

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

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★★★★ \$4.00

DJIA 23857.71 ▼ 344.89 1.4% NASDAQ 7008.81 ▼ 2.9% STOXX 600 367.57 ▲ 1.2% 10-YR. TREAS. ▲ 15/32, yield 2.790% OIL \$65.25 ▼ \$0.30 GOLD \$1,341.30 ▼ \$13.10 EURO \$1.2405 YEN 105.34

What's News

Business & Finance

Technology stocks are suffering one of their worst beatings in years. The Nasdaq sank 2.9% in a selloff that carried over to the broader market. The Dow fell 344.89 points, or 1.4%, to 23857.71. **A1, B13**

◆ **Companies are paying** the most in nearly a decade for some types of short-term borrowing, the latest threat to the U.S. economic expansion. **A1**

◆ **Deutsche Bank's chairman** has reached out externally to potential candidates to be the next CEO, gauging interest in replacing Cryan. **B1**

◆ **A federal appeals court** revived Oracle's copyright-infringement claims against Alphabet's Google. **B1**

◆ **Anbang's founder** went on trial, a month after Chinese authorities formally seized the company. **B12**

◆ **Glaxo agreed** to buy Novartis's stake in their consumer health-care joint venture for \$13 billion. **B2**

◆ **A consortium led by** Carlyle Group agreed to buy the specialty chemicals business of Akzo Nobel for \$12.6 billion. **B3**

◆ **Home prices continued** to grow at a rapid pace in January, as the new tax law and rising mortgage rates made little dent in demand. **A2**

◆ **Tesla shares** slid 8.2% as regulators said they were probing a fatal crash of one of the firm's vehicles. **B4, B12**

◆ **Apple said** it is updating its entry-level iPad with capabilities designed to appeal to students. **B5**

World-Wide

◆ **North Korea's Kim** traveled to China on a mission to strengthen ties with Beijing ahead of a planned summit with Trump. He met with Xi and other senior officials. **A1**

◆ **Pitched legal and political battles** have begun over whether the 2020 census should ask respondents if they are U.S. citizens. **A2**

◆ **Facebook's Zuckerberg** is planning to testify before Congress about how the Silicon Valley giant manages its users' data. **A4**

◆ **The prospect** of a deepening U.S.-China trade conflict has many Asia-Pacific nations worried about getting caught in the crossfire. **A6**

◆ **The EPA has signed** a deal to test technology from an Israeli firm whose executives were twice granted access to Pruitt at the request of GOP donor Adelson. **A3**

◆ **Russian officials' account** of a deadly shopping-mall fire in the Siberian city of Kemerovo is being met with public scorn. **A8**

◆ **William Strampel**, Nassar's ex-boss at Michigan State, was charged with counts including criminal sexual conduct and neglect of duty. **A3**

◆ **NASA announced** a roughly one-year launch delay for the James Webb Space Telescope. **A3**

◆ **Archaeologists have** found evidence of ancient human communities in Brazil's Amazon Basin. **A6**

◆ **Antiausterity voice** Varoufakis launched a new Greek political party. **A8**

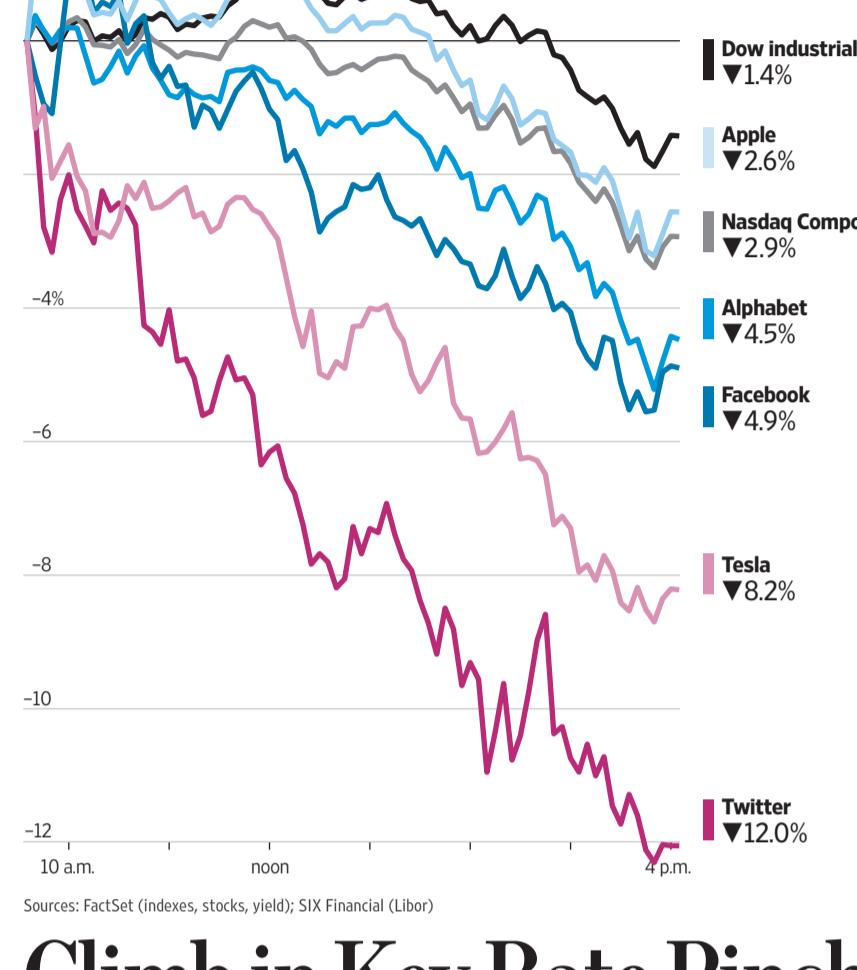
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Tech Worries Drag Down Stocks

Tech shares sank Tuesday amid a series of setbacks for major firms and a broad retreat from risk. Long-term Treasury yields fell and short-term borrowing costs hit their highest level in a decade.



Sources: FactSet (indexes, stocks, yield); SIX Financial (Libor)

Yield on the 10-year Treasury note



Three-month U.S.-dollar London interbank offered rate



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Prospect of increased oversight fuels declines in sector's big names and broader market

By MICHAEL WURSTHORN AND GUNJAN BANERJI

Technology stocks are suffering one of their worst beatings in years, as investors reassess a sector that has been considered the growth engine of the global economy but now faces the prospect of greater regulatory scrutiny.

The tech-heavy Nasdaq Composite Index fell 2.9% Tuesday. That selloff carried over to the broader market, where the S&P 500 index slumped 1.7%. The Dow Jones Industrial Average fell 1.4%, giving back some of Monday's 2.8% rebound.

U.S. Treasury yields also declined. Analysts said that reflected in part a move by some investors to reduce risk at the end of the quarter by selling stocks and putting that cash into bonds. Bond prices rise when yields fall.

But tech shares were hit the hardest, dragging down the broader market in the final hour of trading. A series of recent developments pointed to more government oversight of the industry.

Facebook Chief Executive Mark Zuckerberg is planning to testify before Congress about the social-media company's privacy and data-use standards, according to people familiar with the matter. The company's shares fell 4.9% on Tuesday and are down 15% this month over concerns about its handling of user data, on track for its worst monthly decline since 2012.

The Federal Trade Commission, in a statement Monday, signaled that it is conducting a broad probe of Facebook. Please see TECH page A4

◆ Investors worry they stayed too long..... B14

◆ Heard on the Street: Tech values don't reflect risk.... B14

Climb in Key Rate Pinches Borrowers

By BEN EISEN
AND CHERSEY DULANEY

Companies are paying the most in nearly a decade for some types of short-term borrowing, the latest threat to the U.S. economic expansion and already-volatile markets.

The three-month London interbank offered rate, or Libor, climbed to 2.302% in the U.S. on Tuesday, its highest since November 2008. Libor measures the cost for banks to lend to one another and is used to set interest rates on roughly \$200 trillion in dollar-

based financial contracts globally, from corporate loans to home mortgages.

Libor has been rising for the past 2½ years as the Federal Reserve lifted its key policy rate, but recently the pace has picked up. It has surged nearly a full percentage point in the past six months, outpacing the Fed, and could rise further with the approaching end of the quarter, typically a time of elevated demand for short-term funds in the banking industry, analysts say.

Libor's recent ascent appears to have been driven by factors such as rising short-term debt sales by the U.S. government and new federal corporate-tax policies. But even at its elevated recent levels, the rate remains low enough that it doesn't appear to pose an imminent threat to the health of many borrowers.

Even so, the increase could amplify the impact of the Fed's rate tightening and stifle the flow of money throughout the financial system faster than policy makers intended,

analysts say. Such an outcome could slow growth and intensify concerns about the valua-

tions of stocks and other assets.

"Higher short-term interest-rate costs could potentially throw a monkey wrench into corporations' plans to borrow for the future, to build factories, to buy equipment and help make the economy run," said Chris Rupkey, chief financial economist at MUFG Union Bank. "If Libor continues to go up at this pace...that's going to really shock people."

Some real-estate investment trusts, or REITs, which hold property such as offices and Please see FUNDS page A4



North Korea's Kim Jong Un, left, and Chinese President Xi Jinping.

Wynn Accusers Fault Firm Culture

Employees say managers discouraged complaints or looked the other way

LAS VEGAS—Angela Saxton was a young spa attendant at a casino run by Steve Wynn in the 1990s when, she said, the mogul sexually assaulted her. One day later, the casino's

By Alexandra Berzon,
Chris Kirkham,
Elizabeth Bernstein
and Kate O'Keefe

head of human resources sought her out to deliver an unequivocal message.

"You need to keep your mouth shut," the executive, Arte Nathan, told her, according to Ms. Saxton.

Mr. Wynn resigned as chief executive of Wynn Resorts Ltd. after The Wall Street Journal published an article in January documenting allegations against him, and he has

since sold his entire 12% stake. Now regulators are investigating the company he left behind.

Descriptions of the workplace from dozens of former employees paint a consistent picture of life at Wynn properties, and of the managers Mr. Wynn hired and promoted. Complaints were often dismissed or ignored. Supervisors sometimes looked the other way when Mr. Wynn asked for the private company of workers.

Some supervisors advised employees to keep quiet to protect their jobs. Others were instructed to find damaging information on complainants as a pretext for firing them. Mr. Nathan, who handled human resources for many years

Please see WYNN page A10

North Korean Leader Meets With Xi in Surprise China Visit

BEIJING—North Korean leader Kim Jong Un traveled to the Chinese capital—his first trip outside his own country since coming to power—on a mission to strengthen ties with Beijing ahead of a planned summit with U.S. President Donald Trump.

During the visit, which China and North Korea declined to reveal until after it had ended, Mr. Kim met Chinese President Xi Jinping and other senior officials to discuss bilateral ties and tensions on the Korean Peninsula, Chinese state media said Wednesday.

Mr. Kim's diplomatic out-

reach to China followed a U.S. tilt toward a tougher line ahead of denuclearization talks planned for May. Since agreeing to meet Mr. Kim, President Donald Trump has fired his pro-engagement secretary of state, Rex Tillerson, and named the hawkish John Bolton as national security adviser.

For North Korea, relations with China are crucial because almost all of North Korea's trade goes across the two countries' shared border. Beijing's willingness to strictly enforce international sanctions in the past year squeezed North Korea's economy. Pyongyang's goal is likely to win China's support in talks with the U.S. and pave the way for a loosening of trade restrictions.

The White House said it saw Mr. Kim's visit to China as further evidence that the administration's "campaign of maximum pressure is creating Please see KOREA page A6

◆ Asia fears fallout in U.S.-China trade war A6

'All by Myself'
In a Solo
Karaoke Booth
* * *
Tone-deaf singers
find an audience:
themselves

SHANGHAI—Cao Zhengning loves karaoke but fears her tone-deaf vocals irritate any audience.

"I just feel sorry for people who have to listen to my singing," says the 35-year-old sportswriter who has been self-conscious about it since childhood.

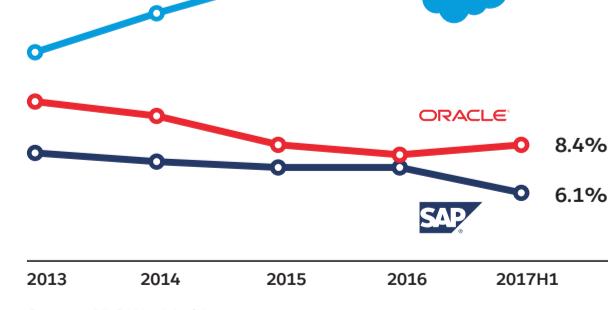
Ms. Cao now indulges her pleasure in private. On her way to shop for groceries in a Shanghai mall, Ms. Cao slips into a soundproof room a little larger than a telephone booth and sings "The Sorrow That Hasn't Yet Turned to Tears," a pop ballad by the Japanese duo KinKi Kids.

Alone in the booth, she

Please see SING page A8

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



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U.S. NEWS

Fed's Bostic Sees Upside Risks

Atlanta bank president says stronger growth than expected could accelerate rate hikes

By NICK TIMIRAO

ATLANTA—Federal Reserve Bank of Atlanta President Raphael Bostic said he supports plans to gradually raise interest rates but uncertainty over how the economy will respond next year to tax cuts and increased government spending could complicate monetary policy.

The Federal Reserve could soon face rising chances that the economy grows more quickly than forecast and leads to a slightly faster pace of rate increases, Mr. Bostic said in an interview with The Wall Street Journal.

This marks a reversal after several years when the greater risk was that growth would disappoint, forcing the Fed to dial down its rate-increase projections, he said.

"The risks are more to the upside now," he said. The prospect for stronger-than-anticipated growth is especially the case for 2019 and 2020, he said.

"There is more uncertainty about what 2019 is going to look like," Mr. Bostic said.

Mr. Bostic said the economy is performing well for now. "I don't see imminent inflation or overheating," he said.

Federal Reserve officials signaled last week they could pick up the pace of interest-rate increases to cool economic growth after next year.

Fed officials, including Mr. Bostic, voted unanimously last



The Fed's Raphael Bostic said the economy is doing well but inflationary pressures could rise in 2019.

week to raise their benchmark federal-funds rate by a quarter percentage point to a range between 1.5% and 1.75%.

Officials said they expected to lift it an additional two or three times this year and three times next year.

New forecasts showed Fed officials project faster economic growth, higher inflation and lower unemployment in coming years. They indicated they expect they will need to tap the monetary brakes, raising rates in 2020 to a level that would mark the first time in more than a decade that interest-rate policy was deliberately restrictive.

Congress and the White House late last year approved tax cuts of \$1.5 trillion over 10

years. In February, they agreed to raise federal funding limits by \$300 billion over two years.

While it is possible the tax cuts could raise growth without boosting inflation by lifting the economy's productive capacity, the federal spending increase is likely to boost demand, which could put more pressure on inflation, Mr. Bostic said. "The range of possibilities has broadened, at least in my mind. It could be that 2019 is going to be where more of the action is."

When it comes to forecasting both the economy and interest rates beyond this year, "we have a wider range of possibilities" with a "wider range of appropriate responses we have to consider."

Separately, Mr. Bostic said

he welcomed a report that said San Francisco Fed President John Williams is the front-runner to become the next president of the New York Fed when its current president, William Dudley, retires this summer. The Wall Street Journal reported Saturday that Mr. Williams is the front-runner.

Mr. Bostic was a classmate of Mr. Williams while they completed graduate economics work at Stanford University. Mr. Bostic earned a Ph.D. there in 1995, one year after Mr. Williams.

"I've known him for a long, long time....He is smart. He has been an innovative manager, and he's been a great colleague," Mr. Bostic said. "The New York Fed would be very lucky to have him."

Home-Price Surge Could Ease in 2018

By LAURA KUSISTO

Home prices continued to grow at a rapid pace in the first month of 2018, as the new tax law and rising mortgage rates made little dent in demand in the early weeks of the year.

The S&P CoreLogic Case-Shiller National Home Price Index, which measures the price of a typical single-family home in major metropolitan areas across the country, rose 6.2% in January, down slightly from a 6.3% year-over-year increase reported for December.

The 10-city index gained 6% over the year, unchanged from the prior month. The 20-city index gained 6.4%, up slightly from 6.3% the previous month.

"The home-price surge continues," said David Blitzer, managing director at S&P Dow Jones Indices.

Home-price gains picked up steam in 2017 from 2016. The national Case-Shiller index is now 6.3% above the peak reached in the housing bubble in 2006. Home prices fell to a bottom in 2012, before matching that peak again in late 2016.

Home prices are continuing to grow about twice as fast as incomes, despite a strengthening economy, which is making it difficult for millennials to break into the market and buy their first homes.

"Home prices are racing ahead of worker earnings and this will prove to [be] unsustainable over the longer run, and we are keeping our fingers crossed this latest bubble in housing prices won't end with

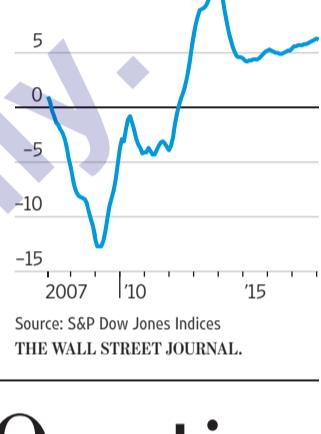
a bang again like it did over a decade ago," said Chris Rupkey, chief financial economist at MUFG Union Bank. Mr. Rupkey noted that prices were rising in the mid-double digits in the mid-2000s before the bubble burst so the gains appear to be more sustainable today.

Economists expect the pace of price growth to slow this year, because of the new tax law that reduced the incentive for homeownership, as well as rising mortgage rates.

Markets that are seeing the steepest increases remain concentrated in the West. Seattle reported the largest annual gain, at 12.9%, followed by Las Vegas at 11.1%. San Francisco, which had seen price growth drop out of the double digits, rebounded with a 10.2% gain.

Peak Condition

S&P CoreLogic Case-Shiller National Home Price Index, change from a year earlier



Source: S&P Dow Jones Indices

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Battle Lines Drawn Over Census Citizenship Question

"This move directly targets states like New York that have large, thriving immigrant populations, threatening billions of dollars in federal funding for New York as well as fair representation in Congress and the Electoral College," Mr. Schneiderman said Tuesday.

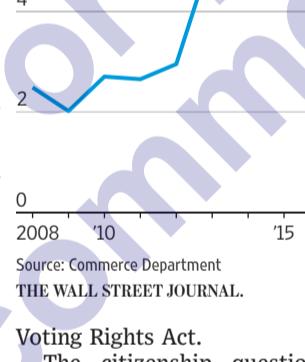
California Attorney General Xavier Becerra filed suit over the move hours after it was announced Monday, and New Jersey Attorney General Gurbir Grewal said his state would join the coalition.

A spokesman for the Commerce Department said litigation to block the question is without merit. The spokesman added that the department looks forward to prevailing in court, and continuing to work with the Census Bureau to conduct a complete and accurate 2020 count.

Mr. Ross, for his part, said obtaining citizenship information would help enforce the

Growing Omission

Share of respondents who didn't answer the citizenship question on the American Community Survey:



Source: Commerce Department

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Voting Rights Act.

The citizenship question would mirror one that is already on the bureau's annual American Community Survey,

which doesn't reach as wide a segment of the population. It asks whether a person is a citizen by birth or by naturalization or isn't a citizen. It doesn't ask about the legality of an immigrant's presence.

The Justice Department asked in December that the question be added to the census, saying it needed "a reliable calculation of the citizen voting-age population" in communities where voting-rights violations were suspected. Existing ACS citizenship data can't be used for that purpose, it said, because the data aren't calculated on the same schedule or with the same precision as census data.

"This is something that has been part of the census for decades," White House press secretary Sarah Huckabee Sanders said Tuesday.

The census queried Americans about their citizenship from 1820 to 1950. The citizen-

ship question was left off the 1960 census probably to make room for new questions, said Margo Anderson, a University of Wisconsin professor who has studied the history of the census. Tighter immigration curbs starting in the 1920s left fewer noncitizens by then, she said.

Civil rights groups and minority advocates said the question would dissuade immigrants, particularly noncitizens, from answering the census altogether, resulting in undercounts of these populations.

The census aims to count every resident regardless of legal status. About half of the 44 million immigrants are U.S. citizens, according to ACS data. Of those who aren't, about half are unauthorized immigrants, according to separate estimates made by the Pew Research Center and the Department of Homeland Security.

The federal government relies on census tallies to allocate congressional seats, craft poverty guidelines and distribute billions of dollars in funding for programs like Medicaid.

With Republicans in control of Congress, lawmakers and legal experts said they expect court challenges to become a priority for opponents.

State attorneys general argue that adding the question would hinder the Voting Rights Act by causing a population undercount that would disproportionately harm states and cities with large immigrant communities.

Regardless of the ultimate legal outcome, a court challenge could put the question in legal limbo long enough to make adding it practically impossible given the lead time needed to print materials and program census software.

U.S. WATCH

ECONOMY

Consumer Confidence Falls as Stocks Swing

U.S. consumer confidence declined in March, dragged down by consumers' perception of current and future economic conditions in light of recent stock-market gyrations.

The Conference Board said Tuesday its measure of U.S. consumer confidence decreased to 127.7 in March from an 18-year

high of 130.0 in February.

"Consumers' short-term expectations also declined, including their outlook for the stock market, but overall expectations remain quite favorable," said Lynn Franco, director of economic indicators at the Conference Board.

This month, the present situation index fell to 159.9 from 161.2 in February; the expectations index dropped to 106.2 in March from 109.2 last month.

—Sarah Chaney

CORRECTIONS & AMPLIFICATIONS

In 1986, the Soviet Union dismissed 260 local employees of the U.S. embassy in Moscow. A World News article on Tuesday about past U.S. actions against Russian officials incorrectly said the U.S. dismissed the employees.

Citigroup Inc. sold its fixed-income analytics and index businesses to London Stock Exchange Group PLC in 2017. A Markets & Finance article on Saturday about Chinese bonds incorrectly said Citigroup operates a major fixed-income index.

The daily Corporate Borrowing Rates and Yields table, published Tuesday through Saturday, incorrectly listed the performance of the 10-year

Treasury note's price in the column labeled 52-week total return for the 10-year Treasury total return index from June 16, 2011, until March 21, 2018. The weekly Corporate Borrowing Rates and Yields table that is published on Mondays wasn't affected by the error. Historical data for the 52-week total return for the 10-year Treasury total return index aren't available.

In mid-March, the Trump administration was putting together a package that included tariffs on Chinese imports valued at around \$30 billion. A World News article on March 16 in one reference incorrectly said the proposed tariffs totaled at least \$30 billion.

CRIME

Man Charged Over Suspicious Packages

A Seattle area man suspected of sending suspicious packages to multiple government agencies and military installations around the nation's capital was charged Tuesday with shipping explosive materials.

Thanh Cong Phan, 43 years old, of Everett, Wash., made his initial appearance Tuesday in federal court in Seattle. Ashwin Catamanchi, a public defender representing Mr. Phan, declined to comment on the case when reached by phone.

Eleven suspicious packages were received through the U.S. Postal Service at various government agencies and military instal-

lations in the Washington, D.C., area, according to the complaint.

Each package contained what appeared to be a homemade explosive device in a small glass bottle with an unknown black powder with a fuse, the complaint says. It also contained a typewritten letter with "ramblings about neuropsychology, mind control, and other subjects including terrorism."

No packages exploded or caused injuries, the U.S. Attorney's Office in Seattle said.

One package sent to the FBI's mailing facility was tested by FBI bomb technicians. They confirmed it tested positive for an ingredient found in double base smokeless powder, which could be detonated or explode when confined.

—Associated Press

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U.S. NEWS

Nassar's Ex-Boss Faces Sex Charges

Former dean accused of soliciting sex from students, failing to supervise doctor

BY MELISSA KORN
AND REBECCA DAVIS O'BRIEN

William Strampel, the former dean of Michigan State University's College of Osteopathic Medicine and longtime boss of convicted sexual abuser Larry Nassar, was charged Tuesday with counts including criminal sexual conduct and neglect of duty, according to court filings.

The charges stem in part from allegations by female students at the school, who told investigators that Dr. Strampel used the power of his office to proposition them for sexual acts, grope them and harass them, according to an affidavit filed Tuesday in Michigan state court.

The charges also relate to Dr. Strampel's alleged failure to supervise Dr. Nassar, allowing him to see and abuse patients while under investigation for sexual misconduct and for two years afterward.

Dr. Strampel, 70 years old, was arrested Monday. The charges filed Tuesday in a Michigan district court in East Lansing include one count of fourth-degree criminal sexual conduct using force



William Strampel appearing on a monitor during his video arraignment Tuesday in East Lansing, Mich. His bond was set at \$25,000.

or coercion and two misdemeanor counts of willful neglect of duty by a public officer.

He is also facing a felony charge of misconduct of a public official, which carries up to five years in prison.

Dr. Strampel was arraigned Tuesday afternoon, with bond set at \$25,000, and wasn't asked to enter a plea.

John Dakmak, a lawyer for Dr. Strampel, didn't respond to a request for comment.

In court, he said Dr. Strampel "is not a threat to the public at large."

Nassar, according to the affidavit.

The Michigan Attorney General's office seized Dr. Strampel's computer in early February, as part of its investigation into the school's handling of complaints against Dr.

On the computer, investigators found approximately 50 photos of "bare vaginas, nude and seminude women, sex toys, and pornography," the affidavit says.

Also on the work computer were pornographic videos and a video of Dr. Nassar performing "treatment" on a young female patient, according to the affidavit. More than 250 women have alleged that Dr. Nassar sexually abused them under the guise of medical treatment.

Dr. Nassar, who worked at Michigan State University for nearly two decades and served as a volunteer team doctor for the U.S. women's national gymnastics team, long defended his techniques as legitimate medical treatment, but in his guilty plea on state sexual-abuse charges last year, Dr. Nassar said he performed the "treatments" for his sexual gratification.

The charges against Dr. Strampel come as media and law enforcement have been looking into the culture and possible misconduct at the school of osteopathic medicine during Dr. Strampel's 15-year tenure.

The inquiries stem, in part, from allegations that the university, and in particular Dr. Nassar's direct colleagues, didn't do enough to prevent Dr. Nassar from abusing patients.

Interim President John Engler said Tuesday that the university would continue to cooperate with all official investigations related to sexual assault or other misconduct.

New York Looks To Traffic Fee to Break Gridlock

BY PAUL BERGER

Congestion in the U.S.'s largest cities is only getting worse, and as municipal leaders search for solutions, the idea of charging vehicles to enter high-trafficked zones is gaining momentum.

In New York, Gov. Andrew Cuomo has proposed imposing a fee on vehicles entering Manhattan's central business district as a way to help fund the city's faltering subway system.

State lawmakers, currently wrangling over a budget that is due April 1, could inch New York toward some form of congestion pricing—though a proposal failed the last time it was pitched in 2008.

Transit leaders in cities such as Seattle, San Francisco, Los Angeles and Portland, Ore., are watching with interest.

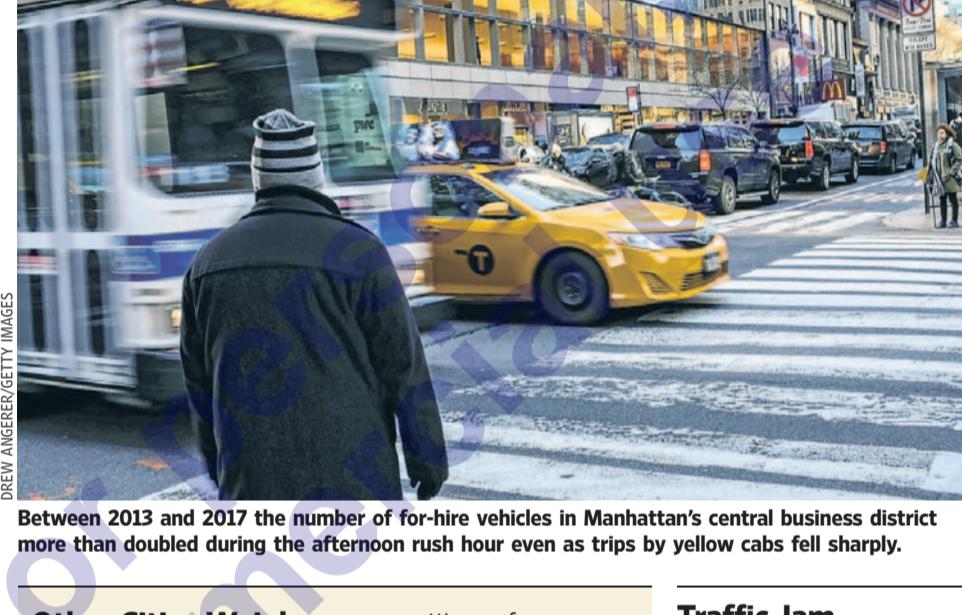
"All eyes are on New York," said Tilly Chang, a transit executive in San Francisco, which came close to implementing congestion pricing in 2010.

Transit leaders in cities such as Seattle, San Francisco, Los Angeles and Portland, Ore., are watching with interest.

"The status quo is not a viable alternative," he said.

London implemented a congestion charge in 2003. The program was initially successful, reducing traffic congestion by 30%. But levels have climbed in recent years.

A recent report by the Tri-State Transportation Campaign, a New York-based transit advocacy group, noted that a reduction in road capacity as a result of pedestrian, cycle and bus priority measures has contributed to London's congestion. Another factor is private hire vehicles, including ride-hailing companies, which are exempt from the fee. The largest ride-hailing player, Uber Technologies Inc., which is fighting to keep its London



Between 2013 and 2017 the number of for-hire vehicles in Manhattan's central business district more than doubled during the afternoon rush hour even as trips by yellow cabs fell sharply.

Other Cities Weigh Congestion Pricing

Officials in other cities say that if New York's governor is successful and if congestion pricing works in New York, it could accelerate their own plans.

"We could point to a major urban area like ours that did something that's successful," said Hasan Ikhrata, executive director of the Southern California Association of Governments, a metropolitan planning group. Mr. Ikhrata's group is studying proposals for congestion pilot programs in parts of downtown and West Los Angeles.

A bill in the legislature pro-

poses setting up four congestion-pricing pilot plans. If it passes, observers expect the pilots to target areas in and around San Francisco and Los Angeles.

In Seattle, the city council approved \$200,000 for the Transportation Department to study what congestion pricing could look like and how it might affect motorists in the downtown area. The study is expected to be completed by the end of the year.

In Portland, Ore., City Commissioner Dan Saltzman said city and state officials are working on plans to implement a toll on two interstate starting from a point 10 miles south of the city and stretching to the border with Washington.

license, has 40,000 drivers in the capital.

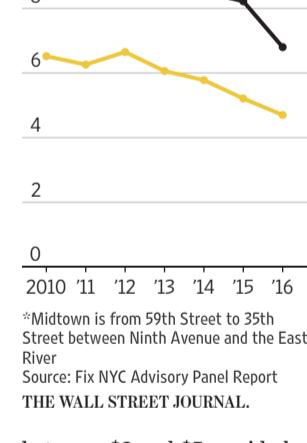
Since Mr. Cuomo suggested last summer that congestion pricing was "an idea whose time has come," he has sought to lower expectations. He is now pushing a phased congestion-pricing approach based

loosely on proposals submitted by a panel he commissioned last fall.

The panel suggested congestion pricing could raise \$1 billion annually for the state-controlled Metropolitan Transportation Authority. It also recommended a surcharge of

Traffic Jam

Average taxi speeds in New York City



Source: Fix NYC Advisory Panel Report

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between \$2 and \$5 on ride-hailing and taxi trips. Eventually, the plan envisions a fee of \$11.52 for cars and \$25.34 for trucks entering the most heavily congested parts of Manhattan.

—Mike Vilensky and Wiktor Szary contributed to this article.

NASA Delays Telescope Program

BY ANDY PASZTOR

NASA announced a roughly one-year launch delay for the James Webb Space Telescope, blaming some of the setbacks plaguing its premier space-science program on "avoidable errors" by prime contractor **Northrop Grumman** Corp.

The multibillion-dollar project, beset by busted schedules and cost overruns stretching back to the start of the decade, now is slated to launch around May 2020 rather than the previously announced June 2019.

During a media briefing on Tuesday, top agency officials attributed part of problem to factory slips such as valves damaged by an improper solvent or a heater that was mistakenly overstressed and needed to be replaced.

To prevent further delays, senior National Aeronautics and Space Administration officials laid out an unusually stringent oversight plan—including personnel changes and mandated twice monthly updates by senior Northrop Grumman management. The goal is to gain more insight and assert greater control regarding the company's work.

"We're reviewing technical processes and procedures at Northrop Grumman to assure mission success," said Dennis Andrucyk, deputy associate administrator in NASA's science-mission division.

His boss, Thomas Zurbuchen, said, "We have only one shot to get this right" before launch, because "we want this to work well in orbit."

The move also likely sets up a congressional debate over reauthorizing the trouble-plagued program, and ripples could affect the timing of other astrophysics projects being planned in the U.S. and overseas.

Many of those projects partly depend on data anticipated from the James Webb platform.

Before the briefing, a Northrop Grumman spokesman released a statement indicating the company "remains steadfast in its commitment to NASA and ensuring successful integration, launch and deployment."

Afterward, the company declined to elaborate.

Even with a program in crisis, it is uncharacteristic for NASA to take such a public stance attributing some problems to design issues that initially weren't recognized by agency managers but also pinpointing factory-floor errors.

Adelson Aided Israeli Firm Before Its EPA Deal

BY TIMOTHY PUZO

the agency said.

The deal comes after the company's executive chairman, Maxim Pasik, met with Mr. Pruitt at the EPA's headquarters at least twice in the spring of 2017, according to the administrator's calendar released by the agency's Freedom of Information Act office.

"This came as a request of Sheldon Adelson," reads a note on the entry for their first meeting on March 29, 2017. The entry says that Yehuda Kaploun, president of Water-Gen USA, also attended.

Mr. Adelson, the chief executive of **Las Vegas Sands** Corp., a casino operator and global entertainment company, is also a major donor of President Donald Trump and the Republican Party. He invested millions of

dollars in an outside group backing Mr. Trump in the crucial final weeks of the 2016 election, and he had stayed in close touch with the president.

A multibillionaire, Mr. Adelson also has deep ties to Israel,

even offering to help pay for a new U.S. embassy in Jerusalem.

Mr. Adelson declined to comment. A person close to Mr. Adelson said he has no financial interest in Water-Gen.

The agency agreed to test a water-purification system from Water-Gen.

The EPA regularly signs similar deals with research institutions, corporations, or other institutions, to gain access to new technology that might be useful to the agency's mission.

In August, the agency announced it wanted as many as four partners from outside the federal government to help it study the use of "atmospheric water generators." The agreement is called a Cooperative Research and Development Agreement, and the agency signed one with Water-Gen in January to test its GEN-350 system.

In a press release late Tuesday, the EPA didn't say why the agency was announcing the deal weeks after it was signed or whether it was still seeking other partners.

Water-Gen's connections ap-

pear to go high up in Israel. Michael Mirilashvili, Water-Gen's president, is reportedly a Russian-Israeli billionaire with a leadership position in the World Jewish Congress. His name has surfaced in Israeli media reports as among those questioned by police investigators into a corruption scandal that has rocked the government of Israel's ruling coalition.

The company's website touts Israeli Prime Minister Benjamin Netanyahu bragging about the technology at an event. It "improves on Moses," Mr. Netanyahu said in a video posted by the company. "He brought water from Iraq. They bring water from thin air."

—Julie Bykowicz and Louise Radnofsky contributed to this article.

U.S. NEWS

California Meets ‘Sanctuary’ Resistance

Orange County joins others opposing limits on cooperation with immigration authorities

BY ALICIA A. CALDWELL
AND IAN LOVETT

SANTA ANA, Calif.—Orange County officials on Tuesday voted to condemn parts of California’s immigration approach, aligning themselves with the Trump administration as the state increasingly stakes out an opposing role.

At a packed public hearing, the county’s board of supervisors—all Republicans—also voted to support a federal lawsuit against California’s so-called sanctuary-state law, which limits when and how local authorities can cooperate with federal immigration authorities.

Supervisor Lisa A. Bartlett said the goal of opposing the sanctuary law was to keep the county safe. “One of the most important things we must not do is to reward bad behavior,” she said. “If they are undocumented and committing crimes, they need to be deported.”

The move came days after another municipality in the conservative-leaning county, the small city of Los Alamitos, approved an ordinance to opt out of the sanctuary-state law and pointed to the fissures in California’s battle with the



Protesters on Tuesday outside the Orange County Board of Supervisors, which aligned with the Trump administration on immigration.

Trump administration over immigration and other issues.

For months now, the Democratic-led state has positioned itself as an adversary to President Donald Trump’s hard-line immigration policies, seeking to stymie the administration. California’s Democratic Attorney General Xavier Becerra has filed suit against the government multiple times, challenging policies ranging from immigration to the environment.

