

THE WALL STREET JOURNAL.

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◆ Regulatory scrutiny of cryptocurrency markets has taken a bite out of once-soaring investor demand for initial coin offerings. A1

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◆ General Dynamics raised its offer for CSRA in an effort to fend off CACI's unsolicited bid for the IT provider. B1

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◆ Three ex-Newell directors are opting out of a proxy fight after the company struck a deal with Icahn. B3

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◆ Trump welcomed the Saudi crown prince, even as senators debated a curb on military support to Riyadh over the Yemen war. A6

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◆ Japan's ruling party called for the nation to develop its own aircraft carrier and buy U.S. jet fighters to counter China. A6

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Warm Welcome as Saudi Crown Prince Seeks to Woo Washington



SEAT OF POWER: President Donald Trump, holding a chart of military sales to Saudi Arabia, welcomed Crown Prince Mohammed bin Salman, left, in the Oval Office Tuesday. The Saudi prince is looking to win more political, military and economic support from the U.S. A6

Lax Data Policies Haunt Facebook

Approach to policing those with access to user information led to company's crisis

By DEEPA SEETHARAMAN AND KIRSTEN GRIND

Facebook Inc.'s loose approach to policing how app creators and others deployed its user data persisted for years, including after a 2015 effort by the social network to restrict access, according to court documents and people familiar with Facebook. The

social-media giant is now dealing with the fallout.

The Federal Trade Commission is investigating whether Facebook violated terms of a 2011 settlement when data of up to 50 million users were transferred to an analytics firm tied to President Donald Trump's campaign, a person familiar with the matter said on Tuesday. If the FTC finds that Facebook violated the settlement terms, the company could face millions of dollars in fines.

That firm, Cambridge Analytica, said Tuesday it is launching its own investigation to determine if the company engaged

in any wrongdoing. In addition, it said it was suspending its chief executive, Alexander Nix, after a video released Monday depicted Mr. Nix touting campaign tactics such as entrapping political opponents with bribes and sex. A spokesman said the comments by Mr. Nix in the video "do not represent the values or operations of the firm, and his suspension reflects the seriousness with which we view this violation."

Meanwhile, Canada's privacy commissioner said Tuesday it had formally opened its own investigation into alleged unauthorized access and use of Face-

book user profiles, focusing on the company's compliance with Canada's privacy law.

The user-data controversy, which knocked another 2.6% off Facebook's stock price Tuesday, after it fell 6.8% Monday, underscores the broad challenge for Facebook: how to balance the pursuit of digital advertising dollars, which depend on selling

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Trump to Ramp Up Curbs On China

BY BOB DAVIS

WASHINGTON—The White House is preparing to crack down on what it says are improper Chinese trade practices by making it significantly more difficult for Chinese firms to acquire advanced U.S. technology or invest in American companies, individuals involved in the planning said.

The administration plans to release on Thursday a package of proposed punitive measures aimed at China that include tariffs on imports worth at least \$30 billion.

But the tariffs won't be imposed immediately. Rather, U.S. industry will be given an opportunity to comment on which products should be subject to the duties. As part of the package, the White House will announce possible investment restrictions by Chinese firms in the U.S. and will direct the Treasury Department to outline rules governing investment from China.

Final details of the plan, including the amount of imports to be hit by tariffs, remain in flux, those involved with the discussions said. While the rough amount and rationale for the tariffs are expected to be disclosed on Thursday, the final decisions will come once U.S. industry has had its say, they said.

A White House spokeswoman declined to comment.

The effort stems from a monthslong investigation by the administration into China.

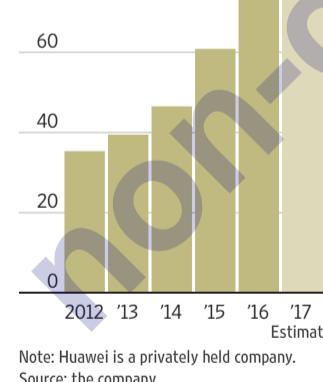
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◆ Japan seeks firepower to counter Beijing..... A6

Security Fears Snag Huawei

National security concerns over deals with China's Huawei are spreading beyond the U.S. B4

Huawei's annual revenue



Saga of Porn Star, President Stretches Back Seven Years

Trump's lawyer thwarted first effort by Stormy Daniels to publicize alleged affair; now a payment draws campaign-finance scrutiny

By JOE PALAZZOLO AND MICHAEL ROTHFIELD

The extraordinary legal battle between the president of the United States and a former adult-film star has been building for seven years.

The standoff is rapidly escalating, as the porn actress, Stephanie Clifford, seeks to go public with details of her claims of an extramarital affair, and President Donald Trump and his attorneys fight to stop her.

A turning point came during a February phone call, after Michael Cohen, Mr. Trump's personal lawyer, acknowledged publicly he paid Ms. Clifford \$130,000 but didn't say why.

In the call, Ms. Clifford's lawyer told Mr. Cohen the actress believed his comments breached a nondisclosure pact they had signed in October 2016—and that she was

now free to discuss the alleged affair.

"I didn't f---ing break it!" Mr. Cohen yelled, people familiar with the call said. Mr. Cohen warned her lawyer that if Ms. Clifford were to talk, he would seek to enforce the agreement.

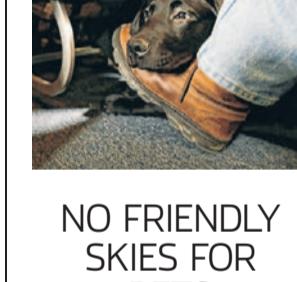
It isn't known whether Mr. Trump was aware of the agreement. But the Federal Election Commission is reviewing complaints by interest groups that the agreement violated campaign-finance law because of its timing, two weeks before the 2016 election.

The allegations pivot on whether the payment was made to influence the election to Mr. Trump's benefit, said Thomas Frampton, a lecturer at Harvard Law School.

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UBER CEO TACKLES NEWEST CRISIS

BUSINESS & FINANCE, B1

Beloved by Madonna and Justice Ginsburg, the Scrunchie is Back

* * *

Return of the puffy hair accessory from the 1980s and '90s has some fit to be tied

By KATHERINE BINDLEY

Molly Rees was shopping one day when a puffy, scrunched-up fabric-covered hair tie caught her eye.

"I thought, OK, that's a bit retro, a bit of a throwback, but I feel I can do it," says Ms. Rees, 24 years old.

Yes, it was a scrunchie, the eye-catching hair accessory of the 1980s and '90s, the staple of "Full House" episodes and Madonna ensembles.

They're big, they're divisive and they're back.

When Ms. Rees wore her black matte sequined scrunchie to the plumbing and heating company in Salisbury, England, where she works, female colleagues expressed surprise.



It's back

Scrubies are turning up not only in public but also in the office, where their presence is producing reactions ranging from unbridled enthusiasm to jokes that might not be jokes, to silent judgment. Some scrubies wonder if they will be taken seriously while wearing one.

For an answer, they can look

Please see HAIR page A10

Please see COIN page A8

Regulatory Scrutiny Deflates Coin Deals

BY PAUL VIGNA AND DAVE MICHAELS

Regulators looking into potentially widespread violations in cryptocurrency markets such as bitcoin have taken a bite out of the once-soaring investor demand for initial coin offerings.

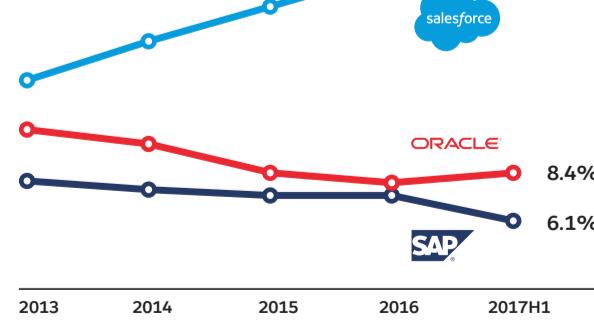
While the pace of new proposed initial coin offerings has remained near record levels, there has been a marked deceleration in the amount of money being raised and a change in the source of the capital being provided.

An initial coin offering, or ICO, is a method of fundraising that circumvents traditional capital markets. Typically, tech startups, many involved in the digital-currency sector, raise money from investors in exchange for

Please see COIN page A8

Salesforce. #1 CRM.

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



Source: IDC Worldwide Semiannual Software Tracker, October 2017.

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U.S. NEWS

Senators Push House Not to Amend Financial Bill

By ANDREW ACKERMAN

WASHINGTON—Senators are pressing House lawmakers not to jeopardize what they see as their best opportunity to ease postcrisis financial regulations, urging them to quickly pass bipartisan Senate legislation without making changes, people familiar with the discussions said.

Senate Banking Committee members in private meetings have said there is little political appetite in the Senate to vote on a revised version of the legislation. House lawmakers are reviewing the bill,

which passed the Senate last week 67-31, and deciding whether to open it up for changes. Any additions to the bipartisan deal, which received support from 17 members of the Democratic caucus, would require the Senate to vote on it again.

Sen. Thom Tillis (R., N.C.) met on Thursday with House Whip Steve Scalise (R., La.) and other House lawmakers, telling them that adding House-favored provisions could scuttle support in the Senate, particularly among Democrats whose backing is crucial to the bill, according

to people familiar with the meeting.

Mr. Tillis said Senate Republicans would have pushed for a broader overhaul of the 2010 Dodd-Frank law if they didn't need Democratic support. The relatively modest Senate bill, he added, reflects the political reality of what can be accomplished in the Senate, where Republicans hold 51 seats and generally need support from nine Democrats to pass legislation.

"We need to get this done," Mr. Tillis said, according to one of the people.

The direct lobbying across

congressional chambers comes as House GOP leaders decide how to take up the measure.

House Financial Services Committee Chairman Jeb Hensarling (R., Texas) last week said the House wouldn't "rubber stamp" the bill, describing the Senate's passage of the legislation as "an important first step."

Mr. Hensarling, who is retiring from Congress this year, told reporters that House lawmakers want to debate adding provisions they favor to the legislation from a list of some 30 bipartisan

bills that have advanced through the House or his committee.

"Chairman Hensarling offered to negotiate inclusion of House bills before the Senate bill was passed," said Sarah Flaim, spokeswoman for Mr. Hensarling. "That did not happen."

Measures the House wants in the legislation include provisions that would clarify existing regulations governing how startups pitch potential private offerings to investors and alter how individual investors are deemed eligible to invest in closely held startups.

Supporters of the bill, written by Senate Banking Committee Chairman Mike Crapo (R., Idaho) and a group of centrist Democrats, argue the measure already incorporates some 40 pieces of legislation advanced by the House in recent years.

Despite the maneuvering, the bill has a good chance of becoming law, aides in both chambers said.

No action on the legislation is expected in the House until April at the earliest.

♦ Heard: Banking on deregulation is a still a good bet..... B16

Students Hurt In Maryland School Shooting

A shooting at a Maryland high school left the shooter—a student—dead and two others injured, just over a month after a Florida school shooting sparked national demonstrations.

A male student, identified as 17-year-old Austin Wyatt Rollins, fired in a hallway at Great Mills High School, injuring two other students.

An officer stationed at the school pursued the student, with both shooting, St. Mary's County Sheriff Timothy Cameron said. Sheriff Cameron said officers were investigating which bullet struck the student.

A 14-year-old boy was wounded but was in good condition, according to MedStar St. Mary's Hospital. The second injured student, a 16-year-old girl, was in intensive care with life-threatening injuries, the sheriff said.

—Scott Calvert



DATA

Continued from Page One

access to user data, with protecting the privacy and personal data of its more than two billion monthly users.

The Cambridge Analytica crisis has its roots in a 2007 decision by Facebook to open access to its so-called social graph—the web of friend connections, “likes” and other Facebook activity that knit users together.

While advertisers pay to reach Facebook’s users, developers were for years able to tap that data by creating an app that plugged into Facebook’s platform.

Tens of thousands of app developers and others used the data, giving birth to a new crop of dating and job-search apps, as well as a new form of political campaigning.

Although Facebook had rules stating the terms under which developers could accumulate data, it appeared not to be able

databases of personal user information and selling the data to political advertisers and others, in some cases transmitting users’ ID numbers. At the time, RapLeaf said the transmission of the data was inadvertent and stopped.

The episode prompted Facebook to build a way to tag a developers’ data so that if it leaked, the company could trace it back to the source, according to a person familiar with the matter. This analysis could only be done after Facebook was alerted to a potential violation, the person said.

In 2011, Facebook users started complaining to the social network that some of their old profile data were inexplicably posted for anyone to view on a little-known search site called Profile Engine, court records allege. Facebook sued the developer two years later, saying it had violated its agreement, but not before the details of about 420 million user profiles were collected, according to the court records.

Early on, almost anyone could create a Facebook app and access a trove of data about the site’s users. President Barack Obama’s 2012 re-election campaign, for example, created a voter-outreach app that found other potential supporters among its users’ connections on Facebook by plugging directly into the company’s platform.

In 2014, Facebook said it would restrict developers’ access to many data points about app users’ friends, citing privacy concerns. But even after the policy went into effect in 2015, Facebook couldn’t proactively keep track of how developers used previously downloaded data, according to current and former employees. By 2016, Facebook had changed its platform rules, making it impossible for other campaigns to do the same.

“On an ongoing basis, we also do a variety of manual and automated checks to ensure

Cambridge Chief Suspended in Probe

Cambridge Analytica suspended its chief executive, Alexander Nix, and said it is launching an independent investigation to determine if the company engaged in any wrongdoing in its work on political campaigns.

The moves followed the release of a video on Monday that depicted Mr. Nix touting campaign tactics such as entrapping political opponents with bribes and sex. The sales pitch was captured by undercover journalists at British broadcaster Channel 4. Mr. Nix’s suspension also follows reports that the company improperly used data from millions of Facebook Inc. profiles without authorization.

The company’s independent investigation is aimed at determining whether Mr. Nix or anyone in the company actually used any of the tactics he mentioned in the video, a person familiar with the matter said.

Cambridge Analytica was a top vendor for President Donald Trump’s 2016 campaign.

Mr. Nix has a close relationship with Rebekah Mercer, a Trump adviser who sits on Cambridge Analytica’s board

and whose family partly owns the company. People close to the firm said they suspected his relationship with the family was part of the reason he was suspended, rather than forced out.

The company’s board suggested the suspension and Mr. Nix agreed to it, the person familiar with the matter said. Mr. Nix had faced internal pressure in recent days to leave the company or take on a low-profile role with few responsibilities, people familiar with the matter said.

A spokesman on Monday said the comments by Mr. Nix in the Channel 4 video “do not represent

the values or operations of the firm, and his suspension reflects the seriousness with which we view this violation.”

Alexander Tayler, the company’s chief data officer, will serve as acting CEO. Julian Mallin, a London-based lawyer, will lead the investigation, the results of which the board will share publicly “in due course,” the company said.

People close to Cambridge Analytica have long complained about what they describe as Mr. Nix’s penchant for exaggerating the company’s capabilities and work, sometimes to its own detriment. They said Mr. Nix has repeatedly mischaracterized the work the company did for the Trump campaign, including promoting the idea that Cambridge Analytica had provided psychographic analysis related to the personalities and values of voters to the campaign. The firm didn’t provide such analysis to the Republican president’s campaign, these people said.

Trump campaign officials

have also said the firm didn’t provide any such analysis, and have declined to comment on the Channel 4 video.

Facebook on Friday said it had suspended the firm from its platform, saying Cambridge Analytica had violated its policies governing how third-party developers can deploy user data they obtained from the company. The Federal Trade Commission on Tuesday said it is looking into Facebook over Cambridge Analytica’s use of the platform’s data.

A Cambridge Analytica spokesman said the firm’s political division didn’t use the Facebook data in question. The firm said it deleted all data it received after it became clear that the way the information was obtained violated Facebook’s policies.

—Rebecca Ballhaus



Cambridge Analytica Chief Executive Alexander Nix, seen in London on Tuesday, has faced pressure to leave the data firm.

to ensure its rules were being followed, developers and former employees said. In interviews, developers said Facebook was sometimes unclear about how they could use the data they gathered from the platform.

“Their enforcement mechanism is, if they notice it, they tell you to stop,” said Nick Soman, founder and chief executive of the health-care company Decent, who has accessed Facebook’s data in the past.

In 2010, The Wall Street Journal reported that online tracking firm RapLeaf Inc. was using Facebook data to build

compliance with our policies and a positive experience for users,” a Facebook spokesman said.

The Facebook data allegedly used by Cambridge Analytica were provided by an academic who wasn’t authorized to share the user data under Facebook’s policies. Cambridge Analytica has said it didn’t break Facebook’s rules.

On Friday, Facebook said it learned about the academic sharing the data in 2015 and demanded the parties delete the data. Facebook said it learned this month the parties kept those records despite saying the

information had been destroyed.

Sandy Parakilas, a former Facebook platform-operations manager from 2011 to 2012, said in an interview that Facebook was primarily alerted to data-policy violations from media reports or companies that said competing apps were breaking Facebook’s rules.

According to Mr. Parakilas, a media report in 2011 said the social-media startup Klout Inc. had created profiles for minors without their knowledge using Facebook data. Klout quickly stopped the practice after the report, Mr. Parakilas said.

Soon after, Mr. Parakilas said, he called Klout’s management team to ask if the startup was violating Facebook’s data policies.

Klout officials denied it violated the policies, Mr. Parakilas said, and he asked the company to make it sure it wasn’t violating the policies in the future.

“And that was it. They continued to access the platform,” Mr. Parakilas said in an interview.

He added: “The main enforcement mechanism was call them and yell at them.”

Klout couldn’t be immedi-

ately reached for comment.

Facebook in 2015 rolled out new restrictions to the type of data outside parties could access, making it harder for them in particular to get data on a user’s friend base. Developers and other parties were informed of the change through an email.

But Facebook didn’t instruct developers to delete the data they had already captured, nor did it follow up to see if developers were still using it, according to some developers.

—Jim Oberman

and John D. McKinnon contributed to this article.

CORRECTIONS & AMPLIFICATIONS

Yi Gang, the newly appointed governor of the People’s Bank of China, taught at Indiana University. A Page One article on Monday about Xi Jinping’s moves as he begins his second term as China’s president incorrectly identified the school as the University of Indiana.

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

Privacy on Agenda

BRUSSELS—The European Union’s top justice official is set to quiz her U.S. counterparts over privacy issues on a visit to Washington this week made more timely by fallout over Facebook Inc.’s handling of personal data.

The planned U.S. visit by EU Justice Commissioner Věra Jourová comes after Facebook announced that a data-analysis firm with ties to the 2016

Trump campaign, Cambridge

Analytica, wrongfully held users’ personal data for years despite saying it had deleted those records.

The news sparked outcry by European officials, including Ms. Jourová and European Parliament President Antonio Tajani, who pledged a full parliamentary investigation. Ms. Jourová said she would discuss the developments in meetings planned with U.S. officials.

Her team has also requested a meeting with the Federal Trade Commission.

The EU justice chief plans

to question officials about the consent decree Facebook signed as part of a 2011 settlement with the FTC over concerns revolving around the social-media company’s privacy policies, according to an EU official. Under the settlement, Facebook pledged to obtain users’ explicit consent before their information could be shared.

A Facebook spokeswoman said the company “rejects any suggestion that it violated the consent decree.”

—Natalia Drozdiak

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U.S. NEWS

Another Explosion Hits Texas

SCHERTZ, Texas—Two more explosive devices in Texas, one that blew up inside a FedEx Corp. facility outside of San Antonio and another found unexploded at a FedEx site in Austin, kept the region on edge Tuesday as the investigation into a wave of bombings intensified.

By Erin Ailworth,
Russell Gold
and Jon Kamp

A call about the explosion came in early Tuesday, shortly after midnight local time, at a FedEx Ground sorting facility in Schertz. It followed an explosion in Austin on Sunday night, the fourth there since early March in a series of incidents that police have blamed on a serial bomber.

This has all left the Texas capital and its residents rattled, and an unrelated incident on Tuesday night only heightened the sense of anxiety and fear. Goodwill employees in south Austin found an “old military-type ordnance” that went off in a worker’s hands at about 7 p.m., police said. Officials said they transported a man to a nearby hospital with serious, but not life-threatening, injuries.

“There is no reason to believe that it is related” to the string of bombs, said Ely Reyes, assistant chief with the Austin Police Department.

This incident came after a busy day in the city as Austin police, along with agents from the Federal Bureau of Investigation and Bureau of Alcohol, Tobacco, Firearms and Explosives spread across central Texas in a growing hunt to track down and stop the bomber. They responded to reports of a suspicious package at the other FedEx center near Austin’s airport shortly after 6 a.m. Authorities determined the package contained an explosive device, which was subsequently

“disrupted” by law enforcement, police said. There were no injuries in that incident.

FedEx said in a statement that the individual responsible for the package that exploded in Schertz also shipped a second package that was secured and turned over to authorities.

The explosion occurred in a sorting area while the package was traveling along a conveyor belt, said police in Schertz, which is about 65 miles south of Austin. One person was treated for minor injuries.

Police cars blocked the road leading into the FedEx facility on Doerr Lane there, and FBI and other law-enforcement vehicles, including a mobile command center, could be seen outside the large beige facility.

Local and federal law-enforcement officers on the scene declined to disclose specifics of the incident, but said they didn’t believe the small town was the intended target of the explosion.

Later Tuesday morning, authorities cordoned off a FedEx store in Sunset Valley—a municipality within Austin’s borders—where a police spokesman said investigators believe the exploded package had been mailed. The spokesman didn’t say where investigators believe the package was heading, but Texas Attorney General Ken Paxton said in a television interview that it was mailed both from and to Austin.

The recent Austin blasts have killed two people and injured several more. Police repeated their call Tuesday for the public to remain vigilant, to report anything suspicious and to keep their hands off anything that looks suspicious.

Austin police said Tuesday they had received 420 suspicious-package calls in just 24 hours and more than 1,200 such calls since March 12.

More than 500 federal agents from a variety of agencies are helping local police



The Federal Bureau of Investigation collects evidence at a FedEx facility in Sunset Valley, a city surrounded by Austin, Texas.

Bombings in Texas



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investigate the bombings.

The bombings stretch back to March 2, when a package explosion went off in northeast Austin, killing a 39-year-old man. A pair of package bombs detonated 10 days later in another neighborhood, leaving a 17-year-old dead and two other people wounded. On Sunday night, two men were seriously injured by an explosion in a wealthy enclave near

the city limits.

Police initially speculated the attacks might be racially motivated, because the two deceased victims came from prominent African-American families, while one of the wounded people is Hispanic. But Sunday’s bombing was different, rigged with a tripwire, and police say the injured victims—two white men—appear to be random.

Shipping Volumes Impede Screening

Millions of packages pass through FedEx and UPS facilities on a typical day, making it hard to prevent the type of explosion that rocked a FedEx Corp. sorting center in Texas early Tuesday.

The massive volumes that move through these delivery networks make screening each package for explosives or other hazardous or illegal materials impractical, industry consultants said. FedEx last year processed about 12 million pieces a day, while United Parcel Service Inc. handles more than 20 million a day.

“The costs of it and the practicality of it would be so outrageous,” said Satish Jindal, president of SJ Consulting Group Inc., a parcel-industry research firm. “If someone wants to be destructive, they can do it.”

FedEx does X-ray some packages that travel through its system and has dog-sniffing teams that conduct checks, a former FedEx executive said. FedEx also uses algorithms that

can trigger further inspections based on a package’s dimensions and delivery locations, this person said. Most of the screenings are for drugs, but they also are used to try to find explosives and other materials.

On Tuesday, the Federal Bureau of Investigation said an explosion at the facility outside San Antonio may be linked to a recent spate of bombings in Austin. In addition, police said they were responding to reports of a suspicious package at another FedEx facility in Austin.

FedEx confirmed that a single package exploded at a FedEx Ground facility and one employee was being treated for minor injuries. The company said it was working closely with law enforcement on the investigation.

“We are very thankful there were no serious injuries,” said FedEx CEO Fred Smith. He said that FedEx was continuing to assist authorities and had provided “extensive evidence” to them.

UPS declined to discuss its security measures “in order to maintain their effectiveness,” a spokesman said.

—Paul Ziobro

Centrists Face Challenge in Illinois

BY REID J. EPSTEIN
AND JANET HOOK

Democratic Rep. Dan Lipinski was clinging to a razor-thin lead Tuesday in a primary election challenge from an abortion-rights advocate to hold his Illinois House seat.

Mr. Lipinski, one of the last remaining anti-abortion-rights Democrats in Washington, was on track to defeat nonprofit executive Marie Newman. She argued that the seven-term incumbent was out of step with the heavily Democratic district because of his opposition to abortion rights, his vote against the Affordable Care Act and his refusal to endorse Barack Obama in his 2012 re-election campaign.

Ms. Newman refused to concede Tuesday night. “It’s this close,” she said, holding two fingers inches apart, “I would like Mr. Lipinski to have a very painful evening...I’m not ready to give in.”

In the Republican gubernatorial primary, Gov. Bruce Rauner defeated state Rep. Jeanne Ives, who had attacked Mr. Rauner for signing legislation expanding access to abortion to Illinoisans on public assistance. He declared victory before the race was called by the Associated Press, and Ms. Ives later conceded.

Billionaire J.B. Pritzker spent \$70 million to win the state’s Democratic primary over Daniel Biss, a state senator who ran as a Bernie Sanders-style progressive, and Chris Kennedy, the son of Robert F. Kennedy who touted his family’s political history on the campaign trail.

Mr. Rauner’s victory and Mr. Lipinski’s apparent win send a signal that voters are willing to accept some deviation from party ideology, particularly from incumbents who have built relationships with them on other issues.

Mr. Lipinski had support from No Labels, the organization devoted to electing centrist candidates from both par-



Marie Newman challenged Rep. Dan Lipinski in the Democratic primary for his House seat Tuesday.

ties, which helped organize a super PAC backed by donors including Jerry Reinsdorf, the owner of the Chicago White Sox baseball and Chicago Bulls basketball franchises.

“This is the political center in this country finally striking back,” said Ryan Clancy, the chief strategist for No Labels. “You have the tea party of the left and it’s leaving no room for anybody else who has any devi-

Democrats would have to win a net of 23 seats in November to regain control of the House.

ation from party orthodoxy and that is a disaster in our view.”

There are no rules in Illinois for an automatic recount of full election results. The Lipinski seat is expected to remain in the Democratic column, as the only candidate running as a Republican, Arthur Jones, questions the existence of the Holocaust on his campaign website and has

been disavowed by the GOP.

Democrats need a net gain of 23 Republican seats to retake the House majority, and the party sees a cluster of possibilities in Illinois.

Reps. Peter Roskam and Mike Bost are two of the most vulnerable Republicans in the country, and their races have been rated tossups by the nonpartisan Cook Political Report. Reps. Rodney Davis and Randy Hultgren are in districts that are more favorable for the GOP, but not overwhelmingly so, according to Cook’s analysis.

In those four House primaries, Democrats seemed poised to nominate several candidates backed by EMILY’s List, the organization that backs women running for office.

In the contest to face Mr. Roskam in a district in Chicago’s western suburbs, breast cancer survivor Kelly Mazeski topped a field of seven Democratic candidates, but was in a close contest with the No. 2 candidate Sean Casten, a clean-energy businessman who largely self-funded his campaign.

In the exurbs northwest of Chicago, Democratic Lauren Underwood, a former Barack

Obama health-policy adviser, prevailed in a crowded field as their nominee to run against Mr. Hultgren.

Downstate, Betsy Dirksen Londrigan, a professional fundraiser favored by national party leaders, beat four other candidates to win the right to face Mr. Davis in a district that stretches from the St. Louis suburbs to the college towns in central Illinois.

Democrats also have targeted Mr. Bost in a southern Illinois district that includes the state’s St. Louis, where Brendan Kelly, a St. Clair county prosecutor, became their nominee.

The Lipinski-Newman race has led to an unusual split in Democratic politics. The Democratic Congressional Campaign Committee declined to endorse Mr. Lipinski—a highly unusual move for an incumbent facing a challenge.

Ms. Newman also won endorsements from two members of the Illinois Democratic congressional delegation who serve with Mr. Lipinski, along with Sens. Sanders of Vermont and Kirsten Gillibrand of New York.

—Douglas Belkin contributed to this article.

Justices Weigh Law On Women’s Care

BY JESS BRAVIN

WASHINGTON—Supreme Court justices on Tuesday questioned the intent of a California law that the state says aims to inform pregnant women of their rights to reproductive health care, but antiabortion groups say forces them to promote abortion.

The 2015 law requires facilities offering pregnancy-related services—including crisis pregnancy centers that seek to persuade women to carry to term—to post a notice about the state’s free and low-cost family-planning programs, which include abortion.

Justice Samuel Alito suggested the law may have been designed to blunt the anti-abortion message that such centers seek to deliver. While ostensibly covering hundreds of facilities across the state, the law contains many “crazy exemptions” that all point the same way, he said.

If “it turns out that just about the only clinics that are covered by this are pro-life clinics,” couldn’t the court “infer intentional discrimination?” he said.

California’s lawyer, Joshua Klein, conceded that many facilities that serve pregnant women, including those participating in Medi-Cal, the state’s version of Medicaid, are exempt from the requirement. But that is because they already provide the programs listed in the notice, he said.

Mr. Klein said the law “empowers the woman by explaining that her financial circumstance does not make her unable to access alternative and supplemental care, including full prenatal and delivery care that petitioners [the anti-abortion centers] do not themselves supply.”

California says that some women are misled or confused by facilities that seem like

medical centers but don’t provide “comprehensive” reproductive health care, or perhaps any medical care at all.

In addition to requiring licensed facilities to post the notice, the law also requires unlicensed antiabortion centers to post statements disclosing they aren’t medical clinics.

It was little surprise that conservatives like Justice Alito would challenge California on the law, called the California Reproductive Freedom, Accountability, Comprehensive Care, and Transparency, or FACT, Act. But from the court’s left, Justice Elena Kagan also pressed the state.

“When you read this statute, Mr. Klein, there’s at least a question” that it may have been “gerrymandered” to target antiabortion facilities, she said, and that would be a “serious problem.”

Justice Kagan’s questions followed remarks from Justice Anthony Kennedy, typically the deciding vote in abortion-related cases, that indicated deep reservations about the California statute.

In response to one of Justice Kennedy’s earlier questions, the challengers’ lawyer, Michael Farris, said an unlicensed center operating under a billboard reading “Choose Life” would be required to post the 29-word notice that it is unlicensed “in the same size font, and in a number of languages, whatever is required by that county.”

If that is true, Justice Kennedy said, “that means that this is an undue burden in that instance and that should suffice to invalidate the statute.”

A decision in the case, National Institute of Family and Life Advocates v. Becerra, is expected before July.

—Louise Radnofsky contributed to this article.

U.S. NEWS



Sen. Mark Warner, flanked by others on the Senate intelligence panel, talking about election security in Washington on Tuesday.

Congress Closer To Deal to Fund The Government

By KRISTINA PETERSON AND NATALIE ANDREWS

WASHINGTON—Lawmakers said Tuesday night they were inching closer to a deal to fund the government until October, but they struggled to wrap up negotiations, leaving little time to pass the legislation before current funding expires at week's end.

Their continued wrangling Tuesday over the details of immigration policy, tax provisions and infrastructure projects in the spending bill guaranteed that lawmakers would be racing against the clock later in the week to prevent a third partial government shutdown this year. Current funding expires at 12:01 a.m. Saturday. Lawmakers were hopeful a deal could be announced early Wednesday.

Congress and President Donald Trump agreed to the bill's \$1.3 trillion funding level last month as part of a two-year budget deal. But they have spent weeks wrestling with the details of how to divvy it up across federal agencies and continued haggling late Tuesday.

"This is frustrating for a lot of us," said Sen. Mike Rounds (R., S.D.), noting that lawmakers have known for weeks that the funding deadline was approaching. "The fact that we are struggling to get it done, the deadline's coming up—is not the way we should be doing business here."

The House Intelligence Committee is conducting a similar investigation that has been much more contentious.

Republicans on the House panel said they found no evidence that Moscow tried to help Mr. Trump's campaign, a finding at odds with the intelligence community, and drafted a 150-page report on election recommendations without seeking any input from Democrats. The panel's Democrats will release a separate, dissenting report and say they may reopen the investigation if they retake the House in the November elections.

The election-security recommendations were a priority for the Senate committee because top intelligence officials continue to stress that the U.S. election system is vulnerable to foreign interference.

Republicans control the House and Senate, and leaders haven't made legislation addressing vulnerabilities in voting systems a priority. However, a strong endorsement from a GOP-led panel could give momentum to proposals floating around on Capitol Hill.

Thursday, under the assumption that the spending bill text would be completed later Tuesday night. Missing the Tuesday midnight deadline meant House GOP leaders might be forced to hold a vote with less time than usually required to consider the bill, which would raise objections from many lawmakers.

They could also push the vote out until later in the week, but that would delay the bill's arrival in the Senate, whose time-consuming procedures can be blocked by any one senator.

Objections from Sen. Rand Paul (R., Ky.) triggered a brief government shutdown last month, and Mr. Paul said Tuesday he was still considering

'This is frustrating for a lot of us.'

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whether to make the same move this week. "I haven't decided," Mr. Paul said, noting that he wanted to first read the bill once it has been released.

By Tuesday, a handful of issues were still dividing lawmakers eager to wrap up the spending bill. Democrats and the White House had traded offers over immigration policy and battled over how to parcel out Homeland Security funding. Republicans are pushing to provide funds for building a wall along the border with Mexico, more detention beds and enforcement agents, all of which face resistance from Democrats.

—Richard Rubin and Ted Mann contributed to this article.



Sens. Mitch McConnell, left, and John Cornyn on Capitol Hill Tuesday.

dropped those restrictions. The U.S. has already made it more difficult for Chinese companies to invest in the U.S. by blocking Chinese bids to purchase U.S. semiconductor firms. That is done by an interagency review of foreign acquisitions by the Committee on Foreign Investment in the U.S. Congress is looking to broaden CFIUS reviews of acquisitions so they include joint ventures too.

The expansion would include reviews of technology transfers to foreigners and could apply to joint ventures both outside and within the U.S. But CFIUS looks solely at national security concerns. The administration wants to address economic harm as well, according to these people.

Any imposition of tariffs, without going first to the World Trade Organization, is sure to prompt a chorus of criticism not just from Beijing but from U.S. industry, which has opposed tariffs as counterproductive.

Tariffs are bound to cause China to retaliate, said Clement Leung, Hong Kong's representative in the U.S. Chinese officials "cannot show any weakness" at a time when the country's leader, Xi Jinping, has just been confirmed for his second term, Mr. Leung said. Hong Kong, a trading center that operates somewhat independently from the rest of China, would be hurt by limits on trade.

Whatever the political blowback, Harvard law professor Mark Wu, a trade expert, says the White House has authority to impose tariffs under section 301 of the Trade Act of 1974.

"In situations where the U.S. Trade Representative deems unfair trade practices to fall outside the scope of a WTO-covered agreement, then the statute permits the executive branch to take action directly without first seeking recourse through WTO dispute settlement" procedures, he said.

—William Mauldin contributed to this article.

Panel Urges Voting Security

By BYRON TAU

Trump Calls and Congratulates Putin

WASHINGTON—The Senate Intelligence Committee is recommending changes to secure the U.S. election system against foreign meddling, including increased use of paper ballots, improved federal communication with state and local governments about cyberthreats, and more federal money to help replace outdated voting machines.

In a bipartisan document released Tuesday, the panel also encouraged the U.S. government to "clearly communicate to adversaries that an attack on our election infrastructure is a hostile act," and to work with allies to develop better rules of the road for operating in cyberspace.

The recommendations are the first public output from a yearlong Senate probe into Russian activity in the 2016 election—what U.S. intelligence agencies have described as a Kremlin-sanctioned campaign of hacking, leaking and disinformation aimed at boosting President Donald Trump over his Democratic rival, Hillary Clinton, and sowing discord in U.S. domestic politics.

The panel released six recommendations on Tuesday. It said state and local governments should remain in charge of administering elections—a sensitive point for many local officials who fear a federal takeover of their responsibilities. But it recommended bolstering resources at the Department of Homeland Security and engaging private companies to help local officials deal with cyberthreats.

