

# THE WALL STREET JOURNAL.

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★★★★ \$4.00

DJIA 25064.36 ▲ 44.95 0.2% NASDAQ 7805.72 ▼ 0.3% STOXX 600 384.05 ▼ 0.3% 10-YR. TREAS. ▼ 7/32, yield 2.856% OIL \$68.06 ▼ \$2.95 GOLD \$1,238.10 ▼ \$1.50 EURO \$1.1712 YEN 112.28

## What's News

### Business & Finance

**B**lackRock saw a radical slowing in cash inflows this spring, a sign investor uncertainty may be unsettling a decadelong embrace of passive stock investing. A1

◆ **Uber** is being investigated by the EEOC after a complaint about gender inequity, one of a series of federal probes of the firm. A1

◆ **Netflix** missed its own forecasts for second-quarter subscriber gains by more than a million. Shares fell 14% in after-hours trading. B1

◆ **U.S. retail sales** rose 0.5% in June from May and many economists estimate GDP expanded robustly in the second quarter. A2

◆ **The 4.2% plunge** in U.S. oil prices Monday was the latest sign the market's dynamics have changed since the crude rally began. B1

◆ **The S&P 500 slipped** 2.88 points to 2798.43 as energy shares fell along with oil prices. The Dow gained 44.95 to 25064.36. B10

◆ **FCC chief Pai** said he had serious concerns about Sinclair's \$3.9 billion acquisition of Tribune, and took action to block the deal. B1

◆ **BofA reported** a 33% increase in profit, buoyed by rising interest rates and recent tax-law changes. B9

◆ **Boeing and Airbus** announced more than \$43 billion in airliner orders, adding pressure on both to further boost plane output. B1

◆ **Walmart agreed** to use Microsoft's cloud technology to power functions including algorithms for purchasing and sales-data sharing. B3

### World-Wide

◆ **Trump, standing** beside Putin at their Helsinki meeting, questioned the U.S. intelligence conclusion that Russia meddled in the 2016 election, a move lawmakers of both parties said was a stunning alignment with an adversary. A1, A6, A7

◆ **A Russian woman** accused of trying to set up back-channel relationships with Republican politicians through the NRA was arrested and charged with not registering as a foreign agent. A6

◆ **The U.S. fired back** at lawsuits other countries have filed with the WTO over Trump administration steel and aluminum tariffs. A4

◆ **China courted** the EU as an ally in its trade conflict with the U.S., as Beijing reported slowed economic growth. A8

◆ **A federal judge** in San Diego is temporarily blocking the government from deporting recently reunited immigrant families. A3

◆ **The Afghan government** plans to announce another cease-fire with the Taliban as part of an effort to kick-start peace talks. A18

◆ **The Treasury will allow** some nonprofit groups to provide less information about donors on their tax forms. A4

◆ **European governments** are exploring activating accounts for the Iranian central bank in a bid to keep alive the Iran nuclear deal. A18

◆ **France is preparing** to release hundreds of radicalized inmates from prison, bracing for a renewed security threat as they go free. A18

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Mr. Trump expressed doubts about U.S. intelligence reports on Moscow's interference in the 2016 election after his meeting with Russian President Vladimir Putin in Finland.

## Trump Questions Russia Meddling

By REBECCA BALLHAUS

HELSINKI—President Donald Trump, standing beside Russian leader Vladimir Putin, questioned the U.S. intelligence conclusion that Moscow meddled in the 2016 election, a move lawmakers of both parties said was a stunning alignment with an adversary.

Mr. Trump said he and the Russian president "spent a great deal of time" discussing the matter during their four

### Under Scrutiny

- ◆ **Gun-rights activist charged as Russian agent..... A6**
- ◆ **Gerald F. Seib: Trump leaves allies squirming... A7**

hours of talks here on Monday, and said Mr. Putin "was extremely strong and powerful in his denial."

Asked whom he believed—U.S. intelligence agencies or Mr. Putin—Mr. Trump said Dan

Coats, the director of national intelligence, "came to me [and] said, they think it's Russia. I have President Putin, he just said it's not Russia."

"I will say this, I don't see any reason why it would be," he added.

Mr. Coats, in a statement following the Helsinki news conference, said: "We have been clear in our assessments of Russian meddling in the 2016 election and their ongoing, pervasive efforts to under-

mine our democracy, and we will continue to provide unvarnished and objective intelligence in support of our national security."

Messrs. Trump and Putin met one-on-one for more than two hours before being joined by their advisers for another two hours, discussing issues including arms control, Syria and Moscow's 2014 annexation of Crimea.

Mr. Trump spent much of the following news conference

attacking his Justice Department and the Federal Bureau of Investigation, describing the probe into whether his associates colluded with Russia's efforts to interfere in the election as a "disaster for our country" that has undermined U.S. relations with Moscow. And he continued to blame the U.S., at least in part, for the poor state of those relations, saying the U.S. had been "foolish."

Heading into the summit,

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## BlackRock Squeezed As Investors Pivot

By ASHYLYN LODER

Investors radically slowed the torrent of cash flowing into investment giant BlackRock Inc. this spring, a sign that a changing global economy and trade rifts may be unsettling a decadelong embrace of passive stock investing.

BlackRock said Monday it received \$20 billion in net inflows in the second quarter. While the sum is enormous, it was down from more than \$100 billion a year ago. BlackRock is the world's largest asset manager and a bellwether of low-cost index-based investing.

BlackRock isn't alone: For

the first six months of 2018 the amount of money going into all U.S. passive mutual funds and exchange-traded funds was down 44% from the same period a year earlier, according to research firm Morningstar.

Just as the simplicity of index ETFs made it easy and cheap for investors to load up on a broad exposure to the stock markets, it allows them to move money quickly at a time when many are questioning the longevity of the bull market.

ETFs package stocks, bonds

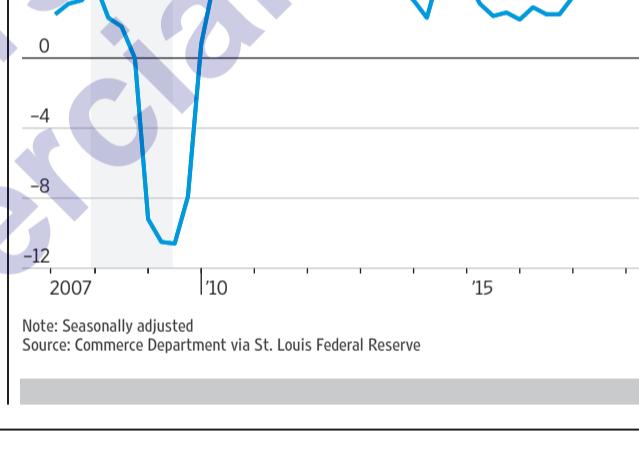
or other assets into a single share that, unlike mutual funds,

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## Shopping Gives Economy a Lift

Retail sales rose 0.5% in June from the prior month, propelling strong overall U.S. economic growth in the second quarter. A2

Quarterly retail spending, change from a year earlier



## Uber Faces U.S. Probe On Gender Inequity

By GREG BENINGER

Uber Technologies Inc. is being investigated by the U.S. Equal Employment Opportunity Commission after a complaint about gender inequity, according to people familiar with the matter.

The inquiry, one of a series of federal probes of the ride-hailing giant, began last August and hasn't been previously reported. EEOC investigators have been interviewing former and current Uber employees, as well as seeking documents from Uber officials, the people said. They are seeking information related to Uber's hiring practices, pay disparity and other matters as they relate to gender, one person said.

Uber Chief Executive Dara Khosrowshahi, who started in September, has tried to move Uber past a string of scandals under his predecessor and chart a course toward its hotly anticipated initial public offering next year. He has appeared before regulators and lawmakers to make Uber's case and is the subject of a television ad campaign promising a new

Please turn to page A4

## From Washer Tariffs to Trade Showdown

Whirlpool lobbied for protection, but barriers ricochet through an economy in unexpected ways

By ANDREW TANGEL AND JOSH ZUMBRUN

CLYDE, Ohio—After the Trump administration announced new tariffs on imported washing machines in January, Marc Bitzer, the chief executive of Whirlpool Corp., celebrated his win over South Korean competitors LG Electronics Inc. and Samsung Electronics Co.

"This is, without any doubt, a positive catalyst for Whirlpool," he said on an investor conference call.

Nearly six months later, the company's share price is down 15%. One factor is a separate set of tariffs on steel and aluminum, imposed by the U.S. in March and later expanded, that helped drive up Whirlpool's raw-materials costs. Net income, even with the added benefit of a lower tax bill, was down \$64 million in the first quarter from a year earlier.

In his next call with investors, in April, Mr. Bitzer struck a cautious tone. "There continues to be uncertainty regarding po-

tential future tariffs and trade actions," he said. "We'll continue to monitor, evaluate and take the right action for our business."

Put into practice, tariffs are a complex economic weapon that can ricochet through an economy in ways even proponents don't expect. That's what happened with washing machines, which were among the first consumer products targeted by the Trump administration.

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### INSIDE



### NETFLIX MISSES MARK ON SUBSCRIBERS

#### BUSINESS & FINANCE, B1



### CELL-GROWN MEAT GETS A BOOST

#### TECHNOLOGY, B4

## What Does It Take to Land a Final Four? Some Big Curtains

\* \* \*

NCAA doesn't want too much light; a \$5 million 'darkening solution'

By RACHEL BACHMAN

Two-year-old U.S. Bank Stadium, home to the Minnesota Vikings football team, turns heads with its shiplike, glass-prowed shape and its transparent roof that lets the sun shine in.

But when the venue hosts the 2019 men's Final Four college basketball championship, that glorious light will be the enemy. The National Collegiate Athletic Association, which oversees the tournament, decrees basketball an indoor sport, so U.S. Bank Stadium officials are covering its windows and clear surfaces—all 460,000 square feet of them.



Close for basketball

Enter an elaborate "darkening solution" of fabric and rigging to be built by two specialized contractors. In other words, \$5 million curtains.

A rising number of cutting-edge coliseums feature large swaths of glass or high-tech see-through material, a futuristic look that reduces energy costs.

So college sports' governing body—which on Monday awarded its latest round of Final Four bids to future host cities—is forcing stadiums to cloak some of their best assets.

"When we originally made

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THE BEST RUN SAP

## U.S. NEWS

# Fed's Powell Courts Lawmakers

BY NICK TIMIRAO AND DAVID HARRISON

Five months into his term as Federal Reserve chairman, Jerome Powell is investing considerable time and energy on Capitol Hill.

Mr. Powell, who heads to Congress on Tuesday to begin two days of testimony on the economy, has met individually with 18 lawmakers—10 Republicans and eight Democrats—during his first four months as chairman, according to his public calendar. He also had eight calls with lawmakers, equally split between Republicans and Democrats.

That experience demonstrated the importance of communication with Congress, said Rep. French Hill (R., Ark.), who served with Mr. Powell in the Bush administration.

"You cannot stay in the ivory tower and expect to have a good public policy outcome every time," said Mr. Hill. "It doesn't change any of the challenges he faces, but it demonstrates engagement that he'll leave his office on Constitution Avenue and come see lawmakers."

"As far as meeting with Congress is concerned, I'm going to wear the carpets of Capitol Hill out by walking those halls and meeting with members," Mr. Powell said in a

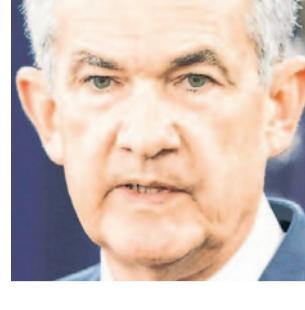
Marketplace radio program interview last week. "I feel like that's a really important thing that the chair can do."

His background is different from his recent predecessors, Ms. Yellen and Ben Bernanke, both Ph.D. economists who spent much of their careers in academia. Mr. Powell, a Washington native who has a law degree and worked in finance, testified frequently before congressional banking committees in the early 1990s, when he served as a Treasury official in the George H.W. Bush administration.

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"I'm not sure how many people you can name in this



18

Lawmakers Mr. Powell met with in his first four months as chairman

Mr. Powell was nominated twice to the Fed's board of governors by President Barack Obama, before President Donald Trump tapped him last year to succeed Ms. Yellen. Mr. Powell won Senate confirmation in January with 84 votes, the most for any Fed chief since the 2008 financial crisis.

"I'm not sure how many people you can name in this

town" that have been nominated by both Messrs. Obama and Trump, said St. Louis Fed President James Bullard in an interview last month.

Rep. Emanuel Cleaver (D., Mo.), who met Mr. Powell in his office, said, "He's done a fabulous job in reaching out to members on both sides of the aisle to make sure that they understand that he is not one of these highfalutin governors who are going to resent having to spend time with members of Congress who are struggling with arithmetic."

Mr. Cleaver, a member of the Congressional Black Caucus, said they had a "good, old-fashioned" introductory conversation and discussed inclusion and employment challenges facing African-Americans.

Some lawmakers say they see an opportunity for a reset in relations between the Fed and Congress after a period of increased tension following the financial crisis.

Rep. Blaine Luetkemeyer (R., Mo.), who met with Mr. Powell in March, said he ex-

pected more lawmakers would relate to Mr. Powell than to past Fed chiefs: "He's not a think-tank guy, but a banker from the real world, and that gives him a perspective that I think is important."

Rep. Gwen Moore (D., Wis.) said Mr. Powell was careful, even in private, not to opine on policy matters beyond the Fed's scope, such as the recent tax cuts. It was "very difficult to get him outside of his wheelhouse," said Ms. Moore, who met with the Fed chief in March.

Mr. Powell could face sharp questioning Tuesday from Senate Democrats who opposed steps the Fed has taken to relax certain regulations. In a letter last week, Sens. Sherrod Brown of Ohio and Elizabeth Warren of Massachusetts pressed Mr. Powell for details about the unusual treatment of **Goldman Sachs Group Inc.** and **Morgan Stanley** in recently conducted stress tests.

"I appreciate Chairman Powell's outreach, but I am alarmed at the direction the Fed is going," Mr. Brown said.

## Robust Spending Bodes Well For GDP

BY SHARON NUNN

WASHINGTON—Consumer spending is bustling and likely propelled strong overall economic growth in the second quarter.

Retail sales—a measure of spending at U.S. stores, websites and restaurants—rose 0.5% in June from the prior month, the Commerce Department said Monday. May's already strong spending growth was raised to 1.3% from 0.8%.

Many economists estimate the nation's gross domestic product—a measure of output—expanded robustly in the second quarter. Ahead of Monday's retail-sales report, forecasting firm Macroeconomic Advisers projected GDP growth had hit a 4.9% annual rate. After the report was released, the firm raised its forecast to 5.1%.

The Commerce Department will release its first estimate for second-quarter GDP on July 27.

Consumer spending, including outlays on many services not tracked in Monday's report, accounts for more than two-thirds of U.S. economic output.

Vehicle sales and higher gas prices helped drive up sales last month.

Spending at health and personal-care stores increased by the largest monthly margin in more than 14 years. Department-store sales, buffeted by online competition, fell 1.8%, the largest decline in more than two years.

Partly because of soft spending in the first quarter, GDP growth slowed to a seasonally and inflation-adjusted annual rate of 2% in January through March, according to the Commerce Department's latest estimate.

But spending picked up in recent months. Retail sales during the second quarter climbed 5.9% from the second quarter of 2017.

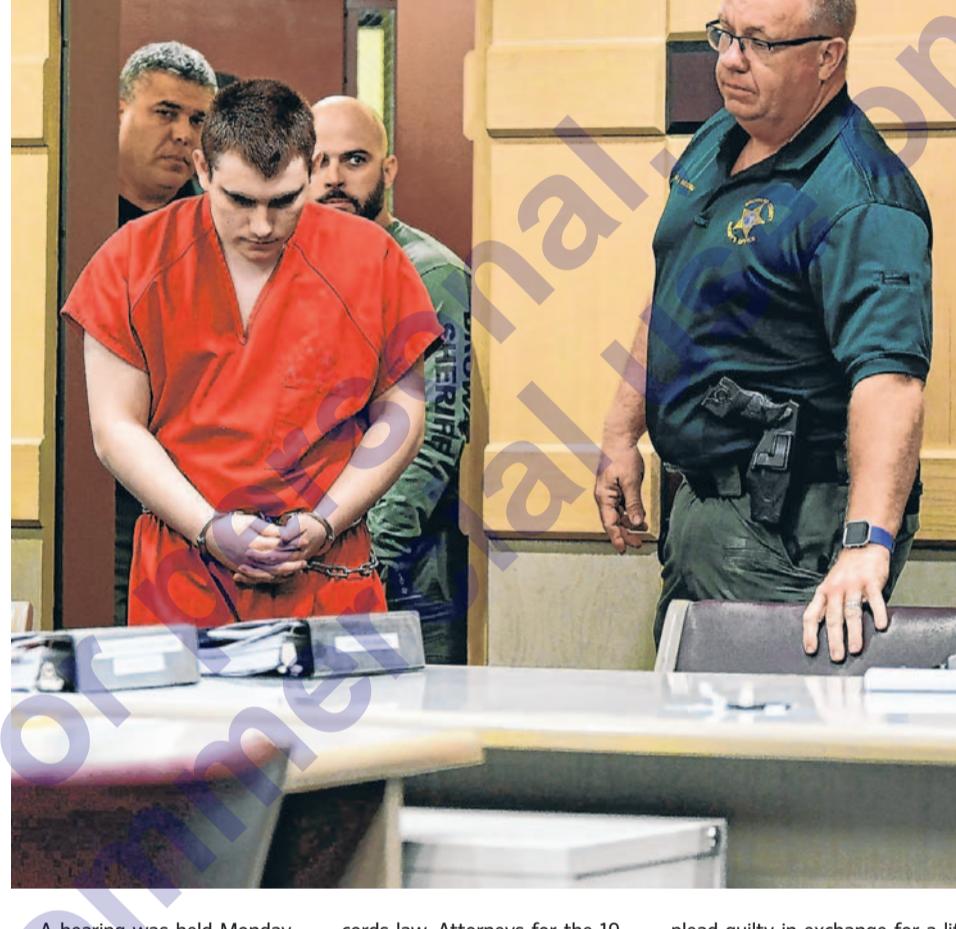
Compared with a year earlier, overall sales were up 6.6% in June. Spending continued to outpace inflation, with the Labor Department's consumer-price index rising 2.9% in June from a year earlier.

Tax cuts appear to be propelling robust consumer demand. Many households are experiencing less withholding from their paychecks thanks to the tax overhaul.

David Berson, chief economist at Nationwide Mutual Insurance Co., said a stronger business sector has helped. "Businesses are expanding as a result of tax cuts, hiring more workers, and solid job numbers are boosting consumer spending," he said.

◆ Heard: Consumer-spending rise has a dark side..... B1

## Accused Florida School Shooter Makes Appearance



TAMMY ALVAREZ/PRESS POOL

A hearing was held Monday on whether to publicly release much of Florida school shooting suspect Nikolas Cruz's statement to investigators after the Valentine's Day massacre that killed 17 people.

Attorneys for media outlets asked Broward Circuit Judge Elizabeth Scherer to allow disclosure of the statement under public re-

cords law. Attorneys for the 19-year-old defendant wanted the entire statement suppressed, contending it would improperly influence jurors in his trial. The judge didn't immediately rule.

Mr. Cruz faces the death penalty if convicted of the attack at Marjory Stoneman Douglas High School that also wounded 17 others. His attorneys said he would

plead guilty in exchange for a life prison sentence, but prosecutors have rejected that offer.

Mr. Cruz sat with his forehead resting face down on the defense table throughout the hearing. His 18-year-old brother, Zachary Cruz, attended the hearing but declined to speak with reporters.

—Associated Press

## Laws Meant to Curb Gun Violence Signed

Gov. Bruce Rauner signed laws authorizing judges to take weapons away from people with mental-health or other problems, and to extend the waiting period for delivery of newly purchased guns.

Democratic Mayor Vi Lyles had pledged the city's support months ago when Charlotte began the bidding process.

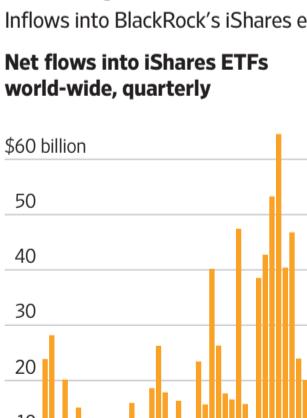
—Valerie Bauerlein

## ILLINOIS

### Slowing Flows

Inflows into BlackRock's iShares exchange-traded funds have ebbed.

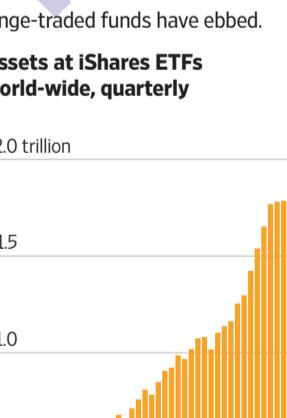
#### Net flows into iShares ETFs world-wide, quarterly



Note: Including obsolete funds.

Source: Morningstar

#### Assets at iShares ETFs world-wide, quarterly



Continued from Page One

can be bought and sold on an exchange just like shares of Apple or Amazon.

To be sure, money is still coming in to BlackRock and its peers. Yet if anxiety deepens and markets begin to decline, the slowdown shows these companies could suffer outflows.

For now, there have been only small signs of investor unease in U.S. markets. The S&P 500 is up 4.7% this year while the tech-heavy Nasdaq Composite has gained 13.1%.

"If it turns into a big, bad bear market, then I think we

could see outflows from ETFs," said Craig Siegenthaler, an analyst at Credit Suisse Group AG. "There's been a lot of hot money that's gone into equity ETFs in the past five years."

In an interview Monday, BlackRock Chief Executive Larry Fink said the slowdown reflected growing investor uncertainty amid political upheaval in Europe and worsening skirmishes over tariffs.

"One of the foundational components of international investing is that globalization is good for the world and for world global markets," Mr. Fink said.

The slowdown at BlackRock, one of the landmark winners of the post-financial-crisis world, comes as many analysts and investors are on the lookout for signs of an end to the unprecedented rise of low-cost, passively managed funds.

Such a move would reshape markets and the global economy given that for much of the past decade, investor cash has surged into BlackRock and fellow passive investing giant Vanguard Group. The two companies hold more than \$11 trillion in assets combined, collecting it from institutional investors like banks, pensions and hedge funds, as well as from individuals.

The slowdown in the \$3.6 trillion ETF industry has been particularly noticeable after last year's record gains. Investors poured \$123 billion of new cash into U.S. ETFs in the first six months of 2018—down by about half from the same period last year, according to data from Morningstar Inc.

Inflows into Vanguard ETFs also slowed, while State Street Corp.'s ETF business has seen net outflows, according to Morningstar.

Risk aversion was apparent across BlackRock's businesses. Investors bailed out of equities and sought the relative safety of bonds, especially as rising returns on short-term debt investments sweetened the appeal.

Mr. Siegenthaler noted that pension funds and sovereign wealth funds were both cutting back on stocks in favor of less risky assets. Institutional investors yanked \$21 billion in the second quarter from BlackRock stock-index products that seek to match market benchmarks rather than beat them, and instead invested \$7.2 billion in

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The slowdown in the \$3.6 trillion ETF industry has been particularly noticeable

# Illegal Immigrants Jailed Far From Border

As southern facilities fill up with asylum seekers, federal officials look elsewhere

BY JOSEPH DE AVILA

ALBANY, N.Y.—Albany County Sheriff Craig Apple received an inquiry last month from federal immigration officials asking whether the jail he runs could receive hundreds of asylum-seeking migrant detainees.

The request was unusual for the county jail—a 1,043-bed facility that has handled people detained by U.S. Immigration and Customs Enforcement before, but usually only a few individuals at a time.

Sheriff Apple said he called Sarah Rogerson, who runs the immigration-law clinic at Albany Law School, to ask whether the group could provide legal assistance to the detainees. She told him they could.

"I would have never had done it if Sarah said it's too much to take on," Sheriff Apple said. "I know people hate when I say this, but we truly try to keep people from coming back and try to help people. I think that's what we are supposed to do, and that was our mission here."

In June, migrants, mostly flown in from the southern border, began arriving at the facility. By last week, the jail had about 320.

"We believe that the group of detainees at the Albany County jail are the largest number to arrive at one time to a detention center in New

York," said Colin Brennan, a spokesman for Gov. Andrew Cuomo. New York is funding legal services for the immigrant detainees at the jail, he said.

As detention centers closer to the Mexican border have filled with asylum seekers and other immigrants arrested after being found living in the country illegally, ICE has turned to jails in far-flung locales for help housing detainees. County jails in New Jersey have also seen an influx of detainees.

But moving the migrants to detention facilities inland potentially stretches the legal resources of the communities unaccustomed to providing immigration counsel to this many detainees. ICE said in a statement that it moves detained immigrants as needed to "accommodate various operational demands." ICE uses more than 100 facilities, including county jails and private detention centers, in 30 states.

As part of new policies to deter migrants from crossing the southern border, the administration of President Donald Trump has said it wants to hold asylum seekers in detention until their cases are decided. The administration has stepped up criminal prosecutions of those who illegally cross the border as part of a zero-tolerance policy.

The crackdown on asylum seekers and increased arrests of immigrants living in the U.S. illegally has prompted ICE to seek more jail beds and move detained immigrants to facilities with open beds.

At the Albany jail, most of the detainees have come from Central America, but some are from

## Deportations Halted Of Reunited Families

A federal judge in San Diego is temporarily blocking the government from deporting recently reunited immigrant families, the latest ruling to go against the Trump administration as it rushes to reunite more than 2,500 children with their families.

Judge Dana Sabraw gave the Trump administration a week to file a written objection to the order but for now has directed the government to halt such deportations. The concern is parents would agree to be deported before fully comprehending their children's rights to due process. The parents and children have separate immigration cases.

The American Civil Liberties Union asked the judge to block such deportations. In a filing on Monday, the ACLU asked that families at least be given a week before being removed.

Judge Sabraw also chastised

## Breaking It Down

The Department of Health and Human Services identified 2,654 minors who were separated from their families at the border. Some crossed illegally and some crossed at ports of entry and are seeking asylum.

2,654 total minors

2,551

Children aged 5 to 17 are to be reunited by July 26.

103

Children under the age of five...

57

...were reunited as of July 12.

46

...were deemed ineligible for reunification\*

Source: Department of Health and Human Services

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the government for a filing last week from a Health and Human Services official who warned that quickly reuniting parents and their children could put children in danger.

The judge said the filing from Chris Meekins, a top Health and Human Services' official, was "exasperating, to put it plainly."

The Trump administration began separating families as part of its crackdown on illegal immigration. President Donald Trump issued an executive order to end the family separation policy and Judge Sabraw later ordered the administration to reunite parents and children.

The deportation halt affects only children separated from

their families before the court order.

Judge Sabraw said Mr. Meekins' filing suggests that HHS wants to continue treating separated children by the same standards as immigrant children who have arrived at the U.S. border on their own. Under a federal law governing the care and custody of such immigrants, HHS officials generally hold children for weeks or even months until a sponsor can be found and vetted by the government.

Reuniting separated children, Judge Sabraw said, should be a much faster process since they arrived with their parents.

"It is failing in this context," the judge said. "Mr. Meekins wants to hold children for months. The problem with that is it doesn't comport with fundamental due right process."

Judge Sabraw has given the government until July 26 to complete all reunifications. This month, Trump administration officials missed an initial deadline to reunite more than 100 children under 5 years old.

—Alicia A. Caldwell

Last week, U.S. Citizenship and Immigration Services issued new guidance to its asylum officers stating that asylum seekers seeking refuge from the kind of private violence Mr. Sessions described will now have to prove that their home government "condoned the private behavior or demonstrated a complete helplessness" to protect the migrant.

—Alicia A. Caldwell contributed to this article.

other regions like Africa, Europe, the Caribbean and Asia. The vast majority are seeking asylum in the U.S. and turned themselves in at ports of entry or crossed the border seeking to turn themselves in to border officials, said Camille Mackler, director of Immigration Legal Policy with the New York Immigration Coalition. It is unclear how long they will be detained in Albany.

"This is beyond anything that has ever happened here,"

said Ms. Mackler. The migrants are held in a separate part of the jail from other inmates, Sheriff Apple said.

Legal advocates are training dozens of volunteers to help prepare the migrants for their credible-fear interviews, a crucial first step in the asylum process when federal officers determine whether the detainees have legitimate asylum claims.

The Legal Project of Albany hosted a training session for

volunteer attorneys and translators last week to learn about how to prepare the migrants for the interviews. What qualifies as a valid asylum claim is changing as Attorney General Jeff Sessions has vowed to crack down on what he describes as frivolous claims. In June, he reversed an opinion from an immigration appeals board that had made it easier for victims of domestic violence to win asylum.



John Emery's canoe, tied up at a dock, sits in blue-green algae this month at the mouth of the Caloosahatchee River in Fort Myers, Fla.

CRISTOBAL HERRERA/EPA/SHUTTERSTOCK

toxic algal blooms occurred in 2004 and 2013.

The governor's office said this year's algal bloom spread as the Army Corps of Engineers discharged water from the lake into neighboring bodies of water.

"Our challenge in managing water in Lake Okeechobee is that the potential inflow, especially during wet season, far exceeds outflow capacity,"

said John Campbell of the Army Corps' communications office. "Right now, the lake

sits at higher level than before Hurricane Irma last year."

Lake Okeechobee isn't the only body of water affected by algal blooms. In 2016, the Utah Department of Environmental Quality reported almost 100 people were sick-

ened after exposure to an algal bloom in Utah Lake. Regular blooms in Lake Erie prompted the creation of an NOAA-funded research team that produces seasonal and bi-weekly forecasts for harmful algal blooms.

# Florida Mobilizes To Curb Outbreak Of Algal Bloom

BY MAYA SWEEDLER

Florida is struggling to stop an immense algal bloom in Lake Okeechobee.

Gov. Rick Scott has declared a state of emergency in seven South Florida counties and instructed the Army Corps of Engineers, the body responsible for managing water levels in Lake Okeechobee, to redirect the flow of water to combat the bloom's harmful effects.

Lake Okeechobee, the state's largest freshwater lake, regularly experiences algal blooms, but this year's is particularly large. It covers about 90% of the 730-square-mile lake, according to the National Oceanic and Atmospheric Administration. It has also appeared in the St. Lucie and Caloosahatchee estuaries on the state's east and west coasts.

Algal blooms are unpredictable but tend to develop in bodies of water where there are warm temperatures, rela-

tively calm conditions and nutrients running off nearby land. The bloom in Florida is caused by the accumulation of a naturally occurring blue-green algae called cyanobacteria.

Algae doesn't always pose a health or environmental risk, but cyanobacteria can produce a toxin called microcystin that, if consumed, can damage the liver and irritate the skin, eyes and throat, according to the U.S. Environmental Protection Agency.

Of the 90 algae samples taken from the affected counties in a recent 30-day period, the Florida Department of Environmental Protection has detected microcystin toxins in 49 of them. Of those, 19 contained toxin levels greater than 10 micrograms per liter, the level the World Health Organization considers a low-level risk.

Lake Okeechobee last experienced a severe algal bloom in 2016, which also led the governor's office to declare a state of emergency. Other notable

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The study also found that many of the patients in the study got imaging of other parts of their bodies with CT and PET scans, which are costly and not recommended for women who have been treated for early-stage breast cancer but have no symptoms of recurrence. Overall, about 32% of women got at least one non-breast imaging test, with the likelihood varying as much as twofold across communities. The study analyzed medical bills for about 36,000 women under age 65 using commercial data from about 100 insurance companies.

The study is the latest to

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The governor's office said this year's algal bloom spread as the Army Corps of Engineers discharged water from the lake into neighboring bodies of water.

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—Alicia A. Caldwell contributed to this article.

# Many Cancer Patients Fail To Get Follow-Up Mammograms

BY MELANIE EVANS

Women who have been treated for early-stage breast cancer should get periodic mammograms to monitor for recurrence, but the likelihood they will varies across U.S. metropolitan areas, a new study finds.

The research, published in the Journal of the National Comprehensive Cancer Network, found that about 30% of women studied didn't get recommended breast screening after surgery for early-stage breast cancer.

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Women who have been treated for early

## U.S. NEWS

# Chinese Rise as Investors in U.S. Startups

Venture capital flows to hot tech sectors amid security reviews of higher-profile deals

By KATE O'KEEFFE  
AND ELIOT BROWN

Tighter national security reviews have curbed Chinese deal-making in the U.S., but a new study shows China is pouring money into cutting-edge American technologies at a record pace this year through loosely regulated venture-capital investments.

Chinese foreign-direct investment into the U.S., made through deals such as acquisitions, fell into negative territory during the first five months of the year, according to data that takes asset sales into account from the Rhodium Group, a New York consulting firm.

Yet the figures belie China's sustained interest in U.S. technology, which it is continuing to target through relatively unrestricted investments in startups in Silicon Valley and elsewhere, Rhodium said in a new report reviewed by The Wall Street Journal.

The report's findings could give fresh momentum to na-

tional security hawks who have singled out Chinese investment as posing disproportionate risks to the U.S. because the entities may be directed and subsidized by the government of China, an economic and military rival.

Over the period from January to May 2018, Chinese venture capital investment in the U.S. had already reached nearly \$2.4 billion, which was its previous full-year record set in 2015, according to Rhodium's analysis.

From 2000 through May 2018, Rhodium found more than 1,300 funding rounds of U.S. startups with at least one Chinese-controlled investor, representing an estimated \$11 billion in Chinese investment. Around three-quarters of those transactions have occurred since 2014, says the report by Thilo Hanemann, Adam Lysenko and Daniel Rosen.

The estimates reflect some larger deals recently, as the total number of deals involving Chinese investors is down slightly from 2016 and 2017.

Venture capital is defined by investments targeting startups with big potential that require large amounts of money in early days. It typically involves groups of investors that



Alibaba has been among the more active Chinese investors in the U.S. tech sector in recent years.

each take small stakes and gradually put in more money as the company grows.

Chinese investors targeting startups have historically focused their investments in the information and communications technology sectors as well as the health, pharmaceuticals and biotechnology sectors, Rhodium found.

They are also targeting technologies such as 3-D printing, robotics and artificial intelligence, and recently have plowed money into companies

such as Grail, a Silicon Valley cancer detection startup, the report said.

The new data on venture investing, which is notoriously hard to track given complex legal structures and limited disclosure requirements, comes amid an array of potential actions by the U.S. government to further regulate foreign tech investing.

The White House in June was close to imposing a set of tough new restrictions on Chinese investments in the U.S.,

including through venture-capital funds, but backed away at the last minute, saying it would instead throw its weight behind proposed congressional legislation with similar objectives.

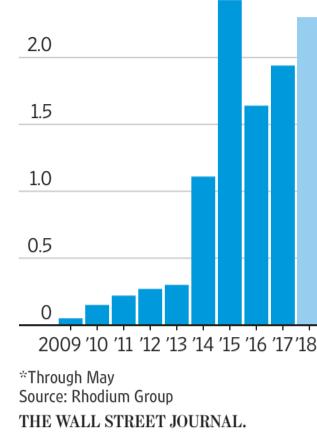
Lawmakers are putting the finishing touches on that legislation to curb a range of Chinese investment by strengthening the Committee on Foreign Investment in the U.S.

The interagency committee, known as CFIUS, advises the president on when to block

## Pouring In

Estimated Chinese venture-capital investment in the U.S.

\$2.5 billion



\*Through May

Source: Rhodium Group

THE WALL STREET JOURNAL.

foreign deals on national security grounds.

While CFIUS has traditionally focused on foreign takeovers, the new legislation would strengthen the committee's authority to review minority investments from foreign entities, including venture-capital funds, in "critical technology."

U.S. venture-capital investors worry that could lead to slower deals, or could spur startups to avoid some foreign investors.

## Trading Partners Trade WTO Suits

By VIVIAN SALAMA

WASHINGTON—The U.S. fired back at lawsuits other countries have filed with the World Trade Organization over Trump steel and aluminum tariffs, escalating a trade dispute with some of America's closest allies.

The U.S. on Monday filed separate claims against China, the European Union, Canada, Mexico and Turkey—the latest stage in tit-for-tat retaliations prompted by President Donald Trump's decision to pursue tariffs earlier this year, citing national security interests and unfair trade practices.

"Instead of working with us to address a common problem, some of our trading partners have elected to respond with retaliatory tariffs designed to punish American workers, farmers and companies," U.S. Trade Representative Robert Lighthizer said.

The U.S. "will take all necessary actions to protect our interests, and we urge our trading partners to work constructively with us on the problems created by massive and persistent excess capacity in the steel and aluminum sectors," he said.

Mr. Lighthizer's office said that the other countries' retaliatory tariffs appear to breach commitments made by WTO members and added that the tariffs imposed by the U.S. "are justified under international agreements."

◆ China courts EU as ally in U.S. trade rift..... A8



Sen. Elizabeth Warren of Massachusetts argues that easing bank regulation could increase financial risk.

