

THE WALL STREET JOURNAL.

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WEDNESDAY, MAY 31, 2017 ~ VOL. CCLXIX NO. 125

WSJ.com

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What's News

Business & Finance

Uber fired Anthony Levandowski, its top driverless-car executive, in a bid to contain a spiraling legal battle with Alphabet. A1

◆ Steven Cohen plans to return to the hedge-fund industry as early as next year with the goal of amassing \$20 billion. A1

◆ The Fed is set to raise rates at its June meeting but could defer an expected September move if there are debt-ceiling frictions. A2

◆ Americans ramped up spending in April at the fastest pace in four months, fresh evidence that the U.S. economy is rebounding. A2

◆ A group of pension funds, unhappy over Mylan's high executive pay, are taking aim at six board members. B1

◆ Two ex-Theranos directors said they didn't follow up on allegations that the firm was relying on standard technology for most tests. B1

◆ Venezuelan bonds rose after Goldman bought \$2.8 billion of debt issued by state-owned oil firm Pdvsa. B12

◆ The Supreme Court reaffirmed that patent holders can't keep their rights over a product once they sell it. B3

◆ U.S. stocks edged lower on declines in banks and oil firms. The Dow fell 50.81 points to 21029.47. B13

◆ Exelon said it would close the Three Mile Island nuclear plant in 2019 unless it receives government aid. B3

◆ Daimler said it is boosting use of parts from U.S.-based suppliers, a sign of administration pressure on car firms. B2

World-Wide

◆ The Pentagon conducted a successful test of a system designed to shoot down an ICBM, U.S. defense officials said, a demonstration that came amid rising tensions over North Korea's nuclear-weapons program. A1

◆ Cybersecurity experts in South Korea say Pyongyang's hacking capabilities are improving quickly. A6

◆ Trump's personal lawyer is being drawn into congressional Russia probes. Meanwhile, the White House communications chief quit. A4

◆ Trump urged a change to Senate rules to let all bills pass with a simple majority, in hopes of advancing his tax and health-care agenda. A4

◆ Two car bombings in Baghdad killed at least two dozen people and injured 60, in attacks that targeted families during Ramadan. A18

◆ The Supreme Court said it would review an Ohio procedure that has sharply scaled back voting ranks. A4

◆ U.K. Prime Minister May sought to revitalize her election campaign by focusing on the coming Brexit talks. A7

◆ The EU's executive body proposed a steep rise in spending for 2018, the last full year of U.K. membership. A7

◆ The Cleveland officer who fatally shot a 12-year-old boy holding a pellet gun in 2014 was fired. A2

◆ A Czech court said a Russian who faces U.S. hacking charges can be extradited. A6

◆ Died: Manuel Noriega, 83, Panama's former dictator and convicted drug lord. A7

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The U.S. tested a missile-defense system on Tuesday at Vandenberg Air Force base in California. The military said the test was successful.

U.S. Tests Missile Defense Amid North Korea Tensions

By GORDON LUBOLD
AND JONATHAN CHENG

WASHINGTON—The Pentagon on Tuesday conducted a successful test of a system designed to shoot down an intercontinental ballistic missile, U.S. defense officials said, a demonstration that came amid rising tensions over North Korea's nuclear-weapons program.

The successful missile-defense test marked the second U.S. military display in as many days, following a joint U.S. and South Korean exercise on Monday in which U.S. B-1B bombers flew near the Mili-

The Pentagon said that in

Tuesday's test, it successfully intercepted a mock weapon launched from a site on Kwajalein Atoll in the Marshall Islands. A U.S. "interceptor" was fired from Vandenberg Air Force Base, Calif., interrupting the flight of the mock ICBM over the Pacific Ocean, according to defense officials.

Officials said Tuesday marked the first live-fire test on a target closely resembling the characteristic of an ICBM.

"This test demonstrates that we have a capable, credible deterrent against a very real threat," said Vice Adm. Jim Syring, director of the Missile De-

fense Agency, in a statement.

Capt. Jeff Davis, a Pentagon spokesman, said that while the test wasn't timed to the current tensions in North Korea, "in a broad sense, obviously, North Korea is one of the reasons why we have this capability." He also named Iran as a concern.

President Donald Trump has vowed that North Korea won't achieve the capability of launching a nuclear missile able to reach the U.S. He has turned to China in a diplo-

Please see MISSILE page A6

◆ Pyongyang is accused of new pattern of hacks..... A6

When No One Says 'Let's Do Lunch'

Fewer U.S. workers are stealing away for a sit-down restaurant lunch. Even the classic 'power lunch' is falling out of favor. One reason is the relative expense compared with packing a meal. B1



Steven Cohen Plots \$20 Billion Comeback

By ROB COPELAND

Steven A. Cohen was once at risk of being banned for life from the hedge-fund industry. Now he is planning a comeback with ambitions to raise more money than he ever has before.

Mr. Cohen's goal is to amass \$20 billion once he gets back in the business as early as next year, he and his representatives have said in conversations with bankers, colleagues and potential investors. That would likely include his family fortune of \$11 billion.

The new target would blow past the \$16 billion managed at the peak by Mr. Cohen's SAC Capital Advisors LP, one of the most profitable hedge-fund firms in the U.S. before it pleaded guilty to criminal insider trading charges in 2014.

The comeback plan is a defiant and even improbable show of resilience for a Wall

Street veteran long under a legal cloud. Some potential investors told The Wall Street Journal they would contribute to the new operation.

"This is extraordinary evidence of a new weakness in standards," said John Coffee, a securities-law expert and professor at Columbia Law School. "I'm afraid he'll find a lot of clients. He was very successful."

Government investigators convicted eight of SAC's one-time employees on criminal charges related to insider trading, though two of the convictions were later overturned. Mr. Cohen was investigated extensively, but a criminal probe closed without any charges.

The Securities and Exchange Commission sought to have him barred for life from the securities industry for failing to supervise employees involved in insider trading. A civil settlement he

Please see COHEN page A2

FLYNN'S PRO-TURKEY WORK: UNFINISHED FILM

Former Trump adviser's contracts the subject of expanding investigation

By DION NISSENBAUM

WASHINGTON—Last fall, as retired Lt. Gen. Mike Flynn traveled the country stumping for Donald Trump, his business partner holed up in a small Washington hotel room with the former head of Turkish military intelligence to work on a special project.

"General, hi. I'm Bijan Kian, welcome to Washington, D.C." Mr. Kian, the head of Mr. Flynn's consulting firm, greeted the Turkish dignitary. "Gen. Flynn, my partner, sends his regards to you."

In Probes' Shadow

- ◆ White House confronts a new set of realities..... A4
- ◆ President suggests change to Senate rules..... A4
- ◆ Trump to interview two new FBI candidates..... A4

The unfinished, never-distributed film, details of which haven't been previously reported, appears to represent the core of the Flynn Intel Group's work for Turkish interests.

The contract is at the heart of an expanding

Please see FLYNN page A10

INSIDE



IF OFFICES GO OLD SCHOOL, I NEED BOOZE

JASON GAY, A11



MCMASTER AND COHN ON AMERICA FIRST

OPINION, A17

Awkward Moments in Multiplayer Gaming: You're in 6th Grade?

* * *

As strangers team up, youngsters and adults coordinate school, work schedules

By SARAH E. NEEDLEMAN

Michael Ritter was leading a staff meeting in Los Angeles last fall when his phone buzzed with a group text from a teammate in the football videogame "Madden NFL Mobile." It was one of nearly a dozen messages that day pleading for Mr. Ritter to get his head in the game.

"Why aren't these people working?" Mr. Ritter, a 34-year-old technology executive, recalled thinking about his teammates.

The answer came when one of them suggested Mr. Ritter play between classes like everybody else. "It definitely made me feel old," he said.

Videogame players join vir-

tual teams often with people they don't know, just like in real-life pickup games. Unlike the park or playground, though, online teammates usually know little about each other, not even real names.

When older and younger gamers join forces, things can get awkward. Michael Gantman, a 33-year-old mobile ad-tech executive in New York, said he spent \$200 to \$300 a month to upgrade his army in the game "Clash of Clans," where goblins and mustachioed barbarians raid enemy villages.

Mr. Gantman said he lost his cool with a player on his roughly 50-person squad who kept nagging teammates to

Please see GAMERS page A10



Summoners War

U.S. NEWS

Doubts Cloud Fed's Rate Timetable

BY NICK TIMIRAO

Federal Reserve officials are set to raise short-term interest rates at their meeting in two weeks but could defer the following expected rate move in September if Congress roils markets by delaying action on raising the federal government's debt ceiling.

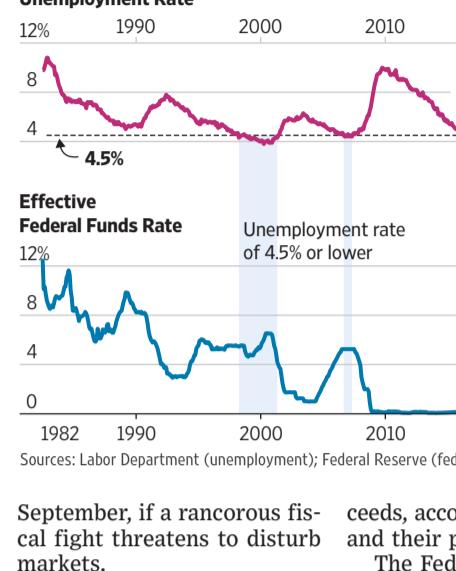
The possibility that Congress and the White House might have trouble reaching agreement in September to raise the federal debt limit and approve government funding for the year beginning Oct. 1 has surfaced as a new source of uncertainty in recent weeks.

Since raising rates in March, many officials have said they probably would want to lift rates twice more, likely in June and September. After that, some officials have said they might pause rate increases to start the process of slowly shrinking the Fed's \$4.5 trillion portfolio of bonds and other assets at year-end before resuming rate increases in 2018.

Now, the looming debt-limit fight has some officials pondering whether they might delay the third rate increase until after September or initiate the portfolio wind-down sooner, perhaps as early as

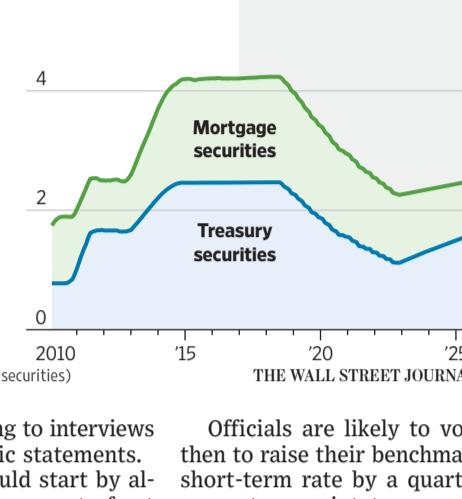
Balancing Act

With the unemployment rate down to 4.4% in April, Fed officials are looking to raise rates and initiate a plan to gradually wind down their securities portfolio.



What the portfolio wind-down might look like

According to a Fed board paper earlier this year



September, if a rancorous fiscal fight threatens to disturb markets.

While the budget picture in September remains unpredictable, Fed policy for now is on a smooth track. At their May meeting, officials forged consensus around a strategy for slowly and predictably reducing the balance sheet of Treasury securities and mortgages by allowing a small number of assets to mature every month without reinvesting any pro-

ceeds, according to interviews and their public statements.

The Fed would start by allowing a small amount of net maturities a month and allow that amount to rise each quarter. It hasn't outlined those amounts. Officials are unlikely to say how big the portfolio will be at the end of the process until it is further along.

The agreement on this approach could be announced as soon as June 14, after the Fed's two-day policy meeting.

Officials are likely to vote then to raise their benchmark short-term rate by a quarter percentage point to a range between 1% and 1.25%.

The Fed's path ahead is "the most telegraphed monetary policy of our lifetimes," San Francisco Fed President John Williams said Monday.

Officials want the process of shrinking the balance sheet to be predictable and boring, with lots of advance notice to markets, "the policy equiva-

lent of watching paint dry," Philadelphia Fed President Patrick Harker said last week.

They want to avoid a rerun of the 2013 "taper tantrum," when investor concerns over the Fed's decision to slow the pace of asset purchases triggered market turmoil, leading to a sharp increase in Treasury yields and capital outflows from emerging markets.

Standoffs between Republicans and the Obama administration repeatedly pushed the envelope on debt-ceiling brinkmanship, unsettling markets.

The deadlines have been well known for months, but it isn't clear how Congress and the administration will resolve the issue.

One sign of the new administration's unpredictability came earlier this month after President Donald Trump agreed to a short-term funding bill.

Mr. Trump said on Twitter the U.S. might benefit from a "good shutdown" this fall to force a confrontation over government spending.

The Treasury Department began employing emergency cash-conservation steps in March to avoid breaching the federal borrowing limit, set at \$19.9 trillion, after a 16-month suspension of the debt ceiling expired.

Consumer Spending Signals Rebound

BY BEN LEUBSDORF

WASHINGTON—Americans ramped up their spending in April at the fastest pace in four months, offering fresh evidence the U.S. economy is rebounding this spring after a lackluster winter.

Personal-consumption expenditures, a measure of household spending on everything from groceries to medical care, increased a seasonally adjusted 0.4% in April from the prior month, the Commerce Department said Tuesday. That was the largest one-month rise since December.

"The fundamentals for consumer spending are still pretty good: income growth, inflation is low, low interest rates, rising household wealth," said Gus Faucher, chief economist at PNC Financial Services Group.

Incomes also grew last month. Personal income, a broad measure that includes wages and government assistance, rose 0.4% from March. The personal-saving rate was steady in April at 5.3%.

Consumer spending and broader economic growth slowed over the winter months. Multiple factors were at work, including mild winter weather that reduced the need for home heating and delayed income-tax refunds for many households.

Economists had predicted consumption would pick up in the second quarter with the support of low unemployment, continued job gains and rising incomes. Credit scores also have improved as the 2007-09 recession's damage has faded, bolstering household purchasing power.

That spending, now in progress, is set to boost the economy. The Federal Reserve Bank of Atlanta's GDPNow model on Tuesday predicted gross domestic product would expand at a 3.8% seasonally and inflation-adjusted annual rate in the second quarter, up from the first quarter's 1.2% growth rate. Forecasting firm Macroeconomic Advisers projected a second-quarter growth rate of 3.2%.

Also Tuesday, the Commerce Department said the Federal Reserve's preferred measure of inflation, the price index for personal-consumption expenditures, largely rebounded in April. It rose 0.2% from the prior month after falling 0.2% in March. Excluding the often-volatile categories of food and energy, so-called core prices were up 0.2% in April after dipping 0.1% in March.

Still, inflation continued to weaken on a year-over-year basis. Overall prices rose 1.7% in April from a year earlier, down from 1.9% in March. Core prices were up 1.5% on the year in April, their weakest annual gain since December 2015.

The Fed has set a target of 2% annual inflation.

—Josh Mitchell

contributed to this article.

U.S. WATCH

CLEVELAND

Officer Who Shot Tamir Rice Is Fired

The Cleveland police officer who fatally shot 12-year-old Tamir Rice while the boy was holding a pellet gun in 2014 was fired Tuesday after an investigation found he violated rules in his application to be a police cadet, city officials said.

Timothy Loehmann was fired specifically for providing false information on his application to become a Cleveland police officer, a violation of city rules, rather than because of actions directly related to the shooting of Tamir Rice. In documents supporting Mr. Loehmann's termination, officials said that he omitted that he would have been fired by his previous employer, the Independence Police Department in Ohio, for failing to secure his firearm and lying to a superior officer, but was allowed to resign instead.

—Shibani Mahtani

WISCONSIN

Court: Student Can Pick Bathroom

A Wisconsin high school must allow a student to use the bathroom that matches his gender identity while his lawsuit moves forward, a federal appeals court said Tuesday in a broad ruling that recognized federal protections for transgender children.

The Seventh U.S. Circuit Court of Appeals in Chicago ruled unanimously in favor of 17-year-old Ash Whitaker, a high school senior, who sued his

school district to overturn a policy that forbids him from using the boy's bathroom because he was born female.

A federal trial court suspended the Kenosha Unified School District's policy in September, pending the outcome of Mr. Whitaker's lawsuit. The Seventh Circuit rejected the school district's appeal, and held, for the first time, that transgender students are protected by the U.S. Constitution's guarantee of equal protection and by a federal law prohibiting sex discrimination in educational programs that receive federal assistance.

—Joe Palazzolo

FLORIDA

Man With Fake Gun Creates Airport Scare

A former Marine armed with a fake gun attempted a "suicide by cop" Tuesday night during a nearly three-hour standoff with police at Orlando International Airport, authorities said.

No one was hurt and no shots were fired.

Part of the airport was evacuated as hundreds of officers stormed the area, some with their guns drawn.

Michael Wayne Pettigrew, 26 years old, was in "mental distress" when police surrounded him at the rental car area of the airport, authorities said. He pointed what looked like a real gun at officers and himself, authorities said.

Mr. Pettigrew was being held for a mental evaluation and faces aggravated assault charges.

—Associated Press

at one time commanded some of the highest fees in the hedge-fund world—as steep as a 3% annual management fee and 50% cut of all trading profits.

But his new firm is likely to launch with a so-called pass-through arrangement, people familiar with the plans said. Under the relatively uncommon structure, recurring expenses are paid directly by investors instead of the fund firm.

The performance fee, or cut of trading profits, is likely to fluctuate. The highest charges would be levied only when the firm has a banner stretch of investment gains, some of the people said. SAC, along with most of its peers, charged the same percentage fees on any positive investment performance.

Discussions around the new operation are ongoing and may change.

Mr. Cohen, who grew up in Great Neck, N.Y., the son of a dress manufacturer and piano teacher, started SAC Capital with \$25 million in 1992. He earned a reputation for taking advantage of short-term stock moves, success that made the firm long a target of law-enforcement

authorities.

Mr. Cohen is forging ahead during a time of distinct challenges for the hedge-fund industry, which in 2016 suffered its highest amount of withdrawals since the last financial crisis. Investors pulled out \$70.1 billion, according to industry research firm HFR, the most since 2009.

Over the last year, Mr. Cohen and his representatives have taken steps to prepare for his possible return to the hedge-fund world.

In 2016 Mr. Cohen formed a nearby separate company, Stamford Harbor Capital, run by one of his longtime deputies. Because Mr. Cohen has no direct management role in Stamford Harbor, according to

filings, the firm is permitted to make preparations to start a hedge fund that could later be rolled into Point72. The terms of Mr. Cohen's SEC settlement don't allow him to su-

pervise any funds that manage outside money until next year.

Stamford Harbor in recent months has been recruiting investor relations staff to liaise with outside investors, as Mr.

growth remains less than half of what it was during the bubble in the mid-2000s.

Overall, the housing market is gaining strength, but there are signs that price growth is starting to take a toll on buyer demand. The pace of sales of existing homes declined 2.3% in April and new home sales declined 10.4% last month.

There are reasons for concern, economists said. Home prices in the past year rose roughly three times faster than incomes, while mortgage rates are expected to rise.

ries of appearances at the hedge-fund conference SALT, according to people familiar with the matter.

He hosted a private dinner for staff and industry executives and attended closed-door events with speakers and sponsors including one-time rivals like hedge-fund manager Daniel Loeb, people familiar with the matter said.

He also attracted a small crowd of onlookers on the Bellagio casino floor while gambling at a craps table, these people said.

The last time he attended the confab was 2011, two years before SAC's guilty plea.

—Jenny Strasburg contributed to this article.

COHEN

Continued from Page One reached with regulators instead restricted him from serving as the supervisor of a registered fund until 2018. He didn't admit or deny wrongdoing as part of the civil settlement.

Mr. Cohen, 60 years old, has been overseeing his family money at Point72 Asset Management LP, a 1,000-employee operation in SAC's former Stamford, Conn., offices where Mr. Cohen's desk sits at the center of the trading floor. While Point72 has made money since becoming a family office, last year its overall investment performance was roughly flat, Mr. Cohen's second-worst ever annual showing, people familiar with the matter said.

The largest U.S. hedge-fund launch in history was \$11 billion, according to industry publisher Absolute Return.

To reach the target of \$20 billion in a new fund, according to these people, Mr. Cohen is prepared to do what was once unimaginable: lower his once legendary high fees. SAC

In Shakespeare's "Romeo and Juliet," Juliet says, "What's in a name?" In Saturday's Review section, the Wilczek's Universe column about scientific names incorrectly stated that Romeo said the line.

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

Frank Lloyd Wright had planned a 528-story building in Chicago that was never built. A Review article and caption on Saturday about an exhibition of Wright's work incorrectly put the height at 510 stories.

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U.S. NEWS



ROBERT BOTEGAL, head engineer of Corsa Coal's new Acosta Deep Mine, surveys the pit in southwestern Pennsylvania this month.

New Mine Is a Bright Spot

Rising global demand for metallurgical coal used in steel drives Pennsylvania project

By KRIS MAHER

ACOSTA, Pa.—An 80-foot-deep pit being dug in the rolling farmland here is inspiring hope in a community where coal has been mined since the 1800s.

The new Acosta Deep Mine, which is scheduled to begin producing coal in June from a 40-inch-thick seam, is one of the rare bright spots in an industry that otherwise remains in a downward spiral.

In the past six years, hundreds of coal mines have shut nationwide, putting thousands of miners out of work. The main reason is that coal used by power plants has come under intense competition from cheap natural gas.

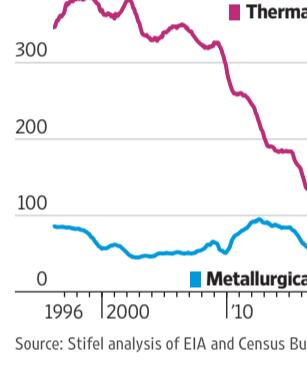
But the Acosta mine will produce metallurgical coal, a higher grade used to make steel that is only found in Appalachia in the U.S. After prices fell sharply for several years, demand for metallurgical coal has rebounded globally, and much of it mined in the U.S. this year is to be shipped to Europe, South America and Asia.

"The demand is there. We're selling more coal and producing more coal than we have

Hot Commodity

While output of coal used in power plants has tumbled amid falling demand, metallurgical-grade coal for steelmaking has seen a recent surge in prices.

Appalachian coal output, rolling 12-month total



Source: Stifel analysis of EIA and Census Bureau data

Average U.S. export price for metallurgical coal



THE WALL STREET JOURNAL

been," said Robert Botegal, a general manager of engineering for Corsa Coal Corp., which is building the Acosta mine.

In recent months, companies have started or expanded production at other metallurgical coal mines in Pennsylvania, West Virginia and Alabama to take advantage of improving market conditions.

The price of metallurgical coal hit an average of \$161 a ton in March, up about 150% from a year ago. Thermal coal in the region sells for \$53 a ton and was under \$50 for much of the past two years.

The U.S. is the No. 2 metallurgical coal exporter, behind

Australia, and prices shot up after Chinese production cuts last year led to increased reliance on imported coal among steelmakers there. More recently, a cyclone in Australia further tightened supplies.

"We have this important role in the international metallurgical coal markets and the ability to respond quickly to bring additional volumes to the market when it needs it," said Paul Forward, an analyst with Stifel, a St. Louis-based brokerage firm.

Less than 10% of the roughly 800 million tons of coal expected to be mined this year in the U.S. is metallurgical, so the trend won't reverse

the rest of the industry's slide. But in rural communities like those near the Acosta mine, a single mine opening can energize the local economy.

As overall coal production is projected to decline in coming years across the Appalachian states from Pennsylvania to Alabama, small metallurgical coal mines increasingly represent the future of mining in the region, experts said. Even as more coal-fired power plants close, depressing demand for thermal coal, metallurgical coal mines are more likely to remain profitable.

Corsa Coal plans to hire about 70 miners who will enter the underground Acosta mine in low-slung, battery-powered buggies and dig coal with remote-controlled cutting machines in spaces where miners themselves won't be able to stand up.

The company operates eight other mines and employs about 400 workers in total.

For Joe Kostyk, his new job means not having to drive an hour and a half from his home nearby to a mine in Maryland where his shift had started at 5:30 a.m. Mr. Kostyk, who is overseeing the final preparation for the mine's opening, said he now gets to spend more time with his wife and two young children. He said his wife is thrilled.

"She's definitely happy I'm closer to home," Mr. Kostyk said.

The pay is also better than most other jobs in the county, Mr. Kostyk, 28 years old, said. He earns \$34.55 an hour as a section foreman.

It is difficult to fully account for the ripple effects of the recent uptick in mining activity in the county. But several local electricians, trucking companies and construction companies said they are getting additional business from the Acosta mine and others that have ramped up metallurgical coal production.

George Critchfield, 59 years old, who owns a lumber company that borders the Acosta mine, said orders from mining companies are up at least 300% from last year and saved his business from going under.

He is busy filling an order from another mine for 20,000 5-foot-long hardwood timbers used as underground supports.

"That's a heck of an order for mine props," he said. "It makes a huge difference."



BETTY RHOADS has seen more miners showing up for breakfast at her cafe in Jennerstown, Pa.

Killings Spur Call to Halt Portland Rallies

By ZUSHI ELINSON

Days after the killings of two men in Portland, Ore., as they tried to defend women from a man shouting racial and anti-Muslim slurs, the Portland mayor is pressing to halt two rallies planned in the city.

Portland Mayor Ted Wheeler is calling on the federal government to cancel a June 4 "Trump Free Speech Rally" and a June 10 "March Against Sharia," a reference to Islamic Shari'ah law.

"Our City is in mourning, our community's anger is real, and the timing and subject of

these events can only exacerbate an already difficult situation," Mr. Wheeler said on his Facebook page.

The rallies are scheduled to take place at a Portland plaza where the federal government controls permitting, according to the mayor.

The American Civil Liberties Union responded sharply to the mayor's call. "The government cannot revoke or deny a permit based on the viewpoint of the demonstrators. Period," the ACLU of Oregon said in a tweet.

A spokesman for the Northwest division of the General Services Administration,

which handles permitting for the plaza next to the Edith Green-Wendell Wyatt Federal Building, declined to comment.

Organizers of the rallies either didn't respond to requests to comment or couldn't be reached.

Jeremy Joseph Christian, 35 years old, is accused of stabbing to death two men who intervened as he yelled racial and religious slurs at two young women on a commuter train in Portland on Friday. He injured a third man who is expected to recover.

The victims had stepped in to stop Mr. Christian, who was

yelling "antireligious and anti-minority" slurs at two young women, one wearing a hijab, as well as others, said Sgt. Pete Simpson, a spokesman for the Portland Police Department.

Ricky John Best, 53, died at the scene, and Taliyah Myrdin Namkai-Meche, 23, died at the hospital, while 21-year-old Micah David-Cole Fletcher was injured, police said.

Mr. Christian is being charged with two counts of aggravated murder, attempted murder, a felon in possession of a restricted weapon and two counts of intimidation, Sgt. Simpson said.

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FATHER'S DAY 2017: ITALIAN STYLE



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Monte Carlo Lingerie Collection

U.S. NEWS

Trump Confronts Some New Challenges

As his lawyer is drawn into Russia probe and a staffer exits, climate accord decision looms

BY MICHAEL C. BENDER
AND ELI STOKOSK

WASHINGTON—President Donald Trump, returning from his first overseas trip, on Tuesday faced a new set of realities in Washington that have beset his White House.

He learned his personal attorney is now being drawn into the congressional probes of his team's ties to Russia, he announced the resignation of his communications chief and he interviewed new candidates for FBI director—three weeks after he abruptly fired the last one.

As Mr. Trump seeks to stabilize his White House, he used a series of morning Twitter posts to call attention to policy issues. In one, he urged Senate Majority Leader Mitch McConnell to hasten passage of health-care and tax legislation. And in the White House, he continued his deliberations about whether the U.S. should exit from a multination climate accord forged in Paris.

Legislative successes or an announcement on the Paris accord could provide Mr. Trump with some relief from daily headlines dominated by the expanding investigation by special counsel Robert Mueller and Congress into Russia's alleged attempts to interfere in the 2016 presidential campaign and any links Moscow had to Trump aides.

That examination has now moved into the president's inner circle, as meetings between Russian officials and Mr. Trump's son-in-law and chief adviser, Jared Kushner, are un-



MOLLY RILEY/ASSOCIATED PRESS

John Pistole, testifying on Capitol Hill in 2013, is a candidate to lead the FBI.

New FBI Candidates Are Interviewed

WASHINGTON—President Donald Trump interviewed two new candidates for FBI director on Tuesday, continuing a search that began three weeks ago when he ousted James Comey as head of the agency that was probing his associates' ties to Russia.

Former Deputy FBI Director John Pistole and former Assistant Attorney General Chris Wray met with Mr. Trump on Tuesday afternoon at the White House, the administration said.

Mr. Pistole, a 26-year veteran

of the Federal Bureau of Investigation, served as the bureau's deputy director from 2004 through 2010. He began his career as an FBI agent in 1983 and worked in Minneapolis and New York. He helped lead the investigation and recovery efforts following the 1999 EgyptAir crash in the Atlantic Ocean.

Mr. Pistole earned a reputation in the FBI for being even-keeled and cool under pressure, and was tapped by then-President Barack Obama, a Democrat, to lead the Transportation Security Administration from 2010-2014.

As deputy FBI director, Mr. Pistole ran the bureau's day-to-day operations for former Di-

rector Robert Mueller, who was tapped in mid-May to spearhead the investigations into Russia's alleged meddling in the U.S. 2016 election as a special counsel. Russian officials have denied interfering in the election, and Mr. Trump has denied any collusion.

Mr. Wray, a defense lawyer and former federal prosecutor, led the Justice Department's criminal division from 2003 through 2005.

He started his career as an assistant U.S. attorney in Atlanta before joining the Justice Department's leadership as a top aide to Deputy Attorney General Larry Thompson in 2001.

—Del Quentin Wilber and Michael C. Bender

der review.

Mr. Kushner's attorney has said that his client will cooperate with any probe and that he hasn't been contacted by the Federal Bureau of Investigation.

During the transition period, Mr. Kushner met with the head of a state-run Russian bank that has faced U.S. sanctions. He also met with Sergei Kislyak, the Russian ambassador to the U.S.

Mr. Kushner also considered creating a direct line to talk to the Russians, according to a person familiar with his actions.

Mr. Trump's former national security adviser, Mike Flynn,

also agreed Tuesday to turn over documents from his businesses to the Senate Intelligence Committee, according to a person familiar with his decision. Mr. Flynn was forced to resign early in the administration after lying to top White House officials about his conversations with Mr. Kislyak.

Congressional investigators on Tuesday also asked Mr. Trump's longtime attorney, Michael Cohen, to hand over documents and participate in a sit-down interview. The request signaled that the investigation on Capitol Hill is widening to include people in the inner circle of the president's business empire.

Mr. Cohen said in an interview that he would "respectfully decline" the requests from both the House and Senate intelligence panels.

