let alone reach new heights after three decades. People who have worked with him say he is demanding and intelligent, with a strong sense of what he wants and the ability to work with creative talent to achieve it. Though others at Disney thought Julie Taymor's theater work was too avant-garde for a Disney property, Mr. Schumacher championed her to direct 1997's "Lion King" musical. It is now the highest-grossing stage show ever.

Another side of his success as a creative executive has been a harsh demeanor and tendency to cross the boundaries of appropriate workplace behavior, people who have worked with him said. Mr. Schumacher has offended numerous employees over the years with explicit language and behavior, including comments about subordinates' sexual attractiveness, discussions

Please see *DISNEY* page B6



PARKER MICHEL-BOYCE FOR THE WALL STREET JOURNAL

Michael Adolphi, chief operating officer at Because, says some people don't trust putting bitcoin mining operations in China.

Bitcoin Factories Spring Into Action

By STEPHANIE YANG

Michael Poteat, an engineering student at Old Dominion University in Norfolk, Va., decided to start mining bitcoin four months ago.

Using some of his bitcoin holdings, he purchased 20 "mining rigs," computers that solve complex equations to generate new coins.

But while running one rig, he kept tripping the circuit breaker in his home. So the 20-year-old looked into leasing commercial space but struggled to find a large-enough place without neighbors who would mind the noise.

As the surge in bitcoin's price lures both individuals

and corporations to try their hand at mining cryptocurrencies, many people are facing similar problems. That is giving rise to "hosting" or "colocation" services that make mining easier for the masses by providing ready infrastructure, security and electricity.

In February, Mr. Poteat moved his equipment into a data center run by Because, a five-year-old company that is laying out plans to build the largest bitcoin mining operation in North America.

"It's just difficult as an individual to handle all the logistics," Mr. Poteat said.

Bitcoin miners are rewarded with new coins and transaction fees for performing the calculations that make

the bitcoin network tick. The more valuable a bitcoin is, the greater the incentive to start mining. But the more miners who participate, the more computations are needed to earn rewards.

The process can be expensive and cumbersome, requiring specialized hardware and large amounts of power. Such challenges have long prompted miners to share space and resources. Now, companies that harbor mining equipment are fielding more requests than ever.

Even as bitcoin prices have tumbled about 40% from a peak in December, the amount of computing effort expended by miners, also known as the

Please see *MINERS* page B2

Breaking Even

One bitcoin mining rig can pay for itself within a year at prices above \$12,500.

Bitcoin price Months to break even

\$13,000	10
\$14,000	9
\$15,000	8
\$16,000	7
\$17,000	6
\$18,000	6
\$19,000	6
\$20,000	5
\$21,000	5

Note: Cost of mining hardware is \$2,320 and electricity is assumed to be \$95 a month based on national averages. Calculations based on increasing mining difficulty over time.
Source: Tradeblock.com

THE WALL STREET JOURNAL

Airbnb Hunts for Revenue, Finds a Slog

By GREG BENSINGER

In November 2016, Airbnb Inc. featured photographer Martin Cohen in a public presentation touting its new "Experiences" business line, which would let travelers book unusual and offbeat classes, tours and outings with self-proclaimed experts.

Mr. Cohen was initially confident that, with Airbnb's backing, he would have a steady stream of customers for his night-sky photography class. But he says he stopped offering it last year, as bookings fell from a handful a month to an average of one.

"The initial impetus [by Airbnb] was to offer things that people wouldn't do otherwise," said Mr. Cohen, of Santa Monica, Calif. "But when you're a tourist in L.A., you want to go see the Hollywood sign, not photograph the stars and sun."

His results underscore the early challenges for Airbnb as it tries to branch out beyond its core home-rental business

and develop a new revenue stream in time for an initial public offering of stock expected as soon as 2019.

Airbnb billed Experiences as its "biggest product unveiling since our founding in 2008." The bet was that people who used the site to book accommodations would also want to find unusual activities, such as knife making or mountaintop yoga, in the cities they

were visiting.

Airbnb has lofty expectations for the division, which has been personally overseen by co-founder and Chief Executive Brian Chesky. The company projects Experiences will be on a pace to achieve \$200 million in annual gross sales by year-end, which would translate to about \$40 million in revenue for the company after its 20% commission.

If the company can maintain that pace, it would be a steep jump from 2017, when Experiences generated about \$10 million in gross sales, with Airbnb taking roughly a \$2 million cut, according to people familiar with the matter.

Airbnb, which investors value at \$31 billion, had revenue of \$2.57 billion in 2017 and was close to breaking even, with a \$75 million loss, according to financial statements reviewed by The Wall Street Journal.

A person familiar with the business estimates Airbnb has lost over \$100 million on Experiences. Airbnb says in a written statement that figure is inaccurate, without elaborating, and that Experiences is on pace to be profitable by the end of 2019.

"We are excited that the returns from the launch of the Experiences product have more than validated the investment and exceeded our expectations," Airbnb said.

The company has rejigged Please see *AIRBNB* page B2

INSIDE



PARENTAL LEAVE KNOWS NO GENDER

MANAGEMENT, B6



SPACEX HITS BROADBAND SPEED BUMP

INTERNET, B7

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	Digital Realty Trust.....B6
Advance Auto Parts	B14
Airbnb	B1
Alphabet	B4,B7,B14
Alstom	A8
Amazon.com	A1,B2,B14
Apple	B14
APT Manufacturing Solutions	B4
Ascension Health	B3
B	Bank of America.....B12
Barclays	B2
Barington Capital GroupB8
Bcause	B1
BHP Billiton	B13,B14
Bitfinex	B2
Bloomin' Brands	B8
Bon Secours Health SystemB3
Bookings Holdings	B4
BroadcomB4
C	Catholic Health Initiatives.....B3
Cisco Systems	B6
Citigroup	B12
Credit Suisse GroupB2,B12
D	Darden Restaurants.....B8
Deutsche BankA8
E	Elliott Management.....B4
F	Facebook.....B4
Fluor	B12
Ford Motor	B1
G	Garmin.....B14
GE	A1
General Electric	A1
Glencore	B13,B14
GW Plastics	B4
J	J.M. Smucker.....B8
JPMorgan Chase	B6,B12
L	Legg Mason.....B6
M	Mack Molding.....B4
Mercy Health	B3
MetLife	B12
Microsoft	A1
Mylan	B14
N	Netflix.....A1,B14
NXP Semiconductors	B4
P	Priceline.....B4

BUSINESS & FINANCE

Firm Floats a Crypto 'Dark Pool'

BY GREGOR STUART HUNTER

A Singapore-based company has raised more than \$30 million from some of the world's biggest cryptocurrency hedge funds to finance a private trading venue for digital coins.

Republic Protocol, a Singapore-based company, this month raised 35,000 ether (about \$33.8 million at the time) for the "dark pool," which is designed to allow big investors to trade bitcoin, ether and some other cryptocurrencies in large volumes without moving the market.

The launch, expected in the third quarter, should help boost cryptocurrency trading volume, said Taiyang Zhang, the company's 21-year-old chief executive officer from Canberra, Australia.

Republic believes that cryptocurrency dark pools could capture some \$9 billion of total cryptocurrency trading monthly. Over the course of its price surge and plunge in the past three months, the average daily volume of bitcoin alone was about \$41 billion, according to data from blockchain.info.

"If I have 1,000 bitcoin and I want to trade it for another cryptocurrency, everyone can see that and it puts downward pressure on the price," he said. "We can't hide orders on the bitcoin blockchain."

Blockchain is the technology that underpins cryptocurrencies and records transactions on a public ledger.

But what a dark pool can do is temporarily conceal the identity and order details of a trade, allowing big institutional investors to buy or sell large quantities of an asset without tipping off the wider market to their intentions.

Dark pools have increased in prevalence in global stock markets over the past decade. More than \$270 billion of stock traded away from exchanges in 2017, according to data from the Financial Industry Regulatory Authority, Wall Street's self-regulator. In the U.S., off-exchange trading accounted for 38% of December's stock-trading volume, according to data from **Tabb Group**. Dark pools accounted for just over one-quarter of that off-exchange activity.

Most trading of assets—be

it stocks, bonds or currencies—happens via a brokerage firm's algorithm that links buyers and sellers. A dark pool makes that process anonymous.

Republic Protocol attempts to perform the same feat, but spread its trading algorithms around its network rather than manage them itself. People processing transactions on

Republic Protocol's private trading venue is expected to launch in the third quarter.

its blockchain, who are known as miners, will split large orders into fragments to match bigger buyers with multiple smaller sellers, and vice versa.

Most investors who hold large quantities of bitcoin trade over the counter, said Arthur Hayes, CEO of BitMex, a Seychelles-based cryptocurrency-trading platform. That means they have to locate other investors to buy and sell

because Republic won't operate its dark pool, Mr. Zhang said it would be impossible for Republic to prioritize clients. "Nobody ever has access to the order book," he said.

Hileman, chief executive of research firm Mosaic.io.

"A combination of inefficient hardware and declining bitcoin price led a lot of them to close up shop," Mr. Hileman said. The industry could experience a similar shakeout if prices start to drop again, he said.

The bitcoin price at which miners can still profitably run rigs varies depending on electricity costs, scale and the difficulty of mining. Some miners estimated the cutoff to be about \$1,000 per bitcoin, though one small-scale miner pinned his exit level at about \$4,000.

Late Wednesday, bitcoin was trading at \$10,291.12, according to CoinDesk Inc.

"Mining is still insanely profitable at the moment," said a spokesman for Genesis Mining, a cloud mining company that rents computing power to customers. "One of the biggest challenges in the space is just building out the mining capacity to meet the demand."

As a hosting service, Bcause says it is insulated from major price shocks because it doesn't invest in the mining equipment or the cryptocurrency itself.

It plans to build out a one-stop shop for trading bitcoin, with spot and derivatives exchanges, as well as a clearinghouse, pending regulatory approval.

David Bowman, who operates a small mining facility in Plattsburgh, N.Y., said he started selling contracts for cloud mining for the steadier revenue. However, he acknowledged the risks.

"The difficult part is the price," said Mr. Bowman, who has 30 machines running in an office space. "The price is anyone's guess. It's kind of a shot in the dark sometimes."

Some other Experiences hosts say they have been able to eke out a living or supplement their existing businesses in part because of access to Airbnb's millions of customers.

Nick Hormuth, who offers bicycle and food tours of San Francisco, said he gets 20 or more customers a week through the website.

"It especially fills the gap during off-season periods," said Mr. Hormuth, whom Airbnb suggested the Journal contact for this article.

The Experiences division has divided investors and employees, some of whom feel that Airbnb has displayed it too prominently on the website, overshadowing home rentals, and that its expenses are too high for the sales return.

Profits are quickly eaten up by the cost of insurance to protect against injuries or other accidents on, say, airplane-flying lessons, the people familiar with the matter said.

Airbnb is nonetheless doubling down, with its board's support. "Experiences is an example of how Airbnb is working smart and building for the long haul," said Alfred Lin, an Airbnb board member and partner at venture firm Sequoia Capital, in a statement sent by Airbnb. "The strategy is working."

INDEX TO PEOPLE

A	Hormuth, Nick.....B2
B	Horn, Alan.....B6
I	Ichikawa, Masahiro.....B13
Bolze, SteveA8
Bowman, DavidB2
Burkett, SheilaB4
D	Davis, Lisa.....A8
Davis, ScottA8
E	Ergen, Charlie.....B7
F	Grede, Fred.....B2
G	Frangella Jr., Thomas.....B4
H	Hayes, Arthur.....B2
Herivaux, MarieB12
Herivaux, NicoleB12
Hileman, GarrickB2
Hoffman, BruceB14
J	Jaroslawicz, David.....B12
Johnson, CharlesB4
K	Kahan, Marcel.....B4
Koenigsberg, RobertB4
L	Lattin, Patty.....B6
Lin, AlfredB2
M	Martin, Rob.....A2
McNally, BobA2
N	Nair, Raj.....B1
Newell, RichardA2
P	Nighswander, Anthony.....B4
S	Pembble, Cliff.....B14
Peters, GregB13
Poteat, MichaelB1
T	Samson, Brian.....B4
Schumacher, TomB1
Sherin, KeithA8
Stanicky, RandallB14
Starcher, JohnB3
V	Tague, Peter.....B12
Takahashi, KazuhiroB13
Taylor, JaredB4
W	Vitiello, Jill.....B4
Walkley, MikeB4
Wolin, MichaelB12
Z	Zandi, Mark.....B4
Zhang, TaiyangB2

MINERS

Continued from the prior page hash rate, has continued climbing. That likely indicates more miners are jumping into the network, according to market observers.

Because is one of the firms that have sprung up to cater to aspiring bitcoin miners. In an old beverage warehouse in Virginia Beach, the startup is running thousands of rigs for clients from the U.S. to Asia. It has received \$5 million in funding, led by Japanese financial-services firm **SBI Holdings** Inc., and plans to raise more.

