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THURSDAY, OCTOBER 5, 2017 ~ VOL. CCLXX NO. 81

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What's News

Business & Finance

Puerto Rico bond prices sank after Trump said the territory's \$73 billion debt load may get wiped out to help hurricane recovery. **B1**

◆ The EU upped the stakes in its bid to collect taxes from U.S. technology giants, pressing its cases against Amazon and Apple. **B1**

◆ Amazon's flood-the-zone approach to recruiting M.B.A.s is feeding a career frenzy on campus and racking some rival recruiters. **A1**

◆ Senators questioning Equifax's former chief executive attacked the business model of the credit-reporting industry. **B1**

◆ Google unveiled a second generation of its hardware devices as it seeks to compete with rivals Apple, Samsung and Amazon. **B7**

◆ The Fed's Yellen voiced her support for making sure that bank rules aren't unduly burdensome. **A2**

◆ The U.S. and South Korea agreed on a path to amend their trade accord, a target of criticism from Trump. **A8**

◆ A House panel chairman asked the SEC to delay a database of stock trades that could be targeted by hackers. **B12**

◆ Monsanto posted a profit and revenue rose 4.8% on sales of its new soybean, cotton and corn products. **B3**

◆ U.S. stock indexes set records, lifted by internet retailers. The Dow inched up 19.97 points to 22661.64. **B13**

◆ PepsiCo said North American sales fell as it shifted resources away from its main soda brands. **B3**

World-Wide

◆ The girlfriend of the Las Vegas shooter said she will cooperate with investigators as they seek a motive for the mass killing. **A1, A5-6**

◆ Some GOP lawmakers said they were willing to consider legislation banning "bump stocks." **A5**

◆ Russia has carried out a campaign to hack NATO soldiers' smartphones, Western officials say. **A1**

◆ Catalonia set a course toward declaring its secession from Spain as soon as Monday, in the wake of this week's independence vote. **A7**

◆ Tillerson denied a report that he had contemplated resigning as secretary of state and praised Trump's foreign policy. **A8**

◆ Three U.S. Army Green Berets were killed and two others were wounded in an ambush in Niger. **A7**

◆ Puerto Ricans are grappling with health concerns due to a lack of medical care, supplies and clean water. **A3**

◆ Republicans are split over how much to expand the child tax credit in their tax-code framework. **A3**

◆ U.K. Prime Minister May was plagued by mishaps as she delivered closing remarks at her Conservative Party's annual conference. **A9**

◆ Gorsuch questioned government arguments that defendants forfeit the right to appeal in a plea bargain. **A4**

◆ Three scientists won the Nobel Prize in chemistry for work that led to a new molecular-imaging technique. **A18**

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Please see AMAZON page A4

◆ Amazon and Apple feel heat from the EU B1

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Mystery of Shooter Motive Deepens

Girlfriend of Las Vegas gunman says she had no warning, will cooperate in inquiry

The girlfriend of the Las Vegas shooter said she will cooperate with investigators, who see her as the key to understanding the motives behind one of the deadliest mass shootings in U.S. history.

By Kate King,
Alexandra Berzon
and Cameron
McWhirter

Marilou Danley said through her lawyer that she returned to the U.S. voluntarily to help with the investigation, but she never witnessed anything that led her to believe that Stephen Paddock was preparing an attack that so far has resulted in 59 fatalities, including his own.

"I knew Stephen Paddock as a kind, caring, quiet man," Ms. Danley said in a statement read by Matthew Lombard, her lawyer. She added: "He never said anything to me or took any action that I was aware of that I understood in any way to be a warning that something horrible like this was going to happen."

Investigators questioned Ms. Danley, 62 years old, on Wednesday, a law-enforcement official said. President Donald



President Donald Trump meets family members of survivors, including Shelby Stalker and Stephanie Melanson, left, in Las Vegas.

Trump traveled to Las Vegas, visiting a hospital that was treating some of the injured.

More details emerged about how quickly Paddock was able to build an arsenal, some of which he used to shoot into a large crowd attending a country-music festival on the Las

Vegas Strip Sunday night.

The attack injured 489 people, Sheriff Joseph Lombardo of the Las Vegas Metropolitan Police Department said Wednesday, correcting prior estimates of injuries topping 500. He said there had been some double-counting.

Paddock bought 33 of 47 weapons found in his hotel and homes since October 2016, according to the Bureau of Alcohol, Tobacco, Firearms and Explosives.

He purchased the weapons at gun stores in Nevada, Arizona, Please see ATTACK page A5

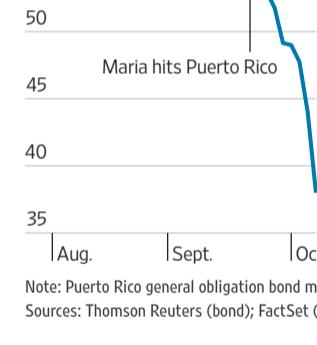
Remembering The Victims

Profiles of some of the men and women who died in the Las Vegas attack..... A6

Trump Talk Hits Puerto Rico Debt

A slow slide in the territory's bonds became a nose dive after the president suggested bondholders won't get their money back. Shares of bond insurers on the hook for payments also tumbled. **B1**

Puerto Rico bond prices



Note: Puerto Rico general obligation bond maturing in 2035

Sources: Thomson Reuters (bond); FactSet (share)

Share performance



THE WALL STREET JOURNAL.

Russia Targets NATO Soldiers in Phone Hack

Russia has opened a new battlefield with NATO, according to Western military officials, by targeting their personal smartphones, a point of vulnerability for almost all allied soldiers.

Troops, officers and government officials of North Atlantic Treaty Organization member countries said Russia has carried out a campaign to compromise soldiers' smartphones. The aim, they say, is to gain operational information, gauge troop strength and intimidate soldiers. The Russian Defense Ministry didn't

respond to a request for comment. Russian officials deny Moscow stages such attacks.

U.S. and other Western officials said they have no doubt Russia is behind the campaign.

They said its nature suggests state-level coordination, and added that the equipment used, such as sophisticated drones equipped with surveil-

lance electronics, is beyond the reach of most civilians.

The campaign has targeted the contingent of 4,000 NATO troops deployed this year to Poland and the Baltic states to protect the alliance's European

Please see RUSSIA page A8

3 Green Berets Killed in Niger

U.S. troops training Nigerian forces to fight jihadists are attacked in an ambush..... A7

Amazon Is Prime Job For New M.B.A.s

By KELSEY GEE

Amazon.com Inc., disrupter of industries from book selling to grocery shopping, has found its latest sector to upend—recruiting at the nation's elite business schools.

The Seattle-based retail giant is now the top recruiter at the business schools of Carnegie Mellon University, Duke University and University of California, Berkeley. It is the biggest internship destination for first-year M.B.A.s at the University of Michigan, Massachusetts Institute of Technology, Dartmouth College and Duke.

Amazon took in more interns from the University of Chicago's Booth School of Business than either Bain & Co. or McKinsey & Co., which were until recently among the school's top hirers of interns, according to Madhav Rajan, Booth's dean.

Amazon has hired some 1,000 M.B.A.s in the past year, according to Miriam Park, Amazon's director of university programs—a drop in the bucket for a company that plans to add 50,000 software developers in the next year.

But Amazon's flood-the-zone approach to recruiting and hiring future M.B.A.s—in some cases before they take a single B-school course—is feeding the career frenzy on campus. Please see AMAZON page A4

Washing-machine maker wields potent protectionist tool against its Korean rivals, in test of Trump

By ANDREW TANGEL

The humble washing machine is becoming a new trade battleground between Washington and its international partners.

After years of dominating the U.S. market, Whirlpool Corp. is struggling to hold off stiff competition from South Korea's Samsung Electronics Co. and LG Electronics Inc., which say they have made inroads with American consumers

because of their sleek designs and pleasant chimes.

Whirlpool, of Benton Harbor, Mich., has won a series of conventional regulatory skirmishes by arguing its rivals are using anti-market practices to gain an edge, such as selling their appliances for less than the cost of producing them.

Now it's asking Washington to rescue it with one of the most potent—and controversial—weapons in its arsenal.

The long-dormant protectionist measure doesn't require a U.S. industry to show that foreign competitors are cheating—only that it has suffered "severe injury" from imports.

The decision over the 1970s-era provision, known as the "safeguard" law, is in the hands of the U.S. International Trade Commission, an independent, bipartisan federal agency, which is expected to rule Thursday on whether to

Please see TRADE page A10

London's No. 1 Hiding Place: Bushes Outside the U.S. Embassy

* * *

A ban on bike helmets, scissors and other small items forces visitors to stash them

By STU WOO

LONDON—Every weekday around 7:30 a.m., people arrive at the U.S. Embassy and engage in a local tradition in American foreign affairs.

They hide their stuff in bushes and trash cans.

Helen Ashby made it to the reception tent outside the embassy one morning last month when she saw a sign saying helmets

were prohibited inside. The receptionist recommended she walk a block to a pharmacy that stores items for £3 (\$4).

"Such a faff," she said, British slang for hassle. Ms. Ashby, a 36-year-old singer getting a visa for her choir's U.S. tour, walked 20 feet to the hedge

bordering Grosvenor Square, the park sharing the block with the embassy.

There, she stuffed her bicycle helmet into the thicket. Her paperwork done 45 minutes later, she plucked it out.

Officially, they tolerate embassy goers' stashing things in and around the square's greenery under the gaze of the golden eagle atop the embassy.

Sometimes, they suggest it. Lindsey Chaddick, formerly of California and now living in England, last month left the security booth after the screening machine found pastel-colored

Please see BUSHES page A10

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U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Trump's Fed Choice: Continuity or Disruption



In less than three weeks, President Donald Trump plans to announce who will run the Federal Reserve when Chairwoman Janet Yellen's term ends in February.

He reportedly has six candidates, but the choice is really binary: Is he happy with how the Fed has run monetary policy? Or does he think it's broken and badly needs fixing? Of the six, two represent continuity, two promise disruption, and two are mysteries.

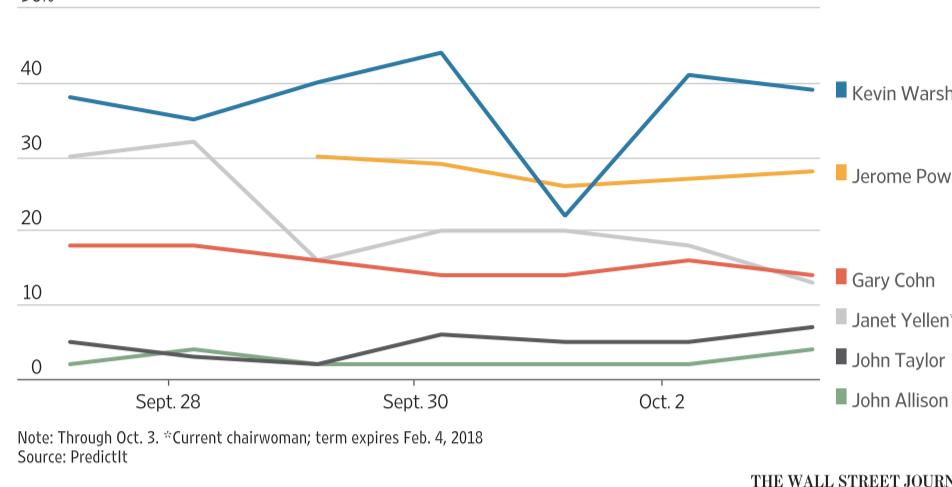
Continuity candidates

If Mr. Trump likes how the Fed has operated, he should simply nominate Ms. Yellen for a second term. Under her tenure, the U.S. has reached low unemployment with low (perhaps too low) inflation, the Fed's statutory goals, although growth has lagged behind previous expansions. Her qualifications aren't in dispute. She's a respected economist with a fully formed, coherent view of the economy and monetary policy. Markets understand her, and other Fed officials trust her. That's critical because the Fed operates by consensus, which puts a premium on the chairman's ability to persuade and compromise.

For Republicans, Ms. Yellen has two big drawbacks: She's a Democrat and a strong advocate of the postcrisis expansion

Assessing the Candidates' Chances

Probabilities according to PredictIt, a New Zealand-based online prediction market, on who will be Fed chairman next February.



Note: Through Oct. 3. *Current chairwoman; term expires Feb. 4, 2018

Source: PredictIt

including Treasury Secretary Steven Mnuchin.

The disruptors

What if Mr. Trump doesn't like Ms. Yellen's monetary policy and wants to shake things up? Kevin Warsh, a scholar at the Hoover Institution, has positioned himself as the change agent. Like Mr. Powell, he has a law degree, worked on Wall Street, served a Republican president (George W. Bush) and was a Fed governor under Mr. Bernanke. Unlike Mr. Powell, he is a vociferous critic of the Fed and what he calls the economics "guild" that populates central banking.

He has opposed QE. He has accused the Fed of trying to fine-tune the economy with each new bit of data, giving too much weight to theoretical economic models and too little to market signals, and of lacking an overall strategy.

Yet he has been vague about what this means and what strategy he would adopt instead.

Stanford University economist John Taylor is more explicit. A distinguished academic economist, he has since 2008 become a vocal critic of the Fed's unorthodox stimulus via QE and zero-interest rates, which he says have added to growth-stunting uncertainty. He would set rates according to a mathematical rule such as his widely cited "Taylor rule."

The issue for both Mr.

Warsh and Mr. Taylor is that they believe ultra-easy monetary policy is a cause rather than consequence of sluggish growth. Those beliefs, taken at face value, translate into higher interest rates. Those views will get pushback from current Fed officials who are mostly content with their current strategy, requiring either compromise or a lot of persuasion by Mr. Warsh or Mr. Taylor.

The unknowns

Mr. Trump said in July his National Economic Council director Gary Cohn was then a candidate.

Mr. Cohn rose to No. 2 at Goldman Sachs Group Inc. and has been central in implementing Mr. Trump's efforts to roll back regulations and cut taxes. But he has left little evidence of how he thinks about monetary policy or the big macroeconomic issues in which the Fed chairman will be enmeshed.

John Allison, a former chief executive of bank BB&T Corp., has called for the abolition of the Fed and a return to the gold standard. Since neither is going to happen, his actual policy intentions are as much a mystery as Mr. Cohn's.

In deciding between unknowns, disruptors and continuity candidates, Mr. Trump must select his priority: burnishing his self-styled image as a revolutionary, or leaving as is an institution that can make or break the economy.

Yellen Affirms Some Bank-Rule Flexibility

BY HARRIET TORY

ST. LOUIS—Federal Reserve Chairwoman Janet Yellen voiced support for making sure bank rules aren't unduly burdensome, underscoring her potential flexibility on postcrisis financial regulation as President Donald Trump weighs whether to nominate her for a second term as central bank chief.

"The Fed has been working hard to ensure that its regulation and supervision of banks are tailored appropriately to the size, complexity and role different institutions play in the financial system," she said Wednesday at a community banking conference here.

"For community banks, which by and large avoided the risky business practices that contributed to the financial crisis, we have been focused on making sure that

much-needed improvements to regulation and supervision since the crisis are appropriate and not unduly burdensome," she said.

Her comments largely echoed her previous remarks that the Fed is open to reducing some of the regulatory burden on banks.

Ms. Yellen spoke as uncertainty swirls over who will run the world's most powerful central bank after her current term as chairwoman expires in early February. She didn't comment on her plans, nor did she discuss the likely path of interest rates or the economic outlook.

The Trump administration is spearheading an effort to roll back some of the financial regulation adopted after the financial crisis.

Mr. Trump on Friday said he would announce his pick for Fed leader within three weeks.

WISCONSIN Foxconn Reveals Site For Planned Factory

Taiwanese electronics manufacturer Foxconn Technology Group says it plans to locate a display screen factory in the southeastern Wisconsin village of Mount Pleasant.

The exact site was announced by local officials following months of negotiations with the company and landowners. Mount Pleasant is about 25 miles south of Milwaukee and 60 miles north of Chicago.

The Wisconsin Legislature approved a \$3 billion incentive package for Foxconn.

—Associated Press

MARYLAND

University Gets Gift To Aid Scholarships

To help double need-based scholarships, the University of Maryland is getting a \$219.5 mil-

lion gift from the foundation of a billionaire alumnus whose own education was made possible by a scholarship. The university announced the gift from the A. James and Alice B. Clark Foundation on Wednesday.

It will be the sixth-largest private gift to a public university in the nation, according to rankings of major private gifts to higher education by the Chronicle for Higher Education. It is also the largest gift ever made to the University of Maryland.

A. James Clark was known as the "King of Concrete." His company, Clark Enterprises, built sports stadiums and convention centers across the country.

—Associated Press

FLORIDA

State to Seek Death Penalty in 1990 Case

Florida prosecutors are seeking the death penalty against a woman accused of dressing up like a clown in 1990 and fatally

shooting the wife of a man she later married.

Palm Beach County State Attorney Dave Aronberg said Wednesday the death penalty is the appropriate punishment for 54-year-old Sheila Keen Warren, who was ordered held without bail at a court hearing. She was extradited Tuesday from Abingdon, Va., where she lived with her husband Michael Warren for years.

Defense attorney Richard Lutbin told reporters Sheila Warren "vehemently denies" killing Marlene Warren and will plead not guilty. She was arrested last week after a grand jury issued a first-degree murder indictment.

—Associated Press

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U.S. NEWS

In Puerto Rico, Health Concerns Grow

Lack of clean water and access to medical care raise the potential for disease

BY DANIELA HERNANDEZ

In the aftermath of Hurricane Maria, many Puerto Ricans are grappling with growing health concerns due to a lack of reliable access to medical care, supplies and clean water.

Maggie Reuteman, a volunteer registered nurse with the Red Cross in Puerto Rico, said some patients on oxygen are rationing their supply, fearing they won't get more in time. That could lead to infections like pneumonia, she said.

Local residents have reported cases of eye infections and say they are concerned about other health risks from exposure to dirty floodwaters and debris. Fernando Roura, an emergency room doctor at the Centro Medico hospital in San Juan, said the most common ailments doctors are treating are from falls, wounds and renal failure.

"The situation is high risk," said Cecilia Jimenez Diaz, a resident of San Juan. She and her sisters are leaving Puerto Rico in coming days. One of her sisters suffers from depression, the other from seizures. "We're elderly. We're very worried," she said.

Gov. Ricardo Rosselló said Tuesday the official death count from the strongest storm to hit the island in almost a century had risen to 34 from 16. Three of those, he said, were due to failed oxygen delivery following electrical outages.

Gov. Rosselló said the government is monitoring the public-health situation closely to identify any potential outbreaks of illness or disease. So far, that hasn't happened. He said cases of the eye infection conjunctivitis had popped up in a shelter in Ponce, on the southern coast of the island. Mosquito-borne diseases, such



New Tropical Storm Could Hit Gulf Coast

A new tropical depression has formed off Central America and could threaten the U.S. Gulf Coast as a hurricane this weekend, the National Hurricane Center said on Wednesday.

Tropical Depression 16, currently positioned off the east coast of Nicaragua, is expected to become a tropical storm overnight Wednesday, the center said. The storm could reach hurricane strength by Sunday, when the forecast track indicates a potential hit on the U.S. mainland.

"Residents along the Gulf Coast from Louisiana to Florida should monitor the progress of this system for the next several days," the hurricane center said. The center of the current forecast track would put the storm over the Florida Panhandle on Sunday.

Tropical-storm conditions and heavy rains are expected in Nicaragua and Honduras starting Wednesday night.

—Jon Kamp

Nereida Vargas has chronic pulmonary emphysema. After the hurricane, her daughter spent days trying to secure oxygen tanks.

JOSE JIMENEZ/TIRADO FOR THE WALL STREET JOURNAL

as Zika and chikungunya, are also a source of concern.

"Mosquitoes, incidents that might be occurring in hospitals, incidents that might be occurring in shelters—we want to be two steps ahead of them before they become a big problem," Gov. Rosselló said.

Volunteers and government agencies are working to deliver food and medicines to communities across the island, but access can be spotty. The lingering floodwaters from the storm pose particular concern, according to public-health experts and local residents.

Floodwaters can contain toxic chemicals, be harmful to human health and be vectors for infectious diseases, like E. coli, according to Jill John-

ston, an expert in hazardous waste and wastewater at the University of Southern California's Keck School of Medicine in Los Angeles.

Eunice Vargas, who lives in Levittown, a suburb west of San Juan, said a nearby channel overflowed following the storm, flooding streets and homes. The floodwaters were teeming with fish, worms, trash, oil and excrement, she said. "It was like a river of dirty water, sewage water."

Ms. Vargas took refuge in a relative's home nearby. The next day, she waded through thigh-high muck to get a large reserve oxygen tank for her 76-year-old mother, Nereida, who has chronic pulmonary emphysema. Her mother's electric

ventilator was damaged by the flooding and the last of four mobile tanks was running low.

On Saturday, the company that supplies the oxygen tanks was supposed to bring refills along with other medications as part of the relief effort, Ms. Vargas said. But when the driver showed up, he didn't have the extra tanks. The next day, she went directly to the company's facility, but it was closed. Her next stop: the San Juan convention center, where someone helped her set up an appointment with the supplier.

"Under normal circumstances, getting access to that tank would be easy, but not now," she said.

—Arian Campo-Flores contributed to this article.

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GOP Mulls Fate of Child Tax Credit

BY RICHARD RUBIN

WASHINGTON—Republicans left out many details from the tax-code outline they released last week, and few are more important for middle-income households than the fate of the child tax credit.

They plan to bump up the \$1,000 per-child credit for children under age 17, but they haven't settled on how much or at what income levels the credit would start to shut off.

There is a divide in the party over the issue. Family advocates want to boost the child tax credit as much as possible; others would rather

also is a window into the trade-offs Republicans are weighing as they try to make good on promises of a booming economy and middle-class tax cuts.

"My preference is to focus on pro-growth policies," Sen. Pat Toomey (R., Pa.) said. The child tax credit will be expanded, he said, but it "does not encourage economic growth." Lower tax rates, especially for businesses, would be more effective, he and others in the GOP's growth-first wing argue.

Sens. Mike Lee (R., Utah) and Marco Rubio (R., Fla.), with support from Ivanka Trump, the president's eldest daughter, are pushing a \$2,000 credit per child, double the current amount. Their formula for calculating the credit is more generous to low-income families than current law is, and it would be refundable, meaning people can get money back from the Internal Revenue Service even if they don't owe income taxes.

The GOP tax plan for now doesn't have enough detail to show how many middle-income households with children would benefit.

A Tax Policy Center analysis released last week found that the GOP's framework would increase taxes on 17% of households with children in 2018 and 44% by 2027. Those estimates hang on many assumptions, including the size and nature of the expanded child credit and the income cutoffs for new tax brackets.

Republicans dispute the analysis because those levels ha-

ven't been set; the nonpartisan center is run by an official who served in the administration of former President Barack Obama, a Democrat.

Still, the figures in the analysis raised alarm bells on the left—and on the right.

"This is a GOP tax plan?" Sen. Rand Paul (R., Ky.) wrote on Twitter this week. "Possibly 30% of middle class gets a tax hike? I hope the final details are better than this."

The increase in the child credit will be larger than the \$500 credit that the Tax Policy Center assumed and will be designed to do more than just offset the loss of the personal ex-

emption, said an administration official. Without including a number, the tax framework released last week by top negotiators from the House, Senate and White House assumed a child tax credit larger than \$1,500 but smaller than the \$2,000 that Messrs. Lee and Rubio support. The negotiators didn't agree on whether to make the expanded portion of the credit refundable, the official said.

Republicans also plan to increase the income level at which the credit begins phasing out, now at \$75,000 for individuals and \$110,000 for married couples filing jointly, the official said.

focus tax cuts on promoting faster economic growth.

Where they settle will determine whether millions of middle-income households get a net tax cut or whether some end up paying more. It also will help shape the broader tax-policy debate in the weeks and months ahead.

"The tax framework, the way it's laid out, makes the entire thing hinge on the child tax credit," said Samuel Hammond, an advocate for the credit who is an analyst at the libertarian Niskanen Center.

The debate over the credit



'My preference is to focus on pro-growth policies,' said Sen. Pat Toomey, a Pennsylvania Republican, speaking about the tax code.

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U.S. NEWS

Bill to Target Social-Media Political Ads

Senators offer update on probe into Russian interference in 2016 presidential election

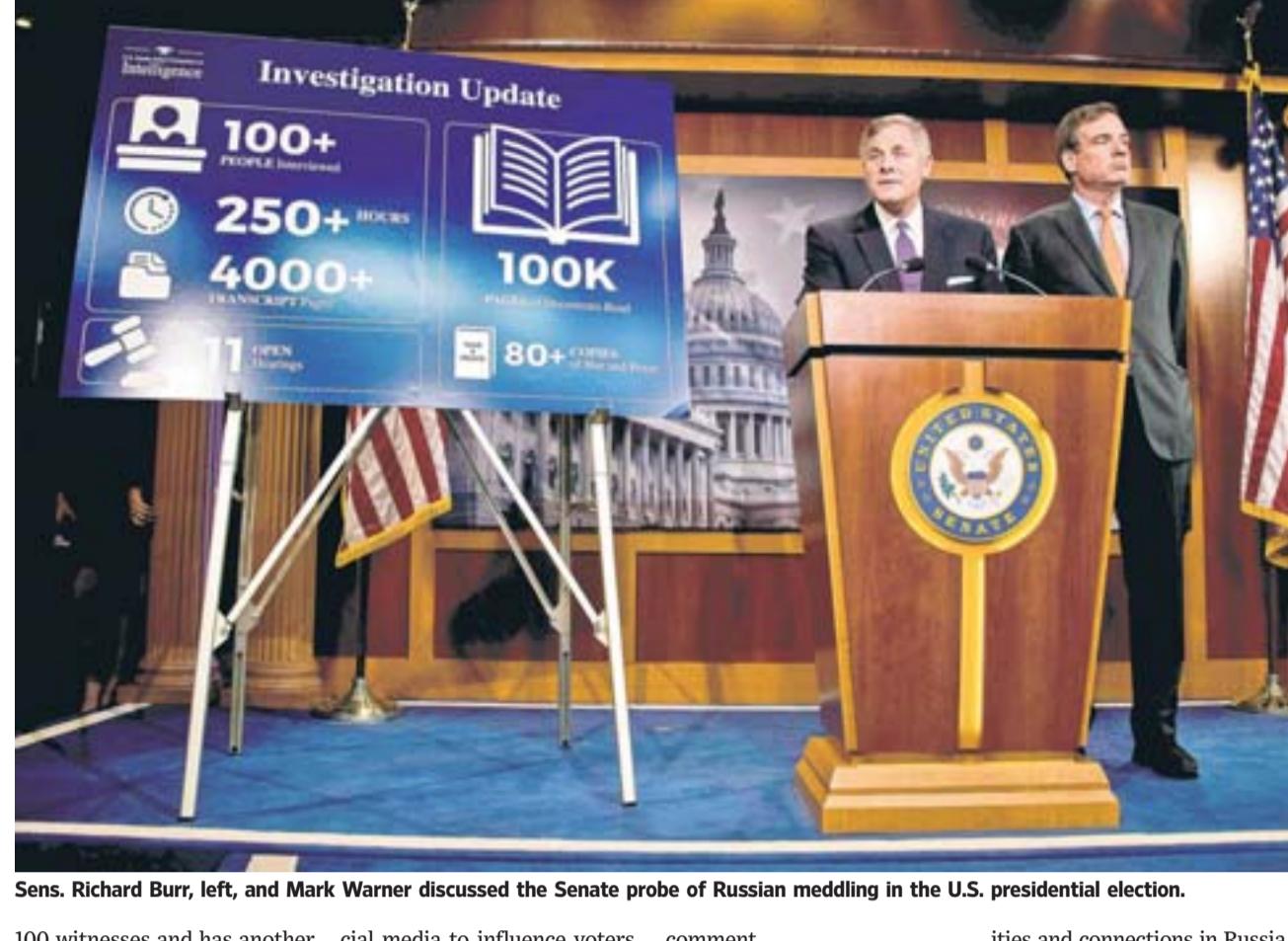
BY NATALIE ANDREWS

WASHINGTON—Sen. Mark Warner, the top Democrat on the Senate committee investigating Russia's interference in the U.S. election, said he plans to introduce legislation that would make political advertising on social media more transparent.

The proposal, which he is writing with Sen. Amy Klobuchar (D., Minn.), comes in response to revelations that Russian-tied entities bought divisive political ads on social-media platforms during the campaign season. Mr. Warner said the ads were intended to "sow chaos and drive division" in America, and that currently it is hard to determine what social-media ads are running where, and who paid for them.

"We're hoping to finish that draft in the coming days," Mr. Warner, a Virginia Democrat, said, adding that he wanted to first share the draft with the head of the Senate Intelligence Committee, Sen. Richard Burr (R., N.C.), because the issue should be bipartisan. Mr. Warner said the legislation would take the "lightest touch possible."

Mr. Warner made the comments as he and Mr. Burr updated the public on the committee's investigation, which they said has interviewed more than



Sens. Richard Burr, left, and Mark Warner discussed the Senate probe of Russian meddling in the U.S. presidential election.

Ms. Klobuchar are working on would aim to block foreign-paid social-media advertising from infiltrating the political system, as well as to increase transparency about what ads are running and to whom they are being shown. He said social-media ads should be as transparent as other types of ads, such as television or print.

Facebook on Monday presented congressional investigators with data on 3,000 ads bought by Russian actors before and after the U.S. presidential election. The company estimates that 10 million people saw ads on its platform paid for by Russian entities, but warned that it may not have uncovered all malicious activity that attempted to interfere in the American political process.

Mr. Burr said Wednesday the committee wouldn't be publicly releasing the ads. Mr. Warner encouraged Facebook to do so.

According to the January report from the U.S. intelligence community, the highest levels of the Russian government were involved in directing the electoral interference to boost Mr. Trump at the expense of his Democratic rival Hillary Clinton. Russia's tactics included efforts to hack state election systems; infiltrating and leaking information from party committees and political strategists; and using social media to spread negative stories about Mrs. Clinton and positive ones about Mr. Trump.

Moscow has denied meddling in the U.S. election. Mr. Trump has denied his campaign colluded with Russia and has called the probe a "witch hunt."

100 witnesses and has another 25 scheduled this month. The senators emphasized that the probe was moving methodically, though Mr. Burr said he still hoped to wrap it up by year end and didn't expect to release any findings until the committee had concluded its report.

The investigation has been taking a closer look at how Russian actors may have used so-

cial media to influence voters, both in posts and in advertising. An open hearing is scheduled for next month with representatives from Facebook Inc., Twitter Inc. and Google, a unit of Alphabet Inc.

Officials at Twitter and Facebook declined to comment on the prospect of legislation affecting advertising. Google didn't respond to a request for

comment.

At the news conference, Mr. Burr said the issue of possible collusion between the Trump campaign and Moscow is "still open" and expressed frustration that the committee has been unable to judge the credibility of the so-called Steele Dossier, which contained salacious and unproven allegations about President Donald Trump's activi-

ties and connections in Russia.

Mr. Warner said the committee believes, as previously reported, that Russians hacked into campaign-related websites and tried to enter 21 states' voting systems while also manipulating U.S. social media. There is no evidence that Moscow hacked vote tallies.

On political ads, Mr. Warner said the legislation that he and

WASHINGTON WIRE

CLEMENCY

Judge Accepts Trump Pardon of Ex-Sheriff

A federal judge in Phoenix dismissed on Wednesday the case against Joe Arpaio, accepting President Donald Trump's pardon of the former Arizona sheriff after his conviction for violating a court order to stop conducting immigration patrols.

Mr. Trump granted the pardon on Aug. 25, a month after a federal judge found Mr. Arpaio guilty of criminal contempt for defying a 2011 court order that prohibited his deputies from stopping and detaining Latinos without reasonable suspicion that a crime had been committed.

U.S. District Judge Susan Bolton said the GOP president's pardon was valid.

In a brief, a group of Democrats in Congress called the pardon "an invalid encroachment on the authority of the Judiciary." They had asked the judge to keep Mr. Arpaio's conviction and proceed to sentencing.

—Nicole Hong

ENVIRONMENT

EPA Seeks Changes On Carbon Emissions

The Environmental Protection Agency is seeking to replace federal limits on carbon emissions from power plants that were advanced by former President Barack Obama's administration to address global warming, according to an internal agency document.

The move is the latest in what President Donald Trump's administration has promised as a widespread rollback of regulations it blames for hampering business.

Mr. Trump, a Republican, began targeting his Democratic predecessor's rules, called the Clean Power Plan, with an executive order in March.

While campaigning for president, Mr. Trump called global warming a "hoax." After taking office, the president put his EPA under the leadership of Scott Pruitt, who had sued the agency to stop the plan when he served as Oklahoma's attorney general.

—Timothy Puko

Gorsuch Presses on Defendants' Rights

BY JESS BRAVIN

WASHINGTON—Justice Neil Gorsuch, President Donald Trump's appointee to the Supreme Court, joined liberal colleagues Wednesday in sharply questioning government arguments that criminal defendants forfeit all rights to appeal after entering a plea bargain.

Since his April appointment, Justice Gorsuch's remarks and votes nearly always have placed him on the court's right. This week's arguments suggested, however, that like his late predecessor, Justice Antonin Scalia, Justice Gorsuch's legal philosophy sometimes may lead him to split with fellow conservatives and back procedural protections for criminal defendants.

Wednesday's case involved Ronald Class, a High Shoals, N.C., retiree who in May 2013 illegally parked his Jeep Wrangler in a U.S. Capitol lot. Police found the vehicle contained several loaded weapons. Although he had a North Caro-

lina concealed weapons permit, Mr. Class was arrested under a federal law prohibiting guns on Capitol grounds.

According to the government's brief, Mr. Class told federal agents "he was a 'Constitutional Bounty Hunter' and a 'Private Attorney General' who traveled the nation with guns" to enforce the law against judges he believed had acted unlawfully.

Mr. Class later reached a plea bargain with prosecutors and was sentenced to 24 days' imprisonment and a year of supervised release. Mr. Class then sought to have his conviction overturned.

A federal appeals court dismissed the appeal, noting that Mr. Class had told the trial judge he understood the plea bargain required him to forgo all but a few technical forms of appeal. But on Wednesday, an attorney for Mr. Class said Supreme Court precedents established that defendants retained the right to raise constitutional claims even after pleading guilty.

A Justice Department attorney, Eric Feigin, argued the government was entitled to assume Mr. Class had waived all appeals. "There's a serious information imbalance here. Only the defendant knows what kinds of claims he might want to bring after a guilty plea and in what respects he doesn't intend his guilty plea

Questions by newest Supreme Court justice line him up with liberal colleagues.

"You're admitting to what's in the indictment. Isn't that maybe the most natural and historically consistent understanding of what a guilty plea is?" he said.

Justice Gorsuch's remarks Wednesday followed similar pro-defendant positions he took Monday. That case concerned a Filipino with permanent U.S. residency who had been convicted of burglary and who argued that the criteria Congress adopted authorizing deportation of immigrants for committing violent crimes were unconstitutionally vague.

navigate tensions with other recruiters and become careful keepers of the recruiting calendar. Many big banks and consulting firms now want to know when Amazon is coming to campus so they can schedule their visits for a different day and avoid going head-to-head for an audience, said Erica Marks, a director in the career office of University of Pennsylvania's Wharton School.

Keith Bevans, partner and global head of recruiting for Bain, said the consulting firm continues to command its share of elite students, hiring roughly 500 M.B.A.s each year. Bain offers new hires the chance to learn strategy and problem-solving from masters of the craft, he said. "Going to the best grocery store in the world doesn't make you a better chef," Mr. Bevans said.

Students are flocking to the grocery store, though. Last fall, Amazon at Wharton's recommendation moved a recruiting presentation to the nearby Ritz-Carlton in Philadelphia, because the crowd of 350 attendees had become "overwhelming," Ms. Marks said.

