

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

TUESDAY, MAY 16, 2017 ~ VOL. CCLXIX NO. 113

WSJ.com

★★★★ \$3.00

DJIA 20981.94 ▲ 85.33 0.4%

NASDAQ 6149.67 ▲ 0.5%

STOXX 600 395.97 ▲ 0.1%

10-YR. TREAS. ▼ 2/32, yield 2.338%

OIL \$48.85 ▲ \$1.01

GOLD \$1,228.60 ▲ \$2.40

EURO \$1.0975

YEN 113.79

What's News

Business & Finance

Ford aims to cut about 10% of its global workforce amid CEO Fields's drive to boost profit and the auto maker's sliding stock price. **A1**

◆ A judge gave Alphabet's Waymo unit broad leeway to seek and examine evidence from Uber in a lawsuit against the ride-hailing firm. **B1**

◆ Russia and Saudi Arabia sent oil prices higher with a joint statement that cuts in output should be extended into March 2018. **B1**

◆ Stocks rose, boosted by energy and mining shares. The Dow gained 85.33 points to 20981.94. **B11**

◆ Existing-home sales climbed 1.4% in the first quarter to hit their fastest pace in a decade. Home-builders' shares rose. **A2, B11**

◆ AIG's new chief, Brian Duperreault, promised not to break up the insurance conglomerate. **B1**

◆ A hacker or hackers claimed to have stolen an unreleased Disney movie and demanded ransom. **B1**

◆ Target is narrowing its focus and rethinking its digital strategy even as rivals diversify online offerings. **B3**

◆ Italy's Atlantia made a bid for Abertis Infraestructuras that values the Spanish company at \$17.8 billion. **B2**

◆ ValueAct's Jeffrey Ubben tapped the firm's president, Mason Morfit, to be its chief investment officer. **B10**

◆ The Supreme Court cleared debt collectors to demand repayment of expired debts from consumers in bankruptcy proceedings. **B10**

World-Wide

◆ Trump shared sensitive intelligence obtained from a close U.S. ally with Russia's foreign minister and ambassador in a meeting last week, according to U.S. officials. **A1**

◆ The global cyberattack largely abated, but investigators were still trying to understand how the so-called ransomware spread. **A1**

◆ Putin blamed U.S. intelligence services for the attack, which struck Russian systems particularly hard. **A6**

◆ Arab Gulf states have offered to take steps to improve relations with Israel if Netanyahu makes what they would consider a peace overture to the Palestinians. **A8**

◆ The U.S. accused Syria of operating a crematorium to cover up mass murders at a prison outside Damascus. **A8**

◆ Merkel signaled openness to changes to fortify the EU as she met with new French President Macron. **A7**

◆ A moderate mayor from France's conservative Les Républicains party was named prime minister. **A7**

◆ Rosenstein will brief the Senate on Thursday about the Comey firing. Officials continued to winnow the list of candidates to lead the FBI. **A4**

◆ An appeals court posed tough questions to both sides at a hearing on Trump's revised travel ban. **A3**

◆ The Supreme Court declined to hear an appeal to revive North Carolina's tighter voting rules. **A2**

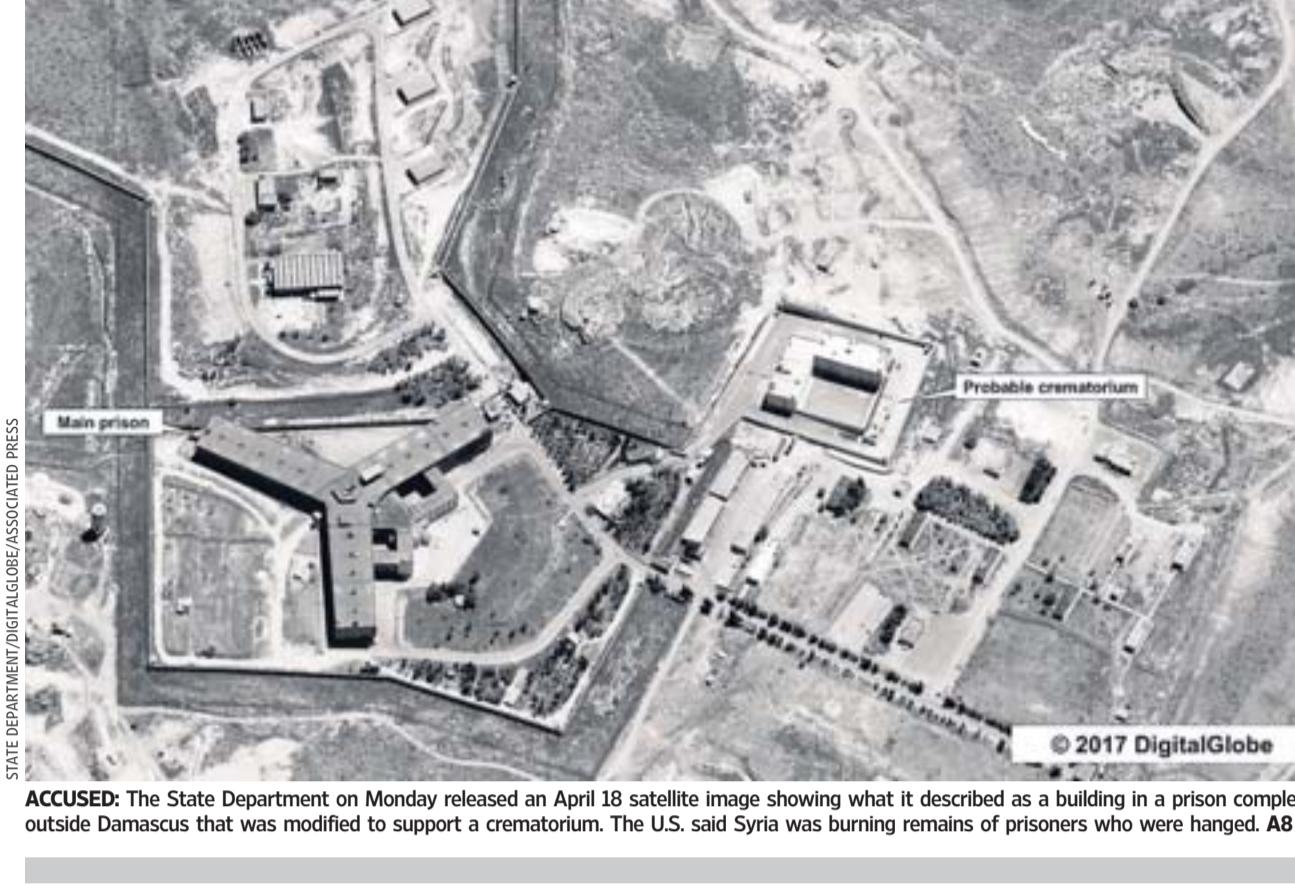
◆ Died: Brad Grey, 59, former Paramount CEO. **B3**

CONTENTS Opinion A15-17
Business News... B3 Sports A14
Capital Journal... A4 Streetwise B1
Crossword A12 Technology B4
Head on Street B12 U.S. News A2-4
Life & Arts A11-13 Weather A12
Markets B12 World News A6-8

20235>
0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

U.S. Says Syria Is Using Crematorium to Cover Up 'Mass Murders'



ACCUSED: The State Department on Monday released an April 18 satellite image showing what it described as a building in a prison complex outside Damascus that was modified to support a crematorium. The U.S. said Syria was burning remains of prisoners who were hanged. **A8**

Hack Probe Zeroes In on How Virus Invaded Networks

By STU WOO
AND ROBERT McMILLAN

The cyberattack that hit companies and government agencies world-wide over the weekend largely abated Monday, but investigators were still trying to understand how the worm managed to spread in the first place, amid fears the attack may signal the dawn of a new era in computer intrusions.

Cybersecurity officials said

the spread of WannaCry, a so-called ransomware, had been contained, though governments and companies are likely to continue disclosing instances of infection for days or weeks as they get a better handle on the scope of the attack.

Investigators are racing to identify patient zero, or the first known infection of the worm, to find clues that could lead back to the hacker.

"If I were law enforcement, I

would be working to find who was the very first company impacted," said Becky Pinkard, a vice president at cybersecurity firm Digital Shadows. "I would knock at the door and be asking, 'Can I look at your logs?'"

Possible links to North Korea emerged Monday. A security researcher at Alphabet Inc.'s Google unit, Neel Mehta, on Monday pointed out similarities between a version of WannaCry that was detected earlier this

year and uploaded to an archive for security researchers and code used in a series of attacks that security specialists have attributed to the Lazarus group. Security experts say that hacking group carried out multimillion-dollar online banking thefts

Please see HACK page A6

◆ Russia blames U.S. spy agency for hack..... A6
◆ Heard on the Street: Crying over cybersecurity stocks... B12

Ford Looks to Cut Jobs 10% Globally

By CHRISTINA ROGERS

Ford Motor Co. aims to cut about 10% of its global workforce amid Chief Executive Officer Mark Fields's drive to boost profits and the auto maker's sliding stock price, according to people briefed on the plan.

The move comes as Ford targets \$3 billion in cost reductions for 2017, a plan intended to improve profitability in 2018 even as U.S. auto sales plateau. Ford's share price has suffered during Mr. Fields's three-year tenure, and the company's market value has slipped far behind those of Tesla Inc. and General Motors Co.

The job cuts, expected to be outlined as early as this week, largely target salaried employees, these people said. It is unclear if the plan includes reductions in the hourly workforce at Ford's

factories in the U.S. and abroad. Ford has 200,000 employees globally, half of which work in North America.

"We remain focused on the three strategic priorities that will create value and drive profitable growth, which include fortifying the profit pillars in our core business, transforming traditionally underperforming areas of our core business and investing aggressively, but prudently, in emerging opportunities," Ford said in a statement.

"Reducing costs and becoming as lean and efficient as possible also remain part of that work. We have not announced any new people efficiency actions, nor do we comment on speculation," the company said.

Deep job cuts in the U.S. could trigger a political backlash at the White House, as President Donald Trump has

Please see FORD page A2

Trade plan has all sorts of firms adopting its 'One Belt, One Road' slogan

By TE-PING CHEN

BELIJING—Perfect, a Chinese company, sells toothbrush sets adorned with ladybugs and pastel bunny rabbits. Add to that a recent motif: a trillion-dollar Chinese infrastructure initiative.

"One Belt, One Road," says Hu Shuchen, marketing manager, enthusiastically. "It's an important way for our nation to become great."

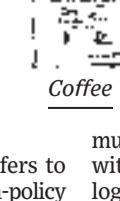
The chunky slogan refers to China's signature foreign-policy bid to extend trade links across vast parts of the world, part of a revival of the old Silk Road. While most people outside

China would have only the haziest sense of the phrase, for Chinese entrepreneurs it is a patriotic marketing caravan crying out to be joined.

All sorts of businesses are celebrating government investment in roadways, maritime routes and other infrastructure. There are belt-and-road-themed handbag and car-rental companies, a "Road and Belt" coffee brand, a musical singing turtle branded with a "One Belt, One Road" logo, as well as belt-and-road tea canisters, scarves and chinaware.

Packaging for Mr. Hu's

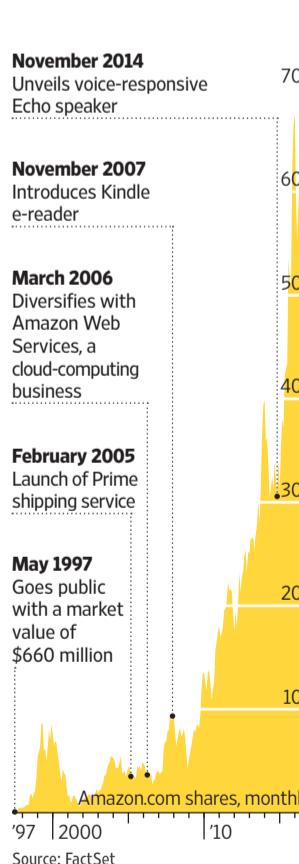
Please see SLOGAN page A10



Coffee

Amazon's Reign

Two decades after Amazon.com's IPO, its shares are surging, thanks in part to the firm's continual reinvention. **B12**



LABOR FORCE POSES LIMITS TO 3% GROWTH

Slow growth in number of workers and their productivity are obstacles to president's plans

By NICK TIMIRAS AND ANDREW TANGEL

Ariens Co., a maker of lawnmowers and snowblowers, faces a bottleneck in its plans to raise production 40%. It can't find enough workers.

The Brillion, Wis., company bused some Somali refugees from nearby Green Bay to help, but they weren't enough, and it is spending up to \$15,000 a month on recruiting.

"We see the demand right in front us," said Chief Executive Dan Ariens. "It's very frustrating."

His lament points to an issue at the heart of President Donald Trump's economic agenda. The president has laid out a goal of getting the U.S. economy, which has expanded at less than a 2% average rate for the past decade, to grow at above a 3% rate over the long term.

Two stubborn obstacles stand in his way. The work force isn't producing enough new workers, and the produc-

Trump Shared Secrets With Russians

BY CAROL E. LEE AND SHANE HARRIS

WASHINGTON—President Donald Trump shared sensitive intelligence obtained from a close U.S. ally with Russia's foreign minister and ambassador in a meeting last week, according to U.S. officials, potentially jeopardizing critical intelligence-sharing agreements in the fight against Islamic State.

Mr. Trump met with Russian Foreign Minister Sergei Lavrov and Russian Ambassador Sergei Kislyak in the Oval Office the day after firing Federal Bureau of Investigation Director James Comey.

During the meeting with the Russian officials, Mr. Trump mentioned details about Islamic State in a way that revealed enough information for the Russians to potentially compromise the source, according to the officials, who said the intelligence came from the U.S. ally.

According to one U.S. official, the information shared was highly sensitive and difficult to acquire and was considered extraordinarily valuable. The Wall Street Journal agreed

Please see TRUMP page A4

Mideast Overture

Arab Gulf states offered to take concrete steps to establish better relations with Israel if Netanyahu moves to restart the peace process | **A8**

◆ Russia blames U.S. spy agency for hack..... A6

◆ Heard on the Street: Crying over cybersecurity stocks... B12

INSIDE



TEACHING CHILDREN SUN PROTECTION

LIFE & ARTS, A11



INNOVATOR'S DILEMMA HITS HIGHER ED

OPINION, A17



MERKEL OPEN TO BID TO REMAKE EU

WORLD NEWS, A7

U.S. NEWS

Home Sales Hit Best Pace in Decade

By LAURA KUSISTO

Home sales in the first quarter hit their fastest pace in a decade, a sign that rising prices and slightly higher mortgage rates haven't deterred buyers.

Total existing-home sales climbed 1.4% in the quarter to a seasonally adjusted annual rate of 5.62 million, the highest since the first quarter of 2007, according to the National Association of Realtors.

The national median home price, meanwhile, jumped 6.9% from the same quarter a year earlier to \$232,100, the sharpest gain in nearly two years.

Demand remains strong as millennials begin to enter the housing market in force. But that could change as higher prices weigh on affordability, economists said, particularly if interest rates rise.

Demographers generally define millennials as people born between roughly 1980 and 2000.

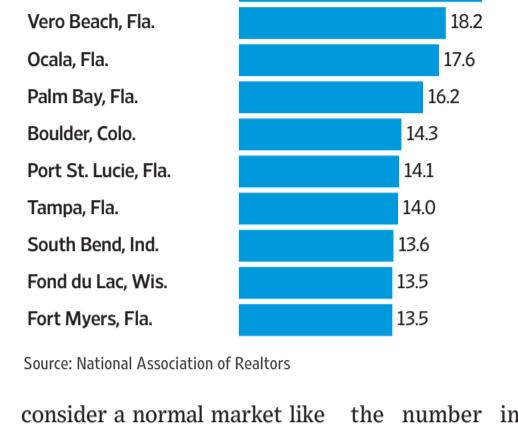
Many millennials have been living in cramped conditions, whether in their parents' homes or in pricey urban apartments, "and are being released into the market at a time when affordability is becoming more challenging," said Lawrence Yun, chief economist at the NAR.

When accounting for population growth, the pace of sales today reflects what economists

Mixed Bag

Median sales price of existing single-family homes in the first quarter, change from a year earlier

Metro areas with the biggest increases...



Source: National Association of Realtors

...and biggest declines



THE WALL STREET JOURNAL

consider a normal market like that of the early 2000s, when the pace of sales was just under five million homes a year.

The pace of sales topped out at roughly 6.2 million in 2005, at the height of the housing bubble.

Price growth, meanwhile, remains subdued compared with the bubble years but is perking up as well. Single-family home prices increased year over year in 85% of the 178 markets covered in the NAR's survey.

In the fourth quarter, 89% of markets reported higher prices.

Thirty metropolitan areas experienced double-digit annual price gains, identical to

the number in the fourth quarter.

The markets that enjoyed the strongest price gains include Tampa, Fla.; Boulder, Colo.; and Cumberland, Md.

The disparity between the most and least expensive housing markets continued to grow.

A midprice home in San Jose, Calif.—the most expensive metro area in the country—now costs \$1.07 million, while the typical home in the cheapest market—Youngstown, Ohio—costs \$79,200.

Home prices in San Jose have risen 10% over the past year, while prices in the Youngstown area have increased 4%.

Homes have become less affordable over the past year because of rising prices and mortgage rates, though they remain theoretically within reach for many families. A buyer making a 5% down payment on the median-price U.S. home would need an income of roughly \$52,000, compared with the national median household income of just over \$71,000.

A year ago, a buyer making a 5% down payment on a typical home would have needed an income of roughly \$48,000.

◆ Home-builder stocks continue to rally B11

U.S. WATCH

EDUCATION

Suicide Game Prompts Warning

School districts are warning parents about a social-media game that purports to instruct preteens to carry out increasingly dangerous tasks and self-harm over 50 days, culminating in suicide.

It isn't clear to what extent students are playing the game, called the Blue Whale suicide challenge, or whether anyone has committed suicide as a result.

School administrators from the Northeast to the Rocky Mountains have sent letters to parents about the game, which is believed to spread via social media and an app.

Scott Poland, a psychology professor at Nova Southeastern University in Fort Lauderdale, Fla., said parents need to discuss Blue Whale with their children and monitor their internet use even if they think the game doesn't represent a real danger.

"It's hard to sort out what is real about it, and it certainly is alarming," Dr. Poland said.

—Tawnell D. Hobbs

WASHINGTON

Student-Data Overhaul Proposed

A bipartisan group of senators is proposing a major overhaul of the way the federal government collects data on college students, setting the stage for a showdown over how to balance student privacy with a growing interest in measuring college outcomes.

Sens. Orrin Hatch (R, Utah), Elizabeth Warren (D, Mass.), Bill Cassidy (R, La.) and Sheldon Whitehouse (D, R.I.)—all members of the Senate Health, Education, Labor and Pensions Committee—on Monday introduced legislation that would overturn a decade-old ban on collecting in-

dividual student data that track enrollment, completion and graduate success.

Advocates say such granular data would help families and lawmakers make more informed decisions about which schools and even majors prepare students for successful careers.

The bill, the College Transparency Act, calls for the creation of a secure data system within the U.S. Department of Education's National Center for Education Statistics and would allow the center to gather information from different federal agencies for a single, user-friendly system while keeping anonymous individual students identifying details. It would also take into account transfer and part-time students.

—Melissa Korn

MISSOURI

Effort to Monitor Prescriptions Fails

A bill to create a database to monitor prescriptions has faltered again in Missouri, as the state's annual legislative session ended without the measure coming to a final vote.

That leaves Missouri as the only remaining state without such a database, which experts say would help track and prevent the overprescribing of controlled substances such as opioids. The databases allow doctors and pharmacies to check a person's prescription history before writing or filling a new one.

States bordering Missouri had urged it to pass the legislation, saying some of their own residents wishing to abuse opioids were traveling to Missouri to seek prescriptions.

Proponents of the bill in Missouri's House and Senate were unable to overcome divisions over how comprehensive the database should be.

—Jeanne Whalen

Cleared for Landing and Restoration



TOUCHING DOWN: Employees of Keller Construction Co. lowered a Navy A7E Corsair from a display pylon in Edwardsville, Ill., on Monday. Restoration of the aircraft by the Flight Deck Veterans Group is expected to take four to six weeks.

FORD

Continued from Page One
repeatedly pointed to auto makers like Ford as examples of companies adding U.S. jobs.

Mr. Trump pressured Ford to pull back on Mexico production and invest in U.S. factories. Ford committed to scrap a Mexican factory that had been under construction until earlier this year. The company will add 700 jobs in Michigan with money saved in Mexico.

Mr. Fields last week faced heightened scrutiny from board members and investors who have long complained

about Ford's sluggish stock performance in an era of record profitability.

Ford has launched into a series of new technology investments under Mr. Fields, including a \$4.5 billion electric-vehicle program and an aggressive autonomous-car project. While both programs could contribute to Ford's longer-term prospects, the spending erodes profit margins at a time when sales of lucrative pickups and sport utilities remain strong.

The auto maker's stock price has fallen nearly 40% since Mr. Fields became CEO in mid-2014. Shares have fallen even as the broader U.S. auto market has grown for seven straight years. Now,

as volumes stabilize, executives are turning to downsizing moves like those of a decade ago.

Ford shares were up 2 cents at \$10.94 in 4 p.m. composite trading Monday on the New York Stock Exchange.

While Mr. Fields worked to ease political tensions, he hasn't been able to answer investor concerns about Ford's ability to weather a downturn or find new sources of revenue. The Dearborn, Mich., auto maker has booked substantial profits in recent years, including delivering two consecutive years of record earnings, but its market value sank below electric-car maker Tesla Inc. earlier this year.

Now, Ford has said it expects its profits to fall in 2017 and has flagged slowing sales in the U.S. and China—two of the world's largest auto markets.

Ford has been steadily ex-

panding both its salaried and unionized workforce since the financial crisis. While many employees have been added to support higher volumes and expansion in global markets, Mr. Fields has also been hiring to support new technology ventures that fall outside of the company's core business of building and selling cars.

These new projects include a unit called Ford Smart Mobility LLC, and an expanding presence in Silicon Valley, where several tech giants are rushing forward with car-sharing ventures, driverless cars and other future mobility experiments. Ford in February announced it would ac-

holders ahead of GM's annual meeting to support his plan for a revamped capital structure and new board members.

Ford steered clear of the bankruptcies that allowed GM and Fiat Chrysler Automobiles NV's Chrysler unit to cut significant costs under chapter 11 protections. Ford did, however, implement a series of painful cuts aimed at slimming down unionized head count at manufacturing plants and shrinking the white-collar ranks.

Mr. Fields, a 28-year veteran of the company, ran Ford's core North American unit for several years and served as architect of many of those downsizing efforts. He has overseen several tense negotiations with United Auto Worker officials. He also shrank the company's European operation earlier last decade, earning a reputation as a hard-nosed leader willing to attack the cumbersome cost structure that long burdened Detroit's car companies.

As sales rebounded following the 2009 financial crisis, Ford's ranks swelled. Employment in North America, responsible for the bulk of the auto maker's profits, has grown 25% over the past five years and the auto maker has also been expanding in China.

Ford has been a big beneficiary from surging demand for SUVs and pickups, including the best-selling F-150. Like GM and Chrysler, Ford has been forced to trim production of smaller cars, such as the Focus, and the auto maker has taken action to reduce dealer inventories in the U.S.

200,000

Number of employees Ford Motor has globally

quire artificial-intelligence startup Argo AI with plans to invest \$1 billion over the next five years to expand the firm.

General Motors, meanwhile, has been retrenching under Chief Executive Mary Barra. It began cutting thousands of U.S. jobs in the U.S. earlier this year in response to soft demand for passenger cars, and has pulled out of several underperforming markets, including a plan to sell its Opel unit to Peugeot.

Ms. Barra, like Mr. Fields, faces pressure from investors. Greenlight Capital Inc., a hedge fund run by David Einhorn, is pleading with share-

CORRECTIONS & AMPLIFICATIONS

In some editions Monday, a graphic with a Page One article about North Korean missiles didn't run in full. The complete graphic is available at WSJ.com/Corrections.

The U.S. accounts for about 56% of the sales at the companies that comprise the S&P 500, according to S&P Dow Jones Indices. A Heard on the Street article Monday about U.S. companies' earnings incorrectly said the U.S. accounted for 44%.

The last name of Arama Kukutai, a partner at agtech-focused Finistere Ventures, was misspelled as Kukuta in an Agriculture report article Monday about big data in farming.

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

NEED ASSISTANCE WITH YOUR SUBSCRIPTION? CONTACT CUSTOMER SUPPORT.

By web: customercenter.wsj.com
By email: wsjsupport@wsj.com
By phone: 1-800-JOURNAL (1-800-568-7625)
Or by live chat at wsj.com/livchat

Letters to the Editor:
Fax: 212-416-2891; email: wsjtrs@wsj.com

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

Editorial and publication headquarters:
1211 Avenue of the Americas,
New York, NY 10036

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

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

All advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, NY, 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

Letters to the Editor:
Fax: 212-416-2891; email: wsjtrs@wsj.com

By web: customercenter.wsj.com
By email: wsjsupport@wsj.com
By phone: 1-800-JOURNAL (1-800-568-7625)
Or by live chat at wsj.com/livchat

U.S. NEWS

To Get Texting Drivers, Police Try Spying

Officers pose as construction workers, panhandlers to catch motorists in the act

BY ADRIENNE ROBERTS

SHELBY TOWNSHIP, Mich.—It used to be that when drivers saw a police car nearby, their initial impulse was to slow down. Nowadays, people rush to hide their smartphones.

To curtail texting while driving, officers are getting creative in many parts of the country—with some even going undercover. Near Atlanta, officers dressed as construction workers operated a sting on cars driving by their site. Authorities in Albany, Ga., have gone as far as posing as panhandlers at street corners to spy inside cars.

Distracted driving is blamed as a culprit behind rising U.S. traffic fatalities, but authorities have struggled to enact or enforce laws that effectively curb activities that take drivers' hands off the wheel. Proving a driver was texting while driving can be difficult and citations can be contested in court.

One example of an undercover effort is Operation Ghostrider, a Michigan program that since April has police using unmarked vehicles to stem dangerous driving behavior. Michigan is a state where holding a phone while driving is allowed but texting is illegal, and the accused often argue they were looking for directions, dialing a phone number or doing some other legal task when confronted.

On a recent afternoon in Macomb County, Michigan State Police Lt. Mike Shaw sat in the passenger seat of a nondescript black GMC Yukon that traversed M-59, a busy highway spanning the northern



Police departments are resorting to creative tactics, such as using a large bus with a high vantage point, to enforce laws against texting while driving.

Systems to Keep Hands on the Wheel

Nearly 3,500 people were killed and nearly 400,000 people were injured in accidents caused by distracted driving in 2015, according to the National Highway Traffic Safety Administration.

Auto makers have attempted to mitigate the problem by installing technology that allows drivers to use sev-

eral smartphone features via Bluetooth connection and voice commands.

About 95% of vehicles built for the 2016 model year had features enabling at least some form of hands-free phone use, according to data from WardsAuto.com, but drivers routinely complain about glitchy performance.

Alphabet Inc., Google's parent, and Apple Inc.—two tech giants supplying the operating systems on most smartphones bought in the U.S.—have intro-

duced programs that allow drivers to plug their phone into the car and operate functions on the dash.

Many auto makers are offering the systems—dubbed Apple CarPlay and Android Auto—in new cars.

Michigan State Police Lt. Mike Shaw said the systems are better than texting by hand.

But, he adds, "anytime you take your mind off driving you're still distracted."

—Adrienne Roberts

Detroit suburbs. Lt. Shaw was watching for texting drivers; when one was spotted, he would radio ahead to a police car waiting to nab offenders. In the driver's seat was Jim Santilli, chief executive of the nonprofit Transportation Improvement Association, which teamed up with the Michigan state police on the operation. Ghostrider efforts have

been fruitful. Since the program's start, more than 140 drivers were pulled over and more than 100 citations were issued.

In two four-hour stretches, Shelby Township Police pulled over 93 drivers and all 93 stops resulted in a citation. If the driver was caught texting and driving, the ticket comes with a \$100 fine for first of-

fenders and a \$200 fine for subsequent infractions.

"When we pull people over, we're trying to change driver behavior," Lt. Shaw said. Since Mr. Santilli also was observing the road, Lt. Shaw had an additional witness to any violations.

More than a dozen states—including California, Illinois and New York—prohibit using a hand-held device while driv-

ing for any reason. Like Michigan, most other states prohibit texting and driving, but texting at a stoplight, plugging in an address on a maps app while driving or dialing a number are all legal.

To spot texting violators, authorities in Tennessee, a state with laws similar to Michigan's, use a large bus with police officers aboard. A bus has a high vantage point that helps police to better monitor what drivers are doing with their hands, Tennessee Highway Patrol Sgt. Travis Plotzer said.

He notes the operation in Tennessee uses a bus that is marked as a police vehicle. But even that isn't enough to get distracted motorists' attention.

"You'll still see people texting in their cars [continue] texting beside it even with all the bus's markings," he said.

In a two-hour operation one recent afternoon, police patrolling Knoxville issued 81 ci-

tations.

In Michigan, Lt. Shaw and Mr. Santilli saw several drivers start texting at a red light and then continue texting as the light turned green, driving through the intersection blindly.

One middle-age woman was spotted at a red light by Lt. Shaw with one hand texting on her phone and the other on the steering wheel. When the light turned green, she didn't look up from her phone and drove through the intersection while texting. The motorist was pulled over.

"Everyone is doing it at all times of the day," he said, disputing the notion that only young people text and drive.

And drivers aren't just texting while driving. In a period of about two hours, Mr. Santilli and Lt. Shaw saw drivers do their makeup, read a newspaper and smoke a cigarette in one hand while texting in the other. They also spotted a driver spreading cream cheese on a bagel with a knife.

Revised Trump Travel Ban Gets Another Day in Court

BY BRENT KENDALL

The appeals court that derailed President Donald Trump's first executive order on immigration posed tough questions to both sides Monday during a hearing on the president's second attempt to temporarily suspend U.S. travel for people from some Muslim-majority countries.

The Justice Department appeared before a three-judge panel of the Ninth U.S. Circuit Court of Appeals, sitting in Seattle, to seek a revival of the revised executive order, which was signed March 6.

The order temporarily suspended entry to the U.S. for people from Iran, Libya, Somalia, Sudan, Syria and Yemen, and also suspended the U.S. program for admitting refugees. Mr. Trump said the order was needed to protect national security. Critics said the order was primarily an effort to

make good on a campaign promise to keep Muslims out of the U.S.

The revised order has never gone into effect, because judges in Hawaii and Maryland blocked it shortly after Mr. Trump signed the measure. The judges found that those

Appellate judges pose tough questions to both sides, not just to the president's team.

challenging the travel restrictions in court were likely to prevail on their claim that Mr. Trump had improperly targeted Muslims for disfavored treatment.

The Ninth Circuit, during oral arguments that lasted about 75 minutes and were

broadcast live, reviewed the Hawaii ruling and grilled both sides.

For the Justice Department, the hearing had more bright spots than most of its earlier court appearances in defense of Mr. Trump's immigration restrictions. "Why shouldn't we be deferential to the office of the president of the United States on such issues?" asked Judge Michael Daly Hawkins, one of the three President Bill Clinton-appointed judges who heard the case.

Judge Richard Paez said Mr. Trump's statements during the presidential race in support of a Muslim ban were "profound," but he said they took place "during the midst of a highly contentious campaign."

Nevertheless, the judges also offered questions and comments that suggested Mr. Trump might lose even if the court gave him deference.

This is the Ninth Circuit's

second go-round with the president on his travel restrictions. In February, a different three-judge panel blocked the president from moving forward with his original executive order, signed Jan. 27, which imposed considerably broader travel restrictions.

WASHINGTON—The Trump administration announced details of a major expansion of a policy to prevent federal funds from going to foreign organizations that perform or advise on abortions, spurring praise from antiabortion groups but criticism that the move would restrict women's access to health care.

Senior administration officials said Monday that the ban now would apply to \$8.8 billion in global health-assistance funds, expanding by almost 15 times the financial reach of an antiabortion policy first implemented by President Ronald Reagan in 1984.

"The policy...implements what the president has made very clear: U.S. taxpayer money should not be used to support foreign organizations that perform or actively promote abortions as a method of family planning in other nations," a senior administration official said.

The administration an-

White House Reduces Health-Law Offerings

BY MICHELLE HACKMAN

WASHINGTON—The Trump administration on Monday said it will no longer make enrollment for small-business plans available on Healthcare.gov, a change that carries little practical impact but signals movement on a pledge to scale back parts of the Affordable Care Act.

Under the ACA, employers with as many as 50 workers could sign up for small-group plans through the Small Business Health Options Program, often called SHOP, where some employers could qualify for tax credits to lower premiums. As the exchange was originally envisioned, small employers could use the platform to make contributions to their employees' health coverage, allowing workers to pick which plans they preferred.

But the health law's small-business tax credits proved insufficient to attract a large number of employers, and most small-business owners shunned the federally run mar-

ketplaces in favor of working with private brokers.

"Our goal is to reduce ACA burdens on consumers and small businesses and make it easier for them to purchase coverage," Seema Verma, the administrator of the Centers for Medicare and Medicaid Services, said in a statement.

Some analysts depicted the move as largely a gesture. "Scaling back the SHOP exchange won't really make much difference and is more of a symbolic move to chip away at the ACA," said Larry Levitt, a senior vice president at the Kaiser Family Foundation.

The CMS said small-business tax credits would be made available to employers purchasing plans directly from insurers or through brokers. It also said the change won't affect the 17 states that run their own SHOP exchanges.

The change reflects the administration's intent to use executive authority to undo portions of the health law as Congress attempts to pass a repeal and replacement package.

Antiabortion Policy on Foreign Aid Expanded

BY FELICIA SCHWARTZ

nounced the new rule in January, but details of its implementation weren't disclosed until Monday. The rule is known as the "Mexico City policy," for the city where Mr. Reagan announced it. It has been reversed and reinstated in successive Democratic and Republican administrations. The Trump administration said it would now call the directive "Protecting Life in Global Health Assistance."

Foreign nongovernmental organizations aren't allowed to use U.S. funds to perform abortions. Under the expansion, they also won't be able to receive any U.S. funds if they perform abortions or provide abortion-related services using other funds, even those not provided by Washington.

The controversial policy, dubbed the "global gag rule" by critics because it restricts organizations that seek U.S. funding from dispensing information about abortion, has faced strong resistance from Democrats and aid and advocacy organizations.



U.S. Circuit Judge Richard Paez asking questions about the blocked order in Seattle on Monday.

Cartier

CLÉ DE CARTIER
New Collection

WEMPE

700 FIFTH AVENUE & 55TH STREET
NEW YORK • 212.397.9000

U.S. NEWS

Stakes Rise as Trump Embraces Controversy



CAPITAL JOURNAL

By Gerald F. Seib

Most people prefer to avoid controversy. Donald Trump seeks it out.

Indeed, it sometimes seems that if a controversy isn't roiling, he works to create one and then stoke it.

Sometimes this is to change the subject to one he prefers, sometimes to distract attention from the latest controversy he wants to move beyond.

It's an approach mostly foreign to the worlds of politics and governance, which is exactly what his supporters like about it. Somehow it worked for Mr. Trump as a presidential candidate. We are watching a live experiment in whether it can work as president. Chances are it will always be thus.

Never was this more clear than in Mr. Trump's bombshell decision to fire James Comey as head of the Federal Bureau of Investigation. Mr. Trump had to know that, despite the initial White House explanation that the firing grew from Mr. Comey's handling of the inquiry into Hillary Clinton's emails, it inevitably would be seen as an effort to get rid of the man handling the most sensitive investigation of Mr. Trump himself, over whether Russia interfered in last year's election to his benefit.

He did it anyway. Then he doubled down by saying that, contrary to his White House's initial explanation, he was going to fire Mr. Comey regardless of what his Justice Department recommended. Then he tripled down by saying that Mr. Comey had better be careful about what he says about his conversations with the president because those conversations might have been taped.

Mr. Trump will get what he wanted. He now will pick his own FBI director. FBI directors are given 10-year terms, so presidents generally have to live with the one they inherit. Not now—and maybe never again; has Mr. Trump shattered the idea that FBI directors are independent operators?

