THE WALL STREET JOURNAL.

DOW JONES | News Corp ****** MONDAY, MARCH 26, 2018 ~ VOL. CCLXXI NO. 70 WSJ.com ★★★★ $4.00

Last week: DJIA 23533.20 ▼ 1413.31 5.7% NASDAQ 6992.67 ▼ 6.5% STOXX 600 365.82 ▼ 3.1% 10-YR. TREASURY ▲ 6/32, yield 2.826% OIL $65.88 ▲ $3.47 EURO $1.2356 YEN 104.73

What's News

Business & Finance

The Federal Reserve system is set to elevate San Francisco Fed President John Williams to the presidency of the New York Fed, one of the central bank's key positions. **A1**

◆ **GE investors are** facing a new uncertainty over risks left from the industrial giant's once-massive lending business. **A1**

◆ **Remington filed** for bankruptcy-court protection, in the face of a heavy debt load, falling sales and lawsuits tied to the Sandy Hook school shooting, and plans to turn over control to creditors. **B2**

◆ **Airlines and aircraft** manufacturers are trying to make "ultra long-haul" flights more tolerable for passengers as new lengthy routes are added. **B1**

◆ **GM and Ford are** set to use this week's New York Auto Show to show off pricey new "crossover" SUVs designed to better take on BMW, Audi and Toyota's Lexus. **B2**

◆ **Two federal banking** regulators are in disagreement over having bank examiners work every day inside the offices of banks they oversee. **B7**

World-Wide

◆ **China and the U.S.** have quietly started negotiating to improve U.S. access to Chinese markets, after a week filled with harsh words from both sides. **A1**

◆ **President Trump won't** hire two previously announced lawyers to the team representing him in the Russia probe because of a conflict of interest. **A4**

◆ **Nigeria has been** holding peace talks for more than year with a local Islamic State faction. **A6**

◆ **Health-insurance** premiums are likely to jump right before the November elections, a result of Congress's omission of money to shore up insurance exchanges in the new spending package. **A6**

◆ **Student activists** demanding stricter gun laws are pushing for change at the polls in November, following huge marches over the weekend. **A3**

◆ **Former Catalan leader** Puigdemont was detained on Sunday by German police. **A8**

◆ **Financial fallout** from sex-abuse allegations against former U.S. national gymnastics team doctor Larry Nassar will likely soar well past half a billion dollars for Michigan State University. **A3**

Journal Report

What to ask your financial adviser about fees.
Wealth Management
R1-8

CONTENTS

13138>
0 78908 63141 1

The Solemn Start of Holy Week in Jerusalem

GALI TIBBON/AGENCE FRANCE-PRESSE/GETTY IMAGES

PALM SUNDAY PROCESSION: At the Church of the Holy Sepulchre in Jerusalem's Old City, Franciscan friars and Roman Catholic clergy carried palm fronds to commemorate Jesus' entrance into the city and usher in Holy Week.

New York Fed Eyes Its Next Leader

By Nick Timiraos

The Federal Reserve system is set to elevate San Francisco Fed President John Williams to the presidency of the New York Fed, one of the central bank's most important positions, just as it faces a potential turning point for setting interest-rate policy.

The New York Fed's board of directors has recommended Mr. Williams for the job, according to people familiar with the matter, to succeed the retiring William Dudley. Mr. Williams would need approval by the Fed's Washington-based board of governors; a final decision could be announced next month.

Mr. Williams, who has done leading economic research that has shaped top Fed officials' thinking on monetary policy, would fill a second leg of a leadership troika now being formed, alongside new Fed Chairman Jerome Powell and the vice chair of the board, a post currently vacant. The Wall Street Journal has reported that President Donald Trump is likely to nominate Columbia University economist Richard Clarida for Fed vice chairman, a job for which Mr. Williams interviewed.

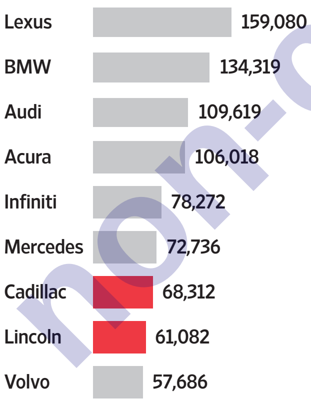
Mr. Williams's background would be unusual for a New York Fed president, who traditionally has had more experience in markets or international affairs. The role involves helping to craft monetary policy and implement it through

Please see FED page A4

A Blind Spot For Detroit

Foreign luxury SUVs outpace Lincoln and Cadillac. **B2**

U.S. sales in 2017



Note: Based on 'crossover' segment sales
Source: Autodata
THE WALL STREET JOURNAL.

Facebook and Google Confront Antagonism of Big Advertisers

The latest uproar over voter-profiling data follows demands by companies for more control, more transparency from the tech giants

By Suzanne Vranica

Add to the list of people frustrated with Facebook Inc. and Google a quiet but hugely influential group—those who pay the bills.

In the past year and a half, the two firms have had one run-in after another with advertisers. Procter & Gamble Co. was among many companies that boycotted Google's YouTube when they discovered ads were running before extremist and racist videos. Marketers pushed Facebook to provide more credible data about how many people actually view ads on their platforms, after the social giant acknowledged mistakes in its numbers.

Now there's the revelation that data on tens of millions of Facebook users were improperly accessed by Cambridge Analytica, a firm tied to Donald Trump's presidential campaign. That has sparked anxiety among some marketers, including over whether their own data on Facebook are safe.

Madison Avenue's increasing uneasiness with the platforms and its moves to push back aggressively are fundamentally reshaping the relationship. Advertisers' broad push for changes has played out in behind-the-scenes dust-ups, veiled and overt threats and advertising boycotts, and has extracted some concessions from the tech giants.

Please see ADS page A14

China, U.S. Aim To Ease Trade Rift

Quiet talks on boosting market access follow days of loud rhetoric that sent stocks reeling

China and the U.S. have quietly started negotiating to improve U.S. access to Chinese markets, after a week filled with harsh words from both sides over Washington's threat to use tariffs to address trade imbalances, people with knowledge of the matter said.

*By **Lingling Wei** in Beijing and **Bob Davis** in Washington*

The talks, which cover areas including financial services and manufacturing, are being led by Liu He, China's economic czar in Beijing, and U.S. Treasury Secretary Steven Mnuchin and U.S. trade representative Robert Lighthizer in Washington.

In a letter Messrs. Mnuchin and Lighthizer sent to Mr. Liu late last week, the Trump administration set out specific requests that include a reduction of Chinese tariffs on U.S. automobiles, more Chinese purchases of U.S. semiconductors and greater access to China's financial sector by American companies, the people said. Mr. Mnuchin is weighing a trip to Beijing to pursue the negotiations, one of these people said.

Mr. Mnuchin on Saturday called Mr. Liu, President Xi Jinping's top economic adviser, whose promotion as vice premier during the just-concluded annual legislative session essentially makes him the country's economic captain.

"Secretary Mnuchin called Liu He to congratulate him on the official announcement of his new role," a Treasury spokesman said. "They also discussed the trade deficit between our two countries and committed to continuing the dialogue to find a mutually agreeable way to reduce it."

The behind-the-scenes discussions might come as relief to those rattled by announcements last week of U.S. plans to hit China with tariffs, investment

Please see CHINA page A2

◆ Oil offers lessons on the trade deficit A2
◆ Battle with China hits U.S. farmers at a bad time.......... A2

Dancing Alpacas! Guard Alpacas! Breeders Seek New Uses

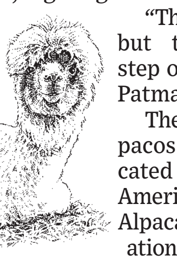
* * *

After a market bust, the once-hot animals are getting pitched for unusual jobs

By John Clarke

When Ann Patman dances with her recently repurposed alpacas, she must always be prepared for them to scream, spit or orgle.

Ms. Patman runs a farm and dance studio called AlpacaZone outside of Winnipeg, Manitoba, where she offers local residents 45-minute dance classes with her herd of nine.



Dakota

This wasn't what she had in mind when she bought the animals six years ago, planning to keep them as pets and sell their fleece. Little did she know she was getting into the alpaca market just as it was going bust. Now, she and other owners are finding creative ways to employ their alpacas, as birthday-party entertainers, wine-tasting companions and goat guards.

"They're not clumsy, but they sometimes step on your feet," Ms. Patman says.

The alpaca—vicugña pacos—is a domesticated species of South American camelid. The Alpaca Owners Association once pitched the animals as "the world's finest livestock investment," saying that a beast purchased for $30,000 could yield $1 million in earnings over 10 years if put to work breeding and producing

Please see ALPACA page A14

INSIDE

GETTY IMAGES

AMID TURMOIL, SMALL STOCKS STAY STEADY

BUSINESS & FINANCE, B1

HOT-BUTTON TOPICS IN A NEW ART SPACE

LIFE & ARTS, A15

Finance Arm's Shadow Still Hangs Over GE

By Thomas Gryta And Ted Mann

After a difficult year marred by a slumping share price and promises to jettison major units, General Electric Co. investors face another uncertainty: risks left over from the industrial giant's once-massive lending business.

GE sold off much of GE Capital, which at its peak in 2008 had more than $600 billion in assets ranging from commercial real estate to Thai auto loans, so investors wouldn't have to worry about its financial risks and focus instead on GE's jet engines and power turbines.

But shrinking GE Capital exposed how little cash the industrial operations were generating, forcing the company to slash its dividend last fall. In January, GE revealed a surprise $15 billion shortfall from a legacy long-term care insurance business, leaving investors worried about other liabilities the company couldn't unload.

"It is not fully known what residual risks GE retained when it dismantled GE Capital," said Martin Sankey, a senior research analyst at Neuberger Berman. The investment firm owns 3.4 million shares of GE in various mutual funds. "The question becomes, does GE Capital have any value at all."

GE board members and senior executives were surprised by the discovery that GE Capital needed billions for the long-term care insurance policies it still guaranteed, said people familiar with the matter, partly because the company sold most of its insurance businesses in 2004 and 2005.

"The insurance charge was a huge surprise," said Bob Spremulli, a managing director at TIAA Investments, one of

Please see GE page A13

U.S. NEWS

THE OUTLOOK | By Josh Zumbrun

For Lessons on Trade, Drill Down on Oil

As recently as 2009, nearly half the U.S. trade deficit was driven by one product: petroleum. If ever a national strategy could be devised to tackle the trade gap by targeting an individual product or individual set of countries, American dependence on foreign oil was on its face the place to look.

The U.S. did, in fact, conquer its oil deficit and a trade deficit with the oil-producing nations of the Organization of the Petroleum Exporting Countries.

Instead of getting smaller, however, the U.S. trade gap widened.

The oil experience is evidence that you can't shrink a national trade deficit by targeting one product or one country or set of countries. It also provides clues about what might happen next as the Trump administration tries to close the U.S. deficit with tariffs on steel, aluminum and a range of goods from China.

In the mid-2000s, the U.S. imported more than 10 million barrels of oil a day. Production in America's own oil fields was half that.

The ingenuity of engineers in the shale formations of North Dakota and West Texas led to a black-gold rush on par with the greatest oil booms in history. From mid-2011 to mid-2015, U.S. oil production climbed 78%, easily eclipsing the volume of imports.

American output flooded the global oil market. In late 2015, Congress even lifted a 40-year ban on oil exports. By November 2017, U.S. production climbed above 10 million barrels a day, the most in nearly half a century.

But in the same decade, the deficit outside of petroleum exploded. The overall trade gap, though narrower than in the mid-2000s, has been widening in recent years even though one of its biggest sources has effectively disappeared.

"The trade deficit doesn't come from the fact that we're importing this good or that good," said James Hamilton, an economist at the University of California, San Diego, and a leading expert on the economics of oil. "The trade balance is primarily determined by the overall spending on goods and services by U.S. residents and firms, compared to production. If spending is more than production, we've got to import."

Oil production went up during the boom, but domestic spending across the broad economy went up even more.

Trade balances writ large are a function of how much Americans invest and save. When domestic saving isn't enough to cover investment, the balance is made up from abroad. Low saving leads to wider trade deficits. Conversely, high-saving countries, such as Germany and China, run surpluses that fund the consumption and investment of others.

One major reason the U.S. didn't shrink its trade deficit was simultaneous fiscal deficits.

When governments borrow more, they need money from somewhere. Consumers could ramp up saving and purchase Treasurys—which would dent consumption—but in practice did not. That leaves other nations with financial surpluses as the biggest source of funds buying U.S. debt—nations that save a lot and export more than they import.

"It's a contradiction in terms of policies to say we want to borrow a lot for fiscal operations but don't want to borrow from other countries, which is what the trade deficit amounts to," Mr. Hamilton said.

Large tax cuts and spending increases are poised to push fiscal deficits above $1 trillion. That implies trade deficits will grow.

President Donald Trump's tariffs aren't focused just on the trade deficit. He says he is pushing for trade fairness—the same treatment for U.S. firms and business abroad that foreign firms get in the U.S.

Still, many economists disagree with the idea that the trade deficit needs to be addressed at all. Rich economies with deficits have grown somewhat faster than surplus countries over the past decade, notes Megan Greene, the chief economist at Manulife and John Hancock Asset Management.

When the U.S. trade deficit shrinks, it is often during economic downturns, when American consumers spend less and try saving more. Imports slump in these periods.

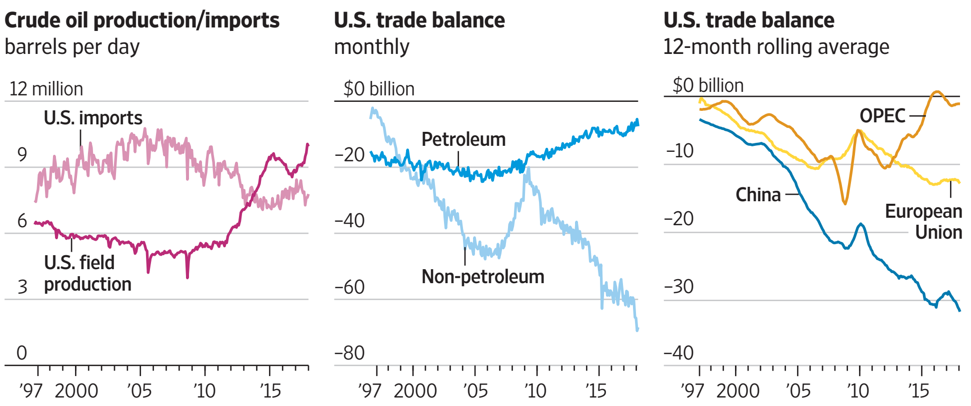
"If the U.S. really needs to address the deficit," said Ms. Greene, "it needs to look in the mirror and ask what about its own investment and savings it can change."

Michael Feroli, chief U.S. economist of JPMorgan Chase & Co., has dubbed this the "square peg and round hole of fiscal and trade policies"—it's nearly impossible for a nation to close its trade deficit while widening its fiscal deficit and expecting consumers to keep spending.

Ultimately, "fiscal policy will dominate trade policy," Mr. Feroli said. "Tariffs and other trade restrictions will be insufficient to lean against the overwhelming force."

Petroleum Parable

A surge in U.S. oil production and drop in oil prices has caused the trade deficit in petroleum, once more than half the U.S. trade gap, to shrink toward zero. This has done nothing to stop the overall deficit from widening, though it has changed which nations have the largest imbalances.



Sources: Energy Information Administration (crude); Commerce Department (deficits)

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Tariff Battle With Beijing Hits Farmers at Bad Time

Farmers and companies across the agricultural supply chain, many of whom have welcomed some of President Donald Trump's policies, are bracing for disruption from his escalating trade fight with China.

By Jesse Newman, Jacob Bunge and Benjamin Parkin

China is the second-biggest customer for U.S. agricultural exports after Canada, and its planned tariffs on pork, fruit, nuts and other goods are expected to worsen the U.S. farm economy's slump.

Farm incomes this year are expected to slide to their lowest level since 2006, according to the U.S. Agriculture Department, prolonging a downturn that has pushed some farmers out of business and eroded profits for seed, chemical and equipment companies.

"This could not be happening at a worse time for American agriculture," said Zippy Duvall, president of the American Farm Bureau Federation.

On Sunday, The Wall Street Journal reported that top U.S. and Chinese officials had started negotiations on a range of trade-related issues. U.S. officials sent a letter late last week that contained requests including a reduction of Chinese tariffs on U.S. autos and greater access to China's financial sector for U.S. firms.

Lean-hog future prices fell more than 4% on Friday on fears that the 25% tariff Chinese officials said they would impose on U.S. pork would sap demand in the third-largest market for American pork by value. Shares of Chinese pork producer WH Group, which bought Virginia-based Smithfield Foods in 2013 in part to feed Chinese diners, fell 4.7% in Asian-market trading.

A Smithfield spokeswoman declined to comment.

China said the measures are a response to new U.S. tariffs on steel and aluminum.

The downturn for farmers is in part a result of their own success: Prices for key crops have fallen after consecutive years of bumper harvests in the U.S. and abroad. Exports have transformed the U.S. farm economy in recent decades, as investments in high-yield seeds, massive livestock operations and more efficient logistics networks made American farmers the world's premier source of foodstuffs.

Pacts like the North American Free Trade Agreement enabled U.S. farm commodities to flow into foreign markets. But the Trump administration's withdrawal from a Pacific trade agreement in 2017, its threats to abandon Nafta and fresh tariffs on Chinese goods have spread anxiety across the Farm Belt.

"All his moves in trade are just flying in the face of what's good for American agriculture," said Ken Norton, who raises piglets in Bronson, Mich.

MARK SCHIEFELBEIN/ASSOCIATED PRESS

A woman with a uniform bearing the logo of a U.S. produce firm helps an apple shopper in Beijing.

Trade groups and lawmakers from big farm states have pressed the president to stand by guarantees for U.S. farmers included in Nafta.

U.S. pork producers, in particular, could suffer if access to Chinese consumers is curtailed. Hog farmers and meatpacking companies have expanded herds and built massive processing plants on expectations for higher pork exports. "Exports are the lifeblood of the industry," said Jim Monroe, spokesman for the National Pork Producers Council. In Eagle Grove, Iowa, Prestage Farms Inc. is building a slaughterhouse to process meat destined for China and other countries. Ron Prestage, president of the family-owned pork and poultry company, fears the plant could be a casualty of the fight.

"I support that the Trump administration is trying to fix the problem," he said. "Selfishly, I wish it wasn't my sector of the economy that was the one that got caught in the crosshairs."

This isn't the first time U.S. farmers have been the targets of a trade spat. American products from apples to oats to chicken feet have faced duties in retaliation for U.S. tariffs on Chinese tire imports and amid a U.S.-Mexico dispute over trucking rules.

Richard Owen, a vice president at the Produce Marketing Association, said the tariffs would hurt the U.S. fruit industry all along the supply chain. The U.S. exports large quantities of cherries, apples, table grapes and citrus to China, Mr. Owen said, as well as some plums, pears and strawberries.

CHINA

Continued from Page One

restrictions and other measures aimed at addressing the U.S.'s $375 billion merchandise trade deficit with the world's second-leading economic power. The announcement—and the immediate threat of Chinese retaliation—sent U.S. stock prices into a sharp decline.

Farm-belt constituents of President Donald Trump, whose exports face possible retaliatory tariffs by China, decried the tariff plans, and in foreign capitals from Canberra to Brussels, U.S. allies nervously weighed global implications as tensions mounted between Washington and Beijing.

Mr. Trump last week hinted the U.S. was employing both carrot and stick. "We've spoken to China and we're in the midst of a very large negotiation," he said on Thursday as he announced he was threatening China with tariffs on as much as $60 billion in imports and other restrictions. "We'll see where that takes us."

Although Beijing reacted angrily to the U.S. tariff threat, Chinese officials have been careful not to escalate the fight by much. China's Commerce Ministry accused the U.S. of "setting a vile precedent," and rolled out penalties against $3 billion in U.S. goods. The ministry said those measures were aimed directly at new U.S. tariffs on Chinese steel and aluminum.

Yet so far, China hasn't included on its retaliatory list any mention of the biggest U.S. exports to China such as soybeans, sorghum and Boeing Co. aircraft, which to some observers underscores Beijing's willingness to negotiate a solution with the Trump administration.

Mr. Liu told Mr. Mnuchin in their phone conversation that Washington's recent trade offensive against China would hurt both countries and the world, the official Xinhua News Agency reported, and he expressed hoped that the two sides can work together to "maintain the overall stability of their economic and trade relations."

Mr. Trump has said he wants China to reduce the bilateral trade deficit by $100 billion. As part of that, he is looking to boost sales of U.S. cars and semiconductors in China.

"The word that I want to use is reciprocal," he said last week. "When they charge 25% for a car to go in, and we charge 2% for their car to come into the U.S., that's not good," he said. The U.S. actually assesses tariffs of 2.5% on imported cars; China's is 25%. In other areas, the U.S. has higher tariffs than those charged by trading partners, including a 25% tariff on imported pickup trucks and stiff levies on some agricultural products like peanuts.

Washington is also considering the possibility of pressing Beijing to shift some of its semiconductor purchases to U.S. companies from Japanese and South Korean ones, people familiar with the talks said.

The U.S. side believes the threat of import tariffs gives Washington leverage in pushing for big changes. But critics of the effort warn that forcing China to negotiate under such circumstances might backfire, because any concessions would be seen as bowing to foreign pressure and embarrass the Chinese leadership.

"We're working on a pathway to see if we can reach an agreement as to what fair trade is for them," Mr. Mnuchin said on Fox News Sunday. Such a deal would include Beijing opening its markets further to U.S. exports, reducing its tariffs and stopping pressure on U.S. companies in China to transfer their technology to Chinese joint-venture partners, he said.

The U.S. is also pressing China to ease restrictions on U.S. financial businesses, particularly requirements that they operate as joint ventures under which U.S. firms are in many cases limited to 51% ownership.

For the past few months, amid a suspension of the formal bilateral trade dialogue, Chinese officials had been looking for specific demands from the U.S. and had been frustrated over a lack of clarity from the Trump administration.

Mr. Liu went to Washington as Mr. Xi's top economic envoy in late February and met with Messrs. Mnuchin, Lighthizer and National Economic Council director Gary Cohn. Mr. Liu proposed some easing of financial-sector restrictions. The U.S. side asked him to make a formal proposal, people tracking the talks said.

Mr. Liu also met U.S. corporate leaders and other business representatives as he sought to restart the dialogue. At those meetings, the U.S. participants gave Mr. Liu advice on what China would need to do to put relations with the U.S. back on an even keel, individuals with knowledge of the exchanges said.

Among the things suggested to Mr. Liu: accelerate financial liberalization and expand its scope; reduce subsidies to state-owned enterprises; reduce tariffs on autos; provide more regulatory transparency; and end requirements that American firms must enter into joint ventures with Chinese companies to access the Chinese market. Mr. Liu didn't make commitments at the time, the individuals said, but said he was grateful to hear specifics.

U.S., South Korea To Alter Trade Deal

SEOUL—The U.S. and South Korea agreed to amend their free-trade deal to address American concerns about a growing deficit and resolve friction over U.S. tariffs on South Korean steel, Seoul's trade ministry said on Monday.

The changes to the deal, which President Donald Trump has blamed for expanding the U.S. trade deficit, focus on rebalancing trade in the auto sector—a major source of South Korea's trade surplus with the U.S., the ministry said.

Under the new terms, South Korea would double the import quota for American-made cars that meet U.S. safety rules—but not Korean ones—to 50,000 per U.S. car maker each year, the ministry said. And South Korea will now allow the U.S. to keep its 25% tariffs on pickup trucks in place for 20 more years. The truck tariffs had been set to expire in 2021.

In return, the U.S. agreed to give South Korea a permanent exemption from 25% import tariffs on steel.

—Kwanwoo Jun

CORRECTIONS & AMPLIFICATIONS

The name of retail research firm Customer Growth Partners was incorrectly given as Custom Growth Partners in a Page One article on Thursday about private-equity firm Sycamore Partners.

Lawrence Kudlow was hired by President Donald Trump as director of the National Economic Council. In some editions Saturday, a Page One article about the president incorrectly said Mr. Kudlow was named director of the Council of Economic Advisers.

The U.S. has a trade surplus with Australia. In some editions Saturday, a World News article about exemptions to U.S. tariffs on steel and aluminum incorrectly said Australia has a trade surplus with the U.S.

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

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

Editorial and publication headquarters:
1211 Avenue of the Americas,
New York, N.Y. 10036

Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, N.Y., and other mailing offices.

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

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After Rallies, Youth Look to Midterms

Student activists pushing for tougher firearms rules focus on November election

By Nicole Hong and Reid J. Epstein

SHAWN THEW/EPA/SHUTTERSTOCK

Prompted by U.S. gun violence, participants in Saturday's March for Our Lives in Washington, D.C., and elsewhere are seeking stricter firearms laws.

Hundreds of thousands of young people around the world marched over the weekend to demand stricter gun laws in America. Now, student activists are pushing for change at the polls in November.

Students say the March for Our Lives, led by the survivors of last month's school shooting that killed 17 people in Parkland, Fla., is a starting point to build momentum ahead of the midterm elections.

Organizers of the movement, dubbed #NeverAgain on social media, plan to travel the country this summer to register young voters. Their policy goals include passing universal background checks, an assault-weapons ban and a prohibition on sales of high-capacity magazines.

"The pressure is on for every person in power, and it will stay that way because they know what is coming," said Delaney Tarr, a Parkland shooting survivor, in a speech Saturday. "If they continue to ignore us, to only pretend to listen, then we will take action where it counts."

Experts say the movement's success depends partly on whether the students can mobilize a large group of young people to become single-issue, gun-control voters.

In the years leading up to the Parkland shooting, efforts in Congress to tighten gun regulations failed, while legislation in states led largely to wins for broader gun rights. A big reason, experts say, is because there are more voters who go to the polls solely to express their support for gun rights than there are for gun control.

Sen. Tim Kaine (D., Va.) said in an interview on CNN Sunday that the renewed attention on gun violence led to legislation included in the $1.3 trillion spending bill President Donald Trump signed last week that encourages states and federal agencies to submit criminal-conviction records to the national background-check system. The bill also allows the Centers for Disease Control and Prevention to study the cause of gun violence.

Both steps fall well short of the student activists' demands for universal background checks, but Mr. Kaine said they were a sign groups like the National Rifle Association have lost their grip on gun politics.

"These were two things that we could not have gotten done in the past because Republicans were blocking them along with the NRA, but the active engagement of young people convinced Congress," Mr. Kaine said.

Jennifer Baker, a spokeswoman for the NRA, said Mr. Kaine was being "untruthful." In a statement, she said the NRA has "long supported legislation to strengthen the security and ensure the records of dangerous people legally prohibited from accessing firearms are entered" into the national background system.

There were few outward signs Republicans were willing to give more ground on gun control. Sen. Marco Rubio (R., Fla.) on Saturday released a statement calling on student protesters to seek "common ground with those who hold opposing views."

"I respect their views and recognize that many Americans support certain gun bans," Mr. Rubio said. "However, many other Americans...want to prevent mass shootings, but view banning guns as an infringement on the Second Amendment rights of law-abiding citizens."

Student activism has also resulted in Florida Gov. Rick Scott signing into law a bill that includes the first significant gun restrictions in the state in decades. Among the provisions, the bill increased the minimum age to buy a firearm to 21 from 18, but also created a voluntary program to arm certain trained school staff members.

The NRA has filed a lawsuit seeking to block the law.

One factor that distinguishes this movement from the student mobilization after previous shootings, according to experts, is that organizations are now also focused on victims of everyday gun violence, not just mass shootings.

Pamela Oliver, a University of Wisconsin sociology professor, said to build a sustained movement after the midterm elections, students have to persuade supporters to persevere through legislative losses and fading media attention.

"At some point, you're going to face setbacks, and you have to be willing to endure when you're not winning," Prof. Oliver said. "You have to settle in for the longer haul."

Scenes From Student Marches

From California to Connecticut, hundreds of thousands of young people and their supporters marched on Saturday.

In Washington, D.C., protesters rallied along Pennsylvania Avenue, the thoroughfare connecting the White House and the Capitol building.

Marchers were unable to actually march because of the large turnout.

Sarah Pepe, from Lakewood, Ohio, worked with other students from her school to travel to Washington.

"We said...let's get a bus, let's get as many people as we can, let's go down to this march and use our voices," she said.

In Boston, some high-school students left their homes in Connecticut at 6:15 a.m. to travel to the march and rally in the Massachusetts capital that drew more 50,000 people, according to an estimate provided by the mayor's office.

Yarelis Puello, a 17-year-old who took a train from Lawrence, Mass., had never protested anything before. Last month's school shooting in Parkland, Fla., that killed 17 people compelled her to join, she said.

"I wanted to become a voice for those who had lost their voice," she said.

JENNIFER LEVITZ/THE WSJ

Yarelis Puello in Boston

Tens of thousands of gun-control supporters gathered under overcast skies on Saturday outside the Center for Civil and Human Rights in Atlanta.

Democratic Rep. John Lewis, the famous civil-rights activist whose district includes Atlanta, urged the crowd to vote in November against elected officials who didn't support stricter gun laws.

"Get out there and send those folks home who cannot vote against guns," he said as the crowd cheered.

Thousands came to downtown Los Angeles to march toward City Hall, the main rally of several organized around the city and California.

"My mom has made a safety plan for us. You don't know anymore what will happen when you go to school," said Lulu Notaro, 13. Her friend, Lila Allen, said students at her middle school started a group called the Never Again Club that meets every week now to talk about gun control.

"At such a young age, we never thought we'd be responsible for such an issue," said Lila, 12. "But we have to be active because it's our own lives at stake."

—WSJ Staff

Scandal to Test University Coffers

By Melissa Korn and Rebecca Davis O'Brien

JAKE MAY/THE FLINT JOURNAL-MLIVE.COM/ASSOCIATED PRESS

Michigan State University leaders, including trustees' chairman Brian Breslin, face a financial crisis.

Financial fallout from sexual-abuse allegations against former U.S. national gymnastics team doctor Larry Nassar will likely soar well past half a billion dollars for Michigan State University, estimates from legal experts indicate, more than twice the cost of the abuse scandal at Pennsylvania State University.

The tally includes possible settlements with about 250 victims, legal fees associated with an army of law firms representing the university and fines. Victim settlements alone could account for more than $300 million, based on precedents in the Penn State and Roman Catholic Church abuse cases. It isn't clear how much of the total would be covered by the school's insurers.

The looming costs have major implications for Michigan State, especially if state lawmakers pass bills that would increase the statute of limitations for victims and take away legal immunity for public universities.

Interim President John Engler, a former Michigan governor, has said increased tuition is one possible way to cover the costs, and warned consequences could be even more dire. "I don't know if it would force bankruptcy [for the university] or not," he said at a legislative hearing earlier this month. "I hope not."

Risk-management experts and lawyers who have made agreements in other sex-abuse suits say the Nassar cases could reach up to $2 million each. USA Gymnastics signed a confidential $1.25 million settlement—paid by insurance—with former Olympic gymnast McKayla Maroney in late 2016, to resolve her claims against Dr. Nassar, according to court filings; she filed a lawsuit in December against Michigan State, the U.S. Olympic Committee and others.

The dollar amounts can run higher if the victims were minors when the abuse occurred, or if they were assaulted more than once or after the university knew of similar allegations, these people said. Multiple plaintiffs have alleged they complained about Dr. Nassar to coaches, doctors and others at Michigan State as early as 1997, and that their concerns were ignored or dismissed.

The payouts could also skew lower because of Michigan's current statute of limitations, potential legal immunity for state institutions and the severity of the alleged abuse, according to court filings and people familiar with the lawsuits and similar litigation.

"It's very difficult to extrapolate from one jurisdiction to another, from one incident to another, what the settlement cost could be," said Kenneth Feinberg, who coordinated settlement talks for victims of former assistant football coach Jerry Sandusky at Penn State and is overseeing the compensation funds for the Archdiocese of New York.

At least 250 individuals have signed on as plaintiffs in civil suits in Michigan federal court against Dr. Nassar, Michigan State, USA Gymnastics and others.

Several others have sued in California state court. Dr. Nassar pleaded guilty last year to federal child-pornography and state sexual-abuse charges and is serving a 60-year federal prison sentence.

Mr. Feinberg said another potential approach is establishing a victim compensation fund, with an administrator evaluating claims and offering payouts based on specifics of the abuse.

With that approach, Mr. Feinberg has overseen payments to resolve more than 450 claims of abuse against the Catholic Church in New York so far. Such systems were also used after the BP oil spill and the Sept. 11, 2001, terrorist attacks.

At Penn State, costs associated with legal fees, fines and settlements related to charges that Mr. Sandusky abused a number of boys, and that school officials knew of the behavior, reached nearly $250 million. That includes more than $100 million in settlements with at least 33 people.

Bomber Described Self as a 'Psychopath'

By Dan Frosch

Mark Conditt, the serial bomber who terrorized Austin, Texas, this month, showed no remorse in a recorded self-confession recovered by police and described himself on the recording as a "psychopath," U.S. Rep. Michael McCaul said Saturday.

Mr. Conditt, 23 years old, who blew himself up Wednesday after being chased by police, left no indication why he committed the bombings and was "questioning himself" on the recording over why he felt no regret about his crimes, Mr. McCaul said, speaking at a news conference with Austin Police Chief Brian Manley.

Officials said they were searching for a motive for the bombings, which left two people dead, several injured and rattled Austin for weeks. So far, the confession, which police recovered on Mr. Conditt's cellphone after his death, has offered the only hints at what led to the bombing spree.

"The best evidence we have at this point in time is the confession itself," said Mr. McCaul, a Republican who represents part of Austin and chairs the U.S. House's Homeland Security Committee.

Mr. McCaul said he was particularly disturbed by Mr. Conditt's discussion on the recording of several "Slow Down: Children At Play" signs he bought. Authorities have said Mr. Conditt used one of the signs to rig tripwire to a bomb that exploded.

Police initially had suspected the blasts could have been racially motivated after the first two package bombs sent by Mr. Conditt killed two African-Americans. But the tripwire bomb wounded two white men, and that theory was abandoned.

Authorities haven't yet released the recording of Mr. Conditt discussing the bombings, but they said he didn't mention terrorism or hate.

RICARDO B. BRAZZIELL/TNS/ZUMA PRESS

Authorities in Texas are seeking a motive in a string of bombings. Here, agents outside a house in Pflugerville last week.

Health-Insurance Issue Looms in Election

Premiums are likely to jump shortly before November; lawmakers rush to assign blame

By Stephanie Armour

Health-insurance premiums are likely to jump right before the November elections, a result of Congress's omission of federal money to shore up insurance exchanges from its new spending package.

Lawmakers from both parties had pushed to include the funding in the $1.3 trillion spending law signed Friday, but they couldn't agree on details. A battle already has begun about how to cast the blame for the expected rate increases.

Democrats blame GOP lawmakers for the failure of negotiations over the funding, saying Republican leaders demanded the inclusion of abortion restrictions they knew would be unacceptable to Democrats. Republicans say they negotiated in good faith and that Democrats rejected reasonable rules on abortion.

The finger-pointing comes as health care is expected to be a top issue in this year's midterm elections. Both parties face political risks, although polls so far have shown voters are more likely to hold Republicans responsible for high costs. In a Wall Street Journal/NBC News poll last summer, when GOP lawmakers were pushing to repeal the Obama-era Affordable Care Act, 43% of voters said Democrats would do a better job handling health care and 26% said Republicans.

In a recent special election in Pennsylvania, health care was ranked as a top issue by 52% of voters, according to a survey by Public Policy Polling, a firm aligned with Democrats. In that race, Republican Rick Saccone lost to Democrat Conor Lamb in a district Republican President Donald Trump had carried by almost 20 points.

Health-insurance premiums have been rising sharply for people who buy insurance on their own, rather than getting it through work or other programs, and dwindling participation by insurers has left such consumers with fewer choices.

Some lawmakers from both parties had pushed to include in the spending bill measures aimed at stabilizing the individual health-insurance market, especially restoring payments to insurers that offset the cost of subsidies they are required under the ACA to provide to some low-income consumers. Mr. Trump ended the payments last year, saying they were illegal because the money hadn't been appropriated by Congress.

Omitting the measures from the spending bill dims the prospects for such legislation this year. While some lawmakers are likely to push for separate legislation, such a measure is highly unlikely to pass amid rifts in Congress about whether to help support the health law, as well as on the abortion restrictions.

That deals a blow to insurers who must soon determine what rates to charge next year. Without the payments, insurers may raise premiums or curtail participation in the ACA exchanges.

The Congressional Budget Office estimates that gross premiums for a popular middle-priced plan offered through the insurance exchanges are, on average, about 10% higher this year than they would have been if the subsidies to insurers were funded, a figure set to grow to 20% by 2021. The CBO also expects premiums to rise as a result of the repeal of the requirement that most people have coverage or pay a penalty, something that might encourage healthier people to forgo insurance.

Democrats blame the expected premium increases on a continuing push by the Trump administration and congressional Republicans to dismantle the ACA. Increases in health-care costs "have been exacerbated by the Trump administration's efforts to sabotage the Affordable Care Act and destabilize health-care insurance markets," said Sen. Elizabeth Warren (D., Mass.).

Republicans fault the ACA and its regulations for stifling competition and driving up premiums, saying the GOP can't be blamed for the problems with a law the party has forcefully opposed for years.

Sen. Lamar Alexander (R., Tenn.) said Democrats torpedoed the stabilization measures in the spending bill by rejecting proposals to ban the funds from going to private insurers that cover abortions. This is similar to so-called Hyde language that applies to other government programs, Mr. Alexander said.

"We'll let the Democrats scramble and continue in their embarrassment to explain how they're going to vote to apply the Hyde language to 100 different programs in the omnibus bill, but not to a 40% health-insurance decrease," Mr. Alexander said, referring to one prediction of how much a stabilization bill would cut premiums.

Democrats said Republicans were trying to seize on the stabilization effort to extend abortion restrictions beyond a careful compromise enshrined in the ACA, which says insurers can cover abortions but can't use federal funding to do so.

—Kristina Peterson contributed to this article.

JOE RAEDLE/GETTY IMAGES

An insurance agent, left, speaks with a client in Miami. Insurers will announce 2019 premiums this fall.

FED

Continued from Page One

the financial markets, while serving as the Fed's main contact with Wall Street.

But Mr. Williams, a 55-year-old who holds a Ph.D. in economics from Stanford University, could complement Mr. Powell, whose background is in finance and is the first non-economist in more than 30 years to lead the Fed.

Mr. Powell has been especially keen on having someone in the job with extensive monetary-policy experience, people familiar with the matter said. The desire to give the new chairman a lieutenant with a strong background in monetary policy was shared by the selection committee in New York, these people said.

These people said that emphasis, together with uncertainty over who would be picked as Mr. Powell's No. 2 in Washington, which the White House hasn't moved to fill, helped to boost Mr. Williams's candidacy over other finalists: Raymond McGuire, a longtime official at Citigroup Inc., and Mary Miller, a bond-market veteran who served in top Treasury Department posts earlier this decade.

"John Williams would be a very good choice," said Torsten Slok, chief international economist at Deutsche Bank in New York. "He understands the financial system, he is an outstanding researcher, and he is pragmatic and not bound by a particular dovish or hawkish view—all characteristics that are very important in a Powell-led Fed."

Prioritizing monetary-policy expertise over financial markets "would reflect an assessment that New York Fed president is first and foremost a policy job and that the new president will be able to rely on the institutional strength of the New York Fed to support effective market outreach and analysis," said Krishna Guha, vice chairman of research firm Evercore ISI and a former communications executive at the New York Fed.

As New York Fed chief, Mr. Williams also would play a critical role in making technical determinations to manage the paring down of the Fed's $4.4 trillion portfolio of bonds and other assets. Some would prefer a candidate with more markets experience than Mr. Williams has.

Mr. Williams has noted the risks of holding rates too low for too long.

"Having someone really immersed in market functioning is going to be really important in all of that," said Julia Coronado, a former Fed economist who is on an advisory panel at the New York Fed.

The selection would disappoint lawmakers and outside groups that have pressed the Fed to diversify its predominantly white, male leadership.

Mr. Williams has been a reliable ally of Fed leadership since becoming the San Francisco Fed's president in 2011, and voted with other central-bank officials to raise interest rates last week. He and other officials signaled that a burst of stimulus from recent government-spending increases and tax cuts could require them to raise rates gradually in the coming years to keep the expansion on an even keel.

As New York Fed president, Mr. Williams would play a formative role shaping how the Fed would judge the balance of risks between keeping rates too low—which could allow the economy to overheat—and raising rates too quickly, which could prevent inflation from rising to the Fed's 2% target. Central bankers believe 2% inflation is good for the economy because it reflects healthy demand and enables businesses to raise prices and wages.

While the unemployment rate, at 4.1%, is at a 17-year low, annual inflation remains below the Fed's 2% goal.

Mr. Williams has noted the risks of holding rates too low for too long, and he has said he believes the economy is at full employment, meaning inflation might accelerate if joblessness drops lower.

Mr. Williams has worked in the Fed system since 1994, first as an economist in Washington and after 2002 in San Francisco, where he rose to become the bank's research director.

His influential research at the Fed includes his work with Thomas Laubach, a top Fed economist, on identifying the neutral rate of interest: the inflation-adjusted rate that neither spurs nor curbs growth. Understanding how to glean this unobservable rate is critical to setting Fed interest-rate policy.

Mr. Williams has argued, and many other officials have come to agree, that the neutral rate fell very low during the financial crisis and recession and hasn't recovered much since. This conclusion became a key factor behind the Fed's thinking in keeping its own benchmark federal-funds rate very low in recent years and then raising it slowly and cautiously.

More recently, Mr. Williams has been outspoken in calling on Fed officials to rethink their 2% inflation target, and allow periods where inflation might run higher to make up for times where it runs lower.

More economists say the current target might not work as well in an environment where interest rates are likely to remain lower for longer.

Permanently low rates would give the Fed less room to cut rates to combat a downturn. "I think we need to think seriously about how we would do one or a combination of these to prepare ourselves better for that next storm," Mr. Williams said in November.


ANDREW HARRER/BLOOMBERG NEWS

John Williams, center, during a panel discussion at the Brookings Institution in Washington early this year.

Trump Rethinks Hiring Pair Of Lawyers

By Rebecca Ballhaus

WASHINGTON—President Donald Trump won't hire two previously announced lawyers to the team representing him in the Russia probe, a member of the group said Sunday, leaving the legal team short-handed as it negotiates a possible interview between the president and special counsel Robert Mueller.

Jay Sekulow, one of the president's lawyers, said Sunday that Joseph diGenova and Victoria Toensing, a married couple who are founding partners of a law firm, wouldn't join the legal team because of a conflict of interest.

John Dowd, who had been the president's lead outside lawyer in the Russia probe, left last week partly because of the hiring of Mr. diGenova, who was expected to take a more confrontational approach, two people close to the team said. Mr. diGenova in TV appearances has raised the idea that federal agents have sought to frame Mr. Trump for partisan political purposes.

Mr. Trump has stepped up attacks on the Mueller probe, which is looking into whether Trump associates colluded with Russia's efforts to interfere in the 2016 U.S. election, as well as whether Mr. Trump obstructed justice in firing James Comey as Federal Bureau of Investigation director last year. Mr. Mueller has now publicly charged 19 people in the probe, including several Trump associates.

Mr. Trump has denied collusion and obstruction of justice, and Moscow has denied meddling in the election.

The conflict over the two lawyers arose because Ms. Toensing has represented at least two of Mr. Trump's associates who have interviewed with Mr. Mueller, including Mark Corallo, a former spokesman for Mr. Trump's legal team, and Sam Clovis, a former campaign aide. Although Ms. Toensing's representation of those two clients has been completed, Mr. Corallo's testimony to Mr. Mueller was likely to be at odds with the president's own interests.

Beyond Ms. Toensing, the legal team has had difficulty finding attorneys whose law firms don't already represent other clients involved in the wide-ranging Russia investigation, which has interviewed several dozen current and former associates of the president.

Mr. Trump in Sunday tweets pushed back on the notion that it has been difficult for his team to find new lawyers. "Many lawyers and top law firms want to represent me in the Russia case...don't believe the Fake News narrative that it is hard to find a lawyer who wants to take this on," he wrote.

Actress Says Fear Drove Pact With Trump Lawyer

By Michael Rothfeld And Joe Palazzolo

Former adult-movie star Stephanie Clifford said she accepted $130,000 in 2016 to keep silent about an alleged sexual encounter with now-President Donald Trump because she feared for her family's safety.

In a televised interview on "60 Minutes" that aired Sunday, Ms. Clifford said she was threatened by a man in 2011, after a failed attempt to sell her story about Mr. Trump to a magazine, as she went to a fitness class with her infant daughter.

Ms. Clifford told Anderson Cooper that she was taking out her diaper bag as the man, whom she said she doesn't know, walked up to her and said, "Leave Trump alone. Forget the story." She added: "And then he leaned around and looked at my daughter and said, 'That's a beautiful little girl. It'd be a shame if something happened to her mom.' And then he was gone."

The interview marked the first time Ms. Clifford, 39 years old, has spoken publicly about her alleged encounter with Mr. Trump since The Wall Street Journal reported in January news of the nondisclosure agreement she reached with the president's personal lawyer before the 2016 presidential election.

She had previously discussed it in a 2011 magazine interview, which wasn't published until after the Journal's report. The White House has repeatedly denied that Mr. Trump had sexual relations with Ms. Clifford.

In the same interview, Ms. Clifford—known professionally as Stormy Daniels—alleged that she signed her name to statements denying any sexual encounter with Mr. Trump or that she was paid hush money because her then-attorney and then-business manager told her, "They can make your life hell in many different ways."

Ms. Clifford told "60 Minutes" she believed "they" referred to Michael Cohen, Mr. Trump's personal lawyer, who paid Ms. Clifford in October 2016 in return for her signing a nondisclosure agreement barring her from discussing the alleged 2006 encounter.

Mr. Cohen said in a recent interview with Vanity Fair that he has never met Ms. Clifford.

Mr. Cohen also has denied any sexual encounter between Ms. Clifford and Mr. Trump. The president hasn't addressed the matter publicly.


CBS NEWS/60 MINUTES/ASSOCIATED PRESS

Stormy Daniels during her interview on '60 Minutes.'

Nigeria Holds Peace Talks With Jihadists

Negotiations with ISIS offshoot led to last week's release of abducted schoolgirls

DAPCHI, Nigeria—Nigeria said it is holding peace talks with a local Islamic State faction, testing whether a secular government can reach an accord with an offshoot of one the world's most infamous international jihadist networks.

By Drew Hinshaw, Joe Parkinson and Gbenga Akingbule

For more than a year, Nigerian envoys have met with representatives of Islamic State West Africa Province, Information Minister Lai Mohammed said Sunday. The discussions are being facilitated by the Swiss government, other officials said.

"Unknown to many, we have been in wider cessation of hostility talks with the insurgents for some time," Mr. Mohammed said in a statement.

ISWAP, as the Islamic State chapter here is called, was once part of Boko Haram, the insurgency whose decadelong war with Nigeria's secular state has left more than 30,000 people dead. Both groups remain active, launching nearly daily attacks on civilians.

People involved say the previously undisclosed talks have gone beyond any others attempted by Nigeria.

As part of its preliminary terms, ISWAP has asked the military to dial down airstrikes. The government in turn has asked ISWAP to cease attacks on civilians and stop using children as suicide bombers—a common tactic across the northeast.

ISWAP hasn't commented on the talks.

Last week, the discussion yielded a breakthrough: ISWAP released most of the 110 girls, some as young as 10, it had abducted in February from a boarding school in the town of Dapchi. It was a goodwill gesture by jihadists interested in laying down their arms, people close to the talks said.

There are reasons to be skeptical of the developments.

Some senior military and intelligence officials are distrustful of the group and disinclined to negotiate with terrorists who have killed thousands of people and forced millions to leave their homes.

Nigeria's Islamist insurgents are fragmenting into vying camps, and some officials and people close to the groups' thinking said the faction in negotiations may not represent the entirety of ISWAP, let alone the Boko Haram rebellion it broke from. Boko Haram isn't in the talks, two people close to the discussions said.

And President Muhammadu Buhari is up for reelection—the retired general came to power in 2015 on a promise to wind down the conflict in Nigeria's northeast.

"This is significant... but it's not clear whether we can really believe them," said Matthew Page, a former State Department official with London-based think tank Chatham House. "The other key point here is the political calculus: There are elections coming up."

PHILIP OJISUA/AGENCE FRANCE-PRESSE/GETTY IMAGES

Islamic State West Africa Province freed most of the 110 girls it abducted in February. Here they wait to meet the president last week.

The negotiations represent a trial run with global ramifications, exploring whether a secular and at times repressive state can find common ground with a militancy publicly allied with Islamic State.

Since ISIS emerged from the battlefields of Iraq and Syria five years ago, declaring a caliphate and war on the West, Washington has taken an uncompromising line. A U.S.-led coalition launched an air campaign in 2014, pushing the jihadists from their strongholds in the Iraqi city of Mosul and the Syrian city of Raqqa.

Western allies in the Middle East have negotiated small battlefield agreements, allowing fighters and civilians to cross front lines, or creating safe zones for humanitarians to work, but these are exceptions to an otherwise hard-line approach.

Nigeria's president has signaled his willingness to engage. As recently as Friday, Mr. Buhari said he was prepared to offer amnesty to surrendering fighters.

"We are ready to rehabilitate and integrate such repentant members into the larger society," he said. "This country has suffered enough."

LA GAZETTE DE LA MANCHE/AGENCE FRANCE-PRESSE/GETTY

Lt. Col. Arnaud Beltrame, who changed places with a hostage.

French Police Officer Hailed for Saving Lives in Standoff

By Nick Kostov And Stacy Meichtry

TRÈBES, France—Three months ago, Lt. Col. Arnaud Beltrame helped organize a drill for his fellow gendarmes that simulated a terrorist attack on a supermarket.

"We want to be as close as possible to real conditions, so there's no pre-established scenario," the officer told a local newspaper at the time.

On Friday, Lt. Col. Beltrame came face-to-face with 25-year-old Radouane Lakdim—a terrorist wielding a gun in a supermarket and claiming allegiance to Islamic State.

The veteran officer's reaction saved many lives while ultimately costing his own. The 44-year-old offered to swap with a woman Lakdim was holding at gunpoint. Lakdim accepted, only to end up repeatedly shooting Lt. Col. Beltrame in the middle of a standoff with police, triggering the raid that killed the gunman.

Late Friday, Lt. Col. Beltrame died in a hospital bed from those gunshot wounds.

"In the heat of the action, Lt. Col. Beltrame showed exceptional composure and illustrated his extraordinary military virtues," French President Emmanuel Macron said. "He deserves the respect and admiration of the entire nation."

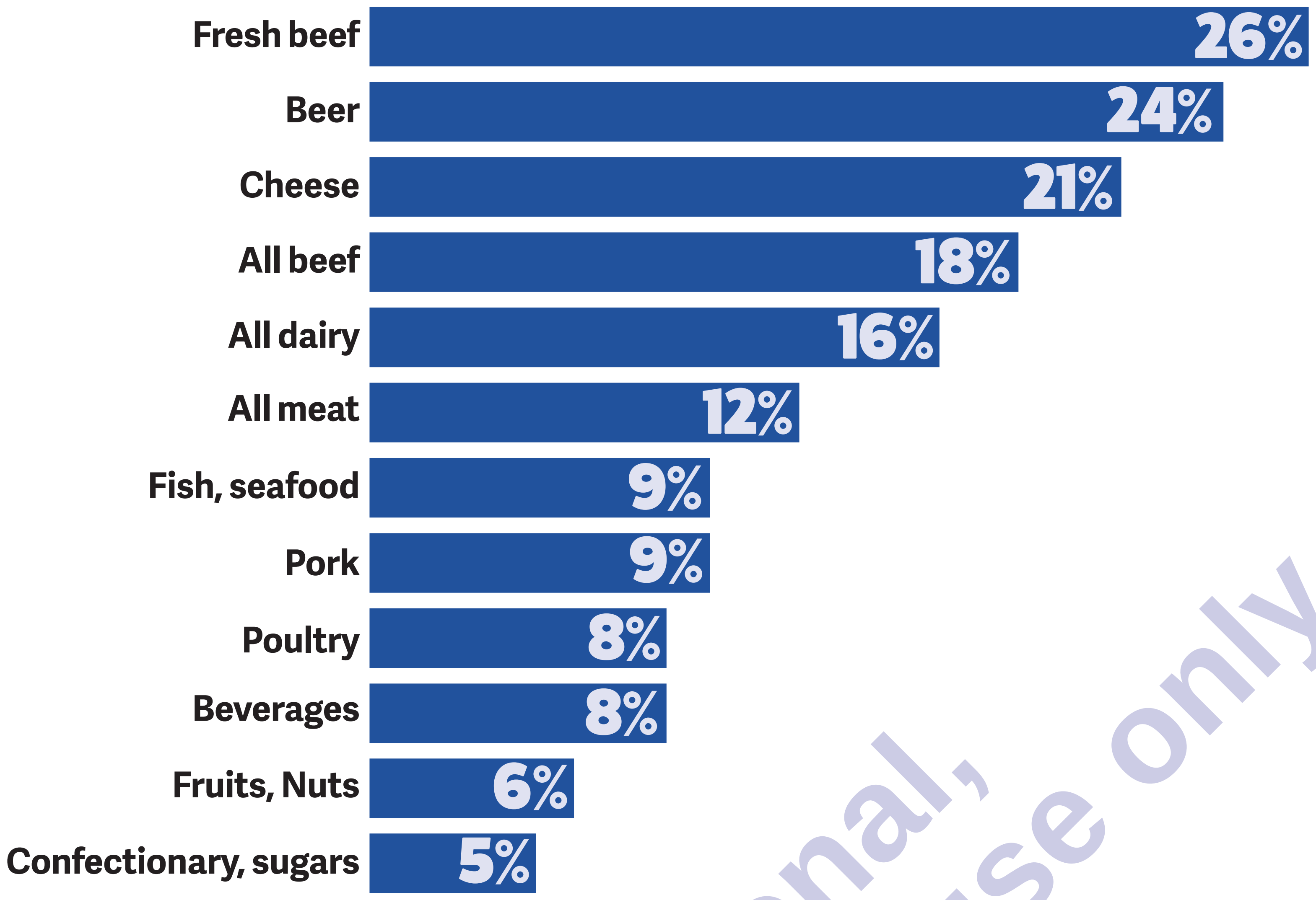
It is unclear why—after almost three hours of attempted negotiations with police—Lakdim opened fire on Lt. Col. Beltrame. But French officials say the gendarme's actions were critical in preventing Lakdim from claiming more victims than the three other people he killed on Friday.