Because has contracts with wholesale clients to house about 60,000 mining rigs and will serve retail clients by renting out spare machines, a process known as "cloud mining." It has about 5,000 machines up and running and plans to outfit another site in eastern Pennsylvania.

The company was initially founded to provide bitcoin options contracts for investors trying to hedge cryptocurrency investments.

But the team decided to incorporate hosting services last year as bitcoin surged and mining became profitable again.

"The demand is overwhelming," said Fred Grede, chief executive officer of Because and a former executive at the Hong Kong stock exchange and Chicago Board of Trade. "That's where the revenue is."

One of the most popular mining machines, known as the Antminer S9 for about \$4,800 for one year. The company declined to provide prices for institutional clients, who purchase their own machines.

Traditionally, the world's biggest bitcoin miners have set up shop in places with low-cost electricity and cool climates to accommodate the heat given off by the mining rigs.

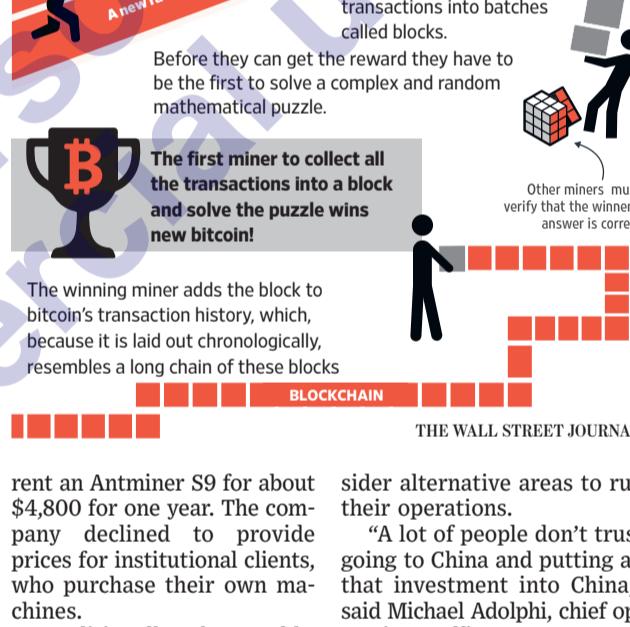
However, the spectacular rise in bitcoin has afforded more location flexibility, miners say.

China's crackdown on domestic mining could also lead many in the country to con-

The Race to Mine Bitcoin

Bitcoin was designed to operate without any central party controlling it. To achieve that, it relies on an intricate competitive process called mining.

Individuals, nicknamed miners, compete to earn rewards for recording transactions in bitcoin's open ledger.



THE WALL STREET JOURNAL.

rent an Antminer S9 for about \$4,800 for one year. The company declined to provide prices for institutional clients, who purchase their own machines.

Traditionally, the world's biggest bitcoin miners have set up shop in places with low-cost electricity and cool climates to accommodate the heat given off by the mining rigs.

However, the spectacular rise in bitcoin has afforded more location flexibility, miners say.

China's crackdown on domestic mining could also lead many in the country to con-

sider alternative areas to run their operations.

"A lot of people don't trust going to China and putting all that investment into China," said Michael Adolphi, chief operating officer at Because.

"We've made it economically feasible for them to bring it here."

Still, the volatility of bitcoin has some questioning how long the mining boom will last.

In mid-2014, when bitcoin fell more than 50% from the end of 2013 to about \$500, mining operations were forced to consolidate, said Garrick

FORD

Continued from the prior page into ride hailing or car sharing.

Mr. Nair, a car enthusiast who once headed Ford's product-development arm, is one of a handful of executives that Mr. Hackett picked to be part of a management shuffle when he became Ford's chief executive nearly a year ago.

He was a 31-year veteran of

the Dearborn auto maker, having overseen several vehicle launches and the recent development of the Ford GT supercar.

Mr. Nair received a retention bonus less than a year ago, which would have paid out about \$5 million if he had stayed until the end of the decade. He was one of a number of senior leaders given special incentives shortly before Mr. Hackett's arrival.

His successor has yet to be announced.

AIRBNB

Continued from the prior page Experiences after a sluggish start, emphasizing shorter excursions rather than multiday trips. It has experimented with changing variety and pricing, which is typically less than \$200 per event per person. But people familiar with its operations said many customers remain wary of, say, spending an intimate afternoon in Dublin learning vegan cooking with strangers.

Airbnb says it is still early for Experiences and the business is growing faster than the home-rentals business did in its first year. A spokesman for Airbnb said it is taking a cue from companies such as **Amazon.com** Inc., "which is to test a product in the market, figure out what works best and apply that quickly."

Companies that make their name with a single product or service often find it difficult to compel customers to sample a new offering. Amazon's smartphone failed to attract customers, while Snapchat parent **Snap Inc.**'s foray into camera-equipped sunglasses sputtered, resulting in write-downs for the companies of tens of millions of dollars in excess inventory. Office-rental-space

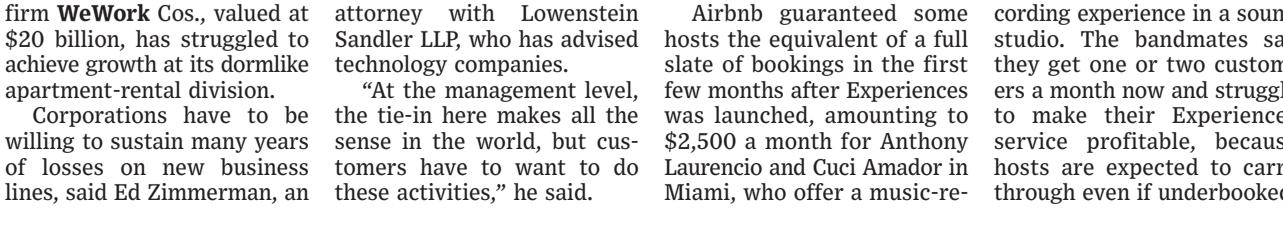
attorney with Lowenstein Sandler LLP, who has advised technology companies.

"At the management level, the tie-in here makes all the sense in the world, but customers have to want to do these activities," he said.

Corporations have to be willing to sustain many years of losses on new business lines, said Ed Zimmerman, an attorney with Lowenstein Sandler LLP, who has advised technology companies.

Airbnb guaranteed some hosts the equivalent of a full slate of bookings in the first few months after Experiences was launched, amounting to \$2,500 a month for Anthony Laurencio and Cuci Amador in Miami, who offer a music-re-

cording experience in a sound studio. The bandmates say they get one or two customers a month now and struggle to make their Experiences service profitable, because hosts are expected to carry through even if underbooked.



An Experiences customer on a paddleboard in Barcelona last year. Airbnb expects Experiences to be profitable by the end of 2019.

BUSINESS NEWS

Merger to Establish Big Hospital Chain

BY MELANIE EVANS

Two large hospital systems in the Midwest and mid-Atlantic said they plan to merge, in another example of hospitals bulking up as the battle for patients becomes fierce.

A combination of **Bon Secours Health System Inc.**, a nonprofit based in Marriottsville, Md., and **Mercy Health**, a nonprofit in Cincinnati, would rank as one of the largest chains nationwide, with 43 hospitals and operations in seven states.

The combination would add to a string of health-care deals that aim to create behemoths with more sway.

"Mercy Health and Bon Secours share a vision to improve the health of the communities we serve as the low-

The system would have 43 hospitals and operations in seven states.

cost, high-value provider," John Starcher Jr., Mercy's president and chief executive officer, said.

A spokeswoman for Bon Secours said it is "focused on the patients and communities we serve, and we do that in a variety of ways depending on the community and the resident needs."

Recently announced transactions would expand some hospital systems' national and regional footprint or beef up market share. Others—such as **CVS Health Corp.**'s plan to buy Aetna Inc. for about \$69 billion and **UnitedHealth Group Inc.**'s push to snap up physician groups and clinics—seek to steer patients away from costly hospital settings.

More consolidation could mean greater pricing power

for hospitals, some economists warn. That could pose higher costs for employers—the primary source of health insurance in the U.S.—and patients already grappling with rising health-insurance premiums.

Research suggests hospital mergers in the same market or state cause prices to rise, but there is less evidence on what happens to prices when deals combine hospitals in different states, said Leemore Dafny, a professor at Harvard Business School.

Mercy operates 21 hospitals across Ohio and two in Kentucky. One of Bon Secours's 20 hospitals is in Kentucky. The nonprofit owns or jointly owns hospitals in New York, Maryland, Virginia and South Carolina, with additional outpatient and long-term care locations in Ohio and Florida.

Hospital deal makers say they are seeking greater scale to lower costs and jointly invest in new initiatives. Research published last year in the Journal of Health Economics found costs dropped 4% to 7% on average at acquired hospitals after a deal.

Combined annual revenue for Bon Secours and Mercy would total about \$8 billion, based on 2017 revenue provided by Mercy and included in Bon Secours's financial statements.

The merger of the nonprofits, which are both affiliated with the Roman Catholic Church, will need approval from the Federal Trade Commission and the Vatican, a spokeswoman for Mercy said.

In December, The Wall Street Journal reported **Ascension and Providence St. Joseph Health** were in talks to create the nation's largest pure hospital operator, with 191 hospitals.

The news followed an agreement between **Catholic Health Initiatives** and **Dignity Health** to combine their 139 hospitals.



The company remains one of the top brick-and-mortar toy retailers after Walmart and Target. A store in Toronto.

STEVE RUSSELL/TORONTO STAR/GTY IMAGES

Toys 'R' Us Deepens Cuts

BY LILLIAN RIZZO
AND PAUL ZIOBRO

Toys "R" Us Inc. plans to close an additional 200 stores and lay off a significant portion of its corporate staff following a disappointing holiday sales season, according to people familiar with the matter.

The Wayne, N.J., retailer recently announced plans to close about 180 stores, affecting approximately 4,500 workers. The latest wave of closings would cut nearly in half the number of U.S. stores it had before its bankruptcy filing, the people said.

The discussions about the store closings are continuing, and the number of closures could change, the people added.

The company has also walked back from a promise to offer severance to all affected employees. According to internal documents reviewed by The Wall Street Journal, managers were recently instructed to tell hourly workers that "there are no severance benefits being provided for the store-closing process." In Jan-

uary, store managers were instructed to tell employees that the company would provide severance to all affected employees, including hourly workers, according to the documents.

After filing for bankruptcy, Toys "R" Us had sought approval to pay millions in incentive bonuses to its top executives. While those bonuses drew opposition from the government's bankruptcy watchdog, a judge approved the incentive payments in December.

When Toys "R" Us sought bankruptcy protection in September, hobbled with a hefty debt load and struggling with consumers' shift to online shopping, it had about 1,600 stores worldwide, with roughly 800 in the U.S.

The company had poor holiday sales, a period that traditionally is considered to be the toy retailer's most profitable season, the people added.

"As we have shared publicly, our focus is on the re-invention of our business and emergence from chapter 11," Toys "R" Us spokeswoman Amy von Walter said Wednes-

day. "Decisions about our future store footprint and organizational structure will be based on needs of the new business model and so it would be premature for me to comment on that."

Ms. von Walter said that some hourly employees may be eligible for bonuses tied to the performance of the liquidation sales.

The trouble at Toys "R" Us has put others in the toy industry on edge, as the company remains one of the top brick-and-mortar toy retailers after Walmart Inc. and Target Corp.

Its importance to the industry is also due to its carrying a much broader selection than Target, Walmart and other retailers, allowing toy companies to showcase more items and giving smaller toy brands exposure to customers.

In the weeks before Toys "R" Us's bankruptcy filing, about 40% of its vendors tightened terms for the retailer, threatening to leave it with bare shelves during the holidays. However, the retailer's \$3.1 billion bankruptcy

loan gave suppliers the confidence to resume regular shipments.

At the North American International Toy Fair in New York this week, executives from toy companies said they were closely watching the bankruptcy proceedings and considering how to approach their own business with the retailer, including whether to hold back shipments.

"I think many of us in the trade need to understand and make a decision about whether we can continue to hang on with Toys 'R' Us or turn our back and walk away," said Jay Foreman, chief executive of Basic Fun Inc., a Boca Raton, Fla., retailer that sells toys including Lite Brite, K'Nex and retro versions of Fisher-Price toys. "That's not a place we want to be but a place most of us are."

While Toys "R" Us has yet to release its holiday-season earnings, Chief Executive David Brandon told employees during a staff meeting in January that the store closures were planned following a disappointing holiday season.



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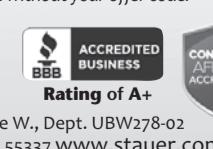
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BUSINESS NEWS

Recruiting Workers Involves More Work

New efforts to groom interns are among approaches taken in tight labor market

By RUTH SIMON

The tight labor market is forcing small and midsize companies to work harder to recruit and retain employees. Some firms are partnering with local schools or unions, while others are paying vacation costs, beefing up internship programs or adding new locations where labor isn't as scarce.