U.S. Attorney General Jeff Sessions, in turn, filed suit against California this month, challenging the state’s immigration laws. The legal salvo elevated the feud and has drawn support from more than a dozen other states and, now, a growing number of California jurisdictions.

Officials in two conservative-leaning Northern California counties and the city of Anderson this year declared

their jurisdictions were “non-sanctuary” areas of the state.

Mr. Becerra on Tuesday didn’t respond to requests for comment about the moves by Orange County and Los Alamitos. The most vocal opposition in the state so far has come from Orange County, a wealthy coastal county and longtime Republican stronghold with a growing Democratic presence. Hillary Clinton won the county in the 2016 presidential election.

Though Democrats are optimistic about their chances of sweeping the area’s four congressional seats in the 2018 midterm elections, city and county leaders aren’t going quietly. The city council in Orange County’s Yorba Linda voted this month to join the federal government’s lawsuit against California and file an amicus brief. Mayor Gene Hernandez said the broad state-sanctuary policy was “an over-

reach on the part of the state.”

Orange County Sheriff Sandra Hutchens said Monday that her office would now post release dates for anyone held in its jail, regardless of immigration status. Doing that allows Immigration and Customs Enforcement officers to know when a wanted immigrant is to be released from jail. The move evades the sanctuary law’s limits on which information local authorities can share with federal immigration authorities because it is being shared with the general public.

“My department...remains committed to cooperating fully with federal authorities in all areas where I have discretion to remove serious criminals from our community,” Sheriff Hutchens said.

The governing board in Los Alamitos approved its opt-out measure 4-1. Mayor Troy Edgar said the city is also planning to file an amicus brief in support of the federal government’s lawsuit.

“I just think the state overstepped its boundary,” Mr. Edgar said. “This type of issue should be dealt with by the U.S. government...and not the state.”

◆ Canadian policy yields a labor shortage. A7

Zuckerberg Is Expected to Testify

BY DEEPA SEETHARAMAN

Facebook Inc. Chief Executive Mark Zuckerberg is planning to testify before Congress about the way the Silicon Valley giant manages its users’ data, people familiar with the matter said Tuesday.

It would mark Mr. Zuckerberg’s first public testimony before U.S. lawmakers. Mr. Zuckerberg, who has rarely strayed beyond carefully managed public appearances, now is resigned to the fact that he will have to testify, people said.

Mr. Zuckerberg hasn’t formally accepted any requests for him to appear. In an interview with CNN last week, he said he would be open to testifying if he was the “right person” to do so.

Earlier this month, Facebook disclosed that information about tens of millions of its users was sold to data-analytics firm Cambridge Analytica, which worked with the Trump campaign in 2016 and other Republican candidates.

The episode shed light on how little Facebook has invested in ensuring developers follow its rules. Selling user data violates Facebook policies. Cambridge Analytica has said it

followed Facebook policies.

On March 21, after days of silence on the matter, Mr. Zuckerberg announced a series of steps meant to rein in outsiders’ access to Facebook user data.

The news intensified political pressure on Facebook, which was already under fire for failing to detect Russian-backed manipulation of its platform and for allowing fabricated news articles, violent live videos and other forms of objectionable content spread across its services.

Congressional aides who were briefed by Facebook staffers last week said the meetings left some 60 questions unanswered. Facebook officials promised to answer them at a later date, including whether firms other than Cambridge Analytica mishandled user data.

Lawmakers want to know whether there are more copies of underlying Facebook user data. Facebook officials have said it is possible but they aren’t sure. Mr. Zuckerberg, in a later interview with The Wall Street Journal, reiterated that Facebook would seek to identify bad actors but wouldn’t be able to uncover where all the data ended up and how it is being deployed.

On Monday, the Senate Judiciary Committee asked Mr. Zuckerberg to appear at an April 10 hearing on data privacy. Committee Chairman Chuck Grassley (R., Iowa) also invited Sundar Pichai, chief executive of Alphabet Inc.’s Google, and Twitter Inc. Chief Executive Jack Dorsey.

Last week, bipartisan leaders of the House Energy and Commerce Committee and Senate Committee on Commerce, Science and Transportation separately called on Mr. Zuckerberg to testify about Facebook’s privacy and data-use standards.



Mr. Zuckerberg rarely strays beyond carefully managed appearances.

TECH

Continued from Page One while 37 state attorneys general are also demanding explanations for its practices.

Other social-media stocks also suffered, including Twitter, which fell 12% Tuesday after short-selling research firm Citron Research said that the social network was the most vulnerable to privacy regulation and that it was shorting shares of Twitter.

In a tweet, Twitter said it is “public by its nature. Tweets are viewable and searchable by anyone.”

The S&P’s worst performer was chip maker Nvidia Corp., which said it would temporarily halt testing of its driverless-car technology on public roads following the fatal crash of an Uber Technologies autonomous vehicle in Arizona. Nvidia shares fell 7.8%.

Moody’s Investors Service also downgraded Tesla Inc. on Tuesday, pushing the car maker’s debt deeper into junk territory as it bets heavily on ramping up production on its Model 3 sedan. The National Transportation Safety Board dispatched two investigators to examine last week’s fatal crash of a Tesla electric car in Northern California and determine whether the vehicle’s autopilot system was engaged. Tesla shares plunged 8.2%.

After powering the market higher in 2017, tech’s dominance continued into this year.

Shares of Amazon Inc., Netflix Inc. and other tech heavyweights were major contributors to the S&P 500’s January run-up. Tech stocks swelled to 25% of the S&P 500 stock index at the end of February, the highest percentage since the months after the dot-com bubble burst in 2000, according to data provider Morningstar Inc.

Now, mounting troubles at Facebook and Uber are clouding the industry’s outlook. The entire group has come under scrutiny, especially after valuations have risen to their most expensive levels since just before the financial crisis last decade and volatility has increased. The Nasdaq’s 2.9% decline on Tuesday marked the

fourth straight daily move of at least 2%, the longest such stretch since October 2011.

Shares of Facebook, Amazon, Apple Inc., Netflix and Google parent Alphabet Inc., commonly known by the acronym FAANG, have lost more than \$260 billion in total market value over the past week and a half, as investors worry about the potential ramifications of new, costly regulations on those companies and others in the tech sector.

“Washington has been itch-

ing up to hedge against tech declines.

The ratio of bearish options to bullish contracts on QQQ also remained below average Tuesday, Trade Alert data show.

“We haven’t eliminated any of our bets,” said Darren Bagwell, director of equity research and portfolio manager at Thrivent Financial. “We continue to have significant exposure to the FAANG stocks, and we continue to feel like those are the best relative values in the market.”

Still, even investors like Mr. Bagwell admit the nearer-term outlook is murkier, likely stirring anxiety among those investors who bought shares of Facebook, Alphabet and others before the recent pullbacks.

Flows into the biggest tech ETF showed signs of cracking, as investors pulled \$1.2 billion from the Technology Select Sector SPDR exchange-traded fund during the February sell-off, its heaviest month of outflows since October 2014, according to Morningstar.

The fund has 31% of its portfolio in shares of Apple, Facebook and Alphabet. Apple is its largest holding, at 14%. The fund has seen \$288 million in outflows in the past week, according to FactSet.

“We’re very nervous about what those stocks are going to do over the next six months,” Mr. Bagwell said. “These have been easy trades for a long time. This makes it very difficult to trade those names.”

Asjlyn Loder contributed to this article.



Real-estate investment trusts are starting to feel Libor’s impact.

FUNDS

Continued from Page One other commercial buildings that generate income, are starting to feel the impact. They tend to borrow more than some other investment vehicles, and about 15% of their borrowing is floating-rate debt typically tied to Libor, according to Deutsche Bank estimates. Floating-rate debt can be cheaper when rates are particularly low but subject to sudden increases as they rise.

Executives at REITs, including UDR Inc. and Ventas Inc., projected last month that a rise in Libor would dent earnings in 2018. UDR said higher Libor and other noncore items shaved 1 cent a share from this year’s expected funds from operations, a measure of income, which is forecast to have a midpoint of \$1.93 a share.

Across the industry, executives are tallying the costs.

A quarter-point increase in Libor amounts to “a \$10 million to \$15 million interest-cost lift for us,” James Tailet Jr., chief executive of American Tower Corp., a wireless and broadcast-communications real-estate firm, said at an industry conference this month.

The average cost for non-financial corporations to borrow in the commercial-paper market for 90 days has more than doubled over the past year. It is now at 1.95%, according to Fed data. The level

of outstanding commercial paper—a type of short-term loan used by corporations—is up 10% from a year earlier, Fed data show.

Holders of roughly \$1.2 trillion in consumer mortgages that are pegged to a form of Libor stand to pay more, too, while rates on some other types of consumer debt, such as private student loans, are also likely to move higher.

“It’s starting to squeeze people who took on too much debt during this long economic expansion,” said Mr. Rupkey of MUFG.

Financial conditions for consumers and businesses were recently at their tightest levels in nearly a year, according to an index kept by the Federal Reserve Bank of Chicago, due to factors such as stock-market declines and the rise in Libor.

Investors say Libor’s rise is contributing to nervousness in financial markets. The Dow Jones Industrial Average sank 5.7% last week, pushing the index to its lowest level since November. Stocks rebounded Monday, with the blue-chip index surging 669 points, but fell 345 points Tuesday.

Demand for dollars at the end of the first quarter could send Libor up an additional 0.2 percentage point in coming days, market analysts say, as investors rebalance portfolios and banks rein in their balance sheets. The end of March also marks the finish of Japan’s fiscal year, potentially compounding the moves as big investors bring money back to Japan.

Libor has already sprinted ahead of the rates indicated by central-bank policies, an acceleration that has baffled economists and traders. That widening gap has alarmed those who watch it as a signal of stress in the financial system.

While other markets that can be tapped for dollars—including the swaps market and liquidity lines maintained by global central banks—are showing a big dollar squeeze, the rise in Libor has some investors on edge.

“I think the market is underestimating the squeezing of money out of the world, particularly in dollar terms,” said Robert Savage, chief executive of hedge fund CCTrack Solutions.

Continued from Page One while 37 state attorneys general are also demanding explanations for its practices.

Other social-media stocks also suffered, including Twitter, which fell 12% Tuesday after short-selling research firm Citron Research said that the social network was the most vulnerable to privacy regulation and that it was shorting shares of Twitter.

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Asjlyn Loder contributed to this article.

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WORLD NEWS

Asia Fears Fallout in U.S.-China Trade War

Producers across region are pressed, even in countries sympathetic to Trump

From Japan's electronics to Australia's iron ore, the Asia-Pacific region's economies depend on selling parts and materials to feed China's export machine.

By Ben Otto in Jakarta, Rhiannon Hoyle in Sydney and Chieko Tsuneoka in Tokyo

That is why the prospect of a deepening U.S.-China trade conflict has these nations worried about getting caught in the crossfire—even if some of them have sympathy for President Donald Trump's criticism of China.

"It's not just the combatants themselves who suffer damage, it's the other countries too,"

said Shujiro Urata, a professor of economics at Tokyo's Waseda University and former World Bank economist.

Stocks have been gyrating on trade news, with Japan's benchmark index rising 2.65% Tuesday on signs that the worst scenario of a trade war might be avoided. Chinese and American officials have quietly started negotiating on ways to improve U.S. access to China's markets and reduce the trade deficit.

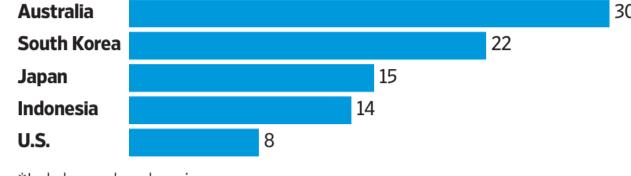
Global supply chains mean it doesn't take much for U.S. tariffs against China, or Chinese retaliation against U.S. goods, to ripple across the region. Mr. Trump last week imposed tariffs of 25% on steel from China and other nations, while exempting some U.S. allies, and threatened to impose tariffs hitting as much as \$60 billion in Chinese imports.

That raised alarms in Australia, which sends 30% of its exports to China. Each year's exports include some 700 mil-

Dependent Relationships

Asia-Pacific nations rely more on exports to China than the U.S. does.

Share of exports* going to China, latest annual data



*Includes goods and services

Note: U.S. and Indonesia data for 2017; Australia for year through June 2017; Japan and South Korea for 2016

Source: official statistics of each country

THE WALL STREET JOURNAL.

lion metric tons of iron ore and metallurgical coal, the main ingredients in steel, as well as copper for electronics.

"Any time there is the risk of the escalation of a trade war or tit-for-tat tariff increases, that has the potential to damage our economy very substantially," said Jim Chalmers, an Australian lawmaker from the opposition Labor Party.

Some of the effects of U.S.-

China trade tension are already being felt. In January, Mr. Trump said he would place tariffs of up to 30% on solar panels, a measure aimed primarily at Chinese makers whose low-price panels have gained global market share. The move hurt some other panel makers such as the Singapore factory of REC Solar Holdings AS, which runs one of the largest solar cell factories outside of China and sent

almost a third of its panel shipments through the first three quarters of 2017 to the U.S.

"Because Singapore also makes solar panels, we also become collateral damage," Foreign Minister Vivian Balakrishnan of Singapore said this month. He told a forum last week that a cycle of retaliation would "undo the formula for peace and prosperity that has worked for 70 years."

The recent trade tensions have driven up the value of the Japanese yen, seen as a haven in times of turmoil, to its highest level against the dollar since around the time of Mr. Trump's election. That is hurting Japanese exporters of electronics parts.

The ripple effects aren't all bad for Asian nations.

If iPhones made by Apple Inc. contractors in China suffer from the trade conflict—still an open question—Vietnam could benefit because it is a major production base for

Samsung Electronics Co., whose phones are the leading competitor to the iPhone.

Meanwhile, China might buy more from the region if it follows through on its threat to retaliate against American products. Action against American soybeans, for example, could lift demand for substitutes such as palm oil products, a major source of exports for Malaysia and Indonesia.

"It's very early days and it remains to be seen how this 'trade war' plays out," said Hak Bin Chua, economist at Maybank Kim Eng in Singapore. "Higher tariffs on Chinese cars, for example, could boost Japanese and German car exports," he said, but U.S. tariffs on Chinese consumer electronics would likely have a negative impact on Singapore and Malaysia, as "the two [Association of Southeast Asian Nations] countries most plugged into the electronics supply chain."

KOREA

Continued from Page One
the appropriate atmosphere for dialogue with North Korea." China had briefed the White House on Tuesday about the North Korean leader's trip, it said.

Mr. Kim told Mr. Xi that Pyongyang is committed to denuclearization on the Korean Peninsula and is willing to start dialogue with the U.S. and hold a North Korea-U.S. summit, the Chinese government-run Xinhua News Agency said.

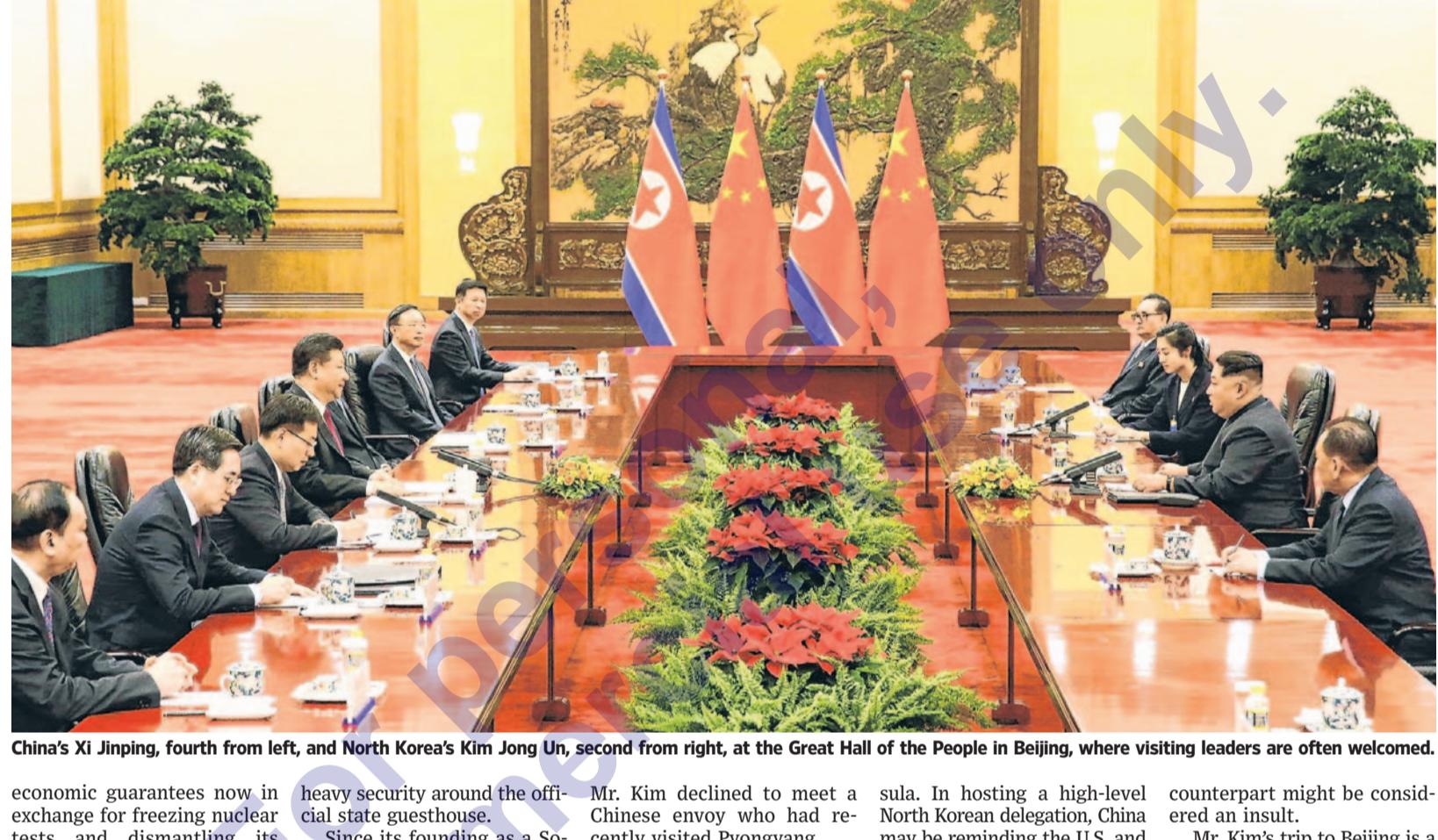
The agency said Mr. Kim's trip spanned Sunday to Wednesday, though foreign diplomats say the North Korean leader appeared to have been in Beijing only from Monday to Tuesday.

"It is our consistent stand to be committed to denuclearization on the [Korean] peninsula," Xinhua quoted Mr. Kim as saying. The issue "can be resolved, if South Korea and the U.S. respond to our efforts with goodwill."

Beijing labeled Mr. Kim's trip an "unofficial visit," even though it featured the pomp and ceremony accorded to foreign leaders on official visits, including a review of honor guards and a banquet at the Great Hall of the People. North Korean state media said Mr. Kim invited Mr. Xi to pay a reciprocal visit.

Mr. Kim is seeking to enlist Beijing's influence to pressure the U.S. into taking a more flexible stance, regional security experts say.

Mr. Bolton, the newly named U.S. national security adviser, has argued for pre-emptive strikes and called for North Korea to give up its atomic arms immediately. The North Korean leader, according to those who study the regime, will likely seek a longer-term agreement, in which North Korea gets security and



China's Xi Jinping, fourth from left, and North Korea's Kim Jong Un, second from right, at the Great Hall of the People in Beijing, where visiting leaders are often welcomed.

economic guarantees now in exchange for freezing nuclear tests and dismantling its weapons program over time.

"The stakes were raised, and it must have become clear that the summit could go very badly," said Ken Gause, a senior North Korea analyst at CNA, a think tank based in Arlington, Va. "Kim Jong Un needs to be sure that China has his back."

Rumors that Mr. Kim might be visiting Beijing circulated through diplomatic circles after Japanese media reported Monday that a high-ranking North Korean official may have arrived in the Chinese capital on a special train. Witnesses saw a long motorcade speeding through the city and there was

heavy security around the official state guesthouse.

Since its founding as a Soviet-backed satellite after World War II, North Korea has proven adept at playing great powers against one another to extract advantages and ensure its survival. Mr. Kim's grandfather, who founded the dynastic dictatorship, pivoted between Beijing and Moscow to ensure his aid-dependent regime wasn't completely beholden to either.

China has long been North Korea's only treaty ally and largest trade partner. But that relationship has soured as Beijing has stepped up enforcement of sanctions, which economists say are starting to bite North Korea's economy.

Mr. Kim declined to meet a Chinese envoy who had recently visited Pyongyang.

"Right now they are focused on getting relief on sanctions and getting the economy in shape," said Go Myong-hyun, a North Korea specialist at the Asan Institute for Policy Studies in Seoul.

Until this week, North Korea's 30-something, third-generation leader wasn't believed to have left his country since taking power in 2011, nor to have met another world leader.

Several foreign-affairs analysts said they expect North Korea to send a delegation to Moscow in the coming weeks.

Beijing had been largely sidelined during weeks of diplomacy on the Korean Peninsula.

In hosting a high-level North Korean delegation, China may be reminding the U.S. and its allies that it still plays an indispensable role, said diplomats and analysts in China.

"China has been kind of marginalized, and it was inevitable the Chinese would want to redouble their efforts to have influence," said Scott Snyder, a Korea expert at the Council on Foreign Relations.

Ties between Pyongyang and Beijing have been rocky since at least 2013, when Mr. Kim executed his uncle and senior adviser, Jang Song Thaek, who was viewed as one of North Korea's most pro-China officials, analysts say. Still, for Mr. Kim to meet a U.S. leader before meeting his Chinese

counterpart might be considered an insult.

Mr. Kim's trip to Beijing is a reminder of the deep relationship between North Korea and China, which backed North Korea in the Korean War. His father, Kim Jong Il, on occasion traveled to Beijing and Russia aboard an armored train.

Video clips circulating online showed what appeared to be a North Korean train at a Beijing railway station and a large motorcade leaving the station, amid tight security.

Witnesses saw a similar motorcade sweeping into the Diaoyutai State Guesthouse, where visiting leaders often stay. The entourage later visited a Beijing district home to many technology companies.

The Dollar Rescued Ecuador. Can It Save Venezuela?

By JOHN OTIS
AND KEJAL VYAS

QUITO, Ecuador—Devalued, this country's former currency, the *sucré*, has been out of circulation for so long that when shopkeeper Raúl Jumbo was shown an old 20-sucré coin he didn't recognize it.

Ecuadoreans have grown accustomed to U.S. dollars, which their government adopted in 2000 to overcome soaring inflation and the *sucré*'s collapse.

A similar action is now being proposed for Venezuela by Henri Falcón, an opposition candidate in the inflation-racked country's May 20 presidential election. Dollarization is the course Mr. Falcón, in his long-shot bid to unseat President Nicolás Maduro, says will extract Venezuela from its worst economic crisis in modern history.

Mr. Falcón, a former state governor who broke years ago with the long-ruling Socialist Party, says using the U.S. dollar would end hyperinflation by stopping the overprinting of bolivars, the national currency, which has lost 99.9% of its value since Mr. Maduro took office in 2013.

For Venezuela's government, which routinely attacks U.S.



In 2000, after Ecuador adopted the U.S. dollar, a state employee feeds 50-sucré bills into a machine that destroyed them.

capitalism, abandoning a currency named after independence hero Simón Bolívar for the U.S. dollar is too painful a comeuppance to contemplate.

"We are not going to be a colony of the dollar," Mr. Maduro declared Thursday as he unveiled plans to erase three zeros off the bolívar, a measure economists say will have little impact on Venezuelans' daily struggle to pay for increasingly scarce food.

De facto dollarization is already under way in the state-

dominated economy, Mr. Falcón says. Ignoring price controls, merchants often sell goods at prices that reflect their free-market value. That is often too much for most Venezuelans, who earn the equivalent of a few dollars a month.

"The biggest enemy of our people is hyperinflation," Mr. Falcón said in a recent interview.

Latin American nations that use the greenback include Panama, El Salvador and Ecuador, an OPEC member that grappled

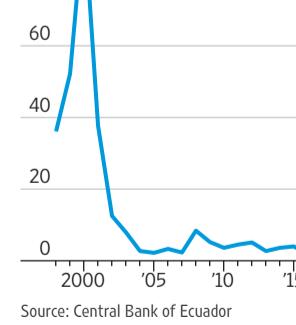
in the late 1990s with some of the same problems now ravaging oil-rich Venezuela. Although Ecuador's currency transition was traumatic, analysts say the dollar eventually helped the nation's economy recover.

"People here have no faith in politicians," Ecuadorean Congressman Paco Moncayo said, "but they do have faith in the dollar."

That faith was born from disaster. A severe banking and economic crisis in 1999 prompted Ecuador to go on a

Stability Tool

Ecuador's inflation rate



Source: Central Bank of Ecuador

THE WALL STREET JOURNAL.

sucre-printing spree, causing the currency to fall from 3,000 to 25,000 to the dollar in the four years ending at the beginning of 2000. In a bid to save his government, then-President Jamil Mahuad announced on Jan. 9, 2000, that Ecuador would adopt the U.S. dollar. Twelve days later he was ousted in a coup, but his successor endorsed dollarization. The introduction of the greenback jolted Ecuador's economy but prices and wages eventually stabilized.

Detractors say dollarization prevents governments from devaluing or taking other measures during tough times. Rafael Correa, Ecuador's president from 2007 to 2017, once described it as "being in a boxing ring wearing a straitjacket." But he never pulled the trigger on abandoning the dollar, a move many believed would have exposed his country to economic uncertainties.

Quito investment banker Ramiro Crespo predicted a similar success should Venezuela move to the dollar, however hurtful losing the bolívar might seem to national pride.

"You have more sovereignty when people are proud, healthy and free, not when they are starving," he said.

Ancient Traces Found In Amazon

By ROBERT LEE HOTZ

Long before the arrival of Europeans in the Americas, one of the world's largest rain forests teemed with people who transformed the woods around them, say archaeologists who have found new evidence of farms, settlements and roads buried beneath the flora of Brazil's Amazon Basin.

The findings include 81 pre-Columbian clusters of earthworks in the Upper Tapajós Basin, located along the southern rim of the Amazon in the Brazilian state of Mato Grosso. Dating to A.D. 1250-1500, the sites range from small ditched enclosures to large settlements with multiple mounds, plazas and causeways, the archaeologists said.

Francisco Nakahara, a retired financial manager in São Paulo who studies free online satellite photos as a hobby, first spotted the traces of circular earthworks, the researchers said. The archaeologists reported their findings in *Nature Communications* on Tuesday.

WORLD WATCH

PHILIPPINES

Officials Tally Deaths From Drug Sweeps

Drug-enforcement officials said on Tuesday that nearly 4,100 people have been killed in shootouts with police since the start of President Rodrigo Duterte's bloody antinarcotics campaign, a growing number that has attracted international condemnation.

Last week was one of the bloodiest in the campaign, with 13 killed by police in one night and more than 100 arrested as officers raided homes and staged sting operations near the capital, Manila.

U.S. Deputy Assistant Secretary of State James A. Walsh, who monitors the international narcotics trade, said in January that Washington had reduced its support for the Philippine police force, which once included training in areas such as counterterrorism operations, because of human-rights concerns.

Philippine police deny allegations that they have summarily executed drug suspects.

—*Jake Maxwell Watts*

CANADA

Ottawa Acts to Stop Diversion of Metals

The government said it would bring in new rules to prevent diversion and transshipment of steel and aluminum.

The development comes days after the U.S. introduced global tariffs on steel and aluminum imports, aimed at protecting domestic makers from cheaper imports. Canada was among several countries to receive temporary exemptions from the tariffs until May 1.

The regulatory changes Canada announced Tuesday include new measures to allow officials to investigate companies that may be trying to avoid duties by slightly modifying their products or assembling them in a third country not subject to duties.

Canadian border agents will also have more flexibility in the criteria they use to determine whether products are being imported into Canada at artificially low prices, the government said.

—*Kim Mackrael*

WORLD NEWS

Canada Faces a Labor Shortage

Merit-based approach to immigration, seen as a model for U.S., yields too few blue-collar workers

By SARA SCHAEFER MUÑOZ

Calgary-area farmer Ray Price has seen a steady increase in demand from Asia for his pork products in recent years but says he can't find enough workers to expand his business.

With an aging local workforce and Canada's restrictions on lower-skilled immigrants, "we are chronically short on people," he said. "Calgary has professionals, engineers and people like that, but what we need are people who want to learn meat processing."

As U.S. lawmakers seeking to revamp America's immigration system have praised Canada's, Mr. Price's experience highlights a downside. While Canada has minimal illegal immigration, its model for legal immigration favors applicants with education, work experience and language proficiency. Some employers and economists say that system yields few workers to fill blue-collar or lower-skilled positions.

Job openings in Canada jumped 15% in the third quarter of 2017 from the year-earlier figure, to 468,000, according to government figures. The rise was led by vacancies in sectors such as transportation, manufacturing and food service.

Proponents of Canada's merit-based model, which lets in about 300,000 new permanent residents a year, say it encourages those who will contribute to the economy by finding jobs or starting businesses, limiting burdens on social services. Polls have shown that Canadians generally feel immigration is positive for the economy.

The U.S., by contrast, favors applicants who already have relatives in the country and uses a lottery for those from underrepresented countries—a system that has



Workers process meat at a Sunterra plant, whose owner says he can't find enough of them to expand.

Brunswick, in eastern Canada, and an economic consultant.

Andy Keith, co-owner of Seafood Express (PEI) Ltd., in Charlottetown, Prince Edward Island, says he would like to buy around 10 more trucks to keep up with demand for the current fleet of 65 carrying food across North America. But he says he would be hard-pressed to find drivers.

"It's just a battle to hire," he said. "We are turning down shipments every day."

Ahmed Hussen, Canada's minister of immigration, refugees and citizenship, acknowledges labor shortages in some areas and points to government efforts to address the immigration mismatch.

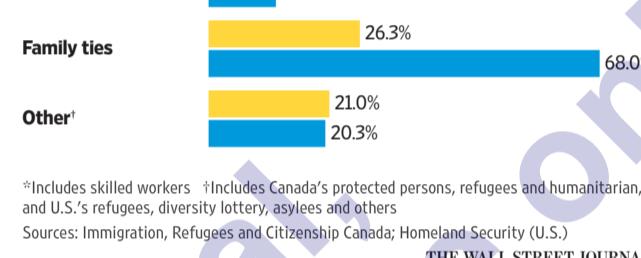
Many Canadian provinces, which have more autonomy on immigration policy than U.S. states do, have worked in recent years with Ottawa to create programs that better target local labor needs. One new initiative, the Atlantic Immigration Pilot, allows employers in Canada's eastern provinces to recruit specific types of foreign workers, such as seamstresses or drivers.

"We've made [the program] flexible. It addresses the labor market shortages and improves demographics," Mr. Hussen said.

Mr. Price and others seeking workers have also made use of the federal government's Temporary Foreign Worker Program, which allows employers to hire foreign nationals to fill shortages temporarily, bypassing the more selective process for permanent residents. But many employers say the program is onerous and time-consuming. They must first prove they have offered the jobs to Canadians and there can be a considerable lag between the moment they need workers and when they actually arrive.

Different Paths

Canada's legal immigration focuses on skills and education, while the U.S. system is driven largely by family ties.

Share of each country's permanent resident admissions by immigration category, 2016

*Includes skilled workers †Includes Canada's protected persons, refugees and humanitarian, and U.S.'s refugees, diversity lottery, asylees and others

Sources: Immigration, Refugees and Citizenship Canada; Homeland Security (U.S.)

THE WALL STREET JOURNAL.

least 25 more to meet rising demand from Japan and China.

"I'd like to run a double shift, but we can't get enough in for the day shift, let alone for the night," he said.

Labor shortages are especially acute in provinces where the local workforce is

aging, say some economists and employers, exacerbating a mismatch between available jobs and arriving immigrants.

"We shouldn't bring in economists to work in a call center," said David Campbell, former chief economist for the government of New

The Face of Change

Sally Love Connally
Government Strategy
Atlanta, GA

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WORLD NEWS

Anger Erupts After Russia Blaze

Familiar with disaster and prone to rumor, citizens scorn official version of mall fire

BY JAMES MARSON

MOSCOW—Russian officials said a shopping-mall fire Sunday in the Siberian coal-mining city of Kemerovo killed 64 people, but the public isn't buying that account.

Some Russians, shocked by video of the fire, agitated by online reports and habitually suspicious of official accounts, said the tragedy was far worse. A few thousand people gathered on Tuesday outside Kemerovo's city hall for a vigil that turned into a daylong rally of sorts, and was broadcast live online.

The fire has presented President Vladimir Putin with the first major bout of public discord since he secured a new six-year term in an election this month.

Television reports of a Tuesday visit to Kemerovo by Mr. Putin showed the Russian leader as sympathetic and taking aim at the corruption he said was to blame for the disaster.

The fire tore through the Winter Cherry mall in Kemerovo, a city of a half-million inhabitants some 2,000 miles east of Moscow. Firefighters spent hours battling the blaze as it gutted the top floors of the five-story building, which housed shops, a bowling alley, an ice rink and a movie theater.

Harrowing personal stories from Kemerovo have shocked a nation hardened to such disasters. Security-camera footage showed adults and chil-



People put down flowers at an event in memory of Kemerovo shopping-mall fire victims in Manege Square in Moscow on Tuesday.

dren running in all directions as flames and smoke quickly filled a hall. Another video showed a boy jumping from a fourth-story window through billowing smoke.

Russian media have recounted how children locked in the movie theater desperately messaged relatives to say they couldn't breathe. One man described how he lost three daughters, his wife and his sister. Most of the victims were children, officials said.

Public distress was further stoked by accounts shared on social media from people who said they were witnesses or relatives and said that hundreds had died.

Thousands of people poured onto the streets in cit-



THE WALL STREET JOURNAL.

ies across Russia on Tuesday evening to remember the victims of the fire in vigils approved by the authorities, but with an undercurrent of anger.

At the Kemerovo rally on Tuesday, amid rumors that the real death toll stood at around 350, a group of citizens went to a cold-storage facility, the city morgue and the cemetery

in search of dozens of suspected hidden bodies.

They reported back that the official death toll held up. "There was nothing there apart from fish and ice cream, just as it should be," a bearded man in a green coat said after visiting the cold-storage facility.

Some in the crowd howled derision and called for the ouster of the governor of Kemerovo region.

On Tuesday, Mr. Putin laid flowers at the scene, visited survivors and held a meeting with senior officials, where he blamed the fire on the "criminal negligence and sloppiness" of local bureaucrats and the mall's managers.

The events in Kemerovo are

unlikely to pose a serious threat to the 18-year rule of Mr. Putin, whose approval ratings stand around 80%. The president on Tuesday sought to divert the focus of anger about the fire. "They didn't give a damn about people's safety," he told the officials.

The country's top criminal investigator, Aleksander Bastrykin, told Mr. Putin that the fire was most likely caused by an electrical fault.

The fire-alarm system was turned off, and the doors to the cinema has been locked, perhaps to prevent children without tickets from sneaking in, he said.

Five people, mostly top managers of the mall, had been detained, he said.

Russia-backed interventions vary widely, European officials say, citing cyberattacks, espionage and election meddling in the U.S. and elsewhere. All are designed to raise questions about the origin or responsibility so as to minimize a Western response, they say.

Earlier this year, suspected Russian hackers posted a false story about Lithuanian Defense Minister Raimundas Karoblis to a TV channel's website, then sent messages to officials including a link to the fake story along with mal-

icious code designed to infiltrate government computers.

"It started as fake news, but in fact it was a cyberattack, an attempt to spread a virus meant to take over key systems," Mr. Karoblis said.

Russian officials deny meddling in other countries' affairs.

Kadri Liik, a senior policy fellow at the European Council on Foreign Relations, said after the 2016 U.S. presidential election many Europeans became more convinced of Russian meddling. "I think European countries have started thinking about it but I think the readiness is very uneven," she said.

EU Strains To Act on Moscow's Meddling

BY LAURENCE NORMAN AND JULIAN E. BARNES

BRUSSELS—The expulsion of 42 Russian diplomats from 18 European Union capitals this week sent a potent signal of Europe's anger over the poisoning in the U.K. of a former Russian spy. But effective action to blunt Moscow's espionage, political interference and other covert actions remain modest.

Since Moscow's annexation of Crimea in 2014, the North Atlantic Treaty Organization has toughened its military readiness. But Europe's response to nonmilitary pressure has been weaker as governments disagree on where the biggest threats lie and when provocations are serious enough to require a response.

