

U.S. NEWS

Policy Feuds Keep Spending Bill in Flux

Major sticking points are immigration and health care as funding deadline looms

By KRISTINA PETERSON
AND STEPHANIE ARMOUR

WASHINGTON—Lawmakers hustled Monday to resolve policy disputes holding up an agreement on a sweeping spending bill needed to keep the government funded beyond Friday, but negotiations stretched into early Tuesday morning.

Disagreements over health-care policy, immigration and funding for a New York rail tunnel project persisted as Democrats, Republicans and the White House negotiated the measure that would keep the government open until October and prevent a partial shutdown when its current funding expires at 12:01 a.m. Saturday.

Congress and President Donald Trump had already agreed to the overall spending levels last month, as part of a two-year budget deal, and senior lawmakers were confident it would pass before week's end.

As part of the budget deal, the bill will boost defense spending by \$80 billion this fiscal year over spending limits set in 2011, although Congress

has regularly agreed to lift federal funding since then. Domestic spending would get a \$63 billion increase.

A bipartisan congressional effort to shore up the Affordable Care Act was likely to be excluded from the bill, House Speaker Paul Ryan (R., Wis.) told House Republicans Monday evening, although Senate Republicans had been pushing late Monday to get it in the legislation.

Sens. Lamar Alexander (R., Tenn.) and Susan Collins (R., Maine) had hoped to include a plan from Mr. Alexander and Sen. Patty Murray (D., Wash.) to restore payments to insurers that offset their costs for providing mandatory subsidies to some low-income consumers on the ACA. Mr. Trump ended those payments last year, and many insurers raised premiums as a result. That meant people who don't get federal assistance to help with premiums saw their costs rise.

The health-care package also would have provided money to states for reinsurance, which help cover high-cost insurer claims as a way to reduce overall premiums. And it would have given states greater flexibility with waivers on how they implement the ACA. Its omission would deal a major blow to insurers and could further im-



GOP Sens. Susan Collins and Lamar Alexander want the bill to restore some payments to insurers.

peril the ailing health law's markets.

Democrats objected to a requirement from Republicans that would have only allowed subsidies to go to insurers that don't provide any coverage for abortions. Current law prevents federal funding from covering abortions, but doesn't stop insurers from providing separate coverage for them.

In an unusual move, Republicans publicly released their proposal Monday afternoon, criti-

cizing Democrats for blocking it over the abortion restrictions.

"What we've come up with is not going to be a major change in policy in any way," said Ms. Collins, pointing to her voting record in support of abortion rights.

But Democrats said the proposal expanded abortion restrictions in ways they couldn't support. "I'm not going to do anything that appears to further retreat from our commitment to choice," said Sen. Chris Murphy

(D., Conn.), who added that he would vote against the bill if that restriction was included.

A partisan impasse also looked likely to block any extension of the Deferred Action for Childhood Arrivals program, or DACA. Mr. Trump ended the program, which shields young undocumented immigrants from deportation, in September and gave Congress until early March to pass a replacement.

On Sunday, the White House proposed extending the pro-

gram for those enrolled in it now for 2½ years if paired with \$25 billion to build a wall along the border with Mexico. Democrats were willing to support the \$25 billion for the border wall, but wanted the agreement to include a path to citizenship, and wanted it to cover both those in the DACA program now and those eligible under its rules, according to two people familiar with the negotiations. The White House objected, leaving the issue at an impasse.

Federal judges have blocked the administration from winding down the DACA program for now, easing pressure on lawmakers to reach an immediate deal.

Lawmakers said Monday night that no deal had been struck yet over whether the spending bill should include \$900 million in funding for a tunnel under the Hudson River.

Advocates have said the tunnel is needed to strengthen commuter rail service on the heavily traveled northeast corridor. Mr. Trump has threatened to veto the bill over the funds and administration officials have said it is the type of project that they would ask states and cities to fund themselves.

—Natalie Andrews contributed to this article.

Mistreated Horses Are Freed From a Maryland Farm



BROKEN: Authorities seized surviving horses from a rural property after dozens of others were found dead or malnourished there.

UBER

Continued from Page One
million miles on public roads and billions more in computer simulation.

The accident comes at a pivotal time for the industry. Mainstream car makers are already incorporating semiautonomous systems in their vehicles that allow drivers to take their hands off the wheel for periods of time. Waymo, which has been testing vehicles in the Phoenix metro area without humans behind the wheel, plans to begin commercial robot taxi services there this year.

The fully-autonomous technology is still unproven, yet federal and state regulators have allowed these companies to test the robot cars on public roads. More than 50 companies are licensed in California alone to test self-driving vehicles there, as long as they have human operators in the car.

Both the National Transportation Safety Board and the National Highway Traffic Safety Administration said they were dispatching teams to Tempe to investigate the accident. NHTSA said it was in

contact with Uber, state and local authorities as well as Volvo, the car maker Uber relies on for its self-driving vehicles.

Volvo, a unit of China's Zhejiang Geely Holding Group Co., said in a statement: "We are aware of this incident and our thoughts are with the family of the woman involved."

Industry observers pointed to the fatal accident as evidence that the nascent technology needs more time to be fully developed before being deployed on public roads.

Missy Cummings, a professor of mechanical engineering and material science at Duke University, cautioned Congress in 2016 about companies rushing to put systems into widespread deployment and warned that a death could set back development of the potentially lifesaving technology.

"There is no question that someone is going to die in this technology," she said to Congress in 2016. "The question is when and what can we do to minimize that?"

On Monday, Ms. Cummings repeated that message, saying, "It is a day that we knew would come."

Regulations vary widely by state and are murky at the

federal level. It isn't clear the public is willing to surrender control to a computer, and unexpected safety issues could arise in tricky environments.

Congress has been considering legislation to clear up regulatory questions about autonomous-vehicle deployment. The legislation appeared to be moving quickly until stalling in the Senate this year under concerns about the safety of the technology.

Sen. Edward J. Markey (D., Mass.) reiterated his calls to Congress to enact a federal law that would ensure certain safety and privacy protections are in place before they are tested on public roads.

Developers of self-driving technology have argued they can only ensure the vehicles are safe by testing them in real-world situations.

Tesla Inc. became the first auto maker to come under significant government scrutiny for a semiautonomous driving system when a man driving one of its Model S electric cars operating with the company's Autopilot system died in a May 2016 collision with a truck on a Florida highway.

Ultimately, NHTSA concluded Tesla's technology

didn't contain a safety defect while the NTSB decided that the company shared blame in the crash by failing to include enough safeguards.

Tesla has said Autopilot significantly makes its vehicles safer and that the company would continue to evaluate recommendations as the technology evolves while ensuring drivers understand the system doesn't render cars fully self-driving.

According to government figures, 94% of crashes involve human error. The number of lives lost on U.S. roads surged nearly 6% to 37,461 in 2016, according to the most recent government data. A recent nonprofit study found motor-vehicle deaths remained near decade-high levels in 2017.

U.S. highway-safety regulators, in the absence of codified rules, are working on updating guidance for autonomous vehicles that began under the Obama administration. The Trump administration has taken pains to emphasize that it is voluntary for companies to submit safety assessment letters to regulators that the guidance suggests are advisable.

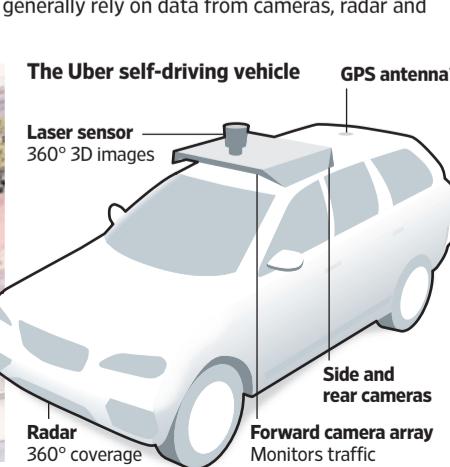
—Mike Spector contributed to this article.

Fatal Collision
Police say an Uber self-driving vehicle struck 49-year-old Elaine Herzberg while she was walking her bicycle on the street outside of a crosswalk. Autonomous cars generally rely on data from cameras, radar and laser sensors to identify other cars and pedestrians.



*Vehicles also rely on digital maps that show crosswalks and other landmarks.

Sources: WSJ analysis of Google Maps (crash scene); the company (car schematic)



THE WALL STREET JOURNAL

Nanoparticles produced by Sila Nanotechnologies contain silicon and other components, but not graphite. The Keywords column about battery life in Monday's Business & Finance section incorrectly said the nanoparticles have a hard graphite-silicon shell.

Italy's the League won nearly 18% of the popular vote in March 4 elections, and the conservative coalition led by the party drew 37% of the popular vote. A photo caption with a March 8 World

News article about Italian elections incorrectly said the League won 37% of the vote.

In a World News graphic on March 5 displaying recent Italian election results, the center-left results included Democratic Party, More Europe, Popular Civic List, and Together, and the center-right results included Forward Italy, the League, Brothers of Italy, and We're With Italy. In some editions, the graphic omitted the chart's footnote symbols.

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U.S. NEWS

GOP Loses Pennsylvania Map Battle

U.S. Supreme Court
and a panel of federal
judges reject bids to
block redrawn districts

BY SCOTT CALVERT
AND BRENT KENDALL

Pennsylvania Republicans suffered two more blows in their effort to block a new congressional map imposed by the state's high court, losing a pair of legal actions that all but cleared the way for new districts that could benefit Democrats.

The U.S. Supreme Court rejected on Monday a plea from top Republicans to block the map imposed by the Pennsylvania Supreme Court in February, after that court found the GOP had unlawfully distorted state districts to boost its electoral prospects. Hours earlier, a panel of federal judges

dismissed a lawsuit brought by a different group of top Pennsylvania Republicans, who also had sought to scuttle the new boundaries for the state's 18 congressional districts.

Candidates statewide have been gearing up to campaign in the new districts, with the May 15 primary election less than two months away.

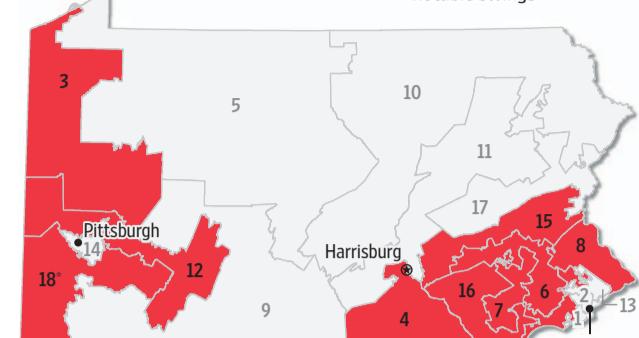
Pennsylvania Gov. Tom Wolf, a Democrat, applauded the decisions. "The people of Pennsylvania are tired of gerrymandering, and the new map corrects past mistakes that created unfair congressional districts and attempted to diminish the impact of citizens' votes," he said.

Mimi McKenzie, legal director at the Public Interest Law Center, which represented the League of Women Voters of Pennsylvania and the 18 voters who challenged the 2011 map's constitutionality, praised the rulings.

Redrawing the Map

The Supreme Court on Monday rejected Pennsylvania Republicans' request to block a new congressional map imposed by the state supreme court in February. The changes give Democrats a better chance at winning in seven competitive GOP-held districts.

2011 Congressional districts

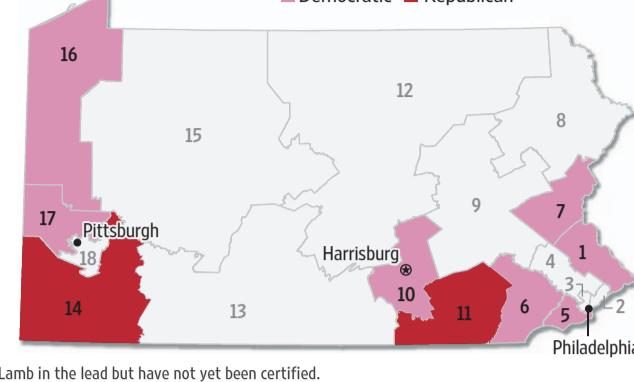


*Preliminary results from a March 13th special election in the 18th district show Democrat Conor Lamb in the lead but have not yet been certified.

Source: Pennsylvania Supreme Court

■ GOP-held districts with
notable swings

New district boundaries



THE WALL STREET JOURNAL.

Republicans "respect the decision of the U.S. Supreme Court and are prepared to move on to other issues of importance to the people of Pennsylvania."

The back-to-back court rulings ended a long-shot GOP bid that began after the Pennsylvania Supreme Court in January invalidated the congressional districts drawn by the Republican-controlled Legislature in 2011.

In a divided ruling, the state court held that the map was an unlawful partisan gerrymander meant to maximize Republican electoral success. Democrats have won five of 18 seats under the current map, even though voters of

ten split closely between Democrats and Republicans in statewide elections.

Because the court's majority based its ruling on the state's Constitution, it gave federal judges little room to intervene.

Pennsylvania GOP legislative leaders had argued that the Legislature's power to draw congressional districts had been usurped. The Supreme Court justices turned away that emergency appeal in a one-sentence order Monday. There were no registered dissents.

This was the second time the Supreme Court rejected an appeal by Pennsylvania Republicans to block the map. A

similar emergency appeal failed last month when it was turned down by U.S. Justice Samuel Alito.

In its ruling Monday, the panel of three federal judges that heard the case said the plaintiffs lacked legal standing to sue and that the claims "belong, if they belong to anyone, only to the Pennsylvania General Assembly." They acknowledged the plaintiffs' frustration. "But frustration, even frustration emanating from arduous time constraints placed on the legislative process," doesn't give plaintiffs "a right to relief," they wrote.

—Jess Bravin
contributed to this article.

A 'Serial Bomber' Unnerves Austin

BY DAN FROSH
AND RUSSELL GOLD

AUSTIN, Texas—Police said a "serial bomber" was at work in the Texas capital after the fourth explosion to hit the city since early March ripped through a residential neighborhood Sunday night, seriously injuring two men.

The blasts, which have killed two people and left several injured, are likely linked, said Austin Police Chief Brian Manley. Police haven't detailed why they think there is a connection, but Chief Manley said they had "seen similarities" in the devices.

Sunday's incident prompted a shift in the investigation. Both victims were white, while those previously killed or injured had been black or Hispanic. The latest bomb also appeared to be more sophisticated and indiscriminate, police said, triggered by a trip-wire that could have injured any passerby. The first three involved packages left on doorsteps.

"We have seen now a significant change from what appeared to be three very targeted attacks to what was—last night—an attack that would have hit a random victim that happened to walk by," Chief Manley said.

More than 500 federal agents from a variety of agen-



Officials teaming up in Austin include, from left, Fred Milanowski of the Bureau of Alcohol, Tobacco, Firearms and Explosives; Austin Police Chief Brian Manley and the FBI's Christopher Combs.

cies are helping local police investigate the bombings.

The first bomb went off March 2 in northeast Austin. It killed Anthony S. House, 39 years old. The second went off 10 days later in a gentrifying, lower-income neighborhood in East Austin. Killed was Draylen Mason, a 17-year-old musician.

Both Mr. Mason and Mr. House came from prominent African-American families who attend the same predominantly black church in Austin. The victims' race led officials to speculate that the crimes might be racially motivated.

Later the same day, another bomb detonated in a lower-income, largely Hispanic enclave

of southeast Austin, sending an elderly woman to the hospital. That attack spurred conjecture the bomber was targeting minority communities on the east side of Interstate 35.

Both hypotheses fell apart at 8:32 p.m. Sunday local time, when the latest bomb was triggered by two white men, both in their early 20s, walking through a neighborhood in southwest Austin in a predominantly white part of the city. It is on the west side of the interstate.

Nelson Linder, president of the NAACP's Austin branch, said the revelation that Sunday's victims were white showed the bomber wasn't limiting victims to a particular

demographic or cross-section of the city. "Last night proved this individual is a threat to the entire city," he said.

Authorities were offering rewards of more than \$100,000 for information leading to the arrest and conviction of those responsible. On Sunday afternoon, they held a news conference and urged whoever was responsible to come forward.

"We hope this person or persons is watching and will reach out to us before anyone else is injured or anyone else is killed," Chief Manley said. "We want to understand what brought you to this point."

Several hours later, the latest bomb went off.

By MELISSA KORN

Larry Nassar's longtime boss at Michigan State University told a group of students and administrators in the fall of 2016 that he didn't believe female patients who alleged repeated sexual abuse by the former U.S. national gymnastics team doctor, according to two people who said they heard the comments.

William Strampel, who was dean of the osteopathic medical school from 2002 until he stepped down for medical reasons late last year, also indicated that he hadn't wanted to fire Dr. Nassar two weeks earlier, these people said.

The comments shed new light on the culture at Michigan State, where Dr. Nassar worked and abused patients for years. Public anger has risen recently over how Dr. Nassar's crimes went undetected for so long and how slowly university, sports and law-enforcement officials reacted after the allegations were first reported.

The comments were allegedly made in an October 2016 meeting with four students and three other administrators.

The meeting was convened not to discuss Dr. Nassar, but rather a male student who had been suspended amid allegations of an abusive relationship with a female student, according to two people who said they were present. In a written account of the meeting those people prepared later, Dr. Strampel

expressed concern over the male student's rights and admonished others for accepting the female student's account.

"This just goes to show that none of you learned the most basic lesson in medicine, medicine 101, that you should have learned in your first week: don't trust your patients," Dr. Strampel is quoted as saying. "Patients

count, he added: "As soon as I found out I had to fire his ass. I didn't want to, but what am I supposed to do?"

The authors of the written account confirmed the statements to the Journal. Dr. Strampel declined to comment, through an attorney, and a representative for Michigan State's College of Osteopathic Medicine didn't respond to a request to comment.

Dr. Nassar was arrested in November 2016 and last year pleaded guilty to state sexual-abuse and federal child-pornography charges. Dr. Nassar, who is serving a 60-year sentence in federal prison, pleaded guilty to abusing dozens of women.

The Michigan attorney general's office in late January requested Dr. Strampel's work computer, cellphone and calendars as part of its investigation into the school's handling of complaints against Dr. Nassar.

Documents and interviews with current and former students, faculty and staff indicate Dr. Strampel's tenure at Michigan State was marked by complaints about his own alleged disregard for women, inappropriate behavior and a lack of appropriate oversight. Some of these complaints are detailed in performance reviews of Dr. Strampel, conducted every five years and reviewed by The Wall Street Journal.

The reviews also include praise from colleagues and university officials for Dr. Strampel

lie to get doctors in trouble. And we're seeing that right now in the news with this Nassar stuff. I don't think any of these women were actually assaulted by Larry, but Larry didn't learn that lesson and didn't have a chaperone in the room, so now they see an opening and they can take advantage of him."

According to the written ac-

pel's success raising the school's profile. Some former employees say that success helped overshadow the less attractive side of his tenure as dean.

In a spring 2005 section of a yearlong introductory course on physical examinations taught by Dr. Strampel, for example, a male model hired for students to practice prostate and rectal exams didn't show up. Dr. Strampel offered himself as the model patient, according to an account written by several students and shared with a longtime faculty member shortly afterward.

According to that letter, he directed his offer at one student, and that student left the room alone with Dr. Strampel and conducted the rectal exam, telling classmates afterward that he was concerned about failing the course if he declined.

The professor who received the letter characterized the incident as assault and said he encouraged them at the time to share the note with law-enforcement and media outlets. Other osteopaths contacted by the Journal said it is inappropriate for a professor to ask students to perform such exams on them.

The former student who was identified as performing the rectal exam on Dr. Strampel didn't respond to requests to comment. Dr. Strampel's attorney also declined to respond to an inquiry about the alleged incident.

—Rebecca Davis O'Brien
contributed to this article.

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U.S. NEWS

Trump, Clinton Reveal Parties' New Coalitions

**CAPITAL JOURNAL**

By Gerald F. Seib

Consider two scenes of recent days, which say much about the jumbled state of the two major American political parties:

In Scene One, President Donald Trump appears in the White House with nine metal workers, some of them carrying their hard hats, to impose stiff tariffs on imported steel and aluminum—tariffs that most mainline Republicans oppose but that he insists would reopen mills and bring back jobs.

In Scene Two, Hillary Clin-

ton appears onstage in India, to discuss her losing 2016 presidential campaign, and declares that she won in “places that are optimistic, diverse, dynamic, moving forward,” while Mr. Trump prevailed “by looking backwards” and carrying “all that red in the middle” of the country.

If you take a step back from those two scenes, you have the Republican who won the presidential election going to bat for the guys in hard hats (and yes, eight of the nine workers in the White House that day were guys), who personify the kinds of blue-collar workers in Rust Belt America who once formed the backbone of the Democratic Party. And you have the Democrat who won the popular vote explaining that her party prevailed not among workers in that Rust Belt but among upwardly mobile voters in “places that represent two-thirds of America’s gross domestic product.”

Taken together, those two scenes portray the two parties

somewhere between transition and identity crisis.

Mr. Trump spent much of his first year pursuing policies that pleased traditional Republicans: tax cuts and attacks on Obamacare and what his party calls its intrusions into the health-care marketplace. But now, in year two, when Mr. Trump is increasingly casting aside aides who would have him continue to hew to a fairly conventional version of GOP rule, his effort to redefine what it means to be a Republican is proceeding apace.

That is true in immigration policy, where decades of Republican odes to the economic virtues of immigration are being cast aside. But it’s especially true on trade, where tariffs on steel and aluminum are to be followed by new penalties on imports from China, and perhaps withdrawal from the North American Free Trade Agreement, a deal championed most notably by a

former Republican president, George H.W. Bush. The party’s speaker of the House and its leader in the Senate are opposed to the tariffs, as are the Chamber of Commerce and the Business Roundtable.

Indeed, Mr. Trump has found more support among some Rust Belt Democrats, including Ohio Sen. Sherrod Brown.

For now, Mr. Trump’s GOP is an amalgam of social conservatives willing to look past the president’s own personal history; establishment types who have made their peace with him; and working-class voters who once would have been natural Democrats.

Ultimately, of course, this Trumpian version of the GOP may collapse because of its own internal contradictions: If tax cuts so slice into federal revenue that they force cuts in the Medicare and Medicaid programs so many Trump voters rely upon; if trade wars that prompt China and Mexico to close markets to the crops

grown by farmers who supported Mr. Trump; if Trump-backing workers in industries that use steel are hurt by those tariffs that raise the prices for the material their plants use. Meanwhile, business interests must decide whether the tax-cut benefits they love outweigh misgivings about trade policies they fear.

Democrats, meanwhile, are evolving into a party dominated by higher-educated and upwardly mobile Americans on the coasts and in urban areas; millennials; suburban women; and minority groups and immigrants. That mix of constituencies will push the party toward the kinds of free-trade and immigration policies once espoused more by moderate Republicans than mainline Democrats.

And inevitably that new coalition, and its views on cultural issues such as gun rights, same-sex marriage and the environment, will pull Democrats

further away from some of those traditionally Democratic blue-collar voters. Indeed, one Trump campaign volunteer in Ohio recalls that no issue was more effective in drawing voters away from Democrats than climate change, which workers saw more as a threat to their income than a threat to the environment.

Democrats have to ask whether they can devise a message that somehow binds together their traditional middle-American, lunch-bucket constituency with the new, bi-coastal core of their party.

Republicans have to ask whether the new, Trumpian version of the party is, as Mrs. Clinton suggested, essentially backward-looking and destined to shrink over time as the economy changes. In that regard, here is a number that should really concern the GOP: In the latest Wall Street Journal/NBC News poll, only 19% of Americans aged 18 to 34 have a positive view of the Republican Party.

WASHINGTON WIRE

ADMINISTRATION**White House Names Deputy Chief of Staff**

President Donald Trump elevated Chris Liddell, a former Microsoft Corp. and General Motors Co. executive who now serves in a White House office aimed at streamlining the federal government, to deputy chief of staff for policy coordination, the White House said Monday.

Mr. Liddell, who was under consideration this month to serve as the next director of the National Economic Council, will be a second deputy to John Kelly, the president’s chief of staff. Last week, the Republican president named CNBC commentator Lawrence Kudlow to lead the council, which is the White House’s top economic-advisory post. He will succeed the departing Gary Cohn.

“Chris is widely respected across the administration and is highly qualified to oversee and coordinate our policy process,” Mr. Kelly said in a statement. “We look forward to having him in this new role.” Mr. Kelly’s other deputy is Joe Hagin, who oversees White House operations.

The White House press secretary, Sarah Huckabee Sanders, said in a statement that Mr. Liddell in his new role would “manage the policy process as we continue to enact the president’s agenda.”

—Rebecca Ballhaus

STATE DEPARTMENT**Tillerson Meets With His Chosen Successor**

Outgoing Secretary of State Rex Tillerson met Monday with Central Intelligence Agency Director Mike Pompeo, the man President Donald Trump has chosen to succeed him.

A State Department official said that Messrs. Tillerson and Pompeo were sitting down at the department’s headquarters in Foggy Bottom.

It was the first known meeting between the two men since Mr. Trump fired Mr. Tillerson on Twitter and announced he was nominating Mr. Pompeo to succeed him. Mr. Tillerson has already handed over authority to his deputy but remains secretary until March 31.

—Associated Press

POLITICS**Former Congressman Is Quitting the GOP**

A former U.S. House representative from Hawaii said he is leaving the Republican Party because of President Donald Trump and the failure of fellow party members to stand up to him.

Charles Djou, who represented Honolulu in the House from 2010 to 2011, wrote in an opinion piece published in Civil Beat on Monday that he is disturbed that the Republican Party under Mr. Trump has become hostile to immigration.

Mr. Djou lamented the GOP president’s desire to launch a trade war, treatment of veterans like U.S. Sen. John McCain (R., Ariz.) and recitation of conspiracy theories.

The White House didn’t comment.

—Associated Press

Tough Approach Vowed in Opioid Crisis

BY LOUISE RADNOFSKY

MANCHESTER, N.H.—President Donald Trump pledged to achieve victory over the opioid epidemic in a speech in hard-hit New Hampshire on Monday, touting a “tough” law-enforcement approach—including the death penalty for dealers—as Congress wrestles with treatment funding.

“Addiction is not our future. We will liberate our country from this crisis,” Mr. Trump said. “This is about winning a very, very tough problem, and if we don’t get very tough on these dealers, it’s not going to happen, folks.”

Mr. Trump’s remarks marked the formal unveiling of the next phase of his administration’s plan to attempt to turn the tide of the opioid epidemic, now claiming the lives of more than 100 Americans a day through overdoses of prescription opioid pills, fentanyl and heroin.

The plan includes a call for opioid prescriptions to be reduced by one-third within three years, in part by encouraging physicians to change their prescribing behavior. It also calls for guaranteed access to overdose-reversal drug naloxone and for the Justice Department to seek more death-penalty cases against drug traffickers.

“That toughness includes the death penalty,” Mr. Trump said.

Mr. Trump said that concerns about the flow of fentanyl and heroin supported his immigration policies seeking to extend a barrier on the southern border and punish cities that refuse to cooperate with deportation efforts.

Mr. Trump made several ref-



President Donald Trump consoles Jeanne and Jim Moser of East Kingston, N.H., whose son Adam succumbed to addiction.

ferences to the death penalty during his talk, but ahead of the speech, White House aides said that the president’s proposal was focused only on using existing law for “very specific high-level cases” and that the administration was more interested in seeing Congress pass laws that ensured fentanyl dealers received mandatory minimum sentences.

The plan backs expanding access to medication-assisted treatment, though it doesn’t come with a price tag the administration is willing to support. Some lawmakers have said the White House should lead the way by demanding

funds; the White House has countered that appropriations are the job of lawmakers and said they are helping them as they negotiate a fresh government funding bill.

Democrats, in particular, have criticized the Trump administration’s response as slow, saying that they want a commitment from the administration for funds. They believe the effort is being sidetracked by suggestions such as bringing more death-penalty cases against traffickers.

“This is not a crisis that we can solve just by being tougher on drug dealers,” said Sen. Maggie Hassan, one of New

Hampshire’s two Democratic senators. “We need presidential leadership in pushing for the significant additional funding that it will ultimately take.”

Mr. Trump’s brief visit to a Manchester firehouse that serves as an access point for treatment was greeted by protesters outside bearing signs with slogans including “support, don’t punish,” “Medicaid expansion saves lives” and “Donald J. Duterte,” an apparent reference to the leader of the Philippines, who is engaged in a violent campaign against drug dealers.

Democrats frequently wrap into their criticism the GOP ef-

fort to overturn the 2010 Affordable Care Act, which expanded access to treatment in private insurance and through Medicaid. Republicans say that the crisis emerged on the watch of the Obama administration, and that officials there didn’t see it.

Whatever sum of money is agreed on is likely to fall short of the expectations of some advocates. Congress is considering \$6 billion over two years. Some activists say that only a long-term and much more substantial commitment to funding treatment facilities in each of the counties in the U.S. will make a difference.

Congress Grapples With McCabe Exit

BY ARUNA VISWANATHA

Repercussions from the firing of Andrew McCabe moved to Congress Monday, with several lawmakers calling for hearings and Democrats extending job offers to the former FBI deputy director in an effort to restore his full pension.

Meanwhile, a senior Republican senator said he believed President Donald Trump was unlikely to fire special counsel Robert Mueller. Mr. Trump stepped up his attacks on Mr. Mueller over the weekend after Mr. McCabe’s dismissal, though the firing wasn’t related to Mr. Mueller’s investigation of Russia’s meddling in the 2016 presidential election and potential coordination between Moscow and the Trump campaign.

The campaign has denied collusion and Moscow has denied meddling. Mr. Trump over the weekend suggested Mr. Mueller’s team was biased and on Monday tweeted that the investigation has “massive conflicts of interest.”

Democratic Reps. Mike Quigley of Illinois and Steve Cohen of Tennessee on Monday called for a bill that would protect Mr. Mueller. But Sen. John Cornyn



Fired FBI official Andrew McCabe, wearing glasses, received job offers from lawmakers on Monday.

misleading. Allies of Mr. McCabe disputed the findings, saying they were rushed and lacked a substantive basis.

Mr. Cohen said on the House floor it was critical that Mr. Mueller’s investigation be protected. “We all believe in an America that should not be capitulating to Russia, and an America that shouldn’t be seeing the Constitution shredded and laws violated,” he said.

The debate over Mr. McCabe’s dismissal, and the broader battle between the White House and the former FBI leadership, is unlikely to subside soon. Senate Intelligence Committee Chairman

Richard Burr (R., N.C.) and Sen. Mark Warner (D., Va.), the committee’s top Democrat, are holding a press conference Tuesday and a hearing the following day at which the subject is likely to arise.

A number of issues surrounding Mr. McCabe’s dismissal remain unclear, including the exact process that led to his firing. In his statement Friday, Mr. Sessions said he made his decision pursuant to “Department Order 1202,” but a spokeswoman declined to provide that order.

Several lawmakers have extended job offers to Mr. McCabe, saying such employment

might help him meet the requirements for beginning to collect his retirement benefits. Mr. McCabe worked for more than two decades at the FBI.

Rep. Mark Pocan (D., Wis.), said he offered Mr. McCabe a job in his office focusing on “election security.” To retain his full pension rights, Mr. McCabe would likely have to keep working in law enforcement, and it wasn’t clear whether Mr. Pocan’s job offer would qualify.

A spokeswoman for Mr. McCabe said he is “considering all options” for employment.

—Kristina Peterson and Byron Tau contributed to this article.

A former U.S. House representative from Hawaii said he is leaving the Republican Party because of President Donald Trump and the failure of fellow party members to stand up to him.

Charles Djou, who represented Honolulu in the House from 2010 to 2011, wrote in an opinion piece published in Civil Beat on Monday that he is disturbed that the Republican Party under Mr. Trump has become hostile to immigration.

Mr. Djou lamented the GOP president’s desire to launch a trade war, treatment of veterans like U.S. Sen. John McCain (R., Ariz.) and recitation of conspiracy theories.

The White House didn’t comment.

—Associated Press

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U.S. NEWS

Public Housing Crumbles in New York

Federal budget cuts and a failure to bring in private partners leave the city in a bind

BY MARA GAY
AND LAURA KUSISTO

New York's public housing is literally falling apart.

The sprawling network of 176,000 apartment units across the five boroughs needs an estimated \$25 billion of repairs, up from \$6 billion in 2005. Yet annual federal funding for the nation's largest public-housing program hasn't kept pace.

Residents of decaying brick towers battle leaking roofs and moldy walls, broken elevators and aging infrastructure. This winter, some of the housing authority's ancient boilers gave out, leaving more than 320,000 people without heat or hot water.

"When you constantly cut a budget for housing...this kind of crisis is going to emerge," said Shaun Donovan, a former secretary of the Department of Housing and Urban Development and a former New York City housing commissioner.



Failing boilers have left more than 320,000 without heat or hot water in New York's public housing.

It's dire."

Advocates said conditions now pose danger to residents, especially to children and seniors.

"We're hitting a crisis point," said Afua Atta-Mensah, executive director of Community Voices Heard, a New York City nonprofit that organizes public-housing residents. She

said the group has been buying carbon monoxide monitors for people who have been using their ovens as a heat source, a practice that fire officials have warned is dangerous.

Mayor Bill de Blasio has blamed public-housing problems on decadeslong funding declines from Washington. The New York City Housing Au-

thority is overseen by HUD.

Housing authorities in other major cities, such as San Francisco, Chicago and Atlanta, now manage a vanishingly small share of their units. In some cases, cities have continued to own the land or buildings, and they are run largely by private real-estate companies, while in other cases the

Other Cities Move To Transform Stock

As New York struggles to save its public housing, other major cities have moved aggressively to transform their public-housing stock.

San Francisco is in the process of transferring essentially all of its 6,000 units to private management.

The city is investing more than \$800 million of its own funds—a number that for New York would be in the billions based on the much larger size of its portfolio.

Chicago, which is the country's second-largest public-housing authority, offers a

warning of what could happen if the city allows buildings to fall so far into disrepair that they are uninhabitable or dangerous.

"There's the point of no return. Once you imagine that these buildings are killing people—through lead or violence—there was no alternative," said Ben Austen, author of the new book "High-Risers: Cabrini-Green and the Fate of American Public Housing."

Chicago ultimately demolished most of its high-rise public-housing stock, with the exception of senior housing and gave tenants Section 8 rental-subsidy vouchers.

—Laura Kusisto

said Howard Husock, vice president of research and publications at the Manhattan Institute, a right-leaning group.

Deputy Mayor Alicia Glen said in an email message that New York City couldn't meet the authority's needs without federal investment. "The city cannot solve the crisis in our public housing alone."

Trump Beefed Up His Legal Team

BY REBECCA BALLHAUS
AND PETER NICHOLAS

WASHINGTON—President Donald Trump has hired Joseph diGenova, a former U.S. attorney who was appointed independent counsel during the George H.W. Bush administration, to help represent him in the special counsel's Russia investigation, a Trump lawyer said Monday.

Mr. diGenova, who has criticized the investigation into whether Trump associates colluded with Russia to skew the 2016 presidential election, will join Mr. Trump's personal legal team, which is headed by John Dowd.

