

# THE WALL STREET JOURNAL.

DOW JONES | News Corp \*\*\*\*\*

WEDNESDAY, MAY 9, 2018 ~ VOL. CCLXXI NO. 108

WSJ.com

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## What's News

### Business & Finance

**D**isney's CEO expressed confidence that his company would prevail in its bid for key assets of 21st Century Fox, despite recent moves by Comcast to make a competing offer. **A1**

◆ **Fox's James Murdoch** is planning to strike out on his own if the Disney deal closes. Lachlan Murdoch is expected to become CEO of the remaining so-called New Fox. **A8**

◆ **Facebook is overhauling** its management structure in one of the biggest makeovers in the company's history. **B1**

◆ **The value of investments** by public pension funds declined last quarter, testing retirement systems. **B1**

◆ **Cord-cutting** has spurred questions about the safety of junk bonds issued by cable, satellite and telecom firms. **B1**

◆ **Vodafone is close** to announcing a \$23 billion deal to buy Liberty Global's operations in four European countries. **B2**

◆ **Takeda reached** an agreement to buy Shire in a deal that values the European drugmaker at \$62 billion. **B3**

◆ **U.S. stocks recovered** from early declines to finish flat. The Dow edged up 2.89 points to 24360.21. **B12**

◆ **Xiaomi is lowering** its IPO target, now aiming for a valuation between \$70 billion and \$80 billion. **B4**

◆ **Edward Jones named** Penny Pennington as its new head, the only woman to lead a major U.S. brokerage. **B11**

◆ **Nike said** five more executives have left amid an internal inquiry into complaints about workplace issues. **B5**

### World-Wide

◆ **The U.S. is withdrawing** from the Iran nuclear deal, Trump said, dismantling his predecessor's most prominent foreign-policy initiative and bucking the appeals of close allies. **A1, A6-A7**

◆ **West Virginia Attorney General Morrisey** won his state's GOP Senate primary, a result welcomed by Trump and party leaders. He will face Manchin in November. **A1**

◆ **Ex-CFPB chief Cordray** captured the Ohio Democratic gubernatorial nomination. State Attorney General DeWine won the GOP nod. **A4**

◆ **A company created** by Trump lawyer Cohen received \$500,000 in 2017 from an investment fund linked to a Russian oligarch. AT&T also made payments to the firm. **A1**

◆ **Pompeo traveled** to North Korea ahead of planned talks between Trump and Kim and was expected to raise the issue of detained Americans. **A16**

◆ **Kim paid** a second surprise visit to China for discussions with Xi. **A16**

◆ **Argentina turned** to the IMF for backing as it grapples with economic woes. **A16**

◆ **New York's ex-attorney general**, who stepped down amid allegations he abused women, had battled with Trump and big banks. **A3**

◆ **Trump's CIA nominee** will tell a Senate panel that, if she is confirmed, the agency won't restart controversial interrogation programs. **A3**

◆ **A former CIA officer** suspected of providing information to China was charged with espionage. **A5**

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## U.S. NEWS

## For Unemployed, Now Is a Good Time to Get Hired

By ERIC MORATH

There was essentially one job opening for every unemployed person in America in March—making this spring an excellent time to look for a job, especially in the service sector.

The number of unfilled jobs U.S. employers had at the end of March rose to a record high of 6.55 million, the Labor Department said Tuesday. There were just 6.59 million unemployed Americans that month, creating the narrowest gap between available jobs and those actively seeking work in nearly two decades of record keeping.

"If you're employed and looking for a new opportunity, it's a great time to look," said Paul McDonald, senior executive director at staffing agency Robert Half. "If you're unemployed, and you have skills that are current, this data bodes very well for your job search."

The number of job openings increased by nearly one million from a year earlier in March. Meanwhile, the number of unemployed who were ac-

## A Worker for Every Job?

A drop in unemployment and a rise in job openings, led by business services such as accounting and software development, created essentially one job opening for every unemployed person in March.

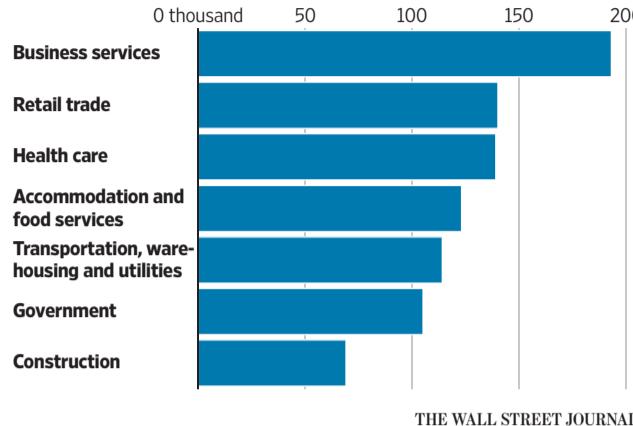
## Unemployed and job openings:



tively looking for a job fell by almost 600,000, reflecting steady hiring.

As a result, employers must be far less choosy than they were three or four years ago, when the unemployment rate was still relatively elevated, Mr. McDonald said. In April, the unemployment rate fell to 3.9%, the lowest rate since De-

## Change in job openings in March 2018, from a year earlier:



THE WALL STREET JOURNAL.

cember 2000, the Labor Department said in a separate report last week.

If candidates have 75 or 80% of the job description, but they're a good fit culturally, employers will hire that person and find a way to train them for the hard skills they need," he said.

The largest growth in job

openings over the year came in the business-services category. There were 193,000 more available positions in the broad field that includes accountants, software developers, temporary staffers and other office workers.

Openings in retail, a high-turnover field, rose by 140,000—suggesting other in-

dustries might be pulling workers from that sector. The fast-growth health-care sector had 139,000 more openings in March than a year earlier.

Meanwhile, the number of available manufacturing jobs declined slightly from a year earlier, and growth in the mining and construction industries was relatively slower.

While employers in those fields say they are seeking workers with specialized skills, such as welders and machine programmers, those sectors represent a smaller share of the economy than they did in decades past. It's a concern because factory, construction and mining jobs often offer good-paying careers to those with less than a college education.

So why can't all unemployed Americans be slotted into open jobs? Not all of them have the right skills, Mr. McDonald said. For example, he said employers hiring for office jobs frequently require proficiency in spreadsheet programs such as Microsoft Excel. He also said employers want to see strong writing and

communications skills because less experienced employees are frequently asked to lead presentations.

Unemployed workers also might not want the open jobs. Almost 800,000 job openings in March were in accommodation and food service—mainly restaurant jobs—where the average hourly wage is less than \$15 an hour. And 723,000 openings were in retail, where the pay is only slightly better.

Some Americans can't justify taking a low-wage job when they factor in costs such as child care and transportation, and may have to forgo certain government benefits.

Tuesday's report showed the rate at which Americans quit their jobs rose to 2.3% in March, matching the highest level since the recession began in 2007. That suggests Americans are growing more confident in the labor market, and may be quitting in order to look for better-paying work. It could be a precursor to stronger wage increases.

♦ Heard on the Street: Jobs market passes milestone... B13

## U.S. WATCH

## PENNSYLVANIA

## Erie Priest Accused Of Abusing 2 Boys

A Roman Catholic priest was arrested and charged Tuesday with sexually abusing at least two boys during his four decades in the Erie, Pa., diocese, and making one of them go to confession after the alleged assaults.

State Attorney General Josh Shapiro announced the arrest of the 64-year-old Rev. David Poulson, of Oil City, as part of a statewide grand jury investigation. According to court records, Rev. Poulson is facing at least eight charges, including indecent assault and child endangerment for incidents dating to 2002.

Court records didn't list a lawyer for Rev. Poulson, who was held on \$300,000 cash bail. He faces a maximum of 64 years, if convicted.

—Associated Press

but Warren Police Commissioner Bill Dwyer told WJBK-TV that there could be others buried in the area.

In 2008, the remains of 13-year-old Cindy Zarzycki were found near the same area.

Arthur Ream was convicted of first-degree murder in her slaying. He later was temporarily released from prison to lead police to the girl's body.

—Associated Press

## SEATTLE

## Businesses Oppose Tax to Aid Housing

Seattle's latest tax proposal to combat homelessness takes aim at large businesses such as Amazon.com Inc. that have helped to drive the city's economic boom.

But the measure has sparked intense debate—even shouting matches in otherwise reserved Seattle—over who should pay to solve the housing crisis exacerbated by that growth.

The City Council is proposing a tax on employee hours to raise about \$75 million a year for affordable housing and homelessness services.

Nearly 600 large employers making at least \$20 million in gross revenue would pay about \$500 a year per worker.

Amazon, the city's largest employer, would take the biggest hit. Businesses and others say the so-called head tax is misguided and potentially harmful.

—Associated Press

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## COHEN

Continued from Page One  
ova Group is Mr. Vekselberg's holding company. Mr. Vekselberg and Renova were sanctioned by the U.S. in April.

Richard Owens of Latham & Watkins, which represents Columbus Nova, said the company "is a management company solely owned and controlled by Americans. After Mr. Trump's inauguration, the firm hired Michael Cohen as a business consultant regarding potential sources of capital and potential investments in real estate and other ventures." Mr. Owens added that "reports today that Viktor Vekselberg used Columbus Nova as a conduit for payments to Michael Cohen are false."

Mr. Avenatti's memo Tuesday listed several alleged financial transactions involving Mr. Cohen and others from late 2016 until early 2018. Mr. Avenatti declined to comment.

Federal authorities are investigating Mr. Cohen's business affairs, examining among other things whether he violated any laws in his efforts to raise cash and conceal negative information about Mr. Trump, according to people familiar with the matter. Federal Bureau of Investigation agents raided Mr. Cohen's premises last month. Mr. Cohen declined to comment.

The Wall Street Journal first reported on the payment to Ms. Clifford and on Mr. Cohen's use of Essential Consultants in January 2018.

AT&T acknowledged Tuesday evening that it had hired Mr. Cohen's firm.

"Essential Consultants was one of several firms we engaged in early 2017 to provide insights into understanding the new administration," the company said in a statement.

"They did no legal or lobbying work for us, and the contract

ended in December 2017."

Mr. Avenatti's memo alleged that AT&T made four payments to Mr. Cohen's firm totaling \$200,000 from October 2017 to January 2018. AT&T's monthly payments started earlier, according to a person fa-

ther.

The payments were

revealed in a memo

released by a lawyer

for Stephanie Clifford.

—Associated Press

Time Warner. The two sides have spent the past two months battling in federal court. The deal's outcome is now in the hands of a federal judge, who is expected to rule on June 12.

Several associates of Mr. Vekselberg, the Russian oligarch, have made donations in recent years to Trump-related efforts. Mr. Vekselberg's cousin, Mr. Intrater, donated \$35,000 to a joint fund between the Trump campaign and the Republican National Committee in June 2017, according to Federal Election Commission records. Mr. Intrater also donated \$250,000 to Mr. Trump's inaugural fund.

Mr. Avenatti's memo also alleged that Novartis AG made several payments to Mr. Cohen in late 2017 and early 2018 totaling \$399,920. A Novartis spokesman said any agreements with Mr. Cohen were entered before the company's current chief executive took

over in February 2018 and have since expired.

The memo also lists payments from Elliott Broidy, a venture capitalist and top Republican fundraiser, to Mr. Cohen through Essential Consultants.

Those payments correspond with those previously reported by the Journal relating to a \$1.6 million non-disclosure agreement Mr. Cohen negotiated for Mr. Broidy with a former Playboy model who had alleged she became pregnant during an affair with the venture capitalist.

Mr. Broidy's spokesman said in a statement: "In legal settlements, a client sometimes tenders their settlement funds to a lawyer's client trust account and the lawyer then forwards those funds. We look forward to Michael Avenatti providing context to this benign issue."

—Joe Palazzolo, Brett

Forrest and Julie Bykowicz

contributed to this article.

—Associated Press

Authorities are investigating Michael Cohen's business affairs, and the FBI raided his premises.

—Associated Press

## U.S. NEWS

# N.Y. Official Battled Trump, Big Banks

By CORINNE RAMEY

Former New York Attorney General Eric Schneiderman took more than 100 legal actions against President Donald Trump and helped wring big penalties in the wake of the financial crisis from JPMorgan Chase & Co., Bank of America Corp. and other banks that had packaged and sold bad mortgages.

Mr. Schneiderman stepped down Tuesday following a New Yorker article that detailed allegations he had physically abused four women with whom he was romantically involved. Mr. Schneiderman has denied the allegations.

New York legal circles, some said Mr. Schneiderman's tenure as the state's top law-enforcement officer left a less pronounced mark than that of some of his predecessors. Eliot Spitzer, who served as the state's attorney general from 1999 to 2006, became known as "the Sheriff of Wall Street" for expanding the office's reach and aggressively pursuing financial cases.

Mr. Schneiderman, a Democrat and former state senator, garnered attention for battling with Mr. Trump, a Republican. He sued Mr. Trump over immigration policy, environmental regulation and census questions.

Mr. Schneiderman was a party to the \$25 million settlement of fraud claims against Trump University, a now-defunct real-estate seminar that had been part of Mr. Trump's business empire and shut down before the president took office. In the settlement, Mr. Trump didn't acknowledge wrongdoing.

"He was battling with Trump before Trump started his campaign," said Jennifer Rodgers, a former federal prosecutor and

**Eric Schneiderman  
was battling with  
Trump before Trump  
started his campaign.**

executive director of Columbia Law School's Center for the Advancement of Public Integrity. "He has been one of the most active and aggressive attorneys general in pushing back against the administration."

Last month, Mr. Schneiderman asked state lawmakers to expand state prosecutors' powers to bring criminal cases against people who have received presidential pardons. The move came in response to speculation of presidential par-

dons amid special counsel Robert Mueller's investigation into alleged Russian meddling in the 2016 presidential election.

Donald Trump Jr., the president's eldest son, posted several critical comments about Mr. Schneiderman on Twitter. "Self awareness level: 0 Or substantially less than that," he wrote.

New York's attorney general's office is regarded as holding outsize power, both because of its jurisdiction over the city's financial-services industry and due to the Martin Act, a state law that grants the attorney general broad investigatory and prosecutorial powers. The office is also seen as a political launchpad and helped propel its two previous occupants, Mr. Spitzer and New York Gov. Andrew Cuomo, both Democrats, to higher office. State Democrats had viewed Mr. Schneiderman as a possible successor to Mr. Cuomo.

While Mr. Schneiderman's tenure wasn't marked by aggressive moves aimed at Wall Street, he used his position to exert influence on financial-services firms and in some cases won concessions from them. The state has gotten more than \$5 billion in cash and aid for struggling homeowners from settlements with big banks.

In October, Mr. Schneider-



Democrat Eric Schneiderman stepped down as New York state attorney general on Tuesday.

KEVIN HAGEN FOR THE WALL STREET JOURNAL

## Work Keeps Going, Acting AG Says

The current cases and investigations at the New York state attorney general's office are likely to continue without major changes under new leadership, legal experts said Tuesday.

Barbara Underwood, the state's solicitor general, took command of the office Tuesday evening after her former boss, Eric Schneiderman, resigned following allegations that he physically abused four women he had dated. He has denied the allegations.

"Our work continues without interruption," Ms. Underwood said in a statement Tuesday.

The state Legislature has the authority to appoint someone to run the office for the remainder of Mr. Schneiderman's term, which was to end Dec. 31. The position is up for election in November.

Harry Sandick, a former federal prosecutor, said when a new prosecutor takes over an office, any change is typically seen more gradually, as priorities and focuses shift over time. Early cases announced by a new head prosecutor tend to be investigations that began under the previous leadership, he said.

"One would think that the career lawyers in that office would pursue their work without regards to political implications," he said.

# Flowing Lava Forces a Reckoning in Island Paradise

By NOUR MALAS

When Davis Dalbok bought his property in a rural corner of Hawaii's Big Island 30 years ago, he said he understood the risks of living along a volcano rift zone. So he made a request of Pele, the revered Hawaiian volcano goddess, asking her to be merciful during the inevitable eruption.

On Monday, Mr. Dalbok, 66 years old, was hauling generators, artwork and other valuables from the property, which he has turned into a rental guesthouse with a sprawling botanical garden. The lava flow from the Kilauea volcano eruption that began Thursday had crept through a crack just a mile from his home.

"I never expected this because I figured for me to be hurt, a major event would have to happen right above me. Well, now it is happening right above me," he said.

Residents of Puna, made up of rural communities in the Big Island's east, are reckoning with the gamble inherent to living in an active volcano zone. There is no clear sense of how long this eruption, which has involved a series of earthquakes including Hawaii's strongest in decades on Friday, might last, or whether neighborhoods farther from the cracking land might soon be in danger.

The Puna district has for many years been the Big Island's fastest-growing area, and its most affordable, drawing people seeking a simple life by black-sand shores.

Mr. Dalbok's property is a mile below Leilani Estates, the neighborhood where 12 massive fissures broke the earth and lava flows destroyed at least 35 buildings in the area. So far no injuries have been reported.

Mr. Dalbok is a garden designer who lives and works in the San Francisco Bay Area.



Gas seeps through volcanic fissures in the Leilani Estates neighborhood of Hawaii's Big Island on Tuesday. There isn't any clear indication how long the eruption will last.

## Homeowners Can't Rely on Insurance

Insurance companies don't provide coverage specifically for volcanic eruptions, though fire insurance may cover damages from homes burned down by lava.

Homeowners in Leilani Es-

tates, an area on Hawaii's Big Island that's been the focus of recent volcanic activity, and other neighborhoods designated as Zone 1, or the most hazardous lava flow zone, often can't get any insurance at all, residents in the area said.

Jeffrey Wise, a home renovator who moved to Hawaii from Ohio two years ago, said many of his clients are

well aware of the risks.

A few years ago, another eruption of Kilauea brought a panic similar to the one seen in recent days, and home prices dipped.

"It's incredible how quickly people forget the risk," said Mr. Wise.

"When there is no activity with the volcano, life in Puna is ideal. It's like paradise."

next. In recent days, lava has burst vigorously through the ground at times, while other times it has slowly seeped

through the cracks. Hawaiian civil defense authorities said Tuesday that volcanic activity at the fissures had subsided.

"There is really no way to know for certain how long this eruption might last," said Janet Babb, a geologist with the U.S. Geological Survey's Hawaiian Volcano Observatory. "Right now it's still a very dynamic situation and there is no indication it will stop anytime soon."

Kilauea is Hawaii's most active volcano and has been erupting continually since 1983. An eruption in the same general area in 1955 lasted 88

days, while one in the area in 1960 went on for 36 days, Ms. Babb said. Other eruptions lasted just a day or two. There is no good way to anticipate the path or pace of lava flow, which depends on many factors, including the force with which the lava is erupting, she said.

"We're spinning the big roulette wheel and it's just a matter of what the lava decides to do," said John Taron, a lava tour guide who is helping with community relief efforts.

—Jim Oberman contributed to this article.

# Haspel to Say CIA Won't Revive Old Interrogation Ways

By BYRON TAU  
AND NANCY A. YOUSSEF

President Donald Trump's pick to lead the Central Intelligence Agency will tell the Senate Intelligence Committee Wednesday that if she is confirmed, the agency won't restart interrogation programs such as those used on detainees after the Sept. 11, 2001, terrorist attacks, according to her prepared testimony.

Gina Haspel, the first woman nominated to lead the CIA, is expected to be asked at her confirmation hearing Wednesday about a number of contro-

versial episodes from her career at the agency, in particular her participation in an interrogation program that critics say amounted to torture as well as her role in the decision to destroy video evidence related to the same program. She also is likely to be asked for more details concerning her 33-year tenure with the agency, much of which remains classified.

"I understand that what many people around the country want to know about are my views on CIA's former detention and interrogation program," Ms. Haspel said in ex-

cerpts of prepared testimony released by the CIA Tuesday. "I have views on this issue, and I want to be clear. Having served in that tumultuous time, I can offer you my personal commitment, clearly and without reservation, that under my leadership CIA will not restart such a detention and interrogation program."

The hearing is a make-or-break moment for Ms. Haspel. Though she is well-regarded by many in the intelligence community, a number of senators in both parties have expressed concern about her record at the CIA—particularly the inter-

rogation program, which was put into place shortly after the 9/11 attacks.

Some legislators have been

reluctant to say whether they

will support Ms. Haspel.

"I'm going to wait and just

see what happens at the hearing," said Sen. Susan Collins, a Maine Republican on the panel.

"I have concerns," said Jeff

Flake (R., Ariz.), adding that he was looking for more information.

Even if she wins over those

Republicans, Ms. Haspel's con-

firmation could be close in the

Senate, which the GOP con-

trols 51-49.

Ms. Haspel was tapped by Mr. Trump to succeed Mike Pompeo, who last month was confirmed as secretary of state. Since Mr. Pompeo's confirmation as secretary, Ms. Haspel has been serving as acting CIA director.

Officials said they were ex-

pecting questions such as:

Does she believe the U.S. should use

tactics like waterboarding or

sleep deprivation when interro-

gating terrorism suspects, or

was she just following orders

when a detainee in her custody

endured such treatment? How

has her position on the U.S. en-

hanced interrogation program

changed since 2005? And will she allow the CIA to declassify more documents on her career?

Another episode that is expected to be raised during the hearing is the destruction of 92 videotaped interrogations of two high-profile detainees, Abu Zubaydah and Abd al-Rahim al-Nashiri. The two were said to have been held at a CIA "black site" in Thailand. During their interrogations, which took place after their captures in 2002, they were waterboarded by the CIA, a technique that simulated drowning and that many critics say amounts to torture.

## U.S. NEWS

# Cordray Wins Ohio Democratic Primary

BY JANET HOOK  
AND REID J. EPSTEIN

Richard Cordray, the former director of the Consumer Financial Protection Bureau, won the Ohio Democratic gubernatorial primary Tuesday, beating back a challenge from the left by former U.S. Rep. Dennis Kucinich.

Mr. Cordray, declared the winner by the Associated Press, will face state Attorney General Mike DeWine in the November general election. Mr. DeWine captured the Republican nomination by defeating Lt. Gov. Mary Taylor.

The winner in the fall will succeed term-limited John Kasich as governor of Ohio.

Mr. Cordray, who enjoyed support from the party establishment, spent \$1.7 million on his campaign, far more than Mr. Kucinich's \$342,000, according to the latest Ohio campaign-finance reports.

Both candidates carried endorsements from prominent members of the party's liberal wing. Massachusetts Sen. Elizabeth Warren endorsed Mr. Cordray, who led the federal



**From 2012 to 2017, Richard Cordray served as the first chairman of the Consumer Financial Protection Bureau, a consumer watchdog.**

JAY LARPEE/ASSOCIATED PRESS

consumer agency she worked to create. Mr. Kucinich had support from Our Revolution, the political organization founded by supporters of Vermont Sen. Bernie Sanders.

But Mr. Kucinich was dogged by a revelation that he was paid \$20,000 for a speech by a group linked to Syrian dictator Bashar al-Assad.

Ohio leans Republican, but

Democrats see promise in Mr. Cordray because of his high profile in the state and nationally. An Ohio native, Mr. Cordray twice won statewide office—in 2008 as Ohio attorney general and in 2006 as state treasurer.

He served from 2012 to 2017 as the first chairman of the CFPB, an agency that tightened regulation of con-

sumer finance, including mortgage-underwriting standards and credit card rates and fees. His actions drew praise from consumer advocates and Democrats, but riled many financial companies and Republican lawmakers.

Ohio Republicans' nominee also has a high profile, both in the state and in Washington. Mr. DeWine has served the state as a member of its Senate and as lieutenant governor, and in Washington as a U.S. House member and senator.

Washington Gov. Jay Inslee, chairman of the Democratic Governors Association, hailed Mr. Cordray's victory and noted that the governor's office in Ohio was an important target for the party to seize from GOP hands in 2018—especially since the state's governor will have great power in redrawing congressional district maps after the 2020 census.

"Ohio is one of several major pickup opportunities for the DGA this cycle," Mr. Inslee said. "The next governor will shape critical policy for Ohio families and will hold veto power over the 2021 redistricting maps."

## GOP

*Continued from Page One*  
Braun, a former state lawmaker, to face another endangered Democratic incumbent, Sen. Joe Donnelly.

Rep. Jim Renacci won the GOP nomination in Ohio to run against Democratic Sen. Sherrod Brown. Ohio Republicans also chose state Attorney General Mike DeWine in their contest for governor. Mr. DeWine will face Democrat Richard Cordray, the former head of the Consumer Financial Protection Bureau.

On the eve of the West Virginia primary, Mr. Trump urged Republicans in West Virginia, a state he carried by 42 percentage points, to reject Mr. Blankenship in favor of either Mr. Morrisey or Mr. Jenkins.

The Senate Leadership Fund, a super PAC run by allies of Senate Majority Leader Mitch McConnell, spent \$1.3 million attacking Mr. Blankenship during the primary contest. Mr. Blankenship said he wouldn't support Mr. McConnell as the party's leader in the Senate, and he attacked his rivals for refusing to say so as well.

Democrats, meanwhile, wanted to avoid facing Mr. Jenkins in the general election. A super PAC linked to Senate Democrats spent \$1.2 million attacking Mr. Jenkins during the primary. The PAC spent just \$40,000 against Mr. Morrisey and nothing against Mr. Blankenship.



**Voters in Marshall County, W.Va., as well as in Indiana and Ohio, headed to the polls Tuesday for primary elections.**

Mr. Trump, before he tweeted about the race, invited Messrs. Jenkins and Morrisey—but not Mr. Blankenship—to an April event in the state to tout the new tax law.

As his prospects appeared to dim during the night, Mr. Blankenship said he wouldn't try to run as a write-in candidate in the fall. "I'm 68 years old," he said. "I'm going to enjoy myself if I'm not successful."

Mr. Jenkins spent his last day before the primary at a memorial for coal miners. Mr. Morrisey released an online ad warning "liberal Democrats will easily defeat" Mr. Blankenship.

Mr. Morrisey has been West Virginia's attorney general since 2012, but he also has

worked as a Washington lobbyist and congressional aide. Born in New York, he ran unsuccessfully for a New Jersey House seat in 2000.

The West Virginia race was marked by Mr. Blankenship's string of incendiary comments, including calling Mr. McConnell "Cocaine Mitch" and referring to the Senate majority leader's in-laws as "China people."

Mr. Blankenship, who self-funded his campaign, employed Trump-style campaign tactics to get him to the precipice of the GOP nomination.

Mr. Blankenship served a year in prison and remained on probation following a conviction for violating mine-safety standards. He was head of

Massey Energy at the time of the Upper Big Branch mining explosion of 2010 that killed 29 people.

Mr. Blankenship deftly adopted the president's playbook during his campaign and, on the eve of the primary he said he was "Trumpier than Trump."

At his election night party in Charleston, W.Va., he said he was glad his probation was ending Tuesday night so he could travel freely and get back guns he had to surrender during his probation.

Mr. Blankenship said during an interview with Roll Call that his comment about Mr. McConnell's wife, Taiwan-born Transportation Secretary Elaine Chao, wasn't racist be-

cause "races are negro, white Caucasian, Hispanic, Asian."

Mr. McConnell didn't respond to the swipes from Mr. Blankenship, but following the election result tweeted an image of himself with the words, "Thanks for playing, Don."

"A lot of Republican primary voters have replaced their anger with Obama with anger with the mainstream media," said Josh Holmes, a former top aide to Mr. McConnell who remains a close ally. "There is a knee-jerk conservative defense of a candidate who finds themselves in the eye of a media firestorm. I think that is an extremely regrettable reality."

Mr. Blankenship spent \$3.5 million of his own fortune on

the race, according to the latest Federal Election Commission reports. Mr. Jenkins spent \$1.4 million and Mr. Morrisey \$1 million, mostly from funds they raised.

In notable GOP House primaries, Greg Pence, the older brother of Mike Pence, won the GOP nomination for the vice president's old seat in southeast Indiana.

And in North Carolina, Rep. Robert Pittenger lost the GOP nomination in the Charlotte suburbs to Mark Harris, a pastor who cast himself as a better ally to Mr. Trump. Mr. Pittenger is the first incumbent member of Congress to lose renomination in a 2018 primary.

—Kris Maher contributed to this article.

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LAS VEGAS: Grand Canal Shoppes at The Venetian  
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## Migrant Policy on Families Defended

BY LAURA MECKLER  
AND ALICIA A. CALDWELL

WASHINGTON—Homeland Security Secretary Kirstjen Nielsen on Tuesday defended a new Trump administration plan that will separate families arriving at the nation's southwest border, and Democrats attacked the plan as putting children at risk and contrary to American values.

Ms. Nielsen told a Senate Appropriations subcommittee that her department would refer all illegal border crossers for prosecution, including parents, which means separating them from their children, who can't be jailed.

"We are a country of laws," she said.

Crossing the border without authorization is a misdemeanor for a first offense and a felony for those previously deported, but in the past, all crossers haven't been referred for criminal prosecution.

The policy, announced on Monday, came under sharp attack from Democrats, as well as immigrant advocates.

"No matter what you call it, the new policy is going to result in thousands of children, some of them infants, being forcibly separated from their families," Sen. Patrick Leahy (D., Vt.) said at the hearing. "My concern is just that the administration is turning its back on immigrants. This administration is turning its

back on what it means to be American."

The new policy also faces a number of logistical hurdles, as it will increase demands on prosecutors, courts, detention facilities for adults and shelters for children.

Ms. Nielsen blamed the parents for choosing to cross the border illegally and said she was making a "plea" for families and others to come to the ports of entry if they want to request asylum.

Ms. Nielsen's message was at odds with administration officials' suggestion last month that migrants in a caravan from Central America were breaking the law. President Donald Trump repeatedly castigated their mission. Most, if not all, of them arrived at the official San Ysidro border crossing in San Diego and asked for asylum—using the process Ms. Nielsen recommended on Tuesday.

"We are a country of laws," says Homeland Security Secretary Kirstjen Nielsen

around the caravan encouraged the migrants to go to the port of entry.

Prosecuting every adult border crosser is sure to swamp an already busy federal court system along the U.S. border with Mexico. The U.S. Border Patrol routinely refers tens of thousands of criminal cases, including for drug smuggling, to federal prosecutors.

During the 2017 budget year, prosecutors took on nearly 60,000 criminal cases. Charging every adult border crosser that year would have meant adding more than 161,000 cases, according to Border Patrol statistics of arrests at the Mexican border.



**Homeland Security chief Kirstjen Nielsen blames parents for choosing to cross the border illegally.**

KEVIN LAMARQUE/REUTERS

## U.S. NEWS

## Ex-CIA Aide Faces Espionage Charge

BY ARUNA VISWANATHA

A former CIA officer suspected of providing information to the Chinese government that helped it identify U.S. informants was indicted Tuesday and charged with conspiring to commit espionage.

Jerry Chun Shing Lee, who worked for the Central Intelligence Agency from 1994 to 2007, was arrested in January after arriving at a New York airport. At the time, he was charged with unlawfully retaining classified information.

The new indictment charges Mr. Lee with one count of conspiracy to gather or deliver national defense information to aid the People's Republic of China and two counts of unlawfully retaining documents related to the national defense.

It also provides new details of Mr. Lee's alleged crimes.

A lawyer for Mr. Lee, Edward MacMahon, said he hadn't been given a copy of the indictment before the Justice Department announced it, and disputed the government's allegations.

Prosecutors said that Mr. Lee was approached in April 2010 by two Chinese intelligence officers who offered to pay him for information, and provided him with email addresses so he could communicate covertly with them. Mr. Lee prepared documents for the agents and made unexplained cash deposits, the Justice Department said.

The Wall Street Journal and others have reported U.S. officials suspected Mr. Lee had played a key role in helping China identify U.S. assets after he left the CIA.

Starting around 2010, American informants were systematically killed in what U.S. officials described as a razing of the U.S. intelligence network in China, sparking a mole hunt.

# Opioid Distributors Minimize Role

Most executives tell lawmakers they aren't to blame for fanning West Virginia crisis

BY STEPHANIE ARMOUR  
AND THOMAS M. BURTON

WASHINGTON—Prescription-drug wholesalers that for years shipped hundreds of opioid pills per person to small towns in West Virginia mostly denied they were a cause of surging addiction as lawmakers grilled them on Tuesday.

Most company executives told a House hearing that their companies' actions didn't fan the opioid epidemic in the state. But some acknowledged the industry shipped too many pills and failed to identify major abuses in overprescribing.

"With the benefit of hindsight, I wish we had moved faster and asked a different set of questions. I am deeply sorry we did not," said George Barrett, executive board chairman of **Cardinal Health** Inc.

Only one executive, Joseph Mastandrea, chairman of **Miami-Lukens** Inc., said his company had a "shared responsibility" for the opioid crisis.