At a summit last week, EU leaders ordered officials to find new measures by June to strengthen the bloc's resilience to Russian-backed threats.

NATO said Tuesday it was revoking accreditation of seven diplomats and rejecting the application of three new ones as part of a policy that will now restrict the Russian mission to a maximum of 20.

NATO Secretary-General Jens Stoltenberg framed the expulsions as going beyond a reaction to the poisoning, saying they were part of "a broader response" to "reckless behavior by Russia. Russia has underestimated the unity of NATO allies," he said.

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FROM PAGE ONE

SING

Continued from Page One
says, "I don't care if I can sing well or not."

In China, where karaoke is embedded into business and social life, the solo booths are a place for people who enjoy singing but don't like the pressure of performing for others.

Coin-operated solo karaoke booths first spread in Japan and South Korea about five years ago. The booths are now sprouting in China's malls, libraries and airports, more than 30,000 of them over the past two or three years, industry executives estimate.

"A customer can sing karaoke in the middle of a shopping trip," says Li Songlin, an industry analyst at Chinese research firm iiMedia. The firm estimates China's karaoke-booth market will double to about \$1.2 billion this year.

Han Zhimin, a 25-year-old consumer-trends researcher for a cosmetics company in Shanghai, dreads her office karaoke outings. Talented sing-

ers, turn into "mic hogs," she says, while everyone else sits in silence—or worse.

"If you are a bad singer and you sing," Ms. Han says, "it's a disaster for everyone."

Ms. Han says she passed by a solo karaoke booth in Shanghai one evening and out of curiosity stepped inside. She sang Chinese folk songs and discovered she liked karaoke singing, just not with people listening.

Daisuke Inoue, 77, who invented the karaoke machine in Japan in 1971 for restaurant singalongs, says no one should be ashamed of their voice.

Hearing your friends sing badly is part of the karaoke tradition.

"When I see tone-deaf singers enjoying themselves," he says, "it's a moment when I feel really good about having introduced karaoke into this world."

Solo booths are useful for practicing, Mr. Inoue says, but he prefers the tried-and-true karaoke experience—getting drunk and singing for your friends. His favorite is the Japanese ballad "Sake, Tears, Man

jacket, motorcycle and combative soundbites made him a global celebrity. Then, too, he argued that Greece could force Europe into concessions by just saying no.

The problem was that Germany was willing to dump Greece from the euro, but most Greeks didn't want to be thrown out. Greek Prime Minister Alexis Tsipras belatedly accepted that his near-bankrupt government had no alternative to European bailout loans.

After firing Mr. Varoufakis as finance minister, Mr. Tsipras signed up to Germany's

tough austerity terms in July 2015. Greece is set to complete the three-year program this summer, ending the biggest sovereign bailout in history.

Mr. Varoufakis views the Syriza government's reversal as a great betrayal. He has turned his version of events into bestselling books and popular lectures. Syriza has accused Mr. Varoufakis of "myth-making."

Outside Greece, he still has legions of fans. In Greece, however, he struggles to command wider respect these days. Many ordinary Greeks view his confrontational tac-

tics as a costly failure. They hope for a gradual return to economic stability, not another fight with Europe.

To Mr. Varoufakis, however, Greece is becoming a permanent "debt colony" of Europe. On Monday he compared the struggle to Greece's 1820s war of independence against the Ottoman Empire.

Opinion polls haven't yet gauged whether his new party, known by its Greek acronym MeRA25, can make an impact. Elections are due by fall 2019. The party is part of Mr. Varoufakis's Europe-wide movement for more democracy, called DiEM25, which has attracted support from prominent left-wing intellectuals.

Speakers at Monday night's launch included American linguist and radical political writer Noam Chomsky, appearing by video from Arizona. He called Mr. Varoufakis's new party "a beacon of hope in our troubled world."

British musician Brian Eno said Greeks have given the world great ideas, "like ouzo and democracy." Croatian philosopher Srecko Horvat described how founding DiEM25 with Mr. Varoufakis helped him overcome a bad breakup.

From Page One

and Woman."

Mr. Inoue has advised Thunderstone Technology Ltd., a Beijing-based maker of karaoke software that is trying to capitalize on popularity of solo booths. Customers in the past couple of months can't get enough of "Guangdong Ten-Year Love Story," a sappy ballad about a lovelorn migrant.

Others indulge in Western fare, according to Thunder-

stone data. This month, for instance, popular selections included "Sugar," Maroon 5; "Rolling in the Deep," Adele; "Poker Face," Lady Gaga; "Because of You," Kelly Clarkson; and two from Taylor Swift: "Bad Blood" and "Love Story."

The booths feature auto-tune software, which Thunderstone Chief Executive Ma Jie says corrects off-key voices, within a limited range. "It

doesn't matter if you're a good singer," he says. "You'll sound better."

Singers can record their sessions to download and share. The most popular package is 15 minutes for 20 yuan,

a little more than \$3. Those

too shy to sing even in private

can read poems, such as

"Snow" by Mao Zedong.

Two people can fit snugly

in the karaoke booths, which

since July are required to have

at least one see-through wall.

The Ministry of Culture made

the requirement "to guide the healthy development of the mini-singing booth market."

Duets are allowed but, apparently, no fooling around.

Two booths from China recently popped up at the SkyView Center in the Flushing neighborhood of New York City. Li Yipeng, the venture-capital investor who funded the booths' installation, saw their popularity abroad and decided to test the waters in the U.S.

"Singing is universal," he says.

The directions and lyrics,

however, are in Chinese, and,

for now, only Chinese e-pay-



A singer alone with the music in a Shanghai mini karaoke booth.

ments are accepted.

At INLOVE KTV in Beijing, manager Zhou Jian said a

booth in a mall can't compare

with his karaoke parlor's black leather couches and gothic chandeliers.

"What we can offer is party time," he says, "which you wouldn't get from the booth."

Singing alone in a glass

booth suggests the person is

friendless and single, says Cai Xu, who works in the Beijing tech industry.

"It's like 10 times worse than going to a movie alone," he says. "People can see you."

Just watch Huang Kaixi as she grips the microphone, takes a deep breath and, in a mall karaoke booth, raps, "You better lose yourself in the music."

The 29-year-old bobs her head as she performs "Lose Yourself" by Eminem: "The moment. You own it. You better never let it go."

Ms. Huang then looks over her shoulder through the plexiglass wall to see shoppers gawking. "This is really awkward," she says.

—Yang Jie and Eva Dou

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IS WHEN GOD
SURPRISES US.
HE SAVED MY LIFE.
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WYNN

Continued from Page One
at Mr. Wynn's properties, declined to comment.

The employees, many of whom are describing their experiences on the record for the first time, outline a wide-ranging corporate failure, from senior management to lower-level employees, who through their action or inaction enabled the boss's behavior.

At times, former employees said, low-level supervisors were sympathetic but felt themselves powerless. Tiffany Kambouris, who was a salon manager at Wynn Resorts, said she brought complaints about Mr. Wynn's behavior toward women to upper management without effect.

"These people are supposed to be handling problems and taking care of it, and they don't," she said. "It's shameful."

The employees' accounts, spanning decades, jobs and different properties in Mr. Wynn's empire, help explain why the casino magnate's alleged behavior might have gone on for so long, with complaints extending back to the early years of a career that made him one of the industry's most powerful men.

Mr. Wynn, when he resigned, said he couldn't be effective in an environment in which "a rush to judgment takes precedence over everything else, including the facts." In a statement for the Journal's January article, which reported Mr. Wynn had paid \$7.5 million in 2005 to a manicurist who told others he forced her to have sex, Mr. Wynn said the idea that he ever assaulted a woman was "preposterous." He didn't address other allegations in the article.

Responding on March 15 to questions for this article about misconduct allegations beyond those detailed in January, an attorney for Mr. Wynn sent a statement on his behalf saying he "declined to participate in The Wall Street Journal's reporting because it is clear that the Journal has no intention of treating him fairly." The statement called the allegations "sallow" and didn't address their specifics.

Wynn Resorts referred questions about the allegations to a special committee of its board investigating Mr. Wynn's behavior. That committee said the board "cares deeply about the safety and well-being" of employees, but that it isn't appropriate to comment until the investigation, aided by outside counsel, is complete. New CEO Matt Maddox said in a written statement he and the board will act quickly on any recommendations from the investigation, adding the company has "zero tolerance" of sexual harassment.

Officials in Massachusetts, where Wynn Resorts is building a casino-hotel, have said they are looking into who was told of Mr. Wynn's alleged behavior and what, if anything, they did in response. Mr. Maddox recently indicated on CNBC he has known about the manicurist's 2005 allegations since 2016. Court fil-

ings indicate general counsel Kim Sinatra has known since at least 2009. Wynn Resorts wouldn't comment because the board probe is continuing.

A written anti-sexual-harassment policy given to Wynn Resorts employees states in part: "The first and most important thing an employee must do is speak up."

The rules were different when it came to Mr. Wynn, said Jorgen Nielsen, who was artistic director of the Wynn Las Vegas salon when it opened in the mid-2000s.

He said Doreen Whennen, then vice president of hotel operations, made clear any complaint involving Mr. Wynn should be taken not to human resources but to her or to Marc Schorr, then the company's chief operating officer.

Mr. Nielsen said he brought women's complaints to Ms. Whennen on several occasions and she sometimes told him to look in the employees' files to see if there were any past problems that could be a pretext to get rid of them.

"It was always the person's fault," he said. "Nobody really looked into it."

An attorney for Ms. Whennen said she had no comment.

Rules for Wynn

Mr. Nielsen said he sometimes brought complaints about Mr. Wynn's behavior with women to Maurice Wooden, then COO of the Las Vegas operation, and now president of Wynn Resorts' two Las Vegas casinos. One time, according to Mr. Nielsen, Mr. Wooden responded by saying managers needed to better control the female employees who were complaining.

A company spokesman said it would be inappropriate for Mr. Wooden to comment until the investigation is complete.

When complaints were reported to Mr. Schorr, Mr. Nielsen recalled, Mr. Schorr said he would speak to the boss.

Mr. Nielsen said that in follow-up conversations with Mr. Schorr—after nothing had changed—"we would say, 'Have you called him?' He would say, 'I'm working on it. I'm working on it.' I don't know if he ever had the conversations" with Mr. Wynn.

Some former employees said Mr. Schorr wasn't the ideal person to judge workplace behavior. He sometimes made comments about women's breasts and, for years in the 1980s, he gave female assistants lingerie as presents, according to these people. Mr. Schorr didn't respond to requests for comment.

Former salon manager Ms. Kambouris said she told Mr. Schorr that Mr. Wynn's behavior was "out of control." She, too, experienced it, she said: When she gave Mr. Wynn a manicure, he would sometimes rub his leg against hers and say, "How does that feel?" She said she brushed him off as best she could.

Ms. Kambouris said she was dismissed in 2013 after a salon management change, in what human resources told her was Mr. Wynn's decision. Wynn Re-

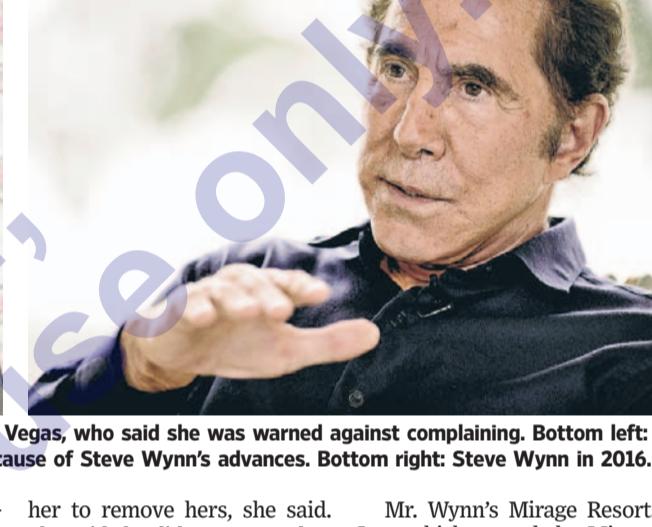


"I remember feeling zero support."

Angela Saxton



Top: Angela Saxton, a former spa attendant at The Mirage in Las Vegas, who said she was warned against complaining. Bottom left: Dora Barnum, pictured in the 1980s, who said she left her job because of Steve Wynn's advances. Bottom right: Steve Wynn in 2016.



BRIDGET BENNETT FOR THE WALL STREET JOURNAL (2)

sorts said it doesn't comment on employment matters.

Wynn Resorts' policy is that all employees receive regular training to prevent sexual harassment. Mr. Wynn said in a deposition he didn't participate because he didn't need it, according to comments made in court by a lawyer for a party involved in a dispute between Mr. Wynn and his ex-wife.

Wynn Resorts told the Journal in January it had a hotline that hadn't recorded a single complaint about Mr. Wynn, a statement CEO Mr. Maddox repeated to CNBC. Instructions posted on an employee intranet portal say the company's confidential hotline is for accounting or securities issues, not for harassment complaints. For those, employees are told to go to their supervisors or the human-resources or legal departments.

Asked about that, Wynn Resorts said the line was set up in response to a 2002 federal securities law but has mostly been used for human-resources mat-

ters, despite the written instructions saying otherwise. A spokesman said the company would change the language on the site.

Before Mr. Wynn opened the Wynn Las Vegas, he built and ran the Mirage casino, where Ms. Saxton, the spa attendant,

'The attitude was: 'He is Mr. Wynn.'

How do you say no to Mr. Wynn?'

started working in 1993. She was exercising in the gym one evening the next year when she said Mr. Wynn came and asked for help working out, which he sometimes needed because of failing eyesight.

He asked her to help him into the hot tub in the men's locker room, according to Ms. Saxton. He took off his clothes and told

her to remove hers, she said. She said she didn't want to, but relented when he told her "it will be fine. You can help me."

The spa attendant, 23 at the time, said Mr. Wynn initiated a sex act on her. She said she grabbed her clothes and ran out, shaken.

Later that evening, she said, Mr. Wynn called her at her mother's house, where she lived—she assumes he got the number from employment files or an HR employee—and said the incident had been a "misunderstanding." Her mother, Pamela Abramowitz, said she got on the line and asked Mr. Wynn not to call her daughter again.

The next day at the spa, Ms. Saxton said, her boss, Nina McLaughlin, pulled her aside and asked her about the incident, making her feel chastised.

She said Ms. McLaughlin didn't advise her to report the incident. "I remember feeling zero support," Ms. Saxton said. "You don't know what you are going to do" in a situation like that. "You are trained that you help him no matter what happens. You drop what you are doing any time and you help him."

Ms. McLaughlin said in an interview she didn't intend to make Ms. Saxton feel as if it was her fault. Ms. McLaughlin, who said she didn't have all the details of what allegedly happened in the spa, said she believes she asked Ms. Saxton whether she wanted to report the matter, but left it up to her.

'Don't try'

"It was a frustrating situation," Ms. McLaughlin said. "It did make me sick inside. Here's this young, vulnerable girl... Instantly you would be gone if you do anything or say anything."

Ms. Saxton said Mr. Nathan, then the head of human resources, approached her at work and told her the incident was her fault.

"Don't try to make this into anything," she said he warned her.

The executive also approached Ms. Saxton's sister, who worked for him in human resources, and her mother, an employee in convention sales, blaming Ms. Saxton for the incident, her mother and the sister said.

All three women stayed on but said they felt their jobs would be in danger if they pushed the matter.

Reached by phone, Mr. Nathan said he didn't want to talk. He didn't respond to detailed questions sent by email.

Mr. Wynn's Mirage Resorts Inc., which owned the Mirage, was sold in 2000.

Through the years, some Wynn executives, especially in human resources, have had an almost filial relationship with the boss. Mr. Nathan, who headed human resources at Wynn-managed properties from 1983 to 2006, grew up knowing Mr. Wynn in upstate New York.

In the 1980s, before Mr. Wynn built the Mirage, he renovated and ran the Golden Nugget in downtown Las Vegas. It eventually became part of the Mirage Resorts company Mr. Wynn sold in 2000.

'Say something'

Dora Barnum, who was a young Keno runner at the Golden Nugget in the mid-1980s, recalled Mr. Wynn asking to speak with her about different departments she could work in temporarily while renovations were under way.

He took her to a dark, empty lounge, with his security detail waiting outside, placed her hand on his genitals and pushed her head down, indicating she should perform oral sex, she said.

"I said, 'I'm married. I can't do that!'" Ms. Barnum said.

"He said: 'If you don't want a job, you can leave now,'" she recalled.

She felt threatened, she said. "So I did it. I felt disgusted with him, with myself."

Not long after, Ms. Barnum said, her supervisor told her Mr. Wynn had found her a job in the main cage where gamblers go to cash chips.

She said she told the supervisor, Dick LeVasseur, what Mr. Wynn had done. "He didn't believe me," she said. Mr. LeVasseur said he didn't remember Ms. Barnum but he recalled the Keno area was remodeled.

Ms. Barnum said Mr. Wynn continued to make unwanted advances, including calling her home late at night, and she ultimately left her job because of it.

About four years ago, she told her grown daughters Mr. Wynn's repeated nighttime calls had caused arguments with her husband, who is now deceased, according to one daughter, Denise Barnum.

Ms. Barnum told her daughters if anything similar happened to them at work, they shouldn't hold it in. "Make sure you say something," she said she told them.

—Jim Oberman
and Lisa Schwartz
contributed to this article.

Two Allegations And No Recourse

One employee found only sympathy; another quit rather than risk being 'blackballed'

In the winter of 2010-11, Joan Fernald worked at the Wynn Las Vegas spa when she was assigned to give Steve Wynn a massage. Once on the massage table, Ms. Fernald said, Mr. Wynn repeatedly indicated she should massage his genitals.

She refused. "I was offended that he was insulting me and my profession—that he thought I was somebody who would do that," she said. A similar scene unfolded during several subsequent sessions, she said.

After each event, she said, her two managers at the spa inquired how things had gone, casually asking questions such as "Did it happen again?"

Eventually, Ms. Fernald said, she described the incidents to the executive director of spas at the company's Las Vegas casinos and asked what to do.

The director, Ella Kent, was sympathetic but gave no advice, Ms. Fernald said.

"Her response was one of skirting around the issue," the former massage therapist said. "The attitude was: 'He is Mr. Wynn. How do you say no to

Mr. Wynn?' I think she did not want to be the one to anger him."

Ms. Kent didn't respond to requests for comment about Ms. Fernald.

Karen Parente, who was hired to work as an art-gallery manager at the Wynn Las Vegas in 2005, said she noticed the deference with which others, including managers, treated Mr. Wynn.

"People were scared of the guy. I could see that in their mannerisms. If he even walked past you on the retail floor, I could see the bodies tightening up," she said.

Ms. Parente traveled with Mr. Wynn to pick up a painting at the Getty Center in Los Angeles. On the plane, she said, he guided her into the bathroom and then pressed his body against hers. She said she eased her way out of the bathroom.

Another time, she said, he found her in a lounge one night and indicated they should go to a hotel room together, which she declined.

Believing no manager would help her if she complained about Mr. Wynn's actions, Ms. Parente said, she resigned, left Nevada and moved into a different line of work.

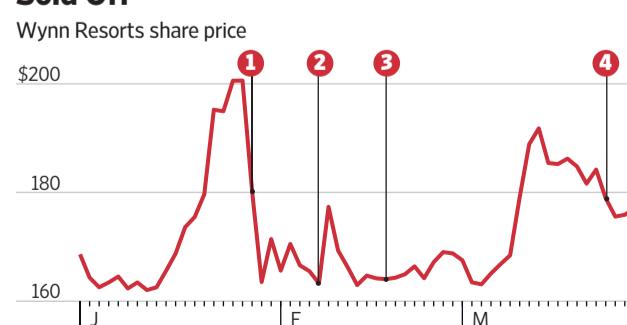
"I knew if I raised a stink that I would be blackballed," she said.

—Alexandra Berzon and Elizabeth Bernstein



Sold Off

Wynn Resorts share price



1 Jan. 26 The Wall Street Journal publishes investigation detailing allegations of sexual misconduct by Steve Wynn toward employees.

2 Feb. 6 Steve Wynn resigns as chairman and chief executive of Wynn Resorts Ltd.

3 Feb. 16 Steve Wynn loses potentially hundreds of millions of dollars in severance under separation agreement with Wynn Resorts.

4 March 21 - 22 Steve Wynn sells his 12% stake in Wynn Resorts for \$2.1 billion.

Source: WSJ Market Data Group

THE WALL STREET JOURNAL

GREATER NEW YORK

Report Criticizes NYPD on Rapes

Investigators say special victims unit is understaffed; police contest findings

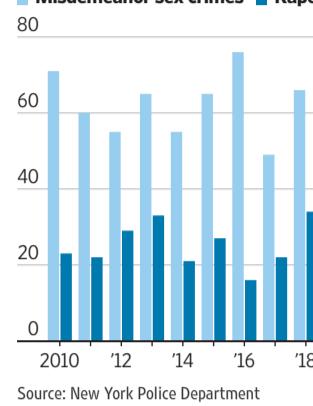
BY ZOLAN KANNO-YOUNGS

The New York Police Department doesn't properly investigate cases of rape in which the victim is acquainted with the attacker, according to a report released Tuesday by the city's Department of Investigation, which found the Special Victims Division is "severely understaffed."

Despite dozens of requests from the SVD and recommendations from a working group formed in 2010 to add more investigators to the unit investigating adult sex crimes, the NYPD didn't add enough investigators to handle their caseloads, according to the yearlong probe. The Special Victims Division's adult sex crime units throughout the city's boroughs had 74 detectives at the end of 2017, two more than in 2009, despite a 65% increase in case-

Complex Cases

Crimes reported in New York City, through March 18 of each year



loads, according to the report. The DOI, a nonpartisan city oversight agency, recommended increasing the number of detectives in the units by 73.

Detectives from the division, who are trained to investigate sex crimes and interview victims, don't routinely pursue "acquaintance" or "domestic"

rape cases after someone has been arrested, according to the report, which cited NYPD internal documents. The post-arrest investigations, crucial for gathering adequate evidence for prosecutors, are instead conducted by local precinct detectives, according to the report.

When the division raised concerns about their caseloads in 2011, the NYPD replied that SVD should simply not investigate every misdemeanor sex crime, the report said.

NYPD officials challenged the findings and will soon publish a response. High ranking chiefs with knowledge of the division, including Chief of Detectives Robert Boyce, weren't questioned for the report, officials said. "This document is an investigation in name only; it is inaccurate, misleading and does material damage to the relationships of trust the NYPD [SVD] has worked hard to develop with survivors of sex crimes," NYPD spokesman J. Peter Donald said in a statement.

A DOI spokeswoman said investigators interviewed Chief Michael Osgood, who runs the

Special Victims Division, for the report. The findings were based on interviews with former detectives in the unit and internal NYPD documents, the report said. "SVD retirees confirmed to DOI that NYPD leadership pressures SVD to make all resources available for stranger rapes and cases with high media profiles," the report stated.

"The conclusion from this investigation and the documents we found are that the NYPD does not prioritize sexual assault and in particular instances, does not prioritize acquaintance rape," said Department of Investigations commissioner Mark Peters. "That is unacceptable in modern law enforcement."

After police make an arrest, investigating a rape committed by a stranger requires a different approach than investigating a rape by an acquaintance, an official in the detective bureau said. "In a stranger case, we need to establish this is the person who actually did it," the official said. "In acquaintance cases, we know the victim is known to the perpetrator."

The report comes as the handling of sexual assault cases throughout the country has been pushed into the spotlight, prompted by the scandals involving celebrities and politicians. New York City has recorded a 9.6% increase in misdemeanor sex crimes and a 32.4% increase in rapes in 2018 compared with the same period last year. NYPD officials earlier this month said the increase in reporting is partially due to the #MeToo movement.

Councilman Donovan Richards, chair of the public safety committee, called the DOI report "troubling."

"They should not downplay or underplay this issue," he said of the NYPD. Mr. Richards said the public safety committee plans to hold a hearing April 9 regarding the city's increase in sex crimes.

Advocates who work with sexual assault victims said the lack of resources in the division has a direct impact on victims who come forward to report the crimes.

—Mara Gay contributed to this article.

Ex-D.A. Fined For Campaign Missteps

BY CORINNE RAMEY

New York City's Conflicts of Interest Board said Tuesday it had fined former longtime Brooklyn District Attorney Charles Hynes \$40,000 for using city resources for his failed 2013 re-election bid.

The board said the fine was the largest related to campaign activities in its 28-year history. Mr. Hynes, a Democrat who served as district attorney from 1990 through 2013, admitted to using his work computer and email address for campaign-related business.

As part of his settlement with the board, he also admitted asking his employees to do campaign work for him on city time. Mr. Hynes, who is now 82 years old, lost the race to Ken Thompson, also a Democrat, who died of cancer in 2016.

Using city time, personnel or resources for campaign matters is a violation of New York City law.

"In the midst of a feverishly contested primary race, I made the mistake of using my city email for campaign-related matters," Mr. Hynes said in a statement. His lawyer, Jim Walden, said the settlement "is hardly a foot fault in the epic match he played over 40 years of distinguished service to the public."

Mr. Hynes has long been dogged by accusations of misconduct. In 2014, a city watchdog agency found Mr. Hynes may have engaged in "possible criminal conduct" for paying a political consultant with what appeared to be assets seized during criminal investigations.

Mr. Walden said federal prosecutors had investigated Mr. Hynes and closed the case without bringing charges.

A Brooklyn native, Mr. Hynes was long considered a power broker in the borough. After he was criticized for his handling of sex crimes in the Orthodox Jewish communities, he created a program designed to encourage victims to report sexual abuse.

Since Mr. Hynes left office, about a dozen people who were convicted during his tenure have since been exonerated as part of an effort by the Brooklyn District Attorney's Office to review old cases.

Mr. Walden called the problem of wrongful convictions a serious issue for every district attorney. "Hynes started the review of suspect cases in mid-2013, and I do not think he gets enough credit for laying that groundwork," he said.

In the board settlement, Mr. Hynes admitted to using his work computer and email account to exchange more than 5,000 campaign-related emails from May 2012 through Nov. 5, 2013. This included emails with political consultants, donors and campaign managers.

Funeral Held for Firefighter Killed in Blaze Where Movie Was Being Filmed



SOLEMN TRIBUTE: Firefighters carried a casket with the body of New York City firefighter Michael R. Davidson out of St. Patrick's Cathedral in Manhattan on Tuesday.

A New York City firefighter who died last week battling a fire on a movie set in Harlem was remembered Tuesday as a devoted father, the cornerstone of his community and as a "firefighter's firefighter."

Michael R. Davidson, 37 years old, a 15-year veteran of the fire department and a native of the

Queens, died from smoke inhalation after he became separated from fellow firefighters while battling the blaze last Thursday.

Fifth Avenue was closed to traffic Tuesday morning as a sea of uniformed firefighters and police officers lined the Manhattan thoroughfare in solemn tribute.

Cardinal Timothy Dolan, the

archbishop of New York, who presided over the funeral at St. Patrick's Cathedral, said Mr. Davidson's "blood contained the DNA" of the fire department.

Mr. Davidson's brother, Eric, also a firefighter, said his older brother called or texted almost daily to talk about a new stock, an investment in a bar or his

"newest craze, cryptocurrency."

"He was looking to make a better life for his family," he said during the funeral Mass.

Mr. Davidson, who was posthumously promoted to lieutenant, is survived by his parents, his wife, Eileen, and their four young children, Brooke, Joseph, Emily and Amy.

Speaking to Mr. Davidson's

children, Mayor Bill de Blasio said their father would be remembered as a hero, and for his goodness. "In your moments of doubt, your father will be there with you," Mr. de Blasio said.

"You will know who he was...he will never leave you."

—Melanie Grayce West

Supreme Court Nominee Is Blocked by Connecticut GOP

BY JOSEPH DE AVILA

Republicans in the Connecticut Senate on Tuesday blocked the confirmation of Gov. Dannel Malloy's choice for chief justice of the state Supreme Court in a highly unusual partisan dispute over a judicial nomination.

The state Senate voted against elevating Associate Justice Andrew McDonald, who has served on the Supreme Court since 2013, to the top spot on the court by a vote of 19 to 16. The state Senate is equally divided between Republicans and Democrats, but one Democratic senator recused herself due to a conflict.

Mr. Malloy, a Democrat, will be able to nominate another chief justice.

"Our two-party system here in Connecticut, like we see in Congress, is becoming increasingly polarized," said Gary Rose, chairman of the department of government, politics and global studies at Sacred Heart University. "The Republicans have become a more

conservative party over time, and the Democratic Party has pulled more to the left."

"I don't know what the future holds for me," Justice McDonald, 51 years old, said in a written statement. "I do know, however, that I will face it securely in the love and affection of my husband, Charles, and an

amazing group of friends and family that I cherish."

Republican opposition to Justice McDonald was driven by personal animus against the governor, Mr. Malloy said. The governor also said some GOP members refused to elevate Justice McDonald, former general counsel for the governor, to the top position on the Supreme

Justice Andrew McDonald was Gov. Malloy's choice for chief justice of the state Supreme Court.

Court because he is gay, which Republicans deny. "It is now an undeniable fact that Andrew McDonald has been treated differently than others who came before him. It begs the question, what is different about Justice McDonald that so concerns Connecticut Republicans?" Mr. Malloy asked at a news conference.

GOP leaders have called Justice McDonald a judicial activist and object to his nomination because they say his personal views influence his court opinions. State Sen. John Kissel, the Republican chairman of the judiciary committee, said Justice McDonald's sexuality didn't factor into his caucus's vote.

"The story is about a handful of judicial decisions and whether the majority of folks feel that Justice McDonald is appropriate at this time in his judicial career," Mr. Kissel said.

State Sen. Martin Looney, the top-ranking Democrat in the chamber, said Justice McDonald meets the standards, noting that he also served for eight years in the state Legislature.

A Metropolitan Transportation Authority worker was struck by a bus and died Tuesday at a depot in New York City. It was the second transit employee death this month.

Stephen Livechi, 59-years-old, was pronounced dead after being hit at the depot, in College Point, Queens, shortly after 10 a.m. according to the New York Police Department.

Darryl Irick, president of MTA Bus Company, said Mr. Livechi's responsibilities included directing bus movements. Mr. Livechi, of Middle Village in Queens, was hit by a bus as it was backing up during a busy period, Mr. Irick said. A 56-year-old woman bus driver was behind the wheel, the NYPD said.

The death is the second fatal incident involving an MTA worker this month. St. Clair Ziare Richards Stephens, a 23-year-old track worker, fell 20 feet to his death while working on a subway tunnel in Harlem on March 20.

—Paul Berger

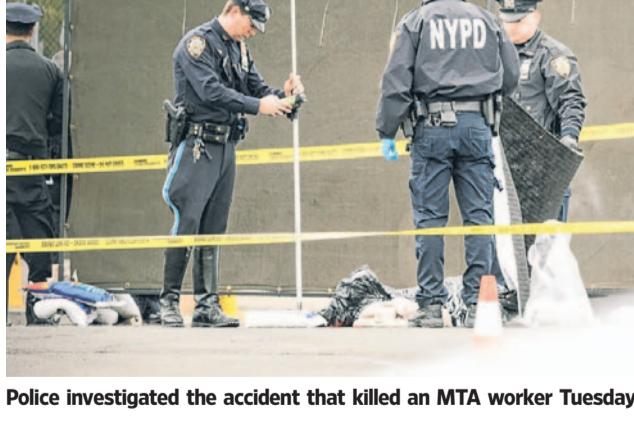
GREATER NEW YORK WATCH

NEW YORK

MTA Worker Killed By Bus at Depot

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Stephen Livechi, 59-years-old, was pronounced dead after being hit at the depot, in College Point, Queens, shortly after 10 a.m. according to the New York Police Department.



Police investigated the accident that killed an MTA worker Tuesday.

NEW JERSEY

Medical Marijuana Program Widened

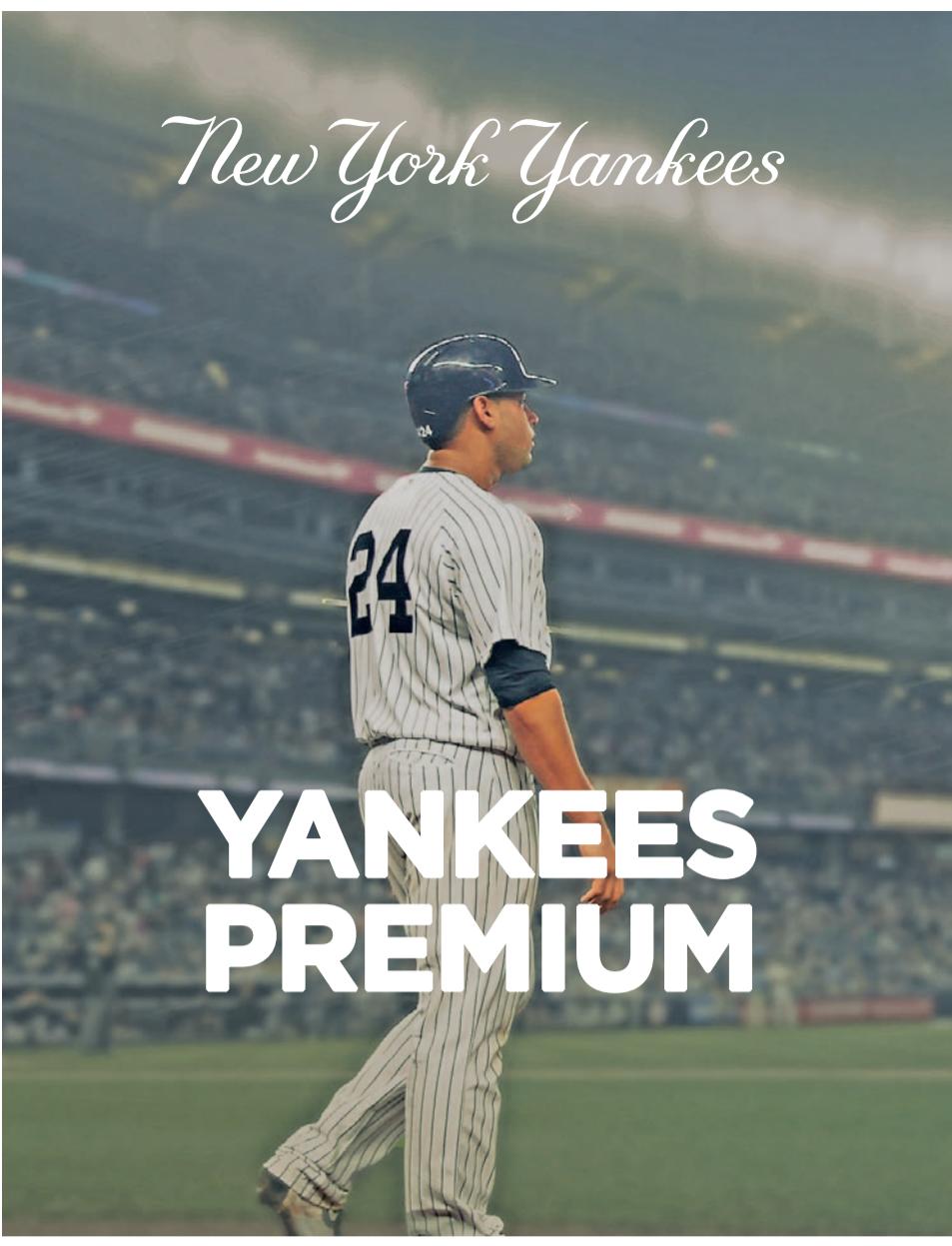
Gov. Phil Murphy on Tuesday announced an expansion of New Jersey's medical-marijuana program, saying residents no longer have to "jump through hoops" to get access to the drug.

Mr. Murphy unveiled the recommendations of a panel commissioned earlier this year at a news conference in Trenton. Among the immediate changes

are the addition of five conditions to be eligible for medical marijuana. Those include: anxiety, migraines, Tourette's syndrome, chronic pain related to musculoskeletal disorders and chronic visceral pain.

Mr. Murphy's decision comes about a decade after the state implemented its medical-marijuana program, enacted under Democratic Gov. Jon Corzine, but slowly implemented under Republican Gov. Chris Christie, who had a skeptical view of marijuana.

—Associated Press



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GREATER NEW YORK

METRO MONEY | Anne Kadet

Behind-the-Scenes Vibe at Uber and Lyft

Most of us think of ride-sharing services Uber and Lyft as virtual outfits—a vast, digital web of drivers connecting with passengers via app. But if you were a driver, you'd have a different perspective: Uber is a place. And so is Lyft.

Both companies operate hubs which their drivers, who are contract workers, can visit to sign up, resolve problems or just get a free coffee and use the bathroom. And in New York City, strangely enough, the rivals maintain hubs in the same building.