Lt. Col. Beltrame's hostage swap created time for other police to move shoppers and supermarket staff out the door to safety. He also made a tactical move that would allow police outside the Super-U big-box store to eavesdrop on Lakdim and his hostages: The gendarme managed to discreetly leave his cellphone on a table with an open line.

Lt. Col. Beltrame graduated in 1999 from Saint Cyr, France's leading military academy, and trained as a parachutist. He was deployed to Iraq in 2005 before returning to France where he was assigned to protect the Élysée Palace. Last summer, Lt. Col. Beltrame moved to take up a post in Carcassonne, a sleepy town in southern France. There he was part of the gendarmerie, members of the military who serve as local police.

Congratulations to America's Farmers and Food Processors

Food exports were up in 2017 after recent years of decline



Agriculture Secretary Sonny Perdue and the Trump Administration continue to spur this growth, toward our two goals of doubling America's food production industry's value to $1.7 trillion and doubling America's food export value by:

- Reducing red tape, such as the Waters of the U.S. rule
- Fair and reciprocal trade deals, like getting beef into China for the first time in 14 years
- Investment-friendly tax changes, including the 100% deductibility of capital expenditures in year one

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Sincerely,

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— Sonny Perdue**

Source: USA Trade Online, USA Census Bureau, www.usatrade.census.gov. US Import and Export Merchandise trade statistics (HS code), Measured in value ($US).

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Catalan Separatist Drive Falters

By Jeannette Neumann

LLUIS GENE/AGENCE FRANCE-PRESSE/GETTY IMAGES

Police and protesters scuffled near the central government offices in Barcelona on Sunday.

MADRID—Months after Catalan separatists made an all-out push for independence that triggered Spain's worst political crisis in decades, Catalonia's secessionist movement is in disarray, with its leadership fractured and local support for the cause falling.

In a dramatic end to a sobering week for Catalonia's pro-independence forces, former Catalan leader Carles Puigdemont was detained on Sunday by German police who were acting on an international arrest warrant issued by a Spanish judge.

The judge wants to force Mr. Puigdemont to return to Spain from self-imposed exile to stand trial on charges of rebellion against the state for his push to see Catalonia secede.

Five other pro-independence leaders who remained in Spain were sent to jail on Friday on rebellion charges, joining other separatists who are awaiting trial.

The jailed leadership and divisions within the separatist movement about how to achieve independence for Catalonia have stymied attempts during the past week to appoint a new regional government.

As pro-independence forces struggle to agree on a new leader, direct rule by Madrid, which was imposed in October to quell the secessionist uprising, is likely to remain in place for at least several more weeks. An independent Catalonia, meanwhile, is becoming an evermore distant prospect.

"You will have occasional bouts of noise coming from Catalonia, but I doubt you will see another big push for independence" during the next several years, said Antonio Barroso, a political analyst at consulting firm Teneo Intelligence in London.

The arrest on Sunday of Mr. Puigdemont, who had led separatists' independence drive, further slows the flagging momentum behind Catalonia's pro-independence forces. His potential extradition from Germany to Spain would cut short the former Catalan leader's plans to remain in self-imposed exile and drum up international support for an independent Catalonia.

Mr. Puigdemont fled to Brussels last autumn after declaring Catalonia an independent republic and has been using the Belgian city as a base to travel around Europe to speak at conferences, keeping the issue of Catalan secession alive. He was arrested in Germany on Sunday while driving back to Belgium from a conference he had been attending in Finland. The Spanish National Police force said it coordinated with Spain's National Intelligence Center to help German police locate Mr. Puigdemont. Separatists say the judicial investigations and arrest warrants are politically motivated and an attempt to weaken their movement rather than uphold Spanish law.

Former leader Carles Puigdemont was held in Germany on a Spanish warrant.

"Madrid is seeking revenge, plain and simple," said Joan Botey, a civil engineer who was protesting Mr. Puigdemont's arrest on Sunday outside the German consulate in Barcelona. Tens of thousands of Catalans protested throughout the region on Sunday, leading to clashes with police that left dozens of demonstrators and police slightly injured, regional officials said.

Many separatists still consider Mr. Puigdemont the legitimate head of Catalonia's regional government, even after Spanish Prime Minister Mariano Rajoy ousted him following the separatists' declaration of an independent Catalan republic in October.

In response, Mr. Rajoy imposed temporary direct rule on Catalonia and invoked regional elections to seat a new Catalan assembly. Once Catalans elect new leaders who pledge to abide by Spanish law, the premier has said, Madrid will lift direct rule.

Separatist parties won a narrow majority in the December vote. But three months later, pro-independence parties have been unable to appoint a new leader.

In their first attempt, separatists proposed Mr. Puigdemont, but Madrid has said it won't allow Catalonia to be led by anyone who is tied up in the rebellion investigation into last autumn's secessionist push.

The disarray appears to have eroded support for independence in Catalonia, whose capital is Barcelona. In January, 33% of Catalans supported an independent Catalonia, down from 40% in October, according to the region's survey agency.

Egyptians Show Little Interest In Scripted Vote

By Jared Malsin And Amira El Fekki

CAIRO—Egyptians will begin voting on Monday to choose between President Abdel Fattah Al Sisi and a party leader who proudly supported him days before he entered the campaign, Moussa Moustafa Moussa.

"Why would I vote? To choose between who and who? I never even heard of the other guy," a Cairo hairdresser said before the polls opened.

Mr. Sisi faces the unusual challenge of persuading the public to participate in a three-day election in which the outcome isn't in doubt.

As in the re-elections of other strongman rulers around the world, most of Mr. Sisi's challengers have been jailed or sidelined. The opposition has called for a boycott.

A low turnout could be an embarrassment—undermining the president's claim of popular support and hindering efforts to fend off international criticism of his human-rights record.

Mr. Sisi has called for a high turnout, casting it as a patriotic duty.

"I need the whole world to see us in the street voting," he said on Wednesday.

Little campaigning took place—though banners with Mr. Sisi's face appeared throughout Cairo, many of them paid for by individual supporters who often pair their faces with the president's. Mr. Sisi's backers held few rallies, and the president appeared mainly at scripted official events.

A 63-year-old former general, Mr. Sisi came to power after leading the 2013 military coup that overthrew President Mohammed Morsi, an Islamist leader who had won a democratic election a year earlier.

In 2014, Mr. Sisi won 97% of the votes in an election in which less than half of eligible Egyptians took part—even after the government extended voting for an extra day.

Mr. Sisi said he would have preferred to have more candidates on the ballot and blamed political parties for not fielding contenders, in an interview on state television this month.

Though no reliable polling data exist, there are signs that Mr. Sisi's popularity has waned as a result of rising prices of basic goods and chronic problems such as joblessness among Egypt's youth.

Cairo Expels Trew, A British Journalist

CAIRO—Egyptian authorities arrested and expelled a British journalist with the Times of London in February, the newspaper said on Saturday, in the latest sign of a government clampdown on the press.

Bel Trew's expulsion from Egypt came during a widening government crackdown on journalists and political opponents before a presidential election that begins on Monday.

Egypt's State Information Service said on Sunday that Ms. Trew hadn't received a temporary press card while awaiting a valid 2018 card, and had therefore broken the law.

A spokeswoman for The Times said the government press center had assured Ms. Trew the day before her arrest that she was still accredited.

—*Jared Malsin*

Russia Points Fingers in Poisoning's Wake

BY JAMES MARSON

MOSCOW—The Kremlin and its propaganda channels have spread a flurry of theories about who was behind the nerve-agent attack on a former Russian spy in the U.K. They have one common theme: It was anyone but Russia.

The U.K. did it to frame Russia, an ex-spy chief argued. The nerve agent came from Europe, the foreign ministry said. Or it came from Uzbekistan via the U.S., suggested a senior lawmaker. Russia never produced such a chemical, some government officials maintained. Oh yes it did, a Russian scientist told a state news agency—though Russia wouldn't be so amateurish as to incriminate itself by using the substance, he added.

The raft of conflicting and often implausible versions is typical of Russia's response when it has been implicated in malfeasance—or even caught red-handed.

The aim, Western officials and some Russian analysts said, is to muddy the waters and drown out facts. It is a strategy that has gained traction within Russia because it taps into popular mistrust of official versions of events, which flourished amid the distortions of the Soviet era.

"If lots of irrelevant information appears, people lose track of what is relevant, become disoriented and don't understand what is going on," said Valery Solovei, a political-science professor in Moscow.

On Wednesday, U.S. State Department spokeswoman Heather Nauert cited earlier Russian denials, despite overwhelming evidence, that the government sent its military into eastern Ukraine, was behind the killing of former intelligence agent Alexander Litvinenko in the U.K., and ordered a mass program to dope Russian Winter Olympic athletes.

"Attempts to deny responsibility follow a familiar script," she wrote on Twitter.

The U.K. government said it was highly likely that Russia was responsible for the poisoning of Sergei Skripal, a Russian double agent, and his daughter, who are critically ill after being poisoned with a nerve agent this month in the U.K.

The Russian response has swung from portraying him as a traitor who got his just desserts to insisting Moscow had nothing to do with the attack. But its focus is on the volume and variety of information, rather than its credibility, with the aim of confusing Western adversaries and weakening their response, Mr. Solovei said.

From the Kremlin, conspiracy theories proliferate.

"It's most likely the latest crude, bogus, illegal stunt," the Russian Foreign Ministry's top arms-control official, Vladimir Yermakov, told foreign diplomats during a nearly two-hour meeting on Wednesday. "One could imagine that it may have been orchestrated from across the ocean," he said, referring to the U.S., which also blames Moscow for Mr. Skripal's poisoning.

Mr. Yermakov, who harangued Western diplomats and said they should be embarrassed, gave voice to a theory that has gained currency in Russian online discussion forums: The U.K.'s version of events mirrored the plot of a recent British TV thriller.

"Could it be some kind of hypnosis under the influence...of the TV series?" he asked. "One can only guess who, and with what aim, is trying to plunge the United Kingdom into the latest grubby and once again patently self-defeating misadventure, this time against Russia."

Efforts to point the finger at Russia's adversaries have gained traction among the public in Russia, who have been subjected to wall-to-wall coverage of the incident, aimed at reinforcing a narrative that the country is the victim of dirty games by Western powers looking for an excuse to attack Moscow.

For one woman who was smoking a cigarette outside a Moscow shopping mall, "it's all rumors."

"No one poisoned him," she said. "He died of his own accord."

Putin's Playbook

Russia's pattern of response to accusations of wrongdoing has been predictable.

Double agent Sergei Skripal poisoned by nerve agent in England, March 4.

DENIAL
'Nonsense' — President Vladimir Putin, March 19

DEFLECTION
'Western countries are prepared to use any dubious and illegal methods with the aim of discrediting Russia' — Maj. Gen. Igor Kirillov, March 21

Opposition leader Boris Nemtsov gunned down in Moscow, Feb. 27, 2015.

DENIAL
The killing was 'a provocation' — Mr. Putin, Feb. 28, 2015

DEFLECTION
Mr. Nemtsov could have been a 'sacrificial victim' killed to discredit the government — Russia's Investigative Committee, Feb. 28, 2015

Malaysia Airlines jet shot down over eastern Ukraine, July 17, 2014.

DENIAL
Claims of Russian involvement 'are being manufactured' — Russian Defense Ministry, July 24, 2014

DEFLECTION
'Russian radar detected a Ukrainian air force jet ... climbing in the direction of the Malaysian Boeing' — Russian Defense Ministry, July 21, 2014

Sources: staff reports; photos, left to right: Chris J Ratcliffe/Getty Images; Associated Press; Maxim Zmeyev/Reuters

THE WALL STREET JOURNAL.

WORLD WATCH

AIKIN DANIL/TASS/ZUMA PRESS

Flames and smoke rise from the Zimnyaya Vishnya shopping mall in Prospekt Lenina in Kemerovo.

RUSSIA

Many Dead in Blaze At Siberian Mall

A devastating fire at a shopping center in a Siberian city killed 37 people and left 69 others missing on Sunday, many of them children, a Russian state news agency reported.

The Tass agency quoted firefighters as saying that 40 of the missing at the four-story Winter Cherry mall in Kemerovo were children. An additional 43 people were injured in the blaze, the report said.

There has been no immediate information on the cause of the fire at the mall, which is about 1,900 miles east of Moscow. But Tass reported that the fire started on the top floor and consumed an area of about 16,150 square feet.

The reports didn't say if the victims died from burns or smoke inhalation.

The shopping mall, which opened in 2013, has a cinema, petting zoo, children's center and bowling, Tass reported.

—Associated Press

CHINA

Party Chief Named For Central Bank

The authorities picked a reform-minded financial regulator to be the party secretary of the central bank, according to people familiar with the matter, a move that could bolster momentum for financial overhauls.

Guo Shuqing, who is also chairman of China's newly combined banking and insurance regulatory commission, is to be appointed the party secretary of the People's Bank of China, the people said Sunday.

Mr. Guo, a veteran financial regulator who had also served as the nation's top securities regulator, will work closely with the newly-appointed PBOC Gov. Yi Gang to map out China's financial policy.

Unlike Western central banks such as the U.S. Federal Reserve, the PBOC isn't independent and answers to the top leadership.

—Lingling Wei


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Near Price Highs 168 new matches in last 7 days 678 Matches
Near Price Lows 27 new matches in last 7 days 134 Matches
Small Cap Growth 1 new match in last 7 days 7 Matches
XYZ
JOS
LMN
A Strongly Outperform BUY
B Outperform BUY
C Marketperform HOLD
D Underperform SELL
F Strongly Underperform SELL
For personal, non-commercial use only.
PLUS EARN
500 commission-free online trades for two years
Welcome to the better place for traders.
charles SCHWAB
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Own your tomorrow.
Enroll in the offer and make a qualifying net deposit of $100,000 to earn 500 commission-free online trades. Limited to one account per client. Trades are good for two years and include only base equity, ETF, and options commissions and option per contract fees up to 20 contracts. Restrictions apply. See schwab.com/trading or call us for terms and conditions. Offer may be changed or terminated at any time without notice.
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Killing of Activist Jars a Divided Brazil

A prominent local politician, Marielle Franco had decried police's approach to Rio de Janeiro's violence-racked slums

By Samantha Pearson And Luciana Magalhaes

RIO DE JANEIRO—At the entrance to this city's biggest slum, Maré, burly guards for local drug gangs control access, lifting heavy steel girders set into holes in the road to let cars pass.

Until she was gunned down this month, this was the longtime home to Marielle Franco, a prominent local politician and the only black woman on Rio's 51-member city council. Ms. Franco was being driven home from an event about empowering black women when her assailants pulled up alongside her car and fired four bullets through its tinted windows and into her skull. An investigation is under way, but officials haven't commented on whether they have established a motive or identified suspects.

The execution-style killing has prompted nationwide protests and a bitter debate about the country's stark racial and social divides, with a focus on the issue Ms. Franco embraced with a passion that earned her powerful enemies: the role security forces play in slums, or favelas, like Maré.

So far this year, state officials say about 30 officers have been killed in raids on Rio's favelas, where more than a million residents live. Favela residents die in far greater numbers at the hands of police. Last year, police in Rio state killed 1,124 people, the highest number in a decade, according to official data. Though that figure reflects deaths throughout the state, most of the dead were young black men.

Ms. Franco denounced several alleged police killings over social media in the days before her death, including the death this month of a black man, Matheus Melo, as he was leaving church. Four days before she was killed, she vilified a police unit in the slum of Acari as the "Battalion of Death."

"What's happening now in Acari is absurd!" she wrote on Twitter. "Stop humiliating the population, stop killing our youth!"

A representative for the police unit in Acari couldn't be reached. Other police units contacted either declined to comment or weren't immediately available.

In the weeks before her death, the city councilor was also engaged in a bitter political conflict over President Michel Temer's decision a month ago to put the military in charge of public security in Rio. The army had already occupied her native Maré in 2014, fearful of the slum's proximity to the airport as the city prepared to receive thousands of visitors for that year's World Cup. Its presence had led not to more security, she said, but to more human-rights abuses.

Outside Maré's fortresslike gates is the Rio foreigners know well: the glamorous Olympic host city famous for its glistening coastline and sequin-studded carnival. But inside lies a city unto itself: about 140,000 largely dark-skinned Brazilians living under the control of drug gangs and militias, in ramshackle settlements with patchy access to electricity and clean water.

Many residents of favelas work as maids and doormen for richer people in Rio, and the favelas play an outsize role in shaping the city's music and art scene. But another, more combustible form of contact between these worlds preoccupied Ms. Franco and her neighbors, as well as other city officials and security personnel: the constant battle in the favelas between police and drug gangs with war-grade weapons.

Ms. Franco joined some favela residents and human-rights groups in accusing the police of torturing, robbing and killing innocent locals as they engaged in that fight. Complicating matters, shadowy militias, often made up of off-duty and retired police officers, also operate in the slums, say human-rights groups that accuse them of extorting money and carrying out extrajudicial killings.

Many of Rio's middle-class and wealthy residents, fed up with living in a municipality with one of the world's highest murder rates, say police should have a free hand in dealing with gangs. "I'm in favor. Something has to be done to save this country," said Marcela, an elderly homemaker on Rio's Copacabana beach. Three-quarters of all Brazilians agree with her, according to a recent study by pollster Paraná Pesquisas.

Security experts say the solution to police excesses lies in paying officers better and on time, providing better training and intelligence work, and funding community youth projects.

Favela residents, meanwhile, say they want to be rid of the gangs, but community leaders say the Brazilian state should be curbing the criminals' power by providing jobs, social programs and education rather than by sending in heavy-handed police.

Many of Ms. Franco's supporters believe it was her criticism of police that led to her paying the ultimate price. Patricia Vianna, a fellow activist in Maré who had worked with Ms. Franco days before her killing to help favela residents bring police officers to justice for killing suspects, said while she can't be sure who killed her, she believes it was done to send a message.

"We all took it as a warning for us to stop our fight. But whoever did it, they didn't expect the reaction this would get," she said. "This has only strengthened our battle."

—Paulo Trevisani contributed to this article.

RICARDO MORAES/REUTERS

Demonstrators in Rio de Janeiro last week protested the execution-style killing of 38-year-old city councilor Marielle Franco.

City Councilor Was Raised in Poverty

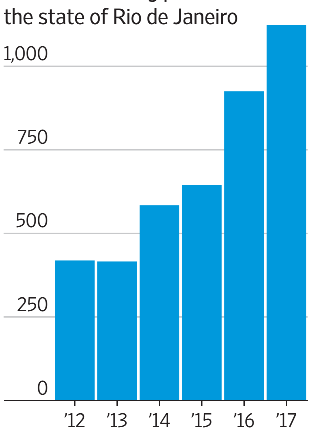
Marielle Franco, a lesbian single mother, in many ways was trying to bridge the city's divides as a slum leader who also had access to the corridors of power.

Despite growing up in poverty, Ms. Franco got a scholarship to study sociology at Rio's Catholic PUC University and broke into politics with a landslide victory in 2016 as city councilor. She made a name for herself standing up for black and mixed-race Brazilians.

Ms. Franco's younger sister, Anielle Silva, said their upbringing in Maré had been marked by violence. "There were days when we couldn't go to school because of shootouts or there were dead bodies outside our front door," the 33-year-old said.

Rising Toll

Homicides during police action in the state of Rio de Janeiro



Source: Rio de Janeiro Institute of Public Safety

THE WALL STREET JOURNAL.

GE

Continued from Page One

GE's biggest shareholders. "It leaves uncertainty" regarding the rest of GE Capital, he said. TIAA held 47 million GE shares at the end of 2017, mostly in index funds, and has been underweight in the stock in its actively managed funds.

GE Capital still has about $157 billion in assets, including a large airplane-leasing business. In addition to legacy insurance policies, it has exposure to subprime U.S. mortgages and unusual financial products, regulatory filings show, including $3.1 billion in floating-rate Polish residential mortgages that are mostly denominated in Swiss francs. GE acquired a bank in Poland in 2008 and sold everything but the mortgages in 2016.

GE continues to make heavy use of commercial paper, the type of short-term debt that caused a cash crunch for the company when the market froze in 2008. It ended 2017 with $3 billion in such paper outstanding, but the average balance was $17.3 billion during the fourth quarter, filings show. Recent quarters show a similar pattern.

"The company uses commercial paper to manage the timing of receipts and disbursements," a spokeswoman said. GE is focused on strengthening its balance sheet, she added.

GE ended 2017 with $11.2 billion of cash, excluding its investment in oil-field services company Baker Hughes. Last year, GE slashed its dividend by half, saying it wasn't generating enough cash to cover the shareholder payout.

Jamie Miller, who took over as GE's finance chief in November, has been reviewing the company's balance sheet. She has played down concerns about GE Capital while also pointing out potential risks. "We've got a good inventory of what we see," she told investors in January, adding that the reserves are appropriate for the risks.

Weeks later, Ms. Miller flagged the potential risk of a legacy GE Capital business called WMC Mortgage, which was a large home lender to people with low credit scores before the financial crisis. GE bought the subprime lender in 2004 and sold the operation's assets in 2007 after racking up about $1 billion in losses in that year alone. Even though its assets were sold, WMC is still part of GE Capital.

GE in February disclosed in its annual report that the Justice Department is likely to claim the business violated federal lending laws in 2006 and 2007. The operation is part of a larger, yearslong investigation by the Justice Department into the subprime mortgage crisis.

> *'It is really hard to forecast' the liabilities that remain, said Fitch's Eric Ause.*

Major banks have paid billions in dollars in penalties to resolve allegations they understated the risk of mortgages bundled into securities that fueled the housing bubble last decade and exacerbated the subsequent collapse. GE hasn't paid any penalties related to the defunct WMC.

While many of the mortgage-related lawsuits were settled, one case against WMC went to trial in February in federal court in New Haven, Conn. Testimony included examples of individual loan applicants applying for multiple loans within weeks of each other, while showing drastically higher income or misrepresenting other information on applications.

One former WMC employee testified that an applicant had listed his or her occupation as a museum curator, but it turned out the person worked in a hair salon. Loan applications known to contain incorrect information were still approved, according to testimony in the trial. GE declined to comment on the case. The two sides are scheduled to make closing arguments in coming months.

GE had reserves of $416 million at the end of 2017 to cover claims related to the WMC business, but there was nothing set aside for any potential fine or settlement from the Justice Department probe. Ms. Miller has said GE believes the existing reserves are adequate and noted she is watching the Justice Department process, which she described as being in "early days."

"It is really hard to forecast" the liabilities that remain since GE is so large it doesn't have to disclose many details about GE Capital, said Eric Ause, senior director of corporate ratings at Fitch Ratings.

"We aren't anticipating more, but there is always a risk there is going to be another charge."

Moody's Investors Service gives GE an A2 debt rating, a midlevel investment-grade rating that is five notches above junk grade. GE once held the highest rating—triple A—but has seen several downgrades since the financial crisis.

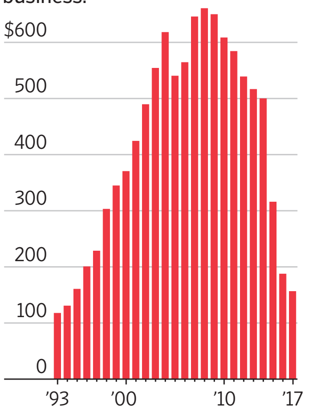
Some investors said the mortgage portfolio was unlikely to generate liabilities as large as the ones coming from its long-term-care insurance business.

They also said one of the largest remaining pieces of GE Capital is its successful airplane leasing operation, which has about $41 billion in assets. It accounted for more than half of GE Capital's $9.1 billion in revenue last year.

—Joann S. Lublin contributed to this article.

Capital Exit

GE has scaled back its lending business.



Source: the company

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ADS

Continued from Page One

Among the leaders is P&G, the world's largest advertiser.

Many companies are policing their ad purchases to avoid objectionable or irrelevant content. Some are cutting budgets. And they are demanding more transparency from Google and Facebook about the performance of their ad campaigns to make sure they aren't wasting money.

Advertisers have poured huge sums into the two tech giants over the past decade, lured by their huge audiences and ability to target ads based on reams of consumer data. Facebook and Alphabet Inc.'s Google are known in the industry as a "duopoly," with overwhelming dominance of the U.S. digital ad marketplace, which is expected to reach $107 billion this year.

Yet both firms are now on the defensive about the role they played in the 2016 election and on their broader role in society. The latest controversy over the mishandling of Facebook user data has prompted a handful of small advertisers, including wireless speaker company Sonos and auto-parts chain Pep Boys, to temporarily suspend spending on the platform. Some advertisers want to ensure that the data they upload to Facebook on their customers—a tactic used to target ads at their desired audiences—are protected. And they are watching to see if the scandal reduces Facebook's use by consumers. Facebook has moved to reassure top ad executives in recent days.

P&G said it was poised to return to YouTube on much stricter terms. It will hand pick a list of acceptable channels to advertise on rather than relying solely on Google's algorithm, which tries to match viewers with the advertiser's target audience.

"We realized we can't count on them. We have to take this into our own hands," said P&G Chief Brand Officer Marc Pritchard.

P&G this month said it cut more than $200 million in digital ad spending in 2017, including 20% to 50% cuts at "several big digital players," partly because better data showed it was wasting money. P&G found that the average view time for a mobile ad appearing in the news feed on platforms such as Facebook is only 1.7 seconds.

Restaurant chain Subway plans to cut back on Facebook spending because of concerns about whether its ads are being viewed sufficiently, according to a person familiar with the matter. One global beverage company is planning to cut its spending on Facebook ads by about 30% in the U.S. and the U.K. this year because of a decline in effectiveness, according to a person familiar with the matter.

So far, there's no sign of financial damage to the tech companies, and they remain in a commanding position. Last year, Facebook totaled $39.9 billion in global ad revenue, up 49% from a year earlier, and the YouTube controversy didn't appear to make a dent at Google, where ad revenue grew 20% to $95 billion.

"They made a lot of changes, and that is a good thing," Mr. Pritchard said. But Facebook and Google are insulated when any advertiser, even a big one, pulls spending, given how many they work with. "At the end of the day, do they really need us?"

Advertisers are beginning to direct more digital dollars to Amazon.com Inc., Snap Inc. and others. Yet the duopoly retains the lion's share. The latest data from research firm eMarketer showed that Google and Facebook's combined U.S. digital ad market share will drop for the first time this year to 56.8% from 58.5% last year. No other digital player is expected to top 5% this year, however, including Microsoft Corp., Verizon Communications Inc. and Amazon.

P&G's pushback began more than two years ago. In February 2016, Mr. Pritchard met with executives from tech companies including Facebook and Google to complain about a declining return on investment from digital ads.

Mr. Pritchard wanted to know if ads were hitting the right target and how long they were being viewed, and he wanted the platforms' data to be verified by an accredited independent third party, similar to the role Nielsen plays in television ratings, people familiar with the meetings said.

At Google's Mountain View, Calif., headquarters, Google's chief business officer, Philipp Schindler, told Mr. Pritchard that P&G's rivals were spending billions of dollars without getting accredited third-party measurement data, said a person familiar with the meeting. Mr. Pritchard told Mr. Schindler that P&G would stop spending if Google didn't step up. "Hundreds of millions of dollars may not seem like a lot to you, but it's a lot to us," Mr. Pritchard said, according to the person's account.

Months later, it was Facebook's turn to take the heat. In August 2016, the company disclosed on its "Advertiser Help Center" that its metric for the average time users spend watching videos was artificially inflated, because it was only counting views of more than three seconds.

Facebook told advertising giant Publicis Groupe that average video viewing time was likely overestimated by 60% to 80%. Other miscues followed. Facebook fixed the problems as they arose and said they didn't affect billing, but trust with advertisers had frayed.

"The days of giving digital a pass are over," Mr. Pritchard said at a trade group meeting in January 2017.

The following month, at a meeting of the Association of National Advertisers, the group wanted to know when Google and Facebook would allow the industry's measurement watchdog, the Media Rating Council, to audit some of their metrics.

Instead, Facebook executives including Carolyn Everson, vice president for global marketing solutions, launched into a presentation about how video ads were effective on Facebook, even if users only watched them for a very short time, said people familiar with the meeting, frustrating some attendees.

"If our boards come to us and ask us, 'Do you know where these dollars went' and we cannot confirm it, we have a problem and therefore you do," said Deborah Wahl, who was then U.S. marketing chief of McDonald's Corp., according to one of those people.

Facebook executives laid out a plan to give more measurement data to third-party companies and promised an audit of its measurement processes.

Facebook said it is working to help advertisers reach the right audiences and drive sales, but it is limited in how much information it can give because of privacy concerns. "Our goal with every business advertising on Facebook is to help deliver a meaningful return on investment," said David Fischer, Facebook's vice president of business and marketing partnerships.

Last March, another controversy erupted after a Times of London story revealed ads were appearing alongside videos supporting terrorist groups. That, and additional reports that found ads on racist videos, triggered a boycott of YouTube by companies including Coca-Cola Co., P&G and Walmart Inc.

Google worked to assuage advertisers by improving the technology it uses to screen videos; setting a higher bar for videos that qualify for ads; adding more human reviewers; and giving marketers more control over where their ads appear. Last month, YouTube said it would have humans review every video in its "Google Preferred" service, a program that lets advertisers target the top 5% of content ranked by popularity.

"We have partnered with advertisers to make significant changes to how we approach monetization on YouTube with stricter policies, better controls and greater transparency," said a Google spokeswoman. "We are committed to continuing this dialogue and getting this right."

For months, ad giant Omnicom Group has had dozens of employees reviewing thousands of YouTube videos where their clients' ads have run, to make sure the content is appropriate, said people familiar with the matter.

During an audit in October for GlaxoSmithKline PLC, the agency discovered that some of the drugmaker's ads were appearing alongside inappropriate content on Google Preferred, the people said. One ad that should have been targeted to adults appeared in a video geared toward children.

The agency dug further into the Heroes Team channel, one of the channels in the Google Preferred service, and found other content it considered inappropriate, including sexually suggestive videos.

Omnicom raised the alarm, and some of its clients suspended their ads from Google Preferred. YouTube eventually removed all ads from the Heroes Team channel, and the channel's creator said he replaced the video content.

For Mr. Pritchard, the YouTube crisis was a chance to look deeper at the ways he said P&G's spending was going to waste on the site. In its tests, the company found that ads could land alongside a range of inappropriate videos, such as a young Portuguese boy shooting Teletubbies with a gun and an Arabic movie with terrorism themes, according to people familiar with the matter. "We kept testing things. We'd take a step forward, then something else would happen," said Mr. Pritchard.

In the past few months, P&G said it began to see improvements and started negotiating its return to YouTube. Google helped its case by assisting P&G when videos began spreading on social media showing teens eating or vaping Tide Pods, P&G's liquid detergent packets.

P&G said its plan to return to YouTube will involve selecting certain pre-vetted YouTube channels to build a "white list" for where its ads can run. In the U.S., its white list will consist of fewer than 10,000 YouTube channels, down from three million channels where its ads could appear before.

The approach can lower the risk to a brand but puts the burden of figuring out how to avoid YouTube's dark alleys on the advertiser, and companies will likely pay higher prices for more targeted ad buys, according to ad executives.

HP Inc., which pulled ads from YouTube over inappropriate videos in November, is waiting to return until all the safety improvements are in place, said HP's chief marketing officer, Antonio Lucio. The Palo Alto company was spending roughly $20 million on YouTube ads annually, according to a person familiar with the matter.

At an event hosted by Omnicom on Thursday, Ms. Everson enumerated the steps Facebook has taken since the Cambridge Analytica scandal erupted. They include hiring forensic auditing companies to review apps that collected large amounts of user data before 2015, when Facebook tightened its policies, according to a person who attended the meeting.

"We have to protect people's privacy because at the end of the day, our business is built on the foundation of trust," Ms. Everson said in an interview about Facebook's data policies regarding advertisers.

Facebook and Google have earned credit from marketers for forking over more measurement data to accredited third-party firms. The MRC, the measurement watchdog, has largely completed the first phase of its audit.

P&G's Mr. Pritchard said the companies have done 90% of what he has asked for so far, but "this was step one."

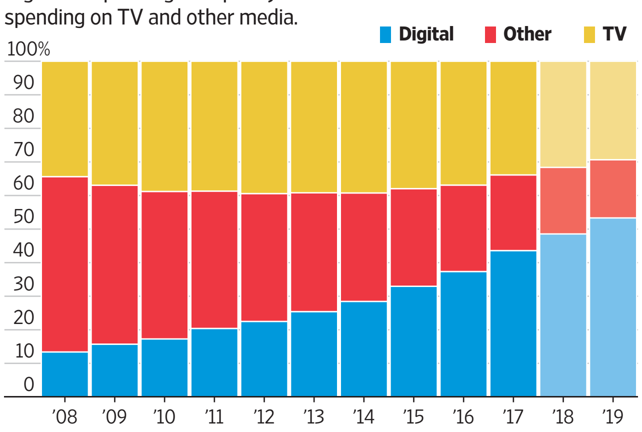
—Lara O'Reilly contributed to this article.

ELIZABETH SHAFIROFF FOR THE WALL STREET JOURNAL

Google and Facebook last year accounted for 56.8% of the U.S. digital ad market to reach such users as this group in New York City.

New Landscape

Digital ad spending has quickly overtaken spending on TV and other media.



Note: Data for 2018 and 2019 are projections.
Source: eMarketer

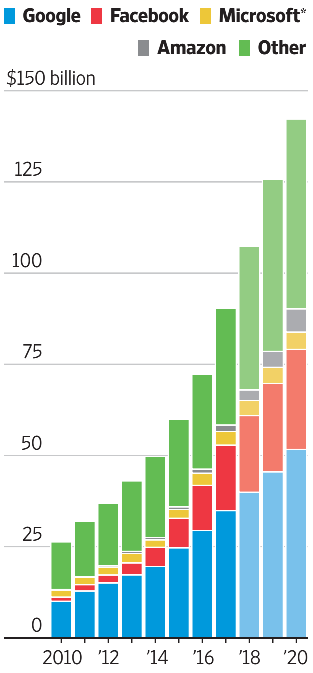
THE WALL STREET JOURNAL.

MICHAEL NAGLE/BLOOMBERG NEWS

'We can't count on them,' said Marc Pritchard, P&G's chief brand officer.

Big and Bigger

Google and Facebook capture more than half of U.S. digital advertising spending.



Note: Data for 2018-20 are projections.
*includes LinkedIn
Source: eMarketer

THE WALL STREET JOURNAL.

ALPACA

Continued from Page One

fleece. The animals became popular throughout North America as a retirement venture for empty nesters, and as a way for urban escapees to pursue a farm lifestyle. A U.S. tax break helped drive demand.

The animal's popularity grew through the 1990s and into the 2000s, when many alpacas sold for tens of thousands of dollars, according to herder Louise May of St. Norbert, Manitoba. She remembers one prized male selling for $500,000. "That was during the peak craziness," she said.

The boom started cooling after the 2008 recession, helped along by some owners realizing the amount of work, time and money required to turn a profit.

Eventually, people couldn't give the animals away, causing some farms to fail. There were mass "herd liquidations," forcing rescue organizations to step in to try to find homes for the animals.

Lately, some resourceful owners have been putting their alpacas to work. They employ them as amusing, sometimes interactive props in yoga classes and wine-tasting sessions. They also feature the animals at B&Bs and birthday parties. "Like a singing telegram, but with alpacas," says Bud Synhorst, executive director of the Alpaca Owners Association of Lincoln, Neb.

Ms. Patman offers six alpaca dance classes, which she holds outdoors. There is a hip hop class called "Poppin' Pacas," a ballet workout and "Camelid Cardio," which gets the heart pumping through choreography and up-tempo music.

During class, the animals walk among the dancers, sniffing and kissing them. One alpaca named "Woodward" tends to take his spot up front, "like he's one of the instructors," Ms. Patman says.

Alpacas sometimes spit when angry, hum when happy, scream when stressed, and orgle—a throaty grunt males make—when in the mood for love. This can lend a certain tension to the class when combined with the loud music and jumping humans.

For the most part, though, Ms. Patman's alpacas are gentle and quiet. They won't bite, but they do like to get up close and personal. "They like to get involved," she says.

The class "Alpacas, Mommy and Me" is the most popular. The animals are "kind of like a built in babysitter while mom is doing her exercise," Ms. Patman says.

Wren Owens of Woodhull, N.Y., agrees that alpacas are great with children, and with seniors. The former herder, who owned, bred and sold more than 1,500 alpacas between 2004 and 2013, says she hopes to see unwanted alpacas put to work as therapy animals. When she left the business, "people couldn't give them away," she says.

Ms. May bought her initial four alpacas 16 years ago for about $16,000. She says she recouped that investment long ago and now turns a tidy profit selling alpaca goods and the occasional animal. She shears her herd, now numbering 20 thanks to vigorous breeding, for fleece, which she spins into yarn for knitting.

ALPACAZONE

Kaeleigh Ayre nuzzled at a dance class near Winnipeg Manitoba.

But Ms. May, too, sees opportunity in diversification. Last summer, she decided to involve her herd in a belly-dancing venture at her farm. She offers "tribal style" belly-dancing classes at $12 per person, and two-hour private bookings that cost $150 and up, depending on food requests and optional extras such as milking goats or picking eggs from chicken coops.

The dancers, who double as performers and teachers, gyrate in a circle as the alpacas wriggle among them. Eventually the audience gets up to dance, too. Things get especially lively in the spring after the animals have spent a long winter cooped up. "It's a free-style movement that's endlessly amusing," Ms. May says.

To the south, in Peacham, Vt., Ariel Zevon, the daughter of the late musician Warren Zevon, uses her alpaca for protection on her farm.

Ms. Zevon bought her animal, Dakota, four years ago from a nearby farmer who was downsizing. She and a friend got a 2-for-1 deal.

Neutered male alpacas will bond with herds of goats or sheep, and take on a protective role to keep predators at bay, Ms. Zevon says. Mostly they do this by staring assailants down with their giant eyes.

The animals will trample a coyote if necessary, she says. "It's pretty amazing. Nothing has ever attacked our goats," she says.

While Dakota might look like a big goofy teddy bear, Ms. Zevon advises against hugging him. He doesn't like people and prefers to keep his owners at a distance, she says. He hates being touched, but warms up to his charges, often letting the baby goats, bunnies and chickens jump on his back and cuddle up.

"He loves the critters and takes his protector role to heart," she says.

Ms. Patman, meanwhile, is preparing to expand her enterprise. This spring, she plans to buy a few more alpacas and offer more dance classes. "We're adding Zumba, " she says.

GREATER NEW YORK


DREW ANGERER/GETTY IMAGES

New York City has lowered speed limits and increased enforcement of traffic rules as part of a long-term plan to reduce traffic fatalities.

Traffic Deaths Down 7%

Pedestrian fatalities fell sharply in the city in '17 but others rose; 'more that can be done'

By Mike Vilensky And Melanie Grayce West

Total traffic fatalities fell 7% in New York City last year, with pedestrian deaths dropping from 148 to 101, but more drivers, bicyclists and motorcyclists were killed in accidents, according to a report released by Mayor Bill de Blasio.

"There is still much more than can be done," said Marco Conner, legislative director for the advocacy group Transportation Alternatives, who cited the need for more bike lanes and speed cameras in school zones.

Mr. de Blasio, a Democrat, launched an initiative in 2014 called "Vision Zero," a 10-year effort to get the city down to zero traffic deaths. Since the program began there has been a 28% decline in traffic fatalities and a 45% drop in pedestrian deaths, according to the report.

As part of the program, the city has lowered speed limits, redesigned streets, closed more areas to car traffic and amped up enforcement of traffic rules.

Mr. de Blasio earlier this month called on Albany to go further, with an expansion of the city's speed-camera program, an increase in fines for violations caught on camera and the ability to suspend registrations on cars that repeatedly speed in a school zone or run a red light, among other measures. They would have to be approved by the state legislature.

The issue gained renewed attention in recent weeks after two children were struck and killed by a car while in a crosswalk in the Park Slope neighborhood of Brooklyn at an intersection that has long been considered hazardous for pedestrians.

Abigail Blumenstein, 4 years old, and Joshua Lew, 20 months old, were killed in the March 5 crash. Abigail's mother, Ruthie Ann Blumenstein, and Joshua's mother, Lauren Lew, were among the injured.

The driver of the car, 44-year-old Dorothy Bruns of Staten Island, said she had a seizure at the time of the incident, according to police.

The license plate on the car involved in the crash had been cited four times for running red lights and four times for speeding in school zones since July 2016.

A Wall Street Journal analysis of city records of violations issued by automated red-light and speed-zone cameras shows there are thousands of repeat offenders, yet current state law makes it possible for repeat violators to go unpunished.

High School Hit Bumps and Persevered

By Leslie Brody

PART TWO OF A SERIES

When Eva Moskowitz started her charter elementary schools in New York City more than a decade ago, she didn't envision having high schools. But after seeing what she thought were too few good options for her young students as they grew up, she decided to start some.

It hasn't been easy.

Her first high school, housed on two floors of a building on East 33rd Street, has had high turnover among teachers and at the top. The second principal since its opening in fall 2014 announced Thursday he is leaving. And students recently staged a sit-in to protest what they said were unduly harsh penalties for infractions.

Ms. Moskowitz praised the "healthy dynamic" of the students' activism at Success Academy High School of the Liberal Arts. But the episode also showed how the high school, like the teenagers who attend it, is experiencing growing pains. The charter network, known for highly structured methods for teaching young children, has had to learn to navigate the world of adolescents.

"What is the right amount of push on a teenager?" asked the high school's outgoing principal, Andrew Malone. "That is really hard to get right. You don't want to Tiger Mom them to the point where they are unhappy or counterproductive. But you don't want to be so laissez-faire that they're not producing their best and then live to regret it."

Mr. Malone, a 31-year-old Harvard University graduate, said he is leaving Success Academy in June because he enjoyed designing a single school more than he would like to help scale up a group of high schools with a shared blueprint, as the network intends to do.

Success Academy officials said Brooke Rosenkrantz, now principal of the network's Harlem East Middle School, will lead the high school for the next academic year.

Ms. Moskowitz aims to expand Success Academy to roughly 100 schools in a decade, up from the 46 schools now

Please see CLASS page A14B


STEPHEN REMICH FOR THE WALL STREET JOURNAL

Chess class is one of the electives offered at Success Academy High School of the Liberal Arts.

New Medical School Prepares to Admit Students

By Melanie Grayce West

Years in the making, Hackensack Meridian School of Medicine at Seton Hall University is finally ready for students.

The school, located at the former Hoffmann-La Roche campus in Nutley, N.J., is a joint venture of Seton Hall University and Hackensack Meridian Health. The college has just begun accepting applications for its first class of 55 students, who will begin studies this July.

One of the school's goals is to keep physicians in New Jersey, which is facing an estimated shortage of 3,000 doctors by 2020, said Robert Garrett, co-chief executive officer for Hackensack Meridian Health.

"We've seen a huge exodus from New Jersey with medical students receiving education out of state," said Mr. Garrett. "We're hoping to reverse a talent drain."

Over just a few days, 400 people have applied, according to a spokeswoman for Hackensack Meridian, the state's largest health network.

The school is New Jersey's first private medical school to open in more than six decades, and now is the only one in the state. Over time, the school will grow to about 150 students per class, according to Hackensack Meridian. Combined with the classes from Seton Hall's College of Nursing and its School of Health and Medical Sciences, some 3,000 students ultimately will call the college home, the network said.

The campus occupies some 100,000 square feet over 17 acres in a sprawling site about 12 miles from Manhattan. The buildings that comprise the medical school have state-of-the-art equipment left behind when Hoffmann-La Roche, a Swiss health-care company, moved its Nutley operation to California.

It is a joint venture of Seton Hall University and Hackensack Meridian Health.

The new medical school announced its move into the former campus in January 2016. Since then it had been working toward accreditation, which it received in February.

Students will complete their training in the 16 hospitals that are part of the Hackensack Meridian Health network, school officials said. The curriculum will emphasize population health, officials said, and pair doctors with other health professionals to shadow families living in poor communities, the officials said. Over time, the expectation is for students to learn how to "partner with people from a broad range of disciplines" to best care for patients, said Dr. Bonita Stanton, the founding dean of the school.

Students will have the option of a year-round, three-year program, which would shave expenses from an annual tuition that runs upward of $50,000, officials said. A fourth year could be spent on a dual-degree program with engineering, for example. The school will open with an endowment of $100 million for scholarships, a school official said.

New Jersey Set To Add Teeth to Pay-Equity Laws

By Kate King

New Jersey lawmakers are slated to vote Monday on far-reaching legislation that would enhance the state's pay-equity laws, making them among the strongest in the nation.

The bill, which is expected to pass the Democratic-controlled legislature with bipartisan support, would make it easier for women and minorities to pursue pay-discrimination claims and significantly expand the amount of damages they could collect from employers who are found guilty.

New Jersey Gov. Phil Murphy, a Democrat who took office in January, is expected to sign the legislation, similar versions of which were vetoed by his predecessor, former Republican Gov. Chris Christie.

"My first act as governor was signing an executive order promoting equal pay for women by prohibiting the state government from asking job applicants questions about salary history," Mr. Murphy said in a statement. "Now, it's time to go further to extend equal pay protections statewide."

New Jersey Senate Majority Leader Loretta Weinberg, a Democrat, said the proposed law would force many businesses to confront pay equity. A provision of the legislation requires companies that win contracts from public agencies to submit compensation reports comparing the pay of female and minority employees to other workers within their job categories and pay bands.

"This will require companies to take a really deep look at their pay scales, and I think they're going to find a lot of things that maybe they didn't anticipate," Ms. Weinberg said. "This has been a long time coming for the state of New Jersey."

The bill is opposed by some business groups, including the New Jersey Society of Certified Public Accountants. Chief Executive and Executive Director Ralph Thomas said he supports pay equity but is worried that the legislation is overly punitive and would scare companies away from the state.

"We're trying to attract companies here," Mr. Thomas said. "New Jersey's already considered to have a very litigious environment."

Every state except for Alabama and Mississippi has equal-pay laws, according to the American Association of University Women, an advocacy group. During the past year, several states, including California, Washington, Colorado, Delaware, Nevada and Oregon, as well as Puerto Rico also have enacted stronger pay-equity laws.

New Jersey women typically make 81 cents for every dollar paid to men, a penny more than the nationwide average, according to the National Women's Law Center.

The proposed New Jersey bill would make it easier for employees to win pay-discrimination cases, said Andrea Johnson, senior counsel for state policy at the women's law center. Workers would have to show that they were paid unequally for "substantially similar" work, rather than the previous standard of "substantially equal" work.

"Equal work sometimes gets interpreted very narrowly to be exactly the same work," she said. "That's not the reality of workplaces and how work is done."

The proposed law would expand to six years the amount of back pay employers would owe if found guilty of pay discrimination, compared with the current maximum of two years. The employer would then have to pay three times the total amount of damages awarded to the employee.

Nancy Erika Smith, a longtime employment attorney based in Montclair, N.J., said the proposed stricter punishments are an important step toward rectifying what in some cases have been career-long wage gaps between female and male employees.

"Two years is so inadequate for most women," Ms. Smith said, referring to the current back-pay rule. "That doesn't even begin to account for how your life was changed, how your Social Security [contributions were] less, how your pension was less, not to mention the education you couldn't give your kids."

Federal Settlements Have Been Modest

On the federal level, pay-discrimination cases under the Equal Pay Act of 1963 have resulted in relatively modest payouts for employees, according to statistics from the U.S. Equal Employment Opportunity Commission.

Settlements have netted about $34.5 million during the past five years, while claims that went to court won less than $1 million in damages over the same period.

By comparison, federal settlements involving the Age Discrimination in Employment Act have netted $453 million since 2013, while cases that have gone to court have won nearly $18 million in monetary relief, according to the EEOC.

Several New Jersey employment attorneys said they rarely litigate pay-equity cases. A lack of transparency about compensation makes it difficult for employees to figure out if they have been discriminated against, and pay inequities often are discovered while working on broader cases involving sexual harassment, withheld promotions or wrongful terminations.

81

Cents that New Jersey women earn for every dollar man get


JULIO CORTEZ/ASSOCIATED PRESS

New Jersey Senate Majority Leader Loretta Weinberg says the pay-equity bill would compel firms to look closely at their salary scales.

Nonprofits Steady the Office Market

By Keiko Morris

PROPERTY

Big financial firms got much of the attention in New York's commercial real estate circles last year by inking large deals for new office space. But nonprofits and public organizations carved out an important role as well, signing huge leases and helping to prop up an otherwise slumping commercial property sales market.

Last year, nonprofit and public organizations signed leases for 6 million square feet of space throughout the city, a 46.3% increase from 2016, according to a report from real-estate services firm Cushman & Wakefield. The average size of lease transactions signed by these groups rose to almost 47,000 square feet, up 76% from 2016.

Despite the city's 40% drop in commercial sales overall in the last year, the nonprofit and public organizations maintained their 2016 level of transactions, buying and selling a total of $1.2 billion, Cushman's data showed.

For example, the nonprofit Children's Aid is buying a new office condominium in Harlem for its headquarters, using the proceeds from the 2014 sale of its old offices.

"The nonprofits are still big players," said Robair Reichenstein, a managing director at Cushman and one of the report's authors.

The flight of firms from aging buildings to new or like-new office developments in the broader office market has played a hand in the sector's robust leasing last year, brokers said.

The increased supply has helped keep rents in the overall market flat, while prices for the space left behind by firms heading to new trophy towers often remain affordable for nonprofit and government agencies looking to improve their offices, brokers said. About 76% of the lease transactions in the nonprofit and public sector were new leases.

"What we think is happening here is these large players are locking in value rents," Mr. Reichenstein said.

Nonprofit and public sector leases averaged about 47,000 square feet last year.

In 2017, the New York City Housing Authority renewed 588,566 square feet at 24-02 49th Ave. in Queens. Hospital network NewYork-Presbyterian completed a deal for 479,016 square feet at 237 Park Ave., where it will consolidate area offices.

Unlike investors that have shied away from commercial property sales in the past two years, nonprofit and public-sector groups continued to sell and purchase with much different goals. The total amount of 2017 sales and purchases in the sector was flat compared with 2016, but the number of these deals rose to 80 from 48, according to Cushman.

For those with resources to buy, doing so can help keep occupancy costs low over time, said Stephen Powers, national leader of the nonprofit practice at real-estate services firm Transwestern. In Manhattan, occupancy costs as a percentage of an organization's expenses increased to 8.1% in 2016 from 4.8% in 2008, according to Transwestern.

"It's a way for them to have more control over those expenses and it ends up being a smaller and smaller percentage of your budget over time," Mr. Powers said.

ELIZABETH SHAFIROFF FOR THE WALL STREET JOURNAL

1199SEIU Healthcare Workers East and the 1199SEIU Funds signed a lease last year for office space at 498 Seventh Ave., above.

That was the case with Children's Aid, which provides services to low-income children and their families. The organization, with the two other charities that owned 105 E. 22nd St., sold the 19th century building in 2014 as the commercial property sales market was nearing its peak.

"We didn't want to be in a situation where we felt we missed the moment," said Dan Lehman, chief operating officer of Children's Aid.

In February, Children's Aid signed a contract to buy a 55,565-square-foot commercial condominium and 10,000 square feet of air rights in a new Harlem commercial development for $45.25 million.

CLASS

Continued from page A14A

serving 15,500 students. Most of the existing schools are elementary; there are only two high schools. Under her plan, the organization would eventually graduate 3,000 teenagers a year, up from 17 in the current senior class heading off to college this year.

Ms. Moskowitz said it has been difficult to launch an advanced curriculum at the high-school level and fill leadership positions for certain subject areas. "It's really challenging to get kids to ace the AP World History exam," she said. "Nothing was easy about the journey."

Tailoring expectations for behavior was another issue. In Success Academy's elementary schools, children are supposed to wear tidy uniforms, walk silently in hallways and sit cross-legged in class, with their hands folded in front and their eyes tracking their teacher.

One day in late January, seniors and staff said about 100 of the high school's 345 students held a hallway sit-in. Protesters voiced several complaints, including over a proposed policy that would require students to repeat a grade if they had seven infractions of specific types, including late or missing assignments.

Although that policy wouldn't affect seniors, they fought it on behalf of the younger grades. "If you leave students back, they get discouraged," said Lexi Torres, a 17-year-old senior.

The protest worked: The principal said students would be held back only if they failed classes.

While students say the pressures are intense, they express pride in their accomplishments in nationally ranked teams in debate and chess, and ambitious theatrical productions such as Shakespeare's "A Midsummer Night's Dream."

"The academic rigor is sometimes overwhelming," said senior Aida Bathily. "But we find ways to circumvent that through reaching out to teachers and staying after school to make sure we get help."

On a recent morning, hallways were quiet as students in an English class learned to develop a climax in a short story. "Make sure our internal struggle has depth," said teacher Giahna Glasco. "What does your protagonist really want?"

In another room, small groups of students traded ideas on why the Russian Revolution was a turning point in world history. And in an economics seminar, seniors worked in pairs to graph how the price of movie tickets affected the number sold and devise an algebraic equation to represent that relationship.

When the first students arrived at the high school in fall of 2014, some had trouble adjusting to more responsibilities. "We were a mess," said Ms. Torres, who was in that ninth-grade class.

Mr. Malone took over as principal in fall 2015 and sought to add more direction. The students had all been at Success Academy since early elementary grades, and after growing up in a highly scheduled fashion, they needed a more gradual release toward autonomy, he said.

Students made progress, but challenges remain, he said: Nearly 10% of the students need academic interventions, and last year 10% were suspended.

Mr. Malone also has had to grapple with high staff turnover. He said almost one third of about 50 teachers last year left, in some cases due to the exhausting nature of the job.

"I've been thrown for a loop by how hard it is on a daily basis to build the plane while you fly," Mr. Malone said.

STEVE REMICH FOR THE WALL STREET JOURNAL

Principal Andrew Malone teaches an economics class at Success Academy High School of the Liberal Arts.

GREATER NEW YORK WATCH

CONNECTICUT

Senator Meets With Couple Taking Refuge

A Pakistani couple facing deportation met on Sunday with U.S. Sen. Richard Blumenthal at the church where they have taken refuge.

Mr. Blumenthal met with Malik Nayeed bin Rehman and Zahida Atlaf to discuss their appeal to legal authorities to remain in the state.

The couple has been in sanctuary at First Congregational Church of Old Lyme with their 5-year-old daughter, Roniya, since they evaded an order of deportation that would have put them on a plane Friday.

The church says Roniya is a U.S. citizen and deportation would "tear the family apart."

The couple came to the U.S. legally in 2000 on nonimmigrant visas, but remained past their visas' expiration dates.