The testimony marked a pivotal juncture in a yearlong bipartisan investigation by a House Energy and Commerce oversight panel into alleged pill dumping in West Virginia. The hearings came to focus on West Virginia, which had the highest national rate of overdose deaths in 2016, after the Charleston Gazette-Mail and congressional investigators discovered massive pill use in towns there.

Lawmakers asserted that five wholesale drug-distribution companies, in filling orders placed by pharmacies, sent significantly more prescription opioids into small towns in the state than residents could have safely taken. The drugs were then diverted or misused, leading to a surge in overdoses, the lawmakers said during the investigation.

The hearing represented an



Drug-wholesaler executives had an opportunity to explain oversight procedures to a House panel Tuesday.

aimed whether the agency took aggressive enough action against the companies. The agency has stepped up its oversight actions in recent years. J. Christopher Smith, former president of H.D. Smith Wholesale Drug Co., said the company—which has been acquired by **AmerisourceBergen Corp.**—had strong diversion-control systems and did its best. Some executives also said better sharing systems with the DEA are necessary.

"At all times, H.D. Smith has been committed to doing its very best to balance the needs of patients for prescription medications with our efforts to prevent diversion," he said.

John Hambergren, chief executive officer of **McKesson Corp.**, said that in hindsight he wished his company had moved sooner to limit distribution to West Virginia pharmacies. Steven Collis, CEO of AmerisourceBergen, said the company isn't qualified to interfere in patient-physician medication decisions and uses data analytics to monitor orders for suspicious activity.

Lawmakers said distributors shoulder responsibility for not doing more to shut down massive amounts of opioids entering the state.

"It is difficult not to be troubled by compliance efforts of our nation's distributors," said Rep. Greg Walden (R., Ore.). The hearing is part of a broader government effort to scrutinize the pharmaceutical industry's role in an opioid epidemic that has led to more than 100 overdose deaths each day in the U.S.

Federal agencies, along with dozens of states and cities, have filed or supported lawsuits against drug makers and distributors.

House members didn't always receive direct answers to their questions. When Rep. David B. McKinley (R., W.Va.) asked Mr. Hambergren whether he regretted McKesson's role "in this scourge," Mr. Hambergren responded: "I feel terrible about this crisis."

## California Counties Jump Into Litigation

As lawsuits over the opioid crisis have spread, the country's most populous state has largely stayed on the sidelines.

Now, 30 counties in California are jumping in, seeking recovery for alleged taxpayer losses from the major makers and distributors of opioid painkillers.

The counties, largely centered in the rural northern and central regions of the state, are each filing lawsuits in federal court. The actions will likely be sent to a federal judge in Ohio, who is overseeing hundreds of opioid lawsuits filed across the country.

Opportunity for lawmakers to dig deeper into how opioid pills flowed into West Virginia while learning lessons for other hard-hit states such as Ohio and New Hampshire, and sending a message to others in the industry. For the executives, it was chance to explain their records and describe their oversight procedures.

Cardinal Health was among distributors that shipped a total of 20 million hydrocodone

drugs including **Purdue Pharma LP**, **Teva Pharmaceutical Industries Ltd.**, **Johnson & Johnson**, **Allergan PLC** and **Endo International PLC**, and drug distributors including **Cardinal Health Inc.**, **AmerisourceBergen Corp.**, **McKesson Corp.** and **Walmart Inc.**

California as a whole hasn't been as affected by the opioid crisis as the Appalachian region and Northeast, but many communities have still felt the burden of addiction. In 2016, some 2,030 Californians died from opioids, according to the California Department of Public Health and other state agencies. That translates to a rate of 4.86 deaths per 100,000 residents statewide.

The new lawsuits name

and oxycodone pills to Williamson, W.Va., between 2006 and 2016, when the town of about 3,000 people had just two operating pharmacies, according to the committee's investigation. Cardinal's Mr. Barrett said Tuesday that the two pharmacies received a high volume of opioids for longer than they should have.

The committee has also asserted that Miami-Luken provided roughly 689 pills for ev-

ery person in Oceana, W.Va., which has about 1,300 residents. Miami-Luken's Dr. Mastandrea said the company has reduced its sales of oxycodone by about two-thirds since 2014, beefed up oversight and complied with Drug Enforcement Administration rules.

Wholesale distributors are legally required to report unusually large orders to the DEA. Lawmakers probed whether that happened and ex-

## MTA

*Continued from Page One* that manages the New York City subway, bus and commuter rail system have more than two million often angry followers.

"We're New Yorkers, we have thick skins, but we're human," said Molly Washam, an even-keeled 30-year-old.

To stay calm, she said she does yoga, and recently tried a pottery class.

Rampant subway delays and breakdowns in recent years are making the work more intense. A 2017 report by the New York City comptroller found weekday subway delays rose 83% between 2013 and 2016. The agency has begun a modernization plan to make improvements, including upgrading the signaling system and hiring more subway workers.

New Yorkers' response to repairs? "Really @MTA, More of your Bs complications," wrote @MattMercadoNYC, rider Matt Mercado, 34, of the Bronx. "You pick Thursday AND Friday for these 'Required Repairs'??!?"

"We know they might not mean everything they're saying," said Sarah Meyer, the MTA's customer-service chief. But, "I can't personally change the signaling system."

Running social media for any company involves responding to complaints. But the MTA's team is in a particularly challenging position—facing the combination of generally blunt and often foul-mouthed New Yorkers; an ailing transit system they have little control over; and Twitter, which doesn't always bring out people's kindest sides.

"They are a pin cushion for people to take out their anger," said Karen Kessler, a communications consultant and crisis expert, "and they have limited tools at their disposal besides a thesaurus for 15 ways to say 'Sorry, we're working on it.'



The subway in December. New Yorkers vent about their commutes in 2,500 tweets a day.

are within earshot.

Steven Leonard, one of the MTA social staffers, said he has come to know "the regulars." "One person [I recognize] can just tweet us 'where's my train,' and I already know this person is somewhere around Howard Beach waiting for a northbound to Manhattan," said the

**They have limited tools besides 15 ways to say 'Sorry, we're working on it.'**

Queens resident. "You just gotta reassure them."

Mr. Leonard, an F-train commuter, said he can understand where riders are coming from when they ask what's the holdup. "If the train's coming at 8, and it's 8:05, I won't stress," the 30-year-old said. "If it's 8:30, I might call over here to see what's going on."

The flow of tweets has ballooned since the MTA installed wireless internet underground, giving the city's five million daily subway commuters the opportunity to gripe in real-time. And a new subject: "@MTA WiFi sucks. Waste of money. #rant," reads a March 11 tweet.

When @NYCTSubway tweeted on Monday that N, R, Q

and W train service had resumed after a delay, a commuter responded: "Resumed" a phrase which here means, 'back from terrible to regular old bad.'

Twitter users said they were surprised to get personalized responses. "It was generic, but at least somebody is reading," said Ms. Tenn, the blogger complaining about the card machine.

An occasional compliment for a kind conductor or a nice ride "definitely helps keeps us going," said Ms. Washam, a Brooklyn resident. Actress Jill Hennessy of "Law & Order" tweeted in April about an MTA conductor who smoothed over "an escalating verbal altercation" on the train. "As I left for my stop, had 2 thank him & say 'God bless,'" she wrote.

"Hi Jill," Ms. Washam wrote back. "We're so glad to hear this."

The @MTA team isn't above feeling annoyance. "They mock us...Once I mentioned 'witch' instead of switch, it just went viral," said Annie May Morrison, a Bronx resident. "But at the end of the day you assist the customers."

She was relieved on Wednesday because there was "nothing outrageous or any cursing at us," she said. When she checked her @replies, a tweet read: "@MTA your app #rant," reads a March 11 tweet.

"Today was a good day," she said, knocking on her desk.



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## WORLD NEWS

# Iran Would Face Uncertain Path to Bomb

Experts disagree on timeline to nuclear weapon; some note slow past progress

By LAURENCE NORMAN

Iran could quickly ramp up its nuclear activities now that President Donald Trump pulled out of the 2015 international agreement designed to curtail them. But experts and former officials differ over how long Tehran would need to build a bomb.

Some, pointing to Iran's slow past progress and independent analyses, believe Iran would need several years to produce a nuclear weapon. Others think Tehran could build one in little over a year.

Iranian officials have said they could accelerate nuclear activities and start enriching uranium within days.

Separate from the technical question is the political one. U.S. officials have voiced skepticism that Iran would quickly return to work on a bomb.

"Iran wasn't racing to a weapon before the deal," Secretary of State Mike Pompeo told lawmakers last month. "There is no indication that I'm aware of that if the deal no longer existed that they would immediately turn to racing to create a nuclear weapon today."

Many observers believe Iran has incentives not to expand its nuclear activities or expel international inspectors even



Iranian President Hassan Rouhani said the nation's diplomats would talk with Europe, Russia and China about how to keep the nuclear deal.

if the U.S. exits the deal.

Iranian officials hope to maintain trade with Europe—which is mainly supportive of the pact—and an outright return to nuclear activities would likely stop that. Attempting to relaunch its nuclear program secretly would slow Iran's path significantly and carry major risks.

Iran worked on three as-

pects of a nuclear program—enriching uranium, obtaining plutonium and trying to acquire the know-how to build a nuclear weapon—before the 2015 deal, which lifted most international sanctions in exchange for strict but temporary limits on its program. Tehran says its nuclear program was always for peaceful purposes.

Iran had amassed a large

stock of low-enriched uranium and produced nuclear fuel enriched to 20% purity. That is several steps from producing weapons-grade uranium enriched to 90% purity. Still, U.S. officials said in 2015 that Iran was just two or three months from amassing enough fuel for a bomb.

Iran was also building a plutonium reactor at Arak, in

its northwest. When completed, it could have produced material for a couple of nuclear weapons annually, U.S. officials say.

The International Atomic Energy Agency concluded in 2015 that Tehran—despite denials—pursued a concerted weaponization program until 2003 and continued some of that work until 2009.

IRANIAN PRESIDENCY OFFICE/SHUTTERSTOCK

The 2015 agreement was structured around restrictions to ensure Iran would need at least 12 months to gather enough nuclear fuel for a bomb.

Most experts believe that the accord largely ensured that by removing roughly 98% of Iran's enriched uranium stockpile, mothballing two-thirds of its uranium-spinning centrifuges, limiting research and development, and removing the core of the Arak reactor.

"It would take many years for Iran to have a working nuclear arsenal," said Daryl Kimball, executive director of the Arms Control Association, a Washington based group that supports the deal.

One critic of the deal, Olli Heinonen, a former senior IAEA official who works for the Foundation for Defense of Democracies think tank, said Iran may have gathered the parts for more advanced centrifuges than Tehran had declared. That could speed the production of weapons-grade uranium and shorten the time to build a bomb. There is no evidence, however, that Iran lied to the IAEA about this additional hardware.

Experts and former officials say Iran would need at least 18 months to reconstitute the Arak reactor, whose core was filled with concrete as a consequence of the deal.

It is also unclear how much Iran knows about assembling a bomb or whether it has the technical ability to reliably deliver a nuclear warhead with its existing missile technology.

## TRUMP

*Continued from Page One*  
wind down existing ties, depending on the particular type of transaction.

While it pleased Israel and Saudi Arabia, Mr. Trump's decision injected a new source of strain into tense trans-Atlantic ties. In a strongly worded joint statement, the leaders of Britain, France and Germany rejected the president's conclusion, announced they were still committed to the nuclear agreement and urged Iran to stay in compliance.

"This agreement remains important for our shared security," said British Prime Minister Theresa May, French President Emmanuel Macron and German Chancellor Angela Merkel, adding that they viewed Mr. Trump's decision with "regret and concern."

United Nations Secretary General António Guterres said he was "deeply concerned" and called on the agreement's other parties—the U.K., France, Germany, Russia, China and Iran—"to abide fully to their respective commitments."

With the U.S. and its allies fundamentally at odds, diplomatic efforts to constrain Iran's nuclear program have entered uncharted territory, diplomats and analysts said.

The current agreement limits Iran's capability to enrich uranium and has made it easier to monitor its nuclear activities, according to a February report by U.S. intelligence agencies. Intelligence officials—including then-Central Intelligence Agency Director Mike Pompeo at a hearing last month preceding his confirmation as secretary of state—have concluded that Iran has complied.

But the administration has complained that limits on Iran's ability to enrich uranium are set to ease in eight years under the accord.

Mr. Trump also has complained that the deal resulted in cash payments by the U.S. to Iran, charging Tehran used the money—proceeds of a court settlement at an international tribunal—to fund militant groups and its own elite military units.

U.S. and European diplomats have been trying for months to negotiate a supplementary agreement to strengthen the nuclear deal, constrain Iran's ballistic-missile programs and counter its assertive posture in the region.

Mr. Trump and U.S. officials say those efforts fell short, but several European officials said Mr. Trump's decision to withdraw was preordained.

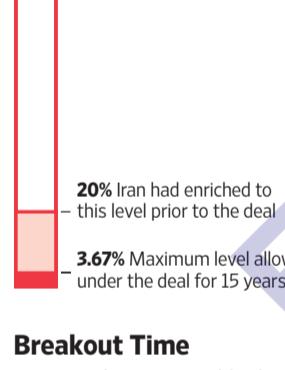
The White House framed the withdrawal from the deal as a victory for the president, who had made a campaign

## The Deal's Impact

How it affected Iran's nuclear program and how it may slow the country's efforts to resume it

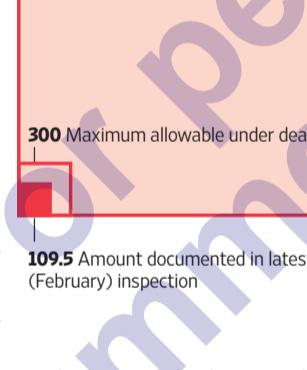
### Uranium Enrichment

The deal limits the level to which Iran is able to purify uranium.



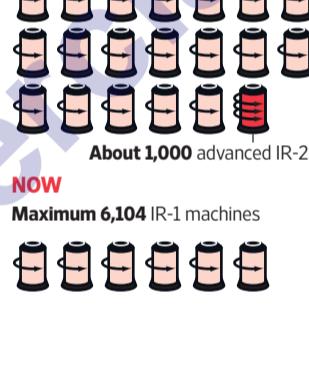
### Stockpiles

Iran was required to reduce its stores of enriched uranium.



### Centrifuges

Many of the machines, which purify uranium, were mothballed.



### Breakout Time

Estimated time it would take Iran to produce enough fissile material for a weapon

July 2015  
(pre-deal)

2-3 months

Now (if deal is scrapped)

12 months

Sources: IAEA; JCPOA text; U.S. government

### Years of Pressure Preceded Deal

**January 2003** The International Atomic Energy Agency begins to investigate Iran's nuclear program. Tehran says the program is for energy and research, not weapons.

**December 2006** The U.N. Security Council imposes first of several sanctions on Iran, including a ban on nuclear-related trade.

**July 2010** President Barack Obama bans transactions in the U.S. financial system with foreign companies that do business with sanctioned Iranian entities.

**July 2012** A European Union oil embargo comes into full effect, followed by U.S. and European financial sanctions.

**November 2013** Negotiators reach an interim deal that offers Iran modest sanctions relief in exchange for curtailing the most advanced parts of its nuclear program.

**July 2015** World powers and Iran announce in Vienna the completion of an agreement in which Tehran accepts strict limits on its nuclear activities in exchange for the lifting of international sanctions.

**January 2016** The Iran deal is implemented after Tehran completes a set of actions to curtail its nuclear activities.

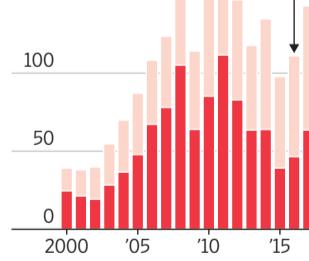
### Trade Boost

The 2015 nuclear deal helped spur an increase in Iran's trade activity.

#### Iran's total trade in goods

Imports Exports

\$200 billion



Source: International Monetary Fund

THE WALL STREET JOURNAL.

about 8 miles south of Damascus—came after Israel's military warned it was on high alert after seeing "irregular activity of Iranian forces" in Syria.

The Israeli military also said it had ordered bomb shelters in the north of the country to be opened in anticipation of a potential Iranian attack.

Saudi Arabia, one of the nuclear agreement's most vocal critics, hailed Mr. Trump's decision and urged the international community to press Tehran to stop interfering in the Arab world.

On the streets of Tehran, where residents were anxious in the run-up to Mr. Trump's decision, people in cafes argued about the practical effect of the dispute: what it would mean for the weakening rial.

"What's going to happen to the currency?" asked Hassan Ghazi, 51 years old, a real-estate agent watching Mr. Rouhani's speech at a fruit juice parlor in Tehran.

European countries ex-

*In Tehran, people argued over what the dispute will mean for the weakening rial.*

pressed concern over the U.S. decision but turned from trying to persuade Washington to stick with the deal to seeking to convince Tehran not to walk away from it.

French President Emmanuel Macron said he and his counterparts in the U.K. and Germany would work on a broader framework for addressing Iran's ballistic missile development and nuclear work after the deal's restrictions expire—two things Mr. Trump had complained the existing deal didn't address.

It wasn't clear if Tuesday's strikes were linked to Mr. Trump's decision. Israel declined to comment.

The strikes on al-Kiswah—



Iranian Foreign Minister Javad Zarif, center, attended a meeting with EU officials at EU headquarters in Brussels in January.

JOHN THYS/AGENCE FRANCE PRESSE/GETTY IMAGES

## WORLD NEWS

# Companies Face Risk of Sanctions

President Donald Trump on Tuesday said the U.S. would levy the "highest level" of sanctions against Iran—including the punishment of Western companies and banks if they continue to do business with the country—as Washington pulled out of the Iranian nuclear accord.

*By Ian Talley in Washington, Benoit Faucon in Tehran and Sarah Kent in London*

Senior administration officials said economy-crippling sanctions that persuaded Iran to sign the 2015 nuclear accord were immediately back in place with the president's decision to withdraw from the deal.

Before Mr. Trump's announcement, Total had said it was hoping it could hold on to its \$1 billion deal to develop an offshore natural-gas field despite new U.S. sanctions by ringfencing those operations. For instance, Total made sure it doesn't use U.S. software and that no American citizens are involved in the project, according to people familiar with the matter.

Both Total and Shell declined to comment after the U.S. announcement.

## Saudis Vow Support For Stability of Oil

Saudi Arabia pledged to help stabilize oil markets in the wake of the Trump administration's decision to reinstate sanctions on Iran.

The country said it would help "mitigate the impact of any potential supply shortages" caused by the new sanctions.

Both Saudi Arabia and the United Arab Emirates had previously told the U.S. they were willing to boost exports to meet any demand shortfall.

—Summer Said

planes to Iran.

"Following today's announcement, we will consult with the U.S. government on next steps," Boeing said.

GE didn't respond to a request for comment.

Europe's **Airbus** SE, which had a multibillion-dollar sale planned, will also be affected.

"We're carefully analyzing the President's announcement and will be evaluating next steps," Airbus said.

Among the oil giants that had vied for more business with Iran are **Total** SA and **Royal Dutch Shell** PLC. Shell in 2016 signed a contract to sell licenses to use its proprietary petrochemical technologies to Iranian partners.

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# Trump Rolls Dice With Iran Pullout



## CAPITAL JOURNAL

By Gerald F. Seib

President Donald Trump's decision to walk away from the nuclear deal his predecessor negotiated with Iran represents a giant gamble, easily the biggest of his presidency so far.

More precisely, the move represents a series of gambles—bets that Iran's leaders,

its economy and its people, as well as America's allies and even the leader of North Korea, will react the way the president hopes. Mr. Trump may well win those bets, but the dangers that would accompany a loss are quite high.

**T**he core of the president's gamble is that a renewal of full-bore economic sanctions on Iran will be enough to compel its leaders back to the table to renegotiate the nuclear deal completed during President Barack Obama's term. In fact, Mr. Trump flatly predicted Iran's leaders will do exactly that.

Alternatively, his calculation appears to be that a resumption of full-bore American pressure will so disrupt a weak Iranian economy—reeling from rising prices, a falling currency and a long drought—that the result will be growing dissatisfaction and internal unrest that threatens the very survival of the regime.

Mr. Trump didn't say he wants his move to bring regime change in Tehran, but with his references to the "murderous" government



The Bushehr nuclear plant in southern Iran. The country still possesses hundreds of centrifuges.

and his declaration that "the future of Iran belongs to its people," he walked to the edge of calling for it. The risk, though, is that the Iranian people instead rally around their government now that it faces a renewed threat from America.

The further gamble is that U.S. allies in France, Britain and Germany, who have pleaded for a different course from the president, will cooperate in new economic sanctions rather than rebel and move out to construct a new relationship of their own with Iran. Such European defiance could undercut the pressure Mr. Trump is trying to create and ultimately isolate the U.S. rather than Iran.

**T**he president's pledge to impose sanctions on any nation that helps Iran targets America's allies as much as the regime in Tehran, and could produce a sanctions fight not just with Iran, but also with allies.

In addition, Mr. Trump is taking a chance that Iran won't simply respond by resuming full-bore nuclear activity, turning back on the

hundreds of centrifuges it still possesses to produce the enriched uranium that the West fears would put it on the path toward nuclear-weapons capability. European leaders are urging the Iranians to react calmly, but hard-liners in Tehran may instead revive actions they never wanted to halt.

Mr. Trump is further betting that North Korean leader Kim Jong Un, with

*European defiance could ultimately isolate the U.S. rather than Iran.*

whom he meets in a matter of weeks, will take away from his announcement the lesson the president wants—which is that an Iran-style deal that slows rather than eliminates Pyongyang's nuclear program won't be deemed sufficient. The risk is that North Korea will take away an alternative lesson, which is that the U.S. can't

be counted on to live up to deals its leaders make.

**A**bove all, Mr. Trump's decision represents a gamble that the heightened tensions with Iran that now are at hand won't escalate into conflict—with the U.S., Israel or Saudi Arabia.

Finally, Mr. Trump is gambling that his tough line on Iran will convince others in the region that the U.S. will remain adamant and unyielding in its insistence that Iran won't ever be allowed to possess nuclear weapons. The president said that will help ensure that others in the region don't set out to acquire nuclear weapons of their own, and seek to beat Iran to the punch as they do so.

The risk there, of course, is that the reverse could happen. Iran could now respond with a burst of new nuclear activity, says Richard Haass, president of the Council on Foreign Relations, prompting Saudi Arabia and potentially others to break away from the global Nuclear Nonproliferation Treaty and begin their own march toward nuclear arms.

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## WORLD WATCH

CHINA

**Exports Rebound As U.S. Tariffs Loom**

Exports rebounded in April, as companies rushed to make shipments ahead of expected tariffs brought on by trade tensions with the U.S.

Exports jumped 12.9% from a year earlier, after falling 2.7% in March, the General Administration of Customs said. Imports surged 21.5% from a year earlier, compared with a 14.4% increase in March. Exports and imports beat economists' expectations.

Trade negotiations between the U.S. and China haven't yielded meaningful progress, raising the prospect both countries will put tariffs on tens of billions of dollars of the other's exports.

The U.S. has threatened to impose tariffs on as much as \$150 billion in imports from China; Beijing has vowed to retaliate.

—*Liyan Qi and Grace Zhu*

AUSTRALIA

**Ruling Conservatives Propose Tax Cuts**

The conservative government proposed tax cuts in its annual budget as it seeks to win back voters ahead of potential early elections.

Prime Minister Malcolm Turnbull's ruling center-right coalition has trailed the center-left Labor opposition in public-opinion polls for more than a year. He is bet-

ting his U.S.-style tax-cut plan will accelerate growth, rekindling support and helping heal party divisions that threaten his leadership.

The government outlined a seven-year plan to deliver income-tax cuts, starting with low- and middle-income earners. Slow wage growth is eating into Mr. Turnbull's popularity.

The government also hopes to cut the corporate rate to 25% from 30% by next decade.

—*Rob Taylor and James Glynn*

CANADA

**Housing Starts Declined in April**

Canadian housing starts fell in April, the fourth monthly decline in five months, on declines in construction for both single-detached homes and multunit dwellings.

Housing starts for April came in at a seasonally adjusted annualized rate of 214,379 units, compared with 225,459 units in March, Canada Mortgage & Housing Corp. said Tuesday. Market expectations were for annualized starts to reach 220,000.

Housing-starts activity "is likely to cool over the remainder of the year, with homebuilders' costs rising and the housing market no longer running at such a torrid pace," said economists at CBC World Markets.

April's result marks the sixteenth time in 17 months housing have exceeded 200,000 at a seasonally adjusted annualized rate.

—*Paul Vieira*

## DISNEY

*Continued from Page One*

Comcast would be more motivated to pursue a hostile bid for the Fox assets if AT&T Inc.'s proposed acquisition of Time Warner Inc. survives a government antitrust suit, the people close to the situation say. That's because both deals would be "vertical" transactions that marry content and distribution.

Still, there is no guarantee that a favorable outcome for AT&T-Time Warner would lead antitrust enforcers to bless a Comcast-Fox tie-up, as there are some important differences between the deals. Comcast owns a major group of media networks through its NBCUniversal unit, unlike AT&T. And Comcast and Fox are both major owners of regional sports networks, so the cable company might have to divest itself of some of those assets to complete a deal.

If a bidding war were to kick off, Disney may need to increase its offer or present a mix of cash and stock. The company should have no problem raising the debt needed in such a scenario, said Robin Diedrich, an analyst at Edward Jones.

Though both companies have strong credit ratings, Disney's balance sheet "is in a stronger position to do that" than Comcast's, she said.

Disney's second-quarter earnings significantly beat Wall Street expectations and showed strong growth in the movie studio and parks divisions. Net income rose 23% to \$2.94 billion. The hit performance of "Black Panther" and an uptick in business at Disney's parks and resorts drove overall revenue up 9% to \$14.5 billion.

Disney's results were released after the market closed. The stock fell slightly to \$101.19 in after-hours trading.

The earnings came about one month after the rollout of ESPN Plus, a direct-to-consumer sports programming service that the company hopes will help reverse a continuing decline in traditional ESPN subscribers. A second streaming service, focusing on Disney's entertainment brands like Marvel Studios, will premiere in late 2019.



Disney's parks and resorts, such as Shanghai Disney Resort's Toy Story Land, helped lift earnings.

**Possible New Roles For Two Murdochs**

James Murdoch, the 21st Century Fox chief, plans to strike out on his own if Fox's pending deal to sell much of the company to Walt Disney Co. closes, and Lachlan Murdoch is expected to become CEO of the remaining so-called New Fox, according to people familiar with the matter.

Lachlan Murdoch, James's older brother, would oversee the assets Fox isn't selling—including the Fox broadcast network, Fox News cable channel and Fox Sports 1.

James Murdoch would most likely start a venture-capital

fund to invest in digital and international media businesses, the people said.

After Disney last December announced an agreement to purchase the bulk of Fox for \$52.4 billion, people close to the deal said James Murdoch could wind up taking a senior position at Disney.

On an earnings call in December, CEO Robert Iger said that James Murdoch would help integrate the companies "and during that period of time, he and I will continue to discuss whether there is a role for him here or not." Inside Disney, a role for him was always seen as uncertain, according to people familiar with the matter.

In recent weeks James Murdoch has begun to tell associ-

ates that he isn't going to Disney, according to people familiar with the matter. A Disney spokeswoman couldn't immediately be reached to comment.

The decision to sell marked the end of an era for 21st Century Fox Executive Chairman Rupert Murdoch and his family, who have a 39% voting interest in Fox.

The takeover drama may not be over. Cable giant Comcast Corp. is making preparations to potentially pursue a hostile, all-cash bid, people familiar with the matter say.

Lachlan Murdoch serves as executive co-chairman of 21st Century Fox. He is also executive co-chairman of Wall Street Journal-parent News Corp.

—*Keach Hagey and Joe Flint*

releases and new content."

If the Fox deal were to go through, Disney would become the majority owner of the Hulu streaming service and plans to produce more original programming for the service, he added.

Disney's strong quarter was primarily driven by two divisions: studio entertainment and parks and resorts.

Studio-entertainment revenue rose 21% to \$2.5 billion, reflecting the company's unprecedented, record-breaking roll at the box office. The company has nine of the top 10 biggest domestic box-office openings of all time—all of which have been released in the past six years.

—*Maria Armental and Joe Flint contributed to this article.*

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# GREATER NEW YORK

## Jockeying to Replace the AG Has Begun

An array of New York Democrats throw their hats in the ring to succeed Schneiderman

By MIKE VILENSKY

Eric Schneiderman's resignation as New York attorney general set off quick jockeying on Tuesday for his job—one of the most powerful positions in the state, and a role that wasn't expected to change hands this year.

The process for replacing the two-term attorney general, who had been expected to win reelection in November, got off to a chaotic start: An array of New York Democrats threw their hats in the ring and lawmakers competed to influence the process. The person who is named by the state Legislature as a replacement would have to run in November to keep the post.

Mr. Schneiderman, a Demo-

crat, resigned hours after the New Yorker magazine published an article in which four women accused the 63-year-old of physically assaulting them. Mr. Schneiderman said in a statement that he never engaged in nonconsensual sex.

"This week should be an important reminder of why we need more women in leadership positions," said Assemblywoman Nily Rozic, a Queens Democrat.

Under state law, the New York solicitor general, Barbara Underwood, will serve as the acting attorney general until the Legislature chooses a replacement. Ms. Underwood, 73, is New York's first female attorney general. She has been solicitor general since January 2007.

A Georgetown University Law School graduate, she previously worked as an assistant prosecutor for the Brooklyn U.S. attorney's office and a trial attorney for the Manhattan district attorney's office,



New York Solicitor General  
Barbara Underwood to step in.

arguing 20 cases before the U.S. Supreme Court, according to the attorney general's office.

"I am honored to serve the people of New York as acting Attorney General," Ms. Underwood said in a statement. She said the office's work "continues without interruption."

Gov. Andrew Cuomo is pushing New York City Public

Advocate Letitia James for attorney general, among other contenders, according to people close to the governor. On Tuesday, Mr. Cuomo said "a qualified woman would be great, especially in this time."

Another name that has become a frequent mention in political circles in the hours since Mr. Schneiderman said he would exit: Preet Bharara, the former Manhattan U.S. attorney who prosecuted some of Albany's biggest public-corruption cases in recent years.

New York City Mayor Bill de Blasio said the allegations in the New Yorker article were "horrifying," but declined to name his preferred candidate.

In Albany, legislators were reviewing the logistical rules as they prepare to vote on Mr. Schneiderman's successor.

Republicans control the state Senate, while Democrats run the Assembly. The Assembly Democratic caucus holds the cards in a joint legislative

vote because they have by far the most members of any legislative group.

Assembly Speaker Carl Heastie, a Bronx Democrat, has said little so far, telling reporters in Albany Tuesday that he plans to take up the issue soon.

Ms. James, a Democrat who won re-election as public advocate last year, is among the candidates under discussion by Democratic lawmakers, according to people involved in the talks. She declined Tuesday to say if she wanted the job.

Other Democrats have expressed interest, both as the legislative pick or in running their own campaigns. Among them are U.S. Rep. Kathleen Rice, the former Nassau County district attorney, Queens Sen. Michael Gianaris, and former gubernatorial candidate Zephyr Teachout.

On the Republican side, lawyer Manny Alicandro is running for the nomination.

—Erica Orden contributed to this article.

### Early Exits

Some New York politicians who were forced out before the end of their term

**Eliot Spitzer**, former governor, resigned in 2008 after reports surfaced that he had hired a prostitute.

**Anthony Weiner**, former U.S. congressman, resigned in June 2011 after lewd online exchanges became public.

**Sheldon Silver**, former state assembly speaker, stepped down in 2015 after his arrest on federal corruption charges.

**Dean Skelos**, former state Senate majority leader, resigned in 2015 after he was arrested on federal corruption charges.

**Michael Grimm**, former U.S. congressman, stepped down in 2015 after pleading guilty to a tax-evasion charge.



Nassau County District Attorney Madeline Singas was named as a special prosecutor to investigate the former ex-attorney general.

## Schneiderman Faces Investigations

By CORINNE RAMEY  
AND MIKE VILENSKY

New York Gov. Andrew Cuomo on Tuesday appointed Nassau County's district attorney as a special prosecutor to investigate assault allegations against former state Attorney General Eric Schneiderman.

In a letter Tuesday evening, Mr. Cuomo said Nassau County District Attorney Madeline Singas would have the power to investigate and, if warranted, prosecute Mr. Schneiderman. Mr. Schneiderman resigned Monday night after the New Yorker magazine reported that four women

had accused him of physically assaulting them. Mr. Schneiderman denied the allegations but said he couldn't continue to serve.