The panel also recommended passage of legislation to provide additional financial resources to states and to make security clearances more widely available to state and local officials. During the 2016

President Donald Trump said that he had congratulated Russian President Vladimir Putin on his election win in a "very good call," despite escalating tensions over the Kremlin's alleged interference in the 2016 presidential election and poisoning of a former Russian spy in the U.K., a close U.S. ally.

The call came Tuesday, one day after the White House said there were no plans to congratulate Mr. Putin, who easily won a presidential election Sunday in which he faced no real competition.

Both leaders have spoken of a desire for better relations, even as Western capitals have tried to isolate Russia over a raft of disputes.

Mr. Trump said they discussed meeting to address issues including the conflicts in Ukraine and Syria and the threat posed by North Korea.

Mr. Trump's congratulatory call was sharply criticized by one leading U.S. lawmaker.

"An American president does not lead the free world by congratulating dictators on winning sham elections," said Sen.

election, information sharing between the federal government and election administrators was hampered by the fact that much of what DHS was aware of was classified and local officials didn't have security clearances.

"Russia was trying to undermine the confidence of our election system. We are here to express concerns but also confidence in our state and local governments," said Sen. Richard Burr (R., N.C.), chairman of the intelligence panel.

The Senate panel was

John McCain (R., Ariz.).

The White House press secretary, Sarah Huckabee Sanders, defended Mr. Trump's call. "We're going to continue to maintain the position we've had and be tough when necessary," she said. "We don't get to dictate how other countries operate," she said.

Meanwhile, GOP congressional leaders said that special counsel Robert Mueller's investigation into meddling by Russia in the U.S. election should be allowed to continue unimpeded, after stepped-up attacks from the president raised concerns he would move to end the probe.

"The special counsel should be free to follow through his investigation to its completion without interference," House Speaker Paul Ryan (R., Wis.) said. "I've received assurances that his firing is not even under consideration."

Senate Majority Leader Mitch McConnell (R., Ky.) said the special counsel "should be allowed to finish his job" and defended his work. Both lawmakers declined to outline any steps that Congress might take if Mr. Trump took any action to end the investigation.

—Rebecca Ballhaus and Byron Tau

charged with writing a public account about what occurred in the 2016 election. Separately, special counsel Robert Mueller is conducting a criminal investigation about whether any laws were broken as part of the Russian activity.

Mr. Mueller's effort is continuing and has resulted in guilty pleas or indictments of several top Trump campaign aides. Mr. Trump has repeatedly said that his campaign had nothing to do with any Russian election interference, and Russia has denied any ef-

fect to influence the outcome. The election-security recommendations by the Senate panel will be outlined in more detail in a report expected to be made public in coming weeks. The panel expects to release several more reports that will examine topics like the use of social media by Russians in the 2016 campaign, a review of the early 2017 intelligence-community assessment on the extent of Russian meddling and a possible report on whether any American colluded with Moscow.

The Senate panel's leaders have made public appearances together and have promised to do as much as possible to keep the investigation bipartisan to give it public credibility.

The House Intelligence Committee is conducting a similar investigation that has been much more contentious.

Republicans on the House panel said they found no evidence that Moscow tried to help Mr. Trump's campaign, a finding at odds with the intelligence community, and drafted a 150-page report on election recommendations without seeking any input from Democrats. The panel's Democrats will release a separate, dissenting report and say they may reopen the investigation if they retake the House in the November elections.

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Massachusetts Mutual Life Insurance Company Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of Massachusetts Mutual Life Insurance Company will be held at its home office, 1295 State Street, Springfield, Massachusetts, on Wednesday, April 11, 2018 at two o'clock in the afternoon, for the election of three (3) directors and the transaction of any other business which may properly come before said meeting.

Pia Flanagan
Corporate Secretary

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TRADE

Continued from Page One
nese intellectual property practices that found the damage to U.S. companies from forced technology transfer is \$30 billion annually.

The administration has warned Beijing that it risked tariffs if it didn't significantly liberalize its market and eliminate practices that disadvantage foreign firms.

While the administration's plans to put tariffs on China have received most of the attention, it is considering other significant penalties, especially those aimed at state-owned Chinese firms. It plans to argue that Chinese state-owned firms buy U.S. technology not for commercial purposes, but to apply for military use and otherwise gain an edge in the race for global technological dominance.

The administration believes that Beijing, in requiring U.S. companies to form joint ventures to do business in China, then pressures them to transfer important technology to their Chinese partners. The U.S. also contends Beijing improperly subsidizes Chinese companies looking to overtake U.S. rivals in such advanced technologies as semiconductors, artificial intelligence and robotics.

Chinese officials have said that they are improving their protection of intellectual property and liberalizing their economy. They also complain that the U.S. hasn't given them a spe-

cific list of demands that they need to meet to head off tariffs.

The country's responses to challenges from President Donald Trump loomed large as China's leaders closed out an annual political gathering Tuesday.

Premier Li Keqiang, the titular No. 2 leader, struck a conciliatory tone on trade with the U.S. At a news briefing in Beijing's Great Hall of the People, Mr. Li said "there are no winners" in a trade war between the world's two largest economies, and appealed for calm.

People involved in the planning say the Trump administration is looking at making reciprocity the core of U.S. investment relations with China, meaning that the U.S. would impose restrictions on Chinese investment similar to those that U.S. firms face in China. That could mean the U.S. would insist that Chinese firms form joint ventures before doing business in the U.S., unless China

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WORLD NEWS

White House Gives Saudi Royal Treatment

Trump warmly greets crown prince as Senate debates curbing military support to kingdom

By DION NISSENBAUM

WASHINGTON—President Donald Trump welcomed Saudi Arabia's Crown Prince Mohammed bin Salman to the Oval Office on Tuesday by showcasing photographs of tanks and helicopters that the U.S. has sold the Middle East kingdom to help it build up its military muscle.

Across town, senators debating a contentious proposal meant to curb American military support for Saudi Arabia were shown a sobering image of a Yemeni toddler injured by an airstrike, one victim of Riyadh's protracted war against Iran-backed militants.

The dissonant images captured the state of relations between Washington and Riyadh as the two countries confront obstacles to their efforts to strengthen ties and agree on new steps to counter Iran.

The White House meeting marked the start of Prince Mohammed's 2½-week visit to the U.S., where he is looking to win more political, diplomatic, military and economic support from Washington.

The 32-year-old Saudi royal has positioned himself as a reformer who has moved to ease widely criticized restrictions on women, clamp down on religious extremism, and promote



President Trump, at center right, held a lunch meeting with Saudi Crown Prince Mohammed, center left, and his delegation at the White House on Tuesday.

a more-liberal social agenda.

The Trump administration has strongly backed those moves as it tries to make U.S.-Saudi relations a cornerstone of its Middle East strategy. U.S. officials have said Prince Mohammed's reform agenda will be key to the country's efforts to draw more investment as it overhauls its oil-based economy.

"The relationship now is probably as good as it's really ever been, and I think will probably only get better," Mr. Trump said before the meeting. "We understand each

other. Saudi Arabia is a very wealthy nation and they're going to give the United States some of that wealth, hopefully, in the form of jobs, in the form of the purchase of the finest military equipment anywhere in the world, there's nobody even close."

But the visit is being shadowed by the kingdom's foreign-policy moves, including its war in Yemen, where the United Nations says thousands of civilians have been killed by Saudi-led airstrikes.

Lawmakers raised concerns about the war with Prince Mo-

hammed before he met with Mr. Trump, said Sen. Bob Corker (R., Tenn.).

In meetings with U.S. lawmakers on Tuesday, Saudi officials defended their campaign in Yemen and framed it as part of the country's protracted battle with Iran.

The U.S. provides Saudi Arabia with precision-guided weapons being used in Yemen. American planes refuel the jets that carry out the airstrikes. And American military officials advise the Saudis on ways to try to reduce civilian casualties.

Sens. Mike Lee, (R., Utah), Bernie Sanders, (I., Vermont), and Chris Murphy, (D., Conn.), joined forces to push a resolution meant to cut off the U.S. support.

The Pentagon strongly opposed the proposal, and Defense Secretary Jim Mattis met with Republican lawmakers before the vote to personally urge them to reject the resolution. After hours of debate, the Senate voted to shelve the measure on a procedural move.

This is the crown prince's first trip to the U.S. since he became heir to the throne in

June, an episode that ushered in a period of chaos in the kingdom. In November, he directed a far-reaching corruption crackdown that targeted hundreds of people—among them princes, officials and prominent businessmen—rattling the royal family and spooking global investors.

Reassuring the business community and strengthening economic ties is a key goal of the Saudi royal's U.S. tour.

—Rebecca Ballhaus in Washington and Margherita Stancati in Riyadh contributed to this article.

Close Bond Between Leaders Belies Shaky National Ties



MIDDLE EAST
CROSSROADS

By Yaroslav Trofimov

Saudi Arabia and its increasingly important ally, the United Arab Emirates, have never enjoyed such a close relationship with an American president.

The challenge for these two monarchies now is to make sure that the bond

they've carefully cultivated with President Donald Trump doesn't backfire over the longer run—and doesn't drag them into America's divisive domestic politics.

There are already signs of that backlash, especially in Congress, where key Demo-

crats and some Republicans pushed for a vote on a Senate resolution banning U.S. military assistance to the Saudi campaign in Yemen—just as the kingdom's Crown Prince Mohammed bin Salman kicks off a two-week tour of the U.S. The Senate vote failed 45-54 on Tuesday afternoon.

The close ties that the U.A.E. and Saudi Arabia have developed with Mr. Trump's son-in-law Jared Kushner are also drawing scrutiny as special counsel Robert Mueller's investigation looks at Mr. Kushner's and other Trump campaign officials' and donors' interactions with foreign leaders.

S

Since then, Prince Mohammed has consolidated his power, ousting the previous crown prince and estab-



King Salman, left, hosting Jared Kushner and Ivanka Trump in May.

pled to meet with congressional leaders on both sides of the aisle.

"A strong effort is being made to reach out to Democratic figures," said Ali Shihabi, head of the Arabia Foundation, a Washington think tank close to the Saudi government. "But at the end of the day, Trump is the president and has to be courted," he said. "You elected him, not us!"

For Saudi Arabia and the U.A.E., the current alignment of views on these two issues with Mr. Trump's White House overshadows any other disagreements they may have.

The strength of our relationship with the Donald Trump administration is because we see eye to eye on foreign-policy issues and extremism, and by extremism I use broadly all the way from Muslim Brotherhood on one end of the spectrum to ISIS on the other," said the U.A.E. ambassador to Washington, Yousef al Otaiba. "We are now working with the Trump administration that is trying

very hard to roll back Iranian influence in the region. That is a priority for us. We see eye to eye on the threat that Iran poses not just to the Gulf but to the U.S., to Israel, to stability."

Saudi Arabia faced a major setback in Washington as recently as 2016, when Congress overrode a presidential veto and passed the Justice Against Sponsors of Terrorism Act, or Jasta—legislation that could allow victims of the Sept. 11, 2001, attacks to sue Saudi Arabia in American courts. Fifteen of the 19 perpetrators of those attacks came from Saudi Arabia, and two from the U.A.E.

"The Saudis—after Jasta—realize they have a problem that can't be solved by four years of Trump," said Andrew Exum, who served as deputy assistant secretary of defense for Middle East policy in the Obama administration. "Accordingly, I think they're worried that they're too closely aligned with the Trump administration and badly want to forge relationships with key congressional Democrats."

Women Say They Were Duped Into Murder

By YANTOULTRA NGUI
AND JAKE MAXWELL WATTS

SHAH ALAM, Malaysia—A woman accused of murdering the half brother of North Korean leader Kim Jong Un said that she and her alleged accomplice were duped by North Korean handlers into smearing a lethal nerve agent on the victim's face.

The two women had been led through an elaborate series of practice runs simulating pranks, then abandoned by their handlers after a killing they thought was a joke, according to a written statement Tuesday from Doan Thi Huong, a 29-year-old from Vietnam.

Ms. Doan's account, in the statement read by her lawyer in court, was her most detailed description of her role in the killing of Kim Jong Nam.

Mr. Kim died shortly after absorbing what Malaysian authorities said was VX nerve agent. At the time he had a bag with nearly \$140,000 in cash and 12 vials of Atropine, a medication that can be used as an antidote to the nerve agent that killed him, prosecution witnesses testified.

Malaysian authorities said the VX was applied to his face on Feb. 13, 2017, by a pair of women who approached him in Kuala Lumpur International Air-



port. But as the trial proceeds, the prosecution has struggled to identify a motive for the only suspects on trial—two women who claim to have been aspiring actresses. Ms. Huong and 26-year-old Siti Aisyah of Indonesia are charged with murder, which carries a mandatory death sentence. Both have pleaded not guilty.

Four North Korean suspects whom South Korea says work for Pyongyang escaped Malaysia after the killing.

She said she was an actress hired by a man she knew as Mr. Y, a North Korean earlier identified by Malaysian officials as Ri Ji Hyon. Ms. Huong said she met Mr. Y at the airport on the day of Mr. Kim's death and was told to look out for another actor and actress, then to smear a liquid on the actor's face. She described watching the other actress—Ms. Aisyah, whom she didn't know—do this first, then followed suit.

Ms. Huong said that she didn't see Mr. Y when she left the airport as instructed.

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Japan Seeks Firepower To Counter Beijing

By CHIEKO TSUNEOKA
AND PETER LANDERS

TOKYO—Japan's ruling party called for the nation to develop its own aircraft carrier and buy American F-35B fighter jets in response to what it described as aggressive Chinese actions.

Tuesday's proposal from the Liberal Democratic Party's defense panel, if adopted, would be the latest step by the government of Prime Minister Shinzo Abe to beef up defense of outlying islands, including those also claimed by Beijing. In the eyes of China and Mr. Abe's opponents at home, it would also be a worrying further step away from the country's postwar pacifism.

Japan already has four flat-top destroyers of the Izumo and Hyuga classes, which can accommodate helicopters. The panel didn't specify the type of aircraft carrier it is recommending, but a ruling-party official said lawmakers are looking at whether to adapt those destroyers, built at a cost of \$1 billion or more, to handle fighter jets.

The panel also recommended acquiring F-35B jets, which can take off and land vertically, making them suitable for shorter-deck carriers such

as the Izumo and small islands without full-length runways. The U.S. has deployed its own F-35Bs at a U.S. base in Japan.

Echoing language used by Mr. Abe, the panel said Japan faces "the greatest crisis situation of the postwar era." It cited Chinese "incursions" near East China Sea islands that are controlled by Japan and claimed by China. In recent years, China has sent progressively larger coast-guard ships, some of them armed, to circle the islands.

A ruling-party official said the final version of the recommendations would be released in late May. They are meant to influence the next five-year defense plan, which Mr. Abe's government is set to issue by December.

A Defense Ministry spokeswoman said the government is studying new uses for the Izumo-class destroyers and examining the capabilities of F-35B aircraft, but hasn't decided what to deploy.

Japan hasn't had a full-fledged aircraft carrier since World War II. At the beginning of the war, it had one of the world's most powerful aircraft-carrier forces, which enabled the December 1941 attack on Pearl Harbor, but most of the fleet was sunk by the U.S. Navy.

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WORLD NEWS

Sarkozy Is Held For Questioning In French Probe

Libya is alleged to have directed money to former president's successful 2007 run

By MATTHEW DALTON AND WILLIAM HOROBIN

PARIS—Former French President Nicolas Sarkozy was detained for questioning in an investigation into whether Libyan dictator Moammar Gadhafi provided tens of millions of euros in illegal financing for his successful 2007 election campaign, a judicial official said.

Tuesday's interrogation marks a crucial step in a multiyear probe that has forced French investigators to hunt for evidence in the rubble left by Libya's chaotic civil war.

The allegations first came to public view in 2011, days before North Atlantic Treaty Organization countries launched strikes championed by Mr. Sarkozy to support rebels

fighting Gadhafi's government. Gadhafi's son, Saif, said in a television interview at the time that "Sarkozy must first give back the money he took from Libya to finance his electoral campaign."

The alleged payments would constitute one of the most explosive scandals in modern French politics, tying Mr. Sarkozy's rise to a leader accused of blowing up Pan Am Flight 103 over Lockerbie, Scotland, and other terrorist acts.

Mr. Sarkozy has denied the accusations, calling them "grotesque." His lawyer couldn't be reached to comment. French authorities haven't brought charges against Mr. Sarkozy.

The collapse of the Libyan regime has complicated the probe, officials involved in the case said. Documents have been lost or destroyed in the ensuing turmoil.

Many potential witnesses—including Gadhafi himself—were either killed or are living in countries beyond the reach



JEFF PACHOUD/AGENCE FRANCE PRESSE/GETTY IMAGES



Nicolas Sarkozy visited the Auvergne-Rhone-Alpes region in December, left. The late Libyan dictator Moammar Gadhafi, above, is alleged to have given Mr. Sarkozy's 2007 campaign millions of euros.

of French authorities. One of them, Bashir Saleh, Gadhafi's former chief of staff, survived a shooting last month in South Africa, where he has been living in exile. The attack is under investigation by the South African police.

Investigators had yet to question Mr. Sarkozy in this case, preferring instead to gather evidence that could support the allegations against him, the officials said.

Those allegations gained momentum in April 2012, shortly before Mr. Sarkozy lost his re-election campaign to François

Hollande. The French website Mediapart reported on a document allegedly drafted by the head of Libya's intelligence service in December 2006 pledging to provide €50 million (\$61.7 million at today's exchange rate) for Mr. Sarkozy's campaign. Mr. Sarkozy has said the document is a forgery, but officials said it became a crucial piece of evidence in the French investigation.

Investigators have also been examining allegations made by Ziad Takieddine, a businessman and associate of Mr. Sarkozy, that he helped set

up payments between Libya and Mr. Sarkozy's campaign. In 2016, Mr. Takieddine said in interviews that he delivered suitcases full of Libyan cash to Mr. Sarkozy in 2006, while he was interior minister but also running for president.

As president, Mr. Sarkozy led an effort to thaw relations between the West and Libya, which was a pariah state because of sanctions imposed after the 1988 Lockerbie bombing.

Mr. Sarkozy traveled to Tripoli in 2007, signing arms contracts with Gadhafi. Later

that year, Mr. Sarkozy welcomed Gadhafi in Paris, where the Libyan leader pitched his customary Bedouin-style tent on the grounds of a mansion in the city.

In a separate case, Mr. Sarkozy has been ordered to stand trial over allegations he broke campaign-financing rules by overspending in his failed re-election bid in 2012. He has denied being aware of any overspending in that campaign.

—Joe Parkinson
in Johannesburg
contributed to this article.

EU Says Trade With U.S. Is Fair

By EMRE PEKER

BRUSSELS—The European Union's top trade official arrived in Washington on Tuesday with a daunting task: convince the Trump administration that, contrary to White House claims, the bloc's economic relationship with the U.S. is fair.

In two days of meetings, EU Trade Commissioner Cecilia Malmström will press counterparts including Commerce Secretary Wilbur Ross to exempt the bloc from President Donald Trump's steel and aluminum tariffs, which are set to take effect Friday.

Mr. Trump invoked a threat to national security to justify the tariffs, leaving the EU aghast, given that 22 of the bloc's 28 members are also North Atlantic Treaty Organization allies of the U.S.

EU officials are urging the White House to consider both significant trans-Atlantic economic links and risks the duties could pose to the broader alliance that shaped the post-war global order. The EU is also calling on the U.S. to jointly tackle China's market-distorting policies instead of punishing partners worldwide.

"What we want to do is to clear up this mess," Ms. Malmström told the European Parliament last week. "We don't want a trade war."

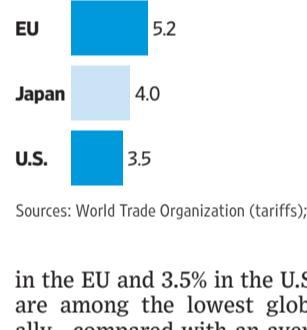
The U.S. and the EU together account for nearly half of global economic output—and each is the other's top trading partner.

Annual trade in goods and services tops \$1 trillion, while bilateral foreign-direct investment stands at \$5 trillion annually. Average tariffs of 5.2%

Balancing Act

The U.S. and the European Union impose relatively low tariffs and trade between them has soared, though the Trump administration blames some EU duties for increasing the U.S. trade deficit.

Average applied tariffs among WTO members



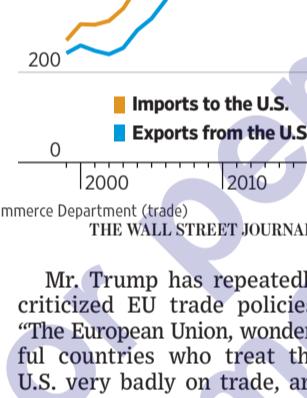
in the EU and 3.5% in the U.S. are among the lowest globally—compared with an average of about 9% among the World Trade Organization's 164 members.

"If the president thinks the EU is unfair, then boy, is everyone else even more unfair,"

Policy makers on both sides have angled for years to protect select domestic industries.

said Peter Chase, a former U.S. diplomat who is now a Brussels-based fellow at the German Marshall Fund. "The trans-Atlantic relationship is completely unique in that it is an evenly balanced, investment-based relationship—it's not just trade-based."

U.S. trade with the EU, goods and services



Mr. Trump has repeatedly criticized EU trade policies. "The European Union, wonderful countries who treat the U.S. very badly on trade, are complaining about the tariffs on Steel & Aluminum. If they drop their horrific barriers & tariffs on U.S. products going in, we will likewise drop ours. Big Deficit. If not, we Tax Cars etc. FAIR!" he tweeted this month.

Mr. Trump has focused on specific EU duties—like cars, which at 10% are four times the U.S. level for the EU—that the administration blames for skewing commerce and exacerbating the U.S. trade deficit.

Both European and American policy makers have for decades angled to protect select industries for domestic interests. That has resulted in high levies from both sides on certain products, from apparel to agriculture, despite their collective drive toward a tariff-

free world.

The U.S. has safeguarded certain crops for years, with levies of as much as 350% on some tobacco products such as snuff and up to 32% on some cotton apparel. European officials have shielded farmers such as citrus growers with up to 34% tariffs on products including some juices, and still maintain a 10% levy on cars despite boasting six of the world's 20 biggest auto makers.

"How you introduce fairness into a system as complex as that is not a simple question, and doing it line-by-line is obviously quite a challenge," said Ken Ash, trade and agriculture director for the Organization for Economic Cooperation and Development. "If you look at the EU-U.S. trading relationship, it is remarkably open already."

One way to iron out outstanding issues, say trade specialists, could be a comprehensive economic arrangement, like the Trans-Atlantic Trade and Investment Partnership that Brussels and Washington negotiated for three years.

Their aim was to eliminate 98% of levies while establishing mutual regulatory recognition, which would remove non-tariff barriers such as different product specifications and safety standards.

But public and political resistance on both sides of the Atlantic, and Mr. Trump's election on his "America First" platform opposed to multilateral treaties, in effect ended talks for the pact known as TTIP in 2016. Now, the two allies find themselves on the brink of an escalating trade spat.

Europe Central Bank Staff Skews German

By TOM FAIRLESS AND PATRICIA KOWSMANN

FRANKFURT—Germany's outsized influence at the European Central Bank is raising concerns among some eurozone officials and banking executives ahead of a decision over whether to name a German to lead the institution for the first time.

The ECB, based here in Germany's financial capital, has more German nationals on its staff than French, Italians and Spanish combined, according to new data that could heighten concerns over German dominance of the European Union's most important institutions.

Of roughly 2,900 ECB staff on permanent or fixed-term contracts, 29% are German, while only 8% are French, according to 2017 data seen by The Wall Street Journal.

Eurozone leaders are preparing sensitive decisions over the future of their currency union, including who to appoint as the ECB's president when Mario Draghi steps down next year. German Bundesbank President Jens Weidmann is considered a favorite, partly because the top post has never been held by a German.

But the data reviewed by the Journal show Germans already have a giant footprint at the institution. The ECB doesn't make the data public, unlike other EU institutions such as the Brussels-based European Commission, the bloc's executive arm.

"There is a 'Germanization'

of the ECB, which of course feeds into this feeling of bias against peripheral countries," said the chief executive of a bank in Southern Europe, where Germany was widely criticized for pushing excessive austerity during the region's recent debt crisis.

Germans have "a certain view on austerity, how you handle money, how you handle leverage, a very strong view on quantitative easing," said Karel Lannoo, chief executive of the Center for European Policy Studies, a Brussels think tank.

The ECB is often criticized in German media for its anti-crisis stimulus measures under Mr. Draghi, an Italian. But elsewhere in the eurozone, many think the ECB took too long to act aggressively against the crisis because of German sensibilities.

Against that background, appointing a German to run the central bank could aggravate concerns over excessive German influence.

One official at a eurozone central bank said the ECB has publicly criticized banking practices in Italy, Portugal and Greece while sparing German lenders.

"There are different treatments for different countries," the official said.

An ECB spokesman said the bank recruits on the basis of excellence, not nationality. "Since we are situated in Germany it is natural that many German citizens work for us and this has always been the case throughout our 20-year history," the spokesman said.

COIN

Continued from Page One
newly created digital coins or tokens, which they can trade.

An ICO is often described as situated between a traditional initial public offering and crowdfunding.

More than 180 coin offerings are expected to launch in March, according to an estimate from research firm Token Report. That would exceed January's total of 175 and fall only a bit below February's 197 offerings. But the March projects are expected to raise only \$795 million, down 45% from February's \$1.44 billion.

March's ICO tally, which would be the lowest since August, would be the first data to reflect the state of the booming industry after The Wall Street Journal reported that the Securities and Exchange Commission had sent out dozens of subpoenas and information requests questioning how the deals work and whether they evaded investor-protection laws.

For example, in a securities filing March 1, online retailer Overstock.com disclosed that the SEC requested information about the ICO of its cryptocurrency-focused subsidiary in February. The company said in the filing that it is complying with the investigation.

Among other claims, the regulators are probing whether companies and key advisers have breached rules that govern how middlemen such as brokers sell the investments to the public, according to people familiar with the matter.

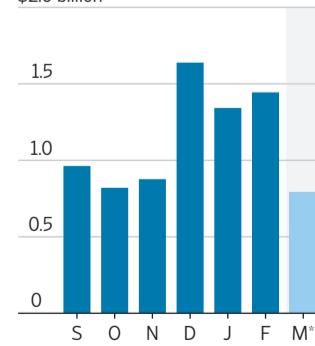
In recent months, the SEC has sent at least 80 subpoenas and requests for information to various companies involved in ICOs. These include not only the firms that are creating the new tokens, like Overstock.com Inc.'s tZero, but firms that operate as advisers and investors as well.

SEC Enforcement Director Stephanie Avakian confirmed at a conference last week that the regulator has "dozens" of investigations related to cryptocurrencies under way.

Cooling Off

Completed coin-offering deals and proceeds have fallen as regulators probe the market.

Proceeds raised in initial coin offerings, or ICOs



The SEC is particularly concerned about misconduct related to ICOs that haven't raised as much money as the top 20 in the market, said Melissa Hodgman, an associate director in the SEC's enforcement division. "The minute we go beyond that we start to see problems in one way or another," Ms. Hodgman told the SEC's investor advisory

committee earlier this month.

Despite a March slowdown in completed deals, the first quarter is still on pace for roughly \$3.6 billion in ICO fundraising, according to Token Report—which would be more than half of the \$6.6 billion raised in all of 2017.

Another change: More ICOs are limiting their sales to institutions and millionaires,

which allows them to avoid most SEC requirements.

In the first quarter, there was a marked increase in how much capital is being raised in what is called a "presale" phase, when companies offer tokens to a small coterie of inside and accredited investors. In the fourth quarter of 2017, such private sales made up about 15% of total sales, Token Report said. In the first quarter of 2018, that rose to about 24%.

Some ICO deals are structured to avoid SEC regulation and instead emphasize the access or technological utility that comes from owning the token.

Still, some of the sales could be problematic. The SEC's probes include requests for copies of agreements that spell out financial arrangements between businesses and people who help launch the initial coin offerings, one of the people said. The SEC's concern is that firms have compensated vendors with a percentage of tokens offered or funds they raised, which would ordinarily require them to register as brokers.

The SEC often looks for signs of "transaction-based compensation"—commissions, bonuses, or other payments based on the value of assets raised—in deals that may evade the securities laws. That pattern is just one of the possible claims the SEC is investigating as part of a broad look at how ICOs are structured and sold to the public.

SEC Chairman Jay Clayton has warned that "gatekeepers" such as brokers, lawyers and accountants could be swept into the regulatory dragnet if they don't hew to the same laws that apply to stock and bond sales when raising funds through ICOs.

The SEC has so far brought a handful of enforcement actions alleging cryptocurrency frauds, as officials have raced to keep pace with token sales in the past 18 months. Many of the cryptocurrency-related subpoenas were issued in recent weeks, likely paving the way for what lawyers and industry insiders expect to be a wave of lawsuits or settlements.

—Maureen Farrell contributed to this article.

WORLD NEWS

G-20 Split Over U.S. Trade Plan Deepens

BUENOS AIRES—Finance ministers and central bankers from the Group of 20 countries failed to reach a new agreement on trade, amid a deepening split between the U.S. and other major economies over Washington's plans to impose tariffs on steel and aluminum.

By **Josh Zumbrun, Andrea Thomas and Paul Kiernan**

G-20 summits revolve around writing a communiqué of shared principles on major economic policies. After two days of negotiations, the closing statement released here Tuesday said G-20 officials "recognize the need for further dialogue and actions" on trade and they reaffirmed a set of principles adopted last year at a G-20 summit in Hamburg.

Finance ministers from Germany, France, Brazil and other nations pressed the U.S. to take a multilateral, rather than unilateral, approach to trade policy. The focus on Washington's trade policies hindered U.S. efforts to turn attention at the meeting to China's policies.

The Trump administration is set to implement global tariffs of 25% on steel and 10% on aluminum imports that take effect on Friday.

U.S. Treasury Secretary Steven Mnuchin, at a news conference in the Argentine capital, said of the tariffs, "What we're looking for is free and fair, reciprocal trade."

The U.S. tariffs could fall heavily on some of Washington's traditional allies in the G-20, whose members account for more than 80% of global economic output.

◆ Trade war tops investors' list of worries..... B14

Myanmar Blocks Refugees' Return

By **JON EMONT**

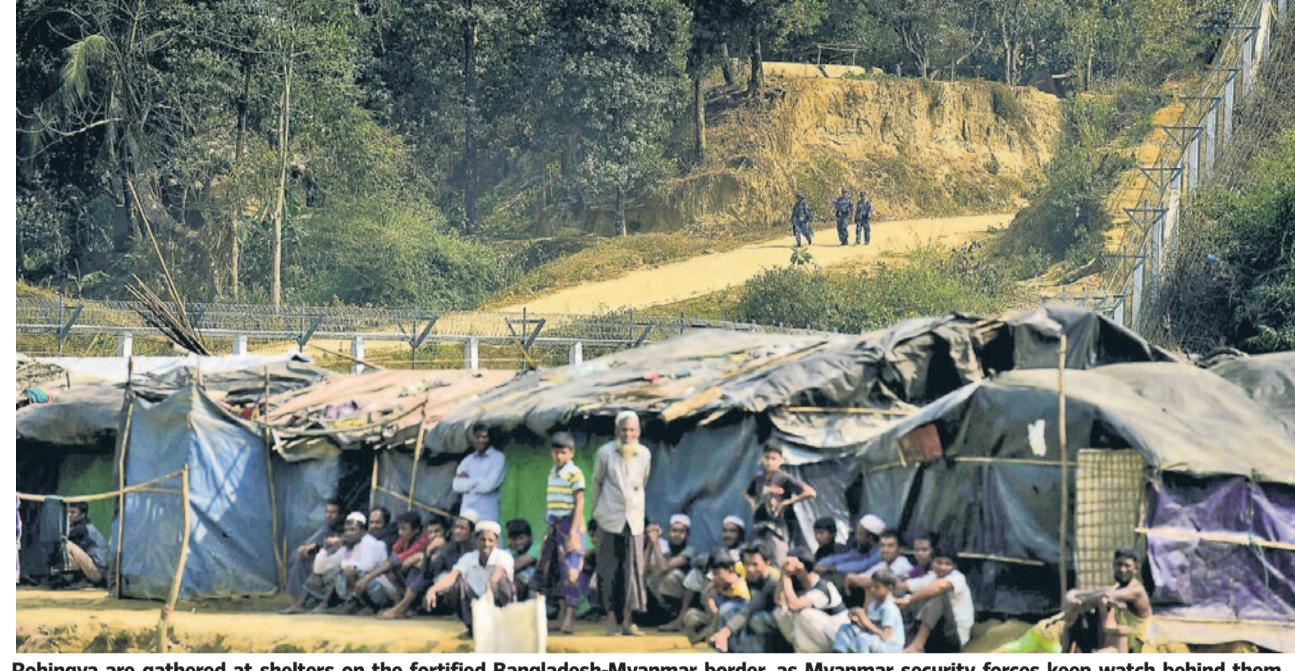
KONAPARA, Bangladesh—Myanmar's military is fortifying its border with Bangladesh with a new fence, security forces and land mines, inflaming tensions with its neighbor and sending a "keep out" message to the hundreds of thousands of Rohingya refugees it drove from the country.

The chain-link fence, reinforced with barbed wire, anchored in concrete and buttressed in some sections with bunkers and military posts, now runs for much of the 170-mile border. Rohingya say it is now impossible to get back into the country they left behind.

Bangladeshi border police and refugees say the Myanmar military has steadily fortified the border in recent weeks, part of a pattern of activity that could make permanent the expulsion of the Rohingya, an ethnic Muslim minority despised in much of the Buddhist-majority country.

"They feel that they have been successful in driving the vast number of Rohingya out, and they are going to make it hell for them to return," said Zachary Abuza, a professor at the National War College in Washington.

Myanmar leader Aung San Suu Kyi's government has said it would allow the return of Rohingya who can prove they are from Myanmar, but it has set a high bar and rejected all



Rohingya are gathered at shelters on the fortified Bangladesh-Myanmar border, as Myanmar security forces keep watch behind them.

but a few hundred of the first batch of 8,000 applicants.

On the sites of burned-out Rohingya villages across the border in Myanmar's Rakhine state, security forces are constructing what Myanmar says are settlements for repatriated Rohingya; Amnesty International says some of the buildings are to be bases for security forces.

Bangladesh summoned Myanmar's ambassador this month to complain that the military buildup would hamper repatriation. A spokesman for Ms. Suu Kyi's office said the

buildup is a response to the security threat from the refugees now living across the border.

Many of the 700,000 refugees who crossed into Bangladesh have been settled in camps. One group of 3,500 displaced Rohingya is trapped on a vulnerable sliver of land inside Myanmar, up against the Bangladeshi border near Konapara.

On one side are the border fence, set about 150 feet inside Myanmar, and Myanmar security forces. On the Bangladesh side, border guards with rifles staff small checkpoints and

patrol on foot and by truck.

The people here have refused to enter Bangladesh, stating that they are citizens of Myanmar and won't leave their country. But Myanmar doesn't recognize the Rohingya as citizens, calling them Bangladeshi.

Some of the refugees said that until January they were able to use openings in what was a poorly maintained border fence to slip deeper into Myanmar. "We can't go back across the border fence now," said Nur Alam, a Rohingya community leader. "There are no openings."



THE WALL STREET JOURNAL.

Funds Pledged for Ebola Recovery in 2015 Are Slow to Arrive

By **BETSY MCKAY**

least 17 other donors had committed funds to help Guinea, Liberia and Sierra Leone stabilize their economies and strengthen their health systems to prevent another epidemic. The three countries laid out recovery plans for 2015 through 2017.

As of late January, those donors had disbursed \$1.32 billion of the amount pledged, according to the Ebola Recovery Tracking Initiative, formed by the office of Paul Farmer,

the U.N. secretary-general's special adviser on Community-Based Medicine and Lessons from Haiti.

Dr. Farmer said the shortfall reflects a perpetual problem after humanitarian crises: People move on, and development funding to help prevent the next catastrophe is slow to come. U.S. funding to help countries build defenses against epidemics may be scaled back substantially in fiscal 2019.

International donations for recovery and development are rarely tracked, according to Dr. Farmer's U.N. office.

"We have an attention-deficit-disorder approach to disaster and mayhem," said Dr. Farmer, who is also chief strategist and co-founder of Partners in Health, a Boston-based charity that works in Sierra Leone, Liberia and several other countries. "If you don't have a strong health system,

you can't detect epidemics, much less respond to them."