SMALL BUSINESS Mack Molding Co., a contract manufacturer and plastics molder in Arlington, Vt., has been bolstering its internship program in an effort to woo college students who could eventually become full-time employees. Interns now handle specific projects, such as helping create prototypes for new surgical instruments and creating training videos, instead of spending hours on routine tasks like filing and data entry.

Mack sweetened the pot last year, offering interns and recent college graduates the choice of a summer membership at the local gym or golf club. It gives recruits "an opportunity to socialize" and see how they could build a life in Arlington, said Jeff Somple, president of Mack Molding, which has 600 employees and is a unit of privately held Mack Group.

Nearly two-thirds of small-business owners reported facing a shortage of skilled work-



Between shifts at Mack Molding's plant in Arlington, Vt. The firm has been bolstering its internship program to woo college students.

ers, according to a February survey of 739 firms for The Wall Street Journal by Vistage Worldwide Inc. Eighty-seven percent of firms have increased recruiting, while nearly 60% have boosted wages.

Many firms are also testing new strategies. "Employers are getting more creative in attracting and retaining workers," said Mark Zandi, chief economist at Moody's Analytics. "They are going to have to get much more creative going forward."

Some firms are using benefits to gain an edge. True North, a two-year-old software-services company in San

Francisco, gives its 50 or so employees a \$1,000 annual bonus, to be used when they take vacation.

"It's given our recruiting team an interesting story to tell," said True North co-founder Brian Samson.

Other small firms are turning to interns. Jill Vitiello, chief executive of Vitiello Communications Group in North Brunswick, N.J., plans to hire her first intern, from Rutgers University, this fall. Sheila Burkett, chief executive of Spry Digital LLC in St. Louis, which builds digital platforms, now has three interns instead of one. "Being small, it's hard to

compete with the big companies throwing lots of money at talent," said Ms. Burkett, who has 17 employees.

Some firms are targeting high-school students in an effort to build and strengthen their talent pipeline. GW Plastics Inc., a plastics and contract manufacturing company based in Bethel, Vt., brings students from two local high schools to its plant, where they take for-credit classes in advanced manufacturing. Students from one class helped design and manufacture a plastic cellphone cradle, which they sold as a school fundraiser.

GW added a second high

school to the program last fall and hopes to bring on a third. The company also last year expanded a scholarship program that covers the cost of tuition and provides a paid internship to students pursuing a degree in mechanical engineering technology at Vermont Technical College.

APT Manufacturing Solutions, a robotics and automation company based in Hicksville, Ohio, three years ago created a training center at its plant where high-school students can receive up to 10 hours of college credit. Two years ago, the company added an apprenticeship program.

APT covers college costs for apprentices, who work 40 hours a week while in school and then stay for a fifth year once they graduate.

"My intention is to hire local farm kids because of their work ethic and then train them in what they need to stay around," said APT President Anthony Nighswander, who struggled to fill open slots when the 135-employee company began growing rapidly four years ago.

Other firms are hoping that new locations will help them recruit. Robert Koenigsberg, chief executive of San Carlos, Calif.-based SleepQuest Inc., has hired a consultant to help find a second location for the firm, which provides telehealth services to people suffering from sleep apnea.

In Northern California, "it's becoming very problematic to find professionals to do what we are hiring for," said Mr. Koenigsberg.

Siteline Interior Carpentry Inc., which provides architectural woodworking services, opened a new location in late 2016 in Texas, an area it thought would provide a pool of carpenters. The Chicago-area company then created a three-day training program it will be offering roughly once a month in partnership with the carpenters union in Dallas and Austin.

Siteline has agreed to hire 10 of the 24 trainees who took the first class in January. The arrangement allows the company to identify "the best potential employees within the class and recruit them to our company," said Siteline Chief Executive Thomas Frangella Jr.

TECHNOLOGY

WSJ.com/Tech

Broadcom Reacts by Cutting Qualcomm Bid

By TED GREENWALD AND AUSTEN HUFFORD

Broadcom Ltd. knocked more than \$4 billion off its bid to acquire **Qualcomm** Inc., firing back a day after Qualcomm sweetened its own offer to acquire **NXP Semiconductors** NV by billions of dollars—a move Broadcom staunchly opposed.

The lowered bid Wednesday is the latest turn in a months-long dance between three global giants of the chip industry. On Tuesday, Qualcomm lifted its offer for NXP to \$127.50 a share, or about \$44 billion, up from \$39 billion, and said it had won support from key stakeholders including **Elliott Management** Corp.

Broadcom had opposed an offer for NXP beyond the original \$110 a share, suggesting such a move could cause it to abandon its pursuit of Qualcomm in what would be the largest-ever tech merger. Broadcom Chief Executive

Hock Tan recently softened that position, saying he would keep his options open.

One of those options took shape Wednesday. Broadcom slashed its offer for Qualcomm to \$79 a share from \$82 by lowering the cash portion by \$3 to \$57, and accused Qualcomm of simply transferring value to NXP shareholders.

The new offer for Qualcomm amounts to about \$117 billion, down from the more than \$121 billion that had been on the table—a price Broadcom had described as its "best and final" offer when it elevated it from \$105 billion in December. On Wednesday, Broadcom said that \$121 billion offer would stand should Qualcomm fail to close the deal with NXP first broached in late 2016.

Before reducing his bid Wednesday, Mr. Tan had said his offer stood whether the NXP deal didn't happen or got done at \$110 a share. He told The Wall Street Journal in De-

cember that he valued the cash Qualcomm would spend on NXP equally to the company itself.

Broadcom protested that the higher bid from Qualcomm transferred \$4.10 a share in value to NXP shareholders. In its newly lowered bid, Broadcom cut the per-share price by

Broadcom CEO Hock Tan had warned Qualcomm against raising its offer for chip maker NXP.

only \$3 share. That difference could be seen as a way to compensate Qualcomm shareholders given the reduction came from the cash portion of the bid, said Mike Walkley, an analyst with Canaccord Genuity Group Inc.

Qualcomm said Broadcom's lower bid "made an inadequate

offer even worse" and that its suitor continues to refuse any negotiations about price.

Shares in Broadcom fell 0.4% to \$248.62 on Wednesday, while Qualcomm fell 0.9% to \$63.40. NXP shares were little changed at \$125.60.

The two bidding companies are headed toward a showdown March 6 at Qualcomm's annual meeting, where shareholders will have a chance to vote on six candidates proposed by Broadcom, a number that would give them majority control of the board.

Wednesday's move makes sense as a way to stir opposition by Qualcomm shareholders to the NXP deal, said Marcel Kahan, a law professor who specializes in mergers and acquisitions at New York University. One strategy, he said, is Broadcom could raise its bid later, giving Qualcomm directors a reason to accept a deal if it seems they are losing control of the board.

While it is unusual for a prospective acquirer to lower its offer, it isn't unheard of, Mr. Kahan said. For example, MacAndrews & Forbes Holdings Inc. in the late 1980s reduced its offer price for Revlon Group Inc. after the cosmetics company repurchased shares at a premium, he said, adding that MacAndrews ended up raising its bid and ultimately prevailed.

Qualcomm and Broadcom have different views about NXP, a Dutch chip specialist. Qualcomm is looking to NXP to broaden its reach beyond its stronghold in smartphones to automobiles, security and internet-connected devices.

Mr. Tan believes NXP has a limited number of products that fit his strict criteria for acquisition: market and technology leaders that appeal to his existing customer base. He had agreed with the initial assessment by Qualcomm and NXP management that a \$110-a-share price was fair.

While it is unusual for a prospective acquirer to lower its offer, it isn't unheard of, Mr. Kahan said. For example, MacAndrews & Forbes Holdings Inc. in the late 1980s reduced its offer price for Revlon Group Inc. after the cosmetics company repurchased shares at a premium, he said, adding that MacAndrews ended up raising its bid and ultimately prevailed.

Twitter Riles Some With New Curbs on Accounts

By GEORGIA WELLS

Twitter Inc. banned some kinds of automated accounts and placed restrictions on posting simultaneously from multiple accounts, curbs that drew complaints Wednesday from conservative members who claim they are being unfairly targeted by the company.

Twitter updated its rules to prohibit users who operate multiple accounts from simultaneously tweeting, retweeting, liking posts and following accounts—a practice common among bot operators trying to coordinate activity across legions of accounts.

Social-media companies including Twitter have faced criticism over their efforts to prevent bullying and abusive content. The companies have tried to rein in such actions while at the same time avoiding the perception they censor unpopular opinions. Twitter in particular is focusing on cracking down on spam as a way to reduce the amount of false reports on its site.

Twitter's actions caused an uproar among some right-wing activists. The hashtag #TwitterLockout began trending, driven mainly by users expressing dissatisfaction over their shrinking number of followers.

"Let's get loud," a post on

the Twitter account of radio host John Cardillo said. "This is happening to all of us. Every conservative verified account I know, including me."

A Twitter spokeswoman declined to say how many accounts had been suspended. She said the company enforces its rules without political bias. Some accounts, for example, could return to Twitter if their owners provide a phone number to verify that they are operated by humans, she said.

The tumult Wednesday came a day after a prominent

white nationalist sued Twitter for kicking him off the social network, the latest in a spate of legal attacks by members of the far-right claiming tech companies discriminate against their viewpoints and challenging the idea that they operate neutral platforms.

The suit by Jared Taylor, filed Tuesday in state Superior Court in San Francisco, argues that Twitter violated California law protecting free speech in public spaces when it banned Mr. Taylor in December. Twitter told Mr. Taylor by email

that it did so under a rule in its user agreement that bars accounts affiliated with organizations that promote violence, according to the suit. Mr. Taylor says he neither advocated violence nor was affiliated with such groups.

Twitter declined to comment on Mr. Taylor's case. It added the rule cited in Mr. Taylor's suit in December as part of a broader effort to reduce "hateful and abusive" content. Mr. Taylor's suit follows others by right-wing groups and individuals in recent months

claiming they were treated unfairly by tech companies, including Twitter and YouTube, an arm of **Alphabet** Inc.'s Google.

In January, Charles Johnson, an investor and conservative activist, sued Twitter in state Superior Court in Fresno, Calif., for banning him, claiming it was inconsistent in applying its rules. Twitter kicked off Mr. Johnson in 2015 after he sent a tweet offering to "take out" civil-rights activist DeRay Mckesson. Mr. Johnson says he was referring to investigating Mr. Mckesson.

In October, Prager University, a nonprofit institution that produces short videos from conservative perspectives, sued YouTube and its parent, Google, in federal court, claiming the tech giant illegally censored some of its content as part of a wider effort to silence conservative voices. Those cases are pending.

Twitter and Google, along with **Facebook** Inc., also have come under pressure in recent years from users who say the platforms don't do enough to prevent disturbing content including threats against other users, revenge porn and hate speech. In response, they have broadened rules preventing certain kinds of hate speech, particularly that targeting other users.



Jared Taylor, who has sued Twitter, spoke at a political forum in St. Petersburg, Russia, in 2015.

OLGA VALIYEVA/AGENCE FRANCE PRESSE/GETTY IMAGES

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MANAGEMENT

For New Parents, Equal Footing

Some employers introduce gender-neutral leave policies, dropping distinctions between moms and dads

BY LAUREN WEBER

Here is a novel idea: Parenthood has no gender.

In a few corners of corporate America, companies are discarding parental-leave policies that encode distinctions between mothers and fathers—arguably holding women back at work and relegating men to secondary roles at home. Instead, they are offering gender-blind time off for all new parents.

Companies such as Deloitte, TIAA and Cisco Systems Inc., among others, are now framing the first months of a baby's life as a time for mothers and fathers alike to bond with their children and establish a more equal sharing of responsibilities. Such policies are rare in the U.S., the only industrialized nation with no federally mandated paid parental-leave policy.

"Spending time to bond with your baby has nothing to do with your gender," says Patty Lattin, global head of human resources at asset-management firm Legg Mason Inc., which in January instituted a gender-neutral policy offering 12 weeks of paid leave to new parents.

Most paid parental-leave policies rely on short-term disability insurance to cover an employee's compensation, effectively setting up parenthood as an illness that only women contract. Some companies have tried to reduce gender distinctions by establishing benefits based on primary and secondary caregiving roles or offering separate paternity leave, though fathers are often reluctant to use the benefit because of lingering stereotypes or unspoken pressure at work.

Evolving gender-neutral benefits for new parents reflect a more modern understanding of the purpose of parental leave.

Yet even as human-resource executives at some companies are pushing for new policies to keep up with their employees' expectations of family life, only a minority of U.S. workers have access to any paid parental leave.

Fifty-eight percent of employers offer at least partial



Deloitte employee Rui Soares puts a sock on his son, Cristiano, who was born in February 2017.

tween primary and secondary caregivers.

"We believe all parents are equally important to the caregiving of their child," says Mr. Weinman.