Mr. Cohen, an attorney and executive in the Trump Organization, has been at the center of Mr. Trump's legal dealings, including involvement in negotiations for a Trump real-estate venture in Moscow that didn't materialize.

Earlier this year, a little-known Ukrainian lawmaker, Andriy Artemenko, said he tried to get his peace plan for Ukraine to the White House through Mr. Cohen and one of his relatives. Although Mr. Artemenko said he received confirmation that the plan reached the White House, Mr. Cohen said in an interview it wasn't delivered.

The probes on Capitol Hill are running parallel to the FBI investigation. The committees aim to write definitive reports about Russian interference in the election, while Mr. Mueller's investigation is focused on counterintelligence concerns and whether any laws were broken.

Mr. Trump has expressed his

frustration with the coverage of the investigations, calling it "fake news." Russia has denied any interference.

For weeks, there have been rumors of a staff turnover. On Tuesday, Mike Dubke, the communications director, became the first to exit. He joined the administration about a month after the inauguration and has struggled to jell with the president, officials have said.

"The reasons for my departure are personal," Mr. Dubke wrote in an email to friends Tuesday.

A senior official said the White House is likely to fill the position internally.

The president also has discussed a lower-profile role for press secretary Sean Spicer, said people who have talked to Mr. Trump.

Mr. Trump also met privately on Tuesday with Environmental Protection Agency Administrator Scott Pruitt, one of the leading advocates for withdrawing the U.S. from the 190-nation Paris agreement aimed at slowing the pace of climate change.

"We all know nothing's settled until it's settled, and he usually goes with the last person who was in his ear," one person close to Mr. Pruitt said of Mr. Trump.

Several business leaders are attempting to set up meetings in an effort to sway Mr. Trump before he makes a decision.

Dow Chemical Co. Chief Executive Andrew Liveris, who Mr. Trump has tapped to lead a manufacturing council, is among those seeking an Oval Office meeting this week and hoping to persuade the president not to withdraw from the accord, said a person knowledgeable about the request.

—Byron Tau and Paul Sonne contributed to this article.

WASHINGTON WIRE

HOMELAND SECURITY

Officials Discuss Laptop Ban on Flights

The U.S. held another round of high-level talks with European Union counterparts on possibly banning laptop computers from cabins on all international flights.

Homeland Security Secretary John Kelly on Tuesday called European transport commissioner Violeta Bulc and home affairs commissioner Dimitris Avramopoulos as part of talks with the EU about security concerns that would merit such a measure, representatives for both sides said.

"While a much-discussed expansion of the ban on large electronic devices in the cabin on flights to the United States was not announced today, the secretary made it clear that an expansion is still on the table," Department of Homeland Security press secretary David Lapan said.

A spokeswoman for the commission said that both sides "decided to intensify talks" and stressed that no decision had been yet taken by the U.S.

Mr. Kelly on Sunday said the U.S. may ban laptops from cabins on all international flights in and out of the U.S. to help prevent terrorist attacks in the air.

—Valentina Pop

INTERNATIONAL RELATIONS

Trump and Merkel 'Get Along Very Well'

A White House spokesman says President Donald Trump has a "fairly unbelievable" relationship with German Chancellor Angela Merkel.

Press secretary Sean Spicer said Tuesday that Mr. Trump and Ms. Merkel "get along very well. He has a lot of respect for her."

Ms. Merkel suggested after Mr. Trump's first European visit that the continent's relationship with Washington had shifted. She said, "We in Europe have to take our fate into our own hands."

Mr. Trump tweeted Tuesday that "we have a MASSIVE trade deficit with Germany, plus they pay FAR LESS than they should on NATO & military. Very bad for U.S. This will change."

Mr. Spicer noted that Ms. Merkel's full remarks included a commitment to work in "friendship" with the U.S. and other countries.

—Associated Press

President Suggests Change to Senate Rules

President Donald Trump, trying to invigorate his legislative agenda and saying he wants to speed passage of bills on health care and taxes, called for a Senate rules change that his fellow Republicans don't want.

"The U.S. Senate should switch to 51 votes, immediately, and get Healthcare and TAX CUTS approved, fast and easy. Dems would do it, no doubt!" Mr. Trump wrote on Twitter.

Mr. Trump's comments about his two top legislative priorities come as Republican leaders are already using a special procedure known as "rec-

onciliation"—which requires a simple majority of votes in the 100-member Senate—to consider health-care legislation.

Democrats, when they were in power in the Senate in 2013, ended the filibuster for confirming executive branch appointments and most judges, while Republicans ended the filibuster for Supreme Court nominees earlier this year.

In response to the tweet, Republicans highlighted that they are already using a procedure that would allow the party to pass changes to

seats in the chamber. Senate Republicans, including Majority Leader Mitch McConnell (R., Ky.), have said they have no intention of ending the filibuster on legislation.

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She also pointed to Mr. McConnell's statement last month that the Senate wasn't

health care and taxes on a simple-majority vote. Reconciliation is a limited exception from the filibuster rules that was created as part of budget laws.

Sen. McConnell agrees that both health-care and tax reform are essential, and that is why Republicans in Congress are using the reconciliation process to prevent a partisan filibuster of these two critical legislative agenda items," said Antonia Ferrier, a spokeswoman for Mr. McConnell.

She also pointed to Mr. McConnell's statement last month that the Senate wasn't

interested in ending filibusters for legislation.

"There's not a single senator in the majority who thinks we ought to change the legislative filibuster—not one," Mr. McConnell said in April.

Mr. Trump also floated the idea of eliminating the filibuster in early May, when it was also dismissed by lawmakers.

Mr. Trump's tweets have kept his allies and opponents off balance during policy fights. His tweet Tuesday and a previous one over the weekend raised new questions about how he views the tax overhaul and the health-care plan.

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—Associated Press

Supreme Court to Review Ohio's Voter Approach

BY JESS BRAVIN

WASHINGTON—The Supreme Court said it would review an Ohio procedure that has sharply scaled back the state's voting ranks, which a lower court found was too sweeping and improperly eliminated eligible voters.

The Ohio method, in place since the 1990s, targets citizens who haven't cast a ballot for two years. Ohio sends such people a notice asking them to verify their eligibility; if they don't respond and fail to vote in the next four years, the state cancels their registration.

Ohio's approach, challengers say, runs afoul of the National Voter Registration Act of 1993, which seeks to expand the number of eligible voters who are registered while also improving the accuracy of the voter rolls. Under that law, registered voters are to remain on the rolls unless something alters their eligibility, such as a felony conviction or, more typically, a move to a new address.

Ohio says its practice is lawful because it doesn't automatically delete voters for failure to vote. "I remain confident that once the justices review this case, they will rule to uphold the decades-old process that both Republicans and Democrats have used in Ohio to maintain our voter rolls as consistent with federal law," Ohio Secretary of State Jon Husted, a Republican, said.

Before the lawsuit—filed last year by an African-American labor organization, a homeless advocacy group and an improperly purged voter—Ohio required the voters it identified



The U.S. Supreme Court agreed to review Ohio rules that a lower court found improperly eliminated voters. Above, a voter in Alliance.

to provide detailed information, including a Social Security or driver's license number, or a copy of an identity document, if they wanted to remain registered, regardless of whether they had moved.

To quell concerns, the state has since dropped most of those requirements, with new forms asking only that the voter confirm that he or she hasn't moved. The state says that since 2011 it has removed 560,000 deceased voters from

the rolls and cut more than 1.6 million duplicate registrations.

Challengers say that isn't enough. "Hundreds of thousands of people have been purged over the years," said Freda Levenson, legal director of the American Civil Liberties Union of Ohio, which is a co-counsel in the case, adding that many of them were improperly removed.

Ballot access has become a sharply partisan issue in several states, with Republicans typi-

cally seeking to raise barriers to voting and Democrats trying to remove obstacles. Republicans often say they are trying to curb fraud, while Democrats say they want to increase voter participation. But both parties also may have more self-interested motivations, since Democrats typically benefit when voting restrictions are eased.

Under a temporary arrangement while the case proceeds, Ohio has halted the purge method and allowed voters

whose names have been deleted to cast provisional ballots. In November's election, 7,500 such voters cast valid provisional ballots, the state said.

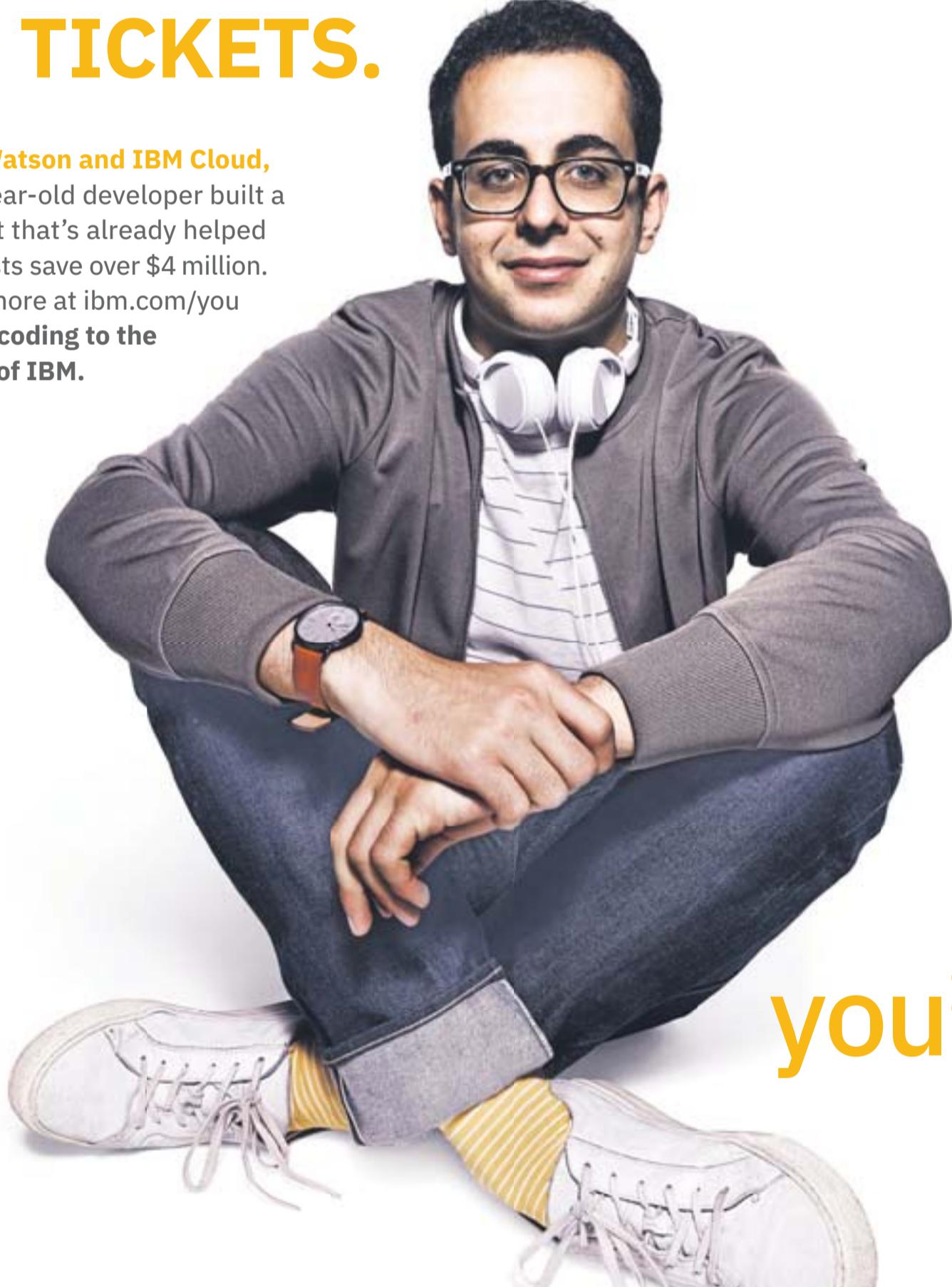
The plaintiffs want Ohio to reinstate all improperly purged voters and rely only on change-of-address or undeliverable-mail notices from the Post Office to prompt address queries to voters. The case will be heard in the next term, which begins in October.

—Associated Press



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WORLD NEWS

North Korea Accused of Trying New Hacks

Seoul alleges teams of cyberattackers with distinct targets show improved capabilities

By TIMOTHY W. MARTIN

SEOUL—Between February and May, South Korean cybersecurity experts noticed intrusions at government-affiliated websites following a new pattern: They used a technique that doesn't require tainted email links or forceful server assaults.

The culprit, the experts concluded, was North Korea.

Pyongyang has been blamed for headline-grabbing cyberattacks dating back to 2014's Sony Pictures Entertainment hack and continuing with last year's daring cyberheist at Bangla-

desh's central bank and this month's WannaCry global ransomware attack. But cybersecurity experts in South Korea—where government agencies and groups are the target of some 1.4 million daily hacking attempts suspected to originate from North Korea—have a much longer familiarity with its work.

North Korea's capabilities, they say, are improving quickly.

The country's cyberattacking operation, South Korean officials believe, comprises six groups and 1,300 hackers, with a dozen supporting organizations of 5,000 more hackers.

South Korean officials sort them into three teams: The A team—often called "Lazarus" by foreign research firms—attacks foreign banks and companies, they say, the B team focuses on South Korea, and



YONHAP/AGENCE FRANCE PRESSE/GETTY IMAGES

The Korea Internet and Security Agency monitors cyberattacks.

the C team blasts out emails and collects information.

Pyongyang's involvement in several assaults is suspected from their carrying Internet Protocol addresses traceable to North Korea—some re-

vealed for just a few seconds—security researchers say, though some say this could be an intentional misdirection.

"North Korean hackers are getting stronger and their skill is also improving," says Simon

less a shakedown than a display of proficiency. Some doubt North Korea's involvement.

In the hacks of recent months detailed in the CWIC report—"Operation Golden-Axe," the report calls it—North Korea has turned to a relatively new technique to indirectly undermine South Korean government institutions: the "watering-hole attack."

North Korea's B Team infected nine sites that are frequented by lawmakers, military officials and diplomats. Visitors unknowingly picked up viruses that planted malware onto their computers, bypassing digital defenses.

The evidence of North Korean culpability, the CWIC researchers say, is similarities in the logic of the code and protocols to prior assaults.

ate the system's performance.

The test drew praise from a key lawmaker. "This is a tremendous success for Adm. Syring and his team," said Rep. Mike Rogers (R., Ala.), chairman of the House Armed Services Committee's subpanel on strategic forces. "The dictator in North Korea surely understands that the United States will not allow itself or its allies to be subject to his threats."

The U.S. now has conducted 17 tests of the ground-based missile defense system, and nine have succeeded, according to the Missile Defense Agency.

There was no immediate reaction from North Korea, but Pyongyang condemned Monday's B1 bomber flight by the U.S. and South Korea.

"The U.S. imperialists' ever-more reckless military provocation clearly proves that their talk about 'dialogue' is nothing but hypocrisy to disarm the DPRK and their wild ambition to eliminate the DPRK with nukes remains unchanged even a bit," it said, using the acronym for North Korea's formal name, the Democratic People's Republic of Korea.

North Korea accused the U.S. of staging a "nuclear-bomb-dropping drill" with the bombers, which it sees as a new provocation in addition to the presence of the USS Carl Vinson and the USS Ronald Reagan, two aircraft carriers operating near the Korean Peninsula.



CHIEF MASTER SGT. KYEONG RYU/AGENCE FRANCE PRESSE/GETTY IMAGES

A U.S. Air Force B-1B Lancer bomber, left, and two F-15K Slam Eagles flying over South Korea last September in a show of force for Pyongyang

according to a spokesman for the presidential office.

U.S. officials didn't respond to a request for comment on Mr. Moon's assertion, but Capt. Davis, the Pentagon spokesman, said Tuesday that the Thaad deployment process had been "very transparent." Similar U.S. mobile systems contain six launchers.

Separately, Mr. Moon said in a phone call with Japanese

Prime Minister Shinzo Abe that he supported more pressure and sanctions on North Korea after the latest missile test and that "now is not the time for dialogue" with Pyongyang, according to his spokesman. The message was an apparent hardening of his position on North Korea.

Two weeks ago, Pyongyang test-fired a missile that it later called the Hwasong-12, which

analysts said could fly 2,800 miles—considerably farther than its previous missiles and far enough to reach the U.S. military base on Guam. About a week later came the Polaris-2 missile, fueled by a solid rather than a liquid fuel—meaning it requires much less time to prepare for launch, giving Pyongyang more flexibility and stealth. That could pose more of a challenge

to missile-defense systems.

Tuesday's U.S. exercise tested what is known as the ground-based midcourse defense system, or GMD, one of four main antimissile system components. Others include U.S. Aegis warships, the Thaad mobile launchers and Patriot batteries.

Officials said initial indications were that the test "met its primary objective," but that experts would more closely evaluate

China's New World Order Has a Guest List



CHINA'S WORLD

By Andrew Browne



Honor guards prepared to welcome Hungarian Premier Viktor Orban to the Beijing forum this month.

SHANGHAI—The VIP list at Beijing's glittering launch party for its massive Silk Road trade plan was worth scrutinizing not for the luminaries who were on it, but those who weren't.

Singapore Prime Minister Lee Hsien Loong, who irritated Beijing by standing up to its bullying in the South China Sea, didn't get an invitation. European government heads were welcome, but mostly stayed away, as did leaders from India and Japan.

The no-shows reflect a broad disquiet: To skeptics, what President Xi Jinping calls the "Project of the Century" is, at heart, an imperial venture.

Eventually, China expects that the sprawling networks of trading infrastructure Mr. Xi proposes to install along ancient maritime and overland trails between Asia and Europe will tie together more than 60% of the world's population and one-third of its gross domestic product.

Singapore and other nations are meant to understand that a new 21st-century order is emerging—a China-centric one. "Only vast lands can cradle great powers," write Chinese geographers Du Debin and Ma Yahua.

Chinese propagandists hawk the "One Belt, One Road" plan as a cooperative enterprise.

For all that, it's a power play. Beijing wants its neighbors, especially U.S. friends and allies, to know they have a with-us-or-against-us choice to make. An envoy from South Korea, hit with punitive Chinese trade sanctions over its deployment of a U.S. antimissile system, popped up on the belt-and-road guest list at the last minute, after the country elected a president whom Beijing favors.

China's Communist leadership seems utterly convinced that the axis of global power is shifting to the vast Eurasian landmass, and it's just a matter of time before Central Asia will again become the crossroads of the world.

Mr. Xi is anxious to speed history's turn. Donald Trump has become an unlikely abettor. If One Belt, One Road signals that a confident China is "changing from an adapter to a driver of globalization," as the former Morgan Stanley chief economist Stephen S. Roach asserts, then it is Bei-

jing's good fortune to have a U.S. president pressing an "America First" agenda.

As Mr. Trump's first visit to Europe last week underscored, the U.S. alliance system is under stress on both ends of a Eurasian continent that China seeks to dominate.

From Beijing's point of view, it's only natural that rewards from the trillion-dollar-plus One Belt, One Road project will flow to governments that support its imperial ambitions, and skeptics will be penalized.

Shi Yinhong, the director of the Center for American Studies at Renmin University, uses the term "strategic economy" to describe the way China employs its immense financial resources to increase its regional influence at America's expense.

The string of Chinese-funded ports and industrial parks could just as quickly be adapted to accommodate Chinese aircraft carriers and expeditionary forces.

Europeans in particular are unsettled by a vision of globalization that would dra-

matically extend the Chinese model of state capitalism. The environmental impact of the Chinese construction projects is one concern.

Transparency is another.

In her book "China's Eurasian Century?," Nadège Roland, a senior fellow at the U.S.-based National Bureau of Asian Research, writes that One Belt, One Road is "principally designed to serve national interests."

Independent-thinking countries on the Chinese periphery find themselves in a jam, none more so perhaps than Singapore. The bustling entrepot stands to gain disproportionately from expanded trade under One Belt, One Road.

Yet its uppityness toward Beijing may end up limiting its prospects. While Chinese Foreign Minister Wang Yi insists that One Belt, One Road "is not China's solo, but a symphony," the most enthusiastic players are the region's like-minded authoritarians.

At Beijing's summit, it was Vladimir Putin who picked up the musical theme with a rendition of "Moscow Windows" on a grand piano.

CHINA

Factory Activity Remains Steady

A gauge of manufacturing activity in China held steady in May as the property market remained buoyant, signaling stronger-than-expected economic momentum in the second quarter.

China's official manufacturing purchasing managers' index was 51.2 in May, unchanged from April, according to the China Federation of Logistics and Purchasing, which releases the data with the National Bureau of Statistics.

The May reading released Wednesday beat a median 51.0 forecast by economists polled by The Wall Street Journal.

The index, closely watched as a gauge of business sentiment, has remained above the 50 mark that separates expansion from contraction for 10 consecutive months.

—Mark Magnier

CZECH REPUBLIC

Hacking Suspect May Be Extradited

A court ruled that a Russian man who faces charges of hacking computers at U.S. companies can be extradited to the U.S. or Russia.

Czech authorities arrested Yevgeny Nikulin on Oct. 5 in

Prague in cooperation with the Federal Bureau of Investigation after Interpol issued an international warrant. He is accused of hacking computers and stealing information from LinkedIn, Dropbox and other companies.

Moscow also wants him extradited on a separate charge of internet theft in 2009. Russian officials previously said they were working to prevent his extradition to the U.S.

Judge Jaroslav Pytloun ruled Tuesday that the extradition requests from both countries meet all necessary legal conditions. Mr. Nikulin appealed his extradition to the U.S.

—Associated Press

EUROZONE

Business Sentiment Declined in May

Eurozone businesses were less upbeat about their prospects in May, despite a boost to optimism in France after centrist Emmanuel Macron defeated anti-euro candidate Marine Le Pen in presidential elections.

The European Commission said its economic sentiment indicator, which aggregates business and consumer confidence, fell to 109.2 in May from 109.7 in April. Economists surveyed by The Wall Street Journal expected a rise to 110.0.

—Paul Hannon



CHINA STRINGER NETWORK/REUTERS

Micro Trends, Macro Context. In Minutes.



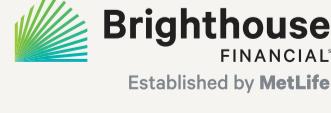
THE DAILY SHOT

Speed-read the markets

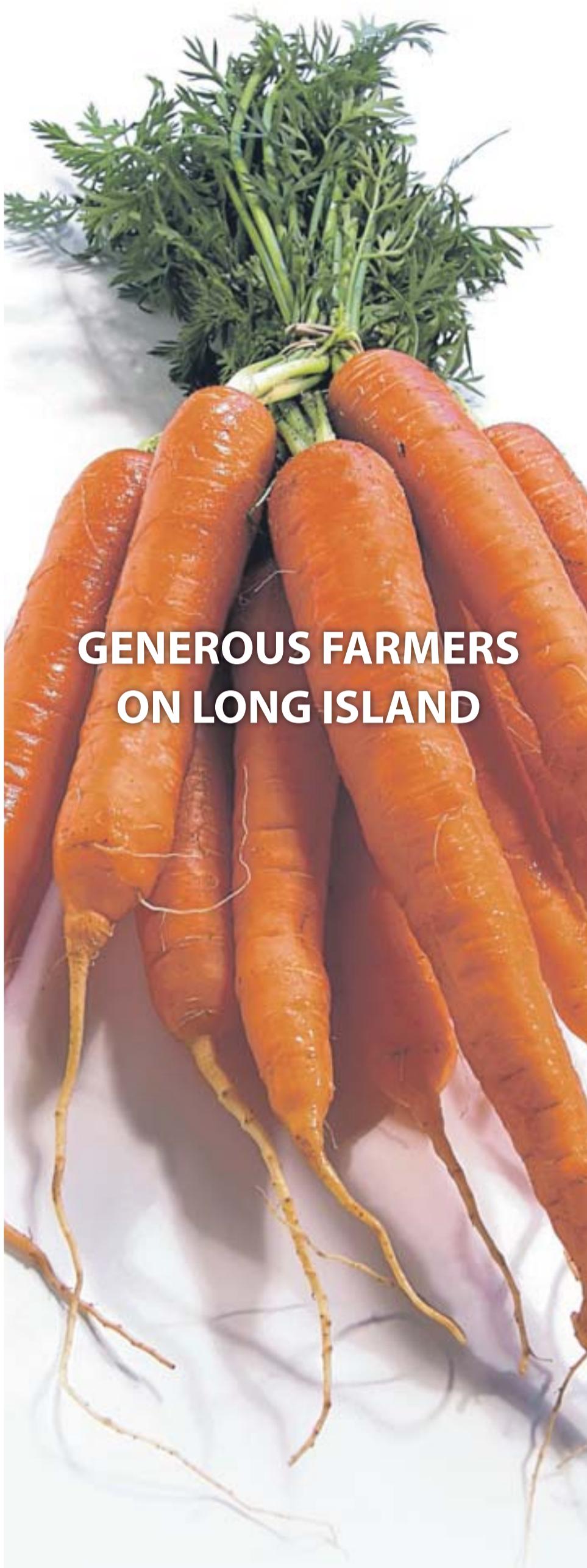
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WORLD NEWS

German Role in Bond Buys Opposed

By TOM FAIRLESS

FRANKFURT — A Berlin-based law professor filed a cease-and-desist request aimed at quickly ending Germany's involvement in bond purchases by the European Central Bank, a surprise legal move that underlines mounting German anger over the ECB's easy-money policies.

The request for a legal injunction, sent to Germany's top court, shows the lengths to which some Germans are prepared to go to derail a €2.3 trillion (\$2.57 trillion) stimulus program they accuse of subsidizing Southern European governments and hurting German savers, pensioners and smaller companies.

The move reflects concerns that the German constitutional court won't rule on the legality of the ECB's bond-buying program until the program is already finished, said Markus Kerber, an attorney and professor of public finance at Berlin's Technical University, who filed the injunction.

The ECB's recent moves to expand the program heighten the risks for the Bundesbank and the German government, Mr. Kerber said.

German courts can't stop the ECB's stimulus programs directly, but they can prevent the involvement of Germany's Bundesbank, which holds around a quarter of the ECB's share capital.

"We simply want the ECB to dispense from continuing to implement the program," Mr. Kerber said. "The risk to the Bundesbank is unbearable."

The constitutional court on Monday received a request for a temporary injunction against the ECB's bond-purchase program, a spokesman said.

It isn't yet clear when the court might make a decision, he added. A spokesman for the ECB declined to comment.

The move comes at a sensitive time for the world's second most powerful central bank, which is considering how quickly to wind down its €60 billion-a-month bond-buying program as the region's economy recovers.

ECB officials are eager to avoid any abrupt move that could prompt a repeat of the so-called taper tantrum in the U.S., when bond yields surged after the Federal Reserve announced it would wind down its own bond purchases.

The lawsuit is the latest in a series of German legal attacks on the ECB's bond-purchase programs, which are viewed with deep suspicion by the nation's conservative central bank and political establishment.

Continued from Page One
clear to the court that they were not taking a position on his guilt or innocence," said Michael Brophy, an attorney with Withers Worldwide who has tracked the case. "Now this gives Uber complete license to throw Levandowski under the bus."

Mr. Levandowski and his lawyers didn't respond to requests for comment.

Uber, one of the world's most highly valued startups at nearly \$70 billion, is mired in a series of scandals, including a federal investigation into its use of software to evade regulators and a leaked video of Uber Chief Executive Travis Kalanick berating an Uber driver while a passenger in his car.

The results of an internal investigation into its workplace culture, prompted by accusations that executives ignored complaints about sexual harassment, are expected next week. Separately on Tuesday, the head of Uber's New York operations left a week after the company admitted it had shortchanged drivers in the city by tens of millions of dollars over 2½ years.

The scandals could be complicating Mr. Kalanick's efforts

May Plays Brexit Card Before Vote

By JASON DOUGLAS

LONDON—U.K. Prime Minister Theresa May sought to revitalize her election campaign Tuesday after a series of polling setbacks by turning her focus squarely on what she sees as her strongest card: the coming Brexit negotiations with the European Union.

A week after a suicide bombing in Manchester shocked the country and called a temporary halt to campaigning, Mrs. May argued only she can be trusted to deliver on the aspirations of British voters who chose to pull the U.K. out of the EU in a referendum last year.

Her governing Conservative Party is "100% committed" to Brexit and has a clear plan to see it through, Mrs. May said in a speech in Wolverhampton, in England's Midlands. Opposition parties, she said, wish to frustrate the referendum result, which she described as "a quiet revolution driven by all those who felt let down and left behind for too long."

Mrs. May pledged to "stand up to Brussels" on British voters' behalf in exit talks due to start June 19.

But she struck a less-combative tone when asked about German Chancellor Angela Merkel's weekend comments that Europe must unify in response to Brexit and uncertainty around U.S. policy under President Donald Trump,



British Prime Minister Theresa May in a campaign appearance ahead of the June 8 general election.

LEON NEAL/AGENCE FRANCE PRESSE/GT/GETTY IMAGES

EU Body Proposes Big Spending Rise Before U.K. Leaves

BRUSSELS—The European Union's executive body proposed a steep rise in EU spending for 2018, the last full year of the U.K.'s membership in the bloc.

The move comes weeks ahead of the start of Brexit negotiations. The EU is pressing the U.K. to agree to uphold its past spending pledges when it leaves the bloc.

European officials are hoping Britain will agree to pay in full its expected contribution to the 2014-20 multiyear budget framework.

However, U.K. Prime Minister Theresa May has said that after Brexit, which is expected to happen in March 2019, the U.K. won't make further large budget payments to the bloc.

Meanwhile, the European Commission wants member states to agree to €145 billion (\$162 billion) in spending next year, an 8.1% rise from 2017 and the biggest increase since 2013.

—Laurence Norman

saying that although Britain will negotiate hard, it will also seek a deep and special partnership with the bloc on issues ranging from security and defense to trade.

Mrs. May's latest appeal to voters comes after a succession

of opinion polls have signaled a steady erosion in the center-right Conservatives' lead over the main opposition Labour Party, which is led by veteran left-winger Jeremy Corbyn.

A survey of more than 2,000 adults conducted May 26 to 29

by pollster ICM put support for the Conservatives at 45%, against Labour on 33%.

The data from the online poll are weighted to reflect demographic factors and respondents' likelihood to vote, ICM said. Other polling com-

panies reporting in the last week have suggested a narrower lead than ICM.

Mrs. May's 12-point lead in the latest ICM survey compares with earlier polls that gave her a much larger advantage over Mr. Corbyn and Labour, including one ICM poll that put the gap at 22 points.

Pollsters say the narrowing has mostly been driven by consistent Labour gains as previous supporters who had been wary of Mr. Corbyn have steadily come back to the fold.

Mrs. May in her speech reiterated the negotiating priorities for coming talks with Brussels that she first set out late in 2016.

She said the U.K. plans to relinquish its membership of the EU's single market for goods and services and will instead negotiate a bold and ambitious new free-trade accord with the bloc.