Jehane Sedky, senior adviser in Dr. Farmer's office, said that disbursement amounts are the most recent reported by each donor, and the tracking initiative will be refreshed as donors update their disbursements.

The World Bank and the U.S. Agency for International Development said they have disbursed more than reported to the tracking initiative.

WORLD WATCH



TWO ALONE: The last male Northern White Rhino died Monday, leaving only females Najin and Fatu, above, of the subspecies.

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INDIA

Bodies of Militants' Victims Found in Iraq

The government said it found the bodies of 39 Indian construction workers who had been missing for more than three years since being abducted by Islamic State militants in Iraq.

India's External Affairs Minister Sushma Swaraj told Parliament on Tuesday that the bodies of the men, who had been missing since June 2014, were buried in a mound near the town of Badush, about 20 miles northwest of Mosul, where the men were working when they were abducted.

The identities of 38 men have been confirmed using DNA testing while the identification of the 39th man is progressing, Ms. Swaraj said.

"I am saying it with a heavy heart that they have been killed," she said.

The government had been refusing to declare the men dead due to a lack of evidence they had been killed. The men were workers from the Indian states of Punjab, Himachal, Bihar and West Bengal.

—Krishna Pokharel

PHILIPPINES

U.N. Slows Duterte's Departure From ICC

The United Nations said Manila must serve out a one-year notice period to leave the International Criminal Court, thwarting President Rodrigo Duterte's bid to walk out immediately over the court's examination of alleged crimes against humanity in the Philippines.

Mr. Duterte has rejected international criticism of his bloody—but domestically popular—war on drugs, feuding with the U.S. and Western institutions like the European Union over the issue.

The ICC, based in The Hague, the Netherlands, is examining thousands of alleged extrajudicial killings in Mr. Duterte's drug war. The government says the high body count is the result of police returning suspects' fire.

The ICC said its examination of alleged abuses in the Philippines would continue.

—Jake Maxwell Watts

SAGA

Continued from Page One

"It may be one of the least scintillating issues that Ms. Clifford could speak about, but from the perspective of Cohen's and the president's legal liability, it could be the most dangerous," he said.

In a court filing Friday, Mr. Trump's lawyers said they intend to pursue damages against Ms. Clifford—better known by her professional name, Stormy Daniels—for alleged violations of the contract, which they said could surpass \$20 million. White House representatives and Mr. Cohen have denied any sexual encounter between Ms. Clifford and Mr. Trump, who hasn't addressed the matter publicly.

The first story

The 39-year-old Ms. Clifford, who now mostly directs adult films and performs at strip clubs, has sued Mr. Trump, 71, seeking to extricate herself from the deal. She has taped an interview with "60 Minutes" expected to air this Sunday.

Ms. Clifford considered selling her story as early as April 2011, when she contacted her friend Greg Deuschle, a retired adult-film star known as Randy Spears.

At his urging, his ex-wife, Gina Rodriguez, a former pornographic actress-turned entertainment manager, called Ms. Clifford and offered to help.

Ms. Rodriguez sent an email to a reporter for Life & Style magazine, owned by Bauer Publishing, with the subject line, "Donald Trump Cheating Story."

"I wanted to see if you were interested in a very high [sic] cheating story with Donald Trump and a Porn Star," Ms. Rodriguez wrote, according to a copy of the email reviewed by The Wall Street Journal. "He was with her several times right after his current wife had there [sic] baby."

Ms. Clifford agreed to Bauer's \$15,000 offer. Reporter Jordi Lippe-McGraw said she interviewed Ms. Clifford and recorded her discussing alleged encounters with Mr. Trump, starting with dinner and sex at his hotel room after they met at a celebrity golf tournament in Lake Tahoe in 2006, according to a transcript published by Bauer.

Lie-detector tests supported the accounts of Ms. Clifford, her ex-husband Michael Mosny and Mr. Deuschle, according to reports reviewed by the Journal.

After the magazine called Mr. Trump's representatives

for comment, Mr. Cohen threatened to sue, say people familiar with the matter. Mr. Cohen, 51, didn't respond to requests for comment.

He also called Ms. Clifford's manager, Ms. Rodriguez, said Mr. Deuschle, who answered the phone.

"He said, 'You tell Gina if she ever wants to work in this business again then she needs to call me immediately,'" Mr. Deuschle recalled.

Ms. Rodriguez instead called Keith Davidson, a Los Angeles lawyer with a history of representing people who had come into possession of compromising information about celebrities.

Mr. Deuschle said Mr. Davidson advised Ms. Rodriguez to back off the story, because Ms. Clifford lacked proof, other than the names of Mr. Trump's bodyguard and one of his assistants.

In late May 2011, Life & Style informed Ms. Clifford's camp it wasn't publishing her story, according to an email reviewed by the Journal.

Ms. Clifford's current lawyer, Michael Avenatti, said Friday in an interview on MSNBC that Ms. Clifford had been threatened with physical harm if she spoke publicly about interactions with Mr. Trump.



ABC NEWS

Lawyer Michael Avenatti argues that the nondisclosure agreement is invalid.

The White House didn't respond to requests for comment. Mr. Cohen said in an interview with Vanity Fair published Monday he didn't threaten Ms. Clifford. When asked if anyone else had, he said, "I can only speak for myself."

Mr. Avenatti declined to comment in detail about Ms. Clifford's earlier attempt to sell her story.

"Unfortunately, and despite the prior WSJ reporting which was credible, this story is far more fiction than fact. Too many inaccuracies to count," he said in a written statement.

The story returned in October 2011, when a gossip website called "The Dirty" alleged that Ms. Clifford "had sex with



JOE RAEDLE/GETTY IMAGES

Stephanie Clifford, aka Stormy Daniels, prepares to perform at a Florida strip club on March 9.

Donald after one of his golfing events." Ms. Rodriguez leaked the information to the site's author, Nik Richie, he later revealed on his blog.

The post prompted Life & Style to publish a two-page spread about Mr. Trump's alleged affairs with Ms. Clifford and other women—although it didn't include the interview with Ms. Clifford.

Five years later, Mr. Trump's rise from reality-television star to Republican presidential nominee presented Ms. Clifford with a more lucrative opportunity.

Mr. Cohen learned Ms. Clifford was again in discussions with news media and contacted Mr. Davidson in September 2016, a person familiar with the matter said.

Mr. Cohen told Vanity Fair that Ms. Clifford's lawyer proposed the \$130,000 figure. "He said that she needed the money," Mr. Cohen said.

Ms. Clifford signed the contract on Oct. 28, 2016. Less than two weeks later, Mr. Trump won the election.

Several experts in campaign-finance law said the timing raises red flags. Whether the payment to Ms. Clifford amounted to a campaign contribution depends on whether it was coordinated with Mr. Trump or his campaign and whether Mr. Cohen would have paid Ms. Clifford irrespective of the election, they said.

Mr. Cohen's willingness to negotiate in 2016 could amount to powerful evidence the payment was made "because Mr. Trump was Candidate Trump," said Jessica Levinson, a law professor at Loyola Marymount University in Los Angeles.

In his Vanity Fair interview, Mr. Cohen said he made the payment out of friendship to Mr. Trump. "If she would have

come to me a month before, or three months before, I would have done the same thing," he was quoted as saying.

In January 2018, the Journal began asking about the nondisclosure agreement. Mr. Cohen requested Ms. Clifford and her attorney draft a denial, people familiar with the matter said.

A denial

Mr. Cohen emailed the Journal a statement signed by "Stormy Daniels," denying that she had a "sexual and/or romantic affair" with Mr. Trump or received payment from him.

The Journal article revealing the \$130,000 agreement ran on Jan. 12, 2018.

Five days later, Bauer dusted off the 2011 interview with Ms. Clifford and published it in its larger magazine, "In Touch Weekly."

Ms. Clifford took advantage of the attention with media appearances. On the day of Jan. 30 appearance on "Jimmy Kimmel Live!," Mr. Davidson in-

formed her Mr. Cohen wanted another statement of denial, people familiar with the matter said. Ms. Clifford was eager to appear on the show and complied, these people said.

She also got word that por-

nography publisher Larry Flynt was offering to pay her potential legal expenses if she told her story on air. Ms. Clifford, wary of the offer, maintained her silence as Mr. Kimmel pressed her for details. A spokesman for Mr. Flynt confirmed the outreach, but said "nothing came of it."

The turning point for Ms. Clifford—when she began to seriously consider speaking out—was a statement Mr. Cohen provided to news media on Feb. 13 acknowledging the deal with Ms. Clifford, people familiar with the matter said.

"Just because something isn't true doesn't mean that it can't cause you harm or damage," Mr. Cohen said.

Ms. Clifford viewed his comment as Mr. Cohen calling her a liar, and she questioned why

Mr. Cohen could speak freely while she had to remain silent, according to people familiar with the matter.

In the call soon after, Mr. Davidson told Mr. Cohen that Ms. Clifford believed he had breached the agreement. Mr. Cohen explained the FEC had sought his response to a complaint about the payment, according to people familiar with the call. Mr. Cohen has called the allegations in the complaint meritless.

New tactic

Ms. Clifford asked her lawyer to contact California billionaire Tom Steyer, who is bankrolling an anti-Trump ad campaign, to ask if he would indemnify her, a person familiar with the discussion said. Mr. Davidson declined to make the call.

In late February, Ms. Clifford decided she wanted to blow up the deal and that Mr. Davidson wasn't the man for a full-on confrontation, people familiar with the matter said.

She hired Mr. Avenatti, an aggressive, media-friendly Los Angeles lawyer who last year won a \$454 million verdict in a lawsuit alleging fraud against Kimberly-Clark Corp. and its spinoff Halyard Health Inc.

Around the same time, Mr. Cohen obtained a temporary restraining order against Ms. Clifford in arbitration.

Mr. Avenatti then filed a lawsuit in Los Angeles County Superior Court asking a judge to declare the nondisclosure agreement invalid on the grounds that Mr. Trump didn't sign it and Mr. Cohen had breached it.

Ms. Clifford, who has been drawing big crowds lately at strip clubs around the country, recently established a crowdfunding site to finance her legal battle. As of Tuesday evening, it had raised more than \$270,000.

Judge Allows Defamation Lawsuit Against Trump

BY JACOB GERSHMAN AND JOE PALAZZOLO

A New York judge ruled that President Donald Trump must face a defamation suit brought by a former contestant on "The Apprentice" who accused him in 2016 of making unwanted sexual advances.

The ruling on Tuesday came in a lawsuit brought by Summer Zervos in state court in Manhattan in January 2017. Weeks before the election, Ms. Zervos accused Mr. Trump of kissing and groping her without her permission about a decade earlier.

After Mr. Trump suggested on Twitter, at campaign rallies and during presidential debates that her story was a "hoax" and "phony," and made up to get attention, Ms. Zervos sued, claiming he had "debased and denigrated" her "with false statements."

Mr. Trump has said the suit has no merit and has vehemently denied the sexual-misconduct allegations, which Ms. Zervos made during a news conference in the wake of the release of a 2005 "Access Hollywood" tape of Mr. Trump talking lewdly about women.

Meanwhile, a former Playboy playmate who says she had an extramarital affair with Mr. Trump filed suit Tuesday in a Los Angeles court seeking to extricate herself from a con-



ZUMA PRESS

tract with the publisher of the National Enquirer that kept her from telling her story publicly in the months before the 2016 election.

American Media Inc., run by a Trump friend, agreed in August of that year to pay Karen McDougal \$150,000 for her exclusive story of the alleged 2006 affair, which it then didn't publish, a tactic known in the tabloid world as "catch and kill."

An American Media spokesman said it has fulfilled its end of the contract with Ms. McDougal. The White House has denied her account of an affair with the president.

In "The Apprentice" case, Mr. Trump's lawyers also argued the litigation should at least be postponed until the end of his presidency, saying the Constitution "immunizes the President from being sued in state court while in office," and that defending himself in the proceeding would "interfere with his ability to perform his duties."

Justice Jennifer Schechter rejected the argument for delay, concluding the former "Apprentice" contestant could have her day in court.

"No one is above the law," wrote Justice Schechter. "Nothing in the Supremacy Clause of the United States Constitution even suggests that the President cannot be called to account before a state court for wrongful conduct that bears no relationship to any federal executive responsibility."

Mr. Trump's lawyer, Marc Kasowitz, said the president would appeal the decision and seek to halt the case while higher courts review Justice Schechter's opinion.

Attorney Gloria Allred, who represents Ms. Zervos, couldn't be reached to comment.

The ruling relied partly on the Supreme Court's 1997 decision that Paula Jones could sue President Bill Clinton in federal court over conduct that predated his administration.

which men and women hold women to these weird standards."

Dr. Rutherford makes no apologies for stealing scrunchies from her 6-year-old daughter. Her favorite is a geometric print in emerald green, navy and white. She's worn it while giving lectures and to meetings with her dean.

Cassandra Jennings, 22, recently tested the scrunchie waters on Wall Street. She works at a marketing firm and usually dresses up, but was having one of those days. "I had a normal hair tie in my hair at first but then my eyes were just going to my scrunchie," she says.

She pulled her hair back in a tight bun and put on a white velvet scrunchie. No one said a word, but she felt self-conscious the whole day. "I was aware that I was wearing it," she says. "I think I was judging myself."

—Jess Bravin contributed to this article.



Michael Cohen has said he personally paid Ms. Clifford \$130,000 out of friendship to Mr. Trump.

HAIR

Continued from Page One

to Supreme Court Justice Ruth Bader Ginsburg, who made a decision long ago to stick to scrunchies. "I have been wearing scrunchies for years," said Justice Ginsburg, who has definite opinions about the hair accessory. "My best scrunchies come from Zurich. Next best, London, and third best, Rome."

Justice Ginsburg has a variety. "My scrunchie collection is not as large as my collar and glove collections, but scrunchies are catching up," she said.

Scrunchies, often in bright colors and patterns, were once everywhere. Yet scrunchies had been out for so long by 2003 that, in an episode of "Sex and the City," Carrie Bradshaw tells her author boyfriend his new book has one flaw: His leading lady runs around Manhattan in

a scrunchie.

"No woman who works at W Magazine and lives on Perry Street would be caught dead at a hip downtown restaurant wearing a scrunchie!" she says.

But W Magazine included scrunchies on its trend list for 2018. Scrunchies appeared on the runway at New York Fashion Week in September during the Mansur Gavriel show. Balenciaga included a lambskin scrunchie in its 2018 resort collection (they call it a chouchou) that retails for \$195.

And Urban Outfitters said it saw a 170% growth in scrunchie sales in 2017.

Some in the pro-scrunchie camp say they're gentler than elastics and easy, like sweatpants for your hair. Scrunchie haters say...they're like sweatpants for your hair.

Abigail Newlin, 27, was appalled when a co-worker friend started wearing scrunchies to the marketing communications

firm where they work in Los Angeles. Her initial reaction was, "Did you look in the mirror? Why are you at work right now?"

Ms. Newlin says scrunchie-wearing should be reserved for throwback '80s parties and cleaning your bathroom. When she sees other co-workers in scrunchies, she silently judges them. "It's not as funny when girls that I'm not friends with wear them because then I can't make fun of them."

Kinsey Greenfield, 26, was emboldened to start wearing scrunchies while riding the L-train from Brooklyn to Manhattan. "I remember seeing these stunning model-esque-like humans wearing scrunchies," says Ms. Greenfield, who works at Twitter. "And I was like, oh my gosh, thank you so much. This gives me permission."

She bought a four-pack: floral print, blue, mustard and brown.

Ms. Greenfield had an internal debate the morning she first wore a scrunchie to work, wondering if it made her look younger or unqualified. Then she looked at her hair and thought: "It's up, it works, it's appropriate, it's happening today." Colleagues called it a "fun choice."

Nicole Belyna, a recruitment manager who serves on a panel for the Society for Human Resource Management, says if it were up to her, scrunchies wouldn't be allowed. She views them as reminiscent of big-toned TV stars. "Do I think it's professional? Would I wear a scrunchie? Absolutely not," she says. "But if it's not a customer-facing situation, then it becomes a matter of taste."

Karli Henriquez, 34, who lives in Los Angeles, says last spring she wore a beige velour scrunchie to the office where she worked at the time. "You're ready to wash your hair, you're done with the dry shampoos

and you're ready to give up. That's when the scrunchies come into play."

She says her boss walked by and said, "Karli, this isn't 'Sex and the City.'"

"I definitely would have preferred a D.J. Tanner reference," she says, referencing the oldest daughter from "Full House." "Then I'd be like, OK you get it."

While Ms. Henriquez supports scrunchie-wearing in the workplace—"You let us put whatever we want on our head to get the job done," she says—she draws a line at hot pink or neon green. "As a client in a big meeting, I'd be a little suspicious and not want to sign any deals."

Juliennne Rutherford, 44, a biological anthropologist who teaches at the University of Illinois at Chicago, says women shouldn't be limited to wearing only certain scrunchies. "I just reject all that," she says. "There are still these cultural ways in

GREATER NEW YORK

The Big Apple Sets A Tourism Record

New attractions in Times Square helped to draw 2.3 million more visitors in 2017

By CHARLES PASSY

Despite concerns about a potential "Trump slump" in tourism, New York City welcomed a record 62.8 million visitors in 2017, according to NYC & Company, the city's official tourism-marketing organization.

The figure, released Tuesday, represented an increase of 2.3 million visitors, or 3.8%, over the previous year. NYC & Company officials said it was the eighth consecutive year the city set a tourism record.

The gains in 2017 were

spread among both domestic and international travelers. The former increased by 3.9% to 49.7 million, while the latter rose by 3.4% to 13.1 million.

Some New York tourism-industry insiders feared a leveling off or even a decline in 2017. The concern was that President Donald Trump's efforts to impose a ban on travelers from certain countries would leave international tourists less interested in general in coming to the U.S.

The worries, however, proved unfounded, said Fred Dixon, president and CEO of NYC & Company. "As the year progressed, consumer sentiment began to change and people were looking beyond the politics," he said.

Still, New York City is buck-

ing the broader U.S. trend, at least when it comes to international tourism. From January through September 2017, the number of visitors to the U.S. declined by 3.8% to roughly 55 million, according to preliminary numbers from the Commerce Department. Figures for the full year have yet to be released.

NYC & Company officials say several factors are helping the city continue to boost its tourism numbers. More international airlines are providing service into local airports. And new attractions are opening, including some in the Times Square area, New York City's tourist hub.

Moreover, last year, the city launched NYC Ferry, a service that connects neighborhoods and destinations.

NYC & Company has tried



Tourists posed with the charging bull statue in New York in January.

LUCAS JACKSON/REUTERS

to counteract any hesitancy among international travelers with a new marketing campaign that emphasizes a "welcoming the world" message.

Ultimately, tourism-industry insiders say New York City remains too much of a bucket-list destination to stop visitors from coming.

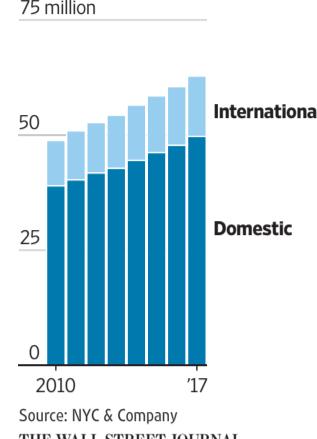
"It's a magnet for foreign-

ers. It's been that way since the 19th century," said Lou Hammond, who heads a tourism-public-relations company that has an office in the city.

New York City has proved especially appealing with travelers from certain foreign markets. In particular, the number of Chinese visitors topped 1 million for the first

Vacation Hotspot

Total visitors to New York City



Source: NYC & Company

THE WALL STREET JOURNAL.

time in 2017. Only the U.K. has a larger pipeline of tourists, at 1.2 million.

The growth in visitors has been matched by a growth in lodgings, with 36 hotels opening in the past year, according to NYC & Company. More than 100 hotels are still in the construction pipeline, the tourism organization added.

Hospitals Inject New Life Into Communities

By KATE KING

NEWARK, N.J.—At the Rock Ya Sock warehouse here, three large machines churn out yellow, gray, blue and white hospital socks for patients at Newark Beth Israel Medical Center, a 665-bed hospital that treats a population struggling with high poverty and unemployment.

The hospital switched to a local sock vendor in late 2016 as part of a recent push by RWJBarnabas Health, one of the largest hospital systems in New Jersey and owner of Newark Beth Israel, to tackle economic issues that contribute to health problems, according to Michellene Davis, RWJBarnabas executive vice president and chief corporate affairs officer.

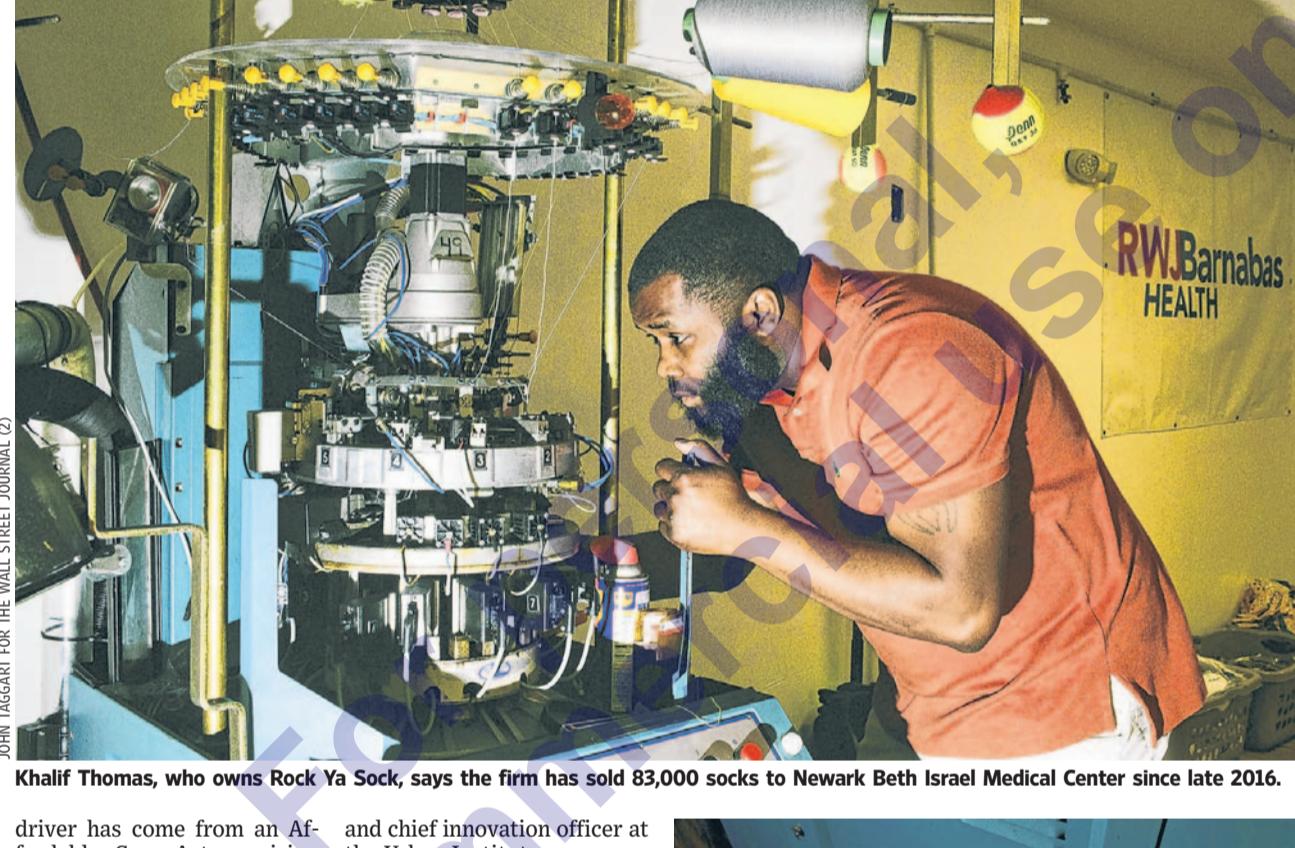
"Until we begin to address social determinants, those things outside of a clinical setting that literally are proven to have the greatest impact on a person's life expectancy and health outcomes, then nothing else happens," she said.

To that end, Newark Beth Israel has hired 169 city residents for full- and part-time jobs during the past year and will hire locally for 250 more full-time positions over the next two years. The hospital plans to spend \$610,000 this year with local women- and minority-owned businesses. It also has invested \$5 million in a Newark venture-capital project to develop local tech entrepreneurs and provided a \$150,000 grant to a commercial-redevelopment program.

Newark isn't the only city where health-care systems are taking this approach. In Baltimore, Johns Hopkins University & Health System has pledged to spend \$6 million over three years with suppliers based in the city to help strengthen the local community.

The Cleveland Clinic and University Hospitals systems in Ohio joined with Case Western Reserve University to form a nonprofit-business incubator that has helped launch three worker-owned cooperatives employing nearly 250 people.

With U.S. health-care providers under pressure to slow growing costs, hospitals increasingly are looking to provide preventive care in addition to treating illness. Another



Khalif Thomas, who owns Rock Ya Sock, says the firm has sold 83,000 socks to Newark Beth Israel Medical Center since late 2016.

driver has come from an Affordable Care Act provision that requires tax-exempt hospitals to complete "community health needs" assessments every three years. Hospitals must solicit input from the public on local issues that affect health.

Newark hospital hired 169 city residents for full- and part-time jobs in the past year.

"The current fee-for-service model, in which we're not actually addressing the root causes for why people are showing up in the emergency room, just is not sustainable," said David Zuckerman, director of health-care engagement for the Democracy Collaborative, a think tank and advisory group.

Health-care institutions and other large nonprofits also have come under pressure from some city leaders to contribute more, said Erika Poethig, vice president for policy

and chief innovation officer at the Urban Institute, a nonpartisan research organization. In Pittsburgh, former Mayor Luke Ravenstahl sued to revoke the tax-exempt status of the University of Pittsburgh Medical Center in 2013, saying it wasn't providing enough charitable support to the cash-strapped city despite growing revenue.

"A lot of the valuable land is not taxable, but the city is providing services to those institutions: fire, police, garbage pickup, street repair," Ms. Poethig said.

Newark Mayor Ras Baraka has pushed employers to boost local hiring and procurement. In 2015, only about 17% of more than 128,000 jobs based in Newark were held by residents of the city, according to the state Labor Department.

Mr. Baraka's administration announced last June that more than 20 companies and nonprofits had agreed to hire a combined 2,020 unemployed Newark residents by the year 2020. Employers that receive tax abatements and other incentives should invest in their local neighborhoods, he said.

The push to focus on local economic development prompted Newark Beth Israel to sign a contract with Rock Ya Sock owner Khalif Thomas, an HVAC mechanic at the hospital who was operating a small side business making novelty and sports-themed socks.

After Mr. Thomas landed the hospital as a client, he expanded and renovated the warehouse space where he and his three employees work.

Since late 2016, he said he has sold 83,000 socks to the

hospital, but he declined to provide the terms of the contract. He said he hopes his company will begin supplying socks to four other hospitals this year. To accommodate the expansion he said he would need to hire a dozen more employees.

Becoming an entrepreneur in his hometown represents fulfillment of a lifelong dream, Mr. Thomas said. "I was born in this hospital, and I'm able to walk in there and see people with my product on," he said. "It makes me want to work harder."

Ex-Nanny Depressed, Sister Says At Trial

By CORINNE RAMEY

The former Manhattan nanny on trial for murder heard voices and seemed to be unraveling in the weeks before she stabbed her two young charges to death, her sister testified Tuesday.

Delci Ortega, the older sibling of ex-nanny Yoselyn Ortega, said her once-cheerful sister became thin and depressed in the weeks before the Oct. 25, 2012, killings. Once, she said, Yoselyn woke up in the middle of the night and threw pots and pans.

"She wasn't the same Yosie," testified Delci, using her sister's nickname, in state Supreme Court in Manhattan. "She would tell me to pray for her a lot, so she could get rid of whatever she had inside."

Yoselyn Ortega, who is 55 years old, is charged with murder for fatally stabbing 2-year-old Leo and 6-year-old Lucia "Lulu" Krim inside their Upper West Side apartment. The former nanny has pleaded not guilty by reason of insanity, meaning she admits killing the children but says she wasn't in her right mind at the time.

Prosecutors argue Yoselyn Ortega understood her actions and was motivated by workload conflicts with Marina Krim, the children's mother.

Using the sister's testimony, defense attorney Valerie Van Leer-Greenberg created a portrait for the jury of a woman descending into mental illness.

On a Sunday shortly before the killings, the sisters, who are of Dominican heritage, went to Mass. "She was very sad, and depressed, and holding on to my hand," Delci Ortega recalled through a Spanish interpreter. "She told me she heard voices. She saw a black man. She would forget where she was, and I would say to her, 'You're in church, sister.'"

On Oct. 22, 2012, Yoselyn Ortega went to see a psychologist, Delci told the jury, adding that her sister said she couldn't make another appointment because she had to work for the Krim's.

The night before the killings, Yoselyn Ortega asked her sister to stay in her bedroom in the apartment they shared in the Hamilton Heights neighborhood of Manhattan while she was going to sleep. Delci said her sister told her she was hearing voices again and didn't feel like her old self.

Delci said she told her sister: "I pray to God, so he'll take away all those things and you can go back to being who you are."

During cross examination, Assistant District Attorney Courtney Groves sought to undermine Delci Ortega's testimony, noting she had mixed up dates and details. She also questioned the idea that the "black man" her sister spoke of could be the devil. "Did the defendant ever tell you that the devil was commanding her to kill the Krim children?" Ms. Groves asked. "No," Delci replied.

Challenger Cynthia Nixon Paints Cuomo as Out of Touch

By MIKE VILENSKY AND KATE KING

Newly declared gubernatorial candidate Cynthia Nixon offered a full-bore attack on Gov. Andrew Cuomo on Tuesday, painting the incumbent as out of touch and catering to wealthy donors.

Ms. Nixon, the "Sex & the City" star who announced Monday she would challenge Mr. Cuomo in the Democratic primary, tore into his political sensitivities, including his alliance with Republican legislators, the problems with New York City's

subways, and the recent corruption conviction of his former top aide Joseph Percoco.

But her main message to the crowd in the Brownsville neighborhood of Brooklyn was that the two-term governor has neglected average New Yorkers and instead governed on behalf of the state's most privileged.

"Since taking office, Andrew Cuomo has given massive tax breaks to corporations and the super-rich, while decimating our infrastructure and starving our state of basic services," she said. "His inhumane budgets have been passed on the backs

of our children, elderly, working class and people of color."

Mr. Cuomo, the front-runner, is campaigning for a third term. A Cuomo representative didn't immediately respond to Ms. Nixon's comments on Tuesday.

Ms. Nixon, who lives in Manhattan, rode the subway to the event. She began her speech by noting that it took an hour and a half for "what should have been a 30-minute ride," pinning it on "Cuomo's MTA."

An MTA spokesman and former Cuomo aide tweeted in response that the delays were due to a sick passenger.



Actress Cynthia Nixon, who is running for governor of New York, sat with the audience at a campaign stop in Brooklyn on Tuesday.

SHANNON STAPLETON/REUTERS

GREATER NEW YORK

A Spring Nor'easter Targets The Region

BY MELANIE GRAYCE WEST

New York City public schools will be closed Wednesday in anticipation of another winter blast expected to bring heavy snow and high winds to a region already battered by three nor'easters in as many weeks.

A winter-storm warning was in effect for most of the tri-state region until Thursday morning, and the National Weather Service predicted up to 12 to 15 inches of snow for New York City and an area stretching from northeast New Jersey to southern Connecticut. Some 6 to 10 inches are anticipated for Orange and Putnam counties as well as parts of Long Island.

New York City Mayor Bill de Blasio said Tuesday that the weather during the next 36 hours would be "very unpredictable."

"This is a storm that is going to start slow and pick up very quickly," he said.

The New York City Emergency Management Department issued a hazardous-travel advisory for Wednesday and urged people to use mass transit and be prepared for coastal flooding.

A mix of snow, freezing rain and sleet is expected to start Wednesday morning, with heavy snow in the afternoon and evening, forecasters said. The storm is expected to affect a wide swath from Virginia to Boston, depositing 16 inches or more in some locations, with wind gusts of up to 45 miles an hour.

The highest single-day snowfall total for New York City in the month of March was 16.5 inches on March 12, 1888.

Wednesday's storm, nicknamed the "Four'easter," follows a trio of nor'easters that knocked out power for days across the region.

METRO MONEY | By Anne Kadet

Clock Master Keeps the City Ticking



The City of New York employs an eye-popping 330,957 workers. But only

one carries what may be the coolest job title in the municipal universe: Clock Master.

Earlier this month, Marvin Schneider, who is 78 years old, set to work on an 18th-century grandfather clock in the council speaker's office in City Hall. It was three minutes slow. "Last week, when we got in, the clock was fast," he said. "We slowed it up too much."

He was accompanied by Forest Markowitz, the volunteer understudy who accompanies him on his weekly rounds. "I'll be 68," said Mr. Markowitz, who is retired from the city's Office of Labor Relations. "I'm the spring chicken here."

Mr. Schneider maintains all the clocks under the purview of the Department of City-wide Administrative Services, an agency responsible for everything from civil-service exams to building management. He looks after about a dozen clocks.

His is the most part-time job of part-time jobs—he works on Wednesday mornings. But occasionally a repair can take all day. The old clocks are quirky and full of personality.

"It's elderly, in need of TLC, and unpredictable," Mr. Markowitz said of the grandfather clock. "Sounds like my mother-in-law."

Mr. Schneider got his start in 1980 while working with the city's Human Resources Administration, from which he is now retired. That year, he noticed that the tower clock at 346 Broadway in lower Manhattan, then city-owned, wasn't running. His mechanical expertise was limited to car repair, but the city let him have a crack at it.

While he wasn't formally



New York City's 'Clock Master' Marvin Schneider checked out the tower at City Hall in lower Manhattan earlier this month.

trained in clock repair, he was soon fixing municipal clocks all over town. Mayor David Dinkins appointed him Clock Master in 1992, and he is the only person to have held the position.

Each administration has its own relationship with time, Mr. Schneider said. Mayor Rudolph Giuliani demanded he turn the city's clocks ahead for daylight-saving time at 2 a.m. on Sunday morning. "It was an image thing," said Mr. Schneider, who now advances the city's clocks several days before the change.

Mayor Michael Bloomberg was annoyed that the electric clock behind his desk ran 15 seconds behind his computer clock.

After finishing in the speaker's office and winding several other clocks around City Hall, Mr. Schneider and Mr. Markowitz climbed a ladder to the building's clock tower, which bears four clock

faces and the 1917 clockworks that replaced the 1812 original. The old belfry clock's gears, levers and chains look like the world's most complicated bicycle. And the mechanism is cranky. As the hands passed 10 a.m., the bell struck four.

It took Mr. Schneider 20 minutes to find the culprit: a stuck pin. It was snowing, which can slow the hands, so they left the clock running a minute fast.

City Hall's tower clock is unusual. Many prominent clocks around town have been stripped of their original mechanicals and are relatively easy to maintain.

The Met Life Tower's clock, which has four faces measuring 27 feet in diameter, was internally digitized several years ago when the works were replaced by four guest rooms, says Joshua Taylor, director of engineering for Marriott's the New York EDITION

hotel, which now inhabits the insurance company's former headquarters. It is maintained just four times a year.

Grand Central Terminal's 50-plus clocks all are digitally synced with the National Institute of Standards and

Marvin Schneider was appointed to the position in 1992 by Mayor David Dinkins.

Technology time service. "We use new technology to make the old technology work," said Severin Smith, the terminal's superintendent for electric and mechanical.

Mr. Schneider and Mr. Markowitz finished their morning inspecting a 40-foot monument clock in Herald Square. It's actually two

clocks: One atop a granite pedestal displaying the time, another housed inside the monument controlling two bronze blacksmiths who appear to strike the bell each hour. "They have names," Mr. Markowitz said. "I think he's Scuff and he's Ruff."

"It's Stuff and Guff, but we don't know who is who," Mr. Schneider chimed in.

Mr. Schneider and Mr. Markowitz fixed a gear just before the 11 a.m. hour. When the minute hand advanced, the blacksmiths began to pivot and strike their bell. A few seconds later, the real bell up top began to chime. Everything was just a little off. The effect was hilarious.