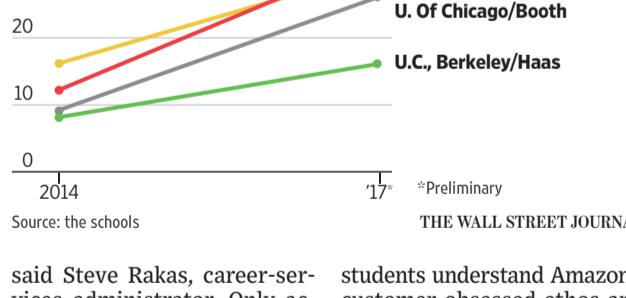
At Duke's Fuqua School of Business, Monalisa Dutta, who interned at Amazon's IMDb.com unit this past summer, said she and other M.B.A. interns see Amazon as a place to dive into many industries and try different roles.

"It was like being in the center of the universe," she said. "I can't wait for my M.B.A. to be over so I can go back."

AMAZON

Prime Destination

Full-time M.B.A. hires by Amazon from selected business schools



Source: the schools

*Preliminary

THE WALL STREET JOURNAL.

Continued from Page One and rankling some rival recruiters.

The talent wars begin even before classes do. This past June, Amazon sponsored an event at its Seattle headquarters for 650 soon-to-be first-year and returning women M.B.A. students; some left the event with internship offers for summer 2018.

Scott DeRue, dean of the University of Michigan's Ross School of Business, urges Amazon and other avid hirers to refrain from recruiting activities until at least the end of the first week of classes. "It's nearly impossible," Mr. DeRue said. "You say an academic building is off limits, and they're at restaurants and coffee shops across the street."

So far this year, Amazon has hired around 40 Ross grads. Last month alone, it was one of 196 companies that trekked to the Ann Arbor business school to host a total of 400 events, ranging from in-classroom presentations to happy hours and pizza dinners, a Ross spokesman said.

At Carnegie Mellon's Tepper School of Business, 25 to 30 people, or an average 10% to 15% of the graduating M.B.A. class each year, go to work for Jeff Bezos. Amazon recruiters fill the nine interview rooms in Tepper's career center, and the staff at the career office turn over their personal offices to interviewers,

said Steve Rakas, career-services administrator. Only accounting firm PricewaterhouseCoopers LLP sends as many people, he added.

Next month, Tepper is set to host its annual Amazon-sponsored case competition for M.B.A. students, where the company reveals a business-operations challenge, and students vie to come up with the best solution.

Student teams from business schools around the country sign a nondisclosure agreement to compete; judges are a mix of professors and Amazon employees. Prizes have included Amazon products like the Echo home speaker and Kindle e-reader, \$5,000 or more in cash and invitations from the tech giant to interview for open jobs.

Tech companies, once averse to hiring PowerPoint-loving B-school grads, have embraced them in the past few years. Ms. Park said business

students understand Amazon's customer-obsessed ethos and tend to be risk oriented, scrappy and analytical. Many join the company's future leadership ranks in the role of senior product manager, which typically pays \$120,000 to \$160,000 a year, according to the career website Glassdoor.

Wall Street firms and consulting giants, historically the big recruiters of M.B.A.s, are having to adjust. Amazon's campus recruiters descend en masse and are in almost-constant touch with students, according to Abby Scott, an assistant dean of Berkeley's Haas School. Amazon might have eight or 10 alumni working large events or hosting coffee meetings for one-on-one conversations with students, compared with a typical one or two presenters from other companies. "It's been a huge volume play," Ms. Scott said.

M.B.A. career-services officers often find they have to

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MASSACRE IN LAS VEGAS

GOP Lawmakers Consider Gun Measure

BY KRISTINA PETERSON
AND PETER NICHOLAS

WASHINGTON—As President Donald Trump visited Las Vegas following Sunday's mass shooting, some congressional Republicans said Wednesday they were willing to consider legislation banning a device that allows a semiautomatic rifle to mimic a fully automatic weapon.

Mr. Trump spoke to patients in their hospital rooms, extending invitations to visit him in the White House, be-

fore meeting separately with law-enforcement officials and commending them for a rapid response that limited the number of casualties.

"America is truly a nation in mourning," Mr. Trump said at the Las Vegas Metropolitan Police Department. "Many families tonight will go to bed in a world that is suddenly empty."

After his hospital visit, the GOP president sidestepped a question about gun policy. "We're not going to talk about that today," he said.

Republicans traditionally

have resisted restrictions around gun sales. But senior GOP lawmakers in both chambers said this week that they wanted to look at legislation introduced Wednesday by Sen. Dianne Feinstein (D., Calif.) that would ban the sale, transfer, manufacture or possession of "bump stocks" and other accessories that accelerate a semiautomatic weapon's rate of firing.

Law-enforcement officials have said the Las Vegas gunman appears to have used at least one rifle outfitted with a bump stock, allowing him to

fire hundreds of rounds a minute from the windows of his hotel room in Sunday night's attack on a music festival. The rampage killed 58 people and left more than 500 injured.

"If somebody can essentially convert a semiautomatic to an automatic weapon by buying one of these and utilizing it and cause the kind of mayhem and mass casualties that we saw in Las Vegas, that's something of obvious concern that we ought to explore," Senate Majority Whip John Cornyn (R., Texas) said.

At least one Senate Republican, Ron Johnson of Wisconsin, said he supported banning bump stocks, noting he viewed them in the same category as automatic weapons. "I have no problem in banning those," he said.

A bump stock replaces the ordinary stock of a semiautomatic rifle; the end of the gun that is held against the shoulder. The device allows the firearm to slide back and forth rapidly, as the shooter leans into it, harnessing the energy in the recoil. The trigger

"bumps" into the finger, faster than it can be pulled.

The interest shown by some high-ranking Republican raises the possibility of a rare, bipartisan push on narrowly tailored legislation. The National Rifle Association didn't return a request for comment on Ms. Feinstein's legislation.

The White House has signaled that Mr. Trump isn't likely to soften the pro-gun rights position he staked out in the presidential campaign.

—Siobhan Hughes contributed to this article.

ATTACK

Continued from Page One

Utah and Texas, according to another law-enforcement official. It doesn't appear that he purchased the weapons illegally, several officials said.

Ms. Danley was working as a casino hostess catering to high rollers at a resort in Reno, Nev., when she met Paddock sometime between 2010 and 2013, according to former colleagues of Ms. Danley's at the resort. Paddock was a casino VIP whose game of choice was video poker, these people said.

The reclusive gambler fell for the outgoing Filipina, according to his younger brother, Eric Paddock.

"He loved her," the brother said. "He doted on her."

Several years later, the pair—who both had been previously married—were living together outside of Las Vegas.

Several weeks ago, Ms. Danley left their home for Asia. Paddock told her that he found a cheap ticket to the Philippines for her to travel to see her family, Ms. Danley said in her statement.

Ms. Danley had been traveling throughout Asia for weeks before the shooting.

A spokeswoman for the Philippine Bureau of Immigration said Ms. Danley on Sept. 15 arrived in Manila from Tokyo. She then left Manila for Hong

Kong on Sept. 22 and returned to Manila again on Sept. 25, the spokeswoman said.

Paddock wired tens of thousands of dollars to Ms. Danley in the Philippines, according to a law-enforcement official. It made sense that Paddock would send his girlfriend money, his brother said.

"Steve would've wanted to take care of Marilou," said Eric Paddock, adding that no one in his family has talked to Ms. Danley since the shooting.

Eric Paddock said he doubted Ms. Danley was involved in any way in the shooting.

Eric Paddock said the couple traveled multiple times to the Philippines, including once when Stephen Paddock surprised her by showing up while she was there visiting family.

Ms. Danley worked from 2010 to 2013 as a casino hostess catering to high-spending players at the Atlantis Casino Resort Spa in Reno, according to her LinkedIn page. Monarch Casino & Resort Inc., which owns Atlantis, said she left the company several years ago.

Ms. Danley's job at the Atlantis put her in regular contact with some of the casino's most lucrative customers. Paddock was a heavy presence in the room, sometimes gambling for hours on end at the high-limit video-poker machines, according to a former employee and colleague of Ms. Danley's.

Paddock was known as one of the casino's very top slot cus-



ORIN BECK/AGENCE FRANCE PRESSE/GETTY IMAGES

The Mesquite, Nev., home of Stephen Paddock, who gunned down concertgoers in Las Vegas on Sunday.

tomers, the former employee said. His visits to the casino, which the former Atlantis employee estimated was every couple months, would cause a buzz among staff who would hover over him while he gambled to fill out a tax form or pay out a jackpot, said the former colleague.

Ms. Danley's job was to get the high rollers whatever they desired including food, drinks or cigarettes.

She was known around the casino as a friendly woman and part of a tight-knit Reno Fili-

pino community, the former colleague said.

"That was her job, her job was to be friendly," he said.

Others recall tense moments in the relationship when the two were in public together. An employee at the Cosmopolitan of Las Vegas, a luxury casino-hotel, remembered Paddock often scolding Ms. Danley and ordering her to leave the high-limit slots area when he started to lose money.

"She would have to stand outside of the room," the employee said. "We all knew that

she was not to be there."

Ms. Danley had been living with Paddock for years in Nevada, at homes in retirement communities in Mesquite, Nev., and Reno. Neighbors described Ms. Danley as friendly, while Paddock was more reserved.

Larry Colletti, a 67-year-old resident of Mesquite said he would see Paddock and Ms. Danley around town, most recently about two weeks ago. "He was just a cold loner fish who stayed to himself," he said.

Connie Allred, who lives several houses away from Pad-

dock's home in Reno, said she last saw Ms. Danley early in the summer.

"She did a lot of traveling," said Ms. Allred, who took Zumba exercise classes with Ms. Danley. "She was friendly, outgoing."

In a tearful interview on an Australian television station, two women described as Ms. Danley's sisters said she is "a good person and gentle soul," and also a mother, grandmother, sister and friend. The women chose to remain anonymous, according to Seven News, and their faces were blurred.

Ms. Danley was previously married to Geary Danley for more than 20 years, Dionne Waltrip, Mr. Danley's daughter, told Arkansas television station KFSM-TV on Monday.

"Marilou is our ex-stepmom," Ms. Waltrip said. "She is a good and gentle person, and I know she has to be devastated by what has happened."

Ms. Waltrip said the family didn't know Paddock and "had no knowledge of Marilou's relationship."

Paddock was married twice, from 1977 to 1980 to Californian Sharon Brunoehler and from 1985 to 1990 to Peggy Okamoto, who went to his high school.

Both marriages ended in divorce, with no spousal support requested, according to Los Angeles County records.

—Sara Randazzo, Chris Kirkham and Valerie Bauerlein contributed to this article.

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MASSACRE IN LAS VEGAS

Remembering the Victims

They came from across the U.S., flying in from small towns like Shippensburg, Pa., and cities like Minneapolis. Many drove from California or headed across the city. United by a love of country music, they joined thousands of fans at the Route 91 Harvest Festival just off the Las Vegas strip. And they died, 58 in total, after a shooter rained gunfire from a nearby hotel. They were there celebrating birthdays and wedding anniversaries, or taking in a night of music with friends. Many were parents, some with children back home, and others just beginning adulthood. Here are some of their stories.

Read more victims' stories at on.wsj.com/Victims



JACK BEATON, 54

Construction Worker Died Shielding Wife

Jack Beaton died protecting his wife, Laurie, on their 23rd wedding anniversary, family members said.

The pair, country music fans from Bakersfield, Calif., celebrated the milestone by attending the Route 91 Harvest Festival. As they often did at such events, they made a point of getting close to the stage, said Jerry Cook, Ms. Beaton's father.

Then the shooting began. At first, Ms. Beaton told Mr. Cook later, they weren't sure what the noise was, but their confusion was short-lived.

"They realized it was gunfire and had some idea where the gunfire was coming from," Mr. Cook said.

"Jack told Laurie to get down on the ground. He laid down to protect her. He told her how much he loved her. She said, 'I love you so much.' Then he got hit."

He is survived by two children, son Jake, 20, and daughter Delaney, 18.

—*Scott Calvert*



JENNY PARKS, 35

A Teacher Who Inspired Her Students

It's not easy to hold the attention of a room full of kindergarteners, but teacher Jenny Parks had a talent for doing just that.

In her colorfully decorated classroom at Anaverde Hills School in Palmdale, Calif., Ms. Parks made her students feel that no matter how difficult a new concept might be, they were able to master it, said Regina Rossall, the superintendent of Westside Union School District.

"When I visited her class, they were right there on the edge of their chairs waiting for whatever she had to talk to them about next," Ms. Rossall said.

Ms. Parks, a mother of two, attended Sunday's concert with her husband, Bobby, who was also shot but survived, said Dr. Steven McCarthy, Bobby's uncle.

—*Jennifer Levitz*



CHARLESTON HARTFIELD, 34

Policeman Coached Youth Football Team

Charleston Hartfield, a Las Vegas police officer, was off duty while he was at the country music festival Sunday. Mr. Hartfield worked in the department's body-camera unit, where he trained officers and helped with the rollout of the cameras, said Capt. Daniel Zehnder.

"When you're out doing your job and you're on duty, you kind of have this mindset that bad things can happen," said Capt. Zehnder. "You don't expect when you go out to a concert that that's gonna be the day you die."

Mr. Hartfield, who was a military veteran, coached a youth football team in Henderson, Nev., the Henderson Cowboys. Friends say that he got into coaching through his son, who is 15.

He leaves behind two children and his wife, who Troy Rhett, a friend, says are "beyond overwhelmed" at the loss.

—*Zusha Ellinson and Shibani Mahtani*



STEPHEN BERGER, 44

Financial Planner Took Birthday Trip

On Saturday, the day he turned 44, Stephen Berger called his father from Las Vegas to say he was placing a \$200 bet on his favorite college football team, the Wisconsin Badgers.

It would be the last time Richard Berger heard from his son, a financial planner in Minneapolis who was raising three children, ages 8, 11 and 15, largely on his own.

On Sunday, Mr. Berger was fatally shot while attending the country-music concert with a group of friends. The trip was part of his birthday celebration.

Mr. Berger's parents, who live in Wisconsin, didn't know he went to the concert, until getting a call at 4 a.m. Monday from his friend saying he had been shot, but that his condition and whereabouts weren't known.

Finally on Tuesday afternoon, the Bergers received word from a coroner that their son was dead.

—*Scott Calvert*



HANNAH AHLERS, 34

'Amazing' Mommy Was 'Our Sunshine'

Hannah Ahlers's life in Beaumont, Calif., was centered around family.

"She was a full-time housewife and mommy, and she was amazing at it," said Brian Ahlers, her husband of 17 years, in a statement.

The couple had three children, ages 3, 11 and 14.

Ms. Ahlers was deeply involved in her 14-year-old daughter's volleyball team, and took an active role in her children's schooling, family members said.

"She was our sunshine," said her brother, Lance Miller.

Brian and Hannah Ahlers were together at the Route 91 Harvest Festival in Las Vegas when she was killed by gunfire. Brian Ahlers was unharmed, Mr. Miller said.

—*Scott Calvert*



DANA GARDNER, 52

'Can-Do, Go-To Person' in Her County Office

Dana Gardner was a deputy recorder for the county of San Bernardino, Calif., but her boss described her in another way: She was the office's "can-do, go-to person."

"If there was a project or something of that nature, you would call Dana and it was no problem, get it done," said Bob Dutton, the county's chief assessor, recorder and clerk.

Ms. Gardner, who had been employed by the county since 1991, attended Sunday's music festival in Las Vegas with one of her daughters.

Ms. Gardner's energy and skills drew respect "up and down the State of California," Mr. Dutton said. Since Monday, many employees have decided the best way to honor her now is to dive into their work, he said.

"Dana was the type of person," he said, "who would be standing there saying,

'You've got a job to do for the people. Go do it.'

—*Jennifer Levitz*



JENNIFER TOPAZ IRVINE, 42

'Good on TV,' Lawyer Built Up Her Business

Jennifer Topaz Irvine was on vacation in Las Vegas, singing and dancing to country music, when she was shot, according to friends.

The criminal defense and family lawyer had recently founded her own law firm in San Diego. She was starting to build her client base by appearing on television shows, where she would speak about legal issues and high-profile cases.

"She was the package—powerful, beautiful, insightful, profound in her own way," said Jay Jones, Ms. Irvine's publicist. "People liked her, she was good on TV, we were ready to rock and roll."

Her firm's website lists her many interests outside of law—she had a black belt in Taekwon-do, practiced hot yoga and liked to snowboard. She was hoping to learn how to rock-climb and skydive.

—*Shibani Mahtani*



RACHAEL PARKER, 33

Californian, 3 Co-Workers Went to Festival

Rachael Parker worked as a records technician at the front desk of the Manhattan Beach Police Department in Southern California. She often was the first person the public saw, said Kristie Colombo, a police spokeswoman, and Ms. Parker took that responsibility seriously.

"She was very helpful and always smiling and full of energy," Ms. Colombo recalled.

Ms. Parker was also a big country-music fan. Last weekend she went with three co-workers to the festival in Las Vegas, Ms. Colombo said.

Another member of her group, an off-duty officer, was also shot and suffered minor injuries, according to the department.

Ms. Parker, a native of the Spokane, Wash., region, had been with the department for 10 years. Outside work, she loved spending time with her dogs, Maddie and Izzy, and enjoyed volunteering to help senior citizens.

—*Jennifer Levitz*



QUINTON ROBBINS, 20

Houston Youth Was Posting On Snapchat

Tyce Jones had been following his friend Quinton Robbins's Snapchat feed from Las Vegas on Sunday night, flicking through his excited posts from the country music festival. He was glad that Quinton, whom he has known for 15 years through church and school in Houston, was having fun.

That feeling turned to dread Monday morning, when Mr. Jones, 21, heard of the mass shooting. Mr. Jones frantically searched Snapchat again, but found nothing indicating he was safe.

Family and friends recalled Mr. Robbins as someone who put his friends and family first, loved sports and was a genuinely happy person, one who spread that joy to others.

He had two siblings, Mr. Jones said, and was close to them, often going snowboarding with his sister and coaching his little brother's flag football team.

—*Shibani Mahtani*



SANDRA CASEY, 35

Special Ed Teacher Helped 'Most Needy'

Sandra Casey, a special-education teacher, had worked at Manhattan Beach Middle School in California for the past nine years.

"Our students, employees and parents are devastated by Sandy Casey's death," said Michael Matthews, superintendent of the Manhattan Beach Unified School District, in a statement.

"We lost a spectacular teacher who devoted her life to helping some of our most needy students," Mr. Matthews said.

In an email to the school community, Mr. Matthews said that "we are reaching out to you in shock and grief."

Several other school-system employees were also at the festival and escaped unharmed, he said, including two principals, two school psychologists, a teacher and an instructional assistant.

—*Scott Calvert*



MICHELLE VO, 32

She Was 'Going to Take Over the World'

When Casey Lubin was introduced to Michelle Vo about two years ago, their coffee date turned into lunch and then dinner—they ended up spending the day together.

Both 32, they became fast friends in the male-dominated financial services industry. Ms. Vo's career was just taking off, and she was always there to push Ms. Lubin along, sending pictures and inspirational quotes.

"She would say we are going to take over the world, we're going to kill it, we're going to do so good," said Ms. Lubin.

Ms. Vo was a Bay Area native who graduated from the University of California, Davis, and had spent the last three years working in Glendale, Calif., for New York Life Insurance Co. Ms. Lubin said she was starting to experience a lot of success and was at the point where "people start taking you seriously."

—*Shibani Mahtani*



BILL WOLFE JR., 42

Wrestling Coach Who 'Makes the Sport Fun'

Bill Wolfe Jr. left a mark on youth athletics in Shippensburg, Pa., as a coach for Little League baseball and elementary school wrestling.

"He's no-nonsense, good discipline in the room, but at the same time he makes the sport fun for them," said Tony Yaniello, head varsity wrestling coach at Shippensburg High School.

For the past three years Mr. Wolfe had volunteered as head elementary school wrestling coach.

A professional engineer, Mr. Wolfe played key roles on projects while working for a surveying firm from 2003 to 2009, said company President Carl Bert.

Mr. Wolfe and his wife, Robyn, parents to two boys, were in Las Vegas for their 20th wedding anniversary and looked happy in a picture taken at the Route 91 Harvest Festival, Mr. Yaniello said.

—*Scott Calvert*

WORLD NEWS

Catalonia Moves Closer to Split

After king's stern speech, leader says Catalans 'expected another tone from you'

By JEANNETTE NEUMANN
AND MARINA FORCE

BARCELONA—Catalonia set a course toward declaring its secession from Spain as soon as Monday after separatist parties requested the regional parliament convene that day to review the results of this week's independence vote, injecting further tension in the standoff with the Spanish government.

The request came on Wednesday as Catalan President Carles Puigdemont made a televised address in which he took issue with a speech Spain's king made the previous evening admonishing Catalonia's leaders for "inadmissible disloyalty." Addressing the monarch, Mr. Puigdemont said his speech had "disappointed many in Catalonia, who appreciate you...[and] expected another tone from you, a plea for dialogue and harmony."

Two separatist parties that control Catalonia's parliament petitioned Mr. Puigdemont to discuss the official results of Sunday's referendum on independence, advancing the wealthy Spanish region toward declaring a split with Spain. Mr. Puigdemont, who has been at the head of Catalonia's secession push and is a member of one of the parties, said this week Catalan leaders "will act over the weekend or early next week."

Some lawmakers have said they would follow a controversial law they passed last month that requires them to declare independence within 48 hours of receiving the official results. Monday's session "is to declare the independence of Catalonia," said Mireia Boya, a Catalan lawmaker from the Popular Unity Candidacy (CUP), which has



Catalan activists showed their ballots as they rallied in Barcelona on Monday to protest police violence during Sunday's voting.

taken a hard line on secession.

"We will declare independence 48 hours after all the official results are counted," Mr. Puigdemont said in an interview with BBC broadcast Tuesday. But the timetable for any declaration of independence remained unclear.

Sunday's vote, boycotted by opponents of independence, was marred by clashes with police that left nearly 900 people injured, according to regional authorities.

Tensions since have risen further. On Tuesday, King Felipe VI, Spain's head of state, accused Catalan leaders of undermining the rule of law. "They have attempted to break the unity of Spain and national sovereignty," he said in a rare televised address.

Some Spaniards welcomed

the king's tough stance toward the separatist leaders, whom they blame for organizing an illegitimate referendum that has created a fissure not only in Spain, but also in Catalonia between those who support a break and those who don't.

Others, like Mr. Puigdemont, said they had hoped for a more conciliatory tone amid rising tensions and consternation after Sunday's clashes with police.

"No solution, no mention to the injured people. No plea for dialogue," said Ada Colau, the left-leaning mayor of Barcelona, on Twitter. Even some of those who support the monarchy said they had expected a more emotional speech than the king's stern message.

◆ Spanish stocks, bonds continue to fall B13

How Secession Became a Prospect For a Rich Region

ing clawed back some of the region's autonomy, fueling discontent there over its status within Spain.

Austerity measures implemented by Madrid and corruption cases involving the country's main political parties heightened the sentiment among some Catalans that the region would be better off on its own.

Calls for a break with Spain peaked during the country's economic crisis, which stoked concern the central government was draining tax revenue from Catalonia. The northeastern region, one of Spain's richest, generates around one-fifth of the country's annual gross domestic product.

As Spain's economic crisis deepened, a Spanish court rul-

According to the most recent poll by Catalonia's regional government survey agency in June, 35% of Catalans support full-fledged secession, although those figures could have shifted after an independence vote on Sunday, which the central government says was unconstitutional.

—Jeannette Neumann

U.S. Green Berets Die In Niger Ambush

By NANCY A. YOUSSEF

WASHINGTON—Three U.S. Army Green Berets were killed and two others were wounded in an ambush in Niger, marking the first U.S. troop deaths there in support of local forces battling jihadist elements.

The Americans, members of the Army's Special Forces, were attacked near the Niger-Mali border Wednesday during a patrol as part of a mission to train local forces there, a U.S. defense official said.

President Donald Trump was briefed on the attack, White House spokeswoman Sarah Huckabee Sanders said.

The Pentagon didn't provide any specifics on the incident that led to the Green Berets' deaths.

"We can confirm reports that a joint U.S. and Nigerien patrol came under hostile fire in southwest Niger," the Pentagon said in a statement.

The statement said U.S. troops are in Niger to provide training and security assistance to Nigerien forces as they target extremist groups in the region. U.S. forces are helping with intelligence, surveillance and reconnaissance efforts, the Pentagon said.

News reports quoted Nigerien officials as saying five of their troops also were killed.

The U.S. military deployed a small number of U.S. Army Special Forces to the area to train counterparts from Niger battling Islamic State-affiliated Boko Haram and al Qaeda's North African branch, al Qaeda in the Islamic Maghreb, or AQIM.

The U.S. military has said it wants to build a drone base just outside the city of Agadez in support of its counterterrorism campaign in the region.



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WORLD NEWS

Tillerson Denies He Considered Quitting

Secretary of state affirms support for Trump's policies amid reports of differences

BY FELICIA SCHWARTZ

WASHINGTON—Secretary of State Rex Tillerson said Wednesday he hasn't contemplated resigning and praised President Donald Trump's foreign policy, calling Mr. Trump "smart."

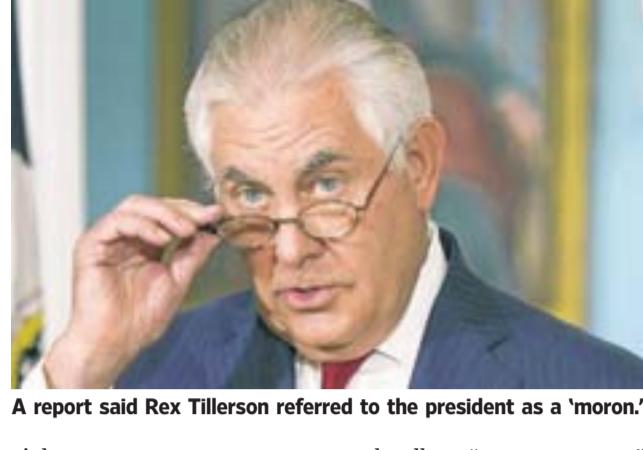
"I have never considered leaving this post," Mr. Tillerson said.

Mr. Tillerson spoke in the State Department's Treaty Room to deny longstanding rumors about his possible resignation after a report Wednesday morning that he referred to Mr. Trump as a

"moron" and had to be talked out of quitting by Vice President Mike Pence and others.

A former Exxon Corp. chief executive who had never served in government before assuming his current job, Mr. Tillerson has had public and private differences with Mr. Trump over key national security issues, including the 2015 Iran nuclear agreement, the administration's talks with North Korea, a dispute among Persian Gulf countries, and the Paris climate accord.

But in an abruptly scheduled news conference, Mr. Tillerson said that he supports Mr. Trump's "America first" approach to foreign policy and extolled "what we have accomplished...as a team." He said that suggestions to the contrary were an attempt to divide administration offi-



A report said Rex Tillerson referred to the president as a 'moron.'

cials.

Later Wednesday, Mr. Trump said that he has "total confidence" in Mr. Tillerson.

Mr. Tillerson declined to specifically address an NBC report that he referred to Mr. Trump as a moron, describing

such talk as "petty nonsense."

"While I'm new to Washington, I have learned there are some who try to sow disension to advance their own agenda by tearing others apart in an effort to undermine president Trump's own

agenda," Mr. Tillerson said. "I'm just not going to be part of this effort to divide this administration."

State Department spokeswoman Heather Nauert said later that Mr. Tillerson "did not use that type of language to speak about the president of the United States."

Mr. Tillerson said he didn't consult with Mr. Trump before the news conference, but Ms. Nauert said the two spoke afterward, adding, "They're all good." She said the White House didn't ask Mr. Tillerson to make a public statement, but that he opted to do it because "it was the right thing to do."

In Mr. Tillerson's remarks, he lauded the administration agenda, singling out Treasury Secretary Steven Mnuchin, United Nations Ambassador

Nikki Haley and Defense Secretary Jim Mattis for particular praise.

Mr. Tillerson and Ms. Haley also have been at odds in recent months, as Ms. Haley frequently hasn't consulted with Mr. Tillerson before making public-policy statements, officials have said.

However, Mr. Tillerson has formed close relationships with Mr. Mattis and Mr. Trump's chief of staff, John Kelly.

"I'm just thankful that he's still there," Sen. Bob Corker (R., Tenn.), the chairman of the Senate Foreign Relations Committee said of Mr. Tillerson. "I think Secretary Tillerson, Mattis, and [White House Chief of Staff] Kelly are those people that help separate our country from chaos."

Court Views Evidence of Kim Sibling's Poisoning

A Malaysian courtroom viewed bagged samples of bodily fluids from Kim Jong Nam that were tainted with the deadly nerve agent VX, as postmortem findings dominated a third day of a trial into the death of the half brother of North Korea's leader.

By Yantoultra Ngui in Shah Alam, Malaysia, and Ben Otto in Jakarta

A judge and members of the prosecution and defense teams donned white masks and gloves as they pored over samples of Mr. Kim's urine, blood and liver in transparent bags, as well as swabs taken from his face and eyes after his death Feb. 13 at Kuala Lumpur International Airport.

The submission of evidence caused a stir in the courtroom as authorities unveiled the samples, unleashing a stench. The prosecution warned that the tainted samples, taken



Police escorted suspect Doan Thi Huong, center, from the Shah Alam courthouse on Wednesday.

than 48 hours after Mr. Kim's death, had been delayed after North Korean diplomats objected to an autopsy. The daylight killing and its ensuing investigation led to a swift breach in diplomatic and other ties between Malaysia and North Korea.

Malaysian officials say two women on trial for murdering Mr. Kim targeted him under the direction of North Korea, wiping him with VX in a crowded airport departure hall.

VX is a man-made nerve agent that the United Nations classifies as a weapon of mass destruction, and it is lethal even in small doses. Mr. Kim died shortly after the assault, which was captured on airport security cameras.

North Korea denies any involvement in the killing, and the two women, Siti Aisyah of Indonesia and Doan Thi Huong of Vietnam, say they were duped into believing they were performing a prank for a television show.

U.S., Seoul To Work on Trade Pact

By WILLIAM MAULDIN AND KWANWOO JUN

Top U.S. and Korean trade officials agreed Wednesday on a path to make changes to the countries' trade agreement, a five-year-old pact that has been a target of criticism from President Donald Trump.

U.S. trade representative Robert Lighthizer and Korean Trade Minister Kim Hyun-chong met in Washington and began a process to amend the U.S.-Korea Free Trade Agreement, which lowered tariffs between the two countries and set commercial rules of the road. Neither side specified what changes would be sought.

The Trump administration met resistance when considering withdrawing from the accord with South Korea, a U.S. military ally, at the same time that it was seeking to put pressure on North Korea over its nuclear ambitions.

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RUSSIA

Continued from Page One
tensions with Moscow are rising, Western military officials said.

Targets are soldiers like U.S. Army Lt. Col. Christopher L'Heureux, who took over as commander of a NATO base in Poland in July. Soon after, he said he returned to his truck from shooting drills to find a hacker had triggered the lost mode on his personal iPhone. The hacker was attempting to breach a second layer of password protection through a Russian IP address, he said.

"It had a little Apple map, and in the center of the map was Moscow," said Col. L'Heureux, stationed not far from a major Russian military base. "It said, 'Somebody is trying to access your iPhone.'

Col. L'Heureux, who prepares tactical troop positions to repel a potential Russian invasion, also found he was being physically tracked through his iPhone. "They were geolocating me, whoever it was," he said. "I was like, 'What the heck is this?'"

Col. L'Heureux said at least six soldiers he commands have had phones or Facebook accounts hacked. He suspects the incidents were meant as a message that Russian intelligence forces were tracking him, could crack his passwords and wanted to intimidate his soldiers.

Western officials declined to describe technical security precautions in detail, but note that allied soldiers are trained on a variety of risks including cyberattacks.

Military cyberspies experts said the drone flights and cellphone data collection suggest Russia is trying to monitor troop levels at NATO's new bases to see if there are more forces present there than the alliance has publicly disclosed. Some Western defense officials played down the military significance of the campaign, saying it has caused little if any damage and often involves public information.

Still, other Western officials said that in a crisis, compro-



German soldiers at a NATO base in Lithuania in August.

mised cellphones could be used to slow NATO's response to Russian military action if, for example, the personal cell phone of a commander was used to send out fake instructions. While such communications via private device ought to be disregarded, it could sow confusion, they said. And if a compromised phone were brought into a secure area such as a military command post, it could be used to collect sensitive information.

Near Estonia's border with Russia, numerous soldiers in January complained of

the soldier said. Contacts started disappearing from his phone around the same time, he said.

Since the Tapa incident in January, soldiers on the Estonian base remove SIM cards from their phones and are allowed to use the internet only at designated secure hot spots.

Use of geolocation is forbidden. Estonian conscripts said they are forced to jump into a lake during operations to ensure they are following a strict "no smartphones" policy.

The British contingent at the base said it has taken necessary measures.

Information gleaned from personal communication, contact lists and social-networking sites has been used in encounters that indicate a goal of harassment or intimidation, according to Western officials.

In Latvia, a U.S. soldier standing in line for a sports event was approached by a person who casually dropped details of the soldier's life, including information about family members, said a person close to NATO.

A similar incident happened to a U.S. soldier on a train in Poland, that person said. Both encounters were believed to have been with Russian agents.

The Baltics—Estonia, Latvia and Lithuania—have previously faced cyber assaults on their national networks and other connected systems, which they blamed on Russia.

"We are already in an unconventional cyberwar," said Lithuanian President Dalia Grybauskaitė. "We know what neighborhood we live in."

WORLD NEWS



Prime Minister Theresa May was plagued during a speech to her Conservative Party by a heckler, left; a bout of coughing, for which she was handed a lozenge; and letters falling from the party's slogan.

Speech Goes Wrong for British Leader

BY JENNY GROSS
AND JASON DOUGLAS

MANCHESTER, England—British Prime Minister Theresa May suffered bouts of coughing, a prankster on stage and falling scenery as she struggled to deliver closing remarks at her Conservative Party's annual conference aimed at uniting her party around her.

The speech on Wednesday marked the latest difficult episode of her premiership. Since losing her parliamentary majority in a June election she called, Mrs. May has strained to contain differences among senior colleagues over her plans for Britain's departure from the European Union.

During the speech, a heckler interrupted to hand her a P45

form—given to U.K. employees

when their employment is terminated—saying it was from Foreign Secretary Boris Johnson, who has publicly challenged her approach to Brexit.

After the incident, Mrs. May tried to get back on track as she battled coughing fits and nearly lost her voice several times. Treasury chief Philip Hammond was cheered when he handed her a cough drop. Later, letters from the Conservative Party slogan behind her dropped from the wall.

Addressing party members, she accepted responsibility for the election setback, apologizing for a poor campaign she said was "too scripted, too presidential."

"I hold my hands up for that. I take responsibility," she said.

A year ago, the Conservative Party's annual conference

was a celebratory event, where the Brexit vote and Mrs. May's recent appointment as leader buoyed government officials and the party's base.

This year's tone was largely subdued, in a reflection of Mrs. May's tenuous grip on power. Lawmakers spent the four-day conference soul-searching about the party's direction, discussing how long Mrs. May could hold on and brainstorming ways to win over younger voters.

On Wednesday, Mrs. May sought to rally her party faithful, who are worried by the stuttering progress of Brexit negotiations and the advances made by the opposition Labour Party under left-winger Jeremy Corbyn.

"Let us shape up and give the country the government it

needs," Mrs. May said. "Not worrying about our job security, but theirs."

In a speech that tacked toward the political center, Mrs. May made pledges on issues as

A prankster handed her a P45 form, given to employees when they are terminated.

diverse as ending modern slavery and overhauling organ-donation laws. The policies outlined were united by a theme of fighting injustices and renewing a "British dream" of advancing prosperity.

"For too many, the British

dream appears increasingly out of reach," she said.

She sought to revive her party's appeal among young voters—who largely deserted the Conservatives for Mr. Corbyn at the election—with a promise to build more homes and scrap a planned increase in college tuition fees.

Mrs. May has denied that rivals in her cabinet are trying to oust her from power.

"What I am very clear about is of course the prime minister is in charge," she told the British Broadcasting Corp. on Tuesday. "Leadership is about ensuring you have a team of people who aren't 'yes men,' but a team of people of different voices around the table, come to an agreement and then put that government view forward."

move Brexit talks beyond their current stalemate. But as she makes concessions to Brussels, such as over the amount the U.K. will pay the EU as part of its divorce settlement, she has faced accusations from euroskeptics in her party of being too conciliatory.

