

THE WALL STREET JOURNAL.

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THURSDAY, OCTOBER 11, 2018 ~ VOL. CCLXXII NO. 86

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What's News

Business & Finance

The Dow extended its steepest October retreat since the financial crisis, posting a 3.1% drop amid a tech-led rout that raised fresh concern about the health of the bull market. The Nasdaq and S&P 500 lost 4.1% and 3.3%, respectively. Trump blasted the Fed. **A1, B11**

◆ **Lampert doesn't plan to lend Sears money to repay \$134 million in debt due Monday, as the firm prepares for a potential chapter 11 filing that could come within days.** **B1**

◆ **BlackRock and its CEO agreed to invest with private-equity firm Gallatin, part of a push for a bigger role in alternative investments.** **B1**

◆ **Top lawmakers of both parties said Congress needs to take action to rein in big tech companies, citing revelations about Google+.** **A4, B4**

◆ **AT&T is set to launch a streaming-video service next year featuring films and TV shows it acquired from its purchase of Time Warner.** **B1**

◆ **Justice Department antitrust enforcers approved CVS's acquisition of Aetna after the firms took steps to ease regulators' concerns.** **B3**

◆ **A judge issued a tentative ruling for a new trial on the \$250 million in punitive damages levied against Bayer in a Roundup weed killer case.** **B3**

◆ **China's Huawei unveiled two new computing chips aimed at powering artificial-intelligence applications.** **B4**

◆ **Prosecutors charged Newsweek's ex-parent with carrying out a fraud scheme as part of an effort to keep the media organization afloat.** **B3**

World-Wide

◆ **Hurricane Michael slammed ashore as one of the most powerful storms ever to hit the U.S., toppling houses, trees and power lines as it tore through the Florida Panhandle.** **A1**

◆ **An alleged Chinese intelligence operative arrested in Belgium was brought to the U.S. and charged with conspiring to steal trade secrets from GE Aviation and others.** **A1**

◆ **Treasury officials issued rules requiring all foreign investors in certain deals involving critical U.S. technology to submit to national security reviews or face fines.** **A8**

◆ **The jets Turkish officials say ferried operatives who apprehended and likely killed a Saudi journalist belong to a firm controlled by Saudi Arabia's government, people familiar with the matter said.** **A9**

◆ **U.S. lawmakers from both parties are challenging the administration's support for Gulf allies battling Iran-aligned fighters in Yemen.** **A9**

◆ **An activist whose quest for Clinton emails dominated the last months of his life struck up a professional relationship with Flynn as early as 2015.** **A6**

◆ **China has retroactively changed the law to legitimize its detention of ethnic-minority Muslim Uighurs.** **A8**

◆ **Taiwan's president praised the island as a beacon of democracy and urged China to avoid conflict.** **A8**

◆ **Sen. Grassley asked the FTC to investigate whether contracts between insurers and hospital systems are limiting competition.** **A3**

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Plane controlled by Saudi government tied to dissident's disappearance... A9

Saudi Jet Link In Turkey Case

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Plane controlled by Saudi government tied to dissident's disappearance... A9

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U.S. NEWS

Operator of Limo Firm Arrested

Nauman Hussain
charged with criminally
negligent homicide in
crash that killed 20

By JIMMY VIELKIND

The operator of the limousine company involved in an upstate New York crash that claimed 20 lives has been charged with criminally negligent homicide, New York State Police said Wednesday.

Nauman Hussain, of Prestige Limousine, was arrested after a traffic stop in Albany County, police said. He was set to be arraigned Wednesday evening on a single count in the Cobleskill Town Court, state police said.

State police Superintendent George Beach said Mr. Hussain was issued written violations that required the 2001 Ford Excursion limousine involved in the crash be taken out of service and was told that the man who drove it, Scott Lisiacchia, didn't have the required certifications to operate the vehicle.

"The sole responsibility for that motor vehicle being



Nauman Hussain of Prestige Limousine is taken to his arraignment on Wednesday in Cobleskill, N.Y.

on the road on Saturday rests with Nauman Hussain," Superintendent Beach said at a Wednesday news conference.

Lee Kindlon, a lawyer for

Mr. Hussain, said his client wasn't guilty and that the charges came as a surprise, given a continuing investigation into the cause of the crash.

Officials said the company owned the limo and rented it to a group of 17 friends who were going to Cooperstown, N.Y., on Saturday to celebrate a birthday. The limo ran

through a stop sign in Schoharie, a town about 40 miles west of Albany, and struck a parked sport-utility vehicle at the Apple Barrel Cafe and Country Store, officials said. The driver, all 17 passengers and two pedestrians were killed.

Nauman Hussain, 28 years old, is the son of Shahyr Hussain, who owns Prestige Limousine, according to Mr. Kindlon. Mr. Kindlon previously said Nauman Hussain helps run the company when his father is unavailable. Shahyr Hussain, also known as Shahed, is currently in Pakistan, according to Mr. Kindlon and the state police.

Mr. Kindlon said that Shahyr Hussain "runs the day-to-day operations," even when abroad. Mr. Kindlon said Nauman Hussain helps with marketing and took the phone call on Saturday when it was hired.

The cause of the crash remains under investigation by the state police and National Transportation Safety Board. It was the deadliest transportation accident to occur in the U.S. since 2009, NTSB officials said.

U.S. WATCH

ECONOMY

Producer Prices Rise After a Slowdown

A gauge of U.S. business prices showed signs of bouncing back in September after a slowdown over the summer.

The producer-price index, a measure of the prices businesses receive for their goods and services, increased a seasonally adjusted 0.2% in September from a month earlier, the Labor Department said.

The rise in September prices came after two months of sluggishness and was propelled by a hefty increase in transportation prices.

Prices excluding the often-volatile food, energy and trade-services categories were up 0.4% in September, the largest monthly increase since January.

From a year earlier, overall producer prices rose 2.6% in September. Producer-price inflation measured on a 12-month basis peaked at 3.4% in June, but has since weakened each subsequent month.

So-called core prices, though, have been stronger. Excluding food, energy and trade, prices increased 2.9% last month from the year-earlier period after gradually moving upward this year.

—Sarah Chaney

FBI

Director Defends Kavanaugh Probe

FBI Director Christopher Wray said the bureau's background investigation into sexual-assault allegations against Supreme Court Justice Brett Kavanaugh had been limited in scope, but he added that it was consistent with previous such checks.

Testifying before the Senate Homeland Security and Governmental Affairs Committee, Mr. Wray distinguished a background check conducted by the Federal Bureau of Investigation from a criminal inquiry, and said the bureau's only authority to investigate Justice Kavanaugh came at the direction of the White House.

The FBI conducted an initial background check of Justice Kavanaugh as a routine part of a Senate nomination after he was tapped to fill a vacancy on the Supreme Court.

The background check was then reopened after Christine Blasey Ford, a California psychology professor, alleged that Justice Kavanaugh had sexually assaulted her when they were teenagers, which he denied. The FBI's renewed investigation found no corroborating information for the alleged assault.

Mr. Trump said on Twitter that he wanted the FBI "to interview whoever they deem appropriate, at their discretion." Mr. Wray said that the FBI and the White House had been in contact throughout the process.

—Byron Tau

CORRECTIONS & AMPLIFICATIONS

YouTube said it has "invested significantly in teams and technology to combat" piracy via "stream ripping," including disabling access of the infringing tools or services to certain YouTube features. A Business & Technology article Wednesday about music piracy didn't include the company's response.

HSBC denied the Justice Department's claims that it willfully covered up risks associated with residential-mortgage products from 2005 to 2007. A Finance & Markets article Wednesday about HSBC's agreement to pay \$765 million to settle the Justice Department's claims incorrectly said that HSBC neither admitted nor denied wrongdoing. Also, according to prosecutors,

HSBC had told investors that of the 25% of mortgages in loan pools to be reviewed for credit and compliance risk, 20% of the loans would be selected using a model that ranked them based on risk, and an additional 5% would be selected as a random sample. However, prosecutors said that in some cases HSBC's trading desk influenced which loans were selected for the 20% review, and in other cases, the bank's random sample was less than 5% of the loan pool or wasn't random at all. The article incorrectly stated that prosecutors said HSBC examined just 5% of the pools used to create securities.

Kepler Cheuvreux was incorrectly referred to as Kepler Group LLC in a Business News

article Tuesday about Ford Motor Co.'s marketing strategy.

A first round of tariffs affected \$50 billion of Chinese goods imported in the U.S., the second round affected \$200 billion of goods, and a third round of tariffs is expected to affect \$267 billion of goods. A chart with a U.S. News article Monday about the tariffs incorrectly said the tariffs themselves totaled those amounts.

North Korea's Punggye-ri has been the site of six nuclear-weapons tests. A Sept. 21 World News article about the prospect of outside inspections of the site incorrectly put the number of tests at five.

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

THE WALL STREET JOURNAL

(USPS 664-880) (Eastern Edition ISSN 0099-9660) (Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

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

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

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chico, CA 95420.

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U.S. NEWS

Insurers Expand in ACA Markets

BY ANNA WILDE MATHEWS

In the latest sign of insurers' improved fortunes in the Affordable Care Act business, Centene Corp. will start selling ACA plans in four new states next year and add new counties in six others.

The announcement by Centene, which said it is already the largest enrollee of ACA-plan customers, comes amid growing evidence that the health-law markets are steady after years of turmoil, despite continued regulatory changes and a major legal challenge.

A number of insurers are moving to expand their ACA exchange footprints after previous industry pullbacks, and they are in many cases implementing smaller rate increases than previous years—and even some decreases.

Centene, which has around 1.6 million ACA enrollees, up from 960,000 at the end of 2017, will sell the health-law plans in 20 states next year, adding Pennsylvania, North Carolina, South Carolina and Tennessee. It will expand its markets in Florida, Georgia, Indiana, Kansas, Missouri and Texas.

Centene's chief executive, Michael F. Neidorff, said he believes the exchange business is stable, with a "lot of continuity" and a steady, balanced pool of enrollees. Rate increases will "decelerate, not accelerate, going forward," he said in an interview.

Though Centene has previously made profits on its ACA business, other insurers are now seeing a financial turnaround after losses in earlier years. According to the Kaiser Family Foundation, insurers had better results for the first six months of 2018 than they recorded in preceding years of



After previous industry pullbacks, companies are showing confidence in Affordable Care Act business.

The CEO of Centene said he believes the health-exchange business is stable.

few years have brought insurers' premiums more in line with their costs, and in some cases overshot, leading to rate decreases for 2019.

Still, insurers face some challenges next year. Enforcement of the health law's requirement for people to have

the ACA, and are returning to the level of profitability they achieved on individual insurance before major provisions of the ACA took effect in 2014.

The improved results and milder rate increases generally reflect that, in many markets, sharp increases for the past

health insurance will end. In addition, the Trump administration is opening the door to alternative types of coverage that insurers say could pull healthy enrollees out of ACA plans.

Also, the law faces its latest potential legal snarl in a Texas federal court, where Republican officials from 20 states are challenging it. The Justice Department joined them, asking the court to invalidate key planks of the ACA rather than tossing out the entire law. In September, the federal judge hearing the suit questioned claims from some Democratic attorneys general who are defending the constitutionality of the health law.

Centene's Mr. Neidorff said he thinks the St. Louis-based company's ACA business will see little effect from the end to coverage mandate penalties or from the availability of the typically more-limited and in-

expensive short-term plans, which are set to be sold with longer durations that may be more appealing to consumers. About 90% of Centene's ACA enrollees get federal subsidies to help pay their premiums, he said, and he thinks they likely will stick with the health-law coverage.

"I don't think it's going to be as big a factor as people think," he said of the short-term plans. Centene isn't offering them and might consider doing so in the future, but Mr. Neidorff said he is skeptical of products that are underwritten or sold based on customers' health status. He also said consumers may be disappointed when skinnier plans don't cover all of their care.

The court challenge to the ACA "will take a long time to play out," he said, and he believes politicians recognize that the ACA products are popular with consumers.

Grassley Seeks Probe of Hospital Contracts

BY ANNA WILDE MATHEWS

Senate Judiciary Committee Chairman Chuck Grassley asked the Federal Trade Commission to investigate whether contracts between insurers and hospital systems are limiting competition and pushing up health-care costs.

The letter, sent Wednesday by the Iowa Republican, cited an article in The Wall Street Journal that documented secret contract terms that some hospital systems use. Those provisions can require health plans include costly hospital systems and prohibit steering patients toward less-expensive rivals. The contracts can also add extra fees and prevent exclusion of doctors and hospitals based on quality or cost.

Such practices would "undermine Congress's efforts to

lower the cost of, and increase access to, health care for millions across the country," Sen. Grassley said in the letter.

He asked the FTC, which splits federal antitrust enforcement with the Justice Department, to examine "how prevalent the use of such contractual provisions is in the health-care industry, whether there is anticompetitive use of these provisions, and whether consolidation in the marketplace increases the potentially harmful impact of these provisions on competition."

A spokesman for the FTC confirmed the agency had received the letter and said, "We take letters from members of Congress very seriously, but we have no further comment."

Spokeswomen for the American Hospital Association and America's Health Insur-

ance Plans had no immediate comment.

The cost of most medical care given to people with private insurance is set in secret negotiations between insurers and health-care providers such as hospital systems and doctors. The terms of their contracts aren't generally revealed.

Health economists say the secret provisions can help protect health systems and other providers against efforts to reduce costs. A report issued earlier this year by the Health Care Cost Institute said that between 2012 and 2016, health spending growth tracked in insurer claims from employer-sponsored coverage "was almost entirely due to price increases," for services including emergency-room visits, surgical hospital admissions

and administered drugs. The report said that over the same period, "utilization of most health-care services remained unchanged or declined."

The Justice Department is already suing Atrium Health, based in the Charlotte, N.C., area, arguing that Atrium "uses its market power to impede insurers from negotiating lower prices with its competitors and offering lower-premium plans." The California attorney general is suing Sutter Health, a hospital operator in Northern California, alleging anticompetitive practices in its contracting.

Atrium Health has said it hasn't broken the law or deviated from accepted industry practices in its contracting. Sutter has said the California attorney general's suit mischaracterizes its actions.

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U.S. NEWS

Google Flub Stirs Lawmaker Calls to Act

By JOHN D. MCKINNON

WASHINGTON—Top lawmakers of both parties said Congress needs to take action to rein in big tech companies, citing revelations about Google+ as the latest example of questionable practices involving consumers' private information.

The Wall Street Journal reported this week that Google exposed the private data of hundreds of thousands of users of its Google+ social network. The company, a unit of **Alphabet Inc.**, chose to not disclose the issue earlier this year, in part because of worries that news of the incident

would bring on regulatory scrutiny and reputational damage, according to interviews and documents.

At a Senate hearing Wednesday, Commerce Committee Chairman John Thune (R., S.D.) said it is increasingly clear from Google+ as well as Facebook Inc.'s earlier Cambridge Analytica scandal that industry self-regulation is no longer sufficient to protect users' privacy. "A national standard for privacy rules of the road is needed to protect consumers," Mr. Thune said. He warned that given previous congressional struggles with the issue, all sides must keep "open minds" about the con-

tours of a bipartisan bill.

The Federal Trade Commission is probing an incident in which data of up to 50 million Facebook users were transferred to Cambridge Analytica, a data firm that worked for President Trump during the 2016 campaign.

Google didn't respond to a request to comment on Wednesday's hearing. As part of its response to the incident, Google on Monday announced a broad set of data-privacy measures that include permanently shutting down all consumer functionality of Google+. The company also said it is curtailing the access it gives outside developers to user data from

smartphones that run on its Android operating system and its Gmail service.

At the hearing, Democrats joined Republicans in their criticism of Google, including the news that it had effectively sought to keep its problems quiet to avoid the same scrutiny Facebook received.

Sen. Richard Blumenthal (D., Conn.) said he would send a letter to the Federal Trade Commission urging an investigation of the Google+ incident. "I think this kind of deliberate concealment is absolutely intolerable," he said.

Sen. Mark Warner (D., Va.), speaking ahead of the meeting, said the latest controversy

raises serious doubt about whether the FTC—now tasked with policing privacy on the internet—is up to the job given its current regulatory powers.

"It's clear that Congress needs to step in," Mr. Warner said.

Congressional legislation could beef up data-privacy protections for consumers, while handing much of the work of writing detailed rules to a strengthened FTC. The FTC currently lacks much rule-making authority when it comes to online data privacy, and has limited ability to impose fines for violations.

For its part, the FTC said it takes data privacy seriously, while it stopped short of say-

ing it is investigating the Google+ incident.

FTC Chairman Joe Simons said in a statement: "The FTC does not comment on specific incidents or companies. When we see a significant breach that puts consumers' private data at risk, you can be assured that we will be looking into it."

Meanwhile, German authorities said they had started an investigation regarding the Google+ matter, sending questions to Google's headquarters in Hamburg.

—Sam Schechner contributed to this article.

◆ Google's Gmail move likely to disrupt app developers..... B4

Hurricane Pummels Florida

Continued from Page One

the risk of life-threatening flooding, with the hurricane center reporting a storm surge of nearly 8 feet above ground level in Apalachicola. The storm also was expected to drench a broad region with heavy rain, with more than a foot expected in parts of three states, raising the risk of flash floods.

At least one person died as a result of the storm. A tree fell through a man's home in Greensboro, Fla., crushing and killing him, according to a Gadsden County Sheriff's Office spokeswoman.

Officials issued orders urging about 375,000 residents in 22 Florida counties to evacuate ahead of the storm. But Michael left some residents with little time to prepare, surging from a tropical depression off the Mexico coast to a major hurricane in just two days. By Wednesday morning, Mr. Scott warned people not to travel in the Panhandle.

President Trump said he was receiving regular briefings, has talked with Mr. Scott and hopes to visit affected areas following the storm. He added that he didn't want to interfere with first responders' efforts.

In Panama City, B. Cody Shields rode out the storm in his parents' house with his wife, relatives and six pets. The dwelling survived intact, but the storm ravaged the area, ripping roofs off homes and leveling scores of pine trees. One tree landed on his truck, cracking the windshield. A nearby house he and his wife were remodeling was totaled.

"It looks like a war zone," said Mr. Shields, 31 years old. He said the storm was terrifying and far worse than he expected. "I had a full-blown panic attack," he said. "I lost

feeling in my body."

Power outages were mounting as the storm hammered the region, with about 429,000 electric customers offline, mostly in Florida, according to the Edison Electric Institute, a power-industry trade group. Utility crews from at least 24 states were heading to the region to help, the group said.

Mr. Scott said state and federal agencies had geared up for a robust storm response. He said more than 1,000 search-and-rescue personnel were mobilized, as well as 3,500 National Guard members and hundreds of other state agency staffers. About 19,000 utility workers were in place to respond to power outages.

As of Wednesday evening, about 6,000 people were in 80 shelters in five states, including some 600 who are still in shelters as a result of Hurricane Florence last month, a Red Cross spokesman said. In Florida, 5,000 people had arrived at shelters by Wednesday afternoon, said Brad Kieserman, vice president of operations and logistics with the Red Cross. But he said he expected the shelter numbers to rise to some 20,000 in the next two days. "We will be in for a long-term sheltering mission," he

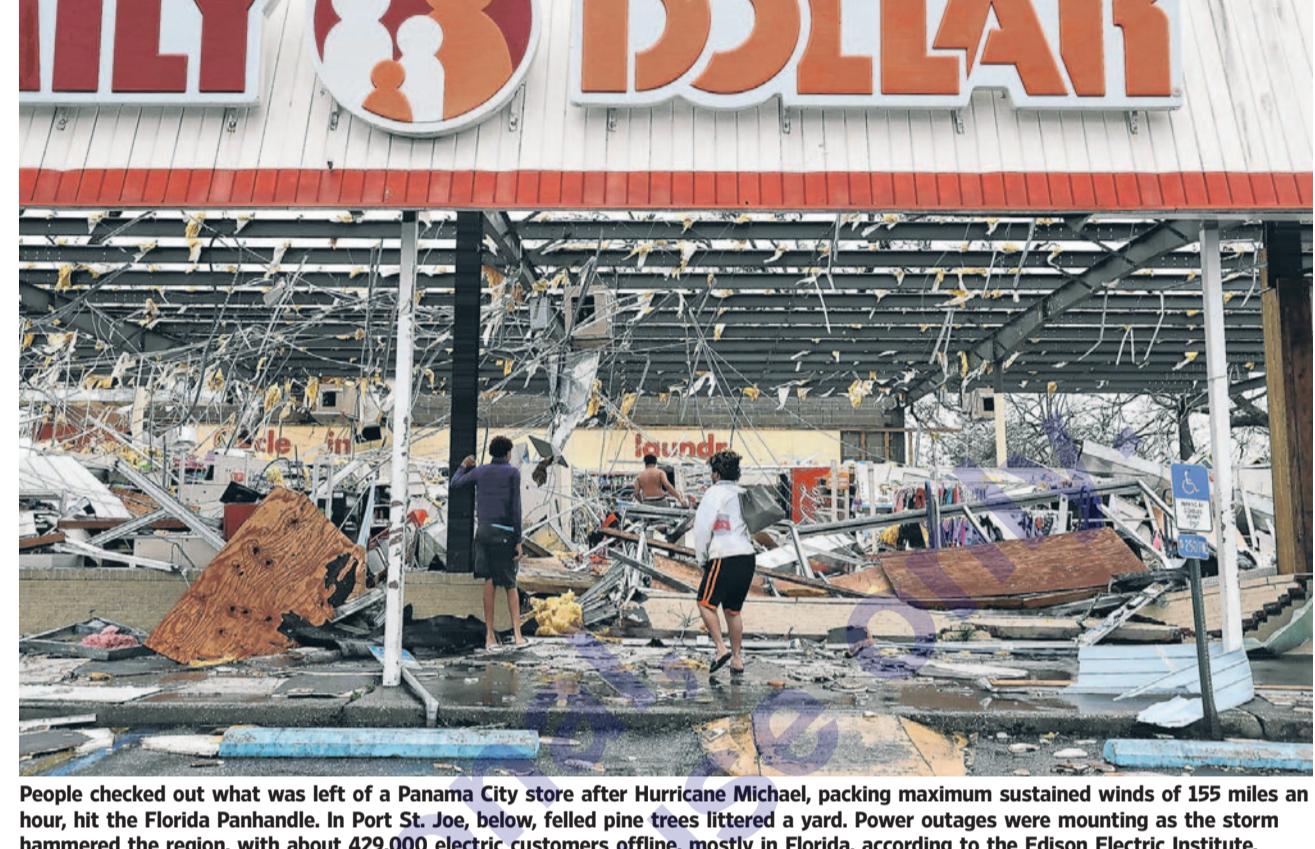
Storm threatens the Carolinas, still waterlogged after Florence last month.

said.

Hurricane Michael was estimated to potentially cause more than \$10 billion in losses for insurers, according to Wells Fargo Securities.

Offshore oil production in federal waters in the Gulf of Mexico region accounts for about 17% of total U.S. crude oil production, according to the U.S. Energy Information Administration.

About 42.3% of oil production and 31.7% of gas produc-



People checked out what was left of a Panama City store after Hurricane Michael, packing maximum sustained winds of 155 miles an hour, hit the Florida Panhandle. In Port St. Joe, below, felled pine trees littered a yard. Power outages were mounting as the storm hammered the region, with about 429,000 electric customers offline, mostly in Florida, according to the Edison Electric Institute.

tion in the Gulf of Mexico were shut down Wednesday, according to the federal Bureau of Safety and Environmental Enforcement. Facilities were set to be inspected after the hurricane passed, but the storm's eastward trajectory meant it wasn't hitting the heart of the U.S. offshore oil infrastructure, and most rigs were expected to come back online quickly.

While Hurricane Michael will hurt the Panhandle economy, it spared Florida's large metropolitan areas and therefore will have a much smaller economic impact than Hurricane Irma did last year, said Sean Snaith, director of the University of Central Florida's Institute for Economic Competitiveness.

Mr. Snaith predicted the area's tourism and real-estate sectors would take several months to recover, but construction jobs should be plentiful, he said.

In Panama City Beach, a popular tourist destination with beachfront hotels and condo towers, tourist-development tax collections hit records nearly every month this year, said Dan Rowe, chief executive of Visit Panama City Beach, which promotes the area.

"We have been whacked a few different times," he said, citing Hurricane Ivan in 2004 and Hurricane Opal in 1995. "Each time, we recovered quickly and stronger than ever."

The hurricane was at Category 2 strength as the center moved over southwest Georgia Wednesday night. Michael is expected to fall to tropical-storm strength before exiting back into the Atlantic Ocean late Thursday or early Friday. Heavy rain was forecast over the Carolinas, which are still recovering from extreme flooding brought by Hurricane Florence.

The governors in both Carolinas said they were concerned about so much rain falling on still-saturated ground and in communities still recovering from the damage wrought by Florence. "There's nowhere for that water to go," South Carolina Gov. Henry McMaster said.

In Georgia, where the worst of the storm had yet to be felt, Gov. Nathan Deal urged Georgians in the southwestern part of the state to seek shelter.

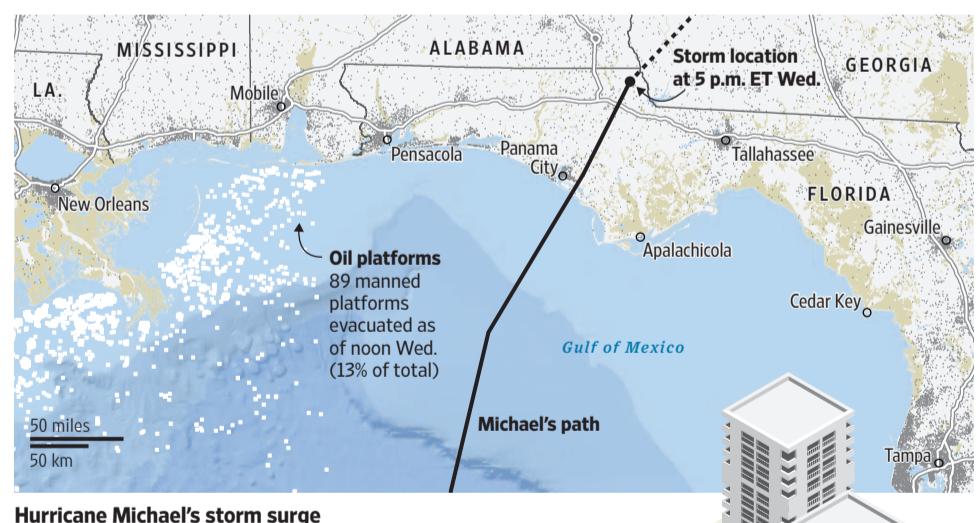
"It is unlike any storm we have had in anybody's memory," he said, speaking at the state's emergency operations center in Atlanta.

—Cameron McWhirter, Valerie Bauerlein, Ben Kesling and Leslie Scism contributed to this article.



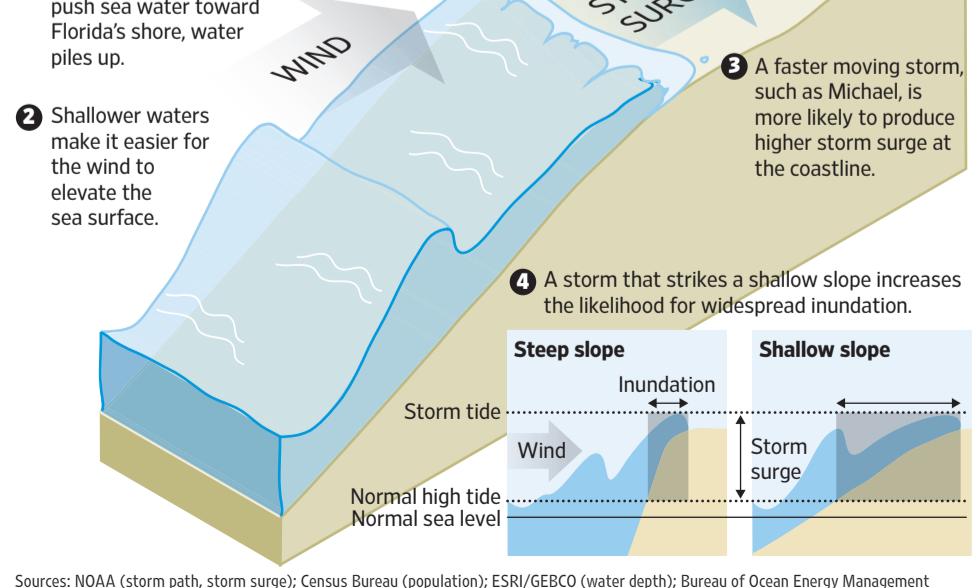
Danger Zone

Michael made landfall as a Category 4 hurricane in the Florida Panhandle on Wednesday. The effects could include life-threatening storm surge, flooding, power outages and decreased oil production due to the evacuation of manned platforms in the Gulf of Mexico.



Hurricane Michael's storm surge

Areas along the Gulf Coast are particularly vulnerable to storm surge because the continental shelf is relatively wide and gently sloping.



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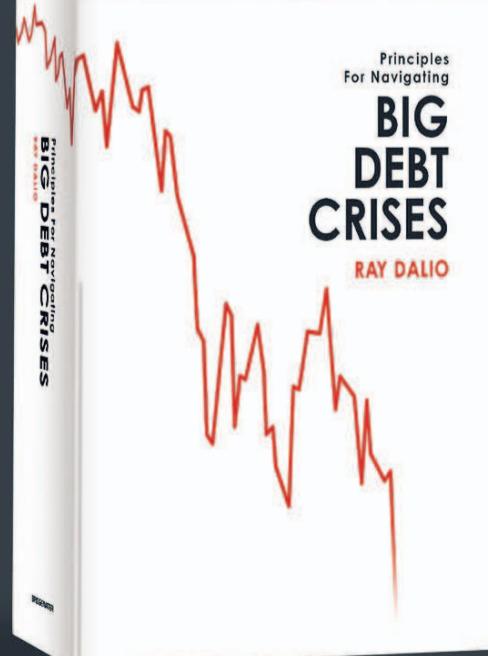
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U.S. NEWS

Email Links Operative to Flynn

A veteran Republican activist whose quest to obtain Hillary Clinton's emails from hackers dominated the final months of his life struck up a professional relationship with Lt. Gen. Michael Flynn, the for-

By **Shelby Holliday,
Byron Tau
and Dustin Volz**

mer national security adviser to President Trump, as early as 2015, and told associates during the presidential campaign that he was using the retired general's connections to help him on the email project.

