

THE WALL STREET JOURNAL.

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DJIA 20606.93 ▼ 372.82 1.8% NASDAQ 6011.24 ▼ 2.6% STOXX 600 391.14 ▼ 1.2% 10-YR. TREAS. ▲ 1 1/32, yield 2.216% OIL \$49.07 ▲ \$0.41 GOLD \$1,257.50 ▲ \$22.50 EURO \$1.1159 YEN 110.81

What's News

Business & Finance

Stocks, the dollar and Treasury yields sank amid investor anxiety about the future of Trump's legislative agenda. The Dow and S&P 500 had their worst day since September, with the blue chips losing 372.82 points to 20606.93. A1, B11, B13, B14

◆ **CSX chief Harrison's** health has become a critical question for investors ahead of a vote on an \$84 million payment for the executive. A1

◆ **VW's CEO** and others are being investigated over whether they adequately disclosed financial liabilities tied to the emissions scandal. B1

◆ **U.S. household debt** hit a record in early 2017, topping its 2008 peak after years of retrenchment. A2

◆ **A new computer attack** and a threat by hackers to release a fresh trove of cyberweapons are fueling fears of another global assault. B1

◆ **Cisco said** it would cut 1,100 more jobs and forecast a revenue drop as it contends with market shifts. B1

◆ **OPEC is trying harder** than ever to win over big investors, but the group is finding that falling oil prices are making that a tough sell. B1

◆ **Japan's economy** picked up speed in the first three months of 2017, extending a recent stretch of growth. A16

◆ **Ford said** it would reduce its salaried workforce in some regions by 10% amid an accelerated attack on costs. B2

◆ **The U.S. made** its case to the EU on why it may expand a laptop ban to cover flights to the U.S. from Europe. B6

World-Wide

◆ **Ex-FBI Director Mueller** was named as special counsel to oversee the federal probe into Russia's alleged interference in the 2016 U.S. presidential election. A1, A4

◆ **A Russian state-run bank** under U.S. scrutiny financed a deal involving Trump's one-time partner in a Toronto hotel tower. A1

◆ **Congress is ratcheting up** inquiries into the controversies that have buffeted Trump in recent weeks. A5

◆ **Putin said** his foreign minister didn't divulge any U.S. secrets after a meeting with Trump last week. A6

◆ **The source** of intelligence Trump shared with Russians was described as the most valuable for information on Islamic State plots. A6

◆ **The U.S. announced** new sanctions against Iran aimed at its missile program. A8

◆ **Erdogan's security team** was accused of attacking protesters during the Turkish leader's Washington visit. A3

◆ **Brazilian opposition** lawmakers called on Temer to resign after a newspaper linked him to alleged bribes. A16

◆ **Immigration arrests** rose sharply in the first 100 days of the Trump administration, including those of people without criminal records. A3

◆ **Chelsea Manning**, convicted of leaking government secrets, was freed after seven years in prison. A3

◆ **A health-care expansion** under the ACA improved the detection of some cancers, a study suggests. A3

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U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

When Full Employment Isn't a Good Thing

In April, when the unemployment rate dropped to 4.4%, it marked the completion of a slow and joyless recovery from the Great Recession.

Eight years on, the U.S. has effectively returned to "full employment," meaning unemployment can't go sustainably lower. In reaching this milestone, the U.S. has closed one troubled chapter for the economy while opening a fresh one with tricky new trade-offs for the Federal Reserve and President Donald Trump.

For years, low interest rates and hefty government budget deficits, whatever their downsides, had one clear upside: They created more jobs in an economy that desperately needed them. That is no longer true. At full employment, those economic policy choices become harder.

The Fed and Trump administration could try to push unemployment even lower and see what happens, but history isn't encouraging. Unemployment has been this low only twice since 1990 and both times an asset bubble and inflation pressures emerged and recession soon followed.

Unemployment of 4.4% today may not mean what it did in previous decades since

it has been pushed down by an exodus of working-age people from the labor force. Some economists think those workers might flood back when conditions are right, serving as a hidden reserve of labor to keep growth humming even when official unemployment seems low.

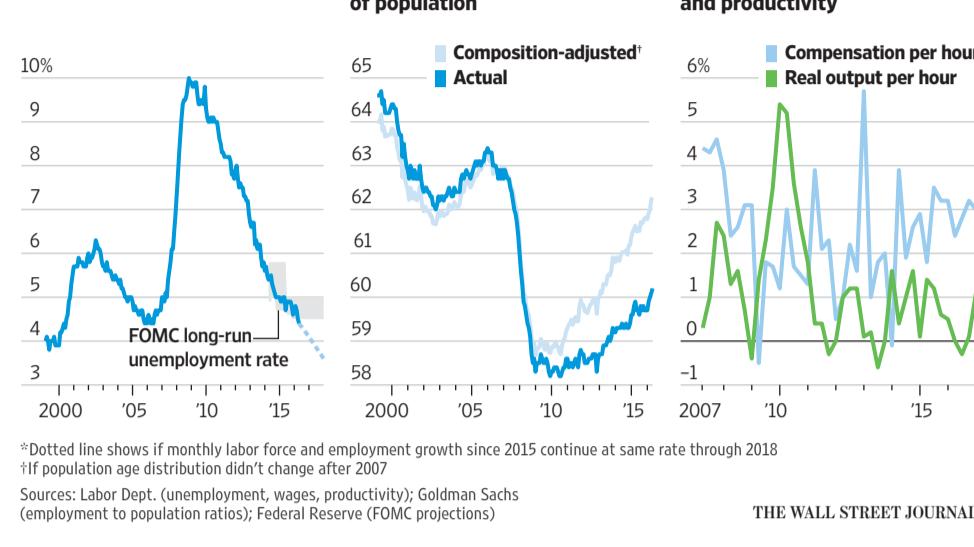
Employment as a share of the working age population is still nearly 3 percentage points below its 2007 level. But this is deceptive. The share of workers over 54 years old, and thus more likely to retire early and drop out of the labor force, has grown since then.

Economists at Goldman Sachs found that if the age structure of the population were frozen in 2007, then the employment-to-population ratio today would be much closer to its 2007 level. In other words, almost all of the job shortfall today can be blamed on demographics, not economic weakness. Most of any remaining gap probably reflects longstanding structural factors keeping some men out of work, such as disability, says Goldman.

Wage pressure, the usual sign of a tight labor market, had long been absent. Not anymore. Hourly earnings growth in the last year has picked up to 2.5% from near 2% for most of the expansion. A broader measure of

A Fully Healed Labor Market

Unemployment is below its 'natural' level and headed lower, and aging has held back employment growth. Wages are picking up but productivity isn't.



*Dotted line shows if monthly labor force and employment growth since 2015 continue at same rate through 2018

†If population age distribution didn't change after 2007

Sources: Labor Dept. (unemployment, wages, productivity); Goldman Sachs (employment to population ratios); Federal Reserve (FOMC projections)

private sector hourly wages and benefits was up 3.9% in the first quarter from a year earlier. While disappointing compared to before 2007, this may be the new normal given sluggish worker productivity growth.

While 4.4% is below what Fed officials consider the natural unemployment rate, where price and wage pressures build, that doesn't mean inflation automatically accelerates. In fact, it's eased recently, so the natural rate may be even lower.

Yet the Fed is now playing

against the clock. If employment and the labor force keep up their recent paces, unemployment will hit 3.6% by the end of 2018, which is almost certainly unsustainable in the long run.

There's no reason to expect job growth to slow of its own accord. Indeed, Mr. Trump is deeply invested in ramping it up. His economic program is premised on the notion that there are millions of hidden unemployed waiting to return to work. Tax cuts, he claims, will largely pay for themselves.

"We have to prime the pump," he told *The Economist* magazine recently.

At almost any time between 2008 and 2014, larger budget deficits would have achieved just that by stimulating a slack economy. But at full employment, the workers needed to produce all that extra output already have jobs. Construction, for example, is being held back by shortages of skilled trades people. Priming the pump now will aggravate those shortages.

Mr. Trump's trade plans

are similarly problematic. He thinks lower trade deficits lead to stronger growth when, historically, no such relationship exists. In theory, choking off some imports and raising exports could add to output, but only if there are workers available to make the additional goods. At full employment, they will increasingly have to be drawn from other sectors. Even manufacturers report struggling to fill vacancies.

"Even if you manage to turn more protectionist trade policies into near-term positives for cyclical strength of the economy, it's not so sure that that's a good thing," says Jan Hatzius, Goldman's chief economist.

So in the still uncertain event Mr. Trump does slash taxes or curb imports, he may temporarily drive unemployment even lower. That would force the Fed to eventually guide unemployment back up via much higher interest rates to prevent overheating.

Since World War II, Goldman notes, whenever the unemployment rate has risen a third of a percentage point, it has kept going until the economy falls into recession. That doesn't mean it will happen now; yet it's an eventual reality for which neither the markets, the Fed nor Mr. Trump seem prepared.

the chance to add to his U.S. stock positions, particularly in technology and financial companies expected to do well when growth is picking up.

But his opportunism has its limits. If further developments suggest that Mr. Trump's position might become more precarious related to his discussions with Mr. Comey, that could roil markets, he said.

"If he is going to get entrenched into defending himself over the next couple of weeks or months, that's certainly going to put any health-care progress or infrastructure-spending progress or tax-reform progress on the back burner," Mr. Choate said.

Roger Hallam, currency chief investment officer at J.P. Morgan Asset Management, seized on mixed economic data in the U.S. to sell dollars in recent weeks. He added to his euro positions and is bullish on the peso. The Mexican currency fell

Few investors are predicting that the stock declines will mushroom into a rout.

on fears that Mr. Trump would renegotiate trade agreements, but his political woes may hinder any big moves on trade.

Pacific Investment Management Co.'s Mark Kiesel said his firm began selling corporate bonds and stocks earlier this year, betting the Trump Administration's plans to lower taxes and boost spending on infrastructure would take longer than many investors expected, and produce more modest results than those proposed. Instead, he said, Pimco has been buying Brazilian bonds, mortgage securities and bonds tied to the housing industry.

Other investors or advisers consider the growing political turmoil as another reason to be cautious on U.S. stocks, where valuations look high historically. Shares of companies in the S&P 500 traded at an average of 21.58 times their last 12 months of earnings this week, up from the 10-year average of 16.57, according to FactSet.

Ryan Wibberley, chief executive of financial planner CIC Wealth, said he has become wary about putting new money into the U.S. stock market with major indexes at record levels. But he said that the reports about Mr. Trump's talks with Mr. Comey raised the political risk.

"There's been smoke everywhere," he said. "This is the first time there's been fire."

—Gregory Zuckerman and Ira Josebashvili contributed to this article.

Household Debt Reaches Milestone

BY BEN LEUBSDORF

The total debt held by American households reached a record in early 2017, exceeding its 2008 peak after years of retrenchment against a backdrop of financial crisis, recession and modest economic growth.

Much has changed over the past 8½ years. The economy is larger, lending standards are tighter and less debt is delinquent. Mortgages remain the largest form of household borrowing but have become a smaller share of total debt as consumers take on more automotive and student loans.

"The debt and its borrowers look quite different today," New York Fed economist Donghoon Lee said.

He added: "This record debt level is neither a reason to celebrate nor a cause for alarm."

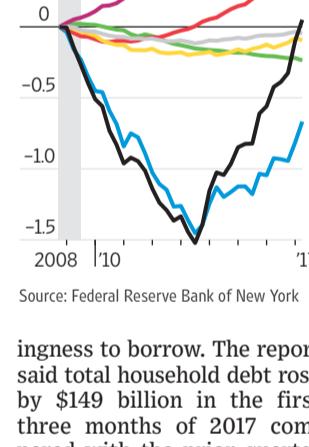
The milestone, announced Wednesday by the Federal Reserve Bank of New York, was a long time coming. Americans reduced their debts during and after the 2007-09 recession to an unusual extent: a 12% decline from the peak in the third quarter of 2008 to the trough in the second quarter of 2013. New York Fed researchers, looking at data back to the end of World War II, called the drop "an aberration from what had been a 63-year upward trend reflecting the depth, duration and aftermath of the Great Recession."

In the first quarter, total debt was up about 14% from the low point as job gains and continued economic growth boosted incomes and a will-

The Amount We Owe Grows

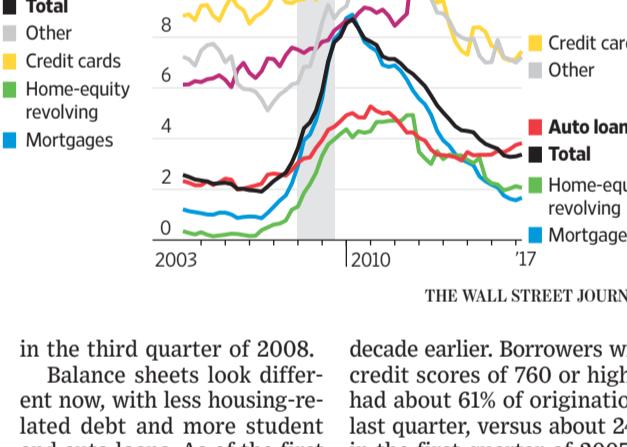
U.S. household debt has returned to its 2008 peak, but the mix has shifted, with borrowing for auto and student loans accounting for an increased share. The overall delinquency rate remains below levels seen in the recession's aftermath, but is high for student loans and rising for autos.

Change in debt balance since the overall peak



Source: Federal Reserve Bank of New York

Balance that's been delinquent 90-plus days



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ingness to borrow. The report said total household debt rose by \$149 billion in the first three months of 2017 compared with the prior quarter to a total of \$12.725 trillion.

The pace of new lending slowed from the strong fourth quarter. Mortgage balances rose from the final three months of 2016, while home-equity lines of credit were down. Automotive loans rose, as did student loans, but credit-card debt fell along with other types of debt.

The data weren't adjusted for inflation, and household debt remains below past levels relative to the size of the U.S. economy. In the first quarter, total debt was about 67% of nominal gross domestic product versus roughly 85% of GDP

in the third quarter of 2008.

Balance sheets look different now, with less housing-related debt and more student and auto loans. As of the first quarter, about 68% of total household debt was in mortgages; in the third quarter of 2008, mortgages were roughly 73% of total debt. Student loans rose from about 5% to around 11% of total indebtedness, and auto loans went from roughly 6% to about 9%.

Mortgage lending to sub-prime borrowers has dwindled since the housing crisis in favor of loans to consumers considered more likely to repay. In the first quarter, borrowers with credit scores under 620 accounted for less than 4% of mortgage originations, compared with more than 15% a

decade earlier. Borrowers with credit scores of 760 or higher had about 61% of originations last quarter, versus about 24% in the first quarter of 2007.

Auto loans have remained relatively available to sub-prime borrowers, helping fuel the record vehicle sales of recent years. About a fifth of auto-loan originations last quarter went to borrowers with credit scores below 620, down from roughly 30% a decade earlier.

Still, standards have tightened. The median credit score for auto-loan originations in the first quarter was 706, compared with 764 for mortgage originations. In the first quarter of 2007, the median scores were 678 for auto loans and 712 for mortgages.

STOCKS

Continued from Page One

the GOP, that Trump can't be trusted to provide any kind of political or economic stability, which was the only thing they've been able to hang their hat on," he said.

Some traders are lightening their exposure to U.S. stocks and moving money to Europe, where economic growth is picking up, valuations are cheaper and some of the political risk has eased after the French elections. Others sought havens like government bonds or took positions in emerging markets while unloading dollars.

The ICE U.S. Dollar Index fell as much as 0.9% Wednesday, the latest leg in its monthlong retreat after big gains following the November election. The index has now given back all those postelection gains, a sign that the Trump trade rooted in higher U.S. growth and inflation is petering out.

Stocks suffered their worst selloff since September. The Dow Jones Industrial Average fell 372.82 points, or 1.8%, though it is still up 12.4% since the election.

The stock market's retreat Wednesday also abruptly ended a long period of calm. The S&P 500 had closed with a daily percentage change of 0.5% or less for 15 straight sessions through Tuesday, the longest such streak since February 1969. The CBOE Volatility Index, which measures expectations for swings in the S&P 500 over the next 30 days, jumped 46% after closing at its lowest level in decades earlier this month.

Financials in the S&P 500 were down about 3%, with shares of Bank of America and Morgan Stanley falling roughly 6%, a sign investors are starting to take more seriously the prospect that Mr. Trump's tax cut, deregulation and infrastructure spending proposals could be delayed.

Asian stocks moved lower as well early Thursday. At midday, Japan's Nikkei Stock Average was down 1.4%, while Hong Kong's Hang Seng Index was off 0.3%.

Few investors are predicting that the stock declines will mushroom into a rout.

Many investors said a selloff after an extended rally was inevitable, especially with major U.S. stock indexes around record highs. Strong corporate earnings, economic growth and low bond yields still underpin a favorable backdrop for stocks.

Like many investors, Reed Choate, a portfolio manager at boutique asset manager Neville, Rodie & Shaw, said it was too early to buy or sell on the news.

But given the strong fundamentals, he said, he was looking for

on fears that Mr. Trump would renegotiate trade agreements, but his political woes may hinder any big moves on trade.

Pacific Investment Management Co.'s Mark Kiesel said his firm began selling corporate bonds and stocks earlier this year, betting the Trump Administration's plans to lower taxes and boost spending on infrastructure would take longer than many investors expected, and produce more modest results than those proposed. Instead, he said, Pimco has been buying Brazilian bonds, mortgage securities and bonds tied to the housing industry.

Other investors or advisers consider the growing political turmoil as another reason to be cautious on U.S. stocks, where valuations look high historically. Shares of companies in the S&P 500 traded at an average of 21.58 times their last 12 months of earnings this week, up from the 10-year average of 16.57, according to FactSet.

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"There's been smoke everywhere," he said. "This is the first time there's been fire."

—Gregory Zuckerman and Ira Josebashvili contributed to this article.

CORRECTIONS & AMPLIFICATIONS

In some editions Wednesday, a World News article about Japanese Prime Minister Shinzo Abe's comments about China and North Korea misstated the title of Adm. Harry Harris, the commander of U.S. Pacific Command, as U.S. Pacific Fleet commander.

Austrian Foreign Minister Sebastian Kurz on Tuesday said, "I don't believe it makes sense to continue this coalition." A photo caption accompanying a World News article on Wednesday about a coming election incorrectly attributed the quote to Chancellor Christian Kern.

Stephen J. Gold, chief information officer of CVS Health Corp., helped open the com-

pany's innovation lab in Boston and supports the creation and deployment of digital tools. An interview with Mr. Gold in Wednesday's C-Suite Strategies report incorrectly said he opened the innovation lab and is in charge of creating and deploying digital tools. Also, Mr. Gold manages information technology for the pharmacy-benefit-management and drug-store business. The article incorrectly suggested he managed the business.

A Coty Inc. representative said e-commerce accounts for 7% of total beauty and personal-care industry sales. An interview with Coty Chief Executive Camillo Pane in Wednesday's C-Suite Strategies report failed to make

clear whether the 7% figure represented company or industry sales.

Baltimore switched last fall to monthly water billing from quarterly. In some editions Wednesday, a U.S. News article about an unpaid water bill at the Ravens' football stadium incorrectly said the switch was to quarterly billing.

"Fifty Acres and a Poodle"

by Jeanne Marie Laskas, published by Random House Publishing Group, was No. 10 on the nonfiction e-books list for the week ended May 7. Because of an NPD BookScan error, a correction published Tuesday incorrectly said the work of fiction "From Sand and Ash" by Amy Harmon was No. 10.

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U.S. NEWS

Turkish Security Accused of D.C. Attack

Video shows men in suits with sidearms beating protesters during Erdogan visit

BY DION NISSENBAUM

WASHINGTON—Turkish President Recep Tayyip Erdogan's security team was accused Wednesday of taking part in an unprovoked attack on protesters in the U.S. capital.

District of Columbia police have joined the Secret Service and State Department in an investigation of what Police Chief Peter Newsham said appeared to be an unprovoked and "brutal attack on peaceful protesters" that sent nine people to the hospital. One police officer and two members of the Secret Service were also injured in the clashes, according to the police and a U.S. official.

The attacks were captured on video and shared widely on social media, drawing denunciations from the State Department, U.S. lawmakers, the city's mayor, and the police chief.

"This is the United States of America," U.S. Sen. John McCain, (R-Ariz.), said on Twitter. "We do not do this here. There is no excuse for this thuggish behavior."

According to protesters and video showing the attacks, a few dozen demonstrators marched to the Turkish ambassador's residence, where



An image taken from a video shows men from a group holding Turkish flags charging into a small group of protesters in Washington on Tuesday.

Mr. Erdogan was speaking, to protest his first official visit to Washington to meet President Donald Trump at the White House on Tuesday.

The demonstrators included a mix of people opposed to Mr. Erdogan's crackdown on opposition lawmakers, journalists, diplomats and military officers. They were met by a group of Erdogan supporters, District of Columbia police and

members of the Turkish president's security detail.

Lucy Usoyan, one of the anti-Erdogan demonstrators, said men who appeared to be undercover Turkish security broke through the police lines and helped instigate the attack. Ms. Usoyan said she was thrown to the ground and repeatedly kicked in the head by at least two men before a friend stepped in and dragged

her to safety. She was taken to nearby George Washington Hospital.

"I felt very offended to be treated this way in this country," she said.

Video also captured men in suits with sidearms taking part in beating protesters, and Mr. Newsham, the police chief, said he was working with Secret Service and the State Department to determine if any

of them were part of Mr. Erdogan's security detail.

Police arrested two people who were charged with assault, including one accused of punching a police officer.

The State Department on Wednesday called the Turkish ambassador to the building to express the U.S.'s concern, according to a U.S. official. State Department spokeswoman Heather Nauert also criticized

the attacks in a statement.

The Turkish Embassy cast the demonstrators as terrorist sympathizers of Kurdish separatists known as the PKK who were "aggressively provoking Turkish-American citizens who had peacefully assembled" to support Mr. Erdogan. The Erdogan supporters "responded in self-defense," leaving one seriously injured, the Embassy said.

Soldier in Leaks Case Freed From Prison

BY SARA RANDAZZO

Chelsea Manning, the former Army intelligence analyst convicted of leaking government secrets, was released from a Kansas military prison on Wednesday after serving seven years of a 35-year sentence.

Former President Barack Obama commuted the remainder of Ms. Manning's sentence in his waning days in office, causing an outcry from some Republicans and others who said it lessened the severity of the broad leaks.

Ms. Manning was found guilty in 2013 at a court-martial of leaking hundreds of thousands of documents, one of the biggest classified leaks in U.S. history. The leaked information included incident reports from Afghanistan and Iraq and thousands of secret State Department cables.

Soon after being sentenced in August 2013, Ms. Manning, who was known then as Pfc. Bradley Manning, said she wanted to begin hormone therapy and be known by the name Chelsea.

"Whatever is ahead of me is far more important than the past," Ms. Manning said in a statement released Wednesday by the American Civil Liberties Union, which represents her. "I'm figuring things out right now—which is exciting, awkward, fun, and all new for me."

In her first posts on social media after leaving prison, Ms. Manning displayed a photo of her feet with the comment "First steps of freedom!!!"

Mr. Obama shortened Ms. Manning's sentence in January. The decision was criticized by Republicans, including House Speaker Paul Ryan (R., Wis.), who said Mr. Obama created "a dangerous precedent that those who compromise our national security won't be held accountable for their crimes."

Senior administration officials said at the time that Mr. Obama considered Ms. Manning's crimes to be serious, but weighed that she had faced justice and took responsibility for what she had done. Ms. Manning twice tried to commit suicide in prison.

Army spokeswoman Lt. Col. Jennifer Johnson said on Wednesday that Ms. Manning is in an unpaid, active-duty status that gives her access to some medical benefits and other privileges.

Immigration Arrests Rise Under Trump

BY LAURA MECKLER

WASHINGTON—During the opening months of the Trump administration, immigration agents significantly increased the pace of arrests of people suspected of being in the U.S. illegally, while the share of those arrested who had no criminal record rose markedly, immigration officials said on Wednesday.

Overall, the number of arrests jumped by more than a third and the portion involving people without criminal records increased to 26% during the first 100 days of the administration, compared with 14% in the same period a year earlier, according to Immigration and Customs Enforcement.

The figures quantify the stepped-up enforcement promised by President Donald Trump and his aides, who say they are enforcing the law as Congress intended. To immigration advocates, the new data confirm accounts they have publicized about otherwise law-abiding undocumented immigrants being arrested and processed for deportation.



A Mexican national under arrest this month in California by Immigration and Customs Enforcement.

The statistics represent a marked change from the final two years of the Obama administration. But the number of arrests remains well below figures from earlier in that administration, before a 2014 presidential directive instructed immigration agents to focus on recent border-crossers and people with serious criminal records.

During the last two years of

the Obama administration, most people in the U.S. illegally but without criminal records were all-but-safe from removal. Prior to that, deportations had increased so significantly that immigration activists dubbed President Barack Obama the "deporter-in-chief."

The Trump administration was eager to advertise the increase in deportations since Inauguration Day. ICE created

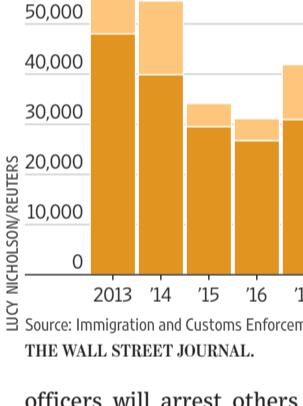
a website to announce the new data with a large headline touting the increase in arrests.

"ICE will no longer exempt any class of individuals from removal proceedings if they are found to be in the country illegally," the agency said on the new webpage.

Thomas Homan, acting director of ICE, said his agency still prioritizes arresting people with criminal records, but

Enforcement Shift

Jan. 20-April 29 of each year



Source: Immigration and Customs Enforcement

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officers will arrest others in the U.S. without authorization if they encounter them during their work.

The new ICE figures show that its officers arrested nearly 42,000 people during the first 100 days of the Trump administration, including nearly 11,000 without criminal records. That is up from just over 31,000 in the same time span during 2016.

Detection of Cancers Climbed Under Health Law, Study Finds

BY PETER LOFTUS

A new study suggests the expansion of U.S. health insurance under the Affordable Care Act modestly improved the detection of certain cancers at earlier stages of disease.

The finding comes at a time when the health law, a signature achievement of former President Barack Obama, is under siege. President Donald Trump has promised to overturn it, and the Republican-controlled House this month passed a bill that would repeal much of the 2010 law and replace it with provisions that critics say would erode insurance coverage. The Senate is now considering its own changes to the law.

Researchers with the American Cancer Society conducted an analysis using a national database of cancer diagnoses reported by U.S. hospitals. The researchers studied several cancers for which screening is recommended in certain at-risk populations: female breast cancer, colorectal cancer, cervical cancer, prostate cancer and lung cancer.

The researchers compared the rates of stage 1 diagnoses—typically before cancer has spread beyond its site of origin—for each of the cancers in a nine-month period of 2013, versus a nine-month pe-

Earlier Diagnoses

After certain provisions of the Affordable Care Act were implemented in 2014, rates of early detection for several cancers increased.

Stage I (early) cancer diagnoses as a percentage of all diagnoses

	2013	2014
Cancer type:		
Female breast	47.8%	48.9%
Colorectal	22.8%	23.7%
Lung	16.6%	17.7%
Cervical	47.2%	48.7%
Prostate	18.5%	17.2%

Source: American Cancer Society

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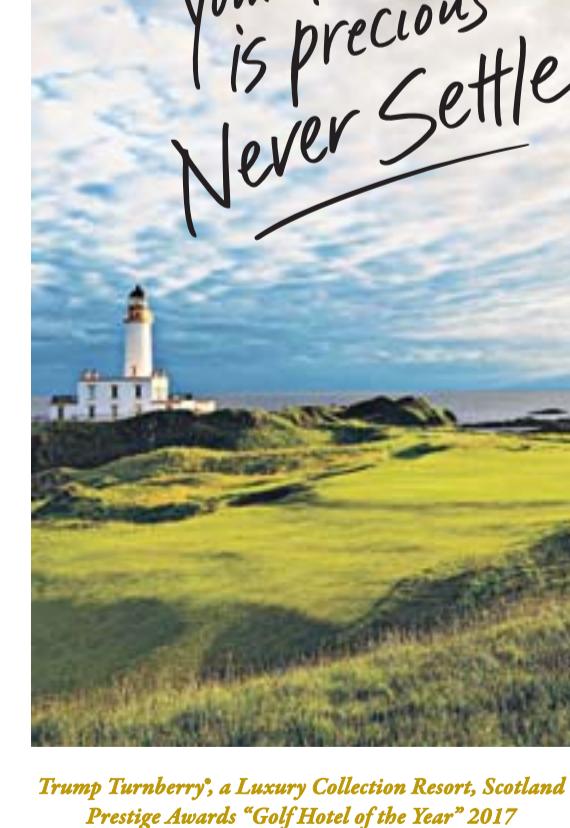
2014 from 47.8% in 2013, according to results released Wednesday by the American Society of Clinical Oncology. Researchers will present full details of the study at ASCO's annual meeting in Chicago in early June.

Stage 1 diagnoses for colorectal cancer rose to 23.7% in 2014 from 22.8% in 2013, and for lung cancer to 17.7% from 16.6%, the study found.

"With more people gaining insurance and access to screening services or access to physicians to report early symptoms, more cancers can be detected at earlier stages," said Xuesong Han, strategic director of health policy and health-care delivery research at the American Cancer Society and one of the study's lead researchers.

She acknowledged that the increases were small and don't definitively establish a cause-and-effect relationship.

The study found the rate of detection for early-stage cervical cancer also increased slightly in 2014, but it wasn't statistically significant, which means it could have been due to chance. The rate of early-stage prostate cancer detection decreased in 2014, which could have been due to a 2012 change in national guidelines to recommend against routine use of a once-common screening tool, said Ms. Han.



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SCOTLAND | ABERDEEN Coming Soon BALI LIDO

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U.S. NEWS

Congress Steps Up Inquiries Into Russia

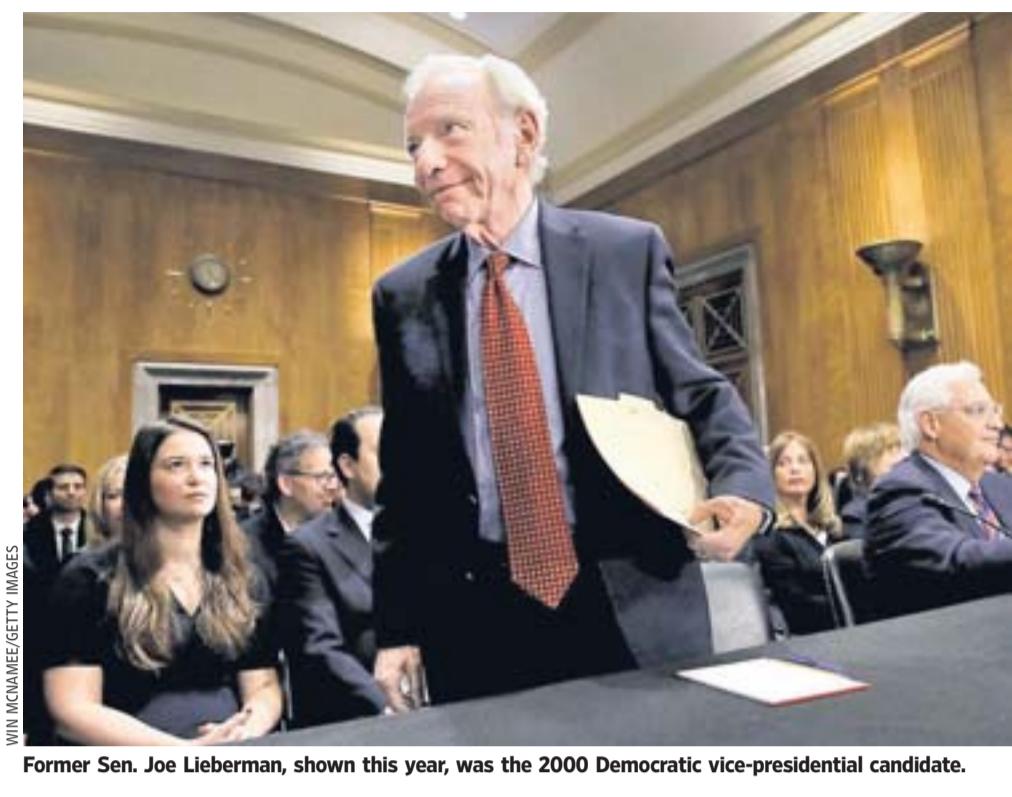
WASHINGTON—Congress is ratcheting up its investigative and oversight apparatus by seeking documents, memos and other evidence related to the controversies that have buffeted President Donald Trump in recent weeks.

By **Byron Tau,**
Natalie Andrews
and Reid J. Epstein

The stepped-up inquiries coincide with the Justice Department's announcement Wednesday that it is appointing Robert Mueller III, former director of the Federal Bureau of Investigation, as a special counsel to oversee the FBI's investigation into Russia's alleged interference in the 2016 U.S. election.

Deputy Attorney General Rod Rosenstein is scheduled to brief the full U.S. Senate on Thursday in a closed session, where he is expected to provide an update on the status of the Russia investigation. He is also expected to address the circumstances surrounding Mr. Trump's decision last week to fire James Comey as director of the FBI.

