

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

WEDNESDAY, FEBRUARY 21, 2018 ~ VOL. CCLXXI NO. 42

WSJ.com

★★★★ \$4.00

DJIA 24964.75 ▼ 254.63 1.0% NASDAQ 7234.31 ▼ 0.1% STOXX 600 380.51 ▲ 0.6% 10-YR. TREAS. ▼ 5/32, yield 2.895% OIL \$61.90 ▲ \$0.22 GOLD \$1,328.80 ▼ \$24.40 EURO \$1.2339 YEN 107.33

What's News

Business & Finance

Walmart misjudged its online inventory for the holiday season, pushing its shares down over 10% and slicing its market cap more than \$31 billion. **A1**

♦ U.S. stock indexes fell, dragged down by Walmart.

The Dow slid 254.63 points, or 1%, to 24964.75. **B13**

♦ Treasury yields are nearing 3% for the first time in years, a development with significant implications for financial markets. **A1**

♦ Qualcomm raised its bid for NXP to \$44 billion, a move that could cause Broadcom to abandon its pursuit of Qualcomm. **B1**

♦ AT&T isn't entitled to details of the government's internal discussions about the Time Warner deal, a federal judge ruled. **B1**

♦ Public pension funds, with over half their assets in stocks, showed their vulnerability to market downturns earlier this month. **B1**

♦ Fannie and Freddie investors suffered a setback when the Supreme Court declined to take up their appeals. **B12**

♦ Gap is searching for a new head of its flagship brand after the CEO resigned. **B3**

♦ Fox News is launching a streaming service available only to subscribers. **B4**

♦ Freight-tracking startup FourKites said it raised \$35 million for expansion. **B4**

♦ HSBC missed 2017 profit forecasts, hurt by the collapses of two borrowers. **B12**

♦ Venezuela is likely to face problems attracting investors for its cryptocurrency. **B12**

World-Wide

♦ Trump's administration is pursuing a deal to sell nuclear reactors to Saudi Arabia despite the kingdom's refusal to accept the toughest nonproliferation controls. **A1**

♦ Syrian regime forces backed by Russian warplanes pounded a rebel-held suburb of Damascus. Some 160 deaths were reported. **A6**

♦ An attorney who is the son-in-law of a Russian oligarch pleaded guilty to lying to Mueller's probe. **A4**

♦ House Republicans will begin legislative hearings in an effort to pass bills addressing the opioid crisis. **A5**

♦ Trump said he is moving to ban "bump stocks," which let firearms function as machine guns. **A3**

♦ HHS proposed loosening curbs on less-comprehensive health plans restricted under the ACA. **A5**

♦ North Korea canceled a secretly planned meeting with Pence during his trip to the Winter Olympics in South Korea this month. **A7**

♦ Israeli police identified two Netanyahu aides arrested for alleged influence peddling on his behalf. **A7**

♦ Palestinian leader Abbas called for an international conference in 2018 to restart Mideast peace talks, in a clear jab at the U.S. **A6**

♦ The NCAA forced the University of Louisville to vacate its basketball wins following a sex scandal. **A3**

♦ Pence is set to announce new moves promoting private space ventures. **A3**

CONTENTS Opinion..... A15-17 Banking & Finance..... B12 Property Report..... B6 Business News..... B3 Pyeongchang..... A12-13 Crossword..... A11 Technology..... B4 Head on Street..... B14 U.S. News..... A2-5 Life & Arts..... A9-11 Weather..... A11 Markets..... B13-14 World News..... A6-7,18

0 8330>
0 78908 63141 1

Copyright 2018 Dow Jones & Company. All Rights Reserved

WEDNESDAY, FEBRUARY 21, 2018 ~ VOL. CCLXXI NO. 42

WSJ.com

★★★★ \$4.00

Syrian Regime Attacks Rebel-Held Enclave, Killing More Than 100



BOMBING'S TOLL: Rescue workers Tuesday carried a boy to safety after an airstrike in Eastern Ghouta, near Damascus. Syrian forces pounded the rebel-held region, killing some 160 people over the past two days, according to activists and medical groups. **A6**

U.S. Chases a Saudi Nuclear Deal

White House seeks to skirt proliferation concerns and sell reactors to the kingdom

The Trump administration is pursuing a deal to sell nuclear reactors to Saudi Arabia despite the kingdom's refusal to accept the most stringent restrictions against the proliferation of nuclear weapons, U.S. officials say.

Saudi Arabia's nuclear energy ambitions could open a new market worth tens of billions of dollars, drawing countries including Russia, South

Korea and China to compete for the business. Administration officials consider it too important to pass up, especially when the U.S. nuclear power industry is on the decline.

But Saudi Arabia's resistance to the toughest proliferation controls—a ban on enriching uranium or reprocessing spent fuel—already is stirring concern among U.S. lawmakers, who have the power to block any accord to transfer U.S. nuclear technology, known as a 123 agreement.

"The new Saudi ambassador came into my office in January, just last month, and I told him

By Michael R. Gordon and Timothy Puko in Washington and Summer Said in Riyadh

that I would demand a vote and debate on the Senate floor on any proposed 123 agreement with Saudi Arabia," said Sen. Ed Markey (D., Mass.). "It seems crazy to loosen important nonproliferation standards just to try to secure an uncertain commercial deal."

The impending debate has confronted the administration with a dilemma: If it lowers standards in the hope of securing

the Saudi deal it will spur criticism about its commitment to fighting proliferation.

Critics of reducing standards say it will send a signal at a time more countries across the volatile region aspire to acquire nuclear technology. But supporters of a deal with Saudi Arabia argue there are other ways to address nonproliferation concerns and that if the U.S. isn't willing to sell nuclear technology, other nations will.

The kingdom is playing comment. Please see SAUDI page A6

♦ Abbas says U.S. can't mediate Mideast peace alone..... A6

Walmart Stumbles In Shift To Web

BY SARAH NASSAUER

Walmart Inc., which had improved its e-commerce operations over the past year in its fierce battle with Amazon.com Inc., stumbled in the fourth quarter after misjudging its online inventory for the holiday season, sending its stock tumbling and slicing more than \$31 billion from its market capitalization.

Walmart shares fell more than 10% Tuesday, with the downdraft pulling many retail stocks along. It was the biggest one-day drop in stock price in more than two years for the world's largest retailer.

Walmart Chief Executive Doug McMillon said that as holiday goods like TVs and toys flooded Walmart's e-commerce warehouses, they squeezed the room for everyday items such as toilet paper. That meant the retailer ran out of some items, hurting online sales. "Our in-stock for basic items suffered as a result," Mr. McMillon said.

Walmart also said its U.S. profit margins were hit by lower prices and by more sales shifting to the web. Online sales are generally less profitable than those in stores.

The retailer's shares had skyrocketed this year, boosted by high expectations for its online growth. On Tuesday, Walmart reported a 2.6% gain in overall sales for the quarter ended Jan. 31, for its 14th consecutive quarter.

Please see RETAIL page A4

♦ Walmart puts a chill into the stock market..... B13

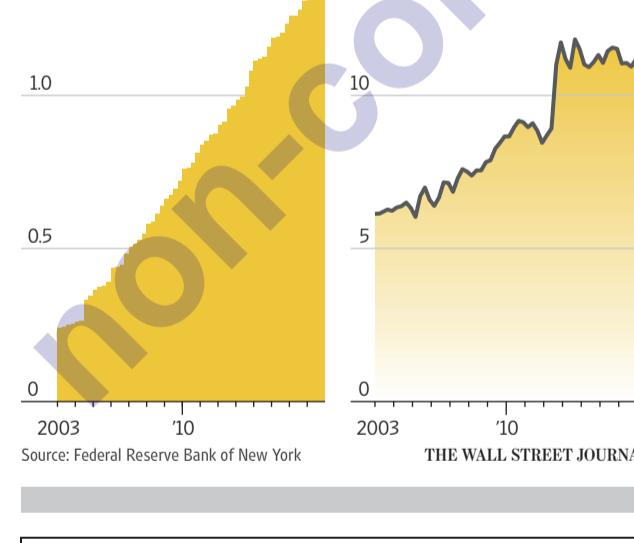
♦ Heard on the Street: Stumble is no disaster..... B14

Bankruptcy Eyed for Student Debt

The Trump administration indicated it is considering making it possible for more borrowers to erase student debt in bankruptcy. Student debt has climbed to nearly \$1.4 trillion. **A2**

Amount of student debt held by U.S. households

Share of student debt at least 90 days late



What Makes Scotland Scottish? Whisky, Haggis—and Irn-Bru

* * *

Popular soft drink is cutting its sugar,

prompting ire, stockpiling; 'Hands off'

By JENNY GROSS

GLASGOW—Nothing says Scottish exceptionalism like a highly caffeinated, sugary drink that's bright orange and tastes a bit like bubble gum.

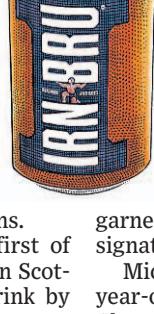
Irn-Bru, the beverage in question, doesn't have much iron in it, and it isn't brewed. That's why A.G. Barr PLC, which first marketed the drink as Iron Brew in 1901, changed the name after World War II because of proposed U.K. labeling regulations.

This was only the first of the insults meted out on Scotland's national soft drink by distant British bureaucrats. The latest is a soda tax, imposed by London, which has

prompted A.G. Barr to cut the sugar content from 8½ teaspoons to 4—per can.

Suffice it to say, this has gone down as well as a deep-fried Mars bar at a Weight Watchers convention (frying confectionery is another local delicacy). Scots have been stockpiling the sugar-filled version, starting campaigns and expressing their outrage to just about anyone who asks. A petition, called "Hands off our Irn-Bru," has garnered more than 50,000 signatures.

Michael Kerrigan, a 25-year-old sales manager in Glasgow, who drinks four liters of Irn-Bru a day, says he



Please see SODA page A2

Before Politics, Russian Trolls Tweeted Hoaxes

BY ROB BARRY

Alice Norton posted an emergency message on a cooking-website forum on Thanksgiving 2015: Her entire family had severe food poisoning after buying a turkey from Walmart.

"My son Robert got in the hospital and he's still there," wrote Ms. Norton, who had described herself as a 31-year-old New York City mother of two. "I don't know what to do!"

Within hours, Twitter users repeated the claim thousands of times, and a news story was published saying 200 people were in critical condition after eating tainted turkey.

The catch? No outbreak of food poisoning matching this description occurred, according to New York City health officials. A Wal-

mart spokesman said the company had spotted the posts but determined they were a hoax and didn't investigate their origin further.

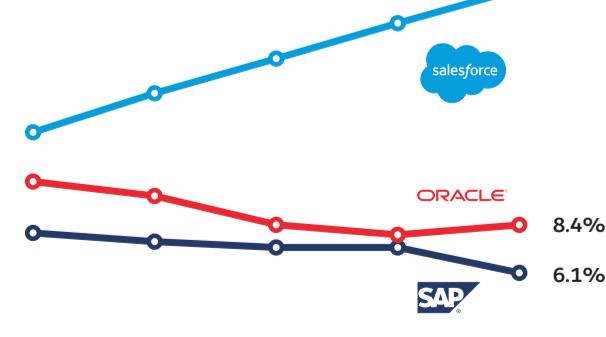
In fact, many of the claims came from accounts linked to a pro-Kremlin propaganda agency charged by Special Counsel Robert Mueller's office last week for meddling in U.S. politics. Security experts now believe the early posts, and others like them, may have been practice for a bigger target: the 2016 U.S. election.

While it is impossible to be sure what was in the minds of Russians tweeting false stories in 2014 and 2015—which also included tales of contaminated water, terrorist attacks and a chemical-plant explosion—these experts say it is as if the Russians were testing

Please see HOAX page A8

Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2017H1 Market Share Revenue Worldwide.



Source: IDC Worldwide Semiannual Software Tracker, October 2017.

salesforce

salesforce.com/number1CRM

© 2018 salesforce.com, inc. All rights reserved. Salesforce.com is a registered trademark of salesforce.com, inc., as are other names and marks.

U.S. NEWS

White House Explores Easing Student-Loan Burden

By JOSH MITCHELL
AND KATY STECH FEREK

WASHINGTON—The Trump administration indicated that it is considering allowing more Americans to erase student debt in bankruptcy.

A decades-old federal law prevents Americans from canceling student debt in bankruptcy court unless they prove to a judge's satisfaction that they face an "undue hardship," such a stringent standard that few borrowers even try.

The Trump administration can't change the law without congressional approval. But it can decide how aggressively to fight a borrower's request to cancel loans in court. The government, the nation's primary student lender, has traditionally fought such efforts, since any failure to repay loans comes at a cost to taxpayers.

The Education Department said Tuesday it would seek public input on whether the government should clarify when borrowers can cancel loans, a sign the government might ease its stance. The agency pointed to concerns that many student borrowers are being "inadvertently discouraged" from requesting cancellations or are getting unequal treatment from judges who use two prevailing methods to define hardship.

Student debt more than doubled over the past decade to nearly \$1.4 trillion, and millions of Americans have fallen into default on their loans.

"The department will review the data collected to determine whether there is any need to modify how undue-hardship claims by student-loan borrowers in bankruptcy are evaluated," the agency said.

The move is significant because it comes after years of lobbying by student advocates to expand options for bankrupt student borrowers. The administration is taking a

Without broader changes, shifts that make it easier to cancel student loans in bankruptcy could have economic consequences, such as making it harder for others to borrow.

Shares of **Navient** Corp., a loan servicer for the federal government that also holds private student loans, fell 2.5% Tuesday on Nasdaq. Navient spokeswoman Patricia Christel said the company "supports the administration's action to solicit comments on bankruptcy provisions, and we continue to support reform that would allow federal and private student loans to be cancellable in bankruptcy for those who have made a good-faith effort to repay their student loans over a five-to-seven year period and who still experience financial difficulty."

A 1976 federal law requires borrowers in court to prove an

undue hardship in repaying loans before winning a cancellation. Congress never defined undue hardship, leaving it to bankruptcy judges to decide case by case. Over time, they set a high bar: Few borrowers have had their loans expunged in bankruptcy, and advocates say many others don't try.

A Wall Street Journal analysis found that fewer than 500 people attempted to extinguish student debt last year, when roughly 766,000 individuals and couples filed for bankruptcy. The number of cancellation attempts has fallen by 45% since 2010 as fewer people have filed for bankruptcy and as repayment programs for federal student loans have grown in popularity.

Legal experts also point out that bankrupt borrowers can rarely afford to hire lawyers to fight lenders with sophisticated

counsel. The typical cost ranges from \$3,000 to \$10,000. The lawsuits to win a loan cancellation can also drag on for years.

Officials at two consumer-advocacy groups, the National Consumer Law Center in Boston and the National Association of Consumer Bankruptcy Attorneys in Washington, began pressuring the Obama administration for guidance on undue hardship in 2014. They later pushed Education Department leaders directly.

Once President Donald Trump took office, the groups waited to see how the administration would handle student-debt issues.

John Rao, a National Consumer Law Center lawyer, said Tuesday's announcement was a "complete surprise."

"We're hopeful that the department will take a fresh look at the issue," Mr. Rao said.

Forecasters See Fed Lifting Rates Faster

By NICK TIMIRAO

A bipartisan spending deal reached by U.S. lawmakers this month has prompted many Wall Street economists to raise their projections of how much the Federal Reserve will raise interest rates this year and next.

More forecasters say they now expect four Fed rate increases this year, up from three, because of the deal to increase federal government spending by \$300 billion over the next two years.

The funding bill is more generous than many economists anticipated, and they predict it could boost U.S. economic growth in 2018 and '19 by around 0.3 percentage point each year—roughly the same size increase expected from the \$1.5 trillion tax cut signed into law by President Donald Trump in December.

Economists at UBS Group AG, Nomura Securities and Oxford Economics in the past week raised their projections for rate increases, joining other prominent forecasting shops that had already projected four quarter-percentage-point increases in the Fed's benchmark short-term interest rate this year.

Nomura sees the Fed raising rates four times this year and twice next year, adding one more additional rate rise to its forecast in both years. UBS also added one rate increase to its forecast each year, now expecting the Fed to raise rates four times this year and three next year.

Economists at Goldman Sachs Group Inc. and JPMorgan Chase & Co., which were

among those already projecting four rate rises this year, have said the government spending package makes them more confident in those calls.

Markets have largely priced in at least three rate increases this year, and futures trading tracked by CME Group shows investors have placed a 23% probability on a fourth rate increase.

The Fed's rate-setting decisions matter keenly to markets because of the likely impact on the values of bonds, stocks, currencies, real estate and other assets. The policies often, though not always, influence borrowing costs for households and businesses, such as through rates on credit cards, mortgages and corporate loans.

The Fed has raised rates five times since December 2015, most recently this past December to a range between 1.25% and 1.5%.

At their December meeting, officials penciled in three rate increases for this year and two for 2019. Officials will unveil their updated projections after their March 20-21 meeting, the first since Congress completed the spending plan.

Some private economists still forecast just three Fed rate increases this year.

If the Fed moves three times by its September meeting, its benchmark rate will be positive after adjusting for inflation for the first time in more than a decade, prompting the central bank to pause quarterly rate rises and see how the economy is responding, said Ellen Zentner, chief U.S. economist at Morgan Stanley, in a client note.

Deere & Co. booked \$965 million in charges related to the new federal tax law, for both the write-down of the value of its net deferred tax assets and the repatriation of previously untaxed earnings held outside the U.S. A Business News article on Saturday incorrectly said Deere booked a roughly \$965 million charge to write down the value of its net deferred tax assets only.

Investor Carl Icahn sold some Xerox Corp. stock in early February following the announced deal with **Fujifilm Holdings** Corp. A Business News article on Feb. 13 about Mr. Icahn's opposition to the Xerox-Fujifilm deal incorrectly said he

sold some of the stock last year.

Scranton, Pa., increased

garbage fees by 69% in 2014. A U.S. News article Feb. 8 about cities' raising fees incorrectly said 68%.

A Jan. 30 Business & Finance chart showing performance of international stock indexes incorrectly labeled the performance of the Stoxx Europe 600 as the Stoxx Europe 500.

A correction Tuesday about Facebook Inc.'s earnings applied to a Page One article that was published on Feb. 1. In some editions Tuesday, the correction incorrectly said the article appeared Thursday.

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

CORRECTIONS & AMPLIFICATIONS

Deere & Co. booked \$965 million in charges related to the new federal tax law, for both the write-down of the value of its net deferred tax assets and the repatriation of previously untaxed earnings held outside the U.S. A Business News article on Saturday incorrectly said Deere booked a roughly \$965 million charge to write down the value of its net deferred tax assets only.

Investor Carl Icahn sold some Xerox Corp. stock in early February following the announced deal with **Fujifilm Holdings** Corp. A Business News article on Feb. 13 about Mr. Icahn's opposition to the Xerox-Fujifilm deal incorrectly said he

sold some of the stock last year.

Scranton, Pa., increased

garbage fees by 69% in 2014. A U.S. News article Feb. 8 about cities' raising fees incorrectly said 68%.

A Jan. 30 Business & Finance chart showing performance of international stock indexes incorrectly labeled the performance of the Stoxx Europe 600 as the Stoxx Europe 500.

A correction Tuesday about Facebook Inc.'s earnings applied to a Page One article that was published on Feb. 1. In some editions Tuesday, the correction incorrectly said the article appeared Thursday.

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

THE WALL STREET JOURNAL

(USPS 664-880) (Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

Editorial and publication headquarters: 1211 Avenue of the Americas, New York, NY 10036

Published daily except Sundays and general legal holidays.

Periodicals postage paid at New York, NY, and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd, Chichester, MA 01020.

All advertising published in The Wall Street Journal is subject to the applicable rate card, copies of

which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, NY 10036. The Journal reserves the right not to accept an advertiser's order.

Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

Letters to the Editor: Fax: 212-416-2891; email: wsjlets@wsj.com

NEED ASSISTANCE WITH YOUR SUBSCRIPTION?

By web: customercenter.wsj.com; By email: wsjsupport@wsj.com

By phone: 1-800-JOURNAL (1-800-568-7625); Or by live chat at wsj.com/livechat

REPRINTS & LICENSING

By email: customreprints@dowjones.com; By phone: 1-800-843-0008

GOT A TIP FOR US? SUBMIT IT AT WSJ.COM/TIPS

Midwest Pummeled By Storms

Two cars remained submerged Tuesday in Buchanan, Mich., after heavy rains caused widespread area flooding. A storm system that brought rain, ice and snow to the Midwest and Great Plains was being blamed for fatal crashes in three states, including an accident that left four dead in Nebraska.



DON CAMPBELL/THE HERALD-PALLADIUM/ASSOCIATED PRESS

YIELDS

Continued from Page One

back over the past week, reflecting continued optimism about the outlook for growth and corporate earnings.

Rising share prices—alongside increasing bond yields—suggest markets are getting over their obsession with "secular stagnation," many investors say, referring to the hypothesis that growth and interest rates will remain depressed for years as economies around the globe grapple with stalled wage growth and soft employment.

Given that, investors will look to a speech this week by Federal Reserve Bank of Atlanta President Raphael Bostic, whose outlook in the wake of recent above-forecast U.S. inflation figures could provide

are still extremely low by precrisis standards.

Market concerns now center on long-dormant inflation and central banks' efforts to step back from extraordinary stimulus measures.

The yield on the 10-year U.S. Treasury note was 2.90% Tuesday, up from 2.88% Friday after hitting 2.91% last Wednesday, its highest level in four years. That is up from 2.41% at the end of 2017.

Rising long-term rates come against the backdrop of a more aggressive Federal Reserve, which is expected to increase short-term rates as many as three or four times this year.

Given that, investors will look to a speech this week by Federal Reserve Bank of Atlanta President Raphael Bostic, whose outlook in the wake of recent above-forecast U.S. inflation figures could provide

an important detail" reflecting the evolution of thinking at the central bank on interest-rate policy, said Aaron Kohli, an interest-rate strategist at BMO Capital Markets.

This week, the Treasury is scheduled to sell \$107 billion of notes, a \$4 billion increase from the same series of auctions the month before.

The tax cuts have also been a key part of the stock-market rally and have lifted inflation expectations, with analysts saying companies could opt to raise worker wages or invest in capital projects with some of the savings.

Inflation forecasts from inflation-indexed Treasuries this year have peaked at 2.14% for the next 10 years. The forecast for similar bonds maturing in 2048 is also 2.14%. The slow pace of inflation suggests that economic growth will continue to be measured, as the economy faces challenges such as an aging population,

Rising rates come against the backdrop of a more aggressive Federal Reserve.

rising debt burdens and sluggish productivity growth.

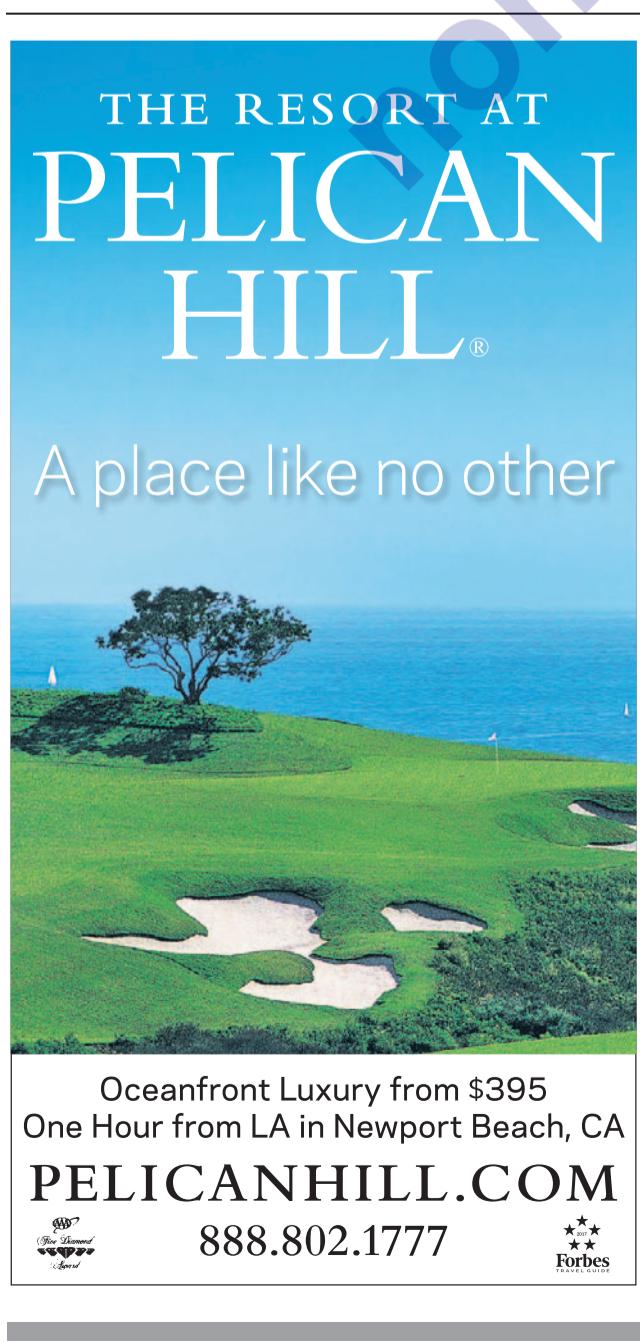
The rise in wages "is getting close to its cycle high," said Peter Yi, a bond manager at Northern Trust.

While the U.S. economy remains poised to grow, "our fiscal policy has undercut confidence to some extent" by ballooning the budget deficit, said Nathan Sheets, chief economist and head of global macroeconomic research at PGIM.

That has hurt the status of the U.S. as a haven, and helped push bond yields higher while weakening the dollar, he said.

THE RESORT AT PELICAN HILL®

A place like no other



Oceanfront Luxury from \$395
One Hour from LA in Newport Beach, CA
PELICANHILL.COM
888.802.1777

Four Diamond
Travel Guide

GOT A TIP FOR US? SUBMIT IT AT WSJ.COM/TIPS

U.S. NEWS

Trump Takes Step to Ban 'Bump Stocks'

Move follows Florida school killings, though shooter didn't use the device on his weapon

BY PETER NICHOLAS
AND JULIE BYKOWICZ

President Donald Trump said Tuesday he is moving to impose new regulations that would ban devices that allow certain firearms to function as rapid-fire "machine guns," in the wake of the mass shooting at a Florida high school that left 17 people dead.

Mr. Trump, speaking at an event in the White House, said he had signed a memorandum directing Attorney General Jeff Sessions to develop regulations that would ban the sale and use of "bump stocks." While that accessory wasn't used in last week's Florida shooting, it was used in the Las Vegas gun massacre in October that stands as the deadliest in U.S. history.

In a statement, the Justice Department said it grasps that "this is a priority for the president and [it] has acted quickly to move through the rule-making process."

The deadly shooting last Wednesday at Marjory Stoneman Douglas High School in Parkland, Fla., thrust gun laws back into the spotlight. A 19-year-old former student there admitted to killing 17 students and school employees. He was armed with an AR-15 style rifle, according to a complaint affidavit.

Following the shooting, Mr. Trump is facing renewed pressure to take action that would safeguard the nation's schools, with students around the country staging demonstra-

tions and urging stricter gun-control measures. Although he was a staunch supporter of gun rights during the 2016 campaign, Mr. Trump is signaling a new openness toward gun restrictions amid a string of mass shootings.

The president is hosting two days of meetings at the White House this week with students, parents, teachers and public officials aimed at improving school safety.

White House press secretary Sarah Huckabee Sanders told reporters that Mr. Trump hasn't "closed the door" on a potential ban of assault-style weapons. After Ms. Sanders's briefing, though, a White House official said Mr. Trump's position is unchanged in that he doesn't support a ban on assault-style weapons. Mr. Trump wants to keep an open mind ahead of the discussions with parents and students this week, but isn't bending in his support for Second Amendment rights, the official said.

What Mr. Trump would consider, alternatively, is an age restriction that keeps certain weapons away from people under 21; trained armed guards in more schools; tougher background checks; and more screening to keep guns away from those with mental illness.

The National Rifle Association, the nation's largest gun lobby group, has pushed for regulations on bump stocks rather than an outright ban of the devices. After the Las Vegas massacre, the NRA said it supported having the Bureau of Alcohol, Tobacco, Firearms and Explosives evaluate how bump stocks work, with an eye toward whether they essentially convert some guns into federally banned automatic weapons.



Students from the Parkland, Fla., high school where last week's deadly shooting occurred listened on Tuesday to survivors of the 2016 Pulse nightclub killings as they headed on a bus to a rally for gun control in Tallahassee, the state capital.

FBI Probes Tip Line And Missed Lead

The FBI is conducting an extensive review into operations at the bureau's tip line after the agency failed to act on a specific and credible lead identifying dangers posed by a teenager who last week shot and killed 17 people at a Florida high school.

Former and current agents said in interviews that the mishap highlighted risks they had raised with bureau officials when the tip line was created in 2012, moving tip collection from the FBI's individual offices around the country to a single call center in West Virginia.

Among their concerns, the agents said, was that centralizing the tip line added a layer of bureaucracy between the public and investigators in the field and

that tip-line operators might not understand unique problems facing each community.

The Federal Bureau of Investigation said in a statement Friday that a person close to Nikolas Cruz, the 19-year-old who opened fire Feb. 14 at Marjory Stoneman Douglas High School in Parkland, Fla., called its Public Access Line on Jan. 5.

The caller, who hasn't been identified, provided specific information "about Cruz's gun ownership, desire to kill people, erratic behavior, and disturbing social media posts, as well as the potential of him conducting a school shooting," the FBI said.

The operator, however, didn't process the call in a way that ensured the information would be passed along expeditiously to the Miami field office for investigation, FBI officials said.

The FBI hasn't yet deter-



Nikolas Cruz appeared in court with his attorney on Monday.

mined why the operator and supervisors failed to flag the call as "a potential threat to life," which would have triggered an urgent investigation. FBI officials said it appears the operator assessed the call as being such a low priority that it may never have reached the Miami field office. The call center is in charge of evaluating and forwarding leads.

The tip line, with a staff of more than 150 people, has received more than two million calls since 2012, the FBI says.

Before 2012, agents in each of the bureau's 56 field offices answered calls and emails from people providing tips and vetted them for further investigation, according to the FBI website.

As the bureau moved to a tip line, agents said they raised concerns about transferring the vetting of tips from agents in the field to civilians.

—Del Quentin Wilber

Outer Space Is New Frontier in Deregulation Push

BY ANDY PASZTOR

Vice President Mike Pence is expected to announce on Wednesday new moves promoting private ventures in space, including easing launch rules and putting the Commerce Department in charge of broader deregulation initiatives.

The recommendations, which are awaiting President Donald Trump's final approval, are intended to better coordinate federal efforts to spur commercial space projects, according to government and industry offi-

cials familiar with the details.

With the primary goal of rolling back regulatory burdens on the budding industry, they cover new generations of advanced communications and earth-observation satellites, space tourism and long-term plans for mining asteroids, among other things.

The actions, slated to be announced during a meeting of the White House Space Council, will be the most detailed moves yet to accelerate the development of commercial projects beyond the atmosphere.

Combined with earlier budget blueprints providing seed money for public-private partnerships for human space exploration, the Trump administration's plans are focused on reducing government oversight and procedural delays for a broad range of space entrepreneurs and corporate investors, according to the government and industry officials, who have been told about the thrust of the policy shifts.

A spokeswoman for Mr. Pence couldn't be reached to comment.

The Trump administration has been pushing for deregulation across industries.

Scott Pace, the White House Space Council's top staffer, told a government-industry conference in Washington this month that he expected Wednesday's meeting "to try to make measurable progress on the regulatory environment."

The meeting comes amid heightened public interest and expanding private investment in space. Some industry estimates indicate that since

2009, more than 300 space startups have received some \$3.8 billion in funding.

Easing and simplifying restrictions on rocket launches have long been among the industry's top priorities. Companies, among other things, are demanding single licenses spanning multiple sites and different rocket variants.

Federal Aviation Administration officials project such changes could take up to five years. But Matthew Kopko, a senior official at the Transportation Department, which

oversees the FAA, told the conference that faster action is essential. "We are here to enable growth," he said. "Most importantly, we are here to get out of your way."

House Republican leaders, meanwhile, are working to roll back many existing controls.

"Tom Hammond, staff director of the House Science subcommittee, told the conference this month that the way to help industry, he said, is "by providing very lenient—I should say sufficient—regulatory options."

NCAA Voids Louisville's Championship

BY ANDREW BEATON

The NCAA forced the University of Louisville to vacate its wins from 2011 through 2015—including its 2013 national championship—following a scandal in which a former escort said she had sex with men's basketball players and recruits for money.

The unprecedented ruling on Tuesday alters college basketball history, and represents a stunning blow to the university and its storied basketball program, led in recent years until this season by Hall of Fame coach Rick Pitino.

The school had previously instituted violations on itself, such as a 2016 postseason ban, scholarship reduction and recruiting limitations. But it had appealed the NCAA's ruling on major rules violations that focused on the school's former director of basketball operations.

The NCAA, in denying the school's appeal, said its Committee on Infractions "has not previously dealt with a case like this."

"The Committee on Infractions argued the vacation of records and financial penalties were based on serious, intentional and numerous violations orchestrated by an institutional staff member for nearly four years," the ruling said. "The penalties are affirmed."

"I cannot say this strongly



In 2013, then head coach Rick Pitino and players celebrated a victory.

probe that alleges widespread corruption in college basketball and resulted in 10 arrests in September, as well as the ouster of Mr. Pitino. The complaint in that case, based on work by undercover agents and wiretaps, alleged that an Adidas executive worked with middlemen and financial advisers to bribe high-school recruits into signing with Louisville.

Mr. Pitino has denied all involvement. He isn't named in the NCAA's appeal ruling on the escort-related case, though the organization says the coach's records will be changed to reflect the vacated games.

In the original NCAA charges, the college sports governing body said Mr. Pitino "failed to demonstrate that he monitored a member of his staff." In response, Louisville's leaders defended Mr. Pitino, arguing that the violations were actively hidden from him.

Mr. Pitino, who also won a national championship as the coach of Kentucky and coached for the New York Knicks and Boston Celtics in the NBA, made the Cardinals a powerhouse with his full-court, high-pressure defense.

Before this ruling, Mr. Pitino was the only Division I head coach to win a title at two different schools. Now the Cardinals are the first to have theirs stripped.

©T&CO. 2018



IN SEASON

TIFFANY FLEUR DE LIS



TIFFANY & CO.

800 843 3269 | Tiffany.com

U.S. NEWS

Attorney Admits He Lied to Mueller Team

Lawyer, who worked with Trump adviser Gates, is son-in-law of Russian oil tycoon

BY ARUNA VISWANATHA AND DEL QUENTIN WILBER

An attorney who is the son-in-law of one of Russia's richest men pleaded guilty Tuesday to lying to Special Counsel Robert Mueller's investigators as Mr. Mueller's team continued to aggressively pursue its wide-ranging probe into Russia's meddling in the 2016 presidential election.

Alex van der Zwaan, a Dutch national and a former associate in London at the law firm Skadden, Arps, Slate, Meagher & Flom LLP, admitted he lied about his contact with Richard Gates, a former adviser to President Donald Trump, in a November interview about his work on a project for the Ukrainian government.

Mr. van der Zwaan told investigators his last contact with Mr. Gates had been in mid-August, when in fact he had discussed the Ukraine work with Mr. Gates in September, including through an encrypted app, special counsel prosecutor Andrew Weissmann said in a federal courtroom in Washington.

Mr. van der Zwaan also admitted he deleted emails



YURI GRIPAS/REUTERS

Alex van der Zwaan, who admitted to lying to Special Counsel Robert Mueller's team, arrived Tuesday at federal court in Washington.

sought by investigators. "I plead guilty," Mr. van der Zwaan, 33 years old, told the court. He faces up to six months in prison.

Mr. van der Zwaan last year married the daughter of German Khan, a Soviet-born tycoon who made his money in

Russian oil and banking.

The Skadden law firm said it had terminated Mr. van der Zwaan last year and "has been cooperating with authorities." A lawyer for Mr. Gates declined to comment.

The van der Zwaan plea comes four days after Mr.

Mueller obtained an indictment against more than a dozen Russians accused of interfering in the 2016 election.

Mr. Mueller's office last week also obtained a related guilty plea from a California man and outlined new evidence against Mr. Trump's former campaign manager, Paul Manafort, who has been charged alongside Mr. Gates with financial misdeeds in their prior work in Ukraine.

Mr. Gates is a longtime deputy to Mr. Manafort, in business and on the campaign.

Messrs. Manafort and Gates

have pleaded not guilty. Mr. Gates is in the process of changing his lawyer, according to the court docket, a sign that he is potentially negotiating a plea deal.

Mr. Mueller was appointed in May to investigate Russian meddling in the 2016 election and related issues. As part of that mandate, he also looked into whether Messrs. Manafort, Gates and others violated reporting and tax laws in their prior work for former Ukraine President Viktor Yanukovych.

Mr. van der Zwaan and the Skadden firm were hired in 2012 by the Ukraine Ministry of Justice under then-President Yanukovych to prepare a report evaluating the trial of Mr. Yanukovych's political rival, Yulia Tymoshenko.

Mr. Weissmann said Western officials had found that trial "extremely problematic" and that Mr. van der Zwaan, along with Messrs. Gates and Manafort, were involved in rolling out the report to media and U.S. government officials.

Mr. van der Zwaan is set to be sentenced in six weeks. A lawyer for the defendant said Mr. van der Zwaan hoped to return to London for the birth of his child in August. That timeline suggests Mr. van der Zwaan isn't expected to be a key witness against others. "It's a plea agreement, not a cooperation agreement," Mr. Weissmann said.

WASHINGTON WIRE

ELECTIONS

Task Force Formed On Cybersecurity

The Justice Department on Tuesday unveiled a new cybersecurity task force aimed in part at combating threats to the integrity of U.S. elections, as bipartisan pressure mounts for stronger countermeasures to deter future Russian and other foreign-backed campaigns targeting the vote. Attorney General Jeff Sessions said the task force will probe ways to fight foreign interference in U.S. elections, deter attacks on infrastructure and curb online terrorist recruiting.

—Byron Tau

PRESIDENT TRUMP

Probe of Payment To Model Is Sought

A government-watchdog group filed complaints Tuesday with the Federal Election Commission and the Justice Department asking them to investigate a \$150,000 payment to a former Playboy centerfold model who sold her story of an alleged affair with President Donald Trump to the publisher of the National Enquirer.

American Media Inc. agreed in August 2016 to pay Karen McDougal for the rights to her story of the alleged 2006 affair, which it then didn't publish.

Common Cause said the AMI payment to her was intended to influence the election by keeping her story under wraps.

An AMI spokesman said the complaints were groundless. A White House spokeswoman has denied any relationship between Mr. Trump and Ms. McDougal.

—Joe Palazzolo

and Michael Rothfeld

New Map Dogs Special Vote in Pennsylvania

BY REID J. EPSTEIN

Whoever wins Pennsylvania's congressional special election next month will likely find himself drawn out of the district by November.

The Pennsylvania congressional district maps imposed Monday by the state Supreme Court placed the homes of both Republican Rick Saccone and Democrat Conor Lamb outside the new district's boundary, putting a shorter political shelf life on both men campaigning in the March 13 contest.

The new Pennsylvania map boosts Democrats' chances of flipping a half-dozen seats in November but diminishes the importance to the party of Mr. Lamb's race. Now if he wins a surprise victory March 13 in the GOP-leaning district, he would likely run again in November in a district largely made up of new constituents—though it does share the Pittsburgh media market. Had the districts remained the same, Mr. Lamb could have run as an incumbent if he won the special election.

The Democratic Congressional Campaign Committee had spent \$300,000 on TV ads ahead of the special election but stopped in late January, before the new map was revealed. Republicans have spent more than \$5 million on TV to back Mr. Saccone.

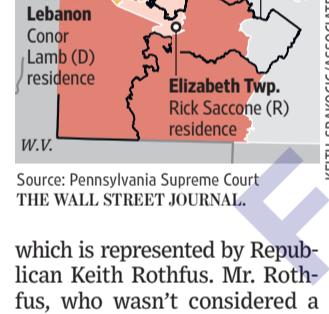
The winner of the March 13 special election will succeed former GOP Rep. Tim Murphy, who resigned in November after it was revealed the anti-abortion lawmaker asked a woman with whom he'd had an affair to consider terminating a pregnancy.