That's one question. A second: At what cost will Mr. Trump get what he wanted?

Last week could have been spent talking about Republicans' high-stakes bid to get a health-care replacement for Obamacare through the Senate, an effort in which the Trump White House is increasingly invested. Instead, it was spent talking about

the Saudis and the Israelis, and to build that into a broader regional security alliance to counter both Iran and Islamic State.

The Journal's Carol Lee

has reported that, as a down-payment on that effort, the Trump administration is preparing a new arms deal and economic-coopera-

L'Affaire Comey.

This week should be spent talking about Mr. Trump's first foreign trip. He goes to Saudi Arabia, Israel and the Vatican before meeting the heads of other industrialized nations at a G-7 summit. Mr. Trump has a chance to forge a new relationship with both

The Comey episode could distract attention from the broader agenda.

tion initiatives with the Saudis. This is big stuff; will it be overshadowed?

Thus, the controversies carry the risk of distracting attention from the broader Trump agenda. That certainly will be the case, at least sporadically, as Mr. Trump goes through the process of picking and then trying to get confirmed a new FBI director.

Such controversies also drive down even further the chances that Mr. Trump will get significant Democratic cooperation. In fact, Senate Democrats are promising to block other agenda items until they get assurances on the course of the Russia investigation. Mr. Trump's low job-approval ratings leave Democrats believing they aren't obliged to cooperate.

On the other hand, there is compelling evidence that the Comey business hasn't resonated outside of Washington the way it has inside. A weekend Wall Street Journal/NBC News poll found that, while

38% of those surveyed disapproved of the Comey firing, and 29% approved, about one-third said they didn't have an opinion.

Democrats tended to disapprove, while only 3% of Trump voters disapproved. Meanwhile, Mr. Trump's job-approval rating is 39%. That's low but essentially unchanged by the Comey episode.

A troubling undercurrent for Mr. Trump: The survey found a strong desire, cutting across political affiliations, for an independent commission or a special prosecutor to get to the bottom of Russia's role in the 2016 election.

That suggests the Comey matter may yet come back to haunt Mr. Trump. Still, there is little reason to think there will be a change in his broader operating style, which seems predicated on the idea that controversy is a sign he is shaking things up, just as promised.

Rosenstein To Brief Senators On Comey

BY DEL QUENTIN WILBER AND NATALIE ANDREWS

WASHINGTON—Deputy Attorney General Rod Rosenstein will brief the Senate on Thursday on the firing of former FBI Director James Comey, senators said Monday, as top Justice Department officials continue winnowing the list of candidates to run the Federal Bureau of Investigation.

Senate Minority Leader Chuck Schumer (D., N.Y.) immediately made it clear Democrats will press Mr. Rosenstein on the circumstances surrounding Mr. Comey's firing and urge him to name a special prosecutor to investigate alleged Russian meddling in the 2016 presidential election.

One candidate for FBI director, Rep. Trey Gowdy (R., S.C.), took himself out of the running Monday. He said the FBI needs not only a director with impeccable credentials but one who can unite the country.

Mr. Gowdy headed a House probe into the terrorist attacks on a U.S. compound in Benghazi, Libya, under Secretary of State Hillary Clinton, and Democrats, who viewed the inquiry as partisan, would likely have fiercely opposed his nomination.

Meanwhile, the Senate prepared for Mr. Rosenstein's appearance. A memo written by Mr. Rosenstein was initially cited by the White House as the basis for Mr. Comey's removal, though President Donald Trump later said he had decided to fire Mr. Comey before receiving that memo.

Mr. Rosenstein is also supervising the Russia investigation after Attorney General Jeff Sessions recused himself because he didn't disclose meetings with the Russian ambassador to the U.S. during confirmation hearings.

On Monday, Mr. Rosenstein, along with Mr. Sessions, spent the day reviewing interviews conducted over the weekend with potential successors for Mr. Comey, according to Justice officials. The list includes a former congressman, a sitting U.S. senator, two FBI officials and two judges.

Mr. Trump was expected to meet at the White House Monday evening with the top Republican and Democrat on the Senate Judiciary Committee, which will hold confirmation hearings for the nominee, according to Senate staffers. Sen. Chuck Grassley (R., Iowa) has been supportive of the president's decision to fire Mr. Comey. Sen. Dianne Feinstein (D., Calif.) has been skeptical of White House explanations for the firing.

People familiar with the selection process said that among the top contenders are Mike Rogers, a former Republican congressman and FBI agent; Sen. John Cornyn (R., Texas), a confidant of Mr. Sessions; and Michael Garcia, a state judge in New York and a former U.S. attorney.

—Aruna Viswanatha and Kristina Peterson contributed to this article.



Donald Trump Jr., center on right, shaking hands in Bozeman, Mont., with Republican congressional candidate Greg Gianforte, a businessman. He faces Democrat Rob Quist, left, a professional musician. Mr. Gianforte is embracing President Donald Trump in his campaign.

Montana Race Will Test President's Allure

BY JANET HOOK

EAST HELENA, Mont.—As President Donald Trump grapples with the fallout from his firing of Federal Bureau of Investigation Director James Comey, a House election here will test whether it is politically safer for Republicans to be with Mr. Trump than against him.

Greg Gianforte, the GOP businessman running to fill Montana's only House seat, is campaigning with one of the president's sons, Donald Trump Jr., and Vice President Mike Pence. He supports the Comey firing decision.

Opposing Mr. Gianforte is professional bluegrass musician and political novice, Democrat Rob Quist, in what Republicans say is a referendum on the

Trump presidency. Mr. Quist has campaigned on a populist platform largely devoid of the anti-Trump rhetoric that has galvanized liberals across the U.S.

The May 25 election will pick a successor to Ryan Zinke, who left Congress to become Mr. Trump's Interior Secretary.

Mr. Gianforte's embrace of the president reflects the reality that most Republicans have been reluctant to break with Mr. Trump. The latest Wall Street Journal/NBC News poll found that 82% of Republicans approved of Mr. Trump's handling of the job, while 58% of Republican respondents supported the Comey firing.

Most GOP voters interviewed at Mr. Gianforte's events here as the Comey con-

troversy unfolded in Washington shrugged it off or supported Mr. Trump's handling of the matter.

"That's his style," said Glen Robbins, a real-estate broker from Montana City. "When he says 'You're fired,' you are fired."

The Montana race is the next in a series of special House races this spring that have been seen as political tests in advance of the 2018 midterm election.

Republicans have held the House seat for two decades. However, Montana has elected Democrats to other statewide offices, including two-term Sen. Jon Tester, and Gov. Steve Bullock won his second term in 2016 by a four-point margin even as Mr. Trump won the

state in a landslide.

Mr. Bullock's GOP opponent was Mr. Gianforte, and the bruises left by that defeat are a lingering concern for Republicans. Democrats portrayed Mr. Gianforte as an East Coast multimillionaire hostile to Montana's tradition of protecting public lands for public use.

Mr. Gianforte, who made his fortune as a tech entrepreneur, moved from New Jersey to Montana about 25 years ago.

He has sent mixed signals on the health-care issue since the House passed its bill to repeal and replace the Affordable Care Act. At first, he was noncommittal. Then he was reported to have told a conference call with lobbyists that he was "thankful" the House had acted.

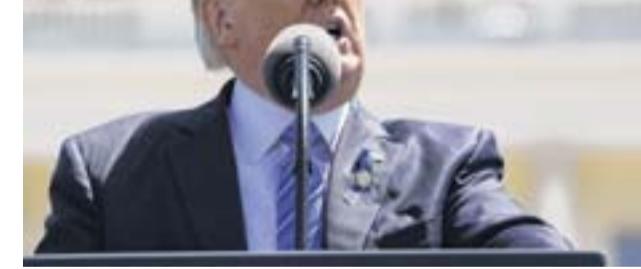
Now he says he is thankful

that Republicans are moving ahead on the issue but he wouldn't have voted for the bill because—without formal policy analysis—he didn't know if it would protect rural areas, among other goals.

After the New York Times disclosed a leaked tape of the conference call, the Quist campaign said it got more than \$500,000 in donations in three days.

Mr. Bullock said Mr. Quist faces headwinds but the Democrat's chances hinge on the race being a referendum not on Mr. Trump, but on who has deeper roots in the state. "He's as Montanan as a Montanan can be," Mr. Bullock said.

Mr. Quist, 69 years old, hails from Cut Bank, a town of 3,000 near the Canadian border.



President Donald Trump at a Washington event on Monday

Sen. Patrick Leahy (D., Vt.), a member of the Senate Judiciary Committee, said he hadn't confirmed the veracity of the Post's report, but told CNN: "You never disclose sources of evidence."

He continued, "It would be almost inconceivable that any president would allow something of that nature out."

After the initial revelations, reporters flooded the hallway outside press secretary Sean Spicer's West Wing office. At one point, Gen. McMaster walked into the scrum and quickly turned back and walked out, joking that the hallway full of reporters was "the last place" he wanted to be.

Ninety minutes after the Post story was published, Dina Powell, deputy national security adviser for strategy—and who also sat in on the meeting with the Russian officials—denied the story on the record. She called the Post's story "false" and said: "The president only discussed the common threats that both countries faced."

Secretary of State Rex Tillerson also issued a denial of the Post article.

A spokesman for the Post couldn't be immediately reached for comment, but one of the Post reporters said in a television interview that the newspaper stood by the article.

—Paul Sonne, Eli Stokols

Rebecca Ballal, Louise Radnofsky and Byron Tau

contributed to this article.

TRUMP

Continued from Page One

not to identify the ally because another U.S. official said it could jeopardize the source.

The Washington Post reported Mr. Trump's disclosure and said White House officials called the Central Intelligence Agency and National Security Agency to warn of Mr. Trump's disclosure and its possible consequences.

The White House denied on Monday that Mr. Trump disclosed any sources and methods of U.S. intelligence services or those of U.S. allies.

"I was in the room. It didn't happen," National Security Adviser Lt. Gen. H.R. McMaster said in a statement outside the White House.

Gen. McMaster said in his statement that Mr. Trump didn't divulge intelligence sources, methods or military operations, but he stopped short of denying that the president had shared any intelligence or other secrets with the Russians.

It was the latest in a string of controversies, all stemming from investigations into Mr. Trump's associates and presidential campaign over ties to Russia. Mr. Trump last week fired Mr. Comey, who was heading up the investigation into the ties between Trump associates and Russia and testified about the probe.

gencies that protect Americans against terrorist acts."

"If it's true, it'd be troubling," said Sen. Lindsey Graham (R., S.C.).

"Giving the Russians intelligence that our counterterrorism partners have asked us to protect is incredibly dangerous," said Jeremy Bash, the former Pentagon chief of staff under President Obama. "It will ensure that those partners don't share with us the information we need to protect ourselves."

"It's so mind-boggling, I don't even know what to say," said Eric Edelman, a former undersecretary of defense during the George W. Bush administration. "I'm completely gobsmacked. It's jeopardizing a human source. It's the one thing you're trained to never do."

"These reports, if true, are of the gravest possible concern," said Sen. Ron Wyden, an Oregon Democrat and a member of the Senate Intelligence Committee. "It could harm our national security by cutting off important sources of intelligence and governance, which is exactly what his supporters like about it. Somehow it worked for Mr. Trump as a presidential candidate. We are watching a live experiment in whether it can work as president. Chances are it will always be thus.

On Capitol Hill, the report of Mr. Trump's possible disclosure of classified information to the Russia's top diplomat and its U.S. envoy prompted a chorus of concern from Democrats and Republicans.

A spokesman for House Speaker Paul Ryan (R., Wis.) released a statement calling for a "full explanation of the facts from the administration."

"We have no way to know what was said, but protecting our nation's secrets is paramount," said Mr. Ryan's spokesman, Doug Andres.

Senate Intelligence Committee Vice Chairman Mark Warner (D., Va.) said on Twitter: "If true, this is a slap in the face to the intel community. Risking sources & methods is inexcusable, particularly with the Russians."

Senate Intelligence Committee Member Chris Murphy (D., Conn.) said: "This is a serious threat to our national security and must be investigated."

Sen. Jeff Flake (R., Ariz.) said: "This is a serious threat to our national security and must be investigated."

Sen. Marco Rubio (R., Fla.) said: "This is a serious threat to our national security and must be investigated."

Sen. Rand Paul (R., Ky.) said: "This is a serious threat to our national security and must be investigated."

Sen. Ted Cruz (R., Texas) said:

"This is a serious threat to our national security and must be investigated."

Sen. John McCain (R., Ariz.) said:

"This is a serious threat to our national security and must be investigated."

Sen. Ben Sasse (R., Neb.) said:

"This is a serious threat to our national security and must be investigated."

Sen. Tom Cotton (R., Ark.) said:

"This is a serious threat to our national security and must be investigated."

Sen. Mike Lee (R., Utah) said:

"This is a serious threat to our national security and must be investigated."

Sen. Jeff Merkley (D., Ore.) said:

"This is a serious threat to our national security and must be investigated."

Sen. Richard Blumenthal (D., Conn.) said:

"This is a serious threat to our national security and must be investigated."



Export Food, Not Jobs

Main points from our Midwest job creation roundtable last week:



- The Midwest is the world's low-cost producer of safe, high-quality meat, dairy and other foods. So the Midwest is perfectly positioned to export these products to the 2.5 billion people entering Asia's booming middle class.
- We support President Trump's great focus on trade and jobs for America because \$1 billion of exports generates 8,000 new American jobs.
- Our goal is to continue the national conversation about doubling America's food production industry to \$1.8 trillion and creating millions of new high-paying American jobs.

Sincerely,



Anthony Pratt
Executive Chairman, Pratt Industries



Pratt Industries, one of the largest corrugated box manufacturers in the United States, proudly supports the American food industry!

www.prattindustries.com

GLOBAL CYBERATTACK

Russia Blames U.S. Spy Agency for Hack

By THOMAS GROVE

MOSCOW—Russian President Vladimir Putin blamed U.S. intelligence services for a global cyberattack that struck Russian computer systems particularly hard, attempting to reverse a narrative that has placed the Kremlin at the center of blame for politically charged hacking.

"The primary source of the virus is the United States," he said in remarks to journalists in Beijing on Monday. "Russia is in no way involved."

The Kremlin leader said the virus caused "no substantial damage" to Russia's cyber infrastructure. But the attacks underscored major vulnerabilities in the country's computing infrastructure, experts say.

Security experts said the attack used code believed to have been stolen from the U.S. National Security Agency that exploited a vulnerability in Microsoft Corp. Windows software.

The U.S. spying agency has declined to comment on the matter.

Costin Raiu, director of global research at Moscow-

Groups Urge China To Delay Cyber Law

Trade groups representing U.S., European and Asian companies called on China to delay a cybersecurity law set to go into force June 1, saying it could discriminate against foreign businesses.

The law, adopted late last year, sets up a committee to conduct security reviews of technology products supplied by the Chinese government and critical industries. Its require-

ments on matters such as technology disclosure and encryption could give Chinese companies a competitive edge, the groups said in a letter reviewed by The Wall Street Journal.

"Our concerns encompass enormously consequential issues for China's economy, its relations with economic and commercial partners, and the global economy," said the letter, dated Monday and signed by 54 trade groups, including the U.S.-China Business Council, American Chamber of Commerce in China, Business-Europe, the Japan Chamber of Commerce and In-

dustry, and the Korea-China Business Council.

China's internet regulator couldn't be reached to comment. In the past, it has said the rules are nondiscriminatory.

Some of the law's provisions were softened after they drew criticism from Western trade groups and governments. wording that requires companies to submit "source code" to prove their products are secure was removed in the final version. Critics say the law's vague wording still hands Chinese regulators broad powers to block products.

—Eva Dou

based antivirus vendor Kaspersky Lab ZAO, said Russia may be susceptible to attack because much of the country uses old or pirated versions of Windows.

"It's possible that the use of pirated software is a factor here. Russia, Ukraine, India and China were some of the hardest hit and this could be correlated with piracy rates in those countries," he said.

At the height of the attack

over the weekend, Russian authorities were largely silent, offering few clues as to the extent of the damage or advice to businesses hit by the virus.

Andrei Soldatov, an expert who tracks Russian security agencies, said the cybersecurity wing of Russia's domestic intelligence agency has recently been in turmoil. This year, reports emerged of a series of high-profile arrests in Russia

that purportedly included officers of the country's secretive Federal Security Service. Russia hasn't commented on the arrests.

Mr. Soldatov said one of those arrested was a senior officer in the Information Security Center, the FSB's cybersecurity wing.

"No one is quite sure what their new role is after the arrest," he said.

U.S. and Western officials blame Russia for an extended campaign of state-sponsored cyberattacks that have roiled global politics, from last year's hack of the Democratic National Committee to recent intrusions targeting French President Emmanuel Macron's party ahead of his election.

Cybersecurity experts say "Shadow Brokers," the hacking group that leaked the software, represent a state-sponsored hacking effort by Russia.

In April, the group said it had stolen the attack code from the NSA, a claim that surfaced amid allegations the Kremlin attempted to influence the 2016 U.S. presidential election through a campaign of hacking and disinformation.

Mr. Putin has said the Russian state doesn't carry out hacking.

This most recent wave of attacks allows the Russian government to cast itself as the target of hacking, rather than the attacker. Cyber experts see a likelihood that the attack will be used to add momentum to the Kremlin's plans to introduce

greater control over the internet.

Russian security services paid little attention to the internet until protests in 2011 and 2012, when tens of thousands of Russians took to the streets in Moscow to protest against Mr. Putin's continued leadership.

Since then Mr. Putin and the FSB have looked for ways to control access to the internet and make user activity more transparent to security services. Russia has played with the idea of creating a version of the Chinese firewall.

Following the attack, Herman Klimenko, adviser to Mr. Putin for internet development, praised the president's order to create a firewall at least for government employees, calling the creation of a "Russian segment" of the web an important step.

Information security expert Alexey Lukatsky said the recent cyberattacks would likely speed up legislation in the Russian Parliament that would add new layers of secrecy to cybersystems used by the country's most powerful ministries.

Attack Hits Parts Of Health System

By MELANIE EVANS

The international cyberattack has had some impact on the U.S. health-care system, as hospital systems scramble to prevent its further spread.

On a conference call with health-care organizations on Monday, federal officials said several medical devices had been infected with the ransomware that proliferated across dozens of countries, but declined to identify the devices, a person on the call said. The Department of Health and Human Services, which organized the call, referred questions to Homeland Security, which didn't respond to a request for comment.

The health-care unit of Siemens AG, which makes medical imaging and laboratory diagnostic devices, sent an urgent bulletin on Monday to customers to alert them that some products are vulnerable to the ransomware, a spokesman said. The Siemens business is offering remediation for susceptible products, he said. "Responding to this global threat is of the utmost importance to the company," he said. The number and type of vulnerable health-care devices wasn't available, he said. Siemens AG's technology infrastructure and production

weren't affected by the cyberattack, he said.

In an interview on Sunday, a Homeland Security official said some U.S. health-care companies reported suspected or confirmed attacks involving the ransomware. The official declined to say whether hospitals were among those affected. The malware didn't disrupt operations and mostly affected administration, a Homeland Security spokesman said on Monday.

Cybersecurity experts across U.S. health care remained on alert through the weekend, racing to patch vulnerable computer networks and scanning for evidence of new variants of the malware known as WannaCry, which worms into computers through a vulnerability in Microsoft Corp. software. The malware encrypts files and demands ransom to release them.

The U.S.'s largest hospital operator, HCA Healthcare, hasn't detected an impact from the cyberattack, a spokeswoman said. The Nashville, Tenn.-based company, which also owns six hospitals in the U.K., continues to monitor its networks, she said.

Northwell Health, which owns 18 hospitals and more than 550 outpatient centers in New York, gathered information-security employees Satur-

day at a data center in Westbury, N.Y. to monitor the health system's networks from banks of monitors that flashed status updates.

Northwell officials first learned of the cyberattack Friday morning, said John Bosco, senior vice president and chief information officer. Northwell set in motion the same emergency protocols it uses during hurricanes and other emergencies, he said. Officials raced to

survey and update multiple layers of cybersecurity. Within hours, Northwell identified about 200 of about 50,000 computers with vulnerable software and a small number of its 4,000 servers that hadn't yet received a scheduled upgrade, Mr. Bosco said.

Northwell says it staggers software upgrades to avoid disruption.

Northwell engineering and information security staff

worked through Saturday to patch the software. Work finished Saturday evening with no reported breaches. Northwell continues to monitor networks for new variants of the malware, Mr. Bosco said.

As the day unfolded, Mr. Bosco watched reports of the ransomware spreading across the globe. "It was scary," he said. "It was very scary."

Insurance giant Aetna Inc.

saw no impact from the ran-

somware but contacted hospitals and doctors in its networks asking for cybersecurity updates after Friday's first attacks, said James Routh, Aetna's chief security officer and chairman of the National Health Information Sharing and Analysis Center, a nonprofit cybersecurity organization whose members include hospitals, health insurers and pharmaceutical and medical-device companies.

Hospitals are seen as vulnerable to cyberattacks because of dependence on digital health records and networked medical devices.

PAT JARRETT FOR THE WALL STREET JOURNAL

HACK

Continued from Page One

as well as the 2014 cyberattacks

on Sony Entertainment—attacks

they believe North Korea orchestrated.

A Google spokesman had no comment on the findings. Mr. Mehta didn't immediately respond to a request for further comment. The North Korean mission to the United Nations couldn't be reached for comment.

The findings don't necessarily demonstrate that Lazarus or North Korea was involved in the WannaCry attack, researchers said. The culprit in the latest attack, who haven't been identified, could have copied the code in question, for example.

Understanding how WannaCry started to spread could give investigators their best chance to identify the mastermind behind the cyberattacks.

Cybersecurity experts have already ruled out phishing—tricking someone into opening a seemingly legitimate email attachment that actually contains the worm—as a possible tactic.

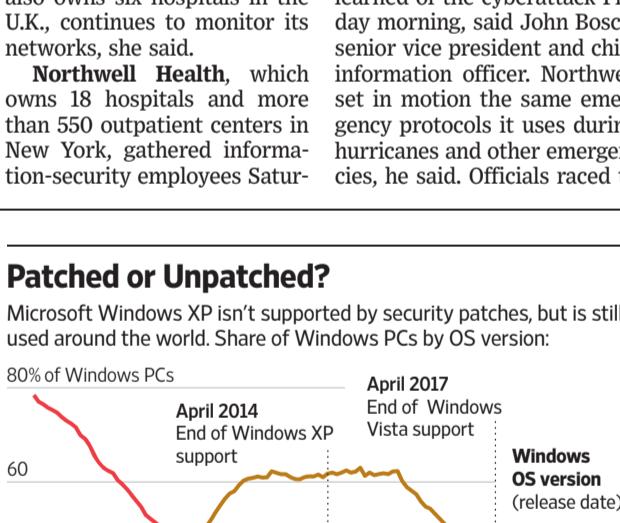
They currently have two main hypotheses, both of which involve port 445, a digital computer outlet that isn't supposed to be connected to the internet.

WannaCry is part ransomware—which locks computer files and demands online payment to unlock them—and part "spreader," which transmits WannaCry to all other computers on a network. It attacks machines running Microsoft Corp.'s Windows systems that don't have up-to-date security patches.

"We're moving from leaks—stolen credit cards or informa-

Patched or Unpatched?

Microsoft Windows XP isn't supported by security patches, but is still used around the world. Share of Windows PCs by OS version:



Agency—and later leaked to the public by hackers—WannaCry quickly made its way around the internet. Its spread was slowed by luck Friday when a security researcher accidentally discovered a "kill switch" that prevented the worm from spreading.

Rob Holmes, a vice president of products at Proofpoint, a Silicon Valley company with virus sensors at major corporations and telecom companies, said 95% of ransomware attacks use the relatively unsophisticated technique of phishing. In a report published Monday, a European Union cybersecurity agency said early indications pointed to emails containing WannaCry-infected Microsoft Office documents as the attacker's weapon.

But it quickly amended the report, saying phishing probably wasn't involved.

If it had been a phishing attack, organizations would have found the offending email by now and described it to the pub-

Hackers Get Small Ransom in Bitcoin

Microsoft Windows XP isn't supported by security patches, but is still used around the world. Share of Windows PCs by OS version:

This weekend's wave of cyberattacks held up for ransom the computer files of more than 200,000 victims worldwide. The hackers' apparent take: \$55,000—in bitcoin accounts that they may hesitate to tap.

Attackers, who promised to restore the files after ransom payments of as little as \$300 each in bitcoin, have been using three specific bitcoin wallets, or addresses, according to several people tracking the attack, with about 220 transactions totaling

about \$55,000 as of Monday, according to Chainalysis Inc.

None of the funds have been moved out of the wallets. While identifying bitcoin wallet owners is difficult, tracking money moving out of such wallets is potentially easier.

Chainalysis said the attackers probably weren't ready for the global impact of their attack.

Transactions involving bitcoin are recorded on a shared ledger known as the blockchain. Finding out who the individuals are behind any one bitcoin transaction is difficult, however, because users' identities are protected by powerful forms of

encryption.

"No central party can cut off access," said Brian Knight, a senior research fellow specializing in financial technology at George Mason University.

"You can be in Belarus or Malaysia or the moon and get bitcoin from someone."

If the malicious user, however, does anything to give themselves away, like cashing out into a local currency or inadvertently putting a name or IP address with the transaction, they can be tracked down. "There's going to be a paper trail...Whether it can be deciphered is a separate question," said Mr. Knight.

The problem is that the IP address could lead to another IP address, which could lead to another IP address, and so on. "It's a very slow and painful process," Ms. Pinkard said.

A parallel hunt would be following the money. WannaCry asked for ransom to be delivered via a digital currency called bitcoin. About 202 payments totaling about \$51,000 went to the attacker as of Monday morning, said bitcoin-analytics firm Chainalysis. Every transaction is recorded on an online ledger. But finding out the individual behind each transaction is difficult because users' identities are well encrypted.

"There's going to be a paper trail," said Brian Knight, a George Mason University specialist in financial technology. "Whether it can be deciphered is a separate question."

—Natalia Drozdak, Paul Vigna

and Peter Rudegeair contributed to this article.

Agencies—and later leaked to the public by hackers—WannaCry quickly made its way around the internet. Its spread was slowed by luck Friday when a security researcher accidentally discovered a "kill switch" that prevented the worm from spreading.

Sean Sullivan, security adviser at F-Secure Corp., a Helsinki-based cybersecurity company, said the WannaCry software appeared to have been written by a neophyte. He noted, for instance, that one component of the ransom-payment system involved a popular online storage website, which could make its users possible to trace.

"These guys are clearly using rudimentary stuff that beginners were doing several years ago," Mr. Sullivan said.

But when armed with attack code that Microsoft said was developed by the National Security

lic, cybersecurity specialists said.

Experts have two main theories as to how WannaCry could have wormed its way into a computer network.

Imagine a network of 100 computers. These computers communicate with each other through digital roads. One of the roads is port 445, and it is usually reserved for Windows-running computers to transfer files to each other, or to send stuff to the printer, Digital Shadows' Ms. Pinkard said.

Authorities know WannaCry spread itself within a network using the port 445 road. But how did the worm sneak inside the network in the first place? The port 445 road connects computers within an organization's internal network, but it is typically walled off from the internet and outside world.

Investigators have a theory: WannaCry wiggled through a flaw in Microsoft software that

WORLD NEWS

Merkel Open to Macron Bid to Remake EU

German chancellor greets France's new president with vow to renew countries' ties

German Chancellor Angela Merkel signaled new openness to far-reaching changes to fortify the European Union as she met with French President Emmanuel Macron on his first full day on the job.

By Matthew Dalton
in Paris and Anton Troianovski in Berlin

The two leaders said Mr. Macron's victory in France's presidential election could breathe new life into the Franco-German relationship, which has long been the motor for pulling EU member states closer together. Ms. Merkel's relief at have such a staunch pro-European partner in Mr. Macron was palpable: A few weeks ago, she faced the possibility of confronting his since-vanquished rival, far-right nationalist Marine Le Pen, whose political career has for years been devoted to destroying the project of European integration.

"The French elections...have shown the Germans once more what a treasure Europe is and

how important German-French cooperation and friendship is for this treasure," Ms. Merkel said in a news conference with Mr. Macron at the Chancellery in Berlin. "So I believe we are at a very sensitive moment in history that we should now also take advantage of—to make something of it that will be understood by the people as a strengthening of Europe."

To that end, Ms. Merkel said she would be ready to discuss changes to the EU treaty to strengthen the bloc "if it makes sense." That was a new tone for the chancellor, sounding more positive about the possibility of treaty changes than she had in recent months. The two leaders left unsaid, however, what kind of treaty change they might seek.

The meeting's warm tone reflected rising hopes in Germany that Mr. Macron may be able to deliver what officials in Berlin have long demanded: a convincing overhaul of France's tightly regulated economy that would jump-start growth in the eurozone's second-largest economy. Mr. Macron ran as a business-friendly centrist, pushing liberal economic policies that previous French leaders have regarded with skepticism.

For his part, Mr. Macron is asking Ms. Merkel to pool eu-



Angela Merkel greets newly installed French President Emmanuel Macron in Berlin on Monday.

countries off the hook when it comes to balancing budgets and making needed reforms.

In France, opponents of such reforms have already vowed to launch street protests against any attempt by Mr. Macron to liberalize France's highly regulated labor market.

Mr. Macron himself sounded a note of skepticism about the political obstacles standing in the way of such major changes.

"I don't underestimate the difficulty that implies," Mr. Macron said. "Our publics don't feel the same."

"In France, I must lead deep reforms," he added, "which are necessary for our country, but necessary also for the full restoration of Franco-German confidence. And Ms. Merkel has the job of convincing her public opinion and political life in this direction."

Mr. Macron also called on the EU to toughen its policies against countries that flout international trade rules. He said the EU should react more quickly to violations and impose higher tariffs against foreign companies that dump goods onto European markets.

"Today, Europe defends its companies and workers less well than the United States," he said.

rozone government funds into a shared budget that could be used to support members of the currency area in economic distress. The French leader believes such a step would help address deep flaws in the eurozone that in 2010 exploded

into a debt crisis that nearly tore the currency area apart.

The political obstacles to enacting these big changes have for years proved too large to overcome. The two leaders committed to developing a road map for how they

wanted to improving the EU but offered few specifics in Monday's news conference.

Ms. Merkel and her government have long been skeptical of proposals to pool more resources, believing that sharing eurozone money could let

Moderate Chosen as Prime Minister

By MATTHEW DALTON

PARIS—French President Emmanuel Macron on Monday named Le Havre Mayor Édouard Philippe as his prime minister, handing a top position in his government to a moderate from the conservative Les Républicains party.

The move shows how Mr. Macron is courting members of Les Républicains to join his new party, La République En Marche, ahead of next month's

legislative elections. Some politicians from the Socialist Party have agreed to run under the banner of the new party, but members of Les Républicains have all refused.

Support from a few key conservatives would buttress his contention that his party is breaking down old differences between left and right. Mr. Macron's political opponents spent much of the campaign arguing that he was merely the heir of François Hollande,

Mr. Macron's unpopular Socialist predecessor and mentor in government.

Mr. Philippe's nomination is a challenge for the leadership of Les Républicains, who are working to keep party unity after Mr. Macron's landslide win in this month's presidential election. "This is an individual decision," said Bernard Accoyer, secretary-general of Les Républicains. "It is not a political agreement."

But Bruno Le Maire, a lead-

ing lawmaker in Les Républicains, quickly backed Mr. Philippe's decision to take the job.

"Congratulations," Mr. Le Maire wrote on Twitter, "get past the old divisions to serve France."

Like Mr. Macron, Mr. Philippe is a graduate of the École Nationale d'Administration, one of the top schools that train France's leaders. He now assumes a key role in Mr. Macron's plans to overhaul the country's tightly regulated economy and fortify the European Union.

wanted to improving the EU but offered few specifics in Monday's news conference.

Ms. Merkel and her government have long been skeptical of proposals to pool more resources, believing that sharing eurozone money could let



The new French prime minister, Édouard Philippe, center.

German State-Election Result Squeezes Merkel's Opponents

By ANTON TROIANOVSKI

BERLIN—German Chancellor Angela Merkel, buffeted by years of crises that opponents said would usher in her political demise, is savoring signs of renewed strength as a national election campaign approaches.

The country's refugee crisis has receded into the background. Her regular meetings with foreign leaders portray her confidence on the world stage. Four out of five Germans say the economy is doing well.

And on Monday, Ms. Merkel was relishing one of her party's most dramatic electoral victories in her nearly 12 years in office: winning the state election in her opponents' heartland.

The Christian Democrats' victory, by 33% to 31.2%, over the center-left Social Democrats in North Rhine-Westphalia—home to nearly one-quarter of the German population—showed the Sept. 24 national election to be Ms. Merkel's to lose. Sunday's striking result came in the home state of Ms. Merkel's challenger for the chancellorship, Social Democrat Martin Schulz. His party, known as the SPD, has governed the state for all but five of the past 50 years.

"It is now very hard to argue that the SPD really will be so strong as to be able to push Ms. Merkel from the chancellorship," said Thomas Poguntke, a political scientist at the Heinrich Heine University in Düsseldorf, said on Monday. "It's not yet completely decided, but it is now significantly less likely than it was before yesterday's election."

The perception of many Germans that Ms. Merkel flung the country's doors open to hundreds of thousands of asylum applicants in 2015 remains the chancellor's Achilles' heel, Mr. Poguntke and other analysts said.

But the SPD, the junior partner in Ms. Merkel's governing coalition since 2013, supported Ms. Merkel's policies, making it difficult for the

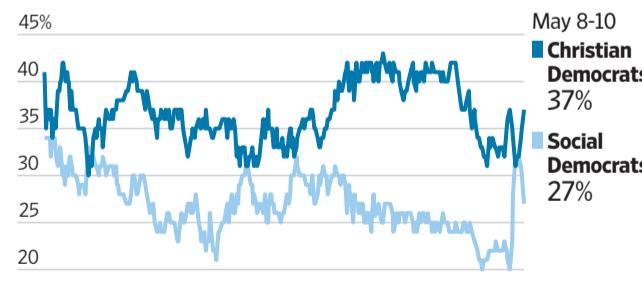
Confidence Boost

A weekend win in a state election by Chancellor Angela Merkel's Christian Democrats underlines many Germans' continued satisfaction with her tenure.

Since Merkel took office in 2005, Germans' view of their economy has soared...



...and her party is regaining a polling lead over the center-left Social Democrats.



Source: ARD-DeutschlandTREND/infarrest dimap poll; most recent conducted May 8-10 of 1,000 German eligible voters (view of the economy) or 1,500 German eligible voters (party support); margin of error 3.1 percentage points

THE WALL STREET JOURNAL.

party to attack her for them. The anti-immigrant Alternative for Germany has been consumed by leadership infighting and on Sunday recorded one of its worst state-election results of the past year. And with the number of migrant arrivals declining—to roughly 15,000 asylum applications in April, compared with about 60,000 in April 2016—the issue has lost its once-assured spot in the headlines.

Ms. Merkel's position "is more comfortable than it's been at any other point in the two years since the influx of refugees to Germany," Berlin-based pollster Manfred GÜLLNER wrote on Monday. "While many observers of the

political scene back then announced the end of Merkel, today the course is set for another Merkel chancellorship."

Rather than dwell on migration, Ms. Merkel is highlighting Germany's economic strength and her experience in international affairs as the election campaign approaches. That leaves few openings for Mr. Schulz, whose party has dropped back to a roughly 10-point polling gap behind Ms. Merkel's Christian Democrats after surging to a near-tie in the wake of his designation as chancellor candidate in January. On Monday, Mr. Schulz tried to parry criticism that he has failed to offer concrete proposals.

Your wealth may not last forever.

But it could.

We know,
because we know you well.

Knowing our clients well gives us the insight to help with their wealth—and their lives. From wealth planning to philanthropy, we orchestrate the right strategy today to take care of tomorrow—because preserving wealth is just as important as creating it. Find out how strong relationships lead to 95% client satisfaction.