## Big Banks Revamp Lobbying For New Regulatory Climate

By LALITA CLOZEL

Big banks are revamping their lobbying approach as Trump-appointed regulators set out to ease rules put in place after the financial crisis.

On Monday, two trade groups representing some of the largest banks, including JPMorgan Chase & Co., Bank of America Corp. and Citigroup Inc., joined forces to seek regulatory relief for an industry that remains tainted by the 2008 financial crisis and more recent sales-practice scandals at Wells Fargo & Co.

The new Bank Policy Institute—merging the Clearing House and Financial Services Roundtable—will represent 48 of the largest banks, a group that notched a limited win in the banking bill signed by President Donald Trump in May, which was more focused on regulatory relief for

medium to small banks.

"The safety and soundness of banks can be maintained while fostering an ability to drive growth in all sectors of the economy," said SunTrust Chief Executive William Rogers Jr. "We want to make that statement in the strongest way possible."

Big banks, which have largely accepted the postcrisis order put in place by the 2010 Dodd-Frank financial law, aren't asking for a wholesale rollback of the regulatory regime.

Instead, they are working to influence the paring down of those rules by a set of receptive regulators.

"Postcrisis regulation wasn't built in a day," said Greg Baer, the group's CEO. "I don't think a thoughtful reconsideration of it can take place in a day."

The new lobbying group will crank out studies and nitty-gritty regulatory analy-

sis in its efforts to influence policy makers. It will also seek to expand its focus beyond the U.S., convening chief executives of major international banks twice a year to discuss global regulatory coordination issues.

Across the street from the Bank Policy Institute in downtown Washington, a smaller organization called the Financial Services Forum, which represents eight Wall Street powerhouses, is also shaking off the cobwebs and staffing up. In April, it hired Sean Campbell, a former high-ranking Fed economist, to lead its policy research.

The lobbying push is up against a drumbeat of criticism the industry continues to receive from politicians such as Sen. Elizabeth Warren (D, Mass.) who argue that easing regulation could increase financial risk at a time when the industry is already posting record profits.

## IRS Eases Rule on Donor Disclosure

By RICHARD RUBIN

WASHINGTON—The Treasury Department will allow some nonprofit groups to provide less information about donors on their tax forms in a win for conservative organizations engaged in politics.

Until now, nonprofit groups, including charities and trade associations, had to list contributors who give at least \$5,000 on what is known as Schedule B. The Internal Revenue Service received the complete version, and the groups publicly released redacted forms without identifying information about donors.

Under the change announced late Monday, charities and political groups still must provide the names and addresses of donors, but other nonprofits don't. Organizations that no longer need to provide the information include social welfare organizations, which can engage in politics and don't have to disclose their donors to the Federal Election Commission.

Social welfare groups have been active across the political spectrum, but conservative ones have been particularly involved in politics.

Some of the largest groups affected include an arm of the National Rifle Association, the U.S. Chamber of Commerce and Americans for Prosperity, a group tied to billionaires Charles and David Koch.

"Americans shouldn't be required to send the IRS information that it doesn't need to effectively enforce our tax laws, and the IRS simply does not need tax returns with donor names and addresses to do its job in this area," Treasury

Secretary Steven Mnuchin said in a statement. "This change will in no way limit transparency. The same information about tax-exempt organizations that was previously available to the public will continue to be available, while private taxpayer information will be better protected."

According to the Trump administration, the IRS didn't make systematic use of the information. But the previously available redacted forms did often reveal useful information, such as whether a particular group is supported by just one or two major donors. Under Monday's change, that information would presumably still be available publicly.

**Groups affected**  
include an arm of the NRA and the U.S. Chamber of Commerce.

appears that the rules would require the new version submitted to IRS to match the redacted version released under the old rules.

For the past few years, Republicans have been examining the Schedule B requirements, questioning how useful the information is to the IRS and arguing that donors could face harassment if the information is inadvertently released.

Democrats have warned that changing the disclosure requirement could allow foreign money into U.S. politics without notice.

—Julie Bykowicz contributed to this article.

## Uber Faces Another U.S. Probe

Continued from Page One

corporate culture that will "always do the right thing."

Uber has struggled to overcome a reputation for being permissive of chauvinism that was largely sparked by former software engineer Susan Fowler's viral blog post in early 2017.

Uber said Monday it has made "a lot of changes in the last 18 months," including revamping its review and compensation practices. The company also said it rolled out "diversity and leadership trainings to thousands of employees globally."

The EEOC declined to comment on the probe.

Last year, Uber commissioned an investigation into its workplace by former Attorney General Eric Holder, which led to 20 firings. Another former

software engineer in May sued Uber over sexual harassment, race discrimination and other claims. Uber said at the time it "is moving in a new direction."

Last week, Uber pushed out its human-resources chief, Diane Hornsey, following an internal probe of her department's handling of racial discrimination claims. And Uber Chief Operating Officer Barney Harford, hired by Mr. Khosrowshahi, sent employees a letter of contrition after internal complaints that remarks he made were racially insensitive. The New York Times earlier reported on Mr. Harford.

There is no indication that Ms. Hornsey or Mr. Harford are a part of the EEOC investigation. Ms. Hornsey didn't respond to requests for comment. Mr. Harford said in an emailed statement he planned to improve himself in response to the internal comments.

At a weekly employee-wide meeting on Monday, Mr. Khosrowshahi and other executives sought to assuage concerns about racial and gender issues. He said Uber had hired outside counsel to investigate Mr. Har-

ford, whom he called a friend, according to audio reviewed by The Wall Street Journal.

General Counsel Tony West told the meeting that Uber is working through "blind spots when it comes to issues of gender and race."

The company will begin one-on-one coaching sessions with top executives in the next two weeks and will release a broader strategy in about a month, said Bo Young Lee, chief diversity officer.

Mr. Khosrowshahi said improving diversity takes a long time, but guaranteed Uber would improve.

Ms. Hornsey has said she was tasked with a focus on hiring women and minorities. As of March, some 38% of Uber's workers were women, compared with 36% a year earlier, though women in leadership roles fell to 21% from 22% a year earlier, according to the company. Those figures are roughly in line with other technology firms.

Uber, which hopes to debut on the public markets sometime in the second half of next year, is already facing at least

five other federal investigations by multiple agencies into pricing practices, accusations of bribery and alleged use of software designed to evade local officials tracking its operations, among other matters.

Uber has said it is cooperating with investigators, without specifically acknowledging the probes.

Separately on Monday, the U.S. Federal Trade Commission said it was distributing checks totaling \$19.8 million to more than 88,000 Uber drivers as

part of a January 2017 settlement to resolve FTC charges the company misled the drivers about how much they could earn and about vehicle-financing options. Uber didn't admit wrongdoing in the case.

Mr. Khosrowshahi has worked to shore up the company by hiring former Justice Department officials, selling off underperforming units and resolving outstanding legal fights, including a suit by rival Alphabet Inc. over claims of stolen trade secrets.

The EEOC, tasked with en-

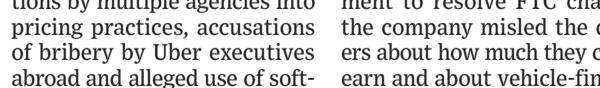
forcing federal laws against discrimination, generally responds to confidential complaints filed by workers against employers, and can file suit or seek private arbitration. Of roughly 90,000 complaints filed annually, a fraction result in a settlement or EEOC-led lawsuit.

It is unclear whether the EEOC intends to take any action against Uber, which would be one of the agency's most prominent recent cases.

The EEOC also is investigating Intel Corp. over charges of age discrimination in a round of layoffs about three years ago.

An Intel spokesman said in May that "factors such as age, race, national origin, gender, immigration status or other personal demographics were not part of the process when we made those decisions."

The EEOC has landed some sizable wins, though they are the exception. They include a \$240 million settlement in 2013 with a turkey-industry labor contractor over claims of physical abuse of workers with mental disabilities.



CEO Dara Khosrowshahi has guaranteed diversity will improve.

KRISTIAN BOES/BLOOMBERG NEWS

## We make prescription opioids. And we want to limit their use.

For more than 25 years, Purdue Pharma has developed opioid medications. While opioid analgesics may help patients with acute and chronic pain when other treatment options are inadequate, earlier this year we decided that our sales representatives will no longer promote opioids to prescribers.

We are acutely aware of the public health risks opioid analgesics can create, even when taken as prescribed. And we are deeply concerned about the toll the opioid crisis is having on individuals and communities across the nation, and as a company now led by a physician, we believe the country needs a new approach to prescribing opioids.

This approach includes supporting patient access to multi-modal pharmacologic and non-pharmacologic treatment options; ensuring opioids are only used when alternative treatment options are inadequate; and adopting public policies aimed at reducing addiction, abuse, diversion, and overdose related to opioids.

To help limit a patient's unnecessary exposure to opioids and reduce the number of unused opioids that might end up in the wrong hands, we support initiatives to limit initial opioid prescriptions to no more than seven days.

To help reduce prescription drug abuse and diversion, we advocate that prescribers and pharmacists consult state Prescription Drug Monitoring Program (PDMP) databases before writing or dispensing any opioid prescription. Studies suggest that PDMPs can help reduce the number of prescriptions written for opioids and that PDMP use is associated with a reduction in pain medications received for nonmedical use from multiple doctors.<sup>1,2</sup>

To support communities that have been affected by the crisis, we've provided funding to the National Sheriffs' Association to help law enforcement distribute the overdose rescue drug naloxone. In addition, we're helping to bring prescription abuse prevention education to high school students across the country.

America's opioid crisis is the result of multiple factors. We believe that all stakeholders — healthcare leaders, drug manufacturers, policymakers, and public health officials — need to come together to drive meaningful solutions forward. While no single intervention alone will solve this crisis, partnerships, determination, and innovative approaches are steps in the right direction.



[www.purduepharma.com](http://www.purduepharma.com)

<sup>1</sup>Bao Y, Pan Y, Taylor A. Prescription drug monitoring programs are associated with sustained reductions in opioid prescribing by physicians. *Health Affairs* [Project Hope]. 35(2016)1045–1051. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5336205/>.

<sup>2</sup>Ali MM, Dowd W, Classen T. Prescription drug monitoring programs, nonmedical use of prescription drugs, and heroin use: evidence from the National Survey of Drug Use and Health. *Addictive Behaviors*. 69(2017)65–77.

## WORLD NEWS

## U.S. Says Woman Acted as Russian Agent

**Lawyer for gun-rights advocate Maria Butina denies charges by Justice Department**

BY ARUNA VISWANATHA AND DEL QUENTIN WILBER

A Russian woman accused of trying to set up back-channel relationships with Republican politicians through the National Rifle Association was arrested and charged with not registering as a foreign agent in Washington, the Justice Department said Monday.

Maria Butina, a 29-year-old woman who has lived in Washington as a student at American University and was known as an enthusiastic gun-rights advocate, was arrested on Sunday and made a court appearance on Monday, prosecutors said. She was ordered held without bail pending a hearing on Wednesday.

The NRA and the Republican Party aren't named in the charging document, called a criminal complaint, but were identified through documents

from related congressional investigations and people familiar with the matter. Prosecutors moved quickly on the charges because they feared Ms. Butina was about to leave the Washington area, according to a person familiar with the matter.

The case is separate from special counsel Robert Mueller's investigation into Russian meddling in the 2016 U.S. presidential election, though the issues overlap. The affidavit used to arrest Ms. Butina describes an alleged effort between 2015 and early 2017 that was directed by a Russian official who isn't named in court papers but is identifiable as Alexander Torshin, the deputy central bank governor who was sanctioned by the U.S. in April.

The pair took steps to "develop relationships" and establish private lines of communications with American politicians, which Ms. Butina referred to as "back channel" relationships, an agent with the Federal Bureau of Investigation said in the affidavit. The pair took steps "in order to infiltrate" groups including



Maria Butina at a gun-rights rally in Moscow in 2013.

the NRA and "advance the interests of the Russian Federation," the affidavit said.

An NRA representative had no comment. Mr. Torshin couldn't be reached to comment.

The description of a persistent operation to advance Russian interests in the U.S., without notifying American authorities, came as President Donald Trump publicly questioned the U.S. intelligence conclusion that Moscow had interfered in the 2016 election, as he

stood beside Russian President Vladimir Putin on Monday at a summit in Finland.

Robert Driscoll, an attorney for Ms. Butina, said his client isn't a Russian agent, described her actions as "public networking" by a foreign student and scoffed at the charges. "The substance of the charge...is overblown," Mr. Driscoll said.

"She would have provided testimony and documents to federal law enforcement if re-

quested to do so," Mr. Driscoll said, adding that "over a dozen" FBI agents searched her apartment in April.

The Russian Embassy in a Twitter post said it was in contact with U.S. authorities about Ms. Butina and "demand[ed]...consular access to the Russian citizen in order to protect her legitimate rights."

According to the affidavit, Ms. Butina in 2015 wrote to unnamed political operative that a major political party—which isn't named in the charging papers but is identifiable as the Republican Party—wanted to "obtain control over the U.S. government." The gun-rights organization has a great deal of "influence" over the party, she wrote.

Ms. Butina noted she attended NRA meetings and had a relationship with its leadership, court papers allege. She also requested a budget of \$125,000 to participate in the Republican Party's "major conferences."

In messages cited in the affidavit, Ms. Butina followed Mr. Torshin's direction in under-

taking her activities, telling him at one point: "I am setting up the groundwork here but I am really in need of mentoring." The pair discussed efforts to attend the National Prayer Breakfast and other events.

"Only incognito! Right now everything has to be quiet and careful," Ms. Butina told Mr. Torshin in October 2016, as they discussed, but ultimately rejected, a plan for her to serve as a U.S. election observer from Russia, according to the affidavit.

The affidavit also describes Ms. Butina's contacts with two American Republican operatives, including one who sent an email to an acquaintance stating: "Unrelated to specific presidential campaigns, I've been involved in securing a VERY private line of communication between the Kremlin and key [GOP] leaders through, of all conduits, the [NRA]. The FBI agent said he believed the email "describes [the operative's] involvement in Butina's efforts to establish a 'back channel' communication for representatives of the Government of Russia."

## Trump Questions Meddling

Continued from Page One

the White House had planned for Mr. Trump to "push Putin" at the news conference, one White House official said. The White House thought any confrontational approach from Mr. Trump toward the Russian president would "make him look good."

"Obviously, it didn't happen," the official said.

Mr. Trump aired his skepticism about U.S. intelligence agencies' findings—which he has routinely expressed over the last 18 months—on the heels of Friday's indictment by special counsel Robert Mueller against 12 Russian officers for allegedly hacking the computers of Democratic organizations and ensuring the pilfered information became public.

Mr. Putin said they discussed the possibility of inviting Mueller investigators to Russia to question the charged officers, but added he would expect the U.S. to offer a reciprocal arrangement. Mr. Trump interjected: "I think that's an incredible offer."

After the news conference, Mr. Putin scoffed at the Mueller investigation.

"It's quite clear to me that this is used in the internal political struggle, and it's nothing to be proud of for American democracy, to use such dirty methods in the political rivalry," he said in an interview with Fox News' Chris Wallace.

Peter Carr, a spokesman for the special counsel's office, declined to comment on Mr. Putin's offer to have investigators visit Russia to question the charged officers, but added he would expect the U.S. to offer a reciprocal arrangement. Mr. Trump interjected: "I think that's an incredible offer."

The Central Intelligence Agency and National Security Agency declined to comment on the president's remarks.

GOP leadership said they had no doubt about the intelligence community assessment.



President Donald Trump tosses first lady Melania Trump a soccer ball given to him by Mr. Putin following their meeting.



"There is no question that Russia interfered in our election and continues attempts to undermine democracy here and around the world," said House Speaker Paul Ryan (R., Wis.), who is retiring at year's end. "The president must appreciate that Russia is not our ally."

Added Senate Majority

Leader Mitch McConnell (R., Ky.): "The Russians are not our friends and I entirely believe the assessment of our intelligence community."

Others were more caustic.

"Today's press conference in Helsinki was one of the most disgraceful performances by an American president in mem-

ory," said Sen. John McCain (R., Ariz.) chairman of the Senate Armed Services Committee, in a statement. "No prior president has ever abased himself more abjectly before a tyrant."

Sen. Mark Warner, the top Democrat on the Senate Intelligence Committee, called Mr. Trump's posture toward the

Russian leader "a breach of his duty to defend our country against its adversaries."

Former GOP House Speaker Newt Gingrich, a Trump ally, said on Twitter: "President Trump must clarify his statements in Helsinki on our intelligence system and Putin. It is the most serious mistake of his presidency and must be corrected—immediately."

Other Republicans sided with Mr. Trump on the reliability of U.S. intelligence agencies.

"I think for the president to cast doubt is appropriate," Rep. Darrell Issa (R., Calif.) said, referring to the probe into election interference. "Having said that, Putin is an evil man who has killed many people in his own country, there's no question at all Russia is still an adverse entity to the United States."

The White House said Monday evening that Mr. Trump would meet with lawmakers Tuesday afternoon, but didn't provide further details.

Mr. Putin, during Monday's news conference, emphasized the leaders' efforts to work together but sought to tamp down the notion that they held

"Our relationship has never been worse than it is now," Mr. Trump declared. "However, that changed, about four hours ago."

Hours earlier, in a tweet, Mr. Trump blamed the U.S. for the poor state of its relations with Moscow.

The Russian Foreign Ministry's Twitter account on Monday quoted that tweet and wrote: "We agree."

Mr. Putin said that efforts to isolate Russia "were never bound to succeed," adding that "it's too big to be sanctioned and isolated."

Mr. Trump, in a tweet sent aboard Air Force One as he headed back to Washington, sought to alter the thrust of his comments on the intelligence services. "As I said today and many times before, I have GREAT confidence in MY intelligence people," he wrote. "However, I also recognize that in order to build a brighter future, we cannot exclusively focus on the past – as the world's two largest nuclear powers, we must get along!"

*Kristina Peterson, Michael R. Gordon, Peter Nicholas and Dustin Volz contributed to this article.*

## Leaders' Remarks on Election Interference, Syria, Crimea and Iran

By WSJ ROUNDUP

President Donald Trump and Russian President Vladimir Putin took questions during a 45-minute press conference in Helsinki, Finland, on Monday, following bilateral meetings. Here are highlights from the event, including comments on Russia's interference in the 2016 election, which Moscow has denied, and other hot-button issues including Syria and Crimea.

## Election interference

**Putin:** President Trump mentioned the issue of the so-called interference of Russia with the American elections,

and I had to reiterate things I said several times, including during our personal contacts, that the Russian state has never interfered and is not going to interfere into internal American affairs, including election process....As to who is to be believed, who is not to be believed, you can trust no one. Where did you get this idea that President Trump trusts me or I trust him? He defends the interests of the United States of America. I do defend the interests of the Russian Federation.

**Trump:** The whole concept of that [election interference] came up...as a reason why the

Democrats lost an election which, frankly, they should have been able to win...[Director of National Intelligence] Dan Coats came to me and some others saying they think it's Russia. I have President Putin, he just said it is not Putin. I will say this. I don't see any reason why it would be. I have great confidence in my intelligence people, but I will tell you that President Putin was extremely strong and powerful in his denial today.

**Trump:** I think that the probe is a disaster for our country. I think it has kept us apart. It has kept us separated. There was no collusion at all. Every-

body knows it. People are being brought out to the fore so far that I know virtually none of it related to the campaign. And they will have to try really hard to find somebody that did relate to the campaign....And it has had a negative impact upon the relationship of the two largest nuclear powers in the world.

**Putin:** I did hear those rumors that we allegedly collected compromising material on Mr. Trump when he was visiting Moscow. Let me tell you this, when President Trump visited Moscow back then I didn't even know he was in Moscow....Well, it's difficult to

imagine a lot of nonsense on a bigger scale than this.

## Syria

**Trump:** As we discussed at length, the crisis in Syria is a complex one. Cooperation between our two countries has the potential to save hundreds of thousands of lives.

## Crimea

**Putin:** The posture of President Trump on Crimea is well known and he stands firmly by it. He continues to maintain that it was illegal to annex it. Our viewpoint is different.

## Iran

**Putin:** We also mentioned our

concern about the withdrawal of the United States from the [Joint Comprehensive Plan of Action]. Let me remind you that thanks to the Iranian nuclear deal, Iran became the most controlled country in the world. It submitted to the control of IAEA. It effectively ensured the exclusively peaceful nature of Iranian nuclear program and strengthened the nonproliferation regime.

**Trump:** I also emphasized the importance of placing pressure on Iran to halt its nuclear ambitions, and to stop its campaign of violence throughout the area, throughout the Middle East.

## WORLD NEWS

# Leaders Vow Joint Effort on Syria War

BY YAROSLAV TROFIMOV

**HELSINKI**—President Donald Trump and Russian President Vladimir Putin agreed to work together on solving the Syrian crisis—with both focusing on the need to guarantee Israel's security.

In recent weeks, Russian-backed forces of Syrian President Bashar al-Assad's regime made major advances toward Israel and Jordan in the southwest of the country, routing the remaining pockets of the Sunni Arab opposition the U.S. once supported.

At the same time, Israel ramped up airstrikes against Iranian military targets and pro-Iranian militias across Syria, part of its drive to prevent the establishment of a permanent Iranian military presence there.

For Israel, the key demand is that Syrian regime forces stay away from the demilitarized buffer zone along the 1974 cease-fire line between Syria and the Israeli-held Golan Heights—an area the United Nations supervised before the Syrian war erupted in 2011.

Israeli Prime Minister Benjamin Netanyahu said after talks with Mr. Putin in Moscow last week that Israel had no problem with Mr. Assad as long as his forces didn't attempt to penetrate that demilitarized zone.

Mr. Putin on Monday endorsed that request.

"After the definitive defeat of the terrorists in the southwest of Syria, the situation on the Golan Heights must be brought into full compliance with the 1974 disengagement agreement," Mr. Putin said. "This would return calm to the Golan, restore the cease-fire, and safely guarantee the security of the State of Israel."

Mr. Putin remained silent about Israeli strikes against Iranian targets in Syria—attacks that Russia's formidable air-defense systems haven't attempted to prevent.

Mr. Trump said he and Mr. Putin shared a commitment to Israel's security, adding, "I made clear we will not allow Iran to benefit from our successful campaign against ISIS," referring to Islamic State. Mr. Netanyahu thanked both presidents after the Helsinki meeting.

A key issue left unaddressed for now, at least in public, was the future of U.S. troops in Syria. These forces are mostly deployed in the Kurdish-controlled areas of eastern Syria that have been liberated from Islamic State—and that contain a large share of Syria's oil and gas resources. U.S. airstrikes repulsed an attempt by regime troops and Russian mercenaries to advance into those areas in February—an event that resulted in massive casualties among the mercenaries, embarrassing Mr. Putin.

Mr. Trump has repeatedly said he wants all U.S. forces gone from Syria.

# Many Pledges but No Big Advances

By MICHAEL R. GORDON  
AND ANN M. SIMMONS

**HELSINKI**—In a warm and collegial press conference, President Donald Trump and President Vladimir Putin vowed to ensure that the Cold War would remain history and to pursue talks over an array of thorny arms control and regional issues.

But the leaders announced no major breakthroughs on issues of mutual concern ranging from Ukraine to Syria. Nor was there any hint that bold action would be taken to address a danger Mr. Trump has repeatedly underscored in recent days: the sizable arsenals each side possesses of nuclear arms.

For Mr. Putin, the atmosphere of polite disagreement was by itself a victory, since Russia has been largely shunned by and sanctioned by the U.S. and Europe after Russia's intervention in eastern Ukraine and annexation of Crimea in 2014. But he appeared to make no serious concessions.

"Putin I think gets what looks like a very successful public relations event in which he did not yield on any of the contentious issues in the bilateral relationship," said Eugene Rumer, director of the Russia and Eurasia Program at the Carnegie Endowment for International Peace, Washington, D.C. "They don't seem to have even been brought up by the United States president."

Providing a definitive assessment of what headway might have been made on the



U.S. Marines participated in an attack rehearsal during exercises in Ukraine earlier this month.

summit agenda isn't easy. Two hours of the summit discussion consisted of a one-on-one session between the two leaders, and unlike the recent summit in Singapore with North Korean leader Kim Jong Un, no communiqué was issued following the meeting.

But extensive comments by Mr. Trump and Mr. Putin suggested that progress on foreign policy issues was limited.

On Syria, both sides discussed the need to maintain Israel's security by keeping threats off its border. They also agreed to work together to address the bitter conflict in Syria and help with humanitarian concerns.

But there was no agreement announced for Russians to help remove Iranian forces from the country, a goal national security adviser John Bolton said earlier this month would be raised at the summit.

Nor were there any apparent gains on Ukraine. Mr. Putin said that Mr. Trump had voiced the standard NATO position that Moscow's annexation of Crimea was illegal. The Russian president said he made clear to Mr. Trump that he disagreed.

Arms control was seen as potentially the most promising area before meeting. In the months leading up to the

summit, Mr. Trump has repeatedly cited the nuclear arms race between U.S. and the Russia to rebut criticism that he was too eager to meet with Mr. Putin.

"I understand nuclear," Mr. Trump said Friday. "It's the biggest problem the world has," he added, saying he wanted "to do something to reduce them."

In the view of most experts, the arms control process has needed a jolt of adrenaline. The last major agreement to reduce strategic nuclear arms, New START, is set to expire in 2021. In addition, both sides are undertaking ambitious plans to field a new generation of nuclear weapons at

RYAN RILEY/U.S. NAVY/REUTERS

enormous cost. The U.S. nuclear modernization program is estimated to cost \$1.2 trillion.

"As major nuclear powers, we bear special responsibility for maintaining international security," Mr. Putin said.

But neither Mr. Trump nor Mr. Putin in their comments outlined a plan to cut strategic or short-range tactical nuclear weapons.

"They clearly did not resolve any of serious strategic nuclear issues between the U.S. and Russia," said Frank Rose, a former senior State Department official now with the Brookings Institution. "Nor are they talking about further nuclear reductions."

Mr. Rose did note that the two sides appeared willing to discuss how to preserve current agreements and that such dialogue on arms control was important.

Mr. Putin said that the Russian side provided a document to the Americans with a number of specific proposals. At the press conference Mr. Putin said the Russian proposals included prolonging the New START agreement, which sets a limit of 1,550 on the number of nuclear warheads and bombs that each side can deploy.

Mr. Putin said the two sides should discuss Russian concerns over U.S. missile defenses and a ban on space weapons.

That appeared to lay the ground work for meetings by lower-ranking officials to wrestle with the complex details in the months ahead.

# Spy Agencies, Allies, Many in GOP Are Squirming



## CAPITAL JOURNAL

By Gerald F. Seib

als of official Russian interference in American politics, and without having been called out by his counterpart on any of those other deeds.

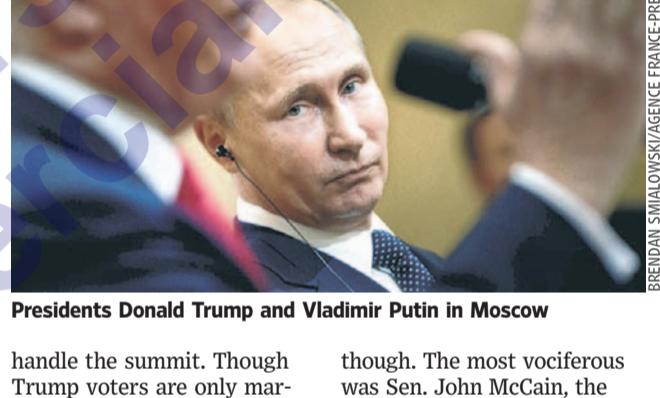
In one indicator of how that went down back in Russia, as Mr. Putin flew home a headline on the website of RT, the Russian television network, blared: "I wanted Trump to win—Putin."

But for Mr. Trump's potential friends, the equation was different. Most Republicans want a tougher line on Russia than the president offered.

The intelligence community has said repeatedly—including in a statement issued just hours after the close of the summit—that it believes Russia meddled in the 2016 election, while the nation's top intelligence official, Trump appointee Dan Coats, said just last week the Russians are preparing to do so again.

Allies such as Angela Merkel of Germany and Emmanuel Macron of France having been publicly skewered by Mr. Trump, now doubtless will wonder why Mr. Putin got no such rebuke—and whether the president will have their back as they seek to continue economic sanctions and otherwise confront Mr. Putin over interference in Ukraine.

There are, of course, others who will find no problem in how Mr. Trump chose to



Presidents Donald Trump and Vladimir Putin in Moscow

tack. It is clear that he thinks any talk of Russian intervention to damage Democratic candidate Hillary Clinton in the 2016 presidential campaign has the effect of undermining the legitimacy of his victory. He also wants Russia's help on denuclearizing North Korea and shrinking Iran's presence in Syria. It also may be that he's simply fond of the Russian leader.

In any case, it's similarly unclear whether either fellow Republicans or those in the intelligence and law-enforcement communities will do anything to respond to Mr. Trump's approach on Russia.

As a political matter, it seems likely the fire from other Republicans will be limited. Doug Heye, a long-time GOP congressional and campaign operative, predicts "hand-wringing statements, but nothing serious or widespread."

**M**r. Heye does think, though, that Republican senators such as Florida's Marco Rubio and Nebraska's Ben Sasse have shown that it is possible to push back on Mr. Trump on substantive matters rather than on personal terms. That raises the question of whether there may be moves in Congress to force Mr. Trump into a tougher position—or at least to ensure he keeps economic sanctions on Moscow.

## WORLD WATCH

## GLOBAL ECONOMY

## IMF Sees 3.9% Growth This Year and Next

Despite months of negative headlines—from escalating trade conflicts to European political turmoil to emerging-market currency declines—global economic growth has remained robust.

The International Monetary Fund said the global economy is on course to grow 3.9% this year and next. That is unchanged from its April forecasts, and would represent the best back-to-back years of growth since 2010 and 2011 when the world enjoyed a fleeting snapback from the financial crisis.

Despite the figures, the IMF's forecasts released Monday in Washington struck a downbeat tone, highlighting that growth has become less evenly spread among countries compared with last year. It noted, in particular, the major risk that a U.S.-led escalation of trade confrontations would pose to the global economic outlook.

The "risks to the outlook are mounting," the IMF said.

—Josh Zumbrun



DRY HEAT: Firefighters were called on Monday to contain a blaze in a wasteland filled with trash and scrub in Brazil's São Paulo state.

the first half of the year.

The central bank raised its key interest rate a quarter of a percentage point to 1.50% last week.

—Kim Mackrael

## LATIN AMERICA

## U.S. Raises Aid for Migrants to Colombia

The U.S. is pledging an additional \$6 million in aid to help Colombia respond to the influx of Venezuelans fleeing their country's economic and humanitarian crisis.

Mark Green, the U.S. Agency for International Development administrator, made the announcement Monday during a trip to the Colombian border city of Cúcuta.

The U.S. has provided \$56 million to humanitarian groups and Latin American nations receiving Venezuelan migrants since the beginning of 2017. Over a million Venezuelans have fled to Colombia in less than two years.

—Associated Press

## CANADA

## Home Sales Posted 4.1% Rise in June

Canadian home sales rose in June, marking the first substantive month-over-month in-

crease since tougher mortgage-financing rules came into effect at the beginning of this year.

Home prices rose on a one-year basis, but at their slowest pace in almost nine years.

The Canadian Real Estate

Association on Monday said home sales rose 4.1% in June from the previous month. Actual, or not seasonally adjusted, activity declined 10.7% from the same month last year, led by slowing sales in the West Coast city of Van-

couver and the surrounding re-gion.

The Bank of Canada said recently that it anticipates a partial rebound in residential re-sales in the third quarter of 2018, after residential investment likely contracted during

ALOSIO MAURICIO/FOTOPRESS/ZUMA PRESS

## WORLD NEWS

## China Woos EU in U.S. Trade Rift

By EVA DOU

BELJING—China courted the European Union as an ally in its trade conflict with the U.S., offering to improve access for foreign companies and work with the EU on overhauling the World Trade Organization.

At an annual summit on Monday, China gave EU leaders much of what they were looking for. Both sides committed to setting up a working group to look at a WTO revamp, made headway in reaching an investment treaty, and pledged to cooperate on enforcing the Paris accord on climate change.

Chinese Premier Li Keqiang along with European Council President Donald Tusk and European Commission President Jean-Claude Juncker vowed their support for the global trading system at a joint press briefing. The two sides later released a statement enumerating their points of agreement, the first time in three years they were able to do so.

China and the EU are battling the U.S. over tariffs the Trump administration said are needed to compensate for unfair trade policies. Monday's summit came a day after President Donald Trump, in a CBS interview, named the EU as the U.S.'s biggest foe globally because of "what they do to us on trade."

Even so, EU leaders are mindful that the bloc shares many of Washington's criticisms of China's policies they see as discriminating against foreign companies. Mr. Tusk, who on Sunday fired back at Mr. Trump saying on Twitter that "America and the EU are best friends," on Monday cited a common responsibility to improve, not tear down the world order.

"The architecture of the world is changing before our very eyes," Mr. Tusk said at the appearance with Mr. Li. The EU leader mentioned Monday's meeting with Mr. Trump and Russian President Vladimir Putin in Helsinki and urged all to work together to address shortcomings in the WTO.

"I am calling on our Chinese hosts, but also on Presi-



European Council President Donald Tusk, Chinese Premier Li Keqiang and European Commission President Jean-Claude Juncker at the Great Hall of the People in Beijing on Monday.

dents Trump and Putin to jointly start this process for a reform of the WTO," he said.

Mr. Tusk specifically called for new WTO rules to deal with government subsidies, protection of intellectual property and forced technology transfer—all issues over which the EU and the U.S. have criticized China.

Mr. Li said China is ready to step up. "We feel it is necessary to improve and reform the WTO," he said. Mr. Li reiterated pledges to "significantly raise" market access for foreign companies and cut tariffs for some goods. He didn't provide a timeline or discuss subsidies for favored industries.

Beijing has previously said it is willing to work on revising the WTO. It has turned to the body to protest U.S. tariffs, including saying Monday that it filed a new challenge to the Trump administration's plans to clamp tariffs on \$200 billion of Chinese goods.

Analysts sensed little new in China's offer to the EU. "Statements in favor of multilateralism are nothing new and a working group on reforming the WTO is no concession," said Lance Noble, senior policy analyst at Gavekal

Dragonomics, a research firm.

EU leaders also suggested that China could show more resolve in addressing criticisms of its trade policies.

Mr. Li, in defending China's treatment of foreign companies, pointed to German chemical giant BASF SE's announcement last week that it received approval for a \$10 billion wholly owned plant in China.

The BASF deal, Mr. Juncker

in a trade fight.

In a sign of Beijing's willingness to satisfy European priorities, China and the EU also issued a joint statement in support of the Paris climate-change accord. The two had agreed on the declaration ahead of a summit in Brussels last year following Mr. Trump's move to withdraw the U.S. from the global agreement. But China pulled the plug on the announcement after EU officials refused Chinese entreaties on trade, particularly regarding Beijing's bid to be recognized by Europe as a market economy.

In Europe this month, Mr. Li met with leaders of Central and Eastern European countries and held a summit with German Chancellor Angela Merkel in which they also renewed a commitment to a rules-based trading system.

EU leaders refrained on Monday from criticizing China on human rights, with Mr. Tusk only saying "differences persist." Asked if he raised China's detention of Uighurs, a minority, Mr. Tusk said he brought up individual human-rights cases.

—Chun Han Wong

contributed to this article.

### Beijing is willing to help revamp the WTO, to which it has protested U.S. tariffs.

said, "shows if China wishes to open up, it can choose to."

China has been actively trying to woo the EU as trade tensions between Beijing and Washington have escalated. With tariffs from the U.S. looming in June, Chinese President Xi Jinping suggested to a group of mostly European business executives that better treatment awaits companies whose countries aren't caught

# Slipping Growth Weighs on Beijing

By CHAO DENG

BELJING—Fall-offs in factory output and investment in buildings, machinery and such are weighing on China's growth, complicating Beijing's task in managing the world's second-largest economy amid a trade conflict with the U.S.

The Chinese economy clocked a 6.7% expansion rate in the second quarter from a year earlier, down slightly from 6.8% in the January-March period, the statistics bureau reported on Monday. While that rate is within Chinese leaders' comfort zone, some economists said more troubling are the drop-offs in business activity and domestic demand.

Industrial output rose 6% in June from a year earlier, markedly down from a pace of 6.8% in May. Meanwhile, investment in fixed assets grew 6% in the first half of the year—a notch down from the 6.1% rate in the first five months and a level not seen since the late 1990s.

The slack is partly because of a government campaign against debt that has made businesses skittish about spending. While Beijing is al-

ready shifting gears to support growth—and fend off any ill effects from the escalating trade fight with the U.S.—some economists expect the slowdown to worsen in coming months before the lingering effects of the credit-tightening dissipate.

How much easing Beijing will resort to remains uncertain, economists said, with China's economic managers trying to steer a course between bolstering growth and reigniting a rise in debt that leaders have seen as a longer-term threat.