Mr. Blumenthal, a Democrat, said he has received "no substantive response from ICE" but will continue to seek options with the family and their advocates.

—Associated Press

MANHATTAN

Funeral for Firefighter Will Be Held Tuesday

The funeral for Michael Davidson, a New York City firefighter killed fighting a blaze on a movie set last week, is scheduled for Tuesday morning at St. Patrick's Cathedral in Manhattan.

Mr. Davidson, 37 years old, died from smoke inhalation. The 15-year veteran had been fighting a fire in the basement of a Harlem building where a movie starring Edward Norton, Bruce Willis, Willem Dafoe and Alec Baldwin was being filmed.

On Saturday, city officials announced that Mr. Davidson had been posthumously promoted to lieutenant. He leaves behind a wife and four young children.

—Associated Press

NEW JERSEY

Suspect Is Charged After Double Shooting

A 42-year-old man was charged in a double shooting that left one person dead, law enforcement officials said.

Irvington police and Essex County prosecutors said two women were shot at a residence on Saturday. Adrianna Rodriguez, 27 years old, of Newark, died from her injuries. The second woman who was shot is in critical but stable condition at a hospital.

Euclide D. Valerio-Guzman, of Irvington, has been charged with murder, attempted murder, aggravated assault and weapons charges. A listed number for him was no longer in service and it wasn't immediately known if he was represented by a lawyer.

—Associated Press

NEW JERSEY

Man Is Shot Dead At a Restaurant

Authorities said a Livingston resident was shot and killed at a restaurant in Maplewood Township.

Essex County prosecutors and Maplewood Township said 30-year-old Altariq Brown was killed Saturday night and was pronounced dead at the scene.

Authorities said no arrests had been made.

—Associated Press

LIFE & ARTS

ART

A Provocative New Space for Art Emerges

ICA's 'Declaration' exhibit confronts racism, the environment and other hot-button topics

BY KELLY CROW

The ICA in Richmond, Va., is set to open April 21 with 'Declaration.' Works include, clockwise from below left: 'Tar Ball' by Levester Williams, 'Forced Out of Frame' by Titus Kaphar and 'Storm in the Time of Shelter' by Paul Rucker.

Richmond, Va.

"Full stop."

That's what Lisa Freiman, the former director of the new Institute for Contemporary Art, texted to her curators on the night of the presidential election.

She and her staff agreed that the U.S. was experiencing a historic moment, and they wanted the institute's inaugural show to reflect it.

Out went plans to show highly conceptual art inspired by architect Steven Holl's sleek building design, which features a 41,000-square-foot stack of boxy galleries that evoke an oversize game of Jenga. Instead, the ICA plans to open on April 21 with "Declaration," a roiling survey of 34 artists whose pieces tackle complicated issues such as racism, sexism and environmental woes.

The works include the 4-foot-tall "Tar Ball" that Michigan artist Levester Williams created from unwashed bedsheets he got from a Virginia prison. Chicago-based Marinella Senatore plans to turn a corner of the space into "Estman Radio: Richmond," an ad hoc radio station where people can record their convictions and hear them broadcast online, no matter where they land on the political spectrum. Paul Rucker, a Baltimore artist, is arranging about 50 mannequins on the main floor, each wearing hoods and robes reminiscent of the Ku Klux Klan but wildly patterned instead of white.

Mr. Rucker's work, "Storm in the Time of Shelter," gained particular relevance after last summer's violent white-supremacist rally in nearby Charlottesville. Richmond, once the capital of the Confederacy, is still grappling with how to handle its legacy, but organizers say the ICA's opening show could stir conversation that might otherwise remain hush-hush.

"This show doesn't pull any punches," said Shawn Brixey, dean of the School of the Arts at Virginia Commonwealth University. The university helped fund and will oversee the $41 million art space.

Mr. Brixey said the university didn't have any qualms about the shifting focus of the ICA's first show. Yet the university came under scrutiny after Ms. Freiman abruptly stepped down in January, three months before the institute was set to open.

CLOCKWISE FROM TOP: IWAN BAAN; TITUS KAPHAR/JACK SHAINMAN GALLERY, NY; PAUL RUCKER/RA RAH PHOTOGRAPHY; HOPE GINSBURG; LEVESTER WILLIAMS

Museum directors often leave their positions once projects debut but rarely before, so the departure raised concerns in the art world that her show had irked the school or her advisory board.

In an interview, Ms. Freiman said she was never stifled but simply chose to leave when construction delays pushed back the opening by at least three years. She felt comfortable departing because, she said, "the institution is in great hands now and ready to launch."

Mr. Brixey and advisory board co-chairman Bill Royall said they approved of Ms. Freiman's vision and didn't want her to go. "Not one piece was changed or removed after she left," Mr. Royall added, and Ms. Freiman remains a tenured professor at the university.

Former art-school dean and local sculptor Joe Seipel, has since been named interim director, and Mr. Royall said the board plans to nominate a permanent director by year's end, with the university doing the hiring.

All that shuffling means the home stretch has largely fallen to the institute's chief curator, Stephanie Smith, and assistant curator Amber Esseiva. During a recent visit, as they walked through the galleries, checking on works being installed, Ms. Smith said several artists commissioned "before the pivot" were woven into "Declaration," including a textile piece by Andrea Donnelly and a sound-based installation by Stephen Vitiello, two Richmond-based artists.

On the top floor, the curators pointed out colorful threads hanging across a cathedral-like room, converging on a table of neatly folded clothing. "The Mending Project" is by Lee Mingwei, a Taiwanese artist who invites volunteers to sit at the table and use the threads to darn or patch items that visitors bring. The only requirement, Ms. Smith said, is that the temporary tailors agree to chat with those seeking any mending; clothes can't just be dropped off. "It's about repair," she said.

One floor down, New York artist Titus Kaphar's "Forced Out of Frame" paintings about police brutality, taken from the perspective of dash-camera footage, were hung but still covered in wrapping. Nearby, an empty table stood that will eventually show jewelry boxes by Curtis Talwst Santiago. Instead of necklaces or rings, the boxes contain diorama-like scenes of heartbreak, such as refugees drowned along a rocky shore or bobbing in an overloaded boat.

"Social conditions feel starker lately, and artists are responding in poetic ways but also through activism," Ms. Smith said, "and we want to be present in all of it."

On the first floor, near Mr. Rucker's hooded figures, Ms. Smith stopped to confer with Richmond-based artist Hope Ginsburg about her video, "Land Dive Team: Bay of Fundy, 2016."

At first glance, it seems tamer than Mr. Rucker's searing Klansmen. In the video, Ms. Ginsburg appears in the Canadian bay's waters with a few scuba divers, but it quickly turns unsettling as the tide rises, submerging them. It is meant to convey the anxiety she feels about climate change, Ms. Ginsburg said, and she plans to bring the message closer to home later this year when she creates a related version of the piece in Richmond's James River to coincide with a local festival.

Ms. Ginsburg said art lovers in Richmond have long flocked to the encyclopedic Virginia Museum of Fine Arts, but she thinks the city is ready to embrace a contemporary art space with extra edge. Alex Nyerges, the VMFA's director and chief executive, agreed, calling the new institute a "perfect complement" to the city's cultural offerings.

Licking her thumb and sticking it overhead as though she were taking the local temperature, Ms. Ginsburg said of the institute, "it'll be our finger to the wind."

Hope Ginsburg's video, 'Land Dive Team: Bay of Fundy, 2016'

BURNING QUESTION | By Heidi Mitchell

WHY DO SOME PEOPLE GET SICK LESS OFTEN?

MITCH O'CONNELL

YOU KNOW WHO you are: the person who had perfect attendance, the one who never gets the nasty cold going around the office. Some people seem to be immune to whatever's taking hold of their friends and neighbors, while others move from one bout of cold to another with little reprieve. Two experts, Sheldon Cohen, a professor of psychology at Carnegie Mellon University in Pittsburgh, and Robert Atmar, a professor of medicine in the Section of Infectious Diseases at Baylor College of Medicine in Houston, explain how your family's home ownership during early childhood may come into play and why loners may fare worse.

Stress Test

Scientists agree that individual genetic and environmental factors affect whether otherwise healthy people catch whatever virus is circulating in the neighborhood. But Dr. Cohen—a psychoneuroimmunologist—looked at many studies that show that one-third of those exposed to a virus express symptoms, and tried to figure out the psychology behind them. He started by conducting a study in 1991 where he demonstrated that people who reported high stress levels prior to exposure were more likely to develop a cold. "But that study didn't distinguish the kinds of stress," he says.

He conducted a second study where researchers could identify specific stressors. The results were pronounced: If the stress had lasted longer than 6 months prior to exposure to the virus, participants had a greater risk of getting sick. "Acute events like a fight with your spouse don't matter that much," Dr. Cohen says. "The two most potent stressors are long-term conflicts with people and being unemployed or underemployed. They have health consequences."

Those stressors cause an increased production of the hormone cortisol, which helps to suppress the proteins that fight off foreign bodies—but under chronic-stress conditions, "cells stop being sensitive to cortisol," Dr. Cohen says. As a result, he adds, the immune system overproduces pro-inflamma-

Please see SICK page A16

WHAT'S YOUR WORKOUT? | By Jen Murphy

She Hits New Heights to Get Fit

A 60-year-old faced a fear to take on a circus-inspired routine that has her twisting and spinning in aerial activities like trapeze

URSZULA MASNY-LATOS has been terrified of heights her entire life. Yet three times a week, she twists and flips her body around a large metal hoop suspended nearly 5 feet in the air. "Just the idea of being upside down, even on the ground in a handstand scared me," she says.

Ms. Masny-Latos is the 60-year-old executive director of the Massachusetts chapter of the National Lawyers Guild. In mid-2013, bored with her gym routine, she decided to face her fear and joined a friend for an aerial class at Esh Circus Arts in Somerville, Mass. The two-hour "taster" class offered an introduction to aerial apparatus, including silks, trapeze and a metal hoop called a lyra. "It was a complete disaster," Ms. Masny-Latos says. "I lost all body awareness when I went upside down." Despite her frustration, she signed up for a beginner trapeze and hoop class.

She struggled for two months before she saw progress. "Little victories motivate you," she says. Learning to invert was a big milestone. She places her hands on the bottom of the hoop and raises her feet off the ground by tucking her knees to her chest. Then, she tilts backward using her abdominal muscles to get her hips up, and hooks her knees over the bar.

Ms. Masny-Latos says it's been incredible to see her body grow stronger and more flexible. "I could never do a backbend, and now I'm working at getting into the pose from standing," she says. She is originally from Poland and returns every summer. Last year, she watched as men did pull-ups at the beach. "I got on the bar and did seven pull-ups, more than any man," she says. "The look on their faces was priceless."

The Workout

Ms. Masny-Latos attends three 75-minute aerial classes a week. Classes start with a 15-minute warm-up that often includes core work like hanging from a bar and bringing her knees to her chest in a tuck.

She then works to master new moves like man in the moon, in which the student uses their whole body to brace themselves inside the hoop and balance without using their hands. All of these skills are carefully spotted by an instructor, though Ms. Masny-Latos says she frequently ends up bruised from bumping her body against the hoop and trapeze bar.

She takes a contortion class at Esh Circus Arts once a week. "A lot of positions on trapeze and lyra require the body to bend in crazy shapes, so I need to work on flexibility," she says. "In contortion, we hold splits for nearly two minutes. You want to cry, but you just breathe and we tell jokes to distract from the pain." She also attends yoga once a week.

She recently took up acro yoga classes, where she works with a partner to perform tricks such as a thigh stand, in which the partners face each other, grasp forearms, and then one person stands on the other's thighs while both lean back. She's advanced to trying to balance while standing on her partner's shoulders. "Now that's scary," she says.

Ms. Masny-Latos lives in Cambridge. She works in downtown Boston and will take the subway to Harvard Square and walk 15 minutes to Esh Circus Arts and then walk the mile-and-a-half home, which takes about 40 minutes.

Urszula Masny-Latos trains on silks, trapeze and a suspended hoop, above and right.

The Diet

Ms. Masny-Latos eats a mostly vegetarian diet. Protein-rich grains, such as millet, quinoa and buckwheat, are a staple, as are flax, almonds, walnuts and pumpkin seeds. Breakfast is millet with flax, almonds and hemp milk. She brews a mix of ginger root and turmeric in the morning.

"Both are supposed to have anti-inflammatory properties," she says.

Lunch and dinner might be cooked grains with roasted vegetables and a salad topped with grains and nuts. She eats fish once or twice a week. She loves chocolate and ice cream.

The Gear & Cost

Contortion, flexibility, and partner acro classes cost $165 for an eight-week session at Esh Circus Arts.

Lyra and trapeze classes cost $239 for an eight-week session. Her $40-a-month membership at Evolve Fitness in Cambridge includes yoga.

She wears leggings and either tank tops or long-sleeve shirts in classes. Occasionally she wears socks.

"Your feet don't get as bruised, but it's harder to grip," she says.

The Muscles We Forget at the Gym

Most people hit the gym to work their back, biceps and core. But we have other muscles and body parts that need equal attention, if not more.

"Our feet are structural masterpieces," says Amie Kane-Lee, Pilates instructor and owner of PeakMVMT Studio in Boulder, Colo. The foot contains 26 bones and 33 joints. "Our feet influence our entire body and yet they're often neglected in most exercise programs," she says. "If our feet are strong and healthy, our body is primed to be strong and healthy as well."

Our big toe alone generates roughly 85% of our foot control, says Jay Dicharry, director of the Rep Lab in Bend, Ore.

Trying a new activity can often make us aware of muscles we never knew we had. Ellen Waylonis, co-owner of Esh Circus Arts, says new ariel students expect to be engaging their back, arms and core. "Your ankles, hands, and forearms are where you feel the effort," she says.

Mr. Dicharry says the glutes are another commonly misworked muscle.

"We train front to back with squats or deadlifts," he says. "We don't think of the rotational component of the glute muscles. That twist through the glutes is what steers the hip."

At the end of a race, you often see the legs of runners collapsing inward, he says. "That's not from weak calves or quads, it's that hip and glute instability."

Also forgotten at the gym, he says, are the deeper abdominal muscles that act like a corset to stabilize the body and protect the lower back.

JOSH ANDRUS FOR THE WALL STREET JOURNAL

SICK

Continued from page A15

tory proteins, "and you show symptoms of being sick when exposed to a virus."

The Social Network

Dr. Cohen also looked into how social relationships impact health. He cites a famous study in Alameda County, Calif., that showed how social ties and mortality are related, then took that one step further to determine how people's social domains affect their susceptibility to colds.

He measured the diversity of the social networks of people deemed to have perfect health, through questionnaires about their social roles, then exposed them to a virus. "The people with the lowest levels of social integration were roughly four times as likely to get sick than those with the most social integrations, and the more social roles people reported—spouse, friend, parent, caregiver, volunteer—the less likely they were to develop a cold when we exposed them," says the professor. "It turns out your likeliness of catching a cold is not mediated by diet and exercise," he adds, but by your network of friends and family.

Your Wealth, Your Health

Many scientists agree that people with low socio-economic status are at greater risk of illness due to exposure to allergens and carcinogens at work and in living environments. Dr. Cohen wanted to understand whether people would still suffer the effects of a poor childhood well into adulthood, even as they moved up the socio-economic ladder. In one study, he asked if participants' families owned a home for every year ages 1 to 18, then exposed them to a virus. The longer they had been in homes owned by their families, the less likely they were to get a cold when exposed as adults, independent of their adult socio-economic status. "This is consistent with the notion that your childhood does have a long-term effect," says Dr. Cohen.

In a follow-up study, he also looked at the length of telomeres, which are caps at the end of chromosomes that are measured in immune cells. As people get older, their telomeres get shorter, resulting in greater risk for all manner of diseases. "Looking at telomeres is basically looking at the aging of the immune system," he says. He found that adults who reported growing up in lower socio-economic environments than the general population had shorter telomeres, which was associated with their greater likelihood of getting colds as adults. It didn't matter if they were wealthy as grown-ups.

GETTY IMAGES/ISTOCK

Wash Your Hands

Dr. Atmar at Baylor College of Medicine says that Dr. Cohen's studies give researchers "a proof of concept that social factors and other stressors are associated with the development of infection and illness after exposure."

The infectious-disease physician says that, in an uncontrolled setting such as everyday life, those same social, stress and socio-economic factors should impact a person's likelihood of getting sick in a similar manner. However, Dr. Atmar says, "we don't fully understand how big a role those factors play." He'd like to see a study where participants who identify as highly stressed have their lives modified to minimize stress, and see if their risks of infection are lowered. "Not an easy study to conduct," he says.

People who seem to get sick often can take certain steps to stay healthier. They can extract themselves from chronically stressful situations, if possible, suggests Dr. Cohen, though this is more easily said than done. They could be more social, he adds. And they can avoid contact with viruses. "Wash your hands often, avoid anyone who is coughing, and if you can, lower your stress levels," Dr. Cohen says.

Get vaccinated, adds Dr. Atmar, the infectious-disease specialist. "Even if you don't show signs of sickness after exposure, you can still transmit infections to those who can get very sick, especially with illnesses like the flu."

Beth Malone and Andrew Garfield

BRINKHOFF & MÖGENBURG (3)

THEATER REVIEW | By Terry Teachout

Laughing at the Devil

Nathan Lane is the deliciously odious Roy Cohn in Marianne Elliott's staging of the iconic Tony Kushner play

New York

TWENTY-FIVE YEARS after it opened on Broadway, Tony Kushner's "Angels in America" is back, this time in the U.S. transfer of a British production. In Marianne Elliott's National Theatre staging, the pivotal role of Roy Cohn is played by—of all people—Nathan Lane, and his presence is its most distinctive element.

If you've followed his career at all closely, you'll know that Mr. Lane is no mere musical-comedy clown. He is, like John Lithgow, a dead-serious actor whose energy is comic, so it shouldn't surprise anyone that he gives an idiosyncratic performance as the reptilian Cohn, a monster of aggression who was, at least in public, nothing if not unfunny. Mr. Lane, by contrast, plays him at first as a whiny, kvetching jokester given to sudden flares of red rage, though his portrayal grows steadily more complex, most strikingly in the famous monologue in which Cohn, informed by his doctor that he has AIDS, denies that he is gay ("Homosexuals are men who know nobody and who nobody knows. Who have no clout. Does this sound like me?"). Unlike his predecessors, Mr. Lane plays this scene not with explosive ferocity (Ron Leibman) or cold-eyed control (Al Pacino) but with an unexpected undertone: fear. You may or may not buy it—I'm not sure I did—but I guarantee you'll never forget it.

The fact that Mr. Lane is so unlike the real-life Cohn is one of the most interesting aspects of this revival. "Angels," after all, is a quarter-century old and portrays events that took place in the '80s. Back then, Roy Cohn was in every way a man of the moment. Now he belongs to the ages—and so does the AIDS crisis. As a result, "Angels" has become a kind of history play, and thus can be staged with a freedom from its factual grounding that wasn't possible in 1993, when its terrible subject matter was a living memory to all who saw it. You needn't cast an actor who looks like Cohn: You can go your own way, searching out contemporary echoes in the script instead of relentlessly evoking the past.

This is what Ms. Elliott has done, though not always to good effect. She has given us a neon-lighted, slick-surfaced "Angels" full of elevators, trapdoors and fathomless film-noir shadows, one in which we are surely meant to think "Donald Trump" whenever we hear "Ronald Reagan." The look of the show, whose set is designed by Ian MacNeil, is reminiscent of her over-elaborate staging of "The Curious Incident of the Dog in the Night-Time," in which bells-and-whistles trickery smothered the play instead of heightening its effect. Needless to say, "Angels" doesn't smother *that* easily, but Ms. Elliott's cast, Mr. Lane and Andrew Garfield (who is thrillingly flamboyant as Prior Walter) excepted, too often has trouble getting out in front of the hectic visual action.

Watching this production, it's easy to forget that "Angels" is a conceptually big play that calls for an unexpectedly small cast—eight actors. Hence it can be presented on a modest scale, as was the case with Signature Theatre's 2010 off-Broadway production and the Court Theatre's 2012 Chicago revival, without feeling cramped or constrained. In fact, I'm inclined to think that it actually profits from just that kind of severe spatial compression, which offsets its grossness of proportion (the two installments of "Angels" play for 7 1/2 hours back to back, not counting time off for dinner).

I've written more than once in this space about the flaws of "Angels." It's too long, too sentimental, too inclined to demonize at the expense of comprehension, too rigid in its Marx-flavored politics ("Angels" would be a richer play if Mr. Kushner had had the wit, not to mention the honesty, to portray Ethel Rosenberg as shamelessly guilty). Yet all these things notwithstanding, it remains a fixed star in the firmament of American drama, a testament to Mr. Kushner's willingness to take huge chances instead of playing it safe, and I expect it will continue to hold the stage, both for its genuinely visionary moments and for the character of Cohn, one of the 20th century's great stage villains. Mike Nichols's 2003 TV version was also highly impressive and largely successful, but "Angels" works best in the theater, and if you've never seen it there, this revival, imperfect though it is, will show you much of what you've been missing.

Angels in America: A Gay Fantasia on National Themes

Part 1: Millennium Approaches; Part 2: Perestroika

Neil Simon Theatre, 250 W. 52nd St. ($99-$498 for each part), 877-250-2929, alternating in repertory through July 1

Mr. Teachout, the Journal's drama critic, blogs about the arts at www.terryteachout.com. Write to him at tteachout@wsj.com and follow him on Twitter at @terryteachout.

Denise Gough and Lee Pace in Marianne Elliott's staging, above; Nathan Lane as Roy Cohn, center

SPORTS

TENNIS

FEDERER SKIPS FRENCH OPEN

BY TOM PERROTTA

After his surprise defeat in Miami on Saturday, Roger Federer is sticking with a plan that worked for him last season: Skip the upcoming clay court tournaments—including the French Open—and wait until the grass season begins in June.

Federer took a two-month break in 2017 and won Wimbledon, but his rest came after winning two consecutive hard court titles in America. He reached the final of one this season, in Indian Wells, Calif., but lost in three sets to Juan Martin del Potro. He was then defeated in Miami by 21-year-old Thanasi Kokkinakis, a No. 175-ranked talent who has lost a lot of time in his career because of injuries. Federer, ranked No. 1, will drop to No. 2 next week.

Federer, 36 years old, has won 20 Grand Slam titles in his career, including this year's Australian Open. He had 17 straight victories this season before losing in Indian Wells, the best streak to start a season in his career. Yet with all that, Federer said something is amiss in his game—and he doesn't seem sure how to fix it.

"Don't know why I could never get to any level that I was happy with," Federer said after Saturday's loss. "Didn't play great last week either, I felt, overall. Nothing new, in my opinion. I'm trying to figure things out, so—have time now."

Federer's ultimate goal remains: a ninth Wimbledon title. In the past, when there were just two weeks between the French Open and Wimbledon, Federer would be taking a bigger risk by skipping Paris. But now that there are three weeks between them he can play two grass tournaments and still rest before Wimbledon begins.

Federer may well recover his No. 1 ranking before Wimbledon, because the new No. 1, Rafael Nadal, is injured and has a lot of points to defend during the clay court season.

CLIVE BRUNSKILL/GETTY IMAGES

Roger Federer plans to take a break.

ELSA/GETTY IMAGES

Villanova coach Jay Wright holds the trophy as players celebrate after advancing to the Final Four. The Wildcats play the Kansas Jayhawks on Saturday.

NCAA TOURNAMENT

Villanova Turns to Defense

The Wildcats sent a message to their Final Four rivals: They can win even when they struggle to score

BY JARED DIAMOND

BOSTON—All season long, as Villanova steamrolled the competition with its supercharged offensive attack and established itself as a serious championship contender, coach Jay Wright tried to dispel his players' increasingly lofty aspirations. The Wildcats, Wright said Sunday after they advanced to the Final Four, "were not a good defensive team for most of the year"—certainly not good enough to achieve what they wanted to achieve.

The players listened to Wright's words, but they didn't hear him. Their constant barrage of 3-pointers, the third-most made in men's Division I history, "would mask the defense that we played," said assistant coach Ashley Howard.

Then came a disheartening loss to Creighton at the end of February, a game in which Villanova surrendered 17 points in overtime, and the message finally sunk. At that moment, the Wildcats realized that "we were just getting by on offense," sophomore guard Donte DiVincenzo said, and they sought out to do something about it.

Villanova's recommitment to defense paid off Sunday, when it beat Texas Tech in the Elite Eight despite delivering a dismal offensive performance. The Wildcats went 4-of-24 from 3-point range and shot at a 33.3% clip, their lowest since Dec. 7, 2015. And yet, they survived with a 71-59 win, holding the Red Raiders to an equally ugly 33.3% shooting percentage and out-rebounded them, 51-33.

That showing earned Villanova a date in the national semifinal against Kansas, which eked out an 85-81 overtime victory over Duke in Omaha, Neb., on Sunday. The Wildcats did it with what Wright called their "best defensive effort of the year."

"The difference in the game was their defense," Texas Tech coach Chris Beard said. "That's one of the best defenses we've played against."

Wright said he first felt concerned about Villanova's defense on Dec. 30, when the Wildcats conceded 101 points in a loss to Butler. They recovered to win their next nine games, temporarily assuaging his concerns, but after they fell to Creighton on Feb. 24, things changed.

From then on, the coaching staff upped the intensity in practice. Junior guard Jalen Brunson said Wright "really did challenge us to be a better team defensively."

That meant drills that focused less on scouting the Wildcats' next opponent and more on basic fundamentals. If the defense gave up a basket on a given possession, that unit would stay on defense until it forced a stop, no matter how long it took. Howard compared these practices to ones a team would typically hold in the preseason, not ones right before the conference tournament.

Results have followed. Villanova has allowed 66.8 points in their nine games since Creighton, all victories, compared to 71.2 points in their 29 prior contests.

It carried over into Sunday, when the Wildcats sent a dangerous message to the three teams remaining in the tournament: They can win even when they struggle to score. This one marked their 134th total victory in the past four seasons, the most in Division I history over a four-year span, passing Duke from 1997 through 2001.

Villanova might need to do it again in San Antonio next Saturday when it squares off against Kansas, another college basketball powerhouse. The Jayhawks needed overtime to squeak past Duke, emerging with a win that sends them to their first Final Four since 2012.

In a tournament defined by upsets, Villanova and Kansas, the bluest of bluebloods, managed to maintain their dominance in the face of so much madness.

Then there's the other matchup: No. 3 seed Michigan against No. 11 Loyola-Chicago. The Wolverines and Ramblers are nothing alike except for the fact that they entered this season nothing like Villanova and Kansas. In other words, they had no reason to believe they'd be here months ago. Michigan wasn't ranked until the third week of January. The Wolverines are now arguably the hottest team in the country, winning 13 in a row.

Then there's the fourth No. 11 seed to ever make the Final Four. You know, the one with team chaplain Sister Jean, the backwards-hat wearing nun who is more famous than the coach or any of the players. Loyola-Chicago is the Cinderella so charming it makes every other Cinderella look like an evil stepsister.

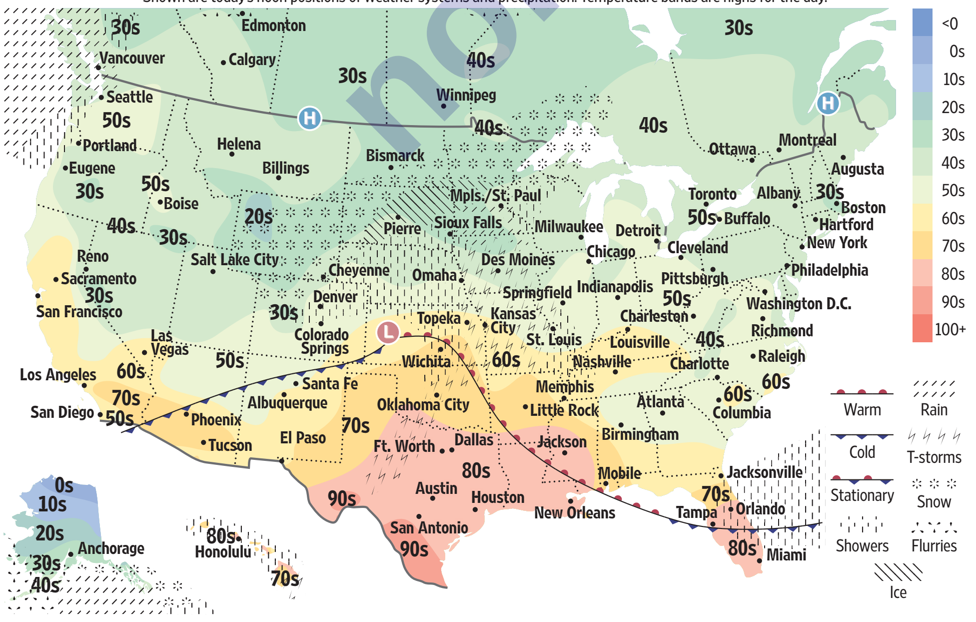
There was unfettered craziness in this entire region: University of Maryland, Baltimore County stunned Virginia, becoming the first No. 16 to beat a No. 1. No. 4 seed Arizona was upset in the first round. No. 5 seed Kentucky was upset in the Sweet 16. It was so nonsensical that by the time Loyola-Chicago routed No. 9 seed Kansas State in the Elite Eight, it was the only logical conclusion.

Senior Nick DiNardi puts it simply: "I don't think we're an underdog in any game we play."

—Andrew Beaton contributed to this article.

Weather

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

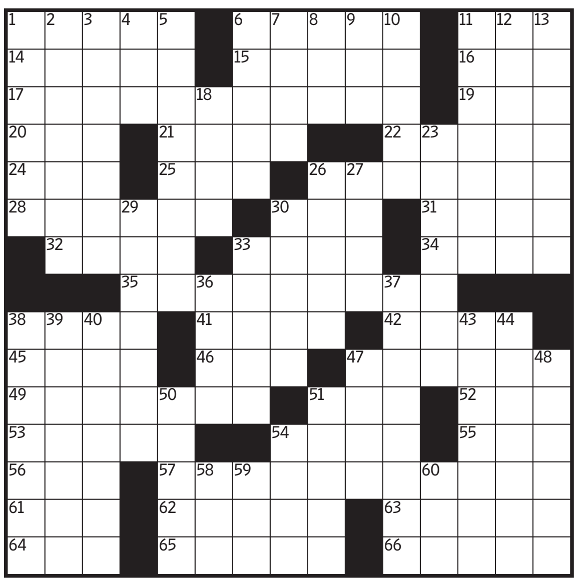
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

	Today			Tomorrow		
City	Hi	Lo	W	Hi	Lo	W
Anchorage	36	25	c	37	31	c
Atlanta	51	44	c	60	54	c
Austin	87	67	c	83	62	t
Baltimore	49	29	s	50	38	s
Boise	51	34	pc	57	42	pc
Boston	39	30	s	45	33	s
Burlington	43	24	s	48	36	s
Charlotte	54	39	pc	54	46	pc
Chicago	48	46	c	59	43	r
Cleveland	53	39	s	52	49	r
Dallas	84	69	c	71	58	t
Denver	54	26	sh	49	29	c
Detroit	52	42	s	56	47	r
Honolulu	81	67	pc	81	68	s
Houston	85	71	pc	84	69	pc
Indianapolis	52	46	c	58	50	r
Kansas City	61	40	r	50	36	r
Las Vegas	64	49	pc	69	53	s
Little Rock	77	65	c	79	58	t
Los Angeles	69	52	s	76	54	s
Miami	84	71	s	78	68	pc
Milwaukee	46	42	pc	54	37	r
Minneapolis	42	33	r	47	30	c
Nashville	63	51	sh	68	60	c
New Orleans	82	67	pc	81	70	pc
New York City	48	32	s	50	38	s
Oklahoma City	76	54	t	58	42	r
Omaha	50	34	r	53	34	c
Orlando	80	65	sh	77	58	pc
Philadelphia	47	30	s	49	38	s
Phoenix	73	51	s	74	52	s
Pittsburgh	49	35	s	49	46	r
Portland, Maine	41	26	s	45	29	s
Portland, Ore.	50	45	r	53	46	c
Sacramento	66	46	s	73	46	s
St. Louis	57	52	r	61	43	r
Salt Lake City	48	32	c	53	40	s
San Francisco	63	49	s	67	50	s
Santa Fe	59	30	pc	49	24	pc
Seattle	49	46	r	54	46	r
Sioux Falls	38	30	r	49	33	c
Wash., D.C.	51	34	s	53	42	pc

International

	Today			Tomorrow		
City	Hi	Lo	W	Hi	Lo	W
Amsterdam	49	36	pc	45	40	r
Athens	68	55	pc	66	53	pc
Baghdad	85	59	s	91	68	s
Bangkok	94	80	pc	93	79	pc
Beijing	80	50	pc	84	60	pc
Berlin	47	32	c	46	36	sh
Brussels	51	36	pc	48	41	r
Buenos Aires	70	54	c	73	58	pc
Dubai	91	70	s	88	70	s
Dublin	49	42	r	49	36	c
Edinburgh	50	37	c	47	36	r
Frankfurt	51	33	c	48	41	r
Geneva	53	39	pc	48	44	r
Havana	86	64	s	84	65	s
Hong Kong	78	68	pc	78	68	s
Istanbul	60	49	c	61	47	pc
Jakarta	87	76	t	86	74	t
Jerusalem	78	54	s	79	59	c
Johannesburg	80	58	pc	77	56	pc
London	54	44	pc	56	40	sh
Madrid	58	37	pc	68	42	s
Manila	91	74	pc	90	74	pc
Melbourne	65	47	pc	73	61	pc
Mexico City	82	56	pc	81	55	pc
Milan	61	41	pc	62	42	pc
Moscow	39	27	c	32	13	sn
Mumbai	100	80	pc	93	79	pc
Paris	54	42	pc	55	46	r
Rio de Janeiro	89	75	s	87	74	s
Riyadh	93	65	s	94	66	s
Rome	59	40	sh	60	45	pc
San Juan	83	73	sh	81	73	sh
Seoul	60	43	pc	63	48	s
Shanghai	70	53	pc	72	54	s
Singapore	88	76	t	90	78	t
Sydney	78	59	s	78	67	pc
Taipei City	82	63	pc	81	65	s
Tokyo	66	53	pc	67	54	pc
Toronto	44	32	s	42	39	r
Vancouver	48	45	r	53	40	r
Warsaw	51	34	c	42	31	sh
Zurich	50	38	c	48	41	r

The WSJ Daily Crossword | Edited by Mike Shenk



HUE'S CLUES | By Mae Woodard

Across

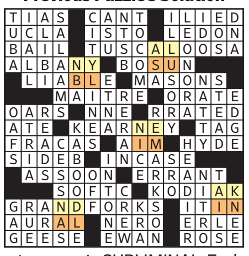
1 Like pastel colors
6 Crack up
11 Spoil the appearance of
14 "A Wrinkle in Time" co-star
15 Mistreat
16 Pint in a pub
17 Person who comes to the rescue
19 Topper
20 Haddock's kin
21 Newspaper part
22 Take ___ (lose lots of money)
24 Albuquerque sch.
25 Lengths of short printing dashes
26 Food preservative compound
28 Attack savagely
30 Bronze ingredient
31 Destination for unas vacaciones tropicales
32 Boot attachment
33 Set list unit
34 Morsel for a mourning dove
35 Activity in which people ask to be hit
38 Some intimates
41 Poet Angelou
42 Reduced amount
45 Fallon followed him
46 Angsty music genre
47 "Oh, I understand"
49 Economic improvements
51 Economic index, briefly
52 Scrap of cloth
53 Fill with joy
54 Serengeti roarer
55 __ out a living
56 Coniferous tree
57 Film background later replaced with special effects
61 X-Men co-creator Stan
62 It starts at the left ventricle
63 Check of the books
64 Battleship initials
65 Dog-walking line
66 Takes a breather

Down

1 Like some revealing dresses
2 Apple Pay devices
3 Navigational chart with an overlay of lines
4 Topper
5 Steinbeck novella
6 The Sharks and the Jets, for two
7 New York theater award
8 Coffeehouse container
9 Fire remnant
10 Coup ___
11 General uneasiness
12 Somewhat
13 Julianne Moore or Jessica Chastain
18 Philosopher Immanuel
23 Corned beef source
26 Japanese assassin
27 Teri's "Young Frankenstein" role
29 Murders, in mob slang
30 Capital on Honshu
33 Swindles
36 Answer from the congregation
37 Overloaded circus vehicle
38 Organized absence by members of the police force
39 Answers
40 Brightest star in Scorpio
43 Diatribes
44 2008 Top 10 hit for Metro Station
47 Sticky substances
48 Insurance company workers
50 Fit for a king
51 Entertainer Shore
54 "Sure, why not!"
58 Fish eggs
59 Stretch of history
60 Regret

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

Previous Puzzle's Solution



The contest answer is SUBLIMINAL. Each of the five city names that appear as Across answers contains the two-letter abbreviation for its state (like AL for Tuscaloosa, Alabama). The letters under the state abbreviations in the grid, in order, spell the contest answer.

OPINION

Kremlin Revenge in Guatemala

AMERICAS
By Mary Anastasia O'Grady

The Russian state has a long arm when it wants to show its power. Igor Bitkov, his wife, Irina, and their 26-year-old daughter, Anastasia, have learned this the hard way. They fled Russia in 2008 and are now in Guatemalan prisons thanks to convictions that grew out of a claim by a Russian state bank that the family owed it money.

No plausible evidence was ever presented in Guatemalan court to prove the bank's claim. But Guatemalan Attorney General Thelma Aldana responded to the Russian charge—and the urging of the United Nations' International Commission Against Impunity in Guatemala (known by its Spanish initials CICIG)—to indict the family in April 2015 on related charges. The Bitkovs were convicted in January.

The story has the ring of a familiar asset-accumulation strategy used by Russian state insiders, meaning Vladimir Putin's coterie, and their practice of destroying adversaries. It also supports allegations by some Guatemalan democrats that far from strengthening the rule of law in their country, the U.S.-funded CICIG has become part of the problem.

Mr. Bitkov was the owner of the St. Petersburg-based North-West Timber Company (NWTC). In 2005 he borrowed money from a handful of Russian state banks to upgrade some of his factories. Around the same time, a senior executive of one of the banks that lent him money asked to buy 51% of the company, Mr. Bitkov told me from prison through his Guatemalan lawyer Rolando Alvarado last week. He turned down the offer.

From 2005 to 2007 NWTC revenues grew by 30%, according to company financial statements. In 2007 Sberbank valued the company at $428 million. By 2008 he'd repaid 71% of the loan, along with interest due. NWTC was worth 2.7 times the remaining $158 million owed. Nevertheless, Mr. Bitkov says, in April 2008 the banks demanded that he immediately repay the balance.

A U.S.-subsidized U.N. commission helps bring about a dubious prosecution.

He couldn't comply and the company was forced into bankruptcy. Mr. Bitkov alleges that the bankruptcy administrator sold NWTC's assets at fire-sale prices to entities controlled by various executives of the banks.

The Bitkovs feared for their lives and fled the country. Mr. Bitkov says that in exile he received phone calls from Russian intelligence attempting to extort money from him and delivering a death threat.

In 2009 the family, then in Turkey, responded to an internet ad offering Guatemalan passports and identity cards issued at government offices. It has been established in court that the Bitkovs paid $150,000 for the service, entered Guatemala on their Russian passports, and picked up their new documents at the office of migration and at the national registry in Guatemala City. In January 2012 Mrs. Bitkov gave birth to a son, Vladimir.

VTB Bank, one of NWTC's state-owned Russian creditors, tracked the Bitkovs down and tried to have Mr. and Mrs. Bitkov indicted in criminal court for fraud, money laundering, and using fraudulent documents to evade the law. CICIG and Ms. Aldana took up the bank's cause. On Jan. 15, 2015, Guatemalan police arrested Igor, Irina and Anastasia on suspicion of using false documents. VTB Bank was named a plaintiff in the case.

With the Bitkovs in jail, Pavel Astakhov, Russia's commissioner for children's rights, announced from Moscow that he wanted to remove the Guatemalan-born Vladimir to Russia. That didn't happen. But a court rejected Mrs. Bitkov's bid to name his guardian; it threw him in one of Guatemala's infamous orphanages. When he was rescued 42 days later, he had conjunctivitis in both eyes, an upper respiratory infection, a scar above his left eyebrow, and a chipped front tooth.

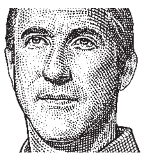
In 2013 VTB Bank chairman Andrey Kostin gave Henry Philip Comte Velásquez—of the Guatemalan law firm Comte & Font—power of attorney in the case. The law firm told me by email last week that such a step is customary for a litigation client, that Mr. Comte delegated that power to other lawyers in his firm, and that he "has not acted personally on behalf of the bank in any judicial action." But for lack of evidence, prosecutors did not pursue the money-laundering charge. And VTB Bank failed to prove fraud. So in May 2017 an appeals court removed the bank as a plaintiff. Nevertheless, CICIG and the attorney general continued to push hard for criminal convictions.

In December 2017 another appeals court ruled that any document violations were administrative offenses punishable only by a fine and that the Bitkovs had not committed any crime. CICIG, Ms. Aldana, and a lower-court tribunal, led by Iris Yassmin Barrios Aguilar—a left-wing judge known for her political activism—ignored the ruling. On Jan. 5 the tribunal sentenced Irina and Anastasia each to 14 years in jail; Igor got 19 years, a year more than the penalty for manslaughter in Guatemala.

Thousands of foreigners in Guatemala have fallen prey to fraudulent immigration schemes linked to government agencies. Only the Bitkovs were prosecuted as if they were part of an organized crime ring. On the other hand, in 2003, Russian oil tycoon Mikhail Khodorkovsky crossed Vladimir Putin and spent 10 years in jail. In Guatemala, thanks to the Kremlin's reach, the Bitkovs could do even worse.

Write to O'Grady@wsj.com.

Don't Be Too Eager to Make a Deal



INSIDE VIEW
By Andy Kessler

If talk is cheap, advice is cheaper. I sprinkle advice out like salt on french fries, not knowing if it works or not. You're probably thinking: typical newspaper columnist. But hear me out.

About a decade ago, I met my friend Andrew for lunch at Henry's Hunan Restaurant in San Francisco—hot and spicy. He was from Washington, knew everybody and had worked at a policy-strategy shop. He had even done business with T. Boone Pickens, the legendary wildcatter.

"I owe you," Andrew insisted, "for the advice you gave me." I had no idea what he was talking about, and my face must have shown it. "The 'put it in the corner of your desk' trick," he reminded me. It all flooded back.

I once had a boss who would never sign anything, at least not right away. Instead, he told me, he would put the document in the corner of his desk. He would see it every day—and not forget about it—but not sign it. Eventually, a series of people would call until the person in charge got on the phone in a huff. Then my boss would say, "Hey, I'm happy to sign this, but what do I get?" At that point, he could ask for almost anything.

It works because it makes the impersonal personal. In 1999 one of our fund's private investments was going public. The bankers at Goldman Sachs sent over a standard 180-day lockup agreement. I hated lockups. I'd rather sell into the frenzy, like Dropbox last week. What the heck, I thought, I'll just put it in the upper right corner of my desk. Over the next few weeks, I got a series of calls and voice-mail messages asking me to sign the lockup. I ignored them, and eventually the head of tech banking called.

"You're holding up the deal. We can't proceed with the IPO without your signed agreement," he told me. "Well, I doubt that," I replied matter-of-factly, "but what's in it for me?" After a pregnant pause, he asked what I wanted. Bingo. I was ready: "How about an allocation of 30,000 shares for my investors. It would beat the 1,000 shares we normally get." Another pause. "OK. Agreed. Fax the signed pages within the hour."

Back at Hunan, Andrew, who was maybe 30, told me about a broadband deal he put together. The story went something like this. "Yeah, so, I make a zillion phone calls and the deal gets done, so I get a decent number of shares and it is up and running. But maybe a month ago, JP Morgan gets involved, and they are going to do a big financing. I get a FedEx package with documents to sign that has me giving up almost all my shares."

If someone sends you something to sign, 'put it in the corner of your desk.'

I smiled. "So I put it in the corner of my desk," Andrew told me. My smile became laughter. "A secretary calls and asks for signed documents. I told her I couldn't sign them, and she told me that it was holding up the deal. Then the next day a managing director calls with a very stern voice, telling me I was holding up a very important deal for *the bank*. Not JP Morgan. The bank!"

It isn't healthy to eat Chinese food and laugh so hard. "Oh, this gets better. Last week I get a call from Jimmy Lee, the vice chairman. He starts yelling at me to sign the papers. He's not going to have some kid ruin this deal. I calmly asked if I could put him on hold for a second. Then I speed dial T. Boone Pickens."

Andrew explained the situation, then patched the two lines. Mr. Pickens introduced himself and went straight at it. "Now I understand you've got some issue with my friend Andrew here. Well, I've done business with Andrew for years and he's an upright and outstanding young man and seems to me here that you're trying to get somethin' from him that he doesn't want to give you, and that just doesn't sound right to me."

The "corner of your desk" trick forces others to confront you personally, so use it wisely in this era of clicks and tricks. Andrew got to keep his shares, and my sides hurt from laughing. He said, "I feel like I should pay you or something." I looked him in the eye. "You just did."

Steel and Aluminum? Let's Talk About Gold

By Alex X. Mooney

I believe in free trade, but I still understand why President Trump is imposing tariffs on steel, aluminum and a range of Chinese products. America's industrial workers have suffered for a long time, and Mr. Trump is fighting to create middle-class jobs.

Achieving that will take more than righting the last administration's wrongs on taxes and regulation, a task already well under way. Blue-collar prosperity was eroded along with American manufacturing. From 2000-10, U.S. manufacturing employment shrank by a third after holding steady for 30 years.

President Trump has rightly blamed bad trade deals, particularly those with Mexico and China, for contributing to this meltdown. But the Federal Reserve deserves a share of the blame, too, since its inflationary policies priced out U.S. manufacturers from global trade. Since 2000, their prices have risen nearly 50%, compared with about 25% for German competitors—mirroring the domestic inflation rates in each country. As a result, manufacturers fled the U.S., much the way American families have fled high-tax states.

The solution is to take control of the money supply away from the Fed and give it back to the American people—in other words, to return to the gold standard. Gold gets a bad rap in some history books because of its misuse during the 20th century. This ignores its peacetime record of high growth and nil inflation between 1834 and 1913.

How fiat money hurts my West Virginia constituents.

Clouding the historical picture are two fake gold standards. The Depression-era gold standard was constructed to make prices fall toward the levels that prevailed before World War I, with the disastrous result of deflation. Then, under the Bretton Woods version after World War II, only foreign central banks could convert dollars into gold. This deformity caused inflation, which skyrocketed after the Fed gained total control of the money supply in the early 1970s.

Since then the U.S. has seesawed between too much and too little money in the economy. The Fed has the impossible task of guessing the market's demand in real time. Its performance worsened in the 2000s because the Fed began to grade itself by how its money creation boosted the financial markets. Today many people are so disillusioned with the dollar's prospects that they have embraced cryptocurrencies like bitcoin.

My constituents in West Virginia get little of the upside from the Fed's money creation and most of the downside. They don't benefit from speculative investment returns, but they do lose their jobs and homes when the local plant decides to close because it's too expensive to compete from the U.S.

The current Federal Reserve system benefits elites. The gold standard is equitable and puts "we the people" in control of the money supply. That's why it was part of America's founding and has been a key to the country's long economic success.

On Thursday I introduced a bill that would return the dollar to the gold standard—the first such attempt since Jack Kemp's Gold Standard Act of 1984. Under this legislation the Fed would still exist, but it would administer the money supply rather than dictate it. Instead the market would be in charge, the supply and demand for money would match up, and prices would be shaped by economics rather than the instincts of bureaucrats.

Like President Trump, I believe that success is again possible for Americans who go to work every day and build things. Mr. Trump's vision of how the American economy could and should work resonated with voters in 2016. Returning to the gold standard is a way for the president to deliver on his promise of American working-class prosperity.

Mr. Mooney, a Republican, represents West Virginia's Second Congressional District.

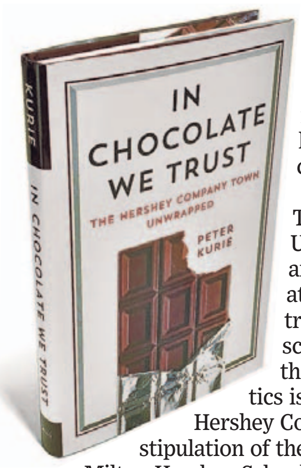
BOOKSHELF | By Benjamin Soskis

A Man, a Brand, A School, a Town

In Chocolate We Trust
By Peter Kurie
(Pennsylvania, 209 pages, $34.95)

In the early 20th century, Milton Hershey transformed chocolate from a luxury good to a working-class staple. It made him a fortune, which he used to establish Hershey, Pa.—a model company town 100 miles west of Philadelphia and the self-proclaimed "sweetest place on earth." He also established an orphanage, the Milton Hershey School, to provide housing and education primarily for children from the area.

Hershey and his wife supported the school through a trust, which they established in 1905. By 1918, when he donated his full stake in his chocolate company to the trust, the trust was valued at $60 million. Today it is worth more than $14 billion—ranking it among the largest nonprofit endowments in the nation, on a par with MIT's—and has maintained a profound commitment to its locale.



Peter Kurie's "In Chocolate We Trust: The Hershey Company Town Unwrapped" is a study of the town and of its residents' shifting attitudes toward its institutional trinity of trust, company and school. As Mr. Kurie notes, one of the trust's most striking characteristics is its controlling interest in Hershey Co. Remarkably, this is not a stipulation of the trust's official documents; the Milton Hershey School Trust has always been free to sell its shares in the chocolate maker. But as several failed takeover bids over the years have demonstrated, this ownership arrangement has proved surprisingly durable, producing a dense institutional tangle with the trust at its center.

Mr. Kurie was trained as a cultural anthropologist, and there are parts of this book, with its scholarly, clinical detachment, that read like it. But he is also a hometown boy, born and bred in the Hershey of the 1980s and 1990s, and there are many parts of the book that read like that as well—his sensitivity to, and affection for, the various community subgroups often shine through. The result is a testament to a Hershey identity that is still strong.

Mr. Kurie's account shows how the town's dominant institutions both guarantee a shared civic identity and produce tensions that threaten to undermine it. The trust's imperative to generate more revenue for the school, for instance, has long strained the bonds of the broader Hershey community. Milton Hershey invoked the high costs of the school as justification for why he couldn't afford a union at his company (his workers formed one anyway). In the 1960s, the trust received permission from a local probate court to expand its mandate and spend $50 million on a medical research and teaching center in partnership with Penn State University. It drew a new cohort of professional families into the community that were less deferential to the authority of the trust and company.

In the 1970s, after struggling to attract enough "true orphans" to the school, the trust opened admittance to "social orphans," or those deemed to be receiving inadequate parenting at home. These students, many of them African-American, now make up the majority of those enrolled at the school. In reaction, a nostalgia-laced resentment has grown among townsfolk toward the students, who they charge treat the school less as a home than as a "welfare agency" to be exploited.

The foundation established by philanthropist Milton Hershey has had an outsize influence on both the company and the town that bear his name.

This resentment has also been fueled by the company and school's attempts to hire from outside Hershey for its leadership roles—and peaked in 2002 when the trust's board tried to sell Hershey Co. The effort was thwarted by local protests and by the state attorney general's office, which, despite the revenue the sale would have generated for the school, pointed to the devastating effect that the move would have had on the local community.

It would be easy to view the story of Milton Hershey and his trust as a cautionary tale, one in which a founding benefactor's parochialism continues to exert control over a community long after he is gone—producing a multibillion dollar charitable institution catering to a few thousand students while tens of thousands in the state and hundreds of thousands more in the nation are in desperate need of help. Mr. Kurie touches on this challenge, but only gently. Other early-20th-century philanthropists, such as Andrew Carnegie and John D. Rockefeller, left behind massive general-purpose foundations that underwrote experiments in medicine, science and higher education, Mr. Kurie observes, while Hershey "gave us chocolate candy and a single residential school in south-central Pennsylvania that remains little known outside the region."

Despite the hopes of some nonprofit leaders that place-based giving might insulate locally rooted philanthropic institutions from the antagonisms that have roiled the rest of the country, Mr. Kurie's book makes it clear that Hershey is less a refuge from those broader conflicts than a microcosm of them, a fractal of grievances that replicates those of the larger system. Like so many other Americans, Hershey's residents have been split over suspicions of an out-of-touch elite (the trust's board, whose members have been accused of extracting outsize compensation from the trust) and over the incursion of outsiders who some feel don't have the community's legacy and interest at heart, be they African-American "social orphans" from inner-city Philadelphia or the former Hershey Co. CEO who arrived in town after a stint at Nabisco. Mr. Kurie and many of those he has interviewed are keenly aware of how "the hometown pride" about the Hershey trust is intertwined with an ambivalence toward how the trust has been executed and whom it has benefited. In Mr. Kurie's telling, those concerns attest to the strength of local ties.

In fact, he suggests that the trust can be viewed as a model of philanthropic responsibility, even by institutions without a devoutly local focus. Mr. Kurie's most significant contribution here is to draw attention to philanthropy's "external stakeholders," those people and organizations "who are neither agents nor subjects of philanthropy but who are, for better or worse, caught up in its activities." He demonstrates how a philanthropic institution can continue to reflect a founder's vision while shaping and being shaped by the community that grows up around it, one whose bonds can often be bittersweet.

Mr. Soskis is a research associate at the Center on Nonprofits and Philanthropy at the Urban Institute.

OPINION

REVIEW & OUTLOOK

The Worst Law in America

The competition is fierce for the worst law in America, but our pick goes to New York State's notorious Martin Act. Now an effort is building in Congress that could curb its worst excesses and help the innocent.

Congress can limit the damage of New York's unjust Martin Act.

Passed in 1921 to stop "boiler-room" stock-sale operations, the Martin Act lets prosecutors call almost anything fraud, and there's no requirement to prove evil intent in civil cases. Yet proving scienter, or the intent or knowledge of wrongdoing, has been a staple requirement of British and American law for centuries lest innocent mistakes be prosecuted as intentional frauds. The Martin Act thus gives prosecutors a huge legal advantage against defendants, though for decades it was used sparingly.

That changed in the early 2000s when then New York Attorney General Eliot Spitzer wielded the Martin Act to bludgeon settlements out of big Wall Street firms without going to court. The law does particular damage because New York is America's financial capital and nearly every company sooner or later does business there. Note how Mr. Spitzer's equally unconstrained successor, Eric Schneiderman, is leveraging the Martin Act to investigate Exxon for purportedly misleading the public about climate change.