Actually, it isn't so strange at all. The mammoth Falchi Building, a former warehouse in the Long Island City section of Queens also is home to the New York City Taxi & Limousine Commission (TLC), which licenses the city's 178,000 for-hire drivers. It's driver central. Its wide main corridor is packed with food stands hawking dishes favored by drivers including curry, doughnuts and pork tacos.

Lyft recently reopened an expanded, 12,000-square-foot hub on the building's fourth floor. The space looks like a cross between an Apple Store and a third-grade classroom. The décor features the brand's hot pink, white and lavender hues.

Drivers help themselves to bubble gum and chocolate kisses wrapped in purple foil. The walls are plastered with posters displaying cheerful slogans such as: "The Road is Your Oyster." The sound system plays upbeat pop and rock.

"We get people dancing sometimes," in-house DJ Jillian Appelbaum says of the drivers. "Michael Jackson is

SARAH BLESENER FOR THE WALL STREET JOURNAL.
Lyft workers at the company's hub in a former Queens warehouse.

always a big hit, a lot of Kool and the Gang. Anything 70s funk, they really like."

Lyft General Manager for New York City Vibul Patel says the company hopes its effort to create a welcoming environment will encourage drivers to extend such hospitality to passengers.

The hub also aims to attract and retain recruits. Demand for ride hailing services grew 65% last year in New York City; Lyft and Uber are signing on hundreds of new drivers every week.

I was surprised how easy it is to sign on as a Lyft driver, but it makes sense. Most arrivals already have their required TLC license, a lengthy process that involves 24 hours of classroom instruction, an exam on driving laws and city geography, a drug test, a physical and a background investigation.

After checking in with the Lyft concierge, prospective drivers meet at a standing desk with a "community associate" who reviews their documents and walks them through the driver app. It

takes about 15 minutes. Drivers leave with an information packet and a laundry-scented Lyft logo air freshener to hang on their rearview mirror. "This was fast, and they gave me free stuff!" said Adel Mazzouni, a finance student who decided to give Lyft a try after driving for Uber.

Downstairs on the first floor, the Uber Green Light Hub is about three times the size of the Lyft Hub, and the look is more tech startup than kindergarten. The two-story loft is stark black and white; the music playing one recent morning favored thumping dance beats. No candy here!

The services for workers, meanwhile, are more robust. While its onboarding process is similar to Lyft's, Uber also offers two of the TLC's required classes for free, and the third at a discount.

William Fung, a prospective driver, said he appreciated Uber's free classes. Still, he was planning to sign on with Lyft too. "It's good to have comparisons," he added.

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LIFE & ARTS



Astrophysicist Neil deGrasse Tyson, actress Charlize Theron, football player Rob Gronkowski and TV personality Padma Lakshmi, clockwise from top left, have tested themselves on 'Hot Ones.'

BY DON STEINBERG

CHARLIZE THERON'S March 8 appearance on "Hot Ones" wasn't her typical talk-show guest spot. "I hate my tongue right now. If I could pull it out, I would," the Oscar-winning actress said near the end, her eyes watering after she yelled obscenities at a bottle of hot sauce.

Guests on "Hot Ones" regularly freak out—and give candid interviews to audiences in the millions. On the program, which posts a new episode online every Thursday morning, host Sean Evans asks celebrities about their careers while together they eat 10 progressively spicier chicken wings. Episodes run around 22 minutes. The set is spartan: two chairs and a small, black table that can travel to wherever the celebrity is.

"Hot Ones" is part of the rise of the situation talk show. This self-aware programming geared at young adult viewers explodes the old panel-and-desk format, revealing guests in unconventional ways.

Zach Galifianakis did intentionally awkward interviews on "Between Two Ferns," a granddaddy of the genre. "The Chris Gethard Show" airs live on TruTV and encourages audience interaction with guests. "Sneaker Shopping" takes hip celebrities out to buy expensive footwear. Like "Hot Ones," it is produced by Complex Networks, an online media company.

Sauces like Da Bomb Beyond Insanity and Blair's Mega Death appear to have a physiological impact on guests. Sniffles and tears burst loose. They try to douse the fire with milk, yogurt or rice. Their answers get more raw as the Scoville rating—a measure of hot-pepper hotness—rises to face-melting levels. Music builds the drama like a Hans Zimmer action-movie score. It's a talk show with its own story arc.

"Right now I'm ready to confess to shit I haven't even done," comedian Wanda Sykes said after eating Wing No. 8. After No. 9: "Can I call my mother?"

Hot peppers can cause the brain to release endorphins and dopamine, adding mild euphoria to the emotional distortion.

"This is a spiritual experience...I feel like Steve Jobs in the '70s," actor Terry Crews cried as he neared the finish line. He screamed at the top of his lungs and said "goodbye" before biting into Wing No. 10. During the inter-

TELEVISION

Hot Sauce Becomes Talk-Show Truth Serum

'Hot Ones' shows how an online series with a format breaking from traditional TV can succeed: by inducing celebs to eat spicy wings



FIRST WE FEAST (5); COURTESY COLES FOR THE WALL STREET JOURNAL (CENTER)



Host Sean Evans, left, and YouTube personality Philip DeFranco, right, react to bites of hot wings. Actor/comedian Kevin Hart, below, cried during his appearance.

view he also confessed that his father's physical abuse of his mother prompted him to become a bodybuilder "totally obsessed with being strong."

"The hot sauce is the disruptive element. It's designed to knock our celebrity guests off their PR-driven flight pattern," says Mr. Evans, 31, who considers himself a guide leading guests on a voyage of discovery. "I'm going up the mountain with you, so it's a bonding experience. By Wing Six, we're best friends."

Even with 2.9 million YouTube views, the Charlize Theron episode isn't among the show's most widely seen. It lags behind installments featuring astrophysicist Neil deGrasse Tyson (7 million), rapper Post Malone (11 million), actors James Franco and Bryan



Cranston (almost 6 million) and all-time leader Kevin Hart (13 million), in which the comedian weeps deliriously.

The "Hot Ones" guest list—there have been just over 100—includes athletes Rob Gronkowski and Kevin Durant and foodie personalities Padma Lakshmi and Eddie Huang.

Upcoming guests include musician Shawn Mendes and YouTube personality Philip DeFranco.

Plenty of YouTube sensations have amassed surprising numbers and passionate fans. Fewer have been able to cross over to attract mainstream guests and audiences.

"We try to keep one foot in the professional bucket and one foot in the amateur bucket," Mr. Evans says.

He's a former freelance writer who in 2015 did so well interviewing athletes and rappers on video for the magazine Complex that they created "Hot Ones" around him under Complex's "First We Feast" umbrella of food-related streaming shows.

Complex Networks, as it's known today, is its own story: a

former print-media brand that has thrived by going completely digital. Fashion designer Marc Ecko and media executive Rich Antoniello launched Complex in 2002 as a young men's lifestyle magazine, focusing on hip-hop culture, street fashion and graphic art. By 2006 the company was moving "hard into digital," Mr. Antoniello says, and by 2009 into video.

A joint venture of Verizon and Hearst bought Complex in 2016. Management folded the print magazine after the December 2016/January 2017 issue. Now, sharing space in the former New York Times building with Verizon acquisition Yahoo, Complex creates 33 weekly and daily video shows across multiple platforms, on topics from urban sneaker shopping to aspiring rodeo riders.

Complex won't say if "Hot Ones" is profitable, but its production budget is low, its marketing is done via social media, and the company counts on a mix of revenue streams.

Recent sponsors have included Banana Republic, Pabst Blue Ribbon, Mountain Dew and Activision. An on-screen graphic might highlight a queasy guest's decision to advance to the 10th wing as an Old Spice Steel Courage Moment.

YouTube shares some advertising revenue. Two of the 10 in the show's current sauce lineup are house brands, which viewers can buy. (Sauce makers don't pay for placement in the show.)

Not every guest eats all 10 wings. Comedian Jim Gaffigan, famous for loving junk food, surprised viewers by "tapping out" early. Actress Taraji P. Henson had her security guard finish for her.

"We've had people who, after the first one, said, 'That's kind of hot,' and you can't picture them finishing," Mr. Evans says. "But then they'll just suck it up and power through. I think it says something about the human spirit."

AN ART-WORLD INFLUENCER GETS A RETROSPECTIVE IN NEW YORK

ART

BY ANDREW LAVALLEE

WHEN the Museum of Modern Art opens its Adrian Piper retrospective this week, visitors walking through a passageway in the exhibition will be required to hum in the presence of a museum guard.

"The Humming Room" evokes the idea of "silly authority," as Ms. Piper has put it. That work and her prize-winning installation "The Probable Trust Registry," which prompts viewers to sign declarations like "I will always mean what I say" on bureaucratic-looking paperwork, "probably arise from my jaded attitude toward institutional authority," the 69-year-old artist says in an essay accompanying the retrospective. (Through a MoMA spokeswoman, Ms. Piper declined an interview request.)

Those "participatory" works are part of MoMA's exhibition of

nearly 300 of her drawings, photographs, sculpture, multimedia and other creations. In New York, it takes up all of MoMA's top floor, the first time the New York museum has devoted that entire level to a living artist.

"We wanted to give it that scale because we felt that not only Adrian's work spans more than 50 years, but her works keep changing," said Christophe Cherix, MoMA's chief curator of drawings and prints, who organized the show with Connie Butler, chief curator at the Hammer Museum in Los Angeles and David Platzker, a former MoMA curator. The show, which will move to the Hammer Museum later this year and the Haus der Kunst in Munich in 2019, has been in development for four years.

"The idea of art having a social goal, art being part of life, I think Adrian is maybe not the only one,

Please see PIPER page A13



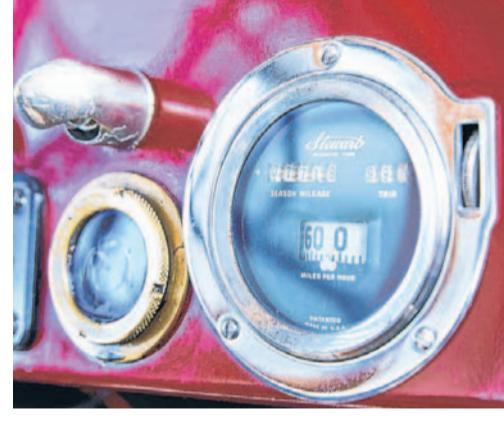
Adrian Piper, inset, has an exhibit at MoMA that includes the 1992 work above, 'Decide Who You Are #1: Skinned Alive.'

LIFE & ARTS



MY RIDE | By A.J. Baime

A 1918 Buick Celebrates a Birthday



Carol Hein, 72, a retired teacher from Prescott, Ariz., on her 1918 Buick E-35, as told to A.J. Baime.

This year our family Buick turns 100 years old. I have an idea to call the folks at our local service station and tell them I am bringing in an '18 Buick for an oil change, then take it down there just to see the look on their faces.

The story of how this car came into the family was my mother's favorite story. My grandparents were homesteaders in Montana, and my grandmother's brother-in-law got this 1918 Buick as a gift. He was not mechanically inclined (he was a real cattleman). One day he tried to drive the Buick into town but could not figure out how to make it stop. He got so upset he shouted to my grandparents, "Give me \$15 and you can have this thing!" So they did. It was practically brand new.

My mother grew up riding in and later driving this car with her sister around rural Montana, and her favorite memories were all about the Buick. When I grew up and moved away, I would visit her and every time, she would take me out to the shed and ooh and ahh over the thing. To me, it was just an old heap, in terrible condition. There was nothing attractive about it.

When my parents retired, they dedicated themselves to restoring the 1918 Buick. They had to go back to the old homestead to find some of the parts; the backseat they found in a field overgrown with wild rose bushes.

Every year, my husband, two kids, and I would visit Montana in the summer and every year the car would look a little better. My father was excited but my mother—she was ecstatic to see this car that had been such a part of her childhood come back to life.

My parents passed away and the car came into my

possession, in 2003. My husband Scott is a pilot and he usually drives it. I get nervous. If I screw up, where will I find the parts to fix it? When we are in it, I feel the presence of my grandparents and my parents. It truly is the family vehicle.

Every year we drive the car in our town's July Fourth parade, wearing period clothes. Since this year marks the Buick's 100th birthday, the parade will be extra special.

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> 911

17 911 Carrera GTS Coupe PDK

17 Carrera S Coupe PDK

13 911 Carrera S Cabriolet Manual

11 911 GT3 RS Coupe Manual

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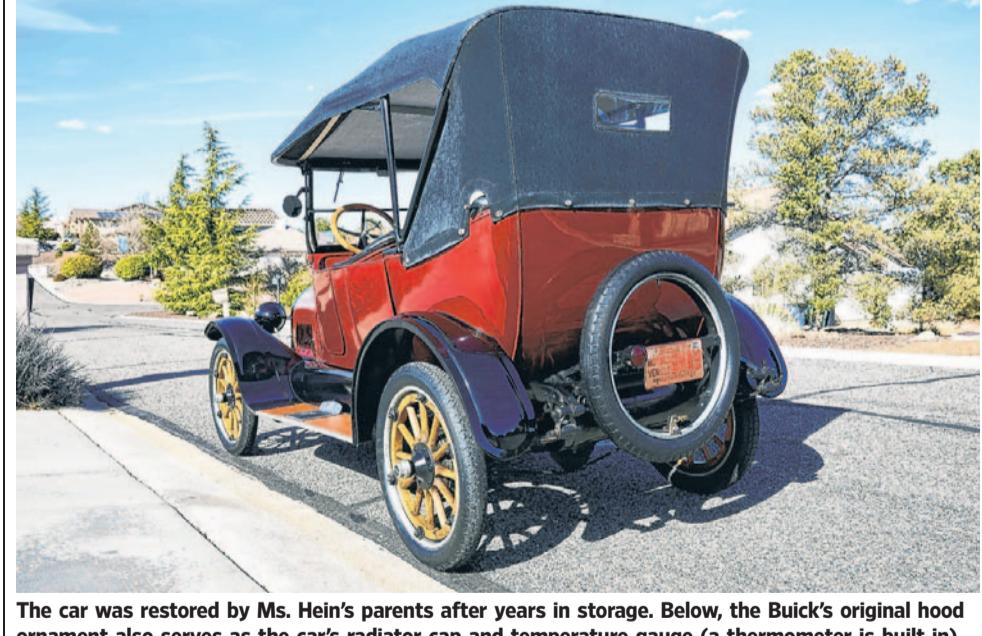
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The car was restored by Ms. Hein's parents after years in storage. Below, the Buick's original hood ornament also serves as the car's radiator cap and temperature gauge (a thermometer is built in).



LIFE & ARTS

EXHIBITION REVIEW

Treasures Beneath the Waves

BY EDWARD ROTHSTEIN

St. Louis

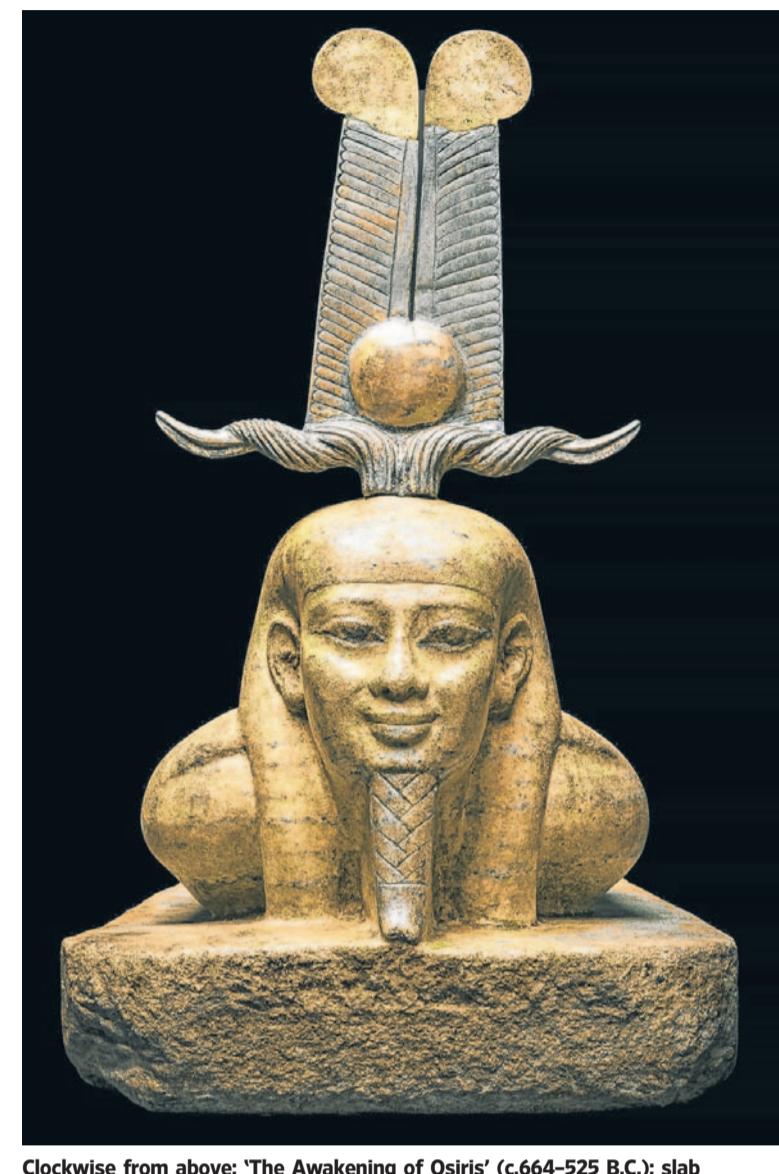
THE MAGNIFICENCE of the new exhibition at the Saint Louis Art Museum, "Sunken Cities: Egypt's Lost Worlds," which displays centuries of artifacts from Ancient Egypt, is not that of ornate gold or disentombed mummies. It is more startling and suggestive. Some 250 of these objects were discovered during the past quarter century, buried beneath the seafloor under layers of silt and sediment, not far from the Egyptian harbors of Alexandria and Aboukir Bay.

Usually we think of dry earth—desert sand—as the preserver of ancient secrets; but as we see, water can also preserve, specifically those of the Nile mixing with the Mediterranean, and central to Egyptian religion, ritual and agriculture. Yes, some surfaces eroded, but for millennia no robbers disturbed these watery graves.

With the support of the Hilti Foundation of Lichtenstein and the Egyptian Supreme Council of Antiquities (now the Ministry of State for Antiquities), beginning in the early 1990s, the underwater archaeologist Franck Goddio used scientific instruments to detect subtle shifts in the Earth's magnetic field near the seabed, and sonar that penetrates below that floor, to map an oceanic landscape of ruins. Teams of divers uncovered stone sphinxes, pharaonic statuary and figures of gods and rulers, including the three immense and imposing statues that here welcome visitors into the museum's vast entrance hall. There are also meticulously crafted gold rings, stone shrines and sensuously draped goddesses.

We see videos and photographs of their resurrection, as divers in red neoprene suits peer through turbid water, clouds of seaweed and schools of fish, vacuuming detritus into an enormous tube. In one video, we discover, with them, what seems at first to be an encrusted, grotesquely pitted rock half submerged. It is now shown, cleansed and unmarred: a bust of Neilos, god of the Nile (c. 100-200), his curled waves of beard and hair framing a muscular face—a god made of dark gray-wacke sandstone, eerily well preserved amid the overflow of waters he once ruled.

But this show, which has traveled internationally (it has been seen in Zurich, London and Paris) is not just a collection of artifacts. Mr. Goddio, from the start of his work in Egypt in 1992, also used historical testimony to help discover the remains of a region regularly assaulted by earthquakes toppling its treasures. These sources referred to two ancient cities; their rediscovery and gradual resurrection have been over-



Clockwise from above: 'The Awakening of Osiris' (c.664–525 B.C.); slab engraved with a ram-headed god Amun (sixth century B.C.); Divers with the 'Head of Serapis' (second century B.C.) on site in Canopus, Egypt

seen by Mr. Goddio and his Institut Européen d'Archéologie Sous-Marine (IEASM).

The first is Thonis-Heracleion, which in the eighth century B.C. was a huge port complex, incorporating an array of canals, quays and sandbars. Relics of ceramics from Italy, coins from Cyprus and metal from the Persian Empire attest to its cosmopolitan trade. It was also a religious center to which new pharaohs would come to be granted power by the creator god, Amun-Gereb. Those immense stone statues come from that god's temple, which covered nearly 4 1/2 acres.

The city also became a center for the worship of Osiris, a god whose importance to these explorations—and to the exhibition narrative—is extraordinary. He appears here again and again, his presence supplemented by finely wrought artifacts from nonaqueous Egyptian sources. The eldest child of Earth and Sky, he introduced agriculture and brought order to Egypt. But his brother, Seth, god of chaos, dismembered his body and scattered its pieces. Isis, Osiris's wife, reassembled it and

through mummification brought him back to life. The "Mysteries of Osiris," the most famous rites of the Ancient Egyptians, were celebrated annually, re-enacting the god's rebirth and his rule over the kingdom of the dead, thus assuring the annual flooding of the Nile, upon which Egypt relied.

Until these excavations, these mysteries were known primarily from temple drawings, but here we see relics from a ceremony that used a sacred 3.5-mile waterway leading to the other city Mr. Goddio discovered, Canopus. Displayed on a wall is a chronological outline of the nearly monthlong ceremonies. They began with the secret priestly creation of Osiris effigies, the bodies molded from barley seeds and soil of the recently flooded Nile. The seeds would sprout and the figures would be dried in the sun, wrapped in linen and placed on the waterway in votive barges guided to Canopus. Hundreds of artifacts dating from the seventh century B.C. to the second century B.C.—some on display here—have been found associated with these rites, which, the exhibi-

tion suggests, attracted crowds of worshipers to see the procession of boats with their divine cargo.

In a way, this exhibition—which is part of a series that have toured in recent years—is a counterpart to those rites. Mr. Goddio and his team are gathering the fragments of an interred past and piecing them together to bring them back to a kind of afterlife. It is a rite worth celebrating, though it is bound to change over time, per-

haps in unexpected ways. As Mr. Goddio puts it in a quote prominently displayed here, "We will probably have to continue working for the next 200 years."

Sunken Cities: Egypt's Lost Worlds
Saint Louis Art Museum, through Sept. 9

Mr. Rothstein is the Journal's Critic at Large. Follow him on Twitter @EdRothstein.

PIPER

Continued from page A11
but she's one of the most singular and powerful voices," Mr. Cherix said. "And I think the fact that the work is so coherent, for over 50 years, makes her quite unique in that generation."

Born and raised in New York, Ms. Piper has lived in Berlin since 2005. She has studied and taught philosophy, earning a Ph.D. from Harvard University. The subject's influence can be seen in works like "Food for the Spirit," a 1971 series of photographs she took of herself in which she seems to fade from view, something she has said was prompted by a feeling she was disappearing while reading Kant's "Critique of Pure Reason."

Ms. Piper, who is African-American,

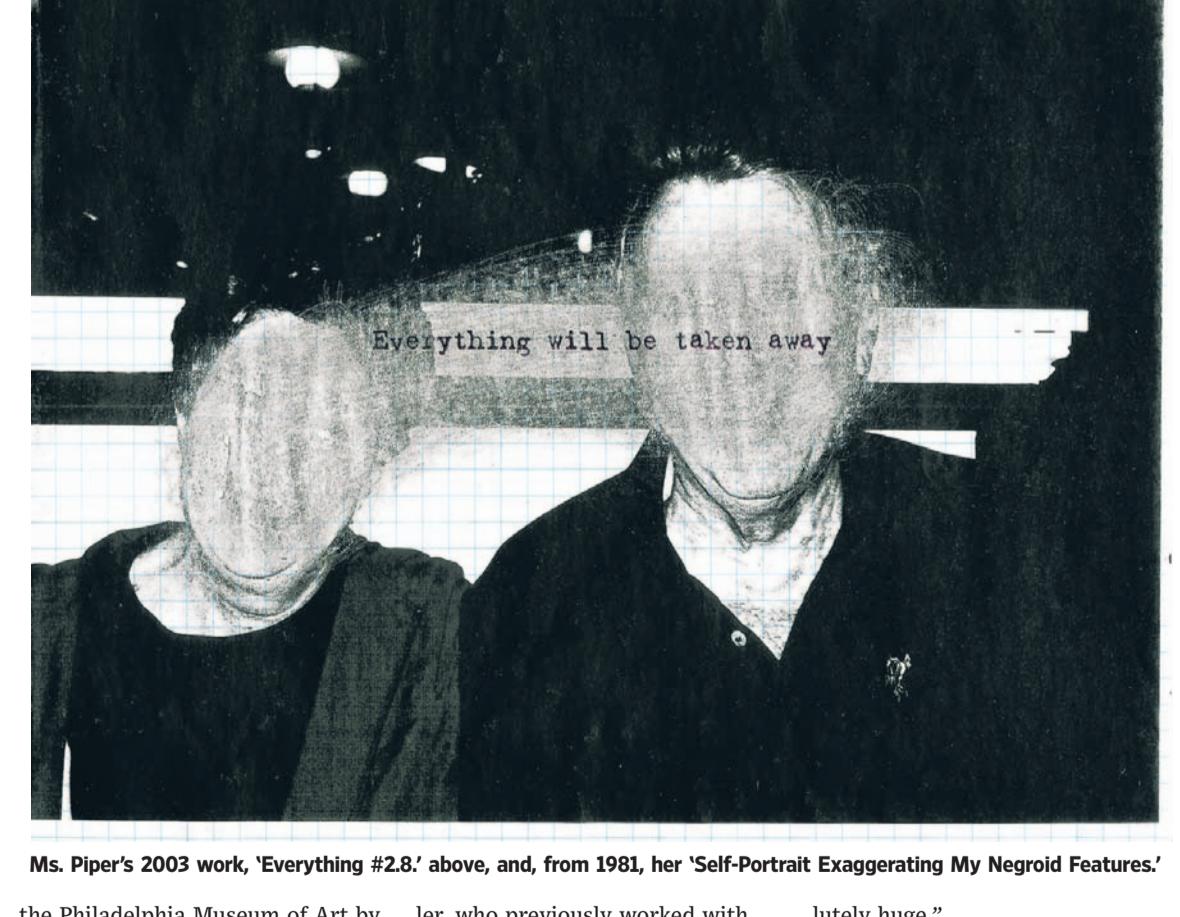
can and racially mixed, has addressed race in several works, particularly those from the 1970s to '90s, such as "Self-Portrait Exaggerating My Negroid Features" (1981). The show, with works dating back to 1965, comes as race, gender, instability and social attitudes have become explosive and constant topics of debate.

"Over and over again Adrian Piper is hitting on certain ideas or certain strategies way ahead of their time, or way ahead of when they become politically expedient to talk about," Ms. Butler said. At times, she added, people have even questioned the dates of Ms. Piper's pieces, suspecting they are more recent.

At the 2015 Venice Biennale, Ms. Piper received the Golden Lion best artist award for "The Probable Trust Registry." The MoMA exhibition is her first U.S. museum

show in more than 10 years, but it comes as museums across the country are intensifying their efforts around female and nonwhite artists. A partial list of what is currently on view:

"Soul of a Nation: Art in the Age of Black Power," a group show at Crystal Bridges Museum of American Art in Bentonville, Ark.; "Figuring History," featuring contemporary black artists Robert Colescott, Kerry James Marshall and Mickalene Thomas, at the Seattle Art Museum; "Jean Shin: Collections," a solo show at



Ms. Piper's 2003 work, 'Everything #2.8.' above, and, from 1981, her 'Self-Portrait Exaggerating My Negroid Features.'

the Philadelphia Museum of Art by the American artist, who is of Korean descent; and "Take My Breath Away," a survey of the work of Danh Vo, whose family fled Vietnam in 1979, at the Solomon R. Guggenheim Museum.

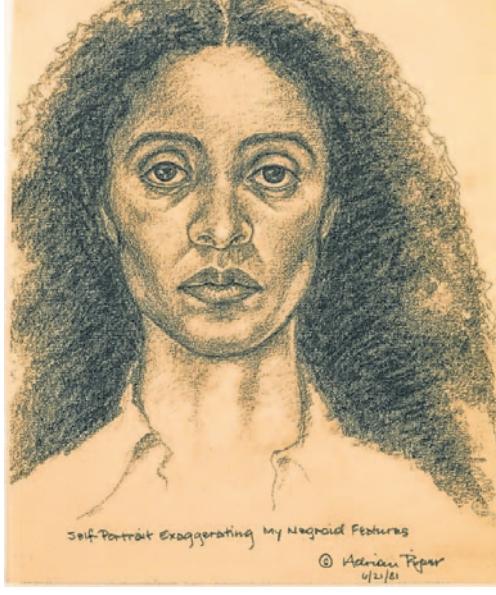
At MoMA, curators have been examining the recent past and at times asking "what have we maybe missed," Mr. Cherix said. Ms. Piper's influence on younger artists is unmistakable, said Ms. But-

ler, who previously worked with her while curating the 2007 show "WACK! Art and the Feminist Revolution" at the Museum of Contemporary Art, Los Angeles.

"They haven't been that many opportunities to see her work in any depth in this country, so I'm not sure the average viewer knows how influential she is," Ms. Butler said. "Her impact, particularly on a generation of artists from the '90s to the present, has been abso-

lutely huge."

The curators cited Glenn Ligon—with solo shows at the Whitney Museum of American Art and Walker Art Center in Minneapolis and who last year curated "Blue Black," a critically lauded exhibit looking at race at the Pulitzer Arts Foundation in St. Louis—as one of those artists. Asked about her influence, Mr. Ligon said: "Adrian Piper taught me the words 'artist' and 'citizen' are synonymous."



Self-Portrait Exaggerating My Negroid Features
© Adrian Piper
1981

SPORTS



The Steelers' Ryan Shazier suffered a spine injury after a head-on collision.

NFL

A RULE TO LIMIT HELMET-TO-HELMET HITS

BY ANDREW BEATON

ORLANDO—The NFL took a step toward adopting a “targeting” rule, with the approval of changes that toughen enforcement on hits initiated with the crown of the helmet—and an expectation that, before next season, more overhauls will be adopted to review hits that could result in a player’s ejection.

The change comes after a record number of concussions in 2017—291, from the preseason through the Super Bowl—and continued safety concerns about the game. In the last season, league data also showed a rise in concussions resulting from helmet-to-helmet hits.

Previously, there had been conditional language in the rule but now “if you lower your head to initiate contact, and you make contact with an opponent, it’s a foul,” said Atlanta Falcons President and CEO Rich McKay, who chairs the league’s competition committee.

The change removes language such as if the contact were “incidental” or “flagrant.” Players who initiate this type of contact—which can be defensive or offensive players—can be ejected. Although that had been the case, officials rarely did so.

In a dramatic instance this past season, Steelers star linebacker Ryan Shazier suffered a severe spine injury after a head-on collision.

In college, when players face ejection for targeting, defined as hitting opponents above the shoulders or using the crown of the helmet, it immediately goes to review.

The league did not implement a similar system yet, but the expectation is that the league will explore that before another round of meetings in May. NFL coaches supported the idea that some of these hits should result in an automatic ejection, McKay said, but that they just haven’t fully fleshed out the language for the exact procedures of an automatic review system “using what the college technique has been.”

Jayhawks coach Bill Self has called his team’s defense as ‘average at best’ but they are succeeding

BY JARED DIAMOND AND RACHEL BACHMAN

THE LAST THREE times Kansas reached the Final Four, the Jayhawks boasted a dominating weapon that propelled them to the top of college basketball: a mighty defense.

The Kansas defense ranked third-best in the country when the Jayhawks played in the 2003 and 2012 championship games, according to the analytics website KenPom. In 2008, when Kansas won the program’s third national title, their defense finished No. 1.

That’s what makes this Final Four version of the Jayhawks so unusual—not just for Kansas, but for nearly any team to advance this far. The Jayhawks’ defense, a hallmark of Bill Self’s tenure as head coach, is decidedly mediocre. It sits at No. 42 in the nation, far behind such luminaries as Central Florida, Evansville and Old Dominion, schools that didn’t even qualify for the NCAA tournament.

Even worse for Kansas is what’s in store for it in San Antonio this weekend: a matchup with Villanova, the best offense in the sport. The Wildcats have averaged nearly 87 points per game this season and made the third-most 3-pointers of any team in men’s Division I history, routinely shredding any defensive unit that dared to stand in their way.

In other words, Kansas now has to figure out how to slow down a practically unstoppable offense with a defense that doesn’t get all that many stops.

“I think the key to having a great season is winning when you don’t play well, and the only way you can do that is if you make other teams play bad,” Self said. “And I don’t think that we have been good at that for the most part.”

Generally speaking, teams that don’t defend very well don’t fare very well in the tournament. Since 2002—as far back KenPom’s data goes—the average Final Four participant ranked 15th in the nation on defense coming out of the Elite Eight. Teams that won the championship, on average, ranked 11th.

Over that span, only four Final Four teams had a worse defense than this year’s Kansas squad: Butler and Virginia Commonwealth in 2011—two of the more unlikely Cinderellas in tournament history—as well as Texas and Marquette in 2003.

But in spite of all that, a defense that Self described after a January loss to Texas Tech as “average at best” somehow hasn’t stopped Kansas from succeeding. KenPom considers the Jayhawks the eighth-best team in the country, thanks in part to an offense



There's No 'D' in Kansas

Final Four teams with the worst defensive rankings since 2002:

TEAM	YEAR	DEF. RANK	RESULT
Marquette	2003	97	Lost national semifinal to Kansas
VCU	2011	78	Lost national semifinal to Butler
Butler	2011	58	Lost championship to UConn
Texas	2003	48	Lost national semifinal to Syracuse
Kansas	2018	42	??

KenPom.com data 2002-2018. Based on points allowed per 100 defensive possessions.

Source: KenPom.com; WSJ

that ranks fifth nationally.

Kansas, a No. 1 seed in the tournament, has won its last seven games, including an overtime thriller over Duke in last Sunday’s Elite Eight.

Against Villanova, the Jayhawks will need to play even better.

“I do think our defense has improved quite a bit since early February,” Self said. “We know we’re going to have to be great on that.”

The question now is how Kansas has managed to win anyway, even as its defense has lagged. The answer has to do with a radical shift in strategy to compensate for a lack of depth, particularly in the sort of frontcourt options that usually define Self’s teams.

The Jayhawks typically field tall, long, defensive-minded rotters. This crop isn’t that. So last season, Self embarked on a bold experiment, putting four guards in his starting lineup. The decision in effect sacrificed some defensive strength for scoring punch, and it

worked: Kansas earned a No. 1 seed and advanced to the Elite Eight in last year’s tournament with the 24th-ranked defense and fifth-ranked offense.

Those deficiencies on the inside continued this season, when Kansas found itself without the 6-foot-10 Billy Preston, a top-10 recruit who wound up leaving the university without playing a game amid NCAA-eligibility concerns. The four-guard lineup remained, highlighted by leading scorer Devonte’ Graham, a 6-foot-2 senior.

Some opponents have taken advantage of the Jayhawks’ defensive vulnerabilities. Going into his team’s first game against Kansas this season, Oklahoma State coach Mike Boynton said he recognized the Jayhawks lacked the interior depth they had in the past. Therefore, they couldn’t afford to send starters to the bench. (Self used just two reserves in Kansas’ win over Duke last weekend.)

“[Self] is protecting his guys

Kansas defenders surround Duke forward Marvin Bagley III in the paint during Sunday’s Elite Eight game.

from foul trouble,” said Boynton, whose team went 2-1 against Kansas this season. “Especially Devonte’ Graham can’t pick up fouls. So they can’t be as aggressive as maybe they once were. So they back off in terms of pressuring.”

What little size the Jayhawks do have, they haven’t always been able to count on. Seven-foot sophomore Udoka Azubuike has averaged 23.5 minutes a game this season, nursing injuries or shuttling to the bench with foul trouble. In Kansas’ last two games, he fouled out.

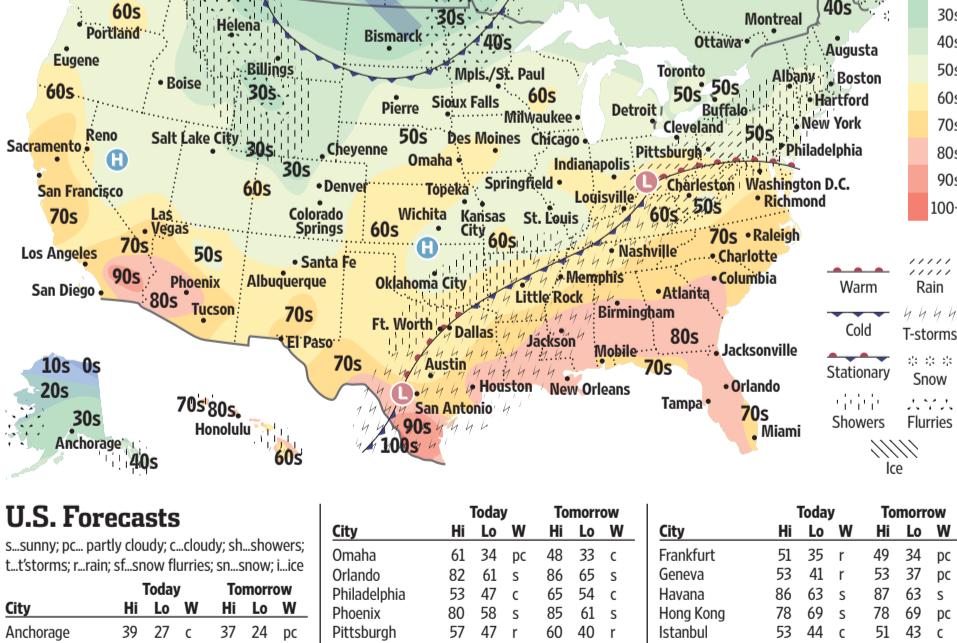
In December, Arizona State scored 95 points against Kansas in a 10-point victory. The Sun Devils’ coach, Bobby Hurley, said they were able to get inside against the Jayhawks’ small lineup, which ultimately led to openings around the perimeter. Arizona State connected on 14-of-28 3-pointers that day.