Mr. Dowd drew criticism over the weekend after he called for the Justice Department to shut down the Russia investigation led by special counsel Robert Mueller. Mr. Dowd later said he was speaking for himself, not the president.

Mr. diGenova isn't expected to take over leadership of the team, according to a person familiar with the matter, but will "work together" with Mr. Dowd as "equals." Mr. diGenova declined to comment, and Mr. Dowd didn't immediately

Firm Pitches Entrapment Tactics on Video

BY REBECCA BALLHAUS

Executives at Cambridge Analytica, a data firm that worked for President Donald Trump's 2016 campaign, advertised campaign tactics—such as entrapping political opponents with bribes and sex—in a sales pitch captured by undercover journalists at British broadcaster Channel 4.

In a series of meetings between November and January with Cambridge Analytica Chief Executive Alexander Nix and Mark Turnbull, the managing director of the company's international political operation, a Channel 4 reporter posed as a "fixer" for a client seeking to elect candidates in Sri Lanka, according to a video the broadcaster released Monday.

In the video, Messrs. Nix and Turnbull touted the company's ability to hide its involvement in elections and de-

scribed what they said were previous tactics they had undertaken to damage the political opponents of their clients.

"We're used to operating through different vehicles, in the shadows," Mr. Nix told the undercover reporter. "I look forward to building a very long-term and secretive relationship with you."

In a statement Monday, Cambridge Analytica called the video "edited and scripted to grossly misrepresent the nature" of the conversations. The statement said the two company executives were seeking to "tease out any unethical or illegal intentions" and that they left the meeting with "grave concerns."

Mr. Nix in a separate statement said: "I deeply regret my role in the meeting and I have already apologized to staff." He said he was "playing along" with the conversation and added that the company doesn't

engage in "entrapment, bribes or so-called 'honeytraps.'"

In one segment of the video, Mr. Nix outlined the type of work he said his firm had conducted in the past. One type of operation, Mr. Nix said, was to send women

'I look forward to building a very long-term and secretive relationship with you.'

to seduce a politician and set up hidden cameras.

At another point in the video, Mr. Turnbull suggested that entrapping politicians with hired women wouldn't be work the company would undertake. "There are companies that do this, but to me that crosses a line," Mr. Turn-

bull said.

In the video, Mr. Turnbull said that the key to spreading propaganda was to avoid any questions about where the news was coming from. "We just put information into the bloodstream of the internet, and then, and then watch it grow, give it a little push every now and again," he said.

Mr. Nix also advertised the company as adept in concealing its presence in an election. He offered the example of a recent "very, very successful project" in Eastern Europe in which "no one even knew they were there," and Cambridge Analytica employees "just ghosted in, did the work, ghosted out."

People close to Cambridge Analytica said Mr. Nix often exaggerated information. They said Mr. Nix has repeatedly mischaracterized the work the company did for Mr. Trump's campaign, including promoting

the idea that Cambridge Analytica had provided psychographic analysis related to the personalities and values of voters to the campaign. The firm didn't provide such analysis to the Republican president's campaign, the people said.

The data firm was a top vendor for Mr. Trump's campaign in 2016, earning close to \$9 million from its work—of which about \$6 million was publicly disclosed, with the rest routed through a second vendor, according to federal records and a person familiar with the matter. The company provided data, polling and research services.

A spokesman for Mr. Trump's campaign declined to comment.

One former company employee based in the U.S. said he was "shellshocked" by the video, saying he never saw such tactics employed while he was at the company.

DATA

Continued from Page One
La.) in a joint statement Monday. "The lack of oversight on how data is stored and how political advertisements are sold raises concerns about the integrity of American elections as well as privacy rights."

Sens. Klobuchar and Kennedy are members of the Judiciary Committee and have asked the panel's chairman, Chuck Grassley (R., Iowa), to hold hearings. A spokesman for Mr. Grassley said no decision had been made to whether to hold hearings as the panel was "currently gathering information and taking steps to inform any action by the committee."

Sen. John Thune (R., S.D.), chairman of the Senate Commerce Committee, which has jurisdiction over some technology issues, said he was planning to send a request to Facebook for more information. Facebook has a "responsibility to make sure that that data is used in an appropriate way," Mr. Thune said.

Meanwhile, the European Parliament's president, Antonio Tajani, on Monday said "allegations of misuse of Facebook user data is an unacceptable violation of our citizens' privacy rights" and vowed that Parliament will investigate.

The EU's justice chief, Věra Jourová, said she expected "companies to take more responsibility when handling our personal data." She said she would seek clarifications from Facebook and would discuss the matter with U.S. government officials on her scheduled trip to the U.S. this week.

Facebook executives have struggled to find responses that didn't fuel more recrimination—not fueling a pattern that has played out over the company's response to a string of crises over the past 18 months.

Several Facebook executives took to Twitter over the weekend to argue that Cambridge



Social-media posts displayed during a November hearing on Russian interference in the 2016 elections.

ANDREW HARRER/BLOOMBERG NEWS

Security Chief Expected to Leave

Facebook Inc.'s security chief, Alex Stamos, plans to step down from the social-media company this year, people familiar with the matter said, following clashes with executives and a reorganization that whittled his responsibilities.

Since the 2016 U.S. presidential election, Mr. Stamos has been at the center of Facebook's response to Russian efforts to manipulate public discourse us-

ing its platform. He and other security officials often argued that Facebook should publicly disclose more about the Russian efforts, a stance often at odds with the more cautious approach advocated by Facebook's policy team, overseen by Chief Operating Officer Sheryl Sandberg, people familiar with the deliberations said.

In January, the bulk of Mr. Stamos's security team was moved to groups managed by other executives, the people said. That helped prompt his decision to leave, which Mr. Stamos has told associates he plans to do in August, they said.

Mr. Stamos posted a message on Twitter Monday saying: "Despite the rumors, I'm still fully engaged with my work at Facebook. It's true that my role did change. I'm currently spending more time exploring emerging security risks and working on election security." He didn't address if he planned to step down.

A Facebook spokesman described Mr. Stamos as a "valued member of the team" without addressing the planned departure, which was reported Monday by The New York Times.

—Deepa Seetharaman and Robert McMillan

link its user base together. A range of organizations were allowed to use the information, including political campaigns. President Barack Obama's 2012 re-election campaign, for example, created a voter-outreach app that analyzed users' Facebook connections and encouraged users to reach out to potential Obama supporters among them.

By 2015, Facebook had largely stopped access to users' friend connections, though political campaigns could still find would-be supporters by buying ads and using Facebook's targeting tools.

Facebook has said it had learned in 2015 that Aleksandr Kogan, a psychology professor at the University of Cambridge, broke its data policies when he shared user data gleaned from his personality-prediction app, "thisisyourdigitallife," with parties that included Cambridge Analytica.

At the time, Facebook's platform rules allowed Mr. Kogan to glean information about those who downloaded the app—as well as many data points about their friends. Facebook has since restricted access to friend data.

Facebook said when it

learned in 2015 that Mr. Kogan's company shared data with Cambridge Analytica in violation of its terms of service, it obtained legal agreements to delete the information from the firm and Mr. Kogan, along with a man named Christopher Wylie, who worked with Cambridge Analytica. Facebook now is investigating whether the parties kept the data anyway.

A Cambridge Analytica spokesman said in a statement that its political division didn't use Facebook data collected by Mr. Kogan's company. The firm said that it deleted all data it received after it became clear that Mr. Kogan violated Facebook's policies. Mr. Kogan didn't respond to a request to comment, and Mr. Wylie couldn't be reached to comment.

About 270,000 people downloaded the app, giving Mr. Kogan access to information such as the cities they lived in, the content they had liked or information about their friends, Facebook has said. According to a report in the New York Times, as many as 50 million Facebook users were swept up in the data collection.

On Monday, Facebook said it hired a digital forensics firm, Stroz Friedberg, to do a "comprehensive audit" of Cambridge Analytica, which agreed to give "complete access" to its servers and systems.

Facebook also asked Mr. Kogan and Mr. Wylie to agree to an audit; the company said that Mr. Kogan provided a verbal agreement, while Mr. Wylie declined. Facebook said the audits were part of a broader review conducted by the company to determine whether the parties deleted the user data as they certified some years ago.

If this data still exists, it would be a grave violation of Facebook's policies and an unacceptable violation of trust and the commitments these groups made," Facebook said.

—Natalia Drozdiak and Sam Schechner contributed to this article.

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WORLD NEWS

U.K. Gets Post-Brexit Transition Terms

Free trade with EU and bloc migrants' rights would extend through 2020

By VALENTINA POP

BRUSSELS—European Union and British negotiators agreed on terms of the U.K.'s 21-month transition after it leaves the bloc in March 2019, but left unresolved a thorny issue—the future of Ireland—that could derail the entire Brexit deal.

The agreement Monday opens the way for talks on the U.K.'s future economic and security relationship with the EU, something the U.K. has long asked for. But while the transition was relatively easy to agree on, the most difficult phase of negotiations still lies ahead.

With just a year to go, the sides must complete the negotiations on terms of U.K.'s withdrawal, the transition and the broad strokes of post-Brexit relations with the bloc—all included in one legal text approved by the U.K., EU governments and the European Parliament.

The U.K. wants a much closer trade and economic relationship after Brexit than the EU says is possible for a country that won't allow free movement of EU citizens and won't follow the rulings of the EU's top court.

Still, at an unusually upbeat



Chief Brexit negotiators David Davis, left, and Michel Barnier said a 'decisive step' had been taken on the U.K.'s transition after Brexit.

joint news conference, the EU and British negotiators, Michel Barnier and David Davis, spoke of a "decisive step" reached on the transition deal meant to give businesses and governments on both sides more time to adjust to Brexit.

Under the terms, agreed among the EU's 27 national diplomats dealing with Brexit, the U.K. will follow the EU's rules and continue to trade freely in the bloc's common market until

the end of 2020. It will no longer have a say over the bloc's rules and regulations, but, in a concession by the EU, the U.K. will be able to negotiate and sign its own trade deals to come into force after the transition period ends.

The U.K. agreed that EU migrants who move to the U.K. in the transition period will have the same rights as EU citizens who arrived before Brexit.

EU leaders are poised to ap-

prove the transition terms at a summit on Friday and give Mr. Barnier instructions on how to negotiate the bloc's future relationship with the U.K.—a phase London wants to start as soon as possible.

Mr. Barnier warned that "nothing is agreed until everything is agreed," meaning that the Irish issue has to be resolved for the final Brexit deal to be approved. The re-emergence of a border in the island

of Ireland could upend a 20-year-old peace accord allowing people and goods to move freely between the Republic of Ireland, which is part of the EU, and Northern Ireland, a part of the U.K.

So far, it has been impossible to reconcile the absence of a hard border with Prime Minister Theresa May's pledge that the U.K. will leave the EU's customs union and its single market of goods and

Market's View

The British pound rose against the dollar Monday, the day on which post-Brexit transition terms were agreed.

How many U.S. dollars one British pound buys



Source: FactSet

THE WALL STREET JOURNAL.

services as part of its plan to take control of migration and leave the jurisdiction of the EU court.

An EU document laying out proposed divorce terms with the U.K., described as a fallback in case no alternatives are found, raised hackles last month by proposing a common economic area on the island of Ireland after Brexit.

That would leave Northern Ireland subject to some EU tax rules and to regulations in agriculture, state aid and the environment—effectively a separate economic regime from the rest of the U.K. Mrs. May rejected the proposal, saying "no U.K. prime minister would ever agree to it."

Putin's Election Win Magnifies Deep Political Divide

BY THOMAS GROVE

MOSCOW—Russian President Vladimir Putin's victory in Sunday's presidential election has left deep divisions in an opposition movement that had been buoyed in recent months by nationwide protests but failed to translate its momentum into a broad political movement.

Anticorruption activist Alexei Navalny brought thousands of protesters onto the streets ahead of Sunday's election—a vote he was barred from participating in.

But his call for a boycott of the election appears to have had little effect, as Sunday's turnout surpassed that of the last election in 2012. At the same time, friction emerged Monday among opposition figures—some of whom accused the Kremlin of improprieties during Sunday's election—as to the best way to counter Mr. Putin's influence.

With almost all votes counted on Monday, Russia's Central Election Commission said Mr. Putin had won nearly 77% of the ballots cast, with turnout of 67.5%. The president's closest competitor, Communist Party candidate Pavel Grudinin, won just short of 12% of the vote, the commission said, while opposition television personality Ksenia Sobchak drew less than 2%.



Vladimir Putin won nearly 77% of the ballots cast on Sunday, leaving the opposition bitterly divided.

The result reflects the difficulty the opposition has in turning street protests into a viable political opposition that can trouble Mr. Putin in a country where the Kremlin fosters schisms, targets opponents with judicial investigations, and cultivates its own loyal opposition figures.

Mr. Putin maintains tight control over the country—from television channels to law enforcement—but also en-

joys genuine popularity for his hard line against the West and improved living standards during his 18 years in power.

"Navalny's campaign fizzled out," said Aleksei Chesnakov, a political analyst and former Kremlin aide. "What is the argument for protests now? The elections already happened, and people had their say."

After polls closed Sunday, Mr. Navalny engaged in a debate with Ms. Sobchak, rejecting her offers to create a

united opposition party and criticizing her as a Kremlin stooge for taking part in the election. Mr. Navalny was barred from running because of a criminal conviction that he called politically motivated.

Speaking on state television, Ms. Sobchak noted the popularity of Mr. Putin's strong hand in domestic affairs and acknowledged that liberals were a minority in Russia.

The Organization for Security and Cooperation in Eu-

Moscow Must Help in U.K. Probe, EU Officials Say

BRUSSELS—Russia must cooperate with investigations into the suspected nerve agent attack on British soil, European Union foreign ministers urged, as the U.K. tries to drum up international support for a tough line against Moscow.

In a statement during an EU foreign ministers meeting, the bloc voiced "unqualified solidarity" for Britain in its escalating diplomatic clash with Russia.

There was no explicit threat of EU action. However ministers said they would "remain closely focused on this issue and its implications."

British authorities say the poisoning was an attempted murder of Sergei Skripal, a Russian double agent who spied for the British and later moved to the U.K.

The U.S., France and Germany have joined the U.K. in blaming Moscow for the attack in Salisbury, England, which also injured a police officer. Mr. Skripal and his daughter Yulia remain gravely ill after being found slumped on a park bench.

Novichok is the Soviet-era poison British authorities say was used in the attack.

Russia denies it was behind the attempted killing of Mr. Skripal. Its officials have said the country has produced no chemical weapons since 1992.

—Julian E. Barnes and Laurence Norman

mer double agent Sergei Skripal and his daughter Julia by what the U.K. government said was a Soviet-era nerve agent.

But with the election over, Mr. Putin's new term could be marked by an escalation in his confrontation with the West. The list of disputes is long, from Russian military interventions in Ukraine and Syria to Western accusations of election meddling, cyberattacks and the poisoning of for-

Italy Seizes Spanish Ship in Migrant Dispute



ROME—Italy seized a Spanish ship that had refused to turn over rescued migrants to a Libyan coast guard vessel, reflecting growing tensions over an agreement Italy struck with Libya last year to stem the flow of refugees.

Officials on Monday impounded the boat, operated by

Proactiva Open Arms, a Spanish nongovernmental organization dedicated to rescuing migrants fleeing Libya to Italy, after the crew refused to hand over more than 200 migrants to Libyan authorities. The NGO said it declined the order because of the conditions in which returned mi-

grants are being held in Libya. The Open Arms rescued the migrants from a vessel foundering in international waters in an area of the Mediterranean Sea where patrols are Libya's responsibility, according to the Italian Coast Guard.

—Giovanni Legorano

SOUTH KOREA

Military Exercises To Resume in April

The U.S. and South Korea said they would resume combined military exercises aimed at deterring North Korea, despite a recent detente with Pyongyang that yielded regime promises to suspend weapons tests and commit to denuclearization talks.

The allies opted earlier this year to delay the annual maneuvers, which North Korea routinely denounces, to avoid conflicting with the Winter Olympics and Paralympics in South Korea in February and March.

The Pentagon said late Monday that the exercises, known as Key Resolve and Foal Eagle, would go ahead from April 1 on the "same scale, scope and duration as previous years."

"Our combined exercises are defense-oriented and there is no reason for North Korea to view them as a provocation," Pentagon spokesman U.S. Army Col. Robert Manning III said.

North Korea in the past has characterized the maneuvers as rehearsals for invasion, and has cited them among its reasons for developing atomic weapons.

—Andrew Jeong

VENEZUELA

Trump Administration Bans Digital Currency

The Trump administration targeted Venezuela's new bitcoin-like currency, prohibiting Americans and U.S. companies from dealing in the digital currency.

With the economy in shambles and the country cut off from debt markets, Venezuelan President Nicolás Maduro launched the so-called petro cryptocurrency last month in a bid to skirt intensifying financial sanctions from the U.S., the European Union and others aiming to punish the government for its authoritarian rule.

"Investing in the petro should be seen as investing in the dictatorship," a U.S. official said after President Donald Trump signed an executive order banning the currency Monday. The U.S. Treasury also unveiled sanctions on four Venezuelan officials accused of corruption, adding to the more than 50 officials from the country blacklisted by Washington in recent years.

The White House said it was evaluating stricter measures, including a ban on Venezuelan oil.

There was no response from Venezuela's government.

—Kejal Vyas

MIDDLE EAST

Palestinian Leader Criticizes U.S. Envoy

Palestinian Authority President Mahmoud Abbas called the U.S. envoy to Israel a "son of a dog," in a fresh sign of the strains between Washington and the Palestinians and the hurdles to peace talks.

The leader made the comments during a speech blaming Hamas—the militant Palestinian rulers of the Gaza Strip—for a failed assassination attack last week on a Palestinian Authority official. He also criticized the White House for its stance on the Israeli-Palestinian conflict, singling out U.S. Ambassador David Friedman. Mr. Friedman has been a vocal supporter of settlements in areas the Palestinians consider vital to a future state.

The Palestinian leader's verbal broadside highlights how a long-awaited White House plan for Israeli-Palestinian peace is likely to face obstacles.

Jason Greenblatt, an aide to President Donald Trump on peace negotiations, criticized Mr. Abbas, adding, "We are finalizing our plan for peace and we will advance it when circumstances are right."

—Rory Jones and Dov Lieber

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WORLD NEWS



People's Bank of China governor Yi Gang on Monday said there will be a series of 'reform and opening-up measures' in coming weeks.

China's Banker Vows Quick Shifts

By LINGLING WEI
AND CHUN HAN WONG

BEIJING—China's new central-bank chief is off to a running start.

Fresh from his appointment as governor of the People's Bank of China, announced on Monday at the annual legislative session, Yi Gang said "there will be a series of reform and opening-up measures" during the next three weeks.

People familiar with the matter say Beijing is working on a plan that would boost foreign participation in the financial sector such as insurance. President Xi Jinping is expected to unveil that plan during the Boao Forum, an annual gathering of world political and business leaders in the southern Chinese island of Hainan in April.

Beijing intends to use the plan to showcase its resolve to continue liberalization, especially in the face of mounting pressure from the Trump administration, which has urged China to significantly narrow the wide trade gap.

The top central banker is part of a new cabinet Beijing unveiled on Monday as Mr. Xi installed trusted lieutenants to help him remake the economy, fight poverty and pollution and enhance China's standing on the world stage. At the core of the lineup is a new economic team led by Liu He, Mr. Xi's top economic adviser whose promotion to vice premier essentially makes him the captain of the world's second-largest economy.

One surprise appointment was Liu Kun, who was named finance minister. Mr. Liu cut his teeth managing finances and setting budgets for the provincial government in southern Guangdong, but he so far has limited experience working in the central government. His appointment suggests that disciplining local-government spending could be a priority for the ministry in the coming years.

Mr. Yi's ascent also came as a surprise to many in the government and the market. Until recently, the American-trained economist had been seen as a dark-horse candidate for the

PBOC's leadership, largely due to the fact that he didn't become a full member of the Communist Party's powerful Central Committee during last fall's power transition.

But Mr. Yi's chances improved with lobbying by his mentor, Zhou Xiaochuan, who ran the central bank for the past decade and a half, officials with knowledge of the process said. A plan to shuffle financial

Beijing wants to keep steady a financial policy centered on risk control.

regulators, released last week, promises to expand the PBOC's responsibilities from setting monetary policy to writing overall rules for banking and securities industries. That change also calls for someone with Mr. Yi's expertise, the officials said.

By promoting Mr. Yi, the leadership is signaling its desire to keep steady a financial policy centered on risk control, some analysts said. Mr. Yi's pro-market inclination, as evidenced by the effort by him and Mr. Zhou to free up the yuan over the years, also implies Beijing's intention to somewhat revive financial liberalization.

Challenges for Mr. Yi include financial risks from soaring debt levels, a lumbering financial sector dominated by big state banks, how to open up financial markets and limit trade friction with the U.S.

"Policy makers will continue to emphasize deleveraging in the financial market and attempt to allocate more resources to the real economy," said Zhu Chaoping, a Shanghai-based global market strategist at JPMorgan Asset Management.

Foreign Minister Wang Yi's promotion to state councilor—a cabinet title just below vice premier—made him China's highest-ranking foreign minister in two decades.

Ratings Plunge For Japan's Abe

By ALASTAIR GALE

TOKYO—Public support for Japanese Prime Minister Shinzo Abe plunged, opinion polls showed, as resurgent cronyism allegations threaten his fortunes ahead of a party leadership election.

Since early 2017, Mr. Abe has been dogged by accusations from opposition lawmakers of helping a school operator secure a cut-price land deal. They also say he pushed through government approval for another educational facility operated by a longtime friend.

Mr. Abe denied the allegations, and by late last year they appeared to be fading. Mr. Abe's ruling coalition won decisively in national elections in October.

This month, controversy flared again when the Finance Ministry confirmed a local newspaper report that the names of senior political figures, including the prime minister and his wife, had been secretly removed from documents about the land sale.

In parliament on Monday, Mr. Abe denied any connection to the document revisions. The original documents show Mr. Abe and others supported the Osaka-based school, Moritomo Gakuen, but don't provide evidence that any of them intervened in the 2016 sale. Mrs. Abe was an honorary principal.

"There's no way I could've

Reversal of Fortune

Approval ratings for Japanese Prime Minister Shinzo Abe and his team have plunged despite his denials of involvement in altering documents in a land deal.

Cabinet approval rate



Source: Asahi Shimbun nationwide telephone polls, most recent of 1,915 respondents conducted March 17-18

THE WALL STREET JOURNAL.

ordered the changes because I didn't know the documents existed," Mr. Abe said. Finance Minister Taro Aso has said bureaucrats made the changes without his knowledge. A ministry investigation has started.

The head of Moritomo Gakuen, Yasunori Kagoike, said in parliamentary testimony last year that he sought Mrs. Abe's assistance with the land deal. She denied helping.

Mr. Abe said he took the poll figures very seriously and, as head of government, felt responsibility for the document controversy.



Prime Minister Shinzo Abe has faced allegations of cronyism.

KAZUHIRO NOGI/AGENCE FRANCE PRESSE/GETTY IMAGES

Crown Prince Brings Saudi Enmity for Iran to the U.S.

Crown Prince Mohammed bin Salman was set to arrive Monday in Washington, armed with the brash foreign policy that has shaped Saudi Arabia's more-muscular stance in the Middle East aimed at countering the kingdom's archenemy, Iran.

By Margherita Stancati in Riyadh and Dion Nissenbaum in Washington

The Trump administration and lawmakers now need to weigh whether to support the prince's more confrontational approach with Iran and risk sparking a regional conflict, or seek to moderate his diplomacy. "The key question," said Brian Katulis, a fellow at the Center for American Progress, a Washington think tank, "is how does America best shape Saudi Arabia and influence how it engages?"

For years, the U.S. could count on the kingdom to anchor its agenda in the Middle East. In exchange for U.S. military protection, Saudi Arabia guaranteed a steady supply of oil and provided a bastion of

stability in a volatile region.

Prince Mohammed upended that status quo after his father, King Salman, assumed the throne three years ago. At home, the father and son have sought to transform the kingdom's economy, reducing its reliance on oil. Abroad, Saudi Arabia has abandoned the kingdom's traditionally passive foreign policy in favor of trying to roll back Iran's pervasive influence—an approach that has dragged it into a war in neighboring Yemen.

Prince Mohammed's hard-line stance on Iran has resonated with the Trump administration. Donald Trump—who traveled to the kingdom in May 2017 in his first trip abroad as president—has aligned with Saudi Arabia by threatening to scrap a multi-nation deal with Iran that froze its nuclear program in exchange for easing sanctions.

Mr. Trump is scheduled to meet Prince Mohammed on Tuesday, in the prince's first visit to the U.S. since he became heir to his father's throne last year.

The replacement of Secretary of State Rex Tillerson

with Central Intelligence Agency Director Mike Pompeo is expected to give a boost to those in the Trump administration looking to more forcefully confront Iran.

"From a Saudi perspective, Pompeo is an upgrade from Tillerson," said Hani Sabra, founder of Alef Advisory, a New York-based political-risk

firm. On Iran "Mohammed bin Salman is going to encounter a very receptive White House."

In theory, Saudi Arabia could pressure Iran to curb its involvement in Arab countries and lead efforts to combat religious extremism in the region by using its clout as the birthplace of Islam. In practice, its posture has often backfired.



Mohammed bin Salman is remaking the kingdom's foreign policy.

Saudi Arabia and its closest allies sparked the worst political crisis among Gulf countries in decades when they severed diplomatic relations and imposed an economic embargo on Qatar in June.

The Saudi-led bloc, which includes the United Arab Emirates, Egypt and Bahrain, want Qatar to stop what they say is meddling in regional affairs by severing its support for Islamist groups like the Muslim Brotherhood. They also accuse it of being too close to Iran and of having ties to terror groups, which Doha denies.

The U.S. wants Saudi Arabia to reconcile with Qatar ahead of a possible summit in Camp David in May. Previous U.S. efforts have failed, and hopes of a breakthrough remain slim.

"We have to make some kind of headway on resolving the dispute if we are going to have the summit," one State Department official said.

Mr. Trump and Prince Mohammed are also expected to discuss an evolving deal by the U.S. to sell nuclear reactors to Saudi Arabia. Some U.S. officials want to make sure any agreement prevents

Saudi Arabia from using the civilian project to develop a nuclear weapon.

Saudi Arabia says it wants nuclear power for peaceful purposes as it tries to become less dependent on oil. But it doesn't want to rule out the possibility of eventually having nuclear weapons.

During his nearly three-week tour—which includes stops in New York, Silicon Valley and Houston—Prince Mohammed will have the opportunity of explaining his campaign to turn a closed petrostate into a modern country that is open for business and eager for investment. He can point to moves like the coming end to the ban on women driving, and plans for a public sale of a small portion of Saudi Aramco, the state-owned oil giant.

The schedule includes meetings with tech executives at Alphabet Inc.'s Google and Apple Inc., among others, according to people briefed on the visit. The delegation also plans to visit some of the biggest U.S. defense contractors.

—Summer Said in Dubai contributed to this article.

IPO

Continued from Page One to follow through on Prince Mohammed's promise to publicly list the company without the litigation and disclosure risks that are likely to crop up on larger exchanges such as New York, London or Hong Kong. In recent weeks, Saudi officials have publicly made a nationalist case for a Tadawul listing, saying it would boost the local market and allow regular Saudis to have a stake in the nation's crown jewel.

"The only thing we know today is that the Tadawul will be the key listing location," said Saudi Oil Minister Khalid al-Falih to CNN this month. "An Aramco listing on the Tadawul will be catalytic for that capital market."

In response to questions, Aramco said the IPO would include the Tadawul as "the home exchange." The company added: "A range of international options are still being held under active review. The company will not provide a running commentary on the course of the IPO."

Even a Tadawul listing could present problems for Aramco and the exchange itself, as it is a small venue and it is unclear whether the internal controls and technology could support large-scale trading that would come with listing a company as big as Aramco. The domestic listing is unlikely to happen by October, a deadline Saudi officials set last year. Officials and people close to the process say April 2019 is likely the soonest a local IPO could go ahead.

Aramco's listing plans could

change. Prince Mohammed could still reject his advisers and push ahead with an international IPO next year. It is the centerpiece of an economic transformation plan called Vision 2030, with the listing's proceeds to go to the Saudi sovereign wealth fund for investments that would diversify the kingdom's economy.

There also is some concern among advisers that the kingdom may continue to delay the IPO and ultimately never float the company on any exchange, according to people familiar with the process.

Saudi officials said they would look for a decision on a venue when he returns to the kingdom in April after his U.S. trip.

Saudi officials say a Hong Kong listing remains in contention, provided China becomes a cornerstone investor

in Aramco with a large, multi-billion-dollar outlay. China is among Saudi Arabia's biggest

Buying Time
An oil-price recovery has reduced pressure on Aramco to list overseas.

Brent crude-oil price



Source: WSJ Market Data Group

buyers of oil, and a deal with Aramco could secure long-term supply. Those negotiations continue, officials said.

Some Saudi officials question the rationale of a Saudi-only listing, a senior official said.

"If you are doing Tadawul only, then you are changing the original message and pitching it as a way to give Saudis a chance to own a slice in their state bank. That's totally different from what [the prince] said first about the IPO," the official said.

A Tadawul-only listing would dramatically scale back how much Aramco could raise in an offering as most large asset managers have limits on how much they can invest on smaller exchanges.

The market capitalization of all stocks on Tadawul is nearly \$480 billion, less than

half of the more conservative estimates of Aramco's valuation of between \$1.3 trillion and \$2 trillion.

Wherever Aramco lists, advisers say oil prices will play the biggest role in its value, as higher oil prices will inevitably generate a much higher market cap for the company.

Tadawul hasn't yet been approved for inclusion on benchmark indexes such as the MSCI and the FTSE Russell that see trillions of dollars in passive investment flow through. The FTSE Russell is set to decide on Saudi Arabia's inclusion on its index later this month, six months after its rejection of the kingdom's earlier application, and the MSCI will decide later this year. Even if MSCI approves the addition of Tadawul to its emerging-market index, that would go into effect in June 2019.



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#NeverAgain

Continued from Page One

to squeeze commerce and foreign aid. As a result, U.S.-based groups, which once accounted for a small proportion of aid to North Korea, now play an outsized role.

Aid has shrunk to \$39 million, around a tenth of its total. A handful of U.S.-based Christian groups provide only \$10 million in aid, public documents show. These groups navigate international sanctions and a U.S. travel ban to serve as one of the last channels of help for North Korea's many poor, particularly its children, elderly and sick.

From Beijing, the mostly Christian aid workers board Russian jets bound for North Korea where they help manage medical clinics, dig wells, supply food and oversee education programs, some decades

ago. When Mr. Rice arrived in Pyongyang, he found some of his peers staying at the same hotel. One was Stephen Linton, 57, from the Eugene Foundation, named for his grandfather, a Presbyterian who began Korean missionary work in 1895.

You can't operate freely within the bounds of a totalitarian regime.'

These humanitarians, eligible for exemptions to the U.S. travel ban, are among the last Americans who engage in face-to-face work between people of the two nations, which over the past year have swung between brinkmanship and, of late, the possibility of talks between the country's two leaders.

Christian aid workers say they are motivated by such Biblical admonitions as "love your enemies." Many say their work can foster peace through cooperation and trust-building.

The groups hail from many denominations, including the founder of American Friends Service Committee, the Church of Jesus Christ of Latter-day Saints, the Mennonite Central Committee and the interdenominational World Vision.

The Trump administration has sought U.S. help and engagement.



Rice, a Christian aid worker, checks donated beans.

ment as a failure. The U.S. ended aid after North Korea quit disarmament talks in 2009. "Our country has been unsuccessfully dealing with North Korea for 25 years, giving billions of dollars & getting nothing," Mr. Trump tweeted last fall.

After a flurry of diplomacy around the Winter Olympic Games in South Korea in February, the Trump administration is applying a policy of maximum pressure through sanctions while seeking to engage with North Korea through disarmament talks. If any talks bear fruit, the effectiveness of such humanitarian aid will come under even sharper scrutiny; many experts expect North Korea to request food and other assistance as part of any negotiation.

Messrs. Linton and Rice, the sons of missionaries in post-war South Korea, are among those who believe that humanitarian aid, delivering food and medicine, builds goodwill.

"Finding peace means having the courage to go talk to the enemy, and being willing to be criticized for it," said Mr. Rice, 57. He runs a South Korea-based humanitarian program for the Mennonite Central Committee, pacifist Christians with a long history of service in dangerous places.

Mr. Linton has traveled to North Korea more than 80 times since the 1970s. He runs a program to treat multidrug-resistant tuberculosis, a widespread problem. Late last year, North Korea asked him to double the scope of the program's work in the country, he said.

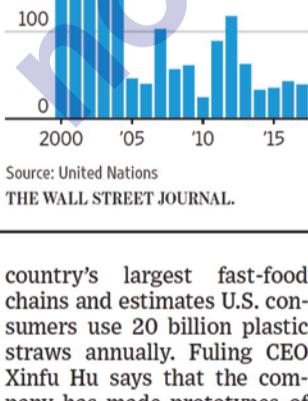
Other Christian humanitarians have turned away from North Korea. "This money is all going straight into the pockets of the regime," said Nancy Purcell, a Philadelphia-area native who first traveled to North Korea with a Christian nonprofit in 2000. She helped distribute food produced there until concluding in 2004 that the military siphoned off donations. Aid was "prolonging the regime," said Ms. Purcell, 68.

Some of the help, such as medicines for tuberculosis, are useful only for the sick, say Christian aid workers trying to stem North Korea's TB problem.

Tim Peters, of Michigan, said he first traveled to North Korea to deliver food during the 1990s famine, inspired by a verse in the Book of Romans: "If your enemy hunger, feed him." Today, Mr. Peters, 67, runs a Christian group, Helping Hands Korea, that assists North Korean defectors.

Hobbled Help

Total U.N. humanitarian aid to North Korea has been dwindling.



country's largest fast-food chains and estimates U.S. consumers use 20 billion plastic straws annually. Fulin CEO Xinfu Hu says that the company has made prototypes of biodegradable plastic straws and thinks the government should promote use of such straws.

Mia Freis Quinn, a spokeswoman for the association, says the plastic straw's detractors should focus on finding ways to recycle and recover them. Plastic straws, she says, play vital roles in everything from her children's class projects to personal hygiene. "My dentist says if you're not drinking water, you better be using a straw."

The American Dental Association suggests using straws to prevent tooth erosion, recommending using a straw "palatally," placing the end behind the teeth.

Straws date back to at least 2,500 B.C., when wealthy Sumerians likely shared pots of beer using metal straws more than 4 feet long, says William Hafford, a University of Pennsylvania researcher. Other iterations were of reeds and paper. Plastic straws created a splash in the 1960s because they were



Above: Christian aid worker Heidi Linton during her North Korea trip in October. Below: An aid worker holds a can of donated turkey destined for North Korea.



TOP: CHRISTIAN FRIENDS OF KOREA; JEAN CHUNG FOR THE WALL STREET JOURNAL

"You can't operate freely within the bounds of a totalitarian regime like North Korea's," he said.