Mrs. May has denied that rivals in her cabinet are trying to oust her from power.

"I am confident we will find a deal that works for Britain and Europe, too," she said. She urged negotiating teams to quickly come to an agreement and urged EU nationals living in the U.K. to remain. She confirmed the U.K. would leave the EU in March 2019.

Mrs. May is seeking to

WORLD WATCH

EUROZONE

August Sales Data Pose Test for ECB

Retail sales fell across the eurozone for the second straight month in August, signaling a warning to the European Central Bank as it considers a reduction in its stimulus measures from early 2018.

The eurozone's economic re-

covery has gathered pace this year, aided in part by an increase in consumer spending. The ECB's economists now expect the economy to grow 2.2% over 2017, which would mark its strongest performance since 2007. However, that projection relies in part on a continued rise in household spending, driven by a steady drop in unemployment and the beginnings of a pickup in wages.

Recent data have cast doubt

on that scenario playing out. The European Union's statistics agency said Wednesday that retail sales fell 0.5% in August from July. Plus, figures published Monday showed the unemployment rate stalled at 9.1% for the third straight month in August.

Wednesday's data were a surprise to economists who had forecast sales would rebound by 0.4% from their 0.3% decline in July.

—Paul Hannon

OECD

Scant Progress Seen In Gender Equality

Rich countries have made very little progress toward reducing gaps in income and power between men and women over the past five years, according to a report published by the Organization for Economic Cooperation and Development.

The Paris-based think tank, which provides advice on the best policies to follow to its 35 member governments, said its findings were a "stark call to action" that should "change public policies in tandem with stereotypes, attitudes, and behaviors."

"Gender gaps persist in all areas of social and economic life and across countries, and the size of these gaps has often changed little," said Ángel Gurria,

the OECD's secretary-general, on Wednesday. "These inequalities should have long been resolved. There is no reason for women to trail behind men in social, economic and political outcomes."

The report found that across its member countries, women earn 14.3% less than men in full-time work. The U.S. suffers from a wider gap than the average, at 18.9%.

—Paul Hannon

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IN DEPTH

TRADE

Continued from Page One
recommend action by President Donald Trump. The ITC last month approved a separate petition for relief by U.S. solar-panel makers, and the Trump administration is awaiting specific remedy proposals from the body before making a final decision.

"If we had a level playing field, we would sell more, we would hire—we believe—at least 1,300 people," Whirlpool Chairman Jeff Fettig said in an interview.

The Trump administration has vowed to take a fresh look at a wide range of protectionist powers in pursuit of its "America First" trade agenda. Trump aides have in recent months considered dusting off other trade-law provisions to pressure China over intellectual property, and to protect U.S. steel and aluminum makers.

Break with past

This marks a break with previous administrations from both parties, which played down unilateral actions in deference to global arbiters such as the World Trade Organization. Remedies under the safeguard law were last invoked by George W. Bush to protect the U.S. steel industry, in 2002. The administration soon removed the steel tariffs after the WTO deemed them improper, and industries had, until now, been discouraged from pursuing such protection.

The Whirlpool case is a microcosm of the debate over international trade. Free-trade skeptics say existing policies aimed at protecting domestic manufacturers and jobs are ineffective because conventional measures to punish foreign competitors for unfair trade practices are too easy to evade.

Proponents note the benefits to consumers of robust international competition, including falling prices. And protectionist measures that protect American companies may not help all American workers. Both Samsung and LG, following the example of many foreign auto makers, have recently launched plans to build factories on U.S. soil and hire locally.

The South Korean conglomerates blame Whirlpool for failing to keep up with American tastes.

"Consumer preferences shifted to design and style. Whirlpool didn't keep pace,"



SEONGJOO CHOI/BLOOMBERG NEWS

Workers assemble LG washing machines in Changwon, South Korea. Whirlpool has accused the company of unfair trade practices.

John Herrington, a Samsung senior vice president, told a September ITC hearing. "How and where consumers shopped for appliances changed. Whirlpool didn't adjust."

Whirlpool attorney Jack Levy dismissed the claim as a "tired argument," adding: "Whirlpool has made tremendous innovations in its washer lineup over the years."

Whirlpool produces washing machines for the U.S. market at a sprawling factory in the northern Ohio city of Clyde, between Toledo and Cleveland.

I believe this situation is unsustainable for U.S. manufacturing.

The plant's workforce of more than 3,000 employees cranks out some 20,000 washers a day.

Employees there have fretted over their own future and dimming prospects for getting relatives hired there because of shelved plans to make new products, said Paula Cosiano, an operations manager at the Clyde plant.

"They talk about it all the time," said Ms. Cosiano, who started her career as an assembly-line worker at another Whirlpool plant in Ohio. "They

know that if we are not able to play on a level playing field that could mean serious harm for them and their families."

Whirlpool has long enjoyed a major chunk of the U.S. appliance market, though in the past competition came more from domestic rivals including General Electric Co.

Whirlpool shored up its dominance of the U.S. appliance market in 2006 with its \$1.7 billion acquisition of rival Maytag Corp.

U.S. antitrust regulators probed whether to block the deal over concerns the combined appliance giant would stifle competition. In the end the Bush administration's Justice Department let the deal go through, concluding it would ultimately benefit consumers. It also noted fresh competition from the likes of LG and Samsung, relative newcomers into the U.S. appliance market at the time.

The South Korean companies entered the U.S. market with washers of different colors and designs, chimes instead of buzzers when a load of laundry was finished, and energy-saving features. Samsung's innovations, for example, have included a little drawer to add clothes after the machine started washing.

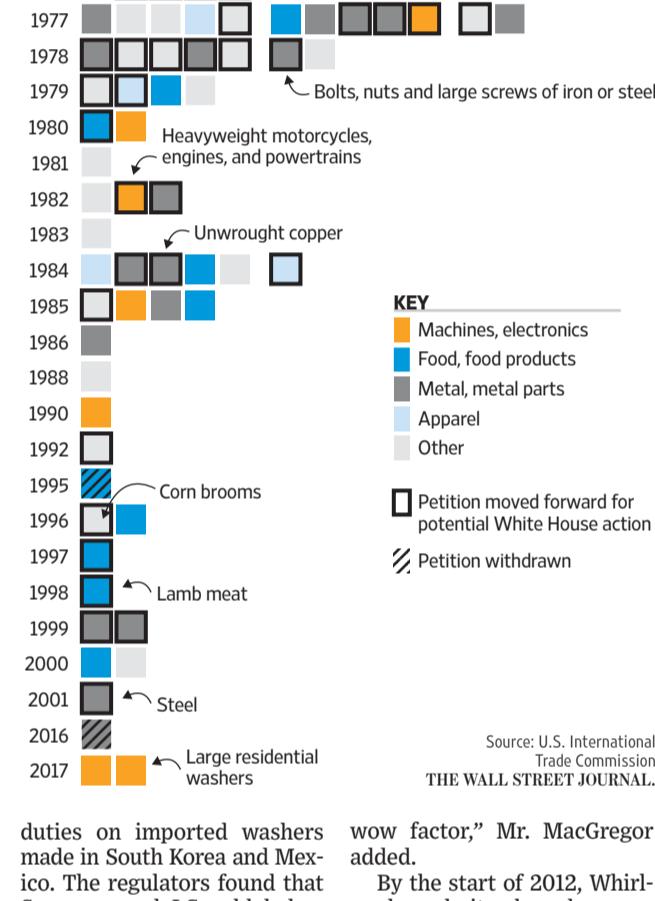
In the first quarter of 2007, Samsung only had a tiny foothold in the U.S. with 1% of the dollars spent on retail sales of washing machines, according to TraQline data from the Stevenson Co. research firm, while LG had 10%. Whirlpool's brands had a combined 37% share of the U.S. market.

Four years later, Samsung and LG were making inroads with washers produced in South Korea and Mexico. Whirlpool cried foul, accusing Samsung and LG of "dumping" their washers onto the U.S. market, or selling them to wholesalers below what they cost to produce. The prices would affect how much retailers pay for the washers, but not directly what consumers pay. Whirlpool claimed this practice has edged it out of prime retail floor space retailers give to higher-margin products.

In 2012, Whirlpool successfully persuaded the U.S. Commerce Department to impose

Seeking Protection

Petitions for "safeguard" protection from the U.S. International Trade Commission slowed in the decades after the 1974 Trade Act was passed.



Source: U.S. International Trade Commission
THE WALL STREET JOURNAL

duties on imported washers made in South Korea and Mexico. The regulators found that Samsung and LG sold below costs.

The victory was short-lived. Samsung and LG shifted production to China, rendering the just-imposed tariffs moot, since enforcement under the 1930s-era U.S. "anti-dumping" law is generally country-specific.

Growing share

Samsung and LG's share of the U.S. market continued to grow, thanks to a mix of innovation and, at times, aggressive pricing, according to David MacGregor, senior analyst at Longbow Research near Cleveland. "It's not rocket science but clearly someone's thinking outside the box," he said. For consumers who saw the new offerings at Best Buy and other big-box retailers, "there was a

wow factor," Mr. MacGregor added.

By the start of 2012, Whirlpool and its brands commanded 41% of the U.S. market. Its South Korean rivals were catching up, with a combined share of 19% of retail sales, according to TraQline.

Three years later, Whirlpool again complained that Samsung and LG were engaging in unfair trade to gain market share with their washers now coming from China. Whirlpool went back to the U.S. Commerce Department.

At a hearing in Washington, D.C. last year, Mr. Fettig of Whirlpool told regulators that underselling by Samsung and LG meant his company had to delay adding to the workforce at its Clyde plant, eat operating losses in its washer segment and put off investing in new washer types.

"I believe this situation is

unsustainable for U.S. manufacturing," he told them.

As regulators mulled new tariffs, Samsung and LG shifted production again—this time to Vietnam and Thailand, where the two companies already had factories.

Mr. Trump's election victory in November 2016 gave manufacturers such as Whirlpool fresh hope for more aggressive protection.

Peter Navarro, an adviser to Mr. Trump on manufacturing and trade policy, pointed to Whirlpool's dumping allegations against Samsung and LG earlier this year as "precisely the kind of trade cheating that must be stopped."

"This heartland of America icon is grappling with a practice called country hopping, in which two of its South Korean competitors, LG and Samsung, simply move their production to another country each time Whirlpool wins an anti-dumping case against them," Mr. Navarro said at a gathering of economists.

During a speech in September, U.S. Trade Representative Robert Lighthizer suggested tough trade policy could compel foreign manufacturers to invest more in the U.S. Mr. Lighthizer pointed to cases of Japanese auto makers deciding to build their own factories in the U.S.

Samsung and LG haven't officially been accused by Whirlpool or trade regulators of dumping washers manufactured in Thailand and Vietnam into the U.S. market, and the two companies have repeatedly denied violating U.S. trade laws. Combined, they now command 35% of the U.S. market, neck-and-neck with Whirlpool.

Both companies, meanwhile, announced plans this year to open factories in the U.S.

Tennessee plant

LG is building its first-ever major U.S. factory, a \$250 million washing-machine plant near Clarksville, Tenn. The investment was praised by U.S. Commerce Secretary Wilbur Ross, who joined local officials shoveling dirt at a groundbreaking ceremony there. "Foreign direct investment in America is a win both for the company and our nation," Mr. Ross said at the event in August.

Samsung announced plans earlier this year to take over a former Caterpillar Inc. plant in South Carolina, and estimated the project could lead to nearly 1,000 new jobs by 2020. People familiar with Samsung's case said the company wanted to move production closer to the U.S. market but declined to the

say whether the decision to locate a factory here was related to the anti-dumping tariffs.

Samsung likened Whirlpool to American car companies seeking government trade protection in the 1980s when consumers ultimately wanted smaller, energy-efficient cars from Japanese auto makers.

"Today we're all better off," Shara Aranoff, an attorney for Samsung, told regulators at the trade commission hearing in September. "American auto makers have become much more competitive, foreign auto makers have established U.S. production creating thousands of American jobs, and consumers have more and better choices."

Mr. Stanley, 41, now a brand consultant in New York.

For a 2012 embassy visit, he left banned items at home.

So he thought.

Security vetoed his Sony headphones. "I knew the drill at this point," he said. "It was easy to hide. The hard thing was remembering where it was."

Mr. Stanley said he wasn't worried about his things getting stolen but rather "being caught on their CCTV and them thinking I was some sort of Russian spy hiding surveillance equipment."

Luis Palerm, 29, last month left the checkpoint with a small multitool containing a blade and slid it under a trash can. "I didn't think anyone was going to check under there," the Mexican graduate student said as he bent to retrieve it afterward.

In coming months, the embassy will move across the River Thames to a new compound that includes a partial moat and plenty of shrubbery.

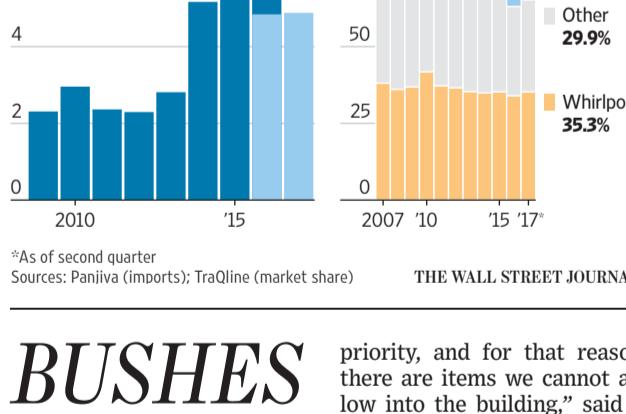
The embassy spokeswoman said security measures would remain the same in terms of prohibited items.

Jenny Gross contributed to this article.

Washer War

The number of large residential washers imported into the U.S. has risen sharply in recent years...

8 million units

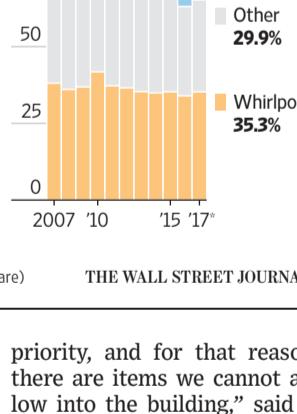


*As of second quarter
Sources: Paniiva (imports); TraQline (market share)

...with Samsung and LG taking a chunk out of U.S. market share.

U.S. market share by retail dollars

8 million units



THE WALL STREET JOURNAL

BUSHES

Continued from Page One
scissors in her daughters' backpacks.

She hesitated before dropping them into the trash receptacle in front of the embassy. "They said we can throw them in the bin and then get them later," she said.

After her family emerged, her husband rummaged through half-full coffee cups and a banana peel to pull the scissors out.

Five minutes later, a man leaving the embassy went to the same receptacle, fishing out a coffee-coated tape measure and screwdriver. He rinsed them with water in an Evian bottle from the trash, saying "it's worse than going on an airplane."

The embassy's website lists prohibited items such as weapons, "sharp items," glass bottles and laptops. But embassy visitors don't necessarily come across this list while making an online appointment, and security guards appear to have some discretion.

"Embassy security is a top

priority, and for that reason there are items we cannot allow into the building," said a spokeswoman for the embassy, who declined to elaborate on why specific items were barred.

Earlier last month, an American saying he was inspired by a woman in front of him left the security booth to plant a padlock and Chanel cologne bottle in the hedges. The next morning, a Seattle native teaching in London tossed a metal bike pump into the shrubs before renewing his passport.

The embassy, a massive concrete block designed by neo-futuristic architect Eero Saarinen, is among London's most heavily fortified buildings, with people seeking services lining up as heavily armed British police patrol nearby.

The security presence can make furtive trips to shrubbery awkward. Three years ago, Ben Addy, now 38, was in line to get his young son a passport. Security turned him away because he had a set of bicycle wrenches.

He asked his wife to stand between him and the police. "You just stand here, and I'm going to pretend to tie my shoelace," Mr. Addy remem-

bered telling her. "I'll chuck it under."

It was such a great hiding place, he later couldn't recall where he left the tool and searched on all fours while the police watched. "At this point, I had already blown any sort of subtlety."

Several officers on patrol said they couldn't stop people from putting things in bushes. Commonly hidden items, they said: combs, water bottles, metal utensils.

One policeman said he once

saw a woman pull an iPad from the hedges.

A Grosvenor Square groundskeeper said he occasionally searches for left-behind items. Over the past year, he found two Swiss Army knives, several wine and beer bottles and a battery-operated adult toy, he said. He kept the knives, drank the booze and tossed the gadget.

No one has come back asking if he has seen belongings they hid, he said. He has seen people in a corner of the square

who appear to be looking for things embassy visitors have stashed.

Some stuff-stashers said they didn't mind risking someone's filching items that weren't of much value. Others hide belongings in the bottom of the hedges where they count on thorny leaves to deter thieves.

Ms. Ashby left her helmet embedded in the bush—but plainly visible next to the reception tent. "It's far too obvious and right next to official-looking people," she said.

Shrubbery was an especially popular hiding place between about 2008 and 2013, when the embassy banned phones and other electronics, before relaxing the rules on electronics a bit.

Early in that period, Roderick Stanley, then a British music journalist, wasn't aware of the restrictions until he got near the front of the security line during a visa visit.

He had someone hold his place, dashed into the park and crammed his phone and voice recorder in a tree-trunk hole. He covered it with leaves.

"I felt like a squirrel hiding my nuts for the winter," said



Helen Ashby's bike helmet, which wasn't allowed inside the U

GREATER NEW YORK

Traffic Volume Fell Short as Cashless Tolls Got Going

By PAUL BERGER

The quick rollout of cashless tolling across many of New York's major bridges and tunnels may have helped to depress traffic volume and toll revenue this year, a consultant to the Metropolitan Transportation Authority has found.

New York Gov. Andrew Cuomo pressed for the accelerated switch to cashless tolling at all nine MTA bridges and tunnels. Last weekend, he celebrated the conversion of the last two facilities, the Bronx-Whitestone- and Throgs Neck bridges, three months ahead of schedule.

"The benefits of this technology are already making it easier for New Yorkers to get where they need to go, with improved traffic flow, reduced congestion and decreased commute times," the governor's office said last week.

About 90% of drivers roll through MTA toll plazas using the electronic E-ZPass payment system. For those who pay cash, toll booths have been replaced with cameras that capture vehicle

Vanishing Plazas

When MTA bridges and tunnels went cashless.

◆ Bronx-Whitestone Bridge Sept. 30, 2017

◆ Throgs Neck Bridge Sept. 30, 2017

◆ Verrazano-Narrows Bridge July 8, 2017

◆ Robert F. Kennedy Bridge June 15, 2017

◆ Cross Bay Veterans Memorial Bridge April 30, 2017

◆ Marine Parkway-Gil Hodges Memorial Bridge April 30, 2017

◆ Queens Midtown Tunnel Jan. 10, 2017

◆ Hugh L. Carey Tunnel Jan. 4, 2017

◆ Henry Hudson Bridge Nov. 10, 2012

Source: MTA



The Henry Hudson Bridge in 2014. It began a cashless-toll pilot project in 2012, and the booths were removed in November 2016.

gest a similar pattern there, MTA officials said.

The MTA makes less money on E-ZPass transactions because users get a toll discount. There is, on average, a \$2.74 difference between the full and discounted rates at major crossings such as the Midtown Tunnel, the Stantec report noted.

The switch to cashless tolling has coincided with a sharp decrease in non-E-ZPass payment transactions, such as cash and payment by mail.

From July 2015 to July 2017, monthly non-E-ZPass transactions fell 15% to 105,000 from 123,000, according to MTA figures. During the same period, E-ZPass transactions rose 8% to 734,000 from 678,000.

Some MTA commissioners have raised concerns that cashless tolling could encourage fare evasion, particularly among out-of-state motorists who may see little incentive to pay.

MTA Commissioner Veronica Vanterpool said she wasn't concerned by the Stantec report, but she would be worried if the effect on traffic and revenue is "less of a temporary blip."

Showing Support for Puerto Rico



A CALL FOR HELP: New Yorkers whose families in Puerto Rico have been affected by Hurricane Maria rallied Wednesday to demand more aid for the island, where health concerns are growing due to a shortage of clean water and limited access to medical care. A3

Tensions Build In Cable Strike

By MARA GAY

The pressure is mounting in a labor dispute between cable giant Charter Communications Inc. and its workers.

The some 1,800 workers who went on strike in March are poised to lose medical coverage next month.

Meanwhile, New York Democrats are expressing concerns over service interruptions possibly linked to the strike.

After going months without pay, union leaders said many of the workers are struggling, and the impending loss of medical coverage has created a new sense of urgency.

"They're sleeping in their cars," said Christopher Erikson, business manager for Local 3 International Brotherhood of Electrical Workers, the union that represents the cable workers.

The workers went on strike after the cable company, known to its customers as Spectrum, sought to eliminate pension contributions and restructure employee benefits. The com-

pany said that it is offering significant raises and other benefits.

"By keeping its members out of work, Local 3 is denying our employees a generous compensation package," John Bonomo, a Charter spokesman, said in a statement emailed to the Journal.

Union officials said the salary increases don't make up for the loss of the pension.

The union was planning to launch a new advertising campaign Wednesday to draw attention to the strike. The union has received support from Gov. Andrew Cuomo and Mayor Bill de Blasio, both Democrats.

In a letter to the state regulator on Monday, Mr. Cuomo's counsel, Alphonso David, expressed concern about how the strike was affecting service.

Mr. Bonomo blamed the service interruptions on "130+ acts of vandalism." Union officials said they don't condone any sabotage of the company's infrastructure.

—Mike Vilensky contributed to this article.

Study Finds Stronger Test-Score Growth Among Charter Students

By LESLIE BRODY

New York City charter-school students on average show growth equal to 23 extra days of learning in reading and 63 more days in math each year, compared with similar students in traditional public schools, according to a new study.

Released Wednesday by the Center for Research on Education Outcomes at Stanford University, the study found black and Hispanic students from poor households posted especially strong test-score growth at charters.

Skeptics say standardized tests are flawed measures. The study relied on such scores for grades three to eight for the five years ended in June 2016.

Margaret Raymond, director of CREDO, said charters' successes came largely from their flexibility to allocate resources to meet their students' needs. She said the power of charter-

oversight bodies to shut failing schools also helped.

The study was funded by two foundations that support charter schools, the Walton Family Foundation and the Achelis and Bodman Foundation. Ms. Raymond said her

For each charter student, researchers created a "virtual twin"—a composite of several district peers who had the same previous test scores, race, gender, poverty level and special needs. The study then tracked whether the charter student learned more than a virtual twin attending a peer district school.

Although that method isn't the gold standard of a randomized trial, some education experts say CREDO studies reflect a worthy effort to use available data.

"A lot of people have legitimate concerns about what's really going on behind the magic curtain of the virtual twin matching," said Jeffrey Henig, an education professor at Teachers College, Columbia University. "But it's a serious study."

A spokesman for the city Department of Education said: "We celebrate the success of all our schools, district and char-

ter, and under this administration, public schools are the strongest they've ever been."

The study included about 75,000 students at charters, which are taxpayer-funded and independently operated. Opponents say charters drain re-

sources from regular schools.

Kevin Welner, an education professor at the University of Colorado Boulder, said CREDO ignores the possibility that parents who apply to charters are more actively involved, "so the students are benefiting from

having more engaged families."

Ms. Raymond disputed that, saying New York City parents know their options and act deliberately. "If they're choosing to have their students go to district schools, that's a choice," she said.



Charter-school students at a pep rally ahead of the start of state testing, in Manhattan last year.

75,000

New York City charter-school students included in the study

center isn't pro- or anti-charter, but aims to identify policies to boost outcomes.

Looking at 144 charters, the study said 16% performed significantly worse in reading than their peer traditional public schools, 43% fared significantly better and 41% were about the same.

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GREATER NEW YORK

Glass Towers Give Old Co-Ops a Run For Their Money

New buildings lure wealthy home buyers who once flocked to tony uptown digs

By JOSH BARBANEL

There was a time when books on life at the top in New York City focused exclusively on the canopied apartment buildings on the Upper East and Upper West sides of Manhattan built until the 1930s.

Now a new coffee-table book featuring homes for the wealthy in New York City expands the definition of the top to make room for 21st century apartment towers

that have risen in other newly fashionable neighborhoods.

This, in turn, raises the question of whether the era of the uptown co-op apartment building is waning in the face of new glass towers that may be more in tune with contemporary lifestyles.

Uptown co-ops are facing "a perfect storm," said Kirk Henckels, a broker and co-author of "Life at the Top: New York's Most Exceptional Apartment Buildings."

In the book, Mr. Henckels, director of private brokerage at Stribling & Associates, and his co-author, Anne Walker, an architectural historian, say the new towers for the rich reflect the same forces that led to the creation of the grand apartment buildings a century earlier. They argue that "no buildings with truly large, grand apartments" were built between the 1930s and the advent of the 21st century and the construction of high-rise luxury condominiums.

Apartments built between about 1900 and 1930, many by star architects of the age such as J.E.R. Carpenter and Rosario Candela, provided "enough

housing for the super rich" until the latest building boom, Mr. Henckels said in an interview. This new boom is "concurrent with an enormous collection of wealth," he said.

"Money that was on Fifth Avenue, Park Avenue and Central Park West is now everywhere," Mr. Henckels noted.

The new buildings, rich in amenities and services but with fewer rules and restrictions than co-ops, are drawing some longtime Upper East Siders. Demand for co-ops, even in legendary buildings that long housed multimillionaires and billionaires, is fading, and many listings are seeing fewer showings, Mr. Henckels said.

The 320-page book profiles 15 New York City buildings. The authors begin with the 1884 Dakota, a "stauchly picturesque" apartment building constructed on Central Park West and West 72nd Street when much of the West Side was vacant land. It marked the beginning of luxury-apartment living in Manhattan.

The book ends with the vertical concrete face of 432 Park Ave., with 10-foot-high square windows, designed by Rafael Viñoly. At 1,396 feet it is the tallest residential tower in the Western Hemisphere. It opened in 2015.

"Life at the Top" argues that both the prewar buildings and the latest round of tall structures ushered in a new way for the ultra-rich to live.

Toward the end of the Gilded Age in the early 20th century, many of the wealthiest New Yorkers were persuaded to move from mansions on Fifth Avenue to elaborate apartment buildings



A view of Central Park from high up at 15 Central Park West, above. Below, the interior of the 86th-floor apartment at 432 Park Ave. MICHEL ARNAUD (2)



with extensive services that allowed them to reduce the number of servants.

The Dakota was built for residents with means, but not the top of society. That shift came with the completion of 998 Fifth Ave., a 1912 McKim, Mead and White building that opened on the Upper East Side at 81st Street opposite the Metropolitan Museum of Art.

The book also includes 15 Central Park West, a limestone clad complex that was designed by Robert A.M.

Stern to re-create the ambience and lavish layouts of the earlier generation of grand apartment buildings on Fifth and Park avenues.

Andrew Alpern, a lawyer and architect who has written five books about luxury apartment houses in Manhattan,

has yet to include the new buildings in his work. He said that while he admired some of them, others were in a competition so they can brag that "mine is taller than yours."

The new buildings "don't have the mark of a fine apartment," Mr. Alpern noted, "a canvas canopy on a metal frame that goes from the curb to the entrance."

One57 Set High Bar, But Spotlight Shifts

When One57, a 1,004-foot-tall glass tower on West 57th Street was listed in 2011 it helped create a new market for wealthy buyers world-wide. The property still holds the record for the most expensive New York City apartment—a duplex penthouse that went into contract in 2012 for \$100.47 million.

But its fortunes, and resale prices, have since been in decline. The property suffered one more indignity. When a new book listed New York City's most exceptional apartment buildings, it left out One57 in favor of 432 Park Ave.

"The spotlight was on it and then it faded," said Kirk Henckels, director of Stribling Private Brokerage and co-author of the "Life at the Top: New York's Most Exceptional Apartment Buildings." He added that, in his view, 432 Park Ave. was "a lovely building that should have been half the height."

—Josh Barbanel

Captivated at the Museum



BEETO MATTHEWS/ASSOCIATED PRESS
QUITE THE SIGHT: Children used magnifiers to view butterflies at the American Museum of Natural History on Wednesday.

NEW YORK Officials Warn About Hurricane Scammers

A state legislator for Manhattan's Upper East Side issued a public warning Wednesday: Watch out for hurricane-relief scammers.

As Texas, Florida and Puerto Rico work to clean up after damaging hurricanes, swindlers have been posing as legitimate charity organizations to steal money from the unsuspecting, said state Assemblywoman Rebecca Seawright, chairwoman of the Subcommittee on Consumer

Fraud Protection.

Ms. Seawright said she has seen an increase in reports to her office of persistent calls for donations from suspicious charities.

State Attorney General Eric Schneiderman has issued several consumer alerts in recent weeks, warning New Yorkers to carefully vet charities before giving money to hurricane-relief efforts.

The National Center for Disaster Fraud reported last month that it had received more than 400 complaints of fraud in the wake of Hurricanes Harvey and Irma.

—Thomas MacMillan

CULTURE City Ballet Honors Jerome Robbins

New York City Ballet is going Broadway.

The company announced Wednesday that it will feature a new work by the Tony Award-winning choreographer Warren Carlyle, slated to premiere on May 3 as part of its spring season.

The piece will honor the late choreographer Jerome Robbins, known for his work in both the worlds of ballet and Broadway, on the centennial of his birth.

Mr. Carlyle choreographed the revival of "Hello, Dolly," one of the best-selling productions currently on Broadway. He won a Tony for his choreography for "After Midnight," which he also directed. His other Broadway credits include "She Loves Me," "On the Twentieth Century" and "Hugh Jackman, Back on Broadway."

City Ballet's spring season will pay tribute to Mr. Robbins in other ways. The troupe will present more than 15 of his works, including "Fancy Free," "Dances at a Gathering" and "West Side Story Suite."

—Charles Passy

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LIFE & ARTS



WARNER BROS. (3)

THE BIG QUESTION in "Blade Runner 2049" continues to be the one posed by Ridley Scott's 1982 sci-fi masterpiece. Who is human, made of flesh and blood, and who is a replicant, built in a factory but able to pass for human in most respects? For those who've cherished the original all these years, the larger question has been whether the new film itself would be a kind of replicant, a soulless simulacrum of a visionary work of art that dared to combine a film-noir plot with startling images of a bleak urban future. The very good and surprising news is that Denis Villeneuve's sequel is anything but soulless, let alone exploitative, though it's longer than it should be and short on clarity; the story telling swings between mysteriously allusive and opaque. Daring in its own right, this broodingly sumptuous saga explores the primacy of feelings, the nature of memories and the essence of being human, framed as the difference between being manufactured or born.

The action takes place 30 years after the original—which was set only two years from now—in a California so ravaged by environmental degradation as to make Antonioni's "Red Desert" look lush. But the cinematographer was the incomparable Roger Deakins, so no matter where the camera turns it discovers commanding shapes and seductive colors. (The production was designed by Dennis Gassner.) In Los Angeles, LAPD headquarters is a huge, cloud-shrouded anvil. Inside the towering headquarters of Wallace Corp., which manufactures an advanced line of replicants, bronze backlighting contrasts with dark browns and blacks in a chiaroscuro reminiscent of Edward Hopper's "Nighthawks." Down south near San Diego, gray-faced children toil in a slave-labor camp that Dickens could not have imagined in his most fervid dreams. (The screenplay was written by Hampton Fancher, who co-

FILM REVIEW | By Joe Morgenstern

A 'Runner' Revived With Beauty, Brains and Soul



Ryan Gosling as K and Sylvia Hoeks as Luv, above; Mr. Gosling and Harrison Ford as Rick Deckard, below.

wrote Mr. Scott's film, and Michael Green. Benjamin Wallfisch and Hans Zimmer composed the synthesizer-based music, with its frequent overtones of the original Vangelis score.)

Rick Deckard, the sardonic blade runner—read replicant hunter—played by Harrison Ford in the earlier film, hasn't been seen for three decades, though you may already have inferred from the current marketing campaign that he turns up again in Mr. Villeneuve's version. The hero of this tale, an LAPD cop and blade runner named K (as in Kafka's "The



Castle") is played by Ryan Gosling. A master practitioner of intense inwardness, Mr. Gosling seems to believe, quite correctly, that we can't take our eyes off him, whether his remote and taciturn character is engaged in mortal combat with a nonmortals quarry, or almost lost, as is often the case, in rueful reverie.

At the outset K goes off on a routine assignment—find and retire an old-model replicant, meaning put an abrupt end to the android's ostensible life. But the assignment leads to a singular quest in which K, seeking his own

Rosebud, investigates a secret that, in the words of his tough-as-nails superior, Lt. Joshi (Robin Wright), "breaks the world."

Exactly how and why the breakage occurs won't be discussed here; the film is unusually vulnerable to spoilers, even though it surrenders its secrets in near-inscrutable fits and starts. I'll say only that the source of Joshi's concern is at least as momentous as she thinks it is; that the overall bleakness is relieved by a theme in the complex narrative that could be called the redemptive rise of the machines, or artificial intelligence in search of genuine experience; and that K, who thinks he knows where he's going in the investigation, has several other things coming, just as we do, before crucial truths are revealed during a climactic encounter with Deckard.

Mr. Villeneuve's direction enlivens "Blade Runner 2049" with verve and heart that couldn't have been predicted from the cool intelligence of his previous feature, "Arrival." Two women in the large cast give spectacular performances: Ana de Armas as Joi, the scintillating love of K's life, and Sylvia Hoeks as Luv, an implacably unlovable assistant to, and enforcer for, the evil magnate Nianter Wallace. (Niander is played with ethereal gusto by Jared Leto, who stays—just barely—on the right side of fatuousness.)

Harrison Ford, for his part, is nothing less than a revelation. Many of his recent roles, dominated by unmodulated anger, have obscured the memory of his easy charm as Han Solo and Indiana Jones. Here, as the blade runner Deckard in the home stretch of a turbulent life, he is astonishing in his ferocity and poignant in his passion, an old man still possessed by a vision of lost love. And Mr. Ford can be charming once again, a man with a faithful dog that may or may not be a canine replicant. "Is it real?" K asks. "I don't know," Deckard replies. "Ask him."

Clockwise: This post of Grace Hurley's living room won her 300 new followers; Homepolish's Instagram feed features bright decor against white walls.

CLOCKWISE FROM LEFT: APARTMENTTHERAPY; BENJAMIN MOORE & CO.; HOMEPOLISH

INTERIOR DESIGN

WHITE WALLS ARE INSTAGRAM GOLD

BY ABBEY CRAIN

GRACE HURLEY, a 21-year-old law student, started searching for an apartment with her boyfriend in Cleveland, Ohio with one requirement: She had to paint the walls white. Her summer goal was to grow her Instagram following, and white walls could help her get there.

To make their home interiors look better on Instagram and amass more followers, millennials and social-media mavens are painting their walls white.

Cleveland-based Sherwin Williams carries more than 100 shades of white and boasts more than 100,000 Instagram followers. Posts featuring white, tan, gray and other neutrals have an 18 percent higher engagement rate than photos of walls in other colors. Its trend forecasters

named Alabaster, a neutral white, the 2016 color of the year.

Sarah Fishburne, the director of trend and design at Home Depot, said she has noticed an uptick in popularity of graphic prints and bright colored accessories that pair well against white backgrounds. "We've been watching textiles get bolder, because the new generation wants it to show up well on social media. They're picking products with that in mind," Ms. Fishburne said.

Charlotte Parker, social media manager for Apartment Therapy with 1.2 million Instagram followers, notes that many of the interior design site's 25- to 35-year-old users are renters who may not be able to paint their spaces bold colors.

Homepolish, a New York City interior design group, notes that the popularity of Instagram "themed grids"—photos featuring similar colors, patterns or subjects—is also behind the trend, because white walls are featured in many design-related

Please see WHITE page A13

LIFE & ARTS



MICHAEL WITTE

THE MIDDLE SEAT | By Scott McCartney

The Best and Worst Hotels For Cashing In Rewards

Points can't get the rooms they used to with many major chains, including Starwood and InterContinental, but Wyndham offers more generous paybacks

YOUR AIRLINE MILES buy less and less. Now hotel points appear headed in the same direction.