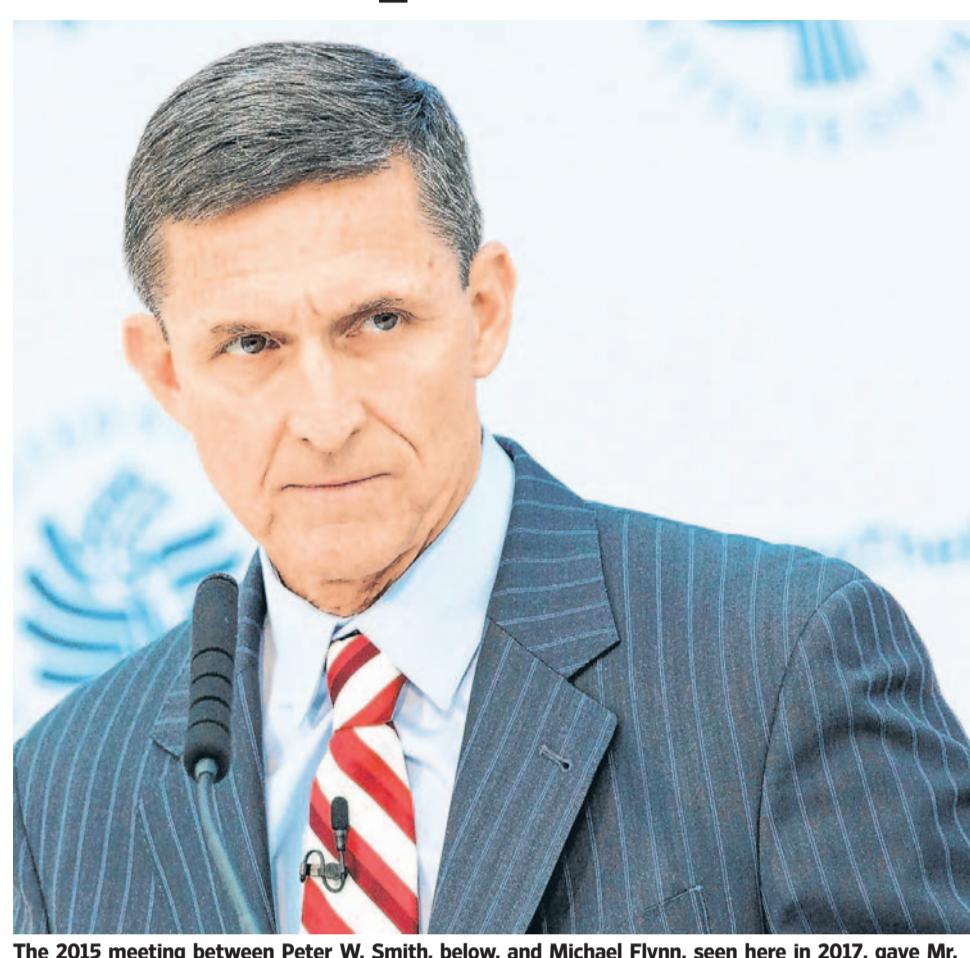
The late Peter W. Smith, an Illinois financier with a long history in Republican politics, met with Mr. Flynn in 2015, according to people familiar with the matter. At the time, Mr. Flynn had recently left his job as head of the Defense Intelligence Agency.

Mr. Flynn was a top adviser to Mr. Trump during the campaign. He served briefly as national security adviser in Mr. Trump's administration before being forced to resign and pleading guilty to a charge of lying to authorities about his conversations with a Russian ambassador. He is scheduled to be sentenced in December.

Additionally, in an email reviewed by The Wall Street Journal, one of Mr. Smith's former associates wrote to a friend last week, "As you are aware Peter started a business relationship with Gen. Mike Flynn in November 2015. We spoke with him on the day he left for his trip to Moscow."

The associate, John Szobocsan, sent the email as the Journal was preparing an article on Mr. Smith and was attempting to reach Mr. Szobocsan. He didn't respond to requests to comment.

The Journal reported in 2017 that Mr. Smith implied he had connections to Mr. Flynn, but the email and people familiar with the matter indicate the two men were in contact and did in fact have a working relationship. Though no appar-



CHRIS KLEPONIS/AGENCE FRANCE PRESSE/GETTY IMAGES (FLYNN)

The 2015 meeting between Peter W. Smith, below, and Michael Flynn, seen here in 2017, gave Mr. Smith a contact who would go on to become part of President Trump's inner circle.



ent business deals came from the 2015 meeting, the introduction gave Mr. Smith a contact who would go on to become part of Mr. Trump's inner circle. An attorney for Mr. Flynn declined to comment.

Mr. Smith died in a Minnesota hotel room in 2017 in what authorities ruled a suicide at the age of 81, weeks after telling friends that he believed he had finally obtained the missing emails, according to a person familiar with the matter. His death came 10 days after describing his efforts to a Journal reporter.

How much of Mr. Smith's quest was undertaken with the knowledge of anyone in Mr. Trump's orbit is a question investigators have been probing for more than a year. The matter is under scrupu-

lators, including at least one witness who was called before a grand jury, according to a court document and people familiar with the matter. A grand jury subpoena described to the Journal also has sought a range of documents concerning Mr. Smith's activities. President Trump has denied any collusion. The Russian government has denied it interfered in the election.

People who knew Mr. Smith, including former Wall Street financier Charles Ortal and freelance writer Tom Lipscomb, say he believed Mrs. Clinton's emails would reveal a vast amount of incriminating information. Mrs. Clinton described the 33,000 emails that her lawyers deleted from her personal server as relating to routine matters such as yoga.

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Mr. Smith reached out to businessmen as backers, including Maine real-estate developer Michael Liberty, Florida-based investor John "Jack" Purcell and Chicago financier Patrick Haynes. They were named in an email reviewed by the Journal as among a group that pledged \$100,000 to the effort, plus \$50,000 of Mr. Smith's own money.

Messrs. Haynes and Purcell didn't respond to requests to comment. An attorney for Mr. Liberty said his client never donated but may have been asked. The Journal couldn't determine the identity of a fourth name in the email.

Mr. Lipscomb said he believes Mr. Smith was soliciting money from friends, including himself, under false pretenses, and that he was a "deluded old man."

Beyond his connection with Mr. Flynn, Mr. Smith also claimed ties with the anti-secrecy website WikiLeaks, and he solicited money to assist founder Julian Assange with legal support, according to Mr. Ortal and an email Mr. Smith sent in December 2016 that was reviewed by the Journal.

In the email, he told supporters his team had come across "multiple individuals" in possession of the Clinton emails and that he had directed one or more of those people to send the emails to WikiLeaks.

WikiLeaks, which never published any of the alleged material, was the main conduit for the dissemination of embarrassing Democratic emails that U.S. investigators concluded were stolen by Russian hackers. No evidence has emerged that hackers ever obtained Mrs. Clinton's emails, and the FBI didn't find evidence that her personal server had been compromised.

WikiLeaks didn't respond to a request to comment. Mr. Assange has repeatedly denied that the group obtained any hacked Democratic material from Russian sources.

—Rebecca Ballhaus contributed to this article.

Mueller Target Gets 6 Months In Prison

BY ARUNA VISWANATHA

A California man who pleaded guilty to providing stolen bank-account information to Russian nationals was sentenced to six months in prison and six months of home detention, the longest prison term to date stemming from special counsel Robert Mueller's inquiry.

Richard Pinedo, who pleaded guilty in February to identity fraud, said in court Wednesday that he hadn't understood what sort of customers he was dealing with, and that his "quiet, anonymous life" had been turned upside down by the case. The Russians who bought the information from Mr. Pinedo have been accused of mounting a broad effort to interfere in the 2016 election, the focus of Mr. Mueller's probe.

From 2014 through December 2017, prosecutors said, Mr. Pinedo sold anonymous customers hundreds of bank account numbers belonging to real people to help them circumvent PayPal security protocols.

"I was convinced the services I was offering didn't hurt anyone," Mr. Pinedo said, reading from a statement.

Among those who used his services were Russian nationals who posted divisive social-media messages, invented fake personas and staged rallies with the strategic goal of sowing discord in American politics in 2016, prosecutors say.

At Mr. Pinedo's sentencing hearing, one of Mr. Mueller's prosecutors, Rush Atkinson, said the defendant had provided "substantial" cooperation that went beyond what others facing similar charges have traditionally provided. He provided "pretty close to the unvarnished truth" in his first interview, Mr. Atkinson said.

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U.S. NEWS

Stamp Price To Rise 10% Under Plan

BY PAUL ZIOBRO

The U.S. Postal Service proposed raising the price of a first-class stamp by 10% to 55 cents and increasing rates on a popular option used by Amazon.com Inc. and other shippers by more than 12% as the agency seeks to shore up its finances.

The increase on first-class stamps would be the largest on a percentage basis in more than three decades.

The Postal Service said the increase across all mailing products, which include stamps for letters and postcards, totals about 2.5%, because it cut other prices, including what it charges

clude a 3.9% increase on priority mail express and a 5.9% increase on priority mail.

The Postal Service's board of governors said they "believe these new rates will keep the Postal Service competitive while providing the agency with needed revenue."

Some of its highest proposed increases are for a service called Parcel Select, which large shippers like Amazon as well as carriers like United Parcel Service Inc. and FedEx Corp., use to deliver packages the last leg of a trip to the customer's door. The so-called last mile is typically the most expensive part of an online order's journey.

The agency proposed a 9.3% increase on Parcel Select packages weighing over 1 pound and a 12.3% increase on lighter packages shipped using that service. Under that service, the shippers deposit sorted packages into the Postal Service network and pay a fee to have them delivered to doorsteps.

The agency also proposed expanding the types of packages that are subject to dimensional weighting, which considers the size of the packages instead of just the weight to determine rates. The pricing method, already used by FedEx and UPS and on some Postal Service products, makes it more expensive to ship bulky, but lightweight, goods like diapers and paper towels.

The quasigovernmental agency proposed the price increases on those products as part of broader increases submitted to regulators for approval. The prices will be reviewed by postal regulators over the next few weeks. They are proposed to go into effect Jan. 27, 2019.

for each additional ounce.

The Postal Service has come under scrutiny from President Trump, who has chastised the agency as Amazon's "delivery boy" and called for it to charge more competitive prices.

Price increases on some products are limited by the consumer-price index. Last year, the Postal Regulatory Commission granted the Postal Service permission to raise rates on a class of products that includes first-class mail by up to 2 percentage points above inflation. That proposal still hasn't been finalized.

The Postal Service proposed more aggressive price increases on its parcel business, where it is allowed to adjust prices as the market demands. Those in-



Federal efforts to improve earthquake detection will benefit volcanic-activity monitoring in Hawaii, where a park was closed in May.

Earthquake Sensors Get Priority

BY JIM CARLTON

The Trump administration has ordered accelerated deployment of earthquake-detection equipment on federal lands to help West Coast cities prepare for a seismic disaster experts say is near-certain to hit in the coming years.

Under an Oct. 5 order by Interior Secretary Ryan Zinke obtained by The Wall Street Journal, federal permitting regulations for the equipment are being streamlined so it can be rapidly installed in national parks and Bureau of Land Management properties near population centers from San Diego to Anchorage, Alaska. The order also applies to volcanic-activity monitoring equipment in Hawaii.

The sensors on federal property like San Francisco's Golden Gate National Recreation Area work in concert with state and local efforts to

create an integrated system.

The U.S. Geological Survey system, called ShakeAlert, which can give up to a minute's notice that a tremor is about to hit, has been deployed in parts of the country since 2006, but remains only about half complete, federal

Red tape will be cut so more of the planned 1,675 devices can be deployed in the West.

officials say. A major reason is delays of up to two years in getting the needed permits from various agencies.

Mr. Zinke gave directors of agencies including the Bureau of Land Management, National Park Service and U.S. Fish and Wildlife Service 30 days to

identify and help remove regulatory impediments to putting in the alert sensors.

The move comes as much of the West Coast remains under threat of a catastrophic earthquake scientists say could hit at any time. "We're trying to say, look, this is an opportunity to safeguard our people," Austin Ewell III, the Interior Department's deputy secretary for water and science, said in an interview Wednesday.

The sensors are designed to pick up the shock waves sent out after an earthquake hits, so an alert can be sent through cellphones and other electronic devices notifying when they will reach a populated area. That gives time to shut down infrastructure such as gas lines and commuter trains, while alerting people to get out of elevators and for doctors to suspend surgical procedures, Mr. Ewell said.

Similar technology has been

credited with saving lives in earthquakes in Japan and Mexico.

Bills to increase funding for a system estimated to cost about \$40 million to set up and \$30 million annually to operate have been passed in Washington, D.C., and Sacramento. With about half of the 1,675 sensors needed to complete the network in place, the biggest shortfall is in Pacific Northwest cities like Portland and Seattle, USGS officials say.

The ShakeAlert system for the San Francisco Bay Area is almost done, while in Southern California it is undergoing further tests. Los Angeles Mayor Eric Garcetti said earlier this year the city planned to deploy a quake warning system by the end of 2018.

Federal officials didn't have a timetable for when the system will be fully operational. "The hope is it's sooner rather than later," Mr. Ewell said.

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Love for Chinese Festivals: New York Celebrates Chinese Moon Festival with a Touch of Beijing



Group photo of the BMCTD delegation and guests attending the Chinese Moon Festival event



Corey Johnson, the Speaker of the New York City Council, is delivering a speech at the event.



Beijing Tourism Ambassador Lang Lang is introducing Beijing's tourism resources.

measures and providing convenience and support for Americans to travel to Beijing. A 144-hour transit visa-free policy has been in place in Beijing and its surrounding areas of Tianjin and Hebei since December 28, 2017. This year, the BMCTD invited U.S. companies to join the "Beijing Tourism Global Partnership" program, which

already has six tour companies, such as the Pacific Delight Tours, become BMCTD's official partners. With a thorough review of the latest Beijing tourism products in Beijing, these companies will accordingly design and provide travel service products in line with American tourists' preferences.

As an ambassador of Beijing

other new tourism spots, while a feast of delicious mooncakes offered attendees a taste of the Chinese Moon Festival.

Many Americans now enjoy to travel to Beijing, drawn not only by the increasingly convenient visa policy and safe and friendly environment, but also the culture integration of East and West, which makes it easier for communication between the American and the Chinese people. For example, in addition to his identity as an international piano master, Lang Lang is also a United Nations messenger of peace and Beijing tourism ambassador. Passionate about public welfare, Lang Lang has launched initiatives like the "Lang Lang International Music Foundation" and is committed to using music to convey love. This talented and caring tourism ambassador profile boosts Beijing's image in the hearts of more Americans.

In recent years, the BMCTD has launched several tourism promotion activities in the United States and introduced a string of friendly and convenient tourism policies. They are also constantly innovating ways and means of overseas tourism promotion. Instead of pitching their own tourism resources in a singular style, they are now more willing to learn about the local people's travel habits and preferences, staying open-minded to the local travel agents' advices. All these will help them design quality and personalized travel products tailored for global travelers.

Just like how Christmas is becoming popular in China, traditional Chinese festivals are gaining fans across the world, a sign of the increasing cultural exchanges and understanding between China and the rest of the world. Culture crosses national boundaries while the moon shines light on all. A festival highlighting family reunion is certain to be popular among Americans and beyond.

Beijing Municipal Commission of Tourism Development commissioned this content.

The Wall Street Journal news organization and advertising department were not involved in the creation of this content.

WORLD NEWS

China Acknowledges Re-Education Camps

Retroactive change in law links 'vocational skills training centers' to deradicalization

By Eva Dou

BEIJING—China has retroactively changed the law to legitimize its detention of hundreds of thousands of Muslim Uighurs in a campaign that has sparked an international outcry over human-rights abuses against the ethnic minority.

The amended counterterrorism regulations, adopted Tuesday in the northwest Xinjiang region where most Uighurs live, say that authorities can use "vocational skills training centers" to "deradicalize" people suspected of extremism. The previous rules made no reference to voca-

tional centers.

The new rules appear to mark the first time China has acknowledged its use of vocational centers to detain Xinjiang residents for "transformation through education." Senior Chinese officials have maintained—including before a United Nations panel in August—that the centers taught vocational skills to petty criminals. It had disputed reports the centers were used for "political re-education."

The new regulations "establish a much more direct link between re-education and vocational skills training," said Adrian Zenz, a researcher on the Xinjiang camps at the European School of Culture and Theology in Germany.

Criticism is growing over China's mass detention of Uighurs. A U.S. congressional report released Wednesday warned of a "dire human

rights situation" in China, particularly the country's mass internment of Uighurs and other minorities. The U.N. panel in August found that Uighurs were being held for extended periods without charge or trial "under the pretext of countering terrorism and religious extremism."

The U.S. State Department is considering sanctions against China over the issue.

The Xinjiang Communist Party Committee didn't respond to a request to comment late Wednesday.

China began the mass detentions about two years ago as part of a drive to snuff out an occasionally violent Uighur separatist movement that Beijing says has links to foreign jihadists. Some Uighurs have joined Islamic State in Iraq and Syria.

Rights groups and Uighur activists abroad say unrest in

Xinjiang is driven mainly by heavy-handed policing, tight restrictions on religious activities, and one of the world's most intensive electronic surveillance systems. They say China paints a broad brush to

Human rights activists say Beijing's revision is an effort to justify the facilities.

define extremists, including people engaged in religious activities.

The campaign has swept up elderly Uighurs in poor health and residents with no criminal record, say family members interviewed by The Wall Street Journal. Some people have died in the camps, these people

have said. China has declined to say how many people are in the centers. Human-rights groups estimate that up to one million have been detained.

The amendments also appear partly aimed at reigning in the worst excesses of the re-education campaign.

New rules say education-center operators are responsible for running them safely, with a goal of reintegrating the detainees into society—though no mechanism is laid out for holding officials accountable for breaches.

Human-rights activists said the revision was a retroactive attempt to legally justify the camps.

"If there is a claim this is lawful, however thin a claim, I'm afraid that can only encourage more detentions and an expansion of these centers," said Eva Pils, an expert in Chinese law and human rights at

King's College London.

Maya Wang, a senior China researcher at Human Rights Watch in Hong Kong, said the detentions were arbitrary and without due process. "Xinjiang's regional government is not empowered under China's constitution to legalize detention in the political education centers," she said.

Mr. Zenz, the researcher, said the newly detailed explanation of how to carry out re-education suggests the Chinese government plans to stay the course, despite the international backlash.

"Overall, this clearly strengthens the legal basis for the type of re-education that has essentially been admitted by the state, indicating that the state is determined to proceed with the current campaign," he said.

—Kersten Zhang

contributed to this article.

Taiwan's President Criticizes Beijing, Courts Support

By Eva Dou

BEIJING—Taiwan President Tsai Ing-wen praised the island as a beacon of democracy and urged China to avoid conflict, in a speech Beijing criticized.

In a National Day address on Wednesday, Ms. Tsai called on like-minded nations to support Taiwan, which she described as a democracy standing on the front line of China's expanding interest. She pledged to increase military spending and ensure the position of Taiwan's high-tech industry in the global supply chain.

The best way to defend Taiwan, she said, is to "make it indispensable and irreplaceable to the world."

Though her tone was typically cautious—and she said her government would take no rash actions to provoke Beijing—the address was filled with direct and indirect criticisms of China's policy toward the self-governed island. Beijing asserts that Taiwan must reunite with the mainland one day and has sought to isolate the island diplomatically.

Some Taiwan media seized on that to draw comparisons to a speech Vice President Mike Pence gave last week criticizing China across the board for trying to undermine U.S. interests.

Ma Xiaoguang, spokesman for the State Council's Taiwan Affairs Office, issued harsh criticism of the speech late Wednesday, saying it revealed the "evil intentions" of West-



SAM YEH/AGENCE FRANCE PRESSE/GT IMAGES

ern forces, and that any attempt at Taiwan independence was doomed to fail.

"The speech will only aggravate relations between the two sides and bring Taiwan to an even more perilous situation," he said.

Beijing has increased pressure on Ms. Tsai since her election as Taiwan's president in 2016. The two governments are heirs to antagonists from China's civil war last century. Ms. Tsai's Democratic Progressive Party has traditionally

supported independence.

Beijing has tried to undermine her government politically, by peeling away a handful of its dwindling band of diplomatic partners, and economically, by wooing Taiwanese to move and work in the mainland.

In her speech, Ms. Tsai accused China of trying to challenge the status quo—a reference to the renewed efforts by Beijing to poach Taiwan's diplomatic partners. She said Taiwan's vibrant democracy would ensure international support.

Beijing has refused to diplomatically recognize any nation that recognizes Taiwan since the split after the civil war, and vice versa.

"Taiwan's democracy will shine on the world," she said. "When the world sees Taiwan's beauty, Taiwan will not be lonely."

Ms. Tsai's repeated references to Taiwan's democracy is likely to reinforce concerns in Beijing that support from Washington is emboldening Taipei in its resistance. Mr. Pence lauded Taiwan last week, saying its "embrace of democracy shows a better path for all Chinese people."

Kao-cheng Wang, dean of the college of international affairs at Taiwan's Tamkang University, said Ms. Tsai's speech amounted to a call for support from the U.S. and other countries. "She is presenting the differences between Taiwan and the mainland," he said. "That includes the value of democracy."

President Trump has shifted the U.S. toward more overt support for Taiwan. He broke with decades of protocol designed to assuage Beijing when, as president-elect, he spoke with Ms. Tsai by phone. A law passed in March encourages high-level official visits between the U.S. and Taiwan.

The U.S. approved a \$330 million arms sale to Taiwan in late September, drawing a warning from Beijing that bilateral cooperation would be affected.

—Yang Jie contributed to this article.

Alleged Chinese Spy In Custody

Continued from Page One sion director in a department of China's Ministry of State Security, the country's intelligence agency. Prosecutors allege that he worked from 2013 through this year with others associated with the ministry and several Chinese universities to obtain sensitive and proprietary information from U.S. aviation and aerospace companies. They said he worked in part by recruiting U.S. employees to travel to China for what was characterized as an exchange of ideas.

The case emerges amid growing tensions between the U.S. and China on several fronts. On Monday, the top U.S. and Chinese diplomats, Secretary of State Mike Pompeo and Foreign Minister Wang Yi, exchanged testy words over trade and other issues.

Trade talks between the two countries have made little progress, as have military discussions. And Vice President Mike Pence accused China last week of working against U.S. interests in various ways, including by interfering in U.S. elections.

Also on Wednesday the U.S. Treasury Department issued new rules requiring all foreign investors in certain deals involving critical U.S. technology to submit to national-security reviews, a move designed to address U.S. concerns about a spate of Chinese technology deals in Silicon Valley.



Justice officials announcing the case in Cincinnati on Wednesday.

tative said the Chinese official targeted a former GE Aviation employee and that the impact to the company was minimal. "For months, GE Aviation has cooperated with the FBI investigation," the company said in a statement, adding that "no sensitive information relating to military programs was targeted

or obtained."

U.S. officials echoed those assertions, saying GE Aviation cooperated in the investigation, no defense-related information was removed and internal controls protected the company's proprietary information.

Prosecutors have also brought a number of cases accusing Chinese nationals of stealing proprietary information

affiliated with a provincial Chinese entity called the Jiangsu Science & Technology Promotion Association, according to court papers filed against him.

Mr. Xu was arrested by Belgian authorities in April after a criminal complaint was filed in federal court in Cincinnati. He was extradited to the U.S. on Tuesday, the Justice Department said. GE Aviation is based in Evendale, Ohio, outside Cincinnati.

The development is the latest in an accelerating series of cases that prosecutors have brought against foreign intelligence officers for behavior the government alleges is criminal and outside the bounds of traditional espionage. Last week the U.S. unsealed the indictment of seven Russian intelligence officers, charging them with persistent efforts to hack into the networks of agencies that expose their misdeeds.

Prosecutors have also

brought the "true nature" of his employment and identified himself as

tion on sophisticated technology to benefit Chinese competitors. Officials said the theft of trade secrets costs the U.S. hundreds of billions of dollars a year, and that China and Chinese companies are the leading offenders.

Previous defendants have either not been caught or have been identified only as private Chinese individuals.

"It's unprecedented to lay hands on them and declare their intelligence role," said Christopher Ott, a former federal prosecutor of cybercrimes and other offenses. "That's an expression of confidence in the evidence, and that they won't have to reveal actual intelligence assets to convict this guy."

Joseph Campbell, a former FBI official now with Navigant Consulting, said the arrest could also provide the U.S. with a window into Beijing's operations in the U.S. to target sensitive technology, either through Mr. Xu's own cooperation or through devices he had with him at the time of his arrest.

"This is an opportunity to gain much more current information about China's efforts," Mr. Campbell said.

Mr. Xu particularly sought information about composite materials GE Aviation used in the manufacturing of fan blades and fan-blade encasements, prosecutors said.

Earlier this year, Mr. Xu allegedly continued to press the employee to provide information about the application of research data to engine production and asked him to meet in Europe. Mr. Xu was arrested in Belgium as he sought to hold that meeting.

—Thomas Gryta

contributed to this article.

Foreign Investments Face Tougher Rules

By Kate O'KEEFE

Treasury officials issued rules requiring all foreign investors in certain deals involving critical U.S. technology to submit to national security reviews or face fines as high as the value of their proposed transactions.

The new regulations, which implement a recently passed law to tighten foreign-investment reviews, are more expansive than some had advocated and are likely to bring an unprecedented number of transactions under the purview of the Committee on Foreign Investment in the U.S., known as Cfius.

The Treasury-led interagency committee will now require foreign investors to alert it to all deals giving them access to critical technology across 27 industries—including semiconductors, telecommunications and defense—that the committee believes could threaten U.S. national security and technological superiority, according to Cfius officials.

Previously, Cfius focused more narrowly on deals where foreigners took controlling stakes in U.S. businesses, and filing for reviews was optional.

Investors had incentives to file and seek Cfius approval because, if they didn't, the committee might choose to review their deal anyway and recommend the president block or unwind it.

In recent years, however, lawmakers and officials came

to believe that many deals involving important U.S. technology were flying under the committee's radar. They have been particularly concerned about a spate of Chinese technology deals in Silicon Valley. The new, temporary rules take effect in a month and will be superseded by permanent regulations some 15 months later.

A February 2017 report by the Defense Department's Defense Innovation Unit, which was influential in the crafting of the Cfius measure, mapped out various ways Chinese investors participate in U.S. technology deals in the valley, including through investments made by Chinese venture-capital and private-equity firms and by Chinese tech giants Baidu Inc., Tencent Holdings Ltd., Alibaba Group Holding Ltd. and JD.com Inc.

"This significantly changes the importance of Cfius for foreign investors because it is now a mandatory process for a broad swath of technological acquisitions," said Nova Daly, an adviser at law firm Wiley Rein LLP and a former Treasury official who once ran the Cfius process.

The rules mean foreign investors who made early-stage investments in areas such as artificial intelligence and autonomous driving in Silicon Valley without having to file for reviews could be required to do so for future deals, said Ivan Schlager, who runs the national security practice at law firm Skadden, Arps, Slate, Meagher & Flom LLP.

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WORLD WATCH

UNITED KINGDOM

Court Says Bakery Can Reject Gay Man's Order

Britain's top court upheld the right of a bakery to refuse a gay man's order for a cake decorated with the message "Support Gay Marriage" on the grounds that forcing the bakers to make the cake would have impinged on their rights to free speech.

Following a yearslong legal case, the court ruled the case wasn't about discrimination but boiled down to a different issue—that people can refuse to promote messages they disagree with.

In May 2014, Gareth Lee ordered a cake from Ashers, a bakery in Northern Ireland, for an event organized to campaign for same-sex marriage. In Northern Ireland, unlike the rest of the U.K., same-sex marriage isn't currently legally recognized. The owners of Ashers declined to make the cake on the grounds they didn't want to endorse same-sex marriage because it was against their religious beliefs.

British judges found in the bakers' favor on the grounds that they weren't discriminating against Mr. Lee for being gay but were objecting to putting a message they didn't agree with on the cake.

—Max Colchester

Economy Rebounded Over the Summer

U.K. economic growth picked up over the summer, aided by stronger retail sales and house-building in response to warmer-than-usual weather. The Office for National Statistics said economic output in the three months through August was 0.7% higher than in the three months through May, equivalent to annualized growth of 2.8%. However, there were signs the economy was losing momentum toward the end of the period, with output flat in August compared with July.

—Paul Hannon

SYRIA

Rebels Pull Heavy Weapons From Zone

Rebel groups in Syria have withdrawn most of their heavy weapons from a planned demilitarized zone in the northwest, local activists and the Turkish Ministry of Defense said, a move that could forestall an offense by the Assad regime, but falls short of a lasting political settlement in the area.

Russia and Turkey agreed last month to create a buffer zone between opposition and government forces in Idlib province in an attempt to avert a fight that the U.S. and United Nations warned would cause a humanitarian disaster.

—Sune Engel Rasmussen

WORLD NEWS**Suspected Killers Used Saudi Jet****Turkey builds case for what it says is Saudi involvement in death of dissident journalist**

The Gulfstream jets that Turkish officials say ferried operatives who apprehended and likely killed a dissident Saudi journalist in Istanbul belong to a company controlled by Saudi Arabia's government, people familiar with the matter said.

*By Rory Jones
in Dubai, Margherita Stancati in Riyadh and Summer Said in London*

Turkish authorities also released on Wednesday the names and photographs of the 15 men they say were involved in Jamal Khashoggi's suspected killing in the kingdom's consulate in Istanbul on Oct. 2 before returning hours later to Saudi Arabia. They included a forensics expert and a man who in 2017 was pictured wearing a Saudi Royal Guard uniform.

Saudi officials have denied involvement and say they are assisting the Turkish investiga-

tion into Mr. Khashoggi's disappearance. Officials didn't respond to requests to comment.

Mr. Khashoggi, a Washington resident living in self-imposed exile, was in Istanbul to obtain documents to marry his Turkish fiancée when he disappeared, sparking a diplomatic crisis between Turkey and Saudi Arabia, two influential regional rivals that are both U.S. allies.

President Trump said Wednesday he had spoken to Saudis "at the highest level" about Mr. Khashoggi and planned to find out what happened to him.

The White House said that other top administration officials—national security adviser John Bolton, senior adviser Jared Kushner and Secretary of State Mike Pompeo—pressed Saudi Crown Prince Mohammed bin Salman about the issue by phone.

"This is a bad situation," Mr. Trump told reporters. "We cannot let this happen. To reporters, to anybody."

"We're going to get to the bottom of this," he added.

Members of the Senate Foreign Relations Committee wrote a letter to Mr. Trump demanding an investigation into the disappearance of Mr. Khashoggi.



Jamal Khashoggi speaking at a London conference in late September.

Journalists show planes with the tail numbers released by Turkish authorities landing in Istanbul on the day Mr. Khashoggi went missing.

One Sky Prime jet, which carried tail number HZSK2, landed in the wee hours of Oct. 2 with nine alleged Saudi operatives on board, according to the officials. The six other members of the 15-strong group arrived on commercial flights.

A second Gulfstream operated by Sky Prime also landed in Istanbul on Oct. 2. It couldn't be determined who was on board.

The two Gulfstream jets left Istanbul later in the day, carrying the alleged team, except one member who took a commercial flight, the Turkish officials said. The planes reached Riyadh on Oct. 3 after making layovers, one in Dubai and the other in Egypt, according to tracking services.

Turkish authorities have refrained from commenting publicly on the case.

Turkish President Recep Tayyip Erdogan has said he would wait to hear the results of a criminal police investigation before formally naming suspects for Mr. Khashoggi's disappearance.

jets to expose Saudi involvement, Turkish officials say.

The planes are owned by aviation firm Sky Prime Aviation Services Ltd., which was seized by the Saudi government, in the wake of last year's roundup of Saudi businessmen, royalty and government officials as part of what Prince Mohammed called an anticorruption drive, the people said. Prince Mohammed, the day-to-day Saudi ruler, now controls the company, the people said.

Reached by phone Wednesday evening, Sky Prime's vice president declined to comment.

Flight-tracking services checked by The Wall Street

Lawmakers Press Trump Over Yemen

BY DION NISSENBAUM

WASHINGTON—U.S. lawmakers from both parties are challenging the Trump administration's support for Gulf allies battling Iran-aligned fighters in Yemen, putting new pressure on the U.S. president to scale back ties with Saudi Arabia during an especially sensitive time.

A bipartisan group of senators plan to demand answers from Secretary of State Mike Pompeo after he backed Saudi Arabia and the United Arab Emirates over the objections of most of his Yemen experts.

In a letter delivered to Mr. Pompeo on Wednesday, the lawmakers, led by Sens. Todd Young (R., Ind.) and Jeanne Shaheen (D., N.H.), write that they have "significant concerns" with his support for the Gulf allies.

"We find it difficult to reconcile known facts" with the decision to officially certify

that Saudi Arabia and the United Arab Emirates were taking meaningful steps to minimize civilian casualties in Yemen and that they were following the law when using weapons sold by the U.S. The certification was the first by Mr. Pompeo under a new law that requires him to certify to Congress every six months that the Gulf nations are doing all they can to minimize civilian casualties in Yemen.