Prosecutors don't want to give up this immense power, and legislators in New York have been loath to challenge them. But Congress has the power to act under the Constitution's Commerce Clause. Legislation introduced last month by Rep. Tom MacArthur (R., N.J.) would address the problem by pre-empting state enforcement of civil securities fraud.

The Securities Fraud Act of 2018 is tailored narrowly. It would apply to companies listed on a national market like the New York Stock Exchange—i.e., those obviously engaged in "interstate commerce." It also would leave intact the states' authority to prosecute criminal fraud. A New Yorker unloading fake shares in a nonexistent Chilean gold mine—or anyone else engaged in genuine fraud—could still be prosecuted by Mr. Schneiderman.

There is precedent for this kind of pre-emption. In 1995 Congress tightened the rules for federal class-action lawsuits alleging securities fraud. This was meant to curb nuisance suits and settlements, but plaintiffs ran to file in state courts instead. So three years later Congress pre-empted most such state claims. In 1996 lawmakers exempted nationally traded securities from state registration laws to prevent them from being subject to 50 different sets of requirements.

Mr. MacArthur's bill is in this tradition of standardizing rules to strengthen capital markets. Even some Democrats have admitted there's a problem. In 2007 Sen. Chuck Schumer signed a report, along with then Mayor Michael Bloomberg, on maintaining New York's and America's leadership in financial services.

The authors cited a McKinsey survey showing that executives much preferred the U.K.'s "clarity of rules," "uniformity of regulatory enforcement," "cost of ongoing compliance" and more. "The prevalence of meritless securities lawsuits and settlements in the U.S. has driven up the apparent and actual cost of business—and driven away potential investors," Messrs. Schumer and Bloomberg wrote. "In addition, the highly complex and fragmented nature of our legal system has led to a perception that penalties are arbitrary and unfair."

The MacArthur bill would hardly give bad behavior a free pass, given how often state enforcement is duplicative. In a 2012 paper, Vanderbilt professors Amanda M. Rose and Larry J. LeBlanc sifted through three years of SEC filings for nearly 2,000 NYSE companies. Of those that disclosed securities enforcement from a state regulator, the feds had brought a related action 91% of the time. Noteworthy, too, was the hint of political motivation. Elected state regulators were four times as likely to take action as appointed ones. That jumped to nearly seven times as likely for elected Democrats.

It's easy to see why, since the legal grandstanding works. In New York the Attorney General's office has been a way station to the Governor's mansion—for Mr. Spitzer and then Andrew Cuomo. But whatever prize Mr. Schneiderman now may have his eyes on, fair justice demands that a prosecutor prove the intent to commit a fraud beyond a reasonable doubt. Congress can help the rule of law and U.S. capital markets by pre-empting the Martin Act.

The U.N. Hates Israel

Syria bombs civilians with chlorine gas, China tortures dissidents, Venezuela restricts access to food and Burma is engaged in ethnic cleansing of a Muslim minority. So naturally the United Nations Human Rights Council trains the bulk of its outrage on . . . Israel.

Why does the U.S. still belong to Turtle Bay's Human Rights Council?

On Friday the council approved five resolutions condemning Israel, as it has done every year since its creation in 2006. The 47-member council includes such paragons of political freedom as China and Cuba. The resolutions characterize Israel as an "occupying power" in Palestinian-claimed territories, including East Jerusalem and the Golan Heights, and denounce the Middle Eastern democracy as an abuser of human rights.

U.S. Ambassador to the U.N. Nikki Haley and her team, at the urging of the British and the Dutch, spent months trying to convince other European countries not to single out Israel. But when the votes were tallied Friday, only the U.S. and Australia voted against all of the anti-Israel resolutions. The council passed only one resolution apiece condemning North Korean, Iranian and Syrian abuses.

The State Department put an upbeat spin on the European snub, noting Friday that "many other partners changed votes to either vote no or abstain," from some of the resolutions, and that "this session demonstrated the largest shift in votes towards more abstentions and no votes on Israel related resolutions since the creation of the HRC." Small consolation.

The lesson is that the council is a corrupt body that the U.S. would be better to leave. The Bush Administration voted against its creation in 2006, but the Obama Administration joined in 2009. Ms. Haley intimated in a statement Friday that the U.S. might withdraw, noting that the anti-Israel resolutions "make clear that the organization lacks the credibility needed to be a true advocate for human rights." She's right.

The Free Speech States

America's media are obsessed with Washington, but in our federal system much of the law-writing takes place in the 50 states. This is one reason to welcome a new index detailing how well each state protects the First Amendment right to engage in political speech.

What do Alabama, Nebraska, Oregon and Utah have in common?

The Institute for Free Speech this week will release its first Free Speech Index, which is a report card on how every state treats political contributions. The ranking is based on the limits a state places on a person or group's right to donate to political candidates. The scores rank from 0% to 100% and compare contribution limits based on factors such as population.

The results confound the normal blue-red divide. The top five finishers, all with a 100% score, are: Alabama, Nebraska, Oregon, Utah and Virginia. All "permit individuals, political parties, and PACs to contribute unlimited sums to the candidates, parties, and causes of their choice," and ditto for unions and corporations. This should be a clue that allowing people to donate money in politics is not a fast lane to rule by Republicans.

The bottom feeders are notable, too, and a shout out to New Jersey for finishing 34th, instead of its usual dead last on any index about freedom. The least free are another odd assembly: Maryland, Colorado, Alaska, West Virginia and Kentucky. Alaska's limits are so stringent that they're caught up in federal court. In Colorado, individuals can donate a mere $200 to a state legislature seat. Only Montana's limit is lower.

Kentucky bans giving by corporations and unions, and parties are allowed to donate a mere $10,000 to candidates running for governor or the state legislature. Kentucky also "limits different types of PACs and party committees separately, creating confusion that discourages speech," says the index. These limits don't appear to have made Kentucky's political climate cleaner than anywhere else, and they are ripe for reform by Governor Matt Bevin.

Some 22 states place no limits on party giving to candidates, but a mere five states allow unlimited free speech for corporations and unions. The prescriptions often make no sense: Wyoming (12th) allows PACs to give unlimited amounts to gubernatorial candidates, but not to candidates for the legislature.

The report highlights excesses such as the spectacularly misnamed "California Fair Political Practices Commission" that is "one of the most draconian campaign finance enforcement agencies in the country." The Golden State's contribution limits are relatively high but the $4,200 individual limit for state Senate candidates barely buys buttons.

The index notes that 17 states have raised or repealed contribution limits since the Supreme Court's 2010 *Citizens United* decision, and the trend toward freedom of speech is encouraging. Yet one of the central contributions of the Free Speech Index is to gather disparate data that can inform further academic study and debate in state legislatures.

Bradley Smith and David Keating note in the foreword that the discussion over contribution limits tends to revolve on "fairness" and preventing corruption, but low limits help a corrupt incumbent fend off a challenge. Power is the main source of corruption in politics, and the right to donate to candidates can help sweep out the abusers.

LETTERS TO THE EDITOR

Tech Export Review Is Completely Inadequate

Contrary to the inference by IBM's Christopher Padilla and GE's Karan Bhatia (Letters, WSJ.com, March 16), in the very first paragraph of "How China Pushes the Limits on Military Technology Transfer" (WSJ.com, March 14) I clearly state that IBM and GE's business dealings with China are legally permissible under current law. And that's the problem. Their legal joint ventures with Chinese state-owned enterprises openly transferred dual-use technologies to China and created unnecessary risks related to the transfer of additional military-applicable technologies.

This, along with the substantial pushback from GE and IBM when open-source information on their business dealings was published in the Journal, underscores the vital need for an updated and strengthened Committee on Foreign Investment in the U.S. (Cfius) to better review future joint ventures and foreign investments that threaten U.S. national security.

My Cfius reform bill, the Foreign Investment Risk Review Modernization Act, has been endorsed by the White House, Defense Secretary Jim Mattis, Attorney General Jeff Sessions, Treasury Secretary Steven Mnuchin, Commerce Secretary Wilbur Ross, Senate and House Intelligence Chairs Richard Burr and Devin Nunes, and hundreds of defense experts, generals, elected officials and private businesses. This is a serious piece of bipartisan, bicameral national security legislation drafted in consultation with Cfius member agencies, Treasury, Defense, Justice, the military and the intelligence community. Our bill is laser-focused on national security concerns, and we have given substantial effort to working with businesses to address legitimate, nonsecurity-related issues that could inadvertently be affected. This needs to be a bill that works.

Despite the national security ramifications, GE and IBM have deployed an army of well-connected D.C. lobbyists to derail our legislation and safeguard the status quo. A substantial, bipartisan group in the House and Senate believes it is dangerous to allow China to acquire sensitive, military-applicable technology through strategic business transactions. GE and IBM, through their recent actions, are loudly in favor of allowing China to continue on the present course.

Rep. Robert Pittenger (R., N.C.)
Washington

Biofuel Mandates Are Working As Designed

Regarding your March 13 editorial "You RIN Some, You Lose Some" and Thomas Landstreet's "Biofuel Mandates Are a Bad Idea Whose Time May Be Up" (op-ed, March 12): President Trump promised Midwestern voters that he would not abandon the rural economy by gutting the Renewable Fuel Standard (RFS). Now refineries are attempting to hijack a conversation about one mismanaged refinery, Philadelphia Energy Solutions (PES), to justify betraying that promise. They want an industry-wide handout that would undermine American energy security, hurt the struggling farm economy and destroy rural manufacturing jobs in biofuel production.

The truth is that refiners are making great profits. Valero just announced a six-fold increase in earnings. CVR Energy posted a 2,888% jump in profits per share last quarter. Instead of demanding special favors, they should be thanking this White House for tax reforms that are expected to boost refinery profits by 20%.

Philadelphia Energy Solutions does have issues, but not because of 12-year-old standards for homegrown biofuels. The real threat to PES is from equity investors at the Carlyle Group. They racked up the company's debt while raiding at least $594 million in corporate funds, according to Reuters.

By any measure the RFS is a clear success. It lowers the price of fuel at the pump, creates an enormous domestic hedge against oil price manipulation by foreign regimes, supports farmers and manufacturing jobs at over 200 biorefineries dotting the heartland and, according to the USDA, slashes greenhouse-gas emissions by 43%.

Jim Talent
Co-Chair, Americans for Energy Security and Innovation
Washington

We certainly don't need biofuel mandates now. We can easily be energy independent and should eliminate the costly mandate before it becomes another entrenched entitlement. Let a more free market determine supply and demand for corn and other crops. Any claim of an environmental benefit was a scam from the start.

The biofuels mandate is a place holder for the kind of cronyism our country can no longer afford. It demonstrates that the Washington "swamp" exists wherever misguided or dishonest government policy and massive spending, i.e., wastefulness, occurs—even ensnaring otherwise honorable politicians like Sens. Joni Ernst and Chuck Grassley. If one needs a reason why a non-politician outsider like President Donald Trump was elected, wasteful stuff of this sort might make the short list.

Mike Curtiss
Hazel Green, Wis.

Two Approaches to Shortage Of Construction Workers

Regarding "The Next Real-Estate Crisis: A Shortage of New Homes" (page one, March 19): If the industry's builders, subcontractors, remodelers and other industry leaders step up to embrace the need to invest in training the skilled workers they need to hire, problem solved. Home Builders Institute trains underserved populations for careers in the building industry. We currently place 85% of our graduates in the trades. While HBI instructors train about 5,000 students each year, we could dramatically increase that with more support from the industry.

John Courson
President and CEO
Home Builders Institute
Washington

Given current demographics, labor supply will have a hard time meeting labor demand. We need immigration reform. Washington made the labor-mobility crisis worse by taking away the tax deduction for work-related relocation. Local, state and federal officials also must improve access to vocational training to bring workers back to core industries like construction. Housing is the tip of the spear. It indicates where our economy is headed. Until policy makers get it right, supply will continue to be low and prices will continue to rise.

Todd Hitt
Falls Church, Va.

When It's Time to Go . . .

Regarding your editorial "Pompeo's Promise at State" (March 14): Perhaps when Congress is ready to impeach our president, it can simply send him an early morning tweet.

Lillian Toll
New Canaan, Conn.

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

Harlem Focused on Arts, Missed Other Opportunities

In his review of Mark Whitaker's "Smoketown" (Books, March 10), Gerald Early praises the extraordinary cultural achievements of both Pittsburgh's "Smoketown" and New York's Harlem. But did the emphasis on culture come at the expense of economic development within the black community?

In 1992 the prominent black historian David Levering Lewis thought that Harlem's African-American leaders neglected business in favor of the arts. In his comparison of the black and Jewish experience, he identified neglect: "Unlike their Jewish models, . . . the Afro-American leaders tended to minimize or ignore the grimy aspects of migrant Jewish business success as a basic condition for the perpetuation of collective achievement." He continued with specifics: "Hence, the Harlem Renaissance literally took place in rented space—in a Harlem they did not own. Racial aristocrats steeped in liberal-arts education, they missed the significance of the butcher and tailor shops, the sweatshop, the pawn shop and the liquor stores."

Gene Dattel
Lakeville, Conn.

Pepper ... And Salt

THE WALL STREET JOURNAL

"Swashbuckle. What do you do?"

OPINION

A Guide to TV's 'Fall' Season

By Dennis Kneale

Stocks may bounce back after last week's losses, but eventually the bottom will drop out. When this long bull run finally ends, it may do so with startling force and volatility—stoked by automated trading, unflinching "sell" algorithms, and a dearth of buyers bold enough to try catching a falling knife.

All this will unleash a spiral of demoralization on cable television and beyond. A parade of pundits—respected market-watchers, wealth advisers, former traders, journalists—will go on the air and evince an almost unanimous, unremitting despair. They will issue dark declarations and ominous warnings that could become self-fulfilling.

I say this because I had a front-row seat during the 2007-08 financial crisis. As an anchor on CNBC, I felt the unalloyed fear and panic firsthand. After 16 years at The Wall Street Journal and nine as managing editor of Forbes, I had joined CNBC in October 2007. The Dow was at an all-time high of 14000. Real estate was positively bubbly.

When stocks plunge, talking heads join the panic. Here's how to keep calm while watching.

Only a half-year later, Bear Stearns needed a weekend bailout and buyout. Lehman Brothers soon failed. Goldman Sachs and GE Capital were wobbly in their wake. A world-wide credit meltdown was possible, as was a global depression. Watching the crisis spread, 10 hours a day from the CNBC studios, was one the most intense experiences of my career.

BARBARA KELLEY

On set, we discussed grim proclamations: It was over for the U.S. economy amid a "new normal" of weak growth. Stocks and "buy and hold" strategies were dead. Wall Street never would return to the lofty profits of old, and Goldman Sachs would be neutered. The Fed's desperate rescue measures could unleash devastating inflation. Or deflation. Or stagnation. Maybe even stagflation.

Wherever there was a worry to be found, a talking head was happy to discuss it. Optimists looking for the upside, my preferred role, were scorned and ridiculed. One night on the CNBC show I briefly anchored, an acid-tongued market-watcher said he couldn't support a single stock worth buying. Everyone thought he was right, and the clip went viral.

In time they settled into an unrelenting pessimism, but a lot of the Eeyore-speak turned out to be unwarranted. Who knows how much it might have held back the rebound? Capitalism is optimism monetized. Markets are propelled by greed, yes, but also by hope.

The next time stocks crash and the financial world tilts off its axis, the long-term investor should stop listening to cable news for a moment and keep a few points in mind.

• *When stocks plummet, TV's bias is toward timidity.* Financial advisers rarely get in trouble when their clients miss out on an upside opportunity. They can get fired for recommending a stock that loses money. What you hear on cable may be the fearful, knee-jerk wisdom of pusillanimous fraidycats.

• *On-air talent's greatest fear is being wrong.* It is safer to sound a warning than a reassurance. Almost a decade has passed since the last crash, and some on-air people never have covered a scary tumble. Others still lack a deep understanding of the markets. "We're afraid we may not know, for sure," as one Fox anchor told me a few years ago.

• *For on-air guests, it becomes a game of Can You Top This?* When stocks keep falling, the temptation for commentators is to outdo one another in darkness and doom.

• *Advisers want to recommend action, and holding doesn't qualify.* In a crash, that usually means selling, even though stocks historically can be expected to return to their previous levels and rise again if you can wait long enough.

• *After the crash, the media will anoint a Nostradamus.* This is someone who, with uncanny clarity, foresaw what everyone else missed. Few outlets will bother to check whether this genius was making the same prediction—wrongly—for a decade or longer before.

• *Some pundits may root for a market rout because of a political bent.* That's especially true in this divisive era defined by President Trump. As the crisis of late 2008 extended into the Obama administration, I asked a CNBC regular why all the reporting seemed to be so dire. Maybe we are being overly protective of the viewers, I suggested. "No, that's not it," he told me, then he wrote down one word on a sheet of paper and underlined it: "Liberals." He didn't want to say anything aloud, lest his lapel mike pick it up. Then he scrawled: "Hate Bush."

The people I worked with at CNBC, and later at Fox Business, were smart and devoted. But when a crisis descends live on cable, it's hard not to get caught up in it. Note to viewers: Don't let the pessimists get you down.

Mr. Kneale is a writer in New York.

What's Keeping David McCullough From Sleeping

By Thomas H. Lee

The last patient I saw one recent Friday was an 84-year-old man with insomnia. He was the writer-historian David McCullough. I use his name and describe our conversation with his permission—in fact, with his encouragement. He thought it might be useful to others.

Mr. McCullough doesn't have trouble falling asleep; his problem is *staying* asleep. He has been waking up earlier, and then cannot drift off again—a common pattern for people in their 80s. He worries that he may be making matters worse by taking an afternoon nap. On the other hand, he really enjoys that nap.

When we discussed what kept him awake, he said, "I have to tell you—part of it is worrying about what is happening in our country."

At this point I recalled how, long before we met, I heard him on National Public Radio, shortly after the publication of his 1992 biography, "Truman." He was already well known for books such as "The Great Bridge" (about the building of the Brooklyn Bridge) and "The Path Between the Seas" (about the construction of the Panama Canal), but "Truman" and then "John Adams" won Pulitzer Prizes and attracted a much larger readership.

The NPR interviewer noted: "Your writing makes readers feel like they are there." Mr. McCullough said this was deliberate. "What I'm trying to do is show readers—especially young readers—that things didn't have to turn out as well as they did."

'Part of it,' he told me during his medical exam, 'is worrying about what is happening in our country.'

He continued: "I want them to know that life felt every bit as uncertain to people back then as it does to us today. There were these moments when they had to be thinking, there is no way we can get this bridge built, or get this canal dug.

"But things worked out—because individuals behaved in certain ways, with integrity and resilience. They figured out how to work with other people, and they tried to do the right thing. And my hope is that these stories will inspire some readers to behave the same way in the face of the uncertainty in their lives."

That perspective made a profound impression on me; I relayed it to my children repeatedly as they grew up. And when Mr. McCullough moved to Boston in 2012, and his search for a primary-care physician brought him to me, I told him my recollection of the interview at our first visit.

"I try to make that point in every interview," Mr. McCullough said. "It's really the main reason I do the work I do."

Now, though, Mr. McCullough says he is worried that this message has been lost among our public figures—and it is costing him sleep. Every day, as he reads the papers, it seems as if leaders are taking positions based on politics—and have forgotten about history. They are unaware of the past, and uninterested in how they will be remembered in the future.

"I may not be around to write about these times, but there are going to be historians like me," he says. "They are going to be looking back for people like Harry Truman, like John Adams—honest and brave people who took stands that might have been unpopular. They had more than courage—they had the courage of their convictions. They will be the ones worth writing about."

"Margaret Chase Smith," he said, with sudden intensity, alluding to the Republican from Maine, the first woman to serve in both houses of Congress. "She was the first senator with the backbone to stand up to Joe McCarthy. She gave this courageous speech in 1950 called 'Declaration of Conscience.' It was wonderful—"

I think Mr. McCullough might have seen me glance at my watch. We did have other issues to address, and I had to examine him, and order his lab tests. The history lesson concluded, and we got on with his medical visit.

At the end, we agreed that no medications were in order for his early awakenings, and there was no need to give up his afternoon nap. When he could not fall back to sleep, he should get up and work on his next book.

And we decided that rather than write a prescription, I would write this piece—to encourage others to look for those moments in which they might rise to the occasion, like Margaret Chase Smith. If they do, they might help future historians inspire future readers. And they might help my patient, David McCullough, sleep through the night.

Dr. Lee is a primary-care physician at Brigham and Women's Hospital and chief medical officer for Press Ganey.

How Could Facebook Have Been So Careless?

By Charles Duan
And Shoshana Weissmann

The Cambridge Analytica-Facebook data revelations have set off a vigorous round of blame-shifting among the political consulting firm, the social network and Aleksandr Kogan, the academic who transmitted data between them.

Facebook bears the lion's share of responsibility for allowing millions of users' profile information to land in the hands of a private consultancy—but not for the reasons others have claimed. The company's error lies not in its collection and sharing of data, but rather in its failure to take technological measures to oversee and protect that data as it went out the door.

Mr. Kogan used an app he built to harvest Facebook users' data starting in 2013. The company claims he had agreed to use the information only for academic purposes, but reports suggest Mr. Kogan soon began sharing data with Cambridge Analytica.

That Facebook collects data and gives it out to third parties for any number of reasons—including targeted campaigns—is unremarkable. Facebook itself has long offered advanced user-targeting to advertisers. The Obama re-election campaign skillfully took advantage of these tools in 2012, to the delight of the mainstream media.

If it sold user data for scholarly use only, it could have taken measures to enforce that restriction.

In handing out user data for a restricted purpose, however, Facebook had a responsibility to ensure that it would be used only for that purpose. Mr. Kogan disputes that his agreement with Facebook prohibited him from reselling the data. But even if it did, Facebook had no way to enforce this once the records were in Mr. Kogan's hands. Like forwarded emails, data sets are hard to control once they are given away.

Compare the Facebook-Kogan transactions with those of a lawyer who gives a corporate client's documents to opposing counsel ahead of litigation, as required by law. The lawyer recognizes the risk that opposing counsel could abuse its access to this private information by sharing the client's secrets with competitor firms. That's why lawyers may impose various physical restrictions on access to the client's papers—such as holding them in a guarded file room or storing them on an internet-disconnected computer for viewing purposes only. It would be malpractice for an attorney merely to hand over a flash drive of millions of files to opposing counsel with a note saying, "Don't be naughty."

As a technology company, Facebook had a menu of technological solutions to restrict Mr. Kogan to his professed academic intentions. Computer scientists have developed algorithms, sometimes called "differential privacy," that randomize or modify data in ways that make them useful for academic research but not for other uses. Apple has pioneered the use of this tool. Similar measures might have prevented Facebook's raw user data from being misused by Cambridge Analytica under allegedly false pretenses.

No matter what the terms of Facebook's agreement with Mr. Kogan, the company's failure to control its user data is inexcusable. Facebook is entitled to share user data with third parties, so long as it takes necessary precautions against abuse. Surely America's fifth-largest technology company can afford to put some technology behind keeping its promises.

Mr. Duan is associate director of technology and innovation policy at the R Street Institute. Ms. Weissmann is a policy analyst and the digital media specialist at R Street.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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The FBI Was Dangerous When It Was Independent

By Justin Walker

Camera bulbs flashed. Spectators jostled for a better view. All eyes were on the dark-haired director of the Federal Bureau of Investigation, whose integrity had been unquestioned until his search for collusion between Russia and U.S. government officials angered the president. When asked to back off, the director had refused. Now, at a congressional hearing, he was about to declare publicly his independence from the president.

That FBI director was J. Edgar Hoover. The president was Harry S. Truman. And the testimony occurred 71 years ago this Monday. Pouring fuel on the flames of McCarthyism, Hoover warned Americans of "the liberal and progressive who has been hoodwinked and duped into joining hands with the communists."

J. Edgar Hoover's tenure was a catastrophe for civil liberties, precisely because he was unaccountable.

In the wake of Andrew McCabe's firing as deputy FBI director and James Comey's dismissal as director last year, Hoover's testimony is a reminder that Americans should be careful in wishing for an independent FBI. Hoover's 48-year tenure as FBI director was a catastrophe for civil liberties, featuring mass detention of innocent people, warrantless wiretaps, politically motivated purges of government officials, and violence against civil-rights protesters. Each of these violations was made possible by the FBI's independence.

The FBI detained as many as 10,000 innocent civilians during World War II through its Custodial Detention Program. When Attorney General Francis Biddle learned of the program, he ordered an end to it, calling it "impractical, unwise, and dangerous." Hoover didn't care. He renamed it and retained it.

After the war, Hoover labeled Truman soft on communism and used allies in the press to pressure the White House into authorizing investigations of two million government employees. Hoover's ghostwriters and supporters wrote hundreds of articles praising the FBI and lionized G-men in movies and television shows. To curry favor with Walter Winchell, an influential gossip columnist, Hoover even arranged for an FBI driver, bodyguards and a commission in the Naval Reserve.

With a political power base independent of the White House, Hoover often coerced presidents and attorneys general into tolerating his operations. Attorneys general for Presidents Truman and Eisenhower allowed the FBI to wiretap, burglarize and open the mail of anyone Hoover chose. He targeted gays and lesbians, antiwar activists and civil-rights leaders from Martin Luther King Jr. to Thurgood Marshall.

At times, Hoover's hatred of the civil-rights movement led to outright insubordination. After Attorney General Robert F. Kennedy ordered him to protect the Freedom Riders risking their lives for racial equality in Mississippi, Hoover deliberately withheld information about impending attacks on the riders. He then defied Kennedy's order to send an FBI agent to drive a bus abandoned by the Freedom Riders' driver. And he refused Kennedy's order to arrest Ku Klux Klan members for violence surrounding the enrollment of the University of Mississippi's first black student, James Meredith.

The FBI's accomplishments have been historic and often heroic, even under Hoover's leadership. It was indispensable in fighting public enemies from Hitler to Al Capone, and perhaps no other U.S. organization outside the armed forces did more than the FBI to defeat the Soviet Union. And in the post-Hoover era the bureau has generally shown a healthy respect for civil liberties.

But today, when lawmakers and commentators demand an "independent" FBI, Americans should remember the bureau's history and the dangers of independence. The FBI must be accountable to the president, who is accountable at the ballot box. Otherwise, it is accountable to no one—including and especially the people.

Mr. Walker is an assistant professor at the University of Louisville Brandeis School of Law. This is adapted from a paper titled "FBI Independence as a Threat to Civil Liberties," to be published this summer by the George Washington Law Review.


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BUSINESS & FINANCE

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Small Caps Weather Broad Rout

By Akane Otani

Shares of small U.S. companies have held mostly steady this month despite a broader market rout, as their domestic focus is sheltering them from prevailing trade-friction worries.

The Russell 2000 has slipped 0.2% since the end of February, compared with the S&P 500's 4.6% loss and the Dow Jones Industrial Average's 6% decline. The Dow industrials fell more than 1,400 points last week, a 5.7% decline that marked the blue-chip index's biggest weekly percentage loss since January 2016 and highlights the retreat from risk that many investors have undertaken this year.

Investors fear that the Trump administration's tariffs on steel and aluminum imports could crimp profits for large manufacturers whose products rely heavily on those materials. And they worry that potential retaliatory trade measures—the likes of which have been discussed by Chinese officials, the European Commission and German Chancellor Angela Merkel—could more broadly damp profits among multinationals.

Many investors remain bullish on U.S. stocks, reasoning that the 2017 tax cut will lift profits and keep markets buoyant. Yet firms large and small are facing a turbulent spring in which few investments are consistently favored on Wall Street and many are facing fresh scrutiny following a long, broad rally that lifted indexes to new records and expanded valuations.

"What's happening is a confluence of events—the pros of the tax cuts, plus the cons of the trade tariffs," said Mark Travis, president of Jacksonville Beach, Fla.-based Intrepid Capital Management.

Small-caps are holding up better during the current market malaise in part because of their domestic focus, which enables them to benefit from tax reductions and largely shelters them from trade-fallout concerns.

According to Alec Young, managing director of global markets research at FTSE Russell, firms in the Russell 2000 get 19% of revenue from overseas, compared with 39% in the large-cap Russell 1000.

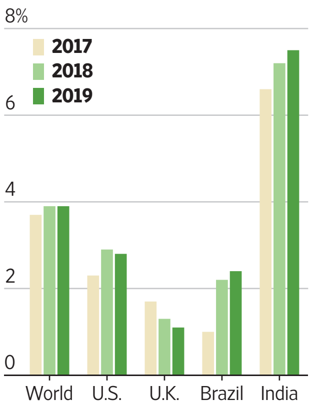
To some, the market's moves are reminiscent of what happened after President Donald Trump's election in November 2016. Shares of small, domestically focused firms—which tend to pay higher effective tax rates than their larger, multinational counterparts—shot higher, boosted by the prospects of tax cuts and protectionist trade policies from the Trump administration. The Russell 2000 rose 14% between Election Day and the end of 2016, trouncing the broader S&P 500's 4.6% gain.

Yet the rally in small-caps began to fade the following spring—something analysts attributed to doubts that the

Please see STOCKS page B10

Still Solid

Change in real GDP



Note: Figures for 2018 and 2019 are projections.
Source: Organization for Economic Cooperation and Development
THE WALL STREET JOURNAL.

Airlines Help Passengers Conquer Jet Lag

Carriers experiment with lighting, temperature and menu items to make long-haul flights tolerable

By Robert Wall

LONDON—**Qantas Airways** Ltd. inaugurated one of the world's longest commercial flights on Sunday—a roughly 17-hour journey between Perth, Australia, and London that adds another really long flight to a growing roster of them.

New planes and fuel-efficient engines have made these "ultra long-haul" connections possible, and profitable. Now, airlines and aircraft makers are working on making them tolerable for passengers.

The flights promise fast, seamless travel between far-flung locales. The downside: they require almost a full day trapped inside a plane. For economy-class passengers, most of that time is spent squeezed into a narrow seat that doesn't fully recline.

Qantas and other carriers are experimenting with

Please see HAUL page B2

JAMES D. MORGAN/GETTY IMAGES

Qantas Airways on Sunday inaugurated one of the world's longest commercial flights—a 17-hour trip between Perth, Australia, and London.

Robot Cars Test Humans

By Greg Bensinger And Tim Higgins

For a job that is supposed to involve limited action, being a test operator in a self-driving car is surprisingly stressful.

With their hands loosely around the steering wheels and right feet at the ready, test operators are trained to take control and swerve or hit the brake when their robot cars act erratically or encounter something unexpected, say current and former operators for **Uber Technologies** Inc. and **Alphabet** Inc.'s **Waymo**.

That means a need for constant vigilance over the course of a typical eight-hour shift, they say, even though the cars navigate streets unaided the vast majority of the time.

"The computer is fallible, so it's the human who is supposed to be perfect," said one former Uber test driver. "It's kind of the reverse of what you think about computers."

The fatal crash last week in Tempe, Ariz., involving an Uber autonomous vehicle is bringing new scrutiny to both the quality of Uber's technology for avoiding collision and the efficacy of its backup system of so-called safety drivers. The accident, in which a woman was struck and killed as she walked a bicycle across a road at night, is believed to be the first involving a death from a self-driving car.

In much of the autonomous-vehicle testing done on public roads, there are two safety drivers: one in the driver's seat; and one in the front passenger seat who is assigned the task of logging incidents onto a computer, but, drivers say, also helps by keeping a second set of eyes

Please see UBER page B4

INSIDE

GLAXO'S CHIEF GIVES R&D AN OVERHAUL

DRUGS, B3

WATCHDOGS SPLIT ON BANK REGULATION

FINANCE, B7

KEYWORDS | By Christopher Mims

Shift to 5G Won't Come Overnight

You may have heard that fifth-generation wireless technology, better known as 5G, is coming, and it'll be awesome. If you don't know anything more than that, you are far from alone.

The Trump administration recently blocked a takeover of U.S. firm **Qualcomm** by Singapore-based **Broadcom**, on the grounds it would undermine U.S. strength in 5G technology and damage national security. Meanwhile, we've seen a drumbeat of 5G news releases from telecommunications companies, whose breathless hype about blistering speeds and astounding applications make 5G sound like it is right around the corner.

The shift is inevitable, but it'll take time. And the breathlessness may be overblown.

Like past generational shifts, the move from current 4G LTE wireless to next-gen 5G will be hugely expensive and will result in patchy coverage for years to come. What's different is that after all the infrastructure upgrades, much of the time your phone's connection to the internet might not be any faster.

The biggest impact of 5G could be that the distinction between wired and wireless networks will blur, as America's two biggest "wireline" service providers, **Comcast** and **Charter Communications**, and the biggest wireless providers, **AT&T** and **Verizon**, adopt similar technologies and transform the way the internet reaches consumers.

To understand any of this, we have to start with what 5G is and how it will work. Today's 4G LTE wireless technology is enabled mostly by large cell towers of the sort used to create cell networks since the days of Gor-

Please see MIMS page B4

INDEX TO BUSINESSES

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

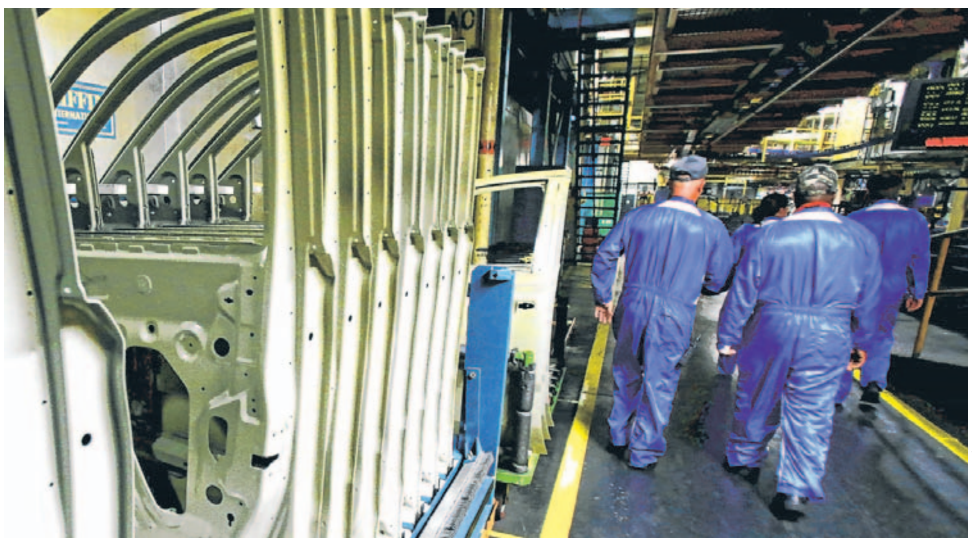
INDEX TO PEOPLE

BUSINESS & FINANCE

U.S. Brands Play Catch-Up

Cadillac, Lincoln to unveil pricey new 'crossover' SUVs aimed at foreign rivals

By Mike Colias



MIKE STONE/REUTERS

Ford's Lincoln division sells a compact MKC that has helped boost the struggling brand's sales.

THE WEEK AHEAD

It has been decades since the two U.S. luxury-car divisions—Cadillac and Lincoln—put the luxury sport-utility vehicle on the map, equipping roomy off-roaders like the iconic Cadillac Escalade with thirsty engines and plenty of bling. Now, the U.S. brands are playing a high-stakes game of catch-up.

General Motors Co. and **Ford Motor** Co. are set to use this week's New York Auto Show to show off pricey new "crossover" SUVs designed to better take on **BMW** AG, **Audi** AG and **Toyota Motor** Corp.'s Lexus brands.

Foreign rivals have lapped Cadillac and Lincoln largely because of the German and Japanese auto makers' new generation of roomy SUVs that are engineered to ride nearly as comfortably as cars or station wagons. The popular Lexus RX crossover SUV outsold Ford's entire Lincoln brand in 2017, for instance.

Detroit has dominated the broader SUV business with profitable entries designed for the mass market, such as **Fiat Chrysler Automobile** NV's Jeep Grand Cherokee and GM's Chevrolet Tahoe. GM's Cadillac Escalade and Ford's Lincoln Navigator also delver substantial margins, but they haven't been able to lure aging baby boomers and other customers who want a premium wagon but don't have to cart around a big family.

Most analysts say luxury showrooms need SUVs in several sizes to compete.

Cadillac will unveil in New York this week a small SUV called the XT4, aimed at the booming small-crossover crowd. Ford, meanwhile, pulls the wraps off the Lincoln Aviator, a midsize offering roughly the size of the auto maker's mainstream Explorer SUV.

New York is a strategic spot for U.S. brands to introduce the models. BMW and Mercedes each outsell both Cadillac and Lincoln 4-to-1 in the metro area, according to research firm IHS Markit.

Domestic dealers complain that the new models are arriving several years into a boom in SUV sales. Unlike other consumer industries that can overhaul product lines quickly when customers' preferences shift, auto makers typically need several years to respond to changing tastes, because of the big capital sums required to overhaul vehicle lines or create new ones.

Cadillac dealer Ed Williamson said his Miami store routinely loses potential buyers because his sales staff can't offer an SUV in the size a customer wants. He said Cadillac's two current SUV models, the midsize XT5 and hulking Escalade, contribute 85% of his sales—meaning there is relatively little demand for the four sedans on the lot. BMW and Daimler AG's Mercedes-Benz, by contrast, each say they have about a half-dozen crossover or SUV models.

"All Cadillac dealers are looking forward to having another SUV to sell," Mr. Williamson said.

Ford's Lincoln brand sells a smaller crossover, the MKX, and recently added the compact MKC, which has attracted acclaim and helped boost the struggling brand's sales.

Cadillac has spent years trying to recover from a bet it put on sporty sedans to compete with German rivals, only to see the luxury market quickly shift to SUVs. "The luxury market hasn't been about cars for a long time," said John Wolkonowicz, an independent auto analyst in Boston. "The fact that Cadillac apparently didn't see that coming is amazing."

GM recruited Cadillac President Johan de Nysschen in 2014 to help turn around the brand, after he had overseen strong growth at Volkswagen AG's Audi of America in the mid-2000s. It has taken years to develop what he promises will be a "product offensive" of three new crossovers in the next few years, including the XT4 being shown this week.

Cadillac has been "a victim of our product portfolio. We can't capitalize on the growth segments," he said in an October interview. Starting in 2019, "we are going to be firing on all cylinders."

HAUL

Continued from the prior page

lighting, cabin temperature and menu items to help travelers cope. Now plane makers are getting into the act.

Boeing Co. and **Airbus** SE are offering aircraft that, in addition to extra range, can provide more cabin humidity and cleaner air—both factors that help make long-haul journeys less fatiguing. Ultralong flights "are an adventure for passengers and also for the airlines, so we need to provide a product so they can dare go on that adventure," said Marisa Lucas-Ugena, marketing boss for Airbus.

The new Qantas service is meant to be a steppingstone to a 22-hour direct flight it eventually wants to operate between Sydney and New York or London. The destinations are about the same distance apart from Australia—just in different directions.

So far, no plane can do it with a full load of passengers. Qantas is pushing Boeing, the world's top plane maker, and No. 2 Airbus to provide a new plane for about 300 passengers and a 22-hour flight.

WILLIAM WEST/AGENCE FRANCE-PRESSE/GETTY IMAGES

Plane makers are trying to make long-haul journeys less fatiguing.

Currently, the world's longest flight is **Qatar Airways**' 17-hour-40-minute flight linking Auckland, New Zealand, with Doha, but it may not hold the record for long. **Singapore Airlines** Ltd. this year plans to resume direct 19-hour flights to New York.

Singapore Airlines scrapped the service in 2013 when it retired the Airbus A340-500 planes that it used on the route. SA now is buying seven Airbus A350-900 aircraft specifically configured to carry an additional 5,270 gallons of fuel.

Apart from the mechanical challenges of such long flights, there are biological challenges. Qantas is pairing its rollout of the new flight this month with an extensive program to help passengers manage jet lag. "It is about a series of subtle changes," said Phil Capps, the airline's head of customer product.

To help passengers start adjusting to the new time zone, Qantas is rescheduling food service at the start of the journey to synchronize more closely with meal times at the destination. It has bolstered the onboard menu with lighter meal options such as a tuna poke salad bowl, a bespoke herbal tea to encourage relaxation and a bedtime hot-chocolate drink containing tryptophan, an amino acid credited with helping to induce sleep.

Deutsche Lufthansa AG last year began using 24 different light settings on its Airbus A350-900 planes to help manage passenger biorhythms during long-haul flights.

Hong Kong's **Cathay Pacific** in January announced a partnership with an organization called Pure Yoga to get passengers to perform stretches and exercises, even in the confines of economy-class seats. The airline said the activities improve blood flow and relaxation.

Qantas is working with sleep experts at the Charles Perkins Centre, an affiliate of the University of Sydney, to assess how to help biological clocks adjust and to monitor passengers to see what future changes could help battle jet lag.

Peter Cistulli, professor of sleep medicine at the center, said lower temperatures can help passengers doze off. If onboard temperatures can be adjusted downward, to around 60 to 68 degrees Fahrenheit, that helps a passengers' core body temperature drop, helping regulate a person's circadian rhythm.

"We are still at the very beginning of understanding what jet lag is and how we can potentially mitigate it," he said.

Some Airline Routes With Flight Times Of 18 hours or More

Singapore Airlines:
Singapore-New York, 9,535 miles
Qatar Airways:
Doha-Auckland, 9,032 miles
Qantas Airways:
Perth-London, 9,010 miles
Emirates Airline:
Dubai-Auckland, 8,824 miles
United:
Los Angeles-Singapore, 8,770 miles
United:
Houston-Sydney, 8,695 miles
Qantas:
Dallas/Fort Worth-Sydney, 8,578 miles

Gun Maker Remington Files for Chapter 11

By Lillian Rizzo

Firearms maker **Remington Outdoor** Co. sought bankruptcy protection on Sunday in the face of a heavy debt load, falling sales and lawsuits tied to the Sandy Hook school shooting.

Remington filed for chapter 11 protection in the U.S. Bankruptcy Court in Wilmington, Del., with plans to hand over control of the company to its creditors—including **Franklin Resources** Inc. and **JPMorgan Chase** & Co.'s asset-management division—in exchange for wiping much of its debt from its balance sheet.

The Chapter 11 filing, announced in February, was delayed after a Feb. 14 school shooting in Parkland, Fla., that left 17 dead and reawakened the national debate surrounding gun regulations, people familiar with the matter told The Wall Street Journal.

The filing brings to an end private-equity backer **Cerberus Capital Management** LP's investment in the gun business. The buyout firm acquired Bushmaster Firearms International in 2006, and in 2007 it paid $118 million for Remington and assumed $252 million of its debt. Cerberus later formed Freedom Group Inc., a holding company comprising Bushmaster, Remington and other firearms makers.

In December 2012, a Bushmaster rifle was used to kill 20 children and six staff members at Sandy Hook Elementary School in Newtown, Conn. A few years after the shooting, nine families of victims filed a wrongful-death suit against Remington, alleging it was liable for producing and selling a weapon unfit for civilian use. The matter has reached the Supreme Court in Connecticut, and the gun industry awaits the decision.

Cerberus attempted to sell Remington at the urging of investors and, in 2015, separated Remington Outdoor from its funds and gave investors the opportunity to cash out.

The company is being advised by law firm **Milbank, Tweed, Hadley & McCloy** LLP, investment bank **Lazard**, and financial adviser **Alvarez & Marsal Capital Partners**.

—Sharon Terlep contributed to this article.

LEGENDARY PICTURES/UNIVERSAL PICTURES/ASSOCIATED PRESS

A science-fiction sequel captured top spot at the box office in North America this past weekend.

'Pacific Rim Uprising' Unseats 'Black Panther'

A monsters-versus-robots science-fiction sequel, "Pacific Rim Uprising," dethroned superhero sensation "Black Panther" at the North American box office, with $28 million in ticket sales, according to studio estimates on Sunday.

But the result for "Pacific Rim Uprising," a Universal Pictures-Legendary Entertainment release that cost $150 million to make, was soft—at least domestically. Its biggest business was in China, where it debuted with $65 million for Legendary.

—Associated Press

Estimated Box-Office Figures, Through Sunday

		Sales, in millions		
Film	Distributor	Weekend*	Cumulative	% Change
1. Pacific Rim Uprising	Universal	$28	$28	--
2. Black Panther	Disney	$16.7	$630.9	-37
3. I Can Only Imagine	Roadside Attractions	$13.8	$38.3	-19
4. Sherlock Gnomes	Paramount	$10.6	$10.6	--
5. Tomb Raider	Warner Bros.	$10.4	$41.7	-56

*Friday, Saturday and Sunday Source: comScore

Dealers Worry as Car Prices Increase

By Adrienne Roberts

LAS VEGAS—As the automotive industry braces for changes including electrification and autonomy, dealers across the U.S. are worried about something much simpler: the price of a new car.

After decades of fighting to protect their businesses and advocating for dealers to Congress and the federal government, dealers see their new mission as advocating for the consumer to keep the cost of a new vehicle low.

The average price of a car to date through February is about $32,200, about $500 more than the price of a vehicle last year, according to J.D. Power, as manufacturers roll out new models with additional technology and safety features, justifying an increase in price. Customers are also buying more SUVs and pickup trucks, which come with a higher transaction price compared with sedans.

If the cost of a new car continues to rise at rates it has been, "it will stop sales," said Wes Lutz, chairman of the National Automobile Dealers Council. "It's just more than the consumer can handle."

But dealers and consumers are up against a number of challenges. Tightening credit conditions and higher interest rates are driving up monthly payments. Average monthly payments now exceed $525 a month, according to Edmunds.com, with the online-shopping company estimating that interest rates on new-vehicle loans hit an eight-year high in February. New tariffs on steel and aluminum imports could exacerbate the problem.

As auto makers like **Toyota Motor** Corp. meet with their dealers at the NADA Show in Las Vegas, Toyota executives are telling their dealers that "we're all in the same boat together," but acknowledge that "it's simple math; with a tariff there's going to be a price increase," said Jack Hollis, general manager of Toyota North America.

Toyota's chief executive of North America, Jim Lentz, called the tariff a "tax on the U.S. consumer" and said if vehicles increase about $200 across the industry because of the tariff, that is a $3.4 billion tax on the U.S. consumer.

BUSINESS NEWS

Hispanic Food Sector Is Ripe for Deals

Operator of El Super chain buys Fiesta Mart as competition heats up among supermarkets

By Heather Haddon

The U.S. arm of Mexico's **Grupo Comercial Chedraui** SA agreed to buy Texas-based **Fiesta Mart** Inc., the latest supermarket tie-up as a wave of consolidation shifts into Hispanic food stores.

The acquisition, by Chedraui's California-based unit **Bodega Latina** Corp., which runs the El Super chain, values closely held Fiesta Mart at as much as $300 million including debt, according to people with knowledge of the discussions. The deal for Fiesta Mart, owned by private-equity firm **Acon Investments** LLC since 2015, was confirmed by the companies Sunday.

The deal positions Bodega Latina to become one of the largest Hispanic food retailers in the U.S. by revenue, as it would add more than 60 stores and another region to its growing terrain that includes California, Arizona, and Nevada.

RBC Capital Markets LLC and the Food Partners LLC served as financial advisers.

Competition has driven a wave of consolidation among food retailers and distributors. **Amazon.com Inc.**'s purchase of Whole Foods Market Inc. and the expansion of European deep discounters in the U.S. have fueled a variety of deals.

Last month, **Albertsons** Cos. said it was buying **Rite** Aid Corp. and its more than 2,000 remaining stores, for example. The competition has also caused a number of supermarket restructurings and outright sales in the past year.

Now, deal hunters are turning their sights toward the Hispanic food-retail sector. The industry remains fragmented and its prospects are relatively strong given the heightened interest among consumers for imported specialty products.

Last year, food wholesaler and retailer **Supervalu** Inc. bought Associated Grocers of Florida Inc. and Unified Grocers Inc. to give the Minneapolis company greater access to Hispanic and Caribbean markets. Albertsons invested in the Texas-based El Rancho Supermercado chain in November and private-equity giant **KKR** & Co. oversaw the tie-up between the Cardenas Markets and Mi Pueblo supermarkets last summer.

Chedraui, based in the Mexican municipality of Xalapa, has also been on a buying spree, which has transformed it into one of the largest consumer-goods retailers in Mexico. It has a market value of about 37 billion Mexican pesos ($2 billion).

Hispanic shoppers are driving growth in food and beverage sales in an otherwise anemic environment for consumer companies and retailers. Hispanic consumers increased their spending on consumer goods by just under 1% over the year ending in October, while the amount spent by other shoppers was down slightly, according to Nielsen. Hispanics outspent other shoppers in 12 of the 16 primary food and consumer categories tracked by the research firm. More adventurous eating among the U.S. population has also fueled an interest in Hispanic products, according to Nielsen.

Hispanic-oriented food retailers are well positioned, given a growing population that seeks out imported and specialty products in stores, said Bob Goldin, co-founder of food consultancy Pentallect Inc. "They are a very loyal group," said Mr. Goldin, adding that Hispanic supermarkets are "pretty well insulated" from Amazon.

TAMIR KALIFA/ASSOCIATED PRESS

Closely held Fiesta Mart, based in Texas, was acquired by the U.S. arm of Mexico's Chedraui, which has been on a buying spree.

Glaxo's Chief Dispenses a Bitter Pill to Fix R&D

By Noemie Bisserbe And Joann S. Lublin

LONDON—Emma Walmsley, the rookie chief executive of **GlaxoSmithKline** PLC, is giving the 300-year-old British drug giant's ailing research-and-development operations a dose of bitter medicine.

In the roughly one year that the 48-year-old former cosmetics executive has been in place, Ms. Walmsley has replaced nearly half of Glaxo's top 125 executives, according to the company. She has reassigned or let go some 400 scientists in its drug-development unit, and another 100 science jobs are still on the line, according to people familiar with the matter. She is also shutting down more than two dozen clinical drug trials, as she narrows the focus of Glaxo's drug-discovery portfolio.

Outsiders and recruiters say it is hard to recall another turnaround effort in the industry with the same scale and speed. It "has never been done in any major pharmaceutical company that I am aware of," one industry veteran said.

A Glaxo predecessor company introduced the first commercial treatment for HIV in the late 1980s, but more recently the company has lagged behind others in research productivity—the art of squeezing profit out of drug discoveries. Glaxo's so-called annualized economic return to R&D spending—which measures profits generated as a return on earlier R&D investment, in excess of the cost of capital—was just 3% from 2007 to 2016, according to an analysis by SSR Health. That put it at No. 13 among the 22 largest U.S.-listed pharmaceutical companies ranked by R&D spending.

"We need to get out of our own way," Ms. Walmsley said in a recent interview. "Bring more agility, courage, accountability, passion and pace."

Some insiders see the restructuring as a breath of fresh air. Others say the depth of the executive and scientific cull has sparked chaos, and they blame Ms. Walmsley for being too focused on short-term shareholder returns.

"Some people find it challenging; others embrace it," said Phil Thomson, Glaxo's president of global affairs.

While Ms. Walmsley's changes may be more dramatic than those of her peers, they reflect a wider industry trend. After plowing billions of dollars into new businesses aimed at cushioning companies from the boom-and-bust nature of developing new drugs, companies like **Pfizer** Inc. and **Novartis** AG also are refocusing on high-margin prescription drugs.

Ms. Walmsley's predecessor, Andrew Witty, spent most of his nine-year tenure developing slower-but-steadier consumer health-care products. Ms. Walmsley, who had come to Glaxo from French cosmetics giant **L'Oréal** SA, ran that business for more than five years.

Ms. Walmsley recently walked away from a chance for Glaxo to double down on that business. Late last week, Glaxo said it wouldn't bid for the consumer health-care business that Pfizer is considering selling.

Glaxo stock has underperformed its peers, declining by 14% over the past five years, compared with a rise of 54% over the same period for the S&P Global 1200 Health Care Index. Ms. Walmsley hasn't been able yet to reverse that. Since she took over in April, Glaxo shares have fallen 21% while the S&P Global 1200 Health Care Index gained 6%.

Last April, days after taking the reins at Glaxo, Ms. Walmsley summoned the company's top 200 research and development executives to two of its global R&D offices, in Ware, England, and Upper Providence, Pa., according to people who attended the meetings. Management cued up a video featuring half a dozen analysts and investors discussing Glaxo's lackluster R&D. "It was a hard-hitting video," Mr. Thomson said. "We wanted to show them how the outside world sees us."

In July, Ms. Walmsley announced she would slash the company's drug pipeline and direct 80% of its R&D budget—which came in at about $6.3 billion in 2017—to just a handful of specialties, including respiratory illnesses, HIV, oncology and conditions related to inflammation due to an abnormal immune-system response.

She said she would target annual cost savings of about $1.4 billion by 2020. Glaxo said it planned to close at least nine manufacturing sites.

Ms. Walmsley has made big changes at the top, too. In September, she replaced Abbas Hussain, an eight-year Glaxo veteran who was head of pharmaceuticals and had been a contender for the top job, with a hire from rival **AstraZeneca** PLC, Luke Miels. Mr. Hussain joined a private-equity firm in October.

She also poached Hal Barron from **Alphabet** Inc.'s Google. The tech giant had hired him to help run its drug-research business, plucking him from Swiss-based **Roche Holding** AG, where he had built a record of bringing blockbuster drugs to market. Dr. Barron succeeded Glaxo's former president for R&D, Patrick Vallance, who is moving in April to a senior advisory post in the U.K. government.

Ms. Walmsley has promised to drive change by creating new incentives for executives and scientists. "They are going to be very numbers- and output-oriented, and for the first time we'll be including sales, innovation sales, profit and cash flow," she told reporters in a conference call earlier this year.

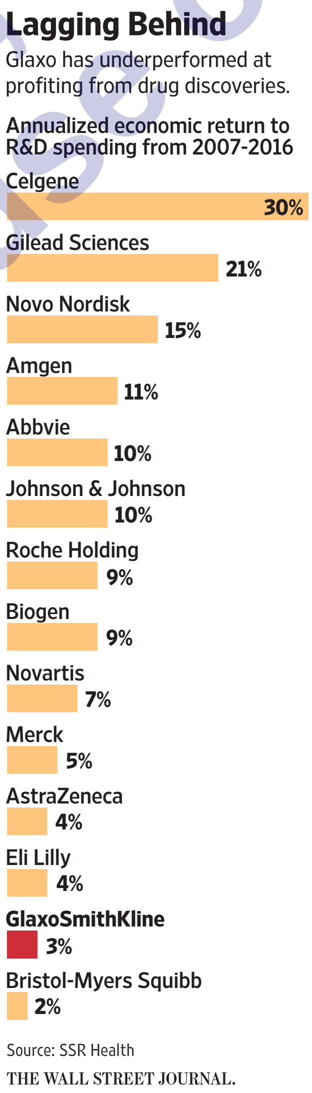
Inside Glaxo, many changes—particularly decisions to close down so many clinical trials—have been traumatic. Take Retosiban, an experimental treatment that helps prevent premature births. A group of 30 scientists working on the program in the U.S. learned their trial would be halted in the spring during a monthly conference call with their boss in the U.K., according to a person familiar with the matter. The drug had shown promise in late-stage clinical trials. Glaxo has said further trials required to get Retosiban to market would be too long and costly. The drug didn't belong to one of the focus areas identified by the new management. "This was a difficult process," said a senior R&D executive who helped decide which drug trials to drop. "It's like having to choose between your children."