Mrs. May said London wants to continue to cooperate with the EU on issues including crime and terrorism and is willing to guarantee the rights of EU citizens resident in Britain, provided British citizens elsewhere in the EU are granted the same deal.

Asked about Ms. Merkel's comments during questions following her prepared remarks, Mrs. May stressed that Britain is leaving the EU but is not leaving Europe.

Labour didn't respond directly to a request to comment on Mrs. May's speech.

Former Dictator Of Panama Dies

By JOSÉ DE CÓRDOBA

Panama's former military strongman, Manuel Antonio Noriega, a once-valued U.S. spy asset who was later overthrown as an accused drug lord in a 1989 U.S. invasion, died at a Panama City hospital at the age of 83.

Gen. Noriega died of complications after a surgery in

OBITUARY In March to remove a benign brain tumor. He had been in an induced coma since then, according to local media. The former dictator had been in prison in the U.S., France and Panama since surrendering to U.S. troops in 1990.

"The death of Manuel A. Noriega closes a chapter in our history; his daughters and his relatives deserve to carry out his funeral in peace," Panamanian President Juan Carlos Varela said on Twitter.

Gen. Noriega was indicted on drug-trafficking charges in Florida in 1988 and in May 1989 he voided the result of national elections. When U.S.-

imposed economic sanctions failed to force the dictator from power, President George H.W. Bush ordered nearly 30,000 U.S. troops to invade Panama and depose Gen. Noriega, who had effectively ruled the country since 1983.

As his forces collapsed, the strongman took refuge in the Vatican Embassy in Panama City. U.S. soldiers blasted rock 'n' roll music from huge speakers to wear down his resistance.

After 10 days, Gen. Noriega surrendered to U.S. soldiers. He was flown to Miami, where he stood trial on drug and money-laundering charges. He was convicted in 1992 and sentenced to 40 years in prison for accepting millions of dollars in bribes for allowing Colombia's Medellín cartel to turn Panama into a drug trafficking and money laundering hub.

Gen. Noriega aborted presidential elections and used gangs of thugs to beat up opponents. His anti-riot troops suppressed demonstrations, and opponents were killed in some instances.

"The U.S. knew Noriega was a drug trafficker for years, but didn't act against him because

he was helpful in the Cold War," said Michael Shifter, president of the Washington-based Inter-American Dialogue. "When the Cold War ended, and the drug issue became more salient, Washington ousted him."

While most Panamanians were relieved to be liberated from Gen. Noriega's dictatorial rule, many still consider the U.S. invasion a national tragedy.

"The independence and the sovereignty of the country were subjugated, but we were

liberated from a dictatorship that sooner or later would have destroyed Panama," said Rita Vasquez, the deputy director of La Prensa, a newspaper that played a strong opposition role during the Noriega years.

Gen. Noriega was on the Central Intelligence Agency's payroll for decades. In that capacity, he also helped the U.S. on a number of occasions, including as a go-between to Cuban dictator Fidel Castro during the 1983 U.S. invasion of Grenada.

Despite his drug conviction, he was treated as a prisoner of war by the U.S. Justice Department. His sentence was reduced to 30 years and he was released in 2007 on good behavior.

He was extradited to France in 2010, where he was convicted of money laundering. In 2011, France sent him to Panama, where he had been convicted in absentia of the murder of opponents during the country's military regime and sentenced to 20 years.

The Alphabets lawsuit could hinder Uber's ability to pursue self-driving technology, which Uber has said is crucial to its future, and expose it to potential civil and criminal damages.

Uber acquired Mr. Levandowski's driverless-truck startup, Ottomotto LLC, last August in a \$680 million stock deal that elevated Mr. Levandowski to leading Uber's driverless-car program. Payment for the startup was tied to certain goals for the program.

In a press release announcing the move, Mr. Kalanick praised Mr. Levandowski as "one of the world's leading autonomous engineers," and said the acquisition gave Uber "one of the strongest autonomous engineering groups in the world."

Six months later, Alphabet sued Uber. Now Uber says little, if any, of Otto's technology has made it into its driverless-car program.

It is unclear how much of the \$680 million in stock the company will ultimately have to pay to Ottomotto. An Uber spokesman said earlier this month that none of Mr. Levandowski's 5.3 million Uber shares, or more than \$250 million, had yet vested because technical milestones hadn't been met.



MARLENE AWAD/BLOOMBERG NEWS

Uber CEO Travis Kalanick at 'Startup Fest' in Amsterdam last year.

FROM PAGE ONE

UBER

Continued from Page One
clear to the court that they were not taking a position on his guilt or innocence," said Michael Brophy, an attorney with Withers Worldwide who has tracked the case. "Now this gives Uber complete license to throw Levandowski under the bus."

Mr. Levandowski and his lawyers didn't respond to requests for comment.

Uber, one of the world's most highly valued startups at nearly \$70 billion, is mired in a series of scandals, including a federal investigation into its use of software to evade regulators and a leaked video of Uber Chief Executive Travis Kalanick berating an Uber driver while a passenger in his car.

The results of an internal investigation into its workplace culture, prompted by accusations that executives ignored complaints about sexual harassment, are expected next week. Separately on Tuesday, the head of Uber's New York operations left a week after the company admitted it had shortchanged drivers in the city by tens of millions of dollars over 2½ years.

The scandals could be complicating Mr. Kalanick's efforts

Uber Sexism Probe Nears a Conclusion

Uber Technologies Inc. expects to conclude a report soon on claims of sexual harassment and sexism that it hopes will close a damaging chapter in its history.

The report—expected next week—will be the culmination of an investigation triggered in February when former software engineer Susan Fowler Rigetti claimed in a nearly 3,000-word blog post that Uber management had ignored multiple complaints from her and other female workers of

sexual harassment and sexism by their managers.

The outcome carries significant stakes for the world's most valuable startup.

Some employees say the allegations and the three-month investigation, along with other recent controversies, have been painful distractions and threaten Uber's ability to attract talent.

Employees also will be looking for information about how Uber's leaders handled workplace issues and what changes the report might trigger.

Uber declined to comment on the investigation or its impact on the company.

—Greg Bensinger

to force Mr. Levandowski to comply with his order to return the files and produce numerous other related documents. "Uber has no excuse under the Fifth Amendment to pull any punches as to Levandowski," he wrote.

Mr. Levandowski's attorneys have argued the judge's order violated his constitutional right protecting him from self-incrimination. On Tuesday, his attorneys cited his firing as further evidence the judge went too far.

The judge's order placed Mr. Levandowski on the horns of an unconstitutional dilemma: either he must waive

his Fifth Amendment rights ... or face immediate firing," they wrote in a court filing.

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Uber CEO Travis Kalanick at 'Startup Fest' in Amsterdam last year.

to recruit a No. 2 executive at the company. Meanwhile, Mr. Kalanick is also dealing with personal tragedy after a boating accident on Friday killed his mother and left his father in serious condition.

According to Uber's dismissal letter to Mr. Levandowski, the executive's termination is effective June 15, unless he complies with the court order before that date. An Uber official said the company has revoked Mr. Levandowski's access to his email and security badge.

Uber in April removed Mr. Levandowski from its driver-

less-car program. Several weeks later, the judge formally barred him from working on the program.

Alphabet has separately filed two arbitration claims against Mr. Levandowski, which accuse him of launching competing startups while at Google and attempting to poach its employees. It isn't clear how Mr. Levandowski has responded to the arbitration claims, which are private.

A Wall Street Journal investigation found Mr. Levandowski side businesses throughout his nine years at Google, including some that sold technol-

ogy to Google. Google eventually bought one of the startups for roughly \$20 million.

Mr. Levandowski, who isn't a party in the suit, has repeatedly invoked his Fifth Amendment rights against self-incrimination in the case. His attorneys initially said Mr. Levandowski wouldn't comment on the case because of the potential for criminal charges. U.S. District Judge William Alsop has since recommended that Justice Department officials investigate the accusations against Mr. Levandowski and Uber.

Judge Alsop this month encouraged Uber to use all means



HOW INTUIT GETS A BETTER VIEW OF THEIR CUSTOMERS.

Running a business with millions of customers can be like manning air traffic control. How do you keep everyone on the right flight path? Intuit does it with Salesforce. The Customer Success Platform, powered by Einstein artificial intelligence, gives employees the insights they need to work smarter. And apps connect customers to real-time help, right when they need it. What if you had a way to track every one of your customers, no matter where they were headed? Visit salesforce.com/blazeyourtrail.



Blaze your trail.

IN DEPTH

FLYNN

Continued from Page One
investigation into Mr. Flynn's business dealings. In February the retired three-star general was forced to resign, under fire over his conflicting statements about his contacts with Russian officials before the inauguration, after 24 days as Mr. Trump's national security adviser.

Mr. Flynn didn't disclose to the federal government until March that his company was paid to represent Turkish interests. He is now facing military, congressional and criminal investigations into allegations that he improperly concealed his financial ties to Turkey and Russia, and into whether the ties played any role in his decisions as the president's adviser.

Along with the money from the Turkish businessman, Mr. Flynn received \$33,750 from a Russian state news network to travel to Moscow in 2015, sit next to President Vladimir Putin at a gala and give a public interview on U.S. foreign policy.

A federal grand jury in Virginia recently issued subpoenas to people who worked for the Flynn Intel Group. Last week, Mr. Flynn said he would invoke his Fifth Amendment right against self-incrimination and refuse to honor a subpoena from the Senate Intelligence Committee, which is investigating allegations of Russian interference in the 2016 presidential election.

On Tuesday, Mr. Flynn said he would turn over documents from his businesses to the Senate Intelligence Committee, according to a person familiar with the matter. The Flynn Intel Group shut down in November.

Robert Kelner, the attorney for Mr. Flynn and the Flynn Intel Group declined to comment. In the past, Mr. Kelner has criticized what he called "unfounded allegations" against Mr. Flynn and said he hoped Mr. Flynn would have a fair chance to tell his story. Mr. Kian didn't respond to requests for comment.

Focus of film

Flynn Intel Group hired professionals to shoot the documentary and then worked to conceal its role in producing the film, according to David Enders, a former VICE News correspondent hired to work on the project. The Wall Street Journal reviewed footage prepared for the unfinished documentary, which was shelved last November, two days before Mr. Flynn was officially asked to become the president's national security adviser.

Mr. Enders and Rudi Bakhtiar, a former CNN anchor hired to be the on-camera face for the film, said the disclosure in March about Mr. Flynn's work as a foreign agent came as a shock.

Ms. Bakhtiar said she was misled about the true intentions of the film, which she said was focused on attacking a U.S.-based Turkish imam President Recep Tayyip Erdogan has accused of orchestrating last summer's botched military coup. She said she thought the work would produce an objective, investigatory documentary about Turkey and Fethullah Gulen, the imam.

Cast of Characters | Behind the scenes of an unfinished film



Former national security adviser Michael Flynn



Bijan Kian



Ekim Alptekin



Ismail Hakkı Pekin



Nedim Sener



Rudi Bakhtiar



Fethullah Gulen

As Ms. Bakhtiar prepared for the interviews, Mr. Kian greeted the men she would be talking to, which included Ismail Hakkı Pekin, the general who once served as head of Turkey's military intelligence branch, and Nedim Sener, a well-known Turkish journalist.

The men have said they were persecuted by supporters of Mr. Gulen, who were once allies of Mr. Erdogan and held powerful government positions.

In his 20-minute interview, Mr. Pekin repeated a contention by top Turkish officials that Mr. Gulen was an asset of the Central Intelligence Agency, which protected the Turkish cleric from being extradited.

Mr. Pekin said that he wanted to take part in the documentary because he saw it as a chance to let as many Americans as possible know about the danger posed by Mr. Gulen.

At the end of the interview with Mr. Sener, Mr. Kian stepped in to ask a few questions of his own. But he wanted to make sure he wouldn't be filmed.

"I don't want to be on camera," Mr. Kian can be heard whispering in the video reviewed by the Journal.

"That's fine," responds Mr. Enders, who was running the camera. "You're not."

Mr. Sener told the Journal that he came to Washington because he thought it was important to raise the issue of Mr. Gulen with U.S. officials. "The Americans think of him as a supporter of moderate Islam," he said. "However, Fethullah Gulen is the plotter of the July 15 coup."

Ms. Bakhtiar was paid \$1,200 for the day's work on the film.

Publicity pledge

A few days after the filming, Mr. Alptekin wired another \$185,000 to the Flynn Intel Group. Mr. Alptekin said he shaved off \$15,000 because the company wasn't living up to its pledge to produce some good publicity.

"PR is something that you have to see," he said. "It's not something that is behind-the-scenes. It's in front of the scenes, so if there is no output, it's very clear that nothing is happening."

The following week, the Flynn Intel Group sent another \$40,000 back to Mr. Alptekin's firm and later classified it as a consulting fee. Again, Mr. Alptekin said, the money was a reimbursement, not a consulting fee.

By mid-October, work on the film had come to a halt.

On Nov. 8, Election Day, The Hill newspaper printed an op-ed by Mr. Flynn that compared Mr. Gulen to Ayatollah Khomeini and backed Turkey's demand that Mr. Gulen be extradited.

The piece included an image of the spoof Gulenopoly game.

On Nov. 14, Mr. Alptekin sent another \$145,000 to the Flynn Intel Group. The next day, two days before the president-elect named Mr. Flynn as his first national security adviser, Mr. Alptekin and the Flynn Intel Group ended their contract.

Mr. Alptekin said the three-month contract came to a natural end. "They did a great job," he said.

The "Clash of Clans" squad EvilNapkins BMF prohibits players younger than 21. One of its leaders, 49-year-old project manager Tony Tober of Denver, said he recently suspected a violator in the ranks. A player had skipped out on two wars in a row, hurting the team's chances at victory.

When Mr. Tober demanded an explanation, the AWOL warrior texted that his phone had been taken away.

"You let your wife take your phone?" Mr. Tober, who plays under the name Pen the Maniac, recalls texting back. The team ended up booting the player, he said.

Terry Pearson, 45, said he changed "Madden NFL Mobile" teams last year after getting his fill of schoolyard bickering among teammates in group texts. He was relieved to jump to a more adult team, he said, with people as committed to the game as he is.

Earlier this year, Mr. Pearson spent about a month at an aunt's farm in Wisconsin that had poor internet service. To play online, he drove 40 miles each night to a truck stop with Wi-Fi.

"We wanted to improve our ranks, so I needed to be there," said Mr. Pearson, of Springfield, Mo. "I'm not bragging, but I'm pretty good."

GAMERS

Continued from Page One
share their pricey troops.

The freeloader turned out to be a 10-year-old boy on his dad's phone. Mr. Gantman successfully lobbied teammates to oust the youngster. "This isn't child's play," he said.

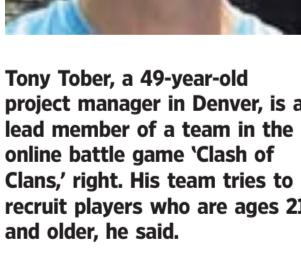
Kristina Holland, a 45-year-old manager at a software company in Memphis, Tenn., regretted trying to help out a teammate last month in "War Dragons," where players breed dragons for fighting.

Minutes after Ms. Holland donated a valuable shipment of virtual lumber and food, her teammate disappeared offline. Opponents quickly snapped up the unclaimed booty.

That night, Ms. Holland's ungrateful ally confessed to unplugging after getting caught playing in class.

"If you're in school, you should be focusing on school," Ms. Holland said in an interview before lapsing into gamer mode. "You shouldn't lead your teammates on to think you're available when there's any chance you could be interrupted."

The head-scratching goes both ways. Max Chan was hungry to continue playing after his team won a grueling match



Tony Tober, a 49-year-old project manager in Denver, is a lead member of a team in the online battle game 'Clash of Clans,' right. His team tries to recruit players who are ages 21 and older, he said.

in the mobile battle game "Vainglory." But one of the 16-year-old boy's guildmates called it quits for the night.

"I was like, 'Dude, why do you got to get off?'" the high-school sophomore said he texted.

The response, Max recalled: "Sorry man, I gotta take care of my kid."

Max assumed everybody playing was around his age. But no grudge, he said—he needed to cut back on gaming, anyway, to study for final exams. "My parents would be furious if I got bad grades," he said.

To weed out immature play-



ers, some squad leaders conduct interviews like a crafty human-resources manager. Daniel Acosta, a 47-year-old healthcare professional, is a gatekeeper for his guild in "Summoners War." He asks team applicants, by text, about their strategies for collecting the crystals used to acquire monsters and defeat opponents.

He figured he has rejected dozens of aspiring teammates over the past 2½ years. Commonly, he said, rejections follow those who repeatedly punctuate their responses with either "dude" or "wtf."

"We don't want to bring in

riffraff," said Mr. Acosta, whose gamer handle is Wolverhulk.

Sara Hall, age 30, asks those on her "Domine Nations" team to state their ages. She was thrown off guard the first time a player in the empire-building game told her he was old enough to be her father. She had figured senior citizens would be intimidated by the complexities of competitive mobile games.

Ms. Hall, who lives in Grand Rapids, Mich., and cares full-time for her disabled mother, prefers teams with grown-ups. She said she assumes the peo-

ple who quit when their armies lose—so-called rage quitters—are children, although, "you really don't know."

Mr. Ritter, the "Madden NFL"-playing executive, found that his student teammates were more committed than he was about participating. He told them he had a job, but they still nudged during the workday.

"There was literally no empathy," Mr. Ritter said. He has joined a new team, Pigskin Warfare League, and since the players communicate using Facebook Messenger, he can see ages on their Facebook profiles.

TONY HABER/SUPERHEROES/CLASH OF CLANS

"We wanted to improve our ranks, so I needed to be there," said Mr. Pearson, of Springfield, Mo. "I'm not bragging, but I'm pretty good."

GREATER NEW YORK

Malloy Rebuts School Jab

Governor touts strides in East Hartford after derisive remarks from U.S. education secretary

BY JOSEPH DE AVILA

Connecticut Gov. Dannel Malloy on Tuesday defended the East Hartford school district after U.S. Education Secretary Betsy DeVos called the high school there a "dangerous day care."

At a press conference in East Hartford, Mr. Malloy pointed to the district's rising graduation rate as a sign of

improvement in the schools. East Hartford High School's graduation rate was 94% in 2016, up from 80% in 2011.

The national rate was 83% in 2015, up from 79% in 2011.

Mr. Malloy, a Democrat, also said it was an affront for Ms. DeVos to criticize a public school district while also defending the Trump administration's proposed budget that would cut school funding by \$9 billion.

In congressional testimony last week, Ms. DeVos said a student she called Michael was bullied at East Hartford High School and the school had failed to prepare him for college.

"No student should feel they attend a dangerous day care," Ms. DeVos told the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies. "No child's dreams should be limited by the quality, or lack thereof, of the education they receive."

Mr. Malloy said in a letter sent Tuesday to Ms. DeVos that he was "disturbed" by her remarks. The governor said the experience of the student who didn't feel safe and supported was unacceptable to him.

"However, it strikes me as equally unacceptable that you

attempt to malign East Hartford Public Schools as an illustration of all that is broken in public education," Mr. Malloy wrote.

The U.S. Department of Education didn't respond to a request for comment.

In her congressional testimony, Ms. DeVos said the Trump budget aims to focus the Education Department on providing high-quality education to all students by improving school-choice initiatives to give parents the option of sending their children to be educated somewhere other than their neighborhood public school.



Mohammad Ali Chaudry, the former mayor of Bernards Township, co-founded the Islamic Society of Basking Ridge.

BRYAN ANSELM FOR THE WALL STREET JOURNAL

Mosque Settles For \$3.25 Million

BY KATE KING

A New Jersey town will pay \$3.25 million to settle two federal lawsuits that alleged discrimination against a local Islamic society, according to an agreement that paves the way for the Muslim group to open the town's first mosque.

The settlement, the terms of which were made public Tuesday, resolves complaints lodged by the Islamic Society of Basking Ridge and the U.S. Department of Justice that accused the Bernards Township Planning Board of violating a federal law that prohibits religious discrimination in land-use decisions. Town officials denied anti-Islam bias and said they rejected the application because of parking concerns.

A federal judge ruled in December that planning-board members showed "sufficient intent to discriminate on the basis of religion" in their consideration of the mosque proposal. The 11-member board held 39 public hearings on the matter before voting in December 2015 to deny the application.

The settlement, which will be paid by the town's insurance carriers, includes \$1.5 million in damages for the Islamic Society of Basking Ridge and \$1.75 million in compensation for legal costs. It also requires officials "not impede in any way" the necessary local approvals for the mosque, which will be built on a 4-acre site owned by the Islamic Society, co-founded by former Bernards Township Mayor Mohammad Ali Chaudry.

New Jersey acting U.S. Attorney William Fitzpatrick said Tuesday that towns must treat houses of worship proposals "like any other land use application."

The case was one of almost 20 disputes across the country

that prompted lawsuits by the Justice Department under the Religious Land Use and Institutionalized Persons Act of 2000, according to a December letter sent by the federal agency to local officials.

The federal government has opened nearly 100 formal investigations into alleged violations of the law, which prohibits local officials from using religious discrimination or substantially burdensome land-use regulations in their consideration of proposed houses of worship.

The mosque in Bernards Township will provide 50 paved parking spaces, the same number as initially proposed in the Islamic society's 2012 application, as well as some overflow parking to accommodate a

Bernards Township officials denied there was any anti-Islam bias in their decision.

maximum 150 people.

"We look forward to welcoming people of all faiths and backgrounds to our mosque," Dr. Chaudry said in a written statement on Tuesday.

Bernards Township officials said the settlement reflects a desire to avoid further costly litigation. "The township maintains that the denial of the planning board was based on accepted land use criteria only," the statement said.

The Islamic Society's attorney, Adeel Mangi of the New York firm Patterson Belknap Webb & Tyler, said in a written statement: "Municipalities around the country should pay close attention to what happened in Bernards Township."

New Work Rules for Retail

BY MARA GAY

Fast-food and retail employers in New York City will soon be required to offer more predictable work schedules and other protections for employees, under legislation signed into law Tuesday by Mayor Bill de Blasio.

Advocates say the legislation is meant to help boost incomes and stability among the thousands of New Yorkers who work in the city's fast-food and retail industries.

One of the five bills signed into law will require fast-food employers to give workers their schedule at least 14 days in advance, and pay a premium for last-minute shift changes. A second will prohibit fast-food employers from scheduling consecutive shifts

involving both the closing and opening of the restaurant. A third will require fast-food companies to offer new work shifts to current employees before making external hires. A fourth will allow fast-food workers to deduct part of their salary and direct it toward a nonprofit organization.

Another bill will ban on-call scheduling at retailers with 20 or more employees. The laws will go into effect in November.

Kathryn Wylde, president and chief executive officer of the Partnership for New York City, a nonprofit business group, said the legislation was off-putting for employers.

Héctor Figueroa, president of 32BJ SEIU, a union that includes food-service employees, said the laws "help workers win dignity on the job."



JESSICA HILL FOR THE WALL STREET JOURNAL
Eric McGuire throws a lobster trap into Long Island Sound, offshore from Branford, Conn. Lobstermen are bracing for new regulations.

Lobstermen Trapped as Fishery Declines

BY JOSEPH DE AVILA

The lobstermen of Long Island Sound are feeling defiant.

After years of adhering to the restrictions put in place by a multistate fishing commission to preserve the dwindling numbers of the crustacean, the fishermen of New York and Connecticut say a new round of measures to boost the lobster population may be too much.

"We are at the point where we don't have anything left to give," said Michael Theiler, a lobsterman from Waterford, Conn., who has fished for nearly three decades in the waters. "We've been regulated to death out here."

New York and Connecticut's commercial lobster industry brought in about \$42 million worth of lobster in 1997, according to the National Oceanic and Atmospheric Administration. In 2015, that figure had fallen to less than \$2 million.

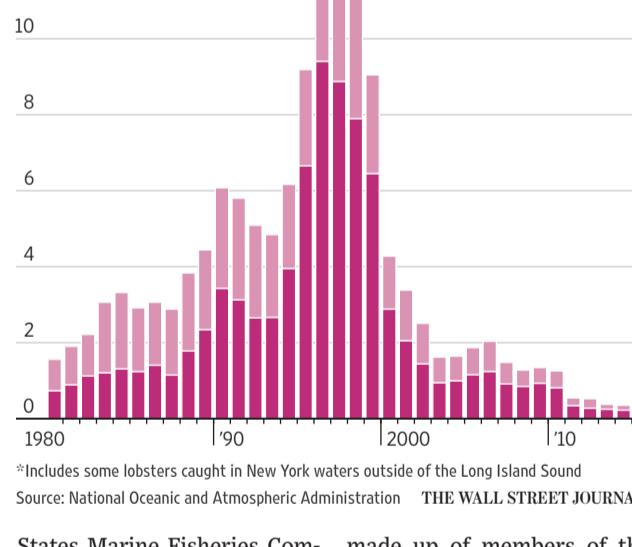
Several hundred lobstermen used to fish out of Long Island Sound during the industry's heyday in the 1990s, when it hauled in more than 10 million pounds of lobster annually, according to NOAA.

Now, only about two dozen or three dozen lobstermen are left, according to lobstermen from Connecticut and Long Island. In 2015, New York and Connecticut fishermen caught just 352,000 pounds of lobster, according to NOAA. That year also marked a record low for New York, which brought in only 147,000 pounds.

Officials with the Atlantic

Dwindling Crustaceans

Lobsters caught by the location of commercial fisherman*



*Includes some lobsters caught in New York waters outside of the Long Island Sound

Source: National Oceanic and Atmospheric Administration THE WALL STREET JOURNAL

States Marine Fisheries Commission, which oversees lobster fishing on the East Coast, say warmer water, more aquatic predators and fishing have contributed to the decline in the number of lobsters in the region. The commission established regulations aimed at increasing the number of lobsters, which fisherman say has resulted in steep job losses in their industry. The new measures could result in more seasonal fishing closures.

Earlier this month, a board of the commission approved a goal to help boost production of lobster eggs by 5% for a region stretching from south of Cape Cod, Mass., to Virginia. To do that, regional teams

made up of members of the lobster industry are discussing how to develop specific plans to meet that goal, which could include seasonal closures of lobster fishing and lobster-trap reductions. The plans must be submitted for approval to the Fisheries Commission's board by August.

Mr. Theiler, who is a representative for Connecticut's regional team, said lobstermen from his state and Long Island are working on proposals, while debating whether to tell the board they won't go along with new restrictions. That could trigger litigation, but he said lobstermen fishing in the region have little to lose.

John German, a 70-year-old lobsterman from Brookhaven, Long Island, said most lobstermen operating in Long Island Sound can't solely rely on catching lobsters to earn a living anymore.

"The guys that are doing it probably could live without it, but that's all they ever done," Mr. German said. Megan Ware, fishery-man-

ager plan coordinator for the Fisheries Commission, defended the plan to raise lobster egg production. She noted that the most recent stock assessment of lobsters for the region south of Cape Cod to Virginia was at a record low. That survey, which examined the region's lobster stock from 2011 to 2013, found 10 million lobsters in that region, down from more than 50 million during its peak in the 1990s.

"It's not something that happened overnight. It's been a continual pattern," Ms. Ware said.

"And so the board is trying to continue to respond in a way that keeps lobsters in the water and tries to preserve what's left of the fishery."

New York and Connecticut are among the 10 states where there is lobster fishing. In 1997, New York and Connecticut's combined haul fell behind only Maine and Massachusetts. By 2015, they also had fallen behind Rhode Island, New Hampshire and New Jersey, according to NOAA.

D.J. King, a commercial fisherman from Branford, Conn., said adding more restrictions to fishing in Long Island Sound would hurt the remaining lobstermen.

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To do that, regional teams

GREATER NEW YORK

Plan to Split MTA Role Jumbles Search

By PAUL BERGER

A leading candidate to run the Metropolitan Transportation Authority has withdrawn after the MTA said it would divide the leadership role by creating separate posts for chief executive officer and chairman.

Patrick Foye's decision, reported earlier by the New York Daily News, leaves just one leading candidate for the CEO job—Veronique "Ronnie" Hakim, who has served as the MTA's interim executive director since January.

Mr. Foye, executive director of the Port Authority of New

York and New Jersey, declined to pursue the role at the MTA because he feared the proposed management structure would undermine his authority to lead the multibillion-dollar agency, said a person familiar with the situation.

Ms. Hakim now faces that same challenge, the person said, adding, "It leaves her in an awful position."

Ms. Hakim declined to comment. She worked at the MTA for two decades before leaving to lead the New Jersey Turnpike Authority and NJ Transit. She returned to the MTA in 2015.

It is unclear whether the committee that will recommend a new leader for the agency will now broaden its search. Rich

Veronique 'Ronnie' Hakim, MTA interim executive director, is a candidate to run the agency.

Azzopardi, a spokesman for New York Gov. Andrew Cuomo, said the selection "process is ongoing and you shouldn't be-

lieve every rumor you hear."

Mr. Cuomo has made infrastructure improvement a cornerstone of his administration, touting the speedy building of a new Tappan Zee Bridge, imminent renovations of LaGuardia and John F. Kennedy airports, and the opening of the Second Avenue Subway extension.

But he has been hit by mounting criticism of the MTA, which runs New York City's subway and buses as well as the Long Island Rail Road.

In recent months, the subway's six million daily riders have suffered a spate of disruption caused by power outages

and signal-system failures exacerbated by years of underinvestment in the system's antiquated infrastructure.

Last week, the MTA's board approved a \$2.9 billion addition to its current five-year capital plan, which put further strain on the debt-laden agency with \$1.6 billion in new bonds.

The amended plan focused on big-ticket items favored by Mr. Cuomo, such as a third track on Long Island Rail Road's main line and a further extension of the Second Avenue Subway to Harlem, but it did little to alleviate the cause of daily delays.

The MTA announced May 15 that it was addressing those problems with a \$20 million plan that included expediting the delivery of new subway cars, improving track inspections and maintenance, and hiring its own emergency medical technicians who could respond to sick passengers.

That proposal also revealed for the first time Mr. Cuomo's desire to separate the chairman and chief executive roles.

To make that happen quickly, Mr. Cuomo would need to secure legislative approval before the session ends June 21.

METRO MONEY | By Anne Kadet

Bloom Business Booms in the City

KONE of the most dazzling displays on Manhattan's Upper East Side is the window boxes adorning Page Ashley's apartment building. There are plenty of rival planters on the block, but Ms. Ashley's bright pansies have folks stopping to snap photos. "Ours are the stand-outs," she says.

And for good reason. Joining a growing number of New Yorkers, Ms. Ashley hires a professional window-box specialist to refill her planters with fresh posies every season.

Her gardener, Maggy Geiger, the city's self-proclaimed "Window Box Queen," says she got into the business by necessity—it was the only way to launch a gardening service from her Manhattan apartment. She planted boxes at home and delivered them by taxi. Now, she and her crew at The Window Box install and maintain planters all over town.