Mr. Lamb's home is in Pennsylvania's new 17th District,

Out of Bounds

The two candidates vying for Pennsylvania's current 18th Congressional District in a March special election live in two different districts under the new lines drawn by the state Supreme Court.

New districts ■ 17 ■ 14 ■ 18



Source: Pennsylvania Supreme Court
THE WALL STREET JOURNAL.



Republican Rick Saccone, center, and Democrat Conor Lamb before a debate in Pittsburgh Monday.

which is represented by Republican Keith Rothfus. Mr. Rothfus, who wasn't considered a top Democratic target under the old map, will now run for election in a district that backed President Donald Trump by just 2.5 percentage points. Mr. Saccone was drawn into the Pittsburgh-based 18th District, where Democrat Mike Doyle is a 12-term incumbent. Mr. Trump lost Mr. Doyle's new district by 26 points.

The vast majority of the district up for grabs in the special election will make up the bulk of the new 14th District, which Mr. Trump carried by 29 points. About 143,000 of the district's 705,000 residents will be in the new 17th District, which includes Pittsburgh's western and northern suburbs.

"I will be running later no matter where they draw the lines," Mr. Lamb said in a statement Tuesday. A candidate for

Congress is required to live in that seat's state but not in its district.

"It's a virtual certainty that he'll run in the 17th," said Mr. Doyle, a close Lamb ally. "It would be crazy to run in the 14th... I'm sure that's not even a remote consideration in his mind."

The winner will succeed ex-GOP Rep. Tim Murphy, who resigned in November.

Saccone spokesman Bob Branstetter said Mr. Saccone is focused on the special election and hasn't made a decision about the November election.

With Mr. Lamb likely to run against an incumbent Republican in November, the March

special election becomes less about chipping away at the GOP majority in the House and more about boosting Democratic morale.

"The real value in the special isn't so much to make a Democratic speaker in next Congress but send a message that Democrats can win in turf that hasn't been friendly to us in recent years," said John Hagner, a former targeting director for the Democratic Congressional Campaign Committee.

Republicans plan to challenge the Pennsylvania court's map in federal court, said Matt Gorman, the communications director for the House Republicans' campaign arm. U.S. Supreme Court Justice Samuel Alito denied an emergency appeal by Republicans earlier this month that sought to block the state court from imposing new district lines.

Mr. Trump, in his first remarks on the matter, on Tues-

day urged Republicans to challenge the map "all the way to the Supreme Court, if necessary."

A former Marine and federal prosecutor from suburban Pittsburgh, Mr. Lamb is the latest Democratic candidate to put an unexpected scare into Republicans since Mr. Trump took office. Though the district—as currently drawn—backed Mr. Trump by 20 percentage points, Messrs. Lamb and Saccone are within 3 percentage points of each other, according to private polling from both Democrats and Republicans.

Republicans now find themselves scrambling to defend a seat Mr. Trump won handily that has already been redrawn for November's election. For the GOP, holding the seat is more about stemming a looming panic among congressional Republicans about the midterm elections than it is holding the party's majority.

added \$207 million to earnings in its latest quarter, but that amount could shift in future quarters as the company completes its analysis.

Walmart's overall holiday sales rose on a strong economy. Improvements to its food and household-goods areas also boosted sales, the retailer said.

Holiday sales, buoyed by rising wages and low unemployment, were strong at many traditional retailers and at Amazon.com. Last month Target, Macy's Inc. and J.C. Penney Co. said holiday sales rose.

On an adjusted basis, Walmart reported a profit of \$1.33 a share for its fourth quarter, below the \$1.37 expected by analysts polled by Thomson Reuters.

Walmart said the closings of 63 Sam's Clubs during the quarter and discontinuing real-estate projects and activities related to the new tax code reduced per-share earnings by 60 cents.

—Austen Hufford contributed to this article.

RETAIL

Continued from Page One

secutive quarter of growth. But its U.S. online sales grew only 23% in the quarter, in contrast with three previous quarters of more than 50% growth.

That wasn't enough for investors. "This quarter did not live up to those high expectations," said Simeon Gutman, a retail analyst for Morgan Stanley.

Still, Mr. McMillon on Tuesday expressed confidence. "Looking ahead, we expect e-commerce growth to increase from the fourth-quarter level as we enter the new year," he told analysts.

E-commerce accounts for less than 4% of Walmart's over-\$500 billion in annual revenue. Walmart expects online sales to grow 40% for the next fiscal year, which ends next Jan. 31.

Walmart has been working quickly to build its e-com-

merce business in recent years and head off Amazon.com's dominance online. It has shifted spending to invest in its web operations, including faster home delivery and e-commerce acquisitions. It also has spent to improve existing stores, while it cut jobs and tightened expense controls.

The company closed 10% of U.S. Sam's Club locations earlier this year and has slowed Walmart store openings to focus on e-commerce growth.

The retail industry more broadly is struggling to meet the e-commerce challenge. On Tuesday, grocer Albertsons Cos. said it plans to buy the rest of Rite Aid Corp. that isn't already being sold to Walgreens Boots Alliance Inc. The chief executives of the companies said in interviews Monday the merger is the best way for them to compete against the increasing threat from Amazon and an emboldened Walmart. Target Corp. bought same-day delivery service Shipt in December.

Walmart's acquisition of online store Jet in September 2016 was a big part of the retailer's e-commerce strategy, and new features like free two-day shipping on more items and an expanded online selection helped boost online sales quickly.

Walmart has added hundreds of online grocery pickup locations at stores, which are counted in the e-commerce sales figures.

On Tuesday, Walmart signaled a shift in its online strategy, saying it would put more focus on acquiring new customers for its main Walmart website, which has national brand recognition, and would slow marketing spending for Jet, which caters to higher-income, urban shoppers.

That will lead to slowing sales for Jet temporarily, Mr. McMillon said.

"E-commerce growth, it ebbs and flows," at all retailers, said Brendan Witcher, principal analyst at Forrester Research. The latest quarter

Slowing Growth

Walmart's shares fell 10% on Tuesday as the world's largest retailer reported a sharp slowdown in e-commerce sales.

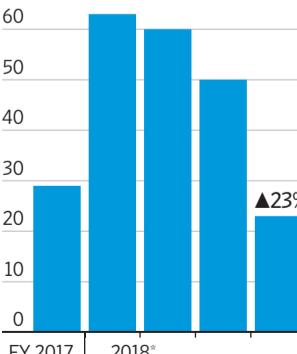
Share price



*Fiscal year ended Jan. 31, 2018

Sources: FactSet (shares); the company (e-commerce sales)

U.S. e-commerce sales growth



FY 2017 2018* THE WALL STREET JOURNAL.

indicated e-commerce growth at Walmart remained healthy, he added.

Walmart said Tuesday earnings per share would come in between \$4.75 and \$5.00 for

the fiscal year, lower than some had been anticipating, mainly due to a smaller-than-expected benefit from recent tax-code changes. The company said the new U.S. tax law

U.S. NEWS

House GOP to Hold Hearings on Opioids

BY STEPHANIE ARMOUR
AND KRISTINA PETERSON

House Republicans will begin a series of legislative hearings next week as the first step in an effort to pass bipartisan bills addressing the opioid crisis.

The plan from the House Energy and Commerce Committee, which will hold the first hearing on Feb. 28, will likely require additional funding from Congress, lawmakers said. Bills to be considered will focus on law enforcement, public health and prevention, and insurance-coverage issues.

"It's my top priority as chairman of the committee to get rid of this deadly epidemic," committee Chairman Rep. Greg Walden (R., Ore.) said in an interview. "There's going to be

dition is a crisis, ongoing disputes over the right approach could hamper the GOP push.

Democrats and some public-health experts criticized President Donald Trump's declaration in October that the opioid epidemic is a "public-health emergency," because it wasn't accompanied by additional funding.

Some health-care activists say the drug industry, which contributes heavily to lawmakers' campaigns, has prevented Congress from doing more. Conservatives complain that Democrats haven't offered a way to pay for proposals that would spend billions of dollars to fight the opioid crisis.

Republicans hope new sources of funding will ease the path for their efforts. A bipartisan budget deal that passed this month would direct \$6 billion over two years for opioid-abuse treatment and mental health, although public-health experts have said the amount falls short of what is needed. Republicans have also said there is likely to be more money for the epidemic through the legislative process.

Energy and Commerce Committee members are working with the Department of Health and Human Services, including such units as the Food and Drug Administration and the National Institutes of Health.

"We'll start off with bills mostly on enforcement," Rep. Michael Burgess (R., Texas) said in an interview. He added that legislation must ensure rural counties have the tools and information they need to combat the crisis.

The committee will continue pursuing investigations into wholesale distributors who have provided oxycodone and other opioid painkillers in significant amounts, especially in rural areas, that can wind up on the black market. A hearing the week of March 19 will take place before the subcommittee on Oversight and Investigations.

Republicans hope new funding will ease the path to address the opioid epidemic.

money—more money than has ever been spent."

Two additional hearings will be held in March as lawmakers seek to push a measure through the House by the end of May. Republican committee leaders are already talking with Democrats and the Trump administration about the initiative and have received a positive response, Mr. Walden said.

House Speaker Paul Ryan (R., Wis.) has agreed to bring proposals to the floor, Republican staffers said.

The legislative drive could get significant attention in coming months because Congress and the administration have faced criticism for not providing a comprehensive strategy, or enough money, to tackle opioids.

While lawmakers of both parties agree that opioid ad-



HHS chief Alex Azar said a new proposal is 'about options for more people.' Critics say it would allow the sale of 'junk' health plans.

Skimpier Health Plans Get Boost

BY STEPHANIE ARMOUR

The Trump administration released a proposal that would allow for the proliferation of less-comprehensive, cheaper health plans restricted under the Affordable Care Act, marking one of the most significant efforts by Republicans to roll back the Obama-era health law.

The proposed rule would loosen restrictions on short-term insurance policies, which are low-cost plans that have fewer benefits and limited consumer protections. Such plans can now be carried for only 90 days, and the new proposal would allow them to extend for a year.

The plans are often sold only to people who qualify as healthy and they may have annual limits on the amount of care they will cover. The plans don't have to cover people with pre-existing conditions, for example, and insurers can charge higher premiums based on a consumer's health status. They also don't have to in-

clude benefits mandated by ACA plans such as prescription-drug coverage.

Health and Human Services Secretary Alex Azar told reporters Tuesday that "expanding options for more affordable, individual insurance" is one of his top priorities. "It's about choice. It's about options for more people," he said later in the day.

Republicans inside and outside the administration say allowing the extension of short-term plans would lower premiums by fostering competition and giving consumers more choices.

Critics of the move say it would allow for the sale of "junk" plans that have limited benefits and have been subject to fraud in the past, returning the market to the days before the ACA.

"Bottom line: This is a green light to discriminate against Americans with pre-existing conditions that's going to make quality health insurance more expensive and less accessible," said Oregon's

Ron Wyden, the top Democrat on the Senate Finance Committee, which oversees many health-care issues.

"These proposed short-term plans would actually be long-term scams," said Brad Woodhouse, campaign director for Protect Our Care, which advocates for the ACA. "The Trump administration wants to let insurance companies sell skimpy plans to unwitting Americans and then leave them holding the bill if they get sick or hurt."

A final rule could be out by late spring. HHS is also exploring allowing the plans to be renewed after a year.

HHS estimates that, in 2019, as many as 200,000 people previously enrolled in coverage on the ACA's exchanges would buy plans exempt from the health law's requirements. That would cause premiums on the exchanges to rise, which means the government would pay up to \$168 million more annually for tax credits that help reduce those costs for eligible consumers, accord-

ing to the proposed rule.

Under the proposal, issuers would have to prominently display in the contract and application materials that the plans don't have to comply with ACA requirements.

Consumers who buy the short-term plans and develop chronic health conditions would face financial hardship until they were able to sign up for ACA-compliant plans, according to the proposed rule.

The proposal marks the latest Republican-led effort to roll back the ACA after GOP lawmakers in Congress failed to repeal it last year. Congressional Republicans ended the ACA's penalty on people who don't have health coverage.

The Trump administration also has issued a proposal that would allow small businesses and self-employed people to buy insurance that doesn't comply with the ACA mandatory benefits. Under another proposal, states would be able to roll back the essential benefits package that plans must cover under the ACA.

Morgan Stanley

Introducing Our New Managing Directors

Congratulations to our new Managing Directors in Wealth Management. This group has demonstrated dedication, integrity and a standard of excellence that inspires us all. Thank you for your commitment.

Russell A. Abbott
Roseville, CA

Edmund J. Agresta
New York, NY

Francis J. Aurino
Beverly Hills, CA

Robert J. Bancroft
Scottsdale, AZ

Andrew Basch
Westwood, CA

Jason Bogardus
Menlo Park, CA

Jason Bradburn
New York, NY

Mark Bradburn
New York, NY

Michael W. Butt
Scottsdale, AZ

Matias Cavalieri
Miami, FL

Peter Chieco
Greenwich, CT

Jed Cohen
Beverly Hills, CA

Yash V. Dalal
Paramus, NJ

Scott A. Davis
Dallas, TX

Kevin S. Fine
Deerfield, IL

Todd Forman
New York, NY

Robert J. Gaines
Scottsdale, AZ

Alma Guimarin
San Jose, CA

Andrew Hart
New York, NY

Giuliano Infantozzi
New York, NY

David J. Israel
Melville, NY

Paul W. Jackson
Bellevue, WA

Bobby V. Kolev
New York, NY

M. Robin Krasny
New York, NY

Dan Maguire
Chicago, IL

Scott F. Mahoney
Morristown, NJ

Daniel Marting
Phoenix, AZ

Trevor Mathias
Chicago, IL

Jordan E. Mayers
Atlanta, GA

Michael McGee
San Francisco, CA

Andres Miranda
New York, NY

Jose Alberto Moreno
Miami, FL

Deborah Moses
Boston, MA

Arash Nassi
Beverly Hills, CA

Darren A. Pfefferman
San Diego, CA

Thomas Piliero
San Francisco, CA

Thomas Russ
Cleveland, OH

Michael Scotto
New York, NY

Michael J. Shapiro
Boca Raton, FL

Andrew Sukhin
New York, NY

David P. Swartz
Wellesley, MA

Tallie D. Taylor
New York, NY

John Tofilon
Barrington, IL

Jordan Walters
San Jose, CA

Lowry E. West
Seattle, WA

Michael Zweig
Cleveland, OH



WORLD NEWS

Syrian Forces Bombard Rebel Enclave

Casualties mount in Damascus suburb as attacks backed by Russian jets intensify

By RAJA ABDULRAHIM

Syrian regime forces backed by Russian warplanes pounded a rebel-held suburb of the capital, intensifying months of attacks in catastrophic scenes reminiscent of the scorched-earth campaign that flattened much of Aleppo.

Some 160 people, including women, children and a rescue worker, have been killed in Eastern Ghouta, near Damascus, over the past two days, activist and medical groups said—one of the highest death tolls in years there.

On Tuesday morning, minarets across the area, which includes three cities and 14 towns, sounded not a call to prayer, but a warning to take shelter as warplanes and military helicopters flew overhead. The streets were nearly empty as people sought safety in basements and rudimentary tunnels, local residents said.

Airstrikes targeted at least seven hospitals and one rescue center over 48 hours, putting several out of service and further incapacitating local doctors trying to treat the scores of wounded with already dwindling medical supplies, local doctors and medical charities supporting hospitals in Eastern Ghouta said.

President Bashar al-Assad



Civilians on Tuesday fled an area hit by a reported regime airstrike in the rebel-held town of Saqba, in the Eastern Ghouta region.

Kurds in return for military checkpoints in Afrin. Kurdish and Syrian state television showed footage of pickup trucks with fighters armed with machine guns driving toward Afrin, but there was no sign of more substantial assistance.

Turkey's deputy prime minister, Bekir Bozdag, warned on Monday that sending Syrian regime forces to support the Kurdish militia would have "disastrous consequences for the region." Turkey considers the so-called People's Protection Units, or YPG, to be an extension of the insurgency it has battled at home for decades.

For weeks, as Mr. Assad's regime and his allies have tightened a five-year military siege around Eastern Ghouta, residents and activists in the area of nearly 400,000 people have warned of a repeat of the Aleppo offensive.

Since late 2015, Russian forces have played a key role in helping Mr. Assad turn the tide in the war against opposition rebels, including in Aleppo, once Syria's largest city. That offensive, which lasted several months before rebels surrendered, left many civilians dead.

U.N. and aid agencies have warned of another humanitarian crisis. "We no longer have the words to describe children's suffering and our outrage," Unicef said on Tuesday. "Do those inflicting the suffering still have words to justify their barbaric acts?"

—Nour Alakraa and Sune Engel Rasmussen contributed to this article.

has vowed to recapture all of Syria. Moscow and Damascus deny targeting civilians and civilian infrastructure and say they are focused only on rebels fighting the government. Pro-regime Al Masdar News characterized the offensive as an operation to secure the capital and stop shelling from rebels onto Damascus neighborhoods.

But doctors said hospitals

and clinics that were still operating were overwhelmed with waves of maimed and bloody civilians, and civilians inside Ghouta have sent public appeals via social media, fearing an impending air and ground assault.

"The situation is very, very violent, more than you can imagine," said Nizar Madani, a surgeon in Eastern Ghouta who had to move to a second hospital

tal on Monday after the first one was attacked. "I have been living under shelling and airstrikes for years but even I am shocked by the scale of the attacks on us. They don't want to leave anyone alive in Ghouta."

The crisis in Syria has grown even more complicated in recent weeks as regional powers jostle for influence.

As bombs hit Eastern Ghouta, Turkish forces fired artillery at pro-regime militias attempting to enter Afrin, where Syrian Kurds holding the northern enclave have asked for help to repel a Turkish assault. Two militia fighters were killed, said Roj Musa, a Kurdish journalist there.

The clash came a day after the Syrian regime claimed to have struck a deal to assist the

U.N. and aid agencies have warned of another humanitarian crisis. "We no longer have the words to describe children's suffering and our outrage," Unicef said on Tuesday. "Do those inflicting the suffering still have words to justify their barbaric acts?"

—Nour Alakraa and Sune Engel Rasmussen contributed to this article.

Abbas Says U.S. Can't Mediate Mideast Peace Alone



Palestinian Authority President Abbas at the U.N. urged an international meeting to restart talks.

By FARNAZ FASSIHI AND FELICIA SCHWARTZ

UNITED NATIONS—Palestinian Authority President Mahmoud Abbas called at the United Nations for an international conference this year to restart Middle East peace negotiations, in a clear jab at Washington's historically central role in resolving the crisis.

Mr. Abbas, addressing a monthly Security Council meeting on the Middle East on Tuesday, said the goal of the conference would be to expand the role of multiple world powers—including the five permanent members of the Security Council—along with regional actors in helping Israelis and Palestinians reach a two-state solution. Washington, he said, had "contradicted itself and its own commitments and has violated inter-

national law."

Mr. Abbas was referring to President Donald Trump's decision in December to recognize Jerusalem as the capital of Israel and to move the U.S. Embassy from Tel Aviv to Jerusalem. Under international agreements and U.N. Security Council resolutions, Jerusalem is considered a "final status" issue to be determined in the last stages of peace negotiations.

"It has become impossible today for one country or state alone to solve a regional or international conflict," Mr. Abbas said. "To solve the Palestine question, it is essential to establish a multilateral international mechanism emanating from an international conference."

Mr. Abbas's proposal was quickly countered by Israel and the U.S. Israel's ambassa-

dor to the U.N., Danny Danon, said the only way forward would be direct talks between Israel and Palestinian leaders and criticized Mr. Abbas for leaving the room after his speech, saying he was "running away."

U.S. Ambassador Nikki Haley said that without the U.S. in the role of key mediator, the Palestinians "would get nowhere."

Jared Kushner, Mr. Trump's son-in-law and adviser on Middle East peace talks, and U.S. Middle East envoy Jason Greenblatt were present in the chamber and sat behind Ms. Haley, meeting afterward with the Security Council.

Ms. Haley said the U.S. was ready to engage in peace talks with the Palestinians but she offered no details on the administration's plans or framework for the negotiations.

SAUDI

Continued from Page One
petitors, especially the U.S. and Russia, against one another. Russian Energy Minister Alexander Novak visited Riyadh last week, meeting Saudi King Salman. U.S. Energy Secretary Rick Perry visited in the autumn, and 17 companies, including U.S.-based Westinghouse Electric Co. and Exelon Corp., followed.

Formal talks between the U.S. and Saudi Arabia on a reactor sale are expected to start in coming months.

Saudi Arabia has abundant sources of energy, and some analysts question whether nuclear power would be cost effective. It can expand its solar and other renewable power, and can tap huge natural-gas reserves in a bid to phase out use of oil to generate electricity, said Ali Ahmad, the director of the energy policy and security program at the American University of Beirut. "The kingdom does not need nuclear power," he said.

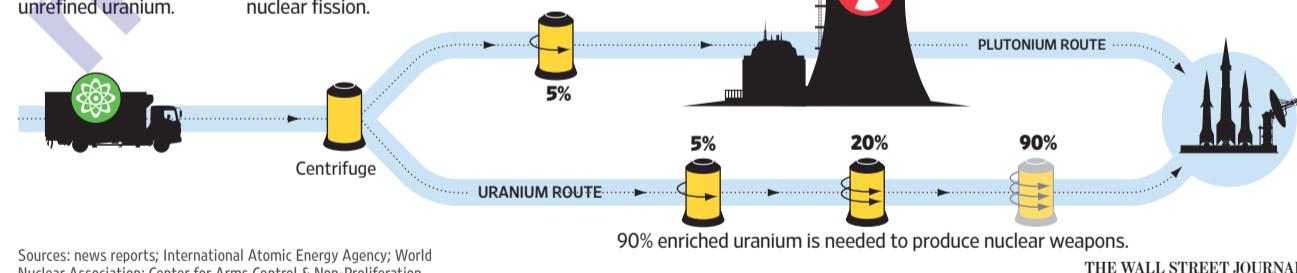
Saudi officials say they want to diversify their fuel sources and can make more money exporting their crude than by burning it for power.

The Saudis insist their program will be peaceful, but they have refused to rule out the right to enrich uranium. They point to their archenemy Iran's right to enrich uranium spelled out in the 2015 accord aimed at preventing Tehran from producing nuclear weapons.

"I'm not saying Saudi would want to enrich uranium tomorrow or anytime soon but they don't want to be committed to anything that bans them from doing it," said a senior Saudi official. "It is quite political."

Proliferation Paths

The nuclear fuel cycle offers two routes to build a weapon, one using enriched uranium and one using plutonium.



Sources: news reports; International Atomic Energy Agency; World Nuclear Association; Center for Arms Control & Non-Proliferation

That has stirred speculation that one purpose of the Saudi nuclear program is to compete with Iran's nuclear technology and perhaps preserve an option to develop nuclear weapons.

"I think that the Saudis legitimately believe that a nuclear power program is an essential element of their political competition with Iran, if not their strategic competition with the country," said Richard Nephew, of the Center on Global Energy Policy at Columbia University.

During the George W. Bush administration, U.S. officials negotiated a 123 agreement with the United Arab Emirates that precluded the Gulf state from enriching uranium or reprocessing spent fuel to produce plutonium, essential steps in producing nuclear weapons. President Barack Obama later submitted a new version of that deal to Congress, saying it had the potential to serve as a "model for other countries in the region."

The U.A.E. subsequently purchased four reactors from South Korea, which incorpo-

rated U.S. technology.

That assurance became known as the "gold standard," and some U.S. nonproliferation supporters argue it should become the norm for the region.

The Trump administration has yet to publicly detail its position on Saudi Arabia. But officials say that a 123 agreement with Riyadh that didn't incorporate the gold standard could still provide important safeguards, including restrictions on enriching U.S. supplied nuclear material without its approval.

The U.S., they signaled, also will press Saudi Arabia to ac-

cept a special protocol on nuclear safeguards, as Iran has done, so that the International Atomic Energy Agency can carry out on-site inspections if suspicions arise. If the U.S. insists on the U.A.E. standard, the Saudis may buy reactors from Russia or China, which don't demand such protections.

The Saudis aim to complete the first step—awarding contracts for two reactors capable of generating 1 to 1.6 gigawatts—by year's end. It is the beginning of an ambitious plan to construct 17.6 gigawatts of nuclear capacity by 2032—enough to power over 12 mil-

lion Saudi homes. The ultimate goal, which some analysts doubt it will achieve, is to build 16 reactors costing some \$80 billion.

Other companies talking to Saudi Arabia about nuclear technology include South Korea's Korea Electric Power Corp., France's EDF Group and China's General Nuclear Power Group. Many of the competitors, including Russia, are state-backed enterprises, making it difficult for Westinghouse.

The company, owned by Japan's Toshiba Corp., is in bankruptcy, stung by a series of delayed, over-budget and failed projects in the U.S. and abroad.

Canada's Brookfield Business Partners LP is spearheading a deal to buy the troubled company's assets, but it is uncertain how much funding Brookfield will put into the business and what parts it will keep open.

Westinghouse, while transitioning to Canadian ownership, is based in Pittsburgh and is giving support to this deal from the U.S. government.

—Benoit Faucon in London contributed to this article.

Latvian Bank Chief Will Skip ECB Talks

BY TOM FAIRLESS

FRANKFURT—Latvia's central bank will send its deputy governor to attend a meeting of European Central Bank policy makers on Wednesday after the bank's governor became embroiled in a domestic anticorruption investigation.

Zoja Razmusa, who has been deputy governor of the Bank of Latvia since 2014, will attend the ECB's governing council meeting in Frankfurt this week in place of governor Ilmars Rimšēvičs, a spokesman for the Bank of Latvia said.

It isn't yet clear whether Ms. Razmusa will also attend the ECB's next rate-setting meeting on March 8, the spokesman said.

Mr. Rimšēvičs was detained by the country's antigrant agency over the weekend on suspicion of extorting a bribe of more than €100,000 (about \$123,500).

He was released Monday evening but won't be allowed to continue his previous duties after the agency launched criminal proceedings against him, the agency said.

An economist, Ms. Razmusa, 64 years old, has worked at the country's central bank since 1993. She will be one of only three women to participate at the ECB's governing council meeting.



The Barakah nuclear power plant in the United Arab Emirates.

EMIRATES NUCLEAR ENERGY CORP/WANAP

ated U.S. technology.

That assurance became known as the "gold standard," and some U.S. nonproliferation supporters argue it should become the norm for the region.

The Trump administration has yet to publicly detail its position on Saudi Arabia. But officials say that a 123 agreement with Riyadh that didn't incorporate the gold standard could still provide important safeguards, including restrictions on enriching U.S. supplied nuclear material without its approval.

The U.S., they signaled, also will press Saudi Arabia to accept a special protocol on nuclear safeguards, as Iran has done, so that the International Atomic Energy Agency can carry out on-site inspections if suspicions arise. If the U.S. insists on the U.A.E. standard, the Saudis may buy reactors from Russia or China, which don't demand such protections.

The Saudis aim to complete the first step—awarding contracts for two reactors capable of generating 1 to 1.6 gigawatts—by year's end. It is the beginning of an ambitious plan to construct 17.6 gigawatts of nuclear capacity by 2032—enough to power over 12 million Saudi homes. The ultimate goal, which some analysts doubt it will achieve, is to build 16 reactors costing some \$80 billion.

Other companies talking to Saudi Arabia about nuclear technology include South Korea's Korea Electric Power Corp., France's EDF Group and China's General Nuclear Power Group. Many of the competitors, including Russia, are state-backed enterprises, making it difficult for Westinghouse.

The company, owned by Japan's Toshiba Corp., is in bankruptcy, stung by a series of delayed, over-budget and failed projects in the U.S. and abroad.

Canada's Brookfield Business Partners LP is spearheading a deal to buy the troubled company's assets, but it is uncertain how much funding Brookfield will put into the business and what parts it will keep open.

Westinghouse, while transitioning to Canadian ownership, is based in Pittsburgh and is giving support to this deal from the U.S. government.

—Benoit Faucon in London contributed to this article.



EMBRACE

THE POSSIBILITIES OF THE PRESENT AND
FUTURE WITH A HIGH-YIELD SAVINGS
PROMOTION FROM HSBC

- Offer applies to new and existing HSBC Premier clients who open an HSBC Promotional Premier Savings account and fund with New Money
- This limited-time offer expires on May 11, 2018

1.30% APY

Visit your local HSBC branch today
us.hsbc.com/findbranch



Together we thrive

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



**Every child
deserves to wake
up with hope.**

For about the same amount you spend buying coffee every morning, you can provide an entire year's tuition for a girl in Kenya, giving her the education she needs to improve her and her family's livelihood. Sponsor a girl today and help her achieve a better tomorrow.



EAST AFRICA
CHILDREN'S HOPE

EastAfricaChildrensHope.org

WORLD NEWS

Regime Scuttled Pence Meeting

BY PETER NICHOLAS

North Korea canceled a secretly planned meeting with Vice President Mike Pence during his trip to the Winter Olympics in South Korea this month, Trump administration officials said Tuesday, a session that would have amounted to the highest-level visit between the U.S. and North Korea in years.

Kim Yo Jong,
younger sister
of the North
Korean leader,
was set to
meet with the
vice president.

Before leaving for Asia on Feb. 5, Mr. Pence quietly agreed to meet with representatives of the North Korean regime, including leader Kim Jong Un's younger sister, Kim Yo Jong.

The meeting was to have taken place Feb. 10 in Seoul at the Blue House, home and office of South Korea's head of state.

President Donald Trump, Secretary of State Rex Tillerson and others had signed off on the meeting, a direct diplomatic overture aimed at persuading the regime to roll back

its nuclear weapons program.

But the North Korean regime scuttled the meeting the day it was to have taken place, Mr. Pence's office said. While no official reason was given, Mr. Pence's office said the North Koreans called off the meeting because they were unhappy with the vice president's tough message denouncing the country's human rights record and warning about more sanctions.

The Washington Post first reported the planned meeting.

"North Korea dangled a meeting in hopes of the vice president softening his message, which would have ceded the world stage for their propaganda during the Olympics," Mr. Pence's chief of staff, Nick Ayers, said in a statement.

State Department spokeswoman Heather Nauert said: "At the last minute, [North Korean] officials decided not to go forward with the meeting. We regret their failure to seize this opportunity."

At the Games' opening ceremony, Mr. Pence sat a few feet away from Ms. Kim. He told the news website Axios he purposely ignored her, so as not to "give her any attention in that forum."

—Felicia Schwartz contributed to this article.

unit attacked Japan, Vietnam and the Middle East, wielding surprisingly advanced skills in seeking covert intelligence for Kim Jong Un's regime, FireEye said in a report on Tuesday.

The group's emergence means two major North Korean cyber units have been unleashed for global attacks. The other, often called Lazarus by foreign cybersecurity firms, has been linked to North Korea's high-profile campaigns, such as last year's WannaCry ransomware attack.

North Korea has denied involvement in hacking attacks.

—Timothy W. Martin

distinct from the rest of Britain for centuries, including its national dish of haggis, which is made of sheep's heart, liver and lungs encased in a sheep's stomach.

Scots voted against cutting their 311-year-old union with the U.K. in a 2014 referendum. The year after the vote, the pro-independence Scottish National Party won a landslide in national elections, becoming the third-largest party in U.K. Parliament.

What did the new Scottish members bring to this crucible of democracy? Irn-Bru. Sales at Parliament's bars, cafes and restaurants soared, with nearly

I wouldn't ever think of drinking such a thing,' says a member of the House of Lords.

9,000 cans and bottles of Irn-Bru sold, compared with 5,500 the year earlier.

"There's bafflement from the rest of the U.K. about our attachment to this sugary drink," says Pete Wishart, a member of the SNP, who led a campaign to stop the House of Commons catering services from discontinuing Irn-Bru about a decade ago. "Given its cultural status in Scotland, there's a good case for it to be left alone, even if it's not a particularly healthy part of our national cuisine."

Patrick Cormack, a Conservative member of the House of Lords and a longtime elected

IN DEPTH

HOAX

Continued from Page One
ing to see how much they could get Americans to believe.

"Well before it was focused on the 2016 election, what Russia was doing was stockpiling capabilities," said Keir Giles, a specialist in Russian information warfare at the Chatham House think tank in London. "They were doing test runs of what happens if we launch this kind of Twitter attack or attempt to start this kind of panic. Sit back, refine your results, see what works and what doesn't."

Nearly 100 Twitter users who linked to the Thanksgiving-turkey post were among 2,700-plus accounts Twitter deactivated late last year because they were controlled by the Internet Research Agency, the St. Petersburg-based outfit the Justice Department says spread Russian propaganda across the internet. Twitter last month said it deactivated more than a thousand additional such accounts as it and other tech firms continue to grapple with the exploitation of their platforms.

An analysis of 221,641 tweets The Wall Street Journal was able to find from the now-blocked users shows that prior to their election activity, they attempted to incite chaos, fear and outrage about fictitious events, with success that at times spilled into the real world.

The Journal's analysis included messages posted by 2,170 Russian-controlled accounts. Sometimes they worked alone, spreading news, chatting about politics or popular culture and retweeting others. Other times, dozens of the accounts, even hundreds, flocked around a single message.

Taken together, the activity—much of which has now been wiped from the internet—presents a rare perspective on an external effort to manipulate American minds. Those behind the efforts took advantage of an array of social-media platforms, broadcasters, fake-news websites, Wikipedia and in one case, a federal regulator.

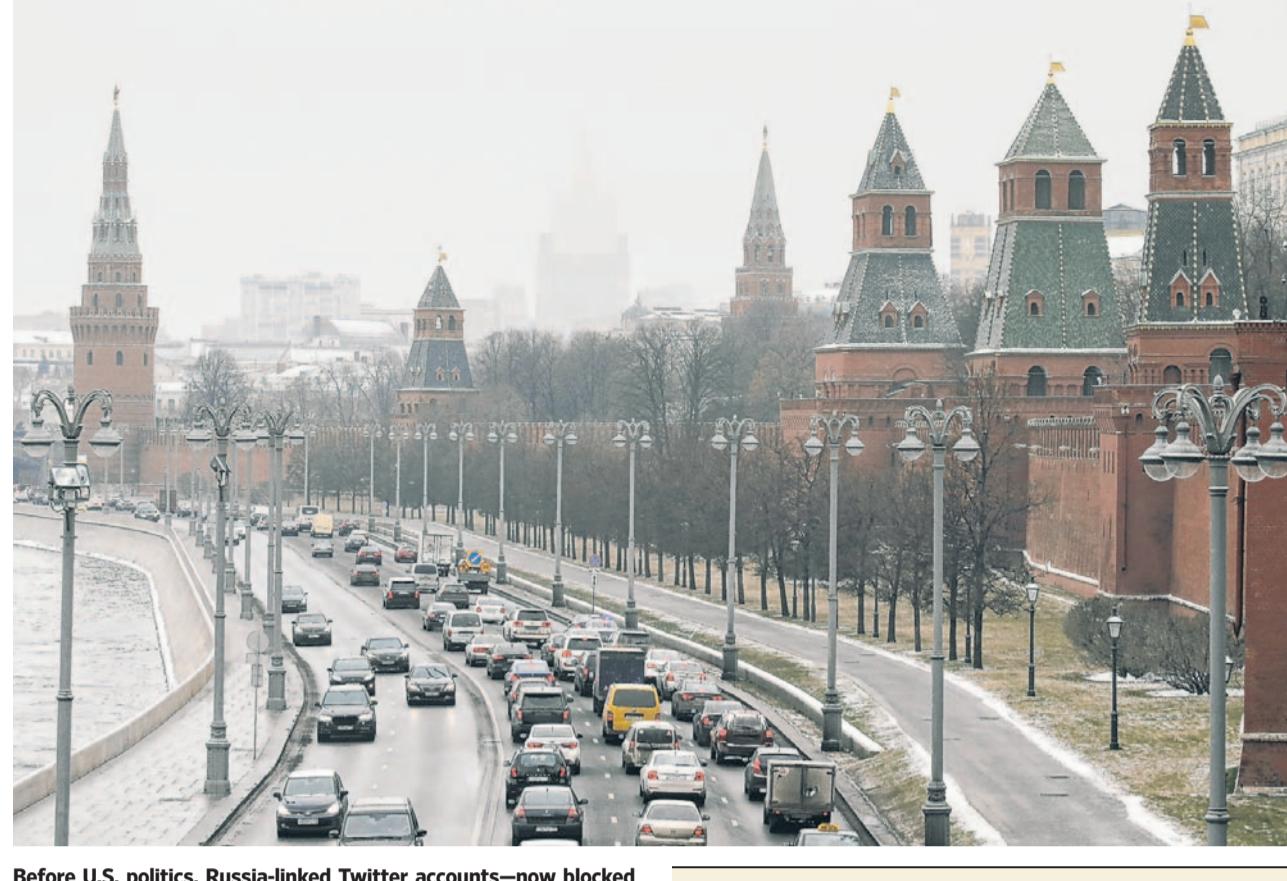
Many of the users who took part in the early campaigns went on to participate in the U.S. presidential-election attack, mostly supporting Donald Trump and Bernie Sanders while disparaging Hillary Clinton and Jeb Bush, as early as the middle of 2015.

U.S. intelligence officials said last week they expect Russians to interfere again in the midterm elections. The U.S. charged more than a dozen Russian nationals and organizations last week with engaging in a widespread effort to interfere in U.S. politics. The efforts date to mid-2014, the U.S. government says, just as the disinformation campaign was getting under way. Russia has denied it meddled in the 2016 election.

Some Twitter users who appeared to work in tandem with the now-shuttered accounts remained active this month, the Journal found. Meanwhile, although Twitter, Facebook and Google have faced congressional grilling over the misuse of their platforms, some other social-media firms and websites have faced no public scrutiny despite users who also appear to have worked with the Russia-linked accounts.

"Each day, it just gets bigger and bigger and bigger," said Clint Watts, a former Federal Bureau of Investigation counterterrorism expert who studies Russian propaganda at the Foreign Policy Research Institute, a Pennsylvania-based think tank.

A spokeswoman for Twitter referred to recent congressio-



MAXIM SHemetov/REUTERS

Before U.S. politics, Russia-linked Twitter accounts—now blocked—tweeted about fictitious U.S. misfortunes; above, the Kremlin.

nal testimony and blog posts in which the social media firm said it is now blocking more than 500,000 "suspicious logins" daily. The spokeswoman declined to make executives available to discuss the incidents described in this article.

The purported Ms. Norton, the cooking-website user who said her family got food poisoning, didn't respond to an email sent to the address she used to sign up at the website.

Shot down

The Journal's data shows a small number of Russian tweets before 2014, but it was a deadly plane crash that year that brought out the strongest early response. On July 17, 2014, an anti-aircraft missile shot down Malaysia Airlines Flight 17 over Ukraine, killing all 298 passengers and crew.

While the Obama administration fingered Russian-backed insurgents in Ukraine, the Kremlin suggested it was Ukrainian forces that downed the airliner. A safety board in the Netherlands, which lost many citizens on the flight, concluded that a Russian-made missile fired from eastern Ukraine shot it down.

Russian-linked Twitter users at first tweeted news of the tragedy, but within hours they were raising questions about who was responsible. By the next morning, they had latched onto a hashtag blaming the Ukrainian government.

The Journal found 78 now-deactivated Twitter accounts that participated in the Malaysia Flight 17 campaign.

Not long after, Russian-

One focus of Russia-linked tweets was a bogus contamination of an Idaho reservoir.

linked accounts began turning their attention to America. Beginning Sept. 11, 2014, at least 141 now-blocked accounts falsely claimed a chemical plant in Louisiana blew up. Many went further, saying it was an attack by Islamic State.

The claims of terrorism continued in their next assault, the Journal's analysis shows. On Christmas Eve 2014, hackers calling themselves the CyberCaliphate and claiming Islamic State affiliation defaced an article on the Albuquerque Journal's website with an ominous message:

"You'll see no mercy infidels. We are already here, we are in your PCs, in each house, in each office. With Allah's permission we begin with Albuquerque."