844-239-7710 | bnymellonwealth.com | @BNYMellonWealth



BNY MELLON

WEALTH MANAGEMENT

Source: 2016 Client Satisfaction Survey. BNY Mellon Wealth Management conducts business through various operating subsidiaries of The Bank of New York Mellon Corporation. ©2017 The Bank of New York Mellon Corporation. All rights reserved.

WORLD NEWS

Arab Nations Make an Offer to Israel

Gulf states set to take steps toward better relations in return for move by Netanyahu

Arab Gulf states have offered to take concrete steps to establish better relations with Israel if Prime Minister Benjamin Netanyahu will make a significant overture aimed at restarting the Middle East peace process, according to people briefed on the discussions.

By Jay Solomon and Gordon Lubold in Washington and Rory Jones in Tel Aviv

The offer to the U.S. and Israel comes ahead of President Donald Trump's trip to the Middle East. The potential steps include establishing direct telecommunications links with Israel, allowing overflight rights to Israeli aircraft, and lifting restrictions on some trade, said these people.

The Gulf countries, in turn, would require Mr. Netanyahu to make what they would consider to be a peace overture to the Palestinians. Such steps could include stopping construction of settlements in certain areas of the West Bank and allowing free trade into the Gaza Strip.

The Arab states' position,

outlined in an unreleased discussion paper shared among several Gulf countries, is aimed in part at aligning them with Mr. Trump, who has stressed his desire to work with the Arab states to forge a Middle East peace agreement, the people said. Saudi Arabia and the United Arab Emirates have informed the U.S. and Israel of their willingness to take such steps.

Mr. Netanyahu's office declined to comment.

Abu Dhabi's Crown Prince Mohamed bin Zayed al Nahyan met Mr. Trump on Monday in Washington. The American president will visit Saudi Arabia on Friday, followed by stops in Israel and Europe.

Arab and Palestinian leaders remain deeply skeptical that Mr. Netanyahu is prepared to embrace the peace process. In recent days, members of his government have increased pressure on Mr. Trump to move the U.S. embassy to Jerusalem, a step Arab leaders have warned would set off unrest in their countries and in the Palestinian territories.

"We don't mind a good relationship between Israel and the Arab world," said Husam Zomlot, the Palestine Liberation Organization's representative in Washington. "[But] is this the entry to peace? Or is it the blocker?"

The Gulf states' initiative,

Milestone Moments In Israel-Gulf Ties

Trump to take first trip to Middle East as president

Persian Gulf countries have communicated to the U.S. and Israel the steps they are prepared to take to support a regional deal for Israeli-Palestinian peace, as President Donald Trump prepares for his first visit to the Middle East.

Gulf nations including Saudi Arabia and the United Arab Emirates don't have diplomatic relations with Israel, but are looking at establishing direct telecommunication links with Israel and allowing overflight rights to Israeli aircraft. In turn, they say, Israel would be re-

quired to make a significant overture to the Palestinians.

Here are key moments in relations between Israel and Gulf states.

1948: After Jews declare an Israeli state, Arabs from Egypt, Lebanon, Syria, Iraq, Jordan and the former British Mandate of Palestine declare a bloody war over the land.

1967: Israel and Arab states fight the Six Day War, with Israel capturing the West Bank from Jordan and the Gaza Strip from Egypt.

1973: Israel and Arab states fight another war.

1979: Iran undergoes an Islamic revolution and severs ties with Israel.

1993: Israel and the Palestine Liberation Organization sign the first Oslo Accord, a process that leads to the creation of the Palestinian Authority, which today governs the West Bank.

2011: The so-called Arab Spring revolutions across the Middle East begin to draw Israel and the Gulf states together, as the two sides both fear the spread and influence of Islamist movements.

2012: Israel and Gulf states begin to improve relations.

2013: Israel and Gulf states begin to improve relations.

2014: Israel and Gulf states begin to improve relations.

2015: Israel and Gulf states begin to improve relations.

2016: Israel and Gulf states begin to improve relations.

2017: Israel and Gulf states begin to improve relations.

2018: Israel and Gulf states begin to improve relations.

2019: Israel and Gulf states begin to improve relations.

2020: Israel and Gulf states begin to improve relations.

2021: Israel and Gulf states begin to improve relations.

2022: Israel and Gulf states begin to improve relations.

2023: Israel and Gulf states begin to improve relations.

2024: Israel and Gulf states begin to improve relations.

2025: Israel and Gulf states begin to improve relations.

2026: Israel and Gulf states begin to improve relations.

2027: Israel and Gulf states begin to improve relations.

2028: Israel and Gulf states begin to improve relations.

2029: Israel and Gulf states begin to improve relations.

2030: Israel and Gulf states begin to improve relations.

2031: Israel and Gulf states begin to improve relations.

2032: Israel and Gulf states begin to improve relations.

2033: Israel and Gulf states begin to improve relations.

2034: Israel and Gulf states begin to improve relations.

2035: Israel and Gulf states begin to improve relations.

2036: Israel and Gulf states begin to improve relations.

2037: Israel and Gulf states begin to improve relations.

2038: Israel and Gulf states begin to improve relations.

2039: Israel and Gulf states begin to improve relations.

2040: Israel and Gulf states begin to improve relations.

2041: Israel and Gulf states begin to improve relations.

2042: Israel and Gulf states begin to improve relations.

2043: Israel and Gulf states begin to improve relations.

2044: Israel and Gulf states begin to improve relations.

2045: Israel and Gulf states begin to improve relations.

2046: Israel and Gulf states begin to improve relations.

2047: Israel and Gulf states begin to improve relations.

2048: Israel and Gulf states begin to improve relations.

2049: Israel and Gulf states begin to improve relations.

2050: Israel and Gulf states begin to improve relations.

2051: Israel and Gulf states begin to improve relations.

2052: Israel and Gulf states begin to improve relations.

2053: Israel and Gulf states begin to improve relations.

2054: Israel and Gulf states begin to improve relations.

2055: Israel and Gulf states begin to improve relations.

2056: Israel and Gulf states begin to improve relations.

2057: Israel and Gulf states begin to improve relations.

2058: Israel and Gulf states begin to improve relations.

2059: Israel and Gulf states begin to improve relations.

2060: Israel and Gulf states begin to improve relations.

2061: Israel and Gulf states begin to improve relations.

2062: Israel and Gulf states begin to improve relations.

2063: Israel and Gulf states begin to improve relations.

2064: Israel and Gulf states begin to improve relations.

2065: Israel and Gulf states begin to improve relations.

2066: Israel and Gulf states begin to improve relations.

2067: Israel and Gulf states begin to improve relations.

2068: Israel and Gulf states begin to improve relations.

2069: Israel and Gulf states begin to improve relations.

2070: Israel and Gulf states begin to improve relations.

2071: Israel and Gulf states begin to improve relations.

2072: Israel and Gulf states begin to improve relations.

2073: Israel and Gulf states begin to improve relations.

2074: Israel and Gulf states begin to improve relations.

2075: Israel and Gulf states begin to improve relations.

2076: Israel and Gulf states begin to improve relations.

2077: Israel and Gulf states begin to improve relations.

2078: Israel and Gulf states begin to improve relations.

2079: Israel and Gulf states begin to improve relations.

2080: Israel and Gulf states begin to improve relations.

2081: Israel and Gulf states begin to improve relations.

2082: Israel and Gulf states begin to improve relations.

2083: Israel and Gulf states begin to improve relations.

2084: Israel and Gulf states begin to improve relations.

2085: Israel and Gulf states begin to improve relations.

2086: Israel and Gulf states begin to improve relations.

2087: Israel and Gulf states begin to improve relations.

2088: Israel and Gulf states begin to improve relations.

2089: Israel and Gulf states begin to improve relations.

2090: Israel and Gulf states begin to improve relations.

2091: Israel and Gulf states begin to improve relations.

2092: Israel and Gulf states begin to improve relations.

2093: Israel and Gulf states begin to improve relations.

2094: Israel and Gulf states begin to improve relations.

2095: Israel and Gulf states begin to improve relations.

2096: Israel and Gulf states begin to improve relations.

2097: Israel and Gulf states begin to improve relations.

2098: Israel and Gulf states begin to improve relations.

2099: Israel and Gulf states begin to improve relations.

2010: Israel and Gulf states begin to improve relations.

2011: Israel and Gulf states begin to improve relations.

2012: Israel and Gulf states begin to improve relations.

2013: Israel and Gulf states begin to improve relations.

2014: Israel and Gulf states begin to improve relations.

2015: Israel and Gulf states begin to improve relations.

2016: Israel and Gulf states begin to improve relations.

2017: Israel and Gulf states begin to improve relations.

2018: Israel and Gulf states begin to improve relations.

2019: Israel and Gulf states begin to improve relations.

2020: Israel and Gulf states begin to improve relations.

2021: Israel and Gulf states begin to improve relations.

2022: Israel and Gulf states begin to improve relations.

2023: Israel and Gulf states begin to improve relations.

2024: Israel and Gulf states begin to improve relations.

2025: Israel and Gulf states begin to improve relations.

2026: Israel and Gulf states begin to improve relations.

2027: Israel and Gulf states begin to improve relations.

2028: Israel and Gulf states begin to improve relations.

2029: Israel and Gulf states begin to improve relations.

2030: Israel and Gulf states begin to improve relations.

2031: Israel and Gulf states begin to improve relations.

2032: Israel and Gulf states begin to improve relations.

2033: Israel and Gulf states begin to improve relations.

2034: Israel and Gulf states begin to improve relations.

2035: Israel and Gulf states begin to improve relations.

2036: Israel and Gulf states begin to improve relations.

2037: Israel and Gulf states begin to improve relations.

WORLD NEWS

Europe Balks at China Trade Plan

BY MARK MAGNIER
AND CHUN HAN WONG

BELJING—China's bid to mobilize dozens of countries and billions of dollars for its ambitious Silk Road infrastructure plan bumped into European dissent at a high-profile Beijing forum, underscoring difficulties in marshaling consensus over President Xi Jinping's globalization blueprint.

China received support for most of its proposals over the two-day meeting, but failed to secure European endorsement of a planned statement on trade, diplomats said.

The discord marred an outwardly convivial conclave designed to promote Mr. Xi's economic-diplomacy initiative—known as "One Belt, One Road"—a rebooting of ancient Silk Road routes with ports, railways and pipelines backed by Chinese money and industry.

European officials at the forum said the proposed trade statement omitted clauses on transparency and standards in tendering contracts, even though China had endorsed similar clean-governance language at past summits.

"We felt this language was going backwards" from what China had previously agreed to, said one European official,

who suggested Beijing had drafted the statement to benefit Chinese companies in future Silk Road contracts. "It's about selling their stuff," the official said.

China's foreign and commerce ministries didn't respond to requests for comment. The trade statement wasn't issued at the forum's conclusion Monday.

"Transparency about plans and activities of all stakeholders must be the basis for our cooperation, together with open, rules-based public tenders and reciprocal market access," said a statement by the French Embassy in Beijing detailing the European Union's position on the forum.

In Brussels, the EU spokesman on trade, Daniel Rosario, said the bloc couldn't support China's proposed trade statement as "it was not possible to confirm our joint commitment to international trade rules and to a level playing field for all companies."

The top U.S. representative at the forum, a National Security Council director, delivered brief remarks on Sunday echoing European attention to fair procurement practices, saying that ensuring transparency in bidding would benefit Silk Road projects.



SHELL GAME: Malaysian customs officials hold tortoises that were seized as contraband in a shipment from Madagascar. Five Ploughshare and 325 Indian Star tortoises valued at \$277,275 on the black market were packed in crates labeled 'stones,' officials said.

IRAN

Tehran Mayor Quits Presidential Race

Tehran's mayor dropped out of the country's campaign for president and threw his support behind hard-line cleric Ebrahim Raisi in the latter's bid to topple the moderate incumbent, Hassan Rouhani.

Mayor Mohammad Ghalibaf, 55 years old, abandoned the contest and called for unity among fellow hard-liners to combat what he and his allies have called "the 4%," referring to Mr. Rouhani and the wealthy elite they say dominate Iran's current administration and fail adequately to represent the country's poor.

A poll Sunday by the Washington-based International Perspectives on Public Opinion showed Mr. Rouhani at 55% support among likely voters.

—Asa Fitch and Aresu Eqbali

YEMEN

Cholera Emergency Declared in Capital

Rebel authorities declared an emergency in the capital, San'a, in response to a rapidly spreading outbreak of cholera that has left at least 129 people dead in

the past three weeks.

More than two years of war between Houthi rebels and a Saudi-led regional coalition has ravaged Yemen's infrastructure, leaving it vulnerable to diseases such as cholera, which is caused by unclean food and water.

—Mohammed al-Kibsi and Asa Fitch

IVORY COAST

Rebel Troops Active in Principal Cities

Gunfire flared and rebel soldiers erected makeshift checkpoints in several of the country's largest cities on Monday as a four-day-old mutiny over pay spread across Africa's fastest-growing economy.

Residents in several cities, including the country's commercial capital Abidjan, reported hearing gunfire through the night and after daybreak, according to local media. Some rebel soldiers blocked the country's main highway, forcing vehicles back.

Banks, cocoa-processing plants and other companies across the country were closed as government forces deployed to surround some mutinous bases, while political leaders sought a negotiated settlement with rebel leaders.

—Joe Parkinson

UKRAINE

U.S. Urged to Take Direct Role in Talks

The Ukrainian government is pushing the Trump administration to take a direct role in peace talks for eastern Ukraine, the country's foreign minister said Monday, including possible three-way talks with Moscow and Kiev on ending the violence.

In an interview, Ukrainian Foreign Minister Pavlo Klimkin said he had discussed the ideas in Washington meetings last week with President Donald Trump and Vice President Mike Pence.

Mr. Klimkin said U.S.-led talks could form a "parallel track" to Europe-led diplomacy, which has so far failed to blunt a three-year-old conflict that has killed 10,000 people.

—Laurence Norman

CONGO

Ebola Kills at Least Three in Northeast

Health workers in the Democratic Republic of Congo rushed to contain an Ebola outbreak, sending military helicopters to deliver medical aid and ordering house-to-house searches for potential patients in a remote northeastern region.

The hemorrhagic fever has killed three people and infected more than a dozen others, health officials said Monday. This latest outbreak will test Congo's ailing health-care system as well as international response mechanisms set up after an Ebola epidemic swept West Africa in 2014.

—Nicholas Bariyo

CHINA

Former Trade Envoys Spar Over Reforms

The U.S. trade representative during China's accession to the World Trade Organization in 1999 accused Chinese President Xi Jinping of accelerating reverses in liberalizing reforms that she said "discriminate against U.S. companies."

Charlene Barshefsky, who negotiated China's accession to the WTO, made the comments at The Wall Street Journal's CEO Council event in Tokyo.

Long Yongtu, China's former vice minister of commerce, who was Ms. Barshefsky's counterpart during the WTO negotiations, disputed the idea that Chinese reforms had stalled.

"Chinese reform is still going on, but it may be slowed down a little bit," Mr. Long said.

—Jonathan Cheng



DAHIR SAGOLI/PRESS POOL
Chinese President Xi Jinping and Russian President Vladimir Putin were among those at the meeting Monday.

dowjones.com/dna

Welcome to the Age of Intelligence

Knowledge is having the right answers. Intelligence is asking the right questions.

We have created the DNA Platform so businesses can harness unrivaled data, news and analytics to unlock intelligence solutions once thought beyond reach.

D/DNA

DATA / NEWS / ANALYTICS

The Open Intelligence Platform

POWERED BY D | DOW JONES

IN DEPTH

LABOR

Continued from Page One
up household incomes, which are stuck below their 1999 peak when adjusted for inflation. Such growth would also make it easier for the administration to secure large cuts in corporate and individual tax rates, boost military spending, and maintain Social Security and Medicare without running larger deficits. Asked in April about potentially higher deficits from rate cuts in the tax plan, Mr. Mnuchin said, "The plan will pay for itself with growth."

If the economy expands at around a 3% rate over the next decade—a projection Mr. Mnuchin says the administration will make in its budget proposal later this month—government revenue over that time should be \$3.7 trillion more than currently forecast, according to estimates by economists at Goldman Sachs Group Inc. The projection assumes no change in tax rates.

That would be enough money to build 292 aircraft carriers. It would fund 28 million additional months of Social Security payments for the average beneficiary.

Incentives to invest

Mr. Trump wants to spur the economy partly by improving the nation's trade position. Less red tape could help business operate more efficiently. A tax overhaul could give companies more incentive to invest and give individuals more desire to work, not to mention more disposable income to shop with.

Trump advisers also hope improved confidence and short-term economic news would spur capital spending, making business more productive.

Finding the labor for this higher-functioning economy could be a challenge. Over the past decade, the population aged 25 to 54, known as the prime age, has been growing at just 0.1% annually. When the U.S. had consistent 3% economic growth in the 1980s, the prime-age population was expanding at a brisk 2.2% rate, thanks to the baby boom.

Work-force participation rates, meanwhile, have flattened out lately for women and declined for decades among men.

At Macy's Inc., Chief Executive and President Jeff Gennette hit on a plan for growth with a 2015 agreement with Luxottica Group SpA to open LensCrafters shops in department stores. The plan is hobbled by a shortage of optometrists. "We are taking all of the graduating classes right now, and it is going to take us a full year to...satisfy the expansion that we have," Mr. Gennette said at a retail conference.

Without faster growth in workers, the labor force would need to churn out goods and services much more productively to give the economy room to grow at a 3%-a-year rate over an extended period. The trend is the opposite. Workers' output per hour in the nonfarm business sector has been increasing only by 0.7% a year since 2010.

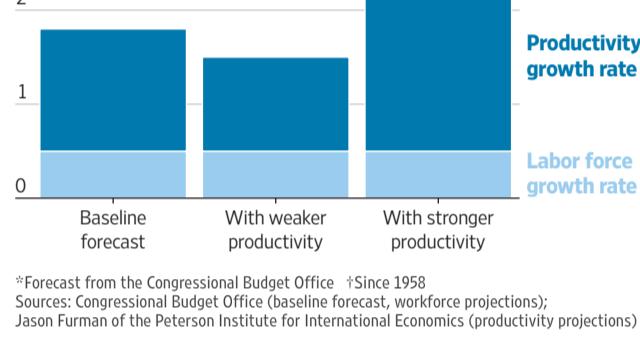


DARREN HAUCK FOR THE WALL STREET JOURNAL

Mower maker Ariens Co. has trouble finding enough skilled workers; labor supply is an issue for President Trump's 3% growth goal.

Growth Boundaries

The U.S. economy's potential long-term growth rate is limited to the sum of workforce growth and productivity growth. The workforce is projected to expand at 0.5% annually over the next decade and productivity at 1.3%, for growth of 1.8%. Also pictured are alternatives for productivity growth—slowing to the 10th percentile of its historical average[†] or booming to the 90th percentile of that average.



*Forecast from the Congressional Budget Office †Since 1958
Sources: Congressional Budget Office (baseline forecast, workforce projections); Jason Furman of the Peterson Institute for International Economics (productivity projections)

can produce more goods and services with fewer workers.

If, on the other hand, the administration's policies boost demand without drawing in new workers or raising their productivity, the growth that results could be harder to sustain because it would produce inflation. The Fed would feel additional pressure to raise interest rates to prevent the economy from overheating.

With the unemployment rate now at 4.4% and operating at a level economists consider to be "full employment," meaning the economy produces as many jobs as it can without spurring inflation, the labor market provides little room for the kind of economic surge that marked the 1980s.

"Strong growth during the Reagan years was driving unemployment from 10% to full employment. We can't do that trick again," said Joel Prakken, senior managing director of Macroeconomic Advisers, a forecasting firm.

The administration has faced internal tension over its growth forecast. Officials ultimately settled on economic growth forecasts in its upcoming budget proposal to Congress that will show the economy reaching 3% growth after two years, according to Mr. Mnuchin.

Issue in construction

The president is pushing some policies that work against economic growth. Relatively low birthrates and an aging population mean immigration is the source of nearly all of the work force's net increase, so its growth rate would be even lower if legal immigration were curbed. That makes boosting productivity all the more important if the economy is to get onto a faster growth plane.

Home builders are wrestling with both issues. The real-estate crisis a decade ago washed many skilled workers out the construction labor force. At Camden Property Trust, this dearth has extended the time it takes to build a low-rise apartment

complex to 24 months from 18.

"I'm often paying unskilled workers more money, and I have to pay someone else to come in and fix crooked walls and moldings and cabinets that don't connect," said CEO Ric Campo of Camden, which operates in 16 markets and is based in Houston.

Camden uses efficiencies such as prefabricated concrete building panels and roof trusses, "but there hasn't been a huge breakthrough yet where we can lower costs dramatically," said Mr. Campo. "You have a nail gun instead of a hammer, OK? But you still have to line it up and pull the trigger."

Productivity in construction has contracted at a 1% annual rate since 1995, according to a study by McKinsey Global Institute, the research arm of McKinsey & Co., due in part to

Budget Director Mick Mulvaney says more growth will lure folks into the work force.

reliance on unskilled workers and in part to red tape.

Joel Shine, chief executive of builder Woodside Homes Inc., visited Kyoto, Japan, to see how firms there use automation in home construction. He thinks it would take at least a decade for the innovations to become mainstream in the U.S., in part because they would require building-code changes.

State and local rules often play as big a role for his business as the federal government. Higher permitting fees, for instance, have raised construction costs in California towns. "There are a lot of places if you gave me a raw lot for free—for free—I could not even come close to building an entry-level house," Mr. Shine said.

Immigration restrictions would make growth harder, he added. "We're somewhat uniquely capable of helping the

administration get to where they want to go, but they can't ask us to do that and then make immigration impossible," Mr. Shine said.

White House Budget Director Mick Mulvaney, who once ran his family's real-estate business, disputed that premise and pointed to millions of prime-age workers who aren't in the labor force. "If you created economic opportunity and jobs that they want, they would come back," Mr. Mulvaney said. "So I'm not worried about the tightness of the labor supply."

If that proves insufficient, the onus will be on productivity. It isn't easy either to measure or to predict. The U.S. economy enjoyed a boom in productivity from around 1995 through 2004, a spurt few economists foresaw. By 2003, the conventional wisdom had reversed and economists polled by The Wall Street Journal were expecting productivity growth to continue unimpeded. Instead, it slumped.

The weakness reflects a sustained deceleration in the pace of innovation and investment. Capital investment growth slowed sharply during and after the 2007-09 recession.

Factory upgrades

Goldman economists see evidence that the slowdown has been cyclical, driven by the financial crisis, and now could be changing. Mr. Ariens, the snowblower executive, offers one bit of evidence. He plans to spend \$9 million this year on factory upgrades, including advanced metal-stamping machines that could do the work of a dozen workers.

Some productivity optimists say gains from new technology will build in the years ahead. They see businesses incorporating a backlog of innovations in artificial intelligence, from self-driving vehicles to the processing of routine clerical work.

A paper from four growth specialists published by the Brookings Institution in March takes a dimmer view. It maintains that almost the entire shortfall in output during the recent expansion reflects long-term forces unrelated to the financial crisis and recession, including a drop in a measure of economic dynamism called "total factor productivity." That measure reflects how efficiently labor and capital are used.

Many economists say well-designed cuts in taxes and regulations could deliver a lift to the U.S. economy that would nudge growth to 3% for a year or two. They are less confident it could be sustained. Dale Jorgenson, a Harvard University economist who specializes in growth accounting, thinks that the economy should expand 1.8% annually over the next decade, but that a well-designed tax-code overhaul might boost the long-term growth rate to 2.4%.

"In some respects," said James Stock, a Harvard colleague and veteran of the Obama administration, "2.5% growth could be the new 4%, in that it would still be a significant accomplishment."

—Suzanne Kapner contributed to this article.

SLOGAN

Continued from Page One
toothbrush set, eight for 10 yuan (\$1.45), is decorated with the silhouette of trotting camels and a brief explanation of the trade plan, which it says will allow people from all nations to have a "shared life of harmony, peace and prosperity."

In all, hundreds of firms have registered names invoking a trade vision that has plenty of nicknames—OBOR, the Belt and Road Initiative, B&R—none of which trip easily off the tongue.

That is in addition to state-sponsored rollouts, like the China Mobile OBOR mobile-roaming plan, several theme parks and belt-and-road-themed calligraphy and arts exhibitions. Also, a sand-sculpting competition and sundry B&R classical-music shows.

China's leaders see "One Belt, One Road" as a way to help domestic companies find new markets and for Beijing to expand its influence via roads, ports, trains and pipelines. For recipient nations, it is a source of much-needed investment: China has plowed more than \$50 billion into belt-and-road countries, according to state media; unofficial spending projections have reached trillions of dollars.

President Xi Jinping, who

launched the plan in 2013, has likened it to a "symphony" of economic cooperation, and there was certainly a sense of crescendo as Mr. Xi prepared to host leaders from around 30 countries for the nation's two-day OBOR summit, which started Sunday. Across Beijing, shrubbery was trimmed into camel motifs and other Silk Road shapes.

To mark the event, an Air China crew quizzed passengers on a May 5 Beijing-to-Frankfurt flight on their knowledge of Mr. Xi's grand plan (prizes, including a model airplane, were offered). They cut into belt-and-road cake and held an onboard poetry reading, including a work titled "Forever Friends."

Building on the music theme, state media calls it a "sonata" to unite countries. Numerous OBOR songs include one in Laojun (a high-speed train is slated to link southern China to Vientiane, the capital of Laos), another in Cantonese and an upbeat English-language composition, paired with a video of children singing, "The future's coming now, the Belt and Road is how."

Beijing entrepreneur Yang Yanjun last month organized a belt-and-road-themed fighting tournament, featuring mixed martial arts and wrestlers from countries along the trade routes, including Russia and Georgia. The competition was aired by state broadcaster China Central Television.



An art installation set up ahead of the recent 'One Belt, One Road' summit in Beijing.

THOMAS PETER/REUTERS

can take it with you," he said. "It's very convenient that way."

"The wider notion of a harmonious China reaching out and connecting to the world lends itself to appropriation and adaptation," says James Sidaway, political geography professor at the National University of Singapore. "There's this proliferation of places trying to get involved in it and buying into it," including many local Chinese governments.

For many businesses, though, tapping into the hype hasn't been particularly helpful. "Actually I don't do any exports and my company doesn't have anything to do with 'One Belt, One Road,'" says Zhao Yuncheng, who runs an online belt-and-road jewelry shop in Shenzhen. "In fact, the name hasn't really benefited me at all."

Mr. Hu of the OBOR-themed toothbrushes sees the branding as an act of patriotism, saying he hopes his firm can educate more people about the plan. So far, the company has sold some 600,000 sets of the toothbrushes. The low price point, he says, makes it particularly attractive to rural or migrant workers, who may not be so educated about Mr. Xi's trade vision.

"Even a small thing like a toothbrush can help you support the nation's strategy," he said.

—Kersten Zhang contributed to this article.

Yu Xiaoxian, an entrepre-

neur in southern China who has registered half a dozen companies invoking the OBOR theme, says the plan will help the country become more powerful, which will benefit ordinary Chinese entrepreneurs. "When big rivers have water," he says, "small streams are also full."

Others say they found the name of Mr. Xi's initiative evocative. They included Liu Hong-hun, whose Shanghai-based company last year began selling "Road & Belt" coffee along with a filter-equipped travel mug. "We call it 'Road and Belt' because wherever you go, you

GREATER NEW YORK

After Fire at Abandoned Synagogue, a Search for Clues



DESTROYED: The scene on Monday at the Beth Hamedrash Hagadol synagogue on Norfolk Street on Manhattan's Lower East Side. Two firefighters were treated for minor injuries. The building, dating to 1850, began as a church and became a synagogue in 1885.

Fariña Reassures Parents

BY LESLIE BRODY

After a fourth-grader's possible enrollment at P.S. 58 in Queens was the subject of an immigration inquiry last week, New York City Schools Chancellor Carmen Fariña greeted families arriving at the school Monday to reassure them that students are safe from federal interference.

Federal officials said Monday the child didn't attend the school, and the officers who visited weren't enforcement agents.

Ms. Fariña emphasized that

any immigration authorities who seek information on students should be kept on sidewalks outside while the school gets advice from Department of Education counsel. She said the city was sending more guidance to make sure school employees understand that if any immigration agents arrive, staff must contact the department's lawyers immediately.

Katie Tichacek, a spokeswoman for U.S. Citizenship and Immigration Services, which is part of the Department of Homeland Security, said two of

its representatives visited P.S. 58 on Thursday to find out whether a student was enrolled as part of a check on a benefits request.

An education department spokeswoman said the officers didn't get beyond the security desk. The Department of Homeland Security said its officers talked with school administrators and confirmed the child wasn't enrolled there.

Ms. Tichacek said some people in the community mistakenly thought the officers came from Immigration and Customs

Enforcement.

She said she couldn't discuss details of the case, but in a hypothetical example, if a U.S. citizen applies for a green card for his wife born abroad, officers would want to verify they are living together as a family. Knowing a student is enrolled in a zoned school could confirm where parents reside.

The incident occurred at a time of heightened anxiety among many immigrants due to President Donald Trump's pledge to clamp down on those here illegally.

Malloy Targets Aid To Cities as Deficit Grips Connecticut

BY JOSEPH DE AVILA

Connecticut Gov. Dannel Malloy has a plan for how to make up for the state's gaping budget deficit: cut funds from cities and towns.

Mr. Malloy said Monday he wants to reduce more than \$700 million in town aid to help make up for an income-tax revenue shortfall. His original budget released in February forecast a deficit of \$3.6 billion over the next two fiscal years. But budget officials said last week the two-year figure has now ballooned to \$5.1 billion.

"Make no mistake, this is a challenging budget that contains many difficult decisions, several of which we wish we didn't have to make," Mr. Malloy said. "But the truth is the new economic reality demands this of us."

In addition to cutting funding to cities and towns, the governor's latest budget also raises \$80 million largely from eliminating a sales-tax exemption on nonprescription drugs and increasing taxes on home sales valued at more than \$800,000. Mr. Malloy's budget doesn't increase income-tax rates.

Moody's Investors Service downgraded Connecticut's debt rating Monday to A1 from Aa3, citing the state's growing budget hole and rising debt levels. Fitch Ratings downgraded the state's rating Friday.

"This underscores the severity of the economic crisis our state is facing," said Senate Republican President Pro Tempore Len Fasano, in response to the downgrades. "It also makes it clear that any budget moving

forward cannot look like the budgets of past years."

The governor's latest budget again asks municipalities to help shoulder the burden of expenses typically picked up by the state, but he changed the terms. Originally the governor wanted to shift one-third of the state's annual teacher pension costs from the state to towns and cities. In the latest proposal, he caps that figure at \$400 million annually and spares the municipalities from growing obligations as pension outlays increase in the future.

\$5.1B

Deficit that Connecticut is facing in the next two-year budget

"The proposed budget is a disaster for small towns and our property taxpayers," said Elizabeth Gara, executive director of the Connecticut Council of Small Towns.

Ms. Gara said Mr. Malloy's budget amounted to a tax increase on Connecticut residents because towns will have to raise property taxes to make up for the shortfall in state aid and to chip in for teacher pensions.

Mr. Malloy said he believed cities and towns can handle receiving less from the state without resorting to property tax increases.

"They have to manage their budgets," said Mr. Malloy, a former mayor of Stamford, Conn.



An NJ Transit train travels across the Portal Bridge in Kearny. A \$1.5 billion replacement is planned.

Bridge Project Moves Ahead Despite Uncertain Funding

BY PAUL BERGER

A few times a month, a barge carrying human waste from northern New Jersey glides down the Hackensack River, imperiling the commutes of hundreds of thousands of train passengers between Washington and Boston.

The threat comes not from the barge, but from the Portal Bridge in Kearny. The bridge, which squats about 25 feet above the river, must swing open to allow millions of gallons of sludge to sail downriver to a sewage plant at Newark.

"The real challenge is when it closes," Craig Schulz, an Amtrak spokesman, said Monday to Rep. Donald Payne Jr., a Democrat. The pair stood on the western bank of the river watching as NJ Transit and Amtrak trains rattled over the bridge every few minutes.

The 107-year-old bridge is prone to breakdowns and has become a choke point on the Northeast Corridor, which carries about 450 trains on weekdays.

Work on a \$1.5 billion bridge that would replace the existing one and be tall enough for ships to pass underneath is expected to begin in July. It is part of the opening phase of

the \$23.9 billion Gateway Program to double rail capacity between Newark and New York City—from two tracks to four—by laying rails and building new bridges and a tunnel under the Hudson River.

Gateway's leaders describe the bridge project as "shovel ready." New York and New Jersey have committed their \$750 million portion of the estimated \$1.5 billion cost. But the bridge's future was thrown into doubt in March when President Donald Trump zeroed out the federal New Starts program, which the program's leaders were relying on for the federal share.

Marie Corrado, a senior director of the Gateway Program who works for Amtrak, told Mr. Payne that planners are "skittish," but moving ahead. "We are acting as if the money is going to come," Ms. Corrado said.

The source and scale of federal funding remain in doubt.

"You can have great plans, but until you have the money these great plans just languish," said former U.S. Transportation Secretary Ray LaHood, a Republican who served during the Obama administration, in a phone interview.

Mr. LaHood said federal

funding could be found if and when Congress passes a \$1 trillion transportation bill. U.S. Transportation Secretary Elaine Chao is expected to unveil a bill in the coming months based on Mr. Trump's campaign pledge to spend \$1 trillion on infrastructure.

A U.S. Transportation Department spokeswoman said in regard to the Portal Bridge project that the agency is working with the "program partners to both understand the financial requirements and to discuss loan programs they may apply for, as well as timing for any pending applications."

Mr. Payne, who recently joined the House Transportation and Infrastructure Committee, which would consider such a bill, was surprised to learn that the Portal Bridge carries the only two tracks that run between Newark and New York.

The Amtrak officials explained how the bridge's mechanical components, which were designed before the Civil War, lift the rails, allowing the span to twist open. After a vessel passes by and the bridge spins shut, the rails sometimes fail to lock in place or a signal malfunctions.



If steak were a religion, this would be its cathedral.

Smith & Wollensky

New York City

49th & Third Ave
smithandwollenskynyc.com

GREATER NEW YORK

Learjet Crashes In New Jersey, Killing 2 People

Two flight crew members were killed when a jet crashed into a commercial warehouse in Carlstadt, N.J., on Monday afternoon, according to the Carlstadt Police Department.

The Learjet 35 was on its way to Teterboro Airport from Philadelphia when it crashed into the roof of the Manhattan Door Corp. on Kero Road shortly after 3:30 p.m., authorities said. The fire quickly spread to a neighboring building, Carlstadt Police Sgt. Scott Jordan said.

There were no other people on board the jet, Sgt. Jordan said. He said there were no reports of injuries of civilians but there were offices inside of the warehouse.

The warehouse is less than a mile from the airport, the Port Authority of New York & New Jersey said in a statement. Carlstadt is in Bergen County and neighbors East Rutherford.

—Zolan Kanno-Youngs



ARISTIDE ECONOMOPOULOS/NJ ADVANCE MEDIA/ASSOCIATED PRESS

Officer Could Avoid Trial in Tackle Case

By ZOLAN KANNO-YOUNGS

The New York Police Department officer who tackled a retired tennis star in 2015 could avoid a department disciplinary trial but will lose vacation time if a deal in the case is approved, people familiar with the matter said Monday.

A police official who is familiar with department trials said based on the facts, it was "very unlikely" Officer Frascatore would be fired if the trial were held.

Attorneys for Mr. Blake and Officer Frascatore declined to comment.

News of a possible deal was reported earlier by the New York Times.

A spokesman for the CCRB declined to discuss specifics of the deal or case, citing a state law the city has interpreted to prevent the public disclosure of the discipline of police officers.

In the weeks after the incident, Mr. Blake, who is biracial, called for better relations between police and the community. He also said Officer Frascatore should be fired.

Mayor Bill de Blasio apologized for the incident in 2015.

Austin Finan, a spokesman for Mr. de Blasio, said the mayor would respect a deal if one is approved.

"More than ever before, the NYPD is concurring with CCRB's recommendations for discipline and following through with disciplinary action for its officers," Mr. Finan said.

Mr. Blake in 2015 filed a formal notice of his intent to sue the city but that is pending.