Maintaining caregiver distinctions can put companies in the position of parsing family roles. This past June, a fraud investigator at J.P. Morgan Chase & Co. filed a discrimination charge with the Equal Employment Opportunity Commission, arguing that the firm denies fathers paid parental leave on the same terms as mothers. J.P. Morgan offers fathers 16 weeks of paid leave after a child's birth but only if they will be the baby's primary caregiver during that time.

According to the charge, JPMorgan asked the investigator, Derek Rotondo, to prove his wife had returned to work or was medically incapable of caring for the infant in order to access the full 16 weeks. Mr. Rotondo's wife was a teacher who was on summer break when their child was born.

The charge hasn't yet been resolved. A spokeswoman for the bank said J.P. Morgan offers "an inclusive, gender-neutral parental leave policy that includes up to 16 weeks of full pay for the primary caregiver and two weeks for the secondary caregiver."

When networking company Cisco changed its policy last fall to be gender-neutral, offering 13 weeks of paid family leave, it maintained a distinction between primary and secondary caregivers. Chief People Officer Fran Katsoudas says Cisco takes employees at their word when they submit a request for the time off. Between November and January, 80 fathers and 70 mothers took or requested main caregiver leave, and 110 men requested leave as a supporting caregiver.

In January, financial-services firm TIAA began offering new parents among its 12,000 eligible employees 16 weeks of paid leave regardless of gender. Previously, all new parents were eligible for four weeks of paid leave and birth mothers got an extra six to eight weeks paid through disability insurance.

BUSINESS NEWS

SpaceX Throttles Back Broadband Hopes

Fast global internet likely to take longer than anticipated; satellites set for liftoff

By ANDY PASZTOR

SpaceX's proposed internet-via-space project is slated to launch two experimental satellites on Thursday, even as the company tamps down expectations such prototypes will quickly evolve into a functioning global system.

Acknowledging there are no final cost estimates or engineering designs yet for its proposed broadband constellation, spokesman John Taylor revealed substantial delays from initial project timelines. In a statement provided exclusively to The Wall Street Journal on Tuesday night, billionaire Elon Musk's company signaled that development of its high-profile satellite network has been significantly slower—and seemingly more complex—than many inside and outside SpaceX originally anticipated.

The initial demonstration spacecraft, about the size of compact refrigerators and designed to pave the way for af-



JOE SKIPPER/REUTERS

Elon Musk's company signaled that development of its high-profile satellite network has been slower than anticipated. A SpaceX rocket.

fordable, high-speed internet access spanning the globe, were scheduled to blast into orbit Wednesday morning local time from Vandenberg Air Force Base on California's central coast. But the launch was delayed for a day because of winds.

The primary payload is a Spanish radar satellite, called PAZ, that will provide high-resolution radar images for commercial and government use. The presence of the two small satellites—dubbed Mic-

rosat-2a and -2b—have heightened media and public interest in the mission.

Even if the two early satellites "work as planned," SpaceX said in Tuesday night's statement, "we still have considerable technical work ahead of us to design and deploy" some 4,400 similar satellites. The tentative goal of starting limited service by 2020 now appears unrealistic based on that language, but the company didn't provide an alternate schedule.

Though executives refrained from making public comments or going on social media to discuss technical or programmatic details of the satellites before the launch was scrubbed, **Space Exploration Technologies Corp.**, which is the company's formal name, previously filed documents with the Federal Communications Commission indicating the intended mission and orbits. Mr. Musk's team earlier told the commission that by 2020, it planned to

have the first batch of roughly 800 operational satellites circling more than 680 miles above Earth, providing internet connectivity comparable with the fastest ground-based options.

But Tuesday's statement, which offered the most detailed progress report in years about the venture, delivered a different message: SpaceX engineers are still considering the most appropriate and cost-effective space and ground technologies to em-

brace, without firming up subcontractors or completing production plans.

The statement, for example, emphasized that technical and financial details of anticipated ground equipment for subscribers—considered critical elements in any such project—are still undetermined. "Given that we are just at the beginning of this work," SpaceX said, "we do not yet know what the cost will be" and therefore estimates by outsiders "should be considered extremely speculative."

On Wednesday, Mr. Musk posted a tweet highlighting the uncertainty surrounding his satellite initiative. "If successful," he wrote, the project "will serve least served" regions and communities.

One industry official said the company has been working with Taconic, based in Pittsburgh, N.Y., as a potential subcontractor to develop and supply circuit boards for consumer terminals, but no final decision has been made.

Once there is a choice, industry officials said ramping up production likely would take several years. Spokesmen for SpaceX and Taconic declined to comment.

Dish Gains Sling TV Subscribers, but Retention Is Problem

By SHALINI RAMACHANDRAN
AND IMANI MOISE

Dish Network Corp. said its Sling TV streaming-video service has signed up 2.2 million subscribers in the company's first disclosure of a figure, but Chairman Charlie Ergen said customer retention is a significant challenge.

Dish launched the streaming service nearly three years ago to lure younger viewers and people giving up cable TV. The hope was that it would be an avenue for growth as Dish's traditional satellite TV business declines.

The subscriber figure disclosed Wednesday came as part of the company's fourth-quarter earnings report.

The number of Sling TV customers rose 47% from the year-ago period, but it wasn't enough to offset a 9.4% decline in satellite TV subscribers. The company finished the quarter with 13.2 million subscribers overall, including Sling and satellite customers, down from 13.7 million the prior year. In the fourth quarter, satellite TV subscribers fell by 121,000.

Sling TV added 711,000 subscribers in 2017, below the 878,000 in the previous year.

Growth slowed partly because of increased competition with other streaming services.

Streaming TV services such as Sling, **Sony** Corp.'s PlayStation's Vue, **Alphabet** Inc.'s YouTube TV and an offering from Hulu have marketed themselves as consumer-friendly alternatives to cable TV, without the headaches of bulky equipment and two-year contracts.

But Mr. Ergen said service cancellations, or churn, are a major issue for these services, in part because subscription demand can be seasonal. Some consumers want to sign up for only a month to watch

the "March Madness" college basketball tournament, after which they disconnect, for example. Moreover, every streaming service has free-trial offers.

"You buy one month and then turn it off," Mr. Ergen said on a conference call to discuss the quarterly results. "You can move from player to player to player. I'm sure there's some college kids who are going a year and never paying a dime for multichannel TV."

Mr. Ergen said streaming services "aren't suicidal" and are likely to rein in promotional offers over time.

Roku Shares Dive On Weak Forecast

Shares of **Roku** Inc. plunged more than 20% in after-hours trading Wednesday after the maker of streaming-media devices forecast a steeper-than-expected loss this year.

The company, which posted a loss of \$63.5 million in 2017, expects losses for 2018 between \$40 million and \$55 million. Analysts polled by Thomson Reuters had forecast a

loss of \$35.9 million. Roku's guidance for sales in the current quarter also missed views.

Shares, which began trading in September, had gained 37% over the past three months through Wednesday's close.

In its second quarterly report as a public company, Roku reported a profit of \$6.9 million, or 6 cents a share. Revenue jumped 28% to \$188.3 million.

Analysts polled by Thomson Reuters had forecast a loss of 10 cents a share on \$182.5 million in sales.

FIVE STAR WEALTH MANAGER

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Five Star Professional employed a rigorous research process to identify the Five Star Wealth Manager award winners in the Tri-State area. Award-winning professionals were carefully selected from among thousands of wealth managers for their knowledge, service and experience.

Winners featured here represent some of the Tri-State area's most dedicated wealth managers, each committed to pursuing professional excellence and providing exceptional service to their clients.

Five Star Professional identified award candidates based on industry data and nominations received from industry firms and individuals in Westchester, Connecticut, New Jersey and Hudson (self-nominations are not accepted). Only candidates who satisfied 10 objective eligibility and evaluation criteria have been named Five Star Wealth Managers. The select list of 36 Westchester Five Star Wealth Managers was announced in the August 2017 issue of *Westchester Magazine*. The select list of 283 Connecticut Five Star Wealth Managers was announced in the December 2017 issue of *Connecticut Magazine*. The select list of 415 New Jersey Five Star Wealth Managers was announced in the January 2018 issue of *New Jersey Monthly* magazine. The select list of 154 Hudson Valley Five Star Wealth Managers was announced in the June 2017 issue of *Hudson Valley Magazine*.

For the full lists of New York-area Five Star Wealth Managers and an overview of the research methodology, visit fivestarprofessional.com.

Five Star Wealth Managers You Need to Know

Francis X. Astorino

President, M.S., CFP®, CPWA®



FOUR-YEAR WINNER

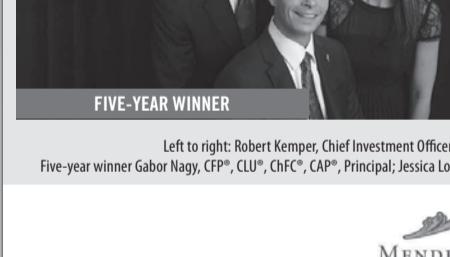
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Mendham Wealth Partners, LLC



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Left to right: Robert Kemper, Chief Investment Officer; Five-year winner Gabor Nagy, CFP®, CLU®, ChFC®, CAP®, Principal; Jessica Lotito, Executive Assistant

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Wealth Manager Award Winner

Estate Planning

John Anderson - Tempewick Wealth Management

- 973-285-1000

Financial Planning

Francis Astorino - LPL Financial - 973-575-1403

Robert H. Berard - Ameriprise Financial Services, Inc. - 914-269-6727

Joseph Biegel - Park Avenue Securities LLC - 914-288-8989

Donald Brown - MML Investors Services - 732-623-7593

Kevin Burns - Coastal Bridge Advisors - 203-683-1525

Kieran Byrne - M.K. Byrne & Co. - 973-265-2905

Michael Callahan - Edu4Retirement - 860-863-4155

Gaspare Cerullo - HD Vest Financial Services - 914-332-4040

Thomas Courtwright - LPL Financial - 973-903-0600

Lawrence Denolia - ITI Strategies - 914-734-2800

Tina Dhar - Archway Wealth Management - 732-837-9066

Sean Dowling - The Dowling Group Wealth Management - 203-967-2231

James E. Dy - Main Street Wealth Management, LLC - 908-719-8700

Marc Dynder - Ameriprise Financial Services, Inc. - 860-426-9950

James Garstang - Ameriprise Financial Services, Inc. - 860-426-9950

Ronald Gelok - Ronald Gelok & Associates - 973-917-4556

Christopher M. Grella - Ameriprise Financial Services, Inc. - 973-549-6718

Robert M. Grenus - LPL Financial - 860-734-0458

James Hunt - Insight Private Advisors - 908-566-1997

Joseph Irizarry - Ameriprise Financial Services, Inc. - 203-387-4240

Geoffrey Kanter - Kanter Financial Services - 203-239-5370

Marcia Kaplan - Ameriprise Financial Services, Inc. - 914-289-0700

Scott Kieper - Secure Financial Group - 860-404-5836

Christopher Kim - Barnum Financial Group - 914-409-4037

John Kuehnle - Infinex Financial Group - 203-783-5782

Paul Leesman - Ameriprise Financial Services, Inc. - 973-423-3800

Henry Liao - Ameriprise Financial Services, Inc. - 973-265-1185

Alfred J. Loomer - Ameriprise Financial Services, Inc./Loomer and Associates - 860-466-7130

Michael Maglio - LPL Financial - 973-406-5180

Daniel Massucci - Massucci & Associates, LLC - 860-628-0434

Jim McCarthy - Directional Wealth Management - 973-771-5120

W. David Moore - Moore Wealth Management - 732-796-9333

Gabor Nagy - Mendham Wealth Partners, LLC - 973-543-3335

David R. Neal - Coburn & Meredith, Inc. - 860-904-4542

Roberta Nestor - Nestor Financial Network - 203-876-8066

Ron Pac - MML Investors Services - 914-372-2958

Nicholas Palumbo - Park Avenue Securities LLC - 914-603-8311

Robert W. Pascarelli, Sr. - Financial Network Limited - 203-878-8194

Zoltan Poncraz - Barnum Financial Group - 203-513-6094

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Andrew Samalin - Samalin Investment Counsel, LLC - 914-666-6600

Matthew Sinclair - MML Investors Services - 914-332-4231

Scott M. Turner - Kestra Investment Services - 914-909-1554

Richard Vogler - Ameriprise Financial Services, Inc. - 860-466-7272

Charles Weidman - Heritage Financial Counselors - 862-579-2899

Daniel Wilson - Northeast Wealth Planners - 908-359-0395

Investments

Stan Alpert - Morgan Stanley - 866-288-4711

Andrew Arons - Synergy Advisory Management Group - 201-342-5722

Ronnie Bloom - Bloom Wealth Management - 973-369-7991

BUSINESS NEWS

Activist Targets Outback

Restaurant chain's owner is pressed to spin off brands and do more cost cutting

BY CARA LOMBARD

An activist investor is calling for **Bloomin' Brands** Inc. to spin off some of its restaurant brands, revamp its board of directors and adopt more aggressive cost-cutting goals, arguing the operator of Outback Steakhouse is lagging behind its industry peers.