Pressing Need

North Korea badly needs food and medicine, experts said. At least 40% of North Korea's population is undernourished, and such diseases as tuberculosis and hepatitis are rampant, according to U.N. reports. In January, Unicef said a slowdown in aid could lead to starvation for some 60,000 children.

The U.S. travel ban allows humanitarian workers to apply for permission on a case-by-case basis. In practice, the sanctions have made aid work more difficult: Wary of running afoul of sanctions, transport companies are leery of taking goods to the North Korea border, and banks turn down requests to transfer money there, humanitarian workers said.

While North Korea accepts Christian aid, it is no friend of Christianity. The regime sees religion as a threat and has imprisoned Christians for praying and owning a Bible. Preaching is forbidden, yet some aid workers say they talk about their beliefs in private with individuals who ask, despite the risk.

Last year, two American educators affiliated with the Pyongyang University of Science and Technology, a Christian-funded university, were arrested. They remain in detention, and North Korea has yet to disclose any charges.

The university was founded in 2010 by James Kim, a Korea-born U.S. citizen, with \$40 million raised from evangelical churches and businesses. Mr. Kim says the campus builds relationships with elite North Koreans who are otherwise taught to hate the U.S. Others say the technical and English language training may help forge the next generation of missile scientists and computer hackers.

Regime founder Kim Il Sung, who persecuted Christians, grew up in a Presbyterian home and learned to play the church organ, historians said. In Pyongyang, he built three showcase churches.

Christian aid worker Heidi Linton visited one in October.

The North Korean pastor delivered a sermon about the ills of American foreign policy, then

cheap but didn't fall apart.

The straw that stirred the drink, by many accounts, was a fourth-grader in Vermont named Milo Cress, who in 2011 decided to quantify how many straws end up discarded. "I just started noticing the vast amount of straws that would come with every meal," says Mr. Cress, now a high-school junior. "You wind up with piles of straws on the table."

He and his mother called straw manufacturers and estimated U.S. diners throw away 500 million straws daily, or more than 1.5 a person. The figure became the go-to straw statistic, appearing in hundreds of media reports, corporate sustainability initiatives and on the National Park Service website.

A 2015 YouTube video, "Sea Turtle with Straw up its Nose," gave the movement a mascot. The video of marine biologists extracting the straw has been viewed more than 19 million times.

Bacardi Ltd. cited the 500 million estimate when it became one of the first spirits makers to take a stand against plastic straws and swizzle sticks, banning them two years ago from its events. A Bacardi

A History of Good Intentions

Working in the closed country has long proven problematic for aid groups.

Christian work in North Korea began around the time of two trips to Pyongyang in the early 1990s by the late evangelical leader Billy Graham. He said he was received with a bear hug from Kim Il Sung, the now-deceased founder of North Korea's dynastic state and grandfather of Kim Jong Un.

The regime gave its own spin. In 2016, state media reported Mr. Graham had affirmed Kim Il Sung was akin to God, "so perfect in his ideas that North Korea didn't need the Bible," which the Graham organization denied was said.

North Korea made an international call for help in 1995 to combat famine and became one of world's biggest recipients of food aid, about a mil-

lion tons a year. The U.S. gave \$1.3 billion in food and energy from 1995 to 2008.

Researchers now suspect that North Korea diverted much of its famine-era aid to elites and its military. Aid workers from France-based Action Against Hunger reported finding emaciated children who were seemingly left to die in bleak facilities in the late 1990s. The group pulled out in 2000. Doctors Without Borders left in 1998 after concluding the regime kept food from the neediest.

In February, the Global Fund to Fight AIDS, Tuberculosis and Malaria, a nonsectarian, non-profit group—founded by Bill Gates and former U.N. secretary-general Kofi Annan, among others—said it would end grants to North Korea because of its lack of transparency.

North Korea's state media said Tuesday the decision was "extremely abnormal and inhumane."

—John Lyons and Jonathan Cheng

called up Ms. Linton, 53, of Black Mountain, N.C., to speak.

"We are here out of our love for Jesus, and our desire to make him known and his love known to the people of Korea," Ms. Linton told the 60 or so congregants, mostly women.

Ms. Linton, who is related by marriage to Stephen Linton, runs Christian Friends of Korea, a nonprofit that has delivered around \$90 million in aid to North Korea since 1995. In October, she traveled nearly 3,000 miles across remote provinces with a 13-person team, she said. They dug wells and dispensed medicine for hepatitis to 600 patients.

At a North Korean soybean factory, Mr. Rice dug his hands into some of the tons of dried beans. He visited one child dining on dried beans.

His four-person team included a farming expert. After one meeting with North Korean officials, they discussed bringing farmers to Canada to learn new techniques. "We were trying to sow little seeds of hope in the cracks," said Mr. Rice, who plans to return to North Korea.

Last May, Mr. Rice brought five North Koreans to Winnipeg, Canada, to tour Mennonite farms, a rare visit outside their country. That was before North Korea test-launched a missile.

bus company. "Your imagination goes into play."

A soggy straw was what Jason Rammelsberg, 43, ended up with in Seattle, where plastic straws will be outlawed come July. The software-company manager's encounter with a paper straw wasn't bad: It took 10 minutes—until it started absorbing his Coke Zero. "I was near the end, I just said f--- it, took the lid off and drank like a man."

Some bars use metal straws but say patrons like to use paper straws.

Bars that have cut back on plastic straws say some patrons don't seem to notice. Even when plastic straws are there, people tend to use them, says Matt Arnhold, 36, a bartender with Ms. Sprouse runs a sustainability-consulting firm. "Most people just take a straw and they do that right where they pinch it under their index finger."

Fabienne Alexis gave up plastic straws voluntarily. To order frozen margaritas, to go, in old Brooklyn, N.Y., she learned to tilt the glass to prevent blended ice from spilling on her face.

"I love to drink a lot more than I like the straw," she said.

The new wells required repeat visits to maintain, said, an uncertain prospect given the signs of tension saw. At one meeting with public health officials, a propaganda poster had been taped on a window showing missiles blowing up the U.S.

Trust but verify

Last fall, the Treasury Department granted Steven Yoon, a former California chiropractor, a humanitarian exemption from sanctions that would allow him to transfer money from Christian relief sources to Pyongyang to complete a \$3 million hospital ward for children with cerebral palsy.

Mr. Yoon moved with his wife and children to North Korea in 2009 to work with disabled. The decision has prompted harsh questions, said, from people who asked, "How could I take children to such a place?"

"My answer is that for us, this is our life journey to be with people who are alone," said Mr. Yoon. In 2011, Mr. Yoon became the first U.S. citizen to pass exams for a medical Ph.D. at Kim Il Sung University.

The Yoons relocated to South Korea just before a U.S. travel ban went into effect in September, he said, but his family would like to return. In December, Mr. Yoon flew to Pyongyang to check on his hospital project.

Delivering aid to North Korea requires a leap of faith, a willingness to travel, the only way for groups to verify that programs and supplies are helping the people most in need is to see firsthand. Internet and phone calls to North Korea are practically impossible.

Even trips don't give a complete view. Visitors are almost always accompanied by North Korean escorts who make private interviews impossible.

Christian aid workers say they are confident their organizations reach intended recipients. To deliver the food and medicine, North Korean authorities allow the workers to travel to regions otherwise off-limits to foreign visitors.

Tensions with North Korea were high in November when Mr. Rice prepared for his trip since the Sept. 1 travel ban, imposed after the death of Otto Warmbier, the American student who died last year after his imprisonment in North Korea. Mr. Rice, who joined the Mennonite program in 1995, finds recipients in North Korea and make sure help reaches them.

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GREATER NEW YORK

Business Owners Seek to Ditch Landlords

Falling prices for retail space in Manhattan have allowed some firms to buy property

BY KEIKO MORRIS

Small businesses largely steered clear of real-estate investments during the heady days of soaring prices for Manhattan retail properties. Now that prices are coming down, some are exploring the possibility of owning their space.

Earlier this year, a venture led by chef Stefano Secchi and entrepreneur David Switzer bought a four-story building with vacant restaurant space in the Flatiron District, paying less than the asking price. They are planning to open a restaurant there, with housing above it.

The principals of Tribeca design gallery R & Company purchased a nearby property with a ground floor and two lower levels to expand their business, create more exhibition space and open an academic research center. The property is known as a retail condominium, which, like a residential condo, allows buyers to acquire a portion of a property and contribute to its overall maintenance.

Both viewed owning as a



R & Company purchased an 8,000-square-foot retail condo for \$7 million on White Street in Tribeca.

dos and stand-alone retail buildings fell 16% from its recent high in 2014 to \$3,092, according to real-estate services firm Cushman & Wakefield.

Businesses that can afford to buy often are motivated to do so because it eliminates the uncertainty that comes toward the end of a lease term, offers the possibility of long-term appreciation and presents other financial opportunities, such as becoming a landlord and earning rental income should the business close, Ms. Polsinelli said.

Often rent for a retail space costs more than the interest on the mortgage of a retail property, and as an owner there are tax benefits such as the deduction for depreciation, she said.

Because of these perks, buyers who are users of the retail space value the property differently from other investors and typically are willing to pay a 10% to 20% premium above levels others might offer, said Robert Knakal, chairman of New York Investment Sales at Cushman.

"We knew we wanted to buy, to create a sense of perpetuity," said Zesty Meyers, one of the principals at the 20-year-old R & Company. "We were at the right time and the right place to find what we couldn't find anywhere else."

R & Company's new 8,000-square-foot retail condo, purchased for \$7 million, sits at the base of a landmark cast-iron building on White Street in Tribeca. A block north of the firm's gallery on Franklin Street, it features a dramatic 40-foot atrium.

For Messrs. Secchi and Switzer, the search began at the height of the retail market a few years ago. Mr. Secchi—who spent three years working in Italy, including at renowned chef Massimo Bottura's Michelin-rated restaurant in Modena—knew he wanted to find a building with space that already had a restaurant use on its certificate of occupancy and had some apartments above to provide cash flow.

The wait paid off, and the partners bought the building at 27 E. 20th St. for \$7.25 million.

"When we bought, we knew we had to go into something that made sense to pay a square foot," Mr. Secchi said.

They pair are now shipping relics and pieces from an old farmhouse in Italy to create the atmosphere of an Italian osteria at the new restaurant, which is expected to open in August. They are working on a residential concept with a community atmosphere for the apartments above.

way to have greater control over their future. "We want to find a place that is long-term and not be inflated out of our leases if we decided we want to stay," Mr. Secchi said.

Falling prices create an opportunity for business owners to make an investment in real estate at a discount from the height of the market, said Adelaide Polsinelli, senior managing director at real-estate services firm Eastern Consolidated.

Although businesses that acquire Manhattan retail property for their own use still represent a small portion of sales, more are exploring the idea, brokers said. Acquisitions by these buyers represented about 8% of retail condo sales dollars in 2017, up from about 3% the year before, according to data from Real Capital Analytics.

The moves come at a time when the U.S. retail sector is in turmoil. Big retailers are closing

stores or going out of business, and landlords have begun to rethink their properties.

Even so, some Manhattan restaurants, galleries and medical offices are being tempted by falling prices to enter the market, brokers said. The average price a square foot for retail condos fell 60% to \$1,605 at the end of 2017 from its 2015 high, according to Real Capital Analytics. The average price a square foot for both retail con-

Actress Launches Cuomo Challenge

BY MIKE VILENSKY

Actress Cynthia Nixon on Monday announced she will challenge New York Gov. Andrew Cuomo in a Democratic primary, presenting a threat from the left to his bid for a third term.

Ms. Nixon is best known for her role as Miranda Hobbes, a lawyer in HBO's "Sex & the City," but has also been involved in New York politics in recent years, calling for more funding of public education and stumping for New York City Mayor Bill de Blasio, a Democrat.

In a video she posted to her Twitter account announcing her candidacy, she said New York's political leaders have failed the state. "Half the kids in our upstate cities live below the poverty line," she said. "Something has to change."

The video shows her touring New York by train, walking through the streets of New York City, and riding the subway. If elected, she would be the first female and first gay governor of New York.

Ms. Nixon's candidacy has been long rumored. As she began putting together a campaign staff in recent weeks, Mr. Cuomo has ramped up his

political activities, appearing at antigun rallies and subsidized-housing developments, and touting endorsements from figures as far-flung as British singer Elton John.

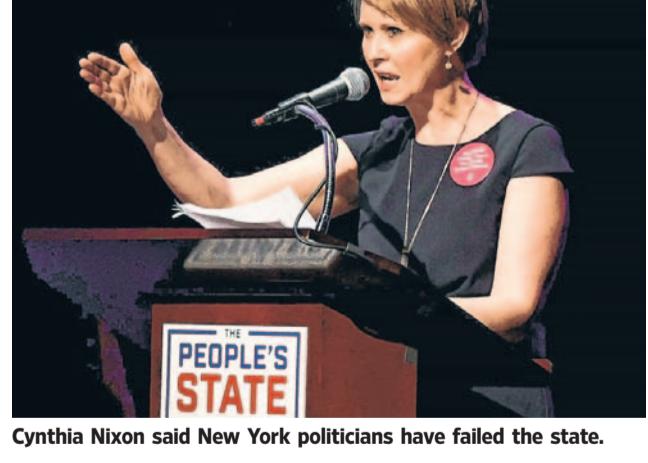
A Cuomo campaign spokesman on Monday pointed to Mr. Cuomo's passage of a minimum-wage hike, a paid family-leave program, and a ban on fracking, saying the governor would "build on that record."

Mr. Cuomo defeated a liberal challenger, Zephyr Teachout, in 2014, 62% to 34%. Ms. Nixon, however, brings name recognition as an actress and political activist, and potential fundraising abilities to help her challenge one of the most-well-funded governors in the country. Mr. Cuomo has some \$30 million in his campaign account for a third term.

Ms. Teachout announced Monday she will be the treasurer of the Nixon campaign.

Ms. Nixon, 51-years old, also is closely allied with Mr. de Blasio, Mr. Cuomo's adversary who has often criticized the governor for not backing liberal policies like a tax hike on the wealthy.

A Siena College poll released Monday showed her trailing Mr. Cuomo, 66% to 19%, in the September primary.



Cynthia Nixon said New York politicians have failed the state.

DARREN ORNITZ/REUTERS

LIRR Improvement Plans Detailed

BY PAUL BERGER

The head of the Long Island Rail Road on Monday unveiled a turnaround plan for the commuter-rail line, which last year slumped to its worst on-time performance in almost two decades.

LIRR President Pat Nowakowski, who has been under pressure for months over the railroad's poor performance, said the plan would improve system reliability, boost resiliency during severe weather events and improve customer communication.

The proposal, which was laid out to the Metropolitan Transportation Authority's LIRR committee in lower Manhattan, included spreadsheets detailing dozens of planned actions, such as upgrading signals and switches, hiring additional workers to tackle equipment breakdowns and training public-facing staff.

Mr. Nowakowski said the plan would cost about \$15 mil-

lion to \$20 million a year, about three-quarters of which would be the cost of hiring additional staff.

Several commissioners, including committee Chairman Mitch Pally, welcomed the plan. "I think this is a very good start," Mr. Pally said.

But Commissioner Scott Rechler, a real-estate developer

The proposal would cost about \$15 million to \$20 million a year, rail president says.

with headquarters on Long Island, told Mr. Nowakowski that he was disappointed. He said he had expected "a much more well thought-out, well-communicated plan."

"Go back and try to repack-age this plan in that context that really displays the sense

of urgency that the public expects to see from us and in ways that they can understand as we roll it out," Mr. Rechler said.

Mr. Nowakowski said the plan was a "work in progress" and that he intended to find a way of better presenting it to riders.

The MTA runs a sprawling transit system that includes the LIRR, the Metro-North Railroad, New York City's subway and buses, and nine bridges and tunnels.

MTA Chairman Joe Lhota has expressed dissatisfaction with LIRR management in recent months.

During a January conference call with reporters, he said he was "unconvinced" by Mr. Nowakowski's explanation for the railroad's poor performance.

The railroad's on-time performance that month fell to 83.9%, its lowest level in 22 years, according to the New York state comptroller. A train

is considered late if it arrives at its final destination more than six minutes after its scheduled time.

A report released March 15 by state Comptroller Thomas DiNapoli found that in 2017, the LIRR recorded its worst on-time performance in 18 years.

The report noted the railroad's operations were affected by several developments beyond the LIRR's control in 2017, such as derailments of other trains at New York Penn Station, which is owned by Amtrak, and by months of reduced train speeds and track outages, while Amtrak carried out repair work.

But the comptroller also found the LIRR was responsible for more than 6,500 late or canceled trains in 2017, an increase of 20% from 2016. More than two-thirds of those incidents were caused by equipment problems, the comptroller found.

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GREATER NEW YORK

Opioid Battle Gets Boost In Funds

BY MARA GAY

New York City will add \$22 million to its efforts to fight the opioid epidemic this year, Mayor Bill de Blasio said Monday.

In the city last year, 1,068 people died from opioid overdoses compared with 1,012 in 2016, according to preliminary data for the city's health department. The mayor said the data showed some progress because the increase was smaller than in recent years. There were 754 deaths from opioid overdoses in 2015.

"We're all shocked by the intensity of this crisis," Mr. de Blasio said at a news conference on Staten Island.

The new funding brings the city's total investment in anti-opioid programs to \$60 million this year. City officials said the money would go toward hiring 29 additional staff for a medical team that works with the city's health and police departments responding to overdose calls, and to expand other health-based programs to address opioid abuse.

One such program connects patients at the city's public hospitals with treatment for addiction. Another would allow the fire department to distribute 5,000 naloxone kits. Naloxone is a drug that can reverse an otherwise fatal overdose when administered in time.

The mayor said the city is using "every tool" to fight the epidemic, but some critics disputed this, noting he hasn't backed a proposal to create safe-injection sites, where drug users could administer heroin and other opioids under medical supervision. Asked on Monday whether he supported the initiative, Mr. de Blasio said he would make a decision when the city's Department of Health and Mental Hygiene issues a report about safe-injection sites in April.

City Initiates Alert System for Hit-and-Runs

BY MELANIE GRAYCE WEST

New York City's new hit-and-run alert system, modeled after Amber alert notifications, went into effect this weekend, a new tool in helping police to identify drivers involved in serious incidents.

The system is designed to provide rapid information to the public when a hit-and-run accident results in serious injury or death. The alerts are to go out from the **New York Police Department** within 12 hours of an incident, via social media, email, text, phone or media broadcasts, and include vehicle and any other information available.

Traffic safety has been a hot-button issue of late. On March 5, two children were struck and killed in a Brooklyn crosswalk, though the driver didn't flee.

Since 2014, when Mayor Bill de Blasio rolled out a pedestrian-safety plan known as Vision Zero, pedestrian deaths have fallen by about half. In 2017 there were at least 32 fa-



A Brooklyn intersection where two children in a crosswalk were struck and killed by a car this month.

tal hit-and-run crashes in the city, down from 38 in 2016, according to a report from Transportation Alternatives, an advocacy group.

For hit-and-runs, the vast majority of reported incidents involve property damage.

In an accident where there is a critical injury or a death, arrests are made less than half the time, according to City Councilman Ydanis Rodriguez, who introduced the alert system bill, which was signed into law last December.

The majority of hit-and-run incidents happen at night in places where there are few street cameras, experts say. Often the drivers responsible are impaired, and many have a suspended license or no license at all.

SPENCER PLATT/GETTY IMAGES

Under New York state law, drivers who know or presume to know they have caused personal injury or property damage are required to remain at the scene of an accident to share personal information, like insurance details or identification.

Experts say many drivers involved in hit-and-run accidents are motivated to flee the scene to avoid immediate drug and alcohol testing, potentially avoiding stiffer charges.

Hit-and-run alert systems already exist in Colorado and California. Bills to establish a state-wide hit-and-run system were introduced in the New York state Legislature about a year ago and remain in committee.

The law to establish the new hit-and-run alert system was named for Jean Paul Guerrero, a popular New York DJ who went by the name DJ Jinx Paul. Mr. Guerrero was killed in 2016 in a hit-and-run accident in Brooklyn.

Mr. Rodriguez, the councilman, said the new alert system will "bring justice to the families of the victims."

State to Probe DA's Handling of a Weinstein Case

BY ZOLAN KANNO-YOUNGS

New York Gov. Andrew Cuomo directed the state's top prosecutor on Monday to investigate the Manhattan district attorney's handling of a 2015 sexual-assault allegation against former Hollywood producer Harvey Weinstein.

State Attorney General Eric Schneiderman will review the way that District Attorney Cyrus Vance Jr.'s office handled Italian model Ambra Battilana's allegation against Mr. Weinstein, according to a statement from Mr. Cuomo's office. Mr. Schneiderman will then issue a report on the findings to the governor.

"It is of great concern that sexual assault cases have not been pursued with full vigor by our criminal justice system," Mr. Cuomo said. "Spe-

cifically, there are questions about the handling of the 2015 sexual assault case of Ms. Ambra Battilana against Harvey Weinstein."

The announcement of the probe comes after a New York Magazine article published over the weekend said that Mr. Vance's office resisted bringing charges against Mr. Weinstein after Ms. Battilana went to the New York Police Department with the allegation. Mr. Vance's office disputed the account in the article.

Ben Brafman, an attorney for Harvey Weinstein, said: "We are stunned that NY Magazine chose to report on the claim against Harvey Weinstein by Ambra Battilana without including the fact that in a sworn affidavit, Ambra stated in substance that



District Attorney Cyrus Vance Jr.

initiative and legal-defense fund fighting sexual harassment, called on Mr. Cuomo to investigate Mr. Vance's work on the 2015 case.

Mr. Vance's office is currently investigating another rape allegation against Mr. Weinstein. NYPD Chief of Detectives Robert Boyce said earlier this month that his detectives were preparing to present evidence in that investigation to a grand jury. "It's going very, very well," he said.

Mr. Brafman declined to comment on this case through a spokeswoman.

Mr. Cuomo said in his statement Monday that the current investigation into Mr. Weinstein will be completed in approximately 45 days.

—Corinne Ramey contributed to this article.

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LIFE & ARTS



WORK & FAMILY | By Sue Shellenbarger

Women Try New Strategies To Boost Career Confidence

Coaches and researchers recommend brag books, confidence logs, more-assertive meeting behaviors to those who are struggling with a lack of self-assurance: 'Do I deserve to be here?'

ONE OF THE MOST critical career strengths is a belief that can't be taught—self-confidence. And for many women, it's in short supply.

A lack of confidence, or the expectation that you can handle tough tasks even if you haven't done them before, is more common among women than men, studies show, and it can be a powerful brake on their careers. Amid a growing focus on the problem by researchers and career experts, women are trying new strategies to shore up their belief in themselves.

Confidence takes root in childhood but also can be internalized in adulthood, through experience, hard work or practice. "It requires really paying attention to the small wins and not being so quick to overlook, downplay, dismiss and diminish your accomplishments," says Aimee Cohen, a Denver career coach and author.

Some 63% of women enter the workforce with the confidence that they can rise to senior management, compared with 75% of men, according to a 2016 survey of 8,400 adults by Bain & Co. and LinkedIn. By mid-career, only 57% of women still feel that way, compared with 66% of men, says Julie Coffman, a Bain partner and lead



author of the study.

Women often hesitate to seize opportunities or ask for promotions without bosses' support, and they tend to shoulder more family-care duties at home, Ms. Coffman says. Other research links women's lack of confidence to being encouraged during childhood to be compliant and agreeable and to strive for perfection, rather than to compete and take risks.

Kristen Durkin was intimidated when she was recruited in 2014, at age 29, to a product-marketing position at Facebook. Despite her successful eight-year track record as a marketing manager for other companies, she wondered, "Do I deserve to be here?" she says. When she chose at one early meeting to sit on a bench against the wall, the meeting leader asked her to join others on couches at

the center of the room. "I was a little embarrassed, but I also really recognized that I was surrounded by allies," she says.

Ms. Durkin started a "confidence log," as suggested by a mentor, noting times when she felt most intimidated or most confident. The log, plus input from colleagues, helped her see that she was spending an unnecessary amount of time during presentations justifying her research methods rather than describing her findings. And if certain individuals tended to intimidate her, "I worked on building trusting relationships with them," she says. Her confidence has risen sharply, but it remains "a work in progress—a muscle that you always have to work on," says Ms. Durkin, now 32. She was recently promoted to lead a product-marketing team.

Women often assume mastering their jobs will be enough to advance, says Carrie Kerpen, an author, speaker and co-founder of a digital-marketing agency, who told Ms. Durkin's story in her new book on career strategies, "Work It." They also should be asking themselves, "How do I position myself in a way that allows me to look

and feel confident?" she says. This includes describing your accomplishments with enthusiasm.

Elizabeth Bacon juggled numerous duties well on a job as an administrator for a nonprofit group in Denver, but received so little feedback that she lost confidence. With coaching from Ms. Cohen, she built ties with a "strong tribe" of friends and mentors inside and outside the nonprofit, who encouraged her to network. She soon advanced to a better job as a director for a regional business-development group.

Ms. Cohen also advised her to start a "brag book"—a journal for saving notes about one's accomplishments, to aid recall of "rock-star moments," the career coach says. Ms. Bacon uses a red leather-bound journal with "papers pasted in, sticking out all over the place. It looks like a hot mess," she says. Nevertheless, on a difficult day, a glance through it lifts her spirits. One entry is a letter from a business owner Ms. Bacon helped, enabling her to keep her company afloat by guiding her to get leadership training: "I never could have done this without you," the woman wrote. Ms. Bacon recently scored another win—election as board chairman of a public-private partnership supporting Denver-area businesses.

Sherry Hicks-Buckles, a manager at the Hyatt Regency Atlanta hotel, says she began keeping a brag book about a year ago. One entry is an email from a former subordinate, saying "thank you for your support and mentorship ... You are truly an inspiration." Flipping open the book on a bad day reminds her "why you do what you do, and you are making an impact," she says.

Women's lack of self-assurance is often especially visible in meetings where they're outnumbered by men. They speak up less and are interrupted more often by others who criticize or disagree with them, according to a 2016 study of 470 small-group participants.

Some women remain silent in meetings, waiting for pauses that never come, says executive coach Alexandra Johnston. She advises catching the eye of the meeting leader and saying his name, which typically causes others to stop and listen, says Dr. Johnston, a vice president in Washington, D.C., with Integrity Communications, a training firm.

Nandini Krishnamurthy, a senior research manager in Johnston, Iowa, for a seed company, says she used to apologize when taking the floor in meetings. She learned from Dr. Johnston to speak more assertively, saying, "That was a great point you made, however, I have a different view," she says. Ms. Krishnamurthy also advises colleagues to enlist a trusted ally who can intervene if they're interrupted, and remind others of their point.

Avoid minimizing your role, Dr. Johnston says. One product manager introduced herself in a seminar as overseeing "my little area"—a territory that included all of Europe and South America—then concluded by saying, "and that's my little story," she says. And steer clear of other behaviors that suggest a lack of confidence, such as engaging in uptalk—ending sentences in a rising tone as if asking a question.

BURNING QUESTION

CAN ACHY JOINTS PREDICT THE WEATHER?

BY HEIDI MITCHELL

YOUR GRANDPA probably complained that rain was coming—he could feel it in his knees. We wouldn't want to question an elder's wisdom, but is there any scientific basis in his claims? One expert, Elaine Husni, director of Cleveland Clinic's Arthritis and Musculoskeletal Center, explains the effects of barometric pressure and why these aches and pains could be telling.

Dr. Husni says that many, but not all, of her osteoarthritis patients complain that weather does influence their pain levels. "There is some consensus that lower barometric pressure and dropping temperatures correlate with more joint pain," says the Cleveland doctor. Barometric pressure—essentially the weight of the air around us—drops when it gets colder. The thinking, she explains, is that lightness can cause the thin lining known as the joint capsule, which surrounds joints and maintains lubrication, to expand and stretch nerves, causing pain. A similar phenomenon can occur with

humidity changes: There can be shifts in pressure that cause swelling around the joints, Dr. Husni says.

Theories include that "patients with arthritis already have inflammation of their joints (specifically around the joint capsule) so any additional changes in the atmosphere could be detected more easily," she says. "Perhaps the nerve endings are more sensitive in patients with arthritis."

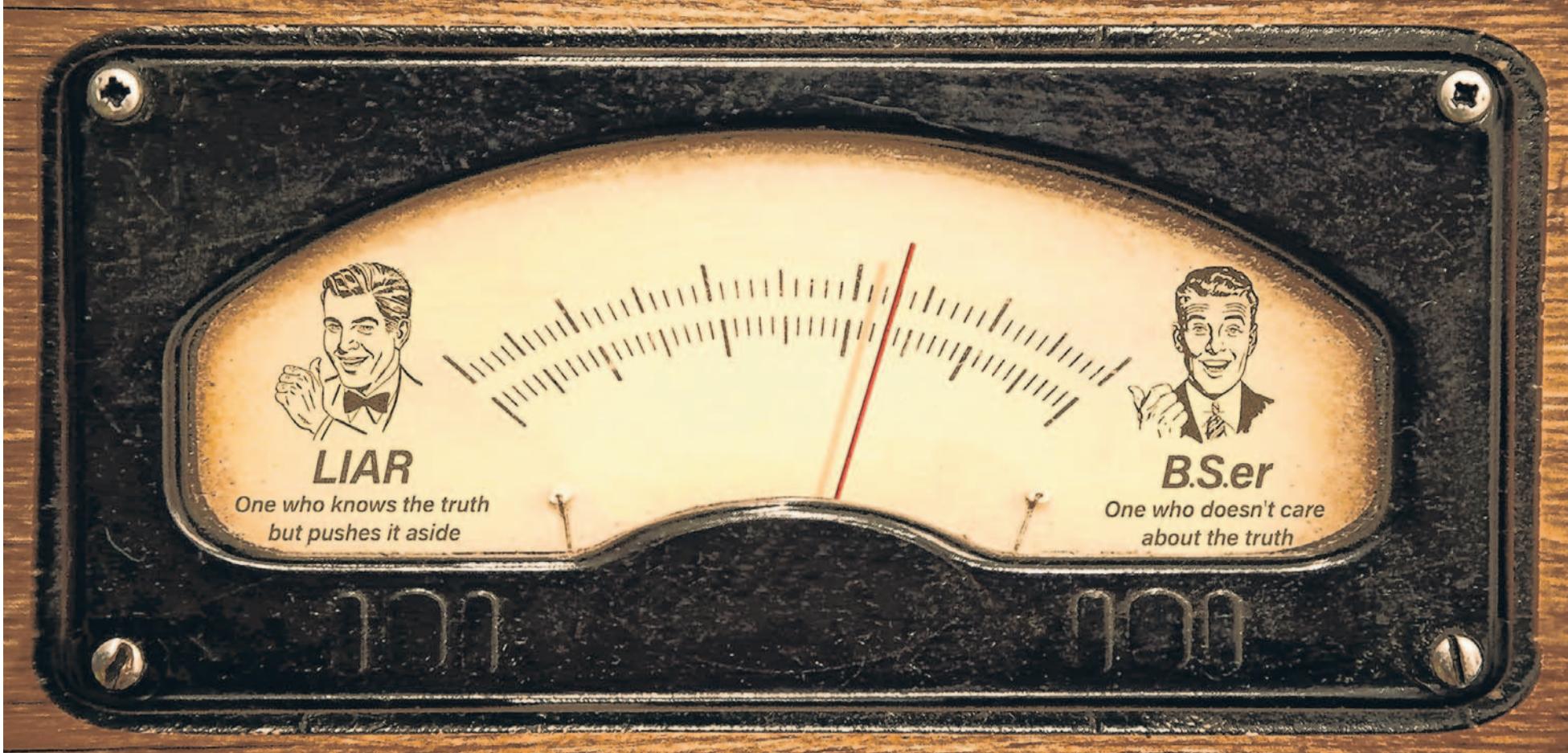
People with migraines sometimes insist they feel headaches coming on when the air turns cold and the air pressure drops. These are called barometric pressure headaches, and a small study of 31 migraine sufferers in Naples, Italy, found that low pressure can lead to constricted blood vessels and result in more severe headaches, though the reasons, according to scientists, aren't totally clear.

Dr. Husni is quick to point out that clinical studies have been conducted to find direct correlations between patients with hip or knee pain and changes in the weather, but the results were mixed. "There does

Please see JOINTS page A14



LIFE & ARTS



PHOTOILLUSTRATIONS BY WILLIAM DUKE

DO YOU HAVE a good B.S. detector? You need one in our digital age.

The skill of spotting false information—rubbish, nonsense and, yes, fake news—is so important these days that scientists have begun serious research on it. They're attempting to quantify when and why people spread it, who is susceptible to it, and how people can confront it.

This month in Atlanta, at the annual conference of the Society for Personality and Social Psychology, a group of psychologists and other scientists presented a symposium on their research. The title? "Bullshitting: Empirical and Experimental Examinations of a Pervasive Social Behavior."

B.S. is a form of persuasion that aims to impress the listener while employing a blatant disregard for the truth, the researchers explained. It can involve language, statistics and charts and appears everywhere from politics to science. This definition closely adheres to the one presented by the philosopher and Princeton emeritus professor Harry Frankfurt in his now-classic 2005 book "On Bullshit." Dr. Frankfurt explored how B.S. is different than lying because liars know the truth and push it aside while B.S.ers don't necessarily care about the truth at all.

Of course this isn't new. But false information moves faster and farther these days, thanks to social media. A new study conducted by researchers at Massachusetts Institute of Technology, published earlier this month in the journal *Science*, analyzed the spread of 126,000 rumors tweeted by 3 million people over more than 10 years and found that false news spreads faster than truth. "We have reached epidemic levels of information pollution, and we need to do something about it," says Jevin West, a professor of information science at the University of Washington. Dr. West co-created a class launched last year at the university, "Calling Bullshit," that teaches students how to spot and refute the way data, such as statistics and charts, can be manipulated to make false arguments. More than 60 schools have requested permission to use the materials to set up classes of their own, Dr. West says.

Some people spread false information unknowingly. But others simply don't care if what they're posting is untrue, Dr. West says, and pass along the information as a way to signal their views and values to their group. Philosophers call this tribal epistemology.



Website algorithms often favor salacious stories. (YouTube came under fire last month for the way its recommendation algorithm promotes conspiracy-theory videos aimed at viewers on both the left and the right.) And millions of bots—computer programs that can appear to be real people—also spread false information across the internet.

When do people typically use B.S.? Two studies published online together this month in the *Journal of Experimental Social Psychology* show that people tend to spread it when they feel obligated to have an opinion about something that they know little about—and when they feel they aren't going to be challenged on it. In one of the studies, students who were asked to write down their views on affirmative action, nuclear weapons and capital punishment admitted that half of what they wrote was B.S. But those who were told beforehand that they would have to defend these beliefs afterward to a sociology professor with an opposite view stuck to the truth.

"If you expect no one to challenge you on your opinion, you can B.S. it up all you like," says John Petrocelli, a social psychologist and

associate professor of psychology at Wake Forest University in Winston-Salem, N.C. "I call this the Ease of Passing Bullshit Hypothesis."