"News of former Attorney General Eric Schneiderman's alleged improprieties as the State's chief legal officer are grossly disturbing and must be fully investigated," Mr. Cuomo, a Democrat, wrote in a letter to Ms. Singas and Barbara Underwood, who is serving as acting attorney general.

Ms. Singas said that her office would vigorously investigate the allegations. Earlier on Tuesday, a spokeswoman for Suffolk

County District Attorney Tim Sini said the office had begun an investigation. Late Monday, a spokesman for Manhattan District Attorney Cyrus Vance Jr. said that office had also opened an investigation.

A spokesman for Mr. Schneiderman declined to comment Tuesday on the criminal probes.

Mr. Cuomo's letter said that Ms. Singas would work with Mr. Sini regarding an incident that allegedly occurred in the Hamptons. It said Ms. Singas's investigation would replace that of Mr. Vance's office due to "at a minimum, an appearance of a conflict of interest."

The governor in March directed Mr. Schneiderman to investigate the Manhattan district attorney's handling of a 2015 sexual-assault allegation against former Hollywood producer Harvey Weinstein. Mr. Weinstein, who has denied the allegation, didn't face charges.

On Tuesday, in response to Ms. Singas's appointment, Mr. Vance sent a letter to Mr. Cuomo saying that "the only potential conflict here is one of your creation."

New York City Mayor Bill de Blasio, a Democrat, said Tuesday that Mr. Schneiderman should face charges for his alleged actions.

## Inside the Special Victims Unit: Victims Tell Their Stories

By Zolan Kanno-Youngs / Photography by Caitlin Ochs  
for The Wall Street Journal

In October, Alison Turkos reported to the New York Police Department that she had been raped on her way home from a bar in the Crown Heights neighborhood of Brooklyn. In the seven months since, she says she has struggled to get response from a Special Victims Division detective.

"I can't get my detective to answer my email or return my calls," Ms. Turkos told a panel of police officials and advocates in Brooklyn last month. "How can you tell us to report when we can't get you to do your jobs?"

In response, **NYPD** Deputy Inspector Paul Saraceno told Ms. Turkos to meet with him. "None of us are coming up here to tell you a fantasy story that this is a perfect thing," he said.

The discussion came after New York City's Department of Investigation in March found that the Special Victims Division is "severely understaffed," despite numerous requests for additional personnel by Deputy Chief Michael Osgood, who oversees the division, and recommendations from a working group formed by the NYPD in 2010 to address issues in the unit.

That group found that some officers treat victims in an "insensitive manner" and are "overly confrontational."

Some officers refused to take reports from victims, the group said.

NYPD officials said they disagree with findings in the Department of Investigation report and that DOI staff didn't speak to key members of the top brass.

Police officials have maintained that they support victims of sex crimes and have pledged to investigate every allegation.

Victims say their experiences reporting to the division highlight the problems identified in the reports. Desdemona Meck, a 30-year-old Brooklyn resident, testified before the City Council earlier this year that when she reported in 2010 that two men attempted to rape her, a detective told her she would have to learn to be smarter in New York City.

Katie Murrell, 25, of Brooklyn, told The Wall Street Journal that a detective's questions in 2012 in regard to what she was wearing and how much she drank on the night of her alleged rape made her feel as if it was her fault.

The NYPD declined to comment on the accounts. Commissioner James O'Neill said last month he disagreed with some of the findings in the DOI report and that the department will issue a response.



Alison Turkos, above, says she struggled to get response from the NYPD Special Victims Division in the months after she reported a rape. Katie Murrell, below, says a detective asked her what she was wearing and how much she drank the night of her alleged rape.

He also said newly promoted Chief of Detectives Dermot Shea will do a "top-to-bottom" review of the Special Victims Division.

The report and its fallout are happening amid the #MeToo movement, in which more victims of sex crimes are being encouraged to report to the police. NYPD officials attributed the 32% increase in rape reports so far this year compared with the same period last year to the social movement and recent changes to their investigative methods.

An uptick in cases over the years hasn't been matched by a growth in manpower at NYPD, according to the DOI.

The unit investigating adult sex crimes had 74 detectives at the end of 2017, two more than those assigned in 2009, despite handling 5,661 cases—a 65% increase since 2009, according to the DOI report.

NYPD Assistant Commissioner J. Peter Donald said there are currently 238 investigators in the Special Victims Division, an increase from 149

Please see NYPD page A8B



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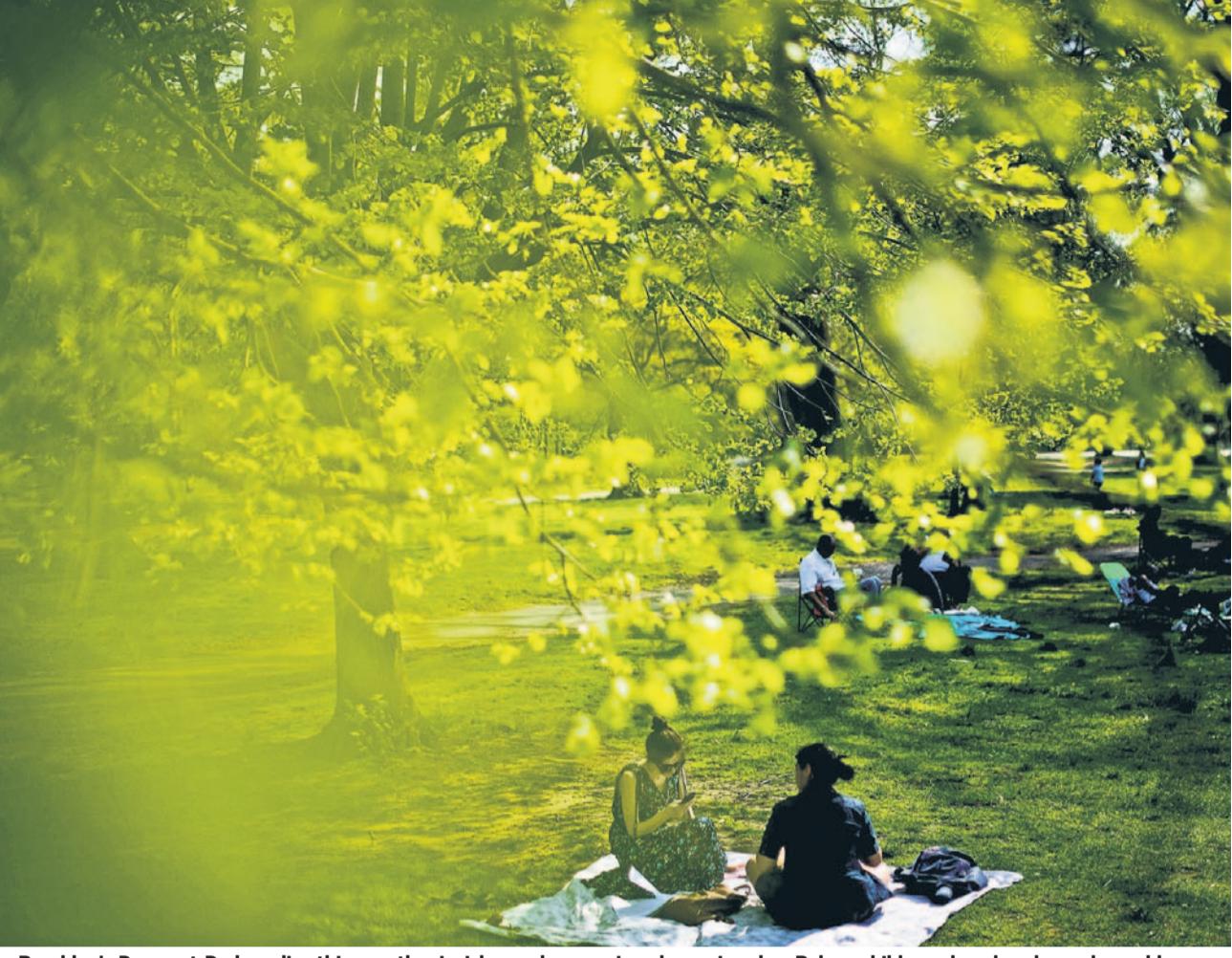
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## GREATER NEW YORK

## New York City Is Sporting Its Blooming Best



In Brooklyn's Prospect Park earlier this month, picnickers, above, enjoyed a spring day. Below, children played under a cherry blossom tree in Maria Hernandez Park in the Bushwick section of Brooklyn. And a tree sprouted new buds along Brooklyn Bridge Boulevard.



Spring is in full bloom, and New Yorkers are enjoying that ever so brief window between navigating ice-slicked sidewalks and sweltering subways.

Blooms flock parks with

splashes of color and trees and bushes show off their fresh leaves. The new leaves typically are red or yellow, as the xanthophyll (yellow) outweighs the chlorophyll (green), explains

Dennis Stevenson, vice president and Cullman Curator at the New York Botanical Garden.

"I suppose it's like an artist's palette, just how much red or purple is in there," Dr. Stevenson

says.

Before too long, the leaves will get the maximum amount of chlorophyll and make that deep green shade that lasts until Autumn.

## NYPD

*Continued from page A8A* in 2010. He declined to say how many investigators in the unit specifically work on adult sex crimes.

Michael Bock, who retired from Special Victims last year as a sergeant, said in an interview that most detectives, handling more than two dozen cases at a time, are too swamped to conduct interviews in a way that makes victims feel comfortable.

About half of the patients at the nonprofit Crime Victims Treatment Center—which helps rape and sexual assault victims—who report to the police have "experienced dismissiveness or lack of communication," Christopher Bromson, the center's executive director, said in an interview.

Ms. Murrell said this was evident in both of her experiences reporting rapes to the Special Victims Division in Brooklyn in 2012.

It was during her first encounter with the division that Ms. Murrell said Sgt. Victor Paribello asked about her outfit at the time of her alleged rape and how much she drank.

Later that year, after she decided to report a separate rape involving a co-worker, she found herself again in an interview with Sgt. Paribello.

She told him she wanted to report the crime but didn't want to pursue charges. She said she signed two documents saying such. Sgt. Paribello, she said, then held them in front of her and said, "Katie, you're a beautiful girl, make better decisions."

Sgt. Paribello didn't return requests for comment. An NYPD spokesman declined to comment on his behalf.

In the spring of 2015, a 41-year-old woman reported to the police that she was drugged and raped by a former colleague after meeting him for a drink at a Brooklyn bar, she told the Journal. The woman said a manager at the bar told her that he would be happy to provide video from that night if she had a police report.

When she went to the 88th precinct to file a report, she said, she was met with resistance.

"If you were drugged, why do you remember so much?" she said one officer asked. They also asked why she waited weeks before reporting, she recalled.

"They made me feel like everything I did was wrong," she said.

When she told the officers that she regained consciousness in a hotel in the Meatpacking District, the officers told her it was a case for Manhattan, she said.

After calling their colleagues in Manhattan, they told her "there's nothing here." She left without filing the report. The NYPD declined to comment.

Ms. Turkos, 30, said that after reporting a rape last year, she had to wait long stretches—sometimes weeks—to hear back from the detective assigned to her case, Maria Quinones.



Desdemona Meck says the NYPD treated her poorly when she reported an attempted rape in 2010.

In one of her few appointments with the detective, Ms. Turkos said she arrived at the Brooklyn police station and had to wait more than two hours for the detective.

Detective Quinones referred questions to an NYPD spokesman, who declined to comment on her behalf.

Ms. Turkos last week filed a complaint against the detective with Deputy Inspector Saraceno.

Ms. Turkos said she was shocked to hear from her newly assigned detective that the police changed the status of her case to "inactive," pending information from the medical examiner, without telling her.

The detective told Ms. Turkos he plans to reopen the case and continue working, according to Ms. Turkos.

# OUT TODAY

# alexia

FREE INSIDE THE NEW YORK POST

MOTHER'S DAY SPECIAL

**ANNA FARIS PAINTS THE TOWN**

GETTY IMAGES FOR NYCWFF



Gabrielle Hamilton, left, opened Prune, which serves bistro-style fare, in the East Village in 1999.

## Manhattan Chef Wins a Top James Beard Award

BY CHARLES PASSY

Gabrielle Hamilton, owner of Prune restaurant in Manhattan's East Village, was named the country's Outstanding Chef at the James Beard Foundation Awards, held in Chicago on Monday night.

Ms. Hamilton bested competitors from New Orleans, North Carolina and California in winning the award, which recognizes a chef "whose career has

set national industry standards."

The Beard Awards are widely considered the Oscars of the food world.

Ms. Hamilton opened Prune in 1999. The restaurant specializes in bistro-style fare and is known for its straightforward approach. A noteworthy menu item from Prune's past featured Triscuit crackers with sardines.

In accepting her award, she spoke of the challenges of running a successful restaurant, but

added: "It's been the greatest, greatest party. I love this work."

Other New York chefs and dining spots were nominated for Beard awards, but didn't win. Among them is Zachary Golper of Brooklyn's Bien Cuit bakery and the Soho brasserie Balthazar, which was vying for Outstanding Restaurant.

Missy Robbins of Brooklyn's Lilia restaurant was named New York City's best chef, a Beard regional category.

## GREATER NEW YORK WATCH

## CONNECTICUT

**Sandy Hook Parents' Lawsuit Is Dismissed**

A judge has cited government immunity in dismissing a lawsuit by the parents of two children killed in the 2012 Newtown school massacre against the town and its school district over alleged inadequate security measures.

Superior Court Judge Robin Wilson, in a decision released Tuesday, granted the town's request to dismiss the lawsuit, agreeing school officials were immune from being sued and the security procedures in place were discretionary.

The shooting killed 20 first-

graders and six educators at Sandy Hook Elementary School on Dec. 14, 2012. Gunman Adam Lanza, 20 years old, fatally shot his mother before going to the school, where he killed himself.

The parents of two first-graders killed in the shooting, Jesse Lewis and Noah Pozner, sued the town on several claims. Their lawyer, Donald Papcsy, said they would appeal the ruling.

—Associated Press

## NEW YORK CITY

**Potter's Field Island Could Become Park**

A City Council member is reviving legislation that would turn

an island where a million people are buried into a park.

Hart Island is off the coast of the Bronx and has served as a burial ground for New York's poor and nameless for more than a century. It is maintained by the city's Department of Correction and prisoners bury the dead. Families couldn't visit the gravesites of loved ones until a 2015 lawsuit.

Council member Ydanis Rodriguez said he would revive legislation Wednesday that would put Hart Island under the parks department, which would maintain the island as a public park where people can access the gravesites.

—Associated Press

# LIFE & ARTS

## FAMILY LIFE

## Overloaded Parents Try Mini-Dates

A carefree hour out on a weekday afternoon for time together can help relieve the stress of work and family schedules

BY ALINA DIZIK

**WHEN KAREN HALEY** sidles up to the bar near her husband, she asks for the bill right away and does a mental check of the time. There's no room for endless banter, dessert or even a bathroom break. They need to go their separate ways—one to day care and preschool, and the other to elementary school—for the 6 p.m. pickup of their three young children.

"We have time for a beer and 30 minutes of conversation," says Ms. Haley, 39, an Indianapolis nonprofit executive. "It's kind of a ticking clock."

Mini-dates are the more practical cousin of a Saturday night out. But with some creative scheduling, the quick meetup helps parents make the most of a sitter or after-school activities without needing to pay extra for date night. Most of these dates last an hour or less, go very light on the booze and are simple enough to tack on to a full workday. Flexible work schedules and restaurants opening earlier have made it simpler to try out this type of postwork happy-hour alternative, parents say.

"We don't do date nights anymore," says Heidi Hageman, 38, owner of a public-relations firm in Chicago. "All we need is a cocktail and a quick bite."

For Ms. Hageman and Tre Peckat, a typical mini-date includes a drink and easy-to-eat tacos near their home. Without family nearby, they feel lucky to have an au pair who can work until 5:30 or 6 so they can fit in time alone. They spend most weekends dining out with their baby or cooking at home. Since having their son 9 months ago, they have worked on coming up with a name for the meetups they've planned sporadically each month: "We might [call them] a quickie, but obviously in a very PG way," Ms. Hageman says.

In some instances, tiny doses of conversation can help avoid conflict. Having an hour-long date leaves less time to discuss mundane matters of the home or child-rearing, says Colin Freund, a biotech executive in Hoboken, N.J. He goes on monthly dates with his wife, Jennifer Hill. "When we go out for a big date, conversation turns to administrative things," Mr. Freund says. During a mini-date, "the conversation turns a little more spontaneous."

On days they are both in town, Ms. Hill, who frequently commutes to Milwaukee, and Mr. Freund, who commutes to Amsterdam, end their day early to fit in a mini-date. They schedule dates midday via text or work from the same office space, so it's easier to connect at day's end. For Ms. Hill, the best perk of going to a nearby bar is making it back before the bedtime and bathing routine for their son, 3, and daughter, 5. "There's no guilt," she says.

Brief meetups also allow parents of multiple older children to dip back into dating after years

away. "We are trying to steal these little moments whenever we can," says Steve Cook, a restaurant business executive with four children, ages 5 to 10. "We didn't really leave the house, but now we are starting to get out a little more."

Mr. Cook meets his wife, Shira Rudavsky, for a post-lunch date at 2 p.m., when Ms. Rudavsky is finished teaching preschool nearby. The hourlong midday meetup allows for a break when they are not yet worn out. "Getting out in the middle of the day when the sun is out is more conducive for us," says Mr. Cook, who lives in Philadelphia.

Squeezing in a mini-date can be especially beneficial for new parents, says Emily Cook, a family and marriage therapist in Bethesda, Md. (She isn't related to Mr. Cook.) Going straight from work helps parents stay in adult mode and not deal with switching gears into being a parent before going out. "It helps parents to talk about grown-up things and not have to switch hats before the date," Dr. Cook says.

At least one parent needs to stick to a one-cocktail rule during what can feel like "a 40-yard-dash," says Taylor Travaglione, a New York-based real-estate agent and a father of a 1½-year-old daughter.

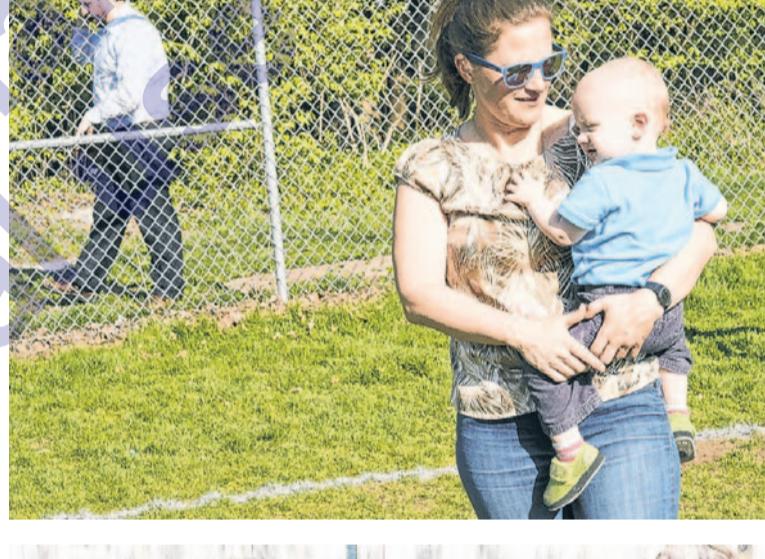
"If one person between the two decides to go through the three or four drinks, then it's the other who is taking responsibility for that evening," says Mr. Travaglione who meets his wife, Natalie, for a mini-date once a week.

Some restaurateurs, looking to fill the early-bird dinner slot, are figuring out how to cater to couples interested in a quick stop. Pat O'Malley, co-owner of the Hungry Pigeon in Philadelphia, where Mr. Cook and Ms. Rudavsky visit, says he's added what he calls an after-school menu to bridge the gap between lunch and dinner service.

At the Open Society Public House, a stopover for the Haleys in the Meridian-Kessler neighborhood of Indianapolis, owner Brian Baker has bumped up the call times for servers to smooth out service between 3 and 6 p.m.



Karen and Tim Haley meet up for a beer at MashCraft on Delaware in Indianapolis, above. Ms. Haley holds their son, Vaughn, after their meetup.



Shira Rudavsky and Steve Cook, above, and Tre Peckat and Heidi Hageman, right, schedule regular workday mini-dates.



## FILM

## 'FAHRENHEIT 451' REIMAGINED FOR THE DIGITAL ERA

Michael B. Jordan stars as Montag, a fireman, in 'Fahrenheit 451.'



BY CARYN JAMES

**TECHNOLOGY HAS** caught up with much of Ray Bradbury's 1953 novel "Fahrenheit 451," in which the government burns all books to homogenize thought. The author foresaw people communicating through interactive screens and wearing "seashells," which we now call earbuds.

"What Bradbury didn't know about was the internet," says director Ramin Bahrani. That difference gave Mr. Bahrani the contemporary slant of his film, coming May 19 on HBO, which reimagines Bradbury's mind-controlled dystopia for the digital era.

"If I come to your home now and burn all your books, you would just chuckle and pull out a tablet and re-download them," Mr. Bahrani says. "But let's say Google and Facebook were to control all information. That becomes frightening in a different way."

Books are still burned in his film, which retains the core plot of

the novel, familiar to some from François Truffaut's 1966 movie and to many more from high-school reading lists. Michael B. Jordan plays Montag, the fireman who now burns computers and hard drives as well as books on paper.

Mr. Jordan, the star of "Black Panther" as well as "Creed" and its coming sequel, hesitated before taking the role. "With the cultural climate and being a black male, playing characters that represent so much to my community, playing an oppressor at first glance wasn't sitting right with me," he says. After discussions with the director, he came to value the character's trajectory, as Montag begins to question the morality of his job.

During preproduction, Mr. Bahrani, who is known for small independent films including "99 Homes," noticed that members of his design team "were struggling to make the future. What were the cars going to look like?" He sent out a memo with a reminder: "The movie is not about the future. The

Please see FAHRENHEIT page A10

## LIFE &amp; ARTS

MYRIDE | By A.J. Baime

# The Ferrari a Family Found Twice

**Bob Boniface, 52, director of exterior design at General Motors' Buick division, from Bloomfield Hills, Mich., on his 1962 Ferrari 250 GTE, as told to A.J. Baime.**

My father, Raymond, was a physician, and when I was growing up, he owned some Ferraris. In 1973, he bought the one pictured here for \$3,800 to use as his daily driver. These were not expensive cars at the time.

We knew from the registration card that this Ferrari's original owner had been British actor Peter Sellers. We later learned that the vehicle had been delivered to Mr. Sellers while he was on the set of the 1963 movie "The Wrong Arm of the Law." The car appears in that movie. (It was white at the time.)

The 250 GTE was the first four-seat Ferrari ever produced in any volume. Enzo Ferrari launched his car company in the late 1940s and he sold a small number of street cars to wealthy clientele to fund his racing program. By the 1960s, he had become the most successful race-car builder in the world. Our 250 GTE was a window into Enzo Ferrari's work during his heyday.

In 1975, my father sold the car for \$4,800. He had owned it for two years and made a thousand dollars. He laughed all the way to the bank.

Four years ago, my father found the original owners' manual in his library. It had the registration card with Peter Sellers's signature on it. He called me and said, "You're connected in the car world. You should find that old Ferrari so we can give the owner this manual, as it is an important piece of history."

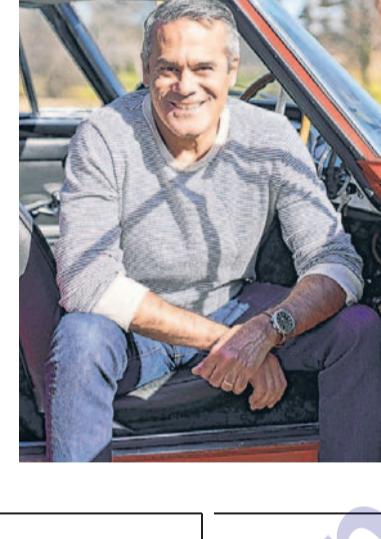
I looked for the car for three years. Last year, I posted a message on a Ferrari website and I received a private message back say-



ing, "I bought the car from your father over 40 years ago and I still have it. I restored it. I am thinking of selling, if you're interested." The guy remembered meeting me when I was a boy.

We struck a deal. It was not cheap, but the owner wanted the car to go to someone who appreciated its history, so he sold it for under market value. In April 2017, I got the car to my house. My father, now 93, came over. I said, "The last time we were in this car together, you drove. Now it's my turn." We went for a drive. He was over the moon, and so was I.

Contact A.J. Baime at [Facebook.com/ajbaime](https://Facebook.com/ajbaime).



**Bob Boniface, left, of Bloomfield Hills, Mich., with his 1962 Ferrari 250 GTE. The car was originally owned by British actor Peter Sellers.**



JASON KEEN FOR THE WALL STREET JOURNAL

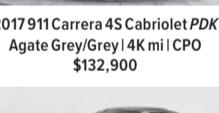
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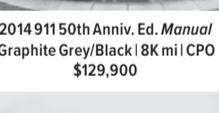
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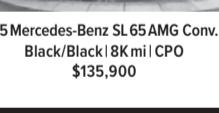
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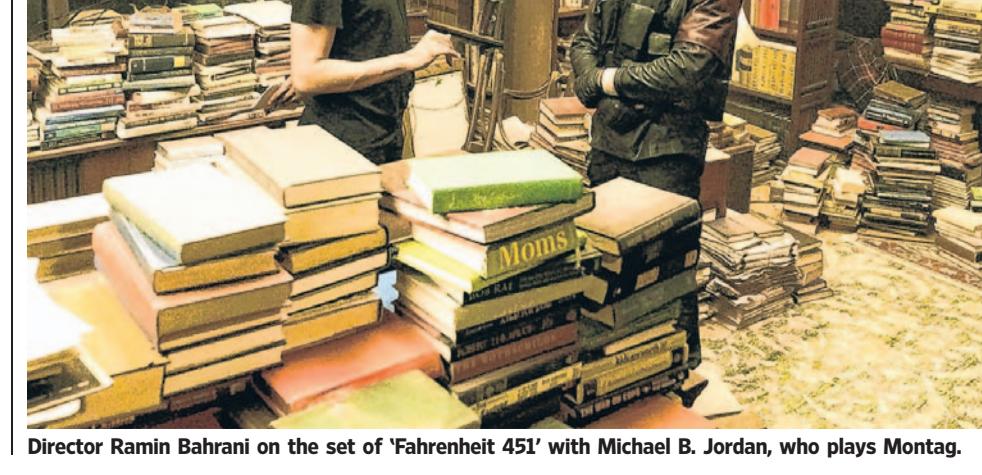
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Director Ramin Bahrani on the set of 'Fahrenheit 451' with Michael B. Jordan, who plays Montag.

FROM TOP: EVERETT COLLECTION; HBO (2)

## LIFE &amp; ARTS



TONY BARTHOLOMEW (2)

THEATER REVIEW | By Terry Teachout

## Dark Comedy of Manors

New York

**ALAN AYCKBOURN'S** 81st full-length play recently opened off Broadway. His 82nd full-length play will open in England in September. Given that he is 79 years old and shows no signs of slowing down, I assume that he has at least another dozen or so in him—and that they'll all be good. Not only has no other English-speaking playwright turned out more good plays, but a significant percentage of them are first-rate. Time was when Mr. Ayckbourn was casually dismissed on this side of the Atlantic as the English Neil Simon, but in recent years he's come to be more properly regarded as the English Chekhov, a master of sad comedies that shine bright lights into the dark recesses of the middle-class soul.

Scarborough's Stephen Joseph Theatre, which Mr. Ayckbourn ran from 1972 to 2009 and where he continues to stage his own work, remounts one or two of his productions every couple of seasons as part of 59E59 Theatres' annual "Brits Off Broadway" festival. This time it's Play No. 81, "A Brief History of Women," in which he uses the seemingly dull life of a fellow who started out as a footman and ended up as a hotelier as a lens

through which we view the changing place of women in 20th-century English society.

As usual with Mr. Ayckbourn, "A Brief History of Women" arises from an ingenious structural premise: All four scenes take place on the ground floor of the same coun-

try house at 20-year intervals, the first in 1925 and the last in 1985. In the first scene, Anthony Spates (played by Antony Eden), the only character who appears throughout the play, is a part-time servant to the owners of Kirkbridge Manor, an aristocratic couple who are on

the outs. In 1945 the manor has been turned into a prep school where Anthony teaches, contriving to get himself fired for engaging in hanky-panky with a colleague. By 1965 it's become an arts center that he runs—not very well, one gathers, though he does find a



Frances Marshall, Laurence Pears, Antony Eden, Laura Matthews and Louise Shuttleworth, left, and Ms. Marshall, Mr. Eden and Ms. Shuttleworth, below, in Alan Ayckbourn's 'A Brief History of Women'

wife there—and in the last part, the great house has been done over as a hotel of which Anthony is the part-time manager and where he meets a 97-year-old guest who once upon a time was the unhappy lady of Kirkbridge Manor.

Such is the stuff miniseries are made of, but Mr. Ayckbourn doesn't think that way. Instead, he compresses each "episode" of his complex plot into a single scene that plays out in something close to real time, thereby intensifying its emotional impact. A few of the plot lines are explicitly farce-flavored, but shadows of melancholy are rarely far from view, and the elegiac reunion scene that ends the play contains a brief speech so charged with the truth of a lifetime's experience that it took my breath away: "Houses. They never forget you. They always remember you."

Mr. Eden grapples successfully with an unusual acting challenge, which is that Anthony is more a person to whom things happen than one who makes them happen himself. We sympathize with him as he struggles to make sense of his little life, but it is the 19 other characters with whom he interacts throughout the 60-year span of "A Brief History of Women" who mainly hold our attention. These latter roles are divvied up among Russell Dixon (who has the funniest roles and makes the most of them), Frances Marshall, Laura Matthews, Laurence Pears and Louise Shuttleworth, all of whom shift from part to part with a magician's skill. Mr. Ayckbourn's direction, as always, is understated and discreetly effective: "A Brief History of Women" is an extremely tricky play to stage, but you'd never guess it from watching this production.

Having reviewed 20 of Mr. Ayckbourn's plays in this space since 2005, I'm inclined on first viewing to think that "A Brief History of Women," while beautifully wrought and unexpectedly poignant, isn't quite as memorable as, say, "Absurd Person Singular," "The Norman Conquests," "Private Fears in Public Places" or "Time of My Life," all of which I rank among the very best English plays of the postwar era. On the other hand, I brought a guest who had never seen any of Mr. Ayckbourn's plays, and she found it enthralling—as, I hasten to add, did I. Either way, I commend "A Brief History of Women" to your attention: It's by turns madly funny and touching enough to draw tears.

**A Brief History of Women**  
59E59 Theaters, 59 E. 59th St., (\$70), 212-279-4200, closes May 27

*Mr. Teachout, the Journal's drama critic, is the author, most recently, of "Billy and Me." Write to him at [tteachout@wsj.com](mailto:tteachout@wsj.com)*

FILM REVIEW | By Joe Morgenstern

## A SUMPTUOUS DRAMATIC HARVEST

**PERIOD FILMS** work hard to draw us into their vanished worlds—authentic costumes and props, locations free of cellphone towers or jet trails. In "The Guardians," an uncommonly beautiful drama by Xavier Beauvois, work itself is a strong part of the fascination.

The story unfolds at a measured pace in France, during World War I, on a family farm where women are the guardians of the land and its traditions, while men are being slaughtered in insane, incessant conflict. (A few soldiers come back briefly on leave.) What these women do and how they do it—breaking the soil with horse-drawn wooden plows, cutting and baling wheat with sickles, scythes and weathered hands—is photographed by Caroline Champetier as a series of vignettes that might have been created by a gifted painter centuries before. That's not the whole story, though. The radiant center of the film, in French with English subtitles, is a young woman named Francine, who is played by Iris Bry in a debut performance of remarkable purity.

From her first moments on screen, Ms. Bry gives her character a sense of purpose. An orphan with quietly fierce determination,

red hair and a forward-looking face—it isn't the set of her chin but the gleam in her eyes—she is only a hired hand, brought in to augment the workforce by Hortense, the family's matriarch. (Hortense is played by the great Nathalie Baye, whose daughter, Laura Smet, plays Solange, Hortense's daughter.) Yet Francine



is the proto-modern woman of the piece. She is far from the independence she yearns for, but well on her way, despite encountering an injustice that might wreck the life of a less resilient woman. (The cast includes Cyril Descours as Georges, the sweet-spirited love of Francine's life.)