The next day, Russian-operated Twitter accounts sprang into action, spreading news of the hack, whose perpetrators, intelligence experts now believe, may be connected to the Kremlin. "ISIS terrorists live among us!" two accounts said.

They blamed the U.S. government for not stopping the hackers. "The ISIS hacked Albuquerque Journal website! It's all Obama's fault!" a now-suspended user named Andrea Macchael wrote, using the hashtags #ImmigrationAction and #ISISAttacks.

The self-styled CyberCaliphate, which went on to claim credit for hacking other government and media targets, has since been suspected by security researchers of being linked to Fancy Bear, the Russian military intelligence group that U.S. officials say hacked the email accounts of Democratic Party officials and political figures in early 2016 and released the material online.

On March 10, 2015, dozens of Twitter users with accounts since deactivated by Twitter spread word that a phosphorus leak had tainted the water supply near the tiny town of American Falls, Idaho.

That same day, an article posted on CNN's citizen-journalism website iReport, showing people in biohazard suits, said "nuclear phosphorus wastes" had poisoned the water in a nearby reservoir and described the incident as "the time bomb which exploded."

A spokesman for the Idaho Department of Environmental Quality said the agency was "very much aware" of the poisoned-water claims, which were "certainly false."

Many of the 50 Russia-linked Twitter accounts that spread the story used nearly identical language. A constant theme among their tweets: The fault lay with the U.S. government.

Twenty-five other Twitter accounts that talked about the supposed leak haven't been publicly identified as Russian-linked. Some were still on the platform this month, the Journal found.

"Looks like we are very vulnerable and unprotected!" wrote one of those, a user called Edwin Garret, who posted at least 30 messages about it. "Govt wants to poison native americans."

This account last posted a message on July 25, 2015, suggesting a slogan for Mr. Trump's newly announced presidential campaign: "Hillary, you are fired!" This month, after the Journal asked Twitter about the user's activity, its profile page displayed a new message: "Caution: This account is temporarily restricted...because there has

Turkey Talk

Around Thanksgiving 2015, Twitter accounts since linked to a Kremlin propaganda agency repeatedly tweeted about a supposed attack of food poisoning from turkey in New York, an attack that city officials say never happened.

Cheese_Monay

RT @Sound4Boyz: OMG this is a crime fo sho!
#Walmart #KochFarms #NY #Turkey #FoodPoisoning
#USDA <https://t.co/VbRe5AoTbO>

Ben_Sar_Gent

@nyc_media #KochFarms should response!
<https://t.co/tqtu2u8VMc>

AdrianaMfttt

OMG My stomach hurts and ate turkey today. OH SHIT
#Fail #Walmart #KochFarms #NY
<https://t.co/chxkbydQmi>

CatKelley_

RT @ErtmanGreta: This #thanksgiving my sister will be in hospital. Thank you #KochFarms and #Walmart
<https://t.co/By3ornhCEf> <https://t.co/jaC>

Source: Wall Street Journal analysis of Twitter data

quickly detected and deleted. A spokeswoman for Wikimedia Foundation, the nonprofit that supports Wikipedia, said that "volunteer editors were able to identify sockpuppet accounts—the misuse of multiple user accounts on Wikipedia—that repeatedly violated Wikipedia's policies, and take action by blocking those accounts."

Russia-linked Twitter accounts kicked in. They posted at least 1,151 messages about the nonexistent food poisoning, most within the first few hours. Many linked to the Wikipedia entries and Alice Norton's message. In addition, users who haven't been identified as Russia-linked posted around 1,500 messages about the outbreak.

At least 31 accounts on the blogging service Tumblr posted messages about the outbreak. Many used memes from popular culture, such as an animated image from the 1973 horror film "The Exorcist."

Many of the accounts were still active this month. Tumblr's owner, a unit of Verizon Communications, said it is "continuously investigating and referring criminal and state-sponsored activity on our platforms to appropriate law enforcement authorities."

The day after Thanksgiving, the U.S. Agriculture Department received a complaint alleging a New Yorker had been hospitalized by tainted turkey. The complaint couldn't be investigated because its contact information was invalid, agency records show.

A spokesman for the New York City Department of Health and Mental Hygiene said the agency had no record of any food-poisoning episode matching the details in the accounts.

The manager of the discuss-cooking.com website described Alice Norton's account as consistent with what it has seen with scammers in the past and said it has had no further posting from the account.

The onslaught of food-poisoning claims was a shock to Brock Stein, an executive of a turkey company the hoaxers said supplied tainted turkey to Walmart. Mr. Stein said the company, Pennsylvania-based Koch Turkey Farms, doesn't sell turkey to Walmart. He said the turkey company investigated the incident and quickly determined it was a fake.

At least 29 of the Twitter users who repeated the food-poisoning claims appeared to remain active on Twitter as of last month.

One of them, calling herself Hailey Wilson and saying she lived in New York, posted 21 messages about the outbreak in 2015. The account posted a scattering of pictures showing a young blond woman in various poses, including a profile photo in a green field with a dog.

The real person in the photos, the Journal found, is 25-year-old Rebecca James, a project manager living in Washington, D.C. Reached by the Journal, Ms. James said she believed the five pictures used by the "Hailey Wilson" account were stolen from her Facebook account.

She said the profile photo was taken on an apple-picking trip with her family and dog, a Shiba Inu named Sushi, adding: "Very clever, the way they're doing it, taking the public pieces of a Facebook profile."

After speaking with the Journal, Ms. James got in touch with Twitter, which wrote back: "Thank you for contacting us about this issue. We have reviewed the account you reported and have locked it because we found it to be in violation of the Twitter Rules."

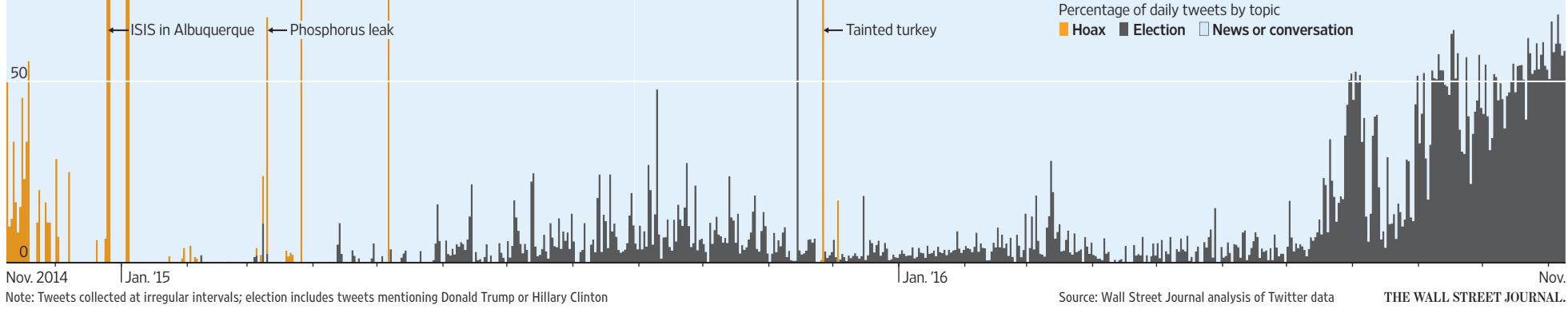
—Sarah Nassauer,
Mark Maremont
and Masha Frolik
contributed to this article.

Evolving Russian Tweets

Russia-linked Twitter users floated several false stories before moving on to politics as the U.S. 2016 election year neared.

Percentage of daily tweets by topic

Hoax ■ Election □ News or conversation



GREATER NEW YORK

Tobacco Retailers Face Tough Rules

Changes are designed to reduce smoking rates but businesses say profits will suffer

BY MELANIE GRAYCE WEST

Retailers across New York City are beginning to grapple with the first of many new laws designed to make it more difficult to buy cigarettes and drive down smoking rates.

The rules, being rolled out over the course of the year, involve a "barrage of changes" in the licenses necessary for retailers, according to Max Bookman, a lawyer who represents the New York City Newsstand Operators Association, a trade group.

Business owners with recently expired retail cigarette-dealer licenses face a month-end deadline to submit renewal applications that now come with a fee of \$200, up from \$110. New neighborhood limits on the number of tobacco dealers mean businesses that fail to



New applications for cigarette-retailer permits jumped ahead of laws.

complete their applications on time will have to wait until another spot opens up in the area.

As of Feb. 24, meanwhile, no applications will be accepted for new retail cigarette-dealer licenses. That effectively shuts out anyone who wants to sell tobacco in the future.

In advance of the changes, the city received 569 new applications for retail dealer licenses

between October and December 2017, up from 335 in the same period in 2016, according to a spokeswoman for the city's Department of Consumer Affairs. "The consequence of screwing up the paperwork for some folks is you don't get to sell tobacco anymore," said Mr. Bookman.

The new regulations were signed into law last August by New York City Mayor Bill de Blasio and are designed to cut by half the number of tobacco retail licenses across the city. Currently, there are about 8,300 licenses, down from 12,300 licenses 15 years ago, according to a state audit.

Businesses now also need a separate license for electronic cigarettes, with all applications due April 25. A business needs to prove it was selling electronic cigarettes on or before Aug. 28, 2017, to get a license. Starting Aug. 23 of this year, it will be illegal to sell electronic cigarettes without a license, and no pharmacies or businesses containing pharmacies will be able to sell electronic cigarettes.

So far, some 539 applications have come in for an electronic cigarette dealer license, according to a spokeswoman for the city's Department of Consumer Affairs.

City health officials previously have said there are roughly 900,000 smokers in the city, including 15,000 young people. The goal is to reduce the number of smokers in the city by 160,000 over three years. Tobacco kills 12,000 New Yorkers annually, according to health officials.

"Raising the price of tobacco products and reducing tobacco retail density will result in fewer smokers over time," said Deputy Health Commissioner Sonia Angell.

Some retailers and trade groups, however, say the policies will reduce their income.

Jim Calvin, president of the New York Association of Convenience Stores, an Albany-based trade group, said tobacco sales can account for 5% to 20% of gross sales inside a store. Such sales are especially valuable to an owner looking to sell a store, he said.

"If I want to sell my bodega, but the buyer isn't guaranteed that he or she will be able to sell the same tobacco products I was selling, then my business is worth less to that buyer," said Mr. Calvin. "In a lot of cases, this is the business my family and I have spent the better part of a lifetime building."

Murphy Pledges To Boost School Safety

BY LESLIE BRODY

New Jersey Gov. Phil Murphy said Tuesday he would seek to improve coordination among schools, law enforcement and state agencies to prevent school violence.

In response to the deadly school shooting in Parkland, Fla., last week, the Democratic governor gathered top members of his team and legislative leaders for a news conference in Trenton. He reiterated his pledge to fight for stricter gun-control laws.

Attorney General Gurbir Grewal said he aimed to streamline the system for reporting tips about possible threats, and ensuring that proper authorities follow up on them. He said he would review the state's school-safety policies.

Former Gov. Chris Christie, a Republican, commissioned a report on school safety as well after previous school shootings. Released in 2015, the New Jersey School Security Task Force Report had 42 recommendations, but only some have been enacted. Mr. Grewal said it included some "excellent recommendations" that should be pursued, but didn't specify which.

Tuesday's political show of force followed last week's fatal shooting of 17 people at Marjory Stoneman Douglas High School Florida. A 19-year-old former student there, Nikolas Cruz, admitted to being the gunman who opened fire on campus with an AR-15-style semiautomatic rifle, according to a complaint affidavit.

After Sandy Hook, many New Jersey schools invested in security upgrades.

After the 2012 massacre at Sandy Hook Elementary School in Newtown, Conn., many New Jersey schools invested in security upgrades, such as more surveillance cameras. Many districts also debated stationing armed guards inside schools: Some parents said doing so made them believe their children were safer, while others objected that campuses would feel too much like prisons.

Mr. Dichter will be joined at Carnegie by his wife of 50 years, Cipa Dichter, an acclaimed pianist in her own right, for duets by Schubert and Copland. On his own, Mr. Dichter will tackle, among other works, Schubert's Piano Sonata in A. It is a piece he played when he competed in Moscow more than a half-century ago and that has remained a key part of his repertoire.

Given all the challenges he has faced, Mr. Dichter said, the work "means much more to me now."

Famed Pianist Returns to New York Stage

BY CHARLES PASSY

When Misha Dichter appears at Carnegie's Weill Recital Hall on Wednesday, it will mark the New York-based pianist's first major solo program in the city since 1999.

His absence hardly has been by design.

The 72-year-old Mr. Dichter, who rose to fame after winning the silver medal in the 1966 International Tchaikovsky Competition in Moscow, has been sidelined at various points with Dupuytren's contracture, a hand deformity.

The condition, which as its name implies causes the fingers to contract, forced the pianist to undergo surgeries on both hands, the last one as recently as September 2016.

Weeks of physical therapy followed each operation, with the normally tireless pianist having to limit his playing to five minutes at a time at the onset, to give himself time to heal.

And that is to say nothing of the inherent risk Mr. Dichter faced in going under the knife. The success of either surgery was never guaranteed.

Mr. Dichter says he felt he had no choice but to proceed.

To stop playing the piano "would destroy me as a person," he said, speaking from the studio of his Upper West Side home in Manhattan as he prepared for Wednesday's recital.

It was a point echoed by Scott Wolfe, the New York orthopedic surgeon who operated on Mr. Dichter both times. "He was not going to give up until his hands were back on the piano keys," said Dr. Wolfe, who is an attending surgeon at the Hospital for Special Surgery.

Dupuytren's contracture is a hereditary condition—the pianist's father, a non-musician, suffered from it—but it doesn't necessarily present itself with each family member down the line.

When Mr. Dichter first sus-



Misha Dichter, seen in his Manhattan apartment, will mark his first major solo program in New York City since 1999 on Wednesday.



pected a problem around 2006, it was his right hand that was affected. His decision was to put off any medical treatment as long as possible. But one day, while playing a passage in a Brahms solo

work, he realized his fingers were no longer up to the task. In February 2007, he underwent his first surgery.

The pianist thought he might be in the clear at that point. But some years later, problems

arose with his left hand.

"I'm not self-pitying," he said of his reaction to dealing with the situation the second time around. "I couldn't wait to get [the surgery] over with."

Mr. Dichter has kept busy with recitals and orchestral engagements throughout the U.S. and beyond. He has faced other challenges beyond the physical. In recent years, the classical-music industry has undergone a massive shake-up as audiences decline and venues nationwide pay more heed to popular entertainment.

That has made it harder to find bookings, Mr. Dichter says. But he is grateful the opportunity arose to perform again at Carnegie, where he used to appear every couple of years.

His program, which is being presented by the Key Pianists

series, serves as something of an overview of his life. Mr. Dichter was born in China to Jewish parents who sought refuge from Nazi Europe. He grew up in Los Angeles, where his family moved when he was two, and then came to New York City in 1964 to study at the Juilliard School.

Mr. Dichter will be joined at Carnegie by his wife of 50 years,

Cipa Dichter, an acclaimed pianist in her own right, for duets by Schubert and Copland.

On his own, Mr. Dichter will tackle, among other works, Schubert's Piano Sonata in A. It is a piece he played when he competed in Moscow more than a half-century ago and that has remained a key part of his repertoire.

Given all the challenges he has faced, Mr. Dichter said, the work "means much more to me now."

First Woman Joins Yale Singing Group

BY LESLIE BRODY

More than a century of tradition changed at Yale University on Tuesday.

The Whiffenpoofs, the senior a cappella group, admitted its first female singer. Sofia Campomor was picked to be one of the 14 new members of the Whiffs' Class of 2019.

"I'm really excited," said Ms. Campomor, a 20-year-old junior from Washington, D.C. "To me the overall goal is to change the conversation around senior a cappella to one that is not about gender, but about music."

She expects to join as a tenor, and the group doesn't anticipate changing its repertoire to include her. For her audition, she sang a solo of Sara Bareilles' "Manhattan."

Founded in 1909, the Whiffenpoofs bills itself as the oldest collegiate a cappella group in the U.S. The Whiffs and an all-female senior group, Whim 'n Rhythm, announced on Feb. 1 that they would consider auditions from all singers in the junior class. Tapping women for the Whiffs has been debated on campus for years.

In a joint statement, the groups said they sought to be more inclusive. "Both Whim 'n Rhythm and the Whiffenpoofs acknowledge the transgender, gender nonbinary, and non-conforming members in our community, and understand that they feel unseen within the current paradigm of 'all-male' versus 'all-female' senior a cappella."

Kenyon Duncan, the pitch-pipe of the Whiffs, said his

group got a lot of support and "positive vibes" for its decision to call itself "lower-voiced" rather than an all-male. He said about 40 juniors auditioned this month, and their gender wasn't tracked.

The debate about gender and inclusion has been occurring on campuses nationwide. In December, Harvard University announced it was forging ahead with its long-debated plan to bar members of un-

sanctioned single-gender social groups from leadership positions in campus organizations, and from receiving formal endorsements for prestigious awards such as the Rhodes Scholarship.



The Whiffenpoofs, shown in 2009, decided to call themselves 'lower-voiced' rather than 'all-male.'

The New Jersey State Police superintendent, Col. Patrick Callahan, said he was urging troopers to make more stops inside schools to build trust among students and staff, so they feel more comfortable alerting authorities to suspicious behavior. He said he tells troopers, "You need to get out of your car, you need to get in the lobby, and it needs to happen, day in and day out."

Gov. Murphy, who has called for state legislation to better limit people with mental illness from being able to buy firearms, praised students for organizing rallies for stricter gun control. "God love them, man, because our generation isn't getting it done," he said. "Kids are showing us the way."

GREATER NEW YORK

METRO MONEY | By Anne Kadet

New York Coin Gains Traction



In Manhattan, a cup of coffee will set you back about \$2. Or .00098 Bitcoin. Or—here's a new one—12,500 New York Coins.

Never mind alternative currencies such as Tigercoin, Ethereum and BiblePay. There's a cryptocurrency named for our fair city, and it's gaining momentum.

Last week, I met two of the coin's volunteer boosters at Gila's Nosh on East 23rd Street, one of several local businesses accepting New York Coin as payment.

James Burrell, a high-energy business lawyer, and Charles Fulnecky, a low-key developer, explained the currency's features.

Transactions are confirmed in 30 seconds—20 times faster than Bitcoin, they said. And there's no network fee on small transactions like buying groceries, making it ideal for daily use.

Of course, like most cryptocurrencies, New York Coin runs on open-source code available to anyone online.

"Can't I just take your code, launch my own currency and call it Anne Coin?" I asked. "Absolutely!" said Mr. Fulnecky. "But it's not just the code. It's the community that builds up the coin."

New York Coin, created in 2014 by an unknown developer, has enjoyed a surge of support in recent months. More businesses are accepting the currency and there's a growing interest among cryptocurrency developers. There's even a new Meetup group where enthusiasts who frequent online forums can gather in person to discuss their altcoin adventures.

Everyone jumping on the bandwagon has a different angle. Mr. Fulnecky says projects like building a mobile-wallet app for the coin are a



fascinating challenge. "I'd rather be doing this than anything else I can think of, from a coding perspective," he said.

For Alexander Nicholas, it's a chance to get in early on a new trend. He's accepting the currency at KEATS, his Manhattan bar, and at his EPIC Hybrid Training fitness studios. "That's just my mindset, being ahead," he says.

He's even hosting the community's monthly Meetup in his bar, where he plans to install the world's first New York Coin ATM.

Then there's the miners, people like Cameron Tareen who digitally mint New York Coin on their home mining rigs.

Mr. Tareen started mining New York Coin last month after researching currencies that could be profitably produced. His says his rig churns out about 50,000 New York Coins a day—worth roughly \$750. The electricity used to power his machine, meanwhile, costs about \$2 a day. That's a small gain, he ac-

cedes, but if the value of the currency hits \$1, he'll be a millionaire many times over.

Despite growing support, the coin's future is far from certain. Its value peaked earlier this year at \$0.001162. The total market cap of all New York Coin in circulation is just \$22 million, compared with Bitcoin's \$196 billion.

Then there's the split between the community's two factions: The group associated with Mr. Burrell, and a group led by "Charlie K." a Bronx native living in Colorado.

Charlie K. who, like many in the cryptocurrency community insists on anonymity, makes frequent trips to New York City to promote the coin, including a weekend walking the streets of Manhattan wearing a sandwich board.

"It was a little goofy, but it got people's attention," he said.

Mr. Burrell's crowd isn't sure such promotional efforts are necessary or even desirable. The two factions have launched rival websites, de-

signed competing logos, and sparred over development issues. But it's a friendly dispute, both sides contend.

"I kind of look at him as the crazy uncle," says Mr. Fulnecky of Charlie K. "We're family."

New York Coin has a lot going for it, says Bitcoin and blockchain expert Nick Spanos, founder of the Bitcoin Center NYC. "You can't discount a coin that's been alive for so long," says Mr. Spanos, who has no investment in New York Coin.

And the name doesn't hurt, he adds: "It's not, like, Oshkosh Coin, it's New York City!"

So yes, I'm now the proud owner of 250,000 New York Coins—worth about \$40. I suggested to Mr. Burrell and Mr. Fulnecky that we meet again in a year or two, all driving our Lamborghinis.

"You mean our moon Lambos," said the optimistic Mr. Fulnecky. "We'll have Elon Musk shoot us up to the moon."

anne.kadet@wsj.com

Ja Rule: Improve Public Housing

By MARA GAY

At City Hall on Tuesday, Councilman Ritchie Torres of the Bronx stepped away from the podium and made way for rapper Ja Rule.

Ja Rule—whose top-100 hits include "Put it on me" and "Can I get a...—had come to the steps of City Hall in lower Manhattan to support the 400,000 New Yorkers living in public housing. More than 320,000 of them have been without heat or hot water at times this winter.

Ja Rule, whose given name is Jeffrey Atkins, said Mayor Bill de Blasio and New York Gov. Andrew Cuomo should increase funding to the New York City Housing Authority.

"City Hall, New York City, the mayor, the governor, they should all be ashamed of themselves [sic]," the artist said, as a crowd cheered. "These are Americans, New Yorkers living in third-world conditions, and it should not be this way."

Ja Rule—who grew up in Queens, but not in public housing—said he wasn't an expert in politics but sought to use his fame to bring attention to the declining living condi-

tions in public housing. "I'm here to bring these cameras here so we can bring light to this situation," he said.

Last year, the rapper lent his name to a very different cause, the ill-fated Fyre Festival in the Bahamas. The music festival ended in disaster—and lawsuits—when partygoers arrived to find an unfinished campsite instead of the luxury accommodations they had been promised.

Mr. de Blasio and other city officials have said the problems at the housing authority stem from decades of dwindling federal aid. "We appreciate anyone with a platform bringing attention to the critical funding issues NYCHA faces," said Jasmine Blake, a housing authority spokeswoman. She hoped the rally would highlight what she said would be "catastrophic" cuts to public housing in President Donald Trump's budget proposal.

Dani Lever, a spokeswoman for Mr. Cuomo, said "severe mismanagement by the city" had led to "unacceptable" conditions in public housing. She said the state had allocated \$300 million to the housing agency during 5 years.

GREATER NEW YORK WATCH

IN THE COURTS

Mistrial Is Declared In Mob Boss Case

A federal judge has declared a mistrial in the racketeering trial in New York City of a notorious Philadelphia mob boss. Jurors said they were hopelessly deadlocked.

Prosecutors accused Joseph "Skinny Joey" Merlino of muscling his way into gambling and health-insurance schemes run by crime families on the East Coast. The defense said he was framed by turncoat mobsters. Mr. Merlino claims he quit his life of crime after getting out of prison in 2011.

—Associated Press

CONNECTICUT

Changes Proposed in Sex-Harassment Law

Democratic senators unveiled a package of legislation Tuesday to upgrade the state's sexual-harassment laws. The lawmakers want to require sexual harassment training at all employers with three or more employees. It is currently required for employers with 50 or more workers.

They also want to give victims up to two years to file a complaint with the state Commission on Human Rights and Opportunities, instead of within six months.

—Associated Press

The Museum of Modern Art congratulates

OPRAH WINFREY

The 2018 recipient of
The David Rockefeller Award

Supporting the arts and education
is cause for celebration.

TUESDAY, MARCH 6
Cocktails at noon
Luncheon at 12:30 p.m.

Ziegfeld Ballroom
141 West 54 Street, New York

To purchase tickets or tables:
(212) 708-9680 or
specialevents@moma.org

MoMA

LIFE & ARTS

WORK & FAMILY | By Sue Shellenbarger

Parents' Secret Ways To Get Alone Time

Busy working parents find respite in dental visits and garage-cleaning

PETER J. STRAUSS'S LIFE as an attorney, speaker and single father of four children ages 1 to 10 leaves him little time for himself.

He catches a break in a place most people try to avoid: "I love going to the dentist," says Mr. Strauss, of Hilton Head Island, S.C. "It's 45 minutes when I know nobody is going to interrupt me. You can't reach me and you can't ask for anything," says Mr. Strauss, author of a book on self-insurance for businesses. Although he has perfect teeth, he gets them cleaned three times a year instead of the usual two. The visits are so dull that he sometimes falls asleep in the chair.

Busy working parents find respite in odd places. Cleaning the garage, washing dishes, mowing the lawn or commuting on gridlocked freeways all can serve as an undercover bid for a little adult time, parents say. Transforming drudgery to delight in this way requires abilities that any busy adult could use. Some people are born with these capacities, and others hone them through practice, researchers say.

The sensation of hot, sudsy water against her cleaning gloves calms Lisa Tan when she washes dishes after a long day. Alone in the kitchen after her two daughters, ages 1 and 4, go to bed, "I usually just zone out and let my mind wander while sudsing up sippy cups," says Ms. Tan, chief marketing officer for Reverie, a Bloomfield Hills, Mich., maker of customized adjustable beds. Seeing the dishes shine lends a sense of accomplishment. "I may have a to-do list that's four pages long, but I know I can get the dishes done," Ms. Tan says.

Trish McCall of Simi Valley, Calif., has learned to enjoy her 3-hour daily round-trip commute on "the freeway of the damned," as she and her friends call Interstate 405 in the Los Angeles area. Sitting in traffic used to frustrate her, but now that she has a 4-year-old daughter, "this is really the only 'me time' I get," says Ms. McCall, a managing associate for a Los Angeles communications firm. She immerses herself as she drives in podcasts about family issues and crime mysteries.

Quieting the mind, even briefly, can calm the body and improve health and well-being, says Kathryn C. Adair, a Duke University research associate who studies workplace burnout. "As parents' lives become more stressful, these tasks that ground us in the present moment stand out with greater clarity," she says.

Some people are by nature inclined to mindfulness—a state of nonjudgmental awareness that enables them to notice and appreciate experiences with less focus on what they mean for oneself, rather than becoming distracted by wor-



ries about the past or the future, Dr. Adair says. Others may become more or less mindful over time.

Becoming a parent can foster mindfulness because it requires paying attention to children's changing emotions and needs, and regulating your own feelings and behavior when responding, says Shauna Shapiro, a clinical psychologist and author of "Mindful Discipline."

Taking a timeout helps parents tune into physical tensions that otherwise go unnoticed. Zaida Khaze of Fort Lee, N.J., is sometimes so overwhelmed by working 18-hour days that she forgets to breathe deeply, causing headaches, says Ms. Khaze, mother of two

girls, 6 and 8, and founder of a baby products company called Wiggletot. The tension often goes unnoticed until she takes her dogs, a Chihuahua named Foxy and a Yorkshire terrier, Minnie, for a 30-minute morning walk.

She used to see walking Foxy and Minnie as a chore, but she has learned to see it as a comforting ritual when she can listen to a motivational speech on her phone and imagine the day ahead unfolding smoothly. "I've lowered the bar on what makes me happy," Ms. Khaze says.

Savoring small pleasures by dwelling on them and wringing out as much enjoyment as possible can lend meaning amid adversity, re-



search shows. This might mean "stopping and taking a mental photograph, or thinking, 'Let me dive into the experience more, and immerse myself' in the moment," says Laura G. Kiken, a research scientist at Kent State University in Ohio.

Nannina Angioni finds lasting enjoyment in purging clutter. Freed during the evening from the ringing phone and other demands, she likes restoring order and creating open space in closets and other areas, says Ms. Angioni, founding partner of a Los Angeles law firm, Kaedian LLP, and mother of a 2-year-old son. Driving into her garage has been a calming experience ever since she decluttered it a few weeks ago, she says. "It's like the exercise that keeps on giving."

Routine chores can be a good cover for eking out a little guilt-free time alone. Although Ramy Serageldin hated yard work as a child, he began welcoming it while his wife was recovering from hip surgery for several months last year. Mr. Serageldin, co-founder of Honeyfi, a Charlotte, N.C., financial-planning app for couples, took over caring for their three children, ages 6, 3 and 1.

Time to himself was so scarce

that he began looking forward to mowing and reseeding the lawn. When his children were sleeping or playing quietly enough that his wife could oversee them, "I would head out to the yard for 30 or 40 minutes of solitude," he says. Listening to podcasts, he felt free to "let my mind float off to somewhere else without feeling guilty," he says.

Other parents enjoy being taken care of by somebody else for a change—even when the circumstances aren't exactly ideal. Joanne Jordan of Philadelphia had hip-replacement surgery 1-1/2 years ago while her mother took care of her two children, 6 and 9, and her partner ran the public-relations agency they co-own. "The drugs were great, the hospital stay was great," and the surgery relieved chronic pain in her hip, Ms. Jordan says.

She didn't even mind having a nurse awaken her every two hours. "In my 30s, I would have been pissed at that," says Ms. Jordan, who is in her 40s. But as a parent, "I'm used to having a 6-year-old tapping me on the shoulder in the middle of the night, saying, 'I had a nightmare,' or, 'I need a cup of water.' I was grateful that I had so many people looking after me."

MUSIC

A HIT UPENDS IDEAS AROUND DEBUT ALBUMS



BY NEIL SHAH

CARDI B, the irreverent rapper from the Bronx, is one of the hottest new artists in music. Now she just has to release an album.

The 25-year-old reality-television celebrity turned hip-hop star scored a No. 1 hit last fall with "Bodak Yellow," a raw, aggressive single that earned two Grammy Awards nominations and prompted Rolling Stone to call her the "people's diva." Since then she has churned out single after single, working with hitmakers such as Bruno Mars, Migos and G-Eazy, and performed in the U.S. and abroad.

On last week's Billboard singles chart, Cardi B was involved in five of the top 20 songs. Her singles and collaborations raise a new question: For breakout artists in the streaming age, is a "debut" album still as important as it once was?

Burgeoning stars typically es-

tablish themselves with a hit album. But musicians like Cardi B, Lil Uzi Vert, Hailee Steinfeld and Post Malone are constructing careers largely from singles—a trend that recalls early 1960s girl-groups like the Ronettes, whose heyday preceded the album's golden era.

"Cardi is probably the first artist to build a genuine, solid career purely off singles and guest spots," says Ben Carter, a music blogger who specializes in analysis of hip-hop sales and consumption. "She doesn't even need an album at this point."

Cardi B, whose real name is Belcalis Almanzar, is working on her debut album, though in an interview published last October, Rolling Stone said she was "stressed" about it and that the word "album" alone made her wince. A New York magazine profile the following month described her as "worried about the expectation of matching the success of 'Bodak Yellow.'"

Please see MUSIC page A11

LIFE & ARTS

MY RIDE | By A.J. Baime

A Vintage MG Still Turns Heads in Hollywood

Jean Clyde Mason, 84, an artist and designer from Los Angeles, on her 1937 MG SA, as told to A.J. Baime.

My late husband Spencer and I always loved cars. Soon after we married in 1955, we were on a game show called "You Bet Your Life," and Groucho Marx asked the questions. We won some money and bought our first car: a three-wheeled Morgan. Soon after, we bought a used Jaguar and while I loved the look of it, I always joked that it was like being in love with an actor. It never worked.

Around 1960 we were watching the 1940 film "Rebecca," starring Laurence Olivier, when we saw this British car move across the screen. It was a 1937 MG SA. We both thought: That is a beautiful car. Soon after, my husband saw an ad for one for sale in England. The British pound was weak at the time, so he bought it for very cheap.

The car came by boat and my husband picked it up at the dock. He drove home and said, "Come down and see your new car." I was blown away. I was working as an advertising artist and I had graduated UCLA with a design degree. To me, this was the epitome of fine design. My husband put big white-wall tires on it and I thought, this is the most glamorous car I had ever seen.

The car ran beautifully, and I started driving it

from our home in the Hollywoodland neighborhood [near the Hollywood sign, which originally read Hollywoodland] to my advertising job downtown. We had owned English cars, so it did not bother me that the steering wheel was on the right-hand side. One of the things I loved about the MG was how it looked in our neighborhood. Many of the original homes in Hollywoodland were built before World War II, so the car fit right in.

All these years later, I still live in the same house and still drive this car. On Sundays I will drive to the top of the hill near my home and enjoy the view. Then I



Clockwise from top: Jean Clyde Mason, an artist and designer in Los Angeles, bought her 1937 MG SA with her late husband in 1963; Ms. Mason and dog Peaches in the 1970s; the iconic car; Joan Fontaine and Laurence Olivier in the 1940 movie 'Rebecca' with the convertible version of the car, which inspired the purchase.



will drive to the Tam O'Shanter, which is a stylish English restaurant founded in 1922. They let me park in front so people can see the car.

I have had a magical life and this car has been a wonderful part of it.

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



ADVERTISEMENT

Showroom

To advertise: 800-366-3975 or WSJ.com/classifieds

AVIATION

THE #1 FRACTIONAL OWNERSHIP AND JET CARD ALTERNATIVE.

UNITY JETS PROVIDES A TRIP-BY-TRIP SOLUTION WITH NO MEMBERSHIP FEES, NO INITIAL CAPITAL AND NO PEAK DAY RESTRICTIONS

UNITYJETS®

888.758.5387
UNITYJETS.COM

SAVE UP TO 30% ON THE SAME FLIGHT
YOU'VE BEEN BOOKING WITH YOUR JET CARD



877-989-1500

- Nationwide Delivery
- Buy or Sell
- We now lease in NY
- Trades Accepted

39 mos., 10k miles/yr, 0 Down, GAP included + TTL. Closed end lease.

All New Makes & Models • 0 Down • Call 7 Days

www.LEASEFAX.com

Audi Q7	699mo	GMC Yukon SLE	499mo	Mercedes GLC	499mo
Cadillac Escalade Lux	899mo	Jeep Gr Cherokee Ltd	399mo	Mercedes GLE43 C4	899mo
Chevy Corvette	699mo	Jeep Unlimited	339mo	Mercedes GLS	859mo
Chevy Equinox	239 mo	Land Rover Disco Sport	499mo	Mercedes GLS63	\$10K off MSRP
Chevy Suburban	519mo	Lexus GX460	499mo	Mercedes G63	\$10K off MSRP
Chevy Traverse	359mo	Lexus LX570	999mo	Mercedes S-Class	1099 mo
Corvette Z06	\$10K off MSRP	Lexus ES350	379mo	Porsche Macan	699mo
Chevy Tahoe	479mo	Lincoln Continental	499mo	Range Rover	1059mo
GMC Denali	729mo	Lincoln Navigator AllNew	899mo	Range Rover Sport	759mo

LEASE

AVIATION

PRIVATE JETS AVAILABLE

Block time rates or Dry Lease

Learjet 60XR and Challenger

Call 1.800.961.5387

Don@AtlanticJet.com

Atlantic Jet

BMW

BMW OF ROCKVILLE



THE WALL STREET JOURNAL.

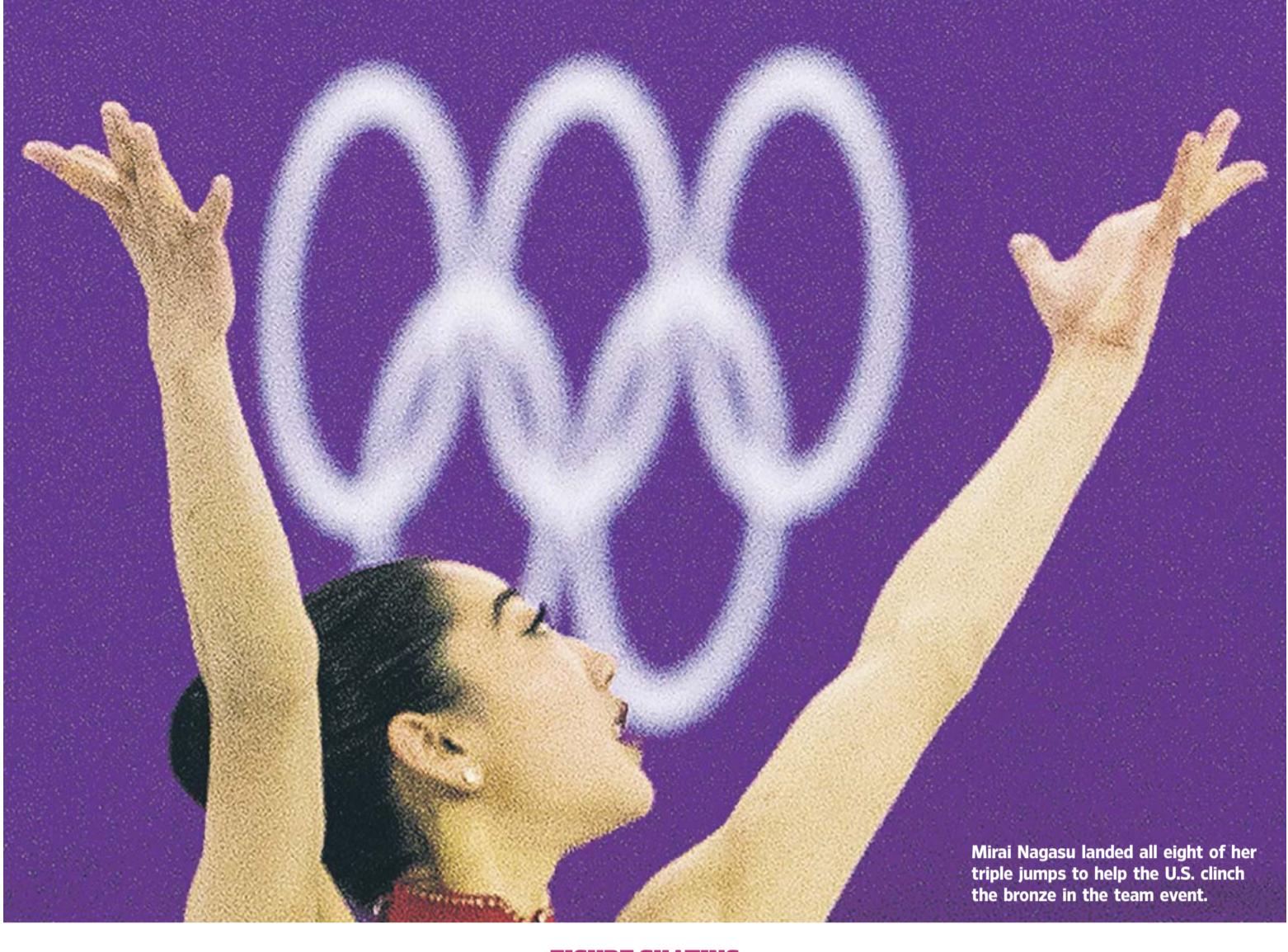
SHOWROOM

ADVERTISE TODAY

(800) 366-3975
sales.showroom@wsj.com

For more information visit:
wsj.com/classifieds

PYEONGCHANG 2018



CARLOS GONZALEZ/ZUMA PRESS

Mirai Nagasu landed all eight of her triple jumps to help the U.S. clinch the bronze in the team event.

FIGURE SKATING

Nagasu's 'Triple' Play for Gold

After missing the 2014 team, Mirai Nagasu learned the triple axel. Now she may use it to win a medal

BY LOUISE RADNOFSKY

Gangneung, South Korea

THE BLOCKBUSTER move that made Mirai Nagasu a dark-horse contender to end a 12-year American medal drought in women's figure skating was born out of a very specific failure: not making the 2014 Olympic team.