State Department officials didn't respond to requests to comment.

The letter is part of an expanding effort in Congress to choke off American support for the two Gulf allies trying to contain a threat posed by Houthi fighters. The Saudi-led coalition has been trying to re-install the head of the internationally recognized government, forced into exile when Houthi fighters seized Yemen's capital in 2015.

One of the major adminis-



Yemeni fighters in September held positions in an area of Hodeidah linking the city to the capital Sana'a.

tration fears is that the civilian casualty concerns in Yemen will compel enough U.S. lawmakers to support proposals to cut off military aid to the Saudi-led coalition.

The U.S. currently provides Saudi Arabia and the United Arab Emirates with modest military support, including aerial refueling of jet fighters

carrying out airstrikes in Yemen, limited battlefield intelligence, and billions of dollars in weapons. The three nations work closely together in a parallel fight against al Qaeda and Islamic State militants who are using lawless sections of Yemen as sanctuary.

Saudi Arabia and the U.A.E. have been unable to extricate

themselves from the war in Yemen, the location of what the U.N. calls the world's worst humanitarian crisis.

Over the past three years, according to the U.N., the Saudi-led coalition has killed thousands of civilians in Yemen, most of them in airstrikes that have fueled concern in Washington.

FROM PAGE ONE**Stocks Fall Amid Tech Retreat**

Continued from Page One however, is that trade tensions between the U.S. and China appear to be worsening, and that a slowdown in the Chinese economy could spill over into global markets.

Chinese authorities have stepped up their efforts to keep money flowing in the world's second-largest economy amid concerns about the ramifications of a yearslong increase in Chinese debt issuance.

The result: A simultaneous selling of 2018's biggest stock-market winners in the U.S.

Heading into the fourth quarter, investors were piling into many of the same trades, particularly in large U.S. tech stocks, said Andrew Slimmon, senior portfolio manager with Morgan Stanley Investment Management. "If everyone is on one side of the boat and they suddenly realize this, everyone would scramble."

The shift has come as the yield on the benchmark U.S. Treasury note has risen to seven-year highs. It settled at 3.221% Wednesday, up from 3.055% at the end of September.

The S&P 500 tumbled 3.3%

Wednesday, its fifth consecutive session of declines and longest losing streak in nearly two years. The Dow Jones Industrial Average dropped 3.1%

to 25598.74, falling 4.6% from its record high notched Oct. 3.

Both indexes registered their

biggest losses on a percentage basis since Feb. 8.

All sectors in the S&P 500 slumped Wednesday, with technology stocks down nearly 5%. Other growth sectors including consumer-discretionary and communications shares posted big declines as well.

The tech-heavy Nasdaq Composite dropped 4.1%, extending its declines for the month to 7.8%. The index is suffering its worst start to a fourth quarter since 2008, when it fell 21%.

The selloff continued early

Thursday in Asia. Japan's Nikkei Stock Average was down 3.5%, while Hong Kong's Hang Seng Index was down 3%. Traders and portfolio managers said trading during Wednesday's declines was largely orderly and that phones weren't ringing off the hook with upset clients. Even so, some on trading floors were struggling to reconcile the strong financial results of large tech firms with the day's heavy selling.

"It really doesn't make any sense to me that some of these stocks are getting

beaten up as much as they are," said Mark Stoeckle, chief executive of Adams Funds. Some Vanguard customers, though, had problems logging on to their accounts online and by phone. Some took to Twitter to complain about the technical issues.

"Vanguard today experienced periodic network connectivity issues," a spokeswoman said in a statement, adding the technical issues weren't a result of more people trying to log on to their accounts.

Possibly exacerbating the

decline for tech stocks is the absence of one of their biggest buyers: the companies themselves. In the weeks leading up to reporting their corporate results, companies typically don't repurchase their own shares due to regulations. Analysts have said record stock buybacks have underpinned the stock market's recent gains, and some traders said the elimination of this support could be worsening the selloff.

On Wednesday, just 17 stocks in the S&P 500 rose, or about 3% of the broad index.

Trump Swipes at Fed After Selloff

President Trump put the Federal Reserve at the middle of Wednesday's stock-market selloff just minutes after the White House issued a statement playing down the drop by pointing to solid economic fundamentals.

"The Fed is making a mistake," Mr. Trump told reporters in Erie, Pa., after stock markets suffered their biggest decline in more than seven months. "I think the Fed has gone crazy."

Mr. Trump has for weeks grumbled about the central bank's campaign to gradually lift short-term rates, which it has been doing to guard against inflation.

Of the stock market, he said, "Actually, it's a correction that we've been waiting for, for a long time. But I really disagree with what the Fed is doing, OK?" A Fed spokeswoman declined to comment.

—Vivian Salama and Nick Timiraos

Investor angst has been gathering this month as interest rates rise. On Wednesday, major U.S. indexes tumbled, led by a tech retreat and a volatility spike.

Change in the first eight trading days of each quarter

Dow Jones Industrial Average

S&P 500

Nasdaq Composite

Russell 2000

Cboe Volatility Index

Yield on the 10-year Treasury note

Stock performance Wednesday

-4.1%

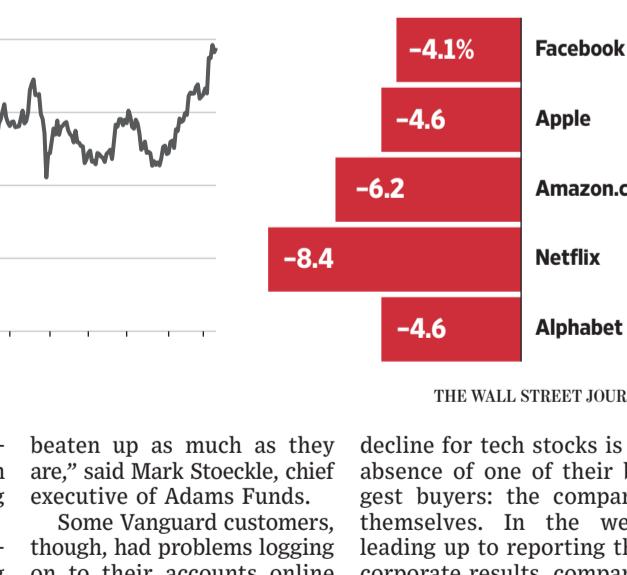
-4.6%

-6.2

-8.4

-4.6

Sources: Dow Jones Market Data (indexes, stocks); Tullett Prebon Information (Treasury)



THE WALL STREET JOURNAL.

Some of the buying centered on consumer-staple companies, which investors tend to favor for their durability during tough economic conditions and the generous dividends they pay. General Mills Inc. and J.M. Smucker Co. both added 1.5%, while Campbell Soup Co. rose 0.5%.

For most of 2018, the bet on tech- and growth-stock bets served investors well.

Even with the recent drawdowns, Amazon shares are up 50% so far this year, while Netflix has risen roughly 70% and Apple is up nearly 30%.

FROM PAGE ONE

Another Putin Foe Perishes

Continued from Page One
powerful Russians who, after amassing fortunes during Russian privatizations, helped build the political system that brought Mr. Putin to the presidency. After falling out of favor, the trio fled to England and tried to mount opposition to their former protégé, only to see their efforts disrupted by untimely deaths and costly litigation.

Their leader, Boris Berezovsky, was found hanged in a bathroom of his house in Berkshire, England, in 2013, in a death that was initially called a suicide but now police are investigating anew. Mr. Berezovsky's longtime security assistant, former Russian security officer Alexander Litvinenko, was killed in 2006 by a fatal dose of the radioactive isotope polonium-210, a murder the U.K. blamed on Russia. Another partner, Badri Patarkatsishvili, died of a heart attack in 2008, in what police have deemed natural causes.

Mr. Glushkov, Mr. Berezovsky's right-hand man, was the last alive.

His death happened one week after the nerve gas poisonings of a former Russian spy and his daughter in Salisbury, England—an attack the British and American governments have pinned on two alleged Russian agents. The Kremlin denied any involvement in this and other assassination attempts and the men say they were innocent tourists.

The central issue in the Glushkov case was Aeroflot's claim that the Russian and his partners, after gaining a foothold in Aeroflot management during privatizations, looted \$120 million from the company.

A 'fraudster'

In written statements, Aeroflot spokesman Andrey Sogrin said Aeroflot "is not today, nor was it ever, a 'paymaster for Russia's security services.'"

He called Mr. Glushkov a "fraudster" who was convicted in Russia "of an elaborate scheme to divert huge sums of Aeroflot's foreign currency into the Swiss bank accounts of companies he controlled."

Mr. Sogrin said that Aeroflot had nothing to do with his death, adding that "if he had lived" Mr. Glushkov "would have faced a substantial civil judgment in England, as well."

Mr. Glushkov maintained that Aeroflot's claim against him was absurd and that the entire case, which wound its way through the Chancery Division of London High Court for years, was a pretext for Russian authorities to harass him.

The pretrial court filings, including a 51-page witness statement viewed by The Wall Street Journal, show he intended to respond by reopening chapters of 20-year-old Russian history that are sensitive for the Kremlin and Russia's security services.

Over the years, the Kremlin has reshaped the story of Mr. Putin's rise to power, stressing his role as a disciplined KGB



EPA/RAY/ASSOCIATED PRESS

Nikolai Glushkov, shown below on his way to trial to face fraud charges in Russia, was murdered earlier this year in South London.



TASS/GTY IMAGES

Aeroflot's Bumpy Flight Path

1923 Aeroflot's predecessor, the Voluntary Air Fleet, begins the first passenger service between Moscow and Nizhny Novgorod.

1932 Officially named Aeroflot, the company supports domestic industry by acquiring Soviet-made aircraft.

1940s Aeroflot becomes a

backbone for Soviet forces fighting the invasion by Nazi Germany, ferrying troops into besieged battlefronts.

1950s through 1970s During the Cold War, Aeroflot aggressively expands domestic and international service, opening up routes to five continents.

1990 The Guinness Book of World Records names it the largest airline in the world.

1991 With the fall of the Soviet

Union, the company downsizes drastically as former Soviet states inherit Aeroflot's aircraft and routes.

1992 Boris Berezovsky acquires minority stake during privatization and inserts managers. Nikolai Glushkov serves from 1996 through 1998.

2018 Still 51% owned by the government, Aeroflot reports growing revenues after acquiring domestic competitors, operating across 51 countries.

careerist who rescued the country from oligarchic billionaires who looted the national wealth after the Soviet Union collapsed.

Through government-controlled news outlets and film documentaries, Moscow has largely erased suggestions that Mr. Putin was helped to power by anyone more powerful than himself—such as Mr. Berezovsky, Mr. Glushkov's business partner, who helped promote Mr. Putin and knew him personally.

A former mathematician, Mr. Berezovsky built a fortune in the final years of the Soviet Union through an auto dealership called Logovaz. After the country's dissolution in 1991, he gained control of Soviet-era industries through tainted privatization auctions and political influence, amassing a financial empire that spanned automobiles, oil, media, and Aeroflot, the national airline.

He set up his Moscow headquarters in a Tsarist-era palace known as the Logovaz mansion, where high-level government officials waited to meet him in the anterooms.

In 1996 Mr. Berezovsky teamed up with other oligarchs to bankroll the successful campaign of incumbent President Boris Yeltsin so he could face down a challenge from Russian communists. In 1999, when Mr. Yeltsin anointed Mr. Putin as his successor, Mr. Berezovsky and his allies helped vault him from virtual obscurity to national prominence by providing fawning coverage of his presidential campaign on ORT, the television network Mr. Berezovsky once controlled, and cobbling together a political party, Unity, which served as Mr. Putin's springboard.

Rivals accused Mr. Berezovsky of funding his political projects by siphoning billions of dollars from companies he

gained control of during privatization, a charge Mr. Berezovsky denied. Through most of the 1990s, Mr. Glushkov was known as Mr. Berezovsky's right-hand man in managing these enterprises, including the country's largest auto maker, AvtoVAZ, and the national airline, Aeroflot.

Mr. Putin soured on the oligarchs as he built the top-down political system that he dominates today, joining forces with security-service allies to take over key businesses. Maria Litvinenko, widow of the poisoned Mr. Litvinenko, said in an interview her husband believed Mr. Berezovsky's takeover of Aeroflot ultimately destroyed him and his allies because he made so many enemies in the security establishment.

The airline, Ms. Litvinenko said her husband told her, was a centerpiece of the Russian spy services, which since Soviet days had used its global

reaction from the security services was swift, he said in his witness statement. In his office, he said, he received calls daily over a special telephone installed for talking with security-service chiefs. One of them, Alexander Korzhakov, a former KGB general and President Yeltsin's bodyguard said he would "screw my head off" and "put me in jail...if I continued to violate the rights of the FSB," Mr. Glushkov said in his witness statement.

Mr. Korzhakov, reached by telephone in Russia, denied threatening Mr. Glushkov, but called the former Aeroflot director a thief who stole "tens of millions" from the company

in 2008. Mr. Berezovsky lost a lawsuit against another Russian oligarch, leaving him with hefty legal bills. In 2013, Mr. Berezovsky was found hanged in his bathroom in his home outside London.

Mr. Glushkov's own fortunes sank along with those of his partners, and to save money he moved out of his estate, eventually landing in a rented row house, where he planned his legal strategy against Aeroflot.

In death, Mr. Glushkov enjoyed some measure of vindication. After the airline dropped the case in April without explanation, Judge Rose ordered Aeroflot to pay more than £3 million (\$3.9 million) to compensate Mr. Glushkov's estate and other defendants for their court costs. She said the airline had apparently folded its hand because "Aeroflot and its advisers realized that their case was doomed to fail in its entirety."

in her 90s, told the auction house she thought that Flagg had given the painting to her husband. "The widow, we believe, in good faith signed a warranty saying she had clear title" to the painting, says Greg Rohan, president of Heritage Auctions.

She remembers the December day that the truck with the nude pulled up to her house. Another large portrait Flagg had done of Hoffmann already hung in Ms. O'Brien's dining room. She moved the clothed "Ilse #1" to the living room to make room for the nude "Ilse #2," as she calls them.

That night, as she got up from her living room sofa to make tea, she found herself crying as she looked from one Hoffmann to the other. "I thought, 'She's home!'" she says.

After talking to Heritage Auctions, he discovered that the person who had put it up for sale was the widow of the superintendent who had worked in Flagg's building. The widow,

Mystery of The Lost Painting

Continued from Page One
up to about \$75,000 at auction, says Will Haydock, head of American art at Christie's.

Flagg's personal life was the stuff of movies. He frequented society events and had a fondness for the models whose portraits he painted. In "Roses and Buckshot," his 1946 autobiography, he writes, "Many of those girls were so beautiful; and artists are such fools!"

Still, in his book, he calls Hoffmann the real love of his life. Hoffmann wanted to marry Flagg, who was more than twice her age, but he refused, he writes. He was still married to his second wife, Ives's mother, who had been institutionalized with mental illness. In the mid-1930s, Hoffmann left.

She came back to him in the mid-1940s, but soon after, Hoff-

mann killed herself one night by drinking a martini laced with cyanide, Flagg writes.

Devastated, Flagg kept his nude portrait of Hoffmann, measuring 27 by 48 inches, near his desk for the rest of his life. He even included it in his last known self-portrait.

Flagg died in May 1960 at age 82. A few months later, 11 works from his apartment and studio in Manhattan were due to be shown in a memorial exhibition. Only 10 showed up at the warehouse. A friend, artist Everett Raymond Kinstler, noticed that it had gone missing from the apartment at some point, too. No one knew exactly when it disappeared—and no one could understand how such a large painting could have been taken from his building, staffed with doormen.

Flagg's daughter filed a report with the police, but was told they were unlikely to find the painting. Over the rest of her life, she collected notes and research about her father, including letters about the painting. Ms. O'Brien says writing a biography about Flagg was one of her mother's great goals. The

other was finding the painting of Hoffmann. When her mother died, Ms. O'Brien decided, "I will get her back, I promise."

Then in September 2017, Ms. O'Brien was on the website for Heritage Auctions, looking for a watercolor painting her grandfather had done. The Hoffmann nude appeared on her screen, estimated at \$15,000 to \$25,000.

"I almost fell off my chair," she says.

Ms. O'Brien called up the

New York Police Department precinct closest to Flagg's old apartment. An officer suggested she speak to Sgt. Mark Amundson, 39, a field intelligence officer who had a reputation around the precinct. "They knew I liked looking at stuff that would be obscure," he says.

Growing up in New York City, the sergeant had a Bob Ross paint set and a fondness for van Gogh. He didn't think he had the talent to be an artist, so he followed in the footsteps of both

his grandfathers and became a police officer.

Ms. O'Brien sent him some of her mother's research to prove her connection to the painting.

Sgt. Amundson was taken with the story, and with the artwork.

However, he couldn't stop the sale of the painting without a police report showing it had been reported missing. Tracking down the file in the archives was a long shot. Sgt. Amundson didn't know what precinct the report was filed in, or when it might have been filed.

Sgt. Amundson pressed on. Bidding was scheduled to start Sept. 22. He had less than two weeks to find the report.

He spent two full days scanning nearly 6,000 reports from 1960. At the end of the second day, he finally caught sight of Ives' name. He had found the report, giving him grounds to ask Heritage Auctions to put the sale on hold. "What were the odds?" he says.

After talking to Heritage Auctions, he discovered that the person who had put it up for sale was the widow of the superintendant who had worked in Flagg's building. The widow,

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on behalf of Mr. Berezovsky.

In 1997, Russian prosecutors opened a criminal investigation into financial irregularities at the airline. Mr. Berezovsky fled the country after the election of Mr. Putin as president in 2000 and prosecutors said he, too, was a suspect in the Aeroflot criminal case. Mr. Glushkov remained in Russia but, sensing he might be arrested soon, gave an interview to Russia's Kommersant newspaper, defending his work.

'Simple nonsense'

"What prosecutors are saying is simply nonsense," he said, noting that investigators said he was suspected of misappropriating nearly \$700 million—more than half of the company's revenues while he worked there.

He was arrested the following month on charges of money laundering and illegal business activity, and was confined in Moscow's Lefortovo Prison, a facility reserved for high-profile political prisoners and criminals.

In Switzerland, officials froze assets of companies he managed, and eventually sent \$52 million back to Russia.

Mr. Glushkov said conditions were dire in prison. His health worsened, and he collapsed at one court appearance. In 2004, a judge sentenced him to time served, and after his release he made his way to London, where he joined his erstwhile partners who had moved there in exile.

They welcomed him back and put him in a mansion in the upscale London suburb of Berkshire with an 11-acre pond and servants. But Mr. Glushkov had difficulty adapting to his new surroundings, his friends said.

Aeroflot, back under Russian government control, hired the U.K. law firm Pinsent Masons and sued Messrs. Glushkov and Berezovsky in a London court, seeking \$120 million. At first, Mr. Berezovsky paid the legal bills but soon he, too, began to run out of money. His longtime partner, Mr. Patarkatsishvili, died suddenly of a heart attack

Financial review

Mr. Glushkov launched a review of the company's finances, and found headquarters had little control over revenues. Money from ticket sales drained into hundreds of bank accounts controlled by about 150 regional offices, Mr. Glushkov said in a witness statement. About 3,500 of the company's 15,000 employees worked undercover for one of the branches of Russian intelligence services, he said.

Mr. Shuppe, his former colleague, said Mr. Glushkov wanted to mold Aeroflot into a national airline like Germany's Lufthansa or British Airways, with a centralized payments office located outside Russia to reduce its tax burden. In early 1996, he called a meeting of Aeroflot's representatives from around the world with an eye to channeling revenue into companies in Switzerland.

Reaction from the security services was swift, he said in his witness statement. In his office, he said, he received calls daily over a special telephone installed for talking with security-service chiefs. One of them, Alexander Korzhakov, a former KGB general and President Yeltsin's bodyguard said he would "screw my head off" and "put me in jail...if I continued to violate the rights of the FSB," Mr. Glushkov said in his witness statement.

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Flagg with his portrait of Ilse Hoffmann in 1941.

EVERETT COLLECTION

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GREATER NEW YORK

Legionnaires' Kills One and Sickens 15

BY MELANIE GRAYCE WEST

One person has died of Legionnaires' disease in a cluster of 16 cases in the Manhattan neighborhood of Washington Heights, New York City health officials confirmed on Wednesday.

The city's Department of Health and Mental Hygiene said in a phone call with reporters that seven people remain hospitalized due to the outbreak, seven have been discharged from the hospital and

one person was seen on an outpatient basis. Health officials have said that the ages of those stricken range from 40 to over 80 years old.

The city has inspected 20 cooling towers and ordered 11 of them to be immediately cleaned, officials said.

Cooling towers are known to be a major source of outbreaks. The bacteria can grow in the towers' water systems.

Legionnaires' disease is transmitted to humans when people inhale mist of the in-

fected water.

Oxiris Barbot, the acting commissioner of the New York City Department of Health and Mental Hygiene, said the city is taking "very aggressive steps to respond to the cluster."

"The risks to residents remain very low," Dr. Barbot said.

This community cluster of Legionnaires' disease cases is the second to emerge in the Washington Heights area in northern Manhattan.

An outbreak in July sickened more than two dozen people and caused one death. That cluster was traced to a cooling tower at a New York City Housing Authority apartment complex in the Sugar Hill section of Manhattan.

In August, health officials said the outbreak had ended.

Dr. Barbot said the city has looked at every single tower in the area of the second cluster trying to establish where it had originated. Health officials believe that the recent hot

weather may have played a role in this outbreak, she said.

Legionnaires' is common and readily treatable, and doesn't pass from person to person, Dr. Barbot said. People who become infected with the disease have pneumonia-like symptoms, including fever, chills, headache, fatigue and confusion. Those with lung diseases, compromised immune systems and smokers, as well as older people, are most at risk.

The rate of Legionnaires'

disease has been rising in the U.S. for years, according to researchers from the Centers for Disease Control and Prevention.

In New York City, Legionnaires' disease clusters aren't unusual. In 2015, 16 people died and 138 people were sickened in a large outbreak in the South Bronx.

In October 2017, at least a dozen people were stricken with Legionnaires' disease in the Flushing neighborhood of Queens.

METRO MONEY | By Anne Kadet

Read All About It...But Not at Newsstands



For months, the sidewalk newsstand around the corner from my home frequently displayed just two publications—the Brooklyn Heights Press and a single, faded copy of the New Yorker. But last week brought a seismic shift. The tattered New Yorker was replaced by an equally worn November 2017 issue of Super Lawyers magazine.

The magazines aren't for sale, said newsstand operator Mohammed Afrahim. They serve as a cushion for his lottery-card reader. He sells a lot more lottery tickets than newspapers these days. "Now it's Lotto, candy, soda, water, water, candy, water, chips, phone card, phone card, phone card," he says.

All over New York City, our 333 sidewalk newsstands now function primarily as snack stands. You can buy Red Bull, Cheetos and Skittles, but good luck finding your favorite magazine. Abe Hamame, who has tended a stand at the southeast corner of Lexington Avenue and 86th Street in Manhattan for 20 years, says he used to sell more than 200 copies of the New York Times every day. Now it's five to 10. "Daily News, same thing," he says.

The New York Times declined to discuss its terms with vendors. The Daily News didn't respond to a request for comment.

Dan Pisark, vice president of retail services for the 34th Street Partnership and a self-described "newsstand watcher for many years," says that at some of the 20-odd stands in his district, "it's 99% candy, soda, umbrellas and tchotchkies. You can't find a newspaper."

The transformation came gradually. In the 1950s, the city's 1,500 sidewalk stands, restricted to peddling periodicals, served as a primary news source for many. Even then, selling news was a tough business. In the 1960s, the city agreed to let newsstands sell cigarettes. It allowed sales of general mer-



Mike and Frank Patel work in their newsstand on the northeast corner of 42nd Street and Fifth Avenue in Manhattan. Below, a newsstand on the intersection's southwest corner in June 1973. These days, newsstands primarily function as snack stands.

chandise and prepackaged foods in 1979, and in 2013 raised the price cap on most items from \$5 to \$10.

It isn't just low demand that discourages newsstands from devoting more space to periodicals. Operators say they earn just 5 cents on a \$1 tabloid compared with 80 cents on a \$1 bottle of Poland Spring and 65 cents on a \$1.25 Snickers bar.

So why do they bother of-

fering papers at all? Operators say it's a service for their valuable regulars. Not to mention the fact that city law still requires newsstands to sell newspapers, periodicals or magazines. The New York City Department of Consumer Affairs says it inspects newsstands to ensure they comply.

Despite the challenges, newsstands are enjoying a minor revival. Robert and Max Bookman, a father-and-son le-

gal duo representing the New York City Newsstand Operators Association, say the number of sidewalk newsstands has rebounded from a low of 280 10 years ago thanks to a wave of immigrants from Pakistan and Bangladesh who launched stands in Queens, Brooklyn and the Bronx.

While operators typically earn about \$30,000 a year, it's an easy startup requiring little investment. "Newsstands remain a good opportunity for those who can't rent a store," says Max Bookman. "My phone is ringing regularly with people interested in going into this business."

Change may be afoot. Max Bookman says operators are in talks with a local bakery, for example, to offer pre-packaged, fresh pastries. But the operators' strategy is just half the story. The city's newsstands also function as mini billboards, displaying ads for brands such as Ralph Lauren and United Airlines.

JCDecaux Group, a global advertising company based

in France, pays the city \$56 million a year for the right to sell ads on nearly every newsstand, along with the city's 3,500 bus stops and six pay toilets. Under the terms of a 20-year deal, the firm also is responsible for building and maintaining all the street furniture. Any profits are split 50/50 with the city.

Alas, the company says it's losing money on the deal. In an effort to at least break even, JCDecaux says it may ask the city for permission to install cellphone service boosters in the newsstands, which would add another revenue stream.

Whether it's croissants, Wi-Fi or both, I'm betting the quest for profitability will produce some interesting new strategies. Robert Bookman, in fact, offers an idea I heartily endorse. With a minor change in the law, he suggests, we instantly could have 333 more businesses in the city selling coffee.

anne.kadet@wsj.com

Bloomberg Is Once Again a Democrat

BY MELANIE GRAYCE WEST

No longer an independent, former New York City Mayor Michael Bloomberg announced Wednesday that he will vote as a Democrat.

In a tweet showing a New York state voter registration form, Mr. Bloomberg explained his decision in historical terms, saying that "one of the two parties has served as a bulwark against those who threaten our Constitution."

Mr. Bloomberg said that for most of his life he has been a Democrat. "We need Democrats to provide the checks and balance our nation so badly needs," he wrote.

Taking a party affiliation may be a sign that Mr. Bloomberg, 76 years old, is gearing up for a possible 2020 presidential campaign.

The billionaire businessman and philanthropist contemplated an Oval Office bid in 2008, and considered running as an independent candidate in 2016. He later endorsed Democrat Hillary Clinton.

Mr. Bloomberg is the founder of Bloomberg LP, which owns the financial-news service company. His Bloomberg Philanthropies is one of the largest foundations in the U.S., with some \$6.5 billion in assets.

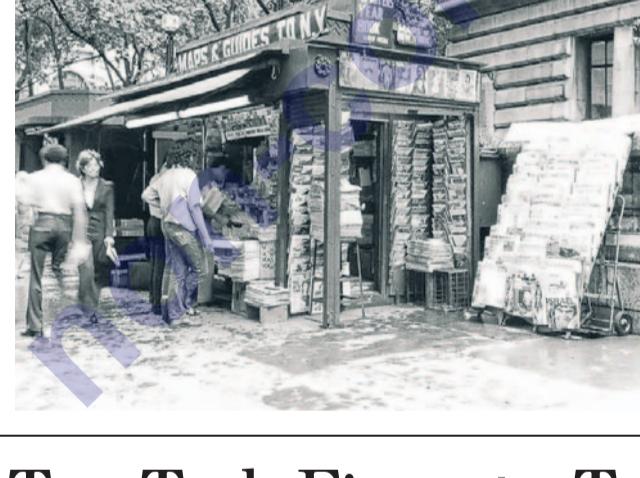
Earlier this month, Mr. Bloomberg said he would donate \$20 million to a political-

The move may be a sign he is gearing up for a presidential campaign in 2020.

action committee supporting Senate Democrats. So far, he has dedicated \$100 million to 2018 races, according to an adviser to Mr. Bloomberg.

In recent weeks, Mr. Bloomberg has traveled in support of some of his foundation's biggest areas of interest, including climate change and gun safety. Mr. Bloomberg recently did fundraising for Steve Sisolak, the Democratic nominee for governor of Nevada. Earlier this month, Mr. Bloomberg was in South Florida for a gun-control rally and to support Andrew Gillum, the state's Democratic gubernatorial candidate.

Mr. Bloomberg won his first mayoral election in 2001 and his second election in 2005, running as a Republican. In 2007, and for his third mayoral term, Mr. Bloomberg ran as an independent, unaffiliated with any party.



MTA Will Tap Tech Firms to Tackle Transit Problems

BY MENGQI SUN

The Metropolitan Transportation Authority is looking for companies that could help the agency improve New York City's bus and subway service.

The MTA and the Partnership for New York City announced Wednesday the launch of the Transit Tech Lab, an accelerator program that works to identify private partners and test new technologies.

The program is a "customer-centric approach" to address some of the most common complaints about the transit system, said MTA President Pat Foye. The first lab projects will focus on reducing subway delays and increasing bus speeds on congested city streets. "We're proud to be the first transit tech lab in the nation," Mr. Foye said.

The lab is a product of the Transit Innovation Partner-

ship, a nonprofit created this year by the MTA and the Partnership for New York City, a business group. The Partnership provided \$1.5 million to launch TIP, which was formed to help tackle issues facing the regional transit system.

The accelerator program is expected to generate potential transit solutions continuously going forward, according to Rachel Haot, the executive director of TIP, who also will

head the Transit Tech Lab program. "The long-term benefit of developing this lab is the fresh perspective we would get on these issues," she said.

A committee of MTA specialists and business leaders will evaluate the proposals submitted by companies before Nov. 30. The panel will look for proven technologies that are at prototype stage, Ms. Haot said.

Selected companies will enter an eight-week accelerator pro-

gram starting in February, followed by an unpaid 12-month pilot program, in which the firms could test their technologies on the transit system. Transit Tech Lab officials haven't announced how many companies will be selected for the accelerator.

"There's a real interest from the business community in helping contribute to the transit solutions because it's so close to the future of the city," Ms. Haot said.

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GREATER NEW YORK

Restaurant to Diners: Go Fish

There's a catch at a soon-to-open Japanese spot in Manhattan—patrons must grab a pole and cast about for their food

BY CHARLES PASSY

 At many New York City dining and drinking hot spots, you begin by asking, "What's the catch?" Because if a place is this popular, you figure you are surely going to have a pay a price to enter.

But at Zauo, the highly anticipated restaurant that is set to open in Chelsea later this month, the question could be asked in the most literal sense.

This is an establishment where customers go fishing for their supper. Zauo provides the poles, the bait and, most important of all, the huge tanks filled with rainbow trout, salmon, striped bass and assorted other creatures of the sea and stream.

In other words, the "catch" is the whole point of the concept, which is imported from Japan, where there are 13 Zauo locations.

I got to put the concept to the test during a Monday afternoon preview. Knowing my fishing skills are such that I typically ask my long-suffering wife to bait my hook whenever we attempt the sport, I brought along a true pro with me: Eric Collins, who helps run Capitol Fishing Tackle Company, a Midtown Manhattan store.

Admittedly, there is something tacky, if not heartless, about fishing in such a manner. People for the Ethical Treatment of Animals, or PETA, the animal-rights organization, has voiced its opposition to Zauo, saying in a letter to the restaurant, "Exploiting fish in order to lure in customers is a cruel gimmick."