New installations, including a 36-by-8-by-8-inch fiberglass planter with a variety of plants, start at about \$600 per box. Refills begin at about \$215 per box, including roughly \$75 for labor, says Ms. Geiger. Clients often request bulb flowers in the spring, tropical blooms for summer, harvest blossoms such as mums in the fall and evergreens for winter.

Some clients ask for specific flowers or colors to match the interior of the rooms overlooking the boxes. Others give the designer free rein. "I have no idea what's in there!" says Lynnae Schwartz, another client of Ms. Geiger's. "Pretty colors. Springtime exuberance!"

Given about \$70 and a cou-



Barry Turner, co-owner of The Window Box, installed a planter last week at a residence on Manhattan's Upper East Side.

ple of hours, you could create your own window box, of course. Are we really that busy, or helpless?

Florence Sheers, co-founder of Flo's Gardens in Brooklyn, says many homeowners don't know what plants will thrive best, or how to create arrangements in proportion to their facades and windows. Nor do they have access to much variety beyond the pantries at the farmers market.

Then there is the maintenance. An annual contract with Flo's Gardens, which starts at about \$2,000 for two window boxes, includes four plantings, weekly inspections to deadhead faded blooms, and spruce-ups.

"Every time our clients en-

tertain, we come the day before to make sure everything is in good condition," Ms. Sheers says.

What's more, some window boxes have gone high tech, with programmable irrigation systems that ensure clients never heft a watering can.

Coming soon, for those who don't even want to lift the phone—a window box subscription service.

Paul Kawoczka, who co-founded Enliven Planters in 2013, has 400 customers in the Philadelphia area who pay \$95 to \$135 per season to have their boxes automatically refilled. It is more affordable than a custom service, but the product is more standardized, says Mr. Kawoczka, who plans

to franchise along the East Coast. Clients get variations on a basic design featuring a tall, centerpiece "thriller," "filler" flowers such as impatiens, and "spiller" foliage like creeping jenny.

The showiest boxes in town, meanwhile, may be the work of Serhiy Mshanetskiy in Brooklyn Heights.

Mr. Mshanetskiy, who was a doctor in Ukraine, later worked as a home-health aide for a couple in Brooklyn. They taught him to garden.

While he doesn't advertise or have a website, he and his crew of four create window boxes for 75 clients.

"This year has been particularly bleak for a lot of reasons, and I just wanted color

and brightness and happiness when people walked by. I wanted it big," says client Susan Rifkin, whose towering, five-layer arrangements of hydrangeas, roses and pansies remind one of a wedding cake.

Mr. Mshanetskiy often serves several clients on one block, and ensures no two boxes look alike.

"God forbid," he says. "It's like two women coming to a party in identical dresses."

As for his rates? Lips are sealed. But Ms. Rifkin says it is worth it to see the smiles from passersby.

"This is one way," she says, "that we can be good neighbors."

anne.kadet@wsj.com



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GREATER NEW YORK WATCH

9/11

Memorial to Honor Sept. 11 Responders

The National September 11 Memorial & Museum said Tuesday it is adding a permanent dedication to recognize Ground Zero rescue and recovery workers.

Museum spokesman Michael Frazier said the cost, design and timeline for the dedication—which will be located on the memorial plaza—are still in the development phase.

The museum has long included in its programming and exhibits elements of the recovery effort, said Mr. Frazier. However, museum officials wanted something additional to recognize the rescue and recovery workers, he said.

He said the cost of the new dedication on the memorial plaza will be covered partly by New York state, with Michael Bloomberg, the former New York City mayor and National September 11 Memorial & Museum board chairman, picking up the balance through his philanthropy. A spokeswoman for Mr. Bloomberg's foundation confirmed that.

Benjamin Chevat, executive director of 9/11 Health Watch, an independent watchdog, said there are more than 77,000 9/11 responders and survivors participating in the World Trade Center Health Program, which provides medical monitoring and treatment for 9/11 responders.

—Melanie Grayce West

TRANSPORTATION

Amtrak Announces Service Cutbacks

Amtrak on Tuesday announced service changes and cutbacks for this summer, when it plans to make extensive repairs at New York's Penn Station.

Among the changes are reductions to service between New York and Washington, D.C., and between New York and Harrisburg, Pa. The premium Acela service will be unchanged.

—Associated Press

IN THE COURTS

Late N.Y. Lawmaker's Conviction Is Tossed

The conviction of a late New York state lawmaker on charges of lying to the FBI has been overturned by an appeals court.

The ruling by the Second Circuit Court of Appeals in Manhattan on Tuesday also ordered the \$50,000 in fines state Sen. Thomas Libous paid to his estate. The Republican was convicted in 2015 of lying about what prosecutors said was a scheme in which he arranged for a lobbyist to funnel \$50,000 to his son.

Mr. Libous died of prostate cancer after filing a notice to appeal the conviction. A legal doctrine known as abatement by death allows a felon's estate to move to have such a conviction vacated.

—Associated Press

LIFE & ARTS



AMERICA'S MOST coveted workplace item? A door to slam in co-workers' faces! The Journal's Vanessa Fuhrman reported last week that executives are tired of the egalitarian, open-floor planning craze, in which they are forced to share desk space, lunchtime aromas and even conversations with low-ranking employees, and are demanding a return to the era of private offices, where today's workplace leaders will be able to shut the door and save the company in blissful, creative silence. Or, nap.

Critics claim open floor-planning hasn't been the innovation-booster it was sold to be—all that insidious mingling instead led to distractions and low productivity, not to mention insufferable small talk about CrossFit.

The plea for private offices follows the backtracking of another modern workplace standard: remote employees.

Just recently, IBM boss Ginni Rometty blew on the corporate conch shell and called the company's thousands of remote workers back to the reef. The idea, IBM explained, is to bring all that talent together and build a collaborative workplace where innovation happens—at least until everyone gets sick of it, and demands private offices.

As someone who has worked remotely, and also at a desk, a cubicle, and, glamorously, an office with a window that looked directly into the window of the office bathroom, I see all sides here. To be honest, I'm perfectly capable of screwing around and not doing my work

If Offices Go Old School, I Need Booze

A retro twist in modern workplace culture has columnist Jason Gay considering his options. And cocktails.

while sitting at home, elbow-to-elbow with my colleagues, or behind a hermetically sealed door. I have days working at home when noon rolls around, and I have to remind myself I haven't put on pants. There are also days in the office I would do anything not to put on pants.

But if we're really turning back the clock here, to the retro American office environment, where status was conferred by getting your name etched on a door, and "remote worker" was just another term for "semi-employed," we should be demanding a few more things:

1. The return of the bar cart. Seriously. We need it. If our bosses are going to summon us back to headquarters, then promptly retreat to their wood-paneled lairs, the least they can do is return the good old-fashioned bar cart. I'm too young to have been in an office for the bar-cart's boozy prime, but I've heard all the stories about how great it was to hear those little

wheels rolling around 4:30 p.m., how everyone at work got so excited, like kennel puppies at feeding time. Of course, those pleasant bar-cart stories led to other, less pleasant bar-cart stories, which were a big reason why the bar cart went away. But why not give it another try? I'm not asking for much here. A bar cart in 2017 doesn't have to be the King Cole at the St. Regis. Just a modest cart with whiskey, bourbon, vodka, gin, tequila, rum, cognac, champagne, a selection of domestic and Europeans reds and whites, vermouth, triple sec, Midori, Frangelico, bitters, and all appropriate mixers and fruits. That's it. Maybe some mixed nuts.

(If you're a CEO, think about all the gloomy emails you have to send these days, telling workers about downsizing and budget reductions and how this year's holiday party will not take place at Applebee's, but in a parking lot behind the Applebee's. Now imagine what it will be like to send out an

email about the return of the bar cart, what a hero you will be in the office... for at least a couple hours, until everyone starts talking behind your back again. Do it!)

2. Smoking. Now I know what you're thinking: Hey, man, smoking cigarettes in the office is illegal. And it is. But so is microwaving fish in the break room, and your co-workers commit that crime every day. I am old enough to have begun in journalism when it was still acceptable to smoke in the newsroom, and I have fond memories of my beloved first editor standing over my shoulder, watching me type, telling me to move this word or that word, as the end of his Camel Light continued to burn and lengthen and finally ashing on my shoulder, whereupon he would brush it away like the father figure I hoped he was. I'm not complaining. It was status in our newsroom: We counted how many times we got ashed on.

I also remember offices with smoking rooms, and how those smoking rooms became, in effect, influential secret societies, with their own rules and gossip and even marriages. Employees took up smoking just so they could hang out in the smoking room. Talk about the collaborative spirit! Yes, there are some health concerns, but those blueberry scones in the morning meeting aren't going to lengthen your life, either.

3. Weekends. Yes: it's more likely we get smoking back than our weekends back. But no harm in asking. Working stiffs of a certain age will remember what it was like to leave the office on a Friday at 5 p.m.—or, hey, a Thursday at 4 p.m.—and not think a single thought about the office or anyone inside it until returning to the desk on Monday. What a perk it was! Today there are no boundaries; technology and guilt have conspired to make the weekend a hellish extension of the work week. And many of us have accepted it. We're such suckers! Remember when people used to send emails on a Saturday that read, "Sorry for emailing on a Saturday, but..."? Now nobody does that—even though we all know the truth, that everyone hates the interruptions, including the boss, and nothing ever gets accomplished by those weekend email chains except to give everyone a throbbing case of paranoia. I'm telling you, if the American workplace will just give me the weekend, I'll never ask for an office with a door, or anything else. Well, OK: the bar cart. I would really like that.

FILM

BATTLING HOLLYWOOD'S GLASS CEILING



Patty Jenkins, right, is the first woman to direct a Hollywood superhero film. Left, Gal Gadot as Wonder Woman.

BY MICHAEL SALFINO AND BEN FRITZ

WONDER WOMAN has battled genetically-engineered alien killing machines and the God of War. But now with director Patty Jenkins, she's at the center of perhaps her toughest battle to date: Hollywood's glass ceiling.

Ms. Jenkins is the director of Warner Bros.' "Wonder Woman" opening June 2,

starring Israeli actress Gal Gadot. It's the first movie focused on a female superhero since 2005's "Elektra" and Ms. Jenkins is the first woman to ever direct a Hollywood superhero film.

The movie is high-stakes enough simply because it comes after Warner last year released two movies featuring its DC Comics super-heroes, "Batman v Superman" and "Suicide Squad," that performed well at the

box office but were reviled by critics and fans. Its success or failure will inevitably also become part of ongoing debates in Hollywood about representations of women on screen and their inclusion behind the camera.

This is hardly surprising given that just 7% of directors of the top 250 grossing films of 2016 were women, according to a San Diego State study. That's down from 9% in 2015. The

Please see FILM page A13

LIFE & ARTS

MY RIDE | By A.J. Baime

Can't Afford a Shelby? Just Build Your Own



Paul Martin, a commercial set designer from Los Angeles, with his recreation of a 1964 Shelby Cobra Daytona Coupe. A big Ford V-8 engine sits under the raised hood, above.

ation of the 1964 car.

For the chassis and body, I hired craftsmen in Poland who work at a former MiG jet fighter factory there. They spent some 3,000 hours on the project, working from original drawings and photographs. Meanwhile, I found parts all over the U.S. and Europe. If I could not find the exact part I needed, I had it fabricated.

I had a period-correct 289 Ford racing engine built. The brake cooling ducts, the four-speed transmission, Weber carburetors—everything had to match the original car, down to the dashboard switches and even the style of lettering above them. The major difference between the old and new car? Mine is street legal.

Part of the fun was documenting this on Facebook. Throughout, I posted photographs of the progress. By the end, I had tons of people following the journey.

When I completed the car in 2016, members of a Shelby club threw an unveiling party in Beverly Hills. Special guests included the Cobra Daytona Coupe's original designer Peter Brock, who signed the dashboard, and Allen Grant, a racing driver who competed in the original car in the 1960s. It was truly incredible.

The vehicle probably cost me a half-million dollars. I drive it to events, to the beach and through the mountains. It's a raw race car for the street, capable of 200 mph. Sitting in it with the engine revving, you feel like you're inside a snare drum. It's that loud. My wife calls it noisy, scary, dirty and frightening. I call it a work of art.

Contact A.J. Baime at Facebook.com/ajbaime.

DAVID WALTER BANKS FOR THE WALL STREET JOURNAL



The designer of the original 1960s Shelby Cobra Daytona Coupe, Peter Brock, signed the dashboard.

Paul Martin, 48, a commercial set designer from Los Angeles, on his 1964 Shelby Cobra Daytona Coupe recreation, as told to A.J. Baime.

In the early 1960s, a car designer named Peter Brock, working for Carroll Shelby's **Shelby American** racing team, designed the Shelby Cobra Daytona Coupe. It became the first car from an American team to win the 24 Hours of Le Mans, in its class, and a year later, it was part of the Shelby American team that won the FIA world championship. Only six were built. Today, they are among the most sought-after collector cars in the world.

Since I did not have the millions it would take to buy one, I decided to build my own. My wife and my friends thought I was mad, which is probably true. Three-and-a-half years ago, I set out to build an exact recre-

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LIFE & ARTS

CULTURAL COMMENTARY

Billy Strayhorn's Unsung Genius

BY JOHN EDWARD HASSE

DUKE ELLINGTON led the greatest jazz orchestra for 50 years, and for 27 of them Billy Strayhorn was his indispensable musical partner. Strayhorn composed its exuberant theme song, "Take the 'A' Train," co-authored the perennial "Satin Doll," and wrote more than 100 other works. Theirs was a different-drummer collaboration, one of the most unusual in musical history. Now, on the 50th anniversary of his death, it's time to give Billy his due.

They worked together in three ways. Some pieces, like "A Flower is a Lovesome Thing," were wholly written by Strayhorn. As if handing arias to his favorite soprano, Strayhorn wrote a number of ballads to feature Ellington's star alto saxophonist, Johnny Hodges, including the haunting "Passion Flower" and the ravishing "Isfahan."

Sometimes working over the phone, the two composers wrote pieces such as "C Jam Blues."

And in suites such as "Such Sweet Thunder" and "Far East Suite," the individual movements had separate authors. The collaborative composing of Strayhorn with Ellington is extremely rare, if not downright unprecedented in orchestral music.

So crucial was Strayhorn to the building of Ellington's repertoire that many of the original compositions are yin-yangs, the result of two contrasting creative forces coming together. Unlike Ellington, Strayhorn was well-trained in European classical music and brought his own sensibility and style, as in his impressionistic tone poem, "Chelsea Bridge" (1941). Ellington's sound was rooted more deeply in the African-American vernacular of ragtime and blues—for example in his well-disguised minor-key blues, "Ko-Ko" (1940).

Yet, even 50 years after his passing, Strayhorn's name is, I would guess, not even one-tenth as familiar as Ellington's to people other than jazz aficionados.

In their personal lives, the two were opposites. While the handsome, charismatic, 6-foot-1-inch Ellington moved through life with dash and theatricality, charming women and manipulating people,



On the 50th anniversary of his death, it's time to give the composer (above, at right, with Duke Ellington) his due.

GEORGE RINHART/CORBIS/GETTY IMAGES

the cherubic Strayhorn was 16 years younger, 10 inches shorter, soft-spoken, modest and gay. Despite these differences, they formed an exceedingly close musical relationship that ended only with Strayhorn's death, at age 51.

That relationship was complicated. Strayhorn seemed to need a father figure—that was the domineering Ellington who loved and accepted him and provided a home base for his enormous creativity. But Strayhorn wanted credit for his creativity and eventually grew angry with Ellington's stinginess with attribution. At a crucial dinner in 1956, Billy demanded equal billing—and Duke agreed.

Why was Strayhorn a shadow figure in the Ellington story for so long? Ellington, with his large ego and controlling personality, was, at best, careless at assigning composer credit and royalties to Stray-

horn. Shy and retiring, Strayhorn avoided the limelight. Ellington's late-career publicist Joe Morgen was antigay and diligently kept Strayhorn's name out of the press. Prejudice prevailed. Some record producers preferred the simplicity of a single name on an album.

A lack of primary sources had long hindered scholarly assessment. But in the 1990s, the Smithsonian Institution began cataloging and making available the Duke Ellington Collection, a treasure newly acquired from Duke's son, Mercer, of some hundred thousand pages of unpublished scores and parts written by Ellington and Strayhorn and a few other collaborators. This sparked an Ellington renaissance, opened up access to Strayhorn's handwritten manuscripts, and enabled authoritative insight into the contrast in their styles and who wrote what.

In 1990-93, when I was writing

my biography of Ellington, the basic research on Strayhorn hadn't been done. Since then, three works have appeared that have considerably raised his critical standing: David Hajdu's pioneering "Lush Life: A Biography of Billy Strayhorn" (1996), Walter van de Leur's scholarly "Something to Live For: The Music of Billy Strayhorn" (2002), and Robert Levi's revealing PBS documentary "Billy Strayhorn: Lush Life" (2007).

And work on Strayhorn goes on. The Strayhorn family repository of original manuscripts has helped unveil heretofore unknown compositions. In the year 2000 alone, Strayhorn Songs copyrighted 200 newly discovered titles.

Beyond his output for Ellington, Strayhorn moved in other intriguing orbits. Before joining Ellington, Strayhorn composed classical-sounding pieces and a successful musical revue, "Fantastic Rhythm."

In the 1940s, he became the soul mate of singer Lena Horne and worked with her in the civil-rights movement of the 1960s. And he composed a number of pieces totally independent of Ellington, most notably the arresting, world-weary ballad "Lush Life"—one of America's premier popular songs—written when he was a teenager.

Ellington deeply loved, admired and depended on Strayhorn. Three months after his passing, the Ellington orchestra began recording a sorrowful, sometimes angry, tribute album made up almost entirely of Strayhorn compositions, "...And His Mother Called Him Bill"—one of the band's finest works. It's well worth a listen. Let's finally give Billy his due.

Mr. Hasse is Curator of American Music at the Smithsonian and author of "Beyond Category: The Life and Genius of Duke Ellington."

FILM

Continued from page A11
study also found that just 17% of editors, 13% of writers and 5% of cinematographers last year were women—and those are the professions where many directors typically first prove themselves. Female actors did account for 37% of major characters, up three points from 2015 and a recent high.

In the superhero genre, which currently dominates Hollywood, the numbers are far worse. A growing chorus of fans have complained that female characters aren't given the spotlight enough. "Captain Marvel," due in 2019, will be the first film from Disney's Marvel Studios to focus on a superheroine, after 20 prior ones focused on men or teams. It will be directed by the duo Anna Boden and Ryan Fleck, marking the first time Marvel has made a film with a female director.

Female directors sometimes drop out of projects due to creative differences, as happens frequently to men too, but the splits often get more attention because of the paucity of women making movies.

Marvel talked to "Selma" director Ava DuVernay about directing next year's "Black Panther," but she split due to differing visions for the movie from the studio. Ryan Coogler, director of "Creed," ultimately directed the film.

Ms. Jenkins, meanwhile, came close to directing 2013's "Thor: The Dark World" for Marvel, but she parted ways, also citing creative differences and was replaced by Alan Taylor.

Her career is emblematic of the struggles many female filmmakers have faced in Hollywood. After directing 2003's "Monster," which won Charlize Theron an Oscar for best actress, Ms. Jenkins worked in TV, including prestige assignments like "Entourage" and "The Killing," but didn't get another feature film to the finish line until "Wonder Woman," that's nearly a 14-year gap.

She says cancelled projects and

pregnancy also contributed to her absence and that she continued to work in television. "But now I'm back to my true love, movies."

No director who oversaw a Best Actress or Actor Oscar since 1999 has waited so long between films. The second- and third-longest waits for a follow-up assignment also belong to women directors. Kimberly Peirce had a nine-year gap between "Boys Don't Cry," which won Hilary Swank a gold statue, and Ms. Peirce's next film, "Stop-Loss." And British stage director Phyllida Lloyd hasn't returned to the



WARNER BROS.

Gal Gadot and Patty Jenkins on set.

silver screen since helping Meryl Streep win Best Actress in 2011 for "The Iron Lady."

The average gap between films for the men who have directed their leading actors to an Oscar during that stretch is under three years compared to nearly 10 years for the three women.

With a budget well above \$100 million, "Wonder Woman" is the biggest sole-action movie ever directed by a woman. Early reviews of the movie have been positive and a sequel is likely if box office returns are robust. At the moment though, 13 superhero movies are scheduled for release in the next two years and with the exception of "Wonder Woman" and "Captain Marvel," all of them feature teams or men alone and will be directed by men.

—Christopher John Farley contributed to this article.



YOUR HEALTH | By Sumathi Reddy

JUST ONE DRINK CAN HARM

GETTY IMAGES

BOTTOM'S DOWN: A new report finds that drinking even one glass of alcohol a day increases the risk of developing breast cancer.

The type of alcohol doesn't matter—wine, beer and hard liquor all pose the same risk.

The report, a joint effort of the American Institute for Cancer Research and the World Cancer Research Fund, was a review of 119 studies looking at how diet and physical activity impacts the risk of developing breast cancer in pre- and postmenopausal women. The studies included data on 12 million women and 260,000 breast cancer cases. The studies don't show that alcohol causes breast cancer, but they do show an association or link.

A small glass of wine or beer a day—with about 10 grams of alcohol content—increases the risk of premenopausal women developing breast cancer by 5% and postmenopausal women by 9%, the authors concluded. A standard drink has 14 grams of alcohol.

"One thing that surprised me was that even at such a low level, drinking alcohol was statistically significant," said Anne McTiernan, a cancer prevention researcher at Fred Hutchinson Cancer Research Center in Seattle, and lead author on the report.

Experts aren't clear on why alco-

hol increases the risk of breast cancer. One theory is that alcohol increases the levels of estrogen in the blood, which is a risk factor for developing breast cancer. Also, alcohol can damage DNA, which is a precursor to cancer.

Susan K. Boolbol, chief of breast surgery at Mount Sinai Beth Israel in Manhattan, noted that pooling many studies can lead to an imperfect analysis. The studies are retrospective so they involve asking women how much they drank, which isn't always reliable data.

She said the important message is that all types of alcohol are equally harmful. "I have this discussion with patients all the time," she said. "They say, 'I only drink wine, or I only drink beer, and that doesn't count.' This was very, very specific that it does."

Still, she said it is unrealistic to recommend to patients that they completely abstain from alcohol. "We have to be reality-based," she said. "Once we start saying 'don't do this, don't do that,' we lose patients. They stop listening. So I think it's about moderation."

Other takeaways from the report: Vigorous exercise lowered the risk of developing breast cancer by 17% in premenopausal women and 10% in postmenopausal women compared with women who were

the least active.

Even general physical activity, such as gardening, helps. Postmenopausal women who were active were linked to a 13% lower risk of developing breast cancer, whereas there was no statistically significant benefit for premenopausal women.

The difference between the benefits of exercise for pre- and postmenopausal women surprised Therese Bevers, medical director of the cancer prevention center at MD Anderson Cancer Center in Houston. "I even found myself giving a different recommendation yesterday to one of my patients who is premenopausal," said Dr. Bevers. She told the patient that it is really vigorous exercise that is linked to reducing the risk of breast cancer, whereas moderate exercise may not confer the same benefit.

Being overweight or obese was associated with a greater risk of breast cancer in postmenopausal women, according to the study.

Surprisingly, in premenopausal women, overweight and obese women had a decreased risk of developing breast cancer. But experts say that doesn't translate into recommending weight gain for such women, which comes with increased risks for many other health conditions.

OPINION

Social Media CEOs in the Dock



BUSINESS WORLD
By Holman W. Jenkins, Jr.

It often falls to CEOs, usually young ones, to lead society's adjustment to life-altering technologies. Thomas Edison didn't just invent the lightbulb and a practical electrical distribution system. He had to teach people what electricity was for, and how not to be afraid. An early failure was setting fire to Henry Vanderbilt's house, after which Mrs. Vanderbilt refused to return until Edison removed his generator.

On Mark Zuckerberg falls the onus to adjust us to the downsides of social media. In every particular, there is nothing new here. People have committed crimes for publicity before. The media have dwelled on the details to satisfy our prurience before.

Consider the irony today of press accounts that lovingly recount a handful of rapes, beatings and murders staged for social media, then wring their hands over our appetite for such details.

Mr. Zuckerberg is told he must develop algorithms to protect the public from such material (or buck up the existing media monopoly on it), which in practice will mean developing algorithms to protect Facebook's brand from what some of its users choose to do with its technology.



POLITICS & IDEAS
By William A. Galston

I visited the Czech Republic last week for the first time in more than two decades. It was not an entirely happy return.

In 1995 I could still pass for young, and Europe was young again. As we convened in Prague for an international conference on civic education, everything seemed possible.

If history had not quite ended, it was moving in the right direction, and more rapidly than sober analysts had thought possible. With Vaclav Havel in the Castle, the idealists had turned out to be the true realists.

Prague was still struggling to remove the accumulated grime of four communist decades, but the surface didn't matter. Spirits were high. Music was everywhere, in churches as well as bars, announced on huge placards that magically appeared each morning before breakfast. Students thronged the squares. The ancient buildings were more than reminders of the past; they had become part of a new drama written and staged by a generation that had prevailed against all odds.

As Wordsworth wrote of a similar moment: "Bliss it was in that dawn to be alive, But to be young was very heaven!"

I landed in Prague this time under different circumstances. The surface was gleaming, but

the spirit had darkened. Milos Zeman, the current Czech president, has adopted Vladimir Putin's analogy between Kosovo's independence and the annexation of Crimea; Mr. Zeman calls the conflict in Donbass a "civil war between two groups of Ukrainian citizens." Like populists everywhere, he sharpens longstanding ethnic tensions for short-term electoral advantage. Students and intellectuals who spearheaded the Velvet Revolution sporadically demonstrate against him.

As I walked the streets, I saw throngs of tourists for whom Prague was a charming visual backdrop and a fine place to shop. *Dulce et decorum* had given way to Dolce & Gabbana. The Prague Spring had become a museum exhibit; the lines were short.

Along the banks of the river, Chinese brides shivered in their thin white wedding dresses as videographers barked orders. As I looked down from the Gothic-era Charles Bridge to the waters below, I pondered, not for the first time, the ancient wisdom of Heraclitus: *panta rhei*—everything flows. We cannot step into the same river twice; certainly not the Vltava.

But I was not in Prague to lament a vanished past. Under the auspices of the National Endowment for Democracy and Forum 2000 (an organization Havel co-founded in 1996), a group of scholars and activists from around the world convened to explore current threats to democratic

institutions and strategies for countering them.

Despite our differences, we agreed on the big picture. The democratic wave that began in 1974 crested in 2006, and democracy has been on the defensive ever since. Democracy is now challenged from without, by increasingly self-confident and aggressive autocracies, and also from within, by ethnic antipathies, terrorism and sclerotic political institutions.

These internal forces

What would be truly useful, of course, is an algorithm to identify those Facebook users likely to commit such crimes beforehand.

Travis Kalanick, the much vilified CEO of Uber, is next up the hierarchical scale of CEOs whose business involves a heavy dose of social responsibility. If not in every one of his actions, in his generally feisty and heedless demeanor, he's the chief needed by a company that offers the public a service of huge and transformative value that is opposed by a phalanx of retrograde, self-protecting vested interests and their political handmaidens.

He has been vilified for arguing with one of his drivers as an equal rather than as a small and vulnerable child, which is apparently how many in the media believe tech billionaires should be required to relate to the rest of us.

He has been vilified for a software program, Greyball, that helped protect a service of great value to passengers and drivers from entrapment by bureaucrats seeking to shut it down.

Mr. Kalanick certainly needs to adjust his persona for the conflicting demands on a CEO. He perhaps is already trading notes with Brian Chesky, the comparatively invisible head of Airbnb, which combines a similar need to be nicey-nice for the consuming public with an unrelenting readiness to fight for its right to exist.

Such experiments are transitional, naturally, but they point to a paradox. For the elderly, the disabled,

children and others for whom a self-driving car would be a godsend, it will be less of a godsend if it doesn't also come with a human to help them get in and out with their baggage.

Then there's an even more destabilizing paradox: Exactly the same technology that allows a self-driving car to find its way through the physical world will also make it unnecessary for people to move through the physical world.

The machine vision and real-time mapping that will let your car navigate to the Kwik-E-Mart will also transport you instantly to San Marco Square in Venice in all its glory. It will let you shop the aisles of a supermarket whose selection and layout are customized entirely for you. It will let you join friends for cocktails in Sydney without leaving Detroit.

But at least the self-driving Tesla in your garage will mean jobs for coal miners to keep it juiced with electricity for the trips it increasingly won't be taking.

Our social world surely will be transformed by technologies being born today, and in ways we don't grasp as well as we think we do. In the meantime, Mr. Zuckerberg might borrow an idea from Hollywood. He could just put an R rating on certain Facebook content in much the way the movie industry once used R ratings to signal to minors which films might be especially interesting to see.

Ask Edison: Life-altering technologies come with a big dose of fear.

of a universal, taxpayer-funded basic income to support a future humanity consisting mostly of the non-employed.

Mark Fields, recently fired chief of Ford, some have tried to turn into the lightning rod CEO we need. But perhaps we are getting ahead of ourselves. Google recently began recruiting volunteers for an experimental-vehicle program in the Phoenix area. Like other such pilot programs, Google's self-driving car will come with a Google employee to keep a hand on the wheel.

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From without and within, democratic institutions and ideals are under threat.

have built support for what Hungary's Viktor Orban memorably dubbed "illiberal democracy"—an unfettered majoritarianism that is hostile to minority rights and political liberties and is conjoined with broad executive powers.

Though vitally important, free and fair elections are only a part of what we must now defend. We must also shine an urgent spotlight on would-be autocrats' use of majoritarianism to attack the outer ramparts of liberal democracy—constitutional courts and the rule of law; political freedoms of speech, press, assembly and association; and the rights of individuals and minority groups, including freedom of religion and conscience.

We agreed on another key

point: Although some citizens

will value democracy as an intrinsic good, come what may,

most will judge it by its performance over time.

When economic growth slows and traditional sectors decay, when household incomes stagnate and large numbers of young adults cannot find jobs, when floods of immigrants and refugees appear to threaten the prosperity, security and even identity of longtime citizens,

doubts about democracy's capacity to meet public needs

are bound to deepen. If existing domestic and international institutions are seen as standing in the way of effective responses, demands for political change will only intensify.

We agreed, finally, that while each country must work out its own solutions, a new organization—an international coalition for democratic renewal—can help provide a more supportive context for these national efforts. Such an organization could help revitalize the democratic ideal, wage the battle of ideas against democracy's adversaries, and serve as a forum for exchanging ideas across national borders about the best ways of meeting today's challenges to liberal democracy.

We memorialized our agreement in the "Prague Appeal," to be released this week. As we adjourned, mindful of the magnitude of the task we confronted, we drew strength from those who preceded us. As Havel once said, "The only lost cause is one we give up on before we enter the struggle."