At least three congressional panels—the House Oversight Committee, the Senate Intelligence Committee and the Senate Judiciary Committee—all demanded memos that Mr. Comey kept about his conversations with the president. The Judiciary Committee also



Former Sen. Joe Lieberman, shown this year, was the 2000 Democratic vice-presidential candidate.

sought any tapes of the conversation that might exist, and two panels requested Mr. Comey's in-person testimony.

Congress's more proactive approach is being sanctioned by Republican leaders in both the House and Senate, as lawmakers seek Mr. Comey's version of a private meeting he had with Mr. Trump in February when the GOP president allegedly urged

him to drop his probe into former national security adviser Michael Flynn.

Mr. Comey, his close associates have said, wrote a memo detailing that conversation and other interactions with Mr. Trump. The White House denied that Mr. Trump asked Mr. Comey to back off investigating Mr. Flynn, who resigned in February after giving conflicting

statements about his conversations with Russia's ambassador to the U.S.

"I think we need to hear from him as soon as possible in public to respond to the issues that have been raised in recent days," said Senate Majority Leader Mitch McConnell (R., Ky.), referring to Mr. Comey, in an interview with a member of The Wall Street Journal's editorial board.

Beyond the Comey controversies, some lawmakers are seeking records concerning Mr. Trump's meeting last week with Russian officials, though no formal requests have been made.

That Oval Office meeting became an investigative target following reports that Mr. Trump revealed sensitive counterterrorism information to Russian

weekend held what they described as substantive discussions with at least eight candidates to lead the bureau.

Selecting Mr. Lieberman—who served in the Senate as a Democrat and then as an independent—would allow the White House to characterize the choice as bipartisan. Mr. Lieberman, 75 years old, has no federal law-enforcement experience, unlike past FBI directors.

Mr. McCabe, 49, served as Mr. Comey's No. 2 and ran the FBI's day-to-day operations.

Mr. Keating, 73, served as Oklahoma governor from 1995 through January 2003, and oversaw the state's response to the Oklahoma City federal-building bombing in 1995.

Mr. McFeely, a former longtime official at the FBI, is now director of investigative services at Ernst & Young, according to his LinkedIn profile.

—Rebecca Ballhaus

BANK

Continued from Page One

which is now subject to U.S. sanctions, said another person familiar with the matter. The Toronto deal adds a new element to the list of known connections between Mr. Trump's associates and Russia.

Money injection

After Mr. Shnaider and his partner sold their stake in the steelmaker, Mr. Shnaider injected more money into the Trump Toronto project, which was financially troubled. Mr. Shnaider's lawyer, Symon Zucker, said in an April interview that about \$15 million from the asset sale went into the Trump Toronto project. A day later, he wrote in an email: "I am not able to confirm that any funds" from the deal "went into the Toronto project."

A spokesman for the Trump Organization, the family's real-estate firm, said Mr. Trump had no involvement in any financial dealings with VEB and that the Trump company "merely licensed its brand and manages the hotel and residences." VEB didn't respond to requests for comment.

Mr. Trump has said he has no dealings with Russia. "To the best of my knowledge, no person that I deal with does," he

said in February. On Friday, Mr. Trump's lawyers released a two-month-old letter stating that 10 years of his tax returns show little income, investments or debt from Russian sources beyond items already known to the public.

VEB has long been viewed by Russian analysts as a vehicle for the Russian government to fund politically important projects, including the 2014 Winter Olympics in Sochi. A VEB executive in New York was sentenced to prison last year after pleading guilty to conspiring to act in the U.S. as a Russian agent without notifying U.S. au-

thorities. Russian authorities have denied any interference.

At the time of Mr. Shnaider's steelmaker deal, Russian President Vladimir Putin was chairman of VEB's supervisory board, and major deals would have been approved by him, according to a former Russian government official and several Russian government and economic experts.

The bank later was placed on the U.S. sanctions list after Russia's intrusion into Ukraine and its annexation of Crimea in 2014. American entities are barred from financial involvement with the bank.

VEB made headlines when it emerged that its chairman met with Mr. Trump's son-in-law, Jared Kushner in December. A bank spokesperson has said VEB's leaders met Mr. Kushner and numerous global financial executives as it developed a new strategy for the bank.

White House press secretary Sean Spicer has said Mr. Kushner's meeting was part of his role during the Trump transition as the "primary point of contact with foreign government officials."

Joint venture

The Toronto project was billed in 2007 as a joint venture between Mr. Trump and Mr. Shnaider and was projected to cost about 500 million Canadian dollars. Mr. Trump said at the time he would manage the hotel's operations and Mr. Shnaider planned to develop the tower, which also would include condominiums, through his company, Talon International Development Inc.

The project has been dogged by financial problems. In November, it entered insolvency proceedings, and a judge in March approved its sale.

Alan Garten, the Trump Organization's general counsel, said the company "was not the owner, developer or seller" of the project. While The Wall Street Journal and others reported in 2011 and 2012 that Mr. Trump had a minor ownership stake in it, Mr. Garten now says Mr. Trump "did not hold" equity and had no involvement with the financing.

The Trump Toronto Hotel Management Corp. has received at least \$611,000 in fees from the project since 2015, federal financial-disclosure forms filed last May show. The forms don't disclose the company's total income from the deal.

Shortly after the project broke ground in 2007, about 85% of the units were presold. During the financial crisis, some buyers pulled out and others were unable to get financing, receivership documents show. Midland Resources Holding Ltd., then owned by Mr. Shnaider and a partner, was on the hook for cost overruns, the documents show.

Midland Resources had acquired its stake in the Ukrainian steelmaker, called Zaporizhstal, for about \$70 million after the collapse of the Soviet Union. The 2010 transaction to sell it was opaque. Midland trans-

ferred ownership of its portion of the steelmaker to the unnamed buyer through five offshore companies, according to Mr. Shnaider's lawyer and court documents.

The idea for the deal was brought to a top VEB executive by a former Ukrainian government official, according to an investment banker familiar with what happened.

Although the buyer wasn't named, a steel trader with knowledge of the deal said VEB itself ended up with control of Midland's share of the steelmaker. At the time, Russian entities saw gaining control of

large industrial assets in Ukraine as having strategic value to Russian political interests in the future, said another investment banker with knowledge of the deal.

Mr. Zucker, Mr. Shnaider's lawyer, said Midland Resources "has never had any relationship with VEB" and "does not dictate where their purchasers borrow funds."

He declined to identify the buyer, citing confidentiality provisions, other than to say it was a "Ukrainian industrial group."

Mr. Shnaider's companies continued to pump money into the Toronto tower as it struggled to stay afloat, according to his lawyer and later court documents. Later, Mr. Shnaider became embroiled in a legal battle with Mr. Trump's companies over management issues. The Trump Organization declined to comment.

In November, a Canadian judge placed the tower into receivership. Mr. Trump's company was owed C\$116,165.72, and Mr. Shnaider's company as much as C\$105 million, court documents show.

Recently, a judge approved the sale of the building to a California-based investment firm for about \$220 million.



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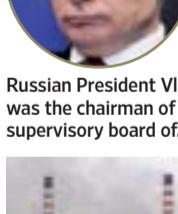
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The 2010 sale of a Ukrainian steel mill provided money to Donald Trump's business partner in a Toronto real-estate development.



Russian President Vladimir Putin was the chairman of the supervisory board of...



...Vnesheconombank (VEB), a Russian state-run bank that provided financing to...



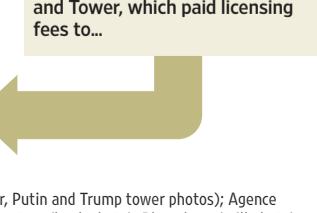
...an unknown investor, who used five offshore companies to purchase an \$850 million stake in...



...Trump International Hotel and Tower, which paid licensing fees to...



...Alexander Shnaider, a Russian-Canadian developer who funded construction of the Toronto development of...



...Donald Trump

Sources: WSJ reporting; Zuma Press (Shnaider, Putn and Trump tower photos); Agence France-Presse/Getty Images (Trump photo); Reuters (bank photo); Bloomberg (mill photo)

THE WALL STREET JOURNAL.

WORLD NEWS

Putin Says Trump Divulgued No Secrets

Russian president says Kremlin would be willing to release a transcript of meeting

By THOMAS GROVE

MOSCOW—Russian President Vladimir Putin added fuel to the political fire in Washington on Wednesday, saying his foreign minister didn't pass on any U.S. secrets after a controversial meeting with President Donald Trump in the Oval Office last week.

At a news conference, Mr. Putin joked that he would have to admonish Foreign Minister Sergei Lavrov for not handing alleged secrets to either the Kremlin or intelligence services after his meeting with Mr. Trump. "That was very bad of him," he said.

The Kremlin leader's sardonic remarks provoked laughter among his closest advisers, including Mr. Lavrov, during the news conference with visiting Italian Prime Minister Paolo Gentiloni. More tellingly, they showed the degree to which Mr. Putin appears to relish the political turmoil that is roiling Washington, a controversy in which he plays a role.

"Personally, Putin likes the situation—he likes the chaos, and the chance to see a Western leader as a weakling," said Valery Solovei, a political analyst who teaches at Moscow State Institute of International Relations. "To a Russian, everything that is happening in Washington shows the weakness of Western democracy."

Russia's political elite had initially pinned hopes on Mr.



Vladimir Putin appears to relish the political turmoil that is roiling Washington.

Sudan Says Leader, Sought for Arrest, To Attend Summit

Sudanese officials said President Omar al-Bashir, wanted by the International Criminal Court on charges of genocide and other war crimes, will participate in a summit of Muslim leaders in Saudi Arabia that is to be attended by President Donald Trump.

A foreign ministry official in the Sudanese capital Khartoum on Wednesday said Mr. Bashir would attend the Riyadh summit, convened by Saudi Arabia's King Salman to mark Mr. Trump's two-day visit to the kingdom, which starts on Saturday and inaugurates his first overseas trip as U.S. president.

The U.S. isn't a member of the ICC, but in response to reports that Mr. Bashir will attend the summit, the State Department voiced its opposition.

"The United States has made its position with respect to Sudanese President Omar al-Bashir's travel clear. We oppose invitations, facilitation, or support for travel by any person subject to outstanding ICC arrest warrants, including President Bashir," a department official said in Washington.

Mr. Bashir's attendance at the summit could pose a diplomatic challenge for Mr. Trump, whose visit to Saudi Arabia is aimed at reassuring America's most important ally in the Arab world and sending a conciliatory message to Muslims.

Rabie Abdellatif, a top official in Sudan's ruling National Congress Party, said Mr. Bashir would arrive on Saturday in the Saudi capital.

In Saudi Arabia, the status of Mr. Bashir's attendance at the summit was unclear. He hasn't been included on the official list of invited officials.

—Nicholas Bariyo and Margherita Stancati

its own policies in the Middle East and consolidate its diplomatic gains.

In recent weeks, they note, Russia has put forward a new peace plan in Syria, with Washington involved only as an observer. The Kremlin is also looking to see if it can capitalize on diplomatic intervention in Libya.

Russian officials often openly bristled over criticism from the Obama administration on democratic values and human rights. So the growing chorus of Trump criticism in Washington has given Russia's elite the chance to express a certain amount of public glee.

Trump to lead the way to a rapid rapprochement with Moscow. But a burgeoning political scandal around the Trump presidential campaign's ties to Russia, and Mr. Trump's launch last month of missile strikes against Russian ally Syria, have made warmer ties between Moscow and Washington unlikely.

The Russia controversy engulfing the administration took on additional momentum after the firing of former Federal Bureau of Investigation chief James Comey and allegations that Mr. Trump passed on classified information to Mr. Lavrov in the White House

meeting last week.

That meeting even raised concern among some national-security commentators that the visiting Russians may have planted a listening device in the Oval Office.

Secretary of State Rex Tillerson was asked by reporters at the start of a meeting with Algerian Foreign Minister Ramtane Lamamra about Mr. Putin's offer to send transcripts of Mr. Lavrov's meeting with Mr. Trump and whether the Russians have bugged the Oval Office.

"I would have no way to know that," he said.

While Russia seems unable

to capitalize on the potential that Mr. Trump's presidency once held for boosting Russia-U.S. relations, Russian observers say the White House disarray can be used for propaganda purposes to undermine Russians' views of American democracy.

Fyodor Lukyanov, chairman of a prominent council of experts that advises the Russian government on foreign policy, said some in the Kremlin are even considering the possibility that Congress could launch impeachment proceedings against Mr. Trump.

"Many of them believe it's a possibility," he said.

Mr. Lukyanov said there was fear in Moscow that political blowback could grow stronger following a likely meeting between Messrs. Putin and Trump in early July at the Group of 20 major economies.

Diplomatic observers in Moscow say that few global problems will be solved without U.S. participation, and are exasperated by what they see as an atmosphere of Russophobia in Washington.

Russian analysts say the controversy in Washington gives the Kremlin a freer hand in foreign policy. They say U.S. foreign-policy disarray gives Moscow more space to pursue

Israeli Source Seen as Key to Counteracting ISIS Threat

By SHANE HARRIS

WASHINGTON—The classified information that President Donald Trump shared with Russian officials last week came from an Israeli source described by multiple U.S. officials as the most valuable source of information on external plotting by Islamic State.

These officials, who are privy to intelligence about the terrorist group's efforts, said the source of information was particularly valuable for tracking Islamic State's attempts to place explosive devices on commercial airplanes.

However, the officials disagree over how much damage Mr. Trump may have caused to counterterrorism efforts by discussing information gleaned from Israel with the Russians during an Oval Office meeting last week.



President Donald Trump, right, and Israeli Prime Minister Benjamin Netanyahu addressing reporters at the White House in February.

information gathered by Israel. Another official doubted that the Russians would be able to identify the nature of the source based on Mr. Trump's statements, though Moscow might learn more about where in Syria the intelligence was coming from.

While not the only source of information on the threat to airlines, it was considered the most important, the officials said. Based on cumulative intelligence, the U.S. has barred carry-on laptop computers and other consumer electronic equipment from 10 airports in the Middle East and is considering expanding the ban.

To avoid further damage, the U.S. officials declined to specify whether the source of information is an individual or part of a technological system. But their unanimous agreement on the importance of the

source to one of Washington's top national security objectives—counteracting international plots by Islamic State—underscores the gravity of the Oval Office conversation and the potential repercussions for Mr. Trump of sharing information that was supposed to be restricted to the U.S. and Israel.

The difficulty in assessing the fallout from Mr. Trump's decision to share the information is likely to be a subject of debate within the intelligence community. A third official said it could take some time to know if the source had been so compromised that it's no longer useful.

All the officials agreed that the president's impromptu revelation had shaken career intelligence officers' confidence in Mr. Trump's ability to keep secrets and exacerbated long-standing tensions be-

tween him and the intelligence community.

Publicly, Israeli officials have played down the significance of Mr. Trump's conversation with the Russian visitors, Sergei Lavrov, the foreign minister, and Sergei Kislyak, the Russian ambassador to the U.S.

But privately, Israeli intelligence officials are fuming, one of the U.S. officials said, having worried for months that Mr. Trump would expose state secrets, even unwittingly, because of his lack of experience in handling classified information and his propensity to shoot from the hip.

Mr. Trump's top aides have defended his actions, and some U.S. officials consider the ensuing news coverage an overreaction. The U.S.-Israeli relationship, they say, will remain intact because it is mutually beneficial.

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COWS

Continued from Page One
searchers believe cow-coddling also is critical.

"Cow comfort is one of the main driving forces of our existence," said Mike McCloskey, chief executive of Select Milk Producers Inc., a cooperative that includes around 100 farms. "We have to keep them fine-tuned. They can't get stressed."

Homestead Dairy in Plymouth, Ind., is installing automated backscratches and memory-foam mattresses in its new high-tech barn. The cows "are free to do whatever they want, when they want to do it," says partner Brian Houin. There is nearly always a line at the backscratcher.

At Valsigna Farms in Hilmar, Calif., managing partner Aaron Wickstrom sends Juno, a R2-D2-like robotic assistant, on laps around the barn delivering food to ensure his cows have something to eat at all times. Next on his wish list: the backscratches. "A lot of it is just common sense," he says.

"Cow comfort—25 years ago that world didn't exist," says Nina von Keyserlingk, a professor of animal welfare at the University of British Columbia. "It's a good sign of how the industry has evolved."

At Tony Bos's farm in Fair Oaks, Ind., the cows go for milking when they feel like it, thanks to a squad of robotic

milkers. When a cow is good and ready, she enters a pen in which self-guiding mechanical arms set to work cleaning, massaging and milking her udders using lasers and brushes. The robot distracts the cow by dolloping out fresh feed. The process is over in a few minutes. Each cow is milked about three times a day.

The robotic milkers allow the 700 or so cows more time for eating and taking siestas on their water beds. Farmers want their cows lying down a minimum of 12 hours a day, saying that maximizes milk output. The water beds protect their legs far better than hard floors.

Consumer demands for ethically sourced meat and dairy products are accelerating the trend toward better treatment of livestock.

Most dairy cows still end up in slaughterhouses and become ground beef once their milk-

production cycles are over, usually after three to seven years.

These days, most of them don't have access to pasture, and many spend the majority of their lives indoors. Research shows that improved living conditions can reduce health problems and, by extension, improve productivity. Open-plan barns permit more movement and socializing among animals, reducing stress.

Animal-welfare advocates say some practices have improved. But Dena Jones, farm-animal director at advocacy group **Animal Welfare Institute**, says the benefits "are undone, at least in part, by constant attempts to increase productivity by unnatural diet and increasing milking."

Gita Nagari Yoga Farm in Port Royal, Pa., has taken its cow-welfare drive much further by letting their cows live to old age after their milk-production

years are over. Cows at the farm, which is run by followers of the Hare Krishna religious movement, live out their days in the pasture, pushing around beach balls.

"They're very peaceful, and they have a transformative effect on the consciousness," says Kesi-mardana Dasa, one of the farm's managers. The farm, which doubles as a spiritual retreat, calls itself the first slaughter-free dairy in the U.S. It sells milk directly to consumers for \$14 a gallon, far above the typical supermarket price.

Conventional dairies say they would go out of business if their cow indulgence went that far. Just how far to go, however, is subject to debate.

Maurice Loehmer of Loehmer Dairy in Monterey, Ind., says he is all for making cows more comfortable, but he isn't going to be buying water beds anytime soon. When it comes to cows, he says, there is nothing more comfortable than sand. Many veterinarians agree.

Steve Maddox of Maddox Dairy near Fresno, Calif., imposed silence in his milking parlor after employees fought over what music to play for the cows. Mr. Maddox prefers country, while his employees bickered over rock and Latin music.

The only thing they agreed on—no politics, which he says agitated man and beast alike. "Doesn't matter if you're listening to MSNBC, Fox News or Glenn Beck," he says. "They just don't need it."



A cow on her water bed in a barn in Auburn Township, Ohio.

CHRIS STEPHENS/THE PLAIN DEALER/ASSOCIATED PRESS

WORLD NEWS

Cover-Up Is Alleged In Probe Of Attack

BY ZEKE TURNER

BERLIN—The city of Berlin accused its own police of covering up their failure to arrest the man behind last year's Christmas market terror attack on drug charges more than a month before his rampage in the German capital.

Berlin Interior Minister Andreas Geisel said on Wednesday that a criminal complaint had been filed against the investigators in charge of tracking Anis Amri after documents were unearthed suggesting officers had recently altered records. The records, he said, showed the rejected Tunisian asylum seeker should have been arrested in November on serious narcotics charges.

Mr. Geisel didn't disclose the identities of the investigators or say how many were named in the complaint.

Authorities said Amri rammed a stolen truck into one of the capital's busiest Christmas markets on Dec. 19, killing 12 people. He escaped and traveled as far as Milan, where he was fatally shot by Italian police days later.

The accusation against the investigators raises fresh doubts about Germany's ability to tackle its most serious terror threat in decades.

Authorities in North-Rhine Westphalia and Berlin, the two states where Amri spent most of his time after arriving in Germany from Italy in 2015, have been under pressure to explain why he was able to move freely despite his criminal activities and radicalism. Officials so far have said none of the allegations against him would have warranted an arrest under German law.

Wednesday's revelations, however, seemed to contradict this defense.

Macron Names Economy Minister

BY MATTHEW DALTON

PARIS—French President Emmanuel Macron named Bruno Le Maire, a moderate from the conservative Les Républicains party, as his economy minister, giving another top post to a right-leaning member of France's political establishment.

The appointment came two days after he named Le Havre Mayor Édouard Philippe, also a member of Les Républicains, as his prime minister.

Mr. Macron appointed Jean-Yves Le Drian, the current French defense minister and a member of the Socialist Party, as his foreign minister, opting for continuity on his international affairs team.



Mr. Le Maire arriving at the ministry in Paris on Wednesday.

The appointments show Mr. Macron continuing his outreach to French conservatives ahead of next month's legislative elections. Support from members of Les Républicains is

likely to be key to allowing Mr. Macron to push his agenda through the National Assembly.

Mr. Macron's new party, La République En Marche, has announced 522 candidates to run in the June 11 legislative elections for the 577 seats in the National Assembly. While a number of Socialist lawmakers have agreed to join the party, members of Les Républicains have yet to sign up. If the party doesn't win an absolute majority, Mr. Macron will need backing from a mix of socialists and conservatives to control the assembly.

The appointment gives Mr. Le Maire a key role leading Mr. Macron's efforts to shake up France's tightly regulated economy. A former agriculture minister, Mr. Le Maire will have a broad role covering French industry and the government's finances. He ran for president last year but came in fifth in November's Les Ré-

publicains primary.

Crucially, Mr. Le Maire will be tasked with clearing France's budget with the European Commission, the European Union's executive arm, which enforces EU rules calling for governments to keep their deficits under 3% of gross domestic product. France's deficit has been over 3% since the financial crisis of 2008.

Mr. Macron named Lyon Mayor Gérard Collomb as interior minister, giving the socialist the job of leading France's counterterrorism efforts. As defense minister, he appointed Sylvie Goulard, a member of the European Parliament who joined Mr. Macron's party last year.

IRELAND

Kenny Will Leave Leadership Roles

Prime Minister Enda Kenny said he would step down as leader of his party and the country, leaving it to his successor to try to minimize any damage caused by the departure of Ireland's neighbor, the U.K., from the European Union.

Mr. Kenny's decision to end his 15 years as leader of the right-of-center Fine Gael party and six years as prime minister was expected. He had previously said he wouldn't lead the party into the next election, which must take place by February 2021 at the latest.

His successor as party leader is likely to become prime minister, although that isn't guaranteed since the government relies on support from a number of independent lawmakers and the tolerance of the main opposition party.

Mr. Kenny said on Wednesday that he hoped a successor would be chosen by June 2 and offered to remain as acting prime minister until that person takes office. —Paul Hannon



AUTHENS ARISES: Protesters marched in the capital on Wednesday during a 24-hour general strike against a new round of austerity measures imposed on Greece by the country's international creditors. Travel was disrupted and public services were shut down.

AFGHANISTAN

Islamists Attack Television Station

Islamic State gunmen broke into a television station in eastern Afghanistan, waging an

hours-long battle that left at least 10 dead, including four attackers. The assault Wednesday was the first by a militant group on offices of a media organization in Afghanistan, where violence against journalists is on the rise.

Years of war are inflicting an increasingly deadly toll on the population, with local journalists becoming more vulnerable to threats by insurgents.

The broadcaster that was attacked, Radio Television Afghanistan, has an office in Jalalabad,

a major city in Nangarhar province. Islamic State claimed responsibility for the attack in a statement distributed online, according to the SITE Intelligence Group.

—Ehsanullah Amiri and Jessica Donati

FROM PAGE ONE

CSX

Continued from Page One road to join an activist investor's fight and take the helm of CSX.

Since Mr. Harrison joined CSX in March, company watchers have been puzzled by the executive's low profile. He appears no more than a few days a week at the company's Jacksonville, Fla., headquarters and has been spotted using a portable, over-the-shoulder oxygen system, say people familiar with the matter.

Mr. Harrison insists he is able to lead a turnaround of the big U.S. railroad.

"I'm having a ball and I'm running on so much adrenaline that no one can stop me," Mr. Harrison told The Wall Street Journal in an interview. "Don't judge me by my medical record, judge me by my performance." Mr. Harrison took a medical leave in 2015 after leg surgery and a bout of pneumonia. He has a four-year contract with CSX but has threatened to quit if his pay package is rejected.

The boards of many public companies have struggled with how much to tell shareholders when a CEO is faced with health challenges. Board members must balance the executive's right to privacy against investors' right to material information that could cause share-price moves.

The situation at CSX is unique. In railroading, there is no individual more key to a company's fortunes—and its share price—than Mr. Harrison, who in more than five decades as a railroader has turned around three railroad networks. CSX's shares jumped 30%, adding \$10 billion in market value, after news broke in January that Mr. Harrison would quit his CEO job at a Canadian railroad to vie for the top job at CSX.

Mr. Harrison said he has been cleared by his doctors to work and that his fellow CSX board members are aware of his medical condition. He declined to discuss the details of his condition and said the board has decided the matter isn't sufficiently material to the company's performance to dis-



LARRY MACDOUGAL/ASSOCIATED PRESS

CSX Chief Executive Hunter Harrison, shown in 2015

poses of voting on that particular pay package," Mr. Chia said.

"The board fully considered Mr. Harrison's age as well as his experience in hiring him as for this position, and addressed the associated risks in his employment agreement," CSX's Mr. Doolittle said.

The topic of Mr. Harrison's health was broached during initial discussions earlier this year between CSX and activist hedge fund Mantle Ridge about installing Mr. Harrison as CEO. Mr. Harrison declined CSX's request that an independent physician chosen by the company's board review his medical records. The two sides reached an agreement in March that allowed Mantle Ridge to nominate five new directors, including Mr. Harrison, to its current board.

Mr. Harrison said he has sharply curtailed travel and headquarters appointments since he recovered from pneumonia and other health issues in 2015, when he was CEO of Canadian Pacific Railway Co.

During his final two years at CP, he used the portable oxygen system and rarely traveled to the company's head office in Calgary, Alberta, because the high altitude made breathing difficult, people familiar with the company said.

For many years he has conducted most of his business from his home office near West Palm Beach, Fla. Lately, he has been monitoring the progress of new train schedules and cost cutting at CSX rail yards and dispatch centers from computer screens.

Mr. Harrison said he plans to attend next month's shareholder meeting.

As part of his CSX contract, Mr. Harrison was granted options to buy 9 million shares, at \$49.79, that will vest over four years. Mr. Harrison personally acquired 300,000 CSX shares for more than \$15 million last month, fulfilling one of the company's corporate-governance requirements. In the company's proxy filing for its annual meeting, CSX said one risk investors should consider is that Mr. Harrison may not be able to serve out the entire four-year contract.

CSX shares fell 3.2% to \$49.47 on Wednesday.

The 72-year-old chief executive said he has been cleared by his doctors to work.

We do not comment on health-related matters of any CSX executive."

Edward Kelly, an independent CSX director who will take over as the company's chairman at the annual meeting, declined to comment.

Most boards disclose a CEO's illness only when it is incapacitating, said Douglas Chia, executive director of corporate governance at the Conference Board. But given the looming shareholder vote, CSX directors should inform investors about Mr. Harrison's health, he said. The CEO's current and future health conditions "are likely a material factor for the pur-

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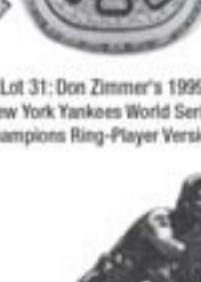
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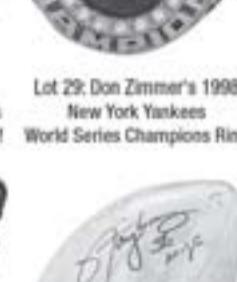
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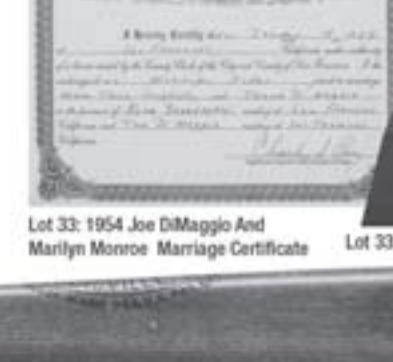
Lot 20: 1939 Lou Gehrig All-Star Game Dieses & Clust 10 Karat Presentation Pin



Lot 31: Don Zimmer's 1999 New York Yankees World Series Champions Ring



Lot 29: Don Zimmer's 1999 New York Yankees World Series Champions Ring



Lot 33: 1954 Joe DiMaggio And Marilyn Monroe Marriage Certificate



Lot 33: Paul Hornung's Heisman Memorial Trophy



Lot 34: Lawrence Taylor's 1990 New York Giants Super Bowl XXV Vince Lombardi Super Bowl Trophy



Lot 12: Babe Ruth Signed Louisville Slugger 40BR Model Bat



Lot 34: Lawrence Taylor's 1990 New York Giants Super Bowl XXV Vince Lombardi Super Bowl Trophy

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IN DEPTH

Iranian Hard-Liner Challenges Rouhani

Voters will choose between candidates who hold conflicting views of the West

BY ASA FITCH AND ARESU EQBALI

TEHRAN—President Hassan Rouhani faces a hard-line opponent in a national vote Friday that is shaping up as one of the most contentious and consequential elections since the founding of the Islamic Republic in 1979.

The contest puts before Iranian voters two candidates with conflicting visions for the country—Mr. Rouhani, who has made an opening to the West, and a political newcomer wary of where such a path leads.

Ebrahim Raisi, a 56-year-old cleric with close ties to Iran's supreme leader, has emerged as a tougher-than-expected challenger, taking advantage of economic troubles and railing during campaign rallies against inefficient government and its failure to address corruption.

Mr. Raisi, supported by Iran's hard-line establishment, has used his campaign to criticize the signature accomplishment of Mr. Rouhani's first term: the 2015 nuclear deal that lifted most economic sanctions and expanded oil exports.

The Obama administration pushed the nuclear deal, in part, because it believed the lifting of sanctions would allow Iran to eventually moderate its domestic and foreign policies, according to current and former U.S. officials.

The Trump administration has shifted U.S. rhetoric and imposed new sanctions on Iran that target entities involved in Tehran's ballistic missile program and alleged human-rights abuses. It sees the election as a gauge of Tehran's future policies, but its antipathy toward Iran is unlikely to change regardless of who wins, a senior Trump administration official said.

Mr. Rouhani has during rallies referenced, though never directly, Mr. Raisi's alleged connections with Iran's deadly 1988 purges as a longtime member of the judiciary. He told a packed stadium in western Iran this month that voters wouldn't support candidates who "executed and jailed" fellow citizens.

Mr. Raisi hasn't addressed Mr. Rouhani's comments in interviews or speeches.

A judiciary spokesman, responding to Mr. Rouhani's mention of executions, said Tuesday that Iran's judiciary has helped fight against terrorism.

"My record is that I was a soldier for this country," Mr. Raisi said at a rally in Tehran. "My past was to push away the sinister shadow of terrorists from the country."

Until recently, the election appeared an easy win for Mr. Rouhani, who is seeking a second four-year term. But his popularity has ebbed since last year as Iranians failed to see economic benefits from the nuclear deal, polls show.

"The situation hasn't been good in these four years," said Ali Arjomandi, a 26-year-old medical student who attended a recent rally for Mr. Raisi.

Mr. Rouhani's support among likely voters was around 61%, according to the most recent polls by Washington-based International Perspectives for Public Opinion; Mr. Raisi was at 27% after the Tehran mayor dropped from



Supporters of Iranian President Hassan Rouhani during a campaign rally, above. He faces a challenge from candidate Ebrahim Raisi.

BEHROUZ MEHRI/AGENCE FRANCE PRESSE/GETTY IMAGES; BEHNAM TAHERI/REUTERS/EUROPEAN PRESSPHOTO AGENCY



the race and gave his support to Mr. Raisi.

Iran's hard-line factions have coalesced around Mr. Raisi, sending him to the campaign trail after a career spent behind the scenes.

Mr. Raisi has promised to create a million jobs a year, address a nearly 13% unemployment rate and revive financially troubled housing projects for the poor. His campaign message mirrors former hard-line President Mahmoud Ahmadinejad's in speeches that mix religion, politics and economics.

"In my childhood, I experienced the taste of poverty," he said in a TV interview. "Being an orphan, I worked as child and a teenager, and I know how the deprived feel because I experienced it."

Religious pride

A victory by Mr. Raisi would bolster his chances to succeed Iranian Supreme Leader Ayatollah Ali Khamenei, who served two terms as president in the 1980s, analysts said. The supreme leader decides most matters of state, while the president manages policy and serves as Iran's face to the world.

Few doubt Mr. Khamenei, 77 years old, is behind Mr. Raisi's rise. In recent speeches, Mr. Khamenei has been critical of Mr. Rouhani's economic management, a view echoed by hard-line media.

Mr. Khamenei appointed Mr. Raisi last year to oversee the Astan Quds Razavi, a charity worth billions of dollars that is central to state-

controlled manufacturing and real-estate enterprises under Mr. Khamenei's control.

Some analysts aren't convinced Mr. Khamenei is wedded to Mr. Raisi as a successor. "It may be that he's a contender and Khamenei wants to take him out for a test ride," said Cliff Kupchan, the chairman of political-risk consultancy Eurasia Group.