At the very least, it is fair to say that in the open water, a fish has a fighting chance. At the two-floor Zauo, which looks like a cross between an upscale Japanese restaurant and an overly cutesy theme-park dining spot, it is obvious who is going to win the man-vs.-sea beast battle.



Fishing pro Eric Collins, left, caught his own meal at Zauo, with help from an employee. Rainbow trout sashimi is served at the restaurant.

The restaurant even has a staff of fishing guides to help you land the "big" one. And when you do, they stand ready to pound a drum in your honor.

Mr. Collins didn't need any assistance. If anything, he was ready to take over for the staff and was a bit mystified as to why we were given bits of salmon as our bait. It would work for some of the fish in the first-floor tank that served as our, um, hunting ground, but not for the bulky salmon that Mr. Collins deemed our preferred catch. Fish will eat



tank. "There's a whole bunch of hungry fish," said Mr. Collins as he surveyed the scene and grabbed the small pole provided by the restaurant.

Mr. Collins quickly developed his own technique to suit the situation. There is no casting allowed at Zauo, but our pro dangled the pole as far away as possible from the edge of the tank: The idea being the fish wouldn't see him and pick up on his movements. That allowed him to target the few salmon better, moving the bait up and down with the gentlest movement of his wrist. But five minutes into the process, a nimble trout announced its own plan and grabbed the bait. Game over for the pro.

When it was my turn, Mr. Collins guided me with the confidence that we were due for some salmon. Sure enough, another trout came from out of nowhere and put an end to that idea.

The real end at Zauo isn't when you catch your fish. It is when the restaurant's cooking staff prepare it, giving you the choice of several options. It is

in that way the Zauo ownership says it is being respectful of the fish, responding to the PETA argument. If anything, they make the case that such a dining concept gives customers a better understanding of the source of their food.

Mr. Collins and I tried our trout two ways—sashimi-style and fried in a tempura batter. We both agreed the fish had a clean, even slightly sweet taste. "This is delicious," he declared.

There is a catch of sorts at this catch-your-own restaurant, however. That is, the fish aren't particularly cheap. The trout run \$38, with no side dishes. And that is among the least expensive offerings, with other fish costing as much as \$110 each. It is enough to make you want to head to the open water. Provided you can bait your own hook, of course.

GREATER NEW YORK WATCH

NEWARK AIRPORT

Work Is Under Way On New Terminal A

Newark Liberty International Airport's smallest and most antiquated terminal is getting a major upgrade. A \$2.7 billion project at the Port Authority of New York and New Jersey-operated facility is building a new terminal to replace 45-year-old Terminal A.

Aviation and public officials held a groundbreaking at the site on Wednesday.

The terminal was designed to handle 9 million passengers a year, but currently sees 11 million. That is about a quarter of the airport's total yearly traffic.

Several new gates will be added to the terminal's three gates. Terminal A is expected to be fully opened by the end of 2022.

—Associated Press

CRIME

Ex-Researcher Avoids Prison in Theft Case

A former prominent neurological researcher at Yale University in Connecticut and New York University avoided prison for stealing research funds, but a judge says he must play piano for indigent elderly people to make amends.

The unusual sentence for Alexander Neumeister was handed out Wednesday by U.S. District Judge Analisa Torres. The Manhattan jurist said Dr. Neumeister must play piano for an hour at least twice weekly at group facilities in the Connecticut communities of Bridgeport, New Haven, Hartford and Waterbury.

In June, Dr. Neumeister pleaded guilty to theft of government funds. He admitted stealing \$87,000 from New York University and various grant programs from 2012 to 2014.

A tearful Dr. Neumeister apologized for "unbelievable shortsightedness and poor judgment," and said his November 2017 arrest led him to confront his own psychological demons.

—Associated Press

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LIFE & ARTS

THE MIDDLE SEAT | By Scott McCartney

Your Case for Business Class at Work

Corporate travel departments are getting less stingy with travel perks for employees who travel constantly—at least for now

Imagine a corporate policy where the C-suite executive who flies only a couple of times a year rides in coach and the sales and engineering road warriors get the first-class and business-class tickets.

Some companies are starting to make changes in that direction to reduce what's known as traveler friction—the burnout that saps productivity and leads to low morale and job turnover.

This is an old point of tension in corporate travel departments. But it's gotten worse as airlines have made coach more bruising and frequent travelers have been asked to do more and more at the expense of sleep, home life and job satisfaction. It's become a hot topic in the corporate travel world because companies now have the technology and the money to fix this problem.

"Many companies are experimenting," says Rob Greyber, president of Egencia, Expedia's corporate travel unit.

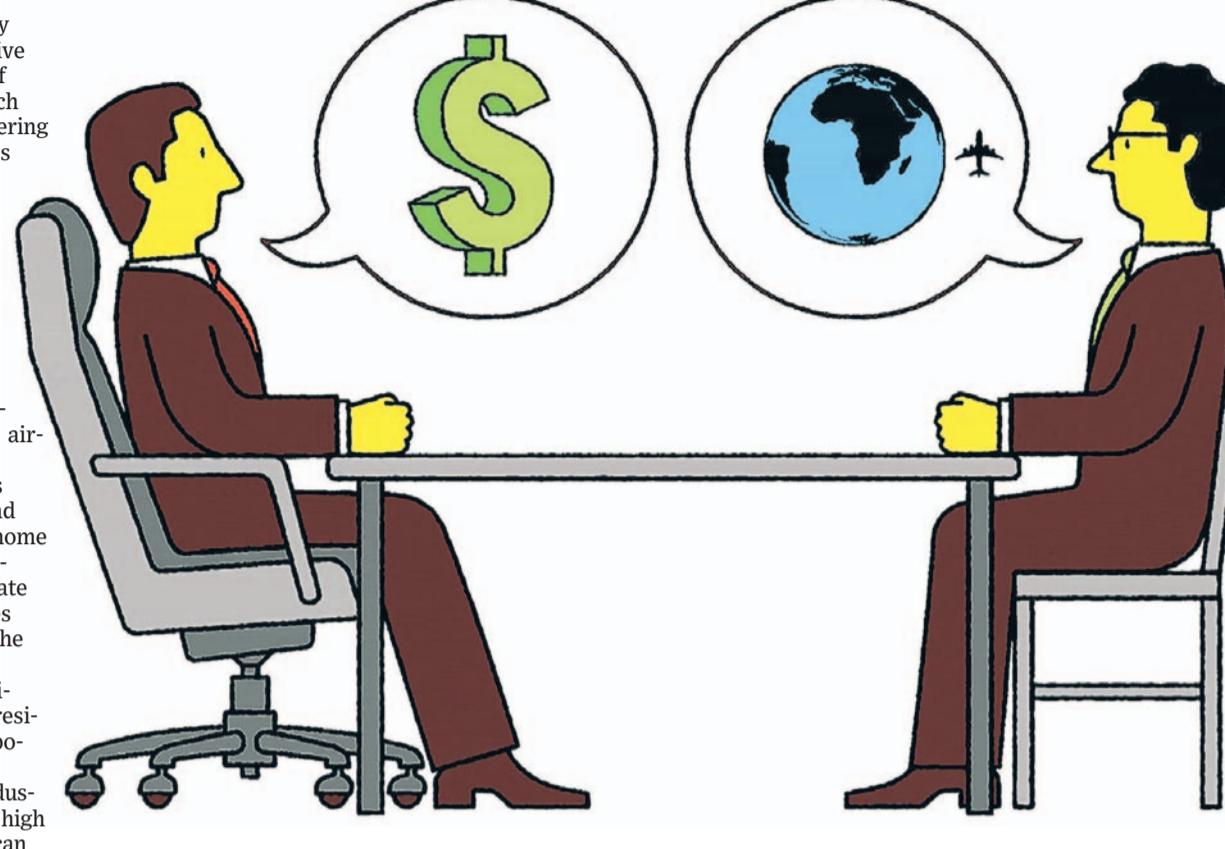
In the long run, for many industries where talented labor is in high demand, easing travel friction can save money. Losing employees and recruiting and training replacements can be far more expensive.

And company travel policies have become a competitive benefit for workers. Prospective hires often now want to see travel plans along with compensation, health and retirement benefits.

Corporate travel policies historically have given the best perks to the highest earners. Those with higher rank get the private jets, first or business class, car service and premium hotels. The rest of the workforce often faces rigid rules: Fly coach only on the one or two airlines designated by company contracts, even if that means nasty connections. Stay only in hotels below a certain price. Fly business class only if the flight is eight hours or longer.

Now travel booking services like TripActions and Egencia can tailor a company's travel policy with different rules for different employees. In the past, such segmentation was considered a bureaucratic hassle for travel departments. They typically wanted everyone booking with the same system under the same rules.

Topaz International, a firm that audits airfare spending for companies, has launched a program for



clients to identify road warriors, evaluate their value to the company and rearrange travel policy to make their travel easier.

Among the recent actions Topaz has seen: companies loosening minimum-savings requirements. Instead of insisting on booking a flight that might be \$5 cheaper even though it's terrible, some clients have given employee as much as \$600 in leeway so they can book premium-economy options.

"They're proactively looking at whether they can increase satisfaction for these employees, allowing them to do their jobs better and easier," says Topaz chairman Bradley Seitz.

He says one big company Topaz audits decided to waive airline contract restrictions for road warriors who live in hub cities of other airlines. That way they can get nonstop flights instead of always making a connection. A senior sales executive living in Dallas had to fly United. Now the company lets him take American nonstops, even if he spends more on tickets.

The strong economy has helped companies loosen their purse strings. That trend could quickly reverse if the economy slows. But Egencia says more of its clients

have recently begun making business class more available to employees. Some have tailored that perk to employees who travel more than 10 times a year on long flights, says Virginie Pouget, Egencia's head of global consulting.

The toll travel takes on employees can be significant. In a

Keeping frequent travelers happy can be less expensive than replacing them.

study of 742 frequent travelers to be released on Thursday, 25% of the road warriors, who'd spent at least 35 nights away from home in the past 12 months, said they are significantly or extremely affected by jet lag. Almost half in the study said they hoped to travel less in the next two years.

The survey found road warriors ride in coach 80% of the time.

Many may have top-tier airline status. But they no longer get many free upgrades because airlines are selling more first-class

seats and industry consolidation has swelled the ranks of elite tiers and left upgrades for only the tip of the top.

The two most important remedies to reduce friction, according to road warriors: booking business class on flights of at least six hours, and reducing personal time spent on company travel.

"That wears on them," says Scott Gillespie, head of analytics at ARC. "Sleep is a really important issue for these people."

A few companies, including pharmaceutical giant AstraZeneca, have tried to address that by scheduling meetings involving traveling employees in the afternoon, Mr. Gillespie says. Instead of flying in the night before, a traveler might be able to catch a flight in the normal workday morning.

TripActions, a Palo Alto, Calif., corporate travel management company, claims 1,000 customers, mostly medium-size and smaller companies, including Dropbox, Lyft, SurveyMonkey and a chain of chicken restaurants.

The booking service specializes in customizing corporate travel policies for different employees within a company.

The company gets to dictate the policy, but TripActions uses

What Road Warriors Want

Frequent business travelers were asked which two factors would most encourage them to stay longer with their current employer. The most popular choices:

- Allowing business-class seating on flights over six hours: 31%
- Using less personal time for business trips: 30%
- Higher-quality or more convenient hotels: 26%
- Getting or keeping premium economy seating on flights under 6 hours: 25%
- Help getting more exercise and/or healthier meals while traveling: 25%
- Help getting better sleep before and during trips: 24%
- Getting more nonmonetary appreciation from a manager for travel: 21%
- Help generating more positive attitudes and emotions while traveling: 18%

Source: Survey of 742 U.S. based road warriors conducted May 2018, designed by tClara and administered by MMG Global. Sponsored by Airlines Reporting Corp., Delta Air Lines, FlightGlobal and tClara.

machine learning to identify frequent travelers and their individual preferences for certain flights, specific airlines, types and price of hotels.

"If you fly once a month, you're flying coach. If you fly every week, you should be in business class," says Ariel Cohen, TriActions CEO and co-founder.

Box, a data-management company based in Redwood City, Calif., abandoned a traditional travel-management company and switched to TripActions in part to reduce friction when storms or airline cancellations leave employees stranded and angry.

Instead of a call center where a traveler may be stuck on hold trying to reach a travel agent, TripActions has a chat function built into its app that allows instant texting with an agent to get faster rebooking.

BURNING QUESTION

IS 'DOG BREATH' CURABLE?

BY HEIDI MITCHELL

THE TERM "dog breath" has long been associated with a stinky odor emanating from the mouth—not just of canines, but humans, too. But halitosis isn't normal for dogs. One expert, John de Jong, president of the American Veterinary Medical Association and a practicing veterinarian in Newton, Mass., explains canine oral health, including why antlers are an enemy to man's best friend.

After 33 years of practice, Dr. de Jong remains smitten with the scent of a puppy's breath. "It's a sweet, delicious smell," he says. Once dogs are slightly older, their mouths smell neutral, though not unpleasant.

Dr. de Jong says that most serious oral problems he has witnessed in canines have been among smaller breeds. "I do not see many German shepherds or golden retrievers with bad dental health, but Dachshunds, Yorkshire terriers and other small breeds have far more oral disease in general," the vet says. He attributes this in part to generations of breeding less-than-optimal genetics, as well as a tendency by owners to treat small-breed pets with "a lot of people food and soft foods that aren't as effective at preventing poor dental health as dry foods," he says.

More often than not, a dog's bad breath comes from periodontal disease, tooth decay or a continuing lack of dental care, he says. Plaque buildup, loose or broken teeth or cavities are other causes of stinky

breath. In addition, chewing on something very hard, like an antler, can cause broken teeth or tears in the oral cavity that might lead to a localized infection.

"Along with an offensive smell, that laceration may be accompanied by bleeding from the mouth, signs of pain, excessive drooling or pawing at the side of the face," Dr. de Jong says. Those can be treated through a couple of visits to a veterinarian, who will do a thorough cleaning and advise on any necessary extractions or medications.

An infection in the oral cavity can lead to secondary problems, says Dr. de Jong. "If bacteria get under the gums and into the bloodstream, they can impact different organs that can cause conditions like bacterial endocarditis, kidney disease, gastrointestinal disease, diabetes, a lot of things," he says.

If your dog's breath is unbearable for more than a few days, "make an appointment with your vet," he adds.

A dog should get a full physical, including a thorough dental cleaning, if it is often stricken with a smelly mouth, at least once a year. Pay attention to what your dog's breath smells like after a veterinary cleaning to find a good baseline for how it should always smell.

If your dog has a clean bill of health, maintain oral cleanliness through regular brushing, Dr. de Jong says. He advises dog owners to use a human toothbrush, but dog-specific toothpastes flavored with poultry or other treats that dogs like. "Give them the toothpaste first as a treat—that way, when you put it on the toothbrush, they enjoy it," says Dr. de Jong. He also recommends using a rubber finger brush to get all the way to the back teeth. Two minutes of brushing every other day may be sufficient, he says, to

One vet advises dog owners to brush their dog's teeth with a human toothbrush and special poultry-flavored toothpaste.



remove most bacteria, plaque and tartar.

While there are plenty of chew toys that claim to help with dental health, Dr. de Jong says to be cautious of those that are too hard, like antlers or cow hoofs. He also steers patients away from the more esoteric products on the market.

"When there are claims made of a new spray or powder that will suddenly make your dog's teeth miraculously better, don't buy into it," he says. He encourages dog owners to speak to their vet before putting their pet on a diet created specifically to help promote dental health. As a rule of thumb, he says, "dry foods are best because

the grinding action helps clean the surface of the teeth," where bacteria and plaque that cause bad breath can build up.

Dr. de Jong says that there is no panacea for preventing a dog's bad breath, so seeing a vet regularly is paramount. "I had a couple who let their dog go for years without a cleaning, and we had to put the dog under general anesthesia to assess his issues," Dr. de Jong recalls. By the end of the procedure, he had removed 12 teeth. "I did a follow-up the next week and they told me that, for the first time in years, the dog could sleep between them and they weren't dying from his breath."

LIFE & ARTS



CLOCKWISE FROM TOP LEFT: EVERETT COLLECTION; SONY PICTURES; NETFLIX; UNIVERSAL STUDIOS

Claire Foy in, from above left, 2011's 'Season of the Witch'; 'The Girl in the Spider's Web,' opening in November; and Netflix's 'The Crown.' She plays Janet Armstrong, below, in 'First Man.'

FILM

Claire Foy's Moment

The actress known for delivering eloquent silence in 'The Crown' stars in 'First Man' and 'The Girl in the Spider's Web' this fall

BY ELLEN GAMERMAN

IN THE NEW MOVIE "First Man," Janet Armstrong, played by Claire Foy, approaches her husband Neil, who has just returned to Earth from his historic spaceflight to the moon.

They watch each other through a window, and no words are spoken. None are needed.

Delivering eloquent silence has become something of a specialty for Ms. Foy, who put that quality to formidable use as Queen Elizabeth II in the Netflix series "The Crown." The performance not only won her this year's Emmy for best actress in a drama series, it caught the eye of directors who wanted her to be that still center of the action on their screens, too.

Damien Chazelle chose her to play Ms. Armstrong in "First Man," which opens Friday with Ryan Gosling as Mr. Armstrong. Mr. Chazelle said he was skeptical that any British actress could play the quintessentially American part of an astronaut's Midwestern wife in the 1960s, but after seeing Ms. Foy's audition, he couldn't imagine anyone else in the role.

"She's got this incredibly expressive face. She's got these eyes that just record every flutter of emotion," said Mr. Chazelle, who won an Oscar for directing with "La La Land." "It's like watching a great musician. She's able to do these explosive scenes and to very quickly dial it back in."

Next month, Ms. Foy appears as the action hero Lisbeth Salander in "The Girl in the Spider's Web,"

based on a novel in the series that began with Stieg Larsson's "The Girl With the Dragon Tattoo." Compared with previous "Dragon Tattoo" movies, the character of Lisbeth is even more prominent this time, said director Fede Alvarez.

He needed an actress who could carry the movie with a subtle performance, not a showy one. "You really need someone who can be what only the best actress can be, which is without too much style and without too much action, they can emotive a lot," he said.

People contain themselves in real life, Ms. Foy said, so that's how she plays them.

"As soon as someone makes me angry, I'm not like, 'I'M ANGRY,'" Ms. Foy said, raising her voice and feigning a furious look. "A lot of people learn that at some point in their life, your emotions are to be controlled."

But the 34-year-old native of northern England, who has a 3-year-old daughter and earlier this year announced her separation from her husband, actor Stephen Campbell Moore, sees problems with keeping calm and carrying on, her coping method in the past.

"There's a lot that I can shoulder, really, but I am very aware of just perpetually doing that," said Ms. Foy.

Screenwriter Josh Singer built the "First Man" script around the death of the Armstrongs' 2-year-old daughter Karen. Yet Mr. Armstrong, who died in 2012, remained the quiet, composed character he had always been.

"For us it was very much like,



how do we get at what's going on beneath the surface?" said Mr. Singer. "The answer, over and over again, was Janet."

Ms. Armstrong died of lung cancer in June. Ms. Foy, who never spoke with her, had hoped they would meet. "I was very shaken by it," she said.

One of the two Armstrong sons, Mark, calls Ms. Foy's performance "better than any eulogy I could ever write."

The actress has said she has an unremarkable face that has allowed her to live in London mostly unnoticed. As a teenager, she underwent surgery for a benign orbital tumor in one eye, requiring her to wear a patch—something she credits with jolting her out of what could've been a vain young adulthood.

"I'm incredibly grateful, weirdly, that it happened to me at that point," she said. "Like all teenagers, I was massively self-conscious, and it taught me the importance of living and not taking things for granted and, ultimately, it doesn't matter what you look like."

After studying at the Oxford School of Drama, she worked steadily, landing the role of Anne Boleyn in the 2015 BBC miniseries "Wolf Hall." She was five months pregnant when she auditioned for "The Crown" and to her surprise got the role.

She won't appear in the seasons of "The Crown" now being filmed. Olivia Colman (who plays another queen in the new movie "The Favourite") steps into the role of the Queen in the 1960s and 1970s.

After a producer of "The Crown" revealed earlier this year that Ms. Foy was paid less than co-star Matt Smith, who played Prince Philip, the actress found herself in a corner.

"I was deeply shocked and pretty upset about it," she said. "There was a level of embarrassment and there were also a lot of questions about, 'Am I just upset about this because people are discussing my net worth, which I hate and makes me feel deeply uncomfortable, or am I deeply upset by this because I'm not equal to somebody that's my dear friend?' And I was like, 'I don't know.'"

Her new celebrity, Ms. Foy said, means reckoning with such moments. "If life throws these things at you and people are looking at you, then you've got to genuinely think about where you stand and how you feel."

Netflix and a spokeswoman for Ms. Foy declined to comment. A representative for the show's British production company didn't respond to requests for comment.

The actress adopts a Swedish accent for Lisbeth Salander, with "The Girl in the Spider's Web" marking her first major action role. She didn't want to take on the part after admiring the performances of the previous Lisbeths, Rooney Mara and Noomi Rapace.

Then Ms. Foy spoke with Mr. Alvarez and learned how eager they both were to approach the character from a psychological, not just an action, point of view.

"Oh dear," she recalled thinking, "I'm going to have to do it."

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The actor Robert De Niro will be one of the first guests on ABC's "The Alec Baldwin Show," which starts on Sunday.

HEIDI GUTWAN/ABC

UP NEXT

ALEC BALDWIN HAS SOME QUESTIONS

BY CHRIS KORNELIS

NORA EPHRON once wrote that there were times, when interviewing people, when she wanted to say: "Me! Me! Me! Enough about you. What about me?"

For Alec Baldwin, it's more or less the inverse. In 2011, he started a podcast with WNYC, "Here's the Thing," so he could interview people the way he wanted to be interviewed—"where they feel comfortable and there's no

judgment," he says.

"And eventually," he adds, "when you don't appear to be manipulating them and trying to take something from them, they give it to you anyway. If you don't pressure them, they're much more comfortable and amenable."

Now ABC is mining that format for television. On "The Alec Baldwin Show," starting Sunday, Mr. Baldwin will be in conversation with boldface names like Robert De Niro, Kim Kardashian West, Chris Christie and the

Who's Roger Daltrey.

Rob Mills, the network's senior vice president for alternate series, specials and late night, likens the new series to ABC hits like "Dancing With the Stars" or even the BBC's "The Great British Bake Off": easy-to-watch TV with a "deceptively simple premise."

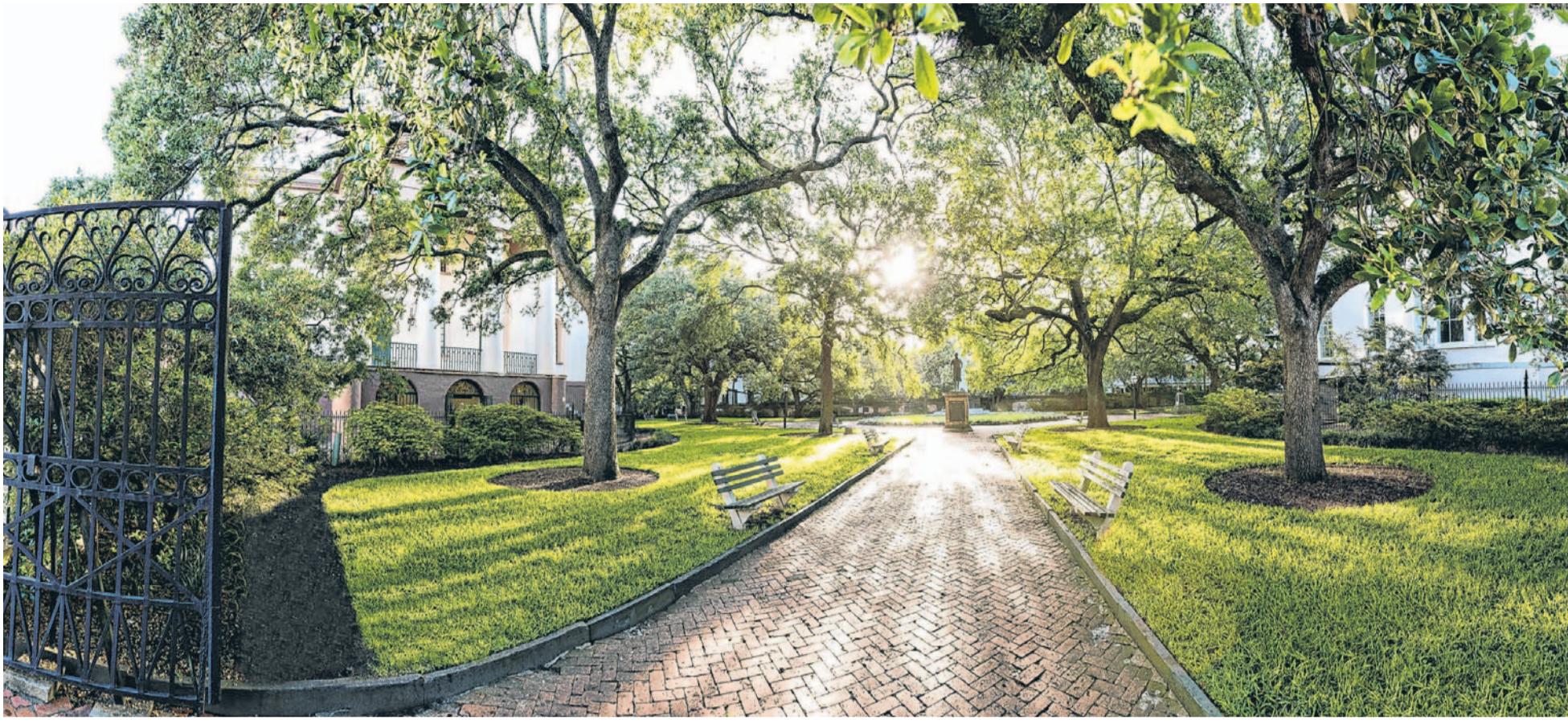
"Whether it's things like 'Shark Tank' or Alec's show or 'Dancing With the Stars' and 'American Idol' and 'The Bachelor,'" he says, "they're all kind of, sort of, one-line

premises that actually run deeper than what you're seeing in the promo."

Mr. Baldwin won an Emmy last year for his President Trump cameos on "Saturday Night Live," and he isn't opposed to political debate on his show. "With people that I don't have any agreement with politically, it depends on: Can we have a good conversation?" he says.

"The Alec Baldwin Show" airs Sunday, 10 p.m. ET, on ABC.

LIFE & ARTS



EXHIBITION REVIEW

A Historical Society Grapples With the Past

At the new museum of the South Carolina Historical Society, matters once left unmentioned now come to the fore, while other episodes remain missing

BY EDWARD ROTHSTEIN

Charleston, S.C.

UP NORTH, political correctness often shapes historical exhibitions, sometimes revealing once-overlooked contours of the landscape, sometimes obscuring them in tangled thickets. But history grows differently here in Charleston, where at times and to a fault you see hints of Southern nostalgia, decorous allusions to the Lost Cause, a recalcitrance—that has only begun to lift in recent decades—to fully acknowledge slavery's central importance to this city's culture and history.

At the Confederate Museum, for example, Charleston's United Daughters of the Confederacy display artifacts as almost magic relics: a lock of Robert E. Lee's hair, another from Jefferson Davis, swatches of Confederate flags rent by bullets, a scrap of cedar gathered at Appomattox. And the Civil War—which in the North is presumed to have made possible a fulfillment of the American idea—is here associated with catastrophe and loss. The estimable Charleston Museum is about to unveil a new section about the war with a more dispassionate perspective, but there is no doubt about how radically the war tore apart the antebellum world. The aftershocks continue today with the toppling of Confederate monuments, debates about the Confederate flag, and an official “apology” by the city of Charleston in June for its role in the slave trade. In 2020, the International African American Museum is expected to open here, near the harbor where at least 40% of American slaves entered the U.S.

So it is of some note that the South Carolina Historical Society, the state's oldest and largest private repository for historical artifacts, opened a new museum in its headquarters last month after a \$6.8 million restoration. Its 1826 “Fireproof Building” was designed and built by Robert Mills, the designer of the Washington Monument. The renovation by the architect Glenn Keyes preserved small vaulted galleries on the second floor in which a modest 3,000 square feet have been used to chronologically recount the state's history, drawing artifacts from the society's 10,000 maps and plats, 30,000 photographs and images, along with thousands of books, documents and artworks. HealyKohler Design created the main exhibits. Cortina Productions developed interactive multimedia displays, and the project was overseen by the society's



Washington Square with the South Carolina Historical Society on the left in the background (top) and inside the building (above right); a Bible (c. 1658) that belonged to the Rev. Archibald Stobo, a Scottish Presbyterian minister who arrived in Charleston in 1700 (above left)



ANDREW CEBILKA (3); THE SOUTH CAROLINA HISTORICAL SOCIETY (ARTIFACTS)



The ‘Fireproof Building’ that houses the new museum, left; powder horn (c. 1770) belonging to Francis Marion, a South Carolina hero of the Revolutionary War, above left; photo from the 1886 earthquake, above

executive director, Faye Jensen. Matters once left unmentioned now come to the fore. On the first floor, for example, an excised rectangle of stucco exposes an array of bricks bearing marks of human hands. The building's 947,000 bricks were probably made on a plantation owned by the building's contractor, whose 147 slaves included skilled bricklayers.

Introductory panels also introduce us to the eloquence of the society's first president, James Louis Petigru (1789-1863): “Time, the destroyer of the works of men, gives them History in return for what it takes away.” Later we return to Petigru, who served as the state's attorney general and in its House of Representatives. An ardent Union

ist, after secession he predicted chaos, saying that South Carolina was “too small for a republic and too large for an insane asylum.” Such sentiments didn't affect his close friendship with a federal judge, Andrew Gordon Magrath (1813-1893), who tore off his robes in disgust after Lincoln's election and then served as Confederate governor. We see a gold snuff box Magrath gave Petigru.