The director and his co-writers, Frédérique Moreau and Marie-Julie Maille, adapted the screenplay from a novel by Ernest Péronchon. They make room for the complications of romance; for a scattering of Ameri-



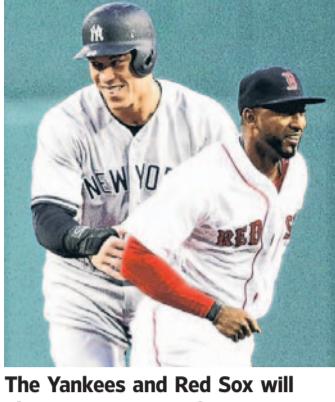
Nathalie Baye and Cyril Descours, above, and Iris Bry, left, in Xavier Beauvois's 'The Guardians'

can soldiers in the area; and for the onset of mechanization—a shiny new McCormick baler and, after the war, a Fordson tractor driven by Solange—that will transform the farm's productivity. I've admired Mr. Beauvois's films before, espe-

cially his exquisite (and similarly slow-paced) 2010 drama "Of Gods and Men," which was about eight Christian monks menaced by Islamic terrorists in the Algeria of the 1990s. "The Guardians," though, is special in a new way. Imagine de-

voting several years, as Mr. Beauvois did, to making a reflective, bucolic feature that is organized around the themes of community and evolving culture. It's all too subtle for words, but perfect for moving pictures.

## SPORTS



The Yankees and Red Sox will play a series in London in 2019.

## BASEBALL

## MLB GOES TO LONDON

BY JARED DIAMOND

## MAJOR LEAGUE BASEBALL

will make its first foray into Europe next season with the biggest possible splash: by showcasing the sport's heavyweights.

The New York Yankees and Boston Red Sox will play a pair of games on June 29-30, 2019, at London Stadium, the site of the 2012 Olympics, bringing baseball's biggest rivalry to the United Kingdom. MLB, which has previously staged regular-season contests in Puerto Rico, Mexico, Japan and Australia, will return to London for another series in 2020, with the participating teams yet to be announced.

"In our ongoing efforts to grow baseball, there is nothing as impactful as bringing live games and our talented players to fans," MLB commissioner Rob Manfred said. "This is our most significant endeavor ever in Europe, and we look forward to showcasing Major League Baseball in one of the world's great cities."

The NFL has had a foothold in London for more than a decade, first playing there in 2007. It has returned every year since 2013. Their owner, Shad Khan, is currently bidding to buy Wembley Stadium, which would deepen the ties between the NFL and London.

The Jacksonville Jaguars have made London their second home, playing a game there every year since 2013. Their owner, Shad Khan, is currently bidding to buy Wembley Stadium, which would deepen the ties between the NFL and London.

This is a major coup demonstrating, once again, that London is the sporting capital of the world and I am excited about a new partnership with MLB and the long term future of this sport in our great city," London Mayor Sadiq Khan said.

GETTY IMAGES (2)

Tiger Woods takes ibuprofen as a form of preventive maintenance. Should casual golfers do the same?

BY BRIAN COSTA

**IT WAS AS CASUAL** as pulling out a driver. As Tiger Woods stood in the 10th tee box on the first day of the Masters, he removed a white bottle from his bag, poured two white pills into his hand and swallowed them.

"It's called ibuprofen," Woods explained afterward. "My surgeon says to take it all day."

The mid-round medication has become a form of preventive maintenance for Woods, who has said he is feeling better lately than he has in several years. And for him, after four back surgeries, it appears to be working. His comeback continues in this week's Players Championship.

But for weekend duffers with back pain, this is one of the rare things Woods does on the golf course that some experts would advise not to try to copy.

Ibuprofen, the anti-inflammatory drug found in over-the-counter pills such as Advil and Motrin, has long been popular among athletes not merely to treat pain but to ward it off. But several studies have highlighted potential side effects including an increased risk of heart attack or stroke, kidney and gastrointestinal problems and even lower male fertility.

Some doctors and academics argue that the widespread, casual use of ibuprofen to pre-empt pain is a problem to which most athletes are blind.

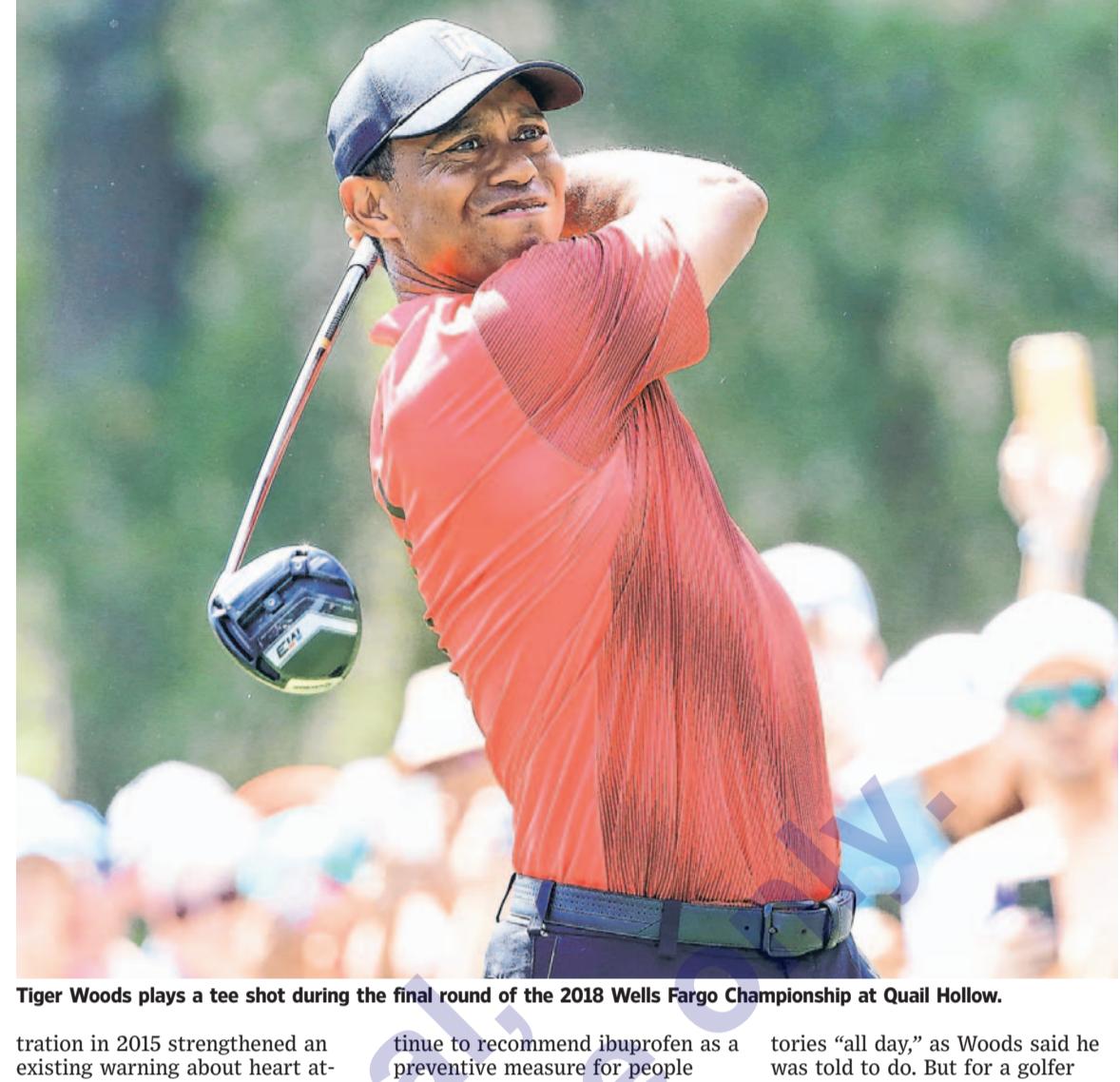
"Please don't emulate this," said Robert Klapper, chief of orthopedic surgery at Cedars-Sinai hospital in Los Angeles and host of "The Weekend Warrior" on ESPN Radio. "You need to respect the pain, because what it's telling you is to stop."

Woods, 42, is hardly the only golfer to have taken ibuprofen or related anti-inflammatory drugs while on the course.

Fred Couples, the 1992 Masters champion, has long played through back pain. Now 58 years old, he did so again during this year's Masters, where he finished tied for 38th place. Couples said he has taken "all kinds" of pain relievers for his back during rounds of golf over the years, without elaborating, but has since soured on them.

"I lived on that stuff for a long time, so I try not to take any of it," Couples said. "Just bear it out—I won't say 'tough it out,' because it's not really being tough, it's just trying to swing—but I don't want to keep taking that stuff. I don't think it's that good for you."

The body of research supporting that general idea has grown. The U.S. Food and Drug Adminis-



Tiger Woods plays a tee shot during the final round of the 2018 Wells Fargo Championship at Quail Hollow.

tration in 2015 strengthened an existing warning about heart attack and stroke risks from the use of nonsteroidal anti-inflammatory drugs, including ibuprofen.

David Nieman, a health and exercise science professor at Appalachian State University, conducted a 2006 study of ibuprofen use among ultramarathoners, who compete in races longer than standard 26.2-mile marathons. It found that runners who pre-emptively took ibuprofen not only had mild kidney impairment—they also reported no less soreness afterward than non-users.

In a new study this year, looking at cyclists, Nieman found that eating bananas may be an equally effective and safer alternative. The study found that banana metabolites perform comparably to ibuprofen in reducing inflammation and supporting the immune system during intense exercise.

"I don't see any performance advantage in ibuprofen," he said. "There's just too many things wrong with it to just be casually recommending people to take it."

There is hardly universal agreement. Some well-regarded back surgeons and pain specialists con-

tinue to recommend ibuprofen as a preventive measure for people who either have had surgery or suffer from chronic back pain.

Alfred Ogden, a neurosurgeon at the Spine Center at Columbia University Medical Center, said anti-inflammatories are especially useful in golf, which puts significant stress on the spine.

'Please don't emulate this,' one surgeon says, though others argue it is perfectly sensible.

When asked about the potential side effects, Ogden said, "None of these things are surprising. Like any medicine, they have ill effects. Having said that, most people tolerate them pretty well. They're effective. And those risks can be mitigated by not taking them continuously."

Thomas Buchheit, chief of pain medicine at Duke University Medical Center, said he prefers that patients do not take anti-inflamma-

tories "all day," as Woods said he was told to do. But for a golfer who knows that he or she is likely to have a flare-up by the time they're on the back nine, he said taking one before or during a round is reasonable.

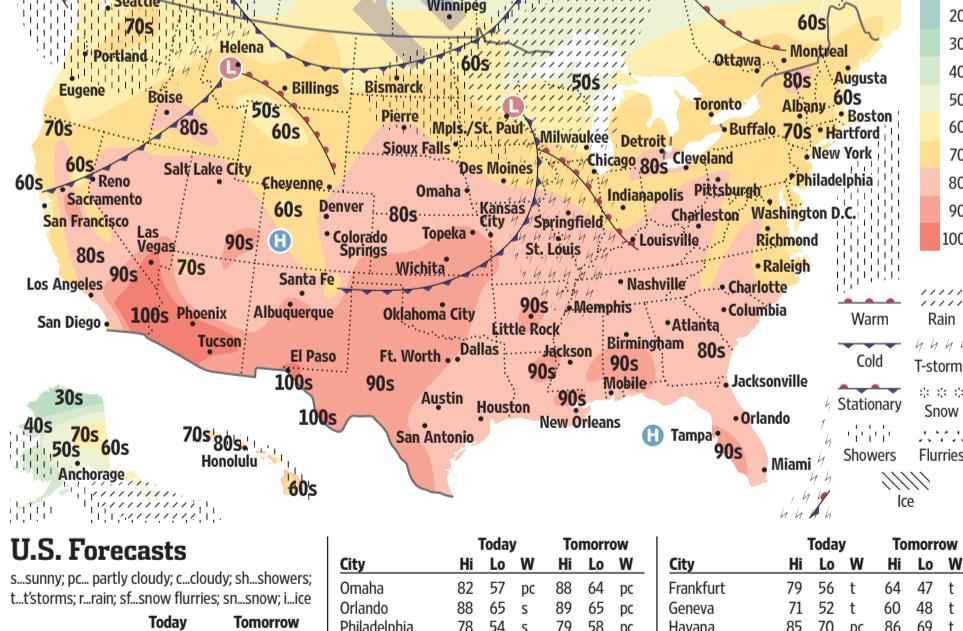
"It's probably safer than being on an opioid," Buchheit said.

Woods would know. After his DUI arrest last year, he was found to have two opioid painkillers in his system, among three other drugs. He later checked himself into rehab for issues related to his use of prescription medications.

The potential risk-reward calculation is also different for him than it is for just about everyone else. The average recreational golfer isn't taking ibuprofen to extend one of the greatest careers in the history of sports. Many people coming off back surgery aren't even trying to play two days in a row, let alone two weeks in a row, as Woods is set to do this week.

"It's blasphemous to say this," said Klapper, the Los Angeles surgeon, "but do we treat in America an elite athlete differently than a weekend warrior? I'd love to say that we don't, but we do."

## Weather



## U.S. Forecasts

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

t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

Anchorage 55 46 c 54 43 sh

Atlanta 84 64 s 87 66 s

Austin 87 59 pc 87 62 pc

Baltimore 78 53 s 81 58 pc

Boise 81 49 pc 71 42 pc

Boston 63 47 pc 65 54 pc

Burlington 80 56 s 73 41 sh

Charlotte 82 61 s 89 61 s

Chicago 73 57 t 71 46 pc

Cleveland 81 63 pc 71 45 sh

Dallas 89 65 pc 88 66 s

Denver 80 53 pc 86 54 s

Detroit 80 59 pc 74 45 pc

Honolulu 83 72 pc 84 72 sh

Houston 89 66 pc 87 69 pc

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Kansas City 88 63 pc 87 68 pc

Las Vegas 103 78 s 99 74 s

Little Rock 90 64 pc 90 66 pc

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## OPINION

## Why N.Y. Pol's Aren't World Class



BUSINESS WORLD

By Holman W. Jenkins Jr.

**Rear Adm. George Tarant:** "Where do we get such men? They leave this ship and they do their job. Then they must find this speck lost somewhere on the sea. When they find it they have to land on its pitching deck. Where do we get such men?"

**Man on loudspeaker:** "Launch jets!"

—From the final scene in the 1954 movie "The Bridges at Toko-Ri"

Admittedly it's only from a deeply perverse sense of irony that this quote, from a movie about World War II veterans giving up their burgeoning civilian lives to fight the Korean War, often has come back to me while watching the career of New York state's Attorney General Eric Schneiderman.

Politicians, by definition, spend their careers claiming to be motivated by the higher good, not personal ambition. They are professional liars in this sense. We forgive them. We understand why it must be so. But even by today's lax standards, Mr. Schneiderman was prolific.

Where do we get such men?

His office pumped out two or three press releases into my inbox every day, highlighting his use of his law-enforcement powers to confront individuals or businesses that

mainly were on the wrong side of some prevailing Manhattan political correctness.

Facebook, fuel-economy standards, the Russia investigation, Harvey Weinstein, anything involving EPA Administrator Scott Pruitt—there was no subject in the news that was so far afield from the concerns of New York law that Mr. Schneiderman couldn't justify rushing out a statement or preferably announcing some sort of pseudo-action (often in the form of "filing comments" if not an actual lawsuit).

"A.G. Schneiderman To Trump Administration: Don't Drill On Our Coast," went one recent press announcement, not even bothering to state a basis in New York law for the attorney general's interest in the matter.

His short-lived case against Exxon was a fabulous example of his method: Adopt the views of Manhattan liberals who are ornamentally passionate about a subject that they bother to know nothing about, in this case the uncertainties inherent in climate predictions.

File a lawsuit and then discover, by opening the first page of any report of the Intergovernmental Panel on Climate Change, that Exxon was right: Climate prediction is replete with uncertainties.

If Donald Trump was sent to make our existing political class look good by comparison, he's failing. His flogging of the birther conspiracy, in retrospect, now appears merely

opportunistic, dishonest and campy in comparison to the Democrats' opportunistic, dishonest and malignant flogging of the Russia conspiracy theory.

Abuses of law as instruments of partisan politics first became a stock in trade of state attorneys general 20 years ago, and nowhere more

with understatement: "Mr. Schneiderman was widely seen as harboring ambitions to be governor." No kidding. Lachrymosely the Times editorial page added that he would now join a "sorry list of once-rising stars in New York's Democratic Party whose careers imploded amid allegations of personal misconduct, including former Gov. Eliot Spitzer and former Congressman Anthony Weiner."

Unmentioned is how New York's one-note political culture brings exactly this result on itself. There are no complexities, no ambiguities, no conflicting views to consider or conciliate. Just adopt the catechism and go. This is the formula for a career in New York politics. As the paper's editorial page demonstrates on a daily basis, hardly is there even a limit on the amount of self-righteousness that will be tolerated as long as you internalize the correct checklist of things to be self-righteous about.

It's an environment abnormally conducive to persons who lack real political instincts, talents and convictions, who make their way by being more loudly conformist than the next guy. Mr. Schneiderman tweeted Monday that, while he never assaulted anyone, "in the privacy of intimate relationships, I have engaged in role-playing." Where do we get such men? Their role-playing, paint-by-numbers political careers are a product of New York's warped one-party politics.

BOOKSHELF | By Martin Peretz

## Of Persons And Peoples

## Rooted Cosmopolitans

By James Loeffler

(Yale, 362 pages, \$32.50)

**F**or some 70 years, the words "human rights" have been talismanic—a shorthand for the elusive modern dream, that of universal recognition of the rights of persons and minorities, rights that precede and transcend politics. But like most talismans, its real meaning is obscured by constant use: "Human rights" has also become a collection of attitudes and sociological signifiers, a vague term to be dismissed by realists and swooned over by idealists. James Loeffler's book "Rooted Cosmopolitans" is a bracing and nuanced attempt to correct this—to restore a grave, complex, powerful idea by tracing it to the people, most of them Jews, who argued it into existence.

The subject is both clear and impossibly complicated. From 1880 to 1950, peoples and individuals across the world mixed at a density and magnitude unprecedented in human history. In the face of this mixing and its disruptions, philosophies developed that rejected any concept of essential human

equality; that mandated racial and economic differences as the determinative human distinctions; and that, when such distinctions were applied to real politics, killed millions. In the face of this slaughter, an answer to the question of why people have rights simply by virtue of being people, and how to secure those rights in practice, was desperately needed. But the philosophical questions underlying the question—how to define those who conceived of themselves as both individuals and parts of groups, and what legal and political designations these philosophical definitions might mandate—did not by their nature have singular answers.

That many of the competing answers were offered by Jews isn't a coincidence. Sharing no state dedicated to their interests, spread from Russia to Germany to Morocco to America (and to China and Argentina), Jews were joined across distances but internally distinct like no other people. Their shared goal was to save their people, but their solutions were shaped by the specificity of their contexts.

Yiddish Jews were one recognized minority group in the ethnic hodgepodge of the Austro-Hungarian and Russian empires, and the only group whose status wasn't consonant with a piece of land. Their philosophy defined "people" as individuals who were also bounded by group membership. They therefore saw a world of *peoples*, equal yet incommensurable, that would mix and separate—organized into states coextensive with their heritage; committed to protecting minorities living in the state as their own minorities would be protected abroad; and presided over by an international body to whom grievances could be addressed. One of these states would be Israel, a homeland for Jews in territory sanctified for them by heritage and history.

**I**t is no surprise that 20th-century Jews, who until the creation of Israel had no state dedicated to their interests, were the fathers of human rights.

Western Jews lived in capitalist democracies defined by immigration, assimilation and mobility of labor. To them, the world was made up of individuals organized into states gathered in an international community, in which global organizations worked with powerful states to regulate a more peaceful world. Ethnic, racial, religious, national or regional groups seemed like handy organizing principles through which the individual might find meaning, but irrelevant and dangerously exclusionary at the level of philosophy or politics.

The contest between these two philosophies happened over two world wars and two postwar peaces. Mr. Loeffler, who teaches history and Jewish studies at the University of Virginia, is wonderfully alive to the contest's complexity as well as to the inventiveness of the contestants, including Jacob Blaustein, oilman turned founder of the American Jewish Committee; Maurice Perlzweig, founder of the World Jewish Congress; Hersch Lauterpacht, Polish-born judge at the Nuremberg Trials; Jacob Robinson, Lithuanian-born co-founder of the Institute for Jewish Affairs; and Peter Benenson, British founder of Amnesty International. These were highly educated, ambitious outsiders riding a sea of currents and undertows, from the League of Nations to the United Nations. Each was a passionate, sometimes vindictive mix of beliefs that changed with circumstances.

These circumstances were raw systems of power that decided the global order. Britain and then America and the U.S.S.R. set the terms, and they looked askance at the Yiddish idea of "peoples" for philosophical reasons as well as practical ones. Britain wanted its colonies, America wanted to ignore its "black" problem, the Soviets were against allowing any ethnic distinctions, and the principle of self-determination for peoples mandated against these preferences.

There was also bad history behind the decisions. Thanks to Woodrow Wilson, the League of Nations enshrined the idea of minority protections, but the League of Nations failed, and the United Nations responded to this failure by eliding distinctions between peoples rather than addressing them. Over time, elision became neglect: Partial articulations of a world of peoples were conflated with the very toxic particularism they had been created to realistically combat.

Israel embodies the elision. A state of individuals that's a product of the world of peoples, it's a pluralistic place often condemned as an "identitarian" throwback because it's a home for the Jews. Mr. Loeffler diligently traces this widening fracture point. He describes Hannah Arendt's "citizen of the world" ("I have never in my life 'loved' any people or collective"), the dominant vision when it comes to cultural capital and global power, universal yet somehow exclusionary. For the people who lived it, a world of peoples was a brute reality and a realistic ideal: As the novelist Herbert Gold said of Yiddish Jews persecuted by ethnicity-averse Soviets, "They just want to go. They see themselves as Jews and Israelis, detained in exile."

Mr. Loeffler puts himself not on one side or the other of the divide. What he puts himself *against* is elision. The question is a question of philosophy, of the way people are and how we describe them, and so it should never be *not* contested. When we stop debating and arguing, we lose the language to account for visceral human realities and needs. That's a dangerous place to be in, and we may already be there.

Mr. Peretz was from 1974 through 2011 the editor in chief of the *New Republic*.



POLITICS &amp; IDEAS

By William A. Galston

President Trump, it seems, knows the price of everything and the value of nothing. Earlier this year he claimed that the U.S. gets "practically nothing" from the \$1.2 billion it spends annually to keep 28,500 troops in South Korea. He forgets, or perhaps he never knew, that the U.S. waged an expensive and bloody struggle to restore the status quo ante after Kim Il Sung's invasion of the south. American troops in South Korea have maintained peace and stability ever since—65 years and counting. Compared with the costs of war, it's a bargain.

Mr. Trump also seems not to know that the Obama administration he despises as weak engaged in tough negotiations with the South Korean government that led to a substantial increase in its contribution to the annual cost of preserving the U.S. military presence. Seoul now pays about half, and it also agreed to finance nearly \$11 billion in military-related infrastructure improvements.

Perhaps the president's real point is that tranquility on the Korean Peninsula is a charitable contribution of no value to the U.S. If so, he's wrong: America's protective umbrella

over South Korea is a vital part of a network of alliances built to preserve American economic interests and diplomatic standing throughout East Asia. I doubt that even Mr. Trump would assign these interests a value of zero on Washington's balance sheet.

Behind the president's enthusiastic acceptance of Kim Jong Un's invitation to meet is his hope for a diplomatic coup,

in the form of a formal treaty

denuclearizing North Korea,

ending the Korean War, and estab-

lishing regular relations among all parties in the region.

Here again there is a gap be-

tween means and ends. What

can serve as the guarantor of

such a treaty if not U.S. forces?

Despite decades of fulminations

against the U.S., even

Pyongyang understands the

role of American troops as a

regional stabilizer. The obvious

alternative—a fully rearmed

Japan—awakens unpleasant

memories on both sides of the

38th parallel.

Mr. Trump's myopic focus on the modest cost of America's overseas troop deployment is linked to a larger error—his excessive emphasis on bilateral trade deficits.

South Korea, he insists, is

making a fortune by running a

large trade surplus. Not so: In

2017, South Korea enjoyed a

\$23 billion surplus with the

U.S. in goods but an \$11 billion

deficit in services, for a mod-

est \$12 billion advantage. This

amounts to less than 1% of

South Korea's gross domestic product—and less than 0.1% of America's. South Korea is hardly getting rich at U.S. expense, and its effect on the American economy is barely measurable. Besides, few economists believe that bilateral trade balances are the right measure of relative gains from trade.

**America needs allies, and international relations aren't a zero-sum game.**

The Trump administration's National Security Strategy states that China is challenging the U.S. in an effort to erode its security and prosperity. This is a reasonable assessment that many China experts are coming to share. But the U.S. cannot counter this threat by itself. To be strong, America need allies, and having allies means treating them as friends, not business competitors. Harsh language and hard bargaining send the signal that the U.S. regards relations with its allies as zero-sum: If they gain, we lose.

Missing from President Trump's view of the world is a conception of mutually beneficial cooperation among actors with overlapping goals and values. Yes, there is always an element of competition in such relationships as different parties strive to maximize their share of the benefits from cooperation. But what they have in common limits this competition. It should also restrain any party from pushing its interests to the hilt, because at some point the other parties will wonder whether they would be better off without the constraints of the cooperative framework.

Economists have come to understand the value of trust in human affairs. Trust enhances cooperation by reducing transaction costs and the price of achieving the requisite level of assurance that agreements will be kept once made. But as far as I can tell, with the exception of his immediate family, President Trump trusts no one. This is why he demands pledges of loyalty from his subordinates. But in the end he can't trust even these pledges, because his zero-sum worldview leads him to believe that anyone will betray him if the price is right.

Well-structured alliances strengthen the U.S. Maintaining these alliances requires a degree of mutual trust and reciprocal loyalty. Unless President Trump can summon and project these sentiments, America First will turn into America Alone, at great cost to the objectives all Americans want their government to pursue.

national-security funding hostage, and teed up the backroom process that led to the 2,232-page omnibus, which passed less than two days after being made public.

Loaded into the whole debate about rescissions is the notion that Congress has its hands tied. Nobody can accuse the Founding Fathers of being unclear on Congress's power of the purse. In recent years, it has become commonplace for members to complain about legislative items and throw up their hands in frustration. If a law needs to be changed or spending levels need to be changed, Congress can do that at any time by its own prerogative.

The package Mr. Trump sent yesterday is good, and his base should be encouraged in this moment of fiscal restraint. Hopefully, the package is the first of many. Now, Congress has to do its job.

**Start Cutting Spending—and Don't Stop**

By Mark Walker

Washington is more broken even than the politicians are willing to admit. Case in point: When President Trump submitted his rescissions package Tuesday, its passage in the Senate was still in doubt.

The rescissions package is the epilogue to March's spending saga, when Mr. Trump threatened to veto the congressional omnibus and pledged never to sign such a bill again. Now after the omnibus increased annual discretionary spending by \$137 billion, Mr. Trump has proposed to claw back \$15.4 billion in waste.

Rescissions aren't merely a Republican political maneuver against Democrats. President Clinton used the process 166 times to save more than \$3.5 billion. While effective, the most recent package sent by President Trump is especially innocuous, politically speaking, clawing back unneeded, unspent funds, some

of which were appropriated as far back as 1993. But some powerful lawmakers have warned against rescission. One of the first was Mr. McConnell, who told Fox News that rescission would jeopardize future budget negotiations with Democrats: "You can't make an agreement one month and say, 'OK, we really didn't mean it.'"

**Mitch McConnell should drop his threat to block rescissions affecting the omnibus.**

Mr. McConnell said Tuesday that he'd consider bringing the president's initial package to the floor, since it doesn't affect any of the omnibus spending. Still, it's unclear why a Republican would fight to preserve the dysfunctional process that led to the disastrous omnibus. Voters continuously remind us that Republicans should be doing

everything possible to change the broken process. The reality is that Republicans gave their word to the American people to rein in out-of-control spending. Apparently some Republicans prioritize promises to Democrats in backroom deals over promises to the American people.

In any case, it is disingenuous to insinuate congressional Republicans or Mr. Trump are trying to pull a fast one with any rescissions package. A Democrat-controlled Congress created the expedited process for rescissions in 1974, which bypasses the filibuster by requiring a simple majority.

It is also worthwhile to reflect on how Congress arrived in this position in the first place. Last September, the House performed its constitutional duty and passed all the appropriations bills required to fund fully the federal government. We sent those bills to the Senate before the beginning of the fiscal year—and Mr. McConnell sat on them. This decision held vital

national-security funding hostage, and teed up the backroom process that led to the 2,232-page omnibus, which passed less than two days after being made public.

Loaded into the whole debate about rescissions is the notion that Congress has its hands tied. Nobody can accuse the Founding Fathers of being unclear on Congress's power of the purse. In recent years, it has become commonplace for members to complain about legislative items and throw up their hands in frustration. If a law needs to be changed or spending levels need to be changed, Congress can do that at any time by its own prerogative.

The package Mr. Trump sent yesterday is good, and his base should be encouraged in this moment of fiscal restraint. Hopefully, the package is the first of many. Now, Congress has to do its job.

**Mr. Walker is chairman of the Republican Study Committee. He represents North Carolina's Sixth District.**

## OPINION

## REVIEW &amp; OUTLOOK

## After Obama's Iran Deal

**P**resident Trump on Tuesday withdrew the U.S. from the Iran nuclear deal, rightly calling it "defective at its core." Yet he also offered Iran a chance to negotiate a better deal if it truly doesn't want a nuclear weapon. Mr. Trump's challenge now is to build a strategy and alliances to contain Iran until it accepts the crucial constraints that Barack Obama refused to impose.

The Obama Administration spent years negotiating a lopsided pact that gave Tehran \$100 billion of sanctions relief and a chance to revive its nuclear-weapons program after a 15-year waiting period. Instead of cutting off "all of Iran's pathways to a bomb" as Mr. Obama claimed, the deal delayed the country's entry into the nuclear club and gave the mullahs cash to fund their Middle East adventurism.

\* \* \*

Mr. Trump outlined a more realistic strategy in October, promising to work with allies to close the deal's loopholes, address Tehran's missile and weapons proliferation, and "deny the regime all paths to a nuclear weapon." An Iranian nuke would be a modest problem if Iran were a democracy. But the Islamic Republic is no India and has a four-decade history of oppressing its own people, taking foreign hostages and threatening neighbors with extinction.

State Department policy chief Brian Hook spent months shuttling between European capitals to get an agreement to strengthen inspections of suspected nuclear sites, stop Iran from developing ballistic missiles and eliminate the deal's sunset provisions. Deal signatories China and Russia don't share U.S. strategic goals in the Mideast, but the Trump Administration's reasonable presumption is that Britain, France and Germany do.

Mr. Trump's case for fixing the deal was bolstered last week when Israeli Prime Minister Benjamin Netanyahu revealed intelligence that Iran repeatedly lied to U.N. weapons inspectors about past nuclear activity. As Mr. Trump noted Tuesday, Tehran doesn't allow inspectors access to many military sites. Mr. Netanyahu also revealed that Iran hid an extensive nuclear archive, which would still be secret if not for Israeli intelligence.

Regimes that have peaceful intentions don't behave this way. When South Africa decided to denuclearize in the early 1990s, President F.W. de Klerk ordered the destruction of all sensitive technical and policy documents and gave U.N. inspectors "anytime, anywhere" access to inspect nuclear facilities. In Moammar Gadhafi's

case, U.S. officials physically removed sensitive nuclear-weapons documents, uranium and equipment from Libya.

## Trump can exit because Obama never built U.S. support for the pact.

Yet Britain, France and Germany waved away Israel's intelligence, and European Union chief Federica Mogherini said the evidence doesn't "put in question Iran's compliance" with the nuclear deal.

The Europeans may think they can maintain commercial dealings with Iran and wait out Mr. Trump through the 2020 election.

This is risky because Mr. Trump said in the next 90 to 180 days the U.S. will reimpose "the highest level of economic sanction" on Iran's energy and automotive industries, ports, shipbuilding and more. The sanctions will cut Iran off from the global financial system even as the regime faces labor strikes and political protests amid a struggling economy. The country may find fewer buyers for its oil exports, and the rial has plunged.

Iran may try to drive a wedge between the U.S. and Europe to keep euros flowing to Tehran. But the U.S. has leverage. As Mr. Trump said Tuesday, "Any nation that helps Iran in its quest for nuclear weapons could also be strongly sanctioned by the United States." Attempting to isolate the U.S. could present European companies with an eventual choice of doing business with the U.S. or Iran. The smarter play is for Europe to persuade Iran that to maintain commerce with the world it should renegotiate the pact.