In a letter sent to Bloomin' Chief Executive Elizabeth Smith on Wednesday, **Barington Capital Group** LP said the company should spin off its three smaller brands and let Outback operate as a stand-alone

entity, which the hedge fund argued would improve focus and execution within each brand.

"Serving quality steaks at Outback is considerably different than serving fresh fish at Bonefish Grill or authentic Italian cuisine at Carrabba's," Barington Chairman and CEO James Mitarotonda wrote.

Bloomin' Brands said in a statement it looks forward to engaging with shareholders to further enhance the company's value. The company is expected to release its fourth-quarter earnings report Thursday.

"The Bloomin' Brands Board of Directors and management team have a record of taking deliberate actions to drive long-term value creation and will continue to take actions to advance this objective," the company said.

Analysts polled by Consensus Metrix expect the company to report fourth-quarter comparable sales growth of 0.6%, with declines at all of its brands except Outback Steakhouse and Outback Brazil.

Barington, which according to FactSet owns a stake of less than 0.5% in Bloomin', previously pushed for similar changes at **Darden Restaurants** Inc., which operates restaurants including Olive Garden and LongHorn Steakhouse. Jana Partners, another well-known activist hedge fund, took an 8.7% stake in Bloomin' last year.

In addition to the spinoffs, Barington wants Bloomin' to cut excessive corporate costs, change the way board members are elected and appoint an independent board chair who can oversee manage-

ment and represent shareholder interests.

Mr. Mitarotonda said in the letter the firm believes the Bloomin' management has made some of the same mistakes that Darden's prior management team made and could follow some of the same steps to improve performance.

Barington noted that Bloomin' shares are down 14.4% over the past three years, while shares of peers including Darden, **Texas Roadhouse** and others are up an average of 33%.

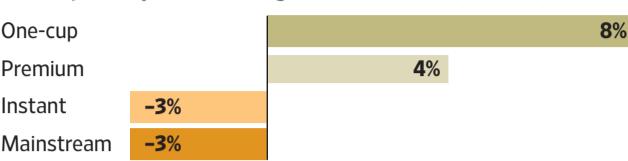
Darden in 2014 sold its Red Lobster brand, replaced its CEO and appointed an independent chairman after pressure from Barington.

Bloomin' shares were up 5.4% at \$22.02 in 4 p.m. Nasdaq trading, and have gained 17% over the past year.

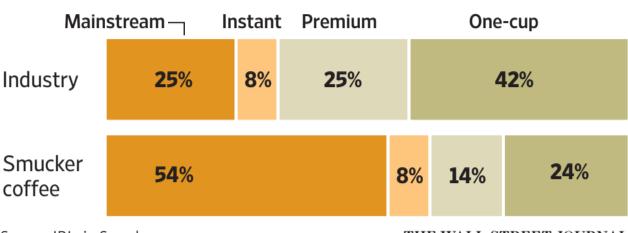
Coffee Breakdown

Smucker is looking to diversify its coffee business as single-serve and premium brands have grown at the expense of traditional brands and instant coffee.

Industry's compound annual growth in the U.S. (2015-18)



U.S. coffee sales by product category (January 2018)



Source: IRI via Smucker

THE WALL STREET JOURNAL.

Folgers Wakes Up To Evolving Tastes Of Coffee Drinkers

BY ANNIE GASPARRO

Folgers is taking its biggest risk in decades with a new brand aimed at reviving the 167-year-old coffee giant, in the latest attempt by a food maker to win over younger consumers.

Folgers has long offered coffee drinkers a cheaper way to brew it at home with ground coffee sold in bulk in metal cans and later plastic containers. But Folgers executives said that in the past decade it has been losing customers to single-serve coffee pods popularized by Keurig and to gourmet coffee brands, which tout better beans by offering details of their origins, the roasting process and tasting notes.

Folgers's owner, **J.M. Smucker** Co., is betting millions that a new, higher-end brand of coffee will help it win back shoppers and revive sales growth. Called 1850 by Folgers and expected to hit shelves in April, it is made with 100% arabica coffee beans, steel-cut instead of pulverized and roasted in perforated drum roasters as opposed to solid ones. The product is to be sold in smaller, 12-ounce bags for an average of 55 cents an ounce, compared with the Folgers brand, which sells for as low as 25 cents an ounce and is usually a blend of arabica and the cheaper robusta beans. 1850 by Folgers will also come in single-serve pods for Keurig brewers.

Industrywide sales of mainstream coffee, like Folgers, fell 3% on average over the past three years, while premium coffee rose 4% and single-cup sales increased 8%, according to Smucker. But the company's coffee business, which generates roughly \$2 billion in annual sales, didn't follow the growth to more premium brands, said Chief Executive Mark Smucker. Now Smucker, which bought Folgers from Procter & Gamble Co. in 2008, is trying to catch up.

The Folgers move is similar to moves made in recent years by other big food makers who have sought to reinvent their brands, though with mixed success.

General Mills was able to boost its yogurt sales—after Yoplait struggled to compete

with smaller brands—by offering a new French-style yogurt last year called Oui by Yoplait. The company in 2016 introduced its first new cereal in 15 years, called Tiny Toast, but it was folded into an existing brand when it failed to attract a following.

In the crackers aisle, Wheat Thins owner Mondelez International Inc. started a brand called Vea last year to offer sweet potato and quinoa crackers and compete with new, health-focused competitors. Mondelez said it takes time to build brand awareness.

Smucker's latest effort in coffee took about a year and a half, with Smucker's research and development team concocting hundreds of varieties of coffee blends.

"We probably weren't fast enough, but it's faster, better than we've done in the past," Mr. Smucker said in an interview.

The Folgers team undertook more than double the research they normally would for a new product. Millennials prefer darker, stronger coffees with a story behind the brand, their research showed, but changing the perception of Folgers is difficult. It is too closely associated with the jingle in its commercials in circulation since 1984: "The best part of waking up is Folgers in your cup." Executives said for the new brand, they looked for names of blends that Folgers has sold, going as far back as its beginnings in 1850 as a provisioning company for gold miners in San Francisco.

Wolfe Research analyst Scott Mushkin recently said Smucker is the "poster child" representing the challenges affecting Big Food, with brands in declining product areas of the grocery store.

The coffee project will indicate Smucker's chances of success with its other traditional brands, including its peanut butter, cooking oils and namesake fruit spreads. All three are battling smaller niche brands with simpler, higher-quality ingredients.

Mr. Smucker said: "We are trying to strike the right balance between leading, iconic brands and emerging brands."

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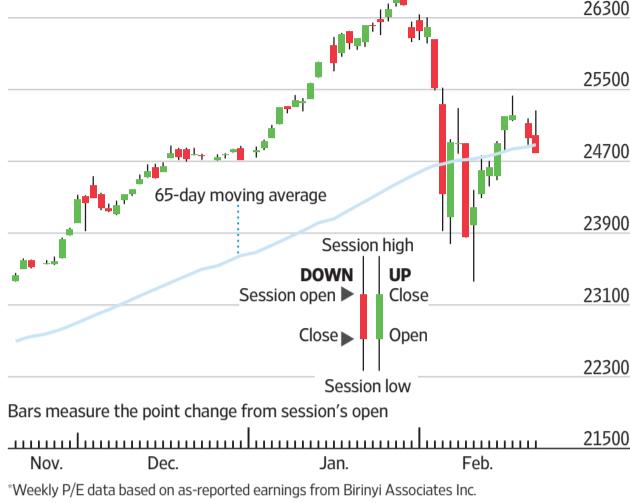
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

24977.78 ▼166.97, or 0.67%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Nov. Dec. Jan. Feb.

Current divisor 0.14523396877348

Last 21500

Year ago 22300

Trailing P/E ratio 25.94 21.14

P/E estimate * 17.30 17.67

Dividend yield 2.13 2.30

All-time high 26616.71, 01/26/18

S&P 500 Index

2701.33 ▼14.93, or 0.55%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Nov. Dec. Jan. Feb.

Current divisor 0.14523396877348

Last 2450

Year ago 2525

Trailing P/E ratio 19.17 24.67

P/E estimate * 17.25 18.05

Dividend yield 1.91 2.02

All-time high 2872.87, 01/26/18

Nasdaq Composite Index

7218.23 ▼16.08, or 0.22%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Nov. Dec. Jan. Feb.

Current divisor 0.14523396877348

Last 6300

Year ago 7500

Trailing P/E ratio 26.21 25.35

P/E estimate * 19.78 19.85

Dividend yield 1.03 1.15

All-time high 7505.77, 01/26/18

Major U.S. Stock-Market Indexes

	Dow Jones		S&P		Nasdaq Stock Market					
	High	Low	Latest Close	Net chg	% chg	High	Low	52-Week % chg	YTD % chg	3-yr. ann.
Industrial Average	25267.99	24792.99	24977.78	-166.97	-0.67	26616.71	20404.49	19.4	0.3	11.2
Transportation Avg	10560.49	10319.83	10372.06	31.46	0.30	11373.38	8783.74	9.8	-2.3	4.7
Utility Average	678.61	664.60	664.82	-8.39	-1.25	774.47	647.90	-2.6	-8.1	3.8
Total Stock Market	28380.14	27916.56	27916.64	-134.89	-0.48	29630.47	24125.20	13.7	0.9	8.2
Barron's 400	728.55	718.11	718.12	-0.24	-0.03	757.37	610.89	14.2	1.0	8.5

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

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 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	17,199.0	269.84	-0.21	-0.08	272.94	269.25
General Electric	GE	11,536.1	14.50	0.01	0.07	14.57	14.48
Lloyds Banking Group ADR	LYG	5,399.3	3.95	unch.	unch.	3.99	3.95
Ford Motor	F	5,132.9	10.59	-0.01	-0.09	10.69	10.54
PwrShrs QQQ Tr Series 1	QQQ	4,289.1	164.68	-0.14	-0.08	167.57	164.24
iShares Russell 2000 ETF	IWM	3,756.4	151.89	-0.35	-0.23	152.29	151.50
Van Eck Vectors Gold Miner	GDX	3,427.3	21.80	0.01	0.05	21.88	21.75
Pandora Media	P	3,109.7	5.11	0.24	4.93	5.42	4.87

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	888,128,304	9,141,697
Adv. volume*	248,316,367	3,257,453
Decl. volume*	632,201,924	5,236,608
Issues traded	3,090	327
Advances	1,382	158
Declines	1,609	147
Unchanged	99	22
New highs	81	0
New lows	73	11
Closing tick	11	39
Closing Arms*	2.15	1.57
Block trades*	6,799	90
Nasdaq		
Total volume*	1,908,227,966	290,403,765
Adv. volume*	836,361,268	88,564,343
Decl. volume*	1,044,806,572	198,090,100
Issues traded	3,078	1,353
Advances	1,626	490
Declines	1,309	830
Unchanged	143	33
New highs	104	19
New lows	56	40
Closing tick	187	117
Closing Arms*	1.55	1.32
Block trades*	6,484	1,348

*Primary market NYSE, NYSE American NYSE Arca only. **TRIN A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

\$ Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	The Global Dow	3122.49	-4.60	-0.15	1.2
	DJ Global Index	401.46	-0.59	-0.15	1.1
	DJ Global ex U.S.	269.91	0.60	0.22	1.2
Americas	DJ Americas	647.49	-2.99	-0.46	0.8
Brazil	Sao Paulo Bovespa	86051.82	247.86	0.29	12.6
Canada	S&P/TSX Comp	15524.01	84.57	0.55	-4.2
Mexico	S&P/BMV IPC	48535.59	-149.60	-0.31	-1.7
Chile	Santiago IPSA	4311.15	25.02	0.58	2.4
EMEA	Stoxx Europe 600	381.10	0.59	0.16	-2.1
Eurozone	Euro Stoxx	382.21	0.04	0.01	-0.9
Belgium	Bel-20	3950.27	11.65	0.30	-0.7
France	CAC 40	5302.17	12.31	0.23	-0.2
Germany	DAX	12470.49	-17.41	-0.14	-3.5
Israel	Tel Aviv	15022.5	3.40	0.23	-0.5
Italy	FTSE MIB	22653.01	-20.55	-0.09	3.7
Netherlands	AEX	533.95	1.02	0.19	-2.0
Russia	RTS Index	12911.19	26.51	2.10	11.8
Spain	IBEX 35	9823.30	-72.00	-0.73	-2.2
Sweden	SX All Share	571.63	1.13	0.20	0.5
Switzerland	Swiss Market	8988.99	7.60	0.08	-4.2
U.K.	FTSE 100	7281.57	34.80	0.48	-5.3