At rallies, Mr. Raisi voices a message similar to Mr. Khamenei's, one that opposes dissent and appeals to emotions triggered by religious pride and Iran's perceived loss of prestige. It is a view associated with Iran's Islamic Revolutionary Guard Corps, an economic and military force that owns monopolistic companies and leads Iran's forces in Syria and Iraq.

Iran is the main Shiite power in the region—where Shiites are outnumbered by Sunni Muslim countries, led by Saudi Arabia and its Persian Gulf neighbors, most of which are U.S. allies. These nations have increasingly battled against what they view as Iranian meddling—and what Iran sees as its role helping suppressed Shiites.

Iran's strategy, which has put it in conflict with the West, is carried out by the power Mr. Raisi is closest to—Mr. Khamenei and his inner circle, including the Revolutionary Guard.

Mr. Rouhani, 68 years old, is a regime loyalist, but he represents a more technocratic approach to governing that appeals to younger, wealthier and better-educated Iranians. Many in Iran were born after the revolution.

Some want to move past the fervor that drove out the shah, triggered the 444-day hostage crisis at the U.S. Embassy and frayed ties between the countries.

If Mr. Raisi wins, Iran's foreign policy would likely break from the Rouhani-led engagement that yielded Iran's agreement to put limits on its nuclear program in exchange for sanctions relief. It also could change Iran's view on foreign investment. Western companies, including Boeing Co., have made billions of dollars in sales to Iran since the nuclear agreement.

Raisi appears to be much more in line with traditional hard-line Iranian thinking about the economy, namely, that integration with the West is costly, and comes with

strings attached," said Behnam Ben Taleblu, a senior Iran analyst at the Washington-based Foundation for Defense of Democracies.

Mr. Raisi has promised to abide by the deal. But he might not be willing or able to persuade the Revolutionary Guard—which sees foreign competition as a threat—to give up any market share, Mr. Taleblu said.

Mr. Rouhani has been blunt in his critique of the Revolutionary Guard. During a presidential debate, he criticized the test-firing of a ballistic missile that carried the slogan, "Israel should be wiped off the Earth," soon after the nuclear deal took effect last year. He said at a rally that monopolies weren't good for Iran, a veiled reference to the Revolutionary Guard.

"We are at the edge of a great historical decision," Mr. Rouhani told supporters at a rally Saturday in Tehran. "Our nation this week will announce whether we return to 2012 or head to 2021, if it continues on the path of peacefulness or if it will choose tension."

Up the ranks

Mr. Raisi rose through clerical and judicial institutions. In the 1970s, he became a devotee of Ayatollah Ruhollah Khomeini, Iran's first supreme leader, while studying in Qom, home to Shiite Islam's most influential seminaries.

After the 1979 Islamic Revolution, Mr. Raisi became a member of the ruling clique, and in 1980 he began a decadeslong judicial career with his appointment as the assistant public prosecutor in Karaj, west of Tehran.

At age 23, Mr. Raisi reinforced his establishment ties by marrying the daughter of cleric Ahmad Alamolhoda, a close ally of Mr. Khamenei.

In the 1980s, Mr. Raisi became deputy to the prosecutor in Tehran's Islamic Revolutionary court, a judicial system known for handling politically sensitive cases.

In July 1988, after eight years of war with Iraq, Mr. Khomeini ordered that political prisoners be questioned by three-member panels made up of a cleric, prosecutor and intelligence official. Any prisoner who professed allegiance to the banned opposition groups was executed, according to international human-rights groups.

Thousands of people were believed killed, these groups say, although the precise number is unknown. Tehran has long denied any such executions.

Mr. Raisi sometimes stood in as a prosecutor on a three-member panel with a religious judge and an intelligence ministry official, according to a report by the Abdorrahman Boroumand Foundation, a human-rights group based in Washington, D.C.

Mr. Raisi hasn't responded to the report.

If Mr. Rouhani wins, as most expect, he may be weakened by his public criticism of the Republican Guard, as well as his indirect references at campaign rallies to the 1988 executions.

"He's the guy who attacked some of the core values of the Islamic Republic by airing dirty laundry," said Ray Takeyh, a fellow at the Council on Foreign Relations in Washington. "That creates problems for him in the next four years."

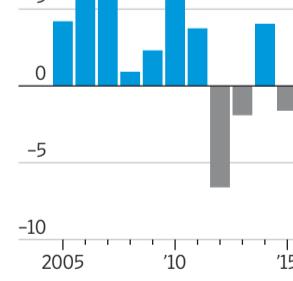
—Jay Solomon
contributed to this article.

Lifting Sanctions on Iran

President Hassan Rouhani, seeking a second term in elections Friday, faces a hard-line opponent who has criticized Mr. Rouhani's signature achievement: the 2015 nuclear deal that lifted most economic sanctions and boosted oil exports. Mr. Rouhani's popularity has ebbed among voters who say they haven't seen the economic benefits.

Gross domestic product

Annual change

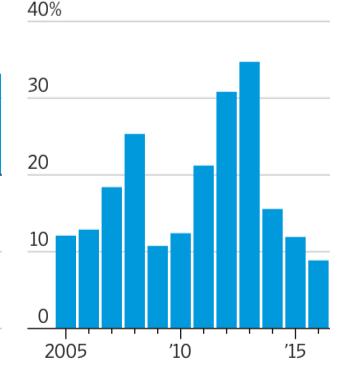


*Data unavailable for August and December 2011

Sources: International Monetary Fund (GDP, inflation, unemployment); Joint Organizations Data Initiative (oil)

Inflation

Annual change in consumer prices



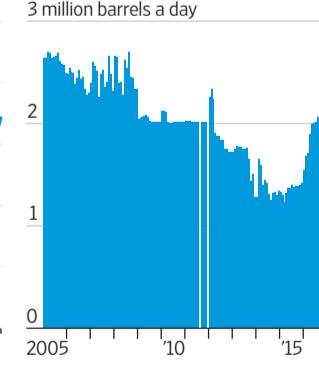
Unemployment

Percentage of total labor force



Crude-oil exports*

3 million barrels a day



THE WALL STREET JOURNAL.

U.S. Unveils Sanctions Targeting Iran Missile Program

By CAROL E. LEE
AND JAY SOLOMON

WASHINGTON—The Trump administration on Wednesday announced new sanctions against Iran aimed at its ballistic missile program.

At the same time, the administration is taking a step to adhere to the 2015 deal to restrain Iran's nuclear program by signing a sanctions waiver for Tehran, as stipulated in the pact, a senior administration official said.

Also on Wednesday, the State Department released its report on Iran's human-rights record, emphasizing abuses in

the country's prison system and its detention of foreign nationals, including American citizens, the official said.

The moves come just days ahead of Iran's elections and before President Donald Trump is scheduled to travel to the Middle East to meet with America's Gulf allies and Israeli officials to discuss new measures to counter Tehran's influence in the region.

"The actions that the administration is taking today are intended to highlight that the U.S. is moving forward to address all the various aspects of Iran's destabilizing and hostile behavior,"

the official said. "So the message today is that we continue to take action against these and other aspects of Iran's negative behavior that affect the U.S.'s security and that of our allies."

The sanctions target seven individuals and entities, including two senior Iranian defense officials and a China-based network the U.S. says has supported Iran's ballistic missile program, the official said.

The official said the U.S. had notified China of the pending sanctions.

One Iranian defense official who is sanctioned facilitated the sale of explosives and pro-

vided other support to Syria, the official said. Another is the director of an Iranian organization that is responsible for the Iranian regime's ballistic missile program.

Iranian and Chinese officials didn't respond to a request for comment.

Trump administration officials said the sanctions on Iran were part of a stepped-up campaign to highlight Tehran's and its allies' malign activities across the Middle East.

Earlier this week, the U.S. sanctioned members of Syrian President Bashar al-Assad's family and accused Syria of executing political opponents

at a Damascus hospital. Iran is among the biggest supporters of the Syrian regime, providing soldiers and arms to defend Mr. Assad.

The Trump administration is currently conducting a review of its Iran policy. And senior officials said the approval of waivers to support the nuclear agreement doesn't mean the White House now has agreed to bless the deal long-term.

"This should not be seen as giving Iran a clean bill of health," said the official.

Officials played down the idea that the new sanctions were aimed at affecting Iran's election. Wednesday was the

deadline for the White House to decide on whether to grant the waivers, they said.

Democrats from the Obama administration have mobilized in recent days to defend the Iran nuclear agreement. A number of them said Wednesday that they were pleased the White House granted the waivers, but that they still feared the types of sanctions Congress and the Trump administration were debating on Iran could hurt the deal.

"Some would be highly deleterious," said Richard Nephew, a sanctions expert who was a member of the Obama negotiating team.

GREATER NEW YORK

AG Office Settles Housing Bias Case

BY CORINNE RAMEY

New York Attorney General Eric Schneiderman's office said Wednesday that it settled with the German American Settlement League in Yaphank, Long Island, over what prosecutors called racially discriminatory housing practices.

The League's 40-acre community, a former Nazi summer camp called Siegfried Park, had only allowed people "primarily of German extraction" to own homes or be members. The group maintained these practices by leasing land to its members and prohibiting public listings of home sales, according to court documents.

"The [League's] discriminatory practices were a remnant of a disgraceful past that has no place in New York or anywhere," said Mr. Schneiderman. The attorney general's office said the settlement resolves its investigation into the group.

An attorney representing the League didn't respond to requests for comment. The group's executive director couldn't be reached for comment but previously said the League had moved on from its racist past and its rules had been misunderstood.

'The discriminatory practices were a remnant of a disgraceful past.'

Under the terms of the settlement, the League didn't admit fault. It agreed to replace its president and treasurer and regularly report to the attorney general's office, among other requirements.

In 2015, a married couple and a Long Island housing nonprofit sued the League, claiming its housing policies were illegal. The couple, who are white and of German ancestry, had been unsuccessful in selling their Siegfried Park home for at least six years because of the League's "racially restrictive policies," the suit alleged.

The League settled that lawsuit last year under an agreement that required it to make changes to its bylaws, according to court documents.

Mr. Schneiderman's office said its investigation found these changes weren't enough. Membership and housing sales in the community were still "unreasonably difficult," in particular to those who weren't white or of German descent.

In the late 1930s, German-Americans traveled to Yaphank for Nazi rallies, according to the 2015 suit. Siegfried Park was used as a summer camp beginning in 1935, and was transferred to the League in 1937. The camp had Nazi flags, pictures of Adolf Hitler and a swastika-shaped garden, court documents say.

The subdivision had street names like Hindenburg Street, Adolf Hitler Street and German Boulevard, the suit said. Its constitution, dated 1998, says one of the purposes of the League is to "introduce, cultivate and propagate in every direction true Germanic culture and to cultivate the German language, customs and ideals." Adolf Hitler Street has since been renamed, as have some other streets.

De Blasio Rises Ahead of Election

Mayor is well ahead of GOP challengers as his job-approval rating surges, new poll finds

BY MARA GAY

New York City Mayor Bill de Blasio has a big lead over challengers in this fall's election and his job approval rating has risen to 60%, its highest since taking office, a new poll showed.

The poll out Wednesday from Quinnipiac University found voters prefer Mr. de Blasio, a Democrat, over two likely Republican challengers by 3 to 1.

"Stay tuned for a slam-bang mayoral election—four years from now," Maurice Carroll, the poll's assistant director,

said Wednesday.

The poll comes in the midst of a race that has so far offered little competition for Mr. de Blasio. The mayor has virtually no formidable opposition in the Democratic primary. Several potential challengers, like Comptroller Scott Stringer, considered entering the race, but backed away when investigations into the mayor's fundraising operation yielded no indictments.

Dan Levitan, a campaign spokesman for Mr. de Blasio, said voters were responding to the mayor's successes, which he said included his prekindergarten initiative, as well as low crime in the city and a strong economy.

The survey indicated that voters prefer Mr. de Blasio to Republican Paul Massey, a former real-estate executive, 63%

to 21%. And it found that they would pick Mr. de Blasio over Assemblywoman Nicole Malliotakis, another Republican in the race, 64% to 21%.

The vast majority of voters surveyed said they didn't know enough about either Republican candidate to form an opinion.

A spokeswoman for Mr. Massey said he was "focused on talking to hardworking New Yorkers about his vision of innovation, inclusion and integrity for the city, and beating Bill de Blasio on election day."

Rob Ryan, a spokesman for Ms. Malliotakis, said the results "don't mean much" because she just entered the race in the beginning of May. "When voters get to know Nicole the numbers will change," he said.

Mr. Ryan said Mr. Massey should end his campaign, how-

ever. "What is obvious from the poll is that after months in the race, too many consultants to count and sky-high expenditures, Paul Massey's candidacy hasn't gained traction, that's sad. He should drop out of the

since early this year. A Feb. 28 Quinnipiac poll found Mr. de Blasio had a 50% job-approval rating, the highest he had seen in more than a year. A NYU/Baruch College City Poll on Tuesday found that the mayor had a 53% approval rating.

The mayor's support continues to be driven by minorities and women, who make up the heart of his Democratic base.

Among black voters, 80% said they would vote for Mr. de Blasio over his Republican rivals, while 73% of Hispanic voters said they would vote for him and 69% of women said they would. Among white voters, that figure was 48%.

The Quinnipiac poll surveyed 1,019 voters on landlines and cellphones between May 10 and May 16. It has a margin of error of plus or minus 3.1 percentage points.

60%

Mayor's job-approval rating, according to a Quinnipiac poll

Degrees Earned, Real World Awaits



ON THEIR WAY: Graduates lined up to take their seats Wednesday at Columbia University's commencement at the school's campus in Manhattan. Grammy-winning musician Pharrell Williams addressed New York University's graduating class at Yankee Stadium in the Bronx. He received an honorary doctor of fine arts degree.

LEFT TO RIGHT: SETH WENIG/ASSOCIATED PRESS; DIA DIPASUPIL/GETTY IMAGES

'King Kong' Hopes to Tower Over Broadway

BY CHARLES PASSY

Broadway finally has a date with the big ape.

"King Kong," a production based on the oversize creature of cinematic fame, will bow on Broadway in fall 2018, producers said. The show, which originated in Australia in 2013, is billed as featuring a lifelike Kong that represents a "bringing together" of the "worlds of animatronics and puppetry," according to a press release.

"Our team is creating a theatrical experience that we hope will astound audiences, while delighting them with its heartfelt storytelling," said Roy Furman, one of the producers, in a statement.

"King Kong" is the latest in a series of Broadway shows connected to popular movies. This season alone saw musicals based on "Groundhog Day," "A Bronx Tale" and "Amélie."

"King Kong" has several established names connected to it. Jack Thorne, a veteran writer for theater, film and TV, is responsible for the text.

Although not strictly billed as a musical, "King Kong" will



The 2013 production of 'King Kong' in Melbourne, Australia. The show comes to Broadway in 2018.

weave in musical elements. Marius de Vries, a four-time Grammy nominee, wrote the score. Eddie Perfect, a composer and lyricist who is working on a Broadway-bound musical based on the film

"Beetlejuice," contributed songs.

"King Kong," which began being developed about a decade ago, has gone through various creative talents on its road to Broadway. At one point, Grammy-winning

singer-songwriter Sarah McLachlan was involved.

Exact dates and ticketing details for "King Kong" will be announced at a later time. The show is slated to play at the Broadway Theatre.

Coast Guard Keeps Up Plane Search

BY MELANIE GRAYCE WEST

The U.S. Coast Guard said late Wednesday it was continuing a search for survivors of a private plane that disappeared over the Bahamas with four people on board, including a New York woman and her two children.

Air-traffic controllers lost contact with the Mitsubishi MU-2B plane about three hours after it departed Monday from Puerto Rico, bound for Titusville, Fla., the Coast Guard said. It has confirmed that debris found Tuesday near the Bahamas matches components of an MU-2B.

The National Transportation Safety Board said Wednesday it is investigating the plane's disappearance.

The plane was carrying Jennifer Blumin and her two sons, 3 and 4 years old, and Nathan Ulrich, 52, of Lee, N.H. Ms. Blumin, 40, is the founder of Skylight Group, a high-end event management firm.

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GREATER NEW YORK



WORDSEARCH

A portion of the future garden at One Manhattan Square, as shown in a rendering. Below, the tower under construction in February.

Condo Perk: A Vast Private Garden

Tower going up on Lower East Side goes big on greenery in large outdoor space

By JOSH BARBANEL

At One Manhattan Square, residents soon will be able to stroll up a hill sprinkled with flowering sumac plants and contemplate life from what the developers call an adult treehouse set amid hedges and azaleas.

It is a part of a private garden that will wrap around the 800-foot high condominium tower going up in the rapidly gentrifying Lower East Side at the foot of the Manhattan Bridge.

While some new buildings offer benches and planters, One Manhattan Square, at 250 South St., will allow condo buyers to sip tea in a Japanese-inspired pavilion surrounded with red maple and cherry trees, stargaze through telescopes or warm their hands around an intimate gas-powered fire pit.

At 45,000 square feet, spread over five levels, the outdoor space will be one of the largest private residential gardens in Manhattan. It is about 60% of the size of Gramercy Park, the East Midtown refuge accessible by a key issued to nearby residents.

A map of the garden at One Manhattan Square resembles a board game, with



MICHAEL NAGLE/BLOOMBERG

at least 17 labeled spaces, from a "relaxation lawn" to a large social fire pit and smaller "romantic fire pits" to an herb garden and a "sumac meander."

"A garden is not one thing," said Adriaan Geuze, a founder of West 8, the urban design and landscape architecture firm that designed the garden.

Mr. Geuze's firm, which is based in the Netherlands and has an office in New York, developed a plan for Governors Island, the former Coast Guard base in New York Harbor. He said One Manhattan Square was designed to be a "sort of oasis, a sanctuary, seasonal peaceful garden" while also meeting the varying needs of the residents of

a vertical community.

The tower has been intensively marketed by the developer, Extell Development Co., to New Yorkers and buyers in Asia.

The building, with 815 apartments, is due to open next year. Prices start at just under \$1.2 million for lower floor, one-bedroom units. A three-bedroom apartment on the 59th floor is listed for \$4.4 million.

Although several new condominiums have gardens, including Greenwich Lane, on the site of the former St. Vincent's Hospital, they don't include the size or mix of options at One Manhattan Square. There will also be a putting green, ping-pong tables and an outdoor kitchen.

A children's playground will include a foot bridge connecting landscaped play surfaces etched in the familiar shapes of Manhattan, Brooklyn and the East River.

M. Paul Friedberg, a New York-based landscape architect now in his 80s, hasn't seen West 8's design for One Manhattan Square, but said more generally that he has long worried that commissions from developers focused on marketing can subvert landscape architecture.

"It is sad," Mr. Friedberg said. "We end with these kitschy and Disney-esque kinds of approaches."

Mr. Geuze said in response that as far back as the 16th century, long before design competitions for parks and public spaces, garden designers were commissioned by wealthy nobles to create private showcase spaces that sometimes bordered on fantasy to impress others and to "express dignity and splendor and cultural awareness."

Raizy Haas, senior vice president for development at Extell, said the unusually large development site—more than 2 acres—made the large garden possible.

Ms. Haas said Extell is passionate about creating the best garden possible at the unusually large development site—more than 2 acres in all.

PROPERTY WATCH

IN THE COURTS

Boards Get Backing on Secondhand Smoke

Co-op and condo boards may breathe a bit easier after an appellate court overturned a ruling that found a Manhattan board responsible for a claim that secondhand smoke

made an East Side apartment uninhabitable.

In the unanimous ruling in early May, a three-judge appellate panel said that Connaught Tower, a 34-story co-op building on Second Avenue and East 54th Street, couldn't be held to account for health and safety concerns raised by the shareholder.

MANHATTAN

Residential Brokers' Confidence Ticks Up

A modest rebound in Manhattan home sales so far this year has contributed to the first uptick in confidence among residential brokers in four quarters.

Despite the rebound, confidence remains among its lowest levels since the survey by the Real Estate Board of New York began in 2013.

The industry group's survey indicated that residential brokers' confidence level has been sliding since the first quarter of 2016.

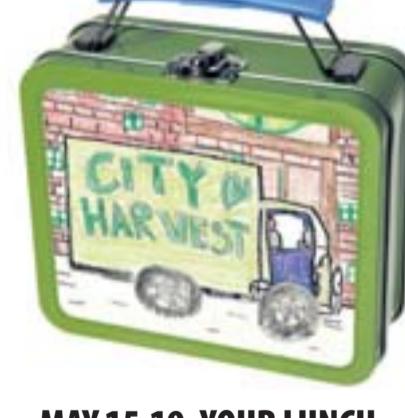
—Josh Barbanel

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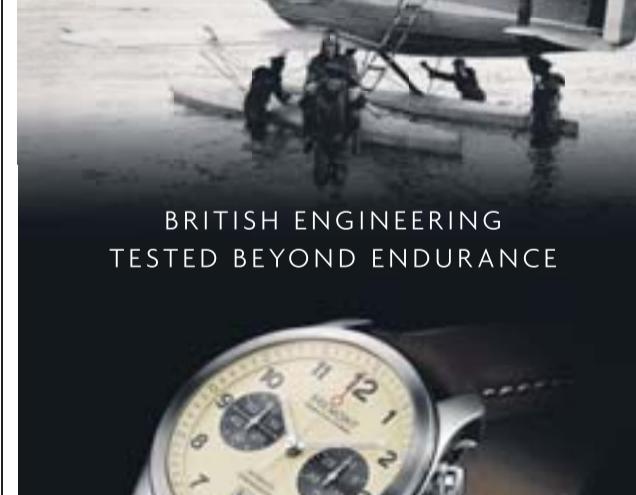
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LIFE & ARTS

THE MIDDLE SEAT | By Scott McCartney



Southwest offers every seat for purchase with points instead of cash and prices them so customers get a generous return on their points.

SAUL LOEB/AFP/Getty Images

The Best Airlines for Free Seats

BAD NEWS for frequent fliers: The small movement to make it easier to cash in miles and points for seats is ending, and airlines may keep getting even stingier.

An annual survey of availability of the type of frequent-flier ticket most travelers use shows a drop to 72% this year from 77% in 2016. Many foreign airlines known for superior service and seating have gotten more tightfisted with award seats. Availability on U.S. airlines actually improved, according to consulting firm IdeaWorks, and overall U.S. airlines offered better award availability than the rest of the world, even though American is among the skimpiest of all airlines.

But that may be the only decent news for travelers for a while. "I suspect it's not going to improve," IdeaWorks president Jay Sorenson says.

Airlines are increasingly using frequent-flier programs to generate revenue instead of rewarding customers, he says. In addition, increased competition with rapidly growing discount airlines and Persian Gulf carriers has led to financial strains for big airlines outside the U.S. Demand for travel is strong, so airlines can choose: Sell the seat for cash or miles. More are choosing cash over miles. And few have followed Southwest and JetBlue to more transparent redemption of offering every seat with a price in cash or points, making it easier to score free seats.

"When airlines are financially successful, they have the bandwidth to do lots of things better. This is one of those things," says Mr. Sorenson.

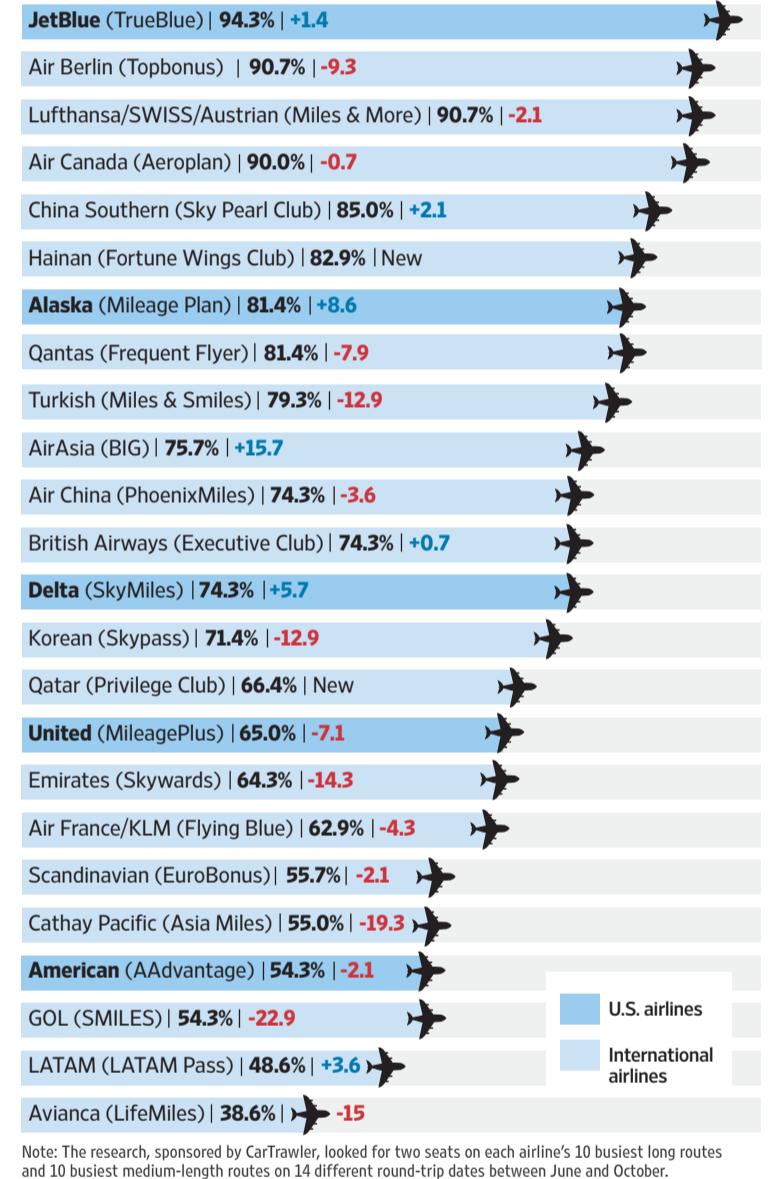
Southwest and JetBlue topped a test of seat availability on 25 leading airlines worldwide. Delta and Alaska scored significantly better this year than 2016. Availability declined on United and American ranked ahead of only two of the 25 airlines.

Cathay Pacific, Emirates, Turkish and Air Berlin all posted a signifi-

The Most Rewarding Rewards

Southwest and JetBlue again outperformed competition in a survey of frequent-flier award seat availability. The survey examined 25 airlines for itineraries from June to October 2017.

Airline (Program) | Percentage of seat availability | Point change from 2016



Note: The research, sponsored by CarTrawler, looked for two seats on each airline's 10 busiest long routes and 10 busiest medium-length routes on 14 different round-trip dates between June and October.

Source: IdeaWorks

THE WALL STREET JOURNAL.

cant drop in availability. Qantas, Lufthansa, Air France/KLM and Air China had smaller declines.

IdeaWorks, based in Shorewood, Wis., shops online in March for two available award seats on each airline's busiest routes for travel dates June through October. The survey looks only for "saver level" awards—usually the minimum number of miles or points and subject to blackout dates and capacity controls. A U.S. domestic saver ticket is typically 25,000 miles. Seats available on partner airlines count.

The survey, sponsored by CarTrawler, is designed to look at how typical travelers use frequent-flier programs, not power users with elite benefits. As they have with many of their services, airlines have skewed frequent-flier perks to please business travelers who buy expensive tickets and squeeze benefits for low-fare passengers. When Delta, United and American switched to giving out miles based on fare instead of distance, they created huge bonuses for top business fliers, for example.

Consumer frustration at finding awards weakened the marketing power of frequent-flier programs over the past decade. That led to some pledges from airlines to make their programs more rewarding so occasional travelers and millions of consumers with credit cards tied to airline miles will stay hooked. Availability climbed steadily in the IdeaWorks surveys from 2010 to 2016. But that ended with this year's results.

Airline filings with the **Securities and Exchange Commission** closely align with the survey's findings on award availability. Southwest, which had awards available for 100% of the queries made, reported that nearly 13% of its passenger traffic flew on Rapid Rewards program awards in 2016. At American, only 6.3% of passenger traffic flew on awards, including upgrades. Delta and United had just under 8%. Passenger traffic is measured by revenue passenger

miles—one RPM equals one passenger flying one mile.

In the 2017 IdeaWorks survey, American's award availability dropped 2 points to 54%, ahead of only two airlines among the 25 surveyed.

American is looking at improving availability of saver awards, says Bridget Blaise-Shamai, vice president of customer loyalty. "We certainly don't set out to be the lowest by this measure and we certainly value and want to run a competitive program," she says. As for the percentage of RPMs on award travel being lower than Southwest, Delta and United, Ms. Blaise-Shamai says, "We recognize we have room to go and we're committed to making that happen."

In the availability survey, Delta rose nearly 6 percentage points this year to 74%, putting it in the middle of the pack globally.

When the IdeaWorks survey started in 2010, Delta had seats available on only 13% of queries made. "We've been working hard to improve that," says Karen Zachary, managing director of Delta's SkyMiles program.

Delta says in the past year it has made more awards available at its lowest pricing tier, which internally Delta calls Level One, and has better matched pricing in miles with fares. The airline now runs mileage sales along with fare sales. In the 12 months ended in April, Delta customers redeemed 16% more tickets at Level 1, compared with the 12 months prior. Prices paid in miles for domestic tickets declined 3.3%, Ms. Zachary says.

United's award availability declined 7 points this year to 65%. The airline noted it scored higher than other U.S. airlines in trips of 2,500 miles or more, but didn't explain the overall availability drop.

Southwest says travelers who score free tickets come back for more. Travelers hooked on Rapid Rewards buy more cash tickets, es-

Please see REWARDS page A11

TELEVISION

THE UPHILL BATTLE FACING 'TWIN PEAKS'

BY JOHN JURGENSEN

One of the touchstones of modern television will be put to the test Sunday with the revival of "Twin Peaks," 26 years after it went off the air. The show, considered a precursor to novelistic television like "The Sopranos" and "Lost," helped embolden a generation of writers, directors and producers to push beyond TV norms.

But the show has less of a grip on younger viewers who didn't experience it in context—as a blast of noir weirdness on broadcast television in 1990.

Ian Karmel made three attempts to get into it with three former girlfriends who loved the show. The 32-year-old comedian and staff writer on "The Late Late Show with James Corden" struggled to grasp what was happening in the plot and got distracted by references he recognized from "The Simpsons." The Portland, Ore., native didn't see the show's Northwest setting as exotic: "There's nothing particularly supernatural about tall trees and fog to me."

"The whole time I was pretending to understand and enjoy it while thinking, 'When is this going

to hook me?'" It never did.

The mixed legacy of "Twin Peaks" magnifies the challenge faced by all producers of revivals and sequels: how to serve hardcore fans with a fresh story that can also grab new and less-invested viewers. The prolonged gestation of the "Twin Peaks" project (set to air on Showtime) and the secrecy surrounding it has anticipation running especially high, even as some fans try to temper their expectations.

A murder mystery/soap opera/paranormal horror comedy set in the fictional Washington logging town of Twin Peaks, the series was created by filmmaker David Lynch and writer Mark Frost. Its spooky style and the riddle of who killed teen Laura Palmer made the series an instant hit on ABC. It was also a fleeting one. The show's escalating strangeness eventually turned off viewers. Overcrowded with surreal tangents, the show staggered through a second season before the network canceled it.

Still, this show chockablock with symbols—a little man speaking in alien cadence, a lady carrying a log like a pet—went on to become an emblem for the industry. Showtime has leaned on the

original show's legacy to market its return—a third season featuring 18 episodes overseen by Messrs. Frost and Lynch. The network released several videos featuring respected producers, including Damon Lindelof ("Lost," "The Leftovers"), testifying to the influence of the original series.

There are many reasons why TV lovers might cherish the memory of "Twin Peaks" more than they remember it chapter and verse. A big one: The series flared up and flamed out before there was an internet, much less instant recaps and live-tweeting.

No doubt there's nostalgia for

the original show's moody, creepy coolness—and quirks such as the zealous devotion of FBI agent Dale Cooper (Kyle MacLachlan) to coffee and pie. But "Twin Peaks" anticipation is being fueled more by curiosity about how the unpredictable Mr. Lynch will revisit such formative material.

The buzz saw of hype has been building since the fall of 2014, when Showtime announced the show's return. Halting contract negotiations and a temporary departure from the project by Mr. Lynch gave people plenty of time to revisit the original series.

It's a rich but "perplexing" piece

of work, says steadfast fan John Thorne, a 53-year-old stay-at-home dad in Dallas. "There's lots to complain about in its storytelling." And that assessment comes from a loyalist who for 13 years published a magazine covering the "Twin Peaks" world. Mr. Thorne recently launched a new magazine, "The Blue Rose," to cover the revival.

"A little stressful," is how he describes his hopes and fears about the new "Twin Peaks." He's especially concerned with how rapidly viewers will dissect every episode as it airs. "Maybe it will require years of going back and forth and picking through it," he says.



Kyle MacLachlan walks through an alternate reality in a new episode of 'Twin Peaks.'

SHOWTIME

LIFE & ARTS

DOCUMENTARY FILM

The 'Long Strange Trip' to the Screen

BY CARYN JAMES

THE GRATEFUL DEAD has long been an elusive subject for filmmakers. In the 1970s, the band, a rising counter-culture touchstone, was on tour, accompanied by a movie crew. Resisting a documentary about them, the musicians sabotaged the project by lacing the filmmakers' drinks with LSD so they couldn't focus a camera. That movie never was finished.