Dr. Petrocelli's research also shows that B.S. can help strengthen a weak argument when the speaker owns up to it. "You get a bump in your persuasion when you frame your weak argument as B.S., when you say 'I don't really care what the research shows,'" he says. But the opposite effect is true as well: B.S. will weaken a strong argument.

When are we most susceptible to believing B.S.? When we're tired, research shows. But we are also more prone to believing misinformation when it comes from someone who shares our views. In not-yet-published research, Dr. Petrocelli took sentences from The New-Age Bullshit Generator—a website that creates quotes that sound profound but mean nothing—"Hidden meaning transforms unparalleled abstract beauty," for instance—and attributed half to conservative political figures and half to liberal ones.

When he showed these to people, they were more likely to rate the sentences as profound when they thought they came from a like-minded politician. "Basically, if you agreed with their attitude, it was great stuff, but if you didn't, it was propaganda," he says.

When people hear a false claim repeated even just once, they are more likely to let it override their prior knowledge on the subject and believe it, according to two studies published together in October 2015 in the *Journal of Experimental Psychology*. Psychologists say this is an example of the "illusory truth effect," which shows that repeated statements are thought to be more true than statements heard for the first time.

"We think it happens because it is easier to process information the second time you hear it," says Lisa Fazio, a psychologist and assistant

professor of psychology and human development at Vanderbilt University, who was the lead author on the study. "It is also time-consuming and difficult to access our previous knowledge, so we often go with information that is close enough."

Finally, we fall for B.S. more often when we fail to think analytically. In four studies published together in November 2015 in the *Journal of Judgment and Decision Making*, psychologists researched people's vulnerability to what they call "pseudo-profound bullshit."

Subjects completed tests to measure their ability to think analytically and then viewed quotes from people such as poet T.S. Eliot as well as made-up sentences generated by two websites, The Wisdom of Chopra and The New-Age Bullshit Generator. The research showed that people who are more skeptical and analytical were less likely to find the B.S. quotes to be profound yet still likely to find meaning in the real quotes. Follow-up research showed that when the subjects were told ahead of time that some sentences were made up, they become more adept at spotting them, but analytical people still did this better.

"A lot of the problems with B.S. are because people are not bothering to think as much as they perhaps ought to," says Gordon Pennycook, a postdoctoral fellow at Yale University who was the lead researcher on the study when he was a graduate student at the University of Waterloo.

Write to Elizabeth Bernstein at elizabeth.bernstein@wsj.com or follow her on Facebook, Twitter or Instagram at EBernsteinWSJ

**How Can You Spot B.S.?**

Check the source. Is this person an expert or in a position to know the information? Why is he or she telling me? What does the person have to gain? "Sometimes it's just a coolness factor," says Jevin West, a professor of information science at the University of Washington, who teaches a class in how to spot B.S. in data.

If it sounds too good to be true, it probably is. Remember that we all suffer from confirmation bias—we're more likely to believe something that confirms what we already think or want. "It's hardest to spot B.S. we agree with," says Gordon Pennycook, a postgraduate fellow at Yale who studies B.S. "Question it if it supports your own beliefs."

Ask questions. Research shows people are more likely to B.S. when they feel they can get away with it. "Ask them simply: 'Why do you think that? How do you know that is true?'" says John Petrocelli, a social psychologist and associate professor of psychology at Wake Forest University in Winston-Salem, N.C., who studies B.S. "This will get them thinking critically."

Don't trust your gut. People who pause and think about whether information is true are better able to detect false information, research shows.

"Rely on your prior knowledge," says Lisa Fazio, an assistant professor of psychology and human development at Vanderbilt University.

Ask for evidence. This is different than an explanation, which people can continue to spin. Facts don't lie—but check them to make sure they are real.

Pay attention to people who discount evidence. "I don't care what the experts say" is a red flag that the person is using B.S.

Stay offline when you're tired. Research shows we're more vulnerable to false claims when our cognitive resources—that is, brain power—are depleted.

JOINTS

Continued from page A13

seem to be a loose association between certain temperature variables like barometric pressure, cold temperatures and humidity and increased joint pain, but it isn't so easy for patients to say with precision, "It will be 60 degrees and rainy tomorrow," she says. While many patients do feel more pain when it gets cold or humid, "they're not psychic. In studies, they couldn't predict the weather with accuracy."

The studies Dr. Husni cites don't pinpoint an exact time when pain is set off by changing temperatures, nor has she seen evidence that certain climates are better for those with joint pain. "A lot of people with osteoarthritis say they do better in warmer climates, but the changes in climate aren't always clin-

cally meaningful," says the joint expert. She cites a study that tracked online searches for terms related to arthritis and knee and hip pain and weather changes across 5 years in 50 American cities.

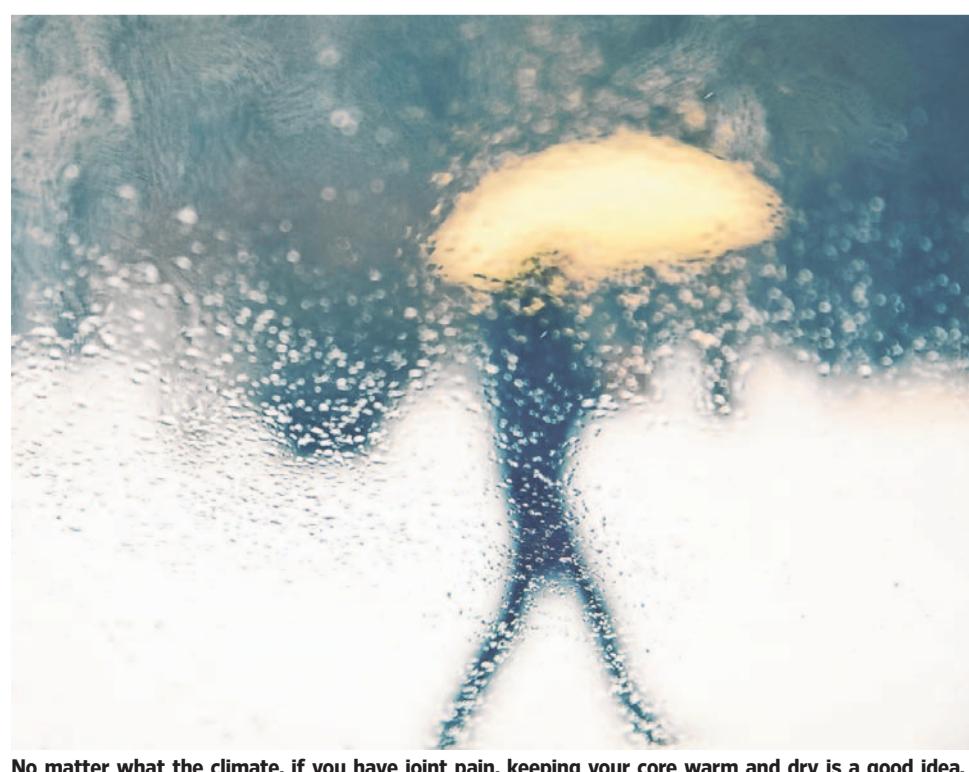
When temperatures fell to between minus 5°C and 30°C, search volumes for hip pain increased by 12 index points,

mate," she says.

Blustery weather may indeed increase pain in those who suffer from joint pain, but Dr. Husni suggests some basic fixes. No matter your local climate, keep your core warm and dry, she says. A sweater, scarf and gloves are perfectly fine well into March.

No hard evidence suggests that applying heat or cold will eradicate joint pain. But "if an ice pack feels good or a heat pad helps, I'm not going to stop my patients from using them," she says.

Anti-inflammatory medications are also go-tos, but Dr. Husni encourages patients with arthritis and other joint discomfort to seek medical advice. "Consult your doctor, who can treat you personally, she says. "Osteoarthritis affects 27% of Americans, and there are a lot of experts out there. Get diagnosed, get help, and you don't have to suffer in bad weather."



No matter what the climate, if you have joint pain, keeping your core warm and dry is a good idea.

LIFE & ARTS

EXHIBITION REVIEW

The Art Lovers Who Founded Cairo



BY MELIK KAYLAN

Toronto

IN EARLY Islamic history the Fatimids (909-1171) created the first alternative Muslim empire to fully challenge the orthodox Sunni Caliphate, which had become the faith's mainstream, its Vatican equivalent, then based in Baghdad. Initiated by a Syrian imam who converted the Berber tribesmen of what is now Algeria, the Fatimids rolled eastward, founding Cairo where they established their capital. At the empire's height, their sway ranged from western north Africa via Sicily to Yemen and the Levant. In the process they also created the Al-Azhar University, today the oldest such degree-giving institution in the world. Named after the Prophet's daughter Fatima, the Fatimids embraced the lineage of the Shiite Ismaili faith from which the Aga Khan descends.

This being the current Aga Khan's Diamond Jubilee year as leader of Ismaili Muslims around the world, it seems apt that the Aga Khan Museum in Toronto should dedicate a spacious show to the Fatimids. By all accounts, the Fatimids ran a highly civilized, assiduously cultured and tolerant outfit: libraries and patronage of the arts flourished; Jews and Christians acted as chief vizier at various times; and the populace worshipped as it wished. The operative phrase here is "by all accounts," because the Fatimid era came to a sudden end when Saladin conquered Egypt for the Sunni Caliphate. He then presided over a very deliberate expunging of the Fatimid legacy—dispersing its library and manuscripts, its court poets and scholars; converting its mosques; destroying its artifacts and literature. So the extant accounts of the



dynasty tend to depend on other sources, often hostile, and few artifacts survive to paint a complete picture of Fatimid life.

The show, gathered mostly from top-tier museums and private collections, is a rare offering and an archaeological detective story. And what an extraordinary revelation "The World of the Fatimids" proves to be. Upon entering, the visitor sees the three monotheistic religions juxtaposed: a glazed earthenware bowl depicting a Coptic priest; beyond it, a beautifully carved wooden Ismaili *mihrab* (Muslim prayer niche); and nearby the photo of a wooden synagogue door carving—all objects from Fatimid times. (The door is in a French museum, too fragile to travel.) Decorative motifs on both wood pieces indicate they likely came from a single workshop, ecumenical in its production. As the show's curator, Assadullah

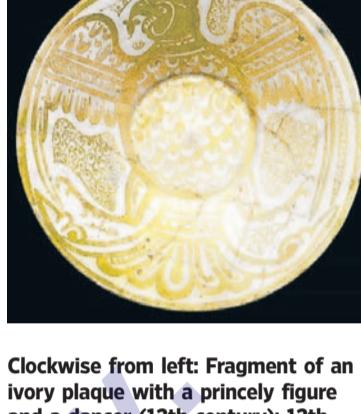
Souren Melikian-Chirvani, a renowned scholar of Islamic visual culture, explained in a press briefing, "as a small minority in their own territory the Fatimids chose to rule by consent and inclusion rather than mere power," surrounded as they were by a preponderance of Copts, Jews, Armenians and Muslims of other sects. "Significantly, the Fatimids never referred to themselves as kings," he added.

The show features some 90 artifacts and is composed mainly of ceramics, metalware, carved rock crystal (a Fatimid specialty), carved stone and calligraphy. "Each item," says Mr. Melikian-Chirvani, "serves as a starting-point—you have to decipher its many layers." And walking through the show, decoding the subtle signs, a distinct impression forms of Fatimid-era sensibilities: playful subversiveness and freedom of thought, with indulgence

from the highest levels. A display of three earthenware bowls over-painted in gold and depicting hunting scenes sets the tone. One has a royal figure on horseback, a wry smile on his face. In another we see a lion and hare, natural enemies, simpering cartoonishly. In the third, the hunting cheetah sports a friendly grin.

Overall, they suggest court complicity in irreverence, mischief and soft power. Witness another bowl with the royal symbol of a winged lion at center, which must be turned upside down for the artist's signature to be read. "This kind of inversion could amount to *lèse-majesté*—until you realize that the Fatimids encouraged self-deprecation and irony," the curator said.

Wrapped in hermeneutic enigmas, the objects emanate a poignant mix of beauty and mystery. Perhaps the most beautiful and mystifying is the hand-sized rock-



Clockwise from left: Fragment of an ivory plaque with a princely figure and a dancer (12th century); 12th century oliphant; wooden mihrab (1137-38 or 1146-47); earthenware bowl from Egypt (c. 1000)

crystal crescent moon engraved with a Fatimid caliph's name. It once adorned a Muslim preacher's pulpit but was afterward mounted atop a 14th-century Christian reliquary from Germany. Mr. Melikian-Chirvani has even discerned in its center a little plaque of 15th-century Iranian silver. The entire object is no taller than 16 inches. Its history of dramas and travels down the ages remains a secret.

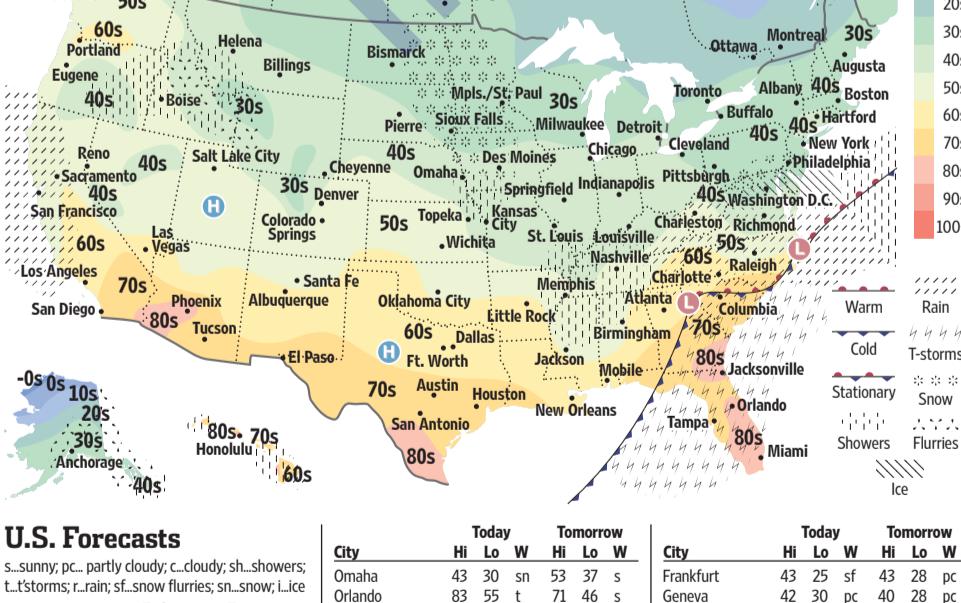
The most poignant exhibit, though, and the most strikingly monumental, must be the display of three 8-foot-wide white-marble slabs carved with royal symbols, likely made to decorate the Cairo palace walls. Fish, deer and peacocks sit amid arabesques of exquisite foliage but slowly lose form and peter out toward the edges, uncompleted. What caused the work to stop? The slabs were found centuries later, deliberately interred face-down in sand, practically the only testimony to the palace's grandeur. All the evidence suggests that we are looking at a historic chronicle fixed in stone: the moment when the Fatimid dynasty abruptly ended.

The World of the Fatimids
Aga Khan Museum, through July 2

Mr. Kaylan writes about culture and the arts for the Journal.

CLOCKWISE FROM TOP LEFT: AGA KHAN MUSEUM COLLECTION; MUSEUM OF ISLAMIC ART, CAIRO; THE METROPOLITAN MUSEUM OF ART, NEW YORK/ART RESOURCE, NY; MUSÉE DU LOUVRE, DEPARTMENT OF ISLAMIC ART, PARIS

Weather



U.S. Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	36	20	pc	34	14	s
Atlanta	68	37	pc	54	35	s
Austin	74	43	s	78	51	pc
Baltimore	38	32	sn	38	28	sn
Boise	54	40	c	59	51	sh
Boston	37	29	pc	36	32	sn
Burlington	30	13	s	32	23	s
Charlotte	68	39	c	52	33	s
Chicago	40	29	pc	41	26	pc
Cleveland	39	27	pc	36	26	c
Dallas	69	46	s	76	54	pc
Denver	54	28	pc	62	35	pc
Detroit	42	27	pc	42	25	s
Honolulu	80	71	pc	82	72	c
Houston	73	48	s	78	54	s
Indianapolis	41	25	c	40	21	pc
Kansas City	47	29	c	55	39	s
Las Vegas	69	57	pc	75	61	c
Little Rock	61	38	s	65	40	pc
Los Angeles	68	57	c	64	60	r
Miami	89	67	s	80	54	s
Milwaukee	36	28	pc	38	27	pc
Minneapolis	36	24	sn	39	29	c
Nashville	51	35	c	53	31	s
New Orleans	68	51	pc	69	53	s
New York City	39	31	c	36	30	sn
Oklahoma City	59	36	s	64	48	s
Edinburgh	46	32	p	48	42	s

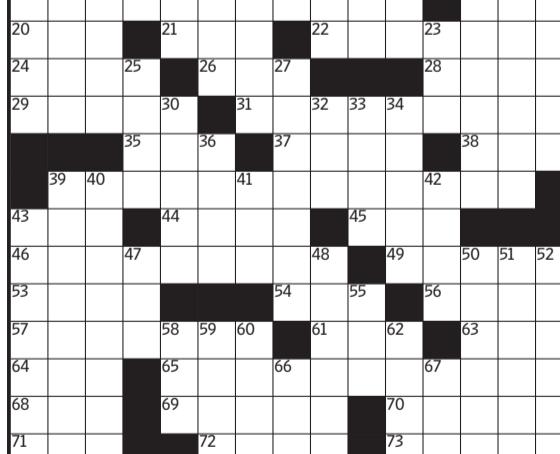
International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	45	30	s	45	38	sh
Athens	66	51	p	64	55	pc
Baghdad	87	61	s	86	58	pc
Bangkok	94	76	pc	91	77	t
Beijing	52	27	pc	54	35	r
Berlin	38	23	sf	42	30	pc
Brussels	45	36	p	44	34	sh
Buenos Aires	75	44	s	70	52	s
Dubai	83	67	s	84	67	s
Dublin	45	30	pc	47	38	c
Zurich	39	26	pc	38	22	pc

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The WSJ Daily Crossword | Edited by Mike Shenk



AROUND THE WORLD | By Max Carpenter

- | | | |
|--|---|---|
| Across | 26 Clipping caller | 49 Bomb squad device |
| 1 Momentary slip | 28 Corn syrup brand | 53 Fearsome czar |
| 6 Ring for the righteous | 29 Undercover activity? | 54 Informal denial |
| 10 Opposite of trans | 31 *Iconic econobox car of the 1980s | 56 Zilch |
| 13 Sidestep | 35 White House address ender | 57 Prepared the way for |
| 14 Maker of Pro 7000 electric toothbrushes | 37 Bankrupt | 61 Groom's garb |
| 16 Carpenter or soldier, e.g. | 38 Dict. with over 600,000 words | 63 "Toy Story" dinosaur |
| 17 *Capitalist class, in Marxism | 39 *Phenomenon bemoaned by the nostalgic | 64 Words with huff or heartbeat |
| 19 Rd. with a number | 40 Earthling's bias, and a feature of the starred answers | 65 Earthling's bias, and a feature of the starred answers |
| 20 Have a title to | 43 Home to the humerus | 68 Silent Sunday Nights channel |
| 21 Shaggy ox | 44 HomePod assistant | 69 For face value, as bonds |
| 22 Compulsive collector | 45 Decimal base | 70 Not just scrap |
| 24 Triangle in a pool hall | 46 *Androgynous 1980s pop star | |

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

- | | |
|-----------------------------------|-------------------------------------|
| 11 Gitmo prisoner, e.g. | 32 Couple |
| 12 Juicer's juice | 33 Present |
| 15 Arthur with two Emmys | 34 Keypad key |
| 16 King Abdullah II's capital | 36 Notebook brand once made by Sony |
| 17 Dozen for Hercules | 39 Setting for some Cézannes |
| 18 Open acknowledgment | 40 "Arrival" star |
| 19 Spring forward | 41 Pound sound |
| 20 Respectful address | 42 Party to |
| 21 Daringly innovative | 43 Wherewithal |
| 22 Captivated | 47 Shaggy-maned antelope |
| 23 Shapiro of NPR | 48 Bistro or brasserie |
| 24 Whip | 50 Reactive earth metal |
| 25 Mishmash | 51 Black Sea port |
| 26 Chai spice | 52 Dreaded collectors |
| 27 Around the world | 55 Ostrogoth's enemy |
| 28 Most for Phil Mickelson | 58 Org. for Phil Mickelson |
| 29 Head of France? | 59 Head of France? |
| 30 Spot for a stud | 60 Bungler's utterance |
| 31 "Bringing Up Baby" studio | 62 Added, in ads |
| 32 Container for powder or porter | 66 Mushroom part |
| 33 Video store heading | 67 "Automatic for the People" band |

Previous Puzzle's Solution



SPORTS

NCAA TOURNAMENT

Threes Are Feeding the Madness

Why was the first weekend of the NCAA tournament so crazy? Because college teams are taking more 3-pointers than ever

BY ANDREW BEATON
AND BEN COHEN

THE UNIVERSITY of Maryland, Baltimore County knew there was only one way it could beat the No. 1 team in the NCAA tournament and pull off perhaps the biggest upset in the history of the sport.

"We were going to have make a lot of threes," said UMBC forward Joe Sherburne.

Sherburne was right. UMBC made enough threes Friday night to become the first No. 16 seed to beat a No. 1 seed in the NCAA men's tournament.

Threes are the reason this March has been especially mad. Teams are shooting a lot of threes. Some of them are making a lot of threes. And the uptick of 3-pointers helps explain the anarchy that defined the first two rounds of the NCAA tournament.

In addition to UMBC's feat, two of the No. 2 seeds have already been eliminated, and there are as many No. 11 seeds in the Sweet 16 as No. 1 and No. 2 seeds. Nevada won a game in which it was down 22 points in the second half and down to a 0.5% win probability.

There have been buzzer-beaters, bracket-busters and man-buns. And the biggest star of the tournament is a 98-year-old nun who scouts for Loyola-Chicago and insists she's not comfortable being called a national sensation: Sister Jean is an international phenomenon.

The common thread between the tournament's wildest moments and most shocking outcomes—UMBC's historic upset, No. 13 seeds Buffalo and Marshall's first-round stunners, Michigan's holy-cow-did-that-just-happen game-winner—is the 3-pointer.

Even the 98-year-old nuns of the world know by now the NBA has been revolutionized by the 3-pointer, but the truth is that college basketball was there first. Long before the NBA, colleges understood that 3-pointers are worth more than 2-pointers. And the college game is still ahead of the pros: 33.6% of NBA shots this year are threes while 37.5% of field-goal attempts in college were from behind the shorter 3-point line.

Maybe it shouldn't have been a surprise how willing teams would be to launch from previously uninhabitable parts of the basketball court. The last two tournaments broke records for 3-point attempts on the first weekend, which made sense, considering the NCAA reduced the shot clock from 35 seconds to 30 seconds two years ago.

But this year, the number of 3-



South Dakota State. The teams combined for 71 attempted threes, tied for the most in NCAA tournament history. The only reason the game was close was that the Buckeyes shot 12-for-40 from deep. But that's also what was deeply strange about this game: Ohio State usually only takes 34% of its shots from deep, which ranks 260th in the country, according to KenPom.com. Then they went nuts and took 56% in their first tournament game. "It wasn't the game plan," Ohio State coach Chris Holtmann said.

Underdogs have exploited the 3-pointer in the most exciting games of the tournament. But it's not exclusively an underdog's strategy. No team took more threes in an NCAA tournament game this year than Villanova—and Villanova is a No. 1 seed. The Wildcats took 41 threes in their rout of Alabama on Saturday, and it was a rout because Villanova made 17 of them.

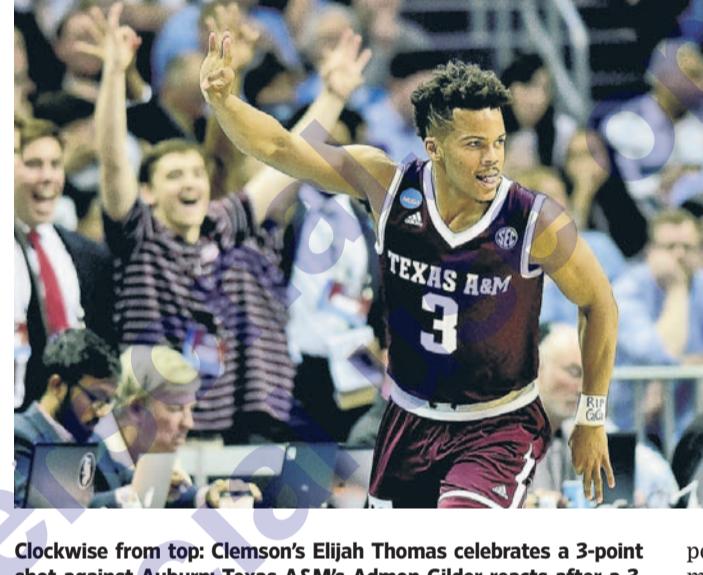
Villanova coach Jay Wright's philosophy about 3-pointers was shaped by one game back in the 2005 tournament that his team lost. The Wildcats had been ravaged by injuries, giving Wright no choice but to get creative with his lineups and game plan, and he felt they had to fire away. And then something funny happened during the game. He found himself thinking: "This is really cool." It took him nearly a full decade to make that really cool idea Villanova's identity, but Wright's last five teams have all taken more than 42% of their field-goal attempts from behind the 3-point line.

They took that really cool idea to the extreme this season. Threes account for 47% of Villanova's field-goal attempts, and the Wildcats are shooting 40% on those bombs. They are college basketball's most impressive anomaly: No school that shoots as many 3-pointers makes a higher percentage, and no school that makes a higher percentage shoots as many 3-pointers.

This is still college basketball, though. There are teams that lost precisely because they attempted so many 3-pointers.

No. 3 seed Michigan State was baited by No. 11 seed Syracuse's zone into taking more than half its shots from three on Sunday. It was the most threes the Spartans had taken all year and their highest rate. They made only 21.6% of them. They lost by two to the team most people didn't think should have made the tournament in the first place.

On Sunday night, UMBC almost won again in the second round against No. 9 seed Kansas State. The game was ugly. UMBC threw up 22 threes. It made only six, and they lost by seven. If the Retrievers had shot as well against Kansas State as they did against the No. 1 defense in the country just two days earlier? They would've won again.



Clockwise from top: Clemson's Elijah Thomas celebrates a 3-point shot against Auburn; Texas A&M's Admon Gilder reacts after a 3-point shot against North Carolina; Loyola-Chicago's Donte Ingram shoots a game-winning 3-pointer against Miami.

UMBC embraced the high variance of relying on 3-pointers and hoped it could take advantage of the randomness associated with a single-elimination tournament. UMBC took 48 shots against Virginia, and 24 of them were threes.

That's why the Retrievers didn't merely win. They won by 20 points. Their offense was more efficient than Duke's, North Carolina's, or anyone else's that was stymied by Virginia this season.

The biggest upsets before anyone knew what UMBC meant were Buffalo over Arizona and Marshall

over Wichita State. They followed the same formula.

Buffalo hoisted 30 threes and made 15. Arizona tried 18 and made only two. Buffalo won by 21 before going cold and getting bounced by Kentucky in the second round. Marshall coach Dan D'Antoni is an evangelist for 3-pointers—his brother Mike is the Houston Rockets' pioneering coach—and he recently explained the simple logic behind his approach. "You get two, we get three, you get two, we get three," he said. "We win." It didn't work for Marshall against West Virginia on Sunday night: They didn't get enough threes, and they lost.

The biggest long-range bonanza of the tournament was No. 5 Ohio State's first-round win over No. 12

pointers in the first two rounds of the tournament spiked 8.1% over last year's record high to 44.4 per game.

The result of that quantum leap: one game that will be remembered forever.

The New York Jets signaled their intentions to select a quarterback in this year's NFL draft by securing the No. 3 overall pick from the Indianapolis Colts. The price for moving up three spots was high for the Jets, who had to give up the No. 6 overall pick, two second-picks (Nos. 37 and 49) and a second-round pick in 2019.

For the Jets, a team that

has been unable to find a franchise signal caller since the days of Joe Namath, a move into the top-3 might be the best way to achieve this goal.

It turns out there's a big difference between quarterbacks taken in the top-five and those who fall lower in the first round.

For the most part, scouts have been good at sorting players out.

There have been 22 quarterbacks picked in the top-five this century and 14 have played in at least one Pro Bowl, according to Pro-Football-Reference. Quarterbacks

Passing Grade

How quarterbacks taken at various tiers of the first round have fared in the NFL, since 2000.

OVERALL	TOTAL	# OF PRO BOWL QBS	MEDIAN TD/INT	MEDIAN STARTS
Picks 1-5	22	14	1.27	74
Picks 6-10	6	0	1.11	45
Picks 11-32	20	4	1.04	33

Source: Pro-Football-Reference; WSJ

taken in draft slots No. 6 through No. 10 are 0-for-6 in making a Pro Bowl.

Additionally, top five selections have a median touch-down-to-interception rate of 1.27 compared to 1.11 for picks six-through-10 and 1.04 for the rest of the round. While many careers are still active, median career starts are 74, 45 and 33, respectively.

Critics of the deal suggest that the Jets gave up too much and might have been able to stay in the sixth slot and still land one of the top three quarterbacks in the draft: Southern California's Sam Darnold, UCLA's Josh Rosen or Wyoming's

Josh Allen. Heisman Trophy winner Baker Mayfield of Oklahoma is also considered in the mix to be a top pick.

The third-overall pick would be the Jets' highest on a quarterback in the NFL draft. (The Jets took Namath out of Alabama with the first overall pick in the 1965 American Football League draft.) In 2009, the Jets traded for the fifth overall pick, to take quarterback Mark Sanchez. While Sanchez goes down as a bust, he did lead the team to two AFC Championship games. At this point, that would count as a major win for New York.

—Michael Salfino



THE COUNT

THE BEST SPOT TO LAND A FRANCHISE QUARTERBACK

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Source: Pro-Football-Reference; WSJ

Josh Allen

Josh Rosen

Sam Darnold

L-R: KIRBY LEE/USA TODAY SPORTS; SEAN M. HAFFEY/GETTY IMAGES; MARK J. TERRILL/ASSOCIATED PRESS

OPINION

On Abortion, Hillary Won

MAIN STREET
By William McGurn

On Tuesday, in a safely blue district outside Chicago, some Democrats hope to oust one of the party's few remaining pro-life congressmen. Officially the primary pits Rep. Dan Lipinski against progressive upstart Marie Newman. But it is also part of a larger contest between Hillary Clinton's and Nancy Pelosi's competing visions for the path to a Democratic resurgence.

Since her defeat to Donald Trump in 2016, Mrs. Clinton has declared abortion rights "sacrosanct" and a litmus test for Democrats. But Mrs. Pelosi, herself pro-choice, wants to be House speaker again and apparently believes regaining the majority requires her to tolerate some pro-lifers in the ranks. She has endorsed Mr. Lipinski.

Normally, parties do not indulge in purity tests in years when they are trying to recapture Congress. When Rahm Emanuel orchestrated a Democratic take-back of the House in 2006, he did so by carefully matching candidates to their districts, even if that meant some would be a little more conservative than the party, including on abortion.

But this is no ordinary year. Mr. Trump enrages Democrats in a way that all but guarantees heavy turnout for the midterms. Which means

Clinton-style abortion absolutism—safe, legal, unlimited and federally funded—may not even matter if anti-Trump enthusiasm proves overwhelming enough.

In the aftermath of Conor Lamb's victory in a Pennsylvania special election, some argue Democrats need to find more handsome former Marines who moderate their positions on issues such as abortion. On the surface, this call for moderation might appear a rebuke of Mrs. Clinton. But on closer look it's not: She insists that candidates vote like her, not talk like her.

In her book "What Happened," Mrs. Clinton says Democrats are free to call themselves pro-life, "but when their personal views on abortion become public actions—votes on legislation or judges or funding that erodes women's rights—that's a different matter." This was her formula in choosing vice presidential nominee Tim Kaine, a Catholic senator whose personal views on abortion were so private he kept them from himself, earning a 100% approval rating from NARAL Pro-Choice America.

This was also Mr. Lamb's formula. Though he explicitly said he would not call himself "pro-life" and would vote against a ban on abortion after 20 weeks of pregnancy, story after story repeated the fiction that he was moderate on abortion. As National Review's Alexandra DeSanctis tartly noted, "This isn't moderation; it's dishonesty."

Since Mrs. Clinton's defeat, the argument between those who think the party must become a bigger tent and those insisting on purity has flared several times. It first arose last spring when pro-choice forces blasted Sen. Bernie Sanders and Democratic National Committee chairman Tom Perez for endorsing Heath Mello, a Democratic candidate for mayor of Omaha, Neb.

A clash between Mrs. Clinton and Nancy Pelosi in a safely blue seat outside Chicago.

who had supported some pro-life initiatives. It heated up again in July, when the chairman of the Democratic Congressional Campaign Committee, Rep. Ben Ray Luján, was blasted for saying abortion would not be a "litmus test for Democratic candidates."

This clash between accommodation and absolutism now defines the Illinois primary. Ms. Newman boasts some strong support. She's been endorsed by Sens. Sanders and Kirsten Gillibrand and several of her opponent's Democratic colleagues in the House. She also has the backing of all the big guns of the abortion movement: Planned Parenthood, NARAL Pro-Choice America and Emily's List.

But it's too early to count Mr. Lipinski out. In addition to Mrs. Pelosi's backing, he has

been endorsed by Chicago's two top newspapers, the Sun Times and the Tribune. This Blue Dog Democrat also enjoys the backing of the labor unions whose support he's cultivated in office.

Still, Mr. Lipinski runs with a thinning herd. If a yeo vote for the 20-week abortion ban is a reasonably good proxy for a congressman's pro-life bona fides, only two other House Democrats pass the test. In the Senate, only three Democrats supported the 20-week ban: Joe Manchin, Joe Donnelly and Bob Casey, each of whom faces re-election this November.

That makes six pro-life Democrats in all of Congress. So even if Mr. Lipinski manages to turn out enough voters—the Susan B. Anthony List, which supports pro-life candidates of both parties, has mobilized volunteers to knock on thousands of doors in his district—it's hard to see the long-term prospects for Democrats like him as anything but bleak.

"This is the argument that Democrats are having privately, between those like Nancy Pelosi who understand the party needs a bigger tent to get a majority and those like Hillary Clinton who demand no compromise on abortion absolutism," says Marjorie Dannenfelser, president of the Susan B. Anthony List. "The move to purge a safe incumbent like Dan Lipinski tells us that Hillary's won it for now."

Write to mcgurn@wsj.com.

BOOKSHELF | By Gerard Helferich

Taking the Bully Out of the Pulpit

William Howard Taft

By Jeffrey Rosen

(Times Books, 183 pages, \$26)

Last year's C-SPAN poll of presidential historians ranked William Howard Taft at No. 24 in overall job performance, just below Grover Cleveland and just ahead of Gerald Ford. Taft's reputation has no doubt suffered from his serving (1909-13) between Theodore Roosevelt (No. 4) and Woodrow Wilson (No. 11). Still, he is not on anyone's list of noteworthy White House occupants.