Tensions and peculiarities like this are latent throughout the exhibition. A film about early 20th-century Charleston culture, for example, shows the Society for the Preservation of Spirituals in concert. Founded in 1922, its purpose was to preserve songs of the plantations. Members of the city's

white elite would dress in antebellum outfits and perform spirituals, unaware of jarring ironies. Other artifacts and images are found throughout, on touch

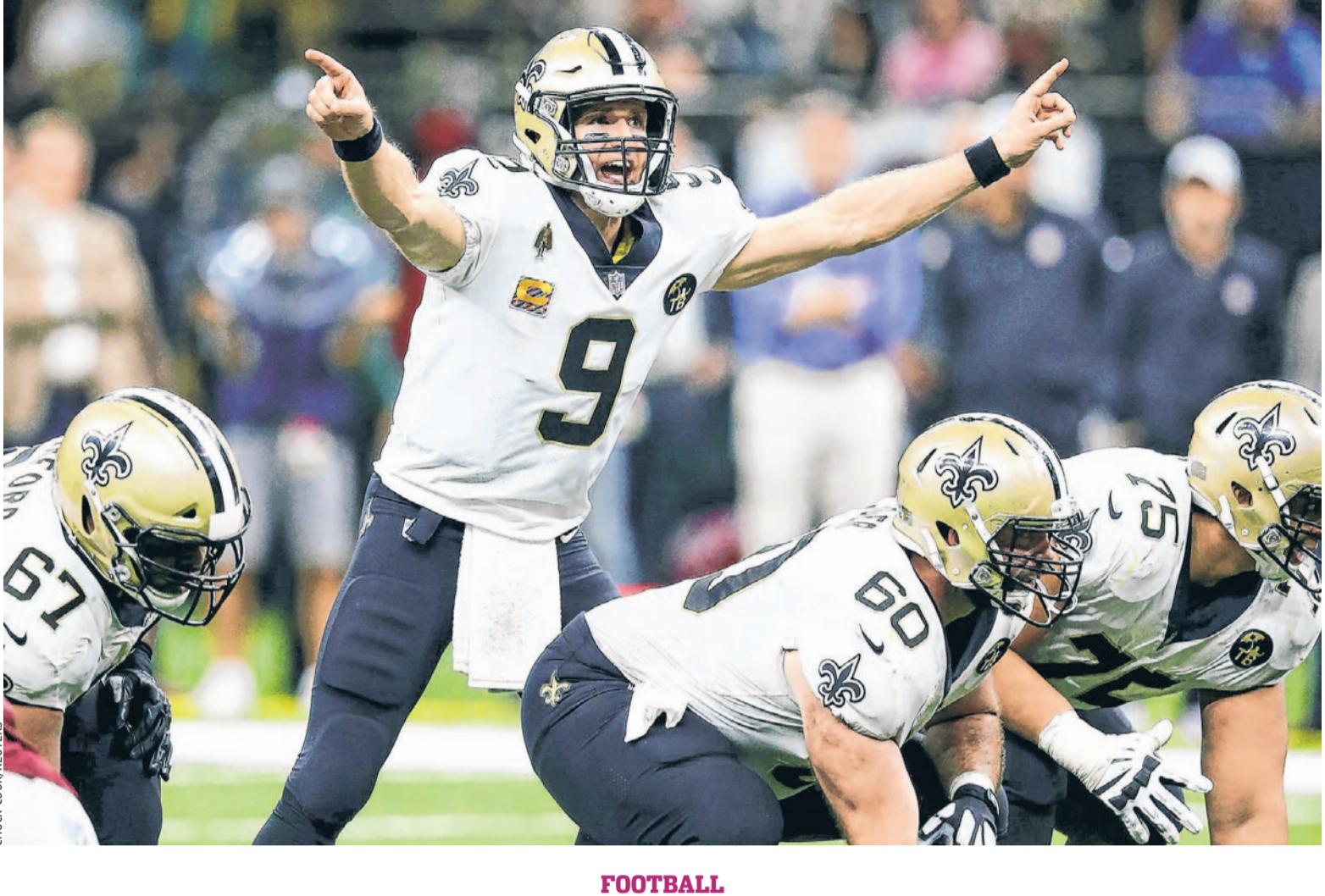
screens and in vitrines: a powder horn used by Francis Marion (1732-1795)—the “Swamp Fox” of the Revolutionary War; an 1860 broadside selling 27 slaves “accustomed to the culture of rice, cotton and provisions” at Ryan's Mart nearby, now the location of the Old Slave Mart Museum; a 6-by-8-foot secession banner under which South Carolina's declaration was made. There are accounts of war, Reconstruction, and an earthquake in 1886 after which 40,000 people lived in tents. We glimpse the 1920s-30s Charleston Renaissance in which art celebrated the city's beauty and its past. The exhibition ends by honoring the state's preservation and conservation movements.

Despite a city crowded with memorials and exhibitions—and down the street from the impressive Gibbes Museum of Art, where local history and art history intertwine—this is still a welcome survey. But how could it have no account of the Jim Crow era? This absence is, strangely, a sign of a continued presence.

Such tensions, reflected obliquely inside the museum, appear more explicitly just outside. In the adjacent Washington Square is a 1904 monument to Confederate Gen. Pierre Beauregard, beneath which someone has left flowers. At the park's center is an 1891 reduced reproduction of the Washington Monument inscribed with the names of battles fought during the “War Between the States.” And a 1901 park monument, to Henry Timrod (1829-1867)—Charlestonian author of poetic paeans to the Confederacy—pays tribute to the war's dead: “Sleep martyrs, of a fallen cause.”

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

SPORTS



CHUCK COOK/REUTERS

FOOTBALL

The NFL's Scoring Explosion

As rule changes increasingly favor the offense, the start to the 2018 season has been record setting

BY ANDREW BEATON

DREW BREES MADE HISTORY on Monday night with a 62-yard touchdown pass that gave the New Orleans Saints quarterback the NFL record for most career passing yards. The same play also helps explain another groundbreaking trend in the league this year: a huge increase in scoring.

Brees's record-setting completion to Tre'Quan Smith came on first down. That's notable because, for the first time this year, NFL teams are passing the ball on first down more than they are running it. And that—along with some offense-friendly rule changes, other strategic evolutions and a new crop of quality quarterbacks—is helping NFL teams pile up points at a record rate.

Teams are averaging 24 points per game. That's not just an all-time high. It's an increase of 2.3 points, or 10.6%, over a year ago. It's also an abrupt reversal from a dismal offensive season in 2017, when scoring fell by a full point, its biggest drop in more than two decades.

What changed? Here's a breakdown of the key factors that have produced a scoring bonanza like never before:

Teams are embracing the future In recent years, even as NFL teams embraced passing the ball more, one thing never changed: They still ran the ball more than they threw it on first down.

This season, teams are passing the ball 51.7% of the time on first down in 2018. That makes this year the first since 1991 with predominantly pass plays on first down, according to Stats LLC. (Stats doesn't have first-down data going back further, but considering that throwing the ball has only become more popular over time, this is very likely true since the advent of the forward pass.)

Brees's record-breaking throw is simply an example of something that has always been true: Throwing the ball on first down exploits an inefficiency. For decades, teams have averaged more passing yards on first down than any other down. Teams this year are averaging 7.5 yards per pass on first and 6.8 yards per pass on second, third and fourth downs.

This isn't the only way teams are waking up to adopt modern logic. They're also going for 2-point conversions more often—on 11.3% of touchdowns versus 7% a year ago. It's a strategy shift that quants have encouraged for years.

Teams are 27-for-48 on 2-point

conversions this year—a higher than 50% conversion rate, which means they're getting more expected points out of going for two than taking the high likelihood of one point.

Embracing modern logic also comes down to Xs and Os. Teams like last year's Super Bowl champion Philadelphia Eagles openly espoused successful concepts from the college game, like the run-pass

option. This season, teams like the Chiefs, who are second in the NFL in scoring with quarterback Patrick Mahomes, have more heavily incorporated spread concepts into their offenses—and it's working.

"They're putting these quarterbacks who played in spread offenses in systems they feel comfortable with and have been running their whole life," said Texas Tech coach Kliff Kingsbury, Mahomes's college coach.

On the Rise

League-wide scoring is an all-time high with teams averaging 2.3 more points per game than last season.



A golden age of quarterbacks

The start to this season has broken nearly every passing record. The first five weeks have set new highs for passer rating, touchdown passes, completion percentage and passing yards.

The league-wide success stands in deep contrast to a year ago, when the league was riddled with an alarming number of quarterback problems. Some stars went down with injury: Aaron Rodgers, Carson Wentz and Deshaun Watson, were among the notable ones. Andrew Luck missed the entire year.

Other teams simply lacked promising options. The Browns played three quarterbacks who threw nearly twice as many interceptions as touchdowns while they went 0-16. The Jets started journeyman Josh McCown—who also went

New Orleans Saints quarterback Drew Brees became the NFL's all-time leading passer on Monday night.

down with injury. There was even the time the Bills benched their starter, Tyrod Taylor, for Nathan Peterman, who managed to throw five interceptions in one half.

This year, there has been only one devastating quarterback injury: San Francisco's Jimmy Garoppolo. And, across the league, that has been overshadowed by the emergence of tantalizing options.

Baker Mayfield, the No. 1 overall pick in the draft, has led Cleveland to wins in two of its last three games. The three other quarterbacks taken in the top 10—the Jets' Sam Darnold, the Bills' Josh Allen and the Cardinals' Josh Rosen—also started last week and won their games, too.

While those players give teams hope for the future, others have emerged as bona fide stars in the present. Mahomes, who spent most of his rookie season in 2017 on the bench, leads the league in touch-down passes. The Rams' Jared Goff has built on a successful 2017 and has the most passing yards.

At the same time, the veterans who have ruled the league for so long—Rodgers, Brees and Tom Brady—give the league unusual depth at the game's most important position.

"You've got this merger of greatness and up-and-coming superstars," said Troy Vincent, the NFL's executive vice president of football operations.

Rule changes help the offense

It has also helped that the rulebook is more favorable than ever to offenses. Specifically, officiating in 2018 helps teams pass the ball.

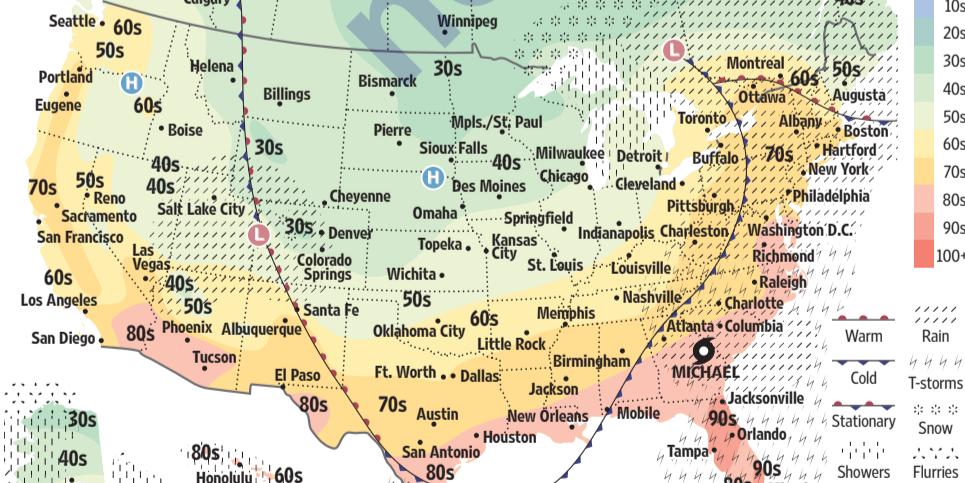
There were two rule changes this off-season. In one overhaul, the NFL clarified the much-maligned catch rule after years of players and fans alike growing frustrated over an abstruse definition that left many plays that appeared to be catches ruled as incompletions.

In the other change, the NFL implemented a new safety rule to penalize players from using their helmets as a weapon. While this theoretically applies to players on both offense and defense, it was a major headache in the preseason when it was constantly whistled against defensive players during tackles.

Meanwhile, a new emphasis before the season on roughing the passer has resulted in some head-scratching penalties as defensive players come to grips with what it means to tackle a quarterback without putting all of their body weight on him. This has been a force from the season's first week, when Browns defensive lineman Myles Garrett was flagged when he hit Steelers quarterback Ben Roethlisberger, extending a drive that resulted in a Pittsburgh touchdown in a game that ended in a tie.

All of this adds up to something clear: Offensive players, and in particular quarterbacks, are receiving more protection from officials than ever. And it's another reason why scoreboards are lighting up across the league.

Weather



U.S. Forecasts

S...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage 54 44 pc 51 41 r

Atlanta 79 51 r 75 54 s

Austin 78 60 s 83 64 s

Baltimore 79 55 r 64 46 s

Boise 58 36 s 62 37 s

Boston 72 61 r 65 45 pc

Burlington 71 51 r 55 40 c

Charlotte 78 53 r 52 52 s

Chicago 50 34 s 48 32 pc

Cleveland 66 46 r 54 42 pc

Dallas 71 57 s 72 60 pc

Denver 47 31 r 59 34 c

Detroit 58 39 pc 53 37 pc

Honolulu 84 72 pc 84 72 sh

Houston 82 60 s 81 66 s

Indianapolis 56 37 s 54 36 pc

Kansas City 53 36 s 46 34 r

Las Vegas 77 64 pc 80 64 s

Little Rock 69 46 s 64 50 pc

Los Angeles 72 59 pc 81 62 pc

Miami 90 78 t 89 77 t

Milwaukee 49 34 pc 47 32 pc

Minneapolis 41 28 c 44 34 pc

Nashville 69 43 s 65 45 s

New Orleans 83 61 s 80 65 s

New York City 76 61 r 62 49 pc

Oklahoma City 61 48 s 67 42 sh

International

Today Hi Lo W Tomorrow Hi Lo W

City Amsterdam 72 57 pc 70 59 pc

Athens 74 62 p 71 62 t

Bahrain 100 75 p 99 74 s

Bangkok 91 76 c 92 78 c

Beijing 65 38 s 68 40 pc

Berlin 73 52 s 73 53 pc

Brussels 74 57 p 73 60 pc

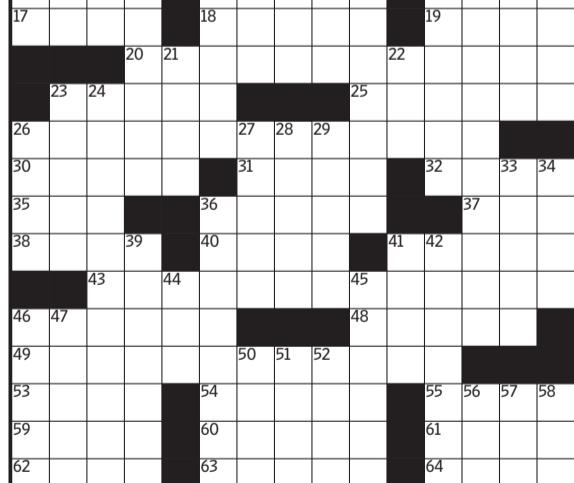
Buenos Aires 61 51 c 63 47 c

Dubai 102 81 s 101 80 s

Dublin 60 51 r 62 52 r

Edinburgh 65 47 r 62 49 r

The WSJ Daily Crossword | Edited by Mike Shenk



PUTTING ON WEIGHT | By Lewis Porter

- | | | |
|--|--|--|
| Across | 23 They may take bows | 43 Swiss state with lots of landfills? |
| 1 Flax feature | 25 Bare | 46 God of the afterlife |
| 5 Microscope lens | 26 Reinforced shipping box? | 48 Birthplace of raisin bran and the Reuben sandwich |
| 10 Exchange | 30 Enter the draft, say | 51 Kathryn of "Oz" |
| 14 Most of its 981-mile course forms state borders | 31 Office pool pick | 52 Ocean organisms who protect their turf? |
| 15 "Knowledge is the food of the soul" speaker | 35 Anaphylaxis treatment, for short | 53 Olympic glider |
| 16 You, before you were born | 36 Decoration on a military uniform sleeve | 54 "Immature poets imitate; mature poets steal" writer |
| 17 Owl's hoot, perhaps | 37 Bar brew | 55 Intellectual understanding |
| 18 Flying Pan | 38 Cubby holes? | 56 Wish undone |
| 19 Bring in | 40 Cut | 57 Suggestion from a CPA |
| 20 Isaac's match in virtuosity? | 41 Around | 58 1-Across, e.g. |

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

- | | |
|---|--|
| 61 Maltese money | 24 Affecting |
| 62 Nick's cousin | 26 Ready for decanting |
| 63 React to the Beatles, perhaps | 27 Kishke casing |
| 64 Enjoy London, say | 28 Bond player |
| 65 Grab (eat) | 29 Grab (eat) |
| Down | 33 Major metal maker |
| 1 Greet the visitors | 34 Close-fisted |
| 2 Unit symbolized by an omega | 36 Olympic gliders |
| 3 Rough position | 39 Portraitist of Teddy Roosevelt and Woodrow Wilson |
| 4 Want dearly | 41 Hunting garb, for short |
| 5 Stand up to | 42 Risky way to act |
| 6 Made one's case | 44 Pants problem |
| 7 "Toodles!" | 45 "The Third Man" star |
| 8 Followers' suffixes | 46 Looked like a lecher |
| 9 At bay | 47 Zest provider |
| 10 Crock's kin | 50 "There oughta be ___!" |
| 11 Incredulous cry | 51 Baja boy |
| 12 Houston hockey squad that became the Iowa Wild in 2013 | 52 Signing simian |
| 13 Tubular fare | 56 Wish undone |
| 21 Other, in Andalusia | 57 Suggestion from a CPA |
| 22 Tel. no. addition | 58 1-Across, e.g. |
| 23 Search with the hands | |

Previous Puzzle's Solution



OPINION

'You Cannot Be Civil'

**WONDER LAND**
By Daniel Henninger

At a time when it's said that anything is possible in American politics, the impossible just happened. Hillary Clinton has aligned herself with Donald Trump's view of the Democratic Party.

Mr. Trump has been using his political rallies to denounce "the radical Democrats" as "an angry mob." On Tuesday, Mrs. Clinton told CNN: "You cannot be civil with a political party that wants to destroy what you stand for, what you care about." You cannot be civil. Behold the Trump sun and the Clinton moon in a moment of political eclipse.

Donald Trump and Hillary Clinton agree on the current state of the Democratic Party.

It's hard to pick out exactly when in the past month the Democrats shifted the national focus away from Mr. Trump and onto their own behavior. I'd say it was the Senate's final vote Saturday on Brett Kavanaugh's confirmation.

Democrats had thrown everything at Judge Kavanaugh, and it was over. But not in the Senate gallery. On cue, literally, spectators started shrieking at the senators on the floor. Guards moved toward the chamber's doors, and the vote stopped while the screamers were removed.

During Ronald Reagan's presidency, the U.S. ambassador to the United Nations was

Jeanne Kirkpatrick, who in some ways was a template for Nikki Haley's U.N. tenure as an unapologetic defender of America's interests. At the Republicans' 1984 national convention, Kirkpatrick delivered a speech memorable for one phrase—"the San Francisco Democrats." The idea behind "the San Francisco Democrats" has

never died. It stands for a party of the unelectable left. That year, Reagan defeated Walter Mondale by 525 to 13 electoral votes.

Democrats will complain it is beyond chutzpah for Donald Trump to brand them as divisive or radical after he has spent his presidency polarizing the electorate with his rhetoric and Twitter account.

Maybe, but that was then. Whatever else was at issue in the midterm elections, it has been overtaken by the Kavanaugh nomination, which transfixed the nation for weeks.

The Democrats were in OK shape through phase one of the Kavanaugh hearings, a sometimes intense back-and-forth about his judicial beliefs. But it was phase two—the Christine Blasey Ford weeks, brought forth by Sen. Dianne Feinstein and Democratic Party activists—that defined the battle lines for the November elections.

The hearings began as a familiar narrative—Republicans are hostile to women. But that spun out of control into broader issues of fundamental fairness and due process.

In conversations I've had recently with Democrats, once past the Kavanaugh arguments, most express a desire for more political civility. This

**Hillary Clinton**

is wishful thinking. The party has a problem: The San Francisco Democrats are back.

There are policy types on the left who would rather contest campaigns over health care and income disparities. But the Kavanaugh episode shows that the party is being taken over by what I would call the Code Pink Left.

The professional network of the Code Pink Left, typified by the George-Soros-funded woman who trapped Sen. Jeff Flake in an elevator, has virtually no interest in substantive policy goals.

The Code Pink Left specializes in creating political story lines or "frames"—such as that conservatives are weak on sexual abuse—which it promotes with theatrical protests, distributes on social media, and depends on mainstream media for constant repetition. This is something familiar. It is called agitprop.

The goal is to make the broader electorate nervous and doubtful. It worked. Many voters are now nervous about the Democrats' street-fighting men and women. Every Republican from Donald Trump down to dogcatcher is running against the Democrats' "angry mob" of Senate screamers and restaurant marauders.

What about the alt-right's role in the new incivility? Good

question. The answer is, they're gone. The most visible face of conservatism through the Kavanaugh fight was . . . Sen. Chuck Grassley.

A valid criticism of Donald Trump is that he hasn't expanded his base into a broader coalition. But his luck in attracting self-destructive opponents is astonishing.

The Democrats are contracting whatever coalition Barack Obama left them into a delimited activist resistance, whose "rage" is mostly a practiced act.

Democrats are becoming too taken with their own tactics. They've turned Twitter into basically a 24/7 open-mic night. Look how cool and clever we are. Kamala Harris and Cory Booker are mostly milking this niche audience for applause. It's all so rote and theatrical.

Here's Eric Holder at a campaign event in Georgia: "Michelle [Obama] always says, 'When they go low, we go high.' No. No. When they go low, we kick them."

Maybe it's historical determinism. The constant-protest left captured the Democratic Party in the late 1960s and frightened the country into Richard Nixon's overwhelming win against George McGovern in 1972. Four-and-a-half decades later, another generation of Democratic politicians is answering the same old radical siren song, "You can't be civil."

For a time, Jimmy Carter and Bill Clinton, governors from the American South, taught them that won't win. One thing never changes with the American left: It always goes too far.

Write henninger@wsj.com.

Next Month the People Vote on Kavanaugh

By Karl Rove

Many Republicans celebrated Justice Brett Kavanaugh's swearing-in Monday as the end of a bitter confirmation battle. But the game isn't over. GOP candidates' success in the midterm elections may depend on the narrative that emerges from the Kavanaugh showdown.

Consider two recent surveys released before the Senate voted Saturday to confirm Justice Kavanaugh. After the riveting Judiciary Committee hearing on Sept. 27, an NPR/PBS NewsHour/Marist poll asked: "If there is still a doubt about whether the charges are true, do you think Brett Kavanaugh should be confirmed?" Respondents said no by 52% to 40%.

A Harvard-Harris poll released Oct. 1 asked: "If the FBI review of these allegations finds no corroboration of the accusation of sexual assault, should Brett Kavanaugh be confirmed?" Sixty percent said yes and 40% no, with 86% of Republicans, 58% of independents and even 40% of Democrats supporting confirmation.

The 20-point swing between these two survey questions shows public opinion is malleable. One-fifth of Americans are up in the air. Where they land Election Day could depend on whether they feel doubts remain about the Kavanaugh allegations or are convinced there's no corroboration for them.

The 20-point swing between these two survey questions shows public opinion is malleable. One-fifth of Americans are up in the air. Where they land Election Day could depend on whether they feel doubts remain about the Kavanaugh allegations or are convinced there's no corroboration for them.

GOP candidates must be ready to repudiate Democratic talking points on the trail.

Still, Republican candidates can win the argument. This confirmation was ugly, raw, divisive and hurtful for America. Sen. Dianne Feinstein is responsible for the mess. By holding Ms. Ford's letter for six weeks rather than immediately turning it over to the FBI to investigate privately, the senator destroyed Ms. Ford's anonymity, damaged Judge Kavanaugh's reputation, and created a national circus. Democrats deliberately blew up the process to try to stop a conservative from joining the court.

Second, the FBI's background check—the seventh of Justice Kavanaugh's career—was legitimate and thorough. Agents interviewed the three people Ms. Ford said were present at the high-school party where she purportedly was assaulted, along with two other friends of Mr. Kavanaugh at the time who might have

knowledge of the incident. It could not find corroboration for Ms. Ford's accusation. It also interviewed two Yale classmates Deborah Ramirez alleged were eyewitnesses to lewd conduct by Mr. Kavanaugh. It again found no corroboration.

Democrats say the FBI should have interviewed Ms. Ford and Judge Kavanaugh, but both had already testified for hours under oath before the Senate Judiciary Committee. Ms. Ford said at the time she had nothing to add to her testimony. Lawyers for both Ms. Ford and Ms. Ramirez—backed by Senate Democrats—also demanded the FBI interview scores of other individuals. But this was transparently a delaying tactic: No one on their lists could possibly corroborate any of the claims, and none have stepped forward to do so.

GOP candidates can rightly say this mess shows Congress is broken and pledge to change Washington by working across party lines to tackle America's real issues. They can then pivot to their stump speeches, pointing to the strong economy, the rebuilding of the military and the halt in needless federal regulation.

They can also join President Trump in pounding the Democrats' left wing. With cries of "Medicare for All," many Democrats want to end private health insurance in favor of a \$32 trillion government program, paid for by doubling income taxes, that would lead to

long waiting lists and rationing. Many Democrats also support abolishing Immigration and Customs Enforcement, thereby allowing violent illegal aliens to remain in American communities. Others back Sen. Bernie Sanders's "free college" and "job guarantee" proposals.

Every Democrat should have to account for these wacky positions of their party's left flank. GOP candidates can force them to choose sides and either alienate independents or disown their bases.

Republicans can also ask swing voters if they really want the endless investigation of Justice Kavanaugh promised by Rep. Jerry Nadler—chairman of the Judiciary Committee if Democrats take the House—or the impeachment resolutions Mr. Nadler's loud-mouth colleagues are already offering.

The president can help rally the GOP base by stumping in red states. But only Republican Senate and House candidates in swing districts can give independents and soft Republicans the reassurance they need about the Kavanaugh confirmation. To win, these candidates must be ready to litigate the issue whenever it comes up, right through Election Day.

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

Watch Your Kids, Not Your Phone

By Masada Siegel

On a sparkling, 70-degree winter day in Arizona, my 2-year-old son and I raced around the park. He loves to run and for me to chase. Another toddler boy joined in, and off we went, easily running a half-mile from where we started. I kept looking forward at my son and back at the little one following us. His mother was nowhere in sight. I felt responsible for this child I'd never seen.

We returned to the sandbox area, and I yelled out, "Whose little guy is this?" His mother looked up from her cellphone and said: "Mine. Why?"

"He was running off with us to the other side of the park."

She looked surprised and started to scold him: "You have to stay in this area and not leave." She then returned to staring at her phone. Whatever she was reading was more compelling than her son.

They'll never grow up again, so don't let yourself be distracted.

I told the story to a neighbor, and she recounted a time she watched in horror a mother who was too busy on her cellphone to notice her toddler's hand getting stuck in an elevator door.

Everywhere I turn these days, people are paying attention

to their phones instead of their kids. Recently my son and I were playing basketball at our local community center. We were there for almost two hours running and throwing a ball around. A woman approached me and said: "You are a good mother." I asked why. "I've been watching you play with your son while I've been working out, and you are really paying attention to him. The days are long, but the years fly by quickly."

Everyone wants attention. Kids especially need it. Putting my phone away is a win-win. I'm more aware of my surroundings, and every day my son shows me new aspects of himself—stringing together sentences with new words, helping trees when their

branches have fallen off (his solution is to tape them back on). These precious moments are fleeting and easy to miss.

Like most people, I'm addicted to my phone, but I do my best to stay focused on what really matters. Those moments I waste mindlessly scrolling through social-media feeds and emails can never be gotten back.

Maybe it is time we all got off our damn cellphones and focused on our children. They're worth our attention. They don't wait to grow up, and if you miss these moments, they're gone forever.

Mrs. Siegel is a freelance reporter who covers international affairs, business and travel.

BOOKSHELF | By Bartle Bull

The Mirage Of Empire

Lords of the Desert

By James Barr

(Basic, 454 pages, \$35)

In August 1953, the CIA operative Kermit Roosevelt Jr. paid a visit to Winston Churchill in London. A few days before, Roosevelt had been in Tehran to welcome the Shah of Iran, after successfully engineering a coup against Mohammad Mosaddegh, the country's nationalist and pro-communist prime minister. "Had I been a few years younger," said the 78-year-old Churchill, then recovering from a stroke, "I would have loved nothing better than to have served under your command in this great venture."

As the British historian James Barr writes in his excellent "Lords of the Desert," an account of British and American relations in the Middle East during the years following World War II, Churchill's daydreaming about a supporting part was "a metaphor for the role reversal that was well underway." Britain was in a slow and painful retreat from its post-World War I dominance of the region, and the United States was ascendant. Over the next quarter-century, Washington and London would frequently be at odds but also quite often work together. The relationship did much to define today's Middle East.

From the immediate aftermath of World War II through the British retreat from Aden in 1967—the response to an uprising in what is now Yemen against Britain's residual colonial presence—the two members of the special relationship faced a series of high-stakes crises across the Middle East, and Mr. Barr draws on a rich and varied trove of sources to knit a sequence of dramatic episodes into an elegant whole. Great events march through these pages: Israel's statehood in 1948; Mosaddegh's nationalization of the Anglo-Iranian Oil Co. in 1951 and the coup two years later; the Suez crisis of 1956; the fall of the Iraqi monarchy in 1958 and the country's subsequent 1963 Ba'athist coup.

Late in World War II, the British had led something called the Middle East Supply Center, which they hoped to convert into an international super-agency of sorts, managing the regional economy out of Cairo with U.S. money. The center's main sponsor, Lord Moyne—"he collected yachts, fish, monkeys and women," according to a contemporary—was also charged with propagation of the Fertile Crescent Scheme, an ambitious diplomatic venture that would have unified the Hashemite kingdoms in Syria and Jordan and added to them Lebanon and Palestine. The plan was nixed by Ibn Saud, the Saudi king, in an early example of the importance during these years of the ancient Saudi-Hashemite rivalry.

Already, by 1946, the question of Palestine and the Jews was intensely vexing. The Jewish vote had become important in key American cities, Mr. Barr explains, providing a foundation for the book's fairly familiar narrative of a pro-Zionist U.S. clashing with more pro-Arab elements in White-hall. It's no criticism of Mr. Barr to say that his storytelling bogs down amid this diplomatic history. What is greatly to his credit here, as elsewhere in the book, is the total absence of moral posturing and ideological partisanship.

In the years after World War II, the rivalry and sometime partnership between the U.S. and Britain would shape the modern Middle East.

When Mr. Barr comes to describe the 1953 coup against Mosaddegh, his book reads like a page-turning spy thriller. Mosaddegh is a darling of contemporary historians, partly because he was very cultured and partly because he stood up to the Anglo-Saxon imperialists. Politically he seems to have been well on his way to being little more than a well-bred "Papa Doc" Duvalier in pajamas, albeit one with genuine communist sympathies. Either way, Mr. Barr simply tells his story and lets us arrive at our own conclusions.

Appearing amid the big set-pieces are numerous episodes that even dedicated Middle East watchers may have forgotten. The building of the Tapline pipeline from the Saudi oilfields across Jordan to Lebanon's Mediterranean coast, which began operating in 1950, brought the U.S.-allied House of Saud into new lands, enriched the Saudis spectacularly and deepened America's interests in the region considerably. In 1956 and 1957, the U.S. plotted coups in Syria, where the Soviets were building an air-defense network and threatening U.S. allies in Turkey and Iraq.

The towering figure at the heart of the book is Egyptian strongman Gamal Nasser, whose seizure of the Suez Canal in July 1956 became the ultimate statement, at the time, that the days of Western imperialism in the region were over. Now Nasser was the imperialist, and when he tried to take over the Yemen, his Russian-supplied bombers repeatedly were used to deploy chemical weapons. The British fought him alongside the local royalists, rather unsuccessfully and, for a while, clandestinely.

Early on, we read from President Dwight Eisenhower's diaries of Churchill's "almost childlike faith" in the trans-Atlantic relationship. Throughout the period, the struggle against communism was one thing that London and Washington had in common. But, as Kermit Roosevelt noted in a 1949 book, if there was any place on earth where an expanding global power and a defensive one would find their interests conflicting, it was the Middle East.

In this context, two subtle bookends in Mr. Barr's chronicle are worth noting. In late 1945, British Prime Minister Clement Attlee arrived in Washington "cap in hand," as Mr. Barr aptly puts it, asking for a loan of \$3.75 billion to help build Britain's welfare state. A decade after Attlee's visit to Washington, the entire British budget for the Middle East was a mere £15 million. In 1964, as the British gave up Aden, then the second or third busiest port in the world, they were reducing their defense budget by 16%—at the height of the Cold War. "Empire," writes Mr. Barr (although the word was by then an exaggeration) "would have to be sacrificed for welfare."

Mr. Bull's next book is a history of Iraq.

OPINION

REVIEW & OUTLOOK

Ben Bernanke's End Game

Ten years after the financial panic, the architects of the rescue policies are taking a victory lap. We won't relitigate the immediate panic response, some of which we supported. But there is one policy whose outcome is still uncertain: The Federal Reserve's near-decade of unprecedented zero-interest rates and bond buying. Is the October correction in stocks, including Wednesday's 3% plunge, telling us that this bill is now coming due?