Unpredictability in climate and resources, Mr. Ungar emphasizes, has made us a species adapted to variation.

Drawing from the work of researchers like Elisabeth Vrba and Rick Potts, he underscores how environmental shifts influence our evolution just as they have for other animals. The invention of culture did not somehow free us from nature. Our existence and continuing evolution are still influenced by shifts in climate and their effects. Humans didn't become locked into just one narrow mode of life but rather became a flexible species as comfortable above the Arctic Circle as on the equator. "Climate change," he writes, "drove human evolution, in large part by swapping out food options available on the biospheric buffet."

This new story—that humans became adapted to the variability of the world rather than any one set of conditions—hasn't had time to become pop-culture canon just yet. Images of Man the Hunter stepping out onto the savanna in search of big game still dominate. "The story used to be simpler," Mr. Ungar writes, when it seemed that "the spreading savanna coaxed our ancestors down from the trees, and the challenges it brought made them human." All the same, the mounting swell of research doesn't show a slow and steady transition from a chilly Ice Age world to the warmer one we know today. Instead, Mr. Ungar points out, temperatures dipped and spiked in a haphazard pattern prior to our influence on the climate, having an overall trajectory that we can detect now but that probably would have seemed simply chaotic to the people and creatures living through it.

Of course, researchers can hardly write about prehistoric eating habits these days without saying a word or two about the paleo-diet fad. Paleoanthropologists haven't said much to recommend the trend. That's because, as Mr. Ungar notes, there was no single diet for ancient *Homo sapiens*. People generally ate what was available in the area, whether that was shellfish, bovid meat (cows and their ancestors) or, probably to the horror of modern paleo-diet devotees, starchy tubers that were present all year round. The very term "paleo diet," Mr. Ungar writes, is a misnomer, since there wasn't any one such thing. "We did not evolve under one specific set of circumstances, so there is no single ancestral human diet for us to emulate," he concludes. Not to mention that Ice Age people weren't eating grilled eggplant salad and honey apricot pork chops. Try a handful of acorns and a lizard, if you can catch one.

The founding philosophy of the paleo diet is that we are Ice Age people trapped in a modern world—that our evolution has halted and that we should be living hunter-gatherer lives among the city blocks. But the truth runs contrary to the trend. Not only are we still evolving, but genetic evidence shows that we're undergoing a quick evolutionary burst, particularly in relation to food. Lactose tolerance—the ability to digest the sugar in milk—has developed in human adults only in the past 20,000 years, for example. It was our flexibility to changing conditions that brought us here, and that's the tooth.

Mr. Switek is the author of "My Beloved Brontosaurus: On the Road With Old Bones, New Science, and Our Favorite Dinosaurs."

Mr. Cianciolo is chief editor of Emerson & Church Publishers in Medfield, Mass.

Over five years, the company

produced 17,000 unpretentious, move-in-ready houses. They contained two bedrooms, a living room, a kitchen, a bathroom, an "expansion attic" and floors with radiant heat.

Initially these 750 square-

foot bungalows were only for

rent to veterans for \$65 a

month, though tenants could

buy after one year for \$6,990

(or about \$80,000 today). After

the Housing Act of 1948 became law, the Federal Housing Authority loosened credit and offered many Americans

the chance to purchase a

home with a 30-year mortgage

and only 5% down. The New

York Herald Tribune reported

that half of Levittown's prop-

erties were snapped up within

two days of becoming avail-

able.

Paul Manton, president of

the Levittown Historical Soci-

ety, told me earlier this year

that now "there are maybe five

of six homes scattered through-

out the area that still look

something like they did in

1947." But even these houses,

says Mr. Manton, have under-

gone some changes. The 2010

census put Levittown's popula-

tion at under 52,000, down

from its estimated postwar

high of 65,000. The median sale

price for homes sold in January

was \$380,000, according to the

real estate website Trulia.

Seventy years after Levit-

town welcomed its first resi-

dents, the U.S. remains largely

suburban. In America's 50

largest metropolitan areas,

79% of the population lives in

surrounding suburbs, accord-

ing to a 2016 study by the Ur-

bain Land Institute. And some

75% of Americans 25 to 35 live

in suburbs.

Former New York City

Mayor Ed Koch once said,

"Have you ever lived in the

suburbs? It's sterile. It's noth-

ing. It's wasting your life." Mil-

lions would beg to differ.

To shave costs further, and

to feed their ravenous appetites for lumber, Levitt & Sons bought a forest in Oregon.

Then they built a sawmill that

cut boards to their exact spec-

ifications. Cement was mixed

on-site in Levittown, and ap-

pliances were purchased di-

rectly from manufacturers.

They even made their own

nails.

Over five years, the company

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Initially these 750 square-

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OPINION

America First Doesn't Mean America Alone

By H.R. McMaster
And Gary D. Cohn

President Trump just returned from nine days in the Middle East and Europe that demonstrated his America First approach to ensuring security and prosperity for our nation. America will not lead from behind. This administration will restore confidence in American leadership as we serve the American people.

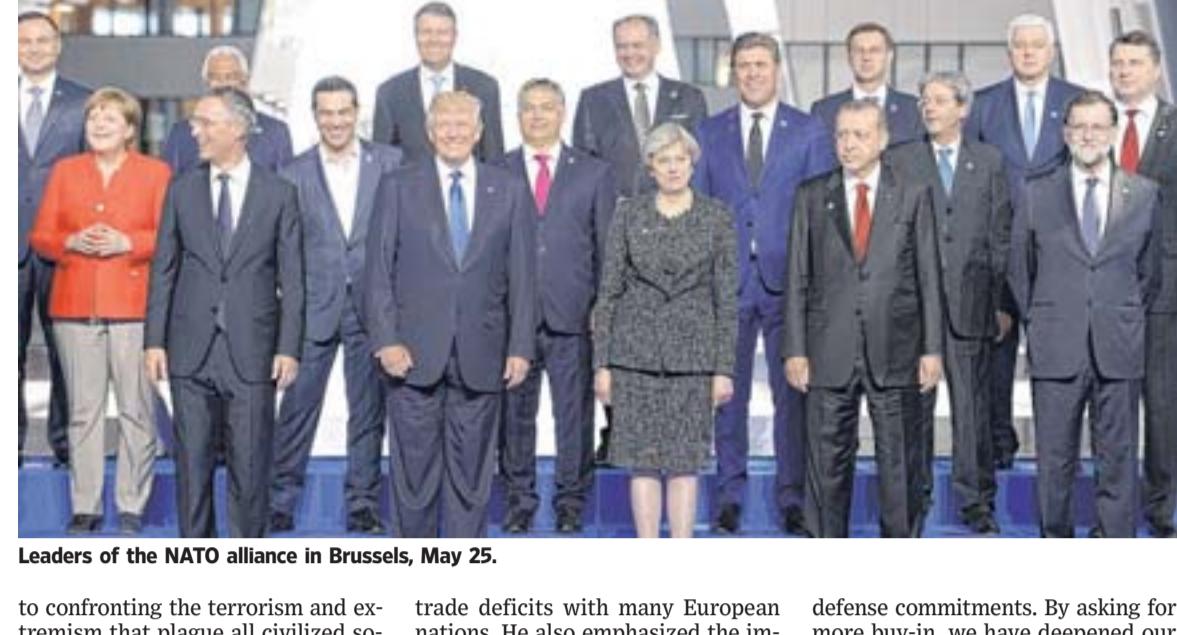
America First does not mean America alone. It is a commitment to protecting and advancing our vital interests while also fostering cooperation and strengthening relationships with our allies and partners. A determination to stand up for our people and our way of life deepens our friends' respect for America.

The president is unequivocal in declaring that America's primary interest is the safety and security of our citizens. In discussions overseas, Mr. Trump encouraged others to join the U.S. in doing more to defeat the

We are asking a lot of our allies and partners. But in return the U.S. will once again be a true friend.

terrorist organizations that threaten peaceful nations around the world. He challenged leaders of more than 50 Muslim-majority countries to stand together "against the murder of innocent Muslims, the oppression of women, the persecution of Jews, and the slaughter of Christians."

A strong stand against terrorism is consistent with values common across all the world's great religions. After the president's historic remarks, leader after leader of Muslim-majority nations reaffirmed the president's message and committed



GETTY IMAGES

Leaders of the NATO alliance in Brussels, May 25.

to confronting the terrorism and extremism that plague all civilized societies. To answer the call and address these grave concerns, Saudi Arabia launched a new Global Center for Combating Extremist Ideology, and several Middle Eastern nations signed a memorandum of understanding to create the Terrorist Financing Targeting Center, with the mission of cutting off funds to terrorist organizations.

Ensuring American economic prosperity is also critical to our national interests. In Saudi Arabia, President Trump helped facilitate \$110 billion in defense investments that will strengthen regional and American security and create American jobs. He also announced nearly \$270 billion in agreements with private-sector enterprises from the U.S., spanning the financial-services, energy, technology, mining and manufacturing industries. These efforts will enhance job creation and investment in America.

While meeting with European Union leaders in Brussels, the president reiterated his concern about our

trade deficits with many European nations. He also emphasized the importance of reciprocity in trade and commerce. Simply put, America will treat others as they treat us. At the Group of Seven in Taormina, Sicily, where President Trump further solidified his relationships with leaders of the world's largest market economies, the members came together in the official communiqué to stand firm "against all unfair trade practices" and to foster a truly level playing field.

Strong alliances and economically thriving partners are a third vital American interest. As the president stated in Brussels, the North Atlantic Treaty Organization is rooted in "the courage of our people, the strength of our resolve, and the commitments that bind us together as one." While reconfirming America's commitment to NATO and Article 5, the president challenged our allies to share equitably the responsibility for our mutual defense. We came away with new outcomes for the first time in decades: More allies are stepping up to meet their

defense commitments. By asking for more buy-in, we have deepened our relationships. That is not surprising. Alliances based on mutual respect and shared responsibility are strong. And strong alliances bolster American power.

In Israel, the president affirmed that a secure, prosperous and democratic Jewish state is central to American interests in the region. The president also met with Palestinian leadership because he understands the importance of American engagement in the pursuit of a historic peace deal between Israelis and Palestinians.

We are asking a lot of our allies and partners. But in return America will once again be a true friend to our partners and the worst foe to our enemies. The president's visit showed the power of both competing to advance interests and engaging to develop relationships and foster cooperation. We have a vital interest in taking the lead internationally to advance American military, political and economic strength.

We engage with the world not to impose our way of life but to "secure the blessings of liberty for ourselves and our posterity." That means identifying the interests and principles that make America uncommon and advancing them in the Middle East, with our NATO allies, with the G-7 nations and beyond.

The president embarked on his first foreign trip with a clear-eyed outlook that the world is not a "global community" but an arena where nations, nongovernmental actors and businesses engage and compete for advantage. We bring to this forum unmatched military, political, economic, cultural and moral strength. Rather than deny this elemental nature of international affairs, we embrace it.

At every stop in our journey, we delivered a clear message to our friends and partners: Where our interests align, we are open to working together to solve problems and explore opportunities. We let adversaries know that we will not only take their measure, deter conflict through strength, and defend our interests and values, but also look for areas of common interest that allow us to work together. In short, those societies that share our interests will find no friend more steadfast than the United States. Those that choose to challenge our interests will encounter the firmest resolve.

This historic trip represented a strategic shift for the United States. America First signals the restoration of American leadership and our government's traditional role overseas—to use the diplomatic, economic and military resources of the U.S. to enhance American security, promote American prosperity, and extend American influence around the world.

Lt. Gen. McMaster is the White House national security adviser. Mr. Cohn is director of the National Economic Council.

Why Do Taxpayers Get the Bill for a Union President's Pension?

By Alex Cortes
And Jarrett Skorup

The year was 1993. Bill Clinton had recently been elected president. A gallon of gas cost \$1.16, and the Chicago Bulls won the first of three consecutive National Basketball Association championships. Over in Lansing, Mich., a teaching assistant's dreams were about to come true as well.

This public employee, Steve Cook, was making a relatively low hourly wage at Lansing Public School District. But he had an opportunity to enter the private economy, where his new employer would pay him a lot more. Even better, he would be allowed to continue accruing taxpayer-funded pension benefits.

Why? This was no ordinary private employer. Mr. Cook was going to work for the Michigan Education Association, the state's largest teachers union. His new employer worked out a deal with the school district that made Mr. Cook an "educator on loan," a scheme that allows public employees to be paid by a government entity while being "loaned out"

to another organization. Under the arrangement, the district technically pays Mr. Cook's salary and the union reimburses the district. This allows him to accrue a much higher pension, by basing it on a far higher salary and many more years of service.

Richard Halik, the district's superintendent at the time, agreed to the request. "You want a positive relationship with the MEA," Mr. Halik said in a 2016 interview, explaining why he agreed to the deal that he expected to last only one year. "You pick the hill you die on. . . . We were going to be cooperative."

Nearly 25 years later the scheme is still going. And this is not unique. Michigan's largest teachers union has these types of agreements with its past three presidents, most of their current executives and even some low-level union employees. Dozens of people working full time for the private union are technically getting paid by a public school district.

It's not hard to see why union employees go for such a setup. The lucky ones get to boost their taxpayer-funded pensions by pretending that they are still public employees.

Since they are technically being paid by school districts—even though they work exclusively for a private union—union officials accrue benefits and stay eligible for Michigan's school-employee pension system. That system is \$29 billion underfunded, thanks in part to arrangements like this.

The Michigan Education Association keeps its employees technically 'on loan' from school districts.

Mr. Cook became president of the MEA in 2011. He is set to retire later this year. His current salary is more than \$200,000. While his pay was determined by the union, his paychecks still came from the Lansing school district. Had Mr. Cook stayed on as a teacher's assistant in 1993, his annual pension benefit in retirement would be around \$10,000, according to estimates by the Mackinac Center for Public Policy (which uncovered

the scheme). Instead, Mr. Cook is in line to receive an annual pension of at least \$105,000 for the rest of his life, at taxpayer expense.

The school district says it didn't intend for this to happen. But three words in Mr. Cook's "educator on loan" contract prohibit the district from terminating the arrangement. The contract, according to language contained in it, "shall be renewed." Since there is no end date specified, the union claims the arrangement remains in perpetuity—and it has.

Union officials in Michigan and throughout the country benefit from these and other schemes. "Release time" arrangements enable public employees such as teachers to work full time for their unions, while still receiving their full school salaries and benefits. In Michigan, at least 70 school districts spend millions offering this benefit to union officials.

Last year, the Arizona Supreme Court upheld one such arrangement after the Goldwater Institute challenged it under the state's constitutional "gift clause" provision. In California everyone from janitors to schoolteachers to college professors takes union release

time, paid for by taxpayers, and the California Legislature actually expanded the practice in 2013.

The Office of Personnel Management tracks release time for federal employees. Its most recent report in 2014 showed that union employees logged 3.4 million hours of release time, at a cost of more than \$162 million. In the Veterans Affairs Department alone, employees took more than a million hours of leave time.

Using taxpayer money to pay for union activities and private pensions should outrage anyone interested in efficient and effective public services. Taxpayers are on the hook twice—once to pay for the released worker and again to pay for a replacement employee. There's no legitimate reason why governments should provide these types of extra benefits to unions and their officials. States and the federal government should end these schemes.

M. Cortes is vice president of content development at the radio program "Our American Stories." Mr. Skorup is a policy analyst at the Mackinac Center for Public Policy.

The Campus Mob Came for Me—and You, Professor, Could Be Next

By Bret Weinstein

In Olympia, Wash., I was not expecting to hold my biology class in a public park last week. But then the chief of our college police department told me she could not protect me on campus. Protestors were searching cars for an unspecified individual—likely me—and her officers had been told to stand down, against her judgment, by the college president.

Racially charged, anarchic protests have engulfed Evergreen State College, a small, public liberal-arts institution where I have taught since 2003. In a widely disseminated video of the first

recent protest on May 23, an angry mob of about 50 students disrupted my class, called me a racist, and demanded that I resign. My "racist" offense? I had challenged coercive segregation by race. Specifically, I had objected to a planned "Day of Absence" in which white people were asked to leave campus on April 12.

Day of Absence is a tradition at Evergreen. In previous years students and faculty of color organized a day on which they met off campus—a symbolic act based on the Douglas Turner Ward play in which all the black residents of a Southern town fail to show up one morning. This year, however, the formula was reversed.

"White students, staff and faculty will be invited to leave the campus for the day's activities," the student newspaper reported, adding that the decision was reached after people of color "voiced concern over feeling as if they are unwelcome on campus, following the 2016 election."

In March I objected in an email to all staff and faculty. "There is a huge difference between a group or coalition deciding to voluntarily absent themselves from a shared space in order to highlight their vital and underappreciated roles . . . and a group or coalition encouraging another group to go away," I wrote. "On a college campus, one's right to speak—or to be—must never be based on skin color."

My email was published by the student newspaper, and Day of Absence came and went almost without incident. The protest of my class emerged seemingly out of the blue more than a month later. Evergreen has slipped into madness. You don't need the news to tell you that—the protesters' own videos will do. But those clips reveal neither the path that led to this psychosis, nor the cautionary nature of the tale for other campuses.

Evergreen is arguably the most radical college in the country—and while it does lean far to the left in a political sense, it is the school's pedagogical structure to which I refer. Rather than placing students in many separate classes, most of our curriculum is integrated into full-time programs that may run the entire academic year. This structure allows students and professors to come to know each other very well, such that Evergreen can deliver a

deep, personally tailored education that would be impossible elsewhere. When it works well, it is unlike anything else. Last week's breakdown of institutional order is far from an indictment of our founder's wisdom.

Rather, the protests resulted from a tension that has existed throughout the entire American academy for decades: The button-down empirical

Whites were asked to leave for a 'Day of Absence.' I objected. Then 50 yelling students crashed my class.

a central role in the college's governance, would never have agreed to these changes. So Mr. Bridges tampered with the delicate balance between the sciences and humanities by, in effect, arming the postmoderns.

The particular mechanism was arcane, but it involved an Equity Council established in 2016. The council advanced a plan that few seem to have read, even now—but that faculty were nonetheless told we must accept without discussion. It would shift the college "from a diversity agenda" to an "equity agenda" by, among other things, requiring an "equity justification" for every faculty hire.

The plan and the way it is being forced on the college are both deeply authoritarian, and the attempt to mandate equality of outcome is unwise in the extreme. Equality of outcome is a discredited concept, failing on both logical and historical grounds, as anyone knows who has studied the misery of the 20th century. It wouldn't have withstood 20 minutes of reasoned discussion.

This presented traditional independent academic minds with a choice: Accept the plan and let the intellectual descendants of Critical Race Theory dictate the bounds of permissible thought to the sciences and the rest of the college, or insist on discussing the plan's shortcomings and be branded as racists. Most of my colleagues chose the former, and the protesters are in the process of articulating the terms. I dissented and ended up teaching in the park.

Bret Weinstein is a biology professor at the Evergreen State College.

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WORLD NEWS

Family Loses Seven in Egyptian Attack

Ambush of Coptic tour bus hits Illinois residents; 'may the Lord forgive them'

BY DAHLIA KHOLAIF

CAIRO—For Samia Morkous and her family, the trip to a Coptic Christian monastery was meant as a pilgrimage of gratitude for her husband's recovery from lung surgery. Then Islamic State gunmen ambushed the tour bus south of Cairo.

Her son Sameh opened the door of the small bus and then recoiled and fell back from shots to his head, said Mrs. Morkous. Several gunmen boarded the bus and demanded that the occupants recite the Muslim creed.

Those who refused—or who answered with Christian hymns—were immediately killed, Mrs. Morkous said at a Cairo hospital where she is recovering from bullet wounds to her thighs suffered in the Friday attack.

When it was over, Mrs. Morkous's husband, Mohsen; two adult sons; a teenage grandson; a 4-year-old granddaughter; and two other rela-



ROGER ANIS/DPA/ZUMA PRESS

Coptic priests at Egypt's St. Samuel Monastery on Saturday, a day after gunmen attacked pilgrims.

tives were among 30 people killed.

"We came to get blessings and rejoice with our children," Mrs. Morkous, who lives in Tinley Park, Ill., said of the trip to the ancient St. Samuel Monastery.

"It was like the world flipped upside down around

us," she said of the attack.

The couple were on their first trip to Egypt in nearly two years, after immigrating to the U.S. several years ago.

Mr. Morkous had successfully recovered from lung surgery and recently became a naturalized American citizen. He worked at a nephew's hair

salon in Country Club Hills, Ill., said Rev. Samuel Azmy, his priest at the St. George Coptic Orthodox Church. Mrs. Morkous, who is 56, holds a green card.

The ambush in Minya province, about 190 miles south of Cairo, was the deadliest terrorist attack ever on Egypt's

Coptic Christian minority. It marked the latest in a series of Islamic State attacks on Copts since December, including three bombings of Coptic churches that killed 70 people.

Egyptian President Abdel Fattah Al Sisi, facing increasing criticism from Copts who say he has failed to protect them, ordered rare cross-border airstrikes on militant camps in Libya in the wake of the attack.

The strikes were aimed at the Libyan city of Derna. Forces headed by a Sisi ally, Gen. Khalifa Haftar, say the city is home to armed groups linked to al Qaeda, but not Islamic State, which was driven out in 2015.

On Tuesday, the Libyan National Army said it had set up an operations room to coordinate airstrikes with Egypt. Spokesmen for both militaries declined to give more detail on the arrangement, including whether Egypt had launched any additional airstrikes after the initial round.

A spokesman for Mr. Sisi also didn't respond to messages and calls seeking comment. Mr. Sisi, in a televised speech following the Friday attack, said the gunmen had

trained in unspecified militant camps in Libya.

Visitors to Mrs. Morkous's hospital room kissed her hand, asking for her blessings and offering condolences. They told her that her family members were in a better place and marveled at an interview she gave to a local television station in which she said she is praying for the murderers.

She recalled the attack in a low voice and short sentences punctuated by deep breaths. "There was heavy gunfire," she said.

In an effort to save a relative who had a gun pointed at him, Mrs. Morkous said she removed her gold jewelry and handed it to a gunman. He shot her family member anyway.

"May the Lord forgive them," she said.

A family friend, Samuel Mokhtar, said Mrs. Morkous will return to the U.S. only if her daughters-in-law whose husbands were killed and her grandchildren who lost their fathers accompany her.

"She won't leave them behind," he said.

—Tamer El-Ghobashy and Shabani Mahtani contributed to this article.

Two Car Bombings in Baghdad Kill Dozens During Ramadan

BY GHASSAN ADNAN
AND BEN KESLING

BAGHDAD—Two car bombings in the Iraqi capital early Tuesday killed at least two dozen people and injured 60 others, Iraqi officials said, in attacks that targeted families during the holy month of Ramadan.

Islamic State claimed responsibility for a blast outside a popular ice-cream shop in Baghdad just after midnight that Iraqi officials said killed at least 14 people and injured 30 others. The Sunni extremist group said it sought to kill Shi-

ites in the Karrada neighborhood, which has been targeted by major bombings in the past.

In a separate attack, hours after the ice-cream shop explosion, a car bomb was detonated outside the main pension office in Baghdad, killing at least 10 people and injuring around 30, Iraqi officials said. No group claimed responsibility for the bombing.

After dark, a group of Mosul residents no longer under Islamic State control gathered to mourn the victims with a candlelight vigil.

People in the town of Hit, in Anbar Province, also gathered

to light candles in memory of the victims.

A man wearing a suicide vest detonated himself at a security checkpoint near the mourners in Hit, killing 14 and injuring 23, including a group of Iraqi soldiers and a colonel, according to Mohamed Mohammed al-Hiti, head of Hit's local council. No group immediately claimed responsibility for the attack.

The attacks came days after the Iraqi military began another phase of the campaign against Islamic State militants in the northern Iraqi city of Mosul after months of brutal

house-to-house combat.

"The Daesh terrorist group attacks people during Ramadan days, this is evidence of how evil this group is," Interior Minister Qassim al-Araji said, using another name for Islamic State. "Everything has a price and this is the price of freedom," he said.

The holy month of Ramadan is a time of prayer and spiritual reflection for many Muslims, who fast during daylight hours. Some extremist groups such as Islamic State, however, claim killing enemies is noble and more worthy during the period.



A blast struck near a government office in Baghdad on Tuesday.

KHALID AL-MOUSLY/REUTERS

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Pension Funds Decry Mylan Pay Packages

By JOANN S. LUBLIN

A group of institutional investors unhappy over high executive pay at **Mylan** NV are taking aim at six board members at the EpiPen maker.

Four major pension funds launched a campaign late Tuesday urging fellow Mylan shareholders to oppose the reelection of Chairman Robert J. Coury and five other directors at the company's June 22 annual meeting. Mr. Coury, Mylan's former chief executive,

received nearly \$100 million in 2016, when the company ignited a public furor over hefty price increases on its lifesaving allergy medicine.

Mr. Coury's pay package, among the largest disclosed for 2016, included a termination benefit of \$22.3 million. He switched from executive chairman to nonemployee chairman last year. For his current role, Mr. Coury gets a cash retainer of \$1.8 million a year along with other rewards. "Mylan's board reached

new lows in corporate stewardship in 2016, when it agreed to make extraordinary and egregious payments in 2016 and over the next five years" to Mr. Coury, the pension funds wrote in a letter to shareholders.

Mr. Coury also was "paid quite extravagantly" long after he stepped down as CEO in 2012, the letter added.

Mylan directors "designed executive compensation programs to drive continued execution against our strategy"

and aligned the compensation "with company performance and long-term shareholder value creation," a spokeswoman said. As of Tuesday evening, she said the company hadn't yet reviewed the letter.

The company previously said Mylan delivered strong financial performance during Mr. Coury's long tenure and that his new compensation package is aligned with the company's stock performance. Mr. Coury declined to comment.

New York City and New York

State pension funds plus the California State Teachers' Retirement System and PGGM, a Dutch pension fund, signed the letter. The investors own about 4.3 million shares of Mylan, which represents less than 1% of its shares outstanding.

The institutions also urged Mylan shareholders to reject the company's executive compensation plans because they say directors repeatedly approve "excessive pay" for top officers.

The campaign represents

more of a high-profile protest than a serious threat to Mylan directors, since all six directors are running unopposed. Besides Mr. Coury, the pension funds oppose the chairmen of two board committees.

One is Wendy Cameron, head of its compensation committee and a Mylan director since 2002. The second is Mark W. Parrish, who joined the board in 2009 and leads its compliance committee. Ms. Cameron and Mr. Parrish declined to comment.

Lunch Business Serves Up Less For Restaurants

Lack of time, higher menu prices steer customers away from sit-down dining

By JULIE JARGON

The U.S. restaurant industry is in a funk. Blame it on lunch.

Americans made 433 million fewer trips to restaurants at lunchtime last year, resulting in roughly \$3.2 billion in lost

THE NEW LUNCH business for restaurants, according to market-research firm NPD Group Inc. It was the lowest level of lunch traffic in at least four decades.

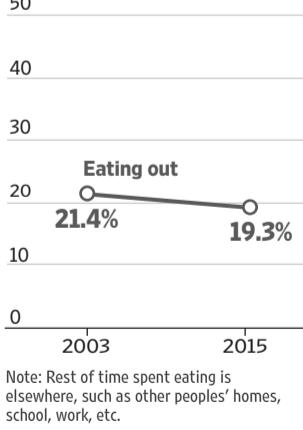
While that loss in traffic is a 2% decline from 2015, it is a significant one-year drop for an industry that has traditionally relied on lunch and has had little or no growth for a decade.

"I put [restaurant] lunch right up there with fax machines and pay phones," said Jim Parks, a 55-year-old sales director who used to dine out for lunch nearly every day but found in recent years that he no longer had room for it in his schedule.

Like Mr. Parks, many U.S. workers now see stealing away for an hour at the neighborhood diner in the middle of the day as a luxury.

Dining In

Share of the time Americans spent eating at home and at restaurants during each year



THE WALL STREET JOURNAL

Even the classic "power lunch" is falling out of favor among power brokers.

When he isn't on the road for a Detroit-based building products company, Mr. Parks works from his home in Carlisle, Ohio, and eats there. When he meets clients at their offices, they have food delivered and work during what they call a "lunch and learn."

Even some restaurant-company executives don't go out for lunch. Employees at Texas Roadhouse Inc.'s Louisville, Ky., headquarters order in so often that they know the delivery drivers by name. "A lot of our folks are trying to be more efficient," company President Scott Closi said.

Cost is another factor working against eating out for lunch. While restaurants have raised their tabs over the past few years to cope with rising labor costs, the price of food at supermarkets has continued to drop, widening the cost gap between bringing in lunch and eating out.

Restaurants are adapting by offering delivery, faster service and smaller portions. But the shift signals trouble for the industry, which makes more money serving meals inside restaurants, where soft drinks, alcoholic beverages, appetizers and desserts boost margins. Maintaining nearly empty dining rooms is costly.

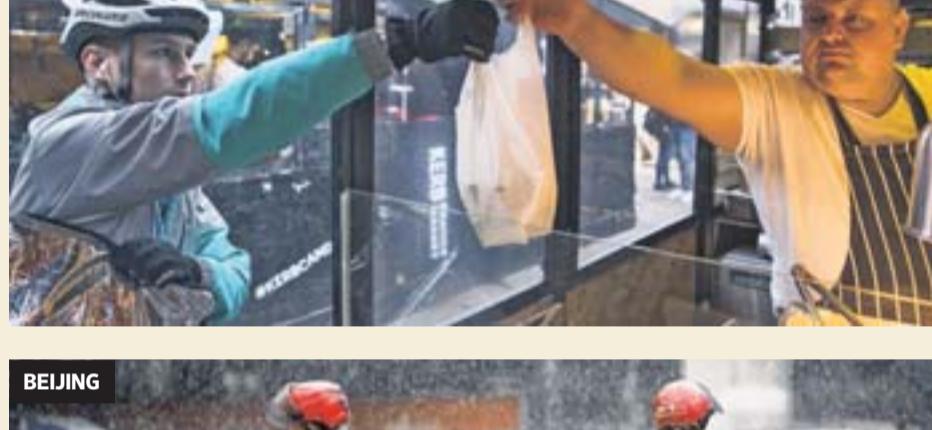
Among the hardest hit are casual sit-down restaurants—such as Dine Equity Inc.'s Applebee's and Ruby Tuesday Inc.—because of the time it takes to order, get served and pay. Such establishments last year saw their steepest ever decline in lunch traffic, according to NPD.

Even fast-casual chains that cater more to harried customers with counter service instead of wait staff are experiencing slower growth. Lunchtime traffic at those restaurants—including Chipotle Mexican Grill Inc., which has suffered steep declines in the wake of disease outbreaks—

Please see **LUNCH** page B2

Feasting on the Move

LONDON



BEIJING



MOUNTAIN VIEW, CALIFORNIA



For office workers in China, the noontime meal was once a relaxed, civilized break. A short nap afterward wasn't uncommon. Now, the tradition has come under pressure in an ever faster-paced workday and the rise of smartphone apps offering cheap delivery for around 70 U.S. cents.