Police said at the time that Officer Frascatore, who was in plainclothes, misidentified Mr. Blake as a suspect in a credit-card fraud investigation. Two witnesses had pointed out Mr. Blake as the suspect, police said.

The officer was placed on modified duty after the incident. The city's Civilian Complaint Review Board, an independent oversight agency, investigated and accused the officer of using excessive force.

If found guilty in a department trial, Officer Frascatore could face disciplinary action including termination. But the CCRB and Officer Frascatore's attorney were expected to present a deal to the department trial's judge during a Monday hearing that would allow the officer to avoid the proceedings and as a result, the possibility of being fired. That hearing was postponed.

De Blasio War Chest Grows

Mayor has \$7.5 million for his re-election bid, well above what GOP challengers amassed

By MARA GAY

New York City Mayor Bill de Blasio raised \$663,049 toward his bid for re-election over the past two months, according to campaign filings Monday.

Including public matching funds, Mr. de Blasio, a Democrat, has a campaign war chest of about \$7.5 million.

His fundraising haul mostly comprised small donations, and included more than a dozen city employees. Mr. de Blasio's campaign said 87% of some 2,600 individual donations this period were less than \$175.

"Under Mayor de Blasio, crime is at record lows, jobs are at record highs, and the City is building affordable housing at a record rate," Elana Leopold, the finance director for Mr. de Blasio's campaign, said in a statement.

Campaign filings for the



Mayor Bill de Blasio, left, and Paul Massey, one of the Republicans in the race for mayor of New York.

most recent period weren't yet available Monday afternoon for Paul Massey, a Republican challenger. A spokeswoman for Mr. Massey's campaign said he had raised \$555,000. The Republican had raised about \$2.5 million total as of the previous campaign-filing period, which

ended in March. He has also lent about \$2.7 million to his campaign.

Mr. Massey, a former real-estate executive, isn't accepting public matching funds. "I am the only candidate not using taxpayer funds, and I am not beholden to special interests,"

he said in a statement Monday.

New York state Assemblywoman Nicole Malliotakis, a Republican who represents parts of Brooklyn and Staten Island and who entered the race less than a month ago, has so far raised \$94,624, according to campaign filings.

Guilty Pleas in Student's Hazing Death

By CORINNE RAMÉY

Four men pleaded guilty Monday to the 2013 hazing death of a Baruch College student.

The Monroe County district attorney's office in Stroudsburg, Pa., said the men forced 18-year-old Chun Hsien "Mi-

chael" Deng to participate in a fraternity ritual in Tunkhannock Township, Pa. Mr. Deng, who was blindfolded, was repeatedly tackled by fraternity brothers, who then delayed seeking medical help.

Prosecutors said the men—Kenny Kwan, 28, Charles Lai, 26, Raymond Lam, 23, and

Sheldon Wong, 24—pledged guilty to voluntary manslaughter and hindering apprehension. Prosecutors had originally charged the men with murder.

A lawyer for Mr. Lam said his client, along with the other men, had accepted responsibility and had "so much remorse."

Lawyers for the other men

couldn't be reached or didn't respond to requests for comment. Baruch College didn't respond to a request for comment, but the Manhattan school has previously said it banned the fraternity.

The fraternity didn't respond to a request for comment.



GREATER NEW YORK WATCH

NEW JERSEY

Bill to Legalize Pot Introduced in Senate

Legislation to make recreational marijuana use legal was introduced Monday in the state Senate, but the bill's sponsor said it has little chance of being enacted under Republican Gov. Chris Christie.

Democratic Sen. Nicholas Scutari said he is introducing the measure to lay the groundwork for it to be enacted by the next governor.

New Jersey has legalized medical marijuana but Mr. Christie, who is leading a White House commission examining the opioid crisis in the country for Republican President Donald Trump, has been a vocal opponent of relaxing marijuana laws.

—Associated Press

NEW JERSEY

Strangling Suspect Pleads Not Guilty

A man accused of strangling a woman during a robbery and throwing her body off a bridge has pleaded not guilty to murder and other charges.

Liam McAtasney entered his pleas Monday during a brief court hearing.

Monmouth County prosecutors will seek a life sentence with no chance of parole for the 19-year-old Neptune City man. They say he killed 19-year-old Sarah Stern on Dec. 2 during a

robbery that netted \$10,000.

Preston Taylor, a longtime friend of both Ms. Stern and Mr. McAtasney, pleaded guilty last month and admitted helping him dispose of Ms. Stern's body.

—Associated Press

CONNECTICUT

High Court Upholds Murder Convictions

The state's highest court on Monday upheld the convictions of a former death-row inmate who killed his ex-wife and their 16-year-old son 30 years ago.

Robert Breton was convicted of two counts of murder and one count of capital felony for beating and stabbing to death his 38-year-old ex-wife, JoAnn Breton, and their son, Robert Breton Jr., in December 1987 in Waterbury.

Mr. Breton's attorneys argued that the defense failed to bring up mitigating evidence, including that he suffered from post-traumatic stress disorder and was high on methamphetamine at the time of the killings, which could have led to a conviction on a lesser charge of manslaughter.

The Connecticut Supreme Court ruled Monday that Mr. Breton had willingly instructed his trial lawyers not to pursue that line of defense.

Mr. Breton, 70, spent 26 years on death row before a 2015 Supreme Court ruling that found executing death-row inmates would be unconstitutional.

—Associated Press

A new way, a better way

to buy a suit.

MU.SUIT
MADE TO MEASURE

madison @ 45th St • wall street
philadelphia • mysuit.com

© 2017 MU.SUIT LLC. All rights reserved.

DAV

"My victory is being there for my family."

Every year, DAV helps more than a million veterans—connecting them to the health, disability, and financial benefits they've earned. Help support more victories for veterans. Go to DAV.org.

DAV

LIFE & ARTS



Kindergartners at Howard Early Childhood Center in San Antonio put on sunscreen. Learning about sunscreen is like learning other health habits, such as washing hands before lunch, their teacher says.

YOUR HEALTH | By Sumathi Reddy

It's School, No Sunscreen Allowed

Teaching about sun protection runs into roadblocks because sunscreen is considered medicine

BY SUMATHI REDDY

THE SUNBEATABLES curriculum, designed by specialists MD Anderson Cancer Center, features a cast of superheroes who teach children the basics of sun protection including the obvious: how and when to apply sunscreen.

There's just one wrinkle. Many of the about 1,000 schools where the curriculum is taught are in states that don't allow students to bring sunscreen to school or apply it without a note from a doctor or parent and trip to the nurse's office.

Schools have restrictions because the U.S. Food and Drug Administration labels sunscreen as an over-the-counter medication. To override that, at least seven states including California, New York, Oregon and Texas, have passed laws that require that schools allow students to bring in and put on sunscreen, says Doug Farquhar, program director of environmental health for the **National Conference of State Legislatures**. This year there has been a flurry of legislation. Arizona, Washington and Utah passed bills, and legislation is pending in Rhode Island, Louisiana, Georgia, Massachusetts, Mississippi,

Alabama and Pennsylvania, to allow sunscreen.

"It has been a challenge," says Mary Tripp, an instructor in behavioral science at MD Anderson in Houston who developed the curriculum. "It's important that the school have policies in place that permit sunscreen application."

A spokeswoman for the FDA declined to discuss the agency's rules

'One blistering sunburn in childhood can double the risk of developing melanoma.'

for sunscreen beyond noting that it regulates sunscreen as an over-the-counter drug. The legislation hasn't faced much opposition. In Rhode Island, the School Nurse Teacher Association opposes the proposed legislation due to concerns about students with allergies to sunscreen and the practicality of applying sunscreen to so many young children.

"This is common-sense legislation," says Elizabeth Tanzi, a

Washington, D.C.-based dermatologist and member of the **American Academy of Dermatology**. The Academy, she says, "supports the fact that kids should be able to carry their own sunscreen, apply their own sunscreen, and it should be widely available in school and applied liberally."

Melanoma accounts for the majority of skin cancer-related deaths and is among the most common types of invasive cancers. One blistering sunburn in childhood or adolescence can double the risk of developing melanoma, says Dr. Tanzi. And sun damage is cumulative. The **Skin Cancer Foundation** notes that 23% of lifetime sun exposure occurs by age 18. Regular sunscreen application is a widespread recommendation among medical experts though some groups have raised concerns about the chemicals in certain sunscreens.

"Five or more sunburns increases your melanoma risk by 80% and your non-melanoma skin cancer risk by 68%," Dr. Tanzi says.

Pediatric melanoma cases add up to a small but growing number.

There are about 500 children diagnosed every year with the numbers increasing by about 2% each. Pediatric melanoma cases add up to a small but growing number. There are about 500 children diagnosed every year with the numbers increasing by about 2% each. Pediatric melanoma cases add up to a small but growing number. There are about 500 children diagnosed every year with the numbers increasing by about 2% each.

year, says Shelby Moneer, director of education for the Melanoma Research Foundation.

Specialists at MD Anderson developed and launched "Ray and the Sunbeatables" curriculum in 2015, on their own and without the sunscreen industry involvement. It is designed for children in preschool, kindergarten and first-grade and includes superheroes Ray and Serena. The lesson plan includes science experiments, art activities and songs that children sing while applying sunscreen. Students and teachers are taught to apply sunscreen at least 30 minutes before going outside and to reapply it every one to two hours.

Holly Thaggard is chief executive and founder of Supergoop, a sunscreen brand which includes several products designed especially for children. She recently approached MD Anderson and is donating 64-ounce bottles of her sunscreen to some schools participating in the Sunbeatables program, as well as other schools that have learned about the promotion through social media. In the past month, Supergoop shipped sunscreens to 15 schools in five states.

Supergoop designed a pump to make it easy for children to use,

and doesn't include controversial chemicals, such as parabens and oxybenzone. Ms. Thaggard came up with a jingle to the tune of "You Are My Sunshine," that helps children with the steps of sunscreen application. "It's meant to take the burden off the teachers and to teach the child in the classroom how to apply sunscreen," she says.

Howard Early Childhood Center in San Antonio, a prekindergarten and kindergarten school of more than 400 students, recently got Supergoop and is expected to implement the Sunbeatables curriculum next school year.

Marianne DiSabato, a kindergarten teacher at the school, taught her students about sunscreen the same way she has taught them about other important behavioral health habits, such as washing their hands before lunch. "I told them that we are going to develop a new habit," Mrs. DiSabato says.

In just a few weeks, she has created a classroom ritual before both the morning and afternoon recess.

The students sometimes sing as they apply the sunscreen, "This is our sunscreen, our special sunscreen," they sing. "It keeps our skin safe when we go play."

ART

A BIG START FOR SPRING AUCTIONS

BY KELLY CROW

Christie's got New York's spring auctions off to a solid start Monday with a \$289.2 million sale of impressionist and modern art buoyed by broad bidding from Chinese collectors—and pinpointed competition from U.S. and European collectors who fought hard for a few coveted masterpieces by artists like Constantin Brancusi.

The Romanian sculptor's 1913 "Sleeping Muse," a football-size bronze sculpture of a woman's head at rest, sold to New York private dealer Tobias Meyer for \$57.3 million, surpassing its \$35 million high estimate and establishing a new record for the artist.

Christie's sale exceeded its own \$200 million expectations and surpassed a similar sale it held last May that totaled \$141.5 million; the house said Monday's total amounted to its best evening-sale total in New York for the depart-

CHRISTIE'S IMAGES LTD. 2017



'Sleeping Muse,' by Constantin Brancusi, sold for \$57.3 million at Christie's

nese telephone bidder for \$45 million. Chinese bidders also tried for works by Marc Chagall, Renoir and Claude Monet, with a mainland Chinese collector winning Monet's 1875 "The Bank of the Little Gennilliers, Sunset" for \$2.8 million.

"Woman Sitting in an Armchair," another cubist Picasso portrait of his first wife Olga from 1917-20, sold to a U.S. collector for \$30.4 million, exceeding its \$30 million high estimate after Christie's added fees.

Sotheby's will counter with its own sale of impressionist and modern art on Tuesday.

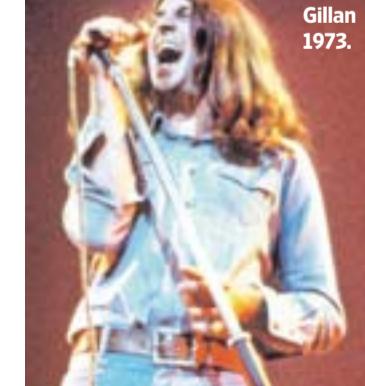
ANATOMY OF A SONG | By Marc Myers

BEHIND 'SMOKE ON THE WATER'

RELEASED IN MAY 1973, Deep Purple's "Smoke on the Water" peaked at #4 on Billboard's pop chart and became one of the first heavy metal hits. Earlier this year, the song was inducted into the Grammy Hall of Fame. Recently, drummer Ian Paice, lead singer Ian Gillan, bassist Roger Glover and guitarist Ritchie Blackmore talked about the song's evolution. In April, Deep Purple released "InFinite" (earMusic), its 20th studio album, and Blackmore's Night will release a 20th-anniversary album this summer. Edited from interviews.

Ian Paice: In late November 1971, the band flew to Geneva, Switzerland, and drove to Montreux. Our friend and Swiss concert promoter Claude Nobs had invited us to record our sixth album at Montreux's Casino on Lake Geneva.

We had played the Casino earlier that year, and the space was ideal. But we needed a solid control booth for our recording engineer. So, we rented the Rolling Stones Mobile Studio—a control booth built into a large truck. It rolled into Montreux the night of Dec. 3. The next afternoon, we went to the Casino to hear



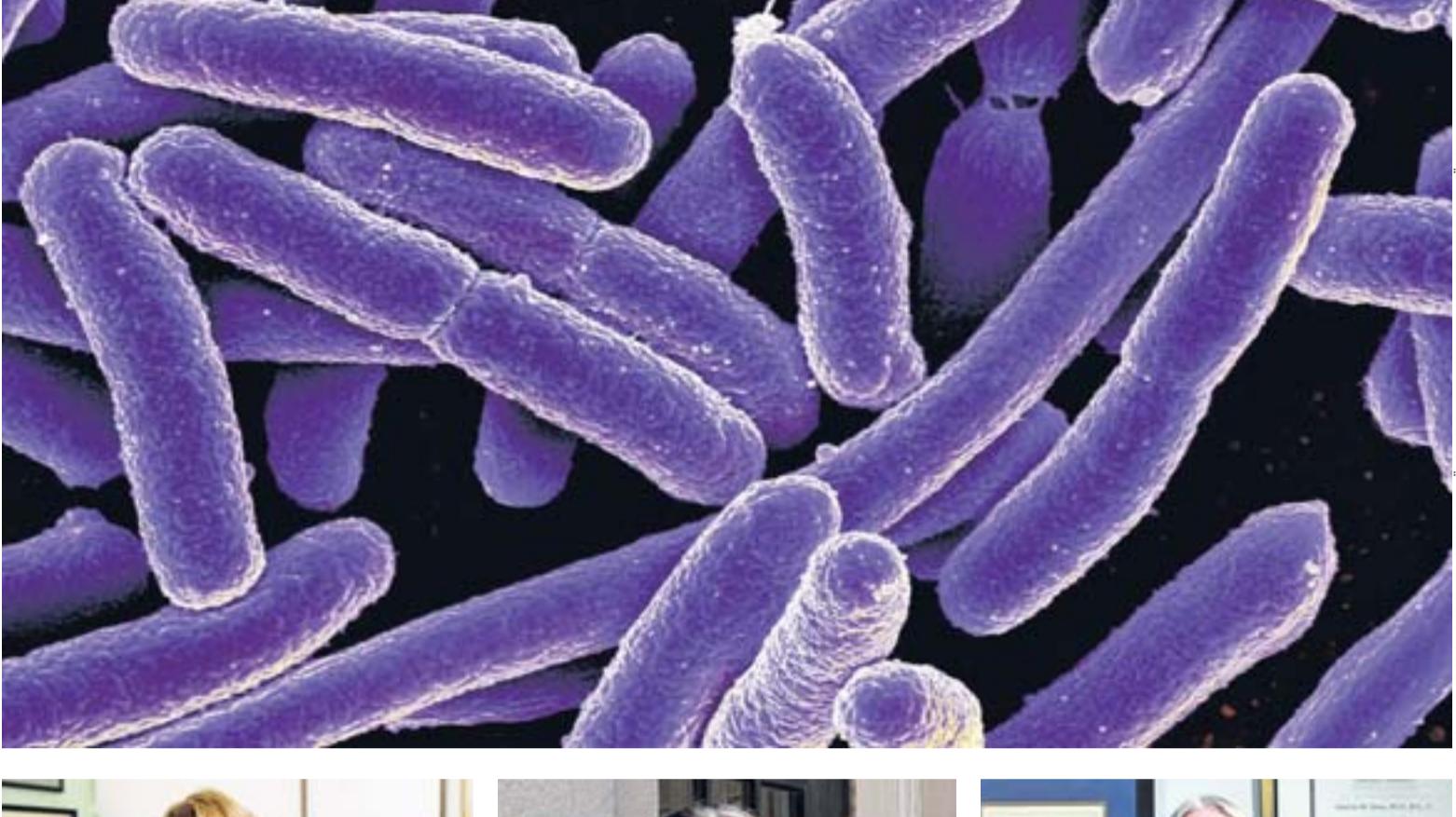
Ian Gillan
1973.

Frank Zappa and the Mothers of Invention perform. Toward the end of the concert, someone behind us shot off a flare that ignited a fire.

Frank Zappa, God bless him, went to the microphone and announced, "Fire! If you'd kindly move calmly toward the exit, ladies and gentlemen. Calmly." Then he smashed

Please see SMOKE page A13

LIFE & ARTS



25% of people infected" with drug-resistant organisms, she said.

Overuse of antibiotics—in nursing homes and society overall—is at the heart of the problem, Dr. Phillips, a geriatrician, said. She supports new policies by the Centers for Medicare and Medicaid Services that require nursing homes to have stronger antibiotic controls.

Infections have been a problem in nursing homes, says Robyn Grant, public policy director at Consumer Voice, an advocacy group for nursing-home residents, citing inadequate staffing, a concern also flagged in the Columbia paper. Among residents of long-term care facilities, there are between 1.6 million and 3.8 million cases of infection annually, resulting in 388,000 deaths, according to comments published in October by the Centers for Medicare and Medicaid Services in the Federal Register. How many of those infections involved drug-resistant organisms isn't clear.

Decades ago, the Centers for Disease Control and Prevention created a system to track infections in hospitals. Now called the National Healthcare Safety Network, it also monitors superbugs. More recently, the CDC added an option for nursing homes to report and monitor cases. Out of about 15,700 nursing homes in the U.S., less than 2% had volunteered to be part of the network by the end of 2015. The numbers picked up last year, but to date, only 2,500—or about 16% of nursing homes—have signed up, according to a Columbia Nursing School analysis. Dr. Phillips of LeadingAge said some nursing homes are small and lack the resources to be part of the tracking system.

The Columbia paper said controlling infections in nursing homes is challenging due to "understaffing, fewer resources, insufficient training, and inadequate surveillance." Communal living also is a factor. Nursing-home workers "roll patients into the dining rooms" when they may be carrying superbugs, says Betsy McCaughey, head of the Committee to Reduce Infection Deaths, a nonprofit.

Researchers and consumer advocates say not enough is known about how common superbugs are in nursing homes, and cite a lack of publicly available data.

"We want to lift the curtain," says Patricia Stone, a professor of health policy at Columbia University School of Nursing who focuses on nursing homes. "We need to know what is going on" in nursing homes. In addition, said Dr. Stone, who has a Ph.D. in nursing, nursing homes need help establishing infection-control systems.

The CDC is working to get nursing homes to embrace some reporting measures and more rigorous infection control. "I totally hear the voices of safety advocates and patients and their families saying you have got to do this faster," said Nimalie Stone, medical epidemiologist for long-term care at the CDC. Thanks to measures implemented by the CDC, Dr. Stone said, "We have raised tremendous awareness and surveillance in nursing homes that wasn't in place 20 or 15 years ago."



CLOCKWISE FROM TOP: NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES, NATIONAL INSTITUTES OF HEALTH; JORG MEYER; LIZ HOLLIDAY, COLUMBIA NURSING; JORG MEYER

How nursing homes handle germs such as strains of E. Coli, top, has drawn the attention of, from left, Dr. Arlene Smaldone, Sainfer Aliyu and Dr. Patricia Stone.

HEALTH

The Bug Problem in Nursing Homes

Residents of long-term care facilities are at risk of catching and spreading drug-resistant infections

BY LUCETTE LAGNADO

THERE'S A BUG problem in some nursing homes, and it's not what you think.

Residents of long-term care facilities are vulnerable to drug-resistant infections known as superbugs and can easily spread the deadly germs to others.

Between 11% and 59% of nursing-home residents have been "colonized" with certain types of superbugs, putting them at more risk of developing a full-blown infection, according to researchers at Columbia University School of Nursing. A person is colonized when a germ is on the skin or in the body—for example, in the nose. Although not yet infected, the person can spread the bug.

While government regulators and the public have focused on the dangers of superbugs in hospitals,

how nursing homes cope with such hard-to-treat germs has received less attention.

Yet nursing-home residents are "especially susceptible" to these infections because of their age, tenuous immune systems and many ailments, according to the Columbia analysis, published this month in the American Journal of Infection Control. Merely living in a nursing home is a risk factor, the paper says.

Studying nursing-home exposure to superbugs was the brainchild of Sainfer Aliyu, an emergency-room-nurse-turned-Columbia Ph.D. candidate. Ms. Aliyu, a 38-year-old immigrant from Jamaica, was struck by how many nursing-home residents arrived at the ER extremely ill with bloodstream infections. Curious about where and how they had developed the infections, she began researching dangerous superbugs known as gram negative

multidrug-resistant organisms. These include a group of bacteria known as CRE—Carbapenem-resistant enterobacteriaceae—that can cause infections with up to a 50% mortality rate. An example of a CRE superbug is E. Coli, which is found in the stool; strains of E. Coli have become resistant to nearly all antibiotics.

"They are so deadly—and I wanted to know more," Ms. Aliyu said. "Some researchers will argue that nursing-home residents get the infections from the hospital, but I think it is very hard to tell where the infections came from."

Working with senior faculty, Ms. Aliyu pored over 327 articles about nursing-home infections before settling on eight that formed the basis of the team's statistical analysis. Their conclusion: 27% of nursing-home residents were "colonized" with certain superbugs, said Arlene Smaldone, an assistant

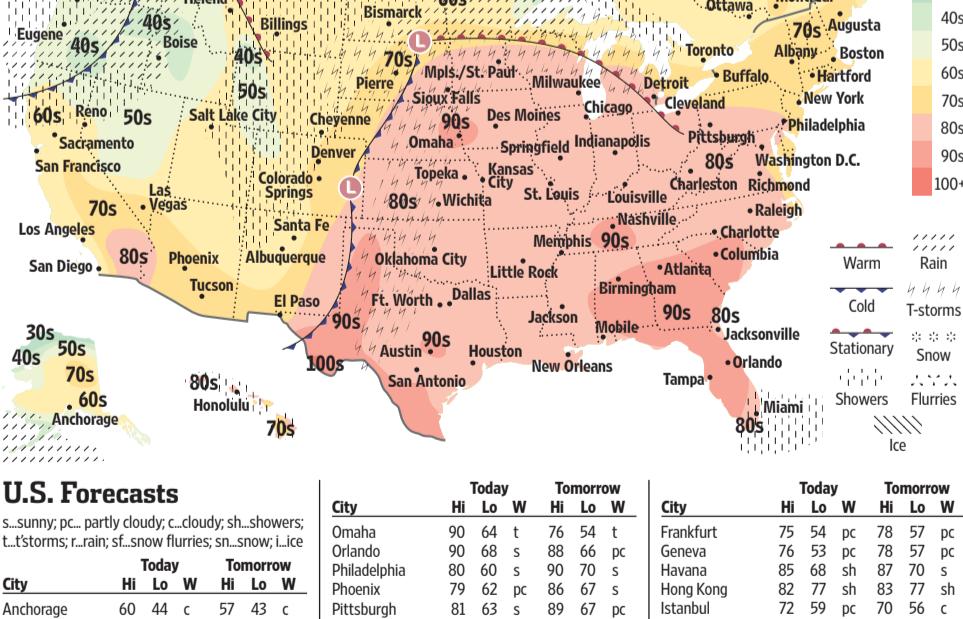
dean at Columbia with a doctorate in nursing. She crunched the numbers and is a co-author.

"You have a fragile group of individuals. They are older, they are sick and they are living in these nursing homes," Dr. Smaldone said, noting that bacteria can enter through a break in the skin and develop into a full-blown infection.

"If you are colonized, the likelihood you will get a drug-resistant infection will be much higher," says Dr. Theresa Madaline, a clinical director of Infectious Disease Services at Montefiore Health System in Bronx, N.Y.

Cheryl Phillips, an official at LeadingAge, a trade association whose members include nonprofit nursing homes, said, "The vast majority of people colonized are never infected" with superbugs. While one-quarter of nursing-home residents may be carrying certain germs, "we are not seeing

Weather



U.S. Forecasts

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

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

City Today Hi Lo W Tomorrow Hi Lo W

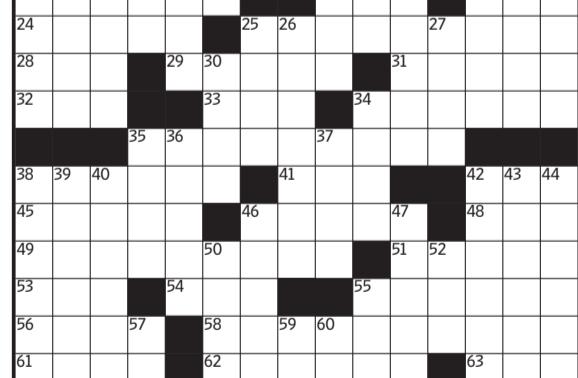
City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Anchorage	60	44	c	57	43	c		
Atlanta	90	67	s	89	68	s		
Austin	90	69	pc	87	69	t		
Baltimore	79	59	s	90	68	s		
Boise	54	37	r	53	40	r		
Boston	74	58	s	81	66	pc		
Burlington	71	54	s	86	64	pc		
Charlotte	88	64	s	89	66	s		
Chicago	87	67	s	85	66	pc		
Cleveland	83	67	pc	88	70	pc		
Dallas	88	69	pc	93	74	t		
Denver	73	41	pc	66	34	pc		
Detroit	84	66	pc	87	69	pc		
Honolulu	84	73	sh	85	72	sh		
Houston	87	72	pc	85	75	t		
Indianapolis	85	66	s	86	68	pc		
Kansas City	85	67	pc	81	58	t		
Las Vegas	79	61	pc	79	57	s		
Little Rock	87	67	pc	80	67	pc		
Los Angeles	68	55	pc	69	55	pc		
Miami	88	77	t	87	78	sh		
Milwaukee	83	65	pc	77	65	t		
Minneapolis	86	63	t	72	51	r		
Nashville	90	68	s	90	70	pc		
New Orleans	86	70	pc	86	72	pc		
New York City	77	63	s	86	69	s		
Oklahoma City	82	61	c	84	62	pc		

International

Today Hi Lo W Tomorrow Hi Lo W

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Amsterdam	73	60	pc	78	60	pc		
Athens	77	64	pc	70	61	s		
Baghdad	103	71	s	103	72	s		
Bangkok	89	79	t	86	79	s		
Beijing	90	60	s	94	63	s		
Berlin	65	54	pc	73	56	pc		
Brussels	75	59	pc	79	60	pc		
Buenos Aires	65	47	s	65	56	s		
Dubai	98	78	s	100	82	t		
Dublin	63	44	t	61	41	sh		
Edinburgh	65	45	sh	62	45	c		

The WSJ Daily Crossword | Edited by Mike Shenk



PLACEHOLDERS | By Dan Fisher

- Across**
- 1 Ill-mannered fellow
 - 4 Strong cardboard
 - 10 Island east of Java
 - 14 Ted Lincoln's father
 - 15 More precious
 - 16 Shipboard lockup
 - 17 *German forest's upper limit
 - 19 You know you want tol'
 - 20 Sun Bowl venue
 - 21 Chick container
 - 23 Lennon's love
 - 24 Takes a breather
 - 25 *Latvian colonel's superior
 - 28 Direction opposite WSW
 - 29 Needed a doctor
 - 31 Code name?
 - 32 King, in Castile
 - 33 Bolt attachment
 - 34 Coercion
 - 35 Densely populated area, and a hint to the capitals in the starred answers
 - 38 Buddies, in Barcelona
 - 41 Forever, seemingly
 - 42 Luftwaffe's U.K. foes
 - 43 Mortise's partner
 - 46 Titled ladies
 - 48 Flock female
 - 49 *Italian constellation in the night sky
 - 51 Not live
 - 53 Myrna of movies
 - 54 Froot Loops mascot toucan
 - 55 Nancy in the House
 - 56 Two-tone whale
 - 58 *French analogy
 - 61 Surgery souvenir
 - 62 Relaxed
 - 63 CPR pro
 - 64 Bollywood gown
 - 65 Attended
 - 66 volente (God willing)

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

- Down**
- 1 Reception hire
 - 2 Chisholm Trail's Kansas terminus
 - 3 Heavyweight legend Jack
 - 4 Black Sea port
 - 5 Start for space or dynamic
 - 6 Penn of "Designated Survivor"
 - 7 One more than bi-
 - 8 Virgil work
 - 9 Duane Allman's brother
 - 10 "Doctor Who" airer
 - 11 Large wardrobe
 - 12 She has her pride
 - 13 Doesn't acknowledge
 - 18 Item used at home
 - 22 Full range
 - 25 In need of cheering up
 - 26 Unoriginal work
 - 27 Character found in a 2016 sequel
 - 30 Taverns
 - 34 Sup in style
 - 35 Lab assistant of film
 - 36 Cake and ice cream, to a dieter
 - 37 Unresponsive state
 - 38 Befuddled
 - 39 Spanish island, to Spaniards
 - 40 Organization that holds a Memorial Day weekend auto race
 - 42 Lay down
 - 43 "Great!"
 - 44 Was a tributary of
 - 45 Punish for insubordination, perhaps
 - 47 iPod output
 - 50 Colorful parrot
 - 52 Heavyweight legend Muhammad
 - 55 Historian's concern
 - 57 "Entourage" agent
 - 59 Bathroom sign
 - 60 Unconvincing

Previous Puzzle's Solution

PLUM	UCILLA	SWAP
LANA	SHIN	SHAPE
AMMO	BING	CHERRY
SOARS	ELIE	CIO
MUSICAL	NOTE	ROT
ARK	RUE	ENTIRE
LURE	REIN	AMIS
TOBACCO	COPE	PIPER
SASS	HELENA	WREN
TRUEST	TSAS	SOP
RUN	POCKET	WATCH
AGA	IMAN	EMOTE
HUMAN	BRAIN	EWAN
ALIVE	ECRUCIN	NINO
NASA	SKAT	STEM

LIFE & ARTS

MUSEUM REVIEW

A CliffsNotes Approach to Literature

BY EDWARD ROTHSTEIN

Chicago

WE KNOW WHAT to expect at an American art museum, but what about an American Writers Museum like this one, which opens this week along Chicago's prime boulevard for shopping and culture? Does it celebrate the writer, the writings, or the act of writing? If the writer, how do you encompass so many? If the writings, are we to look at books? As for the act itself, that was dealt a body blow in a Monty Python skit as a cheering crowd in Dorset gathers to watch "local boy" Thomas Hardy write "The Return of the Native." A mock sports announcer describes how "the crowd goes quiet now as Hardy settles himself down at the desk, body straight, shoulders relaxed, pen held lightly but firmly in the right hand" as he begins with a single word: "The." ("No surprises there," the commentator interjects. "He started five of his 11 novels to date with a definite article.")

This 11,000-square-foot museum is actually meant to take in the process, the product and the creator, setting a very high bar. I wanted to like the result much more than I actually do. It was put together with care and designed with panache by Andrew Anway. It is sensible, costing under \$10 million and humbly housed on an office building's second floor. It is literate: In an era in which museum text is minimal, here reading is central. There are no artifacts—aside from a loan of Kerouac's draft scroll of "On the Road." It means to avoid curatorial hobby horses with a roster of advisers: a seven-member "content leadership team" and 42 mainly academic "subject matter experts." It is the brainchild of Malcolm O'Hagan, a retired engineer who, after seeing the Dublin Writers Museum, was determined to build one like it here.

One gallery evokes the writing experience, even offering advice ("Get specific."). Typewriters let digital scriveners feel retro while contributing to a "Story of the Day" tacked on the wall. On long



The American Voices exhibit at the American Writers Museum

BARRY BRECHISEN

touch-tables, information can be called up about particular works. And a display challenges visitors to identify famous first lines.

This can be charming. But if you want to know why we care about American writing, that is less evident. Much interpretive weight is condensed into a wall devoted to 100 (dead) American writers, beginning around 1490 (when the Spanish explorer and chronicler Álvar Núñez Cabeza de Vaca was born) and ending in 1951 with another writer born into the Spanish tongue, Oscar Hijuelos (1951-2013). Beneath each photo are rotating text panels. It is pointless to analyze who is included (demographics play a major role). The main problem is that after you work through it all, you feel little interest in reading their books.

One reason is that there are few

quotations from literary works but you slog through unhelpful quotations about them: We are told the writing in Twain's "Adventures of Huckleberry Finn" "jumped off the printed page" and that Lincoln's style was "succinct and plainspoken." The lone exception may be Melville on Hawthorne ("You may be witched by his sunlight...but there is the blackness of darkness beyond; and even his bright gildings but fringe, and play upon the edges of thunderclouds.").

Three commentators on touch screens provide larger perspectives, though their observations are redolent of the lecture hall. Critic Maureen Corrigan associates American literature's "subversive" powers with particular minority groups and women, though, she notes, Edgar Allan Poe shows "even white guys can tell some

pretty subversive stories."

And politics is either in your face or strangely effaced. The Mexican-born María Ruiz de Burton, for example, is praised for "scathing critiques of racial, gender, and class prejudices" and is quoted as believing that Americans "are and will be always the mortal enemies of my race" (though she spent her adult life here), but we learn nothing of the power of her novels. As for Ezra Pound, his poetry is heralded but he had a "controversial personality (he supported Fascist politics)." A strange understatement: He lived in Mussolini's Italy, where he regularly made grotesque radio broadcasts against America and the Jews; after the war, he was tried in the U.S. for treason.

The opposing wall in that main gallery is meant to be even more all-embracing with panels that

open to play music or emit scents or present information. Alex Haley's "Roots" teleplay (1977) is here (with no indication of the original book's plagiarism or claims of non-fiction); so are advertising slogans. Robert McCloskey's "Make Way for Ducklings" (1941) is here; so is Tupac Shakur's "Dear Mama" (1995).

No doubt, some visitors will later seek out something encountered. But just as no one will learn to write here, few will be inspired to read. Better to dip into the latest edition of the Norton Anthology of American Literature, where nearly all these writers are represented. Those selections may also help recall an earlier era's powerful American writers' museums: They were called libraries.

Mr. Rothstein is the Journal's Critic at Large.



From left, Jon Lord, Ian Gillan, Ritchie Blackmore, Ian Paice (on drums) and Roger Glover in 1971.

SMOKE

Continued from page A11

some of the ballroom windows with his Gibson guitar so people could escape faster. There was a gentle panic, but everyone got out.

Ian Gillan: Once outside, we walked to the Hotel Eden Palace Au Lac a short distance away. In the bar-restaurant, we ordered drinks and watched the Casino burn. At some point, Roger Glover said, "Look at the smoke on the water." There was a down draft from the mountains that shoveled the thick smoke across the lake. It looked like a film set, with the flames shooting upward.

Mr. Paice: The next morning, Claude found us space at Le Pavillon, a grand theater near the Casino that was closed for the winter. The Stones' mobile unit parked outside, our gear was set up inside and we started jamming late that afternoon for a soundcheck.

Roger Glover: Once our sound was together, Martin Birch, our engineer in the mobile unit, began recording the jam.