"Nobody except robots perform to the second in their daily lives," Mr. Schneider said. "People are people. There's a little wash here and there."

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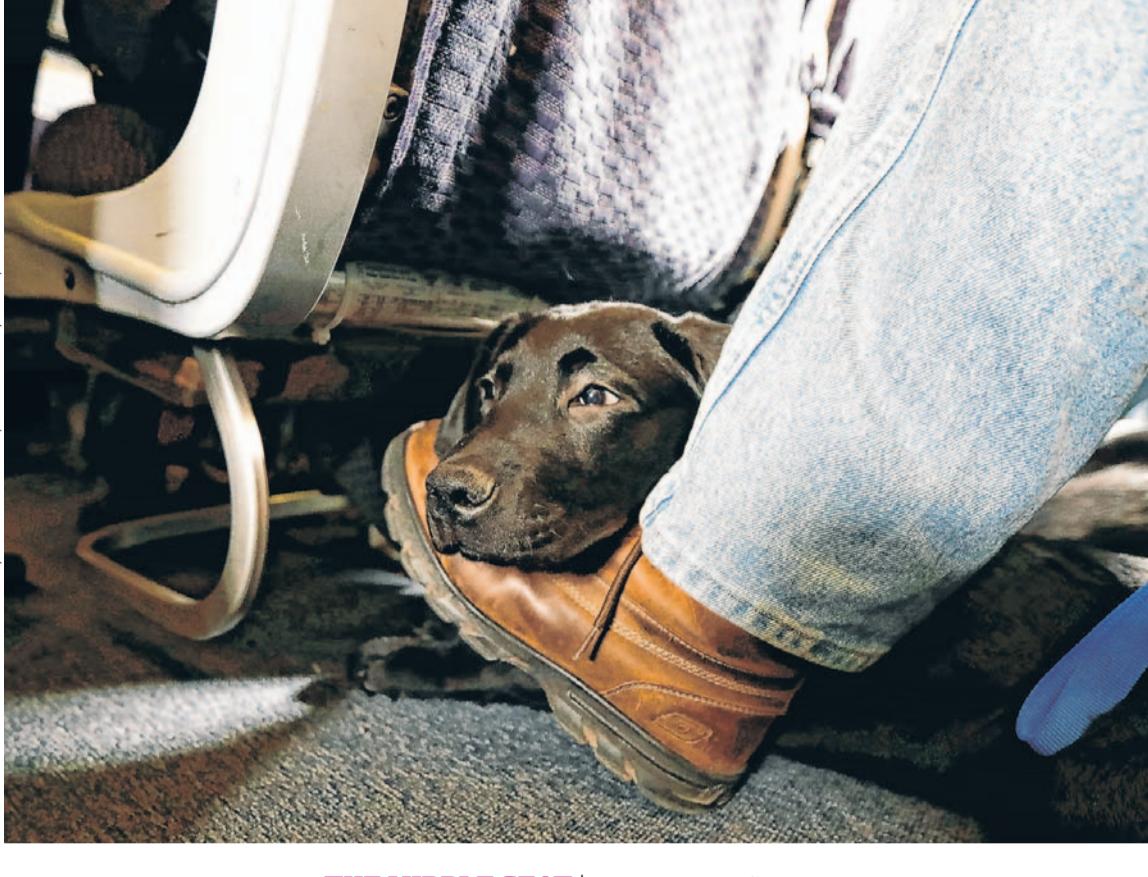
FREE INSIDE THE **NEW YORK POST**

MEN'S FASHION SPECIAL

'CHAPPAQUIDDICK' STAR

JASON CLARKE

LIFE & ARTS



THE MIDDLE SEAT | By Scott McCartney

On Your Next Trip, Leave the Pets at Home

Airlines don't accommodate animals well, in the cabin or the cargo hold



in-cabin pet transport.

Lost in the uproar is a basic truth: There isn't a good way to take your pet on an airplane. Airlines don't accommodate animals well, either in the cabin or the cargo hold. Some pets just don't tolerate it well. Transporting live animals as cargo is so tricky several carriers, including Southwest and JetBlue, won't do it.

"Ask yourself: Is it really the best idea to take your pet with you on a trip?" says Michael Topper, president of the American Veterinary Medical Association. "Travel for pets, like humans, is stressful."

The vast majority of pets aren't harmed during flying, Dr. Topper says, but the danger is significant. If you are moving overseas, you will most likely need to transport your pet by air, but short of that—weekend trips, vacations, family visits—it may not be a good idea. The American Society for the Prevention of Cruelty to Animals recommends not flying with them unless they fit under the seat in front of you.

If you do travel with Charley, whether onboard or as cargo, you need to acclimate your pet to its

Service dogs like Orlando, above, go through rigorous training, including practice airline flights. Experts say even if carrying your pet on board with you, it's best to get the animal accustomed to its carrier in advance.

travel crate or carrier weeks in advance. One airline suggests crating it, putting the crate in your car, then driving through a carwash, to prepare for what the trip might be like. Despite your preparations, your pet may not have the temperament for flying.

Yet the number of traveling dogs, cats and other pets has surged as people increasingly want to take their companions everywhere. Airports have opened pet-relief areas inside and outside terminals to accommodate them. American Airlines built a carry-on pet compartment into the first-class cabin of its Airbus A321T jets used for transcontinental trips between New York and both Los Angeles and San Francisco.

There is little federal oversight of live-animal air travel. The Transportation Department requires airlines to report only the number of pet losses, deaths and injuries. It is the Agriculture Department that actually handles safety under the Animal Welfare Act, spelling out the rules around cargo-space conditions, animal-holding areas, kennels and crates and other logistical needs.

DOT says it will soon issue an "enforcement statement" to let the public know it intends to reconsider service-animal rules. It will also request public comments on



transporting service animals by air.

Pet deaths and injuries on U.S. airlines have declined in the past three years. Twenty-four died in cargo in 2017, according to DOT data, compared with 35 in 2016. Fewer animals are traveling in the cargo area as more owners find ways to carry them in the cabin.

United, which has dramatically increased its "PetSafe" cargo-transport business over the past three years, accounted for 18 of those 24 deaths last year. American, Delta and Alaska each accounted for two deaths.

United's total was double the number of pet deaths the airline had in 2016. The number of animals it carried increased 27% during the same period.

Among the deaths: Riko, a 3-year-old Abyssinian cat, escaped from his crate and was hit by a vehicle. Rocco, Bella and Mambo, all dogs, died of heart failure. For Lulu, a 4-year-old Cavalier King Charles Spaniel, heatstroke was fatal. (Three other animals on the same flight to San Francisco were healthy upon arrival.) For Tabby, an 8-week-old kitten, it was anxiety.

United spokesman Charles Hobart says the rate of animal deaths—about one in every 7,700 animals carried—is extremely low. Veterinary experts concluded the cause of almost all the deaths wasn't attributable to United.

But the airline acknowledges its death rate is higher than other airlines. "We need to improve and we know that," Mr. Hobart says.

Within the past six months, United has convened an advisory board of experts to examine operations and has begun distributing a 15-page pamphlet to pet owners outlining proper preparations for air travel.

Lisa Sams, president of a Denver health-care company, has traveled on United with Kenzy, her 8-year-old Sheltie, between Colorado and Virginia. Though Kenzy's ticket is sometimes more expensive than her own, Ms. Sams finds the service lacking, saying the drop-off area at Washington's Dulles International Airport was filthy and smelled of smoke on her last visit in November.

At Reagan National Airport in February, Ms. Sams waited 45 minutes to make sure employees fastened the required safety ties onto Kenzy's crate.

Ms. Sams complained and offered suggestions to United last month but hasn't yet received a response. United's Mr. Hobart says the airline doesn't have an on-site kennel facility at either Dulles or Reagan. Ms. Sams's experience isn't the kind of customer service United wants to deliver, the

If You Need to Fly With Pets...

Book direct flights to avoid the risks when animals are transferred to another plane.

Travel in spring and fall, avoiding summer heat and winter freezes. Be flexible with your itineraries—if the forecast is too hot or cold, wait a few days for better conditions.

Get a thorough health exam for your pet within 10 days of departure. A certificate signed by a veterinarian is required.

Make sure your pet is micro-chipped and is wearing a snug collar with ID tags.

Get a sturdy travel crate and introduce it to your pet several weeks in advance so it can get used to it. Gradually expose it, crated, to unfamiliar environments, such as a carwash.

Trim your animal's nails before travel. Some pets try to claw their way through crates.

Don't sedate your animal, as that can impair breathing.

Attach a travel water bowl to the crate and put ice in it. That will help your pet stay hydrated.

Talk to the crew. Pilots are in touch with ground supervisors who can verify your pet is securely loaded.

Carry a picture of your pet, and you with it, in case it or its paperwork gets lost.

spokesman says, and her concerns will be looked at as part of the broad review while new PetSafe reservations are suspended.

Over the years, she has tried alternatives, including an animal-delivery service, but it went out of business. At 24 pounds, Kenzy is too large to fit in a carrier under a seat. Ms. Sams doesn't want to resort to trying to board the dog as a support animal, because she worries that with airlines cracking down, they might arrive for a flight and not be allowed to board.

"They need to take hold of this problem or it is going to get worse," she says. "If the carriers were willing to take the problem on seriously, they would make it a safer environment for the animals. Otherwise, they really do need to get out of the business of transporting live cargo."

Until then, Kenzy won't fly United, Ms. Sams says. Next trip they are planning to drive.

TELEVISION

'ROSEANNE' RETURNS

BY DON STEINBERG

MORE THAN 20 YEARS AFTER ending a nine-season run, including a period as the most-watched television show in the U.S., "Roseanne" is back.

The nine-episode season begins Tuesday on ABC, and all of the original sitcom's stars are back, including the lead and inspiration for the series, Roseanne Barr, John Goodman as her husband Dan (the writers chose to ignore the twist ending to the original series in which Dan died), and Laurie Metcalf—an Oscar nominee this year for her performance in "Lady Bird"—as Roseanne's sister Jackie. Seeing the working-class Conner family again feels like old times, something Ms. Barr experienced as she rehearsed the first script of the new season.

"It was just immediate when we sat down at the table read," she says. "It was just—bo-



ing!—like we had a week off."

With story lines and jokes built around the struggles of a paycheck-to-paycheck, Rust Belt family in suburban Illinois, "Roseanne" seems especially timely. Near the beginning of the new season, Roseanne and Jackie are reconciling after about a year of not speaking to each other, a spat prompted by the 2016 presidential election.

But the "Roseanne" reboot—one of several recent ones, including "The X-Files," "Will & Grace" and "American Idol"—wasn't intended as a response to the current political climate. "I was never thinking about it," Ms. Barr says. "I got a call from Sara Gilbert."

Ms. Gilbert, who plays the sardonic middle child Darlene Conner, has been co-host and executive producer of the CBS talk show "The Talk."

During an appearance last March by Mr. Goodman, the two of them performed a brief

Please see ROSEANNE page A13



'Roseanne' stars John Goodman and Roseanne Barr during the original season, left; a scene from the new season, above, set in the family kitchen that fans will recognize.

LIFE & ARTS



T.J. KIRKPATRICK FOR THE WALL STREET JOURNAL

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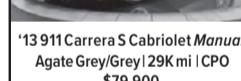
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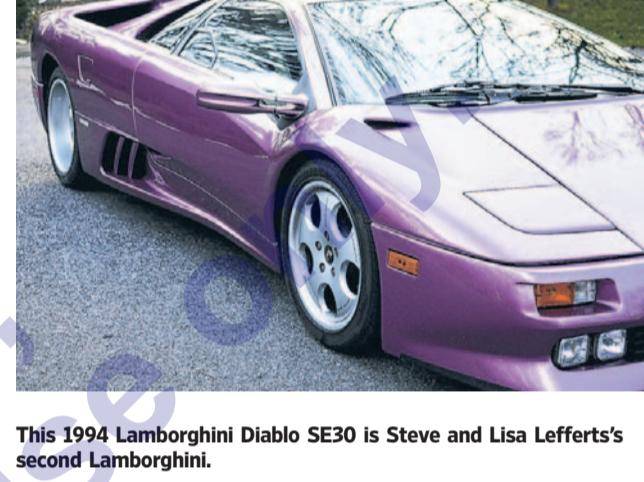
STEVE: We had a 1985 Lam-
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The Countach was a block-
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Lamborghini on the map in
terms of popular culture, in
the 1970s. When we
were dating, Lisa and I
had a lot of adventures
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crossed the nation in it.

The Diablo is a car
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after the Countach. It
wasn't as much of a
raw driver's car, until
the SE30 special edition
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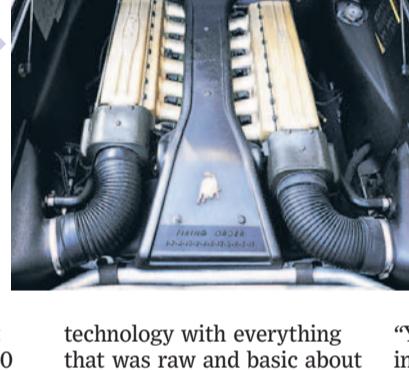
LISA: The SE30 was
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niversary car. The com-
pany said to the engi-
neers, make this car what
you want it to be. Only 150
were built, and purple was
the anniversary color.

STEVE: These cars are hard
to come by. We have always
worked hard for every dollar
we have, and we watched the
market for years until we
found this car in 2006. We
felt it was the right time, so
we grabbed it.

LISA: The Diablo is the per-
fect combination of newer



This 1994 Lamborghini Diablo SE30 is Steve and Lisa Lefferts's second Lamborghini.



technology with everything
that was raw and basic about
the Countach. It's truly a
driver's car, and it is the cul-
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passion for Lamborghini.

STEVE: When you hear the
Italian V-12 at full battle cry,
it's an opera like you can't
imagine. And you are being
catapulted toward the hori-
zon at warp speed.

LISA: You can drive the
Diablo all day long and feel
refreshed. Steve and I have
done road trips with our
daughter [now 6]. I remem-
ber once stopping for gas and
getting the baby out of the pas-
senger seat to change her
diaper. People were like,

"You put a baby in a car seat
in a Lamborghini?" It is us-
able, even as a family car.

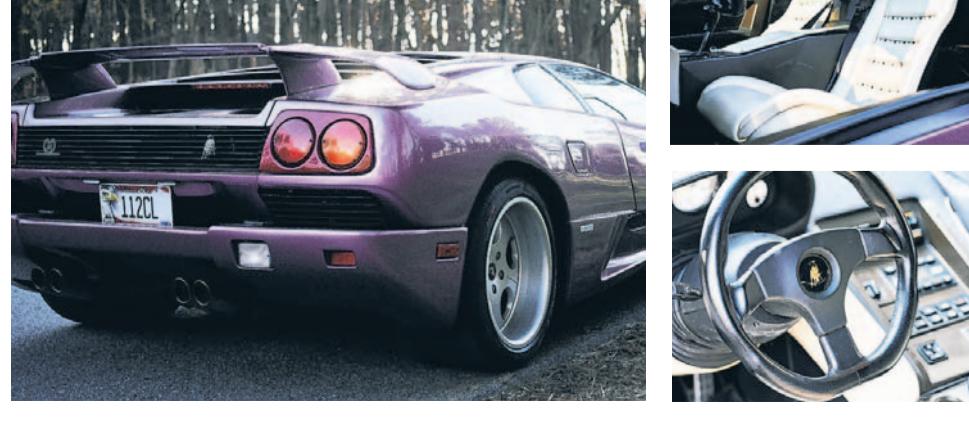
STEVE: When you hear the
Italian V-12 at full battle cry,
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imagine. And you are being
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LISA: It's a sensory overload
that is second to none.

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The couple, both pilots for United Airlines, stand by their car with the scissor door open, above. According to Lamborghini, fewer than 3,000 Diablos were built between 1990 and 2001.



LIFE & ARTS



FROM LEFT: MAGNUM PHOTOS/DANZIGER GALLERY (2); MELINDA WATSON

ART REVIEW

An American Icon's Final Trip

BY RICHARD B. WOODWARD

San Francisco

ON JUNE 8, 1968, a train carrying the body of Sen. Robert F. Kennedy left New York for Washington, where he was to be transported to Arlington National Cemetery in Virginia for burial. Kennedy's assassination three days earlier in Los Angeles, barely two months after Martin Luther King Jr.'s, had stunned the nation. The Kennedy family believed that a ceremonial last journey via railroad, like that given Abraham Lincoln, would allow citizens mourning RFK's death a way to say goodbye.

Aboard the train on that muggy summer afternoon was Paul Fusco, on assignment for Look magazine. The more than 1,500 color images he captured during those hours constitute a photographic miracle. From a single perspective—aiming his camera out the window at people gathered by the side of the tracks and looking at the train—he made a collective portrait of American democracy that has seldom if ever been equaled for expressive simplicity.

Clément Chéroux, senior curator of photography at the San Francisco Museum of Modern Art, could easily have done a marvelous selection from "RFK Funeral Train," as the photographs are known, to commemorate the 50th anniversary of RFK's death. Excerpts have appeared in numerous books, articles, galleries and museums.

Instead, in a stroke of imaginative programming, Mr. Chéroux has devised a three-person exhibition,



"The Train: RFK's Last Journey," which features 21 prints from the series, made from Kodachrome transparencies, along with two ambitious projects inspired by Mr. Fusco's.

That both of these recent works are by artists from other countries, for whom RFK was a distant figure, is a testament to the planogeneity of the still photograph. Both also expand upon it, Mr. Chéroux believes, by questioning rigid divisions between history and memory, documentary and fiction.

Rein Jelle Terpstra is a 57-year-old Dutch photographer who be-

came obsessed with one of the "Funeral Train" books. Studying the pictures, he noticed that many people along the tracks held cameras and so must have taken pictures themselves. In 2014 he began a research project, partially funded by Kickstarter, to gather as many of these images as possible.

"The People's View," completed this year, reverses the angle of Mr. Fusco. The final work is a collection of more than 60 snapshots, transparencies and Super 8mm home movies of the passing train, taken by individuals in the crowds.

Occupying their own room at

SFMOMA, these artifacts snake in clusters of a dozen or so along a black line, one end marked "New York City," the other "Washington, D.C." With the slides backlit and the movies transferred to digital video, the piece flickers, as if barely alive.

An audio portion (accessible through headphones) has the voice of a reporter announcing the train's arrival times at various stations on the route—Newark, Wilmington, Baltimore. Mr. Terpstra also interviewed witnesses from the day. "I thought my country was falling apart," re-

ROSEANNE

Continued from page A11
sketch as their "Roseanne" characters in a re-creation of the original living-room set. The fan response was huge.

"We did it in one take," says Ms. Gilbert. "I went to my dressing room, and I was like, 'Oh my God, I have to do that again!'"

Envisioning getting the cast back together for a reunion show, she sent the video to Tom Werner, whose Carsey-Werner Co. produced the original "Roseanne." He too was enthusiastic.

"Just seeing that afghan on the couch reminded you how much you missed these characters," he says.

"I said 'If John and Laurie are in, I'm in,'" Ms. Barr says. "Three weeks later, we had a deal with ABC."

The idea for a reunion turned into a nine-episode series, with Ms. Gilbert as an executive producer. The original series, which ran from 1988 to 1997, won plaudits for its portrayal of working-class American life when those depictions were rare on TV, something ABC has publicly vowed to change.

A feminist onstage and off, Ms. Barr ran for president in 2012 as the nominee of the Peace and Freedom Party, supporting universal health care and marijuana legalization. Around that time, she developed a sitcom pilot called "Downwardly Mobile" that wasn't picked up. In the 2015 documentary "Roseanne for President," Ms. Barr semi-joked that her political views

"ended her career."

"It was sorta true," she says now. "But I backed off from all that. I'm not going to give my opinion anymore. Unless it's in the show. I'm saving it all for the show."

The jokes in the resurrected "Roseanne" are equal-opportunity. Roseanne Conner defends her presidential vote without naming names. ("He talked about jobs. He said he'd shake things up.")

Liberal Jackie pointedly brings Russian dressing to dinner after they bury the hatchet. Roseanne, in a show of forgiveness, tells her: "I

'Just seeing that afghan on the couch reminded you how much you missed these characters.'

should have understood that you want the government to give everybody free health care because you're a good-hearted person who can't do simple math."

"In the writing room, there wasn't a unanimous opinion on anything," says Bruce Helford, who returns as executive producer after being head writer and showrunner for the original show's fifth season. "The political discussions we had in the room ended up on the screen. We felt if there's any hope of breaching this huge divide, which really is brother against brother, it has to be through talking and having a sense of humor about it."

The episodes move beyond presidential politics quickly, toward social and pocketbook issues such as the decline of good jobs, health-care costs and the opioid crisis. A Muslim family moves in next door. The Conners' son D.J. (Michael Fishman) is back from military service and now has an African-American daughter, while their oldest daughter, Becky (Lecy Goranson), considers a job as a surrogate mother for another couple's child because she needs the money. Darlene has a son who dresses in girls' clothes.

And the characters pick up where they left off, trading affectionate zingers. Dan jokes that he hid the family gun safely in the cleaning closet, "because I know nobody ever goes in there." Roseanne fires back that she appreciated the hiding place, because when she did go there, "I knew I had an option." Sarah Chalke, who at various points during the original series replaced Ms. Goranson as Becky in what became a recurring gag, returns as a different character this time around.

While "Roseanne" was a long-running critical and commercial success, Ms. Barr waged power struggles with its head writer Matt Williams, who had been given sole credit for creating the show, and she railed against executives she believed didn't support her enough.

"They weren't used to women like me," she says. "I don't know if they are now, but they're better."

Tom Werner was really hands-on this time, so I had a lot of support, which was kind of freaky, but it was neat."

Two untitled photos from Paul Fusco's 1968 series 'RFK Funeral Train' (left and below left); photo of the train in Elkton, Md., by Annie Ingram, included in Rein Jelle Terpstra's 'The People's View' (2014-28), below



calls one. "I thought the world was falling apart."

None of the fading images match the detailed vibrancy of Mr. Fusco's. The poignancy of "The People's View" derives from the pictures' survival, preserved and noted in scrapbooks. These visual memories might have been lost except for Mr. Terpstra's efforts. He has gracefully acted as a curator of these personal effects rather than as an intrusive artist.

Philippe Parreno's film, "June 8, 1968," in the last room, is also about memory. Moved by the solemnity of scenes in Mr. Fusco's photographs, the French multimedia artist decided to re-create a few of them. He hired actors, costumed them in 1968 attire, and mounted Panavision cameras aboard a train to film the reimagined America.

The 7 minute, 13 second film, completed in 2008 and projected here in 70mm, loosely assumes Mr. Fusco's POV. The camera finds an elderly couple in lawn chairs in a grove of trees, men standing on the roofs of parked railroad cars, a teenage girl in a bathing suit, a couple in a field seated on a motorcycle.

The characters are ghostly, however, and the vision largely rural. A meditation on the ways that history and photography can haunt us, it's soundless except for the screech and slow rumble of the train's wheels, and wind in the grass and trees.

Both of these recent works, loving and evocative though they are, only magnify Mr. Fusco's achievement. To keep his subjects in focus from a moving vehicle, he had to pan his 35mm still cameras while shooting (two Leicas and a Nikon) to correct for the movement of the train. As light waned by early evening, his exposures grew longer, the images blurrier, more abstract.

The authentic moments and scenes he captured—teenagers holding up a handmade sign that reads "So-Long Bobby," African-American families sitting on police cars in Baltimore—can't be re-created. Sadly, the photographs also suggest that perhaps the only time the country truly unites is during moments of devastating grief.

The Train: RFK's Last Journey
San Francisco Museum of Modern Art, through June 10

Mr. Woodward is an arts critic in New York.

Where They've Been



Roseanne Barr
In the years since the original 'Roseanne' series ended, Ms. Barr hosted a talk show, appeared in a variety of TV shows and movies, and ran for president, an effort chronicled in the 2015 documentary 'Roseanne for President.'



John Goodman
Mr. Goodman's post-'Roseanne' acting career has included roles in 'Inside Llewyn Davis,' 'Argo,' 'Treme' and many more. He won an Emmy in 2007 for his guest performance in 'Studio 60 on the Sunset Strip.' Last weekend, he appeared on 'Saturday Night Live' as former Secretary of State Rex Tillerson.



Laurie Metcalf
Ms. Metcalf was an Academy Award best supporting actress nominee this year for 'Lady Bird,' in which she played the mother of Saoirse Ronan's title character. On TV, she starred in the HBO series 'Getting On' and has appeared in 'The Big Bang Theory' and 'Horace and Pete.' She has also been active in theater, winning a Tony Award last year for 'A Doll's House, Part 2' and nominations for 'The Other Place' in 2013 and 'November' in 2008.

OPINION

Trump's Saturday Night Massacre?

POLITICS & IDEAS
By William A. Galston

As rumors swirled over the weekend that the White House would soon undermine and eventually remove special counsel Robert Mueller, Sen. Lindsey Graham predicted on CNN that doing so would be the beginning of the end for the Trump presidency. "We're a rule-of-law nation," he declared.

We had better hope Mr. Graham is right. The rule of law is what protects citizens from a government driven by the passions and prejudices of its leaders. Some laws are better than others, of course. But the basic structure of law—a system of rules applied fairly to all—is the best way to restrain the worst threats to liberty.

It is often said that the Founders established a government of laws and not of men. The truth, however, is more complicated, since laws cannot interpret or enforce themselves. Judges, juries, prosecutors and government agencies (among others) all participate in turning written words into institutional practices. Possibilities for error exist at each step. So do opportunities to turn law into an instrument of self-interest or partisan advantage.

These risks have occasioned worries for millennia. The Bible contains warnings to judges not to deviate from

the straight path of justice, even to help the poor. The prophet Samuel's effort to install his sons as his successors failed because they "turned aside after dishonest gain and accepted bribes and perverted justice." Throughout Greek and Roman history, zealots bent the law to persecute their enemies. There is no reason to believe that today's officials are devoid of these impulses.

That is why checks and balances are so vital. Inspectors general are placed throughout the executive branch to investigate credible allegations of wrongdoing, and they are insulated as far as possible from partisan pressures. In extraordinary circumstances, counsels with wide-ranging powers are appointed, as Mr. Mueller was, to scrutinize the conduct of senior officials.

As signs of an impending confrontation multiplied this weekend, White House attorney Ty Cobb insisted that "the President is not considering or discussing the firing of the Special Counsel." This statement fell well short of a pledge not to do so. Making matters worse, the president's personal lawyer, John Dowd, took a different tack. After Attorney General Jeff Sessions fired Deputy FBI Director Andrew McCabe, Mr. Dowd called on Deputy Attorney General Rod Rosenstein to follow that "brilliant and courageous example" so as to "bring to an end the alleged Russian Collusion investigation manufactured by

McCabe's boss James Comey." Mr. Dowd initially claimed to be making this statement on the president's behalf, then later said he had been speaking only for himself. Yet few observers believed that he was freelancing.

Mr. Graham suggested on Tuesday that it would probably be an impeachable offense if the president fired Mr. Mueller without cause. But even if such a firing did not

Firing Robert Mueller would be ugly, maybe impeachable, and entirely paralyzing.

culminate in Mr. Trump's removal, it would trigger a political firestorm that would thwart progress on everything else for the remainder of his term.

Moreover, the firing itself would not be pretty. The way the law is set up, the attorney general is the person with the direct power to fire a special counsel. But because Mr. Sessions recused himself from the Russia investigation, that authority falls to his deputy, Mr. Rosenstein. If the president ordered him to fire Mr. Mueller, he would almost certainly refuse. Mr. Trump would then have to choose between backing off and firing Mr. Rosenstein.

The latter option would be a rerun of Richard Nixon's

infamous Saturday Night Massacre, which ended only when Solicitor General Robert Bork (as acting attorney general) agreed to carry out the president's order to fire special prosecutor Archibald Cox. Because of retirements and vacancies in the Trump Justice Department, the next after Mr. Rosenstein in the chain of command is the solicitor general, Noel Francisco. Although no one knows for sure, Mr. Francisco's record of public service does not suggest he would comply with an order he regarded as inconsistent with applicable Department of Justice regulations.

Harvard Law School's Jack Goldsmith has speculated that Mr. Trump could fire Mr. Mueller directly by invoking his constitutional Article II powers to "bypass or invalidate" Justice Department procedure. But other experts disagree, and even Mr. Goldsmith says the president would be "committing political suicide" if he were to go down this path.

Speaking on "Fox News Sunday," Republican Rep. Trey Gowdy, a former prosecutor and leader of the House Benghazi investigation, offered the president some blunt advice. "When you are innocent . . . act like it," Mr. Gowdy said. "If you've done nothing wrong, you should want the investigation to be as . . . thorough as possible." He left the obvious obverse unstated.

Holman Jenkins is away.

BOOKSHELF | By Benjamin Balint

Militants Of Memory

Hunting the Truth

By Beate and Serge Klarsfeld
(Farrar, Straus and Giroux, 454 pages, \$30)

On Sept. 11, 1942, my great-grandparents Abraham and Ida Ehrenreich were deported from France. Train transport 31 took them from Drancy, an internment camp in the suburbs of Paris, to Auschwitz, the extermination camp in Poland. The Ehrenreichs, respectively 57 and 49 years old, were gassed on arrival.

I know of their fate thanks to a list compiled by Serge Klarsfeld. In 1978, the French historian and legal activist published a 656-page book that recorded with chilling precision the names of 76,000 Jews deported from France during World War II. Like the Ehrenreichs, most have no graves; Mr. Klarsfeld's volume is the only memorial they have.

"The creation of that book," the husband-and-wife team of Serge and Beate Klarsfeld write in "Hunting the Truth," their riveting dual memoir, "was perhaps our single most important act."

In alternating chapters, deftly translated from the French by Sam Taylor, the Klarsfelds recount how they came to devote their lives to restoring the names of the victims of the Holocaust and to unmasking the perpetrators. The Klarsfelds—he is now 82, she 79—brought to that devotion very different pasts. In the fall of 1943, Serge, then 8 years old, was sharing a small apartment in Nice, in southern France, with his sister, mother and father. During a German raid, the boy hid

behind a closet and listened as his father (who had fought for France in the Battle of the Somme) was seized by Gestapo officers. Taken to Drancy, Arno Klarsfeld would be deported to Auschwitz, where after months of forced labor in nearby mines he died at the age of 39. "The night of that raid has stayed with me all of my life," Serge writes.

That same year, 4-year-old Beate Künzel "spent several months living a life of ease with my godfather, a high-ranking Nazi in Lodz," while her father served in the Wehrmacht. Beate's parents "weren't Nazis," she writes, "but they had voted for Hitler like everyone else, and they did not feel any responsibility for what had occurred under Nazism." After growing up in the ruins of Berlin, Beate moved to Paris. In 1960, on the very day that Adolf Eichmann was captured by Israeli agents in Buenos Aires, she met Serge, a student at the Sorbonne.

What united this unlikely pair was a shared enemy: the muddled indifference of the German legal system toward those who had implemented the Final Solution in France. The young couple grew outraged by the ways that this negligence allowed war criminals to live with impunity, despite the Allied promise to pursue the criminals "to the uttermost ends of the earth."

With a meager budget but unflagging tenacity, the Klarsfelds did just that. They sleuthed after incriminating documents, compiled dossiers and gathered witness testimonies. They campaigned to compel former Nazis convicted in absentia in France to stand trial in West Germany.

What united this unlikely couple was a shared passion: bringing to justice those who had implemented the Final Solution in France.

As the Klarsfelds chronicle in absorbing detail, they hunted down men like René Bousquet, former head of the Vichy police; Kurt Lischka, former head of the Gestapo's Jewish Affairs Department; and Eichmann's assistant Alois Brunner, responsible for the deportation of some 24,000 Jews from France. Beginning in 1971, the Klarsfelds' flagship case was a 16-year pursuit of Klaus Barbie, wartime Lyon's unrepentant Gestapo chief—the "Butcher of Lyon"—then living unmolested in Bolivia. (Barbie had said that he was "sorry about every Jew that I did not kill.") They succeeded in flushing Barbie out and compelling German prosecutors to reopen his dormant file. Extradited to France, Barbie was sentenced to life imprisonment in 1987 for crimes against humanity. Over time, the Klarsfelds became expert in using such trials not only to pursue long-overdue justice but to kindle the embers of memory.

To prick the conscience of a younger generation, the Klarsfelds also staged provocations. In 1968, for instance, after weeks of planning, Beate publicly slapped the West German chancellor, Kurt Kiesinger, at his party's convention in Berlin. Well before the war, in 1933, Kiesinger had joined the Nazi Party, and in the early 1940s he had served in Germany's Foreign Office. Beate made the gesture, she writes, "to demonstrate that part of the German people—its youth in particular—is horrified by the presence at the head of the government of the Federal Republic of Germany of a Nazi who was once assistant director of Hitler's foreign propaganda machine." The scene, described here with almost novelistic finesse, would feature in the 1986 TV movie "Nazi Hunter" (in which Farrah Fawcett plays Beate).

In one respect, Beate's slap resounded triumphantly: Kiesinger lost his office to Willy Brandt the next year. The novelist Günter Grass said, "No one wanted to see that every day Kiesinger spent as chancellor was a slap in the face for the victims of Nazism." But it failed to mobilize leftist German students, who in Beate's view found it more convenient to demonstrate on behalf of Palestinians than to reckon with the crimes of their own fathers.

As Serge retired to his study in Paris to prepare his definitive account of the role played by the Vichy government in the Final Solution, Beate Klarsfeld was chaining herself in the streets of Prague and Warsaw to protest anti-Semitism. "Acting scandalously to make people see the real scandal," wrote the French philosopher Vladimir Jankélévitch, "that is the dangerous role B.K. has taken on."

What accolades the Klarsfelds eventually earned—including the French Legion of Honor and the German Federal Order of Merit—bore a steep price: jail stints, beatings at the hands of neo-Nazis and attempts on their lives (in the form of a letter bomb and a car bomb). But as their memoirs make clear, these militants of memory never lost sight of their goal. "Every account by a victim or a survivor," Serge Klarsfeld writes, "is a stone in an edifice that will always remain unfinished, a fragment of an incomplete fresco expressing what the Holocaust was. That work is our legacy."

Mr. Balint, a writer living in Jerusalem, is the author of "Kafka's Last Trial," scheduled to appear in September.

Why Your Doctor's Computer Is So Clunky

By Marion Mass
And Kenneth A. Fisher

The Trump administration this month announced its own effort to update the Electronic Health Record systems, which disrupt the doctor-patient relationship. The government could do even more good by deregulating EHRs, establishing a free market for user-friendly products. Perhaps Amazon, through its partnership with JP Morgan Chase and Berkshire Hathaway, could eventually do for medicine what it's done for retail.

EHRs were forced on the health-care community by the 2009 stimulus. Congress has allocated \$37 billion so far to help providers upgrade from mostly paper files. Nearly a decade later, the promised efficiencies and savings haven't materialized.

Instead, EHRs divert doctors' attention from patients. Physicians often rely on visual cues when taking a patient history, but now what's visible much of the time is a computer screen. The outdated EHR technology is difficult and time consuming, contributing to doctors' stress and burnout. The unintuitive interfaces consist of multiple drop-down menus and forms as well as countless boxes to check and pages to navigate. The screen often freezes. It takes seven clicks to order basic antibiotics, 14 clicks to order stronger ones. It's death by a thousand

clicks, and it's killing the medical profession.

We physicians have the longest training time of any profession, yet we now spend roughly two-thirds of our workday as data-entry clerks, tending to digital paperwork and administrative burdens. A Johns Hopkins study finds that paperwork requirements have significantly reduced the amount of time new doctors spend at patients' bedside,

Washington mandates Electronic Health Records but stands in the way of innovation.

limiting their clinical skills. EHRs are also contributing to doctors' taking early retirement. According to a survey published in Medical Economics, two-thirds of doctors dislike the functionality of their EHRs. Even more say the conversion to EHRs has not been worth it.

The clunky EHR systems distract us from the thinking necessary to make diagnoses. A Harvard-affiliated study found that 147 times in roughly 5,700 cases, EHRs contributed to "adverse events." Half were serious and one-third fatal. The ECRI Institute, a patient-advocacy group, designated EHR hazards as the No. 1 patient-safety concern for 2014. An example from the front lines: Clonidine, a blood-pressure

medication, sometimes gets prescribed instead of Klonopin, a seizure drug, because medical professionals click the wrong box.