Meanwhile, in London the once-stalwart tradition of a long, liquid lunch is drying up. At Michelin-starred restaurant Club Gascon, manager Thomas Rabuel said alcohol consumption has "decreased a lot," particularly after big companies like Lloyds Banking Group PLC earlier this year instituted a workday alcohol ban. Like their peers in the U.S., office-goers in London are increasingly order-

ing in or picking up healthier grab-and-go options.

Lunch-goers in Paris are skipping the corner cafes where waiters sport button-down shirts and ties, and maitre de canard is on every menu. The food court is part of an explosion of dining options in the French capital over the past decade. Paris also has food trucks, the ultimate challenge to France's culture of long, wine-soaked lunches.

New York City all but defined the midday meal as an opportunity for entertaining clients and contacts, often with a martini (or two or three). Now the Big Apple is becoming a place where even top executives dine at their desks after picking up lunch. Food trucks

are still a popular choice. In Midtown Manhattan, trucks line up, offering fare ranging from falafel to Korean food.

In Washington, D.C., lobbying restrictions, generational attitudes about drinking and changing work habits have led to the classic power lunch's decline. "Power lunches have gone the way of all flesh," said Tom Korologos, a veteran Republican operative and former envoy to Belgium under George W. Bush.

San Francisco's lunch scene hasn't benefited as much as expected from growing tech companies. The reason? Free food. The perk of catered meals started by Google has become a staple at other tech firms located in the heart of Silicon Valley.

Theranos Directors Missed Red Flags

By CHRISTOPHER WEAVER

Two former Theranos Inc. directors said they didn't follow up on public allegations that the Silicon Valley blood-testing company was relying on standard technology rather than its much-hyped proprietary device for most tests, according to newly released court documents.

In depositions, the highly decorated former directors—former U.S. Navy Adm. Gary Roughead and former U.S. Secretary of State George Shultz, who were board members when concerns of employees and regulators became public—said they didn't question Theranos founder Elizabeth Holmes about the matter.

Both former directors said in the depositions that they thought Theranos could do all its patient tests on its proprietary device. Regulators said last year that Theranos only did a dozen types of patient tests on its own system.

"I don't have the information that would tell me that it's true or not true," Mr. Roughead testified on March 24, referring to reports that Theranos relied on standard devices. Asked whether he ever asked Ms. Holmes about the matter, Mr. Roughead said: "I did not ask her directly, no." Asked whether he questioned anyone else at the company, Mr. Roughead said: "I did not."

Mr. Shultz separately testified that he "didn't probe into" whether the company's technology was working, adding: "It didn't occur to me." He added: "Since I didn't know, I didn't have anything to look into."

Representatives of Mr. Roughead didn't respond to requests for comment. An aide to Mr. Shultz said he was unavailable.

Both men left the Theranos board shortly after a Wall

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INSIDE



THREE MILE ISLAND CLOSER TO CLOSING

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BUILDERS WIN MORE LEGAL PROTECTIONS

PROPERTY REPORT, B6

HEARD ON THE STREET | By Stephen Wilmot

A Diesel Cloud Hangs Over Auto Industry Profits

If Volkswagen's rivals felt schadenfreude when the auto maker's diesel-emissions fraud came to light in 2015, they won't be feeling it now. Recently launched lawsuits against Fiat Chrysler and General Motors are only the most visible of diesel's mounting costs.

GM dismissed claims, made last week by lawyers representing vehicle owners,

that certain diesel pickup trucks contained Volkswagen-style "defeat devices" designed to cut nitrogen-oxide emissions under test conditions. A previous suit by the same law firm, relating to other models, seems to have turned into a more routine case about misleading marketing. This is also the direction a German public investigation into Mercedes maker Daimler is taking.

The suit filed against Fiat Chrysler looks more serious. The allegations resemble

those facing GM, but the plaintiff is the U.S. Justice Department, following months of dialogue between Fiat and the Environmental Protection Agency. Analysts at Barclays are cautiously assuming \$800 million in fines, fees and fixes.

But these aren't the only diesel-related costs car makers are having to absorb. More significant in the long run, particularly for European players, is plummeting demand for the technology.

For years, diesel was the

easiest way for car makers to meet tightening environmental targets. Carbon-dioxide emissions—until recently the primary focus of regulators, particularly in Europe—are roughly one-fifth lower from diesel engines than petrol ones. European governments helped out with tax incentives, so that diesel's 10% market share in 1990 rose to a peak of 55% in 2011.

Volkswagen's fraud refocused the attention of consumers and regulators on nitrogen oxide, an air pollutant

rather than a direct greenhouse gas. Here, diesel engines perform much worse, particularly in the tests European regulators are introducing. Demand is in free fall: Across Western Europe, diesel's share fell almost 4 percentage points year over year to 46% in April, calculates Barclays. Car makers desperately need another way to reduce carbon emissions.

Their response: massive investment in electric cars.

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BOARD

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Street Journal article first raised employees' concerns about the company's operations in October 2015, including its dependence on standard equipment for most tests.

The Food and Drug Administration reported on problems with the company's device that same month.

The men remained on a separate "board of counselors" until December 2016.

Federal regulators have cited problems with tests Theranos performed on its own devices as well as commercial lab equipment, leading the company to retract nearly one million patient blood-test results over the past year.

Theranos said that it "has taken significant strides to address past shortcomings by improving its corporate governance" and other aspects of its operations. It said it has built a new management team and changed its board composition and structure.

As of March 20, Theranos's board hadn't commissioned any independent investigation of allegations the company produced inaccurate test results and misled investors, or Ms. Holmes's culpability for them, according to the new documents.

The documents offer fresh insights into the Theranos board's response to a high-profile crisis. Some legal specialists say the lack of action by Theranos's board suggests it fell short of corporate-director responsibility.

Ms. Holmes controls 98.3% of Theranos's voting shares—and under company rules, the board can't make decisions

unless she is present, the records showed.

A Delaware judge unsealed the documents last week after a legal effort by the Journal. Theranos initially had redacted most of the 402 pages, which were filed in a lawsuit by Partner Fund Management LP alleging the blood-tester had defrauded the hedge fund.

The suit was settled May 1 for an undisclosed sum.

Representatives of current Theranos board members and those that resigned in recent months either declined to comment or didn't respond to requests for comment.

The documents include excerpts from 22 depositions taken by Partner Fund attorneys, including of former Theranos employees who described intimidation and lack of oversight at Theranos.

Theranos's former president and chief operating officer sat in on one March deposition of one former employee and critic, Tyler Shultz—grandson of George Shultz, the document showed. The former executive, Sunny Balwani, had sought to squelch claims by the younger Mr. Shultz in 2014 when he first raised questions about the company, the Journal reported last year. Mr. Balwani's lawyers didn't respond to requests for comment.

Theranos said the deposition excerpts picked by its legal opponent "represent a misleading version of the record." Theranos declined to provide full transcripts of the depositions or other materials.

The records also included financial details showing the company spent \$240 million last year, and had \$180 million in available cash at the end of the year.

Tyler Shultz didn't respond to a request for comment.

Continued from the prior page
grew 2% last year after posting growth of 5% or higher in each of the prior four years.

The pain is spreading to suppliers. Meat giant Tyson Foods Inc. recently said a 29% drop in quarterly earnings was due partly to the decline in restaurant traffic.

"Consumers are buying

fresh foods, from supermarket

kets, and eating them at home as a replacement for eating out," Tyson Chief Executive Tom Hayes said.

The average price of a

restaurant lunch has risen 19.5%

to \$7.59 since the recession,

as rising labor costs pushed

owners to raise menu

prices—even as the cost of

raw ingredients has fallen.

According to the Bureau of

Labor Statistics, the U.S. last

year posted the longest

stretch of falling grocery

prices in more than 50 years.

"We believe significant food

deflation was the primary cul-

prit behind last year's weak-

ness, favoring food at home

pricing over food away from

home pricing to a degree not

seen outside of the global fi-

nancial crisis," Sanford Bern-

stein analyst Sara Senatoro

said in a recent report on the

restaurant industry.

Continued from the prior page

Daimler spent almost 20%

more on research and devel-

opment in the first quarter

of 2017 than in the previous

year. But punchy targets

given by all three German

manufacturers are in part

calculated responses to the

postdiesel regulatory land-

scape in their European

home market.

The transition from en-

gines to electric motors

could be extremely costly.

Even if today's car makers

succeed in retaining market

BUSINESS & FINANCE

Daimler to Boost U.S.-Made Parts

BY ADRIENNE ROBERTS

Daimler AG, the maker of Mercedes-Benz cars, responded to continued pressure from the Trump administration on auto makers, saying Tuesday it is increasing the amount of parts it uses from American-based supplier factories.

The announcement comes shortly after reports emerged of President Donald Trump highlighting the German car maker's role in a \$15.4 billion automotive trade deficit with Germany. Daimler, **BMW** AG and **Volkswagen** AG import cars to the U.S. from several markets, including Germany and Mexico, but also build models in several southern states.

Mercedes makes certain models in Alabama and told its parts makers in a recent meeting that it "sees value" in using more suppliers with locations in the state as it continues to invest in its Tuscaloosa factory. That plant



GARY COBB JR./ASSOCIATED PRESS

Mercedes-Benz makes some models at its Tuscaloosa, Ala., plant.

produces the GLE and GLS SUVs and the C-Class sedan for the North American market.

Mr. Trump highlighted the auto industry in his broader "America First" push during the 2016 presidential campaign and since taking office,

criticizing both domestic and foreign car companies for building vehicles in Mexico and other markets and then selling them in the U.S. On several occasions he has proposed a border tax, prompting many auto makers to ramp up commitments to U.S. jobs and

investment and even change course on Mexican production. **Ford Motor** Co. shelved plans for a new factory south of the U.S. border.

Mr. Trump called out Toyota Motor Corp. twice earlier this year for plans to build a \$1 billion plant in Guanajuato, Mexico. Soon after, the Japanese auto maker announced it would invest \$1.3 billion in its Camry sedan plant in Kentucky and consider adding more U.S. capacity.

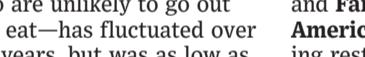
Mercedes uses a relatively high percentage of suppliers with U.S. locations among the foreign auto makers operating in the country. For example, the 2017 GLS-Class sport-utility vehicle built in Alabama consists of 60% parts made in the U.S. or Canada, according to the National Highway Traffic Safety Administration. The 2017 Ford Focus, by comparison, is made up of 40% U.S. or Canadian parts. **General Motors** Co.'s Chevrolet Silverado contains 38% U.S. or Canadian parts.

Burrito vs. Burrito

What is the cost of ingredients for making a burrito at home compared with buying one prepared from Chipotle Mexican Grill? To keep the calculation simple, the ingredients were limited to the basics.

The cost to do it yourself*



Total costs: **\$3.82**  **\$6.70** 

*Estimates based on grocery-store prices in the 91362 ZIP Code of suburban Los Angeles: 20-ounce/8-count bag of Mission flour tortillas - \$4.49; 1 lb. organic chicken breast - \$7.99; 15-ounce can of organic black beans - \$1.50; 32-ounce bag of long grain white rice - \$1.99; 8-ounce package of Kraft Natural Cheese, finely shredded: \$2.99

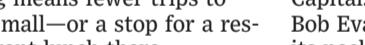
†Not including tax

THE WALL STREET JOURNAL.

Sources: Staff reports (DIY ingredients); Chipotle Mexican Grill

The cost at Chipotle

A burrito with chicken, white rice, black beans and cheese.

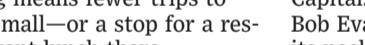
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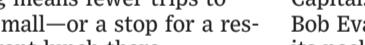
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THE WALL STREET JOURNAL.

Sources: Staff reports (DIY ingredients); Chipotle Mexican Grill

BUSINESS NEWS

Sports Website The Ringer Joins Vox

BY LUKAS I. ALPERT

Bill Simmons is taking another step on his winding path through the annals of sports journalism.

The internet iconoclast has signed a deal to move his sports and culture website, the Ringer, off Medium and onto Vox Media's platform, Vox executives have announced.

While Mr. Simmons will maintain ownership of the site he launched last summer, the Ringer will become part of the portfolio of brands Vox offers to marketers alongside its own properties such as SB Nation, the Verge and Eater.

"We will contribute sales and cross-promotional services, but they will continue to have their own voice and independence," said Vox Media Chief Executive Jim Bankoff. "The Ringer fits into our portfolio really well, and for advertisers looking to reach sports fans, it will be a really nice addition."

Mr. Bankoff said revenue from ad sales will be split between the two companies but declined to disclose the specifics of the arrangement.

The Ringer employs several dozen people and offers a mix of features on sports, film, television and technology as well as a slate of sports podcasts.

The Ringer had been one of the more high-profile sites to publish directly to Medium, a blogging platform created by Twitter co-founder Ev Williams in 2012 that promised a higher-quality alternative for publishers than typical web advertising.

But when Medium announced in January that it was discontinuing its advertising services, laying off one-third of its staff and rethinking its business model, many publishers were caught off guard.

The deal marks the first time Vox has opened its platform up to a third-party company. Mr. Bankoff said if all works well, it is possible that other similar deals may follow.

"We may do others, but we will be very selective," he said. "We only want to work with the best and with sites that are consistent with our approach."

The deal is the latest step in Mr. Simmons's career that began with sports blogging in Boston, followed by a long run as a columnist at ESPN where he also served as editor in chief of the now-defunct Grantland site and helped create the channel's successful documentary series "30 for 30."

In 2015, ESPN opted not to renew Mr. Simmons's contract following a series of clashes he had with top network executives. He joined HBO a few months later to develop a weekly sports talk show called "Any Given Wednesday," which was canceled late last year.

Three Mile Island Nearer Closing

Exelon says reactor, a symbol for critics after partial meltdown, needs aid to continue

BY EZEQUIEL MINAYA
AND RUSSELL GOLD

Exelon Corp. warned Tuesday that it will close the Three Mile Island nuclear-power plant in Pennsylvania in 2019 unless it receives government aid, the latest sign of how the sector is in danger of shrinking as it faces intense competition in the U.S.

A global symbol of the potential perils of nuclear power after suffering a partial meltdown in 1979, the plant has been unprofitable for years.

Last week, it failed to sell its electricity in advance in a regional power auction for 2020 and 2021, the third year in a row it didn't find a buyer.

As a result, Exelon said it is accelerating the plant's retirement unless it receives assistance from the federal government or the state, which has been reluctant to subsidize it as some states have done to keep their nuclear facilities running. Three Mile Island has a federal license to operate until 2034.

"Like New York and Illinois before it, [Pennsylvania] has an opportunity to take a leadership role by implementing a policy solution to preserve its nuclear-energy facilities," said Exelon Chief Executive Chris Crane. The company said it was taking one-time charges of as much as \$110 million for 2017 in connection with the planned closure.

Utilities have been closing U.S. nuclear-power plants at a



Cooling towers at Exelon's Three Mile Island nuclear-power plant in Pennsylvania, where a partial meltdown occurred in 1979.

rapid clip because of political pressure from critics and growing competition from other electricity sources, notably the increasing number of plants fired by natural gas as horizontal drilling and hydraulic fracturing unlock mass quantities of the fuel.

Power demand in the U.S. has been flat for nearly a decade, creating a battle for market share. Last year, natural gas generated 34% of the electricity in the U.S., according to federal data.

Nuclear power generated

20% and coal 30%. The rest came from renewable sources, including hydroelectric dams.

Three Mile Island would be at least the fifth U.S. nuclear facility set to close by 2025, including PG&E Corp.'s Diablo Canyon plant in California, Energy Corp.'s Palisades unit in Michigan and the Indian Point plant in New York. Four other facilities have already closed in the past four years. The retirements would leave about 60 nuclear plants in the U.S.

A little more than a decade ago, the U.S. nuclear industry

was talking about a rebirth.

But the first nuclear units being built in the U.S. in years, in Georgia and South Carolina, are years behind schedule and billions over budget. Southern Co. and Scana Corp., the utilities behind the new plants, are trying to determine how much it will cost to finish them after their builder, Westinghouse Electric Co., declared bankruptcy in March.

The fate of the new plants could help determine the future of U.S. nuclear power.

"We have to find a way to

build these reactors in the U.S.," Jose Gutierrez, Westinghouse's interim chief executive, said last week. "Otherwise, the future is going to be compromised."

Three Mile Island drew international attention in 1979 when a partial core meltdown in one of its two reactors led to five days of panic. The reactor involved was permanently shut down and the incident was followed by 14 years of expensive cleanup.

Miguel Bustillo contributed to this article.

Bank Size Threshold Comes Under Scrutiny

BY CHRISTINA REXRODE
AND RYAN TRACY

There is a magic line in banking, and it is \$50 billion.

That is the boundary that separates the big banks from the small. Firms with assets in excess of that figure face stricter rules on capital, mergers and other business, thanks to the Dodd-Frank Act of 2010.

Now, as the Trump administration and Republican-controlled Congress look to overhaul Dodd-Frank, one of the few points of bipartisan agreement is that \$50 billion isn't the right number.

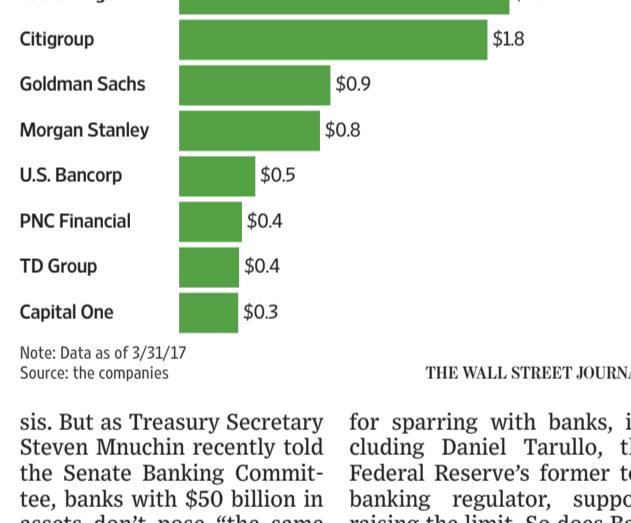
Lawmakers can't agree on a better one, though.

Banks over the threshold are getting used to the fact that, despite President Donald Trump's promises to deregulate the banking industry, even an unpopular provision is hard to overturn in the current polarized political environment.

To many banks and industry analysts, change seems common-sensical. The Dodd-Frank rule was implemented to help prevent another financial crisis.

Biggest Banks

The 10 largest U.S. banks by total assets



Note: Data as of 3/31/17

Source: the companies

THE WALL STREET JOURNAL

Chris Dodd was the driving force behind Dodd-Frank.

"All numbers are arbitrary, and in the rush, \$50 billion seemed like a much bigger number," Mr. Frank said in a recent interview.

Widespread support means Congress theoretically could act to change at least this part of Dodd-Frank. At the recent banking committee hearing, Chairman Mike Crapo (R., Idaho) made a point of calling the \$50 billion threshold "one area I would like this committee to address." Mr. Mnuchin said Treasury would provide recommendations to the president in early June.

The trick will be reaching a compromise on what should come next.

Republicans tend to favor either setting a threshold of between \$250 billion and \$500 billion or basing the designation on a bank's riskiness rather than on its size. That new range would leave around a dozen or as few as a half-dozen banks facing stricter regulation.

Currently, 37 firms are

above the \$50 billion mark and face tougher Dodd-Frank rules, such as "stress tests." This year's stress test will apply to only 34 banks, because some firms have more time before they undergo the exams.

Democrats generally want a stricter threshold, perhaps \$100 billion to \$150 billion—leaving about 20 or 30 firms above the threshold.

The current boundary applies regardless of a bank's complexity or the nature of its business. As a result, Zions Bancorp in Salt Lake City, with \$65 billion in assets, is subject to many of the same rules as J.P. Morgan Chase & Co., which has \$2.5 trillion in assets.

That makes no sense, said Bob Wilmers, chief executive of M&T Bank Corp., in Buffalo, N.Y., with \$123 billion in assets. "They've got trillions of dollars of derivatives, they make markets world-wide, they finance the buyout funds [and] hedge funds," Mr. Wilmers said of the biggest U.S. banks. Of regional banks, he said, "regulators could liquidate us all in a nanosecond."

Justices Affirm Key Patent Law, Set Limits on Railroad Suits

BY JESS BRAVIN

WASHINGTON—The Supreme Court reaffirmed Tuesday that patent holders can't keep their rights over a product once they sell it, ruling against a large printer maker in a case that, among other things, will make it easier to refill used toner cartridges.

In a separate business-related case, the court said federal law limits where railroads can be sued to their corporate homes or principal places of business, reversing a Montana court that had tied its jurisdiction to the tracks that cross the state.

In the patent case, Lexmark International Inc. was seeking to control the lucrative toner-resupply business by offering a 20% discount to customers who agreed to return its cartridges to the Lexington, Ky., company. When manufacturers, including Impression Products Inc., a printer store in Charleston, W.Va., disabled the cartridges' single-use microchip and sold the toner refills, Lexmark sued for patent infringement.

Chief Justice John Roberts

said Lexmark's strategy was an end-run around legal principles prohibiting sellers from controlling what purchasers can do with their property. "We conclude that Lexmark exhausted its patent rights in these cartridges the moment it sold them," the chief justice wrote in an opinion that seven other justices joined in full or part.

Lexmark hinted it would consider suing some customers for violating its sale contracts.

"While we are disappointed by today's decision, we note that the court confirmed that the Lexmark Return Program agreement remains clear and enforceable under contract law," said Bob Patton,

Lexmark's senior vice president and general counsel.

The court's 8-1 decision in the railroad case took aim at one form of "forum shopping," in which attorneys seek to file cases before courts they believe will be sympathetic.

Two job-injury suits were filed in Montana state courts against the BNSF Railway unit of Berkshire Hathaway Inc. on behalf of employees who lived out of state. The Montana Supreme Court ruled that BNSF had enough presence in Montana to afford its courts jurisdiction. However, the top U.S. court rejected that ruling. BNSF is incorporated in Delaware and based in Texas, and the employees' injuries didn't occur in Montana, Justice Ruth Bader Ginsburg observed in writing for the court.

In patent case, Lexmark sought to control the toner resupply business.

"The single-use/no-resale restrictions in Lexmark's contracts with customers may have been clear and enforceable under contract law, but they do not entitle Lexmark to retain patent rights in an item that it has elected to sell," the court said. While customers who initially bought cartridges from Lexmark may have a contractual obligation to the printer giant, manufacturers who obtained the used car-



The company has been fighting what it calls dumping of washing machines by Samsung and LG.

Whirlpool Seeks to Curb Imports

BY WILLIAM MAULDIN
AND ANDREW TANGEL

Whirlpool Corp. is planning Wednesday to ask the U.S. government to impose broad barriers on imports of household washing machines, part of the company's efforts to fight what it calls unfair trade practices by South Korea-based rivals spanning half a dozen countries, company executives said late Tuesday.

The case would go to President Donald Trump's

desk if an independent commission agrees with Whirlpool's claims. Mr. Trump and his advisers have repeatedly vowed to dust off rarely used U.S. trade law to block foreign imports and bolster American manufacturers.

The Benton Harbor, Mich.-based Whirlpool has been fighting since at least 2011 what it and U.S. officials have called the dumping of washing machines made by Samsung Electronics Co. and LG Electronics Inc. Samsung and LG have previ-

ously denied violating trade rules. An LG spokesman declined to comment, saying the company hadn't seen Whirlpool's request to the government. A Samsung spokeswoman didn't immediately respond to a request for comment.

Whirlpool is asking the U.S. International Trade Commission to weigh in on what it says is a doubling of imports of large residential washing machines and the potential injury the American industry is facing.

TECHNOLOGY

WSJ.com/Tech

Streaming Ads to Doctor's Office

Outcome Health is raising \$600 million to expand advertising in waiting rooms

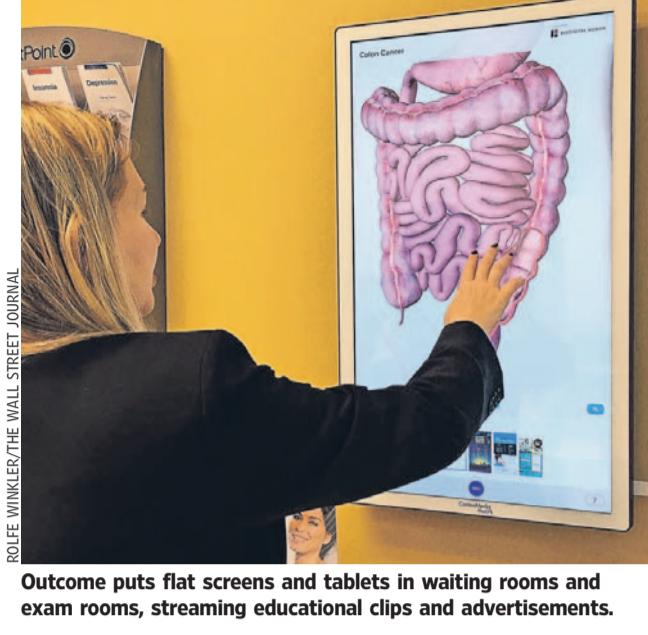
BY ROLFE WINKLER

At the doctor's office, patients are often stuck waiting 20 minutes or more. A little-known Chicago company has drawn big investors as it targets that captive audience with a modern approach to advertising.

Outcome Health, an 11-year-old privately held company, says it has nearly closed a \$600 million funding round at a multibillion-dollar valuation. Among the new investors are Goldman Sachs Investment Partners and **CapitalG**, an investment arm of Google parent **Alphabet Inc.**

Outcome digitizes the posters and pamphlets that have long advertised drugs and delivered educational messages in doctor's offices. The company puts flat screens and tablets in waiting rooms and exam rooms, streaming educational clips and advertisements it sells to health-care companies seeking a targeted audience.

Doctors neither pay for the service nor receive any revenue. They can advertise their own services free on the displays, and show customized content to educate patients



Outcome puts flat screens and tablets in waiting rooms and exam rooms, streaming educational clips and advertisements.

and illustrate ailments and anatomy. Outcome also provides free Wi-Fi to patients, who see marketing messages to patients when they log in.

Outcome's sales increased to more than \$130 million last year from about \$60 million in 2015 and \$7 million in 2012, according to financial figures reviewed by The Wall Street Journal.

Those numbers exclude revenue of about \$40 million last year at AccentHealth. Outcome acquired that rival, known for airing CNN's Dr. Sanjay Gupta in waiting rooms, in November for a few hundred million dol-

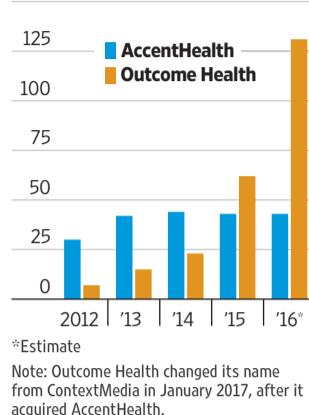
lars, said a person familiar with the price.

Combined, the two companies' earnings before interest, taxes, depreciation and amortization, or Ebitda, rose to about \$60 million last year from about \$45 million a year earlier.

To be sure, the investment isn't traditional by venture-capital standards. Co-founder and Chief Executive Rishi Shah says the investment values his company at \$5.6 billion. People familiar with the deal, however, say the valuation is complicated by terms that guarantee investors a 20% per-year

Picture of Health

Outcome Health's revenue has grown faster than its rival, which it acquired in November.



*Estimate
Note: Outcome Health changed its name from ContextMedia in January 2017, after it acquired AccentHealth.

Source: company reports
THE WALL STREET JOURNAL.

OUTS

outs to founders, fearing the entrepreneurs may lose focus on the business.

Mr. Shah said he is "driven to grow the business for its mission more than any other factor."

Another risky sign: In December, the company borrowed \$325 million to fund its AccentHealth acquisition, paying double the prevailing interest rate for comparably rated companies, according to leveraged-loan research firm LCD/S&P.

Mr. Shah notes that the security has traded up since it was issued.

Mr. Shah co-founded the company in 2006 with a fellow student at Northwestern University, Derek Moeller. The pair got help from Mr. Shah's father, an endocrinologist, who put one of the first screens in his office and connected the founders with other doctors. Mr. Moeller said he left the company amicably in 2009.

Inna Yaskin, a Mountain View, Calif., primary-care doctor, said Outcome asked for her top 10 diagnoses to personalize its TV clips for her office. Since diabetes is common among her patients, Outcome shows ads for diabetes drugs from companies like **Novo Nordisk A/S** interspersed with nutrition tips and exercise routines. On the side of the screen were banner ads from Dr. Yaskin.

TECH WATCH

ESSENTIAL PRODUCTS

Father of Android Tries Making a Phone

Andy Rubin, the father of the Android operating software, is jumping into the cutthroat smartphone market with the Essential Phone, an attempt to claw away customers from **Apple Inc.** and **Samsung Electronics Co.**

Mr. Rubin designed the \$699 phone in titanium, a material that **Essential Products Inc.** says can withstand a concrete landing unscathed. The phone has magnetic connectors to accommodate modular accessories.

In a blog post, Mr. Rubin said that he wanted to create a premium device that won't demand an update every year and isn't bogged down by unwanted things such as preinstalled apps.

But analysts aren't convinced Essential has what it takes to compete in the crowded smartphone market.

"How is our everyday experience using this phone going to be different?" said Jan Dawson, chief analyst at Jackdaw Research. "Is it just the fact that if we drop it, it won't break?"

—Yoree Koh

UBER TECHNOLOGIES

New York Chief Quits After Payment Error

Uber Technologies Inc. is losing the manager of its New York operations, one of its largest markets, a week after the company admitted it had shortchanged drivers in the city by tens of millions of dollars over 2½ years.

Josh Mohrer, general manager of New York, said Tuesday that he is leaving to become a managing director of **Tusk Ventures**, a consulting firm that for years has helped Uber battle regulators, and which is also an investor in Uber.

In a blog post, Mr. Mohrer said he would help make investment decisions at Tusk and support their other investments. He complimented Uber and its chief executive, Travis Kalanick, in the post.

Uber said it had no comment.

Mr. Mohrer, who joined Uber in 2012, couldn't immediately be reached for comment.

Last week, Uber said it had mistakenly underpaid New York drivers since late 2014, an accounting error that will likely cost it tens of millions of dollars. The company said it would refund the money plus interest, which comes to an average of about \$900 per driver. It didn't say how the error occurred or who was responsible.

—Greg Bensinger

Nintendo Fights Parts Shortage for Switch

BY TAKASHI MOCHIZUKI

TOKYO—**Nintendo** Co.'s biggest battle these days isn't against other game makers.