Amir Bar-Lev completed his documentary about the Dead, "Long Strange Trip," but it took the director more than a decade. "Long Strange Trip" premieres in theaters in New York and Los Angeles on May 26, and launches on Amazon on June 2.

The biggest obstacle, Mr. Bar-Lev says, was the Dead's communal philosophy, which extended to business decisions. That approach persisted after 1995, when the group ceased to exist following the death of Jerry Garcia, its best-known member. The Grateful Dead organization "moves in an extremely egalitarian, consensus-oriented way, which means that nothing ever happens," Mr. Bar-Lev says. In addition, the band is "mis-trustful of anything that would nail them down to one meaning, so a documentary film had strikes against it right there." Persistence, a shake-up at a record company and a nod from Martin Scorsese finally cleared the path.

The Dead's legacy was thriving all along. David Browne, author of "So Many Roads: The Life and Times of the Grateful Dead," says, "People sometimes think of them as a bunch of drug-taking hippies from San Francisco, which they were, but they also pioneered a lot of what we're seeing in the music business." They started their own record company, a model followed more successfully by others today, Mr. Browne says. They mailed newsletters to fans, foreshadowing



The Grateful Dead performing on Haight Street in San Francisco in March 1968. A film on the band due out in a few weeks took more than a decade to make.

how stars now use social media.

The four-hour "Long Strange Trip" spans the Dead's career, beginning with concerts in the 1960s. Three decades later the group was among the creators of blues-folk-rock music and a pioneer of improvisational sets. The film includes archival material and interviews with band members Bob Weir, Phil Lesh, Bill Kreutzmann and Mickey Hart, as well as roadies, lyricists and fans.

In 2003, Mr. Bar-Lev approached Alan Trist, who runs the Grateful Dead's music-publishing

company, Ice Nine. Mr. Trist responded enthusiastically but getting a green light from band members and executives in Grateful Dead Productions, which handles licensing and other business for the group, was tougher.

In 2006 Rhino Entertainment took over management of the Dead's intellectual property, and resisted the film. Six years later, Mark Pinkus—a Dead fan who had become Rhino's manager for the Dead's properties and is now the company's president—introduced Mr. Bar-Lev to the band members. They

gave him preliminary approval. The Dead balked again several months into pre-production, and finally relented after Mr. Scorsese had joined as executive producer.

In the meantime, Mr. Bar-Lev made other documentaries, including "The Tillman Story," about the death by friendly fire of U.S. football player and soldier Pat Tillman. With "Long Strange Trip," he sought to recreate the excitement he felt attending Dead concerts as a high-school student in Berkeley in the 1980s.

He also wanted his work to be

cinematic. Early in the documentary, Frankenstein's monster appears in a vintage movie clip, intoning "I love dead." Mr. Garcia explains in an old interview that "Abbott and Costello Meet Frankenstein" (1948) was a childhood influence. Clips from that film and "Bride of Frankenstein" recur through the documentary. Instead of the stop-and-go of a concert film, "Long Strange Trip" layers snippets of the Grateful Dead's music under audio interviews to create "something that feels like a feature film score," Mr. Bar-Lev says.

ART

CHRISTIE'S SALE SOARS

BY KELLY CROW

What a difference a year makes. Last May, Christie's managed to sell five paintings for at least \$10 million apiece during its evening sale of postwar and contemporary art. On Wednesday, a similar sale at the same auction house saw a dozen works cross that bar—including five pieces that sailed above \$20 million.

The hundreds of collectors who packed into Christie's Rockefeller Center salesroom didn't look rattled by the day's drop in the broader financial markets; they appeared content to sink their fortunes into art instead. Their collective confidence helped Christie's

sell all but three of its 71 offerings, pushing the sale total to \$488 million and easily surpassing the house's \$343 million expectations.

New York dealer Larry Gagosian beat three rivals to win the sale's priciest piece, Cy Twombly's \$52.9 million "Leda and the Swan." The 1962 torrent of paint flecks and doodlelike markings was expected to sell between \$35 million and \$55 million. Francis Bacon's 1963 "Three Studies for a Portrait of George Dyer" sold to a London-based collector for \$51.8 million, edging over its \$50 million estimate.

Another trophy was Roy Lichtenstein's 1965 "Red and White Brushstrokes," which Christie's sold for \$28.2 million, over its \$25 million low estimate after the house's



'Red and White Brushstrokes' by Roy Lichtenstein sold for \$28.2 million.

additional fees. The Pop painting depicts a pair of drippy daubs set against a backdrop of Lichtenstein's signature Ben-Day dots intended to evoke a comic book.

Steven A. Cohen of Point72 Asset Management sold his Jean-Michel Basquiat portrait of a police officer, "La Hara," for \$35 million to a blonde wearing a

flowery denim jacket and whispering into her cellphone. The 1981 Basquiat was expected to sell for up to \$28 million.

Andy Warhol also had a good night, with his "Big Campbell's Soup Can with Can Opener (Vegetable)," selling for \$27.5 million, and his salmon-colored "Last Supper" from 1986 selling for \$18.7 million, exceeding its \$8 million high estimate. The latter was part of a 26-piece group of works from the estate of Long Island, N.Y., real-estate developer Jerry Spiegel and his wife, Emily, that sold for a combined \$116 million. Another Spiegel hit was Philip Guston's "Painter at Night," which sold for \$12.6 million.

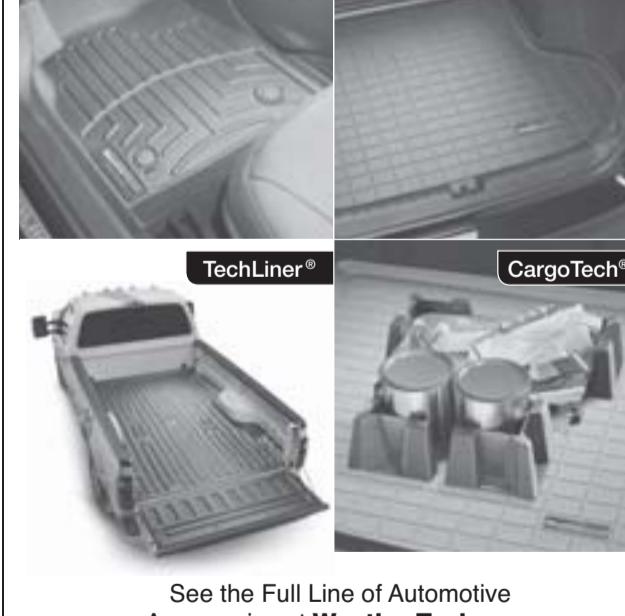
Auctioneer Jussi Pylkkänen coaxed enough to sell nearly everything. Two works were withdrawn before the sale, including a Willem de Kooning abstract that was expected to sell for at least \$25 million.

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LIFE & ARTS



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MUSIC REVIEW

'Sgt. Pepper' Turns 50

The Beatles' boldest album gets an impressive anniversary reissue

BY ALLAN KOZINN

THE SURVIVING Beatles, Paul McCartney and Ringo Starr, have been strangely reluctant to acknowledge, much less celebrate, the 50th anniversaries of the Beatles' recordings as they've come around since 2012. Even signal achievements like "Rubber Soul" (1965) and "Revolver" (1966), in which they moved decisively beyond teen pop, passed without the expansive archival reissues now customary among rockers.

But even for the anniversary-averse Beatles, "Sgt. Pepper's Lonely Hearts Club Band" is an album that demands special treatment, and they are celebrating its half century by releasing a new stereo mix in multiple formats: as a single CD; as part of a "Deluxe Edition" double CD or LP, with the second disc devoted to an alternative "Sgt. Pepper" built of previously unissued outtakes; and in a six-disc "Super Deluxe Edition" that also includes DVD and Blu-ray discs with a documentary and an immersive 5.1 surround-sound mix, two CDs of outtakes and a third

devoted to the original mono mix, and a hardback book packed with recording details and essays about the music, its cultural context, and reception. The reissues are being released by Apple/UMG on May 26.

Recorded between November 1966 and April 1967, and released

A new stereo mix, unissued takes and more offer the opportunity to listen anew

that June, "Sgt. Pepper" has roots in the electronic experiments and timbral expansion the Beatles undertook on "Revolver." But they proceeded more boldly this time, creating a sequence of songs that leads listeners through a wonderland of psychedelic imagery, wrapped in a fabric of intertwined rock, classical, electronic and Indian timbres and techniques, and tucked into an eye-catching jacket showing two iterations of the Beatles (as 1964 mop-tops and in their

1967 Day-Glo finery) surrounded by celebrities and historical figures.

Love songs, long the Beatles' mainstay, are scarce on "Sgt. Pepper," beyond a vaudeville-style tune imagining family life at 64, and a rocker about an unsuccessful attempt to seduce a meter maid. Instead, the Beatles offer a lushly orchestrated tale of a teenage runaway and her distressed parents; a visit to a Victorian circus, with a *musique concrète* accompaniment; a disquisition on Indian philosophy; a dark, sociological parsing of a Corn Flakes commercial that gives way to animal sounds that morph between species and become a stampede; and a startling, dreamlike finale, punctuated by aleatoric orchestral crescendos and ending with a grand, crashing E major chord played on massed (overdubbed) keyboards.

"Sgt. Pepper" sounds as vibrantly imaginative now as it did in 1967, and the new mix, by Giles Martin (whose father, George, produced all the Beatles' recordings) and Sam Okell, has given it an invigorating facelift. Mr. Martin's template was the 1967 mono mix, which his father and the Beatles preferred, and

which is superior to the contemporaneous stereo mix in some ways. The vocals on "Lucy in the Sky With Diamonds," for example, are appropriately spacey in mono, less so in the original stereo mix, and "She's Leaving Home" runs faster in mono, leaving its stereo counterpart sounding draggy and mawkish. Wherever he found such differences, Mr. Martin preserved the characteristics of the mono version.

The original stereo mix has its charms, but there were limits to what could be done at the time. The Beatles recorded "Sgt. Pepper" on four-track equipment, and because they were enamored of overdubbing, they adopted a method that involved filling a four-track tape and copying those tracks to a second reel, freeing tracks on the new tape by doing "reduction mixes" of the original material along the way. The mixing, though, limited the flexibility with which instruments and voices could be placed in a stereo image. And the copying meant a reduction in quality.

Fortunately, the unmixed original elements were preserved, and they have been transferred to multitrack digital media, allowing Giles Martin the freedom to make a solid, modern stereo mix, with a natural, balanced placement of voices and instruments across the soundstage, notably improved clarity of timbres, and greater energy in the bass and drums—something the Beatles always demanded.

There are trade-offs. The 1967 stereo mix has a suppleness, especially in the vocals, that is diminished here, and Mr. Martin has jettisoned the original mix's antiphonal vocal placements and surrealist panning effects. But the weightier new mix gives the feeling of being in the studio with the band.

The outtakes in the Deluxe editions offer a crucial glimpse into the Beatles at work. You hear the "Sgt. Pepper" songs (plus "Penny Lane" and "Strawberry Fields Forever," recorded during the sessions but released as a single) taking shape, with different approaches to vocal phrasing, instrumental arrangement changes, and studio banter that lets us eavesdrop on the process itself.

You could not have hoped for a more comprehensive tribute to this extraordinary album. It's past time the Beatles' other recordings were given the same attention.

Mr. Kozinn writes about music for the Journal.



American has the stingiest program among U.S. airlines surveyed for coach 'saver' tickets.

REWARDS

Continued from page A9
especially higher-fare business tickets, and sign up for more credit cards linked to Southwest, says Jonathan Clarkson, senior director of loyalty and partnerships at Southwest.

"At this point we've been thrilled with the performance of the program," Mr. Clarkson says.

Mr. Sorensen says some airlines benefit in the survey from making awards available online from partner airlines. United, for example, had partner awards show up on 13 different airlines—helping its long-haul award availability. Other airlines have been more restrictive on what they put on their websites. Some make partner awards available only if consumers phone the airline. Others chose to restrict partner awards because the airline has to buy the seat on its partner to give it out as an award.

Most frequent-flier miles are earned now with credit cards and other paybacks from merchants. But the ones earned the old-fashioned way, sitting in an airplane seat, actually provide a princely return.

Mr. Sorensen calculated a payback for each U.S. airline based on what you'd have to spend in base fares flying to get an award ticket. Alaska had the highest payback, returning 11% of the base fares paid. That was even better than Southwest, which had a payback calculated at about 9%. American was lowest among U.S. airlines, at less than 4%.

Payback increases dramatically for elite-level frequent fliers who get bonus miles or points when they fly. In some cases, Mr. Sorensen says, airline miles for premium travelers can amount to a 25% rebate.



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SPORTS

MLB

Inside the Battle for the Marlins

Derek Jeter and other big-name bidders are struggling to raise more than \$1 billion for a last-place team with little fan support

BY MATTHEW FUTTERMAN

IN LATE APRIL, Major League Baseball Commissioner Rob Manfred said the Miami Marlins would be sold in a matter of days, not weeks or months.

Some 24 days later, the Marlins current owner, Jeffrey Loria, appears no closer to a deal. That is what happens when the leaders of the groups bidding can't afford the pricetag on their own, even when their last names are Bush, Jeter, Romney and Glavine.

In many ways, Manfred and MLB got what they wanted in the Marlins auction—a star-studded group of bidders pushing up the price on a last-place team in a middling market for pro sports. But as the league's owners convene in New York for their quarterly meeting, it now appears possible the Marlins deal could represent the moment when the super rich finally draw the line on what they are willing to pay for sports teams.

Loria bought the team for \$158 million in 2002, and would like to sell it for more than \$1 billion. Jeb Bush, the once-popular Florida governor and failed presidential candidate, has teamed up with New York Yankee legend Derek Jeter to head up one group that has claimed to have the inside track to buying the team. Tagg Romney, the son of a once-popular governor of Massachusetts and failed presidential candidate, leads another group including Atlanta Braves Hall of Famer Tom Glavine that has told people involved with the sales process that, no, it has the inside track. Each group has bid just north of \$1.3 billion, according to people with knowledge of the sales process.



The problem: None of the principals in those groups has that kind of money, and raising additional cash has proved challenging. Wealthy investors have thus far been wary of kicking in hundreds of millions of dollars to be minority partners, especially given what they see as an over-inflated valuation, said the people close to the bidding.

"A deal for \$1.3 billion isn't worth anything if you can't get it done," said one financier. "Getting people to sign up at those numbers is hard, if not impossible."

Investment bankers say recent deals valued baseball teams at

roughly 4 to 5 times their revenues, with the 2012 sale of the Los Angeles Dodgers for more than \$2 billion an outlier for multiple reasons that don't apply to the Marlins. Under typical valuation metrics, the Marlins should sell for somewhere between \$800 million and \$1 billion, and some bankers believe that the price will drop to around that level.

Steve Ross, the billionaire owner of the Miami Dolphins football team, last fall offered about \$750 million, which Loria rejected, said a person familiar with the offer.

People involved with the process

said MLB will allow up to \$450 million of debt to finance the acquisition, but the league wants the new owners to be "overcapitalized" with about \$200 million on hand to cover future losses. Loria and MLB declined to comment.

A person familiar with the Romney group said it has indications of interest from enough investors to finance the deal but has yet to finalize those into binding commitments. The Bush group is continuing to seek out investors through Gregory Fleming, a former Morgan Stanley executive, and Jack Oliver, a GOP operative who helped raise

Derek Jeter and Jeb Bush (top left) are part of one group vying for the Marlins. Tom Glavine and Tagg Romney (below left) are fronting the rival investment group.

tens of millions of dollars for Bush's presidential campaign.

Both sides approached the family of Dean Metropoulos, the billionaire investor behind the revival of iconic brands including Hostess and Pabst Blue Ribbon. Romney met with Metropoulos and his sons, who were said to be considering a possible investment of \$200 million. The brash Metropoulos clashed with the more straight-laced Romney, according to people familiar with the meeting, and the elder Metropoulos has told bankers he does not plan to invest in the Marlins.

A person familiar with the meeting described it as an exploratory gathering and said that Metropoulos holds these sorts of meetings "all the time."

Loria, who reportedly had a handshake deal earlier this year with the Kushner family that blew up over political considerations, can't afford for the process to drag on much longer. The team loses at least \$30 million each year, despite having a sparkling five-year-old stadium built largely with taxpayer money. The Marlins also receive more from MLB's revenue sharing system—about \$60 million annually—than any other team.

Aggravating the situation, the salary for star outfielder Giancarlo Stanton rises \$10 million next year.

The league was hoping to have a deal approved before the All-Star Game in July. That appears increasingly unlikely, which is unfortunate considering the location of the game—Marlins Park.

MLB: GETTY IMAGES (4), AGENCIE FRANCE-PRESSE/GETTY IMAGES (ROMNEY); COUNT: ELISE AMEND/ASSOCIATED PRESS

THE COUNT

THE COST OF CHEAP SCORES

Forgive running back LeGarrette Blount if he no longer thinks "pay dirt" is the best nickname for scoring a touchdown.

After scoring a league-leading 18 times with New England in 2016, Blount on Wednesday signed a new contract with the Philadelphia Eagles for \$1.25 million plus incentives—barely above the \$900,000 league minimum for a veteran of his experience.

At 30, age might have worked against Blount. But another issue is that, despite all the touchdowns last year, his is just a little better than average at his signature skill: plowing into the end zone near

the opponent's goal-line. The Patriots last year simply afforded him an absurd number of chances to do it.

Blount carried the ball within three yards of the opponent's goal-line 24 times, seven more than runner-up, the Arizona Cardinals' David Johnson.

But Johnson crossed the goal line 10 times in these chances (58.8%), according to Pro-Football-Reference. Blount's 12 touchdowns in those situations added up to a 50% conversion rate, just above the league average of 49.5%.

And since his career began in 2010, Blount has managed to

power his 6-foot-1, 245-pound frame into the end zone on 46.2% of his runs within three yards of it—exactly the NFL average.

The rest of the picture for Blount is mixed. While his 1,161 rushing yards was eighth most in the NFL, he averaged just 3.9 yards per carry, the second worst rate in his career.

Other leading Patriots rushers, Dion Lewis and James White, averaged 4.4 yards on a combined 103 carries.

—Michael Salfino



LeGarrette Blount signed with the Eagles Wednesday.

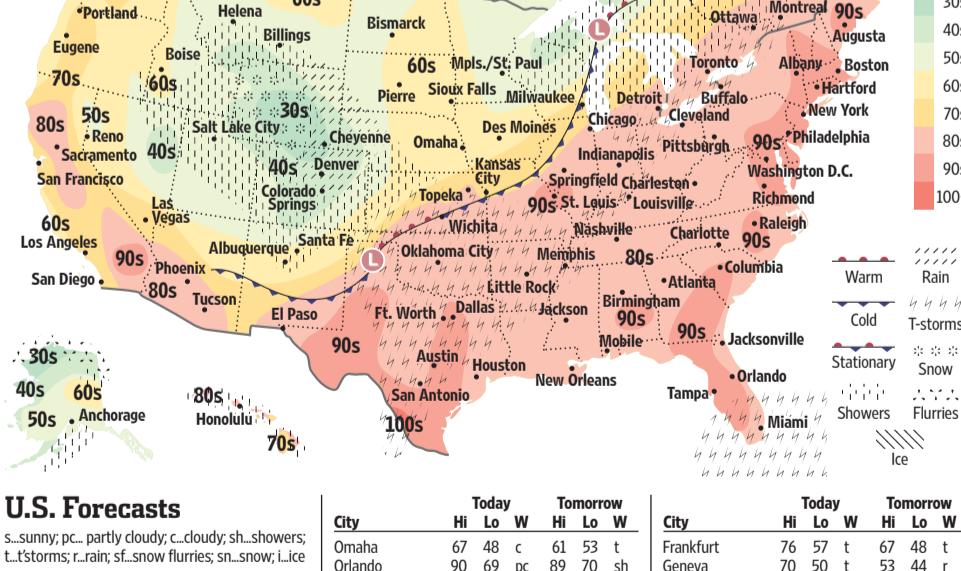
Punching It In

The NFL leaders in rushes within three yards of the opponent's end zone last year and their success in converting them versus the NFL average rate in 2016.

PLAYER	2016 TEAM	ATT	TD	TD%
LeGarrette Blount	Patriots	24	12	50.0%
David Johnson	Cardinals	17	10	58.8%
Jonathan Stewart	Panthers	16	9	56.3%
Melvin Gordon	Chargers	16	9	56.3%
Matt Asiata	Vikings	15	5	33.3%
Latavius Murray	Raiders	14	8	57.1%
Ryan Mathews	Eagles	13	4	30.8%
Devonta Freeman	Falcons	13	5	38.5%
Jeremy Hill	Bengals	12	4	33.3%
DeMarco Murray	Titans	12	6	50.0%
NFL		489	242	49.5%

Source: Pro-Football-Reference

Weather



U.S. Forecasts

s=sunny; pc=partly cloudy; c=cloudy; sh=showers;

t=tstorms; r=rain; sf=snow flurries; sn=snow; l=ice

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Atlanta 88 68 t 89 68 pc

Austin 92 70 pc 91 70 t

Baltimore 92 70 s 90 58 t

Boise 64 42 c 70 45 s

Boston 92 67 s 80 50 pc

Burlington 91 62 t 64 43 r

Charlotte 87 66 s 89 77 sh

Chicago 80 44 c 58 49 c

Cleveland 87 56 t 62 49 pc

Dallas 90 71 t 87 70 t

Denver 41 34 r 42 28 sn

Detroit 87 49 t 66 46 pc

Honolulu 85 72 sh 86 72 sh

Houston 89 76 pc 89 75 pc

Indianapolis 84 58 pc 76 59 t

Kansas City 78 57 t 74 60 t

Las Vegas 79 60 s 81 64 s

Little Rock 85 70 pc 84 70 t

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Berlin 78 58 s 80 58 t

Brussels 64 57 r 59 45 c

Buenos Aires 64 57 r 63 47 r

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Geneva 70 50 t 53 44 r

Havana 88 72 pc 86 71 pc

Hong Kong 83 77 c 80 76 r

Istanbul 67 56 pc 68 54 s

Jakarta 91 77 t 92 76 t

Jerusalem 86 65 s 79 58 s

Johannesburg 67 39 s 68 39 s

London 65 51 pc 60 47 t

Madrid 69 43 t 73 46 s

Manila 94 81 t 94 82 t

Melbourne 66 51 pc 65 55 sh

Mexico City 83 59 pc 86 57 pc

Milan 81 63 pc 73 53 t

Moscow 64 46 pc 67 47 pc

Mumbai 93 81 pc 93 82 pc

Paris 64 48 r 60 46 t

Rio de Janeiro 78 68 sh 76 68 r

Riyad 104 81 s 106 85 s

Rome 79 58 pc 76 55 t

San Juan 89 79 sh 89 78 pc

Seoul 80 59 s 81 60 s

Singapore 88 80 t 88 81 c

Sydney 71 62 pc 69 62 sh

Taipei 83 73 pc 85 72 pc

Tokyo 70 62 pc 73 65 pc

Toronto 84 46 t 62 43 pc

Vancouver 61 48 sh 63 49 pc

Warsaw 74 51 pc 69 52 pc

Zurich 74 55 t 60 44 r

The WSJ Daily Crossword | Edited by Mike Shenk

OPINION

Let Trump Be Trump



WONDER
LAND
By Daniel
Henninger

After the past two weeks, one must ask: How many parallel universes can the U.S. political system endure?

If Republicans running in 23 House districts carried by Hillary Clinton, or districts barely carried by Mr. Trump, distance themselves from the White-House mayhem, vote margins for the Trump legislative agenda will be at risk. Wednesday's down stock market was a canary in that mineshaft.

If Democrats win back the House in 2018, they will commence impeachment proceedings against Mr. Trump and his presidency will lose its ability to function for half its term.

Something's gotta give in Washington. It's not going to be Donald Trump.

The rumors of a White House shake-up include the suggestion that Mr. Trump may fire Sean Spicer, Reince Priebus, communications director Mike Dubke, counsel Don McGahn and consigliere Steve Bannon. What difference would that make?

No conceivable chief of staff would sign on now without a commitment from the president of full control over White House operations and messaging. Donald Trump won't cede that. He believes what he is doing is fine, as he's said in multiple interviews. So let's consider something completely different.

There is a reality at the center of this matter that has to be faced: Donald Trump doesn't like intermediaries. He abhors

Trump voters, however, should not underestimate the dangers of the current Washington circus. It isn't a sideshow. It could pull down him and them.

If Republicans running in 23 House districts carried by Hillary Clinton, or districts barely carried by Mr. Trump, distance themselves from the White-House mayhem, vote margins for the Trump legislative agenda will be at risk. Wednesday's down stock market was a canary in that mineshaft.

If Democrats win back the House in 2018, they will commence impeachment proceedings against Mr. Trump and his presidency will lose its ability to function for half its term.

Something's gotta give in Washington. It's not going to be Donald Trump.

The answer is to cut out the middlemen. Let Trump be Trump.

Donald Trump should serve as his own press secretary and maybe his own chief of staff. I would even propose that the Trump presidency go live to the world, with a camera crew recording the president and his moment-to-moment thoughts in real time every day. President Trump as messenger in chief.

A month ago, this proposal would have been read as satire. But it is now close to the manifest reality of the Trump White House.

If Mr. Trump says or tweets something that causes a stir, such as pulling out of Nafta, let him talk to reporters on his terms to explain what he meant. If he changes his mind

anything that gets between him and the public. The problem is not Sean Spicer's performance as press secretary. The problem is positioning anything between Donald Trump's mind and the outside world.

Mr. Trump managing the message flow himself won't eliminate all the static, but it would remove the press spending days pounding intermediaries like Sean Spicer to produce answers the president hasn't shared with his people or isn't ready to share. If the Trump presidency is going to produce static on a scale of 1 to 100, why not live with his 50 rather than the current 90?

Think of the Trump presidency as a Wikipedia entry, a project of constant updating, correction and revision. Once people get used to Donald Trump as a wiki, with him as the main editor, things might calm down. For Congress and the legislative agenda, mid-course corrections would become the daily routine, rather than media melodramas. The goal is relative stability.

There are all sorts of objections to a real-time Trump. It won't solve White House disorganization, but nothing is workable in this unique context. The old normal isn't happening and never will.

Discontinuity defines the Trump personality, and this won't change. But if it's all passing through him in real time, then corrections of facts, policy or intent can come earlier and reduce the current period of radioactive fallout.

Let Trump be Trump, for as long as it lasts.

Write henninger@wsj.com.

The Trump Tumult Is Too Much

By Karl Rove

Firing FBI Director James Comey was fully within President Trump's rights. The question is whether that decision was wise or will end up crippling his presidency.

First, the firing itself. As Deputy Attorney General Rod Rosenstein detailed in a May 9 memo, Mr. Comey overstepped his authority last July when he announced that Hillary Clinton should not be prosecuted over her private email server. That decision belonged to the attorney general. Then Mr. Comey proceeded to trash Mrs. Clinton, which Mr. Rosenstein called "a textbook example of what federal prosecutors and agents are taught not to do."

That's not all. Last October, when Mr. Comey announced the FBI had reopened the Clinton investigation, he violated "longstanding policy" to "refrain from publicizing non-public information." Yet Mr. Comey showed no remorse. The week before his firing he told Congress that even in hindsight he "wouldn't have done it any differently."

All that said, the execution of his firing could not have been worse. For one thing, the president looked petty. Instead of bringing Mr. Comey to the Oval Office to dismiss him, Mr. Trump dispatched his longtime bodyguard to FBI headquarters with a terse letter. Apparently, no one at the White House knew Mr. Comey

was on a trip to the West Coast.

Keeping White House communications staffers in the dark until shortly before Mr. Comey's firing made the action look ill-prepared and hasty. After the president was pummeled for hours in the evening's news coverage, three aides were finally dispatched to face a ravenous pack of journalists.

There's no obstruction of justice here, but the president is throwing away his agenda.

At least they had a rationale for the firing, drawn from Mr. Rosenstein's memo. But then Mr. Trump added to his credibility problems by saying he already had decided to fire the FBI director before receiving the memo.

The president's timing was terrible: He axed the man atop the agency investigating Russian meddling in America's election a day before Russia's foreign minister arrived in Washington to meet with the president. Then Mr. Trump reportedly shared highly classified material in that meeting, further discombobulating Americans concerned about Moscow's hostility to the U.S.

The White House's problems were soon made worse

by another revelation. In January, Mr. Comey reportedly wrote a memo saying that Mr. Trump had urged him to drop the FBI investigation of former White House adviser Mike Flynn. Mr. Trump's adversaries immediately charged obstruction of justice.

Baloney. Because the president is in charge of the executive branch, he does not obstruct justice by questioning if a subordinate should, or shouldn't, pursue a given case. But Mr. Trump still has given Democrats a weapon to bludgeon him, which they'll do with glee.

Now there are reports Mr. Trump is considering removing many top West Wing aides in a "huge reboot." But a shake-up would pile disaster upon disaster without solving the real problem. The mistakes of recent weeks were Mr. Trump's responsibility, not his staff's.

Mr. Comey's firing was the president's decision, executed his way. It was Mr. Trump's words and actions that raised doubts and diminished public confidence. Now isn't the time to fire advisers and communicators willy-nilly. If Mr. Trump is a true leader, he will instead own up to his mistakes, buck up his staff, summon their abilities, and move forward with new discipline on an agenda worthy of America.

At minimum, the president should name an extraordinarily good pick to replace Mr. Comey as FBI director. And he should either confirm his hints

of a taping system in the Oval Office or else admit he was taping us.

Maybe the 70-year-old president is too old to change, and Americans must simply accept his chaotic, unpredictable, impulsive nature. But if Mr. Trump can't recognize he's the cause of the turmoil, he risks creating a hard cap on his approval ratings in the low 40s or high 30s. This will drain his power, make it difficult to achieve his agenda, and turn him into a lame duck well before normal. If Mr. Trump can't change his ways, he will fail the people who entrusted him with their hopes.

This presidency has reached a critical moment. For months, true-blue Trump supporters grimaced at tweets and winced at needless controversies, but stood firm. Now many are questioning whether their man is up to the job. Mr. Trump will not restore their confidence with the behavior he's shown so far.

Americans want a president who is steadier, humbler, better disciplined, more honest and fully engaged on creating jobs, paychecks and prosperity—the issues that got Mr. Trump to the White House. The clock is running. Either he changes or he fails.

Mr. Rove helped organize the political-action committee American Crossroads and is the author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

Sorry, Gramps, You're No Expert

By Lenore Skenazy

R esearch presented at a meeting of the Pediatric Academic Societies this month warns of a grave threat to America's children: Grandma and Grandpa. The study suggests older people are so hopelessly out of date on child-rearing recommendations that they may put their beloved grandchildren at risk.

Of 636 grandparents surveyed, nearly a quarter didn't know that babies are supposed to be put to sleep on their backs. "We shouldn't assume that just because they've raised a child before, they're experts," Andrew Adesman, who led the research, told CNN.

Except—big except!—you don't need to be an "expert" to raise a child. If you did, there would be no Kardashians. Children are hearty creatures, built to withstand Siberian winters, steaming jungles and even American suburbs. Besides, the "best"

advice changes—and only sometimes because doctors have finally figured things out. Allergies to peanuts quadrupled as parents were advised not to feed them to young children.

It's true that some grandparents don't know the latest advice to keep a baby's sleeping area free of stuffed animals and blankets to prevent

Are the people who raised you qualified to care for your child?

sudden infant death syndrome. What grandparents do know, something many parents forget, is that putting a teddy bear in a crib isn't daredevil behavior. "You're talking about a minute fraction of risk," says Hara Marano, author of "A Nation of Wimps" and a grandma. "The point is that no risk seems to be acceptable."

A few years ago I met a delightful grandmother who was helping her daughter find a nanny. I suggested the one who'd helped raise my sons. "She's smart, warm, incredibly caring—" The grandma cut me off. "How long since she has taken care of an infant?" About five years, I said. The grandma sighed: "Sorry, no. My daughter only wants someone with recent experience, because so much has changed." We both raised our eyebrows and left it at that.

Today's parents seem to believe nothing is safe enough for their kids. Dr. Adesman's research has given them more ammunition. As one mom wrote at the august publication Parents: "Although sometimes I feel like I'm nagging my parents with the multitude of instructions I offer up before I leave them in charge of my kids, this research serves as a good reminder that you can never be too detailed!" Her advice for dealing with oldsters? "Use a gentle tone

instead of lecturing them." Yeah—and duck.

Slavish devotion to up-to-the-nanosecond advice sells scads of "What to Expect When You're Expecting Everything to Kill Your Kid"—or whatever the latest baby bible is titled. Yet it ignores the real-world wisdom of grandparents (and nannies).

When one of my sons was a couple of months old, my mother-in-law gave him a piece of cantaloupe to suck on. I practically slapped it out of her hand: "Solid food?! Are you crazy!?" I was sure he wasn't ready. The boy, happily gumming the fruit, was pretty sure he was. So was my mother-in-law, who had raised three wonderful children with her blind husband.

Sometimes the best practice is to go with what works. Especially if Grandma is willing to babysit.

Ms. Skenazy is founder of Free-Range Kids and a contributor at Reason.com.

BOOKSHELF | By Edward Kosner

Writing Wrongs

Do I Make Myself Clear?

By Harold Evans
(Little, Brown, 408 pages, \$27)

H arry Evans is one of the most accomplished editors of his time. Most star editors hold one or two big jobs in their careers. Mr. Evans has done it all—a paragon of adroit industry.