EHRs fail to achieve one of their main selling points, interoperability—the ability to share records across providers and systems. Competing systems are generally incompatible with each other. A 2016 KLAS Research report finds only 6% of health-care providers say they can effectively access EHRs between different systems. Thus patient records still must be faxed among providers. It's like having a computer that can't connect to the internet.

Why are EHR systems so primitive? Partly because vendors must be certified as compliant by the Department of Health and Human Services, inhibiting better products and insulating existing ones from best-in-tech competitive pressures.

This market protection leads not only to lower quality but also higher prices. EHRs are extraordinarily expensive, with taxpayers, providers and patients footing the bill. For private hospitals, EHR conversion costs anywhere from \$40 million to \$353 million. Individual physicians spend an average of \$32,000 a year on upkeep. All these costs are ultimately passed on to patients.

In announcing the Trump-administration initiative, White House aide Jared Kushner and Seema Verma, administrator of

the Centers for Medicare and Medicaid Services, said health-technology companies, insurers, doctors, hospitals and patient groups have been working together for six months on an initiative called MyHealthEData to modernize EHRs and achieve interoperability. But the usual suspects can only do so much.

This is a market begging for competition from the likes of Amazon, whose cost-cutting and ease-of-use expertise is well established. Apple has also made a welcome entrance into the market. The administration can help by directing HHS to allow EHR competition.

Doctors and patients deserve cutting-edge technology that would offer such features as wearability, automatic audio and photo uploading to a digital chart, encrypted cloud storage for easy access, and compatibility across platforms in different locations. These features are already available at relatively low prices in consumer products.

Ultimately, EHRs must enhance the doctor-patient relationship, not impede it. Sounds like a task for the Everything Store.

Dr. Mass is a pediatrician. Dr. Fisher is a nephrologist and author of "Understanding Healthcare: A Historical Perspective." They are, respectively, a co-founder and an advisory board member of Practicing Physicians of America.

Stephen Hawking Is Dead, Not 'Free'

By Melissa Blake

Does my wheelchair feel like a prison? Do I ever wish I weren't disabled? Would I choose to become able-bodied if I could?

Those are a few of the things people have asked upon meeting me. My answer is always the same: a strong and unequivocal "no." I've never fully understood the mentality behind the questions, much less the shocked reactions to my replies.

And then I saw the response to Stephen Hawking's death last week, when people sighed with relief that one of the most brilliant minds of our generation was finally "free of any physical constraints," as the actress Gal Gadot tweeted. One meme depicted an empty wheelchair in the foreground, with a silhouette of Hawking standing amid the stars.

Hawking advanced the science of black holes and

quantum mechanics, earning admiration from peers in his field and the general public alike. But all that seems to have been overshadowed by the stereotypes of people with disabilities. Instead of discussing his groundbreaking achievements, many people have reduced Hawking to a victim of his disability who's fortunate to be dead.

I've used a wheelchair since the first grade. It's not a constraint but a liberation.

People with disabilities are anything but victims. I was born with Freeman-Sheldon syndrome, a genetic bone and muscular disorder that has left me unable to walk. I got my first wheelchair in first grade. It wasn't fancy by any means, but it changed my life

forever. The world came alive for the first time, in all kinds of vivid colors. I went from observing what happened around me to participating actively in it.

My wheelchair has carried me—literally—through high school, college and work as a freelance writer. I wouldn't have been able to do any of this without it. After all, it gives me the ability to travel, go shopping and live independently—activities that might seem routine but can be extremely challenging for people with disabilities.

Maybe that's why it's so frustrating to see Hawking's wheelchair viewed as a prison he has finally escaped. The idea that wheelchairs hold people back is such an outdated misconception; in fact, they do just the opposite. They're not a hindrance. They're incredible tools that give people with disabilities new freedom and power—a chance to thrive in

an able-bodied world. To see them as anything less is insulting to those who depend on them every day.

So, yes, I most certainly do take pride in my wheelchair.

That may sound strange, since pride and disability aren't usually seen as going together. But no matter how foreign the idea may seem, it's possible to love a disability and be comfortable in a disabled body. My wheelchair actually makes me feel even more "at home" in my own skin.

I've had several wheelchairs since that first one, and each has been a part of me in the best way possible. I'm in the driver's seat of my life, thanks to them all. Hawking was in charge of his life too—and that's definitely something worth celebrating.

Ms. Blake is a freelance writer from Illinois who covers disabilities, disability and women's issues.

OPINION

REVIEW & OUTLOOK

Tackling China's Protectionism

The Trump Administration is expected to announce more tariffs as early as this week in an attempt to reduce China's trade surplus with the U.S. While these taxes are a mistake, as is Mr. Trump's obsession with trade deficits, there's no denying that Beijing's mercantilism has fueled the political backlash against free trade.

China's increasingly predatory behavior, especially intellectual-property theft, poses a particular problem to a sustainable trading system. The question is how to respond in a way that encourages better Chinese behavior without harming the global economy and American companies and workers. It isn't clear that the Trump Administration has given this much careful thought, and the danger is a tariff tit-for-tat that harms everyone.

U.S. officials say tariffs will provide leverage to get China to agree to change its behavior. But past experience suggests that Beijing is more likely to respond in kind at such a broad public assault on its goods. China's accession to the World Trade Organization (WTO) in 2001 initially led to lower tariffs, but its recent record of noncompliance is miserable. Nontariff barriers and subsidies have proliferated.

The experience of foreign companies doing business in China shows there is a better approach than broad and scattershot tariffs. Instead of relying on contracts, they constantly monitor the behavior of their Chinese joint-venture partners and suppliers. When problems arise, they take immediate, proportionate action to restore mutual respect and trust.

How would this model apply to trade? First consider how Beijing has turned to mercantilism over the last decade. In 2011 the Chinese government picked seven "strategic emerging industries" to support with public investment. The plan called for the industries to grow to 15% of GDP by 2020, up from 5% in 2010. The government gives subsidies in several forms, including loans from state-owned banks on easy terms and low interest rates.

Four years later the initiative grew into the "Made in China 2025" plan, which seeks to make China the global leader in 10 industries, including electric vehicles and biotechnology. Along with subsidies and government help in acquiring foreign companies, the policy explicitly requires foreign companies to transfer intellectual property in return for access to the Chinese market. The goal is to reduce the foreign-supplied value in Chinese manufactured goods below 30%.

Beijing has also stepped up its use of regulations to discriminate against foreign companies. For example, officials use the 2008 Antimonop-

oly Law to pressure firms to transfer intellectual property that gives them a dominant market position in China.

A better way than tariffs to challenge Beijing's mercantilism.

All of these policies violate WTO agreements, but China's trading partners have struggled to bring cases at the WTO. Chinese officials threaten to retaliate against foreign companies if they participate in complaints. The organization's rules on how to enforce its agreements are outdated and lawsuits proceed slowly.

Bringing cases can still have value, but another mechanism is needed to deter Beijing's protectionism without destroying the WTO. That mechanism would quickly identify Chinese policies that break trade agreements, coordinate with the governments of other affected economies and come up with responses that would be withdrawn once Beijing backs down.

The remedies should be based on the principle of reciprocity. If Beijing pressures multinational car companies to build electric cars in China, the U.S., EU and Japan could impose a tariff on Chinese-made vehicles and restrict the transfer of related technology.

This would avoid the Trump Administration's approach of tariffs on a wide variety of goods, a policy that alienates allies and raises the risk of a wider trade war. A targeted approach would limit damage to the U.S. economy, since affected industries would remain open to competition from other countries. It could even strengthen the WTO as China would have an interest in modernizing and using the organization's courts to resolve the disputes.

* * *

We believe in the free-trade principle that if China wants to subsidize cheap goods for U.S. consumers, then Americans benefit at the expense of Chinese taxpayers. The damage from cheaper Chinese goods since Beijing entered the WTO is overstated and in any case is mostly complete. Tariffs on Chinese goods won't rebuild U.S. industry and are likely to shift foreign production to other countries that will still export to the U.S.

The China problem now is the predatory use of government power to punish foreign competitors to benefit Chinese companies. These columns have warned China for years that this behavior has eroded goodwill in the U.S. and Europe, and it now threatens political support for free trade. This justifies some U.S. government response.

The Trump Administration is right to take a tougher line, but it also needs a smarter approach than its new steel and aluminum tariffs. The Chinese think strategically for the long term, and so should the U.S.

Abortion Over ObamaCare

One reality of 2018 is that both parties are in a contest for who can isolate more voters with radical positions that don't represent most Americans.

The Democrats may be winning this one.

Congress this week is debating a deal that would prop up ObamaCare for three years with tens of billions of dollars.

Yet Democrats have revolted because the deal includes the 1970s Hyde Amendment, which bans federal funds from subsidizing abortion.

The left claims this is some new GOP initiative. But Hyde protections have long applied to: Medicaid, Medicare, the Children's Health Insurance Program, the Indian Health Service, the Federal Employees Health Benefits Program, the military health-care program Tricare, among

others, as Republicans have pointed out. Such guarantees are standard for appropriations bills.

Democrats dig in over a prohibition that dates back to the 1970s.

States can deploy their own funds for coverage, and some do. Medicaid is the second most common method of payment for abortion patients, according to a Guttmacher Institute fact sheet. Some 25 states ban abortion coverage for plans on the Affordable Care Act's exchanges, according to the Kaiser Family Foundation. Six more allow coverage but have no ObamaCare plan that offers it.

The left has abandoned the idea that abortion is a personal choice and now regards it a self-evident right that everyone must subsidize. This article of faith apparently trumps the lifetime Democratic achievement of ObamaCare.

A GOP Right-To-Try Fumble

President Trump has never been accused of being a policy wonk, but now and then he fixates on a good idea, and one has been the "right to try" experimental drug therapies still seeking approval by the Food and Drug Administration. The question is why a GOP Congress is bungling this ostensibly White House priority.

Last week a "right to try" bill failed 259-140 in the House, which tried to pass the measure on a suspension procedure that requires a two-thirds majority. Democrats opposed the measure, which in essence says: If a very ill patient wants to roll the dice on a drug that has not been declared effective by FDA, government will not interfere. The drug must have cleared Phase I trials for safety.

The House may try to pass the bill again with a simple majority, but the failure is the result of several months of political malpractice. The Senate passed a right-to-try bill last August. Wisconsin Senator Ron Johnson's proposal had 46 co-sponsors, including two Democrats, and passed by unanimous consent. The old joke is that bills go to the Senate to die but here the House is the graveyard thanks to Energy and Commerce Chairman Greg Walden.

One debate has been who could qualify as eligible to try experimental drugs, which companies aren't compelled to provide. For instance: Does a patient have to be terminally ill? The Johnson bill opened up the avenue for a patient with a "life-threatening" condition who has exhausted all other options. Mr. Walden narrowed eligibility modestly after months of Socratic contemplation.

House Republicans may kill a bill to give cancer patients a choice.

Either definition would be an incremental improvement for patients. Opponents of right-to-try tend to cite FDA's "compassionate use" program that grants nearly all petitions for a physician to treat a patient with an unapproved therapy. The process has been streamlined in recent years. Most physicians will continue to go through the agency, which

can inform decisions such as proper dosage. Nothing in the bill touches the FDA program.

But right-to-try hedges against a future FDA that could be hostile to patient choice. That is easy to imagine as Democrats threaten price controls or single payer. It's also important as a statement of intent from Congress, and pressure on FDA to speed up drug approvals is increasing.

Remarkably, right-to-try could die. The House may include its version in the omnibus spending bill, but Democrats will demand changes that may weaken it to the point of futility. If the House passes the Walden bill separately, the legislation would have to clear the Senate—again. One Senator could hold up the bill, which is probable now that right-to-try has attracted opposition from House Democrats. The solution is obvious: The House should pass the Johnson bill and send it to Mr. Trump, who by all accounts is waiting to sign it.

One of our readers captured the urgency in a letter to the editor last month about a daughter who in the late 1990s tried to petition FDA to receive a new drug in testing. "She was denied permission and died just as Gleevec was being approved," Terry Holland of California wrote. "It turned out to be hugely successful for her type of cancer."

LETTERS TO THE EDITOR

Irish Struggled but Had Several Advantages

In "Lessons From the Rise of America's Irish" (Upward Mobility, March 14), Jason L. Riley expresses his admiration for the Irish, who so successfully assimilated into American society, and he blames multiculturalism for the fact that many more recent immigrants have not blended in so successfully. The Irish had the benefit of looking exactly like the population into which they were assimilated, and of being largely English speaking. Was their achieving "prosperity" in any part due to the fact that by the second generation they were indistinguishable from the majority of U.S. citizens?

CATHLYNN GROH
Santa Fe, N.M.

Yes, Mr. Riley, the Irish made it in America, just like the Italians and Jews who followed in enormous numbers later in the 19th century. Eugenic biologists teaching in American colleges considered them all ra-

cially inferior—but not as inferior as the blacks. In 1967 the Supreme Court overturned the antimiscegenation laws in the last 14 states that forbade white people from marrying people of "color." That didn't include the ethnic Irish, Italians or Jews; they had earned their whiteness. The color of one's skin has always mattered most in this country—that's the lesson to be learned. Stop blaming the multiculturalists.

SOL GITTLEMAN
Lexington, Mass.

Surely being able to speak English, and in many cases to write it, allowed new Irish arrivals to skip ahead a generation in assimilation. One wonders whether the success stories of today's immigrants from India may also be a belated, if unintended, advantage of Britain's otherwise objectionable conquest and rule of the subcontinent.

JAMES CONNELLY
Hingham, Mass.

The Eternal Life of Unions and Constitutions

Regarding Akash Chougule's "Why Should Unions Have Eternal Life?" (op-ed, March 14): I have represented auto workers at the local level for over 27 years of my 35



ALEX WONG/GETTY IMAGES
No worry about eternal unions here.

year career at General Motors and Saturn. I came to the conclusion long ago that union representatives on the plant floor spend 90% of their time representing 10% of the workforce that fall into the category of malcontents, chronic substance and alcohol abusers and shirkers.

The union structure that continues to support "eternal life" for the American labor-union system was constructed in 1935 under the National Labor Relations Act. This obsolete labor law provides for union leaders to be elected by a convention system, whereby union members elect "delegates" to the conventions. This worker "democratic" structure and process meets every three to five years to rubber stamp the election of union officers and set bargaining and political goals. Congress

I was not present, nor did I have the opportunity to vote for anyone who was present, at the time of the certification vote on the U.S. Constitution. Nor did I have the chance to vote for or against many of the congressional delegates who enacted numerous laws which still stand and affect me and others. My hometown was chartered on Dec. 26, 1753. Must that be redone as well?

Union activities, strikes, contracts etc., are all subject to ratification by the current membership on one side and current management on the other. Union leadership is decided by current members. Why are unions singled out for such criticism? Mr. Chougule's claims strike a hollow note.

KEN McCAFFREY
Brattleboro, Vt.

Rich Have the Money to Adapt to Doomsday

I am sure it is true, as Oren Cass indicates, that advanced countries will adapt to climate change ("Doomsday Climate Scenarios Are a Joke," op-ed, March 12). They can move cities inland, build massive sea walls, air-condition everybody and grow crops in climate-controlled shelters. That may well be where the 20% of GDP goes. The poorer countries of the world won't have these options. Their only hope will be to migrate to the advanced countries—an emigrant crises much greater than anything we see now.

DAVID B. WOOD
Lincoln, Calif.

Mr. Cass ignores the social and economic costs of adaptation. Yes, the mortality rate associated with extreme heat in cities is being reduced

by increased use of air conditioning, but that increased use itself helps drive climate change, as it requires electric power largely derived from fossil fuels.

RILEY NEWMAN
Irvine, Calif.

If a person moved from Boston, Mass., to Miami, Fla., he or she would experience a 26-degree Fahrenheit change in the average temperature in a matter of days. There would certainly be some serious adjusting but I doubt that he or she would shrivel up and die. If the global temperature were to rise three, four or five degrees in the next 50 to 75 years, I don't think anyone would even notice except the doomsday crowd.

PAUL C. QUIGG
Luray, Va.

It's Time to Take Responsibility for Losing

Message to Hillary Clinton: Over the last 10 years of marriage, this white woman has convinced her husband, a Harvard Law School-educated former Al Gore and John Kerry supporter, to vote Republican ("Hillary Clinton Leans Out," Review & Outlook and Jason Willick's op-ed "What Happened to the Common Man?," both March 14). It wasn't pressure that did it, but the soundness of the ideas and policies we've spent the last decade discussing. I'd like to vote for a woman presidential candidate, but I certainly will never put my support behind any woman candidate with such a prejudiced and condescending attitude toward those who disagree with her. Learn some respect, lady. President Trump, you need to learn some, too.

ANNE PROANO
Cleveland

I'm a married white woman who didn't vote for Hillary Clinton because I don't identify with enabling wives who stand behind their philandering husbands as she did. To say that women in this day and age would vote due to "ongoing pressure to vote

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Pepper ... And Salt

THE WALL STREET JOURNAL



"When you said we were trending, I assumed we were trending up."

OPINION

Mark Zuckerberg Is No James Madison

By Paul Bergevin

One of the many conceits of the digital age is that so-called platforms are a new invention. In some respects they are. Built with computer code, powered by microchips and operated in the cloud, these digital building blocks did not exist until relatively recently. But in other respects, platforms are simply large aggregations of people coming together to search information online, shop or connect with friends.

The Constitution was designed to constrain our worst impulses. Facebook encourages them.

Compare today's platforms to the American Constitution: a large aggregation of citizens organized on the principle of self-government. As a work of design, the Constitution is a brilliant piece of architecture, an intellectual foundation that has stood the test of time. If James Madison were a software developer in a Harvard dorm room and not a Virginia planter, we might say he was a better coder than Mark Zuckerberg. The Constitution understands human nature. Facebook, dangerously at times, does not.

In designing the Constitution, Madison managed to appeal to people's better angels while at the same time calculating man's capacity to

harm and behave badly. Facebook's designers, on the other hand, appear to have assumed the best about people. They apparently expected users to connect with friends only in benign ways. While the site features plenty of baby and puppy photos, it has also become a place where ISIS brags about beheadings and Russians peddling misinformation seek to undermine the institutions of a free society.

"If men were angels," wrote Madison in Federalist 51, "no government would be necessary." The father of the Constitution knew better. A government of men required a delicate set of checks and balances, and limits on executive authority. Minority rights needed protection. Even the concept of rule by the people was tempered to mean not direct plebiscite but representative democracy. With these limits in place, the Constitution has acted as a restraint on humanity's darker impulses for nearly 230 years.

Facebook's design is the opposite. It proceeds from the same utopian assumptions that the pioneers of the internet largely espoused. Not only should information be free, but sharing it is by nature a good thing. This design philosophy has produced many unintended consequences. Bad actors have learned to manipulate the platform and sow uncertainty and chaos.

Last month Robert Mueller obtained indictments against 13 Russians who are charged with brazenly posing online as legitimate interest groups when their real purpose was to promote confusion and disrupt the 2016 presidential elections. Think about Facebook from the perspective



Madison



GETTY IMAGES

Zuckerberg

of these alleged trolls. If you wanted to create the perfect instrument to undermine confidence in the Western canon—democratic government, the rule of law, respect for empirical evidence—you would design something like Facebook. Vladimir Putin's misinformation campaigns recall the line attributed to his namesake, Vladimir Lenin: "The capitalists will sell us the rope with which we will hang them."

Facebook isn't the only social-media platform but it is the largest, making it a juicy target for mischief. Mr. Zuckerberg has pledged to make 2018 about "fixing" his invention, but so far the company has responded with a series of half measures and Band-Aid solutions including de-emphasis of outside news sources, elevation of friend-generated content,

and promises of greater security and privacy protection. These necessary changes won't weed out the corruption that has compromised trust in the platform.

Facebook's problem is one of structural design. Its continued high growth depends on engagement levels and audience size. In the quest for revenue growth there is no incentive to expose impostors and make-believe content. As a Massachusetts Institute of Technology study published earlier this month in Science magazine showed, false information tends to spread much faster than the truth. The further fake news spreads and the more user engagement it generates, the more money Facebook makes. While Mr. Zuckerberg has said he would sacrifice profit to clean up the platform,

it is hard to see how Facebook can endure in its present form. There is simply too much rot.

Regulators may have the last word, particularly since Facebook is treating its current predicament like a public-relations crisis rather than a threat to its business model. The company seems unable to curb the abuses that are tainting the platform. The head of Facebook's advertising unit took pains to tweet that Russian-backed ads mostly ran after the 2016 election—and thus did not influence the outcome—when it was Russian-backed phony content, not ads, that had an impact on U.S. opinion. A retweet from President Trump forced the company to disavow its own executive.

Facebook insists it is not a media company. Maybe so. But unless it takes on the responsibilities of an editor and publisher by verifying the identities of users, filtering content that runs on its platform, and addressing the incentives to post specious or inflammatory "facts," Facebook should expect to be policed externally.

Again, Madison's words are rooted in the realities of human nature: "In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself." As presently constituted, Facebook is out of control and cannot last.

Mr. Bergevin is a longtime technology and communications executive.

Fourth Wave Environmentalism Fully Embraces Business

By Fred Krupp

American corporations began joining with environmental groups to increase sustainability nearly 30 years ago. This trend was still on the horizon in 1986 when I wrote an op-ed for this page describing an emerging style of environmentalism dedicated to problem-solving, market-based approaches, and partnerships.

Now widely known as Third Wave environmentalism, the idea first became a reality in 1990, when McDonald's teamed up with my organization, the Environmental Defense Fund, to reduce more than 300 million pounds of solid waste by doing away with its foam-clamshell packaging. The Third Wave

the vast network of farms from which it purchases roughly two million tons of corn each year. The move is part of Smithfield's goal of cutting supply-chain greenhouse-gas emissions 25% by 2025. The company is the first in its industry to set such a target, and its progress is enabled by corn growers' increasing investment in tools that help determine the most efficient ways to apply fertilizer.

The Fourth Wave not only makes invisible problems visible, it makes them solvable. EDF put sensors on Google Street View cars to measure and map leaks of methane, an extremely potent greenhouse gas, in Boston, Chicago, Dallas and other cities. We challenged entrepreneurs to create methane-detection units that are now being piloted in oil and gas facilities owned by Statoil, Shell and Pacific Gas & Electric. And we teamed with Google Earth Outreach to map air-pollution threats on each block in West Oakland, Calif., giving residents detailed data to help make the case for emissions reductions under California's new air-quality law.

EDF is just one of many groups doing this kind of work. The World Resources Institute is using satellites to track deforestation in the Amazon, and uploading the data to a website that alerts local authorities and the public to fires. Retailers, consumer brands and tech companies are using blockchain to improve traceability and accountability across supply chains, from verifying the sustainability claims of the Indonesian tuna industry to managing energy trading across a solar-fed microgrid in Brooklyn. And the Nature Conservancy is working on facial-recognition technology for fish to help fishermen in Indonesia identify and track their catches. "The solutions are out there," says the group's chief executive, Mark Tercek. "And these innovative technologies are helping us find them, deploy them and scale them up."

Where Third Wave partnerships tended to be one-on-one, the Fourth Wave boasts many multilateral partnerships. EDF's work to measure methane emissions from the oil-and-gas supply chain involved scores of academic institutions and

energy companies, and now we're working with the Netherlands Institute for Space Research to derive emissions data from the European Space Agency's Sentinel-5P satellite, sent into orbit last year. More than 400 companies have joined Walmart in its effort to reduce greenhouse-gas emissions in its global supply chain by one billion tons—more than the total annual emissions of Germany.

The momentum is building, but we need more groups to take part.

Local groups that may not have access to the latest technology deserve access to transparent data about what's happening in their communities. I encourage environmentalists, tech innovators, business leaders and local citizens to explore the power that unlikely Fourth Wave coalitions can unleash.

In any era, those doing the hard work of solving environmental problems take advantage of the best available tools, and in this era

those tools include innovations that can help drive transparency, responsibility and low-cost solutions. Technology can obviously be used for good or ill. But when sensors, machine learning and data analytics are used to shape smart policy, rein in free riders, and reward corporate responsibility, they will enable changes that help people and nature prosper.

Mr. Krupp is president of the Environmental Defense Fund.

Multilateral corporate partnerships and market-based approaches have become standard practice.

built on the progress of the first two: Teddy Roosevelt-era land conservation, followed by mid-20th-century antipollution laws like the Clean Air Act. In the 1990s, the advent of reliable pollution monitoring opened the door to flexible Third Wave solutions such as the U.S. cap-and-trade system for sulfur dioxide, which causes forest-killing acid rain. Since 1990, this program has helped reduce coal-plant sulfur-dioxide emissions by more than 90% nationwide.

Market-based approaches and corporate partnerships are standard practice today. Yet too many environmentalists still regard business as the enemy, and vice versa. That may finally be changing, because an emerging wave of environmental innovation is making these partnerships more productive, and their results more precisely measurable. Call it the Fourth Wave of environmental progress: Innovation that gives people new ways to solve environmental problems.

Last year, for example, Smithfield Foods, the world's largest pork producer, joined with EDF and other groups to reduce fertilizer waste on

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Uber CEO Tackles Newest Crisis

Auto fatality stirs concern company's technology isn't ready for public roads

By GREG BENSINGER

Dara Khosrowshahi spent much of the first six months as **Uber Technologies** Inc.'s chief executive cleaning up scandals he inherited. Just as it appeared Uber was turning a corner, a new crisis has emerged, this time under his watch.

Uber now owns the unfortunate distinction of being the company behind the first autonomous vehicle to strike and kill a person. The fatality, which

occurred after an Uber self-driving car hit a woman crossing a road in Tempe, Ariz., on Sunday night, prompted Uber to suspend testing of its driverless cars in four cities and raised questions about whether the company's technology—along with those of its peers—is ready for public roads.

Perfecting the technology is essential to Uber, as autonomous vehicles could pare significant costs by replacing some 2.5 million human drivers and give it an edge in the technological race to upend personal and even commercial transportation. Uber is among auto makers and tech giants pursuing fully driverless cars in the belief they ultimately will save lives and costs.

Uber declined to comment

on Tuesday. The company had said Monday it was investigating the Tempe incident and cooperating with authorities.

The company posted a loss

Dara Khosrowshahi has been dealing with various scandals that he inherited.

of \$4.46 billion last year on sales of \$7.36 billion, in part because of outlays for its driverless-car program, and other new technology, as well as the loads of cash it spends on promotions to incentivize drivers

to remain on the road. Uber hasn't disclosed exactly what it spends on its driverless-car program, but the endeavor is potentially worth billions of dollars down the road. The technology could eliminate about three-quarters of what is essentially the cost of a typical trip, according to testimony from a former Uber self-driving executive in the recent case brought by Alphabet Inc.'s Waymo, which alleged Uber stole design secrets. Uber denied the charges, but settled last month, agreeing not to use Waymo's technology in its driverless cars and giving Alphabet about \$245 million in equity. That settlement was one of Mr. Khosrowshahi's moves to put

Please see **CEO** page B2

General Dynamics Raises Bid In IT Fight

By DOUG CAMERON

General Dynamics Corp. raised its offer for **CSRA** Inc. in an effort to fend off an unsolicited bid for the federal information technology provider from **CACI International** Inc.

The maker of Abrams tanks and Gulfstream business jets lifted its all-cash offer for CSRA to \$41.25 a share from the \$40.75 that the two companies agreed to last month, valuing its target at \$6.9 billion.

CACI, which also provides IT services to public-sector clients, made its unsolicited cash and stock counterbid last week, at which time the offer was valued at \$44 a share, or \$7.2 billion.

The value was eroded on Monday when CACI's share price slid 7.5% as investors expressed concern about the debt the company would have to take on to finance a bid—which also comes with a \$204 million breakup fee. The stock bounced back 4.2% on Tuesday, valuing CACI's offer at around \$43.

CSRA, whose shares rose 1.1% to \$41.48 on Tuesday, said it supported the new offer from General Dynamics and didn't view CACI's counterbid as a superior offer.

General Dynamics has secured antitrust approval for its proposed deal, which would create one of the largest government IT providers with annual sales of almost \$10 billion. It has launched a tender offer for CSRA shares that runs through April 2.

Analysts expressed surprise that General Dynamics opted to raise its bid given the negative reaction by investors to CACI's offer. The defense contractor on Sunday criticized elements of CACI's bid, questioning the targeted synergies and July closing date.

Still, some analysts said CACI's move could trigger further deal making in a sector that has already consolidated as government departments opt to award larger, enterprise-wide contracts.

One of the biggest prizes involves a plan by the Pentagon to migrate much of its data to the cloud. The Defense Department is expected to award a single contract this year that could be worth as much as \$10 billion.

While shares of many federal IT companies are close to all-time highs, analysts remain concerned that the sector could be caught in the federal budget impasse. Congress has yet to appropriate funds under the fiscal 2018 budget, and contracts are awarded under a temporary measure.

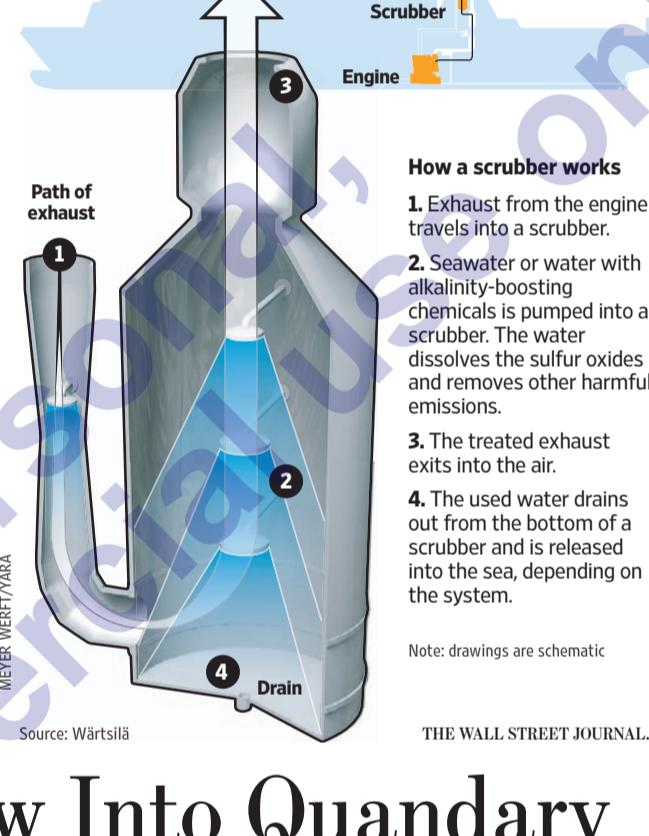
IT-related contracts tend to be on shorter terms than deals for hardware such as aircraft or ammunition, and have to be regularly refreshed. An extension of the temporary budget into April or beyond would cap funding at fiscal 2017 levels, well below that proposed in the 2018 budget.



A Yara-made scrubber is prepared for use on a cruise ship. Scrubber makers expect up to \$18 billion in orders by 2026.

Breathe Easier

Burning heavy fuel forms sulfur oxides that are harmful to health and the environment. Scrubbers remove sulfur oxides from a ship's exhaust.



Note: drawings are schematic

THE WALL STREET JOURNAL.

Ship Fumes Billow Into Quandary

By COSTAS PARIS



MATT ROURKE/ASSOCIATED PRESS
Ships contribute approximately 13% of sulfur-dioxide emissions.

The owners of 60,000 cargo ships are bracing for tighter emissions rules that are forcing them to make a multibillion-dollar choice: Start buying cleaner-burning fuel or invest in a device that treats a ship's exhaust before letting it out.

It isn't an easy call. Retrofitting a vessel with a sulfur-trapping exhaust system called a "scrubber" costs as much as \$10 million a ship, while cleaner fuels are about 55% more expensive than the ones shipping operators use now.

Whether it makes sense to install scrubbers and absorb a bigger financial hit upfront depends on whether scrubbers will be adequate to meet even stricter pollution caps expected in the future and the availability and cost of cleaner fuels. Both factors are difficult to gauge.

Scrubbers involve a complicated and expensive installation of \$5 million to \$10 mil-

lion per ship and the benefit to the environment is still not clear," said Soren Toft, chief operating officer at Maersk Line, the world's biggest container operator. "It's like installing small refineries in approximately 60,000 vessels and it's not a very sensible way of doing things."

The deliberations stem from new caps on sulfur emissions by global regulator International Maritime Organization, that will go into effect in January 2020.

Ships contribute about 13% of total sulfur-dioxide emissions, according to the IMO, by burning heavy fuel with a 3.5%

sulfur content. That is more than 2,000 times the level allowed for cars on U.S. highways. The pollution from burning high-sulfur fuel causes respiratory ailments and can aggravate heart disease, according to the World Health Organization.

The new cap on a fuel's sulfur content will be 0.5% and the change will cost the industry about \$40 billion, according to maritime executives. Higher fuel costs lead to increased freight rates, which are passed on to consumers.

Refineries say they will have enough cleaner fuel blends to meet demand, but many shipowners are opting not to wait and see. Scrubber manufacturers expect orders to total between \$6 billion and \$18 billion by 2026, from less than \$300 million last year and just a few million in 2016.

The lion's share will go to big competitors such as Finland's **Wartsila** Oyj, Sweden's

Please see **FUMES** page B2

MATT ROURKE/ASSOCIATED PRESS

TransDigm didn't respond to requests to comment.

Seaboard, an international conglomerate involved in shipping, energy and food products such as Butterball turkeys, also appears on the lineup of companies without a female director since 2006. Seaboard, whose five male directors face re-election April 23, didn't respond to requests to comment.

For Sonic, a car dealer, the New York pension fund said it would refuse to support the re-election of nine male directors during its April 25 annual meeting. Sonic didn't respond to requests to comment.

Several businesses without female directors since 2006 have come under criticism for

Please see **BOARDS** page B2

Pension Fund Opposes Boards Without Women

By JOANN S. LUBLIN

A major state pension fund intends to oppose the re-election of all directors at hundreds of U.S. corporate boards without a single woman.

The campaign by the **New York State Common Retirement Fund**, expected to be announced Wednesday, reflects its growing impatience with the pace of progress on gender diversity in the boardroom.

Women held 16.5% of directorships at Russell 3000 companies at year-end, up from 15.1% in 2016, according to governance researchers Equilar Inc. Russell 3000 boards won't achieve gender parity until 2048, Equilar predicts.

"We need to speed up that time frame," said Thomas Di-

Napoli, New York state's comptroller. He manages about \$209.1 billion in assets for what is the third-biggest U.S. public pension fund.

Many large investors have long pressed corporate boards to increase their ranks of women, and several studies in recent years have linked increased female representation on boards with improved shareholder returns. But until recently, most investors didn't specify the number of female members that they believe is appropriate.

The idea of investment managers taking a stand on social issues has faced resistance. This month, a Florida lawmaker proposed that the state's retirement fund stop investing in gun makers after

a deadly high-school shooting. But officials who manage those investments say dropping gun stocks would conflict with the duty of a retirement or pension fund to maximize returns for public workers.

The New York pension fund owned shares in more than 400 U.S. businesses without any female directors last year.

The fund already has opposed or will soon oppose directors up for re-election at companies such as **TransDigm Group** Inc., **Seaboard Corp.** and **Sonic Automotive Inc.**

TransDigm, a maker of aircraft parts, re-elected the 11 male board members at its annual meeting on Tuesday, the company said in a regulatory filing. The manufacturer is one of 45 U.S. companies that

hasn't had a single female director in the past 12 years, according to an Equilar analysis for The Wall Street Journal of the 1,500 biggest Russell 3000 concerns.

16.5%

Share of directorships held by women at Russell 3000 firms

Equilar also found that of those 45 businesses, the 12 biggest by market capitalization appointed 67 male board members since 2006. TransDigm added the most, choosing nine men in the period.

TransDigm didn't respond to requests to comment.

Seaboard, an international conglomerate involved in shipping, energy and food products such as Butterball turkeys, also appears on the lineup of companies without a female director since 2006. Seaboard, whose five male directors face re-election April 23, didn't respond to requests to comment.

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INSIDE



A \$2.4 BILLION SALE IS GOLD FOR CHELSEA

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FUMES

Continued from the prior page
Alfa Laval AB and Norway's
Yara Marine Technologies.

Yara said it had more than 400 scrubber inquiries last year, up from 100 in 2016; inquiries exceeded 100 in the first two months of 2018.