The final payments on any Fed monetary cycle aren't merely the results when interest rates are low and policy is easy. The verdict is clear only at the end of the cycle when the Fed has to unwind its accommodation and interest rates rise. Only then can the world see clearly whether the Fed overdid its stimulus with nasty consequences on the other end.

That's true even in a conventional monetary cycle of falling and then rising interest rates. Thus only amid the housing bust that triggered the 2008 panic did we see the results of the Fed having kept interest rates too low for too long from 2003 through mid-decade.

Negative real interest rates produced a credit subsidy that fed a commodity boom and housing mania that eventually became a panic and crash. Former Fed chairs Ben Bernanke and Alan Greenspan to this day blame everyone else—"global imbalances"—but they should re-read Charles Kindleberger: "The cycle of manias and panics results from the pro-cyclical changes in the supply of credit."

This is especially true in the current monetary cycle because of the Fed's post-2008 ministrations. The Bernanke Fed's bond buying known as quantitative easing (QE) was aimed deliberately at holding down long-term interest rates. The goal of this "financial repression" was to push investors into riskier assets than Treasuries or bank accounts. The risk assets include equities that have had an extraordinary run since 2009 even as the real economy grew only moderately until 2017.

But since tax reform and deregulation reversed Barack Obama's policies, the real economy has surged and is now growing at close to 4%. The Fed is lifting rates in response and belatedly (if slowly) winding down its bond buying. Bond yields are now rising in response to this faster growth, and traditionally that has meant that stock prices will fall.

The question that no one can answer with certainty is whether the correction in asset

As 'financial repression' ends, risk assets are likely to get riskier.

prices will be longer and deeper because the Fed's financial repression was so extended. Some of our friends think it is irrelevant and that higher corporate earnings and faster growth will carry stocks to new heights, give or take the occasional adjustment. We hope they're right.

But an honest assessment has to be that no one knows. We have never seen the kind of central bank experiment that Mr. Bernanke began and that Europe and Japan followed. It's certainly possible that as long bond rates rise, capital will flow out of certain risk assets and back to a more normal pattern of investment allocation and risk.

No one knows, too, how much such a reversal will affect the real economy. Growth and overall economic confidence are strong enough now that even a major stock correction may not get in the way. Then again, if the "wealth effect" of rising 401(k)s and stock prices contributed to consumer confidence on the way up, perhaps it will subtract on the way down.

Keynesian economists also worry about what happens when government spending is scheduled to slow after 2019, but this underestimates the supply-side impact from the incentive changes of tax reform. Unless Democrats take Congress in November and reverse reform, or Mr. Trump's trade war escalates, a recession doesn't seem imminent.

* * *

All of this leaves current Fed Chairman Jerome Powell with some difficult decisions. But no one should think that this end game will be his legacy alone. Mr. Powell and the current Fed inherited this clean-up operation after the long QE and zero-interest rate era.

Mr. Bernanke had begun only very modest tapering in Fed bond buying by the time he left the Fed in 2014. Janet Yellen succeeded him and began raising rates off zero very slowly with a similarly slow bond taper. Their legacies are as much on the line as Mr. Powell's as the Fed steers through the end of this era of financial repression and toward a more complete verdict on post-crisis monetary policy.

The good news is that, thanks to the Trump-GOP policy mix, the economy is strong. The economic gains from faster growth, rising productivity and a tight labor market are also likely to flow more broadly than they did from the bull market in equities of the repression era. But as stock prices are showing, the transition is uncertain and may be bumpy.

Democrats Sing, the ABA Dances

Brett Kavanaugh has already heard his first Supreme Court oral arguments, but Democrats are signaling they'll continue a campaign to undermine his standing. Let's hope the American Bar Association doesn't become their partisan handmaiden.

Paul Moxley, head of the ABA's Standing Committee on the Federal Judiciary, wrote to Senate Judiciary Chairman Chuck Grassley in an Oct. 5 letter that the ABA committee is "reopening" its "evaluation" of Justice Kavanaugh. This is the same ABA committee that on August 30 gave the judge its highest rating in a report replete with praise. Now Mr. Moxley writes that this could change, given "new information of a material nature regarding temperament during the September 27th hearing" in which Judge Kavanaugh defended himself against claims by Christine Blasey Ford.

Mr. Moxley's letter landed more than a week

Will the lawyers' guild try to delegitimize the new Court Justice?

after the Kavanaugh-Ford hearing, though on the eve of the crucial full Senate vote on Judge Kavanaugh. It followed a public demand by ABA President Robert Carlson—a Hillary Clinton donor—to further delay the Senate vote with an FBI probe. The vote proceeded after that probe, and now the only purpose of an ABA re-evaluation would be to join the Democratic political campaign to delegitimize the new Justice and the current Supreme Court.

Mr. Moxley seems like a straight-shooter, but if he's being bullied by Mr. Carlson or Democrats on his committee, he ought to resign and say so publicly. Otherwise he should shut down this revisionist exercise. This last-minute maneuvering shows again why this guild of liberal lawyers should have no role in nominations. Let's hope South Carolina Senator Lindsey Graham, who may chair the Judiciary Committee next year, is watching.

'That's What You Want to Hear'

In the movie "Field of Dreams," someone asks the lead character played by Kevin Costner if this is heaven? No, he says, "it's Iowa." But it is political heaven if you're a corn farmer who sells to ethanol refiners, as President Trump is proving this week with one more favor for the fuel made with corn and your tax dollars.

"And my Administration is protecting ethanol, all right? That's what you want to hear," Mr. Trump said at a rally in Iowa on Tuesday, and give him points for political candor. Mr. Trump then announced that his Administration will now allow fuel with 15% ethanol to be sold all year long. The Clean Air Act sets standards for fuel volatility, and E15 hasn't been allowed in the summer because it can cause smog. Most blends contain 10% of ethanol.

On the plus side, the White House isn't mandating or subsidizing more ethanol, which is already pushed into the fuel supply at increasing rates under the renewable fuel standard. In an ideal market, ethanol blends could compete with regular gasoline year round without the potpourri of government distortions. (We can dream too.)

Some 20 Senators from both parties pointed out in a letter last week that the agency doesn't have the legal authority to waive the Clean Air Act's summer standards. The law lays out a waiver process for "blends containing gasoline and 10 percent denatured anhydrous ethanol." But nowhere is a 15% blend mentioned.

EPA said in 2011 that it doesn't believe it has the authority to allow year-round sales of E15, and that is not remembered as an era of agency

At least Trump is honest about his lousy new gift to ethanol.

restraint. If the standards are too strict, then Congress should change them. Oil companies plan to sue, even if their less than pure motive is heading off competition from cheap ethanol amid rising oil prices.

The other issue is how little reformers appear to be getting in exchange. The Trump Administration says it's considering changes to compliance credits known in the lingua franca as "renewable identification numbers," or RINs, which companies have to buy if they don't reach ethanol blending quotas.

The East Coast refiner Philadelphia Energy Solutions paid \$300 million for RINs in 2017 (twice the company's payroll).

The White House cited speculators as one area for reform, but RINs are expensive because so many companies have to buy credits in lieu of blending a marginal gallon of ethanol. In other words, RINs are expensive because the credits are scarce. The Administration also said it would focus on transparency, though everyone knows the real problem.

If there's more demand for E15, perhaps RINs would be less expensive, though even Iowa sells four times the amount of E0—no ethanol—as it does E15 and E85 combined. At this point the Administration should at least cap the price on RINs—a maximum penalty for noncompliance—or allow exports to create RINs and thus increase supply of the credits.

We almost feel like chumps for bringing up small matters like the law and economics, since the new policy is so clearly a sop to farmers hit hard by Mr. Trump's tariff policy. As ever, one bad policy inevitably leads to another.

LETTERS TO THE EDITOR

Time to Move Beyond the Elite Law Schools

Heather Mac Donald highlights an aspect of the Kavanaugh hearings that seems not to have troubled any of the senators, commentators or other observers of the process ("Tomorrow's Elite Lawyers Disavow Due Process," op-ed, Oct. 5). That is the assumption that attendance at Yale, Harvard or other Ivy League schools indicates superior intelligence and promise. This ignores the achievements of students from across the country from a range of institutions. While criticizing the actions of law students at Yale and Harvard, Ms. Mac Donald nonetheless includes them under the banner of the elite, destined for high-level judgeships and other positions. How refreshing it would be to see a nominee who attended a state university, or at the very least a college in a different part of the country, perhaps af-

ter a stint working or pursuing a less direct path to success. As someone who earned an undergraduate degree at Stanford, I'm tired of the notion that someone is smart just because she or he attended a certain university. Let's get a little more educational diversity in future nominations.

MARY CLOSMANN KAHLER
Austin, Texas

Every one of those Harvard and Yale law students protesting Brett Kavanaugh's appointment should have their names written down and kept in case they want to be a judge someday. At that point their college-age record can be used to show that they don't believe in due process and shouldn't ever be considered for the bench.

JAN GRAHAM
Imperial, Neb.

Maybe the Hearings Will Be a GOP Waterloo

The suggestion in Allen Guelzo's "Kavanaugh May Be the Democrats' Waterloo" (Oct. 6) that the Brett Kavanaugh confirmation will have a negative effect on the "much-hyped November blue wave" disregards the rage that many women feel at being silenced, yet again. We will vote in November because this was a rush to a judgeship that wound up trampling a woman whose sense of civic duty has gained her nothing but humiliation and ridicule by the president. We will vote because we will not be silenced.

CAROLINE TAYLOR
Pittsboro, N.C.

Prof. Guelzo makes a point that very well may come true. The Democrats fumbled the information Christine Blasey Ford had sent to them regarding her alleged sexual assault. He is correct that as soon as the infor-

SHELDON L. STONE
Birmingham, Mich.

The Senate Has Flexibility on Confirmations

In his letter of Oct. 8, Robert de Porres-Ras correctly cites the provisions of Article II, Section 2, Clause 2 as calling for prompt action by the Senate to approve or disallow a nomination for presidential nominee appointments to proceed. However, there is no comparison with Judge Merrick Garland's nomination and the appointment of John Marshall. Justice Marshall was appointed to a court that, up to that time, had not established itself as the final arbiter of congressional legislation or presidential powers. It wasn't until the decision in *Marbury v. Madison* (1803) that the Supreme Court assumed that role and the powers that have since accrued to it.

President Rutherford B. Hayes nominated Stanley Matthews in January of 1881 and the Senate took no action on his nomination until Presi-

THOMAS M. MICHAELS JR.
Naples, Fla.

dent James Garfield renominated him after taking office three months later, thereby establishing the precedent cited by Sen. Mitch McConnell.

The most recent iteration of the Senate's interpretation of this "rule" was Sen. Chuck Schumer's July 2007 statement that the Democrats would not consider a Supreme Court nominee in the last year-and-a-half of George W. Bush's administration. Once Justice Marshall's court established its role interceding in a political dispute, the road to our current political fight over the courts was open. We have a genie that won't be stuffed back into the bottle.

JILLIAN KAY MELCHIOR
Lebanon, N.H.

Hoax Articles in Academic Journals Cry Caveat Reader

Jillian Kay Melchior leaves out the major benefit of hoax articles submitted to and published by academic journals ("Fake News Comes to Academia," op-ed, Oct. 6). You can say that hoaxes are unethical, that academic journals rely on the honesty of their authors and that deception undercuts the trust that professional communities need to operate. One academic journal laments that it took years to build a credibility now damaged.

It is the deceived readers of academic journals, not the editors, who deserve our sympathy.

As far as we know, not one academic journal has gone back over the history of its publications to identify and report on the inadvertent hoaxes in its pages. Not one has improved its editorial process to prevent inadvertent hoax articles from being published.

Deliberate hoaxes alert the reader to be skeptical—a great benefit.

JORDAN ROSENBERG
San Francisco

Democracies Can Disagree: No Culture War in '1984'

Regarding Mary Spinei's letter of Oct. 5 ("Steadier Politics Require Congress Do Its Job"): In the face of all the recent decrying of America's partisan antipathy, how refreshing to read Ms. Spinei's reminder that "partisan antipathy" will always exist in a democracy. In fact, I'll take this one step further by denying that "gentlemanly" discourse is better than the acrimonious discord that reflects the political passions and genuine rifts that are part of the vitality of democracy.

A country that is truly free
Has citizens who disagree.
There isn't any culture war
In Orwell's 1984.

PROF. FELICIA NIMUE ACKERMAN
Brown University
Providence, R.I.

Is it any wonder that the second definition of the word "academic" in most dictionaries is: "Of no practical importance"?

LEO GORDON
Los Angeles

Pepper ... And Salt

THE WALL STREET JOURNAL



OPINION

Government Can't Rescue the Poor

By Phil Gramm
And John F. Early

The War on Poverty is not a struggle simply to support people," declared President Lyndon B. Johnson in 1964. "It is an effort to allow them to develop and use their capacities." During the 20 years before the War on Poverty was funded, the portion of the nation living in poverty had dropped to 14.7% from 32.1%. Since 1966, the first year with a significant increase in antipoverty spending, the poverty rate reported by the Census Bureau has been virtually unchanged.

Federal programs have reduced material poverty at the cost of promoting idleness and dependency.

Last year a United Nations investigator using census data found "shocking" evidence that 40 million Americans live in "squalor and deprivation," in a country where "tax cuts will fuel a global race to the bottom." He continued: "The criminal justice system is effectively a system for keeping the poor in poverty," and reported that "the demonizing of taxation means that legislatures effectively refuse to levy taxes."

If that doesn't sound like the country you live in, that's because it

isn't. The Census Bureau counts as poor all people in families with incomes lower than the established income thresholds for their respective family size and composition. The thresholds, first set in 1963, are based on a multiple of the cost of a budget for adequately nutritious food, adjusted for inflation. While the Census Bureau reports that in 2016 some 12.7% of Americans lived in poverty, it is impossible to reconcile this poverty rate, which has remained virtually unchanged over the last 50 years, with the fact that total inflation-adjusted government-transfer payments to low-income families have risen steadily. Transfers targeted to low-income families increased in real dollars from an average of \$3,070 per person in 1965 to \$34,093 in 2016.

Even these numbers significantly underestimate transfer payments to low-income families since they exclude Medicare and Social Security, which provide large subsidies to low-income retirees. Compared with what they pay in Social Security taxes, the lowest quintile of earners can receive as much as 10 times the lifetime benefits received by the highest quintile of earners and three times as much as the middle quintile.

The measured poverty rate has remained virtually unchanged only because the Census Bureau doesn't



the earned-income tax credit, at least 87 other means-tested federal payments to individuals, and most means-tested state payments. If government counted these missing \$1.5 trillion in annual transfer payments, the poverty rate would be less than 3%.

The 3% poverty rate determined by counting more of the government transfers to low-income families is virtually identical to the number economists Bruce Meyer and James Sullivan found in a 2016 study, which measured actual consumption by poor families. The number also reconciles the current disparity between the low income levels used by the Census Bureau to define poverty and studies such as the Department of Energy Residential Consumption Survey, which find consistently rising spending among poor families on cars, home electronics, cable, household appliances, smartphones and living space. The 3% poverty rate would fall even further if it accounted for transfers within families, some \$500 billion of private charitable giving, and the multibillion-dollar informal economy, where income is unreported.

Transfer payments essentially have eliminated poverty in America. Transfers now constitute 84.2% of the disposable income of the poorest quintile of American households and 57.8% of the disposable income of lower-middle-income households. These payments also make up 27.5% of America's total disposable income.

The stated goal of the War on Poverty is not just to raise living standards, but also to make America's poor more self-sufficient and to bring them into the mainstream of the economy. In that effort the war has been an abject failure, increasing dependency and largely severing the bottom fifth of earners from the rewards and responsibilities of work.

In 1965, before funds were appropriated for War on Poverty programs, all five income quintiles had more families in which at least one person worked than families in which the head of household was of

prime working age. So broadly based was the work ethic that the lowest income quintile had only 5.4% more families with working-age heads and no one working than did the middle quintile. The lower-middle quintile actually had proportionately fewer families where no one worked than did the middle quintile.

The expanding availability of anti-poverty transfers has devastated the work effort of poor and lower-middle income families. By 1975 the lowest-earning fifth of families had 24.8% more families with a prime-work age head and no one working than did their middle-income peers. By 2015 this differential had risen to 37.1%. And by that same year, even families in the lower-middle income quintile headed by working-age persons were almost 6% more likely to have no one working than a similar family in the middle-income quintile.

Even these numbers understate the decline in work among low-income Americans that has accompanied the War on Poverty. Compared with the low-income quintile, the lower-middle quintile today has three times as many families with two or more workers, and the middle quintile has five times as many. The trend illustrates how the War on Poverty produced an unprecedented decline in work effort among those who received benefits.

The massive reduction in material poverty that government transfers have allowed has come at a considerable underappreciated cost. The War on Poverty has increased dependency and failed in its primary effort to bring poor people into the mainstream of America's economy and communal life. Government programs replaced deprivation with idleness, stifling human flourishing. It happened just as President Franklin Roosevelt said it would: "The lessons of history," he said in 1935, "show conclusively that continued dependency upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber."

Mr. Gramm is a former Chairman of the Senate Banking Committee. Mr. Early served twice as assistant commissioner at the Bureau of Labor Statistics and is president of Vital Few LLC. Bob Ekelund and Mike Sison contributed to this article.

Open the Door to Venezuelan Migrants

By Alvaro Vargas Llosa

No government in the Western Hemisphere knows what to do with Venezuelan migrants. Native populations in host countries are growing restless and sometimes xenophobic. Yet all signs point to continued massive flows. The number of Venezuelan emigrants could soon approach the number of Syrians who have fled their country and create a crisis in Latin America comparable to the one that rocked Europe in 2015.

In the first 15 years of Hugo Chávez and Nicolás Maduro's dictatorship, hundreds of thousands of Venezuelans fled to the U.S., Colombia, Panama, Spain and other countries. At first this was a gradual,

The Western Hemisphere should share responsibility for casualties of the socialist dictatorship.

mostly upper- and middle-class affair. Then amid Venezuela's economic and political meltdown in 2014, the exodus accelerated. People from all strata of society started heading for the exits. In the past few years, the collapse of Venezuela has become the hemisphere's worst humanitarian disaster ever.

Four million Venezuelans live abroad, of whom 2.3 million have left in recent years due to the inhumane conditions at home, according to Human Rights Watch. Colombia, across the western border, has received more than one million; Ecuador, Peru, Chile, Brazil and Argentina each have received hundreds of thousands more. In many cases the migrants have settled temporarily in border towns, overwhelming the local infrastructure. Sometimes tensions have triggered violence: In Pacaraima, an entry point in Brazil, the local population attacked migrant tents in August after an assault on a local restaurant owner.

Latin American countries were quite welcoming at the start of the crisis but have lately started imposing harsh controls on migration. Ecuador and Chile are demanding passports, which are nearly impossible

for migrants to get. Chile requires costly police-record certificates. Brazil has mobilized the army in border areas and is turning migrants back outright. Politicians are making the migrants into scapegoats for social grievances. Ricardo Belmont, a candidate for mayor of Lima, recently said the Peruvian government had a secret plan to naturalize one million Venezuelans in exchange for their votes. He added in vulgar language that Venezuelan women looked too shapely to be fleeing hunger.

To end the confusing and arbitrary status of migrants, the region should admit that the migrants are refugees under the 1984 Declaration of Cartagena. It can do so through the Lima Group, a multilateral body set up last year to deal with the Venezuelan crisis. This would normalize the status of migrants and allow them to be incorporated into the economy and society. It would also provide a mechanism to deal with future migrants, who could perhaps be distributed among the participating countries on a voluntary basis.

Under the United Nations Refugee Convention of 1951, only those fleeing political persecution must be granted refugee status. But under the more expansive Cartagena agreement, which 15 Latin American countries have incorporated into their own legislation, Venezuelans fleeing human-rights violations and state collapse clearly deserve asylum.

By refusing to grant Venezuelans refugee status and instead opting for limited, ad hoc measures, Latin American governments claim they are preventing a temporary situation from becoming permanent and avoiding costly commitments. It won't work. Costs are escalating because governments are reluctant to send migrants away, instead preferring to pressure Venezuela to accept humanitarian relief. They know the conditions are unsustainable there. Meanwhile, ambiguity about the status of Venezuelan migrants in host countries is forcing many to huddle in border areas where they are creating problems for themselves and others. This prevents them from integrating into national communities and formal labor markets.

The U.S. should be more welcoming, too. The mostly middle-class Venezuelans who have flown to Miami have largely managed to receive

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Executive Chairman, News Corp

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WORLD NEWS

Coal Fuels German Debate

By MICHELLE HACKMAN

PÖDELWITZ, Germany—On the surface, this medieval idyll of timber-framed houses resembles most villages dotting the landscape of this rural, thinly populated region of Eastern Germany.

But empty streets, overgrown lawns and silence reveal a ghost town. Three years ago, most of the village's 140 residents agreed to leave, accepting an offer from local mining company Mibrag mbH of new homes, moving costs and an additional €75,000 (\$86,000).

The company, whose open-pit mine has swallowed up much of Pödelwitz's surroundings, wants to dig up the hamlet so it can continue excavating brown coal, a cheap, plentiful and highly polluting fossil fuel.

Unless, that is, Pödelwitz's 27 remaining residents have their way.

"We don't want their money. We just want to be able to live here," said André Kremkow, a locksmith leading a campaign to spare the village and, more broadly, put an end to coal mining in Germany. Mibrag declined to comment on its plans and local resistance.

This and similar disputes around the country have drawn attention to a curious split: Though Germany has championed the use of clean energy, several German brown-coal mines are expanding, which requires government permission. And though Germany's greenhouse-gas emissions began trending downward in 1990, emissions have climbed since 2015.

Chancellor Angela Merkel campaigned for nations to embrace emissions cuts in the 2015 Paris climate accord, but Germany conceded last year that it won't make its own target of cutting greenhouse-gas emissions to 40% of 1990 levels by 2020. The European Union as a whole is expected to meet its 2020 goal.

Ms. Merkel's government, seeking to renew its commit-



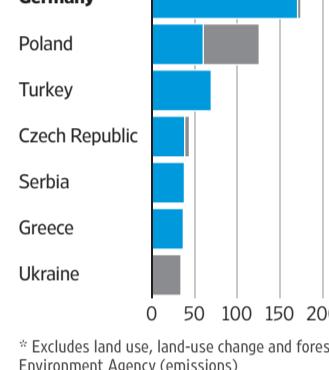
Brown coal is a greasy, low-grade fuel also known as lignite that is mined in vast, open pits.

Up in Smoke

Germany, reliant on the brown-coal mining that makes it Europe's top coal producer, said it would miss its 2020 emissions target.

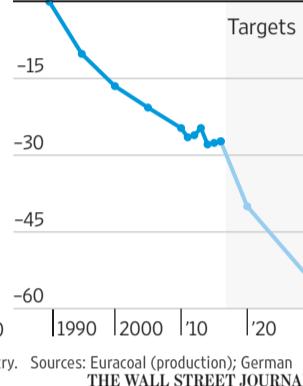
Production, in million tons

■ Lignite (brown coal) ■ Hard coal



* Excludes land use, land-use change and forestry. Sources: Euracoal (production); German Environment Agency (emissions)

Change in Germany's greenhouse-gas emissions*



cause of the greenhouse gases its burning spews into the atmosphere. It is mined in vast, open pits that devour landscapes and villages, leaving Martian vistas of desolation roamed by gigantic excavators straight out of "Mad Max."

Germany is its largest producer. Brown coal made up about 23% of the country's energy supply last year, and black coal an additional 14%, according to the Economy Ministry. Renewable energy sources made up 33%—up from 6% in 2000.

"Brown coal is secure supply-wise," said Thorstom Diercks, secretary general of the German Brown Coal Association. "And that's why we are keeping it and have to keep it for a certain amount of time, probably a generation."

In the eastern state of Saxony, where the country's largest opposition party, Alternative for Germany, or AfD, performed best in last year's general election, mining is popular and a source of jobs.

Brown-coal mining supports between 20,000 and 30,000 jobs in the state, environmental activists and state officials estimate. That has led some parties to back mining.

Meeting emissions targets will depend on how quickly the country is willing to phase out coal mining.

"The image of Germany as a country leading on the renewable energy transition is very, very wrong," said Laura Röllmann, a climate activist.

Brown coal, a greasy, low-grade fuel also known as lignite, isn't just controversial be-

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Brown coal, a greasy, low-grade fuel also known as lignite, isn't just controversial be-

Banker's Property Spurs U.K. Audit

By MARGOT PATRICK

LONDON—The wife of a jailed Azerbaijani banker has been ordered to explain how she and her husband could afford their multimillion-pound London mansion or face having it seized, in the first case using new U.K. investigative powers.

Zamira Hajiyeva, the wife of former International Bank of Azerbaijan Chairman Jahangir Hajiyev, was named Wednesday as the recipient of two "unexplained wealth orders" issued by a U.K. court in February.

Her lawyers said Mrs. Hajiyeva applied to appeal last week's ruling, and that the upholding of the order doesn't imply any wrongdoing by the Hajiyevs. They noted it is part of an investigative process, not a criminal procedure.

The orders, encompassing a London mansion and golf club near Ascot race course, mark a warning shot by U.K. authorities toward Russian oligarchs, families of former African dictators and other so-called politically exposed persons parking their money in the U.K.

They are part of new legislation aimed at combating dirty money in the country, and specifically target people with political connections or suspected of serious crime whose means for buying property or other assets isn't clear.

The U.K. is seeking to shed its image as a haven for corrupt money after being accused by campaigners for decades of enabling and tolerating ill-gotten gains in the country. The U.K. National Crime Agency, which brought the action against Mrs. Hajiyeva, estimates hundreds of billions of pounds of international crime proceeds are laundered through the country and its banks each year. Transparency International says it has identified £4.4 billion (\$5.8 billion) in U.K. property bought with suspicious wealth, while other anticorruption campaigners have sought to highlight the

problem by taking journalists on "kleptocracy tours" around London's swankiest streets.

In July, the government issued draft legislation that would force foreign companies owning U.K. real estate to disclose their ultimate owners in a public register, adding to 2016 rules requiring the same of most U.K. companies. The property register will be live by 2021, the government said.

The draft law came after a parliamentary committee in May urged the government to act on corrupt Russian money after the attempted murder in March of former Russian spy Sergei Skripal and his daughter in Salisbury, England. It called

5.8

Billions of dollars in U.K. property bought with suspicious wealth

for additional legislation and investment in crime fighting.

According to the U.K. judicial ruling last week, the Hajiyevs bought the house in the upscale Knightsbridge neighborhood of London in 2009 through a British Virgin Islands company, paying around £4 million of the £11.5 million purchase price upfront. A mortgage for the rest was paid off in five years, the ruling said.

Mrs. Hajiyeva told the U.K. court her husband was a man "of substantial means" at the time of the purchase of the house but records in the court case showed his bank salary was around \$70,000. She said he had other business interests too, and supplied a 2011 document from a money manager putting her husband's net worth at nearly \$73 million.

The NCA said the combined cost of the two properties was £22 million.

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, October 11, 2018 | B1

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Sears Chief Cuts Financial Lifeline

Once a dominating force in American retailing, the owner of Sears and Kmart stores has lost most of its market value over the past decade amid declining sales that have forced it to close locations.

\$60 a share

50

40

30

20

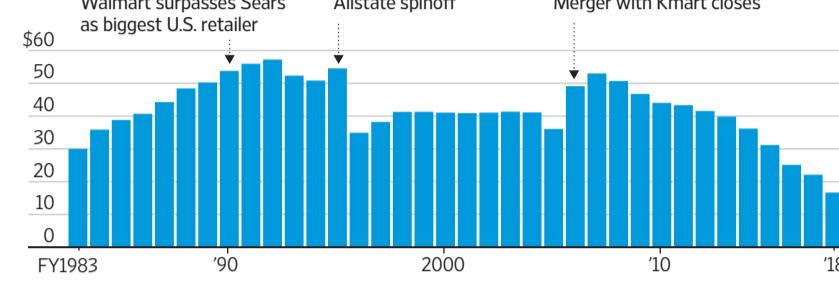
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Posts annual loss of \$3.1 billion, first of seven straight unprofitable years

Edward Lampert formally takes over CEO role

Annual revenue, billions

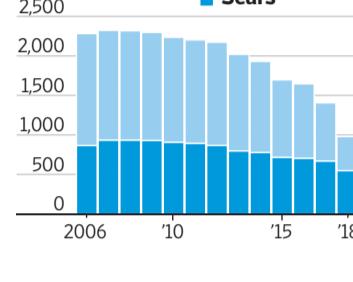


Walmart surpasses Sears as biggest U.S. retailer

Allstate spinoff

Merger with Kmart closes

Number of stores



Sears Holdings

Wednesday

\$0.49

▼ 17%

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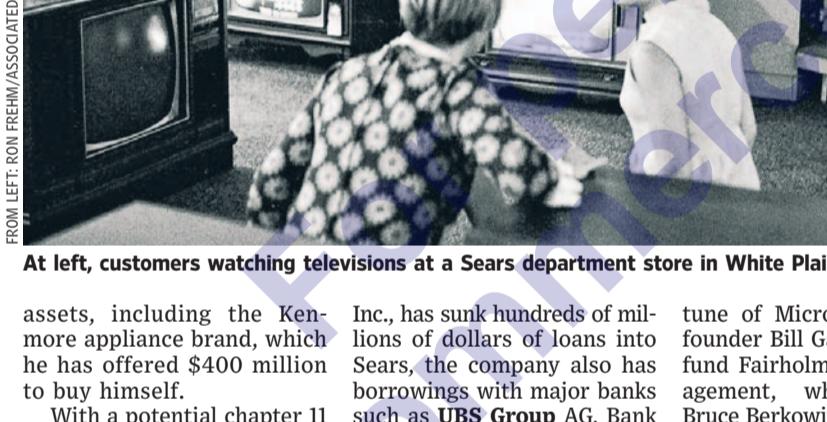
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Sears CEO Cuts Off Lifeline

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eral hundred million dollars just for this holiday season, one person said.

The retailer has been making payments for merchandise but recently fell behind by a week, said Michael Rinzler, co-president of **Wicked Cool LLC**, which makes Cabbage Patch dolls and Pokémon toys. "We've been preparing for the inevitable," said Mr. Rinzler, noting his company has limited the money owed by Kmart and stopped shipping toys once that amount was reached.

In recent months, Mr. Lampert had pushed for an out-of-court restructuring that would slash more than \$1 billion from Sears's \$5.5 billion debt load, divest another \$1.5 billion of real estate and sell \$1.75 billion of



At left, customers watching televisions at a Sears department store in White Plains, N.Y., in 1969. On the right, a store in Chicago this past spring.



At left, customers watching televisions at a Sears department store in White Plains, N.Y., in 1969. On the right, a store in Chicago this past spring.

assets, including the Kenmore appliance brand, which he has offered \$400 million to buy himself.

With a potential chapter 11 now looming, investors said asset sales are less likely as buyers worry about being sued later on by Sears creditors or by a bankruptcy trustee.

Although Mr. Lampert's hedge fund, ESL Investments

Inc., has sunk hundreds of millions of dollars of loans into Sears, the company also has borrowings with major banks such as **UBS Group AG**, Bank of America Corp. and Citigroup Inc.

Its backers include some prominent investors. As of September, its lenders also included Cascade Investment LLC, which manages the for-

tune of Microsoft Corp. co-founder Bill Gates, and hedge fund Fairholme Capital Management, whose manager Bruce Berkowitz left the Sears board last year. Mr. Berkowitz, once the second biggest shareholder, has been selling down his stake.

Mr. Lampert isn't giving up on Sears, according to one of the people. He is willing to

continue investing in the company as long as it has a future, the person continued. For that to happen, Sears needs to become smaller and more nimble, this person said. Mr. Lampert's restructuring plan calls for the company to sell about 200 of its remaining 900 locations.