He has run two great British newspapers (the Times and the Sunday Times), created a slick American magazine (Condé Nast Traveler) and overseen a major book publisher (Random House). In his spare time, he has filled a bookshelf with memoirs, a series of guides to all aspects of newspaper work, and illustrated histories of America in the 20th century and of the inventors who helped build it. And he has long maintained a sideline as a discreet news-whisperer to media proprietors like Katharine Graham and Mortimer Zuckerman.

Sir Harold—he was knighted by Queen Elizabeth in 2004 for services to journalism—has been able to pull all this off because he's smart and focused. An elfin presence now in his 80s, he has lost none of his edge. Confront him with a page or two of sludgy journalistic or bureaucratic prose and he

can purée it into a pleasantly readable passage that conveys its meaning in half the word count.

Mr. Evans's skills are on display on nearly every page of "Do I Make Myself Clear? Why Writing Well Matters." Writing a book about writing well can be hazardous for the author—reviewing one is risky, too—but in this case at least the author and his readers have nothing to fear. (Mr. Evans's agile pencil would likely cut that last sentence in half or thirds.)

He starts with an epic evocation of fog from Dickens's "Bleak House" and promptly observes: "But never come there fog too thick, never come there mud and mire too deep, never come there bureaucratic waffle so gross as to withstand the clean invigorating wind of a sound English sentence."

That slyly windy sentence out of the way, Mr. Evans introduces a crisp curriculum of do's and don'ts for the aspiring clear writer. He counsels the active voice over the passive, the parsimonious use of adjectives and the near banishment of adverbs. (Not as easily practiced as preached.) He also urges writers to cut fat, check their math, be specific, organize their material for clarity, accentuate the positive and never be boring.

He identifies "zombies" (nouns that swallow a verb, like "implementation") and provides lists of 150 "flesh-eater" phrases ("subsequent to" for "after"), 250 redundant "pleonasms" ("ascend up," "circular shape"), 169 clichés (from "acid test" to "writing on the wall"), and 161 commonly misused words ("flaunt/flout").

Cut the fat and check your math, the veteran editor Harold Evans counsels writers—and avoid 'zombie' words and 'flesh-eater' phrases.

The best part of "Do I Make Myself Clear?" is the author's virtuosic line editing of opaque texts, including a 2,500-word Obama administration report on security glitches in the case of the "Underwear Bomber," and paragraphs from the thousands of pages of Obamacare regulations. He shows how the passive voice, abstract language, legalese and other dodges intentionally confuse the reader and, more to the point, can deflect responsibility for failure.

"This report reflects preliminary findings to facilitate immediate corrective action" reads one passage in the "Underwear Bomber" paper. "Neither the report nor its findings obviate the need for continued review and analysis to ensure that we have the fullest possible understanding of the systemic problems that led to the attempted terrorist attack on December 25, 2009." The Evans rewrite: "This preliminary report identifies areas for immediate correction. We recognize that we need to investigate more to understand the systemic problems." His edit clarifies the text—and cuts it to 1,030 words. In another section, he shows how insurance companies use slippery definitions of common-sense terms like "restore," "medical necessity" and "collapse" to deprive eligible people of treatment or recompense.

He has plenty of examples of good writing, too, quoting purists, among them, Jonathan Swift and George Orwell. He does a postmortem on Franklin Roosevelt's Pearl Harbor speech to Congress. Examining successive drafts and edits, he shows how FDR changed the phrase "a date which will live in world history" to "a date which will live in infamy"—and propelled the speech into the pantheon of American oratory. He also gives a tip of the old green eyeshade to New Yorker writer Roger Angell, Reagan biographer Edmund Morris, columnist Richard Cohen and others with samples of their distinctive work.

Ever on the news, Mr. Evans inevitably turns his laser gaze on Donald Trump and that hallmark of the new era, "fake news." He champions Amherst law professor Lawrence Douglas's neologism "meta-lie." These, says Mr. Evans, "are insidious untruths aimed at changing—subverting—the way we think of institutions we rely on for exposing lies, error, and corruptions—media, academia, judiciary. The drip-feed of the poison is the suggestion that the monitors are corrupt, dishonest, and lying—part of the elitist plot against the common man."

Mr. Evans knows as well as anyone that following the admonitions in his book—or any of the others in the thick pile of such manuals published over the years—won't turn a muddy thinker into a crystalline prose stylist. (This review might not score all that well with him. It's commendably short on passive-voice sentences, but there are probably too many adjectives and dread adverbs.) You can't write clearly if you don't think clearly. It's as simple—and complicated—as that.

Mr. Kosner is the former editor of Newsweek, New York, Esquire and the New York Daily News.

OPINION

REVIEW & OUTLOOK

Release the Comey Tapes

The leak Tuesday of James Comey's notes of a February conversation with Donald Trump is a classic of the former FBI director's operating method that puts the Trump Presidency in peril and raises serious ethical questions about Mr. Comey's behavior. Let's step back from the immediate furor and examine the legal and political merits.

According to Mr. Comey's memo to himself, Mr. Trump asked Mr. Comey in a one-on-one Oval Office meeting to "let this go," referring to any investigation of former National Security Adviser Michael Flynn. "I hope you can see your way clear to letting this go, to letting Flynn go," says the memo, parts of which were read to the New York Times by a Comey associate. "He is a good guy."

The White House issued a statement denying Mr. Comey's account of the meeting, adding that "the president has never asked Mr. Comey or anyone else to end any investigation, including any investigation involving General Flynn." Mr. Trump's many enemies are nonetheless calling this obstruction of justice, and perhaps grounds for impeachment.

* * *

The first question is how this squares with Acting FBI Director Andrew McCabe's testimony last week that there has been no attempt to interfere with the FBI's Russia probe. The Times reports that Mr. Comey spread word among his colleagues of his Trump conversation, and Mr. McCabe is a Comey loyalist. Perhaps a Flynn criminal probe is separate from the Russia-Trump investigation, but it isn't clear what Mr. Trump knew in February.

The more important issue is why Mr. Comey failed to inform senior Justice officials and resign immediately after the conversation. If he really thought Mr. Trump was attempting to obstruct justice, the director knows he had a legal obligation to report it immediately. He certainly had a moral duty to resign and go public with his reasons.

Yet the Times reports that Mr. Comey merely wrote the notes to himself and informed a few others. One explanation is that perhaps Mr. Comey didn't view Mr. Trump's comments as amounting to obstruction.

Intent is crucial to proving obstruction, and without listening to the conversation it's impossible to know the context and tenor of Mr. Trump's "let it go" comment. Mr. Trump might be guilty of obstruction if he thought Mr. Flynn knew something damaging about Mr. Trump, but not if he was making a general remark to give the guy a break.

Another possibility is that Mr. Comey

The Special Counsel Mistake

Democrats and their media allies finally got their man. After weeks of political pressure, Deputy Attorney General Rod Rosenstein blinked late Wednesday and announced that he has named a special counsel to investigate Russian attempts to influence the 2016 presidential election. These expeditions rarely end well for anyone, and Democrats are hoping this one will befall the Trump Administration for the next four years.

"My decision is not a finding that crimes have been committed or that any prosecution is warranted," said Mr. Rosenstein, which is nice but irrelevant. With Attorney General Jeff Sessions recused from the Russia probe, Mr. Rosenstein appointed former FBI director Robert Mueller III, who will now have unlimited time and resources to investigate more or less anything and anyone he wants. While the decision will provide some short-term political relief, not least for Mr. Rosenstein, it also opens up years of political risk to the Trump Administration with no guarantee that the public will end up with any better understanding of what really happened.

West Coast Natural Gas Coup

Markets reeled on Wednesday at the sign of turmoil in Washington, but some good news came out of Coos County, Oregon, where three-quarters of voters on Tuesday rejected a referendum seeking to block the Jordan Cove liquefied natural gas terminal and a connecting 231-mile pipeline.

Canadian-based Veresen has been working for more than a decade to develop the nation's first West Coast terminal, which was conceived to import natural gas amid flagging North American production. Advances in hydraulic fracturing have unlocked vast shale deposits, and U.S. natural gas production has surged by a third over the past decade. But prices have tumbled due to a supply glut and insufficient pipeline capacity, hurting producers and workers.

Jordan Cove would give producers in the Rocky Mountain gas fields access to fast-growing Asian markets, which in February made up a quarter of U.S. LNG exports. Half of Jordan Cove terminal's capacity has been reserved by Japanese companies, and the project should make U.S. exports more competitive with those from Australia and the Middle East.

Rosenstein bends to political pressure, and here we go again.

The problem with special counsels, as we've learned time and again, is that they are by definition all but politically unaccountable. While technically Mr. Rosenstein could fire Mr. Mueller if he goes too far, the manner of his appointment and the subject he's investigating make him de facto untouchable even if he becomes an abusive Javert like Patrick Fitzgerald during the George W. Bush Administration.

What the country really needs is a full accounting of how the Russians tried to influence the election and whether any Americans assisted them. That is fundamentally a counterintelligence investigation, but Mr. Mueller will be under pressure to bring criminal indictments of some kind to justify his existence. He'll also no doubt bring on young attorneys who will savor the opportunity to make their reputation on such a high-profile investigation.

Mr. Mueller has experience in counterintelligence and at 72 years old has nothing to prove. But he is also a long-time Washington player close to the FBI whose director was recently fired, and he is highly attuned to the political winds. As they say in Washington, lawyer up.

Oregon voters reject a ban on an LNG export terminal.

The \$7.5 billion project would also provide significant economic benefits to a rural region suffering from government actions locking up public lands: 240 permanent positions and 4,000 construction jobs with pay that would average about \$85,000 a year—more than double that of Coos County's median household income.

A politicized Federal Energy Regulatory Commission (FERC) last year rejected Jordan Cove on the pretext that there was insufficient market demand or public benefit to justify harming landowners. Veresen is reapplying and hoping to get a fairer shake from a reconstituted commission. Last week President Trump nominated two Republicans to the commission, which now seats two Democrats. An estimated \$50 billion in projects are on hold because the commission lacks a quorum.

National Economic Council director Gary Cohn last month said permitting an LNG export facility in the Northwest is a top Administration priority, and liberals are imploring Senate Democrats to stall the President's FERC nominations to halt energy projects such as Jordan Cove. If Democrats play the delay game, President Trump might consider recess appointments.

Why didn't the former FBI director resign in February?

I viewed the notes as a form of political insurance that could be useful in a future controversy. By not resigning but quietly spreading word among colleagues, Mr. Comey was laying down evidence that he could use to protect his job or retaliate if Mr. Trump did fire him.

The leak of Mr. Comey's notes suggests that he or his allies are now calling on that insurance. Such behavior fits Mr. Comey's habit over the years of putting his personal political standing above other priorities. And it echoes uncomfortably of the way J. Edgar Hoover used information he collected to protect himself against presidential accountability.

All of this will now be investigated by Congress, and Mr. Comey has been invited to testify. Jason Chaffetz, chairman of the House Oversight Committee, rightly wants to examine all of Mr. Comey's notes about his February conversation, and any subpoena should be comprehensive. Leaks can often be selective but questions that touch on presidential obstruction need the full record.

The White House should also be forthcoming with any records of the meeting, including audio tapes. Mr. Trump hinted that recordings might exist when he tweeted Friday that "James Comey better hope that there are no 'tapes' of our conversations before he starts leaking to the press!"

The White House has since refused to say if Mr. Trump has taped visitors to the Oval Office, but that evasion won't wash. If tapes exist, the White House should release them immediately. The President has nothing to fear if the White House denial is accurate. If the tapes don't exist, Mr. Trump's trolling will look even dumber than usual.

* * *

Mr. Trump was foolish even to discuss the Russia probe with Mr. Comey. Perhaps this was due to Mr. Trump's naivete rather than an attempt to block an investigation, but even a rookie should know to seek legal guidance before blundering into matters so fraught with political risk. After Mr. Comey's performance in 2016, Mr. Trump should also have known he needed to name a new FBI director in January, as some of us advised. History might have been different.

The tragedy is that all of this has put the larger Trump reform agenda in jeopardy. Stocks took a beating Wednesday as investors assessed the possibility that Mr. Trump has sabotaged his own challenge to the Washington status quo. If Mr. Comey is out for revenge for his belated dismissal, Mr. Trump's best defense is to get the facts out as quickly as possible.

LETTERS TO THE EDITOR

Bikes, Pedestrians and Cars Jam the Big Apple

Myron Magnet's rant against the pedestrian- and bike-friendly policies of our former and current mayors is misplaced ("These Days, You Can't Make It Anywhere in New York, New York," Cross Country, May 13). It is unlikely that expanded bike lanes, a lowered speed limit or the other changes he mentions cause the delays he is complaining about. Rather the increase in New York's population and rising number of vehicles on the road are where he should look for answers.

But beyond pointing the finger at the wrong culprits, Mr. Magnet is profoundly mistaken about the nature of cities. A good city is not about its people getting quickly from point A to point B by car. It is about facilitating and promoting human interaction. This interaction is much more likely to happen between pedestrians than between car drivers. Let us hope more will be done to restore public space to pedestrians, which will help to make New York a better place. Oh, and the new Times Square is a lot of fun.

JEROME BARTH

New York

Mr. Barth works for the Times Square Alliance.

Mr. Magnet is absolutely correct in identifying the causes of the maddeningly slow pace of New York City traffic. More than 10 years of experience has proved that bike lanes, pedestrian malls and unrealistic speed limits worsen rather than improve our quality of life. The increase in air pollution caused by stopped and slowed vehicles only adds to the problem. Likewise, the undue tolerance of double and triple parking by trucks, notably on one-way avenues, makes matters worse.

As a lifelong New Yorker, the challenge of subway stairs is the prime reason I rely on surface transporta-

tion. A new mayor who implements a plan to rip out pedestrian malls and bike lanes would be a strong breath of fresh air.

ISAAC SHERMAN
New York, N.Y.

According to the Census Bureau, 76.6% of households in Manhattan are car-free, yet Manhattan streets are routinely clogged with cars and other motor vehicles. In residential neighborhoods significant percentages of street space are dedicated to allowing the 23.4% of households that have cars to use public space for storage of their private property, necessitating that trucks making deliveries block traffic by double parking.

Mr. Magnet fails to recognize that traveling around the city by private car is an inherently selfish act, imposing external costs on others by contributing to congestion. An effective congestion-pricing scheme would reduce the number of people who travel by car as a choice, freeing up road space for those who have no other choice, while reducing costs for everyone who conducts business in the city.

JEREMY M. POSNER
New York

Try driving on First Avenue on a weekday when parents are driving their kids to school, commuters are driving to their jobs out of the city and truck drivers are attempting to make deliveries. One lane is occupied by the bus lane, another by the bike lane and the next lane is busy with doubled-parked trucks trying to make their deliveries. The result is two lanes of traffic trying to flow uptown, where five lanes were initially intended in this city of eight million people.

CARLINA E. RIOS
New York

The ACLU Is Right Where It Has Always Been

Regarding Wendy Kaminer and Alan Dershowitz's "Where's the ACLU When You Need It?" (op-ed, May 11): For 97 years the American Civil Liberties Union has unflaggingly defended the free-speech rights of all Americans. Ms. Kaminer and Mr. Dershowitz's criticism of our recent work as too progressive acknowledges that we have defended Donald Trump's speech rights and condemned those who silenced conservatives Ann Coulter and Milo Yiannopoulos on campus. But the authors fail to mention other speech work that doesn't suit their narrative, like our briefs in support of the Washington Redskins' right to a trademark despite the offensive name, the Westboro Baptist Church's right not to be held liable for homophobic slurs or the Sons of Confederate Veterans' right not to have a specialty license plate rejected because of its racist views. The ACLU regularly represents Christians, evangelicals and members of other denominations in defense of religious freedom.

The authors fault us for supporting the Affordable Care Act, but we proudly do so because it contains important antidiscrimination provisions that protect women, LGBT individu-

als and persons with disabilities.

We are equally proud of our work resisting Donald Trump's assaults on civil liberties, including 15 lawsuits challenging the president's unconstitutional Muslim travel ban, and 19 Freedom of Information Act requests related to immigration detention practices and fake claims of voter fraud. We have also filed five law suits seeking protection of LGBT rights and six suits to defend a woman's right to reproductive choice—all since the 2016 election.

So to the authors' question, where is the ACLU when you need it, our answer is: right here, where it's always been.

DAVID COLE
National Legal Director
American Civil Liberties Union
New York

According to the Declaration of Independence, certain unalienable rights are given to us by our creator and not granted by our governments. No individual may exercise a right unless he or she is first willing to protect and ensure that right to all others. Neither condition seems to be in the ACLU concept of "rights."

JACK HAMILTON
Silverdale, Wash.

Delaware Not the Corporate Bargain That It Used to Be

Delaware goes to great lengths to support the illusion that it is a superior jurisdiction for incorporation, promoting itself as the "the business-friendly state." Incorporating in Delaware, however, can come at a significant cost ("A 'Delaware Trap' for Companies," Journal Report, May 8). All companies incorporated in Delaware are subject to a corporate franchise tax, the state's second largest source of revenue. Currently, the tax can be as much as \$180,000 per individual company. In late March, Gov. John Carney proposed increasing the state's corporate franchise tax for publicly traded corporations to a maximum of \$250,000 a year.

Meanwhile, amounting to what many view as state-sanctioned extortion, unclaimed-property audits with assessments have generated billions of dollars of revenue for the state.

Although Delaware's corporation statutes generally were viewed as favorable and advanced in the past, they no longer may be considered as such as other states have modernized their corporate law provisions. Businesses and their legal advisers should carefully consider some of the less-than-obvious costs before incorporating in Delaware.

CHRIS HOPKINS, CPA

New York

Pepper ... And Salt

THE WALL STREET JOURNAL



"I might have been an innovator if my parents hadn't given me everything."

Federal Energy Regulatory Commission (FERC) last year rejected Jordan Cove on the pretext that there was insufficient market demand or public benefit to justify harming landowners. Veresen is reapplying and hoping to get a fairer shake from a reconstituted commission. Last week President Trump nominated two Republicans to the commission, which now seats two Democrats. An estimated \$50 billion in projects are on hold because the commission lacks a quorum.

National Economic Council director Gary Cohn last month said permitting an LNG export facility in the Northwest is a top Administration priority. Advances in hydraulic fracturing have unlocked vast shale deposits, and U.S. natural gas production has surged by a third over the past decade. But prices have tumbled due to a supply glut and insufficient pipeline capacity, hurting producers and workers.

Jordan Cove would give producers in the Rocky Mountain gas fields access to fast-growing Asian markets, which in February made up a quarter of U.S. LNG exports. Half of Jordan Cove terminal's capacity has been reserved by Japanese companies, and the project should make U.S. exports more competitive with those from Australia and the Middle East.

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

OPINION

The Economic Headwinds Obama Set in Motion

By Phil Gramm
And Thomas R. Saving

Behind every significant postwar recovery has been the same driving force: a sustained rise in private investment and new home building, which increased borrowing and drove up interest rates. In most cases the economy had sufficient momentum to overcome those rising interest rates. But the unparalleled borrowing and monetary stimulus under President Obama may have changed the equation. Now rising interest rates in a full-blown recovery would require the Treasury Department and the Federal Reserve to compete for available credit with the private sector at unprecedented levels.

The Obama debt surge was largely hidden by ultralow interest rates and the Fed's purchases of government securities. So massive were the Fed purchases of Treasury debt and mortgage-backed securities that the central bank effectively funded 55% of the Treasury debt issued during Mr. Obama's presidency, as compared with less than 10% of the debt issued during World War II. Although the publicly held national debt doubled as a share of gross domestic product, the cost of servicing it dropped to 1.3% of GDP in 2016 from 1.7% in 2008.

During the Obama recovery, private investment averaged only 88%

of the postwar norm, and housing starts remained at recessionary levels. Both would surge if a robust economic recovery were to ignite now, intensifying competition for credit. Real interest rates would begin to rise as they did in other postwar recoveries.

The effect on federal borrowing would be staggering. If interest costs simply returned to their postwar norms, debt-servicing costs would rise by \$4.4 trillion over the next decade. If those costs were simply borrowed, it would increase debt-servicing costs by another \$1.3 trillion. By 2027, federal interest costs as a share of GDP would more than triple to 4.9%, exceeding \$1.4 trillion annually—roughly equal to that year's projected Medicare spending.

During previous postwar recoveries, annual gross private domestic investment averaged 17.5% of GDP, and yearly Treasury borrowing went up on average by only 1.6% of GDP. But now if interest rates returned to their historic norms, debt-servicing costs in the fifth year of a recovery would cause Treasury borrowing to spiral to 6.6% of GDP. In other words, federal borrowing would represent more than four times the competition for available credit than it did in previous postwar recoveries.

In addition to these headwinds, a full-blown recovery and a return of normal interest rates would force

the Fed to sell assets, increasing further the competition for available credit. Recall that the Fed's bloated balance sheet is the mirror image of bank reserves, which have swollen as a result of the central bank's various monetary easing programs. The Fed's purchases of \$3.4 trillion in Treasury bonds and mortgage-backed securities have pushed up bank reserves to \$13.07 for every dollar they are required to hold.

A booming recovery would force the Treasury and Fed to compete with the private sector for credit.

These massive excess reserves have not expanded bank lending or the money supply because the Fed now pays interest on them—sterilizing excess reserves by in essence converting them into interest-bearing Fed securities.

Once a powerful recovery is under way, demand for loans will rise, increasing interest rates and giving banks an incentive to expand lending. To stop the money supply from exploding, the Fed will have to reduce its balance sheet to soak up the excess liquidity in the banking system. Whether the Fed sells securities, lets the securities it holds mature, pays higher interest rates on

excess reserves to stop banks from lending, or borrows against the value of its balance sheet, it will end up competing directly with the private sector for credit.

Even if the Fed had five years to unwind excess reserves, it would still have to dump \$590 billion of Treasury bonds and mortgage-backed securities into the markets each year. The combined effect of these asset sales and new Treasury borrowing would generate a massive headwind for the recovery, driving up interest rates faster and higher than has been the postwar norm.

In the six decades before 2007, the Treasury borrowed on average an extra 1.6% of GDP a year. The Fed offset part of that by buying some 0.3% worth of federal debt a year, reducing net new public demand for credit to 1.3% of GDP. But by the fifth year of a full-blown recovery with normal interest rates, the Treasury would have to borrow some 6.6% of GDP. At the same time the Fed would shift from being a buyer to a seller of financial assets, absorbing another 2.6% of GDP of available credit. That totals 9.2% of GDP in new borrowing, seven times the postwar average. This would crowd out private investment at a level never before remotely approached in a postwar-era recovery.

Igniting and sustaining a strong recovery will require not only overcoming the post-Obama stagnation

but also overpowering these extraordinary headwinds. As long as the economy has little pulse, the fever of rising interest rates will not be felt. But in a full-blown recovery the extraordinary nature of the challenge will become all too clear.

President Trump's tax-cut proposal is a medicine that should be taken at full strength to trigger strong, sustained private investment. The lifting of regulatory burdens—including the repeal of Dodd-Frank—should be pursued relentlessly through executive action, agency rule-making and legislation. Spending limits and entitlement reforms will be critical to sustaining the recovery once it has begun. With Medicaid metastasizing and Medicare and Social Security veering toward insolvency in the next two decades, comprehensive entitlement reform cannot be delayed.

Failing to ignite a strong recovery in the private sector, or to reduce dramatically the growth of government during the ensuing recovery, will risk making the current Washington-induced stagnation a permanent part of American life.

Mr. Gramm, a former chairman of the Senate Banking Committee, is a visiting scholar at the American Enterprise Institute. Mr. Saving is a professor of economics and the director of the Private Enterprise Research Center at Texas A&M University. Michael Solon contributed to this article.

'What About the Refugees?' The U.S. Is Doing More Than Anyone

By Nikki Haley

I was onstage at the end of a very long day when the heckling started.

I was telling an international women's conference about how, earlier that day, I had stood up in the United Nations Security Council to condemn Syria for a chemical-weapons attack that had put dead children on the front pages of the world's newspapers. I was about to get to the part about how the U.S. would act to stop future chemical attacks when someone in the audience shouted: "What about the refugees?"

I will travel to Jordan and Turkey, which have performed admirably in taking in Syrians.

The heckling was rude, but the question was legitimate. The Syrian war has created one of the greatest refugee crises of our time, with 12 million Syrian men, women and children—half the prewar population—killed or forced to flee their homes. What is happening in Syria and its neighboring countries is a true humanitarian crisis. But those who accuse the U.S. of heartlessness in the face of this crisis are wrong.

No country has invested more in protecting, housing, feeding and caring for Syrian refugees than the U.S. We have provided nearly \$6.5 billion in emergency assistance for Syria since the start of the crisis. Inside Syria, some four million peo-

ple benefit from U.S. assistance for essentials like food and shelter every month.

In the coming days, I will travel to two neighboring countries that have performed an admirable service in taking in Syrian refugees: Jordan and Turkey. The purpose of my visit is to see firsthand what news reports and official briefings can't fully convey: how refugees are coping, day in and day out. I will talk to government leaders about how U.S. programs are working to help both those displaced by the violence in Syria and the communities that host them.

Turkey today is host to almost three million Syrian refugees, while Jordan feeds, houses and educates some 659,000 refugees, more than half of whom are children.

In both countries, I will go to refugee camps, some of which are large cities with schools, shops, water systems and medical facilities. Couples are wed in these camps, babies are born, and entrepreneurs start businesses. I will visit with refugee families participating in an innovative U.S.-funded food program in which families are given electronic cards to shop at stores in the camps. This program allows refugees the dignity of being able to purchase and cook the food of their choosing rather than donated foodstuffs.

I will also see firsthand U.N. efforts to ship humanitarian assistance from Jordan and Turkey, despite obstacles erected by the Syrian regime. The dictator Bashar Assad attempts to control who does—and who does not—receive humanitarian assistance in Syria. His ruthless regime continues to hold entire towns and villages hostage, denying aid to the people inside.

But in 2014 the U.N. Security Council authorized the U.N. and its implementing partners to use four border crossings to ship food, medicine and other lifesaving assistance into and around Syria. Through these cross-border aid programs, the U.N. and its partners have delivered more than 13,600 trucks full of humanitarian supplies to desperate civilian populations otherwise unreachable through aid programs that originate inside Syria. As a result of these programs and U.S. funding for them, millions of Syrians have been helped.

Another humanitarian aid operation I will observe is a U.N. World Food Program project that conducts high-altitude airdrops of emergency

food and other aid to Syrians in an area under siege by ISIS. With the support of the U.S., this program has successfully conducted more than 230 drops since it began last year.

In addition, I will visit U.S.-funded schools that are educating both Syrian refugee and local children. Jordanian schools have been so overwhelmed by Syrian children that they have had to institute double shifts. I will meet with Syrian students who attend their school in the afternoon, after Jordanian students attend in the morning. In Turkey I will visit a U.S.-funded school built for Syrian children.

With American help, Syria's neighbors have made the difference

between life and death for millions of Syrians. The U.S. and the U.N. will continue to do a great deal of heavy lifting for these desperate people.

There won't be a fully adequate response to the question "What about the refugees?" until there is peace in Syria—when ISIS is defeated and when the Assad regime no longer terrorizes its people. The U.S. is striving toward both of these goals. Until they are realized, we are committed to easing the suffering of Syrian refugees and supporting the countries that host them.

Ms. Haley is U.S. permanent representative to the United Nations.

Notable & Quotable: Trump

From a Bloomberg interview with businessman Robert Kraft, May 11:

You've known Donald Trump for years. Tell us how that friendship has developed . . .

The only bad deal I've had in my whole life is when my wife, bless her memory, died of ovarian cancer. He flew up to the funeral with Melania. They came to my home. And he called me once a week for a year and invited me to things. That was the darkest period of my life. . . .

Loyalty and friendship and relationships trump politics for me. If I've had any modicum of success, it's

because I've had good relationships, and people trusted me. And so I always remember the people who were good to me in my most vulnerable time. He was in that category.

I know he does things or says things that . . . you know, he doesn't mean everything he says. I'm privileged to know that. People who don't know him don't see the better side. But I'll tell you one thing: He's very hardworking. I really believe that he wants to make this country better. And he's grown in the job. I've seen it, too. For me, it's like having a high school buddy or a fraternity brother become president.

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WORLD NEWS

Nepal Aims to Tap Into New Energy Flows

Himalayan nation brings billions of dollars of hydropower projects on stream

By DANIEL STACEY

KATHMANDU, Nepal—This Himalayan nation is betting that a new energy gold rush borne of its thousands of rivers and craggy peaks will establish it as a major Asian electricity source.

While India, Pakistan and China have all developed massive hydropower plants along the Himalayan mountains, Nepal's civil war and political instability scared off investment for decades.

Now, thanks to an inclusive peace process that allowed the country's main rebel leader to be elected prime minister twice, the focus is shifting to Nepal. Hydropower projects valued at billions of dollars are in progress, with geologists and investors scouring the landscape for more.

Government surveys show Nepal's abundant water resources can feasibly yield hydropower equal to more than 40% of U.S. output, a 40-fold increase from today. Officials project almost a third more hydropower capacity will come online this year. More than 100 projects under construction—more than 40 since last year—and others in development will yield at least a tenfold increase in the next decade to 10 gigawatts of power, they say.

"There's such an energy shortage that any project you build will find a market," said Allard Nooy, CEO of InfraCo Asia, a development body funded by the U.K., Swiss and Australian governments that is financing one hydro project and seeking to develop two more.

Still, power companies don't face an easy ride.



Nepali and Chinese workers worked on the 456-megawatt Upper Tamakoshi hydroelectric-power project in Lamabagar in April.

Among the hurdles are natural ones: earthquakes, landslides and inland tsunamis from glacial lakes as warmer temperatures prompt ice melt. Two years ago, a series of massive quakes killed 9,000 people and shattered the country.

Opposition from environmental groups is another difficulty, especially for a new generation of dam projects. In the past, the World Bank and Japan's Asian Development Bank have withdrawn support for projects amid opposition from environmental groups.

The risks are also political. Instability has led to 21 leaders in the past 20 years. A decadelong civil war killed more than 16,000 people and

ravaged the economy.

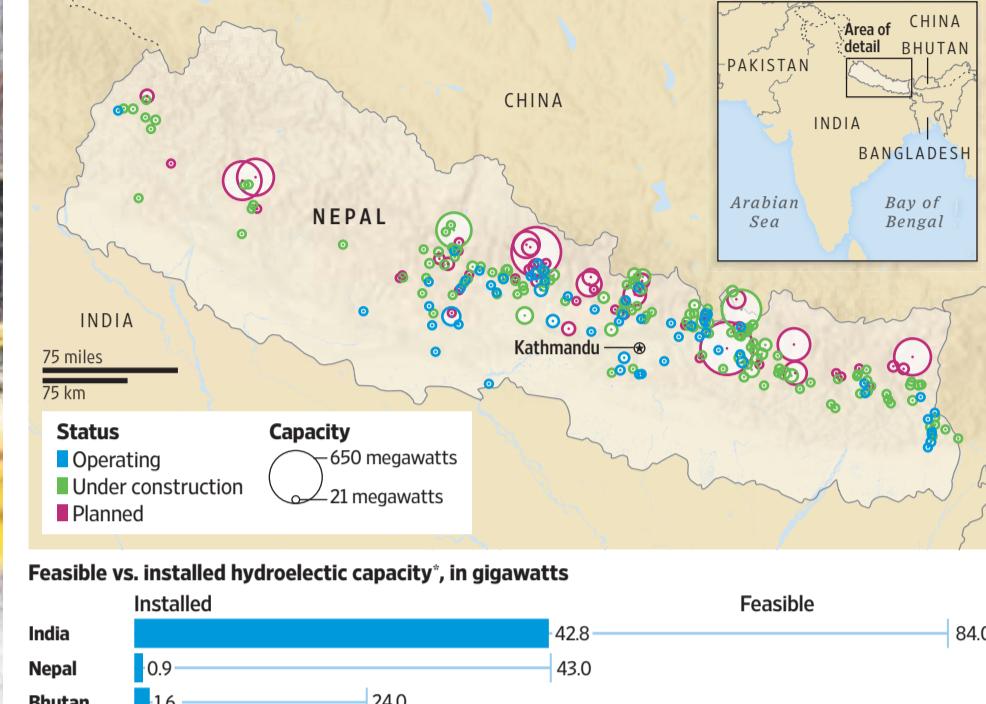
But since the war ended in 2006, armed rebels have mainly swapped violence for politics. On Sunday, the poor nation of 30 million people held peaceful local elections, the first in decades, a vital step toward building a more stable democracy.

The greater stability has boosted momentum for rising investment in the Himalayas—a region dominated by Nepal, India and Bhutan that is considered the final development frontier in South Asia. Hydro energy projects are the biggest focus.

"The only resource we have, like the Arabian countries have oil, is water," said Chhabhi Gaire, project manager at the Rasuwa-

Opening the Floodgates

Nepal plans to unlock the hydropower potential of the Himalayan mountains to sell electricity to neighbors like India and Bangladesh.



Sources: Nepal's Ministry of Energy (map); National authorities; USAID *Latest available data

Note: Upper Solu Khola HPP is not shown

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power. A shift to bigger projects aims to help address that need.