"Shipping is waking up to fundamental change," said Thomas Koniordos, Yara's senior vice president for environmental solutions.

Mr. Koniordos declined to say how many orders Yara has in place.

A study commissioned by the IMO says about 6.7% of the

Carnival has invested \$400 million to install scrubbers in 82 of its 102 ships.

global commercial fleet, or around 4,000 ships, will be using scrubbers after 2020.

Executives at shipyards in China and South Korea, where roughly 1,500 vessels of all types are being built or retrofitted to comply with the new rules, say about 25% are fitted with scrubbers. A further 65% are built to use cleaner fuel blends and the remainder are built for other options, including liquefied natural gas.

A scrubber resembles a mini refinery plant. Exhaust from the engine goes through the unit where it is mixed with water, which dissolves sulfur oxides before the treated fumes exit through the ship's funnels. The used water is then released into the sea or cleaned up and reused, depending on the system.

Adopters absorb a big financial hit. Miami-based Car-

nival Corp., the world's biggest cruise-ship operator, said it has invested \$400 million to install scrubbers in 82 of its 102 ships. Sweden's Stena Line, one of Europe's largest ferry operators, serving Northern Europe's low-sulfur zone, said in 2014 that it had to shed about 30% of its workforce to pay for scrubbers.

Scrubber-industry executives say despite the high up-front cost, the devices substantially cut operating expenses. Peter Leifland, Alfa Laval's executive vice president, said a very large crude carrier, or VLCC, would spend \$9 million a year using low-sulfur fuel mixes, but a \$3.7 million scrubber system would cut the annual fuel cost to \$7 million plus an annual service fee of as much as \$75,000.

"The payback time is around two years, which is quite short, considering the scrubbers will last for the ship's lifetime" he said.

VLCs have an average life-

time of about 20 years.

Shipyard officials in China and South Korea, where the bulk of new VLCs are built, said 35 of the roughly 50 such vessels ordered last year will have scrubbers.

Maersk Line, a subsidiary of Danish shipping company A.P. Moller-Maersk AS, says it is keeping its options open, but adds that using cleaner fuels is the preferred choice for much of its fleet, expecting the cost to gradually decline as refiners increase output.

Maersk, with a fleet of more than 770 vessels, initially expects the cleaner fuels will add around \$2 billion to its average \$3.3 billion annual fuel bill.

Executives said the onus should be on refineries, not shipowners, to deal with the fuel issue, although scrubbers remain an option.

—Erica Phillips

contributed to this article.

likely for the first time that companies in which it invests should have at least two female directors.

Starting in 2015, Massachusetts' state pension fund has voted against directors up for re-election at companies where women or people of color hold less than 25% of directorships—and increased that threshold to less than 30% of directorships in 2017.

California State Teachers' Retirement System changed its board diversity policy in November. As a result, "Calstrs may oppose the re-election of all directors this year at 27 companies with zero women on their boards," said Aeisha Mastagni, a portfolio manager for corporate gover-

nor.

Other institutional investors also are intensifying their push for more women on boards. **BlackRock** Inc., the world's largest money manager, last month stated pub-

BUSINESS & FINANCE

Push to Ease Safety Rules in Limbo

BY JOHN D. MCKINNON

WASHINGTON—This week's pedestrian fatality involving a self-driving car is likely to complicate efforts in Congress to speed the vehicles' development by wiping away state safety regulations.

The House last fall passed legislation that would pre-empt regulations that some states have sought to impose on the driverless-car industry recently. The bill would also exempt driverless cars from many federal safety-equipment standards, to accommodate new designs. Instead, the bill would have regulators rely on safety certifications from the manufacturers.

The industry has said the federal legislation is vital to preventing a patchwork of state and local safety regulations from blocking innovation. The technology's backers have argued it should be fast-tracked because of its potential to ultimately save thousands of lives, as well as the need to stay ahead of competitors in Europe and Asia.

The House passed it by voice vote in September, and it was unanimously approved by the Senate Commerce Committee soon after.

The committee's chairman, Sen. John Thune (R., S.D.), one of the bill's main sponsors, said in a statement Monday that the pedestrian fatality in Tempe, Ariz., reflected the need for Congress to delineate standards for the nascent industry.



Pending legislation would speed development of self-driving cars by pre-empting state safety rules.

"We won't have all the facts until relevant investigations are complete, but this tragedy underscores the need to adopt laws and policies tailored for self-driving vehicles," he said. "Congress should act to update rules, direct manufacturers to address safety requirements, and enhance the technical expertise of regulators."

Even before the pedestrian was struck late Sunday, some senators had reservations about the bill, saying they were concerned that it didn't guarantee sufficient protections for drivers, passengers and pedestrians, particularly given the lack of federal safety regulations so far.

"Self-driving cars should be

no more likely to crash than cars currently do, and should provide no less protection to occupants or pedestrians in the event of a crash," five Democratic senators wrote last week to the bill's main sponsors. The five were Dianne Feinstein of California, Richard Blumenthal of Connecticut, Kirsten Gillibrand of New York, Tom Udall of New Mexico and Edward Markey of Massachusetts.

After Sunday's accident in Arizona, which involved a self-driving car from Uber Technologies Inc., Ms. Feinstein suggested lawmakers have been moving too quickly. "My heart goes out to the family of the woman killed by a self-

driving car in Arizona," she said. "It's an issue that Congress needs to carefully examine and see that the safety of driverless vehicles is ensured. I do not believe this examination has been carefully carried out thus far."

Such criticism could dim the bill's prospects, particularly because the looming midterm elections could make congressional leaders more risk-averse in bringing legislation to the floor. Some Democrats have lent their support to the measure, including Sen. Gary Peters of Michigan, a co-sponsor, but the measure would need the support of several other Democrats to clear the chamber's procedural hurdles.

CEO

Continued from the prior page
Uber's past problems behind it.

He helped bring peace to Uber's board by brokering a multibillion deal with investor SoftBank Group Corp. He also revealed a massive customer data breach that occurred under Mr. Kalanick, and mollified lawmakers in London and Brazil with regard to longstanding issues over regulations there.

A month ago, Mr. Khosrowshahi told attendees at an investor conference hosted by Goldman Sachs Group Inc. that he felt Uber was finally moving past its distractions and the negative headlines. "It took some dramatic turns, but I think we're in a good place five months later," he said, adding a priority is to repair the brand.

Uber faces an investigation into Sunday's car accident by Tempe police and by two federal transportation agencies. The police haven't assigned blame. But police said they believed the Uber vehicle—which included a human safety operator—showed no signs of slowing down and slightly exceeded the 35 mile-per-hour speed limit before hitting the woman walking her bicycle outside a crosswalk.

The accident puts Uber at the center of a long-feared inflection point for driverless-car developers, stirring several lawmakers to call for more legislation that could impede the company's progress. It comes at a critical phase of testing as some companies are preparing to commercialize fully driverless cars as soon as this year, while mainstream auto makers are offering semiautonomous systems that let drivers take their hands off the wheel for periods of time.

Uber's self-driving efforts have been controversial from the start. After striking a deal with Carnegie Mellon University in Pittsburgh to work on autonomous car technology in 2016, Uber poached some 40 staffers, upsetting school officials.

Uber later angered Pittsburgh Mayor Bill Peduto, an earlier advocate of the company's driverless efforts, who pointed to evidence that the company wasn't acting as a good corporate citizen, including what he said was a failure to contribute to local causes.

Uber also drew the ire of San Francisco's officials in late 2016 after putting some self-driving vehicles on the road without first securing a registration with the state motor-vehicle department for testing. It subsequently paid the \$150 registration fee, but not before moving the cars to Tempe, where state officials said it was welcome.

Then almost exactly one year ago, an Uber autonomous vehicle was flipped onto its side after it was struck by another vehicle that failed to yield. The company suspended the vehicle program for three days, though officials said the incident wasn't the Uber car's fault.

Self-Driving Laws

States that have introduced legislation on autonomous vehicles

Have passed legislation

Have issued executive orders

Source: National Conference of State Legislatures

Map showing states that have introduced legislation on autonomous vehicles. Legend: Have passed legislation (green), Have issued executive orders (blue).

THE WALL STREET JOURNAL.

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BUSINESS NEWS

Orbitz Customer Data Exposed

By IMANI MOISE

Expedia Inc.'s Orbitz subsidiary said Tuesday it has discovered a possible data breach affecting thousands of customers who booked trips through one of its older websites or a partner platform.

Orbitz didn't disclose which business partners were affected by the breach, but **American Express** Co. said separately that travel booked through its representatives and through Amextravel.com had been affected by the cyberattack.

The breach is estimated to have affected about 880,000 payment cards, Orbitz said.

The travel-booking site operator said that during an investigation of an older Orbitz platform it found that a hacker may have accessed consumer data late last year and it is working to notify those who may be affected. The breach didn't affect the new **Orbitz.com**, the company said.

The hacker could have had access to data on purchases made between January 2016

and December of last year, including birthdays, addresses, full names and payment-card information.

The company said that so far there is no evidence that passport or travel itinerary information was accessed and that it doesn't keep Social Security information on U.S. customers on its platform.

American Express said American Express Global Business Travel and the platforms that manage credit-card accounts weren't affected by the attack.

It is unclear if any of the data was taken from the platform.

The companies are offering those affected by the breach free credit monitoring.

Orbitz's disclosure is just the latest involving a breach of sensitive consumer data at a company. Lawmakers have begun to push for stricter rules on when companies have to report potential hacks following incidents at Amazon.com Inc.'s Whole Foods Market, Sonic Corp. and Equifax Inc. last year.

BofA Curbs Loan Type After Steinhoff Loss

By RACHEL LOUISE ENSIGN

Bank of America Corp. has wrapped up its internal review of its \$292 million loss involving troubled South African firm **Steinhoff International Holdings** NV and dialed back its appetite for the type of stock-based loan that caused the loss, people familiar with the matter said.

Bank of America was one of a number of global lenders that held pieces of a €1.6 billion (\$2 billion) loan to Christo Wiese, then chairman of the South African retailer. Mr. Wiese's shares in the company served as collateral for the financing. Those shares collapsed in value last fall after the retailer, which owns Mattress Firm and the Sleepy's brand, disclosed accounting irregularities.

The bank said in a statement Tuesday that its review of the loss is finished. It said

the responsible thing to do with such a loss is to "review it carefully, see if we missed something, and apply any lessons for the future," adding that the "core cause" of the loss was due to the behavior of another party.

The review has led the bank to dial back its appetite for collateralized loans to individuals that are backed solely by a borrower's holdings of a single stock. These loans leave a bank with few good options if the stock price collapses.

The collapse in the Steinhoff share price hit Mr. Wiese's lenders hard. In addition to Bank of America, Citigroup Inc., JPMorgan Chase & Co. and Goldman Sachs Group disclosed losses to what was typically described as a single-name client in the fourth quarter.

The company involved, people familiar with the matter said, was Steinhoff.



Former Newell director Martin Franklin had teamed up with investment fund Starboard in a proxy fight.

Law Firm Chairman Exits After Disclosure

By SARA RANDAZZO

Latham & Watkins LLP, the country's highest-grossing law firm, said Tuesday that its chairman, William Voge, is relinquishing his position and retiring from the firm after engaging in sexual communications with a woman unaffiliated with Latham.

Latham's executive committee said the resignation follows a series of voluntary disclosures by Mr. Voge related to "the exchange of communications of a sexual nature with a woman whom he has never met in person and who had no connection to the firm."

The committee said Mr. Voge, based in London, "engaged in subsequent conduct relating to this matter that, "while not unlawful, the executive committee concluded was not befitting the leader of the firm."

The content of the communications, including the identity of the woman, wasn't revealed.

The announcement follows a nationwide reckoning over sexual harassment and alleged misconduct by powerful men, and is one of the first instances to implicate the staid world of corporate law firms.

In his own statement, Mr. Voge said Tuesday that "I made a personal mistake for which I bear considerable fault and humiliation. I deeply regret my lapse of judgment and I am sorry for the distress and embarrassment I have caused my family, friends, and colleagues."

The 61-year-old Mr. Voge, known as Bill, took over as head of Latham in 2015 after a 20-year tenure by Robert Dell.

The firm, founded in Los Angeles in 1934, grew under Mr. Dell's leadership into a global powerhouse in litigation and deal work with more than 2,600 lawyers in 14 countries.

It became the highest-grossing U.S. law firm in 2014 and last year exceeded \$3 billion in global revenue, the first firm to do so, according to legal trade publication the *American Lawyer*.

Path Is Cleared at Newell For Icahn to Push Change

At consumer-products maker, other agitators stand back to give activist investor room

By SHARON TERLEP

A group of former **Newell Brands** Inc. directors will part ways with the activist investors they joined in a proxy fight, opting out after the company struck a deal with another activist, Carl Icahn.

Starboard Value LP enlisted the directors in an effort to oust Newell's entire board, including its chief executive. The investment fund said on Tuesday it still may seek some board seats this spring, but is open to giving Mr. Icahn a shot at fixing the consumer-products conglomerate.

Newell's deal with Mr. Icahn, which was unveiled Monday, will give the billionaire control over five of 11 board seats.

"My agenda was not to win but to change the attitude within the company," Martin Franklin, one of the three former Newell directors working with Starboard, said in an interview. He was chairman of Jarden when Newell acquired

the company in 2016. "Carl Icahn is putting his money where his mouth is and if he wants to sort this out, I wish him all the best."

Mr. Icahn recently disclosed he had amassed a 6.9% stake in Newell, while Starboard owns about 4.5%.

The company, whose products include Elmer's glue, Sharpie markers and Graco baby strollers, has been mired in conflict for months as CEO Michael Polk clashed with a board increasingly critical of his performance. Three directors, including Mr. Franklin, resigned in January, and two more stepped down in recent weeks.

Mr. Franklin, who left after the Newell board rejected his proposal to remove Chairman Michael Cowhig, said Mr. Icahn "will be shocked" when he discovers what the former director characterized as bloated costs and financial maneuvering within Newell.

Newell, which is based in Hoboken, N.J., declined to comment.

The company's accord with Mr. Icahn will immediately add four board members chosen by Mr. Icahn and a fifth in coming months. Newell also agreed to explore selling more of its col-

lection of businesses.

Mr. Franklin was aligned with former Newell directors Ian Ashman and Domenico De Sole, a onetime Gucci CEO, as well as former Jarden chief Jim Lillie.

Even without that team, Starboard said it may still nominate its remaining director candidates. The firm had sought to install Mr. Lillie to replace Mr. Polk as Newell CEO.

'Carl Icahn is putting his money where his mouth is...I wish him all the best.'

Starboard urged Newell and Mr. Icahn to comb the company's entire portfolio for potential asset sales, and recognize that substantial operational improvements are needed at the company.

Mr. Franklin said he will consider buying assets offloaded by Newell. He also said that before he aligned with Starboard he told Mr. Icahn that he wouldn't run against him in a proxy fight.



Sen. Bill Nelson holding a Takata air bag inflator at a Capitol Hill hearing in 2015.

Car Makers Pushed on Air Bags

By MIKE SPECTOR

Senate lawmakers pressed regulators and automotive executives on lagging repairs of rupture-prone air bags, bemoaning the pace of an unprecedented recall of devices linked to numerous deaths and injuries.

"Manufacturers have made progress in reaching consumers and persuading them to bring their vehicles in for a free repair, but progress is uneven, overall completion rates are not where we want them to be," said Heidi King, deputy administrator at the National Highway Traffic Safety Administration, the U.S. agency overseeing the recall.

The air bags, linked to nearly two dozen deaths and hundreds of injuries globally, used propellants with ammonium nitrate that can destabilize after prolonged exposure to heat and humidity, leading to explosions, investigations have found.

Honda Motor Co., historically Takata's largest customer, has replaced or accounted for nearly 14 million air bags, or more than 72% of those currently recalled, said Rick Schow-

tek, an executive vice president at the auto maker's North American operations. He apologized to victims of air bags in Honda vehicles, including Alexander Brangman, a consumer-safety advocate attending the hearing whose daughter died after a crash in one of the auto maker's cars.

The Japanese auto maker has sent a team of more than 500 employees canvassing owners of vehicles with the most dangerous air bags across the U.S. in attempt to galvanize them to seek repairs. **Ford Motor Co.**, **Fiat Chrysler Automobiles** NV and **Mazda Motors** Corp. are also canvassing vehicle owners.

Sen. Richard Blumenthal (D, Conn.) pressed a Ford executive on the auto maker's limited policy of providing loaner vehicles to customers with pickup trucks subject to a do-not-drive recall and those whose vehicles can't be repaired quickly. Desi Ujkashevich, global director of Ford's automotive safety office, stopped short of committing to providing loaner vehicles to other customers. "We...ensure that we offer adequate solutions," she said.

INTESA SANPAOLO

SUPPLEMENT TO THE NOTICE OF CALL OF THE SHAREHOLDERS' MEETING

(Extract pursuant to Article 125-bis, paragraph 1, of Legislative Decree no. 58/1998)

Reference is made to the **Meeting of Ordinary Shareholders** of Intesa Sanpaolo S.p.A., which was convened, on single call, by a notice published on 6 February 2018 on the website group.intesasanpaolo.com ("Governance"/"Shareholders' Meeting" section), to be held at the New Headquarters in Torino, Corso Inghilterra no. 3, at 10:00 a.m. on 27 April 2018.In respect of the above, following the additions to the agenda resolved upon by the Board of Directors and made known through the **supplement to the aforementioned notice of call**, which was published on 20 March 2018 on the website group.intesasanpaolo.com ("Governance"/"Shareholders' Meeting" section), the Shareholders' Meeting, in ordinary and extraordinary session, is called upon to discuss and resolve on the following

Agenda:

Ordinary part

1. 2017 financial statements:
 - a) Approval of the Parent Company's 2017 financial statements
 - b) Allocation of net income for the year and distribution to shareholders of dividend and part of the Share Premium Reserve;
2. Increase in the compensation of the Independent Auditors for the assignment of the statutory audit;
3. Remuneration and own shares:
 - a) 2018 remuneration policies for employees and other staff not bound by an employment agreement and for certain categories governed by an agency contract
 - b) Confirmation of the increase in the cap on the variable-to-fixed remuneration to all Risk Takers that are not part of the Corporate Control Functions
- c) Approval of the 2017 Annual Incentive Plan based on financial instruments
- d) Authorisation to purchase and dispose of own shares to service the 2017 Annual Incentive Plan
- e) Approval of the 2018-2021 POP (Performance Call Option) Long-term Incentive Plan for Top Management, Risk Takers and Key Managers
- f) Approval of the 2018-2021 LECOIP 2.0 Long-term Incentive Plan for all employees that are not recipients of the POP Plan.

Extraordinary part

1. Mandatory conversion of savings shares into ordinary shares and concurrent removal of the indication of nominal value for the shares of Intesa Sanpaolo from the Articles of Association. Amendment of Articles 5 and 29 and removal of Article 30 of the Articles of Association. Pertinent and consequent resolutions;
2. Mandate to the Board of Directors to increase the share capital pursuant to Article 2443, as well as Article 2349, paragraph 1, and Article 2441, paragraph 8 of the Italian Civil Code for the purposes of implementing the 2018-2021 LECOIP 2.0 Long-term Incentive Plan based on financial instruments, referred to under item 3f) of the ordinary part, and consequent amendment of Article 5 (Share Capital) of the Articles of Association.

Information on the share capital and on:

- participating and casting votes in the Meeting (in this regard, please note that the "record date" is 18 April 2018),
- participating and casting votes in the Meeting by proxy and through the Appointed Representative (Computershare S.p.A.),
- exercising the right to add items to the agenda and the right to submit new proposed resolutions on the items already on the agenda,
- exercising the right to ask questions on the items on the agenda before the Meeting,
- the availability of the reports on the items on the agenda and the documentation relating to the Meeting, is set forth in the aforementioned full notice of call and supplement to the notice.

This extract is published in the daily newspapers "Il Sole 24 Ore", "La Stampa", "Corriere della Sera", "Financial Times" and "The Wall Street Journal".

for the Board of Directors

The Chairman – Gian Maria Gros-Pietro

Intesa Sanpaolo S.p.A. Registered office: Piazza San Carlo, 156 10121 Torino. Secondary registered office: Via Monte di Pietà, 8 20121 Milano. Share capital 8,731,984,115.92 euro. Registration number on the Torino Company Register and Fiscal Code 00799960158. VAT number 10810700152. Included in the National Register of Banks No. 5361. ABI Code 3069.2. Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund. Parent Company of the "Intesa Sanpaolo" banking group, included in the national register of Banking Groups.

TECHNOLOGY

WSJ.com/Tech

Caution Over Huawei Grows Beyond U.S.

Security concerns about Chinese telecom sprout in Canada, Australia and South Korea

National-security concerns surrounding China's **Huawei Technologies** Co. are spreading beyond the U.S. to key allies.

The telecommunications equipment maker was a sub-

By Dan Strumpf in Hong Kong, Rob Taylor in Canberra, Australia, and Paul Vieira in Ottawa

ject of debate in Canada's Parliament this week, and the chief executive of South Korea's largest telecom, considering vendors for next-generation wireless technology, reportedly called Huawei a "concern."

Australia, where U.S. officials have been pushing a case that the Chinese company is a national security risk, recently pressured the Solomon Islands to drop Huawei as the contractor on an undersea cable connecting the South Pacific nation with Australia. It offered instead to fund a separate cable itself.

Australia is now consulting other nations about their security concerns around Huawei's involvement in next-generation 5G wireless equipment, officials said.

The U.S. has taken a series of actions aimed at Huawei, the world's biggest supplier of wireless equipment and No. 3 vendor of smartphones. The Shenzhen-based company has been effectively shut out of the U.S. telecom market since a 2012 congressional report said its equipment could be used for spying.

Earlier this month President Donald Trump scuttled a pro-



The company, which supplies wireless technology and smartphones, denies it would be party to spying for the Chinese government.

posed \$117 billion takeover of Qualcomm Inc. by Singapore's Broadcom Ltd. after a government advisory panel said the deal could dull Qualcomm's competitive edge in 5G.

In January, AT&T Inc. dropped plans to sell Huawei phones in the U.S.

At issue is Huawei's growing strength in the telecommunications market. Western policy makers are concerned China could gain a leading edge in developing 5G, set to underpin

self-driving cars and other internet-connected devices.

Privately held and owned by its employees, Huawei has long said it operates independently of Beijing, and that concerns the company would use its technology—which is employed in mobile networks worldwide—to spy for the Chinese government are unfounded.

The company has "earned the trust" of its partners, a Huawei spokesman said, add-

ing that its products and services are used by carriers, businesses and consumers in more than 170 countries.

"Huawei has a robust system of cybersecurity assurance and a proven track record," he said.

Huawei already supplies U.S. allies. It sells equipment in the U.K. under supervision of a testing lab in Banbury, England, near Oxford. In New Zealand, it operates essentially without any government inter-

ference.

And in Australia, the Solomon Islands caution notwithstanding, Huawei sits on a government advisory panel for the rollout of 5G and sells telecom equipment to carriers including Optus Pte. Ltd. A Huawei spokesman said the company "works with all the major telecommunications operators" in Australia, where its revenue last year approached \$700 million.

Australian Prime Minister Malcolm Turnbull was briefed

last month on American concerns about the company in closed-door meetings with the U.S. National Security Agency and the Department of Homeland Security in Washington, according to government officials.

In Canada, where Huawei employs more than 400 researchers and engineers, members of the opposition Conservative Party on Monday pressed the Liberal government about the company's presence. In response, Public Safety Minister Ralph Goodale, without specifically addressing Huawei, told Parliament that the government will "take every step necessary" to protect its cybersecurity networks.

The exchange followed a report in Toronto's Globe and Mail newspaper that quoted former senior security and intelligence officials expressing concerns about the Chinese company. Among them was Ward Elcock, former head of the Canadian Security Intelligence Service, who in a subsequent interview with The Wall Street Journal, said: "I think we should be very careful about using Huawei equipment extensively."

Elsewhere, in an interview with the Korea Herald, SK Telecom Co. chief Park Jung-ho said he is unsure whether to consider Huawei as a supplier as the South Korean carrier builds its 5G network.

"Huawei is a concern," Mr. Park said at a recent industry event in Barcelona. An SK Telecom spokeswoman said the company doesn't currently use any Huawei equipment, but declined to comment further or make executives available for interviews.

South Korea's telecom equipment market is dominated by Samsung Electronics Co., according to research firm Gartner Inc.

MIMS

of its often-mysterious platform.

It won't be long before Facebook's soul-searching becomes more than an occasion to self-police and prompts users and regulators to act on their own.

Again and again, we've seen two disturbing problems throughout Facebook's history. The first is that the company is unable to anticipate the ways its platform, and the incredibly powerful trove of sensitive data it produces, can be misused. In 2007, it was the way Facebook's Beacon advertising system shared users' shopping behavior and, indirectly, their life choices, with their friends and family.

Personalization in advertising is sometimes nearly indistinguishable from surveillance, and personalization is at the heart of how Facebook makes money and captures so much of the online advertising pie.

The second recurring problem, only recently made apparent, is that the company has a powerful, often negative effect on our psychology. A variety of studies have shown that the way Facebook encourages people to passively consume friends' posts can make them unhappy. Facebook has admitted this is the case but says it has modified its algorithm to encourage other kinds of sharing that, at least in theory, are better at positively connecting people.

Other work has shown that Facebook has the power to reinforce our biases. We think that, because our friends online espouse a view that we share, it's what the majority of the population believes. The company has contested this.

By virtue of using algo-



Mark Zuckerberg's company has failed repeatedly to anticipate the ways its platform can be misused.

rithms to target the most "engaging" content, including lucrative ads, Facebook and its ilk have become vehicles for spreading disinformation and sowing division.

Earlier this year, in an act of contrition, Facebook suggested that a pivot toward individual interactions and groups would be of greater value, psychological and otherwise, to its users. But it's now apparent that even its group features are fraught with the same spammers and potential influence operations that bedeviled its news feed.

"[Facebook Groups] are

everyday Americans," says Renee DiResta, a researcher and analyst at Data for Democracy, an independent group of data scientists.

She says Facebook's algorithm for recommending groups pushes someone interested in, for example, the antivaccination movement into groups espousing extreme political ideologies. "It's precisely because Groups facilitate trust between participants and a feeling of belonging and camaraderie that they're very powerful tools in the wrong hands," she says.

In light of these issues—and particularly the alleged misuse of data that has pummeled Facebook's stock and reputation—the com-

pany's options are limited. And any potential solutions could have a significant impact on the company's bottom line.

It could spend hundreds of millions of dollars to employ human moderators to police potential abuse and misuse. It could hand over its data to outside researchers, who could independently study the impact on society. It could overhaul its data strategy to radically shrink the amount of data it gathers and stores—and monetizes.

And if it doesn't fix itself quickly, Facebook could face intrusive regulation, and even antitrust litigation.

Google Funds News Initiative

BY BENJAMIN MULLIN

Google unveiled a three-year, \$300 million commitment to help news organizations adapt to the digital age, the search giant's latest olive branch to a publishing industry that has been critical of its dominance over information and digital advertising.

In New York on Tuesday, the company announced the launch of the Google News Initiative, which it says is designed to help news organizations strengthen quality journalism, develop new business models and upgrade their technology.

As part of the initiative, Google, a unit of **Alphabet** Inc., detailed several efforts to help publishers drive more subscription revenue, under the umbrella of a program called Subscribe with Google.

Google unveiled a new feature that will appear on its search-results pages that will highlight stories from publications to which a user subscribes. The component won't affect the rankings on the rest of Google's search results page, according to a company spokeswoman.

The company says it will help simplify the subscription process so consumers can easily subscribe to multiple news outlets. Following through on plans announced in October, readers will be able to use their Google login credentials as a single sign-on for their subscriptions, helping to prevent users from constantly hitting paywalls, particularly when switching devices.

Launch partners include the Financial Times, Gannett, the New York Times, the Telegraph, the Washington Post and Le Figaro. News Corp., which owns publications including The Wall Street Journal and Times of London, isn't among the launch partners.

Google also said it is in the early stages of testing code that will help publishers gauge the likelihood a user will subscribe, based on its data and machine-learning models in its ad-serving technology DoubleClick. By recognizing potential subscribers, Google says publishers can then present them with "the right offer at the right time."

—Lukas I. Alpert contributed to this article.

Salesforce.com to Acquire MuleSoft in \$6.5 Billion Deal

BY AUSTEN HUFFORD AND JAY GREENE

Salesforce.com Inc. is buying **MuleSoft** Inc. in a deal valuing the firm at \$6.5 billion as Salesforce adds technology to help customers tap data from older computer systems as they move to the cloud.

MuleSoft's web-based service, AnyPoint, lets developers

connect multiple sources of data that run in their own data centers as well as on cloud services. That way, customers tap can tap that information to create new applications as well as helping them update their legacy applications and move them to the cloud. MuleSoft has more than 1,200 customers, including Coca-Cola Co. and Unilever NV,

and has seen double-digit revenue growth in recent years.

Salesforce's president and chief operating officer, Keith Block, said the deal was driven, in part, from conversations with customer CEOs who complain that "data locked in their legacy systems is holding them back."

The deal is Salesforce's largest, topping the \$2.8 billion ac-

quisition of Demandware Inc. for \$2.8 billion in 2016.

Salesforce reached a deal to buy MuleSoft for about \$44.89 a share, composed of \$36 in cash and 0.0711 share of Salesforce stock. The deal is a 36% premium over MuleSoft's closing share price Monday.

MuleSoft Chief Executive Greg Schott said he would remain CEO of the company af-

ter the merger closes.

Reuters reported earlier on Tuesday about deal talks, and shares in MuleSoft rose 27% during the trading day. Shares gained 4.4% to \$43.85 in post-market trading after the deal was announced.

Shares of Salesforce, which rose 0.1% during Tuesday trading, fell 2.3% to \$122.20 after hours.

BUSINESS NEWS

**CVS Hires
Former
Eli Lilly
Executive**

BY SHARON TERLEP

CVS Health Corp. tapped a former Eli Lilly & Co. finance chief to run its pharmacy benefit business as the drugstore giant works to complete an acquisition of insurer Aetna Inc.

Derica Rice, a longtime Eli Lilly chief financial officer, is set to take over at CVS Caremark on March 30, according to an internal CVS memo reviewed by The Wall Street Journal. Mr. Rice will succeed Jonathan Roberts, who was promoted last year to the role of chief operating officer at CVS Health.

"With growing concerns over the affordability of prescriptions, the role of the pharmacy benefit manager has never been more important to the health care system," CVS said in the memo, announcing the appointment to managers.

Pharmacy benefit managers are health-care middlemen who help select which drugs are covered for insured patients and negotiate discounts with drugmakers.

CVS, with its \$69 billion deal for Aetna, aims to create a vertical health-care enterprise in which pharmacists are central to patient care, and the company's vast network of drugstores will provide services from lab testing to the infusion of specialty medications.

The deal, which was announced in December, is awaiting regulatory approval.

Mr. Rice worked at Lilly for about 27 years, serving as finance chief from 2006 until retiring in December. He helped steer Lilly through a period of patent expirations for top-selling drugs that caused the company's sales to plummet in 2014. The company cut costs and licensed rights to new drugs to help offset some of the decline.

Blackstone Co-Founder Dies at 91

BY JAMES R. HAGERTY

Peter G. Peterson, the son of Greek immigrants who ran a diner in Kearney, Neb., grew up in a family so frugal that the parents and two sons took turns using the same water to bathe on Saturday nights.

His Depression boyhood taught him the "lesson of never, even in bad times, spending more than you earned," he wrote in a memoir.

OBITUARY **PETER PETERSON** **1926-2018**

Mr. Peterson, who became secretary of commerce in the Nixon administration, head of Lehman Brothers and a billionaire as co-founder of the private-equity firm **Blackstone Group LP**, never forgot that lesson. He gave the bulk of his fortune to a foundation seeking to educate Americans about the dangers of deficit spending and unfunded government commitments for health care.

He died Tuesday at home in New York City. He was 91.

Mr. Peterson, who was chairman of the Council on Foreign Relations for 22 years, relished picking apart business or public-policy problems and proposing solutions.

Peter George Peterson was born June 5, 1926, in Kearney. By age 8, he was making change for customers at his father's diner. "I liked it from the start. The numbers fell in line for me," he wrote in his 2009 memoir "The Education of an American Dreamer."

Poor eyesight kept him from being accepted by the military during World War II. He won a scholarship and headed for the Massachusetts Institute of Technology. At MIT, he survived a fraternity hazing that included being required to obtain a G-string from a Boston stripper, but the university expelled him for plagiarism on one of his freshman papers. It was a common practice at the time, he wrote, but the incident was one of his



Peter G. Peterson wrote his Depression boyhood taught him the 'lesson of never, even in bad times, spending more than you earned.'

deepest regrets. He bounced back by enrolling at Northwestern University, where he earned a degree in retailing.

He later received an M.B.A. degree from the University of Chicago.

His early jobs included work at a market-research firm and the advertising giant McCann-Erickson. He enjoyed analyzing consumers' motivations and advised a dog-food maker to make its product meatier. "I was probably better at this advertising business than anything else I have done," he wrote.

Bell & Howell Corp., a maker of movie cameras and audiovisual equipment, made him CEO at age 36.

President Richard Nixon appointed him as an adviser on international economic affairs in 1971. In 1972, he was promoted to commerce secretary. But his friendships with Dem-

ocrats made him suspect in the White House. After winning the 1972 election, President Nixon fired him, sparing Mr. Peterson from Watergate agonies and propelling him toward a Wall Street career.

He joined Lehman Brothers in 1973 and quickly became chairman and CEO. By 1983, he was looking to wind down his Lehman career. He promoted the firm's trading-desk czar, Lewis Glucksman, to co-CEO. Six weeks later, Mr. Glucksman said he wanted the CEO job for himself. Mr. Peterson considered duking things out by going to the board but couldn't be sure of winning a power struggle at a firm where some colleagues saw him as aloof. He accepted a golden handshake. Lehman soon imploded and was taken over in 1984 by Shearson/American Express Inc.

After leaving Lehman, he

teamed up with a former Lehman colleague, Stephen A. Schwarzman, to create Blackstone. The founders resisted the impulse to add research and trading and become a full-service investment bank. They stuck to their strengths in advice and private-equity funds.

He relished proposing solutions to business or public-policy problems.

selling an affiliate, **BlackRock Inc.**, to PNC in 1995. BlackRock by 2017 had more than \$6 trillion under management.

When Blackstone went public in June 2007, Mr. Peterson netted more than \$1 billion after taxes. After retiring from Blackstone at the end of 2008, he redoubled his efforts to warn America about the perils of profligacy. His Peter G. Peterson Foundation lobbied politicians, wrote scholarly papers and created an outdoor game called Budgetball to educate young people about the debts they would inherit.

Some friends saw his crusade for fiscal responsibility as futile. His wife, Joan Ganz Cooney, once called it "this impossible rock he's been pushing uphill."

Mr. Peterson is survived by his wife, five children, nine grandchildren and his younger brother John.

BEING NEW PHOTOGRAPHY 2018

See It Now

MoMA

Matthew Connors, Pyongyang (detail), 2013. Pigmented inkjet print. Courtesy the artist. © 2018 Matthew Connors

THE PROPERTY REPORT

Chelsea Market Looks Beyond Manhattan

After building's sale to Google, Jamestown looks to Europe, other U.S. sites for food hall

By PETER GRANT

Google closed on its record \$2.4 billion purchase of the Chelsea Market building in Manhattan on Tuesday, expanding its New York presence in a space that includes a popular ground-level food hall and 300,000 square feet of development rights.

But there is one part of the property the seller, investment manager **Jamestown**, is keeping: the branding rights and intellectual property connected to the Chelsea Market name outside of Manhattan.

Buoyed by the enormous profit from the Google sale, Jamestown is planning to develop other Chelsea Markets throughout the world that similarly combine cutting edge concepts in retail and office development. The firm is scouting a number of emerging neighborhoods in Europe and the U.S., similar to the Chelsea neighborhood, and hopes to announce "at least one, perhaps two" new Chelsea Market locations before the end of 2018, said Michael Phillips, its president and a principal.

"The concept travels," he said. "Our intention is to create this community of buildings."

Based in Atlanta and Cologne, Germany, Jamestown has more than \$11.8 billion in assets under management. Properties include traditional office properties, but also a number of amenity-rich mixed-use developments in unusual locations such as the Innovation and Design Building in Boston and Ponce City Market in Atlanta, which has an amusement park on its roof.