A new study shows significant declines in buying power at some major hotel programs, with the number of points needed to book rooms rising even as the dollar cost of a room drops.

The study calculates the payback you get from staying at major hotel chains by comparing the price you pay in cash for rooms and how many points it takes to book the same room. IdeaWorks, a consulting firm, conducted 1,350 reward queries at six big hotel companies (none of them clients). Travel technology company CarTrawler sponsored the study.

The results showed a wide range: At Wyndham, which has a flat cost of 15,000 points for any room—even at its most expensive resorts or Manhattan hotels—the value returned for every dollar spent was nearly 17 cents. That's a heck of a rebate. At the other end, members of the Starwood Preferred Guest program got only 5.4 cents.

Travelers typically give more thought to airline frequent-flier programs, but hotel loyalty pro-

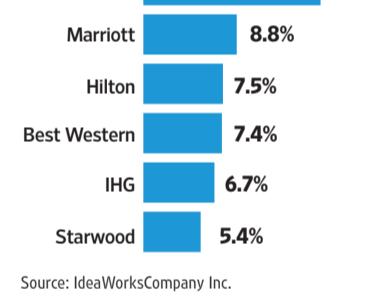
grams can be more rewarding. Consumers switch hotel brands all the time based on price, location, ratings, conferences and other factors and have lots of new choices through sharing services like Airbnb. At the same time, consolidation has given big hoteliers as many as 30 brands under one corporate umbrella. Loyalty programs tie them together, so hotels have historically plumped up benefits to create consumer allegiance.

The IdeaWorks study found that the average low price two years ago for a flexible room rate in 10 specific cities on 15 dates at top Starwood brands was \$337, or 11,450 points. This year the same survey, conducted in August, found a lower average cash price, but higher average price in points for the same reservation queries. The changes meant a SPG point's buying power was 21% lower.

The study found the same pattern at InterContinental Hotels Group—it took more points to book rooms that were priced lower than two years ago. The buying power of a point was 23% lower than in 2015. IHG includes InterContinental, Crowne Plaza, Holiday Inn,

Payback Is Rich

Here are the payback rates for six major hotel company loyalty programs:



Source: IdeaWorksCompany Inc.

Kimpton, Staybridge Suites and other brands.

Hilton and Marriott showed a more consistent relationship between points and cash. When the dollar cost of a room fell, so did the number of points needed. But the points required didn't decline as much as the price, so buying power diminished. Hilton's eroded 13% since 2015 and Marriott about 9%.

Hotel executives say they have made loyalty programs more generous in areas beyond free rooms and

haven't diminished the total value. Frequent travelers who earn elite status are lavished with perks like room upgrades, free breakfasts and the chance to cash in miles for once-in-a-lifetime experiences, as well as points bonuses.

Credit-card tie-ins can also deliver generous hotel benefits. While payback for earning miles by staying at Starwood hotels was low compared with others, payback for points earned with spending on the Starwood American Express card was higher than other hotel cards in the study.

Marriott, which has acquired Starwood but won't fully merge the loyalty programs until late next year, says both programs consistently win industry awards. As Marriott continues to link benefits between SPG and Marriott Rewards, such as the ability to earn and redeem points at a combined total of 6,200 hotels, value is improving, not declining, says David Flueck, Marriott's senior vice president for loyalty.

"We certainly haven't devalued our program," he says.

IHG says research shows mem-

bers want additional benefits be-

yond point redemption, and the IHG Rewards Club is evolving.

Hilton points to higher redemption rates, indicating members think they are getting good value. The number of new members redeeming points for the first time is up 70% this year compared with 2016, and the number of awards redeemed is up 30% year-over-year, says Mark Weinstein, Hilton's head of loyalty and partnerships.

Hilton launched a new room-pricing system in February for awards that makes real-time adjustments to prices, he says. If room rates go down, the price in points can flex down, too.

The IdeaWorks study looks only at the most basic way to evaluate rewards: how many points you'd earn staying in a room and how much the same room would cost to book with points. That's important to travelers, and offers an uncluttered way to compare the value of

Some rooms require more points even though their cost in dollars is lower than before.

different programs. It doesn't factor in top-tier loyalty bonuses, which can dramatically boost value for frequent travelers.

Jay Sorensen, president of IdeaWorks, which specializes in loyalty programs, says, "I was surprised at how often the award price has little relationship with the room rate."

A search for hotels in New York City on Feb. 15, for example, had a Starwood offering a room at the Westin New York Grand Central at \$231. The same room on the same date was priced at 25,000 points. Based on Starwood's standard accrual rate of two points per dollar spent, you'd have to stay at that hotel at that rate for 54 nights before you'd earn a free night.

But the top-ranked Wyndham program offered generous payback at the New Yorker hotel in New York City. A booking for Oct. 14 showed a rate of \$610, but a room the same night was available at 15,000 points. Wyndham gives out 10 points per dollar spent, so you'd have a free room after just three nights.

Wyndham, a chain of mostly budget and midscale hotels with a collection of four-star and five-star properties, set out in 2015 to attract more business travelers by offering generous loyalty returns.

Barry Goldstein, Wyndham's chief marketing officer, says the strategy is working. Redemptions are up 40% this year and the number of people in the program has grown 10%, to 52 million.

The company recently took the unusual step of adding its vacation-home-rental program into the rewards pool, letting members book homes at 15,000 points a bedroom a night.

The payback test also allows apples-to-apples comparisons between hotel and airline programs. Airlines earlier this year showed payback rates of 3.9% to 11.4%—for every dollar your spend with the airline, you get back about 4 cents to 11 cents worth of free flights.

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LIFE & ARTS

MUSIC REVIEW

Hearing Gould's 'Goldbergs' Anew

BY ALLAN KOZINN

BACH'S "Goldberg Variations" framed Glenn Gould's recording career and came to define him in ways that he would not have foreseen when he chose the work in 1955 as the vehicle for his Columbia Masterworks (now Sony Classical) debut. Then 22 years old, Gould had been playing the work for five years, and though he was fascinated with it, he did not consider it his signature piece. He regarded himself more as a Beethoven and new-music pianist. Moreover, the "Goldbergs" and their composer were generally regarded, at the time, as the province of antiquarian specialists—an attitude Gould's recording helped change.

When it was released, in January 1956, listeners were dazzled by the breakneck tempos and textural clarity of Gould's reading. But Gould, a deep thinker and restless interpreter, came to see the recording as an artifact of his callow youth. He recorded the "Goldbergs" again in 1981, taking slower tempos and building his reading on a deeply personalized approach to tempo relationships. The remake was released in September 1982; a month later, Gould died, after a stroke, at age 50.

Gould's 1981 "Goldbergs" is the more mature of the two, but even listeners who acknowledge the remake's greater depth find the 1955 account more thrilling. It has been reissued many times—in anniversary sets, in simulated stereo (the album was recorded in mono), and in compilations like "A State of Wonder," which includes both recordings, a 1982 interview conducted by the critic Tim Page, and a handful of outtakes from the 1955 sessions.

But if you are among the many who regard Gould's earlier "Goldbergs" as one of the great classical recordings of the past century, you will want the full-immersion experience offered on the newly released "Glenn Gould: The Goldberg Variations—The Complete Unreleased Recording Sessions, June 1955" (Sony Classical).

It is an astonishing production, of the kind Sony has undertaken for several of its jazz and rock artists (most notably Miles Davis and Bob Dylan), but which has eluded classical recordings. All



Glenn Gould, whose recording of 'Goldberg Variations' was one of the most popular classical releases of all time.

FRED PLAUT/SONY MUSIC ENTERTAINMENT

told, the set includes 325 tracks on seven CDs—five discs devoted to the full run of "Goldberg" sessions (but not the recordings of the Bach Sinfonias that Gould attempted midway through the "Goldbergs" but did not approve for release), plus the 1982 Gould-Page interview and a remastered

version of the album. A vinyl LP, with a replica of the original cover—a tinted contact sheet with 30 photos of Gould from the sessions, one for each variation—is included for good measure.

The key to it all is a 278-page hardbound, trilingual book—a superb, lavishly illustrated resource

that includes an interview with Howard Scott, who produced the recording (he died in 2012), and articles on the "Goldbergs," Gould's career, how the original album's artful cover was made, and how vinyl LPs were manufactured. Most crucially, the text leads you through the session,

providing a score and a listing of every take, with the chosen ones printed in red, and transcriptions of Gould's and Scott's between-takes comments.

Gould recorded the "Goldbergs" one variation at a time, sometimes getting what he wanted in a single take, more often recording the section 10 times or more. Naturally, you hear some interpretive tinkering—takes in which Gould reconsiders the balance of Bach's contrapuntal lines, or changes his coloration or dynamics. Mostly, though, Gould knew what he was after, and stuck to his vision.

The set's most fascinating moments are the takes that break down. This is not a matter of *Schadenfreude*; the breakdowns and their aftermath often show us what Gould was aiming for, and illuminate the technical challenges that made the performance go awry. Sometimes, he stopped between takes to drill a short passage, playing it over and over until he was satisfied. Elsewhere he might focus on a bass line without the rest of the counterpoint, altering the articulation until he gets the clarity and phrasing he wants.

Gould's interactions with Scott are mostly brief: Tantalizing discussions are cut off because tape was expensive, and there was no thought of preserving them. Still, you hear Gould repeatedly wondering whether his habitual singing was audible (usually it was not), and at one point during the final session Scott's mild frustration with Gould's perfectionism comes through when the pianist wanted to continue recording the Aria, which opens and closes the work, despite having already taped several perfect performances. As it turned out, Gould was right: The final take was the one that opened the album.

Recording sessions are painstaking work, not meant to be eavesdropped upon, and by definition there is plenty of redundancy here. But there is much to be learned about the young Gould's approach to the "Goldbergs"—enough to make fans of Gould's work hope that the obvious companion, a set devoted to the 1981 sessions, will be forthcoming.

Mr. Kozinn writes about music for the Journal.



Left, one of Grace Hurley's Instagram posts. Below, shades of white from Benjamin Moore. From top: Lily of the Valley, Paper White and Simply White.



WHITE

Continued from page A11
feeds. Many of its 1.6 million Instagram followers "like" the white walls that permeate its feed of white or neutral rooms with bright furniture and accessories.

But simple white isn't so simple: White can look institutional and cold without warm textures and accessories. It also shows smudges and fingerprints—which Sue Wadden, Sherwin Williams' director of color marketing, recommends cleaning with a Mr. Clean Magic Eraser.

And white isn't just white; there are warm whites, cool whites, Alabaster, Decorator's White, Pure White, Great White and Cotton. Ariel Okin, a designer for Homepolish, says her favorite white paints are Chantilly Lace, Paper White, Simply White and Lily of the Valley by Benjamin Moore, and Wimborne by Farrow & Ball.

Choosing which white can be daunting. The wrong shade can make a space look institutional. Mrs. Wadden goes by "the Goldilocks method" when choosing a white: not too warm, not too cool. "I call the whites done right neutral whites," she said.

Some eschew the trend altogether. James Martin, founder of the Color People, an architectural color consultant in Denver, doesn't use white unless he absolutely has to. He said white walls confine artwork inside the frame, like a postage stamp on an envelope. "When you put color on a wall, the col-

ors in the picture move out of its frame and the color around it draws it out," Mr. Martin said. "Your artwork really comes alive; it maximizes all the colors and things around it." After each project, he makes clients take the Color People Pledge: to never use white again.

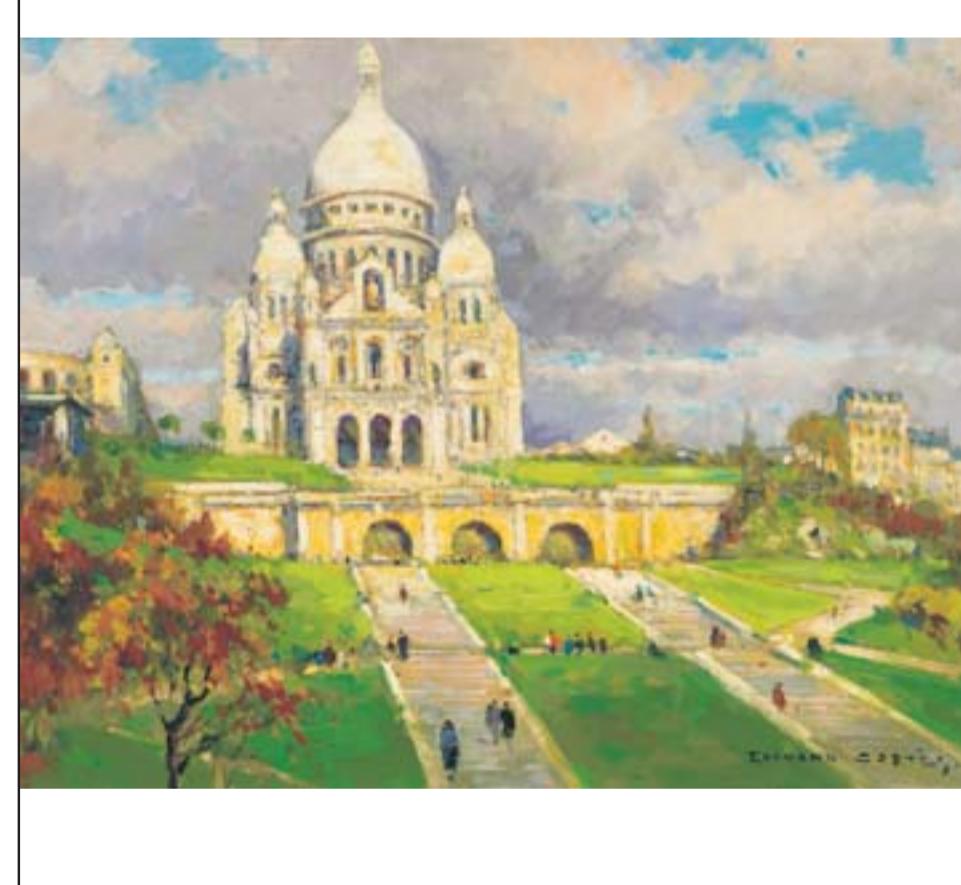
Not so Ms. Hurley. "[White walls] are aesthetically pleasing," she said. "It's bright and airy and clean."

Inspired by hundreds of Instagram screenshots of minimal Nordic design and plant-filled white living rooms, she was determined to make her décor stand out to Instagram followers.

She used Sherwin Williams' China Doll paint, a warm-toned white, which gave her freedom to mix and match décor. Each room is fit with eye-popping artwork and speckled with indoor plants, coordinating with her Instagram grid of bright selfies with plenty of negative space and interior shots of textured wall-hangings against white backgrounds. She uses the editing app VSCO to deepen the contrast between design elements and her white walls.

Last week, Apartment Therapy reposted a photo of Ms. Hurley's living room, with its gray sofa against a white wall. It garnered 163 positive comments and 300 new followers, enough to grow her following and surpass her summer goal.

"I can confidently say that unless my walls had some insanely cool wallpaper on them...if they weren't white," she said in an email, "I would not have been featured by Apartment Therapy, nor increased my followers to almost 1,200 in three days."



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SPORTS

NCAA

A High-End Clothier Is Key in Probe

NFL and NBA stars trusted Rashan Michel and that's what made him valuable in an alleged bribery and corruption scheme

BY BEN COHEN

RASHAN MICHEL often bragged about his outsize influence in basketball. Except he wasn't a millionaire coach or a highly connected agent. He was the owner of a bespoke clothing shop in Atlanta.

"I got all the college coaches right now," Michel said in a phone call with a financial adviser named Marty Blazer. "I make all their suits."

What Michel didn't know was that Blazer wasn't only a financial adviser. He was also a government informant. And he was recording their conversation.

The call is documented in a resulting criminal case that has roiled the billion-dollar industry of college sports. Michel is one of the saga's more unexpected characters. He once brawled with Dominique Wilkins over an unpaid debt. Before that he was fired as an NBA referee. And he became a basketball power broker only because of his lifelong interest in fashion.

But now he is facing criminal charges after federal prosecutors said last week that Michel identified coaches willing to accept bribes and connected them to financial advisers and sports agents who expected to have college-basketball players steered their way in return for the envelopes of cash they provided.

As part of the arrangement, prosecutors allege, it was understood those players would splurge at Michel's shop when they could afford it. And once he made the introductions, according to the complaint, Michel also took a cut for himself.

Michel's attorney did not respond to requests for comment. Michel could not be reached.

At the center of the scandal is Blazer, a financial adviser who was under Securities and Exchange Commission investigation when he promised to lead investigators to more prominent targets in the basketball world, even though he didn't know many.

That's where Michel came in. He was the middle man, according to the complaint. But Michel wasn't affiliated with a sports agency or sneaker company. He was the owner of a menswear shop with a recognizable brand. Michel's suits were easy to spot by the yellow stitching around the lapel hole.

NFL and NBA stars trusted him to make them look good. And that's what made him so valuable to Blazer's scheme.

"He knows everybody," said one of Michel's friends.

Michel met Blazer through an unnamed sports agent in 2015, according to the complaint, and it wasn't long before he provided actionable intelligence. Michel happened to know that former NBA player and Auburn assistant coach Chuck Person was looking for a \$60,000 loan, and Blazer agreed to front Person money in exchange for Person steering players back to Blazer's financial advisory.

It was a win for everyone involved. Person secured his loan, Blazer found his way into basketball and Michel took the promise of future business as his finder's fee. The prosecutors say his total profits through the lifetime of the scheme amounted to nearly \$50,000.

The complaint describes a meeting in a New York hotel room last December on the day Auburn suffered a buzzer-beating loss at



ANDY MEAD/ICON SPORTSWIRE/ASSOCIATED PRESS

Rashan Michel launched his own clothing shop, Thompson Bespoke, and often posted photos of his suits on his Instagram page. Above, Michel also worked as a college basketball referee.



Madison Square Garden. Person brought one of his players. "This is how the NBA players get it done," Person said. "They get early relationships and they form partnerships. They form trust." He then explained to the player, who hasn't been identified, why it was important for him to know Michel.

Michel eventually asked Blazer for monthly payments as he recruited more coaches into their alleged plot, according to prosecutors.

Kobie Baker, Alabama's associate athletic director, was an unlikely target. Baker was previously an NCAA compliance officer. It was his job to enforce college basketball's recruiting rules. "He will be able to use his

expertise and help our coaching staff maintain the Alabama men's basketball program's high standard when it comes to integrity and compliance," coach Avery Johnson said when Baker was hired in 2015.

Less than two years later, Baker was in an Atlanta restaurant meeting Michel and Blazer.

They were allegedly there to convince the father of an Alabama freshman basketball player to let Blazer manage his money. At one point, the complaint says, Michel texted Blazer to suggest they leave the table, allowing Baker to be alone with the player's father. When they were in the bathroom, Blazer handed Michel an envelope for Baker.

Inside was \$10,000 in cash.

Baker, who could not be reached, was not named in the criminal complaints but has been identified by people familiar with the matter as a staff member in the alleged schemes. He resigned hours after the charges were unsealed, Alabama officials said.

How did Michel, a clothier who was even more dapper than his debonair clients, find himself entangled in this elaborate alleged bribery scheme?

He grew up in the 1980s idolizing Michael Jordan and Magic Johnson. But he quickly realized he wouldn't be an NBA player. "I wanted to be just like Magic," he said in 1998. "But the Lord puts you in situations where he wants you to be used."

That's how he became an NBA referee. He got his break when the NBA locked out its referees during a 1995 labor dispute. Michel was one of their replacements. He officiated his first NBA games when he was 21 years old.

Michel was hired as a full-time referee in 1997 and was the youngest official in the league. But he was fired by the NBA after only four seasons, a person familiar with the matter said, because his officiating put him among its lowest-ranked referees. Michel has called hundreds of college games since then, including more than 25 women's games last year, according to Stats LLC.

After his NBA career was over, Michel embraced another passion. Michel had a friend in the fashion business who respected his style and hired him to be a salesman. His first big clients were the former NBA player Quentin Richardson and the recording artist Brandy in the early 2000s, he has said.

He launched his own clothing shop, Thompson Bespoke, and Michel's suits quickly became popular in Atlanta because of his charismatic personality and shrewd business instincts. He was recently planning to expand to Charlotte—and that's where he was arrested last week.

While his Instagram account projects a glamorous life, one in which he's surrounded by NFL and NBA players, Michel had problems with some clients. He famously got in a fight with Wilkins on the court after a Hawks game in 2011 over claims that Wilkins owed him for suits he made five years earlier. Michel was arrested and had a swollen eye in his mugshot. The charges were later dropped, and Michel won a pre-trial settlement when he sued for damages. (Wilkins could not be reached for comment.)

Michel also outfitted lawyers, politicians and bankers in expensive suits with his signature lapel flair. Among his other regulars: college-basketball coaches. He even opened a pop-up shop in Houston during the 2016 Final Four.

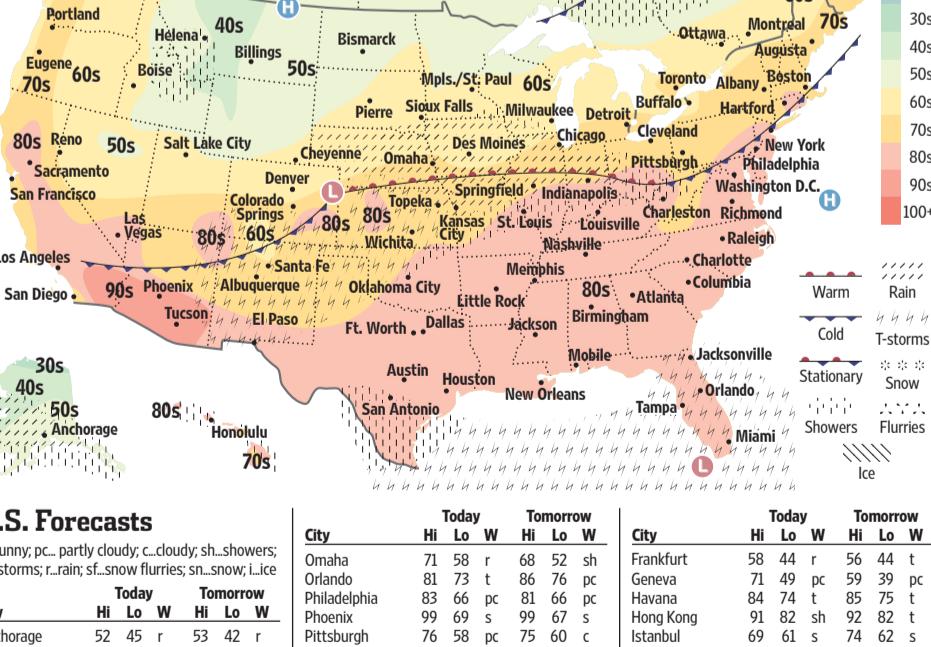
At that point, though, Michel was a key part of Blazer's plan. They would have their first meeting with Person only months later.

But the relationship didn't last. Michel was on the outs with Person and scouting other coaches by the next Final Four.

He didn't know that Person and Blazer were talking directly because Person had made a request to Blazer: don't tell Michel. He believed that Michel was trying to "double dip," according to the complaint. While he appreciated everything he did for them, Person said, they no longer needed Michel.

"We are beyond him now," Person told Blazer.

Weather



U.S. Forecasts

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

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

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage 52 45 r 53 42 r

Atlanta 82 61 s 83 66 s

Austin 86 65 s 87 66 s

Baltimore 83 60 s 82 61 pc

Boise 64 41 pc 69 45 s

Boston 78 58 pc 71 56 sh

Burlington 73 52 pc 68 48 c

Charlotte 84 55 s 86 61 s

Chicago 70 58 r 71 63 r

Cleveland 79 58 c 75 63 r

Dallas 87 68 pc 88 70 s

Denver 67 46 c 60 42 sh

Honolulu 88 74 pc 86 74 pc

Houston 88 66 s 89 68 s

Indiansapolis 79 64 c 79 65 c

Kansas City 74 65 r 78 56 t

Las Vegas 86 62 s 86 63 s

Little Rock 85 61 pc 86 65 pc

Los Angeles 84 63 s 92 63 s

Miami 84 79 t 88 81 t

Milwaukee 65 55 r 68 60 r

Minneapolis 60 49 r 60 52 r

Nashville 85 58 s 87 65 pc

New Orleans 85 70 s 100 83 s

New York City 82 64 pc 75 64 c

Oklahoma City 81 65 pc 83 58 c

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage 52 45 r 53 42 r

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Boston 78 58 pc 71 56 sh

Burlington 73 52 pc 68 48 c

Charlotte 84 55 s 86 61 s

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Cleveland 79 58 c 75 63 r

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Denver 67 46 c 60 42 sh

Honolulu 88 74 pc 86 74 pc

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Miami 84 79 t 88 81 t

Milwaukee 65 55 r 68 60 r

Minneapolis 60 49 r 60 52 r

Nashville 85 58 s 87 65 pc

New Orleans 85 70 s 100 83 s

New York City 82 64 pc 75 64 c

Oklahoma City 81 65 pc 83 58 c

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage 52 45 r 53 42 r

Atlanta 82 61 s 83 66 s

Austin 86 65 s 87 66 s

Baltimore 83 60 s 82 61 pc

Boise 64 41 pc 69 45 s

Boston 78 58 pc 71 56 sh

Burlington 73 52 pc 68 48 c

Charlotte 84 55 s 86 61 s

Chicago 70 58 r 71 63 r

Cleveland 79 58 c 75 63 r

Dallas 87 68 pc 88 70 s

Denver 67 46 c 60 42 sh

Honolulu 88 74 pc 86 74 pc

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Milwaukee 65 55 r 68 60 r

Minneapolis 60 49 r 60 52 r

Nashville 85 58 s 87 65 pc

New Orleans 85 70 s 100 83 s

New York City 82 64 pc 75 64 c

Oklahoma City 81 65 pc 83 58 c

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage 52 45 r 53 42 r

Atlanta 82 61 s 83 66 s

Austin 86 65 s 87 66 s

Baltimore 83 60 s 82 61 pc

OPINION

Gun Control After Las Vegas



WONDER
LAND
*By Daniel
Henninger*

A senior lawyer for CBS destroyed her career after the Las Vegas massacre by posting on Facebook that "I'm actually not even sympathetic bc country music fans often are republican gun toters." Naturally, CBS kicked her off the mother ship.

Consider the logic of her *reductio ad absurdum* conclusion. She justifies her withdrawal of sympathy by reasoning, "If they wouldn't do anything when children were murdered I have no hope that the Repugs will do the right thing."

The right thing, of course, is gun control. Indeed, the unrepentant half of her Facebook post aligns her views with the editorial page of the New York Times, though I don't think the Times is referring yet to Republicans as the Repugs.

Gun control is by now the oldest, most sterile, wheel-spinning issue in American politics. It has nowhere to go, but it keeps coming back. Even Democratic politicians have concluded that trying to push gun control beyond federal legislation already on the books is a waste of the party's energies.

Nonetheless, on Monday night's edition of "Democrats After Dark," virtually every comedian—Jimmy Kimmel, Stephen Colbert, James Corden, Seth Meyers, Trevor Noah—made pleas for more gun control.

Pew found this in 2014: "Two years after Newtown, a shift in favor of gun rights. More say guns do more to protect than put people at risk."

This summer Pew published another significant survey that

again reveals complex division and ambivalence about controlling guns.

The Roper Center has also compiled data on public attitudes toward gun control after incidents such as the Las Vegas massacre. For liberals, the results run counter to their expectations: "Although high-profile incidents can increase

minimize the threat Americans face from mass shootings, while 25% were moderately confident and 63% were not too or not at all confident."

Why do progressives and the media keep plowing this ocean? Years ago, there was a best-selling book called "Men Are from Mars, Women Are from Venus." Borrowing the book's title, if not its theory, one may posit: Republicans are from Mars, Democrats are from Venus.

This is not to suggest, as former California Gov. Arnold Schwarzenegger once did, that Democrats are what he called "girly men." It is to suggest that gun control is really a proxy for a political and social divide on the broad, bedrock issue of security.

Whether that security applies to one's person, home, neighborhood, city or the nation, progressives and conservatives see humankind and the world it inhabits through a different mental lens. Progressives embrace the benign, while conservatives fear the malign. Liberals say, give peace a chance. Conservatives say, Annie get your gun.

But on this issue, the center in the U.S. has shifted. Conventional Democratic liberalism admitted the reality of security needs, an accommodation being displaced by a progressivism that is largely disdainful of security. So the division is more acute. No matter: The chance that the American people will ever disarm remains zero. Spin on.

Write henninger@wsj.com.

Anyone who disagrees with the liberals' absolutist default position is deplorable.

support briefly, the cumulative effect of the increasing number of mass shootings does not appear to be higher support for restrictions on guns."

The highest support ever recorded for banning handguns was 60%—in 1959. As publicity for high-profile shootings rose, the pro-ban number ran downhill, landing at 26% in 2014. I used to think letting people carry a personal weapon was a bad idea. After Orlando and the Bataclan theater massacre in Paris, I don't think that anymore.

Roper reports one other startling development. Most people no longer think the government is capable of doing anything about this sort of violence: "In a 2014 AP/GfK Knowledge Networks poll, just 8% of the country were extremely or very confident that the U.S. government can effectively

revenue, which increases deficits, which causes higher interest rates, which crowds out private investment, which leads to slower growth, which results in even more lost tax revenue.

The Tax Foundation has a more expansive view, believing there is enough global saving that some amount of deficit won't drive up interest rates and thereby slow growth. Some tax cuts, the foundation

The arcane provisions are what juice growth, jobs, optimism—what the country needs.

recognizes, generate higher economic growth. This produces new tax revenue that offsets at least some of the revenue—and occasionally all of it—from lower rates.

Mr. Brady might think about freshening up his line on dynamic scoring by adding an explanation of how liberals are duplicitous about deficits. Democrats have no compunction about bigger deficits caused by domestic spending, which rarely leads to a durable increase in economic growth.

The challenge facing Republicans in this debate is what the Tax Foundation's president, Scott Hodge, calls "the paradox of tax reform." The popular items—middle-class tax cuts, a bigger child

tax credit, an increased standard deduction—tend not to add as much growth. The provisions that juice the economy are the more arcane items, like lowering corporate tax rates and ending double taxation of American companies' foreign profits.

An Oct. 1 poll by Morning

Consult shows that 48% of voters support Mr. Trump's overall tax-reform framework,

compared with 37% who

don't. Still, Republicans will

be making a mistake if they

are more concerned about the

popularity of individual provi-

sions than about their power

to improve growth. Going

into the 2018 midterm elections, the GOP needs a strong

economy, more jobs, bigger

paychecks, increased opti-

mism. A tax-reform package

of largely popular items with

minimal effect on growth will

not produce those tangible

advantages.

A Sept. 10 Gallup poll

found only 36% of Americans

had a positive view of the Re-

publican Party, while 44%

had a positive view of the Democ-

ratic Party. Yet 46%

said the GOP "will do a better

job of keeping the U.S. pros-

perous," compared with 42%

for Democrats.

Republicans can build on

that trend by making not only

the economic case for tax re-

form but the moral case as

well. There should be a limit

to how much Washington

takes from any American.

Money that is lawfully earned

belongs to people who made

it by the sweat of their brows, not to the government.

In 2009, a Tax Foundation survey asked: "What is the maximum percentage of a person's income that should go to taxes—that is, all taxes, state, federal and local?" The average answer was 15.6%.

That's well below the true figure. The Tax Foundation esti-

mates that the average Ameri-

cian's total effective tax rate

is 31%.

The arguments for cutting the corporate tax rate are strong in a different way. Corporate taxes are paid mostly by workers in the form of lower wages and smaller benefits. Some of the tax is passed on to consumers in higher prices. Cutting the corporate tax rate will raise wages. Because the U.S. corporate rate is the highest in the industrialized world, tax reform will also make American companies more competitive in selling to the world.

There are no easy political fights these days, and Democ-

rats may score points in the short run by attacking the tax-

reform package's pro-growth

elements. Republicans must

understand that what really

matters is the state of the

economy on Election Day 2018.

Which means the GOP better

get tax reform done.

Mr. Rove helped organize

the political-action committee

American Crossroads and is

the author of "The Triumph of

William McKinley" (Simon &

Schuster, 2015).

BOOKSHELF | By Christopher Carroll

The Crescent Rising

The Crucible of Islam

By G.W. Bowersock
(Harvard, 220 pages, \$25)

In the opening pages of "The Crucible of Islam," G.W. Bowersock, the distinguished scholar of late antiquity, succinctly summarizes the problems facing anyone trying to understand just what produced "the faith that drove the armies of Arabs out of the Arabian peninsula to take possession of Palestine, North Africa and Syria within a few decades in the first half of the seventh century." Historians, he writes, "have been impeded by the tendentious character of most of the sources for this great upheaval, as well as by their own prejudices. It is difficult for non-Muslims, above all Jews and Christians, to be dispassionate in confronting the tide of Muslim conquests that swept over the ancient cultures of the Near East. It is no less difficult for

Muslims to apply scholarly rigor to the word of God as well as to a historiographical tradition that significantly postdates the events it records."

Historical accounts from the period are notoriously sparse. Because the Quran gives little information about the time and place of its origin, much of the evidence for early Islam has traditionally been drawn from sources like the *hadith*, the records of the Prophet Muhammad's words and deeds.

Quran was thought to have been compiled not long after the Prophet's death, the *hadith* weren't collected and codified until about two centuries later. The earliest extant works of historiography by Muslim scholars date to a similar period. Some Western scholars have declared these sources hopelessly compromised—they variously cite the gaps in time between the composition of these works and the events they purport to describe; religious bias; and signs of sectarian tampering and influence—and thus to be avoided entirely. They turn instead to other sources, like contemporaneous accounts by non-Muslims.

Yet these sources, while valuable, are not without their own biases. The 12th-century historian Anna Komnene, though writing about much later events, gives a sense of the kind of rancor common to Christian accounts of Muslims: "The Ishmaelites are indeed dominated by Dionysos and Eros; they indulge readily in every kind of sexual license, and if they are circumcised in the flesh they are certainly not so in their passions."

Mr. Bowersock, however, disagrees with this skeptical approach. "Minimalism is not the way to throw light on a dark age," he writes. "Interpreting the Quran exclusively by reference to its text without invoking outside or later sources is injudicious and unhistorical.... Similarly, reading only Jewish and Christian texts about the origins of Islam, because the Islamic texts came later, cannot dispense a historian from asking what the Arabs were thinking and saying precisely when those earlier texts were being written. To whom did those non-Muslim writers talk? What texts were they reading, and in what languages?"

The story of Islam's rise goes far beyond the period between Muhammad's birth and the establishment of the Umayyad caliphate.

Drawing on a wide range of sources, Mr. Bowersock avoids what he calls the familiar path in accounts of the rise of Islam, works that start "with Muhammad's birth at Mecca about 570 and the revelations he received from Gabriel, and... progress to his subsequent emigration (*hijra*) to Medina in 622." Such works, he writes, tend to conclude, after Muhammad's death in 632, with the turbulent reigns of the four so-called orthodox caliphs who succeeded Muhammad and ruled until the establishment of the Umayyad caliphate—the first Islamic dynasty—in 661.

Instead, "The Crucible of Islam," in its "attempt to expose and describe the complex cultural and social environment that fostered a new religion," begins with the Arabian Peninsula in the century leading up to Muhammad's birth. Some of the chapters here cover material from two of Mr. Bowersock's earlier books: "The Throne of Adulis: Red Sea Wars on the Eve of Islam," an account of the sixth-century wars between the Jewish kings of Himyar (in modern-day Yemen) and the Christian kingdom of Ethiopia; and "Empires in Collision in Late Antiquity," which described the conflicts between the Persian and Eastern Roman empires for the control of the Middle East in the 610s and 620s.

Islam, he stresses, emerged from an environment that was already rich in religion—Judaism, Christianity and polytheism—and rife with religious conflict. There were even other monotheist prophets contemporary with Muhammad, including Musaylima, who is "alleged to have had his own unique god called Rahman, his own revelations, and his own Quran." Later chapters cover the Arab invasions of the 630s and 640s. Here Mr. Bowersock challenges the commonly held idea that the lands conquered by the Muslim armies were shattered and exhausted from conflicts between the Persians and the Eastern Roman Empire, easy pickings for the Muslim armies. "In pacifying and administering the regions they had conquered, [the Persians] created a world that was not much different from what it had been before, with its rich traditions of Judaism, Christianity, and Hellenism." Many of the conquered territories—like Jerusalem—capitulated not out of hopeless exasperation but out of a belief that surrender would be the best way to preserve their way of life.