“We were able to penetrate and get in the lane,” which opened up the outside shot, Hurley said. “Kansas just couldn’t annihilate us inside like Arizona would try to do to us in our league play.”

More often than not, however, Kansas’ unusual lineup has paid off, a testament to Self’s coaching prowess. Whether it works against Villanova is another story.

“He’s been able to adapt and play a totally different way than he’s played the last 20 years,” Boynton said.

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MEET THE DOGS | By Alex Eaton-Salners

Across	24	Follower of Dionysus	45	Take off
1	Oakland location	Frankfurt	51	35
8	Kate and Jaclyn's co-star on "Charlie's Angels"	Geneva	53	41
14	Small initial advantage	Havana	86	63
19	Link on many a corporate home page	Hong Kong	78	69
26	Extensions	Istanbul	53	44
30	Like a famed film falcon	Jakarta	90	75
36	Volleyball position	Jerusalem	81	54
41	Mullah's moolah	Johannesburg	82	56
48	Rap sheet abbr.	London	46	36
54	When Velcro, the Frisbee and Tupperware were invented	Madrid	70	47
59	Wide receiver Rogers	Nairobi	96	72
60		Paris	55	37
63		Riyadh	88	74
64		Rome	60	51
65		San Juan	80	71
66		Seoul	68	49
67		Shanghai	76	54
68		Singapore	87	75
69		Sydney	82	69
70		Taipei City	80	67
72		Tokyo	72	54
73		Toronto	51	34
74		Vancouver</		

OPINION

Big Tech Takes Us to the Unknown

**BUSINESS WORLD**
By Holman W. Jenkins, Jr.

If anybody does not yet understand they are paying for their "free" Facebook, Google, etc. by handing over their private data for use in advertising, please lead such people gently out into the woods and leave them there.

In truth, many of those now canceling their Facebook accounts didn't mind when their Facebook data was used to sell them pro-Obama messages. They only mind when Facebook helps identify people potentially receptive to pro-Trump messages.

Then there are those who see every untoward event as the product of mommy and daddy (i.e., authority figures) letting them down. They wonder why Mark Zuckerberg isn't all-knowing and all-anticipating about a business-cum-social phenomenon that, like the rest of us, he has never experienced before, whose nature evolves unpredictably.

Fourteen years ago Facebook didn't exist. Eleven years ago it decided to let outside developers tap user data (with the user's permission) for just about any user-pleasing purpose. Four years ago it changed its mind and curbed this practice because it wanted to exploit user data itself.

In between is when a Cambridge University professor created an app and legally

obtained data on 50 million Facebook users, which he improperly passed along to Cambridge Analytica, which appears not to have played any big role in Donald Trump's campaign strategy (though Facebook certainly played a role, as it did in the campaigns of Hillary Clinton and President Obama).

So is this scandal really worth the attention we're paying to it? It has always been faintly mortifying to wonder what conclusions Facebook or Google algorithms draw about us from our data, but their existence mainly manifests itself in supplying us ads that might be more useful and interesting than the ads we'd otherwise see. In return, we get services that many of us find immensely useful, like Google Maps or Facebook's platform for connecting us with people we prefer to be only be lightly connected with.

If it were not to be found within a stone's metaphorical throw of a subject matter called Donald Trump, the Cambridge Analytica scandal would amount to petty larceny: Facebook didn't get paid for data that might have been used to target voters for political advertising.

Scandals without content tend to burn fiercely but not long. Then Mr. Zuckerberg and his shareholders will have to get back to the real question: Is Facebook a fad or does its platform have lasting value?

This column was doubtful at the time of the company's 2012 public offering. Facebook is a

powerful engine for getting users to share their data, but we thought it eventually would need real news and entertainment businesses to provide content against which to run ads. And not the least reason was because: "If Facebook doesn't do something useful with all the user data it's collecting, Congress and federal regulators will have no reason not to regulate away Facebook's ability to exploit user data."

Facebook and Uber are leading us where we haven't been before, so let's learn.

Mr. Zuckerberg has tried to keep his company from being deemed a publisher, therefore liable for the content it transmits. Yet down this road may lie the solution to Facebook's legitimacy crisis. Bluntly, politicians are friendly, even solicitous, toward news organizations precisely because they decide what to publish, thus whom to help or hurt.

Some have dragged in Uber's Arizona accident to suggest big tech companies are running amok in antisocial fashion. Let us understand: The Uber accident was a true breach of trust. Long before driverless cars ferry us wherever we want to go, or even emerge from basic development, the technology should be able to thwart nighttime collisions with things the human

eye can't see because the human eye is sensitive only to light in certain wavelengths.

Investigations are under way, but unless Uber's radar and lidar sensors turned themselves off, the problem was a failure to interpret a pattern of signals as an indication to stop. Of course, the point of putting driverless cars on the road is to create such learning opportunities. No, this doesn't mean Elaine Herzberg should have been allowed to become a human sacrifice to this effort. But unlike the Facebook panic, nobody seems to be succumbing to babyishness just yet; all understand we are venturing necessarily into the unknown here.

Still, the questions should be daunting. Complex software like that for self-driving cars will never be capable of testing comprehensively for all conceivable states and configurations, so whether such cars can even survive a tort system like ours is doubtful. Witness Toyota's sudden-acceleration travesty, in which courts seemed to put the onus on the manufacturer to prove a negative—the nonexistence of some undetectable, unreplicable fault in its comparatively simple throttle-control software.

Secondly, humans may not be as replaceable for many physical tasks (unlike office jobs, which basically require reading) as Silicon Valley visionaries believe. We can perhaps dial back the fear that large numbers of drivers, say, will soon be out of work.

BOOKSHELF | By John Steele Gordon

A Royal Renaissance

Francis IBy Leonie Frieda
(Harper, 352 pages, \$29.99)

When Francis I was born in 1494, no one thought he would become king of France. He was, after all, only a third cousin of the reigning king, Charles VIII, who was just 24 years old and in good health. But Charles's four children all died in or near infancy, and the king himself suddenly died in 1498. The throne then went to Louis XII, a cousin of Charles's. Louis, 35 when he came to the throne, tried valiantly to sire a son and heir, even marrying a third wife just three months before his own death despite his rapidly declining health. But he failed in his mission, and his two daughters were debarred from the throne by law. Thus in 1515 it came about that Francis, at the age of 20, became king. As Leonie Frieda shows us in "Francis I: The Maker of Modern France," a superb and vivid biography, he made the most of it.

Tall and charismatic, if not handsome—he was known as "le Grand Nez"—Francis was a naturally commanding figure. The kingdom he had inherited was still medieval in many ways, and Francis was determined, as Ms. Frieda

makes clear, to bring the new learning and styles of Renaissance Italy into his country. His first coup was to persuade Leonardo da Vinci to move to France, where he became First Painter, Engineer and Architect to the King. Leonardo, old and paralyzed in his right arm, was unable to do much more than talk frequently with the king, though he did bring the "Mona Lisa" with him. Throughout his reign, Francis dispatched agents to Italy to find paintings and sculpture for the royal collection, which now forms the core of the Louvre museum.

A distinctive French style of Renaissance architecture developed during Francis's reign, as exemplified by Chambord, his magnificent (though uncompleted) château in the Loire Valley. He greatly improved two other royal châteaux and rebuilt Fontainebleau and the Louvre, turning the latter from a gloomy medieval fortress into the Renaissance structure we know today. Francis also encouraged French literature—Rabelais was one of the writers who benefited from his patronage—and he vastly expanded the royal library, which he opened to scholars.

But Francis was also an eager player in the game of European power politics, along with his contemporary monarchs Henry VIII of England and Charles V of the Holy Roman Empire. Ms. Frieda neatly captures his very different experiences with king and emperor.

In 1520, Francis met Henry VIII at one of the great diplomatic parleys of history near Calais. The site came to be known as the Field of the Cloth of Gold, because each side spent fortunes (of mostly borrowed money) to outdo the other in royal splendor and display. As for the diplomacy itself, it amounted to little more than high-sounding proclamations. Relations between England and France would veer between friendship and enmity for the rest of their reigns.

He sent agents to Italy to find paintings for the royal collection, now the core of the Louvre museum. Other foreign initiatives went less well.

Francis's enthusiasm for the game of power politics would lead him into an epic geopolitical disaster at the Battle of Pavia, in Lombardy, in 1525. The background was one of revanchism and national pride. France had lost control of the Duchy of Milan in northern Italy in 1512, and Francis had invaded three years later at the head of his army, winning a smashing victory. A king personally leading an army was a throwback to medieval times, since military technology and tactics had advanced considerably with the development of artillery, requiring generals to be professionals. Yet Francis, only a day past his 21st birthday, attributed his success to his military talents, when it was really the arrival of allied Venetian troops, in the nick of time, that turned the tide in his favor.

Eight years later, having once again lost control of Milan—to Charles V—Francis invaded again. This time he was not so lucky. Not only did the French lose the Battle of Pavia, but Francis himself was captured. He was the prisoner of Charles V for over a year. Charles demanded huge territorial concessions, including Burgundy, Lombardy and Provence, which would have left France little more than a rump state. Francis offered only money at first. But as his captivity wore on, he finally accepted the Treaty of Madrid (1526), in which he agreed to surrender Burgundy and abandon all claims to Italy. He even allowed his two older sons to be held as hostages in Spain until the terms of the treaty were carried out.

No sooner was Francis back in France than he renounced the treaty as having been negotiated under duress. His sons would be held for more than four years. At first they lived in luxury, but as Francis continued to refuse to implement the treaty, they were subjected to increasingly harsh conditions—until Charles and Francis agreed to minor territorial concessions and a cash payment.

Ms. Frieda brings the world of Francis I to life, skillfully delineating the moves and major players in both European and domestic politics. People are sharply drawn, from Henry VIII to Suleiman the Magnificent, the Ottoman sultan. Of Pope Clement VII, who survived the sack of Rome by Charles V's troops only by the loss of most of his Swiss Guard, she writes: "Clement might well have been unworthy of such a sacrifice, but he remained pope, and so it was for the office, rather than the man, that the 150 soldiers gave their lives."

Ms. Frieda also gives the reader wonderful glimpses of the often licentious court life of that time. Having taken as his second wife (for purely political reasons) the physically unattractive sister of (yes) Charles V, he soon showed his real opinion of her. As the new queen formally entered Paris after her coronation, the king stood in a prominent window shamelessly cavorting with his *maitresse-en-titre*. As for his legacy, Ms. Frieda suggests that, under Francis I, France preserved its political power, greatly increased its cultural influence, and positioned itself for the *Grand Siècle* that his Bourbon successors would soon preside over.

Mr. Gordon is the author of "An Empire of Wealth: The Epic History of American Economic Power."

THE WALL STREET JOURNAL.

By Holman W. Jenkins, Jr.

If anybody does not yet understand they are paying for their "free" Facebook, Google, etc. by handing over their private data for use in advertising, please lead such people gently out into the woods and leave them there.

In truth, many of those now canceling their Facebook accounts didn't mind when their Facebook data was used to sell them pro-Obama messages. They only mind when Facebook helps identify people potentially receptive to pro-Trump messages.

Then there are those who see every untoward event as the product of mommy and daddy (i.e., authority figures) letting them down. They wonder why Mark Zuckerberg isn't all-knowing and all-anticipating about a business-cum-social phenomenon that, like the rest of us, he has never experienced before, whose nature evolves unpredictably.

Fourteen years ago Facebook didn't exist. Eleven years ago it decided to let outside developers tap user data (with the user's permission) for just about any user-pleasing purpose. Four years ago it changed its mind and curbed this practice because it wanted to exploit user data itself.

In between is when a Cambridge University professor created an app and legally

Last week President Trump moved toward imposing \$60 billion in tariffs on Chinese imports. These actions, and the steel and aluminum tariffs announced earlier, are misguided. But that doesn't mean the status quo is acceptable. Democrats and Republicans have long ignored the economic distortions caused by China's irresponsible policies.

It didn't have to be this way. More than two decades ago, Harvard economist Dani Rodrik warned that globalization was driving a wedge between workers who had the skills and mobility to prosper in the global economy and those who did not. The key challenge, he argued, was to make globalization "compatible with domestic social and political stability"—that is, to ensure that international economic integration "does not contribute to domestic social disintegration."

This wouldn't be easy, Mr. Rodrik stressed, because trade "unleashes forces that undermine the norms implicit in domestic practices." International trade weakens the postwar social contract between American employers and their workers. Less-skilled workers often are forced to accept lower wages, inferior benefits and diminished job security. Leading economists acknowledged that increased trade with lower-wage

Democratic and Republican administrations then presided over a flood of Chinese imports that gutted entire sectors of the U.S. economy. After a period of stability in the 1990s, U.S. manufacturing employment shrank by more than three million between 2001 and 2007—before the onset of the Great Recession, which destroyed another two million jobs.

Democratic and Republican administrations then presided over a flood of Chinese imports that gutted entire sectors of the U.S. economy. After a period of stability in the 1990s, U.S. manufacturing employment shrank by more than three million between 2001 and 2007—before the onset of the Great Recession, which destroyed another two million jobs.

These developments hit rural and small-town areas with particular force, creating the geographically concentrated sense of abandonment and loss that helped propel Mr. Trump to the White House.

What now? The U.S. needs to change its thinking. The manufacturing horse is far outside the barn, and Mr. Trump's efforts to rein it in will yield only modest results. Odds are

The excesses of globalization are real, but trade wars aren't the answer.

The U.S. will never regain the level of manufacturing employment it sustained only 20 years ago. Because corporations understand that competitiveness requires steadily increasing productivity, automation—not protectionism—is the key to the future.

Rather than weak attempts to prop up American steel manufacturers, the Trump administration should focus, as it belatedly has begun to do, on the forced transfer and sometimes outright theft of American intellectual property. If necessary, U.S. laws and regulations should prevent American corporations from yielding information about technologies that will shape the future in return for access to China's market. The long-term cost of such practices far exceeds the immediate gain.

There is a compelling case, then, for responsible civic nationalism. This does not mean indifference to human beings who happen not to be Americans. Their interests have moral weight, and they should matter to Americans and the U.S. government. America First is immoral if it means America only.

Australia is currently in a meltdown of a kind seen in America only when a president is impeached. The captain of its cricket team, Steve Smith, on Saturday confessed publicly to cheating. One of his players had been caught on camera scuffing up the cricket ball in a game against South Africa. This is done to get the ball to change trajectory in the air on the way to a batter when bowled at high speed, making it harder to hit.

Mr. Smith confessed that it had been his idea to tamper with the ball, the worst form of cheating in cricket. "Say It Ain't So, Steve," the headlines wailed. It was so. Mr. Smith was denounced publicly by Australia's prime minister, even as grizzled retired players joined in a chorus lamenting the tarnishing of Australia. Mr. Smith faces severe punishment, possibly a lifetime ban.

Australia, a vast land with

These developments in trade policy are part of a larger story. As I argue in my new book, "Anti-Pluralism: The Populist Threat to Liberal Democracy," unmodulated internationalism is breeding an increasingly unbridled nationalism. But there is a middle ground.

National governments are not required to value the citizens of other countries as highly as their own. A degree of self-preference is morally justified and politically essential. Leaders in advanced countries are not obligated to practice global utilitarianism or lift up the global poor at the expense of their working and middle classes.

There will probably never be a real world government. There are no "global citizens." People belong to sovereign states with different languages, cultures and institutions. Free societies are composed of citizens who agree to share a common fate and to work out their destiny through accountable politics. They undertake special responsibilities toward their fellow citizens, and the policies of free governments must take these reciprocal commitments into account.

There is a compelling case, then, for responsible civic nationalism. This does not mean indifference to human beings who happen not to be Americans. Their interests have moral weight, and they should matter to Americans and the U.S. government. America First is immoral if it means America only.

Australia's cricketers are highly skilled bullies, and the Aussie public hasn't minded this on-field loutishness because it accords with their view that Australians are tough blokes who play to win. There's nothing in cricket's rules, Australians say, to prevent a fielder questioning a South African batsman's parentage, or his wife's fidelity.

Scuffing up the ball, however, is cricket's equivalent of child abuse. Real men don't do that. And since no man is more real than an Aussie man, Mr. Smith has to go.

Mr. Varadarajan is a fellow at Stanford University's Hoover Institution.

The sport mystifies Americans, but they love it Down Under.

Indians overthrew their imperial overlords by Gandhian political resistance; Australians did so on the cricket field. Social historians agree that an unbridgeable rupture between Australia and the Mother Country occurred in 1932, when a touring English team won a series of matches using the unfair tactic of targeting batters' bodies with the ball.

Australia, a vast land with

few people, measures its self-worth by the success of its sports teams. In cricket, the Aussies have a reputation as hard men who swear at opponents on the field. They call it "sledding," and it disconcerts players from more genteel cricketing cultures.

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OPINION

REVIEW & OUTLOOK

Breaking the Schumer Stall

One underreported story of the Trump Presidency is how Democrats have abused Senate rules to block political appointees from taking their posts. Senate Republicans have been too slow to press the issue, though they are finally working on a way around Minority Leader Chuck Schumer's obstructionism.

Oklahoma Republican James Lankford is reaching out to Democrats to change a rule that allows 30 hours of Senate debate for every presidential nominee. Liberals are abusing that privilege, invoking it even for nominees with broad bipartisan support. The Senate is sitting on 78 nominees who have already been vetted and passed out of committee but can't get a floor vote.

One example is Richard Grenell, who was nominated in September to be ambassador to Germany. Mr. Grenell has more than enough foreign-policy experience as the longest-serving U.S. spokesman at the United Nations, and even some liberal groups back him as an openly gay conservative.

Yet when Majority Leader Mitch McConnell last week asked for unanimous consent to take up Mr. Grenell's nomination, Oregon's Jeff Merkley objected. (Mr. Merkley has positioned himself as the leader of the anti-Trump resistance with visions of running for President—which proves that some people will believe anything.)

Such objections trigger a cloture vote, which then sets off 30 hours of floor debate. Cloture votes used to be almost unheard of for nominations other than judges. At this point in the past four presidencies combined, only 15 executive-branch nominees were confirmed after cloture. Yet in the current Congress, Democrats have already invoked cloture on more than 50 Trump nominees. Their goal is simply to slow the formation of a GOP government and soak up valuable Senate floor time.

In early December the Senate Finance Com-

If Democrats insist on
30 hours of debate, then
make them stay in D.C.

mittee voted unanimously to approve the nomination of Kevin McAleenan as commissioner of U.S. Customs and Border Control. He didn't get a full Senate floor vote until last week, and only after cloture. The Senate has failed to confirm ambassadors to 25 nations. It is also sitting on Yleem Poblete, who was nominated in October to be Assistant Secretary of State for Arms Control Verification and Compliance and is supposed to represent the U.S. in international talks about Syrian chemical weapons.

White House Press Secretary Sarah Huckabee Sanders last week said 43% of Mr. Trump's nominees await confirmation, and there have been 102 fewer confirmations so far than in even the slowest recent Administration.

Enter Mr. Lankford, who is working to reduce the 30 hours of debate on executive-branch nominees (excluding cabinet secretaries) to eight. This was the standard in 2013–2014 after Republicans then in the minority agreed to a request from Majority Leader Harry Reid, but that deal lapsed with the last Congress.

Mr. Lankford needs 60 votes to change the rule for the remainder of this Congress; he'd need 67 for a permanent rule change. Mr. Schumer and his progressive wing will balk, but Mr. Lankford is talking to Democrats who profess to care about national security, as well as those up for re-election in Trump states.

It's worth adding that Senate Republicans have been far too accepting of this Democratic stall. They've been griping about it for a year to little effect. If Democrats want to insist on 30 hours of debate, then make them stay in Washington on Mondays, Fridays and even weekends to clear the nomination list. And make them work over recess too.

Older GOP war horses won't like it, but Democrats running for re-election will suffer more from staying in Washington. Our guess is that Mr. Schumer will soon come around to agreeing to the eight-hour compromise.

John Paul Stevens for the NRA

Critics often accuse the National Rifle Association of paranoia for arguing that gun controllers want to eliminate the Second Amendment. Well, being paranoid doesn't mean the NRA is wrong.

Look no further than former Supreme Court Justice John Paul Stevens, who is arguing this week that the Parkland, Florida, students and their allies shouldn't settle for mere restrictions on guns. They should lobby Congress and the states to abolish the Second Amendment.

"Concern that a national standing army might pose a threat to the security of the separate states led to the adoption of that amendment," the 97-year-old former Justice wrote in an op-ed published in The New York Times Tuesday, adding, "today that concern is a relic of the 18th century."

Apparently Justice Stevens is still sore about losing the argument in the 2008 landmark gun-rights case, *D.C. v. Heller*. He wrote the dissent in that case arguing that the Second Amendment was merely intended to support a militia, not the individual right to bear arms.

But he lost 5–4 as the majority held, with extensive citation from history, that the Founders intended the right for individuals. Some regula-

The former Justice
wants to repeal the
Second Amendment.

tion of guns is legal under the Constitution, Justice Antonin Scalia wrote, but not restrictions that would ban guns in common use.

"That decision—which I remain convinced was wrong and certainly was debatable—has provided the N.R.A. with a propaganda weapon of immense power," Mr. Stevens wrote in his op-ed. He added that "over-

turning that decision via a constitutional amendment to get rid of the Second Amendment would be simple and would do more to weaken the N.R.A.'s ability to stymie legislative debate and block constructive gun control legislation than any other available option."

We're not sure what he means by "simple" since repealing the Second Amendment would require a vote by two-thirds of Congress and ratification by three-fourths of the states. Good luck with that, since even now most Democrats in Congress won't come out in favor of even a ban on so-called assault rifles, much less repeal of the right to bear arms.

But give credit to the former Justice for honesty about what most gun controllers believe deep in their progressive hearts: The right to own a weapon should be preserved for the state. Look for the NRA to use him as a spokesman more than it does Dana Loesch.

Europe Targets U.S. Asset Managers

Just what the world needs: another European antitrust investigation. Competition Commissioner Margrethe Vestager says the European Union's office that never sleeps is researching stock ownership, and the effort could eventually ensnare U.S. investment firms like BlackRock and Vanguard.

Ms. Vestager is worried that large asset managers that own shares in multiple companies within the same industry blunt competition. "For those investors, fierce competition [within the industry] might not seem so appealing," she said last month. Given her wide powers and history of overreach, don't be surprised if Europe's antitrust Javerts find something they dislike no matter what economic common sense or broader European interests dictate.

Ms. Vestager referred in her speech to research concerning U.S. airlines, and she could have included American banks. Large asset managers such as Fidelity, State Street and others own shares in most major U.S. air carriers, with stakes between 1% and 11%. Bank ownership is even more concentrated, with large asset managers plus Warren Buffett's Berkshire Hathaway owning a combined 25% of most of America's largest banks.

Some economists claim this has driven airfares upward by as much as 10%, while also influencing bank fees and interest rates on saving accounts. The theory is that common owners and managers somehow collude—perhaps telepathically—to keep prices high.

Yet the research is far from settled. For one thing, it's not clear how or why asset managers—and index funds especially—would meddle in corporate pricing decisions. By definition, index funds hold shares in a range of listed companies, many of which are hurt by price increases imple-

Vestager turns her
antitrust cops on
stock ownership.

mented by other companies in the portfolio.

As one economics paper points out, the common-ownership theory also misunderstands how index funds compete. They care more about delivering low fees and better service than they do the performance of individual stocks in their index portfolios. Other economists have struggled to replicate the common-ownership findings on airlines, especially after excluding business- or first-class fares or periods when bankrupt carriers were controlled by judges and creditors rather than equity shareholders.

This would merely be an academic food fight, but Ms. Vestager is threatening to turn it into another EU regulatory fiasco. A new competition crusade based on a flimsy economic rationale, akin to her recent attempts to define low tax rates as illegal subsidies, would further undermine confidence in the EU's rule of law.

A full-blown investigation also would undercut the far more important European goal of creating a Capital Markets Union that would let Europeans trade financial services across borders. European leaders know they need broader and deeper capital markets to spread the corporate-finance burden from commercial banks.

Common-ownership critics argue for breaking up large index-fund managers, limiting their ability to invest in certain industries, or removing their proxy voting rights. If Ms. Vestager does any of that—or even ties up the asset industry with a years-long inquisition—she'd thwart a more competitive financial system and limit investment services for Europeans. Ms. Vestager may think this campaign will further whatever political aspirations she has after her current term ends next year, but she will look more ambitious than smart.

warned that "the further a society drifts from the truth, the more it will hate those that speak it."

NICK SPEAR
Phoenix

Penn's founder, Benjamin Franklin, would be mortified. Obviously the Penn Law faculty isn't interested in truth.

MILES E. KUTTLER
Penn Dental '70
Aventura, Fla.

As Ms. Mac Donald points out, there is no academic interest in gathering evidence of pluses and minuses in preference-based admissions because the matter is settled social science and the truth is established. The same goes for 1950s bourgeois norms (get married before having children, get an education, work hard, avoid substance abuse and crime) that forever rest in the dustbin of history. We dare not speak their unholy names in our progressive culture.

If Ms. Wax is being bullied, punished and ostracized for raising questions about progressive sacred cows, does that mean that professors believe that out-of-wedlock births, dropping out of school, idleness, violent crime and substance abuse are not best avoided whenever possible?

The despicable treatment of Prof. Wax is much more than an academic disgrace.

MATT HALL
Gainesville, Fla.

LETTERS TO THE EDITOR

Persecuted for Pointing Out Obvious Truths

Regarding Heather Mac Donald's "The Penn Law School Mob Scores a Victory" (op-ed, March 19): How horrible to learn that my alma mater has barred the first-year ILs course from being taught by the wonderful Amy Wax. Thirteen years ago, I took her Civil Procedure course. Even then she was known for her controversial views, but all of the outside noise fell away as soon as you entered the classroom. Her course was the most rigorous and challenging in the school because she respected every student and demanded excellence across the board. That shouldn't be rare at a school like Penn, but it was, and we loved her for it. Her senior-level classes were always oversubscribed, and when it came time for our class to award a top teaching honor, the vote was overwhelming: Amy Wax. When I speak to more recent alumni and students, they're unanimous in singing her praises, and the loudest are usually the ones who didn't agree with her. What a shame that the administration has caved to the pressure of a few and decided to deprive future ILs of this exceptional teacher.

ADAM HOBSON
Penn Law '08
New York

Amy Wax's ongoing battle with liberal colleagues reveals the ugly underbelly of academia and its intolerance of opposing, conservative opinion. Seventy-five years ago, George Orwell

The authors can twist the statistics any way they want. They seem overly concerned about the SEC methodologies but unconcerned that CEO pay was 20 times that of the average worker in 1950 and is 253 times today. I think many people would like to hear a rational explanation for this.

MICHAEL P. CARTER
Savannah, Ga.

A further fix to this nonsensical and politically motivated calculation would be to calculate the pay ratio after tax. The median employee likely pays no federal income tax, whereas the CEO will give up roughly 39% of his or her income if domiciled in a zero-income-tax state and over 50% in a high-tax state.

GEORGE ORBAN
Naples, Fla.

You won't find this ratio in any serious economics or financial text because it is a political talking point, not an economic variable. The true fix is to eliminate such government interventions that waste resources, mislead and distract from the real issues.

JOHN EARLY
Ridgefield, Conn.

Mr. Early is a former assistant commissioner of labor statistics.

That Other Large Complex Ike Warned About

In his review of recent books about the life of former President Dwight Eisenhower, Richard Rhodes (Books, March 17) repeats the now well-known warning made by President Eisenhower in his Jan. 17, 1961 speech about the "military-industrial complex." It is important also to recall another warning the president made in the same speech about the need for universities in the U.S. to maintain freedom and independence from federal control imposed by the government making federal grants for research and other programs and activities spon-

ED. PROF. JOHN A. CLARK
University of Michigan
Bloomington, Minn.

Facebook's Long and Happy Honeymoon Is Finally Over

Regarding your editorial "Facebook Joins the Club" (March 20): Tell me again why the New York Times and the other media marveled over President Obama using Facebook to datamine his way to victory in 2012, but when Donald Trump won the presidency, it's a horror and scandal?

NICK CHICKERING
Whitefish, Mont.

Facebook and the other new tech companies could enjoy their "halo effect" as long as it mostly benefited the liberal left in politics. Think of Google's Eric Schmidt's extraordinary access to the Obama White House.

Once it's discovered that President Trump's team has learned how to use it as well, then it must follow that this new technology can be defined as criminal. At that point we can be assured that taxation and regulation will ensue.

ED KATZ
San Francisco

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Pepper ...
And Salt

THE WALL STREET JOURNAL



OPINION

10 Tips for Negotiating With Kim Jong Un

By Robert B. Zoellick

The news that President Trump plans to sit down with Kim Jong Un offers a perfect example of his style: Mr. Trump surprised his world-wide audience, put himself at the center of attention, and took a big risk, probably impulsively. Now the drama has shifted to whether Mr. Trump and Mr. Kim will actually meet. And if so, when and where?

Haphazard diplomacy with North Korea presents a real danger, so someone around Mr. Trump had better be preparing for a complex negotiation. Here are 10 steps to get started:

Trump needs to do his homework before sitting down with North Korea. Here's how to get started.

1. Identify the outcome Mr. Trump wants to achieve. That may seem simple, but consider the range of possibilities. The U.S. could seek progress toward the peaceful unification of a free Korea. Or it could accept the North Korean regime's existence if Pyongyang gives up nuclear and other weapons of mass destruction, plus long-range missiles, while promising not to sell its technology. Mr. Trump could focus on North Korea's threats or behavior—whether toward the U.S., South Korea, the region or the North Korean people. The U.S. could demand that North Korea return people it has abducted from

other countries, especially Japan. The bargaining will take sharp twists and turns. Mr. Trump needs to know how he will frame America's initial demands and what he wants to achieve over different time frames.

2. Assess, coldly and rationally, America's actual leverage. What pressures and inducements can be brought to bear by the U.S., its allies, China and Russia? Mr. Trump will have to coordinate this leverage, which means the White House must be prepared for varying scenarios. Given the experience of past talks with North Korea, expect extraordinary demands, breakdowns, walkouts and reversals of positions. Getting China and Russia to go along will require Mr. Trump to consider trade-offs.

3. Bolster U.S. relations with South Korea and Japan. These two allies can help the White House achieve a successful negotiation—or deal with failure. (They are also the cornerstone of future U.S. policy toward China.) That means America must win and hold public support in both countries. Threatening to withdraw U.S. troops from South Korea and diminish American trade can hardly help.

4. Decide on the negotiating process. The U.S. could negotiate directly with North Korea. Or it could add South Korea, which would give America's ally standing and reduce the risk of a split in the alliance. Or the U.S. could revive the six-party talks—including Japan, China and Russia—from previous negotiations. Mr. Trump must decide whether his secretary of state should lead or whether he wants to rely principally on officials a step below. The White House should



Kim Jong Un in Pyongyang, Jan. 17; Trump in Warsaw, July 6.

Mr. Trump attacks the Iran deal for failing to roll back Tehran's nuclear program, ignoring its missiles, lifting limits over time, and turning a blind eye toward its other aggressive behavior in the region. If he wants to avoid making a similar deal, the U.S. and its allies should agree on what will prompt them to walk away from North Korea.

9. Be prepared for no agreement. The U.S., South Korea and Japan should have a plan in case the talks fail. Should South Korea maintain its outreach to the North as a way to build confidence and ease tensions? Mr. Trump may prefer to isolate Pyongyang. The U.S. could press for tighter sanctions to choke North Korea or even threaten military action if Mr. Kim crosses "red lines." If Mr. Kim can divide the U.S. from its partners, he will have achieved a great success.

10. Get Mr. Trump to agree that he won't wing it. Attending a summit and making news are not the same as getting results. The president's advisers need to run through this preparatory list—or a better one—with him.

Mr. Zoellick is a former World Bank president, U.S. trade representative and deputy secretary of state.

Notable & Quotable

From a March 16 Boston Globe summary of a study published in Nature Human Behaviour:

According to an analysis of polling data for both the US and French presidential elections, asking respondents how their acquaintances would vote was generally more effective at predicting the outcome than asking respondents about their own voting intentions. In fact, social-circle estimates were "more successful than both own-intention questions and aggregate polls in predicting winners of the five swing states that unexpectedly went to Trump (Florida, Michigan, North Carolina, Pennsylvania and Wisconsin). They predicted four of these states correctly, compared with three by own-intention questions and zero by aggregate polls." And social-circle estimates showed a shift toward Trump in the weeks leading up to the election that was not revealed by own-intention questions.

'The Sequence' Is the Secret to Success

By Wendy Wang

You should wait until you are older to date." Growing up in a working-class family in China, I learned this at an early age. Like many Asian parents, my mother stressed the importance of working hard and getting a good education before beginning a family.

Having a child outside marriage never crossed my mind. In the small city where I grew up, it isn't done. Even today, less than 4% of births in China are out of wedlock, and the same is true in India, Japan and South Korea. For the vast majority of young adults in Asia, the path to success clearly runs through education, work and marriage—in that order. Families, schools, media and society at large all reinforce that message.

Go to school, work, marry, have children. Why do we fail to convey this message to poor young people?

A similar path to success for young adults exists in America. Brookings scholars Ron Haskins and Isabel Sawhill call it the "success sequence": getting at least a high-school diploma, working, and then marrying before having children—again, in that order. But the message isn't much discussed on this side of the Pacific—and when it is, it's controversial. Liberals often dismiss it as a right-wing notion. They shouldn't. Following the success sequence is associated with a much lower chance of being poor and much better odds of realizing the American Dream.

Tracking a cohort of young adults from their teenage years to early adulthood in the National Longitudinal Survey of Youth, sociologist W. Bradford Wilcox and I recently tested how well the three success sequence "steps" work among the millennial generation. We found that at ages 28 to 34, 53% of millennials who had failed to complete all three steps were poor. The poverty rate dropped to 31% among millennials who completed high school, 16% among those who had a diploma and a full-time

job, and 3% for millennials who also put marriage before the baby carriage. Among childless and unmarried millennials 28 to 34 who followed the education and work steps, the poverty rate was 8%.

In regression models that predict the odds of being in poverty after controlling for a range of background factors—including intelligence, childhood family income, race and ethnicity—the probability of ending up poor was reduced by 60% for millennials who married before having children and by about 90% for millennials who followed all steps of the sequence compared with those who missed all three.

More important, the success sequence benefits young adults from low-income backgrounds. Among young adults who grew up in low-income families, those who followed all three steps had a poverty rate of only 6%, compared with 35% for their peers who missed one or more steps. Eighty percent of those with lower-income backgrounds made it into middle- or upper-income brackets when they followed all three steps, versus only 44% for those who missed one or more steps.

The bad news is that young adults from less privileged families are much less likely than those from upper-income families to follow the sequence. Our study found that some 68% of millennials age 28 to 34 who grew up in the bottom third of the income distribution missed one or more steps in the sequence, compared with only 35% of their peers from upper-income families. Nearly half of young adults from lower-income families had children out of wedlock, versus only 19% of their peers from upper-income families.

This divide is troublesome. It's an important example of how the American upper class is "hoarding the American dream" for itself, as Brookings scholar Richard Reeves has argued. Young adults from more-privileged backgrounds generally get the message from parents, peers and teachers that they need to get a degree, work and marry before having children. And most of them act accordingly. But this message doesn't filter down to young adults from poor and working-class families, among whom unmarried parenthood is more than

twice as common as in the upper middle class.

One high-school student, the daughter of a single mother, recently told me she was aware that teen pregnancy was a bad idea. But the idea that school, work, marriage and childbearing form a sequence that leads to success was new to her: "No one in my school talks about this," she said. "My mom never said anything either."

It's time to stop hoarding the success-sequence message and start sharing it with those who need it

the most. As we have done with teen pregnancy, we need to teach the success sequence in our schools, incorporate it into MTV shows, and launch media campaigns targeting young adults from poor and working-class communities with the message that some ways of entering adulthood are more prudent than others.