Jamestown's embrace of the Chelsea Market brand is part of an effort by the firm to ramp up its nontraditional



Jamestown's embrace of the Chelsea Market brand is part of an effort by the firm to ramp up its strategy for nontraditional spaces.

space strategy. The firm also is taking such steps as developing an app for tenants at its various locations so they can interact with services and tenants in other Jamestown buildings as they move and do business around the world.

The purchase by Google, a unit of **Alphabet** Inc., and Jamestown's move to export the Chelsea Market brand comes as workplaces undergo enormous changes. A trend that started in the co-working business is spreading to larger landlords and employers, which are changing their approaches to office-space design, location and amenities to attract and retain younger workers.

Mr. Phillips talks about tenants as part of communities, a term popularized by co-work-

ing company **WeWork** Cos. that is making its way into the world of corporate office space.

"We're creating communities with amusement parks on the roofs and music venues and underground speakeasies to help people get dates," Mr. Phillips said.

These trends are shaking the commercial-property investment world, boosting the values of buildings in offbeat districts while raising questions about the long-term health of traditional office buildings. Older buildings in Manhattan districts such as Midtown South long have attracted technology firms, but up until now lower rents have been one of the major appeals.

Now, some buildings in Chelsea are posting asking

rents in the \$150-to-\$200-a-square-foot range, comparable with those in markets that traditionally have led the city's office market such as Park Avenue and 57th Street.

"They're as high as anywhere in the city," said Douglas Harmon, of **Cushman & Wakefield**, who represented Jamestown in the Google deal.

On average, Chelsea's asking rents rose to more than \$70 a square foot in the last quarter of 2017, up 32% from the fourth quarter of 2016, according to **CBRE Group** Inc. In Midtown, average rents fell to \$79.19, down 1% in the same time frame, CBRE said.

Investors throughout the world are trying to identify which neighborhoods now off-the-beaten path soon will be well-trodden. In London, in-

vestor interest has been increasing in the area around Battersea Power Station since **Apple** Inc. announced plans in 2016 to move there and King's Cross since Google said five years ago that it would move its London headquarters there.

Other businesses want to be near Apple and Google similar to the way car-parts businesses want to be near automobile plants. "They're catalysts for urban change," said Matthew Richards, head of capital markets for Europe for real-estate services firm JLL, of the tech companies.

The investors scouting out hot new areas include LaSalle Investment Management, a unit of JLL with about \$58 billion in assets under management. Recent investments include a building in the Acanto section of Madrid and a 325,000-square-foot office building in King's Cross, purchased in 2015 for £197.5 million (\$277 million).

LaSalle said traditional corporate tenants were looking for designs and amenities comparable with those of tech firms. "It used to be that Google offices looked different," said David Ironside, LaSalle chief investment officer for continental Europe.

Jamestown, a firm that originally raised funds in Germany to invest in U.S. property, was a pioneer in the new office-space trend. The firm also is well known as one of the developers of 111 Eighth Ave., which was purchased by Google in 2011 for \$1.9 billion and is across the street from Chelsea Market.

PLOTS & PLOYS

COMMERCIAL REAL ESTATE

Cash Is Flooding Into Data Centers

Commercial real estate might be approaching a market peak, but one category is still raking in capital.

Investment volume in U.S. data centers more than doubled in 2017 to \$20 billion, more than the combined total for the past three years, according to **CBRE Group** Inc., a real-estate consulting firm.

The bet: that large companies such as **Amazon.com** Inc. and Google parent **Alphabet** Inc., as well as smaller businesses, will continue to increase data consumption.

More companies that had previously built and operated their own data centers, such as banks and health-care companies, are shifting to third-party providers, said Pat Lynch, senior managing director of Data Center Solutions at CBRE. That is creating opportunity for landlords. "We field calls on a daily basis from private-equity funds looking for investments," said Mr. Lynch. So far this year, investment volume has totaled about \$4 billion, according to CBRE.

Total returns of data-center real-estate investment trusts clocked in at 28% in 2017, compared with 8.7% for all equity REITs, according to data from Nareit, formerly the National Association of Real Estate Invest-

ment Trusts. In the first two months this year, total returns for data-center REITs were down 14%, compared with a 10% decline for all equity REITs.

—Esther Fung

LAND & BUILDINGS

Firm Seeks Seats On RLJ's Board

Land & Buildings Investment Management LLC has sent a letter to **RLJ Lodging Trust** shareholders notifying them it planned to run a slate of two directors at the annual meeting this year.

The move Tuesday by Jonathan Litt's investment firm is the latest blast at RLJ management since the real-estate investment trust bought FelCor last year in a \$3 billion deal. Land & Buildings had been a large shareholder in FelCor and wound up with about a 2% stake in RLJ. Land & Buildings has been complaining about RLJ management practically since the day the deal closed on a wide range of issues, including the company's guidance, communications and stock performance.

In the letter, Land & Buildings called on RLJ to form a special committee of independent directors to evaluate "all strategic alternatives...given RLJ's significant undervaluation and underperformance."

RLJ Chief Executive Ross Bierkan didn't respond to a request for comment.

—Peter Grant



The Apple Store along the Chicago River waterfront at its October opening. The landlord wants to sell it and some other retail space.

Apple Store Sale Tests Brand Name

By PETER GRANT

The Chicago landlord of what **Apple** Inc. calls its "most ambitious store" has put the building on the block in a sales process that will test the power of the popular brand name in a tempestuous retail climate.

Real-estate private-equity firm **Walton Street Capital** has hired **Eastdil Secured** to market the Norman Foster-designed Apple Store that opened last fall and has become a popular attraction along the reinvigorated Chicago River waterfront.

Walton last year paid \$370 million for the Apple Store, which at the time was under development, along with 401 N. Michigan Ave., the 35-story office and retail building next door.

Now the firm is hoping to sell the 20,000-square-foot Apple Store along with 10,000 square feet of retail space in the office and retail building

for as much as \$175 million, according to people familiar with the offering. Walton would retain the office space. Real-estate investors often buy mixed-use properties and then split off the valuable retail space and sell it separately.

Eastdil and potential buyers of the Apple Store were having preliminary discussions last week at the global Mipim real-estate conference in Cannes, France, according to people at the conference. Eric Mogen-tale, managing principal of Walton, declined to comment.

The sale comes as retail real estate in general is under enormous pressure because of competition from online shopping and the contraction and failure of many big-name retailers. Values of many malls and shopping centers have been falling.

But Apple Stores have long been the gold standard in the retail world because of the high traffic they attract. Not only do they ring up strong

sales, but they also boost traffic and sales at neighboring stores.

A report by Green Street Advisors in 2016 found that average sales for 220 malls with Apple Stores came to \$710 a square foot, compared with \$630 a square foot for malls without Apple Stores.

The study was based on a database that covered about 1,400 properties.

Apple is well aware of the power of its brand and uses it to negotiate low rents. The rent it is paying for the new Apple Store in Chicago is well below the average \$400 to \$500 a square foot being paid nearby along Michigan Avenue, in an upscale retail area known as the Magnificent Mile, people familiar with the matter said.

Apple began discussing the new Chicago store more than two years ago with Mayor Rahm Emanuel, who has made development of the Chicago River waterfront a priority.

More than \$60 million was spent on the stand-alone store, which has a 32-foot-tall glass facade and a thin carbon roof.

The project included the redevelopment of the surrounding plaza area so that now Michigan Avenue is linked to the riverfront by granite staircases on either side of the store. The plaza, once cut off from the water, now "flows effortlessly down to the river," Jony Ive, Apple's chief design officer, said when the store opened.

The store opened in October in a ceremony attended by Mr. Emanuel and Apple Chief Executive Tim Cook.

Apple officials describe the store as the company's most ambitious partly because of its design and its connection to the river. The store is also bringing in well-known professionals to teach Apple device users about the products, an experience that isn't available at most other Apple Stores around the world.



Investment in data centers climbed to \$20 billion last year.

MICHAEL BUCHER/THE WALL STREET JOURNAL

THE PROPERTY REPORT

In Hong Kong, a Disconnect

Housing prices are climbing but property developers' stocks trade at a big discount

By JOANNE CHIU

Hong Kong's red-hot property sector isn't showing signs of cooling, but shares of real-estate developers aren't keeping pace.

Home prices in the city of 7.4 million people have nearly tripled since 2009, jumping about 17% last year alone, despite mortgage-tightening measures from the government aimed at cooling the buying frenzy.

The surge has made Hong Kong the least affordable home market in the world, according to research firm Demographia. It estimates the average apartment in the city cost 6.19 million Hong Kong dollars (US\$789,225) in 2017.

On two weekends in March, home buyers snapped up 1,070 apartment units at a new housing complex called the Malibu, which is being built on reclaimed land in the city's New Territories region. Developer Wheelock & Co. racked up HK\$9.16 billion in sales in just four days, a reflection of pent-up demand for housing. The cheapest apartment sold was a one-bedroom unit that cost HK\$6.83 million. It measured 367 square feet.

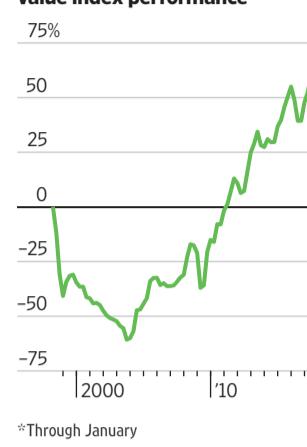
Wheelock's revenue last year climbed 17%, to \$9.05 billion, while net profit rose 26%, to \$2.6 billion. Yet shares of the developer are down 4% from a year earlier, significantly underperforming the Hang Seng Index's 29% gain over the period.

Major Hong Kong property developers—including Sun Hung Kai Properties Ltd., CK Asset Holdings Ltd., Henderson Land Development Co. and New World Development

Hot and Cold

Hong Kong housing prices have surged in recent years while sales of existing homes have slowed.

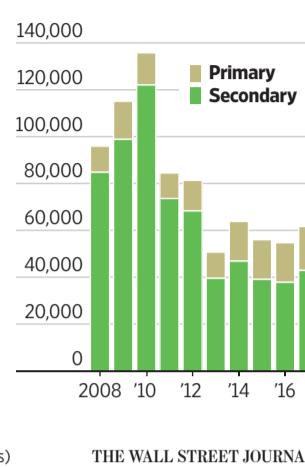
JLL mass residential capital value index performance*



*Through January

Sources: JLL (index); Land Registry (home sales)

Number of home sales



THE WALL STREET JOURNAL.

With the possibility that margins won't rebound soon, some Hong Kong developers could look into speeding up the conversion of cheaper farmland away from prime parts of the city. Others could accelerate new project launches to beat interest-rate increases.

Rates have been a risk for some time, Wheelock Chairman Douglas Woo said last week.

Another concern for stock investors: the record prices that a number of Chinese developers paid last year in Hong Kong public land auctions. That could limit future profit potential on new projects, as Hong Kong firms have to compete with mainland peers for sales.

For Hong Kong's fiscal year ending on March 31, the city estimated record income of HK\$163.6 billion from land sales and existing leases, a 28% increase from a year earlier. That was 62% higher than its original estimate.

Mr. Woo said he expects the market to remain competitive. This month, Wheelock said it would pay HK\$6.4 billion for a property under construction on the site of the city's old airport. The seller was HNA Group Co., a Chinese conglomerate that has been trying to sell assets to raise cash and pay off debt.

Wheelock bought the land for 15% more than HNA paid the government in early 2017. Mr. Woo called the higher price "market level," adding that Wheelock would consider bidding for HNA's other plots in the vicinity if they came up for sale.

The deal reflects both strong demand for scarce, prime waterfront land and optimism about demand for housing, said Peter Yuen, a managing director at property consultant Savills, which had no involvement in the deal.

real estate **auctions**



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BUSINESS OPPORTUNITIES

COURT OF MILAN

BANKRUPTCY PORTA VITTORIA SPA General Registry No. 814/2016

Bankruptcy Judge: Ms Amina Simonetti

Panel of bankruptcy trustees: Mr. Vincenzo Masciello, Mr. Maurizio Orlando, Mr. Giorgio Zanetti

INVITATION TO PRESENT IRREVOCABLE OFFERS TO PURCHASE

Bankruptcy Porta Vittoria Spa

invites

interested parties to present irrevocable offers to purchase real estate properties known as "Porta Vittoria", located in Milan, in the block between Via Giovanni Cena, Via Cervignano, Via Monte Ortigara and Viale Umbria, as described in greater detail in the assessment survey drawn up by Reddy's Group Srl (hereinafter "Survey"), and specifically:

SINGLE LOT: consisting of the real estate complex, as identified on the land registry on pages 76 to 80 of the Survey (ref. Lot B of aforementioned Survey);

Offer price no lower than 120,000,000.00 Euros =;

Minimum raise: 3,000,000.00 = Euros.

It is hereby specified that irrevocable offers to purchase must contain: (i) a copy of the "General terms and conditions of sale", duly signed as acknowledgement for acceptance in the broadest sense, including relative annexes, and (ii) copy of the list, signed for acknowledgement, of all documents present in the data room - that shall be requested by certified email to the address indicated below, within and no later than 3 May 2018.

Irrevocable offers to purchase must be submitted by hand in a sealed anonymous envelope indicating a pseudonym to Studio Masciello-Nannoni in Milan, Via Boccaccio no. 7, within and no later than 1 p.m. of the day before the sale, namely 8 May 2018, together with a deposit, amounting to 10% of the offered price, as specified in the "General terms and conditions of sale" available for consultation on the following websites: <https://portalevenditepubbliche.giustizia.it>; Decree 58/1998.

www.tribunale.milano.giustizia.it; www.entitribunali.kataweb.it, www.immobiliare.it, www.asti.immobiliare.it, www.repubblicamilano.it; and on the international multi-lingual portals www.auctionsitaly.com and www.auctionsitaly.it, which can be consulted for further information.

If several offers are submitted, a competitive bidding sale not by auction will occur on **9 May 2018, at 11:00 am** at the Court of Milan, before the Bankruptcy Judge, Ms. Amina Simonetti.

For further information please contact Mrs Paola Galasso and the lawyer Mrs Marina De Cesare of Studio Masciello-Nannoni, at phone number: 0243995584, or at the following certified email address: j814.2016milano@pecfallimenti.it.

The real estate units are available for viewing prior appointment, until 3 May 2018: please contact the lawyer Maurizio Orlando at phone number: 0254107954, or fax 025510317 or at the certified email address: j814.2016milano@pecfallimenti.it.

It is hereby specified that this notice is not legally binding for any reason and does not constitute a commitment or obligation to sell for the Bodies of the procedure, nor it constrains them to pay for any expenses for any mediation or consultation services, nor does it constitute an invitation to offer, or an offer to the public, pursuant to art. 1336 of Italian Civil Code, or mobilisation of public savings pursuant to art. 94 et seq. of Italian Legislative Decree 58/1998.

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THE WALL STREET JOURNAL. HEALTH FORUM

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

How innovation is revolutionizing the business of health

This spring, the editors of The Wall Street Journal will convene influential business leaders, policy makers and experts from across the health and health-care industries to focus on the innovations transforming this critical sector. Through interactive interviews, we will cover topics ranging from new technologies and advanced analytics to Washington policy and evolving private-sector business models.

SPEAKERS



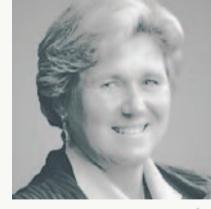
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Commissioner,
U.S. Food and Drug Administration



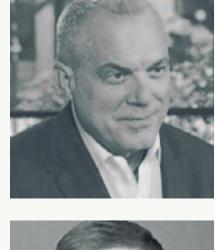
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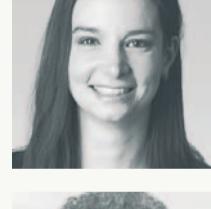
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Professor of Genetics,
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Co-Founder and Scientific Director
(1992-2015),
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(2009-2011), White House Office of
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David N. Osser, M.D.
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BUSINESS & FINANCE

CEFC China Scraps Plan to Do Czech Deal

By JAMES T. AREDDY

SHANGHAI—Troubled oil company **CEFC China Energy Co.** said it has dropped plans for a major investment in Central Europe, following a statement from the Czech government that the Shanghai-based company's chairman has been sidelined amid an investigation in China.

The company's statement came hours after the office of Czech President Milos Zeman—who in recent years had been formally advised by CEFC Chairman Ye Jianming—said it confirmed that Mr. Ye is under investigation by Chinese authorities.

The Wall Street Journal last week quoted people with knowledge of situation as saying that Mr. Ye—who has ties to his country's military—is being investigated in China, and that Shanghai authorities are currently involved in decision-

making at CEFC.

The Czech leader last week dispatched envoys to meet Shanghai government officials and CEFC representatives who had learned that Mr. Ye personally faced an investigation into unspecified legal matters, the statement from Mr. Zeman's office said. CEFC itself isn't being investigated, it added.

"The company continues to consider as one of its main priorities the development of its projects in the Czech Republic," the statement said.

Both the CEFC and Czech statements suggested Mr. Ye will leave the oil giant. Mr. Ye's whereabouts aren't known, and he couldn't be reached for comment. A company spokeswoman said Tuesday that she couldn't answer questions about the matter.

Separately, through its Prague office, CEFC has said its own officials remain in charge. The Czech presidential statement, meanwhile, suggested the company is now being headed by CEFC President Chan Chauto—who in his blue Mao-style suits has often served as a public face for the business in its dealings around the world.

The fast-moving events involving CEFC come as it takes steps to shore up its finances amid concerns it won't be able to meet some investment commitments—including its biggest outstanding deal, plans to buy \$9 billion in shares of Russian oil giant PAO Rosneft.

CEFC's plan to build on its roughly 10% stake in the Czech-Slovak holding company J&T included other financial involvement, as well as paving

the way for one of the group's banks to enter China's market. A J&T statement at the time valued the arrangement at around €800 million.

CEFC's Monday statement said that although the company is withdrawing an application to the Czech National Bank to approve a larger investment in J&T, it would continue to invest in the Czech Republic as a part of Chinese leader Xi Jinping's Belt and Road Initiative.

J&T expressed concerns about the deal in a statement last week. By email on Tuesday, a J&T spokeswoman described CEFC's decision as a "logical step."

Mr. Ye is the latest private entrepreneur to face trouble in China after spearheading a global investment push. CEFC's holdings beyond Europe include

oil production in the United Arab Emirates and Chad, in addition to last September's agreement to buy about 14% of Rosneft.

New questions about the company were raised after the U.S. Justice Department in November indicted one of Mr. Ye's top lieutenants, former Hong Kong official Chi Ping Patrick Ho, on allegations he orchestrated bribery payments to two African leaders through a CEFC-funded charity.

At the time, CEFC said it attached "great importance" to the case, but that the case had misstated facts about the company's activities. Mr. Ho has pleaded not guilty.

—Philip Heijmans in Prague and Stella Yifan Xie in Hong Kong contributed to this article.

New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG—Daily percentage change from the previous trading session.

Tuesday, March 20, 2018												
Stock			52-Wk %		Stock			52-Wk %		Stock		
Stock	Sym	Hi/Lo Chg	Stock	Sym	Hi/Lo Chg	Stock	Sym	Hi/Lo Chg	Stock	Sym	Hi/Lo Chg	
Highs			AlynnPharm	ALNY	153.99 1.4	Baozun	BZUN	51.68 6.8	BylineBancorp	BY	24.80 5.0	
AAON	AAON	39.50 0.5	AltairEngg	ALTR	32.24 7.7	BentGene	BNE	17.00 5.2	CMSevenStar	CMSU	10.19 0.2	
AdobeSystems	ADBE	231.34 3.4	Americo	AMRC	12.25 3.4	Bio-Techne	TECH	149.05 0.5	CSRA	CSRA	41.48 1.1	
AeroCentury	ACY	17.35 1.0	AssurantPfd	AIZP	103.70 0.3	BlomminBrands	BLMN	24.85 0.7	CallawayGolf	ELY	16.36 1.4	
AlliedMotionTech	AMOT	42.70 -0.8	AvisBudget	CAR	50.88 2.2	BrightHorizons	BFAM	102.42 1.1	CambiumLearning	ABCD	10.74 4.6	
			Bandwidth	BAND	32.67 10.1	BroadridgeFinl	BR	109.19 1.9	Cannae	CNNE	19.58 -2.1	

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NOTICE OF SALE

PUBLIC AUCTION NOTICE OF FORECLOSURE SALE

BY VIRTUE OF A DEFAULT UNDER the Amended and Restated Credit Agreement dated as of March 19, 2015 (as amended, amended and restated, supplemented, waived, or otherwise modified from time to time, the "Credit Agreement"), entered into by and among Cornucopia Oil & Gas Company, LLC, a Delaware limited liability company ("Cornucopia"), Furie Operating Alaska, LLC, a Delaware limited liability company ("FOA", and together with Cornucopia, the "Borrowers", and each, a "Borrower"), the lenders party thereto, Energy Capital Partners Mezzanine Opportunities Fund A, LP, as administrative agent and collateral agent for the lenders (in such capacity, the "Secured Party") and pursuant to (i) the Pledge and Security Agreement, dated as of July 15, 2014 (as amended, amended and restated, supplemented, waived, or otherwise modified from time to time) made by the Borrowers in favor of the Secured Party, (ii) the Pledge Agreement, dated as of July 15, 2014 (as amended, amended and restated, supplemented, waived, or otherwise modified from time to time) made by Deutsche Oel & Gas AG, a German corporation ("DOGAG"), in favor of the Secured Party, and (iii) the Pledge Agreement, dated as of October 20, 2014 (as amended, amended and restated, supplemented, waived, or otherwise modified from time to time) made by DOGAG in favor of the Secured Party;

NOTICE IS HEREBY GIVEN that the Secured Party, by Ronald M. Caspert, Licensed Auctioneer, DCA No. 0861925, will sell the collateral hereafter described at a Public Auction on April 13, 2018 (the "Auction Date") to be held at the offices of Latham & Watkins LLP, 885 3rd Avenue, New York, New York 10022.

Said Public Auction will commence at 1:00 p.m. Eastern time, at which time 1,000 membership interest units issued by FOA, represented by Membership Interest Certificate No. 6, 100 membership interests units issued by Cornucopia, represented by Membership Interest Certificate No. 4, and 1,000 membership interest units issued by Corsair Oil & Gas LLC, a Delaware limited liability company, represented by Membership Interest Certificate No. 3 (collectively, the "Collateral"), shall be offered for sale and Secured Party shall enter into a memorandum of sale with the highest qualified bidder (the "Bidder"). The sale will be consummated in accordance with the conditions set forth in the terms of sale, which are available upon request from the Secured Party, and such revisions thereto as may be announced at the start of the auction (the "Terms of Sale"). Telephonic bidding will be permitted, and telephonic bidding details will be provided upon request.

The Collateral may be inspected at the offices of Latham & Watkins LLP, 885 3rd Avenue, New York, New York 10022 immediately prior to the Public Auction or, by appointment at Energy Capital Partners, 51 JFK Parkway, Suite 200, Short Hills, NJ 07078, in advance of the Public Auction.

The Secured Party reserves the right to bid, to become purchaser at the sale and, without deposit, to credit against the purchase price any or all sums due to it under the Credit Agreement and to adjourn, delay or terminate the sale at any time. The Secured Party reserves all of its rights against the Borrowers for any and all deficiencies on the indebtedness remaining due to the Secured Party after the Public Auction.

The Collateral will be sold as a block and not be broken down. The Secured Party has been advised that the Alaska Department of Natural Resources ("DNR") must provide its approval with respect to a change of ownership of the Borrowers (such approval referred to herein as the "DNR Approval"). Accordingly, the Bidder shall use its best efforts to obtain the DNR Approval within 30 days after the Auction Date (such date, the "Required DNR Approval Date"). If, by such date, the Bidder has not obtained the DNR Approval, or otherwise confirmed in writing to the Secured Party that it will purchase the Units without obtaining such DNR Approval, by such date, the Secured Party reserves the right to cancel the sale to the Bidder. The Bidder will be required to represent that the Collateral is being acquired for the purchaser's own account and not with a view to the sale or distribution thereof and that the Collateral will not be resold unless pursuant to an effective registration statement under the Securities Act of 1933 (the "Act") and any applicable state securities laws or under a valid exemption from the registration requirements of the Act and such laws. The Bidder will also be required to provide the Secured Party with an investment letter.

Please direct all inquiries with respect to the Collateral to:

Energy Capital Partners Mezzanine Opportunities Fund A, LP

c/o Energy Capital Partners

1000 Louisiana Street, Suite 5200

Houston, TX 77002

Attn: Trent Kososki

Fax: (713) 496-3101

E-mail: tkososki@ecpartners.com

with a copy to:

Energy Capital Partners Mezzanine Opportunities Fund A, LP

c/o Energy Capital Partners

12680 High Bluff Drive, Suite 400

San Diego, CA 92130

Attn: Jennifer M. Gray

Fax: (858) 703-4401

E-mail: jgray@ecpartners.com

Any interested bidder can obtain access to the data room containing further information with respect to the collateral and the Terms of Sale upon agreeing to a non-disclosure agreement to be provided by the Secured Party.

PUBLIC NOTICES

Publication Notice of Branch Closure

NOTIFICATION IS HEREBY GIVEN BY BANK OF SCOTLAND PLC ("Bank of Scotland"), Edinburgh, Scotland, UNITED KINGDOM, that Bank of Scotland has advised the Superintendent of the New York State Department of Financial Services that it is commencing the process of the voluntary liquidation of its New York branch office, currently located at 1095 Avenue of the Americas, New York, New York 10036, under the provisions of Section 605.11(c) of the New York State Banking Law. Upon completion of this voluntary liquidation process, Bank of Scotland will conduct its business operations from its offices in the United Kingdom. Any and all persons seeking information about the closure of the New York Branch of Bank of Scotland or who desire to make claims against Bank of Scotland arising out of the operation of its New York Branch should submit written requests for information or written claims to Kevin Mckendry, Senior Partner, North America, c/o Lloyds Bank, 1095 Avenue of the Americas, New York, New York 10036; Telephone: (212) 930-8920; email: kevin.mckendry@ibusa.com, on or prior to April 30, 2018.

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Portfolio Associate

(New York, NY): Develop quantitative financial products. Investigate methods for financial analysis to create mathematical models used to develop improved analytical tools and advanced financial investment instruments. Design and deploy systematic event-driven strategies and systematic multi-asset factor investment strategies. Work on the entire data driven investment process, including vendor selection, data engineering, alpha research, trade execution, and pitch book development. Generate analytics on market structure and fund performance on a daily basis. Build and communicate actionable plans to modernize data, research, and trading infrastructures and to build business around data science and factor investing capabilities. Perform quantitative financial analysis and risk management. Req's Master's degree + 1 yr exp. Fluency in Japanese language is required. Send resume to HR-Y367TM, Tokio Marine Asset Management (USA) Ltd., #499 Washington Blvd., #1500, Jersey City, NJ 07310.

Vice President

Morgan Stanley & Co. LLC seeks Vice President, Portfolio Index Strategist in NY, NY to cover index rebalance events for all major Americans & global index families and projections, passive trading estimates & trade performance commentary. Req's Master's in Fin'g, Engg, Math, Fin', Engg, or rel field of study & 3 yrs exp in position offered or 3 yrs exp as Analyst, Assoc, or rel occupation. Req's 2 yrs exp w/ prod'g in KDB/q, SQL, R, Python, or C++. Will accept any amount of exp w/ following skills: model product frameworks (Barra, Bloomberg, or similar platform) and identifying sources of portfolio risk & creating hedges to minimize these risks; creating quantitative stock screens to help identify systematic trading patterns & implementing backtesting frameworks for quantitative trading strategies; advanced stat analysis on large datasets (multivariate regressions, time series modeling, cointegration analysis, & cluster algorithms); writing techni papers & publishing commentary incl research & charts that can be circulated to external clients; corp actions analysis incl M&A, dividends, & adjusting for splits; corp structure & capital raising; fin'l statement analysis; mkt impact cost & volume scheduling in execution algorithms; translating detailed quantitative analysis into high level recommendations targeting sr. mgmt & client needs; presenting quantitative topics to Subject Matter Experts; navigating client requests & setting expectations on deliverables w/Sales & Trading desks; dealing w/bus. units such as Sales & Trading, Investm/Banking, or Research as well as external clients incl Asset Mgrs, Pension Funds, Hedge Funds, & data providers; & translating bus. reqmts to technology deliverables or Project Mgmt. To apply, visit <http://www.morganstanley.com/aboutcareers/careersearch.html> scroll down & enter 3105174 as "Job Number" & click "Search jobs." No calls pls. EOE.

Vice President

Morgan Stanley & Co. LLC seeks Vice President, Portfolio Index Strategist in NY, NY to cover index rebalance events for all major Americans & global index families and projections, passive trading estimates & trade performance commentary. Req's Master's in Fin'g, Engg, Math, Fin', Engg, or rel field of study & 3 yrs exp in position offered or 3 yrs exp as Analyst, Assoc, or rel occupation. Req's 2 yrs exp w/ prod'g in KDB/q, SQL, R, Python, or C++. Will accept any amount of exp w/ following skills: model product frameworks (Barra, Bloomberg, or similar platform) and identifying sources of portfolio risk & creating hedges to minimize these risks; creating quantitative stock screens to help identify systematic trading patterns & implementing backtesting frameworks for quantitative trading strategies; advanced stat analysis on large datasets (multivariate regressions, time series modeling, cointegration analysis, & cluster algorithms); writing techni papers & publishing commentary incl research & charts that can be circulated to external clients; corp actions analysis incl M&A, dividends, & adjusting for splits; corp structure & capital raising; fin'l statement analysis; mkt impact cost & volume scheduling in execution algorithms; translating detailed quantitative analysis into high level recommendations targeting sr. mgmt & client needs; presenting quantitative topics to Subject Matter Experts; navigating client requests & setting expectations on deliverables w/Sales & Trading desks; dealing w/bus. units such as Sales & Trading, Investm/Banking, or Research as well as external clients incl Asset Mgrs, Pension Funds, Hedge Funds, & data providers; & translating bus. reqmts to technology deliverables or Project Mgmt. To apply, visit <http://www.morganstanley.com/aboutcareers/careersearch.html> scroll down & enter 3105174 as "Job Number" & click "Search jobs." No calls pls. EOE.

Vice President

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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

24727.27 ▲ 116.36, or 0.47%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.88 21.10
 P/E estimate * 16.90 17.92
 Dividend yield 2.16 2.36
 All-time high 26616.71, 01/26/18

Current divisor 0.14523396877348

26800
26000
25200
24400
23600
22800
22000

Session high
DOWN Session open UP Close
Close Open
Session low

65-day moving average

Dec. Jan. Feb. Mar.

Bars measure the point change from session's open

Session low

2450
2525
2600
2675
2750
2825
2900

Dec. Jan. Feb. Mar.

65-day moving average

6700
6900
7100
7300
7500

Dec. Jan. Feb. Mar.

65-day moving average

6300

Dec. Jan. Feb. Mar.

65-day moving average

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)	-25,000 lbs.; \$ per lb.	Open	High	Low	Settle	Chg	Open interest
March	3.0635	3.0680	3.0225	3.0255	-0.0440	1,232	
May	3.0760	3.0940	3.0290	3.0380	-0.0440	143,655	

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BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (Formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Tuesday, March 20, 2018

Net

Stock Sym Close Chg

A B C

Stock Sym Close Chg

BankAmericorp ABB 23.92 -0.04

ADT ADT 8.96 -0.18

AES AES 10.71 -0.06

Aflac AFL 45.43 0.73

AGNC Invlt AGNC 18.74 0.03

ANGI Homesvc AGI 14.43 ...

Ansys ANSS 165.45 0.53

ASML ASML 212.63 -0.15

AT&T T 36.38 -0.24

AbbottLabs ABT 62.65 0.39

AbbVie ABBV 112.65 0.62

Abiomed ABMD 294.01 6.03

Accenture ACN 162.28 2.26

ActivisionBlz ATVI 71.37 0.32

AcuityBrands AYI 146.23 -2.63

AdobeSystems ADBE 229.75 7.57

AdvanceAuto AAP 114.25 -1.62

AdvMicrDevcs AMD 11.11 -0.32

AdvSemiEngg ASEA 7.21 ...

Aegon AEG 6.90 0.05

AerCap AER 508.5 0.26

Aetna AET 171.63 -0.43

AffiliatedMtrs AMG 189.25 -1.41

AgileTechs AGI 69.85 0.51

AigloCo Eagle AEM 39.63 -0.17

AirProducts APD 165.64 -1.02

AkamaiTech AKAM 73.68 1.19

AlaskaAir ALK 65.19 0.09

Albermarle ALB 95.32 -1.59

Alcoa AA 46.47 0.11

AlexandriaREst ARI 126.39 -0.85

AexionPharm ALXN 120.2 -1.81

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AgileTechs AGI 69.85 0.51

AigloCo Eagle AEM 39.63 -0.17

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Aegon AEG 6.90 0.05

AerCap AER 508.5 0.26

Aetna AET 171.63 -0.43

AffiliatedMtrs AMG 189.25 -1.41

AgileTechs AGI 69.85 0.51

AigloCo Eagle AEM 39.63 -0.17

AirProducts APD 165.64 -1.02

AkamaiTech AKAM 73.68 1.19

AlaskaAir ALK 65.19 0.09

Albermarle ALB 95.32 -1.59

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MONEY & INVESTING

Trade War Tops Worry List

By AKANE OTANI

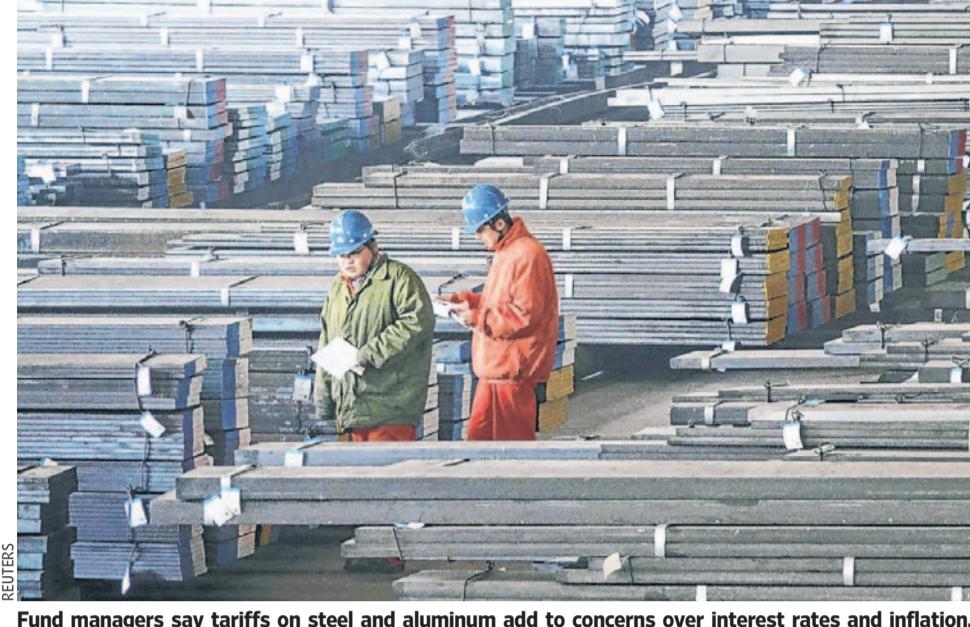
It has been more than a year since investors were this concerned about the potential for a trade war.

Some 30% of fund managers around the world say a trade war poses the greatest risk to markets, according to a Bank of America Merrill Lynch survey conducted March 9-15, while 23% worried most about inflation and 16% cited a slowdown in global growth.

The survey's results marked the first time since January 2017 that trade wars topped the list of investors' concerns.

As President Donald Trump prepared to take office, investors and analysts noted the potential for the White House to move toward increasingly protectionist policies. It didn't take long for those predictions to be borne out. In his first day in office, Mr. Trump signed a memorandum to pull the U.S. out of the Trans-Pacific Partnership and said he would install a "very major" border tax on companies that moved their operations overseas.