\* \* \*

Mr. Obama issued his own broadside Tuesday against withdrawal, but then he made it easier for Mr. Trump by never winning domestic support for the deal. He refused to submit it for Senate approval as a treaty, which would have had the force of law. Mr. Trump is walking away from Mr. Obama's personal commitment to Iran, not an American commitment.

But this is also a warning to Mr. Trump that his Administration has more work to do to execute his Iran strategy. This means building bipartisan support in Congress for sanctions; diplomacy to deter Iran's adventures in Syria and elsewhere in the Middle East; and more diplomacy with Europe to fix the nuclear deal's fatal weaknesses.

Perhaps the best part of Mr. Trump's remarks came at the end when he spoke to "the long-suffering people of Iran." He said "the people of America stand with you" and made the offer of better relations and a more prosperous future if their leaders will shed their destructive nuclear and imperial dreams. Political change in Tehran remains the best hope for a non-nuclear Iran.

## Opportunity Knocks

**I**t seems only yesterday the press was writing that in the near future many people would have to seek jobs as software coders.

Not to knock coding, but how much more interesting a stronger economy looks today.

The Labor Department said Tuesday that the U.S. economy has arrived at this remarkable juncture: There were 6.59 million unemployed Americans in March, and the number of jobs waiting to be filled that month was 6.55 million. That is, there are almost as many job openings as job seekers, a near match not seen for many years.

The reality is more complicated but still encouraging. A primary reason for unfilled jobs remains the problem of people with deficient or inappropriate skills. We know about the manufacturers who need welders and other skilled

## Job openings nearly matched the number of job seekers in March.

craftsmen. But the greatest job growth in March came in business services, with 193,000 openings. Many of these employers are looking for people with presentation skills or the ability to navigate a spreadsheet.

Increasingly, employers say that if a person is halfway presentable, they will provide the training, though that is expensive.

Ultimately, these skills deficiencies reflect poorly on America's schools, which often fail to graduate students who can read or write.

The good news is the dynamism reflected in the Labor report. Restaurants are looking for workers in part because their employees are leaving for better jobs. Unemployment among low-skilled workers is at historic lows. The current economy is creating that most basic need:

## 'I Am the Law'

the law." She adds that "if there is a sentence that sums him up, it's that."

The same applies to Mr. Schneiderman as attorney general, though his choice of targets typically pleased his progressive allies.

He sat on potentially exculpatory evidence in his civil case against Hank Greenberg, the former AIG CEO. Mr. Greenberg eventually settled on terms far easier than he had offered 12 years earlier.

Mr. Schneiderman has been using the abusive Martin Act, which requires no proof of intent in civil cases, to prosecute Exxon and shut off donations to dissenters on climate change. He has sought to expose the donors of conservative nonprofits. He harassed four private charities to distribute money for Hurricane Sandy relief that he then took political credit for. Last month he even asked New York lawmakers to change state law so he could ignore the American legal standard against double jeopardy and prosecute people pardoned by President Trump.

Mr. Schneiderman's "professional" targets may be less sympathetic than the women he abused, but the ability to prosecute is the most fearsome power the government has and shouldn't be politicized no matter the target. One place to start protecting against abuses is by repealing the Martin Act.

Like Eliot Spitzer before him, Mr. Schneiderman's lack of restraint in private life was all too similar to his behavior in public life. Even progressive New Yorkers should ask whether it is wise to put so much power in the hands of men who are so unstable.

In private life, he did so by slapping and choking women, according to their accounts. Two of them bravely went on the record by name. Mr. Schneiderman said he "strongly" contests their claims, but in a statement to the *New Yorker* before he resigned he conceded that "in the privacy of intimate relationships, I have engaged in role-playing and other consensual sexual activity. I have not assaulted anyone."

We suppose that depends on the meaning of the word assault. According to Michelle Manning Barish, she once responded to him yanking her across the street by saying, "Jaywalking is against the law."

She says Mr. Schneiderman replied, "I am

## Schneiderman was abusive in his public and private conduct.

Robert Gates and John Brennan had previous CIA experience before becoming director. The May 5 editorial, "Gina Haspel's CIA Crucible," said she would be the first CIA director in decades with such experience.

## LETTERS TO THE EDITOR

## Feelings Are Fine, But a Consensus Is Divine

Rather than looking to feelings as the basis for what now directs political discourse and social values ("It's the Era of Feelings, and Not Necessarily Good Ones," op-ed, May 5), Prof. Paula Marantz Cohen should have touched more on what underscores those feelings: the rejection of logical or moral imperatives which govern decision-making, reason, discipline and objectivity. Without those verities, people grow older but they remain as irresponsible as children.

Philosophical and lingual deconstruction is an attempt, conscious or otherwise, to avoid being held to any standard which one doesn't want to follow or believe in. And those who don't want to confront the discomfort of denying their feelings to a more compelling reason inevitably doom themselves and society to disarray and chaos, which is the slippery slope toward nihilism. Look at Hollywood, academia, rampage killers and the White House Correspondents' dinner.

RICHARD REAY  
Riverdale, N.Y.

Feelings began to gain currency over facts some decades ago coincident with the idea that determinism is superior to free will as an explanation of decision-making. The skids were further

greased by the ease of accommodating feelings as dispositive in human events. We can all recognize feelings. They are not as difficult as facts to acquire, require no study and precious little assimilation into a coherent whole. Each feeling stands alone, each one a proud soldier with a genuine identity all its own. Postmodern progressivism will defend your right to feel as you do, few questions asked. And postmodern progressivism, the belief that there are no longer any absolute facts or values, is the way many of us roll these days. It is just so, well, easy.

PAUL BLOUSTEIN  
Cincinnati

I object to Ms. Cohen's characterization of those who chose to elect President Trump as a "bloc of white working-class male voters." This inelegant dismissal of the diversity of the citizens who came forward to challenge the status quo, and place this iconoclast in a position to change the direction of the nation, is all too close to the familiar "basket of deplorables" used by Hillary Clinton during the recent contest. This depiction of the electorate is another example of the identity politics that litter our rhetorical universe.

LEX SENSENBRENNER  
Gerald, Mo.

## Maybe It's Time to Reassess the Mudslinging

Regarding your editorial "The Wolf Who Came as a Wolf" (April 30): I worked as a photographer for Sybil Graves, who organized support and entertainment for the White House Correspondents' Association before 1992. She vetted the comedians' routine to avoid a fiasco that would embarrass the attendees and the young students receiving scholarship awards from the president. In today's climate such preparation is all the more important.

J. MURRAY TARTER  
Jonesboro, Ga.

Comedian Michelle Wolf's routine was over-the-top vindictive, obnox-

ious and crude. Rather than demeaning President Trump, however, her performance demeaned the press representatives who invited her. Mr. Trump's wily decision to spend the evening with a friendly audience in the swing state of Michigan lends credence to the case that crazy Donald Trump is crazy like a fox.

BRIAN DOUGLAS  
Norfolk, Va.

So the right suddenly decides to express indignation over "locker room talk" when it involves a liberal woman. Color me surprised.

JUDAH DRUCK  
Minneapolis

## Jones Act Has Benefits, Isn't All About Costs

Regarding Colin Grabow's "The Jones Act Drives America's Finest Into Exile" (op-ed, April 30): The Jones Act is a cabotage rule similar to those enacted in most countries having a coastline, including Canada, Japan, South Korea, China, Germany and France. Mr. Grabow claims: "The shipyard says it simply wasn't aware of the rule."

The shipyard in question has been building Jones Act vessels for more than 40 years. No one at Dakota Creek Industries, from the security guard to the president, is unaware of the rule.

Mr. Grabow says the price of new vessels encourages the use of older ships. This is a no-brainer and a non sequitur. The same market forces apply to any depreciable asset worldwide. He also makes the oft-repeated claim that the Jones Act "made it difficult to ship emergency aid to Puerto Rico." This is simply false.

The Jones Act exists to protect our nation's shipbuilding industry, which is critical to the security of this country. Those of us in the maritime and military fields understand this very well.

CHRIS PHILIPS  
Managing Editor  
Fishermen's News  
Seattle

The unfortunate incident of one ship, which could well have a waiver remedy, doesn't represent a solution for all of America's maritime needs.

Mr. Grabow conflates sea power

with warship construction only. The security of the U.S. is bound up in all types of ships, boats and shore establishments—and not only in building, but repair and maintenance also.

CAPT. RAYMOND J. BROWN, USCG (RET.)  
Londonderry, N.H.

Mr. Grabow suggests: "It is doubtful that such a shipyard could be quickly retooled in a time of war to churn out far-larger military vessels." This was easily done in World War II when ships were uncomplicated. That's hardly the case today. For example, the amphibious assault ship USS America (LHA-6) took eight years to complete. That's twice as long as this nation took to fight World War II. The idea of beginning to build ships after World War III starts is beyond futile.

BILL GLEASON  
Kenfield, Calif.

## Don't Pass Up a Summer Job for Fear of Harassment

Regarding "Summer Jobs Stir Anxiety" (U.S. News, April 30): It isn't just teenage girls who are sexually harassed at restaurant jobs. While I was working a part-time job last year as a high-schooler, an older male co-worker groped me. My solution was a violent elbowing, and he never bothered me again. Men can be sexually harassed by both men and women.

Ignoring this helps no one.

RHYS LARKIN  
Cedar Park, Texas

Steering girls away from restaurant jobs assuming they may be sexual harassed sends the wrong message and is bad advice. Frankly, harassment can occur anywhere. Teenagers need to advocate for themselves. Teach your daughters to be strong.

SUE DAWSON  
Hernando, Fla.

## Pepper ... And Salt

THE WALL STREET JOURNAL



"Your challenge is to change the world before it changes you."

## CORRECTION

Robert Gates and John Brennan had previous CIA experience before becoming director. The May 5 editorial, "Gina Haspel's CIA Crucible," said she would be the first CIA director in decades with such experience.

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

## OPINION

# The Bias Response Team Is Watching

By Jillian Kay Melchior

**T**he most important indication of bias is your own feelings," the University of Michigan advises students. It then urges them to report on their peers, anonymously if they prefer, "and to encourage others to report if they have been the target or witness of a bias incident."

The Bias Response Team is there, ready to investigate and mete out justice. More than 200 American campuses have established similar administrative offices to handle alleged acts of "bias" that violate no law. A federal

**A lawsuit challenging the University of Michigan's speech police may serve as a nationwide model.**

lawsuit filed Tuesday against the University of Michigan is the first in the nation to challenge the constitutionality of these Bias Response Teams.

The case is brought by Speech First, a membership group primarily made up of college students, alumni and their families. It alleges that Michigan's student code and Bias Response Team violate the First Amendment by threatening to penalize

protected expression. "Even apart from any punishments that may result at the end of the process," the lawsuit argues, the team's existence has a chilling effect on speech. Speech First seeks a permanent injunction prohibiting the Bias Response Team from investigating students.

University spokeswoman Kim Broekhuizen said the Bias Response Team has operated "for a number of years, and we have certainly not seen it chill speech here." Team members include top administrators and campus law enforcement. Despite repeated inquiries, no one from the team was available to answer questions.

Students found responsible for a "bias incident" face discipline, which ranges from training sessions to suspension or expulsion. As for what constitutes bias, that's vague—unconstitutionally so, argues Speech First. The existence of an offended party can be sufficient to prove "bias." The team warns potential offenders that bias "may be intentional or unintentional." Similarly, the student code prohibits "harassment," which it defines as "unwanted negative attention perceived as intimidating, demeaning or bothersome to an individual." Here, subjective perception serves as evidence.

What if the expression of a controversial or unpopular opinion bothers someone? Under the University of Michigan's rules, "the most sensitive student on campus effectively dictates the terms under which others may



In 2016 the University of Northern Colorado announced it would shut down its Bias Response Team because of free-speech concerns. But Mr. Jensen says he hasn't been invited back to teach since the semester when he was reported.

Records from numerous universities show that even obviously silly or trivial incidents are taken seriously by Bias Response Teams. Back at Michigan, a residence hall director reported a phallic snow sculpture as a bias incident in February 2016. The Bias Response Team was unable to identify the artist behind this unknown work, but "anyone who was concerned or offended by it would have been offered support" from the office of the dean of students," Ms. Broekhuizen said.

One explanation for such absurdity is that Bias Response Teams are often composed of administrators whose jobs depend on the assumption that bias is widespread. When the University of Michigan was hiring a "bias incident and prevention and response coordinator," it sought someone who could "enact cultural appropriation initiatives" and "partner with other campus and divisional social justice initiatives." This makes Bias Response Team members bad cops with everything to lose, creating a bias toward finding bias.

Students have few defenses against this new bureaucracy. It's tough to hire a lawyer when you can barely afford your textbooks. The fear of retaliation is justified in an environment where dissent from political correctness is often interpreted as further evidence of bias or bigotry. Even if a student did sue, a court might not issue a final decision for years. Courts have ruled that there's no possible future harm to someone who's already graduated.

But Speech First is suing on behalf of three unnamed members, arguing they have suffered "concrete injuries as a direct result of the University's unconstitutional policies and actions." As long as even one University of Michigan student belongs to Speech First, it should have standing to sue. If it prevails in this case, it will offer a new model for how to take on campus censors. Until then, the University of Michigan's Bias Response Team is watching.

Ms. Melchior is an editorial writer for the Journal.

## Why Ben Carson Is Raising Rents



**UPWARD MOBILITY**  
By Jason L. Riley

In this regard, but whether its efforts are truly helping is debatable.

Ben Carson, a former neurosurgeon who now runs the Department of Housing and Urban Development, or HUD, understands that often the best way for the government to help the poor is by getting out of their way. In an interview Monday,

**HUD's plan would increase the minimum to \$150, but it also includes needed flexibility for cities.**

Mr. Carson explained to me how some of America's federal rental-assistance programs have become barriers to upward mobility by effectively discouraging work, marriage and other behaviors that tend to help people advance economically.

"We have stagnation," Mr. Carson said. "We have people in public housing not for a few years but for a few generations, with no incentive to come out." In New York City, which has the nation's largest public-housing system, the average tenant has been there for almost 20 years. "We're trying to get people out of chronic poverty."

Many of Mr. Carson's critics are more interested in defending a status quo that keeps poor people dependent on government aid. HUD is urging Congress to pass legislation allowing local public-housing authorities, among other things, to impose work requirements and reduce red tape. In public housing, the more money you make, the more you pay in rent. The incentives couldn't be more perverse, often leading people to hide income or work less.

William Russell, the head of the public-housing authority in Sarasota, Fla., who testified before a congressional subcommittee last month, told me that his biggest frustration is how the system discourages families from increasing their incomes. "I can't tell you how many times I've

had to explain to someone, who's gotten a job and their income has gone up, that now their rent has to go up," he said. "And they don't understand how this makes any sense." Mr. Russell worked at HUD during the George W. Bush administration and was a New York City housing official in the 1990s.

In the real world, two-parent households have clear economic advantages, since everything from child care to transportation to housing costs is shared. But in the world created by federal rental-assistance guidelines, people think differently. In a typical scenario, Mr. Russell told me, the significant other comes over at night and then sneaks out the next morning to avoid detection by the housing officials. "That sets up a horrible dynamic between us and our families," he said. "The truth is, I want more fathers and men to be in the community, living there and being active in their kids' lives and offering more stability in general. This current policy is holding back our families."

Mr. Carson aims to change this dynamic. HUD's proposals are based on successes in places like Atlanta; San Diego; Charlotte, N.C.; and Cambridge, Mass. Under a federal program initiated in 1996 and expanded in 2015, around 140 of the nation's 3,400 public-housing agencies have gained the freedom to tailor rental-assistance policies to local needs. Since San Diego implemented its program under the new guidelines in 2013, tenant incomes have increased 25%, according to the city's housing commission. Mr. Carson wants to give more housing authorities similar flexibility.

The most controversial part of HUD's proposal would raise monthly rents for people receiving federal housing subsidies. They would pay 35% of gross income instead of the current 30%. The plan would also triple the minimum monthly rent for the poorest households to \$150. Naturally, liberals have pounced. Democratic Rep. Cedric Richmond of Louisiana, chairman of the Congressional Black Caucus, called the proposal "immoral" and "the latest example of the Trump administration's war on poor people." Calm down.

The reality is that about half of the 4.7 million families on rental assistance would be unaffected by the changes. The elderly and disabled are exempt, and additional carve-outs are available for financial hardship, such as a death in the family or the loss of employment. About 712,000

households on housing subsidies would have their monthly rents raised to \$150, according to HUD. Mr. Carson told me that the rent increase was necessitated by budget constraints. The last time Congress increased rents was 1981, when they rose to 30% of income from 25% for the same reason.

Mr. Carson said he wishes rents didn't have to rise but thinks the proposal is still a net plus for participants. He also stressed that this is the beginning of a legislative process and that he's open to hearing ideas from Democrats on how to make the housing program more effective and sustainable.

"We're all ears," he said. So far, he's heard only jeers.



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575 MADISON AVENUE  
WORLD TRADE CENTER  
NEW YORK

**THE WALL STREET JOURNAL.**

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

Rupert Murdoch

Executive Chairman, News Corp

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Editor in Chief

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## WORLD NEWS

# Pompeo Sets Stage for North Korea Talks

**Secretary of state**  
plans to raise issue of  
detained U.S. citizens  
during his visit

Secretary of State Mike Pompeo traveled to North Korea, his second trip there in just over a month as a planned summit between President Donald Trump and North Korean leader Kim Jong Un approaches.

By Jessica Donati  
in Washington  
and Jonathan Cheng  
in Seoul

Mr. Pompeo on Tuesday said he would meet with North Korean officials in an effort to pin down key details, including the precise location and timing of the summit and an agenda for the meeting. He also said he wanted to make clear that the U.S. goal for the outcome was long-term disarmament.

"We will not relieve sanctions until such time as we have achieved our objectives. We're not going to do this in small increments, where the world is coerced into relieving economic pressures," he told reporters on his flight, according to remarks distributed by the State Department.

A key issue in the pre-summit period is the fate of American citizens detained in North Korea. Mr. Kim told Mr. Pompeo in his earlier visit to North Korea that he would consider U.S. requests for the release of the Americans in advance of the summit, planned for late May or June.

Mr. Pompeo told reporters aboard his flight that he planned to raise the issue of the three detained Americans during his trip, but had no commitments for their release.



Chinese President Xi Jinping, right, and North Korean leader Kim Jong Un in Dalian this week.

"We've been asking for the release of these detainees for 17 months," he said, declining to comment on whether it was a condition for a meeting between the two leaders to take place. "We'll talk about it again. It'd be a great gesture if they'd agree to do so."

He added it was unclear

who would meet with the U.S. delegation on this occasion. "We're prepared to meet anyone who can speak on behalf of the North Korean government and give us solid answers, so we're prepared."

Mr. Trump, at a White House appearance to announce the U.S. withdrawal from the

Iran nuclear agreement, was asked if Mr. Pompeo would be meeting the detained citizens in North Korea. "We will soon be finding out," he replied.

Mr. Trump on Tuesday also said the time and location for the summit had been chosen, although Mr. Pompeo said he hoped to pin down a specific

## Kim Visits China For Second Time To Meet With Xi

BEIJING—North Korean leader Kim Jong Un paid a second surprise visit to China to meet his counterpart, reinforcing a recent warming of ties ahead of his planned summit with President Donald Trump.

Mr. Kim turned up in the northeastern coastal city of Dalian on Monday and Tuesday for talks with Chinese President Xi Jinping, a follow-up to a summit six weeks ago. The North Korean leader discussed a nuclear-free Korean Peninsula, Chinese state media reported.

Underlining the effort to reinvigorate an alliance strained in recent years, Chinese state television showed the two leaders, apparently accompanied only by their interpreters, chatting and smiling as they strolled on the seafront and in a nearby park in bright sunshine.

Mr. Kim's visit to Dalian,

about 180 miles from the North Korean border, marked the first time he traveled abroad by air as leader and is part of an unusual flurry of diplomacy. Mr. Kim isn't known to have traveled outside North Korea in his first six years in power—a time in which his government conducted nuclear and missile tests that raised tensions with his neighbors and the U.S. that at times threatened to spill into conflict.

Since late March, when he appeared in Beijing to see Mr. Xi, the North Korean leader met with then-Central Intelligence Agency Director Mike Pompeo and held a summit with South Korean President Moon Jae-in at the demilitarized zone that divides the two Koreas.

Among Mr. Kim's priorities in meeting Mr. Xi ahead of the Trump summit, some analysts said, are to brief the Chinese leader on his negotiating position, to ask his advice on dealing with the U.S. and to seek Beijing's support for a relaxation of United Nations sanctions.

—Chun Han Wong

location and timing questions.

A State Department official aboard the flight told reporters the "possible meeting" could take place in June.

There are three U.S. citizens detained in North Korea: Kim Dong-chul, Tony Kim and Kim Hak-song, none of whom are related.

Kim Dong-chul, a Virginia resident, has been held by North Korea the longest, detained since October 2015. In April 2016, Mr. Kim was sentenced to 10 years of hard labor for conducting "subversive plots and espionage" against the North.

The other two men—Tony Kim, also known as Kim Sang-duk, and Kim Hak-song—were

detained in the spring of last year. Both were affiliated with the Pyongyang University of Science and Technology, a Christian-backed university in the North Korean capital.

The release of the three detainees has been anticipated by some experts as a thawing of relations between Washington and Pyongyang gained momentum in recent weeks.

Mr. Pompeo said his first trip to North Korea, in April, was an intelligence effort to validate if information gathered by South Korea on Kim Jong Un's intentions was accurate.

—Felicia Schwartz  
in Washington  
contributed to this article.

# Argentina Seeks IMF Credit Line

BY RYAN DUBE  
AND JULIE WERNAU

BUENOS AIRES—Argentina turned to the International Monetary Fund for financial backing to help stem the peso's depreciation and rising discontent over high inflation and reduced government spending.

In a televised address on Tuesday, President Mauricio Macri said the move is aimed at avoiding a crisis like those that Argentina suffered in the past. It will be the IMF's first financial support package for the country since 2003.

Argentina has had a rocky relationship with the IMF since the country defaulted on its foreign debt in 2001, sparking a yearslong period of financial isolation.

Some said the credit line sends a bad message by showing that the government needs outside help to address its economic troubles, and could add to the country's ballooning debt.

"It is not good for the future of Argentina," said Guillermo Nielsen, a former Argentine finance minister who led the country's debt restructuring with the IMF at the turn of the century.

"Argentina went back into heavy indebtedness under Mr. Macri" and now debt-servicing payments will rise, he added.

Mr. Macri faces a growing backlash among Argentines up-

## Losing Ground

Argentine stocks are selling off and the country's peso has rapidly fallen against the dollar.

### MSCI Argentina Index



\*Axis is inverted to show the weakening peso.  
Source: Thomson Reuters

prices, and the depreciation of emerging-market currencies, "among other variables that we don't manage."

The talks come after the Argentine central bank raised interest rates three times in a week—after lowering them at the start of the year in an attempt to stimulate growth—and sold \$5 billion in reserves in an effort to prop up the peso.

The peso continued sliding early Tuesday, falling to around 23.25 pesos to the dollar before recovering some ground after the announcement.

The efforts to halt the depreciation of the currency come amid investor concerns about the central bank's independence and government's ability to contain inflation, which is above 25%. The central bank's target for this year is 15%.

"It's going to be a long tough road to regain and fully restore policy credibility much of which was unnecessarily damaged," said Patrick Esteruelas, head of research at Emso Asset Management.

The country has a history of fiscal mismanagement, government debt defaults and currency depreciation. The new administration under Mr. Macri has worked hard to win back foreign investors and to encourage bank lending with more pro-business policies.

—Santiago Pérez contributed to this article.

# Armenia Elevates Protest Leader

BY THOMAS GROVE

had no intention of turning toward Europe at the expense of Moscow.

"We are not Russia's enemy and certainly not enemies of our own country, inclined to take our country down the path of adventurism," Mr. Pashinyan said.

The costly lessons Ukraine learned in its revolution

**'We are not Russia's enemy,' said Nikol Pashinyan, the newly elected prime minister.**

against a pro-Russia president in 2014, which sparked Russia's annexation of Crimea and its intervention in the country's east, helped encourage demonstrators to avoid both violence and a perception by Moscow that their protest was anything but domestic.

After protests that closed down roads and railways, the Republican Party said it would give up power and chose not to field its own candidate. Mr. Pashinyan, who can now form a government, has promised to hold elections as soon as he can guarantee their legitimacy.

# Berlin Puts Out a Contract on an American Invader: the Red Crawfish

BY WILLIAM BOSTON

BERLIN—Elvis sang a ballad about them. Louisiana has whole cookbooks about them. Berlin wants them eradicated, ideally by hungry Germans.

The humble American red crawfish has nested uninvited in the city's rivers and lakes, and this spring, the city fathers have declared open season on the invasive species.

"They are a threat to local shellfish, reptiles and amphibians," said Derk Ehler, a wildlife expert with the city's environmental agency. "We need to get rid of them."

The crawfish—also known in English as crayfish, mudbug and crawdad and in German as *Sumpfkrebs* or swamp crab—is a freshwater cousin of the ocean lobster and shrimp.

Berlin has awarded a license to a family-owned fishing outfit to troll local waters and capture as many crawfish

as their nets can hold. The family started laying traps last week and is hoping to fish the crustacean into oblivion by the end of the year—and make a profit doing it.

"There are some restaurants that are interested and I thought I could offer crawfish sandwiches on my fish truck," said Klaus Hidde, 64 years old, the professional fisherman who won the sole license.

"We know what happens when the IMF enters our country," said opposition lawmaker Leonardo Grosso. "The popular movements, unions

and every Argentine with a memory should be in the street resisting this policy that



Klaus Hidde and Malte Frerichs empty traps in Berlin's Tiergarten.



Right, a captured crawfish.

is only going to bring hunger, unemployment and misery."

Finance Minister Nicolás Dujoyne was scheduled to travel to Washington on Tuesday to meet with IMF officials. He said the government was looking to ensure stability while supporting economic growth.

"Discussions have been initiated on how we can work together to strengthen the Argentine economy and these will be pursued in short order," the IMF said.

Mr. Macri, who took office in 2015, cited complicated global conditions, including

rising interest rates and oil

prices, and the depreciation of emerging-market currencies, "among other variables that we don't manage."

The talks come after the Argentine central bank raised interest rates three times in a week—after lowering them at the start of the year in an attempt to stimulate growth—and sold \$5 billion in reserves in an effort to prop up the peso.

The peso continued sliding early Tuesday, falling to around 23.25 pesos to the dollar before recovering some ground after the announcement.

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The new administration under Mr. Macri has worked hard to win back foreign investors and to encourage bank lending with more pro-business policies.

—Santiago Pérez contributed to this article.

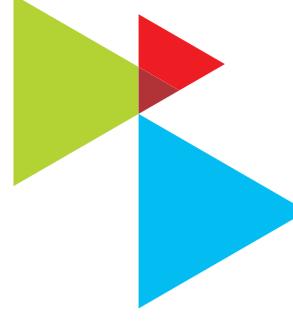
pean crawfish species, according to Arne Jernelöf, a Swedish expert on invasive species.

Mr. Ehler acknowledges that Berlin may, in fact, be behind the curve on the effort to hold back the European invasion of American crawfish, but insists the threat is still manageable and needs to be addressed.

The fish stand at Markthalle Neun, an indoor market in Berlin's trendy Kreuzberg neighborhood, has expressed interest in the new delicacy, says Mr. Hidde, the fisherman licensed to pursue the pest.

But for now his catch is frozen in hopes that it can soon find its way onto German dinner plates.

"We won't really know if it's a good business until the end of the year," he said. By then, the city hopes, the crayfish will be gone from local waters.



ADVERTISEMENT

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Find out how on page B5



TECHNOLOGY: CHINA'S XIAOMI CUTS IPO TARGET TO \$80 BILLION TOPS B4

# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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## Cord-Cutting Pain Hits Bond Investors

By MATT WIRZ

The consumer stampede to streaming media from traditional broadcasters is claiming an unexpected victim: high-yield bond investors.

Telecommunications, cable and satellite companies have borrowed hundreds of billions of dollars in junk debt to build networks that would allow them to dominate their markets for decades to come.

The proliferation of inter-

net-based providers is upending that expectation, forcing investors to question the safety of bonds they bought from companies such as satellite broadcaster **Dish Network Corp.**, cable giant **Charter Communications Inc.** and landline telecommunications company **Frontier Communications Corp.**

Dish, founded by satellite tycoon Charlie Ergen, may be the canary in the coal mine of the new technological land-

scape. Junk-bond investors have lent his companies more than \$30 billion over the past 25 years, according to data from Dealogic, bankrolling Mr. Ergen's construction of a satellite constellation and, more recently, his buying spree of wireless spectrum. Now they are dumping Dish bonds and buying record amounts of derivatives that insure against a default by the company, fearing that the industry's rapid evolution is outpacing Mr. Er-

gen's business strategy.

Although most cable and telecommunications bond prices have declined moderately, Dish bonds have lost about one-quarter of their value in the past year, pushing yields above 9% from about 6%. Higher yields for companies rated below investment grade concern investors because such firms typically rely on new bond sales to pay back debt.

Cord-cutting—as the consumer shift from cable-TV sub-

scriptions toward streaming services is known—is particularly worrying for high-yield bond funds because technology, media and telecommunications companies comprise about one-quarter of the \$1.25 trillion junk-bond market, according to the ICE BofAML U.S. high-yield index.

The media component of the index has lost about 1.33% this year, compared with a 0.38% loss for the entire index.

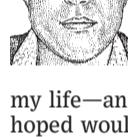
"The level of cord-cutting is

accelerating," said Jared Feeney a cable and media bond analyst for Neuberger Berman Group, which manages \$41 billion of high-yield bond investments. Cable companies such as Charter can offset defecting subscribers with broadband internet sales, but the first quarter of the year brought unexpectedly low revenue from video subscriptions and video ad sales across the industry, he said.

High-yield bonds and media Please see **BONDS** page B2

PERSONAL TECHNOLOGY | By David Pierce

## Outside the Google Bubble, Digital Life Is Fine

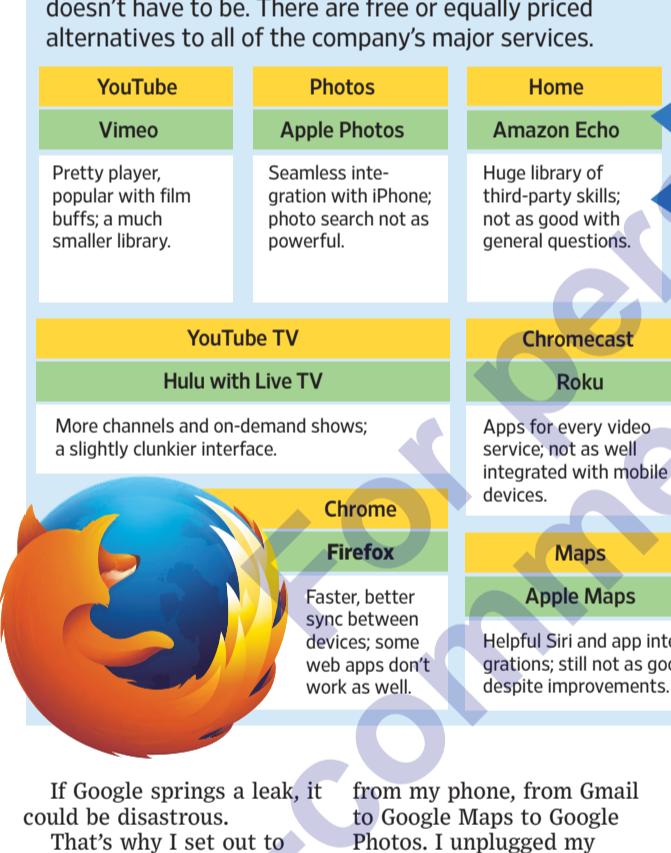


About 10 minutes after I decided to try temporarily removing Google from my life—an experiment I hoped would illuminate how much **Alphabet's** giant dominates online existence—I messed it all up.

I spotted a video of Donald Glover, co-star of "Solo: A Star Wars Story," giving a Millennium Falcon tour. Even on my most careful guard, I still clicked the red play button. A few seconds in, I realized I was watching YouTube—Google's YouTube.

Google is so woven into the fabric of the internet it's all but impossible to avoid. It's where billions of users find, create and store information, where they work and distract themselves from working. You can quit Facebook or take a Twitter break and barely notice, save for an increased sense of boredom in the Starbucks line. Google, you'd miss.

But even more than other companies offering free services, Google collects astounding amounts of data about you and uses it to sell ads. I'm happy with Google, because there haven't been reports of catastrophic breaches or data-sharing scandals on the level of Facebook's Cambridge Analytica nightmare.



If Google springs a leak, it could be disastrous.