In "William Howard Taft," a slim volume in the American Presidents Series, Jeffrey Rosen suggests that the stolid 27th president deserves a fresh look today, when "constitutional limitations on executive power, and the independent judges necessary to enforce them, are under attack from populist politicians, amplified by social media technologies that channel and intensify divisive passions."

Mr. Rosen, a professor of law at George Washington University and president of the Philadelphia-based National Constitution Center, focuses on Taft's career before, during and after the White House. And he shows that, F. Scott Fitzgerald's dictum notwithstanding, not only are there second acts in American lives but sometimes even third acts.

Taft was born in Cincinnati in 1857, the son of Alphonso Taft, a judge on the Ohio superior court and a cabinet member under President Ulysses Grant. His son Will graduated second in his class from Yale, where he was known for his sunny disposition and his skills as a wrestler and debater. After earning a degree from Cincinnati Law School, he held various political positions in Ohio before being named, at age 29, to his father's former seat on the state court. Federal appointments followed, including solicitor general of the United States, judge on the Sixth Circuit Court of Appeals and governor-general of the Philippines.

Though an extraordinarily able administrator, Taft was a jurist by training and temperament, and above all else he longed for a seat on the U.S. Supreme Court. But when his friend Theodore Roosevelt offered him a place on the bench, not once but twice, Taft declined, citing his unfinished work in the Philippines. While his devotion to duty was no doubt sincere, it also appears that, prodded by his ambitious family, Taft was holding out for a shot at the presidency.

Later, as secretary of war, Taft became one of Roosevelt's chief advisers, and at the end of his second term TR anointed him his successor. The Republican Party bestowed their nomination, and in November 1908 voters gave Taft a comfortable majority over Democratic populist William Jennings Bryan. And so Act I closes on an ambivalent Taft at his inauguration. A snowstorm buffeted Washington, prompting him to tell Roosevelt: "I always said it would be a cold day when I got to be President."

A president who believed in limited executive power—unlike his rival Teddy Roosevelt and political crusaders before and since.

Taft promised to continue TR's policies, and by some measures he managed to out-Roosevelt Roosevelt. Whereas his famously conservationist predecessor established five national parks, Taft created 10. Whereas in two terms Roosevelt brought 44 antitrust suits under the Sherman Act, Taft had prosecuted nearly 70 by the end of his first term. But after the hyperactive, popular Roosevelt, Taft seemed staid, uninspiring, flaccid. Seeking to reassure the business community, he packed his cabinet with corporate lawyers. Overvaluing party solidarity, he let himself be manipulated by more conservative, more astute politicians. He never learned to wield the bully pulpit. Even he had to admit that his was "a very humdrum, uninteresting administration, and it does not attract the attention and enthusiasm of anybody."

Conventional wisdom ascribes Taft's mediocre performance to his weak political skills and passive personality, but Mr. Rosen also cites Taft's philosophy of government. Whereas Roosevelt was a transformative president, believing himself empowered to do anything not specifically prohibited by the Constitution or other law, Taft espoused a more limited view of the office. "The thing which impresses me most is not the power I have to exercise under the Constitution," he said, "but the limitations and restrictions to which I am subject under that instrument." He even took pride in his low approval ratings. "In Taft's mind," Mr. Rosen writes, "political unpopularity was a tribute to his devotion to principle, and it does not attract the attention and enthusiasm of anybody."

Philosophical, political and personal differences sparked a spectacular falling-out between the onetime friends, and in 1912 Roosevelt challenged Taft first in the Republican primaries and then in the general election as the candidate of the Progressive, or Bull Moose, Party. With the Republicans split, Woodrow Wilson emerged the easy victor. Taft finished a mortifying third, with eight electoral votes.

But his last act proved the sweetest. In 1921, Warren Harding appointed Taft chief justice, the job he had craved all along. And whereas Taft's judicial temperament had not served him well as president, it proved exceedingly effective in his new role. Drawing on his organizational talents, he transformed the workings not only of the Supreme Court but of the entire federal judiciary, and he persuaded Congress to build an imposing temple of justice beside the U.S. Capitol. "Next to my wife and children," he wrote, the court "is the nearest thing to my heart in life." After four years on the bench, he added, "The truth is, I don't remember I ever was president." He didn't retire until a month before his death, in March 1930, at the age of 72.

What remains of Taft's presidential legacy? Today, Mr. Rosen argues, as new populist forces seek to undermine constitutional, democratic principles in the United States and abroad, it isn't the activist Roosevelt that should be our touchstone but the more diffident Taft. "As the only president to approach the office in constitutional terms above all," he suggests, "he provides a model for how presidents and justices can resist these pressures, which threaten judicial independence and the rule of law." In extreme times, even mediocrity has its virtues.

Mr. Helferich's most recent book is "An Unlikely Trust: Theodore Roosevelt, J.P. Morgan, and the Improbable Partnership That Remade American Business."

GLOBAL VIEW
By Walter Russell Mead

There's no need to wait for the absentee ballots: Vladimir Putin has been comfortably elected to his fourth term. With 77% of the vote, the Russian president has little to fear from domestic opponents.

He doesn't have much to fear from international opponents either, judging from the muted reaction to the chemical-weapons attack on a Russian ex-spy in Salisbury, England. Since Mr. Putin attacked the former Soviet republic of Georgia late in the George W. Bush administration, the West's response to his provocations has resembled the reaction to Japanese aggression in the 1930s: deplore, denounce and disarm.

Mr. Putin is unimpressed. So, for that matter, is Xi Jinping. America's incoherent Russia policy is offering China dangerous lessons about what works on the international stage.

The problem is not so much that Western leaders are pusillanimous as that they failed to internalize the dramatic changes in world politics since 2008. As President Obama read beautiful speeches about the responsibility to protect, the inviolability of international borders, the arc of justice, and the evils of chemical weapons, the Kantian

international order he thought he was upholding yielded to something darker and more Hobbesian.

Disregarding Mr. Obama's noble sentiments, Mr. Putin merrily conquered Crimea, invaded Ukraine's Donbas region, helped Bashar Assad fight one of the ugliest and deadliest campaigns since World War II, regained Russia's position in the Middle East that Leonid Brezhnev had lost for the Soviets in the 1970s, and used the hapless Secretary of State John Kerry as a diplomatic punching bag. Meanwhile his agents revived old Cold War networks in Europe, used Russian finance as an instrument of subversive state power, and helped plunge the U.S. into a profound crisis of self-doubt by meddling in the 2016 presidential campaign.

It isn't just Mr. Putin. The trio of revisionist powers includes Russia, China and Iran, along with camp followers like Venezuela, Cuba, North Korea and Syria. Together they have upended the global balance of power.

Now the West faces tough-minded opposition from people who consider massacres in Syria and attempted murders in Salisbury as merely moves on a chessboard. Don Corleone has moved into our gated community, and stern letters from the homeowners association won't make him change his ways. Lectures and symbolic sanctions are worse than useless. What's needed is

a horse's head in somebody's bed.

The Trump administration's record on Russia is decidedly mixed. But it has come closer to a policy for curbing Mr. Putin's ambitions over the long term than Mr. Obama's policies or anything our European allies could do on their own.

Raising the military budget, modernizing America's nuclear forces, and encouraging NATO countries to follow

countries Russia cares about, such as its neighbors in the Caucasus. Bringing military and diplomatic pressure to bear in Syria and beyond would leave Russia with deeply unattractive alternatives in the Middle East.

It would be a mistake, however, to personalize the Russia problem. George Kennan warned more than 70 years ago that Moscow's expansionary policy was driven more by its history and culture than by Marxist dogma. Russia without Marx is still Russia; Russia without Putin would not turn into Denmark.

The question is whether the U.S., now divided and distracted, can play a tough game. Does Mr. Trump understand that America can't be great again unless Russia is constrained? Does he understand that a strong stand on Russian aggression is vital to his own political future? Are Democrats serious enough about Russian behavior to support a strong response if the White House proposes it? The stakes are high.

A Guide to Overcoming European Rudeness

By Rondi Adamson

Caen, France
C'est le seul Anglais que j'admire. Le seul!" My cabdriver spoke the last two words with particular emphasis: "He's the only Englishman I admire. *The only one!*" The Englishman in question was Winston Churchill, and my cab driver a Frenchman named Alain. I was on my way to a Canadian war cemetery in Normandy, where my uncle is buried. He died in 1944 at the Battle of Falaise Gap.

Alain and I were making conversation—about the war, about all the young men buried in Normandy, about all the people from the Anglosphere he has driven to cemeteries over the years, and about "Darkest Hour." I had not yet seen the movie. Alain recommended it.

I've made this trip five times in the past 28 years, and one thing never changes:

how animated and generous the cabdrivers become when you tell them you are visiting an Allied war cemetery because you have a relative buried there. The age of the driver doesn't seem to matter. Memories are strong, as is the sense of gratitude.

Visit Normandy, or don't dress like an undergraduate.

A few days before my conversation with Alain, I had gone to see Clint Eastwood's "The 15:17 to Paris," about the three American soldiers who thwarted a terrorist attack on a train from Amsterdam in the summer of 2015. A recurring theme of the film is the alleged rudeness of certain Europeans, especially the French, especially in Paris. I've lived in Paris and never found Parisians to be terribly rude, but I

speak French, which likely helps.

I am also not an open and earnest young American man dressed like an undergrad. Snobbish Europeans sometimes can't resist a cheap shot against such targets. I was once in a cafe in Florence when a young man walked in and asked, loudly and in American English, if there was somewhere he could buy a Coke. The Italian bartender could barely conceal his contempt. He replied that no, there was nowhere in Florence to buy a Coke. The young man thanked the waiter and left.

I still regret that I didn't stop him and let him know that he could find Coke in any Italian grocery store. The best I managed was to give the bartender a death-ray glare—which, being Italian, he misinterpreted as a come-hither look.

Alain, I'm certain, was never one for a cheap shot.

Ms. Adamson is a Canadian writer.

OPINION

REVIEW & OUTLOOK

Life Support for ObamaCare

We said Republicans would pay dearly for failing to replace ObamaCare, and the bill is already coming due this week in a political extortion fight with health insurers. The GOP may pad the omnibus spending bill with enough cash to preserve the law through the 2020 election.

Congress is debating how to handle cost-sharing reductions, which are payments to insurers for defraying out-of-pocket costs or deductibles for low-income individuals. The Trump Administration stopped these payments last year. Congress had declined to appropriate the money, and a federal judge said the Obama Administration wrote the checks illegally.

Moderate Republicans demanded a "stability" deal for ObamaCare as the price of repealing the law's penalty for declining to purchase health insurance in the tax bill. That included billions in cost-sharing payments as well as reinsurance, which subsidizes high-cost patients to lower premiums for everyone else.

But the latest proposal is \$30 billion of reinsurance over three years. This is a blowout compared with the roughly \$5 billion over two years in reinsurance proposed last year by Maine Republican Senator Susan Collins.

Many groups on the right oppose the package as a bailout for insurers, and they're right that the Affordable Care Act is a wealth transfer to third-party payers. The problem is that Democrats wrote the law to make sure insurers get paid one way or another, and the lobby has only become more demanding.

Case in point: Premiums are higher without the cost-sharing payments. The law's tax credits grow in generosity as premiums rise, so insurers get the money either way. Insurers in a phenomenon called "silver loading" have piled huge annual premium increases on the silver plans that are tethered to the tax credits. The dysfunctional reality is that cost-sharing payments are *cheaper* for taxpayers than expanding the tax credits. Some left-wing outfits now oppose the cost-sharing deal because the tax-credit formula is more lucrative.

What are Republicans extracting in return? Not much. Lamar Alexander of Tennessee has tried in good faith to negotiate with Patty Mur-

ray of Washington and has come up with modest improvements in state flexibility waivers. A leaked White House memo listed some ideas but these have been deemed politically unacceptable.

One is to clarify that short-term health insurance can be renewable without medical underwriting, and the Trump Administration has a forthcoming rule on short-term plans. That rule could revive an individual market in which consumers can choose options tailored to their price range or preferred benefits. John Barrasso (R., Wyo.) has a bill for codifying the directive, which should be the bare minimum for any deal.

The memo also mentioned health-savings accounts, which let individuals save pre-tax dollars for health expenses. The memo suggests increasing contribution limits and allowing the accounts "to be integrated with a broader number of plans." Someone should ask why Democrats would object to such small tweaks in exchange for preserving ObamaCare's architecture.

One sticking point has been the Hyde Amendment, which blocks taxpayer dollars from funding abortions. The White House and Speaker Paul Ryan say Hyde protections are nonnegotiable, and such restrictions are the norm in appropriations and apply even to Medicaid. But Democrats don't want to choose between ObamaCare and the abortion lobby.

The question is whether a deal can move as part of this week's government spending bill, and the politics aren't hard to understand. Health insurers are telling Republicans that without cost-sharing and reinsurance payments, they'll announce huge premium increases right before the midterms this fall. House Republicans are thus looking for a quick fix to lower premiums and are holding up the Senate for the \$30 billion in reinsurance.

Most regrettable is that this three-year cash infusion probably pushes the political incentive for any serious legislative reform of ObamaCare past the 2020 election, which could be the entire Trump Presidency. Republicans are betting they can save their short-term political futures by keeping ObamaCare on life support. But without meaningful reform that offers more health-care freedom, the real price will be the law's ultimate preservation.

Facebook Joins the Club

Facebook shares dropped nearly 7% on Monday, causing tech-heavy stock indexes to swoon. Investors are apparently shocked that big tech companies that have long received political protection from liberals are suddenly getting the Big Oil rubdown.

Over the weekend two newspapers reported that the political firm Cambridge Analytica harvested data from 50 million Facebook users by using a personality test app. Ted Cruz used the firm in 2015 to target voters, and the Trump campaign later marshalled its "psychographic" modelling—a meld of social science and psychology.

The Obama campaign pioneered using Facebook data to boost turnout. Facebook itself exploits personal information, and its data trove is why it captures nearly 20% of the digital advertising market. But Cambridge Analytica may have misrepresented its purpose to users and Facebook, a violation of the platform's policy. Politicians are outraged nonetheless.

During the Obama years, Facebook, Google and other tech companies enjoyed a halo effect. But since Donald Trump's election, Democrats

have discovered that tech can be used for malicious purposes—such as helping Donald Trump. Minnesota Senator Amy Klobuchar and California Rep. Adam Schiff have called for an investigation of Facebook data controls, and more political scrutiny is sure to come.

This week the Senate is expected to pass legislation that would allow trial lawyers and state attorneys general to charge internet companies for allegedly abetting sex-trafficking. This represents an erosion of Section 230 of the Communications Decency Act, which shields companies like Facebook and Google from liability for crimes committed by their users. It's only a matter of time before other crimes are exempted from Section 230. Mr. Trump is no fan of Big Tech, so watch out if Democrats win Congress.

The European Commission this week also plans to propose a tax on digital ad revenue and the sale of digital data to third parties. This could slam U.S. tech profits, especially if lawmakers in Washington follow. Facebook doesn't deserve all of the flogging it's getting, but welcome to the club of business political risks.

The Senate's Iran Helpers

S

Vermont Socialist Bernie Sanders, Utah Republican Mike Lee and Connecticut Democrat Chris Murphy are pressing for a Senate vote on a resolution "to direct the removal of United States Armed Forces from hostilities in the Republic of Yemen that have not been authorized by Congress."

By "hostilities" they mean the Saudi fight against the Houthis, a Shiite political movement that seized the Yemeni capital in 2014 and ousted the country's U.S.-backed president. Alarmed by the prospect of an Iranian proxy on its border, Saudi Arabia joined other Sunni Arab states to intervene.

The fight has been long and bloody. More than 5,000 people have died, and the World Health Organization reports more than a million suspected cases of cholera. Saudi bombing has sometimes been indiscriminate and caused civilian casualties, but the targeting has improved thanks to U.S. intelligence and training. Iran continues to supply the Houthis, hoping to outlast the Saudis and surround the Kingdom with Shiite-run states.

The Senators are indifferent to these strategic stakes as they try to enfeeble executive war powers. Mr. Lee claims the measure would help Congress "re-assert power over foreign policy decision-making" and "authorize—or decline to authorize—military engagement and define U.S. national interests" through the

1973 War Powers Resolution.

Mr. Lee should review his pocket Constitution. The War Powers Resolution passed over the veto of Richard Nixon and has been declared unconstitutional or ignored by every succeeding President because it interferes with the executive's authority to conduct U.S. military and foreign policy.

The Obama and Trump Administrations have provided aerial refueling, intelligence and military advice to the Saudi coalition. U.S. troops aren't directly engaged in fighting the Houthis, except for a defensive airstrike in October 2016. As the Pentagon points out, all of this falls easily under the President's Article II war powers and it doesn't qualify under the usual definition of "hostilities" relevant to the War Powers Resolution.

The U.S. does conduct operations against al Qaeda and Islamic State in Yemen. Such help is surely legal under the 2001 and 2002 Congressional use-of-force resolutions.

Passing the resolution would also needlessly insult Saudi Crown Prince Mohammed bin Salman, the 32-year-old leader who is visiting the U.S. this week to expand U.S.-Saudi ties and promote his unprecedented reforms. The Saudis are crucial antiterror allies, and Prince Salman is trying to diminish the influence of radical Salafist imams at home.

Indiana Republican Todd Young and New Hampshire Democrat Jeanne Shaheen have introduced an alternative resolution that would require the Secretary of State to report to Congress periodically on the Yemen conflict, which is fine. Senate leaders ought to shelve the Sanders-Lee-Murphy attempt to hamstring U.S. Middle East policy as the gratuitous gift to Iran it would be.

Republicans are caught between Democrats and the health insurers.

LETTERS TO THE EDITOR

Boston Gets Russian Gas Amid U.S. Boom

Regarding Drew Johnson's "Why Is Russian Gas in Boston Harbor?" (op-ed, March 13): The lack of pipeline capacity explains the presence of liquid natural-gas ships in Boston Harbor, but it doesn't explain why there are foreign ships with Russian gas when the U.S. is an exporter of natural gas. For this, we can thank the Jones Act. Except for the Jones Act, we could be carrying domestic gas from Texas to serve our domestic needs in New England.

If it is wise public policy, for the sake of a few metal producers, to eviscerate steel and aluminum users with the costs to be forced onto a damaged economy, then why not also whack the heating budgets of all New Englanders for the sake of a few shipowners and the unions representing their crews?

JOHN GODFREY
Beverly, Mass.

Environmentalists are not the only ones opposing gas pipelines

and electrical-transmission lines in the New England area. I work for an engineering firm that does quite a bit of work in that region. The reasons most property owners won't allow the easements and rights of way necessary for pipelines and transmission lines are definitely not limited to environmental ones. The main reasons are "not in my backyard," not environmental.

If there were strong political support for pipelines and transmission lines among property owners, they would be built; the energy shortage is severe. Greenpeace and the Sierra Club don't have that kind of leverage.

I empathize with property owners. Putting a pipeline or transmission line across your property is very destructive and not many people welcome the felling of old trees, trenching and heavy-equipment operation that come with it.

PRESTON FAIRLEY
Olathe, Kan.

Social Purpose and Index-Fund Proxy Votes

In her March 14 letter, Michelle Edkins of BlackRock rejects Dick Weil's rationale for reducing passive-fund manager participation in proxy voting because passive funds lack strong incentives to cast informed votes. The Securities and Exchange Commission is unlikely to grant a proxy-voting waiver to index-fund managers, so the active versus passive governance debate is, unfortunately, moot.

BlackRock's CEO Laurence Fink has pronounced that society now demands that companies serve a social purpose. Issues such as climate change, leadership diversity, income inequality and gun control are on society's social-purpose radar, according to Mr. Fink. To the extent that those issues are embedded in proxy-voting criteria used by BlackRock's stewardship team, the firm's generic index funds can morph into ESG funds with a progressive environmental,

RAY GORDON
Durham, N.C.

A Lack of Skin in the Game Boosts Student-Loan Losses

There is a relatively simple solution to reducing U.S. student-loan defaults and simultaneously reducing the federal government (i.e., the taxpayer) risk for default without encroaching on the role of the federal government in the process ("Fight Over Student Loans Intensifies," U.S. News, March 10): The federal government can provide no-interest loans to colleges to be used for student loans, in any amount requested.

In a specified period, repayment of the loans to the government would be mandatory. Failure to repay would result in termination of any future loans. The colleges would be responsible for collecting the loans made to their students and bear the burden of default. Any default in repayment wouldn't fall on the taxpayers.

This would have the added benefit of providing an incentive for the colleges to provide an education that would result in a job.

STUART A. LEVY
Milwaukee

Rate News Organizations Like the Sellers on eBay

L. Gordon Crovitz's "A New Business Takes On Fake News" (op-ed, March 5) is a fantastic idea and breath of fresh air. Maybe he could also incorporate into his NewsGuard format a rating system like eBay has for sellers of merchandise but keyed to the quantity and quality of subject matter of fake-news articles the way eBay rates its sellers. If you are not rated well by buyers, you won't sell very well.

He could tie the journalist's fake-news ratings to the publication it appeared in and, over time, readers will come to know who creates the most fake news and maybe stop their subscriptions. Can he start with the New York Times, the Washington Post and the Los Angeles Times? After that, he can tackle CNN, MSNBC, NBC, ABC and the rest of the network and cable outlets.

PETE BROWN
Boston

The U.N. Force in Lebanon Is a Failure and Should End

The most concerning part of Sen. Lindsey Graham's visit is the U.N. Interim Force in Lebanon ("The Most Unnerving Visit to the Middle East in a Long Time," op-ed, March 13). The United Nations Security Council established Unifil in 1978. The budget for this force and support is now over half a billion dollars. After 40 years isn't it time to pick a word other than "interim" to describe this force? If the Israeli defense reports are correct, then Unifil's mission is a failure and the 40-year interim should end.

MICHAEL P. CARTER
Savannah, Ga.

Should Publius Be Silenced?

Regarding your editorial "A Political Speech Crackdown" (March 12): The U.S. owes its Constitution, in part, to the publication in newspapers (the internet of that time) of the Federalist Papers under the pseudonym signature of Publius. Sens. Mark Warner, Amy Klobuchar and John McCain would make that illegal with their Honest Ads Act.

TIM DREISBACH
South Royalton, Vt.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Can we counter offer with a little less begging?"

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OPINION

The Saudis Take On Radical Islam

By Adel Al-Toraifi

The year 1979 was a watershed for the Middle East. Iranian revolutionaries overthrew the shah, the Soviet Union invaded Afghanistan, and Sunni Islamic extremists tried to take over the Grand Mosque of Mecca in Saudi Arabia, Islam's holiest shrine. Crown Prince Mohammed bin Salman hadn't been born, but he is fighting the ghosts of 1979 as he dramatically reforms the kingdom.

The attempted takeover of Mecca was a defining event in my country, mainly because of what happened next. Saudi rulers, fearing Iran's revolutionary example, decided to give more space to the Salafi clerical establishment in hope of countering the radicals. Traditional Salafi preachers are neither violent nor political, but they hold a rigid view of Islam. Their legal rulings

The crown prince charts a course toward moderation, which prevailed before the 1979 attack on Mecca.

and attempts to police morals made the kingdom increasingly intolerant, setting back the gradual opening up that had occurred in the 1960s and '70s.

In Saudi schools, education was largely in the hands of foreign nationals, many with Muslim Brotherhood backgrounds. In the 1960s and '70s, Saudi Arabia was more concerned with Gamal Abdel Nasser's Arab nationalism than with Islamist radicalism. Thus the Muslim Brotherhood wasn't much of a worry. But the combination of the brotherhood's political outlook and the rigid Salafi doctrine injected a virus into the Saudi education system. That virus

Does the government have the power to force Americans to violate their consciences by expressing messages that they consider objectionable? To date, the answer has been a resounding no. The Supreme Court has struck down a West Virginia law forcing students to recite the Pledge of Allegiance, invalidated a New Hampshire statute requiring drivers to bear a license plate embossed with a state motto of "Live Free or Die," and rejected a demand that parade organizers in Boston include a group whose message was divergent from that of the parade. The "compelled-speech doctrine" is shorthand for the longstanding proposition that First Amendment protection of speech extends to "the choice of what not to say."

California maintains that its law, styled the Reproductive FACT Act, is permissible, since it requires "only" that pro-life centers tell women that they may obtain an abortion subsidized by the state, and provide a phone number for a county office that refers callers to Planned Parenthood and other abortion facilities. Similar laws have been largely or entirely invalidated in Texas, Maryland and New York. But the lower courts have accepted California's argument that its mandate—which it describes as a "brief, non-ideological notice"—passes constitutional muster.

In keeping with past decisions, the justices should refuse to allow



Mohammed bin Salman at the Future Investment Initiative Conference, Oct. 24.

ASSOCIATED PRESS

allowed Osama bin Laden to recruit 15 Saudis to take part in that terrible deed on Sept. 11, 2001. We Saudis failed those young men, and that failure had global implications.

The Salafi clerics and Muslim Brotherhood imports also worked in concert as they were given unsupervised access to private donations to fund mosques and madrasas from Karachi to Cairo, where they generally favored the most conservative preachers.

The policy makers' idea was simple: Give the political Islamists and their Salafi affiliates room to influence educational, judicial and religious affairs, and we will continue to control foreign policy, the economy, and defense. Saudi rulers were handling the hardware, while radicals rewrote the nation's software. Saudi society, and the Muslim world, is still reeling from the effects.

Crown Prince Mohammed's critics describe him as a young man in a hurry. They're right—and he should be. As he told all of us in his cabinet constantly: "Time is our enemy. We cannot wait any longer to reform our country. The time is now."

He is clear about the problem. "Political Islam, whether Sunni or

Shiite, Muslim Brotherhood or jihadi Salafist, has damaged Muslim nations," he once told me. "It also gives Islam a bad name. Therefore, it is the role of Muslim countries to face these evil ideologies and groups and to stand with our world allies in the West and East to confront them once and for all."

King Salman and Crown Prince Mohammed have already ushered in some head-spinning changes. The crown prince has led the effort to roll back the powerful religious police. These self-righteous moralizers no longer have the right to stop anyone on the street or take matters into their own hands. They have been effectively marginalized.

The king and crown prince have granted women their long-awaited rights to drive and attend sports. Women are no longer required to wear headscarves. I expect to see more women appointed to senior positions in government, even at the ministerial level. Once Saudi Arabia unleashes the potential of women, there is no telling how far we can go.

Building on the past decade's education reforms, the crown prince has launched the MiSK Foundation to

provide young Saudis with world-class skills training. He has also led the way in normalizing life in Saudi Arabia for young people, who are increasingly fed up by social restrictions. The new General Entertainment Authority is giving Saudis foreign concerts, theater and cinemas and soon a Royal Opera House.

He has done something more intangible but also vital: bridged the deep generational divide between ruler and ruled. Like some three-fourths of Saudis, he is under 35. He speaks their language. He uses their apps. He knows their frustrations, including with corruption.

The recent crackdown on corruption should be seen in this light. Business as usual was not working, and the crown prince was willing to pull up the carpet to clean the rot underneath.

At an October 2017 conference for international investors, Crown Prince Mohammed laid out his ideas for moderate Islam. "Saudi Arabia was not like this before 1979," he said. "We want to go back to what we were, the moderate Islam that's open to all religions. We want to live a normal life . . . coexist and contribute to the world. . . . We will not spend the next 30 years of our lives dealing with these destructive ideas."

During my time in office, I came to realize that while Saudi Arabia will continue to face challenges, for the first time in four decades the ghosts haunting Saudi Arabia are in retreat. Mistakes are inevitable, and there is no universal guidebook on how to reform a country. But leaders like the late Lee Kuan Yew of Singapore show how far a country can go with the right policies.

Saudi Arabia has a long journey ahead. It will not be without bumps and bruises. Change never comes easy. But the crown prince has raised expectations dramatically. The genie is out of the bottle, and it can't go back in.

Mr. Al-Toraifi was Saudi minister of culture and information, 2015-17.

What Went Wrong At the FBI

By Thomas J. Baker

Americans have grown increasingly skeptical since 2016 of the Federal Bureau of Investigation, an institution they once regarded as the world's greatest law-enforcement agency. I spent 33 years in a variety of positions with the FBI, and I am troubled by this loss of faith. Many lapses have come to light, and each has been thoroughly covered. But why did they happen? The answer is a cultural change that occurred in the wake of the 9/11 attacks.

For reasons that seemed justified at the time, the bureau set out to become an "intelligence driven" organization. That had unintended consequences. The FBI's culture had been rooted in law enforcement. A law-enforcement agency deals in facts, to which agents may have to swear in court. That is

After 9/11, the bureau lost its law-enforcement ethos as it tried to become more of an intelligence agency.

why "lack of candor" has always been a firing offense. An intelligence agency deals in estimates and best guesses. Guesses are not allowed in court. Intelligence agencies often bend a rule, or shade the truth, to please their political masters. In the FBI, as a result, there now is politicization, polarization, and no sense of the bright line that separates the legal from the extralegal.

Part of making the FBI more like an intelligence agency was the centralization of case management at headquarters in Washington, rather than the field offices around the country. With this came the placing of operational decisions in the hands of more "politically sensitive" individuals at headquarters.

The 9/11 investigations and related matters were the first to be moved from the field to headquarters. But the trend culminated with the investigations into Hillary Clinton's emails and Russian election interference—both run from headquarters as well. Levels of review—and independent judgment—were eliminated. Thus, we learn that Peter Strzok—who held the relatively high rank of deputy assistant director of counterintelligence—was himself conducting interviews in both politically sensitive investigations.

After 9/11 there was much talk of the negative consequences of a "wall" between criminal and intelligence investigations. There was always—it was part of our culture—a discussion about how to proceed at the outset of a counterintelligence or terrorism investigation. To seek a warrant under the Foreign Intelligence Surveillance Act, with its lower standard of probable cause, when one would ultimately pursue a prosecution was considered an abuse of FISA. It is still an abuse. To shade the truth in a FISA application—as occurred with the "Steele Dossier"—is characteristic behavior of an intelligence agency, not a "sweat to tell the truth" law-enforcement organization.

FISA was never intended as a tool to pursue Americans. It was to be used to gather intelligence about agents of a foreign power operating in the U.S. The aim of this monitoring was to produce intelligence for our national decision makers. It was not intended to be used in criminal prosecutions. If an American is suspected of operating as an agent of a foreign power, that individual should be pursued under the Espionage Act, a criminal statute. The fruits of that monitoring could then be used in court for a prosecution. The use of FISA to target a U.S. citizen is the most egregious abuse uncovered so far.

As former FBI Director William Webster repeatedly told us agents: "We must do the job the American people expect of us, in the way that the Constitution demands of us." All actions and decisions must once again be viewed through that prism. The Justice Department inspector general and others are now looking at specific alleged abuses.

Perhaps Deputy Director Andrew McCabe's firing is a start. Mr. McCabe's statement, in response to his firing, that "the big picture is a tale of what can happen when law enforcement is politicized" is, ironically, true.

What is needed is much more—a renewal of the FBI's culture. When the smoke clears from the current controversies, Director Christopher Wray must help the bureau turn the page on this intelligence chapter and get the bureau back to the law-enforcement culture of fact-finding and truth-telling that once made us all so proud.

Mr. Baker is a retired FBI special agent and legal attaché.

Pro-Life Centers Have Free Speech, Too

By James Gottry

The U.S. Supreme Court hears oral arguments Tuesday in a case about pro-life pregnancy centers. Abortion is a politically charged subject, but *National Institute of Family and Life Advocates (Nifla) v. Becerra* is a case about free speech—specifically, California's attempt to compel Nifla and other operators of such centers to provide free advertising for abortion providers.

The Supreme Court takes up a California law that compels them to advertise for abortion providers.

of opinion and compelled statements of fact, finding that "either form of compulsion burdens protected speech." In *Riley* the challenged law simply required professional fundraisers to announce to potential donors the percentage of raised funds that were given to the

charities they represented, but the Supreme Court found it constitutionally defective.

In a concurring opinion, Justice Antonin Scalia noted the high court's "traditional understanding, embodied in the First Amendment, that where the dissemination of ideas is concerned, it is safer to assume that the people are smart enough to get the information they need than to assume that the government is wise or impartial enough to make the judgment for them."

The California law at issue in *Nifla* is distinct from the "informed consent" mandate on abortion providers that the court upheld in *Planned Parenthood v. Casey* (1992). Informed-consent laws involve the disclosure of risks and alternatives concerning the medical procedure of abortion. In stark contrast, California's law applies to pro-life pregnancy centers that perform no surgery. Informed-consent

principles have no place in this case.

Pro-life pregnancy centers provide women with a wholly life-affirming message. Signs promoting subsidized abortion undercut that message and contradict the centers' very reason for existence. As Justice David Souter put it in the Boston parade case, such a law requires the centers to "affirm in one breath that which they deny in the next," rendering free-speech protections "empty."

Abortion is a life-and-death issue, but it's not the issue before the Supreme Court Tuesday. When the parties appear before the court, California and its abortion-friendly legislation will stand on one side, Nifla and other pro-life pregnancy centers on the other—and free speech in the dock.

Mr. Gottry is legal counsel with Alliance Defending Freedom, which represents the National Institute of Family and Life Advocates.

The Fix for Misleading 'CEO Pay Ratios'

By Robert Pozen And Kashif Qadeer

In the coming weeks, many public companies in the U.S. will disclose for the first time their "pay ratios"—the CEO's compensation divided by the median employee's. The requirement to provide this ratio was included in the Dodd-Frank Act of 2010. But comparing the figures among different companies—and particularly different industries—will hardly be a straightforward task.

The consulting firm Equilar estimates that the pay ratio will be two or three times as high for retailers as for drug, financial or tech companies. But the reason isn't soaring CEO pay in the retail industry. For one thing, midlevel retail workers

simply make less, on average, than their peers in pharma, finance and tech, which skews the ratio.

Another issue is that 31% of retail employees work part-time, compared with 17% for the rest of American employees. When computing the CEO pay ratio, the Securities and Exchange Commission prohibits companies from adjusting part-time earnings to "annualize" them—to show what these employees would have earned if working full-time. The SEC also bars companies from counting several part-time employees as a single full-time equivalent. Because of this, having many employees who work only a few days each week drags down the median.

To understand how much this might overstate the pay ratio, we examined data for a midsize retail company that operates about 1,200 stores, primarily in the U.S. The company had more than 25,000 employees in 2017. Almost half worked less than 30 hours a week. The median pay of these part-timers (without annualizing) was less than \$6,000 a year. By contrast, the median pay of full-time employees who worked for the whole year was approximately \$30,000.

Under the SEC's methodology, the median pay of all the company's employees would be \$14,928. Since the CEO reportedly earned a little more than \$6 million, the ratio would have been 408.

This is hardly a fair measure of the company's compensation structure. The CEO was paid for full-time work during 52 weeks. Annualizing the pay of part-time workers is the only way to make an apples-to-apples comparison. And converting them into full-time equivalents is a better way to represent the median.

In other contexts, the SEC recognizes these issues. Companies are allowed, for example, to annualize the pay of a full-time employee who starts midyear. Otherwise, a company's pay ratio would jump if it went on a summer hiring binge. The same rationale should apply to the treatment of part-time workers.