In this way, the U.S. could learn a thing or two from the wisdom of the East.

Ms. Wang is director of research at the Institute for Family Studies.

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Deutsche Bank Cools on Its Chief

Lender reaches out to external candidates after internal friction with CEO John Cryan

BY JENNY STRASBURG

Deutsche Bank AG's chairman has reached out externally to potential candidates to be the bank's next chief executive, gauging interest in replacing John Cryan after months of clashes, according to people briefed on the discussions.

The outreach by Chairman Paul Achleitner was described by one of the people as informal in nature, and it hasn't re-

sulted in any immediate, definitive plans for succession at the German lender. Another person said the efforts picked up steam in the past month.

The discussions raise the possibility that Mr. Cryan, who has been CEO since summer 2015, could leave before his contract ends in 2020. Still, members of Deutsche Bank's supervisory board aren't all in agreement on CEO succession planning, according to people familiar with board deliberations.

The lack of clear timing or certainty in a management change itself could be a risk to the bank, some of the people said, because clients like predictability, especially when en-

tering into long-term financing or advisory relationships.

Pressure has risen on Mr. Cryan and other Deutsche Bank executives after the lender recently missed cost-cutting targets and its finance chief warned last week about weaker-than-expected first-quarter investment-banking revenue, investors and others close to the bank say. Morale and retention are bruised, employees and investors say. Deutsche Bank shares have declined about 29% this year.

Mr. Cryan said publicly last month that he remained committed to his contract. Mr. Cryan and Mr. Achleitner, who is traveling this week on vacation, didn't respond to re-

quests for comment. A Deutsche Bank spokeswoman said the men wouldn't comment.

Deutsche Bank supervisory-board members, like many investors, have been divided in recent months over whether the lender should explore replacing Mr. Cryan and about the strength of internal candidates for the job, some of the people said.

Investment-banking co-head Marcus Schenck, retail- and private-banking head Christian Sewing and finance chief James von Moltke—all German—are viewed by supervisory-board members as potential CEO candidates, but aren't uniformly seen as prepared to

take on the job right away, people close to the bank say.

Some supervisory-board members remain supportive of Mr. Cryan and are concerned that a move to recruit CEO candidates undercuts him at a difficult time, according to people familiar with the matter. Some say even a strong, new chief executive from outside would bring risks, such as integrating with other executives and navigating Deutsche Bank's particularly difficult regulatory, technology and expense-control hurdles.

Mr. Cryan's supporters on the board, inside the bank and among investors credit him with settling crucial legal mat-

Please see **CEO** page B2

Oracle Defeats Google In Court

BY JAY GREENE AND BRENT KENDALL

A federal appeals court revived Oracle Corp.'s multibillion-dollar copyright infringement claims against Alphabet Inc.'s Google, in a ruling that could give fresh legal muscle to leading software makers but hamper upstarts developing new applications for computers and smartphones.

The court ruled Tuesday that Google's use of Oracle's Java programming technology wasn't "fair," a reversal of fortune in a case that dates back to 2010, when Oracle alleged Google's Android smartphone operating system infringed copyrights related to Oracle's Java platform.

Oracle has sought as much as \$9 billion in damages previously. Oracle general counsel Dorian Daley said in an interview that "the value has gone up," though the company hasn't come up with an updated number.

The appeals court ruling, if it stands, could have a broad impact on the software industry by limiting the "fair-use" defense in copyright cases. That could make it more costly and technically complex for developers to use Java and other copyrighted software to create new products, legal and industry experts said.

"What we've learned here is that the fair-use defense, used in commercial contexts, has limited application, even if at the expense of potential technical efficiencies and interoperability," said Christopher Carrani, a partner at McAndrews, Held & Malloy who teaches intellectual property law at Northwestern University.

The Oracle case has been subject to two trials. In the later one, jurors ruled Google's use of the Java code was permitted as "fair use" under federal copyright law. The U.S. Court of Appeals for the Federal Circuit on Tuesday overturned that. "There is nothing fair about taking a copyrighted work verbatim and using it for the same purpose and function as the original in a competing platform," the court wrote in a 56-page opinion.

The ruling is a "very strong endorsement of copyright protections," providing assurances that investment in software development will be protected, Oracle's Ms. Daley said. She dismissed concerns that the ruling would curb innovation by adding costs and complexity to software development.

Please see **ORACLE** page B2



The U.S. government's fight with the Chinese maker of telecom equipment threatens to hurt regional American phone and internet providers that use Huawei gear.

Rural Networks Feel Sting of Huawei Curbs

BY DREW FITZGERALD AND STU WOO

Here is a potential casualty of the U.S. government's escalating fight against **Huawei Technologies** Co.: rural phone companies and internet providers that depend on the Chinese giant's gear to connect their customers.

Large wireless providers including AT&T Inc. have long steered clear of Huawei, which has been effectively barred from big U.S. business since a 2012 congressional report alleged the Chinese government

could force the company to exploit knowledge of how its equipment is designed to spy or launch cyberattacks—a charge Huawei has denied.

But many regional American providers of wireless, TV and internet services have flocked to Huawei, attracted by what they say are Huawei's cheaper prices, quality products and attentive customer service.

On Monday, the Federal Communications Commission proposed making it harder for these smaller carriers to pay for future purchases of tele-

com equipment from Huawei and Chinese peers. The rule would restrict companies from drawing on an \$8.5 billion government-run fund that, among other goals, helps connect rural America to the internet. The agency is now seeking public comment on the proposal.

Meanwhile, a congressional bill with some bipartisan support aims to prohibit carriers with any substantial amount of installed Chinese telecom equipment from gaining federal contracts.

Huawei, the world's top

maker of cellular-tower electronics and a major manufacturer of equipment for cable and internet providers, has been actively courting small-town internet companies that wanted to replace old-fashioned landlines with high-speed internet connections—no small feat in a country where most rural residents are stuck with dial-up speeds.

The company flew some clients to the company's Shenzhen, China, headquarters, one stop on a nationwide tour that included visits to the Great Wall and ancient Terracotta

Army, and delicacies such as chocolate-covered duck liver.

"They were hungry to break into the small market, and we like dealing with hungry vendors," said Jim Kail, chief of **LHTC Broadband**, a mostly rural internet provider in Pennsylvania with 7,000 customers. "They put a concentrated effort into it."

Mr. Kail's company in 2014 bought several hundred thousand dollars worth of optical network equipment—gear that can transmit data hundreds of times faster than a copper

Please see **RURAL** page B2

Banks Are Set to Gain Relief From Regulation

BY LALITA CLOZEL

WASHINGTON—Banks can expect to see significant further easing from postcrisis rules in 2018 after the final Trump-appointed leader is seated at the nation's banking regulators later this spring.

Jelena McWilliams, the top lawyer at Cincinnati-based **Fifth Third Bancorp**, is set to succeed Obama appointee Martin Gruenberg as head of the Federal Deposit Insurance Corp. as early as April.

When that happens, the FDIC, the Federal Reserve and Office of the Comptroller of the Currency will be able to move ahead on a number of the Trump administration's policy priorities, such as making it easier for financial technology firms to enter banking; easing restrictions

INSIDE



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HEARD ON THE STREET | By Nathaniel Taplin

Commodities Can Weather a Tariff Bout

Follow the Leader

China credit leads commodities and housing

Commodity price index

Change from a year earlier



Note: Commodity index set as Sept. 2008 prices = 20.

Sources: CEIC; Thomson Reuters

THE WALL STREET JOURNAL

trade war might work for commodities, consider the backdrop: Now, the biggest factor in those markets is that the boost from the last big Chinese stimulus, beginning in mid-2015, is wearing off. Prices for commodities such as copper and aluminum peaked in December, well before the current trade worries started undermining risk appetite. Global trade

remains robust, but Chinese credit growth, one of the best leading indicators for commodities, has been trending noticeably weaker since early 2017, as have growth in housing starts and investment. Meanwhile, China's President Xi Jinping has made dealing with the nation's debt problem a priority. That means another big

round of debt-fueled stimulus could take a while—unless, that is, China's exports tank thanks to a trade war. The big trade rebound in 2017 was the key factor driving growth higher last year. Absent net exports, growth would have slowed by nearly a percentage point instead. The current hawkish tone of the leadership on debt has yet to be tested by a real downturn in either exports or the domestic housing market.

In other words, the big uptick in global trade—still evident despite the clouds—isn't an unalloyed positive for commodities as long as China is tamping down credit growth.

Conversely, a real trade war might hit commodity prices initially but raise the probability of another big round of Chinese stimulus by early 2019.

Investors who bought the dip in that case might find themselves rewarded down the line.

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BANKS

Continued from the prior page on short-term consumer loans; and relaxing the 2010 Dodd-Frank financial law's proprietary trading ban, the Volcker rule.

Ms. McWilliams's arrival likely will coincide with the completion of a bill in Congress aimed at easing crisis-era banking regulations, another catalyst for changes to the financial rule book.

"With Congress likely to pass the only financial deregulatory bill for the near future, it will be the alphabet soup of new regulators who

decide the tone and tenor of the new deregulatory agenda," said Isaac Boltansky, policy research director at Compass Point Research & Trading LLC.

While the overall pace of regulatory change is expected to pick up, having a full cast of Trump-appointed officials doesn't mean they will necessarily be in sync on every issue. "Different agencies have different perspectives," said Aaron Klein, a policy director at the Brookings Institution. Mr. Klein said the FDIC tends to be more conservative on safety and soundness matters because when an institution fails, the agency "is left holding the bag."

◆ **New banks:** After the financial crisis, the number of new banks dwindled to a few a year, though efforts by the agency to encourage new applications have resulted in an uptick. Jelena McWilliams has said she wants to speed up new-bank approvals.

◆ **Financial technology:** Trump officials want to make it easier for financial-technology firms to enter the banking industry through specialized bank licenses, which would let them sell financial products across the country and bypass state-by-state licensing.

◆ **Leveraged lending:** Banking regulators told Congress last year that they were re-evaluating guidelines issued in 2013 that cracked down on leveraged lending, or loans to heavily indebted companies.

The Fed and OCC have already signaled that they will give banks room to do more leveraged lending as long as they are appropriately capitalized. The FDIC hasn't gone as far.

◆ **Cybersecurity:** The banking agencies issued a proposal in 2016 to impose cybersecurity standards on large banks and their service providers, but never moved forward with it. The regulators could decide to go a different route.

Staff recommendations are expected by June.

◆ **Community Reinvestment Act:** The 1970s law requires banks to invest in underserved communities near their headquarters and branches. Trump-appointed officials want to update the rules governing the law to recognize new types of loans and technologies that could help funnel funding to low-income groups.

◆ **Small-dollar loans:** Trump officials have said they want to encourage banks to offer loan products that compete with payday lenders. The OCC last year rescinded guidance that discouraged banks

from offering short-term loans. The FDIC discourages state-chartered banks from making those same types of loans.

◆ **Volcker rule:** Mandated by Dodd-Frank, the rule bars banks from speculative trading or buying into potentially risky investment funds. The five agencies that enforce the rule—the Fed, OCC, SEC, Securities and Exchange Commission and Commodity Futures Trading Commission—took more than three years to agree on a rule. While there is general agreement it needs to be modified, all five will need to agree on specific changes.

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from offering short-term loans

BUSINESS NEWS

Buggy Software Hits Luxury Cars

By CHESTER DAWSON

Luxury cars are shedding the knobs, needles and dials once needed to control the cabin, opting instead for digital dashboards. But the software that runs everything from speedometers to climate controls can prove buggy, causing car buyers to rethink just how modern they want their cars to be.

Car companies that typically charge a hefty premium have issued recalls to fix glitches, and regulators now pinpoint software problems as being responsible for an increasing number of malfunctions.

BMW AG, for instance, issued a recall in January to address an error that caused instrument panels to not properly illuminate in certain 2018 model-year coupes and SUVs. **Jaguar Land Rover** has recalled about 30,000 vehicles in recent months for digital-instrument clusters that may "intermittently go blank" while being driven, according to documents filed with the National Highway Traffic Safety Administration.

The problems highlight a struggle auto makers face as they race to modernize vehicle controls to more closely mimic

a smartphone or tablet.

One BMW owner in Dallas filed a complaint about instrument-panel illumination to federal regulators in March of 2017. "You can't even read the speedometer or RPMs at a glance, which is a safety hazard," said the owner, whose name was withheld. BMW officials had no immediate comment about the recall. No injuries or accidents have been reported in relation to the glitch.

Four years ago, one-quarter of the dashboard consoles supplied by auto-parts maker **Visteon Corp.** were partly or wholly mechanical, but the company said that figure today is less than 1%. One factor spurring that shift: cheaper LCDs, as a result of an oversupply of screens for tablet computers.

Daimler AG's new Mercedes A-Class hatchback, which the company sells in markets outside the U.S., sports a sleek "completely free-standing" wide screen running across the dashboard. Twin 7- or 10-inch high-resolution LCDs replace the recessed instrument cluster behind the wheel, a first for the premium German car brand.

The number of touch-screen liquid-crystal displays using thin film transistors installed in new vehicles globally will grow to 200 million units by 2022, nearly double the number in 2016, according to IHS Markit.

"Software complexity is increasing and we need to adjust our processes accordingly," said Helmut Matschi, an executive board member in charge of the vehicle-interiors division at German auto-parts maker **Continental Automotive GmbH**.

In many cases, problems predate final assembly. BMW traced its illumination problem to software installed in a console made by Continental, and Jaguar Land Rover identified software in equipment from Visteon as the cause of blank screens. Continental and Visteon said they provided software patches to fix the problems.

Akzo Unit Fetches \$12.6 Billion

By BEN DUMMETT

A consortium led by private-equity giant **Carlyle Group LP** agreed Tuesday to buy the specialty chemicals business of Dutch paints giant **Akzo Nobel NV** for €10.1 billion (\$12.6 billion) including debt, as competition among cash-rich buyout firms for bigger deals heats up.

Akzo's chemicals are used in a wide range of products, from plastic bags to solar panels. The sale fits into the Amsterdam-based manufacturer's plan to boost its share price after fending off a \$27.6 billion takeover bid last year from U.S. rival **PPG Industries Inc.** — a stance that irked **Elliott Management Corp.**, the U.S. activist hedge fund, and other shareholders.

The chemicals deal "is a key milestone...to generate value for all stakeholders," Thierry Vanlancker, Akzo's chief executive, said in a statement.

U.S.-based Carlyle and partner **GIC Pte. Ltd.**, Singapore's sovereign-wealth fund, gain a business enjoying increased demand, particularly in Europe, amid improving economic conditions. In 2017, revenue for Akzo's chemicals business rose 4% to almost €5 billion, while operating income gained 10% to €689 million.

The sector's momentum

fueled competition for the Akzo business. Carlyle beat out private-equity firms **Apollo Global Management** and an alliance of **Bain Capital Private Equity** and **Advent International Corp.**

Global private-equity firms are under increasing pressure to do larger deals after they raised a record \$453 billion in 2017, leaving them with more than \$1 trillion to invest, according to data provider Prequin.

Carlyle and partner GIC add specialty chemicals assets amid rising demand.

In December, **KKR & Co.** won out over Apollo and **CVC Capital Partners** for the margarine-and-spreads business of **Unilever PLC** in a €6.8 billion deal.

In January, a **Blackstone Group** LP-led consortium struck a deal to buy a controlling stake in the financial-information business of **Thomson Reuters Corp.** for \$17 billion.

However, bigger deals also come with greater risk, as demonstrated by the recent bankruptcies of Toys "R" Us Inc. and **iHeart Media Inc.**



California Steel Industries can continue to buy duty-free slabs from steel producers in Mexico and Brazil after they won exemptions.

Steel Converters Fret Less

Tariff exemptions ease concerns of companies that rely on imported slabs

By BOB TITA

The Trump administration's decision to temporarily exempt several countries from new tariffs provides relief to some of the largest U.S. customers of imported steel: processors of semifinished steel.

The U.S. imported nearly 8 million metric tons of such steel last year, more than a fifth of all steel imports. Most arrived as the mattress-sized slabs that are reheated and rolled into sheet steel for products including pipe and automotive components.

California Steel Industries Inc. said it was relieved it can continue buying duty-free slabs from Mexico and Brazil, which were exempted from the tariff. The company has produced pipes and sheet steel near Los Angeles for more

than 30 years without making any of its own raw steel. It mostly stopped buying U.S.-made slabs 15 years ago when its lone supplier in the West went out of business and it became cheaper to import the steel from abroad than to ship it from mills in the East.

"It's a model that's worked for us as long as we can buy slabs," said Brett Guge, the company's vice president for finance and administration.

Another company benefiting from the reprieve is **ArcelorMittal SA**, the world's largest steel producer. The Luxembourg-based company is a partner in a mill in Calvert, Ala., that uses imported slabs from Brazil and Mexico to make sheet steel for automobiles. ArcelorMittal declined to comment.

The European Union, Brazil, Mexico, Argentina, Australia, Canada and South Korea were the major steel-producing nations that won exemptions Thursday from what the Trump administration described earlier in the month as a world-

wide 25% levy. Some slab-exporting countries, most notably Russia and Japan, weren't granted exemptions, which are set to last until at least May 1.

NLMK USA, the steel-rolling unit of Russian steelmaker **NLMK Group**, buys almost all of its steel from its parent company. The 25% tariff will add \$150 to the \$600 cost of a single slab, said James Bunker, executive vice president of the U.S. unit. That would add up to millions of dollars in material costs for the NLMK mills in Pennsylvania and Indiana, which process about 200,000 tons of slabs in a month.

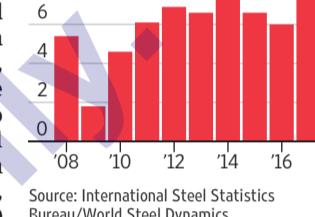
"It's disruptive," he said. "It's a burden I don't want to pass along to our customers." Most U.S. steel companies were enthusiastic supporters of the new tariff, arguing that a flood of cheap finished steel from abroad, often from state-supported foreign companies, drove down prices and forced domestic plants to close.

But the companies that rely on imported semifinished steel say the material should be

Foreign Metal

U.S. imports of semifinished steel have rebounded since the recession.

10 million metric tons



Source: International Steel Statistics Bureau/World Steel Dynamics

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treated like feedstock, and not subject to the same tariffs as finished products. About 13% of the flat-rolled steel made in the U.S. is converted from imported slabs, according to industry estimates.

Mr. Bunker said rolling companies like NLMK USA would still need to import slabs to meet their needs even if all idle U.S. steelmaking capacity is restarted.



Noisy attacks aren't hard to find...

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The sale fits into Akzo Nobel's effort to boost its share price. An Akzo chemical plant in Germany.

TECHNOLOGY

WSJ.com/Tech

Self-Drive 'Honeymoon' Cut Short

By TIM HIGGINS

TEMPE, Ariz.—When self-driving test cars from **Uber Technologies Inc.** started showing up on the streets here early last year, many in the community greeted them with fascination and a certain pride.

Residents posted photos on social media of themselves spotting the vehicles in public, and many say they felt the testing showed that the Phoenix suburb was embracing innovation.

After the fatal crash a week ago in which an Uber test car in autonomous mode struck and killed a pedestrian, community leaders are grappling with tough questions about technology that many still see as exciting and promising, but also potentially dangerous.

Late Monday, Gov. Doug Ducey barred Uber from further autonomous-vehicle testing in Arizona indefinitely while authorities investigate the crash, which he called "an unquestionable failure to comply" with the expectation that companies make safety a priority.

In California, meanwhile, Uber said Tuesday that it doesn't plan to renew its permit to test autonomous vehicles in the state. Uber will let its California testing permit lapse at month's end, rather than resubmit it for renewal.

For Tempe, "the honey-



Arizonans are rethinking Uber's self-drive tests after a fatal crash.

moon may be over" for autonomous cars, said Thad Miller, assistant professor at Arizona State University's School for the Future of Innovation in Society in downtown Tempe. Mr. Miller, who has consulted with city officials on the policy implications of having autonomous vehicles, expects more discussion about whether the test vehicles should be allowed to operate around schools or at night.

More than 600 autonomous vehicles were being tested on Arizona roads before Uber's crash, according to the state. Uber, which has suspended its tests in all cities since the incident, focused its efforts around this college town, while rival Waymo, the self-driving unit of Google parent **Alphabet Inc.**, is centered in nearby Chandler.

Some in Tempe viewed autonomous technology as a po-

Nvidia Suspends Driverless Testing

Nvidia Corp., which has made a broad push to bring its computing platform into self-driving cars, said Tuesday it will suspend testing of its driverless technology on public roads following the fatal crash of an **Uber Technologies Inc.** autonomous vehicle.

The company said the suspension involves its own fleet of test cars, which are being driven on public roads in California and New Jersey.

Uber has also used Nvidia's computing technology in its Volvo XC90 SUVs, the same type of vehicle that struck a pedestrian on March 18 in Tempe, Ariz. The two companies in January officially announced that Uber selected Nvidia's artificial-intelligence

computing system for its fleet of self-driving cars and freight trucks. Nvidia's chips and software help robot cars instantly crunch the vast amounts of data from sensors and cameras to make split-second decisions.

It isn't clear if Nvidia's technology was in the car involved in the Arizona accident.

"Most self-driving vehicle prototypes and test vehicles use Nvidia technology," an Nvidia spokesman said in a statement. "In some cases, customers are developing their own software and we don't have details of their algorithms."

The spokesman said Nvidia is seeking to find out more details on Uber's configuration and software.

An Uber spokeswoman declined to comment on the matter.

—Ted Greenwald

Waymo Purchases Jaguar Vehicles

By TIM HIGGINS AND CHESTER DAWSON

As **Uber Technologies Inc.** reels from a fatal crash involving one of its autonomous vehicles, rival Waymo is moving ahead, buying as many as 20,000 Jaguar vehicles for its robot fleet.

The deal, announced Tuesday, is potentially worth more than \$1 billion, and escalates Waymo's effort to put vehicles on public roads without human drivers behind the wheel. The vote of confidence comes a day after Arizona's governor suspended Uber from testing in the state following the first pedestrian death involving a self-driving vehicle.

The governor's order doesn't extend to other companies including Waymo. The self-driving car unit of Google parent **Alphabet Inc.** has been conducting tests since 2016 in the Phoenix metro area and has announced plans to begin a commercial robot taxi service there later this year.

Waymo will add its driverless technology to the new Jaguar I-Pace all-electric sport-utility vehicle and it said it would begin testing this year before deploying the SUVs in 2020.

The companies said as many as 20,000 of the SUVs will be built in the first two years, and more vehicles could be purchased after that.

Uber, which has been racing to catch up with Waymo, paused its testing last week in four cities after one of its Volvo SUV test vehicles struck a pedestrian walking her bike across a road in Tempe, Ariz. Investigators are reviewing the case; some autonomous-car specialists say the vehicle's sensors should have detected the woman.

The crash stirred lawmakers to call for regulating autonomous-vehicle development, and at least one car maker, Toyota Motor Corp., decided to temporarily halt public testing of its self-driving vehicles.

On Monday, Arizona Gov. Doug Ducey, who has been welcoming of driverless technology in the state, sent a letter to Uber's CEO saying he would suspend the company's testing after "an unquestionable failure" to comply with expectations of public safety. Uber said it would help the investigators and address any concerns with the governor's office.

Waymo's chief executive, John Krafcik, has expressed confidence in the aftermath of the crash, telling car dealers at a convention in Las Vegas on Saturday his company's technology would have avoided hitting the pedestrian.

Uber, in response to those remarks, said "safety is our primary concern every step of the way."

Ryder Creates Online Marketplace for Truck Leasing

By AUSTEN HUFFORD

Ryder System Inc. is developing an Airbnb-like marketplace for transportation assets that puts idle commercial vehicles in the hands of users looking to affordably expand capacity.

Ryder, which provides

short-term truck rentals and fleet-management services for companies, said Tuesday that during the workweek about 25% of U.S. commercial vehicles typically sit unused for more than a day.

The company's new service, dubbed COOP, was launched in January in the Atlanta metro

area. Ryder said it plans to fully expand the service in the Atlanta area next month and into several other major markets next year.

"Seasonal and cyclical truck shortages, coupled with fleets' excess and unused capacity, demonstrates the benefit of having a technology like COOP

available in the marketplace," Ryder Chief Executive Robert Sanchez said.

COOP is currently a mobile-optimized website, and Ryder said it expects to roll out a mobile app in the fourth quarter.

Over the past decade, "sharing economy" companies, such as room- and house-rental ser-

vices Airbnb Inc., and ride-sharing service Uber Technologies Inc., have disrupted many industries.

Ryder will have to figure out how to serve customers of its new rental marketplace without driving down prices in its actively managed fleet business.

Foxconn Unit Agrees to Buy Belkin for \$866 Million

PAUL BUCK/REUTERS



A unit of **Foxconn Technology Group** has agreed to acquire smartphone and electronics accessories maker **Belkin International Inc.** for \$866 million.

The move disclosed Tuesday comes as Taiwan-based Foxconn, known as the contract assembler of **Apple Inc.'s** iPhones,

privately held Belkin also owns Linksys, a wireless router brand, and the Wemo brand of products that control home lights, monitor cameras and similar devices.

The Los Angeles-based company, which also makes cables,

seeks to bolster its consumer-branded operations.

Privately held Belkin also owns Linksys, a wireless router brand, and the Wemo brand of products that control home lights, monitor cameras and similar devices.

Fit, which also makes cables and connectors, said the purchase should help it develop its smart-home business.

—Yoko Kubota

NTSB Sends a Team To Examine Tesla Crash

By MIKE SPECTOR

Tesla's stock plunged more than 8% in Tuesday trading.

"We have been deeply saddened by this accident, and we have offered our full cooperation to the authorities as we work to establish the facts of the incident," Tesla said in a statement.

Later Tuesday, Tesla said in a blog post on its website it was conducting a "field investigation" of the Friday crash near Mountain View, Calif., that resulted in the vehicle later catching fire.

"Unclear if automated control system was active at time of crash," the NTSB said in a social-media posting, in a reference to Tesla's Autopilot feature. "Issues examined include: post-crash fire, steps to make vehicle safe for removal from scene."

A man died in the accident after his Tesla Model X sport-utility vehicle hit a barrier and was struck by two other vehicles, according to the California Highway Patrol.

The NTSB stressed that the status of the Autopilot system at the time of the crash wasn't the main focus of its probe.

—Tim Higgins contributed to this article.

◆ Tesla's stock slides amid crash investigation B12

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TECHNOLOGY

PERSONAL TECHNOLOGY | By David Pierce

Short-Listing Laptops in a Welter of Choices



You still need a laptop. You can try to work from your phone—best of luck—and technically an iPad does a lot of laptop-y things. But when there's work to be done, nothing beats that combination of keyboard, trackpad, larger screen and desktop apps.

Buying a laptop is a little harder than buying a phone. Companies sell so many models and so many options, it feels like you need a Ph.D. to tell them apart. If you pick wrong, though, you're likely stuck: Intel says most people upgrade only every five or six years.

Let's simplify things by looking at the \$1,000 mark. Spend less and you tend to sacrifice important specs or features. Spend more and you're buying diminishing returns: slightly thinner, minimally faster. Unless you want to pay for gaming power or an Apple logo, a grand buys all the Windows laptop you need.

After lots of research and testing, I found five laptops you should consider. You can find each one for between \$900 and \$1,100, though remember: Windows laptops can have volatile pricing, so always look for sales. I've highlighted a standout feature

for each of my picks, and named an overall winner.

The pretty one

In most ways, Dell's XPS 13 is every bit as good as any of its competitors. In one way it's the best: By nearly eliminating the bezel around the display, Dell squeezed the XPS 13 into a smaller body than any of its competitors. The XPS 13 scored the second-best time in my battery tests, it has all the right chips and features, and it looks like it cost good money.

But...that tiny bezel forced Dell to move the webcam down below the screen. Rather than framing my face, the camera stares up my nose. (Dell says most users don't mind the placement.)

The bigger problem is that the XPS 13 you want costs \$1,200. The standard model comes with a paltry four gigs of RAM and 128 gigs of storage—neither of which will suffice.

The portable one

No Windows computer combines portability and functionality quite like Microsoft's Surface Pro. It's the size and shape of an iPad, with the full power of Windows.

Unfortunately, all that versatility compromises the Surface Pro's utility, and I don't just mean the smaller screen. And, because the

Fab Five

Choosing a laptop means weighing your priorities. Here are our five favorite \$1,000 Windows laptops as measured in four key areas.

NAME	PRICE	SCORE	PROS	CONS
Microsoft Surface Pro	\$958	Battery Looks Power Versatility		Light, thin and versatile; most tablet-like of the bunch Hard to use on your lap; low-end processor
Dell XPS 13	\$999	Battery Looks Power Versatility		Big screen in a small body; attractive design Ridiculous webcam placement; chintzy keyboard
HP Spectre x360	\$999	Battery Looks Power Versatility		Clean, attractive look; excellent keyboard Gets dirty easily; uneven keyboard backlight
Lenovo Yoga 720	\$989	Battery Looks Power Versatility		Light and flexible; often cheapest of the bunch Shallow keyboard; subpar speakers
Acer Swift 3	\$999	Battery Looks Power Versatility		Lots of ports; big screen and roomy keyboard Big and heavy; more desktop than laptop

Source: the companies (photos); WSJ analysis of the laptops

crucial keyboard accessory sells separately for \$160, it's deceptively expensive. (I've included it in my pricing, because you need it.) The only way to hit the \$1,000 target and still get the whole kit is to buy the cheapest model, which uses a vastly under-powered processor.

The powerful one

Many laptops in this price range offer enough processing oomph for web browsing, Netflixing and Exceling, but not gamer-grade horsepower. Acer's Swift 3 does a little better. Its Core i7 processor, more powerful than you'll often find at this price,

The affordable one

Lenovo's Yoga 720 has almost everything you'd want in a laptop, and I've seen it on sale for as little as \$750. Its screen backflips to lie flat against the keyboard so you can hold it like a tablet. It's fast enough, lasts long enough and looks good enough.

My issues with the Yoga individually feel minor: The speakers sound mushy, the keyboard is a bit shallow, the design is bland. Together, they make clear why the 720 is cheaper than the others.

The best one

The best \$1,000 Windows computer is HP's latest Spectre x360, a machine that does everything well.

The x360 checks all the spec boxes, looks as good as anything out of Cupertino, Calif., and is enjoyable to use, from the speakers to the keyboard. It has a 360-degree hinge that flips the laptop into a tablet. It uses new USB-C ports for charging and data, but also offers an older-style standard USB-A port.

In my testing, the x360's biggest problem has been the lid's tendency to scuff in my bag. It came in third on my super-harsh battery test, behind the Surface Pro and nearly in line with the Dell: You should have no trouble using it through a workday.

THE WALL STREET JOURNAL.

Apple Updates Entry-Level iPad to Get to the Head of the Class

BY TRIPP MICKLE

Apple Inc. said it is updating its entry-level iPad with capabilities designed to appeal to students and new software for teachers, as the company tries to recharge sales of the tablet and shore up its dwindling share of the U.S. education market.

The company on Tuesday

said its new 9.7-inch iPad includes a faster processor and works with the Apple Pencil stylus, which had worked only with higher-end iPad Pro models.

The entry-level iPad's price remains at \$329, the lowest-priced tablet available from the company. Schools can buy the device for \$299.

The announcement, made at Lane Tech College Prep High

School in Chicago, was coupled with software and support capabilities aimed at schools.

The kindergarten-through-12 market represents a critical opportunity for tech companies to get young people accustomed to their operating systems. Introducing students to those systems could help sway future purchasing decisions that span the rest of

their lives, said Scott Gallo-

way, a marketing professor at New York University.

Technology companies have pushed computers in the classroom since at least the 1970s, and Apple took an early lead.

But the company's domi-

nance faded in the face of

cheaper laptops such as

Google Chromebooks from Al-

phabet Inc. or Windows-pow-

ered devices from Microsoft Corp. While many of those devices cost less than \$300, Ap-

ple's MacBook starts at \$999.

Apple's lowest-priced iPad offers the company its best chance to compete in the cost-conscious education market.

The update to the entry level iPad is unlikely to re-

verse Apple's slump in educa-

tion sales, analysts say. Over

the past five years, Apple's share of computing shipments in the \$18 billion U.S. education hardware market has fallen to 19% from 50%, according to Futuresource Consulting. Alphabet now has a 59% share, compared with Microsoft's 22%.

◆ Heard on the Street: Apple trails Google in school..... B14

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THE PROPERTY REPORT

Money Managers Feel the Urge to Merge

Property funds look to consolidate as some big investors pull back on use of such firms

By PETER GRANT

Since last fall, **Patrizia Immobilien AG**, a European real-estate fund manager, has acquired three other firms, more than doubling its assets under management to about €40 billion (\$50 billion) from €18.6 billion one year ago.

"It's been quite an active year," said Anne Kavanagh, who joined the Ausburg, Germany-based firm last year as chief investment officer and who cautioned it would be fair to describe her remark as a typically "understated English comment."

Patrizia isn't the only one that has been busy. A mergers and acquisitions frenzy has erupted in the real-estate fund-management business as firms consolidate, seek out new sources of capital, stake out new markets and gird themselves for changes in the long-running bull market.

Deals are taking different forms in response to a range of strategies among buyers and sellers. Some involve mergers of real-estate specialists, like Patrizia's absorption of Rockspring Property Investment Managers of London; Sparinvest Property Investors of Copenhagen; and Triuva, of Frankfurt.

Other deals are combinations of managers that invest in real estate and other assets, as with last year's £11.3 billion (\$16 billion) merger that created Edinburgh-based **Standard Life Aberdeen PLC**.

Still, others involve firms' minority and passive stakes in managers, such as a **Blackstone Group LP** fund's purchase this month of a roughly 20% stake in **Rockpoint Group**.

A market for minority stakes is increasing partly because it helps firm principals—by clarifying the firm's current value—develop succession plans "with minimal turbulence," said Michael Stark, co-head of **Park Hill Real Estate Group**, a global advisory firm and placement agent. Minority stakeholders also can provide capital for expansion, he said.

"That trend is extremely prevalent right now," Mr. Stark said.

Roots of today's shakeout go back in part to the 2008 financial crisis when many managers suffered steep losses, which prompted an exodus from commercial real estate by many of their investors. Some major players disappeared or greatly scaled back their businesses.

Only three of the top 10 managers in 2009, in terms of assets under management, make the top 10 list today, according to a ranking by IPE Real Assets, a trade publication. Two of the top 10 firms today are merged managers consisting of one of the top 10 in 2009.

Now, a decade after the crash, merger and acquisition activity is intensifying but for different reasons. Commercial real estate is back in favor among many institutional investors, but many continue to use fewer managers than a decade ago. That puts pressure on firms to consolidate.

The California Public Employees' Retirement System in 2015 reduced the number of direct relationships it had with private-equity, real-estate and other external funds to about 100 from 212. Officials said at the time that the pull-back would take place over the next five years.

Institutional investors feel that using fewer managers is more efficient and gives them more clout over fees. "They can bring the weight of their



Patrizia Immobilien last year acquired the Commerzbank Tower in Frankfurt on behalf of a client.

managers, not Blackstone's real-estate fund business.

Pressures from investors on fund managers to become more efficient are especially keen now because the bull market in commercial real estate is in its ninth year. With prices at high levels and yields low, "it becomes even more important to save on costs," said Mathieu Elshout, of PGGM, a Dutch pension-fund service provider.

Patrizia's acquisitions have made the firm more competitive by enabling it to offer investors a fuller menu of fund strategies and by allowing it to spend more on technology and on the cost of complying with increasing regulatory requirements, Ms. Kavanagh said. "We're in a low return environment," she said. "Every euro counts." Patrizia's real-estate deals include its acquisition last year of the Commerzbank Tower in Frankfurt, Germany's tallest building, on behalf of a client.

But some firms are eyeing consolidations taking place at competitors as an opportunity to pick up business, especially when the mergers don't go smoothly. "I can't imagine that 100% of the clients are jumping for joy," said Simon Morrison, chief executive of Europe for **LaSalle Investment Management**.

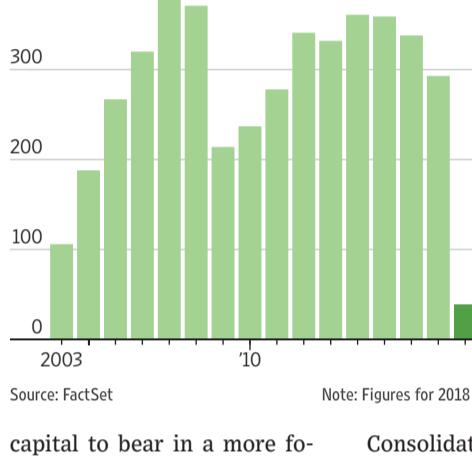
At the same time, some have questioned whether bigger is always better. Investment firms typically are compensated partly on the basis of assets under management and partly on the basis of how well those assets perform, said Meagan Nichols, of investment firm **Cambridge Associates**, which provides services including advising investors which managers to select.