Some analysts expect a series of policy tweaks rolled out over months, rather than a full-bore stimulus, to see if a balance can be struck. "When you have flour, you add water; you have water, then you put in more flour," said Larry Hu, economist at Macquarie Group.

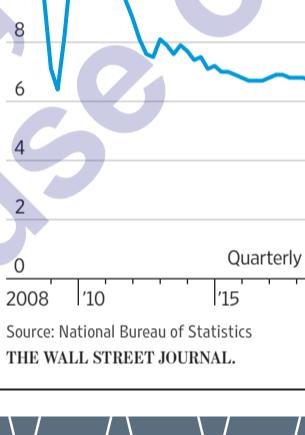
In recent weeks, Beijing has encouraged commercial banks to ramp up lending and outlined approvals for subway and other railway projects that it previously scuttled during the campaign against debt. More such tweaks are likely, Mr. Hu said, unless growth veers below the 6.5% government-set growth target, necessitating more forceful remedies.

One lever Beijing is likely to pull is more fiscal spending, including larger government outlays on infrastructure and other projects, and measures to boost household consumption. "There is increasing pressure both inside and outside the government for such a policy shift," Chen Long, an analyst at Gavekal Dragonomics, wrote in a research note.

Then there is the trade battle with the U.S. Economists estimate the fight could shave 0.2 to 0.5 percentage point off China's GDP growth in the coming 12 months if the U.S. escalates, as it promised to do last week, by imposing tariffs on \$200 billion in Chinese products. China's exports to the U.S. account for around 20% of the country's exports.

### Going Slower

China's gross domestic product, change from a year earlier



Source: National Bureau of Statistics

October 23, 2018 | San Francisco, CA

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## WORLD NEWS

# Drug Gangs Battle in Old Rebel Lands

In Colombia, trafficking groups fight to control cocaine-growing regions once home to the FARC

BY JUAN FORERO

**YOKY RIDGE, Colombia—** On a hilltop base shielded with sandbags, police sharpshooter Jose Diaz gazed into thick jungle as a fellow commando checked tripwires protecting the stronghold. A radioman listened in on the fighters they were battling.

"They're always looking for the right moment to attack our base," said Hector Ocampo, commander of the Colombian detachment in a cocaine-trafficking corridor near Panama.

Their adversaries weren't the FARC rebels that security forces had long fought, but a cocaine-trafficking gang known as the Gulf Clan. In the year since the powerful Marxist guerrillas disarmed, drug gangs like this one have battled each other and the state for control of the booming cocaine trade in remote regions where the FARC once ruled.

With the gangs fighting over the spoils, homicides in drug-crop regions jumped by 45% in the first four months of this year, the Bogota-based policy group Ideas for Peace said in a recent report. Particularly alarming to many Colombians have been the killings of 181 community leaders in these regions since January 2016, many of whom had openly opposed drug trafficking, according to data from the Attorney General's office released July 9.

"You had social order with the FARC, and then you break that order," said María Victoria Llorente, director of Drugs and Crime in Colombia.

The most powerful gang in recent years had been the Gulf Clan, these analysts say. Founded by a family whose members once belonged to death squads that roamed this banana-growing region, the Clan has units in several regions and hundreds of men, many armed with assault rifles and land mines.



A military helicopter used in northern Colombia to fight the Gulf Clan drug gang. Below, a military radioman in a jungle base.

to make cocaine.

Four main drug-trafficking groups have grown in prominence and reach during the negotiations, including the Clan. The gangs work with dozens of smaller groups that run cocaine-processing labs, transport drugs and provide muscle, the police's organized-crime analysts said in interviews.

"New masters of these territories emerged," said Bo Mathiasen, head of the United Nations Office on Drugs and Crime in Colombia.

Its cocaine-trafficking network starts with mule trains in the swamps and ends in large markets like New York and Madrid.

But the Clan has been weakened by a state offensive launched in 2015. With operations far bigger than anything mounted against former cartel kingpin Pablo Escobar, the security forces have deployed Black Hawk helicopters, Vietnam-era Hueys and specially trained police and soldiers, more than 1,000 in all at any one time, said Maj. Gen. Jorge Vargas, commander of the police-investigations directorate that conducts intelligence on the group.

Like guerrillas, the Clan relies on hit-and-run attacks, using sharpshooters to pick off policemen. Its leader, Dairo Antonio Úsuga, better known as "Otoniel," has stayed a step ahead of the state by hiding in the jungle.

For the commandos assigned to track the Clan, the work takes a toll. Though heavily armed, they are keenly aware of the inherent dangers. Nearly 30 police commandos have been killed.

"You feel anxious," said commando Mauricio Espitia, who has spent weeks at a time at the small base at Yoky Ridge. "It's worrisome, because this is my life. My wife is waiting for me."

The offensive against the Clan has eroded its reach, so



much so that a law was approved to facilitate the collective surrender of the gang's fighters in exchange for leniency in sentencing.

"They are now at the point of turning themselves in to the justice system," said Gen. Jorge Humberto Nieto, head of the National Police, explaining how commando strikes have left Clan leaders desperate.

In all, the Clan has lost more than 2,000 men, most of them captured, and authorities have recovered more than \$200 million to help choke off cash the group needs for its fighters' salaries and supplies.

"Pay isn't getting to them," said a senior police analyst. "No money, they begin to desert, to inform on the others."

Police say more than a dozen commanders have been killed. Last year, a commando firing from a canoe after he and a team trudged for days into the jungle killed the Clan's No. 2, Roberto "The Hawk" Vargas. The remaining leaders, police say, have split off into ever smaller bands deep in the jungle.

"They've had to leave their comfort zone," said Col. Arnulfo Novoa, who commands the main police base in the region, in Necocli. "They thought we would be here two months. They didn't imagine we'd be here so much time."

Still, the police and experts on the drug underworld here say a dismantling of the Clan will mean the emergence of offshoots.

Adam Isacson of the Washington Office on Latin America policy group said the gangs that invariably pop up rarely have a national or international reach.

"They'll be regional," Mr. Isacson said. "But it's as big a problem as before."

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## IN DEPTH

# Stadiums Hang Big Curtains

*Continued from Page One*  
the blackout curtains, we bought every square foot of that fabric that they could find in the United States," said Mark Miller, general manager of NRG Park, which includes Houston's NRG Stadium. It cost between \$700,000 and \$800,000 to buy coverings for the stadium's vast, opaque roof, and \$110,000 for every put-up-take-down cycle.

The investment has paid off: On Monday, the NCAA awarded Houston the 2023 Final Four. The stadium, which opened in 2002 as home to the NFL's Houston Texans, also has hosted two previous men's Final Fours.

University of Phoenix Stadium in Glendale, Ariz.—which has also splurged on window

dressing—was also awarded hosting duties Monday for the 2024 Final Four, the stadium's second. (The other future Final Fours went to San Antonio in 2025 and Indianapolis in 2026.)

University of Phoenix Stadium has 21 huge, slotlike windows that stripe its exterior. Hence the commissioning of \$50,000 of curtains before the 2017 Final Four, said Tom Sadler, president/CEO of the Arizona Sports and Tourism Authority. "It took our guys about five days to put them up and three days to take them down," Mr. Sadler said.

Because of the men's Final Four's popularity and revenue-generating power, the NCAA has for the past few decades held it in football stadiums. But even as stadium designs let in more sun, the NCAA still wants its signature championship to feel like the competition is taking place in the smaller, darker arenas where basketball was born, according to NCAA officials.

"For the importance of the

competition that determines the national champion, the environment that the games are played in has to be maintained," said Dan Gavitt, NCAA senior vice president of basketball. "And that's very clear in the bid process, and it's what the expectation is every year."

The prospect of hosting a Final Four spurs highly competitive bids, and some stadium officials are circumspect about their natural-light containment plans. The NCAA declined to release the exact specifications for stadium darkness required of bid cities.

A spokeswoman for Atlanta's Mercedes-Benz Stadium, scheduled to host the 2020 Final Four, referred inquiries about plans to cover surfaces to the NCAA. The roof and side of the stadium, which opened last year, feature 310,000 square feet of ETFE, a strong, heat-tolerant plastic that lets light in.

AT&T Stadium in Arlington, Texas, home of the Dallas Cowboys and host of the 2014 Final

Four, has both windows and a large, translucent roof panel. In an email, Cowboys spokesman Joe Trahan classified curtain talk as "private conversations between the stadium and the third-party that is using the stadium for events." He added: "All we can tell you is that we don't

**'We bought every square foot of that fabric that they could find' an official says.**

use curtains for Cowboys games as that is the way the Jones family intended for sunlight to come into the stadium."

NCAA officials say they make decisions about host cities based on factors including hotel availability and geographic variety from year to year.

Jared Smith, CEO of Tempe, Ariz.-based Bluemedia, one of

two firms hired to darken U.S. Bank Stadium for next year's Final Four, recalled seeing the request for proposals for the job.

"My first reaction was, why would it matter so much?" he said. "This is going to be an extreme effort. It's going to probably be expensive. And that's all for a basketball game?"

It's for three, actually: two semifinals and a final. Mr. Smith's firm landing a \$3.2 million contract to darken the stadium ceiling means Bluemedia will hire as many as four new employees to stitch together the long strips of fabric that will be fed through an elaborate rigging system the company is designing. "This could be 2,000 hours of stitching," Mr. Smith said.

Chicago Flyhouse, a company that says it provides "extraordinary rigging solutions," was hired for \$1.4 million to cover U.S. Bank Stadium's clear sides.

The exterior of the stadium includes five massive pivoting glass doors. At 55-feet wide each and between 75-feet and

95-feet tall, each door is bigger than the stage opening at New York's Metropolitan Opera House. Chicago Flyhouse has also created a 500-foot curtain at Chicago's Shedd Aquarium to block sunny reflections from Lake Michigan from interfering with a dolphin show, and done rigging for a Chinese Gatorade commercial to make it appear as though 7-foot-6 former NBA star Yao Ming was flying.

Michael Vekich, chairman of the Minnesota Sports Facilities Authority, says of U.S. Bank's daylight-covering project: "This isn't a one-and-done." Two large church youth gatherings are booked to hold events at the stadium and will use the curtains, and musicians might use them to control lighting and acoustics.

The firms working on the darkening solution have until March 14, a few weeks ahead of the April 6-8 Final Four. "If it doesn't work," Mr. Vekich said, "we'll put sunglasses on everybody."

boxes for finished Whirlpool washers, said an initial uptick in business has faded.

"Volume is down overall for the year driven by the last three months," said Bryan Hollenbach, executive vice president at Green Bay Packaging.

In January, Joe Liotine, Whirlpool's president for North America, told the U.S. Trade Representative's office the manufacturer could add a third shift at the Clyde factory and hire more than 1,300 workers. Whirlpool workers, contacted in Clyde in early July, said much of the factory's production wasn't running on all three shifts.

Whirlpool also told trade regulators that tariffs would help make way for capital investments in Clyde. Mr. Black, who went on a recent tour of the facility, said much of the plant was under construction, including a new museum, labs and training facilities. Workers said Whirlpool has been adding equipment in preparation for a new line of washers.

Whirlpool in recent years had won conventional tariffs aimed at what it called unfair dumping, or selling below cost in the U.S., by LG and Samsung. The South Korean companies, which denied they broke trade rules, avoided those barriers by shifting production, first to China, then to Thailand and Vietnam.

Amid the continuing tariff threats, both LG and Samsung decided to build washer plants in the U.S. LG's plant in Clarksville, Tenn., is slated to open in the fourth quarter and initially employ about 600 workers. "My mandate is to get it done as soon as possible," said Paul Bradford, who is overseeing construction.

An LG spokesman said the manufacturer began exploring a possible U.S. factory in 2010 and that the tariff threat spurred the company to speed up construction. A USTR official said the tariffs encouraged both firms to move ahead with their U.S. production plans.

Samsung started producing washers in January at a retrofitted plant formerly run by Caterpillar Inc. in South Carolina. With more than 600 workers, it was churning out more than 1,000 washers a day as of this spring, said Tony Fraley, who oversaw the factory's rapid renovation for Samsung before leaving the company. Samsung didn't respond to a request for comment about the production rate.

People familiar with the matter said Mr. Trump's election influenced Samsung's decision to produce in South Carolina.

Samsung said it hired many laid-off former Caterpillar workers. The unemployment rate in Newberry County, the site of the plant, dropped to 2.6% in May from 3.5% in the same month a year earlier. Foster Senn, mayor of the city of Newberry, said developers are contemplating building a new hotel and subdivision.

In Clyde, some employees at Whirlpool and one nearby supplier said the tariffs are working. "If not for that, Whirlpool wouldn't have been able to hire," said Matthew Morton, 42, who works for a supplier and has a son who works at the washer factory.

Some Whirlpool workers said recent production stoppages have fueled questions about the outlook. "Everything is now thrown back into a flux," said Mr. Black, the mayor, himself a former Whirlpool employee. His wife, children and other relatives work at the plant. "People's anxiety level is higher because nobody knows what's going on."

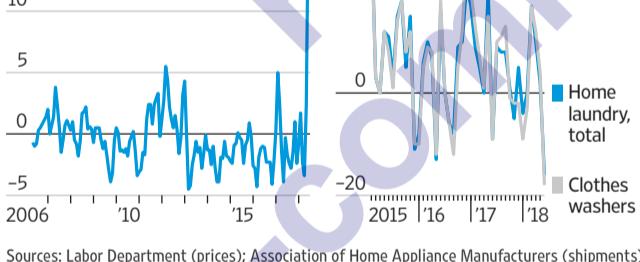


**Whirlpool won trade protections, but additional tariffs pushed the cost of raw materials higher. Above, sales at Home Depot in Chicago.**

## Quick Cycle

U.S. consumer prices for washers and dryers have begun to skyrocket...

### Three-month change in prices



have fallen to an average of 161,000 each month through April.

Washer and dryer prices climbed 20% in the three months through June, the steepest rise in at least 12 years, according to Labor Department estimates.

LG cited washer tariffs when it announced it was raising prices in January. Electrolux cited tariffs on steel, aluminum and Chinese imports but not those on washers. Whirlpool called its price increase "cost-based" due to raw-material, labor and innovation expenses.

"We have repeatedly stated that this tariff is a tax on every washing machine buyer in the U.S.," a Samsung spokesman said. "Since the tariff was implemented, U.S. consumers have paid more for their washing machines across all brands."

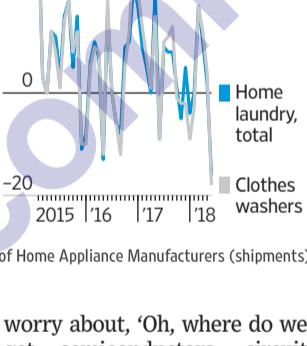
Only about 3.7% of the average appliance sale is profit, according to market research firm IBISWorld, leaving little room to absorb new tariffs or increased costs without raising prices. Components, such as steel, make up over half the cost of an average appliance. Labor covers an additional 10%.

Further U.S. tariffs on Chinese imports could put even more upward pressure on prices than the steel and aluminum tariffs, said Dylan Miller, an appliance industry analyst for IBISWorld. Home appliances are increasingly technologically sophisticated, making them dependent on chips and electronic components, often imported from China.

"It's already a highly globalized industry," said Mr. Miller. "Operators are going to have to

...while shipments of all models for the U.S. market, a proxy for sales, dropped in May by the greatest percentage in more than six years.

### Change in shipments from a year earlier



worry about, 'Oh, where do we get semiconductors, circuit boards?'

Prices have risen for the least-expensive washing machines, according to research by financial-data-analysis firm Thinknum for The Wall Street Journal. Whirlpool's least-expensive model among a group tracked by Thinknum jumped from an average price of \$329 in January to \$429 in June. Samsung's rose from \$494 to \$582, while LG's rose from \$629 to \$703. Price increases at the lower end are most likely to be felt by consumers.

Bill Anders, 61 years old, a retired educator in Churubusco, Ind., decided in April to use his tax refund money to replace some appliances. The price for the washer and dryer combo he

preferred, manufactured by LG and sold by Sears, was about \$2,478 including installation. It was so much he decided to forgo buying other appliances.

"We looked at stoves and dishwashers, too, but with the money we had in hand, so to speak, we just decided to do the washer and dryer," he said.

Ryan Smith, of Smith's Appliances outside of Kansas City, an appliance repair business, said higher prices have helped his business of keeping old machines churning. In the past, when washing machine repairs cost more than \$200 people skipped repairs and bought new machines. "Now we are doing more expensive repairs such as tub bearings, gear cases and control boards, pushing \$300 to \$500," he said.

SEAN RAYFORD/ASSOCIATED PRESS



**LG and Samsung have pressed on with U.S. investments. Above, the Samsung plant in Newberry, S.C.**

# GREATER NEW YORK

## NYPD Considers Action in Garner Death

Officer who used chokehold will face disciplinary trial if U.S. doesn't bring charges

BY ZOLAN KANNO-YOUNGS

The New York Police Department said it would hold an internal disciplinary trial for the officer who placed Eric Garner in a chokehold before he died four years ago if the Justice Department doesn't move forward with criminal

charges against him by Aug. 31.

The NYPD issued the ultimatum in a letter it sent Monday to the DOJ, noting that the federal investigation into Mr. Garner's death had continued for more than three years with no resolution in sight. The DOJ has been looking into whether Officer Daniel Pantaleo violated Mr. Garner's civil rights when he placed Mr. Garner in a chokehold on a Staten Island street as police sought to arrest him for allegedly selling untaxed cigarettes.

New York City's Medical Ex-

aminer said the chokehold contributed to Mr. Garner's death.

Lawrence Byrne, the NYPD's deputy commissioner of legal matters, wrote that if the DOJ doesn't state its intention on whether to bring charges by Aug. 31, the police would "on or promptly after" Sept. 1 prepare a disciplinary trial against Officer Pantaleo.

The letter was sent on the eve of the fourth-year anniversary of Mr. Garner's death on July 17, 2014. An internal trial at 1 Police Plaza isn't a criminal trial; the most severe pun-

ishment Officer Pantaleo could receive is the loss of his job.

"In our most recent discussions with them, they indicated that there was no time frame within which to make and announce a decision," Mr. Byrne said Monday. "Tomorrow will be the fourth anniversary so we feel we've given them sufficient time."

A spokesman for the Justice Department said, however, that federal officials told Mr. Byrne this spring that the NYPD could move forward with its internal proceedings.

Mr. Byrne disputed that claim, saying in an email to The Wall Street Journal that "the DOJ never gave us the greenlight to go ahead."

"Mr. Byrne's letter does not have any bearing on the decision-making at the Justice Department, and the Department cannot comment further at this time," the DOJ spokesman said.

Mr. Garner's death prompted protests around the U.S. over police use of force on unarmed black men. His last words, "I can't breathe," became a chant during demonstrations.

Patrick Lynch, president of the Patrolmen's Benevolent Association said he agrees the Justice Department should make a decision—and end the case against Officer Pantaleo.

The NYPD, DOJ and local prosecutors have been criticized by advocates and the Garner family for not punishing Officer Pantaleo, who remains on modified duty.

"It's four painful years that we're still fighting and there's no justice," Gwen Carr, Mr. Garner's mother, said Monday. "We want justice for my son Eric."

### Beating the Heat in Brooklyn



ON THE WATERFRONT: A child cooled off Monday at Domino Park, which opened last month along the East River at the site of a former Domino Sugar refinery in Williamsburg. More steamy weather is expected Tuesday, with some thunderstorms and a high of 87.

## City to Invest in Sea, Rail Links

BY LARA KORTE

New York City is investing \$100 million to bring in more goods by water and rail, relying less on trucks.

The New York City Economic Development Corp. said Monday that as part of the plan, dubbed Freight NYC, it would invest \$65 million in improving maritime shipping structures, including the addition of more barge terminals throughout the city. A further \$35 million will go toward the city's rail lines, and will include new loading facilities in Brooklyn and Queens.

"Our method of getting stuff to people and stores, or people and their houses, is outdated and inefficient," Deputy Mayor Alicia Glen said at a news conference. "And more than almost any other city, New York relies on trucks to move freight."

As the city's population expands, so will freight shipped in, such as food and fuel. In 2016, 198 million tons of freight passed through New York City, the Economic Development Corp. said. According to projections, that number could increase to 312 million by 2045.

The majority of freight, 90%, is transported through New York City by truck. The dependency on trucks for shipping freight has been a major cause of congestion, city leaders said.

In 2016, the average New York City driver spent 89 hours stuck in traffic, according to the Economic Development Corp. "You only have to go over

the George Washington Bridge once to know we can't put more trucks on that," said Eric Johansson, a professor at SUNY Maritime College and an expert in freight transportation.

The plan also aims to develop modern distribution spaces in New York City.

Historically, most international freight has been unloaded at New Jersey ports and trucked into central New Jersey or Pennsylvania before being distributed in the city. Freight NYC proposes the development of freight hubs in Brooklyn, the Bronx, Queens and Staten Island to streamline this process.

"New Yorkers like stuff. We

all like a lot of stuff," Ms. Glen said. "But all of these things need to get to New York and they get have to be distributed across the five boroughs and across the region. So that's the problem."

The trucking industry has been working to improve how freight is moved into the city, said Kendra Hems, president of the Trucking Association of New York. "Whether it's the preferred mode of transportation or not, trucks are going to remain the primary mode of transportation for the foreseeable future," she said.

The Economic Development Corp. expects the changes will create 4,000 jobs over 10

years. It's part of the "New York Works" initiative introduced by Mayor Bill de Blasio last year to add 100,000 jobs to the city by 2027.

James Patchett, president of the Economic Development Corp., said the need for an efficient freight-distribution system affects all New Yorkers.

"If you get groceries delivered, you want to have fuel at the gas pump, and Amazon Prime is going to arrive on time—that all happens because of our freight-distribution system," he said. "The reality is if that network were ever compromised, our entire city would grind to a halt."



A freight train was the backdrop for an announcement about improving the distribution of goods.

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## GREATER NEW YORK

# State Investigates Kushner Company

By GERALD PORTER JR.

New York's affordable-housing regulator said Monday it had launched an investigation into allegations that the real-estate firm owned by the family of White House adviser Jared Kushner violated state housing laws by using construction work to harass tenants in a Brooklyn apartment building.

New York State Homes and Community Renewal made the announcement after tenants at Austin Nichols House in Williamsburg, Brooklyn, accused Kushner Cos. in a lawsuit of trying to push out tenants living in rent-regulated units so it could turn them into luxury condominiums. The lawsuit, filed Sunday in State Supreme Court in Brooklyn on behalf of current and former tenants, alleged Kushner Cos. blatantly disregarded tenants' safety after beginning construction in June 2015. The work produced health hazards such as lead-contaminated clouds of smoke and dust, according to the lawsuit.

"Governor Cuomo has zero tolerance for tenant abuse of any kind and we will aggressively take on landlords who try to intimidate people out of their homes," NYSCHR Commissioner RuthAnne Visnauskas said.

Tenants were subjected to chronic rodent infestation, sporadic flooding and mold that accumulated throughout the building, according to the lawsuit.

Kushner Cos. denied the allegations in the lawsuit and said it ended construction on the building in 2017. "Kushner Companies respects and values its tenants," the company said in a statement Monday. It said there had been no complaints "regarding any type of harassment or unsafe conditions" and it was confident the investigation would conclude there had been no harassment.



Nick Cave, the multimedia artist behind 'The Let Go,' credits the Park Avenue Armory for giving him free rein in conceptualizing the disco gala.

## Armory Offers Big Stage for Shows

By CHARLES PASSY

At New York cultural institutions, audiences often come for the familiar: A program of symphonic masterpieces, a full-length ballet or an operatic warhorse.

But last month at the Park Avenue Armory, sold-out crowds attended "The Let Go," an event that amounted to an artfully staged disco gala. It came replete with a display of wearable sculptures and a kinetic curtain, made of mylar strands, that moved throughout the Armory's main space, the Wade Thompson Drill Hall.

Perhaps best of all for attendees: They were free to dance to their heart's content as DJs kept the beats pounding.

Nick Cave, the multimedia artist behind "The Let Go," credits the Armory for giving him free rein in conceptualizing the work. "They allowed me to

dream as big as I could," he said.

Mr. Cave hardly has been the only artist to make such a bold statement at the Armory, a landmark building on Manhattan's Upper East Side, constructed between 1877 and 1881, that has been run as a nonprofit arts-presenting organization for slightly more than a decade.

In contrast to its Gilded Age roots and well-appointed interiors, with rooms decorated by the likes of Louis C. Tiffany and Stanford White, the venue has become a home for cutting-edge work of all kinds and emerged as one of the most ambitious arts presenters in the city, if not the country, cultural observers say.

Presentations at the Armory have ranged from Aaron Young's "Greeting Card," an action painting created using motorcycles, to Louis Andriessen's "De Materie," an opera that included a flock of 100 sheep in its cast.

"They got rogue by the end [of the run]. They stopped flocking," said Armory Founding President and Executive Producer Rebecca Robertson.

Another major feat: When the venue hosted the Royal

*The venue is one of the most ambitious arts presenters in New York City.*

Shakespeare Company in 2011, it didn't just feature the troupe in performance. It recreated its entire physical theater in Stratford-upon-Avon, England.

And there is more to come: Starting on Tuesday, the Armory will bring in "The Damned," a theatrical production directed by Tony Award-

winner Ivo van Hove. The production makes dramatic use of massive video screens that capture the actors in key moments.

For the most part, the Armory's larger-than-life productions reflect the space in which they are staged: The vast 55,000-square-foot drill hall offers a far bigger stage than that of a traditional proscenium theater. Essentially, it is a blank slate waiting to be transformed however an artist sees fit.

Mr. van Hove described it as a "mythical space" that pushes an artist in new directions. "There's not a lot of these kind of spaces in the world," he said.

Not that all this staging comes cheap. The Armory has raised \$166 million to transform itself from, well, an armory into a cultural venue, with financing from a mix of public and private sources. Some of those funds have been used to restore the building's smaller

rooms, where concerts and more intimate events are held.

In addition, the Armory has a \$20 million annual budget to cover its programming and operating costs. Armory officials say that balancing the books isn't an issue: The organization sits on a \$73 million endowment to help fund yearly expenses, and it relies on strong ticket sales from a loyal fan base.

While the Armory has cemented a place for itself in the city's cultural firmament, it faces challenges. For starters, it is hoping to raise another \$49 million to finish additional work.

Moreover, it will soon face direct competition from the Shed, the \$455 million cultural venue in Manhattan that is slated to open in 2019. So far, Armory officials are expressing little concern about the Shed, saying their institution's historical character assures it a special place in New York City.

### ALBERT NELSON MARQUIS LIFETIME ACHIEVEMENT AWARD 2017-2018 RECIPIENT



Marquis Who's Who is proud to honor its most distinguished listees based on their career longevity, philanthropic endeavors and lasting contributions to society. Out of 1.5 million biographies, only a small percentage are selected for the Albert Nelson Marquis Lifetime Achievement Award. Among that prestigious group, a handful are chosen to represent Marquis in The Wall Street Journal. It is our great pleasure to present one of them here. Congratulations to Dr. Graciela Chichilnisky!



**Dr. Graciela Chichilnisky**  
CEO, Scientist, Economist, Educator  
Global Thermostat, Columbia University

Rewowned for her breakthrough work in environmental science, economics, and mathematics, Dr. Graciela Chichilnisky's notable achievements include designing, negotiating, and writing the Carbon Market of the United Nation's Kyoto Protocol (Carbon Credit Emissions Trading Market, EU ETS), which became international law in 2005, and acting as a lead U.S. author on the Intergovernmental Panel on Climate Change that won the Nobel Prize in 2007. Having created the concept of Basic Needs in the Bariloche model in the 1970s, Basic Needs became the basis of Sustainable Development and was voted in by 150 nations at the U.N. Earth Summit in 1992. Dr. Chichilnisky also created the formal theory of Sustainable Development in 1993. Sustainable Development was selected to be the main concept of International Development in its creation by the G20 in 2009.

In 2010, Dr. Chichilnisky co-founded Global Thermostat, LLC ([www.GlobalThermostat.com](http://www.GlobalThermostat.com)), for which she currently serves as Chief Executive Officer. She co-invented the company's breakthrough technology that removes CO<sub>2</sub> from air and sells it, thus creating jobs and profits: economic development that cleans the atmosphere. CO<sub>2</sub> is used for materials production, such as biodegradable plastics and carbon fibers, for beverages and food, bio-fertilizers, and enhanced oil recovery. In 2014, together with Ted Turner, Dr. Chichilnisky received the Global Technology Leadership Award from the Americas Renewable Energy Institute. She wrote a proposal that became a bi-partisan federal law in 2018, the FUTURE Act (45G), which provides unbound tax credit for U.S. companies that remove CO<sub>2</sub> from air at a rate of \$35.00-\$50.00 tax credit per ton of CO<sub>2</sub>. Global Thermostat is the

only company that qualifies for this tax credit.

In addition to managing Global Thermostat, Dr. Chichilnisky is a visiting professor at Stanford University and a professor at Columbia University, where she served as a university senator and Director of the Columbia Center for Risk Management and the Program on Information and Resources.

Over the span of her teaching career, Dr. Chichilnisky was a UNESCO Chair professor and has guest lectured all over the world at institutions including, but not limited to, the University of Nankai, Beijing Normal University, and the International Institute of Applied Systems Analysis in Austria. Additionally, she served as Professor Missionnaire at the University des Antilles et de la Guyane, and was a chaired professor at the University of Essex, United Kingdom, Monash University, Australia, and the University of Sienna in Italy.

Dr. Chichilnisky has authored 15 books and over 330 scientific research papers ([www.Chichilnisky.com](http://www.Chichilnisky.com)), in particular on globalization and the global environment. One of her notable books, "Saving Kyoto," was published in 2009. The book was named "Outstanding Academic Title of the Year" by the American Library Association, and received the "Book of the Month Award" from the American Geographical Society.

Prior to founding Global Thermostat, Dr. Chichilnisky served as Director of Research at the U.N. Institute of Training and Research, as a member of the Presidential Cabinet of Banco Central Republica Argentina, a Trustee of the Natural Resources Defense Council in New York, and as a special consultant at the International Monetary Fund and at The World Bank.

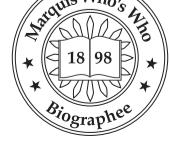
Dr. Chichilnisky was a recipient of the International Relations Award from the Rockefeller Foundation, and a grantee of the U.S. Air Force Office of Scientific Research and the U.S. National Science Foundation. She received the Speaking Out Prize from the National Women Studies Association.

In 2017, Dr. Chichilnisky was honored with the Carnegie Foundation's prestigious Great Immigrants, Great Americans Award. Most recently in 2018, she became a member of the Board of Transition Monaco Forum under the High Patronage of H.S.H. Prince Albert II of Monaco, a global platform committed to accelerating the transition toward a clean future across all sectors and industries.

She also authored the 2018 book, "The Handbook of the Economics of Climate Change." Her next title, "Reversing Climate Change," is in final production. On August 22, 2018, she will deliver the international keynote address at the 18th Energy in Western Australia Conference in Perth, Australia.

Dr. Chichilnisky was a fellow of the Ford Foundation. She earned two PhDs: one in economics and another in mathematics from the University of California, Berkeley, and completed graduate coursework at the Massachusetts Institute of Technology. She was also a postdoctoral fellow and a lecturer at Harvard University.

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## Council Opens Ethics Probe

By KATIE HONAN

The New York City Council's standard and ethics committee launched an investigation into a City Council member over an alleged violation of its code, but declined to provide details about the probe.

The decision to open an investigation came after the committee convened a hearing Monday and immediately went into an executive session, which wasn't open to the public.

After the hearing, the committee declined to say who they are investigating or what the potential violation is, citing privacy concerns for the accusers.

"To protect employees who report such comments and to ensure in the future people

feel comfortable coming forward with complaints, it is imperative that we don't speak about this matter outside executive session at this time," Councilman Steve Matteo, the chairman of the ethics committee, said after the closed-door hearing.

The council's standards and ethics committee rarely convenes, meeting only when it receives an allegation of a violation of an article of the City Council's rules that discusses disorderly behavior.

This behavior could include anything from fraud to discrimination and harassment, according to the rule.

In its most recent probe, the standards and ethics committee investigated City Councilman Andy King of the Bronx

late last year and found he had violated the council's anti-harassment and discrimination policy against a staffer.

The five-member committee said he repeatedly held the hand of a female employee and told her to smile. He also said he wanted to see her in a "beautiful gown," the panel said.

The committee publicly sanctioned Mr. King, who agreed to attend sensitivity and ethics training within 30 days.

Mr. Matteo and other members of the committee declined to answer questions about the probe following Monday's hearing. It is unclear what the next steps are in the investigation.

A spokeswoman for Council Speaker Corey Johnson also declined to comment.

### GREATER NEW YORK WATCH



STRUGGLE: Women carried buckets Monday through Midtown Manhattan in nonprofit WaterAid's 'Walk for Water' to highlight the long treks women in developing countries face to get clean water.

#### CRIMINAL JUSTICE

##### Imprisoned Child Killer Granted Parole

A woman convicted of killing her infant daughter in the 1980s and suspected of killing seven of her eight other children was granted parole, New York state officials said Monday.

Marybeth Tinning, 75 years old, could be freed as early as next month, said State Department of Corrections and Community Supervision officials.

Her release from a

Westchester County prison was approved last week after a parole hearing, her seventh since being imprisoned in 1987, officials said in a statement.

A jury convicted the Schenectady resident of killing her ninth child, 4-month-old Tami Lynne, in December 1985. She was one of Marybeth and Joseph Tinning's eight young children to die between 1972 and 1985 under suspicious circumstances. Authorities believe the couple's first child died of natural causes.

—Associated Press

#### MEDICAL MARIJUANA

##### Governor Wants More Dispensaries

New Jersey is seeking to double its number of medical-marijuana dispensaries, Gov. Phil Murphy said Monday. The state is requesting applications for six new dispensaries, up from the six that now operate, he said.

Officials say 10,000 new patients have become eligible under a program since January, bringing the total to 25,000.

—Associated Press

# LIFE & ARTS

DIGITAL MEDIA

## Podcasts Hit the Books



FROM THE HIP PHOTO

BY ELLEN GAMERMAN

**KEVIN ALLISON** has an unusual strategy to turn his new book "Risk!" into a best seller.

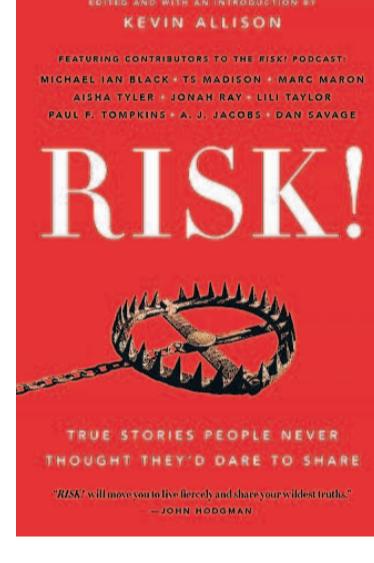
People who preorder it can hear him sing their names off-key at the end of his storytelling podcast by the same name. One listener even snagged a birthday shoutout for her mom.

The book coming out Tuesday, whose stories range from kinky sex to kidnapping, is an extension of a nearly decade-old podcast in which ordinary people share secrets about their lives. Mr. Allison, a 48-year-old Ohioan turned New Yorker, is about to find out whether his roughly 1 million free downloads a month will translate into book sales.

"Risk!" is the latest book built on a podcast, a growing industry niche as publishers seize on the audio medium known for eclectic voices, relatively low production costs and fervent fans. After years of making YouTubers and social-media stars into authors, publishers are now doing the same for podasters.

"It's grown exponentially," said Eve Attermann, a literary agent with WME who is working on book proposals with at least five podcast clients. "I feel like it's lowering the bar to entry, and I think a lot of exciting new talent is going to be found this way."

Dan Pfeiffer's "Yes We (Still) Can," a book informed by the author's work on the political podcast "Pod Save America," shot up the best-seller list after its June debut. "Encyclopedia Blazertanica," based on the soccer podcast "Men in Blazers," became a best seller earlier this year. "The Moth Presents All These Wonders," from the makers of the storytelling se-



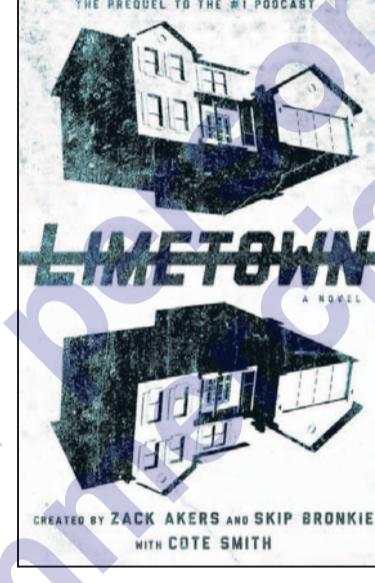
### RISK!

ries "The Moth," was a best seller in 2017.