Four years ago, a coachless Nagasu finished third at the U.S. championships, and she openly pleaded with the Olympic selection committee to send her to Sochi. It didn't work. She was passed over in favor of fourth-ranked Ashley Wagner, who had melted down at nationals but had a stronger recent track record.

Nagasu skated a gala performance at the end of that weekend in tears from start to finish. As fel-

low stay-behind Adam Rippon has told everyone by now, they ate In-N-Out burgers and cried together when the Games started.

Improbably, Nagasu kept skating. She uprooted from California to Colorado Springs, nixing hours sitting in traffic to get to the rink. She found a new coach—one who happened to be supremely confident in his technical abilities. And in her first lesson with him, she asked him to teach her a jump that could guarantee she wouldn't be left home again.

The triple axel is the Holy Grail of women's figure skating. Only two women had ever performed one in Olympic competition, and Tonya Harding was the only American who had landed the triple axel internationally.

But Tom Zakrajsek doesn't think it's that hard—in part because he's

usually training a flock of young male skaters expected to pull the jump off as part of their repertoire. "I can teach any other woman who wants to learn a triple axel that jump!" Zakrajsek insists.

Nagasu proved that theory—though it took two years adjusting her technique and then drilling the jump side by side with men like Vincent Zhou and the 2018 junior men's champion Camden Pulkkinen. The result: Nagasu attempted it twice at the U.S. national championships. She over-rotated it slightly, but still booked her Pyeongchang trip.

Pulkkinen lost no time in pointing out to her that he had not only landed his version of the same jump but also had earned perfect marks from judges for execution.

"I will definitely go home and work on it," Nagasu said.

By the time Nagasu got to Pyeo-

ngchang, she was finally ready to land it cleanly in competition, nailing it in the penultimate American performance in the team event to clinch a spot for the U.S. on the podium. On Wednesday, she may attempt it in the short program of the individual event to make a run at an individual medal; she will almost certainly do so again on Friday in the free skate.

Skating wisdom would say Nagasu added her triple axel despite being 24 years old, past the age when many skaters learn new jumps, and after struggling to perfect even her double axel as a younger skater. Nagasu says she got the jump because of those things.

"It took me so long to get my double axel, I just have a really good feel for that jump," she said.

The axel challenges skaters for two big reasons. It's the only one

of the six skating jumps to have a forward takeoff, which makes it awkward for some skaters. On top of that, the forward takeoff demands an additional half revolution in the air for the skater to be able to land it while going backward—making a double axel a two-and-a-half rotation jump, and a triple axel a three-and-a-half rotation jump, a full 180 degrees more than the other five staple triple jumps.

It's that pesky forward takeoff that seems to flummox even men more than capable of the additional half rotation—like Nathan Chen. He lands quadruple jumps with ease, and stretched the dimensions of what's possible in figure skating by attempting six and cleanly landing five quads in the Olympics last week. His hopes for a medal were dashed primarily by his problems with the triple axel—his least favorite element.

For women, the unexpected triple axel comes with a significant boost in points, though secure regular triple jumps, difficult combinations of them and performing them in the second half of a program can all make up the gap. In the team competition, Nagasu had to fully rotate and cleanly land all eight of her triple jumps—not just the triple axel—to take second place there behind Russia's Alina Zagitova and clinch bronze for the U.S.

But even with other ways of racking up points, the rarity of the triple axel for women draws attention to its bearer, and carries a huge psychological advantage. In the run-up to Pyeongchang, Zakrajsek regularly posted videos of Nagasu training it on social media, sending a strong signal she was seriously hunting for a second Olympic berth.

"I think @mirainagasu should pack this in her suitcase for @KansasCity2017 #USChamps17" he wrote on Instagram ahead of the 2017 national championships, tagging U.S. Figure Skating Association, internet broadcaster Ice Network, and the International Skating Union. A second version on Twitter tagged two influential skating blogs.

"Four years ago I didn't have the same technical content in my program. For me to get to this level where I'm going to be competitive with the rest of the world and be able to help Team USA win medals it has been quite the journey, and I've fallen a lot," Nagasu said here.

She may yet fall again, another part of the axel's dangerous allure. Nagasu is unfazed. She's here, with a bronze medal from the team event and nothing to lose in the women's event. She has a sense that "the Olympics is where anything happens," from someone else's surprise meltdown to an equally unexpected ascendance.

"No guts, no glory," she said ahead of the women's event. "If I fall, I'm going to take the fall."

AT THE GAMES | By Jason Gay

MEET THE PYEONGCHANG GAMES BACHELOR PARTY



Pyeongchang,
South Korea

They told me to come
find them in section 224

at the U.S.-Finland

women's hockey game, but really, they were impossible to miss. As a group, they looked like a bald eagle landing at a Fourth of July picnic inside a Toby Keith concert. They had on stars and stripes pants, and red, white and blue hockey jerseys that said U.S.A. on the front and KOREA 18 on the back. I didn't know whether to shake their hands—or salute.

They were six pals, all in their early 30s, all from New York City, here at the 2018 Winter Olympics in Pyeongchang.

For a bachelor party.

"We're not a typical group," said the bachelor being feted, Josh Geller, 32. "We've done the standard Vegas. We've done the beach. We've done all crazy kinds of stuff."

"So what was going to top it? Going to the Winter Olympics in Korea."

Flying 15 hours halfway around the world to go to a bachelor party? It required a serious bond, a major commitment, not to mention a few bucks. I throw my phone across the room when I have to go to a birthday dinner above 14th Street—but, full disclosure, I am a jerk.

Josh's friends are better people, it was clear. After floating the Olympics as a trial balloon at his engagement party, Josh sent out the email invite in spring 2017. The responses quickly came in.

Yes.

Hell [bleep] yeah.

All in.

Seven guys had made the journey: Geller, Irvin Jacobson, Andrew Rubin, Andrew Kluger, Roni Jesselson, David Kaufman, and Jonathan Geller. ("Same last name—not related," Jonathan Geller said.) Kauf-



Jesselson, a father of two young children, fell asleep in Club Octagon. I feel you, Roni.

As hockey lunatics, the guys were mildly bummed that the NHL had sandbagged the Olympics by declining to send NHL players. But they were loving the U.S. women's game, and were taking the opportunity to see sports they'd otherwise never see. Besides, it wasn't a total wash for men's hockey memories: the group had met and taken a photo with Hall of Famer Ray Bourque.

The trip wasn't done, but the guys sounded ready to proclaim Josh's bachelor party the best one they'd had yet. Which presented a dilemma: Andrew Rubin and Irvin Jacobson had a co-bachelor party coming up.

"We're going to New Orleans for Jazz Fest," Rubin said, but he acknowledged: "nothing is going to top the Olympics."

Josh Geller will be married on July 29 at Powder Mountain in Eden, Utah. He's registered on Crate & Barrel for some handsome gray dish towels, if you want to hook Josh up. I've yet to be invited, but all of the guys will be there.

As will Josh's fiancée, Daniella Isaacson.

And how did Daniella feel about this Pyeongchang bachelor party?

Josh laughed. "Her only rule was: 'Don't let him go to the North.'"

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.

man had left a day early, because his wife was 8½ months pregnant, they said.

They'd all known each other a minimum of 15 years. Some of the men had been classmates in school, but they'd all played hockey together.

"We're connected through hockey," said Jesselson.

They'd landed at 5:30 a.m. the prior Friday and hit the ground running—heading straight to the fish market in Seoul for a sashimi feast they showed me on their phones. At the Olympics, they'd seen the men's giant slalom, the women's big air ski competition, and now, U.S. women's hockey. That night, they were off to bob-

sled and ski jumping, then heading to Seoul on a late night train. They planned to fly home on Tuesday.

It was a 4½ day whirlwind. How were they handling the jet lag?

"Coffee and soju," someone said.

Two of people in the group were Wisconsin Badgers. Of course two of them were Wisconsin Badgers. It's basically a federal law that any good bachelor party needs at least one Wisconsin Badger.

Kluger leaned over to show me a shoulder patch on their U.S.A. jerseys. JOSH GELLER'S BACHELOR PARTY, it read. In the middle was a picture of the Muppets drummer, Animal. "Animal" was Josh's nickname. Why?

"We don't want to tell you why."

Still, it sounded like the most organized bachelor party in history. Animal, I mean, Josh, works in the travel business, and helped lock down the logistics. They'd purchased their tickets in advance.

"We were joking that we knew what every venue and train station looked like before we'd even seen it in person," Kluger said.

All of their arrangements weren't five-star, however: the prior night, seven of them had crammed into a room.

The latest they'd stayed out?

One night ran until 4:30 a.m.

"We hit Club Octagon in Seoul."

"We're not into clubs, but..."

"None of us are ever going to another club unless it's Club Octagon."

PYEONGCHANG 2018

RACE FOR GOLD

Norway Is Super Chill and Crushing the Field

The Norwegians aren't pressuring their athletes. That's why they have won the most medals

BY SARA GERMANO AND BEN COHEN

Pyeongchang, South Korea
IT WOULD HAVE been only natural for the Norwegian ski-jumping team to feel some pressure before Pyeongchang. As the world's best, they were expected to win gold in a sport their country invented. But they were struggling before the Games, and it didn't exactly soothe any nerves when a former Olympic ski jumper eviscerated them in a tabloid interview for effectively being too relaxed.

"You've got to be cynical," Espen Bredesen told the newspaper *Dagbladet*. "You've got to take a step back and not just stand there smiling the whole time and answering in English."

How did the exceedingly warm people of Norway respond to this unexpectedly hot take?

They rejected the entire premise. The athletes kept smiling. They kept answering in English. They kept being perfectly Norwegian. And they won the country's very first gold medal in team ski jumping on Monday night.

"We are very stubborn," said Tore Øvrebo, Norway's head of high performance and chef de mission. "When we believe in something, we keep on doing it."

Others might want to start paying attention to whatever Norway is doing. The chilliest team at the Olympics is destroying every country on earth in the Winter Games—and it's because they are chill and not in spite of it.

The Norwegians don't believe in pressuring their athletes. They don't weigh them down with expectations. They don't allow sports



JEON HEON-KYUN/EPA/SHUTTERSTOCK

Team Norway smiled their way to the country's first gold medal in team ski jumping on Monday night.

federations to score youth sports until children are 12 years old.

They decided against sponsoring a Norway House at the Olympics because an entire house celebrating Norway would be too elitist.

"That's how we are," Øystein Sundelin, a 32-year-old politician from Oslo, said between sips of beer as he went nuts at biathlon on a recent frigid night wearing a Norwegian flag and Viking helmet.

They're not even bragging about themselves now that the Norwegians are blowing away every medal projection except for their own. And that's only because they didn't make any specific medal projections. "If they can manage to do their best, the guys will be

happy," Øvrebo said.

Norway's goal for Pyeongchang was to be in the top three on the medal table. They figured that would mean winning 30 medals—which would have been the most ever for Norway—and 10 gold medals. They had already won 29 medals and 11 gold medals through Tuesday. There were five days left in the Olympics.

The Americans had only 12 medals total. As if it weren't enough that Norway has almost tripled the U.S.'s medal count, Norway is even almost-winning as much as the U.S.: The Norwegians and Americans both had 10 fourth-place finishes through Tuesday. (This is the requisite part of every

story about Norway's incredible Winter Olympics success where we remind you that we're talking about an entire country that has fewer people than New York City.)

"We are not here just for having fun," Øvrebo said. "But we should be having fun when we are taking medals."

History will show whether the Norwegians' 2018 dominance was simply a fluke, an anomaly attributable to reasons that aren't clear in real-time, but for now they are claiming a stylistic advantage.

Norway's approach to ski jumping is especially instructive. The Norwegians already had the most Olympic medals in ski jumping before these Winter Games. But they had never

won gold in the team event. They had never even won silver.

They weren't paralyzed by the pressure of being heavy favorites. Robert Johansson smiled through questions about his immaculately crafted mustache, and Norway coach Alex Stöckl happily agreed to a phone interview with The Wall Street Journal three hours before his team's biggest event of the Olympics. The results: Norway will leave with its largest medal haul ever in ski jumping.

The entire Norway delegation believes this is the best strategy. They have a common space with everything from TV screens to jigsaw puzzles where the Olympians are encouraged to not talk about the Olympics. The ski jumpers prepared for their team event with epic FIFA matches on PlayStation that kept them up till 3 a.m. and had them sleeping past noon every day.

"There have been many good nights up in the social space," Øvrebo said, "thinking about anything else but sports."

They're also firm believers in taking some time off. It worked for the ski-jumping team: The Norwegians skipped the last training session on Sunday before they struck gold on Monday.

"On the free days, they are 100% free," Stöckl said. "It's important that in big competitions like the Olympics they can turn off their minds."

The Norwegians make extra effort to protect their young stars from pressure. The handsome, top-ranked World Cup cross-country skier Johannes Hoesflot Klaebo, for example, was a media and medal favorite before Pyeongchang. Norwegian officials say they went out of their way to make sure the 21-year-old skier wasn't feeling an undue burden.

"That's an extra level of pressure," Øvrebo said. "We don't discuss medals with them."

Klaebo made Norwegians proud: He went out and won two gold medals here anyway.

CURLING

RUSSIA 'REGRETS' DRUG-TEST FAIL

BY DAVID GAUTHIER-VILLARS

PYEONGCHANG, South Korea— Last week, Aleksandr Krushelnitckii became the first Russian to win an Olympic medal in curling, winning bronze in mixed-doubles with his wife.

This week, the Russian athlete became the first curler to fail a doping test in an Olympic tournament—and a geopolitical problem for his country.

Straining to emerge from a doping scandal at the Sochi Games they hosted in 2014, Russian authorities said Tuesday that Krushelnitckii had tested positive for a banned substance twice, in preliminary and control checks.

In a statement posted on the website of its suspended Olympic committee, Russia expressed "sincere regrets" for the incident but added it was still seeking answers as to how and when meldonium—a banned heart-disease medication developed in Latvia when it

was still a Soviet republic—had made its way into the athlete's body.

Russian authorities said they had launched a probe to determine what happened but stopped short of mentioning possible sabotage.

Russia said a test performed on Krushelnitckii on Jan. 22 ruled out the possibility that the athlete might have used the drug in a systematic fashion. The meldonium dosage found in his body, Russia said, suggests a single use of the drug, which makes no sense if the goal is to achieve any kind of therapeutic benefit.

The case could have far-reaching repercussions.

After suspending the country indefinitely in December, the International Olympic Committee said it would review the behavior of Russian sports officials and athletes before deciding whether to reinstate the country into the Olympic family.

The Russian delegation at the Games—which is officially called



BOB LEV SERGEI/TASS/ZUMA PRESS

Olympic Athletes from Russia and has been stripped of its national colors—had high hopes to recover Olympic membership in time for the Pyeongchang Games' closing ceremony on Sunday.

"We definitely would like to march in our traditional uniforms," Russian athlete Ernest Yahin said

last week after landing from the large-hill ski-jump.

But in light of the doping case involving Russian athlete, the IOC is loath to lift Russia's suspension this week, and let Russian athletes parade with double-headed-eagle uniforms and tricolor flags, people familiar with the

matter said. "It would look bad," one person said.

An IOC official said doping cases are "extremely disappointing" but show the effectiveness of antidoping measures.

Positive doping tests in curling are extremely rare, according to historical records. World Curling Federation spokesman Cameron MacAllister said it was the first occurrence in an Olympic competition.

Officials from the Russian delegation said they were in "shock" because they were convinced Krushelnitckii had never used meldonium.

"He guarantees that he doesn't use meldonium," Andrei Sozin, a director at Russia's curling federation, told the Tass news agency. "He is ready for any probe and we trust him."

Krushelnitckii couldn't be reached for comment. In a statement to Russian newswire RIA earlier this week, he said, "I know nothing about all this."

National Olympic delegations declined to comment on a continuing doping case or Russia's possible readmission by the IOC.

"That's for the politicians to handle. We are having focus on five more days of Olympic sports," said Halvor Lea, spokesman for Norway's sports-training organization.

—Rachel Bachman contributed to this article.

ALPINE SKIING

GOGGIA WINS DOWNHILL

BY RACHEL BACHMAN

JEONGSEON, South Korea— American Lindsey Vonn won a bronze medal in the downhill on Wednesday, sealing her comeback in her best event after missing the 2014 Olympics with an injury. Vonn won gold in the downhill in 2010.

Italy's Sofia Goggia won gold in 1:39.22, followed by Norway's Ragnhild Mowinckel, .09 second back. Vonn finished .47 second out.

Mowinckel's silver gave Norway six Alpine skiing medals in these Games. With the finish, Vonn became at age 33, the oldest female Alpine skier to win an Olympic medal. "I'd have loved a gold medal, but honestly, I'm so proud," she said.

Vonn, who raced seventh, was sitting in second place until Mowinckel, racing 19th, bumped her. Switzerland's Lara Gut, the bronze medalist in the event in 2014,

missed a gate and skied out.

Vonn has skied two races at these Olympics and has one to go. She finished tied for sixth in Saturday's Super G, after swinging wide on a turn.

Entering the Olympics she had won 42 World Cup downhill races, more than any other female skier in history. She has 81 victories in World Cup racing, more than any other woman and within five of the all-time record of 86, held by Sweden's Ingemar Stenmark.

"This is probably my last Olympics," Vonn said before her first competition. "I'm soaking in every moment."

She now faces U.S. teammate Mikaela Shiffrin in Thursday's Alpine combined, a blend of slalom and downhill. The race was moved up from Friday due to a forecast of high winds.

Now Vonn must deal with what Shiffrin had to earlier in these Games, when postponements pushed the giant slalom and slal-

om into back-to-back days. The squished schedule was too much for Shiffrin to bear. After her gold medal in giant slalom she finished fourth in slalom, her best event.

Shiffrin considered racing the downhill but pulled out after the Alpine combined was rescheduled.

On Wednesday morning she tweeted, "This. Track. Is. So. Fun!"

Only slightly bummed I'm not skiing it today cause we have 4 girls who are ready to hammer down and I can't wait to watch! #GoUSA"

Team USA had the biggest cheering section at the downhill, taking up roughly half of the occupied seats and clattering with cowbells.

Medal Count

COUNTRY	G	S	B	TOTAL
Norway	11	11	8	29
Germany	11	7	5	23
Canada	8	5	6	19
Neth.	6	5	3	14
France	5	4	4	13
U.S.	5	3	5	13
OAR*	0	3	8	11
Austria	4	2	4	10
Japan	2	5	3	10
Italy	3	2	4	9

*Olympic Athletes from Russia

Updated: 11:00 p.m. ET

FOR THE LATEST COUNT GO TO WSJ.com/Olympics

DEAN MOHTAROPULOS/GETTY IMAGES

South Korea won gold at the women's short track speed skating 3000m relay.

CURLING

Russia 'regrets' drug-test fail

ALPINE SKIING

GOGGIA WINS DOWNHILL

BY RACHEL BACHMAN

JEONGSEON, South Korea— American Lindsey Vonn won a bronze medal in the downhill on Wednesday, sealing her comeback in her best event after missing the 2014 Olympics with an injury. Vonn won gold in the downhill in 2010.

Italy's Sofia Goggia won gold in 1:39.22, followed by Norway's Ragnhild Mowinckel, .09 second back. Vonn finished .47 second out.

Mowinckel's silver gave Norway six Alpine skiing medals in these Games. With the finish, Vonn became at age 33, the oldest female Alpine skier to win an Olympic medal. "I'd have loved a gold medal, but honestly, I'm so proud," she said.

Vonn, who raced seventh, was sitting in second place until Mowinckel, racing 19th, bumped her. Switzerland's Lara Gut, the bronze medalist in the event in 2014,

BY RACHEL BACHMAN

GOOGIA WINS DOWNHILL

BY RACHEL BACHMAN

GOOGIA WINS DOWNHILL

THE WALL STREET JOURNAL.

CIO Network

Everyone Looks to You. Whom Do You Look To?

The Wall Street Journal CIO Network is an invitation-only membership exclusively for chief information officers and technology officers from the world's largest and most influential companies. They come together to identify key challenges in technology and new opportunities for innovation that will unlock value for their organizations.

Carlos Amesquita The Hershey Company	Sonny Garg Uptake	Philip McKoy UnitedHealthcare	Edward Roussel Dow Jones & Company
Brad Arkin Adobe	Rhonda Gass Stanley Black & Decker Inc.	Ed McLaughlin Mastercard	Michael Salas SUEZ in North America
Phil Baldock ARRIS International Plc	Rob Gaudette NRG Energy Inc.	Mike McNamara Target	Stuart Samples thyssenkrupp AG
Atish Banerjea Facebook	Darren Ghanayem WellCare Health Plans, Inc.	Vincent Melvin Arrow Electronics, Inc.	Casey Santos General Atlantic
Daniel Barchi NewYork-Presbyterian Hospital	Scott Gilbert Marsh & McLennan Companies, Inc.	Todd Miner Yelp	Joe Schulz Hewlett-Packard Enterprise
Christy Barker Olin	Michael Gioja Paychex, Inc.	Shamim Mohammad CarMax, Inc.	Trevor Schulze Micron Technology Inc.
David Bean Vertex Pharmaceuticals Incorporated	Kfir Godrich BlackRock Inc.	Gregory Morrison Cox Enterprises Inc.	Massoud Sedigh World Fuel Services Corporation
Chris Bedi ServiceNow	Susan Gueli Nationwide	Thomas Murphy University of Pennsylvania	Aarti Shah Eli Lilly and Company
Ramin Beheshti Dow Jones & Company	Suren Gupta Allstate Insurance Company	Rich Murr Epicor Software Corporation	Samir Shah Fortune Brands Home & Security Inc.
Otto Berkes CA Technologies	Zack Hicks Toyota Motor North America, Inc.	Jonah Myerberg Desktop Metal	Mark Sims The Scotts Miracle-Gro Company
Michael Brown ExxonMobil Global Services Company	Dave Hoag Options Clearing Corporation	Basant Nanda Canada Pension Plan Investment Board	Sukhyinder Singh Host Hotels & Resorts, Inc.
Don Callahan Citigroup Inc.	Arthur Hu Lenovo Group Ltd	Udo Neumann Daimler Financial Services	Manish Sinha Ansys Inc.
Vince Campisi United Technologies Corporation	Bask Iyer Dell Technologies & VMware	Jo-ann Olsovsky Salesforce	John Soderberg Fastenal Company
Paul Chapman Box Inc.	Sheila Jordan Symantec Corporation	Leslie Ottolenghi Caesars Entertainment Corp.	Scott Spradley Tyson Foods
Paul Cheesbrough 21st Century Fox	Carol Juel Synchrony Financial	Bill Owen JDA Software	Balaji Srinivasan Masco Corporation
Mike Chinn S&P Global, Inc.	Kumud Kalia Akamai Technologies Inc.	Tom Pageler Neustar	Julie St. John Capital Group Companies
Jack Clare Dunkin' Brands Group Inc.	Deepak Kaul Zebra Technologies	Andy Palan Intarcia Therapeutics, Inc.	Adam Stanley Cushman & Wakefield
David Colville Nestlé Waters North America	Tom Keiser Zendesk	Mike Parisi Illinois Tool Works Inc.	Cynthia Stoddard Adobe Systems
David Cooper Wex Inc.	Mike Kelly Red Hat Inc.	Tom Peck AECOM Technology Corporation	Brad Strock PayPal
Heather Cox USAA	Bob King ITT Corporation	Warren Perlman Ceridian	Luis Suarez H.I.G. Capital
Mark Cyphert Protective Life Corporation	Joseph Kochansky BlackRock Inc.	Brad Peterson Nasdaq	Andy Swenson UPC Insurance
John Dancy CSRA Inc.	Joe Korngiebel Workday	Wendy Pfeiffer Nutanix	Denise Taylor Westfield Corporation
Richard Daniels Kaiser Foundation Health Plan	Kalyan Kumar HCL Technologies Limited	Thomas Phelps IV Laserfiche	Graeme Thompson Informatica
Julia Davis Aflac Incorporated	Elena Kvochko Barclays Bank Plc	Fletcher Previn IBM	Andrew Timm PTC
Samir Desai Equinox	Praniti Lakhwara Apttus Corporation	Phil Quade Fortinet Inc.	Atticus Tysen Intuit Inc.
Guillermo Diaz, Jr. Cisco Systems, Inc.	Madelyn Lankton The Travelers Companies, Inc.	Larry Quinlan Deloitte	Raja Ukil Wipro Ltd
Amy Doherty AARP	Todd Lant Blackbaud Inc.	Brad Rable Stewart Information Services Corporation	Hector Roldan Vargas Banco de Credito e Inversiones SA
Ann Dozier Southern Glazer's Wine & Spirits	June Lemerand Snap-on Incorporated	Becky Raichur MrOwl	Sylvie Veilleux Dropbox, Inc.
Dana Drysdale SJW Group	Jim Lott GTCR	Meerah Rajavel Forcepoint LLC	Jay Venkat The Boston Consulting Group
Ingo Elfering Indivior	Ralph Loura Rodan & Fields, LLC	Lance Ralls Belkin International	Vic Verma International Flavors & Fragrances Inc.
John Engates Rackspace	Krish Mani JELD-WEN Inc.	Ashwin Rangan ICANN	Rob Waddell Apex Systems
Allen Fazio Houlihan Lokey	Hidetoshi Maruyama Nippon Yusen KK	Hasmukh Ranjan Synopsys, Inc.	Edward Waggoner Jones Lang LaSalle Inc.
Liv Fiksdahl DNB ASA	Abhijit Mazumder Tata Consulting Services	Julie Ray Fannie Mae	Philip Wiser Hearst Corporation
Marc Frons News Corporation	Margaret McCarthy Aetna Inc.	Mike Rodgers Pilot Flying J	Sigal Zarmi PwC
Martha Gallo AIG	James McGlenon Liberty Mutual Insurance	Mark Roellig Massachusetts Mutual Life Insurance Company	

CIO Network Annual Meeting | March 5–6, 2018 | San Francisco, CA

Membership is by invitation. Learn more at CIONetwork.wsj.com

Proudly Sponsored by:

Deloitte.

THE WALL STREET JOURNAL.
Read ambitiously

OPINION

Mueller Focuses on Molehills

BUSINESS WORLD
By Holman W. Jenkins, Jr.

On Aug. 17, 2015, 63 days after Donald Trump's escalator ride at Trump Tower, a lightbulb went on. Certain pro-

T r u m p emails that colleagues and I were receiving were coming from Vladimir Putin's internet trolls. "The Kremlin is now in the Donald's corner . . ." I emailed a co-worker.

The most valuable thing said last week was said by Sen. Jim Risch during a hearing, when he pointed out that the American people "realize that there's people attempting to manipulate them."

The least valuable was the prediction by three intelligence chiefs that Russia's meddling will continue through 2018 and 2020. It may or may not, but what else were they going to say? There's no upside to "estimating" anything else. This is a big part of what's wrong with our intelligence establishment, handling inherently ambiguous matters and overwhelmingly incentivized, at least at the top, to say whatever is most politically and institutionally expedient.

Let's be realistic: The Russian propaganda activities detailed in Robert Mueller's indictment last week had less impact on the election than 20 seconds of cable TV coverage (pick a channel) of any of Mr. Trump's rallies.

His latest includes information that could only have

POLITICS & IDEAS
By William A. Galston

In business, it is said, the customer is always right. Politics is more complicated, because citizens are called upon to be more than consumers.

"The people commonly intend the public good," Alexander Hamilton wrote in Federalist 71, "but their good sense would despise the adulterator who should pretend that they always reason right about the means of promoting it."

In November 2016, 46% of the American people made a mistake, elevating to the highest office in the land a man incapable of discharging its duties. Now our country and our friends around the world are wrestling with the consequences.

President Trump's out-of-control weekend Twitter storm has raised these concerns to new heights. Our European allies no longer know what to believe. "Is it deeds? Is it words? Is it tweets?" asked Germany's foreign minister at the annual Munich Security Conference. While senior administration officials offered reaffirmations of traditional American positions, our allies did not know whether they were speaking for the president and if so, for how long.

We know what is required of every American citizen. It is enshrined in the oath that

Mercedes-Benz, the luxury unit of Daimler AG, recently learned the price of crossing Beijing. Earlier this month the German car maker was attacked by state media after posting an anodyne Dalai Lama quote on Instagram. The company quickly and abjectly apologized to the Chinese government. It then went further, promising "no support, assistance, aid or help to anyone who intentionally subverts or attempts to subvert China's sovereignty and territorial integrity."

This public humiliation has prompted many companies to ask: How much is it worth to stay in China's markets?

Gone are the days when China bided its time, as counseled by Deng Xiaoping. In exchange for continued access

Only the media's beloved hindsight fallacy suggests otherwise. In fact, Hillary Clinton's campaign made good use of Russia to discredit Mr. Trump in the eyes of voters. What was the net effect on the vote? The press doesn't know. Worse, it doesn't know that it doesn't know.

Ditto the media's new favorite song that the U.S. has done nothing to punish Mr. Putin's provocations. The U.S. government does not tell the public everything it does. American warplanes recently killed dozens, perhaps as many as 200, Russian mercenaries in Syria employed by Yevgeny Prigozhin, a key figure in the Mueller indictment.

For the first time in the Syrian theater, a man-portable antiaircraft weapon appeared in the hands of the Syrian opposition, shooting down a Russian jet. The U.S. government has denied a role, but the message, if that's what it was, would be historically resonant. The U.S. used such missiles to raise the cost of Soviet adventurism in Afghanistan and Angola in the 1980s.

Let's hope so, because such means will be necessary in Mr. Putin's case, not just waving legal paperwork at him as Mr. Mueller has done.

That said, give Mr. Mueller credit. So far, we've relied on partisan leaks and memos to tell us what little we know. His court filings, insufficient as they are, at least contribute to the air-clearing.

His latest includes information that could only have

come from U.S. intelligence intercepts. He cites reports that Russia's alleged operatives filed with each other, and even an email one operative sent to a relative. But this also highlights a problem. Mr. Mueller is dependent on U.S. intelligence agencies, which share only what they want to share.

intelligence chieftains John Brennan and James Clapper use their positions to lean on Mr. Comey to spy on the Trump campaign or protect Mrs. Clinton? Is the intelligence community even now trying to shape Mr. Mueller's probe by what it decides to share with him? If we had to guess based on what we know today, the answer is yes.

The Foreign Agents Registration Act, the basis for many of Mr. Mueller's charges against the Russians, was passed in 1938, aimed at Nazi propagandists, who were active in the U.S. in ways very similar to the Putin regime. Implicit was the idea that Americans can't be insulated from foreign influence, but they can certainly understand who is trying to influence them.

The Washington Post, in a lengthy reconstruction last year, concluded that President Obama held back from doing more to inoculate the American people against Russian influence because he didn't want to upset the apple cart of an expected Clinton victory. That's one mistake future administrations will find it harder to make.

News reports as well as basic logic suggest U.S. intelligence agencies, at some point, would have started monitoring Christopher Steele's communications. They likely know more about his alleged Russian sources and their credibility than they are telling.

Both episodes have done far more to inflame U.S. politics than anything outlined in the Mueller indictment. Yet here's betting a Battle Royal lies ahead before we get the truth out of U.S. intelligence agencies.

Remember your Watergate: The CIA is a natural, perhaps irresistible, instrument for pressuring the FBI. Did Obama

alternative is leaving our country undefended against an attack on the foundation of political legitimacy—free and fair elections—invoking the 25th Amendment would be the lesser evil.

The drafters of the amendment contemplated the president's physical incapacitation, as when a stroke felled Woodrow Wilson. With Mr. Trump, we face the incapacitation of character—an inability to master his passions sufficiently to distinguish between the country's well-being and his fatherless self-regard.

Our Founders did their best to devise institutions that would defend us against the frailties of our nature. But they understood that these institutions formed an imperfect bulwark. When the people go badly astray, ordinary checks and balances may not suffice to protect them against themselves.

The Americans who supported Mr. Trump in 2016 had genuine grievances that both parties had neglected for far too long.

But he is a deeply, dangerously flawed instrument of their purposes. In choosing him, they made a mistake that threatens America and the world.

It is no violation of democracy to say that the people are not always right. To claim that they are is to cross the line from democracy to flattery, and to surrender the liberty of independent judgment on which democracy ultimately depends.

His weekend Twitter outburst calls into question his ability to discharge his powers.

adviser to confront Mr. Trump, collectively and directly, to inform him that unless he publicly affirms the reality of the Russian threat and authorizes the strongest possible response to it, they will have no honorable alternative to resignation.

It is time for the secretary of defense, the secretary of state, and the national security

alternative is leaving our country undefended against an attack on the foundation of political legitimacy—free and fair elections—invoking the 25th Amendment would be the lesser evil.

The drafters of the amendment contemplated the president's physical incapacitation, as when a stroke felled Woodrow Wilson. With Mr. Trump, we face the incapacitation of character—an inability to master his passions sufficiently to distinguish between the country's well-being and his fatherless self-regard.

Our Founders did their best to devise institutions that would defend us against the frailties of our nature. But they understood that these institutions formed an imperfect bulwark. When the people go badly astray, ordinary checks and balances may not suffice to protect them against themselves.

The Americans who supported Mr. Trump in 2016 had genuine grievances that both parties had neglected for far too long.

But he is a deeply, dangerously flawed instrument of their purposes. In choosing him, they made a mistake that threatens America and the world.

It is no violation of democracy to say that the people are not always right. To claim that they are is to cross the line from democracy to flattery, and to surrender the liberty of independent judgment on which democracy ultimately depends.

China humiliates another Western Company

By Michael Auslin

Mercedes-Benz, the luxury unit of Daimler AG, recently learned the price of crossing Beijing. Earlier this month the German car maker was attacked by state media after posting an anodyne Dalai Lama quote on Instagram.

The company quickly and abjectly apologized to the Chinese government. It then went further, promising "no support, assistance, aid or help to anyone who intentionally subverts or attempts to subvert China's sovereignty and territorial integrity."

This public humiliation has prompted many companies to ask: How much is it worth to stay in China's markets?

Gone are the days when China bided its time, as counseled by Deng Xiaoping. In exchange for continued access

to Chinese markets, Beijing increasingly expects Western companies to engage in self-censorship, accept government control over information, and even punish their own workers for offending China.

Beijing increasingly demands corporate self-censorship.

Few companies have been willing to stand up for themselves when singled out. In January the American hotel giant Marriott caved in to pressure and temporarily shut down its websites in China. Its offense? An online questionnaire listed Tibet, Taiwan, Macau and Hong Kong as independent countries. After changing the website, the company's CEO publicly

stated that Marriott "respects and supports Chinese sovereignty and its territorial integrity." Delta Air Lines, Qantas, Zara and Audi are also fellow travelers in China's geopolitical strategy.

Perhaps most concerning, China has taken a particular interest in changing the fundamental way Western technology companies function. Facebook, banned in China since 2009, has worked on a "targeted censorship" tool during its bid to re-enter the country. Apple agreed to a partnership with a Chinese internet service company, effectively sharing user data with the government. There is no way either company would accept such demands from the U.S. government.

Some Western corporate leaders argue that running away from China makes no sense. "We believe in engaging with governments even

when we disagree," Apple CEO Tim Cook said last year. But engagement is a two-way street, and Beijing has shown no willingness to accommodate. Instead it has become more intrusive.

China's behavior makes it necessary for Western companies to ask whether the cost of doing business can be too high. Does the profit motive override any responsibility to defend the values of the societies from which they emerged? If only to draw the line against further demands, companies should be reflexively opposed to Beijing's overreach. Otherwise they should expect the cost of doing business in China to continue to rise.

Mr. Auslin is a fellow at the Hoover Institution, Stanford University, and author of "The End of the Asian Century" (Yale, 2017).

BOOKSHELF | By Stephen Phillips

A Gambler's Education

Thinking in Bets

By Annie Duke
(Portfolio, 276 pages, \$26)

At the age of 26, Annie Duke quit the cognitive psychology doctoral program at the University of Pennsylvania to play poker full time. Over the course of her subsequent 20-year career as a pro, she won a World Series of Poker bracelet and more than \$4 million in prize money. The lessons she learned from those years at the poker table are now distilled into "Thinking in Bets: Making Smarter Decisions When You Don't Have All the Facts." It's the dissertation she never got around to finishing.

"Poker players have to make multiple decisions with significant financial consequences in a compressed time frame," writes Ms. Duke. "Each decision can be worth more than the cost of an average three-bedroom house." This may seem far removed from everyday life, but "our decisions are always bets." Relocating for a job, for

instance, amounts to a wager on the job's future earnings. And yet we constantly make consequential decisions emotionally, based on unexamined beliefs and the presumption that we control the outcomes. We also frequently fail to learn from our experiences.

How then to see reality more clearly? Ms. Duke suggests recasting our judgment calls as bets. "We don't win bets by being in love with our own ideas," she writes. "We win bets by relentlessly striving to calibrate our beliefs and predictions about the future to more accurately represent the world."

Thinking about choices this way brings with it a profound attitudinal shift, from binary right-wrong thinking to a "probabilistic" approach, in which we choose "among all the shades of grey." This reframing has a clarifying effect. "The more we recognize that we are betting on our beliefs (with our happiness, attention, health, money, time, or some other limited resource)," Ms. Duke writes, "the more we are likely to temper our statements, getting closer to the truth as we acknowledge the risk inherent in what we believe."

Moreover, when we state our judgments circumspectly in the form of a bet, we are more inclined to revise them with the arrival of new information. "When confronted with new evidence, it is a very different narrative to say, 'I was 58% [certain] but now I'm 46%', " writes Ms. Duke. "That doesn't feel nearly as bad as 'I thought I was right but now I'm wrong.' . . . This shifts us away from treating information that disagrees with us as a threat."

We're also less likely to assume that our decisions alone dictate outcomes. We habitually ascribe favorable outcomes to personal agency, discounting the role of fortune. Conversely, if a decision turns out poorly, we believe that it must have been ill-judged. Ms. Duke cites

The author's poker career helped her recognize a number of cognitive biases, tendencies to be mindful of in the casino and in daily life.

the closing moments of the 2015 Super Bowl, when Seattle Seahawks coach Pete Carroll directed quarterback Russell Wilson to pass the ball rather than hand it off. Later, most who had watched the game thought that this was the wrong play to call because it resulted in a turnover and cost the Seahawks their chance to win the game. Actually, it was a percentage play undone by an unlikely interception, Ms. Duke points out.

We often apply double standards when we judge our own decisions versus those of others: When we suffer a setback, we may dismiss it as an aberration, overlooking the extent to which it was self-inflicted. But we don't extend the same pass to others; as the vilification of Mr. Carroll attests, they are the authors of their misfortune, merely lucky when they succeed.

We come by these instincts honestly—they are evolutionarily grounded in the survival benefits of "creating order out of chaos" and the reproductive payoff of aggrandizing ourselves at the expense of others. But they also cause us to miss out on teachable moments.

As a rookie poker player, Ms. Duke was susceptible to these tendencies. Basking uncritically in her wins yet slighting the victories of others as flukes, she ignored many of the insights that might have helped her improve her game. She credits the empirical, dispassionate habits of mind instilled by "thinking in bets" with opening up new learning opportunities.

Phil Ivey, a 10-time World Series of Poker bracelet winner, is an exemplar in this regard. Instead of reveling in his triumphs, Ms. Duke relates, he picks them apart to find what he might have done better. "When we look at the people performing at the highest level of their chosen field," she notes, "we find that the self-serving bias that interferes with learning often recedes and even disappears. The people with the most legitimate claim to a bulletproof self-narrative have developed habits around accurate self-critique."

Ms. Duke counsels us to seek strength in numbers, forming "truthseeking" cohorts committed to challenging self-serving narratives and critically interrogating the beliefs behind our decisions. She found such a "pod" among her poker-playing confreres, including her brother, Howard Lederer, and Erik Seidel, two-time and eight-time World Series bracelet winners, respectively. "My group helped me to give a little more credit [to others] than I otherwise would have," Ms. Duke writes, "to spot a few more mistakes than I would have spotted on my own, to be more open-minded to strategic choices that I disagreed with." It was hard-won, incremental improvement, but "that little bit had a huge long-run impact on my success."

"Thinking in Bets" belongs to a tradition that locates decision-making acumen in the negative space of omission rather than in commission—checking one's instincts, expunging wishful thinking, scouring oneself. It is a sober and disillusioning book, and that is not a bad thing.