Strong corporate earnings and a brightening global economic outlook helped many investors look past their initial fears that the Trump adminis-



Fund managers say tariffs on steel and aluminum add to concerns over interest rates and inflation.

tration's "America First" agenda would dent earnings growth at multinational firms pulling in a substantial portion of their sales from abroad. The S&P 500 finished 2017 up 19%, while the Dow Jones Industrial Average jumped 25%.

Yet in the past few months, stocks have struggled for traction, pressured by renewed uncertainty over the course of interest rates, inflation and volatility. Investors say that

has made the market particularly vulnerable to pullbacks, especially with the White House's steel and aluminum tariffs, which are set to go into effect Friday, drawing criticism from some trading partners and raising the potential for retaliatory measures.

Fears of a trade war haven't been enough to push investors out of stocks. They have poured billions of dollars into stock funds this year, and

measures of market sentiment look strong, in part because corporate earnings have continued to impress.

But don't take that for granted, analysts say.

"Cracks in the bull case are starting to emerge, with fund managers citing concerns over trade, stagflation and leverage," said Michael Hartnett, Bank of America Merrill Lynch's chief investment strategist, in a research note.

Activist Seeks to Put Two Directors on Natus Medical Board

By DAVID BENOIT

An activist investor thinks BABY needs some adult supervision.

Voce Capital Management

LLC nominated two directors to **Natus Medical Inc.**'s board on Tuesday, according to people familiar with the matter, launching a fight over decision making at the \$1 billion neurological and infant diagnostics company whose stock ticker is BABY.

The activist fund has invested in Natus several times over the past five years, but it built a more than 2% stake after a disappointing forecast sent Natus stock sliding in January, the people said. It hasn't detailed specific demands, but it is seeking to shake up a six-person board with only one new member since 2004, the people said.

The sides appeared to reach a breaking point this month at a meeting at a hotel coffee shop, when an analyst for the activist and executives from the board this year, people familiar with the matter said.

Though Voce hasn't detailed its specific actions, the fight could be heated given the interactions between the two sides. Voce, founded by investment banker J. Daniel Plants, decided to seek board seats after trying unsuccessfully to meet with the

board this year, people familiar with the matter said.

Voce was told to meet with Mr. Hawkins and Chief Financial Officer Jonathan Kennedy, and the company suggested that an already-scheduled sit-down at the Roth Capital Partners Conference in March would work.

Mr. Plants said that meeting, at a hotel coffee shop in Laguna Beach, Calif., wasn't appropriate for the topics he wanted to discuss, the people said.

When Voce's analyst arrived without Mr. Plants, Natus executives questioned how serious Voce's concerns were if he didn't come to the meeting, the people said.

When the analyst tried to steer the conversation toward capital spending in the diagnostic unit, Mr. Hawkins reacted sharply; he defended the spending and repeatedly called Mr. Plants an "idiot," the people said. Mr. Plants felt the meeting was the last straw in attempting to engage collaboratively and set in motion the board fight, the people said.

Mr. Hawkins told the Journal he disagreed "with the description of the substance of the meeting," though he declined to go into specifics, saying the meeting was private.



Exchange chief Charles Li says the oil giant will need his market.

Hong Kong Confident Of an Aramco Listing

By SAUMYA VAISHAMPAYAN

The head of Hong Kong's stock exchange said he believes Saudi Arabian state-owned oil giant Aramco will eventually need to list in Hong Kong, despite news that its highly anticipated initial public offering is likely to take place in its domestic market.

Charles Li, chief executive of Hong Kong Exchanges & Clearing Ltd., said Tuesday that while he doesn't know when **Saudi Arabian Oil Co.**, known as Aramco, will go ahead with its IPO—which analysts estimate could value the company at as much as \$2 trillion—the exchange continues to have conversations with relevant stakeholders.

"If it does happen, we believe it will ultimately choose Hong Kong," he said on the sidelines of the Credit Suisse Asian Investment Conference in Hong Kong. Aramco "may or may not choose Hong Kong at the time of the IPO, but Hong Kong...is one of the markets they absolutely will need and will benefit from."

The Wall Street Journal reported Monday that Saudi Arabia is moving ahead with a listing next year on the Saudi stock exchange only, while taking more time to decide whether an international venue is worthwhile. Saudi officials say a listing in Hong Kong remains in contention, provided China becomes a cornerstone

investor in the company.

Major exchanges around the world are vying to win IPOs, such as the potential Aramco deal, at a time many highly valued companies are choosing to stay private for longer. Hong Kong's stock exchange is advancing a plan that would allow companies to float, even if they have structures that restrict ordinary shareholders' voting rights and give their founders greater voting power.

In a speech at the conference, Mr. Li addressed the potential for China to let foreign-listed companies issue depository receipts so they can be traded on mainland Chinese stock markets.

The issuance of depository receipts would allow hot technology companies such as **Alibaba Group Holding Ltd.** and **Tencent Holdings Ltd.** to bypass current Chinese law prohibiting firms incorporated overseas from going public in mainland China.

Everybody is "waiting for the rules to come out to see exactly how it's going to work," he said, adding that it was too soon to tell how big an impact any changes would have on markets.

The broadest change could come if new rules lead to the adoption of foreign practices in the Chinese market, which probably won't happen right away, he said. "If that happens, the domestic market is a very different market," he added.

Mozambique Offers Debt Revamp

By MATT WIRZ
AND JULIE WERNAU

to international capital in 2016 after The Wall Street Journal reported the existence of \$1.2 billion in previously undisclosed loans to companies partially owned by Mozambique's intelligence service. Low growth will likely continue until 2023 when exports from Mozambique's large natural gas fields is expected to start, according to a restructuring presentation.

The proposal asks holders of about \$2 billion in loans and bonds to accept debt reductions and to delay repayment until as late as 2034.

Bondholders, who have been waiting for an offer since the country defaulted in January 2017, said they were disappointed.

"It's a total nonstarter for bondholders," said Thomas Laryea, a lawyer representing a committee of mutual-fund and hedge-fund managers who own 60% of Mozambique's \$726 million in bonds.

Mozambique needs to resolve its debt crisis to resume borrowing from the International Monetary Fund and, potentially, commercial lenders.

Economic growth has fallen by half to about 3% in 2017 since the country lost access

to international capital in 2016 after The Wall Street Journal reported the existence of \$1.2 billion in previously undisclosed loans to companies partially owned by Mozambique's intelligence service.

Low growth will likely continue until 2023 when exports from Mozambique's large natural gas fields is expected to start, according to a restructuring presentation.

The restructuring proposed by Mozambique would treat holders of the bonds on equal footing with owners of the loans, which were originally made by Swiss lender Credit Suisse AG, Russian bank VTB Group and French bank BNP Paribas SA.

The bondholder group has long opposed such an arrangement because the loans were borrowed with government guarantees the

Mozambican Parliament determined were illegal and because Mozambique has already restructured the bonds once with the help of Credit Suisse.

Raymond Zucaro, chief investment officer at RVX Asset Management, said the potential deals outlined by the

Mozambican government would

garner between 50 and 65

cents on the dollar for investors, a far cry from the price of 84 cents on the dollar the government's euro bond was quoted at by traders on Tuesday. RVX has invested in Mozambican bonds but doesn't hold them now, he said.

Some investors were hoping government would sweeten its offer with warrants that would pay out if growth cleared certain thresholds in the future. Without such an option, creditors have little incentive to accept debt that ties them to Mozambique for more than a decade, one bondholder said.

"We're not considering it," Mr. Maleiane said, because Mozambique is very poor and needs any excess revenues to invest in infrastructure such as hospitals. "Ask creditors to support these programs."

Mozambique suffers from chronic food shortages but the IMF and donor countries have stopped lending to the country because much of the money raised in the bond and loan deals is missing. The U.S. Justice Department and Federal Bureau of Investigation are investigating the debt deals.

'It's a total nonstarter for bondholders,' says a lawyer for a group of fund managers.

downs as high as 20% and be paid less interest. The country, which is being advised by Lazard, also requested forgiveness of half of the \$249 million past-due interest it owes.

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Typically in an IPO, early investors and employees are restricted from selling shares for six months after the initial offering. Spotify in its investor day last week said one of the reasons it chose to pursue this type of listing was so eligible employees could sell immediately.

Without a bank to backstop and stabilize Spotify's trading on the first day, limiting the available supply of stock could be seen as a move to curb potential downward volatility for a stock that is expected to see

Spotify to Sell About a Third of Shares

By MAUREEN FARRELL

When Spotify's shares begin trading April 3, less than one-third of them will be available for sale, a move designed in part to prevent a deluge of shares from instantly hitting the market in the streaming service's unusual initial public offering.

The company said in updated IPO documents Tuesday that roughly 55.7 million of its total 178.1 million shares outstanding will be available for sale on the first day of trading. Daniel Ek, Spotify's co-

founder and chief executive, will be eligible to sell 15.8 million shares—less than a third of the total amount he owns.

Spotify also came to agreements with some of its shareholders that they would only sell up to a certain amount of their holdings on the first day, according to a person familiar with the process. It is unclear when they will become eligible to sell the rest.

The move appears to be a way to impose some limits on what is a largely untested way for a company to go public. That route, known as a direct

listing, allows the company's existing shares to begin trading openly on an exchange, creating a liquid market for them. Unlike a typical IPO, this route largely eschews underwriting banks and won't raise any additional money for the company. That means the market will set the initial price for shares rather than a bank.

Without a bank to backstop and stabilize Spotify's trading on the first day, limiting the available supply of stock could be seen as a move to curb potential downward volatility for a stock that is expected to see

healthy demand.

Spotify's listing will likely be coveted by investors who are seeking the high growth that often comes with big-name, highly valued technology IPOs. Those have been rare of late.

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MARKETS

Treasurys Fall; Busch Bonds Hit Market

BY SAM GOLDFARB

U.S. government bond prices fell Tuesday as investors looked forward to the conclusion of the Federal Reserve's meeting on Wednesday and cleared space in their portfolios for new bonds from **CREDIT MARKETS** Anheuser-Busch InBev SA.

The yield on the 10-year Treasury note settled at 2.881%, compared with 2.844% on Monday.

Yields, which rise when bond prices fall, have been trending higher in recent days, following a typical pattern in the lead-up to a Fed meeting. Fed officials are widely expected to lift short-term interest rates this week, and some analysts believe they could also raise the number of projected future increases.

"There is the risk that the Fed sounds a little bit more hawkish," said Mark Cabana, U.S. rates strategist at Bank of America Merrill Lynch. BofA Merrill Lynch analysts anticipate no change to the Fed's median projection of three rate increases this year, but there is a good chance officials could lift their projections for 2019, 2020 and over the longer term, he said.

Adding to the pressure on Treasurys Tuesday, AB InBev was set to sell \$10 billion of new bonds, having met strong demand from investors who had initially expected the deal to total \$5 billion to \$7 billion.

Hefty corporate-bond sales sometimes weigh on the Treasury market, as investors raise cash for the new offering by selling liquid securities and try to limit their exposure to interest-rate swings.

Treasury yields have jumped this year partly because investors have grown more concerned that a sustained period of economic growth will finally result in higher inflation.

The AB InBev sale, along with other recent deals such as a near-record \$40 billion bond offering from CVS Health Corp., suggests companies with better credit ratings are still happy to sell bonds despite the uptick in underlying interest rates.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	\$186,942,147,200
Accepted bids	\$65,000,237,200
*noncompetitive	\$65,000,237,200
"foreign noncompetitive"	\$255,000,000
Auction price (rate)	99.886222 (1.720%)
Coupon equivalent	1.746%
Bids at clearing yield accepted	68.13%
Cusip number	912796PB9

The bills, dated March 22, 2018, mature on April 19, 2018.

Amazon's Jump to No. 2 Easy as ABC

BY AMRITH RAMKUMAR

Recent weakness in large technology stocks is reordering the list of the biggest U.S. firms.

During a selloff that has dragged down the broader market this week, **Amazon.com** Inc.'s market value passed that of **Alphabet** Inc. Amazon closed as the second-biggest U.S. company on Tuesday, topping Alphabet for the first time ever, according to The Wall Street Journal's Market Data Group.

Amazon closed up \$41.58, or 2.7%, at \$1,586.51, giving it a market value of \$768 billion, while Alphabet's Class A shares shed \$4.27, or 0.4%, to \$1,095.80, lowering its market cap to \$763 billion. **Apple** Inc. has the largest market cap, at \$889 billion.

Some investors are worried that Alphabet, the parent company of search-engine Google, and others could be affected by regulatory steps to address allegations that **Facebook** Inc. failed to stop improper access and handling of user data.

Facebook's shares have fallen 9.2% in the past two sessions, sending its value to \$488 billion.

U.S. Stocks Regain Their Footing

Energy shares help push up the S&P 500; investors await moves by the central bank

BY ALLISON PRANG AND JON SINDREU

U.S. stocks rose, a day ahead of the Federal Reserve's monetary-policy decision, though social-media stocks continued to struggle.

The Dow Jones Industrial Average climbed 116.36 points, or 0.5%, to 24,727.27. The S&P 500 rose 4.02 points, or 0.1%, to 2,716.94, and the technology-heavy Nasdaq Composite rose 20.06 points, or 0.3%, to 7,364.30 after the indexes on Monday logged their biggest daily losses since Feb. 8 as technology stocks led a broad downturn.

The S&P 500's tech sector ended Tuesday's session in the black, rising less than 0.1%, even as shares of **Facebook** continued falling, shedding \$4.41, or 2.6%, to \$168.15. Its 9.2% drop this week marks the company's worst two-day stretch since February 2016.

The Federal Trade Commission is investigating the com-

pany over the use of personal data by an analytics firm tied to President Donald Trump's campaign, according to people familiar with the matter.

Other social-media stocks such as **Twitter**, which dropped 3.63, or 10%, to 31.35, remained under pressure, while shares of **Oracle** fell 4.90, or 0.4%, to 47.05, after the company late Monday released guidance that didn't impress investors.

Some other tech-oriented companies staged a rebound. **Square** added 3.11, or 5.7%, to 57.69, and **Amazon.com** rose 41.58, or 2.7%, to 1,586.51. Amazon on Tuesday overtook **Alphabet** as the U.S. company with the second-largest market cap behind Apple. Shares of Alphabet fell 4.27, or 0.4%, to 1,095.80.

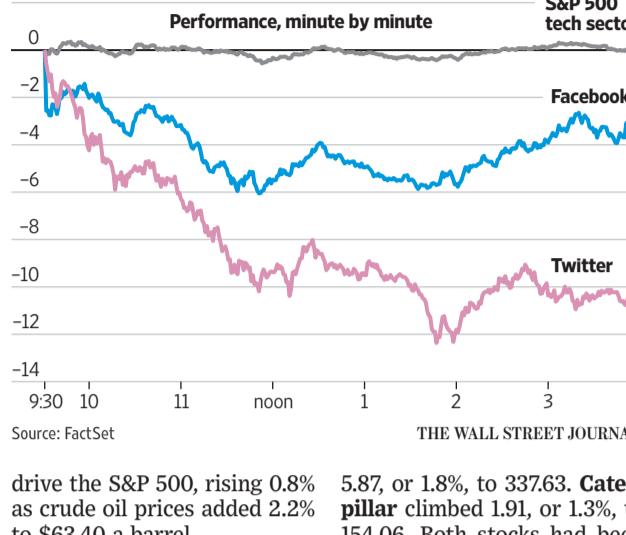
Michael Farr, chief executive of investment management firm Farr, Miller & Washington, said Facebook could have better responded to the news about its user data. Even so, he said he thinks the company has a strong balance sheet and he is starting to see a buying opportunity for the stock.

"There is a sort of broader concern over the Facebook news about how consumers' data is used and protected," he said. "The market doesn't like it."

The energy sector helped

Spurning Social Media

Facebook and Twitter shares continued sliding Tuesday, while the broader tech sector edged slightly higher.



drive the S&P 500, rising 0.8% as crude oil prices added 2.2% to \$63.40 a barrel.

But shares of utility companies, which are seen as bond-like by investors because of their hefty dividends, dropped 0.5%. Shares of telecom companies and real-estate firms fell 1% and 0.1%, respectively, while the yield on the benchmark 10-year Treasury note rose to 2.881% from 2.844% the previous day.

Meanwhile, the Dow industrials' gains were buoyed by shares of **Boeing**, which rose

Powell will keep to three rate increases in 2018—futures markets give this scenario a 64% chance, compared with 74% a month ago—or will raise rates four times instead.

Kristina Hooper, chief global market strategist for Invesco, said she thinks the Fed will only increase rates, but she is keeping an eye out for any clues that Mr. Powell wants to alter plans for balance-sheet normalization. "So while all eyes are on the rate-hike decision, I think that's far less important than what this Fed wants to do with the balance sheet," she said.

Tuesday's stock rebound comes as money managers are grappling with other worries: Mr. Trump's protectionist agenda has sparked opposition among world leaders, increasing fears of an escalating global trade spat.

"We think the market will remain volatile in the next few days because of the news flow, not only the technology sector but also the [Fed] meeting and the possibility of tariffs between the U.S. and China," said Jack Siu, investment strategist for Asia-Pacific at Credit Suisse.

In Asia early Wednesday, Hong Kong's Hang Seng Index was up 1.1%. Japanese markets closed for a holiday.

Oil Rises, as Saudi Visit Signals Iran Shift

BY ALISON SIDER AND CHRISTOPHER ALESSI

Oil prices climbed more than 2% to three-week highs Tuesday as Crown Prince Mohammed bin Salman's visit to Washington raised the prospect of a more aggressive stance toward Iran.

U.S. crude futures rose \$1.34, or 2.16%, to \$63.40 a barrel on the New York Mercantile Exchange. Brent, the global benchmark, rose \$1.37, or 2.07%, to \$67.42 a barrel on ICE Futures Europe. Both benchmarks settled at their highest level since Feb. 26.

A closely watched meeting between President Donald Trump and the Saudi crown prince helped shift the oil market's focus to Middle East tensions on Tuesday.

Prince Mohammed has taken a more confrontational approach with Iran, and the Saudi foreign minister, Adel al-Jubeir, on Monday called the multinational deal for Iran to freeze its nuclear program in exchange for easing sanctions a "flawed agreement."

"This rally is greatly aided by comments from the Saudi foreign minister," said Tamas Varga, an analyst at brokerage PVM Oil Associates Ltd.

Mr. Trump has threatened to scrap the Iran nuclear deal, and there have been fresh signals that the administration could pull out of the agreement and move to reimpose economic sanctions, frustrating the Islamic Republic's oil output.

The replacement of Rex Tillerson with Central Intelligence Agency Director Mike Pompeo as secretary of state is expected to boost those in the administration looking to



Saudi Foreign Minister Adel al-Jubeir says the Iran pact is flawed.

Azerbaijan in Talks To Join With OPEC

OPEC and Azerbaijan are in talks about the former Soviet republic joining the group, as it looks to bolster its position amid a surge in U.S. shale oil.

An agreement with 10 non-OPEC members, including Azerbaijan, that has cut production and boosted oil prices ends this year, and some OPEC officials are concerned it won't be extended.

That has left the Organization of the Petroleum Exporting Countries looking for ways to broaden its reach in more formal ways, analysts say.

confront Iran more forcefully.

GZC Investment Management said in a monthly letter to clients that renewed sanctions against Iran would take

OPEC already has added two members in recent years, bringing its membership to 14. Now, it is holding talks with Azerbaijan about the country entering the organization as a full member, an OPEC official said.

With new oil flowing out of the U.S., Canada and Russia, OPEC's share of the oil market has fallen to 40% from 55% in the early 1970s, undermining its ability to move prices as it once did.

Though not a major oil producer, Azerbaijan's membership also would help OPEC's relationship with Russia, which has been pivotal in cutting output.

"Azerbaijan is considering all options to further strengthen

some 600,000 barrels of oil a day off the market.

"Recent developments in North Korea suggest that the U.S. administration could feel

its relations with OPEC," the organization's secretary-general, Mohammed Barkindo, told The Wall Street Journal in a text message. "I believe that, as the cradle of the oil industry" with the first oil well drilled in Baku in 1846, "the strategic interest of Azerbaijan lies in OPEC," he said. Representatives for OPEC and the Azerbaijani energy ministry didn't return requests for comment.

In recent years, OPEC added Gabon and Equatorial Guinea, which together pump about 500,000 barrels of oil a day.

Azerbaijani oil production stood at 810,000 barrels a day in January, against OPEC's daily total of 32.2 million barrels.

—Benoit Faucon

empowered by news that Kim Jong Un might seemingly be willing to come back to the negotiation table. So will the U.S. president be tempted to

follow suit with Iran and even possibly Venezuela?"

Until there is more clarity on how global events will play out, "it will not be attractive to retain short positions in the oil market," the firm said.

But the crown prince's visit to the U.S. comes as Saudi Arabia is scaling back its ambitions for a public offering for the country's state-owned oil giant, known as Aramco, according to government officials and others close to the process.

The listing, which had been expected to raise as much as \$100 billion this year, has been shelved until 2019.

"Without the pressure of the IPO, Saudi Arabia may have less incentive to continue restricting its oil output by more than the required amount, as it has been doing so far," analysts at Commerzbank wrote in a note Tuesday.

OPEC—of which Saudi Arabia is the de facto head—and 10 producers outside the oil cartel, including Russia, have been holding back output by 1.8 million barrels a day since the start of 2017, part of an effort to rein in a global supply glut and boost oil prices.

The American Petroleum Institute, an industry group, said late Tuesday that its own data for the week showed a 2.7 million-barrel decrease in crude supplies, a 1.1 million-barrel fall in gasoline stocks and a 1.9 million-barrel decrease in distillate inventories, according to a market participant.

Gasoline futures rose 4.1 cents, or 2.13%, to \$1.9659 a gallon. Diesel futures rose 4.25 cents, or 2.23%, to \$1.9495 a gallon.

Rising Yields and Dollar Put Fresh Dent in Gold



Prices of the precious metal have declined four times in the past five sessions.

BY AMRITH RAMKUMAR AND DAVID HODARI

Gold prices slid, as the dollar and Treasury yields rose, before the Federal Reserve's latest interest-rate decision and outlook for the year.

Front-month gold

for March delivery shed 0.4% to \$1,311.10 a troy ounce on the Comex division of the New York Mercantile Exchange on Tuesday, its fourth decline in the past five sessions. Prices have stayed between about \$1,305 and \$1,360 this year, moving within that range based on swings in the dollar and investors' focus on higher interest rates.

A stronger dollar makes gold and other commodities denominated in the U.S. currency more expensive for overseas buyers, while higher interest rates tend to boost Treasury yields, making raw materials less attractive.

The WSJ Dollar Index,

which tracks the dollar against a basket of 16 others, gained 0.4% Tuesday. The yield on the 10-year Treasury note rose to 2.881%, from 2.844% Monday.

Gold has tended to fall before Fed rate increases over the past few years before rebounding. The central bank is widely expected to boost borrowing costs for the first time this year, and investors will be watching its statement, scheduled to be released Wednesday, to see whether it targets more rate increases this year than previously projected.

"The market is waiting to see how many more there are going to be and what the language is going to be," said Walter Pehowich, senior vice president at trader and refiner Dillon Gage Metals.

Because gold is used as a hedge against inflation or a market downturn, some analysts expect prices to stay above \$1,300. Recent trade tensions have also hurt stocks and made gold more attractive, some analysts said.

MARKETS

Cocoa Is Hot on Signs of Tight Supplies

By DAVID HODARI

Investors scrambling to cover short positions in cocoa have sent its U.S. price surging 31% this year, making the chocolate ingredient one of this year's best-performing assets.

Cocoa futures prices fell to 10-year lows in New York in December 2017, after a year of pressure from record supply out of Ivory Coast, the world's biggest producer. But signs of tighter supply and rising demand have spooked investors into slashing long-held bets on falling prices, called short positions, sending cocoa to its highest level in 16 months.

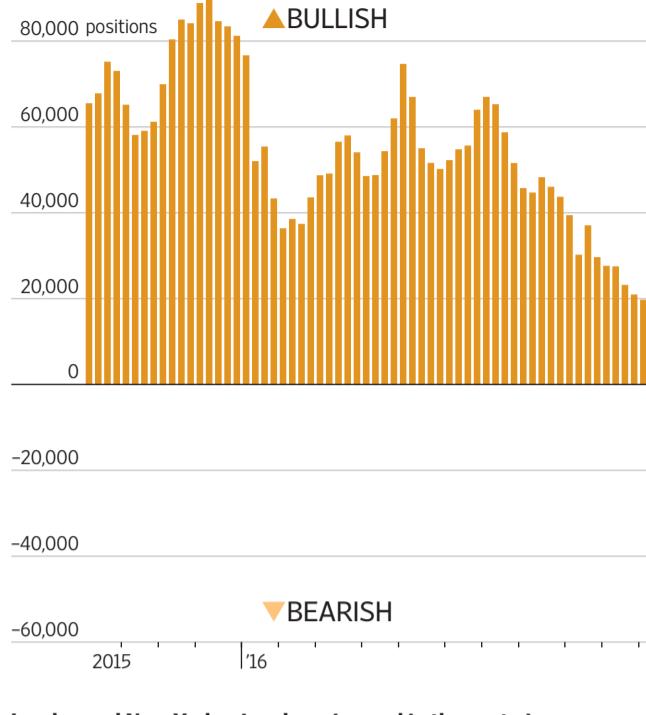
The price of cocoa settled at £1,756 (\$2,463) a metric ton in London and at \$2,480 a metric ton in New York on Tuesday, up 27% and 31%, respectively, since the start of the year, while the S&P GSCI commodity index is roughly flat.

Given that the price of cocoa had been beaten down for so long, many analysts believe a rally that has outperformed almost all other markets so far this year still has steam left.

Still, ahead of the Easter holidays, the price of chocolate is unlikely to shoot up with cocoa. The bean is just one of the major ingredients in chocolate and confectioners buy their stocks months in advance to protect against volatility.

"What has really changed since February is the switch of noncommercial speculative investors from net-short positions into net-long ones," said Tracey Allen, agricultural commodities strategist at JPMorgan.

London-based funds in the week to March 13 moved into net-bullish territory, or a bet that prices will increase, for the first time since early November 2016, according to data released by Intercontinental Exchange on Monday. As recently as early January, these investors held record bearish positions, or bets that prices will decline.



London and New York prices have jumped in the past nine weeks, after more than a year of pressure.



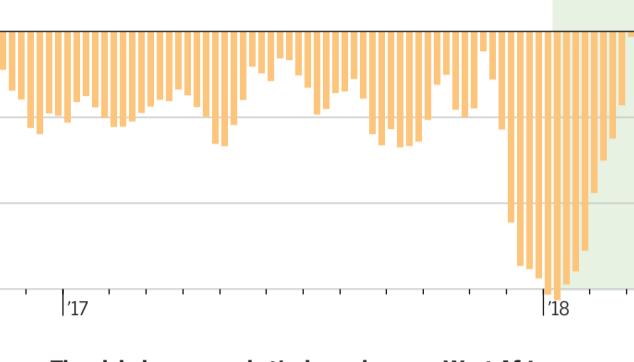
Note: £1 = \$1.40.

Sources: Intercontinental Exchange (futures positions); FactSet (futures prices); International Cocoa Organization (production)

In just nine weeks, London funds switched from a record bearish view to a bullish one.

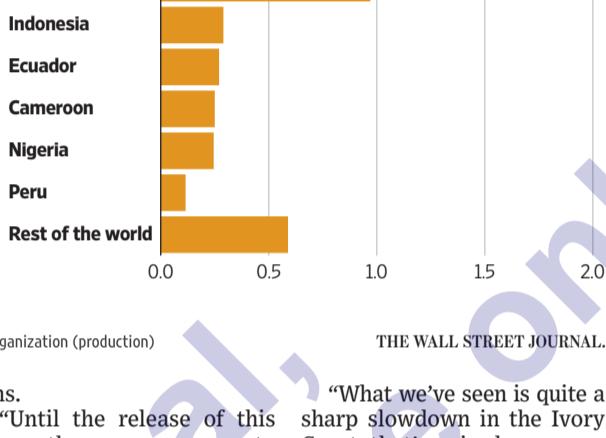
Net positions on cocoa futures in London

▲ 79,581



The global cocoa market's dependence on West Africa continued last year. The Ivory Coast had a record-breaking crop.

Estimated global cocoa-bean production in the 2016/17 season, in millions of metric tons



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ports. At the same time, the Ivorian Coffee and Cocoa Council has said it will suspend programs aimed at increasing production.

Concerns about the weather also pushed Ghana at the end of February to lower its 2017/18 forecast for cocoa production to 700,000 tons from 900,000 tons.

"We could have a season which started well but fizzled, and it's fizzling at the same time as we're seeing a step-up in demand," Mr. George said.

Quarterly European grinding figures released in January showed that demand for cocoa grew at its fastest yearly pace in Europe for four years during the 2016-17 season. Grindings reflect the amount of raw cocoa processed into butter and powder for the manufacturing of confectionery and chocolate, and are often seen as a proxy for demand.

Last month, the ICCO lowered its 2017/18 supply forecast by 12% on a significant slowdown in inventory growth and rising demand.

Analysts are also starting to re-examine their forecasts for next season.

"We're looking likely to have a relatively insignificant surplus this season and all of the indicators are suggesting that demand is reasonably good and returning to long-term growth trends," said Marex Spectron's Mr. Parkman.

The direction of cocoa-futures prices will likely be set by the next grinding figures, usually published in April. But looking at historical average prices, some analysts say the rally has further to go.

Mr. George said London futures prices could still gain 10% and remain within their historical average range.

"New York prices aren't yet at their five-year average levels, and inventories are still comfortable right now," said JPMorgan's Ms. Allen. "There's certainly a case to push through those average levels and extend the rally."

This market can be a volatile one. In late 2016, cocoa futures plunged 27% in a six-week period as the expectations of a bumper Ivorian crop began to jump. Increased automated trading in the market is fueling the momentum, according to Jonathan Parkman, head agricultural broker at Marex Spectron.

But the recent change in sentiment came as market participants cut expectations for a big oversupply of cocoa.

In late January, the International Cocoa Organization, the industry's global trade body, revealed that global stocks of the commodity had increased by 144,000 tons in the 2016/17 season. That figure fell far short of its forecast of 335,000 tons.

"Until the release of this survey, there was no reason to question a large global surplus," Carlos Mera, senior commodities analyst at Rabobank, said in a note.

That drop in stocks comes amid falling production expectations in the world's two largest producers: the Ivory Coast and Ghana.

"What we've seen is quite a sharp slowdown in the Ivory Coast that's raised concerns about the main crop," said Edward George, head of group research at African lender Eco-bank.

Warm, seasonal winds have dried out the soil in Ivory Coast and weakened the quality of cocoa beans, meaning more are being rejected at

the processing plant.

Despite some big initial public offerings, tech compa-

nies' share of all listings and follow-on stock sales has averaged just 11% since 2005 in the U.S. and just 8% globally, according to Dealogic.

Many fast-expanding companies prefer to remain private so long as they can continue to raise the investment funding they need. Going public means extra reporting costs, disclosure and scrutiny.

Venture-capital funds may thus naturally hold on to investments for longer than the typical three-to-five-year ownership of private-equity funds. This helps explain why venture capital has returned less in cash terms, but the differences are still stark. Venture funds more than a decade old still have as much as 40% of their total value in unrealized investments, while funds from 2011 onward have more than 85% of their value unrealized.

There's a huge amount of hype around the digital economy right now, investors need current valuations to live up to it.

—Paul J. Davies

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Maybe the soup lady isn't nuts.

Campbell Soup Chief Executive Officer **Denise Morrison** has been criticized for agreeing to buy snack maker Snyder's-Lance back in December. The company's shares have lagged behind the S&P 500 by 14 percentage points since the deal was struck.

Nearly every part of the salty snacks sector is dominated by Frito-Lay, a part of **PepsiCo**, according to market-research firm IRI. But, right around the time the deal was agreed to, Frito-Lay seems to have shot itself in the foot in a key market, New York City.

The New York Post reports that a change to the way Frito-Lay compensates drivers didn't fly in the Big Apple, and some customers say they haven't received shipments in months. For those looking for something savory and crunchy, a Snyder's-Lance product is one of the few remaining choices.

Now if they'd only try the tomato bisque.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

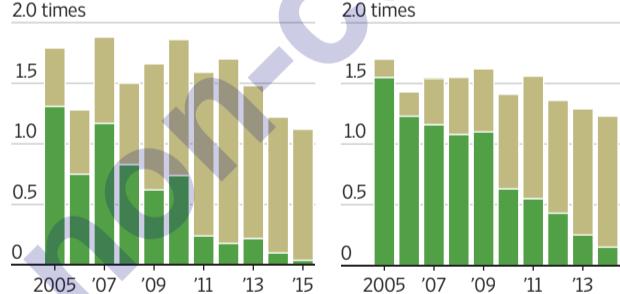
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Email: heard@wsj.com

Venturing a Guess on Returns

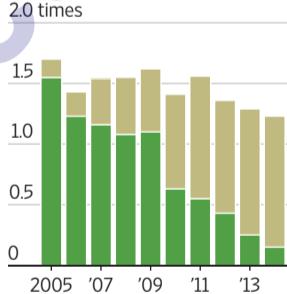
Paper Tigers

Venture-capital funds' returns as a multiple of capital invested



Source: PitchBook

Private-equity funds' returns as a multiple of capital invested



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on company valuations that haven't been tested by actual asset sales. Often the valuations of the biggest tech companies are reset when new investors make second-, third- or fourth-round investments.

A San Francisco-based stock-trading app popular among the young called **Robinhood Markets** is set to leap into the top-15 most valuable private tech companies in the U.S. when it con-

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OVERHEARD

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Oracle Gets A Little Bit Cloudier

Oracle has long had a complicated relationship with the cloud, but complexity doesn't always sell.

Such was evident in the software giant's fiscal third-quarter results reported late Monday. This was the third consecutive quarter in which Oracle's total revenue growth exceeded 6% on a year-over-year basis.

Yet, Oracle's total cloud revenue came in a bit under Wall Street's forecasts, while its outlook for the fourth quarter also fell short of projections. Oracle's shares slid 9.4% Tuesday, the stock's worst single-day performance in nearly five years.

Oracle has made significant progress in transitioning its traditional software business to the cloud. The company's cloud offerings together have made up 15% of total revenue for the trailing 12-month period ended Feb. 28, compared with just 7% two years ago.

But a recent change made by the company to attract more of its traditional customers to the cloud has had the ironic effect of masking some of that benefit. The change allows Oracle customers to bring their existing software licenses to the company's cloud services rather than having to renegotiate new contracts. That has the effect of flattening licensing revenue at the expense of the cloud revenue that investors these days are most focused on.

Easing the transition to the cloud for longtime customers is the right move. Unfortunately, the changes will likely weigh on the stock price until the benefits to the company are more evident. For investors in the cloud, visibility is key.

—Dan Gallagher

Banking on Deregulation Is Still a Good Bet for Investors

Regional Advantage

Index performance

KBW Nasdaq Regional Banking Index

KBW Nasdaq Bank Index

S&P 500

January February March

*Comprised of 24 large-cap banks

Source: FactSet

heels. Mr. Hensarling says the House won't vote on the bill as is and wants to negotiate with the Senate. This has raised fears in the industry that he could push for too much deregulation, jeopardizing the bill's Democratic support in the Senate and putting its passage at risk.

That would be a disappointment to investors. The KBW Nasdaq Regional Banking Index has risen 6% this year, outperforming both the S&P 500 and KBW Nasdaq Bank Index of large-cap banks on expectations for deregulation. If the Senate bill is thwarted, those shares will be vulnerable.

There is a viable path for

ward. Mr. Hensarling is advocating for the final legislation to incorporate as provisions the content of dozens of bills that have advanced in the House or his committee with some bipartisan support. Some of these are fairly anodyne and passed the House with wide margins. This includes a bill making it easier for startups to pitch groups of angel investors, and one that would make the process for banks to submit their "living wills" less burdensome.

But other bills on Mr. Hensarling's list are more contentious. One would exempt banks with less than \$50 billion of assets from di-

rect examination by the Consumer Financial Protection Bureau. Pushing too hard for this measure is the kind of thing that could cause Senate Democrats to walk.

In the end, a deal should be possible. Mr. Hensarling has already said that he won't seek re-election in November. This means he has as much incentive as anyone to make something happen now. It is unlikely that he wants to leave a legacy of strong free-market rhetoric but little actual deregulation.

The bottom line is that regional banks are likely to get their deregulatory prize by the end of this Congress.

—Aaron Back