"The Crucible of Islam" is a remarkable work of scholarship, and yet those unfamiliar with the period may find themselves occasionally wishing for more context—the book presupposes a great deal of familiarity with the subject—and especially for more explanation from Mr. Bowersock of his methodology. Early on he cites the 18th-century classicist Richard Bentley's motto *ratio et res ipsa* ("reason and the subject itself," that is, are all a scholar needs) as the animating principle of the work, yet more delineation of the careful acts of picking and choosing—where he made use of sources that another scholar might have discounted, and why—would have enriched an already admirable book.

Mr. Carroll's writing has appeared in the *New York Review of Books*, *Lapham's Quarterly*, *Tin House* and elsewhere.

His Name Was Petty, His Art Was Grand

By Matthew Hennessey

Tom Petty, who died Monday at 66, deserves his place in the first rank of rock's pantheon. He was that consistent, that faithful to his talent, that damn good.

Petty and his band, the Heartbreakers, were from Gainesville, Fla.—a place so specific yet so invisible to most of the rest of the country that it took a redneck with global ambitions to put it on the map. Petty's sound slithered like an alligator from the North Florida swamps. His lyrics captured the bittersweet longing of being a kicked-around dreamer from Nowhereville, U.S.A.

Even the losers get lucky sometimes.

Petty wasn't an innovator so much as a refiner. He took the 1960s sound and reduced it to its essence. The jangling 12-string electric guitars came from the Byrds. The vocal phrasing came from Bob Dylan.

He sustained success across decades and consorted with

the smart, simple, straight-ahead lyrics came from country-rock. The driving backbeats came from the British Invasion.

With these raw materials Petty and the Heartbreakers spun pure American gold. He was the blond Rumpelstiltskin of rock 'n' roll.

His sound slithered like an alligator from the Florida swamps.

The voice was unmistakable—more melodic than Mr. Dylan's, crisper than Bruce Springsteen's, fuller than Neil Young's. A great voice is the sine qua non of rock, and they don't grow on dogwood trees in Gainesville or any other American burg. Petty cultivated his, shaped it, just as he did his songwriting.

"Free Fallin'" was the anthem of my high-school years, but the great tunes are too numerous to catalog. Those who knew said "I Won't Back Down," from 1988, was the key to Petty's artistic personality—and his business acumen.

rock royalty: George Harrison and Ringo Starr, Roy Orbison and Stevie Nicks, Roger McGuinn and Johnny Cash. "I thought the world of Tom," Mr. Dylan told Rolling Stone. "He was a great performer, full of the light, a friend, and I'll never forget him."

The Heartbreakers were ubiquitous in the mid-1980s. My first impression of Petty was in an early MTV staple, the hypnotic video for "Don't Come Around Here No More." It was an "Alice in Wonderland" homage shot through a fisheye lens, featuring an impish Petty in top hat and rectangular sunglasses as the Mad Hatter. The image was hard to shake. He was not a conventionally handsome man.

"Free Fallin'" was the anthem of my high-school years, but the great tunes are too numerous to catalog. Those who knew said "I Won't Back Down," from 1988, was the key to Petty's artistic personality—and his business acumen.

You can stand me up at the gates of hell, but I won't back down." Plenty of musicians lay claim to such integrity. Few live it out.</

OPINION

REVIEW & OUTLOOK

The Gun Control Mirage

Stephen Paddock's motives for his murderous rampage in Las Vegas on Sunday still aren't known, and neither are all the details of his plans and methods. But since our friends on the left have decided to make this a debate over gun control, someone has to explain why their familiar solutions won't stop mass shootings.

The impulse to do something after an event of such horror is understandable, and progressives believe that every human problem can be solved with a policy tweak. A ban here, a background check there, and, voila, no more mass shootings. But American life and human depravity don't always bend to government dictates.

* * *

Police say they found 23 firearms in Paddock's hotel room—from a handgun to high-caliber rifles—and 19 more in his home. Investigators haven't disclosed the weapons Paddock used to fire on the crowd, though audio suggests rapid fire akin to automatic gunfire.

But if Paddock had an automatic weapon, he probably obtained it illegally. Automatic weapons have been heavily regulated since the 1930s, and it has been illegal to buy a new automatic firearm since 1986. An automatic weapon made before 1986 must be registered, and only specific dealers may transfer them. Buyers must undergo a lengthy FBI check that includes fingerprints and photos, and local law enforcement is alerted.

Paddock also possessed several semi-automatic "assault" rifles, such as an AR-15. But what defines an assault weapon are its cosmetic features—not its caliber or velocity. That is why the Clinton-era ban on such rifles had no discernible effect on gun violence, and why the Department of Justice in 2004 found no purpose in renewing it.

Ah, but what about so-called bump stocks, which Paddock used to simulate quick, automatic-style fire? Outright modification of a firearm into an automatic is already a federal felony punishable by 10 years in prison. Congress could outlaw bump stocks, but how does it outlaw a technique? The practice of quickly "bumping" a trigger with one's finger to engage in rapid fire long predates bump stocks or other accessories.

Congress could again try to ban certain types of rifles, but a 2015 Congressional Research Service report found that from 1999 to 2013 assault rifles were used in 27% of public mass shootings. The Virginia Tech shooter in 2007 killed 32 people with two handguns. FBI statistics show that of 15,070 homicides in 2016, 374 people or 3% were killed with rifles. Some 656 homicides were committed with "personal weapons" (hands, fists, feet) and 1,604 with knives.

Mass shootings are in more than half of all

More gun laws won't stop mass shootings by determined killers.

cases related to domestic or family violence. Another big chunk are crime-related, including gang violence. According to John Lott's Crime Prevention Research Center, most mass shootings with 15 or more casualties since 1970 took place outside the U.S., including France and Norway that strictly regulate guns.

As for background checks, several Nevada gun shops have told the press that Paddock passed all requisite checks, and he appears to have no history that would have flagged him under a more stringent background system. He was able to buy his guns legally so he had no reason to use what is sometimes called the gun-show loophole.

Then there's the red herring about "silencers," which Hillary Clinton and Senator Tim Kaine flogged. "The crowd fled at the sound of gunshots. Imagine the deaths if the shooter had a silencer, which the NRA wants to make easier to get," Mrs. Clinton tweeted. She's referring to legislation that would let gun owners obtain "suppressors" to protect their hearing. A typical firearm suppressor reduces muzzle report by about 30 decibels, bringing down (say) an AR-15 report to about 135 decibels. That is still as loud as a jackhammer.

Well, how about the Australia model, where the government in the 1990s outlawed and bought back more than 650,000 firearms? Australia had few mass shootings before the buyback, which had little measurable effect on overall gun violence.

Australia also lacks America's centuries-old gun culture and a Second Amendment that protects individual gun ownership. The Supreme Court's *Heller* decision allows for reasonable gun regulation but specifically protects handguns and other weapons "in common use." With more than 300 million firearms in the U.S., common use surely means rifles as well. Even if a future Supreme Court ruled otherwise, good luck confiscating those weapons without causing an insurrection.

None of this is a counsel of despair. Americans expect concerts and other public events to be safe from lunatics with guns, and government should do what it can to separate the two. This means better use of Big Data to identify threats, better state laws to deny guns to the mentally ill, and law enforcement that can respond rapidly when called.

We aren't opposed to background checks or regulating large magazines or bump stocks, but no one should think these will stop a determined killer. After each gun tragedy, progressives denounce the "gun lobby" and demand that politicians "do something," but each time they run into the reality that their solutions won't work. The "gun lobby" are Americans who want to retain their right to self-defense.

Hurricane Irma's Lawsuit Chasers

Trial lawyers never let a disaster go to waste. Behold the storm-chasing attorneys in Florida trying to exploit a power outage caused by Hurricane Irma.

Miami-based MSP Recovery Law and Dorta Law have filed a class-action lawsuit against the Florida Power & Light for inadequately maintaining its infrastructure and equipment, which allegedly resulted in the loss of power to nearly 4.4 million customers statewide. The law firms are seeking between \$2 billion and \$3 billion in damages.

Losing power is no doubt aggravating, but by September 19 Florida Power & Light had restored service to 99% of customers affected by the storm that swept the entire Florida Peninsula. After Hurricane Sandy, Con Edison needed two weeks to restore overhead lines and steam systems for a third of its customers. One percent of Jersey Central Power & Light customers were without power a month after the hurricane.

Utilities are responsible for girding and protecting their power plants, transmission

lines and poles. But some damage is unavoidable during severe storms like Irma whose winds exceeded 90 miles per hour. The potential for damage is greater in areas with dense vegetation like the tony Miami community of Coral Gables, which boasts picturesquely, tree-lined streets.

Florida Power & Light in the past has complained about Coral Gables's refusal to pare back foliage. The utility notes that trees were planted by "the City in dangerous locations far too close to power lines. Other trees appear to have been planted too closely together, preventing their root systems from being able to grow properly and hold the ground securely in high winds." Coral Gables city commissioner Frank Quesada is employed by MSP Recovery and may have motivations other than civic virtue for deflecting blame to the utility.

The class action's putative victims could wind up paying higher electric rates for the legal costs the utility incurs and any damages awarded. Once again, plaintiff attorneys are trying to milk the public's pain for their own gain.

Russia Reality Check

As the Republican Chairman of the Senate Intelligence Committee and the Democratic Ranking Member held a press conference Wednesday about their investigation into Russia's role in the 2016 presidential election, a nearby sign highlighted their effort: 11 open hearings, 100-plus people interviewed, 4,000 transcript pages and 100,000 pages of documents.

As for results, Senators Richard Burr (R, N.C.) and Mark Warner (D, Va.) didn't disclose much more than we already knew. First, Russia was meddling in the elections. Second, there are no "initial findings" about Donald Trump's alleged collusion with the Russians because they don't have any. The investigation remains "open."

Meanwhile, for all the supposed concern about Moscow undermining American democracy—from the same folks who mocked Mitt Romney in 2012 for calling Russia our biggest geopolitical foe—the findings about what Vladimir Putin is doing elicit barely a yawn unless the word "Trump" is attached.

But for people not driven by an agenda,

Moscow meddled, but still no hard evidence of Trump collusion.

there's still plenty to worry about. Messrs. Burr and Warner report that though the Russians failed in penetrating the electoral systems in 21 states, they were knocking at the door. The Senators also report that social media companies such as Twitter and Facebook were unprepared for Russian manipulation, via political advertising and fake accounts.

Mr. Warner said the goal seemed to be to "sow chaos and drive division in our country." And if you add up all they spent, he said, the Russians got "a decent rate of return" for their investments. Both agree that Mr. Putin's interference continues.

Perhaps the committee will still turn up evidence of the missing link between Mr. Trump and the Russians, but for now it remains as elusive as the Yeti. Meantime, Mr. Burr did note that for all the evidence, all the hours of testimony, all the many witnesses, the committee has "hit a wall" with one crucial witness: the former British spy Christopher Steele, who compiled the infamous dossier full of discredited allegations about Mr. Trump and the Russians. We hope the Senators get to the bottom of that disinformation campaign too.

OPINION

LETTERS TO THE EDITOR

We Promote Diversified Alzheimer's Research

In "Autism Research Should Be Financed Like Venture Capital" (op-ed, Sept. 29), John Rodakas describes biomedical venture philanthropy, an operating model that brings the principles of venture capital investing to nonprofits and has diversified the pipeline of drugs in development for many diseases.

The Alzheimer's Drug Discovery Foundation (ADDF) was founded on a venture philanthropy model almost 20 years ago, and we continue to use this approach in our work. We fund a persistent gap in drug research often called the "valley of death" because it is where good ideas for new drugs go to die.

As Mr. Rodakas notes, investors are generally risk-averse and seek drug programs in more advanced stages of development. Government may be slow to act, and there can be bias in the system of review. It's clear how innovation can wither.

Venture philanthropies, including the ADDF, assume the risks inherent in drug discovery and fund bold new ideas. In doing so, we diversify the drug pipeline and forge a path for investment from pharmaceutical companies and government. The ADDF has provided support for over 20% of the drugs for Alzheimer's disease now in clinical trials. We are funding many of the first novel drugs in clinical de-

velopment for Alzheimer's targeting epigenetics, neuroinflammation, metabolic dysfunction and neuroprotection.

Nonprofits are well-positioned to take risks others can't or won't. We are bringing innovation to the drug pipeline and will get to cures faster.

HOWARD FILLIT, M.D.
Founding Executive Director
Alzheimer's Drug Discovery Foundation
New York

Mr. Rodakas's piece reminds me of the discovery in the early 1980s by Drs. Robin Warren and Barry Marshall who faced the medical establishment's skepticism when they identified the bacterium *H. pylori*, and its relationship to stomach ulcers. It also reminds me of how dangerous group-think can be when lives are in the balance.

A centralized system of science funding will always carry that threat with it, and the risk of untold billions of dollars wasted following wrong ideas, for no better reason than that is what everyone else is doing. Group-think has always been present in the sciences, as it is in all fields of human achievement. It is good to occasionally remind ourselves that scientific advancements often come from the fringes, rather than from the center.

WILLIAM GLASSCO
Tiverton, R.I.

Bail and Making the Untrustworthy Appear

Regarding Walter Olson's "Maryland's Bail Reform Is a Warning for Would-Be Moralizers" (Cross Country, Sept. 23): I've been a licensed bail agent for more than 31 years. I've lived through waves of "bail reform" in California. After the O.J. Simpson case, bail for domestic violence was raised as a means to separate the couple and let things cool down. In effect it increased the financial stress for many families of very modest wealth.

Bails for other crimes have skyrocketed as well. To mitigate this, criminals now call a taxpayer-funded hotline to get their bail reduced or eliminated before they appear in front of a judge. Defendants with multiple failures to appear and several warrants for their arrest are cited out and released on their obviously worthless written promise to appear. The frequent arrestee games the system. The defendants I bail out

now are usually in for serious felonies or have a history of failing to appear. I still am better at ensuring their compliance with the court than the public option. When I am involved, I get to work right away tracking down my fugitives.

Over the years I have gotten very good at ensuring my defendants appear and answer the charges. I get to know them. I get to know and involve their families. I know who is a good risk and, more important, who is not. If I fail at my job, I will go out of business.

The bail reformers believe it ideologically impure to require a criminal to provide insurance that they will appear in court. What is best for the system can become more important than the fair and impartial administration of justice.

FRANK REPETTI
San Marino, Calif.

The U.S. Visa System Is Needlessly Complex

Michael Polt and Kim Davis's "The U.S. Makes Ambassadors of Visitors" (op-ed, Sept. 28) inadvertently exposes one of the hardest slogs within the issue of comprehensive immigration reform: managing the complexity that is our visa system. The J-1 program is not a tiny niche effort;

rather, for 2016, over 300,000 individuals received such visas. Moreover, there is a companion J-2 program that permits spouses and dependents to join the J-1 visa recipient and work or study. The J-1 program isn't simple and straightforward; it has 13 separate sub-programs. At least six of the categories—camp worker, intern, specialist, summer work and travel, trainee and teacher—appear to offer opportunities to work, and the question rightly raised is: Are these foreigners replacing native workers at lower pay?

I am aware of foreigners (who

readily admit they are J-1 visa holders) waiting tables, managing hotel reception desks and performing housekeeping and custodial tasks at seasonal resorts. Are there no native kids looking for work experience to fill these positions? The J-1 program is a small part of the visa system but emblematic of its complexity and an inviting target. My concern is that Congress does not have the discipline to address the system line by line and is more likely to take a clever to it and discard deserving provisions along with the problematic ones.

HERB SEGAL, COL., USA (RET.)

Raleigh, N.C.

Our Congress Should Stop Outsourcing Its War Powers

Tammy Duckworth is mistaken that "Our Troops Need a New War Resolution From Congress" (op-ed, Sept. 27). Congress needs a new backbone.

From the Gulf of Tonkin Resolution to the various iterations of the Authorization for the Use of Military Force Against Iraq of 2002, Congress has all but abdicated its constitutional power to declare war in favor of open-ended, blank checks to American presidents.

How has this worked out? Afghanistan and Iraq now compete to be the longest wars in American history, and as for Vietnam, watching a few episodes of the documentary currently showing on PBS should be enough to answer that part of the question.

JOHN E. STAFFORD
Rye, N.Y.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Oh, the usual. I'm here battling my workaholism."

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MICHAEL ENDERS

East Haven, Conn.

OPINION

China and Russia's Dangerous Entente

By Alexander Gabuev

As President Trump's rhetoric on North Korea grows more bombastic, the world wonders if China will step up to help resolve the crisis. Last month, when the United Nations Security Council deliberated a new round of sanctions on Kim Jong Un's regime, China conspicuously didn't raise objections. A few days later, during a phone call with Mr. Trump, Chinese President Xi Jinping promised he would put "maximum pressure" on Pyongyang. It may seem as if Beijing finally is ready to work with Washington—but appearances can be deceiving.

In reality, Mr. Xi has worked out a good-cop/bad-cop routine with Russian President Vladimir Putin, and the two countries are working together to torpedo some of the most



PHIL FOSTER

An unprecedented round of Sino-Russian joint naval exercises in the Baltic Sea over the summer sent an unambiguous message about this state of affairs to Washington and its partners in the North Atlantic Treaty Organization. More exercises last month in the Sea of Japan added insult to injury. Further, since 2014 Moscow has dramatically ramped up sales to China of some of Russia's most advanced defense equipment and technologies. Today Russian jet fighters and surface-to-air missiles are boosting the Chinese military's capabilities in contested parts of the South China Sea and elsewhere in the Pacific. On global issues such as the future governance of cyberspace, the defense of state sovereignty, and Western pressure on human rights, China and Russia routinely present a united front.

The budding partnership between these two great powers—who were riven for decades by high levels of mistrust—is a natural response to the adversity and confrontation in

the U.S.-Russian relationship. When Mr. Trump arrived in the White House, the Kremlin nurtured some hope that the bilateral relationship might be improved. But the adoption of new congressional sanctions against Russia and mounting questions about Mr. Trump's ability to change the direction of the relationship put that idea to rest. As the president declared in his signing statement for the new sanctions: "By limiting the Executive's flexibility, this bill . . . will drive China, Russia, and North Korea much closer together." This new reality helps explain why the Kremlin feels it has nothing to gain from being helpful to the U.S. on North Korea.

Meantime, China is becoming central to the Russian economy's future and to the stability of the Putin regime. Over the past four years, Beijing has turned into a major investor and lender to Russia, channelling billions through its state-controlled "policy banks" to members of Mr. Putin's entourage and Russian

companies subject to sanctions. This is one of the key reasons that Russia is happy to defend North Korea at a time when doing so has become costly for China, which is worried about Mr. Trump's threat to link Beijing's "help" on North Korea to the status of bilateral trade talks. A new trade war with the U.S. is a nightmare for Beijing, particularly on the eve of the crucial 19th Party Congress, where projecting the image of domestic and international stability is crucial for Mr. Xi's effort to cement his grip on power.

China and Russia's budding relationship is still primarily transactional. Their interests don't coincide on many issues, and they have little reason to limit themselves with a formal, permanent alliance. But ignoring the strategic rationale for increased Sino-Russian rapprochement would be a great mistake. These two authoritarian powers are not united by a messianic ideology or desire to spread their systems across the globe, as they might have been during the Cold War. Rather, they both see the U.S.-led international system and Western democracy-promotion efforts as a direct threat to their political systems and regional spheres of influence.

Chinese and Russian leaders won't always agree, but their deepening cooperation and mistrust of the U.S. is here to stay. Unfortunately, American leaders have shown few signs that they know how to navigate this new reality, let alone manage the competition among great powers as non-Western countries grown in stature.

Mr. Gabuev is a senior fellow and chairman of the Russia in Asia-Pacific Program at the Carnegie Moscow Center.

Why I'm Not Bidding for Amazon's HQ

By Sam Liccardo

Several reporters have asked me what subsidies my city of San Jose may offer to attract Amazon's new headquarters. My response? None.

Recently, states and cities have been luring companies with subsidies. Wisconsin wooed electronics manufacturer Foxconn with a \$3 billion taxpayer-funded dowry. Iowa gave Apple \$213 million in state and local tax incentives to bring a 50-job data center to the state. The commonwealth of Massachusetts and city of Boston brought General Electric headquarters to Beantown with a \$145 million incentive deal.

San Jose won't offer subsidies for favored corporations, which are a bad deal for city taxpayers.

Don't get me wrong, Amazon is a wonderful company. Any mayor would embrace the economic vitality of a company branch with 50,000 employees and an anticipated investment of \$5 billion. San Jose has benefited from the recent arrival of Amazon's Lab 126 research outpost.

But my city won't be offering incentives to Amazon. Why? Because they are a bad deal for taxpayers. With many subsidies, the jobs a company brings to an area don't generate revenues commensurate with public expenditures. The GE deal will cost taxpayers more than \$181,000 for every job created in Boston. Most experts insist that other factors—particularly the presence of a skilled workforce—play a far larger role in determining boardrooms' corporate location decisions. Moreover, some 95% of Silicon Valley's job growth comes from new small-business formation and when those homegrown companies develop into larger firms.

If anything, the financial "cherry on top" merely reinforces decisions already made—at taxpayer expense. While those incentives might matter to corporate real-estate departments tasked with watching every penny, they amount to a rounding error to the bottom line of a company like Amazon, whose revenues last year were nearly \$136 billion.

So why do public officials throw away taxpayer dollars in subsidies while trying to promote economic development? Perhaps because they can. The subsidy represents something tangible that officials can point to as the factor that "sealed the deal" to create more jobs.

The harder work of investing public dollars in schools, infrastructure and amenities takes years of concerted effort but has far greater payoff. A healthy economic ecosystem that supports innovation and growth is what makes a community attractive to a company like Amazon.

Cities and states should also work to enact policies that welcome business. For example, I've supported targeted fee reductions to promote job growth for all qualifying companies during their initial year in business. This has made it easier to develop high-rise housing and attracted airlines to our airport. The key is to craft policies that apply to all fairly competing employers. Cutting special deals with individual companies isn't the right strategy.

For San Jose, large corporate subsidies have become a relic of the past, and happily so. Our recent economic development successes—including the doubling of Adobe's world headquarters and large expansions at the Google and Apple campuses—got done without a single cent of taxpayer money being used for subsidies, tax relief or discounts on land.

Some may ask: What about cities that don't have the same skilled tech workforce as San Jose? The truth is a subsidy won't help. A talent-challenged city might land a call center or an assembly plant with a tax break, but innovative companies won't invest in a research-and-development center in the hope that computer science and engineering expertise will suddenly fall from the sky. Cities should focus on building the workforce first—investing in human capital, enacting startup-friendly policies and joining with local universities and workforce training programs.

As elected officials, we would do well to resist ribbon-cutting and take the longer view. To attract innovative employers, let's all stay in our lanes, create safe and attractive cities for talented people to live in, and clear bureaucratic red tape. In other words: Get out of the way.

Mr. Liccardo, a Democrat, is mayor of San Jose, Calif.

By Mike Pence

Sixty years ago this week, the Soviet Union launched the world's first satellite into orbit, changing the course of history. The race for space was on, and the Soviets had taken an early lead. But the sight of Sputnik blinking across the October sky spurred Americans to action. Twelve years later, with "one giant leap for mankind," the U.S. claimed its rightful place as the undisputed leader in the exploration of the heavens.

That pre-eminence in outer space is now under threat—and once again, America must act. President Trump has revived the National Space Council to assist him in developing and implementing long-range strategic goals for our nation's space policy. On Thursday the council will hold its first meeting in nearly 25 years, and as its chairman, I will deliver a simple message: America will lead in space again.

More than ever, American prosperity and security depend on U.S. leadership in space. Yet national space policy often has lacked a coherent,

cohesive vision. The results not only are disappointing; they endanger the well-being of the American people.

The U.S. pays Russia more than \$76 million a seat to carry American astronauts to the International Space Station, since we have no vehicle capable of performing this task.

The U.S. is falling behind in the final frontier. The National Space Council will help remedy that.

The intelligence community reports that Russia and China are pursuing a full range of antisatellite technology designed to threaten our military's effectiveness. These are only two examples of America's abdication of leadership in space.

The president has charged the National Space Council with restoring that leadership. The council's objectives are clear.

We will refocus America's space

program toward human exploration and discovery. That means launching American astronauts beyond low-Earth orbit for the first time since 1972. It means establishing a renewed American presence on the moon, a vital strategic goal. And from the foundation of the moon, America will be the first nation to bring mankind to Mars.

We will renew America's commitment to creating the space technology needed to protect national security. Our adversaries are aggressively developing jamming and hacking capabilities that could cripple critical military surveillance, navigation systems and communication networks.

In the face of this threat, America must be as dominant in the heavens as it is on Earth.

We will promote regulatory, technological, and educational reforms to expand opportunities for American citizens and ensure that the U.S. is at the forefront of economic development in outer space. In the years to come, American industry must be the first to maintain a constant commercial human presence in low-Earth orbit, to expand the

sphere of the economy beyond this blue marble.

To achieve these goals, the National Space Council will look beyond the halls of government for insight and expertise. In the coming weeks, President Trump and I will assemble a Users' Advisory Group partly composed of leaders from America's burgeoning commercial space industry.

Business is leading the way on space technology, and we intend to draw from the bottomless well of innovation to solve the challenges ahead.

Above all, the National Space Council will enable our nation to bring American values to this infinite frontier. It will renew the American spirit itself, as we lift our heads and reach our hands toward the heavens, in pursuit of peace and hope for all mankind.

As the National Space Council meets Thursday, our nation can know with confidence: Under President Trump, America will lead in space again.

Mr. Pence is vice president of the United States and chairman of the National Space Council.

By Peter Conti-Brown

By the spring of 1974, Richard Nixon's presidency was in shambles. The House had voted to authorize an impeachment investigation, and the president had been named an unindicted co-conspirator in the Watergate burglary and coverup. His approval rating plummeted below 30%, never to recover. He would resign in disgrace in August.

Even in the swirl of severe presidential scandal, the Democratic Senate voted to confirm Henry Wallich, a Yale economist, as Nixon's final appointment to the Federal Reserve Board. The Senate's response to Wallich's appointment wasn't peculiar to the man or the era. As the Iran-Contra scandal swirled around Ronald Reagan in the spring of 1987,

Too Many Empty Chairs at the Federal Reserve

the Democratic Senate confirmed Edward W. Kelley's nomination to the Fed. In 2008, with President Bush's approval rating around 30%, a Democratic Senate approved Elizabeth Duke.

The tradition of maintaining a fully staffed Fed has diminished over time. Today, three of the seven Board of Governors chairs requiring Senate confirmation sit vacant. Before the Obama administration, there had never been more than two simultaneous vacancies. Obstructionism in the Senate and a lack of urgency at the White House combined to create a new normal at the Fed: empty seats.

Last month, Vice Chairman Stanley Fischer announced his early resignation, effective Oct. 15. The Senate is currently considering President Trump's sole nominee to the board,

Randall Quarles. If he is not appointed before Mr. Fischer's departure, the Fed board will have four vacancies.

Chronic vacancies on the Board of Governors are bad for the banking system and public accountability.

Failure to manage these vacancies creates two problems. First, an understaffed Fed cannot perform all the tasks Congress has placed before it. Using aspects of its emergency authority to respond to financial crisis requires five governors; other quorum rules require four.

More important, failure to maintain a full board erodes one of the essential mechanisms of public accountability. The Fed is insulated by design from key aspects of partisan politics. It doesn't rely on appropriations from Congress, but rather supports itself financially through interest and fees. Its policy decisions are not subject to presidential veto. The Fed is, to invoke an often misunderstood term, independent. But that independence cannot mean total

separation from the democratic process. The appointment of these key decision makers is the primary way voters get to participate in Fed policy. If the president does not advance nominations or the Senate does not act on them, the Fed is not accountable to the public it serves.

This is not to say Mr. Trump should staff the Fed with warm bodies or partisan cronies. The vetting process at the White House and in the Senate should be careful and serious. Setting monetary policy and crafting financial regulation require knowledgeable experts with diverse backgrounds.

In the coming weeks and months, expect a growing frenzy of speculation over Chair Janet Yellen's future. The debate over whether she should stay or leave shouldn't overshadow the growing crisis. The other six governors have essential roles to play. Politicians in Washington should make sure there are qualified central bankers in place to play them.

Mr. Conti-Brown is an assistant professor at the University of Pennsylvania's Wharton School of Business and author of "The Power and Independence of the Federal Reserve" (Princeton University Press 2016).

Notable & Quotable: Love

From a Food and Drug Administration warning letter to the owners of Nashoba Brook Bakery:

Your . . . products are misbranded . . . because . . . the labels fail to bear a complete list of all the ingredients by common or usual name. . . .

Your Nashoba Granola label lists

ingredient "Love". Ingredients required to be declared on the label or labeling of food must be listed by their common or usual name. . . . "Love" is not a common or usual name of an ingredient, and is considered to be intervening material because it is not part of the common or usual name of the ingredient.

WORLD NEWS

Portugal Strides Back to Economic Health

'Lisbon is happening,' says one entrepreneur of the country's return to strong growth

BY PATRICIA KOWSMANN

LISBON—Just four years ago, Portugal was under the thumb of international creditors. Its banks were teetering, unemployment was near 18% and tens of thousands of Portuguese were leaving the country.

Now, the country is one of Europe's hottest stars, with tech startups mushrooming, foreigners taking up residence and investment pouring in. In mid-September, Standard & Poor's even raised Portugal to investment grade from junk—a crowning achievement for a country that came within a hair's breadth of default in 2011 and had to accept a bailout worth €78 billion (\$92 billion).

"Lisbon is happening," said Martin Henk, an Estonian entrepreneur who opened an office in the city, lured by a pool of multilingual, highly skilled talent and affordable living costs. "Everywhere you turn, people are talking about it." Mr. Henk has hired 35 people



Employers can tap a pool of highly skilled talent in Portugal. Above, the Terreiro do Paço in Lisbon.

since starting operations in March and plans to almost triple that by late 2018.

Portugal's economy expanded 3% in the second quarter compared with the year-earlier period, the fastest pace since 2000. Consumer confidence is near record highs and unemployment is now 8.8%, below the EU average.

The rebound in Portugal somewhat mirrors that of Ireland, also forced into a bailout. Dublin kept corporate

taxes low—at 12.5% compared with an EU average of 21.5%—which helped attract foreign investment. It set up a "bad bank" that helped lenders unload sour loans. Ireland's GDP grew 5.2% last year and the International Monetary Fund expects 3%-plus growth through 2019.

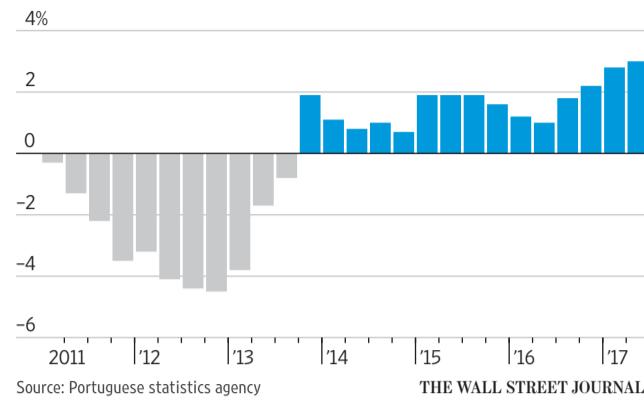
Portugal and Ireland stand in contrast to Greece and Italy, where growth is about half that of Portugal. Greece's crippled banks, inefficient public

sector and weak industrial base have hobbled a stronger recovery, while Italy's high cost base, high taxes and large cohort of small, inefficient companies keep productivity and employment levels low.

To be sure, it is too early to say whether the surprising recovery is here to stay. The International Monetary Fund has its doubts, estimating Portugal's growth will be back to a low 1.2% in the medium term.

Comeback Kid

Portugal is recording strong GDP growth. Change from a year earlier

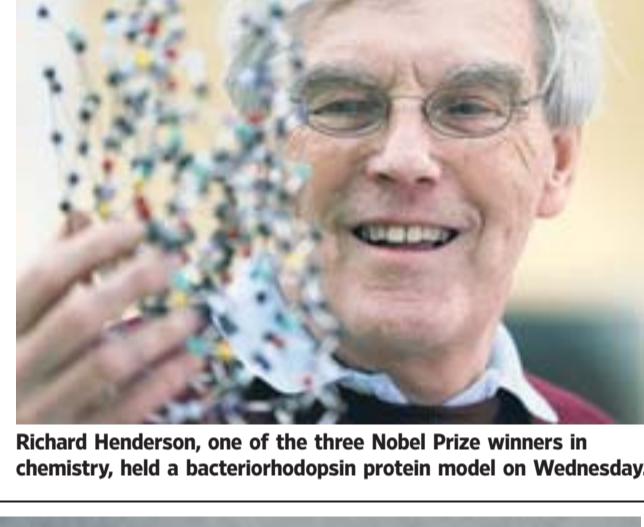


Source: Portuguese statistics agency

more attractive for foreign investors—if not for workers—while the government kept public spending under control. The extraordinarily loose monetary policy of the European Central Bank also was vital.

Even more vital has been the strong economic rebound of Spain, Portugal's largest export market, as well as the boom in tourism that is helping lift much of Southern Europe. More than 11 million visited Portugal in the first seven months of this year.

The tourist boom has brought billions in fresh investment in construction and transport.



Richard Henderson, one of the three Nobel Prize winners in chemistry, held a bacteriorhodopsin protein model on Wednesday.

Three Win Nobel Prize for Molecular Imaging

BY ROBERT LEE HOTZ
AND DAVID GAUTHIER-VILLARS

For finding a way to image the molecules of life in three dimensions, an international trio of scientists shared the Nobel Prize for chemistry.

The Royal Swedish Academy of Sciences awarded the 2017 prize to Jacques Dubochet at the University of Lausanne in Switzerland, Joachim Frank at Columbia University in New York and Richard Henderson at the U.K.'s MRC Laboratory of Molecular Biology.

"I was fully overwhelmed," Dr. Frank said after learning of

the award early Wednesday. "I thought the chance of winning a Nobel Prize was minuscule because there are so many other innovations and discoveries."

Working independently, the three biophysicists made a series of discoveries that led to an innovative imaging technique called cryo-electron microscopy, which allows researchers to freeze biomolecules in mid-movement and make precise images of their atomic structure.

"This discovery is like the Google Earth for molecules in that it takes us down to the fine detail of atoms within proteins," said Allison Campbell, president

of the American Chemical Society. "Understanding proteins in their native state is important to every field of science as they are in every living thing."

Already, researchers have used the imaging technique to expose for the first time the structure of hundreds of key biomolecules, including the Zika virus and proteins that cause antibiotic resistance or impede chemotherapy. As the technique is refined and adopted more widely, researchers expect it will lead to new drugs to treat human and animal diseases, and discoveries across all the life sciences.

"Soon there are no more secrets," said chemist Sara Snogerup Linse, head of the Nobel Committee for Chemistry. "Now we can see the intricate details of the biomolecules in every corner of our cells, in every drop of our body fluids. We are facing a revolution in biochemistry."

In cryo-electron microscopy, the next step could be animation. By assembling images of molecules frozen at different stages, like frames of a movie, scientists will be able to understand what they do, said Peter Brzezinski, member of the Nobel Committee for Chemistry.

The Face of Change

Sally Love Connally
Government Strategy
Atlanta, GA

In the dynamic world of healthcare, it's important to understand the complex and evolving ecosystem and its impact on customers. Team members like Sally Love keep us current and engaged in the conversation so we can play a vital role in helping the system work smarter. It's just one way our people are helping to accelerate the transformation to a value-based healthcare system. **Change Healthcare. Inspiring a better healthcare system.**

changehealthcare.com

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HEALTHCARE

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, October 5, 2017 | B1

S&P 2537.74 ▲ 0.12% S&P FIN ▼ 0.32% S&PIT ▼ 0.15% DJ TRANS ▼ 0.52% WSJ \$IDX ▼ 0.10% LIBOR 3M 1.347 NIKKEI (Midday) 20633.07 ▲ 0.03% See more at WSJMarkets.com

Trump Comments Slam Puerto Rico Debt

Remarks on wiping out load are wake-up call to investors, turn decline into a rout

By HEATHER GILLERS

Over the past few weeks, prices on Puerto Rico's bonds have drifted downward as investors grappled with the effects of a devastating hurricane. That slow drift turned into a nose-dive Wednesday in the first trading session after President Donald Trump called into question whether inves-

tors would be paid their money back at all.