* Volumes of 100,000 shares or more are rounded to the nearest thousand

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low

<tbl

COMMODITIES

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Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.								
Feb 3.1795	3.1795	3.1795	3.2115	0.0255	396			
May 3.2080	3.2500	3.1875	3.2370	0.0235	109,478			
Gold (CMX)-100 troy oz.; \$ per troy oz.								
Feb 132.80	133.50	132.30	133.00	1.20	1.131			
April 133.20	138.50	132.40	132.10	0.90	360,530			
June 136.60	143.10	130.00	137.50	0.90	87,583			
Aug 143.10	134.80	133.60	134.20	1.10	25,141			
Oct 148.40	135.00	134.20	134.80	1.10	5,365			
Dec 153.80	136.80	134.70	135.80	1.20	36,433			
Palladium (NYM)-50 troy oz.; \$ per troy oz.								
Feb 102.85	109.60	101.25	102.25	-4.65	14,419			
June 1024.95	1027.90	1012.25	1021.45	-4.05	13,972			
Sept 1013.10	1013.10	1009.00	1015.65	-3.70	615			
Platinum (NYM)-50 troy oz.; \$ per troy oz.								
Feb 994.40	998.00	994.40	993.60	-7.40	1			
April 1002.90	1004.40	991.00	996.60	-7.40	77,553			
Silver (CMX)-5,000 troy oz.; \$ per troy oz.								
Feb 16.485	16.810	16.415	16.678	0.165	105,487			
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.								
April 61.63	61.86	60.92	61.68	-0.11	506,478			
May 61.38	61.67	60.72	61.52	-0.04	265,865			
June 61.03	61.34	60.40	61.20	-0.56	246,883			
July 60.64	60.88	60.02	60.78	0.04	151,450			
Dec'19 54.43	54.90	54.26	54.87	0.10	115,307			
NY Harbor ULSD (NYM)-42,000 gal.; \$ per gal.								
March 1.9209	1.9387	1.9091	1.9223	0.046	54,302			
April 1.9191	1.9367	1.9069	1.9251	0.058	118,089			
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.								
March 1.7490	1.7594	1.7300	1.7573	0.070	51,942			
April 1.9319	1.9463	1.9134	1.9446	0.010	132,663			
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu.								
March 2.638	2.680	2.565	2.659	0.043	65,328			
April 2.668	2.701	2.593	2.681	0.032	303,528			
May 2.692	2.724	2.624	2.706	0.028	195,386			
June 2.726	2.758	2.665	2.739	0.025	78,413			
July 2.769	2.798	2.709	2.780	0.023	98,954			
Oct 2.780	2.809	2.724	2.793	0.019	117,458			

Agriculture Futures

	Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.								
March 365.75	368.50	364.25	365.75	.25	365,149			
May 373.75	376.50	372.25	374.00	.25	554,394			
Oats (CBT)-5,000 bu.; cents per bu.								
March 266.00	266.00	257.25	258.25	-8.00	1,057			
May 266.25	268.25	257.25	259.50	-9.00	4,155			
Soybeans (CBT)-5,000 bu.; cents per bu.								
March 1027.75	1038.25	1019.25	1034.25	7.75	176,734			
May 1038.75	1049.00	1030.25	1045.50	8.00	283,653			
Soybean Meal (CBT)-100 tons; \$ per ton.								
March 376.70	382.70	368.70	378.00	1.50	72,482			
May 379.50	385.40	371.10	381.00	1.70	210,202			
Soybean Oil (CBT)-60,000 lbs.; cents per lb.								
March 31.85	32.26	31.73	32.07	.21	79,076			
May 32.06	32.47	31.92	32.28	.24	218,782			
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.								
March 118.00	119.50	118.00	119.60	10.50	4,406			
May 120.00	121.00	120.00	121.50	10.00	3,830			
Wheat (CBT)-5,000 bu.; cents per bu.								
March 450.00	452.00	445.50	447.25	-2.00	99,029			
May 463.25	465.00	458.25	459.50	-3.00	196,610			
Wheat (KCO)-5,000 bu.; cents per bu.								
March 472.00	472.75	463.00	465.75	-6.00	43,073			
May 487.00	488.25	478.50	481.75	-5.50	117,231			
Wheat (MPLS)-5,000 bu.; cents per bu.								
March 602.50	605.00	598.50	601.25	-1.25	17,047			
May 612.50	615.00	610.00	612.50	...	24,938			
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.								
March 150.175	150.175	146.50	146.65	-3.150	19,678			
April 152.00	152.40	148.50	149.10	-3.350	15,253			
Cattle-Live (CME)-40,000 lbs.; cents per lb.								
Feb 130.00	130.00	127.300	129.650	-6.50	7,909			
April 127.75	127.750	124.725	126.25	-1.50	145,467			
Hogs-Lean (CME)-40,000 lbs.; cents per lb.								
April 69.875	70.50	69.125	69.900	.700	91,010			
June 81.400	82.050	80.800	81.300	.350	46,746			
Lumber (CME)-110,000 bd ft.; \$ per 1,000 bd.								
March 520.70	526.80	518.10	526.40	9.60	3,273			
May 513.70	520.00	513.40	519.20	6.10	3,483			
Milk (CME)-200,000 lbs.; cents per lb.								
Feb 118.00	119.50	117.458	120.44	.14	3,174			
March 14.25	14.44	14.03	14.24	.03	4,556			

Interest Rate Futures

	Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Cocoa (ICE-US)-10 metric tons; \$ per ton.								
March 2,140	2,154	2,140	2,172	26	714			
May 2,134	2,175	2,124	2,173	25	130,204			
Coffee (ICE-US)-37,500 lbs.; cents per lb.								
March 118.00	118.50	116.50	116.95	-1.25	907			

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, Nasdaq and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trading 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.

Wednesday, February 21, 2018

		Net		Net		Net		Net		Net		Net		Net					
Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg	Stock	Sym Close Chg				
A B C		BaxterIntl	BAX	67.05	0.01	Corning	GLW	29.26	-0.57	Lennar A	LEN	58.60	-0.49	PaloAltoNetworks	PANW	164.40	1.48		
ABB	ABB	24.93	-0.32	CoStar	CSGP	352.11	0.27	GardnerDenver	GD	31.78	-0.09	Garmin	GRMN	61.87	-3.00	ParleyBroadband	LBRX	91.20	0.08
AES	AES	10.23	-0.17	Coty	COTY	20.80	-0.39	Gartner	IT	114.10	-1.87	Gazit-Globe	GZT	9.96	-0.18	LeucadiaNat'l	LJUK	91.11	0.38
Aflac	AFL	88.88	-0.04	CreditCorp	CTIC	217.51	-0.78	GeneralDynamics	GD	220.75	-1.08	GeneralElec	GE	14.49	-0.25	LibertyBroadband	LBTX	31.01	-0.45
AGNC Inv	AGNC	18.59	-0.24	GenPact	GPT	30.13	-0.54	GenMills	GIS	54.48	-1.47	GenPact	G	31.46	-0.20	LibertyGlobal	LBTYA	31.83	-0.51
AMG Homes	AMG	15.06	-0.04	Genexx	GEXX	19.42	-0.26	Gildan	GGB	4.93	-0.01	Gilbane	GIL	30.34	-0.21	LibertyGlobal A	LBTYA	28.13	-0.38
Ansys	ANS	163.54	-4.27	GlobalPayments	GPN	121.70	-1.12	Graco	GGO	44.28	-0.32	GlobalPayments	GPN	121.70	-1.12	LibertyQVC	QVCB	28.13	-0.38
ASML	ASML	194.41	-1.11	Godfrey	GDDY	55.70	-0.50	Goodyear	GODR	65.23	-0.40	GoldmanSachs	GDS	263.40	-1.39	GeneralMills	GIS	54.48	-1.47
AT&T	T	36.31	-0.46	Goodwill	GLOB	55.49	-0.13	Goodwill	GLOB	18.79	-0.01	Goodwill	GLOB	18.79	-0.01	GeneralMotors	GM	40.56	-0.21
AbbottLabs	ABT	88.99	-0.14	GoodwinProcter	GWP	103.50	-0.30	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
AbbVie	ABV	117.91	-0.07	GoIrrigation	GIVN	18.25	-0.98	GoldmanSachs	GDS	263.40	-1.39	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
Abomed	ABMD	268.25	-2.23	GoIrrigation	GIVN	18.25	-0.98	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
Accenture	ACN	160.46	-0.46	GoIrrigation	GIVN	18.25	-0.98	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
ActivisionBlitz	ATVI	70.22	-0.62	GoIrrigation	GIVN	18.25	-0.98	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
AcuityBrands	AVI	147.58	-1.23	GoIrrigation	GIVN	18.25	-0.98	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
Adient	ADNT	63.47	-0.19	GoIrrigation	GIVN	18.25	-0.98	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
Advantech	AAP	114.86	-8.65	GoIrrigation	GIVN	18.25	-0.98	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
AdmicoRovides	ADM	11.72	-0.30	GoIrrigation	GIVN	18.25	-0.98	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
AdvSemIngg	ASX	6.85	-0.09	GoIrrigation	GIVN	18.25	-0.98	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
Aegon	AEG	6.92	-0.02	GoIrrigation	GIVN	18.25	-0.98	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
AerCap	AER	51.49	-0.05	GoIrrigation	GIVN	18.25	-0.98	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
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AdvantageAero	AAP	114.86	-8.65	GoIrrigation	GIVN	18.25	-0.98	GoodwinProcter	GWP	103.50	-0.30	GoldmanSachs	GDS	263.40	-1.39	GenPact	GPT	30.13	-0.54
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AdvantageAero	AAP	114.86	-8.65</td																

BANKING & FINANCE

Puerto Rico Project to End

U.S. tells Fluor to wrap up grid repairs, even as 15% of customers remain without power

BY ANDREW SCURRIA

Fluor Corp.'s work repairing hurricane damage to Puerto Rico's still-hobbled electrical grid is winding down as its federal funding runs out, the U.S. Army Corps of Engineers said Wednesday.

The Army Corps had tapped Fluor to repair electric lines damaged in Hurricane Maria under an \$840 million contract. Now, the multinational company, based in Irving, Texas, has told its subcontractors to demobilize as the federal deal reaches its dollar limit and electricity comes back online across parts of Puerto Rico, according to people familiar with the matter.

Fluor's drawdown comes as power-restoration efforts on the island are far from complete: Roughly 15% of customers remain offline five months after Maria struck, according to Puerto Rican government data.

"They will continue to execute their existing contract but funds to increase capacity are not currently available," an Army Corps spokesman said.

The end of Fluor's contract will shrink the number of federal contractors in Puerto Rico while shifting more responsibility for utility-repair work to local authorities.

A Fluor spokesman said it was reducing its footprint at the direction of the Army Corps as "a normal part of the life cycle of large government projects."

Fluor had taken on a central role in the islandwide reconstruction project last year after Puerto Rico's public-power monopoly severed a



Workers seek to return electricity to a home in Coamo, Puerto Rico, months after Hurricane Maria.

construction deal with another mainland U.S. contractor, **Whitefish Energy Holdings LLC**. Whitefish said this month it was still owed more than \$100 million in unpaid bills.

The end of Fluor's contract doesn't necessarily mean the workers and equipment it brought to Puerto Rico will be departing. Fluor has privately signaled it would bid to continue construction work by contracting directly with the public utility known as Prepa, as may some subcontractors, a person familiar with the matter said.

But the drawdown presents another complication to a chaotic reconstruction effort that has come under criticism on the island and in Congress. Puerto Rico Gov. Ricardo Roselló has also criticized the

Army Corps for what he said has been the slow pace of power restoration.

Prepa has struggled to keep up with the costs of repairing its grid but won court approval on Monday to take out a \$300 million loan from Puerto Rico's central government for continuing expenses. The federal board supervising Puerto Rico's finances had placed the central government in bankruptcy last year and then voted to move Prepa, which has \$9 billion in debt, under court protection as well.

The Army Corps now plans to reallocate resources toward the municipalities of Caguas in Puerto Rico's central mountain range and Arecibo along the northern coast. While the agency expects 95% of customers across the island to have

power back by April, restoring service to areas with more rugged terrain may take until late May.

The federal oversight board tried and failed last year to wrest control of Prepa from the governor, who won a court ruling keeping the utility under local control. He said last month he wanted Prepa privatized in the hopes of cutting costs for consumers and attracting private partners to invest in its assets.

Prepa's problems have been decades in the making. It earned praise for powering Puerto Rico's industrialization in the 1940s and 1950s but became more inefficient over time as generating plants that rely on imported fossil fuels fell into disrepair and consumer bills soared.

Suit Against MetLife Spotlights Problems From Old Business

BY LESLIE SCISM

When Nicole Herivaux was born at Coney Island Hospital in New York in 1980, doctors made a mistake that left one of her arms useless.

Ms. Herivaux's family sued and reached a settlement on the infant's behalf. It provided \$2,200 a month in lifetime income paid out by an insurance firm, and lump sums of as much as \$200,000 were sprinkled in to help, say, with college costs.