How much difference would these two adjustments make? For our retailer, we identified all part-time employees and multiplied their hourly wage by the company's definition of full-time work—1,560 hours, based on 30 hours a week for 52 weeks. The result was an adjusted median pay of \$17,160 and a new pay ratio of 355.

Then we took the total hours worked by part-timers and divided it by 1,560 hours. This decreased full-time equivalents to approximately 18,300, raising the median pay to \$23,133. This further dropped the pay ratio to 263—more than a third less than the official figure would show.

In short, the SEC has mandated methodologies that create misleading pay ratios for companies that depend heavily on part-time workers. To allow full-time equivalents, the SEC would have to issue a rule amendment—a long process involving public comments. But the SEC's staff could quickly issue an administrative interpretation allowing part-time pay to be annualized. It should do so posthaste, before the misleading figures are widely circulated.

Mr. Pozen is a senior lecturer at MIT's Sloan School of Management and a senior fellow at the Brookings Institution. Mr. Qadeer is a Sloan fellow at MIT.

THE WALL STREET JOURNAL.

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, March 20, 2018 | B1

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Stocks Tumble Amid Tech-Sector Selloff

Investors worry about companies' ability to protect users' data; Facebook slides 6.8%

By MICHAEL WURSTHORN

Technology shares dragged down stock indexes, jolting investors who have rallied behind a handful of the hot tech companies and raising fresh questions about the resiliency of a nine-year-old bull market in U.S. stocks.

Together, Facebook, Amazon.com, Netflix and Google parent Alphabet—young firms closely associated with the Sil-

icon Valley technology scene and deemed to be "disrupters" of rival firms engaged in media, travel, online shopping and other businesses—shed a total of roughly \$76 billion in market value.

The Dow Jones Industrial Average dropped 335.60 points, or 1.3%, to 24610.91, falling back into negative territory for 2018 following a 25% gain last year.

Facebook shares posted their largest percentage decline in nearly four years, dropping \$12.53, or 6.8%, to \$172.56 and wiping out \$36.4 billion in market value, following news that a firm tied to

President Donald Trump's 2016

election campaign gathered data from millions of Facebook profiles without authorization.

The Facebook news raised concerns among analysts and investors about the companies' capacity to handle customer data in a way that will enable them to continue to make money while protecting users' privacy.

"The savior of the market all of a sudden becomes a problem," said Mike Bailey, director of research at \$1 billion wealth manager FBB Capital Partners. "Investors were waiting for some kind of trigger."

The so-called FANG shares have grown to such a size, \$2.2 trillion collectively, and

have been responsible for such a large proportion of market indexes' gains over the past year that some investors are

dexes have been struggling to regain momentum since the Dow industrials' last record high on Jan. 26.

Meanwhile, investors remained on edge about interest rates rising further this week with the conclusion Wednesday of the Federal Reserve's two-day policy meeting and about the prospect for a possible escalation in trade tensions.

All 11 major S&P 500 sectors finished the day lower, with energy, health-care and materials companies among the biggest decliners after the technology sector.

All 30 Dow components traded lower except Boeing,

which rose fractionally.

The S&P 500 fell 39.09 points, or 1.4%, to 2712.92, falling for the fifth time in six sessions, while the Nasdaq Composite dropped 137.74 points, or 1.8%, to 7344.24. The tech-heavy index had recovered its February losses in recent weeks and set an all-time high a week ago.

It was the biggest decline for the S&P 500 and Nasdaq since Feb. 8, while the Dow had its biggest fall since March 1.

Technology stocks have been a key pillar of support for a stock market that has been struggling to maintain its up-

Please see STOCKS page B2

Volkswagen to Expand Tennessee Assembly Plant



DOWN THE LINE: The investment is one of many by foreign auto makers that could help offset the pain of a trade war. B2

Oracle Forecast Spooks Investors

By JAY GREENE

Oracle Corp. shares sank 6.5% in late trading Monday after the company disappointed Wall Street with its guidance for cloud-computing revenue in the current quarter—the third consecutive period it has done so.

The business-software maker Monday said cloud-computing revenue would climb 19% to 23% in the fiscal fourth quarter. Analysts had expected 23% growth.

Oracle also alarmed investors with its cloud revenue for the fiscal third quarter, which rose 32% to \$1.57 billion.

Those results met the muted expectations Oracle set

three months ago, but investors thought the number might be higher, given the healthy levels of tech spending rivals such as Microsoft Corp. and Salesforce.com Inc. recently said they had seen from customers.

"It's definitely somewhat disappointing that they didn't show upside, given the healthy spending environment," said Brad Reback, an analyst at Stifel Nicolaus & Co.

Meanwhile, the company swung to a quarterly loss as it booked a \$6.9 billion charge related to the U.S. tax overhaul.

Cloud computing is key for Oracle, which is transitioning from a leading vendor of data-

base software companies run in their own servers to one that also sells services that customers run in data centers operated by Oracle and other companies.

The business-software giant Monday reported total cloud sales grew by 32% in the quarter, roughly what the company said it would be three months ago.

Oracle executives remain bullish, in part because a new database product should help buttress its performance across product lines.

"The fact is that we are taking market share, and with autonomous database just beginning to show up on our pipeline, this will only

strengthen our technology ecosystem growth," Chief Executive Mark Hurd said in a conference call with analysts.

Oracle reported a net loss of \$4.02 billion, or 98 cents a share.

The Redwood City, Calif., company said adjusted earnings, which exclude stock-based compensation and other items, were 83 cents a share.

Revenue rose 6% to \$9.77 billion, while adjusted revenue climbed 5% to \$9.78 billion.

According to estimates gathered by S&P Global Market Intelligence, analysts had expected Oracle to earn 72 cents a share on an adjusted basis, on adjusted revenue of \$9.78 billion.

Deposit-Rate Freeze Is Poised for a Thaw

By CHRISTINA REXRODE

The Federal Reserve has raised short-term rates five times since late 2015, but banks largely stood pat on deposit rates for rank-and-file customers. Now, with the Fed expected to lift rates again this week, there are signs this could change.

The average rate on a one-year certificate of deposit, or CD, rose to 0.49% last week, according to Bankrate.com, a personal-finance website.

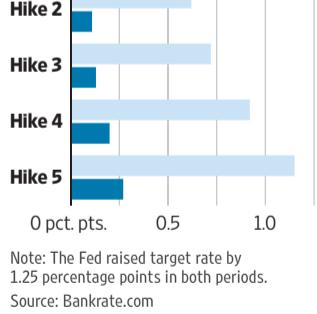
While that is peanuts by historical standards, it is the highest in more than seven years, and the march upward has quickened after the most recent Fed moves.

Banks over the past year have already raised the interest paid on deposits held by businesses and affluent individuals who demand it. But their tentative foray into higher CD rates is more about trying to get ahead of average customers' demands.

It is a tricky calculation: Banks don't want to pay more than they have to, but they also don't want to keep deposit rates so low that customers eventually leave.

Falling Behind

The cumulative rise in the one-year CD rate is lower than during the last rate-raising cycle.



"This is the biggest story that investors and bankers are going to talk about for the next two years," said Gerard Cassidy, an analyst at RBC Capital Markets, "after a period of eight or nine years of not even worrying about it."

Getting the payment rate right is crucial. Banks use deposits to fund loans, and they make money by paying out less on deposits than what they charge on loans, known as net interest income. Paying higher deposit rates increases costs, potentially crimping profits.

But if enough depositors take their business elsewhere, that can hamper a bank's ability to make more loans. That, in turn, could hurt revenue.

So far, banks have succeeded with a cautious approach. Although loans are increasing at a slower pace than this time last year, the industry's lending-related income has been rising throughout the Fed's rate-raising cycle.

Overall net interest income for U.S. banks rose 8.5% in the fourth quarter from a year earlier, according to Federal Deposit Insurance Corp. data, a quicker clip than the 7.6% increase in the year-ago quarter. Meanwhile, growth in banks' deposit expenses has been unusually slow.

The biggest banks are still flush with deposits, which exceed their loans. That makes them less inclined to rush to increase rates.

But Mr. Cassidy and other analysts think banks could soon be competing for deposits. Among other reasons, some small and regional banks are trying to gather more deposits and could raise rates.

For banks, CDs are an appealing way to test raising rates for consumers. Because they have fixed terms, usually

Please see RATES page B2

Weinstein Co. in Asset Deal, Seeks Chapter 11

By JONATHAN RANDLES

Dallas-based investment firm **Lantern Capital** has struck a deal to purchase the assets of the film and TV studio co-founded by Harvey Weinstein in a transaction that requires the troubled entertainment company to file for bankruptcy.

Weinstein Co. filed for chapter 11 bankruptcy protection late Monday in the U.S. Bankruptcy Court in Wilmington, Del., following failed attempts by management and its board to avoid bankruptcy. The studio faces several lawsuits over allegations of sexual misconduct against Mr. Weinstein, who was fired by the board in October. Mr. Weinstein has admitted mistakes but denied allegations of nonconsensual sex.

Weinstein's deal must be approved by a judge and will be subject to higher bids, should any materialize, in a sale process that will be conducted in bankruptcy court. Weinstein Co.'s board said in a statement

that Lantern was chosen because of the investment firm's "commitment to maintain the assets and employees as a going concern."

Weinstein Co.'s board also said Monday that it is ending nondisclosure agreements that Mr. Weinstein reportedly used "as a secret weapon to silence his accusers." The studio has been in turmoil since allegations of alleged sexual misconduct were first reported in October.

"Effective immediately, those 'agreements' end," the board said in a statement. "The Company expressly releases any confidentiality provision to the extent it has prevented individuals who suffered or witnessed any form of sexual misconduct by Harvey Weinstein from telling their stories. No one should be afraid to speak out or coerced to stay quiet. The Company thanks the courageous individuals who have already come forward. Your voices have

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INSIDE

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STORM HAS YET TO PASS IN PUERTO RICO

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STREETWISE | By James Mackintosh

New Signs Flash Warning for Fed

It is time to think about Fed mistakes.

New Federal Reserve

Chairman Jerome Powell set out his thinking to Congress at the start of this month: A tight jobs market, strong economic data, expansion around the world and President Donald Trump's tax cuts all supported the idea that, as fellow Fed governor Lael Brainard put it, headwinds have shifted to tailwinds.

The first three reasons have all been questioned since Mr. Powell and Ms. Brainard spoke. Could the Fed's turn to higher rates be a miscalculation?

I continue to think the Fed would be right to tighten and raise rates more this year than the three times priced as most likely by futures markets. But I'm less sure than I was, and invest-

ors are right to be a bit more cautious.

A mistaken extra rate rise or two probably wouldn't register as the kind of epic Fed error that causes a recession, but if the Fed gets

it wrong and has to reverse course, a lot of investors who have bet on rising rates would lose out.

The Fed could be mistaken in two ways. The economy

Please see STREET page B2



Fed chief Jerome Powell may have to recalculate his position.

ANDREW HARRER/BLOOMBERG

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RATES

Continued from the prior page from one month to a decade, CDs let banks lock in rates so their entire deposit base doesn't reprice with each Fed increase. They also make it easier for banks to create longer-term loans.

They aren't the easiest sell to consumers, though, because many don't want to lock up their money while rates are expected to keep rising. Others can't be bothered. "I think there is still a relative indifference," **KeyCorp** CEO Beth Mooney said in an interview.

M&T Bank Corp. is experimenting with higher rates on some one-year CDs after a previous pitch on five-year CDs didn't gain much traction. But Chief Financial Officer Darren King said in his experience, customers only start to notice when the federal-funds rate rises to about 3%. (The fed-funds target, now at 1.25% to 1.5%, is widely expected to be raised by a quarter percentage point on Wednesday.)

This rate-raising cycle is different from the last one, from 2004 to 2006. Accustomed to a decade of ultralow rates, customers seem ap-

thetic about chasing rates, even though technological advances have made it easier to move money.

Gary Zimmerman, founder of MaxMyInterest, which matches bank customers with higher-yield bank accounts, said his clients tend to be uninterested in CDs. "If they want to lock up their money, they'll do it in a way where they can get a higher return," such as real estate, Mr. Zimmerman said.

Higher consumer prices could eventually sway some customers to search for better deposit rates, said Greg McBride, chief financial analyst at Bankrate.com. When the Fed raised short-term rates in December 2015, the annual inflation rate as measured by the consumer-price index was 0.7%. In February annual inflation stood at 2.2%.

"They're not seeing that in their savings account," Mr. McBride said, "but they are when they're shopping at the grocery store."

Still, banks aren't moving en masse to raise rates. The average rate on a money-market deposit account, which is a widespread type of savings account, started at 0.10% before the rate-raising cycle and is now at just 0.15%, Bankrate.com says.

Continued from the prior page

might be less strong than central bankers think, or it might be strong but create less inflation. Evidence for both views has been coming through this month.

Start with the latest payroll figures, published a week after Mr. Powell's testimony. The data were robust, with 313,000 new jobs created. But they also showed that the strong jobs market was encouraging more people to look for jobs, with the civilian labor force increasing by 806,000.

More people trying to find a job should damp wage pressures and mean less need for rate increases. If this pattern is a mark of things to come, it means the "Goldilocks" economy—not too hot, not too cold—can continue, putting a lid on bond yields.

The U.S. economy is sending mixed messages, though. Lots of jobs were created, but surprisingly weak retail sales and housing reports have prompted economists to downgrade forecasts for first-quarter gross-domestic-product growth. When Mr. Powell gave his optimistic outlook to Congress, the Federal Reserve Bank of Atlanta's "nowcast" of first-quarter GDP was running above 3% annualized. It is now just 1.8%, having briefly been above 5% in January.

A broader model run by the Federal Reserve Bank of New York is more positive, at 2.73%, but also the weakest it has been this year, down from 3.45% in January.

Still, the synchronized global growth that made everyone so positive earlier this year is showing signs of strain. Economic data have been coming in well below forecasts in the eurozone, with industrial production

BUSINESS & FINANCE

Volkswagen to Expand U.S. Plant

BY ADRIENNE ROBERTS



The auto maker will spend \$340 million to make a new SUV at a facility in Chattanooga, Tenn.

Volkswagen AG will spend \$340 million to manufacture a new sport-utility vehicle at a Tennessee assembly plant. The move is the latest in a string of investments planned by foreign auto makers in U.S. factories that could help offset the pain of a potential trade war.

The plan—announced Monday at an event in Chattanooga and earlier reported by The Wall Street Journal—is part of the German auto maker's increased bet on SUVs, a strategy VW hopes will approximately double its U.S. market share to 5% in coming years. While a dominant player on the global stage, Volkswagen has been slow to embrace trends that Americans follow and has long trailed Japanese and Korean car companies in the U.S.

Volkswagen previously invested \$900 million in the plant to build the Atlas, a seven-seat SUV designed for the U.S. market. The auto maker has been working to recover from a costly diesel-emissions scandal that hit in 2015 and forced Volkswagen executives to draw up a new strategy.

The company's deeper U.S. commitment comes amid intense political scrutiny on where auto makers build cars that are sold to U.S. buyers. President Donald Trump has criticized car companies that

import vehicles into the U.S. and face little penalty, while praising several auto makers that have made U.S. investment commitments within the past 15 months.

Mr. Trump's move to raise tariffs on imported steel and aluminum could present a challenge for foreign car companies that rely heavily on non-U.S. materials to make their cars and SUVs. By locating more production in the U.S. or the North American Free Trade Agreement zone, auto makers typically boost their use of steel and alumini-

num coming from producers based in the U.S. or Nafta.

Swedish auto maker Volvo said in September it would more than double its investment in its first U.S. plant to \$1.1 billion to build its XC90 SUV. Around the same time, **Daimler** AG said it would spend \$1 billion to start production of a fully electric SUV at its Alabama manufacturing operations.

Japanese auto makers **Toyota Motor** Corp. and **Mazda Motor** Corp. are building a new plant in the U.S. to add more capacity, announcing in

January a \$1.6 billion plant in Alabama that Mazda will use to build a new crossover SUV.

These investments are as routine as they are politically expedient, as factories need to be modernized and vehicle platforms change. Volkswagen, like many auto makers, uses the same engineering platform for many of its vehicles, and its new SUV will be built on the same platform and line as the seven-seat Atlas that is available in dealerships now.

Production of the Atlas began in December 2016 at the Tennessee plant.

STREET

Continued from the prior page

might be less strong than central bankers think, or it might be strong but create less inflation. Evidence for both views has been coming through this month.

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Still, the synchronized global growth that made everyone so positive earlier this year is showing signs of strain. Economic data have been coming in well below forecasts in the eurozone, with industrial production

Growing Doubts

The Atlanta Fed's 'nowcast' of first-quarter GDP growth has been slashed after some weak economic data.

Forecast U.S. first-quarter GDP growth*



Americans returned to the jobs market in a big way in February, although labor force participation remains low by precrisis standards.

Civilian labor force monthly change



*Seasonally adjusted annual rate †Through Friday
Sources: Federal Reserve Bank of Atlanta (GDP); Thomson Reuters Datastream (labor, metals)

rial and small-business surveys and job figures, have been far stronger.

"People put a lot of weight on GDP and often too much," he says. "I don't think it's the be-all-and-end-all of economic indicators."

Still, the synchronized global growth that made everyone so positive earlier this year is showing signs of strain. Economic data have been coming in well below forecasts in the eurozone, with industrial production

one of this is likely to bother the Fed too much, especially with tax cuts in place and bigger budget deficits on the way. Traders are pricing a 94% chance of a 0.25-percentage-point rate rise at its meeting on Wednesday. The core prediction remains three rises this year, but traders see the Fed's hawkish tilt, and the probability of four or more increases reached 36% on Friday for the first time, according to CME Group Inc.

Bond investors are more cautious, with the 10-year Treasury yield briefly dipping below 2.8% on Wednesday, down from 2.96% in February.

The big bets on rising yields would go badly awry if the U.S. and global economies are indeed slowing and the Fed has to reverse course, or if a bigger workforce brings less wage pressure.

These issues are probably just temporary. But at a time when investors are trying to decide whether the economy is shifting to a phase of faster growth and whether it could be sustained or lead to recession in a year or two, they add unwelcome confusion.

according to data by CME Group.

This would be the first time that borrowing costs go higher in 2018, and investors are trying to gauge whether Fed Chairman Jerome Powell will raise rates three additional times this year, or only two.

The declines continued in Asia early Tuesday. Japan's Nikkei was down 0.9% in late morning, while Hong Kong's Hang Seng Index was off 0.4%.

Socialist Republic of Vietnam

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Notice is hereby given that the Rate of Interest has been fixed at 3.125% and that the interest payable on the relevant Interest Payment Date 12 September 2018 against Coupon No. 41 in respect of US\$1,000 nominal of the Bonds will be US\$15.97.

Citibank Agency & Trust

20 March 2018

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against a stock-market downturn in the next month or so, he said.

"There's an outsized bid for tail-risk protection today," Mr. Chintawongvanich said. "People think this just reflects volatility in the near-term, and doesn't necessarily reflect concerns about longer-dated volatility."

The VIX uses options on the S&P 500 stock index to measure traders' expectations for short-term market moves. It typically rises when stocks fall, which is why traders buy volatility futures as insurance against a sudden market reversal.

Last month's sudden return of market turbulence shattered a protracted period of calm. Betting against wild price swings had been one of the most profitable trades in recent years as stocks marched

steadily higher and central banks kept interest rates near record lows.

The abrupt turnaround nearly wiped out the assets of several popular exchange-traded products that allow investors to bet on continued calm. Japanese securities firm Nomura Holdings Inc. and Swiss Bank Credit Suisse closed two products that lost nearly all of their value when volatility spiked.

Similar products have continued to trade, but have reduced their exposure to volatility futures.

BUSINESS NEWS

Wynn's Lawyer Reported Accuser to FBI

Woman threatened to go public about alleged sexual misconduct that led to settlement

BY KATE O'KEEFFE
AND ALEXANDRA BERZON

LAS VEGAS—A lawyer for Steve Wynn said he recently reported a woman to the Federal Bureau of Investigation after she threatened to go public about the casino mogul's alleged sexual misconduct against her, which had prompted a 2006 settlement, court records indicate.

The records, which haven't been previously disclosed and which were filed by Mr. Wynn's own legal team, also make clear that at least two former **Wynn Resorts** Ltd. employees have received settlements from Mr. Wynn after lodging complaints about his behavior.

Mr. Wynn resigned last month as chairman and chief

executive of Wynn Resorts following a Jan. 26 article in The Wall Street Journal. The article, citing people familiar with the matter, detailed allegations that Mr. Wynn had engaged in sexual misconduct against employees, including a manicurist that he paid \$7.5 million after she told people at the time that he forced her to have sex with him in 2005.

Mr. Wynn has said it was "preposterous" that he would assault a woman. On Thursday, a lawyer for Mr. Wynn said he is declining to participate in any reporting by the Journal because he doesn't believe the newspaper will treat him fairly.

The Jan. 26 article prompted a second woman who had received a payment from Mr. Wynn to want to come forward, according to the papers filed with Clark County District Court in Nevada.

Hours after the Journal's article was published online, a woman who previously worked at Wynn Resorts wrote to Barry Slotnick, a New York

lawyer who represented Mr. Wynn in his December 2006 settlement with her, the filing shows.

Don Campbell, Mr. Wynn's Las Vegas lawyer, filed with the court what he said is a Jan. 27 email from the woman. "I understand that my nondisclosure agreement forbids this, but I believe there is much good that can be gained from telling my story," she wrote, according to Mr. Campbell's filing.

Mr. Campbell also filed with the court a Jan. 31 email he said was written by the woman in which she addressed Mr. Slotnick and noted she hadn't received any response, the court records show.

"At this point in time, I feel compelled to go public with the details of my settlement regarding the sexual misconduct by Steve Wynn and feel it is my duty to share the sordid details," the woman wrote, according to the court filing by Mr. Campbell. "Consider your

client put on notice as to my intentions," she allegedly wrote, the filing shows.

Mr. Campbell said he then reported the woman to the FBI based on the emails, claiming she was "advancing extortionate demands upon Mr. Wynn through Mr. Slotnick," accord-

parent redactions. The filing didn't disclose the value of the settlement, which Mr. Campbell said Mr. Wynn paid from personal funds.

Messrs. Wynn and Campbell then met with FBI special agents from the Las Vegas field office who, according to Mr. Campbell, "opened an investigation into the matter, which included the use of electronic surveillance," according to the court filing.

Mr. Campbell said the FBI told him it had finished its investigation into the woman's communications with Mr. Slotnick on Feb. 10, according to the filing.

The Journal isn't identifying the woman in question because she allegedly is a victim of sexual misconduct.

Lisa Bloom, who said she was the woman's lawyer, issued a statement to the Journal, saying her client never committed any act of extortion. "Her emails did not seek any money. And that is surely why the FBI has not even

questioned her about this, nor has she been charged with any crime," said the statement.

Mr. Slotnick and a Wynn Resorts spokesman declined to comment.

Mr. Campbell and another representative for Mr. Wynn didn't provide comment.

A spokeswoman for the FBI in Las Vegas said in a statement that it couldn't confirm or deny whether the agency is investigating a particular matter.

The 2006 settlement has emerged in ongoing litigation between Mr. Wynn and his ex-wife, Wynn Resorts co-founder Elaine Wynn. Ms. Wynn is scheduled to go to trial against Mr. Wynn and Wynn Resorts next month regarding her breach of contract allegations after Wynn Resorts in 2015 ousted her from its board.

A spokeswoman for Ms. Wynn said her client only learned of the existence of the 2006 settlement when it was disclosed by Mr. Wynn in the litigation in recent weeks.



Steve Wynn
resigned as
Wynn Resorts
CEO amid
complaints
about his
behavior.

ing to the filing.

At no point does the woman ask for money in the emails disclosed by Mr. Campbell in the filing. It is unclear if she had any additional communications with Mr. Wynn or his representatives.

Mr. Campbell's filing, publicly available on the Nevada court website, was described as redacted but it had no ap-

Behavior at Nike Surveyed

BY SARA GERMANO
AND JOANN S. LUBLIN

A group of female employees at **Nike** Inc. last year circulated an informal survey about alleged inappropriate behavior by men at the world's largest sportswear maker, people familiar with the matter said, a move that preceded the ouster of two veteran executives last week.

The women were frustrated with what they saw as pay disparity and a gender imbalance at the highest ranks of Nike, the people said, amplified by the exit of several female senior operating executives last year.

The women were also concerned about allegations circulating internally of inappropriate workplace behavior by some men and drew up the survey to gather information about these issues, the people said.

The distribution of the survey came to the attention of long-time Nike Chief Executive Mark Parker in recent months and triggered a formal review of workplace behavior by an outside firm, the people said. The results of the survey couldn't be learned.

A Nike spokesman declined to comment. The company is scheduled to report its latest quarterly results on Thursday.

Last Thursday, Mr. Parker sent a memo to Nike employees disclosing the continuing internal review and said the company's second-ranking executive, Trevor Edwards, had resigned as Nike brand president effective immediately and would retire from the company in August.

Jayne Martin, a top lieutenant to Mr. Edwards, was also forced out of the company, people familiar with the matter

said. Nike on Friday confirmed Mr. Martin's exit after The Wall Street Journal reported it.

The company hasn't specified why either executive is leaving. Messrs. Edwards and Martin both had spent decades at Nike in various roles, and Mr. Edwards was considered the heir apparent to Mr. Parker, 62 years old, who has been CEO since 2006.

Messrs. Martin and Edwards protected male subordinates who engaged in behavior that was demeaning to female colleagues, according to one person familiar with the matter. Their lieutenants bullied people who weren't in their work group, this person said, such as women and individuals from foreign countries.

Neither Mr. Edwards nor Mr. Martin have responded to requests for comment.



Tronc Chairman Ferro Exits

BY IMANI MOISE
AND LUKAS I. ALPERT

Tronc Inc. announced Monday that its largest shareholder, Michael Ferro, is stepping down as nonexecutive chairman hours before the publication of an article alleging that he had made inappropriate sexual advances toward two female entrepreneurs.

In a news release issued early in the day, Tronc said the 51-year-old Mr. Ferro was retiring from the company's board after orchestrating the sale of Tronc's flagship newspaper, the Los Angeles Times, last month.

But after Fortune magazine published a story later in the day alleging inappropriate behavior by Mr. Ferro toward the women, Tronc sought to distance itself from him.

"Michael Ferro has had no

claims filed against him while leading Tronc as chairman. Further, we are aware of no claims filed against Mr. Ferro throughout his career. As Mr. Ferro has retired after leading a financial turnaround of Tronc, we wish him well in his private life and will have no further comment," the company said in a statement.

Fortune said it had reached out to Mr. Ferro for comment last week. A spokesman for Mr. Ferro on Monday said he informed the board of his decision to step down during a board call over the weekend.

The spokesman had no further comment on the allegations.

Tronc Chief Executive Justin Dearborn will succeed Mr. Ferro as chairman.

Mr. Ferro didn't return messages seeking comment Monday about the Fortune article or his departure from Tronc.

Earlier in the day, the spokesman for Mr. Ferro, Dennis Culloton, said Mr. Ferro's decision to step aside was due to him being "worn down" by the protracted shareholder fight that led to the sale of the Los Angeles newspaper, as well as a contentious unionization effort there. "He knows he made the right decision for shareholders, but the process was really very arduous for him," Mr. Culloton said. "He just didn't want to be a public figure anymore."

He added that Mr. Ferro would continue to receive a \$5-million-a-year consulting fee through 2020, which the company agreed to late last year.

Tronc's spokeswoman didn't immediately respond to a question about whether the company would reconsider the payments in the wake of the women's accusations.

Newell Enlists Icahn in Defense

BY SHARON TERLEP
AND CARA LOMBARDO

Newell Brands Inc. struck a deal with activist investor Carl Icahn to fend off another activist group seeking to run the struggling maker of Elmer's Glue, Sharpie markers and Mr. Coffee machines.

The deal with Mr. Icahn, announced Monday, will immediately add four board members chosen by the billionaire and a fifth in coming months. The company also agreed to explore selling more of its collection of busi-

nesses.

The agreement comes as the consumer-products conglomerate faced a proxy fight with Starboard Value LP, which is seeking to oust the entire Newell board and Chief Executive Michael Polk.

Starboard last month aligned with three former executives of **Jarden** Corp., which Newell bought less than two years ago in a \$15 billion deal, in its campaign.

A deal with Mr. Icahn, if approved by investors, would preserve Mr. Polk's job, though usher out the com-

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TECHNOLOGY



DoorDash is among the startups fighting for dominance in the food-delivery business, where the larger companies have an edge.

Grubhub Races to Bulk Up

Web-based business expands partnership with Yelp, aiming to lower its delivery fees

BY JULIE JARGON
AND HEATHER HADDON

Grubhub Inc. and its rivals say they need to get bigger to cut delivery fees that are sometimes higher than the price of a burger and fries.

That is partly the goal of the expanded partnership that Grubhub and **Yelp** Inc. unveiled Monday, which will nearly double to more than 80,000 the number of U.S. restaurants on the review website and app that offer Grubhub delivery.

Grubhub is racing **DoorDash**, **UberEats** and many regional startups to be the dominant delivery business for Americans who are eating more meals at their homes and offices. Grubhub and rival Seamless merged in 2013.

"Scale drives efficiency," Grubhub Chief Executive Matt Maloney said. "There are a lot of smaller players that burden the diner with excessive fees."

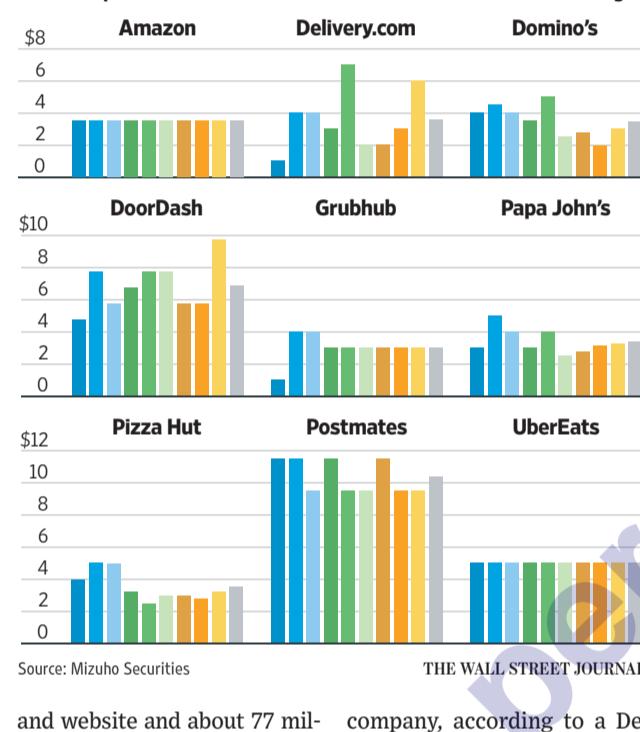
The deal completes the \$288 million acquisition of Yelp's Eat24 directory of restaurants offering delivery that Grubhub initiated in August. Grubhub said Yelp will get a cut—which it declined to disclose—of each Grubhub order placed through Yelp's website and app.

Mr. Maloney said generating orders from more diners through Yelp will help Grubhub cut delivery fees over time by allowing drivers to make multiple deliveries during one trip. Yelp has approximately 93 million monthly unique users on its mobile app

Cha-ching

Food-delivery fees are all over the map, with some services charging diners a pretty penny.

Delivery fees on a \$25 order as of November 2017



and website and about 77 million monthly unique users who access its website on their desktops. Grubhub has 14 million active customers.

"I see a point where we could conceivably have extremely low if not free delivery for consumers," Mr. Maloney said.

Since web-based delivery services first appeared in the 1990s, delivery has appealed mainly to higher-income customers willing to pay a few extra bucks to have sushi or steak brought to their door. Half of consumers making between \$50,000 and \$100,000 a year regularly use a delivery

company, according to a December survey by restaurant consultancy Technomic Inc., compared with fewer than one-third of people earning under \$35,000.

Third-party delivery companies also are striking deals with fast-food restaurants where some meals cost little more than their delivery fees. At a Wendy's restaurant in Minneapolis, for instance, a small soft drink, Jr. Bacon Cheeseburger and a small order of fries costs \$6.83 on DoorDash, but with taxes and delivery fees, the total rises to \$13.05.

"The risks of mispricing the

market and frustrating consumers is high," said Mizuho Securities analyst Jeremy Scott.

DoorDash Chief Operating Officer Christopher Payne said his company, too, was reducing delivery fees—which vary depending on location and order size—as it adds more restaurants to its routes. "As we go into a market and get more deliveries per hour, we pass those economies of scale on to the consumer," Mr. Payne said.

DoorDash this month received \$535 million in funding to nearly triple its presence this year to 1,600 cities in the U.S. and Canada.

Last month, **Yum Brands** Inc. invested \$200 million to make Grubhub the exclusive delivery service for its Taco Bell and KFC restaurants. "Speed and affordability are the two key issues here," said Yum Chief Financial Officer David Gibbs.

Some fast-food customers remain skeptical. "When you can spend just \$5 on a meal, why pay to have it delivered?" said Angie Knowles, a 45-year-old medical biller having lunch recently at a KFC in Thousand Oaks, Calif.

Lucy Brady, **McDonald's** Corp.'s senior vice president of corporate strategy, said delivery appeals more to the chain's upper-income, convenience-seeking customers. "There's the pure value-seeking customer trying to get the best deal, and delivery is probably not the best fit for them," she said.

Vida Good, a 30-year-old Chicago phlebotomist, said it was worth the \$5 delivery fee she paid UberEats recently to deliver McDonald's meals for six people after her car broke down. "It is really convenient without a vehicle," she said.

For Qualcomm, Yet More Fights Are on the Card

BY TED GREENWALD

For some chief executives, fending off an unwanted takeover is a chance to declare victory. For **Qualcomm** Inc. CEO Steve Mollenkopf, the end of one fight has only left him facing several others.

Mr. Mollenkopf not only has to fix disputes with customers that predate **Broadcom** Ltd.'s hostile bid, but he now also has to assuage shareholders unhappy with how Qualcomm handled the four-month takeover battle. On top of that, former Qualcomm Executive Chairman Paul Jacobs has embarked on his own takeover bid, while a long shot, could trigger new tumult.

Qualcomm's plan, as pitched to investors during the Broadcom fight, hinges on hard-to-predict pieces falling into place over the next year.

The company promises to deliver adjusted earnings of between \$6.75 and \$7.50 a share in fiscal 2019—roughly double Wall Street's current estimate of \$3.76 for that period, according to FactSet.

That is premised on Qualcomm's completing its slow-moving purchase of Dutch chip maker **NXP Semiconductors** NV and settling its patent-royalty disputes with **Apple** Inc. and **Huawei Technologies** Co., among other things.

If investors believe Qualcomm can meet its goals for next year, it would make the stock worth \$85 to \$90 a share today, discounting for the risk of failure, said Mike Walkley, an analyst at Canaccord Genuity Group Inc.

Shareholders are showing doubt: Qualcomm's stock ended Monday at \$58.37 a share, down 7% from before President Donald Trump blocked Broadcom's proposed deal on March 12 and far below the \$79 that Broadcom was offering.