Ritchie Blackmore: Ian Paice and I had started the jam by trying out things. He played this driving rhythm on his drums. I responded with the riff you hear on the record. For the riff, I'm playing two notes at the same time, starting with the G on top and D below. My Stratocaster was plugged into a Hornby Skewes treble booster that ran into a Marshall amp and speaker. The Hornby gave the guitar a vibrating, throaty sound.

Mr. Paice: On the intro, as Ritchie played his riff, I played 16th notes on the hi-hat. For the body of the song, I played little 12-note skips on the hi-hat to give the basic beat a roll, like a wave. Without the mild swing, the beat would have lost its rhythmic interest.

Mr. Glover: With that riff set, we built out the instrumental arrangement. We left room

for verses, a chorus and guitar solo. By midnight, the band had the riff and basic rhythm track down and started going for an actual take. But we had a problem. The high volume awakened the town and someone had called the police.

Mr. Paice: After we finished recording a complete take of the instrumental, the police finally came in and told us to close down and leave. We labeled the reel we had just recorded "Title #1." It would become the backing track for "Smoke on the Water."

Mr. Glover: Clearly, recording at Le Pavillon was out. Claude found us sizable space at the Grand Hotel a few kilometers out of town. It was ideal, but we needed to isolate and insulate the space.

Mr. Paice: To contain the sound, a carpenter put up a wooden wall to seal off the corridor where we planned to record. Then the roadies dragged mattresses from the rooms and put them up against the corridor windows. We also screwed in red lights to create a concert atmosphere. After we finished recording six songs for the album, we still needed one more. We pulled out "Title #1," which just needed a lyric and guitar solo.

Mr. Glover: Ian Gillan and I wrote the words while sitting on a bench in the corridor. We called the song "Smoke on the Water" and had the lyric simply tell the story of what we had witnessed at the Casino.

Mr. Gillan: "Funky Claude" was Claude Nobs. "Swiss time was running out" was about finishing before we had to give up the "Rolling truck Stones thing." "With a few red lights / a few old beds / We made a place to sweat" refers to the red bulbs, the mattresses and the space where we recorded the album.

Mr. Glover: When we finished "Smoke on the Water," we didn't think it was that special. I guess we just figured the song was an afterthought and that our fans would think of it the same way. Boy, were we wrong.

DiamondAura®

★★★★★

"I love having this pendant around my neck... wonderful... This is a STEAL!"
— C. FROM COLORADO

"Probably one of the nicest pieces of jewelry I own.
Well done, Stauer."
— C.B. FROM MAINE

To display exquisite details, pendant shown is not exact size. Chain sold separately

Buy NOW, pay NEVER.
An Exclusive FREE+ Jewelry Offer from Stauer®

IF YOU LOVE SOMEONE, SEND THEM FREE

Over FOUR carats for ZERO dollars? Luxury retailers are livid! Jewelry lovers rejoice!

Your first question is "Why?" Why would any company give away sterling silver jewelry for FREE? It doesn't make sense. It sounds like a trick. There has to be a catch. Nobody else does this, right?

Exactly. Nobody else does this. That's the point. Stauer isn't like anybody else and we can prove it. Call today and we'll send you this stunning DiamondAura® True Heart Pendant in gleaming .925 sterling silver absolutely FREE*. You pay only \$24.95 for shipping & processing, our normal fee for a \$195 pendant... and we'll even pay you back with \$25 in Stauer Gift Dollars—that's our take on BETTER THAN FREE Shipping!

What is DiamondAura®? Gemologists have broken the code to create an impeccable lab-created stone with even more fire and better clarity than mined diamonds. Best of all, the science behind DiamondAura lets you indulge in large-carat luxury free from environmental (or political) concerns! Our exclusive lab-created DiamondAura is hard enough to cut glass and retains every jeweler's

specification including color, cut, clarity and carat weight. According to the book *Jewelry and Gems – The Buying Guide* the technique used in DiamondAura offers, "The best diamond simulation to date, and even some jewelers have mistaken these stones for mined diamonds."

Now back to your first question. This offer sounds too good to be true, but we made it "too good" for a reason. Once you get a look at the selection, stories and stunning offers available from Stauer, we bet you'll be back. True luxury doesn't have to cost a fortune. We don't spend big money on billboards, celebrity photo shoots or retail stores. We'd rather spend it on YOU.

How can a FREE jewelry offer get even better? If I had my way, we'd ship the *True Heart Pendant* to you at no charge. Unfortunately, the rising costs of freight make that impossible. But if you order today, I'll include a \$25 in Stauer Gift Dollars with your FREE Pendant. Call now to treat someone you love (and yourself) to luxury... for less!

DiamondAura® True Heart Pendant (4.5 ctw) non-offer code price \$195+

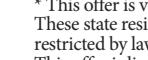
Your Cost With Offer Code—FREE*

***pay only shipping & processing of \$24.95**

You must use the offer code below to receive this special free pendant.

1-800-333-2045

Your Offer Code: DHP385-07. Please use this code to receive our free offer.



Rating of A+

Stauer® 14101 Southcross Drive W., Dept. DHP385-07, Burnsville, Minnesota 55337 www.stauer.com

4.50 ctw of brilliant DiamondAura • .925 sterling silver setting

• Sterling silver chain sold separately

* This offer is valid in the United States (and Puerto Rico) except in TX, FL, CO, OK, RI, NH, WV, OR, SC, VA and ID. These state residents will be charged one cent (\$0.01) + shipping & processing for the item. Void where prohibited or restricted by law. Offer subject to state and local regulations. Not valid with any other offers and only while supplies last. This offer is limited to one item per shipping address.

+ Free is only for customers using the offer code versus the price on Stauer.com without your offer code.

Stauer...Afford the Extraordinary.™



SPORTS

TENNIS

FEDERER TO SKIP FRENCH OPEN

BY TOM PERROTTA

ROGER FEDERER, 19-1 this season with a Grand Slam title, has decided to skip the French Open in Paris so he can prepare for a run at Wimbledon in July and then on hard courts the rest of the summer.

Federer, 35, said in a statement that his decision to miss the tournament was about longevity. He had yet to play a clay court event leading up to the tournament and had no plan to do so, in order to recover from an intense start to the season.

"To try and play on the ATP World Tour for many years to come, I feel it's best to skip the clay court season this year and prepare for the grass and hard court seasons," Federer said. "My team and I concluded today that playing just one event on clay was not in the best interest of my tennis and physical preparation for the remainder of the season."

Federer was considered an unlikely winner in Paris without playing on clay leading up to the tournament. His chances seemed to dip further considering the play of Rafael Nadal, who has won all 15 of his clay court matches and three titles so far. Nadal has won a record nine French Open titles. Federer won the title in 2009. In his career he has lost to Nadal in four French finals and one semifinal.

Federer missed the French Open last year, too, his first Grand Slam absence in 65 events. French fans are doubtless thinking, "We'll never see Roger again." Federer seemed hopeful about returning to Paris, rather saying goodbye.

"I will miss the French fans, who have always been so supportive and I look forward to seeing them at Roland Garros next year," he said.



Clockwise from top right: Olympic canoeist Anders Gustafsson, former Olympic swimmer Ky Hurst, Olympic track cyclist Simon van Velthooven. Pictured below: Artemis Racing during an event in Bermuda.

AMERICA'S CUP

The New Boys on the Boat

America's Cup skippers are recruiting athletes from other sports to power today's amped-up boats

BY MATTHEW FUTTERMAN

Bermuda

FOR 166 YEARS, the America's Cup has attracted the world's top sailors. This year, world-class cyclists, a surf triathlon champion and an Olympic canoeist, are on board as well.

These new sailors aren't in the mold of American legend Dennis Conner: expert yachtsmen with physiques more suited to boardrooms than locker rooms. But the bows of today's amped-up America's Cup vessels require stronger, more athletic sailors to handle and power them.

So the hallowed competition is suddenly recruiting specimens in the fashion of sports like bobsled and rugby, where strength and athleticism can be as valuable as years of experience in the game itself.

"I've always wanted to be a part of something bigger than myself," said Ky Hurst, twice a member of Australia's Olympic swim team and now a top crew member for America's Cup defender Oracle Team USA.

To understand exactly how someone like Hurst has become a crew member on the top boat in the world's top regatta requires a brief history of the America's Cup and its unique quirks.

The America's Cup's ruling document, known as the Deed of Gift, gives the winner the right to set the rules and the location for the next competition. After Oracle chief Larry Ellison's USA 17 boat won in 2010, he and his team decided the 2013 competition would take place on 72-foot catamarans

sailed by a crew of 11 and equipped with foils, which are daggerboards that function as the legs and feet of the boats. The foils lift the hulls out of the water, allowing the boats to triple the speed of the wind at times.

Overnight, the America's Cup became Formula One on water. The high-octane competition brought tens of thousands of spectators to the shores of San Francisco Bay. It also became more dangerous; a sailor for Sweden's Artemis team died during high-speed training in 2013.

Yet Oracle has upped the ante even further for 2017 race—smaller, faster, more agile boats that can fly on their foils whether they are traveling downwind, upwind or through a turning maneuver known as tacking. The boats require just six sailors.

The boats require constant adjustments to their 70-foot mainsails, known as the "wings," and the foils. Those adjustments require power from four sets of cranks, which are manually turned by "grinders" who also have to help control the boat using foot and knee pedals. Grinders must run back and forth across the netting that connects the hulls while the boat is zipping over the water at more than 40 miles an hour, even as wind gusts across the bow and water sprays in their faces.

Sailors who grew up in the sport say the new emphasis on athleticism makes for a trade-off.

"The Olympics is more pure sailing," said Giles Scott, who won the gold medal in the Finn class in Rio last summer. Scott said the folks in charge need to make sure the competition remains "sailors and a boat and not the other way around."

Such debates are beside the point for Jimmy Spithill, skipper of Oracle Team USA, which this month will begin the defense of its 2013 America's Cup triumph.

In 2014, Spithill heard about his fellow Australian, Hurst, who had otherworldly aerobic capacity. Hurst has twice swum the 10-kilometer race for Australia at the Olympics and he has won four national titles in surf ironman, a competition that combines swimming, paddleboarding, kayaking, and running.

Hurst had limited experience in competitive sailing. But through a friend in the Aussie sailing world who knew he wanted to give the America's Cup a try, he was connected with Oracle helmsman Tom Slingsby. After testing Hurst's physical capabilities, Slingsby arranged a meeting with Spithill.

Spithill knew Hurst was the ideal weight at 200 pounds and figured he would provide the perfect combination of upper body strength, cardiac capacity and agility needed on this year's catamarans. An extended tryout ensued, and three years later, Hurst is one of Oracle's key crew members.

The newcomers occasionally get

more than they bargained for.

"I thought I was just going sailing," said Anders Gustafsson, a 38-year-old rookie on this year's Artemis team and a former European champion in the 500-meter canoe-kayak race. "Then I had to find a way to balance the fear."

Gustafsson thought he was done with sports after the 2012 Olympics. He moved to Australia, began coaching and thought about finding a real job. But then he heard Artemis was looking for someone with agility, freakish lungs, and enough upper body strength to generate 1,700 watts of power on the cranks. All Gustafsson needed to do was learn to sail. For six months, the information overload made his head hurt.

"Poor Anders" said Paul Goodison, a sailing world champion and Olympic gold medalist, who operates the wing for Artemis. "He has to sit through these two-hour meetings where he has no idea what we're talking about."

Simon van Velthooven's journey into the America's Cup follows arguably the most organic path. Three years ago, the leaders of Emirates Team New Zealand decided to consider a bicycle-like pedaling system to turn the cranks. They reached out to Van Velthooven, a bronze medalist in the 2012 Olympics in track cycling, to see if he would be their guinea pig.

Van Velthooven described elite sailing as "hard, but a different kind of hard" from track cycling.

Van Velthooven said his power on the bike will help, but the boat guys are still running the show.

"It still a sailing race," Van Velthooven said.



MAIN: ASSOCIATED PRESS (3); GETTY IMAGES (HURST); TENNIS: GETTY IMAGES; BASEBALL: GETTY IMAGES

Roger Federer is preparing for a run at Wimbledon in July.

BASEBALL

HOW THE FLY BALL SAVED A SLUGGER

BY JARED DIAMOND

Washington

WASHINGTON NATIONALS first baseman Ryan Zimmerman understands the concept of exit velocity and launch angle, the latest hitting metrics sweeping the baseball landscape. He knows what they mean, can comfortably explain their real-world applications and can accurately recite the ideal figures for each category.

"I didn't even finish college, and I can tell you if you hit a ball 95 miles-per-hour that's over 25 degrees, it's going to be a home run," Zimmerman said in a recent interview at Nationals Park. "That's the easy part."

It makes sense that Zimmerman would sound so fluent in these statistics. He's not slavishly devoted to them. But they have inadvertently helped resurrect his career.

Zimmerman hit just .218 in 2016, the second-lowest batting average in the majors among players with at least 420 at-bats. His struggles raised questions about whether after 12 seasons, the 32-year-old Zimmerman would ever regain his status as a legitimate

middle-of-the-order threat.

So far in 2017, Zimmerman has silenced his doubters in resounding fashion. In a stunning resurgence, he came out of the weekend leading the National League in batting average, slugging percentage, hits, homers, doubles and RBIs, powering Washington to the NL's best record.

He has accomplished this in much the same manner of several others who have enjoyed seemingly miraculous turnarounds: by joining the fly-ball revolution, a growing trend that could spark a wholesale paradigm shift across the sport.

More than 49% of Zimmerman's batted balls resulted in grounders in 2015 and 2016, which coincided with a precipitous drop in his performance at the plate. This season, aided by an improved average launch angle, his ground-ball rate has fallen to 40.4%. Success has followed.

But unlike many of his peers who have acknowledged altering the path of their swings to lift more pitches, Zimmerman says he hasn't changed a thing. In fact, he doesn't care for advanced statistics all that much. The latest



Ryan Zimmerman leads the NL in batting average, hits, home runs and RBIs.

poster child for baseball's fly-ball revolution didn't intentionally apply for membership to the club.

"For some guys it makes sense, and for some guys you start talking to them about it and they're like, 'Lalalalalalala,'" said Zimmerman, putting his fingers in his ears. "I'm not going up there trying

to hit more fly balls. I'm just trying to hit the ball hard."

Zimmerman sits in stark contrast to his Nationals teammate, second baseman Daniel Murphy—the ultimate disciple of the Gospel of the Fly Ball. Murphy studied batted-ball analytics to transform from a solid slap hitter into one of

baseball's most dangerous sluggers with a fly-ball approach.

During his research this past winter, Murphy stumbled upon articles about Zimmerman's difficult 2016, which inspired a fascinating revelation: Even as his production plummeted, Zimmerman consistently hit the ball hard. His average exit velocity of 94.1 mph ranked 12th among players with at least 100 balls in play. He just hit too many on the ground.

Murphy shared his findings with Zimmerman. It didn't lead to any mechanical overhauls, but it did perhaps lead to a tweak in Zimmerman's mind-set. He considered his thought process with a runner on third base, when he purposely hunts for pitches he can elevate for a sacrifice fly.

"Maybe I just started acting like there's a runner on third all the time, I don't know," Zimmerman said.

More than anything else, Zimmerman attributes his blistering start to health. He averaged just 90 games a year from 2014 through 2016, dealing with an injury to his shoulder and a bout with plantar fasciitis.

Whatever the reason, contributions from Zimmerman "stretches out the lineup," Nationals hitting coach Rick Schu said, allowing manager Dusty Baker to insert him between Bryce Harper and Murphy, a pair of left-handed hitters.

Together, they make the Nationals a serious championship contender—no matter how they feel about launch angles.

OPINION

How Trump Can Save Europe

MAIN STREET
By William McGurn

When Donald Trump boards Air Force One on Friday for his first presidential trip abroad, he will no doubt be glad to leave behind the Nixon allusions and calls for impeachment that have followed his ouster of FBI Director James Comey.

Most attention remains focused on the first part of his trip, which will take Mr. Trump to Saudi Arabia, Israel and the Vatican, seats of three great world religions. But the European leg of the trip—and especially his stop in Brussels May 25 for a North Atlantic Treaty Organization summit—offers the president far more than momentary escape from his domestic political woes. That's because the disruptions caused by Britain's exit from the European Union are now working to his advantage.

If he plays his Brexit cards wisely, Mr. Trump could shore up a faithful American ally at a time when it could use the help, reverse an arrogant Obama initiative aimed at intimidating the British public, and nudge the European Union in a better direction. Better yet, he could do it all in a way consistent with his assertions that he's not against trade, just against America being taken

advantage of. The key to everything is reaching a free-trade deal with British Prime Minister Theresa May.

Not just any deal, either. Over the years trade deals have morphed into beastly, several-thousand-page affairs with side agreements and fine print that too often are exploited for protectionist mischief. Given the considerable ties and trust between Britain and America, it's hard to imagine another major world economy that offers a better opportunity for a relatively clean and clear agreement that makes trade between the two nations as free and equal as possible.

Surely such a deal would meet the standard Mr. Trump has set for fairness: one that doesn't give the other side advantages American workers and businesses do not have. In other words, the simpler and freer the terms, the better. Once he had his model deal, Mr. Trump could then announce that America would offer the same terms to anyone else willing to sign.

Alas, Mr. Trump has been busy sending inconsistent signals here. In the days before his inauguration, he promised a trade deal with Britain would come "very quickly." When Mrs. May visited two weeks later, the new president hailed Brexit as a "wonderful thing" and told her you will now "be able to negotiate your own trade deals" without the burden of the EU

looking over Britain's shoulders.

But after an April meeting with Germany's Angela Merkel, news reports quoted White House officials as saying the Trump administration has now put a U.K. trade deal on the back burner in favor of a deal with the EU. If true, it would mean Mr. Trump is making good on Barack Obama's threat to send a U.S.-U.K. trade deal to the "back of the queue" if Brexit passed.

By playing the British card, the president could advance free and fair trade.

The irony here is that Europe itself would be better off if Washington opted for a U.K. deal first. That's because a U.K. trade pact with America would temper the Continental instinct for protectionism.

This instinct was in full display during a French election in which the choice was whether protectionism should be enforced at the French border (Marine Le Pen's position) or by the European Union at its borders (Emmanuel Macron's position).

The European response to Brexit is likewise illuminating. Given the importance of the British market for European exports and jobs—more Europeans, for example, work in

Britain than British in the EU—the sensible approach for Brussels would be to negotiate a generous deal that kept access to each other's economies as open as possible. Instead, the mood appears to be to "punish" Britain—which of course would punish Europeans as much as, if not more than, the British.

Enter Mr. Trump. By negotiating a model free-trade agreement with Britain, the president would boost Mrs. May's chances of getting a better trade deal for Britain out of the EU. In addition, it would almost certainly improve the terms of any subsequent American trade deal with Europe. Not that the Europeans would appreciate it, but these deals would improve opportunities for Europe's citizens and help save the EU from its worst enemy—itself.

In his address to Congress earlier this year, Mr. Trump declared, "I believe strongly in free trade but it also has to be fair trade." In addition to insisting he is pro-trade, Mr. Trump has also said he prefers bilateral trade pacts over multilateral deals such as the North American Free Trade Agreement.

What better way to prove it—and push the world in a more hopeful direction—than with a model free-trade deal with Britain, a nation with whom the U.S. has so many ties and so few disputes?

Write to mcgurn@wsj.com.

There's No Such Thing as the 'Arab Street'

By Jonathan Schanzer

Washington has stopped trying to figure out the "Arab Street." From what I can tell it happened somewhere around Nov. 9, 2016. America is probably better off for it.

I'm not saying we should ignore public opinion in the Arab world. Nor should we ignore its politics. The Middle East, and what happens there, is of crucial concern to American policy makers and interests.

But at least since I arrived in Washington in 2002, the foreign-policy establishment has been on a quixotic quest to tap into the thoughts of an estimated 365 million people. Armed with language lessons, history books and advanced degrees, America's Middle East analysts labored to understand why Arab populations cheered the 9/11 attacks, jeered the 2003 Iraq invasion, and brought down dictators during the Arab Spring. I was among them, taking trips to dangerous places in the hope that I could acquire "ground truth" that would help in America's battle for hearts and minds.

The only "ground truth" I could ever discern was that the Arab world is a complex patchwork of national identities that are influenced heavily by clan, family, tribe

and—of course—religion. The people speak different dialects and embrace different cultures. Sure, there are commonalities among Arabs, but the more you travel the region, the more you find yourself focusing on the differences.

There is not one Arab Street, in the same way that there is not one Main Street in America (consider the differences among New York City,

Suddenly, Middle Eastern intellectuals are coming to me for 'ground truth.'

Biloxi, Miss., Des Moines, Iowa, and Los Angeles). Numerous ideological currents run through our 50 states and 320 million residents. Just ask the pollsters who got it wrong in November.

In a rather poetic twist of fate, the Arabs are now sending delegations to Washington in their own quest to glean ground truth. Some have come to visit me. Others have popped in on other policy shops around town. The conversations vary, but the questions are basically the same. With the political sands shifting dramatically in Washington, the Arabs are

desperately trying to understand the thinking of the new leadership, but also the thinking of Main Street Americans who were instrumental in bringing about this change.

Can I explain what's happening in America right now? Probably about as well as the Arab intellectuals who tried to explain things to me over the years. Shifting demographics, economics and religion all play a role. But I have yet to read a compelling narrative that explains the changes that have taken place across diverse populations nationwide. There is no ground truth here, either.

The debate rages in Washington over whether the political change we are experiencing is a change for the better. History will judge. But the shift in our relationship with the Arab states resulting from that change may be a positive development.

America is a superpower. That our bureaucrats and think-tankers should scamper across the Arab world trying to answer the eternal question "Why do they hate us?" was always difficult to digest. It reeked of desperation.

Today, America hasn't given up on Arab public opinion so much as it has been distracted by its own. But the Arabs should not mistake this

for indifference toward the region. Americans detest Islamic State and al Qaeda, and they are deeply alarmed over Iran's drive for nuclear weapons and regional hegemony. Bitter debates do rage over whether it is in America's best interest to invest blood and treasure to shape the Middle East, or whether the entire region is a bloody quagmire to be avoided at all costs.

The Trump administration is wrestling with these two impulses right now, after a U.S. Tomahawk missile salvo meant to punish Syrian dictator Bashar Assad for using chemical weapons and to demonstrate that American tolerance has limits.

Whether the president plunges the U.S. into another conflict or decides to sit this one out, the Arab Street will play no role. In today's populist America, the discussion has shifted squarely to what people here believe is in their national interest.

Best of luck to the Middle Eastern bureaucrats and policy analysts trying to determine exactly what that means.

Mr. Schanzer, a former terrorism finance analyst at the U.S. Treasury, is senior vice president of the Foundation for Defense of Democracies.

Give Social Security Recipients a Break

By Charles R. Schwab

As deliberations about tax reform begin in earnest, Congress should consider a simple fix to help millions of older Americans: Eliminate Social Security and Medicare payroll taxes after age 65 on the first \$50,000 of earned income. These Americans have already contributed to the two programs over a lifetime. Yet even after they hit the retirement age, they continue to pay Social Security and Medicare taxes on income they earn.

This reform could significantly benefit seniors with modest incomes. Nearly 20% of people 65 and over are still working—more than eight million in all—according to the Bureau of Labor Statistics. Of people 65 and older who reported income in 2014, about 80% took in less than \$50,000, according to the Administration on Aging. The median was just over \$22,000. This proposal would boost their spending power significantly.

Take a 70-year-old woman who earns \$25,000 a year in California. Today the combined

any defined-benefit pension plans—totaled less than \$25,000.

The pace of savings tends to pick up later in people's careers, and the Government Accountability Office reported in 2015 that Americans 65 to 74 had median household retirement savings of nearly \$150,000. That's great. But it isn't enough. It won't kick off much in the way of steady income over 20 years of retirement.

Many Americans cannot rely on savings and Social Security alone for a comfortable retirement. Working longer would make a difference, since it allows savings to continue to grow. Half of respondents in the EBR survey said they plan to continue working after age 65.

This easy tax change would create a big economic boost by leaving money—more than \$13 billion, by my estimation—in the pockets of working older Americans, who would directly inject it into the economy. At the same time, it would help keep experienced workers in the labor force, while encouraging some who are already retired to get back in.

Limit payroll taxes for those over 65, and stop taxing benefits.

The tax change could give seniors an added incentive to work. This is often a good choice, given today's longer life expectancies and the crisis of low retirement savings. In a March study by the Employee Benefits Research Institute that surveyed more than 1,000 American workers, nearly half said their household's savings and investments—excluding the value of a primary home and

While lawmakers are looking at it, they should also consider eliminating taxes on Social Security benefits for those who draw them while continuing to work. Today those benefits are subject to tax once someone earns only \$25,000. After being taxed for a lifetime to fund Social Security, the program's benefits are taxed upon receipt. That's akin to double taxation. Eliminating it is another easy fix worth consideration in the spirit of fairness.

These straightforward proposals ought to draw bipartisan support. There are no complicated credits or calculations. For those 65 and over, simply eliminate the payroll tax on income up to \$50,000 and stop taxing Social Security benefits. This fits with America's longstanding support for older adults. Seniors at the low end of the income scale shouldn't have a bite taken out of their paychecks and put into the pot for Social Security and Medicare. They've paid their dues already.

Mr. Schwab is founder and chairman of the Charles Schwab Corp.

BOOKSHELF | By Laura Vanderkam

Coddled Complainants

The Vanishing American Adult

By Ben Sasse

(St. Martin's, 306 pages, \$27.99)

For much of its linguistic history, "adult" was a noun, meaning a grown-up person. Only recently has it turned into a verb, usually embedded in a hashtag. Think "Just paid this month's bills on time #adulting" or "Decided I couldn't watch Netflix for 8 hours straight and went to the grocery store instead #adulting."

This social-media trend, says Ben Sasse in "The Vanishing American Adult," is a symptom of a larger problem. Young people joke about engaging in adult behavior because "ours is now an odd nation of both delayed grown-ups and adult-children who create words to mock the idea that we could ever become responsible, civic-minded leaders." Affluence has bred a bubble-wrapped world. Mr. Sasse, a former president of Midland University and now a U.S. senator from Nebraska, notices even his own children complaining about the air conditioning only being able to cool their bedroom down to 72 degrees.

Citing statistics on the rise of screen time and declining religious participation, Mr. Sasse argues that the American experiment is in crisis. As a senator, he and his colleagues debate how best to meet various challenges: health care, cybersecurity, job creation. "The proposed solutions to address

these problems are meaningless, though, if we lack an educated, resilient citizenry capable of navigating the increasing complexities of daily life." He calls on parents to put their children through coming-of-age rituals that will help them become problem-solvers who use "adult" as a noun: doing tough jobs, getting to know older community members, reading deeply to understand that the world existed long before any of us did.

"The Vanishing American Adult" has its charms. Its biggest virtue is that it reads so differently from most books by politicians, with their bland bromides and careful clichés. Mr. Sasse tells of visiting a hotel in Greece where the toilet was a drain in the floor and confesses to breaking child-labor laws by having his young daughter work on a ranch. His discussion on whether happiness is achieved through freedom from obligation or through freely embracing a chosen obligation won't fit in a 30-second campaign ad. His suggested reading list includes Sophocles, F.A. Hayek, James Baldwin and, naturally, the onetime Nebraska resident Willa Cather.

The problem? While arguing for grown-up citizens, Mr. Sasse does something else that's usually a campaign no-no: putting a giant chunk of the population—namely, everyone under age 40—into a basket of deplorables. Mr. Sasse tries to persuade the reader that he's not just a cranky old guy (he's in his mid-40s): "You will hear very little 'Get off my

The parents of millennials are as much to blame as their offspring for avoiding adulthood and living in a bubble-wrapped world.

lawn!' screaming in these pages." He grants that the parents of millennials are as much to blame as their self-taking offspring for the avoidance of adulthood. As a historian (he earned his Ph.D. in history at Yale), he knows that sweeping statements are risky: "Everyone typically (and usually wrongly) believes the moment they're living in is the most critical time in human history."

And yet, fundamentally, that is what this book is trying to argue: that young people are passive and coddled in a way that is more dangerous than before and could destroy all the good that those literature-reading, hardworking pioneers on the Nebraska plains achieved. Some examples: "Kids have only the vaguest idea of how to make decisions for themselves. All that many of them have ever had to do by age 18 is be dressed and in the car at the appointed hour." Young people "do not understand what self-restraint is." He laments that his students at Midland University couldn't even manage to trim a whole Christmas tree properly.

Yet in all eras there are rigorous types and whiny types, and today's technology quickly spreads tales of whininess. If the problem is truly new, then we need to know when, exactly, things went south. Mr. Sasse is clear that he grew up differently from young people today. Yet he was 37 when he became the president of Midland, where the students he complains about could have been 22 years old. Did everything change in 15 short years?

The idea that people in the past widely exhibited a virtue we now lack seems questionable. Mr. Sasse frets that "in the midst of a radical economic disruption from single lifelong jobs to the demands of lifelong learning for flexible and changing work, solving the riddle of transmitting anew a culture of self-reliance is more urgent than ever before." But were people who could count on a 40-year job at one employer really self-reliant? Or if they faced modern economic headwinds, would they behave as people do now?

Indeed, the millennial behavior that drives other people crazy can be a rational response to modern economics and changed technology. Mr. Sasse complains about a young employee who wanted to leave the office for a 3 p.m. Pilates class. But in many millennial-staffed companies, flexibility during the day is a given because everyone knows you'll be logging back on to work at night. Mr. Sasse laments that "as our intellectually insecure students leave the bubble of campus and arrive at full-time work, they are now demanding constant feedback and tender reassurance." But people have always wanted feedback, and good managers don't wait six months to tell them what's working and what isn't. Supposed millennial "insecurity" is forcing companies to do what they should have done all along.

Mr. Sasse—a home-schooling father of three—does offer some good advice for parents. One way, he says, to think about your children's training: If you were tutoring Alexander the Great, who would rule many lands someday, what would you want him to know? In theory, America depends on all of us being "fit to rule"—that is, having the capacity to manage our own lives and the integrity to think of the greater good. Then again, plenty of young people may look at today's politicians and decide that the important lessons were not taught so well in past generations either.

Ms. Vanderkam is the author of "I Know How She Does It: How Successful Women Make the Most of Their Time."

OPINION

REVIEW & OUTLOOK

Puerto Rico's Debt Lessons

The legal brawl over Puerto Rico's bankruptcy begins this week, and it will be long and ugly. The pain might be worth something if the island can use this rare chance to reform its government, and creditors learn a hard lesson about lending to spendthrift politicians.

After San Juan said last year that it couldn't repay its debts, Congress passed a law known as Promesa that created a seven-member federal oversight board modelled on the one that turned around Washington, D.C. in the 1990s. The board rejected the first two fiscal plans proposed by former governor Alejandro García Padilla and his successor Governor Ricky Rossello before accepting a third.

But even that plan couldn't prevent a debt restructuring after Mr. Rossello and creditors failed to agree on a voluntary plan. The creditors are now crying foul, claiming that the control board intervened to scuttle the talks. But the board says Promesa's Title III bankruptcy process to reduce the debt was all but inevitable, and mutual funds could face losses as high as \$5.4 billion in what are likely to be court-directed haircuts.

Their pain is understandable, but then they knew what they were getting into. Lenders piled into Puerto Rican bonds that paid high yields that are "triple tax-exempt"—they can't be taxed by federal, state or local governments in the U.S. Yet lenders also knew that the Puerto Rican government was heading toward a debt crisis. The economy has been contracting for a decade, and the commonwealth has \$48 billion in unfunded pensions on top of \$72 billion in bond debt.

Creditors bet that the high yield was worth the political risk, but the music was bound to stop. One lesson of the last decade that creditors don't want to learn, even after Detroit and Greece, is that sovereign debt to lousy governments is high risk. The abrogation of debt contracts that will now take place is regrettable,

The island and its lenders will share the pain of bad government.

but there is a price for betting on politicians.

The pain will be at least as bad for Puerto Rico. Over the next decade the fiscal plan reduces spending by 28%, higher education spending by half and health-care costs by 30%. All public employees will move to 401(k)-style retirement plans, and retiree pensions (which average a mere

\$14,000) would be cut by 10%.

The plan also includes an annual \$585 million cushion—a kind of rainy day fund—in case growth isn't as robust as estimated or spending isn't cut. The plan allocates the remaining \$7.87 billion to service \$51.2 billion of debt. Creditors are pressing the control board to adopt rosier fiscal projections, but that's in part how the commonwealth got into its hole.

General obligation bondholders also say their debts are senior to all others and that bonds securitized by sales tax revenues (Cofina) may be invalid. But Cofina bondholders argue the reverse. This is why Congress established Promesa's bankruptcy-like process—so a federal judge can sort conflicting claims.

Both the government and creditors have a stake in the commonwealth's recovery, and the board could require larger debt payment if revenues exceed forecasts. But for that to happen, the territory will have to grow faster. This is where bankruptcy alone is inadequate. Puerto Rico will have to cut taxes on investment, rationalize welfare programs that deter working, and pare back labor protections that make France look like Hong Kong. If Mr. Rossello won't do it, then the control board will have to.

Puerto Rico will continue to flounder even with reduced debt if labor participation remains stuck at 40% and unemployment is in the double digits. That's something for bankruptcy Judge Laura Taylor Swain to keep in mind as she allocates the pain that always attends a failure of governance and prudence as large as Puerto Rico's.

Merkel's Election Rally

Angela Merkel is back on track to win September's German election after local elections culminating this weekend delivered big gains for her party. Even better are electoral gains by a free-market party.

Mrs. Merkel's center-right CDU pulled off a big upset on Sunday in Germany's most populous state, North Rhine-Westphalia. The state has been governed by the center-left SPD for most of the postwar period, but the CDU took 33% compared to 31.5% for the SPD. This is a crushing defeat for new SPD leader Martin Schulz in his home state.

Along with recent victories in Saarland and Schleswig-Holstein, the weekend vote shows that Mrs. Merkel is overcoming the bump in support the SPD enjoyed after Mr. Schulz hit the campaign trail this year. Voters still seem not to trust the center-left party. That's in part because Mr. Schulz is recycling left-wing talking points about inequality, Keynesian stimulus and social spending that are out of touch in an economy that's been growing since 2010.

The SPD's other weakness is immigration, which was supposed to be a vulnerability for Mrs. Merkel. North Rhine-Westphalia includes Cologne, the site of sexual assaults on New Year's Eve 2016 allegedly perpetrated by North African and Middle Eastern immigrants. That incident undermined support for Mrs. Merkel's open-door policy, but the SPD's instincts are more open-

door than hers. The CDU has since pulled her further to the right on migration, and voters have greater trust in the CDU's competence.

The shame is that the CDU and its Bavarian sister party, the CSU, aren't doing more to earn a mandate if she does win a fourth term. Mrs. Merkel resists tax cuts and other reforms despite 11 years as Chancellor. She and the German economy are still living off reforms made by the last SPD Chancellor, Gerhard Schröder.

So the best news from the weekend is the revival of the centrist, free-market FDP, which won 12.5% of the vote, its best tally ever in North Rhine-Westphalia. The party is a traditional coalition ally for the CDU, and it tries to pull the bigger parties in a supply-side direction but fell out of the Bundestag in the 2013 election.

The FDP platform this year includes a pledge to cut taxes by at least €30 billion (\$32.8 billion) and sell off the government's stake in the post office and main telecom company. If the FDP's weekend comeback presages a return to the national Parliament in the autumn, it could give Mrs. Merkel a needed reform push.

European leaders are simply relieved not to have to face another populist uprising. But it would help the Continent if the German economy accelerated, and the fact that a growing number of German voters favor a dose of economic reform is worth cheering.

The 'WannaCry' Cyber Warning

At least 150 countries are still working to contain a malicious computer worm that emerged on Friday. The unprecedented planet-wide attack is another harbinger of the world's exposure to hackers and digital terrorists.

From London to Beijing to Moscow, hundreds of thousands of users were infected with a new variant of so-called ransomware, known as "WannaCry," which encrypted their data and then solicited a blackmail payment to resume normal operations. This sophisticated, self-propagating malware was designed to spread to all other computers on the same network after infecting one machine. The culprits are unknown and could take years to track down, if ever.