Puerto Rico's benchmark general obligation bonds maturing in 2035 traded at record lows of 30 cents on the dollar Wednesday, down from roughly 44 cents late Tuesday and 56 cents the day before Hurricane Maria hit. Holders of the bonds, which include mutual funds, hedge funds and direct investors, sold in heavy volume.

Already battling Puerto Rico in bankruptcy proceedings, investors in these bonds have been struggling to extract their money from the hard-hit

island. Even after a March decision by a federal oversight board to reduce the amount paid to bondholders over the next 10 years by 75%, bond prices didn't drop precipitously as investors held out hope for better terms.

All that changed Tuesday evening as Mr. Trump set off a broad sale in the bonds when he said the U.S. territory's \$73 billion debt load may get wiped out to help the island recover from Maria.

"You can say goodbye to that," Mr. Trump said in an interview Tuesday night on Fox News during his visit to Puerto

Rico.

Mr. Trump has no power to unilaterally forgive Puerto Rico's debt. Less than 24 hours

30

Cents on the dollar that Puerto Rico bonds traded at Wednesday

later, budget director Mick Mulvaney walked back the president's comments on CNN, saying the White House

doesn't intend to get involved in the restructuring.

But for investors, the comments have provided a wake-up call that bond prices might be artificially high given the reality of Puerto Rico's financial situation and the impact of Hurricane Maria.

"I think the market was very anxious about the paper to begin with," said Howard Cure, director of municipal bond research at Evercore Wealth Management. "The need for help from the federal government [due to the hurricane] exposed the vulnerability even more."

The Trump administration was set to send to Congress on Wednesday a request for \$29 billion in disaster aid for Puerto Rico, including \$16 billion for the government's flood-insurance program and nearly \$13 billion for hurricane relief efforts, according to a White House official.

Puerto Rico and its agencies owe more than \$70 billion to creditors. In May, Puerto Rico was placed under court protection in what amounted to the largest-ever U.S. municipal bankruptcy. A federal judge is presiding over the island's

Please see DEBT page B2



Jake Gyllenhaal in 'Southpaw.' Wanda spent \$30 million to fully finance the boxing drama, which wasn't nominated for an Oscar.

Blow by Blow

Dalian Wanda Group has spent billions of dollars on entertainment assets in the past five years.

Company (Location)	Deal value
Legendary Entertainment (U.S.)	\$3.5 billion
AMC Entertainment Holdings (U.S.)	\$2.6
Carmike Cinemas (U.S.)*	\$1.1
Nordic Cinema Group (Sweden)	\$0.9
Odeon & UCI Cinemas Group (U.K.)*	\$0.7
Hoyts Cinemas (Australia)	\$0.4
Mtime.com (China)	\$0.3
Starplex Cinemas (U.S.)	\$0.2

*Purchased by AMC Note: all deals include debt

Source: the companies

THE WALL STREET JOURNAL.

Wanda's Oscar Dreams Are Fading

The calls started going out last year. Wang Jianlin, the Chinese billionaire on a Hollywood spending spree, wanted to win an Oscar. Who could help?

By Wayne Ma in Beijing and Erich Schwartzel in Los Angeles

Former Academy of Motion Picture Arts and Sciences President Hawk Koch and other representatives of Mr. Wang's Dalian Wanda Group approached studio after studio, people familiar with the situation said, searching for prestige projects to finance.

First, Mr. Wang's emissaries targeted partnerships with boutique studios known for mining Oscar gold. They tried Weinstein Co., Fox Searchlight and Sony Pictures Classics, among others, the people said. No deal. Eventually, the quest for an Oscar became "the O Project," a covert effort to establish a film division within Wanda to produce awards-caliber movies.

Then, Beijing spoiled Mr. Wang's Hollywood ending. The Chinese government turned up the heat on Wanda this summer for spending money on costly overseas acquisitions, a move at odds with China's efforts to

keep money from leaving the country, people close to the matter said at the time. President Xi Jinping in June blocked big state-owned banks from making loans to Mr. Wang's company for certain foreign deals. Banking regulators had previously asked lenders to review loans made to five big overseas deal makers, including Wanda, to assess whether their debt posed a credit risk.

An unlikely victim of the clampdown, the people familiar with the situation said, is Mr. Wang's best shot yet at an Oscar. Mr. Wang backed away from plans to finance 50% of

"Arc of Justice," a film set to star Russell Crowe and David Oyelowo, because it would have meant seeking regulatory approval to move money out of China. The film's expected budget was \$12.5 million.

The abandoned Oscar campaign illuminates the rise and fall of Mr. Wang's Hollywood ambitions. After making a fortune in Chinese real-estate development, Mr. Wang spent billions of dollars to acquire theater chain AMC Entertainment Holdings Inc. and blockbuster producer Legendary Entertainment.

Please see WANDA page B2

PERSONAL TECHNOLOGY | By Geoffrey A. Fowler

A Way to Track Fitness Using Just One Finger

I'm giving fitness the finger.

No, not that finger. On

the one next

to it, I've been testing a new

kind of fitness gadget that

measures activity, heart rate

and sleep in the shape of an

ordinary ring.

Honey, they shrunk the

Fitbit. The \$200 Motiv Ring

(not actually made by Fitbit)

packs a ton of sensors into a

band as thick as four stacked

nickels. It runs for three

days on a charge. This

thing's an engineering mar-

vel, but that isn't why you

should care. The Motiv Ring

is the first wearable tech

that just blends in.

Since the arrival of the

Apple Watch, wrist wear-

ables and trackers have ad-

vanced to about a 6 on the

handsomeness scale. Yet

plenty of people still don't

want to strap anything on

their wrists. Shrinking fit-

ness tracking down to a ring opens wearables to a wider audience. You can just leave the Motiv Ring on—for days at a time—without fuss.

Motiv isn't the first

"smart" ring; competitors

such as Oura and the Ringly

also track fitness. Yet unlike

its competitors, the San

Francisco startup's Ring

doesn't look like costume

jewelry. Motiv wants to serve

both men and women; as a

guy, I can report that most

friends didn't notice I was

wearing the ring, much less

a tiny computer. Made from

slate-gray or rose-gold tita-

nium, it's only a tad thicker

than my wedding band,

though it feels conspicuously

lighter. There are no buttons;

the waterproof device's sole

light rarely glows, just to

signal it's charging or sync-

ing wirelessly.

Miniaturization does mean

some compromises. Unlike a

wrist wearable, you have to

Please see FOWLER page B4

have power over the data the companies collect on them.

The hearing Wednesday be-

fore the Senate Banking Com-

mittee was as much about the

control consumers have over

their personal data as it was

about the Equifax hack, which

has affected potentially 145.5

million Americans. Senators

questioning former Equifax

Chief Executive Richard Smith,

who is appearing before a se-

ries of congressional panels

this week, asked whether a

large overhaul is needed for

both private sector and gov-

ernment activities.

"There is massive data col-

lection being undertaken in

this country," Banking Com-

mittee Chairman Sen. Michael

Crapo (R., Idaho) said during

the hearing. Congress, he said,

needs to address broader is-

sues about "the collection and

use and protection of person-

ally identifiable information

that is being collected by the

government, by the private

sector and others."

Mr. Smith repeatedly apolo-

gized for the hack and said the

company didn't initially un-

derstand its severity. He also

apologized at a subsequent

hearing Wednesday before a

panel of the Senate Judiciary

Committee.

In terms of the big credit-

reporting companies, which

along with Equifax include Ex-

perian PLC and TransUnion,

senators repeatedly raised a

key point: Consumers don't

choose to share their data

with these firms nor do they

receive compensation for it,

even though companies like

Equifax profit by gathering it

and selling it to lenders and

other companies.

"You have my information,

you don't pay me for it, you

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Sears Canada Rescue Effort

BY ANDREW SCURRIA
AND JACQUIE McNISH

Sears Canada Inc.'s top executive is making a last-ditch attempt to keep the retailer alive as its creditors press for an accelerated liquidation to settle its debts.

A special committee of the Sears Canada board will decide this week on Executive Chairman Brandon Stranzl's bid to purchase some of its stores out of bankruptcy, Orestes Pasparakis, a lawyer for the company's bankruptcy monitor, **FTI Consulting Inc.**, said at a Wednesday court hearing.

"We are near the end of the road. We have pushed the time limits," Mr. Pasparakis said at the Ontario Superior Court of Justice.

Lenders, though, are pushing for a liquidation of Sears Canada's remaining assets before the Christmas selling season to repay its bankruptcy financing, and the company has little time to decide because of an impending cash crunch, according to people familiar with the matter.

The monitor has proposed disposing of 11 properties through lease surrenders or outright sales.

In pursuit of his Oscar goal, Mr. Wang at first targeted Weinstein Co., known for its success in producing award-winning films. In 2014, Wanda spent \$30 million to fully finance the boxing drama "Southpaw," starring Jake Gyllenhaal. In contract negotiations with the studio, Wanda wanted a guarantee that "Southpaw" would receive an Oscar nomination or else the company would receive a payout, according to people familiar with the matter. Wanda was told the Motion Picture Academy doesn't work that way, the people said. The film wasn't nominated in any category.

Mr. Wang later changed tack and decided to bring the projects in-house.

By 2016, he agreed to set up the O Project. Mr. Wang allotted Mr. Koch about \$600,000 to rent office space in Los Angeles, hire assistants and bid on book rights and other intellectual property. Mark Gordon, a producer whose credits include "Saving Private Ryan" and "Grey's Anatomy," was brought on to help develop projects. Mr. Gordon declined to comment.

Mr. Koch soon found a contender in "Arc of Justice," a drama based on the 2004 National Book Award winner about a landmark civil-rights

trial. Wanda was set to cover half of the movie's \$12.5 million budget in return for an equity stake of about 50%, according to the people.

But when the Chinese government clamped down on companies moving money out of the country, Wanda decided to pull financing for the film, people familiar with the matter said.

It is unclear what will happen to "Arc of Justice" now. One person said there was "zero possibility" Wanda will give any future funding to the O Project or other overseas films.

DEBT

Continued from the prior page
debt restructuring under a bankruptcy-like legal framework approved by Congress last year, known as Promesa.

As part of that framework, a financial-overhaul plan called for Puerto Rico to pay bondholders about a quarter of what they are owed over the next 10 years. As recovery costs rise, that plan is expected to get re-evaluated.

Forgiving the debt Puerto Rico owes bondholders "is not something that the president can do with a stroke of his pen," said Brad Setser, a senior fellow at the Council on Foreign Relations. Still, advocacy groups seized on the president's comments, with Jubilee USA Network calling for forgiveness for the deeply indebted Virgin Islands as well.

It is extremely rare for the federal government to provide any kind of financial help to municipalities in distress. But



President Donald Trump hands out supplies in Puerto Rico.

it has happened. Congress authorized the Treasury to facilitate loans or loan guarantees to New York City in the 1970s and Washington, D.C., in the 1990s. So far, no such proposal has been made for Puerto Rico.

If the federal government does provide loans to Puerto Rico for short-term relief, repayment of those obligations could take priority over some or all bondholder claims, Mr. Setser said. Such a development

could lower the value of Puerto Rico's bonds currently outstanding.

Also falling after Mr. Trump's comments were shares in the insurers of Puerto Rico's bonds. **MBIA Inc.** declined 8.4%, **Assured Guaranty Ltd.** dropped 2.9% and **Ambac Financial Group Inc.** lost 5.5%.

—Ben Eisen
and Cara Lombardo contributed to this article.

According to company filings in Luxembourg, the untaxed parent between 2006 and 2013 took in €3.39 billion in income "related to royalties from affiliated undertakings," or "based on agreements with affiliated companies," and reported €1.71 billion in untaxed profit for those years.

The EU says Amazon had improperly inflated the royalty

The decisions are part of an EU effort to wring more money out of tech giants.

to eat up nearly all of the operating company's profit after expenses, such as paying for its merchandise. Ms. Vestager said the untaxed parent company was "an empty shell" with no employees.

The amount of the tax the EU says is due in Luxembourg could change depending on the outcome of litigation in the U.S., Ms. Vestager said.

The U.S. Internal Revenue Service had sought as much as \$1.5 billion in additional taxes

from Amazon over the same set of transactions, which could reduce its liability in Europe. But a tax court in March sided with Amazon, ruling that the IRS had made arbitrary determinations and abused its discretion in several instances. Ms. Vestager said Wednesday that the IRS was planning to appeal.

An IRS spokesman declined to comment.

Some critics allege that the EU is picking on high-profile American companies, given that a swath of multinationals around the world use similar tax structures to reduce their tax bills. Tech executives say that practice undercuts the contention that these agreements are rare and therefore unfair to competitors.

The EU's antitrust regulator says it has scrutinized thousands of tax deals between governments and large multinationals and has opened formal investigations into a cluster of them. The highest-profile cases have centered on large U.S. tech giants, but they also include McDonald's Corp. and French energy company Engie SA.

—Richard Rubin in Washington contributed to this article.

BUSINESS & FINANCE

WANDA

Continued from the prior page

Mr. Wang, known to many in his orbit as "the chairman," also wanted Hollywood's ultimate accolade: an Academy Award. The executive loves big, flashy projects, said one Hollywood producer approached by Wanda. "Buildings, malls, shopping centers, big companies—and an Oscar."

A Wanda representative declined to comment.

Mr. Koch, with decades of experience networking in Hollywood, was key to Wanda's O Project push. The 71-year-old producer, whose credits include "Wayne's World" and "Primal Fear," met Mr. Wang when the billionaire visited Los Angeles in March 2013. He was later invited to travel in China with Mr. Wang to consult on the location of a new sound-stage business, Wanda Studios, people familiar with the situation said.

In September 2013, Mr. Koch attended the groundbreaking for the Qingdao sound stages. Wanda brought in a bevy of Hollywood luminaries for the occasion, including actors Leonardo DiCaprio, Nicole Kidman and John Travolta and producer Harvey Weinstein.

Afterward, Mr. Koch was hired as a part-time adviser—drawing a salary of between \$300,000 and \$500,000 a year—to promote Wanda Studios in Hollywood, according to people familiar with the matter.

In pursuit of his Oscar goal, Mr. Wang at first targeted Weinstein Co., known for its success in producing award-winning films. In 2014, Wanda spent \$30 million to fully finance the boxing drama "Southpaw," starring Jake Gyllenhaal. In contract negotiations with the studio, Wanda wanted a guarantee that "Southpaw" would receive an Oscar nomination or else the company would receive a payout, according to people familiar with the matter. Wanda was told the Motion Picture Academy doesn't work that way, the people said. The film wasn't nominated in any category.

Mr. Wang later changed tack and decided to bring the projects in-house.



LUKE SHARRETT/BLOOMBERG NEWS (LEFT); PATRICK T. FALLON/BLOOMBERG NEWS (BELOW)



Wang Jianlin, left, spent billions to acquire the AMC movie theater chain.

Those familiar with the production are hopeful a new financier will step in, even if it means re-dicing the movie's budget.

The episode is an example of how Hollywood-Chinese partnerships can be upended by a third party: the Chinese government.

"Getting any movie made is a miracle, but you don't see the Chinese government shutting it down as a possibility," said one person involved in the project.

Wanda sent representatives to Los Angeles last month for meetings with studios to assure them that Wanda is still in the game, according to people who met with them. But executives say privately that they wonder if the conglomerate will be allowed to resume its Hollywood pursuits with the same gusto it displayed crackdown.

Mr. Wang will, however, retain a certain proximity to the Oscars. In 2013, Wanda donated \$20 million to the Academy's new film museum—enough to give the firm naming rights in the museum's film-history section. The Academy gave a nod to Wanda in its Oscar broadcast this year, briefly showing the company's Wanda Plaza logo.

TAX

Continued from the prior page
bourg and international tax law," an Amazon spokesman said in response. The Seattle-based company said it would consider an appeal.

Luxembourg said it has taken note of the decision, but asserted that Amazon had been taxed in accordance with the tax rules applicable at the time.

Both Amazon and Luxembourg can appeal the decision.

Wednesday's decision concerns a structure Amazon set up in Europe between 2006 and mid-2014, part of a series of transactions known as Project Goldcrest.

Under the plan, the company funneled all of its e-commerce sales in the EU—totaling €61.59 billion between 2006 and 2013, according to Luxembourg corporate filings—through an operating company called Amazon EU Sarl. Meanwhile, that company reduced its taxable income by virtue of paying a significant royalty every year to an untaxed Luxembourg-registered parent called Amazon Europe Holding Technologies SCS.

The decisions are part of an EU effort to wring more money out of tech giants.

to eat up nearly all of the operating company's profit after expenses, such as paying for its merchandise. Ms. Vestager said the untaxed parent company was "an empty shell" with no employees.

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—Richard Rubin in Washington contributed to this article.

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integrity
best
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interests

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BUSINESS NEWS

Monsanto's New Seeds Sell Well

Company rides out tough farm economy, as regulators review its takeover by Bayer

By AUSTEN HUFFORD

Continued adoption of Monsanto Co.'s latest soybean, cotton and corn products drove quarterly revenue for the seed giant in what it called a challenging agricultural environment.

Last month, forecasters said this year's U.S. harvest will be larger than expected, setting up farmers for another year of low prices.

Monsanto said Wednesday that its sale to German chemical conglomerate Bayer AG was progressing. Bayer's \$57 billion deal to create the world's largest supplier of pesticides, seeds and crop genes is expected to close early next year, pending regulatory reviews.

In light of the deal, Monsanto said it wouldn't provide financial guidance for the fiscal year that began last month.

Monsanto has been introducing soybean varieties that are genetically engineered to resist a more powerful combination of herbicides. The company said more than 20 million U.S. acres were sown with the new seeds in its just-ended fiscal year and



Monsanto posted a profit and a 4.8% rise in revenue for its latest quarter. The company's exhibit at an Illinois farm show in August.

that it is anticipating demand for 40 million acres across next year's planting season.

Monsanto's new soybean variety, engineered to resist the herbicide dicamba as well as glyphosate, has been linked to crop damage in parts of the southern U.S. Farmers in Arkansas, Missouri, Mississippi, Tennessee and other states

have reported an estimated 3 million acres of crops allegedly damaged by dicamba drifting from neighboring fields. Some farmers have sued Monsanto.

The St. Louis-based company said it would provide "enhanced training" to farmers and dispense specialized spray nozzles at no cost. It is also adding incentives for farmers to use a

new version of the spray that it maintains is more reliable.

For its fiscal fourth quarter ended Aug. 31, Monsanto reported profit of \$20 million, or 5 cents a share, compared with a loss of \$191 million, or 44 cents a share, a year earlier. Revenue grew 4.8% to \$2.69 billion, contributing to an 8.4% rise for the full year.

On an adjusted basis, quarterly earnings were 20 cents a share; on the same basis, analysts were expecting a loss of 41 cents. Monsanto said the better-than-expected results were due to tax benefits and a pretax boost of \$200 million from corn licenses in Brazil.

—Jacob Bunge contributed to this article.

Apple Watch Software Is Updated

By TRIPP MICKLE

Apple Inc. issued a software update that it said addresses some cellular-connectivity issues that have affected its newest smartwatch.

The update Wednesday comes two weeks after the company acknowledged some of its new Series 3 model watches—the first to feature an LTE chip for cellular service—had trouble connecting to cellular networks because they were trying to join “unauthenticated Wi-Fi wireless networks” in public places such as hotels and coffee shops.

Apple said the new software, version, watchOS 4.0.1, fixes the issue “in rare cases” in which that occurred.

The company declined to elaborate on how it fixed the problem or why it was occurring. It also didn’t say whether the fix resolved all connectivity problems reviewers ran into with the Apple Watch Series 3.

Reviewers at The Wall Street Journal and The Verge last month reported encountering problems making calls, connecting with the Siri virtual assistant and maintaining a cellular connection. The Journal ran into issues across multiple wireless carriers.

Customers haven’t com-

plained widely about connectivity issues since the watch went on sale Sept. 22. The risk of other customers encountering those issues could have threatened Apple Watch Series 3 sales, said Brian Blau, an analyst with Gartner Inc.

Health Push Backfires on PepsiCo

By JENNIFER MALONEY

PepsiCo Inc., attempting to diversify its beverage portfolio with less sugary drinks, shifted too much shelf space and marketing money away from its main soda brands in the latest quarter, causing a drop in North American sales, company executives said.

The Purchase, N.Y., company's North American beverage unit posted weaker-than-expected results, with sales down 3%, at \$5.3 billion, and earnings falling 10%.

PepsiCo this year moved resources away from its namesake cola and Mountain Dew toward new products such as its premium bottled-water brand, LIFEWTR, and a sparkling lemonade called Lemon Lemon, finance chief Hugh Johnston said in an interview Wednesday.

But those brands weren't big enough to compensate for the resulting drop in market share for Pepsi and Mountain Dew. Gatorade sales also fell, hurt by weak convenience-store sales and cooler weather compared with the previous two summers.

"We're on a multiyear journey to move people to healthier products, to lower-calorie options," Mr. Johnston said. "You're always sort of managing your pacing. How quickly will consumers change their habits?"

He added: "We just got ahead of our skis a little bit."

The company's namesake colas, including Diet Pepsi and other Pepsi-branded sodas, accounted for 12% of its revenue in 2016.

PepsiCo aims by 2025 for



The company said it shifted too much marketing money away from soda brands, resulting in weak sales.

LaCroix's Maker Loses Some Sparkle

Shares of National Beverage Corp., the maker of LaCroix sparkling water, lost 11% in value at the start of the week after Coca-Cola Co. agreed to buy Topo Chico, a rival brand popular among the young, hip set, for \$220 million.

After its Monday-Tuesday retreat, National Beverage rose slightly to \$110.84 on Wednesday.

The company's share price

has increased more than five-fold since the middle of 2015, as LaCroix ascended to must-have status among millennials and urbanites.

Even after this week's drop, National Beverage remains among 2017's best-performing consumer stocks, more than doubling in price this year.

LaCroix, which is made with carbonated water and natural essence oils, including pamplemousse and peach pear, has been one of the clearest beneficiaries of consumers' evolving preference for healthier beverages. Sales of LaCroix grew

47% last year to \$331 million, making it the No. 1 brand of flavored bottled water in the U.S., according to market researcher Euromonitor International Ltd.

"LaCroix has a following and there are people that clearly like the product and those flavors," said Anthony Vendetti, an analyst at Maxim Group. "But there's growing competition in the space and this is not some patented technology—this is sparkling water."

A spokeswoman for Florida-based National Beverage didn't return a request for comment.

—Chris Dieterich

two-thirds of its global beverage-portfolio volumes to contain fewer than 100 calories from added sugar per 12-ounce serving. Currently, 40% of its beverage volumes meet that standard.

In its Sept. 9-ended fiscal third quarter, PepsiCo's beverage volumes fell 6% in North America and 1% globally.

Chief Executive Indra Nooyi called the North American beverage results "a toe stub" and said the company has made "a few course corrections," reallocating shelf space and marketing spending back to Pepsi and Mountain Dew.

"We have a good handle on what happened," she said in

a conference call with analysts, adding that she expects the North American beverage business to return to growth.

Overall, PepsiCo's third-quarter profit rose 8%, to \$2.14 billion, from \$1.99 billion a year earlier. Revenue inched up 1% to \$16.24 billion.

PepsiCo shares rose 0.2%, to \$109.34, on Wednesday.

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Verizon Media Chief To Leave

By RYAN KNUTSON

Verizon Communications Inc. said its top media executive, Marni Walden, is leaving in February and her responsibilities will be split among existing executives at the telecom giant.

Ms. Walden oversees the company's media and digital business, including its Yahoo and AOL properties, a role she took over in 2015. One of her lieutenants, Tim Armstrong, who runs the internet properties, will now report directly to Chief Executive Lowell McAdam.

Ms. Walden, 50 years old, rose through the ranks of Verizon's wireless business and was the company's highest ranking female executive. She was considered a potential successor to Mr. McAdam.

Her exit comes after it became clear to Ms. Walden that she was unlikely to become the next CEO, according to one person familiar with the matter.

"Marni helped build our wireless business, starting as a sales representative in a store and grew into an inspirational leader and role model for so many at Verizon," Mr. McAdam said in a statement. She "will leave us in a strong competitive position."

Ms. Walden was also responsible for Verizon's telematics business, which connects cars and other devices to the internet. Those duties will be handed to John Stratton, president of global operations.

Mr. Armstrong, the former CEO of AOL, has been leading the integration of Yahoo and AOL, after the \$4.5 billion deal closed earlier this year. He laid off about 2,100 of 14,000 people in the combined workforce under a new division called Oath, whose properties include HuffPost, TechCrunch and Yahoo Finance.

Just this week, the company disclosed that a massive data breach at Yahoo before the deal was far more extensive than previously disclosed, affecting all of Yahoo's three billion user accounts. Ms. Walden was one of the executives who advocated for the Yahoo purchase, but her departure was unrelated to the hacking disclosures, the person said.

Ms. Walden has led many of the company's media deals in recent years. She oversaw the acquisition of Intel Corp.'s internet video startup, called On-Cue, which she helped transform into go90, a mobile video app. Go90 has yet to gain significant traction.

Mr. McAdam, 63, has made no specific retirement plans. In an interview with The Wall Street Journal earlier this year, he said, "I don't plan on working when I'm 65. Life is too short."

People inside the company say the two primary contenders to succeed the CEO are Mr. Stratton and Hans Vestberg, a former Ericsson CEO who joined Verizon this year to head up network operations.

TECHNOLOGY

WSJ.com/Tech

Visionary Tools Come Into Focus

Advanced chips power systems that capture and act on imagery; doorbell flags friends

BY TED GREENWALD

Chip companies are adding greater smarts to cameras, spurring a new generation of equipment that not only captures imagery but interprets and acts on what it sees.

Such advances in computer vision—the ability to extract information from images—can enable, say, a network of security cameras to track a package's movement. Or, in the case of **Apple Inc.**'s newly unveiled iPhone X, unlock a smartphone by recognizing a person's face.

Alphabet Inc.'s Nest Labs in September announced a doorbell equipped with a **Qualcomm Inc.** chip, a video camera and facial-recognition software that can send an alert to a Nest mobile app if it sees a familiar face.

The market for computer-vision systems is nascent, poised to expand from roughly \$1 billion last year to \$2.6 billion in 2021, according to International Data Corp. Emerging products such as autonomous vehicles and personal robots portend continuing growth, and **Intel Corp.**, Qualcomm and other chip makers are jockeying to supply the brains to new machines.

"These [applications] are edging into viability," said IDC analyst Michael Palma. "Maybe not mass viability, but very, very close."

Blue River Technology, a Silicon Valley startup acquired for \$305 million last month by Deere & Co., is using computer vision powered by **Nvidia Corp.** to help lettuce farmers boost productivity and reduce or reallocate labor costs.

Farmers tend to plant lettuce seeds densely and then thin the overcrowded sprouts using hoes, a time-consuming operation.

Blue River's See & Spray, a rig that hitches to the back of a tractor, uses up to two dozen



Apple executive Philip Schiller at last month's unveiling of the iPhone X, which uses facial-recognition software for unlocking.

cameras, each equipped with an Nvidia computer called Jetson, to identify individual sprouts and evaluate their distance from neighbors with quarter-inch accuracy. Those too close together get doused automatically with a precisely aimed shot of fertilizer, harsh enough to kill an individual plant even as it nourishes the field—no manual labor required.

See & Spray can typically thin an acre of lettuce in 12 minutes, work that would take a person eight hours, according to Richard Smith, a specialist in vegetable crop production from the University of California, Davis. Blue River claims the machine can increase yields by 10%. Deere plans to extend the technology to other crops as part of its effort to shift agriculture from tending fields to nurturing individual plants.

Willy Pell, who oversees new technology at Blue River, believes machines outfitted to perceive the world and act on what they sense without human intervention will drive the next wave of Silicon Valley investment.

"There's a lot of humanity that's simply using eyes and hands to do things," he said. Machines outfitted with camera eyes and silicon brains soon will be able to take over "all kinds of repetitive tasks."

The same technology is bringing new capabilities to consumer products as well. Qualcomm's next-generation Snapdragon smartphone chips will transform camera output into detailed 3-D maps, a boon for superimposing computer-generated imagery over real-world scenes in augmented-reality apps.

Myriad, a line of chips from Intel's Movidius division that

perform artificial-intelligence computations using very little electrical power, has found a niche in security cameras and drones, and is branching into medicine.

Doctor Hazel, a startup, created an AI tool using a Myriad chip that works with a medical camera to detect skin cancers on the spot. It diagnoses cancers with up to 85% accuracy, and that rate should improve as the system is further trained with images of known benign and malignant moles, according to Doctor Hazel co-founder Mike Borozdin.

One advantage to these new computer-vision systems: They pack enough computing horsepower to apply AI to images locally, rather than needing to interact with remote servers. That speeds up processing, enabling devices to work without a reliable network connection—for, say, a drone inspect-

ing turbines on a wind farm—while avoiding the risk of exposing information that may be private or proprietary.

Deepu Talla, Nvidia's vice president in charge of AI for applications such as robotics and drones, believes both local and remote processing will be necessary.

Cameras mounted on traffic lights in an urban area can, for instance, count passing vehicles and forward their tallies to a cloud data center that analyzes the output and controls the lights to keep traffic flowing smoothly. Nvidia is working on similar systems in Hangzhou, China, with Alibaba Group Holding Ltd. and in Shenzhen, China, with Huawei Technologies Co.

"There's not enough human eyeballs available" to make sense of all the imagery cameras will capture, said Mr. Talla. "You need computer vision."

Sonos Speakers Now Play Catch-Up

BY YOREE KOH

Sonos Inc., the pioneer in wireless speakers, was on its way to \$1 billion in sales in 2015 when **Amazon.com Inc.**'s Echo smart speaker took off. Sonos's sales fell off a cliff.

Sonos now has a new game plan: forming partnerships with its rivals—all of them.

On Wednesday, the Santa Barbara, Calif.-based company announced its first smart speaker, the \$199 Sonos One, powered by Amazon's Alexa voice assistant. And by next year, the company will integrate **Alphabet Inc.**'s Google voice assistant, and later hopes to make its smart speaker compatible with **Apple Inc.**'s Siri. The partnerships would mean consumers wouldn't need to choose one tech giant's services over another—Sonos could serve them all.

The company built a loyal fan base by letting customers play music in every room of a home through a network of wireless speakers that supported streaming services such as Spotify. Speakers, though, are no longer just for listening to music.

Chief Executive Patrick Spence said Sonos became "complacent" when it came to artificially intelligent assistants. The company "missed the turn on voice," he said in an interview.

Amazon's Echo has become a game-changing product thanks to Alexa, which can play music, answer questions, relay the day's news and more. The Echo has captured three-quarters of the U.S. market for smart speakers, with over 15 million total devices sold as of June, according to Consumer Intelligence Research Partners.

On Wednesday, Google, which has the other quarter of the market, unveiled a successor to its Google Home speaker.

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"[Trian] presents a compelling case that a limited degree of boardroom change would be beneficial. The addition of one well-qualified nominee, who holds a large economic stake, appears likely to have benefits that outweigh the potential risks. Support for dissident nominee Peltz is recommended."

"Given his extensive CPG experience, and his firm's analytical capability and significant portfolio exposure to P&G, Peltz appears far more like a vested shareholder who could help the board look around the next corner and avoid future missteps than simply a "what's the harm" addition."

GLASS LEWIS SAYS:

"[I]nvestors have an opportunity to encourage fresh discussion through the election of a qualified, well-established shareholder candidate backed by what we believe to be cogent, well-framed arguments and a set of strategic initiatives that should, at the very least, set the table for a more candid evaluation of P&G's risks and opportunities."

"[W]hile P&G is quick to point to the Company's existing restructuring effort, we consider there are relatively few decisively favorable metrics on which the board can hang its hat with confidence. In contrast, we find Trian more readily identifies a number of problematic trends – from TSR to operational growth metrics to market share – that suggest P&G's existing trajectory is less than attractive."

EGAN-JONES SAYS:

"The success of Mr. Peltz in Mondelez, Heinz, and Wendys, in our view, is a well-founded attestation of Trian's ability to reposition P&G as the top global provider of consumer products."

"We believe that the election of Mr. Peltz will encourage the very talented and competitive incumbent Board to step up its game and improve both the structure and performance of the firm in the long run."

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BUSINESS NEWS



Students who spent two summers working in internships were significantly more likely to have jobs six months after graduation.

Landing a Job After College

For recent graduates, good grades and internships are key to success, study says

By KELSEY GEE

Landing a good job after college can feel like a daunting process, but new research suggests the formula is pretty simple. Get excellent grades and take as many internship experiences as possible.

In addition to exceptional grades, the study, published this week by the National Association of Colleges and Employers, also found that students who spent two summers working in internship positions were significantly more likely to have jobs six months after receiving their diploma, compared with recent graduates with just one, and twice as likely to be employed than those with none. The odds of getting a job improve further for students who had three or more internships on their résumés before graduating.

Roughly 61% of students in 2017 had an internship during college.

More is better when it comes to internships, said Ms. Lierman, because accumulating a variety of work experiences deepens students' skill sets, and helps them rule out careers and jobs that aren't a good fit.

"We see students coming back from internships with a better understanding of whether or not they want to continue in a field, but also

are industry differences in the number of internships available to college students. Mount Holyoke launched a program in 2014 to ensure funding for all students who secure educational internships, which she said has correlated to an uptick in the number of students graduating with multiple experiences on their résumés.

Other colleges and universities have made internships and cooperative educational programs a graduation requirement for students. At Endicott College in Beverly, Mass., where students are required to complete at least three internships, more than 90% of students in each class land jobs in their field of study after graduation, said Laura Rossi-Le, undergraduate dean.

"That's very reassuring to parents, but importantly it also means that students are able to make connections between what they're learning in the classroom and the real world," said Ms. Rossi-Le.

The study didn't examine the effect a student's major or career interests had on his or her chances of gaining multiple internships, but Ms. Lierman said she suspects there

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Business Schools Report Surge in Recent Donations

By MICHELLE MA

Business schools across the country have announced several big gifts in recent weeks, possibly thanks to recent stock-market highs.

The University of Chicago, the University of Michigan and Iowa State University are among the universities whose business schools have received eight-figure donations in the past month. The University of Hawaii's Shidler College of Business also received a \$117 million gift from alumnus and investor Jay Shidler.

"We do see surges in gifts at times that the stock market is doing well," said Ann Kaplan, a director at the Council for Aid to Education, which tracks philanthropic giving to schools.

Although schools don't often disclose what form their gifts take, Ms. Kaplan said they are often appreciated stocks and other securities, an advantageous tax move for donors. The council doesn't col-

lect data on most B-school donations.

At a time of shifting demand for graduate business degrees, gifts are changing, too. Rather than pledging dollars for new academic buildings, donors are investing in a business school's ability "to change or to innovate" in a competitive environment, said Dan LeClair, an executive vice president at the Association to Advance Collegiate Schools of Business.

Donors also are placing more trust in schools to implement their vision, giving schools more discretion on how to direct funds. On his discussion with real-estate developer Stephen Ross about his \$50 million gift, "the conversation was me explaining to him our vision for the school and what we need in the next decade to bring it to life," said Dean Scott DeRue of the University of Michigan's Ross School of Business, named after Mr. Ross following a separate 2004 gift.

Airbnb Ad Head Exits

By SUZANNE VRANICA

Spencer Stuart to find a new chief marketing officer. Mr. Mildenhall said he would continue to work with Airbnb on a consulting basis.

Mr. Mildenhall said he decided to start a new firm, called 21st Century Brand, after being approached by many high-profile startups and venture-capital firms seeking marketing advice.