"As you aggregate together more and more assets, the management fees get bigger and bigger," she said. "It's a recurring revenue stream regardless of performance."

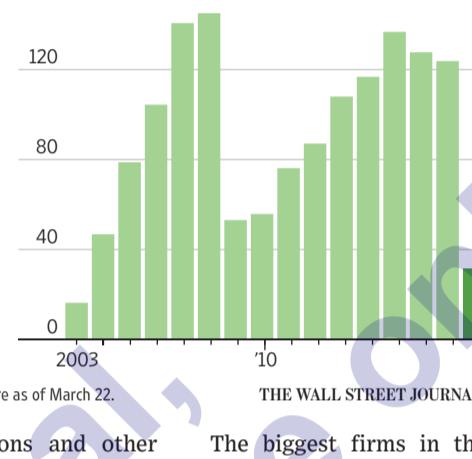
Slowdown

The global number of real-estate funds that completed fundraising and the amounts have declined recently.

Number of funds



Capital raised by real-estate private-equity funds



Note: Figures for 2018 are as of March 22.

capital to bear in a more focused way," said Jay Long, a principal of Townsend Group, a Cleveland-based real-estate manager and adviser.

London-based **Aon PLC** acquired Townsend this year for \$475 million. Aon plans to keep Townsend operating independently under its current name and management team.

Consolidations and other changes in the business are reflected by a decline in fundraising. Last year, private-equity firms completed raising money for 293 real-estate funds for a total of \$123.8 billion, down from 338 funds and \$127.7 billion in 2016. The peak was 2008, when 371 funds raised \$145.1 billion.

The biggest firms in the business dwarf small and mid-size firms. Blackstone had \$115 billion in real-estate assets under management at the end of 2017, up from \$57 billion five years earlier. The passive stake in Rockpoint wouldn't add to that amount because it was purchased by a fund that takes minority stakes in asset

Mall Landlords Take Hit in Wake of GGP Deal

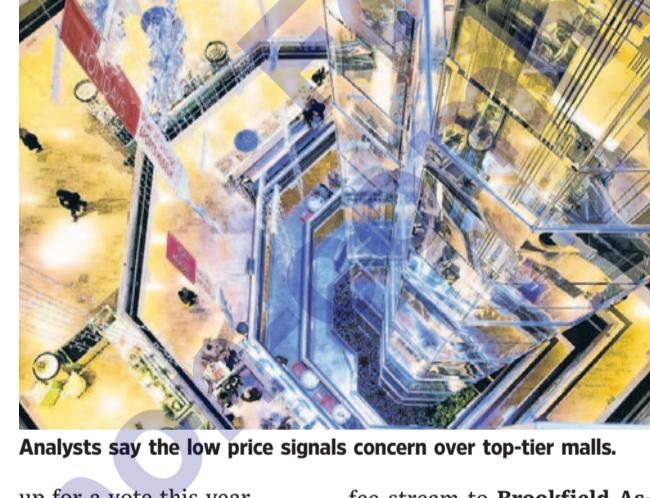
By ESTHER FUNG

Shares of retail real-estate companies declined over concerns that the weak acquisition price for **GGP Inc.** reflects problems with brick-and-mortar stores are beginning to drag down values of top-tier malls.

Shares of Chicago-based GGP dropped 5.3% on Tuesday, **Macerich Co.** fell 4.1%, **Taubman Centers Inc.** shed 2.5% and **Simon Property Group Inc.** slid 1.9%. The S&P 500 was off 1.7%.

Brookfield Property Partners LP said late Monday that a special committee of the board at GGP agreed to its offer to buy the 66% stake in the company it doesn't already own. The price—\$23.50 a share in cash or stock—was a sweetened version of the offer that Brookfield made in November.

But it was below the \$24 price many investors and analysts felt the company would fetch. Some predicted that GGP shareholders would reject it when the special committee's recommendation is put



Analysts say the low price signals concern over top-tier malls.

up for a vote this year.

In a research report Tuesday, analysts at BTIG pointed out that Brookfield's "wholly inadequate" offer values GGP at a 21.9% discount to what the company would be valued at if its properties were sold separately. "Why should the shareholders gift that arbitrage to Brookfield and award a very valuable management

aging director at Sandler O'Neill + Partners. "While the transaction price undervalues GGP, we believe GGP shareholders are left with the unpleasant situation of either declining in hopes of a higher price or just accepting reality and moving on."

The low bid comes at a time that competition from online shopping is clobbering bricks-and-mortar stores. In recent weeks, Toys "R" Us Inc. said it is starting to wind down its U.S. business and liquidate inventory in all 735 of its U.S. stores. The Wayne, N.J.-based company filed for bankruptcy protection in September.

Last week, teen-accessories chain **Claire's Stores Inc.** filed for chapter 11 bankruptcy protection.

GGP's portfolio of 125 properties includes some of the top malls in the country, such as Ala Moana Center in Honolulu. Top-quality malls located in wealthier areas have high rents and occupancy rates and are believed to be more immune to the turmoil in the retail world.

Another sign of Brookfield's low bid is its capitalization, or cap, rate, a common measurement in the real-estate industry of annual income from a property compared with its original cost. Lower cap rates mean higher prices.

Analysts say Brookfield's price amounts to a 6.0% cap rate. In 2016, GGP sold a 50% stake in Fashion Show Mall in Las Vegas to TIAA Global Asset Management at a price that valued the mall at a cap rate of 3.9%.

In December, European shopping center company **Unibail-Rodamco SE** made a \$15.7 billion takeover offer for **Westfield Corp.**, which has a smaller portfolio of high-end malls in the U.S. compared with GGP. Analysts said the offer placed Westfield at a cap rate of about 4% to 5%. Since then, mergers and acquisitions for upscale malls have slowed.

GGP was forced into bankruptcy protection in 2009 but recovered after emerging from chapter 11 in 2010.

Its portfolio includes more second-tier malls than some of its peers.

PLOTS & PLOYS

LENNAR

Builder Taps Tech For Mortgages

Lennar Corp. is trying to make the mortgage-application process a bit easier in hopes of easing the way to homeownership for younger buyers.

Lennar plans to begin using mortgage-application technology from Blend, a San Francisco-based startup, that allows consumers to apply for a mortgage online or on their phone. Executives say the technology can shave as many as 10 days off the process of applying for a mortgage.

Like many big home builders, Lennar has a mortgage subsidiary that helps buyers of its homes and others get mortgages. Making it easier for those buyers to get mortgages could help Lennar with attracting millennials. An additional obstacle for younger home buyers is the process of applying for a mortgage. "It's an incredible challenge for a first-time buyer because you're pulling documents from many different sources and it hasn't been a very friendly process," said Bruce Gross, Lennar's chief financial officer.

—Laura Kusisto

APARTMENTS

Rental Sector Shows Signs of Cooling

The apartment-rental market softened in the first quarter, but not as much as expected given a surge in new supply.

The apartment vacancy rate edged up to 4.7% in the first quarter, from 4.6% in the fourth quarter of 2017 and 4.3% a year ago, according to data released by **Reis Inc.** on Tuesday. The average apartment rent rose 3.9%, Reis said.

By both measures, the market has cooled from the recent peak, when rent growth hit 5.8% in 2015 and the vacancy rate touched a low of 4.1% in the third quarter of 2016.

Still, the market has proved to be resilient, given a flood of new supply from developers hoping to cash in from the strong growth rate earlier in the recovery.

—Laura Kusisto

BY ESTHER FUNG

More real-estate assets owned by publicly listed REITs are up for sale as the gap widens between their discounted share prices and the value of private-market transactions of physical assets.

Shares of real-estate investment trusts have underperformed the broader stock market for the third year running, in part because of rising interest rates, which cause these dividend-paying stocks to lose some of their appeal. The total return of the FTSE Nareit All Equity REITs index has declined 8.8% this year, compared with a 1.8% drop in the S&P 500's total return.

Because it would be difficult to issue new shares if REITs continue to trade at discounts, some are now compelled to sell assets to raise cash to help them reposition their remaining assets or fund

share buybacks.

REITs could sell individual assets, sell stakes in assets to other institutional investors and enter joint ventures in which they also could earn some management fees, or be acquired entirely and privatized by an investor.

Industry insiders said that while there are more for-sale signs popping up, these sales aren't driven by the need to reduce debt because REITs have been more disciplined since the financial crisis, so property prices aren't likely to fall drastically.

Listed REITs have been net sellers of assets since 2015, according to data from **Real Capital Analytics**. From January to March 23 of 2018, there were \$6.91 billion in disposals, compared with \$5.38 billion in acquisitions.

Disposals topped acquisitions in 2017 and 2016, \$6.09 billion to \$5.61 billion and

\$71.4 billion to \$48.4 billion, respectively, Real Capital said.

"There hasn't been any reprieve in the valuation of REITs," said Gil Menna, a partner at law firm **Goodwin Procter LLP**. Asset sales and joint ventures with pension

venture with **Hudson Pacific Properties** to redevelop the Los Angeles shopping mall into office space.

Phoenix-based REIT **Vereit Inc.**, formerly known as American Realty Capital Properties Inc., has unloaded real-estate assets valued at \$3.2 billion from 2015 to 2017. In February, Vereit closed the sale of Cole Capital, its investment-management business, to Los Angeles-based real-estate investment firm **CIM Group**.

Vereit, which underwent a rebranding and replaced its board members and management team after an accounting scandal in 2014, plans to sell another \$300 million to \$500 million in assets this year to continue efforts to diversify its portfolio.

"If you have to sell today, instead of 10 bidders you get five," said Glenn Rufano, Vereit's chief executive officer, noting that while there is

more competition from other sellers in the office market, the REIT had started selling earlier and isn't under pressure to sell cheaply.

"At this point, we're at a bit of an advantage," Mr. Rufano said.

Cleveland-based **Forest City Realty Trust** in recent months has sold shopping centers to Australian institutional-investment firm **QIC** and some New York retail assets to **Madison International Realty LLC**.

Forest City has been undergoing a strategic review for the past six months with an eye toward possibly selling itself completely. The REIT said last week that its financial advisers had narrowed the bidding process to one buyer, but both parties couldn't agree on the terms of a sale.

Forest City said that rather than a sale, nine of its board members would resign to make room for new faces.

BANKRATE.COM® MMA, Savings and CDs**Average Yields of Major Banks**

Type	MMA	1-MO	2-MO	3-MO	6-MO	1-YR	2-YR	2.5YR	5YR
National average	0.14	0.07	0.07	0.15	0.23	0.41	0.58	0.55	1.06
Savings	0.28	0.07	0.07	0.17	0.25	0.44	0.63	0.67	1.13
Jumbos									
Weekly change	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	-0.01
Savings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	-0.01
Jumbos									

Consumer Savings Rates

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High yield savings

Bank/rank	Minimum	Yield (%)	Bank/rank	Minimum	Yield (%)
Money market and savings account					
DollarSavingsDirect/4	\$1	1.80	TAB Bank/5	\$1,000	1.82
(866) 395-8693			First Internet Bank of Indiana/4	\$1,000	1.75
CIT Bank/5	\$100	1.75	Ally Bank/5	\$25,000	1.75
(855) 462-2652			(877) 247-2559		
Northern Bank Direct/4	\$5,000	1.51			
(844) 348-8996					

One-month CD		
EH National Bank/5	\$0	0.82
(888) 392-5265		
M.Y. Safra Bank, FSB/NR	\$5,000	0.30
(212) 652-7200		
VirtualBank/4	\$10,000	0.15
(877) 998-2265		

Two-year CD		
Colorado Federal Savings Bank/4	\$5,000	2.51
(877) 484-2372		
Applied Bank/5	\$1,000	0.05
(800) 616-4605		

Three-month CD		
First Internet Bank of Indiana/4	\$1,000	1.56
(888) 873-3424		
Ally Bank/5	\$25,000	1.50
(877) 247-2559		
TAB Bank/5	\$1,000	1.46
(800) 837-4136		

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Money market and savings account		
BVBA Compass/3	1.40	
(800) COMPASS		
Discover Bank/5	1.40	
(877) 505-4051		
M.Y. Safra Bank, FSB/NR	1.26	
(212) 652-7200		

One-month CD		
First Internet Bank of Indiana/4	2.17	
(888) 873-3424		
M.Y. Safra Bank, FSB/NR	\$5,000	2.12
(212) 652-7200		

Two-month CD		
Colorado Federal Savings Bank/4	\$5,000	2.51
(877) 484-2372		
Applied Bank/5	\$1,000	0.05
(800) 616-4605		

Three-month CD		
Luana Savings Bank/5	1.61	
(800) 666-2012		
First Internet Bank of Indiana/4	1.56	
(888) 873-3424		
EverBank/4	1.25	
(855) 228-6755		

Five-year CD		
M.Y. Safra Bank, FSB/NR	2.80	
(212) 652-7200		
First Internet Bank of Indiana/4	2.78	
(888) 873-3424		
Goldman Sachs Bank USA/5	\$500	2.75
(855) 730-7283		

Notes: Accounts are federally insured up to \$250,000 per person effective Oct. 3, 2008. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn interest. CD figures are for fixed rates only. MMA: Allows six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

Source: Bankrate.com, a publication of Bankrate, Inc., North Palm Beach, FL 33408
Internet: www.bankrate.com

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.

NEW HIGHS AND LOWS

Tuesday, March 27, 2018

Stock Sym Hi/Lo Chg Stock Sym Hi/Lo Chg Stock Sym Hi/Lo Chg

Stock	Sym	Hi/Lo	% Chg	Stock	Sym	Hi/Lo	% Chg	Stock	Sym	Hi/Lo	% Chg
BlueRockResFdu	BRGP	24.53	-4.1	FTD	3.77	-4.1	Reit Pfd B	PEIPB	20.25	-3.0	
BoardwalkPipe	BWP	9.99	-2.1	Finisar	FINS	15.35	-2.9	PennReitPfdC	PEIPC	19.53	-3.4
BrighthouseFin	BHF	50.29	-1.0	ForesightEnergy	FELP	3.76	-0.5	PoerQuestEnr	PQ	1.76	-0.5
BrookfieldProp	BPV	18.13	-1.0	Francesca's	FRAN	4.51	-4.4	Pixelworks	PXLW	3.87	-5.3
BuckeyePrls	BPL	35.24	-3.9	GAMCO Investors	GBL	24.79	-0.5	Pulimac	PULM	0.88	-9.0
CIM Comm	CMCT	11.75	-1.2	Gafisa	GFA	5.70	-3.4	PurpleInnovation	PRPL	8.80	-11
CVS Health	CVS	60.14	-1.6	Genesys	GEL	18.50	-1.7	RahPharm	RAXX	5.41	-7.6
CABCO SPC Comm	GVC	22.00	-0.9	Globalstar	GSAT	0.68	-0.5	RedVolte	RDVT	6.05	-8.6
CapitolFedFm	CFN	12.25	-1.7	GlobusMaritime	GLBS	0.82	0.7	RestORBio	TORC	10.57	-2.6
CardinalHealth	CDHP	23.01	-2.3	GreenlightCapre	GLRE	15.10	-1.0	ReArmerRes	REX	71.56	-3.5
CedarRealtyPf	CDPd	22.92	-0.7	GreenlightCapre	GLRE	15.10	-1.0	ReArmerRes	REX	71.56	-3.5
CedarcRealtyPf	CDPd	20.45	-1.8	GulfstrandFab	GIFI	7.20	-5.2	RecahnPharm	RNN	1.42	-5.7
Cell-Sci	CVM	1.30	-4.8	HannibalHealth	HBB	21.76	-4.1	RoaderunnerTrans	RRTS	2.80	-2.1
Chesapeake	CHKE	1.97	-10.3	Hasbro	HAS	83.56	-1.2	SellafLifeSci	SLS	3.80	-

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract				Open	
	Open	High	Low	Settle	Chg	Interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
March	2.9760	2.9775	2.9760	2.9915	0.0310	302
May	2.9840	3.0240	2.9775	3.0005	0.0305	150,761
Gold (CMX) -100 troy oz.; \$ per troy oz.						
March	1353.60	1356.80	1339.60	1341.30	-13.10	475
April	1353.60	1356.80	1339.60	1324.00	-13.00	108,630
June	1359.30	1362.60	1345.40	1347.90	-13.00	327,650
Aug	1365.80	1368.20	1351.90	1354.10	-13.00	49,357
Oct	1371.00	1372.00	1359.00	1360.10	-13.00	6,801
Dec	1376.80	1380.90	1364.20	1366.60	-13.10	45,274
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
March	975.30	975.30	949.5	975.30	1	
June	970.80	978.15	966.60	971.80	4.95	22,978
Sept	967.10	968.10	965.00	966.65	4.95	1,193
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
April	952.80	961.60	939.20	946.70	-3.70	12,588
July	958.50	967.40	945.00	952.40	-4.00	61,898
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
March	16.690	16.810	16.465	16.541	-0.143	84
May	16.690	16.810	16.465	16.541	-0.143	149,163
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
May	65.55	66.41	64.53	65.25	-0.30	512,488
June	65.47	66.27	64.49	65.18	-0.23	347,725
July	65.09	65.88	64.17	64.86	-0.17	156,042
Sept	64.00	64.71	63.25	63.83	-0.09	170,143
Dec	62.35	63.05	61.68	62.29	0.01	251,898
Dec'19	57.52	58.11	57.14	57.67	0.15	133,839
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
April	2.0170	2.0460	2.0050	2.0224	.0074	25,793
May	2.0199	2.0485	2.0065	2.0242	.0062	128,061
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.						
April	2.0110	2.0330	1.9987	2.0135	.0031	25,530
May	2.0199	2.0426	2.0060	2.0210	.0007	160,898
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
April	2.629	2.707	2.623	2.691	.073	5,560
May	2.669	2.721	2.660	2.714	.057	389,906
June	2.728	2.774	2.719	2.766	.050	93,399
July	2.789	2.830	2.780	2.822	.045	154,195
Sept	2.788	2.829	2.782	2.823	.039	96,749
Oct	2.805	2.842	2.795	2.836	.040	130,534

Agriculture Futures

	Contract				Open	
	Open	High	Low	Settle	Chg	Interest
Corn (CBT) -5,000 bu.; cents per bu.						
May	374.00	376.00	372.25	374.00	...	655,498
July	382.50	384.50	380.75	382.50	...	484,252
Oats (CBT) -5,000 bu.; cents per bu.						
May	227.75	228.75	225.50	226.00	-.50	4,472
July	236.50	236.50	233.00	233.50	-1.75	1,137

Cash Prices | WSJ.com/commodities

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Tuesday, March 27, 2018

	Tuesday				Tuesday
	(U.S.\$ equivalent)		16.6400		Tuesday
Energy			16.6400		
Propane,tet,Mont Belvieu-g	0.8238				
Butane,normal/Mont Belvieu-g	0.9315				
NaturalGas,HenryHub-g	2.600				
NaturalGas,TranscoZone3-i	2.570				
NaturalGas,TranscoZone6NY-i	2.570				
NaturalGas,PanhandleEast-i	1.970				
NaturalGas,Opal-i	1.960				
NaturalGas,MarcellusNE PA-i	2.110				
NaturalGas,HaynesvilleLA-i	2.480				
Coal,CApL,12500Btu,12SO2-r,w	63.000				
Coal,PwdrRvrBsn,8800Btu,08SO2-r,w	12.400				
Metals					
Gold, per troy oz.					
Engelhard industrial	1345.93				
Engelhard fabricated	1446.87				
Handy & Harman base	1341.45				
Handy & Harman fabricated	1489.01				
LBMA Gold Price AM	*1348.40				
LBMA Gold Price PM	*1352.40				
Krugerrand,wholesale-e	1396.10				
Maple Leaf-e	1409.52				
American Eagle-e	1409.52				
Mexican peso-e	1626.53				
Austria crown-e	1318.82				
Austria phil-e	1409.52				
Silver, troy oz.					
Engelhard industrial	16,6200				
Engelhard fabricated	19,9400				
Handy & Harman base	16,5510				
Handy & Harman fabricated	20,6890				
LBMA spot price	£11,7900				
Metals					
Energy					
Propane,tet,Mont Belvieu-g	0.8238				
Butane,normal/Mont Belvieu-g	0.9315				
NaturalGas,HenryHub-g	2.600				
NaturalGas,TranscoZone3-i	2.570				
NaturalGas,TranscoZone6NY-i	2.570				
NaturalGas,PanhandleEast-i	1.970				
NaturalGas,Opal-i	1.960				
NaturalGas,MarcellusNE PA-i	2.110				
NaturalGas,HaynesvilleLA-i	2.480				
Coal,CApL,12500Btu,12SO2-r,w	63.000				
Coal,PwdrRvrBsn,8800Btu,08SO2-r,w	12.400				

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BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more from their previous closing price was \$2 or higher.

MUTUAL FUNDS

Top 250 mutual-funds listings for Nasdaq-published Data provided by share classes with net assets of at least \$500 million each.

e-X-distribution. f-Previous day's quotation. g-Footnotes x and s apply. j-Footnotes e and s apply. k-Redemption charged by Lipper, using updated data. p-Distribution costs apply. 12b-1. r-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Tuesday, March 27, 2018

Fund	NAV	Net YTD Chg %	Net YTD %Ret	Fund	NAV	Net YTD Chg %	Net YTD %Ret	Fund	NAV	Net YTD Chg %	Net YTD %Ret	Fund	NAV	Net YTD Chg %	Net YTD %Ret	Fund	NAV	Net YTD Chg %	Net YTD %Ret					
American Century Inv	44.36	-1.17	2.2	AgEdInstn	10.61	+0.3	-1.8	SAIUSGphdFd	14.02	-0.25	-1.8	TotalBond	10.43	+0.04	-1.4	TotSelAdm1	65.32	-1.16	-1.7	Wellsl	25.98	... -3.0		
Ultra	1.76	-0.03	-1.7	CorBnlInv	11.96	+0.3	-1.7	TMktIdxF	75.09	-1.34	-1.7	First Eagle Funds	57.87	-0.44	-2.0	TxFMin	14.01	-0.10	-2.4	Welltn	40.64	-0.30	-2.8	
American Funds Cl A	1.29	-0.06	-1.7	BlackRock Funds A	24.00	-0.45	-3.6	TMktIdxPren	75.08	-1.34	-1.7	GlbA	57.87	-0.44	-2.0	Wldhsl	36.28	-0.51	-4.1					
AmcPA	32.34	-0.6	2.7	GlbAlloc	19.51	-0.15	-1.0	USBldInstPren	11.32	+0.04	-1.7	Fidelity Advisor I	31.85	-0.78	1.6	Vanguard Admrial	64.37	-0.91	-4.1	VANGUARD INDEX FDS	241.15	-4.24	-1.9	
AMutlIA	39.32	-0.38	-3.2	BlackRock Funds Inst	24.00	-0.45	-3.6	WlnsInsght	31.85	-0.78	1.6	Fidelity Freedom	34.23	-0.32	-1.3	WellsAdm1	62.93	... -3.0	-5.0	VANGUARD FDS	205.59	-3.87	-0.9	
Bala p	26.55	-0.19	-1.9	EgyDivd	22.18	... -2.6		FF2020	16.39	-0.13	-1.1	FF2020	17.84	-0.21	-1.2	WldnAdm1	70.18	-0.52	-2.7	ExtdBndl	10.47	+0.04	-1.7	
BondA p	12.62	+0.05	-1.6	EgyDivd	19.63	-0.15	-1.9	FF2025	14.24	-0.13	-1.1	CA TF A p	7.30	+0.01	-1.7	WldnAdm1	77.81	-1.11	-1.5	SmValAdm	54.78	-0.76	-3.5	
CapIBla	59.98	-0.2	-3.7	HIVldBd	7.65	+0.01	-1.5	FF2030	14.22	-0.13	-1.1	IncomeA p	58.90	-0.82	-3.7	WldnAdm1	70.50	-1.53	0.2	TotBndl	10.47	+0.04	-1.6	
CapWGrA	50.63	-0.72	-0.6	StatnOpctys	9.92	... 0.4		FF2035	14.20	-0.13	-1.1	GlBnd A p	11.85	-0.27	-0.4	DivGrd	25.96	-0.25	-2.2	HthCar	17.91	-0.17	-1.6	
EpacA p	56.20	-0.68	-0.6	Bridge Builder Trust	1.29	-0.06	-2.9	FF2040	16.39	-0.13	-1.1	Growth A p	26.32	-0.27	-0.4	DividGrd	20.94	-1.86	-0.8	VANGUARD INSTL FDS	65.30	-1.16	-1.7	
FdlnA p	61.18	-0.98	-1.4	CoreBnd	NA	... NA		Freedom2020	16.37	-0.13	-1.1	IncomeC t	2.30	+0.01	-3.5	Ballst	33.99	-0.31	-1.6	DevLkndIndx	14.03	-0.10	-2.4	
Gwtha p	50.74	-1.11	2.4	Dimensional Fds	NA	... NA		Freedom2025	14.22	-0.13	-1.1	RisDv A p	58.90	-0.82	-3.7	DevLkndIndx	21.93	-0.16	-2.4	DevLkndIndx	21.93	-0.16	-2.4	
Hl TrA p	10.19	... -0.5	5.6	5GbLfxdln	10.82	+0.02	-0.5	Freedom2030	14.22	-0.13	-1.1	FrankTemp	16.39	-0.13	-1.1	ExtdBndl	83.71	-1.57	-0.9	GrowthInst	72.28	-1.74	0.1	
ICAA p	39.33	-0.52	-2.3	EmgMktVa	31.68	-0.31	1.5	Freedom2035	15.03	-0.21	-1.2	FrankTemp	16.39	-0.13	-1.1	EqValue	38.95	-0.60	-4.2	EqValue	38.95	-0.60	-4.2	
IncoA p	22.56	-0.10	-2.0	EmkMtEq	23.11	-0.31	0.1	FF2040	16.39	-0.13	-1.1	FrankTemp	16.39	-0.13	-1.1	GNMAAdm1	10.25	+0.02	-1.3	IntStk	14.77	-0.12	-2.3	
N PerA p	43.78	-0.81	1.4	IntCoreEq	14.23	-0.11	-2.1	FF2045	14.24	-0.13	-1.1	FrankTemp	16.39	-0.13	-1.1	GNMAAdm1	10.25	+0.02	-1.3	IntStk	14.77	-0.12	-2.3	
NECoA p	46.63	-1.18	1.4	IntTemp	19.95	-0.18	-2.6	FF2050	14.25	-0.13	-1.1	FrankTemp	16.39	-0.13	-1.1	IntStk	14.77	-0.12	-2.3	IntStk	14.77	-0.12	-2.3	
NwrldA p	67.33	-0.81	0.6	IntSmCo	21.04	-0.15	-1.1	FF2055	14.26	-0.13	-1.1	FrankTemp	16.39	-0.13	-1.1	IntStk	14.77	-0.12	-2.3	IntStk	14.77	-0.12	-2.3	
SmcPa p	56.23	-0.72	0.8	IntSmVa	22.32	-0.15	-2.8	FF2060	14.27	-0.13	-1.1	FrankTemp	16.39	-0.13	-1.1	IntStk	14.77	-0.12	-2.3	IntStk	14.77	-0.12	-2.3	
TxExA p	12.79	... -1.3	1.3	US CoreEq1	20.40	-0.39	-1.7	FF2065	14.28	-0.13	-1.1	FrankTemp	16.39	-0.13	-1.1	IntStk	14.77	-0.12	-2.3	IntStk	14.77	-0.12	-2.3	
WshA p	44.35	-0.59	-2.4	US CoreEq2	21.09	-0.37	-2.2	FF2070	14.29	-0.13	-1.1	FrankTemp	16.39	-0.13	-1.1	IntStk	14.77	-0.12	-2.3	IntStk	14.77	-0.12	-2.3	
Baird Funds	US Small	34.98	-0.63	-2.7	IntldlxPm	42.20	-0.32	-2.3	FF2075	14.30	-0.13	-1.1	FrankTemp	16.39	-0.13	-1.1	IntStk	14.77	-0.12	-2.3	IntStk	14.77	-0.12	-2.3

Biggest 1,000 Stocks | WSJ.com/stocks

Continued From Page B9		Net Stock	Sym	Close	Net Chg	Net Stock	Sym	Close	Net Chg	Net Stock	Sym	Close	Net Chg	Net Stock	Sym	Close	Net Chg	Net Stock	Sym	Close			
MarathonPetrol	MTC	72.88	-0.80	NIKE	NKE	66.17	-0.17	Philips66	PSK	97.51	-0.29	SS&C Tech	SSNC	52.30	-0.90	TIIM Part	TSU	21.22	-0.13	VeriskAnalytics	VRSK	101.66	-1.93
Markel	MKL	114.04	-3.96	NISSA	NI	23.79	-0.40	PilgrimPrde	PPC	24.06	-0.07	SageTherap	SAGE	154.59	-0.17	T-MobileUS	TMUS	60.34	-1.05	Verizon	VZ	47.31	-0.24
MarketAxess	MKT	217.28	-1.57	NomuraHoldings	NMB	30.21	-0.22	PinnacleFoods	PNW	79.37	-1.21	RowePrice	ROWP	106.10	-2.24	TMU	TMUS	160.34	-5.76	VtPharma	VRTX	160.34	-5.76
Marriott	MAR	135.59	-3.33	Novartis	NVS	74.95	-0.23	PlainsGP	PAGP	21.59	-0.27	TableauSoftware	DATA	81.50	-2.74	TMU	TMUS	160.34	-5.76	VtPharma	VRTX	160.34	-5.76
Marvin&Co	MRC	81.31	-0.70	Oncore	ONCR	5.44	-0.10	PlainsAllPrcs	PAP	21.61	-0.18	TaiwanSemicon	TSM	43.29	-0.98	TMU	TMUS	160.34	-5.76	VtPharma	VRTX	160.34	-5.76
Marvin&Co	MRC	135.72	-3.33	OrbitalA	OTR	11.27	-0.62	PlainSands	SSL	33.41	-0.11	Tapestry	TPR	53.11	-0.13	TMU	TMUS	160.34	-5.76	VtPharma	VRTX	160.34	-5.76
McDonalds	MCD	157.48	-3.86	OrbitalA	OTR	11.27	-0.62	PlainsGP	PAGP	21.59	-0.27	Tapestry											

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

23857.71 ▼344.89, or 1.43%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Dec. Jan. Feb. Mar.

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2612.62 ▼45.93, or 1.73%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Dec. Jan. Feb. Mar.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week			3-yr. ann.
						High	Low	% chg	
Dow Jones									
Industrial Average	24446.22	23708.73	23857.71	-344.89	-1.43	26616.71	20404.49	15.2	-3.5 10.4
Transportation Avg	10445.13	10136.80	10181.42	-191.79	-1.85	11373.38	8783.74	11.9	-4.1 5.4
Utility Average	696.80	678.57	689.73	9.56	1.41	774.47	647.90	-1.9	-4.7 5.9
Total Stock Market	27717.94	26942.60	27094.15	-483.00	-1.75	29630.47	24125.20	10.9	-2.1 7.8
Barron's 400	718.60	699.85	702.77	-12.76	-1.78	757.37	610.89	12.9	-1.1 7.6
Nasdaq Stock Market									
Nasdaq Composite	7255.54	6963.68	7008.81	-211.74	-2.93	7588.32	5805.15	19.3	1.5 12.7
Nasdaq 100	6793.50	6479.56	6529.84	-223.99	-3.32	7131.12	5353.59	20.8	2.1 14.7
S&P									
500 Index	2674.78	2596.12	2612.62	-45.93	-1.73	2872.87	2328.95	10.8	-2.3 8.2
MidCap 400	1884.70	1844.24	1851.75	-27.71	-1.47	1995.23	1681.04	8.6	-2.6 7.1
SmallCap 600	946.34	924.90	927.86	-15.89	-1.68	979.57	815.62	11.4	-0.9 9.1
Other Indexes									
Russell 2000	1547.71	1508.94	1513.57	-30.15	-1.95	1610.71	1345.24	10.7	-1.4 6.9
NYSE Composite	12517.26	12246.41	12302.54	-130.61	-1.05	13637.02	11324.53	7.0	-4.0 4.2
Value Line	550.47	538.73	540.66	-8.01	-1.46	589.69	503.24	4.9	-3.9 2.1
NYSE Arca Biotech	4644.95	4456.48	4476.03	-151.01	-3.26	4939.86	3449.61	26.6	6.0 3.5
NYSE Arca Pharma	527.50	516.89	519.54	-3.81	-0.73	593.12	498.46	1.3	-4.7 -3.2
KWB Bank	108.32	104.22	105.05	-2.61	-2.42	116.52	88.02	14.3	-1.6 13.7
PHLX® Gold/Silver	81.94	80.73	81.25	-1.25	-1.52	93.26	76.42	-2.6	-4.7 6.3
PHLX® Oil Service	139.51	134.30	135.22	-2.81	-2.04	171.55	117.79	-18.4	-9.6 -10.7
PHLX® Semiconductor	1391.01	1317.96	1327.94	-52.16	-3.78	1445.90	960.01	31.6	6.0 24.1
Cboe Volatility	24.06	19.84	22.50	1.47	6.99	37.32	9.14	95.1	103.8 14.3

\$ Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low
SPDR S&P 500	SPY	10,926.3	260.15	-0.45	-0.17	265.32	260.13	
PwrShrs QQQ Tr Series 1	QQQ	7,501.4	158.86	-0.22	-0.14	163.58	158.86	
iShares MSCI EAFE ETF	EFA	5,776.6	68.65	...	unch.	69.41	68.59	
Van Eck Vectors Jr Gold	GDXJ	5,420.8	32.53	0.12	0.37	32.53	32.40	
iShares MSCI Emg Markets	EEM	4,227.0	47.53	...	unch.	47.67	47.53	
Automatic Data	ADP	3,341.6	112.26	...	unch.	113.16	112.26	
JPM Alerian MLP	AMJ	2,550.0	23.67	0.03	0.13	23.67	23.67	
Ford Motor	F	2,519.1	10.83	...	unch.	10.86	10.80	

Percentage gainers...

RH	RH	521.9	85.23	9.92	13.17	85.30	65.50
Iululemon athletica	LULU	637.6	83.04	4.33	5.50	86.40	78.64
Geron	GERN	357.1	5.38	0.23	4.47	5.65	5.12
AVEO Pharmaceuticals	AVEO	59.0	3.02	0.10	3.42	3.02	2.92
BlackBerry	BB	64.6	12.75	0.35	2.82	12.80	12.40
InspireMD	NSPR	136.3	2.05	-0.35	-14.58	2.47	1.95
Pareto	TEUM	806.9	2.80	-0.28	-9.09	3.29	2.50
Sonic	SONC	99.1	24.15	-1.19	-4.70	25.99	22.51
BlackRock Taxable Mun Bd	BBN	400.0	21.80	-0.56	-2.50	21.80	21.80
FireEye	FEYE	74.6	16.25	-0.34	-2.05	16.87	16.16

...And losers

InspireMD	NSPR	136.3	2.05	-0.35	-14.58	2.47	1.95
Pareto	TEUM	806.9	2.80	-0.28	-9.09	3.29	2.50
Sonic	SONC	99.1	24.15	-1.19	-4.70	25.99	22.51
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Trading Diary

BANKING & FINANCE

Pay Bias at U.S. Banks in U.K.

By MARGOT PATRICK

LONDON—U.S. investment banks in London have some of the biggest gender pay gaps in the country, reflecting long-established cultures of men dominating top trading and advisory roles and women working in junior posts or as administrators.

Women are paid about half as much as men in the main U.K. investment-banking units of **Bank of America Corp.**, **JPMorgan Chase & Co.** and **Morgan Stanley**, marking the widest gaps among around 40 global financial companies that have reported pay data to the U.K. government.

In one small JPMorgan unit that included senior merger-and-acquisition bankers on the snapshot day for the pay data, April 5, 2017, women were paid 54% less, and women's bonuses were 89% less than those paid to men. The pay gap across JPMorgan's 16,000 U.K. employees was 36%, as measured by median hourly pay, and 47% in its largest investment-banking unit.

Bank of America's investment-banking units paid women 47% less, while the gap across all of its 6,000 U.K. employees was 31%. Part of the issue is that women hold 98% of the bank's lower-paid administrative posts, it said. The picture at Morgan Stanley was similar, with the unit housing investment bankers and traders paying women 46% less, for an overall 35% median gap across its U.K. workforce.