WannaCry has renewed a debate about the obligations of defense departments to the private sector. The virus was developed by taking advantage of a software flaw in Microsoft's Windows operating system that the U.S. National Security Agency identified last August. The NSA develops libraries of such exploits, and an online group named Shadow Brokers infiltrated the database last year and published the material that led to WannaCry.

Microsoft blames the NSA for researching such hacking methods, but in this case the NSA followed the protocol known as the Vulnerabilities Equities Process that determines which flaws should be reserved for intelligence gathering and which should be disclosed to protect consumers. The NSA alerted Microsoft.

The company fixed the problem with a software patch in March, but users who failed to upgrade their OS remained vulnerable. Too many

The NSA followed protocol but it still wasn't enough.

corporate and government information technology departments are behind the curve.

The episode underscores the folly of the U.S. law enforcement demand that tech companies install backdoors into their devices and services. Defrocked FBI Director James Comey ran a public pressure campaign against

Apple in 2015 and 2016 when his agents couldn't break the encryption of the iPhones of the San Bernardino killers, and asked Congress to mandate dedicated built-in decryption keys. WannaCry takes advantage of a coding error. An intentional outside entry point that leaked or fell into the wrong hands could lead to even larger havoc.

Witness the WannaCry meltdown at Britain's National Health Service, where 45% of hospitals, doctors offices and ambulances were crippled. Even emergency room services had to be curtailed. The Russian Interior Ministry was also compromised. A successful cyber-attack on the banking system, the electric grid, traffic lights or electronic medical records could do far more economic and security damage.

The Pentagon stood up a cyber command in 2012, but the effort has been impaired by bureaucratic turf protection and blurred lines of accountability. Infamously in 2013, Defense, Homeland Security, the FBI and other agencies required 75 drafts of a single Power Point slide to define their respective division of responsibilities for cybersecurity.

Abuse and even acts of war are never far behind technological advance, and the damage will be worse next time if the U.S. can't modernize its cyberdefenses.

REVIEW & OUTLOOK

Puerto Rico's Debt Lessons

but there is a price for betting on politicians. The pain will be at least as bad for Puerto Rico. Over the next decade the fiscal plan reduces spending by 28%, higher education spending by half and health-care costs by 30%. All public employees will move to 401(k)-style retirement plans, and retiree pensions (which average a mere

\$14,000) would be cut by 10%.

The plan also includes an annual \$585 million cushion—a kind of rainy day fund—in case growth isn't as robust as estimated or spending isn't cut. The plan allocates the remaining \$7.87 billion to service \$51.2 billion of debt. Creditors are pressing the control board to adopt rosier fiscal projections, but that's in part how the commonwealth got into its hole.

General obligation bondholders also say their debts are senior to all others and that bonds securitized by sales tax revenues (Cofina) may be invalid. But Cofina bondholders argue the reverse. This is why Congress established Promesa's bankruptcy-like process—so a federal judge can sort conflicting claims.

Both the government and creditors have a stake in the commonwealth's recovery, and the board could require larger debt payment if revenues exceed forecasts. But for that to happen, the territory will have to grow faster. This is where bankruptcy alone is inadequate. Puerto Rico will have to cut taxes on investment, rationalize welfare programs that deter working, and pare back labor protections that make France look like Hong Kong. If Mr. Rossello won't do it, then the control board will have to.

Puerto Rico will continue to flounder even with reduced debt if labor participation remains stuck at 40% and unemployment is in the double digits. That's something for bankruptcy Judge Laura Taylor Swain to keep in mind as she allocates the pain that always attends a failure of governance and prudence as large as Puerto Rico's.

The island and its lenders will share the pain of bad government.

but there is a price for betting on politicians. The pain will be at least as bad for Puerto Rico. Over the next decade the fiscal plan reduces spending by 28%, higher education spending by half and health-care costs by 30%. All public employees will move to 401(k)-style retirement plans, and retiree pensions (which average a mere

\$14,000) would be cut by 10%.

The plan also includes an annual \$585 million cushion—a kind of rainy day fund—in case growth isn't as robust as estimated or spending isn't cut. The plan allocates the remaining \$7.87 billion to service \$51.2 billion of debt. Creditors are pressing the control board to adopt rosier fiscal projections, but that's in part how the commonwealth got into its hole.

General obligation bondholders also say their debts are senior to all others and that bonds securitized by sales tax revenues (Cofina) may be invalid. But Cofina bondholders argue the reverse. This is why Congress established Promesa's bankruptcy-like process—so a federal judge can sort conflicting claims.

Both the government and creditors have a stake in the commonwealth's recovery, and the board could require larger debt payment if revenues exceed forecasts. But for that to happen, the territory will have to grow faster. This is where bankruptcy alone is inadequate. Puerto Rico will have to cut taxes on investment, rationalize welfare programs that deter working, and pare back labor protections that make France look like Hong Kong. If Mr. Rossello won't do it, then the control board will have to.

Puerto Rico will continue to flounder even with reduced debt if labor participation remains stuck at 40% and unemployment is in the double digits. That's something for bankruptcy Judge Laura Taylor Swain to keep in mind as she allocates the pain that always attends a failure of governance and prudence as large as Puerto Rico's.

REVIEW & OUTLOOK

Puerto Rico's Debt Lessons

but there is a price for betting on politicians. The pain will be at least as bad for Puerto Rico. Over the next decade the fiscal plan reduces spending by 28%, higher education spending by half and health-care costs by 30%. All public employees will move to 401(k)-style retirement plans, and retiree pensions (which average a mere

\$14,000) would be cut by 10%.

The plan also includes an annual \$585 million cushion—a kind of rainy day fund—in case growth isn't as robust as estimated or spending isn't cut. The plan allocates the remaining \$7.87 billion to service \$51.2 billion of debt. Creditors are pressing the control board to adopt rosier fiscal projections, but that's in part how the commonwealth got into its hole.

General obligation bondholders also say their debts are senior to all others and that bonds securitized by sales tax revenues (Cofina) may be invalid. But Cofina bondholders argue the reverse. This is why Congress established Promesa's bankruptcy-like process—so a federal judge can sort conflicting claims.

Both the government and creditors have a stake in the commonwealth's recovery, and the board could require larger debt payment if revenues exceed forecasts. But for that to happen, the territory will have to grow faster. This is where bankruptcy alone is inadequate. Puerto Rico will have to cut taxes on investment, rationalize welfare programs that deter working, and pare back labor protections that make France look like Hong Kong. If Mr. Rossello won't do it, then the control board will have to.

Puerto Rico will continue to flounder even with reduced debt if labor participation remains stuck at 40% and unemployment is in the double digits. That's something for bankruptcy Judge Laura Taylor Swain to keep in mind as she allocates the pain that always attends a failure of governance and prudence as large as Puerto Rico's.

REVIEW & OUTLOOK

Puerto Rico's Debt Lessons

but there is a price for betting on politicians. The pain will be at least as bad for Puerto Rico. Over the next decade the fiscal plan reduces spending by 28%, higher education spending by half and health-care costs by 30%. All public employees will move to 401(k)-style retirement plans, and retiree pensions (which average a mere

\$14,000) would be cut by 10%.

The plan also includes an annual \$585 million cushion—a kind of rainy day fund—in case growth isn't as robust as estimated or spending isn't cut. The plan allocates the remaining \$7.87 billion to service \$51.2 billion of debt. Creditors are pressing the control board to adopt rosier fiscal projections, but that's in part how the commonwealth got into its hole.

General obligation bondholders also say their debts are senior to all others and that bonds securitized by sales tax revenues (Cofina) may be invalid. But Cofina bondholders argue the reverse. This is why Congress established Promesa's bankruptcy-like process—so a federal judge can sort conflicting claims.

Both the government and creditors have a stake in the commonwealth's recovery, and the board could require larger debt payment if revenues exceed forecasts. But for that to happen, the territory will have to grow faster. This is where bankruptcy alone is inadequate. Puerto Rico will have to cut taxes on investment, rationalize welfare programs that deter working, and pare back labor protections that make France look like Hong Kong. If Mr. Rossello won't do it, then the control board will have to.

Puerto Rico will continue to flounder even with reduced debt if labor participation remains stuck at 40% and unemployment is in the double digits. That's something for bankruptcy Judge Laura Taylor Swain to keep in mind as she allocates the pain that always attends a failure of governance and prudence as large as Puerto Rico's.

REVIEW & OUTLOOK

Puerto Rico's Debt Lessons

but there is a price for betting on politicians. The pain will be at least as bad for Puerto Rico. Over the next decade the fiscal plan reduces spending by 28%, higher education spending by half and health-care costs by 30%. All public employees will move to 401(k)-style retirement plans, and retiree pensions (which average a mere

\$14,000) would be cut by 10%.

The plan also includes an annual \$585 million cushion—a kind of rainy day fund—in case growth isn't as robust as estimated or spending isn't cut. The plan allocates the remaining \$7.87 billion to service \$51.2 billion of debt. Creditors are pressing the control board to adopt rosier fiscal projections, but that's in part how the commonwealth got into its hole.

General obligation bondholders also say their debts are senior to all others and that bonds securitized by sales tax revenues (Cofina) may be invalid. But Cofina bondholders argue the reverse. This is why Congress established Promesa's bankruptcy-like process—so a federal judge can sort conflicting claims.

Both the government and creditors have a stake in the commonwealth's recovery, and the board could require larger debt payment if revenues exceed forecasts. But for that to happen, the territory will have to grow faster. This is where bankruptcy alone is inadequate. Puerto Rico will have to cut taxes on investment, rationalize welfare programs that deter working, and pare back labor protections that make France look like Hong Kong. If Mr. Rossello won't do it, then the control board will have to.

Puerto Rico will continue to flounder even with reduced debt if labor participation remains stuck at 40% and unemployment is in the double digits. That's something for bankruptcy Judge Laura Taylor Swain to keep in mind as she allocates the pain that always attends a failure of governance and prudence as large as Puerto Rico's.

REVIEW & OUTLOOK

Puerto Rico's Debt Lessons

but there is a price for betting on politicians. The pain will be at least as bad for Puerto Rico. Over the next decade the fiscal plan reduces spending by 28%, higher education spending by half and health-care costs by 30%. All public employees will move to 401(k)-style retirement plans, and retiree pensions (which average a mere

\$14,000) would be cut by 10%.

The plan also includes an annual \$585 million cushion—a kind of rainy day fund—in case growth isn't as robust as estimated or spending isn't cut. The plan allocates the remaining \$7.87 billion to service \$51.2 billion of debt. Creditors are pressing the control board to adopt rosier fiscal projections, but that's in part how the commonwealth got into its hole.

General obligation bondholders also say their debts are senior to all others and that bonds securitized by sales tax revenues (Cofina) may be invalid. But Cofina bondholders argue the reverse. This is why Congress established Promesa's bankruptcy-like process—so a federal judge can sort conflicting claims.

Both the government and creditors have a stake in the commonwealth's recovery, and the board could require larger debt payment if revenues exceed forecasts. But for that to happen, the territory will have to grow faster. This is where bankruptcy alone is inadequate. Puerto Rico will have to cut taxes on investment, rationalize welfare programs that deter working, and pare back labor protections that make France look like Hong Kong. If Mr. Rossello won't do it, then the control board will have to.

Puerto Rico will continue to flounder even with reduced debt if labor participation remains stuck at 40% and unemployment is in the double digits. That's something for bankruptcy Judge Laura Taylor Swain to keep in mind as she allocates the pain that always attends a failure of governance and prudence as large as Puerto Rico's.

REVIEW & OUTLOOK

Puerto Rico's Debt Lessons

but there is a price for betting on politicians. The pain will be at least as bad for Puerto Rico. Over the next decade the fiscal plan reduces spending by 28%, higher education spending by half and health-care costs by 30%. All public employees will move to 401(k)-style retirement plans, and retiree pensions (which average a mere

OPINION

The Innovator's Dilemma Hits Higher Ed

By Alana Dunagan

Last month's announcement that Indiana's Purdue University would acquire the for-profit Kaplan University shocked the world of higher education. The Purdue faculty are up in arms. The merger faces a series of regulatory obstacles. And it's unclear whether the "New U," as the entity is temporarily named, can be operationally viable or financially successful.

But Purdue's president, Mitch Daniels, is willing to give it a shot.

The venture is unexpected, unconventional and smart. The nature of the partnership—in which Kaplan will transfer its assets to Purdue, a public university—is unprecedented. It's also a rare instance of attempted self-disruption.

There are lessons here from the business world. In the seminal 1997 book, "The Innovator's Dilemma," Harvard professor Clayton Christensen describes how leading companies can do everything "right" and still be thwarted by disruptive competitors. In an effort to appease stakeholders, leaders focus resources on activities that target current customers, promise higher profits, build prestige, and help them play in substantial markets. As Mr. Christensen observes, they play the game the way it's supposed to be played. Meanwhile, a disruptive innovation is changing all the rules.

Facing the innovator's dilemma requires leaders to think beyond their current business model, identify the strategic conundrum in which they find themselves, and accurately assess their organization's capabilities to compete on entirely new terms. That may sound simple, but in practice it's often deeply counterintuitive. Initially, disruptive innovations offer products and services that underperform existing options, create lower profits, and can be sold only in less significant markets. That describes the earliest days of Airbnb, Amazon, Netflix, Uber, Wikipedia and a slew of other low-end providers that went on to dominate their markets.

The higher-education industry, full of brilliant and competent leaders, is ripe for disruption. Despite mounting political pressure—not to mention the struggles of indebted alumni—most college presidents believe that their institutions are providing students with good value. By and large, they remain comfortable making small, marginal tweaks to their business models. In the meantime, college becomes ever more expensive.

In contrast, Mr. Daniels has a long history of bold, innovative moves. He was an early supporter of Western Governors University, a leading competency-based education provider. He has also encouraged the development of income-share agreements at Purdue, which

may make a big dent in the student-loan crisis.

Mr. Daniels explicated his motivations in an addendum to his announcement of the acquisition. He detailed three key "realities."

- Millions of potential students are unserved by the current higher education system. No one would have faulted Mr. Daniels for limiting his view to the students already served by Purdue. It's what most college presidents do. But looking past the confines of the current,

Purdue's acquisition of Kaplan University is risky, unconventional, unexpected—and smart.

mostly traditional-aged student body could produce big opportunities. By expanding access to thousands of potential students in Indiana and millions beyond, Purdue is recalibrating toward an unserved population—a key characteristic of disruptive innovation. It is rejecting a myopic status quo and instead making a strategic investment in nontraditional students who have been historically ignored.

- Online education is growing. Its expansion is impossible to ignore, but plenty of college administrators are in denial about its future impact. Led by nontraditional students,

online enrollments continue to grow steadily. As of 2014, 29% of undergraduates were taking at least one class online; nearly half of those were taking their entire program online. Among graduate students, over a quarter are earning their degrees exclusively online.

When used to lower cost and increase access, these programs become the "enabling technology" requisite for disruption. That's not to say that all online programs are disruptive—many college administrators simply tack on digital offerings to their existing business models, with programs often costing just as much as brick-and-mortar options. But as leaders begin combining these technologies with disruptive business models that make college radically affordable, millions of underserved potential students will finally be able to access college.

- Purdue can't build online capabilities, so it should buy them. Admitting that something needs to be done—and that the organization doesn't have the capability to get it done—is tough. Purdue estimated that it would take at least three years to build an online undergraduate program, assuming there was sufficient internal political will. That made acquisition a much faster and more certain path. Importantly, the acquisition route also enabled Purdue to structure its online efforts as an autonomous unit—the linchpin of self-disruption.

A further challenge of the innovator's dilemma is that even after leaders realize they are being disrupted, disruptive innovations rarely thrive in the context of the traditional business model. Mr. Daniels has recognized that pitfall. Rather than attempt a true merger of Kaplan into Purdue, the new entity will remain autonomous. This structure emulates that of other disruptive schools, such as Southern New Hampshire University, which have moved beyond a brick-and-mortar legacy to become major players in online learning.

The innovator's dilemma is one of the toughest strategic predicaments an organization can face, and in an era marked by technological upheaval and economic transition it is more common than ever. Mr. Daniels is setting Purdue on the right course, for good reasons, and he deserves a great deal of credit. As the saying goes, a journey of a thousand miles begins with a single step. For Purdue, the next thousand miles will consist of navigating regulatory approvals, winning the support of stakeholders, and, not least, the hard work of building New U. We can be hopeful, on behalf of those left behind by today's higher education system, that Purdue treads a path that others can follow.

Ms. Dunagan is a research fellow at the Clayton Christensen Institute.

Trump and Christie's First Steps to Solving the Opioid Crisis

By Josh Bloom
And Alex Berezow

President Trump has tapped New Jersey Gov. Chris Christie to tackle America's opioid crisis—a complicated task to say the least. Because the root cause of rising addiction and overdose is still unclear, any government response must be flexible and nuanced.

The single biggest question regarding the opioid epidemic remains: Is it driven mainly by patients who become addicted to their prescriptions? Or are recreational users the underlying cause? This is difficult to figure out. Among the many heartbreaking personal anecdotes, hard data is scant and contradictory.

The epidemic's cause isn't clear, but a nationwide system for tracking prescriptions would help.

A 2017 report from the Centers for Disease Control and Prevention examined how patients taking painkillers respond to prescriptions of varying lengths. If a patient is initially given a one-day supply, his likelihood of still using the drug a year later is about 6%. That number rises to roughly 10% for patients given a two-day supply and 45% for a 40-day prescription.

These numbers are suspicious at best. Both a 2008 article in the Journal of Pain and Symptom Management and a systematic Cochrane review of 26 studies found that fewer than 1% became addicted. Why the discrepancy?

The CDC study does not untangle correlation from causation. A patient with chronic pain from an accident or injury would be expected to take opioids for an extended period—and also still to be taking them a year later. If long-term use of opioids is unlikely to result in addiction, short-term use for moderate to severe pain, such as dental surgery or a broken bone, would be even less so.

This points out the folly of overly strict laws now being enacted that limit prescriptions to one week, or even less. All this will

do is cause patients to suffer and have little or no impact on addiction.

Further, epidemics of illegal drugs—cocaine, crack and heroin in the 1980s; methamphetamine today—cannot be pinned on pill-happy doctors or unscrupulous pharmaceutical companies. Today many millennials are dying of heroin overdoses. This generation is too young to suffer from the usual chronic pain. This suggests recreational drug use is the real culprit. Put simply, America has been awash in drugs for decades, and it is relatively easy for dealers and addicts to find them.

Given the lack of clarity surrounding the opioid epidemic, Messrs. Trump and Christie should remain open to new data. Still, here are a few preliminary ideas to help mitigate the problem:

First, don't make people with chronic pain jump through hoops to acquire the drugs they need to function. Patients should not have to suffer for the "sins" of dealers and addicts. There is a middle ground between a generous refillable Vicodin prescription and the stingy three-day supply favored by the CDC. New Jersey law limits initial prescriptions to a five-day supply and New York law to a seven-day supply.

Second, although doctors need to be held accountable for abuse, assure them that they are not in danger of losing their licenses if they prescribe opioids in good faith. Every state except Missouri has a prescription-drug monitoring program, and 16 states require doctors to consult this database before prescribing opioids, according to Pew Charitable Trusts. In New York all prescriptions are filed electronically, so physicians can see their patients' histories. This makes it nearly impossible for addicts to "doctor shop." Mr. Christie should consider taking such policies nationwide.

Third, beware of unintended consequences. In August 2010, the maker of OxyContin introduced an "abuse-proof" version of the drug. The result was that addicts switched over to heroin, and overdose deaths soared. On the street, heroin is mixed with or replaced by fentanyl, a compound that is cheaper and easier to synthesize and 50 times as powerful as morphine. In Florida, according to the

Miami Herald, heroin and fentanyl are to blame for about 80% of opioid overdose deaths. Other states show a similar pattern.

Fourth, understand that prescription opioids often are not taken by themselves. Roughly half the people who die from prescription opioids have taken them with benzodiazepines, such as Valium. The overdose potential from the combination is greater than from either drug alone.

Fifth, avoid anything resembling a "war on drugs." That policy has failed miserably, and it would again, because it does not address the underlying causes of

addiction. Drug addiction is an intensely personal issue, and it requires a compassionate response. Treatment centers are the only hope for addicts of heroin and fentanyl. What might have some effect, however, is a national campaign to warn of the dangers of opioids, remove the stigma of addiction and encourage addicts to come forward. Mr. Christie has already made moves in that direction in New Jersey.

Sixth, encourage researchers to develop more nonaddictive painkillers. Some experimental opioids, like PZM21 and BU08028, have shown promise. We urge pharmaceutical companies to pursue this line of research.

Once the effects of these policies have been analyzed, Messrs. Trump and Christie should work with Congress to replace the patchwork of state laws with a unified national policy. With the right laws in place to hold addicts accountable and maintain compassion, the end of the opioid crisis would be within sight.

Mr. Bloom is Director of Chemical and Pharmaceutical Sciences at the American Council on Science and Health, of which Mr. Berezow is Senior Fellow of Biomedical Science.

ICONIC



THE NAVITIMER

SINCE 1952

BREITLING BOUTIQUE

575 MADISON AVENUE • WORLD TRADE CENTER

NEW YORK

BREITLING
1884



STARBUCKS®
NARIÑO 70
COLD BREW
— COFFEE —

SUPER-SMOOTH FLAVOR



BUSINESS & FINANCE

© 2017 Dow Jones & Company. All Rights Reserved.

* * * *

THE WALL STREET JOURNAL.

Tuesday, May 16, 2017 | B1

S&P 2402.32 ▲ 0.48% S&P FIN ▲ 0.77% S&P IT ▲ 0.56% DJ TRANS ▲ 0.73% WSJ \$IDX ▼ 0.18% LIBOR 3M 1.179 NIKKEI 19869.85 ▼ 0.07%

See more at WSJMarkets.com

Uber Takes Hit in Car-Tech Fight

Judge gives Alphabet unit broad leeway to examine evidence from ride-hailing firm

BY GREG BENSINGER AND JACK NICAS

Uber Technologies Inc., one of Silicon Valley's most secretive firms, may be forced to open up to one of its archrivals, Google parent **Alphabet Inc.**

A federal judge on Monday gave Alphabet's driverless-car unit **Waymo** broad leeway to seek and examine evidence from Uber in a three-month-old lawsuit that accuses the ride-hailing firm of conspiring

with a former Waymo executive to steal 14,000 files related to its autonomous-vehicle program.

U.S. District Judge William Alsup ordered Uber to produce a detailed accounting of any employee contact with the allegedly stolen files and all relevant written or oral communication by the Waymo-turned-Uber executive at the center of the case, Anthony Levandowski. The judge also authorized Waymo to depose seven more Uber employees and inspect Uber's work on laser sensors, known as lidar, that Waymo claims is based on its technology.

The preliminary injunction, which was unsealed on Mon-

day, stopped short of forcing Uber to shut down its self-driving efforts, but the order formally barred Mr. Levandowski from working on the technology. Uber last month said it removed Mr. Levandowski from leading its driverless-car program.

The case has riveted Silicon Valley by exposing the secrets of two technology giants dueling to become the first companies to commercialize self-driving cars. Many tech companies and auto makers believe driverless cars will one day replace traditional vehicles, saving lives and costs by reducing human error. Now a feud between two of tech's most-watched companies is

publicly playing out over some of the world's most promising technology.

Google and Uber were once allies. Google's venture-capital firm invested \$258 million in Uber in 2013, a top Google executive was on Uber's board until last year, and Uber has long used Google's mapping software for its ride-hailing service. But the two firms have encroached on each other's turf as they battle for control of the road. That rivalry intensified on Sunday when Waymo said it would work with Uber's U.S. ride-hailing competitor, **Lyft Inc.**, to develop self-driving cars together.

Waymo's new discovery

powers are a blow to Uber, as was the judge's rejection last week of Uber's bid to move the case to arbitration, said Michael Brophy, an attorney with Withers Worldwide who has tracked the case. He noted the partial injunction is also a win of sorts for Uber, as it can continue testing the vehicles while the case winds its way through court. "Both sides can wave a flag saying they've won something," he said.

Mr. Levandowski and Uber are also facing a possible criminal probe after the judge last week referred the case to Justice Department officials for review. The Justice Department and Uber haven't commented

Please see **UBER** page B2

Russia, Saudis Support Extended Oil Cuts

The world's two biggest crude-oil producers, Russia and Saudi Arabia, sent petroleum prices higher with a joint statement that cuts in output should be extended into March 2018.

By Summer Said, Neanda Salvaterra and James Marson

The rare joint statement on Monday is the strongest signal yet that the Organization of the Petroleum Exporting Countries and a coalition of producers outside the group will continue their efforts to influence oil prices by cutting supply. OPEC's 13 members and 11 non-OPEC producers agreed last year to cut almost 1.8 million barrels a day through June in hopes of bringing supply and demand back into balance.

There have been doubts that the OPEC coalition's production cuts were having their desired effect of eliminating a glut of crude that has weighed on the market. Resurgent production from U.S. shale producers has helped blunt OPEC's efforts, and prices—after a quick boost—have swung between \$48 and \$52 a barrel in the past month.

"There has been a marked reduction to the inventories, but we're not where we want to be," Saudi Arabia's energy minister, Khalid al-Falih, said in China after a meeting of the Group of 20 industrial and developing nations, adding that a general consensus was emerging that extending the cuts "is the right approach and the right thing to do."

The Russia-Saudi agreement comes 10 days before OPEC is scheduled to hold a meeting in Vienna on May 25 to decide on production cuts. Saudi Arabia is OPEC's most influential member, while Russia is the largest producer among the coalition outside the group that joined the production-cutting effort.

U.S. crude prices rose 2.1%, to \$48.85 a barrel on the New York Mercantile Exchange. Brent, the global benchmark, gained 1.9%, to \$51.82 a barrel on ICE Futures Europe.

The move higher caps the largest four-day gain for both benchmarks since December, as crude prices have rebounded after a sell-off this month.

OPEC and its partners are now widely expected to agree to extend the production cut, which was meant to draw down record levels of oil placed in

Please see **RUSSIA** page B2

Containers Find Out-of-the-Box Second Lives

The ubiquitous workhorses of freight transportation are popping up in restaurants, homes and pools

BY COSTAS PARIS

PLAINVIEW, N.Y.—It looks more like a warehouse than a Long Island burger joint, but the Bareburger restaurant on a busy intersection here is attracting patrons for its food—and its architecture.

The restaurant, which opened last year, is made of 11 truck-size containers previously used by Japanese shipping company NYK Line. Bareburger Group LLC worked with **SG Blocks Inc.**, which specializes in container-based buildings and has designed similar structures for Starbucks Corp., Yum Brands Inc.'s Taco Bell restaurants and LaCoste stores.

"It came naturally," says John Simeonidis Jr., Bareburger's co-founder and chief design officer. "We use reclaimed wood for floors and tables, recycled vinyl for seats and so on. So we said, 'let's think outside the box for the structure' and ended up building a metal box that looks really cool."

Shipping containers, typically 20 or 40 feet long, are the workhorses of freight transportation, used to move most of the world's manufactured goods. Shipping companies pay about \$2,000 to \$3,000 for each one, with an average container lasting 18 years before it is retired from

Please see **BOXES** page B2



At left, the Bareburger restaurant, made of 11 truck-size containers; at top, a single-family home in Brooklyn, N.Y., designed by LOT-EK; above, extreme-sports park in Huangshan, China.

Disney Movie Is Held for Ransom

BY BEN FRITZ AND JOE FLINT

A hacker or hackers claim to have stolen an unreleased film from **Walt Disney Co.** and threatened to release it online unless the company pays a ransom, Chief Executive Robert Iger told employees.

Speaking at a town hall for Disney's ABC News division Monday where the topic of piracy was raised, Mr. Iger said Disney wouldn't pay the ransom, according to a person who was present.

Without saying how much was being demanded, this person added, Mr. Iger said the ransom was supposed to be delivered in bitcoin, the virtual currency that has become a favorite of people engaged in online extortion schemes.

He didn't disclose what the movie was, the person said. The only two titles on Disney's summer release slate are "Pirates of the Caribbean: Dead Men Tell No Tales" and "Cars 3."

Both are big-budget franchise titles expected to gross more than \$500 million at the global box office. If they were released online before they hit theaters, it could be a significant blow to Disney's film business.

The hackers have threatened to first release five



minutes of the movie and then more in 20-minute chunks, Mr. Iger told the Disney employees.

The hack doesn't appear to be related to the continuing cyberattack against businesses and organizations around the world that uses a vulnerability in Microsoft Corp.'s Windows operating system first exploited by the National Security Agency.

It comes, however, at a time

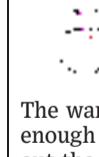
of increased concern about digital vulnerabilities throughout the business world, including in Hollywood.

Hackers recently uploaded an entire season of "Orange is the New Black" to online file-sharing services before Netflix Inc. released the episodes on its streaming service.

News of the film hacking at Disney was reported Monday by the Hollywood Reporter.

STREETWISE | By James Mackintosh

A Lack of Fear Is Now Big Worry in Markets

 The only thing we have to fear is fear itself, said Franklin D. Roosevelt.

The wartime president had enough to worry about without the VIX. The CBOE Volatility Index's superlow levels are prompting many to invert his famous line: Some investors now fear that there isn't enough fear.

Investor complacency is a sensible thing to be concerned about after a long bull market. But we should be clear about what the VIX is telling us.

The VIX is a measure of implied volatility derived from S&P 500 options prices. It has gained appeal because it is known as Wall Street's "fear gauge" and for good reason: It typically goes up when the market goes down.

The strongest message from a low VIX is merely that the market has gone up a lot. Last week, the VIX hit the lowest level since 1993, twice closing below 10.

Contrarians like to think the real message is that the

market's more likely to go down. That isn't obviously the case. On the previous occasions the VIX closed below 10—in 1993, 1994, 2006 and 2007—the S&P went up over the next 30 days. This is a tiny sample, but on average, investors have made money over the next 30 days whenever the VIX was below 50.

The VIX seems to have done roughly what it's supposed to do, with a low VIX anticipating that stocks won't swing around much in the next 30 days and a high VIX predicting that they will. When the VIX is low, you probably won't win or lose much in the market. When it's high, you're more likely to win or lose a lot.

There are two reasons to be more concerned about the VIX now than in previous low VIX periods. First, a lot of investors seem to be betting on volatility staying low, not least via the previously obscure VelocityShares Daily Inverse VIX Short Term ETN, an exchange-traded note with the "XIV" ticker.

Betting against volatility
Please see **STREET** page B2

INSIDE



TARGET RETHINKS DIGITAL

RETAIL, B3



COTTON RALLY DISRUPTS TEXTILES

COMMODITIES, B11

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A - B

Alberts Infraestructuras	B3
ACE Limited	B2
Airbnb	B12
Albertsons Companies	B4
Algomi	B10
AllianceBernstein Holding	B10
Alphabet	B1, B12
Amazon.com	B3, B11, B12
American International Group	B2
Apple	B10
Ariens	A1
Atlanta	B3
Berkshire Hathaway	B10
Blackstone Group	B10
Boeing	B4

C - E

Camden Property Trust	A10
Cargill	B11
Central Grocers	B4
Chubb	B2
Cisco Systems	B12
DeNA	B4
D.R. Horton	B11
Encore Capital Group	B10
EQT	B10

F - G

Facebook	B12
Finistere Ventures	A2
FireEye	B12

H - J

Fortinet	B12
Fox Broadcasting	B4
Gannett	B4
Google	B1, B12

K - M

Haliburton	B11
Hamilton Insurance Group	B2
HCA Healthcare	A6
Home Depot	B11
International Business Machines	B10

N - P

Jewel Food Stores	B4
J.P. Morgan Chase	B10
KB Home	B11
Lennar	B11
Leonardo	B4

R - T

Lockheed Martin	B4
Louis Dreyfus	B11
Lowe's	B11
Lyft	B1
Macy's	A10

U - W

Marathon Oil	B11
Marsh & McLennan	B2
McKinsey	A10
Mercer	B4
Microsoft	B10

STREET

Moody's	B10
Nintendo	B4
Northrop Grumman	B4
Olam International	B11
Palo Alto Networks	B12

INDEX TO PEOPLE

B	
Bakish, Bob	B3
Bittles, Bruce	B11
Bittles, Carin	B10
Bryans, Bruce	B11

Buffett, Warren	B10
C	
Cornell, Brian	B3
D	
Dauman, Philippe	B3

Denecour, Jessica	B4
Duperreault, Brian	B2
E	
Edwards, Tim	B2
Egli, Peter	B11

Evans, Gail	B4
F	
Fields, Mark	A1
Flood, Paul	B11
G	

Gallagher, Thomas	B2
Greenberg, Maurice R. "Hank"	B2
Hancock, Peter	B2
Icahn, Carl	B2, B10
Iger, Robert	B1

J	
Joosub, Shameel	B4
Kalanick, Travis	B2
Levandowski, Anthony	B1
Loeys, Jan	B2

M	
Mauboussin, Michael	B12
McNamara, Mike	B3
Mehta, Neel	A1
Meneer, Craig	B11

Modestt, Brian	B2
N	
Morbelli, Tim	B10
Morfit, Mason	B10
O	

P	
Novak, Alexander	B2
I	
Sarhan, Adam	B11
Schieldrop, Bjarne	B2

S	
Sarhan, Adam	B11
Schneidermeyer, Phil	B4
Schwarzman, Stephen	B10
Shah, Nitesh	B11

T	
Taubes, Ken	B10
Tolia, Ada	B2
Ubber, Jeffrey	B10
Y	

Yun, Lawrence	A2
Z	
Maiborg	B11
McLennan	B2
McLennan Cos.	B1

RUSSIA

Continued from the prior page storage.	

<tbl_r cells="2" ix="4" maxcspan="1" maxrspan="1"

BUSINESS NEWS

Executive Guided Hollywood Stars

By ERICH SCHWARTZEL

LOS ANGELES—Brad Grey, who until earlier this year was chief executive of **Viacom Inc.'s Paramount Pictures**, died Sunday evening at the age of 59.

Mr. Grey's publicist said the cause of death was cancer.

Mr. Grey joined Paramount in 2005 after a successful career as a talent manager. Known for his strong relationships with actors and directors, he oversaw the development of critical film series for the studio, including "Mission: Impossible" and "Transformers."

But executive turmoil at Paramount's parent company, and years of an inconsistent strategy at the studio, resulted in his dismissal in February.

Mr. Grey didn't have the traditional background of a studio executive when he was tapped to succeed Sherry Lansing as CEO of Paramount, known for classics such as "Sunset Boulevard" and "The Godfather."

His company, **Brillstein-Grey Entertainment**, was regarded as one of Hollywood's top talent-management firms.

Mr. Grey guided the careers of numerous stars at the height of their success, including Jennifer Aniston, Brad Pitt and

Adam Sandler.

With Mr. Pitt and Ms. Aniston, he co-founded Plan B Entertainment, the production company that would go on to produce Oscar winners "12 Years a Slave" and "Moonlight." He had produced critically acclaimed television shows, including "The Sopranos" and "The Larry Sanders Show."

Viacom CEO Tom Freston installed Mr. Grey at the studio, hoping that an executive with a creative background could oversee an overhaul and get past such bombs as "Sky Captain and the World of Tomorrow" and a failed remake of "The Stepford Wives."

At the time, Hollywood insiders wondered if Mr. Grey, used to calling his own shots, could adjust to the corporate confines of a studio. But Viacom Chairman Sumner Redstone would prove a critical ally to Mr. Grey when boardroom drama at the parent company and a string of box-office flops began threatening Mr. Grey's job.

At Paramount, Mr. Grey's background in talent relations helped keep stars Tom Cruise and Mr. Pitt in the studio fold. During his tenure, the studio released hits like "Paranormal Activity" and "Star Trek," as well as Oscar winners "An Inconvenient Truth" and "There Will Be Blood."

The Minneapolis-based retailer has revamped some e-commerce projects, eliminating an in-house startup and implementing new initiatives to save on shipping costs. It has also cut ties with digital partners like Curbside in favor of developing its own programs, and walked away from prospective deals, including an Arizona grocery-store chain and online service Boxed.com, according to people familiar with the talks.