Shareholders will get a

chance to register their opinion on Friday, at Qualcomm's annual meeting. Institutional Shareholder Services Inc., an advisory service that had urged shareholders to push for negotiations between the two companies, on Wednesday recommended that Qualcomm shareholders show their discontent by voting for four of Broadcom's candidates—even though such votes won't be counted—and none of the incumbents.

A possible bid from Mr. Jacobs, who was Mr. Mollenkopf's predecessor as CEO and is the son of Qualcomm co-founder and former leader Irwin Jacobs, further clouds the situation.

"There are real opportunities to accelerate Qualcomm's innovation success and strengthen its position in the

Qualcomm's plan hinges on hard-to-predict pieces falling into place.

global marketplace," Paul Jacobs said in a statement Friday. He said taking the company private makes sense because taking advantage of the opportunities is "challenging as a stand-alone public company."

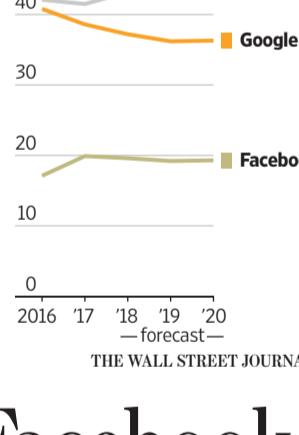
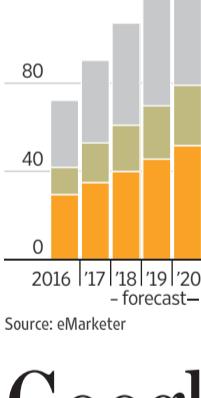
The buyout suggestion, widely seen as having little chance of success, stirred discord on the board, which on Friday said Mr. Jacobs wouldn't be renominated as a director at this week's shareholder meeting.

Qualcomm declined to comment or to make Mr. Mollenkopf available. The company said in a statement on Friday that it is "focused on executing its business plan and maximizing value for shareholders as an independent company."

Digital Ad Dollars

The U.S. digital ad market continues to grow but Google and Facebook's share of the market is falling.

U.S. digital ad revenue



Google, Facebook Face Rising Rivals

BY ALEXANDRA BRUELL

Google and **Facebook** Inc. have dominated the U.S. digital advertising market for years, earning them the title of "the digital duopoly" and leaving competitors scrambling for crumbs. But now there are signs that platforms like Amazon and **Snap**'s Snapchat are chipping away at their market share.

In a forecast, research company eMarketer predicts the combined U.S. digital ad market share of **Alphabet** Inc.'s Google and Facebook will fall for the first time this year, shrinking to 56.8% from 58.5% last year. At the same time, overall digital ad spending in the country is likely to grow nearly 19% to \$107 billion.

Google and Facebook are still increasing their total ad revenue significantly, and no other competitor even cracks 5% market share. But those smaller rivals are growing more quickly than expected.

Google's U.S. revenue from digital advertising is expected to increase about 15% this year to \$39.92 billion, while Facebook's would jump 17% to \$21 billion, according to eMarketer.

While it is a relatively small player in the digital ad industry so far, **Amazon.com** Inc. is among the companies emerging as a potential rival to the duopoly. Amazon didn't respond to requests to comment.

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Alibaba Makes Big Bet on Southeast Asia

commerce giant has another \$2 billion Singapore-based subsidiary Lazada

Alibaba Group Holding Executive Chairman Jack Ma is doubling down on Southeast Asia, investing an

Liza Lin in Shanghai and Newley Purnell in New Delhi

\$2 billion in e-commerce subsidiary Lazada Group and long-trusted confidante Lucy Peng as its chief executive officer.

The investment announced today comes on top of the \$1 billion the Chinese e-commerce giant has poured into Lazada since buying a majority stake in 2016.

Singapore-based Lazada operates online marketplaces in Southeast Asian countries including Indonesia, selling products as diverse as lipstick, perfume, instant coffee and smartphones.

Lucy Peng, a billionaire who co-founded Alibaba in 1999, will succeed Lazada founder Daniel Bittner as CEO. Ms. Peng currently chairwoman of the board and will retain that



Lazada runs online marketplaces in six nations including Indonesia. Alibaba is expanding in the region as growth in China slows.

via smartphones. U.S. e-commerce behemoth Amazon.com Inc. launched Prime Now fast-delivery service in Singapore in July. Chinese online retailer JD.com Inc. and Tencent Holdings Ltd.-backed Sea Holdings also operate e-commerce platforms or have joint ventures in the region.

Southeast Asia's e-commerce market has grown more than 40% annually since 2010 to reach \$10.9 billion in value last year, according to December report co-written by Alphabet Inc.'s Google and masek Holdings.

The market is expected to grow to \$88.1 billion by 2022, the report forecast.

Alibaba owns about 30% of Lazada. The subsidiary helped Alibaba almost double its international commerce retail revenue to \$727 million in the quarter ended Dec. 31, the company said in February, describing market in the region as "in the early innings of the game," pledging to continue investing there.

Still, international commerce retail revenue is a fraction of what Alibaba earned at home, with its Chinese commerce revenue hitting \$9.1 billion in the same quarter.

DARREN WHITESIDE/REUTERS

role.

The 46-year-old Ms. Peng helped build Alibaba's mobile-payment affiliate Ant Financial Services Group—previously known as Alipay—serving as chief executive from 2010 to

2016, and still serves as its chairwoman.

In a 2016 letter to employees, Mr. Ma said Ms. Peng was a "rock-steady presence in the face of changing times," and that "Lucy is Alibaba's soul

mate."

The new investment and the promotion of Ms. Peng show the importance of Southeast Asia to Alibaba, which has been expanding there as growth at home slows.

ear Piercer Claire's Seeks Chapter 11

CKY YERAK

en accessories chain Claire's Stores Inc., piercer of ears since 1978, filed for protection from its creditors today, yet another retailer felled by a heavy debt load and lighter foot traffic in

The Hoffman Estates, Ill.-based company, which also operates accessories retailer Wet Seal, said it has reached an agreement with key creditors for chapter 11 restructuring and is expected to cut its debt by about \$1.9 billion and protect thousands of jobs.

Papers filed in U.S. Bankruptcy Court in Wilmington, Del., show that last Thursday the due date for a \$68 million interest payment on the retailer's notes, but Claire's used a 30-day grace period to come to an agreement with major creditors about a restructuring.

Claire's went private in 2014 in a leveraged buyout for \$1.1 billion, led by private-equity firm Apollo Global Management. An Apollo investment fund owns 98% of the equity of parent Claire's Inc., which is also part of the bankruptcy, court documents show.

Claire's, like many other retailers, has shouldered a significant debt load while facing trywide changes. Numerous brick-and-mortar retailers been seeking bankruptcy



The retailer intends to reduce its debt by about \$1.9 billion.

protection as they grapple with declining foot traffic and expensive leases.

Many of those retailers, such as Toys "R" Us Inc., Wet Seal LLC, Payless ShoeSource Inc., Gymboree Corp. and Rue21 Inc. were backed by private-equity firms.

Claire's said in its bankruptcy filing that, in fiscal 2017, it had \$212 million of earnings before interest, taxes, depreciation and amortization, but \$2.1 billion of total debt. Of that, \$1.4 billion was slated to mature in early 2019.

In its most recent fiscal year, the retailer's interest expenses totaled \$162 million.

The company said its current debt obligations are un-

sustainable, hindering its ability to refresh store locations, drive new products and growth, and improve the shopping experience for customers.

The company said in court filings that it has lined up \$135 million in financing from a group led by Citibank NA that will help get it through bankruptcy.

The company said its reorganization is supported by holders of 72% of its first-lien debt. That group is led by Elliott Management Corp. and Monarch Alternative Capital LP. First-lien creditors have agreed to provide Claire's with \$575 million of new capital, including a new \$250 million first-lien term loan and \$250

million as a preferred stock investment. The preferred equity may be convertible into common stock of the reorganized Claire's, a restructuring term sheet shows. Apollo also owns 28% each of three different Claire's loans, bankruptcy records show.

Claire's also said holders of 8% of its second-lien notes and 83% of its unsecured notes support the restructuring. Claire's said it expects to leave bankruptcy in September with \$150 million in liquidity.

"This transaction substantially reduces the debt on our balance sheet," Ron Marshall, chief executive of Claire's, said in a written statement.

Claire's began as a wig retailer in 1961. In 1973, what was then Fashion Tress Industries acquired Chicago-based Claire's Boutiques, a 25-store jewelry chain. In 1978, the Claire's business started piercing ears. In 1996, it bought the Icing chain, an accessories chain targeting customers older than the tweens and teens Claire's stores target.

In January, Claire's said it had hired Lazard Frères & Co. LLC to review its finances.

The company said international subsidiaries aren't included in the bankruptcy. Claire's has 7,500 locations in 45 countries.

—Allison Prang and Lillian Rizzo contributed to this article.

Micro Focus Forecast Slams Shares by 46%

By STU WOO

LONDON—Micro Focus International PLC's \$8.8 billion merger with Hewlett Packard Enterprise Co.'s software business represented a rarity 18 months ago: a British tech company taking over a foreign one, rather than the other way around.

It hasn't worked out as planned. Micro Focus shares plunged 46% Monday after it said technical problems related to combining the computer systems of Micro Focus and HPE would lead to lower-than-expected sales.

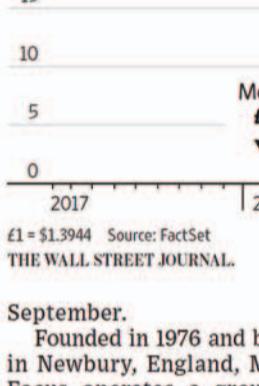
Micro Focus also said its chief executive, Chris Hsu, resigned after a 6½-month tenure. Previously HPE's chief operating officer, Mr. Hsu was appointed CEO in January 2017 and officially took the position when the merger was completed this past September.

Micro Focus said Mr. Hsu resigned because he wanted to spend more time with his family.

Micro Focus's chief operating officer, Stephen Murdoch, immediately succeeded him, returning to the position he ceded to Mr. Hsu in

Falling Shares

Micro Focus daily share price traded in London.



£1 = \$1.3944 Source: FactSet THE WALL STREET JOURNAL

September.

Founded in 1976 and based in Newbury, England, Micro Focus operates a group of companies that sell software to organizations.

One specialty is helping companies modernize their computer infrastructure. It competes in that business with International Business Machines Corp. and Microsoft Corp., as well as specialized operators such as Red Hat Inc.

women who have sued the company will likely be represented by an official committee of cured creditors, which can pursue their interests in bankruptcy court.

Lantern had been backtracking on its proposed deal to acquire the entertainment company out of chapter 11 as part of a bid by a group lead by businesswoman Maria Contreras-Sweet and investor Ron Burkle. That deal, however, fell apart in February after New York Attorney General Eric Schneiderman filed a civil rights lawsuit against the studio.

—Ben Fritz contributed to this article.

LinkedIn Tries to Raise User Activity

Y GREENE

UNNYVALE, Calif.—Josh Frank spent nearly 11 years putting up a virtual Rolodex of over 700 LinkedIn contacts.

But when he recently got guidance on expanding his Detroit online marketing consultancy, Mr. Frank turned to the e-commerce groups he belongs to on Facebook and messaging service Slack.

He visits LinkedIn about once a month, he says, mainly to research potential clients.

I'm looking for honest feedback, I'm going to go to where the circles are," Mr. Frank says.

For LinkedIn Corp. to justify the \$27 billion that Microsoft Corp. paid for it in 2016, professional social network must convince its 546 million members that it is more than a place to find jobs and catch customers.

Just 18% of LinkedIn members used the service daily in 2016, according to Pew Research's most recent look at the service's usage in November.

LinkedIn closed the deal. That was down from 21% a year earlier. What's more, over half the service's members, 51%, use LinkedIn every few weeks less often, Pew found.

By comparison, 76% of Facebook members used the service daily, Pew said.

At the time of the deal, Microsoft Chief Executive Satya Nadella said one goal was to weave together the tools people use to get their jobs done and professional networks that connect workers.

To achieve that end, LinkedIn needs members such as Mr. Frank to engage more often, updating their job titles, contacts, career achievements and more—data crucial to Microsoft's plans to integrate its acquisition.

Microsoft wants to pump that data into artificial-intelligence offerings, business-software services and even its Office productivity tools, such as its Outlook email and calendar programs.

Artificial intelligence could help Microsoft's Dynamics business play catch-up to Salesforce.com Inc. To that end, Microsoft is using LinkedIn data to help sales representatives target fertile prospects, critical in the so-called customer-relationship management market that Gartner Inc. estimates hit \$39.4 billion last year.

Microsoft has started to infuse Office apps with LinkedIn data about contacts, so meeting attendees learn about one another directly from calendar invitations.

The company hopes that level of integration will give its venerable franchise a leg up against Alphabet Inc.'s Gmail.

Growth Gains

Quarterly LinkedIn revenue, before and after Microsoft acquisition



*Includes revenue only from Dec. 8, the date of Microsoft acquisition, to Dec. 31.

Source: The Wall Street Journal

sage one another.

This spring, LinkedIn will add an "interest panel" to members' home pages that will include groups they have joined and hashtags they have followed—features intended to keep members coming back to learn the latest on topics that matter to them. By summer, LinkedIn will add content from groups into news feeds and notify members of such posts. That way, members will see posts related to their interests and won't be put off by posts from connections with whom they have little in common.

Still, it is a steep challenge to get members to carve out more time for the service, particularly if they turn to LinkedIn only when looking for work or seeking out sales leads, said TJ Keitt, a senior analyst at Forrester Research.

"There are a ton of people that don't have an immediate need to engage with it," he said.

The goal of Project Agora, named after the public meeting spaces in ancient Greece, is to convince members that LinkedIn is also a place to hone professional skills, find mentors and share knowledge to solve business problems.

"We need to make LinkedIn a place where people talk to one another," said Kiran Prasad, vice president of LinkedIn Product, who leads the service that lets members mes-

DEAL

Continued from page B1 inspired a movement for change across the country and around the world."

A bankruptcy filing will halt lawsuits that are pending against Weinstein Co. but wouldn't halt legal actions that have also been taken against Mr. Weinstein, individually. In chapter 11, women who have sued the company over Mr. Weinstein's alleged misconduct would see their claims for compensation fall behind banks that lent the studio money. However,

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BUSINESS NEWS

Storm Fails to Pass in Puerto Rico

Six months after Maria, power woes persist, insurance is slow and business struggles

BY ARIAN CAMPO-FLORES

HUMACAO, Puerto Rico—Six months after Hurricane Maria barreled ashore here, Rafael Aparicio Cesaní and his partners are still trying to get their commercial printing business back to normal. The storm inflicted \$3.6 million worth of damage, inundating equipment and destroying a solar-panel system that is used to power the facility.

They are awaiting an insurance payout and recently learned a loan they applied for was denied. Of 33 positions at the company before the hurricane, only 20 are filled for now.

"The scourge of Maria hit the company directly," said Mr. Aparicio Cesaní, vice president at Model Offset Printing. Humacao is on Puerto Rico's eastern coast, just north of where Maria's eye passed.

Though economic activity in Puerto Rico has picked up in recent months, businesses large and small are struggling. Electricity woes continue to plague the island, where 91% of power generation has been restored but the grid is prone to sudden outages. Insurance money has arrived slowly, with \$1.7 billion paid in residential and business claims as of Jan. 31—about 40% of the expected total, according to the island's Office of the Commissioner of Insurance.

And the market is shrinking as a result of an accelerating exodus of Puerto Ricans fleeing conditions on the island. An estimated 135,000 residents have relocated to the U.S. mainland since Maria, according to an analysis released this month by the Center for Puerto Rican Studies at New York's Hunter College.

For large companies, the issue is, "Are we going to have



Downed cables in January in Humacao, where electricity has to be fully restored and repair crews appear to be few.

enough critical mass of consumers to really make a go?" said Miguel Soto-Class, president of the Center for a New Economy, a think tank in San Juan. For small businesses, "it's a really difficult situation," he said. "Margins are much smaller. Cash flow is much more fragile."

In January, Sam's Club, the warehouse chain owned by Walmart Inc., said it would shutter three of its 10 locations in Puerto Rico as part of a broader set of U.S. closures. That month, Walgreens Boots Alliance Inc. said it was folding 12 of its 120 pharmacies on the island, for reasons including storm damage and financial performance.

Malls around the island are dotted with stores that haven't managed to reopen. The tourism sector has taken a beating, with many large resorts closed and normally vibrant areas like Old San Juan still subdued.

Of the roughly 45,000 small businesses in Puerto Rico, an estimated 5,000 to 7,000 remain closed, said Nelson Ramírez, president of United Retailers Association, which represents small and medium-size businesses in various industries. A February survey of 300 businesses by the organization found that 9% weren't operating, and among those that were, 30% were relying on generator power and 45% had reduced work hours.

In Humacao, a city of 54,000 people, electricity still hasn't been fully restored. Power poles and lines litter the ground in some areas, and only a smattering of repair crews are visible on a typical day.

At the Plaza Palma Real shopping center, most stores are boarded up. Down the road, a Bristol-Myers Squibb Co. drug-manufacturing plant is operating normally but con-

tinues to rely on generator power because of a lack of reliable electricity, said Ken Dominski, a company spokesman.

The Sam's Club here is one of the three that shut down, leaving Jacqueline Reyes, who worked as a cashier, out of a paycheck. She has visited job

but only a smattering show up these days. Christina Vázquez, the owner of Water Sports and Ecotours, which offers kayak rentals and walking tours, said the winter months are usually active. But in January, she had only 34 visitors, down from 572 the year before.

"Sometimes I come here and get depressed, not seeing any movement," she said.

Humacao is showing some promising signs. Five companies recently announced they were opening new facilities in the area, including one that will make solar panels, Mr. González Torres said.

At Model Offset Printing, Mr. Aparicio Cesaní said the volume of orders has increased substantially in recent months and the owners are hoping to resume full operations by summer. "We can recover," he said. "Puerto Rico has the ability to regenerate itself strongly."

Boeing Drops Objection To Merger

BY DOUG CAMERON

Boeing Co. dropped its opposition to plans for two of its largest suppliers to merge, reflecting pressure on the aerospace industry to deliver its record backlog of jetliners.

Chicago-based Boeing last year criticized plans by United Technologies Corp. to buy Rockwell Collins Inc. for \$23 billion and consolidate its position as the world's largest aerospace supplier by sales.

Boeing said Monday it now backs the combination, while United Technologies and Rockwell Collins said they have also signed up for the plane maker's cost-cutting program.

"At a time of record industry production, it is critically important that we have business arrangements with all of our suppliers that drive increased focus on meeting their cost, schedule and quality commitments to Boeing and our customers," the plane maker said.

Boeing executives said last year they may cancel or amend some contracts if the deal went through.

The companies didn't disclose details of their agreements, though Boeing had previously said it would look to secure some of their synergies. United Technologies expects the deal to close this year, subject to regulatory approvals.

A day after the plan was made public last year, Boeing said it was "skeptical" the transaction would benefit its airline customers. Both Airbus SE and Boeing also privately lobbied two years ago against unsuccessful plans by Honeywell International Inc. to acquire United Technologies, according to people familiar with the situation.

—Robert Wall contributed to this article.

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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

24610.91 ▼335.60, or 1.35%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.76 21.35
P/E estimate * 16.90 17.92
Dividend yield 2.17 2.33
All-time high 26616.71, 01/26/18

Current divisor 0.14523396877348

26800
26000
25200
24400
23600
22800
22000
Dec. Jan. Feb. Mar.

Bars measure the point change from session's open Session high
Session open ▶ DOWN Session high
Close ▶ UP Close
Open ▶ Close Session low

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2712.92 ▼39.09, or 1.42%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.68 24.89
P/E estimate * 17.60 18.35
Dividend yield 1.86 1.97
All-time high 2872.87, 01/26/18

2900
2825
2750
2675
2600
2525
Dec. Jan. Feb. Mar.

2600
2525
2450
Dec. Jan. Feb. Mar.

Nasdaq Composite Index

7344.24 ▼137.74, or 1.84%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 26.84 26.02
P/E estimate * 21.10 20.32
Dividend yield 0.98 1.12
All-time high: 7588.32, 03/12/18

7500
7300
7100
6900
6700
6500
6300
Dec. Jan. Feb. Mar.

65-day moving average

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg	YTD	3-yr. ann.
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Dow Jones										
Industrial Average	24893.69	24453.14	24610.91	-335.60	-1.35	26616.71	20404.49	17.7	-0.4	11.1
Transportation Avg	10692.57	10543.97	10646.57	-37.25	-0.35	11373.38	8783.74	17.0	0.3	5.3
Utility Average	692.76	682.12	686.31	-5.51	-0.80	774.47	647.90	-0.8	-5.1	5.1
Total Stock Market	28390.85	27928.27	28120.03	-385.33	-1.35	29630.47	24125.20	14.3	1.6	8.7
Barron's 400	733.13	721.19	728.04	-7.88	-1.07	757.37	610.89	16.2	2.4	8.6

Nasdaq Stock Market

Nasdaq Composite	7421.23	7285.27	7344.24	-137.74	-1.84	7588.32	5793.83	24.4	6.4	13.7
Nasdaq 100	6949.02	6806.16	6864.88	-155.07	-2.21	7131.12	5332.53	26.8	7.3	15.7

S&P

500 Index	2741.38	2694.59	2712.92	-39.09	-1.42	2872.87	2328.95	14.3	1.5	9.1
MidCap 400	1929.74	1902.06	1917.57	-18.08	-0.93	1995.23	1681.04	11.3	0.9	8.0
SmallCap 600	966.44	949.02	960.14	-9.31	-0.96	979.57	815.62	13.7	2.6	10.1

Other Indexes

Russell 2000	1585.82	1553.90	1570.56	-15.49	-0.98	1610.71	1345.24	13.5	2.3	7.8
NYSE Composite	12755.55	12580.07	12651.46	-132.93	-1.04	13637.02	11324.53	9.5	-1.2	5.0
Value Line	564.37	554.32	558.35	-6.02	-1.07	589.69	503.24	7.5	-0.7	3.0
NYSE Arca Biotech	4793.16	4665.64	4711.94	-80.17	-1.67	4939.86	3449.61	29.4	11.6	3.6
NYSE Arca Pharma	548.53	536.34	540.40	-8.08	-1.47	593.12	498.46	5.0	-0.8	-2.2
KWB Bank	113.00	111.00	112.18	-0.74	-0.66	116.52	88.02	19.1	5.1	15.4
PHLX® Gold/Silver	79.08	77.79	78.66	-0.04	-0.06	93.26	76.42	-5.9	-7.8	5.4
PHLX® Oil Service	136.89	132.55	134.38	-3.05	-2.22	171.55	117.79	-19.6	-10.1	-10.0
PHLX® Semiconductor	1414.50	1375.38	1394.82	-27.73	-1.95	1445.90	960.01	37.8	11.3	24.6
Cboe Volatility	21.87	16.56	19.02	3.22	20.38	37.32	9.14	67.7	72.3	10.6

\$ Nasdaq PHLX

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	% chg	After Hours	High	Low
SPDR S&P 500	SPY	12,116.7	270.80	0.31	0.11	271.32	269.60	
Ford Motor	F	10,204.4	11.01	11.06	10.95	
PwrShrs QQQ Tr Series 1	QQQ	6,735.8	167.58	0.48	0.29	170.88	167.10	
General Electric	GE	6,028.6	14.10	0.03	0.21	14.10	14.05	
iShares MSCI EAFE ETF	EFA	4,915.7	70.98	1.08	1.55	70.98	69.89	
VISA CIA	V	4,388.1	123.40	0.19	0.15	123.95	122.40	
iShares MSCI Emg Markets	EEM	4,168.7	48.68	48.70	48.52	
Southwestern Energy	SWN	3,723.6	4.33	4.38	4.33	

Percentage gainers...

Arena Pharmaceuticals	ARNA	885.1	37.99	7.10	22.98	50.00	30.62	
BlackBerry	BB	588.5	13.35	0.63	4.95	13.45	12.71	
KKR	KKR	123.7	22.46	0.82	3.79	22.46	21.22	
Domino's Pizza	DPZ	73.9	232.00	4.33	1.90	232.00	227.64	
Mobile TeleSystems ADR	MBT	57.6	11.91	0.18	1.55	11.91	11.73	
...And losers								
Northern Oil Gas	NOG	134.2	2.02	-0.28	-12.17	2.30	1.75	
Proteostasis Therapeutics	PTI	422.6	6.44	-0.55	-7.87	6.96	6.36	
Oracle	ORCL	2,746.0	48.61	-3.34	-6.43	52.90	48.31	
Hain Celestial Group	HAIN	51.9	33.35	-0.79	-2.31	34.15	33.35	
Geron	GERN	54.1	4.24	-0.10	-2.30	4.35	4.24	

Trading Diary

Volume, Advancers, Decliners

NYSE NYSE Amer.

Total volume* 861,891,364 12,284,696

Adv. volume* 106,265,365 5,608,704

Decl. volume* 747,995,364 6,264,178

Issues traded 3,071 331

Advances 646 99

Declines 2,344 217

Unchanged 81 15

New highs 32 3

New lows 144 20

Closing tick 153 12

Closing Arms* 1.96 0.29

Block trades* 6,604 142

Nasdaq NYSE Arca

Total volume* 2,295,976,455 263,395,208

Adv. volume* 442,913,848 72,095,722

Decl. volume* 1,830,381,805 184,761,545

Issues traded 3,070 1,349

Advances 804 222

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract				Open	High	Low	Settle	Chg	Open interest
	Open	High	Low	Settle	Chg	Open interest				
Copper-High (CMX) -25,000 lbs.; \$ per lb.										
March 3,0900	3,0900	3,0555	3,0695	-0,0235	1,527					
May 3,1150	3,1155	3,0580	3,0820	-0,0255	142,610					
Gold (CMX) -100 troy oz.; \$ per troy oz.										
March 1309,40	1316,90	1307,30	1316,80	5,50	507					
April 1312,90	1319,60	1307,40	1317,80	5,50	244,083					
June 1319,50	1325,20	1313,10	1323,40	5,40	188,570					
Aug 1325,20	1330,90	1319,10	1329,30	5,40	41,545					
Oct 1329,00	1335,30	1328,50	1335,10	5,40	5,680					
Dec 1335,60	1343,00	1331,90	1341,30	5,50	40,941					
Palladium (NYM) -50 troy oz.; \$ per troy oz.										
June 990,10	994,20	981,90	987,40	-1,15	23,778					
Sept 985,00	987,95	985,00	982,70	-0,85	1,067					
Platinum (NYM) -50 troy oz.; \$ per troy oz.										
April 950,50	958,40	942,10	954,40	4,20	53,346					
July 956,00	963,20	947,30	959,60	4,20	26,701					
Silver (CMX) -5,000 troy oz.; \$ per troy oz.										
March 16,165	16,260	16,165	16,255	0,053	130					
May 16,305	16,345	16,200	16,325	0,053	150,356					
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.										
April 62,25	62,35	61,36	62,06	-0,28	66,785					
May 62,32	62,44	61,45	62,13	-0,28	500,732					
June 62,17	62,29	61,30	61,96	-0,29	348,798					
July 61,84	61,98	61,00	61,61	-0,33	131,697					
Sept 60,85	61,06	60,67	60,56	-0,36	146,536					
Dec 59,57	59,75	58,83	59,35	-0,35	241,209					
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.										
April 1,9109	1,9242	1,8952	1,9070	-0,048	61,354					
May 1,9151	1,9287	1,9005	1,9116	-0,056	98,847					
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.										
April 1,9429	1,9525	1,9204	1,9249	-0,020	63,582					
May 1,9543	1,9622	1,9321	1,9375	-0,0198	147,985					
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.										
April 2,677	2,710	2,640	2,651	-0,037	147,239					
May 2,705	2,736	2,668	2,678	-0,038	321,890					
June 2,758	2,785	2,725	2,736	-0,034	82,484					
July 2,811	2,840	2,780	2,795	-0,028	129,746					
Sept 2,816	2,839	2,785	2,798	-0,026	82,120					
Oct 2,829	2,850	2,796	2,810	-0,026	130,691					

Agriculture Futures

	Open	High	Low	Settle	Chg	Open interest
Corn (CBT) -5,000 bu.; cents per bu.						
May	382,00	382,00	374,75	375,00	-7,75	714,171
July	390,00	390,00	383,00	383,25	-7,75	486,905
Oats (CBT) -5,000 bu.; cents per bu.						
May	242,00	242,00	234,00	235,00	-7,25	4,193
July	248,25	248,25	241,25	241,75	-7,50	944
Soybeans (CBT) -5,000 bu.; cents per bu.						
May	1042,50	1045,50	1021,75	1022,50	-27,00	384,438
July	1055,75	1056,00	1032,75	1033,50	-26,75	220,074
Soybean Meal (CBT) -100 tons; \$ per ton.						
May	372,50	372,50	358,20	358,60	-14,30	206,845
July	374,50	374,50	360,90	361,30	-13,30	116,335
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
May	32,06	32,12	31,72	32,06	.08	240,039
July	32,28	32,35	31,95	32,29	.07	110,392
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
May	1243,50	1244,50	1227,50	1228,50	-17,50	5,920
July	1252,50	1254,50	1245,50	1245,00	-16,00	1,248
Wheat (CBT) -5,000 bu.; cents per bu.						
May	465,00	466,00	450,25	450,75	-17,00	227,317
July	482,25	483,25	467,25	467,75	-17,25	125,885
Wheat (KC) -5,000 bu.; cents per bu.						
May	493,00	495,00	469,50	470,25	-29,25	122,382
July	510,50	512,00	487,25	488,00	-28,50	75,178
Wheat (MPLS) -5,000 bu.; cents per bu.						
May	611,75	611,75	595,00	596,50	-15,25	32,511
July	618,50	618,75	603,75	605,00	-13,50	10,788
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
March 140,100	140,250	138,200	138,450	-1,525	4,787	
May 141,500	141,625	140,625	138,775	139,025	-1,925	15,899
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
April 121,750	121,800	120,125	120,225	-1,025	66,097	
June 112,050	112,100	109,900	110,150	-1,600	157,501	
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
April 65,250	65,250	62,975	63,150	-2,300	34,176	
June 78,800	78,800	76,700	76,825	-2,300	85,883	
Lumber (CME) -110,000 bd. ft. \$ per 1,000 bd. ft.						
May 484,50	493,30	484,50	486,60	-2,50	5,374	
July 479,00	480,40	474,40	475,60	-1,60	708	

Commodities

Corporate Debt

Investment-grade spreads that tightened the most...

...and spreads that widened the most

High-yield issues with the biggest price increases...

...and with the biggest price decreases

...estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread.

Note: Data are for the most active issue of bonds with maturities of two years or more

Corporate Debt

Investment-grade spreads that tightened the most...

...and spreads that widened the most

High-yield issues with the biggest price increases...

...and with the biggest price decreases

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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. of the previous day.

Monday, March 19, 2018

Net

Stock Sym Close Chg

A B C

ABB 22B 39.6 -0.29

ADT ADT 9.14 0.41

AES AEE 10.77 -0.07

Aflac AFL 47.40 -0.54

AGNC Inv. AGNC 18.71 -0.21

ANGI Homesys ANGI 14.43 -0.59

Ansys ANSS 164.96 -1.35

ASML ASM 212.75 -1.31

AT&T T 36.58 -0.42

AbbottLab AbbottLab 62.26 -0.92

AbbVie ABV 112.03 -1.68

Abiomed ABMD 287.99 -5.07

Accenture ACN 160.62 -0.27

ActivisionBlz ATVI 71.05 -0.63

AcuityBrands AYI 149.36 -0.77

AdobeSystems ADBE 222.18 -3.37

AdvanceAuto APP 115.87 -0.76

AdvMicroDevices AMD 11.43 -0.04

AdvSemErgg ASX 7.21 -0.01

Aegon AEG 6.85 -0.04

AerCap AER 50.59 0.08

Aetna AET 172.05 -1.86

AffiliatedMtrs AMG 196.66 -1.74

AgilentTechs AIG 69.34 -0.54

AgnicoEagle AEM 39.80 0.35

AirProducts APP 166.68 -2.88

AkamaiTech AKAM 72.49 -1.53

AlaskaAir ALK 65.10 -1.41

Albemarle ALB 96.11 -1.94

Alcoa AAL 46.36 -0.87

AlexandraEst ARE 127.24 -1.00

AlexionPharm ARX 220.03 -4.72

Alibaba BABA 194.53 -5.75

AlignTech ALGN 265.39 -5.02

Alkermes ALK 60.46 -0.79

Almrcos AMR 10.77 -0.23

BANKING & FINANCE

Barclays Finds Itself in Crosshairs

Activist investor Sherborne takes 5.2% stake as bank's revamp has yet to pay off

By MARGOT PATRICK

Barclays PLC came under further pressure to step up turnaround plans after activist investor **Sherborne Investors Management** LP said it has taken a 5.2% stake in the bank.

Sherborne, founded by investor Edward Bramson, hasn't said if it plans to seek any changes at the British bank, whose share price has lagged behind rivals in part because of questions about its business strategy combining investment banking, credit cards, and retail and commercial banking.

In previous investments in U.K. investment companies **F&C Asset Management** PLC and **Electra Private Equity** PLC, Sherborne successfully pushed for strategic changes and took board seats.

The entry of the activist comes at a sticky time for Barclays, more than two years into a restructuring that has yet to pay off. Barclays was one of the worst-performing European bank stocks last year, and some shareholders have questioned whether Chief Executive Jes Staley has hit on the right strategy. In February, Mr. Staley said his turnaround plan is about to pay off and that the return of volatility to markets was helping boost trading revenue at Barclays's investment bank.

Mr. Staley also pledged to double the bank's dividend, helping lift the stock 4.5% between the Feb. 21 announcement and Friday. On Monday, the shares rose 3.6%, to £2.17 (\$3.03).

Sherborne started building its stake late last year and is a relatively rare example of an activist investor targeting a bank. The banking sector scares off many activists because regulators have a much greater say over business plans and capital levels than in

other industries. Even so, last year, Swiss hedge fund RBR Capital Advisors AG took a crack at getting **Credit Suisse Group** AG to break itself up—with no success so far—while earlier attempts by Monaco-based **Knight Vinke Asset**

The U.K. lender also is dealing with a criminal case tied to Mideast fundraising.

Management SAM to bring about changes at **HSBC Holdings** PLC and **UBS Group** AG largely failed.

A 2007 effort by London hedge fund **TCI Fund Management** Ltd. to get Dutch bank ABN Amro to shed operations was a relative success but led to the disastrous acquisition of the Dutch bank by **Royal Bank of Scotland Group** PLC and two other banks. The takeover was good for ABN

shareholders, including TCI, but RBS had to be bailed out a year later.

People familiar with the matter said Barclays and Sherborne officials met after the bank's full-year results in February, but there hasn't been any contact with Barclays's board. The people said Sherborne hasn't indicated any specific changes it might seek. Over the course of an investment, Sherborne typically aims to make at least double its initial investment, some £1.8 billion in the case of Barclays.