This money was supposed to be paid into specified banks until Ms. Herivaux was 18 years old, with court approval needed for its spending. But according to a lawsuit in a New York state court, **MetLife Inc.** mistakenly began sending checks directly to her mother when Nicole was 15, and her mother passed on to Nicole just a portion of the proceeds from thereon.

The lawsuit is the latest example of an unexpected problem popping up at MetLife from decades-old business. The company has acknowledged failing to pay benefits to 13,500 retirees in its business of taking on responsibility for private-sector pension plans. Some of those payments date to the 1990s.

Last week, MetLife said that it would increase reserves by \$510 million pretax to adjust for improper releases in earlier years. Of that, \$70 million hit fourth-quarter results as an after-tax charge.

The Herivaux lawsuit alleges the mother hid from her daughter the full size of the settlement.

Now 37 years old, Nicole lives in a cheap apartment in Detroit, has \$30,000 in student debt and sometimes relies on free-food pantries.

"I could have done so many different things with my life" had she received the full proceeds, Ms. Herivaux said in an interview. Her mother, Marie Herivaux, who also is a defendant in the lawsuit, didn't respond to repeated efforts to contact her.

MetLife suspended payments on the annuity last year after the litigation began and says in court filings it will dispatch the money to the younger Ms. Herivaux if the court tells it to do so. MetLife declined to comment.

In its filings, MetLife is seeking to get the lawsuit dismissed for reasons including that it wasn't party to the original transaction in 1983. It assumed responsibility for the structured-settlement annuity in a 1995 transaction. MetLife also maintains no evidence has been introduced that it ever was instructed to directly pay Nicole Herivaux.

David Jaroslawicz, Nicole Herivaux's lawyer, said the 1983 court order and settlement are clear enough that the money was intended for

Nicole. MetLife is to file more responses this week.

In 2012, MetLife was one of many insurers to settle multi-state regulatory probes into unclaimed death benefits. Some of those policies were issued in the early 1900s. MetLife didn't admit any wrongdoing and emphasized that the overdue policies represented only a fraction of its policy count.

Industry analysts and consultants say it is understandable that MetLife would have mistakes lurking in older business, because there is so much of that on its books as a company tracing its roots to the 1860s. Improved technology makes widespread errors less likely on newer business at MetLife and elsewhere, they say.

The pension matter prompted a global review focused on other potential unclaimed property and missing participants. MetLife has said it failed to aggressively search for people as they neared pension-eligibility age. The 13,500 represent about 2% of the 600,000 retirees in MetLife's pension-risk-transfer business.

\$70M

Fourth-quarter charge tied to snafu over pensions

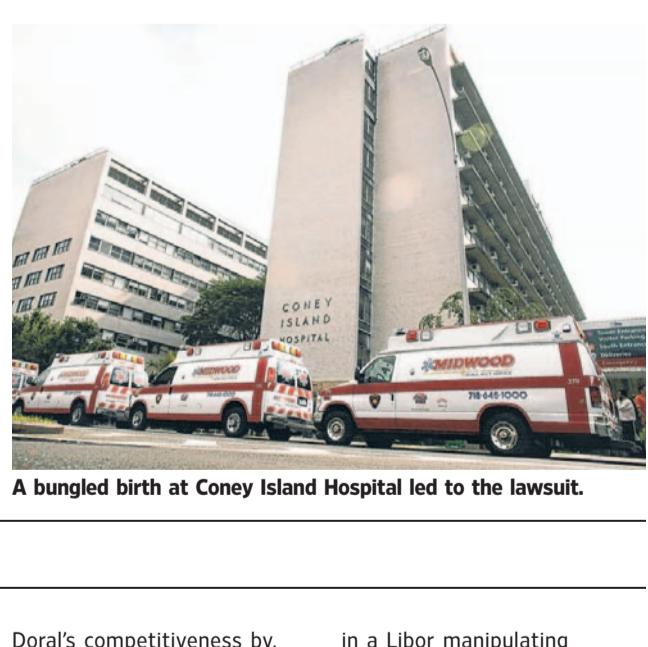
On Feb. 14, MetLife Chief Executive Steven Kandarian told analysts he doesn't believe any significant problems of that type remain. "We made sure we had the resources within countries and regions to put all necessary people against this review to get to the right answers," he said.

Before MetLife entered the scene in Ms. Herivaux's instance, payments were deposited in banks in the name of her mother as guardian, according to filings for New York City and the New York City Health and Hospitals Corp., which are being sued along with MetLife. (Coney Island Hospital is part of the New York City hospital system.)

Several years ago, Nicole spotted a \$2,200 MetLife check made out to her mother, and she began putting the pieces together, she alleges in court. She tracked down the lawyer who handled the 1983 medical-malpractice lawsuit.

"It was just incredible to me" that Nicole hadn't been getting all of the money, said the lawyer, Michael Wolin, who had last seen her as an infant. "Especially when she told me of the financial hardships."

In years past, Nicole said she had sometimes borrowed from her mother. "The ironic thing was I was paying back myself," she said.



A bungled birth at Coney Island Hospital led to the lawsuit.

Treasury Backs Liquidation Power

BY RYAN TRACY

WASHINGTON—The Trump administration recommended retaining the government's power to seize and unwind a failing financial firm in a crisis, departing from some conservative Republican lawmakers and endorsing a plank of the 2010 Dodd-Frank financial law.

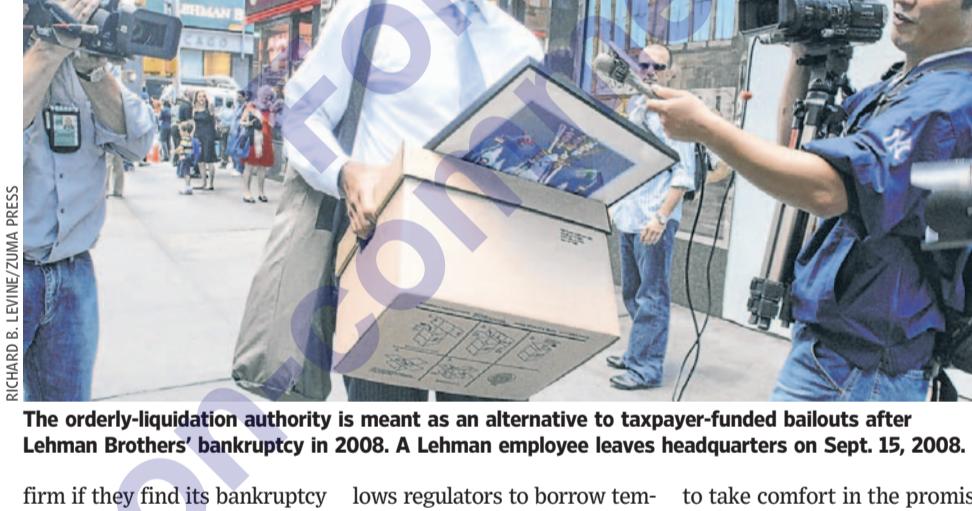
The Treasury Department, in a report Wednesday, called for changes to correct what it described as "serious defects" around how and when orderly-liquidation authority, or OLA, would be used. As expected, it said the authority should be retained as a tool for the government if a huge financial firm is on the brink of failure.

Treasury shares many of the concerns raised by critics of OLA, the report said, adding the authority is "a far preferable alternative to destabilizing financial contagion or ad hoc government bailouts."

The report also recommended changes to the bankruptcy code to make it easier for such a failure to be resolved in bankruptcy court, without the government taking over the failing firm.

The report responds to a memo last spring from President Donald Trump. That document repeated some conservative criticisms of OLA and asked the Treasury to review the policy, raising concerns among both bankers and regulators who regard it as a crucial safeguard.

OLA allows regulators to seize and liquidate a financial



The orderly-liquidation authority is meant as an alternative to taxpayer-funded bailouts after Lehman Brothers' bankruptcy in 2008. A Lehman employee leaves headquarters on Sept. 15, 2008.

firm if they find its bankruptcy would pose a threat to U.S. financial stability, akin to the panic caused by Lehman Brothers Holdings Inc.'s bankruptcy nearly a decade ago.

The authority was intended as an alternative to the taxpayer-funded bailouts of other firms after Lehman went down.

The provision gives officials the power to impose losses on shareholders, wipe out management and hive off and liquidate toxic assets. They can lend to the firm to keep its doors open, but they can't buy shares to bail out existing owners.

Big banks like the provision. Some conservatives, such as House Financial Services Committee Chairman Jeb Hensarling (R., Texas), take issue with the part of Dodd-Frank that al-

lows regulators to borrow temporarily from the Treasury to keep a failing firm operating during liquidation.

Mr. Trump's April 2017 memo seemed to nod to those concerns. It said OLA "may encourage excessive risk-taking." Weeks later, the GOP-led House passed a bill from Mr. Hensarling repealing OLA.

The Senate hasn't taken up that bill, but Mr. Hensarling's push concerned big banks and regulatory officials. Federal Reserve Chairman Jerome Powell, nominated by Mr. Trump in November, spoke out against repealing OLA at his confirmation hearing.

The Treasury's report says that repealing OLA would upset an international balance developed after Dodd-Frank.

Other countries have come

to take comfort in the promise that the U.S. would be able to use OLA in a crisis to limit the damage of a big bank's collapse. Without OLA, those countries "would be more likely to impose immediate new requirements on foreign affiliates of U.S. bank holding companies, raising their costs of business and harming their ability to compete internationally," the report says.

Mr. Hensarling said Wednesday's report had "a number of positive recommendations," but he expressed disappointment about its support of OLA. "Encouraging economic growth, strong capital, and market discipline, not the arbitrary discretion of federal regulators, is the only way to maintain vibrant and healthy financial markets," he said.

In its filings, MetLife is seeking to get the lawsuit dismissed for reasons including that it wasn't party to the original transaction in 1983. It assumed responsibility for the structured-settlement annuity in a 1995 transaction. MetLife also maintains no evidence has been introduced that it ever was instructed to directly pay Nicole Herivaux.

David Jaroslawicz, Nicole Herivaux's lawyer, said the 1983 court order and settlement are clear enough that the money was intended for

Doral's competitiveness by, among other things, breaching swap contracts with the failed bank.

Doral and the [FDIC]'s injuries arose from the harm to competition" as a result of Libor fixing by the large banks, the complaint said. "These injuries flow directly from the substitution of collusion for competition in the market for [over-the-counter] interest-rate derivatives."

The FDIC's move follows an ongoing lawsuit filed by the FDIC in 2014 against the same large financial institutions accused of participating

in a Libor manipulating scheme, including **Bank of America Corp.**, **Citigroup Inc.**, **Credit Suisse Group AG** and **JPMorgan Chase & Co.** The earlier lawsuit alleged Libor manipulations had harmed 38 banks the FDIC had placed in receivership after they collapsed.

Doral Bank was closed by Puerto Rico regulators in February 2015, in the largest U.S. bank failure since 2010.

The bank, which shut down with \$5.9 billion in assets, was sold to Banco Popular de Puerto Rico.

—*Lalita Clozel*

FINANCE WATCH

est ever.

The business will continue to be run by Mr. Tague's co-heads, Mark Shafir and Cary Kochman.

It wasn't immediately clear what the 51-year-old executive's next steps are.

Many top investment bankers have joined boutique firms or gone to run internal deal teams for companies. Other bankers have received executive roles at companies or joined private-equity or venture-capital firms.

Once an aimless college student—he dropped out for a year and moved to London, tending bar and working as a clerk at a

British bank—Mr. Tague joined Chase Manhattan in 1988.

He has been with Citi or a predecessor since 1994 and spent much of his early career in London looking after the international M&A business. In 2007, he moved to New York to run a group of bankers who advise energy, power and chemicals companies.

He advised on Intel Corp.'s \$15 billion takeover of Mobileye NV last year, the sale of Vivendi Universal's media assets to NBC, and Aetna Inc.'s attempted takeover of Humana Inc.

—*Liz Hoffman and Dana Mattioli*

CITIGROUP

Deal Maker Tague To Leave Company

Peter Tague, **Citigroup Inc.**'s co-head of mergers and one of the most senior deal makers on Wall Street, is leaving the firm, according to people familiar with the matter.

Since taking on the role in 2012, Mr. Tague has helped push Citigroup higher in the adviser rankings, from seventh in 2013 to fourth last year, according to Dealogic.

The division's 2017 revenue of \$311 million was its second-high-

LITIGATION

FDIC Sues 16 Banks In Libor Rigging Case

The Federal Deposit Insurance Corp. sued 16 banks connected to the Libor rigging scandal as part of its effort to recover funds related to Doral Bank, a Puerto Rican institution that collapsed in 2015.

In its lawsuit, the FDIC argued the banks' collusion on fixing the London interbank offered rate—a benchmark rate used to set the prices of trillions of dollars in loans and derivatives—had hampered

Doral's competitiveness by, among other things, breaching swap contracts with the failed bank.