It is against companies such as **Apple Inc.** that are gobbling up the same parts Nintendo needs to make its hot Switch machine, people in the industry say. Nintendo has told suppliers and assemblers it hopes to make nearly 20 million units of the Switch device in the year ending in March 2018, people involved in the talks said.

Though the company's official sales target for the year is 10 million, strong demand suggests it can sell many more—if it can make them.

The problem is an industry-wide capacity shortage for components used in smartphones, servers and other devices. These include NAND flash-memory chips that store

data, liquid-crystal displays and the tiny motors that enable the Switch's hand-held controllers to imitate the feel of an ice cube shaking in a glass.

"Demand for our NAND flash memory has been overwhelmingly greater than supply, and the situation is likely to stay for the rest of this year," said a spokeswoman at Toshiba Corp., the industrial giant that is leaning on flash memory to survive.

She cited demand from smartphone makers—Apple and Chinese companies are among Toshiba's customers—and data centers. People in the industry say the rapid expansion of web-based services for corporations has driven demand for computer servers that use flash memory.

Continued demand for Apple's iPhone 7 and a 10th anniversary model of the iPhone



A store employee carried a device at a Tokyo retailer in March.

expected later this year are also keeping parts makers at full capacity, helping power Japan's economy to its longest growth streak since 2006.

Nintendo and Apple repre-

sentatives declined to comment on supply-chain issues.

Nintendo's component struggles suggest the Switch, a hybrid device designed for use both in the living room and on

the go, is likely to remain hard to find for consumers throughout this year. Analysts say competitors for the sought-after parts can often offer better terms than Nintendo.

If Nintendo increased spending significantly to secure more parts, that could risk driving the Switch's production cost above the \$299 retail price. Nintendo President Tatsumi Kimishima, has said he doesn't want to sell the Switch at a loss.

Normally, Nintendo could use the late summer months to deliver extra supplies to the U.S. by ship in preparation for the holiday season, but that is more difficult now and Nintendo might again consider air cargo toward year-end, people briefed on its thinking said.

In April, Nintendo said the Switch, which went on sale globally March 3, sold 2.74 million units in March.

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MANAGEMENT

A Copycat? No, Call It Competition

Instagram CEO Kevin Systrom values a format's execution over originality

By DEEPA SEETHARAMAN

Among the widespread opinions in Silicon Valley, one particularly irks Kevin Systrom: Facebook copies Snap.

It isn't that Mr. Systrom doesn't think **Snap Inc.** deserves credit. The chief executive and co-founder of **Instagram**, the app owned by **Facebook Inc.**,

readily says that Snap is responsible for coming up with popular formats such as Stories, where users can post photo and video montages that vanish after 24 hours.

Instagram introduced its own version of Stories last August, part of a broader effort to hold its ground among teens and millennials, a lucrative demographic that is becoming harder to reach over traditional media channels.

So far, it has been a hit. Some 200 million people use Stories every day, more than Snap's flagship app, Snapchat, which has 166 million daily users.

Instagram's success with Stories led Facebook's other apps to embrace the feature, starting with WhatsApp, then Messenger and finally Facebook.

Mr. Systrom says he understands the critics, but he disagrees with the idea that

Instagram's embrace of emerging features is untoward. Execution matters more than originality, he says. What critics call copying, Mr. Systrom calls competition.

Mr. Systrom sat down with The Wall Street Journal to discuss Snap, Instagram's next set of challenges and its relationship with Facebook.

Edited excerpts:

WSJ: What surprises you most about Instagram these days?

Mr. Systrom: The thing that I'm learning that has surprised me the most is you have a window of relevance and unless you reinvent yourself within that window of relevance, you die. I call it "success syndrome," where you're successful, you do all the things that made you successful and you keep doing those things thinking that that's why you're going to be successful in the future. Things change.

WSJ: Walk me through the decision to launch Stories.

Mr. Systrom: The first decision was to focus on a problem we had heard from people directly, which is, "I feel like this photo isn't good enough to share on Instagram." Focusing on high-end highlights is wonderful and,

STEPHANIE AARONSON/THE WALL STREET JOURNAL

honestly, it makes Instagram, Instagram.

But just by focusing on that, we're missing out on this tremendous wealth of moments in your life that could bring you closer to other people.

WSJ: What about the narrative that Instagram is taking features from the Snapchat playbook?

Mr. Systrom: Stories is definitely similar to Snapchat. I think anyone would say that. The first time you see a product show up somewhere else it feels a lot like copying, but imagine a world where the only car was the Ford Model T.

I'm really glad there are a lot of car companies producing different cars. Just because they have wheels and windows and AC doesn't mean that you're copying. You've got DreamWorks and

Pixar and Disney, they're all doing computer-animated film. That doesn't mean they're copying each other. They're building upon a technology.

I would just judge [Stories] based on how many people use it actively, which is over 200 million every day. It clearly provides unique value to people that they're not getting elsewhere.

WSJ: How do you keep engineers motivated when you are replicating features from other apps?

Mr. Systrom: This is the other misconception. If you take the 700 people that work at Instagram, how many of them do you think are working on Stories? A tiny fraction.

We do a lot of things. We're working on Live. We're working on Feed. We're working on advertising, [which is]

like a crazy business that went from nothing to something in a very short amount of time.

We're trying to scale in developing markets with our existing platforms.

People have a lot to choose from when they come to work here.

WSJ: What's the next challenge—the next thing you're trying to tackle?

Mr. Systrom: Instagram can't just be for developed markets with nice phones. I love using Instagram because I follow my favorite cyclists, my favorite baristas. It makes my day. How can we give that to everyone in the world?

Stories is a tremendous amount of video and bandwidth hungry. How do we do that in other countries where you may be on a limited data plan?

WORKAROUNDS

Some Toxic Bosses Manage to Hang On

Ever wonder why toxic leaders sometimes don't get fired for mistreating underlings?

It's because, in the short term, they can appear very effective, new research suggests.

People who work for highly toxic bosses—managers with more than a handful of bullying or undermining behaviors—tend to be more engaged in their work than other employees, according to a survey of 1,000 college-educated U.S. employees. The study, conducted by the consulting firm Life Meets Work, also found that such employees stayed an average of two years longer in their jobs than other workers.

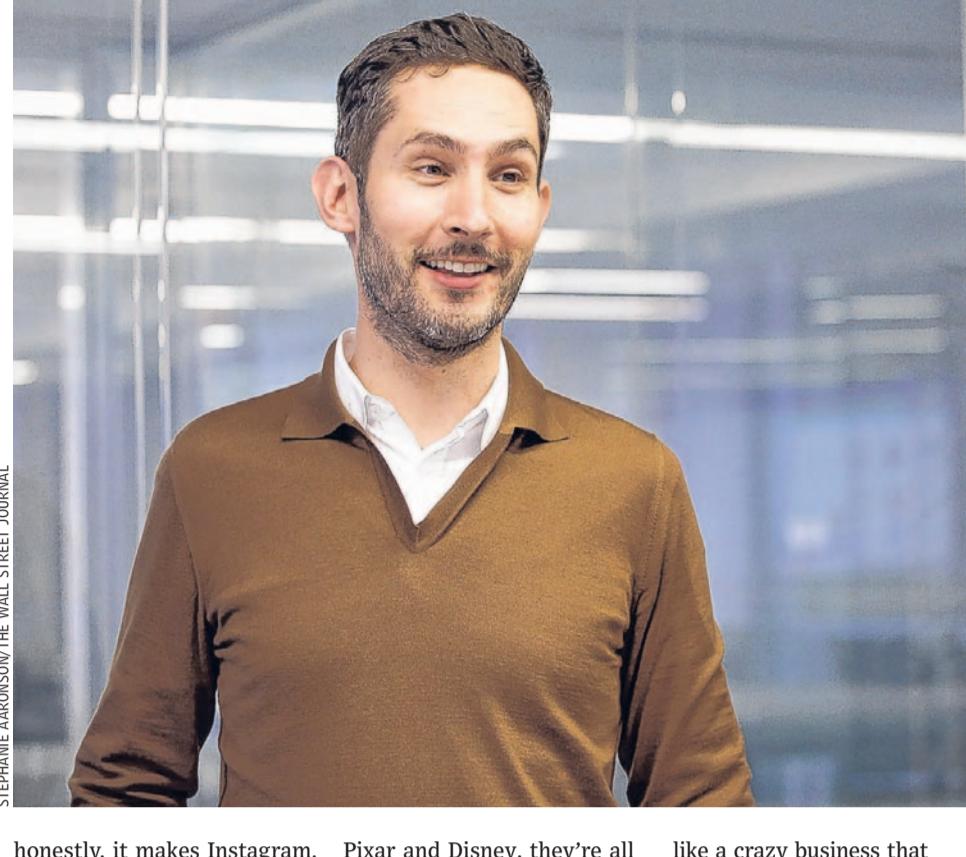
But any advantages of a toxic boss are short-lived, says Kenneth Matos, a psychologist and head of research at Life Meets Work. However high-performing toxic managers appear, he says, they eventually lead to more employee turnover, burnout and a greater risk of employee lawsuits.

Many people have found themselves working for a nightmare boss at some point, and according to a 2015 Gallup study of 7,200 U.S. adults, half of workers have left at least one job because of a bad manager. But the Life Meets Work survey suggests that working for an abusive or dysfunctional supervisor is even more commonplace: Among those polled, 56% described their current manager as toxic.

Mr. Matos speculates one reason employees reported staying longer with highly toxic bosses is that less-engaged workers quickly leave such jobs and so don't leave a mark in the survey results.

Those remaining are highly motivated by their work or see their job as a lucrative steppingstone despite a boss who treats them poorly.

—Vanessa Fuhrmans



BUSINESS WATCH



Hundreds of the U.K. carrier's flights were canceled after a glitch.

BRITISH AIRWAYS

Computer Networks Return to Service

British Airways said Tuesday its computer networks were operating normally again after an outage over the weekend sparked hundreds of flight cancellations.

"Our IT systems are now back up and running and we will be operating a full flight schedule at Heathrow and Gatwick [British Airways'] two main London airports] on Tuesday May 30," the airline said.

An electrical malfunction hit British Airways, a unit of International Consolidated Airlines Group SA, during one of the U.K.'s busiest travel weekends.

—Robert Wall

PAYLESS SHOESOURCE

Retailer Seeks To Close More Stores

Payless ShoeSource Inc. is preparing to launch a second round of store closings less than two months after the shoe retailer sought bankruptcy protection.

The Topeka, Kan.-based retailer, the country's largest footwear chain, is seeking court approval to trim its retail business

by closing as many as 408 stores if negotiations with landlords fail to result in rent concessions, according to court papers. The latest closings would bring the total number of recently closed Payless stores to nearly 800.

—Lillian Rizzo

21ST CENTURY FOX

Revamp Weighed For FoxNews.com

21st Century Fox is looking to revamp Fox News's digital news operation, and part of the solution could come from sister company **News Corp.**

Discussions are underway for Noah Kotch, the editor of News Corp's right-leaning news site Heat Street, to take the reins of FoxNews.com, people familiar with the matter say.

The interest in Mr. Kotch comes after months of stop-and-go talks in which Fox explored acquiring Heat Street, the people say. Such a deal now appears unlikely.

Rupert Murdoch split his media empire in 2013, with the entertainment properties going to 21st Century Fox while the publishing assets, including The Wall Street Journal, went to News Corp.

—Lukas I. Alpert

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THE PROPERTY REPORT



Construction on a condo project in Denver, where the median price in the area for a single-family home just crossed \$400,000.

Builders Push to Ease Laws

Some states add legal protections for developers to spur affordable housing

BY PETER GRANT

The real-estate industry is having success in using the scarcity of affordable housing in the U.S. to persuade lawmakers to give builders more legal protection.

Colorado Gov. John Hickenlooper last week signed a measure making it harder for condominium associations to sue builders over allegedly shoddy construction. Backers, who have been pushing for the change for years, argued that Colorado's former law, one of the toughest in the country, aggravated the state's shortage of affordable housing by discouraging condo development.

The governor "knows it's not a silver bullet," said Kurtis Morrison, the director of legislative affairs. "But the hope is it will release a pressure

valve with the rental market and first-time owners seeking their first property."

A similar measure passed the Minnesota legislature this month and is now before Gov. Mark Dayton. The real-estate industry in that state also argued that current rules have been limiting new supply of relatively inexpensive condominiums by encouraging litigation and driving up insurance costs and other builder expenses. Developers in both states predict legal changes will lead to a flurry of new construction.

"It's a big shot in the arm," said Buzz Geller, of Paradise Land Co., which owns about a half-dozen sites in the Denver region. "We're going to have a lot of condominiums we wouldn't have had before."

Trial lawyers and homeowner associations that battled the bills raised doubts the measures will trigger much new supply of affordable condos.

Opponents accused the real-estate industry of exploiting concerns about affordable

Blackstone Invests In Energy Analytics

Blackstone Group LP is giving a big boost to a small technology company that helps commercial property owners use energy more efficiently.

The private-equity giant is buying a stake in **Entic Inc.**, a Pembroke Pines, Fla., company that uses cloud-based data analytics to identify areas of energy waste in building heat, ventilation, air conditioning and other systems. Founded in 2011, Entic sells its service to owners of about 65 properties including office buildings and sports venues including Busch

Stadium in St. Louis.

Blackstone's investment will enable Entic to "scale this globally," said Carlos Diaz, Entic's co-founder and chief executive. "One of the things that Blackstone said to us in our early discussions was: stop thinking about tens and twenties of buildings" and "start thinking of hundreds and thousands of buildings," Mr. Diaz said.

Mr. Diaz and Blackstone executives declined to disclose how much Blackstone was investing or how much of Entic it was buying. Before the deal with Blackstone, Entic had attracted about \$13 million in investments from venture-capital firms, family and friends.

—Peter Grant

lawyers group.

In the Denver area, the median price of a single-family home just crossed \$400,000, according to Mark Trenka, chairman of the Colorado Association of Realtors and the head of Century 21 Trenka Real Estate in the Denver area.

Industrial Park Adds Amenities To Draw Tenants

BY KEIKO MORRIS

Office developers have in the past turned to restaurants, entertainment venues, fitness centers and shops as standard enticements for companies hoping to lure workers.

Now, one of the world's largest industrial property owners is bringing in a developer to add these amenities to its giant industrial park just outside Miami to cater to its tenants and freshen up the utilitarian concept of the big-box warehouse complex.

Prologis Inc. has plans to add about 495,000 square feet of retail to its Beacon Lakes Industrial Park, potentially bringing in restaurants, recreational venues and home goods retailers as well as clothing and sporting-goods stores. The sports entertainment brand Topgolf is pursuing approvals to build a Beacon Lakes location with high-tech, climate-controlled hitting bays, food venues, live events and music.

Industrial real estate consultants view Beacon Lakes' addition of retail amenities as the next evolution in industrial properties as technology advances and as companies need to recruit and retain skilled workers in a tight labor market.

"There is no doubt that the market for labor in our business and additional businesses in this economy has become more competitive," said Nick Kittredge, east region president at Prologis. "To work in a beautiful environment and have amenities at the ready is definitely a differentiating factor."

Stiles Corp. is developing the retail portion, which will be designed as an open-air shopping destination with

landscaped paths.

Among the key factors allowing Beacon Lakes to add the retail segment are the park's more than 2,000 workers as well as a location adjacent to Florida's Turnpike and across from the Dolphin Mall in a densely populated area, real-estate executives said.

Beacon Lakes is home to logistics and e-commerce tenants such as United Parcel Service Inc., Amazon.com Inc. and Ryder Systems Inc. Prologis owns and manages 2.5 million square feet of industrial property at Beacon Lakes, with plans to develop an additional 1.6 million square feet over the next two to three years. NBCUniversal Telemundo Enterprises is building its new headquarters at the site, bringing as many as 1,100 more workers.

The industrial park workforce has also been changing to include executives, engineers, salespeople and designers in addition to the usual warehouse and operations workers, said Brian Smith, a managing director at real estate services firm JLL, which markets Beacon Lakes' industrial space.

"We have a lot of executives visiting," Mr. Smith said. "We see the amenity base as a strong competitive advantage."

Top concerns for industrial tenants are the availability of labor and transportation costs, said Chris Zubel, a managing director at real-estate-services firm CBRE Group Inc. Training and hiring employees is also expensive, so these companies are looking for ways to keep them. "If all things are equal, the occupier is going to go to the park that has amenities because it's easier to recruit and retain employees," Mr. Zubel said.

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Some developers are doubling down on retail even as the sector closes stores by the thousands.

Bargain Hunters Pounce As Retail Property Slumps

BY ESTHER FUNG

As investors flee the battered retail-property sector, a few brave ones are picking through the wreckage.

GBT Realty Corp., a Brentwood, Tenn., property developer, is planning to raise a \$500 million real-estate fund to purchase 80 to 100 retail buildings in the next decade.

Hendon Properties LLC, a real-estate development, management and brokerage firm based in Atlanta, also is looking to raise a fund to buy weak malls and open-air shopping centers.

"The opportunistic money is circling," says Jeff Edison, chief executive of Phillips Edison & Co., an owner and operator of more than 340 grocery-anchored shopping centers across the U.S. "They smell blood in the water."

So far this year, retailers have announced more than 3,000 store closures in the U.S. as a result of bankruptcy filings or shifts to e-commerce operations.

The bifurcation between healthy properties in upscale regions and slumping ones in less-wealthy areas is creating bar-

gains for some hardy investors.

While prices haven't fallen to distressed levels, in some cases the land value itself is worth the purchase price, the investors say. Yet most of the buyers say they have plans to improve operations and expect higher returns.

"In some cases, the needle

In some cases, the needle has swung too far and we want to take advantage of it.'

has swung too far and we want to take advantage of it," says Charlie Hendon, chief executive and president of Hendon Properties.

The firm plans to raise \$10 million to \$20 million for the fund and will join with other institutional investors that will fork out the majority of the equity in potential projects. Hendon previously has joined with investors such as Alabama investment firm **Harbert Management Corp.** and **Acadia Realty Trust**.

GBT Realty, which builds neighborhood shopping centers, single-tenant buildings and strip centers, already has several target acquisitions in mind, mostly open-air and grocery-anchored centers. It also could buy anchor department-store locations in malls directly from retailers and reposition them by bringing in new tenants, says Scott Porter, managing director of GBT's value-add division.

In general, the acquisitions will average around \$10 million to \$30 million, GBT says.

GBT already has an in-house leasing team with relationships in the retail community, says Chief Financial Officer Geren Moor. "We're looking for assets where we can add value, such as backfilling vacant spaces," says Mr. Moor. He added that the firm will continue with ground-up development operations, though such projects have tighter margins these days.

"There are mall investors with patient capital that can wait for the existing leases to ride out and bring in other uses to reposition the property," says Margaret Caldwell, managing director at JLL Capital Markets.

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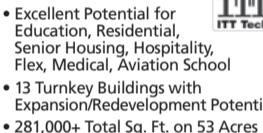
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Explanatory Notes

Data provided by **LIPPER**

Top 250 mutual-funds listings for Nasdaq-published share classes with net assets of at least \$500 million each. **NAV** is net asset value. Percentage performance figures are total returns assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees. **NET CHG** is change in NAV from previous trading day. **YTD%RET** is year-to-date return. **3-YR%RET** is trailing three-year return annualized.

e-Ex-distribution. f-Previous day's quotation. g-Footnotes x and s apply. j-Footnotes and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply. l2b-1 r-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper, data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Tuesday, May 30, 2017

Fund	Net NAV	YTD Chg %	YTD %Ret	Fund	Net NAV	YTD Chg %	YTD %Ret
AllAsset	NA ...	NA	NA	TotBdAdml	10.79	+0.02	2.4
HYInd	9.02	+0.01	4.5	TotInBdIdxAdm	21.83	+0.02	1.1
TotR	10.23	+0.02	3.2	TotInBdIdxAdm	28.03	-0.04	14.2
PIMCO Funds A	NA ...	NA	NA	TotStAdml	60.30	-0.11	8.0
PIMCO Funds D	NA ...	NA	NA	ValAdml	37.26	-0.07	3.4
PIMCO Funds Instl	NA ...	NA	NA	WdsrlAdml	65.97	-0.18	5.8
PIMCO Funds P	NA ...	NA	NA	WellnAdml	63.80	+0.08	4.1
PIMCO Funds P	NA ...	NA	NA	WdnsrlAdml	70.24	-0.20	7.2
VANGUARD FDS				DivDGrn	25.36	-0.01	8.8
BLChip	86.23	-0.07	18.8	HlthCare r	204.61	-0.61	13.6
CapApp	28.44	+0.01	8.6	IntVal	36.38	-0.05	14.6
EgInc	32.59	-0.04	3.9	InstSTRF2020	21.48	-0.06	6.7
EdIndex	65.02	-0.07	8.6	InstSTRF2025	21.59	-0.01	7.4
Growth	63.59	... 19.4	InstSTRF2030	21.66	-0.01	8.0	
HelSci	66.62	-0.53	12.8	InstSTRF2035	21.73	-0.02	8.7
IncomeP	34.89	... 19.3	InstSTRF2040	21.80	-0.02	9.3	
IntValEq	14.56	-0.02	13.7	InstSTRF2045	21.88	-0.03	9.6
LifeGro	18.03	-0.03	17.9	LifeGro	31.38	-0.02	8.7
MCapGro	85.11	-0.13	12.9	LifeMod	25.84	... 7.0	
MCapGro	29.42	-0.17	1.2	PrmcPco	24.83	-0.04	11.9
N Inc	50.18	-0.29	15.9	SelValu r	30.44	-0.14	5.8
N Horiz	9.50	+0.01	2.5	STAR	25.74	-0.02	8.7
Overs S F	10.47	... 15.4	STAR	10.69	... 1.4		
R2020	22.06	-0.02	8.1	STIGrade	20.70	-0.02	9.6
R2025	16.91	-0.01	9.1	TgtRe2020	30.13	-0.01	6.6
R2030	24.77	-0.03	9.9	TgtRe2030	31.55	-0.02	8.0
R2035	18.03	-0.03	10.7	TgtRe2035	17.55	-0.01	7.3
R2040	25.82	-0.04	11.2	TgtRe2040	31.55	-0.02	8.0
SmCapStk	46.39	-0.37	3.2	TgtRe2045	19.28	-0.01	8.7
Value	35.88	-0.10	6.6	TgtRe2050	33.02	+0.03	9.3
Principal Investors				TgtRe2055	13.30	+0.01	4.2
Prudential Cl Z & I				TgtRe2060	10.92	-0.01	1.1
TRBdZ	14.43	+0.02	3.7	TotBdlnxv	10.70	-0.01	
Schwab Funds				Wells	26.33	+0.03	4.1
S&P Sel	37.41	-0.03	8.7	Welln	40.95	-0.02	5.5
TIAA/CREF Funds				Wdnsrl	37.17	-0.10	5.8
Vanguard Index Fds				Vanguard	223.41	-0.24	8.6
EqdIndex	17.91	-0.04	8.0	ExtdInstPl	187.59	-1.08	4.9
EqnC	27.87	-0.05	11.3	EqnValm	51.79	-0.31	0.1
Lord Abbott A				Vanguard Admrl	65.83	-0.01	15.2 </

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

21029.47 ▼50.81, or 0.24%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 20.46 18.98
P/E estimate * 17.85 17.06
Dividend yield 2.34 2.60
All-time high 21115.55, 03/01/17

Current divisor 0.14602128057775 21400

65-day moving average

Session high 20200

DOWN Session open ► UP Close

Close ► Open 19800

Session low 19400

Bars measure the point change from session's open

Feb. Mar. Apr. May 19000

Weekly P/E data based on as-reported earnings from Birinvi Associates Inc.

S&P 500 Index

2412.91 ▼2.91, or 0.12%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 23.94 24.04
P/E estimate * 19.15 17.75
Dividend yield 1.95 2.19
All-time high 2415.82, 05/26/17

2430

2400

2370

2340

2310

2280

2250

Feb. Mar. Apr. May

65-day moving average

5640

5520

5400

Nasdaq Composite Index

6203.19 ▼7.00, or 0.11%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio *26.75 22.15
P/E estimate * 21.09 18.75
Dividend yield 1.10 1.30
All-time high 6210.19, 05/26/17

6120

6000

5880

5760

5640

5520

5400

Feb. Mar. Apr. May

65-day moving average

Bars measure the point change from session's open

Feb. Mar. Apr. May 19000

Weekly P/E data based on as-reported earnings from Birinvi Associates Inc.

Major U.S. Stock-Market Indexes

	Dow Jones		S&P 500		Nasdaq Composite								
	High	Low	Latest Close	Net chg	% chg	High	Low	% chg	YTD	3-yr. ann.	High	Low	% chg
Industrial Average	21063.62	21009.60	21029.47	-50.81	-0.24	21115.55	17140.24	17.7	6.4	7.9	21115.55	17140.24	17.7
Transportation Avg	9200.28	9116.21	9163.66	-12.54	-0.14	9593.95	7093.40	17.9	1.3	4.2	9593.95	7093.40	17.9
Utility Average	724.28	718.76	722.73	2.51	0.35	722.73	625.44	10.1	9.6	9.9	722.73	625.44	10.1
Total Stock Market	24974.93	24909.01	24939.68	-50.61	-0.20	24990.29	20583.16	15.4	7.1	7.5	24990.29	20583.16	15.4
Barron's 400	637.98	634.37	635.20	-2.67	-0.42	643.82	491.89	20.4	5.6	7.0	643.82	491.89	20.4

Nasdaq Stock Market

Nasdaq Composite	6217.13	6200.41	6203.19	-7.00	-0.11	6210.19	4594.44	25.4	15.2	13.5	6210.19	4594.44	25.4
Nasdaq 100	5799.99	5781.37	5794.63	6.27	0.11	5794.63	4201.05	28.1	19.1	15.7	5794.63	4201.05	28.1

Standard & Poor's

500 Index	2415.26	2409.43	2412.91	-2.91	-0.12	2415.82	2000.54	15.1	7.8	7.8	2415.82	2000.54	15.1
MidCap 400	1726.93	1717.47	1721.09	-6.18	-0.36	1758.27	1416.66	15.3	3.6	7.7	1758.27	1416.66	15.3
SmallCap 600	837.03	830.98	832.49	-5.01	-0.60	863.08	670.90	18.1	-0.7	8.4	863.08	670.90	18.1

Other Indexes

Russell 2000	1381.17	1370.96	1371.19	-11.05	-0.80	1419.43	1089.65	18.7	1.0	6.5	1419.43	1089.65	18.7
NYSE Composite	11616.46	11588.27	11601.30	-30.57	-0.26	11661.22	9973.54	11.1	4.9	2.6	11661.22	9973.54	11.1
Value Line	518.57	515.66	516.20	-2.37	-0.46	529.13	435.06	11.8	2.0	1.9	529.13	435.06	11.8
NYSE Arca Biotech	3570.67	3506.08	3507.64	-60.55	-1.70	3690.00	2818.70	8.7	14.1	10.7	3690.00	2818.70	8.7
NYSE Arca Pharma	520.77	517.90	519.01	0.13	0.03	554.66	463.78	0.003	7.8	0.5	554.66	463.78	0.003
KBW Bank	90.50	89.54	89.94	-0.89	-0.98	99.33	60.27	26.9	-2.0	9.3	99.33	60.27	26.9
PHLX\$ Gold/Silver	84.30	83.38	83.45	-1.19	-1.41	112.86	73.03	3.6	5.8	-0.6	112.86	73.03	3.6
PHLX\$ Oil Service	141.28	138.83	139.02	-3.10	-2.18	192.66	139.02	-15.7	-24.4	-21.8	192.66	139.02	-15.7
PHLX\$ Semiconductor	1094.16	1084.28	1091.45	6.61	0.61	1091.45	648.32	56.1	20.4	22.1	1091.45	648.32	56.1
CBOE Volatility	10.84	10.14	10.38	0.57	0.57	5.81	25.76	9.77	-26.8	-26.1	5.81	25.76	9.77

\$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
VanEck Vectors Jr Gold	GDXJ	6,174.4	31.51	0.03	0.10	31.52	31

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract						Open
	Open	High	Low	Settle	Chg	Interest	Open
Copper-High (CMX) -25,000 lbs;\$ per lb.							
June 2,5510	2,5660	2,5440	2,5610	...	2,612		
July 2,5680	2,5945	2,5390	2,5640	-0.0200	115,458		
Gold (CMX) -100 troy oz,\$ per troy oz.							
June 1,267.40	1,270.00	1,258.40	1,262.10	-6.00	64,772		
Aug 1,271.20	1,273.40	1,261.80	1,265.70	-5.70	288,307		
Oct 1,273.70	1,276.80	1,265.50	1,269.30	-5.60	8,050		
Dec 1,278.20	1,280.30	1,269.00	1,272.80	-5.50	74,338		
Feb'18 1,279.50	1,282.90	1,273.50	1,276.10	-5.60	9,088		
Dec 1,301.00	1,304.00	1,293.80	1,293.20	-5.60	5,911		
Palladium (NYM) -50 troy oz,\$ per troy oz.							
June 789.50	808.70	789.00	806.20	19.10	2,474		
July 793.50	808.85	789.95	805.35	18.30	24		
Sept 788.50	805.00	788.45	802.65	15.95	27,469		
Dec 791.85	803.00	791.85	802.05	15.75	334		
Platinum (NYM) -50 troy oz,\$ per troy oz.							
June 961.30	961.30	939.00	939.30	-21.80	73		
July 963.10	964.80	939.80	941.10	-21.80	58,390		
Silver (CMX) -5,000 troy oz,\$ per troy oz.							
June 17,335	17,400	17,210	17,388	0.100	651		
July 17,340	17,465	17,205	17,427	0.104	142,222		
Crude Oil, Light Sweet (NYM) -1,000 bbls;\$ per bbl.							
July 49.93	50.28	49.03	49.66	-0.14	576,777		
Aug 50.23	50.53	49.27	49.91	-0.14	197,452		
Sept 50.40	50.70	49.48	50.10	-0.13	197,856		
Dec 50.68	51.05	49.89	50.48	-0.11	325,945		
June'18 50.66	50.87	49.88	50.41	-0.04	115,770		
Dec 50.36	50.55	49.70	50.18	0.06	153,466		
NY Harbor ULSD (NYM) -42,000 gal;\$ per gal.							
June 1,5621	1,5786	1,5356	1,5494	-0.139	16,517		
July 1,5694	1,5837	1,5395	1,5535	-0.135	119,692		
Gasoline-NY RBOB (NYM) -42,000 gal;\$ per gal.							
June 1,6416	1,6600	1,6226	1,6389	-0.037	15,638		
July 1,6723	1,6442	1,6075	1,6243	-0.018	139,716		
Natural Gas (NYM) -10,000 MMBtu;\$ per MMBtu.							
July 3,250	3,255	3,141	3,145	-165	298,155		
Aug 3,292	3,292	3,177	3,181	-164	154,252		
Sept 3,268	3,268	3,161	3,167	-157	153,761		
Oct 3,280	3,282	3,184	3,191	-151	195,498		
Jan'18 3,353	3,540	3,453	3,460	-130	102,382		
April 2,931	2,934	2,900	2,909	-0.044	99,406		

Contract

Open High hilo Low Settle Chg Open interest

Agriculture Futures							
Corn (CBT) -5,000 bu;cents per bu.							
July 373.50	373.75	366.25	367.00	-7.25	696,337		
Dec 391.75	392.00	384.75	385.75	-6.75	289,809		
Oats (CBT) -5,000 bu;cents per bu.							
July 244.25	244.75	238.75	242.25	-2.00	4,977		
Dec 228.00	229.00	226.00	228.25	.50	1,133		
Soybeans (CBT) -5,000 bu;cents per bu.							
July 926.00	928.50	910.50	912.75	-13.75	363,545		
Nov 929.25	930.50	918.25	919.75	-9.50	194,947		
Soybean Meal (CBT) -100 tons;\$ per ton.							
July 302.00	302.80	297.30	297.60	-4.20	200,620		
Dec 306.80	307.80	303.10	303.40	-3.00	88,662		
Soybean Oil (CBT) -60,000 lbs;cents per lb.							
July 31.60	31.73	31.14	31.42	-.18	198,004		
Dec 32.13	32.20	31.66	31.95	-.16	101,347		
Rough Rice (CBT) -2,000 cwt;\$ per cwt.							
July 109.00	112.00	108.50	111.80	21.00	7,772		
Sept 111.40	114.50	111.40	114.30	20.50	1,048		
Wheat (CBT) -5,000 bu;cents per bu.							
July 438.50	439.25	426.25	429.50	-8.75	264,647		
Sept 451.25	452.25	440.25	444.00	-7.25	83,403		
Wheat (KC) -5,000 bu;cents per bu.							
July 437.00	438.00	427.00	433.25	-4.25	156,605		
Dec 447.50	450.25	440.25	476.50	-3.50	44,514		
Wheat (MPLS) -5,000 bu;cents per bu.							
July 568.25	568.75	561.00	568.00	-.75	27,935		
Sept 571.50	572.25	565.75	572.00	-1.25	12,387		
Cattle-Feeder (CME) -50,000 lbs;cents per lb.							
Aug 146.75	147.50	145.25	149.925	2.975	33,459		
Sept 146.500	149.950	145.250	149.500	2.750	9,359		
Cattle-Live (CME) -40,000 lbs;cents per lb.							
June 122.575	123.250	122.200	122.975	.275	38,677		
Aug 118.800	120.675	117.950	119.850	.900	195,363		
Hogs-Lean (CME) -40,000 lbs;cents per lb.							
June 81.650	81.700	80.400	80.500	-1.325	26,626		
July 81.900	81.950	80.75	81.000	-.900	64,385		
Lumber (CME) -110,000 bd ft;\$ per 1000 bd ft.							
July 356.00	359.20	345.00	346.80	-.740	3,573		
Sept 353.20	353.20	341.20	343.00	-.730	724		
Milk (CME) -200,000 lbs;cents per lb.							
May 15.61	15.62	15.61	15.62	.01	4,737		
June 16.52	16.64	16.43	16.56	.05	5,140		
Cocoa (ICE-US) -10 metric tons;\$ per ton.							
July 1,922	2,041	1,920	2,037	126	118,293		

Open High hilo Low Settle Chg Open interest

Agriculture Futures							
Corn (CBT) -5,000 bu;cents per bu.							