—Peter Loftus contributed to this article.


TOBY MELVILLE/REUTERS

'We need to get out of our own way...Bring more agility, courage, accountability...'

Emma Walmsley, CEO of GlaxoSmithKline



A Bet on U.S. Is Paying Off for Australian Steelmaker

By Rhiannon Hoyle

SYDNEY—As steel producers closed plants from Ohio to Texas over the past decade, a little-known Australian steelmaker bucked the trend, boosting U.S. production in a bet that demand would rise from the construction and automobile industries.

The wager by Melbourne-based **BlueScope Steel** Ltd. sets it up to be a big winner from President Donald Trump's tariffs on steel and aluminum imports.

BlueScope's U.S. operations employ about 3,000 and include a steel mill in Delta, Ohio, that produces 2.3 million short tons a year. And, with Australia promised an exemption from the 25% duty, BlueScope also can expect to avoid any hit to its exports of Australian-made hot-rolled coil to the U.S.

BlueScope—which accounts for virtually all of Australia's steel sales to the U.S.—will "win on both sides of the Pacific," said Chief Executive Officer Mark Vassella.

Other potential foreign winners from the tariffs include Luxembourg's ArcelorMittal, the world's No. 1 steelmaker, which has vast operations in the U.S. and Canada, another nation exempted from the steel tariffs. Finland's **Outokumpu** and Spain's Acerinox also have stainless-steel factories in the U.S. and will receive an added bonus after European producers were spared the new duties. The Trump administration late Thursday temporarily suspended tariffs for Argentina, Australia, Brazil, Canada, Mexico, European Union nations and South Korea.

ArcelorMittal, in an emailed statement, said it is still working out what the tariffs will mean for the steel sector.

"Certainly their operations in Canada and the U.S. stand to gain," said Alex Griffiths, senior research analyst at Wood Mackenzie. ArcelorMittal also has operations in other exempt nations, including Mexico.

"For Outokumpu as a company, overall, there will be a slightly positive outcome, assuming the European Commission's safeguard and other measures are implemented," said a statement from the company.

Acerinox didn't respond to requests for comment.

Following years of losses and worker layoffs, American steelmakers including Nucor Corp., the biggest U.S. steel company by sales, have praised Mr. Trump's tariff plan. Some U.S. metal makers are planning to restart idle mills and boost capacity to make up for imports that face being priced out of the market.

Analysts have projected a rally in local steel prices as cheap imports are cut off. The price of U.S. hot-rolled coil is up about 20% since the start of February.

Some foreign firms that plowed money into U.S. production also stand to gain, although few more than BlueScope.

BlueScope should profit from "their large-scale domestic U.S. operations and newly secure ability to import from Australia," said Seth Rosenfeld, an analyst for Jefferies.

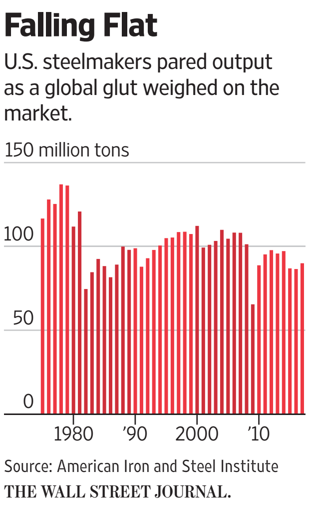
BlueScope exports more than $200 million of metal to the U.S. each year, mainly from its Port Kembla steelworks south of Sydney.

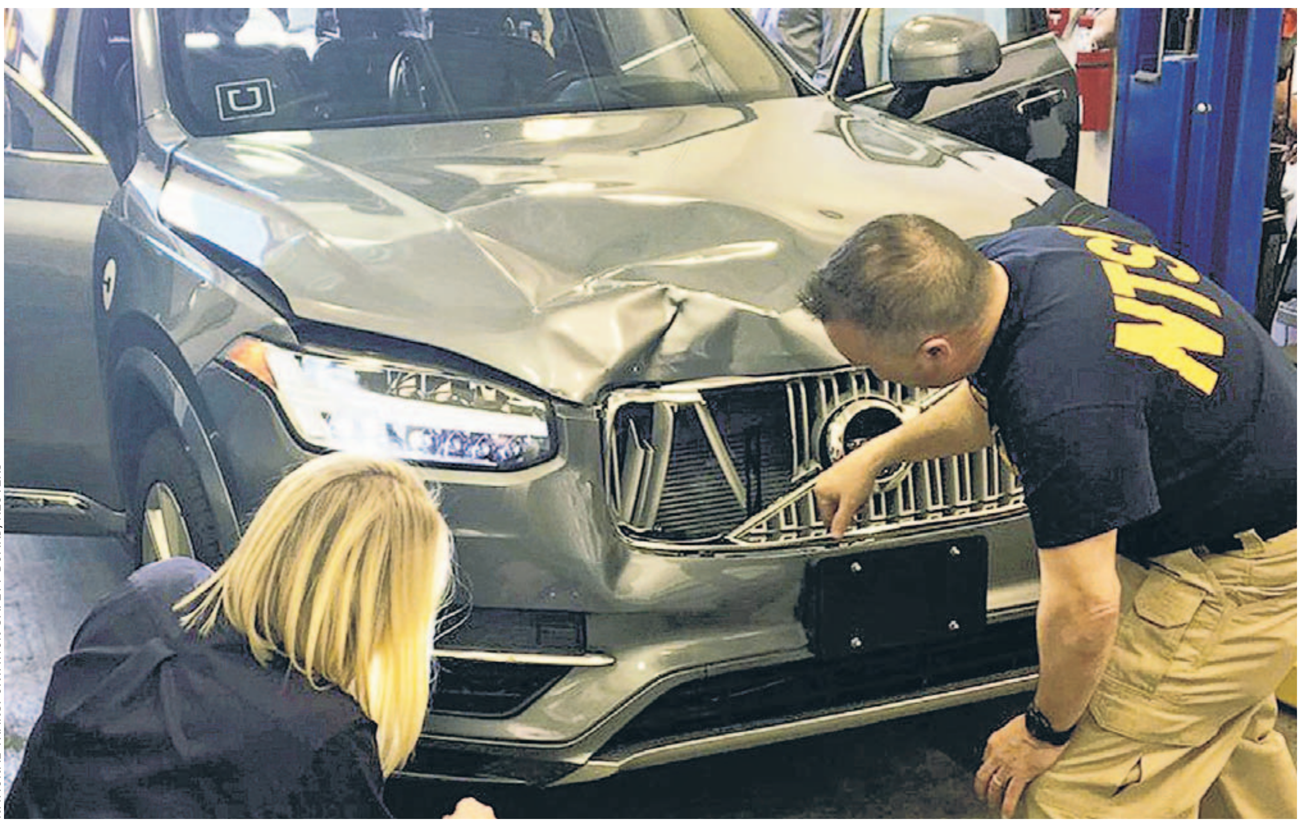
The company doubled down on the U.S. as American producers were cutting production amid a global glut. Big foreign rivals such as Germany's Thyssenkrupp AG and Russia's OAO Severstal also cut back or jettisoned U.S. operations.

—Kim Mackrael in Ottawa and Anthony Harrup in Mexico City contributed to this article.


DEAN LEWINS/EPA/SHUTTERSTOCK

BlueScope Steel hopes to benefit from recent U.S tariff actions.





NATIONAL TRANSPORTATION SAFETY BOARD/REUTERS

National Transportation Safety Board investigators examine a self-driving Uber vehicle involved in a Tempe, Ariz. accident.

UBER

Continued from page B1

on the road.

Uber had two people in all of its test vehicles until roughly October, when it began using single drivers in most vehicles, as it did in Tempe. The company said the second operator wasn't officially responsible for maintaining car safety, but some drivers said that the two people in the vehicle relied on each other since an accident or traffic violation could cost them their jobs.

Some drivers say being alone can be tough. A second operator is helpful in detecting unexpected traffic conditions or other hazards. One former Uber driver said he couldn't imagine driving alone because it was "stressful enough" monitoring the road to ensure the car doesn't perform in dangerous or unexpected ways. Being additionally responsible for logging unusual activity, which Uber drivers may type into a device in their cars, would only increase that, he said.

Also, as autonomous technology improves, the need for drivers to take action diminishes, making it harder to stay focused, test drivers said.

Still, other drivers said the job wasn't overly difficult. "It's about being alert, if you can't be alert for a few straight hours then you're not a very good driver," said a former Waymo test operator.

Video taken from inside the Uber vehicle, released by Tempe police, appears to show the vehicle heading straight into the pedestrian without slowing down or swerving to avoid her. Veteran researchers of self-driving technology say the video suggests Uber's technology didn't operate as it should have.

The video also appears to show the test operator, identified by police as Rafael Vasquez, looking down in the seconds before the crash. The operator remains an employee while the investigation is under way, Uber said. The company declined to discuss specifics of the investigation, saying it is still active.

Uber has pulled its roughly 200 self-driving vehicles and 400 test drivers from public roads while federal and local investigators review the incident. It is the second time in a year that Uber has temporarily halted testing following an accident involving one of its autonomous cars.

An Uber spokesman said: "We're heartbroken by what happened," and that "safety is our primary concern every step of the way." The company is assisting investigators, he said.

Uber began making the transition to using single test operators nearly three years after embarking on self-driving vehicle development. General Motors Co.'s Cruise Automation self-driving unit, which was founded in 2013, still has two test drivers in every car. Waymo—which has logged more than five million testing miles, by far the most of any company—began using one safety operator in many of its cars in 2015, about six years after its program began. Waymo now runs most vehicles without humans behind the wheel in the Phoenix area, and plans to launch a commercial robot service later this year.

The Uber spokesman said it shifted to a single operator after "more than a year of thorough planning, development and safety reviews" because the company felt it could turn to automated vehicle logs to review many interventions. He said the transition "happened slowly as we worked with our vehicle operators to make sure they were well-trained and felt comfortable with this new job."

"It was not and never has been the role of the passenger-seat operator to maintain the vehicle's safety," the Uber spokesman said. "That is and always has been the clear and primary responsibility of the operator behind the wheel."

Waymo's Chief Voices Confidence

By Adrienne Roberts

DAVID PAUL MORRIS/BLOOMBERG NEWS

Waymo's John Krafcik says he is confident of its technology.

LAS VEGAS—The head of Google parent **Alphabet** Inc.'s self-driving car unit said he is confident its technology would be able to spot someone crossing the street, avoiding an accident such as the one in which an **Uber Technologies** Inc. self-driving car struck and killed a pedestrian in Arizona.

Waymo Chief Executive John Krafcik, speaking at the National Automobile Dealers Association Show, said the March 18 Uber accident affected him because the "car had technology representing the self-driving space."

Police in Tempe, Ariz., said the Uber vehicle was in autonomous mode with a human safety operator at the wheel when it hit 49-year-old Elaine Herzberg while she was walking her bicycle outside of a crosswalk. The woman later died from her injuries.

In comparison with Uber's technology, Mr. Krafcik said he has "a lot of confidence" that Waymo's self-driving system "would be robust and able to handle situations like that," noting that self-driving vehicles with Waymo technology have driven more than 5 million miles on public roadways.

Asked to comment on Mr. Krafcik's remarks, the first from Waymo since the accident, Uber said "safety is our primary concern every step of the way." that it is "heartbroken by what happened" in Arizona and it continues to assist investigators.

Since the accident, Uber has suspended its self-driving fleet. **Toyota Motor** Corp. also decided to temporarily suspend testing self-driving vehicles on public roadways, although other auto and technology companies don't appear to be following suit.

Waymo and Uber are in a heated battle to develop and deploy self-driving technologies. They and other tech and car companies that are racing to roll out autonomous vehicles contend the technology will ultimately save thousands of lives by eliminating human error.

Last month, Uber agreed to settle a lawsuit with Waymo over claims that Uber stole and inappropriately used trade secrets for self-driving vehicles. As part of the agreement, Uber promised not to use Waymo technology in its self-driving cars and to ensure no Waymo components were already in use. Uber also gave Waymo equity in the company.

The legal fight revolved around Uber's $680 million acquisition in 2016 of autonomous-truck company Otto, founded by Anthony Levandowski, a former star engineer at Alphabet's Google unit.

Waymo is ramping up its self-driving efforts, and agreed to acquire thousands of minivans from **Fiat Chrysler Automobiles** NV that will be delivered later this year.

The self-driving car division of Google took a historic step forward in October when it began testing vehicles on public roadways in the Phoenix metro area with employees in the back seat, not at the wheel.

PATRICK T. FALLON/BLOOMBERG

John Legere, chief executive of T-Mobile, one of the many companies gearing up for high-speed 5G.

MIMS

Continued from page B1

don Gekko and Zack Morris. In rural areas these towers can be tens of miles apart; in Manhattan there are more than 50 per square mile.

The radio waves that come from these towers are in the megahertz-to- low-gigahertz range and vary according to which bits of spectrum a carrier has licensed from the FCC. These radio waves can travel long distances and penetrate buildings, so they can reach you wherever you are.

At its most basic level, 5G can be an upgrade to existing infrastructure like this. As a grab bag of the latest tricks for making wireless networks better—including targeting radio beams and a huge increase in the number of antennas—5G can operate across all the spectrum currently used by telecoms companies, from 600 megahertz on up. In theory, this would make any existing spectrum it's applied to more reliable—though not necessarily faster.

The aspect of 5G that grabs headlines is its incredible speed. That comes from a rollout of wireless across new, higher-frequency spectrum.

Waves with a frequency in the tens of gigahertz—known as "millimeter waves" because their wavelength measures a few millimeters, rather than today's longer-wave frequencies—can carry an order of magnitude more data, in theory. But these waves can't travel very far or penetrate most building materials including glass, and they get absorbed by foliage and rain.

If the old way of doing things was to set up widely spaced towers and pass longer-range wireless between them, the new approach is to turn the disadvantage of 5G—the short distance over which it operates—into an advantage.

By subdividing an area into many more cells, 5G could allow wireless companies to reduce the number of users connecting to any given tower, while simultaneously making radios in both our phones and on the towers faster. If that sounds familiar, it is because this is similar to how a Wi-Fi network inside an airport or office building works.

It is true that 5G will go into cell towers. **T-Mobile** is building it out in 30 cities, and its customers will be able to access it in 2019 when the first 5G phones become available, a company spokeswoman says.

But what makes more sense for high-speed 5G is an ultradense web of radios, many not much bigger than a Wi-Fi access point. All of these must be physically connected to power and the internet and dwell where the network operator already has right of way.

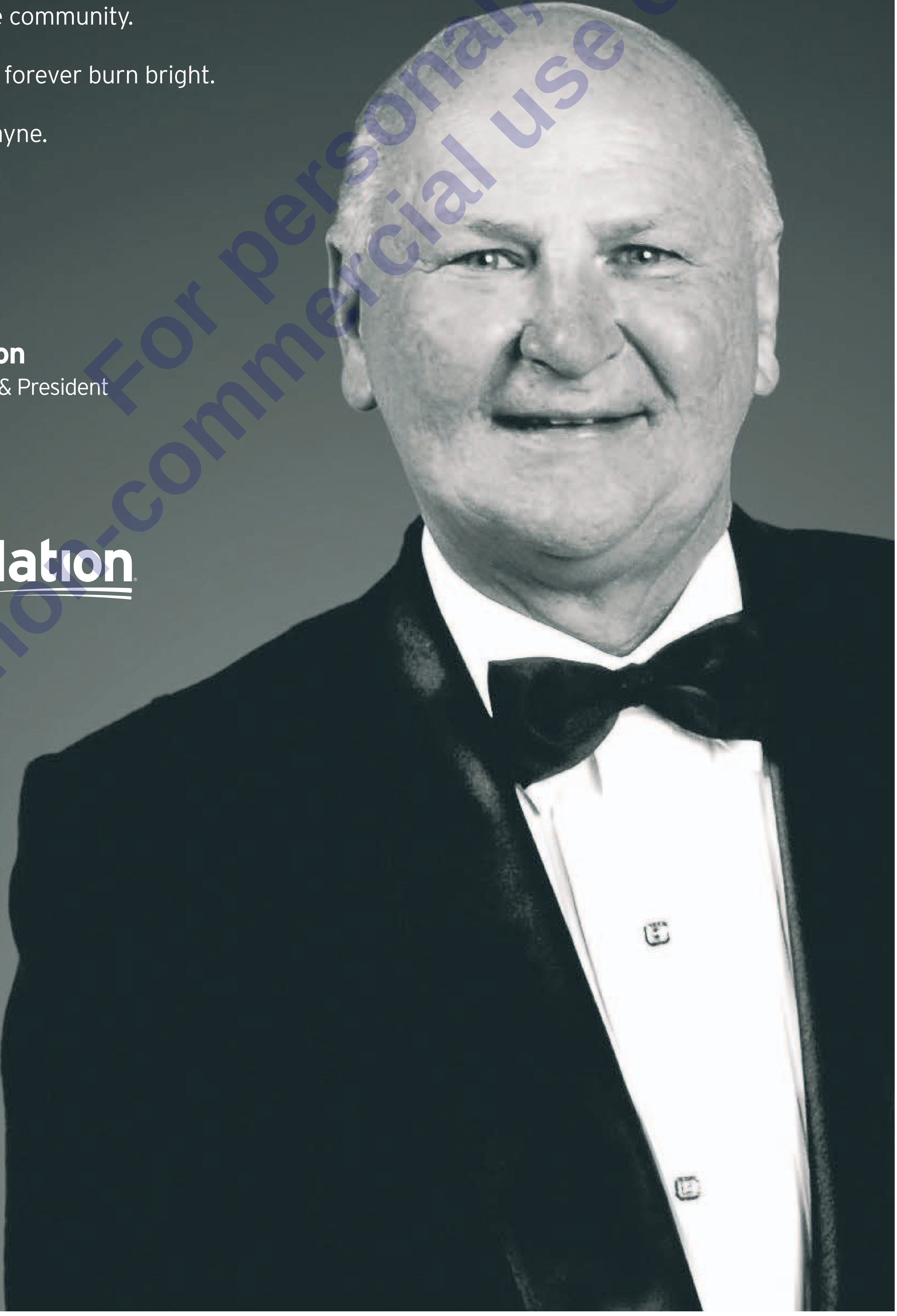
Initially, 5G will work much the way cable or fiber-optic internet service works now. A 5G wireless base station will connect with an antenna hung on a home or office, which will connect with a Wi-Fi network inside the home. Phones will appear later, in 2019, but the number of places where you'll be able to get high-speed 5G access will be extremely limited.

Because of this, wired networks are suddenly hot again, and cable carriers have an advantage at the start.

Telecom companies like Verizon and AT&T say this shift will only expand their business, as new applications for 5G, from self-driving cars to mobile augmented reality, stoke demand. But they need to keep building their fiber-optic networks to make it happen.

Cable companies, which already have dense wired networks, see an opportunity to move into mobile, a Charter spokesman says. Charter will be rolling out its own mobile service in the middle of 2018. Comcast has a wireless service with 380,000 subscribers, but it hasn't elaborated on plans for it.

Given the complexity and expense of building out full-coverage 5G networks, expect a long, slow rollout of services like these. At some point, with enough nodes densely packed in across big cities, any of these carriers could go from offering wireless inside buildings to offering it outdoors, too. Eventually, that patchy Wi-Fi-like network will get good enough so that we can trust 5G—and then, maybe, you'll get into an autonomous vehicle connected to it. But it could take years.



Notice of Class Action Settlement

If you transacted in Euroyen-Based Derivatives[1] from January 1, 2006 through June 30, 2011, inclusive, then your rights will be affected and you may be entitled to a benefit. This Notice is only a summary of the Settlement and is subject to the terms of the Settlement Agreement[2] and other relevant documents (available as set forth below).

The purpose of this Notice is to inform you of your rights in connection with a proposed settlement with Settling Defendants The Bank of Tokyo-Mitsubishi, UFJ, Ltd. ("BTMU") and Mitsubishi UFJ Trust and Banking Corporation ("MUTB") in the actions titled *Laydon v. Mizuho Bank Ltd., et al.*, 12-cv-3419 (GBD) (S.D.N.Y.) and *Sonterra Capital Master Fund, Ltd., et al. v. UBS AG, et al.*, 15-cv-5844 (GBD) (S.D.N.Y.). The settlement with BTMU and MUTB ("Settlement") is not a settlement with any other Defendant and thus is not dispositive of any of Plaintiffs' claims against the remaining Defendants.

The Settlement has been proposed in two class action lawsuits concerning the alleged manipulation of the London Interbank Offered Rate for Japanese Yen ("Yen LIBOR") and the Euroyen Tokyo Interbank Offered Rate ("Euroyen TIBOR") from January 1, 2006 through June 30, 2011, inclusive. The Settlement will provide $30 million to pay claims from persons who transacted in Euroyen-Based Derivatives from January 1, 2006 through June 30, 2011, inclusive. If you qualify, you may send in a Proof of Claim and Release form to potentially get benefits, or you can exclude yourself from the Settlement, or object to it.

The United States District Court for the Southern District of New York (500 Pearl St., New York, NY 10007-1312) authorized this Notice. Before any money is paid, the Court will hold a Fairness Hearing to decide whether to approve the Settlement.

Who Is Included?

You are a member of the "Settlement Class" if you purchased, sold, held, traded, or otherwise had any interest in Euroyen-Based Derivatives at any time from January 1, 2006 through June 30, 2011, inclusive. Excluded from the Settlement Class are (i) the Defendants and any parent, subsidiary, affiliate or agent of any Defendant or any co-conspirator whether or not named as a defendant; and (ii) the United States Government.

Contact your brokerage firm to see if you purchased, sold, held, traded, or otherwise had any interest in Euroyen-Based Derivatives. If you are not sure you are included, you can get more information, including the Settlement Agreement, Mailed Notice, Plan of Allocation, Proof of Claim and Release, and other important documents, at www.EuroyenSettlement.com ("Settlement Website") or by calling toll free 1-866-217-4453.

What Is This Litigation About?

Plaintiffs allege that each Defendant, from January 1, 2006 through June 30, 2011, inclusive, manipulated or aided and abetted the manipulation of Yen LIBOR, Euroyen TIBOR, and the prices of Euroyen-Based Derivatives. Defendants allegedly did so by using several means of manipulation. For example, panel banks that made the daily Yen LIBOR and/or Euroyen TIBOR submissions to the British Bankers' Association and Japanese Bankers Association respectively (collectively, "Contributor Bank Defendants"), such as BTMU and MUTB, allegedly falsely reported their cost of borrowing in order to financially benefit their Euroyen-Based Derivatives positions. Contributor Bank Defendants also allegedly requested that other Contributor Bank Defendants make false Yen LIBOR and Euroyen TIBOR submissions on their behalf to benefit their Euroyen-Based Derivatives positions.

Plaintiffs further allege that inter-dealer brokers, intermediaries between buyers and sellers in the money markets and derivatives markets (the "Broker Defendants"), had knowledge of, and provided substantial assistance to, the Contributor Bank Defendants' foregoing alleged manipulations of Euroyen-Based Derivatives in violation of Section 22(a)(1) of the Commodity Exchange Act, 7 U.S.C. § 25(a)(1). For example, Contributor Bank Defendants allegedly used the Broker Defendants to manipulate Yen LIBOR, Euroyen TIBOR, and the prices of Euroyen-Based Derivatives by disseminating false "Suggested LIBORs," publishing false market rates on broker screens, and publishing false bids and offers into the market.

Plaintiffs have asserted legal claims under various theories, including federal antitrust law, the Commodity Exchange Act, the Racketeering Influenced and Corrupt Organizations Act, and common law.

BTMU and MUTB have consistently and vigorously denied Plaintiffs' allegations. BTMU and MUTB entered into a Settlement Agreement with Plaintiffs, despite each believing that it is not liable for the claims asserted against it, to avoid the further expense, inconvenience, and distraction of burdensome and protracted litigation, thereby putting this controversy to rest and avoiding the risks inherent in complex litigation.

What Does the Settlement Provide?

Under the Settlement, BTMU and MUTB agreed to pay $30 million into a Settlement Fund. If the Court approves the Settlement, potential members of the Settlement Class who qualify and send in valid Proof of Claim and Release forms may receive a share of the Settlement Fund after they are reduced by the payment of certain expenses. The Settlement Agreement, available at the Settlement Website, describes all of the details about the proposed Settlement. The exact amount each qualifying Settling Class Member will receive from the Settlement Fund cannot be calculated until (1) the Court approves the Settlement; (2) certain amounts identified in the full Settlement Agreement are deducted from the Settlement Fund; and (3) the number of participating Class Members and the amount of their claims are determined. In addition, each Settling Class Member's share of the Settlement Fund will vary depending on the information the Settling Class Member provides on their Proof of Claim and Release form.

The number of claimants who send in claims varies widely from case to case. If less than 100% of the Settlement Class sends in a Proof of Claim and Release form, you could get more money.

How Do You Ask For a Payment?

If you are a member of the Settlement Class, you may seek to participate in the Settlement by submitting a Proof of Claim and Release to the Settlement Administrator at the address provided on the Settlement Website postmarked no later than September 25, 2018. You may obtain a Proof of Claim and Release on the Settlement Website or by calling the toll-free number referenced above. If you are a member of the Settlement Class but do not timely file a Proof of Claim and Release, you will still be bound by the releases set forth in the Settlement Agreement if the Court enters an order approving the Settlement Agreement.

If you timely submitted a Proof of Claim and Release pursuant to the class notice dated June 22, 2016 ("2016 Notice") related to the $58 million settlements with Defendants R.P. Martin Holdings Limited, Martin Brokers (UK) Ltd., Citigroup Inc., Citibank, N.A., Citibank Japan Ltd., Citigroup Global Markets Japan Inc., HSBC Holdings plc, and HSBC Bank plc or pursuant to the August 3, 2017 Notice, amended September 14, 2017 (the "2017 Notice") related to the $148 million settlements with Defendants Deutsche Bank AG, DB Group Services (UK) Ltd., JPMorgan Chase & Co., JPMorgan Chase Bank, National Association, and J.P. Morgan Securities plc, you do not have to submit a new Proof of Claim and Release to participate in this Settlement with BTMU and MUTB. Any member of the Settlement Class who previously submitted a Proof of Claim and Release in connection with the 2016 Notice or 2017 Notice will be subject to and bound by the releases set forth in the Settlement Agreement with BTMU and MUTB, unless such member submits a timely and valid request for exclusion, explained below.

What Are Your Other Options?

All requests to be excluded from the Settlement must be made in accordance with the instructions set forth in the Settlement Notice and must be postmarked to the Settlement Administrator no later than June 7, 2018. The Settlement Notice, available at the Settlement Website, explains how to exclude yourself or object. All requests for exclusion must comply with the requirements set forth in the Settlement Notice to be honored. If you exclude yourself from the Settlement Class, you will not be bound by the Settlement Agreement and can independently pursue claims at your own expense. However, if you exclude yourself, you will not be eligible to share in the Net Settlement Fund or otherwise participate in the Settlement.

The Court will hold a Fairness Hearing in these cases on July 12, 2018, to consider whether to approve the Settlement and a request by the lawyers representing all members of the Settlement Class (Lowey Dannenberg, P.C.) for an award of attorneys' fees of no more than twenty-three percent (23%) of the Settlement Fund for investigating the facts, litigating the case, and negotiating the settlement, and for replenishment of the litigation fund created to reimburse their costs and expenses in the amount of no more than $500,000. The lawyers for the Settlement Class may also seek additional reimbursement of fees, costs, and expenses in connection with services provided after the Fairness Hearing. These payments will also be deducted from the Settlement Fund before any distributions are made to the Settlement Class.

You may ask to appear at the Fairness Hearing, but you do not have to. For more information, call toll free 1-866-217-4453 or visit the website www.EuroyenSettlement.com.

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[1] "Euroyen-Based Derivatives" means (i) a Euroyen TIBOR futures contract on the Chicago Mercantile Exchange ("CME"); (ii) a Euroyen TIBOR futures contract on the Tokyo Financial Exchange, Inc. ("TFX"), Singapore Exchange ("SGX"), or London International Financial Futures and Options Exchange ("LIFFE") entered into by a U.S. Person, or by a Person from or through a location within the U.S.; (iii) a Japanese Yen currency futures contract on the CME; (iv) a Yen LIBOR- and/or Euroyen TIBOR-based interest rate swap entered into by a U.S. Person, or by a Person from or through a location within the U.S.; (v) an option on a Yen LIBOR and/or Euroyen TIBOR-based interest rate swap ("swaption") entered into by a U.S. Person, or by a Person from or through a location within the U.S.; (vi) a Japanese Yen currency forward agreement entered into by a U.S. Person, or by a Person from or through a location within the U.S.; and/or (vii) a Yen LIBOR- and/or Euroyen TIBOR-based forward rate agreement entered into by a U.S. Person, or by a Person from or through a location within the U.S.

[2] The "Settlement Agreement" means the Stipulation and Agreement of Settlement with The Bank of Tokyo- Mitsubishi, UFJ, Ltd. ("BTMU") and Mitsubishi UFJ Trust and Banking Corporation ("MUTB") entered into on January 23, 2018.

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CLASS ACTIONS

UNITED STATES DISTRICT COURT
DISTRICT OF NEW HAMPSHIRE

ADAM S. LEVY on behalf of himself and all others similarly situated, Plaintiff, v. THOMAS GUTIERREZ, RICHARD J. GAYNOR, RAJA BAL, J. MICHAL CONAWAY, KATHLEEN A. COTE, ERNEST L. GODSHALK, MATTHEW E. MASSENGILL, MARY PETROVICH, ROBERT E. SWITZ, NOEL G. WATSON, THOMAS WROE, JR., MORGAN STANLEY & CO. LLC, GOLDMAN, SACHS & CO., CANACCORD GENUITY INC., AND APPLE, INC., Defendants.	No. 1:14-cv-00443-JL ECF CASE

SUMMARY NOTICE OF (I) PENDENCY OF CLASS ACTION AND CERTIFICATION OF SETTLEMENT CLASSES; (II) PROPOSED SETTLEMENTS WITH INDIVIDUAL DEFENDANTS AND UNDERWRITER DEFENDANTS; (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES; AND (IV) SETTLEMENT FAIRNESS HEARING

TO: (a) All persons and entities who or which from November 5, 2013 through 9:40 a.m. Eastern Standard Time on October 6, 2014, inclusive (the "Class Period") purchased or otherwise acquired publicly traded GT Advanced Technologies Inc. ("GTAT") common stock ("GTAT Common Stock") and/or publicly traded GTAT 3.00% Convertible Senior Notes Due 2020 ("GTAT Senior Notes"), purchased or otherwise acquired publicly traded call options on GTAT common stock ("GTAT Call Options"), and/or sold (wrote) publicly traded put options on GTAT common stock ("GTAT Put Options"), and were damaged thereby (the "Individual Defendant Settlement Class"); and

(b) All persons and entities who or which, during the Class Period, purchased or otherwise acquired (i) GTAT Senior Notes pursuant or traceable to GTAT's December 2013 registration statement and prospectus supplement for the GTAT Senior Notes' offering and/or (ii) shares of GTAT Common Stock pursuant or traceable to GTAT's December 2013 registration statement and prospectus supplement for the secondary offering of GTAT common stock (the "Underwriter Defendant Settlement Class").

PLEASE READ THIS NOTICE CAREFULLY, YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the District of New Hampshire, that the above-captioned action (the "Action") has been certified as a class action for the purposes of settlement only on behalf of the Individual Defendant Settlement Class and the Underwriter Defendant Settlement Class, except for certain persons and entities who are excluded from those Settlement Classes by definition as set forth in the full printed Notice of (I) Pendency of Class Action and Certification of Settlement Classes; (II) Proposed Settlements with Individual Defendants and Underwriter Defendants; (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses; and (IV) Settlement Fairness Hearing (the "Notice").

YOU ARE ALSO NOTIFIED that (i) the Court-appointed Lead Plaintiff Douglas Kurz ("Lead Plaintiff") and additional named plaintiffs Strategic Master Fund (Cayman) Limited ("Strategic Master Fund") and Highmark Limited, in respect of its Segregated Account Highmark Fixed Income 2 ("Highmark Limited"), on behalf of themselves and the Individual Defendant Settlement Class, have reached a proposed settlement of the Action with defendants Thomas Gutierrez, Richard Gaynor, Kanwardev Raja Singh Bal, Hoil Kim, Daniel W. Squiller, J. Michal Conaway, Kathleen A. Cote, Ernest L. Godshalk, Matthew E. Massengill, Mary Petrovich, Robert E. Switz, Noel G. Watson, and Thomas Wroe, Jr. (collectively, the "Individual Defendants") for $27,000,000 in cash (the "Individual Defendant Settlement"); and (ii) Lead Plaintiff and additional named plaintiffs Strategic Master Fund and Highmark Limited, on behalf of themselves and the Underwriter Defendant Settlement Class, have reached a proposed settlement of the Action with defendants Morgan Stanley & Co. LLC, Goldman, Sachs & Co. LLC (f/k/a Goldman, Sachs & Co.), and Canaccord Genuity Inc. (collectively, the "Underwriter Defendants") for $9,700,000 in cash (the "Underwriter Defendant Settlement" and, together with the Individual Defendant Settlement, the "Settlements"). These proposed Settlements will be considered independently by the Court and they do not resolve any of the claims asserted against the remaining defendant in the Action, Apple, Inc.

A hearing will be held on **June 28, 2018 at 2:00 p.m.**, before the Honorable Joseph N. Laplante at the United States District Court for the District of New Hampshire, Courtroom 2, 55 Pleasant Street, Concord, NH 03301-3941, to determine: (i) whether the proposed Individual Defendant Settlement should be approved as fair, reasonable, and adequate; (ii) whether the proposed Underwriter Defendant Settlement should be approved as fair, reasonable, and adequate; (iii) whether the Action should be dismissed with prejudice as against the Individual Defendants and the Releases specified and described in the Stipulation and Agreement of Settlement With Individual Defendants dated January 26, 2018 (and in the Notice) should be granted; (iv) whether the Action should be dismissed with prejudice as against the Underwriter Defendants and the Releases specified and described in the Stipulation and Agreement of Settlement With Settling Underwriter Defendants dated August 18, 2017, together with the Supplement thereto dated January 26, 2018 (and in the Notice) should be granted; (v) whether the proposed Plan of Allocation for the proceeds of the Settlements is fair and reasonable and should be approved; and (vi) whether Lead Counsel's application for an award of attorneys' fees and reimbursement of Litigation Expenses should be approved.

If you are a member of the Individual Defendant and/or the Underwriter Defendant Settlement Class, your rights will be affected by the proposed Settlement(s) that apply to you and any orders or judgments related to those Settlements, and you may be entitled to share in the Individual Defendant and/or Underwriter Defendant Settlement Funds. If you have not yet received the Notice and Claim Form, you may obtain copies of these documents by contacting the Claims Administrator at GTAT Securities Litigation, c/o GCG, P.O. Box 10463, Dublin, OH 43017-4063, by toll-free phone at 1-866-562-8790, or by email at info@GTATSecuritiesLitigation.com. Copies of the Notice can also be downloaded from the website maintained by the Claims Administrator, www.GTATSecuritiesLitigation.com.

If you are a member of one or both Settlement Classes, in order to be eligible to receive a payment under the proposed Settlement(s) that apply to you, you must submit a Claim Form ***postmarked no later than* July 12, 2018**. If you are a Settlement Class Member and do not submit a proper Claim Form, you will not be eligible to share in the distribution of the net proceeds of the Settlement(s) but you will nevertheless be bound by any judgments or orders entered by the Court in the Action related to the Settlement(s) that apply to you.

If you are a member of one or both Settlement Classes and wish to exclude yourself from the Settlement Class(es) that apply to you, you must submit a written request for exclusion such that it is ***received no later than* June 7, 2018**, in accordance with the instructions set forth in the Notice. If you are a member of the Individual Defendant Settlement Class and properly exclude yourself from that class, you will not be bound by any judgments or orders entered by the Court in the Action relating to the Individual Defendant Settlement, and you will not be eligible to share in the proceeds of the Individual Defendant Settlement. If you are a member of the Underwriter Defendant Settlement Class and properly exclude yourself from that class, you will not be bound by any judgments or orders entered by the Court in the Action relating to the Underwriter Defendant Settlement, and you will not be eligible to share in the proceeds of the Underwriter Defendant Settlement.

Any objections to the proposed Individual Defendant Settlement, the proposed Underwriter Defendant Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses must be filed with the Court and delivered to Lead Counsel and, if the objection is to the Individual Defendant Settlement and/or the Underwriter Defendant Settlement, to designated counsel for those Settling Defendants such that they are ***received no later than* June 7, 2018**, in accordance with the instructions set forth in the Notice.

Please do not contact the Court, GTAT, Defendants, or their counsel regarding this notice. All questions about this notice, the proposed Settlements, or your eligibility to participate in the Settlements should be directed to the Claims Administrator or Lead Counsel.

Requests for the Notice and Claim Form should be made to:	Inquiries, other than requests for the Notice and Claim Form, should be made to Lead Counsel:
GTAT Securities Litigation c/o GCG P.O. Box 10463 Dublin, OH 43017-4063 1-866-562-8790 info@GTATSecuritiesLitigation.com www.GTATSecuritiesLitigation.com	John C. Browne, Esq. BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP 1251 Avenue of the Americas, 44th Floor New York, NY 10020 1-800-380-8496 blbg@blbglaw.com

By Order of the Court

Citigroup Bets on App in National Move

Strategy reflects that of Silicon Valley rivals who think customers prefer digital service

By Telis Demos

After years of **Citigroup** Inc. shrinking its U.S. retail banking franchise to focus on affluent customers and a handful of big cities, the global bank is ready to become a national player once again.

This time, however, it doesn't plan on gobbling up rivals or opening any new branches. Instead, Citigroup says it will use an expanded mobile app to fully serve new customers.

The move puts Citigroup more in line with upstart Silicon Valley rivals, who believe that consumers want purely digital services, than its megabank peers, who believe their large physical footprints are central to retail banking.

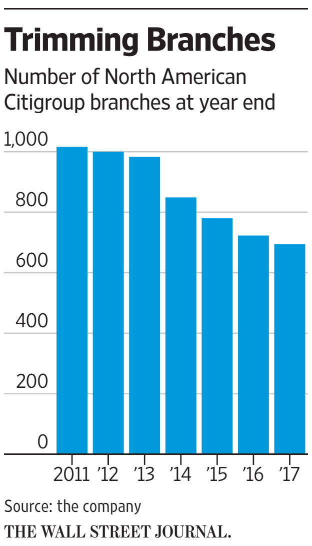
The strategy also resembles that of a different Wall Street titan, **Goldman Sachs Group** Inc. That investment bank has made an uncharacteristic push into consumer banking in the past two years using a digital strategy that avoids branches.

For Citigroup, the effort is more of a reboot than a debut. In the second quarter, the bank—run by Chief Executive Michael Corbat—plans to add new features to its mobile application, which would offer a suite of banking, credit-card, lending, and investment tools to all users, including holders of the bank's over 120 million U.S. credit card accounts.

Bank executives say that three years of investing in digital tools has laid a foundation for the rollout. New services will include virtually instant account opening and an "aggregator" feature that lets users—even people who don't have any Citigroup accounts—view data from their accounts at other banks, akin to services offered by startups such as **Intuit** Inc.'s Mint and **Betterment** LLC.

Later this year, Citigroup also plans to launch a series of new digital products in the U.S. via the app, such as "roboadviser"-style automated investing and small credit to people buying goods at a retailer, known as a "point-of-sale" loan.

Purely digital banking isn't



new by any means. Many consumers park some of their cash with online banks such as **Synchrony Financial**, **Discover Financial Services** or **Ally Financial** Inc. that pay higher interest rates and don't rely on branches.

Global banks including **JPMorgan Chase** & Co. and BBVA Compass Bancshares Inc., a unit of **Banco Bilbao Vizcaya Argentaria** SA, have also launched digital offshoots to capture younger customers. The products feature names, like "Finn" for JPMorgan Chase's offering and "Simple" for BBVA's version. Goldman rolled out a high-interest savings account as part of "Marcus," its retail product named after founder Marcus Goldman.

Citigroup, meanwhile, would be the first among the country's giant, full-service banks to pitch an entirely mobile relationship to a wide swath of consumers under its primary brand name.

It calls the strategy "light bricks, heavy clicks," said Stephen Bird, the bank's global consumer banking head since 2015.

It is a timely move. Citigroup has closed or sold branches across the U.S., even in large cities such as Philadelphia, Boston, and Houston. With those cuts, Citi has sacrificed some of the scale that has helped rivals such as JPMorgan Chase, **Wells Fargo** & Co., and **Bank of America** Corp.

While those three banks have dominated deposits, Citigroup's North American consumer deposits fell from $185 billion at the end of 2016 to $182.5 billion at the end of last year.

By concentrating branches in New York, Los Angeles, Chicago, Washington, Miami and San Francisco, Citigroup has reduced its U.S. branch network by more than 300 locations since 2009 while refocusing on customers with big balances, encouraging them to move some money from deposits into wealth-management products. U.S. retail investment assets under management rose 14% last year, to $60 billion.

Citigroup doesn't plan to give its digital banking services a new name or to attract customers by debuting unusually high interest rates, as Goldman is doing.

Depositors are increasingly shopping for good deals from banks, and may make that a top consideration as interest rates rise, over other services or advice.

"We want real relationships," said David Chubak, head of global retail banking and mortgage at Citigroup. Attracting customers with high rates is "the most commoditized business model on the planet."

MICHAEL BUCHER/THE WALL STREET JOURNAL

The New York Fed has moved bank examiners to its headquarters.

Regulators Split on How to Police Banks

By Ryan Tracy

WASHINGTON—Should bank examiners work every day inside the offices of banks they oversee or not?

Two federal banking regulators have opposite answers, showing how 10 years after the 2008 bailouts, regulators are still trying to figure out the best way to stop bankers at **Wells Fargo** & Co. and other firms from causing trouble.

The Federal Reserve Bank of New York recently finished moving examiners to its headquarters on Maiden Lane in downtown Manhattan. They previously worked inside big banks' offices, but the agency changed course after criticism that examiners had grown too close to the bankers they oversee, a phenomenon known as regulatory capture.

The Office of the Comptroller of the Currency, another big-bank regulator, planned to move examiners in-house, too, before the election of President Donald Trump. Now Mr. Trump's OCC chief, former bank CEO Joseph Otting, wants examiners to remain ensconced in banks' offices.

Bank examiners comb records and interrogate executives. If they see a problem, they can order bankers to fix it and sanction banks that don't listen. In 2010, OCC examiners working in Wells Fargo's San Francisco headquarters, known as resident examiners, grew worried about the firm's high-pressure sales culture.

The examiners flagged their concerns in 2010: "We are aware of no assessment of the risks and controls associated with the corporate goal of cross selling eight products per household," they wrote in an internal assessment.

Around six years later, the bank admitted to opening as many as 3.5 million fake accounts. An OCC ombudsman later said the resident examiners didn't adequately follow up on their 2010 assessment or subsequent warning signs of the fraud. (The OCC did eventually force Wells Fargo to address the problems and fined it $35 million in 2016.)

If those OCC examiners worked at the New York Fed today, they would have delays at a regulatory office instead of inside a bank.

It is impossible to say whether changing examiners' working location would have changed the outcome, but critics say "resident examiner" programs breed complacency. Wells Fargo's sales-incentive programs were more aggressive than those of industry peers. If the OCC examiners had been comparing notes with colleagues assigned to other banks, might they have pushed Wells Fargo earlier to clean up its act?

If a bank examiner sees "the same thing day in and day out, you get too trusting that that routine is OK. It's easy to get caught in that," said Douglas Roeder, a managing director at PWC, a consultancy, and a former OCC senior deputy comptroller in charge of overseeing large banks.

A New York Fed spokeswoman said bringing supervisors back to headquarters allows them to "more readily interact with colleagues from other teams and compare and contrast firm practices, processes and risks." She added the regulator will retain some workspace inside banks, where examiners can "continue to have regular and consistent interactions" with bankers.

The Federal Reserve Bank of San Francisco, the Fed arm that shares oversight of Wells Fargo, is also moving big-bank examiners into regulatory offices, a spokesman said. Fed offices in other cities are taking the same approach.

At a big bank, examiners are outgunned no matter where they sit. Wells Fargo has more than 260,000 employees. Overseeing them on any given day are about 50 OCC examiners and examiners from other regulators.

During the years when Wells Fargo's employees were opening phony accounts, OCC examiners were auditing foreclosure practices across a huge volume of mortgages, according to a person familiar with the matter.

MARKETS DIGEST

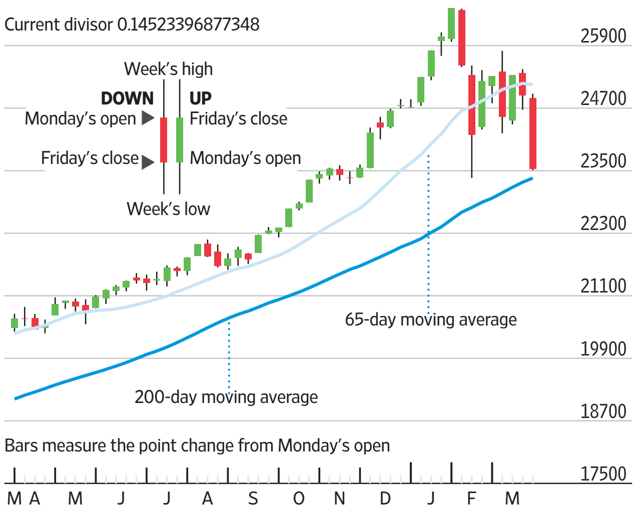
Dow Jones Industrial Average

23533.20 ▼1413.31, or 5.67% last week

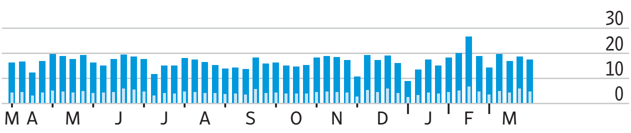
High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio	24.85	21.01
P/E estimate *	16.20	17.72
Dividend yield	2.27	2.36
All-time high	26616.71, 01/26/18	

Current divisor 0.14523396877348



NYSE weekly volume, in billions of shares



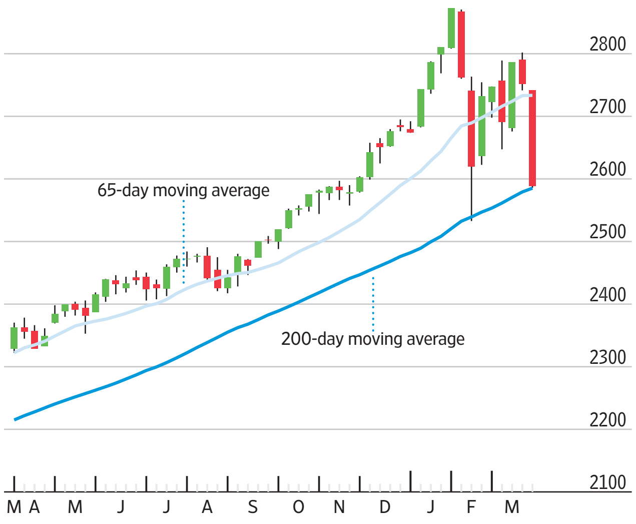
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2588.26 ▼163.75, or 5.95% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio *	24.91	24.52
P/E estimate *	16.92	18.27
Dividend yield	1.93	1.97
All-time high	2872.87, 01/26/18	



Financial Flashback

The Wall Street Journal, March 26, 2008

Goldman Sachs Group Inc. filed plans for its first "blank check" IPO, outlining a deal that would make significant changes to the typical structure of such offerings.