Fans of "Chapo Trap House" are fueling excitement for the August release of "The Chapo Guide to Revolution," a book based on the irreverent political program. On other fronts, Hillary Frank, creator of the parenting podcast "The Longest Shortest Time," this winter debuts her book on child-rearing hacks, "Weird Parenting Wins." Anna Sale, creator of "Death, Sex & Money," is writing a book about the art of discussing difficult subjects, a theme familiar to her listeners.

Nicholas Quah, who writes the industry newsletter Hot Pod and landed a book deal on the history of the medium, said some podcast producers are looking at their shows as proof-of-concept vehicles aimed at securing screen and publishing deals. "You could put together a project that is critically risky in a more cost-efficient way, and you're able to test it in the marketplace," he said.

'Risk!' by Kevin Allison, above, is one of many new or coming books based on a podcast. Others include 'Limetown,' below, whose podcast by the same name is about a mass disappearance, and 'Yes We (Still) Can,' right, informed by the political podcast 'Pod Save America.'



Podcast-to-screen ventures are multiplying alongside publishing projects. Among the results: "Homecoming," a fictional psychological thriller that started as a podcast by Gimlet Media and will debut as an Amazon Prime Video series this fall. The screen version stars Julia Roberts and is directed by Sam Esmail of "Mr. Robot."

While some books have sparked bidding wars between publishers, the titles don't tend to carry the high stakes of a Hollywood venture. "If you have 100,000 people listening to a podcast—which is a very modest-sized podcast—and half of them buy the book, the publisher would be thrilled," said



Anthony Mattero, a book agent at Creative Artists Agency, though he added that publishers also measure sales against the price of the manuscript.

Podcasts featuring charismatic hosts have the potential to translate into books written in a strong voice. Listeners, like readers, are ready to envision the world in their mind's eye.

"Podcasting has become the next frontier," said Oren Rosenbaum, who leads the podcast division at United Talent Agency. "The opportunity to be creative and experiment with storytelling is way more accessible and informal."

With niche podcasts on everything from witches to monster trucks, more publishers are seeing opportunity. "The market for weirdness is untapped," said Kate Napolitano, a senior editor at Houghton Mifflin Harcourt. She just negotiated a book deal for the creators of "Last Podcast on the Left," a comedic take on all things macabre.

The number of U.S. households that identified as "avid podcast fans" reached 16 million in late 2017, up from 13 million the previous year, according to a 2018 Nielsen report. Three years ago, less than half of Americans ages 12 and older surveyed by Edison Research were aware of the term "podcast." By 2018, nearly two-thirds were.

Early podcast-to-book successes include the 2015 best seller "Welcome to Night Vale," a supernatural mystery written by Joseph Fink and Jeffrey Cranor. Messrs. Cranor and Fink rejected overtures by publishers to make a novelty book in favor of an original story, Mr. Cranor said. "We really wanted to write a novel that stood alone whether you'd heard the podcast or not."

Now literary agents are pairing high-profile authors with hit podasters. This November's "Limetown: The Prequel to the #1 Podcast" is written by Cote Smith, whose novel, "Hurt People," was a finalist for the 2017 PEN/Robert W. Bingham prize for debut fiction. Zack Akers and Skip Bronkie, who created the "Limetown" fiction podcast, about the disappearance of 300 people from a small town, are contributors.

Though large podcasting companies have dominated development deals, independent operators still can be contenders. Lauren Shippen was just 24 in 2015 when she started her science-fiction podcast "The Bright Sessions," about people with supernatural abilities in therapy. Last year, the Los Angeles-based author signed a deal for a young-adult trilogy expanding on the podcast—another way for her fans to binge.

"When you love a story or a set of characters," Ms. Shippen said, "spending more time with them is a great thing."

## TRENDING

## 'THE STAIRCASE,' YEARS LATER, FINDS ITS AUDIENCE

BY KEVIN LINCOLN

"**THE STAIRCASE**" aired on French television in 2004, with additional episodes released eight years later, but for over a decade, the documentary about a North Carolina novelist accused of killing his wife wasn't easy to watch in the U.S.

That frustrated its director, Jean-Xavier de Lestrade, particularly as he saw other true-crime documentary series like HBO's "The Jinx" and Netflix's "Making a Murderer" take off. Meanwhile, his was available only on DVD, after airing on the Sundance Channel in 2005 and 2013.

"It was the same game: We got very good attention from the press and the critics, but very few people were able to watch it," says Mr. de Lestrade, who won an Academy Award in 2002 for the

documentary "Murder on a Sunday Morning." "I knew that people were still talking about 'The Staircase,' and that people wanted to watch it."

When he decided to make three more episodes in 2015, chronicling another trial for the novelist, Michael Peterson, Mr. de Lestrade saw a potential solution in Netflix and its fast-growing audience.

"That will be the place everyone will be able to watch it," he remembers thinking.

Mr. de Lestrade and Netflix executives met at the 2015 International Documentary Amsterdam Film Festival, where they agreed that, once the international rights to "The Staircase" became available again in 2017, Netflix would distribute all 13 episodes, dating back to 2004, worldwide. Netflix currently has 125 million members.

The streaming service has *Please turn to page A12*



'The Staircase,' about the murder trial of Michael Peterson, above, originally aired in 2004 but began streaming on Netflix with new episodes in June.

## LIFE &amp; ARTS

ANATOMY OF A SONG | By Marc Myers

# A Journey to 'A Horse With No Name'

**IN JANUARY 1972**, the folk-rock band America released "A Horse With No Name," a loping ballad that many people mistakenly attributed to Neil Young.

The mellow introspective song, by lead singer and guitarist Dewey Bunnell, reached No. 1 on Billboard's pop chart, and sent the band's eponymous album to No. 1 as well—pushing Mr. Young's "Heart of Gold" single and "Harvest" album out of the top spots.

Recently, Mr. Bunnell and vocalist-guitarist Gerry Beckley talked about the song's evolution. The band currently is on tour in the U.S. Edited from interviews.

**Dewey Bunnell:** In 1967, I was an American living with my family in England. My father was in the U.S. Air Force and stationed at an RAF base northwest of London.

I was 15 at the time and friends with Gerry Beckley and Dan Peek, whose fathers were stationed there, too.

The three of us formed a Top-40 band called the Daze. After graduation, we went our separate ways for about a year. When we reunited in early 1970, we formed an acoustic folk-rock band.

We spent a lot of time in the base's cafeteria listening to the jukebox. That's when we decided to call our new trio America. The trend by bands then—including Chicago, Yes, Traffic and Genesis—was to use broad, generic names.

In the spring of 1970, my parents relocated to Yorkshire.

I stayed in London and shared a room with John Alcazar, an old classmate, at his parents' home. One afternoon, when everyone was out, I was on my bed with my cheap Hawk guitar.

I had just begun experimenting with alternate tunings. With the Hawk on my lap, I found a chord progression that I liked. The song's melody started to come.

Playing on the bed, I was homesick for the U.S. I wanted to be part of the evolving folk-rock scene there and I wished for warmer, drier weather. I also

The band America—from left, Gerry Beckley, Dan Peek and Dewey Bunnell—plays in 1973.



singles to release. We brought in "Desert Song" and three others in the fall of 1971.

We recorded "Horse" at London's Morgan Studios. Dan and I played six-string acoustic guitars while Gerry played his 12-string acoustic. Dan later overdubbed his bass after we had the basic rhythm track.

**Mr. Beckley:** Kim Hawthorn played drums and Ray Cooper came in after to overdub the bongos. The bongos added a clippity-clop feel of the horse.

I overdubbed my 12-string guitar solo. It was a strummy solo that first ascends the scale. Ian suggested I follow with a descending arpeggiated triplet thing, so that's what I did.

**Mr. Bunnell:** When we finished, Ian loved the song but hated my title.

He insisted we change it to "A Horse With No Name," since "Desert Song" was the title of an opera. I agreed.

No doubt, when I recorded my vocal, I was infused with Neil Young and his music. I loved "The Loner," from Neil's first solo album in 1969. I was immersed in his first and second albums while writing "Horse," and they affected my vocal trajectory.

When our song was released, many people thought it was Neil. In his memoir, "Waging Heavy Peace," Young writes that when his father first heard the song, even he assumed it was Neil's.

Today, my wife, Penny, and I live in Southern California and Northern Wisconsin. In California, we recently adopted a wild mustang. My wife and our daughter, Destry, call her "No-nom-ee." It's "no name" pushed together.

thought about my parents up in Yorkshire and felt alone.

As I strummed, I thought back to a drive my family had taken through the American Southwest. I began to visualize the sights and sounds of the desert.

I realized I needed a good opening to set up the narrative: "On the first part of the journey / I was looking at all the life / There were plants and birds and rocks and things / There was sand and hills and rings."

As I wrote, I asked myself, "How did I wind up in the desert?" Ah, right, they ride horses out there. I asked myself if the horse should have a name. The horse was merely a vehicle to get me into the desert, so I made it "a horse with no name."

Being out of the rain was metaphoric. It was super rainy and dreary in England. The rain represented the uncertainty of where my life was going. Being out in the des-

ert on a horse in a hot, dry climate was metaphoric for being independent and in control of my life.

I wrote the song's lyrics on a scrap of paper. When I finished, I called the song "Under the Cities." I liked the phrase I had used: "Under the cities lies a heart made of ground / But the humans will give no love."

Later, as we played the song at our pub gigs, the title changed to the "Desert Song." It was easier to refer to on stage.

**Gerry Beckley:** I really liked Dewey's song. It had this surreal, cryptic lyric that you could get your teeth into.

We arranged the song so it had our own vocal-harmony sound. When it came to the chorus, we added "Lah lah, la-la-la-lahhh." It was a breather and let listeners sing along.

Typically, Dewey sang the low harmony, I sang the middle fifth

and Dan sang the note above, which might have been a minor 7th or 9th.

**Mr. Bunnell:** Gerry had his foot in the door at a London demo recording studio. We played our songs for one of the guys there. He passed us along to Dave Howson, who managed a club in Covent Garden. Dave got us pub gigs.

Next, we were passed on to Jeff Dexter, an influential DJ at the Roundhouse, a popular venue in Camden Town. Eventually, we were signed to Warner Bros./Kinney Records in London and toured in England and the Netherlands.

In 1971, we began to record our first album, "America," at London's Trident Studios. It was co-produced by Jeff and Ian Samwell. Initially, I left "Desert Song" off the album because I thought it might be perceived as a novelty tune.

When we finished recording, Ian said Warner Bros. wanted more songs so we'd have other potential

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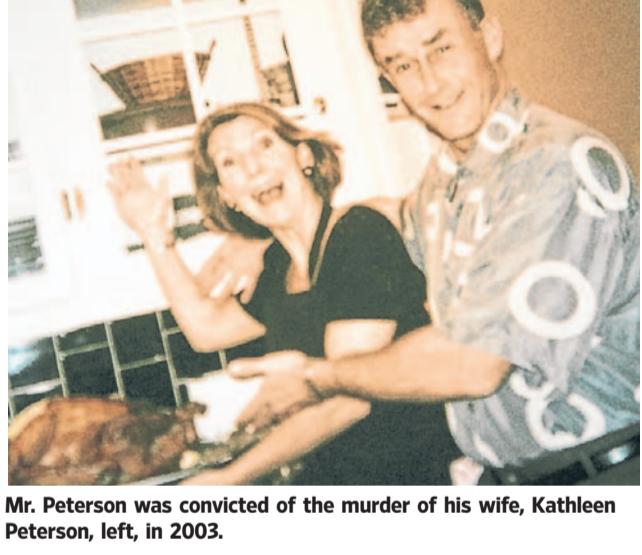
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## 'Staircase' Draws a Streaming Audience

*Continued from page A11*  
resurrected television shows before, airing new seasons of "Arrested Development" and "Full House" years after they went off broadcast TV. In the case of "The Staircase," Netflix took a different approach, packaging the original 2004 series, the episodes added in 2012 and the previously unreleased episodes into a single season.

That exposed "The Staircase" to a far bigger audience than it ever had. While Netflix won't say how many subscribers have watched it, the internet is rife with speculation about Mr. Peterson's guilt or innocence. A bit of fringe speculation known as "the owl theory," though never mentioned on the show, produces tens of thousands of Google search results. A Reddit forum dedicated to the "The Staircase" has more than 5,000 users.

"The Staircase" originally aired before social media's



Mr. Peterson was convicted of the murder of his wife, Kathleen Peterson, left, in 2003.

heyday, says Lisa Nishimura, Netflix's VP of original documentary and comedy, but now "you have simultaneous access around the world to this compelling story, and people are connecting and talking about it on social media and sharing their points of view and things that they have more questions about."

Netflix has found both critical and consumer success with documentaries. It won an Oscar earlier this year for "Icarus," Bryan Fogel's expose of Russia's Olympic doping operation, as well as Emmy nomina-

tions last week for "Wild Wild Country," about a cult's development in Oregon in the 1980s, and "The Keepers," which investigated the unsolved murder of a Baltimore nun. In addition, documentaries are popular among its members, with 100 million of them watching at least part of one through the service, according to Ms. Nishimura.

Those subscribers were among the first to see "The Staircase," since Netflix recommended the series to viewers who, based on their prior viewing habits, it believed would enjoy the show.



Netflix included the 2004 original, 2012 episodes and previously unreleased episodes when it began streaming 'The Staircase.'

## LIFE &amp; ARTS

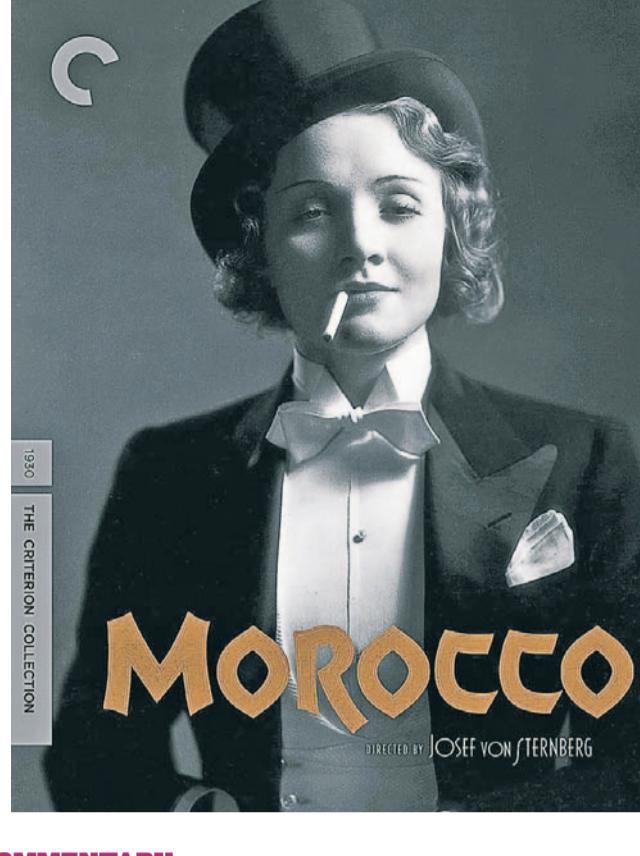
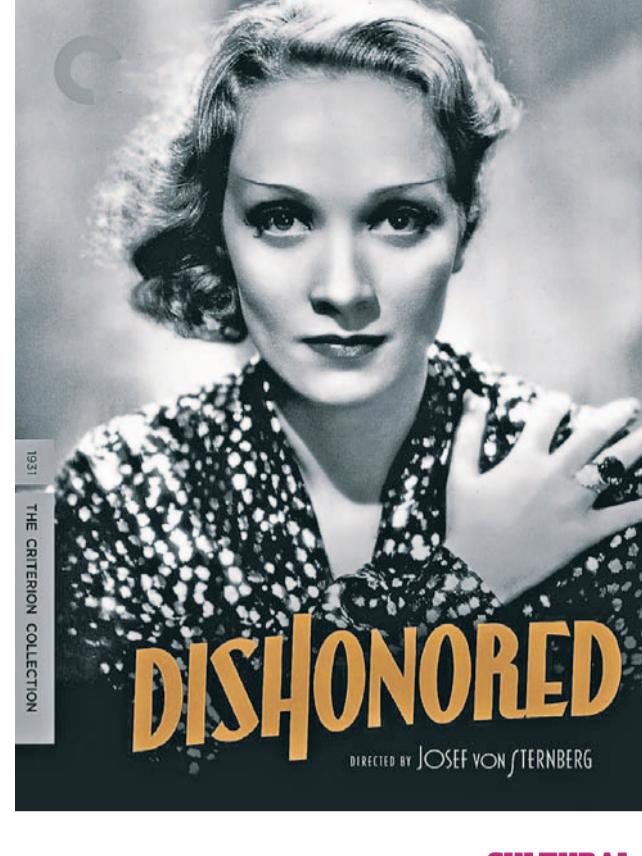
BY DAVID MERMELSTEIN

**AMONG THE PLENITUDE** of treasures that put the shine on Hollywood's golden age were six films directed by Josef von Sternberg starring Marlene Dietrich. These were Dietrich's first American movies and the ones that made her an international star—not just a performer known in her native Germany. Now, for the first time on disc, these half-dozen pictures are united, in "Dietrich & von Sternberg in Hollywood," available on six DVDs or Blu-rays from Criterion.

Sternberg, an American born in Vienna who crossed borders throughout his career, had already made a number of celebrated American silents when he journeyed to Berlin to make "The Blue Angel," in German, in 1929. There, he discovered Dietrich, casting her in an indelible bad-girl part and then getting Paramount to sign her to an exclusive contract and bring her to Hollywood.

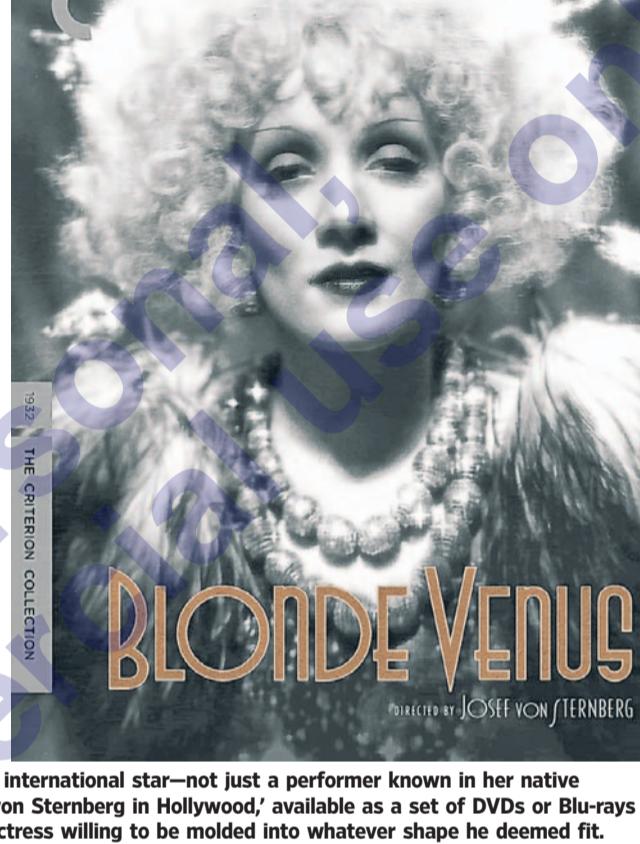
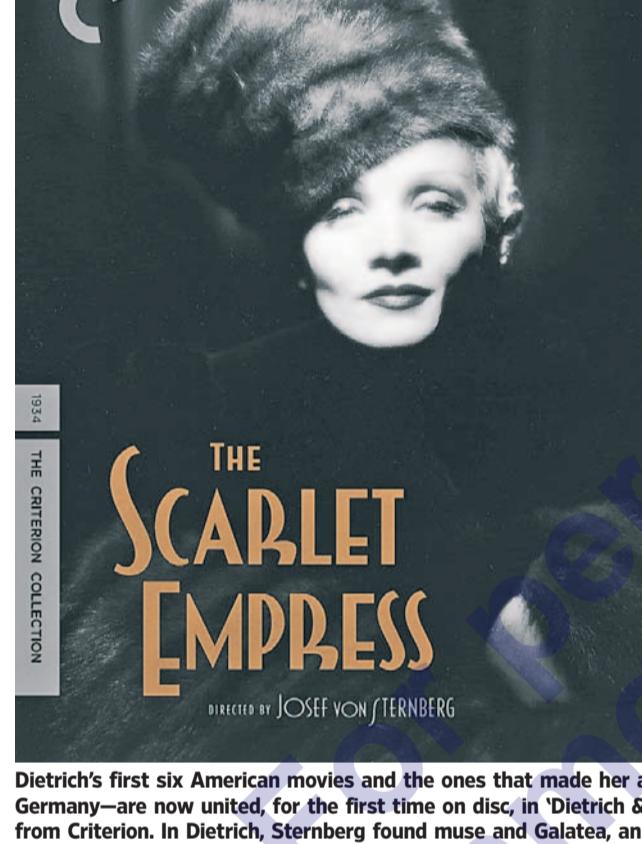
Their first U.S. collaboration, "Morocco" (1930), released before the English-language version of "Blue Angel," secured Dietrich's fame and set the template for their future work. Sternberg's early experience repairing film prints had given him an understanding of the medium's mechanics, and as a filmmaker he was always intimately involved in the photographing and editing of his pictures. But it was his meticulous aesthetic sense that lent his films their unmistakable mise-en-scène. The style was not unique in its particulars—other directors and designers used sheer curtains, hanging beads, rustic window blinds, exotic ornaments and sharply contrasted lighting that threw unusual shadows—but only the notoriously controlling Sternberg deployed these totems in such abundance, and with such deliberate cumulative impact.

In Dietrich, Sternberg found muse and Galatea, an actress willing to be molded into whatever shape he deemed fit. She could be sympathetic, as she is in "Morocco" and "Dishonored" (1931); conflicted, in "Shanghai Express" (1932) and "Blonde Venus" (1932); increasingly amoral, "The Scarlet Empress" (1934); or downright cruel, "The Devil Is a Woman" (1935). But Sternberg always ensured that she was sexy. Some of it came naturally to her—



## CULTURAL COMMENTARY

# When Dietrich Became Dietrich



Dietrich's first six American movies and the ones that made her an international star—not just a performer known in her native Germany—are now united, for the first time on disc, in "Dietrich & von Sternberg in Hollywood," available as a set of DVDs or Blu-rays from Criterion. In Dietrich, Sternberg found muse and Galatea, an actress willing to be molded into whatever shape he deemed fit.

the lispy, German-accented voice, smooth and even girlish in these films. Other aspects (her figure, makeup, hair and mode of dress) were fastidiously curated by Sternberg.

The pictures themselves, all in black-and-white, may be savored as showcases for Dietrich or as lush case studies of cinema's sensuous potential. But they are best appreciated as both.

Some scholars have dismissed the films' narrative qualities, but that is unfair. They are archetypical, to be sure: "Morocco" as desert romance; "Dishonored," spy drama; "Shanghai Express,"

romantic thriller; "Blonde Venus," showbiz melodrama; "The Scarlet Empress," bowdlerized historical drama; and "The Devil Is a Woman," *amour fou*, the Spanish edition. But wit

pervades their scripts, save for "Scarlet Empress," which is frankly incoherent but so stunningly appointed (equal parts medieval grotesquerie and Imperial Russia) that one forgives its imperfections.

Beyond Dietrich—who shows remarkable adaptability in these movies and proves downright sublime in "Shanghai Express" (an Oscar-winner for cinematography) and "Blonde Venus"—the casts include such cinematic stalwarts as Gary Cooper, Cary Grant, Herbert Marshall, Adolphe Menjou, Victor McLaglen, Clive Brook and Lionel Atwill, all in top form. Distaff competition, though, is hard to find, perhaps not surprisingly. (Nobody puts Marlene in a corner.)

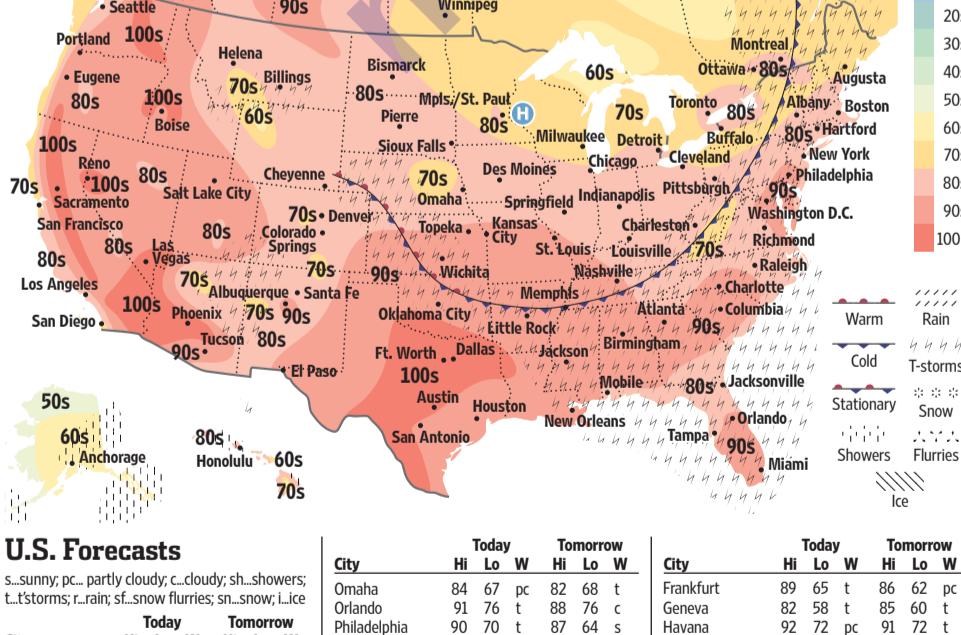
Yet even as Criterion has done right by Sternberg and Dietrich with gorgeous transfers of these films (all in 4K except "Morocco," which is in 2K), it has wronged them with some ill-conceived bonus features. These self-serving meditations examine the Sternberg-Dietrich legacy through the prism of today's academic film theory, full of faddish references to issues of gender and race incomprehensible to the creators of these films—and, at best, merely tangentially interesting to today's viewers.

Only a 1971 interview with Dietrich, filmed in Copenhagen for Swedish TV but conducted in English, allows us to get close to the vital forces responsible for these films. Sadly absent is a short BBC film by Kevin Brownlow from 1967, in which the aged but still spry Sternberg discusses and demonstrates his shooting style. It offers a rare opportunity to see and hear this important figure and supplemented Criterion's previous DVD issue of "Scarlet Empress," now out of print.

Dietrich always insisted that Sternberg made her what she was, that without him she'd never have achieved her decades-long celebrity. If so, he endowed her with the most important quality a mentor can supply: the ability to soar on one's own. Sternberg lived till 1969 but never completed another film equal to any of these. Dietrich died in 1992, her fame undimmed. These pictures forever renew the accomplishments of both.

Mr. Mermelstein writes for the Journal on film and classical music.

## Weather

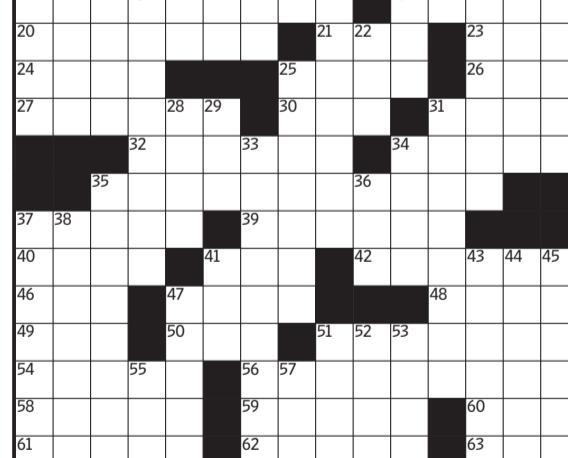


## U.S. Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	65	52	pc	69	53	s
Atlanta	90	73	t	91	75	s
Austin	101	72	s	103	75	s
Baltimore	91	68	t	87	63	s
Boise	99	67	s	99	63	s
Boston	87	70	t	80	66	pc
Burlington	82	61	t	77	56	s
Charlotte	91	72	t	91	70	p
Chicago	81	64	s	80	62	pc
Cleveland	80	64	c	79	59	s
Dallas	104	80	s	105	82	s
Denver	88	60	t	94	63	s
Detroit	83	62	s	81	62	s
Honolulu	88	78	pc	89	77	pc
Houston	97	77	s	98	78	pc
Indianapolis	85	61	pc	82	61	s
Kansas City	91	66	pc	84	69	t
Las Vegas	108	88	pc	103	88	pc
Little Rock	95	74	t	88	70	t
Los Angeles	85	69	pc	86	69	pc
Miami	90	76	pc	91	77	p
Milwaukee	78	63	s	78	63	pc
Minneapolis	80	64	s	82	66	pc
Nashville	90	67	t	88	66	pc
New Orleans	94	79	t	90	79	s
New York City	87	70	t	86	66	s
Oklahoma City	93	74	pc	99	73	s

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	75	57	pc	76	57	pc
Athens	94	75	s	93	75	s
Baghdad	110	83	s	112	85	s
Bangkok	88	80	r	88	79	sh
Beijing	86	75	t	91	78	t
Berlin	77	62	t	79	59	t
Brussels	79	54	t	79	57	pc
Buenos Aires	58	53	sh	62	49	r
Dubai	104	90	pc	103	90	s
Dublin	66	50	c	66	49	r
Edinburgh	67	49	t	68	50	pc

## The WSJ Daily Crossword | Edited by Mike Shenk



## ON THE WATERFRONT | By Martin Acheson

Across	24	42
1 Donkey's dad	Clydesdale controller	Workers with green cards
4 Suddenly started paying attention	Ferret's cousin	Fight of the Century loser
9 Layer above the mantle	Will subject	Melville's "Billy ___"
14 Miss identification	Sept. follower	Butter substitute
15 Without ___ in the world	Deceives	Maiden name indicator
16 Slow, in scoring	Volunteering words	Analysis topic
17 Collection of harbor structures?	Time off for harbor workers?	Target of a celeb's restraining order
19 Grace's last name, on "Will & Grace"	Eccentric fellow	Yitzhak succeeded her
20 Steeps in a liquid	How some vaccines are administered	Seafood at a harbor diner?
21 Start for Rafael or Antonio	Suspended	"Elements of Algebra" author
23 ___ Jima	Slack-jawed state	Pond's rival

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](http://WSJ.com/Puzzles).

60 Start for Palmas or Cruces	22 Sugar bowl invader





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## SPORTS

## WORLD CUP

# Takeaways From Russia 2018

The tournament will likely influence the game for years thanks to a series of transformative developments that fundamentally changed what we know about international soccer. Jonathan Clegg, Joshua Robinson and Andrew Beaton weigh in.

Moscow

**FRANCE'S 4-2 WIN OVER CROATIA** in Sunday's World Cup final brought an end to five weeks of thrilling soccer and shocking upsets. It also means there is no longer a convenient excuse to sneak out to that bar near the office in the middle of the day.

But it also brings an end to the World Cup as we know it. The 2022 tournament in Qatar will be played in the winter, running from Nov. 21 through Dec. 18, and could yet be expanded to 48 teams. It will also be played in a country of 2.5 million people with a smaller geographic footprint than Connecticut and no meaningful soccer legacy.

Even as the last of its kind, the 2018 World Cup will likely influence the game for years thanks to a series of transformative developments that took place in Russia and fundamentally changed what we know about international soccer. So here's a breakdown of the tactical and technical evolutions that unfolded from Ekaterinburg to Moscow.

## POSSESSION SOCCER

International soccer had been ruled by the possession-based approach for a decade. Ever since Spain won the European Championship in 2008 by playing an elaborate game of keep-away, the teams that dominated the ball

were the teams that dominated the biggest tournaments.

Spain followed its Euro 2008 win by claiming the 2010 World Cup and 2012 Euro, before Germany passed the opposition to death on its way to lifting the World Cup in 2014.

But somewhere on the way to Russia, that patient approach was surpassed by something more purposeful. The best teams at this World Cup still knew how to pass the ball effectively, but also exhibited a directness that made the likes of Spain and Germany look positively labored.

"I've never seen a World Cup like that. There was a leveling toward the top," said France's winning manager Didier Deschamps after Les Bleus won the final with just 40% of the ball. "The teams that commanded the most possession, almost every time, were punished by quick counters."



## SET PIECES

So many matches at this tournament boiled down to a simple question: How well did each team handle set pieces?

While teams that hogged the ball struggled to score, many of the most effective sides were able to tactically exploit free kicks and corners to give themselves a crucial edge—and at a higher rate than ever before.

At this World Cup, 30% of the goals were scored on set pieces, according to Opta. That's a jump from 22% in 2014 and 26% from 1994 to 2014.

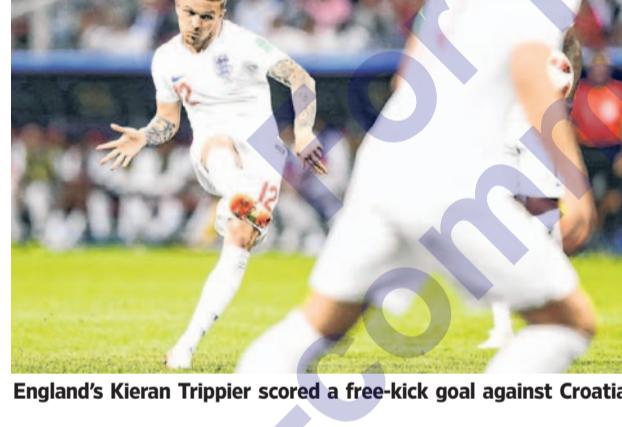
Every team that made a deep run here obsessed over these plays. Russia's quarterfinal dash was buoyed by five set-piece goals. The only ones that scored more: world champion France and fourth-place England.

English manager Gareth Southgate was so laser-focused on them that when he attended a Minnesota Timberwolves game in February, he saw it as an opportunity to see how NBA players manage to wiggle free and find space so close to the basket. Then, en route to its surprise run to semifinals, England racked up more set-piece goals than any

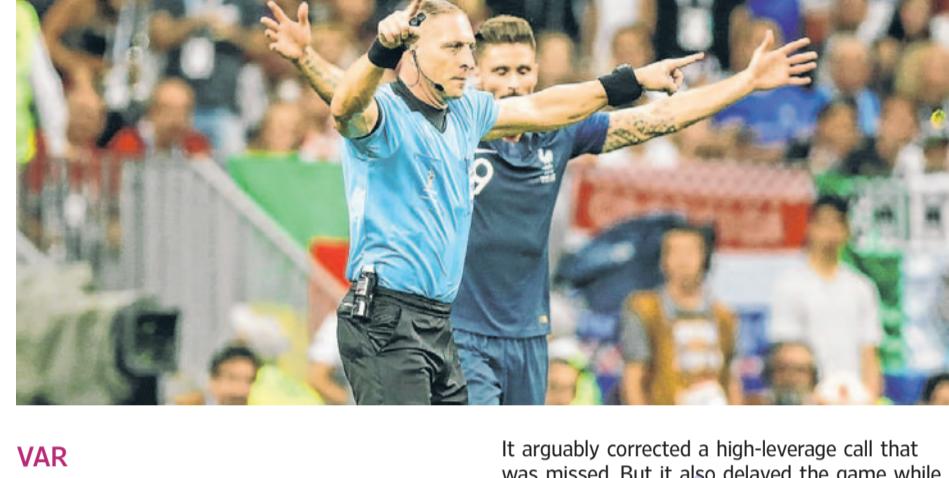
other team in the tournament.

This trend was on full display in the first half of the final, too. For much of the early going, Croatia dominated possession and appeared to have the edge. But France's first set piece was all it needed to get on the board first. Antoine Griezmann bent in a free kick that skimmed off the head of a Croatian player for an own goal. France was in front despite not having had a single shot on target.

Croatia retaliated with a set-piece goal of its own on a corner kick. Even France's second goal, which gave Les Bleus the lead for the rest of the game, came from a dead-ball situation when Griezmann buried a penalty.



England's Kieran Trippier scored a free-kick goal against Croatia.



## VAR

Of course, the World Cup's controversial replay review system was going to yield a controversial decision in the World Cup final.

Midway through the first half, with the game tied 1-1, France swung in a corner. It went out of bounds. And immediately, the French players were outraged: It was a handball in the box, they argued.

Following a delay on the pitch while the officials decided whether or not to review the call, the referee did just that. After another pause on the sidelines, he emerged with a decision: penalty kick for France. Antoine Griezmann buried it to give the French their 2-1 lead.

"In a World Cup final," Croatia manager Zlatko Dalic said, "you do not give such a penalty."

This was everything in a nutshell about video assistant referee (VAR)—the new system FIFA implemented before this World Cup, following in the footsteps of some leagues across the world.

It arguably corrected a high-leverage call that was missed. But it also delayed the game while some weren't even sure afterward that the final decision was the proper one.

There's no denying VAR's influence on this World Cup: Nine penalties were handed out because of the new system. Some games, such as Iran-Portugal in the group stage, were frequently interrupted because of VAR. French players in the final frequently looked as if they belonged at Bolshoi Theatre as they pantomimed the gesture for video review, wagging two fingers in the shape of a TV screen.