While Mr. Lampert long resisted a bankruptcy filing over

concerns that Sears would go the way of other retailers that tried to restructure under court protection but wound up liquidating instead—namely Toys "R" Us—he has come around to the idea that an in-court restructuring could work, the person continued.

—Lillian Rizzo
and Andrew Scurria contributed to this article.

Square's Finance Chief to Step Down

By PETER RUDEGEAR

market close on a down day for the broader market.

Ms. Friar will remain in her current position into December, the financial-technology company said. The search for her successor will be led by David Viniar, a Square board member and the former finance chief of Goldman Sachs Group Inc.

A former Goldman Sachs research analyst and Sales-

force.com Inc. executive, Ms. Friar joined Square in 2012 when the company was best known for its white credit-card readers that plugged into smartphones. She guided Square through a rocky initial public offering in 2015 and played an instrumental role in its expansion into financial services.

Ms. Friar served as the face of Square to Wall Street, an im-

portant role given that Mr. Dorsey runs Twitter Inc. In recent years, she joined the boards of Walmart Inc. and Slack Technologies Inc.

Mr. Dorsey said in a note to employees that it was always Ms. Friar's ambition to serve as a CEO and that Square's goal is to "build an organization that is not dependent upon any one person, including me."

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The \$400 million pledge BlackRock made on behalf of clients will comprise about 1/3 of the roughly \$1.2 billion raised by Gallatin Point for deals as the private investment firm seeks stakes in

lenders, insurers, financial institutions and financial assets such as loan pools. It is unclear how much Mr. Fink personally invested.

BlackRock is a major player in everything from stock and bond trading to software that helps financial institutions assess their risks. It is also one of the biggest beneficiaries of a decadelong investor shift to cheaper funds that mimic

stock and bond indexes, giving it a total of \$6.3 trillion in assets as of June 30. Roughly two-thirds of those assets are in index funds or exchange-traded funds.

Its push into alternative investments is an effort to bulk up on products where BlackRock can charge higher fees, lock in investor capital over years and promise pension funds and other clients higher returns.

BlackRock is also trying to raise money it can use to buy and hold direct stakes in companies.

These holdings, which include private equity and infrastructure, amounted to more than \$100 billion as of June. That is roughly 2% of the investments BlackRock managed as of that date, but the holdings reeled in roughly 10% of the company's fee revenue in 2017.

Mr. Botein was in charge of

that business while at BlackRock. He started with the firm

groups BlackRock had amassed from acquisitions of companies like Barclays Global Investors and Merrill Lynch Investment Managers.

He stepped down last year to launch Gallatin Point with Mr. Sachs, a top aide to former Treasury Secretary Timothy Geithner who was in charge of a team that responded to the 2008 financial crisis. Mr. Sachs has also worked as chief executive of Alliance Partners, an asset manager for financial institutions that attracted a BlackRock investment in 2011. BlackRock and Mr. Botein maintain close ties on several fronts.

BlackRock has the option to

get a piece of any deal Gallatin Point makes so long as BlackRock's stake in those businesses is under 24.9%. It can also opt out of any investment. The client money being committed by BlackRock will go into a separately managed pool that will co-invest in Gallatin Point's deals.

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BUSINESS NEWS

Bayer Wins Round In Herbicide Case

BY JACOB BUNGE

Bayer AG could win a new trial to defend its Roundup weed killer.

A California judge on Wednesday issued a tentative ruling for a new trial on the \$250 million in punitive damages awarded to a groundskeeper, who sought to hold the Roundup maker liable for his non-Hodgkin lymphoma.

If finalized, Judge Suzanne Ramos Bolanos's ruling would grant a motion by Bayer arguing that sum wasn't justified and that the evidence didn't prove the company intended to harm the plaintiff. It isn't clear when the judge may finalize the ruling, issued ahead of a court hearing Wednesday.

The ruling calls into question the bulk of the \$289 million judgment, the first in thousands of cases alleging that glyphosate, the main ingredient in Bayer's Roundup herbicide, causes cancer.

The jury verdict rocked Bayer weeks after the German company completed its takeover of **Monsanto**, the U.S. seed and pesticide giant that manufactures Roundup and crop seeds engineered to withstand the spray. Bayer's stock has fallen about 20% since the verdict, as investors priced in the potential for more in court judgments ahead.

The plaintiff, Dewayne Johnson, is likely to appeal the

ruling if it is finalized.

Glyphosate is the most widely used herbicide in the world. Monsanto pioneered the genetic engineering of corn, soybeans and other crops to survive the chemical. Most of the nearly \$1 billion in crop seeds sold annually by Monsanto are genetically modified to resist glyphosate.

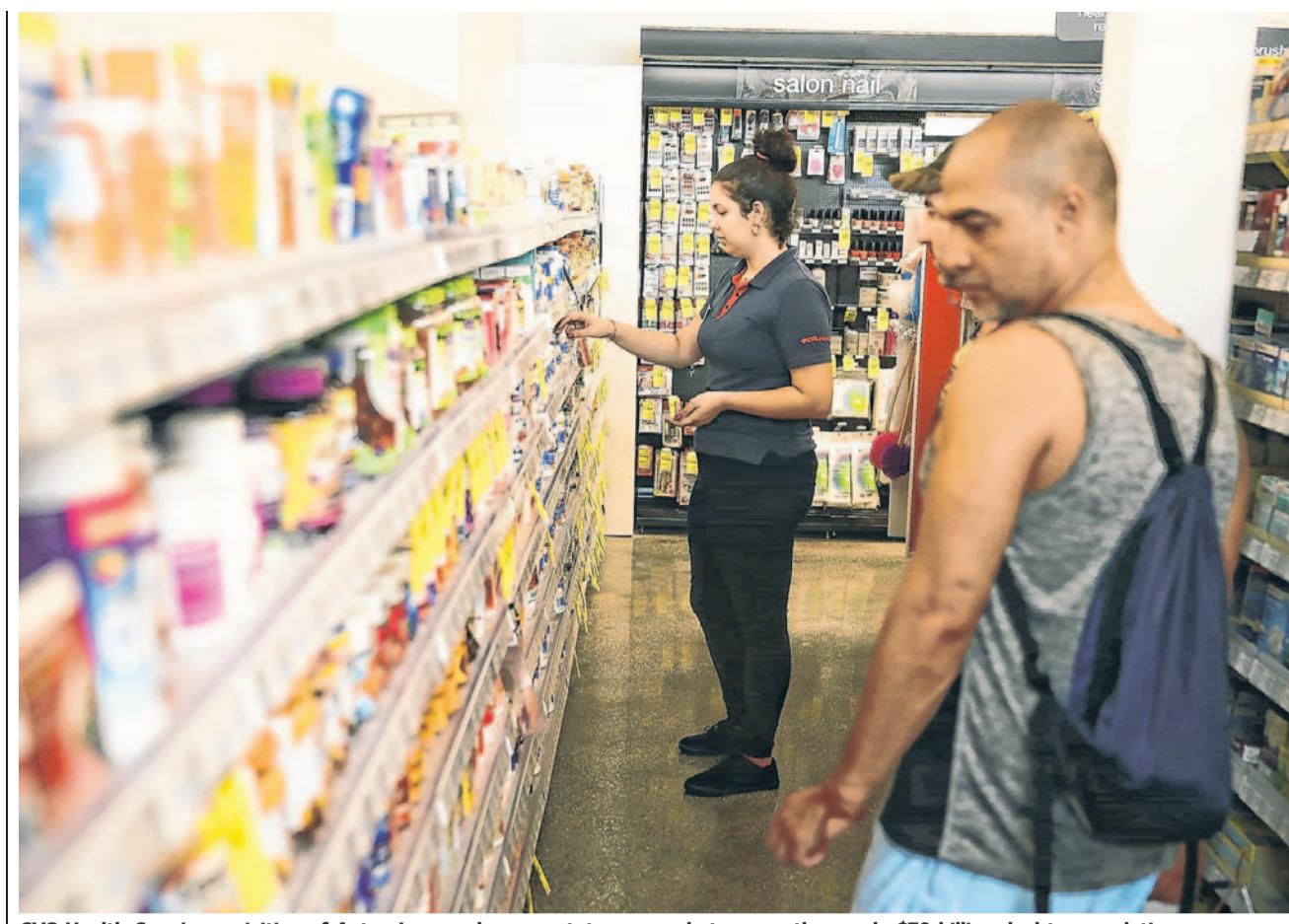
The chemical's safety came under global scrutiny after the International Agency for Research on Cancer, a unit of the World Health Organization, in 2015 classified glyphosate as likely having the potential to cause cancer. Monsanto and other agricultural groups pushed back, but the classification prompted lawsuits and regulatory challenges.

Mr. Johnson's attorneys, Judge Bolanos wrote in the order, didn't provide "clear and convincing evidence of malice or oppression by Monsanto."

A Bayer spokesman said the judge is considering its motions for a new trial on the liability verdicts and reduction of the \$39 million in compensatory damages the jury awarded. Bayer "continues to believe that the evidence at trial does not support the verdict and the damage awards," he said.

A spokeswoman for **Baum Hedlund Aristei & Goldman PC**, the law firm representing Mr. Johnson, declined to comment.

—Sara Randazzo contributed to this article.



CVS Health Corp.'s acquisition of Aetna Inc. needs some state approvals to move the nearly \$70 billion deal to completion.

CVS-Aetna Deal Gets Nod

BY ANNA WILDE MATHEWS AND MICAH MAIDENBERG

Justice Department antitrust enforcers cleared **CVS Health Corp.**'s acquisition of **Aetna Inc.** after the companies took steps to ease regulators' concerns, moving the nearly \$70 billion deal a major step closer to completion.

The Wall Street Journal had earlier reported that federal antitrust officials were preparing to give the deal a green light, but the overlap in the two companies' Medicare drug businesses had to be addressed. Aetna in late September announced the planned divestiture of its Medicare drug business to **WellCare Health Plans Inc.**

In announcing its approval, the Justice Department said that the WellCare deal "would

fully resolve the Department's competition concerns."

The merger—which brings together the giant drugstore chain and pharmacy-benefit manager with the health insurer—needs some state approvals to complete the deal.

State attorneys general from California, Florida, Hawaii, Mississippi and Washington joined the Justice Department in filing a civil suit Wednesday asking the U.S. District Court for the District of Columbia to require the sale to WellCare as a condition of the merger.

CVS said that it already had gotten "many" of the state approvals it needs. "We are pleased to have reached an agreement with the Justice Department that maintains the strategic benefits and value creation potential of our com-

bination with Aetna," said CVS's chief executive, Larry Merlo. "We are now working to complete the remaining state reviews."

Aetna rival **Cigna Corp.** already has gotten Justice Department antitrust clearance

with their most direct overlap coming in selling plans under the Medicare prescription-drug program, known as Part D.

To preserve competition where CVS and Aetna sell Part D plans head-to-head, the Justice Department had been expected to require the companies to sell off parts of their Part D business to a competitor that would compete with the newly merged firm.

Also on Wednesday, CVS said accounting chief and controller Eva Boratto would become the company's next finance chief. Shawn Guertin, Aetna's CFO, had been expected to take over that role in the combined company. Mr. Guertin, who CVS said was leaving for personal reasons, will remain with the company until June 2019 to assist in the Aetna integration.

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Bayer's Roundup is at the center of an appeal over damages.

Newsweek's Former Parent Firm, Others Are Charged With Fraud

BY LUKAS I. ALPERT AND REBECCA DAVIS O'BRIEN

Newsweek's former parent company has been charged by Manhattan prosecutors with carrying out a complex scheme to defraud lenders out of millions of dollars as part of an effort to keep the struggling media organization afloat.

The indictment follows a more than yearlong fraud probe by the Manhattan District Attorney's Office that has also been examining possible advertising abuses at **IBT Media** and its connections to Olivet University, a bible college in California, according to people briefed on the investigation.

IBT Media owned Newsweek during the period of the alleged fraud; the company said Wednesday it completed a spin-off of Newsweek into a separate entity.

Prosecutors allege IBT was joined in the fraud scheme by the **Christian Media Corp.**, a faith-based online publisher based in Washington, D.C.

Together, the top executives from the two companies created phony financial statements approved by a fictitious auditor and used them to secure around \$10 million in loans from three financial institutions, ostensibly to buy high-end com-

puter servers, according to prosecutors. The money was then laundered through corporate bank accounts and used to support day-to-day operations at the media organization, prosecutors alleged.

IBT Media said that it "denies these allegations. The finance companies from which the company obtained the loans in question all were repaid in full and made whole. The company intends to defend against the allegations in court."

A lawyer for Christian Media didn't immediately respond to messages seeking comment.

A spokesman for Olivet University didn't immediately return a call seeking comment. Olivet wasn't accused of wrongdoing.

The 10-count indictment unsealed Wednesday in Manhattan Supreme Court names as defendants IBT Media and its co-founder, Etienne Uzac; Christian Media and its former chief executive and publisher, William Anderson; and a computer company called **Oikos Networks Inc.**

A lawyer for Oikos, Michael Bachner, said: "My client's activities were wholly legitimate," but declined to comment further.

Both individuals and all three companies were charged with money laundering, scheming to

defraud, falsifying business records, and conspiracy. Christian Media and Mr. Anderson were also charged with contempt for allegedly failing to produce documents that had been subpoenaed by a grand jury in the case.

The defendants are scheduled to surrender to authorities Thursday and will be arraigned Thursday afternoon.

"It is disturbing that the Manhattan DA's office is once again trying to make a case where no victim suffered any financial harm," said Andy Lanker, a lawyer for Mr. Anderson. "The notion that my client intended to deceive anyone, much less engage in a money laundering conspiracy, is absurd. We will vigorously defend these charges."

Marc Agnifilo, a lawyer for Mr. Uzac, said his client "steadfastly denies" the allegations. "No victim was defrauded or lost a dime. This is a made-up case that will be soundly repudiated."

Prosecutors alleged the fraud ran from March 2015 until October 2016. Using false financial statements and a phony auditor, the companies secured loans from financial institutions, telling lenders the money would be used by Oikos to acquire high-capacity computer servers for as much as \$180,000 each.

But instead of purchasing the machines specified in the loan applications, Oikos allegedly acquired far less sophisticated servers that cost as little as \$10,000 apiece, people briefed on the case said. Oikos then transferred the remaining money to the two media companies' accounts, which they used to cover general operating expenses and to pay back earlier loans, prosecutors alleged.

In all, IBT received more than \$8.6 million through the scheme, prosecutors allege, with Christian Media pocketing approximately \$1.5 million. Oikos has ties to the World Olivet Assembly, the church behind Olivet University, people briefed on the case said. The loans were ultimately repaid, which means none of the defendants faces grand-larceny charges, according to the people.



New York police raided IBT Media offices in January.



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Nominate a teacher or complete a teacher application by October 30th on Samsung.com/Solve.

2017-2018 Samsung Solve for Tomorrow national finalist student, Ian H. from Lee County Middle School West, GA, preparing project prototype that improves tractor safety using motion sensors at the live pitch event in New York City.

*\$2 million prize is based on an estimated retail value.

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MANAGEMENT

What Failure Taught Slack's CEO

Butterfield on using lessons learned from videogame startups to tackle messaging

BY ELIOT BROWN

Perhaps more than any other Silicon Valley entrepreneur, Stewart Butterfield has found success by failing at building videogame companies.

When his first multiplayer videogame startup failed to gain traction, he transformed it into the photo-sharing website Flickr, which Yahoo Inc. bought in 2005.

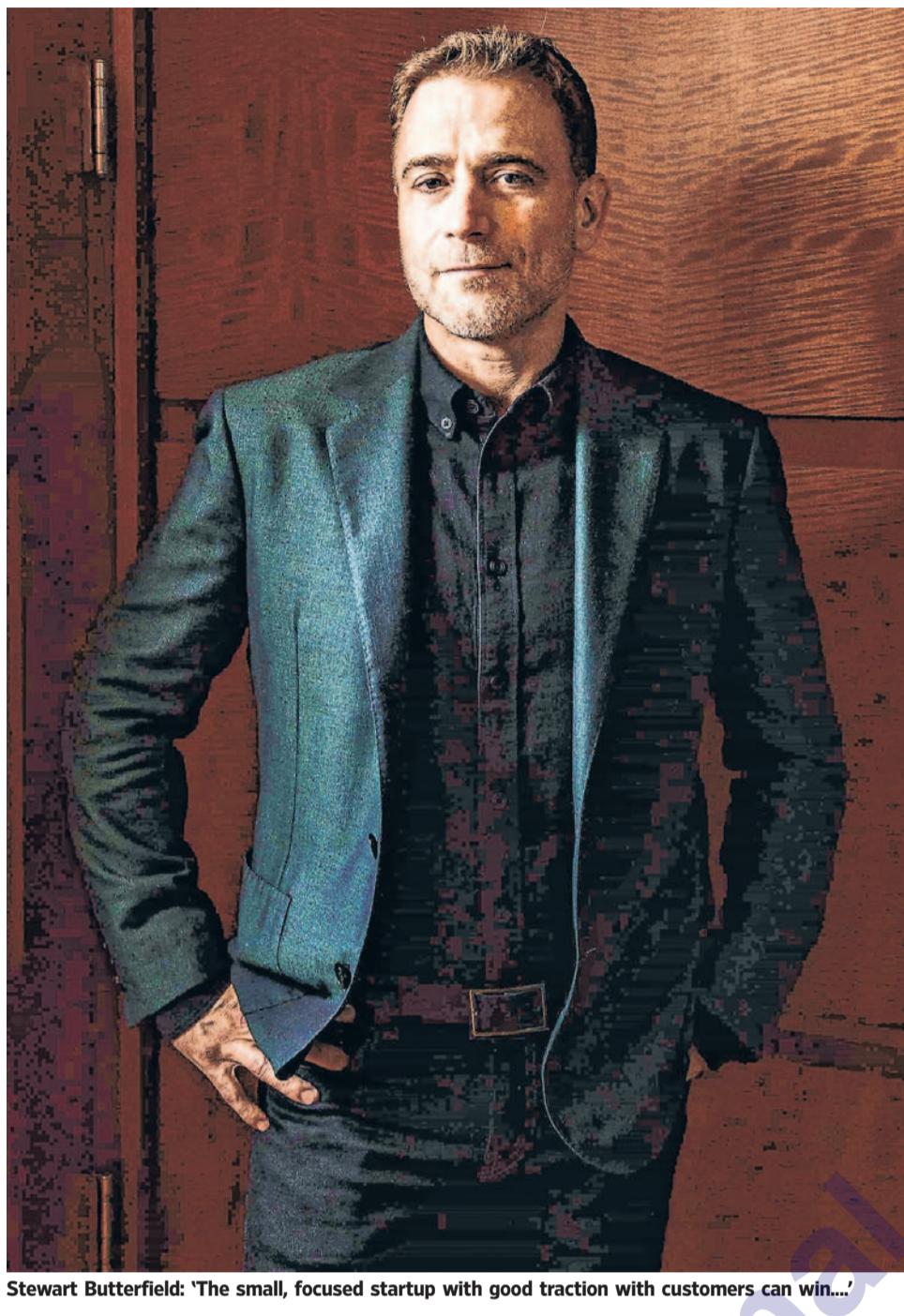
Four years later, Mr. Butterfield co-founded another company whose videogame also failed to take off, and the company morphed a feature of the game into a messaging-platform operator now known as **Slack Technologies** Inc. San Francisco-based Slack, with Mr. Butterfield as chief executive, has grown to more than three million paying customers since the service's launch in 2014, as companies use it to supplement or replace internal email and online chatting.

Slack was valued at \$7.1 billion in an August fundraising round. So far, the company has resisted going public. The Wall Street Journal reported last month that Slack is preparing for an initial public offering in the first half of 2019, according to people familiar with the matter.

Mr. Butterfield said he didn't have specific plans for IPO timing. He recently sat down with the Journal for an interview. Here are edited excerpts:

WSJ: What have you learned in your experience from Flickr to now that has helped you to run a company?

Mr. Butterfield: I would have thought that my job two or three years ago was to be smarter than everyone else and to make all of the really important decisions. It turns out that wasn't actually the



Stewart Butterfield: 'The small, focused startup with good traction with customers can win....'

job. There might be a point like when you're eight people, but that goes away really quickly. Now, I think about really three distinct categories. One is setting the overall vision and strategy. The second one is governance, supervisory, administrative duties.

Then the last bucket, which is by far the most important, is ensuring that the organization as a whole is performing at the highest possible level.

WSJ: You've been growing quickly. Were there points where it has become unman-

ageable and you've wanted to slow down?

Mr. Butterfield: There was a time about 18 months ago where we really put on the brakes, mostly on the product and engineering side, because the complexity is a little bit greater there, and we wanted to

make sure we actually had sufficient management and leadership capacity to keep people productive and stay organized.

WSJ: Microsoft has launched a competing product, as has **Facebook**. Why do you think you can take on a company that's 100 times your valuation?

Mr. Butterfield: [There are] a lot of great examples through history, beginning with Microsoft itself versus **IBM**, which was at the time the biggest and most powerful corporation in the world. The moral of that story for us is that the small, focused startup with good traction with customers can win against a large incumbent.

WSJ: Do you expect Microsoft to invest more in their product than you've raised?

Mr. Butterfield: If you look at the dollar effort in person hours, or something like that, almost inevitably they'll invest more. But I also think the bigger you get, the less effective a dollar is, because it's just much harder to coordinate giant organizations.

WSJ: You've resisted selling Slack. What would change your mind?

Mr. Butterfield: We think we're a small percentage of the way penetrated into the big opportunity, so it would be foolish. With terrible execution, we will still be many times larger than we are today and a massive success. In the low end of good execution, it's 10 times from where we are now. In the high end of good execution, it's 100 times from where we are now. It's also more fun.

WSJ: Why are you still private?

Mr. Butterfield: If this was 15 years ago, we would have been public by now for sure, with many times more revenue than companies would typically go public with. But companies in that era didn't grow as quickly as we did. And companies of that era didn't have this completely, historically unprecedented private market.

Campbell Warned Not to Fill Chief's Job

BY MICAH MAIDENBERG

Activist investor **Third Point** LLC warned **Campbell Soup** Co. not to fill the open chief executive position at the food company ahead of its next annual meeting, scheduled for Nov. 29.

In September, the investing firm led by Daniel Loeb launched a proxy fight to replace the entire board at Campbell, which lost its chief earlier this year amid flagging sales. Third Point and its allies own about 10% of Campbell's stock.

The investor said in an Oct. 10 letter addressed to Les Vinney, chairman of the Campbell board, that because of the current board's "poor track record of managing leaders and processes, we think it is entirely uncontroversial to insist that the next permanent CEO be selected by the newly elected Board."

A Campbell representative said the board expects to choose a CEO by year-end. For months, according to the representative, the company has worked with outside search firms to consider candidates "who possess a track record of proven results and achievement."

According to Third Point's letter, Campbell indicated in a securities filing that it is searching for a successor to Denise Morrison, who resigned from the job in May.

Third Point's letter says it is unlikely the company would be able to attract a "first-rate food executive" amid a proxy fight, given that the board could turn over, depending on the results of the battle.

Third Point also said in the letter that any new chief chosen before the meeting would almost certainly insist the company provide him or her with a "golden parachute" to provide for compensation in the event of a quick termination.

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CTO, McAfee

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General Partner, Greylock

EMILY HEATH

CISO, United Airlines

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Federal CIO, Office of Management and Budget

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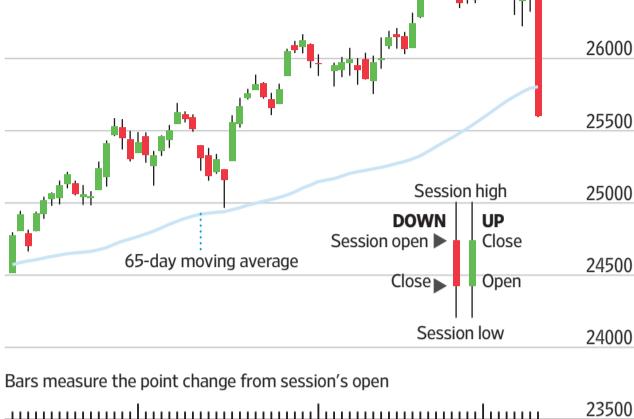
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

25598.74 ▼831.83, or 3.15%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 23.13 20.95
P/E estimate * 17.18 19.30
Dividend yield 2.17 2.24
All-time high 26828.39, 10/03/18



Bars measure the point change from session's open

Current divisor 0.14748071991788
Last 23500
July Aug. Sept. Oct.

*Weekly P/E data based on as-reported earnings from Birnvi Associates Inc.

S&P 500 Index

2785.68 ▼94.66, or 3.29%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.26 24.70
P/E estimate * 17.98 19.27
Dividend yield 1.81 1.96
All-time high 2930.75, 09/20/18

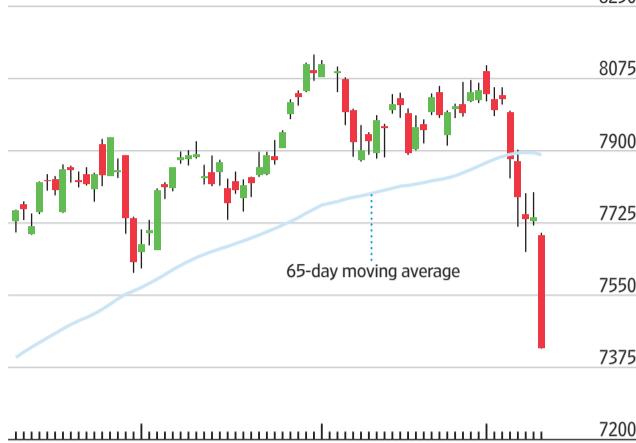


Last 2650
July Aug. Sept. Oct.
2700 2750 2800 2850 2900 2950

Nasdaq Composite Index

7422.05 ▼315.97, or 4.08%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.15 25.98
P/E estimate * 21.01 21.15
Dividend yield 0.98 1.10
All-time high: 8109.69, 08/29/18



Last 7200
July Aug. Sept. Oct.
7375 7550 7725 7900 8075 8250

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400	Nasdaq Composite	Nasdaq 100	MidCap 400	SmallCap 600
Dow Jones	26441.73	25593.65	25598.74	-831.83	-3.15	26828.39	22841.01	11.9	3.6	14.4
Industrial Average	10973.71	10546.64	10550.92	-445.16	-4.05	11570.84	9440.87	5.8	-0.6	8.5
Transportation Avg	750.47	739.14	739.54	-3.44	-0.46	774.47	647.90	-0.4	2.2	8.2
Utility Average	29614.81	28714.91	28718.88	-962.06	-3.24	30390.61	26470.10	8.3	3.8	11.1
Total Stock Market	739.01	719.08	719.27	-21.73	-2.93	786.73	676.86	4.9	1.2	10.5
Barron's 400	7701.20	7420.56	7422.05	-315.97	-4.08	8109.69	6556.77	12.4	7.5	15.4
Nasdaq Composite	7329.24	7042.06	7044.50	-327.12	-4.44	7660.18	6037.87	15.8	10.1	17.3
Nasdaq 100	1953.06	1904.69	1905.43	-51.42	-2.63	2050.23	1801.29	4.7	0.3	9.7
MidCap 400	1014.14	987.17	987.79	-28.15	-2.77	1098.36	889.94	8.5	5.5	12.8
SmallCap 600	22.96	15.83	22.96	7.01	43.95	37.32	9.14	133.1	108.0	10.4

\$ Nasdaq PHLX

Sources: SIX Financial Information; Dow Jones Market Data

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 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	29,799.4	276.48	-1.82	-0.65	287.40	276.11
Fortinet	FTNT	12,060.4	79.57	...	unch.	79.63	76.61
Invesco QQQ Trust I	QQQ	6,746.3	170.33	-1.40	-0.82	179.54	169.99
Enterprise Pds Partners	EPD	4,283.4	28.58	...	unch.	29.06	28.50
iShares Russell 2000 ETF	IWM	3,849.5	155.48	-1.08	-0.69	158.62	155.21
ASGN	ASGN	3,746.6	66.50	0.21	0.32	66.97	66.29
iShares MSCI Emg Markets	EEM	3,599.5	39.33	-0.21	-0.53	39.71	39.28
MGM Resorts Intl	MGM	3,300.2	26.23	...	unch.	26.53	26.15

Percentage gainers...

CRISPR Therapeutics	CRSP	158.7	42.10	5.46	14.90	45.00	36.44
Green Plains	GPRE	57.2	16.90	0.80	4.97	16.90	16.10
AcelRx Pharmaceuticals	ACRX	183.6	3.75	0.16	4.31	3.98	3.53
India Global Cap	IGC	221.3	5.25	0.15	2.94	5.37	5.05
Enphase Energy	ENPH	62.1	4.45	0.12	2.77	4.45	4.32
...And losers							
Fluor	FLR	134.7	48.12	-8.10	-14.41	56.22	48.01
Square CIA	SQ	2,918.1	70.48	-6.97	-9.00	79.83	68.35
VOXX International	VOXX	51.9	5.00	-0.42	-7.75	6.00	4.90
SVMK	SVMK	51.3	11.36	-0.58	-4.82	11.76	11.35
Amer Homes 4 Rent CIA	AMH	155.2	19.90	-0.96	-4.60	20.97	19.90

*Primary market NYSE, NYSE American, NYSE Arca only. **TRIN comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

Trading Diary

Volume, Advancers, Decliners

NYSE NYSE Amer.