Major U.S. Stock-Market Indexes

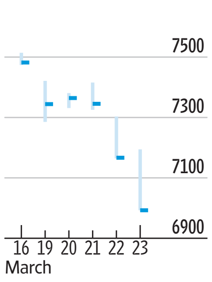
	Latest Week High	Low	Close	Net chg	% chg	52-Week Low	Close (●)	High	% chg	% chg YTD	3-yr. ann.
Dow Jones											
Industrial Average	24977.65	23509.06	**23533.20**	-1413.31	**-5.67**	20404.49		26616.71	**14.3**	-4.8	**9.1**
Transportation Avg	10794.39	10142.10	**10163.32**	-520.50	**-4.87**	8783.74		11373.38	**13.8**	-4.2	**4.3**
Utility Average	693.84	672.38	**673.68**	-18.14	**-2.62**	647.90		774.47	**-4.6**	-6.9	**4.2**
Total Stock Market	28393.19	26853.27	**26873.36**	-1632.00	**-5.73**	24125.20		29630.47	**10.7**	-2.9	**6.8**
Barron's 400	738.08	699.54	**699.55**	-36.37	**-4.94**	610.89		757.37	**13.4**	-1.6	**7.0**
Nasdaq Stock Market											
Nasdaq Composite	7421.23	6992.67	**6992.67**	-489.32	**-6.54**	5805.15		7588.32	**20.0**	1.3	**11.7**
Nasdaq 100	6949.02	6507.84	**6508.09**	-511.86	**-7.29**	5353.59		7131.12	**21.3**	1.7	**13.5**
S&P											
500 Index	2741.38	2585.89	**2588.26**	-163.75	**-5.95**	2328.95		2872.87	**10.4**	-3.2	**7.1**
MidCap 400	1936.89	1838.84	**1839.47**	-96.18	**-4.97**	1681.04		1995.23	**8.6**	-3.2	**6.2**
SmallCap 600	969.65	923.12	**923.12**	-46.33	**-4.78**	815.62		979.57	**11.8**	-1.4	**8.2**
Other Indexes											
Russell 2000	1587.74	1510.08	**1510.08**	-75.97	**-4.79**	1345.24		1610.71	**11.5**	-1.7	**6.1**
NYSE Composite	12776.33	12166.54	**12177.70**	-606.68	**-4.75**	11324.53		13637.02	**6.6**	-4.9	**3.2**
Value Line	564.37	537.92	**537.92**	-26.45	**-4.69**	503.24		589.69	**5.2**	-4.3	**1.3**
NYSE Arca Biotech	4793.16	4492.69	**4495.75**	-296.35	**-6.18**	3449.61		4939.86	**28.1**	6.5	**2.7**
NYSE Arca Pharma	548.53	515.85	**516.32**	-32.16	**-5.86**	498.46		593.12	**1.3**	-5.3	**-4.0**
KBW Bank	113.55	103.75	**103.94**	-8.99	**-7.96**	88.02		116.52	**14.4**	-2.6	**12.3**
PHLX§ Gold/Silver	82.30	77.59	**81.50**	2.80	**3.56**	76.42		93.26	**-3.0**	-4.4	**4.8**
PHLX§ Oil Service	142.03	132.55	**136.78**	-0.65	**-0.47**	117.79		171.55	**-16.0**	-8.5	**-10.0**
PHLX§ Semiconductor	1425.07	1323.92	**1323.92**	-98.62	**-6.93**	960.01		1445.9	**31.8**	5.7	**22.3**
CBOE Volatility	26.01	16.26	**24.87**	9.07	**57.41**	9.14		37.32	**91.9**	125.3	**22.9**

§Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

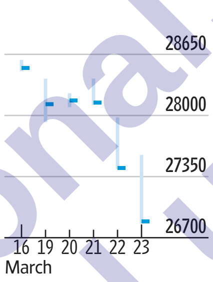
Nasdaq Composite

▼ 489.32, or -6.54% last week



DJ US TSM

▼ 1632.01, or -5.73% last week



International Stock Indexes

Region/Country	Index	Latest Week Close	% chg	52-Week Range Low	Close	High	YTD % chg
World	**The Global Dow**	2988.31	**–4.26**	2647.00		3323.74	–3.2
	DJ Global Index	387.07	**–4.27**	343.54		425.41	–2.6
	DJ Global ex U.S.	261.07	**–2.71**	228.10		285.34	–2.1
Americas	**DJ Americas**	622.38	**–5.45**	562.20		687.75	–3.1
Brazil	**Sao Paulo Bovespa**	84377.19	**–0.60**	60761.74		87652.64	10.4
Canada	**S&P/TSX Comp**	15223.74	**–3.10**	14951.88		16412.94	–6.1
Mexico	**S&P/BMV IPC**	46515.93	**–2.03**	46515.93		51713.38	–5.8
Chile	**Santiago IPSA**	4134.20	**–2.22**	3593.92		4442.56	–1.8
EMEA	**Stoxx Europe 600**	365.82	**–3.15**	365.82		402.81	–6.0
	Stoxx Europe 50	2912.84	**–3.41**	2912.84		3276.11	–8.3
Eurozone	**Euro Stoxx**	368.57	**–3.41**	365.68		404.86	–4.4
	Euro Stoxx 50	3298.07	**–4.05**	3298.07		3697.40	–5.9
Austria	**ATX**	3410.05	**–0.98**	2799.12		3688.78	–0.3
Belgium	**Bel-20**	3816.96	**–3.65**	3739.54		4176.88	–4.0
France	**CAC 40**	5095.22	**–3.55**	4990.25		5541.99	–4.1
Germany	**DAX**	11886.31	**–4.06**	11886.31		13559.60	–8.0
Greece	**Athex Composite**	785.72	**–3.46**	635.66		886.54	–2.1
Israel	**Tel Aviv**	1470.44	**–2.29**	1363.50		1549.87	–2.6
Italy	**FTSE MIB**	22289.10	**–2.49**	19443		23890	2.0
Netherlands	**AEX**	521.45	**–2.88**	507.15		570.82	–4.2
Portugal	**PSI 20**	5342.53	**–1.72**	4688.00		5791.88	–0.8
Russia	**RTS Index**	1261.44	**0.57**	973.33		1324.62	9.3
South Africa	**FTSE/JSE All-Share**	56405.64	**–2.92**	50831.89		61684.77	–5.2
Spain	**IBEX 35**	9393.10	**–3.77**	9393.1		11135.4	–6.5
Sweden	**SX All Share**	551.82	**–3.45**	545.83		600.20	–3.0
Switzerland	**Swiss Market**	8569.08	**–3.53**	8529.28		9611.61	–8.7
U.K.	**FTSE 100**	6921.94	**–3.38**	6921.94		7778.64	–10.0
Asia-Pacific							
Australia	**S&P/ASX 200**	5820.70	**–2.16**	5651.8		6135.8	–4.0
China	**Shanghai Composite**	3152.76	**–3.58**	3052.79		3559.47	–4.7
Hong Kong	**Hang Seng**	30309.29	**–3.79**	23825.88		33154.12	1.3
India	**S&P BSE Sensex**	32596.54	**–1.75**	29237.15		36283.25	–4.3
Japan	**Nikkei Stock Avg**	20617.86	**–4.88**	18335.63		24124.15	–9.4
Malaysia	**FTSE Bursa Malaysia KLCI**	1865.22	**1.02**	1713.13		1876.87	3.8
Singapore	**Straits Times**	3421.39	**–2.58**	3126.28		3609.24	0.5
South Korea	**Kospi**	2416.76	**–3.10**	2123.85		2598.19	–2.1
Taiwan	**Weighted**	10823.33	**–1.85**	9632.69		11253.11	1.7

Source: SIX Financial Information; WSJ Market Data Group

Commodities and Currencies

	Last Week Close	Net chg	% Chg	YTD % chg
DJ Commodity	**630.52**	1.68	**0.27**	0.82
TR/CC CRB Index	**196.26**	1.81	**0.93**	1.24
Crude oil, $ per barrel	**65.88**	3.47	**5.56**	9.04
Natural gas, $/MMBtu	**2.591**	-0.097	**-3.61**	-12.26
Gold, $ per troy oz.	**1349.30**	38.00	**2.90**	3.29
U.S. Dollar Index	**89.48**	-0.75	**-0.83**	-2.87
WSJ Dollar Index	**83.40**	-0.56	**-0.67**	-3.00
Euro, per dollar	**0.8094**	-0.0043	**-0.53**	-2.86
Yen, per dollar	**104.73**	-1.25	**-1.18**	-7.07
U.K. pound, in dollars	**1.41**	0.0189	**1.36**	4.59

	52-Week Low	Close (●)	High	% Chg
DJ Commodity	532.01		645.87	**12.68**
TR/CC CRB Index	166.50		200.52	**6.98**
Crude oil, $ per barrel	42.53		66.14	**37.34**
Natural gas, $/MMBtu	2.55		3.63	**-15.77**
Gold, $ per troy oz.	1208.60		1362.40	**8.10**
U.S. Dollar Index	88.59		101.13	**-10.31**
WSJ Dollar Index	82.70		90.93	**-7.38**
Euro, per dollar	0.80		0.94	**-12.59**
Yen, per dollar	104.73		114.29	**-5.93**
U.K. pound, in dollars	1.24		1.43	**13.30**

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/ primary exchange	Shares (mil.)	Pricing Range($) Low/High	Bookrunner(s)
3/26	2/27	GreenTree Hospitality Group Franchised hotel operator in China.	**GHG** N	**19.4**	16.00/ 18.00	MS, BofA ML, UBS
3/27	3/2	Bilibili Digital content company focused on online video streaming.	**BILI** N	**42.0**	10.50/ 12.50	MS, BofA ML, JPM
3/27	3/2	OneSmart Intl Education Group K-12 after-school education service provider.	**ONE** N	**652.0**	11.00/ 13.00	MS, DB, UBS
3/28	3/2	Homology Medicines Genetic medicines company focused on gene editing and gene therapy technology.	**FIXX** Nq	**6.7**	14.00/ 16.00	BofA ML, Cowen & Co, Evercore, BTIG
3/28	2/23	IBEX Holdings Provider of technology-enabled customer lifecycle experience.	**IBEX** Nq	**4.0**	14.00/ 16.00	RW Baird & Co, Piper Jaffray, W. Blair, SunTrust
3/28	2/27	iQIYI Digital content company focused on production and distribution of online video.	**IQ** Nq	**875.0**	17.00/ 19.00	GS, Credit Suisse, BofA ML, China Renaissance Prtnrs, Citi, UBS
3/28	3/2	Unum Therapeutics Biotechnology company developing cellular immunotherapy treatments.	**UNUM** Nq	**5.8**	12.00/ 14.00	MS, Cowen & Co

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Issuer	Symbol	Offer price($)	Offer amt ($ mil.)	Through Friday (%)	Lockup provision
March 26	Sept. 27, '17	Deciphera Pharmaceuticals	**DCPH**	17.00	138.8	**24.6**	180 days
	Sept. 27, '17	Nightstar Therapeutics	**NITE**	14.00	86.3	**1.6**	180 days
	Sept. 27, '17	NuCana	**NCNA**	15.00	114.0	**17.9**	180 days
	Sept. 27, '17	Roku	**ROKU**	14.00	252.3	**129.0**	180 days
March 27	Sept. 28, '17	PQ Group Holdings	**PQG**	17.50	507.5	**–22.0**	180 days

Sources: Dealogic; WSJ Market Data Group

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL IPO date/Offer price	Friday's close ($)	% Chg From Offer price	1st-day close	Company SYMBOL IPO date/Offer price	Friday's close ($)	% Chg From Offer price	1st-day close
Dropbox **DBX** March 23/$21.00	28.48	**35.6**	...	Zscaler **ZS** March 16/$16.00	29.43	**83.9**	–10.8
Sunlands Online Edu Grp **STG** March 23/$11.50	11.10	**–3.5**	...	Arcus Biosciences **RCUS** March 15/$15.00	16.07	**7.1**	–5.5
Golden Bull **DNJR** March 20/$4.00	4.66	**16.4**	0.8	Bridgewater Bancshares **BWB** March 14/$11.75	12.86	**9.4**	1.9
Senmiao Technology **AIHS** March 16/$4.00	5.98	**49.5**	5.8	Opes Acquisition **OPESU** March 14/$10.00	10.08	**0.8**	0.6
Tiberius Acquisition **TIBRU** March 16/$10.00	10.03	**0.3**	0.1	BioXcel Thera **BTAI** March 8/$11.00	10.31	**–6.3**	–6.5

Sources: WSJ Market Data Group; FactSet Research Systems

Other Stock Offerings

Secondaries and follow-ons expected this week in the U.S. market

Expected	Issuer/Business	Symbol/ Primary exchange	Amount ($mil.)	Friday's price ($)	Bookrunner(s)
March. 26	**Northern Oil & Gas** Oil & Gas	**NOG** A	105.0	1.77	Stifel

Off the Shelf

"Shelf registrations" allow a company to prepare a stock or bond for sale, without selling the whole issue at once. Corporations sell as conditions become favorable. Here are the shelf sales, or takedowns, over the last week:

Issuer/Industry	Takedown date/ Registration date	Deal value ($ mil.)	Registration (mil.)	Bookrunner(s)
Gaia Retail	March 22 Sept. 30,'16	**$35.0**	...	B Riley FBR
Resonant Computers & Electronics	March 22 May 13,'16	**$20.0**	$35.0	Needham & Co
Arena Pharmaceuticals Healthcare	March 21 July 11,'17	**$352.8**	...	Citi, Leerink Prtnrs, Cantor Fitzgerald & Co, Credit Suisse, RBC Cptl Mkts
DBV Technologies Healthcare	March 21 July 27,'16	**$150.4**	...	MS, GS, Barclays, DB
TPG Specialty Lending Finance	March 21 April 7,'17	**$65.4**	$750.0	JPM, WFS, BofA ML, MS, Raymond James, RBC Cptl Mkts, Stifel, Citi, GS
Xencor Healthcare	March 20 March 19,'18	**$226.3**	...	Leerink Prtnrs, Piper Jaffray
GlycoMimetics Healthcare	March 20 Sept. 28,'17	**$119.0**	$250.0	Jefferies, Cowen & Co

Public and Private Borrowing

Treasurys

Monday, March 26

Auction of 13 week bill; announced on March 22; settles on March 29

Auction of 26 week bill; announced on March 22; settles on March 29

Auction of 2 year note; announced on March 22; settles on April 2

Tuesday, March 27

Auction of 4 week bill; announced on March 26; settles on March 29

Auction of 52 week bill; announced on March 22; settles on March 29

Auction of 5 year note; announced on March 22; settles on April 2

Wednesday, March 28

Auction of 2 year FRN; announced on March 22; settles on April 2

Auction of 7 year note; announced on March 22; settles on April 2

Public and Municipal Finance

Deals of $150 million or more expected this week

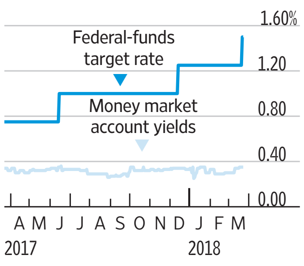
Sale	Final maturity	Issuer	Total ($mil.)	Rating Fitch	Moody's	S&P	Bookrunner/ Bond Counsel(s)
March 26	Nov. 1, 2024	Dallas & Fort Worth Cities-Texas	302.4	N.R.	N.R.	N.R.	BoA Merrill/ Bracewell LLP
March 26	prelim.	Montana Board of Housing	180.0	N.R.	N.R.	N.R.	RBC Cptl Mkt/—
March 30	prelim.	California Health Facs Fin Auth	606.3	N.R.	N.R.	N.R.	M. Stanley/—
March 30	prelim.	Connecticut	617.0	N.R.	N.R.	N.R.	Loop Capital Markets/—
March 30	prelim.	Los Angeles Dept of Wtr & Power	358.5	N.R.	N.R.	N.R.	Siebert Brandford Shank & Co/—
March 30	prelim.	Ohio	369.6	N.R.	N.R.	N.R.	RBC Cptl Mkt/—

Source: Thomson Reuters/Ipreo

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Money market accounts

Bankrate.com avg†:	0.35%
EverBank	1.41%
Jacksonville, FL	866-242-1924
Capital One 360	1.50%
Glen Allen, VA	877-464-0333
Goldman Sachs Bank USA	1.50%
New York, NY	855-730-7283
Synchrony Bank	1.55%
Morristown, NJ	800-903-8154
CIT Bank	1.75%
Salt Lake City, UT	855-462-2652

Interest rate	Yield/Rate (%) Last (●)	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	1.50-1.75	1.25-1.50	0.75	1.50	**1.50**
Prime rate*	4.75	4.50	4.00	4.75	**1.50**
Libor, 3-month	2.29	2.20	1.15	2.29	**2.02**
Money market, annual yield	0.35	0.34	0.25	0.36	**-0.07**
Five-year CD, annual yield	1.65	1.64	1.28	1.65	**0.16**
30-year mortgage, fixed†	4.43	4.41	3.73	4.49	**0.60**
15-year mortgage, fixed†	3.91	3.88	2.99	3.95	**0.78**
Jumbo mortgages, $424,100-plus†	4.74	4.71	4.21	4.96	**0.40**
Five-year adj mortgage (ARM)†	4.39	4.20	3.20	4.50	**0.96**
New-car loan, 48-month	3.63	3.55	2.85	3.63	**0.61**

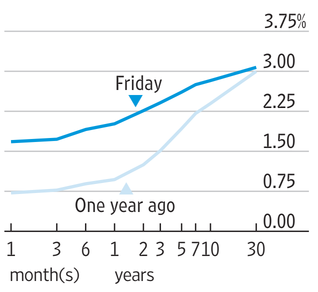
Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

Benchmark Yields and Rates

Treasury yield curve

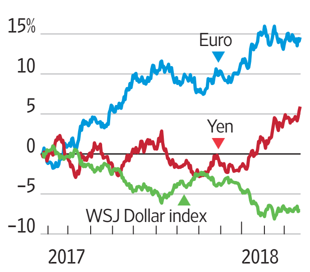
Yield to maturity of current bills, notes and bonds



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Bond total return index	Yield (%) Last	Wk ago	Spread +/- Treasurys, in basis pts, 52-wk Range Last	Low	High	Total Return 52-wk	3-yr
10-yr Treasury, Ryan ALM	**2.826**	2.848				-1.55	-0.78
DJ Corporate	**3.785**	3.746				1.46	1.87
Aggregate, Barclays Capital	**3.170**	3.180	n.a.	34	45	0.85	1.04
High Yield 100, Merrill Lynch	**6.269**	6.105	360	304	386	3.460	3.563
Fixed-Rate MBS, Barclays	**3.350**	3.360	n.a.	20	34	0.60	1.02
Muni Master, Merrill	**2.504**	2.488	14	5	18	2.072	1.719
EMBI Global, J.P. Morgan	**6.104**	6.001	329	289	339	2.351	5.312

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. **NA** signifies that the information is not available or not applicable. **NS** signifies fund not in existence of entire period. 12 month yield is computed by dividing income dividends paid (during the previous twelve months for periods ending at month-end or during the previous fifty-two weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions.

Source: Lipper

Friday, March 23, 2018

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Adams Divers Equity Fd **ADX**	16.98	14.51	-14.5	16.9
Boulder Growth & Income **BIF**	12.38	10.58	-14.5	18.7
Central Securities **CET**	32.16	25.86	-19.6	13.9
CohSteer Opprtnty Fd **FOF**	13.12	12.21	-6.9	8.9
Cornerstone Strategic **CLM**	12.56	15.05	+19.8	16.0
Cornerstone TR Fd **CRF**	12.20	14.92	+22.3	15.0
EtnVnc TaxAdvDiv **EVT**	22.29	21.54	-3.4	9.5
Gabelli Dividend & Incm **GDV**	23.11	21.70	-6.1	11.1
Gabelli Equity Trust **GAB**	6.11	6.02	-1.5	13.5
Genl American Investors **GAM**	38.85	33.00	-15.1	8.6
Guggenheim Enh Fd **GPM**	8.27	8.20	-0.8	14.6
HnckJohn TxAdv **HTD**	23.00	21.32	-7.3	-4.3
Liberty All-Star Equity **USA**	6.59	6.05	-8.2	23.4
Royce Micro-Cap **RMT**	10.31	9.34	-9.4	21.9
Royce Value Trust **RVT**	16.93	15.37	-9.2	18.7
Source Capital **SOR**	43.83	39.75	-9.3	9.6
Tri-Continental **TY**	29.15	25.87	-11.3	18.2
Specialized Equity Funds				
Adams Natural Rscs Fd **PEO**	21.40	18.05	-15.7	1.3
AllnzGl NFJ Div Interest **NFJ**	14.13	12.48	-11.7	5.5
AlpnGlblPrProp **AWP**	6.85	6.19	-9.6	21.3
BlkRk Enh Cap Inco **CII**	16.55	15.34	-7.3	15.2
BlkRk Engy Res Tr **BGR**	14.48	13.31	-8.1	7.3
BlackRock Enh Eq Div Tr **BDJ**	9.52	8.68	-8.8	9.4
BlackRock Enh Gl Div Tr **BOE**	12.25	11.29	-7.8	8.7
BlkRk Intl Grwth&Inco **BGY**	6.56	5.96	-9.1	10.9
BlkRk Health Sci **BME**	35.23	34.10	-3.2	8.1
BlackRck Rscs Comm Str Tr **BCX**	9.79	8.84	-9.7	12.8
BlackRock Science & Tech **BST**	30.17	29.68	-1.6	54.5
BlackRock Utilities Infr **BUI**	20.00	19.36	-3.2	5.8
CBREClarionGlblRlEstIncm **IGR**	8.23	7.20	-12.5	5.6
Sprott Physical Gold **CEF**		13.42	NA	4.1
ClearBridge Amer Engy **CBA**		6.80	NA	-21.4
ClearBridge Engy MLP Fd **CEM**		12.84	NA	-13.1
Clearbridge Engy MLP Opp **EMO**		9.91	NA	-15.9
Clearbridge Engy MLP TR **CTR**		9.94	NA	-17.1
Cohen & Steers Infr Fd **UTF**	23.27	20.93	-10.1	6.9
C&S MLP Incm & Engy Opp **MIE**	9.34	9.12	-2.4	-8.4
Cohen & Steers Qual Inc **RQI**	11.61	11.39	-1.9	0.7
CohnStrsPfdInco **RNP**	20.45	18.09	-11.5	1.2
Cohen & Steers TR **RFI**	11.88	11.67	-1.8	1.6
CLSeligmn Prem Tech Gr Fd **STK**	21.46	22.08	+2.9	22.6
Duff & Phelps **DNP**	8.58	10.17	+18.6	2.1
Duff&PhelpsGblUtilIncFd **DPG**	15.06	13.90	-7.7	-5.4
Eaton Vance Eqty Inco Fd **EOI**	14.46	13.70	-5.3	13.7
Eaton Vance Eqty Inco II **EOS**	15.67	15.68	0.0	25.2
EtnVncRskMngd **ETJ**	9.56	8.86	-7.3	7.3
Etn Vnc Tax Mgd Buy-Write **ETB**	15.12	15.72	+4.0	5.3
Eaton Vance BuyWrite Opp **ETV**	14.19	14.83	+4.5	6.7
Eaton Vance Tax-Mng Div **ETY**	11.68	11.33	-3.0	12.2
Eaton Vance Tax-Mngd Opp **ETW**	10.95	11.36	+3.7	15.8
EtnVncTxMngGlDvEqInc **EXG**	8.93	8.82	-1.2	15.9
Fiduciary/Clymr Opp Fd **FMO**	10.75	10.68	-0.7	-19.0
FT Energy Inc & Growth Fd **FEN**	21.19	21.70	+2.4	-10.7
FstTrEnhEqtIncFd **FFA**	15.61	14.61	-6.4	12.2
First Tr Engy Infr Fd **FIF**	15.62	14.96	-4.2	-13.0
First Tr MLP & Engy Incm **FEI**	12.18	12.40	+1.8	-14.8
Gabelli Hlthcr & Well **GRX**	10.86	9.31	-14.3	-1.8
Gabelli Utility Tr **GUT**	4.69	6.51	+38.8	8.6
GAMCOGlblGoldNatRscs&Inc **GGN**	5.03	4.91	-2.4	3.6
Goldman Sachs MLP Inc Opp **GMZ**		7.87	NA	-16.5
Goldman Sachs MLP Energy **GER**		5.72	NA	-18.2
John Hancock Finl Opps Fd **BTO**	36.38	37.15	+2.1	16.1
Macquarie Glbl Infrstrctr **MGU**	24.22	21.40	-11.6	2.2
Neuberger Berman MLP Incm **NML**	8.34	8.18	-1.9	-10.1
Neubrgr Brm Rl Est Sec Fd **NRO**	4.90	4.58	-6.5	-3.3
Nuveen Dow 30 Dynamic **DIAX**	17.75	17.29	-2.6	18.4
Nuveen Core Eq Alpha **JCE**	14.38	14.33	-0.3	23.0
Nuveen Diversified Div **JDD**	11.74	11.69	-0.4	10.4
Nuveen Engy MLP Fd **JMF**	10.08	9.91	-1.7	-17.0
Nuv NASDAQ 100 Dyn Over **QQQX**	22.18	24.11	+8.7	25.6
Nuveen Real Est Incm Fd **JRS**	9.79	9.49	-3.1	-6.3
Nuveen Real Asset Income **JRI**	18.35	16.06	-12.5	1.5
Nuv S&P 500 Dyn Overwrite **SPXX**		17.22	NA	25.1
Nuveen S&P 500 Buy-Write **BXMX**	13.31	13.02	-2.2	5.1
Reaves Utility Fund **UTG**	29.95	27.37	-8.6	-11.0
Tekla Hlthcr Investors **HQH**	23.13	21.38	-7.6	-1.0
Tekla Healthcare Opps Fd **THQ**	17.85	16.13	-9.6	2.6
Tekla Life Sciences **HQL**	19.66	19.04	-3.2	8.9
Tekla World Hlthcr Fd **THW**	13.57	12.61	-7.1	-1.0
Tortoise Energy **TYG**	23.00	24.80	+7.8	-15.9
Tortoise MLP Fund **NTG**	14.71	15.80	+7.4	-12.1
Voya Gl Equity Div **IGD**	7.64	7.13	-6.7	8.1
Income Preferred Stock Funds				
Calamos Strat Fd **CSQ**		11.65	NA	15.5
Cohen & Steers Dur Pfd **LDP**	26.32	25.31	-3.8	7.7
Cohen & Strs Sel Prf Inco **PSF**	26.68	25.67	-3.8	4.7
FT Interm Duration Pfd **FPF**	24.13	22.97	-4.8	6.6
Flaherty & Crumrine Dyn **DFP**	25.30	24.22	-4.3	6.9
Flaherty & Crumrine Pfd **FFC**	19.79	18.57	-6.2	-1.6
John Hancock Pfd Income **HPI**	20.60	20.15	-2.2	3.1
John Hancock Pfd II **HPF**	20.33	19.70	-3.1	2.0
John Hancock Pfd Inc III **HPS**	18.15	17.30	-4.7	2.5
JHancock Pr Div **PDT**	14.08	14.87	+5.6	3.8
LMP Cap & Inco Fd **SCD**		12.33	NA	-2.2
Nuveen Pfd & Incm Opps Fd **JPC**	10.35	9.66	-6.7	5.9
Nuveen Pfd & Incm Secs Fd **JPS**	9.98	9.35	-6.3	6.2
Nuveen Preferred & Incm **JPI**	24.95	23.48	-5.9	5.7
Nuv Tax-Adv Div Gr **JTD**	16.76	16.13	-3.8	18.9
TCW Strategic Income Fund **TSI**		5.52	NA	7.1
Virtus Global Dividend **ZTR**	10.75	10.95	+1.9	5.2
Convertible Sec's. Funds				
AdvntClymrFd **AVK**	16.88	15.05	-10.8	6.9
AllianzGI Conv & Incm **NCV**	6.35	6.70	+5.4	15.6
AllianzGI Conv & Incm II **NCZ**	5.70	5.93	+4.0	14.8
AllianzGI Equity & Conv **NIE**	22.70	20.56	-9.4	15.7
Calamos Conv Hi Inco Fd **CHY**		11.63	NA	15.4
Calamos **CHI**		11.05	NA	13.7
World Equity Funds				
Alpine Tot Dyn Div **AOD**	9.72	8.85	-9.0	17.1
Calamos Glbl Dyn Inc **CHW**		8.85	NA	26.1
Cdn Genl Inv **CGI**	32.71	23.68	-27.6	20.6
China Fund **CHN**	25.02	21.93	-12.4	33.8
Clough Global Opp Fd **GLO**	12.01	10.69	-11.0	17.9
EtnVncTxAdvGblDiv **ETG**	17.56	16.45	-6.3	14.2
EatonVance TxAdv Opport **ETO**	23.46	25.17	+7.3	18.7
First Trust Dynamic Eur **FDEU**	17.97	17.56	-2.3	11.0
Gabelli Glbl Multimedia **GGT**	8.75	9.32	+6.5	29.3
GDL Fund **GDL**	11.24	9.27	-17.5	-0.0
India Fund **IFN**	27.79	24.23	-12.8	10.3
Japan Sml Cap **JOF**	13.75	12.08	-12.1	30.9
Korea Fund **KF**	45.25	40.10	-11.4	22.0
Mexico Fund **MXF**	18.50	15.89	-14.1	0.0
Morgan-Stanley Asia-Pac **APF**	20.59	17.88	-13.2	18.0
MS China a Shr Fd **CAF**	28.64	23.96	-16.3	32.0
MS Emerging Fund **MSF**	20.41	18.03	-11.7	23.5
MS India Invest **IIF**	33.85	29.51	-12.8	11.9
New Germany Fund **GF**	21.67	19.31	-10.9	38.3
Swiss Helvetia Fund **SWZ**	13.53	12.36	-8.6	9.2
Templeton Dragon **TDF**	25.53	21.85	-14.4	27.8
Templeton Emerging **EMF**	18.40	16.15	-12.2	24.0
Virtus Total Return Fund **ZF**	11.03	10.92	-1.0	7.7
Voya Infr Indls & Matls **IDE**	15.84	14.95	-5.6	13.9
Wells Fargo Gl Div Opp **EOD**	6.07	5.60	-7.7	8.7

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
BlackRock Income Trust **BKT**	6.41	5.86	-8.6	5.3
Nuveen Mtg Opp Term Fd **JLS**	24.42	23.55	-3.6	7.7
Investment Grade Bond Funds				
Blackrock Core Bond Tr **BHK**	14.20	13.00	-8.5	5.9
BlkRk Credit Alloc Incm **BTZ**	14.25	12.56	-11.9	6.5
John Hancock Income Secs **JHS**	14.72	13.97	-5.1	5.6
MFS Inc Tr **MIN**	4.23	3.92	-7.3	9.8
WstAstClymr InflLnkd Fd **WIW**	NA	11.16	NA	3.7
WstAssetClymr InflLnk Sec **WIA**	NA	11.41	NA	3.5
Loan Participation Funds				
Apollo Sr Fltg Rate Fd **AFT**	17.89	16.50	-7.8	6.5
BlkRk Debt Strat Fd **DSU**	12.60	11.65	-7.5	7.1
BlackRock FR Incm Strat **FRA**	14.99	14.42	-3.8	5.0
Blkrk FltRt InTr **BGT**	14.44	13.86	-4.0	5.0
BlackstoneGSO Strat Cred **BGB**	NA	15.79	NA	7.9
Blackstone GSO Sr Float **BSL**	NA	17.91	NA	6.5
Eagle Point Credit **ECC**	NA	17.76	NA	14.4
Eaton Vance FR Incm Tr **EFT**	15.64	14.74	-5.8	5.6
EatonVnc SrFltRate **EFR**	15.31	14.62	-4.5	5.8
Eaton Vance Sr Incm Tr **EVF**	7.22	6.56	-9.1	5.5
First Trust Sr FR Fd II **FCT**	14.06	12.98	-7.7	6.0
FT Sr Floating Rate 2022 **FIV**	9.68	9.35	-3.4	5.3
Highland FR Opps Fd **HFRO**	15.12	NA	NA	NA
Invesco Credit Opps Fund **VTA**	13.05	11.58	-11.3	7.1
Invesco Senior Income Tr **VVR**	4.89	4.40	-10.0	5.7
Nuveen Credit Strt Inc Fd **JQC**	9.00	7.92	-12.0	7.4
NuvFloatRteInco Fd **JFR**	11.44	10.78	-5.8	7.3
Nuv Float Rte Opp Fd **JRO**	11.35	10.82	-4.7	7.5
Nuveen Senior Income Fund **NSL**	6.80	6.46	-5.0	7.3
Pioneer Floating Rate Tr **PHD**	12.40	11.44	-7.7	6.3
Voya Prime Rate Trust **PPR**	5.68	5.14	-9.5	5.6
High Yield Bond Funds				
AllianceBernstein Glbl **AWF**	13.48	11.83	-12.2	6.9
Barings Glbl Short Dur HY **BGH**	20.33	18.48	-9.1	9.7
BlackRock Corp Hi Yd Fd **HYT**	11.92	10.42	-12.6	7.9
BlackRockDurIncoTr **BLW**	16.76	14.95	-10.8	6.4
Brookfield Real Assets **RA**	23.97	21.64	-9.7	10.8
Credit Suisse High Yld **DHY**	2.70	2.66	-1.5	9.8
DoubleLine Incm Solutions **DSL**	NA	19.85	NA	9.1
Dreyfus Hi Yd Strat Fd **DHF**	3.42	3.16	-7.6	9.2
Fst Tr Hi Inc Lg/Shrt Fd **FSD**	17.25	14.98	-13.2	9.5
Guggenheim Strat Opps Fd **GOF**	19.14	20.06	+4.8	10.9
Ivy High Income Opps Fund **IVH**	15.86	14.06	-11.3	9.9
Neuberger Berman HYS **NHS**	12.74	10.97	-13.9	7.8
NexPoint Strat Opps Fund **NHF**	25.59	23.66	-7.5	10.0
Nuveen Credit Opps 2022 **JCO**	9.81	9.45	-3.7	NS
Nuveen Gl Hi Incm Fd **JGH**	17.99	16.00	-11.1	8.8
Nuveen High Incm Dec18 **JHA**	9.97	9.84	-1.3	4.6
Nuveen High Incm Dec19 **JHD**	10.05	9.85	-2.0	5.7
Nuveen Hi Incm Nov 2021 **JHB**	9.97	9.64	-3.3	6.1
Pioneer High Income Trust **PHT**	10.52	9.30	-11.6	8.1
Prud Gl Shrt Dur Hi Yd **GHY**	16.14	13.85	-14.2	7.9
Prudentl Sh Dur Hi Yd Fd **ISD**	16.30	14.08	-13.6	7.9
Wells Fargo Incm Opps Fd **EAD**	NA	8.00	NA	8.6
Wstrn Asset Glbl Hi Inco **EHI**	NA	9.37	NA	8.5
Wstrn Asset High Inco II **HIX**	NA	6.53	NA	8.9
Wstrn Asset Opp Fd **HIO**	NA	4.77	NA	7.2
West Asst HY Def Opp Fd **HYI**	NA	14.53	NA	7.7
Other Domestic Taxable Bond Funds				
Ares Dynamic Credit Alloc **ARDC**	NA	16.17	NA	7.0
Barings Corp Investors **MCI**	NA	15.07	NA	6.0
BlackRock Multi-Sector IT **BIT**	18.91	16.70	-11.7	8.8
BlackRock Taxable Mun Bd **BBN**	23.26	22.18	-4.6	7.2
Doubleone Oppor Credit **DBL**	NA	21.36	NA	9.2
Duff & Phelps Utl & Cp Bd **DUC**	9.34	8.60	-7.9	6.5
EtnVncLtdFd **EVV**	14.72	12.96	-12.0	7.4
Franklin Ltd Duration IT **FTF**	11.98	11.21	-6.4	13.3
Guggenheim Taxable Muni **GBAB**	22.80	21.30	-6.6	7.1
Invesco High Incm 2023 **IHIT**	9.98	9.74	-2.4	6.1
KKR Income Opps Fund **KIO**	NA	15.79	NA	9.8
MFS Charter **MCR**	8.91	8.06	-9.5	9.1
MFS Multimkt **MMT**	6.34	5.69	-10.3	9.2
Nuveen Build Am Bd Fd **NBB**	21.76	20.42	-6.2	5.9
PIMCO Corporate & Incm **PTY**	NA	16.53	NA	9.4
PIMCO Corporate & Incm **PCN**	NA	16.05	NA	8.0
PIMCO HiInco **PHK**	NA	7.54	NA	12.9
PIMCO Inco Str Fd **PFL**	NA	11.48	NA	9.4
PIMCO Incm Strategy Fd II **PFN**	NA	10.39	NA	9.2
Putnam Mas Inco **PIM**	5.01	4.71	-6.0	6.6
Putnam Premier Income Tr **PPT**	5.59	5.19	-7.2	6.0
Wells Fargo Multi-Sector **ERC**	NA	12.83	NA	9.8
World Income Funds				
Aberdeen Asia-Pacific **FAX**	5.27	4.73	-10.2	8.8
Brandywine Global Incm **BWG**	NA	12.69	NA	8.0
Etn Vnc Short Dur Fd **EVG**	NA	13.38	NA	6.8
MS EmMktDomDebt **EDD**	9.24	7.86	-14.9	7.9
PIMCO Dynamic Credit **PCI**	NA	22.86	NA	8.8
PIMCO Dynamic Income Fund **PDI**	NA	30.55	NA	8.7
PIMCO Income Opportunity **PKO**	NA	25.63	NA	9.0
PIMCO Strat Income Fund **RCS**	NA	9.03	NA	9.6
Templeton Emerging **TEI**	12.62	11.63	-7.8	5.2
Templeton Global **GIM**	7.22	6.37	-11.8	6.8
Wstrn Asset Emerg Mkts **EMD**	NA	14.30	NA	8.1
Wstrn Asset Gl Def Opp Fd **GDO**	NA	16.53	NA	8.0
National Muni Bond Funds				
AllianceBrnstn NtlMun **AFB**	14.33	12.43	-13.3	4.8
Blackrock Invest **BKN**	15.35	13.54	-11.8	5.3
BlackRock Mun 2030 Target **BTT**	23.51	21.07	-10.4	4.1
BlackRock Municipal Trust **BFK**	14.08	12.77	-9.3	5.8
BlackRockMuni **BLE**	14.65	13.36	-8.8	6.2
BlackRockMuni Tr **BYM**	14.72	13.00	-11.7	5.6
BlkRk MuniAssets Fd **MUA**	14.04	13.43	-4.3	5.0
BlkRk Munienhanced **MEN**	11.56	10.54	-8.8	6.1
BlkRk MuniHldgs Inv **MFL**	14.22	12.98	-8.7	6.2
BlkRk MuniHldgs Qlty II **MUE**	13.62	12.25	-10.1	5.9
BlkRk MuniVest **MVF**	9.40	8.79	-6.5	6.0
BlkRk MuniVest II **MVT**	14.85	14.46	-2.6	5.8
BlkRk MuniYield **MYD**	14.47	13.31	-8.0	6.1
BlkRk MuniYld Quality **MQY**	15.35	13.91	-9.4	5.9
BlkRk MuniYld Qlty II **MQT**	13.49	11.93	-11.6	5.7
BlRkMunyldQltyIII **MYI**	13.98	12.53	-10.4	6.2
Deutsche Mun Income Tr **KTF**	12.17	11.09	-8.9	6.3
Dreyfus Mun Bd Infr Fd **DMB**	13.93	12.13	-12.9	5.1
Dreyfus Strat Muni Bond **DSM**	8.16	7.50	-8.1	6.4
Dreyfus Strategic Munis **LEO**	8.39	7.60	-9.4	6.5
Eaton Vance Mun Bd Fd **EIM**	13.22	11.69	-11.6	5.3
Eaton Vance Mun Income **EVN**	12.93	11.45	-11.4	5.6
EV National Municipal Opp **EOT**	21.28	20.72	-2.6	4.9
Invesco Adv Mun Incm II **VKI**	11.77	10.55	-10.4	6.0
Invesco Mun Incm Opps Tr **OIA**	7.41	7.42	+0.1	5.4
Invesco Mun Opportunity **VMO**	13.13	11.61	-11.6	6.0
Invesco Municipal Trust **VKQ**	13.11	11.56	-11.8	6.0
Invesco Qlty Mun Inco **IQI**	13.21	11.82	-10.5	5.5
Invesco Inv Grade Muni **VGM**	13.58	12.14	-10.6	6.1
Invesco Value Mun Incm Tr **IIM**	15.77	14.35	-9.0	5.1
MainStay Mac Defined Muni **MMD**	19.82	18.58	-6.3	5.7
MFS Munl Inco **MFM**	7.24	6.50	-10.2	5.8
Nuveen AMT-Free Mun Value **NUW**	16.35	15.87	-2.9	4.4
Nuveen AMT-Free Quality **NEA**	14.65	12.87	-12.2	5.5
Nuveen AMT-Free Mun **NVG**	15.93	14.36	-9.9	6.0
Nuveen Mun Credit Incm Fd **NZF**	15.50	14.05	-9.4	6.2
Nuveen Enhncd Mun Val Fd **NEV**	14.53	13.30	-8.5	5.9
Nuveen Intermed Dur Mun **NID**	13.46	12.35	-8.2	4.9
NuveenMuniIncoOpp Fd **NMZ**	13.19	12.43	-5.8	6.1
Nuveen Muni Value Fund **NUV**	10.05	9.39	-6.6	4.0
Nuveen Qual Mun Incm Fd **NAD**	14.95	12.96	-13.3	5.5
Nuveen Sel TF **NXQ**	14.49	13.41	-7.5	3.7
PIMCO MuniFd **PMF**	NA	12.35	NA	5.7
Pimco Muni Inc II **PML**	NA	12.34	NA	6.3
PIMCO Muni Inc III **PMX**	NA	11.10	NA	6.1
Pioneer Mun Hi Inc Adv Tr **MAV**	11.54	10.61	-8.1	5.6
Pioneer Mun Hi Incm Tr **MHI**	12.54	11.12	-11.3	5.3
Putnam Tr **PMM**	7.81	6.96	-10.9	5.5
Putnam Muni Opportunities **PMO**	12.98	11.51	-11.3	5.4
Wstrn Asset Mngd Muni **MMU**	NA	12.91	NA	5.8
Western Asset Mun Tr Fund **MTT**	NA	21.82	NA	4.6
Single State Muni Bond				
BlackRock CA Municipal Tr **BFZ**	14.80	12.94	-12.6	5.3
BlkRk MuniHldgs CA Qlty **MUC**	15.03	13.13	-12.6	5.3
Blkrck MunHl NJ Qlty **MUJ**	15.18	13.30	-12.4	5.8
BlRk MuHldg NY Qlty **MHN**	14.34	12.47	-13.0	5.2
BlkRk MuniYld CA Fd **MYC**	15.05	13.26	-11.9	5.3
BlkRk MuniYld CA Quality **MCA**	15.24	13.22	-13.3	5.4
BlkRk MuniYld MI Qlty **MIY**	15.05	13.33	-11.4	5.5
BlRk Muyld NY Qlty **MYN**	13.75	12.00	-12.7	5.1
Eaton Vance CA Mun Bd **EVM**	11.93	10.25	-14.1	5.4
Invesco CA Value Mun Incm **VCV**	12.98	11.54	-11.1	5.4
Invesco PA Value Mun Incm **VPV**	13.63	11.61	-14.8	5.3
Invesco Inv Grade NY Muni **VTN**	14.10	12.84	-8.9	5.2
Nuveen CA AMT-Free Qual **NKX**	15.26	13.48	-11.7	5.5
Nuveen CA Muni Value **NCA**	10.22	9.31	-8.9	4.2
Nuveen CA Quality Muni **NAC**	15.19	13.33	-12.2	5.7
Nuveen MD Qual Muni **NMY**	14.15	12.01	-15.1	5.0
Nuveen MI Qual Muni **NUM**	14.94	12.59	-15.7	4.8
Nuveen NJ Qual Muni **NXJ**	15.37	13.00	-15.4	5.3
Nuveen NY AMT-Free **NRK**	13.98	12.08	-13.6	5.0
Nuveen NY Qual Muni **NAN**	14.60	12.65	-13.4	5.3
Nuveen OH Qual Muni **NUO**	16.13	13.70	-15.1	5.0
Nuveen PA Qual Muni **NQP**	14.71	12.36	-16.0	5.5
Nuveen VA Qual Muni **NPV**	14.05	12.18	-13.3	4.5
PIMCO California Muni **PCQ**	NA	14.58	NA	6.3
PIMCO California Mun II **PCK**	NA	8.08	NA	6.6

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Specialized Equity Funds				
Griffin Inst Access RE:L	NA	NA	NA	NS
NexPointRlEstStrat;A	19.57	NA	NA	1.9
NexPointRlEstStrat;C	19.63	NA	NA	1.8
NexPointRlEstStrat;Z	19.65	NA	NA	2.8
NorthStar RE Cap Inc:Adv	NA	NA	NA	NS
PREDEX;T	26.01	NA	NA	NS
PREDEX;W	26.00	NA	NA	NS
Resource RE Div Inc:L	NA	NA	NA	NS
SharesPost 100;A	27.16	NA	NA	7.9
SharesPost 100:I	27.18	NA	NA	NS
Tot Inc+ RE:A	29.80	NA	NA	7.4
Tot Inc+ RE:C	28.94	NA	NA	6.6
Tot Inc+ RE:I	30.16	NA	NA	7.6
Tot Inc+ RE:L	29.74	NA	NA	NS
USQ Core Real Estate:I **USQIX**	24.97	NA	NA	NS
USQ Core Real Estate:IS **USQSX**	24.97	NA	NA	NS
Versus Cap MMgr RE Inc:I	27.56	NA	NA	NE
Versus Capital Real Asst **VCRRX**	25.02	NA	NA	NS
Wildermuth Endwmnt Str	13.17	NA	NA	12.2
Wildermuth Endwmnt S:C	12.96	NA	NA	11.4
Wildermuth Endwmnt S:I	13.24	NA	NA	NS
Income & Preferred Stock Funds				
MultiStrat Gro & Inc:A	14.42	NA	NA	-1.7
MultiStrat Gro & Inc:C	14.08	NA	NA	-2.4
MultiStrat Gro & Inc:I	14.62	NA	NA	-1.4
MultiStrat Gro & Inc:L	14.19	NA	NA	-2.2
The Relative Value:CIA **VFLEX**	24.80	NA	NA	NS
Convertible Sec's. Funds				
Calamos Dyn Conv & Incm **CCD**	NA	19.68	NA	NA
World Equity Funds				
BMO LGM Front ME	11.65	NA	NA	23.2
Calamos Global Tot Ret Fd **CGO**	NA	14.79	NA	NA

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
Vertical Capital Inc:A	12.29	NA	NA	3.3
Vertical Capital Inc:C	12.35	NA	NA	NS
Vertical Capital Inc:I	12.35	NA	NA	NS
Vertical Capital Inc:L	12.35	NA	NA	NS
Loan Participation Funds				
504 Fund	9.60	NA	NA	3.9
Angel Oak Strategic Crdt **ASCIX**	25.09	NA	NA	NS
Blackstone/GSO FR EI I	25.03	NA	NA	NS
FedProj&TrFinanceTendr	10.09	NA	NA	2.2
FS Global Crdt Opptys D	NA	NA	NA	4.7
Invesco Sr Loan A	6.71	NA	NA	4.0
Invesco Sr Loan C	6.72	NA	NA	3.3
Invesco Sr Loan IB	6.71	NA	NA	4.3
Invesco Sr Loan IC	6.71	NA	NA	4.1
Invesco Sr Loan Y	6.71	NA	NA	4.3
RiverNorth MP Lending **RMPLX**	23.96	NA	NA	11.3
Sierra Total Return:T **SRNTX**	24.84	NA	NA	NS
Voya Senior Income:A	12.60	NA	NA	5.0
Voya Senior Income:C	12.58	NA	NA	4.5
Voya Senior Income:I	12.56	NA	NA	5.3
Voya Senior Income:W	12.61	NA	NA	5.3
High Yield Bond Funds				
Griffin Inst Access Cd:A	NA	NA	NA	NS
Griffin Inst Access Cd:C	NA	NA	NA	NS
Griffin Inst Access Cd:F	NA	NA	NA	NS
Griffin Inst Access Cd:I	NA	NA	NA	NS
Griffin Inst Access Cd:L	NA	NA	NA	NS
PIMCO Flexible Cr I;Inst	NA	NA	NA	5.8
PionrILSInterval	9.52	NA	NA	1.4
WA Middle Mkt Dbt	NA	NA	NA	10.7
WA Middle Mkt Inc **WMF**	NA	NA	NA	10.7
Other Domestic Taxable Bond Funds				
BlackRock Mlt-Sctr Oppty	99.78	NA	NA	NS
Capstone Church Capital	11.70	NA	NA	3.4
CION Ares Dvsfd Crdt;A	NA	NA	NA	5.0
CION Ares Dvsfd Crdt;C	NA	NA	NA	NS
CION Ares Dvsfd Crdt;I	NA	NA	NA	NS
CION Ares Dvsfd Crdt;L	NA	NA	NA	NS
CNR Select Strategies	9.62	NA	NA	NS
GL Beyond Income	2.69	NA	NA	NE
Palmer Square Opp Income	19.59	NA	NA	4.7
Resource Credit Inc:A	NA	NA	NA	6.4
Resource Credit Inc:C	NA	NA	NA	5.7
Resource Credit Inc:I	NA	NA	NA	6.7
Resource Credit Inc:L	NA	NA	NA	NS
Resource Credit Inc:W	NA	NA	NA	6.4

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 1,413.31 points, or 5.67%, on the week. A $1 change in the price of any DJIA stock = 6.89-point change in the average. To date, a $1,000 investment on Dec. 31 in each current DJIA stock component would have returned $28,499, or a loss of 5.00%, on the $30,000 investment, including reinvested dividends.

The Week's Action: Pct chg (%)	Stock price change	Point chg in average*	Company	Symbol	Close	$1,000 Invested (year-end '17)
-1.94	-1.28	-8.81	**Nike**	NKE	$64.63	$1,036
-2.10	-2.42	-16.66	**Chevron**	CVX	112.98	911
-2.60	-1.13	-7.78	**Coca-Cola**	KO	42.33	931
-2.87	-9.47	-65.21	**Boeing**	BA	321.00	1,094
-2.97	-2.23	-15.35	**Exxon Mobil**	XOM	72.89	880
-3.54	-1.81	-12.46	**Intel**	INTC	49.36	1,076
-3.87	-3.06	-21.07	**Procter & Gamble**	PG	75.91	833
-4.00	-7.16	-49.30	**Home Depot**	HD	171.80	912
-4.06	-2.26	-15.56	**Merck**	MRK	53.41	957
-4.21	-3.75	-25.82	**WalMart**	WMT	85.42	870
-4.21	-4.33	-29.81	**Walt Disney**	DIS	98.54	917
-4.54	-6.42	-44.20	**Travelers**	TRV	134.90	1,000
-4.55	-7.38	-50.81	**McDonald's**	MCD	154.98	906
-4.67	-2.27	-15.63	**Verizon**	VZ	46.29	885
-4.69	-6.02	-41.45	**United Technologies**	UTX	122.31	964
-5.40	-5.16	-35.53	**American Express**	AXP	90.45	914
-5.75	-2.59	-17.83	**Cisco Systems**	CSCO	42.42	1,116
-6.05	-7.53	-51.85	**Visa**	V	117.00	1,028
-6.23	-2.29	-15.77	**Pfizer**	PFE	34.49	961
-6.42	-8.58	-59.08	**Johnson & Johnson**	JNJ	125.10	901
-6.72	-15.31	-105.42	**UnitedHealth Group**	UNH	212.55	967
-7.09	-11.37	-78.29	**IBM**	IBM	148.89	980
-7.21	-4.90	-33.74	**DowDuPont**	DWDP	63.06	890
-7.30	-8.43	-58.04	**JPMorgan Chase**	JPM	107.01	1,006
-7.35	-13.08	-90.06	**Apple**	AAPL	164.94	979
-7.78	-12.17	-83.80	**Caterpillar**	CAT	144.29	920
-7.84	-7.42	-51.09	**Microsoft**	MSFT	87.18	1,024
-8.35	-22.34	-153.82	**Goldman Sachs**	GS	245.26	965
-8.67	-1.24	-8.54	**General Electric**	GE	13.07	755
-9.22	-21.86	-150.52	**3M**	MMM	215.36	920

*Based on Composite price. DJIA is calculated on primary-market price.
Source: WSJ Market Data Group; FactSet.

Cash Prices | WSJ.com/commodities

Friday, March 23, 2018

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Friday
Energy	
Propane,tet,Mont Belvieu-g	0.8270
Butane,normal,Mont Belvieu-g	0.9240
NaturalGas,HenryHub-i	2.560
NaturalGas,TranscoZone3-i	2.550
NaturalGas,TranscoZone6NY-i	2.800
NaturalGas,PanhandleEast-i	2.010
NaturalGas,Opal-i	2.010
NaturalGas,MarcellusNE PA-i	2.370
NaturalGas,HaynesvilleN.LA-i	2.480
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	63.000
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	12.400
Metals	
Gold, per troy oz	
Engelhard industrial	1350.94
Engelhard fabricated	1452.26
Handy & Harman base	1346.00
Handy & Harman fabricated	1494.72
LBMA Gold Price AM	*1328.85
LBMA Gold Price PM	*1329.15
Krugerrand,wholesale-e	1404.00
Maple Leaf-e	1417.50
American Eagle-e	1417.50
Mexican peso-e	1635.70
Austria crown-e	1326.27
Austria phil-e	1417.50
Silver, troy oz.	
Engelhard industrial	16.6500
Engelhard fabricated	19.9800
Handy & Harman base	16.5930
Handy & Harman fabricated	20.7410
LBMA spot price	£11.7000
(U.S.$ equivalent)	16.5300
Coins,wholesale $1,000 face-a	12213
Other metals	
LBMA Platinum Price PM	*950.0
Platinum,Engelhard industrial	960.0
Platinum,Engelhard fabricated	1060.0
Palladium,Engelhard industrial	983.0
Palladium,Engelhard fabricated	1083.0
Aluminum, LME, $ per metric ton	*2059.0
Copper,Comex spot	2.9845
Iron Ore, 62% Fe CFR China-s	64.1
Shredded Scrap, US Midwest-s,m	366
Steel, HRC USA, FOB Midwest Mill-s	853
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.6150
Cotton,1 1/16 std lw-mdMphs-u	0.8083
Cotlook 'A' Index-t	*91.95
Hides,hvy native steers piece fob-u	66.000
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Barley,top-quality Mnpls-u	n.a.
Bran,wheat middlings, KC-u	100
Corn,No. 2 yellow,Cent IL-bp,u	3.4200
Corn gluten feed,Midwest-u,w	107.8
Corn gluten meal,Midwest-u,w	529.6
Cottonseed meal-u,w	325
Hominy feed,Cent IL-u,w	98
Meat-bonemeal,50% pro Mnpls-u,w	293
Oats,No.2 milling,Mnpls-u	2.5875
Rice, Long Grain Milled, No. 2 AR-u,w	25.50
Sorghum,(Milo) No.2 Gulf-u	8.1213
SoybeanMeal,Cent IL,rail,ton48%-u	382.40
Soybeans,No.1 yllw IL-bp,u	9.7750
Wheat,Spring14%-pro Mnpls-u	7.6425
Wheat,No.2 soft red,St.Louis-bp,u	4.6100
Wheat - Hard - KC (USDA) $ per bu-u	4.6925
Wheat,No.1soft white,Portld,OR-u	5.5513
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	200.53
select 1-3,600-900 lbs.-u	192.88
Broilers, National comp wghtd-u,w	1.0613
Butter,AA Chicago	2.1900
Cheddar cheese,bbl,Chicago	151.00
Cheddar cheese,blk,Chicago	154.50
Milk,Nonfat dry,Chicago lb.	69.25
Cocoa,Ivory Coast-w	n.a.
Coffee,Brazilian,Comp	1.1944
Coffee,Colombian, NY	1.3881
Eggs,large white,Chicago-u	2.2650
Flour,hard winter KC	15.35
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	60.54
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	0.8906
Steers,Tex.-Okla. Choice-u	n.a.
Steers,feeder,Okla. City-u,w	162.00
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	31.9000
Grease,choice white,Chicago-h	0.2200
Lard,Chicago-u	n.a.
Soybean oil,crude;Centl IL-u	0.2977
Tallow,bleach;Chicago-h	0.2525
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; I=Natural Gas Intelligence; M=monthly; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted. *Data as of 3/22

Source: WSJ Market Data Group

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

March 23, 2018

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	Feb. index level	Chg From (%) Jan. '18	Feb. '17
U.S. consumer price index			
All items	248.991	0.45	2.2
Core	255.783	0.45	1.8

International rates

	Latest	Week ago	52-Week High	52-Week Low
Prime rates				
U.S.	4.75	4.50	4.75	4.00
Canada	3.45	3.45	3.45	2.70
Japan	1.475	1.475	1.475	1.475
Policy Rates				
Euro zone	0.00	0.00	0.00	0.00
Switzerland	0.50	0.50	0.50	0.50
Britain	0.50	0.50	0.50	0.25
Australia	1.50	1.50	1.50	1.50
Overnight repurchase				
U.S.	1.80	1.58	1.80	0.76
U.S. government rates				
Discount				
	2.25	2.00	2.25	1.50
Federal funds				
Effective rate	1.7000	1.4500	1.7000	0.8400
High	1.8125	1.6500	1.8125	1.0625
Low	1.6000	1.4000	1.6000	0.7000
Bid	1.6700	1.4200	1.6700	0.8100
Offer	1.6900	1.4500	1.6900	0.8200
Treasury bill auction				
4 weeks	1.720	1.650	1.720	0.695
13 weeks	1.780	1.670	1.780	0.760
26 weeks	1.950	1.850	1.950	0.890
Secondary market				
Fannie Mae				
30-year mortgage yields				
30 days	4.068	4.034	4.109	3.253
60 days	4.100	4.063	4.139	3.281
Other short-term rates				
Call money				
	3.50	3.25	3.50	2.75
Commercial paper (AA financial)				
90 days	2.21	2.09	2.25	0.95
Libor				
One month	1.87500	1.82207	1.87500	0.98222
Three month	2.29155	2.20175	2.29155	1.14678
Six month	2.44971	2.36363	2.44971	1.39072
One year	2.66638	2.61450	2.67700	1.69511
Euro Libor				
One month	-0.408	-0.412	-0.391	-0.420
Three month	-0.381	-0.379	-0.356	-0.389
Six month	-0.331	-0.330	-0.247	-0.339
One year	-0.251	-0.254	-0.114	-0.263
Euro interbank offered rate (Euribor)				
One month	-0.370	-0.370	-0.366	-0.375
Three month	-0.329	-0.328	-0.325	-0.332
Six month	-0.270	-0.272	-0.241	-0.279
One year	-0.190	-0.192	-0.107	-0.194

	Latest	Value Traded	52-Week High	52-Week Low
DTCC GCF Repo Index				
Treasury	1.794	31.600	1.836	0.791
MBS	1.802	98.540	1.852	0.794

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Mar	98.355	-0.005	2101	1.645
Treasury Apr	98.235	unch.	1571	1.765
Treasury May	98.225	0.005	825	1.775

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective March 22, 2018. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective March 22, 2018. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; Tullett Prebon Information, Ltd.