"I am 50 and I probably have one last chapter of my career left, and I feel I could make a bigger contribution to the marketing industry," said Mr. Mildenhall, whose career has included stints at Coca-Cola Co. and ad agencies.

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BUSINESS NEWS

Google Aims For Traction In Hardware

Tech giant reveals upgrades to Pixel, smart speakers after a mixed first year

By JACK NICAS

SAN FRANCISCO—Google is hoping the second time is the charm.

At the SFJAZZ Center on Wednesday, the tech giant unveiled the second generation of its line of hardware devices it introduced last year, including its Pixel smartphone and Google Home speaker, touting technology upgrades and sleeker designs.

Google, the core unit of Alphabet Inc., is betting the upgraded devices will help it crack the competitive market for consumer-tech devices and gain ground on juggernauts Apple Inc., Samsung Electronics Co. and Amazon.com Inc.

Google's new home speakers range in price from \$50 to \$400, challenging Apple at the top of the market and Amazon at the bottom.

Throughout Wednesday's event, Google focused on the devices' smarts as a main selling point, versus their hardware upgrades.

"To be honest, it's going to be tougher and tougher for

people to develop new exciting products each year because that is no longer the timetable for big leaps forward in hardware alone," Google hardware chief Rick Osterloh said.

The launches followed a mixed first year for Google's renewed hardware push. The devices received generally positive reviews, but the Pixel suffered from supply shortages and captured a tiny share of the market in the U.S. and abroad. Google Home put a small dent in the market share of Amazon's Echo competitor.

With the Pixel, Google is attempting to elbow into a field dominated by Samsung and Apple. The new versions—the \$650 Pixel 2 and larger \$850 Pixel 2 XL—include the ability to squeeze the phone to activate its virtual assistant and an upgraded camera.

Last month, Google bought part of Taiwanese phone maker HTC Corp., which helped develop the Pixel, for \$1.1 billion to accelerate its effort in smartphones. Google's first foray into phones, its purchase of Motorola Mobility for \$12.5 billion five years ago, was a flop.

Research firm IDC said Google had a 1% share of the U.S. smartphone market in the second quarter, compared with 32% for Apple and 32% for Samsung.



Google CEO Sundar Pichai attended Wednesday's consumer-product unveiling in San Francisco.

The Pixels don't include a headphone jack, following a controversial move by Apple last year. Google debuted \$160 wireless headphones called Google Pixel Buds, which have a feature to enable real-time translation between speakers using Google's translation service.

Regardless of the Pixel's upgrades, "Google's main challenge is now...to make them available to consumers on the shelves," Forrester analyst Thomas Husson said.

One major disadvantage for the Pixel: Verizon Communications Inc. is the only major carrier to sell it.

In a sign of that reliance, Google filled the front row at its event Wednesday with top Verizon salespeople.

Google's two new smart



Google is hoping to make headway with its latest devices.

speakers occupy the high and low ends of the rapidly growing market. One, the Google Home Max, is a large, loud \$400 speaker—priced to compete with Apple's coming \$350 HomePod—that Google says can tweak its sound to fit the dimensions of a room. The other, the Google Home Mini,

is a \$50 speaker that is smaller than a doughnut—and appears to be a smaller version of the one-year-old Google Home, which costs \$130. The new cheaper device points to competition with Amazon, which last week introduced several new versions of its market-leading Echo speaker.

AT&T to Keep Time Warner's Culture

By JOE FLINT

AT&T Inc. Chief Executive Randall Stephenson said the telecommunications giant isn't looking to bring a "telephone company culture" to Time Warner Inc. and "really screw it up" after it closes its pending \$85 billion acquisition of the media company.

Speaking at a conference Wednesday hosted by Vanity Fair in Beverly Hills, Calif., Mr. Stephenson said, "We are mindful that we are buying a business that we don't have a lot of experience." He added, "I am not a media tycoon" and won't be "reading scripts or anything."

AT&T's proposed acquisition of Time Warner, whose holdings include Warner Bros., HBO and CNN, is under review by the Justice Department. People close to the process don't anticipate the deal to close until late October at the earliest. In a sign the review has reached an advanced stage, AT&T has discussed potential merger conditions with the government, people familiar with the situation have said.

During the 2016 presidential campaign, then-candidate Donald Trump spoke out against the deal, saying his administration wouldn't approve it because "it's too much concentration of power in the hands of too few."

Antitrust enforcers ultimately make the decisions on mergers, though presidents can set the tone through appointments.

Mr. Stephenson also said he isn't planning on changing the leadership at CNN. The network and its president, Jeff Zucker, have been a target of Mr. Trump over its coverage of the administration. Mr. Stephenson stopped short of saying Mr. Zucker would definitely stay after the deal closes but said when AT&T acquires a company, it aims to retain successful management teams. CNN "is having a lot of success" and AT&T's goal is "to keep key talent in place," he said.

CNN also shouldn't play any part in the Justice Department's review of the acquisition, Mr. Stephenson said. "I don't understand what the relevance is of CNN to an antitrust review."

Mr. Stephenson said he believes that additional advertising revenue can be generated through more targeted commercials on Time Warner's Turner networks.

—Drew Fitzgerald contributed to this article.

Musk Stokes Debate Over U.S. Space Policy

By ANDY PASZTOR

of his projected dates are merely "aspirational."

But NASA doesn't envision getting astronauts to Mars until at least a decade later, a timeline the space agency is finding increasingly hard to defend amid criticism it is too slow.

Arguments over NASA's future coincide with Thursday's first meeting of a revived White House Space Council, intended to set governmentwide policy for launch programs and space priorities. Several of President Donald Trump's top national-security and economics advisers are expected to attend the public session, along with industry leaders such as Dennis Muilenburg, chief executive of Boeing Co., one of NASA's most important legacy contractors. Lockheed Martin Corp. CEO Marillyn Hewson also is expected to attend.

No major announcements are imminent, but some experts foresee the council taking the lead to reassess, and likely re-



NASA's heavy-lift rocket is called the Space Launch System.

structure, NASA's Mars endeavors. One possible scenario would involve eventually pitting Mr. Musk's unconventional SpaceX, as the company is known, against traditional NASA contractors, industry officials said.

White House officials have privately said they are focused on private-public partnerships

for space exploration. That should set the stage for "a much better future for NASA with a competitive market" for space exploration, according to Greg Autry, a University of Southern California professor who pushed that strategy as a senior member of the Trump administration's NASA transition team.

A SpaceX spokesman said

that "to increase the probability of success and to build greater public excitement for deep space exploration, we have long encouraged multiple paths to Mars."

In a statement, NASA also stressed cooperation. "A sustainable crew presence in deep space will require the best of NASA, our international partners and the private sector."

For NASA, funding remains quite murky. Despite expecting to spend as much as \$22 billion to accomplish an initial manned test flight slated early in the next decade, agency officials have no specific plans or funding earmarked for vehicles able to reach the Martian surface. Nonetheless, NASA's proposed heavy-lift rocket, called the Space Launch System, and Orion deep-space capsule continue to enjoy strong bipartisan support on Capitol Hill. That is partly because contracts and subcontracts are spread across dozens of states.

BUSINESS WATCH

PEMEX

Company Wins Oil-Field Partners

Petroleos Mexicanos, the state oil company known as Pemex, secured partners to increase production at mature onshore oil fields in southern Mexico, while an auction to join firms with private firms in two offshore fields yielded no bids.

Egyptian oil company Cheiron Holdings Ltd., part of Pico Group, won a contract Wednesday to join Pemex in developing the Cárdenas and Mora fields in Ta-

basco, and Germany's DEA Deutsche Erdöl made the highest offer for the Ogarrio field, also in Tabasco. Both offered the maximum royalties to the government and additional cash payments to win 50% stakes.

No bids were received for two fields in the Gulf of Mexico—Ayín and Batsil—under a production-sharing contract.

"At the end of the day the result is favorable for Pemex,

which will receive cash payments for more than \$500 million," Pemex's chief executive, José Antonio González Anaya, said.

—Anthony Harrup

OLA

Uber's Indian Rival Seeks Cash Injection

Uber Technologies Inc.'s rival in India, Ola, is in talks to raise as much as \$2 billion, a cash injection that would add fuel to its fight with the San Francisco ride-hailing firm in the world's second-most-populous country.

ANI Technologies Pvt.'s Ola, based in Bangalore, is in discussions to receive the funds from Japan's SoftBank Group Corp. and possibly one or more other backers, according to a person

familiar with the matter.

Ola, which launched in 2011 two years before Uber's arrival in India—is locked in battle with the U.S. firm for control of the Indian market, which could prove lucrative as millions of people join the internet economy via inexpensive smartphones.

An Ola spokesman declined to comment. SoftBank declined to comment.

Ola could use the money to hone its operations by adopting technologies to more efficiently deploy its fleet, according to the person familiar with its plans.

—Newley Purnell

A. SCHULMAN

Plastics Maker Explores Sale

Plastics maker A. Schulman Inc. is exploring a sale, according to people familiar with the matter.

A sales process is in the early stages, one of the people said,

and there is no guarantee a deal will materialize. The company is working with investment bankers at Citigroup Inc., the people said.

A. Schulman had a market value of \$1.1 billion as of Wednesday and nearly \$1 billion of debt.

Based in Fairlawn, Ohio, A. Schulman last year slashed its earnings guidance, blaming "deteriorating market conditions facing the industry."

A. Schulman's stock is up more than 20% over the past year because of confidence in a new CEO, some of the people said.

—Dana Mattioli

NOTICE OF PARTIAL REDEMPTION BY
PS BUSINESS PARKS, INC.
OF 8,800,000 DEPOSITORY SHARES
REPRESENTING INTERESTS IN ITS
6.00% CUMULATIVE PREFERRED STOCK, SERIES T

NOTICE IS HEREBY GIVEN that, pursuant to Section 3.05(c)(1) of the Restated Articles of Incorporation of PS Business Parks, Inc. ("PS Business Parks") and Section 2.8 of the Deposit Agreement dated as of May 3, 2012 (the "Deposit Agreement") by and among PS Business Parks, American Stock Transfer & Trust Company, LLC, as Depository (the "Preferred Stock Depository") and the holders from time to time of the depository receipts issued by the Preferred Stock Depository under the Deposit Agreement, PS Business Parks has called for redemption, and will redeem, on October 30, 2017 (the "Redemption Date"), 8,800 of the shares of 6.00% Cumulative Preferred Stock, Series T ("Preferred Stock"), and, in accordance with the Deposit Agreement, the Preferred Stock Depository will redeem, on the Redemption Date, 8,800,000 of the depository shares (the "Depository Shares") representing interests in the Preferred Stock.

The Company has elected to redeem Depository Shares held by holders of record on the Redemption Date on a pro rata basis. Cede & Co., as nominee of The Depository Trust Company ("DTC"), is the record holder of substantially all of the Depository Shares. DTC will determine the allocation of redemptions among broker-dealer firms by lottery, and each participant broker-dealer will in turn determine how redeemed Depository Shares are allocated among its underlying beneficial owners. Allocation procedures among different broker-dealers may vary, and PS Business Parks has no control over the allocation process of DTC or the broker-dealers. As a result, beneficial owners of Depository Shares may be redeemed on a pro rata basis; certain beneficial owners of Depository Shares may have a higher percentage of their Depository Shares redeemed, and certain beneficial holders may not have any Depository Shares redeemed. Beneficial owners of Depository Shares should contact their financial advisors for more specific details regarding their broker-dealers' allocation procedures.

On the Redemption Date, (1) PS Business Parks will deliver, or cause to be delivered, out of funds legally available therefor, to the Preferred Stock Depository \$220,000,000 plus a sum equal to all accrued and unpaid dividends in redemption of the Preferred Stock to be redeemed, and (2) the Preferred Stock Depository will pay to the holders of record of the Depository Shares being redeemed, in exchange for each Depository Share, \$25.00 plus a sum equal to all accrued and unpaid dividends from October 1, 2017 through the Redemption Date (the "Redemption Price").

Depository Receipts representing the Depository Shares redeemed, accompanied by proper instruments of assignment and transfer if payment is to be made other than to the registered holder(s), shall be surrendered for redemption at the following place:

By Mail, Overnight Courier or By Hand
American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219

Delivery of the foregoing instruments and documents to any other address shall not constitute valid delivery.

Or before the Redemption Date, PS Business Parks will deposit with the pro rata benefit of the holders of the Depository Shares called for redemption. On and after the Redemption Date, all Depository Shares and Preferred Stock called for redemption shall be deemed no longer to be outstanding; dividends thereon shall cease to accrue; and all rights with respect to the Depository Shares and Preferred Stock called for redemption shall forthwith at the close of business on the Redemption Date cease and terminate, except only the right of the holders thereof to receive the Redemption Price of the shares so redeemed, but without interest, upon surrender of their Depository Receipts.

Any moneys deposited by PS Business Parks and unclaimed at the end of five years from the Redemption Date shall, to the extent permitted by law, be repaid to PS Business Parks, after which repayment the holders of the Depository Shares called for redemption shall look only to PS Business Parks for the payment thereof.

PS BUSINESS PARKS, INC.



Indian ride-hailing firm Ola is looking to raise as much as \$2 billion to aid its battle against Uber.

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE ARCA, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS.
The list comprises the 1,000 largest companies based on market capitalization.
Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.
Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:
I-New 52-week high.
I-New 52-week low.
II-Discusses loss in the most recent four quarters.
FD-FIRST day of trading.
H-Does not meet continued listing standards.
I-Late filing
g-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy.
v-Trading halted on primary market.
b-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Wednesday, October 4, 2017

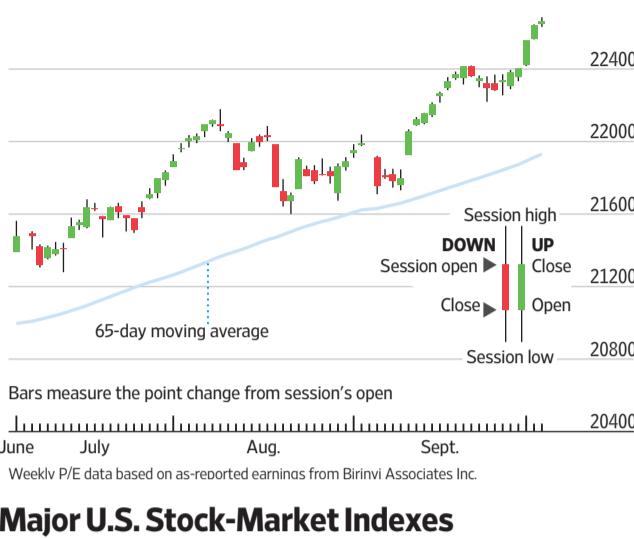
		Stock	Sym	Close	Net Chg	Stock	Stock	Sym	Close	Net Chg	Stock	Stock	Sym	Close	Net Chg	Stock	Stock	Sym	Close	Net Chg	Stock	Stock	Sym	Close	Net Chg				
ABB	ABB	BBT	BBT	46.37	-0.51	CentralsElBras	EBC	6.92	0.08	Infy	INFY	14.51	-0.04	NTTDoCoMo	DCM	22.76	0.07	RoyalCaribbean	RCL	121.67	2.67	UnderArmour	UA	15.03	-0.23	BrightHouse	BHF	59.48	-0.22
AECOM	AEC	ADM	ADM	36.51	-0.27	IngersollRand	IR	90.46	0.32	INGR	INGR	123.06	0.56	NVR	NVR	294.14	47.40	RoyalDutchA	RDS/A	60.90	...	Unilever	UL	59.26	0.06	Broadcom	AVGO	242.00	2.50
AES	AES	ADS	ADS	11.28	0.09	InterContinent	IHC	53.12	0.15	ICE	ICE	70.41	0.58	NGC	NGC	62.75	0.28	SAP	SAP	110.12	-0.82	Unilever	UL	57.76	...	CA	CA	33.66	0.09
Aflac	AFL	ADP	ADP	82.12	-0.11	IBM	IBM	146.48	-0.30	InterFlavor	IFF	146.65	0.74	EDP	EDP	43.27	0.17	NewOrlEduc	EDU	90.68	-2.04	UnitedPacific	UNP	113.77	-1.12	CB&I Holdings	CB&I	109.34	0.27
AGCO	AGCO	AGCO	AGCO	75.17	-0.17	Intertel	IP	57.78	0.39	IntlFlavors	IFF	146.65	0.74	Energy	ETR	78.41	-2.03	SLGreenTech	SLG	104.39	1.17	UnitedMicro	UMC	2.58	...	CDK Global	CDK	64.23	0.41
AT&T	T	AT&T	AT&T	39.50	0.02	Interpublic	IP	21.30	0.42	EnterpriseProd	EPD	25.97	-0.03	EnterpriseProd	EPD	25.97	-0.03	UnitedRental	UR	140.75	-1.96	CMG Group	CME	136.88	-0.45				
AbbottLabs	ABT	ABT	ABT	54.34	0.59	InvitationHomes	INH	28.22	0.19	Equifax	EFX	111.93	1.48	IronMountain	IRM	39.02	0.07	NewfieldExpln	NFX	30.30	-0.07	US Bancorp	USB	53.15	-0.32	CSX	CSX	182.81	-0.30
AbbVie	ABBV	ABBV	ABBV	89.90	0.20	JPMorganChase	JPM	100.09	0.03	EquityLife	ELS	88.19	0.98	JPMorganChase	JPM	100.09	-0.06	NextEnergy	NEE	148.57	1.68	Sanofi	SNY	50.03	0.23	CadenceDesign	CNS	40.25	0.19
Accenture	ACN	ACN	ACN	135.16	0.91	JPMorganChase	JPM	100.09	0.03	EquityResntl	ESR	66.52	0.97	KinneyCorp	KIN	53.12	0.10	NationalGrid	NGC	62.75	0.28	Carlyle	CAR	24.35	0.55				
AcuityBrands	AYI	AYI	AYI	178.33	8.67	KirklandSignature	KIRK	17.48	-0.04	ExxonMobil	XOM	80.78	0.03	EssexProp	ESS	257.57	3.88	IsraelChemicals	ICL	4.41	-0.01	Elgen	ELG	35.00	0.05	Microsemi	MICR	39.56	-0.81
Adient	ADNT	ADNT	ADNT	85.07	-0.01	KirklandSignature	KIRK	17.48	-0.04	FidelityNetFin	FNF	109.94	1.49	KirklandSignature	KIRK	17.48	-0.04	Leidos	LDOS	11.50	0.17	Cerner	CERN	71.79	-0.26				
AdvanceAuto	AAP	AAP	AAP	94.93	-0.05	KirklandSignature	KIRK	17.48	-0.04	FactSet	FDT	181.14	-1.94	KirklandSignature	KIRK	17.48	-0.04	NorthropGrumman	NOG	29.28	0.25	Middleby	MIDD	128.84	0.95				
AdvSemEngg	ASX	ASX	ASX	6.17	-0.03	KirklandSignature	KIRK	17.48	-0.04	FidelityNetFin	FNF	109.94	1.49	EverestRe	RE	27.77	-1.62	NielsenHoldings	NLSN	41.50	0.17	Momco	MOM	31.77	-0.51				
Aegon	AEG	AEG	AEG	5.64	-0.15	KirklandSignature	KIRK	17.48	-0.04	FirstSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NielsenHoldings	NLSN	41.50	0.17	Mondelez	MDLZ	41.02	0.08				
AerCap	AER	AER	AER	51.99	-0.15	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthropGrumman	NOG	29.28	0.25	MerckleLibre	MELI	263.81	-0.55				
Aetna	AET	AET	AET	163.21	0.20	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	MicrochipTech	MCHP	91.60	0.88				
AffiliatedMtrs	AMG	AMG	AMG	195.08	2.21	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
AigleTechs	A	A	A	65.83	0.68	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
Aiglon	AEG	AEG	AEG	45.44	-0.27	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
AirProducts	APD	APD	APD	152.90	-0.29	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
AlaskaAir	ALK	ALK	ALK	80.84	0.69	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
Albemarle	ALB	ALB	ALB	139.22	0.80	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
Alcoa	AA	AA	AA	47.91	-0.40	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
AlexandriaRealEst	ARE	ARE	ARE	120.01	1.09	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
Alibaba	BABA	BABA	BABA	178.71	0.15	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
Allegion	ALLE	ALLE	ALLE	86.73	-0.74	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
Allergan	AGN	AGN	AGN	208.39	-1.41	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
AllianceData	ADS	ADS	ADS	225.71	-0.04	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.60	0.44	EverestRe	RE	27.77	-1.62	NorthWestCorporation	NWC	115.23	-0.22	Microsemi	MICR	39.56	-0.81				
Allianz	ALL	ALL	ALL	170.70	-0.02	KirklandSignature	KIRK	17.48	-0.04	ExtraSpaceSt	FST	79.6																	

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

22661.64 ▲ 19.97, or 0.09%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

June July Aug. Sept. 20400

Weekly P/E data based on as-reported earnings from Birnvi Associates Inc.

S&P 500 Index

2537.74 ▲ 3.16, or 0.12%
High, low, open and close for each trading day of the past three months.



June July Aug. Sept. 2375

Nasdaq Composite Index

6534.63 ▲ 2.91, or 0.04%
High, low, open and close for each trading day of the past three months.



June July Aug. Sept. 5900

Major U.S. Stock-Market Indexes

	Latest					52-Week					% chg		
	High	Low	Close	Net chg	% chg	High	Low	% chg	YTD	3-yr. ann.			
Dow Jones													
Industrial Average	22685.94	22632.80	22661.64	19.97	▲ 0.09%	22661.64	17888.28	24.0	14.7	10.0			
Transportation Avg	10010.44	9917.89	9921.84	-51.96	-0.52%	9973.80	7967.02	22.1	9.7	5.4			
Utility Average	731.73	722.26	731.65	8.06	▲ 1.11%	754.80	625.44	13.7	10.9	9.6			
Total Stock Market	26391.45	26300.19	26358.08	25.20	▲ 0.10%	26358.08	21514.15	17.8	13.2	8.9			
Barron's 400	686.84	683.67	684.81	-0.71	-0.10%	685.51	521.59	24.1	13.8	10.0			

Nasdaq Stock Market

Nasdaq Composite	6546.46	6513.12	6534.63	2.91	▲ 0.04%	6534.63	5046.37	22.9	21.4	13.4			
Nasdaq 100	6009.81	5976.12	5998.84	3.78	▲ 0.06%	6004.38	4660.46	23.0	23.3	14.2			

Standard & Poor's

500 Index	2540.53	2531.80	2537.74	3.16	▲ 0.12%	2537.74	2085.18	17.5	13.4	8.8			
MidCap 400	1817.67	1810.46	1814.21	-1.26	-0.07%	1815.47	1476.68	17.7	9.3	10.0			
SmallCap 600	919.56	913.11	914.86	-3.86	-0.42%	918.72	703.64	21.1	9.2	12.9			

Other Indexes

Russell 2000	1514.77	1505.07	1507.76	-4.20	-0.28%	1511.97	1156.89	20.8	11.1	10.9			
NYSE Composite	12320.03	12289.17	12304.67	1.79	▲ 0.01%	12304.67	10289.35	15.2	11.3	5.0			
Value Line	545.86	543.64	544.26	-0.52	-0.10%	544.78	455.65	12.7	7.5	4.5			
NYSE Arca Biotech	4297.78	4256.70	4296.94	20.83	▲ 0.49%	4296.94	2834.14	27.2	39.7	11.6			
NYSE Arca Pharma	553.08	550.98	552.12	1.05	▲ 0.19%	552.12	463.78	7.3	14.7	1.3			
KBW Bank	99.84	99.16	99.23	-0.58	-0.58%	99.81	70.90	36.3	8.1	11.4			
PHLX® Gold/Silver	86.86	85.97	86.50	0.52	▲ 0.61%	96.72	73.03	3.1	9.7	3.3			
PHLX® Oil Service	140.12	138.26	138.95	-0.02	-0.02%	192.66	117.79	-16.2	-24.4	-18.3			
PHLX® Semiconductor	1185.33	1174.60	1185.24	2.81	▲ 0.24%	1185.24	802.88	42.2	30.8	23.9			
CBOE Volatility	9.88	9.53	9.63	0.12	▲ 1.26%	22.51	9.36	-25.9	-31.4	-12.9			

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low
SPDR S&P 500	SPY	13,913.6	253.16	...	unch.	253.27	252.84	
Lloyds Banking Group ADR	LYG	12,149.9	3.65	0.01	0.26	3.65	3.64	
Whiting Petroleum	WLL	6,079.7	5.39	0.02	0.37	5.41	5.35	
Van Eck Vectors Gold Miner	GDX	5,442.1	23.39	-0.03	-0.13	23.44	23.35	
Cnsmr Staples Sel Sector	XLP	5,375.8	54.20	0.09	0.17	54.20	54.11	
Comcast Cl A	CMCSA	4,868.8	38.59	...	unch.	38.69	38.34	
iShares MSCI EAFE ETF	EFA	3,810.6	68.52	...	unch.	68.56	68.51	
Industrial Select Sector	XLI	3,777.3	71.78	...	unch.	71.82	71.72	

Trading Diary

Volume, Advancers, Decliners

<

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)-100,000 lbs.; \$ per lb.	2,9530	2,9530	2,9440	2,9445	-0.0040	1,970
Oct	2,9575	2,9720	2,9470	2,9590	-0.0045	175,760
Dec	2,9575	2,9720	2,9470	2,9590	-0.0045	175,760
Gold (CMX)-100 troy oz.; \$ per troy oz.	1,273.80	1,280.80	1,270.00	1,273.70	2.20	489
Oct	1,274.50	1,285.00	1,273.10	1,276.80	2.20	416,075
Feb'18	1,278.30	1,288.70	1,277.20	1,280.90	2.20	55,678
April	1,282.60	1,290.00	1,282.00	1,284.80	2.20	11,153
June	1,286.20	1,295.00	1,286.20	1,288.70	2.20	10,740
Dec	1,303.20	1,305.00	1,299.00	1,300.50	2.20	10,895
Palladium (NYM)-50 troy oz.; \$ per troy oz.	916.20	925.25	914.10	919.65	2.75	29,363
Dec	916.20	925.25	914.10	919.70	2.55	1,200
Platinum (NYM)-50 troy oz.; \$ per troy oz.	912.60	912.60	911.50	910.60	-0.50	105
Jan'18	915.40	925.90	912.90	914.80	-0.70	67,357
Silver (CMX)-5,000 troy oz.; \$ per troy oz.	16.645	16.820	16.515	16.563	-0.018	549
Dec	16.665	16.920	16.555	16.624	-0.026	143,274
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.	50.16	50.67	49.76	49.98	-0.44	513,316
Dec	50.50	50.96	50.11	50.32	-0.42	353,964
Jan'18	50.72	51.18	50.38	50.60	-0.39	231,586
March	50.97	51.40	50.72	50.92	-0.30	206,537
June	50.94	51.34	50.78	50.99	-0.19	194,866
Dec	50.31	50.87	50.31	50.64	-0.05	256,537
NY Harbor UlSD (NYM)-42,000 gal.; \$ per gal.	1,746.00	1,777.60	1,738.2	1,773.90	0.024	125,655
Dec	1,7411	1,7747	1,7384	1,7708	0.0204	88,410
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.	1,5491	1,5899	1,5428	1,5805	0.0150	138,623
Dec	1,5435	1,5759	1,5391	1,5685	0.0102	78,424
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu.	2,905	2,977	2,898	2,940	0.045	344,972
Dec	3,097	3,159	3,089	3,122	0.037	135,507
Jan'18	3,221	3,286	3,218	3,247	0.030	157,846
Feb	3,225	3,288	3,223	3,248	0.026	90,487
March	3,179	3,240	3,175	3,201	0.025	130,494
April	2,911	2,953	2,910	2,933	0.027	129,431

	Contract Open	High	Low	Settle	Chg	Open interest
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Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.	Dec	349.25	349.50	346.00	348.25	-1.25	808,649
March'18	362.00	362.50	359.00	361.25	-1.00	256,022	
Oats (CBT)-5,000 bu.; cents per bu.	Dec	250.75	250.75	246.00	246.25	-5.00	4,395
March'18	252.00	253.50	251.25	250.25	-5.25	1,263	
Soybeans (CBT)-5,000 bu.; cents per bu.	Nov	955.25	961.75	952.75	958.25	3.00	330,242
Jan'18	966.00	972.25	963.50	968.75	2.75	129,652	
Soybean Meal (CBT)-100 tons; \$ per ton.	Oct	308.40	308.90	305.80	306.90	-40	1,984
Dec	312.00	313.10	309.80	311.00	-50	172,566	
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.	Oct	32.44	32.98	32.44	32.99	.48	815
Dec	32.69	33.25	32.69	33.23	.48	185,321	
Wheat (CBT)-5,000 bu.; cents per bu.	Nov	1203.50	1217.50	1201.00	1203.00	1.50	8,431
Jan'18	1230.50	1234.00	1230.50	1231.50	2.00	1,562	
Wheat (CBT)-5,000 bu.; cents per bu.	Dec	448.75	449.25	441.50	442.00	-6.00	245,363
March'18	465.50	466.50	459.75	460.50	-5.00	88,762	
Wheat (KCI)-5,000 bu.; cents per bu.	Dec	442.50	443.25	435.50	436.00	-5.75	135,444
March'18	459.75	460.75	453.25	453.75	-5.50	75,818	
Wheat (MPLS)-5,000 bu.; cents per bu.	Dec	612.75	616.50	607.75	610.00	-2.25	36,993
March'18	626.00	629.00	621.00	623.50	-2.50	23,746	
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.	Oct	153.150	153.425	152.000	152.100	-3.25	9,968
Nov	154.725	155.400	153.425	153.500	-800	22,015	
Cattle-Live (CME)-40,000 lbs.; cents per lb.	Oct	109.225	110.325	109.050	109.075	-0.025	32,458
Dec	115.200	116.325	114.875	114.925	.025	148,658	
Hogs-Lean (CME)-40,000 lbs.; cents per lb.	Oct	60.500	61.050	59.825	60.325	.450	21,576
Dec	62.300	62.900	61.825	61.900	-175	120,382	
Lumber (CME)-10,000 bd ft.; \$ per 1,000 bd ft.	Nov	412.30	412.30	405.30	408.80	-1.60	4,293
Jan'18	401.00	401.50	394.70	398.70	-2.10	1,195	
Milk (CME)-200,000 lbs., cents per lb.	Oct	16.45	16.75	16.41	16.63	.20	4,462
Nov	16.30	16.55	16.22	16.49	.21	4,386	

	Contract Open	High	Low	Settle	Chg	Open interest
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Cocoa (ICE-US)-10 metric tons; \$ per ton.	Dec	2,091	2,102	2,063	2,078	-4	128,350
March'18	362.00	362.50	359.00	361.25	-1.00	66,534	
Coffee (ICE-US)-37,500 lbs.; cents per lb.	Dec	126.20	126.40	124.40	125.15	-30	111,404
March'18	129.55	129.85	127.90	128.70	-30	48,354	
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.	Dec	14.08	14.35	14.15	14.35	.20	116,078
March'18	14.08	14.35	14.15	14.35	.20	116,078	
Swiss Franc (CME)-CHF 125,000; \$ per CHF	Dec	1,3246	1,3295	1,3241	1,3253	.003	170,123
March'18	1,3263	1,3263	1,3236	1,3277	.003	170,123	

Interest Rate Futures

Treasury Bonds (CBT)-\$

NEW HIGHS AND LOWS

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE Mkt and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session.
% CHG-Daily percentage change from the previous trading session.

Wednesday, October 4, 2017

NYSE highs - 232

IndependenceHldg **IHC** 26.55 -0.4 Unifirst **UNF** 155.60 ...

InterstateBldg **IBP** 67.15 -2.9 UniMktGroup **UNM** 51.82 0.2

Intertel **I** 6.52 16.6 ValeroEnergy **VLO** 77.82 0.2

AMN Healthcare **AMN** 46.60 -0.7 VersumMaterials **VSM** 39.71 -2.7

AVX **AVX** 18.68 0.3 IntrepidPotash **IPF** 146.92 0.5 VirtusGblMulti **VGM** 18.30 0.3

AdvanSix **ASIX** 42.20 1.1 InvescoMkt **IVR** 17.35 -0.1 Walker+Unlwp **WU** 54.27 -0.8

AerCap **AER** 52.34 0.3 ItauUnibanco **ITUB** 14.35 -0.1 Watsons **WWD** 16.35 0.9

AffiliatedMtrs **AMM** 195.81 -0.2 JpmMorganChase **JPM** 97.44 -1.0 WestlakeChem **WLK** 85.36 -0.4

AirProducts **APD** 153.57 -0.2 JohnBeanTech **JBT** 102.45 -1.1 Workiva **WVA** 22.19 0.9

AlabamaPwrCorp **ALPAQ** 25.92 -0.2 JuulJpnHoldings **JP** 17.22 -6.8 WW Ent **WWYE** 21.65 -0.6

AlbanyIntl **AIN** 58.88 -0.1 KAR Auction **KAR** 48.65 -0.6 Yello **YELP** 46.16 0.6

NYSE lows - 12

AvonProducts **AVP** 2.26 -3.8

BallyTotalUmts **HTUS** 27.72 0.1 CheetahMobile **CMMJ** 7.99 -4.5

ChinaMobile **CH** 50.33 -0.7 CobaltEnergy **CIE** 1.26 -5.1 IQGlobalResources **GRES** 27.46 0.3

ComstockRscs **CRK** 4.89 -2.6 iQHedgeEventDrivn **QED** 21.28 0.2

CronosTech **CRT** 13.58 -2.6 LibertyAllStar **USA** 6.09 0.8

Ameriprise **AMP** 151.03 0.3 LbrytMktAscntrn **CVY** 21.78 -0.2

Amtek **AME** 67.05 0.1 Kemper **KMPR** 25.50 0.4

Allegion **ALLE** 87.76 -0.8 Koperners **KOP** 47.90 -0.3

AlpineGldByn **AGG** 10.79 -0.1 KronosWorldwide **KRO** 24.37 -2.7

AlpnGlpProp **AWP** 6.79 -0.4 LaatAmDiscv **LDF** 12.59 0.3

AlpineTottDvn **AWT** 0.93 -1.2 Lenbar **N** 17.99 -0.6 LennarA **LEN** 56.44 1.9

AmerStWater **AWX** 51.98 -0.1 Lenmar **A** 17.35 -0.2 LgndHldrs **LGND** 13.58 -0.2

AmerVanguard **AVD** 23.95 -1.2 LibertyAllStar **USA** 6.09 0.8

Amerprise **AMP** 151.03 0.3 LbrytMktAscntrn **CVY** 21.78 -0.2

Amtek **AME** 67.05 0.1 Ellul **LLY** 25.76 0.2

Amphenol **APH** 85.88 0.9 LockheedMartin **LMT** 314.00 0.1

AnixterInt'l **AXE** 88.30 -0.9 Msci **MSCI** 120.19 1.4

ArdmoreShipping **ASC** 9.00 -1.1 ManchesterUnited **MANU** 18.35 -0.3

BancroBdPrcs **BBD** 11.76 0.2 Manpower **MTRW** 9.21 -1.4

BankoAntChile **BSAC** 30.77 -0.4 Markel **MKL** 106.98 0.1

BankoAmWta **BIAW** 18.30 -0.7 Matricon **MTR** 44.80 -0.8

BankoAmerica **BAC** 25.95 -0.6 Medfasi **MED** 61.38 0.2

BankoButfield **NTB** 37.03 -0.8 MerrittHomes **MTH** 46.25 0.5

BarnesGroup **B** 7.28 -2.8 Metlife **MET** 52.73 0.2

BeazerHomes **BZH** 19.83 0.3 MetllerToledo **MTD** 646.37 0.5

Belden **BDC** 83.90 -0.3 MillersIndustries **MLR** 29.00 -0.2

BenchmarkElec **BHE** 35.45 -0.7 MindeMfg **MOD** 20.00 1.3

BerkHathwy A **BRKA** 279.60 -0.4 Monsanto **MON** 120.00 0.1

BerkHathwy B **BRKB** 186.67 -0.1 Monroy's **MCO** 5.43 1.3

BlackKnight **BK** 43.05 -0.2 Moon B **MOB** 87.42 0.7

BlickRkEnDriv **BDI** 9.14 -0.1 MoonlightMartin **LMT** 314.00 0.1

MortgageHomes **MTH** 46.25 0.5 Npdc **NPDC** 24.37 -2.7

MS MktdFnd **MSMF** 17.00 -0.1 NpdcBrdPrcs **SBDI** 31.93 1.9

MyersIndustries **MRK** 47.80 -0.3 NpdcLndRgns **SIZZ** 47.80 -0.4

Ncr **NCI** 193.00 -0.1 NpdcMktCrd **PCII** 23.30 -0.1

OttoGroup **CT** 74.74 -0.1 PbskParksPdx **PSPBX** 25.45 0.6

CityOfficeREIT **CIO** 13.90 -0.1 ParkerHanifin **PH** 178.13 0.0

CousinsProperties **CUZ** 9.57 -0.2 Pentair **PNR** 70.51 0.6

QryLife **CRY** 23.70 0.9 PerkinElmer **PKI** 70.27 0.2

Cummins **CMI** 172.72 0.5 PherbTal **PT** 46.36 -0.3

DevInDivno **DNDI** 10.83 -0.1 Phtx **PHTX** 41.80 -0.7

DigitalRtyPlf **DPJ** 25.15 -0.5 PhtxRgl **PRX** 41.80 -0.7

DividendHldcs **DNI** 12.99 -0.1 QuotientTech **QUOT** 17.20 0.0

DollarGeneral **DG** 82.38 -0.1 Rexnord **RDN** 26.11 -0.7

Domtar **UFS** 44.72 0.2 Rockwell **ROK** 182.69 -0.9

Dover **DOV** 93.92 -0.7 Rogers **ROG** 137.36 -0.3

DowDuPont **DWDP** 70.91 -0.1 Rollin **ROL** 46.36 -0.2

EatonVaronc **EV** 50.40 -0.7 RoperTech **ROP** 251.10 -0.1

ElPasoElectric **EDF** 10.83 -0.1 Praxair **PX** 142.97 -0.1

DeutscheStratn **KST** 12.53 -0.1 Progressive **PGR** 49.30 -0.2

DigitalRtyPlf **PRJ** 25.15 -0.5 QuanexBldg **QX** 23.30 -0.4

DividendHldcs **RDH** 27.13 -0.4 QuotientTech **QUOT** 17.20 0.0

QuotientTech **QT** 27.13 -0.4 QuotientTech **QUOT** 17.20 0.0

Rexnord **RDN** 27.00 -0.1 QuotientTech **QUOT** 17.20 0.0

Rexnord **RDN** 27.00 -0.