But no matter how coaches, players and fans feel about the system, it almost certainly isn't going anywhere. If the recent history of replay review in leagues such as the NFL, NBA and MLB have shown us, the controversy around the technology sometimes results in it simply becoming more pervasive.

Love it or hate it, VAR will likely be a part of the World Cup forever.



## THE PREMIER LEAGUE

England didn't get the World Cup triumph it was hoping for—football didn't come home—but English soccer did manage to conquer the World Cup.

Of the more than 700 players who traveled to Russia, 107 of them spent last season at clubs in the English Premier League. Yet 40 survived

all the way to the semi-finals. When Belgium faced France, for instance, 14 of the 22 starters on the field piled their trade in England at clubs as storied as Manchester City and as unremarkable as West Bromwich Albion.

Players from Manchester United, Tottenham Hotspur, and Chelsea made up the spine of the French squad in the final, from goalkeeper Hugo Lloris to center forward Olivier Giroud.

"It's a victory for the Premier League," said former Arsenal manager Arsene Wenger.

**MLB** | By Gerald F. Seib

## BASEBALL BRIDGES THE POLITICAL DIVIDE

With the All-Star Game at Nationals Park, now is a good time to reflect on the role of America's pastime

 Each spring, conservative columnist George Will hosts a large, convivial party at his house to mark the launch of another season for the local Major League Baseball team, the Washington Nationals.

In this year of exceptional divisiveness in Washington, it turns out his gathering provided one of the capital's rare moments of bipartisan comity. "I think our pre-season party is one of the few places you will see Mitch McConnell and Nancy Pelosi socializing," says Mr. Will.

The need for such a refuge has only grown in a summer of raw emotions over immigration, Supreme Court vacancies and Russian election meddling. So, as baseball's mid-summer classic, the All Star Game, takes place in Washington on Tuesday, this is a good time to pause and reflect on the role—perhaps small, yet undeniable—that baseball and the Nationals play in bridging the increasingly stark divides in Washington.

Amid the capital's tensions, who can you find at Nationals Park in Southeast Washington? "Who haven't I seen?" replies Tom Davis, a

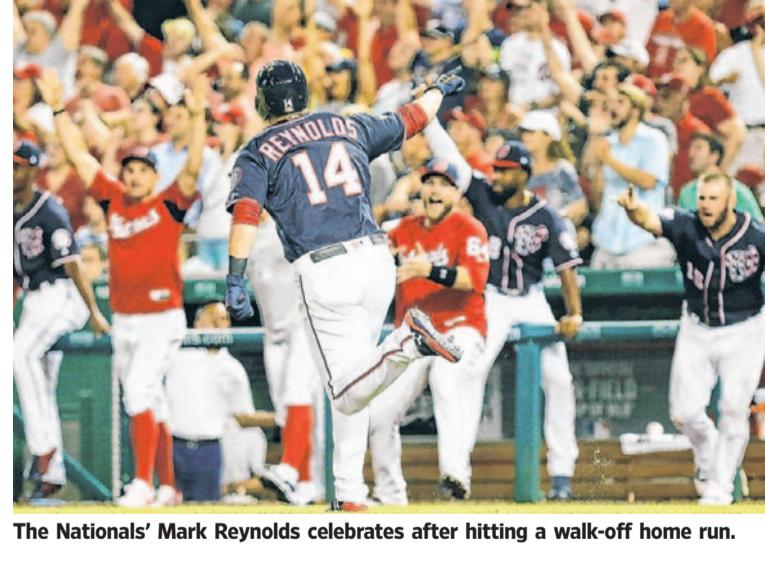
former Virginian congressman and Nationals Park regular.

He recalls a recent game when, sitting in his usual seats down the first-base line, a foul ball came his way. He was lucky enough to grab it—at which point another fan sitting just behind him tapped him on the shoulder and pointed out that a youngster nearby had been scrambling for the same ball. "Tom, give him the ball," said Sen. Heidi Heitkamp, the Democrat. The Republican, Mr. Davis, promptly complied.

Former Fed Chairman Ben Bernanke is a regular, as is Josh Bolten, former White House chief of staff and current president of the Business Roundtable. Former Sen. Robert Dole, now 94, doesn't make many public appearances these days, but he showed up at Nationals Park on the Fourth of July to greet the military families always in attendance.

The late conservative columnist Charles Krauthammer was a season-ticket holder; former Obama administration security adviser Susan Rice is a fan. On many nights, members of Congress, from both parties, hold political fundraisers in one of the stadium's skyboxes.

Washington is a transient city



The Nationals' Mark Reynolds celebrates after hitting a walk-off home run.

where many retain their loyalties to the hometown teams, yet even that loyalty draws them to Nationals Park when their team is in town. (Phillies and Mets fans are particularly obnoxious in cheering for the visitors.) Still, Mr. Will senses a change in loyalties: "Slowly but surely, the town is becoming a Nationals town."

In recent years, the Nationals' bipartisan fan base could unite around success. The Nats have the second-best record in baseball over the last six years, and they won the National League East title in four of those years. This year, angst and anxiety are the forces bonding fans. The team's record entering the All Star break is an even .500, and its star hitter, Bryce Harper, scrapes along with a batting average of .214.

Even such suffering may be oddly beneficial for loyalists who,

in their day jobs, toil with similar frustration at the game of governance. "I always thought baseball was the right sport for democracy because there is so much losing," says Mr. Will. "Democracy is the system of the half loaf. Nobody gets all they want. The same is true in baseball...It's good for the soul of democracy."

The Nationals' owners, the Lerner family, which made a fortune developing commercial real estate in the Washington area, have worked hard to stay down the political middle. Along the way, they have had to battle through some headwinds.

In particular, the Lerners bankroll one of the largest payrolls in baseball despite being hamstrung by what almost all observers see as one of the most lopsided television contracts in sports. As the price of putting a team in D.C.,

Major League Baseball had to pacify the team just up Interstate 95, the Baltimore Orioles, by placing the Nationals' television rights in the hands of a regional sports network, MASN, in which the Orioles were granted majority ownership and full operational control.

The Nationals contend the Orioles haven't been living up to even that deal; they say they are owed more than \$100 million in broadcast-rights fees unpaid since 2012. The dispute is scheduled to be decided after the season ends by a committee of baseball owners and executives.

Meantime, the Lerner family has begun exploring the richest marketing tool still available to them: the right for a sponsor to acquire naming rights for the team's stadium along the waterfront in Southeast D.C. The Nationals—who make a point of honoring members of the armed forces and their families at every game—say they want a sponsor that will work with the team to "give back to the military, youth and families."

Curt Smith, a former White House speechwriter who has just published a book on the ties between presidents and baseball, says the sport has long been "a subject of unity, of comity, of consensus." He argues for having President Donald Trump—who, he says, was a sufficiently gifted high school baseball player that he attracted some interest from major league scouts—throw out the first pitch at the All Star game.

That would be a unifying act, despite the inevitable boos the president would hear from Trump haters, he contends: "This is one of the few rites, throwing out the first pitch, to unite us."

CLOCKWISE FROM TOP: DAN MULAN/GETTY IMAGES; FRANCISCO SECO/ASSOCIATED PRESS; GABRIEL BOUYS/AGENCE FRANCE PRESSE/GETTY IMAGES; RYAN PIERCE/GETTY IMAGES

## OPINION

## Is Helsinki Trump's Iran Deal?



**GLOBAL VIEW**  
By Walter Russell Mead

Rarely has an American president been as isolated on foreign policy as President Trump is today. The Senate voted 97-2 to support the North Atlantic Treaty Organization last week, even as Mr. Trump belittled NATO and its principal members. Meanwhile, both the Justice Department and the director of national intelligence are sounding the alarm about the Russian leader. Mr. Trump appears to be trying to recruit as an American ally. The president's policy of reconciliation with Russia at the expense of NATO has even less support in Washington than President Obama's policy of breaking with Middle East allies to attempt a reconciliation with Iran.

Among the president's remarkable assumptions about Vladimir Putin's Russia: that it can be induced to cooperate with the U.S. on a wide range of security issues, including Syria and Iran; and that it can replace Germany as America's principal Eurasian partner—or, if not, the U.S. can use the threat of a Russian alliance to extract better terms from Germany and the European Union. The president is confident that he possesses the bargaining ability and diplomatic talent to

■

manage the complex negotiations involved.

Why does Mr. Trump seem so determined to defy his advisers and play a Russia card that costs him dearly in Washington and nourishes the suspicions of the investigators probing his Russia connections? His fiercest critics are sure they know the answer: Vladimir Putin has "compromised" the president, leaving him no choice but to appease the Russian dictator.

■

Special counsel Robert Mueller will be in a better position to assess that question than the journalists who speculate about it wildly. Meanwhile, after Mr. Trump's meeting with Mr. Putin in Helsinki, it's worth remembering that his Russia policy is less of an outlier than some of his critics assume. Both George W. Bush and Barack Obama also naively overestimated their ability to charm Mr. Putin.

■

Mr. Obama's policy in particular bore similarities to Mr. Trump's. Both men held Washington's foreign-policy establishment ("the blob" or "the deep state") in contempt. Both came to the job with a belief that their unique life stories and personal qualities would enable them to transform global politics in a historic way. Both were willing to accept a Russian presence in Syria and to overlook Russian complicity in Bashar Assad's atrocities. Long after the 2009 "reset"

failed, Mr. Obama was willing to flout domestic public opinion to make concessions to Russia. As he whispered to Russia's then-President Dmitry Medvedev in 2012: "This is my last election. . . . After my election I have more flexibility," on issues like missile defense.

**The president may be indulging Russia as his predecessor did the Islamic Republic.**

While the press celebrated rather than pilloried him for it, Mr. Obama also made overtures to a U.S. adversary (Iran) over the heads of longtime allies (Israel and the Gulf states). Mr. Trump's Russia overtures over Germany's head are just as ill-considered.

What differentiates Mr. Trump from Mr. Obama most sharply is his approach to Europe. Mr. Obama saw Europe as a rich and generally well-intentioned part of the world that punches well below its weight in world affairs. Mr. Trump's view has been profoundly influenced by hardcore Brexiteers like Nigel Farage and anti-Islamist campaigners who see in the EU a mix of fecklessness in defending Western values and ruthlessness in promoting its own bureaucratic power.

Similarly, both Mr. Trump and the Brexiters see the EU as a screen for German domination of the Continent. And Mr. Trump's concern that "excessive" levels of migrants from Islamic countries threaten the social cohesion of Western societies tallies with the views of politicians in countries across Europe who resent German power and fear the imposition of post-Christian, postnationalist values through the EU.

From this perspective, Mr. Putin looks less like a malign force bent on dismantling the cathedral of liberty and more like an unsavory but potentially useful partner. After all, the one indisputable success of the EU is forming a bloc that can collectively resist American pressure on trade. Mr. Trump sees the trade balance as a fundamental inequity in the trans-Atlantic relationship. From this mercantilist perspective, cooperating with Mr. Putin's anti-EU agenda is appealing to the president.

A fresh start with Russia appears to be as much of an *idee fixe* for Mr. Trump as outreach to Iran was for his predecessor. Mr. Obama never fully appreciated that the U.S. political system limits the ability of presidents to bring about diplomatic revolutions in the teeth of congressional resistance. It remains to be seen whether and how quickly Mr. Trump will grasp this important truth.

**BOOKSHELF** | By Paul Dickson

## Lone Star Turnaround

## Astroballe: The New Way to Win It All

By Ben Reiter

(Crown Archetype, 253 pages, \$27)

I was given a subscription to Sports Illustrated for my 15th birthday and have read the magazine with varying degrees of regularity in the 50-plus years since. In that time, perhaps the most startling cover I recall was that of the June 30, 2014, issue. The tagline read "Your 2017 World Series Champs" and featured a photograph of George Springer, the Houston Astros' rookie right fielder. What made the claim so striking was that, at that time, the Astros were one of the worst baseball teams in half a century. The 2013 Astros had finished in last place with a 51-111 record—the team's third season in a row with more than 100

losses—and 2014 was not looking all that good either: At the time of the SI cover, their record was 36-48. The article inside, written by SI staffer Ben Reiter, was fun to read and made some strong points about how the Astros were combining analytics and old-fashioned scouting to produce a better team. But, like many others, I reminded myself that Sports Illustrated (like every other periodical) was almost always off the mark when trying to predict World Series winners on Opening Day, let alone three years in advance.

The Astros ended the 2014 season 70-92, mired in fourth place in the American League West. But lo and behold, after A.J. Hinch signed on as manager, the Astros started winning in 2015, with an 86-76 record and a wild-card spot in the American League playoffs, where they lost to the Kansas City Royals. In 2016 the Astros posted an 84-78 record. But in 2017 the Astros really did become the World Champions—right on schedule.

Mr. Reiter now has written a full account of the remarkable story of how one of the greatest turnarounds in modern baseball history was engineered. As he tells us in "Astroballe: The New Way to Win It All," Houston had looked at the processes that Oakland A's general manager Billy Beane had used early in the 21st century. That team's methods—sophisticated statistical analyses and attention to "undervalued" measuring sticks (like on-base percentage)—were detailed in Michael Lewis's "Moneyball" (2003), and they changed the way baseball front offices operated. But Mr. Lewis's book also portrayed a somewhat fraught internal organization, with old-fashioned scouts in one corner and the analytic nerds in the other, often disagreeing about players and prospects and resenting one another as well.

Astros general manager Jeff Luhnow wanted to figure out how to get scouting and analytics to work together and eventually produce an internal metric that would render a decision on a player as simple as the one in blackjack: hit or stay, keep or trade, play or bench. The blackjack analogy is apt, since Mr. Luhnow's leading partner in all of this was Sig Mejdal, a former blackjack dealer and NASA scientist who became the head of the Astros' Nerd Cave or, as the Astros named him, "director of decision sciences."

## How the Houston Astros used a combination of data-driven analytics and team-building to go from last place to World Series champions.

Under Mr. Luhnow, scouts not only made subjective judgments about a prospect's talent but also collected unique data that they fed to the folks in the Nerd Cave. And the nerds began listening to the scouts. All of this was easier said than done, but it was done, and the team made a series of sound, even brilliant, choices as it drafted, traded and signed players.

Shortstop Carlos Correa, the first overall selection of the 2012 amateur draft, was an unexpected pick that was made based on glowing reports from scouts rather than on Nerd Cave number-crunching. George Springer was already in the system when Mr. Luhnow came to Houston and began gutting the roster, but he was saved by the statistical savvy of the emerging Nerd Cave; Mr. Luhnow made 25 trades between 2011 and 2013 but held on to Mr. Springer. Finally, third baseman Alex Bregman was a small man by MLB standards, but for the Astros he was a consensus first-round pick in 2015 based on both scouting and analytics—or, as Mr. Reiter puts it, "as clear-cut a top pick as any member of their front office had ever experienced."

This roster-creation, all by itself, did not bring home the championship. Building an exceptional team is one thing, but making it work as a team is another. "Fault lines" exist in all complex organizations—including baseball teams. If these lines can be bridged or eradicated, a team is likely to win more ball games. To use another bit of old-fashioned terminology, a team needs chemistry.

Carlos Beltrán, the veteran outfielder signed by the Astros after the 2016 season, immediately took on the role of chief chemist. Among other things, he created a postgame ceremony that awarded prizes for excellence in the field and instituted a postgame "court" for those who failed to attend: The fine was \$500. Mr. Beltrán also had a singular ability to study opposing pitchers and determine their "tells"—gestures and small changes in behavior that signaled whether or not the next pitch would be, for example, a breaking ball or a fast ball. Finally, Mr. Beltrán had a strong desire to close the gap between the English and Spanish speakers.

His biggest ally in this quest was Alex Bregman, who professed to speak perfect Spanish. In fact, it was far from perfect, but Mr. Bregman worked hard to communicate with his Spanish-speaking teammates, including going out of his way to befriend first baseman Yuli Gurriel, who joined the team in 2016 after coming to the United States from Cuba and who spoke no English at all. Mr. Gurriel was exactly the sort of player who can become isolated and resentful in many American clubhouses. But Mr. Bregman refused to let that happen. As Mr. Reiter explains, "The two yammered at each other in Spanglish all day long."

Add to all this the signing of pitcher Justin Verlander, acquired during the 2017 season, and a dash of good luck, and there's no reason why any of us should have been surprised that the Astros won their World Series right on schedule. Mr. Reiter's superb narrative of how the team got there provides powerful insights into how organizations—not just baseball clubs—work best.

Mr. Dickson is the author of "Leo Durocher: Baseball's Prodigal Son."



**MAIN STREET**  
By William McGurn

My fellow citizens: More than 20 months have passed since you elected me your president. Unfortunately, America remains polarized by that election, which was marked by Russian interference, FBI investigations into both candidates or campaigns, and questions whether some powerful federal agencies themselves tried to influence the outcome.

We still have more questions than answers. Tonight I address you from the Oval Office to tell you the step I am now taking to ensure that the American people will finally get the complete story.

At the heart of our democratic system is accountability. Inspectors general and special counsels and criminal prosecutions may all have a role here. Still, under our Constitution the primary accountability is to the American people via their elected representatives.

Unfortunately Congress has been stymied in its subpoenas for documents that would fill the remaining holes in the story. These holes include what really prompted the FBI to begin its investigation of my campaign, as well as how parts of our government used a dossier full of salacious material that was never verified and was produced and paid for by my rival's campaign. Even where Congress has access to

information—for example, the application for the Foreign Intelligence Surveillance Court warrant to spy on an American connected with my campaign—lawmakers cannot make the information public because it is classified.

I am moved to act tonight in good part by last week's spectacle on Capitol Hill featuring former FBI romantic partners Lisa Page and Peter Strzok. Ms. Page at first defied a congressional subpoena to testify. I will not comment on Mr. Strzok's testimony. More telling was the reason Mr. Strzok gave for not answering most of the most critical questions Congress put to him: The FBI had instructed him not to.

As a result, we still do not know when the FBI investigation into my campaign started.

I would have preferred Congress to receive the information it needs through the normal give and take of oversight.

But Mr. Strzok's public testimony suggests that our law-enforcement and intelligence agencies still have not gotten the message that they are not "independent" of congressional oversight. Other evidence this message has not been received includes their slow-walking of information under subpoena and their redaction of vital details in the documents they have turned over.

My order tonight reminds the FBI and Justice Department, along with every other part of the executive branch, that they are not independent of the president. The authority to classify and declassify

information is part of a president's constitutional powers as commander in chief. In this capacity, I am ordering the declassification of all material subpoenaed by Congress regarding Russia and collusion and possible FBI or Justice Department abuses.

I also am ordering the director of national intelligence to work with Congress to develop a process that fully protects the sources and methods used to gather information

## I order declassified all FBI and Justice material Congress has subpoenaed.

even as it aims for maximum transparency. Where the director determines information must be redacted, he will let the appropriate committee chairmen and leaders in Congress see it to ensure nothing is being hidden to cover up wrongdoing or embarrassment. Where bad behavior is found, it will be punished, even if it includes members of my own team. And those in the executive branch who fail to carry out my order will be dismissed and replaced.

I have tremendous respect for the men and women of the FBI. But a small group of their leaders, concentrated in the bureau's Washington headquarters and believing themselves unanswerable to authority, have given the bureau a black eye.

These includes a former deputy director of the FBI, Andrew McCabe, who may face criminal charges for lying to investigators under oath. The purpose of my order is to get the full story out—as opposed to the selective and self-serving leaks we have seen so far, including those by then-FBI Director James Comey himself.

My order is also limited. Nothing in it prevents Congress from exercising its own constitutional powers to impeach officials it finds in dereliction, or to hold them in contempt until they testify. Nor does my order impinge in any way on special counsel Robert Mueller's investigation.

The principle here should be clear. Under our Constitution, the unelected parts of government are accountable to the elected—not vice versa.

Far too often in America's history, we have seen how "national security" has been invoked by those trying to keep the public from finding out about their own malfeasance. So when people criticize this order, ask them this: Why don't you want to know? And why are you so determined to keep Congress from finding out?

I myself do not know what is in all these documents. But I am confident in my order because it returns responsibility for imposing consequences and accountability where it rightly belongs: with you, the American people.

Thank you, and God bless America.

Write to mcgurn@wsj.com.

By Jeff Moon

In overlooked irony of the American trade dispute with China is that Donald Trump is the first U.S. president to fight back using Chinese tactics. This time, it's the Chinese officials who are frustrated over the lack of clarity in demands, the sudden changes in negotiating positions, and the unpredictable escalation of tensions.

Usually it's the other way around, as U.S. negotiators in government and business can attest. Chinese officials often blame the foreign counterpart for any number of problems. The foreigners then have a duty, according to the Chinese, to make things right. An old proverb often cited is that a man who drops a stone on his own foot must take responsibility for picking it up.

But instead of specifying the terms for a resolution, the Chinese officials wait for foreign concessions. When the proposal arrives, the Chinese reject it as inadequate, forcing

## He imitates Beijing's mercurial approach to negotiation.

these techniques to 1971, when Premier Zhou Enlai reportedly blamed tensions over Taiwan on the U.S. as he pressed Henry Kissinger for favorable terms normalizing U.S.-China relations.

This Chinese approach is maddening enough for governments. Foreign businessmen are more vulnerable yet, because Beijing has total leverage over the future of their Chinese enterprises. Businessmen have no choice but to play China's game, which commonly

begins with investigations into misdeeds. Otherwise, their companies may fail regulatory reviews or lose their approval to operate. There are different versions of the game, but aggressive pressure for concessions—sometimes including the transfer of foreign technology—is a constant.

Unwittingly, Mr. Trump is turning China's tried-and-true approach against it. He accuses Beijing of "ripping off" the U.S. and says longstanding Chinese policies are to blame for today's trade tensions. His rhetoric addresses three U.S. interests: cutting the U.S. trade deficit with China, opening China's market further to foreign businesses, and easing industrial policies such as the China 2025 plan, the stated goal of which is to exclude foreign technology vendors and then dominate global markets.

But Mr. Trump has never specified exactly what he wants or whom he has granted the authority to make a deal. He has shifted to China the responsibility to make things right. In

response, Beijing has indicated flexibility regarding opening new sectors to foreign companies and importing more U.S. goods to reduce the trade deficit. To date, President Trump seems to have rejected these proposals as insufficient.

The Chinese clearly want to reach an agreement, but they remain confused about how to proceed. They may have to sweeten their offers and have even consulted Mr. Kissinger and other luminaries for negotiating advice. In the meantime, the Chinese have responded defensively to Mr. Trump's tariffs with their own tariffs of equal amounts.

Mr. Trump's negotiating style is bombastic, volatile and reckless. Its success remains very much in doubt, since the situation is difficult to read. But at least the Chinese government is learning an old American saying: What goes around comes around.

*Mr. Moon is a former assistant U.S. trade representative for China.*

By Jeff Moon

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## The President Turns the Tables on China

By Jeff Moon

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## OPINION

## REVIEW &amp; OUTLOOK

## The Trump First Doctrine

**D**onald Trump left for Europe a week ago with his reputation enhanced by a strong Supreme Court nomination. He returned Monday with that reputation diminished after a tumultuous week of indulging what amounts to the Trump First Doctrine.

Mr. Trump marched through Europe with more swagger than strategy. His diplomacy is personal, rooted in instinct and impulse, and he treats other leaders above all on how much they praise Donald J. Trump. He says what pops into his head to shock but then disavows it if there's a backlash. He criticizes institutions and policies to grab headlines but then claims victory no matter the outcome.

The world hasn't seen a U.S. President like this in modern times, and as ever in Trump World everyone else will have to adapt. Let's navigate between the critics who predict the end of world order and the cheerleaders who see only genius, and try to offer a realistic assessment of the fallout from a troubling week.

• **NATO.** The result here seems better than many feared. Mr. Trump bullied the allies with rhetoric and insulted Germany by claiming it is "totally controlled" by Russia. But his charges about inadequate military spending and Russia's gas pipeline had the advantage of being true, as most leaders acknowledged.

The 23-page communique that Mr. Trump endorsed is a solid document that improves NATO's capabilities to deter and resist a threat from Russia. Mr. Trump's last-minute demand that countries raise military spending to 4% of GDP was weird, but he is right that more countries are likely to meet the 2% target.

One risk is that Mr. Trump's constant criticism of NATO will undermine public support for it in the U.S.—and, more dangerously, undermine the alliance's deterrence against Russia. If Vladimir Putin concludes Mr. Trump isn't willing to protect the Baltic states, he may pull another Crimea.

• **The Brits.** Mr. Trump turned a friendly visit into a fiasco by criticizing Prime Minister Theresa May's Brexit strategy in an interview with the Sun newspaper. He backtracked a day later, calling his own comments on tape "fake news," and Mrs. May was gracious.

But Mr. Trump should encourage a U.S.-British post-Brexit trade deal both in the U.S. interest and to help Britain negotiate the most favorable Brexit terms from the European Union. Other leaders will conclude from his rude treatment of Mrs. May that working with Mr. Trump is more perilous than fighting him.

• **The EU.** In contrast to NATO, Mr. Trump does seem to want to undermine the European compact. He called it a "foe" on trade, which will make negotiating a better trade deal even

less likely. He seems determined to impose a 20% or higher tariff on European autos to strike at Germany, which would also hit France and others.

**Putin respects strength but Trump showed weakness.**

The U.S. isn't part of the EU, but American Presidents have found it useful as an ally to leverage sanctions against, say, Russia or Iran. Mr. Trump is stoking European resentments that will bite back sooner or later when he wants Europe's help.

• **Russia.** Details from the private Trump-Putin talks in Helsinki will spill out in coming days, but Monday's joint press conference was a personal and national embarrassment. On stage with the dictator whose election meddling has done so much harm to his Presidency, Mr. Trump couldn't even bring himself to say he believed his own intelligence advisers like Dan Coats over the Russian strongman.

"I have—I have confidence in both parties," Mr. Trump said. "So I have great confidence in my intelligence people, but I will tell you that President Putin was extremely strong and powerful in his denial today." Denials from liars usually are strong and powerful.

The charitable explanation for this kowtow to the Kremlin is that Mr. Trump can't get past his fury that critics claim his election was tainted by Russian interference. And so he couldn't resist, in front of the world, going off on a solipsistic ramble about "Hillary Clinton's emails" and Democratic "servers." He can't seem to figure out that the more he indulges his ego in this fashion, and the more he seems to indulge Mr. Putin, the more ammunition he gives to his opponents.

For a rare moment in his Presidency, Mr. Trump also projected weakness. He was the one on stage beseeching Mr. Putin for a better relationship, while the Russian played it cool and matter of fact. Mr. Trump touted their personal rapport, saying the bilateral "relationship has never been worse than it is now. However, that changed as of about four hours ago. I really believe that." In four hours?

Mr. Putin focused on his agenda of consolidating Russian strategic gains in Syria, Ukraine and arms control, and suggesting that the American might help. Mr. Trump even seemed to soften his stance against Russia's Nord Stream 2 gas pipeline to Germany.

\* \* \*

By going soft on Mr. Putin, Mr. Trump will paradoxically find it even harder to make deals with the Russian. Republicans and Democrats will unite in Congress, as they should, to limit his diplomatic running room. Mr. Trump may decide to court Mr. Putin anyway, like Barack Obama did Iran's mullahs, but political isolation concerning a foreign adversary is a weak and dangerous place to be.

## Tariffs Put a Frown on Pistachio Growers

**I**n China, pistachios are known as the "happy nut" because they look like they're smiling. But President Trump's trade brawl with China is turning out to be a huge downer for America's pistachio farmers who now stand to lose business to Iran. What was that about national security, Mr. President?

After President Trump slapped tariffs on steel and aluminum and later escalated by targeting \$50 billion in Chinese products, Beijing retaliated. China's tariffs on U.S. pistachios this year have increased to 45% from 5%. China targeted pistachios to inflict pain in a region where Republicans are politically vulnerable. About 99% of American pistachios are grown in California's San Joaquin Valley, home of GOP Reps. David Valadao, Jeff Denham and Devin Nunes.

These areas have already been stricken by the state's draconian restrictions on pumping water from the Sacramento-San Joaquin River Delta. As water prices soared over the last decade, many farmers shifted from growing alfalfa and other low-value crops to nuts. While nut or-

chards require a lot of water, they fetch a high price thanks to soaring global demand, especially from China.

**California farmers are losing business in China to Iran.**

More than half of pistachios produced in the U.S. are shipped abroad, and China and Hong Kong buy half the exports. Over the last dozen or so years, California's pistachio shipments to China have increased 1,300%.

The U.S. was the world's top pistachio exporter last year (217,559 metric tons), but Iran was not far behind (144,300). No other country exports a significant amount, so Iran is poised to supplant California pistachio farmers in China. It's worth recalling that Mr. Trump justified his steel and aluminum tariffs in the name of national security, yet they've triggered retaliation that is now abetting an enemy.

Meantime, the California State Water Resources Control Board this month proposed further slashing water deliveries to farmers to protect fish. This will drive up water prices further and with the tariffs make it even harder for nut farmers to turn a profit.

## An IRS Advance for Speech Privacy

**P**residents swear an oath to "protect and defend the Constitution," and that includes guarding against restrictions on political speech. So congratulations to Treasury Secretary Steven Mnuchin and Acting IRS Commissioner David Kautter for advancing that cause on the controversial issue of donor privacy.

Treasury announced Monday evening that the Internal Revenue Service will no longer require most 501(c) organizations to include donor names and addresses on their tax Form 990 Schedule B. Nonprofits have had to divulge those sensitive details for donations above \$5,000. From now on, only 501(c)(3)s that receive a tax deductible benefit will have to provide such donor information. This new IRS revenue procedure will exempt some 45,000 nonprofits from the reporting rule, including unions and social-welfare groups.

Donor names are supposed to remain private, but the government has inadvertently revealed donor lists. IRS employees also used donor-information demands as part of their harassment of Tea Party organizations during the Obama Administration. State Attorneys General have even sought to require nonprofits to release

**The Trump Treasury exempts charities from donor data disclosure.**

the Nixon Administration extended the reporting requirement to other nonprofits. The Trump Treasury is simply rolling back that rule, and rightly so given that the IRS is not a campaign-finance regulator. The IRS's job is to collect revenue for the government.

Under the new rule the IRS will continue to disclose the size of donations, and nonprofits are still required to retain donor information for their records in case of audits. But sparing nonprofits an onerous reporting requirement will leave more money for charitable purposes.

Under current law the IRS Commissioner can make this procedural change without a formal rule-making, though a future Administration could reverse it. Republicans should take a cue and pass legislation to bar the IRS from such donor-detail collection while they still control the House and Senate.

Schedule B details to state regulators, with a goal of requiring public disclosure that could tee up donors for political harassment—a threat to free speech. The new IRS policy means states won't be able to exploit this donor information as easily.

Congress required the IRS to collect 501(c)(3) information in the 1960s, but in 1971

## LETTERS TO THE EDITOR

### Risk-Adjustment Keeps Insurance Prices Steady

Your July 11 editorial "The Health Insurers Squawk" questioned why health-insurance premiums would go up because the government froze "risk-adjustment payments" following a federal-court ruling. The Journal's business-oriented readers understand better than most the importance of certainty and predictability in the legal and regulatory environment. They also understand how essential it is to have predictable government policies, like regulations and taxes, to run their business, make investments and serve their customers.

Unfortunately, while health-insurance providers are committed to serving customers and patients, they have not experienced such certainty and predictability since the inception of today's individual and small-group markets. And this has contributed to higher costs, higher premiums and fewer coverage choices for Americans.

The risk-adjustment program involves zero federal or taxpayer dollars. The government sets the operating rules and administers the program, transferring premium dollars from plans with healthier mem-

bers to plans with members who need more care. The government's role is both limited and beneficial in helping ensure sicker patients, like those with pre-existing conditions, get more affordable coverage.

Freezing these risk-adjustment transfers in the individual and small-group markets changes the rules once again and puts \$10.4 billion in limbo—dollars that pay for patient care. Even if the payments are ultimately made, this added uncertainty has implications for executives evaluating risks and opportunities, making decisions about plan design, and determining how to responsibly serve their customers, communities and employees.

As insurance providers work with states to finalize plans and rates for 2019, we appreciate that the current administration is defending the risk-adjustment program and exploring all legal and regulatory remedies. We are eager to work with them and all other interested parties toward a swift resolution so we can ensure more affordable choices for 2019.

MATT EYLES  
America's Health Insurance Plans  
Washington

### Let the Market Lead on Sports Ticket Prices

Your editorial page has always been an advocate of free markets, so I was dismayed to read therein Joseph Epstein's vague call for market distortion in "Don't Take Me Out to the Ballgame—I Can't Afford It" (op-ed, July 13). Professional athletics, like Hollywood and "elite" theatre, provide us all with entertainment for which we (the free market) alone should dictate price. I may be shocked by \$1,000 baseball tickets, just as I was shocked when I moved to Florida from London during the recent financial crisis and could purchase a nice, relatively new condo near the beach for less than \$100,000. Such vagaries of the free market, however fortunate or unfortunate they may be for us individually, serve to remind us that the market is indeed free. I would prefer to see your editors challenge, rather than promote by publication, an opinion piece that makes an implied call for price controls in the sale of anything, especially something as symbolic as America's pastime.

JEFFREY D. BAINES  
Ponte Vedra Beach, Fla.

For years now, businesses have the majority of season tickets for major professional-sports teams and many major college sporting events. Since businesses formerly could write off 50% of the cost of those tickets as a business expense, the sports teams could price their tickets accordingly, knowing that businesses would still purchase significant numbers of season tickets. I would guess that the man who took Mr. Epstein to the Cubs games was writing off the cost of those tickets as a business expense. To shed some light on the absurdity of season-ticket pricing, one seat on the floor at the Philadelphia 76ers regular-season games is \$65,000 or \$1,585 per game.

The new tax law, however, disallows a business deduction for sports tickets. It will be interesting to see if businesses now are pressured by shareholders to refrain from committing pretax income to season tickets.

JOHN MADDOCK  
Marblehead, Mass.

### Partisan Bullying Banishes Dissenting Opinions

In his July 12 op-ed "Democratic Socialists Used to Be Decent," Michael S. Bernick hit the nail on the head by calling the "anti-Trump resistance" tactics of personal harassment" what they really are. It appears the anti-Trump activists are trying so hard to stop what they perceive as the bullying of certain groups that they have resorted to adopting the same tactic, becoming bullies themselves.

In Boston a few years ago, I was speaking with a friend from Arkansas who pointed out that since moving there he had to learn how to "talk liberal." I realized I'd done the same. While assimilating to the culture of a new area is to be expected, this push "into the closet" for young conservatives has been amplified since the

ANDREW BARNETT  
Dallas

### Taxpayers Already Pick Up The Tab for Grain Farmers

Your July 12 editorial "Dust Bowl Economics" might have mentioned that the USDA revenue insurance program is already set to compensate the vast majority of U.S. grain farmers for recent grain-price declines on the crop currently in the ground. Thus the taxpayer already has the farmer's back for the next year. The piece is correct in its observation that the Commodity Credit Corp.'s enormous statutory borrowing authority is an anachronism and has been utilized irresponsibly as a slush fund. But farmer-subsidy programs currently in place obviate the need for much additional cash outlay.

KENNETH A. STEIN  
Evanston, Ill.

### Pepper ... And Salt

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ED GRAHAM  
Gainesville, Fla.

## OPINION

# The Russia Indictments: Why Now?

By Michael B. Mukasey

**T**he indictment of 12 Russian military intelligence agents last week, on charges they hacked into Democratic National Committee and other servers during the 2016 campaign, raises questions about the timing of the announcement and the work of the hackers themselves. The news came on the eve of the Trump-Putin summit. Why then?

The president was told of the indictments before he traveled. Yet the plain effect of the announcement was to raise further doubts about the wisdom of the meeting—and perhaps to shape its agenda. Neither is the business of the special counsel or anyone else at the Justice Department. The department has a long-standing policy, not directly applicable here but at least analogous, that candidates should not be charged close to an election, absent urgent need, lest the charges themselves affect the outcome. The general



Deputy Attorney General Rod Rosenstein announces the indictments, July 13.

GETTY IMAGES

**The point of the hacking appears to have been to hurt President Clinton, not elect President Trump.**

principle would seem to apply: Prosecutors are supposed to consider the impact of their actions on significant events outside the criminal-justice system, and to act with due diffidence.

From a law-enforcement standpoint, there was nothing urgent about these indictments. All 12 defendants are in Russia; none are likely ever to see the inside of a U.S. courtroom.

Alternative strategies were available. In 2008 Russian arms dealer Viktor Bout, known to law enforcement as the "Merchant of Death" and the defendant in a sealed indictment, was lured in a sting by U.S. Drug Enforcement Administration agents to Thailand, where he was seized. The Thais, to their great credit, resisted heavy Russian

pressure to release him. Instead they fulfilled their treaty obligations and granted a U.S. extradition request.

It has been argued that the objective of last week's indictments was not to prosecute the defendants but to "name and shame" them. They were named, and even their military intelligence units disclosed—but shamed? In 2006 Alexander Litvinenko, a Russian defector to the U.K., was poisoned in London with polonium from a Russian nuclear facility. Litvinenko had charged that Vladimir Putin was directly responsible for bombing a Moscow apartment building in 1999, an event used as a pretext for the invasion of Chechnya.