That's why I set out to leave Google's planet of intertwined products and services. And when I did, I was surprised to find how many strong alternatives had survived its gravitational pull.

Quitting Google takes more than just typing "bing.com." I deleted 16 apps

from my phone, from Gmail to Google Maps to Google Photos. I unplugged my Google Home, yanked the Chromecast from the back of my TV, and powered down my Chromebook. Luckily I don't own a Nest thermostat, or that would have become a construction project.

I hadn't realized how my life had come to revolve

around Google products. To replace them, I brought in an Amazon Echo and a Microsoft Surface Laptop. I used the Notion app and Dropbox Paper for notes and documents, and switched cord-cutting allegiance from YouTube TV to Sling. I deleted the Chrome browser from my devices, and installed Firefox in its place.

Most Google services have straightforward replacements: Microsoft's free Office Online for Docs and Sheets; Signal for Hangouts; Evernote for Keep; and Flipboard for Google News. In many cases you can down-

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◆ Android to let users track their app usage ..... B4

## Facebook Shuffles Its Top Managers

By DEEPA SEETHARAMAN

**Facebook Inc.** is overhauling its management structure in one of the most extensive corporate makeovers in its 14-year history.

In arguably the most significant move, the company put longtime executive Chris Cox in charge of Facebook, Instagram, WhatsApp and Messenger in an effort that will integrate its high-profile acquisitions more deeply into the larger company. Facebook's product and engineering divisions will now be carved up into three main divisions, including one focused on emerging technologies, such as blockchain, the foundation of cryptocurrencies like bitcoin.

The executive shuffle, announced internally Tuesday, doesn't affect the responsibilities of Chief Operating Officer Sheryl Sandberg, the company's No. 2 executive. More than a dozen executives will change roles or take on additional responsibilities through the restructuring, which takes effect immediately.

A Facebook spokeswoman confirmed the changes, which were first reported by tech news site Recode and go into

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## INSIDE



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WANTS BUZZ IN  
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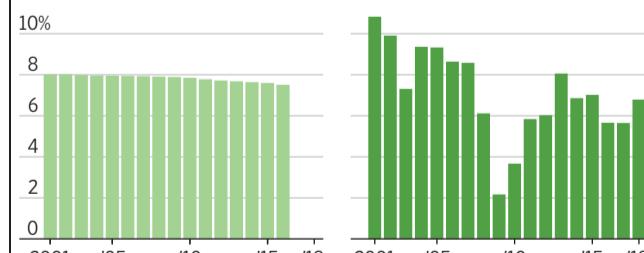
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### Great Expectations



Sources: Wilshire Trust Universe Comparison Service (10-year annualized median rate of return); Public Plans Database (average assumed rate of return)

THE WALL STREET JOURNAL.

## Pension Forecasts Rosier Than Reality

By HEATHER GILLERS

The value of investments by public pension funds declined last quarter, widening the gap between what these funds say they will earn and what they actually make.

Pension funds across the U.S. each year must estimate how much they expect to earn on investments, a projection that determines the amount the government that is affiliated with the pension fund

must pay into it. Robust returns reduce the need for government support.

But forecasts don't always square with funds' actual experience. Retirement plans across the country still project their investments will increase at a median annual rate of 7.25%, according to Wilshire Consulting, an adviser to pension funds. Yearly returns on public pension plans have returned a median 6.79% over the past de-

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# Innovation starts with "yes."

Find out why on page B5

# Southern Company

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## Orbital Decay

Satellite broadcaster Dish Network's bond prices are falling amid accelerating subscriber losses, and the cost of insuring against a default by the company is rising.

### Price of Dish bonds due 2024

105 cents on the dollar



Sources: FactSet (price); IHS Markit (CDS)

## BONDS

Continued from the prior page and telecommunications companies grew up together in the 1990s in a largely symbiotic relationship. Innovation and deregulation spurred the creation of dozens of new satellite, cable and telecom companies whose founders turned to the nascent junk-debt market for capital. Some grew steadily and rewarded stock and bond investors, but many, such as WorldCom Inc. and Global Crossing Inc., failed spectacularly in the early 2000s, when they ran out of money before reaching profitability and used fraudulent accounting to mask losses.

Defaults are low right now in telecommunications and media bonds, and some companies that offer broadband and wireless access actually benefit from the move toward streaming media.

Signs of cord-cutting trouble emerged last year when wireline companies, including CenturyLink Inc. and Frontier Communications, that deliver telecommunications over land lines reported faster-than-expected sales declines and their bond prices dropped.

The selling expanded to cable and satellite broadcasters such as Charter and Dish this year as it grew apparent that their customers are also abandoning them sooner than expected for internet-based alternatives like Netflix Inc. and Amazon.com Inc. Rapid change also spurred a wave of consolidation, from AT&T Inc.'s deal

to buy Time Warner Inc. to Sprint Corp. and T-Mobile US Inc. attempting to combine for the third time in four years.

Mr. Ergen, who still controls

Dish, has outlasted numerous

satellite rivals such as cellular-

phone magnate Craig McCaw

and former hedge-fund man-

ager Philip Falcone. He fore-

saw the decay of satellite

video and began buying a large

patchwork of wireless network

licenses more than a decade

ago to help transition Dish to

the wireless broadband age.

A spokesman for Dish de-

clined to comment. The com-

pany Tuesday reported a 6%

revenue drop for the first

quarter caused by loss of satel-

lite-television customers.

Stock and debt investors

backed Mr. Ergen through the

decades in part because he pe-

rennially explored selling the

company, and its wireless li-

censes, to larger companies like

DiracTV, AT&T, T-Mobile US and

technology firm Amazon that

could give Dish growth and se-

curity. But as mergers sweep the

industry, Dish has been left out

and bondholders are worried

Mr. Ergen will wait too long and

run out of cash before he can re-

alize the long-awaited merger

that will transform his company.

Some of Dish's \$16 billion of

bonds traded Tuesday at around

82 cents on the dollar, and Dish

credit-default swaps were the

most heavily traded high-yield

contract in the default deriva-

tives market over the past three

months, a CDS trader said. The

price of insuring \$10 million

Dish bonds has about doubled

this year to \$692,000, accord-

ing to IHS Markit.

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dation, from AT&T Inc.'s deal

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## BUSINESS & FINANCE

# Ford's Pickup Assembly Takes Hit

By CHRISTINA ROGERS

Ford Motor Co. expects to lay off several thousand workers temporarily at a Michigan factory that assembles its top-selling F-150 pickup truck after a fire last week damaged the premises of a parts supplier, people familiar with the matter said.

The blaze, which occurred Wednesday at a Michigan plant operated by Meridian Lightweight Technologies, has already disrupted production of Ford's pickup trucks at a factory in Missouri. Meridian is an automotive-interiors supplier owned by China's Wan-feng Auto Holding Group, which makes components for Ford and other car makers.

Ford's F-150 factory in Dearborn, Mich., is expected to run out of Meridian-supplied parts and halt production as early as Wednesday, the people familiar with the matter said. They cautioned that the situation was fluid and final decisions on the exact timing hadn't been made.

Ford said Monday that its other main F-150 plant, in Kansas City, Mo., would be idled this week because certain parts are in short supply

MATTHEW DAE SMITH/LANSING STATE JOURNAL/ASSOCIATED PRESS



Last week's fire at a plant in Michigan that supplies parts for Ford's top-selling F-150 pickup truck.

after the fire. The two plants, which together employ 7,600 people, could face several weeks of down time as the auto maker seeks ways to make up the parts shortfall, the people said.

The F-150 is Ford's best-selling vehicle and generates the bulk of its global profit. A prolonged shutdown of the plants could dent the company's second-quarter revenue and profit, said Jamie Alber-

tine, an auto analyst at Consumer Edge Research.

Mr. Albertine estimates the two plants combined produce some 10,000 to 15,000 F-150s a week, citing figures from AutoData Corp. He said Ford dealers should have a few months of inventory in hand to prevent shortages in showrooms, but the company would face cost pressures from paying workers during idle time and while ramping back up to

offset lost production.

The fire also disrupted production at a Fiat-Chrysler Automobiles minivan plant in Windsor, Ontario, and a BMW sport-utility factory in South Carolina, those companies said Monday. BMW said Tuesday that production had resumed. A Meridian official said the company is "supporting its customers."

—Mike Colias contributed to this article.

## SOCIAL

Continued from the prior page effect immediately.

One former Facebook executive said the moves appeared to be designed to surround CEO Mark Zuckerberg with his most trusted executives as the company faces a range of new challenges.

"This reads like Mark putting his people back in charge. Virtually all of these people are seen as people that Mark believes are technically proficient and understand his vision," the executive said.

The moves give additional responsibilities to several executives who have worked alongside Mr. Zuckerberg since Facebook's early days.

Mr. Cox, who joined Facebook in 2005, will run one of the three new groups within Facebook's product and engineering ranks called "Family of apps." Mr. Cox, previously chief product officer of the main Facebook app, will now oversee product decisions made across Facebook's services.

The company also is placing two other longtime Facebook executives in key positions at WhatsApp, an encrypted-messaging app that Facebook acquired in 2014 for \$22 billion, and Instagram, the photo- and video-sharing app that Facebook bought in 2012 for \$1 billion and is now a key driver of Facebook's revenue growth.

Chris Daniels, a Facebook executive who joined in 2011, is taking over WhatsApp fol-

owing Jan Koum's announcement last week that he was stepping down. Mr. Koum, a WhatsApp co-founder, left after what people familiar with the matter described as a dispute over plans to introduce ads in WhatsApp and frustration about working at a large company.

Adam Mosseri, who runs the Facebook news feed and joined the company nearly a decade ago, will move to Instagram, where he will run product.</p

## BUSINESS NEWS

# Japan's Takeda Wins Fight For Shire

BY PREETIKA RANA

Takeda Pharmaceutical Co. on Tuesday reached an agreement to buy Shire PLC, capping a months-long battle for control of the European drugmaker and marking the biggest-ever overseas acquisition by a Japanese company.

Shire's board agreed Takeda could buy the Dublin-based company for £49.01, or \$66.21, a share—\$30.33 in cash and 0.839 of a Takeda share for each Shire share. The deal, which requires shareholder approval, values Shire at \$62 billion.

The acquisition would create the world's eighth-largest drugmaker with combined sales of \$30 billion, and bolsters Takeda Chief Executive Christophe Weber's mission to gain a greater foothold in more lucrative markets such as the U.S. and Europe.

Takeda, Japan's largest drugmaker by sales, said it would borrow cash to fund the deal, worrying some shareholders that it was piling on too much debt. Last year, it borrowed money to acquire U.S. cancer-drug company Ariad Pharmaceuticals Inc. for \$5 billion.

The Japanese company's shares closed up 3.9% on the news Tuesday. But they have fallen more than 16% since late March, when Takeda first expressed interest in Shire. At the time it offered to buy the maker of rare treatments at £44 a share. Takeda subsequently raised its bid four times.

Shire shares rose more than 4% Tuesday and have gained more than 30% since late March, further widening the gap between the companies' market valuations. Its market value now exceeds Takeda's by almost \$15 billion.

# Starbucks Wants More P.M. Buzz

Coffee chain views occasional afternoon visitor as source of future sales growth

BY JULIE JARGON

**Starbucks** Corp. has little trouble getting customers in the door for their morning coffee. The problem is getting them to visit in the afternoon.

Starbucks is among major coffee chains in the U.S. that cite the increasing importance of attracting customers in the hours between lunch and dinner. The chains get about 59% of their traffic in the morning, and while they get a smaller amount in the afternoon—23%—it is a sizable business, according to market-research firm NPD Group Inc.

Starbucks doesn't publicly disclose its traffic by time of day. In recent quarters, however, it began to blame slowing U.S. sales on sluggish afternoons that attract mostly occasional customers, which it defines as people who visit the chain one to five times a month.

"We know there is additional opportunity ahead to continue growth in the morning and in the afternoon," Starbucks Chief Operating Officer Rosalind Brewer told investors last month. "We must perform in both day-parts."

Focusing on boosting traffic to its coffee shops was an important element of the company's decision this week to sell most of its supermarket packaged-coffee business to Nestlé SA in a \$7 billion deal.

As part of its emphasis on the afternoons, the chain said it needed to widen its attention to the occasional Starbucks drinker after having largely focused on appealing to the 15 million people in the U.S. who had signed up for its customer-loyalty program.

The chain found that the 60 million monthly visitors who aren't part of the loyalty program buy more items in the



The company has blamed sluggish U.S. sales in part on a failure to attract more customers beyond its busy morning hours.

afternoon than they do at other times of the day. But they don't come in often enough to boost sales.

Part of the challenge: Consumers have an increasingly wide range of sources for their afternoon caffeine fix, from bottled cold brew in supermarkets and convenience stores to iced coffee at McDonald's or Dunkin' Donuts.

"The morning is a routine, it's a ritual," Tony Weisman, chief marketing officer for Dunkin' Donuts U.S., told investors in February, "but the afternoon is a pit stop, either a physical or an emotional break."

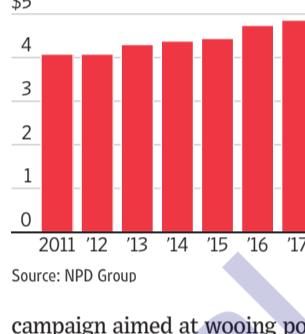
Starbucks sees an opportunity. Ms. Brewer, in a recent interview, said she learned that the chain's occasional customers mostly drink cold beverages and that Starbucks can capitalize on that.

The chain is rolling out new cold coffee and tea drinks and is introducing "happy hour" promotions featuring cold beverages. It is planning an ad

## Afternoon Coffee

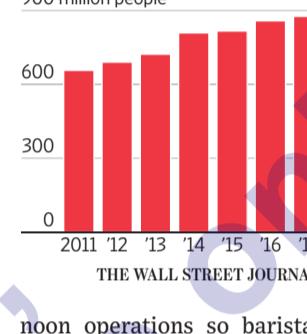
The frequency and average check size of visits to U.S. coffee and tea shops between 2 p.m. and 4 p.m. have been increasing since 2011.

### Average check size



Source: NPD Group

### Customer visits



THE WALL STREET JOURNAL.

That chain said it, too, had to rethink the way customers view an afternoon caffeine run. To differentiate the afternoon experience from what customers get in the morning, digital menu boards will switch in the afternoon to feature the snack items, and employees at test stores will change into new shirts—embazoned with "Dunkin' Run."

Starbucks said it is planning to take another look at its food offerings. Consumer ratings for the food trail that of fast-food chains on quality, taste, visual appeal and portion size for the price paid, according to restaurant consulting firm Technomic Inc., which surveys approximately 56,000 fast-food visitors a year.

Aimee Truchan, a San Diego marketing executive, said she likes a pastry with her afternoon coffee but won't go to a Starbucks to get it. "I really avoid their food because it has the appeal of the waxy food that comes with a toddler's toy kitchen," she said.

# Sale of Toshiba Chip Unit Stalls

BY TAKASHI MOCHIZUKI AND KOSAKU NARIOKA

been generally uncommunicative about the status of Toshiba's application in recent weeks, according to people involved in the effort. The brushoff comes amid heightened trade tensions between China and the U.S., home to Bain and others in the buyer consortium.

Chinese regulators gave an initial pessimistic review in April to another chip deal involving a U.S. buyer, Qualcomm Inc.'s \$44 billion purchase of NXP Semiconductors NV.

People involved in the Toshiba deal say that under Chinese guidelines regulators have until the end of May to screen the company's submission and that an approval is still possible. Representatives of Toshiba and Bain said they

are awaiting China's decision.

On Wednesday, after initial publication of this article, Toshiba issued a statement saying that it "still intends to close the memory business transaction as soon as possible, and has not made any alternative policy decisions."

China's Ministry of Commerce referred queries to the State Administration for Market Regulation, which didn't respond to a request to comment.

Toshiba fortified its finances late last year by raising more than \$5 billion in capital and faces less pressure to sell the chip unit. "The deal is going nowhere, and the current scheme is dead," said a person directly involved in Toshiba's effort.

—Xiao Xiao  
contributed to this article.

## BUSINESS WATCH



Volkswagen's Audi brand said it found illegal emissions software.

AUDI

### Emissions Scandal Still Dogs VW

Luxury-car maker Audi AG said Tuesday it had found illegal software that manipulates emissions in about 60,000 of its best-selling diesel-powered vehicles mostly sold in Europe, the latest sign that parent **Volks-wagen** AG is still struggling to cap an emissions-cheating scandal that has cost it billions.

The new revelation comes about 2½ years after U.S. environmental authorities disclosed that Volkswagen had rigged millions of diesel engines to

cheat on emissions tests for nearly decade. Earlier this month, the U.S. Justice Department unsealed an indictment of former Volkswagen Chief Executive Martin Winterkorn on charges of fraud and conspiracy.

Mr. Winterkorn led the company from 2007 until September 2015, when he resigned in the wake of the revelations about the diesel scandal.

Audi said it would propose fixing the affected cars with a software update.

If approved by Germany's KBA motor-vehicle agency, Audi would recall all of the vehicles to do the work.

—William Boston



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## TECHNOLOGY

WSJ.com/Tech

## PIERCE

*Continued from page B1*  
load your Google data using its Takeout service, upload it to a new app—for instance, bringing email into Outlook—and hardly miss a beat. iPhone users who switch their search engine to Bing or DuckDuckGo and use Apple's productivity apps seldom encounter Google.

During my time without Google, I missed Maps, Photos and YouTube most. Other navigation services exist (MapQuest lives!), but even the latest Apple Maps can't beat Google Maps for traversing the real world. My Google Photos account contains years of memories, and Google's smart photo search is by far the best.

**Y**ouTube is the only game in town for internet video. (Vimeo has interesting projects, but it's a handful of sand vs. YouTube's beach.) Without YouTube, I'm sure I've missed dozens of trailers, music videos, late-night clips and useful tutorials I'd have otherwise enjoyed. That dominance is a concern, especially when YouTube is under scrutiny for allowing—and even recommending—fake and heinous videos.

Avoiding Google was hardest at work. We use Google's G Suite of enterprise apps, so Gmail, Google Drive, Docs and Sheets contain the majority of my work. I had to force Dropbox Paper on my co-workers, and warned them emailing me wouldn't do much good. (They still emailed.)

I even encountered Google in unexpected places, like when I opened my to-do-list app and realized I'd used my Google account to log in.

As Google products have taken over, they've also become more insular. Google Search tries to answer your questions without ever taking you to another site. Some Google services, like Google Earth, work only in Chrome—though Google says

it's changing that.

Chrome commands nearly 60% market share, according to analytics company Statcounter—over four times as large as second-place Safari. It has outsize influence over the future of the web. Companies such as Airbnb and Bank of America have directed users to Chrome for the "optimized" versions of their sites. If you use a Google product in another browser, Google frequently prompts you to download Chrome. (Google says it is dedicated to supporting other browsers.)

**B**y almost any measure, Google collects more data than Facebook. I recommend doing a thorough audit of your My Activity page, which displays everything Google watches you do. You should also manage data through Google's privacy and security checkups.

On a recent day, Google tracked me in 468 different activities—many that had nothing to do with Google, except that I did them using a Chromebook, Android phone or Chrome browser.

I also recommend trying more non-Google software and services. It isn't like Facebook, where you have to get all your friends to leave with you. Download Firefox, which has automated anti-tracking features. Switch to Bing or DuckDuckGo—believe it or not, they are just as good as Google for most things. Take your meeting notes in Dropbox Paper.

You don't need to stop using Google products altogether—and as I found, you practically can't if you try. But make sure you're using only the products you want, and granting Google access to your data only when you're getting something you value in return.

A peek outside the Googlesphere helped me find some excellent alternatives—many with more focus on privacy—to the apps I'd used too often by default. Going forward, I'll be a better citizen of the internet—not just the one Google created.

## Xiaomi Lowers IPO Target

Smartphone maker now sees its valuation in the offering topping out at \$80 billion

BY DAN STRUMPF  
AND JULIE STEINBERG

HONG KONG—Smartphone maker **Xiaomi** Corp. is aiming for a valuation of between \$70 billion and \$80 billion in its planned initial public offering, according to people familiar with the matter. That is lower than the \$100 billion target previously discussed by people familiar with its plans.

Xiaomi, whose IPO is expected to be the world's biggest by a tech company this year, didn't disclose the offering size or expected valuation in its May 3 filing announcing the plan to list in Hong Kong. The Chinese company still seeks to raise at least \$10 billion in the deal, according to people familiar with the matter.

The earlier target was too aggressive, some people familiar with the company's plans said, as global tech companies have experienced share-price declines of 10% or more from their peaks this year.

Xiaomi, which is based in Beijing, is the fourth-largest



The Chinese company, one of the world's largest phone vendors, still aims to raise at least \$10 billion.

vendor of smartphones worldwide and also sells an array of internet-connected gadgets like rice cookers and air purifiers. It has had success in China and its popularity is surging in India, where it leads the smartphone market. It intends to enter the U.S. market as soon as this year.

While most of its sales come from hardware, the company aims to generate more profits from software and services tied to its ecosystem of connected devices, and is

pitching itself to investors as an internet company in the mold of Facebook Inc. or Amazon.com Inc.

The latest valuation range "is more in line with internet valuations," said Mark Newman, a Hong Kong-based analyst at Sanford C. Bernstein—comparable to those of China's Alibaba Group Holding Ltd. and Tencent Holdings Ltd.—and "still significantly higher than hardware [company] valuations."

Apple Inc. is the world's most highly valued smartphone maker, at roughly 3½ times annual sales, according to S&P Global Market Intelligence. For Xiaomi, that multiple would produce a market value of about \$63 billion.

The company hasn't set a date for its offering, but people familiar with its plans say it is likely to come in the next couple of months, in line with typical IPO timelines. Details on pricing and large investors' participation will also come later, these people said.

## Android to Let Users Track App Usage

BY DOUGLAS MACMILLAN

Google said Tuesday that the new version of its Android mobile operating system would tell users how much time they've spent on various apps, joining other tech giants addressing criticism that their products are too addictive.

The time tracker is on a new Android dashboard screen that also will allow users to set time limits on apps and automatically turn the phone screen gray at the time they want to go to bed.

The features are part of a broader initiative to help users with their "digital well being," Google CEO Sundar Pichai said during the company's annual developer conference in Mountain View, Calif.

"There are very real and important questions being raised about the impact of these advances and the role they'll play in our lives," Mr. Pichai said.

Google, a unit of **Alphabet** Inc., is the operator of the world's most widely used mobile operating system.

On Monday, **Microsoft** Corp. CEO Satya Nadella put privacy and responsibility at the center of his keynote speech at the software giant's annual developer conference in Seattle. As devices reach into homes, cars and workplaces—and as apps manage friendships, banking, health care and more—the tech industry needs to deepen trust, Mr. Nadella said.

Google, **Apple** Inc. and **Facebook** Inc. all have been criticized for business models that rely on hooking users on their phones and apps for longer and longer periods.

Earlier this year, Facebook's Mark Zuckerberg pledged to "fix" Facebook with several actions including "making sure that time spent on Facebook is time well spent."

Apple, following pressure from activist investors to give parents greater control over children's phone use, said it plans new features that will make the tools it provides parents "even more robust."

—Jay Greene contributed to this article.

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# MAKE BREAKFAST HAPPEN SO KIDS CAN BE HUNGRY FOR MORE

Photo By: Peggy Sirota



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## BUSINESS NEWS

# Nike Says Five More Executives Left Firm

BY SARA GERMANO

Nike Inc. said five more executives have left the company amid an internal investigation into complaints about workplace issues at the sportswear giant.

The departures this week include Steve Lesnard, vice president and general manager of global running; Tommy Kain, director of sports marketing; Helen Kim, vice president and general manager of Nike East, North America; Simon Pestridge, global vice president of marketing for performance categories, and Ibrahim Hasan, a senior creative director.

The five Nike veterans didn't respond to requests to comment. The exits bring to 11 the number of executives who are known to have left amid the probe. Of those, Ms. Kim is the first woman.

With their exits, Nike has completed the initial phase of an internal investigation into complaints of inappropriate workplace behavior, according to a person familiar with the matter. The New York Times earlier reported on the exits.

On March 15, Nike Chief Executive Mark Parker wrote a memo to employees saying the company had received complaints and initiated an investigation, and that his second-in-command, Trevor Edwards, would resign his post as Nike brand president immediately.

The Wall Street Journal reported in March that the company started the probe after a group of women within the company circulated a survey about concerns about workplace behavior and gender imbalances in pay and promotion. The Journal also reported about complaints of a boys-club culture at Nike and flaws in the human-resources department.

# Plus Sizes Find Better Retail Fit

By SUZANNE KAPNER

Americans are getting bigger, and retailers—after years of ignoring plus-size shoppers—are starting to notice.

Chains including Nordstrom Inc. and Target Corp. are boosting their plus-size offerings and displaying the clothing next to standard sizes, breaking with a practice of segregating larger sizes in a separate department. The chains are adding supersize mannequins, and some are showcasing plus-size models on their websites alongside the usual waiflike figures.

Fashion has long cultivated a body image that was out of alignment with most Americans. But the discrepancy is growing, making it harder for retailers to ignore as they confront rising competition from Amazon.com Inc. and other online retailers that has cut into sales and led to the closure of hundreds of stores.

More than 70% of U.S. adults age 20 and older were overweight or obese as of 2014, according to government health statistics. That compares with 67% a decade earlier. The mean waist size for American women age 20 and older was 38 inches, according to the data, which equates to a size 16 for most brands. Regular sizes typically start at 2 and run through 12 with plus sizes starting at 14.

Men are getting bigger, too. Target offers some Big & Tall clothing for them next to regular sizes in select stores. And Nordstrom is hoping to have a bigger selection of plus sizes for men next year. But, for the most part, retailers are testing these changes in their women's departments.

Nordstrom is adding larger sizes from 100 brands, many of which previously had not made plus-size clothing, including Italian luxury brand Gucci. The extended sizes will be available online and in 30 stores, alongside the regular-size clothing for each brand, and displayed on mannequins



Stores are using full-figure mannequins to show larger sizes, including a size 12 outfit at a Nordstrom's store in downtown Seattle.

ranging in size from 2 to 18.

Target by year-end will carry plus-size swimsuits, athletic gear and lingerie next to regular-size items in those categories in 300 stores, up from about 150 stores now. It is also expanding its existing plus-size departments in those 300 stores. More than 1,000 locations will have mannequins spanning sizes 4 to 22.

Outdoor chain REI increased its plus-size offerings by 50% during the past year. Sixteen of its 153 stores now display larger sizes next to regular-size parkas and other gear. "There weren't many outdoor brands that made larger sizes," said Michele Orr, REI's general merchandise manager of apparel. "We had to convince them by explaining the business opportunity."

The moves are a departure for an industry that plus-size shoppers say makes them feel like second-class citizens.

"Plus-size clothes are often at the back of the store, the departments aren't well stocked and the experience is so uninviting," said Amanda Gilliam, a college-admissions consultant in Somerset, N.J.

## Nordstrom, Target and other retailers are boosting their plus-size offerings.

"It's very shortsighted of brands not to make plus sizes. They are missing out on so many people who are prepared to spend money."

Some brands have shied away from manufacturing larger sizes because of the expense and complication of getting the clothes to fit. In standard clothing, the length and

width increase proportionally for each successive size, according to industry executives.

In plus sizes, the width increases more than the length, requiring manufacturers to create new fit patterns, a costly process. Larger sizes also require additional fabric, which adds another layer of expense, though clothing producers often pass many of these costs on to consumers.

"There are costs associated with having extended sizes and lots of brands just aren't interested," said Emma Grede, who with Khloé Kardashian founded Good American, a denim and T-shirt brand that runs the size gamut from 00 to 24.

Nordstrom began carrying Good American in October and noticed that 16 and 18 were among the best-selling sizes. Most of the other denim brands Nordstrom sells didn't make jeans in those sizes, so it

asked them to expand their range, according to Tricia Smith, Nordstrom's general merchandise manager of women's apparel.

Soon, it had enlisted other brands, including Rag & Bone and Theory, which added sizes 14 and 16.

Nordstrom is adding sizes at the lower end too, down to 00. And like Target, it isn't eliminating its plus-size departments, though that is something Ms. Smith said she would consider if she could get enough brands to produce larger-size clothes.

"There is still a lot of work to be done," she said.

Some retailers have begun producing the clothes themselves. Target introduced Ava & Viv in 2015, an in-house plus-size brand whose spring lineup includes off-the-shoulder tops. Since then, it has increased its private-label plus-size offerings by 50%, according to a spokeswoman.

# More U.S. Workers Test Positive for Illicit Drugs

BY LAUREN WEBER

Fewer U.S. workers tested positive for prescription painkillers last year, but cocaine, methamphetamine and marijuana use surged, according to new data from Quest Diagnostics, one of the largest drug-testing laboratories in the U.S.

But the share of American workers and job applicants testing positive for potentially illicit drugs in 2017 was 4.2%, holding steady to the prior year, the data show. Quest analyzed more than 10 million urine tests conducted on behalf of employers.

"It's striking as we look at all this data and see continuing increases in the use of illicit drugs. That's a concern for everyone," said Barry Sample, Quest's senior director for science and technology.

The federal Drug-Free Workplace Act of 1988 ushered in an era of job-related drug-testing, prompting a rapid decrease in positive tests. Since the mid-2000s, the positivity rate has hovered close to 4%, although it hit a 30-year-low of 3.5% in 2012, Quest said.

Positive tests for opiates, such as morphine and oxycodone, dropped sharply by 17% in 2017 from the year before, likely reflecting continuing crackdowns on illegal or excessive opioid prescriptions, Mr. Sample said.

Positive tests for marijuana rose in states that have recently legalized the drug for medical or recreational use. In Nevada, where voters legalized marijuana use starting in January 2017, positives were up 43% last year.

Quest data suggested a continuing surge in methamphetamine use in the Midwest, South and parts of the Northeast. Some states, including Nebraska and Idaho, saw sharp increases in cocaine positives.

The Quest data combines

## Drug Test Data

Share of U.S. workers testing positive for potentially illicit substances



Note: Combined U.S. workforce (general and safety-sensitive). Includes urine tests only. Source: Quest Diagnostics Inc.

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results for the general workforce along with tests of workers in safety-sensitive jobs, such as pilots, bus drivers and nuclear power plant operators, who are subject to federally mandated testing, including random checks. In the general workforce, 5% of tests came back positive for an illicit substance, up from 4.9% in

**Positive tests for opiates, such as morphine and oxycodone, dropped.**

2016. Of people in safety-sensitive roles, 2.1% tested positive in 2017, up from 2% the prior year.

In all, 2.6% of workers Quest tested in the general workforce showed positive results for marijuana, although the company said fewer customers are requesting the marijuana test.

While marijuana is still an illicit substance at the federal level, 30 states and the District of Columbia have adopted laws making it legal in some form, according to the National Conference of State Legislatures. Even in states that have loosened or dropped restrictions on buying, selling and

using marijuana, the legal status of the drug is in flux, said Danielle Urban, a partner in the Denver office of law firm Fisher Phillips LLP.

U.S. Attorney General Jeff Sessions in January rescinded a memo from President Barack Obama's administration that directed prosecutors to make marijuana enforcement a low priority.

Employers in most states still have a right—and a fair amount of discretion—to maintain a drug-free workplace. But as the legal landscape rapidly shifts and qualified workers become harder to find, some employers are questioning the wisdom of rejecting employees because they may have smoked pot.

"Does the fact that someone smokes marijuana recreationally make them a bad employee? No," said Tracie Spodenberg, senior vice president of human resources at the Granite Group, a wholesaler of plumbing, heating and other supplies in New Hampshire, where marijuana is still illegal.

The company employs many drivers, who are required by federal law to undergo regular drug testing, and it only tests workers who are in those safety-sensitive roles, said Ms. Spodenberg, who also sits on the special-expertise committee of the Society for Human Resource Management.

She said a prior employer of hers had a policy of randomly testing a sample of workers at a warehouse that stored pharmaceutical products. A few years ago, a handful of employees who were tested in one batch received marijuana positives. The company decided not to fire any of them.

"We would have severely depleted our staff," she said.

Instead, the workers were offered a chance to take the test a second time.



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# THE PROPERTY REPORT

## Saudi Prince, Partner Buy Plaza Hotel

Al-Waleed, Ashkenazy match earlier offer for majority stake with \$600 million deal

BY KEIKO MORRIS  
AND CRAIG KARMIN

Real-estate investor **Ashkenazy Acquisition Corp.** and its partner Saudi Prince al-Waleed bin Talal, minority owners of New York's Plaza Hotel, have agreed to buy full ownership in a deal that values the property at \$600 million, according to people familiar with the matter.

The investors, who already own a 25% stake in the 282-room hotel, have exercised an option to match a recent offer to buy the 1907 property. The partners have 45 days to close the deal.