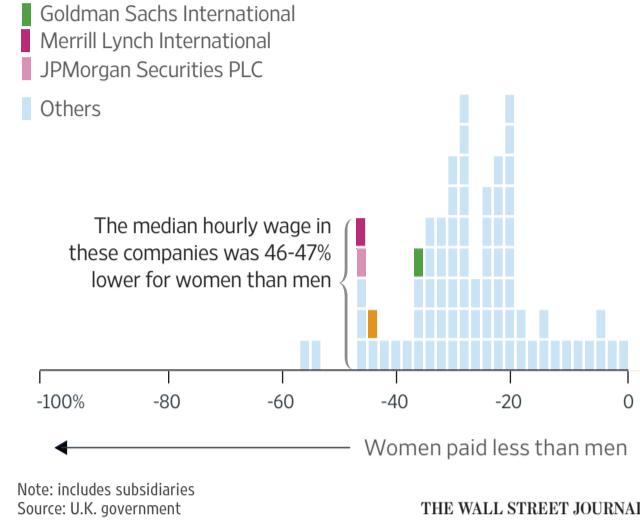
Getting more women into companies and boardrooms has been a hot topic for years but the issue is boiling over in the wake of allegations of sexual harassment and discrimination across industries. Some money managers have said they won't invest in companies that don't have women on their boards—even as they work to improve their own internal gender mixes.

All three banks pledged to improve the figures by supporting and encouraging women to climb their way to

Pay Gap Runs Deep

Women at the largest investment banks in the U.K. were paid at least 30% less than men.

Median hourly pay for women as a percentage of men's pay for selected financial institutions



Note: includes subsidiaries

Source: U.K. government

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London's Canary Wharf, where many U.S. banks have offices.

senior positions, and by welcoming back women who leave the workforce to have children.

Goldman Sachs Group Inc., which earlier this month said it pays women 36% less in its main London unit, also has put gender parity on its agenda, recently signing a British government charter to set targets and tie senior manager pay to the outcomes.

Citigroup Inc. on Tuesday reported an overall pay gap in

the U.K. of 30% and a 36% gap in its main investment-banking and markets arm. The lender's Europe chief executive, Jim Cowles, in a memo to staff said the bank aims to have a 30% female representation in higher-level roles in the Europe, Middle East and Africa division by 2025, and is in the process of setting global targets.

Data for the group of around 40 financial companies

were compiled by The Wall Street Journal from filings to a government website. Most firms had to make separate filings for several divisions, sometimes skewing the figures. A JPMorgan spokeswoman said the unit with the starker figures represented just 3.5% of its U.K. staff and has shrunk because of a streamlining of its legal entities in the country.

The U.K. introduced the reporting requirement to put the spotlight on companies with big pay and role imbalances. Any company with more than 250 employees in the country must report before an April 4 deadline and around 9,000 filings are expected.

The figures measure median hourly pay by gender and don't indicate men and women are paid different rates for the same job, which is illegal in many countries including the U.K. and the U.S.

"The root cause for what we see here is really the high proportion of men in senior and high-paying roles," said Peter Goerke, head of human resources at **Credit Suisse Group AG**. The Swiss bank on Tuesday said it pays women 29% less in median hourly pay across its U.K. operations, and 45% less in a unit covering global markets, investment banking and capital markets.

He said making significant improvements will mean stretching the comfort zones of senior managers and headhunters, including sometimes asking headhunters for all-woman candidate lists and steering interview processes to get more women to join and rise through its ranks.

The bank won't discriminate, either negatively or positively, Mr. Goerke said, but if three of 10 candidates are female, "maybe you interview all three of the women and three of the men...to steer it a little bit."

At the end of 2017, just 14% of Credit Suisse's managing directors were women, Mr. Goerke said. The aspiration is for around 18% by 2021.

AIG Paid \$67 Million To Two CEOs in 2017

By LESLIE SCISM

American International Group Inc. paid \$67.3 million to its chief executive officers in 2017, with part of the payment going to a man who resigned under pressure early in the year and another portion to attract his successor.

The steep executive pay is the cost of AIG changing its strategy for boosting lackluster profit margins. In March 2017, former Chief Executive Peter Hancock stepped down under pressure from activist investors as his turnaround plan suffered setbacks. He was succeeded in mid-May by Brian Duperreault, who had begun his career at AIG in 1973.

Mr. Duperreault, who ran three other firms before being recruited by AIG last year, racked up \$43.1 million in compensation for 2017, according to AIG's newly filed proxy. That includes two previously disclosed awards totaling \$28.2 million to get him to leave Hamilton Insurance Group Ltd., a Bermuda property-casualty insurer and reinsurer that he founded in 2013.

Mr. Hancock had total compensation of \$24.2 million. Of that, \$5 million is a previously disclosed payment for agreeing to stay until a successor was found, which turned out to be about two months. Mr. Hancock also received \$9.5 million as a lump sum under terms of AIG's executive-separation agreement, which was in place as of 2012, also previously disclosed.

Messrs. Duperreault and Hancock earned salary totaling \$1.6 million between them: \$1 million for Mr. Duperreault's $7\frac{1}{2}$ months and just under \$600,000 for Mr. Hancock's $4\frac{1}{2}$ months. The executives also had long-term-incentive stock awards—valued at \$11.2 million for Mr. Duperreault, and \$8.1 million for Mr. Hancock.

AIG's compensation for its top executives exceeds what

many Wall Street banks paid out. All together, the five biggest Wall Street bank CEOs received \$126 million in total compensation in 2017, and the average was \$25 million. **JPMorgan Chase & Co.'s** James Dimon—whose bank's \$2.5 trillion balance sheet is about five times the size of AIG's—was the highest paid of the five at \$29.5 million.

The changes at the top of AIG occurred as the global insurance conglomerate continues to try to regain its luster in the wake of repaying a nearly \$185 billion crisis-era bailout by U.S. taxpayers. AIG wrapped up repayment in 2012, after selling many of the most-profitable parts to raise cash. Since then, it has faced pressure by activist investors Carl Icahn and John Paulson

AIG's compensation for top executives exceeds what many big banks paid out.

to grow more rapidly.

Also in Tuesday's proxy, AIG disclosed it is shrinking its board for the second straight year, to 11 from 16 in 2016. Two directors aren't standing for re-election, as previously disclosed by AIG in regulatory filings, and no one is running to succeed them, according to the proxy.

One of the departing directors is Samuel J. Merksamer, who joined the board in spring 2016 as part of an agreement between AIG and Mr. Icahn. The billionaire investor was one of the most vocal of AIG's shareholders in pushing Mr. Hancock to take aggressive actions to improve AIG's results, including splitting it apart. At the time, Mr. Merksamer was a managing director of **Icahn Capital LP**.

—Liz Hoffman contributed to this article.

Chinese Lenders Embrace Old Fundraising Tool

By SHEN HONG

SHANGHAI—Old habits die hard, especially for Chinese banks.

The lenders, especially smaller ones, are turning back to a favorite but costly tool to raise money in wholesale markets, as slowing deposit growth makes it hard for them to fund new loans or honor repayments on investment products.

The resurgent popularity of short-term loans known as negotiable certificates of deposits, or NCDs, which banks have used to pile up bets on bonds in recent years among other uses, highlights the difficulties that Beijing faces in its battle against high debt levels and other leverage.

Chinese banks' issuance of these bondlike loans, which range from one to 12 months, has reached 2.1 trillion yuan (\$335 billion) this month, up 42% from a recent monthly low of 1.48 trillion yuan in January, edging closer to Sep-

tember's record of 2.2 trillion yuan, according to data provider Wind Info.

There are two risks involved: that banks become too reliant on these types of short-term funding, and that it could become more expensive if borrowing costs in China rise in line with global interest rates.

"The rising NCD issuance reflects increasing difficulties for commercial banks to attract deposits to support their business expansion, when bank loans are still growing at a faster speed than deposits," said Zhu Chaoping, a Shanghai-based economist at J.P. Morgan Asset & Wealth Management.

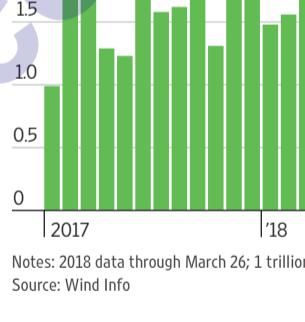
Deposits at Chinese banks rose 8.6% in February, the slowest rate in nearly 40 years, down from 11% growth in January and 11% a year earlier. In contrast, yuan-denominated loans last month increased 13% from a year earlier.

China introduced negotiable

Resurgence

Issuance of negotiable certificates of deposit has rebounded sharply as Chinese banks scramble for funds.

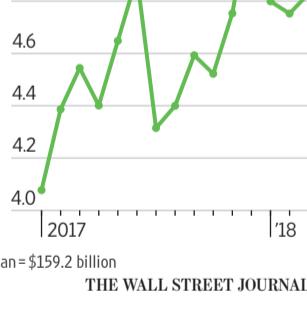
NCD issuance volume



Notes: 2018 data through March 26; 1 trillion yuan = \$159.2 billion

Source: Wind Info

NCD average issuance rate



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certificates of deposit in 2013 as a step toward liberalizing interest rates, as it gave banks the ability to use the new tool to be more free in setting borrowing costs. However, issuance didn't take off until two years ago, when banks began

loading up on short-term loans that they could reinvest in the domestic bond market, which was booming.

"The government intends to develop NCDs into a genuine fundraising instrument, but the market has turned it into a

tool for leveraging," said Qu Qing, chief fixed-income analyst at **Hua Chuang Securities**.

Wary of the risk, regulators warned banks in April 2017 against abusing these loans to fund leveraged investments. The warning briefly pushed issuance to a low of 1.23 trillion yuan in May. But it has fluctuated since then, reflecting lenders' demand. Any sharp increase in the cost of issuing these securities could severely weaken banks' ability to finance loans or repay investors in short-term investment products backed by long-term assets like bonds, analysts say.

The average cost of issuing negotiable certificates of deposit has risen to 4.83% this month, up from 4.75% last month and 4.54% a year ago, Wind Info said.

"There's definitely a liquidity risk. If borrowing costs rise further and no one wants to buy your NCD or the bonds you hold, you are finished," Mr. Qu said.

Anbang Founder's Trial Starts In China

By JAMES T. AREDDY

SHANGHAI—**Anbang Insurance Group Co.** founder Wu Xiaohui went on trial Wednesday, a month after Chinese authorities formally seized the once highly acquisitive insurer.

The Shanghai No.1 Intermediate People's Court said proceedings had opened against Mr. Wu on allegations of over \$10 billion worth of fraudulent fundraising and abusing his power. Those charges were handed up in February, the same day the insurance industry's regulatory body said it had seized control of Anbang.

The court statement, in a microblog posting, said Mr. Wu was being defended by an attorney who wasn't named. It didn't immediately provide details about the charges.

The court didn't specify how long the trial might last. But even complex court cases in China tend to wrap up in a day or two, typically leading to findings of guilt for the accused.

Anbang has said it supports action by authorities to manage the firm, but it has withheld comment about Mr. Wu. A spokesman couldn't immediately be reached on Wednesday.

Mr. Wu hasn't been seen or commented publicly since last June, when he was detained and Anbang said he would be unable to perform his duties.

The industry regulator's announcement in February that it would manage Anbang for at least a year capped a dramatic downturn for the insurer and provided evidence of Beijing's determination to address risks to its indebted financial system.

Anbang emerged in recent years as a fast-expanding insurer that used client money to make some of the most iconic international purchases by a Chinese investor—notably New York City's Waldorf Astoria hotel for nearly \$2 billion.

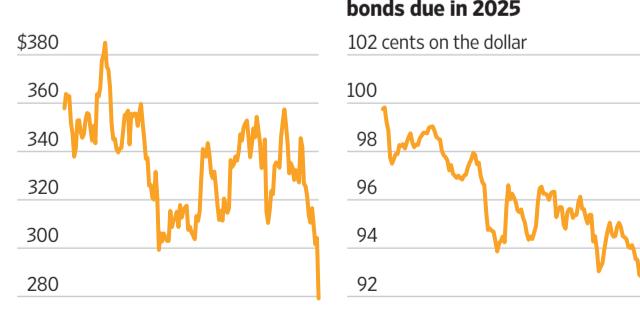
—Chunying Zhang contributed to this article.

By BEN EISEN

Slippery Slope

Tesla's stock and bond prices slid over the last month, extending declines after a government agency said it was investigating a recent crash.

Tesla's stock price



Sources: FactSet (stock price); MarketAxess

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morning when it hit a barrier separating the lanes.

A spokesperson for Tesla said in a statement: "We have been deeply saddened by this accident, and we have offered

maker's semi-autonomous system. The NTSB previously found that Tesla's autopilot shared some blame in a 2016 fatal crash. The auto maker has said its system improves safety.

The company's stock has fallen in 11 of the past 15 trading sessions, dropping 20% over the past month alone and trailing the S&P 500's 4.8% fall. Tesla, which makes electric vehicles, has burned through cash in recent years.

"We continue to believe that the Tesla investment thesis hinges on the company's ability to make the Model 3 profitably and deliver good initial build quality," said Bernstein analyst Toni Sacconaghi Jr. in a note to investors this month.

Those betting against the stock had a position worth about \$9.4 billion this week, according to IHS Markit, making Tesla the most shorted U.S. stock in dollar terms. Demand

to short the stock has increased through the recent selloff, the research firm said. Short sellers typically borrow a stock and sell it, hoping to buy it back at a lower price to return it. When the stock falls, as Tesla's has recently, they profit.

Moody's Investors Service also lowered its ratings on the company's debt further into junk territory late Tuesday. The corporate grade was dropped to B3 from B2, and its unsecured notes received a rating of Caal, down from B3.

"Tesla's ratings reflect the significant shortfall in the production rate of the company's Model 3 electric vehicle," Moody's analysts wrote in the report. "The company also faces liquidity pressures due to its large negative free cash flow and the pending maturities of convertible bonds."

—Tim Higgins and Charley Grant contributed to this article.

MARKETS

Treasury Prices Regain Footing

BY SAM GOLDFARB

Treasury prices strengthened, pushing the yield on the 10-year note to its lowest level in seven weeks, amid continued jitters in the stock market and easing concerns about the potential for a more aggressive Federal Reserve.

The yield on the 10-year Treasury note settled at 2.790% on Tuesday, compared with 2.843% Monday.

Yields, which fall when bond prices rise, declined steadily for much of the trading session before falling more steeply near the 3 p.m. settlement as stocks turned lower.

Though they staged a rally Monday, stocks have been weighed down in recent weeks by concerns about rising trade tensions and worries related to technology companies such as Facebook Inc. That has helped bolster demand for assets such as Treasurys, which offer steady interest payments and essentially no credit risk.

Traders piled into bonds Tuesday even as the Treasury sold \$35 billion of five-year notes, part of nearly \$300 billion of issuance this week.

Though new debt can sometimes weigh on the prices of outstanding bonds, analysts said larger forces supported the market, including confidence among investors about the direction of U.S. inflation and the Fed's interest-rate policy.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS	
Applications	\$176,263,530,400
Accepted bids	\$65,000,070,400
"noncompetitively"	\$706,157,900
"foreign noncompetitively"	\$500,000,000
Auction price (rate)	99.867389 (1.705%)
Coupon equivalent	1.731%
Bids at clearing yield accepted	57.88%
Cusip number	912796X5

The bills, dated March 29, 2018, mature on April 26, 2018.

52-WEEK BILLS	
Applications	\$71,856,810,500
Accepted bids	\$24,000,018,500
"noncompetitively"	\$487,210,500
"foreign noncompetitively"	\$3,200,000
Auction price (rate)	97.907000 (2.070%)
Coupon equivalent	2.132%
Bids at clearing yield accepted	80.28%
Cusip number	912796PK1

The bills, dated March 29, 2018, mature on March 28, 2019.

FIVE-YEAR NOTES	
Applications	\$93,750,707,900
Accepted bids	\$41,165,536,500
"noncompetitively"	\$57,178,700
"foreign noncompetitively"	\$0
Auction price (rate)	99.478566 (2.612%)
Interest rate	2.500%
Bids at clearing yield accepted	57.18%
Cusip number	912884Q9

The notes, dated April 2, 2018, mature on March 31, 2023.

Yuan Boosted by Central Bankers

China fixes its currency at the strongest rate against the dollar since 2015

BY SAUMYA VAISHAMPAYAN

China's central bank guided the yuan to its strongest level against the U.S. dollar since its surprise devaluation more than 2½ years ago, and market participants can't agree on why it has appreciated.

The People's Bank of China set the dollar's reference rate at 6.2816 yuan on Tuesday, putting the yuan at its strongest since Aug. 11, 2015. The yuan's stronger so-called fix, which is partly based on the previous day's close, followed a surge in its value on Monday afternoon. China's central bank allows the currency pair to trade 2% above and below its reference rate each day.

The yuan rose further once trading began in mainland China. There, one dollar ended at 6.2728 yuan, after earlier trading at intraday levels last hit in August 2015. The yuan's value was stronger in the offshore market, where it trades more freely, though the Chinese currency swung later in the day. The yuan gave up an earlier gain of as much as 0.3% in afternoon trading to be down 0.2% against the dollar for the day. One dollar bought 6.2665 yuan offshore as of late Tuesday in Hong Kong.

In late New York trading, the yuan slipped 0.2% against the dollar for the day, with one dollar buying 6.2832 yuan. Analysts said it wasn't clear what triggered the yuan's rally this week.

Eddie Cheung, a foreign-exchange strategist at Standard Chartered in Hong Kong, said



The yuan is up 0.8% against the dollar so far this month, breaking out of trading in a narrow range. A food market in Shanghai.

the rise was driven by the offshore market on Monday. The currency pair's move intensified after the dollar hit a key level—6.30 yuan—triggering orders to sell the dollar against the yuan at that level, he added.

The yuan's recent advance marks a shift from its trade this month, when it was largely confined to a narrow range. The yuan had risen just 0.2% against the dollar in March through Friday. As of late Tuesday in New York, it was up 0.8% in March. That compares with a 0.7% drop against the dollar in February and a surge of 3.5% in January.

The yuan may get a boost in the longer run if more foreign investors buy Chinese debt. Bloomberg LP on Friday said it plans to include Chinese bonds

in its Bloomberg Barclays Global Aggregate Index next year. The index would be the first major benchmark to include debt from the world's second-largest economy and could trigger passive flows that total \$110 billion once the bonds are fully added to the index, according to Goldman Sachs.

The value of the Chinese yuan has long been a point of contention with U.S. politicians, including President Donald Trump, who have argued that China kept its currency artificially weak as a way to fuel exports. China and the U.S. have quietly started negotiating to improve U.S. access to Chinese markets, part of discussions on trade between the two countries.

Analysts at Bank of America

Merrill Lynch said this month that China might try to ease trade pressures by strengthening the yuan.

Still, Mr. Cheung from Standard Chartered said he didn't think trade was the reason for the yuan's latest rise. "Trump hasn't really talked about the currency in a long time, so I don't see why China would want to put this on the table," he said, referring to a stronger yuan.

A stronger yuan stands to crimp the competitiveness of Chinese goods, a factor that could harm the country's economy this year, even though China is less reliant on exports for growth these days.

"China's growth is doing OK this year, but that doesn't mean it can stand that much appreciation," Mr. Cheung said.

Sudden Shift

The yuan has strengthened sharply against the dollar this week.

How many Chinese yuan one dollar buys

Note: Scale inverted to show a stronger yuan

Source: WSJ Market Data Group

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Dollar Gains, Helped by Declining Euro, Oil

BY IRA IOSEBASHVILI

The dollar rose against a broad range of currencies Tuesday, reflecting weaker-than-expected European data and a drop in oil prices.

The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, increased 0.3% to 83.34.

The news "sparked some concerns that a strong euro, fears about a global trade war and tightening financial conditions may be putting the brakes on the...strong recovery," Omer Esiner, chief market analyst at Commonwealth Foreign Exchange, said in a note to clients.

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An uneven recovery in the eurozone could complicate the European Central Bank's plans to unwind its monetary-stimulus program and eventually raise interest rates.

The central bank responded to a 2017 pickup in growth by cutting back on bond purchases under a stimulus program known as quantitative easing, and investors expect to see those purchases end later this year. Higher rates tend to make the euro more attractive to yield-seeking investors.

The single currency dropped 0.3% to \$1.2405 in late New York trading.

At the same time, a slide in oil prices helped lift the dollar against the currencies of some commodities-producing countries. The dollar rose 0.35%

against the Russian ruble to 57.40, while also gaining against the Mexican peso and Brazilian real. U.S. crude for May delivery lost 30 cents a

barrel, or 0.5% to \$65.25.

Some emerging-market investors also have been spooked by a trade spat between the U.S. and China, after President Donald Trump last week threatened to levy tariffs on as much as \$60 billion of

imports from China, while Beijing announced retaliatory measures. Although those concerns have moderated in recent days, investors worry that looming trade restrictions could slow growth in China and hit demand for commodities, a key export of many developing countries.

The dollar inched down against the yen, as a late-day drop in U.S. stocks sent some investors into the Japanese currency, which tends to attract buying during times of political or economic uncertainty. The dollar fell less than 0.1% to ¥105.34.

Despite Tuesday's gains, many market participants continue to be wary regarding the U.S. currency's longer-term prospects. The dollar is down

more than 3% in 2018 and has fallen by 7.45% over the past 12 months. The losses have come despite expectations that the Federal Reserve will raise interest rates three times this year.

Some investors have attributed at least part of those declines to concerns over protectionist trade policies, which have historically weighed on the dollar.

The ICE Dollar Index, which measures the dollar against six major currencies, fell nearly 20% between 2001 and 2003, as the U.S. imposed tariffs on steel imports, data from TD Securities showed.

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0.3%

Increase by the WSJ Dollar Index on Tuesday

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Stock Selloff Accelerates Near the Close

BY ALLISON PRANG AND DAVID HODARI

Shares of technology and financial stocks slumped Tuesday, pushing major indexes down for the fourth time in the past five trading days.

The decline extended a spring rout in sectors that up until recently had been significant beneficiaries of a roaring rally that began in the hours after Donald Trump was elected as president.

Bank shares, in particular, sold off as U.S. government bonds rallied and the yield on the 10-year Treasury note dropped below 2.8%. The KBW Nasdaq Bank Index of large lenders fell 2.4%, its third decline in five trading sessions. Lower interest rates tend to hurt banks by weighing on their net interest margins, a key measure of lending profitability.

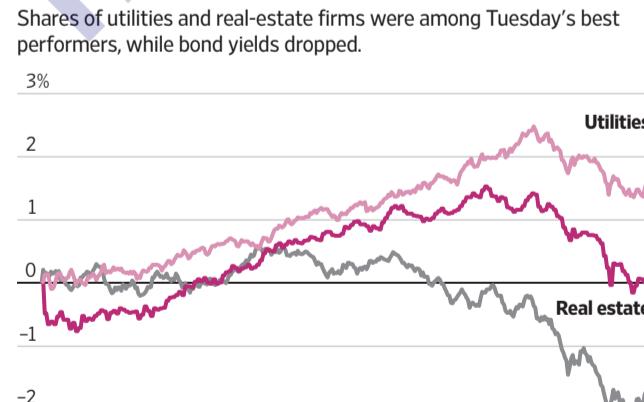
Bank of America lost 92 cents, or 3%, to \$29.52, while Goldman Sachs Group dropped 7.62, or 3%, to 247.26.

Meanwhile, shares of utility, telecommunications and real-estate firms in the S&P 500, thought of as bondlike because of their relatively hefty dividend payouts, logged modest gains as investors sought safety.

The Dow Jones Industrial Average ended the session down 344.89 points, or 1.4%, at 23857.71, after dropping as much as 483 points as its losses accelerated in the final 90 min-

On the Defensive

Shares of utilities and real-estate firms were among Tuesday's best performers, while bond yields dropped.



assuming the worst-case scenario. That they responded this way may reflect overall positioning because we've had quite a good run and that correction was a bit stronger than expected," said Geoffrey Yu, head of the U.K. investment office at UBS Wealth Management.

The yield on the 10-year Treasury note fell to 2.790%, its lowest close in seven weeks, from 2.843% Monday. Seen as relatively safe stores of value, Treasurys have benefited from turmoil in the stock market, as well as easing concerns about the potential for a faster pace of interest-rate increases by the Federal Reserve.

Bond prices have climbed even as the Treasury is selling \$300 billion of new debt this week, an outgrowth of expanding U.S. budget deficits that might normally weigh on the market.

Meanwhile, rising inflation has prompted growing speculation about the Fed's interest-rate policy, with some analysts suggesting the central bank will increase rates four times in 2018 instead of the three times it had penciled in.

Overseas, European stocks rebounded, with the Stoxx Europe 600 closing up 1.2%.

MARKETS

Investors Worry They Stayed Too Long

By ASJYLYN LODER

The stock market's violent swings in recent days have investors wondering anew whether the nine-year bull market will finally turn bear.

Major indexes dropped Tuesday, a day after posting their biggest one-day percentage gain in 2½ years. Stocks advanced for much of the trading day before being dragged lower by technology and financial shares, extending last week's slide when fears of a trade war weighed on the market.

The gyrations left the S&P 500 on track for a second-straight monthly decline—which would be the index's first back-to-back monthly contraction since 2016. Wall Street's fear gauge has climbed. Short-term borrowing rates have increased to their highest level in nearly a decade.

While investors remain eager to squeeze every last dollar out of the bull market, increasingly they are worried that they will stay in too long.

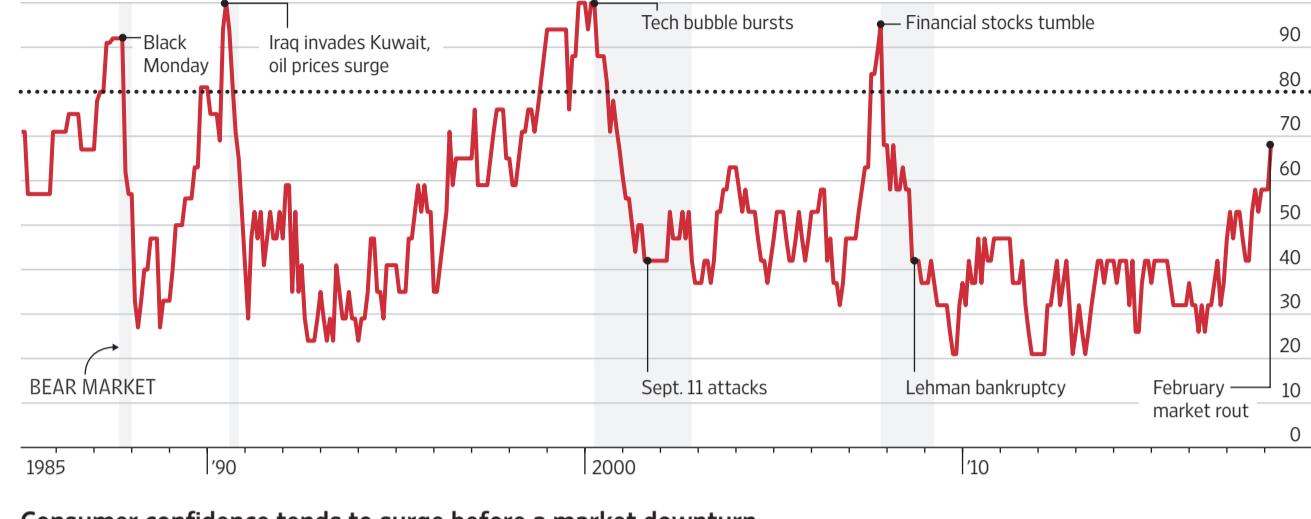
That has left many investors watching for signs of a larger pullback. The potential signals include everything from stocks' price/earnings ratios to the gap between short- and long-term bond yields. One measure of those indicators suggests investors' jitters may still be a bit premature.

Late last year, analysts at Bank of America Merrill Lynch compiled a set of 19 indicators that have preceded past bear markets, which are unofficially defined as a 20% retreat from the most recent peak. Right now, those signposts suggest that the risk of a downturn is rising but that a reversal isn't imminent.

In the past, bear markets were on the horizon when 80% of those signals—which include rising interest rates, growing consumer confidence, tightening credit conditions

Bear markets followed periods when 80% of 19 market indicators selected by Bank of America were hit.

Percentage of signals triggered



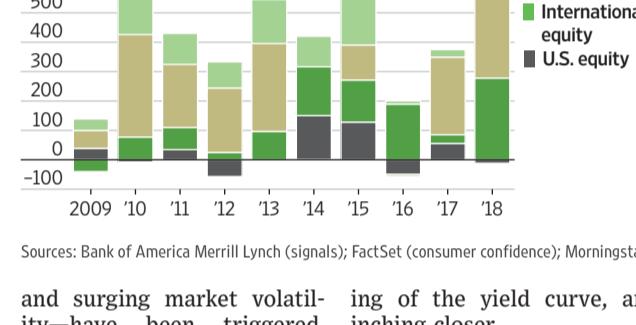
Consumer confidence tends to surge before a market downturn.

Consumer Confidence Index



Investors still haven't embraced U.S. stocks, favoring corporate-bond and international equity funds instead.

Flows into U.S. exchange-traded and mutual funds, excluding money-market funds and fund of funds



Sources: Bank of America Merrill Lynch (signals); FactSet (consumer confidence); Morningstar (flows); Federal Reserve (tightening standards)

and surging market volatility—have been triggered.

Right now, 13 of the 19 indicators have been tripped. Several others, such as a narrowing gap between short-term and long-term bond yields, a condition known as a flatten-

ing of the yield curve, are inching closer.

While a 68% hit rate might seem high, this threshold was typically reached an average of two years before stocks peaked in the past seven bear markets, according to a Bank

of America report dated March 13.

"It's too late to react once you're in a bear market," said Dan Suzuki, senior U.S. equity strategist at Bank of America Merrill Lynch. "You want to be looking out for signs that

you're entering a bear market."

Many of the signals that worry investors, such as inflated company valuations and surveys of investor sentiment, have proven to be unreliable ways to pick the market peak,

Mr. Suzuki said.

"Returns at the end of bull markets are some of the strongest," Mr. Suzuki said. "If you're a conservative investor, maybe this means you should be taking some chips off the table. But if you're trying to capture all of those returns, then you want to wait."

Despite the recent volatility, many analysts think the economic backdrop remains strong for stocks. Fears of a trade war between the U.S. and China ebbed this week following reports that the two countries were in discussions to improve U.S. access to Chinese markets.

The Dow Jones Industrial Average fell 344.89 points, or 1.4% to 23,857.71 on Tuesday, bringing its 2018 decline to 3.5%. The S&P 500 stock index dropped 1.7%, and the tech-heavy Nasdaq Composite Index tumbled 2.9%.

Concerns about tariffs, rising interest rates, inflation and bloated valuations have overshadowed good news like higher corporate earnings and strong economic growth, said Joe Zidle, investment strategist for Blackstone Group LP. And investors have yet to embrace U.S. equities, the way they have in the late stages of other bull markets.

U.S. equity exchange-traded funds and mutual funds have taken in \$281 billion in the past decade while international stock funds attracted more than \$1 trillion and corporate-bond funds drew \$1.9 trillion, according to Morningstar Inc.

"Investors have been unwilling to embrace this bull market, and now they want to know when it's going to end," Mr. Zidle said. "The fact that so many people think it's about to end tells me it's going to keep going for a while yet."

"It's only at the end of a bull market that investors jump in with both feet," he said.

HEARD ON THE STREET

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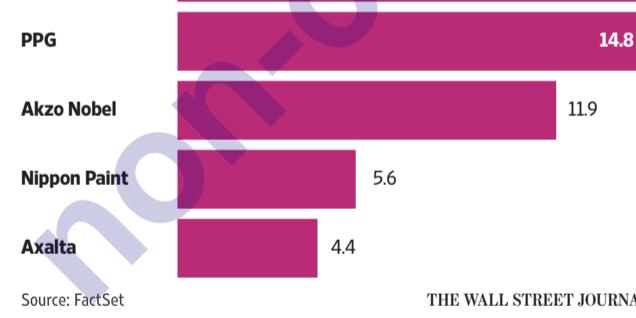
Buyout War Brews in Paint Sector

OVERHEARD

Tech Values Don't Fully Reflect Risk

Matching Paints

Paint company revenue, 2017



year despite increasingly vocal entreaties to negotiate from key shareholders, chief among them activist **Elliott Management**.

The battle made clear that a hostile bid for Akzo is too risky under Dutch law. The best hope for would-be acquirers is that management is more willing to negotiate under its new chairman, Nils Anderson, who takes over next month. The retiring chairman, Antony Burgmans,

still-fragile relationship with shareholders gives Mr. Vanlancker limited scope to pay a premium. The Akzo-Axalta talks broke down after a rival approach by Axalta's Japanese competitor **Nippon Paint Holdings** raised the prospect of a bidding war.

The industry's top executives still expect more mergers, partly due to rising raw-material costs. PPG and **Sherwin-Williams** both talked up their readiness for acquisitions in January results calls. Axalta boss Charles Shaver told an investor conference this month that two more big deals could be possible.

However, the reasons why last year's deals didn't work out haven't disappeared. In fact, the most financially obvious combination—PPG buying Akzo—has become more challenging because of the dollar's weakness against the euro.

The paint industry still seems ripe for consolidation. It is just that last year's bids may be no guide to solving the puzzle. —*Stephen Wilmot*

Apparently, not everyone on Wall Street subscribes to the "first things first" mantra.

MiMedx Group, a tissue-graft developer, announced this week that it planned to present at the Needham Healthcare Conference on Wednesday. Presenters include the company's chairman and CEO, **Parker H. "Pete" Petit**.

That seems to be a curious use of Mr. Petit's time, considering that MiMedx has significant unresolved issues. The company has yet to file a required annual report with the Securities and Exchange Commission that was due earlier this month as the company investigates allegations of improper sales and distribution practices. Meanwhile, the SEC and Justice Department are both looking into the company.

MiMedx shares are down about 60% from late January, so investors clearly could use a little reassurance. Perhaps filing audited financial statements would be a better way to help them relax.

The problem in tech isn't demand. It's everything else.

Such was illustrated well on Tuesday when a late-market sell-off hit the technology sector particularly hard. The Nasdaq Composite slid nearly 3%—double the loss of the Dow. And the selling hit every segment, from internet companies to chip makers to software providers. Even **Apple**, which kicked off the day with a cheery event designed to showcase new iPad and other offerings for the education market, shed 2.6% by the close.

Nvidia's shares fell nearly 8%, while **Facebook** shed nearly 5%. In the case of Nvidia, the chip maker announced it was temporarily halting road tests of its driverless-car technology following a fatal crash involving an **Uber** vehicle. It isn't clear if that vehicle was using Nvidia's chip products, and these chips are just a small part of its business, but the news still cast a pall over the stock.

For Facebook, the sell-off came on news that CEO Mark Zuckerberg will testify before Congress about the social network's handling of user data. That raises fears about government regulation for the company.

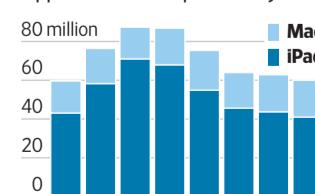
Tech stocks have been on a long winning streak on strong demand for hardware, software and services. But the sector's growing clout over everyday life also raises the risks of what can go wrong. The Nasdaq Composite has spent the past month trading at a 28% premium to the S&P 500 as a multiple of forward earnings, compared with its three-year average of 22%. That is a sign that tech's new risks haven't been fully priced.

—*Dan Gallagher*

Apple Is Getting Schooled by Google in Education Market

Passing Marks

Apple's unit sales per fiscal year



Note: 2018 is an estimate. FY ends Sept. 30. Sources: the company, FactSet

Apple last updated its iPad lineup a year ago, culling some offerings while trimming the price on its flagship 9.7-inch version. That didn't arrest a long-

running decline in sales for the pioneering tablet. Unit sales of the iPad fell 4% in the fiscal year ended in September, and Wall Street expects an additional 6% decline for the current year.

But Tuesday's announcement wasn't simply Apple trying to bolster what is now its fourth-largest business, behind the iPhone, services and Mac in terms of annual revenue. The company has lost ground to Google in the education market. Apple accounted for nearly half of the laptops and tablets sold in the U.S. K-12 market in 2013, while Google's Chromebooks accounted for 20%, up from

1% a year earlier, according to FutureSource Consulting. Last year, devices running Google's Chrome OS accounted for 58% of that market.

Altering that trajectory will be a major challenge, even for the world's most valuable company. Google, owned by **Alphabet** Inc., has the advantage of both price and ubiquity. The cheapest Chromebooks are about 40% less than the cheapest iPad, and Google's G-Suite of services is already widespread in schools. Gmail alone passed the one billion user mark two years ago.

Apple's software often gets high marks. But the com-

pany's software and services work only on its own equipment. That means the company's prospects are always closely tied to its ability to sell devices. And since those devices still drive the majority of Apple's operating profits, the company can't really afford to compete on price.

Google, which doesn't even make most of the Chromebooks bearing its operating system, has no such limitations. Apple's approach has served it well overall. But in budget-constrained markets like education, the right price isn't always one the company can meet.

—*Dan Gallagher*