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Thomson Financial on March 23, and year-to-date stock performance of the company

KEY: B: beneficial owner of more than 10% of a security class **CB:** chairman **CEO:** chief executive officer **CFO:** chief financial officer **CO:** chief operating officer **D:** director **DO:** director and beneficial owner **GC:** general counsel **H:** officer, director and beneficial owner **I:** indirect transaction filed through a trust, insider spouse, minor child or other **O:** officer **OD:** officer and director **P:** president **UT:** unknown **VP:** vice president Excludes pure options transactions

Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range ($) in transaction	$ Value (000s)	Close ($)	Ytd (%)
Buyers									
Mar. 14-16	**Ecolab**	**ECL**	W. Gates	**BI**	491	136.63-137.94	**67,250**	132.25	-1.4
Mar. 15	**La Jolla Pharmaceutical**	**LJPC**	K. Tang	**DOI**	508	29.50	**15,000**	28.45	-11.6
Mar. 21	**Yext**	**YEXT**	A. Sheehan	**DI**	1,000	12.00	**12,000**	12.64	5.1
Mar. 19	**CASI Pharmaceuticals**	**CASI**	W. He	**DOI**	3,086	3.24	**10,000**	3.99	22.8
Mar. 16	**B. Riley Financial**	**RILY**	B. Riley	**CEO**	221	18.25	**4,037**	19.50	7.7
Mar. 21	**Home Depot**	**HD**	G. Brenneman	**DI**	17	178.29	**3,000**	171.80	-9.4
Mar. 14-16	**Entercom Communications**	**ETM**	J. Field	**R**	300	9.97-10.00	**2,995**	9.25	-14.4
Mar. 19-20			J. Field	**OD**	200	9.84-9.99	**1,984**		
Mar. 14-15	**United Continental Holdings**	**UAL**	E. Shapiro	**D**	25	70.42-71.00	**1,766**	67.39	-0.01
Mar. 20-22	**Tiffany & Co**	**TIF**	F. Trapani	**DI**	15	97.38-98.55	**1,472**	95.94	-7.7
Mar. 21			J. Lillie	**D**	5	97.81	**489**		
Mar. 16	**HC2 Holdings**	**HCHC**	W. Barr	**DI**	200	5.35	**1,070**	5.10	-14.3
Mar. 14	**United States Steel**	**X**	K. Bradley	**CFO**	20	39.99	**800**	33.94	-3.6
Mar. 14-15	**Achaogen**	**AKAO**	R. Duggan	**B**	50	11.23-11.57	**564**	12.88	19.9
Mar. 19	**Krystal Biotech**	**KRYS**	K. Krishnan	**CEO**	50	11.00	**550**	10.24	-2.7
Mar. 15	**Prospect Capital**	**PSEC**	J. Barry	**CEO**	84	6.49	**546**	6.61	-1.9
Mar. 19			J. Barry	**CEO**	63	6.50	**411**		
Mar. 20	**Tellurian**	**TELL**	D. Derycz-Kessler	**DI**	75	7.08	**531**	7.18	-26.3
Sellers									
Mar. 21	**Wynn Resorts**	**WYNN**	S. Wynn	**BI**	4,105	180.00	**738,900**	175.88	4.3
Mar. 15-16	**Facebook**	**FB**	M. Zuckerberg	**CEOI**	465	182.81-184.78	**85,534**	159.39	-9.7
Mar. 19			M. Zuckerberg	**CEOI**	175	170.92-176.58	**30,505**		
Mar. 20			M. Zuckerberg	**CEOI**	145	162.81-169.72	**24,159**		
Mar. 15	**BlackLine**	**BL**	W. Griffith	**DOI**	2,000	40.75	**81,500**	38.64	17.8
Mar. 15			M. Spanicciati	**ODI**	700	40.75	**28,525**		
Mar. 15			T. Tucker	**CEOI**	340	40.75	**13,855**		
Mar. 19	**National Vision Holdings**	**EYE**	D. Peeler	**DI**	1,878	31.68	**59,493**	31.96	-21.3
Mar. 16	**Rapid7**	**RPD**	T. Mcadam	**DI**	1,000	25.79	**25,790**	26.08	39.8
Mar. 16			J. Nye	**DI**	1,000	25.79	**25,790**		
Mar. 13-14	**Twitter**	**TWTR**	E. Williams	**D**	546*	34.11-36.52	**19,240**	31.03	29.2
Mar. 15-16	**Best Buy**	**BBY**	H. Joly	**CEO**	240	69.43-69.84	**16,739**	66.68	-2.6
Mar. 16-20	**Garmin**	**GRMN**	M. Kao	**H**	263	60.00-60.05	**15,767**	57.68	-3.2
Mar. 14-15	**INVESCO**	**IVZ**	M. Flanagan	**CEOI**	423	32.92-33.62	**14,007**	30.72	-15.9
Mar. 14-16	**Summit Materials**	**SUM**	T. Hill	**CEO**	448	30.31-31.60	**13,896**	30.14	-4.1
Mar. 14	**Alnylam Pharmaceuticals**	**ALNY**	A. Vaishnaw	**O**	89	140.45-145.27	**12,672**	138.06	8.7
Mar. 21-22	**Hewlett Packard Enterpris**	**HPE**	M. Whitman	**D**	674	18.49-18.70	**12,534**	17.63	22.8
Mar. 19	**Vera Bradley**	**VRA**	J. Byrne	**BI**	1,233	9.73	**11,993**	10.19	-16.3

* Half the transactions were indirect **Two day transaction
p - Pink Sheets

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	1,206,676	23,712,486	**Finance**	2,452,103	65,189,668
Business services	412,232	11,806,805	**Health care**	10,909,541	71,329,246
Capital goods	0	0	**Industrial**	528,632	43,871,735
Consumer durables	40,995	2,613,135	**Media**	2,079,437	6,899,422
Consumer nondurables	224,132	40,112,412	**Technology**	1,102,139	70,670,144
Consumer services	5,012,226	37,649,229	**Transportation**	1,965,782	9,429,537
Energy	952,964	4,379,007	**Utilities**	193,797	12,994,280

Sources: Thomson Financial; WSJ Market Data Group

A Bond Market Goes Quiet

By Suryatapa Bhattacharya And Kosaku Narioka

TOKYO—It is the world's second-largest government-bond market after the U.S., with some $9 trillion in outstanding debt.

CREDIT MARKETS

Yet in Japan, the daily volume of government-bond trading is often measured these days not in trillions or billions, but in millions of dollars—and sometimes just with a single digit: zero. The central bank is swallowing up so much of the new bond issuance that traders say there just isn't much to do.

"It's becoming like a deserted village. All that's left is for us to fade away and die," said Jun Fukashiro, who oversees bond investments for Sumitomo Mitsui Asset Management Co.

Activity has especially shrunk since September 2016, when the Bank of Japan, the nation's central bank, said it would seek to keep the yield on the benchmark 10-year government bond around zero. The move is part of the bank's push to bring about steady inflation of 2% as it tries to boost the country's economy.

On March 13, the newest 10-year bond didn't trade at all on the main system for the trading, operated by Japan Bond Trading Co. That has happened only seven times in the 24 years of data available from Japanese market-data provider Quick Corp., and six of those were in the past four years.

This past week, the near-comatose state continued, with daily trading volume in the benchmark 10-year bond at ¥18 billion ($172 million) or less each day, according to Quick.

Trading volume this year is down 22% compared with year-earlier levels.

Direct comparison with the U.S. is difficult, but average daily trading volume in U.S. Treasury bonds with maturities between six and 11 years was $112 billion in 2017, according to the Securities Industry and Financial Markets Association.

The Bank of Japan already owns 41% of the Japanese government-bond market and is buying hundreds of billions of dollars more each year to pump cash into the financial system and ensure that plenty of low-interest funds are available for borrowers.

The 10-year bonds aren't attractive to private investors because the yield—0.02% as of Friday—falls below the current inflation rate of around 1%, eroding the value of the bonds over time.

Tadashi Matsukawa, who heads the bond-trading unit at the Tokyo office of New York-based asset manager PineBridge Investments, said he used to trade Japanese government bonds every day before the Bank of Japan pinned the yield near zero. Now it is every other day, he said.

Mr. Matsukawa said he misses the excitement of a more active market. "There is limited space for us to move around, less opportunity for us to make money."

Views are divided on whether it matters that so little trading happens in the instrument, the 10-year bond, seen as the interest-rate benchmark for the world's third-largest economy.

Japan's economy is growing steadily, and the stock market, despite some jolts this year when sharp U.S. stock falls spread across the Pacific, has generally prospered under the central bank's extreme monetary easing.

Bank of Japan Gov. Haruhiko Kuroda recently asked in Parliament about the downsides of his policies, said he believed the pluses outweigh the minuses for now and pointed to positive economic indicators such as a tight job market, rising wages and a rising inflation rate that has made it halfway to his 2% target.

He has pointed to trading data that suggest people who want to buy and sell government bonds aren't having any trouble doing so.

Still, some market watchers are worried the central bank's iron grip means that any concerns about government finances no longer get reflected in bond-market trading. In the U.S., government-bond yields rose this year after Congress passed tax cuts that analysts said were likely to raise the U.S. budget deficit. In Japan—for now, at least—the benchmark yield is staying around zero regardless of market views about deficits.

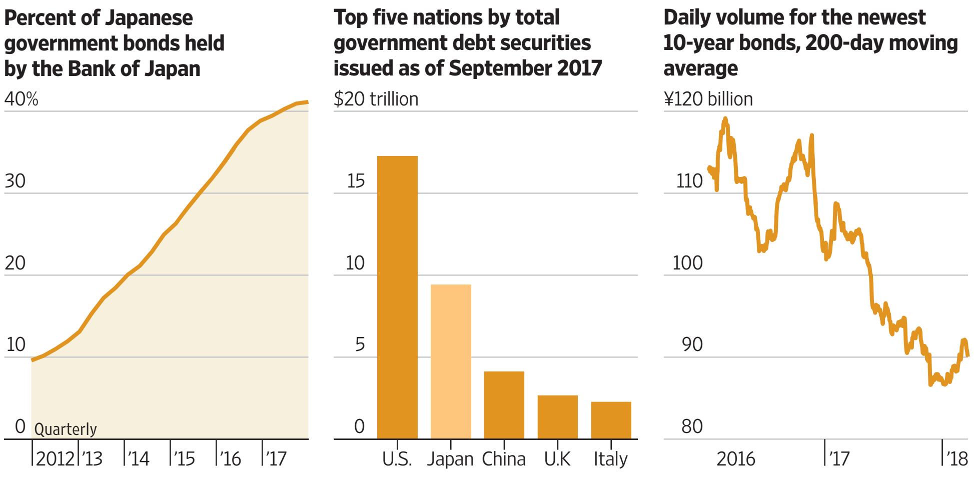
The only trade that sees more activity is when brokerages that have purchased bonds at Ministry of Finance auctions resell the bonds to the Bank of Japan, which isn't allowed to buy them directly from the government.

Between December and February, the Ministry of Finance issued bonds worth ¥7.4 trillion maturing on Dec. 20, 2027. As of March 9, the Bank of Japan already owned 71% of those bonds.

"There is only one trade in town now that makes money," says Naka Matsuzawa, rates specialist with Nomura Securities.

Big Market, Little Trading

Bank of Japan bond buying has made parts of the nation's debt market feel deserted, traders say.



Note: $1 = ¥104.73

Sources: Bank of Japan; Bank for International Settlements (nations); Japan Bond Trading Co. (bonds)

THE WALL STREET JOURNAL.

Haruhiko Kuroda's Bank of Japan has been buying up most new government bonds.

STOCKS

Continued from page B1

Trump administration could enact tax cuts and infrastructure spending, two measures that were expected to most benefit small companies. At the same time, a brightening global economic outlook stoked investor interest in multinationals that were positioned to rake in growing sales from outside the U.S.

The short-lived small-cap rally has left some investors cautioning that domestic firms could soon lose their edge over multinationals again.

For starters, the U.S.'s moves toward more protectionist trade policy don't appear to have dented the global economic outlook yet. In a March report, the Organization for Economic Cooperation and Development said it expects the global economy to grow by 3.9% in both 2018 and 2019, an improvement from its November estimates of 3.7% and 3.6%, respectively.

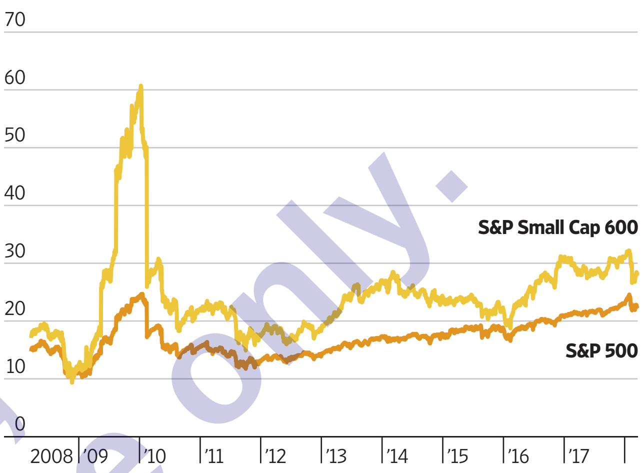
Large U.S. corporations are also expected to continue posting strong earnings, thanks to a strengthening economy, savings from the tax overhaul and the weakening dollar, which has made U.S. exports cheaper to foreign buyers. Analysts expect first-quarter earnings at S&P 500 firms to increase 17% from the year-earlier period, building on gains from the fourth quarter, when corporate earnings grew at the fastest pace since the second half of 2011, according to FactSet.

To be sure, the upbeat earnings and economic outlook could change if trade tensions continue to escalate. Trade war fears, as well as a slide in shares of large technology companies, sent major indexes tumbling Friday, with the S&P 500 and Dow industrials all posting their biggest one-week percentage decline in more than two years.

"A potential escalation into trade wars is arguably the most disruptive geopolitical risk to the global expansion and markets in 2018," said Richard Turnill, global chief investment strategist at BlackRock Inc., in a research note.

Small Packages

Trailing 12-month price/earnings ratios



Source: FactSet

THE WALL STREET JOURNAL.

U.S. Oil-Export Trade Consolidates

By Sarah McFarlane

A handful of international trade houses are dominating the buying and selling of U.S. crude exports, two years after Washington lifted its ban on sending oil abroad.

COMMODITIES

The fragmented nature of the U.S. shale industry has made it easier for more nimble independent traders to grab market share. But some analysts believe they will lose their grip as oil giants like **Exxon Mobil** Corp. consolidate the sector.

Shipments by three of the world's top five oil traders, **Vitol Group**, **Trafigura Group** Pte. Ltd. and **Mercuria Energy Group** Ltd., accounted for 22% of U.S. crude exports in the 12 months to February, according to ClipperData, a New York oil-data provider.

These mainly Europe-based trade houses buy and sell physical oil and ship it around the world.

"Small to medium-sized producers don't have the same logistical expertise, particularly for export sales, that a trading firm does," said Craig Pirrong, a professor of finance at the University of Houston.

In addition, major oil producers such as Exxon and **Chevron** Corp. are less oriented to trading, focusing more on meeting the needs of their own refineries.

Traders tend to be more flexible, focusing on managing pipelines, shipping and blending crudes for their customers around the world, Mr. Pirrong said.

The U.S. lifted a crude-export ban in 2016 amid a shale-oil-and-gas boom, which is expected to turn the country into a net exporter of energy by 2022, according to the U.S. Energy Information Administration.

The pace of the increase in U.S. output has caught many by surprise, causing repeated revisions higher to forecasts from top official data providers like the International Energy Agency and the EIA.

Improved technologies and efficiencies, along with a 50% increase in oil prices in the past nine months, have helped drive U.S. oil production to record levels, enabling the country to surpass output from Saudi Arabia.

The EIA forecasts U.S. crude production will rise 8% on the year to average 10.7 million barrels a day in 2018.

Shale-oil production has contributed to much of the increased output, which producers funnel through pipelines and storage facilities that were set up for importing rather than exporting oil.

The world's big trading houses have done many deals to position themselves for U.S. exports. Vitol purchased **Noble Group** Ltd.'s U.S. oil liquids business last year, Trafigura sealed a long-term deal for pipeline capacity from the Permian Basin to the port of Corpus Christi in January, while Mercuria is part of a consortium building export terminals in Louisiana and Texas.

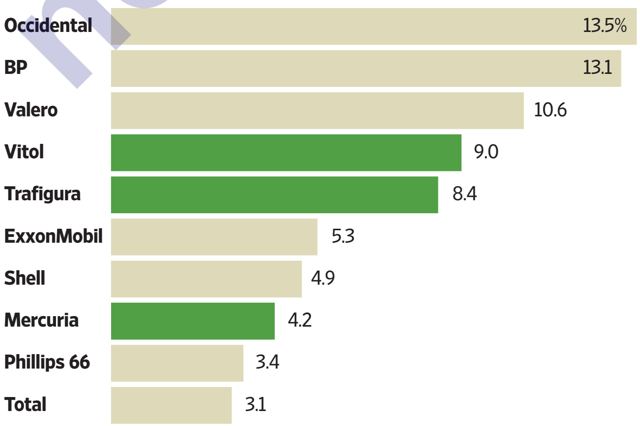
The top five trade houses—Vitol, Trafigura, **Glencore** PLC, Mercuria and **Gunvor Group** Ltd.—account for around one-fifth of the world's traded oil volume. The rest of the crude market is mostly bought and sold by major international oil companies and national oil companies.

Some of the traders' edge in U.S. exports is expected to diminish over time as logistical issues are ironed out and major oil companies such as Exxon and **Royal Dutch Shell** PLC follow through on plans to buy up shale acreage, eliminating some of the smaller producers.

Middle Men

Three trading houses account for 22% of U.S. oil exports.

Top 10 U.S. oil exporters, 2017



Source: ClipperData

THE WALL STREET JOURNAL.

Natural Gas Falls as Supply Slides Less Than Expected

By Stephanie Yang

Natural gas prices declined to a one-month low on Friday, weighed down by a smaller-than-expected decline in stockpiles.

Futures for April delivery fell 2.6 cents, or 1%, to $2.591 a million British thermal units on the New York Mercantile Exchange, the lowest settle value since Feb. 16.

On Thursday, the U.S. Energy Information Administration reported that natural-gas stockpiles fell by 86 billion cubic feet, falling short of analyst estimates for a 90 billion cubic feet withdrawal in the week ended March 16.

Prices have struggled to rise even on the back of winter weather and a boost in heating demand, as production growth has outweighed seasonal consumption.

While increasing natural-gas exports to Mexico and overseas should help demand in 2018, supply should keep a lid on prices, Raymond James analysts said in a Friday note to clients.

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0495	20.1835	8.5
Brazil real	.3020	3.3117	–0.02
Canada dollar	.7753	1.2898	2.6
Chile peso	.001644	608.40	–1.2
Ecuador US dollar	1	1	unch
Mexico peso	.0540	18.5258	–5.8
Uruguay peso	.03509	28.5000	–1.0
Venezuela b. fuerte	.00002343925.0001		424630.6
Asia-Pacific			
Australian dollar	.7698	1.2990	1.4
China yuan	.1583	6.3157	–2.9
Hong Kong dollar	.1275	7.8458	0.4
India rupee	.01538	65.013	1.8
Indonesia rupiah	.0000725	13786	2.2
Japan yen	.009548	104.73	–7.1
Kazakhstan tenge	.003117	320.78	–3.6
Macau pataca	.1237	8.0820	0.4
Malaysia ringgit	.2553	3.9175	–3.5
New Zealand dollar	.7237	1.3818	–2.0
Pakistan rupee	.00865	115.567	4.4
Philippines peso	.0191	52.403	4.9
Singapore dollar	.7603	1.3153	–1.6
South Korea won	.0009226	1083.87	1.6
Sri Lanka rupee	.0064037	156.16	1.7
Taiwan dollar	.03426	29.192	–1.6
Thailand baht	.03206	31.190	–4.3
Vietnam dong	.00004385	22805	0.4

Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Europe			
Czech Rep. koruna	.04859	20.579	–3.3
Denmark krone	.1659	6.0294	–2.8
Euro area euro	1.2356	.8094	–2.9
Hungary forint	.003948	253.30	–2.2
Iceland krona	.010131	98.71	–4.7
Norway krone	.1289	7.7571	–5.5
Poland zloty	.2921	3.4232	–1.6
Russia ruble	.01744	57.338	–0.6
Sweden krona	.1213	8.2469	0.7
Switzerland franc	1.0556	.9473	–2.8
Turkey lira	.2511	3.9824	4.9
Ukraine hryvnia	.0381	26.2590	–6.7
UK pound	1.4133	.7076	–4.4
Middle East/Africa			
Bahrain dinar	2.6525	.3770	–0.03
Egypt pound	.0567	17.6240	–0.8
Israel shekel	.2869	3.4861	0.2
Kuwait dinar	3.3375	.2996	–0.6
Oman sul rial	2.5974	.3850	0.01
Qatar rial	.2745	3.643	–0.2
Saudi Arabia riyal	.2667	3.7500	–0.01
South Africa rand	.0852	11.7380	–5.0

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	83.40	–0.26	–0.31	–3.00

Sources: Tullett Prebon, WSJ Market Data Group

THE TICKER | Market events coming this week

Monday

Short-selling reports
Ratio, days of trading volume of current position, at Feb. 28

NYSE	4.4
Nasdaq	3.9

Earnings expected*

	Estimate/Year Ago($)
Paychex	**0.63**/0.55
Red Hat	**0.81**/0.61

Tuesday

Consumer confidence

Feb., previous	130.8
March, expected	131.5

Earnings expected*

	Estimate/Year Ago($)
FactSet	**2.04**/1.81
IHS Markit	**0.50**/0.45
Lululemon	**1.27**/1.00
McCormick & Co.	**0.90**/0.76

Wednesday

Mort. bankers indexes

Purch., previous	up 1%
Refinan., prev.	down 5%

EIA status report
Previous change in stocks in millions of barrels

Crude oil	down 2.6
Gasoline	down 1.7
Distillates	down 2

Gross domestic product
Percentage change, annual rate

4th qtr. sec. est.	up 2.5%
4th qtr., third est.	up 2.7%

GDP deflator

4th qtr. sec. est.	up 2.3%
4th qtr., third est.	up 2.3%

Earnings expected*

	Estimate/Year Ago($)
PVH	**1.47**/1.23
Walgreens Boots Alliance	**1.55**/1.36

Thursday

Bond market closes early, at 2 p.m. ET

Initial jobless claims

Previous	229,000
Expected	230,000

EIA report: natural gas
Previous change in stocks in billions of cubic feet
down 86

Chicago PMI

Feb., previous	61.9
March, expected	61.0

Personal income

Jan., previous	up 0.4%
Feb., expected	up 0.3%

Personal spending

Jan., previous	up 0.2%
Feb., expected	up 0.2%

Consumer sentiment

March, prelim.	102
March, final	102

Earnings expected*

	Estimate/Year Ago($)
Constellation Brands	**1.75**/1.48
Synnex	**2.11**/1.82

Friday

U.S. markets are closed on Good Friday

* FACTSET ESTIMATES EARNINGS-PER-SHARE ESTIMATES DON'T INCLUDE EXTRAORDINARY ITEMS (LOSSES IN PARENTHESES) ◆ ADJUSTED FOR STOCK SPLIT
NOTE: FORECASTS ARE FROM DOW JONES WEEKLY SURVEY OF ECONOMISTS

SIMON DAWSON/BLOOMBERG NEWS

Yoga-gear retailer Lululemon Athletica Inc. is scheduled to report quarterly results on Tuesday.

Silver's Decline Sends a Scary Signal

Metal's divergence with rising gold prices is seen as a negative economic indicator

BY AMRITH RAMKUMAR

Investors have soured on silver to start 2018 after prices rose over the past two years—a possible warning signal to the broader market.

Silver futures have fallen 3.1% this year, trailing a 3.3% gain in gold. That is after bullion rose 14% last year, double silver's 7% advance.

The divergence between the two means prices for gold are 82 times those of silver, which is 27% more than the 10-year average and the highest level in two years, data analyzed by WSJ Market Data Group show.

A higher gold-to-silver ratio is viewed by some investors as a negative economic indicator because money managers tend to favor gold when they think markets might turn rocky and discard silver when they are more worried about slower global growth crimping consumption. Industrial uses account for about 55% of demand for silver, according to the Silver Institute, leading some traders to link it more with base metals such as copper.

The precious-metals ratio last stayed above 80 in early 2016, when worries about a Chinese economic slowdown roiled markets, and in 2008 during the financial crisis. The ratio's recent rise comes as speculators have turned bearish on silver and inventories in warehouses have risen, a sign there could be too much supply.

"There's just not many people looking to buy silver at this point in time," said Walter Pehowich, senior vice president at Dillon Gage Metals. "There's a lot of silver that comes out of the refineries, and they can't find a home for it."

The amount of silver stored in depositories approved by CME Group Inc. jumped 16% to 251 million troy ounces from the start of August to the end of February.

Hedge funds and other speculative investors were the most net short, or bearish, that they have ever been in the week ended March 20, according to Commodity Futures Trading Commission data going back to 2006, breaking the record previously set during the week ended Feb. 27. That week, new short bets outnumbered bullish bets by 36 to 1.

And more than $350 million flowed out of silver-backed exchange-traded funds in February, the largest monthly outflow since September, according to Silver Institute and Thomson Reuters GFMS data.

Some analysts think silver's underperformance is a negative sign for precious metals broadly because it is a less actively traded commodity, making it more vulnerable to bigger price swings on the way up and down. Money in gold-backed exchange-traded funds totals about $100 billion, according to the World Gold Council. The number for silver is about $11 billion.

While investors have flocked toward gold with equity markets wobbling, money managers seeking safety or alternative assets haven't favored silver.

"It's not seeing great hedge demand because it's just easy to go to gold," said Dan Denbow, who manages the USAA Precious Metals and Minerals Fund. "Gold is a bit more predictable."

Some analysts said worries that the global economy could slow down also have hurt silver. Similar concerns following mixed economic data and protectionist trade policies have dragged down copper and other industrial metals, with some investors betting that slower growth will weaken commodity demand.

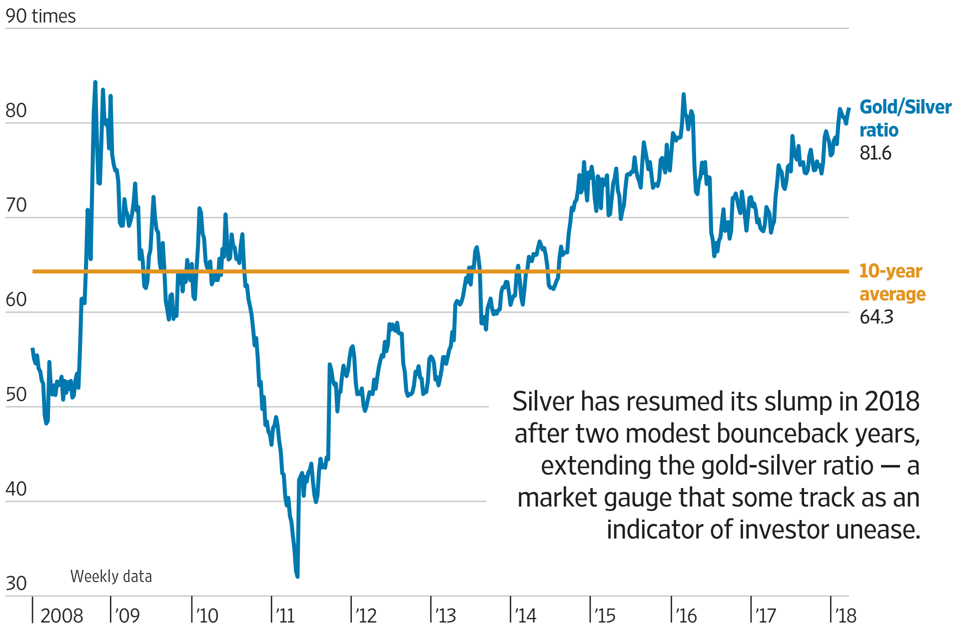
A well-known conductor of electricity, silver is used in everything from medical devices to household appliances. It also is a primary component in the photovoltaic cells used in solar panels, which some analysts view as the fastest-growing source of silver demand. Tariffs announced in January on the devices could halt that momentum, analysts say. The tariffs, aimed mainly at Asian manufacturers, are as high as 30%.

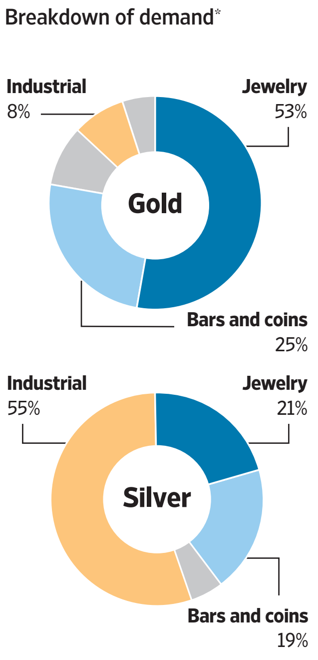
"The concerns about growth are hindering the silver buyers right now," said George Gero, a managing director at RBC Capital Markets. "Silver is not thought of as bullion or as a store of value. It's still thought of as an industrial component."

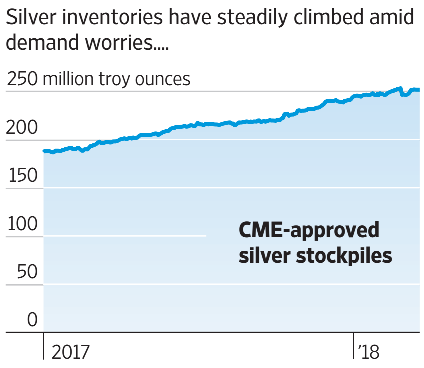
Higher interest rates also have cooled sentiment, as they tend to boost Treasury yields and make commodities less attractive. The Federal Reserve raised interest rates Wednesday and signaled it could pick up the pace of interest-rate increases to keep economic growth in check after next year.

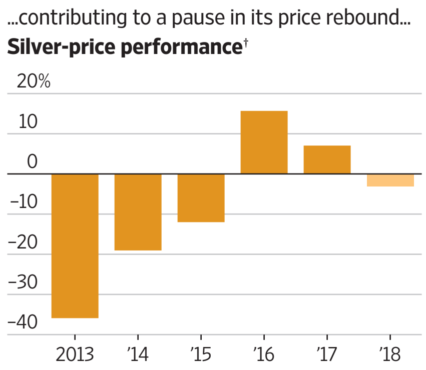
Clarity on trade policies and interest rates could ease market jitters and reverse the relationship between gold and silver, some analysts said.

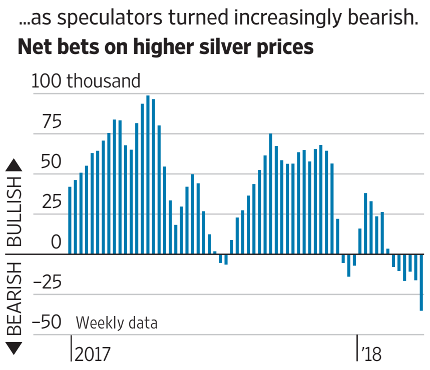
"It has little to do with market sentiment," said Nathan Thooft, senior managing director of global asset allocation at Manulife Asset Management. "I would be in the reversion camp of this being a buying opportunity for silver."











*As of the end of 2017; other uses for gold include: central bank reserves, 9%, ETFs, 5%; and for silver, silverware, 5%. †Through Friday.

Sources: WSJ Market Data Group (gold/silver ratio, silver price); CME Group (stocks); World Gold Council (gold demand); Silver Institute/Thomson Reuters GFMS (silver demand); Commodity Futures Trading Commission (contracts)

THE WALL STREET JOURNAL.

Gold Prices Soar on Trade-War Fears

Gold prices shot up Friday, climbing for the third straight session with the dollar falling and trade tensions between the U.S. and China rising.

Front-month gold for March delivery added 1.7% to $1,349.30 a troy ounce on the Comex division of the New York Mercantile Exchange—its best day since Feb. 14. Prices have stayed between roughly $1,305 and $1,360 this year, swinging based on haven buying, moves in the dollar and worries about higher interest rates.

Many investors tend to favor gold when they think markets might turn rocky because the metal has historically held its value effectively and has been relatively stable. Recent worries that protectionist trade policies from the U.S. and China might incite a trade war have boosted gold.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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OVERHEARD

Banks change their logos all the time, and it is usually not a big deal to anyone except the marketing department and some lucky printers of stationery and business cards.

One institution though, **Banco Santander**, may be different. Overhauls of the Spain-based banking giant's symbol have had a nasty way of predicting when investors world-wide are about to get singed.

Santander unveiled an updated look to its iconic flame logo on Friday, saying that it wants to create an image better suited to digital forms of branding that reflects "a better version of ourselves."

The change is fairly subtle. Effectively the bank's flame logo and font are tweaked and the color scheme goes from white on red to red on white. Nothing to get excited about, in other words.

But investors who are looking for danger signs may despair at the timing of the switch.

Several of Santander's historical logo changes have come a year before major global market disruptions.

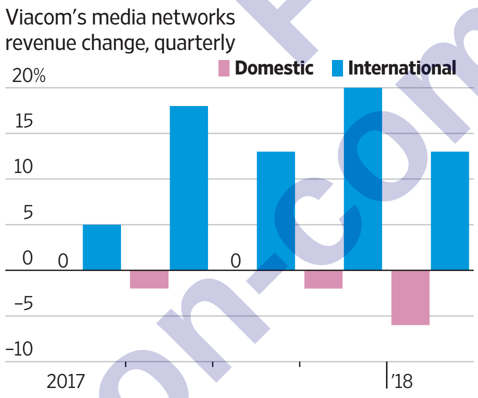
A 1972 change came a year before the collapse of the Bretton-Woods currency system that preceded a surge in inflation.

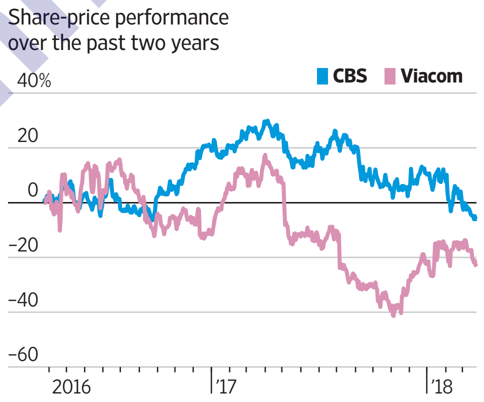
Santander's flame logo, which "evokes the discovery of fire as a symbol of progress and represents passion and friendship," launched in 1986, a year before the Black Friday crash in October 1987, the largest one-day percentage decline ever in U.S. stocks.

Another modification followed in 1999, a year before the dot-com boom peaked and tech stocks lost over 80% of their value.

Santander's most recent logo change came in 2007. Nice look, anyway.

Changing Channels





Sources: the company (revenue); FactSet (shares)

THE WALL STREET JOURNAL.

Viacom May Tempt CBS

If **Viacom** and **CBS** are to reach a deal, one of the crucial issues they will have to hammer out is how much more Viacom might be worth as part of a merged company.

At only six times trailing earnings, it is even cheaper now than when a deal fell apart in December 2016. Disagreements over valuation were one of the reasons the merger was abandoned: Viacom demanded a premium that CBS chief executive Les Moonves was then unwilling to fork over. Two parts of the business have since become more attractive. Yet their value isn't reflected in the share price.

The first is Paramount, Viacom's film studio, which used to bring in profits of over $200 million a year. Because it hasn't for several years—analysts estimate that it will lose $100 million in 2018—it has been a drag on Viacom's stock. Yet its library is valuable. An analysis by Jefferies Group puts it between $5 billion and $10 billion. And as Paramount cycles out of a bad batch of films, it is slated to return to profitability in 2019.

"If this company was truly public and independent, I think there'd be people circling Viacom for some of its parts," says Michael Nathanson, a media analyst at MoffettNathanson.

National Amusements is a controlling shareholder in both Viacom and CBS, which means Viacom effectively has only one bidder. That depresses its value.

Second is the international business. While CBS is the larger firm in market size, Viacom has reached further around the globe, with subscribers in 180 countries and channels in over 40 languages. The most significant assets are Channel 5 in the U.K., Telefe, a free-to-air channel in Argentina, and Viacom18, a joint venture with TV18 in India, where Viacom has the third-best market position. While revenue at Viacom's domestic networks has been declining, the international networks have seen quarter after quarter of double-digit revenue growth. In fiscal 2017, they brought in over $2 billion.

Yet because Viacom has been investing so much in new channel launches, the value of the international business hasn't been fully represented in the stock. "With a slowing in launches, I think we'll see some meaningful growth over the next two to three years," says John Janedis of Jefferies Group.

That should tempt CBS investors, who have balked at a deal.

CBS is clearly eager to ramp up its international presence. It acquired Australia's Network Ten last year, and plans to roll out its streaming services, CBS All Access and Showtime, in Canada, Australia and Europe. Viacom's international infrastructure could help sell CBS content in key markets overseas—an obvious revenue synergy that goes overlooked if the international business isn't appreciated.

In fact, the strategy Viacom has deployed abroad—using local broadcast networks to leverage its flagship brands, like Nickelodeon, MTV, and Comedy Central—could be a model for merging CBS content with Viacom's distribution capabilities. That is also partly why Bob Bakish, who ran Viacom's international business before becoming chief executive, has surfaced as a possible leader of the merged entity.

No doubt that makes CBS investors who are fond of Mr. Moonves uneasy. Yet Mr. Bakish saw potential in Viacom's assets when Mr. Moonves couldn't.

—Elizabeth Winkler

Experiment Begins On U.S. Economy

With business growing briskly and the unemployment rate low, the U.S. economy is in good shape. Federal Reserve policy makers, therefore, had no qualms about raising interest rates last Wednesday, as well as projecting that they will be more aggressive in the future.

In contrast, other officials in Washington have taken the types of steps you might expect to see if the economy were battling a recession.

First, President Donald Trump on Thursday announced plans to levy tariffs on billions in Chinese imports, the latest escalation in trade tensions. On Friday, previously announced tariffs on steel and aluminum imports took effect. What is odd about these moves, Goldman Sachs economists point out, is that trade actions more typically happen when unemployment is rising and cries for protectionism among displaced workers are heard more loudly.

Second, Congress passed a $1.3 trillion spending bill on Friday, the first installment of a budget agreement struck last month that will boost federal spending by $300 billion over two years. That will provide another boost to the economy, in addition to the tax cuts that got passed late last year. Again, this is the type of fiscal stimulus one ordinarily would expect to see in response to a recession. Such stimulus efforts often come late, hitting as the economy has already begun to recover, but the latest recession ended in 2009.

The merits of the tariffs and the government spending and tax-cut stimulus are matters of dispute. Coming at such an unusual point in the economic cycle makes it hard to figure out what their ultimate effects will be.

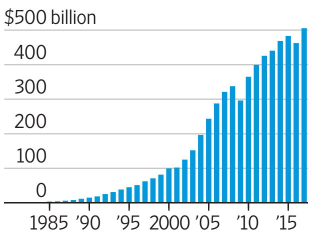
Standard economic theory holds that tariffs dent the economy whenever they come since the higher prices they usher in hurt consumers more than they benefit domestic producers. Theory and reality don't always dovetail, however. It is hard to know how things will play out at this stage, when there is little apparent slack in the labor market. They may induce more inflation than usual, but that supposes that companies selling tariff-affected goods can pass through their higher costs to consumers.

Then there is the stimulus. One view is that it will provide less bang for the buck than it would have earlier in the economic cycle since the aforementioned lack of slack will make it more inflationary, spurring faster Fed rate increases. That said, interest-rate projections the Fed released on Wednesday were only modestly higher than in September, before the tax cut and spending plans were in place.

It all makes for an interesting experiment. The U.S. economy gets to be the guinea pig. *—Justin Lahart*

Trade Talk

Value of U.S. goods imports from China



Source: Commerce Department

We have a responsibility to protect your information. If we can't, we don't deserve it.

You may have heard about a quiz app built by a university researcher that leaked Facebook data of millions of people in 2014. This was a breach of trust, and I'm sorry we didn't do more at the time. We're now taking steps to make sure this doesn't happen again.

We've already stopped apps like this from getting so much information. Now we're limiting the data apps get when you sign in using Facebook.

We're also investigating every single app that had access to large amounts of data before we fixed this. We expect there are others. And when we find them, we will ban them and tell everyone affected.

Finally, we'll remind you which apps you've given access to your information – so you can shut off the ones you don't want anymore.

Thank you for believing in this community. I promise to do better for you.

Mark Zuckerberg

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Questions to Ask a Financial Adviser About Fees

Too many clients contract for services that don't match their needs—and end up paying far more than they have to

BY MICHAEL A. POLLOCK

MOST PEOPLE NEED financial advice at some point. But before making a deal with a financial adviser, people should know precisely what they're paying—and what they're paying for.

Unfortunately, that isn't always easy. Advisers offer a range of services and fee structures, and a lot of clients can feel intimidated by both the jargon and the concepts. But if people don't get the relationship with an adviser right at the beginning, the mistake could be compounded over years—and that can end up costing them hundreds of thousands of dollars over a lifetime.

Many advisers, for instance, offer a lot fewer services than others—but charge the same fees. Some don't spell out in advance that clients may end up doling out additional fees each year for investments such as mutual funds.

And it may end up being a better deal for some investors to opt for a bare-bones service that just manages investments and doesn't offer other advice. That's especially true now that people can't deduct certain investment management fees under the new tax law.

With that in mind, here are six key questions to ask an adviser.

1. Of the fee arrangements you offer, which one best suits my needs?

It's a basic question, and one too many people don't ask—in part because it requires clients to figure out what their needs are in the first place.

The most-expensive option is a soup-to-nuts package that involves not only money management—taking care of all tasks like investing and rebalancing a portfolio—but also financial planning (for instance, helping clients figuring out the best way to save for college or retirement). What's more, people with a very high net worth, perhaps $10 million or more, might have the option to have the adviser handle day-to-day financial chores like paying bills and banking.

For all that, people pay a percentage of their assets under management each year. The more assets, the lower the percentage: Someone with $1 million will likely pay 1% to 1.25% annually, while someone with $500,000 or less could pay 2%.

People who don't want all that help might find that other arrangements work better, says Michael Kitces, who heads wealth management at **Pinnacle Advisory Group** in Columbia, Md., and blogs on financial planning at kitces.com.

For instance, someone might not have enough assets to warrant ongoing management but might need help sorting out a particularly thorny problem—such as what to do with a bunch of inherited stock. Likewise, someone with a sizable portfolio might feel comfortable overseeing that money but want an adviser to come up with an investing plan for their retirement.

In those cases, it may make sense for people to hire an adviser by the hour, which typically runs around $150 to $350. Or, if the client and adviser decide the project will take too long for that setup, they can negotiate a one-time, lump-sum fee.

"If you have just one problem, don't give someone your life savings to manage on an ongoing basis," Mr. Kitces says.

Then there is an option for people who want ongoing help but not comprehensive help—for instance, people who need advice on budgeting or debt management. In those cases, a client might pay a monthly fee of $75 to $150 to sit down with the adviser for a couple of hours of coaching each month.

2. What services am I actually getting for my money?

When people turn their assets over to an adviser for ongoing money management, they may assume their fees cover a certain bundle of services. For instance, they may expect the adviser not just to make investments but also give guidance on taxes or help them analyze insurance coverage.

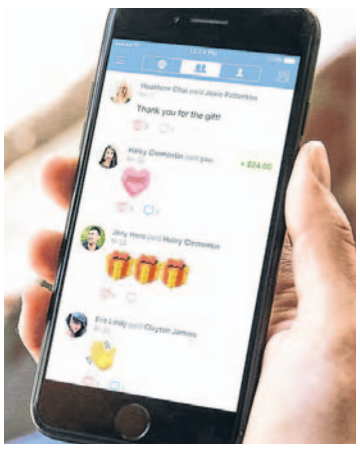
But many advisers don't provide those services or others like them, says Sally Brandon, senior vice president of client service and advice at Rebalance IRA, based in Palo Alto, Calif., and Bethesda, Md., which advises investors on, and helps manage, individual retirement accounts. Instead, she says, advisers may primarily oversee portfolios, sell certain financial products and do little else.

Advisers lay out the services they provide in the agreements they sign with clients. But they very likely won't list all of the things they *don't* offer (and it's very likely many clients may not read that agreement all that carefully). So clients

Please turn to the next page

LINDSAY HOLMES

INSIDE



ASK ENCORE | GLENN RUFFENACH

How Much You Will Spend in Retirement

The traditional guideline suggests 70% to 80% of your salary. It isn't that simple.

I'm familiar with the rule that says people should plan to replace about 70% to 80% of their salary in retirement. But is it valid? And what have retirees told you about how their budgets and spending habits change?

This "rule" ("guideline" would be a better word) is perfectly valid for one specific group, which I'll get to in a moment. First, some background.

The issue here is "replacement rates" or "replacement ratios." In other words: How much of your preretirement income will you need in retirement to maintain your standard of living? Since the 1980s, numerous researchers have tackled this question; their findings have helped shape the parameters we know today. A 2016 study by the Government Accountability Office, which reviewed 52 articles and reports about income replacement in retirement, found that recommended rates "typically range between 70% and 85%." (The median recommended rate: 77%.)

If we do the math, that means a household earning $100,000 a year would need about $70,000 to $85,000 annually in retirement to continue their standard of living. Is that valid? Sure—for some. In fact, many people, after they leave the workforce, can get along nicely with fewer dollars: They find themselves in a lower tax bracket; they're no longer paying Social Security and Medicare taxes (the 7.65% bite on wages); and, frequently, they stop saving money for later life.

But many other retirees (new retirees, in particular) find that they need almost as much money, or just as much, as when they were working. Any number of variables can push spending higher: travel and entertainment costs, medical bills, home improvements, debt (read: mortgages and credit cards). In a 2017 study by the Employee Benefit Research Institute, almost half (47%) of surveyed retirees said their health-care expenses were higher than they had anticipated, and more than one-third (37%) said expenses other than health care also were higher than planned.

And that's what retirees, for the most part, have told us through the years—that they have found themselves (particularly early in retirement) spending more than they had expected. A retired geologist in Nevada put it this way:

SONIA PULIDO

Your savings are "eaten up by costs associated with having more time. Instead of a yearly trip, now you take two or more." (I should note that our evidence is anecdotal; we have never surveyed retirees' spending patterns.)

What to take away from all this? If you're in your 30s and 40s and trying to determine if you're saving enough for retirement, the 70/80 rule is a reasonable target. But if you're within 10 years of retirement, I would forget about 70/80 and, instead, draw up a detailed list of your actual and projected expenses. This will give you a much clearer picture of what your particular replacement rate should be. In a future column, I'll highlight some budgeting tools than can help with this exercise. (And if you have a favorite budgeting tool or process, please let me know. I'll try to share your recommendations in this column.)

If you're setting aside 20% to 30% of your paycheck each month for retirement, the 70/80 rule will work just fine. Of course, most of us don't save quite that much money.

* * *

I have an inherited individual retirement account. Can I convert it to a Roth IRA? And, if so, can I combine it with my other Roth IRA?

The answer depends on where the inherited IRA came from.

A partner who inherits an IRA from a deceased spouse can roll over the account to a Roth IRA, either a new or existing Roth IRA. (Note: Taxes would be due on the amount converted.) But if a person inherits an IRA from anyone other than a spouse—in other words, if you are a "non-spouse" inheritor, in the vernacular of the Internal Revenue Service—you can't convert the account to a Roth.

See IRS Publication 590-B (page five).

* * *

My wife and I will turn 66 this year. I plan on working until age 67 and seven months. My wife would collect more on spousal benefits from Social Security than on her own work record, even at age 70. Can she apply for her benefits this year, at age 66, and then move to a spousal benefit when I retire?

Yes. At her "full retirement age," as defined by the Social Security Administration (which, I assume, is 66), she can apply for a "full" or "unreduced" benefit based on her work record. Then, when you retire and apply for benefits, the agency should automatically see whether she is eligible for a spousal benefit. If, as you indicate, the spousal benefit is larger than the benefit based on her work record, she will begin collecting (or "step up" to) a spousal benefit.

Please note an important word in the preceding paragraph: "should." Normally, if a spouse files for Social Security, the agency does a good job of asking whether that person's wife or husband is already collecting benefits—and adjusting the latter's payout, if need be. That said, it can't hurt (when you first file for benefits) to remind the Social Security Administration that your wife is, in fact, collecting benefits and that, according to your math, she is eligible for a spousal benefit.

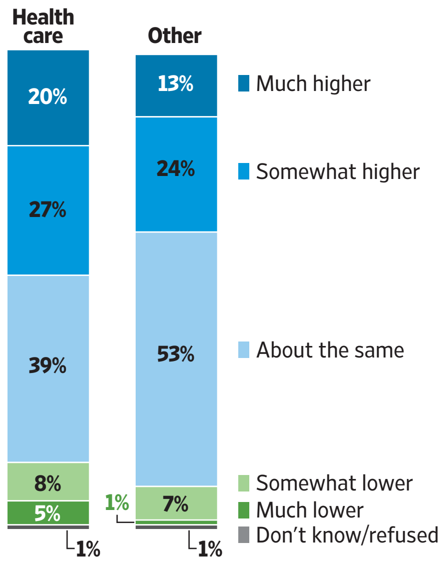
An additional point: Your wife doesn't have to wait until she reaches full retirement age to claim benefits. Your wife could file today for a benefit based on her work record, and she will still become eligible for a spousal benefit whenever you decide to claim Social Security. But, if she claims Social Security before she reaches her full retirement age, two things will happen.

First, she will (as I assume you know) collect less than her "full" benefit. Second, her spousal benefit (whenever it kicks in) will be less than 50% of your benefit. The exact figures will depend upon how far in advance of her full retirement age she begins collecting benefits.

Mr. Ruffenach is a former reporter and editor for The Wall Street Journal. His column examines financial issues for those thinking about, planning and living their retirement. Send questions, comments to **askencore@wsj.com.**

Expectations vs. Reality

Asked to compare their expected expenses in retirement with their actual expenses, the following percentages of surveyed retirees said their actual health-care expenses and non-health-care expenses were:



Source: Employee Benefit Research Institute and Greenwald & Associates, '2017 Retirement Confidence Survey'
THE WALL STREET JOURNAL.

Questions to Ask an Adviser About Fees

Continued from the prior page

may walk away thinking all of their needs are covered—and then find out otherwise when they face an unexpected event like a financial reversal or a divorce. That leaves them scrambling to track down another professional, like a tax attorney or accountant, and paying another fee.

To get a full picture of an adviser's offerings, people can check the Securities and Exchange Commission's Investment Advisor Public Disclosure website, adviserinfo.sec.gov, which lets users search for advisers by name or by firm and scrutinize the so-called ADV form they must file when registering with the SEC. These forms show the services an adviser offers, along with their fee schedule and other information.

The Price of Advice

The percentage of assets a client pays in fees tends to decline as the size of the portfolio increases.

Portfolio size	Range of percentage of assets charged annually in fees
Less than $500,000	1.75%–2.00%
$500,001–$1,000,000	1.25%–1.50%
$1,000,001–$3,000,000	1.00%–1.25%
Over $3,000,000	0.75% or lower

Source: Sample of filings of Form ADV at the Securities and Exchange Commission's Investment Advisor Public Disclosure
THE WALL STREET JOURNAL.

3. Can you give me a discount on fees?

Here's a fact people should know before they enter into an agreement with an adviser: Many of them charge the same fees as others for a vastly different menu of services.

In fact, research suggests there is little correlation between the percentage of assets advisers charge in fees and the number of services a client will get for fees, says Ben Harris, an associate professor at Northwestern University's Kellogg School of Management.

That means it is imperative for people to get an idea of what other advisers in the area are offering for the same price—and make sure not to pay too much for too little. Likewise, they should check in with lower-cost providers of advice such as **Vanguard Group** and **Fidelity Investments** to see what they have on offer. All of this will entail a bit of legwork, but it's well worth the time. If somebody isn't going with the lowest-priced adviser, at the least they have some leverage when asking for a lower fee.

"There is a lot of room for negotiation here, and I don't think many people are negotiating," Dr. Harris says.

4. Do I really need all of your services in the first place?

Traditional advisory fees have come under siege as more players have entered the business. In most cases, they don't offer the same level of advice or other services as traditional advisers—usually, just portfolio management—but they are much, much cheaper.

Mutual-fund giant Vanguard offers services for just 0.3% of assets annually for someone with less than $5 million. Web-based firms such as **Betterment** LLC and Wealthfront Inc. charge as little as 0.25% for portfolio rebalancing and other services.

Because there are so many alternatives, consumers should ask themselves how much advice they really need, says Micah Hauptman, a financial-services counsel at the Consumer Federation of America. "If you just want investment products rather than genuine advice, there are really inexpensive options."

Who needs advice, and who doesn't? Obviously, everybody's situation is different, but there are some very rough guidelines. Often, younger people who have only a modest amount of assets won't need financial advice. But someone who has been working for years and perhaps has more than $500,000 might benefit from advice on how to deploy that money—particularly if it is scattered around in different investment accounts without an overall allocation strategy. Then there are those who might want one-time advice, such as people just starting a family who need an estate plan.

One factor that is sometimes overlooked is the need to have a steady hand steering a portfolio through choppy waters, says Mark Schoenbeck, a senior executive at **Kestra Financial**, in Austin, Texas, which provides services to independent advisers. "Left to their own devices, some investors will abandon their plan when markets get volatile," he says. "An adviser can remove the emotion and help prevent investors from making mistakes."

5. Could my net costs be higher than what we've agreed on?

An adviser's stated fee may be, say, 1% of assets a year. But the net cost to a client could end up being significantly higher.

Some of the financial products that end up in a client's portfolio have high embedded fees and complex terms. Some active mutual funds have one-time fees people might pay when they buy or sell the funds. Both active funds and ETFs also have expense ratios, the annual percentage of the assets they charge shareholders for management and administrative expenses. These average from around 0.5 percentage point annually for ETFs to 1 percentage point or more for active funds.

Moreover, advisers may seek to sell the client other products, such as annuities, where the adviser could pocket a commission as high as 8%, notes Rebalance IRA's Ms. Brandon.

It is important to ask an adviser to get as specific as possible about additional costs, says Pinnacle Advisory's Mr. Kitces. On his blog, he estimates that someone paying 1% of assets under management in advisory fees actually may end up having costs of more than 1.6% a year when other investment expenses are figured in.

That said, some advisers do include the additional fees in their overall charges, and those expenses often are lower when someone works with an adviser than when investing solo.

6. Could we circle back to what I pay in fees in another year or two?

If people aren't sure initially that they want to work with a certain adviser on an ongoing basis, they could ask for a lower, "teaser" fee for the first year, says the Kellogg School's Dr. Harris. He suggests asking, "How about giving me one year at a lower rate so I can see what you do, and then we can talk about a higher fee down the line?"

There is no hard-and-fast rule about how much of a teaser rate to ask for, Dr. Harris says. But "a one-year discount of approximately 50 basis points seems reasonable," he adds.

Even if a client doesn't ask for a teaser rate at the start, there may be other reasons for having a second conversation later about fees. If the client's portfolio appreciates significantly, for instance, an adviser may be amenable to trimming the percentage of assets charged later on.

Conversely, a client may opt to pay for just a handful of services at the start, but later decide to add more after a life event such as getting married and starting a family or inheriting money, says Kestra's Mr. Schoenbeck.

"People may be working with an adviser on one issue and then realize they need a different, longer-term advisory relationship," he says.

*Mr. Pollock is a writer in Ridgewood, N.J. Email: **reports@wsj.com.***

EXPERTS' VOICES | JONATHAN GUYTON

Strategies to Lower Taxable Income

Our income tax code now has seven rates/brackets ranging from 10% to 37%–compared with the seven rates/brackets ranging from 10% to 39.6% we had through 2017. And many more people (and to a much greater degree) now stand to be tax winners or losers.

The old bracket structure had one big rate jump–from 15% to 25%. Any taxable income over the 15% threshold immediately increased to a 67% higher rate. Beyond that, came four further bumps, all much smaller, with rates rising from 25% to 39.6%. Now, we have two significant increases: an 83% jump from 12% to 22% and, later, a 33% jump from 24% to 32%. No other rate step from one bracket to the next is anywhere near as big. So, what do these bracket jumps mean and to whom do they matter? A few situations, encompassing millions of taxpayers, come to mind.