If they complete the acquisition, it would be among the most expensive hotel sales ever in the world on a price-per-room basis, a popular industry metric for valuing hotel sales.

Last week, the seller, **Sahara Group**, a Lucknow, India-based conglomerate that is the hotel's majority owner, reached an agreement with two other investors—Shahal Khan, founder of Dubai-based **White City Ventures**, and Kamran Hakim of the **Hakim Organization**, a large private New York landlord—to buy the hotel.

But Ashkenazy, a private real-estate investment firm based in New York, and Prince al-Waleed had the right to

match any agreement to purchase Sahara's majority stake.

Prince al-Waleed, who is one of the world's richest men, was recently detained for more than two months by the Saudi government as part of a purge of elites in what the kingdom described as a corruption crackdown.

Sahara has long been trying to sell the hotel. Last summer, Sahara hired **JLL Hotels and Hospitality Group** to find a buyer and has been in negotiations with a number of parties, say people familiar with the matter. About 50 private-equity firms, foreign governments and other investors had expressed interest in the Plaza Hotel last year, but a deal had been elusive.

Sahara acquired its controlling stake in 2012 in a deal that valued the property at about \$575 million. Since then, Sahara founder and Chairman Subrata Roy has faced legal troubles.

India's Supreme Court in 2014 sentenced Mr. Roy to jail for failing to pay regulators what the government said is as much as \$4 billion of what they claim is illegal debt issued to small investors. Mr. Roy spent two years in a New Delhi jail on contempt charges.

Mr. Roy and Sahara have denied the allegations and say they have paid most of the debt owed to investors.

The pedigreed hotel comes with a coveted location on the southeast end of Central Park. Previous owners of the property include hotelier Conrad Hilton



**The storied property has played roles in many films, including Hitchcock's 'North by Northwest.'**

and Donald Trump, who once compared it to the Mona Lisa.

It has been featured in novels like "The Great Gatsby"

and numerous films, including Alfred Hitchcock's "North by Northwest."

The agreement by Ashke-

nazy and Prince al-Waleed to acquire full ownership of the Plaza was reported earlier by the New York Post.

## Lending Venture Aids Miami's Condo Market

BY PETER GRANT

A real-estate investment group has rolled out a \$300 million lending business targeting foreign investors who already have made big down payments on units in Miami condominium projects but prefer to borrow the balance when the units are delivered.

The group, led by investment firm **Pebb Capital**, of Boca Raton, Fla., and New York, already has done its first deals with buyers of more than 20 units in the Echo Brickell, a Miami luxury tower with 172 apartments that opened at the end of last year. Most of the borrowers were investors from countries such as Venezuela, Argentina and

Brazil who earlier had put down at least half of their units' costs, said Todd Rosenberg, managing principal of Pebb.

Florida law allows condo developers to use down payments to finance many construction costs. Dozens of projects have been launched this way during the current cycle because construction loans from traditional lenders have been smaller and harder to obtain since the 2008 crash.

Many of the buyers in Miami have been from Latin and South American countries where political and financial uncertainties are much greater than in the U.S.

"People feel their money is

safe here," Mr. Rosenberg said. "It can be a frightening world if you're someone who has been successful" in a South American or Latin American

**Group intends to make \$300 million available for buyers of condominiums.**

The venture—which also includes Yale Mortgage Funding, a Florida mortgage broker, and GPC Truss—initially plans to make \$300 million of loans to such investors in Miami-area

condo projects. Eventually, the venture hopes to expand to other North American markets, like San Francisco, New York and Vancouver, that also have become popular with foreign buyers, Mr. Rosenberg said.

Buyers could have a wide range of reasons for opting to borrow from the venture to close deals rather than coming up with cash, including foreign-currency fluctuations and, in the case of Chinese buyers, government controls on exporting capital.

The venture, named Pebb Yale Truss Lending, will limit its loans to 50% of a unit's price. Buyers will need to come up with additional cash as well if they put less than

50% down.

Foreign buyers have become a fixture in major markets throughout the world. Often, they don't occupy units.

Rather they use them as a way to preserve their wealth and, possibly, to make some return from rising values or renting out their apartments.

In Miami, foreign demand has helped fuel a condo boom. Since 2012, 6,300 new units have been delivered in the downtown Miami market, according to Integra Realty Resources, a real-estate tracking firm.

About 5,000 units are under construction and 864 condos are in the planning stage, Integra said.

## Retailing REITs Shake Up Their Staff

BY ESTHER FUNG

The relentless pounding on the shares of retail REITs in recent months has prompted landlords to sell assets and make changes to management-compensation practices. Now they are shuffling the employee ranks.

In recent weeks, some prominent landlords of malls and open-air shopping centers have announced shake-ups in the executive suite as well as layoffs among rank-and-file employees.

Santa Monica-based mall landlord **Macerich Co.** said Chairman and Chief Executive Art Coppola, 66 years old, would be retiring at the end of the year and will be succeeded by Chief Financial Officer Thomas O'Hern, 62, in January. Macerich said it had reduced its corporate staff and incurred severance costs of \$12.8 million in the first quarter.

"It's good governance to have as many independent directors as possible," said Mr. Coppola, when asked during an earnings call last week why he didn't stay on as chairman.

Strip center **REIT Kite Realty Group Trust** said Executive Vice President and Chief Financial Officer Daniel Sink, 50, will be leaving the company to pursue other opportunities on June 30.

Analysts said they had expected Mr. Sink, who has been with the company since its 2004 initial public offering, to remain there. Kite Realty and Mr. Sink didn't respond to requests for additional comment.

While the last round of REIT layoffs in 2008 was driven by the weak economy, the latest upheaval appears to be more stock-driven. The total return for retail REITs this year is minus-11.2%, according to Nareit, formerly the National Association of Real Estate Investment Trusts. Total return for all equity REITs is minus 4.75% over the same period.

Beachwood, Ohio-based real-estate investment trust **DDR Corp.**, which owns 258 retail properties across the U.S., recently carried out a round of layoffs that included some senior leasing executives.

"When it comes to positions that are no longer available at the company, it's really due to size. The company has changed dramatically in size but not dramatically in focus. We're focused on a much smaller group of assets," said David Lukes, DDR's CEO, in an earnings call last month.

DDR had 319 properties when Mr. Lukes joined the firm in March 2017. It has been shrinking its portfolio for several years now, from 665 properties in 2010.

The company also changed its leasing compensation structure, making it more deal-based rather than emphasizing salary.

"Culturally, the whole company is going to eat what they kill, and that starts with the sales side of the business," said Mr. Lukes.

For the past two years, shopping-center landlords had to contend with store closings and retailer bankruptcies, and shares of retail REITs suffered greatly.

Some REITs such as **Taubman Centers Inc.** and Macerich also are fending off pressures from activist investors who are agitating for broad management changes and asset sales.

## Slumping

FTSE NAREIT Equity Retail Index



BY JEANNETTE NEUMANN

MADRID—Blackstone Group LP is seeking to become the largest hotel owner in Spain and double down on its multi-billion-dollar bet on the country's robust economic recovery and booming tourism industry.

The world's largest real-estate investor made its first major bet on Spain's hotel sector in October, when it acquired Hotel Investment Partners from Spanish lender **Banco de Sabadell SA** for €630 million (\$751.1 million). HI Partners owned 14 hotels with more than 3,700 rooms.

In April, Blackstone bought a 16.56% stake in Spanish property firm **Hispania** from two funds run by billionaire investor George Soros, and pledged to make a full takeover bid if more than 50% of shareholders accept the deal.

Spanish regulators need to approve the deal before the New York-based firm can officially launch its bid. There is also a possibility that other investors would then swoop in with a counteroffer.

Hispania, Spain's largest hotel company with 13,100 rooms, says it is looking for alternatives to the unsolicited takeover offer. Blackstone offered €17.45 a share, valuing Hispania at around €2 billion.

Blackstone's move into Spanish hospitality comes with the bull market in commercial



Spain attracted 82 million tourists in 2017, a nearly 9% increase from the previous year.

real estate in its ninth year and outsize returns getting trickier for private-equity firms to deliver. Prices have hit plateaus in most U.S. and European markets, and rising interest rates have lured investors out of property and into bonds.

Blackstone's bet indicates executives think they can parlay their background in hotels into greater profitability for Hispania. Blackstone has been a majority owner of **Hilton Worldwide Holdings Inc.**

The Spanish hotel market also is attractive to investors partly thanks to Spain's repu-

tation as a relatively safe vacation spot compared with other Mediterranean countries such as Egypt, Tunisia and Turkey.

Spain hosted 82 million tourists in 2017, a nearly 9% rise from the prior year, according to the country's statistics agency.

Spain was ranked No. 3 globally behind the U.S. and China in 2017 in terms of the amount spent in the domestic economy by foreign visitors, according to the World Travel and Tourism Council.

Still, Spanish hotel rates could suffer if tensions cool in other countries and competitors become more popular.

Some investors and analysts

have interpreted Mr. Soros's exit from Hispania as a sign the investment cycle for hotels in

Spain is nearing its peak. Mr. Soros was one of the original investors in Hispania, a Spanish real-estate investment trust created in 2014 to capitalize on the then-nascent Spanish economic recovery.

Shares of Hispania, whose full name is Hispania Activos Inmobiliarios SOCIMI SA, were first sold to the public in 2014 at €10 a piece, compared with around €17 at the end of March before Blackstone announced its plans.

A spokesman for Mr. Soros's fund declined to comment.

Blackstone has an estimated €18 billion invested in Spain, more than any other European country. Many deals have paid off in recent years as Spain's economy grew faster than other major European economies.

Blackstone was an early investor in Spain as the world recovered from the 2008 financial crisis. In July 2013, the New York firm bought nearly 2,000 government-subsidized rental apartments from the city of Madrid for €125.5 million.

The EU's executive branch said last week it expects Spain, the eurozone's fourth-largest economy, to expand at an annual rate of 2.9% in 2018. Spain's economy grew 3.1% last year.

More than five million tourists visited Spain's beaches, museums and restaurants in March, up 9.6% from the year-earlier month, the country's statistics institute said last week.

# BIGGEST 1,000 STOCKS

WSJ.com/stocks

**How to Read the Stock Tables**  
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization.

**Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume.

**Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Tuesday, May 8, 2018

Net

Stock Sym Close Chg

A B C

ABB ABB 23.92 0.24

ADT ADT 8.57 0.13

AES AES 11.73 -0.64

Aflac AFL 44.82 0.23

AGNC Inv AGNC 18.80 -0.34

ANGI Homesvcs ANGI 14.06 0.38

Ansys ANSS 167.48 1.75

ASML ASML 193.87 -1.01

AT&T T 31.70 -0.34

AbbottLab AbbottLab 58.71 -0.61

AbbVie ABV 99.40 -0.23

Albomed ALBD 347.38 -0.19

Accenture ACN 151.94 -0.36

ActivationBlz ATIV 69.61 -0.76

AdobeSystems ADOBE 234.56 3.57

AdvanceAero AAP 116.80 0.66

AdMirokDevcs AMD 11.61 0.02

Aegon AEG 7.04 0.05

AerCap AER 54.74 0.60

Aetna AET 107.83 -0.57

AffiliatedMngs AMG 163.28 0.83

Aigentechs AIGT 67.37 -0.29

AigonicEagle AEM 43.14 0.37

AirProduct ADP 165.31 0.06

AkamaiTech AKAM 73.63 0.50

AlaskaAir ALK 61.63 -0.02

Albermarle ALB 100.73 0.61

Alcoa ALC 53.76 -0.79

AlexandriaErc ARE 128.34 -1.46

AlexionPharm ALXN 114.95 -3.46

Alibaba BABA 196.31 -0.23

AlignTech ALGN 265.46 0.43

Alkermeds ALK 44.19 0.39

Allegian Y 57.39 -2.06

Allegion AGN 78.95 -0.19

Allergan AGN 143.80 -3.29

AllianceData ADS 201.75 2.65

AlliantEnergy LNT 41.72 -1.22

AllisonTransm ASN 42.20 0.35

Allstate ATL 95.71 0.65

AllyFinancial ALLY 26.57 0.03

Arch Daniels ADM 43.95 0.74

AinlyPharm ALG 96.14 -1.28

Alphabet C GOOG 105.39 -0.81

Alphabet A GOOGL 105.89 -0.87

ArrowElec ARW 75.08 0.64

BestBuy BBY 75.63 0.13

Bio-RadLab A BIO 253.69 -1.06

Biogen BIIB 267.93 0.03

BioMarinPharm BMRN 86.81 -0.11

BlackKnight BKI 50.45 -0.85

BlackRock BLK 11.12 0.13

Blackstone BX 31.64 -0.24

BlockHR HRB 27.82 0.15

Bloomberg BLO 172.45 -1.95

Boeing BA 338.37 -0.26

BookingHldgs BKNG 160.36 -3.33

BoozAllen BOA 40.42 -0.38

BorgWarner BWI 49.63 -0.44

BostonProps BXP 122.77 -0.39

BostonSci BSX 29.83 -0.11

Braaskem BAK 24.40 -0.05

BrightHorizons BHG 98.81 -0.04

BrightHouse BHF 50.26 -0.04

BristolMyers BMY 50.53 -0.27

BrownForman BFM 53.67 -0.12

BrownForman BFM

# BIGGEST 1,000 STOCKS

WSJ.com/stocks

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	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
<b>Continued From Page B7</b>																											
Microsemi	MIC	67.43	-0.33	OGE Energy	OGE	33.82	-0.51	PrudentialFin	PRU	100.10	-0.40	Sanofi	SNY	38.66	-0.72	TAL Education	TAL	39.35	0.70	UniversalHealth	UHH	115.95	-1.43	VirtuFinancial	VIRT	33.35	-0.80
Microsoft	MSFT	95.81	-0.41	O'ReillyAuto	ORLY	265.74	2.57	PublicServiceCent	PEG	51.08	-0.80	SareptaTherap	SRPT	85.66	-4.54	TD Ameritrade	AMTD	60.62	0.69	VirtuEnergy	VST	23.17	-0.63				
MidCapApt	MAA	92.03	-1.02	OldDomFreight	ODFL	141.42	2.49	PublicStorage	PSA	210.03	0.05	VeriConnect	TC	92.92	-0.02	Telus	TU	35.47	-0.24	VMware	VMW	136.50	0.68				
Middleby	MDD	131.63	2.67	OldRepublic	ORI	20.45	0.20	Qagen	QGEN	34.71	0.11	Terium	TM	39.34	-0.43	VF	VFC	77.28	0.81	WellsFargo	WFC	53.19	0.53				
MitsubishiUFJ	MUFG	6.52	0.04	Omnicom	OMC	73.87	-0.18	PulteGroup	PHM	31.17	0.16	TimPart	TSU	22.04	0.23	VICI Prop	VICI	18.41	0.25	WynnResorts	WYN	191.75	-0.16				
MizuhoroFin	MFG	3.64	0.01	OpenText	OTEX	50.74	-0.26	Qualcomm	QCOM	52.86	-0.15	UbiquitiNetworks	UBNT	73.50	-0.57	Visa	V	129.90	0.64	WestPharmSvcs	WST	87.62	0.01				
MobileTeleSyst	MTB	10.24	-0.14	Oracle	ORCL	45.94	-0.13	QuestDiag	DGR	99.87	-1.23	UltraBeauty	ULTR	24.73	-3.84	VailResorts	MTN	228.55	0.31	WestAllianceBp	WAL	60.50	0.53				
MohawkInds	MHI	213.43	-1.98	OpenText	OTEX	50.74	-0.26	Quintiles	QRVO	79.89	0.25	UltraSoftware	ULTI	257.62	-0.45	VulcanMatls	VMC	126.73	3.30	WesternGasPrt	WGN	53.19	-1.10				
MolsonCoors	B TAP	60.39	0.76	Oracle	ORCL	24.14	0.11	QuestDiag	DGR	99.87	-1.23	UltraparPart	UPR	14.77	-0.20	Wayfair	W	84.53	2.37	XcelEnergy	XEL	45.00	-1.13				
Momo	MOMO	38.23	0.20	Orange	ORAN	17.96	0.01	QuestDiag	DGR	99.87	-1.23	Val	VALE	13.74	-0.11	Welltower	WELL	55.14	-0.57								
Montez	MDLZ	38.58	-0.11	OrbitalATK	OA	133.38	0.01	QuestDiag	DGR	99.87	-1.23	Val	VALE	13.74	-0.11	WPX Logistics	XPO	105.46	1.16								
Monsanto	MON	124.93	-0.12	Orix	IX	92.52	1.01	R&P	REN	21.23	0.03	Val	VALE	13.74	-0.11	Workday	WDAY	134.79	1.66								
MonsterBnk	MNST	53.08	-0.23	OwensCorning	OC	78.20	0.92	R&P	REN	21.23	0.03	Val	VALE	13.74	-0.11	Worldpay	WP	83.76	-0.30								
Moody's	MCO	167.89	0.70	PPG	PCG	42.77	-1.85	R&P	REN	21.23	0.03	Val	VALE	13.74	-0.11	Wyndham	WYN	108.46	1.54								
MorganStanley	MS	53.38	0.99	PPG Ind	PPG	106.68	0.47	R&P	REN	21.23	0.03	Val	VALE	13.74	-0.11	WynnResorts	WYN	191.75	-0.16								
Mosaic	MOS	26.10	-1.46	Palm	PAL	53.00	0.76	R&P	REN	21.23	0.03	Val	VALE	13.74	-0.11	XcelEnergy	XEL	45.00	-1.13								
MotorolaS	MOT	107.84	0.53	PanAm	PACW	53.00	0.60	R&P	REN	21.23	0.03	Val	VALE	13.74	-0.11	WestRock	WRK	28.38	-0.08								
NationalGrid	NGG	56.99	-0.79	PanAm	PACW	53.00	0.60	R&P	REN	21.23	0.03	Val	VALE	13.74	-0.11	WesternGasPrt	WGN	35.08	0.31								
NatlOilProp	NNR	39.12	-0.21	PanAm	PACW	53.00	0.60	R&P	REN	21.23	0.03	Val	VALE	13.74	-0.11	Yield	YY	105.42	1.54								
NektarTher	NTR	78.10	-0.66	ParkerHansin	PH	171.11	0.30	ParsleyEnergy	PE	32.51	0.36	PanAm	PACW	53.00	0.60	Yandex	YNDX	33.74	-0.34								
NetApp	NTAP	69.63	0.79	ParkHotels	PH	26.50	-0.62	ParsleyEnergy	PE	32.51	0.36	ParkerHansin	PH	171.11	0.30	Yumbands	YUM	83.51	0.40								
Netease	NTES	258.16	2.60	ParkHotels	PH	26.50	-0.62	ParsleyEnergy	PE	32.51	0.36	ParkHotels	PH	171.11	0.30	YumChina	YUM	37.63	-0.26								
Netflix	NFLX	326.89	0.63	ParkHotels	PH	26.50	-0.62	ParsleyEnergy	PE	32.51	0.36	ParkHotels	PH	171.11	0.30	ZTO Express	ZTO	17.06	0.34								
Neurocrine	NBIX	83.03	-0.56	ParkHotels	PH	26.50	-0.62	ParsleyEnergy	PE	32.51	0.36	ParkHotels	PH	171.11	0.30	Zayo Group	ZAVO	34.56	-0.12								
NewOrlntEduc	EDU	92.25	0.59	Pearson	PSO	12.35	0.22	ParkHotels	PH	26.50	-0.62	ParsleyEnergy	PE	32.51	0.36	ZebraTech	ZRA	152.24	1.76								
NewResident	NRZ	17.85	-0.07	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	ParsleyEnergy	PE	32.51	0.36	Zenith	Z	55.10	-0.81								
NewellBrands	NWB	27.31	-0.27	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	ParsleyEnergy	PE	32.51	0.36	Zillow	Z	54.50	-1.10								
NextEraEnergy	NEE	159.91	-3.44	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	ParsleyEnergy	PE	32.51	0.36	ZionsBancorp	ZION	55.95	0.44								
Nike	NKE	68.46	-0.88	Petrobras	PBR	18.77	-0.12	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	Zoetis	ZTS	82.00	-0.15								
NiSource	NI	25.10	-0.38	Petrobras	PBR	18.77	-0.12	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	Zoetis	ZTS	82.00	-0.15								
Noke	NOK	6.27	0.08	Petrobras	PBR	18.77	-0.12	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	Zoetis	ZTS	82.00	-0.15								
NormaHoldings	NMR	5.52	0.05	Pfizer	PFE	34.98	0.05	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	Zoetis	ZTS	82.00	-0.15								
Nordson	NDNL	131.72	0.66	Pfizer	PFE	34.98	0.05	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	Zoetis	ZTS	82.00	-0.15								
Nordstrom	JWN	48.40	-0.12	Pfizer	PFE	34.98	0.05	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	Zoetis	ZTS	82.00	-0.15								
NorfokSouthn	NSC	146.09	0.62	Pfizer	PFE	34.98	0.05	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	Zoetis	ZTS	82.00	-0.15								
NorthTrust	NTS	105.49	0.49	Pfizer	PFE	34.98	0.05	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	Zoetis	ZTS	82.00	-0.15								
NorthropGrum	NOG	329.27	12.14	Pfizer	PFE	34.98	0.05	PembinaPipline	PBL	34.19	0.01	ParkHotels	PH	26.50	-0.62	Zoetis	ZTS	82.00	-0.15								
NorwegianCruise	NCLH	50.65	0.34	Pfizer</																							

## MARKETS DIGEST

## EQUITIES

## Dow Jones Industrial Average

**24360.21** ▲ 2.89, or 0.01%  
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.05 20.48  
 P/E estimate \* 16.02 17.78  
 Dividend yield 2.19 2.31  
 All-time high 26616.71, 01/26/18

## COMMODITIES

WSJ.com/commodities

## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract	Open	High	hilo	Low	Settle	Chg	Open interest
Copper-High (CMX)	-25,000 lbs.; \$ per lb.	3,0405	3,0695	2,9980	3,0405	-0.190	2,907	
May	3,0580	3,0695	2,9980	3,0405	-0.190	2,907		
July	3,0735	3,0910	3,0140	3,0590	-0.020	135,325		
Gold (CMX)	-100 troy oz.; \$ per troy oz.	1310.10	1310.20	1308.50	1312.00	-0.20	364	
May	1310.10	1310.20	1308.50	1312.00	-0.20	364		
June	1314.10	1318.50	1306.20	1313.70	-0.40	301,510		
Aug	1321.10	1324.70	1320.00	1324.70	-0.40	107,460		
Oct	1326.10	1330.70	1319.00	1326.30	-0.40	9,284		
Dec	1333.70	1337.00	1325.10	1327.70	-0.40	61,534		
Dec'19	...	...	1372.50	1372.50	-0.40	3,645		
Palladium (NYM)	-50 troy oz.; \$ per troy oz.	965.60	971.00	959.00	963.40	1.30	16,390	
May	965.60	971.00	959.00	963.40	1.30	16,390		
Sept	964.30	966.50	956.00	960.60	1.40	6,289		
Platinum (NYM)	-50 troy oz.; \$ per troy oz.	912.20	915.20	907.80	912.10	-1.20	74,807	
July	912.20	915.20	907.80	912.10	-1.20	74,807		
Oct	919.20	919.40	913.00	917.00	-1.30	5,471		
Silver (CMX)	-5,000 troy oz.; \$ per troy oz.	16,415	16,445	16,250	16,388	-0.025	646	
May	16,415	16,445	16,250	16,388	-0.025	646		
July	16,505	16,550	16,335	16,472	-0.023	142,040		
Crude Oil, Light Sweet (NYM)	-1,000 bbls.; \$ per bbl.	70.11	70.40	67.66	69.06	-1.67	469,303	
June	70.11	70.40	67.66	69.06	-1.67	469,303		
July	70.03	70.30	67.59	68.97	-1.65	341,148		
Aug	69.67	70.00	67.29	68.66	-1.60	169,716		
Sept	69.21	69.52	66.82	68.19	-1.57	240,640		
Dec	67.64	67.99	65.36	66.69	-1.48	297,712		
Dec'19	61.08	61.33	59.09	60.33	-1.05	158,911		
NY Harbor ULSD (NYM)	-42,000 gal.; \$ per gal.	2,1732	2,1912	2,1087	2,1577	-0.0273	121,618	
July	2,1688	2,1827	2,1037	2,1504	-0.0304	105,835		
Gasoline-NY RBOB (NYM)	-42,000 gal.; \$ per gal.	2,1246	2,1367	2,0612	2,1114	-0.0226	141,368	
July	2,1278	2,1383	2,0642	2,1135	-0.0244	106,974		
Natural Gas (NYM)	-10,000 MMBtu's per MMBtu.	2,737	2,773	2,706	2,732	-0.009	231,440	
June	2,737	2,773	2,706	2,732	-0.009	231,440		
July	2,765	2,797	2,735	2,760	-0.007	219,335		
Sept	2,753	2,782	2,725	2,752	-0.003	143,566		
Oct	2,759	2,791	2,734	2,759	-0.005	125,478		
Jan'19	2,985	3,009	2,958	2,978	-0.012	91,951		
March	2,844	2,867	2,819	2,833	-0.018	89,176		

	Contract	Open	High	hilo	Low	Settle	Chg	Open interest
<b>Agriculture Futures</b>								
Corn (CBT)	-5,000 bu.; cents per bu.	392.75	396.00	391.25	395.50	2.25	2,091	
May	392.75	396.00	391.25	395.50	2.25	2,091		
July	400.50	404.00	399.25	403.25	2.50	831,545		
Oats (CBT)	-5,000 bu.; cents per bu.	226.75	226.75	225.00	229.00	3.75	3	
May	226.75	226.75	225.00	229.00	3.75	3		
Soybeans (CBT)	-5,000 bu.; cents per bu.	1004.25	1011.75	1002.25	1011.25	9.00	1,317	
May	1004.25	1011.75	1002.25	1011.25	9.00	1,317		
Soybean Meal (CBT)	-100 tons; \$ per ton.	1013.50	1023.50	1011.25	1020.25	8.75	262,293	
May	1013.50	1023.50	1011.25	1020.25	8.75	262,293		
Soybean Oil (CBT)	-60,000 lbs.; cents per lb.	387.70	389.60	383.40	388.70	3.90	611	
May	387.70	389.60	383.40	388.70	3.90	611		
Soybean Oil (CBT)	-60,000 lbs.; cents per lb.	382.40	387.80	380.80	385.90	3.40	248,065	
May	382.40	387.80	380.80	385.90	3.40	248,065		
Rough Rice (CBT)	-2,000 cwt.; \$ per cwt.	124.80	125.00	124.50	125.25	-5.50	14	
May	124.80	125.00	124.50	125.25	-5.50	14		
Wheat (CBT)	-5,000 bu.; cents per bu.	515.00	516.50	515.75	517.75	3.75	84	
May	515.00	516.50	515.75	517.75	3.75	84		
Wheat (KCI)	-5,000 bu.; cents per bu.	538.50	546.50	534.50	538.25	-1.25	138,596	
May	538.50	546.50	534.50	538.25	-1.25	138,596		
Wheat (MPLS)	-5,000 bu.; cents per bu.	619.25	619.25	619.25	619.25	1.00	5	
May	619.25	619.25	619.25	619.25	1.00	5		
Cattle-Feeder (CME)	-50,000 lbs.; cents per lb.	137.625	138.050	135.925	137.725	.100	5,202	
Aug	143.750	143.900	141.675	143.725	.025	23,155		
Cattle-Live (CME)	-40,000 lbs.; cents per lb.	105.450	106.925	104.600	106.300	1.125	123,535	
Aug	104.350	104.800	103.300	104.075	1.125	123,535		
Hogs-Lean (CME)	-40,000 lbs.; cents per lb.	66.375	66.775	65.950	66.200	.125	2,275	
May	66.375	66.775	65.950	66.200	.125	2,275		
Lumber (CME)	-110,000 bd ft.; per 1,000 bd ft.	75.025	76.475	74.725	76.300	2.125	84,926	
May	75.025	76.475	74.725	76.300	2.125	84,926		
Milk (CME)	-200,000 lbs.; cents per lb.	505.10	510.00	508.90	502.00	-4.00	556	
July	507.60	509.60	508.10	509.20	5.90	5,095		

	Contract	Open	High	hilo	Low	Settle	Chg	Open interest
<b>Currency Futures</b>								
Japanese Yen (CME)	-\$12,500,000; \$ per 100%	.9170	.9184	.9156	.9176	.0001	189	
May	.9170	.9184	.9156	.9176	.0001	157,234		
Canadian Dollar (CME)	-\$10,000,000; \$ per CAD	.7705	.7720	.7702	.7720	-.0050	111	

## BANKING &amp; FINANCE

# Capital One Unloads Billions in Mortgages

BY AUSTEN HUFFORD  
AND JUSTIN BAER**Capital One Financial Corp.** is selling about \$17 billion of mortgages as part of its exit from the single-family home-lending business.

The move comes after Capital One said in November that it would stop originating residential-mortgage loans and home-equity lines of credit, citing the complex and competitive nature of the business and the interest-rate environment.

Capital One said on Tuesday it reached a deal to sell the first- and second-lien mortgages to DLJ Mortgage Capital Inc., a subsidiary of **Credit Suisse Group AG**.Credit Suisse then agreed to sell most of the mortgages to **Pacific Investment Management Co.**, according to people familiar with the matter. Pimco is one of the world's largest managers of bonds and other fixed-income securities.

Terms of the transactions weren't disclosed.

Interest rates on typical single-family mortgages have remained well below those seen before the financial crisis. The 30-year fixed-rate mortgage averaged 4.55% last week, according to data from Freddie Mac, marking its second consecutive week above the 4.5% mark.

The last time average fixed mortgage rates were above 4.5% in consecutive weeks was

January 2014. Rates averaged above 6% from 2006 to 2008.

"We determined that our originations business did not have sufficient scale to be competitive in a market where scale really matters," Capital One Chief Executive Richard Fairbank said on a call with analysts in January.

Capital One expects to complete the deal and record a gain on the sale in the current quarter. The company had about \$16.63 billion of total home loans on its books as of March 31.

"Strong market demand enabled us to negotiate and sign this complex transaction more quickly than we thought possible," Capital One financial chief R. Scott Blackley said Tuesday.

Capital One isn't alone in rethinking its home-lending strategy.

Last month, MB Financial Inc. said it would no longer originate residential-mortgage loans outside its Chicago-area home market because of high competition and low margins in the sector. The Chicago-based bank said it would continue to hold residential-mortgage loans on its balance sheet.

As a result of the sale, Capital One said it would resume repurchasing shares of its common stock through June 30.

The shares of Capital One advanced \$1.26, or 1.4%, to \$90.18 on Tuesday.

# Pennington to Head Broker

BY LISA BEILFUSS

**Edward Jones** named Penny Pennington as its new head, the only woman to lead a major U.S. brokerage firm as the industry scrambles to attract female advisers and women's assets.

Ms. Pennington is an 18-year veteran of St. Louis-based Edward Jones and is currently in charge of its client strategy group. She will succeed Jim Weddle, effective Jan. 1, as the privately held firm's "managing partner," akin to the chief executive's spot at other companies.

Mr. Weddle, who is retiring, has led the firm for 13 years, overseeing its rise to one of the nation's biggest wealth-management firms with about \$1 trillion in client assets and more than 17,000 brokers.

By comparison, Bank of America Corp.'s wealth unit, which includes Merrill Lynch, has about 17,000 financial advisers and \$2.7 trillion in client assets. Morgan Stanley's adviser ranks of about 16,000 manage about \$2.4 trillion.

Ms. Pennington joins a small cadre of female leaders atop major wealth-management businesses. Valerie Brown was previously CEO of Cetera, the second-largest independent brokerage firm, and is now executive chairman of Board of Advisor Group Inc., another large independent brokerage. Shelley O'Connor is co-head of Morgan Stanley's wealth-management unit, and



EDWARD JONES

Ms. Pennington will become Edward Jones's managing partner.

Sallie Krawcheck, CEO of robo-adviser Ellevest, ran the wealth-management businesses at Smith Barney and Merrill Lynch.

Mr. Weddle said he plans to begin transitioning his role to Ms. Pennington once her position is filled in the coming weeks. He joined Edward Jones in 1976 and worked as a financial adviser before eventually being named managing partner in 2006.

Ms. Pennington's appointment comes at a pivotal point for the brokerage industry. Firms are trying to reshape

advisers into full-service financial planners, as opposed to brokers who buy and sell stocks and bonds, while replenishing aging, mostly male ranks. Women represent just 15.1% of financial advisers, according to research firm Cerulli Associates.

"Being a woman in this role isn't typical," Ms. Pennington said in an interview Tuesday. "Our industry is recognizing there's a tremendous pool of talent that hasn't been tapped as well as it could be."