Mr. Phillips writes a regular tech-books roundup for the San Francisco Chronicle.

OPINION

Real Solutions for Curtailing Gun Violence

By John Carlson

The most predictable fallout from last week's school shooting in Florida is the impassioned reactions from both sides of the gun divide, which guarantee nothing will change. Gun-control supporters demonize firearms and Second Amendment supporters, blaming the National Rifle Association for mass murder. Conservatives see their critics as caring little about the Constitution and knowing next to nothing about firearms.

But people of good faith can find common ground and help reduce gun violence in the U.S.

Toughen penalties for theft of firearms, and seriously enforce illegal-possession and straw-purchase laws.

Let's begin with a statistic: The number of guns in America rose nearly 50% between 1993 and 2013. During the same period, gun homicides fell by nearly 50%. The notion that more guns mean more crime is simplistic and false.

Yet we still see frightening outbursts of armed violence—whether sudden, as in 17 dead within minutes at Marjory Stoneman Douglas High School, or in slow motion, as in 20 dead during January in Chicago—an improvement from last year.

A University of Chicago study found that only 3% of Windy City gun crimes were committed with legally purchased guns. A federal study in

2004 put the percentage of gun crimes committed with legal guns at 11%. By and large the problem isn't guns—it's that people who shouldn't have them are getting them and using them.

As for mass shootings, almost all of them have involved mentally ill young men. Some used pistols, some used rifles, some had both—but as with street crime, people who shouldn't have weapons got them.

So, what to do? Here are three suggestions.

First, to reduce street violence, dramatically increase penalties for stealing a firearm. According to FBI statistics, in the four years from 2012-15, 1.2 million guns were stolen from people, and another 22,000 were stolen from gun stores. Criminals respond to incentives like everybody else. A mandatory four-year prison term for illegally possessing a firearm, and a six-year term per gun for selling stolen firearms, would, if seriously enforced, escalate the risk of the crime past the point of anticipated benefits. Sentences should be so severe that a burglar would avoid taking the victim's guns rather than face the consequences of being caught with them. Similarly harsh sentences should apply to felons carrying firearms. We don't need a war on guns, but we do need a war on illegal guns. This will save more lives than any other single policy change.

Second, enforce the law against straw purchases of handguns. A straw purchase happens when someone who is legally allowed to buy a gun walks into a store, completes the required



A gun show at Miami's Dade County Fairgrounds this past Saturday.

paperwork, takes possession of the firearm—and then gives it or sells it to someone who isn't allowed to own one. Federal law makes it a crime punishable by up to 10 years in prison and a \$250,000 fine.

But those laws are rarely enforced. In the eyes of the federal government (and straw purchasers) it's a low priority. If that changed, illegal guns from straw purchases would start to dry up. This requires no change in laws, only priorities. The president and attorney general could make it happen immediately.

Third, find practical, legal ways of preventing seriously mentally ill people from acquiring firearms. Nikolas Cruz, the confessed killer of 17 in

Florida last week, had been investigated by Florida's child-protective agency in late 2016 after cutting himself in an online video. He stated he was going out to buy a gun (which he did). The investigating agency "found him stable enough not to be hospitalized."

Two months later, Mr. Cruz, a chronic troublemaker who had been repeatedly suspended from school, was referred for a "threat assessment." Records show he attended half a dozen schools, including one for students with emotional problems. The FBI received a tip from someone who knew Mr. Cruz, cited concerns about his behavior and guns, and expressed concerns he could attack a

MICHELE EVE SANDER/AGENCE FRANCE PRESSE/GETTY IMAGES

school. The FBI has confirmed that it did not follow protocol in handling the reports. Nor did it follow up on a tip from a YouTube blogger after Mr. Cruz left a comment declaring: "I'm [sic] going to be a professional school shooter." The local sheriff said his office had received more than 20 calls about Mr. Cruz. Police had been called out to his house more than three dozen times.

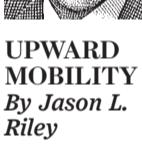
And he was able to buy a gun.

Pre-emptively denying someone a constitutional right requires navigating social, legal and political minefield. It is a tough job that needs to be done. The president should announce a task force to make clear recommendations to Congress on where that line should be drawn. Attempts to deny some Social Security Disability recipients gun rights recently ran afoul not only of Congress and the president, but also the American Civil Liberties Union and a host of disability-rights groups as well. But conservatives and liberals can agree that someone like Nikolas Cruz shouldn't be allowed to legally buy a gun.

All Americans want less gun violence. The way to get there is to keep guns away from people who have no business owning them, and punishing them when they do obtain or possess guns illegally.

Mr. Carlson is a morning radio host on KVI in Seattle. He was a co-author of Washington state's "Three Strikes and You're Out" and "Hard Time for Armed Crime" ballot initiatives in the 1990s.

Elizabeth Warren Lectures Native Americans About Pocahontas



If Sen. Elizabeth Warren won't drop the Pocahontas bit, why should President Trump? There are plenty of good reasons for both of them to move on, but first things first.

"I've noticed that every time my name comes up, President Trump likes to talk about Pocahontas," said Ms. Warren in a speech last Wednesday to the National Congress of American Indians. "So I figured, let's talk about Pocahontas." Why an audience full of Native Americans needed a lecture from Ms. Warren on "the real Pocahontas" is unclear, but the senator went on at some length on the subject.

Mr. Trump began calling Ms. Warren "Pocahontas" in 2016 to mock her questionable claim of American Indian heritage, but such skepticism has been dogging the liberal Democrat since her run for the U.S. Senate in 2012. Ms. Warren has never provided any official

documentation to substantiate her supposed Cherokee and Delaware heritage, and she didn't provide any last week.

Rather, she has based her claims over the years on childhood stories and the fact that an aunt once said the family "had high cheekbones like all the Indians do." As a law professor in the 1980s and '90s, she self-identified as Native American in school directories in the hope that she might "be invited to a luncheon" where she could "meet others like me."

Whether Ms. Warren made these claims to improve her job prospects or merely to get invited to a luncheon is an open question. She contributed recipes to a 1984 cookbook titled "Pow Wow Chow" and signed her name "Elizabeth Warren—Cherokee." The Association of American Law Schools listed Ms. Warren as a minority professor every year from 1986 to 1994, and a spokesman for Harvard Law School, where the future senator began teaching in 1995, once touted her Native American background as proof that the faculty was becoming more diverse.

Defenders of affirmative action tell minorities there's no shame in being hired for their race rather than their skills, and no embarrassment in being admitted to a school despite scoring below their fellow students on admissions tests. But nobody with any self-respect wants to be the diversity hire or the token

Credit for exposing the senator's 'cultural appropriation' goes in part to Donald Trump.

minority on campus. Nobody wants his achievements tainted or diminished, and quotas and set-asides allow others to take credit for the individual accomplishments of racial and ethnic minorities.

Ms. Warren may be one of the Senate's leading progressives, but even she bristled at accusations that she cited Indian heritage to

take advantage of racial preferences and advance her academic career.

"I am who I am," she told the Boston Globe during her 2012 Senate campaign. "I think you've talked to the people who hired me and I think they have said as clearly as humanly possible that I got what I got because of the work I've done." You go, girl.

Ms. Warren knows that the president's Pocahontas digs are intended to mock her fabrications rather than the heritage of American Indians, but that didn't stop her from conflating the two in her speech. She accused Mr. Trump of "reducing native history, native culture, native people to the butt of a joke," and said, "Every time someone brings up my family's story, I'm going to use it to lift up the story of your families and your communities."

That's very touching, but from what we can gather Elizabeth Warren finds Native American heritage useful only insofar as it helps her advance the interests of Elizabeth Warren. Thirty years ago, she wrapped herself in a poncho, evidently to gain Ivy League teaching positions. Today, she's doing the

same to ward off political attacks from the president.

Native Americans face real problems. Their rates of poverty, alcoholism, gang membership and sexual abuse are the highest of any racial group in the country. Their rate of child abuse is double the national average. The second leading cause of death for Native American males between 10 and 14 is suicide. And all these problems worsen significantly when you restrict the sample to Indians who live on reservations. American Indians need public-policy solutions, not more politicians using them as political shields.

Mr. Trump should find less offensive ways to spar with political opponents, but no one is holding his breath hoping that the president will mature. At the same time, let's not pretend that Ms. Warren is a stand-in for Native Americans. Credit for exposing the "cultural appropriation" of this self-styled progressive is owed in part to Mr. Trump, who has a knack for getting his detractors to make total fools of themselves.

What Medicare Could Learn From Netflix

By Ezekiel J. Emanuel and Bob Kocher

Matters that seem arcane are often vitally important, because they can be worth tens of billions of dollars. Such is the case with "risk adjustment" in health care. Medical spending is not spread evenly across all people in society. Half the population uses hardly any care in a given year—only 3% of total spending. Conversely, 10% of Americans consume about two-thirds of all health-care spending.

Consequently, when someone buys an ObamaCare plan or enrolls in a Medicare Advantage managed-care plan, the federal government needs to adjust the fixed premium (or subsidy) it pays to account for how sick the person is. Patients who have serious conditions come with bigger government payments.

Without this adjustment, insurers and health-care providers would have a strong incentive to care only for healthy people.

While the concept sounds simple, risk adjustment is among the factors that make health care so maddeningly complicated. For an "average patient" in Erie County, N.Y., the government will pay a private insurer offering a Medicare Advantage plan roughly \$9,500 a year. But for a patient with lung cancer, diabetes with complications, depression and macular degeneration, risk adjustment triples the amount to just over \$27,000 a year.

That large difference is intended to ensure that the sick patient can continue to get care. But consider the incentives it sets up. As every physician knows, many diseases are diagnosed and their severity assessed based on clinical

judgment as opposed to objective criteria. Others may be under control or no longer relevant and aptly characterized as "past medical history." Finally, many conditions emerge in almost everyone with age.

Risk adjustment gives doctors and Medicare Advantage insurers a financial reason to ignore these nuances. Instead they have incentives to find every possible diagnosis—and then to make the patient's conditions sound as severe as possible—so as to raise government payments the most.

This gaming is pervasive enough to have a name: up-coding. In 2016 the Centers for Medicare and Medicaid Services audited 37 Medicare Advantage health plans. Thirty-five had overcharged the government, commonly by overstating the severity of diabetes and depression. A 2016 study from the Government Accountability Office suggests this practice costs taxpayers billions of dollars a year in overpayments.

Because Medicare cannot police every plan, it has attacked the problem with a sledgehammer, enacting an annual "coding intensity adjustment," which in 2018 will reduce premiums by "at least 5.91%."

But this adjustment, which insurers aggressively lobby to minimize, penalizes honest Medicare Advantage plans, too. Ultimately, it does not solve the problem because insurers build the "penalty" into their premiums.

Up-coding also diverts providers and insurers from finding ways to improve care and reduce costs. This effect is reinforced by the Affordable Care Act's "medical loss ratio" rules, which require insurers to spend at least 85% of premiums on clinical care. The only way to increase profits, then, is to raise revenues while keeping

administrative costs the same. Gaming risk adjustment is an easy way to do that.

Doctors find risk adjustment incredibly frustrating. Medicare Advantage plans torment them with reminders to do annual visits, in the guise of "wellness visits," to

The company offered a \$1 million prize to improve its algorithm. Why not do that for risk adjustment?

code every disease in every patient. A whole industry of opportunistic intermediaries like Inovalon, hired by health-insurance companies, support up-coding by retrieving patient charts, mining them for abnormal lab values or prescriptions indicative of diseases that aren't being billed, and then faxing back "suggestions" for added diagnoses. This distracts doctors, provides no value for patients, and sucks tons of money out of the system.

How to clean up this mess? Begin by acknowledging that current methods of risk adjustment are not very good. On average, the factors used by Medicare today—mainly data from past claims—can account for only about 36% of the true variation in patient spending due to disease. That means lots of extra money is flowing for diagnoses that do not necessarily imply the assumed increased costs.

One way for Medicare to do better would be to emulate Netflix. Beginning in 2006, Netflix ran a world-wide contest to improve Cinematch, its proprietary algorithm for predicting how users would rate films they'd never seen.

The grand prize was \$1 million. Within a year, over 2,000 separate teams from 150 countries had submitted more than 13,000 algorithms.

Eventually, the winning team, which included researchers from AT&T Labs, Yahoo and an Austrian consulting firm, improved the algorithm by more than 10%. For a tiny cost, Netflix got a huge amount of computer-science research that even its highly skilled employees could not perform.

Medicare should do the same: create a contest open to anyone in the world who can beat its current risk-adjustment model. To ensure fairness and encourage competition, administering it should be outsourced to the X Prize Foundation or a similar group. The winner should be able to use objective patient data to account for at least 45% of the spending variation caused by disease. Medicare could award a \$10 million grand prize and several million for second and third place. It also should be required to adopt one of the top methods.

(There may be practical reasons not to pick the winner.)

To prevent insurers from figuring out how to game this updated risk-adjustment model, Medicare should run a new contest every five to seven years. Tens of millions in prize money could save taxpayers tens of billions a year in up-coding gimmicks.

Dr. Emanuel is vice provost at the University of Pennsylvania, venture partner at Oak HC/FT, and author of "Prescription for the Future." Dr. Kocher is a senior fellow at the Schaeffer Center for Health Policy and Economics, adjunct professor of medicine at Stanford, and partner at Venrock, a venture-capital firm. Both worked in the White House on the Affordable Care Act.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

Rupert Murdoch

Executive Chairman, News Corp

Gerard Baker

Editor in Chief

Matthew J. Murray

Karen Miller Pensiero

Executive Editor

Managing Editor

Robert Thomson

Chief Executive Officer, News Corp

William Lewis

Chief Executive Officer and Publisher

DOW JONES MANAGEMENT:

Mark Musgrave, Chief People Officer;

Edward Roussel, Innovation & Communications;

Anna Sedgley, Chief Operating Officer;

Katie Vannbeck-Smith, President

OPERATING EXECUTIVES:

Ramin Beheshti, Product & Technology;

Jason P. Conti, General Counsel;

Frank Filippo, Print Products & Services;

Steve Grycuk, Customer Service;

Kristin Heitmann, Chief Commercial Officer;

Nancy McNeill, Advertising & Corporate Sales;

Christina Van Tassel, Chief Financial Officer;

Jonathan Wright, International

DJ Media Group;

Almar Latour, Publisher;

Kenneth Breen, Commercial

Professional Information Business;

Christopher Lloyd, Head;

Ingrid Verschuren, Deputy Head

DOW JONES
News Corp

EDITORIAL AND CORPORATE HEADQUARTERS:

1211 Avenue of the Americas, New York, N.Y., 10036

Telephone 1-800-DOWJONES

WORLD NEWS

Conflicts Raise Iranian General's Profile

Quds Force leader
Qassem Soleimani is the face of Tehran's foreign adventures

BY SUNE ENGEL RASMUSSEN

U.S. officials consider the commander of an elite Iranian military unit a terrorist supporter and the man ultimately responsible for the deaths of thousands of American troops and their Middle East allies.

But many Iranians view Gen. Qassem Soleimani, the face of Tehran's growing regional clout, as their best defense against foreign aggression.

Gen. Soleimani's public profile is soaring just as Iranian President Hassan Rouhani's popularity sags. In a recent poll from the University of Maryland, 64.7% of Iranians had a "very favorable" view of Gen. Soleimani, compared with 23.5% for Mr. Rouhani, suggesting that the main architect of Iran's wars in the Middle East is the most popular official in the country.

That is a sign of support for Shiite Iran's aggressive push for influence in the Middle East in the wake of recent protests over the country's struggling economy, strict social norms and disappointing returns from the easing of sanctions under the 2015 nuclear deal that Mr. Rouhani hailed.

"His popularity comes from being a war hero and not bragging about it in the media," said Tehran shopkeeper Ramin Mozafarian of Gen. Soleimani. "He is like an ambassador of Iran's power...I think all Iranians are proud of him. Who wouldn't be?"

An example of Iran's emboldened foreign policy came this month when Israel said it intercepted an Iranian drone in its airspace that came from Syria, where Iran backs the regime of President Bashar al-Assad. Israel responded by striking Iranian and Iran-backed targets in Syria, and Syrian antiaircraft missiles shot down an Israeli jet. The U.S. warned of "Iran's calcu-



Gen. Soleimani has remained above the domestic political fray.

lated escalation of threat and its ambition to project its power and dominance."

Gen. Soleimani, who is 60 years old, is the public face of Iran's efforts to arm Shiite militias in Iraq and salvage the regime in Syria, and one of Iran's biggest celebrities, trailed by photographers when he visits the front lines.

With a white beard and a head of hair to match, he poses for selfies with Iraqi and Syrian militiamen and is the subject of tribute videos on YouTube. The Quds Force he heads is the elite unit of Iran's Islamic Revolutionary Guard Corps responsible for operations abroad, a force that answers directly to Supreme Leader Ayatollah Ali Khamenei. The IRGC has a history of political repression at home, but is ex-

pected to reap some of the dividends of Gen. Soleimani's popularity, helping it rebuff Mr. Rouhani's attempts to curtail its influence and assert its military ambitions.

Attempts to reach Gen. Soleimani through IRGC officials were unsuccessful.

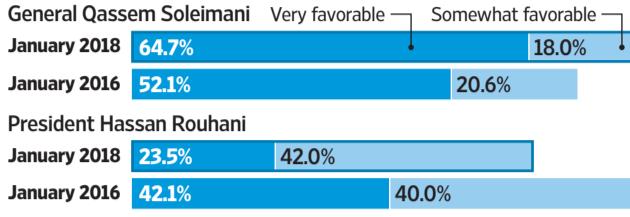
The U.S. in 2007 designated the Quds Force as a supporter of terrorism, and has identified Gen. Soleimani as the key figure behind Iran's campaign to fund, train and equip Shiite militias fighting in Iraq, Syria, Lebanon and Yemen.

By setting up bases and propping up loyalists, Iran seeks to prevent a military threat from neighboring Iraq and to carve out a corridor connecting Tehran to the Mediterranean in Lebanon, allowing it to resupply allies with

The View From Iran

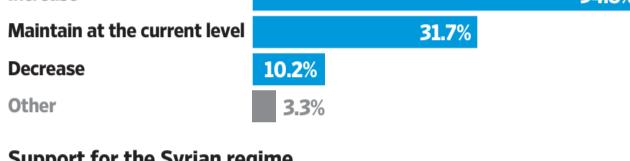
Iranians see the general who heads an elite military force more favorably than they do the country's president, according to a recent poll which also showed Iranian public support for Tehran's efforts to fight Islamic State and support the Syrian regime.

Share of people with a favorable view of...



Support for groups fighting Islamic State

Q: In your opinion should Iran increase its support of groups fighting terrorist groups like ISIS, decrease it, or maintain it at the current level?



Support for the Syrian regime

Q: Now that Iran and Russia have declared victory over ISIS in Syria, do you think Iran should end its military assistance to the government of Bashar al-Assad, reduce its assistance or continue its assistance until Assad's government gains full control over all Syrian territories?



Source: Center for International and Security Studies at Maryland/IranPoll polls; most recent of 1,002 people conducted Jan. 16-24; margin of error: +/- 3.1 percentage points

THE WALL STREET JOURNAL.

Authorities Engage In Deadly Clashes With Religious Sect

Police in Tehran arrested hundreds of protesters after five security personnel were killed in confrontations with members of a mystical Islamic sect, the latest sign of social tensions in Iran following widespread demonstrations last month.

Scores of the sect members, who follow a Sufi branch of Islam and are known as dervishes, had staged a peaceful sit-in Monday in front of a Tehran police station to demand the release of one of their co-believers.

They clashed with riot police sent in to break up the protest after nightfall Monday, resulting in the death of the five security forces, a police spokesman said Tuesday, according to the official Islamic Republic News Agency.

"The riot was subdued by the security forces and the main instigators were arrested," the police spokesman, Saeed Montazeromahdi, was quoted as saying. More than 300 people have been taken into custody, he said.

The dervish unrest marks another iteration of public discontent after a bout of nationwide demonstrations between late December and early January. Those protests, which included an uncharacteristically direct rejection of Iran's ruling system, died out as the authorities cracked down. But Iranians have continued to demonstrate in other ways.

Dozens of women have been increasingly bold in their defiance of Iran's requirement they wear Islamic head-scarves in public in recent months. Video and images on social media have shown them waving headscarves from the ends of sticks in busy streets, risking arrest.

—Asa Fitch
and Aresu Eqbali
contributed to this article.

Jihadists Embrace Bitcoin to Finance Their Battles

BY BRETT FORREST
AND JUSTIN SHECK

When a group that says it provides financial assistance "relating to the jihad" sought to improve conditions for fighters in a squalid, sandbag-fortified trench in Syria late last year, it turned to a new funding conduit: bitcoin.

"There is currently no shelter to protect the food and ammunition from the rain," the group, called al Sadaqah ("charity" in Arabic), lamented in a post on the messaging app Telegram.

The group's Twitter feed contains a video showing a dirt floor strewn with blankets, bags of pita bread and hand grenades along with a message—"Donate anonymously with Cryptocurrency"—followed by a bitcoin address. So far, according to an online ledger, the group has received about \$1,000.

The soliciting of digital currency by jihadist groups like al Sadaqah has only recently come under scrutiny

from U.S. officials. In January, Rep. Ted Budd (R., N.C.) introduced a bill to establish a financial-technology task force to combat terrorists' use of cryptocurrency. Treasury Secretary Steven Mnuchin told the Senate Banking Committee that the agency is also planning to investigate.

Meanwhile, cryptocurrency has become an increasingly discussed topic among jihadist groups in the Middle East. This month, an issue of al-Haqqa, a pro-al Qaeda online magazine, included a "Tech Talk" section that outlines bitcoin basics.

Al Sadaqah has realized what other violent groups have found: Raising funds in cryptocurrencies can evade the rules the global banking system has put in place to block terror financing and money laundering.

"It is fast, efficient, and does not pass through the same interest-loaded and traceable routes that any usual payment methods



An image taken from al Sadaqah's Twitter feed, above

would go through," Hassan Abdo, an al Sadaqah spokesman, wrote to The Wall Street Journal in a text message. "This way we and our donors can keep our full anonymity."

Yaya Fanusie, an ex-CIA analyst who is a director of the Washington-based counterterrorism think tank Foundation for Defense of Democ-

racies, has been tracking al Sadaqah's bitcoin accounts for months. He said it is difficult to confirm the identities of such groups online because they hide behind fake personas and use technology to protect their identities.

"What they're more than likely attempting to do isn't just to pick up a few peanuts in donations here," said Michael Smith, a fellow at the New America think tank who studies terrorists' use of technology. "It's to build a network of sympathizers."

Messrs. Fanusie and Smith said al Sadaqah and its solicitation of cryptocurrency appear to be genuine. The group's spokesman says its members are located in northern Syria, and its website includes a "disclaimer" that the group doesn't support Islamic State or its affiliates.

There have been cases in the past of cryptocurrency links to funding Islamic State. In 2015, a Virginia teen, Ali Shukri Amin, was charged with conspiring to provide material support to a foreign terrorist organization for explaining on Twitter how to send bitcoin to the group. A federal judge sentenced Mr. Amin to 11 years in prison.

The U.S. government alleges that Zoobia Shahbaz, a lab technician in New York, defrauded financial institutions last year of more than \$85,000, which she converted into cryptocurrencies and transferred to Islamic State-linked individuals and shell companies in China, Pakistan and Turkey. Ms. Shahbaz, 27, faces fraud and terrorism-related conspiracy and money-laundering charges.

Cryptocurrencies like bitcoin use a digital ledger called a blockchain that is maintained by a broad network of computers. They can be traded without relying on banks and exchanges that are required by law to make sure they aren't working with criminals.

"I would call it a money-laundering revolution," said Arkady Bukh, a New York defense lawyer who has represented terrorism suspects.

While bitcoin's blockchain is visible, the ownership of the currency is often unclear. Other, more innovative cryptocurrencies can avoid tracking altogether. Governments are behind the curve when it comes to regulating digital currencies, Mr. Fanusie said.

WORLD WATCH



A FAREWELL: Mourners and supporters of Zimbabwe's Movement for Democratic Change wave goodbye to late opposition leader Morgan Tsvangirai at his burial in his village in Buhera District.

EUROZONE

Consumer Sentiment Declined This Month

Consumers were more pessimistic about their prospects in February, the first weakening of confidence since July and a sign that the bloc's economic recovery may have leveled off.

The European Commission said Tuesday its monthly measure of sentiment fell to 0.1 from 1.4 in January. Economists surveyed by The Wall Street Journal last week anticipated a more-modest decline to 1.0.

Official data indicate that the eurozone economy grew 2.5% in 2017, the fastest expansion in a decade. Economists expect 2018 to come close to matching that performance, with forecasters monitored by tracking firm Consensus Economics projecting growth to come in at 2.3%.

—Paul Hannan

CANADA

Province Moves on Real-Estate Prices

In its latest attempt to curb fast-rising home prices, the Canadian province of British Columbia said it would introduce a set of measures targeting offshore investors looking to park their cash in Vancouver properties.

It is the second time in less than two years the province has intervened to damp house-price gains. It is the latest step by lawmakers in places such as Australia, New Zealand and Singapore to deal with skyrocketing house prices.

To keep a lid on house-price gains, British Columbia said it would boost the foreign buyers' tax to 20% from 15%, and widen its application beyond Vancouver to other heavily populated areas.

—Paul Vieira

THAILAND

Father Gets Custody In Surrogacy Case

A Bangkok court granted legal custody of 13 babies carried by surrogate mothers to a Japanese millionaire who is their biological father.

Mitsutoki Shigeta's case raised eyebrows in 2014 when police raided a Bangkok condominium and found nine babies and nine nannies living there. It was found that Mr. Shigeta had fathered the children using Thai surrogate mothers. The case, and others, helped usher in a Thai law prohibiting commercial surrogacy for foreign clients.

Bangkok's Central Juvenile and Family Court gave Mr. Shigeta sole legal custody of the children, ruling that he is financially stable and had shown his plans to care for them.

—Associated Press

BUSINESS & FINANCE

© 2018 Dow Jones & Company. All Rights Reserved.

* * *

THE WALL STREET JOURNAL.

Wednesday, February 21, 2018 | B1

Company thumbs nose at suitor
Broadcom by raising its bid for NXP

BY BEN DUMMETT AND TED GREENWALD

Qualcomm Inc. pumped new life into its bid for **NXP Semiconductors NV**, raising its offer to \$44 billion and locking up support from key stakeholders—a move **Broadcom Ltd.** had warned could prompt it to end its \$121 billion pursuit of Qualcomm.

The \$127.50-a-share offer for NXP, announced Tuesday, is the latest twist in months of maneuvering between Qual-

comm and Broadcom over what would be the largest tech deal ever.

Broadcom Chief Executive Hock Tan had stressed his offer for Qualcomm—a deal that would forge the third-biggest chip maker by revenue—depended on his target not raising its price for NXP beyond the original \$110 a share. But as a higher price for NXP seemed increasingly inevitable, Mr. Tan softened his position, saying recently he would keep his options open.

Now the two rivals are headed toward a March 6 showdown in which Qualcomm shareholders are scheduled to vote on a slate of directors nominated by Broadcom. In another recent concession

seemingly aimed at getting a deal done, Mr. Tan reduced his slate from 11 candidates to six, seeking a majority rather than trying to unseat the entire Qualcomm board.

Glass Lewis & Co., which advises big shareholders on corporate votes, recommended Tuesday that Qualcomm owners vote for all six Broadcom candidates. The firm said Qualcomm's failure to achieve profitable growth and its continuing disputes with regulators and customers led it to "doubt the credibility of Qualcomm's stand-alone plan."

Another advisory firm, Institutional Shareholder Services Inc., recently recommended stockholders vote for four Broadcom candidates,

leaving Qualcomm's candidates with a majority. A mixed board would "require appropriate and demonstrable flexibility on both sides," ISS said.

Qualcomm didn't respond to a request for comment about the advisory firms' stances. In its statement Tuesday, Qualcomm said despite the higher NXP price, it is "highly confident" in its fiscal 2019 road map to deliver between \$6.75 and \$7.50 in adjusted per-share earnings.

Qualcomm is looking to NXP to broaden its product line beyond its smartphone stronghold to automobiles, se-

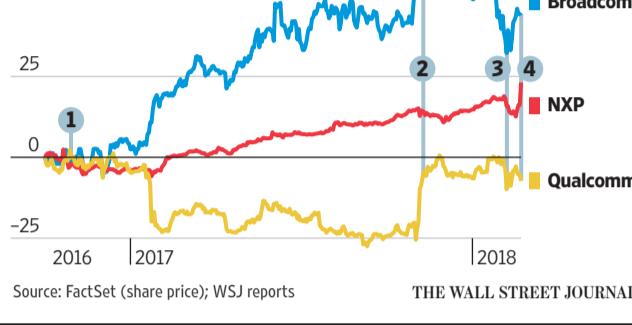
Please see NXP page B2

◆ Heard on the Street: Why Broadcom should walk..... B14

Chip Chase

- 1 Oct. 27, 2016: Qualcomm launches \$39 billion bid for NXP Semiconductors.
- 2 Nov. 6, 2017: Broadcom launches \$105 billion bid for Qualcomm.
- 3 Feb. 5, 2018: Broadcom raises its bid to a 'best and final' \$121 billion.
- 4 Feb. 20, 2018: Qualcomm boosts its bid for NXP to \$44 billion.

Change in share price since Oct. 1, 2016



Source: FactSet (share price); WSJ reports

AT&T Thwarted In Focus On Trump

BY BRENT KENDALL

WASHINGTON—A federal judge on Tuesday undercut **AT&T Inc.**'s plans to argue that the Justice Department is challenging its acquisition of **Time Warner Inc.** for political reasons, ruling that the company can't have information on internal government deliberations.

AT&T has argued that the government's antitrust case was influenced by President Donald Trump's opposition to the deal and his disdain for Time Warner's CNN, a network he has criticized repeatedly.

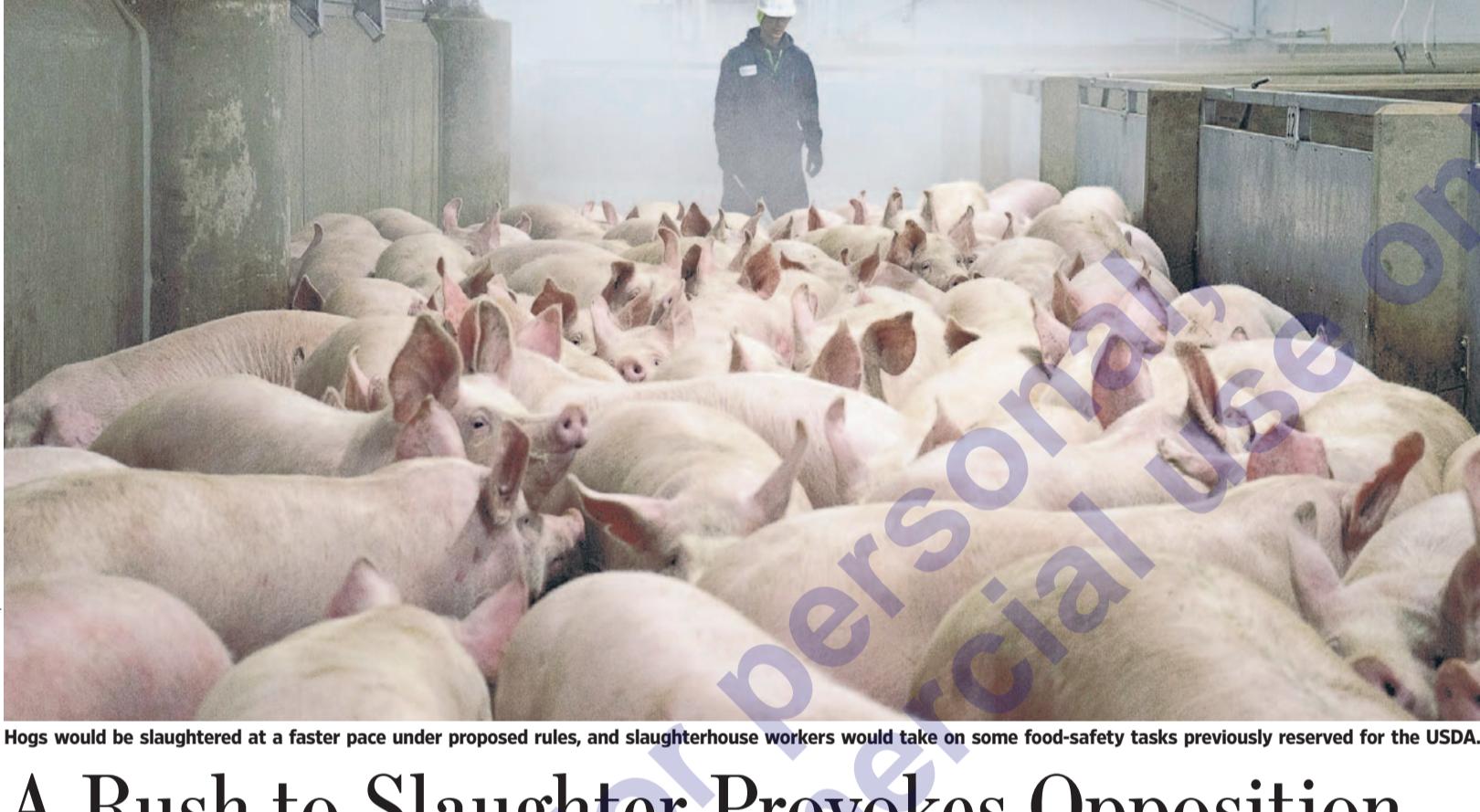
The Justice Department had denied the charges, accusing the two companies at a court hearing Friday of producing a Trump-bias "sideshow" as a way to justify an anticompetitive merger.

The companies said they didn't relish raising the bias issue, but said they had reason to question whether they had been treated fairly. They have argued that their \$85 billion deal won't hurt consumers and shouldn't have been challenged by the Justice Department.

U.S. District Judge Richard Leon's seven-page ruling Tuesday said there are high legal hurdles for defendants seeking access to government communications to build a bias defense and the companies "have fallen far short" of overcoming them.

The companies "have not made a credible showing that they have been especially singled out" by the Justice Dept.

Please see AT&T page B2



Hogs would be slaughtered at a faster pace under proposed rules, and slaughterhouse workers would take on some food-safety tasks previously reserved for the USDA.

A Rush to Slaughter Provokes Opposition

BY BENJAMIN PARKIN AND PATRICK McGROARTY

COLDWATER, Mich.—Proposed rules allowing meatpackers to slaughter hogs faster and play a bigger role in policing food safety are intended to free up government inspectors while making plants more efficient. But the rules, which could take effect this year, have drawn criticism.

Consumer advocates question whether companies can guarantee the cleanliness of their pork while workers take on some tasks previously reserved for U.S. Department of Agriculture inspectors. Mean-

while, worker-rights groups say speeding up slaughter lines would strain workers whose jobs are already difficult and dangerous.

Meat companies and the USDA say the proposals would make better use of inspectors and plant capacity without compromising food safety. Some meatpackers also say more efficient plants could mean lower pork prices for consumers. Similar inspection changes were made in the poultry industry in 2014, and officials say they could come next to the beef-inspection process.

"We can make a lot more efficient and effective use of

the personnel we have," said Paul Kiecker, acting administrator of the USDA's food-safety branch. He said the moves would let inspectors perform other duties such as checking on plant sanitation, which the agency deems a better way to promote food safety than having an inspector posted only to monitor specific points in the slaughtering process.

The changes, some of which are optional and which are due to be completed after a public-comment period ends this spring, predate the Trump administration's push for deregulation. The proposal is based on a pilot program of

more than 15 years at five slaughterhouses run by companies including **Smithfield Foods Inc.**, **Hormel Foods Corp.** and **JBS SA**.

JBS didn't respond to requests to comment. Smithfield and Hormel referred inquiries to the North American Meat Institute, a trade group. Mark Dopp, the institute's head of regulation and science, said under the new rules, inspectors "don't have to stand out in the line every minute of every day."

Inspection practices have fallen behind food-science and slaughterhouse technology, according to the USDA and meat companies, which say they

didn't lobby for the changes. Diseases such as tuberculosis that an inspector can identify by sight are less common in livestock today, they say, while more pressing threats such as bacterial contamination are detected through laboratory tests. They say plant workers can be trained to perform tasks, such as preliminary health checks on glands and organs in slaughtered animals, that were previously performed by inspectors.

The new rules were on display on a recent morning at a slaughterhouse in southern Michigan run by **Clemens Food Group** that is operating

Please see RULES page B2

The companies "have not made a credible showing that they have been especially singled out" by the Justice Dept.

Please see AT&T page B2

Stocks Vex Pension Funds

BY HEATHER GILLERS

Public pension funds that lost hundreds of billions of dollars during the last financial crisis still face significant risk from one basic investment: stocks.

That vulnerability came into focus earlier this month as markets descended into correction territory for the first time since February 2016. The **California Public Employees' Retirement System**, the largest public pension fund in the U.S., lost \$18.5 billion in value over a 10-day trading period ended Feb. 9, according to figures provided by the system.

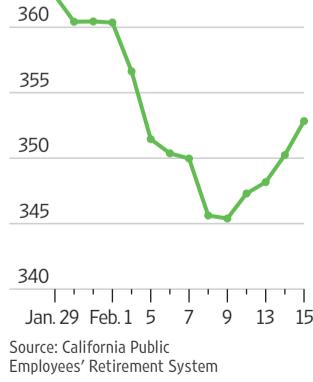
The sudden drop represented 5% of total assets held by the pension fund, which had roughly half of its portfolio in equities as of late 2017. It gained back \$8.1 billion through last Friday as markets recovered.

"It looks like 2018 is likely to be more turbulent than what we have experienced the last couple of years," the fund's chief investment officer, Ted Eliopoulos, told his board last Monday at a public meeting.

Retirement systems that

Roller Coaster

Calpers, the nation's largest pension fund, lost 5% of its market value over 10 trading days before rebounding somewhat.



Source: California Public Employees' Retirement System

THE WALL STREET JOURNAL.

manage money for firefighters, police officers, teachers and other public workers are increasingly reliant on stocks for returns as the bull market nears its ninth year. By the end of 2017, equities had surged to an average 53.6% of public pension portfolios from 50.3% a year earlier, according to figures released earlier this

month by the Wilshire Trust Universe Comparison Service.

Those average holdings were the highest on a percentage basis since 2010, according to the Wilshire Trust Universe Comparison Service data, and near the 54.6% average these funds held at the end of 2007.

One reason public pensions are so willing to bet on stocks is because of aggressive investment targets designed to fulfill mounting obligations to millions of government workers.

The goal of most pension funds is to pay for those future benefits by earning 7% to 8% a year.

"Equities always take up a disproportionate share of the risk budget that any plan has," said Wilshire Consulting President Andrew Junkin, who advises public pension funds. "You can never get away from it."

That stance paid off during 2017's market rally as public pensions had one of their best years of the past decade.

They earned 12.4% in the 2017 fiscal year ended June 30, according to Wilshire Trust Universe Comparison Service.

But the risks can bring size.

Please see STOCKS page B2

INSIDE



SOLAR POWER SUNNY DESPITE TARIFFS

ENERGY, B3



BOSSES HELP WORKERS GET FISCALLY FIT

WORKPLACE, B12

PERSONAL TECHNOLOGY | By David Pierce

Snapchat Aims to Be Less Social, More Fun

You know the old saying, right? If you can't beat 'em...pivot.

That's the story of the new version of **Snap Inc.**'s Snapchat, a complete overhaul currently rolling out to the app's 187 million daily users. See, **Facebook Inc.**'s Instagram has waged a merciless campaign to destroy Snapchat by copying all its best features and offering them in a simpler app with more users.

Snap invented the story format—in which users share short public videos that disappear after 24 hours—but more people make and watch stories on Instagram.

After more than a year of fighting, Snap had no choice but to stop battling Instagram head-on and try becoming something else entirely.

Snapchat is now three things at once—a fun augmented-reality camera, a

powerful if confusing messaging platform and a place to watch original, phone-friendly video. Snap could have gone further, breaking each feature out into its own app, but decided not to risk asking its users to download new apps.