BANKING & FINANCE



A bitcoin-mining facility in China. Chinese officials say they are cracking down because fundraising projects linked to digital currencies may involve fraudulent activities.

Lawmaker Asks SEC To Delay Trade Log

By DAVE MICHAELS

WASHINGTON—One of Congress's leading overseers of Wall Street urged regulators to delay the launch of a vast database of stock-market trades that is seen as a major target for hackers.

The comments Wednesday by Rep. Jeb Hensarling (R., Texas), chairman of the House Financial Services Committee, add to pressure on Securities and Exchange Commission Chairman Jay Clayton to postpone the database's launch or scale back its content after he disclosed last month that hackers accessed an SEC system that stores market-moving information.

At a hearing of the House panel, Mr. Hensarling pressed Mr. Clayton to push back a Nov. 15 deadline for stock and options exchanges to begin reporting orders and trades to the database, called the Consolidated Audit Trail. Mr. Clayton defended the SEC's need for data critical to its mission, but said he is considering whether to restrict the data that regulators access in order to reduce the risk it could be stolen by hackers.

The Consolidated Audit Trail would collect data on stock and options trades.

In China, Selling in the Shadows

In wake of clampdown on digital currencies, investors offered deals in secretive settings

By CHUIN-WEI YAP

Three days after Chinese regulators outlawed cryptocurrency fundraising in September, a woman met with a half-dozen individuals at a Beijing golf club to pitch a digital-currency investment opportunity.

Over an hour and a half, the woman, who introduced herself as Ms. Zhang, said she represented a logistics company that was selling a new investment, one that could help buyers get as much as a 40-fold return on their money in two to three years, according to an audio recording of the presentation reviewed by The Wall Street Journal.

"We are basically a financing project," Ms. Zhang told attendees. "It's called virtual currency."

As China widens a crackdown on exchanges and at-

tempts to limit private trading venues for digital currencies, clandestine sales pitches seeking as much as \$100,000 per investor are taking place out of regulators' sight, according to investors and traders. Some of the activity that used to take place on widely accessible online platforms is shifting to low-profile offices and online messaging services.

At a cryptocurrency conference in Hong Kong last month, participants discussed ways in which trading in bitcoin and other digital currencies could continue despite China's crackdown. "You can close the exchanges, but you can't shut off the demand for such investment products," said Leon Liu, chief executive of Bitkan, a bitcoin-trading firm in Shenzhen.

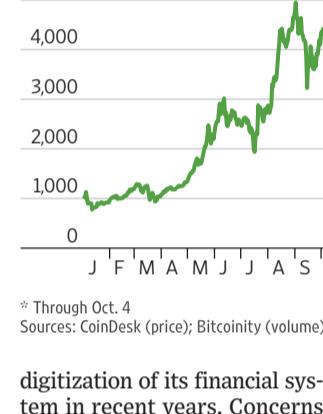
"The government doesn't have any way of policing offline sales" of cryptocurrencies, he added. Mr. Liu said Bitkan doesn't pitch digital-currency investments that could be illegal.

Hawked in some cases as fail-safe investments, virtual currencies rode China's swift

An Uncertain Future

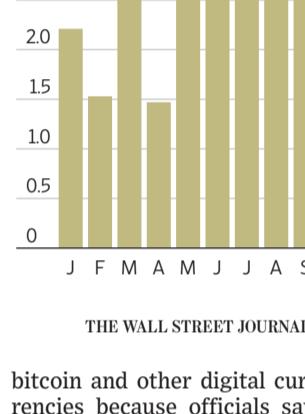
China's crackdown on cryptocurrency trading has clouded a rally in bitcoin markets.

Bitcoin price*



* Through Oct. 4
Sources: CoinDesk (price); Bitcoinity (volume)

Bitcoin trading volume



THE WALL STREET JOURNAL.

digitization of its financial system in recent years. Concerns over irrational exuberance increased after individuals began piling into digital-currency investment programs that Chinese police said in some instances resembled pyramid schemes.

China is cracking down on

bitcoin and other digital currencies because officials say they suspect fundraising projects linked to these instruments involve fraudulent activities.

"A lot of the initial coin offerings were just scams to get money without clear rules on returns for the investor," said

Regina Lai, commercial director for Sosobtc, a financial-technology information portal.

Typically, an initial coin offering is a method to raise capital by which a tech startup, for example, creates a new virtual coin or token and offers it for public sale.

Police in China's southern city of Haikou in May broke up what they described as a 28-person ring that they alleged siphoned \$620 million in illegal investments from 40,000 investors, the provincial government said. The group had promoted a virtual-currency investment called "Asia-Europe Coin," which it allegedly told investors could increase 200 times in value in less than a year, police said. Promoters of the alleged scheme couldn't be reached for comment.

Since the clampdown, seminars organized around cryptocurrency investing that once drew hundreds of people have been scaled back and are continuing in smaller settings, according to individuals who have been invited to such meetings.

"With the Consolidated Audit Trail serving as a central repository for order and trading activity data, I urge the SEC to delay its implementation date until the commission can ensure that the appropriate safeguards and internal controls are in place to protect this data," Mr. Hensarling said.

The latest attack on the audit trail comes seven years after the SEC mandated its construction and spelled out what it should contain. Regulators accelerated the project—a complete inventory of market activity—after their failure to immediately explain the 2010 "flash crash" in which the Dow Jones Industrial Average plunged almost 1,000 points before quickly recovering.

The SEC finally approved the CAT plan last November, after years of proposals, delays and intra-industry fights over how it would be financed. Beyond trading data, it will hold personal information about individuals sending trades to their brokers, such as Social Security numbers and dates of birth.

Mr. Clayton said such granular data would allow regulators to more quickly identify insider trading. Having previously said that reporting to the audit trail shouldn't be delayed, Mr. Clayton said Wednesday that the SEC wouldn't download information from the database until he is satisfied that regulators need all of the data that the CAT would provide and can protect it.

Mr. Clayton's remarks Wednesday are likely to be seen as positive by exchanges, which fear they would be the target of lawsuits if valuable data is stolen.

Payday Firms Draft Borrowers in CFPB Fight

By YUKA HAYASHI

WASHINGTON—Florida payday lender Amscot Financial Inc. in the summer of 2016 rounded up about 600,000 letters from customers protesting a regulator's plan to clamp down on high-interest loans.

The letters, many handwritten, were scanned, packed in 131 cartons and shipped to Washington.

The unusual campaign by Amscot was part of a fight between the payday industry and consumer advocates to try to sway the Consumer Financial Protection Bureau, which is expected in the coming days to introduce federal oversight of the \$38.5 billion industry.

Payday loans are used by an estimated 10 million to 12 million Americans every year, many of whom live paycheck to paycheck.

The loans are typically a few hundred dollars and due in two weeks, or on the borrower's next payday. Their annualized interest rates, which can rise to nearly 400%, have long troubled regulators.

The CFPB rule would supplement a mishmash of state rules. It would likely require lenders to assess borrowers' ability to repay and make it harder to roll over loans, a lu-



Amscot CEO Ian MacKechnie made paper and pens available to customers to write letters.

crative part of the business. The practice, by which customers take out new loans to repay old ones, often leads to snowballing fees.

Lenders say such requirements would wipe out the market for short-term payday loans.

The battle over the payday rule offers a glimpse into the changing landscape of rule making and the tactics employed to influence regulators.

The CFPB received 1.41 million comments on the payday

rule during the comment period between July and October 2016—by far a record for the six-year-old bureau.

Payday-industry executives say more than one million comments came from opponents of the new rule, while consumer groups say those who support the rule were responsible for about 400,000 entries.

In addition to the realms of paper comments, experts say the total was boosted by the use of software that prewrites comments for people to sub-

mit electronically.

Agencies are using software to identify identical or similar comments. The CFPB's 1.41 million tally includes all the comments it received on the rule, although the agency labels some comments "duplicates" or "substantially similar" when posting them online. The payday industry says the labeling shows the CFPB isn't paying sufficient attention to individual comments from customers.

A CFPB spokesman said the bureau is "committed to en-

suring that all of its regulations reflect a thorough and balanced review of stakeholder viewpoints," including consideration of public comments.

Payday lenders encouraged hundreds of thousands of customers to pen personal narratives when they came into their stores to take out loans. Many other customers signed pre-written letters. "We made blank paper and pens available for them," said Ian MacKechnie, chief executive of Amscot, which has 240 stores in Florida.

"The cash advance helps me with my bills. I need it every month," Amscot customer Dennis Schneider of Lakeland, Fla., said in a handwritten letter.

"The government shouldn't tell me when I can have a loan. I'm smart enough to make my own decisions," opined David Hernandez of Hialeah, Fla.

Consumer groups, which relied on methods including online petitions, say their effort was drowned out by the lenders' letter-writing drives. "This is just one bullet point in a long list of tactics that payday lenders have deployed to block this rule any way possible," said Diane Standaert, director of state policy at the Center for Responsible Lending.

—James V. Grimaldi contributed to this article.

WELLS FARGO Details on Mortgage Fee Refund Offered

Wells Fargo & Co. said it is refunding certain customers who may have wrongfully paid fees for mortgage lock extensions.

The bank on Wednesday gave additional details on its plans after Chief Executive Timothy Sloan mentioned the refunds during a congressional hearing Tuesday.

The San Francisco-based bank said it would reach out to all home-lending customers who paid fees for mortgage rate lock extensions from Sept. 16, 2013, through Feb. 28, 2017, about 10,000 customers.

Wells Fargo said it expects the first refunds will go out by year-end.

Customers in the time frame the bank examined paid a total of \$98 million in fees, and the bank said it expects refunds to be lower than that total because "a substantial number of those fees were appropriately charged."

Over the summer, the bank disclosed in a quarterly securities filing that it was reviewing policies and procedures around mortgage rate lock extension fees following media reports on the matter. It also disclosed that the Consumer Financial Protection Bureau was investigating the situation.

Wells Fargo said in Wednesday's news release the decision to issue refunds followed an internal review that found its policy implemented in September 2013 wasn't consistent.

—Emily Glazer

EXECUTIVE MOVES

Rockefeller & Co. Names Fleming CEO

Greg Fleming, a well-known Wall Street executive, is resurfacing nearly two years after leaving his role at Morgan Stanley as a top lieutenant of Chief Executive James Gorman.

Rockefeller & Co., the family office of 19th-century oil baron John D. Rockefeller, named Mr. Fleming its new chief executive officer, part of a deal in which the firm will be acquired by hedge-fund firm **Viking Global Investors** LP and recast as an adviser and asset manager to the ultrawealthy.

The deal is a reboot for the 135-year-old firm and a comeback for the 54-year-old Mr. Fleming, who came close to the

top jobs at Merrill Lynch & Co. and Morgan Stanley but fell short at both.

Since leaving Morgan Stanley in 2016, he has flirted with a few high-profile Wall Street firms and tended to a client roster that includes Canadian billionaire Paul Desmarais and former New York Yankee Derek Jeter, whom Mr. Fleming advised on the \$1.2 billion purchase of the Miami Marlins baseball team by a consortium.

With Viking's backing, Mr. Fleming will be charged with turning a storied family office with \$16.6 billion in assets into a broader firm serving wealthy families, endowments, nonprofit foundations and other institutional investors. "The resonance of the [Rockefeller] name is huge," Mr. Fleming said.

—Liz Hoffman



Greg Fleming advised Derek Jeter on the purchase of the Marlins.

MARKETS

U.S. Oil Exports Hit Fresh Record

BY ALISON SIDER

U.S. crude exports are blasting through records, approaching a level that is almost as much as Kuwait sends abroad.

U.S. crude exports surged to a record 1.984 million barrels a day last week—an increase of

ENERGY MARKETS close to 500,000 barrels a day from the previous week's level, which was also a record.

The export rate is more than twice as high as it was a month ago. Until these past two weeks, the most that had ever been shipped from U.S. shores was 1.3 million barrels of crude a day—a level reached in May.

Kuwait ships more than two million barrels of oil abroad a day. The U.S. is still an oil importer. But net imports of crude fell to a record low last week, analysts at Citigroup said in a research note. Almost all of the foreign crude brought to the U.S. last week was from Canada, the analysts said, noting that the data was "a harbinger of a more sustainable trend to come."

The primary reason for the rapid increase is that U.S. crude is cheap. Last month West Texas Intermediate, the U.S. benchmark, fell to as much as \$6.80 below Brent, the global benchmark. That is its biggest discount to the global price since before a ban on most crude exports was lifted in late 2015, and it is more than enough to cover the cost of shipping tankers to Europe and Asia.

The recent jump isn't a sur-

prise: Observers had been predicting a flood of exports after Hurricane Harvey scrambled global energy markets. U.S. refiners curtailed oil purchases when they were shut down during the storm, so the U.S. benchmark prices languished even as global prices were on the rise.

Canada remains the biggest destination for barrels leaving the U.S., according to federal data as of July. But Latin America, Europe and, increasingly, Asia are also clamoring for the oil.

China has emerged as the second-largest buyer of U.S. oil this year. In the first half of the year, China imported an average of 180,000 barrels of oil a day from the U.S., nearly nine times more than its imports during the same period last year.

Still, exports may not continue at this level. Higher global demand will likely help lift U.S. prices, helping to narrow the price difference, analysts said. And Chinese appetite for foreign crude waned in August, falling to its lowest level of the year at eight million barrels a day as the country slowed its strategic stockpiling, according to brokerage PVM Oil Associates.

But others say oil will likely continue to flow from U.S. shores at higher rates as long as U.S. producers keep pumping.

"It's going to continue," said Vikas Dwivedi, an analyst at Macquarie. "Eventually it won't be a Harvey bump. The status quo will just be you have to keep getting this oil out, because the production will just keep growing."

The recent jump isn't a sur-



LLOUIS GENE/AGENCE FRANCE PRESSE/GETTY IMAGES

A selloff in Spanish assets intensified on Wednesday. A man carries a Catalan pro-independence flag in a Tuesday demonstration.

Spanish Markets Tumble

Stocks, bonds continue to fall as Catalan vote rattles investors; rest of Europe stays afloat

BY CHRISTOPHER WHITTALL

Spanish shares and bonds dropped for a third consecutive day Wednesday amid concern the political crisis spurred by Catalonia's independence vote could escalate.

Spain's IBEX 35 slid 2.9% Wednesday to 9964.90, posting its largest percentage decline in more than a year. The yield spread between 10-year Spanish government bonds and ultra-safe German debt reached its highest level since just after the first round of the French elections in April, when concerns that anti-euro candidate Marine Le Pen could win the French presidency prompted investors to sell riskier European bonds.

Now, Catalan banks are shouldering the brunt of the selling, with shares of Banco de Sabadell SA and CaixaBank SA falling 5.7% and 5%, respectively, Wednesday in Madrid.

Still, the turmoil in the eurozone's fourth-biggest economy has yet to significantly dent the region's debt markets, which some investors attribute to the European Central Bank's €2.3 trillion (\$2.7 trillion) bond-buying program.

Catalonia's leaders said they may announce independence from Spain following Sun-

day's referendum, which showed a majority of voters favor secession but which Madrid has deemed illegal and many voters boycotted.

Wednesday's intensified selloff came after the king of Spain on Tuesday accused Catalonia's leaders of pushing the country toward a constitutional crisis. On the same day, hundreds of thousands of Catalans protested against the actions of Spanish police around the referendum, which left nearly 900 injured, according to regional authorities. Many believe Madrid and Catalonia will ultimately reach a compromise that stops short of full independence. However, the increased uncertainty has prompted some investors to avoid risks.

"There's an awful lot of uncertainty and there's a lot of moving parts," said Kevin O'Nolan, a multiasset portfolio manager at Fidelity International.

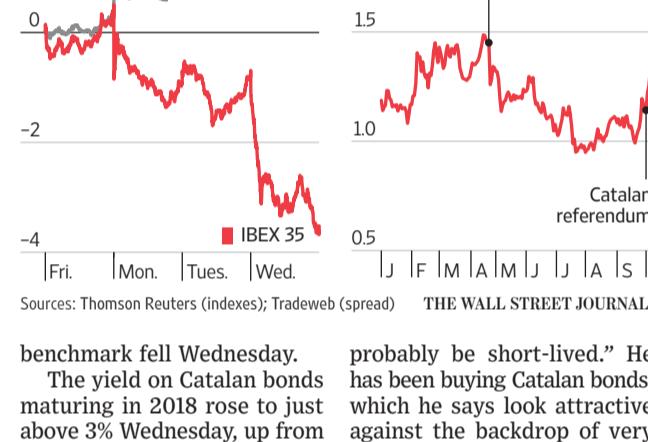
Mr. O'Nolan said his base case was an agreement on more devolved powers for Catalonia. He has been buying Spanish stocks this week on the grounds that they look cheap relative to other European equities and that there is underlying strength in the Spanish economy. He said, though, that he would reassess that position if tensions escalate.

The IBEX 35 is down about 4% this week, compared with a 0.6% gain for the pan-European Stoxx Europe 600. All but three stocks in Spain's equity

Pain in Spain

Spanish stocks fell further Wednesday and the extra yield investors demand to hold Spanish 10-year bonds over German debt rose to its highest level in months.

Index performance since Sept. 28



Sources: Thomson Reuters (indexes); Tradeweb (spread) THE WALL STREET JOURNAL.

benchmark fell Wednesday.

The yield on Catalan bonds maturing in 2018 rose to just above 3% Wednesday, up from 2.455% Friday and a recent closing low of 1.065% in May. Yields rise as prices fall.

Spain's banks are considered particularly vulnerable.

"All the major banks are very present throughout the country and trying to disentangle this would be enormously complex," said Mark Dowding, co-head of investment-grade debt at BlueBay Asset Management.

Mr. Dowding thinks Catalonia will stop short of full independence and "any sort of fallout in Spanish assets will

probably be short-lived." He has been buying Catalan bonds, which he says look attractive against the backdrop of very low yields in the eurozone.

Italian bank stocks and government bonds also came under pressure Wednesday. But European assets have generally held up well this week, suggesting investors aren't currently concerned about events in Spain triggering a European-wide crisis.

The Stoxx Europe 600 closed down 0.1% Wednesday, while the euro rose 0.1% against the dollar to \$1.761 in late New York trading.

—Riva Gold contributed to this article.



Crude exports reached 1.984 million barrels a day last week.

Internet Stocks Help Push Up U.S. Shares

BY AMRITH RAMKUMAR
AND RIVA GOLD

Shares of internet companies helped nudge the S&P 500 to a record and its seventh straight session of gains Wednesday.

E-commerce firms like **NETFLIX** and **AMAZON.COM** have been among the market's best performers this year,

contributing to ongoing gains in U.S. stocks despite concerns about their valuations and rapid rise. The Dow Jones Industrial Average, S&P 500 and Nasdaq Composite set a trio of records again Wednesday. Each index has hit more than 40 fresh highs this year.

"Valuations are higher, but the fundamentals look really good still," said Paul Quinsee, global head of equities at J.P. Morgan Asset Management, of outperforming internet stocks.

"Compared to the speed of profitability growth, we think valuations make sense," he said.

The Dow industrials inched up 19.97 points, or 0.1%, to 22661.64, to extend its winning streak to six. The S&P 500 rose 3.16 points, or 0.1%, to 2537.74, and the Nasdaq Composite swung between small gains and losses and closed up 2.91 points, or less than 0.1%, to 6534.63, to also log its seventh consecutive session of gains.

Netflix was among the biggest gainers in the S&P 500, rising \$5.26, or 2.9%, to \$184.45, after UBS raised its price target on the stock. The bank lifted its subscriber-growth projections for the streaming giant, noting that the previous quarter's momentum likely continued.

ROBERT VIGLASKY/ASSOCIATED PRESS



A scene from Netflix's show 'The Crown.' Netflix's shares rose 2.9%, one of the biggest gainers in the S&P 500.

Other online companies also were among the S&P 500's best performers, including **TripAdvisor** and **Priceline Group**. Shares of Amazon.com advanced 8.35, or 0.9%, to 965.45.

PepsiCo shares swung after the food and beverage company reported weaker-than-expected sales in the most recent quarter. Shares closed up 21 cents, or 0.2%, at 109.34, paring losses after falling as much as 2.7% earlier in the session.

Shares of **Mylan** climbed 5.27, or 16%, to 37.80—their best day in almost nine years—after the company said it received Food and Drug Administration approval to offer generic versions of Copaxone, Teva Pharmaceutical Indus-

tries' multiple sclerosis treatment.

U.S. economic data were mixed. First, a report showed hiring at private U.S. employers rose less than expected last month, with hurricanes denting economic growth. Then, the Institute for Supply Management said its index measuring service-sector activity rose to its highest level since 2005.

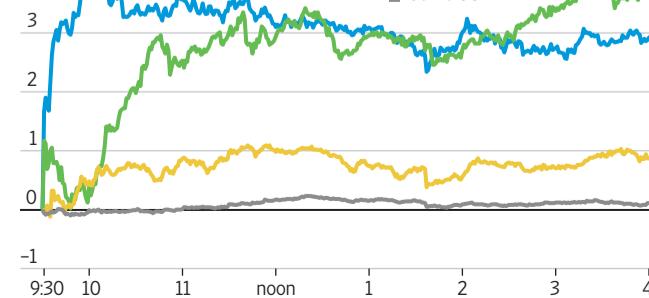
The yield on the 10-year Treasury note was unchanged at 2.332%. The WSJ Dollar Index, which tracks the U.S. currency against a basket of 16 others, inched down 0.1%.

Elsewhere, the Stoxx Europe 600 fell 0.1% after rising for nine straight sessions. Early Thursday, Japan's Nikkei 225 was down 0.1%.

Leading the Way

Gains in shares of internet companies such as Netflix, TripAdvisor and Amazon.com helped offset losses elsewhere.

Performance Wednesday, minute by minute



Source: WSJ Market Data Group THE WALL STREET JOURNAL.

Treasurys Hold Firm

BY AKANE OTANI

U.S. government-bond prices stabilized after a recent selloff.

The yield on the 10-year Treasury note settled at 2.332% Wednesday, unchanged from Tuesday.

Treasury yields have climbed in recent sessions as investors have bet that the Federal Reserve will raise interest rates for a third time in 2017.

Hopes for a tax-cut package that would boost economic growth also sent bond yields higher last month. Yields rise as bond prices fall.

Yet the selling stalled Wednesday.

The Institute for Supply Management's index for non-manufacturing activity rose to 59.8 last month, the highest reading since August 2005.

The upbeat data softened demand for Treasurys, which tend to rise when investors are less confident about the economic environment.

Earlier, a report showed hiring at private U.S. employers rose less than expected in September. Firms added 135,000 workers last month, according to payroll processor Automatic Data Processing Inc. and forecasting firm Moody's Analytics, compared with the 150,000 economists had expected.

Some analysts cautioned against taking too much stock in the ADP reading. The data can be volatile, they said, and aren't always a reliable predictor of the U.S. Bureau of Labor Statistics monthly jobs report, which is due Friday.

MARKETS

The Action Behind Stock Market's Calm

Previously out-of-favor U.S. shares surge and Treasurys turn down as central banks pivot

By CHRIS DIETERICH

Sure, the stock market seems quiet.

But a look beyond the S&P 500's snoozy ascent shows major price reversals in recent weeks as investors re-evaluate the prospects for tighter monetary policies.

Formerly out-of-favor U.S. stocks are rocketing higher, Treasury-bond prices are slumping and the dollar is staging a rebound. These shifts could dominate global financial markets in the final three months of 2017, investors say.

Key to the pivot is a newfound anticipation that global central banks will pare back stimulus efforts put in place to bolster economic growth.

Federal Reserve officials last month affirmed that the U.S. economy appears strong enough to justify a third interest-rate increase this year and three more next year. Fed Chairwoman Janet Yellen said last week that central-bank officials "should be wary" about raising rates too gradually.

"There's been kind of a plot twist to how people are trading this year," said Yousef Abasi, market strategist at brokerage JonesTrading Institutional Services LLC.

Traders now see a nearly 80% chance that the Fed will boost interest rates again by December, according to federal-funds futures tracked by CME Group. That is up from a roughly 33% chance at the end of August.

Central-bank officials and investors alike have been puzzled by persistently muted U.S. inflation readings at the same time that the economy continues to grow and add jobs.

A Gust of Optimism

Markets have shifted toward a more upbeat stance in recent weeks, pointing to a likely Federal Reserve rate hike as well as share-price increases in sectors deemed likely to benefit from faster economic growth.

The 10-year break-even rate, a market-based reading of inflation expectations, is near the highest since May.



The Russell 3000 Value index has been rallying vs. the Russell 3000 Growth index over the past month.



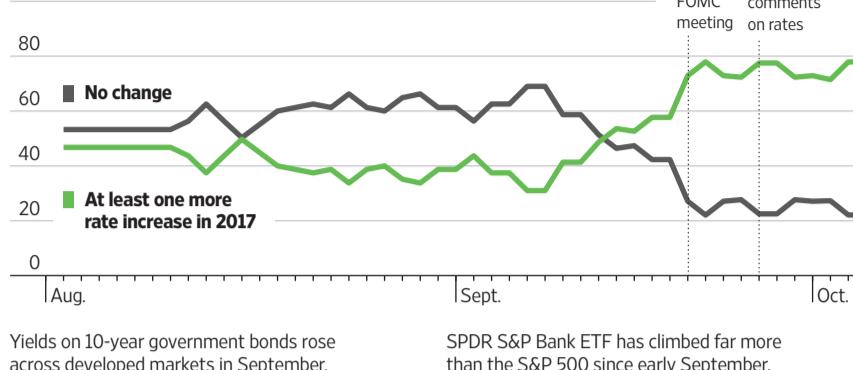
*Probability derived from federal-funds futures

†Energy is Energy Select Sector SPDR ETF; Industrials is Industrial Select Sector SPDR ETF;

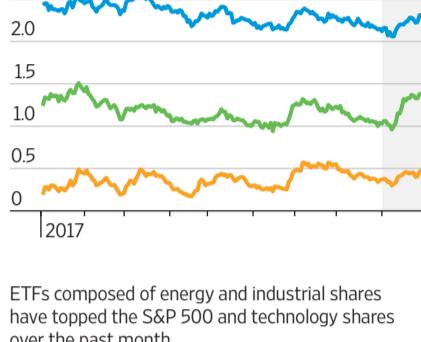
S&P 500 is SPDR S&P 500 ETF; Technology is Technology Select Sector SPDR ETF;

Sources: CME Group (odds); Tradeweb (break-evens, yields); FactSet (ETFs, indexes)

Odds that the Federal Reserve implements a third interest-rate increase in 2017*



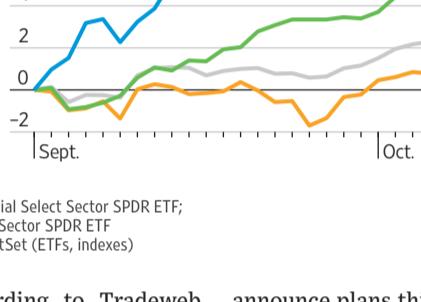
Yields on 10-year government bonds rose across developed markets in September.



SPDR S&P Bank ETF has climbed far more than the S&P 500 since early September.



ETFs composed of energy and industrial shares have topped the S&P 500 and technology shares over the past month.



The Russell 2000 index of small-company shares has climbed nearly 7% over the past month.



THE WALL STREET JOURNAL.

particularly banks, which profit from the difference between what they pay on deposits and what they charge to lend money.

A reflation "rotation" is also evident in the rise of value stocks versus growth stocks. The latter group has ruled the U.S. market all year. Value companies are those with below-market valuations and, typically, their businesses tend to be more sensitive to economic conditions. Growth stocks tend to include those in the technology sector, such as Facebook Inc., that are more richly valued to reflect the ability to increase sales regardless of economic conditions.

Investors say to expect selling in the year's best-performing U.S. stock sectors, such as technology, while investors funnel new money into cheaper industrial and energy stocks. This already appears to be taking place, albeit on a small scale. The S&P 500's technology stocks have trailed behind the market over the past month.

Small-cap U.S. stocks have climbed nearly 7% over the past month, as measured by the Russell 2000 index, more than double the advance in the S&P 500. After trailing badly for most of this year, small U.S. stocks perked up last month. Analysts attributed part of this burst to the fact that domestically focused small caps are more sensitive to stronger U.S. growth.

Another factor is the prospect that Congress will implement a tax-policy overhaul. Small U.S. companies tend to pay higher effective tax rates and thus are poised to benefit most from lower corporate-tax rates. Small shares moved another leg higher after Republicans last week called for a reduction in the U.S. corporate-tax rate to 20% from 35%, as well as a host of changes to individual taxes and other rules.

HEARD ON THE STREET

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FINANCIAL ANALYSIS & COMMENTARY

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Fund Managers Rethink Pricing

Chronic Problem

Percentage of actively managed funds underperforming the benchmark index:



Source: S&P Dow Jones Global Indices

ers to roll out performance-based pricing models. In December last year, U.S.-based **AllianceBernstein Holding**, which has \$529 billion assets under management, filed plans with the Securities Exchange Commission to launch six such funds. If pay-for-performance proves popular, it could make for a sea change in the industry.

While Fidelity International's plans remain short on specifics, AllianceBern-

20, according to Tradeweb. Break-even inflation rates measure the difference between yields on Treasurys and inflation-protected Treasurys. Meanwhile, expectations are rising for less accommodative policies overseas. Investors anticipate that the European Central Bank could

announce plans this month to reduce its bond-buying program. The Bank of England signaled in September that it is preparing to raise interest rates to restrain inflation in the U.K.

Last month, rising odds for tighter policy stoked the steepest monthly increase

since November in 10-year Treasury yields. Benchmark government-bond yields in the U.K. and Germany also rose.

Rising bond yields are part of the reflation trade, where investors bet on a stronger economy and higher rates. These trends are good news for financial stocks,

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Rising bond yields are part of the reflation trade, where investors bet on a stronger economy and higher rates. These trends are good news for financial stocks,

OVERHEARD

Companies have a long history of juicing their share prices—at least temporarily—by renaming themselves to reflect the latest investment fad. Burton Malkiel writes of a company that sold records door to door during the height of the Kennedy bull market's fascination with the Space Race. Its shares rose sevenfold after it changed its name to Space Tone. And there was MIS International, which briefly did even better after changing its name to Cosmoz.com in early 1999.

Nasdaq-listed Biopix, which previously had as its main business the development of a follicle-stimulating hormone for cows, horses and pigs, took a page out of the same playbook by changing its name to Riot Blockchain.

Cryptocurrencies are hot stuff, and the company is even investing in a Canadian trading platform for them.

Active managers can't beat the likes of Vanguard Group and BlackRock in an outright price war, nor can they credibly promise they will perform better. Offering customers a discount when they fall short might be the best way to stem the tide.

—Aaron Back

FDA Shocker Puts Teva In Tough Spot

A surprise move from the Food and Drug Administration means that a recovery for **Teva Pharmaceutical Industries** just got much more difficult.

The generic drugmaker has struggled with a heavy debt burden and falling prices of generic drugs in the U.S. Investor worries intensified after generic rival Mylan said it had won FDA approval to sell a generic version of Teva's blockbuster branded drug, Copaxone, which treats multiple sclerosis.

Copaxone sales have averaged more than \$1 billion over the past eight quarters. In the second quarter, the drug accounted for nearly 20% of total company revenue.

Teva's guidance for the full year, issued most recently in August, assumed that no competition for Copaxone in its strongest dosing form would arrive before year-end. Teva already had forecast a decline in 2017 operating cash flow on the order of 25% from 2016, assuming Copaxone exclusivity. Meanwhile, several other generic drugmakers also have applications pending with the FDA for their own version of Copaxone, which will eventually pressure prices further.

The result might mean that new Chief Executive Kare Schultz will be forced to pursue asset sales, already on the corporate agenda, more aggressively. That strategy will help service Teva's debt load of more than \$30 billion, but it will come at the expense of future profitability.

Mr. Schultz and Teva's reeling shareholders have some tough decisions to make.

—Charley Grant

Don't Get Too Wound Up Over Friday's Employment Data

The way the stock market reacts to Friday's jobs report may say more about the stock market than it does about jobs.

The Labor Department's employment report usually counts as the most important economic news of the month, but hurricanes Harvey and Irma probably made a mess of September's figures.

The median estimate among economists polled by The Wall Street Journal puts last month's payroll gain at 80,000 jobs versus 159,000 in August.

There is plenty of disagreement, with individual estimates ranging from a

Storm Drain

Monthly change in nonfarm payrolls



Note: Seasonally adjusted

Sources: Labor Department; WSJ survey of economists (estimate)

ing parts in how storms can affect the jobs report—their severity, when they hit, where they hit and whom they hit—to have much confidence in any forecast.

Average hourly earnings figures also could be affected.

Right now, they are a major area of interest because if wages start heating up, it would be a sign that low unemployment is creating inflationary pressure.

But events like hurricanes can push wage figures higher.

That is because lower-wage workers are more likely to not get paid when they miss work because of a

storm, while many higher-paid salary workers still draw a paycheck, pushing the average higher.

Less affected will be the unemployment rate, which economists estimate will hold at 4.4%.

Unlike the job and wage figures, which are based on a survey of employers, the unemployment rate comes from a survey of households and doesn't reflect whether people got paid or not but what they say about their employment.

The household survey is smaller than the employer survey, however, and therefore less precise, so investors have to be careful not to

put too much faith in what it says about any single month.

The right way for the stock market to react to the jobs report on Friday would probably be to ignore it, but chances are that many investors won't be able to resist.

Rather, they will attempt an interpretation of the jobs figures, end up with one that reflects their current beliefs and then act accordingly.

In what has lately been a glass-half-full environment, that probably sets stocks up for more gains.

If they fall instead, take it as a sign the latest run of market optimism is starting to fatigue.

—Justin Lahart