Andrei Lugovoi, implicated in the assassination, fled the U.K. and returned to Russia. Not only did Moscow refuse a British extradition request, but Mr. Putin decorated Mr. Lugovoi for "services to the nation." Mr. Lugovoi was given a seat in the Russian Parliament in 2007. On that record, the 12 indicted hackers are likelier to be lionized than ostracized.

Recall also that the only basis for appointing a special counsel under applicable regulations was the conflict of interest and special circumstance presented by a Justice Department investigation into possibly unlawful conduct by the president's campaign. Thus the initial order appointing Robert Mueller directs him

to investigate "any links and/or coordination between the Russian government and individuals associated with the campaign of President Donald Trump." Thus far, numerous Russians have been charged with crimes related to the campaign, and several "individuals associated with the campaign" have been charged with crimes unrelated to the charges against the Russians or to the Trump campaign. No "links" or "coordination" has been charged or even suggested.

Turning to the crime charged, and assuming that the 12 current Russian defendants are guilty, why did they do what they did, in the way that they did?

Despite the wide-eyed, golly-Mr.-Science tone in much of the news coverage, the indictment doesn't portray cutting-edge Russian intelligence capabilities. The defendants all are said to be members of GRU, Russia's main military intelligence unit. It is comprised largely of former special-forces types who are looked down upon by their more sophisticated competitors in the SVR, successor to Mr. Putin's alma mater, the KGB. Their acts, as portrayed in the indictment, obviously were detected—in exquisite detail—by U.S. intelligence services. GRU's phishing venture, although widespread, was primitive compared with the SVR's capabilities.

Why would Mr. Putin, an SVR alumnus, give GRU a mission meant

to be highly covert? Was this a serious attempt to swing the election to Donald Trump?

At the time of the hacking, virtually no one gave Mr. Trump any chance of winning. Mr. Putin is a thug, but he is not reckless. It seems unlikely he would place a high-stakes bet on a sure loser. Rather, he likely sought to embarrass the person certain to be the new president, assuring that she took office as damaged goods.

Why leave fingerprints? If the only goal was to inflict damage, the new president would have been not only damaged, but also resentful. Even the person who happily posed with a mislabeled "reset" button in frothier days likely would have turned sour.

The point likely was not merely to inflict damage but also to send a warning. Consider the Justice Department inspector general's report on the FBI investigation into Hillary Clinton's use of an unauthorized and vulnerable email server. It found that the bureau had concluded the server could well have been penetrated without detection. Recall also that some of the people hacked by GRU agents were aware of that server and mentioned it in messages they sent, so that the Russians too were aware of it. The Russians certainly was capable of an undetected hack.

There are some 30,000 emails that Mrs. Clinton did not turn over, on the claim that they were personal and involved such trivia as yoga routines and Chelsea's wedding. If they instead contained damaging information—say, regarding Clinton Foundation fundraising—the new president would have taken office in the shadow of a sword dangling from a string held by the Russians.

As we watch the drama of an investigation into whether the president or those close to him committed crimes to help the Russian government, it seems useful to keep in mind not only the possibilities but also the plausibilities.

*Mr. Mukasey served as U.S. attorney general (2007-09) and a U.S. district judge (1988-2006).*

## Kavanaugh May Restore Separation Of Powers

By Peter J. Wallison

Judge Brett Kavanaugh's nomination to the Supreme Court involves something more important than social issues. His confirmation is likely to strengthen the court's support for the Constitution's separation of powers.

To protect the liberties of the American people, the framers designed a constitution that separated the three branches of government. Congress was to make the laws, and the president to enforce them—preventing a concentration of power that could turn tyrannical. The judiciary's unique responsibility was to keep the elected branches within their assigned roles. But since the 1930s the courts have largely failed that test. In some cases, with the courts' acquiescence, Congress has delegated legislative authority to executive-branch agencies. In others, agencies asserted powers Congress had not conferred.

## He's questioned judicial deference to regulatory agencies. So have four of his soon-to-be colleagues.

In *Chevron v. NRDC* (1984), the Supreme Court directed federal judges to defer to agencies' interpretations of their own statutory authority if they were "reasonable." That, in effect, allowed administrative agencies to displace Congress as America's primary lawgiver.

During his 12 years on the U.S. Circuit Court of Appeals for District of Columbia, Judge Kavanaugh has been an advocate for restoring the power of Congress. In *U.S. Telecom v. Federal Communications Commission*, he dissented from a 2017 ruling that upheld the "net neutrality" rule (which the FCC later repealed). He argued that for decisions as important as this, agencies could not simply find new authority in an existing law. "If an agency wants to exercise expansive regulatory authority," he wrote, "an ambiguous grant of statutory authority is not enough. Congress must clearly authorize an agency to take a major regulatory action."

On the high court, he will join four other members—Chief Justice John Roberts and Justices Clarence Thomas, Samuel Alito and Neil Gorsuch—who have written or joined judicial opinions arguing that the court has not sufficiently controlled administrative agencies.

In *City of Arlington v. FCC* (2013), a case involving the FCC's authority under its authorizing statute, Chief Justice Roberts, in a dissent joined by Justice Alito, quoted Chief Justice John Marshall in the famous 1803 case *Marbury v. Madison*: "It is emphatically the province and duty of the judicial department to say what the law is." That simple statement establishes the principle that judges, not administrators, are the arbiters of what a statute means—and of whether Congress has granted the agency the power it claims.

In *Perez v. Mortgage Bankers Association* (2015), Justice Thomas questioned whether the courts, as in *Chevron*, should defer to agencies' interpretations of their authorizing statutes. Doing so, he wrote, "undermines our obligation to provide a judicial check on the other branches, and it subjects regulated parties to precisely the abuses that the Framers sought to prevent."

Justice Gorsuch, while still on the 10th U.S. Circuit Court of Appeals, observed in *Gutierrez-Brizuela v. Lynch* (2016) that judicial deference to administrative interpretations of law "permits executive bureaucracies to swallow huge amounts of core judicial and legislative power and concentrate federal power in a way that seems more than a little difficult to square with the Constitution of the framers' design."

The rules the administrative state imposes are costly, complicated and often onerous, but that isn't the worst of it. In a democracy, laws are supposed to be made by an elected legislature, not unelected officials. Brexit, which was a revolt against rules made by an unelected European Union bureaucracy, shows what happens when people question the legitimacy of the rulemaker they must obey. By restoring the separation of powers, the court will prevent a similar loss of legitimacy in the American government.

*Mr. Wallison is a senior fellow at the American Enterprise Institute. His latest book, "Judicial Fortitude: The Last Chance to Rein In the Administrative State," will be published in September by Encounter.*

## A Union Scam Could Be About to End

By Red Jahncke

**O**ne of the worst public-sector union scams is about to end. "Partial public employee" unions represent in-home health aides, paid by states with Medicaid money to care for disabled beneficiaries—often the aides' own children or elderly parents.

In recent decades, PPEs have typically come into existence when Democratic governors order union-certification elections with loose rules, usually including a participation rate of only 10%. Many workers are unaware that they have become union members. They remain ignorant, as the state deducts union dues and fees before sending payments. Such payments are usually made through direct deposit and often without an itemized pay stub.

The unions have no incentive to inform the workers—who in turn have no idea they need to contact the union

to opt out. Thus money keeps flowing to these unions even though the Supreme Court, in *Harris v. Quinn* (2014), imposed on PPE unions a ban on forced nonmember "agency fees." This year, in *Janus v. American Federation of State, County and Municipal Employees*, the court extended that rule to all public-sector unions.

**Home health workers get 'organized' without their knowledge or consent. *Janus* makes that harder.**

*Janus* struck a second blow by requiring affirmative consent before collecting money from public workers. That's good news for the litigants in the 2014 *Harris* case, whose claim for damages has been pending under the new title *Rifley v. Rauner*. The day

after the high court decided *Janus*, it sent *Rifley* to the lower court for reconsideration "in light of *Janus*." *Rifley* seeks to recover \$32 million in pre-*Harris* payments to a single Service Employees International Union local in Illinois. Five days later, PPE workers in Washington state filed a lawsuit, *Schumacher v. Inslee*, seeking refunds from another SEIU local.

A third blow to PPE unions came July 12. The Centers for Medicare and Medicaid Services proposed to repeal its Obama-era rulemaking that validated and approved the practice of deducting union dues and fees from Medicaid payments to in-home health aides. Soon PPE health-care unions will have to collect dues and fees directly from workers. Not so easy.

If the PPE unions succumb to this triple squeeze play, no one will suffer other than union officials. PPE unions do not provide benefits that real unions deliver. Real union contracts provide job security; PPE contracts

don't. PPE contracts provide explicitly that patients—not the state, with which the union contracts—retain the right to hire and fire at will and to supervise, schedule, train and otherwise manage in-home health aides.

Real union contracts have grievance procedures to enforce workplace rules. Not PPE contracts. PPE contracts exclude from their grievance coverage anything related to the patient's rights, including hiring, firing and supervision. What else would a grievance relate to?

Critics of the *Harris* and *Janus* decisions complain about nonunion workers "free riding" or "getting something for nothing." That presumes that there is something to "ride." In the case of PPE unions, the workers who remain members get nothing for something.

*Mr. Jahncke is president of the Connecticut-based Townsend Group International LLC.*

## People Are Worrying the Labor Market Is Too Good

By Andy Puzder

**T**he American labor market has improved so much that people are beginning to worry it's too favorable to workers. A television interviewer asked me recently if the current shortage of truck drivers would drive up wages, increase shipping costs, and raise the cost of goods.

It was refreshing to discuss the surplus of openings for good jobs, after years of focusing on their lack.

A Gallup poll in May found that 67% of Americans believe "now is a good time to find a quality job."

That's the highest percentage in the 17 years the pollster has been asking that question. That peak owes in part to politics: 82% of Republicans answered yes, but so did 53% of Democrats—many of whom no doubt credit President Obama's economic policies.

Yet other recent polling indicates the optimism is based on more than politics. A CNN poll in May found that 57% of Americans, including 40% of Democrats, "say things are going well in the U.S. today." A June NBC/Wall Street Journal poll found that of the 71% of Americans who believe the

economy is improving, 62% credit President Trump, and a June CNBC poll found that 54% of Americans (including 30% of Democrats) say the

### Removing roadblocks to growth by reducing taxes and regulations appears to be working.

economy is "good or excellent," the highest percentage in the 10 years of the survey.

While we are only 18 months into the Trump administration, data from the Bureau of Labor Statistics also back up these perceptions. In June the number of people working full-time jobs was a record high 129 million, while the number of people working part-time jobs because they couldn't find full-time employment was below 4.7 million.

The latter number hasn't been this low since December 2007. And in March the number of job openings exceeded the number of people actively looking for work—the first time that's happened since the BLS started counting. This happened again in both April and May.

Consider employment in transportation, which includes truckers. It increased under Mr. Obama and has continued to increase under Mr. Trump. It surpassed 5.3 million in June, the highest ever. The BLS reports that job openings have in-

creased over 60% from December of 2016 through May 2018. A March study from the American Trucking Associations showed the median salary for private fleet truck drivers rose nearly 18% to \$86,000 from \$73,000 in 2013.

Job growth in manufacturing has also been impressive. Factory job losses bottomed out in early 2010 as the recession ended. From that point through the end of Mr. Obama's presidency, manufacturing jobs grew at an average of about 11,000 a month. But growth slowed to 5,300 a month in 2015 and declined by 2,750 a month in 2016.

So far under Mr. Trump, manufacturing job growth has surged to an average of 19,000 a month, while job openings have increased nearly 40% from December 2016 through May 2018. According to a recent survey by the National Association of Manufacturers, 72% of manufacturers are increasing wages and benefits, and 77% are hiring.

Removing roadblocks to growth by reducing taxes and regulations appears to be working. In 18 months, we've gone from an economy in which workers were unable to find good jobs to an economy in which employers are unable to find enough workers to fill these jobs. The early signs of a capitalist comeback are encouraging.

*Mr. Puzder is a former CEO of CKE Restaurants and author of "The Capitalist Comeback: The Trump Boom and the Left's Plot to Stop It."*

## WORLD NEWS

# Afghanistan Plans New Push for Peace

Government plans second cease-fire with Taliban in bid to fuel talks involving U.S.

BY CRAIG NELSON AND JESSICA DONATI

The Afghan government plans to announce a second cease-fire with the Taliban during a major Muslim holiday in August as part of an effort to kick-start peace talks involving the U.S., the Islamist insurgency and the government, Afghan and U.S. officials working on the process said.

The Taliban have long said the U.S. is responsible for the hostilities and should be the main negotiating partner. For years, the U.S. has insisted any process should be strictly between the Afghan government and the insurgents.

That calculation is changing in Washington. U.S. officials fear President Donald Trump may have limited patience for the 17-year war in Afghanistan and withdraw troops without a resolution. A recent breakthrough involving June's cease-fire has heightened the perception that peace is within grasp.

"By negotiating directly, we should stop kicking the can down the road," said Rep. Eliot Engel of New York, the top Democrat on the House Committee on Foreign Affairs, at a recent hearing on Afghanistan. "The Taliban claim that they will completely separate themselves from international terrorism and respect the rights of women and minorities. It's time to see if they're serious."



Bodies of at least 30 Afghan soldiers killed in a Taliban attack on a military base were moved from a mortuary in Takhar on Thursday.

EPIC SHUTTERSTOCK

On Monday, Army Gen. John W. Nicholson, the commander of the American-led international coalition in Afghanistan, was emphatic about U.S. openness to any initiative that would revive a process leading to a political settlement of the war.

Citing a change in strategy unveiled by Secretary of State Mike Pompeo following the June cease-fire, Gen. Nicholson said in the southern city of Kandahar that the U.S. was ready to discuss with the Taliban

ban the role of international forces in the country's conflict.

Late Monday, the commander said any American discussions with the Taliban wouldn't occur at the expense of the Afghan government.

"The United States is not a substitute for the Afghan people or the Afghan government," he said.

June's cease-fire—which ended when the Taliban called for fighting to resume after the Eid holiday—saw fighters from both sides openly em-

brace and mingle in cities, towns and villages across the country. The images shared widely on social media provided a tantalizing taste of peace in a country that has experienced close to four decades of relentless conflict.

Officials hope a second successful cease-fire could help break an impasse over the format of the talks.

In recent months, facilitators have shuttled to Doha, where the Taliban's political office is located, in a bid to lay

out a framework for talks that would be acceptable to all three parties.

"The informal discussions have involved U.S. and European officials, along with other organizations that maintained contacts with the Taliban over the years, people familiar with the process said.

"The government plans to announce a cease-fire, and we're hopeful to get a positive response from the Taliban," said Haroon Chakhanluri, Afghanistan's presidential

spokesman, confirming the plan to call a truce. "We hope that this cease-fire Eid will lead to a sustainable peace."

The Taliban said any comment on negotiations or the cease-fire planned around the time of Eid al-Adha on Aug. 21-23 was premature.

"We will follow whatever decision the leadership of the Islamic Emirate takes regarding the truce," Taliban spokesman Zabihullah Mujahid said.

Laurel Miller, who served as the top U.S. representative for Afghanistan and Pakistan until June 2017, said multilateral talks involving the Taliban, the U.S. and others had been under way for quite some time. There was growing recognition that the U.S. refusal to engage in direct talks was an obstacle to ending the war, she said.

"I think the U.S. should be more forcefully engaged and they should recognize that it's going to take the U.S. being the prime mover to make anything actually happen in the peace process," said Ms. Miller, now a foreign-policy expert at Rand Corp.

Alice Wells, deputy assistant secretary for South and Central Asian affairs, has been leading U.S. efforts in Afghanistan and elsewhere to drive the process forward. Ms. Wells didn't respond to an emailed request for comment.

But Ms. Wells recently told a Senate hearing that the U.S. was prepared to talk directly with the Taliban as part of a multilateral process. "The United States has made clear that we are prepared to support, facilitate and participate in direct negotiations between the Afghan government and the Taliban."

# France Begins to Free 'Radicalized' Inmates

BY JOSH JACOBS AND MATTHEW DALTON

PARIS—Five years ago, police arrested a Frenchman in his 20s who had acquired fake identification and bought paramilitary-style clothing as part of a plan to join militants in Syria.

The suspect, whose first name is Nassim, was convicted of conspiracy to support a terrorist group, under laws that grant French authorities wide latitude to take extremists off the streets, according to his lawyer.

In the coming weeks, he is to be set free, among the first of hundreds of inmates radicalized during the war in Syria and the rise of Islamic State who will be released from French prisons before the end of next year.

With their release, French antiterror authorities are bracing for the resurgence of a security threat that had waned when they broke up Islamic State terror cells in Europe. To try to prevent potential attacks, French police are forming a new unit to monitor former inmates.

"We run a huge risk: seeing people leave prison at the end of their sentences who will not

have reformed at all, who are potentially even more extreme as a result of their time inside," Paris prosecutor Françoise Molins said on national television in May.

That group includes inmates finishing longer sentences who were convicted before the Syrian war, such as Djamel Beghal, who left prison on Monday. Mr. Beghal was handed his first terrorism-related conviction in 2001 and another in 2013, and French magistrates said he was a mentor to two of the men who launched the 2015 Charlie Hebdo attacks.

Mr. Beghal is being sent directly to his native Algeria, French media reported.

About 50 people serving terrorism-related sentences and a further 400 classified as "radicalized" while in prison will be released before the end of 2019, according to the Ministry of Justice.

In a country still scarred from a string of terrorist attacks—many carried out by people who spent time in French prisons—their return to society will test the ability of security services to manage the potential threat.

Some inmates with expiring terms were convicted of non-

terrorist crimes but embraced radical Islam in prison, the Justice Ministry said. Others were convicted of terror offenses that carried sentences shorter than five years. In 2016, France passed tougher laws that lengthened sentences for certain terror offenses.

Nassim was given a six-year sentence. Sentences for more serious terrorism offenses carried longer terms. Before his arrest, he was unemployed, espousing extremist views online from his home in the French Riviera city of Nice, according to his lawyer, Camille Lucotte.

Nassim still practices a "rigorous" form of Islam, said

Ms. Lucotte, who agreed to discuss his case on condition that his last name not be disclosed. Asked if Nassim remains radicalized, Ms. Lucotte said that "if being radicalized is wanting to commit terrorist acts, no."

French authorities are worried that freed extremists may still support violence.

"We will anticipate their release and follow them extremely closely," Minister of Justice Nicole Belloubet told national TV last month.

People fresh out of French prisons have committed notorious terrorist attacks in recent years, including a 19-year-old who killed a priest at

a church in northern France and a man who stabbed a police captain and his companion at their home outside Paris.

The number of extremists in French prisons has grown alongside the rise of Islamic State, the Justice Ministry said. There are 512 people imprisoned in France for terrorism-related crimes, according to the Justice Ministry, a more than threefold increase in four years. Some 1,200 other prisoners are deemed to be "radicalized," a 70% increase since 2015, government data show.

The new unit within UCLAT, the antiterrorism division of France's police force, will share information between prison services and intelligence agencies, and review details such as watchlisted peoples' plans to change address or travel abroad, according to an adviser to the interior minister.

"The stakes are much higher for government because people are focusing on this issue" after living through the attacks of recent years, said Farhad Khosrokhavar, a sociologist at the École des Hautes Études en Sciences Sociales and the author of a new book on jihad. "Now the government is much more afraid than before."



Gunmen near the French satirical newspaper Charlie Hebdo in 2015

ANNE GELBARD/AGENCE FRANCE PRESSE/GETTY IMAGES

# Egypt Passes Media Law Targeting 'Fake News'

BY JARED MALSIN AND AMIRA EL FEKKI

CAIRO—Egypt's parliament passed a law giving the government sweeping powers to regulate traditional and social media, a move critics say will boost the Sisi regime's ability to crack down on free speech and dissent.

The measure allows authorities to penalize traditional media like television and newspapers for spreading what the government terms fake news. It also treats social-media accounts with more than 5,000 followers as media outlets, opening Twitter and Facebook users to prosecution on vague charges including defaming religion and inciting hatred.

The government's move to clamp down on social media comes as President Abdel Fattah Al Sisi consolidates power after winning an election in March in which his only credible rivals were jailed. In recent months, the government has detained several prominent opponents.

# Europeans Explore Ways to Open Financial Channels for Iran

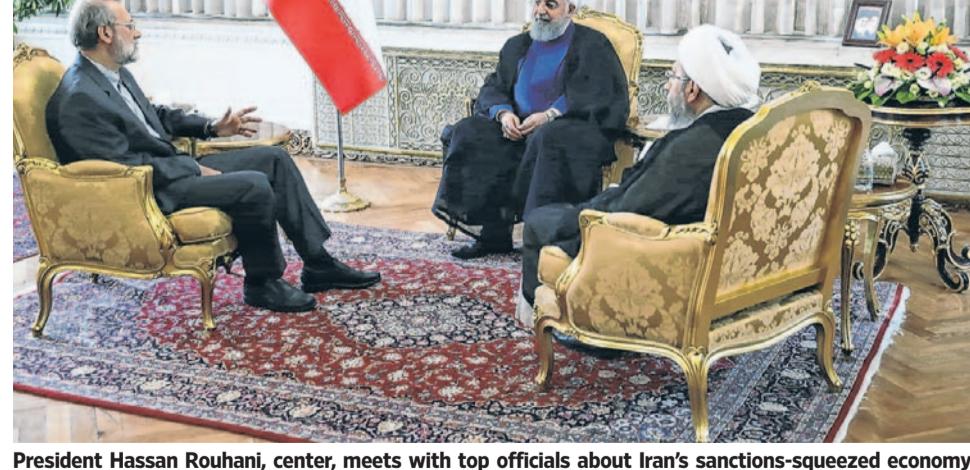
BY LAURENCE NORMAN

BRUSSELS—The French, British and German governments have told Iran they are exploring activating accounts for the Iranian central bank with their national central banks in a bid to open a financial channel to keep alive the Iranian nuclear deal, according to several European officials.

The move is the first concrete sign that Europe could deliver on its promise to take steps to sustain the Iranian nuclear deal, setting European governments squarely against the Trump administration's Iran sanctions policy aimed at isolating Tehran economically.

Following the U.S. withdrawal from the deal in May, Iran has said it would stop complying with the nuclear deal unless it continues to receive the economic benefits of the 2015 agreement. That deal saw most international sanctions on Tehran lifted in exchange for strict but temporary restrictions on Iran's nuclear work.

Officials involved in discussions said the option of central banks activating Iranian cen-



President Hassan Rouhani, center, meets with top officials about Iran's sanctions-squeezed economy.

tral bank accounts—or reactivating some which have been dormant for years—is one of several that European governments are actively exploring. The three European governments laid out their plans to Iran during discussions this month among foreign ministers and senior officials in Vienna. Officials said they are still trying to iron out details.

Other European governments, including Austria and Sweden, have also said they would consider doing likewise, the officials said.

Iran would also need to implement legislation to meet anti-money-laundering standards set by an international watchdog, the Financial Action Task Force, the officials said.

The Bank of England had no

officials have said there is reluctance to forge financial links with Iran as the U.S. prepares to reimpose sanctions.

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the officials said.

The Bank of England had no

comment. The French and German national banks didn't respond to requests to comment.

Last week, Washington rebuffed a formal European request for the U.S. to give European companies broad exemptions from sanctions, which will seek to minimize Iranian energy exports and the country's commercial links with foreign businesses.

"Until Tehran is ready to make the tangible, demonstrated and sustained shifts in the policies we have enumerated, we will work to apply unprecedented financial pressure on the Iranian regime," Treasury Secretary Steven Mnuchin and Secretary of State Mike Pompeo said in response to the European request, according to a letter reviewed by The Wall Street Journal.

The U.S. officials explicitly warned against doing business with the Iranian central bank, saying it "should not be considered a legitimate institution with which European banks—including central banks—should be engaging."

According to two officials,

the hope is that by activating euro, sterling and other-de-

nominated accounts for Iran's central bank in Europe, Iran could more easily repatriate global oil export revenues—or at least use that revenue to purchase key products, like spare parts for its automobile industry, in Europe. Most large commercial Western banks have refused to open Iranian accounts, fearing that U.S. sanctions would see their access to dollars being cut by U.S. authorities.

While European officials hope that European central banks would be protected from sanctions, they acknowledge there is no guarantee. The U.S. could place sanctions on central bank governors and board members—or even deny them access to U.S. financial markets, though there could be broad economic costs for doing so.

The U.S. already has placed sanctions on Iran's central bank governor, designating him a terrorist for funneling money to Iran's Lebanese proxy, Hezbollah.

—Jason Douglas in London, Tom Fairless in Frankfurt and Ian Talley in Washington contributed to this article.





## BUSINESS NEWS

# Walmart, Microsoft Deepen Cloud Ties

BY JAY GREENE  
AND SARAH NASSAUER

Walmart Inc. agreed to use Microsoft Corp.'s cloud technology to power functions that could include algorithms for purchasing and sales-data sharing with vendors, the two companies said, deepening a partnership between two of Amazon.com Inc.'s most powerful rivals.

The five-year deal, announced Tuesday, pairs Amazon's largest retail competitor with its closest challenger in cloud computing. Walmart has warmed recently to collaborating with technology companies, as it fends off Amazon's retail ambitions and expertise in data.

The shared rivalry with Amazon "is absolutely core to this," Microsoft Chief Executive Satya Nadella said in an interview.

"How do we get more leverage as two organizations that have depth and breadth and investment to be able to outrun our respective competition," Mr. Nadella said.

Walmart plans to deploy Microsoft's machine-learning, artificial-intelligence and other services to help employees, for example, pick products that go on shelves and optimize the performance of freezers and other equipment. The retailer is aggressively cutting costs as it invests in growing sales online, and it is using technology to analyze its operations, an area of Amazon's expertise.

Some retailers have been loath to use Amazon's technology, largely because its cloud unit provides the majority of Amazon's operating income, said Ed Anderson, an analyst with market-research firm Gartner Inc. Microsoft's Azure, second in market share to Amazon Web Services, has developed into a viable cloud infrastructure for many, he said.

Walmart has developed its own massive cloud-computing operation, in part to analyze rafts of product and sales data, an area of Amazon expertise. But Walmart has been expanding its use of Azure since it 2016 acquisition of Jet.com, which built its business on the Microsoft tech.

"We are moving fast, and we are looking for partners to help us do that," said Marc Lore, Walmart's head of U.S. e-commerce and founder of Jet.

The Microsoft deal is the latest example of Walmart working with Amazon's tech rivals.

The retailer agreed last summer to list its products on the online-shopping marketplace of Alphabet Inc.'s Google, enabling voice-ordered purchases on Google Home products that compete with Amazon's Alexa service.

Now, Walmart and Microsoft will look into new ways to use the retailer's trove of customer and product data, with Microsoft engineers embedded in Walmart offices.

# KKR to Buy Audiobook Publisher

With deal to purchase RBmedia, investment firm bets on growing publishing segment

BY JEFFREY A. TRACHENBERG

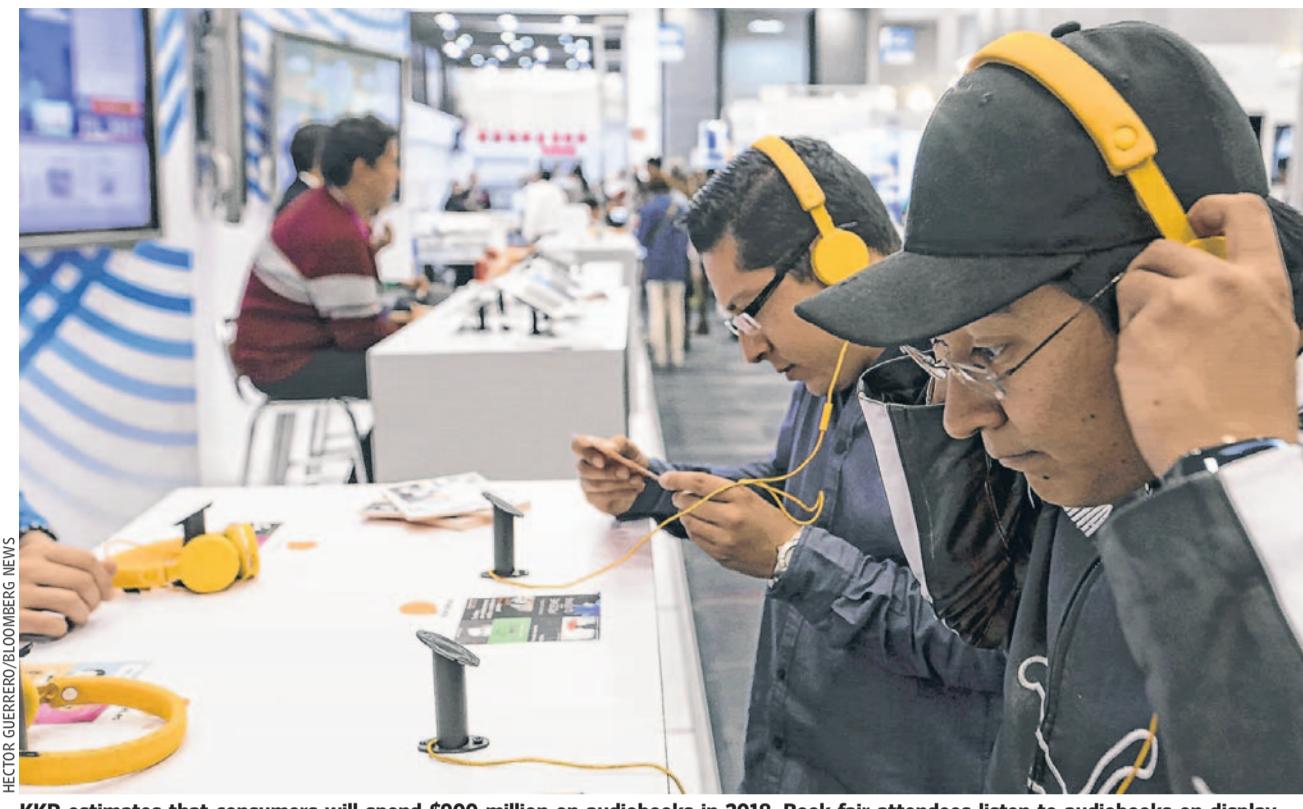
Investment firm KKR has agreed to acquire RBmedia, a producer of digital audiobooks and spoken content, from investment firm Shamrock Capital, the latest sign of the growing popularity of audiobooks as a consumer-entertainment format.

The deal is expected to close by early fall. Terms weren't disclosed.

Audiobooks have emerged as the fastest-growing segment of the U.S. book-publishing industry, in part because they can be accessed through a range of mobile digital devices. Consumers can listen while commuting or working out.

"We love the industry sector and its growth, and we think it will continue," Richard Sarnoff, chairman of media, entertainment and education for KKR, said in an interview. "Audiobooks create incremental time for enjoying great books, and one thing we lack today is time. We think this type of content will continue to take up more mind share, especially among younger consumers."

KKR estimates that consumers will spend \$900 million on audiobooks in 2018, up about 20% from the year before.



KKR estimates that consumers will spend \$900 million on audiobooks in 2018. Book-fair attendees listen to audiobooks on display.

sumers will spend \$900 million on audiobooks in 2018, up about 20% from the year before.

RBmedia's audiobook catalog totals more than 35,000 titles, according to the company's website, including Danielle Steele's "Dangerous Games," Donna Leon's "Earthly Remains," and J.R.R. Tolkien's "The Hobbit."

RBmedia's titles are available via such platforms as Audible, Amazon.com Inc.'s audiobook subscription service and the Google Play Store.

"KKR's resources and expertise will enable the company to continue to capitalize on the tremendous opportunity this market represents," Mike LaSalle, a partner at Shamrock Capital, said in a statement.

Publisher revenue from digital audiobooks rose 32% to \$99 million in the first quarter of 2018 from the first three months of 2017, according to the Association of American Publishers.

The trade group collects data from about 1,200 publishers. By comparison, publisher revenue from print books increased 6.3% in the first quarter of 2018, while e-book revenue declined 3.2%, according to the AAP.

"While audiobooks are still a smaller format in terms of publisher revenue, comprising less than 5% of the market, the double-digit growth over the past five years is making an impact," said Marisa Bluestone, a spokeswoman for the AAP.



ELON MUSK/REUTERS

Elon Musk's team designed a minisub, a photo of which was shared on Twitter, to help rescue the Thai youth soccer team trapped in a cave. Authorities rescued the team without Mr. Musk's device.

## Tesla's Elon Musk Lashes Out At Rescuer in Twitter Rant

BY TIM HIGGINS

Tesla Inc. Chief Executive Elon Musk for years has used Twitter to combat critics in ways that few other business leaders would dare. His latest outburst on the platform, though, was extreme even by his standards.

Mr. Musk took offense at comments from a British cave explorer who dismissed the billionaire entrepreneur's efforts to rescue the youth soccer team trapped in a Thailand cave as an ill-informed public-relations stunt. He suggested the critic, Vern Unsworth, was a pedophile in a tweet Sunday.

"Sorry pedo guy, you really did ask for it," read a post on Mr. Musk's official Twitter account early Sunday in response to the explorer's criticism. The post quickly drew condemna-

tion, eliciting a follow-up from Mr. Musk to someone who challenged the statement, which read: "Bet ya a signed dollar it's true."

Those posts were deleted later Sunday. A spokesman for Tesla didn't respond to a request for comment. Mr. Unsworth couldn't be reached for comment Monday in Thailand, but he told Australian television that the dispute wasn't finished.

Tesla shares fell 2.8% Monday to \$310.10.

It was the latest example of Mr. Musk's aggressive and sometimes controversial use of Twitter. In recent months, he has used the platform to criticize regulators, taunt short sellers and debate people who criticized his political donations.

Mr. Musk's seemingly unfiltered use of the platform is unusual among major CEOs,

whose public remarks are generally carefully controlled. The messages are part of a pattern of defiance that has won Mr. Musk many fans and gained him more than 22 million followers on Twitter.

Mr. Musk's involvement with the Thai cave drama began on Twitter, when he responded on July 4 to a user asking him to assist in the rescue. He later posted videos of tests in California of a metal tube that his team fashioned into a mini-sub to carry the Thai boys out of the flooded cave.

Meanwhile, Thai authorities successfully rescued all 12 boys and their coach without Mr. Musk's device.

Mr. Musk stopped off to visit the cave on a trip to China and said he was leaving the sub in case it could be useful in the future.

## Ex-CEO at Oil Driller Settles SEC Inquiry On Undisclosed Loans

BY DAVE MICHAELS

WASHINGTON—The former chief executive of offshore oil and gas driller Energy XXI Ltd., once the largest publicly traded shallow-water Gulf of Mexico producer, settled an investigation into more than \$10 million in undisclosed loans he took from contractors and a portfolio manager at the firm's largest shareholder.

John Schiller agreed to a five-year ban as a corporate officer of a public company and will pay \$180,000 to settle the Securities and Exchange Commission probe. The SEC on Monday alleged that Mr. Schiller failed to disclose that he traded business contracts for personal loans when he needed cash to meet margin calls on other loans he took.

Mr. Schiller was a prominent player in Houston business and civic circles.

The SEC alleged Mr. Schiller struggled to keep up "an extravagant lifestyle." To pay for it, he had borrowed more than \$23 million against his shares in Energy XXI, the SEC said.

Energy XXI declared bankruptcy in April 2016 after a historic drop in oil and gas prices. The company's board ousted Mr. Schiller as chief executive in February 2017.

The SEC said Energy XXI also failed to tell shareholders about at least \$1 million in perks and personal expenses

incurred by Mr. Schiller.

"Mr. Schiller cooperated fully with the SEC and its investigation and is happy to put this matter behind him with this settlement," said Barrett Reasoner, an attorney for Mr. Schiller at Gibbs & Bruns LLP.

Mr. Schiller also didn't disclose a \$3 million loan he took from Norman Louie, a former portfolio manager at Mount Kellett Capital Management LP, which once held 8.4% of Energy XXI's stock, the SEC said.

Mr. Louie got a seat on Energy XXI's board weeks after he provided Mr. Schiller with the loan, the SEC said. Mr. Louie ceased working for Mount Kellett, a private-equity and hedge-fund manager, in March 2015, the SEC said.

Mr. Louie agreed to pay \$100,000 to settle the SEC probe. Mount Kellett will pay a \$160,000 penalty, the SEC said.

**Energy XXI Gulf Coast Inc.**, the successor company to Energy XXI Ltd., said in a statement that all of the alleged misconduct predicated the new company's emergence from bankruptcy in December 2016.