Last year, investors began operating nine hydro plants with 140 megawatts of capacity in Nepal. The government hopes to double that pace this year, including finishing projects delayed by the 2015 quakes.

The effort is tough going, given Nepal's untamed terrain, including the planet's highest peak, Mount Everest, and the troubled political history.

The electricity demand is there. Nepal has faced rolling blackouts in recent years because of inadequate energy supply; nearby India, Bangladesh and Pakistan are growing rapidly and demanding more

valley wall. A bridge the developers built over the Gongar was swept away in a flash flood during monsoon season. Landslides triggered by quakes swept away swaths of the access road. To keep working, project developers built a steel truss bridge and drilled a new road tunnel through a collapsed valley wall.

Moreover, the project is built on such volatile terrain that the turbines and delicate transmission equipment were buried 460 feet beneath the surface.

Still, Nepal forges ahead.

"There is no alternative to hydropower for countries like Nepal," said Ganesh Neupane, the Upper Tamakoshi project's deputy manager.

Japanese Growth Speeds Up, Rises 2.2%

By YOKO KUBOTA

TOKYO—Japan's economy picked up speed in the first three months of 2017, extending its most recent stretch of growth under Prime Minister Shinzo Abe to five quarters, the longest expansion in Japan since 2006.

Stronger global demand, especially for tech-related items, and an improvement in household spending helped gross domestic product rise 2.2% on an annualized basis from the previous three months, according to Cabinet Office figures released Thursday.

The pace of expansion was faster than a growth rate of 1.8% forecast by economists polled by The Wall Street Journal. The economy grew by a revised 1.4% in the previous quarter.

The unbroken expansion offers hope that Japan is back on a path of stable-if-unspectacular growth. For more than four years, Mr. Abe has been trying to end decades of sluggish growth and deflation through his Abenomics policy package of government spending and easy monetary policy. Many economists expect the gains to continue during the current quarter.

Exports rose an annualized 8.9% for the third straight quarter of increase.

Slow Rise

Japan's economy has expanded for five quarters in a row.

Annualized quarterly change in Japan's GDP



Source: Japan's Cabinet Office

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Report Ties Brazil President to Alleged Bribe

Brazilian opposition lawmakers called on President Michel Temer to resign after a Brazilian newspaper reported Wednesday that Mr. Temer encouraged a top businessman to buy the silence of

President Dilma Rousseff.

According to Rio de Janeiro-based daily O Globo, Joséley Batista, chairman of meatpacking giant JBS SA, recorded a conversation in March in which he told Mr. Temer that he was regularly paying former House Speaker Eduardo Cunha to remain silent from his jail cell.

Mr. Temer, the paper reported, replied: "You have to maintain that, alright?"

The Wall Street Journal couldn't immediately obtain a copy of the recording, which was submitted to Brazil's Supreme Court as part of a cooperation agreement between Mr. Batista and federal prose-

cutors, according to O Globo. The Supreme Court didn't confirm or deny the existence of the recordings or of a plea deal.

In a brief, emailed statement, Mr. Temer's office said the president "never requested payments to obtain the silence" of Mr. Cunha.

"He didn't participate in or

even authorize any movement [of funds] with the objective of preventing the ex-congressman from plea-bargaining or collaborating with [prosecutors]," the statement said.

Mr. Batista declined to comment.

A lawyer for Mr. Cunha, who was sentenced in March to more than 15 years in prison on corruption charges, declined to comment.

According to O Globo, Mr. Batista told prosecutors that Mr. Temer had full knowledge of the money being paid to Mr. Cunha, though it wasn't the president who ordered it.

Opposition legislators used

O Globo's report to call for the president's impeachment.

"This government has to fall now," Sen. Lindbergh Farias, of Ms. Rousseff's Workers' Party, said in a video on his Facebook page, urging Mr. Temer to resign. "We're meeting here with our legal advisers to prepare articles of impeachment."

Investors, meanwhile, were bracing for a potentially tumultuous day in Brazilian markets. Despite his roughly 10% approval ratings in opinion polls, Mr. Temer has been widely praised by investors and businesspeople for seeking to push major economic changes through Congress.

Venezuelan Riot Police Tire of Front-Line Duties

By ANATOLY KURMANAEV

CARACAS, Venezuela—When Ana, a five-year veteran of the national police, finishes her night shift patrolling this city's dangerous slums, she often arrives home only to pick up her riot gear and head out again to confront rolling protests against Venezuela's embattled government.

On those front lines, she and her colleagues use tear gas and rubber bullets against increasingly desperate protesters armed with stones, Molotov cocktails and even bags of feces. The showdowns take place in scorching heat, and she says the authorities provide her with no food, water or overtime pay.

Ana, who like others cited in this article asked that her last name not be used for fear of official retribution, is one of about 100,000 Venezuelan security officers, mostly in their 20s, shielding the government of increasingly unpopular President Nicolás Maduro from escalating unrest.

She and many of her exhausted colleagues say they are wavering as protests enter a seventh week with no end in sight. "One day I will step aside and just walk away, blend into the city," she said. "No average officers support this government anymore."

The security forces' once fierce loyalty to Mr. Maduro's charismatic predecessor Hugo Chávez has largely given way to demoralization, exhaustion

and apathy amid an economic collapse and endless protests, said eight security officers from different forces and locations in interviews with The Wall Street Journal.

Most of them say they want only to earn a steady wage amid crippling food shortages and a decimated private sector. Others say fear of a court martial keeps them in line.

"I would love to quit but there are no other jobs," said Caracas police officer Viviane, a single mother who says she shows up for protest duty so she can feed her infant son.



A full-time Venezuelan police officer or member of the National Guard, the militarized police in charge of riot control, makes the minimum wage of about \$40 a month at black-market exchange rates.

The current round of protests, triggered in late March by an attempt by judges allied with Mr. Maduro to dissolve the congress, have led to 43 deaths so far, mostly of protesters. Thousands of demonstrators have been arrested and hundreds are being tried in military courts for treason.

The epicenter of the protests has been the line where downtown Caracas meets the

opposition-run eastern boroughs of the capital. Both sides view control of the city center as vital. The last large antigovernment march that managed to reach the presidential palace there led to a short-lived coup in 2002 against Mr. Chávez. The opposition says the increasingly isolated government is scared of losing control if a rally breaches its stronghold.

"This is a war of attrition," said Luis García, a student activist who has been at the forefront of the protests. "Whoever tires first will lose."

Most days follow the same

pattern: An initially peaceful demonstration descends into violence as security forces fire tear gas and rubber bullets to block the protesters' advance. The bulk of the demonstrators then flee, leaving the field to hundreds of hooded youths who call themselves the Resistance, build barricades and battle officers into the night.

"I don't fear death, because this life is crap," said Agustín, a 22-year-old Resistance member who blames Mr. Maduro for the collapse of education and job opportunities.

Most guardsmen in Caracas have been confined to barracks since the protests erupted in late March, without seeing their families, according to several guardsmen.

"I feel exhausted from it all: the lack of sleep, the constant barrage of stones and Molotovs," said Gustavo, a 21-year-old national guardsman, adding he has to keep performing riot duty despite a leg injury from a broken bottle thrown by a protester. "We're being used as cannon fodder."

Officers stopped giving time off in Gustavo's barracks after 18 guardsmen deserted during the last break last month, he said.

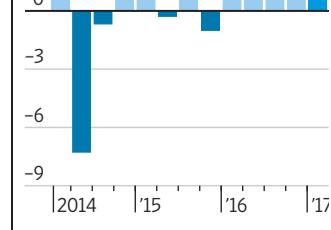
Policewoman Ana says she no longer wears her uniform on the way to work to avoid being spit on or insulted by passersby. "I'm ashamed to say I'm a police officer," she said.

—Sheyla Urdaneta and Maolis Castro contributed to this article.

Slow Rise

Japan's economy has expanded for five quarters in a row.

Annualized quarterly change in Japan's GDP



Source: Japan's Cabinet Office

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Thursday, May 18, 2017 | B1

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Inquiry Targets Volkswagen CEO

Move threatens efforts to get beyond the emissions probe; two others also named

By WILLIAM BOSTON

BERLIN—German prosecutors are investigating whether Volkswagen AG Chief Executive Matthias Müller and other key board members and executives at the company's biggest shareholder adequately disclosed financial liabilities related to the car maker's emissions-cheating scandal.

The move is the first time Mr. Müller has been named in a criminal probe tied to the

U.S. determination that Volkswagen had used "cheat devices" in its diesel-engine cars. Mr. Müller has presided over Volkswagen's operational and financial recovery, but the newly disclosed investigation threatens to complicate the auto maker's efforts to move forward.

State prosecutors said Wednesday that Mr. Müller, his predecessor Martin Winterkorn, and current Porsche SE Chairman Hans Dieter Pötsch are under investigation on suspicion they intentionally withheld information from investors of Porsche SE ahead of

a public "notice of violation" by the U.S., stemming from the emission issue, on Sept. 18, 2015.

At the time, all the three executives were on the management board of Volkswagen and supervisory board of Porsche SE, a listed company in Germany that manages the 52% stake in Volkswagen owned by the heirs of Beetle inventor Ferdinand Porsche. Mr. Müller also was the CEO of sports-car maker Porsche AG, a unit of Volkswagen, at that time.

Various Volkswagen executives and board members were briefed months before the notice that U.S. environmental regulators had raised questions about the auto maker's diesel-emissions level. Neither Volkswagen nor

Porsche SE disclosed that to investors, nor did they disclose any potential liabilities should the U.S. decide to pursue a formal probe.



Matthias Müller has overseen the auto maker's operational and financial recovery.

The Stuttgart probe isn't looking at whether Mr. Müller is suspected of playing a role in the diesel scandal itself. Volkswagen has admitted to a broad conspiracy to mislead

regulators about the level of emissions produced by the car maker's diesel engines over several years.

Volkswagen has tried to draw a line under the scandal, in part by handing management to an untainted team led by Mr. Müller. The new probe could also add momentum to thousands of investor lawsuits in Germany that are seeking more than €8 billion (\$8.9 billion) in damages from the car maker.

The U.S. notice of violation sent shares in both Volkswagen and Porsche SE sharply lower. By Sept. 22, 2015, when Volkswagen published a warning to shareholders and took a

Please see VW page B2

OPEC Tries To Beat 'Shorts'

OPEC is trying harder than ever to win over big investors, but the group is finding that falling oil prices are making that a tough sell.

Dozens of hedge-fund managers and oil traders attended

By Alison Sider,
Timothy Puko and
Laurence Fletcher

a series of closed-door meetings in recent months with OPEC leaders—the first of their kind, according to Ed Morse, Citigroup Inc.'s global head of commodities research, who helped organize some of the events.

Group officials made the case for how supply cuts from the Organization of the Petroleum Exporting Countries would reduce the global glut. Instead, stockpiles have remained stubbornly high, oil prices are down close to 10% from their February peak, and some prominent hedge-fund traders are reeling.

Pierre Andurand, a French hedge-fund manager with a history of double-digit-percentage returns, met with a Saudi official from OPEC just before the Nov. 30 decision to cut production, said people familiar with the meeting. On the heels of a series of bullish bets, his main fund at Andurand Capital is down about 16% this year through May 5, according to a person who had seen the performance numbers.

The oil group is now intentionally countering "shorts," funds that bet on falling oil prices, an OPEC official said. The official pointed to an announcement earlier this week that Russian and Saudi Arabian energy ministers would support another nine months of production cuts. It was a response to the recent fall in prices and designed to show how serious big producers are about cutting output.

"We are hitting back at the shorts," the official said. Oil rose 2.1% on Monday after the announcement.

Prices gave up some of those gains on Tuesday but ended higher again Wednesday.

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Markets in Retreat

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Cisco Cuts Back as Product Mix Shifts

By ANNE STEELE
AND RACHAEL KING

Cisco Systems Inc. said it would lay off an additional 1,100 employees and forecast a drop in quarterly revenue as the networking company contends with market shifts, including customers favoring software over hardware.

The fresh round of cuts expands a restructuring plan announced in August to cut 5,500 jobs, or 7% of Cisco's workforce at the time. According to a company filing, Cisco's head count as of Jan. 28—amid the first round of cuts—was 71,959.

Cisco shares were down 7.7% in after-hours trading Wednesday as the company also said revenue ticked down in its just-ended fiscal third quarter and would drop more sharply—by 4% to 6%—in the fourth quarter.

Cisco, which disclosed the layoffs in its quarterly earnings report, said it booked charges of \$614 million for the first nine months of the fiscal year and expects to book \$150 million to \$200 million more during the fourth quarter.

Cisco Chief Executive Chuck Robbins is trying to shift the business from hardware to software and services. The company is making gains in areas such as security, but it faces weak customer spending in its core networking hardware businesses.

For the quarter ended April 29, Cisco's revenue fell 0.5% from a year earlier to \$11.94 billion. Profit rose to \$2.52 billion from \$2.35 billion.



Cyberthreats Breed Deep Unease

By ROBERT McMILLAN

A new fast-spreading computer attack and a hacking group's threat to release a fresh trove of stolen cyberweapons are fueling fears among businesses and security experts of another global technology assault.

The new attack, called Adylkuzz, follows last week's WannaCry outbreak, which crippled computers in more than 100 countries over the weekend. Both attacks rely on a Windows bug that was patched on March 14 and only affect PCs that haven't installed the latest version of Microsoft's software updates. Unlike its predecessor,

Adylkuzz doesn't lock up computer screens; it slows down systems as it quietly steals processing power to generate a digital currency called Monero.

Adylkuzz began spreading about two weeks ago and by Wednesday had infected several hundred thousand machines world-wide, according to Ryan Kalember, senior vice president with security intelligence firm Proofpoint Inc.

That's approximately the same count as WannaCry, which has largely stopped spreading, security experts said.

The news comes a day after a hacking group called the Shadow Brokers separately posted an internet message

saying it would release a new trove of cyberattack tools next month. The group claimed to have software that would affect web browsers, routers, mobile phones and Microsoft Corp.'s Windows 10 operating system. Its first trove, which it and Microsoft said was stolen from the National Security Agency, was dumped last month and used by WannaCry.

A Microsoft spokeswoman said the company is aware of the new Shadow Brokers claim and that its security teams actively monitor for emerging threats. The NSA has declined to comment on the authenticity of the Shadow Brokers documents or the WannaCry attack.

Corporate computer security spending is expected to hit \$90 billion world-wide this year, a

Please see HACK page B4

How to Fix the Glitches in Gmail

By JOANNA STERN

Dear everyone,
I hope this email finds you doing...Actually,

I just hope this email finds you, period.

With so many messages—there's your boss, there's Aunt Bertha, there's a 10% off sale at the Gap—it's easy to miss stuff. I used to think I was terrible at email, but it's not me, it's email. Specif-

ically, Gmail.

A decade ago, Gmail was our savior. So fast! So much storage! So simple! Yet the world's most popular email service hasn't changed much in all that time.

Google says that while it hasn't overhauled the website design since 2011, it has added a lot of features, most famously tabbed inboxes. The Gmail team also has done work on its Inbox website and app, as well as its mobile Gmail apps—this week, it's introducing a

smart-reply feature available only on phones. Still, finding many Gmail features can be like hunting around Wayne Manor for the secret elevator to the Batcave.

So why not shut up and go elsewhere? Like Winston Churchill always said, "Gmail is the worst form of email, except for all the others." OK, he never said that, but it's true. So I'm here to help you fix some of Gmail's biggest pain points, especially in its web interface.

Please see STERN page B4

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Target Sales Continue Skid

By KHADEEJA SAFDAR

Target Corp. sales continued to fall in its latest quarter and the retailer said it would invest billions in redesigning stores, launching exclusive store brands and lowering prices.

The Minneapolis-based company's sales at stores open at least a year fell 1.3% in its fiscal first quarter ended April 29, reflecting in part to lower foot traffic and average orders. Sales fell 1.1% to \$16.02 billion. Profit rose to \$681 million, or \$1.23 a share, from \$632 million, or \$1.05 a share, in the year-earlier period.

While the profit exceeded Wall Street's expectations, "we're not doing any high-fives in the room here today," Target Chief Executive Brian Cornell said during a call with analysts on Wednesday. "Our results are not where we want them to be, and we have much more work to do," he said.

Target plans to invest \$7

billion over the next three years on store improvements, new brands and developing its digital and supply-chain capabilities. It also expects to sacrifice about \$1 billion of potential profit as it lowers prices and drives lower-margin digital sales.

The company has been squeezed in recent years by Amazon.com Inc. as shopping moves online, and by Wal-Mart Stores Inc., which has remodeled stores and lowered prices. Wal-Mart is scheduled to report results on Thursday.

U.S. retailers have closed stores at a record pace this year as they react to decades of overbuilding and the growth of e-commerce. Several chains have filed for bankruptcy protection, including teen retailer Rue21 on Monday.

Mr. Cornell said he expects Target to feel pressure from closings and liquidations, though the resulting voids represent a business opportunity in the long term.

VW

Continued from the prior page

€6.5 billion charge against earnings, its shares had fallen 38%. German prosecutors also could allege stock-market manipulation if they found management disclosure to be inadequate.

The opening of an investigation by a prosecutor doesn't indicate that the people affected will be charged or convicted.

A spokesman for Porsche SE said the charge was unfounded and that the company fulfilled its obligations to inform financial markets in a timely fashion. The spokesman said Messrs. Müller and Pötsch won't comment on the investigation. Mr. Winterkorn's attorney didn't immediately respond to requests for comment.

Prosecutors have opened a similar probe into stock-market disclosures at Volkswagen itself. Volkswagen officials have argued repeatedly that until U.S. authorities issued

their formal notice, management wasn't aware of the substantial fines and penalties that might come with that—and thus couldn't disclose any accurate estimate of liabilities.

Volkswagen has since pleaded guilty in the U.S. to conspiracy to commit fraud in connection with the emissions cheating and has agreed to pay nearly \$25 billion in fines, penalties, legal fees and compensation for customers. Volkswagen admitted it installed software that tricked testing equipment into picking

up lower emissions from its diesel-powered cars in the U.S. than they were actually spewing out.

The Stuttgart prosecutor declined to elaborate on the justification for its investigation of Mr. Müller and other Porsche SE executives, but said: "There is cause to believe that the accused were intentionally late to inform shareholders about the financial consequences, especially for shareholders of Porsche SE, of the software manipulation of diesel vehicles."

OPEC

Continued from the prior page day, rising 0.84% to \$49.07 a barrel after the U.S. Energy Information Administration reported that stockpiles continued to fall last week. But many traders see any extension as OPEC's acknowledgment that the first round of cuts wasn't effective and further evidence that the group's influence on the market has become severely limited.

"In my view, it's the wrong response," Doug King, chief investment officer at RCMA Asset Management and manager of that firm's \$200 million Merchant Commodity hedge fund, said of extending the current cuts. "We're not seeing what we needed to see," he said. "They need to cut harder, right now."

Mr. Morse of Citigroup said he arranged introductions between OPEC Secretary-General Mohammad Barkindo and the more than 100 hedge-fund managers and other oil buyers who have met with Mr. Barkindo in Washington, D.C., New York and London since October.

The coordinated outreach was a new effort by the group to build bridges between its members and Wall Street, aiming to persuade investors that producers were serious about reining in supply, Mr. Barkindo said.

After asking what OPEC planned to do to boost prices, fund managers came away impressed, Mr. Morse said, add-

U.S. Output Roils OPEC Plans

U.S. oil inventories have declined since OPEC's output cuts, but they remain near historic highs. That is in part because U.S. production has increased by about 200,000 barrels a day during the past two months.

U.S. oil production

9.5 million barrels per day



Weekly U.S. ending stocks

550 million barrels



Net bullish position

400 thousand contracts

Sources: Commodity Futures Trading Commission (contracts); U.S. Energy Information Administration (oil production, stockpiles)

Continued from the prior page

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BUSINESS & FINANCE



HOANG DINH NAM/GETTY IMAGES

A Ford factory in Vietnam. The car maker plans to cut 10% of its salaried workforce in North America and Asia by September.

Ford Sharpens Ax for Salaried Jobs

BY CHRISTINA ROGERS

Ford Motor Co. outlined new steps in its global cost-cutting efforts, saying it will reduce salaried workforce in some regions by 10% amid an accelerated attack on costs."

The push, expected to result in 1,400 job cuts in North America and Asia by September, comes as Chief Executive Mark Fields strives to provide more clarity to investors about the auto maker's strategy. Ford's share price has slumped during Mr. Fields's three-year tenure at the helm, and profit growth has ground to a halt as U.S. sales volumes plateau.

The reductions would contribute to a \$3 billion cost-reduction goal for 2017. Ford also said Wednesday that head-count cuts are under way or completed in Europe and South America.

Mr. Fields was recently granted a \$2.5 million stock incentive by the board, which included the task of "developing a lean mind-set" at the company.

Ford, which has approximately 200,000 employees world-wide, steadily increased its workforce as the U.S. market rebounded from the financial

crisis and as a plan to expand in China unfolded. The Dearborn, Mich., auto maker has profited as demand for lucrative pickups and sport-utility vehicles surged amid lower gasoline prices.

The company's share price recently has been hovering at \$11, however, more than one-third lower than its level when Mr. Fields succeeded Alan Mulally in the summer of 2014. Ford's stock touched as low as \$10.75 on Wednesday, the lowest point since August 2015, before closing at \$10.76, down 1.7% on the day.

Ford will offer employee buyouts in the U.S., China and other countries. Staff in several of the company's departments—including factory personnel, analytics, information technology and product development—are eligible for buyouts.

The Wall Street Journal on Monday was first to report Ford's plans to trim its salaried workforce, targeting a 10% reduction in head count.

Ford said Wednesday that it remains focused on "becoming as lean and efficient as possible" but didn't provide specifics on anticipated cost savings. Those figures will be outlined

Regional Jobs

Ford's estimated global workforce by region*



*As of the end of 2016 †Excludes 7,000 employees of Ford Credit across all regions

Source: the company

THE WALL STREET JOURNAL.

later this year, along with related personnel costs, which will be booked as special items in the third quarter, a company spokesman said.

Ford, which employs 55,000 hourly employees, hasn't indicated any plans to cut that segment of its workforce.

Ford's \$3 billion cost-cutting target is aimed at restoring profit growth in 2018 and helping offset increased spending to develop new tech-

nologies, such as electric vehicles and self-driving cars. The auto maker's market capitalization this year sunk below that of electric-car startup Tesla Inc. amid slower earnings growth.

Mr. Fields has

BUSINESS NEWS

Drugmakers Feel States' Heat Over Prices

Legislation seeks to regulate drug costs, require manufacturers to justify increases

BY PETER LOFTUS

Amid calls for curbs on U.S. drug pricing, some of the most aggressive legislative action is happening at the state level—and industry lobbyists are fanning out to fight back.

Lawmakers have introduced bills in about 30 state legislatures this year, seeking to regulate drug prices; to require manufacturers to justify price increases; or to form purchasing groups with other states to negotiate lower prices, according to the National Academy for State Health Policy, a nonprofit policy group that has drafted model drug-pricing bills for state use. The group's funders include health insurers and the **Laura and John Arnold Foundation**, a nonprofit that supports making drugs more affordable.

Drugmakers oppose most of the bills, and have deployed officials and lobbyists to testify at legislative hearings and run advertising campaigns. The industry's biggest lobbying group, Pharmaceutical Research and Manufacturers of America, says

it is "beefing up resources" to combat the state legislation.

In an interview, Eli Lilly & Co. Chief Executive David Ricks called many of the state bills "totally wrongheaded. The more price controls we have, there is evidence you'll have market distortions."

Indianapolis-based Lilly has been criticized in recent months for boosting the list price of insulin. Its top insulin seller, Humalog, has more than doubled in price since 2011. The company says net prices of its drugs after rebates and discounts to customers haven't risen as high as list prices.

State lawmakers say high drug prices are hurting consumers and straining state budgets for Medicaid, public employee health insurance, and inmate health care. Many of the bills have been introduced by Democratic lawmakers, but some have been proposed by Republicans, such as one in Alabama that would create a state board to negotiate drug-price discounts.

"There's outrage, and people are expecting us to do something about it," said Rob Nosse, a Democratic state representative in Oregon spearheading a price-regulation bill the industry views as one of the biggest threats.

The industry fought against state bills in 2015 and 2016—

ANDREW HARRER/BLOOMBERG



From left, Joe Jimenez of Novartis, PhRMA's Stephen Ubl, Merck's Ken Frazier, Robert Bradway of Amgen, Robert Hugin of Celgene and Joaquin Duato from J&J after a Jan. 31 drug-price meeting in Washington.

and was mostly victorious. Several states considered bills requiring drugmakers to disclose research and other costs to justify price increases, but only Vermont enacted one last year.

In November, California voters rejected a ballot proposal to require state agencies to pay no more for prescription drugs than what the U.S. Department of Veterans Affairs pays; the VA gets one of the steepest discounts in the country. The drug industry spent more than \$100 million on advertising attacking the initiative.

The losses haven't stopped new bills from advancing. Maryland's legislature in April approved a bill that would allow the state attorney general to sue manufacturers of generic drugs for price increases deemed to be excessive; the governor is reviewing it, a spokeswoman said. A bill in Nevada would require manufacturers of certain diabetes treatments to disclose annually the cost of research and manufacturing of the drugs.

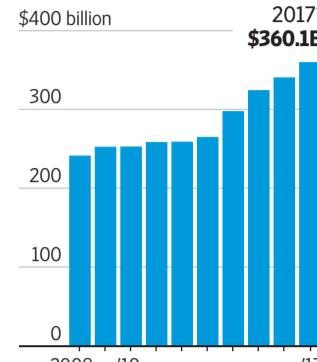
Ohio voters are scheduled to vote Nov. 7 on a ballot pro-

posal that would require state agencies to pay no more than the VA—a proposal similar to the failed California initiative. A group called Ohioans for Fair Drug Prices, which has received funding from the AIDS Healthcare Foundation, proposed the law and gathered enough citizen signatures to put the measure on the ballot.

PhRMA opposes the Ohio measure, and last year with other business organizations filed a lawsuit contesting the validity of citizens' signatures, but the Ohio secretary of state

Medicine Money

Annual U.S. spending on prescription drugs



*Estimate
Source: U.S. Centers for Medicare and Medicaid Services

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later ruled there were enough signatures for the ballot measure to proceed. PhRMA is part of a coalition, Ohioans Against the Deceptive Rx Issue, that plans to run advertisements against the bill, a group spokeswoman said.

One of the more far-reaching state bills is under discussion in Oregon. The bill, introduced by state Rep. Nosse, would cap patients' out-of-pocket costs for medicine at \$100 or \$200 a month depending on the type of insurance plan. Drugmakers have blasted the bill.

Albertsons Deal Maker Quits, Shifting Succession Plan

BY HEATHER HADDON

A quiet departure has shaken up the top management at **Albertsons** Cos., at a crucial and challenging time for the second-largest U.S. supermarket chain.

Justin Dye, chief administrative officer and a well-regarded deal maker who was viewed as a potential successor to Chief Executive Bob Miller, left the Boise, Idaho, company last month, he and Albertsons officials confirmed.

Five days after his depar-

ture, Albertsons said Wayne Denningham, a veteran of the 2,300-store chain, was promoted to the new role of president. Previously, the 55-year-old had been the company's executive vice president and chief operating officer, a title he still holds.

The moves helped clear up the succession picture at Albertsons, which, with \$60 billion in sales in its last fiscal year, is second only to Kroger Co. among U.S. supermarket chains. Still, Mr. Miller, known as a deal-hungry

lover of the grocery business, doesn't plan to retire any time soon, people familiar with the matter said. Mr. Miller, 73 years old, was brought in by **Cerberus Capital Management** LP after the private equity-giant bought into Albertsons in 2006.

Mr. Dye and Albertsons officials said the 44-year-old's departure was friendly, and it will allow him to spend more time with his family in Florida.

"It was tough to say goodbye," Mr. Dye said in an interview. "I care deeply about the

people and the company." He said he may seek a job in private equity again or as CEO of another company.

Albertsons officials said they have a team of eight to develop acquisition plans and that Mr. Denningham has helped pursue deals for more than a decade. Cerberus also plays a key role in vetting opportunities, they said.

The changes come at a pivotal time for Albertsons as possibilities for deal making abound.

Cerberus is entering its 11th

year of ownership, an unusually long holding period for a private-equity firm. Albertsons filed paperwork for an initial public offering in July 2015 for the grocer but abandoned the plan just before the shares would have started trading when poor results from Walmart Stores Inc. cast a shadow over the industry.

Before it tries again, Albertsons officials are looking for the price deflation that has crippled the grocery industry to ease, according to people familiar with the matter. They

also want the company's same-store sales to improve for several quarters, the people said.

Albertsons's same-store sales were flat in the last fiscal year after rising more than 4% in each of the prior two.

Sales turned negative during the last half of its fiscal year, which ended in February.

Officials blame the declining sales on a slump in food prices, brought on by a glut in commodities and fierce competition among retailers.

Caterpillar Faces Call to Shake Up Audit Panel

DANIEL ACKER/BLOOMBERG



An investment group wants to shake up **Caterpillar** Inc.'s audit committee amid mounting scrutiny of the machinery giant's offshore tax strategy.

CtW Investment Group, an arm of union coalition **Change to Win**, issued a public letter Wednesday asking shareholders to vote against three Caterpillar board members that the group says kept an inadequate watch over Caterpillar's tax strategy and outside auditor **Pricewater-**

houseCoopers LLP.

Caterpillar's strategy, which shifted much of the profit from its replacement-parts business to a Swiss unit, has drawn scrutiny, including an employee lawsuit, a U.S. Senate investigation and a federal criminal investigation that led to March 2 raids on Caterpillar's headquarters and two nearby facilities in Illinois.

The investment group is targeting board members Daniel Dickinson, a private-equity exec-

utive; Dennis Muilenburg, chairman and chief executive of Boeing Co.; and William Osborn, former chairman and chief executive of Northern Trust Corp.

A Caterpillar spokeswoman declined to comment Wednesday. The company has previously said it was paying the taxes it owed and was cooperating with federal authorities.

PwC and a Boeing spokesman declined to comment.

—Andrew Tangel

BUSINESS WATCH

STONYFIELD FARM

Grupo Lala in Talks For Yogurt Maker

Mexico's **Grupo Lala** has emerged as the lead bidder for **Stonyfield Farm** Inc., the U.S. maker of organic yogurt.

Talks are at an advanced stage and a deal could come before month's end, according to people familiar with the matter. The price the big Latin American dairy might pay couldn't be learned.

Inner Mongolia Yili Industrial Group, China's largest dairy company, announced earlier this month plans to bid \$850 million for Stonyfield, a subsidiary of France's **Danone** SA based in Londonderry, N.H.

Danone in March announced plans to sell Stonyfield to help it win regulatory approval for the proposed \$10 billion purchase of

organic-foods producer **White-Wave Foods** Co.

—Ben Dummett and Dana Mattioli

BHP BILLITON

Activist Elliott Meets With CEO Mackenzie

BHP Billiton Ltd. Chief Executive Andrew Mackenzie met Wednesday with representatives from **Elliott Management** Corp., the activist investor pushing for the resources company to shed at least some oil-and-gas assets and boost shareholder returns.

The talks took place at a mining-and-metals conference in Barcelona a day after Mr. Mackenzie told an audience there the company was confident a strategy of cutting costs and unlocking latent production capacity could boost the value of the company by as much as 50%.

An Elliott spokesman said the meeting was private but constructive. A BHP spokesman declined to describe the meeting beyond calling it private.

—Robb M. Stewart

CBS

Network Plans 'Big Bang' Prequel

CBS is adding eight new television series—including a prequel to "The Big Bang Theory," its biggest comedy hit—to its 2017-18 prime-time lineup.

Although CBS is wrapping up a season in which it will finish first in viewers for the ninth year in a row, it still faces challenges. Excluding sports, the audience for its prime-time entertainment programming is down 8%, to 9.3 million, this season compared with last season, according to Nielsen.

—Joe Flint



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INTERNATIONAL NOTICES

PUBLIC NOTICES

THE HIGH COURT OF IRELAND COMMERCIAL
Record No. 2017/174 C01
IN THE MATTER OF THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND
AND IN THE MATTER OF THE COMPANIES ACT 2014
AND IN THE MATTER OF A PROPOSAL FOR A SCHEME OF ARRANGEMENT PURSUANT TO PART 9, CHAPTER 1 OF THE COMPANIES ACT 2014
AND IN THE MATTER OF THE IRISH TAKEOVER PANEL ACT 1997

NOTICE IS HEREBY GIVEN that the following resolution approving a proposed scheme of arrangement ("the Scheme") between the Governor and Company of the Bank of Ireland (the "Bank") and the holders of the Scheme Stock (as defined in the Scheme) pursuant to Chapter 1 of Part 9 of the Companies Act 2014 (the "Act") was approved at a meeting of holders of Scheme Stock held on 28 April 2017 (which meeting was convened by the High Court of Ireland (the "Court") by Order dated 3 April 2017):

"That the Scheme in its original form or with or subject to any modification(s), addition(s) or condition(s) approved or imposed by the High Court be agreed to."

NOTICE IS FURTHER GIVEN that, at an Extraordinary General Court ("EGC") of the Bank also held on 28 April 2017, the following resolution (the "Capital Reduction Resolution") was passed as a special resolution of the Bank:

"THAT, subject to the passing of Resolutions 1 and 3 set out in the notice of this meeting and to the confirmation of the High Court, the issued (but not the authorised) capital stock of the Bank be reduced, pursuant to section 84 of the Companies Act 2014 and pursuant to the Bye-laws of the Bank, by the cancelling and extinguishing of all the Cancellation Stock (as defined in the Scheme) without thereby reducing the authorised share capital of the Bank."