Doral and the [FDIC]'s injuries arose from the harm to competition" as a result of Libor fixing by the large banks, the complaint said. "These injuries flow directly from the substitution of collusion for competition in the market for [over-the-counter] interest-rate derivatives."

The FDIC's move follows an ongoing lawsuit filed by the FDIC in 2014 against the same large financial institutions accused of participating

MARKETS

Comeback

Yields on Treasury debt, weekly

Source: Ryan ALM
THE WALL STREET JOURNAL.**Bonds Fall As Fed Fuels Rate Worries**

By AKANE OTANI

U.S. government-bond prices slid Wednesday, sending yields to multiyear highs, after minutes from the Federal Reserve's latest meeting struck some investors as being more hawkish than they had expected.

The yield on the benchmark 10-year U.S. Treasury note settled at 2.943%, the highest closing level since Jan. 9, 2014, compared with 2.895% Tuesday.

Yields on the longer end jumped, too. The yield on the 30-year U.S. Treasury bond rose to 3.223%, the highest since June 26, 2015, compared with 3.154% Tuesday.

Bond yields, which rise as prices fall, have climbed this month, lifted by signs that long-dormant inflation could be picking up and by concerns that larger budget deficits could increase the supply of government bonds when the Fed is tapering its bond purchases. Some investors also worry that higher inflation, which threatens bonds since it chips away at the purchasing power of their fixed interest payments, could push the Fed to pick up its pace of interest-rate increases.

That backdrop left some investors disappointed with the tone of the minutes from the Fed's Jan. 30-31 meeting, which showed officials thought "the strengthening in the near-term economic outlook increased the likelihood that a gradual upward trajectory of the federal-funds rate would be appropriate." The minutes also showed that several Fed officials pointed to increased confidence that inflation would move toward the central bank's 2% target.

Heading into the release of the minutes, some investors had expressed doubt that a recent pickup in various measures of inflation, including wage growth and consumer prices, pointed to a broader firming of prices, but instead were anomalies.

Expectations for further rate increases rose. Federal-funds futures, used by traders to place bets on interest rates, showed Wednesday afternoon a 29% chance that the Fed raises short-term interest rates at least four times by year-end, up from 25% Tuesday, according to CME Group.

Some investors are skeptical about how much further bond yields will climb in the next couple of months.

"It felt like it was overdone," Greg Peters, managing director and senior investment officer at PGIM Fixed Income, said of the month's selling in Treasuries. "Inflation is stabilizing here, but it's not at a tremendous takeoff point like some people are predicting."

AUCTION RESULTS

Here are the results of Wednesday'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.

ONE-YEAR, 11-MONTH FRNs

Applications \$41,243,852,400

Accepted bids \$15,000,012,400

"noncompetitively" \$17,852,400

Spread 0.000%

Bids at clearing yield accepted 53.72%

Cusip number 912828315

The floating-rate notes, dated Feb. 23, 2018, mature on Jan. 31, 2020.

FIVE-YEAR NOTES

Applications \$94,086,174,900

Accepted bids \$43,332,854,900

"noncompetitively" \$89,723,400

Auction price (rate) \$0

Interest rate 99.846446 (2.658%)

Bids at clearing yield accepted 45.30%

Cusip number 91282845

The notes, dated Feb. 28, 2018, mature on Feb. 28, 2023.

Glencore Results Display Rebound

Profit surged last year, led by trading division; cash flows clear way for dividends, deals

By SCOTT PATTERSON

Glencore PLC said it quadrupled its earnings in 2017, increased its dividend payout to investors and was on the lookout for deals, fresh signs of strength in the global mining industry.

The Swiss commodities giant's financial results highlight its turnaround from 2015, when it nearly collapsed under the weight of a copper-price crash and an investor revolt over its high net debt levels. Its unusual model—an enormous mining operation coupled with the world's biggest commodities-trading business—posted the kind of strong profit long promised by Chief Executive Ivan Glasenberg.

Glencore said net income in 2017 rose to \$5.8 billion from \$1.4 billion the previous year. The gains were led by the trading division, where net income reached \$3 billion for the first time since 2008.

The company declared a dividend for 2018 of \$2.9 billion, well ahead of expectations for a \$2.2 billion payout.

Its shares rose 5.2% to 404.55 pence (\$5.66) in London. They are much higher than in the fall of 2015, when investors sent the stock into a downward spiral and the firm launched a cost-cutting, asset-selling program that included eliminating its dividend.

A big sign of improvement: Glencore said it lowered net debt to \$10.7 billion by the end of 2017, from \$15.5 billion at the end of 2016. In 2015, its net debt was \$29 billion.

Rising commodities prices



Glencore isn't worried about pressure from the Democratic Republic of Congo, where it has a dominant position in cobalt.

have helped drive Glencore's comeback and that of the larger mining industry, with **BHP Billiton** Ltd. and **Rio Tinto** PLC also posting solid earnings this month. Over the past 12 months, copper prices have gained about 20%, coal has climbed about 12%, and cobalt has more than doubled. Those materials, as well as nickel and zinc, were among the biggest contributors to Glencore's profit.

Mr. Glasenberg, one of the mining industry's most aggressive deal makers, said booming cash flows give Glencore plenty of room to return more cash to investors or to consider acquisitions.

In 2017, Glencore snapped up a stake in an Australian coal operation for \$1.1 billion,

bought out a partner in two copper mines in the Democratic Republic of Congo for about \$1 billion, and boosted its stake in a Peruvian zinc operation for nearly \$1 billion.

Mr. Glasenberg has said he is interested in expanding the firm's agricultural business in the U.S. and last year made an approach to grain trader and processor Bunge Ltd. Mr. Glasenberg said Glencore's agreement not to make a hostile bid toward Bunge had expired, but he gave no indication that a renewed approach was imminent.

"There's room to do transactions," Mr. Glasenberg said on a media call Wednesday. "If nothing becomes available, if we don't get things at the right price, we won't do it."

Mr. Glasenberg faced questions from analysts about pressure in the Democratic Republic of Congo, where the company has a dominant position in cobalt, an ingredient in the lithium-ion batteries that power smartphones and electric vehicles. Mr. Glasenberg said Glencore could take the Congolese government to court if a proposed mining code upends agreements.

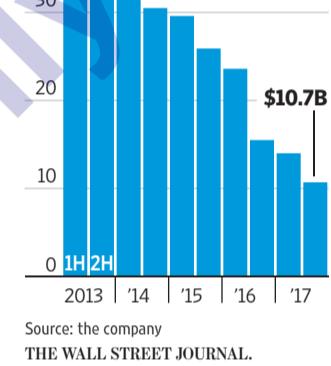
Glencore said results were somewhat offset by rising cost pressures. Chief Financial Officer Steve Kalmin said the company was seeing rising prices in diesel, coal, oil, steel and explosives, among other things.

◆ Heard on the Street: Patience is rewarded at Glencore.... B14

Less Debt

In a sign of improving finances, Glencore has lowered its net debt.

\$40 billion



Source: the company
THE WALL STREET JOURNAL.

Crude Prices in U.S. Slip Ahead of Supply Report

By ALISON SIDER

AND DAVID HODARI

U.S. oil prices snapped a four-session win streak as the dollar rallied and investors awaited data expected to show another increase in U.S. crude output.

Oil for April delivery fell 11 cents, or 0.2%, to \$61.68 a barrel on the New York Mercantile Exchange.

Brent, the global benchmark, gained 17 cents, or 0.3%, to \$65.42 a barrel on ICE Futures Europe.

Oil prices surged at the start of the year before pulling back along with stock markets. But prices recently have been locked in a relatively tight band.

"From a fundamental point of view it's been kind of a nothing sandwich; OPEC production is still low, everyone is still worried about U.S. production growth," said John Saucer, vice president of research and analysis at Mobiust Risk Group.

Prices are being pulled in two directions, with recent comments from the Organization of Petroleum Exporting Countries showing commitment to production cuts

giving support, while rising forecasts for U.S. shale output are providing pressure, said Harry Tchilinguirian, global head of commodity market strategy at BNP Paribas SA.

"Oil prices are down but they're still trading in their recent price range," Mr. Tchilinguirian said.

Currency moves were the key driver behind the falling prices Wednesday.

The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, rose 0.4%, and it has clawed back much of this year's losses in recent days.

"Oil prices are likely to slide for as long as the U.S. dollar appreciates, especially since fundamental data also point more towards falling prices," analysts at Commerzbank AG said in a note. A stronger greenback typically weakens crude prices by making the dollar-denominated commodity more expensive in other currencies.

The dollar rally added to the factors weighing on oil prices since data last week showed record U.S. shale-oil production. The International Energy Agency's monthly report indicated that U.S. shale output is increasing faster in 2018 than ever before. Analysts



A survey for Thursday's crude-oil stockpiles forecasts a rise of 1.9 million barrels.

lys and investors are anticipating another increase in U.S. output when data from the U.S. Energy Information Administration is released Thursday, raising concerns that new production from shale will overwhelm the market again.

"We've heard guesses that production is up again," said James Burr, senior vice president, energy, at INTL FCStone Financial Inc. "I think [prices are] just floundering right now until [Thursday's] report."

On Thursday, the U.S. government releases its weekly inventory report, and analysts surveyed by The Wall Street Journal expect crude-oil stockpiles to have risen by 1.9 million barrels last week.

The American Petroleum Institute, an industry group, said late Wednesday that its own data for the week showed a 900,000-barrel decrease in crude supplies, according to a market participant.

Japanese Companies Are Cautious About the Yen

By MEGUMI FUJIKAWA

THE WALL STREET JOURNAL

APRIL 2018

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THE WALL STREET JOURNAL

APRIL 2018

BY MEGUMI FUJIKAWA

THE WALL

MARKETS

Stocks Knocked Down by Fed Minutes

BY AMRITH RAMKUMAR
AND RIVA GOLD

The Dow Jones Industrial Average gave up its gains and swung 475 points as concerns about higher interest rates resurfaced following the release of minutes from the Federal Reserve's January meeting.

All 11 sectors in the broad S&P 500 closed lower, and bond yields settled at a fresh four-year high. Meanwhile, the dollar strengthened for a fourth straight session, and gold futures fell in after-hours trading. The swings across asset classes were reminiscent of the sharp downturns that led to a stock-market correction earlier this month.

The Fed minutes showed the central bank plans to keep gradually raising short-term interest rates this year. Officials said they believed in January that the economy was set to grow faster than when they met at the end of last year, though some remain worried inflation might continue to lag below the Fed's 2% target.

Some money managers have feared that the central bank might move to raise rates more than the three times previously forecast for 2018, pushing benchmark bond yields up near 3% and hurting riskier investments like stocks.

"The second that bonds really started to sell off was what triggered the stock sell-off," said Ian Winer, head of equities trading at Wedbush Securities. "I have to believe if we do in fact get through 3%, it's going to be a problem, at least in the near term."

Investors now think there is a roughly 30% chance that the Fed will lift rates at least four times in 2018, up from about 20% a month ago, according to data compiled by CME Group.

The Dow Jones Industrial Average closed down 166.97 points, or 0.7%, at 24797.78 after earlier rising 303 points. The S&P 500 shed 14.93 points,

which tracks the U.S. currency against a basket of 16 others, settled up 0.4%, continuing a rebound from multiyear lows.

Despite recent stock-market volatility, many investors say robust corporate earnings and strong economic growth should help major stock indexes climb as the year goes on.

Nearly 80% of S&P 500 companies that had posted earnings through Wednesday afternoon have exceeded analysts' revenue expectations, the highest percentage since FactSet began tracking the metric in 2008. About 85% of the firms in the index have reported results.

"As long as these fundamental factors remain in place, it's really hard to poke holes in the argument that you should be in a risk-on mode at this point," said Emily Roland, head of capital markets research at John Hancock Investments, referring to investors broadly favoring riskier investments such as stocks and commodities.

Shares of large internet and technology firms rose and continued outperforming the broader market after analysts raised their price targets on Alphabet, Amazon.com and Netflix. Gains in those companies supported the consumer-discretionary and information-technology sectors—the S&P 500's best performers this year.

Alphabet rose \$10.16, or 0.9%, to \$1,113.75, while Amazon added 14.57, or 1%, to 1482.92 and Netflix gained 2.49, or 0.9%, to 281.04.

In earnings-related moves, shares of Advance Auto Parts rose 8.65, or 8.2%, to 114 after beating profit expectations in the most recent quarter.

Elsewhere, Europe's Stoxx 600 rose 0.2%. Asia stocks were broadly higher Wednesday. At midday Thursday in Tokyo, the Nikkei Stock Average was down 1.2%. Also early Thursday, Hong Kong's Hang Seng Index was down 1% and South Korea's Kospi was off 0.6%.

U.S. stocks fell as bond yields surged Wednesday, contributing to a range of market swings that were reminiscent of the stock-market correction earlier this month.