BY KHADEEJA SAFDAR

Target Corp., under pressure after issuing a dismal profit warning for the year, is narrowing its focus and rethinking its digital strategy, even as competitors like **Wal-Mart Stores Inc.** invest heavily to diversify their online offerings.

The Minneapolis-based retailer has revamped some e-commerce projects, eliminating an in-house startup and implementing new initiatives to save on shipping costs. It has also cut ties with digital partners like Curbside in favor of developing its own programs, and walked away from prospective deals, including an Arizona grocery-store chain and online service Boxed.com, according to people familiar with the talks.

"We're not trying to be the catalog of everything," said digital chief Mike McNamara. "We aren't going to add products to our website and stores just because they exist."

The company has been squeezed in recent years by **Amazon.com Inc.** as shopping moves online, and by Wal-Mart,



SCOTT OLSON/GETTY IMAGES

Target has walked away from possible deals to build in-store sales and improve online margins.

Target, Under Pressure, Rethinks Its Web Goals

BY KHADEEJA SAFDAR

Missing the Mark

Digital sales are falling short of Target's goal of 40% growth.



Source: company filings

THE WALL STREET JOURNAL

and Amazon's is up 27%. Target is slated to report first-quarter results on Wednesday, with Wall Street expecting earnings of about 90 cents a share on revenue of \$15.6 billion. Wal-Mart is scheduled to report the following day.

As Amazon and Wal-Mart have expanded into new product categories or bought businesses, Target has been more cautious.

It remained on the sidelines when Wal-Mart paid \$3.3 billion for discount retailer Jet.com last fall. Executives considered Jet overpriced and a poor fit with Target CEO Brian Cornell's strategy to focus on high-margin categories such as apparel and home decor, according to people familiar with internal discussions.

Instead, Target, which has struggled with declining sales in its food department, was in advanced talks last summer to buy Sprouts Farmers Market Inc., a Phoenix-based chain of about 250 grocery stores. But it eventually walked away, people familiar with the discussions say. Sprouts declined to comment.

ing the Spanish company at €16.3 billion (\$17.8 billion) that could create the world's biggest toll-road operator.

Atlanta's bid represents the second attempt to combine the two companies after they came close to creating a group more than 10 years ago that would have had a market capitalization of €25 billion.

The deal ultimately collapsed, with the companies citing blocks imposed by the Italian government and transportation regulator as a reason for scrapping the merger. One of the reasons behind Italy's political opposition to the previous deal, according to a person familiar with the new transaction, was that Abertis was larger than its Italian rival.

The balance of power has now reversed: Atlanta has a market capitalization of €20.5 billion, while Abertis is valued at €16.2 billion.

However, the deal isn't guaranteed to close this time, either. Barcelona-based Abertis said in a statement Monday that the company's board wouldn't weigh in on the deal until it was legally required to do so. A spokeswoman said that time frame was within six months.

Abertis's single-largest investor is Spain's Criteria Caixa SAU, which owns 22.3% of the infrastructure company.

A spokesman for Criteria Caixa said the company would evaluate "without haste" what it called "the friendly offer."



Brad Grey joined Paramount after a career as a talent manager.

Tronc Seeks to Acquire Sun-Times

BY MARIA ARMENTAL

The owner of the Chicago Tribune is trying to buy its one-time biggest rival, the Sun-Times, months after a deal with **Gannett Co.**, the nation's largest newspaper chain, fell through.

Tronc Inc., as the former Tribune Publishing Co. is now known, said Monday that it had signed a nonbinding letter of intent to buy **Wrapparts Holdings LLC**, which also owns other media properties including the alternative weekly Chicago Reader. Financial terms aren't finalized, Tronc said.

The offer came as Wrapparts disclosed it was seeking new ownership. If the deal goes through, Tronc said, the Sun-Times would continue to be run as an independent newsroom.

Gannett, the publisher of USA Today, dropped its monthslong pursuit of Tronc in November.

The Justice Department said it was investigating the potential sale of the Sun-Times to Tronc, and that it would "closely monitor the sale process" for the paper.

Tronc said both companies "have worked with the Department of Justice to demon-

strate that this combination is the best way to preserve multiple editorial voices in the greater Chicago area."

If no other bidder comes forward, Tronc said its acquisition could close as soon as June 1.

The Tribune and Sun-Times reached a distribution deal in 2007 under which Chicago Tribune Media Group delivered the Sun-Times and its then-owned suburban papers, Tronc said. In 2011, the Tribune started printing the Sun-Times and in 2014 the Chicago Tribune Media Group bought the Sun-Times' suburban papers.

VOCIER Zero-crease

Zero-crease is our patented luggage system to carry up to two suits crease-free in a carry-on size. Your clothes are kept in a protected sleeve that gently curves around the interior of the bag.



Get \$25 off with code "FD9E"

www.VOCIER.com



Knightscope produces Autonomous Data Machines that provide security professionals with advanced detection capabilities – working to keep America safe. Machines deploying in 18 cities, across 5 states and 3 time zones with 19 major clients.

Knightscope is currently raising up to \$20M through a Reg A+ "mini-IPO." For a limited time, purchase stock at \$3.00 per share exclusively offered through SeedInvest.

Email us at invest@knightscope.com
or visit knightscope.com

An offering statement regarding this offering has been filed with the U.S. SEC. The U.S. SEC has qualified that offering statement which only means that Knightscope may make sales of the securities described by that offering statement. It does not mean that the U.S. SEC has approved, passed upon the merits or passed upon the accuracy or completeness of the information in the offering statement. You may obtain a copy of the offering circular that is part of that offering statement here: www.seedinvest.com/knightscope. You should read the offering circular before making any investment.

TECHNOLOGY

WSJ.com/Tech

Demand Jumps for Cybersecurity Experts

Recent attacks grab attention of boards, but high-tech talent is in short supply

By KIM S. NASH

Gail Evans, chief information officer at consulting firm **Mercer LLC**, has been looking for a cybersecurity chief since March. After interviewing five prospects by phone and meeting with two, she hasn't found anyone with the right mix of executive experience and technical skills. "They need to be senior enough, confident enough, able to handle both the strategy and tactical nature of the

role so I can get out of their way," she said. "I want someone who's been in an attack and won't freeze."

Demand for chief information security officers is rising as cybersecurity problems attract the attention of corporate boards.

About 65% of large U.S. companies now have a CISO position, up from 50% in 2016, according to the Information Systems Audit and Control Association, a nonprofit professional group.

Last weekend, a ransomware cyberattack hit more than 200,000 victims in at least 150 countries.

Other recent cyberattacks on leading law firms, international banks, and internet companies have compromised the personal data of millions.

In December, Yahoo Inc. disclosed the theft of data related to more than one billion accounts

Meanwhile, cybersecurity talent is in short supply. Unfilled jobs are expected to number 1.8 million by 2022, up 20% from 1.5 million in 2015, according to a global survey of 19,000 cybersecurity workers by the nonprofit Center for Cyber Safety and Education.

New to the top ranks, CISOs must plan strategy with chief executives, collaborate with senior managers during a crisis, direct teams of technical engineers, and flash their own technology skills to hunt attackers in the computer infrastructure.

A seasoned CISO in financial services can earn \$1.5 mil-

lion, said Phil Schneidermeyer, a partner who specializes in CISO placement at search firm Heidrick & Struggles International Inc. In other industries,

the aftermath of a breach, he said. "For some people, being that close to the sun is not the greatest job," he said. "The top of the house wants someone battle-tested, with a low heart rate and low blood pressure."

Mr. McKnight joined Thomson Reuters in October after leading information security at General Electric Co., Fidelity Investments, Northrop Grumman Corp., and BAE Systems. Few CISOs can match Mr. McKnight's 17 years in corporate security, and recruiters know exactly who they are, Mr. Schneidermeyer said. "They are getting multiple calls a week. It's insane. It's just insane."

About 23% of CISOs, and those in similar executive security positions, say they re-

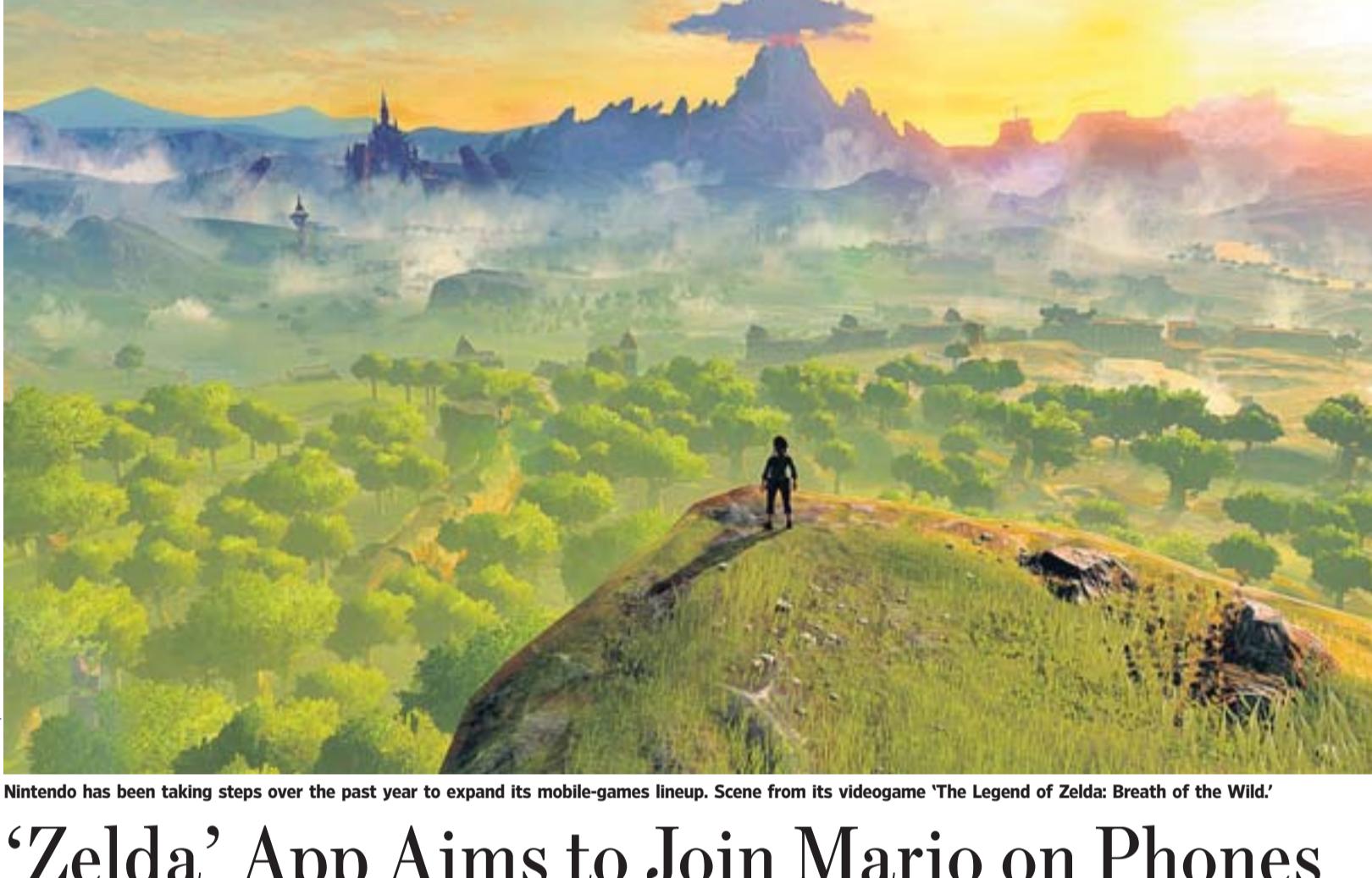
ceive five or more solicitations from recruiters weekly, according to a 2016 survey of 437 cybersecurity professionals by Enterprise Strategy Group consultancy and the Information Systems Security Association professional group.

Varian Medical Systems Inc. is five months into the search for a CISO, a newly created title there. Jessica Deneocur, the company's chief information officer, said she doesn't lack for applicants.

CIO JOURNAL



Get news and insights via daily newsletter from CIO Journal, at WSJ.com/CIO



Nintendo has been taking steps over the past year to expand its mobile-games lineup. Scene from its videogame 'The Legend of Zelda: Breath of the Wild.'

'Zelda' App Aims to Join Mario on Phones

By TAKASHI MOCHIZUKI

TOKYO—**Nintendo** Co. plans to bring its videogame franchise "The Legend of Zelda" to smartphones, people familiar with the matter said, the latest step by the Kyoto company to expand its mobile-games lineup.

Nintendo has been building its mobile presence over the past year after years of focusing on games for its own hardware. It has already released "Miitomo," "Fire Emblem Heroes" and "Super Mario Run"

for smartphones and has announced plans for a mobile version of "Animal Crossing."

The people familiar with the matter said the "Animal Crossing" smartphone app is likely to be released in the latter half of 2017, and "The Legend of Zelda" would follow that, although they cautioned that the timing and order of the releases could be changed.

Nintendo is developing the games with Tokyo-based **DeNA** Co. Representatives of Nintendo and DeNA declined to comment.

It isn't clear yet how Nin-

tendo would charge for the mobile version of "The Legend of Zelda." Nintendo charges about \$10 for players to download the full version of the Mario smartphone game and offers in-app purchases for its other games.

The mobile games have yet to add significantly to the bottom line. Nintendo said that it earned less than ¥20 billion (\$176.4 million) from smartphone games in the fiscal year ended March 2017.

Nintendo's president, Tatsumi Kimishima, has said the

company plans to expand its mobile lineup to boost revenue.

Macquarie Capital Securities analyst David Gibson said he expected the company would earn more than ¥100 billion from smartphone games in the current fiscal year.

The mobile game "Pokémon Go," which is produced by Nintendo affiliate **Pokémon** Co., enjoyed a breakout success last summer. Nintendo owns a 32% stake in **Pokémon** Co., and profit from "Pokémon Go" helped Nintendo earn ¥20 billion from its investments in

the year ended March 2017.

Pokémon Co. is planning a new card-game app, two people familiar with the matter said. **Pokémon** Co. already makes physical cards that players collect and use in competitions. A company spokeswoman declined to comment.

On March 3, Nintendo introduced the Switch, a device designed for use both in the living room and on the go. Initial sales have been strong, pushing the company's shares up.

—Sarah E. Needleman contributed to this article.

Vodacom To Buy Interest In Rival

By ALEXANDRA WEXLER

JOHANNESBURG—**Vodacom** Ltd., South Africa's largest mobile operator by subscribers, is buying a \$2.59 billion stake in Kenya's **Safaricom** Ltd. in the hope of popularizing the East African mobile money service M-Pesa across the broader continent.

Vodacom said Monday that it has agreed to acquire a 35% stake in **Safaricom**, Kenya's biggest mobile operator, from **Vodafone International Holdings** BV by issuing 226.8 million new ordinary shares. The deal is a reshuffling of the pack for **Vodafone**, which has big stakes in both companies, in Africa.

Based on **Vodacom**'s closing price Friday of 152.49 rand per **Vodacom** share on the Johannesburg Stock Exchange, the deal is valued at 34.6 billion rand (\$2.59 billion), a 5.9% discount to the **Safaricom** share price on the Nairobi Securities Exchange at closing ahead of the announcement.

"Acquiring a strategic stake in **Safaricom** will provide our shareholders with access to a high growth, high margin, high cash generation business operating in a high growth market," Shameel Joosub, chief executive of **Vodacom**, said.

Vodacom, which is majority-owned by **Vodafone Group** Ltd., plans to acquire 87.5% of the issued share capital of **Vodafone Kenya** Ltd., which holds a 40% interest in **Safaricom** and is wholly owned by **Vodafone**.

BUSINESS WATCH

Boeing Selects St. Louis for Potential Jet Plant



THERMO FISHER SCIENTIFIC A \$5.2 Billion Deal Reached for Patheon

Lab-equipment company **Thermo Fisher Scientific** Inc. said Monday it would buy drug-development technology company **Patheon** NV in a deal worth about \$5.2 billion.

Patheon shareholders will receive \$35 in cash per share, representing a 35% premium from Friday's closing price of \$26. **Thermo Fisher** will also assume about \$2 billion of net debt.

Thermo Fisher, which provides equipment, chemicals and other raw materials necessary to do pharmaceutical research, said the deal gives it a way into the high-growth end-to-end biotech solutions market. **Patheon** is a so-called contract development manufacturing organization, helping biopharmaceutical firms take on complex development and manufacturing needs.

—Imani Moise

FOX BROADCASTING

Six New Series To Be Launched

Fox Broadcasting is launching six new series in the 2017-18 season, trying to rebound from a season in which its prime-time entertainment ratings among

viewers and the key young adults demographic tumbled.

Several of the new shows are from prolific producers, including "Family Guy" creator Seth MacFarlane and Ryan Murphy, whose credits include "American Horror Story" and "American Crime Story." In addition, the network has a new comedy executive produced by Will Ferrell and a drama co-produced by Marvel Television.

Fox parent company **21st Century Fox** and Wall Street Journal parent News Corp share common ownership.

—Joe Flint

CENTRAL GROCERS

Jewel Food Bids For Strack & Van Til

Midwest grocery cooperative **Central Grocers** Inc. received a roughly \$100 million bid for the 19 Strack & Van Til stores it plans to sell in its chapter 11 reorganization.

The offer, from the owner of another Midwestern chain, **Jewel Food Stores** Inc., a subsidiary of **Albertsons Companies** Inc., is subject to court approval and will serve as the floor bid at an auction planned for late June, court papers show. **Central Grocers** has proposed to receive competing bids by June 21, and if needed, plans to hold an auction June 26.

—Lillian Rizzo

Boeing Co. said Monday it would assemble new U.S. Air Force trainer jets at its main military aircraft facilities in Missouri if it wins a three-way contest for a program estimated by analysts to be worth \$16 billion.

The move sets up the St. Louis plant in competition with facilities

in Alabama and South Carolina run or planned by **Boeing**'s rivals in bidding to build an initial 350 T-X jet.

Boeing said the move would support 1,800 jobs in a region where it has shed workers, but didn't disclose if any new ones would be created if it wins the contest. The company already assem-

bles combat planes in the St. Louis facility and has built test aircraft for the trainer contract in partnership with Sweden's **Saab AB**.

The **Boeing** offering is the only "homegrown" entrant from prime defense contractors, with **Lockheed Martin** Corp. offering a version of a plane co-developed with

Korea Aerospace Industries Ltd., while Italy's **Leonardo** SpA entered its own trainer after dropping a planned bid with **Raytheon** Co.

The Pentagon requires the winner to assemble planes in the U.S., though parts are drawn from global supply chains.

—Doug Cameron



WHERE DISRUPTORS GO TO GROW BIG

NO PLATFORM DRIVES BUSINESS LIKE TV'S PREMIUM VIDEO-AT-SCALE

"Disruptor" brands have the power to transform a category. Although disruptors cross many products and services, there is one thing you can count on – when they are ready to substantially grow their business, they turn to premium video-at-scale. The awareness and engagement delivered by the ad-supported television and cinema industries mobilize consumers and drive sales for these game-changing brands.



Learn more at thevab.com

 @VideoAdBureau

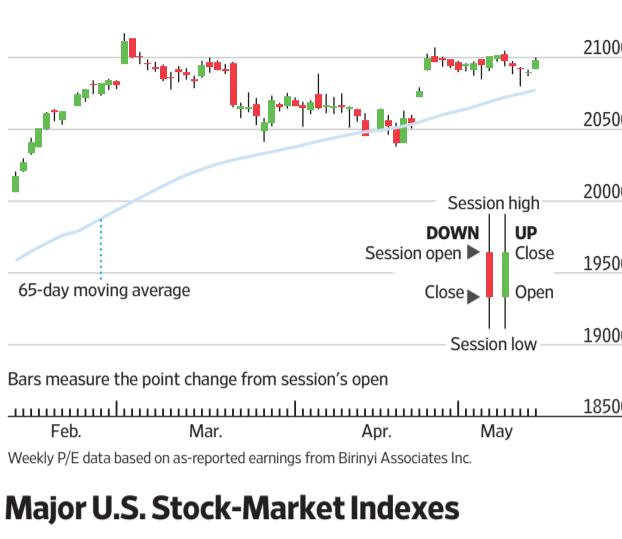
The Video Advertising Bureau is an advocacy group dedicated to providing advertisers and their agencies with the most current, complete and actionable media insights on the expanding world of premium, multiscreen video content.

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

20981.94 ▲ 85.33, or 0.41%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open
Feb. Mar. Apr. May

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2402.32 ▲ 11.42, or 0.48%
High, low, open and close for each trading day of the past three months.



Feb. Mar. Apr. May

Nasdaq Composite Index

6149.67 ▲ 28.44, or 0.46%
High, low, open and close for each trading day of the past three months.



Feb. Mar. Apr. May

Major U.S. Stock-Market Indexes

	Dow Jones		Latest		52-Week		YTD		% chg	
	High	Low	Close	Net chg	% chg	High	Low	% chg	3-yr. ann.	
Industrial Average	21000.83	20923.63	20981.94	85.33	0.41	21115.55	17140.24	18.5	6.2	8.5
Transportation Avg	9098.97	9009.74	9067.23	66.09	0.73	9593.95	7093.40	19.9	0.3	5.2
Utility Average	703.75	698.92	702.48	2.19	0.31	720.45	625.44	5.4	6.5	9.4
Total Stock Market	24905.19	24792.49	24878.35	129.56	0.52	24878.35	20583.16	17.0	6.9	8.4
Barron's 400	642.22	638.42	640.95	4.19	0.66	643.82	491.89	25.2	6.5	8.5

Nasdaq Stock Market

Nasdaq Composite	6153.04	6124.79	6149.67	28.44	0.46	6149.67	4594.44	28.8	14.2	14.8
Nasdaq 100	5706.61	5683.10	5704.48	17.67	0.31	5704.48	4201.05	30.2	17.3	17.0

Standard & Poor's

500 Index	2404.05	2393.94	2402.32	11.42	0.48	2402.32	2000.54	16.2	7.3	8.7
MidCap 400	1737.02	1726.92	1731.13	11.80	0.69	1758.27	1416.66	19.0	4.2	8.8
SmallCap 600	848.04	840.90	844.40	5.86	0.70	863.08	670.90	23.4	0.8	10.0

Other Indexes

Russell 2000	1398.99	1383.27	1393.92	11.15	0.81	1419.43	1089.65	24.9	2.7	8.3
NYSE Composite	11628.24	11547.44	11614.23	67.18	0.58	11661.22	9973.54	12.4	5.0	3.2
Value Line	523.48	518.49	521.89	3.40	0.66	529.13	435.06	15.8	3.1	3.0
NYSE Arca Biotech	3677.09	3629.17	3665.57	44.14	1.22	3675.62	2818.70	22.1	19.2	13.5
NYSE Arca Pharma	523.74	519.73	523.35	3.41	0.66	554.66	463.78	2.8	8.7	1.1
KBW Bank	92.41	91.64	92.26	0.80	0.87	99.33	60.27	38.6	0.5	11.3
PHLX® Gold/Silver	86.06	84.09	85.16	0.19	0.22	112.86	73.03	-4.5	8.0	-1.7
PHLX® Oil Service	152.44	149.32	150.28	2.82	1.92	192.66	146.14	-6.9	-18.2	-18.9
PHLX® Semiconductor	1062.13	1046.83	1061.05	15.81	1.51	1061.05	638.89	64.9	17.1	23.0
CBOE Volatility	10.88	10.25	10.42	0.02	0.19	25.76	9.77	-29.0	-25.8	-7.5

\$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
Noble Corp	NE	26,460.5	4.70	-0.01	-0.21	4.72	4.68
SPDR S&P 500	SPY	9,690.4	240.10	-0.20	-0.08	240.30	239.01
iShares MSCI Emg Markets	EEM	4,556.7	41.72	0.08	0.19	41.76	41.59
Snap	SNAP	4,408.5	20.74	...	unch.	20.76	20.62
Zynga	ZNGA	4,135.3	3.40	0.01	0.29	3.40	3.39
Micron Technology	MU	4,058.2	28.88	0.05	0.17	28.90	28.78
CVS Health	CVS	3,721.3	80.47	...	unch.	80.79	80.47
Van Eck Vectors Gold Miner	GDX	3,463.0	22.79	-0.01	-0.04	22.84	22.78

Percentage gainers...

Akebia Therapeutics	AKBA	369.4	14.80	1.90	14.73	14.85	12.89
KEYW Holding	KEYW	19.2	9.55	0.80	9.14	9.55	8.75
Etsy	ETSY	11.5	12.16	0.84	7.42	12.21	11.32
GrubHub	GRUB	12.5	46.00	1.68	3.79	46.00	44.32
Lions Gate Ent Cl A	LGFA	65.2	26.35	0.70	2.75	26.35	25.65

...And losers

Pernix Therapeutics Hldgs	PTX	126.3	4.30	-1.43	**-24.96**	5.60	3.75
<tbl_info cols="



“With Star Citizen, we do 15 to 25 builds every day. We’re talking tremendous amounts of data.

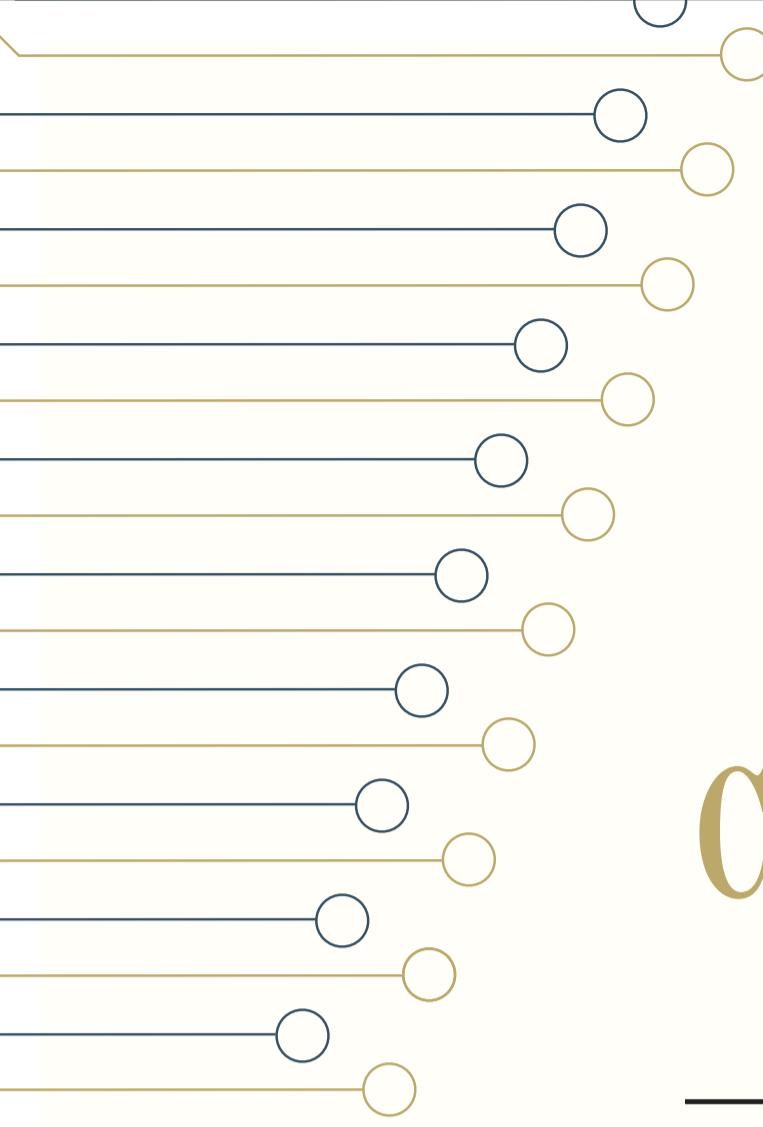
Fortunately, our fiber network is absolutely stellar.”

Chris Roberts, CEO
Cloud Imperium Games
Client since 2012

PC gaming is serious business. To compete, you need a robust network and IT infrastructure. We help clients like Cloud Imperium Games get that edge—with a winning mix of data, voice, video and cloud solutions, all delivered over a nationwide fiber network. Game on.

Visit enterprise.spectrum.com

Spectrum ▶
ENTERPRISE



WSJ PRO CYBERSECURITY

WannaCry Ransomware Attack: JOIN OUR SPECIAL CONFERENCE CALL BRIEFING

Listen in and ask questions as WSJ Pro Cybersecurity Research Director Rob Sloan and an expert guest discuss protective and preventative measures to address the recent ransomware attack.

Register today for the session in your region:

Today

8am PDT (San Francisco)

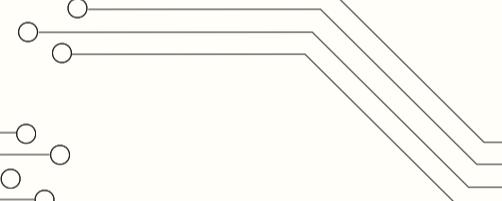
11am EDT (New York)

4pm DST (London)

5pm CEST (Brussels)

Session is approximately 45 minutes.

REGISTER AT WSJ.COM/PRO/CYBERSECURITY1



How to Work With the Government on Cybersecurity

How can business and government collaborate to reduce cyber risk and respond to incidents? Join WSJ Pro for a special webinar interview with John P. Carlin, head of Morrison & Foerster's global risk and crisis management team. In his previous role as attorney general for the U.S. Department of Justice's National Security Division, Mr. Carlin prosecuted the first cyber-terrorism case in the U.S.

Wednesday, May 17

12:30pm EDT

REGISTER AT WSJ.COM/PRO/CYBERSECURITY3

MUTUAL FUNDS

Mutual Funds | WSJ.com/fundresearch

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. i-Footnotes e and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply. l-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.

Monday, May 15, 2017											
Fund	NAV	Net Chg	YTD % Ret	Fund	NAV	Net Chg	YTD % Ret	Fund	NAV	Net Chg	YTD % Ret
A				A				S			
American Century Inv	40.06	+0.08	14.9	FrankTemp/Franklin A	2.34	+0.01	4.5	Schwab Funds	37.20	+0.18	8.1
Ultra	29.55	+0.14	8.5	CA Tf A p	7.40	...	2.6	S&P Sel	37.20	+0.18	8.1
American Funds Cl A	38.59	+0.15	5.3	Fed Tf A p	12.00	+0.01	1.6				
AMutIA p	26.14	+0.07	1.8	IncomeA p	2.35	...	3.9				
BalA p	52.27	+0.21	15.9	RisDv A p	55.97	+0.32	6.6				
BondA p	48.62	+0.20	11.4	FrankTemp/Franklin C	2.38	...	4.1	TIAA/CREF Funds	17.85	+0.09	7.6
EpacA p	60.99	+0.20	6.7	GibBnd A p	12.52	+0.01	5.5	GibDlnst	27.73	+0.08	10.7
CapWGrA	59.32	+0.27	9.3	FrankTemp/Temp Adv	12.47	+0.01	5.6	Tweedy Browne Fds			
FdlnvA p	47.00	+0.20	11.8	GibBndAdv p	12.47	+0.01	5.6	V			
Hi TrA p	10.45	...	3.8								
ICAA p	38.63	+0.15	7.0								
IncoA p	22.52	+0.08	4.7								
N PerA p	40.67	+0.19	15.1								
NEcoA p	41.39	+0.18	15.1								
NwWrlA	60.08	+0.23	16.8								
SmCpa p	51.97	+0.34	13.0								
TeXA p	12.87	...	2.2								
WshA p	43.18	+0.17	5.9								
AMG Managers Funds											
YackmanFd I	22.88	+0.10	7.0								
B											
Baird Funds											
AggBdlnst	10.82	...	1.9								
CorBdlnst	11.16	...	2.1								
BlackRock Funds											
GblAlloc p	19.41	+0.06	6.8								
BlackRock Funds Inst											
GblAlloc t	17.62	+0.05	6.5								
Del Invest Instl											
Value	20.05	+0.14	2.8								
Dimensional Fds											
5GlbXdcn	10.98	...	1.4								
EmgMktVa	28.17	+0.31	17.6								
EmkMtCorEq	20.60	+0.17	18.7								
IntlCoreEq	13.10	+0.06	12.5								
IntSmCo	19.65	+0.08	13.8								
IntSmVa	21.30	+0.09	12.0								
US CoreEq1	20.48	+0.12	6.7								
US CoreEq2	19.52	+0.12	5.3								
US Small	34.19	+0.27	17.3								
US SmCpVal	36.68	+0.32	-1.9								
US TdgV	23.67	+0.20	1.2								
USLqVa	36.55	+0.23	4.6								
Dodge & Cox											
Balanced	106.20	+0.45	4.9								
Income	13.76	...	2.1								
Intl Stk	44.12	+0.28	15.8								
Stock	192.26	+1.29	6.2								
DoubleLine Funds											
TotRetBdI	NA	...	NA								
TotRetBdN	NA	...	NA								
F											
Federated Instl											
StabalDivs I	6.29	+0.03	7.4								
Fidelity											
500ldInst	84.19	+0.41	8.1								
500ldInstPrem	84.19	+0.41	8.1								
500ldx	84.18	+0.41	8.1								
ExtMktDfPrem	57.88	+0.43	5.5								
IntldxPrem	40.01	+0.18	13.4								
TMktDfxF	69.14	+0.37	7.6								
TMktDfxPrem	69.14	+0.37	7.6								
USBdlnst	11.56	-0.01	1.6								
Fidelity Advisor I											
NwInsghtI	30.18	+0.17	13.0								
Fidelity Freedom											
FF2020	15.84	+0.09	7.4								
FF2025	13.65	+0.05	7.8								
FF2030	16.95	+0.07	9.2								
FreedomK2020	14.73	+0.05	7.3								
FreedomK2025	15.51	+0.04	7.9								
FreedomK2030	15.97	+0.07	9.7								
FreedomK2035	16.73	+0.09	10.1								
FreedomK2040	16.75	+0.05	10.2								
Fidelity Invest											
Oakmark Funds Invest	31.86	+0.10	4.7								
Oakmark	76.72	+0.44	5.2								
OakmarkInst	26.32	+0.15	15.9								
Old Westbury Fds											
LrgCpSt	14.03	+0.06	9.4								
Oppenheimer Y	37.87	+0.28	18.5								
IntGrowthY	39.89	+0.17	15.0								
P											
Parnassus Fds											
Parnassus Fds Instl	41.30	+0.18	5.4								
PIMCO Fds Instl											
AllAsset	37.87	+0.27	18.5								
Htlyd	8.99	+0.01	4.0								
RetTt	10.15	...	2.3								
PIMCO Funds A											
IncomeFd	38.33	+0.16	6.7								
PrmcPcor	32.63	+0.16	6.7								
Sm											

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 BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

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.