Resolutions 1 and 3 referred to in the above resolution were also passed at the EGC.

NOTICE IS FURTHER GIVEN that an Originating Notice of Motion issued out of the Court on 10 June 2017, in respect of application under Section 453(2)(c) of the Act seeking the Court's sanction of the Scheme, and seeking the Court's confirmation of the Capital Reduction Resolution, is directed to be heard in the Commercial List of the Court sitting at the Four Courts, Inns Quay, Dublin 1, Ireland at 11:00 a.m. (Irish time) on 23 June 2017 (the "Hearing").

Any shareholder or creditor wishing to support or oppose the making of any order (an "Interested Party") that wishes to obtain a copy of the Originating Notice of Motion and Grounding affidavit should contact Solon Davis, Barrister-at-Law, 100 St. Stephens Green, Dublin 2, D02 T380, Ireland (Ref: McD/DTB).

Dated: May 15, 2017
Gary D. Anderson, Acting Commissioner of Insurance

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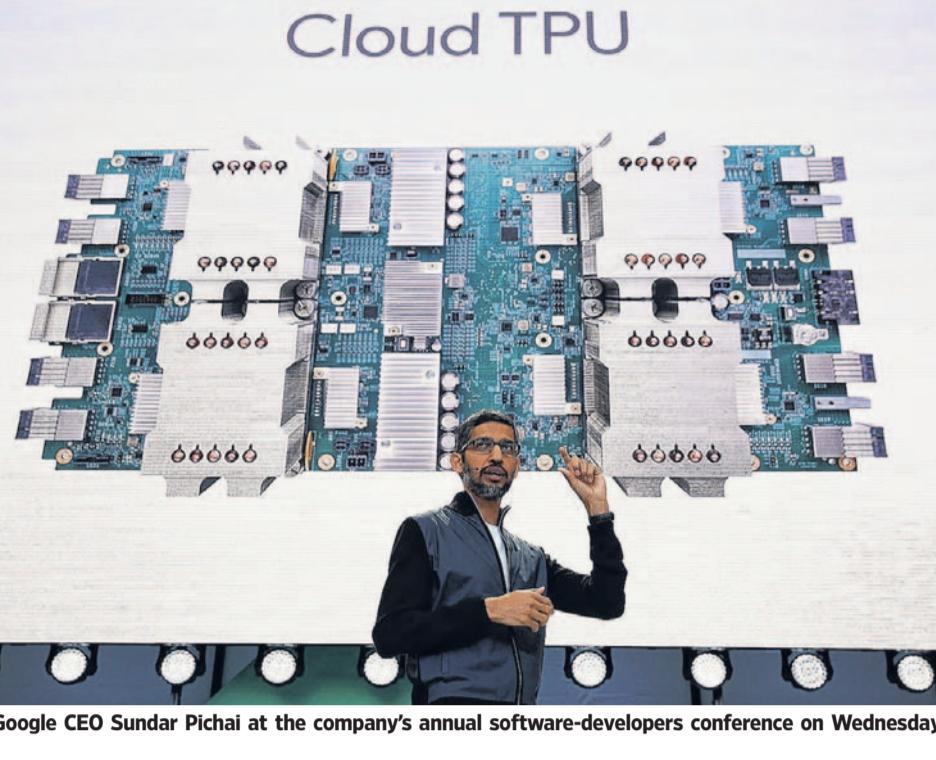
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TECHNOLOGY

WSJ.com/Tech



Google CEO Sundar Pichai at the company's annual software-developers conference on Wednesday.

JUSTIN SULLIVAN/GETTY IMAGES

Google Adds AI Touches To Boost Latest Devices

BY JACK NICAS

Google is doubling down on its bet on artificial intelligence with new features and availability for its virtual assistant and smart speaker, part of a scramble with other tech giants to dominate the next wave of consumer technology.

The new uses, unveiled Wednesday at the company's annual software-developers conference, touch on such popular Google functions as photos, email and mobile payments. They build on two products—Google Assistant and Google Home—announced at last year's conference. But there was also a nod to a new computing platform: virtual reality.

Tech is in the middle of "this important shift from a mobile-first to an AI-first world and we are driving it forward across all of our products and platforms," Google Chief Executive Sundar Pichai said at the conference in Google's hometown of Mountain View, Calif.

Google, a unit of **Alphabet** Inc., is trying to make its services even more ubiquitous by plugging the Google Assistant—its competitor to **Apple** Inc.'s Siri and **Amazon**.com

Inc.'s Alexa virtual assistants—into far more devices. Following a similar move by Amazon, Google said the Assistant will soon be available via an app on iPhones, as well as a variety of other devices, including refrigerators, washing machines and toys.

Google also said it would soon add phone-call capabilities to its Google Home smart speakers. Users can call any phone number in the U.S. or

New uses touch on popular functions such as photos, email and mobile payments.

Canada with the service, an advantage over a new Amazon smart speaker called the Echo Show, which lets users video chat only with other Echo Show devices or phones that have the associated app.

Still, the Google Home trails Amazon's Echo by a wide margin. Market-research firm eMarketer estimated this month that Echo controls 70% of the smart-speaker market versus 24% for Google Home.

The pie is growing, though.

EMarketer forecasts 35.6 million people in the U.S. will use a smart speaker this year, up 129% from 2016.

The use of virtual assistants, predominantly on smartphones, is far higher. EMarketer forecasts a 23% increase this year in the number of U.S. virtual-assistant users to 60.5 million, or nearly 28% of U.S. smartphone users. The market share of the various virtual assistants—the Google Assistant, Amazon's Alexa, Apple's Siri and **Microsoft** Corp.'s Cortana—is unclear.

Google showed its enormous reach with some new statistics Wednesday; for example, there are now 2 billion active devices running its Android software, up from 1.4 billion in late 2015.

Google also suggested its Google Drive online-storage service and Google Photos app are on course to join its current list of products that have more than 1 billion monthly users.

Separately, Google announced a new standalone virtual-reality headset that doesn't require a computer or phone to function—an entirely new product category in the emerging virtual-reality industry—with the hope it can become a new hit.

STERN

Continued from page B1
Priorities, priorities

You may not know it, but Google's email bots have two ways of automatically organizing your messages: tabbed inbox and priority inbox.

Tabbed inbox—the default—filters those "A friend liked your post" or "BLOW-OUT SALE!" emails into automatically created tabs marked Social and Promotions, respectively. If you want something in a different tab, drag it there, teaching the system where you want to see stuff from that sender.

Priority inbox organizes messages into tiers. It puts unread important emails at the top. Google determines those based on your habits, and marks them with small yellow flags. Below that are your starred emails, below that is everything else. You can enable priority inbox by tapping the gear-shaped icon then selecting Settings > Inbox > Inbox Type.

Stars, labels and flags

Gmail has a tagging problem so pay attention: Use stars to mark emails you need to return to—you can even go multicolor in Settings. Use labels for projects or similar messages (show tickets, receipts, etc.). And use the yellow Important flags to train Google to highlight your most important correspondents.

Find it faster

Gmail's search is fast—scrolling through search results isn't. In the search box, click the down arrow for specific search filters. You can also type shortcuts into the search field (even in the mobile app). To find every email from me, type "from:joanna.stern@wsj.com". Some standard Google search commands also apply: Add quotes if you want to search

The Keys to Gmail Success

In Gmail's web interface, click the gear icon then Settings. Turn on Keyboard shortcuts and hit the following keys...

C	U	E	K
To compose a new message	To go back to the inbox	To archive a message	To go back to the previous message
R	A	ctrl + shift + v	
To reply when in message thread	To reply-all from message thread	To paste plain, unformatted text into an email message	
F	J	ctrl + enter	
To forward the message you're in	To move from one message to the next		

Note: On Macs, use Command instead of Ctrl. Source: The company
THE WALL STREET JOURNAL.

exact phrases, use the minus sign to eliminate results containing those words, etc.

Easy writing

On the iPhone or on Android, you can set up keyboard shortcuts to speed up typing responses. You can also learn on Gmail's Smart Reply. Starting Wednesday, an update to the Gmail apps will suggest quick replies to messages based on text from the previous message. It doesn't read your mind but the short responses can be useful.

No funky formatting

The Gmail peeve that drives me most bonkers? When I copy text from Word or the web, then paste it into an email, it appears normal on my end. But the recipient sometimes sees text in different formats. Instead of using Ctrl + V, use Ctrl + Shift + V to strip out odd formatting.

On your phone, you'll need an app like Plain Text Paste. (Google says it's working to improve this issue.)

Speaking of keyboard shortcuts, I am convinced you can save at least an hour a week by learning key Gmail

shortcuts.

Undo send

We've all been there: You hit Send too quick and regret immediately sets in. Gmail gives you a few seconds to save yourself with its Undo Send feature. It's automatically enabled in the iPhone app (and not available on the Android app). As soon as you hit Send, an Undo button appears for five seconds.

On the website, head to Settings and check Enable Undo Send. Choose the delay period—5, 10, 20, 30 seconds—then hit Save. After sending, an Undo button appears.

Stop emailing

My best email tip of all: Look at how many lengthy threads in your inbox could've been replaced with texts, group chat or, dare I say, a phone call. At work, use Slack or Google Hangouts. With friends and family, pick your poison: standard texts, Apple iMessage, WhatsApp or Facebook Messenger.

Best,
Joanna

iPhone Built In India

BY RAJESH ROY AND NEWLEY PURNELL

NEW DELHI—An **Apple** Inc. manufacturer completed a trial run of the first iPhones assembled in India in an important step in the U.S. firm's push into the fast-growing South Asian market.

The manufacturing of Apple's cheapest iPhone model, the SE, was handled this month by Taiwanese contract manufacturer **Wistron** Corp., which has an assembly unit in the southern state of Karnataka, a state official with direct knowledge of the matter told The Wall Street Journal.

Apple said in a statement that it had begun initial production of a small number of iPhone SE handsets in Bangalore and will begin shipping the India-made devices to domestic customers this month. The first devices could hit stores as early as this week or next, according to a person familiar with the matter.

A Wistron spokeswoman said the company doesn't comment on "market rumors or speculation." Smartphone shipments in India grew 18% last year compared with just 3% globally, according to Counterpoint Research.

HACK

Continued from page B1

7.6% increase from a year earlier, according to research firm Gartner Inc. The higher spending has helped drive up share prices at security companies such as Rapid7 Inc., FireEye Inc. and Symantec Corp., all of whom have seen shares rise more than 25% this year.

The Shadow Brokers' release of what it says are U.S. government hacking tools comes after WikiLeaks in March published a cache of alleged Central Intelligence Agency cybersecrets, offering a window into a world where the development of computer attacks has become increasingly professionalized.

The stage for today's cyberattacks was set more than a decade ago. In the mid-2000s, Microsoft, embarrassed by a series of computer worm and virus outbreaks, began to comb through its software for bugs and develop new coding techniques designed to thwart hackers. At the same time, hackers discovered they could command large fees for their work. Apple Inc., for example, pays \$200,000 for details on the most severe bugs affecting its software. Government agencies and private corporations often pay more.

These factors have slowed the flow of bugs and the tools that exploit them on public venues, where they were once freely—and more frequently—disclosed, said David Aitel, chief executive at Immunity Inc., a computer-security services company. "There's a scarcity of high-quality attack tools," he said.

But if companies thought the risk of attacks had evaporated, WannaCry served as a wake-up call. And the attack could have been much worse if it had made sensitive corporate information public, said Mr. Aitel, a former NSA analyst.

—Natalie Andrews contributed to this article.

Patch, Pay for Services—and Pray

For companies looking to protect their systems, security experts agree on one piece of advice: Install patches to Windows software now. Still, that may not be enough to stop the next attack. "There's no wall you can build that's high enough or deep enough to keep a dedicated adversary out," said John Carlin, a former cyber-crimes prosecutor at the Justice Department.

Larger companies will need to step up their security training, patching and planning, he said.

Smaller businesses may need to hand over security to companies that specialize in these services.



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BUSINESS NEWS

EU Skeptical of Laptop Air Ban

Brussels and U.S. to continue talks about possible expansion of the flight restriction

The U.S. government made its case to European officials on Wednesday on why it may expand a ban on laptops in

By Robert Wall in London and Valentina Pop in Brussels

airplane cabins to flights to the U.S. from Europe, despite strong opposition from the airline industry.

Washington has been weighing whether to include flights arriving from Europe in an existing ban on passengers taking laptops, tablets and other larger electronic devices on flights originating from 10 Middle East and North Africa airports. The Trump administration imposed the ban in March, citing security concerns.

European officials have expressed frustration over U.S. reluctance to share specific details about why it imposed the existing ban. U.S. President Donald Trump last week shared information on the threat to planes with Russian officials. The information had been collected by Israeli intelligence and was meant for U.S. eyes only, U.S. officials familiar with the matter said. National security adviser H.R. McMaster said on Tuesday the sharing of the information was "wholly appropriate."

No decision was taken on whether to expand the ban to other countries including in Europe, a U.S. administration official said, adding Washington was still considering the possibility in light of threats and "innovative methods" terrorists are devising to smuggle explosives aboard planes in consumer devices.

The current ban covers all electronic devices larger than a smartphone, including cam-



A passenger stows his laptop at a Tunisia airport. Washington has banned in-cabin laptops on direct flights from some nations.

eras, portable DVD players, and electronic game units.

Two European Union official said the Europeans left the meeting in Brussels believing no expansion of the ban was imminent. "Our fear before the meeting was that the U.S. would announce the ban this weekend or next week, regardless of what our position is," one official said. No ban would be imposed without the U.S. first informing the EU and making the necessary technical preparations, the official added.

"We did share additional information with our partners today," a senior U.S. adminis-

tration official said, adding some participants were provided with classified information.

Following the roughly four-hour high-level meeting, the two sides pledged to continue cooperating on aviation security and to meet again next week in Washington.

Expanding the restrictions would hit U.S. carriers such as American Airlines Group Inc., Delta Air Lines Inc. and United Continental Holdings Inc., which fly to several European airports. The carriers don't directly serve any of the airports affected by the existing ban covering the Middle

East and North Africa.

An average of 451 flights a day to the U.S. are scheduled next month from airports in 17 of the 28 EU member states, according to published schedules analyzed by OAG Aviation Worldwide Ltd. A ban would render at least 100,000 daily passengers unable to use their large electronic devices aboard inbound flights to the U.S., based on historic and projected traffic patterns.

The International Air Transport Association, the global trade group representing more than 200 carriers, estimates the cost to passengers from expanding the ban

at \$1.1 billion annually, including \$656 million in lost productivity. IATA said the ban could also lead to fewer flights because some fliers would stay home or take other routes where they still could use their devices.

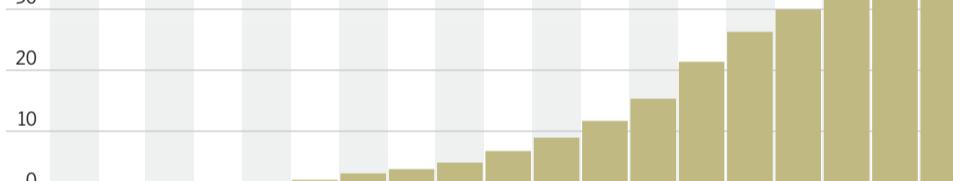
The U.S. official said the government wasn't discounting those concerns, but saw the economic consequences of a successful terrorist attack as being far greater.

IATA Director-General Alexandre de Juniac said added security checks would be a better alternative than a ban.

—Susan Carey contributed to this article.

E-Tailer Extends Its Global Reach

Amazon's international sales have grown in tandem with its entry in major foreign markets.



Source: the company

Australia Beckons Amazon

Amazon.com Inc. is preparing to bring its full retail offering to Australia, signaling a major competitive threat to

By Mike Cherney
in Sydney
and Laura Stevens
in San Francisco

the country's retailers and an important new beachhead for its global distribution network.

Australia's more favorable regulatory climate is also likely to offer Amazon opportunities to test deliveries via autonomous drones and road vehicles, a person familiar with the matter said. Australia last year rolled out new rules for remote-operated drones, and government officials are looking to develop national guidelines for autonomous-vehicle trials.

Amazon, which announced its Australia intentions last month, hasn't said when the full retail offering will roll out. Some analysts say 2018 is a likely date.

Australians can already order products from Amazon overseas, but they typically pay higher prices for shipping and wait longer for delivery than Amazon shoppers in other countries with domestic operations. This has constrained Amazon's challenge to online competitors such as eBay Inc. in Australia, as well as traditional retailers, which have until now been somewhat insulated from the demise of brick-and-mortar stores rippling across the U.S.

That could soon change. One analysis from Citigroup Inc.

found that Amazon sales could grow from between 500 million Australian dollars (US\$371.3 million) and A\$700 million currently to A\$4 billion in the medium term, a significant chunk of the roughly A\$20 billion Australian e-commerce market. Electronics retailers are expected to be the hardest hit, with Citi lowering its long-term earnings-per-share forecasts for some Australian companies by more than 30%.

Australian retailers until

now haven't faced the kind of competition that would have forced them to invest heavily in their online offerings, said Citi retail analyst Bryan Raymond. Retailers in other countries have "been forced into it through Amazon or someone else pushing people that way," he said.

The Australian e-commerce market is small compared with the U.S., where online sales last year were estimated at \$391 billion, according to the U.S. Census Bureau, but the lack of a truly dominant online retailer suggests there is an opportunity for Amazon. One measure from Citi gives Amazon 4% market share in Australia. In the U.S., Amazon's share is 31%, Citi says.

"We pick our spots carefully," he added.

In Australia, online sales were about 7% of total retail in 2016, compared with 11% in the U.S., 15% in the U.K., and 18% in South Korea, according to Euromonitor International.

Australian e-commerce sales lag behind other developed countries, so there could be room for growth, making Australia an attractive market for Amazon as it seeks to expand its international footprint. The company is spending billions of dollars to secure growth in Mexico and India, and recently reupped its attempt to take on Alibaba Group Holding in China as it diversifies away from relatively saturated U.S. and European markets.

The Chinese market has proved tough to conquer. Amazon launched its Prime membership program there late last year, aiming to capitalize on Chinese consumers' desire for products from overseas, but it has been fighting to gain share against entrenched local incumbents. India has been more of a success story, where Amazon is one of two market leaders. Still, it is facing increased competition there, too, after No. 1 Flipkart Group's recent \$14 billion fundraising round.

Amazon has cited its rapid international growth as a reason for higher spending in recent quarters. The company takes varying approaches by market when it expands internationally and balances growth carefully with management bandwidth, said Chief Financial Officer Brian Olsavsky on a recent earnings call.

"We pick our spots carefully," he added.

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Even supporters of Mr. Pai acknowledge the new rules

could give internet providers broad latitude to offer new services that arguably are inconsistent with recent ideas about net neutrality. The biggest potential change would allow providers to offer paid prioritization, a practice that would allow some internet traffic to move more quickly or more reliably in exchange for payment to the carrier. The current rules bar paid prioritization.

The regulation is expected to take some time to develop. The Federal Communications Commission's planned action begins a rule-making process that will likely take months, meaning the broadband internet business won't change overnight.

But eventually the new rules, depending on how the commission fills in the details, have the potential to allow new alliances between broadband providers and major entertainment, shopping, search and social media platforms.

Those deals could allow cable and wireless broadband providers to lure consumers with higher speeds and better-quality video for favored services, even as their choices are potentially narrowed. Critics note that the providers' profits would probably grow.

The main proponent of the rewrite, FCC Chairman Ajit Pai, believes the current Obama-era rules known as net neutrality, which require all internet traffic to be treated the same by broadband providers, went too far in imposing potentially stifling regulatory burdens on the providers. He wants to replace the existing rules with new, more relaxed standards.

If Mr. Pai succeeds in pushing through his changes—which appears likely—it would represent a potentially significant shift away from the vision of net neutrality that has essentially been in place for the past few years. Instead, it would return to an earlier frame that gave more leeway to internet providers, in the name of encouraging broadband investment.

Even supporters of Mr. Pai acknowledge the new rules

FCC Is Ready to Move On Internet Rule Revamp

By JOHN D. MCKINNON

WASHINGTON—Federal regulators are set to move forward Thursday with a plan that would blow up the rules that have governed the internet in recent years and essentially start anew, opening the door to fundamental shifts in consumers' online experiences.

The regulation is expected to take some time to develop.

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It isn't clear that all carriers would embrace it even if the ban ended. Several big internet providers didn't respond to questions about whether they would use paid prioritization if given the chance. Comcast Corp. said in a statement that "we won't block, slow down or discriminate against lawful content."

But supporters of current net-neutrality rules say paid prioritization and other potential changes would only harm consumers as well as startups.

Proponents of doing away with the current rules see a potential benefit for consumers and startups. For example, it could accelerate development of autonomous vehicles or remote surgery, both of which would depend on fast and reliable communications.

"If that goes ahead of an email, great, and if it needs to be paid for...to make the economics work, I'm all for that," said FCC Commissioner Michael O'Rielly, a Republican ally of Mr. Pai, in a recent interview.

Over the ensuing years, Mr. Powell said in a recent interview, federal regulators embraced net neutrality more closely, but its focus shifted toward protection of big internet firms such as Netflix Inc.

FCC Chairman Ajit Pai's plan, titled "Restoring Internet Freedom," consciously echoes Mr. Powell's language and framing, while making the case that government regulation can undermine online freedom. It also argues that eliminating the current rules would again boost broadband investment, a statement that critics dispute.

One tech lobbying group, the Internet Association, released a report Wednesday saying that investment hasn't been slowed by current rules, but telecom groups disagree.

EU Ready To Fine Facebook Over Deal

By NATALIA DROZDIAK

THE WALL STREET JOURNAL. GLOBAL FOOD FORUM

OCTOBER 10, 2017 | PARK HYATT NEW YORK

EXPLORE OPPORTUNITIES IN THE EVOLVING BUSINESS OF FOOD

This fall, the editors of The Wall Street Journal will convene leading executives and experts from across the agricultural economy and food industry to explore key challenges and opportunities in the business of food.

Our focus in 2017 will be on the intersection of food and technology—how tech and innovation are transforming the food sector.

Through dynamic interviews, the editors will draw on the knowledge of influential industry leaders to cover a range of issues of key importance to consumers, corporations and investors, including:

- The future of protein and the push to develop plant-based alternatives and cultured meat
- The food safety and traceability technologies that help food companies track and share the story behind their ingredients
- The complexity of the “clean label”
- The advances in nutrition science that are reshaping both the meaning of eating healthy and the way companies make and market their food
- The technologies that help farmers predict the weather, conserve soils and water, and minimize fertilizer usage
- The impact of new agricultural and trade policies on the farm economy and food industry

The deliberations from the Global Food Forum will be published globally in a special report in The Wall Street Journal and on WSJ.com.

SPEAKERS



MEHMOOD KHAN

Vice Chairman and Chief Scientific Officer
PepsiCo, Inc.



TOM HAYES

President and CEO
Tyson Foods, Inc.



HUGH GRANT

Chairman and CEO
Monsanto Company



JOE STONE

Chief Risk Officer and Corporate SVP
Cargill, Incorporated



JAMES C. COLLINS, JR.

Executive Vice President
Dupont



CARLOS J. BARROSO

SVP, Global Research and Development
Campbell Soup Company



A.G. KAWAMURA

Owner, Orange County Produce
Secretary, California Department of
Food and Agriculture
(2003-2010)



MARK YOUNG

CTO
The Climate Corporation



DAVE GEBHARDT

Global Director of Strategic Partnerships
GEOSYS Intl, Inc.



UMA VALETI, MD

Co-Founder and CEO
Memphis Meats



MARK POST

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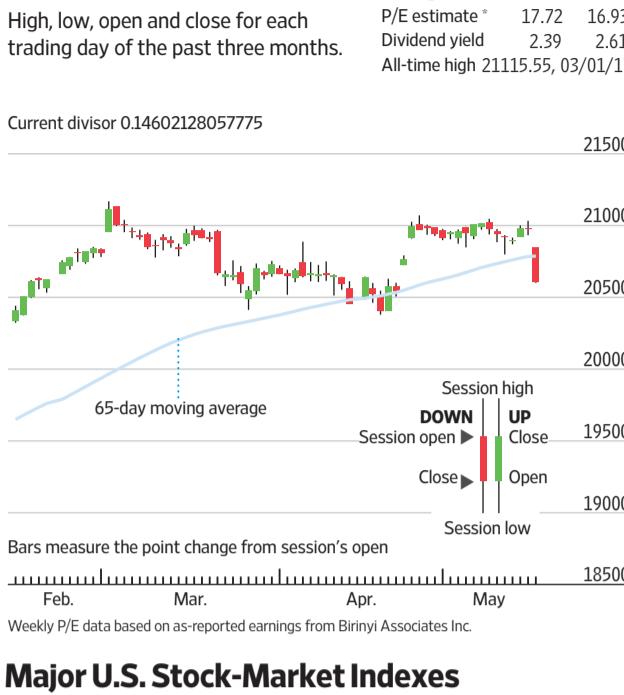
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average



Bars measure the point change from session's open

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index



Nasdaq Composite Index



Major U.S. Stock-Market Indexes

	Dow Jones		Latest		52-Week		YTD		% chg	
	High	Low	Close	Net chg	% chg	High	Low	% chg	3-yr. ann.	
Industrial Average	20846.17	20601.08	20606.93	-372.82	-1.78	21115.55	17140.24	17.6	4.3	7.7
Transportation Avg	9004.73	8775.31	8783.74	-279.11	-3.08	9593.95	7093.40	15.1	-2.9	3.8
Utility Average	701.41	694.95	698.24	1.03	0.15	720.45	625.44	8.7	5.9	9.1
Total Stock Market	24685.51	24384.47	24391.29	-470.18	-1.89	24878.35	20583.16	15.8	4.8	7.5
Barron's 400	634.72	624.99	624.99	-16.66	-2.60	643.82	491.89	23.0	3.9	7.3
Nasdaq Stock Market	6122.87	6009.48	6011.24	-158.63	-2.57	6169.87	4594.44	26.8	11.7	13.7
Nasdaq 100	5688.74	5578.16	5580.55	-143.89	-2.51	5724.44	4201.05	28.6	14.7	15.9
Standard & Poor's	2384.87	2356.21	2357.03	-43.64	-1.82	2402.32	2000.54	15.1	5.3	7.9
500 Index	1714.77	1693.26	1693.68	-35.84	-2.07	1758.27	1416.66	17.9	2.0	7.8
MidCap 400	834.57	821.93	822.16	-21.72	-2.57	863.08	670.90	21.6	-1.9	8.8
Other Indexes										
Russell 2000	1388.30	1355.85	1355.89	-38.79	-2.78	1419.43	1089.65	22.9	-0.1	7.1
NYSE Composite	11530.52	11422.58	11423.53	-182.96	-1.58	11661.22	9973.54	11.6	3.3	2.5
Value Line	520.82	509.73	509.73	-11.09	-2.13	529.13	435.06	14.6	0.7	2.1
NYSE Arca Biotech	3651.92	3588.44	3590.22	-99.78	-2.70	3690.00	2818.70	18.6	16.8	12.8
NYSE Arca Pharma	521.31	516.50	516.50	-6.76	-1.29	554.66	463.78	1.9	7.3	0.6
KBW Bank	91.36	88.38	88.91	-3.78	-4.08	99.33	60.27	28.8	-3.1	10.0
PHLX® Gold/Silver	88.01	85.94	86.54	0.76	0.88	112.86	73.03	3.4	9.7	-0.9
PHLX® Oil Service	149.02	146.56	146.94	-3.01	-2.01	192.66	146.14	-7.0	-20.0	-19.5
PHLX® Semiconductor	1066.29	1029.34	1029.83	-47.03	-4.37	1076.85	644.74	58.6	13.6	21.4
CBOE Volatility	15.59	11.53	15.59	4.94	46.38	25.76	9.77	-2.3	11.0	7.8

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Mkt 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 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	22,925.5	235.99	0.17	0.07	240.20	235.75
iPath S&P 500 VIX ST Fut	VXX	8,792.1	16.24	0.14	0.87	16.26	14.60
Cisco Systems	CSCO	5,706.3	31.06	-2.76	-8.16	34.28	30.90
Van Eck Vectors Jr Gold	GDXJ	4,898.9	33.76	-0.03	-0.09	33.79	33.72
Finl Select Sector SPDR	XLF	3,916.6	23.04	-0.02	-0.09	23.12	23.01
iShares MSCI EAFE ETF	EFA	3,579.0	65.43	0.19	0.29	65.81	65.22
iShares MSCI Emg Markets	EEM	3,470.8	41.00	0.03	0.07	41.09	40.97
PwrShrs QQQ Tr Series 1	QQQ	3,300.0	136.04	-0.03	-0.02	137.20	135.91

Percentage gainers...

GlycoMimetics	GLYC	230.3	7.35	1.98	36.87	7.68	5.37
Incyte	INCY	262.8	131.20	10.71	8.89	133.96	119.53
Stage Stores	SSI	5.7	2.45	0.19	8.41	2.45	2.26
Pandora Media	P	587.8	9.53	0.60	6.72	9.85	8.93
L Brands	LB	646.2	51.60	3.20	6.61	52.68	47.00
...And losers							
Endologix	ELGX	80.3	5.32	-1.41	-20.95	6.74	5.16
Endocyte	ECYT	21.8	2.35	-0.46	-16.37	2.81	2.35
NewLink Genetics	NLNK	55.8	14.00	-2.10	-13.04	16.13	12.50
Globus Medical	GMED	31.8	28.25	-2.99	-9.57	31.32	27.00
ZTO Express (Cayman) ADR	ZTO	28.2	12.75	-1.30	-9.25	14.50	12.75

Trading Diary

Volume, Advancers, Decliners	NYSE	NYSE Mkt
Total volume*	990,486,449	10,831,849
Adv. volume*	170,489,414	3,756,007
Decl. volume*	812,065,578	6,643,180
Issues traded	3,110	323
Advances	648	100
Declines	2,399	207
Unchanged	63	16
New highs	47	2
New lows	87	12
Closing tick	417	8
Closing Arms*	1.30	0.71
Block trades*	8,069	150
	Nasdaq	NYSE Arca
Total volume*	2,326,700,436	422,763,757
Adv. volume*	241,523,807	160,228,717
Decl. volume*	2,074,954,893	262,458,574
Issues traded	3,036	1,367
Advances	441	366
Declines	2,487	993
Unchanged	108	8
New highs	34	31
New lows	94	7
Closing tick	455	127
Closing Arms*	1.52	

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract						Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.												
May	2,535	2,540	2,527.5	2,542.5	-0.0020	2,176						
July	2,549.0	2,559.5	2,526.5	2,546.5	-0.0040	120,405						
Gold (CMX)-100 troy oz.; \$ per troy oz.												
May	1,241.00	1,259.20	1,240.70	1,257.50	22.50	32						
June	1,237.20	1,261.50	1,236.30	1,258.70	22.30	204,229						
Aug	1,240.10	1,264.70	1,240.00	1,262.00	22.30	132,767						
Oct	1,246.30	1,268.00	1,246.30	1,265.40	23.00	6,927						
Dec	1,247.70	1,270.60	1,247.70	1,268.80	22.30	63,469						
Feb'18	1,254.80	1,274.10	1,254.80	1,272.10	22.30	8,529						
Palladium (NYM)-50 troy oz.; \$ per troy oz.												
May	812.80	812.80	812.80	776.85	-15.00	1						
June	794.10	799.00	776.10	777.00	-15.00	25,696						
Sept	794.60	797.80	775.60	776.25	-15.30	11,402						
Dec	795.15	795.15	778.40	775.95	-15.35	274						
March'18	781.70	781.70	781.70	776.95	-15.35	3						
Platinum (NYM)-50 troy oz.; \$ per troy oz.												
May	930.70	930.70	930.50	943.60	9.10	1						
July	942.00	949.50	939.80	946.10	9.10	64,732						
Silver (CMX)-5,000 troy oz.; \$ per troy oz.												
May	16,855	16,955	16,740	16,852	0.159	111						
July	16,850	17,035	16,755	16,906	0.159	163,265						
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.												
June	48.23	49.50	48.03	49.07	0.41	234,981						
July	48.53	49.84	48.37	49.41	0.41	595,909						
Aug	48.80	50.11	48.66	49.70	0.41	156,600						
Sept	49.13	50.35	48.92	49.97	0.41	188,053						
Dec	49.74	50.84	49.49	50.53	0.42	313,667						
Dec'18	49.67	50.45	49.47	50.24	0.26	153,107						
NY Harbor USLD (NYM)-42,000 gal.; \$ per gal.												
June	1,5030	1,5464	1,5001	1,5335	0.0171	77,523						
July	1,5103	1,5518	1,5070	1,5398	0.0168	104,580						
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.												
June	1,5928	1,6197	1,5846	1,6027	-0.0116	73,574						
July	1,5890	1,6168	1,5821	1,6005	-0.0010	119,356						
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu												
June	3.231	3.269	3.165	3.192	-0.038	147,849						
July	3.315	3.354	3.258	3.283	-0.032	268,861						
Aug	3.349	3.389	3.297	3.320	-0.026	12,915						
Sept	3.332	3.372	3.284	3.306	-0.026	132,284						
Oct	3.353	3.390	3.310	3.330	-0.026	188,909						
Jan'18	3.592	3.628	3.557	3.578	-0.014	104,267						

Agriculture Futures

Corn (CBT)-5,000 bu; cents per bu.