Barclays said Monday that it would "continue to engage with Sherborne" but didn't give any details. Any activist action against the bank would add to a host of pressures. In addition to the restructuring, Barclays is defending itself against U.K. criminal charges over a 2008 emergency fundraising from Middle Eastern investors and is in the process of legally separating its retail and investment banks to meet new rules.

The bank is also waiting to hear if any action will be taken by U.K. regulators over attempts by Mr. Staley last year to identify a whistleblower who sent letters criticizing an executive he hired.

Over its three-year investment in F&C Asset Management, Sherborne pressured the company to reduce its debt and refocus its strategy. When the company resisted, it rallied other shareholders and installed Mr. Bramson as chairman. Sherborne doubled its money by the time it cashed out in 2013.

Sherborne hasn't always forced changes on targets, though. In 2013, it invested in private-equity firm **3i Group** PLC, then cashed out later that year at a double-digit-percentage profit, saying it saw better opportunities elsewhere.

At the February meeting, Barclays met with Sherborne as one of its top-five shareholders. At the time, it was just below the 5% stake that triggered the disclosure Monday under U.K. listing rules.

SEC Gives Record Tipster Awards

By JENNY STRASBURG AND DAVE MICHAELS

The Securities and Exchange Commission on Monday announced its biggest-ever whistleblower awards, with roughly \$83 million combined going to three whistleblowers who helped the regulator reach a \$415 million settlement with **Bank of America** Corp., according to an SEC statement and a lawyer representing the whistleblowers.

That 2016 settlement was the SEC's second-biggest against a Wall Street bank. As part of the agreement, Bank of America resolved accusations that it misused customer cash and securities to generate profits, putting billions of dollars of customer assets at risk over a roughly six-year period.

The SEC, in keeping with its usual practice, didn't specify Monday which settlement the whistleblower awards were connected to. But Jordan Thomas, a partner at Labaton

\$83M

Amount awarded to three whistleblowers combined

Sucharow LLP who advises corporate whistleblowers, said he represented the three award recipients cited anonymously in the SEC announcement. Two recipients together were awarded roughly \$50 million and another about \$33 million.

Mr. Thomas confirmed that the whistleblowers provided original information to the SEC that helped the regulator in its investigation.

An SEC spokesman declined to comment.

Bank of America admitted to wrongdoing in agreeing to the 2016 settlement. In a statement at the time, the bank said, "While no customers were harmed and no losses were incurred, our responsibility is to protect customer assets and we have dedicated significant resources to reviewing and enhancing our processes. The issues related to our procedures and controls have been corrected."

A chunk of the settlement covered a series of complex trades conducted from 2009 to 2012 that the SEC said lacked economic purpose and were designed to boost profits by artificially reducing the amount of walled-off deposits Bank of America safeguarded as a cushion in case of financial trouble.

The Wall Street Journal first reported details of those trades and the SEC probe in April 2015.

The SEC said Monday that the record awards show that whistleblowers can provide "incredibly significant information" that can help the regulator remedy serious violations.



Hammerson says it turned down the \$6.81 billion unsolicited bid by France's Klépierre earlier this month because it wasn't high enough.

U.K. Property Firm Rebuffs French REIT

By ESTHER FUNG AND MATTHEW DALTON

European malls are trading at steep discounts, at least in the eyes of some investors.

France's **Klépierre SA**, which is 21%-owned by U.S. mall company **Simon Property Group Inc.**, said Monday that it made an unsolicited \$4.88 billion (\$6.81 billion) bid in early March for U.K. retail property firm **Hammerson PLC**.

Hammerson, which is in the process of buying British rival **Intu Properties PLC** for £3.4 billion, said it turned down Klépierre the following day, on March 9, because the offer wasn't rich enough.

The bid follows on the heels of a December deal in which another French real-estate investment trust, **Unibail-Rodamco SE**, agreed to pay \$15.7 billion for **Westfield Corp.**, which operates 35 shopping centers in the U.S. and U.K.

Europe's sudden fervor for retail real estate stands in contrast to the U.S., where shares of retail REITs have been falling for almost two years as big retail chains struggle with overexpansion,

changing consumer tastes and online competition. Many are becoming more selective in their store locations, focusing on the busiest malls and getting out of weaker ones.

Macy's Inc., Sears Hold-

ings Corp. and other traditional mall anchors have announced hundreds of closings in recent years. Last week, **Toys 'R' Us Inc.** said it filed a motion to wind down all of its 735 U.S. stores after an attempt at a reorganization following a bankruptcy protection filing in September was unsuccessful.

Now, the clouds from the U.S. retail storm are settling over Europe. As of March 1, retail REITs in continental Europe traded at an average 15% discount to the value of their underlying property assets, according Green Street Advisors, a real-estate research firm.

But analysts said the discount might be too steep. Eco-

nomic growth is starting to pick up in Europe, and the retail real-estate environment is more resilient, they said, in part because stringent rules on construction have prevented overbuilding of the scale seen in the U.S.

Hammerson Chairman David Tyler called Klépierre's bid, which represents a 41% premium to the company's closing share price Friday, "wholly inadequate and entirely opportunistic." The company said the proposed price represents a 21% discount to its net asset value as of the end of last year.

Shares of Hammerson have been sliding since mid-2017. They jumped 24% on Monday

after the bid was disclosed, while shares of Klépierre fell 3.9%.

Klépierre, whose last major merger was with Dutch retail landlord Corio NV in 2015, has been eyeing expansion in prime centers with access to large populations, including in the U.K. and Ireland, where it doesn't have a presence.

While Hammerson's U.K. and Irish assets would be complementary to Klépierre's portfolio, the French company isn't interested in Intu Properties, whose portfolio includes weaker malls, said a person familiar with the matter.

◆ Heard on the Street: A big wager by mall owners..... B12

Bank of Japan, Investors Have Problem in Communications

By MEGUMI FUJIKAWA

TOKYO—When is less loosening not tightening? When it is a move by the Bank of Japan.

That bad joke highlights a gap in perceptions between market participants and policy makers that could become a problem for the BOJ.

The latest summary of opinions from the bank's March meeting shows that at least one BOJ policy setter is concerned that markets and the bank aren't on the same page. The member, who wasn't named, said the BOJ should clarify to investors the correct terminology for the bank's policy stages.

The problem for the BOJ boils down to communication: It wants markets to see a potential rate increase as a minor adjustment of policy, not a shock move that signifies a

tightening of policy.

Markets showed how touchy they were on the subject of the bank's policy direction earlier this month. The 10-year government-bond yield almost doubled while the yen hit a two-week high against the U.S. dollar after BOJ Gov. Haruhiko Kuroda said for the first time that the bank could start discussing an exit strategy in the fiscal year starting in April 2019.

Following the knee-jerk reaction, Mr. Kuroda spent time the following week trying to dial down expectations that the bank would exit from its policy as soon as next year.

The central bank spends billions of dollars each month on Japanese government debt to keep the yield on 10-year government bonds around zero as it tries to stimulate inflation, which is seen by policy makers as Japan's biggest eco-

nomic problem.

The BOJ member essentially said that a rise in interest rates could be viewed as a normalization move but shouldn't be described as a tightening when the BOJ is still scooping up trillions of Japanese government bonds; it would be a change of policy setting, but not a change of policy per se.

Nomura Securities chief economist Takashi Miwa said raising the BOJ's 10-year target could be seen as maintaining the degree of easing, taking into account real interest rates.

But echoing the view of many analysts outside Japan, Shaniel Ramjee, senior investment manager at Pictet Asset Management, gave his appraisal of what raising the BOJ's target yield on 10-year JGBs would signify: a tightening.

—Gregor Hunter contributed to this article.

P.F. Chang's Credit Rating Scraps Near the Bottom



The signature chicken lettuce wraps offered by P.F. Chang's might taste great to legions of diners, but they aren't doing much to help its credit rating.

On Monday, S&P Global Ratings downgraded **P.F. Chang's China Bistro** Inc., the operator of the venerable Chinese restaurant chain, by one notch to CCC-plus,

close to the bottom of its rat-

ings scale, meaning the company's debt is "currently vulnerable to nonpayment."

P.F. Chang's hit upon hard times when the economy soured in 2007 and went private in 2012.

The hope at the time was that the company could best execute a turnaround outside of the public eye. But that has

proved challenging, with S&P now saying that there is "growing uncertainty" about its ability to refinance a \$300 million bond due 2020.

Along with its upscale Bistro, P.F. Chang's also operates Pei Wei Asian Kitchen, a more casual sidekick that is facing rapidly declining sales, according to S&P. —Sam Goldfarb

MARKETS

Treasurys Gain Before Fed Meets

BY DANIEL KRUGER

CREDIT MARKETS U.S. government bonds edged higher Monday with investors anticipating Federal Reserve officials will share a rosier economic outlook later in the week.

The yield on the benchmark 10-year Treasury note fell to 2.844%, snapping a two-day streak of higher yields, from 2.848% Friday. Bond yields fall as prices rise. The yield has declined by almost 0.1 percentage point since reaching a four-year high of 2.943% on Feb. 21.

Fed officials are expected to raise interest rates for the sixth time since December 2015 at their meeting this week, which concludes Wednesday. Investors say they also expect them to raise projections for economic growth, with some looking for policy makers to add a fourth rate increase to their 2018 forecasts.

Fed-funds futures, which investors use to bet on central-bank policy, early Monday showed the chances that the Fed will boost rates four times this year at 35%, up from 34% a week ago, according to CME

Group.

Many investors and analysts don't expect the Fed to raise its forecasts for inflation. The 10-year yield fell after the Labor Department said last week that U.S. consumer prices rose moderately in February, although at a slightly slower pace than in the month before.

Low inflation helps lift the value of government bonds by preserving the purchasing power of their fixed payments.

The "choppy" movement of yields and low trading volume suggest the market is gearing up for "policy continuity, a rate increase and muted changes to the Fed projections," said Ian Lyngen, head of U.S. government bond strategy at BMO Capital Markets.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

	13-Week	26-Week
Applications	\$170,931,148,600	\$130,159,988,700
Accepted bids	\$51,000,805,500	\$45,000,123,700
* noncomp	\$789,938,600	\$649,604,700
* foreign noncomp	\$330,000,000	\$382,300,000
Auction price (rate)	99.550056 (1.780%)	99.01167 (1.950%)
Coupon equivalent	1.813%	1.997%
Bids at clearing yield accepted	75.59%	13.59%
Cusip number	912796MF3	912796PZ6

Both issues are dated March 22, 2018. The 13-week bills mature on June 21, 2018; the 26-week bills mature on Sept. 20, 2018.

Bitcoin's Rise and Fall Echoes Dot-Com Era

BY STEVEN RUSSOLILLO

A comparison between bitcoin prices and the dot-com boom-and-bust period looks similar. Almost eerily similar by one measure.

"Bitcoin price weakness has similarities to the Nasdaq in 2000, just occurring at 15 times the speed," Morgan Stanley strategist Sheena Shah wrote in a note to clients on Monday.

Bitcoin recently traded around \$8,300, according to research site CoinDesk, which compiles prices from several exchanges. The price fell as low as around \$7,300 over the weekend. But it rebounded after Mark Carney, Bank of England governor and chair of Group of 20 watchdog the Financial Stability Board, said that cryptocurrencies don't currently pose risks to global financial stability.

In a letter to G-20 finance ministers and central bankers who gathered for a meeting in Argentina on Monday and Tuesday, he suggested that the group doesn't need to regulate cryptocurrencies due to their small size relative to

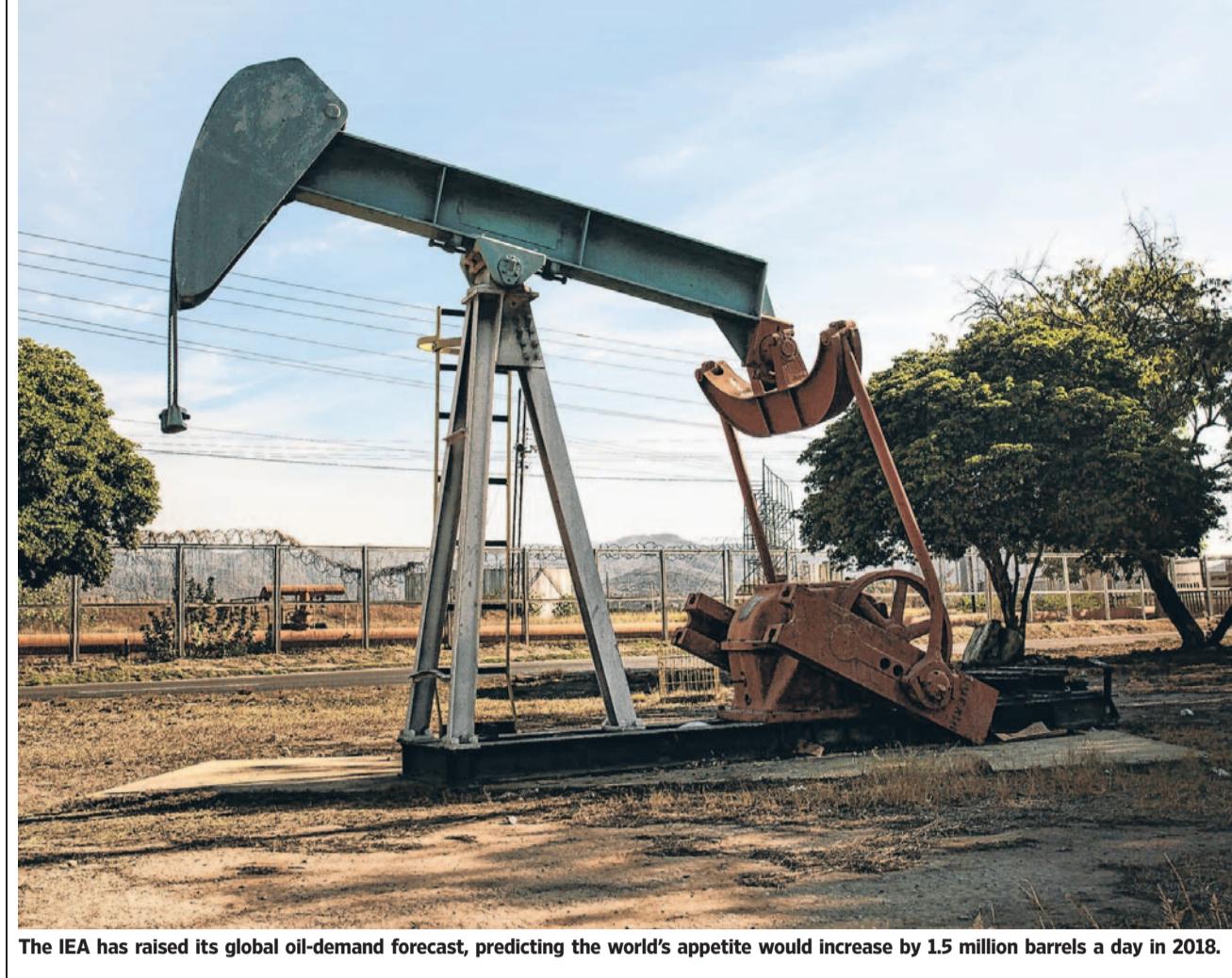
the global financial system. He noted that at their peak late last year, the digital currencies accounted for less than 1% of global GDP.

"Their small size, and the fact that they are not substitutes for currency and with very limited use for real economy and financial transactions, has meant the linkages to the rest of the financial system are limited," Mr. Carney wrote.

The letter was a positive for the cryptocurrency market, which has been dealt a wide swath of bad news in recent weeks. **Alphabet** Inc.'s Google, following **Facebook** Inc.'s lead, said last week that it would ban all ads for cryptocurrencies and other speculative financial products across its advertising platforms beginning in June.

Regulators around the world have also taken a more strict stance on cryptocurrencies in recent months.

That thinking has pressured bitcoin prices, which peaked in December, just shy of \$20,000, before beginning a tumble that saw them fall below \$6,000 early last month.



The IEA has raised its global oil-demand forecast, predicting the world's appetite would increase by 1.5 million barrels a day in 2018.

Supply Worries Press Oil Prices

BY CHRISTOPHER ALESSI

Oil prices edged lower Monday as U.S. stocks declined and market participants anticipated another build in crude inventories.

Light, sweet crude for April delivery declined 28 cents, or 0.4%, to \$62.06 a barrel on the New York Mercantile Exchange.

COMMODITIES Brent, the global benchmark, fell 16 cents, or 0.2%, to \$66.05 a barrel.

With little fundamental news in the oil market, prices took direction from stocks and currencies, analysts said.

U.S. equities "were hit with

a strong round of selling resulting in downside pressure on oil prices," said Dominick Chirichella, an analyst at the Energy Management Institute, in a Monday note. He added that the dollar index fell, offsetting what could have been much stronger selling in the oil market.

Oil prices held on to most of the gains made at the end of last week. "It's a counterreaction to the Friday spike that we saw," said Ole Hansen, head of commodity strategy at Saxo Bank.

Oil prices closed up more than 1.5% Friday on the back of perceived geopolitical risks to global supply and a rosier de-

mand outlook from the International Energy Agency.

"The short-term risk is a move to the upside," Mr. Hansen said of crude prices. He cited supply disruptions in Venezuela as well as President Donald Trump's decision to fire Secretary of State Rex Tillerson. Analysts have said Mr. Tillerson's ouster could set the stage for Mr. Trump to reimpose economic sanctions on Iran, frustrating its oil exports.

The IEA last week raised its global oil demand forecast, predicting the world's appetite for crude would increase by 1.5 million barrels a day to 99.3 million barrels a day in 2018. That uptick could offset a

surge in U.S. shale production and keep the market in balance, the agency said.

Baker Hughes on Friday said the number of rigs drilling for oil in the U.S. had risen by four in the latest reporting week. The oil-rig count, typically viewed as a proxy for activity in the sector, has mainly been rising since June 2016.

Oil-market observers this week are looking ahead to data from the U.S. Energy Information Administration on crude inventory levels. Gasoline futures fell 0.2% to \$1.9418 a gallon and diesel futures rose 0.2% to \$1.9156 a gallon.

—Stephanie Yang contributed to this article.

A Hot Tech Play Hits a Cold Snap

BY AKANE OTANI

Investors piled a record amount of money into hot stock funds during the week before Monday's sell-off, a sign that buyers who made aggressive bets may have gotten burned.

Mutual funds and exchange-traded funds tracking U.S. technology stocks posted a record \$2.6 billion in net inflows last week, according to data from fund tracker EPFR Global, putting year-to-date inflows at \$47.5 billion. More broadly, stock funds had \$43.3 billion in inflows in the week through Wednesday, adding to gains that have put flows into stock funds on track to outpace those into bond funds for the first time since 2013.

The record-setting stream of money into stock funds has underlined how much the market has been driven by investor fervor for a handful of popular companies, which some say makes stocks vulnerable

to sudden reversals.

On Monday, the S&P 500 lost 1.4%, while the tech-oriented Nasdaq Composite Index dropped 1.8%.

Investor enthusiasm for fast-expanding companies has driven shares of companies like **Amazon.com** Inc., **Netflix** Inc. and **Nvidia** Corp. sharply higher this year. Each of the stocks is up double-digit percentages in 2018, even as the broader S&P 500 has risen 1.5%.

To be sure, most investors say the stock market doesn't look headed for a dot-com-style collapse. Corporate earnings are strong, interest rates remain relatively low and global economic growth is accelerating, three things that have helped reassure investors that the bull market still has room to run.

Still, some say that signs of elevated sentiment, such as investor crowding into popular trades, can be an indicator that the market is due for a



Investor fervor has driven shares in Amazon and other tech firms.

sharp reversal. When those companies slide—as they did Monday alongside **Facebook** Inc., which fell 6.8%—they can have an outsize drag on the market.

"Bull markets do not age by

the clock but rather by their character, and often end with investor aggressiveness and the comfort of popularity," said Jim Paulsen, chief investment strategist at the **Leuthold Group**, in a note.

SEC Prods Exchanges on Database

BY DAVE MICHAELS

The chairman of the Securities and Exchange Commission pressed exchanges to end a standoff that has delayed the launch of a massive database meant to track all activity in the stock and options markets.

"I'm not happy," SEC Chairman Jay Clayton told a conference on Monday in Orlando, Fla., sponsored by the principal trade association for stockbrokers. "We can't dilly around. The main markets regulator should have access to a forensic trail that enables us to assess what happened if a market event occurred."

The SEC ordered the creation of the Consolidated Audit Trail in 2012, after regulators found they didn't have enough data to explain a wild trading session in May 2010 known as the flash crash.

The project has been managed by a committee made up mainly of stock and options exchanges, not the SEC itself. The

exchanges missed a November 2017 deadline to report trades to the database, meaning they have violated rules requiring them to send data to the CAT.

Exchanges have said they need more time to make sure investors' information provided to the CAT will be safe from hackers. But Mr. Clayton on Monday said there are ways to reduce that risk, and it shouldn't stand in the way of exchanges and eventually brokers reporting information to the database.

A spokesman for the committee of exchanges didn't respond to a request to comment.

Mr. Clayton didn't address consequences for the exchanges. Generally, the SEC can issue "deficiency letters" to firms that don't comply with rules. It also has the authority to start enforcement investigations that can lead to financial penalties or other forms of reprimand.

The CAT, which is expected to ultimately ingest about 58 billion daily trading records,

holds the promise of helping regulators spot market manipulation and probe the causes of extreme volatility.

The SEC still lacks a complete inventory of all orders in the stock market, and regula-

The exchanges missed a November deadline to report trades to the database.

tors' current view into the options market is even patchier.

Commissioner Kara Stein has called the CAT the "Hubble telescope of securities markets."

The data will be nonpublic, with only regulators and exchange surveillance officials able to access it. Under current plans, the repository is supposed to be fully operational by 2019.

The standoff over launching

the CAT has, at least in public, turned on the risk of data being hacked. While the vast majority of quotes and trades are submitted by sophisticated trading firms, the SEC's blueprint called for collecting the personal information of all traders. That means the repository would store the Social Security numbers and dates of birth of individual investors who place only the occasional trade.

Mr. Clayton has taken a cautious stance on the SEC's receipt and storage of sensitive information. He said on Monday he was "confident" that risk can be solved, adding it shouldn't stand in the way of regulators getting data they need to monitor trading.

"I am confident we can get, pick a percentage, 98% of what we need without taking any [personally identifiable information] into the SEC on a regular basis," Mr. Clayton told the Securities Industry and Financial Markets Association conference.



Bitcoin monument in Slovenia. Prices tumbled in recent months.

Hong Kong Agency Halts Coin Offering

An initial coin offering was halted in Hong Kong after regulators took action against the firm sponsoring the token launch, the latest measure by authorities in the city to cool speculative investments in cryptocurrencies.

The Securities and Futures Commission of Hong Kong blocked the sale of digital tokens called KROPS by **Black Cell Technology** Ltd., a developer based in Makati in the Philippines, saying it had "engaged in potential unauthorized promotional activities and unlicensed regulated activities." An initial coin offering is a fundraising process by which a

company creates a new virtual coin or token and offers it for public sale.

Black Cell has agreed to refund investors, who paid for the tokens with ether, a cryptocurrency. Black Cell had attempted to raise a maximum of \$45 million from the sale, according to an investor presentation.

The KROPS tokens are intended to connect buyers and sellers of agricultural products, according to the KROPS website. A message on the home page also said that citizens of the U.S. and Hong Kong weren't permitted to invest in its token sale, and that Hong Kong residents had until March 29 to apply for refunds.

Black Cell Technology didn't respond to calls and emails.

—Gregor Stuart Hunter

BRONUT ZIVULOVIC/REUTERS

MARKETS

Lending Stays Calm Despite Alarm Bell

By JON SINDREU

In short-term lending markets, a key measure of distress is at its highest level since the eurozone debt crisis. But there is no sign of panic.

Until recently, turmoil in these markets signaled that banks had stopped trusting each other, clogging much-needed funding for investors and leading to large sell-offs. It happened after Lehman Brothers collapsed a decade ago, and in 2012 after Greece teetered on the brink of insolvency.

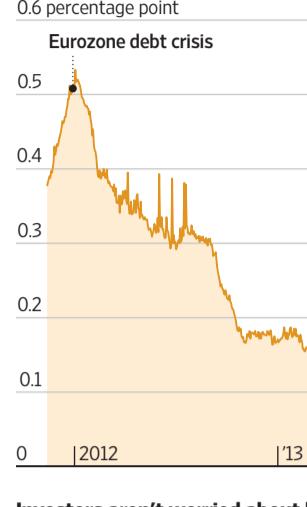
This time, there is a more benign reason, analysts and investors say: The U.S. Treasury is issuing more short-term bills.

That and the Federal Reserve's selling some of the bonds it bought through quantitative easing means the global dollar money market may simply be readapting after a period of unprecedented central-bank influence.

The cost at which banks can get unsecured loans from one another is the London interbank offered rate, or Libor. Because it broadly tracks interest rates set by the U.S. central bank, an increase in Libor much above that level is often a sign of stress for the banks and others that rely on short-term borrowing.

Now, a closely watched gauge of funding distress, the three-month spread between U.S. dollar Libor and market expectations of U.S. rates, has widened by the most since the eurozone debt crisis, to above 0.5 percentage point from 0.1 percentage point at the start of the year.

This surpasses a previous surge in 2016, when new U.S. regulations came into place that give advantages to money-market funds that invest only in government debt. Those rules are also in part responsible for Libor creeping higher now, as they continue to encourage buying of gov-

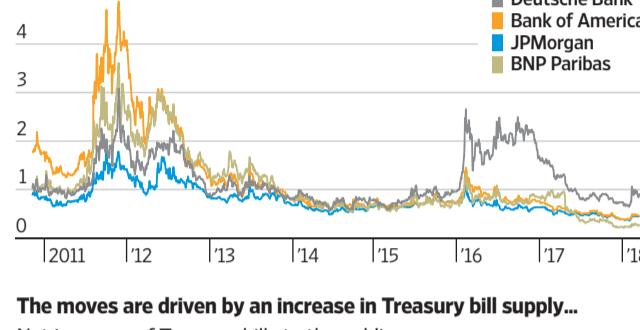


The spread between three-month U.S. dollar Libor and overnight index swaps, long viewed as a gauge of turmoil in the money market, now seems to be tracking shifts in U.S. borrowing patterns.



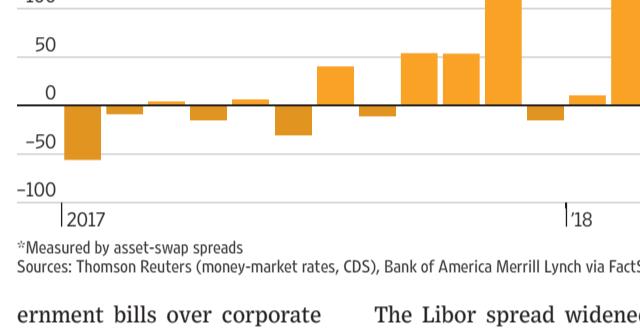
Investors aren't worried about banks...

Market probability that major banks will default hasn't shot up. Spreads on five-year credit-default swaps



The moves are driven by an increase in Treasury bill supply...

Net issuance of Treasury bills to the public



*Measured by asset-swap spreads

Sources: Thomson Reuters (money-market rates, CDS), Bank of America Merrill Lynch via FactSet (bond spreads), U.S. Treasury (issuance)

ernment bills over corporate debt, fund managers say.

And investors will now have more Treasurys to buy: After the signing of the U.S. budget deal in February, the Treasury has issued more than \$100 billion in new bills.

The Libor spread widened because "market participants started to expect the U.S. Treasury to increase issuance of Treasury bills to meet its short-term needs," said Xavier Gandon, a money-market investment specialist at BNP

...and there are few apparent concerns about the bond market either.

Extra return demanded by investors to hold U.S. junk bonds instead of risk-free assets*



...with Treasury rates appearing to drive Libor rates.

Three-month rates



THE WALL STREET JOURNAL.

Paribas Asset Management.

There is no sign that this has affected other markets. Corporate-bond markets remain unruffled. Banks have outperformed in the stock market this year and credit derivatives indicate no change

in lenders' creditworthiness. "I can't see a major market funding issue," said Bhanu Baweja, a strategist at Swiss bank UBS. "When credit gets jammed, you don't see one symptom, you see several."

Increased supply of Treasurys might actually be a welcome change for many investors, who for years complained they couldn't find enough government paper to safely store their cash as central banks cleaned up the market.

Now, expectations of more supply have pushed the yield on three-month bills above rates set by the Fed for the first time since 2014. This, rather than fears about lenders' health, is what has pushed Libor up, analysts and traders say, because banks usually set the price of unsecured borrowing as a ceiling above secured borrowing in the market.

Gaps will likely narrow as banks and investors seek to profit from them, analysts said.

To be sure, some investors fear a funding squeeze from U.S. corporations repatriating their retained earnings abroad to profit from the new tax code. Others underscore that the Fed's selling of bonds could make it more expensive to borrow using currency derivatives.

"Funding pressures should ease in April as the Treasury temporarily cuts bill supply," Mark Cabana and Olivia Lima, strategists at Bank of America Merrill Lynch, told clients in a research note this week. "But we believe uncertainties in money markets may not allow for a rapid retracement or a return to levels that prevailed over most of the fall last year," they said.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

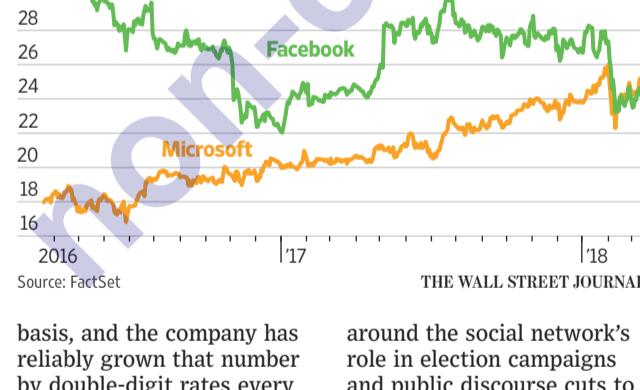
WSJ.com/Heard

Email: heard@wsj.com

Facebook May Lose Some Friends

Trust Busted

Forward price/earnings multiple



Source: FactSet

basis, and the company has reliably grown that number by double-digit rates every year since it went public in 2011. That impressive expansion has allowed Facebook to quickly build up an advertising business now generating \$40 billion a year in revenue.

But that business is based on trust—specifically trust from users that their private information won't be used for malicious purposes. The swirling controversies

around the social network's role in election campaigns and public discourse cuts to the core of Facebook's value proposition—particularly if it causes users to curb their activity on the network. But Facebook's immense scale also has made it virtually impossible for alternatives to catch on. That, in turn, makes abuse of the platform more urgent for lawmakers.

How precisely they may do that remains unknown,

which is why political risk is difficult for investors to model. Facebook's current multiple of just under 24 times forward earnings is near a record low and could appear tempting to those drawn to the company's strong growth and enviable profit margins. The stock now even trades at a slight discount to **Microsoft**, a one-time tech juggernaut that dominated a previous era with its own long history of tangles with lawmakers.

But consider that Microsoft also carried a similar multiple in 2003, when the EU issued its first big fine against company, alleging anticompetitive behavior. Microsoft's valuation then collapsed by nearly 30% over the next four years as the company's battle with regulators intensified, even though its business grew about 60% during that time. A similar drop for Facebook might look unlikely at this stage, but it can't be written off. Broken friendships don't mend overnight.

—Dan Gallagher

OVERHEARD

Equally famous with middle-aged and younger people? Check. Likes to party every day? Check. Instantly recognizable? Well, with his makeup on.

Gene Simmons of KISS fame, not the buttoned-down type, became a CEO last week.

That stands, in this case, for chief evangelist officer of Canadian cannabis company **Invictus**, according to the Calgary Sun.

The odd thing isn't the incongruity of a famous musician and a weed company—Snoop Dogg and Willie Nelson are also in the business—but his stance on drugs.

He has been vocal about their evils. But "The Demon," as Mr. Simmons is known, gushed about the actual CEO of Invictus, **Dan Kriznic**, saying in a news release that the two of them shared a passion for "key life foundations."

Or, as he might have put it in person: "You're lookin' fancy and I like your style."

Mall Owners Bet Big on Their Future

The world's top shopping mall companies are betting that e-commerce isn't such an existential threat.

The latest sign is a tentative bid for U.K. real-estate investment trust **Hammerson** from its French peer **Klépierre**. Beneath the European veneer of the deal is U.S. mall giant **Simon Property Group**, Klépierre's biggest shareholder.

The \$6.8 billion cash-and-stock offer is 41% above Hammerson's share price at the Friday close, but 12% below the company's current book value as estimated by research firm Green Street Advisors. Hammerson rejected the approach, calling it "entirely opportunistic."

Most U.K. property stocks trade at steep discounts to book value amid concerns about online shopping and Brexit. Hammerson has tanked since it announced the acquisition of underperforming peer **Intu Properties** in December.

Simon's boss David Simon, who chairs Klépierre's supervisory board, is known for shrewd timing. He bought his Klépierre stake, now worth \$2.7 billion, during the 2012 eurozone recession.

Mr. Simon isn't the only one betting that stock investors have gotten too bearish about shops. **Unibail-Rodamco**, Europe's largest REIT, which runs malls in the U.S. and U.K. Canadian investor **Brookfield Property Partners** is trying to take full control of Chicago-based mall landlord **GGP**.

A lot of property-industry executives are betting that malls—bought at the right price—have a healthy future. Stock investors should consider following the insiders.

—Stephen Wilmot

It Is Time for Investors to Give Pipelines Another Look

Master to Disaster

Price to funds from operations



Source: FactSet

seemingly reliable payouts. From the time that quantitative easing began through July 2014, when oil prices peaked, the sector had a total return double that of the S&P 500.

In 2015 and early 2016, though, investors were spooked by reductions in distributions to unitholders and limited instances of previously sacrosanct long-term pipeline contracts being rejected by bankruptcy courts. Retail enthusiasm for the sector continued to wane as a result of last year's tax legislation, which removed some of the appeal of entities that pass along untaxed distributions to unitholders.

But, like much else surrounding MLPs lately, investors focused on the wrong things and missed the overall attractiveness of an industry with valuable assets. By Friday, nearly every large

MLP had issued a press release to give investors some sense of their exposure.

According to Matt Sallee, senior managing director at fund manager Tortoise, the average sector hit to earnings may be only around 2% and could push some partnerships to be acquired by their corporate parents. He points out that for investors in the top income-tax bracket, the net effect of corporate and personal tax changes is a wash.

Investors soured on the sector in part because the yields become less attractive as rates rise.

But the biggest factor driving future returns is val-

uation, and the regulatory ruling succeeded in pushing MLPs to a level that has sparked past rallies.

As of Monday, the index was trading at a 5% discount to the S&P 500 on the basis of price to projected funds from operations over the following year, according to FactSet.

The only two occasions in the past decade that saw similar discounts, in November 2008 and February 2016, preceded rallies of 50% and 60%, respectively, in the index over the following six months.

Those assets may not stay this cheap for long.

—Spencer Jakab