The one thing Snapchat most assuredly is not? A social network. There's no timeline, no news feed, no likes and comments. If you want those, use Instagram.

After Snap began rolling out the updated app in late 2017, many users had the same reaction: a hatred that burned with the fury of a thousand suns. It's "sick" and "twisted" and "horrible," people on Twitter said. More than a million people signed a petition imploring Snap to revert to the old design.

In some ways, they're right. For certain things, Snapchat is now a far less useful platform. It isn't the best place to keep up with

Please see PIERCE page B4

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	FireEye	A7
ABJ Drones.....	B6	
Aetna.....	B12	
Airbnb.....	B6	
AJJK.....	B6	
Alphabet.....	B6	
Amazon.com.....	B2,B13,B14	
AMC Entertainment Holding.....	B3	
Amgen.....	B3	
AT&T.....	B1,B13	
Augusta Capital.....	B4	
B	Bain Capital Ventures.....	B4
BHP Billiton.....	B13	
Biogen.....	B3	
BP.....	B13	
Broadcom.....	B1,B13	
Building Inspections PC.....	B6	
C	Carillion.....	B12
Chevron.....	B3,B13	
Choice Hotels International.....	B6	
Clemens Food Group.....	B1	
CoStar Group.....	B6	
Cypress Creek Renewables.....	B3	
D	Didi Chuxing Technology.....	B4
DomainTools.....	A8	
D.R. Horton.....	B14	
Duke Energy.....	B3	
E	Elliott Management.....	B2,B13
Exxon Mobil.....	B13	
F	Facebook.....	A2,A8,B1
Fairholme Funds.....	B12	
Fannie Mae.....	B12	
Fifth Wall Ventures.....	B6	
G	Hyder, Brent.....	B3
Icahn, Carl.....	A2	
K - L	Kiecker, Paul.....	B1
Kirwan, Jeff.....	B3	
Caldwell, Robert.....	B3	
Chorzempa, Martin.....	B12	
Christel, Patricia.....	A2	
Cohen, Michael.....	B6	
Costello, Jim.....	B6	
D - F	Dale, Spencer.....	B13
Delrahim, Makan.....	B2	
Dudley, Bob.....	B13	
Elenjickal, Mathew.....	B4	
Evans, Craig.....	B13	
Fields, Jim.....	B12	
G - I	Gromicko, Nick.....	B6
Herrero, Victor.....	B3	
A - C	Abbott, Cooper.....	B13
Berkowitz, Deborah.....	B2	
Boccia, Vincent.....	B6	
Bolle, Monica de.....	B12	
Caldwell, Robert.....	B3	
Chorzempa, Martin.....	B12	
Christel, Patricia.....	A2	
Cohen, Michael.....	B6	
Costello, Jim.....	B6	
P - R	Kiecker, Paul.....	B1
Kirwan, Jeff.....	B3	
Caldwell, Robert.....	B3	
Chorzempa, Martin.....	B12	
Christel, Patricia.....	A2	
Cohen, Michael.....	B6	
Costello, Jim.....	B6	
K - L	Kespry.....	B6
Koch Turkey Farms.....	A8	
M	Lennar.....	B14
Macy's.....	B13	
Malaysian Airlines.....	A8	
Microsoft.....	B7	
N	National Property Inspections.....	B6
Navient.....	A2	
New Enterprise Associates.....	B6	
NextEra Energy.....	B3	
Nova Concepts.....	B6	
Noxartis.....	B7	
NXP Semiconductors.....	B1,B14	
P - R	Narasimhan, Vasant.....	B7
Peck, Art.....	B3	
Pera, Robert.....	B14	
Petrocelli, Daniel.....	B2	
Piegza, Lindsey.....	B14	
Robo, James.....	B3	
Rogers, James E.....	B2	
Rollins, Todd.....	B6	
S - T	Rollins, Todd.....	B6
Stein, Joshua.....	B6	
Stephenson, Randall.....	B2	
Sternlicht, Barry.....	B6	
Tomé, Carol.....	B14	
V - W	Walmart.....	A1,B13,B14
Walt Disney.....	B3	
WhyHotel.....	B6	
Wikipedia.....	A8,B13	
X - Z	Xerox.....	A2
Y	Yelp.....	B6
YouRent.com.....	B6	

INDEX TO PEOPLE

A - C	Hyder, Brent.....	B3
Abbott, Cooper.....	B13	
Berkowitz, Deborah.....	B2	
Boccia, Vincent.....	B6	
Bolle, Monica de.....	B12	
Caldwell, Robert.....	B3	
Chorzempa, Martin.....	B12	
Christel, Patricia.....	A2	
Cohen, Michael.....	B6	
Costello, Jim.....	B6	
D - F	Dale, Spencer.....	B13
Delrahim, Makan.....	B2	
Dudley, Bob.....	B13	
Elenjickal, Mathew.....	B4	
Evans, Craig.....	B13	
Fields, Jim.....	B12	
G - I	Gromicko, Nick.....	B6
Herrero, Victor.....	B3	
K - L	Hyder, Brent.....	B3
Icahn, Carl.....	A2	
M - N	Kiecker, Paul.....	B1
Kirwan, Jeff.....	B3	
Caldwell, Robert.....	B3	
Chorzempa, Martin.....	B12	
Christel, Patricia.....	A2	
Cohen, Michael.....	B6	
Costello, Jim.....	B6	
P - R	Kespry.....	B6
Koch Turkey Farms.....	A8	
Lennar.....	B14	
Macy's.....	B13	
Malaysian Airlines.....	A8	
Microsoft.....	B7	
M - N	Mackenzie, Andrew.....	B13
Marcliano, Paul.....	B3	
Marvel, Pablo.....	B6	
Mathew, George.....	B6	
McBride, Greg.....	B14	
McGovern, Matthew.....	B3	
Melich, Greg.....	B14	
S - T	Leon, Richard.....	B1
Leuchten, Michael.....	B7	
Luca, Michael.....	B6	
Lynch, Ryan.....	B14	
V - W	Leuchten, Michael.....	B7
Luca, Michael.....	B6	
Lynch, Ryan.....	B14	
Y - Z	Stein, Joshua.....	B6
Stephenson, Randall.....	B2	
Sternlicht, Barry.....	B6	
Tomé, Carol.....	B14	
V - W	Yates, Randy.....	B6
Zorn, Randy.....	B2	

said was a "best and final" offer—undervalues the company at \$82 a share, and that a deal would run into regulatory troubles. The meeting appeared to produce no progress toward an agreement.

In a statement Tuesday, Broadcom said the higher NXP bid "demonstrates the Qualcomm board's disregard for its fiduciary duty." The statement didn't address whether Broadcom would continue its pursuit, beyond saying the company was "evaluating its options."

"Qualcomm's board is still clearly rejecting Broadcom's offer, and by increasing its bid for NXP they're moving towards trying to remain independent," said Mike Walkley, an analyst with Canaccord Genuity Group Inc.

Broadcom could maintain its bid or walk, but another option, Mr. Walkley said, is reducing its offer ahead of the shareholder meeting to compensate for the additional \$6 billion Qualcomm would pay for NXP.

On Tuesday, Qualcomm shares fell 1.3% to \$63.99, while shares of NXP jumped 6% to \$125.56. Broadcom shares were little changed.

Qualcomm's NXP offer "reduces the chances that a Broadcom deal would go through at \$82 a share," which weighed on Qualcomm's stock, said Chris Caso, an analyst with Raymond James Financial Inc.

The NXP deal has been wending its way through international regulatory approvals for more than a year. On its recent earnings call, Qualcomm estimated it would take three weeks to wrap up the acquisition once China approves the deal.

"We are working hard to complete this transaction expeditiously," Qualcomm Chief Executive Steve Mollenkopf said Tuesday.

Qualcomm made significant progress on that front, winning over Elliott Management Corp. and others, which had said the original \$39 billion offer for NXP was too low. Elliott had argued that NXP, the world's largest developer of chips for automobiles, was worth \$135 a share; shares of the Dutch company have traded above \$110 since the summer.

Elliott, which owns a 7.2% stake in NXP, said Tuesday it agreed to tender its shares in response to Qualcomm's \$127.50-a-share offer. Qualcomm said it obtained binding agreements from other shareholders as well, for a total of 28% of outstanding NXP shares.

The revised offer came nearly a week after Broadcom and Qualcomm executives sat down together for the first time since Broadcom launched its takeover effort in November.

Qualcomm has consistently maintained the \$121 billion bid—a price Broadcom lifted from \$105 billion in what it

Continued from the prior page

curly and internet-connected devices, markets the company has projected will be worth a combined \$77 billion by 2020. Qualcomm sees those markets yielding a rich payoff for its investments in fifth-generation cellular technology, known as 5G, which will roll out in coming years.

Building momentum on the NXP deal allows Qualcomm to enter its shareholder meeting with evidence it can deliver on plans to move into fast-growing markets. The acquisition rests on the approval of Chinese officials, the last regulatory hurdle, and NXP investors throwing their support behind the deal.

Qualcomm has consistently maintained the \$121 billion bid—a price Broadcom lifted from \$105 billion in what it

Continued from the prior page

curly and internet-connected devices, markets the company has projected will be worth a combined \$77 billion by 2020. Qualcomm sees those markets yielding a rich payoff for its investments in fifth-generation cellular technology, known as 5G, which will roll out in coming years.

Building momentum on the NXP deal allows Qualcomm to enter its shareholder meeting with evidence it can deliver on plans to move into fast-growing markets. The acquisition rests on the approval of Chinese officials, the last regulatory hurdle, and NXP investors throwing their support behind the deal.

Qualcomm has consistently maintained the \$121 billion bid—a price Broadcom lifted from \$105 billion in what it

Continued from the prior page

curly and internet-connected devices, markets the company has projected will be worth a combined \$77 billion by 2020. Qualcomm sees those markets yielding a rich payoff for its investments in fifth-generation cellular technology, known as 5G, which will roll out in coming years.

Building momentum on the NXP deal allows Qualcomm to enter its shareholder meeting with evidence it can deliver on plans to move into fast-growing markets. The acquisition rests on the approval of Chinese officials, the last regulatory hurdle, and NXP investors throwing their support behind the deal.

Qualcomm has consistently maintained the \$121 billion bid—a price Broadcom lifted from \$105 billion in what it

Continued from the prior page

curly and internet-connected devices, markets the company has projected will be worth a combined \$77 billion by 2020. Qualcomm sees those markets yielding a rich payoff for its investments in fifth-generation cellular technology, known as 5G, which will roll out in coming years.

Building momentum on the NXP deal allows Qualcomm to enter its shareholder meeting with evidence it can deliver on plans to move into fast-growing markets. The acquisition rests on the approval of Chinese officials, the last regulatory hurdle, and NXP investors throwing their support behind the deal.

Qualcomm has consistently maintained the \$121 billion bid—a price Broadcom lifted from \$105 billion in what it

Continued from the prior page

curly and internet-connected devices, markets the company has projected will be worth a combined \$77 billion by 2020. Qualcomm sees those markets yielding a rich payoff for its investments in fifth-generation cellular technology, known as 5G, which will roll out in coming years.

Building momentum on the NXP deal allows Qualcomm to enter its shareholder meeting with evidence it can deliver on plans to move into fast-growing markets. The acquisition rests on the approval of Chinese officials, the last regulatory hurdle, and NXP investors throwing their support behind the deal.

Qualcomm has consistently maintained the \$121 billion bid—a price Broadcom lifted from \$105 billion in what it

Continued from the prior page

curly and internet-connected devices, markets the company has projected will be worth a combined \$77 billion by 2020. Qualcomm sees those markets yielding a rich payoff for its investments in fifth-generation cellular technology, known as 5G, which will roll out in coming years.

Building momentum on the NXP deal allows Qualcomm to enter its shareholder meeting with evidence it can deliver on plans to move into fast-growing markets. The acquisition rests on the approval of Chinese officials, the last regulatory hurdle, and NXP investors throwing their support behind the deal.

Qualcomm has consistently maintained the \$121 billion bid—a price Broadcom lifted from \$105 billion in what it

Continued from the prior page

curly and internet-connected devices, markets the company has projected will be worth a combined \$77 billion by 2020. Qualcomm sees those markets yielding a rich payoff for its investments in fifth-generation cellular technology, known as 5G, which will roll out in coming years.

Building momentum on the NXP deal allows Qualcomm to enter its shareholder meeting with evidence it can deliver on plans to move into fast-growing markets. The acquisition rests on the approval of Chinese officials, the last regulatory hurdle, and NXP investors throwing their support behind the deal.

Qualcomm has consistently maintained the \$121 billion bid—a price Broadcom lifted from \$105 billion in what it

Continued from the prior page

curly and internet-connected devices, markets the company has projected will be worth a combined \$77 billion by 2020. Qualcomm sees those markets yielding a rich payoff for its investments in fifth-generation cellular technology, known as 5G, which will roll out in coming years.

Building momentum on the NXP deal allows Qualcomm to enter its shareholder meeting with evidence it can deliver on plans to move into fast-growing markets. The acquisition rests on the approval of Chinese officials, the last regulatory hurdle, and NXP investors throwing their support behind the deal.

Qualcomm has consistently maintained the \$121 billion bid—a price Broadcom lifted from \$105 billion in what it

Continued from the prior page

curly and internet-connected devices, markets the company has

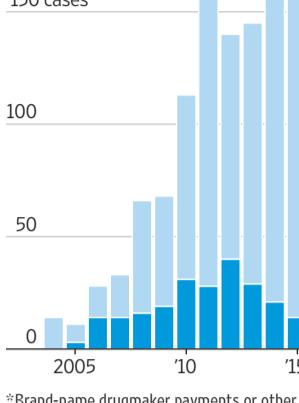
BUSINESS NEWS

Drug Settlements

Patent litigation settlements between brand-name and generic drugmakers reviewed by the Federal Trade Commission, annually.

Settlements with potential pay for delay*

Other settlements



*Brand-name drugmaker payments or other inducements to the generic company to wait a certain period of time before selling the generic drug.

Source: FTC

THE WALL STREET JOURNAL.

FTC Clout Tested in Suit Versus Drugmaker

By PETER LOFTUS

A trial under way in federal court in Philadelphia is testing the power of U.S. competition regulators to crack down on drugmakers' alleged moves to thwart the sale of low-cost generics.

The trial, which began Feb. 7, stems from a 2014 Federal Trade Commission lawsuit accusing AbbVie Inc. of filing baseless patent-infringement lawsuits against two generic-drug companies to delay competition for its testosterone-replacement therapy AndroGel. AbbVie denies the allegations.

The FTC is seeking a judge's order that AbbVie pay \$1.32 billion to consumers as compensation for the delay in generic versions of AndroGel. AndroGel's annual U.S. sales topped \$1 billion earlier this decade, but have declined since generics hit the market in December 2014.

The case comes as many in government call for greater curbs on U.S. drug spending, including President Donald Trump, who released proposals this month aimed at cutting prescription costs in the federal Medicare and Medicaid programs. The FTC has said delays in the introduction of generic drugs keep spending high by depriving customers of lower-cost alternatives.

The FTC has long sought to block makers of brand-name drugs from using certain tactics to ward off generic competition, but its record has been mixed.

The agency has argued the tactics include filing baseless patent-infringement litigation against companies seeking to market generics, a step that can delay generic launch by many months. The FTC also has objected to the ways branded- and generic-drug companies sometimes settle patent-infringement litigation. So-called reverse-payment or pay-for-delay settlements involve a branded-drug company paying money or providing an inducement to another company to delay sales of a generic. The FTC says such deals cost consumers and taxpayers about \$3.5 billion a year.

During the 2000s, appeals courts rejected several FTC lawsuits targeting such tactics. The agency had better luck in 2015, when Teva Pharmaceutical Industries Ltd.'s Cephalon unit agreed to pay \$1.2 billion to settle FTC allegations that Cephalon paid generic-drug companies to delay launching copies of the sleep-disorder drug Provigil.

Legal experts say the FTC has much riding on the AbbVie trial, which is expected to last until early March. "As the history of plaintiffs' success in pharmaceutical antitrust trials is mixed, and these trials are rare to begin with, a loss by FTC would undercut its bargaining strength in future similar cases," said Stephen Kastenberg, an attorney at Ballard Spahr LLP who has represented makers of brand-name drugs in antitrust litigation but isn't involved in the AbbVie case.

Mandates Fuel Solar-Power Push

Tariffs on imported panels to slow growth, but local, state policies will blunt the impact

By ERIN AILWORTH

Government mandates should keep U.S. solar power growing, despite new Trump administration tariffs on imported solar panels that are poised to raise prices.

While the tariffs might slow the rate of solar expansion, local and state policies requiring utilities to procure renewable energy will continue to help create a baseline market for solar power, particularly for large, utility-scale projects.

New York, for instance, has called for three gigawatts of solar capacity to be installed in the state by 2023, roughly three times the amount installed at the end of 2017.

The Trump administration tariffs—30% in the first year, declining to 15% by the fourth—will raise the price of foreign-made solar panels and cells. But technological improvements and cost savings in other areas are expected to help the industry at least partially offset the increases, utility executives and analysts say.

"We are still bullish that solar prices will continue to come down—maybe not at the pace they've been coming down,"

ANNA REED/ASSOCIATED PRESS



The new Trump administration tariffs will raise the price of foreign-made solar panels and cells.

said Robert Caldwell, president of Duke Energy Corp.'s renewable and distributed energy technology businesses.

Duke says it currently has about 2.5 gigawatts of solar energy generating capacity in North Carolina and South Carolina, and has plans to build or procure more than three gigawatts in the next five years.

To prepare for the tariffs, solar developers such as NextEra Energy Inc. and Cypress Creek Renewables have been stockpiling solar panels.

NextEra Chief Executive James Robo recently told analysts on a conference call that

his company already has purchased all the panels it needs to build in 2018 and 2019, as well as the panels for "a significant portion of our 2020 build."

Cypress Creek Chief Executive Matthew McGovern said his company also pre-purchased many of the panels it will need this year, and has been pushing projects out to the later years of the tariff, when the trade protection will be less stringent, or beyond.

"We're trying to do everything we can to keep projects from dying out," he said.

U.S. solar costs have fallen in recent years, partly because

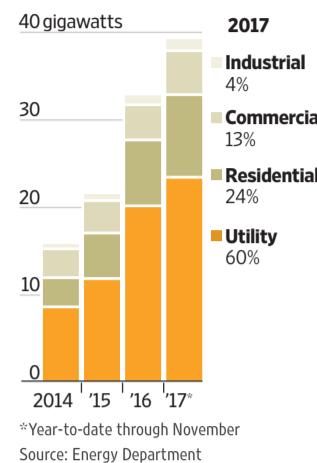
of a flood of cheap, foreign-made solar panels and cells, the component that converts sunlight to energy.

A residential solar installation now costs \$2.93 a watt on average, compared with \$6.61 in 2010, according to data from GTM Research, which tracks trends in renewable energy. In the same time frame, the price of a large, utility-scale system has fallen nearly 70% to \$1.11 a watt, from \$3.58 a watt on average, according to GTM.

GTM forecasts the price of solar panels will rise 10 cents a watt on average in the first year

Sunny Days

Utility-scale projects dominate the solar-power market.

Solar capacity in the U.S.

*Year-to-date through November

Source: Energy Department

THE WALL STREET JOURNAL.

of the new Trump trade protections. It predicts demand—already down after a record 2016, when installers raced to take advantage of tax credits—will drop by some 7.6 gigawatts between now and 2022 compared with previous forecasts.

However, GTM expects solar should start to rise again and begin approaching 2016 levels by the end of that time frame.

GTM predicts utility-scale solar projects will take the hardest hit because they will be less competitive compared with other forms of energy generation, including wind turbines and natural-gas power plants.

Gap Seeks New Leader for Flagship Brand

By KHADEEJA SAFDAR AND CARA LOMBARDO

Gap Inc. is searching for a new leader of its flagship brand as it looks to jump-start sales.

The apparel retailer said Tuesday that Jeff Kirwan has resigned after three years as Gap brand president and chief executive. Brent Hyder, Gap executive vice president of global talent and sustainabil-

ity, will serve as interim brand president.

Shares of the company, which also owns Old Navy and Banana Republic, fell 5% to \$31.61 on Tuesday.

"While I am pleased with our progress in brand health and product quality, we have not achieved the operational excellence and accelerated profit growth that we know is possible at Gap brand," Gap

Inc. Chief Executive Art Peck said in prepared remarks. "As we move into the brand's next phase of development, Jeff and I agreed it was an appropriate time for a change in leadership."

The Gap brand has long struggled to recapture the magic of its 1990s glory days. Mr. Kirwan, a company veteran, was promoted by Mr. Peck to reinvigorate the iconic

brand after serving as Gap's president for China. Under his leadership, the retailer focused on fabric innovations, sizing issues and supply-chain efficiency. The brand last year launched a 1990s-inspired fashion collection.

In recent years, the brand has lost market share to fast-fashion rivals such as H&M and Zara. Old Navy, the company's budget brand and big-

gest division by sales, has been a bright spot, helping to shore up companywide results even as Gap and Banana Republic have struggled.

The parent company has been shifting its footprint accordingly. Last year, it announced plans to close about 200 Banana Republic and Gap stores over the next three years, while opening new Old Navy and Athleta locations.

Biogen Views Tumble In Shares as Overdone

By PETER LANDERS

TOKYO—Biogen Inc.'s chief executive said investors over-reacted when they pushed down the company's share price nearly 7% on news that it was adding patients to trials of an Alzheimer's disease drug.

"It's very common that we have to increase the sample size, and we don't take that as a sign that influences whatever the outcome of the study," said Michel Vounatsos, head of the Cambridge, Mass., drugmaker, in an interview during a visit to Japan, where Biogen is trying to expand.

A chunk of Biogen's \$62 billion market capitalization is tied to expectations for its Alzheimer's drug aducanumab, currently in final-stage human trials. Two big trials began in 2015 and were intended to enroll a total of 2,700 patients together. On Feb. 14, a Biogen executive told an investor conference that the trials were adding 510 patients, for a new total of 3,210, to ensure that

the results had enough statistical power.

The news drove Biogen shares down 6.6% that day amid fears that the change meant the drug wasn't showing good enough results with the patients enrolled so far.

Mr. Vounatsos said the results of the trial to date were blinded so he doesn't know how well the drug is doing, but he said it was planned all along that the trial size could grow based on the variability of interim results.

He said Biogen was still enthusiastic about the drug's prospects and "the reaction you are seeing is an overreaction of the market."

Aducanumab is an injected antibody designed to target beta amyloid, protein pieces that can clump together to form plaques in the brain associated with Alzheimer's. Previous drugs based on the "amyloid hypothesis" have failed to show significant effects.

Biogen shares fell 1.5% to \$287.45 on the Nasdaq Stock Market on Tuesday.

BUSINESS WATCH

GUESS

Co-Founder Marciano Faces Investigation

Guess Inc. said Tuesday co-founder Paul Marciano will relinquish his day-to-day responsibilities and salary during an investigation into allegations of improper conduct.

Guess formed a committee to oversee an inquiry after model and actress Kate Upton, in Jan. 31 social-media posts, accused Mr. Marciano of using his power in the industry to harass women. The Blast.com also posted accounts of two women who accused him of sexual misconduct.

Mr. Marciano, who is executive chairman and chief creative officer, has denied the claims. "I have pledged my full cooperation to the company, and I have the utmost confidence in our CEO, Victor Herrero," Mr. Marciano said Tuesday.

—AUSTEN HUFFORD

CHEVRON

Drilling Resumes In Iraqi Kurdistan

Chevron Corp. said Monday that it has resumed drilling in Iraqi Kurdistan, in a sign that tensions between Baghdad and the semiautonomous area's government are easing.

—Dow Jones Newswires

AMC ENTERTAINMENT

'Black Panther' Drives Box Office

The blockbuster success of Walt Disney Co.'s "Black Panther" is welcome for the nation's largest movie-theater chain.

AMC Entertainment Holding Inc. said the \$242 million four-day gross of the Marvel Studios feature helped set admissions-revenue records at over 150 AMC locations, or 23% of its circuit.

—ERICH SCHWARTZEL



Evolved over billions of years...

Protecting your enterprise in one hour.

The immune system has evolved over billions of years. But it takes just one hour to install one in your enterprise.

Using artificial intelligence, Darktrace can tell friend from foe, and catches threats that others miss. Even if they've never been seen before.

From quiet insider threats and zero-day attacks, to hacks of connected devices or industrial networks, our software sees it and responds.

Find out what's lurking inside your systems.

darktrace.com

DARKTRACE
World-Leading Cyber AI

TECHNOLOGY

WSJ.com/Tech



Toyota introduced a new taxi model last year. The auto maker is now investing about \$70 million to create a taxi-hailing app.

Ride-Hailing Battle Brews

In Japan, Sony plans to help taxi companies counter challenge from Didi and Uber

BY MAYUMI NEGISHI

TOKYO—Sony Corp. is helping Japanese taxi firms improve their services, as they compete for business against ride-hailing giants **Uber Technologies** Inc. and China's **Didi Chuxing Technology** Co., as well as **Toyota Motor** Corp., in the run-up to the 2020 Olympics.

The battle is over a market that has been largely untapped by both technology

and ride-hailing firms, due to strict regulations protecting the country's large taxi fleets and public transportation services.

Sony said Tuesday that it is working with Daiwa Motor Transportation and five other local companies to better connect taxis with customers.

The move comes after Toyota said it is pumping ¥7.5 billion (about \$70 million) into a taxi-hailing app.

Didi has said it is also working on an app with help from **SoftBank Group** Corp., which has invested billions in both it and rival Uber.

Despite increased competition in the run-up to the Tokyo Games, Uber remains ac-

tive in Japan. Its chief executive, Dara Khosrowshahi, told a Tokyo symposium Tuesday that the company is in talks with existing and potential partners about how they might work together on taxi deployment and autonomous technology.

Japan has largely confounded the ride-hailing pioneer, as opposition from taxi drivers and regulators has made food-delivery service UberEats its main vehicle for growth.

"Clearly we need a different way of doing business in Japan," said Mr. Khosrowshahi, who took the reins at the company last year amid turmoil in its upper ranks.

Mr. Khosrowshahi shrugged off concerns about SoftBank backing competitor Didi.

The Japanese conglomerate, which is Uber's biggest investor, with a 15% stake—has invested more than \$9 billion in the Chinese ride-hailing company.

"Japan is an enormous market," Mr. Khosrowshahi said. He noted that while SoftBank has investments with Uber's rivals, it has also poured money into companies producing technology that will become important as vehicles become autonomous.

"You have to get used to [SoftBank] doing business with the competition," he said. "And that's OK."

Freight Tracker Adds Funding In Hot Market

BY JENNIFER SMITH

FourKites Inc., a startup that tracks freight shipments in real time, said it has raised \$35 million to expand its operations abroad and improve its ability to predict shipping times.

The Chicago-based company makes software that shows shippers and logistics companies the location of their cargo and alerts them to potential delays.

The technology helps retailers and manufacturers predict when their freight will arrive at its destination by analyzing location data from trucking companies, weather and traffic information, as well as information about wait times at warehouses. FourKites customers include retailer Best Buy Co., food company Conagra Brands Inc. and agribusiness firm Cargill Inc.

The market for such services is growing as shoppers and retailers like Walmart Inc. demand speedier, more precise delivery of everything from consumer electronics to truckloads of sugar, beer and packaged foods.

Manufacturers and other businesses are relying on "just-in-time" shipments of components and raw materials.

FourKites' Series B round, led by **August Capital**, includes additional funding from **Bain Capital Ventures** and **Hyde Park Venture Partners**. In 2016 FourKites raised \$13 million in Series A funding led by Bain and existing investors including Hyde Park, and in the prior year raised \$2.5 million in two seed rounds.

Founded in 2014, FourKites has 160 employees and plans to double its head count this year. In addition to expanding further in Asia and South America, FourKites plans to

add to its range of prediction services, such as forecasting when customers' trucks will be empty.

The company declined to comment on 2017 revenue or when it expects to break even, though Chief Executive Mathew Elenjickal said revenue increased by 400% over the past 12 months.

FourKites tracks at least one million loads a month for customers in the U.S., Canada and Mexico, Mr. Elenjickal said. About 80% are full truck-loads of freight. The company also monitors less-than-truck-load shipments, parcel delivery

FourKites' CEO said its revenue increased by 400% over the past 12 months.

and cargo moving by rail and ocean. Recent deals include agreements to track supply chain for Unilever PLC in Europe and for Anheuser-Busch InBev SA in South Africa.

Bigger companies are snapping up startups that monitor freight. In August, supply-chain software firm Descartes Systems Group bought MacroPoint LLC, which provides location-based truck tracking, for \$107 million. GPS developer Trimble Inc. purchased 10-4 Systems Inc., a logistics visibility company, the following month for an undisclosed sum.

Mr. Elenjickal said remaining independent and the access that affords to data providers would help FourKites build out the broadest network possible. "Our competitors sold pretty early," he said. "We are not looking at M&A right now."

—Heather Haddon contributed to this article.

Fox News to Expand With Streaming Service

BY AUSTEN HUFFORD

Fox News said it is launching a streaming-video service aimed at the news channel's biggest fans, the latest move by a media company to seek growth outside traditional cable TV.

The new service, called Fox Nation, will present opinion programming available only to subscribers, including its own live daily content and longer form fare.

Live content from the Fox News television channel won't be available on the service, though popular opinion hosts and personalities will be an important part of the platform.

John Finley, senior vice president of development and production at Fox News, said the service is "geared entirely toward the Fox News superfans, who represent the most loyal audience in cable, if not all of television."

Fox Nation will launch in the fourth quarter of this year for an undisclosed price.

Fox News, whose mix of news and opinion shows is popular with conservative viewers, remains the No. 1 ca-

PIERCE

Continued from page B1 celebrities or view the videos your influencer-wannabe friends are posting publicly.

But to me, the infamously inscrutable app is now far easier to understand, especially for new users. It's no longer "Instagram only confusing." Snap is doubling down on being personal, and we need more of that on the internet. It's exploring how photography, chat and even TV change when we're all on our phones all the time. I've found myself using Snapchat far more since the redesign.

The most noticeable change is the layout of the Snapchat app itself. Like always, when you open it, you go straight to the camera. All the filters, lenses and AR tools are still here. If nothing else, this is still the most powerful camera app you'll find.

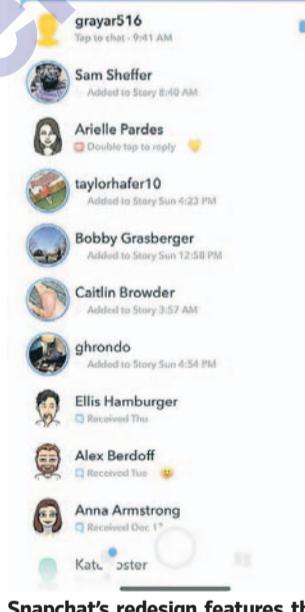
Swipe right from the camera and you land on Snapchat's new Friends screen, its home for all your chats and other interactions with people you actually know.

Snapchat is an excellent messaging app, but this new screen confuses me. Tapping on friends' pictures opens their profiles, usually. If somebody has an active story—indicated by a small, easy-to-miss blue circle—you see that instead. Tapping or swiping right on a friend's name opens a chat window, or else a snap he or she might have sent.

The most confusing part of the Friends screen? It's order.

Like many social platforms, Snapchat's content is now governed by algorithms that attempt to discern what you're most likely to want to see at a given moment. The best, not the most recent, floats to the top. In theory, the algorithm should make sure your best friend is never drowned out by your chattier colleagues. But sometimes an acquaintance who posts a story jumps up, burying more important group chats and private messages.

Can you imagine your



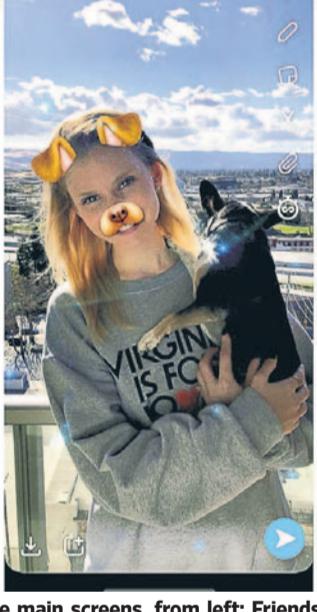
Snapchat's redesign features three main screens, from left: Friends, camera and Discover.

phone constantly reordering your texts, based on what it thinks you care about? Snap ought to at least let us opt out and go back to chronological order.

When you swipe left from the camera, you get the Discover screen. Here you'll see Snapchat's original programming, content from publishers such as BuzzFeed and The Wall Street Journal, and stories from celebrities and others you follow. This content is curated by Snapchat's staff and personalized based on your viewing habits. In this case, algorithmic ordering makes more sense.

Snap has made a small concession to its disgruntled users. On Tuesday, the company said a coming update will add tabs to the Friends and Discover screens. In these tabs, you'll be able to tap to see only stories or group chats or Discover feeds you've subscribed to. They're still all sorted by those algorithms, however.

Dividing Snapchat into three distinct parts has wide-reaching effects. Snapchat's previous emphasis on quick, silly video and an everything-together interface led to a wonderful mixing of friendship and fandom, as if Justin Timberlake were your bestie and those behind-the-scenes



videos were just for you.

Now those videos are deemed "Official Stories," placed alongside publisher content. The divide is clear: Justin Timberlake is not your friend. His story is a show, and you are a viewer.

This lets Snapchat turn its content into a far more serious moneymaking machine. Its curation team looks at popular or nearby stories, original shows and more to give you a near-endless stream of stuff to watch—all of it with ads every few snaps.

Snapchat is showing it's more interested in quality. "There's always going to be a platform where you can get more views," says a spokesman.

In general, I see the difference. While some of Discover's publishers do trade too much in scantily clad celebrities, I've seen little of the fake news and political bile that infect so many other platforms. Snap is acting more like Netflix than YouTube, choosing content carefully rather than gunning for volume.

Unfortunately, it's still too difficult to find fresh stuff to watch. There's no Explore page like Instagram or a YouTube Trending page. It's terrific during big events such as the Olympics, where Snapchat can offer an end-

less stream of first-person perspective, but Discover mostly recycles the same people and publishers day after day.

There might just be less to show: Many former popular Snapchat users have shifted their focus to other platforms, where there are more eyeballs and more discovery.

On the messaging front, Snapchat is at its best when you aren't trying to juggle too many friends. You can share more freely and always find people. Snap says that's the idea, and acknowledges that for keeping up with "friends" you haven't talked to since high school, you're better off with Instagram or Facebook.

There are good reasons for newcomers and veterans alike to give this new version a chance. It doesn't stress me out like Twitter does, or make me feel inadequate like Instagram. It's a place for hanging out with my friends, taking goofy pictures and watching some fun videos.

But the balancing act is getting trickier. Could the next "Game of Thrones" come in snap form? (Don't hold your breath.) More important, will your friends stick it out through all the changes? As Facebook's crusade continues, it seems to get quieter here every day.

WSJwine
THE WALL STREET JOURNAL.

SAVE \$165 on 15 World-Class Wines



Discover more at
wsjwine.com/now

2WSJW1735

DAVID PIERCE/THE WALL STREET JOURNAL



Dear Fellow CEOs,

Our long-term mission at Knightscope is to help make the United States of America the safest country in the world, changing everything for everyone - and we need your help. We do not believe the founders of our country would have accepted a society where going to class, shopping at a mall, enjoying a concert, running a marathon or simply reporting to work came literally with a risk of being shot or killed. We can do better.

Our nation has over 2 million law enforcement and security professionals trying to secure a country of over 300 million citizens across 50 states. The math just doesn't add up. And these brave women and men in uniform, on our own soil, have not been given the appropriate tools for them to do their jobs effectively. Advanced technologies can be part of outlining a game-changing solution.

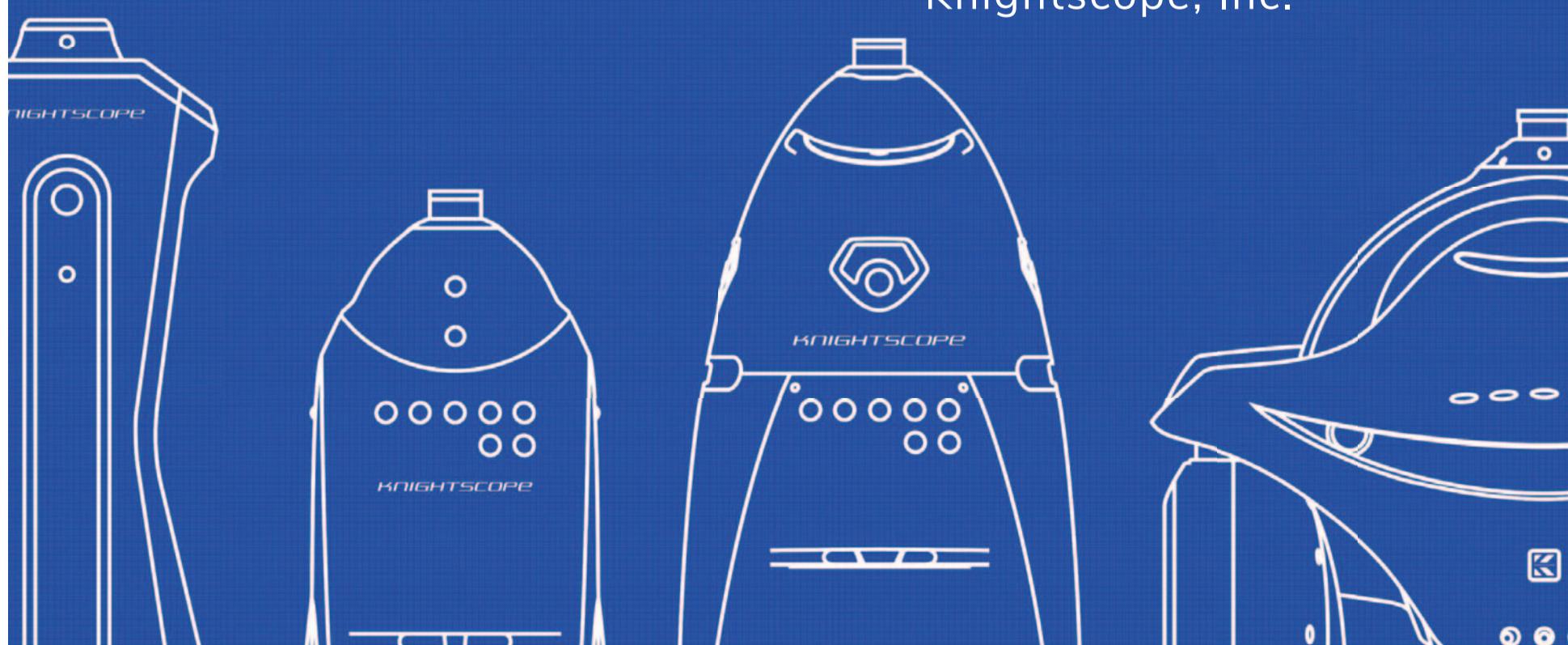
We are asking each of you today to meet with your respective Chief Security Officer, review your budgets carefully, and ask yourself, is your organization doing literally all it can do to secure your people, your assets, and your customers?

We have a track record of fighting crime and know that our autonomous security robots can be helpful. Request a private demo at www.knightscope.com and let's secure the future... together.

You can reach me directly at WSantanaLi@knightscope.com.

Autonomously,

William Santana Li
Chairman and CEO
Knightscope, Inc.



THE PROPERTY REPORT

Drones Hit a Wall on Inspections

Use of the devices is expanding but some cities ban them over concerns on safety

By EMILY NONKO

Building inspectors who used to rely on binoculars and ladders are turning to drones to check property exteriors for signs of damage or deterioration that could lead to injuries.