For many retirees after age 70½ , there are few ways to keep some of the retirement income from 401(k) and IRA required minimum distributions out of the 22% bracket. So why not pay taxes on some retirement savings at 12% in prior years by converting them to a Roth IRA?

As an advanced approach to create even more room for low bracket conversions, retirees can pair that with deductible lump-sum deposits to a donor-advised fund to cover giving until age 70. After that, they can give to their favorite charities via qualified charitable distributions from their IRA to lower the amount of the RMD that's taxable since this can also decrease the taxable portion of Social Security.

—Mr. Guyton is principal at Cornerstone Wealth Advisors Inc., a fee-only advisory firm in Minneapolis

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New Tax Law Could Cut Giving to Colleges

Changes in several areas might reduce incentives for people to donate

BY JILLIAN BERMAN

COLLEGES HAULED in record donations last year, but the new tax law could affect alumni's interest in donating to their alma mater.

Several provisions in the new tax law "suggest Congress is looking to nonprofit institutions in ways they never have before" as a source of revenue, says Peter Fissinger, chief executive of Campbell & Co., a consulting firm for nonprofits.

The last time lawmakers enacted major revisions in the tax code, in the 1980s, colleges and other nonprofits saw an immediate decline in giving, though donations later rebounded. Now they're bracing for a repeat of that decline.

A doubled estate-tax exemption could 'impact one's decision to leave a bequest to their favorite college or university.'

Here's a look at some of the ways the new bill may affect giving to colleges.

Bigger standard deduction

Colleges are concerned about the effect of the jump in the standard deduction for the 2018 tax year—to $24,000 per married couple (up from $13,000) and $12,000 for single filers (up from $6,500). The Tax Policy Center, a nonpartisan think tank estimates about 19 million taxpayers will itemize under the new law, compared with more than 46 million previously.

For those taxpayers using the standard deduction instead of itemizing, there's no tax incentive to donate to their alma mater or their child's school, because they won't be deducting the donation from their taxable income.

It's unlikely that changes in the standard deduction will affect major gifts in the near term, says Steven Bloom, director of government relations at the American Council on Education, an association of college and university presidents. That's because the wealthier donors who make these gifts are still likely to itemize deductions. But it may change the calculus for middle-class or upper-middle-class donors considering making relatively modest donations, Mr. Bloom says.

That could pose a problem for major donations down the line, says Brian Flahaven, the senior director for advocacy at the Council for Advancement and Support of Education, a nonprofit association that represents professionals in communications and marketing, alumni relations and development at colleges, universities and independent schools.

Colleges work hard to engage young alumni in the hopes of establishing a giving pattern that will continue and perhaps increase as the alumni grow older and wealthier. If young alumni aren't given a tax incentive to get into the habit of giving to their alma mater, they may be less inclined to make major donations once they have more money down the road.

Wealthy donors

The implications of the new tax law are complex for wealthy donors who may be making large gifts, experts say.

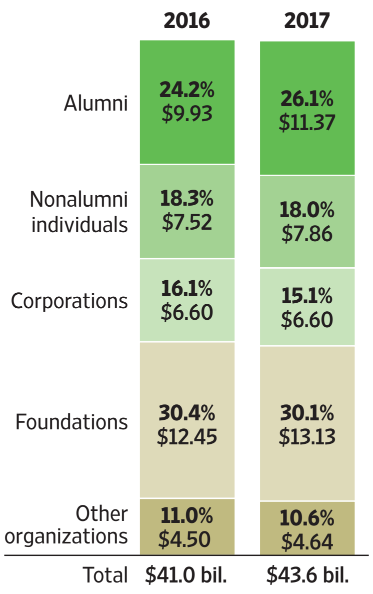
The doubling of the estate-tax exemption could "impact one's decision to leave a bequest to their favorite college or university," Mr. Fissinger says.

Whereas before a bequest to a college may have been more tax-advantageous than leaving money to heirs, now wealthy estates can pass on more to their descendants untaxed—perhaps leaving less to donate to colleges.

But there are other ways in which the tax-law changes may *increase* the incentive for wealthy potential donors. For one, taxpayers can now donate 60% of their adjusted gross income in cash to charities, up from 50% before. That could push some donors to give more, Mr. Flahaven says.

What's more, the new tax law is generally expected to leave wealthier families with more disposable income, and it's possible that some may give some of that extra money to charity.

"If I'm a high-income person, I hope that I might consider giving more to my college because I have more money to give," Mr. Fissinger says.



Source: Council for Aid to Education, 2018
THE WALL STREET JOURNAL.

Athletic programs

For the past few decades, most colleges with major athletic programs have required fans to donate money if they want access to preferential seating at major sporting events. Under previous law, donors could deduct up to 80% of the value of those contributions. The new tax law gets rid of that deduction, so athletic boosters won't be able to write off that expense.

"The question is how are the universities going to respond, how are they going to structure or restructure those programs," says Ann E. Kaplan, a vice president at the Council for Aid to Education, which tracks university donations.

Mr. Flahaven says colleges are likely meeting with their lawyers and tax advisers to figure out how to create comparable programs. They might look to other sports-related benefits they can offer donors that would be deductible, he says.

Endowments

The new tax law also changes the tax-advantaged status of some university endowments.

In the past, earnings from endowments were tax-free, but under the new tax law, schools with at least 500 students and $500,000 in investments per student will have to pay a 1.4% tax on income from their endowments.

Though the new tax will likely affect only a small number of relatively wealthy schools, the higher-education community broadly is concerned about it, Mr. Fissinger says.

"The bigger concern is whether or not this is a piercing of the veil, where ultimately somebody might think, 'Do I want to make a major gift to the endowment of my college if the government is going to tax that gift later?' " he says.

Advice for donors

Taxpayers who may no longer be itemizing but still want to get a tax benefit from their donations can do so by bunching donations they plan to make over several years into one year, says Matthew Masterson, a certified financial planner and wealth adviser at RegentAtlantic, a financial-planning and wealth-management firm. That way the amount they give would help them push above the standard deduction and so they could itemize and get a tax benefit from those gifts.

One way to do this is through a donor-advised fund, Mr. Masterson says. These accounts allow philanthropists to put aside a certain amount of money that they can deduct immediately and then donate over time. As the tax law takes effect, colleges may see an increase in gifts from these funds, Ms. Kaplan says.

Donors who are 70½ years old or above may consider donating funds directly from their individual retirement accounts to colleges, says Mr. Masterson. These gifts, known as qualified charitable distributions, can help them satisfy their required minimum distributions without paying taxes on the amount donated.

Ms. Berman is a reporter for MarketWatch in New York. Email: jberman@marketwatch.com.

EXPERTS' VOICES

ANNAMARIA LUSARDI

States Still Fail at Financial Education

Survey after survey have shown that young adults are woefully lacking in financial know-how. And much has been written about how personal-finance education should start early—and how it should start in school.

But it appears that states aren't getting the message yet. The 2018 Survey of the States, released in February by the Council for Economic Education (CEE), reveals that not a single state has added personal finance to its K-12 standards in the last two years.

Only 17 states require high-school students to take one course in personal finance to graduate; only 22 states mandate that students take a high-school course in economics. A mere 16 states include economic concepts in required standardized tests—unchanged from 2014. The U.S.'s financial knowledge ratings are only average—and schools' inaction threatens to keep the scores stuck at mediocre.

—Prof. Lusardi is the Denit Trust Chair of Economics and Accountancy at the George Washington University School of Business

The Experts are industry and thought leaders who write on topics of their expertise. You can read this full blog post and others at **WSJ.com/Experts.**

A Quest for Change: The Readers Weigh In

Hundreds of people reacted to our story about picking up loose coins from the ground

IN AN ESSAY in the Wealth Management report in February, Wall Street Journal editor Brian Hershberg wrote of his 20-year quest picking up most of the loose change he came across on the ground. What began as a vague idea for supplemental cash in college turned into a lesson on value, patience and time.

To date, Brian has found $973.45.

But he is the first one to admit that the collecting isn't about the money. "The quest became something else," he wrote. "Early on, it was about adopting a long-term mind-set, about looking at the big picture. The act of tracking my daily finds got me thinking in the right frame of mind about money and career. That perspective was key to creating a plan for what I wanted to do with my life, as well as saving enough money to do it."

Hundreds of WSJ readers responded with emails and online comments about Brian's quest. And many had tales of engaging in similar endeavors.

Below are edited excerpts of some of the readers' wit and wisdom. (You can see more responses on the online version of this piece.)

* * *

When my son was in elementary school, he asked if picking up coins was worth it. I decided to use it as a teaching moment and asked him to figure it out. One cent gained over one second turns into $36 an hour (I decided not to teach him about pretax and post-tax income at that point). He thought it was worth it.

—Edred Shen

My dad was a research scientist and taught us to always take a negative and turn it to a positive. One has to bend sometimes, so might as well bend over and pick up a coin.

—Barbara Bauman

I have a 9-year-old and work as a museum educator and have become fond of asking: "What's the difference between a billionaire and a millionaire?" The answer: You can have $999,999,999.99 but you're not a billionaire until you get 1 more cent!

—Harley J. Spiller

As your essay dealt with "change," perhaps there should have been mention that these years one finds less "change." The advent of debit cards and phone apps has resulted in people not having to carry cash around. As there is less chance of losing loose coins, this is another "change," not necessarily for the better.

—Jay Hershberg

I feel somewhat more metaphysical about finding coins wherever they may be. I feel gratitude whenever I find one and take it as a tiny message from the universe, or God, if you like.

—Marda Kaiser

My motivations stem from the childhood saying, "See a penny, pick it up, and all the day you'll have good luck." Logically, this means that not picking it up could be bad luck...and I can't take that risk.

—Leslie Decker

I am 82 years old and started picking up coins when my wife and I retired almost four years ago. Our retirement investments produce greater returns than we need for annual living expenses, so it's not about the money. It just seems odd to see money on the ground and not pick it up. Why would one do that?

—Wayne Bazzle

I never pick up money, or anything else of value, unless I fully intended to return it to whom it properly belongs. Collecting anything on the ground of value without the owner's consent is stealing.

—Peter Byron

Finding loose change became a fun game for my competitive in-laws with each other, one more way of enjoying their long, happy marriage. Also, I find that at 61 any excuse to exercise my back is reason enough to pick up stray pennies. Cheaper than a gym membership!

—Mark Maisonneuve

BRIAN HERSHBERG

Brian Hershberg's log of the $973.45 in coins he has found over the past 20 years resides in a collection of small notebooks.

Here is a saying I created: No man stands so tall as when he stoops to pick up a penny.

—Ronald Kirshbaum

Being a Depression baby, now 85 years old, I remember walking barefoot down a country lane in rural Missouri with my dirt-farmer grandfather and he noticed a penny laying in our path. He said: "Son, always look down when you are walking, you might see some money to pick up." I have always remembered his comment and have followed his advice to this day.

—Jerry S.

Your essay reminded me of the time in the late '70s when my father laid into me for throwing out pennies when I was tasked to clean my room as a boy. It was a phenomenal life lesson.

—Adam Goldfeder

Around 1975 this thought came to me: If I don't pick up the coins I see on the ground, I'm telling the universe I have all the money I need, which is not true.

—Warren Mullisen

For 50 years or more, I have not passed by a coin (or bill) on the ground. A friend and I have taken it to another level. We compare our finds and apply them and the luck they bring to our favorite college basketball team: The more coins, the more likely our team is to win. Doesn't always work, but we attribute team losses to our not finding enough coins.

—Floyd Strand

I own a drugstore and we have a great amount of middle-school students come in every afternoon to buy candy and soda. They drop change and bills and never look down to see it or pick it up. When they walk out the door many of them throw whatever change they have in the parking lot as if it is worthless.

—Les Gwyn-Williams

I have been picking up coins ever since my childhood during WWII. One reason I do this: Our coins are really symbols of our country, and I consider them as the same as the U.S. flag.

—Bob Griffle

Collecting change and seeing it accumulate teaches delayed gratification and a "seize the opportunity" mentality, two life skills not currently in vogue today.

—Tim McGee

I pick up loose change because it reminds me to be humble—in some parts of the world children are sent to work for pennies to feed their families. So I pick up loose change remembering that to another soul this could be the cost of a roll or piece of bread, a meal.

—Tasneem Meghji

I have always thought I was just some weirdo. But now I know there's at least one more weirdo out there.

—Ted Held

Over the last 15 years my wife and I have stooped to pick up $3,375.62 in other people's dropped cash, an amount that's nearly four times Mr. Hershberg's take in only three-quarters of the time.

—David Scott

Picking coins up and maintaining a log is great, but keeping it in a jar is as bad as keeping it in the ground. Why not donate it or buy something for yourself and put the money back in circulation?

—Rakesh Khanna

I do just the opposite. I discard the coins at the end of the day. They have been piling up for years...probably hundreds of dollars worth now, like junk in the garage.

—Nick Wilson

Found wealth, no matter how small, has its charms. It is my habit to put aside the day's pocket change as a gesture of gratitude for having the capacity to earn it. After a few months, an outing to the local change machine is in order, after which a good time is to be had squandering my unimagined riches.

—Mary Keane

Spending my life looking down seems unappealing.

—Joseph Schifilliti

The [total] will be spent on the chiropractor bills that you will inevitably need to pay with all those years of bending down.

—Peter Wagner

Finding coins is a daily reminder to me that I am never too busy to pick up that penny and if I think I am, my life is out of balance.

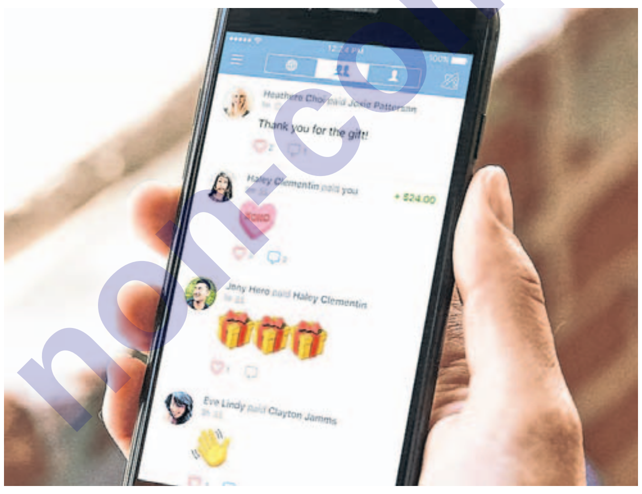
—John Louderback

Email: brian.hershberg@wsj.com

Before You Send a Gift on a Payment App...

It's easy to give somebody money on peer-to-peer platforms. But that doesn't mean you should.

BY JILLIAN BERMAN



VENMO

Venmo says customers sent about 2.8 million payments with its gift box emoji in 2017.

PEER-TO-PEER payment platforms are changing the way young adults split tabs, pay their rent—and say "I love you."

Venmo, an app that, like other peer-to-peer payment products, is linked to users' bank cards, credit cards or checking accounts, says its customers sent about 2.8 million payments with its gift box emoji last year. Spikes in activity were seen on Mother's Day, Father's Day and around the holidays. That's up from one million gift emoji payments in 2016 and 300,000 in 2015.

Gifting is the second-most popular use for Zelle, a peer-to-peer payment platform created by **Early Warning Services** LLC, a company owned by a consortium of major banks. The No. 1 use is paying rent and utility bills.

Using peer-to-peer money transfers as gifts is just the latest iteration in the history of gifting, says Aileen Avery, an author and expert on the history of gifts. "We're giving gift cards already," Ms. Avery says. "Giving money directly over an app is the extension of that."

Some experts who study gifting are skeptical, suggesting that digital transfers are not a truly thoughtful gesture—even with emojis and memo lines.

"The lack of effort required to give a cash gift or gift card digitally is a signal—it might be an incorrect signal—of a lack of care for the person," says Jeff Galak, a marketing professor at Carnegie Mellon University's Tepper School of Business who has studied gifting.

Still, others say the appropriateness of such gifts depends on the recipient and the circumstances. For those who regularly use peer-to-peer payment apps and are more interested in receiving cash than a specific item, "this has the potential to be super-useful and just the right thing," says Lizzie Post, great-great-granddaughter of etiquette icon Emily Post and co-author of "Emily Post's Etiquette 19th edition."

The key, says Ms. Post, is knowing when such a gift is appropriate and when it isn't—and when it may require some additional finesse.

With that in mind, here are some things people should consider before sending peer-to-peer payments as gifts:

What's the purpose? Success will often depend on what the giver is trying to achieve. If the idea is to strengthen a relationship or send an important message, says Dr. Galak, a payment platform may not be the best option.

"When you go digital, a little bit is lost," he says.

But there are cases when giving is more functional, such as fulfilling an obligation. Digital cash may be welcome, for example, in the case of a wedding or other event where the gift is mostly about meeting an expectation.

Know your audience. Think about the recipient, Ms. Post says. Ask yourself, "Does the person really need cash and would this be the most convenient way to deliver it to them?"

If the recipient doesn't already have the app the sender is using, and so has to download or sign up for something to access the gift, giving a check or finding another present might be best.

It can be personal. Even a digital gift can be personalized. One approach, when the recipient already has a peer-to-peer app, could be handwriting a note, taking a picture of it and texting it to the recipient, along with a message telling them to look at their account.

"You want that note to do enough to really make the recipient feel there was some effort put into it," Ms. Post says. "That this was not just an easy convenient thing, but this was a thoughtful kindness."

The payment companies themselves appear to recognize this need. Around the holidays in recent years, PayPal has offered customers the opportunity to accompany gifts of money with a digital card created by a famed designer.

Suggest how to spend it. When you make suggestions, "it's less awkward, it's not like you're just handing somebody money," says Erin Lowry, author of "Broke Millennial: Stop Scraping By and Get Your Financial Life Together."

Ms. Lowry says of her partner, "There will be times where he's having a rough week and I'll Venmo $5 in the middle of the day and say, 'Go to Starbucks and get a pick-me-up.'" This works especially well when a sender wants to treat the recipient but doesn't know the best masseuse, restaurant or coffee shop in his or her area.

Don't let it look like it was an afterthought. You don't want a gift recipient to feel as if you used the peer-payment app because you showed up at a party and realized that everyone else brought a gift, Dr. Galak says.

"That seems really last-minute, like 'I forgot about you so let me just whip out my phone and just do it,'" the professor says.

Writing a check, by contrast, shows some foresight, indicating you thought about the person and what you might give them, says Dr. Galak.

Be on the same page. Sometimes it comes down to knowing when a gift is meant to fulfill a societal obligation and when it needs to show heartfelt consideration.

"If my husband were to Venmo me an anniversary gift, I'd be really mad," says Ms. Avery. "But I think it's OK to give as a wedding present so that the couple can use it for their honeymoon or whatever they choose."

Ms. Berman is a reporter for MarketWatch. Email: jberman@marketwatch.com.

EXPERTS' VOICES | DEREK THARP

Is a College Degree Worth It? The Numbers Can Be Misleading.

A key challenge to determining whether college is a good investment is what economists call "selection bias."

Let me explain. The problem with overly simplistic comparisons of lifetime earnings is that those who go on to receive a college education are not selected at random. On average, those who decide to pursue a college degree tend to also score higher on traits that are rewarded in the labor market, such as intelligence and work ethic.

Of course, such tendencies are only true on average and many individuals who do not go to college may be just as intelligent and hard working as those who do. In fact, some organizations are now recruiting highly motivated individuals to forgo college and focus on building real-world experience and skills instead, setting individuals up with business apprenticeships.

Nonetheless, the fact that there are differences in average ability between those who go to college and those who do not means that we cannot simply conclude that the higher wages college graduates receive are the result of their education, as it is likely that many who selected to go onto college may have outearned many of their noncollege educated peers regardless.

Determining the true ROI of a college education requires correcting for this ability bias, but it is also made more difficult by the fact that many other important factors that influence the costs and benefits of education—such as long-term effects on job satisfaction, health and happiness; the pain (or pleasure) associated with learning; and even the increased marriage opportunities that education provides—are hard to measure and quantify.

—Mr. Tharp is the founder of Conscious Capital and is a research associate at Kitces.com

The Experts are industry and thought leaders who write on topics of their expertise. You can read this full blog post and others at **WSJ.com/Experts.**

Renting Out a Home: The New Math

Changes in the tax law make it more attractive. Here's why.

BY CHERYL WINOKUR MUNK

THE NEW tax law brought welcome news for people who rent out their homes for short periods. And it likely will entice even more people to do it.

To be sure, the tax rules are complicated and the Internal Revenue Service and the Treasury Department haven't issued the final regulations yet. But here are some ways short-term landlords could benefit:

Property-tax deductions

The new tax law caps state and local income-tax and property-tax deductions at a total of $10,000; previously there was no limit. But there may be a way around this new cap for people who rent out their home or vacation property for at least 15 days a year, tax experts say.

Here's how it might work in practice, according to Stephen Fishman, a legal writer and author of several Nolo do-it-yourself legal guides, including one on short-term rentals.

Let's say you pay $1,000 a month in property tax ($12,000 a year) on a home. Under the new rule, if you live in the home all year, you're only entitled to a $10,000 deduction. But say you rent it out for three months. You can deduct 25% of your property tax, or $3,000, on Schedule E for rental deductions and income. You can then deduct the other $9,000 you pay in property taxes on Schedule A for itemized deductions, allowing you to deduct the full amount of your property tax, Mr. Fishman says.

If you're in the top bracket of 37%, the difference in the this example would result in a tax saving of $740, Mr. Fishman says. If you're in the 32% bracket, it would be a saving of $640, and it would be a saving of $480 in taxes if you're in the 24% bracket, he says. "It's not a gigantic amount. But it is an additional savings that you would not otherwise have, and that will probably encourage people even more to do short-term rentals."

Mortgage interest

The new law also caps mortgage-interest deductions for first and second homes purchased during 2018 through 2025. Now you can only deduct mortgage interest on loans of up to $750,000 over that eight-year-period; the previous limit was $1 million.

However, "a rental property does not fall under those rules," says Robert Gilman, a partner at New York-based accounting firm Anchin, Block & Anchin LLP. "On a rental property, you could have a mortgage of $10 million and deduct the full amount of the interest."

"If the property is part rental and part residence, you can deduct the mortgage interest without limitation for the period of time that it's a rental property—provided it rented for 15 or more days," Mr. Gilman says.

Again, let's use an example, courtesy of Mr. Fishman. Say you have a $1 million mortgage on a home you bought in 2018 on which you pay $60,000 interest annually. Only interest on loan amounts up to $750,000 is deductible, so you can only deduct 75% of that $60,000 as an itemized deduction on Schedule A, or $45,000. If you rent the home for three months, or 25% of the year, you can deduct 25% of your mortgage interest, or $15,000, as a rental expense, not subject to the $750,000 limit. You get a $15,000 deduction on Schedule E, allowing you to deduct the full amount of your mortgage interest.

You can't double dip, though, so if you claim a deduction on Schedule A, make sure you don't also claim it on Schedule E and vice versa, Mr. Fishman says.

If you're in the top 37% bracket, the tax saving from the difference in the amount you could deduct in the example above would be $5,550, Mr. Fishman says. If you're in the 32% bracket, it would be a saving of $4,800; it would be a saving of $3,600 if you're in the 24% bracket, he says.

Other deductions

Another benefit for owners renting out their homes is that the new law makes it easier than ever to deduct in a single year the cost of personal property like furniture or appliances used by renters, he says.

Say you buy furniture or appliances for your home rental property. You can now deduct 100% of your tax basis (the cost times the percentage of the year the property is rented) in one year for purchases made during 2018 through 2022. In the past, you had to deduct the cost of the property over five or seven years, depending on the item—and all the items had to be new. Now they can be used as well, Mr. Fishman says.

Ms. Winokur Munk is a writer in West Orange, N.J. Email: reports@wsj.com.

ISTOCKPHOTO/GETTY IMAGES

Homeowners who rent out their property may have a workaround for the new cap on the mortgage-interest deduction.

THE GAME PLAN

A VETERAN DREAMS OF RETIRING

BUCK ROGERS

Shane Fortner has owned Tavern on Vets since 2014.

BY LISA WARD

Shane Fortner is a 47-year-old Special Forces veteran who served in the military for more than 20 years. He is now beginning to think seriously about retirement.

He owns a bar right outside New Orleans, Tavern on Vets, which he bought from a friend in 2014. He had no previous experience in business and the bar was losing about $76,000 annually when he bought it. He had also recently divorced and had lost a lot of his savings. And he was supporting his three children, now ages 22, 20 and 17.

But, ultimately, the bet paid off. Mr. Fortner earned $73,000 in profit from the bar in 2017 and now hopes he will be able to retire within the next 10 years. Ideally, he would like to have about $80,000 in retirement income annually and take a summer vacation. Currently, Mr. Fortner receives about $3,726 monthly from his military pension, but only about $500 of that is taxable. He also pays himself $2,000 a month to run the bar and collects whatever profit the bar earns at the end of the year. The business has about $40,000 in cash. And he values the business at about $400,000.

The previous owner helped finance the purchase of the bar. Mr. Fortner owes him about $200,000 on the loan, with a 6% interest rate, for which he pays $5,000 a month. He says his home is worth about $240,000 and has a mortgage of $208,000 with an interest rate of 3.25%. He has a car loan of about $35,000.

Mr. Fortner has almost $34,000 in a Roth IRA and invests the maximum $5,500 annually. He has about $18,500 in cash. His children have 529 accounts for college and graduate school, collectively worth $390,410. His monthly expenses include $1,357 for the home mortgage, $500 for child support (he has 10 months left), $614 for a car loan, $210 for car insurance, $275 for utilities, and $2,100 for food, entertainment and miscellaneous expenses for him and his children. He has health insurance for him and his children, and two life-insurance plans, paying out $350,000 collectively.

ADVICE FROM A PRO: *Jessica Iorio, executive director of the Bapis Group at **HighTower Advisors**, says Mr. Fortner's goal of retiring within a decade is well within reach.*

"He's on track to pay off some of his big expenses within the next five years," she says, adding that his cash flow will increase by more than $6,000 a month when he finishes making payments for child support, the car and the business loan. The trick, says Ms. Iorio, will be for him to save, not spend, the additional money. He should also look to trim expenses, she says, perhaps shaving a few hundred dollars from the $2,100 a month he spends on food, entertainment and miscellaneous expenses.

Ms. Iorio suggests Mr. Fortner also meet with an accountant to discuss whether he should turn the bar into an S corporation. As an S corporation the bar's income and losses would be recorded on Mr. Fortner personal tax return. That would enable him to deduct business losses from his personal tax bill. Also some of his earnings from the bar would be exempt from federal income taxes. Mr. Fortner could open a Simplified Employee Pension and contribute as much as 25% of his net earnings, up to $55,000 annually. The earnings from the principal invested in the account would be tax-deferred until he withdraws the money in retirement.

Ms. Ward is a writer in Mendham, N.J. She can be reached at reports@wsj.com.

Save More or Work Longer? It's No Contest.

Staying on the job even for a short period of time can have a big payoff in retirement

BY LISA WARD

IF, LIKE MANY people, you think your retirement savings aren't on track, which do you think can have the most impact: saving more of your income or working a bit longer?

Setting aside a significant portion of your income is obviously a sound approach for building a nest egg, especially if you start saving early on. But working a little longer—an extra couple of years or even a few extra months—can have as big a payoff as saving substantially more, according to a new study.

A working paper from the National Bureau of Economic Research seeks to illustrate the trade-off between working longer and saving more. It finds that delaying retirement and Social Security payouts by just three to six months has the same impact on retirement income as saving 1% of your salary a year for 30 years.

"If you are approaching retirement and worried that you haven't saved enough, our paper suggests that there is still hope," says Sita Nataraj Slavov, a professor at George Mason University's Schar School of Policy and Government and one of the authors of the paper.

The Wall Street Journal spoke with Dr. Slavov about the paper's findings. Here are edited excerpts of the conversation.

A powerful option

WSJ: *What are your findings?*

DR. SLAVOV: We find working longer has a big impact on retirement standard of living or retirement income. Take a 46-year-old high-wage worker, who realizes they haven't saved enough and wants to significantly increase their standard of living in retirement. They could save an additional 10% of their salary for 20 years or postpone retirement. It turns out that working an additional 29 months past the age of 66 would have the same impact as saving the additional 10%. That's not to say the 46-year-old shouldn't save more of their salary, but working longer is a really powerful option to consider.

WSJ: *Why does working longer have such a big effect?*

DR. SLAVOV: Social Security benefits are adjusted on a monthly basis, increasing each month the claim is delayed. By delaying retirement by one year, the average worker's Social Security benefit increases by about 8%.

So, if a 62-year-old postpones retirement and Social Security benefits for four years, their retirement income or standard of living would increase by about 33%. Similarly, if a 66-year-old postpones retiring until 70, the increase in standard of living is about 32%. In either case, most of that boost comes from delaying Social Security.

By our calculations, Social Security makes up about 80% of most workers' retirement income, so that 8% boost is very important. In comparison, 401(k) or other retirement savings make up a much smaller portion of the average worker's retirement income, about 20%. So even if their savings yield a high rate of return, it's going to have a smaller overall effect on retirees' standard of living.

WSJ: *What about the power of compound interest?*

DR. SLAVOV: The impact of working longer, relative to saving more, is greater for those closer to retirement, because there is less time for their savings to compound. We found that a 56-year-old would only need to work about a month longer to earn the equivalent of saving an additional 1% of their salary for 10 years. We are currently studying the effect of low interest rates and stagnant wages on this trend and suspect that these factors strengthen the power of working longer for those approaching retirement because they make it more difficult to save money.

Time retirement right

WSJ: *What are the implications of the study?*

DR. SLAVOV: We've been looking at Social Security claiming decisions for many years now. The upshot of our work in this and other papers is that when people actually claim Social Security matters quite a bit for their income during retirement. While it is often better to delay claiming Social Security for as long as possible, most people either claim it when they first become eligible at 62 years old or as soon as they stop working. We hope that we've broken down those trade-offs in a way that makes it easier for people and financial planners to understand.

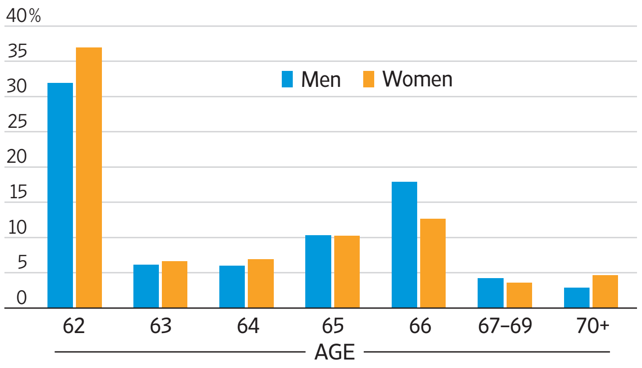
WSJ: *What happens if the rules for Social Security change?*

DR. SLAVOV: We have looked at this question separately and have asked ourselves: Given that delaying Social Security can have such a big impact on retirement income, why don't more people do it? And one possible explanation is that people might worry that with Social Security reform their benefits might get cut, so a beneficiary may want to claim it now to make sure they get something. I personally don't think that is a realistic scenario. Any credible Social Security reform proposal would exempt people close to retirement.

Ms. Ward is a writer in Mendham, N.J. Email her at reports@wsj.com.

Retirement Age

The average age for starting Social Security benefits was 64.5 for men and 64.3 for women in 2016



Source: Social Security Administration

THE WALL STREET JOURNAL.

The Price Caregivers Pay

When couples calculate if it's worth it for one spouse to stay home, they too often ignore some of the biggest financial risks

BY DEMETRIA GALLEGOS

WHEN COUPLES weigh whether one of them should take a career break to care for children, an aging parent or another family member, they usually make a pretty simple calculation: They compare the earning power of each spouse with the cost of hiring a professional caregiver.

But that calculation is *too* simple. What can seem like a short-term solution to a caregiving need—with one spouse putting their career on temporary hold to assume the caregiving duties—can have damaging long-term consequences.

For couples ready to shift into single-earning mode, here are some things to consider to help protect the nonworking spouse.

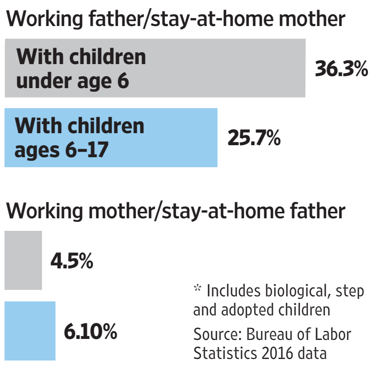
Postnuptial agreements

Mr. Tharp says navigating prenuptial agreements can be awkward and uncomfortable for many couples, but a postnuptial has a different dynamic.

"Couples often arrive together at a decision for one of them to stay home and raise kids," he says. "That conversation is the time to introduce a way to protect the stay-at-home spouse financially and not just if the worst happens."

Child Care

Employment status of parents, among married couples with children*

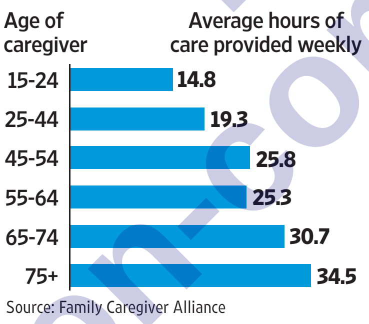


* Includes biological, step and adopted children

Source: Bureau of Labor Statistics 2016 data

Helping Hands

The average age of a caregiver of an aging or sick relative is 49.2 years while the average age of a care recipient is 69.4 years



Source: Family Caregiver Alliance

THE WALL STREET JOURNAL.

If a spouse is out of the workplace for 10 years, for example, he or she may not be eligible for Social Security Disability Insurance, which requires an accumulation of work credits factored both by total time in the workplace over a career and recent work. To maximize Social Security benefits, each worker needs 35 strong-earning years. Women in particular often have zero-earning years among their 35, which lowers their monthly benefits.

To understand the risks to an at-home spouse, consider a hypothetical scenario, courtesy of Derek Tharp, founder of the financial-planning firm Conscious Capital, who lives in Cedar Rapids, Iowa.

Say each partner is earning $75,000 when one begins staying at home at age 25 for caregiving. Each partner might have been on track to be earning $125,000 by age 40, but because the at-home caregiver boosted the work success of the earning spouse, he or she is earning $200,000 by age 40. When the at-home partner eventually tries to return to the workforce, he or she is lucky to again be earning $75,000.

If a couple stays together in good health, both benefit from the higher wages of the one worker. But unforeseeable events may mean that the at-home spouse wants to return to the job market.

Alison Kelly Hutchinson, senior wealth planner at Brown Brothers Harriman & Co. in New York, says when she talks to clients, they talk about four scenarios: a long-term successful marriage, one partner passing away, disability and divorce. For all of these outcomes, she recommends planning around protecting a nonworking spouse.

In the event a couple divorces, a postnup formalized by a lawyer can be a good thing to have. But, according to advisers interviewed for this article, a written agreement just between partners can be a useful tool, too. It might pledge money from the earner to be allocated for saving in the name of the at-home partner, or specify financial support for an advanced degree, in preparation for a workplace return. It could simply state how household expenses will be covered, and formalize the ability of the nonworking spouse to spend a certain amount of money independently. But advisers tend to agree, it's important to write things down.

"Practically, a lot of these conversations happen late at night when there is a young baby in the house and no one has gotten a full night of sleep in months," says Ms. Hutchinson. "If you don't write it down, you're not going to remember it."

Mr. Tharp says such agreements, especially when related to child rearing, should factor in that the spouse who stops working is often missing out on the years of highest earnings growth, and thus sacrificing his or her peak earnings potential. People who leave work to care for an aging or sick relative stand to lose a lot, too, because many are doing so during their peak earning years.

Spousal IRA

Typically, unemployed people can't contribute to retirement accounts such as IRAs because they have no earnings. But an employed spouse can make a traditional or Roth IRA contribution in the name of his or her spouse. The maximum allowable contribution is $5,500 a year for most individuals, and $6,500 for those 50 and older.

This step is the least a couple can do, according to Justin Reckers of Fonte Financial Advisors in San Diego. Such a spousal IRA, he says, "pales in comparison" with the advantages the working spouse retains with the ability to save through a 401(k) and earn matching contributions from the employer. Even if the IRA isn't deductible because the couple's joint income is too high, Mr. Reckers says, it's still worth it for the tax deferral on the earnings.

Disability and life insurance

While the earning spouse may have disability and life insurance through his or her employer, the at-home partner needs insurance, too.

"The person who is staying home is irreplaceable," says Ms. Hutchinson. "Without them, the earning spouse needs to make a lot of difficult and expensive choices." But buying insurance policies in the private market can be expensive.

Annual premiums are typically 1% to 3% of annual income, says Jason Crowley, a certified divorce financial analyst and partner at Divorce Capital Planning in San Jose, Calif. Pricing varies based on the monthly benefit amount, how long you wait after becoming disabled before benefits kick in, the length of the benefit period and how broadly defined the definition of disability is.

"The problem with getting insurance on the nonworking spouse is there is no insurable need there from the insurance company's perspective," says Mr. Reckers. "If you're considering stepping out of the workforce, get a disability policy before you do."

"Be sure to check with the insurance company to determine their specific rules for paying out disability claims if you leave the workforce," says Mr. Crowley. "Some carriers will deny claims if you have no income to insure."

Part-time work

If a partner steps away from a full-time career, then a part-time job or side business can keep him or her eligible for Social Security Disability Insurance. The possibility of needing it is not negligible. The Social Security Administration says 1 out of every 4 20-year-olds will become disabled before reaching retirement age.

To remain insured under Social Security Disability Insurance, a mostly nonworking spouse need only earn $5,280 a year. The exact amount of work required varies based on age at the time of disability, but generally, 40 credits are needed, 20 of which need to have been earned in the past 10 years.

Advisers favor looking at these details before a spouse leaves work.

"Eyes wide open hits the nail on the head," says Mr. Crowley. "Once the decision has been made and the spouse has been home for a few years, the more we've created this imbalance, and a very challenging conversation to have."

Ms. Gallegos is a news editor for The Wall Street Journal in New York. She can be reached at demetria.gallegos@wsj.com.

THE GAME PLAN

A LOT MORE INCOME. NOW IT'S TIME TO SAVE.

SCOTT JENNERJOHN

The Hartjeses should max out contributions to their retirement accounts.

BY CHRIS KORNELIS

Five years ago, Lindsey and Dominic Hartjes were both teaching at schools in rural Minnesota, living on $80,000 a year. After a move to Minneapolis and new jobs for both of them, the couple doubled their income. Now the 35-year-olds want to get serious about saving, including paying for college for their two children, ages 2 and 6, while carving out some funds for family travel.

"It would be fun to go on vacations that don't involve staying with relatives," Ms. Hartjes says.

A former high-school music teacher, Mr. Hartjes went back to school and now works as a software developer, making $75,000 a year. Ms. Hartjes is an administrator of a program for students with behavioral needs and brings home $88,000. Combined, their monthly income is about $7,500 after taxes.

They pay off their credit cards every month and carry a combined $60,000 in student loans, with interest rates between 4.9% and 5.3%. They have two cars—a 2001 Toyota Camry with more than 200,000 miles and a 2008 Honda Civic Hybrid on which they still owe about $1,800.

Monthly expenses include a $1,500 mortgage payment, $250 for Mr. Hartjes's student loans (hers are in deferment), a $137 car payment, roughly $400 for utilities, $600 for groceries, $80 for alcohol, $350 at restaurants and coffee shops and about $940 for child care. They also donate about $100 a month to their church and charities.

In addition, Ms. Hartjes spends between $1,000 and $1,500 a year out of pocket on food and materials for her program. She also has about $7,500 in tuition to pay over the next 12 months as she finishes her advanced certificate.

Mr. Hartjes has $25,000 in a 401(k), $18,000 in his teaching pension and $800 in a 403b. Ms. Hartjes has $31,000 in her teaching pension and $20,000 in a 403b. Together, they have about $9,000 in brokerage accounts and $50,000 to $60,000 in equity in their home.

They try to live off Mr. Hartjes's take-home pay ($1,800 every other week) and $1,500 a month of Ms. Hartjes's, and save the rest.

ADVICE FROM A PRO: *Beth Steinhaus, a certified financial planner at Seattle's **Breakwater Investment Management**, says that the Hartjeses are in a good position, and one that is similar to many clients of their age. "These are the ages of people who realize suddenly that it's time to start 'adulting,' as they put it," Ms. Steinhaus says.*

First, she says, the couple should bulk up their savings and take full advantage of employer matches to their retirement accounts, which Ms. Hartjes isn't doing. The goals should be to have six months of expenses in an emergency fund.

Judging from the size of their savings, the couple seems to be spending more than they think, she says. Getting a more realistic view of where their money is going will help them find more places to cut back. One idea is to have a portion of their paychecks automatically deposited into a savings account that's out of sight and out of mind.

Ms. Steinhaus applauds their desire to help pay for their children's education but says the priority should be bulking up their savings and retirement accounts. "Your kids can borrow to pay for their education, but you don't get to borrow to pay for your retirement," she says.

The rates on their student loans are low, but because Ms. Hartjes works for a public school district, she should look into the Public Service Loan Forgiveness Program to see if she qualifies for any repayment assistance.

As for taking a big family vacation, she encourages them to create a vacation fund and take the trip when it is fully funded—even if they haven't completely built up their nest egg. "No plan is sustainable if you feel like you're punishing yourself," Ms. Steinhaus says.

Mr. Kornelis is a writer in Seattle. Email him at reports@wsj.com.

Colleges Make It Easier for Older Students

Among other things, they are revising schedules and financial-aid packages

BY LISA WARD

TO WOO adult students, many colleges and technical schools are reducing the time and money it takes to earn a degree or certification.

Often in tandem with state governments concerned about a lack of qualified applicants for jobs that require advanced learning, schools on this path—typically community and regional colleges and vocational schools—are rethinking credit hours and semester-based schedules. Some states, meanwhile, are revising the financial-aid packages they offer.

The shift recognizes an unfortunate paradox: Some 41% of students enrolled in higher education are 25 or older, according to the National Center for Education Statistics, but colleges often don't meet older students' needs. Adults frequently struggle to balance work and family responsibilities with studies. About 38% of students with outside financial, work or family obligations leave in the first year, says the Lumina Foundation, a nonprofit that works to make higher education more available.

"It shouldn't be this hard," says Sarah Ancel, a senior vice president for Complete College America, a nonprofit that advocates for higher graduation rates. But higher education in the U.S. wasn't built for adult students or the complexity of their lives, Ms. Ancel says.

Many older students don't know they are eligible for federal financial aid and fail to fill out the Free Application for Federal Student Aid. Meanwhile, many state-aid programs favor younger students by requiring full-time enrollment, says Sarah Pingel, a senior policy analyst at the Education Commission of the States, a nonpartisan nonprofit that focuses on education policy.

State grants

But some states are removing these barriers by offering, and actively marketing, scholarships that pay the remaining balance owed by adult students after federal aid has been applied, and by rethinking requirements for state funded financial aid as well.

UW-EXTENSION

Norman Ramdohr is a graduate of the online associate of arts and science program offered through the University of Wisconsin's Flexible Option program.

In Indiana, the Workforce Ready Grant pays tuition and fees for adults who want to earn a postsecondary certificate in such industries as construction, health and life sciences, information tech, logistics and manufacturing. Students can be full or part time but must apply first for federal aid. Employer Training Grants help companies pay for postsecondary certificates for their employees, too, says Teresa Lubbers, Indiana's commissioner for higher education. And finally, there are Adult Student Grants, which award as much as $2,000 a year to older students pursuing associate's or bachelor's degrees or certificates in another field.

The Tennessee Reconnect scholarship pays tuition and fees for students earning an associate's degree or postsecondary certification, full or part time, at any of the state's 13 community colleges and 27 colleges of applied technology. Previously, this scholarship could only be used for the colleges of applied technology. Applicants, again, must apply for federal aid first.

Some schools are trying to help adult students earn degrees or certificates faster, in some cases by putting more effort into prior-learning assessments in which students who prove they already have some required skills, learned, say, in the military, receive credit toward graduation.

Similar assessments have at times been offered on an ad hoc basis in the past. By contrast, Tennessee Higher Education Commission & Student Assistance Corp. now has created statewide standards for prior-learning assessments and has promoted the program, TimewiseTN, as part of recruitment and enrollment.

At University of Louisville in Kentucky, students in an introductory class can earn as many as 42 credits toward a 120-credit degree if they demonstrate proficiency in certain knowledge and skills, according to Matt Bergman, a program director and assistant professor at the school's College of Education and Human Development.

Anthony Carnevale, a research professor and director of the Georgetown University Center on Education and the Workforce, says students should ask schools about employment and wage information for graduates of specific programs since testing competency can be subjective, especially if there are no professional certifications or statewide standards. Some states, such as Minnesota, North Carolina, Florida and Colorado, have put this information online, but if the data is difficult to find, Dr. Carnevale suggests speaking with alumni directly. "There needs to be more transparency," he says.

Accelerated learning

In addition to standardizing and promoting prior-learning assessments, some schools are offering compressed courses, sometimes lasting only four weeks rather than the usual 18. Accelerated courses like this can be taken year round online, in person or as a hybrid. Either way, a big advantage is that it allows students to carry the equivalent of a full-time course load on a part-time schedule and graduate with a baccalaureate in four years, says Ms. Ancel, explaining that the ability to focus on one course at a time makes it easier for older students to manage their schedules, including their job and family responsibilities.

At Bellevue University, a private, nonprofit university in Bellevue, Neb., about 63% of its undergraduate students are enrolled in accelerated programs. A white paper issued by Complete College America highlights that the four-year graduation rate for students enrolled in accelerated courses for a baccalaureate in business at Bellevue was more than 70%, compared with 24% for students enrolled in traditional programs. The paper showed students enrolled in accelerated programs around the U.S. also had better completion rates, GPAs and test scores. The paper acknowledges that motivated students may self-select into these programs.

In another adult-friendly education model, referred to as open-entry or early-exit, students demonstrate proficiency in a subject area or mastery of specific skill through projects, papers, exams, presentations or another type of formal assessment and then go onto the next requirement—always moving at their own pace, which is usually faster than the old system.

Similarly, in the University of Wisconsin's Flexible Option program, "there are no courses, credit hours or semesters," says Aaron Brower, provost and vice chancellor University of Wisconsin-Extension. Rather than enroll in courses worth a certain number of credit hours, students pass assessments showing mastery of key skills or competencies.

For example, if students earning a degree in computer science already know how to build a website, they can demonstrate their mastery through an assessment without completing predetermined coursework and then move onto the next set of competencies.

But when a required skill is new to the student, the material is presented online, and an academic-success coach directs the student to additional books, articles, taped lectures or tutoring. Students work through the new material at their own pace and take an assessment when they are ready.

Ms. Ward is a writer in Mendham, N.J. Email: reports@wsj.com.

Back to School

Why adult learners enroll at four-year public and private schools and community colleges

REASON	AT FOUR-YEAR SCHOOLS	AT TWO-YEAR SCHOOLS
Availability of program I wanted	93%	89%
Convenient time/place for classes	92	88
Flexible pacing for completing program	88	81
Time required to complete program	88	81
Availability of financial assistance	86	82
Ability to transfer credits	85	79
Requirement for current/future job	85	85
Cost	84	86
Reputation of institution	83	74
Availability of online courses	80	73
High rate of job replacement	79	75
Program accreditation by prof'l/trade group	78	72
Credit for learning gained from life/work	76	68
Distance from campus	74	78
Employer tuition reimbursement	72	63
Ability to design own program	68	66
Employer endorsement	52	49
Courses held at employment site	37	44
Labor union support/endorsement	36	40
Availability of child care	34	43

Source: National Adult Learners Sastisfaction-Priorities Report by Ruffalo Noel Levitz

THE WALL STREET JOURNAL.

TAXES | TOM HERMAN

It May Pay to Fight IRS Penalties

Taxpayers probably are inclined to just surrender. They shouldn't.

Despite the **Internal Revenue Service**'s reputation as one of the world's toughest bureaucracies, winning relief from some types of civil tax penalties may not be as hopeless as it sounds.

This view emerges from interviews with lawyers and other tax specialists, including attendees at an American Bar Association tax section meeting last month in San Diego that included a panel discussion on the subject. Many taxpayers probably would choose a root-canal over protesting an IRS penalty, especially when the amount is small, the issues complex and the cost of hiring an expert considerable. But lawyers say some little-known fine print may bring surprising relief, known in tax circles as "civil penalty abatement," under certain circumstances. And in many other cases, there are steps you can take to reduce your chances of trouble.

Most civil penalties affecting individual taxpayers involve late filing, late payment and estimated-tax issues, an IRS spokesman says. These have been "bedrock compliance tools for decades" and represent by far the largest number of annual assessments, he says. Tax experts agree that penalties are critically important to tax compliance, except perhaps in a utopian system in a galaxy far, far away. Even so, complex new tax laws and many penalties created by Congress over the past several decades have intensified debate over how, when and why penalties are imposed and administered and how well they promote tax-law compliance.

Among the most prominent critics is a senior IRS official: Nina Olson, the IRS National Taxpayer Advocate. At the ABA meeting, Ms. Olson and others reiterated their concern about increasingly complex penalty issues that she has highlighted in reports to Congress (www.irs.gov/taxpayer-advocate).

The IRS says it assessed about 39.6 million civil penalties totaling $27.3 billion for fiscal 2016, and abated 5.2 million penalties totaling about $9 billion. (Assessments and abatements were recorded in fiscal 2016 "regardless of the tax year to which the penalties may apply," the IRS says.) The biggest category of penalties falls under "individual and estate and trust income taxes," including such areas as failure to pay, estimated taxes and delinquency. In the delinquency category, the IRS abated about 20% of penalties assessed over the past few years and nearly half of the dollar amount. (See: irs.gov/pub/irs-soi/16databk.pdf)

In many penalty cases, "it can be worth the fight. Don't just surrender," says Bryan C. Skarlatos, a lawyer at Kostelanetz & Fink LLP who has handled many such battles and is a frequent lecturer on the subject. For example, Mr. Skarlatos says many people facing "delinquency-related" penalties over such issues as failing to file a return on time or missing a tax-payment deadline may qualify for relief under IRS policies that the average taxpayer may not be aware of.

Among the reasons given by the IRS for abating penalties: "IRS error; reasonable cause; administrative and collection costs not warranting collection of penalty; discharge of penalty in bankruptcy and the IRS's acceptance of partial payment of assessed penalty." On its website, the IRS says it will consider "any sound reason" for failing to file a tax return, make a deposit, or pay tax when due." Examples include fire, casualties, "natural disaster or other disturbances," inability to obtain needed records, death, a serious illness and "incapacitation or unavoidable absence of the taxpayer or a member of the taxpayer's immediate family."

Mr. Skarlatos points out that taxpayers may qualify for "administrative relief" under the IRS's "first-time penalty abatement policy" in certain cases. Here is how the IRS puts it: You may qualify for "administrative relief from penalties for failing to file a tax return, pay on time, and/or to deposit taxes when due under the Service's First Time Penalty Abatement policy if the following are true: You didn't previously have to file a return or you have no penalties for the 3 tax years prior to the tax year in which you received a penalty. You filed all currently required returns or filed an extension of time to file. You have paid, or arranged to pay, any tax due."

The IRS says it will consider 'any sound reason' for failing to file a return, make a deposit or pay tax due.

Even taxpayers who know about this "first time" policy may not realize that it doesn't mean the first time ever—and that there is a three-year look-back provision to consider. This can be a "very important" tool for taxpayers, says Claudia Hill, owner of Tax Mam, a tax-services firm in Cupertino, Calif., and an "enrolled agent," a tax specialist authorized to represent taxpayers at all levels of the IRS.

Further suggestions for staying out of trouble with the IRS: Excellent record-keeping is "essential," says Mr. Skarlatos. For example, if you use snail mail, be sure to get evidence you sent your return and payment on time. Make sure the date stamp is clearly legible. Consider filing electronically, as growing numbers of taxpayers now do. E-filing is faster, much more reliable and leads to fewer errors by taxpayers and by the IRS.

Don't procrastinate in responding to IRS correspondence. What might seem like a small penalty can mushroom over time. For example, if you didn't file or pay on time, "respond promptly and describe how you exercised ordinary business care and explain why any mistake was a reasonable mistake," Mr. Skarlatos says. With complex issues, consider hiring an experienced tax pro. Pay close attention to filing and payment deadlines. If you can't finish your federal income-tax return on time, request a filing extension. You don't need an explanation. (That extends the filing deadline but not the payment deadline.) This year, the deadline for most people is April 17. If you can't pay in full, see the IRS website for your options.

Estimated-tax penalties have soared in recent years. In response, the IRS has created a special "Pay As You Go So You Don't Owe" page on its website, the IRS spokesman says. "The newly revamped Withholding Calculator, updated to reflect tax reform, on IRS.gov, can help taxpayers avoid a year-end surprise and a possible penalty," he says. The IRS "also has posted the new 2018 estimated tax package (Form 1040ES) which includes the new tax rate schedules and a rundown on key 2018 changes."

Some taxpayers have won penalty relief by going to court. That is true even in some cases where the judge sided with the IRS on the basic tax issues. Most individual taxpayers who challenge the IRS in court choose to do so in the U.S. Tax Court, where one typically doesn't have to pay the disputed tax before being heard.

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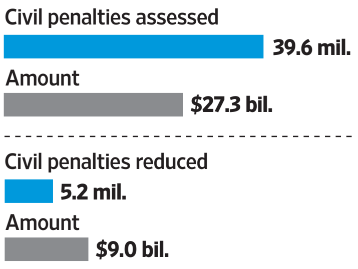
Penalty Box

Civil penalties assessed for a wide range of categories, including the biggest for individual and estate and trust income taxes, for fiscal 2016. The largest number of assessments each year involve late-filing, late-payment and estimated taxes.



Source: IRS Internal Revenue Service Data Book, 2016; IRS spokesman

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EXPERTS' VOICES

OLIVIA S. MITCHELL

Aging and Risky Decision Making

One reason that older people don't plan ahead, according to our recent study, is that many of us become increasingly impatient the older we get. This is likely to get us in trouble when we need to make decisions with far-off consequences.

We asked participants the following question: "Suppose you were given the choice between receiving a payment today or a payment in 12 months. Would you rather receive $100 today or $154 in 12 months?"

If someone preferred the larger, later sum, we then asked a question using a smaller amount for the delayed payment: "Would you rather receive $100 today or $125 in 12 months?"

To our surprise, we learned that older Americans are extremely present-focused: On average, they felt that having $1 today was equivalent to having $1.85 a year from now. We believe impatience can help explain why some older people run out of money in later life.

— Prof. Mitchell is a professor at the Wharton School of the University of Pennsylvania

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