July	367.00	372.25	366.25	371.50	3.75	735,987
Dec	384.50	389.50	384.00	389.00	3.50	276,406
Oats (CBT)-5,000 bu; cents per bu.						
July	228.50	237.50	226.75	235.50	5.75	4,960
Dec	221.25	226.00	221.25	224.00	5.00	1,106
Soybeans (CBT)-5,000 bu; cents per bu.						
July	975.50	980.50	973.50	975.75	-50	357,703
Nov	966.50	971.50	964.50	967.75	...	189,590
Soybean Meal (CBT)-100 tons; \$ per ton						
July	317.00	317.90	314.40	315.30	-1.70	195,741
Dec	317.80	318.90	315.60	316.70	-1.40	81,082
Soybean Oil (CBT)-60,000 lbs.; cents per lb.						
July	33.02	33.39	32.96	33.15	.14	204,041
Dec	33.39	33.76	33.36	33.56	.16	91,453
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.						
July	1,062.50	1,098.50	1,040.50	1,091.00	28.50	8,236
Sept	1,087.00	1,121.00	1,087.00	1,115.00	28.00	712
Wheat (CBT)-5,000 bu; cents per bu.						
July	423.00	433.50	421.50	427.00	2.75	273,937
Sept	437.00	445.25	435.50	440.25	2.00	72,407
Wheat (KC)-5,000 bu; cents per bu.						
July	423.00	433.50	421.75	426.50	2.00	151,861
Dec	465.75	474.75	463.75	468.75	2.50	37,964
Wheat (MPLS)-5,000 bu; cents per bu.						
July	539.00	546.00	539.00	541.00	1.25	29,410
Sept	546.25	553.25	546.25	547.75	1.00	11,571
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.						
May	141,450	142,300	140,650	141,975	1.025	3,465
Aug	148,450	149,325	146,450	147,725	.025	32,864
Cattle-Live (CME)-40,000 lbs.; cents per lb.						
June	122,400	123,450	121,750	122,450	.550	66,680
Aug	118,775	119,550	118,025	118,825	.575	173,638
Hogs-Lean (CME)-40,000 lbs.; cents per lb.						
June	79,225	79,950	78,800	78,900	.175	37,505
Oct	67,675	67,950	67,650	67,725	.125	42,417
Lumber (CME)-11,000 bd. ft.; \$ per 1,000 bd. ft.						
July	372.00	377.70	370.50	373.70	2.00	3,618
Sept	366.80	370.50	364.50	367.80	1.60	782
Milk (CME)-200,000 lbs.; cents per lb.						
May	15.64	15.66	15.60	15.62	-.01	4,818
June	16.48	16.56	16.			

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, Nasdaq, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISYE and BATS. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:
 i-New 52-week high.
 i-New 52-week low.
 dd-Indicates loss in the most recent four quarters.
 FD-FIRST day of trading.
 h-Does not meet continued listing standards.
 If-Late filing
 q-Temporary exemption from Nasdaq requirements.
 t-NYSE bankruptcy.
 v-Trading halted on primary market.
 w-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Wednesday, May 17, 2017

Net Stock Sym Close Chg

MARKETS & FINANCE

Investors Turn Sharply Pessimistic

Washington worries take toll on markets; Dow's 372.82 fall is its worst since September

BY RIVA GOLD
AND AARON KURILOFF

Turbulence in Washington jolted markets out of an extended period of calm Wednesday. Stocks, the U.S. dollar and government-bond yields slid as investors pulled back from bets on the swift passage of President Donald Trump's agenda. Wagers that his policies would boost growth and inflation have been unwinding for months, but those moves accelerated Wednesday.

In one of the clearest signs of waning investor confidence, a closely watched measure of the dollar's value erased its postelection gains.

Stocks fell around the world, with major U.S. stock indexes posting their biggest declines in months.

The Dow Jones Industrial Average lost 372.82 points, or 1.8%, to 20606.93 and the S&P 500 fell 43.64 points, or 1.8%, to 2357.03 in the worst one-day fall for the two indexes since Sept. 9. The Nasdaq Composite lost 158.63 points, or 2.6%, to 6011.24, its biggest decline since June 24.

Some traders said Wednesday's selling was sparked by reports that President Trump had allegedly asked then-FBI Director James Comey to back off the investigation of former national security adviser Michael Flynn, which prompted some congressional Republicans to call for further investigation. In a statement Tuesday evening, the White House denied the account.

"The bigger picture here is it puts another dent in the likelihood of getting a congressional majority to pass Trump's agenda," said R.J. Grant, director of equity trading at KBW Inc.

Wednesday's moves upended weeks of stability. The CBOE Volatility Index, a measure of expected swings in the S&P 500 over the next 30

Busy Day

Gold prices and Wall Street's 'fear gauge' surged as investors sold stocks, particularly bank shares. Oil prices rose as worries about oversupply eased.

Gold futures



Source: WSJ Market Data Group

CBOE Volatility Index



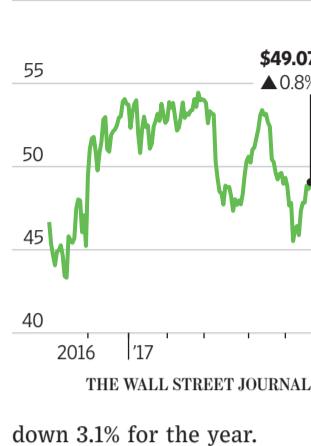
Source: WSJ Market Data Group

KBW Nasdaq Bank Index



Source: WSJ Market Data Group

Crude-oil futures



Source: WSJ Market Data Group

Goldman Sachs Bruises Blue Chips

Goldman Sachs Group Inc.

pushed the Dow Jones Industrial Average higher after the presidential election. On Wednesday, it dragged the index lower.

Shares of the bank fell 5.3%, making the stock responsible for more than one-fifth of the day's 1.8% decline in the Dow industrials.

The bank contributed 81 points to the blue-chip index's 373-point fall on Wednesday, according to WSJ Market Data Group, the most of any component of the index.

Goldman's stock has an outsize influence on the Dow

because the index is price-weighted.

With a share price of more than \$200, Goldman is the highest-priced of the Dow's 30 constituents.

On Wednesday, Goldman shares closed at \$213.72.

Bank stocks struggled as some of the most popular post-election trades were down more than the broader market amid the political turmoil in Washington. **J.P. Morgan Chase & Co.** was the Dow's second-worst performer, down 3.8%. That decline shaved 23 points off the Dow.

The KBW Nasdaq Bank Index dropped 4.1% on Wednesday as investors took off bets that President Donald Trump would be able to push through his policy priorities that would

benefit big lenders, such as deregulation and tax cuts, as controversy over the dismissal of then-Federal Bureau of Investigation Director James Comey continued to escalate.

The bank index had jumped 22% from election day to the end of 2016. Since then, the index is down 3.1%.

Goldman's share-price moves have been more pronounced, climbing 32% after the election and contributing 394 points to the Dow's 1,430-point rise during that period. This year, the stock has retreated 11%.

Other big contributors to the Dow's drop Wednesday included **Apple Inc.** (36 points), **Boeing Co.** (27 points), and **3M Co.** (21 points).

—Ben Eisen

days, jumped 46% after falling to its lowest level in decades earlier this month.

Trading surged across the New York Stock Exchange, Nasdaq, NYSE MKT and NYSE Arca, making Wednesday the third-busiest day of the year so far.

U.S. stocks have been close to records, and few investors said they expect a major pullback, but many said they were increasingly worried about accomplishing the implementation of proposed policies such as tax cuts, deregula-

tion and infrastructure spending following a series of developments in Washington.

In March, stocks pulled back as House Republicans stumbled in their efforts to pass a health-care bill, with investors saying it added to doubts that Mr. Trump would be able to push through tax cuts.

Investors piled into assets that they perceive as havens, sending gold up 1.8% to \$1,257.50 an ounce, its largest one-day gain since March 16. The yield on the benchmark

10-year U.S. Treasury note fell to 2.216% from 2.329% Tuesday—it's biggest one-day drop since June 27, when investors scooped up government bonds following the U.K. vote to leave the European Union. Yields fall as bond prices rise.

Bank stocks, which had one of the strongest runs in the wake of Mr. Trump's victory in November, were among the hardest hit. The KBW Nasdaq Bank Index of large U.S. commercial lenders notched its worst day since the Brexit selloff, falling 4.1%. It is now

down 3.1% for the year.

"That's people just throwing in the towel on tax reform," said Michael Antonelli, equity sales trader at Baird.

The move in financials suggests "the market thinks that agenda is dead in the near term. There's not a huge window for this stuff to happen before the end of the year, then you get into 2018 and the elections," he said.

The ICE U.S. Dollar Index, which measures the dollar against a basket of six currencies, fell 0.8% to its lowest level in late New York trading since Nov. 4.

The Stoxx Europe 600 shed 1.2% in its biggest one-day fall since late September.

Early Thursday, Japan's Nikkei was down 1.8%, while Australia's S&P ASX 200 was off 1.3%.

While political swings may trigger volatility in the short term, longer term they are unlikely to have a major effect on the U.S. stock market, said Kevin O'Nolan, multiasset portfolio manager at Fidelity International.

"U.S. stocks trade off earnings, earnings are linked to growth, and I don't think it's going to have a meaningful impact on growth," he said.

Companies in the S&P 500 are on track for their strongest quarter of earnings growth in several years, according to FactSet.

AHEAD OF THE TAPE |

By Steven Russolillo

Wal-Mart Deserves Credit for Web Effort

It has been an earnings season to forget for retailers. Wal-Mart Stores Inc., the biggest of all, looks better-positioned than most.

The world's largest retailer's fiscal first-quarter earnings, due out Thursday, should show progress as competitors are stumbling. Even with Wal-Mart's shares trading near a two-year high, results should be good enough to support further gains.

Analysts polled by FactSet estimate quarterly earnings of 96 cents a share, down 2 cents from a year earlier. Wal-Mart has exceeded analysts' estimates for six quarters in a row.

Revenue for the period ended in April is expected to have increased 1.6% to \$117.8 billion. Sales in stores open at least 12 months are expected to log an increase for an 11th consecutive quarter.

Wal-Mart has been raising wages, cutting prices and growing online sales. These are necessary investments that have weighed on earnings. But more people have been going to Wal-Mart's stores and actually buying stuff—something few retailers can brag about these days.

As a result, Wal-Mart's U.S. business has taken on

6

Consecutive quarters per-share earnings have topped estimates

added importance. Domestic sales accounted for 63.4% of its total in its most-recently completed fiscal year that ended in January, the highest in seven years and up from a low of 58.5% four years ago. For the first quarter, analysts estimate U.S. sales increased 2.5%, higher than overall expected top-line growth.

Investors also are giving Wal-Mart the benefit of the doubt as it bulks up its e-commerce operations. The shift started last year when Wal-Mart bought Jet.com for \$3.3 billion and installed the site's founder, Marc Lore, as the Wal-Mart's head of U.S. online operations. Wal-Mart has since made several smaller e-commerce purchases, such as ModCloth, Shoebuy and Moosejaw.

The Jet purchase helped juice online sales in the U.S., which rose 29% in the fourth quarter from a year ago. Now Wal-Mart is pushing in-store pickup of online orders as a way to get people to keep going to their physical locations. Wal-Mart is charging online buyers less if they go to stores and pick up their orders, a strategy aimed at competing with Amazon.com Inc.

Shares of Wal-Mart have jumped 9% over the past three months while the Dow Jones Industrial Average has been roughly flat. That has pushed Wal-Mart's valuation to a rich 17 times projected earnings over the next 12 months.

But in this turbulent retail environment, paying up for steady performance is a fair trade-off.

Bigger Box

Wal-Mart's same-store sales, change from a year earlier



Note: Fiscal years end in January

Source: FactSet

THE WALL STREET JOURNAL.

Looking for a Profit in Free Stock Trades

BY ELIOT BROWN

Four years ago, two 20-something Stanford math graduates set out to make stock-trading free with a sleekly designed app that would let anyone invest without paying fees.

The Robinhood app has soared in popularity among millennials, amassing more than two million users despite virtually no marketing. Investors poured tens of millions of dollars into the company, valuing **Robinhood Financial LLC** last month at \$1.3 billion.

Now the founders face a crucial test: Can Robinhood make money from all these freeloaders?

IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	Wed's close (\$)	% Chg From Offer date/Offer price	1st-day close	% Chg From Offer date/Offer price
G1 Therapeutics	GTHX	15.00
ASV Holdings	ASV	7.80	11.4	-0.6	-2.8
Gardner Denver Holdings	GDI	22.10	10.5	4.7	6.4
Modern Media Acquisition Corp.	MMDA	10.14	1.4	0.3	2.2
National Energy Services Reunited	NEUR	10.00	1.2

Sources: WSJ Market Data Group; FactSet Research Systems

It is a tall order. Not only is Robinhood foregoing money from commissions—a shrinking but still sizable source of revenue for traditional stock brokerages—but it also gets little revenue from other money sources at big brokerages because its users are so young. With a median age of 30 years old, they have little extra cash sitting in accounts and are trading far less money than their baby-boomer parents—two main areas of revenue for brokerages such as **E*Trade Financial Corp.** and **TD Ameritrade Holding Corp.**

Instead, like countless Silicon Valley startups, it is using "free" as a hook, hoping to lure users and then convince a small percentage of them to buy a premium service. It is a risky game of scale that works only if Robinhood can capture a sizable piece of the market. Skeptics point out an old business joke: Sell at a loss and make it up on volume.

"It is a difficult way to make money," said Richard Repetto, a brokerage analyst at Sandler O'Neill + Partners. "Other brokers have tried zero commissions and it hasn't been possible for them."

Robinhood co-CEO Vlad Tenev says the company's edge is its ability to keep overhead costs low—it has 80 full-time employees, shuns marketing and has automated some tasks—while continuing to grow through social media and word of mouth.

"We can become the dominant way that our entire generation gets introduced to the stock market," Mr. Tenev said.

Robinhood plans to gradually add features that can bring in revenue via its Gold plan that costs a minimum of \$10 a month—more for larger balances—and lets users make trades after hours and borrow capital. At \$120 or more a year, that amount can add up for small balances, so it is mostly appealing to traders who borrow. Mr. Tenev said revenue from Gold is growing 17% month to month, but he declined to specify numbers.

Mr. Tenev, 30 years old, met his co-founder, Baiju Bhatt, 32, at Stanford University while working on physics research projects. After graduation, they moved to New York and started a company that made software for hedge funds, an idea that didn't take off.

Mr. Tenev said they were inspired by the Occupy Wall Street movement in 2011 to make financial services accessible to everyone regardless of income. They moved back to Palo Alto in 2012 and began building Robinhood.

The app was launched in December 2014 and it spread rapidly through social media,

Taking Stock

Robinhood Financial is trying to make stock trading free. Here's how it compares with competitors

	Robinhood Financial	E*Trade	TD Ameritrade	Charles Schwab

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CREDIT MARKETS

Munis Risk Losing Allure

Their tax protections would be less valuable under current overhaul planned by Trump

BY DAISY MAXEY

President Donald Trump's plan to cut taxes—if it is approved along the lines of its current form—stands to weigh on prices in the \$3.8 trillion municipal-bond market.

Cutting personal and corporate income-tax rates, as Mr. Trump has proposed, will make the tax protections that muni bonds offer less valuable relative to taxable fixed-income investments. That is because investors in taxable fixed-income investments, such as Treasurys, would pay less tax on the interest their bond pays while munis wouldn't derive any benefit.

As a result, investors would likely demand a greater yield to invest in munis, which would send prices lower as yields move in the opposite direction. Such a decline would hurt the individual investors who make up the majority of muni-bond holders.

"Owners of muni bonds are not the rich guys; they are retirees," says Christine Todd, president and head of tax-sen-

sitive and insurance strategies at Standish, a unit of Bank of New York Mellon Corp. Among the tax returns that claim muni income, 70% are from those who earn less than \$200,000, Ms. Todd says, and the average age of a muni-bond holder is 62.

Muni bonds are typically issued by state and local governments to fund infrastructure projects. The bonds generally offer interest that is exempt from federal income tax and often exempt from the state and local income tax in the state where they are issued. About 70% of muni bonds are held by individual investors.

If Mr. Trump's plan were approved in its current form, it would be bearish for munis, says Vikram Rai, head of Citigroup's municipal strategy group. Reducing the corporate-tax rate to 15% from its current 35%, as Mr. Trump has proposed, would reduce the appeal of tax-exempt munis for the banks, property-and-casualty insurers and other insurance companies that account for more than one-quarter of the muni market, Mr. Rai says.

The impact on munis outstanding might be limited, Mr. Rai says, because corporate investors tend to hold munis to maturity to match long-dated liabilities on their balance

sheets. Insurance companies and banks are buying fewer long-dated munis, he says, as they await clarity on what will happen with corporate rates.

But Robert Gordon, president of Twenty-First Securities, a brokerage firm in New York known for its tax strategies, says that a 15% corporate-tax rate would be "a big change in the underlying value of muni bonds versus taxable bonds." Crossover buyers—those who aren't eligible for the muni tax exemption, such

taxpayers from using breaks to avoid paying or greatly reducing their tax burden—would likely make munis more attractive to some investors.

If the AMT were cut, says Ms. Todd, it could boost the prices of muni bonds that are subject to the AMT. About \$150 billion of outstanding muni bonds are covered by that tax, she says. The elimination of the federal deduction for state and local taxes would likely raise demand for tax-free muni bonds from individuals living in high-tax states, such as California, New York and New Jersey, she says.

But lowering the top personal income-tax rate to 35% and eliminating the 3.8% net investment-income tax would depress demand, triggering price declines as the muni market adjusts yields to attract buyers, Mr. Gordon says.

Investors who are concerned about the impact of tax changes should stay with muni bonds with maturities of seven years or less, says Richard Ciccarone, a muni specialist who heads Merritt Research Services in Chicago. As investors move to longer maturities, they should require a more attractive yield to compensate for the risk that bond prices will be adjusted downward, he says.

70%

Portion of municipal bonds that are held by individual investors

Pete Marovich/Bloomberg News
President Donald Trump signed an executive order in April to cut taxes.

Treasury Yields Sink On Political Worries

BY MIN ZENG

U.S. government bonds posted the biggest one-day rally in nearly a year Wednesday as U.S. political jitters drove investors into the bunker of haven assets.

The 10-year Treasury yield settled at 2.216%, the lowest close since April 19, down from 2.329% Tuesday. Yields fall as bond prices rise.

It was the yield's biggest one-day slide since June 27, 2016, when investors rushed into Treasury debt following the U.K.'s referendum to leave the European Union.

The yield premium investors demanded to hold the 10-year Treasury note relative to the two-year note fell to 0.96 percentage point, the lowest since late October. A shrinking premium is known in the bond world as a flattening yield curve, usually seen by investors as a sign of waning confidence in the U.S. economic outlook.

Some investors say this is sending a note of caution to the Federal Reserve, which is on track to raise short-term interest rates as soon as June.

Other haven assets also gained ground, ranging from German bunds, U.K. gilts, the Japanese yen and the Swiss franc. The U.S. dollar dropped nearly 2% against the yen, a large move for this currency pair, underscoring investors' anxiety.

The catalyst for the latest round of flight to safety was a report late Tuesday that President Donald Trump allegedly asked then-Federal Bureau of Investigation Director James Comey to back off the probe of former national security adviser Michael Flynn, which

prompted some members of Congress to call for further investigation. In a statement Tuesday evening, the White House denied the account.

The development followed Mr. Trump's surprise decision a week ago to fire Mr. Comey. Investors are concerned that this political uncertainty is likely to make it more difficult for Mr. Trump to push through his ambitious agenda to stimulate economic growth.

"The window to get [fiscal stimulus] done is shrinking quickly," said Erik Weisman, chief economist and portfolio manager at MFS Investment Management.

Mr. Weisman said the big declines in Treasury yields suggest rising caution toward "the global reflation narrative" present in the market following Mr. Trump's election.

Mr. Trump's campaign promises of lower taxes, large infrastructure spending and lighter regulations have motivated investors to bet on stronger economic growth and higher inflation. The Trump, or reflation, trade has been highlighted by investors selling Treasurys and buying securities such as stocks, corporate bonds, the dollar and emerging-market assets.

In essence, the allocation reflects investors' optimism that expansive fiscal policy would give the economy a strong boost at a time when the Fed has been tightening monetary policy and giving the economy less support than in recent years.

The bond market has been flagging a pullback of the Trump trade. After a big rise late last year, the 10-year Treasury yield has been falling this year. It was 2.446% at the end of 2016.

Some traders say Treasury yields are likely to post a steep drop if anxiety is heightened toward whether Mr. Trump might face impeachment.

That could lead to a big selloff in stocks, which set records this month.

"The worst-case scenario of an actual impeachment, although still far-fetched, is picking up steam," said Anthony Cronin, a Treasury bond trader at Société Générale SA. "This brewing crisis is likely to keep a decent bid to Treasurys."

Losing Steam

Yield on 10-year Treasury note



THE WALL STREET JOURNAL



Oil-storage tanks in Cushing, Okla. Data out on Wednesday indicated U.S. stockpiles of oil fell by 1.75 million barrels last week.

Oil Prices Rise as U.S. Tanks Drain

BY ALISON SIDER
AND SARAH MCFARLANE

Crude-oil prices rose after U.S. data showed that stockpiles of oil and fuel continued to drop and oil production fell for the first time since February.

U.S. crude prices on Wednesday settled up 41 cents, or 0.8%, to \$49.07 a barrel on the New York Mercantile Exchange. Brent, the global benchmark, rose 56 cents, or 1.1%, to \$52.21 a barrel on ICE Futures Europe.

U.S. oil stocks fell by 1.75 million barrels last week—the sixth consecutive weekly decline—as refiners ramped up their purchases of crude, according to the U.S. Energy Information Administration.

The decline fell short of the 2.2-million-barrel decline forecast by analysts and traders

surveyed by The Wall Street Journal, but was a more bullish figure than the 882,000-barrel-increase reported Tuesday by the American Petroleum Institute.

Stockpiles of gasoline and diesel fuel also fell last week, and the relentless rise in U.S. oil production paused for the first time in 13 weeks, as falling production in Alaska offset increases in the continental U.S. In total, U.S. production pulled back by 9,000 barrels a day.

"If you're the Saudis, they're going to be happy to see this. That's about as good as they could have hoped for," said Bob Yawger, director of the futures division of Mizuho Securities USA.

Resurgent U.S. production has been a fly in the ointment for the Organization of the Petroleum Exporting Countries

and other major producers as they have sought to reduce the global overhang of oil. Investors have been pulled between news that OPEC and noncartel producers are poised to cut more of their production and expectations of accelerating oil output from the U.S. and other countries.

Saudi Arabia and Russia said earlier this week that they would support extending the agreement for nine months, but some analysts and investors have said that may not be enough. Even Wednesday's figures showing falling stockpiles will do little to change that, said Gene McGillian, research manager at Tradition Energy.

"Inventories remain stubbornly high," Mr. McGillian said. Crude prices rose as high as \$49.50 after the figures were released but failed to break above that. "I think that

shows there's bit of reservation in the market about the deal," Mr. McGillian said.

Doubts resurfaced Tuesday after the International Energy Agency said commercial oil inventories in developed nations grew by 24.1 million barrels in the first quarter. The agency's preliminary findings suggested stocks increased further in April.

Even if OPEC extends its cuts, "stocks at the end of 2017 might not have fallen to the five-year average, suggesting that much work remains to be done in the second half of 2017 to drain them further," the IEA said.

Gasoline futures fell 0.16 cent, or 0.1%, to \$1.6027 a gallon. Diesel futures rose 1.71 cents, or 1.1% to \$1.5335 a gallon.

—Jenny W. Hsu contributed to this article.

Emerging-Market Hedge Funds Gain but Still Face Outflows

BY GREGOR STUART HUNTER

Hedge funds that invest in emerging markets are generating some of their best returns on record and increasing assets to records.

FUNDS The trouble is, they aren't getting much love from investors.

Assets managed by emerging-market hedge funds rose to a record \$205.78 billion at the end of March, according to data from industry tracker HFR Inc. Yet the same data show that the first quarter of 2017 also marked the seventh

consecutive period of outflows from funds that invest in fast-growing markets like China, India and Latin America, with nearly \$2 billion exiting.

The growth in hedge-fund assets has come in the wake of profitable trading in markets across developing countries. Stock markets from Hong Kong to Mumbai to Warsaw have been on a tear, while fears that President Donald Trump's election victory and higher U.S. interest rates would lead to money pouring out of emerging markets have proved unfounded so far. Ana-

lysists say that correlations between stocks have also weakened, offering fund managers more opportunities to shine through smart trading.

HFR's index of emerging-market hedge funds is up 7.8% year to date, compared with a gain for the average hedge fund globally of just 3.1% through April, HFR's data show. Some emerging-market hedge funds are doing especially well: Those investing in India have generated gains of 22.1%, their strongest-ever start to a year.

Yet emerging-market hedge funds are struggling to attract

and maintain money in part because of an issue common to the fund-management industry worldwide: Investors often find they can get as good or better returns simply by putting their cash into funds that track common market indexes.

In the year through April, the average return from hedge funds invested in developing markets tracked by HFR beat the S&P 500's 7.2% gain. But these returns still lagged behind the MSCI Emerging Markets Index, which rose 12.9% over the same period.

"Emerging-market equities appear to us to be only at the

beginning of what may be a multiyear period of outperformance of U.S. stock markets," said Hersh Gandhi, managing director for Asia-Pacific at **Man Group** PLC, which manages \$88.7 billion.

"The fly in the ointment may be that there has been substantial flow into emerging-market exchange-traded funds, futures and benchmark stocks over the past year, such that stocks with large benchmark weightings have already made substantial gains." Cumulative inflows to emerging-market equities this year totaled \$27.8 billion as of

May 11, according to data from EPFR Global.

Another impediment is that many emerging-market hedge funds are already closed to new investors. Hedge funds sometimes put a cap on how much money they take in, as their performance can suffer if they expand beyond a certain size and other investors start to mimic their strategies. Several funds that had grown quickly in the run-up to the global financial crisis, including some in Asia, later blocked redemptions by investors seeking the return of their capital as markets tumbled.

MARKETS

Dollar's Extended Rally Comes to a Halt

Political uncertainty is seen hurting Trump's ability to keep pledges on fiscal, tax issues

By CHELSEY DULANEY

The U.S. dollar erased the postelection rally that sent the currency to its highest level since 2002, in one of the clearest signs that investors have lost faith in the so-called Trump trade.

The ICE U.S. Dollar Index, which gauges the dollar against a basket of six currencies, fell 0.8% late Wednesday in New York to 97.39, as the U.S. currency slid against the euro, Japanese yen and British pound.

The last time the dollar closed lower than that was on Nov. 4, just days before the election of President Donald Trump sent the U.S. currency surging in a broad market rally.

Many investors fear that political turbulence in Washington is eroding the administration's ability to deliver on its tax-overhaul and fiscal-spending proposals. Those plans were expected to boost U.S. economic growth and helped propel the dollar to a 14-year-high after the election.

"The administration's ability to push some of these things through over a reasonable time frame may well be compromised," said Shaun Osborne, chief foreign-exchange strategist at Scotiabank.

"It's certainly conceivable...that the dollar rally has topped out," he said.

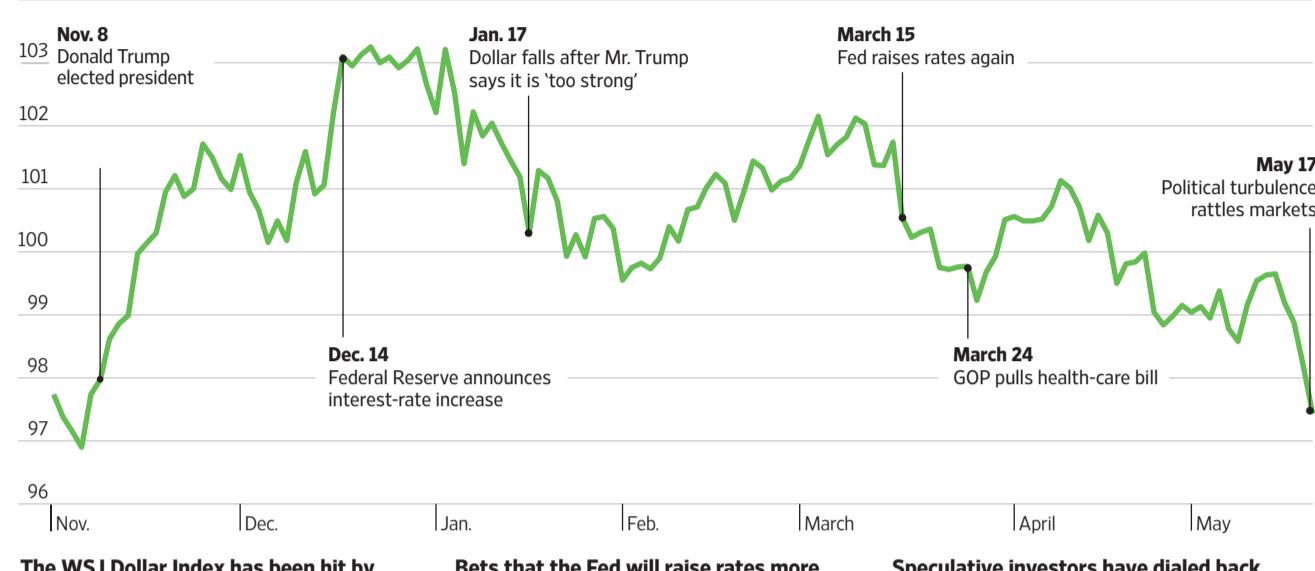
The dollar reached a peak in January, and has been declining steadily since. The currency began to falter early this year after Mr. Trump expressed his desire for a weaker dollar and some of his proposals hit political roadblocks.

Meanwhile, U.S. inflation and gross-domestic-product

Down on the Buck

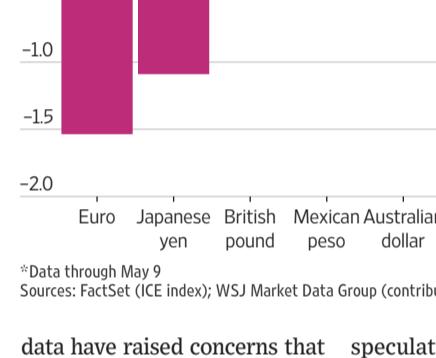
The U.S. currency is under pressure as investors scale back expectations for economic growth and fiscal-policy changes.

ICE U.S. Dollar Index



The WSJ Dollar Index has been hit by gains in the euro, yen and pound.

Contribution to year-to-date change in WSJ Dollar Index



Bets that the Fed will raise rates more aggressively this year have slipped recently.

Expectations of three or more increases, as measured by federal-fund futures



Speculative investors have dialed back wagers on a stronger dollar.

Net bets on a stronger dollar, weekly*



*Data through May 9
Sources: FactSet (ICE index); WSJ Market Data Group (contribution); CME Group (Fed bets); Commodity Futures Trading Commission (dollar bets)

happening," said Mr. Osborne. "That's clearly undermining the dollar."

The dollar slid 2% against the Japanese yen, which investors often buy during times of market uncertainty. That is its biggest daily percentage decline since last July. Other assets seen as safe, including the Swiss franc and gold, strengthened.

Vassili Serebriakov, a currency strategist at Crédit Agricole, said investors were looking ahead to central-bank meetings next month for clues on the direction of the dollar.

Markets are pricing in a 65% chance that the Federal Reserve will raise interest rates at its June meeting, CME Group data shows.

"I think that June is still quite likely because the Fed wouldn't want to disappoint markets," said Mr. Serebriakov. "But after that, the markets are taking the view that there's too much uncertainty to price in more tightening."

Meanwhile, some investors expect the European Central Bank to signal at its June meeting that it will begin to wind down its quantitative-easing program soon.

"It has become less of a U.S.-centric market," said Mr. Serebriakov. "The euro has had a very significant shift in momentum, and it's going to continue."

While the ICE U.S. Dollar Index has erased its postelection rally, the WSJ Dollar Index, which measures the U.S. currency against 16 others, remains above where it closed on Nov. 8.

Gains in the euro, yen and pound against the dollar have been the biggest contributors to the WSJ Dollar Index's decline this year.

Investors have been selling U.S. assets to invest abroad, as many of them anticipate an acceleration in growth in Europe, Japan and emerging markets.

Russian officials.

The White House has denied the Comey account and has said the information Mr. Trump shared with the Russians was appropriate.

"This is just a maze of issues beyond what markets would generally like to see

data have raised concerns that the U.S. economy has slowed. That has damped investors' expectations that the U.S. central bank will stick to its projections for three interest-rate increases this year, pressuring the dollar.

Hedge funds and other speculative investors have dialed back bets on a stronger dollar, which recently dropped to their lowest level since early October.

The dollar's latest down-draft followed reports that Mr. Trump allegedly asked then-FBI Director James Comey to back off the investigation of former national security adviser Michael Flynn, which prompted some congressional Republicans to call for further investigation.

That came after reports that Mr. Trump had shared sensitive information with Russian officials.

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