At the same time, given that wives tend to outlive

their husbands, women are positioned to control an increasing share of a \$30 trillion wealth transfer under way as baby boomers leave assets to their children. Analysts estimate about 70% of the funds changing hands over the coming decades will be controlled by women.

Edward Jones said it is hoping to tap that market and many of those potential customers don't already have advisers.

"We're going to where the wealth will shift," said Monica Giuseffi, head of diversity at Edward Jones, in a March interview.

Ms. Giuseffi has been leading the firm's efforts to recruit more female advisers by hosting women-only cocktail parties across the country, concentrated in the small and medium-size metro areas where the firm has traditionally focused. "We are not magnetic as we are today. We are not relatable," she said.

Efforts to attract and promote more women are paying off, though executives say there is a long way to go. Women made up about a quarter of Edward Jones's new recruits at the end of last year, and the firm's top adviser in terms of assets under management is Texas-based Jennifer Marcontell.

Ms. Marcontell, with \$1 billion in client assets, mentors young women across the firm and coaches male advisers looking to better serve female clients.

## FINANCE WATCH

## NOMURA HOLDINGS

**Firm Aims to Forge Venture in China****Nomura Holdings** Inc. is seeking to establish a securities business in mainland China in which it would take a controlling stake, the country's securities regulator said.

Nomura, which doesn't have such operations in China, is seeking a 51% stake in a potential joint venture, a spokeswoman for the China Securities Regulatory Commission said Tuesday at a press conference. The regulator will review the application, the spokeswoman said.

A Nomura spokesman confirmed that the Japanese firm has applied to set up a joint venture. The bank is the second foreign financial firm to seek a controlling stake in a Chinese business in the wake of recently passed rules. Swiss bank UBS Group AG last week said that it had applied for a controlling stake in its existing joint venture.

—Stella Yifan Xie

## REGULATION

**House Readies Vote On Banking Measure**

The House will soon vote on a Senate-approved bill to ease rules for small and midsize banks, House Speaker Paul Ryan said, a move that would allow the bill to clear Congress and become law.

Passage of the measure would mark the most significant bipartisan overhaul of the financial rule book since Republicans took control of Washington last year, as well as the first major easing of the 2010 Dodd-Frank financial law.

The House is also expected to advance a separate package of deregulatory measures not included in the Senate bill, Mr. Ryan (R, Wis.) said. It is unclear what provisions will be included in the bill. Tuesday's remarks provide further evidence GOP leaders have accepted the political reality that any changes to the Senate bill could upset bipartisan support for it.

—Andrew Ackerman

## VISIUM ASSET MANAGEMENT

**Hedge Fund Settles Insider-Trading Case**Hedge fund **Visium Asset Management** agreed to pay more than \$10 million to settle allegations by securities regulators that included breaking insider-trading rules when it traded drug-company stocks based on confidential tips from inside the U.S. government starting in 2011.

The settlement between the Securities and Exchange Commission and the hedge fund is one of the final steps in a years-long probe into Washington's political-intelligence industry.

On Tuesday, Visium agreed to settle a range of SEC charges and forfeit \$4.7 million in illegal trading profits and pay more than \$5.4 million in fines and interest. The company didn't admit or deny the allegations. "We are deeply disappointed that the rogue employees and outside forces led to Visium's closing," a Visium spokesman said.

—Brody Mullins



The headquarters of China's securities regulator, which is reviewing Nomura's application.

# Strapped CFTC Weighs Staff Cuts

BY GABRIEL T. RUBIN

WASHINGTON—After years of budget pressure and escalating responsibilities, the U.S. derivatives regulator is considering employee buyouts and the extension of a hiring freeze. It also is asking other government agencies for help with some work.

The Commodity Futures Trading Commission's flat budget comes as the markets under its jurisdiction are growing and changing. Officials say they are worried the commission can't keep up with developments such as cryptocurrencies and high-speed trading.

The CFTC under Republican and Democratic leaders has repeatedly asked for funding increases to keep up with market changes but has been rebuffed by Congress. This year Mr. Giancarlo asked for \$281.5 million.

Appropriators initially recommended an increase to \$267 million, but that request fell victim to a policy disagreement between Republicans and Democrats, according to people familiar with the budget negotiations.

A House panel will begin debating funding for the CFTC on Wednesday as part of the 2019 appropriations process, and lawmakers there have signaled they are willing to back a modest increase.

maintain an "exceptionally low level of hiring" and would seek voluntary buyouts this year.

The CFTC's jurisdiction has grown significantly since the financial crisis. The 2010 Dodd-Frank Act gave the commission oversight over the majority of the swaps market.

The growth of cryptocurrencies, some of which the CFTC has labeled as commodities, also gave the agency responsibility over fraud and market manipulation in some spot markets such as bitcoin. The agency also has jurisdiction over leveraged trading of cryptocurrencies.

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## FUNDS

*Continued from page B1*  
cade and 6.49% over the past 20 years, according to Wilshire Trust Universe Comparison Service, a database.

Unlike corporations, public pensions have wide latitude in projecting investment returns.

In the first quarter, public plans lost a median 0.23%, according to Wilshire TUCS. Such a lackluster return will serve as a reminder to the public officials who manage billions of dollars in pensions for America's firefighters, police and other public workers of the daunting shortfalls many funds face.

"With all of the major asset classes falling, it was pretty tough for investors to have any positive returns. They didn't have much of a chance to make money," said Robert J. Waid, managing director at Wilshire Associates.

Public retirement systems had an average 72% of assets they need to pay for retirement promises in 2016, according to the latest data available in the Public Plans Database, which tracks about 170 pension funds. The figure a decade earlier was 85%.

Before the first quarter, pension plans had experienced nine quarters of positive returns. That rise had brightened the picture for public retirement systems and closed some of the gap between expectations and reality.

These pension funds have also steadily narrowed this gap on their own. Three-quarters of



DREW ANGERER/GETTY IMAGES

Pension plans for police and other public-sector workers face big shortfalls as actual returns fall behind officials' projections.

the 129 state pension plans monitored by the National Association of State Retirement Administrators have reduced their investment return assumption since fiscal year 2014.

But government officials seeking to make their investment targets more conservative have a powerful disincentive: Assumptions of high returns appeal to elected leaders because they reduce the amount governments need to set aside to cover pension promises. For some, pensions have already caused budget pressure.

Companies don't have the same flexibility to set return expectations on pension plans. Pension plans sponsored by S&amp;P 1500 companies have an average 87% of assets needed

to cover their pensions promises, according to consulting firm Mercer.

California and its school districts will have to pay a projected \$15 billion or more into a state public worker pension plan over the next 20 years after the plan, the California Public Employees' Retirement System, in 2016 decided to reduce its investment target to 7% from 7.5% over a three-year period.

Other governments—loath to cut services or increase taxes—have made a riskier choice, putting more of their money into riskier investments with higher expected returns, such as real estate, commodities, hedge funds and private-equity holdings.

These alternative investments rose to 26% of holdings at about 150 of the biggest U.S.

funds in 2016, according to the Public Plans Database, compared with 7% more than a decade earlier.

"They're taking a lot [of] risk in their plans with high allocations to equity and other return-seeking assets," said Ed Bartholomew, a consultant. "Someone is bearing that risk, and the question should always be 'who is bearing that risk?'"

Birmingham, Ala., raised its target rate on one of its pension funds to 7.5% from 7% in 2016 after moving some of the money out of fixed-income investments and into stocks. The move made the city's annual contribution to the Retirement and Relief System less costly than it otherwise would have been.

"Why Birmingham changed the investment rate return...is a bit questionable," said Richard Ciccarone, president and chief executive of Merritt Research Services LLC, a research firm.

A city finance official said in an email that the state had reduced the amount of fixed-income investments the fund was required to hold and now "allows greater flexibility for investment management." He said the change was made with the advice of an actuary and an investment consultant.

But Tom Aaron, senior analyst at Moody's Investors Service, said the temporary budget relief comes at a price.

"You're supplanting a budgetary contribution with increased risk taking. If those [investment] assumptions don't pan out, that's going to result in higher than expected budgetary contributions down the road."

## MARKETS &amp; FINANCE



## Activists Put Asia in Crosshairs

BY STEVEN RUSSOLILLO

Activist investors are finding new targets in Asia, as a push for better corporate governance in the region makes many large companies vulnerable to investors who agitate for change.

A new report from JPMorgan Chase & Co. finds that shareholder activists launched 106 campaigns in Asia last year, with companies in Japan, Hong Kong and Singapore experiencing the most activity. By comparison, there were just 10 such campaigns that took place six years ago.

Activist investors buy stakes in what are perceived to be undervalued companies, with the goal of pushing for changes to improve a company's value, such as buybacks or even breakups.

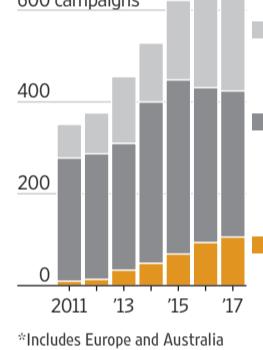
Shareholder activism in Asia should keep increasing at a steady pace "as the practice becomes increasingly accepted and weaves itself into the fabric of Asian capital markets, transitioning from a temporary to a permanent investment strategy," David Hunker, head of shareholder activism defense at JPMorgan, said in the report.

Asia now makes up 31% of

## Turning Up the Heat

Activist investors are targeting companies outside the U.S., with Asia becoming fertile ground for those agitating for change.

## Shareholder activist campaigns



\*Includes Europe and Australia  
Source: JPMorgan

## Percentage of 2017 Asia activist campaigns by market



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all activist investment campaigns outside the U.S., with the percentage nearly tripling from six years ago.

A 2017 study by research firm Activist Insight found that activist investors successfully pushed for change in 40% of the companies in Asia they targeted over the past four years, compared with a 56% success rate in the U.S. Success was defined as a company conceding fully or partially to an investor's demands.

There were 662 activism campaigns launched around the world last year, with 52% of them involving companies outside the U.S., the firm said. It marks the first time such international campaigns exceeded those launched in the U.S. in a given year.

Japan experienced the most activity in Asia, accounting for 32% of that total. Corporate governance has been a key pillar of Prime Minister Shinzo Abe's economic-revival pro-

## Beijing to Tighten Financial Controls

China is drafting rules to rein in businesses offering multiple financial services after runaway growth in recent years has left regulators without a firm handle on risks to the economy.

Officials at the central bank are preparing to roll out rules to bring risk-management and capital-reserve requirements for these companies in line with those for commercial lenders, according to people familiar with the situation.

The rules would apply to

firms that have waded into two or more financial sectors, said the people, meaning they would apply to the likes of **Alibaba Group Holding** Ltd.'s financial affiliate, **Ant Financial Services Group**, and the financial arms of **Tencent Holdings** Ltd. and **JD.com** Inc., among others.

The proposed rules would require financial conglomerates to obtain a new license from the central bank to engage in different financial services, said the people. They will likely impose firewalls between a conglomerate's units to discourage trading between related parties, one of the people said.

—Chao Deng

short sellers, or investors who bet a stock's price will fall, made up 10% of the activity.

Despite the increase, activist investors face challenges in Asia. A main hurdle is the need to break down resistance from large family-owned companies that abound in the region, as with activist hedge-fund firm Elliott Management Corp.'s long-running battle to force change at the Hong Kong family-owned banking company **Bank of East Asia** Ltd.

## AUCTION RESULTS

Here are the results of Tuesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

## FOUR-WEEK BILLS

Applications	\$144,929,106,500
Accepted bids	\$45,009,566,500
"noncompetitively"	\$75,386,300
Auction price (rate)	99.870889
(1.660%)	1.665%

Coupon equivalent	1.685%
Bids at clearing yield accepted	89.10%
Cusip number	912796P12
The bills, dated May 10, 2018, mature on June 7, 2018.	

## THREE-YEAR NOTES

Applications	\$92,932,775,500
Accepted bids	\$38,473,125,500
"noncompetitively"	\$81,868,500
Auction price (rate)	99.888266
(2.664%)	2.625%

Interest rate	79.47%
Bids at clearing yield accepted	9128284P2
Cusip number	9128284P2

The notes, dated May 15, 2018, mature on May 15, 2021.

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## Price Swings

U.S. crude-oil futures had volatile swings as investors anticipated President Donald Trump's decision on Iran.

\$71 a barrel



Source: FactSet

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Prices swung widely early in day.

## Oil Pares Loss on Iran-Pact Exit

By STEPHANIE YANG

Oil prices settled lower on Tuesday, recovering some losses after President Donald Trump announced his decision to abandon the Iran nuclear deal.

**LIGHT, COMMODITIES** sweet crude for June delivery

settled down 2.4% at \$69.06 a barrel on the New York Mercantile Exchange, breaking a four-session winning streak. Brent, the global benchmark, fell 1.7% to \$74.85.

Prices swung wildly ahead of Mr. Trump's speech, in which he said the U.S. will withdraw from the 2015 Iran nuclear deal and reimpose "the highest level of economic sanctions" against Iran.

U.S. oil futures fell as much as 4.4% Tuesday morning on speculation Mr. Trump could decide to leave the deal in-

tact, and briefly returned to above \$70 during the announcement.

"He was very hawkish on Iran in this newscast," said Rebecca Braeu, senior economist and strategist at BNY Mellon Asset Management North America. "He clearly means business."

Crude prices climbed to the highest level since November 2014 on Monday, lifted by concerns that fresh sanctions will hurt Iranian exports and reduce global supply. Mr. Trump also threatened to sanction other nations that help Iran pursue nuclear weapons.

"That might create some incentive for countries not to deal with Iran and buy their barrels of oil," Ms. Braeu said.

As investors have piled into bullish bets on oil, analysts warned of a selloff on Mr. Trump's official decision.

"The market had built in a

nice premium on expectations of this announcement," said Gene McGillian, research manager at Tradition Energy. "Now that they've actually gotten it, you're seeing a bit of money being scraped off the table."

Mr. McGillian added that the exact impact on the oil market will be hard to determine without more details on the sanctions and how crude importers such as China and India will respond.

Since international economic sanctions on Iran were eased more than two years ago, Iran has been able to increase crude production and exports by around 1 million barrels a day, according to analysts. Estimates on the impact of new sanctions also range as low as 300,000 barrels a day.

—Alison Sider and Christopher Alessi contributed to this article.

## Stocks Flat as Utilities Falter

BY ALLISON PRANG AND JON SINDREU

U.S. stocks recovered from early declines to finish flat Tuesday as President Donald Trump said the U.S. will withdraw from the Iran nuclear deal.

The president had long criticized the agreement, calling it "the worst deal ever," and his decision was largely expected by investors. Oil prices had run higher in recent weeks, and buoyed energy stocks as well, on expectations that a withdrawal would hurt Iranian crude exports and further reduce global supply.

Stocks have struggled to find their footing in recent weeks. Earnings season largely topped expectations but failed to light a spark in the market. Geopolitical tensions, trade concerns and worries about slowing global growth continue to keep some investors on the sidelines, and the S&P 500 remains down 7% from its January high.

The Dow Jones Industrial Average closed up 2.89 points, or less than 0.1%, to 24360.21. The S&P 500 fell 0.71 point, or less than 0.1%, to 2671.92, and the Nasdaq Composite rose 1.69 points, or less than 0.1%, to 7266.90.

Shares of energy companies were the best performers in the S&P 500, turning higher after the Iran announcement and finishing up 0.8%, while utilities posted the steepest losses, dropping 2.5%. The index's financial, tech and industrial sectors all

closed in positive territory.

Basil Williams, head of portfolio management for Paamco, said the market has moved past the announcement regarding Iran and that he "wouldn't spend too much time on" it.

"I think you have to look through some of the noise," Mr. Williams said, adding Mr. Trump's announcement doesn't necessarily mean investors need to alter their portfolios. "He creates a lot of noise."

Linda Duessel, equity market strategist for Federated Investors, said the announcement from Mr. Trump—whose approach, she said, the market is becoming accustomed to—was "not a surprise and thus not market-moving."

Ms. Duessel said she would focus on the fact that market multiples are "quite reasonable" and good earnings are likely to persist.

## Energized

Energy stocks in the S&P 500 flipped higher after President Donald Trump said the U.S. would withdraw from the Iranian nuclear accord.



Matt Miskin, market strategist at John Hancock Investments, called the market "directionless" and said there is a "geopolitical fog as it relates to trade policy."

The WSJ Dollar Index, which tracks the dollar against a basket of other major currencies, added 0.3%.

While some investors are concerned the Federal Reserve could overreact to stronger consumer-price figures, which are boosted by the rise in oil prices, and nudge up interest rates faster than previously expected, the latest comments by U.S. officials suggest they would allow inflation to overshoot their 2% target for a while.

Early Wednesday in Asia, Japan's Nikkei Stock Average was down 0.3%, while Hong Kong's Hang Seng Index was flat.

—Ese Erheriene contributed to this article.

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## Lackluster Treasury Sale Hits Bonds

BY AKANE OTANI

U.S. government bond prices edged lower on Tuesday after the Treasury Department's latest auction drew soft demand among investors.

The yield on **CREDIT MARKETS** the benchmark 10-year Treasury note settled at 2.968%, compared with 2.950% Monday.

Yields, which rise as bond prices fall, have wobbled in a relatively narrow range in recent sessions—something analysts have attributed to a lull in trading ahead of data on consumer prices as well as coming sales of government debt.

The Treasury Department auctioned \$31 billion in three-year notes Tuesday, the latest in a series of auctions meant to help fund a growing federal budget deficit.

## MARKETS

# Energy Stocks Flip From Dud to Darling

The sector is up more than 10% in the past month as oil prices, company earnings rise

By MICHAEL WURSTHORN  
AND AKANE OTANI

Shares of energy companies are rallying as crude prices hover near \$70 a barrel, a major reversal for a sector that just six weeks ago had been among the worst-performing groups in the stock market.

Energy stocks had fallen out of favor after many investors lost huge fortunes when oil prices began skidding in 2014 from above \$100 a barrel to under \$30. Even as prices showed signs of rebounding earlier this year, wary investors avoided the S&P 500 energy sector, which recorded its worst three-month stretch in three years in the first quarter.

But fears that bubbling Middle East tensions could disrupt oil production have pushed crude prices sharply higher in recent weeks. Stronger balance sheets, signs of improved profitability and a focus on boosting shareholder returns have also helped fuel the rebound in the energy sector.

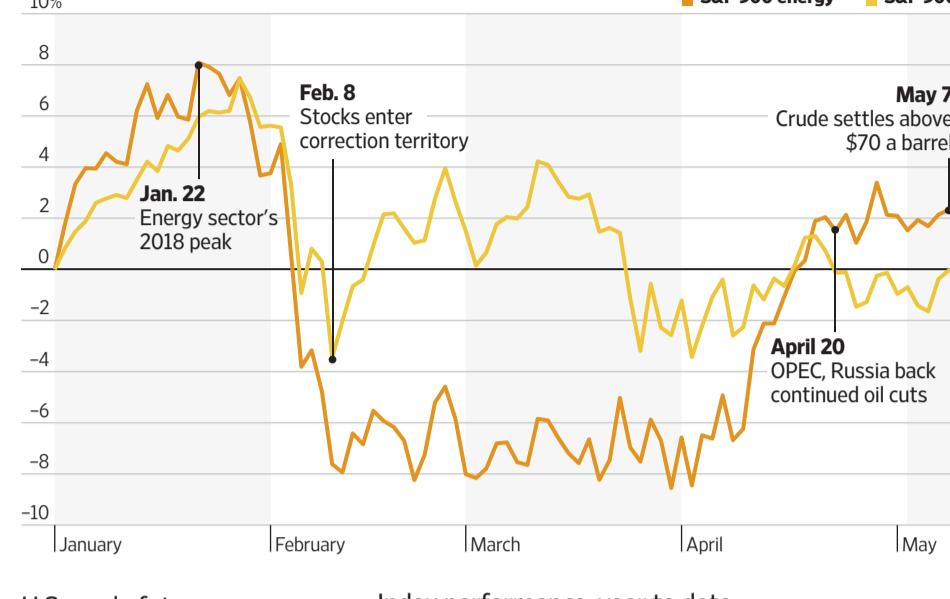
Combined, this cast shares of many energy companies in a new light.

"When we use those [oil] prices now to look at equities, we think they are incredibly undervalued," said Stan Majcher, a portfolio manager with Hotchkis & Wiley, an asset manager that oversees about \$31 billion.

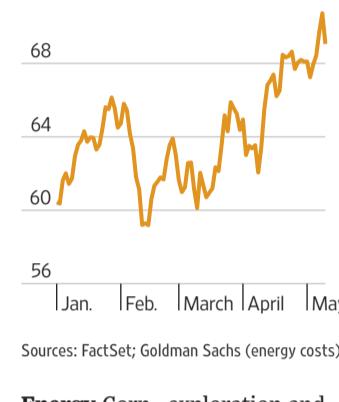
The result: After closing out the first quarter as one of the worst-performing sectors in the S&P 500, energy shares have risen more than 10% in the past month to bring their gains for the year to 3.1%. The sector ranks as the index's third-best performer this year behind technology and consumer-discretionary shares.

Petroleum refiner Valero

Index performance, year to date

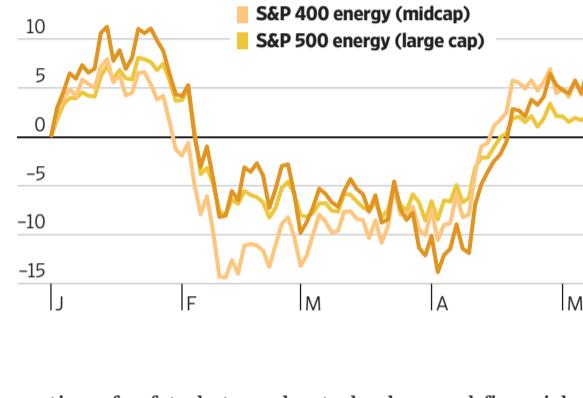


U.S. crude futures

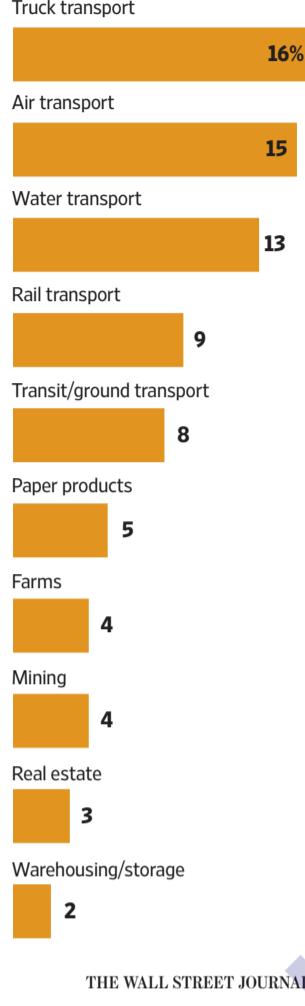


Sources: FactSet; Goldman Sachs (energy costs)

Index performance, year to date



Energy costs as a share of industry-wide gross output



stronger financial footing, that could change, he added.

Financial discipline is showing up in other ways. Big energy companies are moving carefully to avoid overspending on projects now that could prove too costly or unsustainable if oil prices move significantly lower. Companies are opting to return some of their extra cash to shareholders instead of plowing that money into capital-intensive projects.

Energy companies have authorized roughly \$7 billion in share buybacks so far this year, more than twice the amount from the same period a year earlier, according to Goldman Sachs. And others, including Exxon Mobil and Chevron, are opting to raise their dividends.

Chevron Chief Financial Officer Patricia Yarrington told analysts last month that dividend growth is the company's "No. 1" priority, followed by investing in the business and managing surplus cash.

Still, many investors are concerned that energy's recent gains could be fleeting.

In the U.S., oil production continues to grow. By some estimates, U.S. production is expected to overtake Russia in five years, and some worry the growing output from American shale producers could depress energy prices.

A strengthening U.S. dollar has also weighed on oil and other commodities prices, which are priced in the U.S. currency and become more expensive to foreign buyers when the dollar rises. The WSJ Dollar Index, which measures the dollar against a basket of 16 other currencies, on Friday posted its biggest three-week percentage gain since the period following the U.S. presidential election.

"The oil rally might last longer, but I'm skeptical about whether oil prices stay where they are," said Kate Warne, an investment strategist at Edward Jones.

technology and financial companies, according to FactSet.

Among the biggest winners: ConocoPhillips, which said in April that its quarterly profit jumped 52%, thanks in part to a pickup in drilling activity. Shares of the oil giant have risen 23% this year.

That has led money managers such as Credit Suisse to take a more bullish stance on the sector. In March, the Swiss bank told clients they should consider boosting their allocations to energy stocks now that valuations are at more attractive levels.

Another factor that has helped the energy sector is healthier balance sheets.

Companies have aggressively cut costs, curtailed spending and, in some cases, shut down wells in a bid to improve cash flow. Those efforts have paid off, as most of the energy companies in the S&P 500 are now generating more cash than they are spending, according to FactSet.

"In general, there's been apathy about investing in energy," said Bill Costello, a portfolio manager at Westwood Holdings Group. With companies appearing to be on

exception of safety bets such as telecommunications, utilities and real estate, according to recent Bank of America Merrill Lynch data.

Investors' attitudes are changing, though, and not just because of oil's price. Profits rebounded at the world's biggest oil companies, with Exxon Mobil Corp. and Chevron Corp. last month posting their best first-quarter results in years.

In all, energy firms in the S&P 500 are on pace to report a 93% jump in earnings from a year earlier, more than doubling the earnings growth rate of

the technology and financial companies, according to FactSet.

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## HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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## Jobs Market Passes a Milestone

Companies say they have jobs to fill. This time, they may really mean it.

There was a record 6.6 million job openings at the end of March, the Labor Department reported on Tuesday. That was enough, for the first time in the history of the data, to provide every unemployed person in the country with a job. The job-opening rate, or the number of open jobs as a share of employment, rose to 4.2% from 3.9% a month earlier—also a record.

Of course, just because there is now a job opening for everybody who is unemployed doesn't mean that everybody gets a job. There are skills mismatches and geographical mismatches.

The relationship between the unemployment rate and the job opening rate is known as the Beveridge curve: More openings mean lower unemployment. But from the end of the last recession until very recently,

increased job openings weren't reducing unemployment as much as they used to. One part of that was that the housing bust made it harder for people to move to take jobs.

From the business side, so-so economic growth meant that there wasn't much urgency behind many of the job openings.

Over the past several months, however, the Beveridge curve shifted back—March's 4.1% unemployment rate (and its drop to 3.9% in April) and the 4.2% job opening rate are about what you would expect to see. Put otherwise, the job openings companies are posting now may be a better reflection of their labor needs than job postings from a year ago.

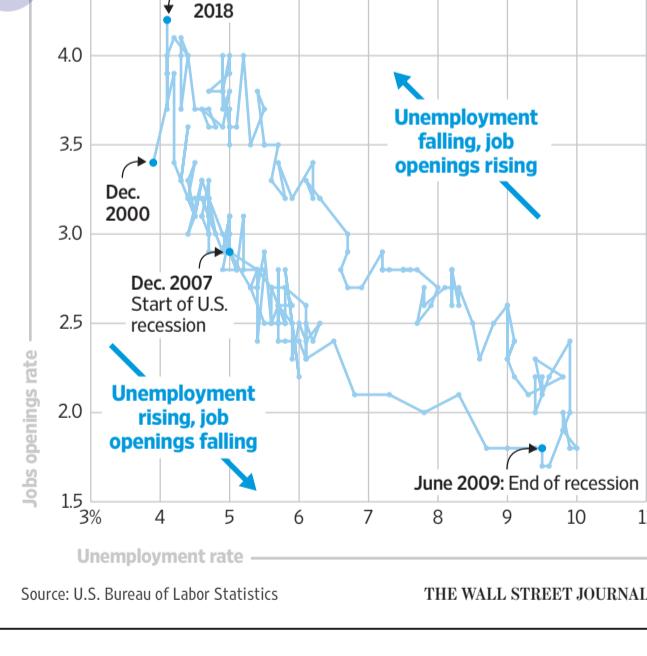
So maybe they will be more willing to pay more to get the workers they need, and offer a bit more training. Less-than-perfectly-qualified job seekers can go ahead and apply.

—Justin Lahart

### Refreshing

With the unemployment rate falling, more jobs are going unfilled.

### The Beveridge Curve



Source: U.S. Bureau of Labor Statistics

## Comcast Challenges Disney's Fox Chase

Media mogul Rupert Murdoch may be in a pickle. He was preparing to divide up his empire, 21st Century Fox, selling some of its most valuable entertainment assets to Walt Disney for \$52.4 billion in stock. That seemed to suit Mr. Murdoch well, allowing him to retain some of his powers at an enlarged Disney even as his own kingdom shrinks.

Now Comcast has thrown a wrench into his plans.

The cable company is reportedly planning to make an 11th-hour, \$60 billion bid for Fox's assets if a federal judge approves AT&T's acquisition of Time Warner. His decision is expected June 12. Unlike Disney's bid and Comcast's previous failed bid, this is an all-cash offer.

That means Mr. Murdoch wouldn't retain any influence. A cash deal would also be less tax-efficient for him.

Yet for other Fox shareholders, a cash offer is hard to ignore—especially one offering a significant premium to Disney's. That setup suggests a battle may be brewing between the Murdochs, who want to sell to Disney, and the rest of the shareholders, who will have good

reason for wanting to go with Comcast. 21st Century Fox and Wall Street Journal parent News Corp share common ownership.

The question now is whether the minority shareholders can rally enough votes for Comcast's bid to mount a serious challenge," says Craig Moffett, an analyst at MoffettNathanson.

The Murdochs may counter by emphasizing regulatory concerns with Comcast. Even if the government approves AT&T's acquisition of Time Warner, the Justice Department could still come after Comcast. Regulators have already suggested that they are less than happy with the Comcast-NBC consent decree and could challenge the company's structure.

Yet a Disney deal isn't without its own regulatory risks. Combined, Disney and Fox would make up over 40% of the domestic box office. Comcast-Fox's share would come to only around 24%.

In any event, Disney won't let Fox go without a fight. "There's probably no other asset that is as strategic as this one," says John Janedis, an analyst at Jefferies LLC.

—Elizabeth Winkler

## Growth Is Weakening, Trade War or No

Investors have become used to fluctuating narratives in 2018: The U.S. and China will or won't go to the barricades on trade, President Donald Trump will or won't exempt allies from metal tariffs, Tesla will or won't run out of money.

When something really changes, it is worth paying attention.

Some important global trade indicators are suddenly pointing downward. Chinese data for April may have looked fine, with exports up 3.7% on the year in yuan terms after falling 9.8% in March. Still, that rebound was likely thanks to the late Lunar New Year holiday in 2018: In seasonally adjusted terms, export volumes fell 2%

### Trading Down

Change from a year earlier

■ U.S. consumer confidence

■ Chinese exports ■ Korean exports



Source: CEIC

on the month, Capital Economics estimates—the worst decline in nine months.

The droopy numbers have come in just as key industrial commodities are already coming under pressure. Copper prices are off

over 6% this year. Copper's weakness is a sobering sign for China and Asia in general: The region accounts for 70% of global demand for the metal.

Key manufacturing purchasing managers' indexes also have started sputtering: U.S., eurozone, Chinese, Japanese and South Korean PMIs all appear to have peaked between December and February.

Slower global trade might help head off worse tensions between the U.S. and China. With the growth rate in Europe, China's largest export market, suddenly looking much weaker, the cost of a big rift with the U.S. is rising. Chinese companies are also starting to struggle at

home: Industrial profits grew just 3% in March, their worst showing since December 2016.

China is unlikely to budge on its determination to create national champions in tech. But it might start offering more meaningful concessions on tariffs, restricted sectors for investment, and other trade irritants if foreign demand for its goods wavers.

Given the extreme negotiating positions both sides have staked out, U.S. trade tensions with China may get worse in the near term. But the gathering clouds over the global growth story might eventually help encourage cooler heads to prevail.

—Nathaniel Taplin

## OVERHEARD

Valeant Pharmaceuticals International wants a fresh start.

The drug company announced Tuesday it plans to change its name to Bausch Health this summer, as it puts several scandals behind it.

A new name won't be the first time the organization has rebranded itself. In 2010, Biovail merged with Valeant and assumed the name of its lesser-known partner, less than two years after the Securities

and Exchange Commission had charged Biovail with accounting fraud. The charges were eventually settled.

Back in 2003, ICN Pharmaceuticals, once controlled by Yugoslavia's former prime minister, changed its name to Valeant.

The future Bausch Health is off to a good start, at least so far.

Shares were up sharply on Tuesday after first-quarter results pleased investors.



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