Total volume* 1,064,023,149 16,201,188

Adv. volume* 90,239,038 4,606,540

Decl. volume* 969,290,026 11,297,303

Issues traded 3,081 311

Advances 342 64

Declines 2,686 233

Unchanged 53 14

New highs 34 0

New lows 502 38

Closing tick 568 64

Closing Arms* 1.23 0.64

Block trades* 7,567 179

Nasdaq NYSE Arca

Total volume* 3,036,547,580 467,358,469

Adv. volume* 366,698,504 105,187,396

Decl. volume* 2,653,847,223 361,924,825

Issues traded 3,192 1,399

Advances 385 191

Declines 2,710 1,192

Unchanged 97 16

New highs 17 18

New lows 329 328

Closing tick 657 129

Closing Arms* 1.03 0.53

Block trades* 12,358 2,468

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	High	52-Week Low	% chg
IDT Corp B	IDT	7.41	2.12	40.08	13.93	4.82	-33.5
AcelRx Pharmaceuticals	ACRX	3.60	0.95	35.66	5.75	1.55	-32.8
VS 2x VIX Short Term	TVIX	41.11	10.16	32.83	154.70	24.7	

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract						Open interest	
	Open	High	Low	Settle	Chg	Interest		
Copper-High (CMX) -25,000 lbs.; \$ per lb.	2.7985	2.7985	▲	2.7350	2.7690	-0.0260	668	
Oct	2.8140	2.8200	2.7410	2.7805	-0.0260	120,468		
Gold (CMX) -100 troy oz.; \$ per troy oz.	1191.30	1192.00	1191.30	1189.30	2.10	2.118		
Dec	1192.70	1198.60	1188.50	1193.40	1.90	369,035		
Feb'19	1199.30	1204.00	1194.60	1199.30	5.00	53,183		
June	1211.80	1215.50	1206.80	1213.30	1.80	14,851		
Aug	1216.90	1218.80	1213.50	1217.10	1.80	2,324		
Dec	1228.80	1233.00	1227.00	1229.40	1.60	5,287		
Palladium (NYM) -50 troy oz.; \$ per troy oz.	1064.20	1074.00	1055.20	1067.20	5.10	23,080		
March'19	1059.70	1067.70	1052.30	1061.20	5.20	1,722		
Platinum (NYM) -50 troy oz.; \$ per troy oz.	825.00	825.00	823.50	824.10	-1.50	45		
Jan'19	828.20	831.40	822.60	827.30	-1.60	70,860		
Silver (CMX) -5000 troy oz.; \$ per troy oz.	14.260	14.260	14.260	14.255	-0.074	5		
Dec	14.420	14.455	14.255	14.326	-0.074	163,663		
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	74.70	75.08	72.38	73.17	-1.79	252,372		
Dec	74.75	74.94	72.27	73.03	-1.78	373,601		
Jan'19	74.45	74.80	72.17	72.91	-1.74	180,149		
March	74.28	74.54	72.15	72.77	-1.65	168,290		
June	73.98	74.22	71.82	72.53	-1.55	184,672		
Dec	72.29	72.49	70.33	70.98	-1.43	234,406		
NY Harbor ULS (NYM) -42,000 gal.; \$ per gal.	2.4225	2.4290	2.3800	2.3949	-0.0289	113,699		
Dec	2.4235	2.4300	2.3808	2.3965	-0.0293	84,600		
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.	2.0715	2.0844	1.9904	2.0204	-0.050	118,870		
Dec	2.0693	2.0817	1.9882	2.0187	-0.0565	99,669		
Natural Gas (NYM) -10,000 MMBtu's; \$ per MMBtu.	3.302	3.358	3.251	3.284	.018	241,919		
Dec	3.339	3.409	▲	3.305	3.332	.034	183,032	
Jan'19	3.403	3.485	▲	3.372	3.404	.043	222,194	
March	3.082	3.149	▲	3.081	3.114	.053	233,182	
April	2.757	2.785	▲	2.739	2.752	.005	173,850	
Oct	2.761	2.779	▲	2.739	2.753	-.004	98,487	

Agriculture Futures

	Contract						Open interest
	Open	High	Low	Settle	Chg	Interest	
Corn (CBT) -5,000 bu.; cents per bu.	364.50	365.25	362.00	362.75	-1.75	845,705	
Dec	376.50	377.25	373.75	374.75	-1.75	355,115	
Oats (CBT) -5,000 bu.; cents per bu.	286.00	290.75	283.50	284.25	-1.75	4,193	
March'19	280.25	282.25	274.75	275.50	-2.75	1,142	
Soybeans (CBT) -5,000 bu.; cents per bu.	863.00	864.75	847.25	852.25	-10.75	324,419	
Jan'19	876.75	878.25	861.00	866.00	-10.75	173,791	
Soybean Meal (CBT) -100 tons; \$ per ton.	310.00	312.60	310.00	312.00	-1.50	458	
Dec	318.10	319.00	314.00	315.70	-2.10	199,606	
Soybean Oil (CBT) -60,000 lbs.; cents per lb.	29.26	29.34	28.85	28.93	-.32	202	
Dec	29.26	29.34	28.85	28.93	-.33	212,642	
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.	109.30	110.00	108.90	109.50	-1.50	5,084	
Jan'19	110.00	111.50	110.45	110.85	-4.50	2,357	
Wheat (CBT) -5,000 bu.; cents per bu.	516.75	518.00	510.25	510.50	-4.50	227,064	
March'19	520.00	523.75	510.50	511.25	-4.00	115,586	
Wheat (KC) -5,000 bu.; cents per bu.	521.00	522.25	515.25	516.25	-3.25	152,416	
March'19	545.25	546.00	539.25	540.25	-3.00	69,895	
Wheat (MPLS) -5,000 bu.; cents per bu.	593.50	595.00	589.50	591.75	-1.75	32,987	
March'19	605.00	606.50	601.00	602.25	-2.75	16,662	
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	156,700	156,750	155,800	155,900	-1.050	6,046	
Oct	157,025	157,225	155,725	156,175	-1.325	22,386	
Cattle-Live (CME) -40,000 lbs.; cents per lb.	112,850	112,900	112,050	112,075	-1.275	27,373	
Dec	117,000	117,000	116,100	116,475	-6.75	129,095	
Hogs-Lean (CME) -40,000 lbs.; cents per lb.	68.925	69.250	68.400	68.475	-.275	16,101	
Dec	65.725	57.950	55.775	55.950	-.625	103,275	
Lumber (CME) -50,000 lb. ft. \$ per 1,000 ft. bd.	3,195.00	3,195.00	3,190.00	3,195.00	-.25	77,000	
Nov	3,460.00	3,468.00	3,350.10	3,390.20	-.980	1,829	
Jan'19	3,540.30	3,540.30	3,400.40	3,455.10	-.990	1,149	
Milk (CME) -200,000 lbs.; cents per lb.	15.77	15.79	15.74	15.75	-.05	4,299	

Interest Rate Futures

	Contract						Open interest
	Open	High	hilo	Low	Settle	Chg	
Treasury Bonds (CBT) -\$100,000; pts 32nds of 100%	15.93	15.97	15.85	15.89	-.10	4,594	
Dec	2.116	2.131	2.074	2,088	-.31	108,691	
March'19	2.140	2.155	2,101	2,115	-.28	77,178	
Coffee (ICE-US) -37,500 lbs.; cents per lb.	113.65	114.20	111.05	111.90	-.125	152,128	
March'19	117.00	117.65	114.60	115.50	-.120	78,508	
Sugar-World (ICE-US) -112,000 lbs.; cents per lb.	12.92	13.14	12.85	12.85	-.12	425,138	
May	13.09	13.27	12.78	13.01	-.12	131,610	
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.	12.91	12.98	12.85	12.85	-.04	2,565	
May	25.99	26.00	25.99	26.00	.06	1,132	
Cotton (ICE-US) -50,000 lbs.; cents per lb.	77.01	77.57	76.49	76.80	-.21	137,735	
March'19	78.23	78.76	77.58	78.04	-.03	67,045	

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (Formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq Global Select.

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:

- F-New 52-week high.
- F-New 52-week low.
- dd—Indicates loss in the most recent four quarters.
- FD—First day of trading.
- h—Does not meet continued listing standards.
- If—Late filing.
- q—Temporary exemption from Nasdaq requirements.
- v—NYSE bankruptcy.
- v—Trading halted on primary market.
- vJ—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 10, 2018

A	B	C	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Net Chg	
ABB	ABB	21.54 -0.78	AxaCoating	AXTA	26.76	-0.18	CenterPointEnerg	CNP	27.88	-0.25	Eaton	ETN	81.75	-0.35	Honeywell	HON	156.62	-4.32	ManulifeFin	MFC	16.02	-0.94
ADT	ADT	8.14 -0.49	BBT&T	BBT	48.73	-0.70	CenturyLink	CTL	20.92	-0.11	eBay	EBAY	31.67	-1.61	HormelFoods	HRL	40.05	-0.67	MarathonOil	MRO	21.16	-1.77
AES	AES	14.78 -0.04	BHPBilliton	BHP	47.64	-1.58	Ceridian	CERN	62.96	-0.61	Ecobal	ECL	150.81	-4.15	DH Horton	DHI	38.27	-1.12	MarathonPetrol	MPC	80.65	-3.11
Aflac	AFL	46.33 -1.08	BOK Fin	BOKF	95.23	-1.00	EdisonInt	EIX	70.08	-0.37	Ecopetrol	EPOL	25.65	-1.09	HuaningPower	HNP	23.98	-0.35	MarketAxess	MKT	186.81	-1.88
AGNC Inv	AGNC	18.06 -0.19	BP	BP	45.15	-0.86	EdwardsLife	EW	14025	-7.69	EdwardsLife	EW	105.15	-4.34	Hubbell	HUBB	123.39	-2.58	Marriott	MAR	116.48	-3.29
ANGI Homesvc	ANGI	18.97 -0.94	BT Group	BT	15.64	0.64	ElanCo	ELAN	33.53	-0.79	ElectronicArts	EA	105.15	-4.34	Huma	HUMA	328.80	-6.34	Marsh&McLenn	MML	81.06	-1.80
Ansys	ANSYS	155.71 -10.13	BW Tech	BWXT	58.17	-0.20	Equinix	EQIX	410.00	-5.61	EnelAmericas	ENIA	7.48	-0.22	Humania	HUNA	17.00	-0.35	Marshall	MARSH	81.06	-1.80
ASML	ASML	179.12 -11.03	BaldU	BALD	31.92	-0.71	Equinor	EQNR	27.48	-0.75	EmersonElec	EMR	73.35	-2.63	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
AT&T	T	32.85 -0.65	Ball	BL	43.86	-1.86	Enbridge	ENBR	32.67	-1.03	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
AbbottLabs	ABBV	68.92 -2.37	BankBilbaoVz	BVBVA	5.98	-0.6	Epizyme	EVZ	21.24	-0.66	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Aflac	AFL	46.33 -1.08	BarcodeChile	BCCH	86.52	-1.74	EnterpriseProd	EPD	28.55	-0.78	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Albomed	ALBM	37.68 -18.19	BosSantChile	BSAC	29.98	-1.12	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Accenture	ACN	161.74 -7.06	BosSamTech	BSMX	7.57	-0.17	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
ActivisionBlv	ATVI	75.38 -4.06	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Adobe	ADBE	237.91 -16.25	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
AdvanceAuto	AAP	163.17 -5.72	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
AdvMicroDevcs	ADM	25.00 -2.24	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Aegon	AEG	6.37 -0.11	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
AerCap	AER	54.15 -1.13	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Aetna	AET	203.41 -0.31	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
AffiliatedMtrs	AMRS	127.25 -2.04	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
AigentTechs	AGNT	6.67 -2.74	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
AgriProtecs	AGN	34.69 -1.00	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Alkermes	ALKM	44.36 -1.00	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Alkermes	ALKM	44.36 -1.00	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Alkermes	ALKM	44.36 -1.00	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Alkermes	ALKM	44.36 -1.00	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Alkermes	ALKM	44.36 -1.00	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Alkermes	ALKM	44.36 -1.00	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
Alkermes	ALKM	44.36 -1.00	BronxCoat	BXTC	58.17	-0.20	EnviroTech	ETP	21.80	-0.43	EnviroTech	ETP	21.80	-0.43	HuntingtonBch	HBAN	15.15	-0.29	MarketAxess	MKT	186.81	-1.88
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Alkermes	ALKM	44.36 -1.00	BronxCoat	BXTC	58.17	-0.20	Env															

MARKETS

Treasurys Sink After Inflation Reading

BY AKANE OTANI

U.S. government bonds weakened Wednesday after data showed producer prices bounced back in September from a summer slowdown.

The yield on **CREDIT MARKETS** 10-year U.S. Treasury note settled at 3.221%, compared with 3.208% Tuesday. Yields rise as bond prices fall.

Treasury yields ticked higher after the Labor Department said the producer-price index, which measures prices businesses receive for goods and services, rose a seasonally adjusted 0.2% in September after stalling for two consecutive months. Inflation is a threat to government bonds because it chips away at the purchasing value of their fixed payments.

On the whole, "price pressures are still forming at the lowest level of the production chain, and with the strengthening economic winds and tariffs coming on imported goods, inflation will become a worry for consumer pocketbooks sooner or later," said Chris Rupkey, chief financial economist at MUFG, in a note.

Bond yields pared their advance as the U.S. stock market came under pressure, sending the S&P 500 toward its fifth consecutive session of declines—its longest losing streak since November 2016, according to Dow Jones Market Data.

Although some analysts have attributed recent weakness in the stock market to a sharp rise in bond yields, others point out that volatile markets can drive higher demand for Treasurys, which many consider relatively safe assets.

Analysts will be watching data on consumer prices Thursday for signs inflationary pressures are building. Economists surveyed by The Wall Street Journal expect the consumer-price index to rise 0.2% in September from the month earlier. With investors on the lookout for data that show inflation rising, an unexpectedly strong reading could send bond yields jumping, analysts warn.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

THREE-YEAR NOTES

Applications	\$92,303,111,000
Accepted bids	\$36,000,081,000
"noncompetitively"	\$96,461,000
"foreign noncompetitively"	\$200,000,000
Auction price (rate)	99.675199 (2.89%)

Interest rate	2.875%
Bids at clearing yield accepted	32.32%
Cusip number	9128285F3

The notes, dated Oct. 15, 2018, mature on Oct. 15, 2021.

NINE-YEAR, 10-MONTH NOTES

Applications	\$54,885,832,900
Accepted bids	\$23,000,049,000
"noncompetitively"	\$25,667,900
"foreign noncompetitively"	\$0
Auction price (rate)	97.065145 (3.225%)

Interest rate	2.875%
Bids at clearing yield accepted	45.89%
Cusip number	9128284V9

The notes, dated Oct. 15, 2018, mature on Aug. 15, 2028.

China Launches Dollar Bonds

BY MANJU DALAL

China on Thursday launched a multibillion-dollar bond offering to investors outside the country, seeking to borrow money as cheaply as some of America's strongest companies during a major conflict with its largest trading partner.

The sovereign bond sale—China's second in a year and only its third U.S. dollar bond deal since 2004—includes securities maturing in five, 10 and 30 years. Bankers told investors that China expects to raise a total of \$3 billion.

On Thursday morning in Asia, the new bonds were being offered to investors at interest rates of 0.5 to 0.9 percentage point above yields on U.S. Treasurys, according to bankers marketing the deal. That is in the range of what bonds of companies like Apple Inc. and Microsoft Corp. were recently yielding.

Final pricing is expected to be determined later in the day.

Stock Dive Hits All S&P Sectors

Decline spares none of Dow 30, as rising bond yields, inflation signs rattle investors

BY MICHAEL WURSTHORN

The Dow Jones Industrial Average plunged more than 800 points, as a continuing surge in Treasury yields prompted the blue-chip index's biggest pullback since

WEDNESDAY'S MARKETS February.

Fast-rising bond yields and signs of inflation have led investors to worry that profit margins could narrow, sparking one of the biggest downturns of the year among shares of fast-growing companies that have benefited from a decade of near-zero interest rates.

All 11 S&P 500 sectors tumbled, as the broad index fell for a fifth straight session, its worst stretch of trading in nearly two years. Each of the 30 stocks that make up the Dow industrials notched losses. A measure of stock-market volatility, the Cboe Volatility Index, surged to its highest level since February, causing several investors to compare the stock market's latest turn with the selloff earlier

this year that sent major indexes into correction territory.

While the losses were broad, the selling undercut the strong gains that companies such as **Amazon.com Inc.**, **Netflix Inc.** and **Salesforce.com Inc.** have contributed to the stock market this year and left some investors who hold those shares flat-footed.

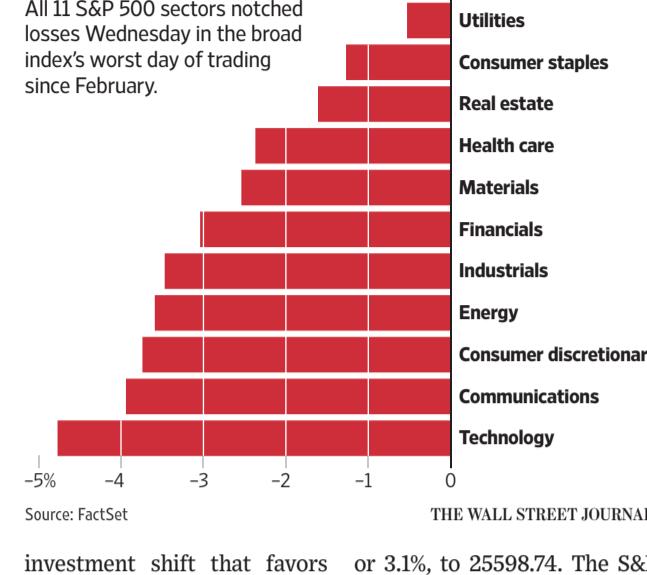
"Investors are selling the winners and where the momentum has been," said Mark Stoeckle, chief executive of Adams Funds, whose funds own stocks like Netflix and Salesforce. "But when we look at the reason we own them and whether there's any news, there's nothing" about those companies, he added. "We still believe earnings are going to come through and that's where you'll get paid."

Technology stocks have been a major contributor to the 9½-year rally. Investors savored their massive profit margins and exponential sales growth, and many showed a willingness to test the upper limits of stock-market valuations.

But surging bond yields have upended the stock market's status quo, several analysts said. With the Federal Reserve's easy-money policies ending, several analysts and investors are more willing to call for an

BIGGEST LOSERS

All 11 S&P 500 sectors notched losses Wednesday in the broad index's worst day of trading since February.



Source: FactSet

Tech—especially internet and social-media stocks—remains one of the most popular positions among big money managers and retail investors, analysts said, and further drawdowns are expected to come in a fast-rising-rate environment.

"There's a tug of war in the market," said Quincy Krosby, a market strategist at Prudential Financial. "Is the business cycle slowing down to the point it's looking like a recession at some point, or not?"

Industrial and materials stocks were knocked back 3.5% and 2.5%, respectively, as investors worried that rising rates would eat into their profits at a time many of those companies are already coping with higher commodity costs and rising wages.

More defensive stocks fared better Wednesday. Utilities, which investors tend to like for their attractive dividends and relative stability, fell just 0.5%, while consumer-staples companies, another rich dividend payer, declined 1.3%.

If bond yields continue to climb, several money managers and analysts predicted further pain for the stock market, even with the S&P 500 on the cusp of reporting its third straight quarter of double-digit profit growth.

Tencent Buybacks Fail to Help Sliding Shares

BY STEVEN RUSSOLILLO

Tencent Holdings Ltd. has been buying back shares daily for a month, an uncommon move by a large, rapidly growing company in Asia.

There is just one problem: Its stock continues to sink.

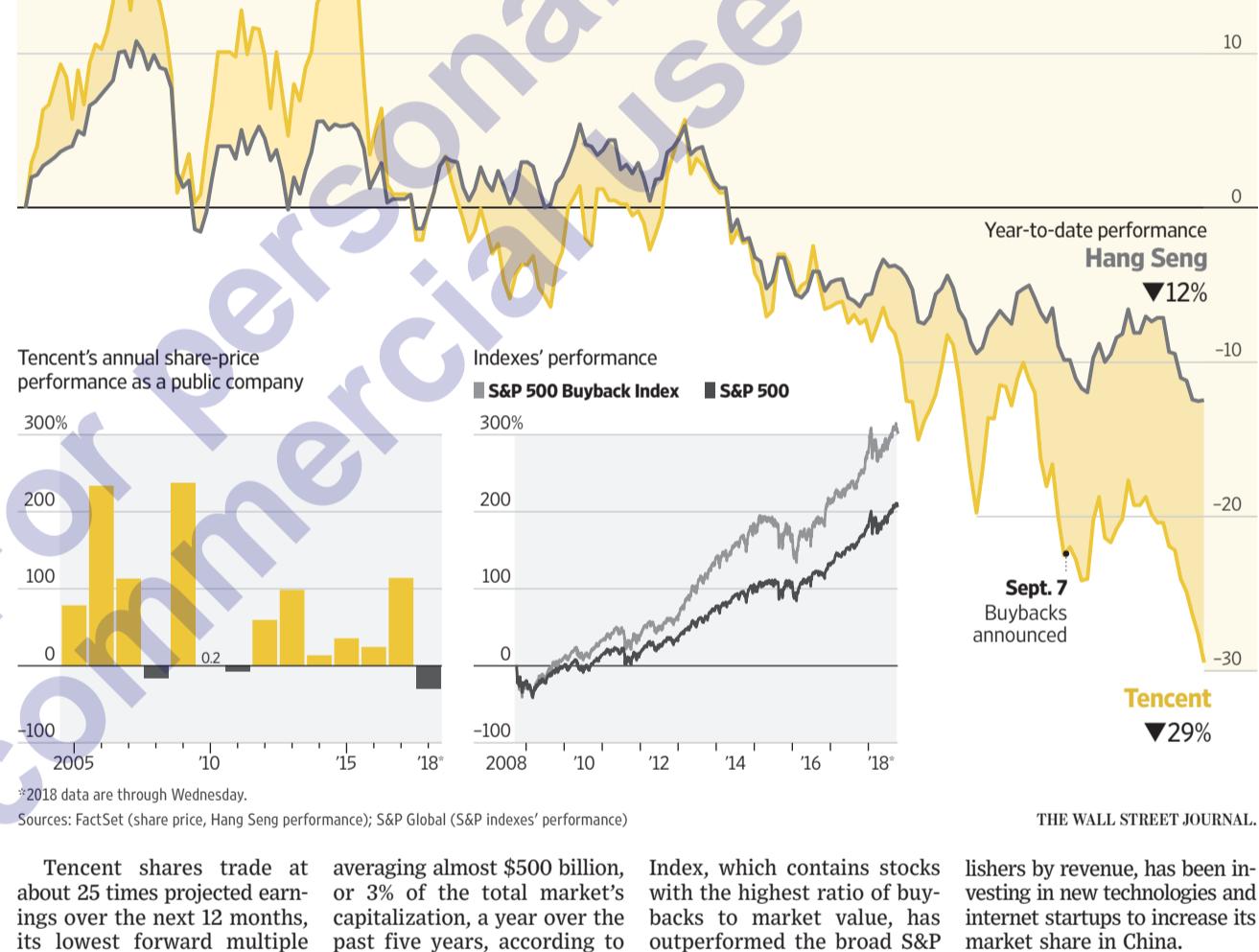
After more than doubling last year, Tencent shares have dropped 29% in 2018, in part because Chinese regulators are crimping the company's near-term growth prospects. Including Wednesday's 2.5% decline, the stock has fallen for nine straight days, its worst losing streak. And the shares are on track for their worst annual performance since Tencent went public in Hong Kong in 2004.

Tencent has tried to stem the slide by undertaking its first share repurchases since 2014. Corporate buybacks are intended to make a stock price more valuable. By scooping up its own shares, a company shrinks the stock pie, which can improve its earnings per share. Theoretically, that should help push the share price higher.

But since Tencent started buying back shares on Sept. 7, its stock price has dropped 9.6%, more than triple that of Hong Kong's Hang Seng Index. The company has so far spent around 768 million Hong Kong dollars (US\$98 million) on the buybacks, according to regulatory filings.

One reason: Tencent had bought back only 2.3 million shares through Tuesday, representing 0.02% of its shares outstanding, according to FactSet.

"It's a positive, but the amount is insignificant," says Kevin Tam, an analyst at Core Pacific-Yamaichi International in Hong Kong. "They could be trying to signal to the market that they think their stock is cheap."



*2018 data are through Wednesday.

Sources: FactSet (share price, Hang Seng performance); S&P Global (S&P indexes' performance)

Tencent shares trade at about 25 times projected earnings over the next 12 months, its lowest forward multiple since July 2013, according to FactSet.

"The rationale behind the buyback reflects our confidence in the fundamentals and long-term value of the business," a Tencent spokeswoman said.

Share buybacks are ubiquitous in the U.S., especially among consumer-staples and cash-rich companies. They have been the biggest source of demand for U.S. equities,

averaging almost \$500 billion, or 3% of the total market's capitalization, a year over the past five years, according to Goldman Sachs.

They are a far less common strategy in Asia, however. Buybacks among companies listed in Hong Kong and China have accounted for 0.1% of market value, according to Goldman, which tallied up \$24 billion of buybacks over the past decade.

Investors have long rewarded cash-rich U.S. companies that repurchase their own shares. The S&P 500 Buyback Index, which contains stocks with the highest ratio of buybacks to market value, has outperformed the broad S&P 500 by nearly 100 percentage points in recent years.

Such investor enthusiasm hasn't translated to Tencent. Much of that could be due to the small size of the buybacks.

Tencent, to be sure, may have better uses for much of its cash. The Shenzhen-based company, which owns popular Chinese social-messaging app WeChat and is one of the world's largest videogame pub-

lishers by revenue, has been investing in new technologies and internet startups to increase its market share in China.

Other Chinese tech giants have also considered buybacks. Nasdaq-listed search-engine giant **Baidu Inc.** said in June that its board approved a \$1 billion buyback program. E-commerce titan **Alibaba Group Holding Ltd.** last month said it plans to implement a previously announced \$6 billion share-repurchase program.

—Shan Li and Quentin Webb contributed to this article.

Oil Prices Decline Ahead of U.S. Stockpile Data

BY DAN MOLINSKI AND NEANDA SALVATERRA

Oil prices fell sharply Wednesday, in line with a big drop in stocks on Wall Street and as investors awaited a report ex-

pecting to show a third consecutive weekly rise in U.S. oil inventories.

Light, sweet crude for November delivery ended 2.4% lower at \$73.17 a barrel on the New York Mercantile Exchange, its lowest settle value in nearly two weeks. Brent crude, the global benchmark, was 2.2% lower at \$83.09 a barrel.

The Energy Information Ad-

ministration is due to release its weekly report on U.S. oil inventories Thursday morning. Analysts surveyed by The Wall Street Journal expect, on average, a 1.5-million-barrel in-

crease in crude-oil stockpiles for the week ended Oct. 5, which would follow increases in each of the previous two weeks.

The string of higher inventories reflects a seasonal drop in oil demand as refineries partially shut down for maintenance activities, and as drivers spend less time on the road than in the summer.

The American Petroleum Institute, an industry group, said late Wednesday that its own data for the week showed a massive, 9.7-million-barrel increase in crude supplies, a 3.4-million-barrel rise in gasoline stocks, and a 3.5-million-barrel decrease in distillate inventories, according to a market participant.

Rising U.S. oil inventories, combined with indications of increasing oil production in far-flung places such as Libya, suggests markets may have become too concerned about

prices to four-year highs in recent weeks.

"Let's worry about upside risks to supply for a change," said JBC Energy in a research note. "The market may be far more able to absorb additional supply disruptions than many currently still assume, bringing with it a pronounced downside risk to outright prices."

Still, many investors remain convinced the Iran sanctions will put a serious squeeze on supplies, especially as an aggressive stance by the Trump administration could mean stricter adherence to the ban on Iranian oil purchases than during previous sanctions.

"With the Iran sanctions scheduled for early November, we have a variable that could tighten capacity even more," said Mark Watkins, regional investment manager at U.S. Bank Wealth Management in Salt Lake City. "We are run-

ning near capacity and the Iran sanctions could place the world oil supply at capacity."

Meanwhile, oil investors are still keeping their eye on Hurricane Michael, which cut off oil production in the Gulf of Mexico by 42%, or 719,000 barrels a day, on Wednesday due to producers evacuating workers on oil platforms as a safety precaution.

That decline amounts to a nearly 7% drop in overall U.S. oil production. But while that is significant, such output reductions can be recouped quickly once the storm passes and workers return.

Oil prices also remained under pressure as analysts anticipated major organizations might downgrade their expectations for the world's thirst for oil after the International Monetary Fund's lowered projections for global economic growth for this year and 2019.

MARKETS

Investors' New Wagers Are Slowing

BY JUSTIN BAER
AND DAWN LIM

Even before Wednesday's stock plunge, there was one sign that investors' doubts about the market were growing: the slowdown of new money into the investment world's most popular products.

Net flows into U.S. mutual funds and exchange-traded funds are down 46% through the first three quarters of the year, according to new data tracked by Morningstar. They totaled \$281.7 billion this year through September, compared with \$517.2 billion during the same period in 2017, Morningstar said.

"It feels like investors are in the early stages of positioning themselves for a potential downturn," said Tyler Cloherty, research head at Casey Quirk, a consulting practice of Deloitte. They "are returning to cash and relatively defensive positions."

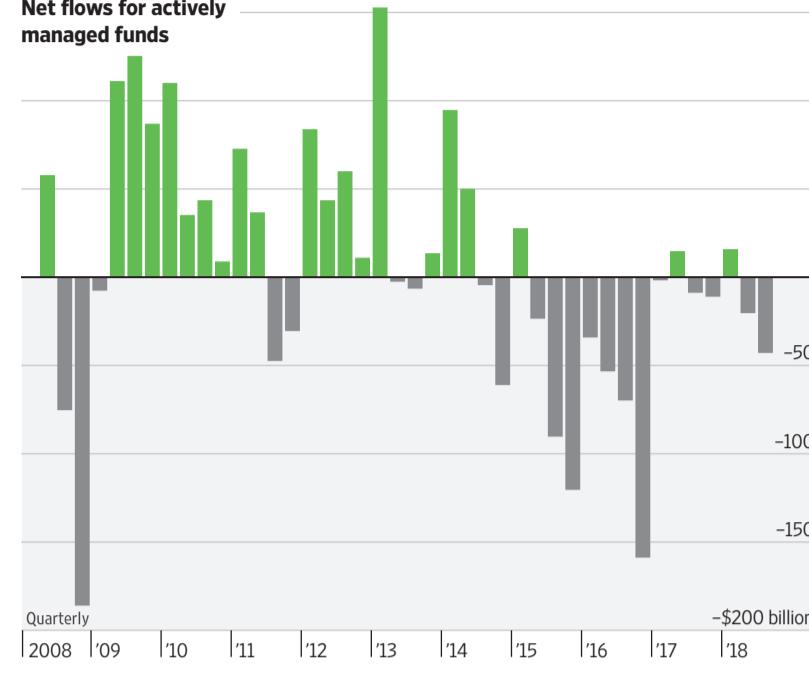
Despite Wednesday's pullback, the S&P 500 index is up 4.2% for the year through Wednesday, extending one of the longest bull markets in stock-market history. The benchmark has more than quadrupled since March 2009, near the depths of the last financial crisis.

These days, though, some investors are looking past the record book and toward a list of concerns they think may crimp future returns or even end the rally. Those worries include rising interest rates and escalating trade disputes—two factors behind Wednesday's slide.

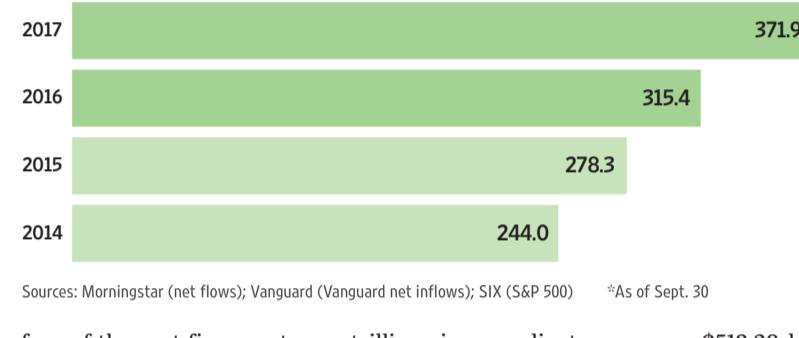
The retreat was most pronounced among investors in actively managed funds that make specific bets on stocks and bonds of their own choosing. The \$42.9 billion in outflows from these funds in the third quarter was the highest since the fourth quarter of 2016.

Clients now have pulled money from active funds for

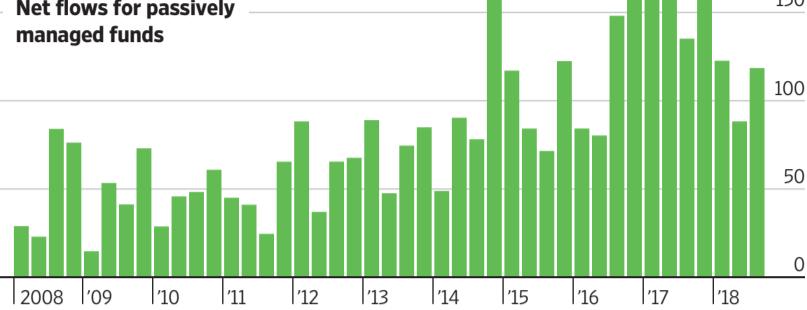
Clients are pulling money from actively managed funds and committing less new cash to cheaper, passively managed investments.



Vanguard says it is realistic to expect its net inflows to moderate after two banner years.



Sources: Morningstar (net flows); Vanguard (Vanguard net inflows); S&P 500 *As of Sept. 30



The U.S. stock market has hit new highs this year despite signs of investor unease.