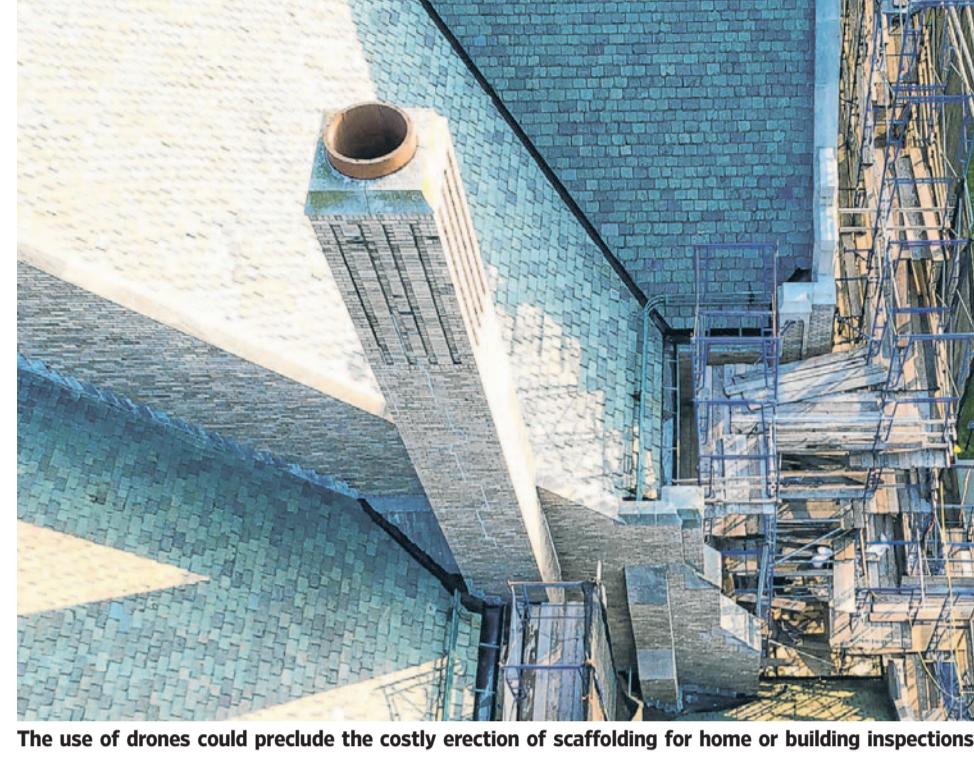
But use of drones for this purpose is causing a quandary. Their lower cost and greater thoroughness is coming into conflict with a public safety concern: the danger drones pose to other aircraft or people on the ground.

In New York, which has thousands of old skyscrapers, drone use is largely prohibited and the technology isn't being considered for property inspection. The Department of Buildings "does not use drones for building inspections, and there are currently no plans to start using drones in the future," a department spokesman said.

Drones, which had early applications in warfare and surveillance, are being adopted by a wide range of businesses, from package delivery to underwater exploration.

Business applications have expanded significantly since 2016, when the Federal Aviation Administration enacted a new rule making it easier to become a commercial drone operator.

Since the rule passed, technological developments have made drones smaller, more reliable and easier to fly, resulting in a number of residential and commercial building inspectors to embrace them. "We're able to inspect areas of



The use of drones could preclude the costly erection of scaffolding for home or building inspections.

a building we have never inspected before," said Vincent Boccia, founder of New York consulting engineering firm Engineered Building Inspections PC.

Mr. Boccia pointed to the inspection of a cathedral in Long Island, N.Y. Using a drone, inspectors could examine the cathedral's chimney without having to erect scaffolds—the difference between a \$1,000 inspection and an estimated \$10,000 scaffolding inspection, Mr. Boccia said. Using a drone also can shorten a weekslong inspection to a day, he said.

"It is realistic that a \$10,000 drone inspection could cost over \$100,000 of hanging scaffolding," Mr. Boccia said.

His company, which in-

spects up to 150 facades a year, retains an outside company to fly the drone.

Nick Gromicko, founder of the International Association of Certified Home Inspectors, said about 8% of its 21,000 members based in the U.S. use drones for inspections. Four years ago, he said, "everybody was afraid to use drones."

Since the technology improved and became more mainstream, Mr. Gromicko introduced a training course and began working with the FAA in hopes that his organization can certify inspectors as drone pilots.

National Property Inspections Inc., the parent company of National Property Inspections in the U.S. and Global Property Inspections in Canada, began training franchi-

sees on operating drones for building inspections in 2016, said Randy Yates, a training supervisor for the company. Mr. Yates became aware of the technology's potential four years ago, but couldn't spearhead training until the FAA passed its 2016 rule.

"The whole intent was to keep our guys safe, so they wouldn't have to climb up on a roof, and not damage building materials," he said.

Still, in dense urban areas, especially near airports, drone use is highly restricted.

Nile Berry and Pablo Marvel, co-founders of the New York digitization agency **Nova Concepts**, looked into the potential of drone inspections in New York City, considering that building height can significantly limit the scope of in-

spections. But they hit a dead end.

"In New York, buildings over five stories must be regularly inspected, and it's one of the most old-school processes that exist," Mr. Berry said. "An inspector goes out with binoculars, field notes, a pen and paper."

Some of these obstacles could be removed as drone companies invest heavily in technology. **Industrial Skyworks Inc.**, based in Canada, has developed software allowing drones to take images of a property and use the data to develop building models and issue inspection reports.

The FAA also certified Industrial Skyworks to carry out nighttime drone inspections of walls and roofs, said Michael Cohen, the company president. Such inspections allow inspectors to accurately track where energy is escaping from buildings, Mr. Cohen said.

Phil Larsen, global director of sales and operations for **ABJ Drones**, a consulting agency, said there is "tremendous value in real estate" when it comes to drone development, particularly with software that analyzes buildings.

But he pointed to the many obstacles that still exist in the U.S. "The three major hurdles are transparency, privacy and protection of manned air-crafts," he said.

George Mathew, chief executive of the industrial drone company **Kespry**, said the company is "pushing the edge of where this technology is at present, within the regulatory framework."

"It's not a technology question of how much drones can do," he said. "It's a question of if the regulatory framework will open up in the next several years."

PLOTS & PLOYS

GENTRIFICATION

Study Helps to Find Next Hot District

Yelp reviews for everything from cafes to barber shops might offer a clue to when a neighborhood is about to start gentrifying, according to researchers at Harvard University.

Pinpointing a turn toward sharply higher prices can be advantageous for a range of parties, from investors looking to cash in to city managers eager to curtail price jumps, said Michael Luca, an associate professor of business administration at Harvard.

The research, based on data provided by online-review company **Yelp Inc.**, could allow policy makers to identify earlier on the neighborhoods to target to preserve existing low-cost housing, for example.

—Laura Kusisto

HOTELS

Choice Venture Targets Savannah

Choice Hotels International Inc. is joining the tourism boom in Savannah, Ga., as it builds its new Cambria upscale brand.

A venture of Choice and **HOS Management** this month broke ground on a 103-room Cambria Hotel in Savannah's historic district.

The six-story structure with a rooftop bar was designed to fit in with the character of the district, which has buildings over 200 years old.

Savannah, which attracts more than 14 million visitors a year, had 40 hotels in its historic district as of November, with another 15 under construction or review.

—Peter Grant

Rental Upstart Aims For Upscale Market

By PETER GRANT

The short-term residential rental business, which got its start with people putting spare rooms on the lodging market, is knocking on the door of some of the country's largest landlords.

A venture-capital group that includes hotelier Barry Sternlicht has invested in a startup that plans to add a new upscale and branded dimension to the short-term rental business pioneered by companies like **Airbnb Inc.** and **HomeAway Inc.**

The group, including venture firms **New Enterprise Associates** and **Fifth Wall Ventures**, has made a \$15.5 million equity investment in San Francisco-based **AJJK Inc.**

AJJK has started a service—launched in 2015 as Parallel but soon to be known as Lyric—for corporate and other well-heeled travelers that is listed on Airbnb and other hotel booking sites. The service has launched in eight markets, including Austin, Texas, Pittsburgh and Washington, by cutting deals for blocks of apartments with big landlords.

Lyric believes it can overcome this reluctance by creating a brand—comparable to W or Hilton—that is known for strong management, customer service and a clientele that is wealthier than rank-and-file Airbnb guests.

Landlords might be more open to cutting deals with Lyric and other startups as a surge in new supply softens the apartment rental market.

About 303,000 units were delivered in 2017, up from 298,000 in 2016, and another 631,000 units are under construction, according to **CoStar Group Inc.**

Lyric's backers believe the "Airbnb ecosystem" is ripe for a branded upscale product.

Still, the short-term rental market faces obstacles. In many large cities, like New York and San Francisco, such businesses meet resistance from the hotel industry.

Many big landlords are exploring short-term rentals. But most are holding back, waiting to evaluate the experience of early adopters.

Mr. Sternlicht didn't respond to requests for comment.



The Seven in Austin, Texas, will be among buildings with Lyric-branded short-term rentals. The service launched in eight markets.



Rents in the SoHo neighborhood fell 19% in the fourth quarter. Vacant storefronts are cropping up in some trendy areas of the city.

In New York, Retail Storm Arrives

By ESTHER FUNG

The retail slump that has been battering shopping malls across middle America is starting to show up in some of New York City's choicest retail neighborhoods.

The ground-floor retail space at 93 Mercer St. in Manhattan's SoHo neighborhood was in contract in August 2015 to sell for \$35 million. But the sale ran into problems and in January 2017 the seller put the property back on the market. In November, it went into contract with a different buyer, this time for just \$18.25 million.

The upshot: The value of at least one prime retail real-estate property in SoHo is on its way to being cut nearly in half in two years' time.

"The steady drumbeat of negative retail news is affecting even healthy assets in markets with great sales," said Jim Costello, senior vice president at Real Capital Analytics.

For the past 18 months, the retail real-estate industry has been slammed by retailer bankruptcies and store closures. Malls anchored by department stores in particular have been most vulnerable to vacancies and declining rents and operating income, and some have lost 80% or more of their value.

Vista Ridge Mall in Lewisville, Texas, for instance, sold for \$18.1 million last year after its value slipped from \$46.1 million a year earlier.

Manhattan, a retail juggernaut, hasn't escaped the market headwinds. After reaching a record in 2014, retail rents in Manhattan started sliding and then plunged 18% in 2017, according to data from real-estate consulting firm CBRE Group Inc.

Even in the trendiest neighborhoods, swaths of vacant space have cropped up as tenants balk at high rents and decline to renew leases. Near the Mercer Street unit, rents along Spring Street and Broadway to West Broadway fell 19% to \$828 a square foot in the fourth quarter of 2017 from the same period a year earlier, according to CBRE.

A low volume of retail real-estate transactions, especially among higher-quality properties, is making it difficult to arrive at accurate valuations, analysts said. While "grade A" assets will likely continue to thrive, growth in their profit margins is slowing.

Retail real-estate values in other major cities are still holding firm in many cases, but pockets of weakness are emerging. Values of strip-center assets in Boston and Washington, D.C., for example,

inched lower in 2017, according to Green Street Advisors.

In Washington, shopping mall **Mazza Gallerie** was sold to Ashkenazy Acquisition for \$75.2 million, or \$256 a square foot in 2017. The seller, TIAA, had initially acquired the mall in 2004 for \$77.7 million, or \$264 a square foot.

Leases at the mall were intentionally not renewed over the years as there were plans to redevelop it, but the fund

18%

Decrease in retail rents in Manhattan in 2017

that owned the property changed its strategy and decided to sell the asset, so the lower occupancy rate affected the eventual sales price, said TH Real Estate, an affiliate of the investment management arm of TIAA.

"We remain strong believers in the sector—when assets are chosen selectively. We are taking a somewhat contrarian view to pervasive narratives about the retail sector and pursuing the buying opportunities this market disruption can create," said Todd Rollins,

senior director of retail portfolio management at TH Real Estate.

There are still plenty of areas of strength. Grocery-anchored shopping centers posted strong transaction volume growth as well as a 5% year-over-year increase in prices last year, according to data from Real Capital Analytics.

In December, Paris-based real-estate investment trust Unibail-Rodamco offered \$15.7 billion for Westfield Corp., which owns tony malls in Manhattan and Los Angeles. This translates to a 4% to a healthy 5% capitalization rate—a measure of annual income from a property compared with its original cost—for Westfield's malls, analysts said. But the environment remains risky, analysts said, especially in Manhattan, where prices ran up sharply after the last recession.

"The investment value of Manhattan retail space is unusually volatile and uncertain today, given present market conditions," said Joshua Stein, a New York commercial real-estate lawyer, in an affidavit on behalf of Workspace Inc., the seller of 93 Mercer St., which is in litigation over the property. Workspace didn't respond to requests for comment.

MICHAEL BUCHER/THE WALL STREET JOURNAL

BUSINESS NEWS

Novartis Builds Up R&D

By NOEMIE BISSEBERE

Novartis AG has spent the past five years getting smaller. Its new chief executive has to decide soon how much more it will shrink.

Vasant Narasimhan, a 41-year-old Harvard-trained doctor, took the helm this month at Novartis, the world's No. 2 prescription-drug firm by sales after **Pfizer** Inc. Dr. Narasimhan has promised a technological revolution at Novartis to boost its drug-development pipeline. He inherits an empire that his predecessor spent most of his tenure pruning to focus more on its bread and butter—finding and developing new prescription drugs.

"We need to become a focused medicines company that's powered by data science and digital technologies," Dr. Narasimhan said in a recent interview.

Amid his larger ambitions for using new technology to boost a drug push, Dr. Narasimhan faces looming decisions on whether to sell two big units: Novartis has said it would decide within 18 months whether to spin off its Alcon eye-care business, and it is reviewing the U.S. arm of its Sandoz generics business.

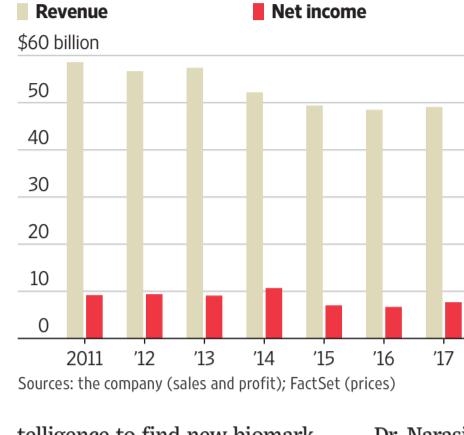
"Timing Alcon's spinoff right and dealing with Sandoz could become a big headache for the new CEO and distract some of his attention from R&D," UBS analyst Michael Leuchten said.

Dr. Narasimhan, a U.S. citizen of Indian descent, joined Novartis in 2005 from consultancy McKinsey & Co., and rose quickly through the Swiss drugmaker's ranks to become chief medical officer and global head of drug development.

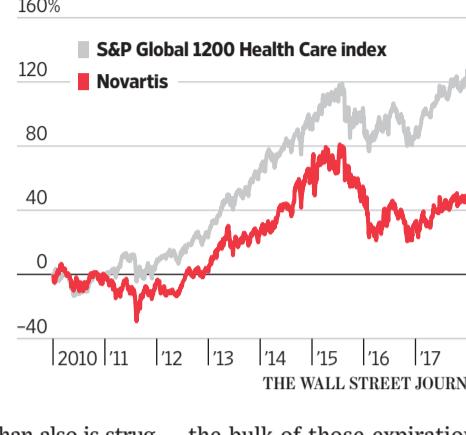
Now, as CEO, he is pushing a series of tech-based initiatives he says could jump-start the company's drug pipeline. He wants to introduce artificial in-

Slimming Down

Novartis sales and profits have shrunk as it has shed businesses...



...while its stock has underperformed peers.



Sources: the company (sales and profit); FactSet (prices)

telligence to find new biomarkers, molecules that can help identify patients most likely to respond to a specific treatment and speed up clinical trials. Novartis also is working on devices including wearable sensors to capture real-time data during drug trials: New sensor technology it developed with **Microsoft** Corp., for example,

The company's new CEO faces looming decisions on whether to sell two big units.

would help it monitor multiple-sclerosis symptoms in trials.

But before devoting his full attention to those initiatives, Dr. Narasimhan has to decide what to do about Alcon and Sandoz.

Novartis bought Alcon in two transactions starting 10 years ago for a total of more than \$50 billion, and it has been a big disappointment—until recently. Sales growth has picked up, making any decision to shed the unit a much tougher call.

Dr. Narasimhan also is struggling with the Sandoz generics unit in the U.S. It has been a reliable money-spinner, but fourth-quarter revenue tumbled 17% in the U.S. last year, reflecting pricing weakness in generic drugs and raising questions about whether Novartis will part ways with the unit.

While Novartis has said it would continue to invest in Sandoz's unit for biosimilar drugs—near-replicas of biologic drugs, which are made using living cells—it will need to take a hard look at the rest of its portfolio in the U.S.

"We have to ask ourselves how we want to shape our U.S. presence in the future," Dr. Narasimhan said. "It's going to take some time for us to assess and come up with the right answer."

Over the past decade, drugmakers like Novartis, U.S. rival Pfizer and Britain's **Glaxo-SmithKline** PLC have invested billions of dollars diversifying into businesses like consumer health care—think toothpaste, pain killers—and vaccines, to help mitigate the loss of patent protection on some of their biggest-selling medicines.

Now, as some of these genetics work their way through

the bulk of those expirations, they are reversing course and refocusing again on high-risk, but high-margin, prescription drugs: Pfizer is selling its giant consumer health-care business, and Glaxo, under its own new, young CEO, has promised to double down on the R&D pipeline.

Novartis says 2017 was a "landmark year for innovation." It received 16 approvals for new drugs or for new indications for existing products—and it will be able to maintain that pace in 2018, a spokesman said.

It falls to Dr. Narasimhan to keep the momentum going. He succeeds Joseph Jimenez, who as CEO dismantled the sprawling drug and health-care giant his predecessor had built.

The retrenchment affected sales, shrinking them almost by a fifth over the past five years. Novartis stock has underperformed its peers, rising 41% over Mr. Jimenez's eight-year tenure, compared with a rise of 130% over the period for the S&P Global 1200 Health Care Index.

Last month, Novartis reported annual sales rose 1% for 2017—its first revenue increase in three years.

NEW HIGHS AND LOWS

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Tuesday, February 20, 2018									
Stock	52-Wk Sym	% Hi/Lo Chg	Stock	52-Wk Sym	% Hi/Lo Chg	Stock	52-Wk Sym	% Hi/Lo Chg	Stock
Highs			Farmmi	FAMI	7.00 -2.1	OldLineBchs	OLBK	32.13 -1.7	
ANGI Homesec	ANGI	14.60 4.1	FibriaCelulose	WRAI	19.60 7.9	PCT Innovations	PCTI	17.78 12.8	
Ansys	ANSS	169.45 2.2	FoundationMed	FNTT	78.00 46.2	PagSeguroDig	PAGS	31.75 4.4	
ARMO Biosci	ARMO	57.19 1.3	Garin	GGRN	55.96 0.7	PaycomSoftware	PAYC	11.94 12.7	
Abiomed	ABMD	273.27 1.0	Gerdau	GGB	5.07 -1.4	ProsperityBchs	PPT	97.11 0.9	
AcornInt'l	ACRN	21.00 0.7	GilatSatellite	GILT	8.55 4.7	Poofpoint	PB	107.76 0.6	
AdobeSystems	ADBE	209.29 0.7	GlobeBloodTherap	GLOB	115.24 0.3	Qualys	QLYS	78.24 -1.7	
AimmuneTherap	AMTH	42.00 -0.7	GlobalPayments	GPN	53.47 0.2	QuintanaEnergy	QES	7.95 3.8	
AllianceBionet	ANAB	22.55 0.7	Globant	GLOB	52.00 0.2	R&T	RHT	145.97 1.1	
AnaptixBio	ANAP	134.00 0.4	GlobeMedical	GODY	48.63 0.8	RedHill	RHD	95.97 -2.0	
AndinaAccnVt	ANDAW	2.63 2.3	GoDaddy	GDRD	99.32 0.2	ReedSteel	RSG	65.75 2.7	
ArenaPharm	ARNA	42.74 -0.7	GRUB	GRUB	17.00 0.2	RingCentral	RNG	33.98 1.1	
AscendisPharma	ASND	59.11 0.5	GTx	GTXI	10.00 7.5	RosettaStone	RST	31.75 4.5	
Avianca	AVHI	9.59 0.3	HalliangEduc	HLG	58.90 0.7	RoyalBKCanadas	RBC	115.26 1.3	
Barington/HilcoVt	BHAWC	0.29 0.8	HealthEquity	HQY	56.81 1.9	Salesforce.com	CRM	115.26 1.3	
BeiGene	BGNE	142.83 -0.7	HomeTownBlshs	HMTA	11.75 1.7	SangamoTherap	SGMO	23.90 -4.5	
BioFrontiers	BFRX	0.40 3.0	HubSpot	HUBS	111.15 3.0	SchulmanA	SHLM	43.40 1.6	
BlackBridgeAccn	BRAWC	10.56 -0.7	HuntingInnals	HI	58.00 0.2	SeacastBksFl	SCBF	27.68 -0.1	
BlackLine	BLCK	41.38 3.2	IAC	IAC	151.60 1.4	ServiceNow	NOW	141.83 1.8	
BlueLinx	BXC	17.54 3.2	ICF Int'l	ICFI	72.05 1.4	Shopify	SHOP	146.12 3.8	
BlueLine	BLCI	38.00 0.2	ILG	ILG	11.00 0.2	Shutterfly	SFLY	76.13 0.1	
BlueRiver	BWIFI	26.55 0.2	Immunogen	IMGN	33.00 0.2	SiteOneLandscape	SITE	80.56 -6.7	
BroadridgeFinl	BROAD	99.44 0.2	Instructure	INST	49.99 0.4	SolarEdgeTech	SEDG	47.85 3.2	
CBIZ	CBZ	18.55 3.4	InfraRx	IPD	78.25 1.2	Sotheby'sHtsNts21	SOHK	25.70 0.5	
CSG Systems	CSGS	48.36 0.8	InteractiveBrks	IBRK	68.79 0.7	TidelightBancorp	TBLK	35.50 1.4	
CSRA	CSRA	40.71 0.3	Intuit	INTU	174.55 1.1	SteelDynamics	STLD	50.00 -1.1	
Cactus	WHD	25.00 1.1	KAP	KAP	25.99 1.5	SunwestSharm	SNSS	6.41 6.7	
Calpine	CPN	15.25 0.1	Kforce	KRFC	28.94 0.4	Syntel	SNT	27.59 0.7	
Cerecor	CERC	4.45 0.4	KinsaleCapital	KNSL	23.31 -0.4	TAL Education	TAL	36.20 1.0	
ChurchillDowns	CHDN	264.65 1.1	KuraOncology	KURA	24.03 0.4	Teladoc	TOOC	39.40 1.6	
CognizantTech	CTSH	82.18 0.7	LayneChristensen	LAYN	16.57 0.3	TideWaterWB	TWOW	3.47 8.4	
CommercialMetals	CMC	26.72 0.4	LiveNationEnt	LVLY	47.60 0.8	TriumphBancorp	TWOW	42.20 2.0	
ComputerTask	CTG	6.45 0.9	LuxoOncology	LXO	110.57 -0.4	Venage	VG	77.53 0.3	
ConstellAlphaWt	CNAWC	0.38 -1.5	Milliaquisition	MIII	10.04 0.3	WaveLifeSci	WAVE	208.67 0.8	
Copart	CPR	47.00 0.8	MKS Instrum	MKSI	116.55 4.3	Woolsey	ECOL	59.70 2.9	
Cougar	CGCP	35.00 0.6	MILCron	MILC	20.63 9.1	X UltraSoftware	ULTI	22.92 0.5	
City	COTY	21.68 -1.2	MilanCorporation	MCO	16.92 2.0	UnivStainless	USAP	28.05 -0.8	
CoupaSoftware	COUP	43.31 0.8	Mood's	MULE	32.07 1.9	VanuSys	VRNS	56.75 -0.7	
CymaBioTherap	CBAY	15.49 0.1	MuleSoft	MNMH	21.55 0.5	VanuSys	VRNS	30.65 7.1	
DenaliTherap	DNLJ	25.79 -0.5	NMI Holdings	NMNH	21.93 6.0	VirtuFincancial	VIRT	50.38 0.6	
DicernaPharma	DRNA	12.01 1.2	NXP Semiconductors	NXPI	7.50 2.8	WeightWatchers	WTW	100.14 -1.3	
DineEquity	DIN	67.75 16.0	NaturalAlt	NAII	11.85 3.1	Workday	WDAY	77.19 -3.1	
Domino's	DPZ	227.10 0.3	NewRelic	NEWR	71.70 3.6	Yonah	YNG	11.65 2.5	

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (Formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Tuesday, February 20, 2018

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

Stock Sym Close Chg

Net Stock Sym Close Chg

Stock Sym Close Chg

A B C

MUTUAL FUNDS

Explanatory Notes

Data provided by LIPPER

Top 250 mutual-funds listings based on total net assets for Nasdaq-published share classes. NAV = Net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees. NET CHG is change in NAV from previous trading day. YTD%RET is year-to-date return. f=Previous day's quotation. p=Distribution costs apply. t=Footnotes p and r apply. NA=Not available due to incomplete price, performance or cost data. NE=Not released by Lipper; data under review. NN=Fund not tracked. NS=Fund didn't exist at start of period.

Tuesday, February 29, 2018

Fund	Net NAV	YTD Chg %	% Ret	Fund	Net NAV	YTD Chg %	% Ret	Fund	Net NAV	YTD Chg %	% Ret	Fund	Net NAV	YTD Chg %	% Ret	Fund	Net NAV	YTD Chg %	% Ret			
American Century Inv	45.78	-0.08	5.4	Baird Funds	US CoreEq2	21.75	-0.15	0.9	SrslnVal	18.83	-0.06	1.3	Lazard Instl	IncomeFd	NA	NA	EqldxInstl	19.96	-0.12	1.6		
Ultra	45.78	-0.08	5.4	AggBrdInst	10.62	-0.01	-2.1	TotalBond	10.41	-0.01	-1.8	ErgMktEq	20.90	-0.31	4.4	IntlEldxInstl	20.33	-0.15	0.8			
American Funds Cl A	41.05	-0.30	0.6	Cordlnst	NA	... NA	NA	SAUSLgCphfd	14.55	-0.08	1.9	First Eagle Funds	Lord Abbott A	NA	NA	Tweedy Browne Fds	14.44	-0.10	0.2			
AMutla p	41.05	-0.30	0.6	GblAlloc p	19.94	... 1.2	TMktIdxF	77.60	-0.47	1.6	ShDurlnma p	4.22	... -0.2	2.2	Price Funds	Lord Abbott F	NA	NA	WellsAdm	14.50	-0.34	0.5
Bal a	27.19	-0.07	0.1	USdgVa	39.36	-0.27	0.6	TMktIdxPre	77.59	-0.47	1.6	ShDurlnma p	4.22	... -0.2	2.2	GblValue	28.56	-0.09	0.2			
Bond p	12.59	-0.08	2.1	EqtyDivd	22.96	-0.17	0.8	TMktIdxPre	77.59	-0.47	1.6	First Eagle Funds	Metropolitan West	NA	NA	WellsnAdm	73.21	-0.31	-0.4			
CapIba p	62.23	-0.33	0.9	GblAlloc	20.06	... 1.3	GlbA	58.98	-0.30	-0.1	ShDurlnma p	4.22	... -0.2	2.2	WndrsAdm	80.10	-0.15	1.4				
CapWGrA	52.52	-0.28	2.4	HylndBld	7.73	... 0.8	FF2020	16.67	-0.06	0.6	CA TF A	7.29	-0.01	-2.1	SmValAdm	56.14	-0.45	-1.5				
EupacA p	57.69	-0.33	2.6	StatngOptlyns	10.00	... 0.8	FF2020	14.52	-0.05	0.5	IncomeAdv	2.31	-0.02	-1.3	TotBd2	10.45	-0.01	-2.2				
Fdlnva p	63.68	-0.21	2.4	Bridge Builder Trust	2.4	... 0.8	FF2020	18.27	-0.08	1.2	IncomeAdv	2.31	-0.02	-1.3	TotIntl	18.43	-0.13	1.0				
Gwthpa p	52.09	-0.09	5.1	CoreBond	NA	... NA	FF2020	16.45	-0.06	0.6	RisDv A p	61.08	-0.47	-0.1	TotSt	67.77	-0.41	1.6				
Hi TrA p	10.30	-0.01	0.1	Dimensional Fds	NA	... NA	FF2020	20.15	-0.04	0.9	IncomeC t	2.36	-0.02	-1.4	Vanguard Instl Fds	NA	... NA	NA				
ICAA p	41.41	-0.21	2.5	BlackRock Funds Inst	NA	... NA	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	Ballinst	34.77	-0.14	0.1				
IncoA p	23.37	-0.10	0.4	EdgyDivd	22.96	-0.17	0.8	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	DevMktlsInstl	14.46	-0.10	0.2			
N PerA p	44.94	-0.28	4.1	EmkMtCorEq	23.83	-0.22	0.6	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	DeMktlsInstl	22.60	-0.17	0.2			
NECoA p	47.44	-0.19	6.3	EdgyDivd	22.96	-0.17	0.8	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	ExtrndInstl	85.12	-0.09	0.4			
NwRldA	68.58	-0.28	2.5	IntvAlval	20.68	-0.17	0.8	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	GhrInstl	74.98	-0.23	3.6			
SmCpa p	57.05	-0.17	2.2	IntSmCo	21.53	-0.01	1.2	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	MidCpnsInstl	40.44	-0.11	1.0			
TxEA p	12.80	-0.01	0.1	IntSmCo	22.98	-0.04	0.8	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	PrmcPrcInstl	27.49	-0.07	2.2			
WshA p	46.26	-0.25	1.3	US CoreEq	23.11	-0.15	1.4	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	SalVnlr Instl	30.68	-0.23	1.9			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	SmCapInstl	70.62	-0.49	0.2			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBdInstl	123.26	-0.02	-0.6			
				500IdxPrem	95.19	-0.55	1.9	FF2020	15.46	-0.08	1.6	IncomeC t	2.36	-0.02	-1.4	TotBd						

MARKETS DIGEST

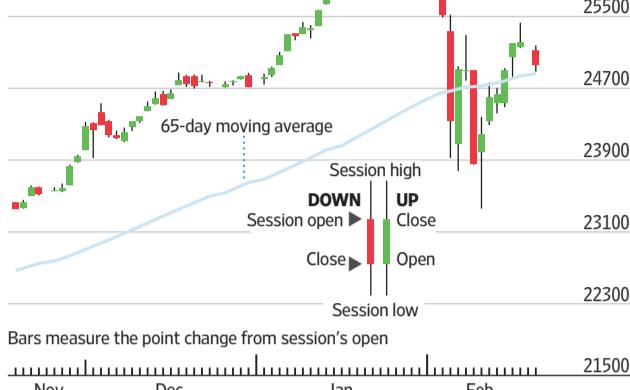
EQUITIES

Dow Jones Industrial Average

24964.75 ▼254.63, or 1.01%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 26.11 21.10
P/E estimate * 17.30 17.67
Dividend yield 2.12 2.33
All-time high 26616.71, 01/26/18

Current divisor 0.14523396877348



Bars measure the point change from session's open
Nov. Dec. Jan. Feb. 21500

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2716.26 ▼15.96, or 0.58%
High, low, open and close for each trading day of the past three months.

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



Nov. Dec. Jan. Feb. 2450

Nasdaq Composite Index

7234.31 ▼5.16, or 0.07%
High, low, open and close for each trading day of the past three months.

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



Nov. Dec. Jan. Feb. 6300

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.				
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400	SPDR S&P 500	Microsoft	iShares Russell 2000 ETF IWM	PwrShrs QQQ Tr Series 1 QQQ	Qualcomm	General Electric	SPDR DJIA Tr	Cisco Systems
Industrial Average	25179.01	24884.19	24964.75	-254.63	-1.01	26616.71	20404.49	20.4	1.0	11.5				
Transportation Avg	10475.30	10304.78	10340.60	-161.73	-1.54	11373.38	8783.74	8.5	-2.6	4.6				
Utility Average	681.12	670.01	673.21	-7.91	-1.16	774.47	647.90	-1.0	-6.9	4.3				
Total Stock Market	28278.73	27961.90	28051.53	-170.24	-0.60	29630.47	24125.20	14.0	1.4	8.4				
Barron's 400	725.07	716.47	718.36	-4.24	-0.59	757.37	610.89	13.9	1.0	8.5				

Nasdaq Stock Market

Nasdaq Composite	7295.95	7206.00	7234.31	-5.16	-0.07	7505.77	5793.83	23.3	4.8	13.4
Nasdaq 100	6838.00	6740.48	6779.69	9.03	0.13	7022.97	5330.31	26.7	6.0	15.1

S&P

S&P 500 Index	2737.60	2706.76	2716.26	-15.96	-0.58	2872.87	2328.95	14.8	1.6	8.8
MidCap 400	1905.34	1883.01	1888.27	-12.92	-0.68	1995.23	1681.04	8.0	-0.6	7.6
SmallCap 600	943.61	931.02	932.94	-9.11	-0.97	979.57	815.62	8.2	-0.4	9.6

Other Indexes

Russell 2000	1546.43	1527.56	1529.99	-13.56	-0.88	1610.71	1345.24	8.5	-0.4	7.5
NYSE Composite	12855.72	12730.01	12763.34	-111.02	-0.86	13637.02	11324.53	10.2	-0.4	4.7
Value Line	560.31	553.97	555.28	-4.45	-0.80	589.69	503.24	4.9	-1.3	2.5
NYSE Arca Biotech	4719.85	4637.89	4649.60	-40.47	-0.86	4939.86	3377.11	35.0	10.1	6.4
NYSE Arca Pharma	549.53	542.65	543.83	-8.60	-1.56	593.12	498.46	7.3	-0.2	-1.2
KBW Bank	114.65	112.96	113.43	-0.29	-0.26	116.52	88.02	17.2	6.3	16.1
PHLX® Gold/Silver	82.57	80.76	80.83	-2.41	-2.89	93.26	76.42	-11.9	-5.2	2.9
PHLX® Oil Service	139.08	135.38	136.06	-0.78	-0.57	180.81	117.79	-23.0	-9.0	-12.6
PHLX® Semiconductor	1353.36	1313.97	1341.53	23.21	1.76	1392.86	960.01	35.4	7.1	23.6
Cboe Volatility	21.61	19.75	20.60	1.14	5.86	37.32	9.14	78.0	86.6	12.9

\$ Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

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	10,535.7	271.49	0.09	0.03	273.09	271.13
Microsoft	MSFT	5,183.2	92.72	unch.	unch.	93.64	92.00
iShares Russell 2000 ETF IWM	IWM	4,894.0	152.20	0.12	0.08	152.89	151.85
PwrShrs QQQ Tr Series 1 QQQ	QQQ	3,802.9	165.40	0.11	0.07	165.56	165.13
Qualcomm	QCOM	3,414.8	63.95	-0.04	-0.06	64.85	63.29
General Electric	GE	3,308.0	14.71	-0.03	-0.20	15.05	14.70
SPDR DJIA Tr	DIA	3,237.8	249.50	0.15	0.06	251.98	249.11
Cisco Systems	CSCO	3,165.1	44.10	0.04	0.09	44.58	44.00

Percentage gainers...

Gannett	GCI	7.3	11.26	1.29	12.94	11.26	9.97
Franklin Electric	FELE	5.0	44.45	4.60	11.54	44.45	39.85
Castlight Health CIB	CSLT	5.5	3.85	0.30	8.45	3.85	3.55
Helix Energy Solutions	HLX	22.7	6.96	0.51	7.91	6.96</td	

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract						Open interest	
	Open	High	hi	lo	Low	Settle	Chg	
Copper-High (CMX) -25,000 lbs.; \$ per lb.	3.2240	3.2335		3.1810	3.1860	-0.0570	.561	
Feb	3.2600	3.2660		3.2010	3.2135	-0.0550	100,963	
Gold (CMX) -100 troy oz.; \$ per troy oz.	1348.40	1350.20		1328.50	1328.80	-24.40	1,157	
April	1350.20	1354.00		1330.60	1331.20	-25.00	370,832	
June	1355.10	1359.00		1336.10	1336.60	-25.00	86,830	
Aug	1363.60	1363.90		1341.80	1342.10	-25.10	24,163	
Oct	1367.10	1367.10		1347.40	1347.70	-25.00	5,566	
Dec	1372.50	1375.40		1353.30	1353.60	-24.90	35,514	
Palladium (NYM) -50 troy oz.; \$ per troy oz.	1040.15	1044.50		1021.00	1027.15	-8.60	17,539	
March	1037.15	1041.50		1018.50	1025.50	-7.75	11,807	
Sept	1014.00	1025.35		1014.00	1019.35	-7.80	600	
Platinum (NYM) -50 troy oz.; \$ per troy oz.	1008.00	1008.80		1003.70	1002.60	-7.50	168	
April	1009.10	1016.50		1001.40	1004.00	-8.30	77,308	
Silver (CMX) -5,000 troy oz.; \$ per troy oz.	16.690	16.765		16.460	16.513	-0.283	93,794	
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	61.62	62.74		61.58	61.90	0.22	30,766	
March	61.51	62.65		61.43	61.79	0.24	480,694	
May	61.18	62.28		61.16	61.56	0.36	254,064	
June	60.71	61.81		60.70	61.20	0.47	264,974	
July	60.32	61.28		60.32	60.74	0.55	154,984	
Dec	57.90	58.76		57.88	58.37	0.65	233,990	
NY Harbor ULSO (NYM) -42,000 gal.; \$ per gal.	1.9137	1.9434		1.9104	1.9277	0.0173	58,092	
April	1.9126	1.9414		1.9082	1.9263	0.0179	115,551	
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.	1.9286	1.9655		1.9280	1.9346	0.0266	132,597	
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.	2.568	2.662		2.562	2.616	.058	87,165	
April	2.608	2.677		2.602	2.649	.051	289,426	
May	2.643	2.700		2.635	2.678	.046	198,060	
June	2.674	2.735		2.671	2.714	.044	77,864	
July	2.724	2.778		2.715	2.757	.042	98,044	
Oct	2.745	2.788		2.730	2.774	.044	115,880	

Agriculture Futures

	Open	Contract	High	hi	lo	Low	Settle	Chg	Open	interest
Corn (CBT) -5,000 bu.; cents per bu.										
March	369.00	370.00	▲	365.25	365.50	-2.00	402,651			
May	376.25	378.00	▲	373.25	373.75	-1.25	518,747			
Oats (CBT) -5,000 bu.; cents per bu.	267.00	268.50		265.25	266.25	-1.50	1,247			
May	271.00	271.50		266.25	268.50	-3.25	4,018			
Soybeans (CBT) -5,000 bu.; cents per bu.	103.50	103.90	▲	102.45	102.60	5.00	190,040			
May	104.75	105.00	▲	103.50	103.75	5.00	273,661			
Soybean Meal (CBT) -100 tons; \$ per ton.	380.00	385.50	▲	375.10	376.50	3.20	83,772			
May	383.30	387.90	▲	377.80	379.30	3.30	203,297			
Soybean Oil (CBT) -60,000 lbs.; cents per lb.	31.64	31.89		31.42	31.86	.32	89,135			
May	31.77	32.07	▼	31.61	32.04	.31	214,118			
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.	1204.00	1204.00		1184.50	1185.50	-16.00	4,676			
May	1224.50	1227.00		1205.00	1205.50	-17.50	3,482			
Wheat (CBT) -5,000 bu.; cents per bu.	459.75	463.25		449.00	449.25	-8.50	109,703			
May	474.00	477.25		462.00	462.50	-9.00	189,215			
Wheat (KC) -5,000 bu.; cents per bu.	480.00	485.50	▲	470.25	471.75	-6.75	53,290			
May	495.00	500.25	▲	485.50	487.25	-6.25	113,150			
Wheat (MPLS) -5,000 bu.; cents per bu.	605.25	607.00		601.75	602.50	-2.75	18,577			
May	615.50	617.25		612.25	612.50	-3.25	23,968			
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	150.225	150.900		149.050	149.800	.075	20,058			
April	152.700	153.100	▲	151.75	152.450	14.00	14,582			
Cattle-Live (CME) -40,000 lbs.; cents per lb.	130.525	130.525		129.775	130.300	.200	9,389			
April	127.900	127.950	▲	127.200	127.725	.075	147,206			
Hogs-Lean (CME) -40,000 lbs.; cents per lb.	60.025	60.025		59.800	60.250	.200	1,225			
April	68.475	70.025		68.300	69.200	1.050	91,016			
Lumber (CME) -110,000 bd. ft.; \$ per 1,000 bd. ft.	80.250	81.475		80.050	80.950	1.225	46,615			
March	514.10	517.80	▲	506.00	516.80	9.00	3,887			
May	509.00	513.40	▲	503.00	513.10	8.50	3,067			
Milk (CME) -200,000 lbs.; cents per lb.	1.7489	1.7844		1.7442	1.7903	-.0006	57,962			
April	1.9286	1.9655		1.9280	1.9346	0.0266	132,597			
Steel (HRC USA) -FOB Midwest Mill-\$	749	749		749	749					

Interest Rate Futures

	Open	Contract	High	hi	lo	Low	Settle	Chg	Open	interest
Cocoa (ICE-US) -10 metric tons; \$ per ton.										
March	2,119	2,132		2,119	2,146	8	791			
May	2,123	2,151		2,116	2,148	14	127,642			
Coffee (ICE-US) -37,500 lbs.; cents per lb.	117.75	119.15	▼	116.95	118.20	.25	2,521			
May	120.30	121.00	▼	119.50	119.70	-.75</td				

BANKING & FINANCE

Workers Schooled in Money

More firms pay for employees to shore up their finances through education, cutting debt

BY ANNE TERGESEN

A growing number of companies are paying employees to get their financial lives in order, reflecting concern over the impact money problems have on employees' stress and productivity levels.