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, 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 BX (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and NYSE.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Tuesday, May 30, 2017

Net

Stock Sym Close Chg

CREDIT MARKETS



Protesters opposed Goldman Sachs's purchase of bonds of Venezuela state-owned oil company PdVSA on Tuesday outside the firm's offices in New York.

Bonds Get Lift From Fed's Pet Indicator

By MIN ZENG

U.S. government bonds strengthened broadly after the long holiday weekend as the latest inflation report bolstered some investors' expectations that the Federal Reserve would be slow in raising interest rates.

The yield on the benchmark 10-year Treasury note settled at 2.21%, down from 2.24% Friday. Yields fall as bond prices rise. The yield approached the 2.17% level set on April 18, which was the lowest close since November.

The yield premium investors demanded to hold the 10-year note relative to the two-year Treasury debt was 0.93 percentage point Tuesday, the lowest level since October. The premium has fallen after rising above 1.3 percentage points in December.

A shrinking premium is known as a flattening yield curve, a sign investors are worried that the growth momentum is waning, leading to decelerated inflation. A flattening yield curve tends to reduce the profit margins for banks, which typically borrow short-term cash and then lend out money for the long term to consumers and businesses.

Tuesday's report showed the Fed's favorite gauge of inflation rebounded in April but, on an annual basis, the indicator drifted below the central bank's 2% target. The personal-consumption expenditures price index was 1.7% on an annualized base in April,

1.7%

The personal-consumption expenditures price index in April

down from 1.9% in March. Excluding food and energy, the reading was 1.5%, down from 1.6% in March.

"The Fed has already strongly signaled that it will act in June and I believe a June hike is baked in," said Larry Miltstein, head of government and agency trading at R.W. Pressprich & Co. If inflation continues to recede, "we will not see another move by the Fed in 2017" after a June move, he said.

This month's releases indicate that after a recent uptick, inflation is slowing down. The consumer-price index excluding food and energy, released earlier this month, fell below 2% for the first time since October 2015.

Fed governor Lael Brainard said Tuesday that the failure to get inflation back to the 2% target is "a source of concern." Traders said her remark bolstered the bond market's price gains Tuesday afternoon.

Easing inflation risk makes long-term Treasury debt more appealing to buyers because inflation is considered as a main threat.

Higher inflation chips away bonds' fixed returns over time and reduces investors' purchasing power from their bond investments.

"We are not seeing strong numbers in inflation," said Andrew Pace, vice president at Performance Trust Capital Partners LLC. "The bond market is showing that without a pickup in inflation, many investors are not worried about a big rise in yields."

AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

	13-Week	26-Week
Applications	\$123,274,400	\$119,321,131,600
Accepted bids	\$39,000,134,400	\$33,000,000,417,600
"noncomp"	\$475,644,400	\$416,381,000
* foreign noncomp	\$99,700,000	\$1,000,000,000
Auction price (rate)	99.757333	99.464111
	(0.960%)	(1.061%)
Coupon equivalent	0.976%	1.061%
Bids at clearing yield accepted	13.37%	61.30%
Cusip number	912796L88	912796ME6

Both issues are dated June 1, 2017. The 13-week bills mature on Aug. 31, 2017; the 26-week bills mature on Nov. 30, 2017.

FOUR-WEEK BILLS

	120,622,876,800
Applications	\$45,000,146,800
Accepted bids	\$375,363,300
"noncompetitively"	\$0
Auction price (rate)	99.346677
	(0.840%)
Coupon equivalent	0.852%
Bids at clearing yield accepted	12.18%
Cusip number	912796LF4

The bills, dated June 1, 2017, mature on June 29, 2017.

Investors Bid Up Venezuelan Debt

Despite protests over private Goldman deal, some see way to perhaps avoid default

By JULIE WERNAU
AND KEJAL VYAS

Venezuelan bonds rose Tuesday as investors bet that the government could reduce the chances of a near-term default by raising additional capital through private deals like the recent one with a unit of **Goldman Sachs Group Inc.**

The Wall Street Journal reported Sunday that Goldman Sachs's asset-management division last week paid about \$865 million for \$2.8 billion of bonds issued by state-owned oil company **Petróleos de Venezuela SA** and owned by the central bank.

The Venezuelan government hasn't made an international public bond offering in several years since capital markets are essentially closed to it as its economy has shrunk 27% in four years, its oil production has declined rapidly and investors have become increasingly worried about the growing likelihood of default.

But some analysts suggest the government may be able

to raise new money through private transactions, like the one with Goldman, that rely on selling existing bonds through the secondary market.

Local state-run and private banks hold about \$15.5 billion in debt, according to investment bank Torino Capital. The government has the power to order the banks to turn over their securities to the central bank in exchange for bolivar-denominated notes, a currency considered all but worthless.

Venezuelan officials could then raise about \$5 billion to \$6 billion by selling these bonds at a deep discount. This fundraising would be enough to service the country's debt payments for an additional eight months, according to Torino.

"A lot of people have had their eyes on Venezuelan assets, including these bonds," said Francisco Rodriguez, chief economist at Torino Capital. "You find a government that has a need for money, and you find ways to make a deal."

Goldman wasn't the only firm to do a private deal recently that helped the government raise funds. The Venezuelan central bank in April struck a deal with **Fintech Advisory Inc.** The government received a loan of around \$300 million from the New York-based

U.S. Asks Neighbors To Pressure Maduro

The U.S. State Department is trying to persuade countries across the Americas to pressure President Nicolás Maduro into reinstating democratic norms.

U.S. officials also said Venezuela's government may not be able to depend much longer on deals like the one with Goldman Sachs Group Inc.

"It may get them through the day," a senior U.S. official said Tuesday, "but the longer-

term consequences seem to be quite damaging for the institutions as well as for the society."

Other investors are also distancing themselves from investing in the country because of the association it would carry with the Venezuelan government. "We don't want to make a quick buck and take on reputational risk," said Michel Del Buono, managing director at Makena Capital Management, which makes investments on behalf of endowments and has forgone Venezuelan debt.

—Julie Wernau

hedge fund and pledged Venezuelan bonds as collateral, said a person familiar with the deal.

Fintech didn't respond to a request for comment.

In Tuesday's trading, bonds issued by Petróleos de Venezuela, commonly known by its acronym PdVSA, and due in 2022 rose 0.8% to 61.35 cents on the dollar, moving higher despite a drop in crude-oil prices.

Other Venezuelan bonds also rallied, traders said. Firms transacting with Venezuela recently have been able to command very favorable terms. Goldman paid about 31 cents on the dollar for PdVSA

bonds issued in 2014 that mature in 2022, according to people familiar with the matter. That represents a 31% discount to other Venezuelan securities that mature in 2022, these people said, and implies an annual yield of more than 40%.

But Goldman's move was met with criticism inside and outside Venezuela. Detractors said Goldman is providing cash to and helping prop up a failed government that has been starving its people. Venezuela's international reserves rose by \$749 million last Wednesday and Thursday following the transaction, according to offi-

cial government figures.

The Venezuela government information ministry didn't respond to a phone call seeking comment.

A small group of protesters gathered outside Goldman's Manhattan headquarters on Tuesday holding signs referring to Venezuelan President Nicolás Maduro that said "Goldman Sachs Supports Maduro's Dictatorship."

Goldman, in a statement Monday, said it bought the securities, which are held in funds and accounts it manages on behalf of clients, from a broker and didn't interact with the Venezuelan government. "We recognize that the situation is complex and evolving and that Venezuela is in crisis," the bank said. "We agree that life there has to get better, and we made the investment in part because we believe it will."

The bonds, held by Venezuela's central bank, weren't released to the public after lack of investor interest in bonds of this struggling country.

"Goldman is giving new money to a dictatorial regime that's killing its own people," said Russ Dallen, a managing partner at investment bank Caracas Capital Markets in Venezuela.

—Carolyn Cui contributed to this article.

FINANCE WATCH

Wells Fargo Retail-Bank Unit Revamps Once More

Wells Fargo & Co. again shuffled the ranks in its retail-banking unit, continuing efforts to untangle the firm from the sales-practices scandal that erupted in September.

The San Francisco-based bank reorganized the regions and executives in the western half of the U.S., according to a memo sent last week that was signed by retail-banking head Mary Mack and reviewed by The Wall Street Journal.

Southern California and Arizona previously were cited as hot spots for the kind of aggressive sales tactics that have put the bank in the spotlight after a settlement, congressional hearings and continuing investigations.

A Wells Fargo spokeswoman confirmed the

content of the memo.

In the memo, Ms. Mack said the responsibilities of retail-banking executive John Sotoodeh will be reduced again, while executive David DiCristofaro has a new role and executives Ben Alvarado and Frank Newman will be looking for other opportunities within Wells. The executives didn't respond to requests for comment.

In April, Wells Fargo's board of directors published findings from its own monthslong investigation into the retail-banking scandal but didn't announce further firings.

—Emily Glazer

BANK OF NOVA SCOTIA Lower Expenses Help Boost Earnings

Bank of Nova Scotia said profit rose in its latest quarter as a decline in expenses helped offset lower revenue from stock trading.

Toronto-based Scotiabank,

one of Canada's largest banks by assets, on Tuesday said it earned \$2.06 billion Canadian dollars (US\$1.53 billion) in the quarter ended April 30, up 30% from C\$1.58 billion a year earlier. The prior quarter included a C\$378 million restructuring charge. On a per-share basis, earnings climbed to C\$1.62 from C\$1.23.

Revenue fell 0.2% to C\$6.58 billion due to lower equity trading revenue, lower net gains on investments and foreign-currency effects. Analysts polled by Thomson Reuters had expected earnings per share of C\$1.56 and revenue of C\$6.74 billion.

The bank also said it would repurchase up to 24 million of its shares, or about 2% of total shares outstanding. The repurchase program is valued at about C\$1.83 billion.

The bank said fee-based income fell 7.3% to C\$2.85 billion as net interest income rose 6% to C\$3.73 billion. Expenses fell 5.7%.

—Austen Hufford

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Tuesday, May 30, 2017

ETF Symbol Closing Chg % YTD

AlerianMLPETF AMLP 12.02 -1.39 -4.6

CnsmDiscSelSector XLY 90.81 0.08 11.6

GnsStapleSelSector XLP 56.48 -0.04 9.2

DBGoldDoubleLgtETN DGP 23.86 -1.08 18.6

DBGoldDoubleShort DZZ 5.69 0.35 -17.0

DeutscheXMSCLAEFEDE XLE 65.72 -0.34 -12.7

EnSelectxSectorSPDR XLE 105.39 0.08 10.3

FinSelSectorSPDR XLF 23.45 -0.68 0.9

GuggS&P500EW RSP 91.84 -0.18 6.0

HealthCareSelSector XLV 75.78 -0.14 9.9

IndSelSectorSPDR XLI 67.39 -0.03 8.3

ISHInternCredBd CIU 109.98 0.12 1.7

ISH-3YCreditBond CSJ 105.38 0.12 0.4

ISHCoreHDividend HDV 84.19 0.17 2.4

ISHCoreMSCIExAFEEFT IEFA 61.54 -0.08 14.7

ISHCoreMSCIExAFEEFT IEFA 61.54 -0.08 14.7

ISHCoreMSCIExMgMk IEMG 50.26 -0.36 18.4

ETF Symbol Closing Chg % YTD

ISHCoreS&P500ETF IVV 243.08 -0.06 8.0

ISHNatMuniBdEdtF MUB 110.58 0.11 2.2

ISHRussell1000Gwth IWB 119.33 -0.03 10.7

ISHRussell1000Val IWD 114.66 -0.29 2.3

ISHRussell2000Gwth IWO 163.30 -0.68 6.1

MARKETS

Crude Drops Anew As Concerns Over OPEC Cuts Persist

Crude prices fell amid persistent doubts about whether OPEC's decision to extend production cuts will be enough to alleviate the global supply glut. Oil for July delivery

tures need to stay at/below \$50/bbl to discourage further shale ramp and encourage OPEC to keep a range-bound market share," the analysts wrote.

Oil-field-services company Baker Hughes Inc. said Friday that two more oil rigs were put to work last week. While the rapid pace of additions to the rig count has slowed, the additions marked the 19th consecutive week of increased drilling activity in the U.S., threatening OPEC's goal of reducing inventories.

"OPEC jawboning is only worth so much considering every week you see the rig count go up," said Ric Navy, senior vice president for energy futures at RJ O'Brien & Associates LLC.

But some said prices could be poised to move higher after oil pared losses in earlier trading. Mark Waggoner, president of Excel Futures, said he thinks the 5% drop in prices after OPEC's announcement last week was probably an overreaction. When prices started to rise late Tuesday, he started buying.

"When it was down this morning, I was very leery of it, but toward the end of the day I pulled the trigger," he said Tuesday. "They're going to be cutting back for nine months, we're in a high demand season; the price should go higher."

Due to the Memorial Day holiday in the U.S. on Monday, investors will watch for an estimate on Wednesday from the American Petroleum Institute, an industry group that forecasts production and stock levels.

On Thursday, the U.S. will release official data on crude stocks, which have declined for seven straight weeks.

♦ Permian plays pressure natural-gas prices B14

BY ALISON SIDER,
NEANDA SALVATERRA
AND BIMAN MUKHERJI

REUTERS

AP

MARKETS

West Texas Natural Gas Pressures Prices

New supplies from fertile Permian Basin are likely to increase the current surplus

By TIM PUOKO
AND CHRISTOPHER M. MATTHEWS

The oil-rich Permian Basin is emerging as a major source of new natural gas, a development that could deepen an existing glut and pressure gas prices for years.

The West Texas region has become the most prolific spot for horizontal oil drilling and fracking. The new oil wells also produce natural gas, making it a nearly free byproduct that energy companies can then sell on top of the more-sought-after crude.

Gas production in the Permian Basin is likely to triple by 2020 from its 2010 levels, analysts say. The region is poised to rival new gas output from the Appalachian Marcellus Shale, the U.S.'s biggest gas-producing region.

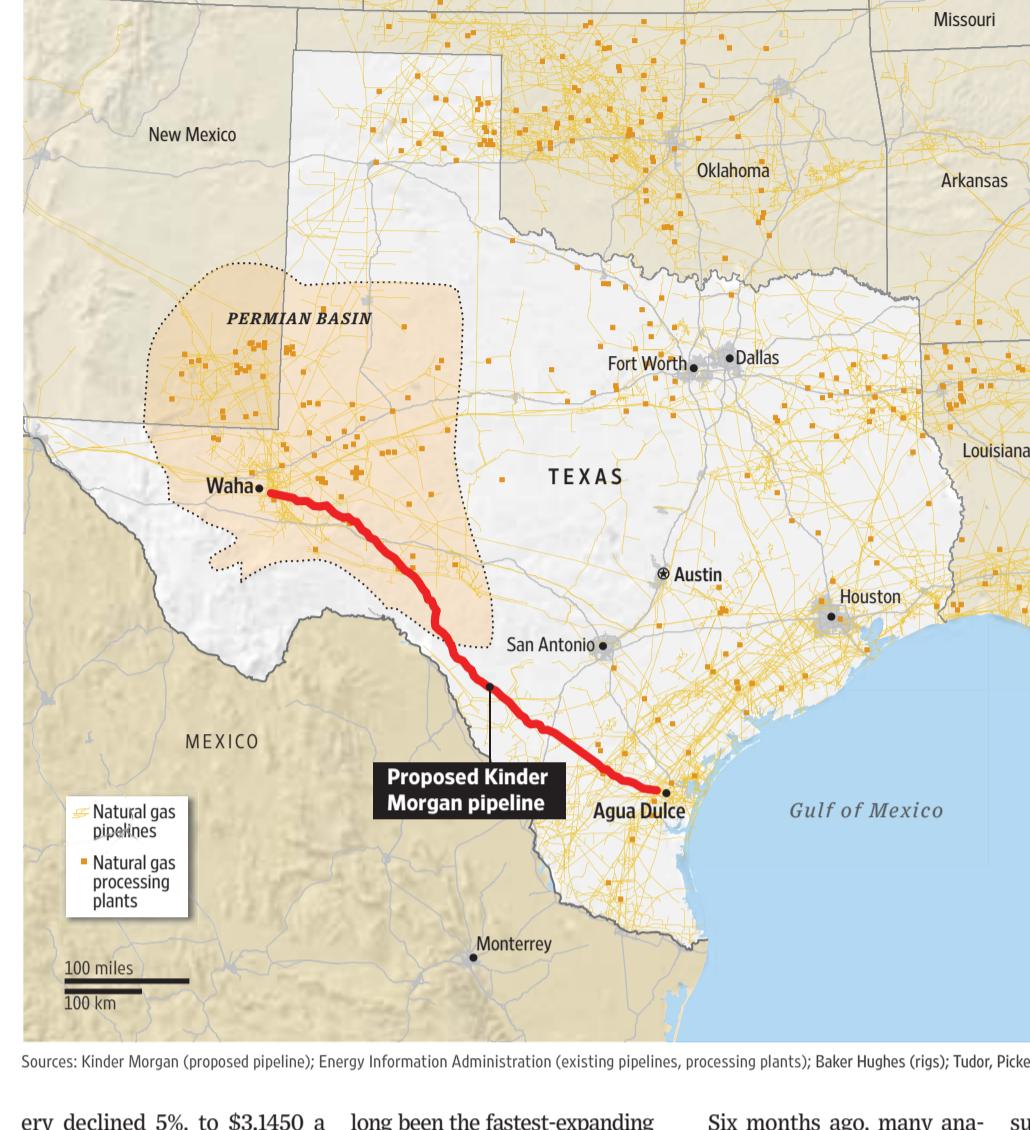
Businesses and investment firms are earmarking billions of dollars for new pipeline connections to take away gas so that drillers can keep pumping oil.

Blackstone Group LP last month agreed to pay \$2 billion for EagleClaw Midstream Ventures LLC, a gas-focused pipeline company in the region.

Kinder Morgan Inc. and at least two others have announced plans to spend billions of dollars on new pipelines.

The rapid growth among oil drillers and the support for pipeline projects both in Texas and from President Donald Trump's administration are helping make those investment decisions easier.

Natural-gas prices are down 16% year to date, with near-record production and modest winter-heating demand leaving storage levels 11% higher than the five-year average. On Tuesday, natural gas for July deliv-

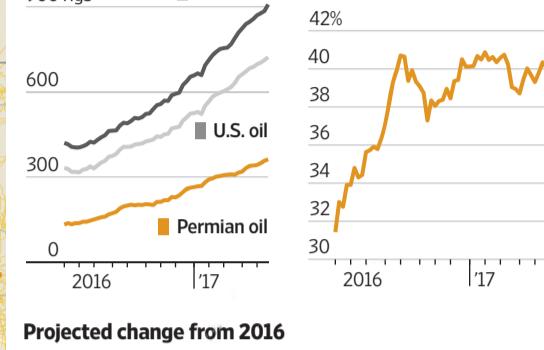


Sources: Kinder Morgan (proposed pipeline); Energy Information Administration (existing pipelines, processing plants); Baker Hughes (rigs); Tudor, Pickering, Holt & Co. (supply and demand)

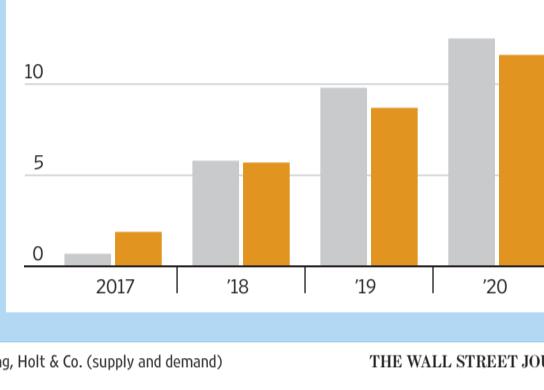
Boom Times

Dozens of new rigs drilling primarily for oil—especially in Texas' Permian Basin—may produce so much natural gas that they could cover nearly all new gas demand for years.

Number of drilling rigs



Projected change from 2016



THE WALL STREET JOURNAL.

ery declined 5%, to \$3.1450 a million British thermal units.

It was the largest one-day selloff in three months, accelerated in part by concerns about oversupply coming from the Permian, brokers and analysts said.

Gas production in the Permian is expected to increase by 5.5 billion cubic feet a day from the end of last year to reach 12.5 billion cubic feet by the end of 2020, according to energy investment bank Tudor Pickering Holt & Co. in Houston.

The Marcellus, which has

long been the fastest-expanding gas field, is likely to add 6.1 billion cubic feet during the same period, not much more than the Permian, though its total production will be two times that of Permian by 2020.

All that fresh output could send gas prices back down to historic lows next year, said Brandon Blossman, an analyst at Tudor Pickering. Permian "producers are concerned they can't get rid of it," he said. "They're not really concerned what they're going to get for it."

Six months ago, many analysts and executives thought a slowdown in drilling nationwide and increasing export demand could reverse the oversupply of natural gas. Some producers expected a shortage of pipelines to ship gas out of the oil patch might slow their move into the Permian.

But that picture has changed with the wave of new, cheap gas from the Permian and pipeline companies willing to spend on new connections.

New long-haul pipelines also are slated to unlock Marcellus

supply for the Midwest and Southeast. Resurgent Haynesville-shale drilling is likely to boost output from Louisiana. All that potential supply is helping keep prices in the futures market at the lower end of their range from the past two decades.

Oil wells nationwide are expected to generate another 9 billion cubic feet a day of natural gas over the next several years, nearly covering all new demand, according to estimates from Tudor Pickering and Macquarie Group.

Many analysts expect the increasing supply to keep international prices low, too, as the U.S. becomes more of a global supplier. U.S. producers are shipping vast new amounts of gas to Mexico and several export terminals are set to open that will ship gas by sea.

Because Permian drillers are after oil, gas prices could hit historic lows, probably as little as \$1.50 a million British thermal units, before it would stop them from drilling, according to energy consulting firm Wood Mackenzie.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

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Biotech IPO Slump Isn't So Troubling

Initial public offerings from biotech companies have slowed to a crawl. That isn't as big a problem for biotech stocks as one might expect.

After new offerings hit the market on an almost daily basis in 2014 and 2015, about 30 have gone public in the U.S. since the start of 2016, according to Dealogic.

However, investor demand for biotech hasn't cooled nearly as much as that trend might suggest. The equal-weighted S&P Biotechnology Select Industry Index is up nearly 18% so far this year and up nearly 50% from its lows in February 2016.

One reason that IPOs have slipped is that company finance chiefs, set to assemble this week for the annual Association of Bioscience Financial Officers meeting, have plenty of options besides public markets to access capital. Private sources of financing, such as venture capital and even nonprofit groups, are readily available. And the bank of big pharma remains wide open.

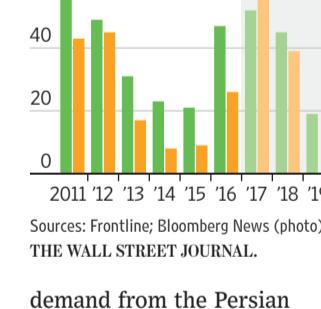
The relationship between large and small drug companies is somewhat symbiotic. Bigger drugmakers need to generate growth and generally have loads of cash. Offering a smaller startup a large upfront payment could buy sales access to a future breakthrough. Meanwhile, smaller companies need money to pay for expensive trials. Furthermore, if a drug candidate can be successfully brought to market, smaller companies can't match big pharma's selling ability.

Meanwhile, the lighter supply of companies has helped keep demand for public biotechs stronger as well. That is working well for all industry actors—including investors. —Charley Grant

Oil Curbs Sink Tanker Industry

Half Empty

Annual deliveries of VLCC and SuezMax oil tankers



Sources: Frontline; Bloomberg News (photo)



An oil tanker in Russia

demand from the Persian Gulf fell by nearly 11% compared with a year earlier, according to William Bennett, lead analyst for trade at VesselsValue. The world-wide drop was just 8%, mitigated by more demand for the very long journeys from West Africa and the U.S. Gulf of Mexico to Asia to replace Arabian light crude varieties now in short supply.

A good way to quantify demand for tankers is ton mile demand—multiplying nautical miles traveled by deadweight tonnage of vessels. In April, the ton mile

lag between ordering a ship and delivery means that many brand new vessels are coming onto the market when they aren't needed. When the oil market was booming from 2013 to 2015, just 109 of the two biggest sizes of tankers were delivered. Tanker company Frontline estimates that the number will swell to 274 from 2016 to 2018.

The upshot is that rates

are under pressure, squeezing owners such as Frontline, Euronav, DHT Holdings, Teekay Tankers and Gener8. The greatest pressure on their cash flows should be felt during this year's second and third quarters.

"We do expect rates to be pretty challenging," said Christian Waldegrave, research manager at Teekay, in a video presentation about industry conditions.

Frontline on Tuesday reported first-quarter earnings that were down by two-thirds from a year earlier. Second-quarter earnings estimates for every major U.S.-listed oil shipper are down sharply, according to FactSet.

The industry is banking on a turnaround in 2019 as new orders fall and older ships get scrapped. But desperate ship builders and opportunistic buyers have seen some new orders recently.

It really is true: Hope floats.

—Spencer Jakab

OVERHEARD

Have it your way?

Perhaps at **Burger King**, but not in the Kingdom of Belgium. The chain's online advertising campaign asked people to choose between the country's King Philippe and the restaurant's King. Those picking the Belgian king got the message: "Are you sure? He won't be the one to cook your fries."

According to the peeved royal house, the chain didn't ask to use the monarch's image.

But this may be more a case of cultural appropriation than of appropriating a public figure's image. "French fries" are believed to originate in Belgium.

The ad campaign promoting Burger King's first outlet presages a whopper of a fight with the country's beloved friteries. Insulting the monarch probably didn't help.

* * *

The drone business can be turbulent even for those not making drones.

Ask **Ambarella**. Shares of the chip maker that designs the high-definition image processors that are key components in camera-bearing quadcopters fell sharply on Tuesday. An analyst downgraded the stock on the belief that drone giant **DJI** went with another chip for its Spark drone unveiled last week.

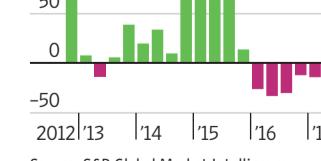
As the undisputed drone market leader, DJI is believed to be one of Ambarella's largest customers. Such concentration brings risk. Ambarella already had projected a drop in drone revenue, citing difficult comparisons resulting from the timing of new product launches.

The Spark's compact size and low price relative to other consumer camera drones will likely make the drone a top seller—and the air even thinner around companies not named DJI.

Apple Copes With a WeChat Problem in China

Switched Off

Apple's revenue in China, change from a year earlier



Source: S&P Global Market Intelligence

setting up all their apps again. About 92% of iPhone owners in the U.S. who consider buying a new phone are going to stay put, according to a recent Morgan Stanley survey. That stickiness allows Apple to sell new iPhone models at a premium.

In China, though, operating systems aren't such a big deal, says Ben Thompson, founder of research firm Stratechery. Instead, WeChat, the ubiquitous social network owned by Chinese tech giant **Tencent Holdings**, is crucial. The app, which began life as a messaging tool and now has almost one billion active users, is effectively a minioperating system itself.

Within it, users can do almost anything—download games, pay bills, transfer money or order takeout food.

WeChat is available on both iOS and Android. Its flexibility means it is less of a wrench for Chinese customers to give up their iPhone if they fancy a new model. About half of Chinese iPhone users have switched to phones with Android in the past year, according to a survey by Toutiao, a popular news website.

If Apple is to make better headway in China with its new model expected later this year, it will have to come up with a better selling point than just being an iPhone.

—Jacky Wong