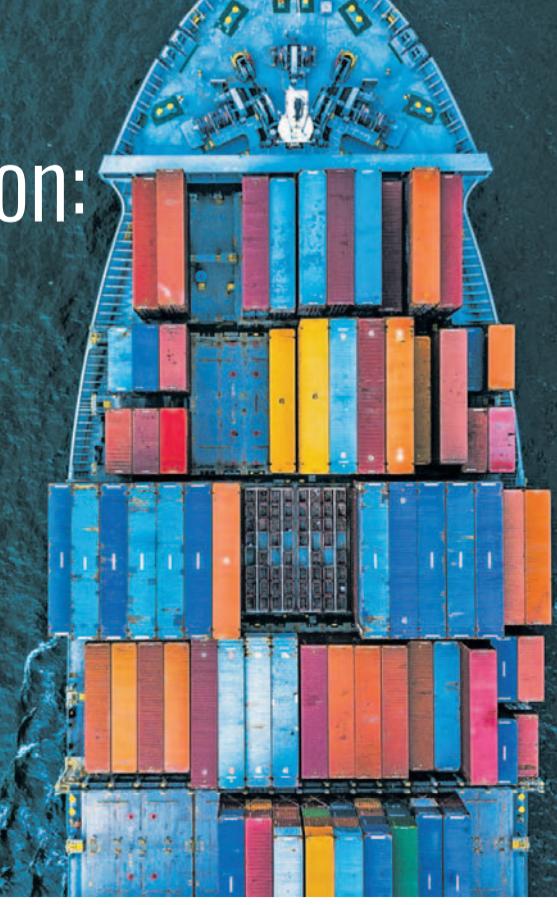
The new company has taken steps to improve corporate governance, executive pay and perks, vendor procurement, and to minimize conflicts of interest, it said. Attorneys for Mr. Louie and Mount Kellett didn't immediately respond to messages seeking comment.



WSJ CUSTOM STUDIOS

## New trade disruption: What companies need to know

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Marianne Rowden, President and CEO of the American Association of Exporters and Importers, will moderate a discussion

**Tomorrow at 2 p.m. EDT,** with the following panelists:



Rufus Verxa  
President,  
National Foreign  
Trade Council



Amie Ahanchian  
Managing Director,  
Trade & Custom Services,  
KPMG LLP



Andy Siciliano  
Partner and U.S. Leader,  
Trade & Custom Services,  
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## TECHNOLOGY

# Miners Face A New Force Of Change

Customers want products made with an eye on protecting the environment

BY RHIANNON HOYLE

Miners are considering new ways to make the dirt they dig up green.

Across the U.S. border in Quebec, a research facility will fine-tune a technology that its owners—**Alcoa** Corp. and **Rio Tinto** PLC—believe could turn aluminum smelters carbon-free for the first time. Another initiative under way in Sweden could see hydrogen replace coking coal in manufacturing steel.

Miners have long seen investing in technology as a way to bring costs down and protect profits during swings in the global economy. But a new force for change has recently emerged: customers such as **Apple** Inc. and **Audi** AG that see a marketing advantage in ensuring their products are cleaner and greener than before.

**Nestlé** SA's coffee brand Nespresso, for example, wants to source all of the aluminum for its capsules from sustainably managed operations by 2020, which includes strict limits on greenhouse-gas emissions. Audi introduced sustainability ratings for suppliers a year ago and said that was becoming just as important in determining its purchases as cost and quality.

"You want your green iPhone, not your brown iPhone," said John O'Brien, a clean-technology specialist at

Deloitte in Australia.

Alcoa had spent nearly a decade at a site near Pittsburgh testing technology that would release oxygen instead of carbon dioxide during the smelting process when it was approached by Apple. Cupertino, Calif.-based Apple liked the technology's potential but worried how long it would take to become commercially viable.

"An iMac has more than half a pound of aluminum in it, so they are really interested in supporting advancement of technologies that allow them to reduce the footprint of their product," said Vincent Christ, chief executive of the Rio Tinto and Alcoa joint venture, called Elysis.

Sarah Chandler, Apple's senior director of operations and environmental initiatives, said, "We wholeheartedly reject the notion that you can't protect the environment while protecting your bottom line."

For Rio Tinto and Alcoa, it wasn't just about satisfying a big customer. Innovations like electric vehicles and batteries to power homes are deepening markets for a basket of long-ignored commodities such as cobalt. As a result, global mining companies want to shore up demand for the metals and minerals that have long generated the bulk of their profits.

Manufacturing iron, steel and aluminum can be heavily polluting. Together, these sectors account for a combined 30% of direct industrial carbon-dioxide emissions, according to the International Energy Agency.

Producers want to ensure



A Rio Tinto plant in Quebec. The mining company has teamed up with Alcoa on research to make aluminum smelting carbon-free.

their metals don't get substituted for cleaner alternatives or become exposed to carbon taxes. In the U.S., a group of veteran conservative political leaders recently established a political-action committee to amplify calls for a levy on emissions.

Mr. Christ said low- or no-carbon metal likely can be sold at premium prices, while the technology has the potential to both lower costs and lift production each by 15%. The venture aims to begin selling the technology in roughly five years.

Consumer-goods companies concede they were caught off guard by the strength of feeling among their customers about which commodities they use, and in what amounts.

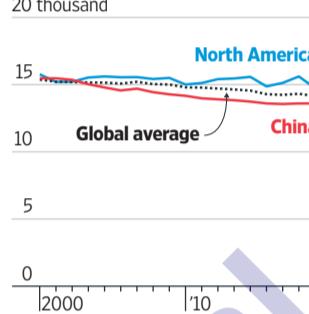
Nespresso had focused on promoting how it sources its coffee when it realized customers were fixated on the packaging, said Daniel Weston, who leads the unit's legal and corporate-affairs team. He also

## In the Air

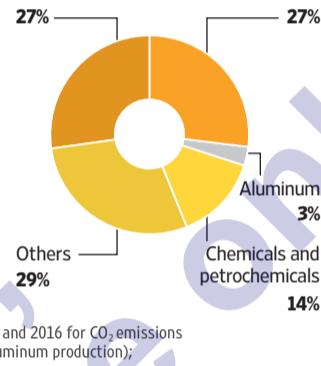
Metals makers hope a new technology will more quickly clean up the energy-hungry aluminum industry.

### Energy intensity of primary aluminum production

Kilowatt-hours per metric ton



### Global direct CO<sub>2</sub> industrial emissions



THE WALL STREET JOURNAL.

Alcoa's Elysis technology, if commercialized, will be the first significant shift in the way aluminum is made in more than a century.

In the Swedish city of Luleå, steelmaker SSAB AB, iron-ore miner Luossavaara-Kiirunavaara AB and power-generator Vattenfall AB are jointly building a pilot steel factory that will use hydrogen in place of coking coal. They expect the facility to start testing their Hybrit technology in 2020, with a goal of producing fossil-free steel by 2035, SSAB said.

Sweden wants to become a net-zero emissions country in 2045, "so that makes the need for developing a breakthrough technology even more relevant," said SSAB Chief Technology Officer Martin Pei. Other technologies on trial globally include a system in China that pares steelmaking emissions while turning waste into a sellable material used to make cement.

Netflix said Monday that "Lust Stories," a new Indian original movie, and "Sacred Games," the company's first original series there, had strong debuts.

Overall, Netflix will have 700 original shows and movies on the service this year, including 80 series specific to local, non-English-speaking markets. The content has been noticed by rivals. In the U.S., Netflix last week scored 112 Emmy Awards nominations, more than any other television network and breaking a streak that HBO held on to for 17 years.

The company's marketing spend is also ballooning. It disclosed Monday that it has spent \$1 billion hawking its shows and service in the past six months, up from \$546 million in the prior-year period.

For the second quarter, Netflix reported a profit of \$384.3 million, or 85 cents a share, up from \$65.6 million, or 15 cents a share, a year earlier. Revenue jumped 40% to \$3.91 billion.

Analysts polled by Thomson Reuters had forecast earnings of 79 cents a share on \$3.94 billion in revenue.

—Austen Hufford contributed to this article.

# Cell-Grown Meat Gets New Funding

BY JACOB BUNGE

German drugmaker **Merck KGaA** and a top European meat processor are backing a startup producing beef from cattle cells, ramping up a race to transform the global meat industry with cell-culture technology.

The \$8.8 million investment in Netherlands-based Mosa Meat by Merck's venture investing unit and Basel, Switzerland-based **Bell Food Group** fuels a continuing effort to fulfill growing global demand for meat via a process that developers say requires a fraction of the resources used in traditional livestock and poultry production.

Cell-culture meat makers have yet to begin selling any of their products. But the emerging technology has drawn investments from major U.S. meat processors like Cargill Inc. and Tyson Foods Inc. It also is raising complaints among cattle ranchers and hog farmers, some of whom regard it as a lab-developed imitation



The world's first lab-grown burger was unveiled in 2013.

of traditional hamburgers and pork.

Mosa is led by Mark Post, a Maastricht University physiologist who unveiled the world's first lab-grown burger in 2013, and Peter Verstrate, a food technician at the university. Mr. Post's prototype burger cost \$330,000 to develop, but the project encouraged Mr. Post to form Mosa, which previously received

funding from Google Inc. co-founder Sergey Brin.

"We've done a lot of work in scaling up the cell culture... to something that can be used on an industrial scale," said Mr. Post.

Cell-culture meat makers begin by isolating livestock or poultry cells that have the capacity to renew themselves, and place them into room-size bioreactor tanks, similar to

fermenters. The cells are fed oxygen and nutrients like sugar and minerals, and can grow into skeletal muscle that can be harvested within a few weeks. That tissue can then be formed into meatballs or chicken strips.

Some livestock groups have called for regulations restricting the word "meat" to conventionally raised and slaughtered livestock. Meat companies have billed it as an additional way to provide beef, pork or chicken to an expanding and more affluent world population that is expected to strain the existing agricultural system.

The investment led by Merck's M Ventures unit represents its first in the food industry, said Alexander Hoffmann, a principal at the firm. Beyond the funding, Merck could provide Mosa with the drug and chemical maker's own expertise in cell-culture technology. "What we intend to do is at least open doors to our parent company," Mr. Hoffmann said.

# Netflix Falls Short On Forecast

Continued from page B1

brary content is "a number that's been on the decline for several years." He said Netflix made a bet long ago that big media companies will eventually want to strike out on their own with streaming, and that underpinned its push into original shows and movies.

Netflix's sizable membership allows it to invest heavily in content. Netflix reiterated that it expects to book content expenses of as much as \$8 billion this year. Analysts estimate it this year will spend up to \$4 billion more on shows and movies that will be released in the future, bringing its total cash spend on content to some \$12 billion, dwarfing rivals such as Amazon.com Inc. and HBO.

It has been heavily investing in India, eyeing the world's second-largest country by population as ground for growth.

Netflix said Monday that "Lust Stories," a new Indian original movie, and "Sacred Games," the company's first original series there, had strong debuts.

Overall, Netflix will have 700 original shows and movies on the service this year, including 80 series specific to local, non-English-speaking markets. The content has been noticed by rivals. In the U.S., Netflix last week scored 112 Emmy Awards nominations, more than any other television network and breaking a streak that HBO held on to for 17 years.

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—Austen Hufford contributed to this article.

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## 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.

Monday, July 16, 2018									
Stock	52-Wk Sym	% Hi/Lo Chg	Stock	52-Wk Sym	% Hi/Lo Chg	Stock	52-Wk Sym	% Hi/Lo Chg	
<b>Highs</b>									
ANGI Homesvcs ANGI	17.05	0.3	Netgear NTGR	77.90	2.2	DenaliTherap DNLI	13.96	-3.0	
Axiom ACKM	42.74	-1.2	NOFG Bancorp OFG	36.40	7.4	Dogness DOGZ	3.05	-1.5	
AeroVironment AVAV	74.73	-1.9	OspreyEnergy OSPR	10.24	-0.1	EnterBioWt ENTXW	0.00	-9.8	
AllegroMger ALGRU	10.15	0.2	PRA HealthSci PRAH	101.97	-0.4	EnzoBioChem ENZ	4.85	-4.1	
Alteryx AYX	42.38	0.5	Pacty PCTY	66.14	0.1	EverQuote EVER	16.03	-1.2	
Amazon.com AMZN	1841.95	0.5	Perficient PRFT	27.54	-0.6	EvolvingSystems EVOL	2.65	-7.0	
AnchorBancorp ANC8	28.45	2.5	PibroAnimal PAHC	48.85	-0.1	FTS Int'l FTSI	12.15	-3.5	
ArmstrongWorld AWI	68.85	-0.5	PlaneFitness Pilaf	49.65	0.1	FletekIndustries FTI	2.88	-3.7	
ArrowheadPharm ARWR	16.76	-3.7	PlayAGS AGS	29.24	-0.2	Gazit-Globe GZT	8.90	1.0	
AshtlandGlobal ASH	81.63	-1.6	Pool POOL	159.26	-0.4	GenoceaBiosci GNCA	0.77	-4.2	
AssocCapital AC	42.50	-1.0	Praxair PX	168.54	0.1	GlendaleLand LAND	11.55	-1.2	
AtlAcquisitionWt ATACR	0.73	5.8	PureCycle PCYO	11.00	1.4	GlobalCordBlood CO	7.91	-1.4	
BRT Apartments BRT	14.20	1.1	RedHillBio RDHL	11.49	6.3	Gogo GOGL	3.52	-6.9	
BancorpNJ BKJ	17.70	0.9	SIGA SIGA	7.78	-2.3	Goodyear GT	22.29	-1.1	
BiopharmaSols BLFS	21.16	5.9	SiGMA Tech SIGA	7.23	-2.3	GreenSky GSKY	18.92	-1.1	
BioMarinPharm BMRN	104.00	-0.8	SutherlandNts23 SLDA	26.36	0.4	HalconRCS HK	3.73	-5.8	
BioTellemetry BEAT	49.45	-0.1	Sysco Sysw	71.49	-2.1	SeateleGenetics HJLI	2.79	-6.0	
BlackKnightBKI BKI	55.55	-0.2	SecureWorks SECW	13.87	8.4	HancockLaffelabs HJLI	2.79	-6.0	
BlackBridgeAcqnt BRCWV	28.92	0.6	ServiceMaster SERV	62.27	0.1	Helios&Matheson HMNY	0.11	-26.0	
BoozAllen BAH	0.49	4.3	ShardSpring SHSP	12.50	-1.6	HuttingBuilding HBP	4.28	-3.9	
BostonBeer SAM	329.60	-1.9	TandemDiabetics TNDI	27.25	4.0	IICi Bank ICBK	7.61	-2.3	
BottomeLine EPAY	55.40	0.9	TheStreet TST	2.38	3.5	Invesco IVZ	25.34	-0.5	
Brown&Brown BRO	29.02	0.9	ThunderBridgeAcqnt THBRG	10.10	0.6	KoreaElPwr KEP	13.70	-0.4	
CACI Intl CACI	180.90	-0.1	Transact TRNS	22.65	2.5	LFCapAcqna LFAC	9.58	-0.2	
CardOctopus CODA	8.44	64.9	TransDigital TDG	367.29	...	IderaPharm IDRA	0.96	-2.2	
ComtechTel CMTL	35.38	-1.7	TransUnion TRU	75.22	0.3	iFresh IFMK	3.84	-9.2	
Costco COST	217.13	-0.8	TreasuryTreasuryBd TIR	80.78	-0.4	Ingenion INGR	98.00	-1.5	
Dri-Quip DRQ	57.65	1.6	TriadCorp TRD	28.92	-0.2	Innuv INUV	0.67	...	
Dunkin' DUNKIN	71.89	0.3	TransUnion TRU	75.22	0.3	JMU JMU	0.25	-6.4	
Endocyte ECYT	17.70	-4.4	TranUnion TRU	75.22	0.3	JaguarHealth JAGX	1.22	-10.9	
FTI Consulting FCI	69.25	-1.4	TrinityMerger TMGE	11.70	-0.9	KiniksaPharm KWSA	15.26	-1.8	
Facebook FB	208.72	...	USA Tech USAT	15.03	-0.7	KoreaElPwr KEP	13.70	-0.4	
Fair Isaac FICO	204.83	-0.8	US Foods USFD	40.15	-0.4	LFCapAcqna LFAC	9.58	-0.2	
Fiserv FISV	77.77	-0.7	NaborsIndsPfdA NBRPdA	42.00	-0.8	Lannett LCN	12.15	-7.7	
FoxFactory FOX	53.95	0.4	NaborsIndsPfdA NBRPdA	42.00	-0.8	LegatoMason LM	32.92	0.3	
GATX GATX	77.46	0.2	NationwideNetshoes NETS	1.84	-3.0	LifewayFoods LWAY	4.16	-5.7	
GoDaddy GDDY	77.81	0.5	NewGold NGD	1.95	-3.0	MagneGas MNNG	0.28	-5.5	
GoldResource GORO	7.27	3.6	ObalonTherap ORBLN	2.01	-8.6	MedleyCapNts21 MCX	24.96	0.3	
GordonPointe GPAQ	10.39	0.4	OceanPwrTech OPTT	0.75	-8.7	OneHorizon OHGI	0.42	-0.5	
GrandCanyonEduc GLP	119.95	-0.4	OrbitaOrigen OGEN	2.05	-0.6	OnemedPharm ORMP	5.57	-5.0	
Greenhill GHL	32.20	3.6	OrbitalEnergy OTGE	1.90	-0.1	ParamountGoldNv PGZ	1.14	-3.3	
GuarFedBchb GFED	25.00	-1.4	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
HD Supply HDS	44.80	-0.3	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
HL Acquis HLCU	10.18	0.8	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
HMS Holdings HMSY	24.48	0.1	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
Heico A HEI	65.40	1.0	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
HershlerHospitality HT	22.57	0.7	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
Hillenbrand HL	49.45	-1.0	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
IdxexLab IDXX	239.67	-0.1	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
INTL FCStone INTL	54.46	1.4	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
IahnEnterprises IEIP	70.21	2.4	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
Illusions ILLN	314.96	-1.6	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
Imperva IMPV	54.95	2.2	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
IndustriaAcqn INDU	11.00	4.3	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
IntegrativeHoldings ITGH	73.95	-0.8	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
IridiumCommPld IRDMB	61.58	14.0	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
KAR Auction KAR	60.16	0.3	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
Kemet KEM	29.28	2.5	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
KirklandLakeGold KL	23.19	2.4	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
KrystalBiotech KRYX	17.99	2.2	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
LFCapAcqna LFAQ	10.10	-0.2	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
LRAD LRAD	2.83	1.8	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
LeisureAcqnt LACQW	0.81	...	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
Lifetainment LFVN	10.29	2.6	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
LonestarRscs LONE	9.24	0.2	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
Mer Telegmt MTS	6.45	7.97	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
Marsh&McLenn MML	86.98	0.2	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
MatlinPrgnls Matpu	113.43	-0.4	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
MatlinPrgnls Matpu	113.43	-0.4	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
MatlinPrgnls Matpu	113.43	-0.4	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
MatlinPrgnls Matpu	113.43	-0.4	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
Microsoft MSFT	105.82	-0.5	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
MorphoSys MOR	32.19	0.1	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
MTECU MTECU	11.48	8.5	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
NetApp NTAP	83.31	-1.0	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
OrbitaOrigen OGEN	2.05	-0.6	OrbitaOrigen OGEN	2.05	-0.6	ParamountGoldNv PGZ	1.14	-3.3	
OrbitaOrigen OGEN									

## COMMODITIES

WSJ.com/commodities

## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract Open	High	hi	lo	Low	Settle	Chg	Open interest
<b>Copper-High (CMX)</b> -100,000 lbs.; \$ per troy oz.	25,000	27,790	27,790	27,400	27,570	-0.030	2,199	
July 2.7735	27,790							
Sept 2.7760	27,790							
<b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.	2,7645	-0.010	162,768					
Aug 124.00	124.50							
Oct 124.680	125.00							
Dec 125.230	125.10							
<b>Feb'19</b> 126.00	126.50							
June 127.340	127.40							
Dec 128.900	128.90							
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.	934.20	939.80	911.20	910.10	913.50	-19.30	19,189	
Sept 933.90	935.80							
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.	820.80	821.00	820.80	820.40	822.30	-3.90	18	
Oct 833.00	836.50							
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.	128.90	129.80	128.80	128.20	129.70	-1.50	3,684	
July 15.725	15.730							
Sept 15.805	15.900							
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.	15.765	15.812	-0.003	154,232				
Aug 67.45	69.78							
Sept 68.17	68.41							
Dec 67.20	67.42							
<b>Jan'19</b> 66.88	66.99							
Dec 62.97	63.05							
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.	2,1285	2,1363	2,0511	2,0543	2,0791	-89,527		
Sept 2,1374	2,1423							
<b>Gasoline-NY RBOB (NYM)</b> -42,000 gal.; \$ per gal.	2,0975	2,1065	2,0003	2,0022	-1045	86,136		
Sept 2,0680	2,0752							
<b>Natural Gas (NYM)</b> -10,000 MMBtu; \$ per MMBtu.	1,2500	1,2500	1,2500	1,2500	1,2500	-1,000	1,2500	
Aug 2,1286	2,1286							
Sept 2,1301	2,1323							
<b>Coal, CApL,12500Btu,12S02-r.w</b> 69,150	1240.50							
Coal,PwdrRvrBsn,8800Btu,0.8S02-r.w	13,050							
<b>Metals</b>								
<b>Gold, per troy oz.</b>	1242.76							
Engelhard industrial	1335.97							
Engelhard fabricated	1377.62							
LBMA Gold Price AM	1240.50							
LBMA Gold Price PM	1241.70							
Krugerrand wholesale-e	1289.29							
Maple Leaf-e	1301.69							
American Eagle-e	1301.69							
Mexican peso-e	1502.71							
Austria crown-e	1218.15							
Austria phil-e	1301.69							
<b>Silver, troy oz.</b>	15,8000							
Engelhard industrial	12,9600							
Engelhard fabricated	15,7720							
Handy & Harman base	19,7150							
Handy & Harman fabricated	19,7150							
LBMA spot price	*12,0400							
<b>Metals</b>								
<b>Energy</b>								
Propane,tet,Mont Belvieu-g	0.8800							
Butane,normal/Mont Belvieu-g	1,1435							
NaturalGas,HenryHub-g	2,740							
NaturalGas,TranscoZone3-i	2,710							
NaturalGas,TranscoZone6NY-i	2,920							
NaturalGas,PanhandleEast-i	2,480							
NaturalGas,Opal-i	2,520							
NaturalGas,MarcellusNE PA-i	2,380							
NaturalGas,HaynesvilleNLA-i	2,700							
Coal,CApL,12500Btu,12S02-r.w	69,150							
Coal,PwdrRvrBsn,8800Btu,0.8S02-r.w	13,050							
<b>Fibers and Textiles</b>								
Burlap,10-oz,40-in NY yd-n,w	0.5650							
Cotton,1/16 std w-mdlMphs-u	0.8783							
Cotlook 'A' Index-t	*98.45							
Hides,hvy native steers piece fob-u	55.250							
Wool,64s,staple,Terr del-u,w	n.a.							
<b>Grains and Feeds</b>								
Barley,top-quality Mnpls-u	n.a.							
Bran,wheat middlings, KC,u	60							
Corn,No. 2 yellow,Cent IL-bpu	3,1050							
Corn gluten feed,Midwest-u,w	119.7							
Corn gluten meal,Midwest-u,w	436.0							
Cottonseed meal,u,w	250							
Hominy feed,Cent IL-u	98							
Meat-bonemeal,50% pro Mnpls-u,w	283							
Oats,No.2 milled,Mnpls-u	2,7900							
Rice,Long Grain Milled, No. 2 AR-u,w	25.75							
Sorghum,(Milo) No. 2 Gulf-u	6,4338							
<b>Food</b>								
Beef,carcass equiv.index choice 1-3,600-900 lbs,u	179.45							
select 1-3,600-900 lbs,u	170.10							
Broilers, National comp wghtd-u,w	1,1248							
Butter,AA Chicago	2,2400							
Cheddar cheese,bbl,Chicago	142.5							
Cheddar cheese,blk,Chicago	156.50							
Milk,Nonfat dry,Chicago lb.	75.50							
Cocoa,Ivory Coast-w	n.a.							
Coffee,Brazilian,Comp	1,0931							
Coffee,Colombian, NY	1,3220							
Eggs,large white,Chicago-u	1,4050							
Flour,hard winter KC	156.5							
Hams,17-20 lbs,Mid-US fob-u	n.a.							
Hogs,Iowa-No. Minnesota-u	76.30							
Pork bellies,12-14 lb MidUS-u	1,0900							
Pork loins,13-19 lb MidUS-u	0.9969							
Steers,Tex-Oklahoma, Choice-u	110.97							
Steers,feeder,Oklahoma,City-u	165.63							
<b>Fats and Oils</b>								
Corn oil,crude wet/dry mill-u,w	28,7500							
Grease,choice white,Chicago-h	0.2700							
Lard,Chicago-u	n.a.							
Soybean oil,crude,Centl IL-u	0.2652							
Tallow,bleach,Chicago-h	0.2850							
Tallow,edible,Chicago-u	0.3450							
<b>Grainmeal,Centl rail,ton48-u</b>	339.60							
Soybeans,No.1 llwl IL-bpu	7,9750							
Wheat,Spring14%-pro Mnpls-u	6,4825							
Wheat,No.2 soft red St.Louis-bpu	5,0400							
Wheat - Hard - KC (USA) \$ per bu-u	5,1450							
Wheat,No.1soft white,Portl,OR-u	5,9400							
<b>Food</b>								
Beef,carcass equiv.index choice 1-3,600-900 lbs,u	179.45							
select 1-3,600-900 lbs,u	170.10							
Broilers, National comp wghtd-u,w	1,1248							
Butter,AA Chicago	2,2400							

## 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.

Monday, July 16, 2018

Net Stock Sym Close Chg Stock Sym Close Chg Net Stock Sym Close Chg

A B C

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
ABB	ABB	21.83	.20	Cemex	CX	6.70	-.07
ADT	ADT	9.18	.22	Grainger	GWW	302.92	-.75
AES	AES	13.13	-.05	GenibusEnergy	CVE	10.39	.19
Aflac	AFL	48.78	.18	Grifols	GRFS	21.46	.07
AGNC Invit	AGNC	19.06	-.06	CenterPointEner	CNP	133.23	-.13
ANGI Homesvc	ANGI	16.42	.05	GroHub	GRUB	110.18	.05
Ansys	ANSS	178.79	-.03	GpaoAcc	AVAL	8.23	-.08
ASML	ASML	200.08	.09	GuideWire	GWRE	94.26	-.10
ATT	T	31.90	.23	HCA Healthcare	HCA	106.83	.28
AbbottLabs	ABT	61.78	-.28	HCP	HCP	25.78	-.06
AbbVie	ABBV	96.25	-.38	HDFC Bank	HDB	110.67	.13
Abiomed	ABMD	419.38	.62	HDS	HDS	48.88	-.12
Accenture	ACN	167.64	.04	HIP	HIP	23.57	-.04
ActvisionBliz	ATVI	80.23	-.17	HSBC	HSBC	47.50	.06
AdobeSystems	ADBE	254.68	-.31	HUYA	HUYA	37.92	.02
AdvanceAuto	AAAP	136.67	.33	ChinaEnerg	CEA	32.54	.04
AdmMicroDevices	AMD	15.68	.51	Halliburton	HBL	44.96	-.39
Aegon	AEG	6.12	.12	Hanabrand	HBN	21.86	.08
AerCap	AER	54.96	.01	Hogar	HOG	42.94	.01
Aetna	AET	191.45	-.44	HongKongPrud	HNG	149.57	.68
AffiliatedMgrs	AMG	148.62	.04	Harris	HRS	92.75	-.24
AgilentTechs	AA	62.72	-.66	Hershey	HSY	92.75	-.24
AgnicoEagle	AT	45.69	.17	HES	HES	63.88	-.26
AirProducts	APD	155.55	-.18	HewlettPackard	HPE	15.64	.01
AlkamTech	AKAM	77.68	.36	Hilti	HKL	67.51	-.01
AlaskaAir	ALKS	61.41	-.02	HolidayInn	HIL	91.38	.11
Albermarle	ALB	94.96	-.61	Hill-Rom	HIL	80.08	-.89
Alcoa	AA	47.41	.15	HinesBrand	HIN	136.27	.13
AlexandriaREst	ATR	126.95	-.95	HollyFrontier	HOF	68.90	.45
AlexionPharm	ALXN	134.58	-.19	Hologic	HOL	41.09	-.07
Alibaba	BABA	190.35	.31	HormelFood	HDF	198.88	.19
AlignTech	ALGN	136.67	.33	Hortaford	HFT	53.07	.04
Alkermes	ALKS	44.57	.30	Huggins	HGG	94.35	-.27
Alegion	Y	80.30	.87	Husky	HUSK	10.40	.05
Allergan	AGN	75.66	-.49	IAC/InterActiveCorp	IAC	154.37	-.04
AllianceData	ADS	218.97	-.24	IconixBrand	ICON	20.04	-.13
AlliantEnergy	LNT	42.78	-.15	Idemitsu	IDEM	110.57	-.49
Allstate	ALL	93.46	.63	IndraSoft	INDS	42.00	-.63
AlyxFinancial	ALLY	27.25	-.07	Industrie	INDT	45.22	-.03
AlynlyPharm	ALNY	102.70	-.47	Intertech	INT	111.28	-.08
Alphabit A	GOGL	119.65	-.79	Intrum	INTR	71.71	-.06
Alphabit A	GOGL	139.67	-.33	Intuit	INTU	214.46	.75
Alphabit A	GOGL	139.67	-.33	IntuitiveSurgical	ISRG	518.06	-.68
Alphabit A	GOGL	139.67	-.33	InvatiaHomes	INVH	23.27	-.08
Alphabit A	GOGL	139.67	-.33	IQIVI	IQ	36.93	2.98
Alphabit A	GOGL	139.67	-.33	Incitec	ITCI	130.79	.01
Alphabit A	GOGL	139.67	-.33	Intelsat	ITSN	204.20	-.12
Alphabit A	GOGL	139.67	-.33	Intertech	INT	134.68	-.21
Alphabit A	GOGL	139.67	-.33	Intuit	INTU	214.46	.75
Alphabit A	GOGL	139.67	-.33	Intuitiv	ISRG	518.06	-.68
Alphabit A	GOGL	139.67	-.33	Intrum	INTR	71.71	-.06
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Alphabit A	GOGL	139.67	-.33	Intertech	INT	134.68	-.21
Alphabit A	GOGL	139.67	-.33	Intuit			

## MARKETS DIGEST

## EQUITIES

## Dow Jones Industrial Average

**25064.36** ▲ 44.95, or 0.18%  
 High, low, open and close for each trading day of the past three months.



Current divisor 0.14748071991788  
 Last 25064.36  
 Year ago 21.00  
 P/E estimate \* 16.34  
 Dividend yield 2.16  
 All-time high 26616.71, 01/26/18

## S&amp;P 500 Index

**2798.43** ▼ 2.88, or 0.10%  
 High, low, open and close for each trading day of the past three months.



Last 2798.43  
 Year ago 24.29  
 P/E estimate \* 17.45  
 Dividend yield 1.87  
 All-time high 2872.87, 01/26/18

## Nasdaq Composite Index

**7805.72** ▼ 20.26, or 0.26%  
 High, low, open and close for each trading day of the past three months.



Last 7805.72  
 Year ago 26.45  
 P/E estimate \* 21.36  
 Dividend yield 0.94  
 All-time high: 7825.98, 07/13/18

Bars measure the point change from session's open

Apr. May June July  
 22500 22500 22500 22500

\*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	Nasdaq Composite	Nasdaq 100	MidCap 400	SmallCap 600
<b>25064.36</b>	25072.41	24979.64	<b>25064.36</b>	44.95	<span style="color: green;">0.18</span>	26616.71	21513.17	<b>15.9</b>	1.4	<b>11.4</b>
<b>10435.52</b>	10632.52	10356.84	<b>10435.52</b>	-110.89	<span style="color: red;">-1.05</span>	11373.38	9021.12	<b>7.6</b>	-1.7	<b>8.2</b>
<b>721.05</b>	722.83	717.61	<b>721.05</b>	-0.82	<span style="color: red;">-0.11</span>	774.47	647.90	<b>1.5</b>	-0.3	<b>7.4</b>
<b>29110.93</b>	29187.70	29059.97	<b>29110.93</b>	-52.37	<span style="color: red;">-0.18</span>	29630.47	25030.26	<b>14.2</b>	5.2	<b>9.4</b>
<b>751.60</b>	755.99	749.52	<b>751.60</b>	-3.83	<span style="color: red;">-0.51</span>	761.78	629.56	<b>14.6</b>	5.7	<b>9.4</b>

## Nasdaq Stock Market

Nasdaq Composite	7838.82	7791.98	<b>7805.72</b>	-20.26	<span style="color: red;">-0.26</span>	7825.98	6213.13	<b>23.6</b>	13.1	<b>14.8</b>
Nasdaq 100	7390.64	7346.34	<b>7357.90</b>	-17.92	<span style="color: red;">-0.24</span>	7375.82	5786.54	<b>26.0</b>	15.0	<b>17.0</b>

## S&amp;P

S&P	500 Index	2803.71	2793.39	<b>2798.43</b>	-2.88	<span style="color: red;">-0.10</span>	2872.87	2425.55	<b>13.8</b>	4.7	<b>9.6</b>
	MidCap 400	1998.23	1980.84	<b>1985.37</b>	-10.98	<span style="color: red;">-0.55</span>	2009.15	1691.67	<b>12.3</b>	4.5	<b>9.3</b>
	SmallCap 600	1047.22	1037.43	<b>1041.10</b>	-4.71	<span style="color: red;">-0.45</span>	1057.32	817.25	<b>20.3</b>	11.2	<b>12.7</b>

## Other Indexes

Russell 2000	1688.40	1672.42	<b>1678.54</b>	-8.54	<span style="color: red;">-0.51</span>	1706.99	1356.90	<b>17.2</b>	9.3	<b>9.7</b>
NYSE Composite	12766.18	12717.07	<b>12748.78</b>	-20.73	<span style="color: red;">-0.16</span>	13637.02	11699.83	<b>7.2</b>	-0.5	<b>5.0</b>
Value Line	582.38	577.52	<b>578.74</b>	-3.36	<span style="color: red;">-0.58</span>	589.69	503.24	<b>9.5</b>	2.9	<b>4.8</b>
NYSE Arca Biotech	5101.96	5038.91	<b>5054.93</b>	-60.99	<span style="color: red;">-1.19</span>	5115.93	3787.17	<b>29.7</b>	19.7	<b>4.6</b>
NYSE Arca Pharma	547.79	543.24	<b>544.16</b>	-4.40	<span style="color: red;">-0.80</span>	593.12	514.66	<b>1.9</b>	-0.1	<b>-3.3</b>
KBW Bank	106.80	104.86	<b>106.70</b>	2.17	<span style="color: green;">2.07</span>	116.52	89.71	<b>10.9</b>	-0.01	<b>10.2</b>
PHLX\$ Gold/Silver	80.70	80.01	<b>80.14</b>	-0.29	<span style="color: red;">-0.36</span>	93.26	76.42	<b>-2.3</b>	-6.0	<b>12.1</b>
PHLX\$ Oil Service	153.60	150.53	<b>152.69</b>	-2.66	<span style="color: red;">-1.71</span>	170.18	117.79	<b>13.4</b>	2.1	<b>-6.1</b>
PHLX\$ Semiconductor	1348.35	1338.40	<b>1339.24</b>	-1.59	<span style="color: red;">-0.12</span>	1449.90	1060.02	<b>21.8</b>	6.9	<b>26.1</b>
Cboe Volatility	12.97	12.46	<b>12.83</b>	0.65	<span style="color: green;">5.24</span>	37.32	9.14	<b>30.7</b>	16.2	<b>1.9</b>

\$ 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 50,000 shares.

## Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	10,098.6	279.01	-0.33	<span style="color: red;">-0.12</span>	279.62	273.14
Netflix	NFLX	4,646.3	343.17	-57.31	<span style="color: red;">-14.31</span>	403.50	342.00
eBay	EBAY	3,376.1	37.63	-0.10	<span style="color: red;">-0.27</span>	37.75	37.37
Ford Motor	F	3,203.9	10.81	-0.04	<span style="color: red;">-0.37</span>	10.86	10.80
iShares Core S&P Small-Cap	IJR	2,473.5	85.55	...	<span style="color: green;">unch.</span>	85.55	85.49
Invesco QQQ Trust I	QQQ	2,412.2	177.85	-1.33	<span style="color: red;">-0.74</span>	179.19	177.73
Walgreens Boots Alliance</							

## BANKING &amp; FINANCE

# Barclays Weighs U.S. Expansion

Possible moves include boosting retail bank, offering payments platform

By MAX COLCHESTER

LONDON—**Barclays** PLC is considering doubling down on America.

Under pressure from activist shareholder Sherborne Investors, the British bank is scrambling to boost its stagnant share price. Chief Executive Jes Staley is weighing whether to scale up Barclays's online U.S. retail bank, according to people familiar with the matter. Other moves could include rolling out its dominant U.K. payments platform statewide. The bank, which is locked in a grinding battle with giants like JPMorgan Chase & Co. in investment banking, is also putting more capital behind its U.S. credit-card operations, one of the people said.