Aetna Inc., Pitt Ohio LLC, SunTrust Banks Inc. and others are handing out cash and other inducements to workers who take steps to shore up their finances by reducing debt, funding emergency-savings accounts and attending financial-education classes and meetings with advisers.

Among U.S. corporations with financial-wellness programs, which are designed to teach employees basic money-management skills, 17% offered incentives for participation in 2016—the most recent year for which data are available—up from 10.7% in 2014. An additional 8% said they were considering such a move, according to the International Foundation of Employee Benefit Plans, a nonprofit group.

Pitt Ohio, a Pittsburgh trucking company that employs 1,800 drivers, in 2016 began offering \$56 to employees who contribute at least \$19 a week for six months to an emergency-savings account without making withdrawals. Employees who maintain that for an additional six months qualify for a second \$56 payment.

Pitt Ohio executives grew alarmed about employees' finances after researchers at the University of Pittsburgh discovered in a 2016 survey that drivers who reported financial stress are more distracted and had more accidents, inflating the company's total by about eight accidents a year.

In response, Pitt Ohio set a goal for every employee to have a \$1,000 rainy-day fund, said Chief Operating Officer Jim Fields, who added that the company prides itself on its safety record.

Mr. Fields said half of eligi-



Aetna matches up to \$2,000 a year of student-loan repayments for some employees.

Sources of Stress

With workers carrying life's stresses into the workplace, particularly financial worries, more employers are setting up programs designed to reduce employees' financial problems.

Employees say their biggest sources of stress relate to:

Money	Work	Relationships	Health	Other
46%	17	15	14	8

Percentage of employees who say they...

...are distracted by finances at work

30%

...miss work occasionally due to financial problems

12%

Employers are concerned about the impact employees' financial problems are having on their productivity and willingness to retire.

Here's what employers say they are most concerned about:

Lack of retirement readiness	Inability to meet monthly expenses	Lack of emergency savings	Other
53%	16	15	13 3

Sources: PwC 'Special Report: Financial Stress and the Bottom Line,' Sept. 2017 (employees); Deloitte 'Defined Contribution Benchmarking Survey,' 2017 edition (employers)

THE WALL STREET JOURNAL

ble employees have participated in the voluntary program, 92% of whom received the first \$56 payment, and most received the second payment as well. The company has spent more than \$100,000 on the incentives, he said.

Carrie Leana, a professor of organizations and management at the University of Pittsburgh, said participants reported significant declines in their financial worry and increases in their physical and psychological health.

Fueling companies' focus on financial well-being is concern

about their employees' retirement funds. Half of U.S. households are at risk of being unable to maintain their standard of living in retirement, according to Boston College's Center for Retirement Research.

Executives have become aware that "employees are coming to work with a cloud hanging over their heads," said Julie Stich, associate vice president at the International Foundation of Employee Benefit Plans. "They are distracted by student loans and credit-card debt. The strain of living pay-

check to paycheck is impacting productivity, stress and well-being."

According to a survey published in 2015 by the American Psychological Association, 72% of adults say they worry about money. The Federal Reserve says 44% of adults lack the funds to cover a \$400 emergency.

To tackle this, companies are using incentives to boost participation in financial-wellness programs. These typically combine financial education with customized advice delivered by mobile apps and human advisers. The goal: to teach employees basic money-management skills and remind them—via text messages, emails or one-on-one meetings—to stick to budgets, pay bills and save more for everything from emergencies to retirement.

Some employers are offering incentives to specific groups of workers. Aetna recently began matching up to \$2,000 a year of student-loan repayments for full-time employees who graduated from college after Dec. 1, 2013. (The health insurer caps the benefit at \$10,000 per employee.)

Other incentive programs target all employees. SunTrust Banks of Atlanta gives employees \$1,000 if they complete a financial-education course on topics including budgeting and reducing debt and make automatic contributions to emergency savings. Employees can use the \$1,000 to reduce debt or fund an emergency, 401(k) or health-savings account.

Setback for Investors In Fannie and Freddie

BY ANDREW ACKERMAN AND BRENT KENDALL

WASHINGTON—The Supreme Court declined to intervene in a fight over the government's handling of mortgage-finance giants **Fannie Mae** and **Freddie Mac**, a setback for investors seeking gains from the firms' return to profitability.

The justices, in a brief written order Tuesday, said they won't take up appeals brought by hedge funds and other distressed-asset investors who in recent years have invested in the companies, which have been in government conservatorship since the financial crisis.

These investors sued to force Congress, the White House or the courts to make a U-turn on plans to revamp the housing-finance companies.

Shareholders brought the lawsuits after the government in 2012 amended terms of its bailout of the two companies.

The government took over Fannie and Freddie during the 2008 financial crisis and ultimately injected the firms with nearly \$188 billion to stabilize them.

In exchange, the government received a special class of stock that paid a 10% dividend along with warrants to acquire nearly 80% of Fannie's and Freddie's common stock for a nominal price.

In 2012, the government stopped requiring the companies to pay dividends in quarters when they lost money, which had forced the companies to borrow money to pay the government.

In exchange, the firms would pay all of their profits to the Treasury Department as dividends.

The change coincided with the firms' return to profitability amid a rebounding housing market.

The investors who sued said terms of the profit sweep amounted to an illegal end-run to prevent the firms from building capital that might one day be available for private shareholders.

In December, the Treasury dividend was again altered to allow the companies to increase their capital reserves to \$3 billion beginning this year. The move was designed to protect the firms against short-term operating losses, not to prepare the companies to be released from government control.

A federal trial judge dismissed the lawsuits in 2014, saying they were barred by the 2008 law that gave the firms' regulator, the Federal Housing Finance Agency, broad authority to take steps to stabilize Fannie and Freddie.

The U.S. Court of Appeals for the District of Columbia Circuit in February 2017 affirmed much of the trial judge's ruling, saying many of the investor claims couldn't proceed.

The investors involved in that case, which include **Perry Capital LLC** and **Fairholme Funds Inc.**, appealed to the Supreme Court last year.

"Although we are disappointed by the court's order today, we remain confident that we will ultimately prevail in reversing the illegal nationalization of Fannie and Freddie," said David Thompson, a Cooper & Kirk PLLC lawyer who represents Fairholme Funds.

A representative for Perry Capital couldn't be reached to comment.

South Korean Bitcoin Cop Dies



A South Korean official who guided Seoul's regulatory clampdown on cryptocurrencies was found dead on Sunday, according to a government spokesman. Jung Ki-joon, 52, was head of economic policy at the Office for Government Policy Coordination. He helped coordinate efforts to create legislation aimed at curbing cryptocurrency speculation, the spokesman said.

Venezuela's Digital Coins Face Hurdles

BY CHELSEY DULANEY

Venezuela's plan to shore up its economy by selling an oil-backed cryptocurrency will face a slew of problems in attracting investors, economists say, from U.S. sanctions to flagging investor faith in the nation's government and economy.

The cash-strapped South American nation—facing hyperinflation, an increasingly worthless physical currency and widespread shortages of food and medicine—took the first step in its plan to raise billions of dollars by launching a presale of the digital currency, named the petro, on Tuesday. An initial coin offering is expected in March.

On Tuesday, Mr. Gulliver said the bank has much better controls and ability now to detect and prevent financial crime, helping to safeguard its reputation. The bank has met eight of 10 targets Mr. Gulliver set out in 2015, the two laggards being U.S. profitability and revenue related to the internationalization of the Chinese yuan.

Mr. Gulliver's successor, Mr. Flint, is also a career HSBC banker, having joined in 1989 who most recently served as global head of retail and wealth management.

—Chester Yung in Hong Kong contributed to this article.

plan "ill-advised" and said the country is likely to face a tough road attracting buyers due to the government's "credibility problem" with global investors, who are wary after Venezuela fell behind on debt payments last year. The country also is losing the faith of its citizens, as evidenced by the deteriorating value of the bolivar, PII said.

The government said in a document outlining their plans that the currency "will be an instrument for Venezuela's economic stability and financial independence," while President Nicolás Maduro tweeted this week that the petro will "strengthen our economy."

Meanwhile, the opposition-run Venezuelan parliament has declared the petro unconstitutional and the U.S. Treasury Department said the cryptocurrency likely would be subject to U.S. sanctions after all. The department said last month that the currency "would appear to be an extension of credit" to the Venezuelan government and would leave an investor "exposed to U.S. sanctions."

Mr. Chorzempa and Ms. de Bolle wrote in a paper that Venezuela's use of blockchain "may constitute the first time that an insolvent country has seized on new fashionable technology...to try to avert the fallout from macroeconomic calamity."



Debt related to failed British construction firm Carillion contributed to \$1.77 billion in bad-loan charges at the bank last year.

U.K. Builder's Failure Hits HSBC

BY MARGOT PATRICK

LONDON—HSBC Holdings PLC's full-year pretax profit missed analysts' expectations after the bank was hit by the collapses of two borrowers in the U.K. and South Africa.

Debt related to South African retailer Steinhoff International Holdings NV and U.K. services and construction company **Carillion PLC** helped push the bank's bad-loan charges to \$1.77 billion for the year, more than expected. Steinhoff said in December that it had found accounting irregularities and is restructuring. Carillion went bust in January.

HSBC's shares fell 3.1% Tuesday after the bank said it would put a share-buyback program on hold while it raises additional debt in the first half of the year.

While marketing the planned \$5 billion to \$7 billion

in additional Tier 1 capital, listing rules prevent it from buying back shares.

HSBC bought back \$3 billion in shares last year and incoming Chief Executive John Flint said Tuesday that there has been "no change in our attitude" to consider buying back more shares after the debt sale is completed.

Tuesday's results are the last under Chief Executive Stuart Gulliver, who is retiring from the role after 38 years with the bank. Mr. Gulliver in an interview said his seven years as CEO produced "satisfactory" outcomes for shareholders, in a period marked by several damaging scandals for HSBC and broader shifts in banking regulation and profitability.

HSBC said its 2017 net profit surged to \$9.68 billion from \$1.30 billion a year earlier, in part thanks to higher revenue from Asia. Full-year

revenue rose to \$51.45 billion from \$47.97 billion. Pretax profit of \$17.17 billion was less than the \$19.55 billion estimated in a poll of 20 analysts conducted by FactSet.

As CEO since 2011, Mr. Gulliver oversaw a reshaping of 153-year-old HSBC, pulling out of countries and exiting dozens of businesses to improve profits and reduce risks from financial crime.

The bank's reputation hit a low in 2012 when it agreed to pay \$1.9 billion to settle allowed drug traffickers and sanctioned nations from moving money through the U.S. financial system.

It pledged to overhaul its compliance systems and entered a five-year deferred-prosecution agreement with the U.S. Justice Department. The agreement expired in December without any further action required.

Mr. Gulliver previously said

he would assess his success as CEO by the bank's stock price at the time of his departure and the state of HSBC's reputation, among other measures. The shares are up 17% from his start as CEO on Jan. 1, 2011, and 70% since February 2016.

On Tuesday, Mr. Gulliver said the bank has much better controls and ability now to detect and prevent financial crime, helping to safeguard its reputation. The bank has met eight of 10 targets Mr. Gulliver set out in 2015, the two laggards being U.S. profitability and revenue related to the internationalization of the Chinese yuan.

Mr. Gulliver's successor, Mr. Flint, is also a career HSBC banker, having joined in 1989 who most recently served as global head of retail and wealth management.

—Chester Yung in Hong Kong contributed to this article.

Mr. Gulliver previously said

MARKETS

Yields Rise as Borrowing Revs Up

By DANIEL KRUGER

The yield on the benchmark 10-year Treasury note snapped two days of declines, rising to 2.895% from 2.877% Friday.

Yields rise as bond prices fall.

The Treasury sold \$151 billion of short-term bills on

Tuesday to help manage its cash flow as the government sends out tax refunds

and awaits payments, which

tend to come in closer to the April 15 filing deadline. And

the government is raising the

size of its bond and note offerings to finance \$1.5 trillion in

tax cuts over the next 10 years, which were enacted in

December.

With little new data this

week, the decline in prices "is

very likely supply related,"

said Thomas Simons, a money-

market economist at Jefferies

Group LLC. With yields rising,

"people are looking at a 3%

yield on 10-year notes as

something to keep an eye on."

Tuesday's offering of \$28

billion of two-year notes was

sold at a yield of 2.255%, the

highest at an auction of that

maturity since August 2008.

Investors and analysts will

be looking for signals of

whether Federal Reserve offi-

cials are becoming more con-

cerned about the pace of infla-

tion on Wednesday, when the

central bank releases the min-

utes of its meeting that ended

Feb. 1. Inflation represents a

threat to the value of a bond by

eroding the purchasing power of

its fixed coupons.

At their December meeting,

Fed officials forecast three in-

terest-rate increases for 2018.

Some economists, including

those at JPMorgan Chase &

Co., have said they expect poli-

cy makers will raise rates four

times to help limit the pace of

price increases as the econ-

omy remains robust and un-

employment has remained

steady at 4.1%.

The consumer-price index

rose 2.1% during the 12 months

ended in January, according to

the Labor Department.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

Applications \$139,723,317,900 \$140,056,494,500

Accepted bids \$51,000,030,400 \$45,000,458,500

*noncomp \$682,704,900 \$614,814,500

*foreign noncomp \$420,000,000 \$379,000,000

Auction price (rate) 99.587972 99.079889

(1.63%) (1.82%)

Coupon equivalent 1.65% 1.86%

Bids at clearing yield accepted 59.37% 87.18%

Cusip number 912796MB2 912796PV5

Both issues are dated Feb. 22, 2018. The 13-week bills mature on May 24, 2018; the 26-week bills mature on Aug. 23, 2018.

FOUR-WEEK BILLS

Applications \$136,395,886,700

Accepted bids \$55,000,166,700

*noncompetitively \$602,267,700

*foreign noncompetitively \$0

Auction price (rate) 99.892667 (1.380%)

Coupon equivalent 1.401% 1.401%

Bids at clearing yield accepted 4.98% 4.98%

Cusip number 9128283Y3

The bills, dated Feb. 22, 2018, mature on March 22, 2018.

TWO-YEAR NOTES

Applications \$83,047,852,200

Accepted bids \$34,826,345,700

*noncompetitively \$263,923,200

*foreign noncompetitively \$100,000,000

Auction price (rate) 99.990276 (2.255%)

Interest rate 2.250%

Bids at clearing yield accepted 67.47%

Cusip number 9128283Y4

The notes, dated Feb. 28, 2018, mature on Feb. 29, 2020.

Walmart Puts a Chill Into Market

Retailer's shares sink 10% after it reported slowing online sales; Dow, S&P 500 slide

By MICHAEL WURSTHORN AND DAVID HODARI

Falling shares of **Walmart** pulled the Dow Jones Industrial Average and the S&P 500 lower, snapping a six-session winning streak for the indexes.

Walmart tumbled 10%, its biggest one-day drop in 30 years, after the retailer reported slowing online sales growth, indicating the difficulty it is facing in fending off competition from **Amazon.com**.

The retailer's struggle to expand online sales at a faster pace reverberated across the retail and consumer-staples sectors to pull down shares of several peers.

"For a company the size of Walmart to drop as much as it did, it sends a shudder through everybody in retail," said Jeffrey Lancaster, a prin-

cipal with Bingham, Osborn & Scarborough, a San Francisco-based investment firm with \$4.2 billion in assets under management. "It's a tough world out there for everybody competing with Amazon."

The Dow fell 254.63 points, or 1%, to 24964.75, while the S&P 500 declined 15.96 points, or 0.6%, to 2716.26, the first declines for the indexes since they entered correction territory—a drop of 10% or more from a recent high—on Feb. 8.

The Nasdaq Composite dropped 5.16 points, or less than 0.1%, to 7234.31.

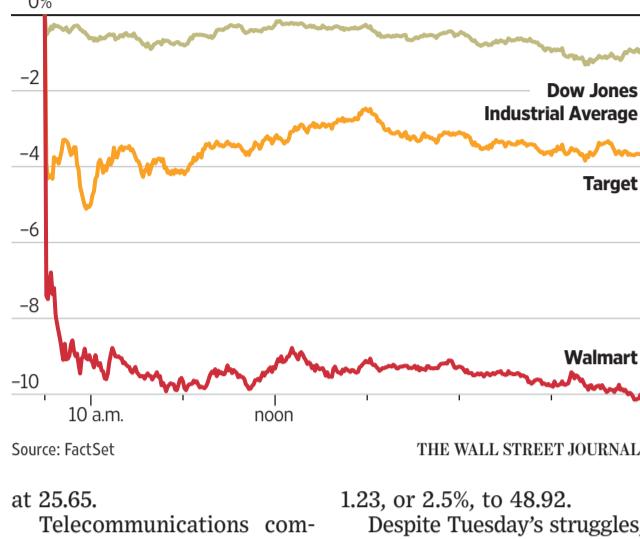
Walmart shed \$10.67, to \$94.11, shaving roughly 73 points from the Dow and contributing to a 2.3% pullback in the consumer-staples sector in the S&P 500.

Gap also weighed on the S&P 500, with shares down 1.66, or 5%, at 31.61, after the company said it would replace the president and chief executive of its flagship Gap brand as it looks to boost sales.

Other retailers that traded lower included **Target**, which fell 2.22, or 3%, to 72.86, and **Macy's**, off 61 cents, or 2.3%,

Retail Ripples

Shares of Walmart struggled, helping pull down the Dow industrials and cause other retail stocks to sag.



at 25.65.

Telecommunications companies also contributed to Tuesday's drop after a federal judge ruled **AT&T** isn't entitled to details of the Trump administration's internal discussions on the proposed merger with **Time Warner**.

AT&T fell 37 cents, or 1%, to 36.77, while **Vodafone Communications** lost

1.23, or 2.5%, to 48.92.

Despite Tuesday's struggles, stocks have recovered much of the value shed earlier this month, as companies have reported mostly upbeat earnings and boosted expectations for the remainder of the year.

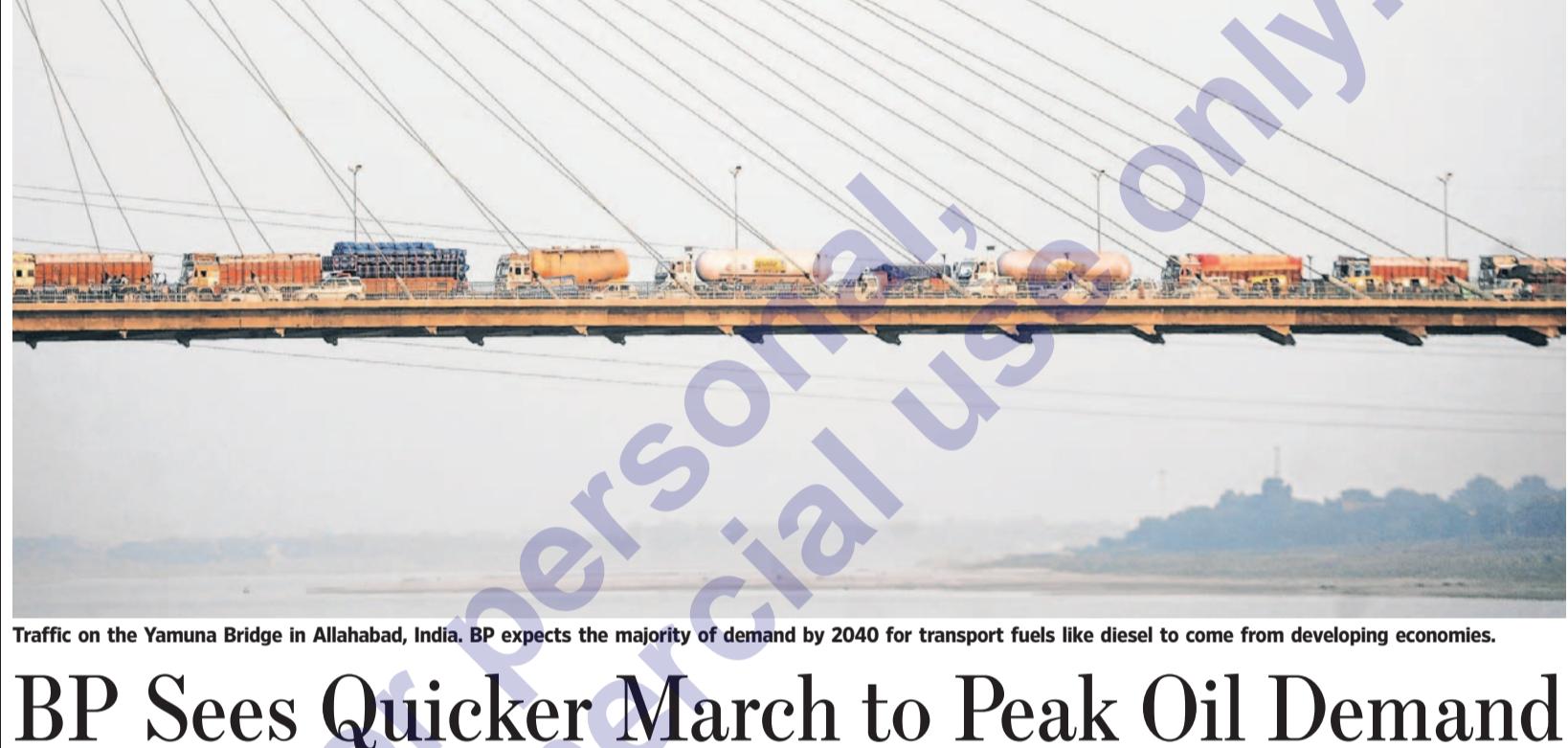
About three-quarters of S&P 500 companies that reported earnings through Friday ex-

ceeded profit and sales expectations, according to S&P Dow Jones Indices. And more than a fifth of the broad index has issued positive earnings guidance for 2018, according to FactSet, the highest number since the data provider began tracking projections in 2007.

That helped the Dow recover about half of its more-than-10% decline from its peak in January. Still, investors are reacquainting themselves with a market force that was absent for much of last year: volatility.

"What we're seeing now is more normal market behavior," said Cooper Abbott, president and chairman of asset manager Carillon Tower Advisors. "It's frankly healthy for markets to have this kind of adjustment."

Elsewhere, the Stoxx Europe 600 added 0.6%. Japan's Nikkei Stock Average fell 1%, giving up some of its early-week rise due to weakness in its electronics and banking sectors. At midday Wednesday, the Nikkei was up 0.6%. Also early Wednesday, Hong Kong's Hang Seng Index was up 0.9% and South Korea's Kospi was up 0.2%.



Traffic on the Yamuna Bridge in Allahabad, India. BP expects the majority of demand by 2040 for transport fuels like diesel to come from developing economies.

BP Sees Quicker March to Peak Oil Demand

By CHRISTOPHER ALESSI

LONDON—Global demand for crude oil could peak in the next two decades, as renewables like solar power surge faster than expected to meet a greater share of the world's energy needs, **BP** PLC said.

The world's appetite for oil and other liquid fuels could continue to increase until around 2035, hitting 110.3 million barrels a day—compared with 95 million barrels a day in 2015—before plateauing and falling off in the run-up to 2040, the U.K. energy company said Tuesday in its annual outlook.

Peak demand could represent a potential reckoning for energy companies that had become accustomed to crude consumption increasing almost every year for over a century. Already, BP, **Royal Dutch Shell** PLC and other companies have been investing more in natural gas, which has become a vital fuel for producing electricity,

and experimenting with renewable production.

"The outlook here shows that the world is going to need all forms of energy," BP Chief Executive Bob Dudley said at a news conference Tuesday. "Gas has to be part of the transition, if not a destination fuel," for lowering carbon emissions.

BP's outlook shows peak-oil demand coming more quickly than it has forecast in the past. The company has said crude demand wouldn't stop increasing until the 2040s.

Unlike competitors, BP releases annual forecasts making predictions about a range of issues, including industry investment, supply and demand. Shell has said peak demand could come as soon as 2025, while **Chevron** Corp. and **Exxon Mobil** Corp. don't foresee a peak.

BP's forecast assumes that current government policies, technology and societal preferences will evolve in the future similarly to how they have in recent years. Big re-

cent changes have included countries like the U.K. and France planning severe restrictions on the combustion engine and a major push for electric vehicles in China.

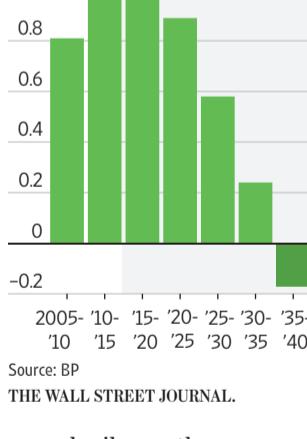
BP stressed the forecast was one of six possible scenarios, none of which it would endorse as most likely. In this scenario, renewable sources of energy would increase fivefold to provide about 14% of primary energy globally, contributing to the most diversified energy mix ever. All the scenarios show oil demand eventually peaking before 2040 and then declining.

"By 2040, oil, gas, coal and nonfossil fuels each account for around a quarter of the world's energy. More than 40% of the overall increase in energy demand is met by renewable energy," said Spencer Dale, BP's group chief economist.

Oil consumption should increase by an average of 0.14% a year between 2016 and 2040, according to the BP scenario, compared with predictions of 0.19%, 0.12% and 0.17%

Slow Burn

Liquid petroleum demand, average annual change



MARKETS

Stocks of Home Builders Are Going Up

Housing market gains strength amid higher wages, an improved economy, tax overhaul

By BEN EISEN

The housing market is heating up, providing another pillar of support for the stock market and U.S. economy.

The SPDR S&P Homebuilders exchange-traded fund, which holds shares of home-builder companies and other housing-related firms, has climbed 20% over the past 12 months, topping the S&P 500's 16% rise.

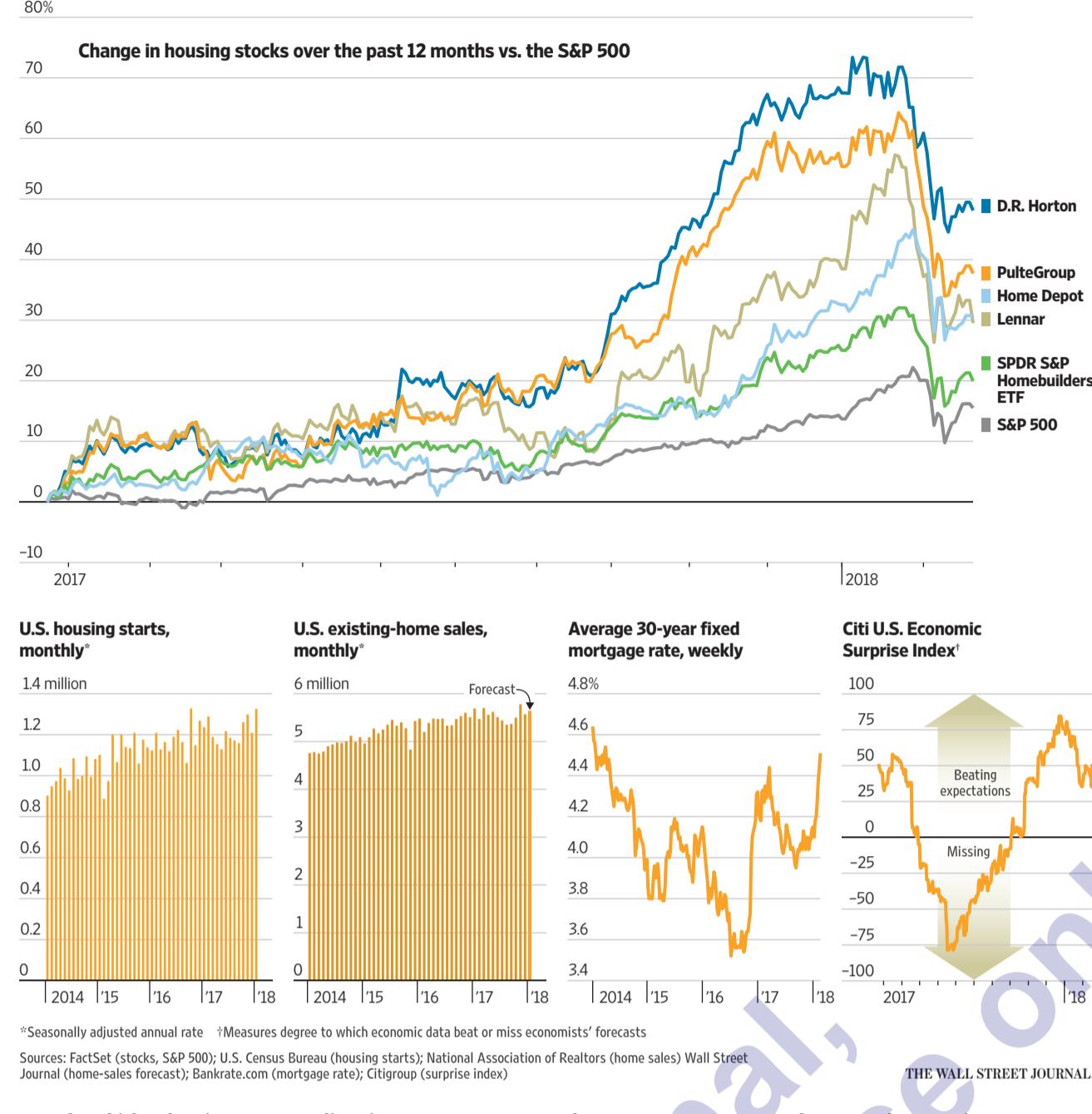
Despite paring gains recently alongside a broader market sell-off, some individual companies are faring particularly well. D.R. Horton Inc. is up 48% over the past 12 months, Lennar Corp. has jumped 30% and PulteGroup is up 38%.

Outside of home builders, related stocks are outperforming, including home-improvement supplies retailer Home Depot Inc. The company's shares slid 0.1% Tuesday, falling less than the S&P 500's 0.6% drop, after it reported faster-than-expected sales growth for the most recent quarter and projected same-store sales growth this year. Over the past 12 months, it is up 31%.

These companies are benefiting from continued strength in the labor market, where the unemployment rate has been lingering at its lowest since 2000. Data suggest that workers' wages are finally perking up, giving would-be buyers more money to spend on housing.

A decade ago, the housing market was the U.S. economy's biggest weakness. Now, it offers crucial support.

Housing is a key segment of the economy, and it is aiding a continued acceleration in growth. The Federal Reserve Bank of Atlanta's GDPNow real-time tracker for economic



*Seasonally adjusted annual rate †Measures degree to which economic data beat or miss economists' forecasts

Sources: FactSet (stocks, S&P 500); U.S. Census Bureau (housing starts); National Association of Realtors (home sales); Wall Street Journal (home-sales forecast); Bankrate.com (mortgage rate); Citigroup (surprise index)

THE WALL STREET JOURNAL.

growth, which takes into account housing-starts data and other indicators, currently projects the U.S. economy will grow at an annualized pace of 3.2% in the first three months of this year. If that holds up, it would continue a streak of faster gross-domestic-product growth

readings in recent quarters.

Analysts also say many housing-related companies will be beneficiaries from a drop in the corporate-tax rate to 21% from 35%, which was signed into law late last year. Such a benefit could offset any potential decline in housing demand

due to new caps on the amount of property and state income taxes filers can deduct.

"The U.S. economy is strong and tax reform is net positive for the housing industry," said Carol Tomé, Home Depot's chief financial officer, on a conference call with analysts

Tuesday morning.

This week is likely to bring fresh evidence that demand for homes is growing, with the release of data from the National Association of Realtors on Wednesday. Sales of previously owned U.S. homes are expected to have climbed 1.3% in

January to 5.64 million, according to a survey of economists, resuming an upward trend in recent months.

Other data also show a sanguine market. The number of new units under construction rose 9.7% to 1.326 million in January, Commerce Department data showed Friday. That was the third increase in four months, and it came despite cold weather, suggesting a shortage of housing supply is prompting builders to pick up the pace of construction.

The housing market has been on a plodding path higher for some time as it gradually recovered from the financial meltdown nearly a decade ago. But it has gained additional strength lately, despite broadly higher home prices.

The last time there was a massive housing boom, it ended with a financial crisis as speculation led to a bubble that subsequently popped. But while home prices may be starting to get frothy in cities such as Austin, Texas; Nashville, Tenn.; and Denver, according to Lindsey Piezga, chief economist at Stifel, there aren't yet echoes of the last economic cycle.

Not all of the recent news is good for the housing market: A rise in mortgage rates, prompted by higher Treasury yields, could eventually cut into demand for new homes. The benchmark 30-year fixed mortgage rate was at about 4.5% this month, its highest since early 2014, according to weekly data from Bankrate.com. As recently as September, it was below 4%.

Still, the economy is stronger than it was the last time rates spiked in 2013, which means the housing market has more ability to withstand higher mortgage rates than it used to, analysts say.

"Higher mortgage rates may rob the housing market of some momentum but it won't derail the housing market altogether," said Greg McBride, chief financial analyst at Bankrate.com.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

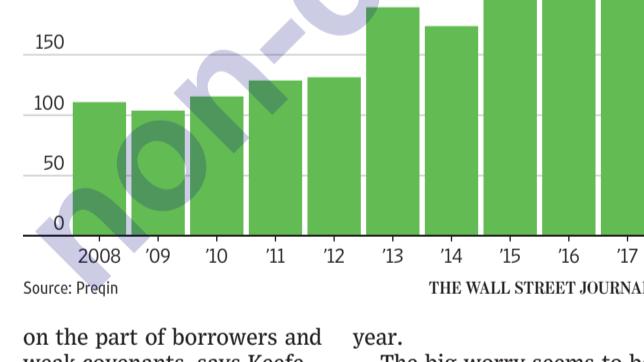
WSJ.com/Heard

Email: heard@wsj.com

A Danger Lurks in These Lenders

Cash to Spend

Global dry powder in private debt funds



on the part of borrowers and weak covenants, says Keefe, Bruyette & Woods analyst Ryan Lynch.

The big difference between private lenders and publicly traded business-development companies is that investors can weigh in on the shares. Lately they have been pessimistic, sending the Wells Fargo Business Development Company Index, which tracks 42 companies, down by 16% over the past

year.

The big worry seems to be a turn in the default cycle. After peaking in 2016 during the energy-market crunch, default rates have fallen, though credit problems are showing up at funds that specialize in so-called lower-middle-market companies with annual adjusted earnings of around \$20 million or less.

The decline in business-development company shares

over the past year shows investors have started to price in some of this risk. At current prices, investors might be tempted by the high yields on offer. The Wells Fargo Business Development Company Index currently yields 10.1%. But credit losses could well keep creeping up. Interest rates are on the rise, and indebted companies can no longer deduct as much of the payments from their U.S. taxes. If the economy loses steam and the credit cycle turns, these types of funds, less diversified than banks and more exposed to riskier companies, will likely feel more pain sooner.

And on another valuation metric, the shares are still hardly bargains: Business-development companies are trading at an average of around 0.9 times book value, according to KBW, compared with an average of around 1 times book value over the past five years. That isn't much of a discount. There is no reason yet for ordinary investors to wade back in.

—Aaron Back

OVERHEARD

For a company that "aims to connect everyone to everything, everywhere" with its high-tech communications gear, simple math skills should be assumed. Not so in the **Ubiquiti Networks** investor-relations department.

Ubiquiti jolted its shareholders Tuesday with news of a Securities and Exchange Commission subpoena. Shares fell by one-quarter. Maybe what spurred the SEC's interest was the company's struggles with numbers. Ubiquiti says it is unique because it doesn't have a sales force, but instead "drives brand awareness largely through the company's user community."

The problem is that last fall, Ubiquiti was forced to lower its membership estimates for its user community by about 85%. "Our IR people mixed up user sessions and total users," CEO **Robert Pera** explained at the time.

The explanation seemed to satisfy Ubiquiti shareholders. The regulators, however, seem less impressed.

Walmart's Stumble Is No Disaster

Over the past six months, **Walmart** was richly rewarded by shareholders for its apparent success at competing with **Amazon.com**. On Tuesday, it showed signs of falling behind.

After three quarters of at least 50% e-commerce sales growth, Walmart reported that e-commerce revenue in the fourth quarter grew just 23%. Amazon's revenue, including sales from Whole Foods, climbed 40%. Investors sent Walmart shares down 10%.

Yet, as Greg Melich, a retail analyst at MoffettNathanson, points out, whether Walmart's e-commerce sales grow 20% or 40%, online sales still account for only about 4% of annual revenue.

Walmart, which says it expects e-commerce sales to grow 40% in the coming year, surprised investors by saying it has cut spending for its new sites like Jet.com, ModCloth.com and Bonobos.com. Instead, it plans to focus on bringing customers to Walmart.com.

That makes sense. No matter how successful those brands are, Walmart will struggle against Amazon unless it can boost e-commerce sales at its flagship brand. Mr. Melich argues Amazon could grow from 5% to 10% of U.S. retail in five years, and Walmart needs to make sure that comes at the expense of other retailers.

Last year, Walmart won praise for making smart investments in e-commerce. Nothing has changed, except that investors who had unrealistic expectations have turned negative. Walmart has a bright future in e-commerce, but given its huge size, investors need to temper their growth expectations.

—Elizabeth Winkler

Broadcom Should Walk Away From Qualcomm Purchase

Deal Talk

Broadcom's share price



value garnered the support of several key activist shareholders of NXP who had been churning for a better price.

Broadcom has long warned

that raising the price for NXP could be fatal to its offer for Qualcomm. Deriding the move as a "transfer of value" to NXP holders, Broadcom noted Tuesday morning that it is now "evaluating its options." Broadcom's stock price rose more than 2% Tuesday morning. That \$2 billion boost in market value seems a vote in favor of the company walking away.

Broadcom's investors initially cheered the idea of buying Qualcomm, which would create the world's third-largest chip company based on annual revenue. But that enthusiasm seems to have eased, as such a combination would face

scrutiny by regulators, especially with several Chinese smartphone manufacturers voicing opposition. Before Tuesday's open, Broadcom's share price was down 10% from the day it announced its first offer for Qualcomm.

The truth is Broadcom doesn't need the deal. The company's record prior to Qualcomm has been impressive, with smart deal making giving it a strong position in several key chip markets while also boosting free cash flow.

Wall Street, in turn, is in love. About 93% of analysts covering Broadcom rated the stock as a "buy" before the

company's first Qualcomm bid.

Broadcom may choose to leave its current "best and final" offer of \$82 intact and see how Qualcomm's shareholders vote on March 6. That could work, given that Qualcomm's share price is now about 25% below that number.

But it is also worth noting that ISS stopped short of endorsing the company's full slate of alternative directors, and described Broadcom's offer as a "reasonable starting point." Broadcom's own investors, meanwhile, seem to now have a better end in mind.

—Dan Gallagher