Monday, May 15, 2017

	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg				
NYSE	BB&T	BBT	43.37	.03	CenovusEnergy	CVE	9.82	.22	Centerline	CNC	76.10	.01	CenterPointEnergy	CPE	27.42	.13	CentralEdwardsB	EBB	5.54	.01	Centene	CE	17.49	.01
ABB	ABB	24.78	.03	BHPBilliton	BHP	35.70	.50	BHPBilliton	BHP	35.70	.50	BHPBilliton	BHP	35.70	.50	BHPBilliton	BHP	35.70	.50	BHPBilliton	BHP	35.70	.50	
AES	<u>AES</u>	11.40	.07	BFRF	BFR	4.18	-1.02	BFS	BFS	19.47	.01	BFS	BFS	19.47	.01	BFS	BFS	19.47	.01	BFS	BFS	19.47	.01	
Aflac	AFL	73.73	.30	BAT	BAT	19.47	-0.07	BayerHughes	BH	58.01	.02	BayerHughes	BH	58.01	.02	BayerHughes	BH	58.01	.02	BayerHughes	BH	58.01	.02	
ATT&T	T	38.59	.10	BakerHughes	BH	58.01	.02	BakerHughes	BH	58.01	.02	BakerHughes	BH	58.01	.02	BakerHughes	BH	58.01	.02	BakerHughes	BH	58.01	.02	
AXIS Capital	AXIS	63.24	.28	Ballabots	ABT	44.04	.08	BankAlps	BAL	66.67	.61	BankAlps	BAL	66.67	.61	BankAlps	BAL	66.67	.61	BankAlps	BAL	66.67	.61	
AbbVie	ABBV	114.67	.01	BankChinaB	BCH	7.59	.67	BankCiti	BCH	7.59	.67	BankCiti	BCH	7.59	.67	BankCiti	BCH	7.59	.67	BankCiti	BCH	7.59	.67	
Accenture	ACN	122.25	.29	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AcuityBrands	AVY	175.77	.23	Biocon	BAN	6.74	.11	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
Adient	ADNT	72.47	.42	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AdvanceAuto	AAP	145.88	.03	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AdvSemInsy	ASX	6.20	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
Aegon	AEG	5.02	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AerCap	AER	45.03	.41	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
Aetna	AET	142.21	.69	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AffiliatedMtrs	AMG	154.75	.17	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AgileTechs	AGM	56.70	.54	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AgnicoreEagle	AEM	48.85	.03	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
Agricor	AGI	91.35	.36	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AirProducts	APD	145.06	.10	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AlaskaAir	AIR	84.87	.12	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
Albermarle	ALB	112.65	.07	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
Alcoa	AA	33.02	.05	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AmericaMovil	AMX	15.95	.41	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AmericaMovil	AMX	15.95	.50	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AmericaMovil	AMX	15.95	.57	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AmericaMovil	AMX	15.95	.72	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AmericaMovil	AMX	15.95	.79	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AmericaMovil	AMX	15.95	.86	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AmericaMovil	AMX	15.95	.93	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	Biocantech	BCA	24.23	.04	
AmericaMovil	AMX	15.95	.97	Biocantech	BCA	24																		

BANKING & FINANCE

ValueAct's Guard Changes

By DAVID BENOIT

Activist investor Jeffrey Ubben is handing his \$16 billion portfolio to the next generation.

Mr. Ubben's **ValueAct Capital Management** LP has tapped Mason Morfit, 41 years old, to serve as the firm's chief investment officer, entrusting him with the final say on what and when the fund buys and sells.

Mr. Morfit, ValueAct's president, has served on the board of some of the firm's biggest bets, including **Microsoft Corp.** and **Valeant Pharmaceuticals International Inc.** Mr. Ubben will remain ValueAct's chief executive.

ValueAct investors have long expected the move, which Mr. Ubben has publicly hinted was in the works. Yet the transition marks a significant rite of passage in the world of activist investors, still largely dominated by the towering personalities that pioneered the strategy of agitating for change at public companies.

While activist investors regularly pressure companies to get serious about succession planning, few have structured their own firms to allow a new generation of leaders to take control. Young partners routinely leave large, established firms to start their own funds rather than wait for the founder to step down, raising questions about the funds' long-term prospects.

At 55, Mr. Ubben is taking a step back well before many of his peers at other big hedge funds and private-equity firms. Famed corporate rabble-rouser Carl Icahn is 81. Stephen Schwarzman, the founder of private-equity giant



Jeffrey Ubben, left, named Mason Morfit chief investment officer of Mr. Ubben's activist firm.

Blackstone Group LP recently turned 70.

In an interview, Mr. Ubben said he wanted 17-year-old ValueAct to avoid the fate suffered by his father's investment firm, which collapsed after its founders left.

"This is not something you can do at the end of your term. This is something you have to do well in advance," he said. "When I'm sitting on a talent like Mason, I'm just not going to let him go, and Mason is going to want to evolve."

ValueAct has long looked to set itself apart from other activist investors. Mr. Ubben has largely avoided big public fights and has been critical of the aggressive tactics employed by some activists. He has said he wants activism to mature into an asset class, like

private equity, providing long-term value to companies rather than a quick profit for activists.

Mr. Morfit was among ValueAct's first hires. He quickly became Mr. Ubben's right-hand man, racking up charges on his personal credit cards to fly around the country visiting companies. He made partner at 27.

In 2007, Mr. Morfit joined Valeant's board and helped orchestrate the drugmaker's strategy of buying up smaller rivals, which eventually led to boosting drug prices. The stock rose steadily for years before collapsing in 2015, after a short seller questioned Valeant's accounting and press reports brought attention to a little-noticed mail-order pharmacy the company was using

to increase sales.

ValueAct still owns a 5% stake in Valeant, and Messrs. Morfit and Ubben said they would stick around to help the company work through its problems.

ValueAct's Microsoft investment in 2013 brought new attention to the firm. It persuaded the software giant to give Mr. Morfit a board seat despite holding a stake of less than 1% and keeping quiet about its plans.

Microsoft stock has returned some 95% since Mr. Morfit was appointed to the board, compared with the S&P 500's 37% return. ValueAct, meanwhile, has posted average annualized returns of about 15% since its founding in 2000, according to people familiar with the matter.

Aidan Crawley/Bloomberg News



The Docklands business quarter in Dublin, where J.P. Morgan plans to expand in the wake of the U.K.'s vote last year to leave the EU.

J.P. Morgan to Buy Dublin Building

By CHARLES FORELLE

LONDON—J.P. Morgan Chase & Co. is buying an office tower in Dublin's Docklands business quarter, giving the U.S. bank significant space to expand outside of London when Britain leaves the European Union.

J.P. Morgan already has a substantial operation in Ireland handling custody and fund services, the mechanics of holding and transferring securities. A spokeswoman said the bank had won new deals in that area and would be adding staff to it.

The building, set to be completed at the end of 2018, has nearly 130,000 square feet of space.

It will allow for expanding businesses in Ireland, but "will also provide our firm some flexibility within the European Union, should we need the space," according to an internal memo sent to staff by Carin Bryans, the bank's senior country officer in Ireland. The new premises has room for 1,000 employees.

Large banks, including J.P. Morgan, have said they would have to move staff out of the U.K. because of Brexit. How

many employees will leave, and where they will go, is among the most fraught questions in Britain's divorce.

J.P. Morgan, like many other large U.S. banks, has its European headquarters in London and is scouting other cities on the Continent for new homes.

EU rules allow banks established in one EU country to sell products and set up branches across the bloc. But once it leaves, Britain is unlikely to retain that privilege.

That means global banks

will likely have to establish subsidiaries—or beef up exist-

ing ones—inside the EU. Few analysts expect a wholesale exodus from London; its financial roots run too deep and its talent pool is too large. More likely is that chunks of activity break off.

Dublin is among the contenders to lure some of that business, given its common language and existing financial infrastructure.

A major contender is Frankfurt, Germany's financial capital and home of the European Central Bank. J.P. Morgan already has a subsidiary there. Paris and Luxembourg are also options for several big banks.

FINANCE WATCH

WARREN BUFFETT

Berkshire Buys Apple Shares, Sells IBM

Berkshire Hathaway Inc. sharply increased its holding of **Apple Inc.** and sold some of its stake in **International Business Machines Corp.** in the first quarter, according to a new securities filing.

Berkshire Chairman Warren Buffett had previously announced these changes in media appearances.

The Monday filing with the Securities and Exchange Commission confirmed that Berkshire more than doubled its Apple

holdings in the first quarter to 129 million Apple shares, worth \$18.6 billion, as of March 31.

While Mr. Buffett is famously shy about investing in technology companies, he has said that Apple sells consumer products that he can understand.

Berkshire also sold 21% of its IBM stake in the first quarter. Mr. Buffett told CNBC earlier this month that Berkshire had sold about one-third of its IBM holdings, suggesting that the rest of the sale took place in the second quarter. Berkshire first bought IBM in 2011. Mr. Buffett said this month that he was wrong in his evaluation of the company.

—Nicole Friedman

ALLIANCEBERNSTEIN

Firm Agrees to Sell Bond-Trade Software

AllianceBernstein Holding LP agreed to sell its bond-trading software platform to trading technology firm **Algomi Ltd.**, the companies said Monday.

Financial terms weren't disclosed, though AllianceBernstein will receive a minority stake in privately held Algomi and a seat on its board.

An AllianceBernstein spokesman said the agreement had nothing to do with the recent ouster of Peter Kraus, the firm's chief executive, and eight other

directors. France's AXA SA, which engineered the shake-up, owns a majority of the U.S. investment firm.

The platform—Automated Liquidity Filtering & Analytics, or ALFA—monitors electronic trading venues and alerts users when there is activity on the bonds they're looking to buy or sell. AllianceBernstein's top credit-trading executives, Jim Switzer and Tim Morbelli, developed the system with a goal of making the money manager a more efficient bond trader.

AllianceBernstein started using ALFA in 2015, and executives have said it helped lower trading costs.

—Justin Baer

CREDIT MARKETS

Collectors Win Right To Demand Payment Of Expired Debt

By JESS BRAVIN

WASHINGTON—The Supreme Court on Monday authorized debt collectors to demand repayment of expired debts from consumers in bankruptcy proceedings, with a 5-3 ruling that it isn't the creditor's job to tell the debtor there is no obligation to pay up.

Expired debts—those so old that a statute of limitations prohibits courts from enforcing them—are big business, potentially comprising roughly 30% of more than \$100 billion in debt that collection agencies have purchased from credit-card issuers and other businesses that have given up trying to collect, according to a 2013 Federal Trade Commission report.

But while courts generally can't enforce payment of so-called stale debts, in most states creditors can still try to cajole consumers into paying up through phone calls and letters. At issue Monday was whether debt collectors can present an expired debt during a consumer bankruptcy, even though either the individual or the court-appointed bankruptcy trustee can get the debt dismissed by invoking the statute of limitations.

A federal appeals court in Atlanta found that creditors

who present stale claims to a bankruptcy court violate the Fair Debt Collection Practices Act, which forbids "unfair or unconscionable means" to extract payments, as well as "false, deceptive or misleading" representations to do so.

Justice Stephen Breyer, writing for the majority, observed that several lower courts have found the practice unlawful in ordinary litigation. In bankruptcy court, however, an official trustee examines claims and "is likely to understand" that he can get a claim dismissed by asserting that it is legally unenforceable.

Making creditors verify their debts are enforceable before filing them in bankruptcy court would upset the delicate balance of a debtors protections and obligations," as a 1974 precedent put it, Justice Breyer wrote. "The upshot would well be added complexity, changes in settlement incentives and a shift from the debtor to the creditor the obligation to investigate the staleness of a claim."

An attorney for the creditor, the Midland Funding unit of **Encore Capital Group Inc.**, San Diego, declined to comment. The company's website describes it as "one of the nation's largest buyers of unpaid debt."

Treasurys Decline as Haven Demand Sags

By MIN ZENG

U.S. government bonds pulled back Monday as investors took some chips off the table after the biggest price rally in nearly a month at the end of last week.

The yield on the benchmark 10-year Treasury note settled at 2.338%, up from 2.331% on Friday. Yields rise as bond prices fall.

One factor sapping demand for haven bonds: German Chancellor Angela Merkel's party, the Christian Democratic Union, prevailed in elections Sunday in North Rhine-Westphalia, the most populous state in Germany.

Analysts took it as a sign Ms. Merkel may fare well in the federal elections later this year. The news followed May 7 presidential elections in France, which reduced political anxiety in Europe.

A 2.1% rally in crude-oil prices Monday also hurt the bond market. Higher energy prices lift expectations on inflation, which chips away bonds' fixed returns over time and is considered by investors as a big threat to long-term government bonds.

New corporate-debt supply this month has been robust, another factor weighing down Treasury prices.

Firms and banks underwriting the deals typically sell Treasury debt to hedge against unwanted interest-rate swings, reflecting the Treasury market's important role in global finance.

The 10-year Treasury yield has risen from this year's low of 2.177% set in April, but it traded above 2.6% in mid-March. It was below 2.446% traded at the end of last year.

This year's slides in yields reflect investors' caution toward the reflation trade which had roared after the U.S. presidential elections in November.

Selling Treasurys has been a highlight for investors to bet that the prospect of large fiscal stimulus would lead to stronger growth and higher inflation.

Skepticism has been growing lately about whether President Donald Trump would be able to push through his fiscal agenda. Mr. Trump's decision earlier this month to fire FBI Director James Comey added to uncertainty surrounding the fiscal outlook.

"You need to see progress on the Trump agenda for yields to break higher," said Ken Taubes, U.S. chief investment officer at Pioneer Investments.

Questions have also emerged regarding the U.S. growth and inflation momentum. On Friday, the bond market rallied after disappointing retail sales and the consumer-price index excluding food and energy falling below the Federal Reserve's 2% target for the first time since 2015.

"The U.S. economy is not producing the inflationary expectations that so many have predicted," said Kevin Giddis, head of fixed-income capital markets at Raymond James. "This makes it really difficult for the Fed to continue on its tightening path, especially if the Trump administration's plans for growth continue to be upended by a series of distractions."

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

	13-Week	26-Week
Applications	\$120,489,656,000	\$103,963,968,000
Accepted bids	\$39,000,216,000	\$33,000,052,000
*noncomp	\$510,433,100	\$498,710,700
*foreign noncomp	\$200,000,000	\$300,000,000
Auction price (rate)	99.771236	99.484333
	(0.905%)	(1.020%)
Coupon equivalent	0.920%	1.040%
Bids at clearing yield/accepted	41.38%	79.56%
Cusip number	912796KF5	912796MCO

Both issues are dated May 18, 2017. The 13-week bills mature on Aug. 17, 2017; the 26-week bills mature on Nov. 16, 2017.

search, tax analysis, compliance and third-party due diligence needs.

Moody's said the deal could help extend its reach to new markets and add to its existing risk-management offerings.

In 2016, Bureau van Dijk had revenue of \$281 million and earnings before interest, taxes, depreciation and amortization of \$144 million.

Moody's expects about \$45 million of annual revenue and expense benefits by 2019, rising to \$80 million by 2021. The firm expects the Bureau van Dijk acquisition to add to its earnings per share in 2018, excluding certain costs.

Austen Hufford

COMMODITIES

Cotton-Price Surge Jolts Mills, Merchants

Speculators spark the rise after a report of tighter supplies; record set for trading volume

BY JULIE WERNAU

Cotton futures have jumped 12% over three sessions, throwing the finances of textile mills and fiber merchants around the globe into disarray.

Speculators have been driving up the price, analysts say, following a government report last week showing a tightening in cotton supply. That triggered the largest three-day rally in the commodity since December 2010, with prices rising nearly 4% on Monday to 85.32 cents a pound.

After cotton futures topped their trading limits on both Friday and Monday, the Intercontinental Exchange after each session increased margin requirements, or the amount of money that buyers and sellers must put down as collateral to guarantee trades.

Increasing margin requirements is a tool used during periods of rapid run-ups caused by speculators. Exchanges hope to force traders who don't have the money to guarantee their positions to unwind from those trades.

The rapid increase in prices may force some cotton users to cancel sales or pay up for the fiber, industry analysts say. The price surge is disrupting the industry during a crucial time in the crop cycle for U.S. cotton, when there will be no new cotton on hand for several months as farmers begin to plant for the next harvest, which begins in July and extends to November.

Many cotton buyers entered into contracts last year to purchase U.S. cotton at a price to be determined at a later date, a common practice in the business. Most were bearish on cotton prices and figured they could pay a cheaper price in the future.

But cotton prices have jumped 30% since September,



Cotton prices are up 30% since September, and mills are running out of time for them to come back down. Above, workers at Bowles Farms Cotton Gin in California.

and mills are running out of time for them to come back down.

Cotton merchants who sold cotton on call to mills have been waiting on the mills to fix those sales to a price in the futures market. There are 4.62 million bales whose price to complete the sale is yet to be determined. That amount is a record for this time of year, according to figures from the U.S. Commodity Futures Trading Commission.

Some users now face cotton prices that are 20 cents a pound, or about 30%, higher than when the sales were contracted.

"A mill somewhere is going to lose some money because they waited and paid through the nose," said Howard Simons, an economic consultant and president of Rosewood Trading in Glenview, Ill. "And someone with cotton to deliver will make money."

There isn't much cotton left for mills or spinners to buy separately because most of the harvest is headed abroad.

Monday also set a record for trading volumes in cotton, at more than 109,000 contracts, breaking the previous record set Nov. 11, 2010 at 101,516 contracts traded, according to Plexus Cotton.

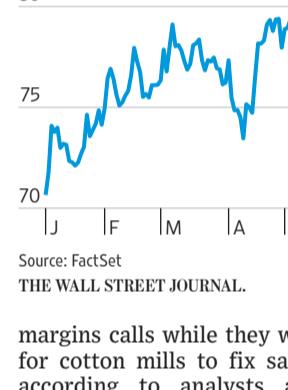
The catalyst for the rally came Wednesday, when the U.S. Agriculture Department dropped its estimate for U.S. stockpiles of fiber, attributing that to robust export sales. The trend was confirmed in Thursday's export-sales report, which showed that the U.S. sold 328,000 bales in the week ended May 4.

The higher margin requirements will likely also hurt major cotton merchants. Companies, including Olam International, Cargill Inc. and Louis Dreyfus Co., face tens of millions of dollars a day in

Rapid Run-Up

A sudden surge in cotton futures spurred an increase in margin requirements—collateral needed to hold the contracts.

85 cents a pound



Source: FactSet

THE WALL STREET JOURNAL

nies didn't respond to requests for comment.

Margin calls for all market participants were expected to top \$262 million Monday, analysts said. The margin calls intensify the standoff between merchants such as Cargill and Louis Dreyfus who have deep pockets and speculators. Many hedge funds and other traders have been piling into speculative agricultural trades, including cotton.

Adam Sarhan, chief executive of investment firm 50 Park Investments, said that cotton has attracted speculative money because it has been one of the top-performing materials.

"Cotton has remained one of the strongest commodities out there and is left with very little competition," he said.

Analysts say the squeeze in the cotton market is unlikely to lead to the widespread defaults and fiber switching that

occurred in 2011, when prices spiked to \$2 a pound as China began stockpiling cotton en masse. The price fell back from that as defaults from previous sales lowered demand and mills switched to other fibers.

With about 700,000 bales of cotton left unsold in the current U.S. cotton crop, Peter Egli, a risk manager at Plexus Cotton Ltd. said some merchants are renegotiating contracts with mills.

The merchants are buying back the contracts from the mills and pushing that cotton back onto the exchange, with the hope of finding a buyer who is still betting on rising prices.

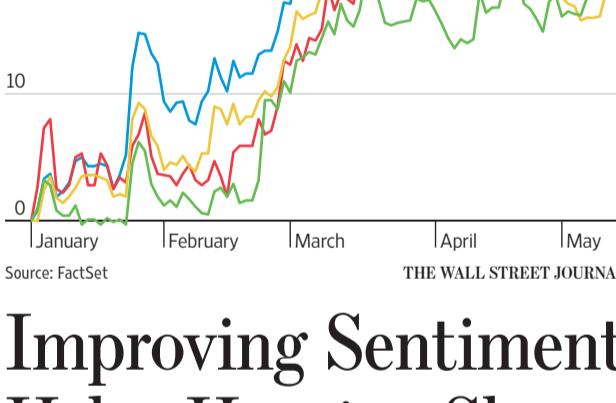
Most of the cotton spinners and textile mills are in Asia. Given the recent price rise, "nobody is going to touch U.S. cotton anymore," said Mr. Egli.

—Jacob Bunge contributed to this article.

Home Sweet Home

Shares of home builders have climbed this year as economic data have pointed to a strengthening U.S. housing market.

30%



Improving Sentiment Helps Housing Shares Build on Market Rally

BY AKANE OTANI

Rallying home-builder shares got a fresh boost after upbeat data on the housing industry.

Home-builder stocks have generally outperformed the S&P 500 this year as reports have pointed to the U.S. housing market strengthening.

On Monday, the group added to its gains, with **D.R. Horton** Inc. shares rising 1.1% to \$33.45, **Lennar** Corp. climbing 1.3% to \$51.03, **Toll Brothers** Inc. adding 1.2% to \$37.44 and **KB Home** gaining 1.8% to \$21.29.

Each of the four stocks is up by double-digit percentages this year, while the S&P 500 has risen 7.3%.

The day's moves came after a report showed the National Association of Home Builders/Wells Fargo Housing Market Index, a measure of sentiment among U.S. home builders, climbed in May to its second-highest reading since 2005.

Economists polled by The Wall Street Journal had expected to see the gauge hold steady.

Monday's report added to a string of upbeat readings for the housing industry. Home sales in the first quar-

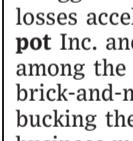
ter climbed to their highest level since the same period of 2007, the National Association of Realtors said Monday.

The share of first-time buyers is rising back toward its historical average, according to data from the Census Bureau, and new households are more often choosing to buy homes rather than rent, home-tracker Trulia said this month. That has created fresh demand for new homes, as well as lifted shares of home-improvement companies.

Shares of big-box retailer **Lowe's** Cos. have gained 20% this year, while paint maker **Sherwin-Williams** Co. has risen 24%.

Data scheduled for release Tuesday could give home-builder shares another boost. U.S. single-family housing starts are expected to have risen 3.7% in April from the previous month, according to economists polled by the Journal.

Upbeat earnings also could bolster shares of companies tied to the housing market. Home Depot Inc., shares of which are up 17% this year, is expected to report results on Tuesday.



It isn't all bad news for the retail industry.

As department stores struggle and retail job losses accelerate, **Home Depot** Inc. and **TJX** Cos. are among the few traditional brick-and-mortar chains bucking the ugly trend. With business models largely shielded from **Amazon.com** Inc.'s rise to dominance, both should keep shining in their respective quarterly results, out Tuesday.

Home Depot has been a big winner from rising home values and booming construction. A gauge of home builder sentiment released Monday surged to its highest level since 2005. Even young people are finally getting onto the housing ladder after a decade on the sidelines.

All this activity has prompted many to splurge on home-improvement projects. Home Depot is a direct

beneficiary of that, with trends showing little sign of losing momentum. Analysts polled by FactSet estimate Home Depot earned \$1.61 a share in its fiscal first quarter, up 12% from a year ago. Revenue for the period that ended in April is expected to have increased 4.3% to \$23.8 billion.

Home Depot also has used its 2,278 stores through fiscal 2016 and the proliferation of online shopping to its advantage. While many retailers are closing locations, Home Depot has kept its store count fairly steady. It recently noted that nearly half of its online orders were fulfilled through in-store pickup. "Our stores have never been more relevant," Craig Menear, Home Depot's chief executive, said in February.

TJX, the parent of T.J. Maxx, Marshalls and HomeGoods, also has benefited from its physical operations. It buys much of its high-end

merchandise through closeouts and sells it at discounted prices in a format that is hard to replicate online. **TJX**'s sales per square foot has risen for six years in a row, according to FactSet.

And while rivals are shuttering stores, **TJX** plans to expand its store count to 5,600 in the coming years, up from 3,812 as of January.

In the near term, **TJX**'s numbers also should be de-

EQUITIES

AHEAD OF THE TAPE | By Steven Russolillo

Home Depot, TJX Give Retail Hope

Retail Winners

Share and index performance



cent. Analysts expect fiscal first-quarter earnings of 79 cents a share, up three cents from a year ago. Revenue for the period that ended in April is expected to have increased 4.4% to \$7.9 billion.

It is natural for prospective investors to wonder if they are late to the party. Over the past two years, Home Depot and **TJX** have outperformed the S&P Retail Select Industry Index by more than 50 and 30 percentage points, respectively, while beating the market.

Their valuations aren't pedestrian, but they haven't been for quite a while. At 21 times earnings projected over the next 12 months, Home Depot's forward multiple remains below its recent highs a few years ago. And **TJX**'s multiple of 19 times forward earnings is lower than its average over the past two years.

In troubled times, these two stocks continue to be retail's saving grace.

Stocks Boosted by Energy, Mining Companies

BY GUNJAN BANERJI
AND RIVA GOLD

U.S. stocks rose as a jump in commodities prices boosted shares of energy and mining companies.

Oil prices rose for a fourth consecutive session, edging back toward \$50 a barrel after some large producers said they would support extending a deal to cut output. Concerns about rising supplies of oil have dented the S&P 500's energy sector, which has fallen 9.7% this year.

"A lot of the imbalances that we saw in the crude-oil markets are beginning to stabilize," said Bruce Bittles, chief investment strategist at Baird. The prospect of oil production coming closer in line with consumption has led to

this "relief rally in oil," he said.

The Dow Jones Industrial Average gained 85.33 points, or 0.4%, to 20981.94. The S&P 500 rose 11.42 points, or 0.5%.

2.1%

Gain in the price of U.S. oil on Monday, to \$48.85 a barrel

to 2402.32, and the Nasdaq Composite added 28.44 points, or 0.5%, to 6149.67. Both the S&P 500 and Nasdaq reached fresh highs.

U.S. crude oil rose 2.1% to \$48.85 a barrel after top energy officials in Saudi Arabia

and Russia said they would back a nine-month extension to the output-reduction deal led by the Organization of the Petroleum Exporting Countries.

Energy stocks in the S&P 500 climbed 0.6%. **Halliburton** gained \$1.37, or 3%, to \$46.51.

Marathon Oil rose 26 cents, or 1.8%, to 14.54.

Materials shares in the S&P 500 rose 0.8%. Base metals prices gained after Chinese President Xi Jinping on Sunday pledged more than \$100 billion in new financing as part of a infrastructure project.

Shares of **Symantec**, a maker of antivirus software, climbed 99 cents, or 3.2%, to \$32 after a global cyberattack hit computers around the globe.

Investors continue to bet that the economy will be

strong enough for the Federal Reserve to raise interest rates in June, even after a recent soft patch in economic data. Continuing growth should lift stocks, several investors said.

"As long as you've got economic growth, you tend to favor equities or equity-like instruments over bonds," said Paul Flood, multiasset manager at Newton Investment Management.

The yield on the benchmark 10-year U.S. Treasury note gained to 2.338%, from 2.331%.

Yields rise as bond prices fall.

The Stoxx Europe 600 rose 0.1%, buoyed by a 0.9% climb in the oil-and-gas sector.

In Asia on Monday, the Shanghai Composite Index rose 0.2%. Hong Kong's Hang Seng Index added 0.9%.

MARKETS

New Unicorn: IPOs Like Amazon's

Startups now come to the market later, if at all, and with much richer valuations

By BEN EISEN

When **Amazon.com** Inc. went public 20 years ago, it had a market capitalization of \$660 million.

Then a fledgling three-year-old internet company, it has since grown into a \$460 billion e-commerce giant. For investors who got in at the start, the stock price has increased nearly 50,000%. In other words, \$100 invested at the beginning would be worth \$49,101.96 today.

Sure, it would have been difficult to actually capture those returns, but these days, there is even less of an opportunity to try. Startups are typically coming to market much later than they used to—if they come to market at all—and with richer valuations.

That deprives individual investors of the potential to get in at the beginning, ride a startup higher and score huge returns.

Today, if investors want returns like that, they would likely need to get shares of startups in the private markets long before they consider going public. But private markets aren't readily available to most mom-and-pop investors.

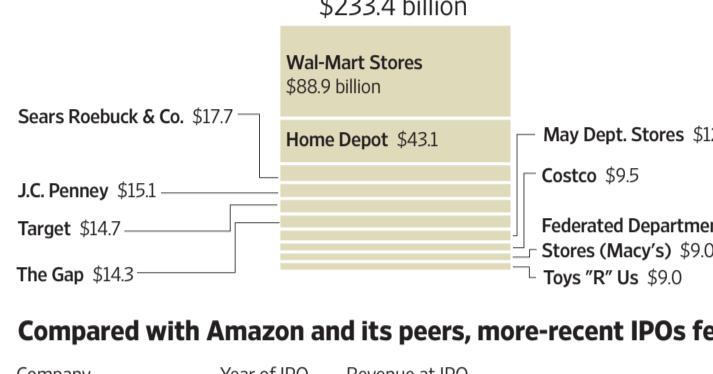
"Investors who do not have access to venture capital are missing substantial gains," said Michael Mauboussin, head of global financial strategies at Credit Suisse Group AG, in a March report called "The Incredible Shrinking Universe of Stocks."

Mr. Mauboussin illustrates this point by comparing Amazon with two other tech giants, **Alphabet** Inc. and **Facebook** Inc.

Mighty Amazon

Twenty years after its initial public offering, Amazon.com is by far the largest retailer by market value, nearly doubling runner-up Wal-Mart Stores. The firm's rise in part precipitated and in part benefited from the declining fortunes of traditional brick-and-mortar stores.

Top 10 U.S.-listed retailers by market value:



Compared with Amazon and its peers, more-recent IPOs feature more-mature companies.

Company	Year of IPO	Revenue at IPO	Net income at IPO
Netscape	1995	\$696,000	-\$8.5 million
Amazon	1997	\$15.7 million	-\$5.8 million
Pets.com	2000	\$5.8 million	-\$61.8 million
Netflix	2002	\$5.0 million	-\$29.8 million
Google (now Alphabet)	2004	\$961.9 million	\$105.6 million
Facebook	2012	\$3.7 billion	\$1.0 billion
Twitter	2013	\$316.9 million	-\$79.4 million

Note: Amazon market cap at IPO: \$660 million

Wal-Mart and Costco were classified in the S&P 500's retailing group in 1997 but are now considered food and staples retailing.

Sources: S&P Dow Jones Indices (1997, Wal-Mart & Costco 2017); S&P Capital IQ; FactSet (2017)

2017

\$1.3 trillion



Dollar Takes Hit On Rally In Crude

By CHERLEY DULANEY

The dollar slipped, hurt by a surge in oil-dependent currencies and disappointing U.S. data.

The WSJ Dollar Index, which measures the U.S. currency against 16 others, fell 0.2% to 89.98.

Commodity-linked currencies were stronger as oil prices rallied. The dollar fell 0.5% against the Canadian dollar, 1.3% against the Russian ruble and 0.1% against the Norwegian krone.

U.S. oil prices rallied 2.1% after energy ministers from Russia and Saudi Arabia said they backed an extension of production cuts into next year, aimed at bringing down global inventories and lifting crude prices. Meanwhile, the dollar is also being weighed down by weak U.S. data and political uncertainty.

A closely watched measure of inflation came in below expectations on Friday, a potential obstacle for the Federal Reserve as it seeks to normalize interest rates. Signs that inflation has firmed would bolster the Fed's case for raising rates more aggressively.

Federal-funds futures, used by investors to bet on the U.S. interest-rate outlook, show a 74% chance that the Fed will raise rates at its meeting in June, according to CME Group Inc. data. That is down from 83% a week earlier.

Higher interest rates typically support the dollar by making U.S. assets more attractive to yield-seeking investors.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Email: heard@wsj.com

Home Builders Find Reason to Be Happy

For home builders, happiness is no competition.

The National Association of Home Builders released its monthly gauge of builder sentiment on Monday, and once again it showed the industry is in a very good mood. Its overall index of housing market sentiment is at levels last seen in 2005, with builders reporting that sales and interest among potential buyers are strong.

Count it as another case in which the optimism seen in surveys and other soft data measures isn't getting reflected in the hard data. New-home sales are running at only about half their 2005 pace, according to the Commerce Department. The same goes for single-family housing starts. Builders are facing rising costs for both materials and labor, another factor that should dim their euphoria.

But unlike other business-sentiment measures that rose sharply after the elec-

Starts and Stops

Home builders are optimistic even though they are building less, maybe because there are fewer of them



tion, home-builder sentiment looked plenty elevated before the U.S. presidential election.

A key reason is that there simply aren't as many builders in business as there used to be. While large, publicly traded builders weathered the housing bust and financial crisis remarkably well, the same wasn't true for

many of their small and mid-size counterparts.

By the Commerce Department's count, there were about 368,000 construction firms operating in the U.S. as of 2014, the last year with available data. That compares with about 530,000 in 2005, and is the lowest number on record going back to 1977. The Labor Department

reports that there are now 763,000 workers involved in the construction of residential buildings, compared with 996,000 at the end of 2005.

So even though there are fewer homes being built than there used to be, the market is getting split among far fewer builders. Throw in the hefty prices new homes are fetching—the median was

\$316,200 last year versus \$240,900 in 2005—and it is easy to see why the people who remain in business feel upbeat. It is part of why the supply of new homes hasn't expanded as quickly as forecasters had expected, and why home building's contribution to the economy has been so paltry.

The lack of competitive pressures in the industry may persist. As is the case generally for would-be entrepreneurs in the U.S., getting a bank loan to start a home-building business is more difficult now than it was before the financial crisis. New builders also have to secure land to build on, which is in areas where big builders have already secured the most attractive lots.

Someday, maybe the rewards of fording the moat surrounding the industry will be so great that competition will return. But for now, home builders are safe in their castles. —Justin Lahart

Cybersecurity Stocks Can Make You Cry

Cybersecurity investors would do well to remember that buying on the bad news isn't typically the safest play.

Several security stocks got a strong boost Monday following the huge malware attack dubbed "WannaCry" that circled the globe over the weekend. **Proofpoint** and **FireEye** each had jumped 9% by Monday afternoon, while **Palo Alto Networks**, **Fortinet** and **Symantec** each gained about 3%. **Cisco Systems**, which now generates more than \$2 billion a year in revenue from its security business, was also up nearly 3%.

It isn't the first time a high-profile attack has spurred speculation. But security spending is already a high priority for corporate executives, so the shock value of such episodes generally doesn't alter budgets in a significant way.

The threat is growing, of course. The number of successful hacks or malware infections on businesses and other organizations by outside parties totaled 300 last year compared with 129 the year before, according to the Privacy Rights Clearinghouse.

Yet the sharp rise in cyberattacks over the past two years hasn't translated into strong returns for investors. Of the stocks mentioned above, only Proofpoint and Symantec have outperformed the Nasdaq Composite in that time. Proofpoint provides email security, and likely would benefit most from increased spending in this area.

But it also trades at about 137 times forward earnings, which is a fairly high price to command in a sector that hasn't always given investors what they have paid for.

—Dan Gallagher

The Real Winner From Oil Supply Cuts

The most surprising result of the anticipated deal among big oil producers to extend supply cuts might be that the U.S. re-emerges as the world's biggest oil producer.

Monday's news that the members of the Organization of the Petroleum Exporting Countries, plus nonmember Russia, are extending supply cuts sent prices up about 2%; they have risen 7% since speculation intensified last Tuesday. But the bounce comes after a slump that had sent prices down to the same level as shortly before the November agreement.

The group cutting supply has a similar share of the world oil market as the countries that participated in the Arab oil embargo in

1973-1974, quadrupling prices, but the results have been very different. While prices will be somewhat higher due to the extension, oil revenue for Saudi Arabia, the largest single output cutter, probably will be lower, all else being equal.

The ultimate free rider on Saudi sacrifice is nimble U.S. shale. So much capital is now being deployed that the U.S. may become the world's top oil producer by 2018, topping Russia and Saudi Arabia.

U.S. production of oil peaked almost a year after the crude bear market started, reaching 9.61 million barrels in June 2015. After dropping below 8.5 million by last summer, the old record may be exceeded in a matter of months. The U.S.

Energy Information Administration recently updated its forecast and expects U.S. production to average 10 million barrels a day next year. Russia currently produces 10.3 million barrels and Saudi Arabia 9.95 million. If related liquids are included then the U.S. has been the top global petroleum producer since 2013.

Extending the OPEC plus Russia cuts should help bring commercial petroleum inventories back to a normal range and boost crude prices by a few dollars a barrel in the short term. The more painful part of the equation for OPEC may be ceding more market share to the U.S. by boosting cash flow and capital spending in the shale patch.

—Spencer Jakab

OVERHEARD

Swipe left for subprime?

A high FICO won't just get you a better deal on that new car lease—it is also a big turn-on, at least according to a survey conducted by Bankrate.

They found that nearly four out of 10 adults think that knowing a potential partner's credit score would make them more or less likely to date that person. The proportion of women who thought creditworthiness was important was significantly higher than men and it was higher with college graduates than those with only a high school diploma.

While such direct financial questions may be considered rude on dating sites such as Tinder, at least one smaller competitor crossed that line:

Creditscoredating.com.

Sadly, the site seems moribund with ads for online pharmacies peddling erectile dysfunction drugs and, of course, "free credit score" sites cluttering the screen.

This is yet another area in which the Chinese seem to be leapfrogging the U.S. Top Chinese dating site Baixe has partnered with a credit score provider to highlight users who can manage their finances.

It is no coincidence that credit scores are high on the romance list in an era of tight lending that has left many young eligibles in their parents' basements. Starting married life with weak credit could mean a few more years in residential limbo.