The lucrative U.S. market has long drawn European banks trying to expand out of saturated home economies. They also have a history of getting burned. Some of the biggest European lenders were brought to near collapse by exposure to the U.S. housing market. Several retreated after

the financial crisis, unable to compete with U.S. rivals while also dealing with sovereign-debt crises at home.

The banks that stuck it out are trying to expand again to take advantage of robust U.S. growth. The Netherlands's ING Groep NV increased headcount at its U.S. investment bank by 10% last year, while HSBC Holdings PLC is increasing its unsecured-lending business in the U.S.

"Given competition, you have to continue investing in the U.S. to stay relevant on a global scale," said Magdalena Stoklosa, head of European bank research at Morgan Stanley.

London-based Barclays went deeper than most into the U.S. during the crisis, snapping up a chunk of Lehman Brothers during its collapse.

It has since launched an online lender in Delaware that collects term deposits to fund its large U.S. credit-card business. Last year, the U.S. accounted for 40% of the bank's profit, and about a fifth of its capital is allocated to the country.

Some investors wonder whether the bank has enough scale in America where it is dwarfed by U.S. rivals. Meanwhile back in the U.K., fears

## Risky Bets

Barclays wants to boost profits with expansion into the U.S. but the cycle might be turning.

**U.S. operation as of Dec. 31**



\*Seasonally adjusted, among top 100 banks by assets

Sources: the company (U.S. share); Federal Reserve (rate) THE WALL STREET JOURNAL.

over Brexit's impact on the British economy continue to weigh on the bank. Its shares trade for 60% of book value, compared with 160% for the likes of JPMorgan. Mr. Staley has repeatedly said that Barclays is committed to remaining focused on the U.K. economy. However, Brexit has tempered executives' risk appetite in the U.K. and growth at its highly profitable British credit-card franchise has slowed as the bank's market share peaks.

Barclays executives are debating whether greater expo-

sure to the U.S. retail market could both generate revenue and fund its U.S. operations more efficiently. The bank recently passed U.S. stress tests and has sucked in \$12.5 billion of deposits to its Delaware operation. One idea is to build a U.S. checking-account offering, according to people familiar with the matter. A final decision hasn't been made, and timing remains unclear. Barclays executives reason they can run a profitable online banking operation with only a small slice of the U.S. market.

One risk is that Barclays in-

vests just as the consumer lending cycle turns. Despite a strong economy, for instance, banks have suffered from rising defaults among U.S. credit-card holders. Credit-card charge-offs among top banks hit 3.65% in the first quarter, according to the Federal Reserve, the highest since 2012.

Sherborne Investors wants to see capital moved away from Barclays's investment bank trading operations. Sherborne took a 5% stake in Barclays this year but so far hasn't made public its plan to shake up the bank.

Barclays's management said the bank will generate returns equal to its cost of equity by 2020. The bank said it would undertake share buybacks at an unspecified time. So capital for any planned expansion is tight.

It isn't the first time that Barclays has eyed a bigger U.S. retail-banking presence. Around a decade ago Barclays executives had considered whether to buy a U.S. retail bank.

This this was shelved in part because it made no sense buying a lender with an extensive number of brick-and-mortar branches. Currently, the bank isn't looking at any big U.S. deals, according to a person familiar with the matter.

# Creditors To Puerto Rico Set Back U.S.

By ANDREW SCURRIA

A federal judge has refused to absolve the U.S. government of liability for investors' losses on Puerto Rico bonds, a potential blow to efforts to write down the U.S. territory's \$73 billion debt load.

The ruling issued Friday by Judge Susan G. Braden of the U.S. Court of Federal Claims is an incremental victory for hedge funds fighting to get repaid on the \$3 billion in Puerto Rico pension bonds.

These creditors have targeted the U.S. directly, saying the federal government should make them whole for enacting a 2016 law that set them up for losses.

The lawsuit strikes at the heart of the rescue law, known as Promesa, designed to tackle the U.S. territory's fiscal crisis. Promesa was designed to avoid a taxpayer bailout of Puerto Rico, creating a court-supervised process for wringing debt reductions from creditors instead.

The legislation, passed by a Republican Congress and signed by President Barack Obama in 2016, also installed a federal board to oversee Puerto Rico's finances and, if necessary, drive down the debt through the courts. The oversight board placed the territorial government and some public agencies under bankruptcy protection last year.

**Hedge funds say U.S. enacted law that set them up for losses on Puerto Rico debt.**

and has been wrangling with creditors since over repayment terms. Puerto Rico's Employees Retirement System entered court protection to restructure its obligations to bondholders and retirees.

The retirement system had sold \$3 billion in debt in 2008 to keep itself afloat and buy time for its investment portfolio to grow. Proceeds from the issuance were supposed to help the pension system continue paying benefits until elderly pensioners died off and younger public employees began retiring with leaner benefit packages. Bondholders were assured they would be repaid ahead of retirees from Puerto Rico's employer contributions to the pension fund.

But the investment portfolio earned less on its investments than the interest it had to pay on the bonds, accelerating the pension system's collapse into insolvency.

After Promesa was enacted, contributions to the system were moved out of creditors' grasp. **Oaktree Capital Management** LP and other bondholders sued in the Court of Federal Claims, the tribunal that handles compensation demands against the U.S.

Both the bondholders and the Justice Department declined to comment.

# Rates, Tax Cut Help BofA Profit Rise 33%

By RACHEL LOUISE ENSIGN

out from a financial crisis that threatened their existence.

On Friday, **JPMorgan Chase & Co.** and **Citigroup Inc.** posted double-digit profit increases for the second quarter. **Wells Fargo & Co.** stumbled due to a number of one-time charges that dinged earnings as well as a shrinking loan book and lower fees in several of its main businesses.

Bank of America's earnings were "almost all you could have hoped for," wrote Glenn Schorr, a bank analyst at Evercore ISI. Loans grew by 2% from a year earlier, while deposits rose nearly 4%. The lender also cut expenses by 5%. Trading revenue, excluding an accounting adjustment, rose nearly 7% to \$3.596 billion from \$3.369 billion in the second quarter of last year.

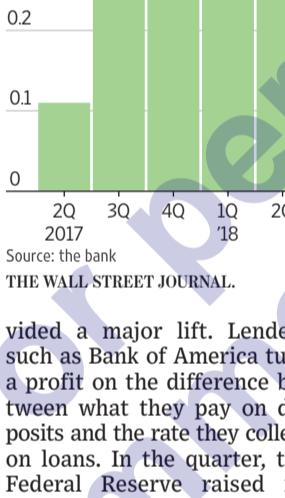
One weak spot was investment-banking fees, which fell 7% from a year earlier.

Bank of America shares rose 4.3% Monday, putting them in positive territory for 2018.

Rising interest rates pro-

## Slow Rise

Average rate paid on U.S. interest-bearing deposits at Bank of America



vided a major lift. Lenders such as Bank of America turn a profit on the difference between what they pay on deposits and the rate they collect on loans. In the quarter, the Federal Reserve raised its benchmark rate for a seventh time in three years.

Banks have been able to pocket most of the benefits from the rate increases because customers aren't broadly demanding more interest on their deposits. Overall, Bank of America paid a rate of 0.38% on U.S. interest-bearing deposits in the second quarter, compared with 0.30% in the first quarter. In its retail-banking unit, the bank paid a minuscule 0.05%.

Banks are expected to eventually have to pay more interest to keep depositors around, crimping the financial benefit of future rate increases. Bank of America has managed to keep interest costs in check better than many of its rivals, giving it more room to maneuver should consumers begin to demand higher rates.

The recent tax-law changes also provided a major lift. The bank paid \$1.71 billion in income tax in the quarter, down 43% from \$3.015 billion in the same quarter last year, before the legislation was passed.

The question is whether the good results help change in-

vestors' sentiment about bank stocks. After a huge run-up after the 2016 election, investors have shown little enthusiasm for the industry's shares this year. Since the start of 2018, the KBW Nasdaq bank index is roughly flat and trails broader U.S. stock-market benchmarks.

Investors have grown wary of lenders, analysts say, because of a flattening of the yield curve: a narrowing of the difference in the yields of shorter- and longer-term Treasurys.

A flatter yield curve can be bad for banks because they earn less on loans and securities tied to longer-term Treasurys. The narrowing also potentially signals problems ahead for the economy.

"It will have an impact," Bank of America Chief Financial Officer Paul Donofrio said of the yield curve on a Monday call with reporters. However, like many lenders, the bank is more sensitive to shorter-term rates than longer-term ones, which limits the pain from the current curve, he said.

**Hedge funds say U.S. enacted law that set them up for losses on Puerto Rico debt.**

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Both the bondholders and the Justice Department declined to comment.

# Deutsche Bank Results to Top Forecasts

By ANTHONY SHEVLIN

forecasts of €321 million. It expects revenue of €6.6 billion against analysts' estimates of €6.4 billion.

The bank's shares rose more than 9% in response to the announcement required under German regulations because the figures were so different to forecasts. Deutsche Bank will report second-quarter results July 25.

The better-than-expected figures, which the lender attributed to cost cutting, comes as Chief Executive Christian Sewing tries to reinvigorate

Deutsche Bank's fortunes after three consecutive years of losses, market-share declines and strategic upheaval.

While the bank's projected figures are better than analysts had expected, they are in line with year-ago levels. Second-quarter net income last year was €466 million, while revenue was €6.6 billion.

Deutsche Bank's announcement Monday shed some light on the bank's efforts to reduce costs and in turn boost profit.

The lender projected noninterest expenses of around €5.8

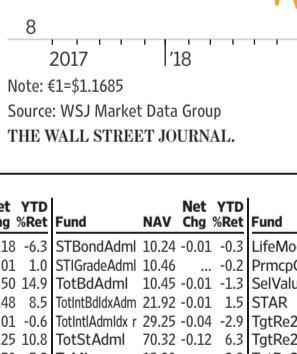
billion compared with consensus of €6 billion. It said restructuring actions have progressed rapidly in the second quarter with head count down by approximately 1,700 full-time equivalents to slightly above 95,400.

Deutsche also said its Common Equity Tier 1 capital ratio, a measure of capital strength, is expected to be around 13.6% compared with the average estimate of 13.3%.

◆ Heard: Deutsche Bank CEO fulfills cost vows.....B11

## Wild Ride

Deutsche Bank share price



## Mutual Funds

Data provided by LIPPER

Top 250 mutual-fund listings for Nasdaq-published share classes by net assets. e-Ex-distribution. f-Previous day's quotation. g-Footnotes x and s apply. j-Footnotes e and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply. 12b-1 r-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s 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.

Monday, July 16, 2018

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## MARKETS

# Energy Stocks Pressure S&P 500

BY BEN ST. CLAIR  
AND ALLISON PRANG

The S&P 500 inched lower as shares of energy companies fell alongside a decline in oil prices and as investors looked ahead to a busy week of corporate earnings results.

The broad **MONDAY'S MARKETS** stock-market index fell 2.88 points, or 0.1%, to 2798.43, while the technology-heavy Nasdaq Composite dropped 20.26 points, or 0.3%, to 7805.72. Both indexes snapped two-day winning streaks. The Dow Jones Industrial Average ticked up 44.95 points, or 0.2%, to 25064.36.

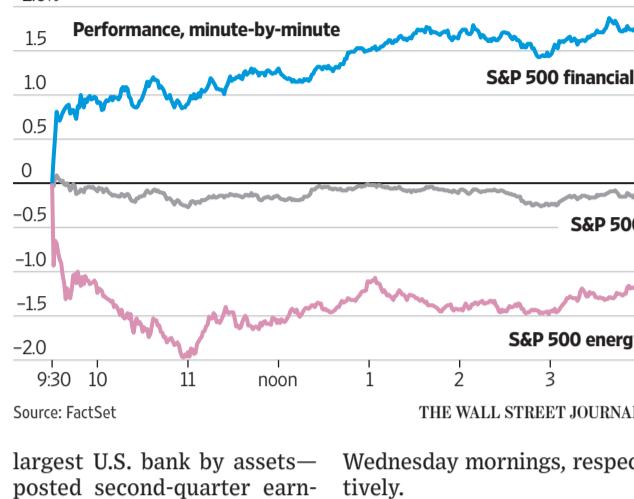
Energy stocks were by far the weakest of the S&P 500's 11 sectors, falling 1.2% on lower oil prices. U.S. crude settled down 4.2% at \$68.06 a barrel amid concerns that Russia would increase output beyond what it agreed to last month.

Investors appear so far to have largely shrugged off trade concerns, and U.S. stocks have been lifted by strong U.S. economic data and positive earnings expectations in recent sessions. In the S&P 500, 60 companies are on tap to report quarterly results this week.

Before the market opened, **Bank of America**—the second-

## Competing Forces

Financial stocks were the best performers in the S&P 500 Monday, driven by stronger earnings from Bank of America, while energy stocks in the index slumped with crude-oil prices.



Source: FactSet

THE WALL STREET JOURNAL.

largest U.S. bank by assets—posted second-quarter earnings that beat expectations, sending its shares up \$1.23, or 4.3%, to \$29.78.

The results helped propel financial stocks, which were the best performers in the S&P 500 on Monday, up 1.8%. The KBW Bank index climbed 2.1%.

**BlackRock** also reported higher-than-expected earnings, but its shares fell 3.13, or 0.6%, to 503.96 as the money manager pulled in significantly less investor cash than a year earlier. **Goldman Sachs Group**

and **Morgan Stanley** are slated to report Tuesday and

Wednesday mornings, respectively.

Shares of **Netflix**, which reported its latest results after the market closed, fell 13% in after-hours trading after the company missed its new-subscriber estimates by more than one million, which the company attributed to faulty internal guidance.

Aaron Clark, portfolio manager for GW&K Investment Management, said earnings growth is either peaking or has already peaked and that strong results are largely priced into stocks. The latest reports alone won't push the

market to new highs, he said.

Still, expectations for strong earnings have largely helped overshadow trade tensions. The Dow industrials have gone up all but one day since the U.S. and China began imposing tariffs on \$34 billion of each other's goods July 6.

"It is hard to pin something truly tangible" to recent stock market gains since many explanations have been true for months, said Simon Derrick, chief currency strategist at BNY Mellon. "You can try to create a narrative around it, but it hasn't always worked out."

Meanwhile, Asian stocks have been hit harder by the trade disputes, with major indexes down so far this year. Shanghai stocks have shed nearly 15%, and economists estimate trade conflicts could cut 0.2 to 0.5 percentage point off China's gross-domestic-product growth in the coming year.

On Monday, GDP data revealed a slowing Chinese economy in the second quarter, weighed down by government initiatives to rein in risky borrowing and lending.

In Europe, the Stoxx Europe 600 fell 0.3%. Early Tuesday, Japan's Nikkei 225 was up 0.7% while the Shanghai Composite was down 0.6% and Hong Kong's Hang Seng Index was down 0.7%.

# Bond Investors Flee On Retail-Sales Rise

BY DANIEL KRUGER

U.S. government bond prices slipped Monday after strong data on retail sales.

The yield on the benchmark 10-year Treasury note rose for the fourth time in six trading sessions to 2.856% from 2.831% Friday.

The two-year yield rose to 2.601% from 2.582%, the highest since July 2008. Yields rise as bond prices fall.

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Yields jumped after the Commerce Department reported Monday that retail sales rose 0.5% in June and that the increase in May had been revised upward to 1.3% from 0.8%. The data capped a strong second quarter for retail sales, which rose 1.9% from the first three months of 2018 and climbed 5.9% from the second quarter of 2017.

The data could serve as confirmation for some investors that the 2017 tax cuts are allowing consumers to spend more, adding to growth and inflation.

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## AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing bid. Rates are determined by the difference between that price and the face value.

### 13-WEEK AND 26-WEEK BILLS

	13-Week	26-Week
Applications	\$140,780,118,100	\$133,997,711,800
Accepted bids	\$51,000,283,100	\$45,000,055,300
"noncomp"	\$90,985,100	\$925,644,800
Foreign noncomp	\$452,000,000	\$386,000,000
Auction price (rate)	99,499500	98,918111
(1.980%)	(2.140%)	
Coupon equivalent	2.018%	2.193%
Bids at clearing yield accepted	26.67%	27.91%
Cusip number	912796QD4	912796QT9

Both issues are dated July 19, 2018. The 13-week bills mature on Oct. 18, 2018; the 26-week bills mature on Jan. 17, 2019.

# Crispr Report Takes Toll On Stocks

BY NISHANT MOHAN  
AND AMY DOCKSER MARCUS

Shares of companies developing therapies using the gene-editing technology Crispr declined Monday following the publication of research suggesting Crispr could cause far more extensive DNA damage than previously thought, leading to potentially harmful health effects for patients.

The study in Nature Biotechnology said the changes were often at places far from the intentional edit, and so went undetected in previous studies.

**Crispr Therapeutics** AG shares fell 8.6% to \$60.06, **Editas Medicine** Inc. stock dropped 7.1% to \$35.20 and **Intellia Therapeutics** Inc. shares closed down 10% to \$29.36.

An Editas representative said the issue of unintended gene alterations is one it has been considering "all along," but isn't "specifically problematic in our work" to make Crispr-based medicines. A Crispr Therapeutics representative said the study isn't relevant to its work and that it "has seen no findings that are similar to what they're talking about."

Intellia said it hasn't seen tumors in its studies of mice and nonhuman primates but will "continuously study and monitor potential adverse effects." Speculation that genome editing could "change the risk of malignancy is unsupported by the reported data," it said.



Oil investors are contending with an array of factors from OPEC's production agreement to trade-fight worries to Iran sanctions.

ing many analysts and traders to say the market has become more vulnerable to speculators and algorithmic trading accelerating downturns.

One day before last Wednesday's sell-off, bullish bets by hedge funds and other speculative investors outnumbered bearish bets by about 24 to 1, near the highest the ratio has been all year, data from the Commodity Futures Trading Commission showed.

Selling accelerated on Monday as U.S. oil prices crashed through the 50-day moving average at about \$69.50. Traders are now watching to see if prices test the 100-day moving average of roughly \$67.

According to Peter Hahn, co-founder of research firm

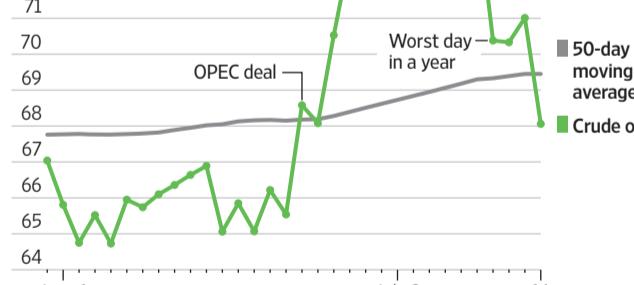
Bridgeton Research Group, fundamental traders initiated the slide on Wednesday. But those opening declines prompted trend algorithmic strategies to start selling.

Still, bullish investors say recent declines could be a buying opportunity with U.S. sanctions against Iran and other disruptions potentially reigniting fears of a supply crunch. The U.S. has threatened to penalize countries that don't cut oil imports from Iran to "zero" by Nov. 4.

"The supply issues have so much variability associated with them," said Thomas Martin, senior portfolio manager at Global Investments. "The oil market these days is acting on its own."

## Rough Ride

Oil prices have been volatile in recent weeks and fell below a key level on Monday.



Note: Front-month U.S. crude futures

Source: WSJ Market Data Group

year's 44-day strike that stymied production and supported copper prices.

Industrial metals were pummeled last week after the White House said it would consider slapping fresh 10% tariffs on \$200 billion in Chinese goods. China then threatened to match U.S. tariffs with its own countermeasures.

Those fears over the future of global free trade have prompted traders to expand their net bets on falling copper prices to their highest since January 2016, according to commodities brokerage Marex Spectron.

Elsewhere in the copper market, investors were awaiting the outcome of labor negotiations between BHP Billiton and miners at its Chilean Escondida operation, which is the world's largest copper mine.

Escondida unions last week rejected a contract offer that included inflation-linked salaries and a \$23,000 bonus for each worker, increasing the threat of a repeat of last



Copper prices have retreated 16% from a peak in early June.

credit expansion also disappointing traders.

"The downside risks for the Chinese economy have increased, not only because of the trade conflict with the U.S. Metals prices are therefore falling in response to the

# Dollar Drops Before Powell Testimony

BY IRA JOSEBASHVILI

The dollar edged lower Monday as investors awaited Federal Reserve Chairman Jerome Powell's testimony to the

**CURRENCIES** Banking Committee on Tuesday.

The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, was down 0.15% late Monday at 88.27.

Investors are looking for clues on how the economy's recent performance, together with an intensifying global trade conflict, have colored the Fed's view on monetary policy. Indications that the central bank may accelerate its pace of interest-rate increases could boost the dollar, as higher rates make the currency more attractive to yield-seeking investors.

—Benjamin Parkin contributed to this article.

## MARKETS

## Emerging Markets Sour on Dollar Debt

By JULIE WERNAU

Companies in the emerging world are on a dollar-debt diet.

Issuance of dollar-denominated bonds from emerging-market companies is down 14% year to date from the same period last year, according to Dealogic. In contrast, local-currency debt is up 4% so far this year as companies turn inward for financing amid widespread selling among foreign investors.

The dollar-debt decline comes as rising U.S. interest rates are lifting borrowing costs for emerging markets and making their assets seem less attractive to global investors. That has sparked selloffs in the currencies of countries such as Argentina, Hungary, Turkey, Poland and Chile, making it harder for them to pay back dollar debts.

Corporate defaults in emerging markets have tripled so far in 2018, according to S&P Global Ratings.

"We lived so long in a declining-interest-rate environment that banks could say we can issue more cheaply this year than we did last year," said Roger Horn, executive director in fixed-income sales and trading on the emerging-markets desk at SMBC Nikko Securities America. "That's not the case right now."

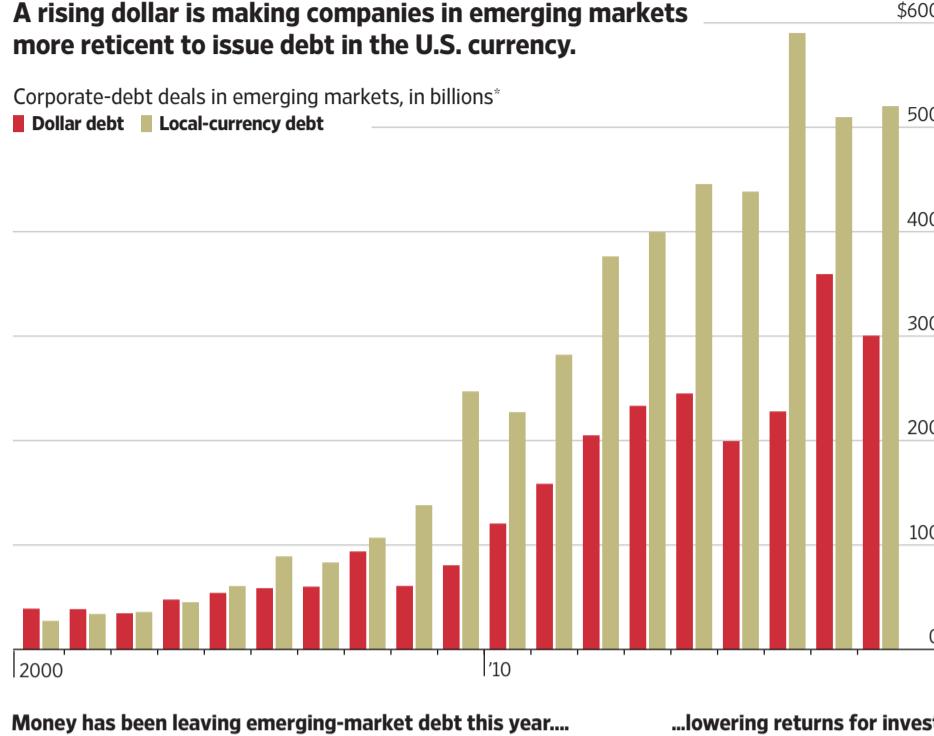
Just a few months ago, investors were eager to search for yield in the farthest reaches of the world. Currencies in the developing world were enjoying a period of relative strength against the dollar, which had its worst performance in 14 years in 2017.

Relatively low U.S. interest rates and rising currencies encouraged emerging-market governments and companies to issue new debt in the U.S. currency. Dollar-debt issuances among companies in the emerging world reached a record in 2017, according to Dealogic. Hard-currency debt in

**A rising dollar is making companies in emerging markets more reticent to issue debt in the U.S. currency.**

Corporate-debt deals in emerging markets, in billions\*

Dollar debt Local-currency debt



**Money has been leaving emerging-market debt this year....**

Money flows for emerging-market bond funds



\*Through July 13

Sources: Dealogic (corporate-debt deals); EPFR Global (money flows); Thomson Reuters (JPMorgan index); FactSet (currencies); Institute of International Finance (change in corporate debt)

emerging markets peaked in the first quarter of 2018 at \$5.5 trillion, with companies accounting for 78% of that, according to the Institute of International Finance.

"The quantitative-easing years have been a remarkable

environment for opportunity to finance growth, and the rates have been so low for so long that the accumulation of debt has been very significant," said Sonja Gibbs, senior director of global capital markets at the IIF.

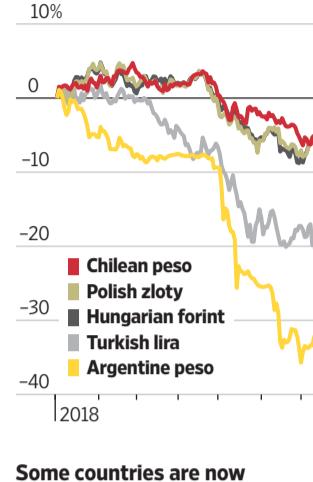
While recent money-flow data show that investors are continuing to steer clear of corporate bonds in the emerging world, there are signs that risk appetite could be returning. In the week ended July 11, emerging-market bond funds

snapped their longest run of outflows since the third quarter of 2015, according to EPFR Global.

"While the global landscape is clearly shifting and markets appear somewhat less complacent, we don't believe that we

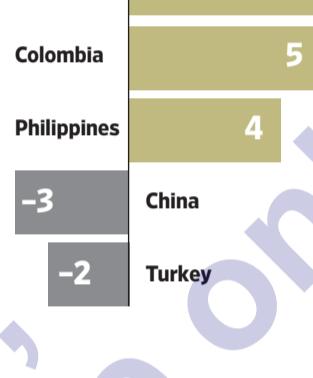
**Countries reliant on dollar debt have had large declines in their currencies, making that debt harder to pay back.**

Year-to-date performance against the U.S. dollar



**Some countries are now attempting to slow corporate borrowing, stepping back from easy-money policies.**

Change in corporate debt as a percentage of GDP, first quarter of 2018 versus first quarter of 2017



THE WALL STREET JOURNAL.

are shifting to a later stage in the economic cycle and default rates over the coming few quarters should remain relatively low," said Michael Scott, credit-fund manager at Schroders.

And not all markets are alike, opening up opportunities for discerning investors, some analysts said. In the past year, Colombia, Argentina and the Philippines have seen a sharp increase in ratios of corporate debt to gross domestic product; in contrast, Turkey and China have seen some declines, according to the IIF.

While China has implemented policies aimed at lowering a 202% debt-to-GDP measure by tightening controls on its shadow-banking system, investors have been closely watching for signs that China could choose to devalue its currency as it exchanges blows with the U.S. over trade policy.

Such a move would partially offset the effect from recent tariffs that the U.S. has placed on its exports. But it would also exacerbate China's more than \$11 trillion in dollar loans, said Michael Pento, president and founder of Pento Portfolio Strategies, and put further pressure on other emerging-market countries to devalue to remain competitive with China.

Meanwhile, there are signs that the dollar's rally may be running out of steam, which could encourage companies in the developing world to return to borrowing in the U.S. currency. The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 other currencies, is still hovering near a one-year high but has been treading water for the past three weeks.

"If you see the dollar stabilizing here, I would expect issuance to pick up," said Shamaile Khan, director of emerging-market debt at asset manager AB.

—Chelsey Dulaney contributed to this article.

## HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

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## Tapping Oil Reserve Is Bad Idea

"Strategic" has multiple definitions, but it is important to remember which one politicians had in mind in the aftermath of the 1970s oil-price shocks.

America's roughly 660-million-barrel Strategic Petroleum Reserve was intended to insulate the U.S. economy from supply shocks. President Donald Trump reportedly is considering a release at time when the Organization of the Petroleum Exporting Countries, together with Russia, is increasing supply. True, fears that this may not be enough to balance the market right away had left oil prices near 3½-year highs recently, but that still makes a release an ill-advised move.

Drawdowns in 1991, 2005 and 2011 came in the wake of armed conflict in the Middle East and a devastating hur-

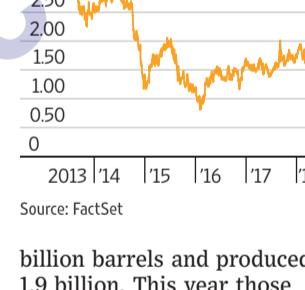
cane that knocked out one-quarter of U.S. production.

What else do 1991, 2005 and 2011 have in common? They were odd-numbered years, so there was no suggestion of an ulterior motive by a president to bring down summer gasoline prices ahead of elections. There was a swap or temporary release conducted in the fall of 2000 by the Clinton administration, though, shortly before the presidential election; the administration cited a looming heating-oil shortage. The eventual victor, George W. Bush, justifiably attacked the decision from the campaign trail.

One could argue that having a Strategic Petroleum Reserve is the proverbial "fighting the last war" given the surge in U.S. production. Back in 2005, for example, the U.S. imported about five

## Pumped

Gulf Coast conventional gasoline price



Source: FactSet

billion barrels and produced 1.9 billion. This year those figures should be around 3.5 billion each, with many U.S. barrels of crude and refined product being exported. Mr. Trump last year even suggested selling half of the reserve to cut the deficit. Even at today's higher prices, though, that would pay for just two days of federal

spending.

If tapping the reserve is a transparent attempt to affect prices, it is a blunt and expensive tool, and probably unnecessary. For some perspective, wholesale gasoline prices were about 85% and 60% higher in inflation-adjusted terms in 2005 and 2011, respectively.

The reserve was conceived at a time of gas lines and economic malaise. Yes, summer pump prices are higher than they have been since 2014. The economy also is booming, the stock market is near a record and consumers are confidently snapping up SUVs. Shaving a buck or two off the cost of a fill-up isn't why the reserve was established. Each barrel used for that purpose is one that won't be available in a legitimate emergency.

—Spencer Jakab

## Netflix Stock Was Due For an Intermission

Sometimes you soar so high, so fast that you risk running short of oxygen.

That seems to have been the case with Netflix, whose share price has more than doubled only halfway into the year.

A run like that was based on the assumption that new subscribers would continue to flock to the video-streaming service despite no shortage of options competing for viewers' attention.

And flock they did, with Netflix adding 5.2 million paid subscribers during the second quarter, but that was also about one million shy of the company's own forecast from just three months ago.

Netflix also projected about five million net new subscriber additions for the third quarter, which fell about 1.3 million short of the number that Wall Street had been expecting.

The results and forecast led to a sharp selloff, taking Netflix shares down 14% in after-hours trading following the report.

But even bad shows can sometimes look better on

second viewing. The last time Netflix generated such a brutal reaction was two years ago when the company drastically undershot its forecast by adding only 1.7 million subscribers for the second quarter.

That turned out to be a blip and robust growth resumed quickly. The company's total subscriber base is up 56% since then while quarterly revenue has surged by 86%.

This time, though, a much larger Netflix has to leap over a much higher bar. Its rapidly expanding base of subscribers brings a voracious appetite for original content that the company must continue to bankroll. To that end, Netflix still expects to burn as much as \$4 billion in cash this year.

Expectations are high too—the company's market value recently topped that of Walt Disney, with the stock still fetching about 130 times forward earnings even following Monday's selloff.

At that level, anything short of a blockbuster will draw heckles.

—Dan Gallagher

## Deutsche CEO Fulfils Vow on Costs

## Missing Goals

Relative share-price performance in 2018



Source: FactSet

and accounting gains that stem from Deutsche itself becoming less creditworthy. These aren't real business improvements, which underlines the importance of fixing Deutsche's cost problem.

Revenue recovery won't be easy: Deutsche's equity- and bond-trading revenue is down 15% versus the second quarter of last year.

Investors rewarded Mr. Sewing for keeping his word on costs by sending Deutsche's Frankfurt-traded shares back above €10 for the first time since late May, although the stock is still down 35% in 2018. But he has many more tough quarters of forcing more cuts through this battered bank while stopping the exodus of clients and top bankers. His remains one of the toughest jobs in finance.

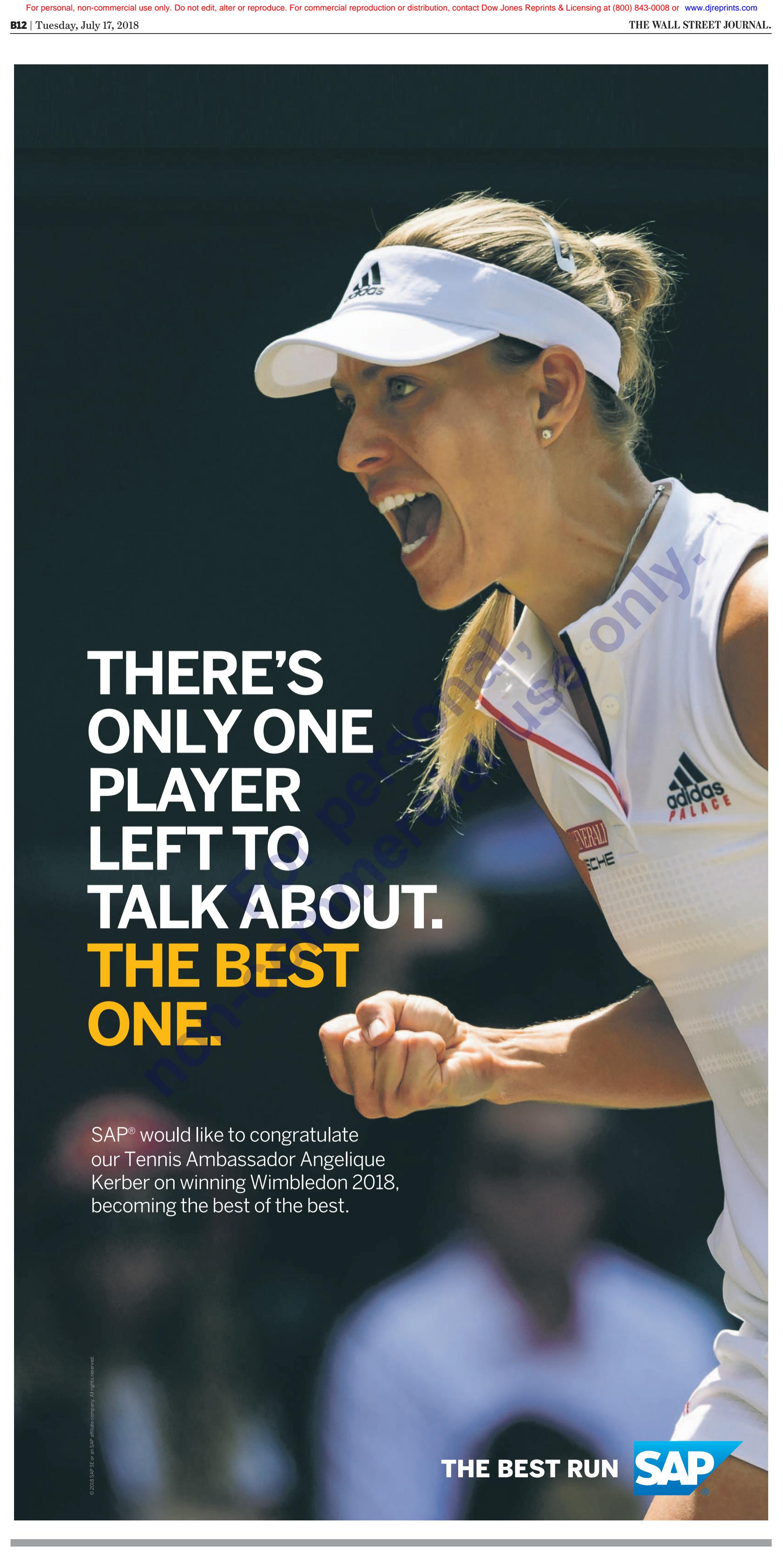
—Paul J. Davies

## OVERHEARD

Beleaguered Valeant Pharmaceuticals International is no more. The company started trading Monday under its new name, **Bausch Health Cos.**

The new name, which comes from the company's Bausch & Lomb eye-care unit, "embodies a rich history of innovation, fortitude and dedication to patient health dating back to when J.J. Bausch opened his first optical goods shop more than 165 years ago," the company says on its redesigned website.

"These qualities form the



**THERE'S  
ONLY ONE  
PLAYER  
LEFT TO  
TALK ABOUT.  
THE BEST  
ONE.**

SAP® would like to congratulate our Tennis Ambassador Angelique Kerber on winning Wimbledon 2018, becoming the best of the best.